

*ANZ Survey of Adult Financial
Literacy in Australia*

November 2005

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1 Executive Summary

1.1 Introduction

This is a report on Australia's second national survey into the financial literacy levels of adult Australians. The first national survey was conducted in 2002. The 2002 survey set a benchmark for ongoing measurement of financial literacy across the adult population.

In 2005 the survey of 3,500 adult Australians has been repeated. Most of the questions asked in 2002 have been asked again and some new questions have been added.

Survey findings confirm that we are a financially literate society, but that certain groups have particular challenges that need to be addressed and that certain financial skills, services and products are not as well understood or utilised as they should ideally be. As in the 2002 survey, differences of understanding were found both between population groups and between financial products. For example, those with a lower level of formal education had lower levels of financial literacy and all population groups found superannuation issues more difficult than basic banking.

The project was commissioned by ANZ, conducted by ACNielsen Research and overseen by a Steering Committee.¹

1.2 The Survey

1.2.1 What is financial literacy?

Financial literacy is about enabling people to make informed and confident decisions regarding all aspects of their budgeting, spending and saving and their use of financial products and services, from everyday banking through to borrowing, investing and planning for the future.

This report adopts the following definition of financial literacy:

*"The ability to make informed judgements and to take effective decisions regarding the use and management of money."*²

Financial literacy has become an increasingly important requirement for functioning in modern society and trends in work patterns, demography and service delivery suggest that it will become even more important in the years ahead.

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¹ Membership of the Steering Committee changed slightly over the course of the project. Those involved at any stage included Jane Nash (Head of Government & Regulatory Affairs, ANZ); Delia Rickard (Deputy Executive Director, Consumer Protection, ASIC); Carolyn Bond (Manager, Consumer Credit Legal Service Victoria and Chair of the Australian Consumers' Federation of Australia); Catherine Wolthuizen (then Financial Services Policy Officer, Australian Consumers' Association) and Andrew Jenkinson (Market Research Manager, ANZ).

² Schagen, S. "The Evaluation of NatWest Face 2 Face With Finance": NFER, 1997 (this definition was adopted from UK research with a view to international consistency).

Improvements in financial literacy can not only support social inclusion, but also enhance the contribution that the financial services sector makes to the nation's wellbeing.

1.2.2 Survey Methodology

The survey involved a telephone survey of over 3,500 randomly selected people aged 18 and over across Australia. The achieved sample matched the age, sex and area characteristics of the Australian population very closely.

The survey was conducted from 21 April to 3 July 2005 and provided an updated snapshot of financial literacy across population segments and financial skills, products and services. As in 2002, core questions were asked of all respondents, while other questions were asked of particular sub-groups or other relevant people. Knowledge was tested against an individual's needs and circumstances rather than the entire array of financial products and services, some of which they will neither use nor need. For example, only those under 65 employed with superannuation were asked specific questions about superannuation.

In interpreting survey responses, the same measure of individual financial literacy that was developed and used in the 2002 survey was used. It is based on an average of responses to relevant questions, each of which had a scale from -2 to +2. Respondents were then assigned to one of five financial literacy quintiles (20% of the population) according to their average financial literacy score.

1.3 Key Findings

Below are highlights of what the Steering Committee and ACNielsen Research considered to be some of the most important results. A comparison of 2005 results with 2002 results confirms our belief that raising general financial literacy levels is a long-term project.

1.3.1 Overall Findings

The survey results show that most Australians have a reasonable level of financial literacy.

Some of the positive results from the survey were:

- The high level of banking inclusion in Australia, as compared with some other countries³, with 97% of the consumers surveyed having an everyday banking account – the same level as in 2002;

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³ In the UK 6%-9% of individuals were estimated to be 'unbanked' ('Access to Current Accounts – a Report to the British Bankers' Association', Elaine Kempson and Clare Whyley, BBA, August 1998 and in the US the estimate is 9.7% of households, the Federal Reserve Board, Capital Connections, Vol3, No.2, Spring 2001).

- eighty four per cent (84%) felt 'well informed' when making financial decisions, up from 80% in 2002;
- substantially more people knew how to use and used newer payment methods in 2005: usage of electronic channels rose markedly with the strongest rises in Internet banking (from 28% to 40%), BPay (from 36% to 46%) and Direct Debit (from 50% to 60%); and
- there was a good understanding of some of the basics of superannuation, with 97% of people surveyed knowing that their employers were required to make superannuation contributions on their behalf - unchanged from 2002 - while 92% understood they can make additional superannuation contributions (91% in 2002).

Consumers also seemed to have a good appreciation of some of their responsibilities, with:

- ninety four per cent (94%) understanding the importance of making honest and complete disclosure of their needs and circumstances – up from ninety-one per cent (91%) in 2002; and
- eighty-eight per cent (88%) appreciating the importance of PIN security and the ramifications of breaching it – a similar level to 2002 when it was eighty nine per cent (89%).

While the overall results of the survey tell a positive story, the main focus for policy makers, educators, financial institutions and consumer groups, among others, must inevitably continue to be on the problem areas. These are discussed below in relation to differences in financial literacy between population groups, as well as in relation to different financial skills, products and services.

1.3.2 How different groups performed

As in the 2002 survey, one of the clearest findings from the survey was the strong correlation between financial literacy and socio-economic status. The lowest levels of financial literacy were associated with:

- those having lower education (Year 10 or less);
- those not working for a range of reasons or in unskilled work;
- those with lower incomes (household incomes under \$20,000) ;
- those with lower savings levels (under \$5,000);
- single people; and
- people at both extremes of the age profile (18–24 year olds and those aged 70 years and over).

1.3.3 Mathematical Ability

The survey found that the population as a whole had reasonably good mathematical skills, but in 2005 fewer people gave correct answers for five out of the six questions with the multiplication question posing a particular challenge as it did in 2002. The mathematical ability of those in the lowest quintile for financial literacy was markedly below that of other quintiles. For example, fifty per cent of those in the lowest quintile were unable to calculate fifty per cent of \$1400.

1.3.4 Understanding of Investment Fundamentals

Findings were very similar to those in 2002. On the positive side, most people (85%) knew that high returns generally meant high risk. However, many people did not apply the concept when presented with specific scenarios.

For example, when faced with an investment advertised as having a return 'well above market rates at no risk', 47% would have made some level of investment – the same result as in 2002. This result brings to mind the millions of dollars Australians lose through investment scams each year.⁴

The survey found a mixed level of knowledge of other investment basics. For example:

- ninety three per cent of respondents with investments (91% in 2002) recognised the importance of diversification to some extent, although only 49% considered it *very important* (51% in 2002);
- just over one third of adult Australians with investments did not understand that good investments can have short-term fluctuations in market value (37% in 2002).

1.3.5 Planning for Retirement

In 2002 we found that:

- overall, respondents understood the basics of superannuation and recognised its importance;
- a little over one third of people had worked out how much they needed to save for their retirement; and
- only 56% of those with superannuation were aware that it is taxed at a lower rate than other investments.

These findings have not changed. In 2005, however, it appears that some people have become a little more realistic about how comfortably their superannuation will provide for them in retirement. In 2002, 37% of people under 65 with superannuation

expected to live 'about as comfortably as they are living now' and in 2005 this fell to 34%. Also, in 2002, 37% expected to live 'less comfortably than now but getting by okay' and in 2005 this rose to 40%.

Choice of superannuation fund was introduced in 2005 and became available from 1 July. The conduct of this survey coincided in part with a campaign to raise awareness of the introduction of choice in superannuation. Fifty five percent of people were aware of its introduction.

Most people, 77%, understood that the best indication of the performance of a superannuation fund from the options provided was "return minus fees". But, over 40% of people could not suggest any of the types of things that people do, such as choosing a fund with high fees and charges that result in the final value of their superannuation being reduced. While 37% sensibly suggested they would take fees and charges into account many people were not clear on the factors they should take into account. For example, 20% said they would consider the short-term performance of the fund which is not a good guide to future performance.

1.3.6 Understanding of Financial Records

The survey tested the extent to which people read and retain statements and the things they look for in their statements. The results varied.

Around 90% of people said they received and read their bank account statements and their credit or store card statements. Seventy six per cent of people said they received and read their superannuation account statements. Of those who did not read their superannuation statements, 39% said it was that they "couldn't be bothered" and 29% said they found them "too difficult" to understand.

For those who read their bank account and credit or store card statements the most common thing they looked for was that "everything is correct". In the case of bank accounts, one third checked the account fees. On superannuation statements, the most common thing looked for was the value of the investment (44%). Around one third looked at the performance of the fund.

1.3.7 Consumer Awareness

1.3.7.1 Payment Methods

Having a working knowledge of the different ways in which goods and services can be paid for, and their strengths and weaknesses, is an essential element of good money management.

In 2002, the survey found a high level of familiarity with cash and common payment methods such as ATMs, cheques, EFTPOS and credit cards. Fewer people knew how to use newer payment methods such as Internet banking, BPay and direct debit.

In 2005, substantially more people know how to use and have used newer payment methods. Usage of electronic channels rose markedly with the strongest rises in Internet banking (from 28% to 40%), BPay (from 36% to 46%) and Direct Debit (from 50% to 60%).

1.3.7.2 Fees and Charges

Fees and charges impact on the cost of conducting financial transactions, owning financial products and the returns that can be expected from investment.

Eighty per cent of people took steps to minimise their bank fees and charges. A range of approaches were taken with the most common being to keep the number of bank account transactions within the account's fee-free threshold and where people could, paying off the balance on their credit card in full each month so as not to incur interest charges.

Sixty per cent of people with investments did not recognise that an adviser who works only for fees was more likely to offer impartial advice than advisers who work for commissions. This question was not asked in this survey in 2002 but the issue was explored in the qualitative stage of the research. Findings from the qualitative research in 2002 indicated a lack of understanding of how commissions operate and the potential for conflicts of interest.

1.3.7.3 Resolving Disputes

The best known external dispute resolution scheme in Australia is the Banking and Financial Services Ombudsman Scheme. Thirty-five per cent of consumers said they would go to the banking ombudsman if they had a problem with a banking product, up from 21% in 2002. Just under 20% of people could not suggest anywhere to go if they had a problem with a banking product.

Similarly, around 20% of consumers with a problem with an insurance product could not suggest anywhere to go for help, down from around a quarter in 2002. For help with a problem relating to a financial planner or adviser, around a quarter of people could not suggest anywhere to go, a similar level to 2002. For help with a problem relating to superannuation and managed funds, as in 2002, around one third of consumers could not suggest anywhere to go.

Licensed financial service providers in Australia are required by law to offer their customers access to an independent external dispute resolution scheme. Where a consumer has a problem, the financial institution is generally *required* to tell them about the external dispute resolution scheme(s) available, where it does not resolve a complaint to the customer's satisfaction. This should be kept in mind in interpreting some of the findings in this section of the survey.

More concerning is the finding that, as in 2002, around 40% of consumers said they were 'not very confident' or 'not at all confident' about their ability to make an effective complaint against a bank or financial institution.

1.3.8 Behavioural Issues

1.3.8.1 Budgeting, saving and comfort with debt

Attitudes towards saving and budgeting were unchanged from the 2002 survey. In both surveys two thirds of people (67%) tried to save regularly, if they possibly could and just over three quarters of people (76%) kept an eye on expenses. In both surveys, 11% of people said there was “no point in trying to save as there’s never enough money” and around one quarter have problems setting aside money for major financial outlays.

Almost three quarters of people are comfortable with the level of debt they carry and 80% said they felt in control of their general financial situation. A sizeable proportion (17%) said they fluctuate between being ‘in control’ and ‘out of control’ and a very small proportion (3%) said they felt out of control either most or all of the time. Asked specifically about whether they felt out of control with their borrowing and credit card generally, seven per cent agreed, unchanged since 2002.

1.3.8.2 Shopping Around

In 2002, the survey found that people shop around most for major items such as loans (46%), insurance (51%), mortgages (56%) and investments (56%), and less in choosing a financial specialist (24%), superannuation product (23%)⁵ or bank account (33%).

In 2005, the level of reported shopping around was generally lower. People shopped around most for investments (49%), mortgages⁶ (48%) and insurance (42%). Shopping around was less for loans (39%), bank accounts (27%) and financial planners (25%). Twenty seven per cent said they shopped around when arranging a new superannuation fund, but this is not comparable with the 2002 figure as this time the question was asked only of those who had been able to choose.

Reasons for not shopping around varied, but the most common responses as in 2002 were:

- “happy with current provider”; and
- “just going with what was recommended by a financial expert”.

In the case of choosing a financial planner, however, the key factor appeared to be a recommendation from a friend or family member, with one third saying they “went with what was recommended by a friend or family member”.

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⁵ The low proportion of shopping around for superannuation products was due, at least in part, to lack of ability for many people to exercise choice of superannuation provider.

⁶ Increased usage of mortgage brokers makes interpretation of responses to this question difficult as some respondents may see mortgage brokers as doing their shopping for them and therefore regard it as shopping around while others may not see it that way.

1.3.8.3 *Consumer Education and Information*

The survey sought unprompted responses from consumers about whether they would like further education or information in relation to their finances, on what topics and how they would prefer to receive it.

Over half of consumers said they would like further education or information on financial matters. Those who wanted further education were younger, aged up to 34 and the most frequently mentioned topics were investing and superannuation, each mentioned by around a third of people.

The preferred way to receive information was through the Internet for all topics mentioned as being of interest.

1.4 The Way Forward

Since the release of the first national survey into the financial literacy of adult Australians in May 2003, financial literacy has received considerable attention. In particular, the Australian Government has established a Financial Literacy Foundation with the goals:

- To raise and measure awareness of financial literacy and its benefits;
- To provide consumers and stakeholders with well-organised and accessible information to enable them to link to financial literacy information and resources; and
- To raise financial literacy levels in the Australian community⁷.

The survey released in 2003 raised a range of issues for financial institutions, governments, educators and the community sector. The 2005 survey confirms that raising the financial literacy levels of Australians is a long-term endeavour. The key issues identified in 2003 remain a challenge, particularly the difficulties confronting those groups whose social functioning is impeded by low levels of financial literacy.

It is also hoped that provision of robust statistical data on a broad range of issues will help with the development of more effective targeting of strategies to improve the financial literacy of consumers, especially those groups identified as having difficulties.

2 Introduction to the Report

2.1 Background

Australian consumers need to be able to access and use financial products and services in order to manage their day to day finances, build assets and provide for their retirement. A key challenge consumers face in doing this is the increased complexity of financial products and services, following financial system deregulation, development and uptake of new ways of delivering financial services, and changes to laws that affect financial services, particularly in superannuation.

To operate effectively in today's financial system consumers must have a level of financial literacy sufficient to deal with the level of complexity and volume of information associated with a modern, competitive system.

In 2002, ANZ pioneered Australia's first national survey of adult financial literacy in order to better understand these issues. The research had three objectives:

- To better understand the needs of customers;
- To respond to those needs in the way products and services are developed and in the way ANZ communicates with customers; and
- To help inform public policy, particularly as it relates to low literacy segments.

The research outcome highlighted that many Australians have a good foundation of basic skills, but it was clear that certain socio-economic groups faced challenges. As a result, ANZ committed to three actions in order to improve Australian financial literacy:

- To update the financial literacy research every two years to provide on-going measurement;
- To integrate the learnings from the survey into ANZ business operations; and
- To invest in community partnerships to deliver adult learning programs that will support those sections of the community who will benefit the most from increased financial literacy.

Following the 2002 study, a number of government and private sector groups undertook further research relating to the study of financial literacy.

In 2004, the Minister for Revenue and Assistant Treasurer, Senator Helen Coonan, appointed the Consumer and Financial Literacy Taskforce to develop the first ever national strategy for consumer financial literacy. Many financial institutions have also launched initiatives aimed at improving literacy levels. The Financial Literacy Taskforce recommended the establishment of the Financial Literacy Foundation, which was established by the Federal Government and launched in June 2005.

In 2005, ANZ returned to update the landmark financial literacy research of 2002, providing the first tracking data focused on financial literacy published in Australia.

There were two primary phases to the 2005 study:

- Follow-up of the large-scale quantitative study focusing on financial literacy undertaken in 2002; and
- Qualitative investigation of personal debt focusing on the reasons people get into financial difficulty with their borrowings.

2.2 Definition of Financial Literacy

This report uses the definition of financial literacy developed by the National Foundation for Educational Research (NFER) in the UK.

Financial literacy is:

*“The ability to make informed judgements and to take effective decisions regarding the use and management of money”.*⁸

The Steering Committee for both the 2002 and the 2005 studies adopted this definition of financial literacy.

2.3 Research Objectives

The research objectives of the 2005 study are:

- To monitor how financial literacy levels have changed since the 2002 benchmark study;
- To better understand the extent of financial difficulty particularly for those with borrowings; and
- To continue to help inform public policy, particularly as it relates to low financial literacy segments.

2.4 Steering Committee and Research team

Both the quantitative and qualitative phases of the 2005 research were overseen by a Steering Committee.

The Steering Committee membership changed during the course of the project and consisted of:

- Jane Nash (Head of Government & Regulatory Affairs, ANZ);

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⁸ Schagen, S. “The Evaluation of NatWest Face 2 Face With Finance”, NFER, 1997.

- Delia Rickard (Regional Commissioner & Deputy Executive Director, Consumer Protection & International, Australian Securities & Investments Commission);
- Carolyn Bond (Manager, Consumer Credit Legal Service; Chair, Consumer Federation of Australia);
- Catherine Wolthuizen (then Financial Services Policy Officer, Australian Consumers' Association); and
- Andrew Jenkinson (Market Research Manager, ANZ).

The research team consisted of

- Dr Richard Sandlant (Director, ACNielsen Customised Research – Financial Services)
- Alastair Harris (Senior Manager, ACNielsen Customised Research – Financial Services)
- Nick Barker (Associate Director, ACNielsen Customised Research – Financial Services)

2.5 Research Design

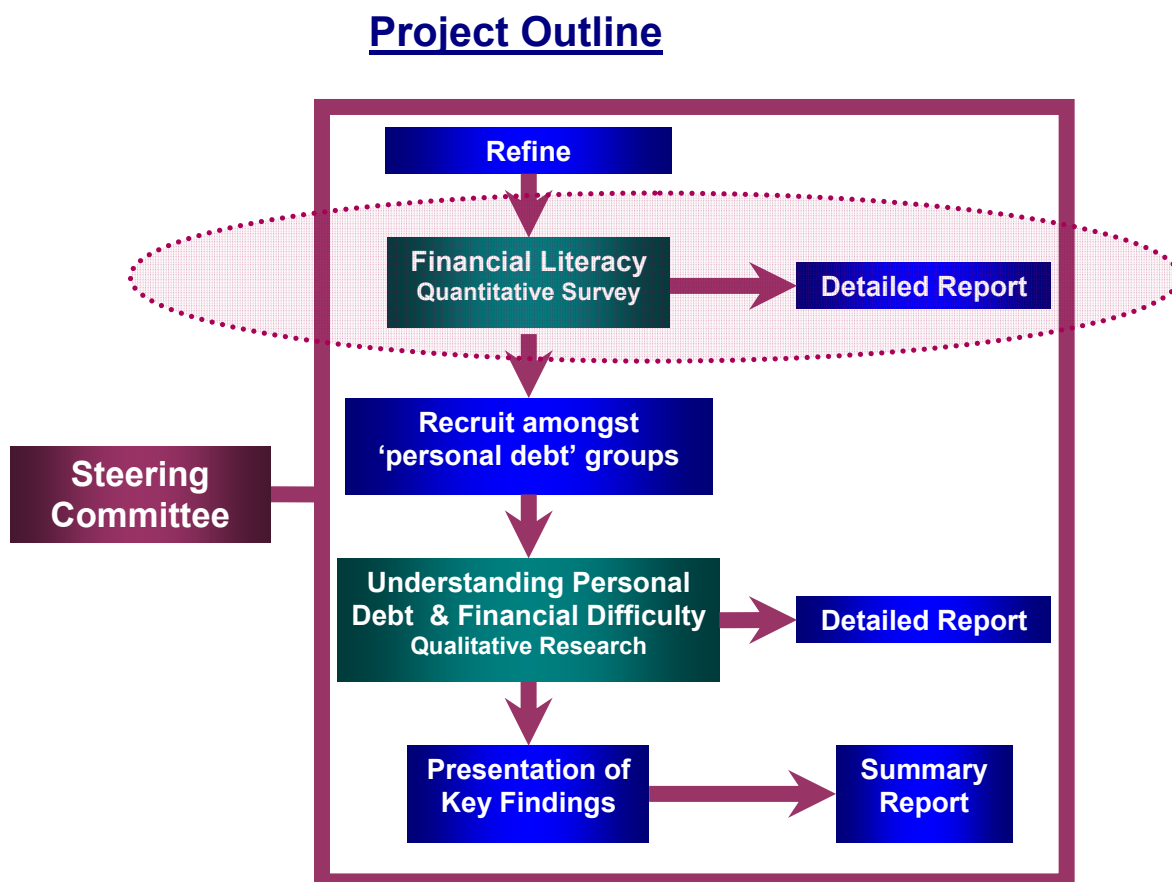
Given that this was a repeat measurement of an existing study, and that comparative data was required, the methodology and survey materials employed were kept as consistent as possible. However, there were some differences which are detailed below.

