December 2021

Young people and money

Foreword by Dr Phil Lambert, Chair ASIC's Expert Group on the financial wellbeing of young people

A key aspect of a young person's development is the ongoing exposure each has to many "first time" experiences. Another is learning how to navigate the various challenges encountered in life's journey from home into and through school to young adulthood, tertiary training or study and work.

There is a lot to be learnt and processed about relationships, society and the world – how it all "works" and your place in it. One's wellbeing is central to coping with the changes that occur emotionally, psychologically, physically, and socially along the way.

An essential capability in an individual's personal wellbeing and quality of life is good money management. Despite this, it can be hard to figure out why some young people acquire this capability while others do not. Financial literacy and the associated numeracy skills are component parts, but not the whole. Financial wellbeing is broader and inclusive of accumulated knowledge, understanding, skills and dispositions that can collectively enable an individual to plan and follow a self-directed pathway to a fulfilling and satisfying life.

To what extent, many may ask, is financial wellbeing a consequence of the quality of advice and guidance a young person obtains from family members, at school, from peers or work colleagues, or through social media? Is it acquired by some young people through trial and error? Are some just "naturally" capable, while others struggle on one way or another?

It is hard to fathom why such a fundamental life competency as managing money is left to chance, rarely discussed in a young person's life journey and where responsibility is shared by many but rests heavily on the individual to stride confidently, tread cautiously or wander aimlessly along the way.

At times of crisis, be it a global pandemic, an economic downturn or a collapsing job market, young people are often the most at risk and can find themselves carrying the burden left for them by older generations. When taken together this is an apt description of the very scenario emerging in our country now.

Those whose financial capability is strong are sufficiently equipped to manage their way through such times. However, we know that too many young people are either already in, or soon likely to find themselves in, highly vulnerable circumstances.

ASIC's Expert Group initiative is not only timely but also pivotal if our nation is to emerge from the shadow of COVID-19 and its many impacts and not leave our young people ill-equipped to confidently plan and manage their finances in the short and long term.

This report is a call for all to support our young people's future with specific actions and sustained effort and commitment. We owe them nothing less

Dr Phil Lambert PSM
Chair, ASIC's Expert group on the financial wellbeing of young people

Welcome by young people working at ASIC

It was important that young people were at the centre of this project. This informed our research, our consultation and the formation of our working groups. We also engaged with young people working in ASIC. Ivy Ervin, Abbey Glynn and Sacha Trimarchi, all under 25, facilitated a working group of young people. Below they share some observations arising from the group.

There's no singular approach that fits us all. This needs to be reflected in our financial education and the conversations we have about money.

When talking to young people about making independent money decisions, people need to acknowledge how diverse our goals are. Some of us are saving for a car, a house, a wedding, to move out of home. Others want to travel, live overseas, experience live music or just the freedom of choice money brings.

As part of this project, we spoke to young people who were of different ages, from different regions and who had different levels of financial knowledge. Everyone was learning from their choices as they made more financial decisions over time. Financial independence was the goal, from earning our own income to being able to support ourselves in retirement.

The experiences and attitudes we grow up with have a deep impact on our relationship with money. Our families, communities, teachers and peers all influence how we spend and save. Some of us learnt our best money lessons from our parents. These experiences contribute to our financial wellbeing and the money choices we make moving forward.

We have near universal access to the internet and social media. This access opens a floodgate; we're inundated with information from influencers, advertisements, news sites, apps, podcasts and more. We have the skills to navigate online spaces from an early age. Finding information isn't difficult, but it comes in bits. It can be overwhelming and difficult to find a path to trusted sources.

Many of us are anxious about our future and our money. COVID-19 has upended our lives and worn down our financial resilience. We're affected by changes to our income, the job market, isolation from friends and family, disruptions to study and uncertainty about our future. More than ever we value financial security and want savings to fall back on.

We care about money and we want to learn. We want help to make good choices. We want the right tools to help us take ownership of our futures. And importantly, we want to be part of developing solutions to improve our financial literacy.

It is more important than ever that young Australians have the skills to manage money and plan for the future

Young Australians are active consumers. They are managing money day to day, setting goals for the future and engaging with financial products and services across multiple platforms. They are also starting to make complex financial decisions around leaving school, pursuing further education, employment, moving out of home and forming relationships.

Young people are learning about money at school, and consumer and financial literacy education is embedded in the Australian Curriculum. While schools will continue to play a meaningful role in delivering financial education, lessons young Australians learn outside of the school environment are just as important in shaping the behaviours that contribute to their financial wellbeing.

COVID-19 has changed the environment in which young people make financial decisions

There has been a shift in economic, social and educational settings for young people as a result of the COVID-19 pandemic. Through 2020 and 2021, Australians, including young people, were paying close attention to their personal finances as they navigated the economic, health and social impacts. Now, more than ever, it is important to support young people to lay the foundations for a successful financial future.

‘I went into negative in my debit account once, which was a wake-up call to me. Since then, I plan on at least having $50 in my account. COVID ironically has helped me save.’

Male | 17 years old | ASIC’s Young people and money survey

The pandemic may have long-term effects on employment, educational and financial outcomes of young people.

