



ANZ Ngāi Tahu Financial Knowledge Survey



Te Rūnanga o NGĀI TAHU



Department of Labour
TE TARI MAHI



Te Tāhuhu o te Mātauranga

Retirement Commission
Whiriwhiria!

November 2010



ANZ Ngāi Tahu Financial Knowledge Survey

This survey measures the financial knowledge levels of Ngāi Tahu people aged 18 and over. It was commissioned by Te Rūnanga o Ngāi Tahu, supported by ANZ, the Retirement Commission, the Department of Labour and the Ministry of Education, and conducted by research company Colmar Brunton.

Financial knowledge is an important contributor to financial literacy, which is defined as:

“the ability to make informed judgements and to take effective decisions regarding the use and management of money”.¹

¹ This is the definition used in New Zealand's National Strategy for Financial Literacy. It is consistent with that used in the 2006 New Zealand benchmark survey, and in the 2008 and previous surveys commissioned by ANZ Bank in Australia. The definition was originally adopted for these surveys from UK research.



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FOREWORD from Kaiwhakahaere of Te Rūnanga o Ngāi Tahu

Te Rūnanga o Ngāi Tahu is committed to supporting whānau to become more knowledgeable about financial matters, to better manage money and ultimately to achieve financial independence; that is the ability to make informed judgements and to take effective decisions regarding the use and management of money.

The undertaking of the ANZ Ngāi Tahu Financial Knowledge Survey puts us in a great position to build on the work that has already been done in this area, providing a benchmark for measuring our improved financial knowledge over the years ahead.

The survey results are, on the whole, satisfying for Ngāi Tahu. It gives me confidence to know that as an iwi we are on an equal footing with the general New Zealand population in terms of financial knowledge. While there is still a way to go, I believe the work we are undertaking through our tribal saving scheme, Whai Rawa, and other related initiatives is having a positive effect on our people.

The Survey has also helped identify a number of areas where whānau can improve their level of financial knowledge and apply that knowledge to everyday decisions about money.

We are now working with ANZ to pilot the new Money Minded Aotearoa programme as well as working on other financial education initiatives that will benefit whānau.

I wish to thank our project partners: ANZ, the Department of Labour, The Retirement Commission and the Ministry of Education. We look forward to continuing to work together on this important mahi.

He ara Whai Rawa mō Ngāi Tahu Whānui
A pathway to prosperity for Ngāi Tahu Whānui



Mark Solomon
Kaiwhakahaere, Te Rūnanga o Ngāi Tahu



FOREWORD from the ANZ New Zealand CEO

ANZ is very pleased to partner with Te Rūnanga o Ngāi Tahu and support this ground-breaking world-first research.

One of the main goals of ANZ's corporate responsibility programme is to work to lift financial knowledge and financial skills in communities around New Zealand.

This survey - like the ANZ-Retirement Commission Financial Knowledge Survey - is an important step in the process of improving the ability of iwi members to make informed decisions about how they manage their money and plan for the future.

Research such as this – a world-first for indigenous peoples - not only informs financial education, but also shows what we as a bank can do to better help our customers achieve financial security and their life goals.

The inaugural results which show iwi members to be on par with the general New Zealand population are encouraging but also they highlight where financial literacy initiatives can be targeted and tailored to where they will make the most difference. Building on this partnership, ANZ New Zealand is now working with Ngāi Tahu in a pilot project to tailor and adapt ANZ's global MoneyMinded financial education programme to reflect iwi culture and experiences. Thanks to the commitment and enthusiasm of Ngāi Tahu, the first ever "MoneyMinded Aotearoa" workshops will be held this year.

ANZ New Zealand's long-term aim is to offer MoneyMinded Aotearoa to all iwi in New Zealand.

We congratulate Te Rūnanga o Ngāi Tahu for driving these important initiatives.