The first round of ANZ Financial Literacy research in 2002 was comprised of a quantitative phase (n=3,500) conducted by telephone interview and a qualitative phase (face to face interviews; n=200) in order to examine those topics that could not be properly tested over the phone. A number of self-appraisal questions were asked which were then tested in the qualitative phase.

Improving adult financial literacy levels is a long-term task and the expectation was that there would be little change between the 2002 survey and the 2005 survey. It was therefore decided not to repeat the original qualitative stage in 2005 but instead to undertake a new qualitative investigation into why some people get into financial difficulty, including the role played by financial literacy.

A number of additional questions were also included in the 2005 study, focusing on attitudes and behaviour with respect to superannuation, retirement income products, and issues surrounding borrowings and financial control. For the full list of questions, please refer to Appendix 1 - Questionnaire.

The diagram below illustrates where this quantitative report fits in to the overall 2005 financial literacy project outline.



2.5.1 Financial Literacy Framework

In order to benefit from prior research, a framework of adult financial literacy skills and knowledge for the UK, developed by the UK's Adult Financial Literacy Advisory Group, was revised in 2002 into a draft framework for Australia.

The framework was organised into 4 main sections:

- Mathematic literacy
- Financial understanding
- Financial competence
- Financial responsibility

Two broad levels of financial literacy were incorporated into the framework:

- Basic Requirement: the minimum essential level of literacy needed (eg. Being able to perform simple mathematical calculations);
- Advanced Competence (eg. Being able to understand compound interest).

The original framework is reproduced for reference in Appendix 3. The framework informs the questions and analysis approach taken in this research report.

2.5.2 Target Population

The target population for this study was all Australians aged 18 years and over.

2.5.3 Interviewing Methodology

Interviews were conducted over the telephone using CATI (Computer Assisted Telephone Interviewing). Interviewing was conducted from 21 April 2005 – 3 July 2005 during evenings and weekends. The average questionnaire length was 28 minutes.

2.5.4 Sample Framework

The random sample of 3,513 Australians for this study was sourced from Electronic White Pages (EWP), as had been the case in 2002.

Sample was stratified by state and within state by capital city / non-capital city. The sample sizes for each stratum were in proportion to the population. The large total sample size for this research ensured that sample sizes were large enough at a state level and in proportion with the population.

The sample breakdown from the 2005 study by state and region is shown below.

	Capital City Sample (n)	Non-capital City Sample (n)	Total Sample (n)	Proportion of Total Sample (%)
NSW/ACT	682	513	1195	34%
VIC	649	242	891	25%
QLD	308	355	663	19%
SA/NT	204	116	320	9%
WA	254	94	348	10%
TAS	42	54	96	3%
Total Sample (n)	2139	1374	3513	
Proportion of Total Sample	61%	39%		

2.5.5 Analysis Approach

In order to provide clear and consistent analysis of the large quantity of information presented in this report, the following approach was used:

- Each Chapter has a summary section which provides an outline of the main findings;
- In each Section, charts are provided showing the main findings and providing comparison with the 2002 results (where comparable);
- The commentary first highlights the overall findings, then notes the degree of change (where comparable) from the 2002 study;
- The commentary then examines the implications for the lowest financial literacy groups, and (in most cases) by commentary on the highest financial literacy groups;
- The objective throughout was to clearly identify the demographic groups which were significantly above and below average in the various measures of financial literacy in the report;
- In order to highlight demographic groups which were significantly above and below average, tables are included which show only those demographic variables which were significantly different at the 99% confidence level⁹. Further detail regarding the confidence testing is included in Appendix 4; and
- In order to understand the distribution of financial literacy throughout the adult population, an overall measure of financial literacy for all respondents was used (see next section).

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⁹ In the 2002 study, demographic variables were shown and commented on at the 95% confidence level.

2.6 Financial Literacy Quintiles

In order to understand the distribution of financial literacy throughout the adult population, an overall measure of financial literacy for all respondents was required. In order to achieve this, each respondent's answers to a list of questions designed to test financial literacy were allocated a value between +2 and -2.

The list of questions is documented in Appendix 1.

As not all respondents were asked the same number of questions, each respondent's score was averaged over the number of questions he/she was asked. The process was as follows:

- Respondents accumulated a total score based on the question scores.
- Each respondent's total score was multiplied by 100,000 and divided by the number of scored questions they were asked. (Due to the randomisation process as well as the normal effects of question sequencing, not all respondents were asked the same number of scored questions; therefore this averaging process was needed to adjust for that.)

The respondents were then assigned to a financial literacy Quintile¹⁰. The Quintiles were as follows:

Quintile Groupings	Level of Financial Literacy	Average Survey Response
Level 1	Lowest	20%
Level 2		20%
Level 3		20%
Level 4		20%
Level 5	Highest	20%

Base: all respondents (n=3513)

¹⁰ In the 2002 study a similar methodology was used to produce financial literacy deciles. Further analysis showed that the distinctions between the different levels of financial literacy were more clearly demonstrated by combining the deciles into quintiles (splitting the population into five equal groups of 20% each).

2.6.1 Overview of Financial Literacy Quintiles

The largest difference between the Quintiles was between the two extremes, the lowest level of financial literacy (Quintile level 1) and the highest degree of financial literacy (Quintile level 5).

Quintile Summary					
Demographic	Most likely (Quintiles)				
	1 20%	2 20%	3 20%	4 20%	5 20%
Gender	Female (25%)				Male (24%)
Age	18-24 years old (33%) & 70 years + (37%)				35-44 years (25%) & 45-59 years (24%)
Employment	Not working (31%)			Full time (23%)	Full time (24%) & Self employed (30%)
Life stage	Single living alone (26%)				Couple children at home (24%)
Education	Primary/ some secondary (43%) & Passed year 10 (28%)			Degree (25%)	Degree (29%)
Work status	Semi skilled (34%), Unskilled (38%) & No occupation (46%)	Semi skilled (27%)		Professional (26%)	Professional (27%) & Owner/ execs inc small business (33%)
Home ownership		Renting (27%)			
Personal income	Less than \$50k (25%), less than \$20k (31%)	Less than \$50k (23%), less than \$20k (25%),		\$50k or more (26%), \$50k-\$69k (25%), \$70k or more (28%)	\$50k or more (30%), \$70k or more (36%)
Household income	Less than \$20k (37%)			\$100k or more (24%), \$60-\$99k (25%)	\$100k or more (30%)
Savings	Less than \$100k (25%), less than \$5k (34%)	Less than \$100k (23%), less than \$5k (26%)		\$100K or more (23%)	\$100K or more (32%), \$250k or more (36%)
Home value	Less than \$175k (29%)			\$300-499k (23%)	\$300-499k (23%), \$500k or more (29%)
Mortgage debt				\$250k or more (27%)	\$250k or more (30%)
Non mortgage debt	Less than \$500k (24%)				
Level of control	Out of control all/ most of the time (33%) & Fluctuates b/w in and out of control (29%)				

Quintile Summary					
Demographic	Least likely (Quintiles)				
	1 20%	2 20%	3 20%	4 20%	5 20%
Gender	Male (16%)				Female (16%)
Age	35-44 years (16%) & 45-59 years (14%)			18-24 years (13%) & 70+ years (12%)	18-24 years (10%)
Language					Other language (13%)
Employment	Working (15%), full time (12%)		Not working (16%)		Casual (11%)
Life stage	Couple children at home (16%)				Single live in shared HH (13%) & Single parent (12%)
Education	Degree (10%)	Degree (16%)			Primary/ some secondary (7%) & passed year10 (13%)
Work status	Professional (11%), semi professional (13%) & other white collar (15%)	Professional (15%) & owner execs inc small business (10%)		Semi skilled (13%)	Semi skilled (10%) & Unskilled (8%)
Home ownership	Paying off (13%)				Renting (14%)
Personal income	\$50k or more per year (8%), \$35-\$49k per year (15%), \$50-\$69k per year (9%), \$70k or more (6%)	\$50k or more per year (15%), \$70k or more (11%)		Less than \$50k (16%), less than \$20k per year (14%)	Less than \$50k (15%), less than \$20k per year (12%)
Household income	\$100k or more per year (10%), \$60- \$99k (10%)	\$66-99 (16%)			Less than \$100k per year (17%), less than \$20k (9%)
Savings	\$100k or more (9%), \$50k-\$249k (12%), \$250k or more (7%)	\$100k or more (14%), \$250k or more (12%)		Less than \$5k (14%)	Less than \$5k (9%),
Home value	\$300k- \$499k (13%), \$500k or more (13%)	\$500k or more (15%)			Less than \$175k (10%)
Mortgage debt	\$50k- \$249k (11%), \$250k or more (4%)				
Non mortgage debt	\$10- \$99K (13%)				
Level of control					Out of control all/ most of the time (8%) & Fluctuates b/w in and out of control (12%)

2.6.1.1 Quintile Level One

Quintile level one, the lowest level of financial literacy, had the following demographic characteristics:

- Gender: More likely to be female (25%), less likely to be male (16%). Closer examination of the data showed that the underlying cause was more likely to be lower levels of education and income, rather than gender.
- Age: More likely to be younger (18 to 24 years: 33%) or older (aged 70+ years: 37%). Less likely to be aged 35 to 44 (16%) or 45 to 59 years (14%).
- Education: More likely to have lower levels of education (primary/some secondary: 43%). Less likely to have a degree (10%).
- Life Stage: Less likely to be in a couple with children at home (16%).
- Languages: No significant association.
- Work status: More likely to have no occupation (46%) or to be unskilled (38%), semi-skilled (34%), or not working (31%). Less likely to be working (15%) or full time (12%). Less likely to be professional (11%) or semi-professional (13%) or other white collar (15%).
- Income and savings: More likely to have lower personal income (less than \$20K: 31% and less than \$50K: 25%), lower household income (less than \$20K: 37%) and lower savings excluding the home (less than \$5K: 34% and less than \$100K: 25%). More likely to have low levels of non-mortgage debt (less than \$500k: 24%).
- Home Ownership: More likely to be renting (27%) and less likely to be paying off (13%). More likely to have a lower home value (less than \$175K: 29%).

Financial Literacy Quintile One				
20% of people belong to Quintile One (lowest level of financial literacy)				
Demographic	Least likely to belong to Quintile One		Most likely to belong to Quintile One	
Gender	Male	16%	Female	25%
Age	35 – 44 years	16%	18 – 24 years	33%
	45 – 59 years	14%	70 years +	37%
Education	Degree	10%	Primary/some secondary Passed year 10	43% 28%
Employment status	working Full-time	15% 12%	Not Working	31%
Life stage	Couple – Children at home	16%		
Work status	Professional	11%	Semi skilled	34%
	Semi professional	13%	Unskilled	38%
	Other white collar	15%	No occupation	46%
House ownership	Paying off	13%	Renting	27%
Personal Income	\$50k or more	8%	Less than \$50k	25%
	\$35-\$49k per year	15%	Less than \$20k	31%
	\$50 - \$69k per year	9%		
	\$70k or more per year	6%		
Household Income	\$60 - \$99k per year	10%	Less than \$20k	37%
	\$100k or more per year	10%		
Savings Excl. home	\$100K or more	9%	Less than \$100K	25%
	\$50-249K	12%	Less than \$5K	34%
	\$250K or more	7%		
Home Value	\$300-490K	13%	Less than \$175K	29%
	\$500K or more	13%		
Mortgage debt	\$50-249K	11%		
	\$250K or more	4%		
Non- Mortgage debt	\$10-99K	13%	Less than \$500	24%
	\$100K or more	15%		

2.6.1.2 Quintile Level Two

Quintile level two, the second-lowest level of financial literacy, had the following demographic characteristics:

- Gender: No significant association.
- Age: No significant association.
- Education: Less likely to have a degree (16%).
- Life Stage: No significant association.
- Languages: No significant association.
- Work status: More likely to be semi-skilled (27%) and less likely to be professional (15%) or owners / executive including small business (10%).
- Income and savings: More likely to have lower personal income (less than \$20K: 25% and less than \$50K: 23%) and lower savings excluding the home (less than \$5K: 26% and less than \$100K: 23%). Less likely to have high savings excluding the home (\$100K or more: 14% and \$250K or more: 12%) and/or high household income (\$60-\$99K per year: 16%).
- Home Ownership: More likely to be renting (27%) and less likely to be paying off (13%). Less likely to have high home value (\$500K or more: 15%).

Financial Literacy Quintile Two				
20% of people belong to Quintile Two				
Demographic	Least likely to belong to Quintile Two		Most likely to belong to Quintile Two	
Education	Degree	16%		
Work status	Professional	15%	Semi skilled	27%
	Owners/Execs inc. Small business	10%		
House ownership	Paying off	13%	Renting	27%
Personal Income	\$50k or more	15%	Less than \$50k	23%
	\$70k or more per year	11%	Less than \$20k	25%
Household Income	\$60 - \$99k per year	16%		
Savings Excl. home	\$100K or more	14%	Less than \$100K	23%
	\$250K or more	12%	Less than \$5K	26%
Home Value	\$500K or more	15%		

2.6.1.3 Quintile Level Three

Quintile level three, the middle level of financial literacy, had the following demographic characteristics:

- Gender: No significant association.
- Age: No significant association.
- Education: No significant association.
- Life Stage: No significant association.
- Languages: No significant association.
- Employment / Work status: Less likely to be not working (16%).
- Income and savings: No significant association.
- Home Ownership: No significant association.

Financial Literacy Quintile Three			
20% of people belong to Quintile Three			
Demographic	Least likely to belong to Quintile Three		Most likely to belong to Quintile Three
Employment status	Not working	16%	

2.6.1.4 Quintile Level Four

Quintile level four, the second-highest level of financial literacy, had the following demographic characteristics:

- Gender: No significant association.
- Age: Less likely to be younger (18 to 24 years: 13%) or older (aged 70+ years: 12%).
- Education: More likely to have a degree (25%).
- Life Stage: No significant association.
- Languages: No significant association.
- Work status: More likely to be full-time (23%) and professional (26%). Less likely to be semi-skilled (13%).
- Income and savings: More likely to have higher personal income (\$50-\$69K: 25% and \$70K or more: 28%), higher household income (\$60-\$99K per year: 25% and \$100K or more per year: 24%) and higher savings excluding the home (\$50-\$249K: 24%).
- Home Ownership: More likely to have higher home value (\$300-\$490K: 23%) and higher mortgage debt (\$250K or more: 27%).

Financial Literacy Quintile Four				
20% of people belong to Quintile Four				
Demographic	Least likely to belong to Quintile Four		Most likely to belong to Quintile Four	
Age	18-24 years	13%		
	70 years +	12%		
Education			Degree	25%
Employment status			Full Time	23%
Work status	Semi Skilled	13%	Professional	26%
Personal Income	Less than \$50k	16%	\$50-69K	25%
	Less than \$20k	14%	\$70K or more	28%
Household Income			\$60 - \$99k per year	25%
			\$100k or more per year	24%
Savings Excl. home	Less than \$5K	14%	\$100K or more	23%
			\$50-249K	24%
Home Value			\$300-490K	23%
Mortgage debt			\$250K or more	27%

2.6.1.5 Quintile Level Five

Quintile level five, the highest level of financial literacy, had the following demographic characteristics:

- Gender: More likely to be male (24%) and less likely to be female (16%).
- Age: More likely to be aged 35 to 44 years (25%) and 45 to 59 years (24%). Less likely to be younger (18 to 24 years: 10%).
- Education: More likely to have a degree (29%). Less likely to only have lower levels of education (primary/some secondary: 7%).
- Life Stage: More likely to be in a couple with children at home (24%). Less likely to be single living in a shared household (13%) or a single parent (12%).
- Languages: Less likely to speak a language other than English in the home (13%).
- Employment / Work status: More likely to be full-time (24%) or self-employed (30%) and professional (27%) or an owner executive including small business (33%). Less likely to be casual (11%), semi-skilled (10%) or unskilled (8%).
- Income and savings: More likely to have higher personal income (\$50K or more: 30% and \$70K or more: 36%), higher household income (\$100K or more per year: 30%) and higher savings excluding the home (\$100K or more: 32% and \$250K or more: 36%).
- Home Ownership: Less likely to be renting (14%) or have low home value (less than \$175K: 10%). More likely to have higher home value (\$500K or more: 29%) and higher mortgage debt (\$250K or more: 30%).

Financial Literacy Quintile Five				
20% of people belong to Quintile Five (highest level of financial literacy)				
Demographic	Least likely to belong to Quintile Five		Most likely to belong to Quintile Five	
Gender	Female	16%	Male	24%
Age	18 – 24 years	10%	35 – 44 years	25%
			45 – 59 years	24%
Language	Other Languages	13%		
Education	Primary/some secondary	7%	Degree	29%
	Passed year 10	13%		
Employment status	Casual	11%	Full-time	24%
			Self-employed	30%
Life stage	Single living in shared Household	13%	Couple – Children at home	24%
	Single Parent	12%		
Work status	Semi skilled	10%	Professional	27%
	Unskilled	8%	Owners/Execs inc. Small Business	33%
House ownership	Renting	14%		
Personal Income	Less than \$50k	15%	\$50k or more	30%
	Less than \$20k	12%	\$70k or more per year	36%
Household Income	Less than \$100K	17%	\$100k or more per year	30%
	Less than \$20k	9%		
Savings Excl. home	Less than \$100K	14%	\$100K or more	32%
	Less than \$5K	9%	\$250K or more	36%
Home Value	Less than \$175K	10%	\$300-490K	24%
			\$500K or more	29%
Mortgage debt			\$250K or more	30%

2.6.1.6 Summary of Demographics by Quintile

The following table summarises the key demographic groups over-represented in the lowest and highest Quintiles.

Demographic Summary for all Financial Literacy Quintiles							
Due to rounding percentages may not add up to 100%							
Demographic		Total of sample	Quintiles				
			1	2	3	4	5
		%	%	%	%	%	%
GENDER	Male	49	39	45	49	54	59
	Female	51	61	55	51	46	41
AGE	18-24	13	21	17	11	8	7
	25-34	18	15	16	20	22	18
	35-44	18	14	17	19	19	23
	45-59	27	18	28	29	28	33
	60-69	13	13	12	13	15	12
	70+	11	19	11	8	7	8
BIRTH PLACE	Australia	80	78	81	80	79	83
	Elsewhere	20	18	13	18	16	12
ORIGIN	Aboriginal/Torres Strait Islander	2	3	1	2	2	2
	Other	98	96	99	98	98	98
LANGUAGE	English Only	90	86	88	91	91	94
	Other Languages	10	11	9	6	7	6
EDUCATION	Primary/Some Secondary	10	20	10	7	7	4
	Tech/Commercial/TAFE	11	9	14	14	14	13
	Passed Year 10	15	21	17	15	13	10
	Passed Year 11	8	9	8	8	8	7
	Finished Year 12	16	19	19	17	13	14
	Some Tertiary/Diploma	6	7	10	10	11	12
	Degree or Higher	32	13	22	28	35	39
	Other	1	*	*	1	*	1
	Refused/Can't say	1	2	*	1		*
EMPLOYMENT STATUS/ WORK STATUS	Working	65	48	63	73	70	71
	Not Working	35	52	36	28	30	29
	Full-time	40	24	37	44	47	48
	Part-Time	12	11	14	15	11	10
	Casual	7	8	8	9	5	4
	Freelance	*	1	0	0	0	1
	Self Employed	6	4	4	5	7	8
HOUSEHOLD STRUCTURE/ LIFE STAGE	Single-Living Alone	22	27	25	19	19	19
	Single-Live in shared Household	11	14	13	11	10	7
	Single Parent	7	9	8	7	8	4
	Couple-Children at home	30	23	28	30	35	37
	Couple-No Children at home	28	23	25	31	28	32
	Other	1	2	1	1	1	*
	Can't Say	*	*				
OCCUPATION	Refused	1	1	*	*	*	1
	Professional	25	14	19	26	34	35
	Owners/Execs incl. Small Business	5	4	2	4	6	8
	Sales	6	8	5	7	5	5
	Semi-Professional	8	5	8	9	9	11
	Other White Collar	11	8	10	12	12	12
	Skilled	20	18	24	23	20	16
	Semi-Skilled	11	18	15	9	7	6
	Unskilled	8	14	9	6	5	3
	Farm Owner	2	3	3	2	1	2
	Farm Worker	1	1	2	0	0	0
	No Occupation	2	5	2	1	1	2
	Refused	1	2	*	*	*	

Demographic Summary for all Financial Literacy Quintiles							
Due to rounding percentages may not add up to 100%		Total of sample	Quintiles				
		%	1	2	3	4	5
HOME OWNERSHIP	Own Outright	42	45	39	40	40	46
	Paying Off	33	21	32	36	38	37
	Renting	24	31	28	22	21	16
	Other	1	1	1	1	*	*
	Refused	1	1	*	1	1	
ANNUAL PERSON INCOME	Less than \$20k	22	34	28	19	17	13
	\$20k-\$34k	17	16	19	19	17	14
	\$35k-\$49k	15	11	16	16	16	16
	\$50k-\$69k	14	6	13	17	19	18
	\$70k or more	14	3	8	13	20	26
	Can't Say	9	18	9	7	4	4
	Refused	9	11	7	8	8	9
ANNUAL HOUSEHOLD INCOME	Less than \$20k	10	19	14	8	8	5
	\$20k-\$34k	11	12	13	11	9	8
	\$35k-\$59k	16	15	19	17	18	16
	\$60k-\$99k	21	10	20	23	27	25
	\$100k or more	20	7	15	20	25	31
	Can't Say	13	27	15	12	6	6
	Refused	9	10	6	9	8	9
SAVINGS (Excl. Home)	Less than \$5k	21	37	27	17	15	10
	\$5k-\$49k	28	24	30	30	28	24
	\$50k-\$249k	19	11	17	22	25	24
	\$250k or more	16	5	9	15	20	29
	Can't Say	7	12	6	6	4	3
	Refused	9	10	8	9	8	10
HOME VALUE	Less than \$175k	10	15	12	10	6	3
	\$175k-\$299k	25	25	24	25	24	23
	\$300k-\$499k	34	23	35	31	39	38
	\$500k or more	25	16	19	28	26	32
	Can't Say	6	16	7	4	3	3
	Refused	2	3	2	3	1	2
MORTGAGE DEBT	Less than \$50k	15	16	16	13	15	16
	\$50k-\$249k	29	16	25	33	33	36
	\$250k or more	10	2	9	12	14	17
	Can't Say	3	6	3	2	2	1
	Refused	4	6	5	3	2	2
	No Response	39	54	44	35	34	28
NON-MORTGAGE DEBT	Less than \$500	44	51	45	39	40	42
	\$500-\$10k	26	22	27	29	30	25
	\$10k-\$99k	15	10	16	17	17	19
	\$100k or more	6	3	4	6	7	8
	Can't Say	3	8	2	3	1	1
	Refused	5	6	5	5	5	4

2.6.2 Demographic Analysis of Financial Literacy Quintiles

A number of demographic characteristics were significantly different by financial literacy Quintile.

