

1 December 2017

National Financial Literacy Strategy
Consultation October 2017
submission@financialliteracy.gov.au



Dear Australian Securities and Investments Commission

Thank you for the opportunity to provide comments on the 2017 consultation and the review of the National Financial Literacy Strategy (the National Strategy).

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage in NSW to achieve social justice and help alleviate poverty in NSW. As the peak body for the social and community services sector in NSW, we are particularly interested in working towards ensuring the financial wellbeing, inclusion and capability of all people, particularly our most vulnerable.

Being financially secure, empowered and literate is important to all of us. It gives us access to life essentials, opportunities, and freedom of choice. However, this is not the case for everyone in society. Systemic workforce issues mean women are generally concentrated in sectors and occupations that pay less and are less secure, and their careers are more likely to be interrupted due to caring responsibilities. These tendencies compound into financial disadvantage across their life, resulting in lower superannuation levels and retirement savings, and a greater risk of poverty and disadvantage than men.

We also know that this inequality faced by women is exacerbated by, and intersects with, other forms of disadvantage, such as racism, and discrimination based on age, sex, disability and physical isolation. This often has compounding impacts, leaving these women more financially and economically vulnerable.

We know that financial literacy plays a vital role in breaking this systemic cycle of disadvantage. However, we continue to see women and girls with lower levels of financial literacy, more likely to be financially insecure, and have specific financial literacy needs that are not catered for¹.

Set out below are our responses to the relevant online survey questions, with a number of key recommendations that ASIC could take to make a very real difference to the life opportunities of those experiencing poverty and disadvantage, particularly vulnerable women.

This submission draws on current research and the priorities, experience and expertise of our NCOSS Women's Advisory groups including our Seven Sisters (Aboriginal and Torres Strait Islander Women's) Advisory Panel, Culturally and Linguistically Diverse (CALD) Women's Panel, Young Women's Advisory Panel, the NCOSS Women Financial Capability Working Group and the 150 organisations engaged with NCOSS Women. All groups are represented by committed and dedicated leaders, from the community sector, government, business, unions and academia, who are developing innovative and creative solutions for women's economic equality in their communities.

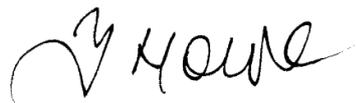
¹ OECD and INFE (2013) OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education. p.3.

This submission has further been informed by what we heard in consultations held in July and August this year, comprising six regional conferences and 38 workshops attended by 570 people across the state.

If you would like to discuss any of the issues we raise in this submission in more detail, or require any further information or input, please contact Caroline Dimond, Policy Officer at caroline@ncoss.org.au or 8960 7922.

Yours sincerely

Tracy McLeod Howe

A handwritten signature in black ink, appearing to read 'Tracy McLeod Howe', with a stylized flourish at the beginning.

**CEO
NSW Council of Social Service**

P1 | We propose to update the language of the National Strategy from ‘financial literacy’ to ‘financial capability’

NCOSS supports updating the language of the National Strategy from ‘financial literacy’ to ‘financial capability’, and believes that ‘financial capability’ will more accurately reflect current initiatives and better support intended outcomes of the National Strategy.

As a term, ‘financial capability’ is more respectful, empowering and strengths-based. It more clearly reflects the importance of personal circumstance in shaping attitudes and behaviours, and the ongoing and dynamic process in which financial literacy and capability is maintained. In describing the skills and knowledge needed to participate financially, ‘financial capability’ as a term takes into account the cultural, environmental and structural factors (including income adequacy and access to well-designed and affordable financial products) that can affect the financial decision-making process.

Moreover, it is necessary for the National Strategy to give consideration to what is the appropriate expectation of a consumer’s financial capability, and link directly to measures that improve the operation of markets delivering financial goods and services. It is important to ensure that providers delivering goods and services, and related information, are delivering in a way that is in the interests of consumers, fosters inclusion of all in the community, and does not require an unreasonable (and potentially unattainable and exclusive) level of financial capability. It is therefore important for the National Strategy to consider the role of provider organisations, and the potential need for regulation and guidelines to further support their engagement with vulnerable consumers and the fair, open and inclusive delivery of goods and services and service-related information.

P2 | We propose to extend the timeframe of the next National Strategy to up to 10 years.

NCOSS agrees that there is need for consistency and longevity in the 2018 National Strategy and that a longer timeframe will ensure that the nature and focus of financial capability initiatives can be better supported in changing attitudes and behaviours over time. However, we have concerns that without an adequate and regular review mechanism, the Strategy could become out of date within a 10 year time particularly when considering the growth of new financial products, technology, and any emerging vulnerable groups.

