TE ARA AHUNGA ORA
Retirement Commission

Encouraging savings

Working group recommendations

Report summary

Many New Zealanders aren't saving, which impacts on their ability to withstand the unexpected, and reduces their financial wellbeing and resilience. An expert working group looked at what the private sector could do to encourage people to save as part of the 2022 Review of Retirement Income Policies. This report summarises the research, ideas, and recommendations put forward by this group for the finance industry to get more people saving, lifting their wellbeing.

This contributes to the 2022 Review of Retirement Income Policies under Term of Reference 4: 'New non-government initiatives to encourage people to save in a complex COVID environment, in collaboration with the private sector'.

Contents

Overview

A large proportion of New Zealanders aren't saving. If something unexpected happens, many New Zealanders can tip into hardship quickly without a buffer to cushion them. ASB (2021) research shows that 40% of New Zealanders don't have $1000 saved, with even more New Zealanders 'just coping'. Saving and spending behaviours are shown to be the biggest contributors to financial wellbeing, even more so than income (ANZ, 2021; Te Ara Ahunga Ora, 2021). Improving savings will help New Zealanders be better financially prepared for retirement and more financially resilient to life shocks.

An expert savings working group was stood up to dig deeper into the savings problem, look at savings opportunities the private sector could consider, and suggest recommendations to improving savings behaviour for those that aren't currently saving but have the means to. It is estimated that around 42% of New Zealanders can be classified as being 'financially exposed' but with the potential means to save. This group was considered the focus of savings opportunities. Those that are struggling day to day (12%) or are already financially secure (46%) weren't the focus of the working group given they either can't save or don't need support to save (Te Ara Ahunga Ora, 2022).

The working group considered current research, looked at existing initiatives around saving, and considered behavioural economics principles on what effectively changes behaviour. From a long list of ideas the group made the final recommendations based on what could have the most impact on helping those financially exposed to save, as well as be feasible for the private sector to implement.

Summary of recommendations

1. Prioritise open banking[1] to unlock tech-based savings solutions enabling better customer outcomes.	**2.** Apply behavioural insights for better customer outcomes through CoFI and knowledge sharing.	**3.** Show customers visually what spending decisions cost over the life of the debt.
4. Steer customers with regular debt to more suitable products.	**5.** Consider emergency savings opportunities through a KiwiSaver 'sidecar' product.	**6.** More culturally responsive products and partnerships to better meet needs of Māori and Pacific peoples.

Other complimentary opportunities

1. An established body of knowledge shared centrally.

2. Awards for products or innovations leading to better financial outcomes

3. Industry associations relook at their charters and mandates to consider financial wellbeing outcomes and collaborating on initiatives for customer good.

1 Open banking is where banks open up data to regulated providers at the customers agreement. This can enable useful personalised technology solutions for the customer to manage their money such as apps or AI that can forecast and automate saving and spending based on account information.

1. Background

The Review of Retirement Income Policies (RRIP)

Under the New Zealand Superannuation and Retirement Income Act 2001, the Retirement Commissioner is required to carry out a Review of Retirement Income Policies (RRIP) every three years. The Government has set the Terms of Reference (TOR) for the 2022 RRIP, outlining the areas of focus for the review which relate to three broad areas: New Zealand Superannuation, housing, and private savings. Particular focus is to be given to the impact current policies have on the retirement savings outcomes and experiences of Māori as Treaty partners, and of Pacific Peoples and women.

For the 2022 RRIP the Government asked Te Ara Ahunga Ora to engage with the private sector to explore if there are new non-government initiatives to encourage people to save in a complex COVID environment (TOR#4). This was an opportunity to bring industry voices into the RRIP and for industry to contribute ideas and expertise to address a wicked problem.

Approach

Te Ara Ahunga Ora invited representatives from Aotearoa New Zealand's five largest banks to join a working group as well as inviting expressions of interest through the National Strategy for Financial Capability database. Banks and industry representatives were valuable working group members given the terms of reference focus on private sector initiatives. Additional volunteers sought through the National Strategy for Financial Capability database were also engaged given their passion and expert knowledge working directly with New Zealanders to improve their financial capability and wellbeing. David McLean (former CEO of Westpac and KiwiRail Chair) was asked by the Retirement Commissioner to chair the working group. The working group met virtually three times between June – August 2022 for 2-hour sessions. The first session explored the savings problem through knowledge sharing and research, the second session looked at existing savings initiatives and discussed opportunities and ideas to improving savings, the third session refined recommendations out of the ideas tabled.

To complement this work and seek further views, a webinar on the savings gap was held in August as part of the National Strategy for Financial Capability series. Speakers included representatives from ASB, Te Ara Ahunga Ora, and the Behavioural Insights Team to provide context and share research and behavioural insights knowledge. Breakout sessions were then held with participants which contributed further ideas to improve savings for the working groups consideration.