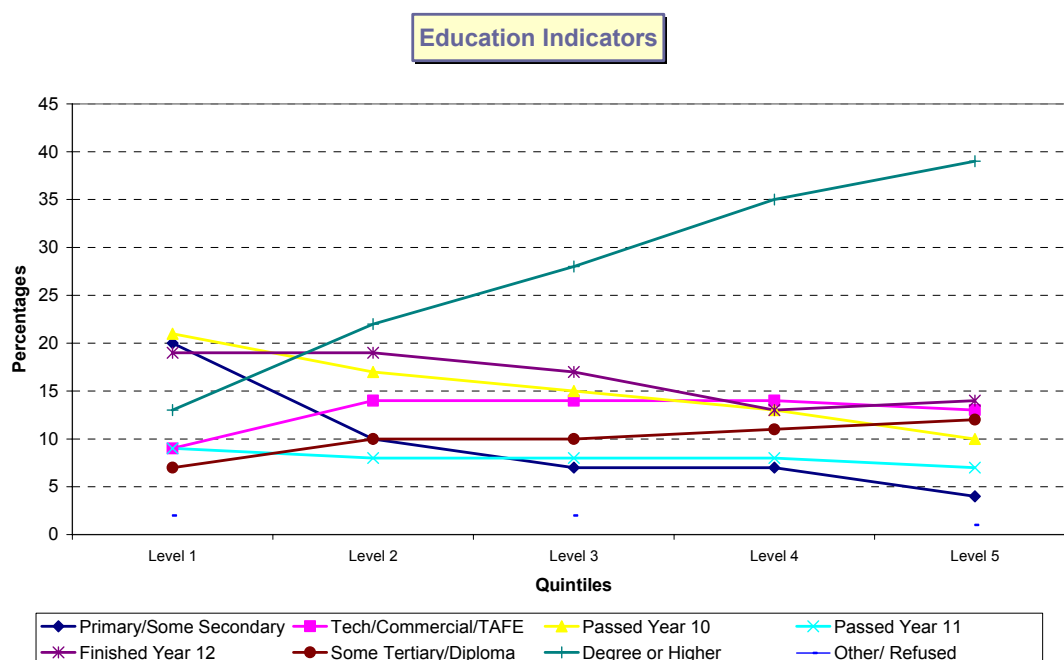
For example, people aged under 25 or over 70 years were more likely to belong to the lowest financial literacy Quintiles (level 1 to 2) whereas those aged between 45 and 70 years were more likely to belong to the highest financial literacy Quintiles (level 4 to 5).

In addition, single people were more likely to be in the lowest financial literacy Quintiles (level 1 to 2) whereas those living as part of a couple were more likely to belong to the highest financial literacy Quintiles (level 4 to 5).

Also, females were more likely to be in the lowest financial literacy Quintiles (level 1 to 2) whereas males were more likely to belong to the highest financial literacy Quintiles (level 4 to 5). Closer examination of the data showed that the underlying cause was more likely to be lower levels of education and income, rather than gender.

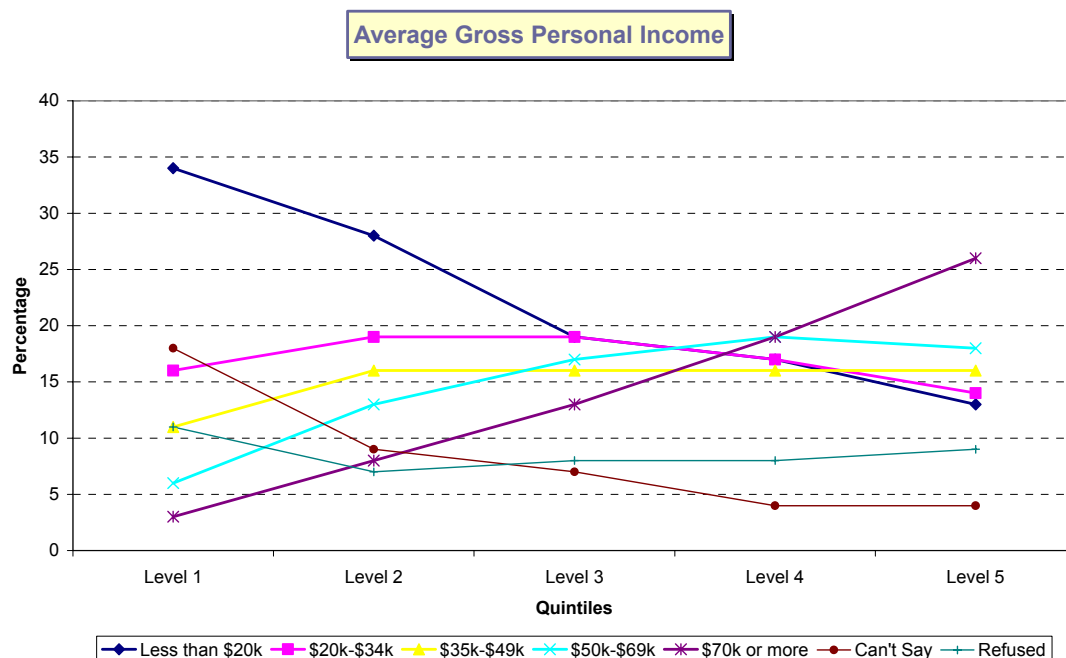
The following sections examine demographic differences in greater detail for education, income, savings and debt.

2.6.2.1 Financial Literacy Quintiles: Education



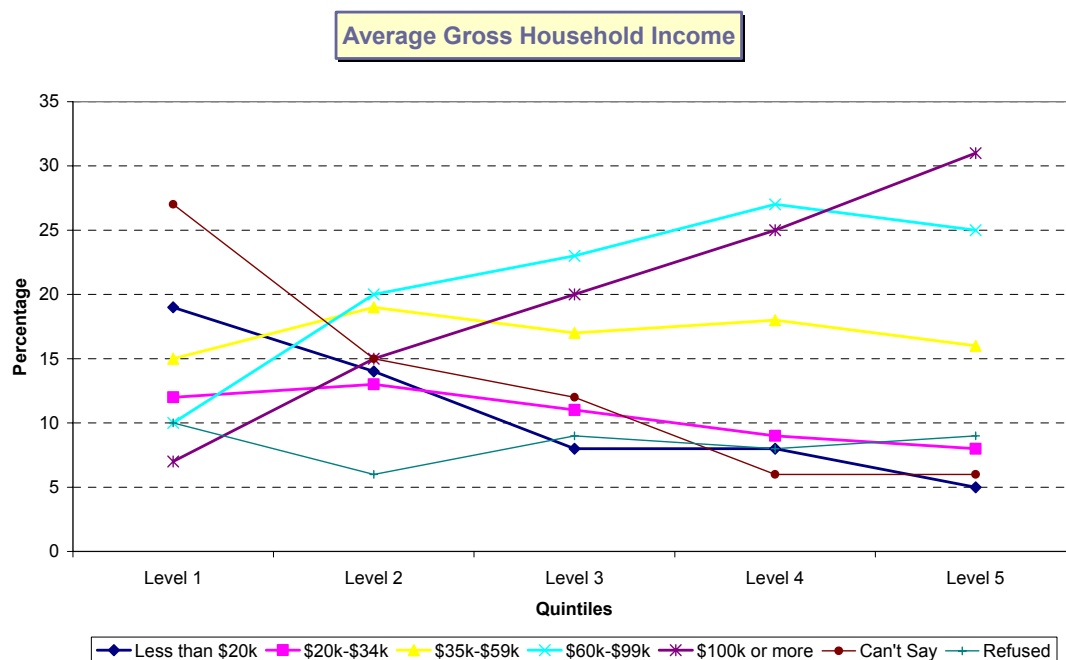
Those with the lowest level of financial literacy (Quintile level 1) were more likely to have a lower level of education (e.g. 20% of those in Quintile level 1 were educated to primary/some secondary level, compared to 4% of those in Quintile level 5). An even stronger relationship is observed for Degree or higher (Quintile level 1: 13% versus (Quintile level 5: 39%).

2.6.2.2 Financial Literacy Quintiles: Average Gross Personal Income



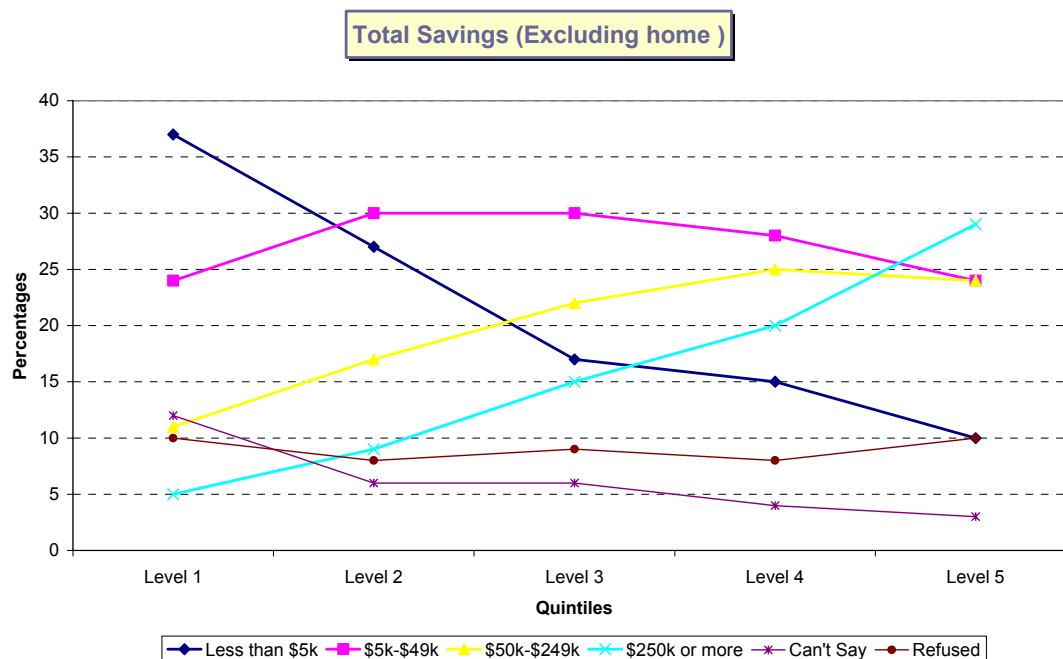
Those with the lowest level of financial literacy (Quintile level 1) were more likely to have lower levels of Personal income (e.g. 34% of those in Quintile level 1 had annual personal income less than \$20K, compared to 13% of those in Quintile level 5).

2.6.2.3 Financial Literacy Quintiles: Average Gross Household Income



Those with the lowest level of financial literacy (Quintile level 1) were more likely to have lower levels of Household income (e.g. 19% of those in Quintile level 1 had annual Household income less than \$20K, compared to 5% of those in Quintile level 5).

2.6.2.4 Financial Literacy Quintiles: Total Savings



Those with the lowest level of total level of financial literacy (Quintile level 1) were more likely to have lower levels of total savings (e.g. 37% of those in Quintile level 1 had savings excluding the home of less than \$5K, compared to 10% of those in Quintile level 5).

2.7 Structure of this Report

The report structure is as follows:

- Section 1 – Executive Summary.
- Section 2 – Introduction.
- Section 3 – Understanding & Use of Payment Methods. This section examines the level of understanding and usage of various methods of financial payment. The understanding and use of payment methods is central to the ability of consumers to make informed judgements and make effective decisions regarding the use and management of their money.
- Section 4 – Basic Financial Services. This section investigates usage of a variety of financial products and services.
- Section 5 – Understanding Financial Products & Services. This section investigates a number of categories of financial understanding, covering investment fundamentals, bad credit ratings, and various product characteristics related to joint loans, mortgage and insurance products. Other aspects of financial understanding that are examined include Internet banking risk and the ability to read and understand financial statements. Low financial competence across these categories of financial understanding is likely to make it more difficult for consumers to access and use the financial system. In particular, lack of understanding of investment fundamentals leaves consumers at risk of poor decision-making when providing for their retirement.
- Section 6 – Retirement Planning. This section investigates a number of categories of financial understanding relating to retirement planning, superannuation, and retirement income products. Low financial competence across the categories of financial understanding tested is likely to make it more difficult for consumers to plan and save effectively for their retirement.
- Section 7 – Shopping Around. This section investigates how much consumers shopped around for a new product or service. Given the large number of financial services providers, product variants, and the frequency with which new products are introduced to the market, shopping around is a complex activity demanding both time and a relatively high level of financial literacy.
- Section 8 – Savings, Expenses & Personal Debt. This section investigates financial competence from the perspective of household financial responsibility, consumer management of savings and expenses, and experience with personal debt and “feeling out of control”.
- Section 9 – Financial Information & Advice. This section investigates financial competence from the perspective of access to and use of financial information sources.
- Section 10 – Consumer Rights & Responsibilities. This section reports on the level of consumer understanding with respect to rights and

responsibilities, as well as the level of consumer confidence in making effective complaints. A high level of knowledge amongst consumers of their rights and responsibilities and confidence in bringing a complaint are important to effective functioning of a competitive financial services market.

- Section 11 – Mathematic Literacy. This section reports on the findings of testing respondents' ability to answer basic mathematic questions. The ability to perform simple mathematic calculations is an essential building block to being able to manage day-to-day finances effectively. It plays an important role in the ability of a person to understand and use financial products and services.
- Appendices.

3 Understanding & Use of Payment Methods

This section investigates the level of understanding and use of various methods of financial payment¹¹. The understanding and use of payment methods is central to the ability of consumers to make informed judgements and effective decisions regarding the use and management of their money.

Consumers with greater knowledge of, and access to, the payments system are more likely to achieve efficient and cost-effective payments for goods and services. Conversely, consumers without that knowledge may be disadvantaged in terms of cost and personal convenience.

Key Findings

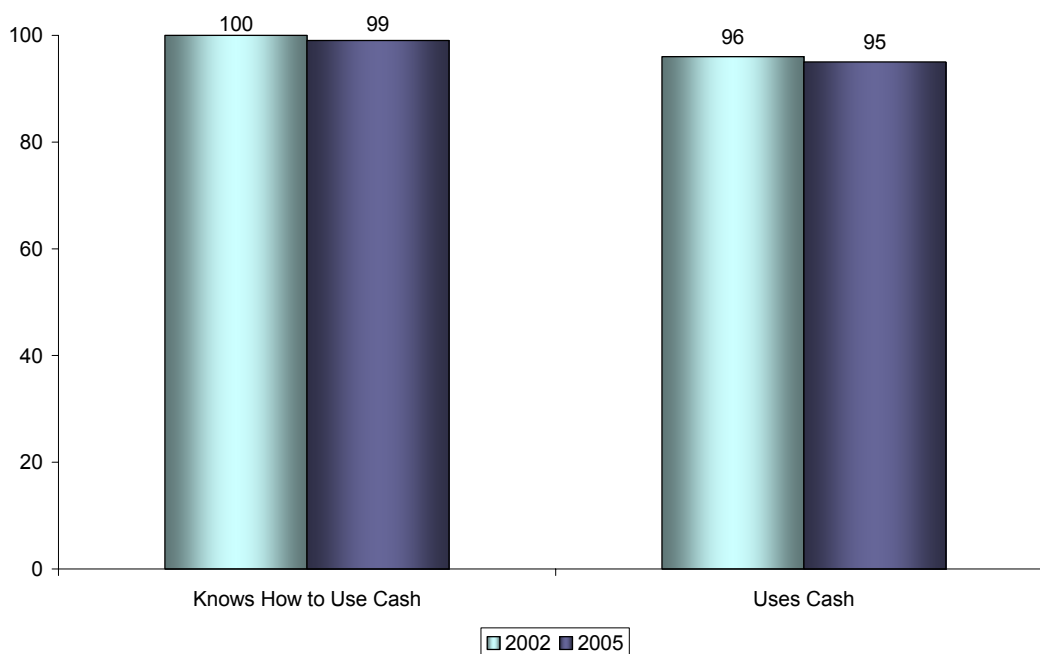
- Groups more likely to be below average in terms of understanding and usage of payment methods included older age groups (particularly 70+), persons with a low level of education (most often to the level of primary/some secondary education), farm owners, and younger age groups (18 to 24 years) for Credit Cards and Cheques.
- The second most widely understood method of payment was ATMs (92% - unchanged from the 2002 survey), although usage grew strongly by 5%. The largest change between surveys occurred in Internet Banking: knowledge of how to use Internet Banking rose 10% and usage rose 12%. Knowledge of how to use BPAY and Direct Debit also rose 8% and 5% respectively and usage of both grew by 10%. Usage of Credit Cards increased between the survey periods, while usage of Cheques declined. Lay-bys, Money Orders and Store Cards saw no change in knowledge of how to use them and no significant change in usage.

The table below provides a summary of the proportion of respondents in 2002 and 2005 who knew how to use and used the specified payment methods.