It is important that the Strategy remains an up-to-date, and relevant document. We therefore suggest that there needs to be a regular and robust review mechanism embedded within the design of the Strategy, to allow for flexibility and relevance to government and society’s priorities. This review process should bring in external and diverse stakeholders who engage with the National Strategy, such as peak bodies, financial institutions and industry associations, particularly those who represent and work with vulnerable groups, such as Aboriginal and Torres Islander and CALD communities.

The review process should also take into account national longitudinal studies that track changes in Australian’s financial literacy and behaviour, such as the ANZ Survey of Adult Financial Literacy in Australia²; and international studies such as the [OECD/INFE International Survey of Adult Financial Literacy Competencies](#).

² The Social Research Centre (2015) ANZ Survey of Adult Financial Literacy In Australia. Available at <https://www.anz.com/resources/3/1/31cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf> (27 November, 2017)

D1| A number of priority audiences have been identified under previous National Strategies. What are the most important priority audiences for the 2018 National Strategy to focus on?

Women and girls

NCOSS strongly recommends that women and girls remain a priority audience for the 2018 National Strategy. As a population group, women are more vulnerable to financial instability, poverty and disadvantage across almost every stage of their lifecycle, and overall are seen to record lower levels of financial capability than men.³ This is a result of systemic and systematic issues in our society that place multiple layers of disadvantage and vulnerabilities on women at different points throughout their lifecycle

Research indicates that as an accumulate result of this structural inequality, women's attitudes towards their finances not only differ significantly from men, but also evolve as a woman's life situation changes. As a result, there is a key perception gap between men and women, with many women underestimating their own financial capabilities and their power to transform their financial situation by taking action and seeking advice⁴. This makes it harder for some women to understand their own financial needs, seek adequate advice and improve their financial wellbeing.

"It's becoming frustrating to see more and more women living below the poverty line... Particularly we are seeing older women with little savings or superannuation." – Consultation in Kiama, 31 July 2017

This vulnerability and inequality further means that women often access information differently to men and can respond differently to the same information. Moreover, they are more likely to require financial support, or targeted life-stage financial advice, particularly when facing relationship changes such as separation, divorce, the death of a partner, or when taking maternity leave or career breaks.⁵ Financial assistance, materials and education should therefore take account of attitudinal differences regarding money, structural factors and life stages that affect women differently to men⁶⁷.

Moreover, we believe that women as a priority group warrant additional language in the National Strategy that acknowledges that this discrimination and inequality faced by women is exacerbated by, and intersects with, other forms of disadvantage. This often has compounding impacts, leaving these women more financially and economically vulnerable. This is especially true for Aboriginal and Torres Strait Islander women, women from CALD backgrounds, women with disability, young and older

³ Office for Women (2007), Financial Literacy among Marginalised Women. Available at: <https://www.dss.gov.au/our-responsibilities/women/publications-articles/economic-independence/financial-literacy-among-marginalised-women?HTML> (27 November, 2017)

Muir, K., Marjolin, A. & Adams, S. (2015), Eight years on the fringe: what has it meant to be severely or fully financially excluded in Australia? Sydney, Australia: Centre for Social Impact for the National Australia Bank. Available at: <http://www.financialliteracy.gov.au/media/559220/research-csi-nab-eightyearsonthefringe-2015.pdf> (27 November, 2017)

⁴ The Social Research Centre (2015) ANZ Survey of Adult Financial Literacy In Australia. Available at <https://www.anz.com/resources/3/1/31cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf> (27 November, 2017)

⁵ Women's Advisors Meeting Working Group on Superannuation and Financial Literacy (2007) Effectively communicating superannuation and financial literacy messages to women during their different life-stages. Available at: https://www.dss.gov.au/sites/default/files/documents/05_2012/minco_discussion_paper.pdf (27 November, 2017)

⁶ The Social Research Centre (2015) ANZ Survey of Adult Financial Literacy In Australia. Available at <https://www.anz.com/resources/3/1/31cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf> (27 November 2017)

⁷ Office for Women (2007), Financial Literacy among Marginalised Women. Available at: <https://www.dss.gov.au/our-responsibilities/women/publications-articles/economic-independence/financial-literacy-among-marginalised-women?HTML> (27 November, 2017)

women and women in regional, rural and remote communities. Initiatives and programs that support the National Strategy need to acknowledge and target the diverse needs and experiences of women.