- **Shifts in employment and income:** The structure of industries that provide disproportionate employment for young people have changed, particularly the hospitality and tourism sectors. How will young people respond to changes in their income across their lifetime? Will they choose to reduce expenditure, or will they increase their use of debt? Will they take increased investment risks or become more conservative in their financial behaviours?
- **Work and education:** The education experience has changed markedly. Will as many young people invest in an education? Will an investment in education pay off? Will they increase time in education in response to changed work opportunities?
- **Planning for the future:** How will young people change the way they plan for the future, particularly those who gained early access to superannuation[1] or experienced a change in career prospects? Will they increase savings or will they change their retirement plans?

[1]One in three of the first 1.35 million approved applications for early access to superannuation were from people under 30. In Stephanie Bory, “Coronavirus financial concerns have young people accessing their superannuation,” ABC News, last updated 1 June 2020, https://www.abc.net.au/news/2020-05-25/coronavirus-early-access-superannuation-youngpeople/12282546.

Financial challenges, however, are not new to young people. Pre-pandemic, young people reported a higher incidence of financial stress than other age groups, approximately 1.5 times the rate of the broader population.[2] This may relate to youth employment patterns, with young people accounting for a disproportionate share of casual employees, youth unemployment being more than double the rate of unemployment for all workers, and a trend from full-time to part-time work.[3] The pandemic has changed the scope and magnitude of some of those challenges.

HIGHLIGHTS

This report provides a summary of insights from the Expert group on the financial wellbeing of young people established by ASIC in 2020. Insights include:

- Australians are engaging with money and decisions relating to money from a young age, including through observing and participating in money decisions.
- Young people are interested in learning about money. They value an opportunity to input into programs that are designed for or impact them.
- It is important to support meaningful financial education, connected to real life – and to have conversations about money.
- Families, teachers, employers are all sources where young people get help and seek to learn about money.

[2]Household, Income and Labour Dynamics in Australia (HILDA) Survey, conducted by the Australian Government Department of Social Services (DSS), trend across numerous years.

[3]Productivity Commission, Why did young people's incomes decline?, (2020) Commission Research Paper, Canberra https://www.pc.gov.au/research/covestigmpleted/youth-income-decline/youth-income-decline.pdf

Young people engaging with money

ASIC's young people and money survey

Deeper understanding of the financial lives of young people, and the contexts in which they engage with money and make financial decisions, can help us identify better ways to support young people to take control of their financial lives.

In 2020 ASIC commissioned a survey of young people to explore their experience, attitudes and behaviours across a range of money-related topics including:

- talking about money
- earning about money
- money management
- attitudes about money
- financial security.

ASIC's Young people and money survey was conducted across two waves, each reaching over 1,500 young Australians aged 15-21 years, in July 2020 and March 2021. Findings from the survey are highlighted in this report.

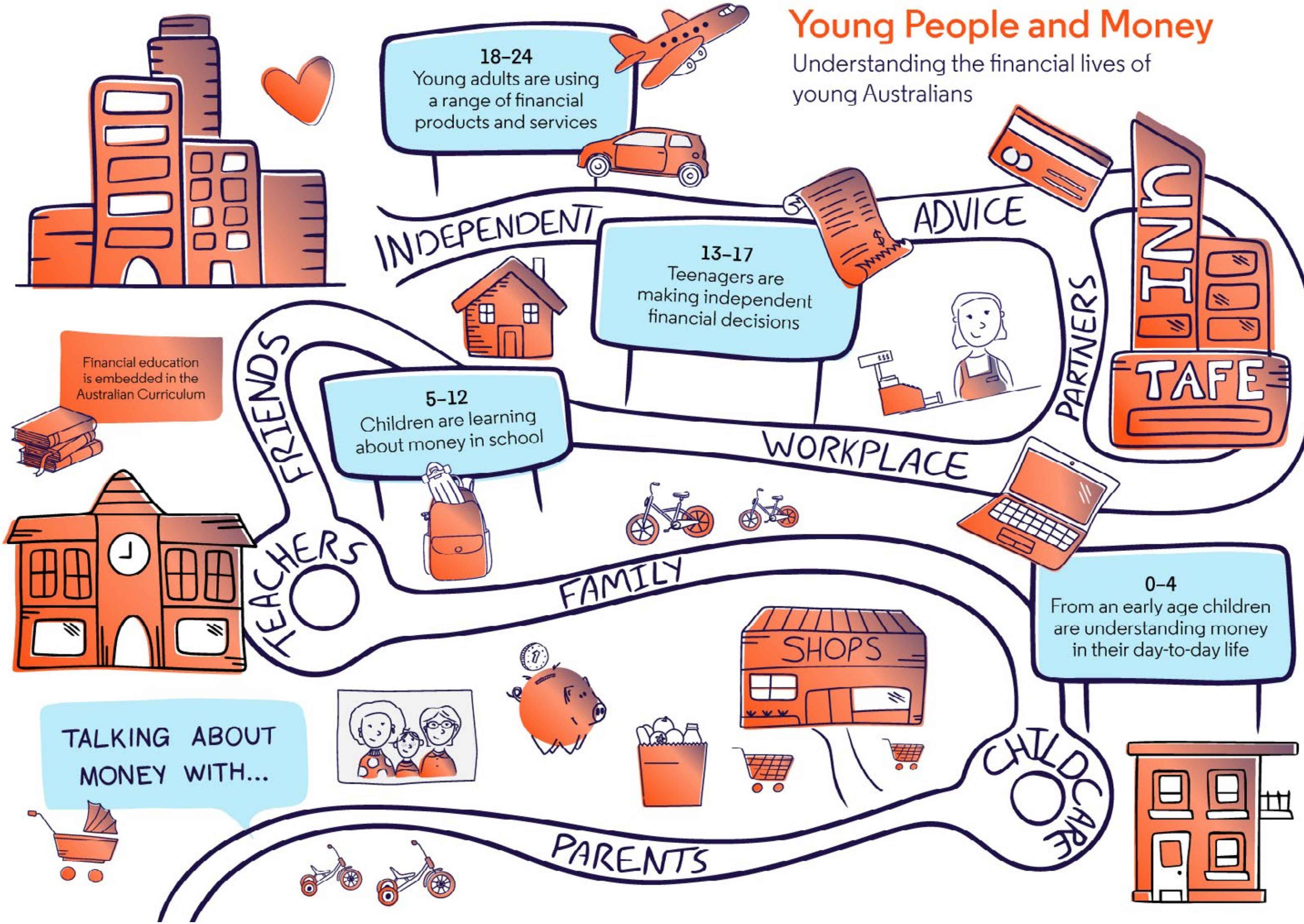
A snapshot of the results of the survey has been published with this report.