Which of the following payment methods do you, yourself use?				
Payment Method	Know how to use		Uses	
	Total 2002 (3548) %	Total 2005 (3513) %	Total 2002 (3548) %	Total 2005 (3513) %
Cash	100	99	96	95
ATM	91	92	73	78
EFTPOS	89	90	71	74
Credit card	89	92	64	68
Direct Debit	78	83	50	60
BPAY	60	68	36	46
Cheques	91	90	46	44
Internet banking	52	62	28	40
Loans from Financial institutions	71	72	35	36
Telephone banking	68	71	36	36
Laybys	83	83	27	27
Money orders	82	82	20	21
Store Cards	71	71	15	16
Total Respondents 2002 (n=3548); 2005 (n=3513)				

3.1 Cash

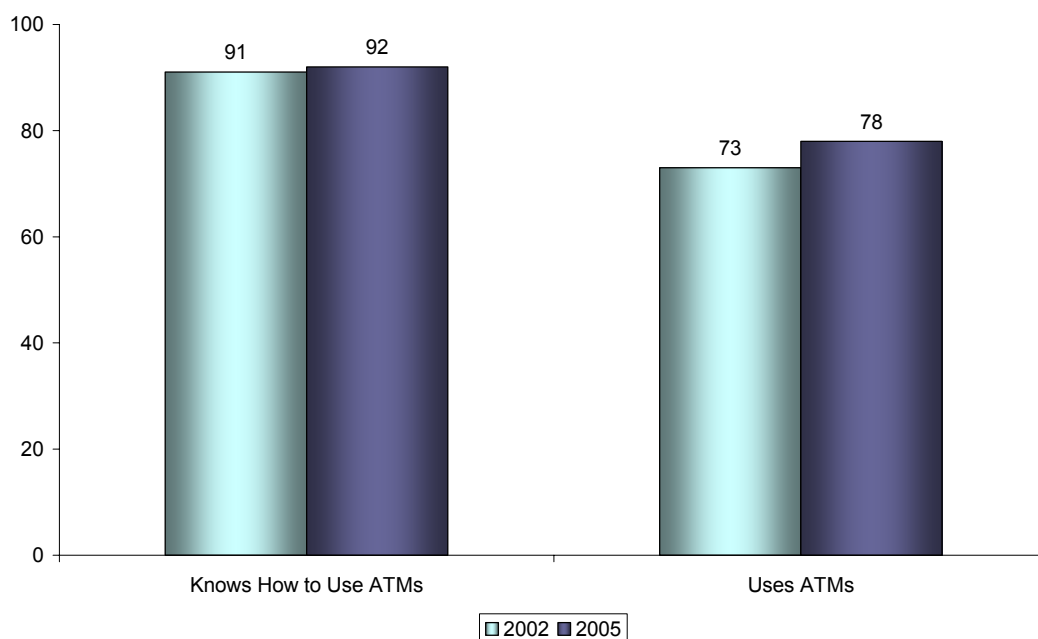
Almost all respondents knew how to use Cash as a method of payment and 95% said that they did so. This is unchanged from the 2002 study.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

3.2 ATMs

Ninety-two percent of people surveyed knew how to use ATMs as a method of payment and over three-quarters used this method. The growth in usage from 73% in 2002 to 78% in 2005 is significant.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

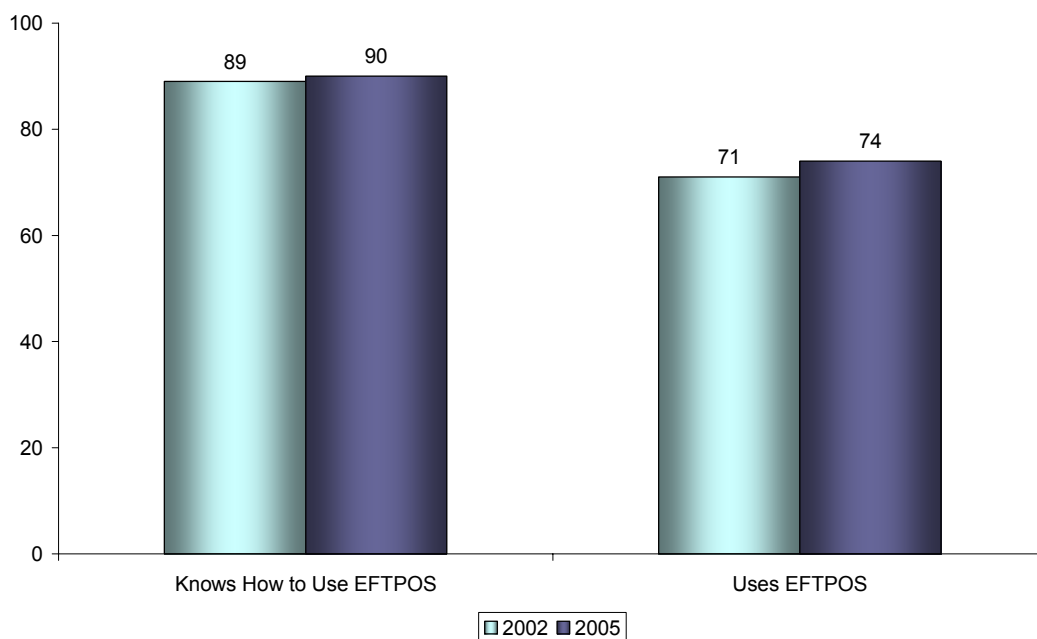
Usage of ATMs decreased as age increased (18-24: 93%; 70+: 46%). Farm owners (41%) who may have access problems and those with a low level of education (primary/some secondary: 62%) were less likely to use ATMs. Those from the lowest level of financial literacy (Quintile level 1: 71%) were also less likely to use ATMs.

Usage was most prevalent amongst those in full-time (86%) or casual employment (87%) and earning more than \$60,000 in household income (84%) or renting (86%).

Q5 Which of the following payment methods do you, yourself, use?				
ATMs (Automatic Teller Machines)				
78% of people use ATMs				
Demographic	Least likely to use ATMs		Most likely to use ATMs	
Age	60 – 69 years 70 years +	66% 46%	18 – 24 years 25 – 34 years 35 – 44 years	93% 90% 85%
Education	Primary/some secondary Passed Year 10	62% 73%	Degree	84%
Employment Status	Not working Self employed	69% 69%	Working Full-time Casual	84% 86% 87%
Life stage	Single – Living alone Couple – No Children at home	71% 73%	Single – Live in shared HH Single parent Couple – Children at home	88% 88% 84%
Home ownership			Paying off	84%
Work status	Farm owner	41%		
House ownership	Own outright	70%	Renting	86%
Personal Income			\$50 - \$69k per year	85%
Household Income	Less than \$20k	68%	\$60 - \$99k per year \$100k or more per year	84% 85%
Mortgage debt			\$50 - \$249k	85%
Non-Mortgage debt	Less than \$500	74%	\$500 - \$10k \$10 – 99k or more	85% 86%
Quintile group	Level 1	71%	Level 5	84%

3.3 EFTPOS

Ninety percent of respondents knew how to use EFTPOS and almost three-quarters of respondents used this method for purchases (74%). The growth in usage from 71% in 2002 to 74% in 2005 is significant.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

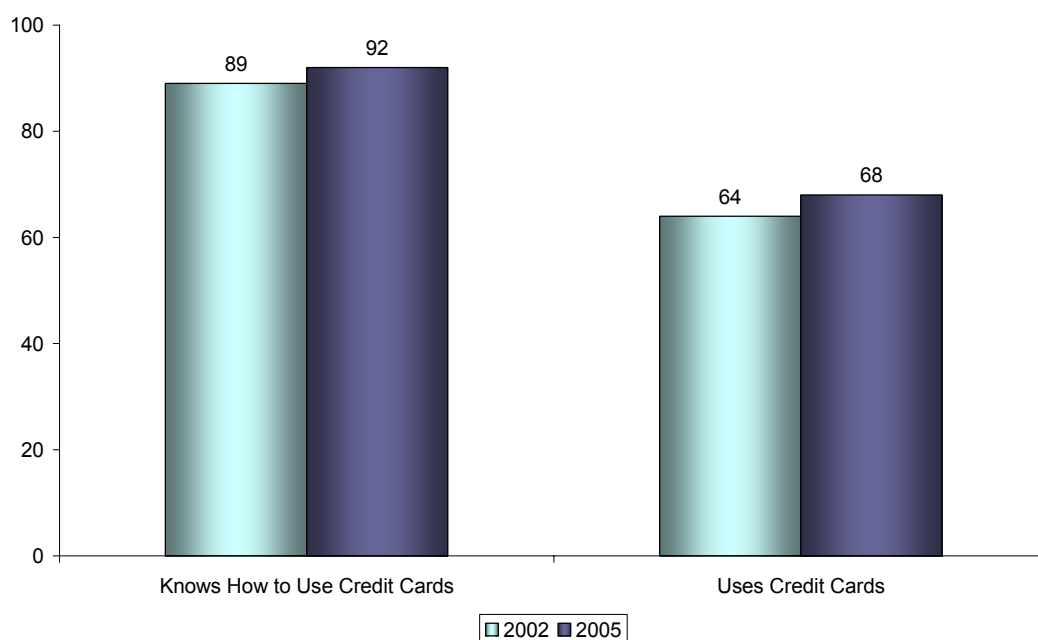
As in 2002, those less likely to use EFTPOS were mainly older people (70+: 34%) and those with a low level of education (primary/some secondary: 55%). In addition, only 43% of farm owners used EFTPOS. Those from the lowest level of financial literacy (Quintile level 1: 67%) were also less likely to use EFTPOS.

Those who were more likely to use EFTPOS were younger, aged below 44 years (88%), and more likely to be in employment (82%) and, particularly, casual work (87%). They were more likely to have a degree (84%) and to have household income more than \$60,000 (82%).

Q5 Which of the following payment methods do you, yourself, use?				
EFTPOS (Electronic Funds Transfer at Point Of Sale)				
74% of people use EFTPOS				
Demographic	Least likely to use EFTPOS		Most likely to use EFTPOS	
Gender	Male	71%	Female	78%
Age	60 - 69 years	55%	18 - 24 years	93%
	70 years +	34%	25 - 34 years	88%
			35 - 44 years	84%
Education	Primary/some secondary	55%	Degree	80%
Employment Status	Not working	60%	Working	82%
			Full-time	83%
			Part-time	83%
			Casual	87%
Life stage	Single - Living alone	66%	Single - Live in shared HH	84%
	Couple - No Children at home	67%	Single parent	83%
			Couple - Children at home	82%
Work Status	Farm owner	43%		
House ownership	Own outright	62%	Paying off	84%
			Renting	83%
House home income	Less than \$20k per year	59%	\$60 - \$99k per year	82%
			\$100k or more per year	82%
Savings Excl. Home	\$250k or more	68%	Less than \$5k	80%
Mortgage debt			Less than \$50k	84%
			\$50 - \$249k	83%
			\$250k or more	83%
Non-Mortgage Debt	Less than \$500	66%	\$500 - \$10k	83%
			\$10 - 99k or more	85%
Quintile	Level 1	67%	Level 4	80%

3.4 Credit Cards

Ninety-two percent of respondents were aware of how to use Credit Cards, a significant increase on the 89% in 2002. Usage also grew significantly, from 64% in 2002 to 68% in 2005¹².



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

356

¹² According to the Australian Payments Clearing Association, the number of credit cards and multifunction cards has more than doubled in the past decade, from 9.1 million in 1994 to 21.8 million in 2004.

See http://www.apca.com.au/Public/apca01_live.nsf/WebPageDisplay/Stats_Customer.

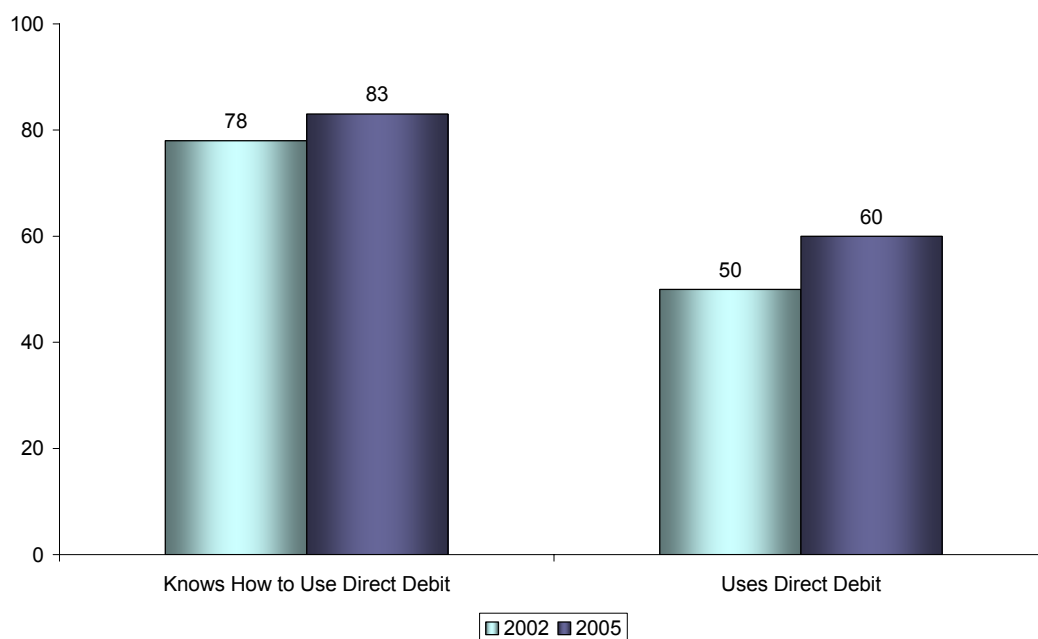
The unemployed (38%) and unskilled labourers (42%) were less likely to be Credit Card users. Younger age groups, who are less likely to have access to Credit Cards, were also less likely to use Credit Cards. Those from the lowest level of financial literacy (Quintile level 1: 47%) were also less likely to use Credit Cards.

Those who used Credit Cards were more likely to earn over \$60,000 in household income (80%). People with a degree, or working in a professional occupation, were more likely to use Credit Cards (83%).

Q5 Which of the following payment methods do you, yourself, use?				
Credit Cards				
68% of people use Credit Cards				
Demographic	Least likely to use Credit Cards		Most likely to use Credit Cards	
Age	18 – 24 years	40%	35 – 44 years	77%
	70 years +	59%	45 – 59 years	77%
Origin	Aboriginal/Torres Strait Islander	46%		
Education	Primary/some secondary	48%	Degree	83%
Employment status	Not working	57%	Working	74%
	Casual	52%	Full-time	79%
			Self employed	81%
Life stage	Single – Live in shared HH	53%	Couple – Children at home	74%
	Single parent	55%	Couple – No Children at home	76%
Work status	Semi-Skilled	55%	Professional	83%
	Unskilled	42%	Other white collar	77%
	No occupation	38%		
House ownership	Renting	54%	Paying off	77%
Personal Income	Less than \$20k per year	51%	\$50 - \$69k per year	84%
			\$70k or more per year	91%
Household Income	Less than \$20k	48%	\$60 - \$99k per year	80%
	\$20 - \$34k per year	58%	\$100k or more per year	83%
Savings Excl. home	Less than \$5k	45%	\$50 - \$249k	79%
			\$250k or more	85%
Home Value			\$300 - \$490k	78%
			\$500k or more	80%
Mortgage debt			\$50 - \$249k	79%
			\$250k or more	88%
Non- Mortgage debt	Less than \$500	57%	\$500 - \$10k	80%
			\$10 – 99k or more	76%
			\$100k or more	82%
Quintile	Level 1	47%	Level 4	76%
			Level 5	81%

3.5 Direct Debit

There was a significant increase in the proportion of survey respondents knowing how to use and using Direct Debit as a form of payment for purchases when compared to the previous survey. Awareness increased by 5 percentage points from 78% in 2002 to 83% in 2005. Usage increased from 50% in 2002 to 60% in 2005.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

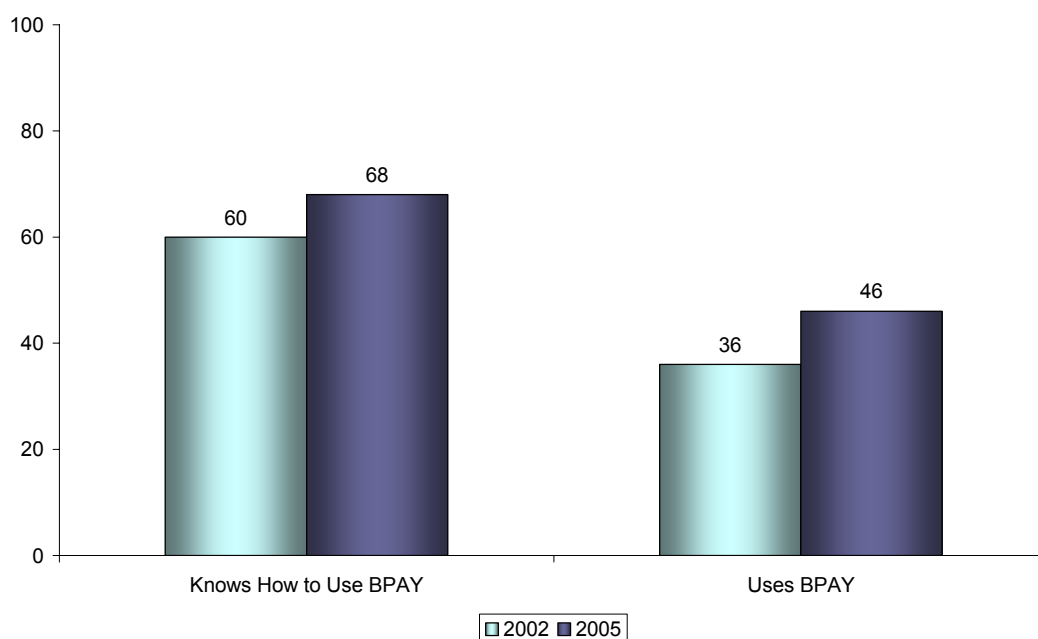
Those least likely to use Direct Debit were farm owners (32%), as well as older respondents (70+: 35%), and respondents with a lower level of education (primary/some secondary: 44%). Those from the lowest level of financial literacy (Quintile level 1: 48%) were also less likely to use Direct Debits.

Direct Debit usage was highest amongst respondents who were between 25 to 44 years (69%), mortgage holders (69%) and those with a high mortgage debt (76% of those with \$250K+).

Q5 Which of the following payment methods do you, yourself, use?				
Direct Debit				
60% of people use Direct Debit				
Demographic	Least likely to use Direct Debit		Most likely to use Direct Debit	
Age	60 - 69 years	48%	25 - 34 years	68%
	70 years +	35%	35 - 44 years	69%
Education	Primary/some secondary	44%	Degree	66%
Employment	Not working	49%	Working	65%
			Full-time	68%
Life stage	Single - Living alone	52%	Couple - Children at home	66%
Work status	Semi-Skilled	51%	Professional	65%
	Farm owner	32%		
House ownership	Own outright	50%	Paying off	69%
Personal Income	Less than \$20k per year	51%	\$35 - \$49k per year	68%
			\$50 - \$69k per year	68%
Household Income	Less than \$20k per year	44%	\$60 - \$99k per year	69%
			\$100k or more per year	66%
Mortgage debt			\$50 - \$249k	70%
			\$250k or more	76%
Non Mortgage debt	Less than \$500	51%	\$500 - \$10k	68%
			\$10 - 99k or more	68%
			\$100k or more	72%
Quintiles	Level 1	48%	Level 4	69%
			Level 5	66%

3.6 BPAY

Since 2002 there has been significant growth in both people knowing how to use BPAY (60% to 68%) and BPAY usage (10 percentage point increase from 36% to 46%).



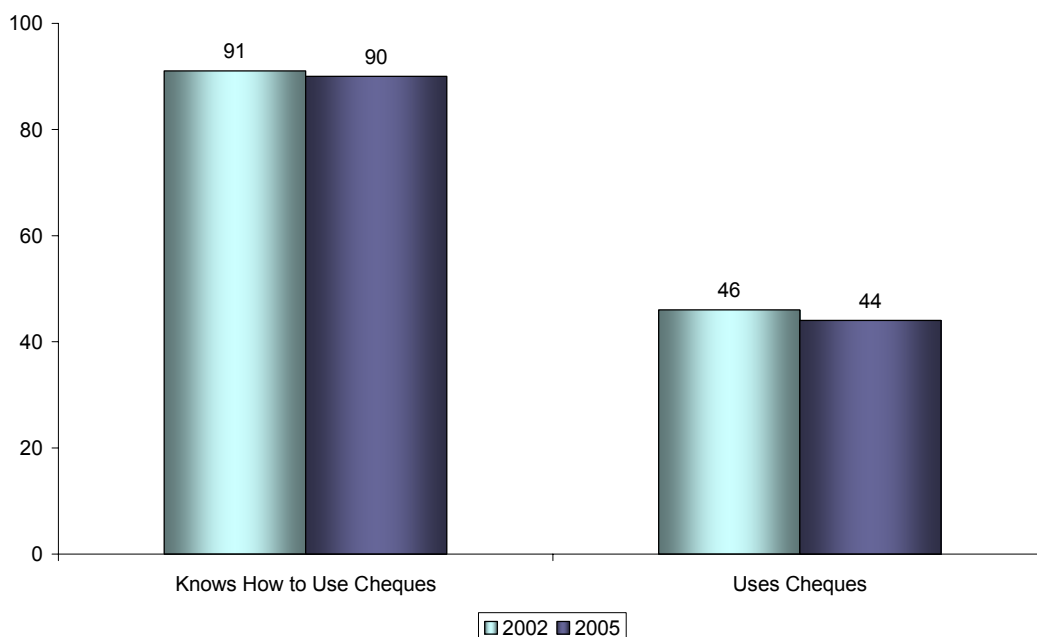
Base: Total respondents 2002 (n=3548), 2005 (n=3513)

Those least likely to use BPAY were farm owners (18%), older persons (60-69: 33%; 70+: 17%), and those with a low level of education (primary/some secondary: 23%). Those from the lowest level of financial literacy (Quintile level 1: 27% and Quintile level 2: 40%) were also less likely to use BPAY.