David Hisco
ANZ New Zealand Chief Executive Officer



THE SURVEY AT A GLANCE

- Commissioned by the Te Rūnanga o Ngāi Tahu, supported by ANZ and the Retirement Commission, the Department of Labour and the Ministry of Education.
- The purpose of the ANZ Ngāi Tahu Financial Knowledge Survey was to:
 - establish a benchmark of financial knowledge among Ngāi Tahu members against which future comparisons can be made to evaluate initiatives introduced to improve the financial literacy of Ngāi Tahu members.
 - enable the financial knowledge of Ngāi Tahu members to be benchmarked against that of all adult New Zealanders.
- Conducted by Colmar Brunton in partnership with Te Rūnanga o Ngāi Tahu. Colmar Brunton undertook the design of the survey, trained and supervised the interviewers from Ngāi Tahu, processed the data and undertook the analysis and reporting. The trained members of Ngāi Tahu carried out the interviews.
- Face-to-face interviews were conducted with 400 Ngāi Tahu iwi members aged 18 years or over between the 5th of April and the 18th of June 2010.
- Maximum margin of error of +/-4.9%.
- Random sampling was undertaken using a list of Ngāi Tahu iwi members aged 18 years or over that was provided by Te Rūnanga. Interviews were carried out in nine regions (Auckland, Waikato, Hawke's Bay, Manawatu-Wanganui, Wellington, West Coast, Canterbury, Otago, and Southland).
- Interviewees answered 42 questions testing their financial knowledge (what they know), and 53 questions on their attitudes and behaviours (what they think and what they do) and on demographic factors.
- To allow for direct comparisons with the ANZ-Retirement Commission 2009 Financial Knowledge Survey (the national survey), all financial knowledge questions remained the same as that survey.
- Using the same Financial Knowledge Score definitions as the national survey, knowledge groups for the 2010 ANZ Ngāi Tahu Financial Knowledge Survey were constructed allowing comparisons to be made between Ngāi Tahu's financial knowledge and the general New Zealand population.
- Participants were given a koha as a 'thank you' for their help in this study.

