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New Zealand Financial Capability Focus on Māori



**TE ARA
AHUNGA ORA**
Retirement Commission

Te Kāwanatanga o Aotearoa
New Zealand Government

Introduction

In July 2021 the Te Ara Ahunga Ora Retirement Commission released a comprehensive [New Zealand Financial Capability Survey](#) to explore financial wellbeing. Alongside this substantial study three supplementary reports focus on priority audiences (women, Māori, and Pacific people). The three audiences are the focus for [the National Strategy for Financial Capability](#).

The current paper *Focus on Māori* takes a deeper look at the financial wellbeing of Māori survey respondents (n=527).

The main survey involved 3027 adult New Zealanders and was conducted in early 2021. It measured a range of financial capabilities and outcomes using the financial wellbeing model designed by Prof. Elaine Kempson (2018). The framework for the model is derived from interviews and focus groups in several countries, and contains 21 components of financial capability which are each scored on a scale of 0 to 100¹.

The content of each survey component and how it affects financial outcomes is listed below (Table 1).

Table 1
Financial wellbeing component structure

Financial behaviours	Financial knowledge and experience	Psychological factors	Financial wellbeing (outcome)
Spending restraint	Knowledge of how to compare financial products	Lack of concern about social status	Financially comfortable
Active saving	Financial inclusion	Self-control	Resilience for the future
Not borrowing for day-to-day expenses	Understanding of risk	Financial confidence	Preparedness for retirement
Restrained use of consumer credit		Financial locus of control	
Informed financial decision-making		Action orientation	
Informed product choice		Attitudes to saving, spending and borrowing	

Terms in italics such as *meeting commitments* or *informed products choice* refer to financial wellbeing outcomes or financial capabilities in the model. Please refer to the main report for information on what they mean and how they are calculated.

Where appropriate, gender and age differences will be highlighted, although a separate report on Women in general has also been prepared. In writing these reports we also note the Mana Wāhine Waitangi Tribunal claim, registered in January 2019 by the Tribunal, as part of its Mana Wāhine Kaupapa Inquiry.

¹ Each of the components is measured using a set of questions. The technical report accompanying this report explains the methodology of constructing the scores [here](#)

For this project, Māori were oversampled to ensure sufficient data to allow for analysis by subcategories such as age, gender and region (n=527 who identified as Māori) (Tables 2 and 3).

Table 2

Age and gender of survey participants (Māori)

		Survey	StatsNZ (2018)
SQ2: Are you...	Tāne	49%	50%
	Wāhine	51%	50%
	Other	0%	0%
Age bands	18-24	10%	14%
	25-34	21%	23%
	35-44	32%	19%
	45-54	19%	19%
	55-64	11%	14%
	65-74	6%	7%
	75-84	2%	3%
	85+	0%	1%

Table 3

Region of survey participants (Māori)

	Survey	StatsNZ (2018)
Te Tai Tokerau / Northland region	4%	8%
Tāmaki Makaurau / Auckland region	28%	23%
Waikato region	11%	14%
Te Moana-a-Toi / Bay of Plenty region	9%	12%
Tūranga-nui-a-Kiwa / Gisborne region	3%	3%
Manawatu-Whanganui region	6%	7%
Te Matau-a-Māui Hawke's Bay region	5%	6%
Taranaki region	3%	3%
Te Upoko o te Ika / Wellington region	15%	9%
Te Tai o Aorere / Nelson & Tasman region	2%	1%
Te Tai Poutini / West Coast region	1%	0%
Te Taihū-o-te-waka / Marlborough region	1%	1%
Waitaha / Canterbury region	9%	7%
Ōtākou / Otago region	2%	3%
Murihiku / Southland region	2%	2%



Executive summary and Implications

- Māori have lower perceived financial wellbeing compared to non-Māori. However, when controlling for income (among other socio-economic factors and financial capability variables), Māori ethnicity has positive impacts on a number of areas of financial wellbeing relative to non-Māori.
- Tāne (men) tend to score themselves higher on financial wellbeing outcomes than wāhine (women).
- In specific terms, Māori ethnicity is positively associated with being *financially comfortable* and *preparedness for retirement*.
- However, scores for *preparedness for retirement* are lowest for those in the 55+ age group for both tāne and wāhine.
- *Planned use of income* is an area where Māori ethnicity is associated with higher scores compared to non-Māori once socio-economic factors are controlled for, as is *informed financial decision-making*.
- Māori are less likely to have a 'significant' role in day-day money management but being significantly involved is more likely for wāhine and increases with age. Māori who budget tend to plan it exactly compared to non-Māori.
- Māori use fewer financial products than non-Māori particularly for savings (50% compared to 69% respectively), current accounts (43% compared to 67%) and general insurance (33% compared to 53%) and are more likely feel they have insufficient knowledge to choose savings or lending products (e.g. 23% feel they have sufficient knowledge about savings products compared to 39% of non-Māori).
- There is a greater preference for spending over saving, and Māori have more unsecured loans (an average of 3.8 compared to 2.8 for non-Māori), with a greater amount owing, compared to non-Māori (an average of \$6034 compared to \$2983).
- The practice of gifting / koha is far more prevalent among Māori, but a significant proportion agree they give more money to others than they can afford (36% compared to 16% of non-Māori).