Q5 Which of the following payment methods do you, yourself, use?				
BPAY				
46% of people use BPAY				
Demographic	Least likely to use BPAY		Most likely to use BPAY	
Age	60 – 69 years	33%	25 – 34 years	60%
	70 years +	17%	35 – 44 years	57%
Geography	Non Capital	41%		
Education	Primary/some secondary	23%	Degree	63%
	Passed Year 10	37%		
	Passed Year 11	36%		
Employment status	Not working	33%	Working Full-time	53% 57%
Life stage	Single – Living alone	37%	Couple – Children at home	55%
Work status	Semi-Skilled	35%	Professional	59%
	Unskilled	30%		
	Farm owner	18%		
	No occupation	23%		
Home ownership	Own outright	36%	Paying off	57%
Personal Income	Less than \$20k per year	33%	\$50 - \$69k per year	57%
			\$70k or more per year	65%
Household Income	Less than \$20k per year	27%	\$60 - \$99k per year	56%
	\$20 - \$34k per year	36%	\$100k or more per year	64%
House value	Less than \$175k	31%	\$500k or more	52%
Mortgage debt			\$50 - \$249k	58%
			\$250k or more	70%
Non Mortgage debt	Less than \$500	36%	\$500 - \$10k	54%
			\$10 – 99k or more	59%
			\$100k or more	57%
Quintile	Level 1	27%	Level 4	58%
	Level 2	40%	Level 5	58%

3.7 Cheques

Nine out of ten surveyed respondents knew how to use Cheques, however less than half used Cheques (44%). Usage of Cheques had declined in contrast to electronic payment methods, such as ATMs, EFTPOS, Credit Cards, Direct Debit, BPAY and Internet Banking, where usage had grown.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

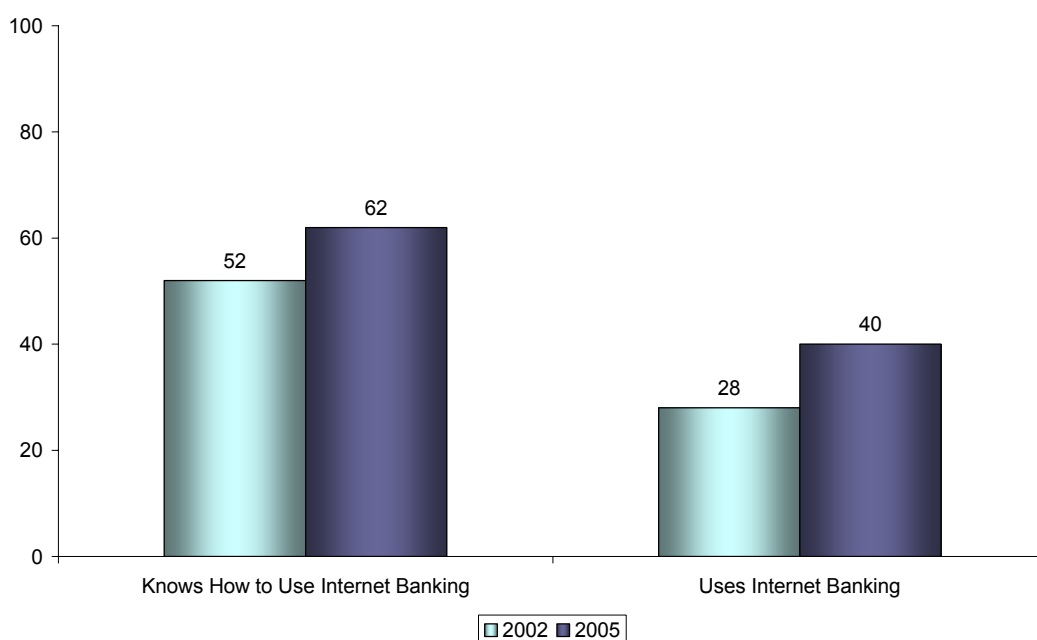
Younger respondents, particularly those aged 18-24 (12%), were the least likely to use Cheques, as were persons who were single and living in a shared household (19%), those in casual employment (24%) and those renting (24%). Those from the lowest level of financial literacy (Quintile level 1: 33%) were also less likely to use Cheques.

Those who used Cheques for purchases were most likely to be over 45 years old, with the most frequent users being farm owners (85%) and the self employed (74%).

Q5 Which of the following payment methods do you, yourself, use?				
CHEQUES				
44% of people use Cheques				
Demographic	Least likely to use Cheques		Most likely to use Cheques	
Age	18 - 24 years	12%	45 - 59 years	57%
	25 - 34 years	24%	60 - 69 years	60%
			70 years +	58%
Language	Other languages	36%		
Education			Degree	50%
Employment Status	Full-time	40%	Self employed	74%
	Casual	24%		
Life stage	Single - Live in shared HH	19%	Couple - Children at home	49%
	Single parent	31%	Couple - No Children at home	50%
Work status	Semi-Skilled	34%	Professional	52%
	Unskilled	27%	Owners/Execs inc Small	64%
	No occupation	26%	Businesses	
			Farm owner	85%
House ownership	Renting	24%	Own outright	56%
Personal income	Less than \$20k per year	36%	\$70k or more per year	58%
Household income			\$100k or more per year	50%
Savings excl. home	Less than \$5k	27%	\$50 - \$249k	51%
	\$5 - \$49k	36%	\$250k or more	67%
House value			\$300 - \$490k	50%
			\$500k or more	61%
			\$250k or more	56%
Mortgage debt			\$100k or more	61%
Non Mortgage debt				
Quintile	Level 1	33%	Level 5	55%

3.8 Internet Banking

There have been significant increases in awareness and usage of Internet Banking with 40% of respondents now conducting their Banking over the Internet, as compared with 28% in 2002.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

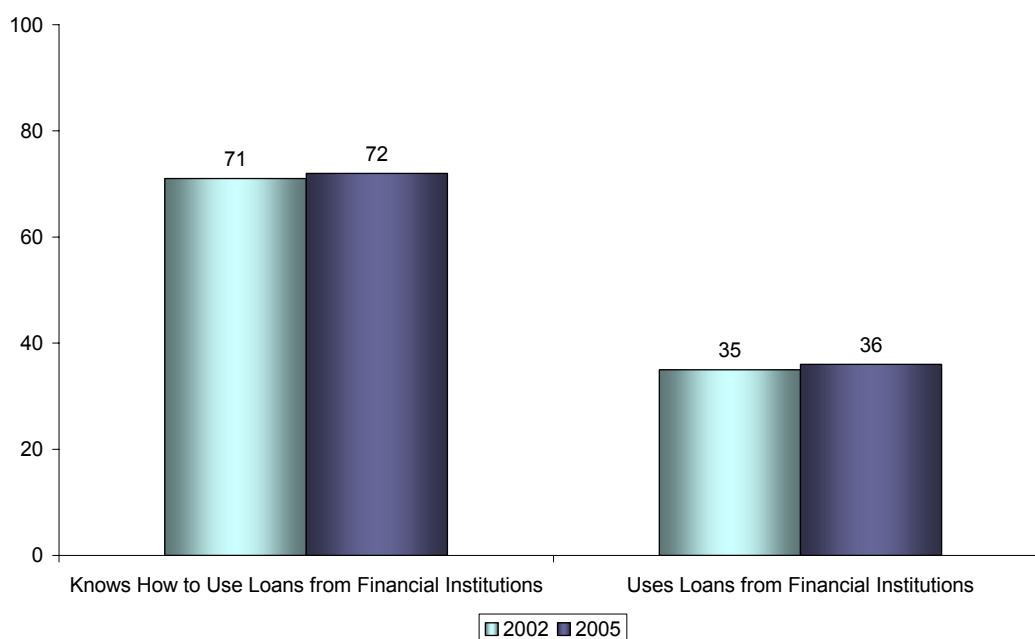
Those least likely to use this payment method were the older respondents (18% aged 60 to 69 years and 7% aged 70+) and those with a low level of education (11% amongst those with primary/some secondary and 26% amongst those who completed year 10). Those from the lowest levels of financial literacy (Quintile level 1: 24% and Quintile level 2: 32%) were also less likely to use Internet Banking.

The proportion of persons using Internet Banking increased as education levels increased (respondents who passed Year 10: 26%, with a tertiary diploma: 50%, with a university degree: 61%) and as household income increased (respondents with a household income of less than \$20-\$34k: 23%; \$35-\$59k: 37%; \$60-\$99k: 53%; and \$100k or more: 64%). Respondents with mortgage debt of \$250,000 or more were the most likely group to use Internet Banking (73%).

Q5 Which of the following payment methods do you, yourself, use?				
Internet Banking				
40% of people use Internet Banking				
Demographic	Least likely to use Internet Banking		Most likely to use Internet Banking	
Age	60 – 69 years	18%	25 – 34 years	58%
	70 years +	7%	35 – 44 years	53%
Geography	Non-Capital	33%	Outside Australia	49%
			Capital city	45%
Education	Primary/some secondary	11%	Some tertiary / diploma	50%
	Passed Year 10	26%	Degree	61%
	Passed Year 11	29%		
Employment status	Not working	22%	Working	51%
			Full-time	55%
			Self employed	50%
Life stage	Single – Living alone	25%	Single – Live in shared HH	51%
			Couple – Children at home	51%
Work status	Semi-Skilled	25%	Professional	54%
	Unskilled	23%		
	Farm owner	18%		
Home ownership	Own outright	28%	Paying off	54%
Personal income	Less than \$20k per year	28%	\$50 - \$69k per year	55%
	\$20 - \$34k per year	33%	\$70k or more per year	64%
Household income	Less than \$20k per year	16%	\$60 - \$99k per year	53%
	\$20 - \$34k per year	23%	\$100k or more per year	64%
Savings excl. home	Less than \$5k	35%	\$250k or more	49%
Home value	Less than \$175k	22%	\$500k or more	53%
	\$175 - \$299k	34%		
Mortgage debt			\$50 - \$249k	52%
			\$250k or more	73%
Non Mortgage debt	Less than \$500	30%	\$500 - \$10k	48%
			\$10 – 99k or more	52%
			\$100k or more	57%
Quintile	Level 1	24%	Level 4	51%
	Level 2	32%	Level 5	55%

3.9 Loans from a Financial Institution

Just over a third of respondents (36%) said they have (non-mortgage) loans from a financial institution, in line with the proportion recorded in 2002 (35%).



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

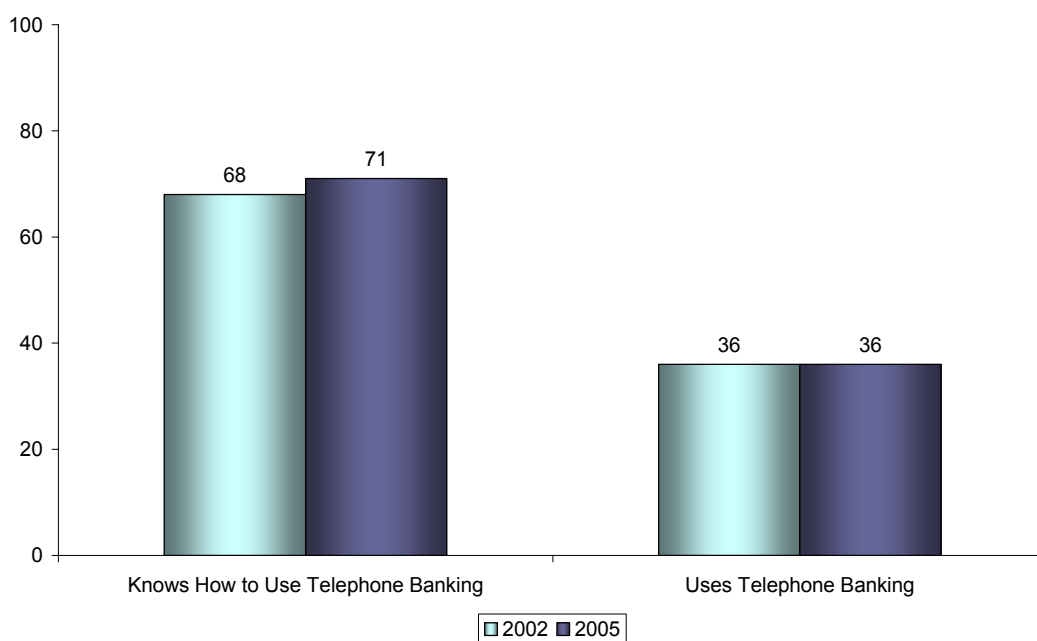
Those less likely to use loans were older persons (70+: 5%), persons with no occupation (10%) and persons with low household income. Those from the lowest level of financial literacy (Quintile level 1: 23%) were also less likely to use loans.

Usage of loans was higher amongst those with a higher mortgage debt (\$250K+: 78%). Over half (53%) of couples with children at home held a loan. Incidence was also higher as income rose (57% of those with personal income over \$70K).

Q5 Which of the following payment methods do you, yourself, use?				
Loans from a financial institution				
36% of people use loans from a financial institution				
Demographic	Least likely to use loans from a financial institution		Most likely to use loans from a financial institution	
Age	18 - 24 years	25%	25 - 34 years	51%
	60 - 69 years	11%	35 - 44 years	53%
	70 years +	5%	45 - 59 years	44%
Education	Primary/some secondary	16%	Degree	45%
Employment status	Not working	15%	Working	48%
			Full-time	53%
			Self employed	54%
Life stage	Single - Living alone	24%	Couple - Children at home	53%
	Single - Live in shared HH	26%		
Work status	Semi-Skilled	27%	Professional	44%
	Unskilled	26%		
	No occupation	10%		
Home ownership	Own outright	20%	Paying off	62%
	Renting	31%		
Personal income	Less than \$20k per year	20%	\$35 - \$49k per year	43%
			\$50 - \$69k per year	53%
			\$70k or more per year	57%
Household income	Less than \$20k per year	12%	\$60 - \$99k per year	52%
	\$20 - \$34k per year	24%		
Savings excl. home	Less than \$5k	29%	\$50 - \$249k	42%
Mortgage debt			\$50 - \$249k	67%
			\$250k or more	78%
Quintile	Level 1	23%	Level 4	42%
			Level 5	45%

3.10 Telephone Banking

While awareness of Telephone Banking increased significantly from 68% in 2002 to 71% in 2005, usage remained steady at 36% over the same period.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

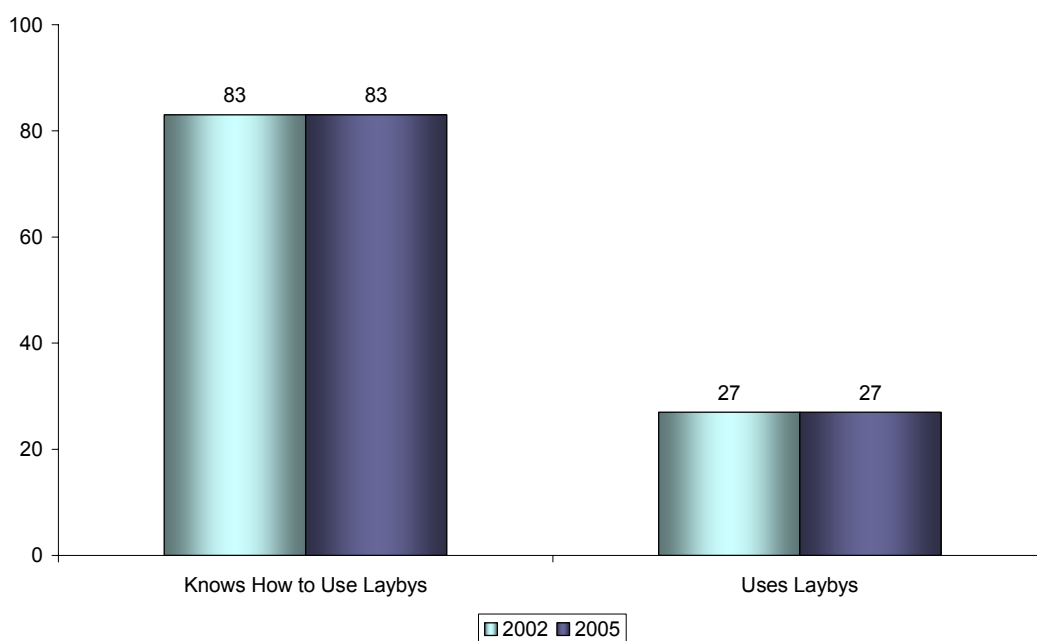
Usage of Telephone Banking was lowest amongst those aged 70+ (14%), respondents with primary/some secondary education (19%), and those with no occupation (19%). Those with household income of less than \$20K also displayed low usage (21%). Those from the lowest level of financial literacy (Quintile level 1: 23%) were also less likely to use Telephone Banking.

Usage of Telephone Banking was more likely among the young to middle age groups (25-44: 46%), those with non-mortgage debt of over \$100K (47%), and those in professional (41%) or semi-professional occupations (42%).

Q5 Which of the following payment methods do you, yourself, use?				
Telephone Banking				
36% of people use Telephone Banking				
Demographic	Least likely to use Telephone Banking		Most likely to use Telephone Banking	
Age	60 – 69 years	26%	25 – 34 years	47%
	70 years +	14%	35 – 44 years	45%
Education	Primary/some secondary	19%	Degree	45%
Employment status	Not working	27%	Working	41%
			Full-time	44%
Life stage	Single – Living alone	28%	Couple – Children at home	42%
Work status	Unskilled	24%	Professional	41%
	No occupation	19%	Semi – professional	42%
Home ownership	Own outright	30%	Paying off	43%
Personal income	Less than \$20k per year	28%	\$35 - \$49k per year	42%
			\$50 - \$69k per year	45%
			\$70k or more per year	45%
Household income	Less than \$20k	21%	\$60 - \$99k	43%
			\$100k or more	46%
Savings excl. home	Less than \$5k	29%	\$250k or more	43%
Home value	Less than \$175k	24%	\$500k or more	42%
Mortgage debt			\$50 - \$249k	46%
			\$250k or more	46%
Non Mortgage debt	Less than \$500	30%	\$500 - \$10k	43%
			\$100k or more	47%
Quintile	Level 1	23%	Level 4	42%
			Level 5	45%

3.11 Laybys

There has been no change since the 2002 survey in the level of Layby awareness and usage with 27% of respondents having used Layby.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

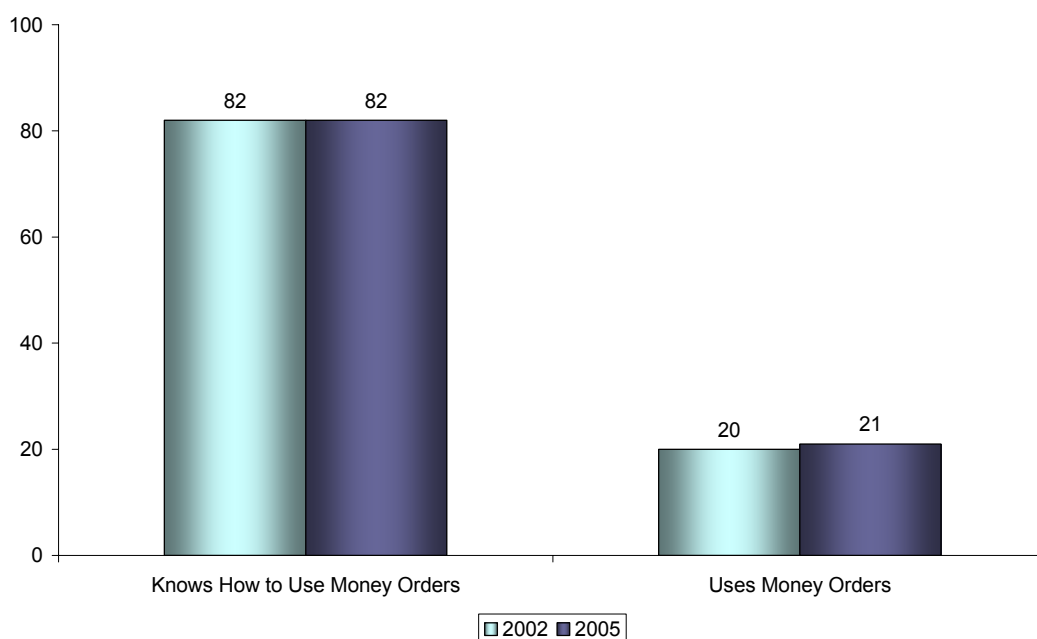
Usage of Laybys was strongest amongst females (35%), young people (34% of those under 44 years) and those who had children; especially single parents (50%). Those from the lowest level of financial literacy (Quintile level 1: 35%) were also more likely to use Laybys.

Those on lower incomes and with low savings were more likely to use Laybys. In terms of occupation, Layby users were most likely to be working part-time (35%), 38% worked casually, 33% were semi-skilled and 44% unskilled.

Q5 Which of the following payment methods do you, yourself, use?				
Laybys				
27% of people use Laybys				
Demographic	Least likely to use Laybys		Most likely to use Laybys	
Gender	Male	18%	Female	35%
Age	45 - 59 years	22%	18 - 24 years	36%
	60 - 69 years	18%	25 - 34 years	33%
	70 years +	12%	35 - 44 years	34%
Geography	Outside Australia	20%		
Education	Degree	18%		
Employment status	Self employed	17%	Part-time	35%
			Casual	38%
Life stage	Single - Living alone	20%	Single parent	50%
	Couple - No Children at home	18%	Couple - Children at home	33%
Work status	Professional	19%	Semi-Skilled	33%
	Farm owner	4%	Unskilled	44%
Home ownership	Own outright	17%	Paying off	31%
			Renting	37%
Personal income	\$70k or more per year	14%	Less than \$20k per year	35%
Household income	\$100k or more	16%		
Savings excl. home	\$250k or more	12%	Less than \$5k	40%
Home value	\$300 - \$490k	22%		
	\$500k or more	16%		
Mortgage debt			Less than \$50k	37%
Non mortgage debt	Less than \$500	22%	\$500 - \$10k	34%
Quintile	Level 5	20%	Level 1	35%

3.12 Money Orders

While the majority of respondents knew how to use Money Orders (82%), relatively few did so (21%). This was the same as it had been in 2002.



