

National Financial Capability Strategy 2018

Australians in control of their
financial lives



The 2018 National Strategy was the product of detailed and ongoing consultation with the financial capability community and draws on evidence from previous strategies and learnings from within Australia and overseas.

Last updated May 2020

This strategy has been updated to reflect outcomes from the suite of impact evaluation workshops held across Australia in 2019-20.

Australians in control of their financial lives

FINANCIAL CAPABILITY MATTERS

When more Australians are in control of their financial lives, everyone benefits



1 in 5

not able to access \$2000 in an emergency *



2 in 3

don't understand the investment concept of diversification **



2 in 3

don't know the current value of their super **

BUILDING CAPABILITY

Throughout life it is essential to have confidence and skills to respond to new challenges and opportunities



Manage money day-to-day



Make informed money decisions



Plan and save for the future

HOW

Empowering Australians to make choices about their financial life



Educate



Inform



Support

ACHIEVING MORE TOGETHER

Working collaboratively to make a difference



Government



Business



Community



Education



Research

Financial capability is the ability to manage money, in a way that best suits personal circumstances, now and into the future.

Being **financially capable** means having the confidence, attitude, mindset, skills and information to manage money day-to-day; make informed decisions; and plan for the future.

* Australian Bureau of Statistics 2019

** ASIC's Australian Attitudes and Behaviour tracker 2018

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THE PATHWAY TO THE 2018 NATIONAL STRATEGY

The Australian Securities and Investments Commission (ASIC) is the Australian Government agency with responsibility for financial capability. Under the National Strategy, ASIC provides leadership and support to governments, business, communities and individuals for a range of initiatives designed to make a difference in Australians' financial lives.

Consumer education is a key component of ASIC's regulatory role to promote confident and informed participation by consumers and investors in financial services and markets.

2011 National Financial Literacy Strategy

ASIC released the first National Financial Literacy Strategy in 2011.¹ The 2011 National Strategy provided a framework for agencies and organisations delivering programs and activities to improve financial literacy. It encouraged cooperation and collaboration to improve the financial wellbeing of all Australians.²

In 2013, ASIC undertook a review³ of the National Strategy, to take stock of progress and develop a refreshed framework for action to reflect key priorities. ASIC consulted with relevant stakeholders to explore the major issues and priorities to be considered in shaping a 2014 National Strategy. As part of a consultation process ASIC also undertook an online stocktake survey of Australian financial literacy initiatives – summarising 112 initiatives submitted by 64 organisations.⁴

2014-17 National Financial Literacy Strategy

The 2014–17 National Strategy was designed to improve the financial wellbeing of Australians by advancing their financial literacy. This strategy recognised that all levels of government, financial institutions, large and small businesses, community organisations and the education sector have a valuable role to play in building the financial literacy of Australians and was developed to support and inform policy and program design and delivery.

The development of the 2014-17 National Financial Literacy Strategy⁵ reflected significant growth in the number of financial literacy initiatives delivered across Australia. It drew on experience and a stronger understanding of community needs.

¹ ASIC, *National Financial Literacy Strategy* (REP229), 2011, <https://download.asic.gov.au/media/1343576/rep229-national-financial-literacy-strategy.pdf>

² Key elements of the 2011 Strategy included using formal education pathways, providing trusted and independent information, recognising the limits of education and information and developing innovative solutions to change behaviour, and working in partnership and promoting best practice.

³ ASIC, *Review of the National Financial Literacy Strategy* (REP339), 2013, <https://www.asic.gov.au/media/1344230/rep339-published-30-April-2013.pdf>

⁴ ASIC, *National Financial Literacy Stocktake Survey* (REP 375), 2013, www.financialliteracy.gov.au/media/458028/report-375_nfls-stocktake-survey-2013.pdf.

The 2013 Stocktake Survey invited organisations to record a program, activity or resource designed to help people make informed judgments and take effective decisions about the use and management of money.