Working group members

Organisation	Name	Role
Independent	David McLean	Chair of working group
Forsyth Barr	Michael Daymond-King	Head of Innovation
Forsyth Barr	Daniel Lark	Savings Specialist
Impower	Jessica Jamieson	Director/ Financial Wellbeing Specialist
Full Balance	Shula Newland	Financial Coach & Consultant
Collingwood Chambers	Graeme Edwards	Commercial Barrister
Crown Financial Ministries	Peter Crawford	National Director
Whai Rawa	Josie Crimmins	Marketing Manager
Kiwibank	Casey Grindlay	Sustainability and Purpose Advisor
Kiwibank	Julia Jackson	Head of Purpose and Sustainability
BNZ	Harry Forster	Head of Planning and Delivery, Customer Products & Services
Westpac	Anokha Chand	Financial Wellbeing Programme Manager
ASB	David Clay	Head of Customer Outcomes
ANZ	Anna Livesey	GM Customer Experience, Funds Management
Government hosts		
Te Ara Ahunga Ora	Suzy Morrissey	Policy Director
Te Ara Ahunga Ora	Rachel Beckett	National Partnerships Lead (Secretariat)

Scope considerations of the working group

The focus of the working group was to look at initiatives or activity the private sector could initiate to help those financially exposed to save. There are groups of New Zealanders at each end of the spectrum that are either struggling to manage day to day or are already financially comfortable. These two groups either cannot save or are already saving well and were therefore not the target audiences for this work. See 'Segmentation and the behaviour change cycle' for segmentation context.

KiwiSaver settings were also out of scope, given MBIE has a working group looking at KiwiSaver separately. There was however strong consensus that the KiwiSaver sidecar opportunity could be beneficial to consider so was therefore still posed as a recommendation to consider.

2. The savings problem

Research

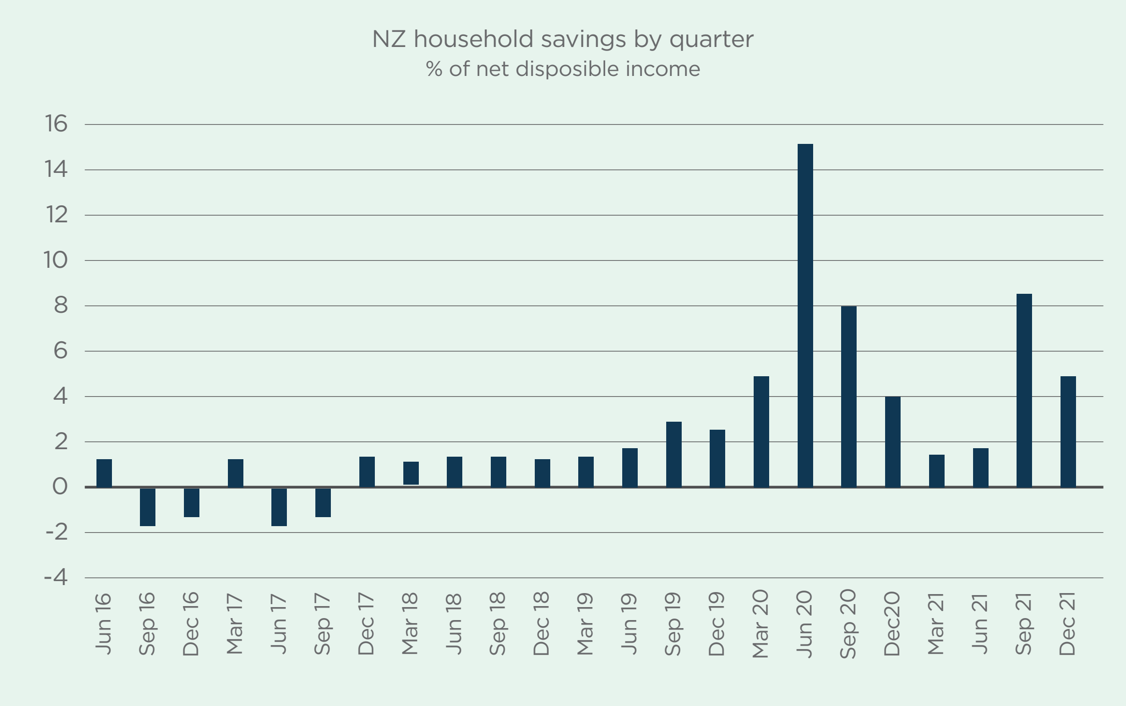
A study of 500,000 ASB customers (2021) found that 38% were living pay-day to pay-day and 49% are having trouble' or 'just coping.' Additionally, 40% of customers have less than $1000 in funds available, which is improving from 48% pre-pandemic. The national median savings balance is $3032.