The implications of the study suggest ensuring Māori have equitable access to financial knowledge and resources (addressing such aspects as education, homeownership, health, and income) would convert into a greater perceived financial wellbeing compared to non-Māori.

Additionally, Māori have higher scores for financial comfort and preparedness for retirement despite the ethnic pay gap, and the higher level of debt suggests Māori view such aspects differently from non-Māori. For instance, "having finances that allow me to enjoy life" may involve completely different perspectives of what that entails and is an area that could be better understood moving forward. Similarly, Te Ara Ahunga Ora Retirement Commission is about to commence research into [what 'retirement' looks like to Māori](#) to shed light on what needs to be done to ensure Kaumatua thrive in their older years.

From the perspective of finance service providers there are several areas to consider:

- A key area for financial education for Māori involves the area of saving, spending, and borrowing (which should extend to include 'giving'). Given Māori generosity, one aspect could involve navigating expectations around gifting and reframing guilt of having more than someone else (Houkamau et al., 2019).
- That is, "*saving and monitoring money closely is not about being obsessive or selfish, but rather can be a way to ensure that one has the practical means to aid in whānau growth and development...a source of power that can be controlled, as well as a mechanism to benefit the whānau as a whole*" (pg. 9; Houkamau et al., 2019).

- As such, effective financial education for Māori needs to be developed and led by Māori. Current places where Māori can and do have financial roles and therefore financial education include whanau-based Māori land trusts; Hapu and Iwi Runanga; Marae Committee; Management Committees of Kohanga Reo; Māori Women's Welfare League Branches; New Zealand Māori Council Branches; Māori Education, and Health and Social Service Providers.
- More research is required into understanding how Māori make financial decisions and what sources of information they rely on.

Specific themes for future consideration from a policy perspective are:

- Perceptions of preparedness for retirement are very low for Māori in the 55+ age group and indicates that this age group needs special attention when discussing retirement planning. Further research is required to understand this.
- Ethnic pay inequity combined with lower financial inclusion, money management and spending restraint scores means Māori are continuing to miss opportunities to build on assets and savings that could contribute to closing the ethnic pension gap. Wāhine (consistent with women in general) are even more disadvantaged in their ability to add their own savings to supplement NZ Superannuation in retirement.
- A 'by Māori, for Māori' approach is likely to be effective when it comes to financial products and services. Having iwi as the facilitators of financial services arrangements may be beneficial for the Māori community, leading to greater participation of Māori than might otherwise be observed. Indeed, this has already started among some iwi (McLeod and Lam, 2021). However, involvement should extend not only to having financial products but also how to choose between them, and how to understand the impact of loans like hire-purchase or lay-buy.



Findings in detail

Finding 1

Ensuring Māori have equitable access to financial knowledge and resources can convert into greater financial wellbeing outcomes compared to non-Māori

The Māori participants in this survey score significantly lower on *financial wellbeing overall*, and on a number of financial wellbeing components, particularly in terms of short-term financial wellbeing (*meeting commitments*) (Table 4).

Table 4

Mean financial capability and wellbeing scores by Māori and non-Māori ethnicity

	Māori	Non-Māori	Māori – non-Māori difference	Is the difference statistically significant (p<0.05)?
Overall wellbeing	60	65	-5	Yes
Meeting commitments	60	76	-16	Yes
Financially comfortable	65	63	2	No
Resilience for the future	52	58	-6	Yes
Preparedness for retirement	50	48	2	No

The ethnic pay gap between Māori and non-Māori still exists, with the median weekly income (before tax) for Māori at \$686 compared to \$770 overall (StatsNZ, 2021). In addition, personal and household income have a significant association with financial wellbeing and outcomes (see technical report for further detail [here](#)).

When income is controlled for in this study (among other socio-economic and financial capability factors) Māori ethnicity is no longer associated with lower overall wellbeing² (Table 5). In addition, there are two financial wellbeing outcomes where Māori score similarly, and where Māori ethnicity is positively associated: feeling *financially comfortable* and self-reported *preparedness for retirement*. This suggests that Māori can convert the same level of knowledge and resources into greater *perceived* financial wellbeing compared to non-Māori in these areas. Specific aspects within these two financial wellbeing outcomes will be examined later in this report but point to a difference in worldview between Māori and non-Māori, rather than necessarily being better prepared in strictly monetary terms. Although not significant, *meeting commitments* is something to keep an eye on as Māori ethnicity is associated with marginally lower scores.