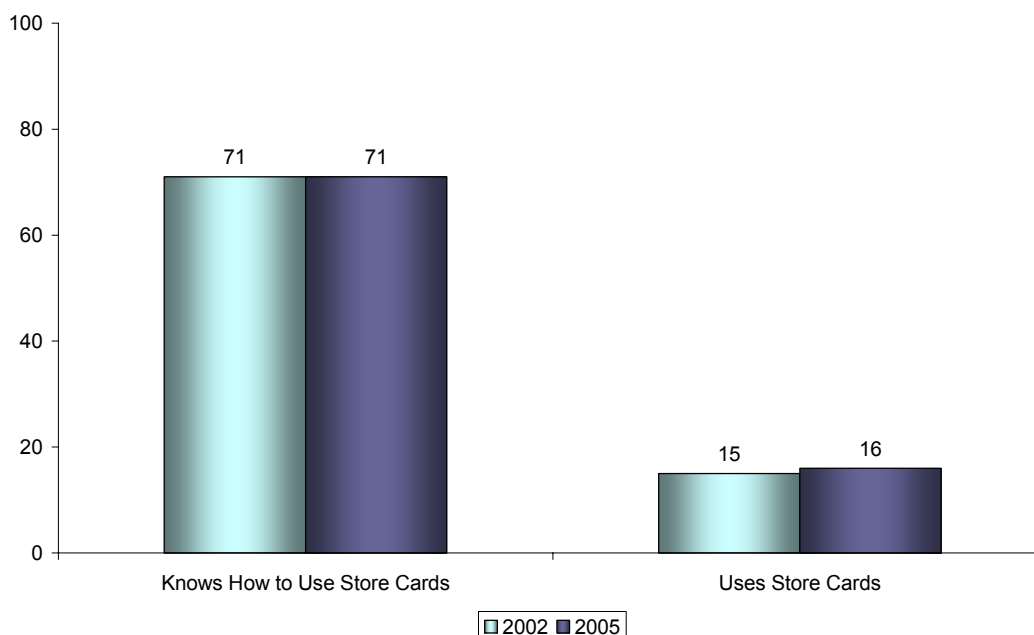
Base: Total respondents 2002 (n=3548), 2005 (n=3513)

Those who used Money Orders tended to be from the lowest financial literacy quintile (29%). Above average users of Money Orders were single parents (31%) and Aboriginal or Torres Strait Islanders (35%). Those from the lowest level of financial literacy (Quintile level 1: 29%) were also more likely to use Money Orders.

Q5 Which of the following payment methods do you, yourself, use?				
Money Orders				
21% of people use Money Orders				
Demographic	Least likely to use Money Orders		Most likely to use Money Orders	
Gender	Male	17%	Female	24%
Age			25 – 34 years	27%
Origin			Aboriginal / Torres Strait Islander	35%
Employment	Self employed	12%		
Life stage	Couple – No Children at home	15%	Single parent	31%
Savings excl. home	\$250k or more	11%	Less than \$5k	26%
Home value	\$300 - \$490k	16%		
	\$500k or more	11%		
Mortgage debt	\$250k or more	13%		
Non mortgage debt	\$100k or more	13%		
Quintile	Level 5	16%	Level 1	29%

3.13 Store Cards

Most Australians were aware of how to use Store Cards (71%), although few used them (16%). There had been no change in the period between the 2002 study and the 2005 study.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

There was a bias towards females in terms of Store Card usage (19% compared to 13% usage amongst males), those with more savings (\$250K+: 21%), and a high home value (\$500K+: 21%).

Q5 Which of the following payment methods do you, yourself, use?				
Store Cards				
16% of people use Store Cards				
Demographic	Least likely to use Store Cards		Most likely to use Store Cards	
Gender	Male	13%	Female	19%
Age	18 – 24 years	6%		
	25 – 34 years	11%		
Life stage	Single – Live in shared HH	7%		
Non mortgage debt	Less than \$500	13%		
Savings excl. home			\$250k or more	21%
Home value			\$500k or more	21%

4 Basic Financial Services

This section investigates usage of a variety of financial products and services¹³. In order to use financial products and services, consumers must have a sufficient level of awareness and understanding. Consumers with a lower level of financial literacy will be less likely to use some financial products and services.

Key Findings

While a very high proportion of respondents held an ordinary or everyday bank account, the level of usage of financial products and services varied by degree of financial literacy.

- Overall, no change since the study of 2002 with the most commonly held products or services being everyday accounts and superannuation. Patterns observed in 2002 across age groups remained consistent, with younger age groups being more likely to have loans, and older age groups being more likely to have investments.
- Those below the average for usage of investments included the lowest level of financial literacy (Quintile level 1), those with no specified occupation, earning lower household income and with a lower level of education.
- Those below the average for usage of a mortgage (whether for the home or an investment property) included the lowest level of financial literacy (Quintile level 1), those who were either very young or very old, and those with lower household income levels.
- Those below the average for usage of loans included the lowest level of financial literacy (Quintile level 1), older age groups, respondents with low household income, and persons not working or giving no occupation.
- The key groups which were below average on product ownership in 2002 remained broadly unchanged in 2005 – in particular:
 - Those with lower incomes
 - Those with lower levels of savings
 - Non-workers
- The proportion of respondents with superannuation has grown from 71% in 2002 to 74% in 2005 and the proportion of respondents with shares has declined from 44% in 2002 to 40% in 2005. Both of these changes are significant at the 99% confidence level; however there has been no significant change in the proportion of respondents with other investments.

¹³ In 2002, ownership of products and services was determined to be a more relevant measure for the study than awareness. The 2005 study also measured ownership, enabling comparisons to be made with 2002. However, it is acknowledged that ownership does not necessarily link to financial literacy.

- The proportion of respondents in 2005 with a home mortgage (29%) was significantly lower (at the 99% confidence level) than in 2002 (32%).
- For most loan types there was no significant change. But for a Personal Loan (decline from 18% in 2002 to 14% in 2005) and a Lease or Hire Purchase Agreement (decline from 11% in 2002 to 9% in 2005) the change was significant at the 99% confidence level.

The table below provides a summary of the proportion of respondents in 2002 and 2005 who have themselves or jointly with someone else financial products and services.

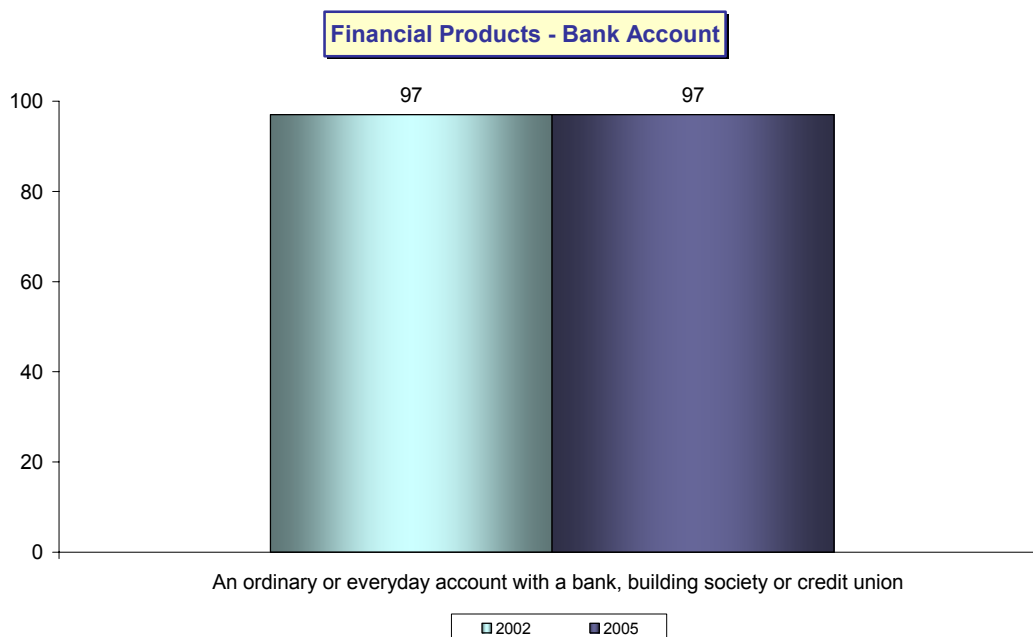
Which of the following do you have yourself or jointly with someone?		
Financial product or service	Total 2002 (3548) %	Total 2005 (3513) %
An ordinary or everyday account	97	97
Investments		
Superannuation Funds	71	74
Shares	44	40
Managed Funds	29	27
Term Deposits	24	22
Investment property	18	19
Retirement Income Stream	n/a	10
Insurance ¹⁴		
House or Contents	75%	80*
Comprehensive	n/a	79*
Private Health	57%	58*
Life	33%	37*
Income Protection	n/a	12
Insurance - Other	n/a	5
Mortgage		
Mortgage on your own home	32	29
Mortgage on an investment property	10	11
Loans		
Personal Loan	18	14
Line of Credit or Overdraft	14	12
Lease or Hire Purchase Agreement	11	9
Home Equity Loan	8	9
Margin Loan	2	2
Reverse Mortgage	n/a	1
Base: Total respondents 2002 (n=3548)		
Base: Total respondents 2005 (n=3513)		
*Base: Total respondents 2005 (n=1413) telephone survey conducted 19th-20th November 2005		

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¹⁴ Percentages shown represent the proportion of respondents in the total sample with the relevant insurance product. Insurance figures for 2002 are not shown. Care must be taken with claimed insurance holdings (particularly vehicle-related) as some consumers may have misunderstood the question and its applicability to their situation.

4.1 Bank Account

There has been no change since the study of 2002 in the high number (97%) of respondents who held ordinary or everyday bank accounts with a bank, building society or credit union.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

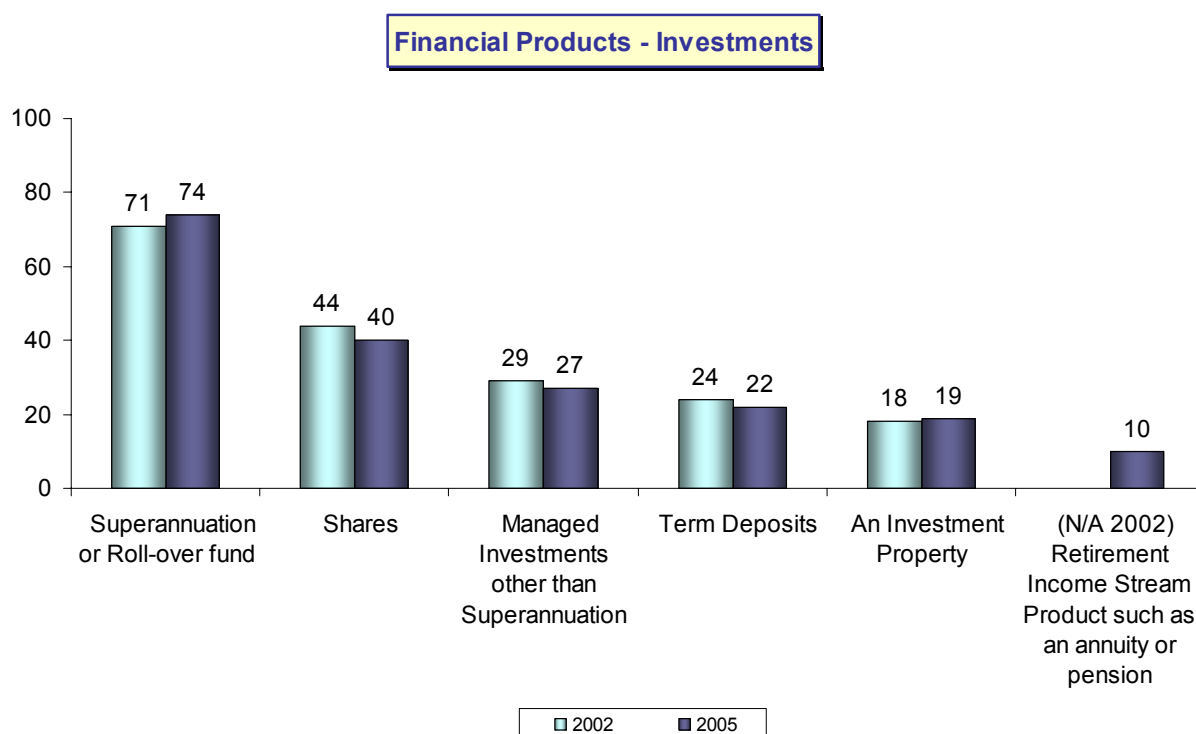
The group comparatively less likely to hold ordinary or everyday bank accounts was Aboriginal and Torres Strait Islanders (90%).

Q7 Which of the following do you have yourself or jointly with someone?				
An ordinary or everyday account with a bank, building society or credit union				
97% of people have an ordinary or everyday account with a bank, building society or credit union (either themselves or jointly with someone else)				
Demographic	Least likely to have an ordinary or everyday account		Most likely to have an ordinary or everyday account	
Origin	Aboriginal / Torres Strait Islander	90%		
Quintile	Level 1	95%		

4.2 Investments

Overall, in 2005 88% of respondents held some sort of investment including superannuation. (An investment includes either a term deposit, shares, a managed investment, an investment property, a retirement income stream product such as an annuity or pension or superannuation).

The proportion of respondents with superannuation has grown from 71% in 2002 to 74% in 2005 while the proportion of respondents with shares has declined from 44% in 2002 to 40% in 2005. Both of these changes are significant, however there has been no significant change in the proportion of respondents with other investments.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

Those least likely to hold investments were persons who stated their work status as “no occupation” (47%), earning lower household income (less than \$20K per year: 65%) and with a lower level of education (primary/some secondary: 69%). Those from the lowest level of financial literacy (Quintile level 1: 75%) were also less likely to hold investments.

Respondents working full time (97%) and with higher personal incomes (\$70K or more per year: 98%) and higher savings excluding the home (\$250K or more: 98%) were most likely to hold investments.

Q7 Which of the following do you have yourself or jointly with someone?				
Investments/pension (total)				
88% of people have an investment or pension (either themselves or jointly with someone else)				
Demographic	Least likely to have an investment or pension		Most likely to have an investment or pension	
Age	18 - 24 years	82%	25 - 34 years	92%
	70 years +	80%	35 - 44 years	92%
Education	Primary/some secondary	69%	Degree	95%
Employment status	Not working	76%	Working	94%
			Full-time	97%
			Part-time	93%
Life stage	Single - Living alone	83%	Couple - Children at home	92%
Work status	Semi-Skilled	82%	Professional	95%
	Unskilled	71%		
	No occupation	47%		
Home ownership	Renting	82%	Paying off	92%
Personal income	Less than \$20k per year	72%	\$20 - \$34k per year	92%
			\$35 - \$49k per year	96%
			\$50 - \$69k per year	96%
			\$70k or more per year	98%
Household income	Less than \$20k per year	65%	\$35 - \$59k per year	92%
	\$20 - \$34k per year	82%	\$60 - \$99k per year	96%
			\$100k or more per year	96%
Savings excl. home	Less than \$5k	72%	\$50 - \$249k	97%
			\$250k or more	98%
Home value	Less than \$175k	77%	\$300 - \$490k	93%
			\$500k or more	93%
Mortgage debt			\$50 - \$249k	94%
			\$250k or more	99%
Non mortgage debt			\$100k or more	95%
Quintile	Level 1	75%	Level 3	92%
			Level 5	95%

4.2.1 Superannuation Funds

Around three-quarters of respondents overall had at least one superannuation fund. The level of superannuation holders was significantly higher than that observed in 2002 (74% in 2005 versus 71% in 2002).

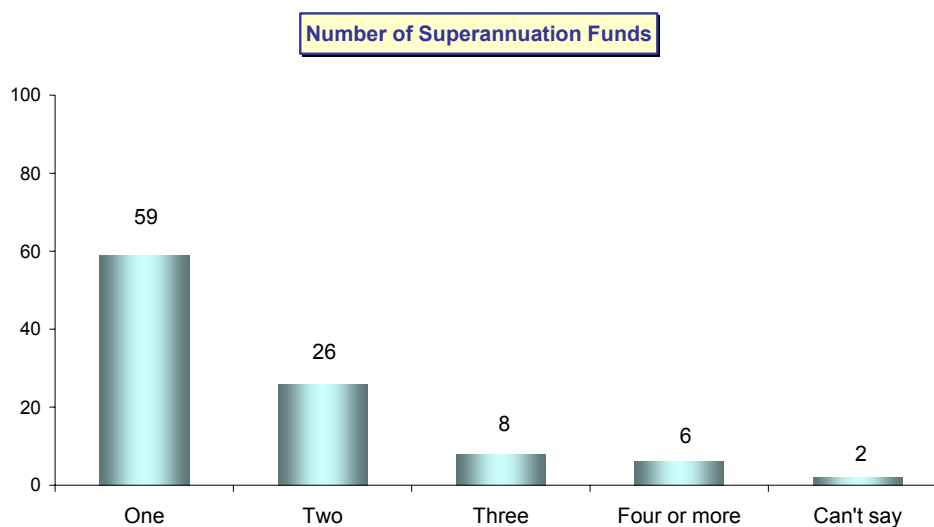
Those without superannuation were more likely to have no occupation (32%), a low level of education (primary/some secondary: 36%) and a lower level of household income (<\$20K: 36%). Those from the lowest level of financial literacy (Quintile level 1: 54%) were also less likely to have a superannuation fund.

Those with superannuation were more likely to be working full time (93%), have a higher level of education (degree: 86%) and higher level of household income (>\$100K: 90%).

Q7 Which of the following do you have yourself or jointly with someone?				
Superannuation fund				
74% of people have a Superannuation fund (either themselves or jointly with someone else)				
Demographic	Least likely to have a Superannuation fund		Most likely to have a Superannuation fund	
Gender	Female	70%	Male	77%
Age	60 - 69 years	57%	25 - 34 years	86%
	70 years +	24%	35 - 44 years	88%
			45 - 59 years	81%
Education	Primary/some secondary	36%	Degree	86%
Employment status	Not working	45%	Working	89%
			Full-time	93%
			Part-time	88%
			Casual	82%
Life stage	Single - Living alone	60%	Couple - Children at home	86%
Work status	Unskilled	59%	Professional	85%
	Farm owner	40%		
	No occupation	32%		
Home ownership	Own outright	65%	Paying off	87%
Personal income	Less than \$20k per year	50%	\$35 - \$49k per year	90%
			\$50 - \$69k per year	91%
			\$70k or more per year	90%
Household income	Less than \$20k per year	36%	\$35 - \$59k per year	83%
	\$20 - \$34k per year	61%	\$60 - \$99k per year	90%
			\$100k or more per year	90%
Savings excl. home	Less than \$5k	61%	\$50 - \$249k	84%
			\$250k or more	85%
Home value	Less than \$175k	55%	\$300 - \$490k	79%
Mortgage debt			\$50 - \$249k	88%
			\$250k or more	90%
Non Mortgage debt	Less than \$500	65%	\$500 - \$10k	82%
			\$10 - 99k or more	85%
			\$100k or more	85%
Quintiles	Level 1	54%	Level 3	79%
			Level 4	81%
			Level 5	84%

4.2.2 Number of Superannuation Funds

Of those with superannuation, the majority (59%) had one superannuation fund, around one-quarter had two superannuation funds, and 14% had three or more superannuation funds. Older superannuation investors (approaching or already in retirement) were more likely to have investments in only one fund.



Base: Total respondents with superannuation (n=2629)

The table below identifies the demographic segments that are most likely to own one, two, three and four or more superannuation funds respectively. For example, those over 70 years of age (88%) are most likely to only have one superannuation fund. In comparison 10% of 25-34 year olds are significantly more likely to hold four or more superannuation funds.