Te Ara Ahunga Ora's New Zealand Financial Capability Survey (2021) revealed that 50% of New Zealanders were either sometimes or constantly struggling to pay the bills and 55% did not often have money left over. It also found, 58% of New Zealanders couldn't cover an unexpected expense equivalent to one month's income, with 33% of people needing to borrow within the first three months if their income were to drop by a third. ANZ Financial Wellbeing research (2021) found similar trends, identifying that 20% of New Zealanders are getting by, and a further 47% of New Zealanders are doing OK. People who were getting by were less likely to hold term deposit accounts (6%) and savings accounts with bonus interest (26%) than the general population. They were also more likely to use buy now pay later schemes (30%). While 40% of people 'doing OK' said it was a struggle to meet their bills and credit card commitments from time to time.

A Consumer Protection longitudinal study (2021) on COVID-19 impacts shows that COVID-19 has heightened inequities between groups with some worse off, and others better off. It found 19% of respondents had taken on new debt or increased existing debt in the six months to August 2021, down from 25% in the first year of the pandemic. It was most likely to be securing or increasing a home loan (6%), using buy now, pay later services (6%), or increasing credit/store card debt (5%). On the other end of the scale 15% of people increased spending on investments, down from 18% in the first year of covid.

Stats NZ released data earlier in 2022 showing New Zealanders savings rates per quarter. Big savings increases were observed for households during the quarters with pandemic induced lockdowns. Stats NZ observes higher levels of disposable income for the December 2021 quarter which can explain some of the savings increases.

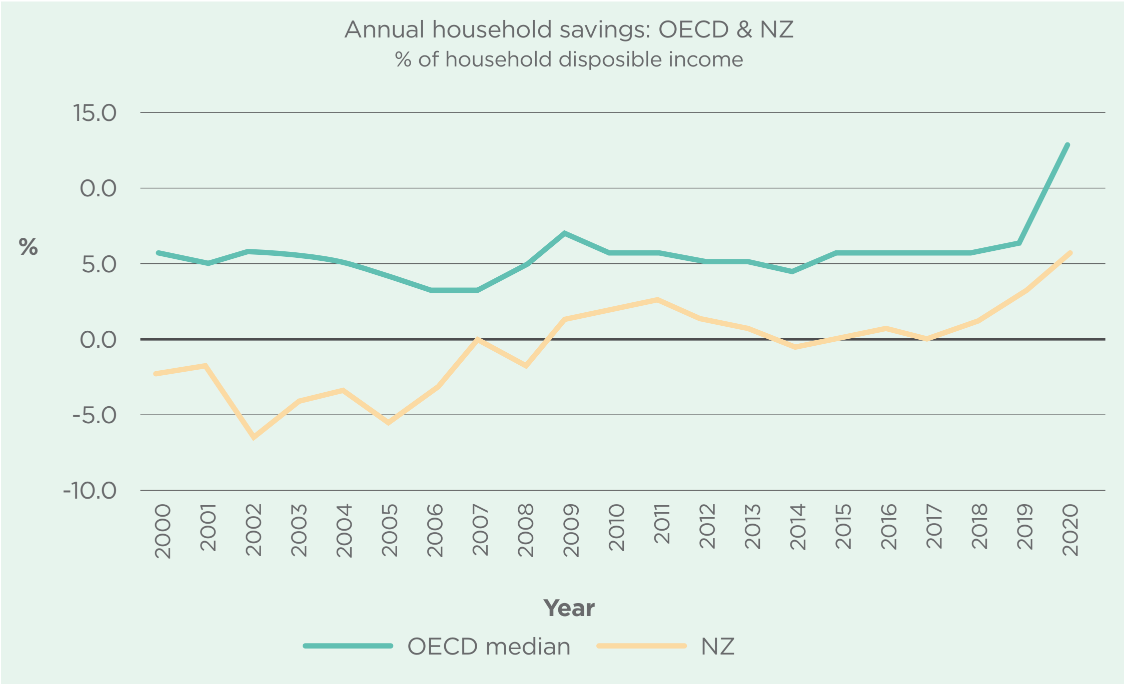
Figure 1: NZ household savings by quarter



Source: Stats NZ (2022)

New Zealand has low household savings rates compared to international counterparts in the OECD. New Zealands household savings have been consistently within the bottom quartile of all OECD countries over the last two decades.