Table 5

Contribution to financial wellbeing outcomes for Māori ethnicity

	B Co-efficient ³	Significant after controlling for socio-economic /fin cap factors?
Overall wellbeing	1.274	No
Meeting commitments	-1.41	No
Financially comfortable	2.189	Yes
Resilience for the future	1.81	No
Preparedness for retirement	2.168	Yes

² Given the online methodology for this study, personal and household incomes are skewed upwards, so univariate regression was used to isolate the individual association of a number of variables with each scale. Variables included a range of socio-economic factors (e.g., age, gender, ethnicity, education, household income, employment status, source of income, relationship status, home-ownership status, children under 18 and access to informal financial support) and the financial wellbeing components.

³ The beta coefficient is the degree of change in the outcome variable for every 1-unit of change in the predictor variable. If the beta coefficient is positive, it means that for every 1-unit increase in the predictor variable, the outcome variable will increase by the beta coefficient value. If the beta coefficient is negative, it means that for every 1-unit increase in the predictor variable, the outcome variable will decrease by the beta coefficient value.

Finding 2

Tāne tend to score themselves higher on financial comfort and preparedness for retirement than wāhine

In terms of feeling *financially comfortable*, Māori ethnicity has a positive association. However, wāhine Māori tend to give lower scores compared to tāne across age groups (Table 6). The gap between wāhine Māori and non-Māori women is smaller.

Table 6

Outcome scores for Māori and non-Māori by age and gender

Outcome scores			18-34	35-54	55+ ⁴
Financially comfortable	Māori	male	65	66	63
		female	51	49	51
	Non-Māori	male	64	60	63
		female	58	54	59
Preparedness for retirement	Māori	male	50	54	42
		female	39	34	27
	Non-Māori	male	52	46	43
		female	42	39	37

Tāne in this survey are particularly confident in their current financial situation and having sufficient finances to enjoy life. While scores are relatively consistent across age, both gender and income are more strongly associated with these statements than ethnicity. Nevertheless, if all things were equal (income, homeownership, health, education etc), Māori would still give higher scores to these statements⁵, pointing to differences in what Māori want/need to live a comfortable and enjoyable life (Table 7). The question of perceived financial comfort is therefore an area that could be better understood moving forward.

Table 7

Contribution of Māori ethnicity to component statements

	B Co-efficient	Significant after controlling for socio-economic / fin cap factors?
How confident are you about your financial situation in the next 12 months	0.093	Marginal
My finances allow me to do the things I want and enjoy life (rev)	0.131	Yes
Even without NZ Super or working I will have sufficient income	0.344	Yes

In terms of *preparedness for retirement*, tāne score similarly to non-Māori men. This is not the case for wāhine, who have particularly low scores. Scores are lowest for those in the 55+ age group for both tāne and wāhine (Table 6). The reasons for low preparedness for retirement scores for Māori in the 55+ age group are yet to be explored but this age group needs special attention when discussing retirement planning.

Māori ethnicity is associated with an increase in perceived adequacy of retirement without

⁵ 55-64 and 65+ age categories combined due to small subsample sizes

relying on NZ Superannuation. This is independent of any differences in income (among other socio-economic factors). Given Māori undertake marginally fewer activities to prepare for retirement compared to non-Māori (even when income and other factors are controlled for (Table 8)) this may relate to different expectations of what retirement looks like among Māori compared to non-Māori.

Table 8

Number of activities done / doing / will do for retirement

	non-Māori	Māori
0	15%	16%
1	45%	52%
2	23%	20%
3	11%	8%
4	6%	4%
Base	2313	462

Nearly half of Māori currently contribute to a KiwiSaver account (48%), similar to non-Māori at 51% once income and other variables are accounted for. There are also no significant associations of Māori ethnicity with the amount contributed, or with self-assessed knowledge of how KiwiSaver works.



Finding 3

Māori are less likely to have a ‘significant’ role in day-day money management, but involvement is more likely for wāhine, and increases with age

Compared to non-Māori, *experience of money management* scores for Māori are lower. For instance, they are significantly more likely to say they rely at least to some extent on other people for day-to-day money management activities compared to non-Māori (Figure 1). These activities include planning how household money is spent, ensuring expenses are paid, and making financial decisions for the household. This is an area where Māori ethnicity is negatively associated even when other socio-economic factors such as income are controlled for (Table 9).