⁵ ASIC, *National Financial Literacy Strategy* (REP403), 2014, <https://download.asic.gov.au/media/1344650/rep403-published-1-August-2014.pdf>

The 2014-17 National Strategy recognises financial literacy as a key contributor to improving financial wellbeing, however, financial wellbeing must also be supported by other complementary factors which lie outside the scope of the 2014–17 Strategy. Depending on circumstances, these factors may include financial inclusion, access to suitable financial products, and appropriate consumer protection and financial services regulation to ensure fair and efficient financial markets.

The 2014–17 Strategy was underpinned by the following core principles:

- Shared responsibility: Improving financial literacy is a shared responsibility across the Australian government, business, community and education sectors.
- Engagement and effectiveness: An approach tailored to life stage or personal circumstances can help motivate Australians to build financial literacy and manage their money effectively.
- Encouragement of good practice: Open sharing of knowledge about lessons learned from financial literacy initiatives contributes to improving evaluation and measurement capability and practice.
- Diversity and inclusiveness: Programs and information, tools and resources must be delivered in an accessible form, recognising the different ways people learn, so that all Australians can participate.

Developing the 2018 National Financial Capability Strategy

The 2018 National Strategy reflects extensive consultation across a wide range of stakeholders. It was informed by evidence to understand Australians' needs and concerns and built on existing frameworks and initiatives designed to improve Australians' financial wellbeing.

Engagement and public consultation

- National Financial Literacy Stakeholder Forum (November 2015)
- Roundtable discussions with key financial wellbeing sector stakeholders (December 2016)
- Ongoing dialogue with National Strategy supporters (2016 – 2017)
- Testing of strategy messaging and focus with key stakeholders (January – April 2017)
- Public consultation⁶ (October – December 2017)
 - 145 respondents – 89 organisations and 56 individuals
 - Respondents included academics, banks and finance sector peak bodies, community organisations, peak bodies and teacher professional associations
- The consultation also sought input to refine key elements including:
 - transitioning from 'financial literacy' to 'financial capability' to reflect an ongoing and dynamic process
 - extending the lifetime of the National Strategy to allow for growth and change over 10 years
 - emphasising three core behaviours that support improved financial capability.

The 2018 National Strategy puts emphasis on specific priority audiences, highlights emerging opportunities, issues and challenges and calls out the need to strengthen measurement and evaluation. The 2018 National Strategy builds on the previous National Strategy⁷ and was developed to support the implementation of financial capability initiatives and has a focus on core behaviours that help Australians to be in control of their financial lives.

⁶ASIC, National Financial Literacy Strategy Consultation 2017 (CP295), 2017
<https://download.asic.gov.au/media/5007824/cp295-national-financial-literacy-strategy-consultation-2017.pdf>

⁷ The 2018 National Strategy should be read in conjunction with the 2014-17 National Strategy: see Report 403 2014-17 National Financial Literacy Strategy (REP403), <https://download.asic.gov.au/media/1344650/rep403-published-1-August-2014.pdf>

FINANCIAL CAPABILITY MATTERS

Australians are making financial
decisions every day



FINANCIAL CAPABILITY MATTERS

Australians deal with money and make choices that impact their finances every day. A range of factors influence the financial decisions people make. The types of financial decisions people need to make change over time. The way people manage their money today may not reflect their financial needs in the future.

Improving Australians’ financial capability brings significant benefit. Investing in these skills and behaviours now will make a difference over time.

The economic benefits of long-term improvements in financial capability are significant. Modelling revealed that small increases in financial capability by adult Australians, over a 30-year period, could have an economic benefit of approximately A\$212 billion.⁸

The 2018 National Strategy emphasises the importance of education and the availability of trusted information so all Australians have access to the information and support they need at the time they need it.

The strategy focuses on three key streams of activity:

Education	Promoting lifelong learning to assist Australians to develop and enhance their financial capability.
Providing information	Providing access to relevant, impartial information and tools to assist with financial decision-making.
Supporting financial decision making	Helping people better understand their situation: assess their choices, avoid financial pitfalls and manage a change in circumstances.

A growing number of initiatives are addressing the needs of specific Australians including offering targeted support to young people, women, our ageing population and Indigenous Australians.