Figure 2: OECD annual household savings

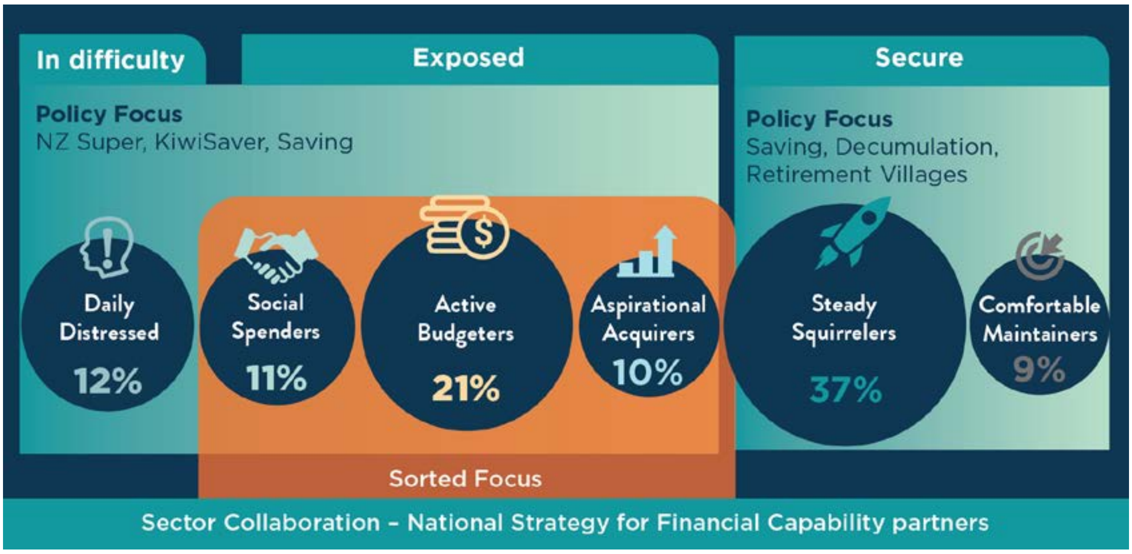


Source: OECD (2022)

Segmentation and the behaviour change cycle

Te Ara Ahunga Ora market research shows New Zealanders generally fit into six segments, with those in the 'exposed' category likely to benefit most from improved savings. New Zealanders in the 'in difficulty' segment, are less likely to be in a position to be able to save.

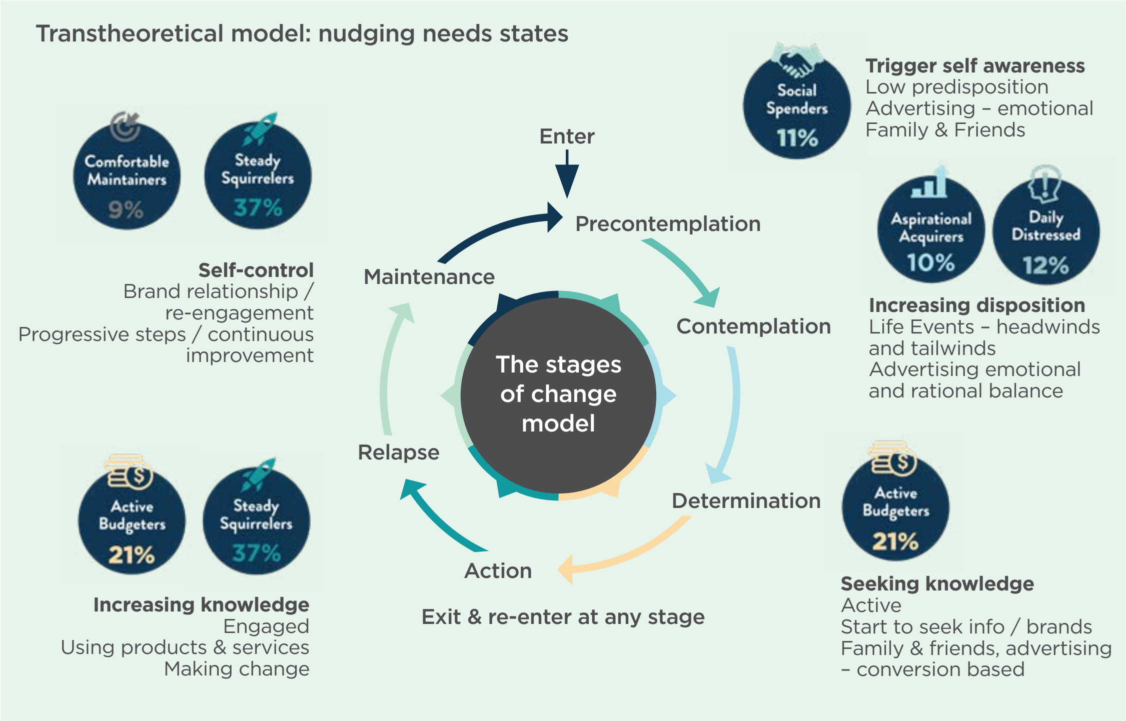
Figure 3: NZ household savings



Source: (Te Ara Ahunga Ora, 2022)

The behaviour change wheel provides marketing insight as to what might help nudge and support behaviours for different segments of New Zealanders. This is adapted from Prochaska and DiClementes (2005) work on "The transtheoretical approach".