> The chance to listen to young people, empower young people and give young people a voice, to make decisions and have input on their own financial futures is very exciting to me. Young people do have lots of great ideas, we need to create structures and support to empower them.

Hannah Wandel,
Co-chair, Young people making independent money decisions working group

Young People and Money

Understanding the financial lives of young Australians



Young children are observing and participating in money decisions

Children understand money in their day-to-day life through experiences shaped by parents, family and community, and in childcare and preschool settings

Young children develop financial competencies in a range of contexts. They are observing and sometimes participating in a range of transactions and activities related to money.

> Very often money is an area that gets glossed over for young children; young children are assumed not to have agency or real input. Truth is that children are living these experiences and we shouldn't assume children don't have the ability to understand or comprehend some of what's going on.

Sue Dockett,
Co-chair Early childhood financial education working group

Young children make guided money choices

Young children are part of a community that includes shops, restaurants and cafes, and a range of services related to health and recreation and charity organisations. Children often engage with decision making that relates to money – for example, providing input into food and clothing choices, negotiating for a special treat or choosing a gift.

In the early childhood years, concepts relating to money are often explored through imaginary play, such as playing shops, with a focus on buying and selling and pretending to make financial transactions. This might extend to helping the adults in their lives, such as by paying for things by handing cash or a card to a shopkeeper in exchange for something.

Young children are also learning about money as they handle actual notes and coins and currency on digital platforms. A recent UK survey of parents revealed that as many as one in eight (12%) four to five-year-old children have spent money online, mainly relating to making in-game purchases.[4] Physical cash is not a pre-requisite for understanding money, with research showing that there are minimal differences in understanding between children from countries with varying use of cash and cash-free payments.[5]

[4] "Launch of online money management hub." Internetmatters.org. 14 April 2021. https://www.internetmatters.org/hub/news-blogs/launch-of-online-money-management-hub/

[5] "Children can understand money's value even without cash." Finansinspektionen. 10 June 2021. https://www.fi.se/en/published/news/2021/children-can-understand-moneys-value-even-without-cash/

We're not trying to build something new; we are trying to open the door to show how parents and carers can have conversations … we need conversation starters in contexts/situations where people already feel familiar.

We don't want to lay the worry of the world on young children's shoulders [about finances] but we want to know how we can talk to them about things that they're noticing, that they might be interested in, and that they might be engaging in their play to help them understand some of the things that are going on around money.

Sue Dockett,
Co-chair Early childhood financial education working group

Resources, such as those on the Australian Government funded raisingchildren.net.au website, support parents and carers in age appropriate skill development, including helping very young children understand and develop financial capability skills.[6]

Young children understand needs and wants

A common conversation parents and carers have with young children is about understanding the difference between needs and wants. Understanding some things are for now and others might be for later is an important concept for young children to grasp. Parents and carers often lead conversations about "sometimes choices" and introduce the idea of waiting before making a purchase.

There is emerging evidence that children as young as five have an emotional response to spending and saving money.[7] These responses translate into real-life spending behaviours, such as propensity to buy an item or save.

At the Tarragindi War Memorial Preschool & Kindergarten in Queensland, young children take part in simulations to encourage them to interact with money. They have conversations to learn about the value of notes and coins, how to handle change, different ways to pay for goods, including what it means to tap a credit card, and the difference between needs and wants.

The preschool environment provides opportunities to learn about money

Most young children in Australia are exposed to structured learning settings ahead of starting school. In 2020 over 81% of all 4-year-old and 17% of all 5-year-old children were enrolled in preschool programs.[8]

These programs operate under a national Early Years Learning Framework[9] which aims to extend and enrich children's learning from birth to five years and through the transition to school. In these settings there is opportunity to build on how educators, parents and communities are already exploring money.

[6] "Play shop: money management activity for children 3-6 years." Raising Children Network. https://raisingchildren.net.au/preschoolers/family-life/pocket-money/play-shop-money-management-activity-for-children-3-6-years

[7] "Children develop their spending and saving habits by the age of 5." World Economic Forum. https://www.weforum.org/agenda/2018/01/children-develop-their-spending-and-saving-habits-by-the-age-of-5

[8] "Preschool Education, Australia. Statistics about preschool education, including enrolment, attendance, fees and service providers. Reference period 2020." Australian Bureau of Statistics. https://www.abs.gov.au/statistics/people/education/preschool-education-australia/latest-release

[9] "Belonging, Being & Becoming. The early years learning framework for Australia." Australian Government Department of Education and Training, for the Council of Australian Governments. (2009). https://www.acecqa.gov.au/sites/default/files/2018-02/belonging_being_and_becoming_the_early_years_learning_framework_for_australia.pdf

Talking about money with young children

Young children are having money conversations with their parents and carers, as well as in childcare and preschool settings.