The National Strategy encourages activities that support:

- **Women** to engage with their finances
- **Young people** to make informed decisions
- **Older Australians** to receive the support they need
- **Indigenous Australians** to access appropriate financial products and services.

⁸ “Modelling the economic benefits and costs of improving the financial capability of Australians”, Europe Economics, 30 May 2018

MAKING CHANGES THAT COUNT

Improved financial capability
through behavioural change



MAKING CHANGES THAT COUNT

Improving financial capability is a long-term behavioural change agenda that cannot be achieved by a single program or a one-off intervention. A multi-faceted approach and sustained action by multiple stakeholders over time is integral to bringing about gradual improvement. It requires a deep understanding of the contexts in which people make decisions and the circumstances or situations in which they might need additional or specific support, gathered from evaluations of programs and the growing body of research on the myriad influences that affect financial decision-making.

The 2018 National Strategy focusses on building financial capability through three core behaviours:

- managing money day-to-day
- making informed decisions
- planning for the future

Organisations work together to support and promote these key behaviours to build stronger financial capability. These behaviours may play out differently depending on individual or family circumstances. Strengthening these behaviours will have the biggest impact on household finances and, in turn, the Australian economy.

This focus builds on five established priorities, which aim to leverage collective activity to extend reach and effectiveness.

Individuals, families and communities

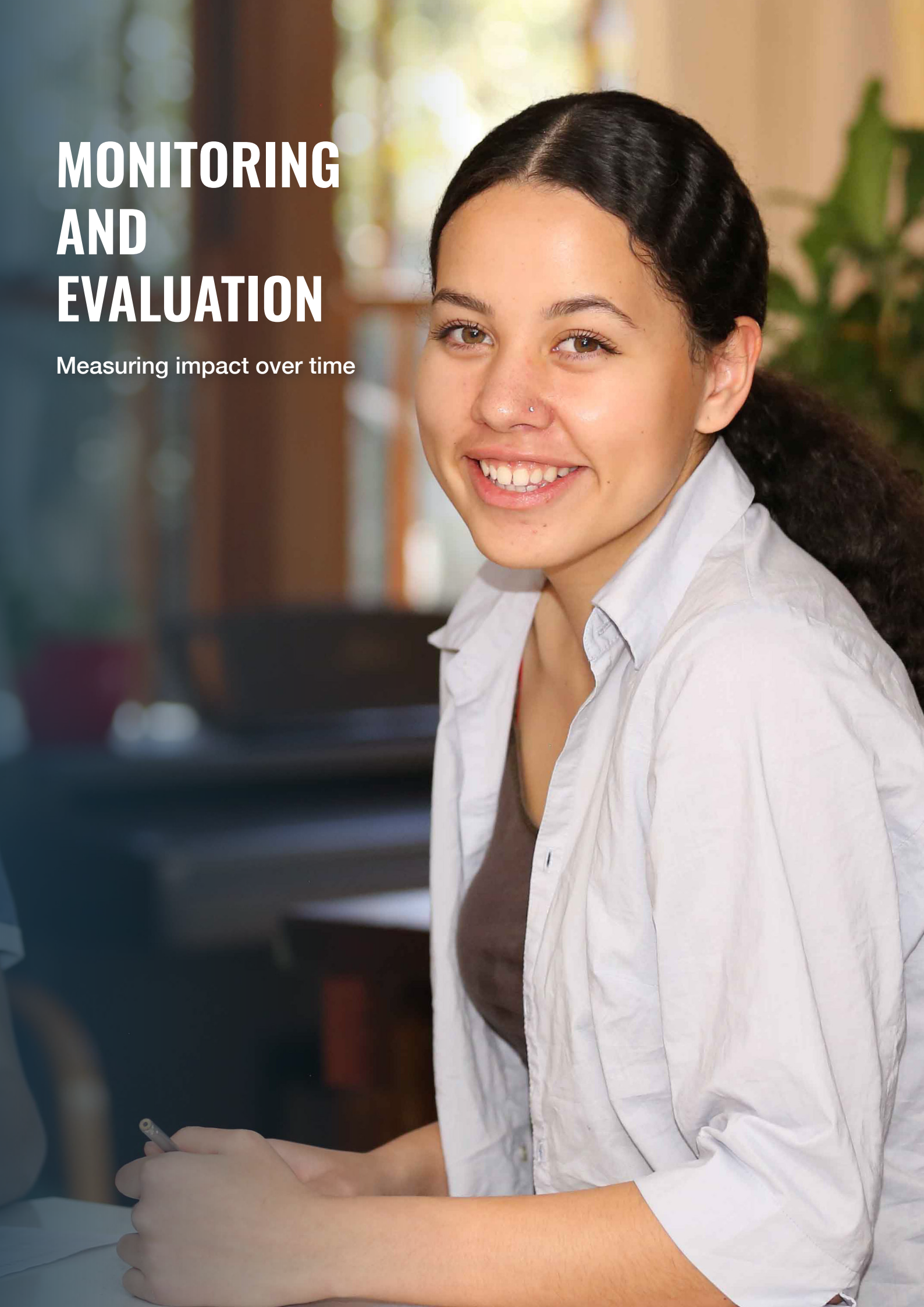
1. Educate the next generation, particularly through the formal education system
2. Increase the use of free, impartial information, tools and resources
3. Provide quality targeted guidance and support