It is important to ensure that all programs and initiatives that support to the National Strategy have a gendered lens, and support all women and girls from a young age, and throughout their lifecycle. In a review of the 62 organisations listed on the [ASIC website](#), who actively support the National Financial Literacy Strategy 2014-17 and are committed to the delivery of financial literacy initiatives, it was disappointing to see that only 15 target women, or have a gendered lens to the material they provide⁸.

“A Bank came in to talk about financial literacy in our school but the talk was not given to the top maths class. I know how to calculate a parabola – but nothing about choosing a credit card.”

– NCOSS Young Women’s Advisory Panel Member, 2016

Of these 15 organisations/ initiatives, it was difficult to determine the audience of the programs, and there appears to be a lack of programs and initiatives that clearly target and provide financial materials and education for women which takes into account their specific needs⁹. For example, it appears there are only three programs that are targeted towards young women, and there appears to be an absence of programs that clearly address the unique needs of women in regional, remote and rural communities, CALD women, LGBTIQ women, and Aboriginal Torres Strait Islander women. This makes it difficult for women in vulnerable positions to know what resources are available, and how to access them.

Our Young Women’s Advisory Panel further reports that there are limited programs and initiatives for young women and girls to find out about finances, superannuation and economic empowerment later in life. As a result many women are falling through the cracks early on.

In conducting this review and examining the individual websites of the programs and initiatives, we acknowledge that there are great deal of financial literacy resources and information available through the Money Smart website. However, we believe that more can be done to:

- Teach, engage and reach out to women about their finances, particularly before financial stress or crisis occurs, not just make information available to women who seek it.
- Develop program content that is clearly tailored to women and girl’s lives and circumstances.
- Ensure that existing and new resources are accessible and easy to navigate so all women, in all their diversity, have access to resources when they need them.
- Make material available in a variety of forms and communication mediums to specifically support young women, women from culturally and linguistically diverse backgrounds and Aboriginal Torres Strait Islander Women

⁸ The review of the 62 organisations listed on the [ASIC website](#), who actively support the National Financial Literacy Strategy 2014-17 was carried out the NCOSS Women Financial Capability Working Group from April– August 2017.

⁹ Women’s Advisors Meeting Working Group on Superannuation and Financial Literacy (2007) Effectively communicating superannuation and financial literacy messages to women during their different life-stages. Available at: https://www.dss.gov.au/sites/default/files/documents/05_2012/minco_discussion_paper.pdf (27 November, 2017)
Zanoni, L., Warburton, W., Russell, R., Warburton, M., & Flynn, L. (2016). Evaluating the Wesley Mission In charge of my money financial literacy program for vulnerable populations. Sydney: Wesley Mission. Available at: <http://www.financialliteracy.gov.au/media/560750/research-wesley-mission-financial-literacy-program-evaluation-report-2016.pdf> (27 November, 2017)

NCOSS makes the following recommendations:

- **ASIC to carry out a formal stocktake of financial literacy resources that target and support women. This could be similar to 2013 [National Financial Literacy Stocktake Survey](#), ASIC, October 2013. This stocktake should review these resources, their access and suitability for various groups of women.**
- **ASIC work to develop a central repository of financial resources that are available to women, in all their diversity and which address various life stages. This directory should be widely available and shared, and developed in consultation with women in the community.**
- **Ensure all programs that actively support the National Strategy to have a gendered lens to their programs and resources.**

We further strongly support Aboriginal and Torres Strait Islander and CALD communities remaining a priority group, and argue that is important for financial literacy programs and initiatives to be culturally accessible and embedded in community. Our Seven Sisters Panel and CALD Women's Panel have identified the value of identifying and training local people who know the local context well and involving them in designing and evaluating programs and initiatives. For both communities, engaging cultural community leaders as well as financially literate individuals in the delivery of financial literacy programs is essential, as is using a variety of communication materials that use community languages, and cultural stories.

People with disability

NCOSS supports people with disability being added as a priority audience. However, we believe that while the discussion paper refers to the participants in the National Disability Insurance Scheme (NDIS), the potential for vulnerability also extends to people with disability who will be ineligible for a package of support under the NDIS, and thus language in the Strategy should be inclusive of this.

Research demonstrates that young people with disability in segregated education settings often do not receive any form of education about financial literacy¹⁰. The Strategy should facilitate the development of resources promoting financial empowerment for people with intellectual disability. These resources should be developed in collaboration with organisations with expertise in the needs of people with intellectual disability.

D2 | Broadening stakeholder reach and engagement with the National Strategy

NCOSS supports measures to encourage more partnership formation, particularly between government, not-for-profit agencies and the corporate sector.