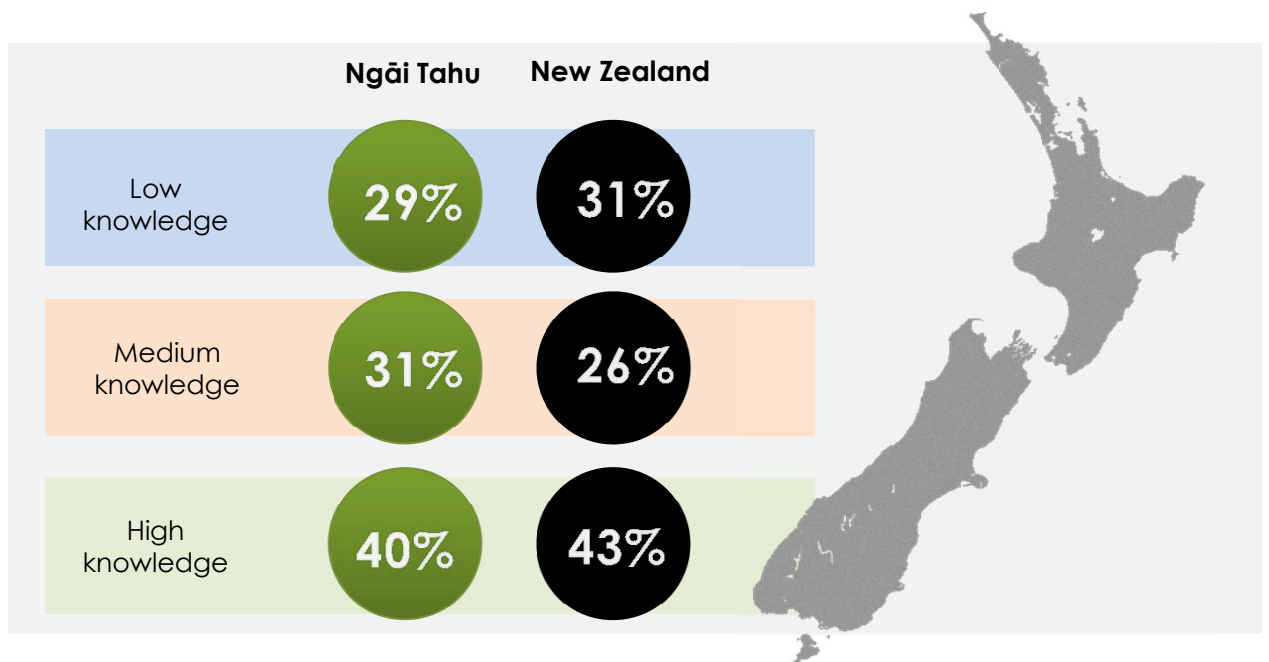


THE RESULTS AT A GLANCE

- Overall, the ANZ Ngāi Tahu Financial Knowledge Survey results are similar to the results from the national survey both in terms of financial knowledge and attitudes towards money management.
- 40% of Ngāi Tahu members have a high level of financial knowledge, 31% have a medium level of knowledge and 29% have a low level of knowledge.
- Demographic groups with greater proportions of Ngāi Tahu members with low knowledge are 18 to 23 year olds and 65+ year olds, those with primary or basic secondary education, low household incomes, tenants, and those not in paid employment.
- Those with lower financial knowledge are more at risk with more negative attitudes towards money management, greater experience of financial strain, and the least access to financial products.
- Banks are the main source of financial advice, followed by friends and relatives. Nearly half have used the Retirement Commission's Sorted resources.
- Ngāi Tahu members are saving less regularly than the average New Zealander.
- One in seven Ngāi Tahu members have difficulty managing money.
- Despite a somewhat higher uptake of KiwiSaver, Ngāi Tahu members give less thought to retirement than the national average.
- More Ngāi Tahu members than in the national survey believe that NZ Super means there is no need to save for retirement and that KiwiSaver will provide an adequate income.

FINANCIAL KNOWLEDGE GROUPS

This section examines the financial knowledge of Ngāi Tahu members in terms of three groups: low, medium and high knowledge. To measure financial knowledge, Ngāi Tahu members were scored on their answers to 42 financial knowledge questions. Their score then determined which of the three groups they fall into. To enable direct comparisons with the New Zealand population aged 18 years and over, the threshold scores that defined each group were the same as those used in the 2006 and 2009 ANZ-Retirement Commission Financial Knowledge Surveys.



Who knows more?

Low

29% of Ngāi Tahu people are in the low knowledge group. People who are more likely to have low knowledge are:

- 18 to 23 year olds and 65+ year olds
- Primary or basic secondary educated
- Tenants rather than homeowners
- Not in paid employment
- Low household income (\$50,000 or less)
- Those who are not Whai Rawa members.



FINANCIAL KNOWLEDGE GROUPS

Medium

31% of Ngāi Tahu people are in the medium knowledge group. People with medium knowledge are more evenly spread across the various demographic groups compared to those with low and high knowledge.

High

40% of Ngāi Tahu people are in the high knowledge group. People who are more likely to have high knowledge are:

- 35 to 64 year olds
- Tertiary or post-graduate educated
- Home owners
- In paid employment
- High household incomes (over \$50,000)
- Whai Rawa members.

How do the demographic patterns compare to the national picture?

- The demographic patterns evident in the ANZ Ngāi Tahu Financial Knowledge Survey are similar to those evident in the national survey for age, education, employment and income.
- In the ANZ Ngāi Tahu Financial Knowledge Survey, males are almost equally as likely as females to have high knowledge. Whereas in the national survey, males are significantly more likely than females to have high knowledge (although this gap has narrowed over time).
- Home owners have higher financial knowledge than renters in both surveys. However, there are significantly fewer home owners with high knowledge, and significantly more home owners with medium knowledge, in the ANZ Ngāi Tahu Financial Knowledge Survey compared to the national survey.

FINANCIAL KNOWLEDGE GROUPS

	Sample size	Low knowledge %	Medium knowledge %	High knowledge %
Males	196	31	31	38
Females	204	27	32	41
18-24	23*	51	28	21
25-34	49	31	37	32
35-44	99	20	35	46
45-54	98	25	33	43
55-64	71	19	36	45
65+	55	49	20	31
Primary or basic secondary education	110	46	32	22
Secondary school qualification (only)	93	31	33	36
Tertiary or post-graduate education	193	17	31	52
Home owned by self/partner	209	19	33	48
Home rented	146	42	33	25
In paid employment	276	20	34	45
Not in paid employment	120	48	25	28
Household income of \$50,000 or less	140	50	27	24
Household income of \$50,001 to \$100,000	142	15	38	47
Household income of more than \$100,000	90	7	30	63
Whai Rawa member	205	21	34	45
Non-member	195	34	30	36

The table profiles demographic groups by the three knowledge groups. For example, it shows 31% of males and 27% of females are in the low knowledge group.