Policy and program development

4. Strengthen coordination and effective partnerships
5. Improve research, measurement and evaluation

MONITORING AND EVALUATION

Measuring impact over time



MONITORING AND EVALUATION

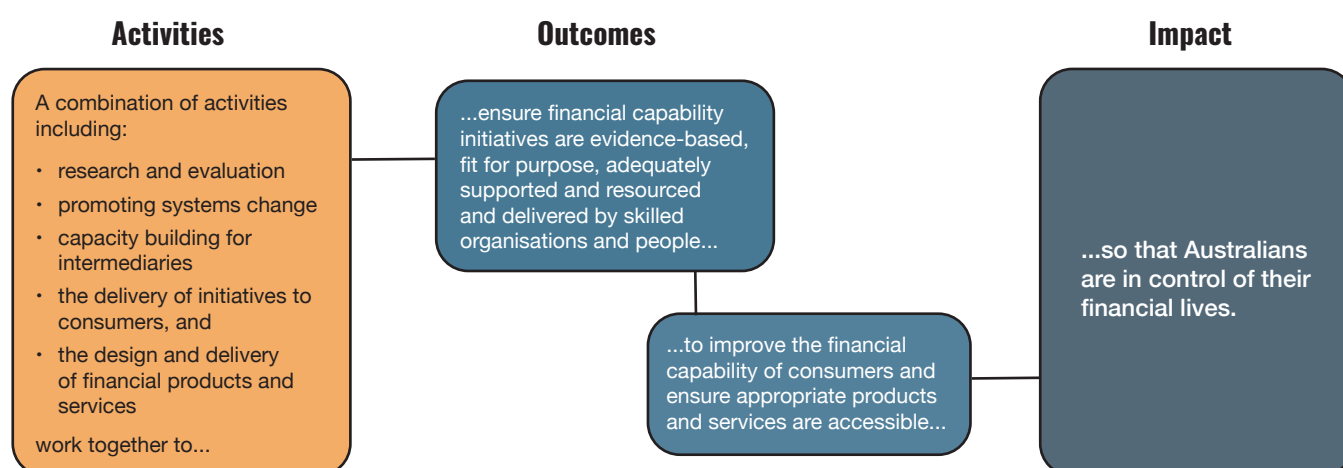
The National Strategy drives work that makes a difference in people's lives. National Strategy partners regularly report highlights, case studies and outcomes of their work, and consider assessments of programs and activities aimed at improving financial wellbeing.

As part of the consultation process, ASIC committed to a continued focus on strengthening research, measurement and evaluation as a core component of the 2018 National Strategy.⁹

In 2019-20, ASIC engaged Social Ventures Australia to hold a series of workshops to better understand how to measure the impact of financial capability programs and activities. The workshops¹⁰ informed the development of a shared impact framework to guide measurement and evaluation of initiatives aligned to the 2018 National Strategy.