Table 9

Association of Māori ethnicity to financial wellbeing components

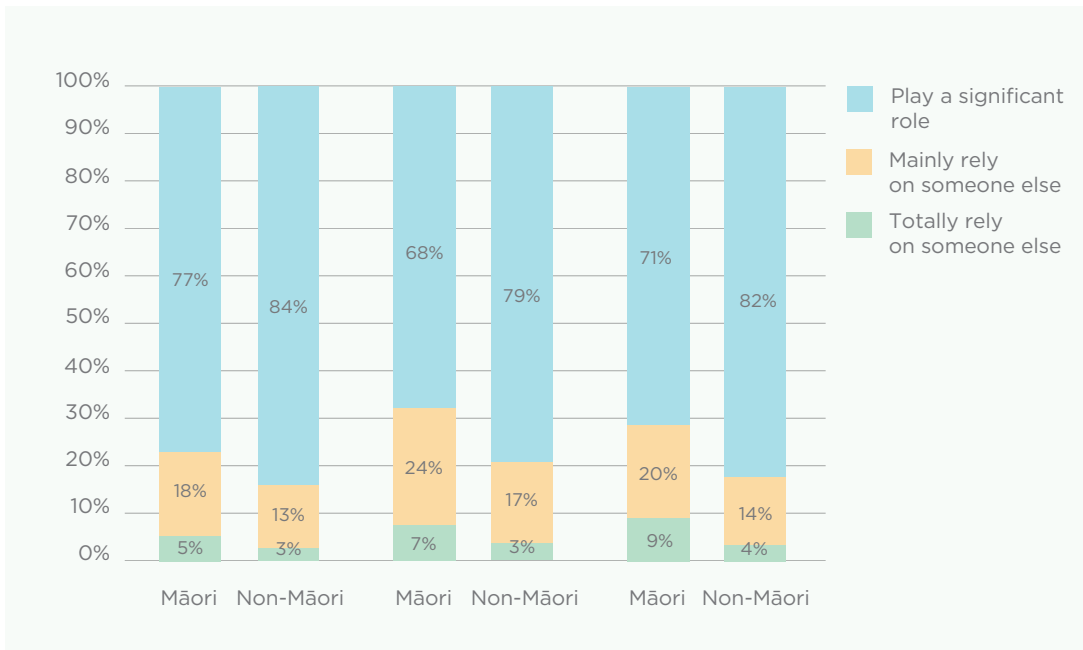
	B Co-efficient	Significant after controlling for socio-economic /fin cap factors?
Spending restraint	-0.217	No
Active saving	-1.691	No
Not borrowing for daily expenses	-1.918	No
Restrained consumer credit use	-1.91	Yes
Informed financial decision making	1.927	Yes
Informed product choice	0.205	No
Planning income use	2.614	Yes
Keeping track of money	0.374	No
Knowledge of money management	-2.542	Yes
Knowledge how to compare financial products	1.938	No
Experience of money management	-3.261	Yes
Financial inclusion	-2.82	Yes
Understanding of risk	1.066	No
Attitudes to saving, spending and borrowing	-4.069	Yes
Financial confidence	0.02	No
Long-term thinking	-2.415	Yes
Impulsivity control	-3.296	Yes
Lack of concern about social status	0.329	No
Self control	1.315	No
Locus of control	1.615	No
Action orientation	1.768	No

The comparatively lower involvement may relate to whānau and the process of whakawhānaungatanga (doing things together), which is seen as a departure from the way some Pāhekeā run household finances (Houkamau et al, 2018). The wording of the survey question does not allow for ‘shared’ decision making and whānau-based lifestyles (rather the option is ‘I mainly rely on someone else’), and as such may not adequately reflect Māori reality in this respect.

Nevertheless, in real terms there is still a large proportion of Māori participants who say they play a significant role in these activities (Figure 1). As with non-Māori, involvement in day-day money management increases with age. Wāhine are more likely to say they play a significant role compared to tāne (74% of wāhine ensure expenses are paid compared to 63% of tāne and 84% of those aged 55–64).

Figure 1

Differences in household money management by Māori and non-Māori



Planning of income use is an area where Māori ethnicity is associated with higher scores compared to non-Māori once socio-economic factors are controlled for. While Māori in this study are no more likely to plan their budget, those who do budget are more likely to plan exactly (46% compared to 35% of non-Māori). Research elsewhere indicates this is not a surprising result. For instance, Houkamau (2016) found that many Māori managed scant money deftly, with excellent budgeting ability.



Finding 4

Financial education does not reach wāhine Māori to the same extent it reaches tāne Māori

Informed financial decision making is another area where Māori ethnicity is associated with slightly higher scores (Table 8) when socioeconomic factors are controlled for. In this respect, Māori participants are marginally more likely to say they always get informed before making financial decisions, but there are no differences in terms of staying informed about money matters or spending time considering options before making financial decisions. Further research is required into where Māori go for financial advice.

Of note however, tāne are more likely than wāhine to say:

- their parents talked about money management or saving (58%, compared to 44%)
- they were taught about money management or saving at school (54%, compared to 36%)
- they were taught about money management or saving at work (47%, compared to 23%)

This is similar to the gender disparity seen among non-Māori. Possible reasons for the difference between tāne and wāhine (which were not measured in this survey) may include:

- financial education content or delivery that fails to resonate with wāhine
- wāhine spending, on average, fewer years in paid employment than tāne due to caring responsibilities (so they're less likely to encounter the opportunity of workplace financial education)
- workplace financial education being offered less often in part-time jobs (where wāhine are over-represented)
- wāhine taking up available workplace financial education opportunities less often than tāne
- greater availability of workplace financial education in tāne-dominated industries / workplaces

Māori ethnicity is associated with similar levels of financial education at school or work (once other factors are controlled for).