DETAILED KNOWLEDGE FINDINGS

This section looks at what Ngāi Tahu members know and don't know in terms of specific areas of financial knowledge. Comparisons with the national survey are made where the difference is statistically significant. The answers people gave to these questions were scored to measure how much they know; that is, do they have a high, medium or low level of knowledge.

Financial planning for retirement

A large majority of Ngāi Tahu members (85%) know NZ Super is paid at age 65. Just over a third (35%) know the amount paid to a single person living alone. Just over half know that NZ Super is not income tested (54%) or asset tested (56%). Both of these knowledge levels are higher than the national averages (44% and 50% respectively). Knowledge about NZ Super increases with age.

When asked what a person needs to consider when they think about saving for retirement, lifestyle and spending is most common (83%, which is higher than the national average of 75%), followed by their current financial situation (55%), the size of their retirement income (47%) and how long their retirement might be (33%, which is higher than the national average of 24%).

Budgeting

Most (79%) know what a budget is. Most (80%) also know that everyone can benefit from having a budget, which is higher than the national average of 74%.

When asked why it is important to have a budget, many say it is to control spending or pay bills on time (92%), to plan how much to spend and save (56%), and to track where money is going (48%).

Saving

There are high levels of knowledge about simple interest (85%) and inflation (87%). Understanding of the impact of inflation on savings is also high at 76%, although this is lower than the national average (81%).

Less than half of Ngāi Tahu members understand compound interest in term deposits (43%) and this is lower than the national average of 58%.

Fewer (28%) understand compound interest in savings accounts and this is also lower than the national average (37%).

DETAILED KNOWLEDGE FINDINGS

Debt management

Most understand the importance of paying off debt first, before saving, with 70% identifying this as the correct option when inheriting some money. Consolidation of debt is less well understood, with over half (57%) identifying grouping of debts together in one low interest loan as a good way to pay off debt. However, this level of understanding is higher than the national average (49%).

Knowledge about a guarantor's responsibility is high (82%).

About three quarters (77%) know the advantages of paying a bill on or just before the due date.

Credit cards

Almost all credit card holders (94%) know that paying the minimum amount means there is still money owing and more than eight in ten (82%) credit card holders know that paying off the full amount on the credit card each month would give interest-free days on purchases; this is higher than the national average (75%). Knowledge is lower among those without credit cards.

Banking

The key financial advantage Ngāi Tahu members associate with internet banking is that it is cheaper (52%). And, compared to the national picture, Ngāi Tahu members are less likely to say that it is quicker, but more likely to say it is easier to access, can be done in their own time and that it provides a transactional history.

Very few (4%) think it is alright to reveal their internet banking password to a friend. Notable proportions think it is alright to tell their partner (57%) or a bank member (19%), and these levels are higher than the national averages.

More than two thirds (69%) of Ngāi Tahu members know how to minimise fees by using EFTPOS and this is higher than the national average (60%).

A very large majority (90%) understand the information on a bank statement.

DETAILED KNOWLEDGE FINDINGS

Mortgages

Almost all Ngāi Tahu home owners with a mortgage (95%) know they can minimise their interest by increasing regular payments. Around eight in ten (82%) Ngāi Tahu home owners with a mortgage understand under what conditions it is better to have a fixed rate home loan rather than a variable or floating rate.

Just over half (54%) of all Ngāi Tahu members know that a person can repay part of a variable or floating rate home loan without penalty. This is higher than the national average (46%).

There is a lower level of knowledge in all of these areas among those who do not have a mortgage.

Understanding of equity and leverage is strong, with 77% understanding the best way to finance an investment property.

Managing risk

Although a large majority of Ngāi Tahu members (87%) know who needs the greatest amount of life insurance from a range of options, this is somewhat lower than the national average (93%). Conversely, a large proportion of Ngāi Tahu members (84%) understand that one partner is entitled to a share of the other's house when separating after four years, and this is higher than the national average (78%).