Parents, carers, and early childhood educators can support young children to learn about money by talking, role-modelling, playing and practising money related skills together.

Preschool aged children understand a range of concepts related to money and have the capacity to:

- recognise numbers and coins
- know that things cost different amounts of money
- appreciate that money needs to be kept safe
- understand needs and wants and how this impacts spending choices.

Involving children in everyday activities can reinforce key money skills such as: planning, making choices, and setting a budget.

Going to the shops

- Make a plan - make a shopping list and identify needs and wants
- Set a budget and spend within the amount allocated
- Compare prices at the shops and look for value for money products

Children are learning about money at school

Financial education is embedded in the Australian Curriculum. Children are learning about money in the classroom and applying knowledge and skills at school and in real life settings

Students are learning about money at school in real-life contexts. This gives them opportunities to apply knowledge and skills such as critical thinking, problem solving, entrepreneurship and sustainability across different learning areas.

Whole school activities involving money - school fetes, field trips, school canteen menus - give students the chance to see the impact on their own behaviour as young consumers.

Dr Phil Lambert PSM
Chair, ASIC's Expert group on the financial wellbeing of young people

Financial literacy is not a stand-alone subject. It is delivered through various learning areas in the Australian Curriculum from Foundation to Year 10,[10] with financial concepts providing a meaningful context with which to bring learning to life. Skills adjacent to financial capability, such as numeracy and literacy, are also important to equip people to navigate future financial decisions.

Children between 5 and 12 years are making transactions

Primary school aged children are often handling small amounts of money. They may be using money at school both inside the classroom and in the broader school environment. Children are learning about the value of money and may be making independent purchases that include shopping around for a better deal and bartering with their friends.

Children between 5 and 12 years are engaging with and making money plans

Throughout primary school, some children receive pocket money, are gifted money or are paid for undertaking small jobs or household chores. They understand spending and giving, and they are also learning about saving and developing savings habits.

Older children are often involved in making plans around money. They may be part of making family plans - planning for an activity or a holiday. There may also be discussions about day-to-day costs of the household, such as the cost of having a pet or planning meals, or other regular costs associated with transport, school and sport activities.

Primary schools across Australia are providing real-life opportunities to learn about money

[10] "Financial education is delivered through general capabilities (numeracy) and in several curriculum learning areas (Mathematics, Humanities and Social Sciences, Economics and Business).

Primary schools across Australia are providing real-life opportunities to learn about money

St Kilda Park Primary School in Victoria is using a project involving the whole school community, to provide meaningful financial education at their school. The 'SKiPPS Market Day' is a fundraising activity, requiring students to plan, co-ordinate and run market stalls to sell goods and services to the school community. Led by Year 6 students, the objective is to raise funds for the 2021 Graduation Dinner.

St Kilda Park Primary is one of many primary schools connecting learning about money to life through ASIC's partnership with the Australian Primary Principals Association (APPA) to fund financial education projects in schools across Australia[11].

In October 2021, the New South Wales Government announced the Treasurer's Financial Literacy Challenge to help students understand the costs of real-life financial decisions. The challenge, developed in partnership with ASIC, was designed to encourage students in Years 5 to 8 to develop positive money habits and increase their financial literacy.

To complete the challenge, students will learn how to navigate the financial costs of becoming either a pet owner or a car owner. They will consider other factors in addition to initial purchasing costs, such as ongoing costs and unexpected expenses, and the value of proper planning and budgeting.

The $20 Boss program (created by the Foundation for Young Australians, now delivered by Youth Change Agents) is an immersive school learning experience, creating real world business experience for primary and secondary school students. Students borrow $20 of start-up capital to create, launch and operate a business venture over the course of a school term.

[11] For more examples of school projects, see Moneysmart in schools video playlist

Talking about money with school aged children

School aged children are having money conversations with their families, friends, and teachers.

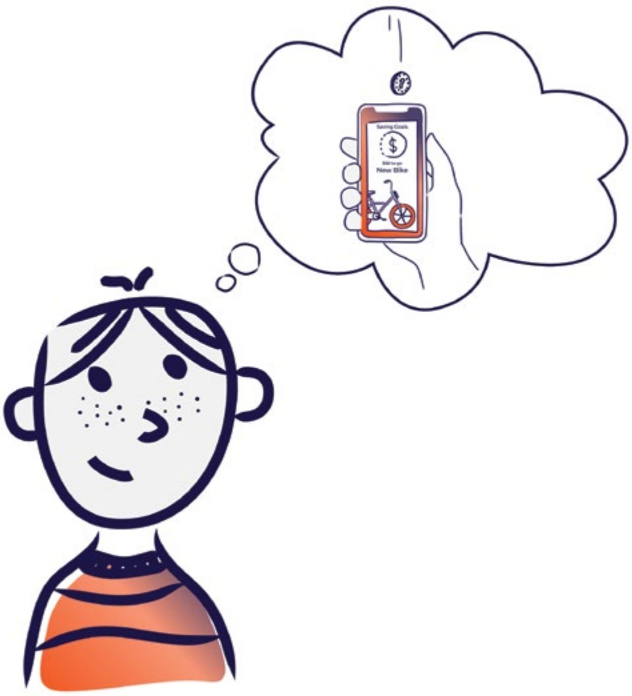
In primary school, children are learning the skills they need to make money decisions in the classroom, and they are also learning some key money concepts. This learning can be reinforced and extended at home by including children in decisions related to money.