In addition to harmonising resources and information to create a central repository of financial literacy services, as mentioned in D1, there would be great value in partnering and disseminating these resources through a range of touch points and services who engage with vulnerable women, to drive greater awareness and usage of the National Strategy and its resources.

Possible partnerships and example touch points include: state peaks such as NCOSS; community programs and services such as Centrelink, financial counselling programs, schools, women's refuges; businesses such as banks, superannuation funds, unions, retail businesses and workplaces; the justice system, and formal education sources. It is important that a holistic view is taken, and efforts are made

¹⁰ Hordacre AL. (2016) [Understanding everyday money skills for young people with disabilities](#). Adelaide: Australian Industrial Transformation Institute, Flinders University of South Australia

to wrap financial services around vulnerable populations to ensure they can easily access resources when they need it early on, before a crisis occurs.

Moreover, ASIC should explore avenues to develop and disseminate gendered training and educational material to better support and meet the unique needs of vulnerable women throughout their life cycle.

Financial Counsellors

A key support and touch point to improve women's financial capability is access to Financial Counsellors. Government funded financial counselling services often assist marginalised and disadvantaged women in our community, including women vulnerable to, or victims of, domestic and family violence; immigrants, newly arrived women and refugees; and women dealing with addiction and/or mental health issues themselves or in their families.

Financial Counsellors assist clients to deal with addressing multiple debts as well as managing often complex financial and social problems, and are a vitally important service to help women take control of their financial and personal situations and become more financially resilient.

However, in NSW the need for financial counselling is outstripping availability, with waiting times in NSW reaching between three to eight weeks. Women should be supported through adequately funded financial counselling services. In our [Pre-Budget Submission 2018/19](#) NCOSS is advocating for an additional \$7.8 million over three years to expand and enhance the delivery of the Financial Counselling Services Program across NSW, and explore avenues to develop gender specific material to better assist vulnerable women.

“We are seeing such a large volume of clients, particularly women. [But] there is not enough [financial counsellors] and there's no time or capacity to provide outreach and wraparound service provision – instead we have to provide for their immediate needs, and then quickly move on to the next person.”

– NCOSS Consultation in Newcastle, 15 August 2017

Moreover, it is important that the National Strategy work closely with National and State financial counselling services to better support and disseminate financial literacy resources. The National Strategy should further support the capacity of the sector and financial counsellors to develop partnerships and connections with services grounded in the community – such as women's health services, refuges and education providers – to provide community wrap-around support for vulnerable women.

State, Regional and Industry Peaks

State, Regional and Industry Peaks act as a key network to support greater integration of financial literacy services and information. They are often the point of contact for service providers, practitioners and client groups to stay informed and have access to up-to-date financial literacy information and tools, the policy and regulatory environment and resources.

There is an opportunity for the National Strategy to partner with state, regional and industry peaks to better support and disseminate financial literacy resources.

Australian Curriculum

NCOSS strongly supports the importance of expanding financial literacy in the formal education sector. This can be done by strengthening financial literacy in the Australian Curriculum, training more teachers and extending financial literacy education into the vocational education and university sectors. We further support the development of materials and training provided to teachers and students to have a gendered lens, to further support young women and their unique financial needs and financial decisions at various life points.

Our Young Women's Panel reports that while there are some resources available, they are not very well known, accessible or engaging for a young audience. Furthermore, calling on the need for material and resources that educates young women on the benefits of superannuation, work rights and unions, loans and repayments (such as HECS), tax returns, paying bills, bank accounts and credit card management.

Programs and initiatives that engage young women should also acknowledge the key role played by parents, carers, families and peers in shaping young people's knowledge, behaviours and attitudes towards money.

National Women's Financial Capability Campaign

NCOSS further recommends exploring the development of a National Women's Financial Capability campaign, which could be a partnership between ASIC and the Federal Office for Women. This campaign would speak to women specifically, and provide awareness and education on the importance of financial literacy. Furthermore, it should be rolled out to ensure it reaches women at specific touch points throughout their lifecycle – at school, in workplaces, community services (women's shelters, housing programs, youth centres) and justice settings.

Many of the points in which women already interact with the Federal Government (for example, through Centrelink, Government Departments and the MyGov website), State Government (for example, schools, maternity hospitals, aged care services) and local governments (libraries, community centres) could be used to further share and disseminate financial information and resources to women.