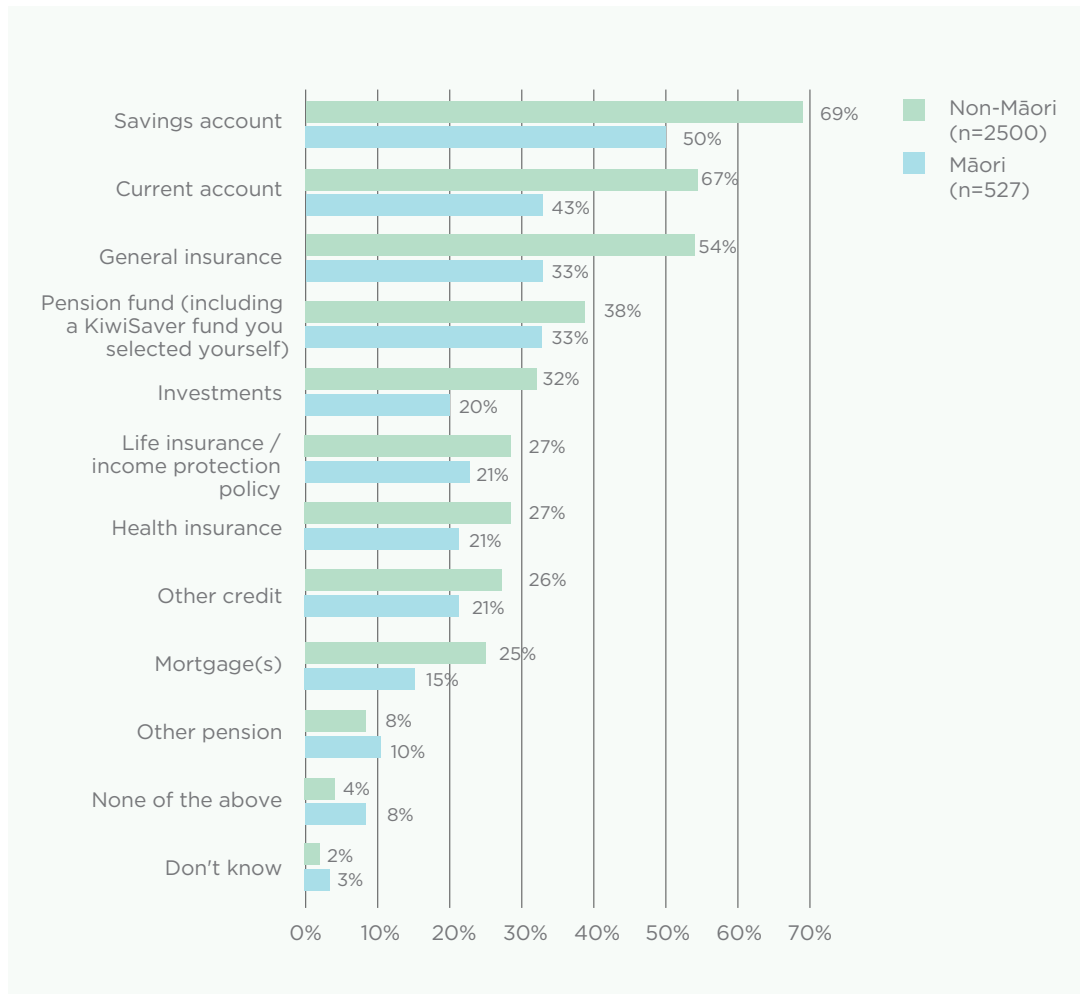
Finding 5

Māori use fewer financial products than non-Māori and feel they have insufficient knowledge to choose savings or lending products

Even after controlling for other socio-economic factors, Māori have lower *financial inclusion scores*, mainly because they hold significantly fewer financial products (Figure 2) compared to their non-Māori counterparts.

Figure 2

Types of financial products held by Māori ethnicity



This is particularly the case for bank accounts (current or savings) and insurance (general and health). In addition, 20% of Māori have investments, compared to 32% of non-Māori. Overall, non-Māori have an average of 3.8 products while Māori have an average of 2.8 (51% of Māori participants have less than three products, compared to 30% of non-Māori).

Wāhine are more likely than tāne to have current and savings accounts, but less likely to have investments, health insurance, other pensions and other forms of credit. Māori over 65 years are also more likely to have current and savings accounts, but also more investments compared those who are younger, while those aged 55–64 are more likely to have life insurance / income protection (Table 10).