A key output of this work was a theory of change – describing how financial capability programs and initiatives aim to support behavioural and systemic change over time.

Financial Capability Theory of Change



⁹ ASIC, National Financial Literacy Strategy Consultation 2017 (CP295), 2017
<https://download.asic.gov.au/media/5007824/cp295-national-financial-literacy-strategy-consultation-2017.pdf>

¹⁰ Five stakeholder workshops were held, involving more than 70 participants from industry, academia, government and the NGO sector.

ACHIEVING MORE TOGETHER

Organisations supporting
individuals and communities



ACHIEVING MORE TOGETHER

For more than a decade, organisations across the government, business, community, education and research sectors have worked together to support stronger financial capability in individuals, families and in communities.

The Financial Wellbeing Network brings together more than 2,000 practitioners, educators, researchers, policy makers, academics and other professionals who are committed to empowering Australians to be in control of their financial lives.

The Network is a cross-sector community where members connect, collaborate, share knowledge and discover new evidence-based approaches to improve financial capability.

Australia's financial capability community is delivering programs and services to meet the needs of a range of audiences. The network supports the dissemination of research and opportunities to share what works.

In 2018 ASIC brought together academics to participate in a Research Summit. The Summit was an inaugural event to bring together academic researchers investigating the financial capability or financial wellbeing of Australians.

The objectives of the Research Summit were to:

- Explore how we can better coordinate and harness research to build financial capabilities of Australians.
- Share latest research concepts and understanding of financial capability and the role it plays in financial wellbeing.
- Foster collaboration among researchers.

Harnessing research across Australia and internationally is critical to ensuring we have the right resources and support to help Australians to be in control of their financial lives.¹¹

¹¹ A key outcome of the Research Summit was the announcement of a special Financial capability and wellbeing themed issue of *Economics Papers: A journal of applied Economics and policy*. This issue is due to be released in late 2020 and will feature a collection of research that explores the importance of strengthened financial capabilities, the effectiveness of various interventions and will lead to a greater understanding of financial wellbeing in the Australian context.

APPENDIX: ORGANISATIONS DELIVERING UNDER THE 2018 NATIONAL STRATEGY

Government

Australian Competition & Consumer Commission
Australian Defence Force Financial Services
Consumer Centre
Australian Financial Security Authority
Australian Securities and Investments Commission
Australian Taxation Office
Commonwealth Superannuation Corporation
Department of Agriculture and Water Resources
Department of Communities, Disability Services and Seniors QLD
Department of Education, Skills and Employment
Department of Social Services
Fair Work Ombudsman
Government of South Australia
Indigenous Business Australia
Legal Aid NSW
Legal Aid Queensland
Legal Services Commission of South Australia
National Indigenous Australians Agency
Queensland Government
Reserve Bank of Australia
Services Australia
State Government of Victoria

Business/Industry

ABS Institute of Management
Association of Financial Advisers
Association of Superannuation Funds of Australia Limited
Australia and New Zealand Banking Group
Australian and New Zealand Institute of Insurance and Finance
Australian Banking Association
Australian Retail Credit Association
Bank Australia
Beyond Bank
Chartered Accountants Australia and New Zealand
CHOICE
Commonwealth Bank of Australia
Credit Union Australia
Customer Owned Banking Association
EY
Financial Planning Association

Financial Services Council
Flight Centre Travel Group
HESTA
Horizon Credit Union
Hume Bank
Institute of Public Accountants
Insurance Australia Group
Insurance Council of Australia
ME Bank
MLC
National Australia Bank
National Insurance Brokers Association
Qsuper
RACQ
Self Managed Super Funds Association
SmartSteps
Spriggy
Suncorp Group
Sunsuper
Teachers Mutual Bank
The Good Guys
Verve Super
VicSuper
Westpac
Westpac Davidson Institute