Children understand, or are learning about, a range of concepts related to money including:

- the difference between needs and wants
- payment methods that don't involve cash (e.g. debit cards and online payments)
- keeping track of spending, savings and borrowing.

Children often begin making independent money choices while at school, using the canteen, participating in fundraising. These experiences can help children develop healthy money habits, building on their understanding and providing opportunities to practice money skills.

Getting pocket money



- Keeping track of money
- Understand the value of savings
- Set a goal

Young people are making independent financial decisions and want to learn about money

Teenagers are learning about money at school, and want to focus on the practical application of real-life money management

> Students learn about money at school by actively engaging in real-world projects that are personally meaningful. We need to put students in a position where they can take risks and learn as a result of that - student voice and choice are critical to empower young people.

Tony Vallance,
Financial lives of young people at school working group

Teenagers are making financial decisions

Teenagers are beginning to navigate more complex, complicated and sophisticated financial decisions. Between the ages of 13 and 17, young people experience several significant financial firsts, such as getting a debit card, receiving their first pay or learning about superannuation.

Teenagers are earning, spending and saving money. In 2018, 52% of 15-year-old Australians reported they were working part time or in the school holidays and 89% reported deciding independently how to spend their money.[12] Eighty percent of 15–21-year-olds report having a savings goal or that they are saving up for something.[13]

Teenagers are using financial products

Most Australian teenagers are accessing financial products and services. At the age of 15, 68% report holding a bank account and 61% of students report holding a payment or debit card.

Teenagers regularly use digital platforms for their financial decisions. The majority of Australian teenagers (55%) are using a mobile phone to access their money,[14] with young customers of one bank logging into the app 40 times a month.[15] Many are also making payments using their phones (47%).[16]

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[12] Sue Thomson et al, (2020). PISA 2018: Financial Literacy in Australia. Australian Council for Educational Research. https://research.acer.edu.au/ozpisa/48

[13] ASIC's Young people and money survey

[14] Sue Thomson et al, (2020). PISA 2018: Financial Literacy in Australia. Australian Council for Educational Research. https://research.acer.edu.au/ozpisa/48

[15] Chanticleer, Why CBA wants to help run your washing machine, Australian Financial Review, 27 May 2021.

[16] Sue Thomson et al, (2020). PISA 2018: Financial Literacy in Australia. Australian Council for Educational Research. https://research.acer.edu.au/ozpisa/48

More opportunities for young people to be part of money conversations

The Hunter School of the Performing Arts in NSW strives to connect financial education to performing arts every year. In 2020, students created videos explaining financial concepts through song, dance and acting. In 2021, students took on the role of journalists to write about the financial implications of COVID-19.[17]

Developed by young people for young carers,[18] Australia's leading young carers organisation Little Dreamers[19] is partnering with Ecstra to deliver a Dreamers Hub financial literacy series. The series will provide support to young carers who often assume extra familial financial responsibilities such as managing family budgets, paying bills and grocery shopping.

The ASX Sharemarket Game allows students to role-play as investors and test investment strategies. Individually or in groups, students get to invest $50,000 in virtual cash in the S&P/ASX200, a range of ETFs and a selection of small- and mid-cap companies.[20]

Families play a critical role in establishing and supporting financial attitudes and behaviours

Teenagers report enjoying talking about money matters, and that they often talk to their parents about their spending and saving decisions.

ASIC's Young people and money survey found that young people who grow up in households where they have learning experiences related to money, including family discussions about financial matters, feel more confident about their financial skills, decision making and future financial prospects than young people whose families do not have these conversations.

In the survey, young people expressed a strong desire to learn more about a wide range of money topics, through a range of sources. Specifically, respondents reported wanting to learn about how to:

- invest money – ways to invest, types of investments and possible risks and returns (57%)
- save money (57%)
- manage money well and not waste it (54%)
- file a tax return (54%)
- set financial goals and achieve them, e.g. buying a car or a property (52%)
- live out of home independently (52%).

[17] Hunter School of the Performing Arts. https://www.youtube.com/watch?v=WjL7CZxwBwI

[18] A young carer is anyone under the age of 25 who provides, or intends to provide, care for a family member with a disability, illness or addiction.

[19] Little Dreamers Australia. https://www.littledreamers.org.au/

[20] ASX Sharemarket Game. https://game.asx.com.au/game/info/public/about-the-game

Talking about money with teenagers

Teenagers are regularly having money conversations with their families, friends, their teachers and in the workplace.

For most teenagers, family are the primary source of information for money matters, but young people are also forming ideas about money through conversation with their peers and from their interactions with the world and their experiences online.

Teenagers understand a range of concepts related to money including:

- money is earned and is not an unlimited resource
- setting spending and saving priorities
- pending online and using digital money
- the importance of long-term planning

Young people are using digital technology to manage their money and make transactions. It is important to talk to teenagers about how they operate in the digital environment in a way that keeps their money and personal information safe. Talking with teens about how to recognise a scam, how they might respond to an offer that sounds too good to be true, and how to identify trusted sources of information is crucial to help develop effective financial decision making skills.