Table 10

Types of financial products held by Māori by age and gender

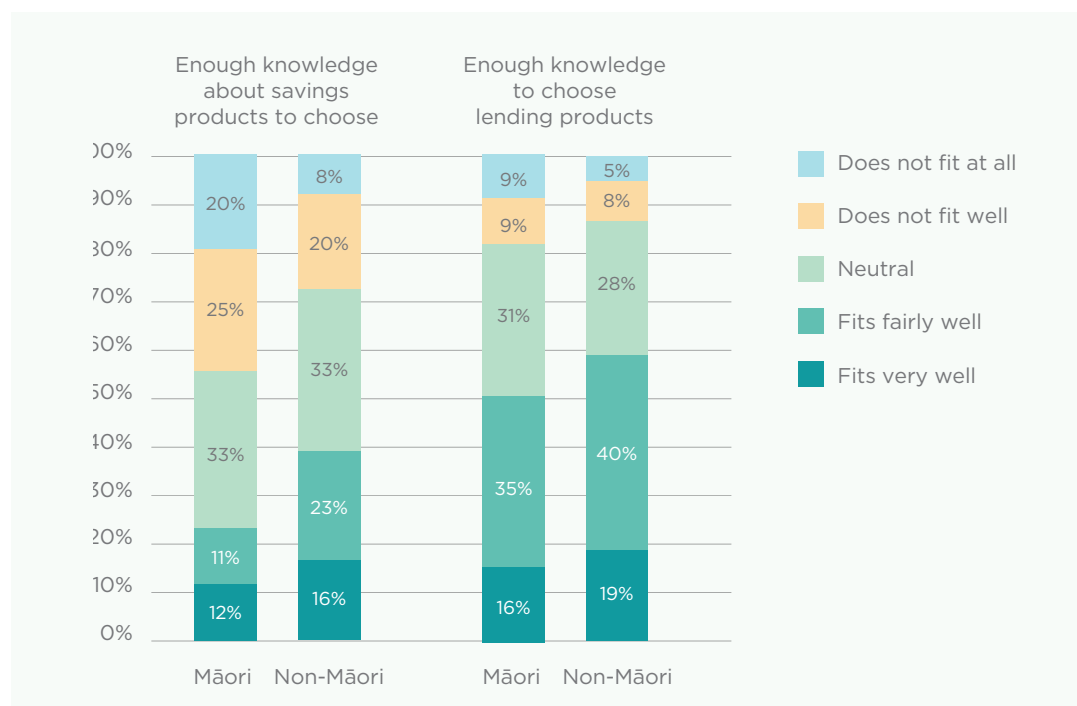
Do you have any of the following products in your own name (or jointly with someone else)?	Male	Female	18–34	35–54	55–64	65+
Savings account	46%	53%	56%	41%	49%	78%
Current account	38%	48%	44%	35%	60%	68%
Pension fund (incl KiwiSaver)	34%	33%	32%	35%	40%	22%
General insurance	30%	36%	26%	28%	58%	61%
Investments	26%	14%	20%	17%	18%	39%
Health insurance	25%	16%	23%	22%	16%	10%
Life insurance or an income protection policy	23%	22%	17%	26%	30%	12%
Mortgage(s)	16%	14%	12%	15%	23%	10%
Other credit	16%	4%	23%	18%	30%	20%
Other pension	14%	6%	6%	12%	7%	15%
None of the above	6%	9%	8%	8%	9%	2%
Don't know	4%	3%	4%	3%	5%	0%
Base (Māori)	257	270	164	265	57	41



Looking at the *knowledge of money management* component and its constituent statements, Māori rate themselves equally compared to non-Māori when it comes to knowing how to plan their spending against income (consistent with their scores for budget planning, above). However, when it comes to having sufficient knowledge to choose savings products or lending products, Māori ethnicity is associated with lower scores compared to non-Māori (Figure 3). Tāne are more likely to disagree they have sufficient knowledge of savings products (43%) compared to non-Māori men (29%), likely reflecting their lower use of these products.