Figure 4: The behaviour change wheel



Source: (Te Ara Ahunga Ora, 2022)

Behavioural economics on decision making

A report by Reeson and Dunstall (2009) echoes much of the above with observed human decision-making likely differing from 'rational' behaviour due to:

- People procrastinate, putting off things such as saving for retirement
- They stick with the default option, even if it is not the best
- If a decision is too complex they may avoid it altogether
- People are readily confused, and prone to misleading advice
- People sharply discount the future compared to the present
- They stick with what they know

Discussion summary from session 1

The private savings working group considered the research and identified some key challenges and opportunities to encouraging savings. Savings behaviour, and balancing spending with saving, drives financial wellbeing over and above income or knowledge. It was determined that bridging the gap between knowing and doing remains a big opportunity, as well as finding ways to motivate and empower people to make changes. There is lots of great work happening in the rangatahi space where people feel safe to talk about money when they trust someone and the language is accessible. This is evidenced by Houkamau et al. study (2018) where Māori participants were more inclined to make financial behaviour change in whānau-centred environments where focus is on empowerment and making money work for Māori, rather than the other way around. Participants found standard financial literacy methods boring and detached from their own realities.

Ongoing relationships and accountability were seen to be very beneficial, over and above one session, to see change happen. Linking saving to goals, seeing where spending was going, or making savings hard to access saw effective outcomes for customers. Some customers were taking steps themselves to make their savings less accessible such as removing internet banking access for their 'do not touch' savings accounts or opening this account at another bank. Linking savings with goals both in language (a 'buy a house' account) and motivation (linking their savings to a goal in an app) were seen to be effective as well as helping people being able to see themselves as an investor. Influencing moments that matter and setting individuals up for long-term savings behaviour working on their behalf was discussed as a good opportunity. Products such as KiwiSaver, where the decision to join and setting a contribution amount that makes a difference for decades, is a great example, as well as automatic micro-saving products such as 'save the change' by ASB.

Ease of unregulated lending alternatives (such as 'buy now, pay later') was seen to be an ongoing challenge for many customers. However regulation has contributed to making language inaccessible for many customers given the many disclaimers and conservative interpretations being applied to what can be said. Customers would find the language of unregulated products/services much more accessible.

It was also considered that saver and spending mindsets are distinct and it is a challenge to think about behaviour change for those who find saving a foreign concept. This was echoed by Newmeyer et al (2021) where the presence of a saver orientation or mindset (i.e. – thinking of themselves as savers) was seen to have a large impact on saving behaviour. It is useful to consider whether the same effort is being put into behaviour change for people saving, compared to nudging people to spend (marketing and nudges to obtain more debt).

Other matters canvassed included the high rate of gambling in New Zealand which erodes savings; the 'shame' element with money that means many people are reluctant to seek help; and that any solutions would need a strong business case because commercial considerations will remain important.

3. Savings initiatives and opportunities

Scan of savings initiatives and themes

Summary

Promoting and supporting saving behaviour through non-governmental means could include a range of possible opportunities such as: workplace saving schemes, income smoothing for savings, iwi savings and investment schemes, tools with visual feedback (gamification), saving pools or credit unions, more investment in marketing and education, nudges, products and technology and beyond. Active saving can be also supported indirectly by focusing on attitudes and behaviours that have a positive effect and using culturally responsive approaches. Some examples of initiatives that exist within these broad themes are outlined below, with the focus on non-government initiatives.

Workplace savings schemes

Workplace savings schemes are a useful savings vehicle that don't require ongoing decision making by employees and have potential to be flexible in access or amounts. Beshears et al. (2020) points out that "automatically enrolling workers into an employer-sponsored payroll deduction rainy-day or emergency savings account could be a cost-effective means of helping households accumulate liquid savings to meet urgent preretirement expenditure needs". This could be flexible for automatic payroll deduction, or employer matches at varying amounts that could also change over time. A rainy-day savings account has potential to be a future workplace benefit over and above KiwiSaver. It is noted that when a rainy day or emergency savings reaches a certain amount, the excess is likely to be more beneficial in investments. Workplace based "rainy day savings accounts" could better meet short-term needs that retirement savings accounts don't address. Automatic enrolment is seen to be a big contributor to successful participation rates in workplace savings schemes (Ain & Newville, 2018).