Q8 You said that you have superannuation. Approximately how many superannuation or rollover funds do you have?					
Demographic	Most likely (Number of superannuation funds)				
	1 59%	2 26%	3 8%	4 or more 6%	Can't Say 2%
Age	70 years (88%)			25-34 years (10%)	
Where born					Outside Australia (5%)
Language					Other language (7%)
Employment	Not working (70%)				
Life stage					Single live in a share HH (5%)
Personal income		\$70k per year or more (34%)			
Household income		\$100k or more per year (33%)			
Non mortgage debt				\$10K-99k or more (9%)	
Quintiles					Level 1 (7%)
Level of control				Out of control all/ most of the time (15%)	

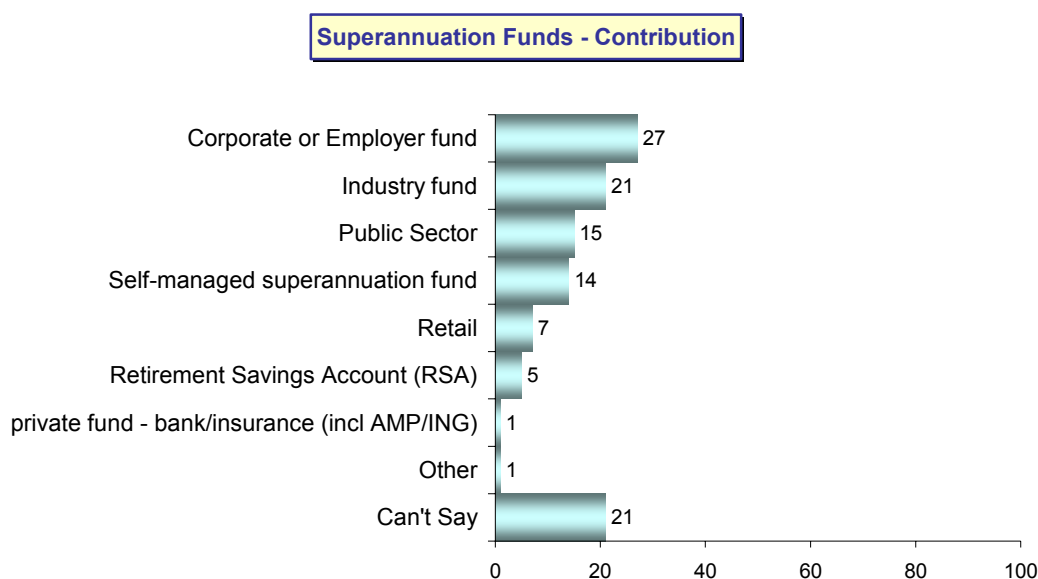
4.2.3 Types of Superannuation Fund

In 2005, over a quarter (27%) of respondents who had superannuation said that they invested in a corporate or employer fund.

Consumer understanding regarding different fund types has resulted in a degree of over-stating of corporate or employer funds (27%) and a degree of under-stating for retail funds (7%) and industry funds (21%) primarily because employer funds can also be classified as industry funds or retail funds.

Likewise, self-managed superannuation fund (14%) is likely to be subject to a degree of over-claim due to some respondents believing mistakenly that the ability to select investment choices within their fund means they are managing their fund.

One in five (21%) superannuation investors could not say in which type of fund they had their money invested.



Base: Total respondents with superannuation (n=2629)

Q9 And to which of the following fund types do you or your employer currently contribute to?						
Demographic	Most likely (to have a fund type)					
	Self Managed superannuation fund 14%	Industry fund 21%	Corporation or employer fund 27%	Retail 7%	Public Sector 15%	Retirement Savings Account 5%
Age	45-59 years (18%),		35-44 years (33%)		45-59 years (20%),	
Origin						Aboriginal/ Torres Strait Islander (17%)
Education		Tech/ Commercial/TA FE (28%)			Degree (24%)	Passed year 10 (11%)
Work status	Self employed (35%)	Full time (26%)	Working (31%), Full time (34%)			
Employment	Owner/ execs inc small business (37%)		Professional (33%)	Sales (24%)	Professional (22%)	
Personal income	\$50k or more per year (18%), \$70k or more (21%)		\$50k or more per year (33%), \$70k or more (36%)		\$50k or more per year (20%), \$50k-\$69k (23%)	
Household income	100k or more per year (19%)		100k or more per year (33%)			
Savings	\$100k or more (20%), \$250k or more (24%)				\$250k or more (20%)	
Home value	\$500k or more (23%)				\$300k-\$499k (20%)	
Mortgage debt			\$250k or more (43%)		\$50-\$249k (20%)	
Non mortgage debt	\$100k or more (22%)					

4.2.3.1 Corporate or Employer Fund

In 2005, over a quarter (27%) of respondents who had superannuation said that they invested in a corporate or employer fund.

These persons were more likely to be working full time (34%), professional (33%), with higher income (both personal – 36% and household – 33%), and aged 35-44 years old (33%).

Q9 And to which of the following fund types do you or your employer currently contribute to?				
Corporate or employer fund				
27% of people with superannuation have a Corporate or Employer fund				
Demographic	Least likely to have a Corporate or Employer fund		Most likely to have a Corporate or Employer fund	
Age	60 - 69 years	17%	35 - 44 years	33%
	70 years +	4%		
Employment	Not working	13%	Working Full-time	31%
				34%
Work status	Unskilled	17%	Professional	33%
Home ownership	Own outright	22%		
Personal income	Less than \$20k per year	18%	\$70k or more per year	36%
Household income	Less than \$20k per year	16%	\$100k or more per year	33%

4.2.3.2 Industry Fund

Twenty-one percent of respondents said they invested in an industry fund. This was most common amongst those who had TAFE qualifications. Respondents least likely to have their money invested in an industry fund were those aged over 70 (2%).

Q9 And to which of the following fund types do you or your employer currently contribute to?				
Industry fund				
21% of people with superannuation have an Industry fund				
Demographic	Least likely to have an Industry fund		Most likely to have an Industry fund	
Age	70 years +	2%		
Education			Tech / Commercial/TAFE	28%
Employment	Not working	11%	Full-time	26%
	Self employed	11%		
Personal income	Less than \$20k per year	15%		
Non mortgage debt	Less than \$500	17%		
Quintile	Level 1	15%		

4.2.3.3 Public Sector Fund

Fifteen percent of respondents had money invested in a public sector superannuation fund. This was more prevalent amongst those who held a degree (24%) and less so amongst those employed in sales (5%) or aged 18-24 (5%). Those from the lowest level of financial literacy (Quintile level 1: 9%) were less likely to have money invested in a public sector superannuation fund.

Q9 And to which of the following fund types do you or your employer currently contribute to?				
Public sector				
15% of people with superannuation have a Public Sector fund				
Demographic	Least likely to have a Public Sector fund		Most likely to have a Public Sector fund	
Age	18 - 24 years	5%	45 - 59 years	20%
Education	Passed Year 11	6%	Degree	24%
Employment	Not working	10%		
Work status	Sales	5%	Professional	22%
	Semi-Skilled	7%		
	Unskilled	6%		
Home ownership	Renting	10%		
Personal income	Less than \$20k per year	8%	\$50 - \$69k	23%
Household income	\$20 - \$34k per year	8%		
Saving excl. home	Less than \$5k	10%	\$250k or more	20%
Home value			\$300 - \$490k	20%
Mortgage debt			\$50 - \$249k	20%
Quintile	Level 1	9%		

4.2.3.4 Self-Managed Fund

Whilst 14% of respondents had self-managed superannuation funds, this was higher for the self-employed and for owners and managers of small businesses (35% and 37% respectively). This was lowest for younger persons (18-24 years: 5%).

Q9 And to which of the following fund types do you or your employer currently contribute to?				
Self-managed superannuation fund				
14% of people with superannuation have a Self-managed superannuation fund				
Demographic	Least likely to have a Self-managed superannuation fund		Most likely to have a Self-managed superannuation fund	
Age	18 - 24 years	5%	45 - 59 years	18%
	25 - 34 years	9%		
Employment	Part-time	8%	Self-employed	35%
Work status			Owners/Execs inc Small Businesses	37%
Personal income			\$70k or more per year	21%
Household income			\$100k or more per year	19%
Savings excl. home	\$5 - \$49k	9%	\$250k or more	24%
Home value			\$500k or more	23%
Non mortgage debt			\$100k or more	22%

4.2.3.5 Retirement Savings Account (RSA)

Aboriginal/Torres Strait Islanders were more likely (17%) than any other group to contribute to a Retirement Savings Account (RSA), compared to the average (5%).

Q9 And to which of the following fund types do you or your employer currently contribute to?				
Retirement savings account (RSA)				
5% of people with superannuation have a Retirement savings account				
Demographic	Least likely to have a retirement savings account		Most likely to have a retirement savings account	
Origin			Aboriginal / Torres Strait Islander	17%
Education			Passed Year 10	11%

4.2.4 Shares

The proportion of respondents in 2005 with shares (40%) was significantly lower (at the 99% confidence level) than in 2002 (44%).

As in 2002, the groups least likely to have shares tended to have low savings (less than \$5K: 16%) and were younger (18-24: 18%), having less capacity for discretionary expenditure. Those from the lowest level of financial literacy (Quintile level 1: 23%) were also less likely to have shares.

Those with shares were more likely to have savings of over \$250K (69%) and high personal income (\$70K or more per year: 64%).

Q7 Which of the following do you have yourself or jointly with someone?				
Shares				
40% of people have Shares (either themselves or jointly with someone else)				
Demographic	Least likely to have Shares		Most likely to have Shares	
Age	18 - 24 years	18%	45 - 59 years	47%
	25 - 34 years	32%	60 - 69 years	47%
State	Qld	33%	NSW	45%
Education	Primary/some secondary	28%	Degree	50%
Employment	Casual	24%	Full-time	44%
			Self employed	51%
Life stage	Single - Live in shared HH	23%	Couple - Children at home	45%
	Single parent	25%	Couple - No Children at home	48%
Work status	Semi-Skilled	29%	Professional	52%
	Unskilled	17%	Owners/Execs inc Small	51%
	No occupation	18%	Businesses	
Home ownership	Renting	19%	Own outright	50%
Personal income	Less than \$20k per year	24%	\$50 - \$69k per year	46%
			\$70k or more per year	64%
Household income	\$20 - \$34k per year	30%	\$100k or more per year	55%
	Less than \$20k per year	21%		
Savings excl. home	Less than \$5k	16%	\$50 - \$249k	50%
	\$5 - \$49k	33%	\$250k or more	69%
Home value	Less than \$175k	24%	\$300 - \$490k	49%
			\$500k or more	62%
Mortgage debt			\$250k or more	58%
Non Mortgage debt			\$100k or more	56%
Quintile	Level 1	23%	Level 4	47%
	Level 2	33%	Level 5	54%

4.2.5 Managed Funds

The proportion of respondents with Managed Funds in 2005 (27%) remained statistically unchanged from 2002 (29%).

Respondents least likely to have managed investments had savings of less than \$5K (9%). Those from the lowest level of financial literacy (Quintile level 1: 16%) were also less likely to have managed funds other than superannuation.

Those most likely to have a managed fund were those who had savings of over \$250K (52%) and income of over \$70K (47%).

Q7 Which of the following do you have yourself or jointly with someone?				
Managed investments other than superannuation				
27% of people have Managed Investments other than Superannuation (either themselves or jointly with someone else)				
Demographic	Least likely to have Managed Investments other than Superannuation		Most likely to have Managed Investments other than Superannuation	
Age	18 – 24 years 25 – 34 years	12% 21%	60 – 69 years	34%
Education			Degree	35%
Employment	Casual	17%		
Life stage	Single – Live in shared HH Single parent	15% 17%	Couple – No Children at home	34%
Work status	Semi-Skilled Unskilled No occupation	17% 14% 12%	Professional Owners/Execs inc Small Businesses	35% 39%
Home ownership	Renting	13%	Own outright	38%
Personal Income	Less than \$20k per year	15%	\$70k or more per year	47%
Household income	Less than \$20k per year \$20 - \$34k per year	14% 19%	\$100k or more per year	37%
Savings excl. home	Less than \$5k \$5 - \$49k	9% 20%	\$50 - \$249k \$250k or more	33% 52%
Home value			\$300 - \$490k \$500k or more	32% 42%
Mortgage debt	\$50 - \$249k	19%	\$250k or more	38%
Non mortgage debt			\$100k or more	41%
Quintile	Level 1	16%	Level 5	37%

4.2.6 Term Deposits

The proportion of respondents holding Term Deposits in 2005 (22%) did not significantly change from 2002 (24%).

Younger respondents (18-24 years: 10%) and those who had savings excluding the home of less than \$5K (9%) were least likely to have money in term deposits.

Older respondents (70+ years: 41%) with higher savings (\$250K or more: 36%) were more likely to use term deposits.

Q7 Which of the following do you have yourself or jointly with someone?				
Term Deposits				
22% of people have a Term Deposit (either themselves or jointly with someone else)				
Demographic	Least likely to have a Term Deposit		Most likely to have a Term Deposit	
Age	18 - 24 years	10%	60 - 69 years	35%
	25 - 34 years	14%	70 years +	41%
	35 - 44 years	16%		
Employment	Working	19%	Not working	29%
	Full-time	18%	Self employed	33%
	Casual	10%		
Life stage	Single parent	14%	Couple - No Children at home	29%
Work status	Unskilled	14%	Farm owner	43%
Home ownership	Paying off	11%	Own outright	36%
	Renting	13%		
Savings excl. home	Less than \$5k	9%	\$50 - \$249k	30%
			\$250k or more	36%
Mortgage debt	Less than \$50k	12%		
	\$50 - \$249k	12%		
	\$250k or more	14%		
Home value			\$500k or more	31%
Non Mortgage debt	\$500 - \$10k	17%	Less than \$500	28%

4.2.7 Investment Property

Investment Property owners (19% in 2005, 18% in 2002) were less likely to be younger (18-24 years: 5%), unskilled (5%), with low savings (less than \$5K excluding home: 6%) and low personal income (less than \$20K per year: 9%).

Not surprisingly, Investment Property owners were more likely to have high mortgage debt (\$250K or more: 57%). They were more likely to have higher personal income (\$70K or more per year: 40%) and savings (\$250K or more: 49%).

Q7 Which of the following do you have yourself or jointly with someone?				
An investment property				
19% of people have an Investment property (either themselves or jointly with someone else)				
Demographic	Least likely to have an investment property		Most likely to have an investment property	
Gender	Female	16%		
Age	18 - 24 years	5%	45 - 59 years	26%
	70 years +	12%		
Education			Degree	26%
Employment	Not working	13%	Working	22%
			Full-time	23%
			Self employed	38%
Life stage	Single - Living alone	13%	Couple - Children at home	24%
	Single - Live in shared HH	11%		
	Single parent	12%		
Work status	Semi-Skilled	12%	Professional	25%
	Unskilled	5%	Owners/Execs inc Small Businesses	33%
Home ownership	Renting	8%	Own outright	23%
Personal income	Less than \$20k per year	9%	\$70k or more per year	40%
	\$20 - \$34k	12%		
Household income	Less than \$20k per year	7%	\$100k or more per year	34%
	\$20 - \$34k per year	9%		
Savings excl. home	Less than \$5k	6%	\$250k or more	49%
	\$5 - \$49k	9%		
Home value	Less than \$175k	11%	\$500k or more	36%
	\$175 - \$299k	14%		
Mortgage debt	Less than \$50k	10%	\$250k or more	57%
Non mortgage debt	Less than \$500	15%	\$100k or more	52%
Quintile	Level 1	11%	Level 5	25%

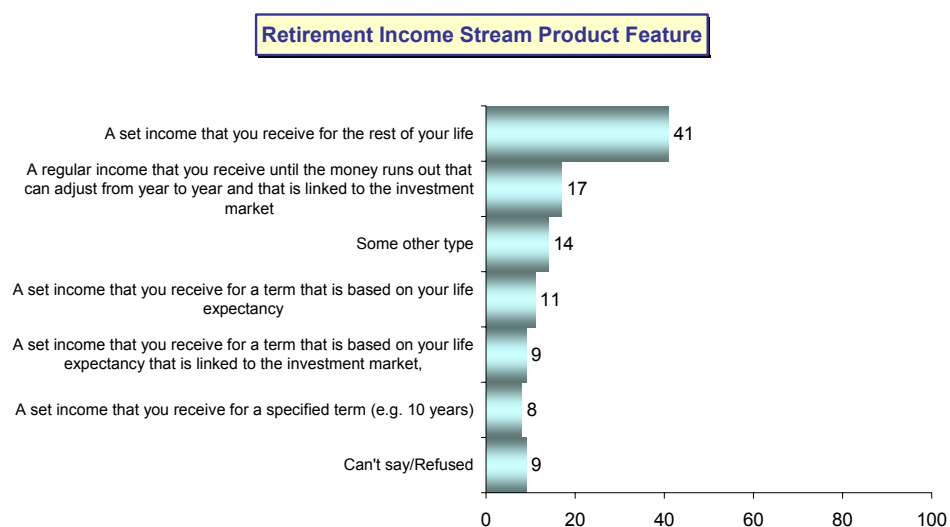
4.2.8 Retirement Income Stream

Those with a Retirement Income Stream (10%) such as an annuity or pension were likely to earn less than \$34K per year (less than \$20K per year: 17% and between \$20K and \$34K per year: 15%) and those not working (21%).

Q7 Which of the following do you have yourself or jointly with someone?				
Retirement income stream product such as an annuity or pension				
10% of people have a Retirement Income Stream Product such as an annuity or pension (either themselves or jointly with someone else)				
Demographic	Least likely to have a Retirement Income Stream product such as an Annuity or Pension		Most likely to have a Retirement Income Stream product such as an Annuity or Pension	
Education	Some tertiary / diploma	4%	Primary/some secondary	18%
Employment	Working	4%	Not working	21%
	Full-time	3%		
	Part-time	5%		
	Casual	3%		
Life stage	Single - Live in shared HH	3%	Single - Living alone	18%
	Single parent	4%	Couple - No Children at home	13%
	Couple - Children at home	5%		
Home ownership	Paying off	4%	Own outright	16%
	Renting	6%		
Personal income	\$50 - \$69k per year	5%		
Household income	\$35 - \$59k per year	6%	Less than \$20k per year	17%
	\$60 - \$99k per year	5%	\$20 - \$34k per year	15%
	\$100k or more per year	6%		
Savings excl. home	\$5 - \$49k	7%	\$250k or more	15%
Mortgage debt	\$50 - \$249k	5%		
	\$250k or more	4%		
Non mortgage debt			Less than \$500	14%

Respondents who indicated that they had a Retirement Income Stream Product were asked which Retirement Income Stream Product features best matched the product (or products) that they had.

The majority of respondents who had a Retirement Income Stream such as an annuity or pension claimed that their product provided a set income for the rest of their lives (41%). This group tended to have lower income and savings. The next most common product feature cited was to have a regular income 'until the money runs out' (17%).

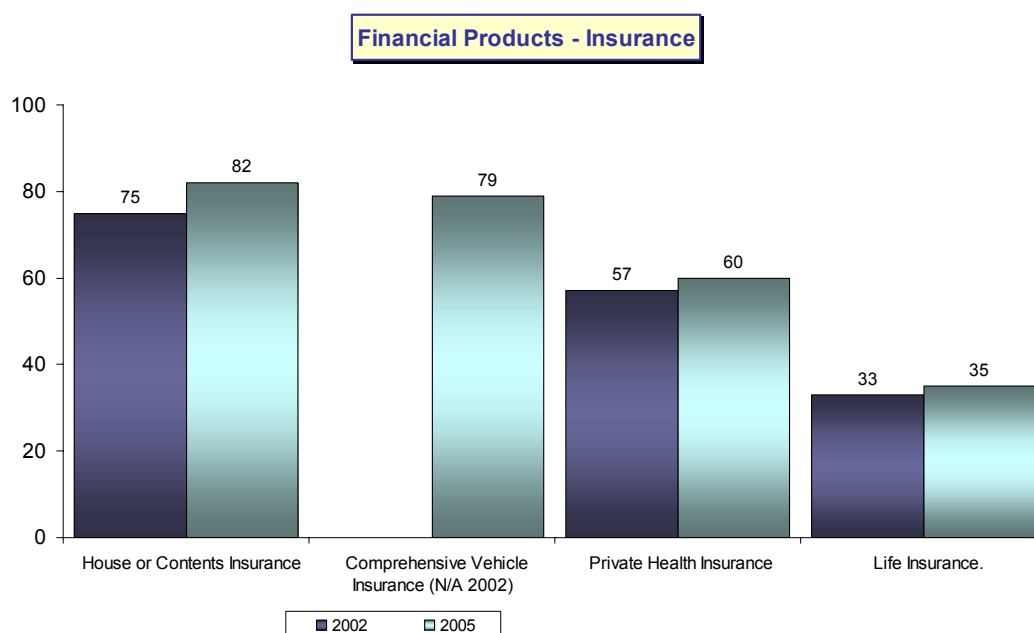


Base: Total respondents with Retirement Income Stream (n=325)

4.3 Insurance

Respondents were asked which insurance products they had themselves or jointly with someone else¹⁵.

- Around four in five (82%) stated that they had or jointly had house or contents insurance; this is significantly higher than the 75% reported in 2002.
- Nearly four in five (79%) stated that they had or jointly had comprehensive vehicle insurance.
- Private health insurance was held or jointly held by 60% which is slightly above the reported figure in 2002 of 57%.
- Thirty-five percent identified that they had or jointly had some form of life insurance; this is slightly higher than the 33% reported in 2002. In all likelihood, however, most consumers who have superannuation will have life insurance but will have failed to recognise that fact.