DETAILED KNOWLEDGE FINDINGS

Investing

When asked which is generally considered to make the most money over the next 15 to 20 years, opinion is varied; 38% say fixed interest investments, 30% say a range of shares and 29% say a savings account. Compared to the national picture, Ngāi Tahu members place more emphasis on a savings account and less emphasis on fixed interest investments.

When asked how to reduce risk, Ngāi Tahu members most commonly understand the impact of changing from high risk to low risk investments (82%), followed by diversifying investments (66%) and capital guaranteed investments (46%). While these levels of knowledge are on par with the national averages, more Ngāi Tahu members believe that solely investing in property is a way to reduce risk (25% compared to the national average of 15%). This may reflect a difference in values regarding what they should be investing in for their future and future generations.

When asked what factors to take into account when looking at investment offers, Ngāi Tahu members are most likely to consider risk factors (73%) and the likely return (64%).

In terms of specific risk factors, Ngāi Tahu members are more likely than New Zealanders generally to evaluate the specific organisation offering the investment (35% compared to 27%).

Most can recognise signs of a scam, such as the promise of very high returns with little risk (92%) and the offer only being made to a select few people (92%). Fewer believe that if the minimum amount they say has to be invested keeps reducing, this might be a scam (62%, which is lower than the national average of 74%). Most (80%) think an investment offer would not be a scam if it was offered by a well known reputable financial organisation.

Most recognise that an investment with higher than average return is likely to have a higher than average risk (90%). Further, most recognise that even with good share investments, in the short term the value can usually be expected to fluctuate (88%).

When asked about an investment advertised as having a good return well above market rates, half (51%) correctly say it would be too good to be true while a somewhat smaller proportion (42%) would recommend investing lightly to 'see how it goes'.

DETAILED KNOWLEDGE FINDINGS

Financial advice

A large majority (94%) know it is important to read and understand the investment statement that explains details about the investment (although this is lower than the national average of 97%). Similarly, 94% know to ask about a financial advisor's qualifications and experience.

Only around three quarters (76%) know it is important to find out how a financial adviser is being paid and, similarly, only 75% know about the requirement for financial advisors to provide a disclosure statement.

Understanding financial terms

Knowledge of the meaning of financial terms is highest for savings (91%), term deposits (82%) and assets (76%) and is lowest for capital gain (68%), liability (64%) and real rate of return (56%). Ngāi Tahu members' knowledge of these terms is in line with that of all New Zealanders with the exception of real rate of return, understanding of which is significantly lower (56% compared to 66% nationally).

Around nine in ten (88%) know that gross salary means before tax.

Numeracy

Ngāi Tahu members' basic addition, subtraction and multiplication, as tested by questions about bank statements and savings is lower than the national averages on two counts: the ability to calculate the time it would take to save a set amount (65% compared to 74% of all New Zealanders) and the ability to calculate the amount available for saving in a given scenario (74% compared to 80% of all New Zealanders). Ngāi Tahu members are on par with national averages on two other elements of this test.

ATTITUDES AND BEHAVIOURS FINDINGS

This section looks at what Ngāi Tahu members think about money, and what they do. The answers people give to these questions are not counted when calculating the score that measures how much they know.

How do people feel about managing money and their financial situation?

Most Ngāi Tahu members feel confident about managing their financial affairs, feel they are personally responsible for their financial future, and describe their financial situation as either better or the same as 12 months ago.

However, there is a significant group of Ngāi Tahu members for whom managing their financial situation is not so easy.

Around one in seven Ngāi Tahu members (14%) say they have difficulty managing their money. This is higher among the low knowledge group (21%). Among those who have difficulty, 50% say they don't have enough money and 40% say they don't have self control in regard to spending and budgeting.

One third of Ngāi Tahu members (33%) are more concerned about their financial situation than 12 months ago. Over a third (38%) have experienced financial strain over the past 12 months. One quarter (24%) have been unable to keep up with some type of payment.

Those with lower financial knowledge tend to hold more negative attitudes towards managing money and their financial situation. For example, they are less likely to feel confident about managing their financial affairs, less able to cope with a major loss of income and more likely to feel out of control with their borrowing and debt generally.

What thought do people give to retirement?