Figure 3

Knowledge of financial products by Māori ethnicity



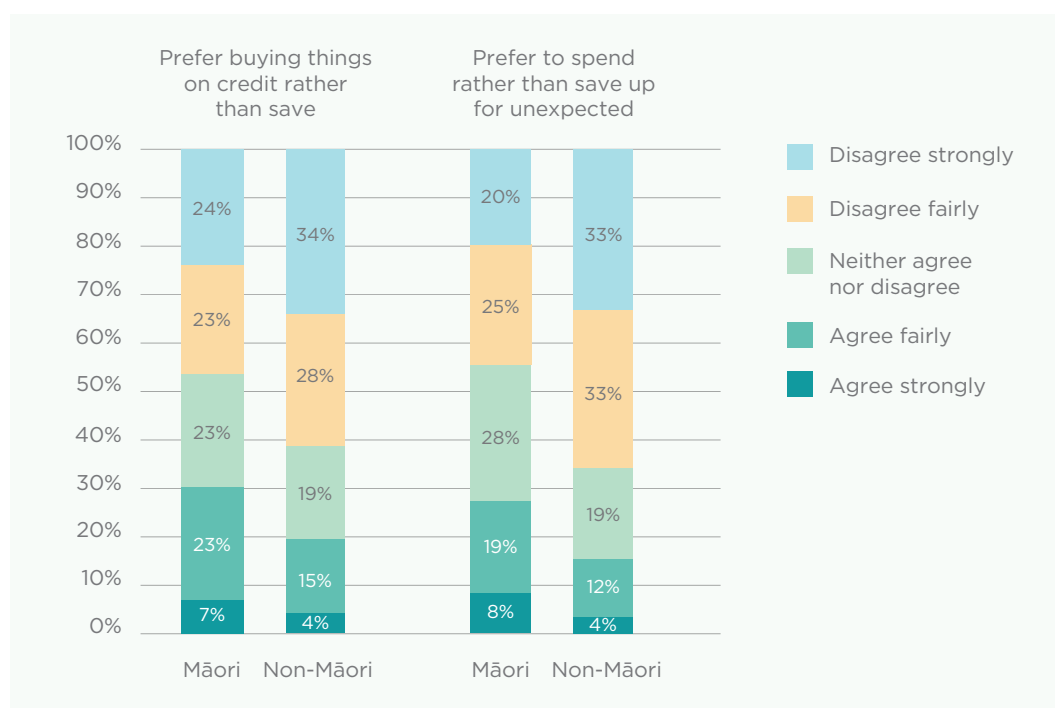
Finding 6

The is a preference for spending over saving, and Māori have more unsecured loans, with a greater amount owing, compared to non-Māori

Māori ethnicity is associated with lower scores for saving, spending and borrowing (Table 9) and is likely to reflect a different perspective to non-Māori. Specific areas include preferring to buy things on credit rather than saving (particularly among tāne), preferring to spend rather than save for the unexpected, and saying it is more satisfying to spend than save (Figure 4).

Figure 4

Attitudes to saving, spending and borrowing by Māori ethnicity

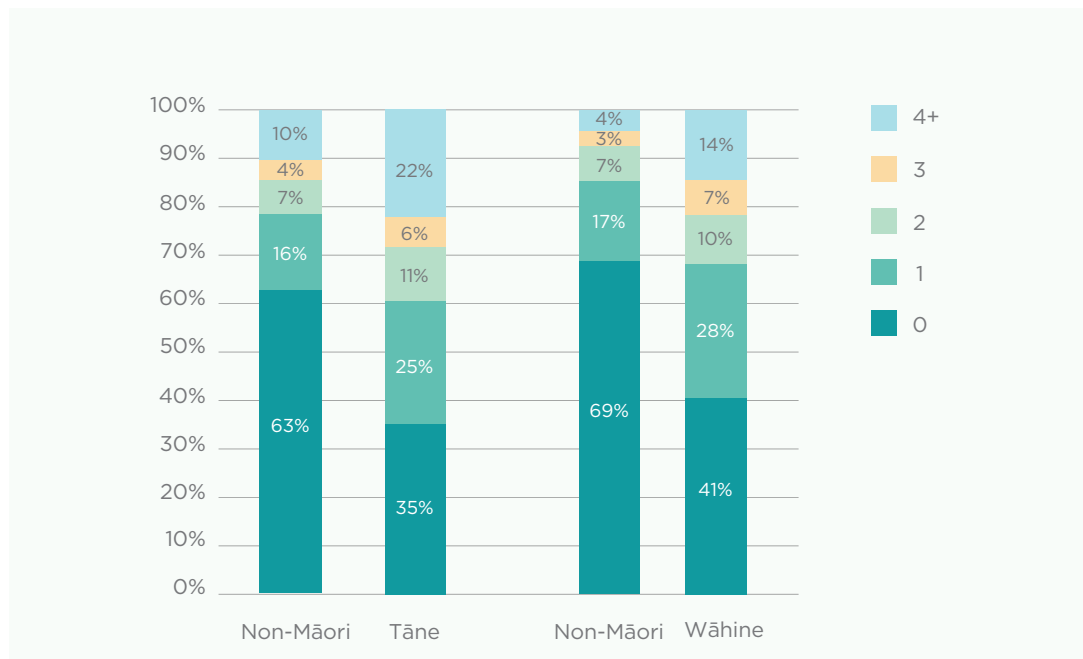


Māori ethnicity is also associated with lower scores for restrained use of consumer credit use (Table 9). In this respect, Māori have more unsecured loans than non-Māori (62% have at least one, compared to 34% of non-Māori). Over one in five tāne in this study had more than four unsecured loans (Figure 5). While there are no differences in number of credit cards held, the amount Māori say they owe on these is significantly higher than the amount reported by non-Māori (an average of \$2398 compared to \$1410). The gap increases further when it comes to unsecured loans (an average of \$6034 compared to \$2983).⁶ Amount owed tends to increase with personal income for Māori participants in this study (but not non-Māori) and is also higher for Māori home-owners compared to Māori who don't own their home (\$7882 compared to \$4454 for non-homeowners).