One behavioural intervention in workplaces is going strong in America with over 15 million people benefiting from the 'Save More Tomorrow' programme. This intervention askes people to commit now to saving more in the future, agreeing to linking savings increases to future pay rises, remaining in the programme until they opt-out. The first company to implement this programme saw saving rates for programme participants increase from 3.5 percent to 13.6 percent over a 40-month time period with 78% take up (Benartzi, 2004). Benartzi and Thaler (2013) see the success of this programme being rooted in several behavioural economics principles. Self-control is easier to accept if delayed, loss aversion is diminished as employees do not see their pay fall, people have a tendency to resist change, so automatic enrolment and opt-out was seen as beneficial to the programme's effectiveness.

Income smoothing

Trezeo is an app-based income smoothing service designed to provide financial stability for those who don't receive regular pay cheques, with a focus on 'gig workers'. Trezeo uses open banking data to calculate each customer's sustainable average income, provides a regular pay cheque and assesses the affordability of any credit offered. This helps UK independent workers financially plan for their futures and is authorised by the Financial Conduct Authority. When workers dip below their average in a week, Trezeo tops them up to the average which is paid back when the customer earns again. Trezio was accelerated by 'Open Banking for Good' to benefit one in four UK adults who are financially squeezed, and recently acquired by Monese (Collard, 2021).

Iwi savings or investment schemes

Ngāi Tahu and Ngāti Whātua Ōrākei run a Whai Rawa investment and savings programme for members. Ngāi Tahu supports members and their whānau to contribute to this scheme with matched savings and an annual distribution payment made to support members (Ngāi Tahu Whai Rawa, 2022). Withdrawals can be made for tertiary education; first home purchases; aged 55+ withdrawals; and in some other special circumstances. Ngāti Whātua Ōrākei doesn't receive member contributions but makes distributions to members from the Trust which can be drawn upon twice a year, with special applications for home ownership withdrawals or financial hardship (Ngāti Whātua Ōrākei, 2022).

WhānauSaver is a product developed in conjunction with Taranaki & Te Atiawa Iwi where members can set up an account for themselves or their tamariki with iwi and whānau contributions (Ka Uruora, 2022). This can be used for tertiary education, short-term emergencies (up to $500 per year unless financial hardship withdrawal), first home, and retirement from 55+. Members can register if they are a member of eligible iwi: Taranaki, Te Atiawa, Ngāruahine, Ngāti Mutunga, Ngāti Maru.

Tools with visual feedback and gamificaton

MyState Bank has an 'Auto-Savings' product which tracks spending and automatically moves money to a savings account when the customer has extra to safely put away. The insights hub available through the app sends the customer visual notifications for when they have spent more than usual in certain categories, bill payment reminders, and tighten-your-belt alerts for when there isn't much leftover to cover upcoming bills or everyday spending (MyState Bank, 2022). This helps customers discover opportunities to save with nudges to stay on track.

Gamification can be used to encourage behaviours and provide incentives. Standard Chartered in the UK offered clients to win surprise cashbacks for transactions made through a 'Twist & Win' game integrated into the banks mobile app. BBVA, a Spanish Bank launched a game with tutorials where customers complete tasks, earn points, then spend them on movies, downloading music or theatre tickets (Kvartalnyi, 2022). One App called 'Long Game' encourages users to save in a prize-linked savings account where they earn coins that can be used to play games, with some cash prizes that come from bank partners. 'Blast' is a savings app aimed at gamers, where users connect their savings account to video game accounts where money is diverted to savings when they accomplish goals. 'Fortune City' is an app which encourages users to track spending habits, and as they log expenses, they can build buildings in virtual cities which match spending categories (Johnson, 2021).

Savings pools / credit unions

There are many community-based savings pools operating domestically and internationally. Groups meet up regularly to discuss money and pool money together by saving individually or as a whānau into the pool (Living Economies, 2018). The group then lends from this pool at no interest to members who request it. The group agrees together which lending requests they approve and whether collateral is required. As members repay the loan they are often required to keep saving in the pool at the same time so other people can also benefit (reciprocity), and they still have savings available. This seems to be a high trust model and one community pool provider suggested it works best in small groups (less than 20 members), needs an administrator, and needs to be based locally with the group meeting up regularly.

Fa'alavelave is cultural practice in Samoa which involves people contributing money to large occasions such as funerals or weddings. This practice encourages a sense of community and reciprocity; however some see it as an increasing financial burden for many giving who can't always afford to (RNZ, 2016).

Marketing and education

Many financial education initiatives exist from school age (Te whai hua, kia ora – Sorted in Schools, ASB GetWise, Westpac Money Makes Cents, Banqer), through to adult education opportunities (Sorted at Work, ANZ MoneyMinded, Sorted Pacific Peoples Pathways to Homeownership, Sorted Kainga ora).