NCOSS makes the following recommendation:

- **The National Strategy work closely with national and state financial counselling services, and national, state and industry peak bodies to better support and disseminate financial literacy resources**
- **ASIC develop resources and materials for teachers and students that provide a gendered lens and supports young women as a target group in need of further financial capability resources. This could form part of ASIC's Money Smart Schools.**
- **ASIC fund and co-ordinate a National Financial Capability Campaign, targeting women**

“As young women we see a small glimpse of finance but it's so little, such basic education... we need to be taught about super in school, especially about the benefits of super later in life”

– *NCOSS Young Women's Advisory Panel, 2016*

D3 | Emerging opportunities and challenges:

It is important that the 2018 National Strategy support the array of factors that contribute to financial wellbeing. NCOSS supports the key opportunities and challenges proposed by the consultation paper, which includes Financial Inclusion, Financial Resilience, Social Isolation and Financial Abuse. Additional considerations are made below:

Financial Inclusion

Financial literacy initiatives go hand-in-hand with measures to assist financial and social inclusion and this should be reflected in the updated strategy. Financial interventions cannot be effective when delivered in isolation to a range of social and cultural domains that affect individuals and communities.

As a member of the [NSW Financial Inclusion Network](#), we contributed to the development of the [Financial Inclusion for NSW Position Paper](#) which seeks to highlight the nature and extent of financial exclusion in NSW, and provide momentum for co-ordinated policy and community responses that will help make our community more financially inclusive. It is important the National Financial Literacy Strategy aligns and supports work done at a state level to improve financial inclusion. This should further be reflected and communicated through the Money Smart website.

Further efforts needs to be made to increase and maintain access to appropriate and affordable financial products and services. NCOSS would like to see financial institutions and initiatives that support the Strategy further extend their support for disadvantage and vulnerable Australians.

Financial Abuse

Financial abuse is significantly associated with forms of domestic, family and intimate partner violence, where the majority of victims are women. It is a significant barrier to women leaving an abusive relationship and becoming safe, with financial insecurity one of the leading reasons women stay in, or return to, an abusive relationship.¹¹

In consultations across the state, we heard from our members of the devastating ways in which domestic violence can affect a woman's economic situation, and how during a relationship, an abusive partner may control all the household finances, keep family assets in their name, run up debts or stop their partner from working or studying.

Financial literacy and economic empowerment programs are important in assisting survivors to improve their financial knowledge, increase confidence in managing affairs and enhance financial behaviours that will improve their financial safety and security.

Increasingly, domestic violence organisations have started including financial literacy or capability programs as part of their services to provide help and educate victims of domestic violence. The National Strategy should further support the sector to embed and integrate financial literacy programs within new services, and help strengthen existing services to upskill and disseminate these resources.

¹¹ Kutin, J; Russell, R and Reid, M (2017) Economic Abuse between intimate partners in Australia: prevalence, health status, disability and financial stress, Australian and New Zealand Journal of Public Health, vol. 41, no.3 pp.267-274

Moreover, groups such as the [Economic Abuse Reference Group](#) have developed action plans to inform and address economic abuse from multiple approaches. Such resources aim to improve industry and government responses, highlight best practise models, and establish guidelines for collaboration between business, government, academia and the community sector. It is important for the National Strategy to link in and work with these groups.

Increasing cost of utilities

Our recent [Cost of Living Survey – Turning off the Lights: The Cost of Living in NSW](#) showed that utility costs have increased dramatically over the past few of years and utility costs are now a major expense for all households, particularly those at risk of, or experiencing poverty. This combined with the introduction of new products and services into the energy market, creates a significant challenge for our members.

Increasingly, the information needs of customers are more complex, and decisions about how to plan energy usage and pick appropriate energy contracts are becoming more difficult. This can lead to potential ‘confusopoly’ where consumers become confused about the complexity of utility contracts, further increasing financial stress and vulnerability. This lack of understanding limits a consumer’s ability to make beneficial choices and can result in the consumer incurring unnecessary higher costs¹².

There is an opportunity for the National Strategy to better align with key changes in utility pricing, and communicate and partner with government run price comparator services and resources such as the Australian Energy Regulator’s website “[Energy Made Easy](#)”. This will help in better supporting the financial wellbeing of vulnerable Australians. The Money Smart website, and the partnerships identified in D2 are great avenues to share these resources.

Moreover, better outcomes cannot be solely achieved by simply increasing the information to, and the capability of, consumers. It is also increasingly important that there is improved regulations and guidelines to ensure services are provided openly, clearly and in good faith and in a way that is inclusive of all in the community.

¹² Consumer Utilities Advocacy Centre (2012) *Power and Water* Consumer Utilities Advocacy Centre, Victoria.