⁶ Amounts owed are self-reported.

Figure 5

Number of unsecured loans held by Māori and non-Māori by gender



Given the ethnic pay gap, it is no surprise that income (either personal or household) is strongly associated with scores on *meeting commitments*. Once controlled for, Māori ethnicity is not significantly associated with the measure (Table 9). However, looking at the individual statements which feed into this component, Māori are more likely to say they often/always have no money for food and expenses compared to non-Māori (33% compared to 15% of non-Māori) and often/always have problems paying at the final reminder (24% compared to 9%), even after socio-economic aspects have been controlled for.



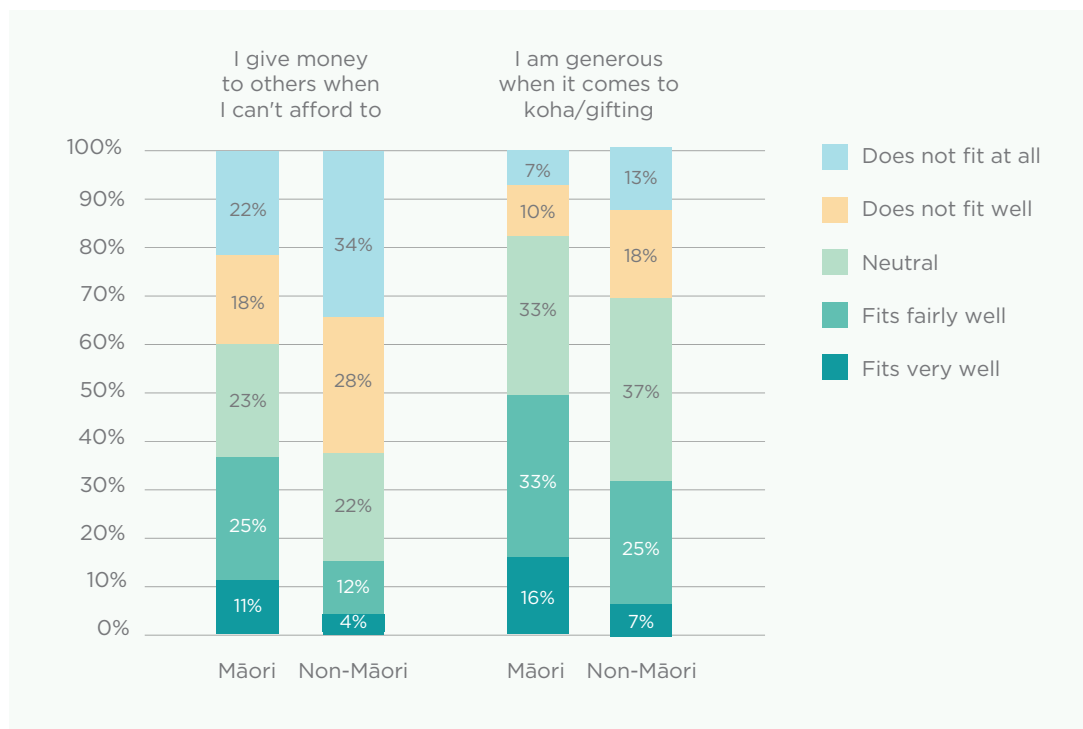
Finding 7

Over a third of Māori give others more money than they can afford

Nearly half of Māori (49%) agree they are generous with gifting / koha (compared to 32% of non-Māori), and more than 1 in 3 Māori respondents (36%) say that they give money to others when they can't afford to. This is more than twice as much as in the non-Māori population (Figure 6) and is consistent with a more collective orientation towards wealth-sharing. However, it may come at the expense of household obligations (see above regarding debt).

Figure 6

Differences in koha / gifting for Māori and non-Māori



References and resources

Houkamau C., Stevens, A., Oakes, D. and Blank, M. (2019) Taking control: Māori responses to money management, wealth and saving. Ngā whakautu a te Māori mō whakahaeretanga o te pūtea, te whairawatanga me to penapena pūtea.

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[StatsNZ / Tatauranga Aotearoa \(accessed 19 October 2021\); Income by region, sex, age groups and ethnic groups \(stats.govt.nz\)](#)

[StatsNZ / Tatauranga Aotearoa \(accessed 19 October 2021\); Age and sex by ethnic group \(grouped total responses\), for census night population counts, 2006, 2013, and 2018 Censuses NZ.Stat \(stats.govt.nz\)](#)