Accessible language and relational concepts of wealth and wellbeing in financial marketing and education is important, particularly for Māori where relationships are identified as a key driver of behaviour and attitudes towards money, Houkamau et al. (2020).

Nudges

Nudge theory can empower people to make better decisions by using gentle encouragements to influence behaviours. Nudge theory is rooted in behavioural economics with wide ranging application opportunities.

ASB has used nudge theory to email overdrawn customers and provide them with online messaging including tips and steps they can take to avoid unarranged overdrafts. Positive outcomes were seen for 66% of customers, with 18,000 customers not in overdraft the following month (ASB, 2022).

A banking experiment in the Netherlands trialled nudges to encourage people to save by using a 'social norm' nudge but saw no savings behaviour change after examining banking data. The message sent to customers however had room for improvement when it comes to strengths-based language with the nudge suggesting: "You have a lower buffer with us than most other ING clients in your neighbourhood" Dur et al. (2021).

Products and technology

'Save the change' by ASB enables customers to round Off their daily expenditure to $1, $2, $5, or $10 and save the change in a separate savings account. This has been a successful programme with over $50 million saved in the past year. Banks also offer salary splitters, enabling customers to put aside a portion of their salary which automatically gets moved into a separate account once customers get paid. BNZ have partnered with PaySauce, which offers employees access to wages before payday at no interest, as an alternative to payday loans (PaySauce, 2021). Many banks and financial providers also offer budgeting and spend tracking tools to customers to help manage their money.

Money Scout is a product available through Huntington Bank (USA) which analyses spending habits, income, and upcoming expenses to determine savings amounts for customers. Money Scout first uses 4 months of account activity to understand the customer spending habits, before automatically transferring the savings amounts it deems suitable for the customer (Huntington, 2022).

The working group considered what savings initiatives exist before considering further potential opportunities to improve savings. The long list of ideas arising out of this session as well as additional ideas from the webinar is covered below which were then refined further during the third session.

Long list of ideas tabled

1. Have an established body of knowledge including research, trials, findings, and insights from across the finance industry shared centrally
2. Savings accounts with quarterly contributions/incentives to save that are hard to touch
3. Market accounts specific to savings goals – holidays etc with a competition element where you could win what you are saving for
4. Incentives or rewards for positive financial behaviour – accounts rewarding you with more interest when you reach a milestone
5. Recommend credit card and similar products are not for those that don't pay it off every month – customers better supported and steered to more beneficial product
6. Help customers see sums on what credit costs – similar to how KiwiSaver shows you your projected balance
7. Have industry awards to champion better financial outcomes/ products that offer this
8. KiwiSaver side-car product for additional savings. Auto saving product
9. Saving difference in your salary opportunity (like the US 'save more tomorrow')
10. Focusing on moments of change where people are more likely to have habit stickability and better primed to make change (such as moving, pay rise, new job, i.e., 'it looks like your pay has gone up, would you like to tuck all/some of this away?').
11. Enticing culture change and positive peer pressure to get people in savings habit/products that help (people trust family/friends)
12. Show savings contribution differences very visually and link to how better off people will be in future (similar to 3 vs 4% KiwiSaver contribution and its retirement impact of what you could have weekly). It was noted the Westpac tool works very well for behaviour change.
13. Whanau/family savings accounts
14. Affordable advice and regulation tiers (i.e – less regulation for those helping customers and not selling products).
15. Push open banking harder/faster, leading to AI opportunities – e.g. tech that analyses spend and tells you what you have left to save
16. Make it easier for people to access higher interest savings products (such as term deposit) when don't have as much money to put in – barriers to be addressed.
17. Make savings accounts fees-free or low-cost
18. Make it easier to set children up with savings products – noted KiwiSaver accounts very challenging
19. An account that enables people to save for short-term and long-term at the same time (lets customer decide which proportion for long term vs short term goal ratio), but runs automatically for customer once that decision made)
20. Industry consistently encouraging short-term savings (or emergency savings) first and then encouraging repaying debt as next step