As young people get older, they usually have greater financial responsibilities and recognise the value of money. They are often participating in paid work and would benefit from learning about managing an income from people with more experience in the workforce.

Earning money

- Getting paid
- Tax and super
- Organising their savings

Young adults are using a range of financial products and services

Australians between 18 and 24 are working, studying and seeking independent financial advice and guidance

> A lot of young people want to take control of their money, have input into their own futures and understand and learn about the systems that exist across our society – whether its banking, insurance or superannuation. They want to make these decisions about their future themselves.

Hannah Wandel,
Co-chair, Young people making independent money decisions working group

Most young adults in Australia are working, studying or undertaking a combination of both. In 2019, 69% of 19-year-olds were working or studying full time or combining part time work with part-time study. Another 22% were engaged in part-time work or part-time study.[21]

Young adults have a number of financial commitments

A majority of 18 to 24-year-olds are managing an income and financial commitments. Young people are keen consumers of financial products and services, and financial decisions become more complex and significant as they transition into adulthood and independence. The nature and the number of financial interactions and responsibilities increase significantly for young people post school.

Many young adults are living independently, taking on student loans, making large purchases, entering contracts, applying for credit, consuming insurance products (car insurance, home insurance and private medical insurance), and paying rent and utility bills for the first time. Interestingly, even though they are taking the leap into making significant financial decisions, only about half of young people report feeling comfortable dealing with banks and other financial institutions.[22]

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[21] "Generation Z: Life after school." Longitudinal Surveys of Australian Youth. NCVER. 2020. https://www.lsay.edu.au/publications/search-for-lsay-publications/generation-z-life-after-school

[22] ASIC's Young people and money survey

> It's a more sophisticated financial world young people are going into. Not only are they coping with peer pressure, they are more marketed to than any other generation. It all comes back to the touch points of lifting confidence so that no one feels vulnerable. Whether it's when they get their tax file number, their first job, etc, we can give them gentle nudges to increase their confidence and make good decisions.

Scott Pape,
Co-chair, The role of industry in the financial lives of young people working group

Young adults are making financial plans

At the same time as they are juggling new commitments, young adults are also planning for their financial future. They are conscious that they need to be prepared for a change in their financial circumstances. ASIC's Young people and money survey found that 60% of young people said they had personal savings to fall back on if they had to face a financial challenge or large unexpected expense.

Different economic, social and educational settings have meant that young people today have different spending priorities than their parents. The COVID-19 pandemic has recently brought long-term financial futures into clear focus. Young people view superannuation and investments as strategies to help achieve economic security in old age.

- ASIC's Young people and money survey found 54% of young people agreed or strongly agreed that 'I would prefer to sacrifice a bit of spending now to know I'll have enough money in retirement'.
- When asked about their top money priorities, saving was overwhelmingly the top response given by young people. 81% indicated they currently have a savings goal/something they are saving up for, with a quarter indicating that this was a long-term goal (i.e. a goal they anticipated reaching in more than 24 months).
- 62% of young people indicated that they strongly agree or agree with the statement 'I think it's important to start building up my superannuation while I'm young'.

Young people are hopeful about their financial future

Even in an environment with rising education and housing costs and slow wage growth, young people still report being largely hopeful about their future financial prospects.

In ASIC's Young people and money survey, many young people expressed hope that they will achieve their financial goals and be financially secure in adulthood. However, the results revealed some concern about current and future employment and economic prospects.

62% of young people indicated they strongly agree or agree that 'I will achieve the financial goals I have set for myself', and 60% with 'I am confident that I will be financially secure in adult life'. However more than half indicated that they strongly agree or agree that 'I am concerned about my future job prospects (56%).

Supporting the financial decisions young people make

ASIC's Young people and money survey found that support services, workplaces, community, financial services and product designers could have a role to play supporting young people to learn more about money.

When asked how they would most like to learn about managing money, respondents indicated a desire to learn about managing money:

- through their employer/workplace (22%)
- online – through bank or comparison websites (20%)
- from their peers (20%)
- through social media (19%)
- via helpful money apps (19%)
- online – through government/independent websites e.g. Moneysmart (19%)
- from banks/representatives of financial institutions (18%).

Young people are actively seeking information to help take control of their finances and are searching and consuming financial content online, including through blogs, podcasts and social media in addition to traditional media outlets.

ASIC's Young people and money survey found smaller proportions of respondents indicated they would most like to learn about managing money online – through other websites/blog posts (16%), through the media e.g. newspapers, magazines, tv programs (11%) or via interactive learning games (11%).

First payslip, first credit product, etc… What can we do at that very moment? How do we teach people at that point? How do we create the opportunity to build conversations?

Angus Sullivan,
Group Executive CBA, The role of industry in the financial lives of young people working group

Talking about money with young adults

Young adults are having conversations about money with their families, friends, in the workplace and in relationships.