Not-for-profit

ADA Australia
Anglican Community Care
Anglicare NT
Anglicare SA
Australian Business and Community Network
Australian Financial Complaints Authority
Australian Shareholders Association
Autism CRC
BaptistCare NSW & ACT
Berry Street Victoria
Brotherhood of St Laurence
Business Foundations
Care Financial Counselling Service
Casey North Community Information and Support Service
Centacare Catholic Country SA Limited

Christian Community Aid
 Christians Against Poverty Australia
 Consumer Action Law Centre
 Consumer Credit Legal Service WA
 Country Women's Association of Australia
 Country Women's Association of NSW
 Deloraine House Inc
 Devonport Community House
 Economics and Business Educators NSW
 Ecstra
 Financial and Consumer Rights Council Inc
 Financial Basics Foundation
 Financial Counselling Australia
 Financial Counsellors' Association of NSW
 Financial Rights Legal Centre
 Financial Toolbox Inc.
 First Nations Foundation
 Foresters Group
 Foundation for Young Australians
 George Street Neighbourhood Centre
 Girl Guides Australia
 Global Sisters
 Good Return
 Good Shepherd Australia New Zealand
 Good Shepherd Microfinance
 Hobart City Mission
 Hope City Mission
 Indigenous Consumer Assistance Network
 JA Australia
 Jacaranda Community Centre Inc
 Jewish Care
 Kids Can
 Lutheran Community Care
 Many Rivers Microfinance
 Midland Information, Debt and Legal Advocacy Service
 MoneyMob
 Multilink Community Services
 National Debt Helpline
 National Older Women's Network - Australia
 Northern Rivers Community Gateway
 Participate Australia
 Redfern Legal Centre
 Rural Financial Counselling Service North Queensland
 Seniors Rights Victoria
 St Vincent de Paul Society

The Benevolent Society
 The Ethics Centre
 The NILS Network of Tasmania
 The Salvation Army - Eastern Australia
 The Smith Family
 The Spiers Centre
 Thriving Communities Partnership
 UnitingCare Queensland
 UnitingCare Wesley Boden
 UnitingCare West
 Uniting Kildonan
 Wesley Mission
 Women's Health Goulburn North East
 Women's Health in the North
 Women's Information and Referral Exchange Inc.
 Women's Legal Service Tasmania
 Wunan Foundation

Formal Education

Australian National University
 Australian Primary Principals' Association
 Australian Secondary Principals' Association
 Centre for Social Impact, UNSW
 Deakin University
 Flinders University Student Association
 Griffith University
 ICAN Learn
 La Trobe University, Student Union
 Macquarie University
 Quitch
 RMIT University
 Swinburne University of Technology
 TAFE SA
 The University of Adelaide - Adelaide Business School
 The University of Melb, Vic - Dept of Finance and Melb Graduate School of Education
 The University of Newcastle
 The University of Sydney Business School
 The University of Western Australia Business School
 University of Canberra
 University of South Australia
 University of Technology Queensland - Indigenous Research and Engagement Unit
 University of Technology Sydney - Business School
 Western Sydney University - School of Business

RELATED INFORMATION

ASIC Consultation Paper 295 ***National Financial Literacy Strategy 2017 Consultation*** (CP295)

ASIC Report 229 ***National Financial Literacy Strategy 2011*** (REP229)

ASIC Report 339 ***Review of the National Financial Literacy Strategy 2013*** (REP339)

ASIC Report 374 ***Shaping a National Financial Literacy Strategy for 2014–17: Consultation feedback report*** (REP374)

ASIC, Report 375 ***National Financial Literacy Stocktake Survey 2013*** (REP375)

ASIC Report 403 ***National Financial Literacy Strategy 2014–17*** (REP403)

ASIC Report 404 ***National Financial Literacy Strategy 2014–17: Action plan*** (REP404)

ASIC Report 458 ***National Financial Literacy Strategy: Annual highlights report 2014–15*** (REP458)

ASIC Report 510 ***National Financial Literacy Strategy: Annual highlights report 2015–16*** (REP510)

ASIC Report 563 ***National Financial Literacy Strategy: Annual highlights report 2016-17*** (REP563)