21. Industry support an initiative/campaign that promotes the benefits of saving (could focus on youth and setting habits early, or spending vs saving = fun now or more fun later (rather than moments of loss)
22. Industry support or collaborate on a planning tool to encourage emergency savings – something that relates to individual situations and suggests what appropriate emergency savings look like for your circumstances.
23. Industry get further behind supporting individuals through financial planners and budgeting providers. e.g. increasing funding of Fincap via NZBA or putting collective marketing investment behind this to raise awareness of these services (and/or position as these services are for everyone).
24. Recommend businesses who accept payment should accept cash as a legal tender. Cash can be helpful to embed improved financial behaviour and accountability.
25. Recommend KiwiSaver providers support and refer clients to financial mentors at the point of applying for KiwiSaver Hardship withdrawal. Financial Mentors can provide support in case there are other options which may not affect their KS balance.
26. When you open an account - automatically offered an "emergency account" / rainy day fund - and then automatic deduction each month goes into this account.
27. Accountability for overdraft - affordability assessment before allowing.
28. Automated deduction from wages for general savings, in subaccount or another bank making it harder to touch.
29. Encourage people to use money they previously paid on debt, to put into savings. Save more tomorrow concept applied to debt to create savings capacity

4. Savings recommendations

The working group considered the long list of ideas and refined these into recommendations during session three. The recommendations were considered based on which initiatives are likely to have impact on those not currently saving and would be feasible for the private sector to implement.

Working group recommendation summary

1. The financial services industry and Bankers' Association drive forward open banking as a faster priority, which will pave the way for tech-based savings solutions. This will require faster action and clearer communication to customers, particularly on password safety. It is noted that much of the existing messaging about not sharing passwords with trusted third party app developers (like Akahu[2] for example), is inconsistent with the active enablement by most banks to allow their customers to use open banking services.

Examples of unlocking better customer outcomes through open banking include:

- Spotting opportunities (through data and AI) to focus on moments of change and steer people towards the right products useful. People are more likely to have habit stickability and better primed to make change (such as moving, pay rise, new job etc) i.e. 'it looks like your pay has gone up, would you like to tuck all/some of this away'.
- Industry support or collaborate on a planning tool to encourage emergency savings – something that relates to individual situations and suggests what appropriate emergency savings look like for your circumstances.

2. Banks and industry embrace the spirit as well as the letter of Conduct of Financial Institutions (CoFI) legislation to entice positive behaviour change by systematically applying the latest behavioural science and research to encourage customers to save. Many product features seem to not have been adjusted for the post CoFI environment (threshold levels to start a term deposit, obtaining a better rate, options to deal with 'sticky' credit card debt etc).

- Banks to meet regularly including CEOs at least once a year to report on how they are using behavioural insights, research and open banking systematically to incentivise positive financial behaviour for their customers including saving. If this doesn't happen, the government should step in to regulate this under CoFi.

  Examples of how banks could apply behavioural insights for better customer outcomes include:
- Accounts rewarding you with more interest when you reach a milestone
- Show savings contribution differences very visually and link to how better off people will be in future (similar to 3 vs 4% KiwiSaver contribution and its retirement impact of what you could have weekly)
- When you open an account - automatically offered an emergency account / rainy day fund - and then automatic deduction each month goes into this account.

2 Akahu provides open finance infrastructure for New Zealand. This enables developers to integrate data with financial institutions. Customers can choose to connect their bank accounts to these trusted third parties.

- Make it easier for people to access higher interest savings products (such as term deposit) when they don't have as much money to put in – barriers to be addressed.
- Offer people the choice to divert money they previously paid on debt, to automatically be put into savings once repaid
- Once student loans are repaid, offer the same payments to be automatically sent to savings or be redirected to KiwiSaver
- Being clear with customers what extending their loan term would mean in extra cost over the life of the loan
- Make it easier for people to utilise an automated deduction from wages for general savings, making a decision once which is then automated

3 Show people visually upfront what their spending decisions cost them over time. This should apply to debt as a total cost over the life of the loan in the same way projections are used for investment.

4. KiwiSaver side car for emergency savings is a beneficial savings opportunity leveraging behavioural insights. The advantage is that the infrastructure is already in place and having a sidecar for everyday savings may take pressure off early withdrawals from KiwiSaver. The private sector to work together and come back to the government with more information on how this could work practically without needing a new infrastructure set up.

5. Banks and other large institutions have appropriate products to meet the needs of their customers that are culturally responsive for Māori and Pacific peoples and explore opportunities to partner with iwi and other community organisations

6. Bank customers with 'sticky' debt supported and steered to more beneficial product: it is not good conduct (under CoFI) to enable customers to not pay off their debt.

Additional opportunities

1. Te Ara Ahunga Ora in partnership with industry associations to consider awards for products or innovations leading to better financial outcomes

2. Industry associations relook at their charters and mandates to consider financial wellbeing outcomes and collaborating on initiatives for customer good.

This could include banks and other large institutions to find a way to do more collectively on the general benefits of saving (could be funded by banks and led out of Sorted with linked research showing behavioural change for this investment)

3. FMA host a shared resource platform (as per the National Strategy for Financial Capability project already identified). This will be an established body of knowledge including research, trials, findings, and insights from across the finance industry shared centrally.

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