Ngāi Tahu members think less about retirement than the average New Zealander. While half of Ngāi Tahu members think about retirement 'a lot' or 'a fair amount' (49% compared to the national average of 56%), the other half only think about retirement 'a little' or 'not at all' (50% compared to the national average of 44%). People give more thought to retirement as they get older.

The perception that NZ Super means there is no need to save for retirement is more common among Ngāi Tahu members than New Zealanders generally (69% disagree with this statement compared to the national average of 76%).

Over a third of Ngāi Tahu members (36%) belong to KiwiSaver, which is higher than the national average (29%). There is a common perception among Ngāi Tahu members, however that people with KiwiSaver will have an adequate retirement (28% agree compared to the national average of 21%).



ATTITUDES AND BEHAVIOURS FINDINGS

How do people plan and manage their money?

Four in five (79%) Ngāi Tahu members have financial goals. Of these, less than a third have the goals written down.

Three in five (60%) Ngāi Tahu members have a budget. Those with low financial knowledge are less likely to have a budget (50%).

Over a third (37%) say they keep a fairly close eye on expenses without keeping a written record, while 31% keep written or electronic records, and 19% say they keep an eye on their expenses 'a bit'. There is a small but notable proportion of Ngāi Tahu members who don't keep an eye on expenses at all, and this proportion is higher than the national average (12% compared to 5%).

Compared to the national average, Ngāi Tahu members are less likely to save on a regular basis (42% compared to the national average of 49%). Consistent with this, Ngāi Tahu members are also more likely to say they spend all of their income as they get it (24% compared to the national average of 16%).

Where do people get financial advice and information?

Ngāi Tahu members actively seek help in financial matters with four in five (80%) having sought financial advice or information in the last 12 months. Banks are the main source (52%), followed by friends or relatives (38%). Around a quarter (27%) of Ngāi Tahu members have used the Retirement Commission's Sorted website or booklet in the last 12 months and 47% have used these Sorted resources at some point in time (this last proportion is notably higher than the national average of 34%).

What financial products do people have and use?

Ngāi Tahu members' use of financial products tends to be either on par or above that of all New Zealanders. Ngāi Tahu ownership of products is significantly lower than the national average for just three products: high interest call accounts, term deposits, and credit cards.

ATTITUDES AND BEHAVIOURS FINDINGS

	Ngāi Tahu %	New Zealand %
Sample size	(n=400)	(n=850)
Cheque/transaction/current account	90	87
Savings account	82	85
High interest call account	11	17
Term deposit/term investment	22	28
Unit Trust/Managed fund	16	11
Other deposit accounts	17	17
Shares	18	22
KiwiSaver	34	29
Other work based superannuation	20	14
Personal retirement savings	21	18
Mortgage on home live in/holiday home	32	27
Mortgage on other properties owned	10	10
Personal loan	19	17
Personal overdraft	35	23
Revolving credit	8	8
Government student loan	18	15
Credit card	60	66
Store card	29	24
Lease or hire purchase	21	15
House/contents insurance	79	69
Vehicle insurance	80	73
Private health insurance	43	40
Internet banking	53	47

Green number indicates statistically significantly higher results than the national average

Red number indicates statistically significantly lower results than the national average

Additional analysis shows that product ownership tends to be lower among the low knowledge group.



WHERE TO FROM HERE

The Survey has created a foundation for Ngāi Tahu to build on its financial education strategy for Ngāi Tahu Whānui and for whānau and hapū across Aotearoa.

The primary task in front of Ngāi Tahu and its partners is to assist all to grow their financial knowledge, particularly those in the medium and low knowledge groups. As this is a first for Ngāi Tahu, the Survey will be good to provide a useful direction for the development of resources to address those knowledge gaps identified.

There are indications that people forget some knowledge, particularly if it is not directly relevant to them or if it is not used regularly. This signals that information and educational tools need to be continually visible.

Ngāi Tahu is working towards conducting another financial knowledge survey in conjunction with the Retirement Commission when this is next initiated. It is hoped future surveys will over time show the success in which Ngāi Tahu, alongside other financial education providers have helped in creating stronger communities.

A copy of this Summary Report and the full
Colmar Brunton Research Report can be found
on www.whairawa.com and
www.financialliteracy.org.nz or www.anz.co.nz



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