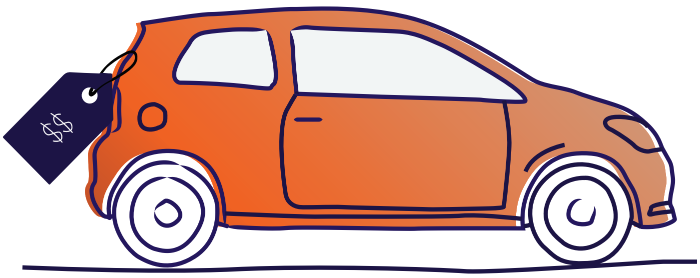
Young adults are seeking advice and guidance on financial matters. They rely heavily on digital platforms, and are influenced by social media, but families remain a common source of advice. It can be useful to talk about the consequences of financial decisions. Sharing outcomes of poor decision making can help stop others from making the same mistakes and sharing things that worked well can help build confidence.

Young adults are likely to be considering complex financial decisions and often have lived experience with:

- making big purchases
- managing loans, including student loans
- holding an insurance product
- filing tax returns, choosing a super fund
- investing and learning about risk and reward

Young people understand the concept of not spending more than you earn, but many are accessing credit products and some will find it difficult to manage repayments. Free financial counselling services, and the National Debt Helpline (1800 007 007), could help people get their finances back on track.

Buying a car



- Securing a loan or paying cash
- Negotiating a price and considering the value of any add on costs
- Insurance – choosing a provider
- Budget planning for running costs

Expert group on the financial wellbeing of young people

In 2020, ASIC established an Expert group on young people and money to better understand the contexts in which young people engage with money and make financial decisions

The group came together to:

- increase understanding of young peoples' knowledge, attitudes and behaviours around financial matters
- identify the most relevant and significant issues impacting young people's financial lives in Australia
- gain jurisdictional, sector, cultural and other perspectives into how to better support young Australians to gain control of their financial lives
- facilitate communication and consultation between ASIC and key stakeholders, leaders, and experts on youth financial wellbeing, including young people themselves
- build on existing evidence to draw out insights and opportunities
- capture the work of the expert group to inform ongoing work in this area.

It was important that the group understood the perspectives of young people and for this reason its membership included youth representatives along with representation from public and private organisations.

Under the Expert group, four working groups were established, each with a distinct focus area:

- early childhood financial education
- financial lives of young people at school
- young people making independent money decisions
- the role of industry in the financial lives of young people.

Dr Phil Lambert PSM led the group as Chair and assisted in establishing a reference group and nominating co-chairs for the working groups. The working groups came together towards the end of 2020. The chairs of each group, as well as working group members, advanced the work - sharing insights, identifying opportunities and extending common themes.

Early childhood financial education

This working group explored the relevance, potential impact of and opportunities for financial education in early childhood.

Sue Dockett, Emeritus Professor of Early Childhood Education, Charles Sturt University, was the working group Co-Chair. Sue has more than 30 years of experience in early childhood education as a teacher, academic and researcher.

Working group representatives included peak early learning organisations and academia including the Early Learning and Care Council of Australia, Early Childhood Futures, Australian Catholic University, Australian Children's Education and Care Quality Authority, Early Childhood Australia, Relationships Australia NSW and a Director of a kindergarten.

Contributions were also made from the Secretariat for National Aboriginal and Islander Child Care and Good Start Early Learning (as representatives were unable to attend in person).

Key learnings

- Financial education in early childhood is key to building foundational skills to prevent poor financial choices and decisions in later years.
- Early childhood educators can work with parents, guardians and other adults who play a significant role in teaching young children about money. The cultural context around money is important and learning needs to be inclusive of all communities.
- As young children are digital consumers, there is a need to foster the relationship between money and technology in positive ways.
- There is an opportunity to build on, extend and connect to what children, parents, educators and communities are already doing.
- More research is needed about how very young children learn about money in Australia.

Financial lives of young people at school

This working group sought innovative ways to positively impact the financial lives of young people at school.

Given the complexity of school education, a separate reference group was established to provide operational advice. This group included peak school education bodies and associations.

Phil Lambert convened both the working and reference groups.

Working group representatives were drawn from within and outside of the school environment, including an education editor from the media, representatives from youth groups, former Teachers of the Year, representatives from different school sectors and academia.

Key learnings

- Young people's relationship to money and what they feel about money have significant implications for their later lives.
- It is important to prioritise student voices using success stories which focus on experiences and strengths students share.
- Financial wellbeing can be added to school wellbeing programs, with a focus on resilience.
- There are lots of opportunities to use school infrastructure to contextualise financial education, such as the school canteen, fete, school council and P&C.
- It is imperative to engage whole communities to harness the influence of families and guardians, particularly when talking about money.
- Different platforms and channels need to be used to speak to young people at school.

Young people making independent money decisions

This group explored the financial decisions young people make.

Hannah Wandel was Co-Chair of the working group. Hannah, the 2019 ACT Young Australian of the Year, is Founder and Chair of the national non-profit Country to Canberra which empowers young rural women to reach their leadership potential, and a senior executive at the National Recovery and Resilience Agency. Hannah has an OAM and was included on the Australian Financial Review's 100 Women of Influence List in 2021.

Working group representatives included young people aged between 16 and 25. There was an equal number of males and females from metropolitan, rural and remote locations across Australia. Some of the young people were at school, some studying at university, some working and some both studying and working. Participants represented their own views.

Key learnings

- The lessons young people learn outside of the school environment are important in shaping the behaviours that contribute to a young person's financial wellbeing.
- Young people are not a homogenous group. Their feelings about money and circumstances vary.
- Young people are savvy with money but keen to learn more, especially when more engaged; for example, when they are being paid for a job.
- The impact of parents, guardians and families on how young people feel about money and make financial decisions is profound.
- Social pressure still plays a big role in the lives of

high school students, while for those who have left school the need or desire for independence impacts on financial decision making.

- There is a level of distrust of financial institutions and some young people choose an institution or an investment based on ethics and values.
- There is a need to reduce the taboos around money conversations so young people can speak freely and seek advice without feeling shame.

The role of industry in the financial lives of young people

This group explored the role industry, particularly firms with touch points to young people's financial lives, plays in supporting the financial decisions young people make.

Scott Pape, Financial Counsellor with Anglicare and Founder of the Barefoot Investor, was Co-Chair of this group.

Working group representatives were leaders in high profile organisations including the Commonwealth Bank of Australia, Afterpay, The Smith Family and Telstra.

Key learnings

- When young people make poor decisions early in their lives, these poor decisions can negatively impact the rest of their financial lives.
- Industry faces behavioural obstacles such as financial inertia when helping their customers.
- Young people need to be informed about consumer advertising and manipulation techniques as part of financial education, so that they can make informed financial decisions.
- The technology that financial institutions and retailers have available can be used to identify where industry can minimise harm.
- For maximum impact Government and industry can work together to build the financial wellbeing of young people.

Common themes identified across the working groups

Responsibility for young people's financial wellbeing lies with everyone: government, industry, communities, families and individuals. There is strong willingness and enthusiasm from many to work together to make a positive impact.

Parents and families have significant influence. Social and cultural contexts are important.

Financial education needs to be meaningful and context sensitive. Life events such as financial firsts (such as first job, first major purchase using credit products, starting a relationship, moving out of home) are an opportunity to add value to financial education initiatives.

Existing opportunities can be used to embed financial education from early childhood through to young adulthood.

Technology can be harnessed to minimise harm for young people and foster a positive relationship between money and technology.

Young people's voices need to be included in the decisions that impact them.

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Early childhood financial education working group

- **Elizabeth Death,** CEO, Early Learning and Care Council of Australia (ELACCA)
- **Professor Susan Edwards**, Director of the Early Childhood Futures, Australian Catholic University (ACU)
- **Katie Johnson, Director,** Tarragindi War Memorial Kindergarten
- **Kerrie McFaddon,** General Manager of Business Development, Government Relations with Relationships Australia NSW
- **Gabrielle Sinclair,** CEO, Australian Children's Education and Care Quality Authority (ACECQA)
- **Sarah Swain,** General Manager, Policy and Government Relations, Early Childhood Australia

Financial lives of young people at school money working group

- **Jordan Baker,** Education Editor of The Sydney Morning Herald
- **Rosemary Conn,** CEO Schools Plus
- **Matthew Esterman,** Director of Learning Technologies and Innovation at Our Lady of Mercy College (OLMC) Parramatta
- **Dr Emily Heath,** Senior Manager Climate Change and Sustainability Team, EY
- **Liz Jackson,** Head of Global Capabilities, Sydney Catholic Diocese
- **Nicky Sloss,** Education Consultant, The Association of Independent Schools of NSW (AISNSW)
- **Tony Vallance,** Teacher & co-owner of Building Better Brains Australia
- **Molly Whelan,** Executive Director, Strategic Projects, Foundation of Young Australians (FYA)

Financial lives of young people at school reference group

- **Mark Grant PSM,** Chief Executive Officer, Australian Institute for Teaching and School Leadership
- **Dianne Giblin AM,** Chief Executive Officer, Australian Council of State School Organisations
- **Janet Davy,** Director – Curriculum, Australian Curriculum, Assessment and Reporting Authority (ACARA)
- **Andrew Pierpoint**, President, Australian Secondary Principals Association (ASPA)
- **Malcolm Elliott,** President, Australian Primary Principals Association (APPA)

Young people making independent money decisions working group

(aged between 16-27)

- **Isabel Blundell,** University student in her first year, NT
- **Madeleine Buchner,** Founder and CEO of Little Dreamers Australia, an organisation helping young carers, VIC
- **Patrick Cooke,** University student working part time and running a small private tutoring business, NSW
- **Ivy Erwin,** Policy Officer, Indigenous Outreach Program, ASIC, NSW
- **Ruth Faragher,** Child-care worker and member of the Down Syndrome Association, QLD
- **Umberto Francioni,** University student working full time, NSW
- **Abbey Glynn,** Project Officer, Financial Capability, ASIC, NSW
- **Owen Higgins,** High school student, NSW

- **Emma Moss,** University student working full time in remote and rural settings, WA
- **Matthew Mottola,** University student, ACT
- **Jermaine Ostrofski,** Police officer working full time, NT
- **Devkumar Patel,** High school student, NSW
- **Hannah Russell,** High school student, SA
- **Nickie Tran,** High school student working part-time, NSW
- **Sacha Trimarchi,** Policy Officer, Indigenous Outreach Program, ASIC, VIC

The role of industry in the financial lives of young people working group

- **Arun Abey (AM),** Chairman and co-founder Walsh Bay Partners & Director of The Smith Family and Chairman of Finance and Audit Committee
- **Michael Ackland,** Consumer and Small Business, Group Executive, Telstra
- **Anthony Eisen,** Chief Executive Officer and Managing Director, Afterpay
- **Angus Sullivan,** Group Executive, Retail Banking Services, Commonwealth Bank of Australia (CBA)