Base: Total respondents 2005 (n=1413) nationally representative telephone survey conducted 19th-20th November 2005; 2002 Total respondents (n=3548)

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¹⁵ For this chart only, insurance penetration figures for 2005 are sourced from a separate nationally representative telephone survey (n=1413) conducted by ACNielsen in November 2005, as the original figures were not comparable to the figures in 2002. The most likely reason is likely to be changes in the question i.e. inclusion of an instruction to ask non-holders of comprehensive vehicle insurance whether they had third party insurance. A methodological note is available in Appendix 5.

4.3.1 Income Protection Insurance

Twelve percent of respondents had income protection insurance.

The group least likely to have income protection insurance included those with lower household income (less than \$20K: 1%), lower personal income (less than \$20K: 4%), and persons not working (3%). Respondents who fell in the lower literacy levels (Quintile level 1: 5%) were also less likely to hold income protection insurance.

Income protection insurance was highest amongst the self employed (29%) and high personal income earners (\$70K or more: 29%).

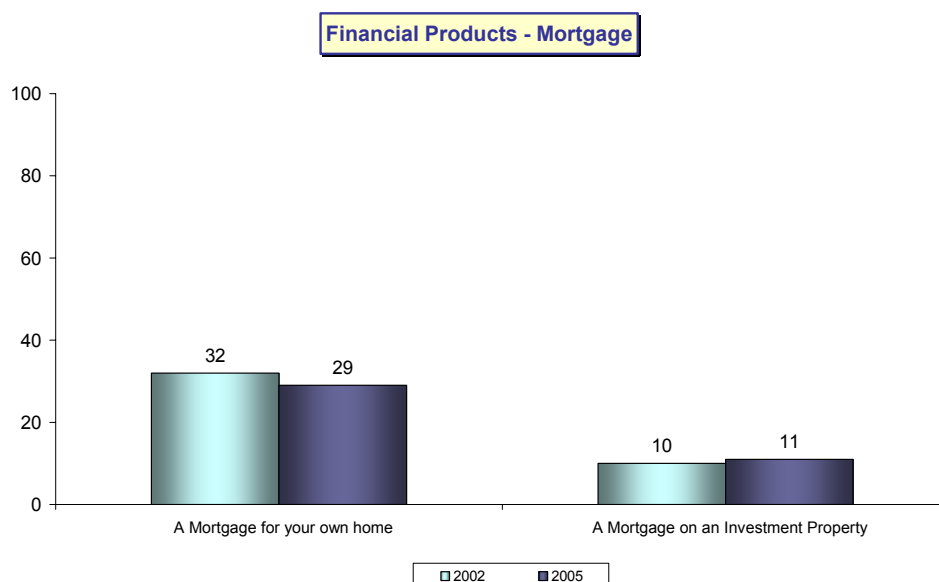
Q7 Which of the following do you have yourself or jointly with someone?				
Income protection insurance				
12% of people have Income Protection Insurance (either themselves or jointly with someone else)				
Demographic	Least likely to have Income Protection Insurance		Most likely to have Income Protection Insurance	
Gender	Female	9%	Male	16%
Age	18 – 24 years	7%	25 – 34 years	17%
	60 – 69 years	4%	35 – 44 years	21%
Geography			W. Aus	20%
Education	Primary/some secondary	5%		
Employment	Not working	3%	Working	18%
			Full-time	20%
			Self employed	29%
Life stage	Single – Living alone	8%	Couple – Children at home	19%
Work status	Semi-Skilled	7%		
	Unskilled	7%		
Home ownership	Own outright	7%	Paying off	21%
Personal income	Less than \$20k	4%	\$50 - \$69k	19%
	\$20 - \$34k	8%	\$70k or more	29%
Household income	Less than \$20k per year	1%	\$60 - \$99k per year	17%
	\$20 - \$34k per year	5%	\$100k or more per year	23%
Savings excl. home	Less than \$5k	6%	\$50 - \$249k	19%
Home value			\$500k or more	16%
Mortgage debt			\$50 - \$249k	21%
			\$250k or more	28%
Non mortgage debt	Less than \$500	8%	\$10 – 99k	18%
			\$100k or more	28%
Quintile	Level 1	5%	Level 4	17%
			Level 5	17%

4.4 Mortgage

The proportion of respondents in 2005 with a home mortgage (29%) was significantly lower than in 2002 (32%). The proportion of respondents with a mortgage on an investment property in 2005 (11%) remained statistically unchanged from 2002 (10%).

These findings are consistent with the cooling of the residential property market in the period since 2002.

Overall, the demographic pattern remained consistent with that observed in 2002. People less likely to have a mortgage (whether for the home or an investment property) were either very young or very old, and tended to have lower household income levels.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

4.4.1 Mortgage for Your Own Home

The proportion of respondents in 2005 with a home mortgage (29%) was significantly lower than in 2002 (32%).

Those less likely to have a home mortgage were (as in 2002) more likely to be either in the younger or older age groups (the younger segment, of course, are less likely to have sufficient income to take on a mortgage; while the older segment are most likely to have paid off their mortgage), and have low household income (less than \$20K per year: 9%). People who could not state an occupation (5%) were also less likely to have a home mortgage. Respondents who fell in the lower financial literacy level (Quintile level 1: 16%) were also less likely to have a home mortgage.

Home mortgage holders tended to be aged 35-44 (52%), had partners and children at home (49%), and had higher personal income (\$70K+: 51%).

Q7 Which of the following do you have yourself or jointly with someone?				
A Mortgage for your own home				
29% of people have a Mortgage for their own home (either themselves or jointly with someone else)				
Demographic	Least likely to have a Mortgage		Most likely to have a Mortgage	
Age	18 – 24 years	8%	25 – 34 years	38%
	60 – 69 years	8%	35 – 44 years	52%
	70 years +	2%	45 – 59 years	38%
Languages	Other languages	22%		
Education	Primary/some secondary	15%	Degree	35%
Employment	Not working	13%	Working	38%
			Full-time	42%
			Self employed	44%
Life stage	Single – Living alone	18%	Couple – Children at home	49%
	Single – Live in shared HH	10%		
	Couple – No Children at home	25%		
Work status	Semi-Skilled	21%	Professional	36%
	Unskilled	19%		
	No occupation	5%		
Personal income	Less than \$20k per year	17%	\$50 - \$69k per year	44%
			\$70k or more per year	51%
Household income	Less than \$20k per year	9%	\$60 - \$99k per year	45%
	\$20 - \$34k per year	16%	\$100k or more per year	41%
Savings excl. home	Less than \$5k	20%	\$50 - \$249k	37%
Home value			\$175 - \$299k	46%
			\$300 - \$490k	41%
			\$500k or more	36%
Non mortgage debt	Less than \$500	20%	\$500 - \$10k	36%
			\$10 - 99k	36%
			\$100k or more	53%
Quintile	Level 1	16%	Level 4	34%
			Level 5	37%

4.4.2 Mortgage on an Investment Property

Eleven percent of the population had a mortgage on an investment property, not significantly different from the 10% recorded in 2002.

Respondents who were less likely to have an investment property mortgage were those in unskilled work (1%), those whose household income was less than \$20K per year (1%) and those who were either young (18 to 24: 2%) or older (70 years +: 2%). Respondents from the lowest level of financial literacy (Quintile level 1: 4%) were also less likely to hold an investment property mortgage.

Those most likely to have an investment property mortgage had savings of \$250K+ (28%), were self-employed (23%), had a personal income of \$70K or more a year (25%), and had a degree (17%).

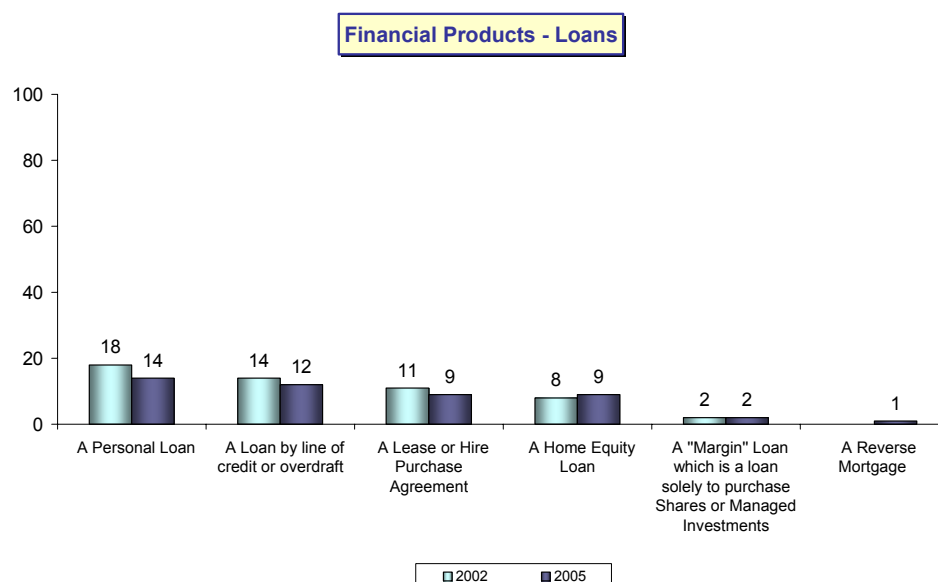
Q7 Which of the following do you have yourself or jointly with someone?				
A Mortgage on an investment property				
11% of people have a Mortgage on an Investment property – either themselves or jointly with someone else				
Demographic	Least likely to have a Mortgage on an Investment property		Most likely to have a Mortgage on an Investment property	
Age	18 - 24 years	2%	35 - 44 years	15%
	60 - 69 years	5%	45 - 59 years	16%
	70 years +	2%		
Education	Primary/some secondary	3%	Degree	17%
	Not working	4%		
Employment			Working	14%
			Full-time	15%
			Self employed	23%
Life stage	Single - Living alone	6%	Couple - Children at home	15%
	Single - Live in shared HH	6%		
Work status	Semi-Skilled	6%	Professional	16%
	Unskilled	1%		
Home ownership	Renting	5%	Paying off	15%
Personal income	Less than \$20k per year	3%	\$50 - \$69k per year	16%
	\$20 - \$34k per year	6%	\$70k or more per year	25%
Household income	Less than \$20k per year	1%	\$60 - \$99k per year	14%
	\$20 - \$34k per year	2%	\$100k or more per year	22%
Savings excl. home	Less than \$5k	2%	\$250k or more	28%
	\$5 - \$49k	6%		
Home value			\$500k or more	20%
Non mortgage debt	Less than \$500	6%	\$100k or more	40%
Quintile	Level 1	4%	Level 5	15%

4.5 Loans

Overall, the proportion of respondents in 2005 with a loan (other than a mortgage) of some type was 34%. (A loan includes a home equity loan, a reverse mortgage, personal loan, loan by line of credit or overdraft, a margin loan (which is a loan solely to purchase shares or managed investments) and a lease or hire purchase agreement).

Compared to 2002, for most loan types there was no significant change other than for a Personal Loan (decline from 18% in 2002 to 14% in 2005) and a Lease or Hire Purchase Agreement (decline from 11% in 2002 to 9% in 2005) where the change was significant.

It is believed that growing credit card usage with lower interest rates may be a cause of the decline in Personal Loan usage, with many institutions no longer offering loans for amounts of less than \$5,000.



Base: Total respondents 2002 (n=3548), 2005 (n=3513)

Those least likely to have any loan from a financial institution were older age groups (70 years+: 7%), respondents with low household income (less than \$20K per year), and persons not working (16%) or giving no occupation (16%). Respondents with the lowest financial literacy (Quintile level 1: 24%) were also less likely to have loans.

Those most likely to have a loan were families with children at home (45%), as well as respondents who had higher personal income (\$70K+: 56%), those who were working (43%) and those who were self employed (52%).

Q7 Which of the following do you have yourself or jointly with someone?				
Loans (total)				
34% of people have a loan of some type, other than a mortgage (either themselves or jointly with someone else)				
Demographic	Least likely to have a loan of some type		Most likely to have a loan of some type	
Gender	Female	30%	Male	38%
Age	60 - 69 years	15%	25 - 34 years	42%
	70 years +	7%	35 - 44 years	46%
			45 - 59 years	41%
Geography			Qld	39%
Education	Primary/some secondary	23%		
Employment	Not working	16%	Working	43%
			Full-time	47%
			Self employed	52%
Life stage	Single - Living alone	27%	Couple - Children at home	45%
Work status	No occupation	16%		
Home ownership	Own outright	21%	Paying off	49%
Personal income	Less than \$20k per year	21%	\$50 - \$69k per year	44%
			\$70k or more per year	56%
Household income	Less than \$20k per year	15%	\$60 - \$99k per year	45%
	\$20 - \$34k per year	24%	\$100k or more per year	48%
Savings excl. home			\$250k or more	42%
Home value			\$500k or more	39%
Mortgage debt			\$50 - \$249k	50%
			\$250k or more	65%
Non mortgage debt	Less than \$500	15%	\$500 - \$10k	40%
			\$10 - 99k or more	65%
			\$100k or more	64%
Quintile	Level 1	24%	Level 5	41%

4.5.1 Personal Loan

The proportion of respondents in 2005 with a personal loan (14%) was significantly lower (at the 99% confidence level) than in 2002 (18%).

Those least likely to have a personal loan included older respondents (70 years +: 2%), persons not working (6%), and those with lower household income (less than \$20K per year: 6%).

Groups more likely to have a personal loan included those aged 25-34 years (23%), those renting (22%) and those in full-time employment (22%).

Q7 Which of the following do you have yourself or jointly with someone?				
A personal loan				
14% of people have a Personal Loan (either themselves or jointly with someone else)				
Demographic	Least likely to have a Personal Loan		Most likely to have a Personal Loan	
Age	60 - 69 years	4%	25 - 34 years	23%
	70 years +	2%		
Geography			Qld	18%
Employment	Not working	6%	Working	18%
			Full-time	22%
Life stage			Single - Live in shared HH	19%
Home ownership	Own outright	7%	Renting	22%
Personal income	Less than \$20k per year	9%	\$35 - \$49k per year	20%
			\$50 - \$69k per year	18%
Household income	Less than \$20k per year	6%	\$60 - \$99k per year	19%
Savings excl. home	\$250k or more	9%		
Home value	\$300 - \$490k	9%		
	\$500k or more	9%		
Non mortgage debt	Less than \$500	3%	\$10 - 99k	37%

4.5.2 Line of Credit or Overdraft

Twelve percent of respondents had a line of credit or overdraft in 2005, not significantly different from 2002 (14%).

Older respondents (70 years +: 3%) were less likely to have a line of credit or overdraft, as were younger respondents (18 to 24: 4%). Respondents from the lowest level of financial literacy (Quintile level 1: 7%) were also less likely to have a loan by line of credit or overdraft.

Those more likely were those who had personal income of \$70K or more (25%), as well as those who were self employed (28%) and farm owners (31%).

Q7 Which of the following do you have yourself or jointly with someone?				
A loan by line of credit or overdraft				
12% of people have a loan by line of credit or overdraft (either themselves or jointly with someone else)				
Demographic	Least likely to have a loan by line of credit or overdraft		Most likely to have a loan by line of credit or overdraft	
Age	18 – 24 years	4%	35 – 44 years	20%
	60 – 69 years	7%	45 – 59 years	18%
	70 years +	3%		
Education	Primary/some secondary	7%		
Employment	Not working	6%	Working	16%
			Full-time	17%
			Self employed	28%
Life stage	Single – Live in shared HH	5%	Couple – Children at home	19%
Work status			Farm owner	31%
Home ownership	Own outright	9%	Paying off	19%
	Renting 9%			
Personal income	Less than \$20k per year	7%	\$70k or more per year	25%
Household income	Less than \$20k per year	6%	\$60 - \$99k per year	17%
	\$20 - \$34k per year	7%	\$100k or more per year	20%
Savings excl. home	Less than \$5k	9%	\$250k or more	19%
Home value			\$500k or more	18%
Mortgage debt			\$50 - \$249k	19%
			\$250k or more	28%
Non mortgage debt	Less than \$500	6%	\$10 – 99k or more	20%
			\$100k or more	33%
Quintile	Level 1	7%	Level 5	17%

4.5.3 Lease or Hire Purchase Agreement

The proportion of respondents in 2005 with a lease or hire purchase agreement (9%) was significantly lower (at the 99% confidence level) than in 2002 (11%).

Respondents aged 70 years + (1%) were the least likely to have a lease or hire purchase agreement.

Those more likely were the self employed (25%) and those with a mortgage debt of \$250K or more (22%).

Q7 Which of the following do you have yourself or jointly with someone?				
A lease or hire purchase agreement				
9% of people have a lease or hire purchase agreement (either themselves or jointly with someone else)				
Demographic	Least likely to have a lease or hire purchase agreement		Most likely to have a lease or hire purchase agreement	
Age	60 - 69 years	4%	25 - 34 years	13%
	70 years +	1%		
Employment	Not working	5%	Working	12%
			Self employed	25%
Life stage			Couple - Children at home	13%
Home ownership	Own outright	4%	Paying off	13%
			Renting	13%
Personal income			\$70k or more per year	18%
Household income			\$100k or more per year	15%
Home value			\$500k or more	13%
Mortgage debt			\$50 - \$249k	13%
			\$250k or more	22%
Non mortgage debt	Less than \$500	4%	\$10 - 99k	19%
			\$100k or more	21%

4.5.4 Home Equity Loan

Nine percent of respondents had a home equity loan¹⁶ in 2005, not significantly different from 2002 (8%).

Those most likely to have a home equity loan were in the highest financial literacy level. They included small business owners (19%) and those with savings excluding the home over \$250K (19%).

Q7 Which of the following do you have yourself or jointly with someone?				
A home equity loan				
9% of people have a Home Equity Loan (either themselves or jointly with someone else)				
Demographic	Least likely to have a Home Equity Loan		Most likely to have a Home Equity Loan	
Gender	Female	6%	Male	12%
Age	18 - 24 years	1%	35 - 44 years	15%
	60 - 69 years	4%	45 - 59 years	14%
	70 years +	1%		
Employment	Not working	4%	Working	12%
			Full-time	13%
			Self employed	17%
Life stage	Single - Living alone	5%	Couple - Children at home	16%
	Single - Live in shared HH	3%		
Work status			Owners/Execs inc Small Businesses	19%
Personal income	Less than \$20k per year	4%		
Household income	Less than \$20k per year	2%	\$60 - \$99k per year	13%
			\$100k or more per year	17%
Savings excl. home	Less than \$5k	5%	\$250k or more	19%
	\$5 - \$49k	6%		
Home value			\$300 - \$490k	12%
			\$500k or more	15%
Non mortgage debt	Less than \$500	5%	\$10 - 99k	14%
			\$100k or more	25%
Quintile	Level 1	5%	Level 5	14%

¹⁶ A Home Equity Loan is typically a line of credit secured by a registered first mortgage over the person's property. A Home equity loan allows the person the flexibility to turn the equity in their property into a ready source of funds up to an approved limit.

4.5.5 Reverse Mortgage

Respondents were asked if they had a reverse mortgage¹⁷ for the first time in 2005. One percent of respondents had a reverse mortgage in 2005 (no comparison available with 2002).

A reverse mortgage was most common with respondents who have a large non-mortgage debt (\$100k or more: 4%). Other groups that showed higher than average ownership of reverse mortgage were those with higher income (personal income \$70K or more: 3% and household income over \$100K: 3%). We suspect that high levels of non-mortgage debt and income could be directly related to the reverse mortgage.

Q7 Which of the following do you have yourself or jointly with someone?				
A Reverse Mortgage				
1% of people have a reverse mortgage (either themselves or jointly with someone else)				
Demographic	Least likely to have a reverse mortgage		Most likely to have reverse mortgage	
Employment			Self employed	3%
Home ownership			Paying off	2%
Personal income			\$70k or more per year	3%
			\$50k or more per year	2%
Household income			\$100k or more per year	3%
Saving excl. home			\$250k or more	3%
Home value			\$500k or more	3%
Mortgage debt			\$250k or more	3%
Non mortgage debt			\$100k or more	4%

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¹⁷ Reverse Mortgages typically enable homeowners to convert the equity in their homes into tax-free income without having to sell the home. Interest charged on the reverse mortgage is capitalized back onto the loan, instead of being paid by the borrower each month. The loan is repaid at the point when the homeowner no longer occupies the home as the principal residence, sells the home or passes away.

5 Understanding Financial Products & Services

This section investigates a number of categories of financial understanding, covering investment fundamentals, bad credit ratings, and various product characteristics related to joint loans, mortgage and insurance products. Other aspects of financial understanding that are examined include Internet banking risk and the ability to read and understand financial statements.

Low financial competence across these categories of financial understanding is likely to make it more difficult for consumers to access and use the financial system. In particular, lack of understanding of investment fundamentals leaves consumers at risk of poor decision-making when providing for their retirement.

Key Findings

Overall, consumers with a lower level of financial literacy were significantly less likely to understand financial concepts, product characteristics, responsibilities and risks, and to access and use financial statements within the categories tested.

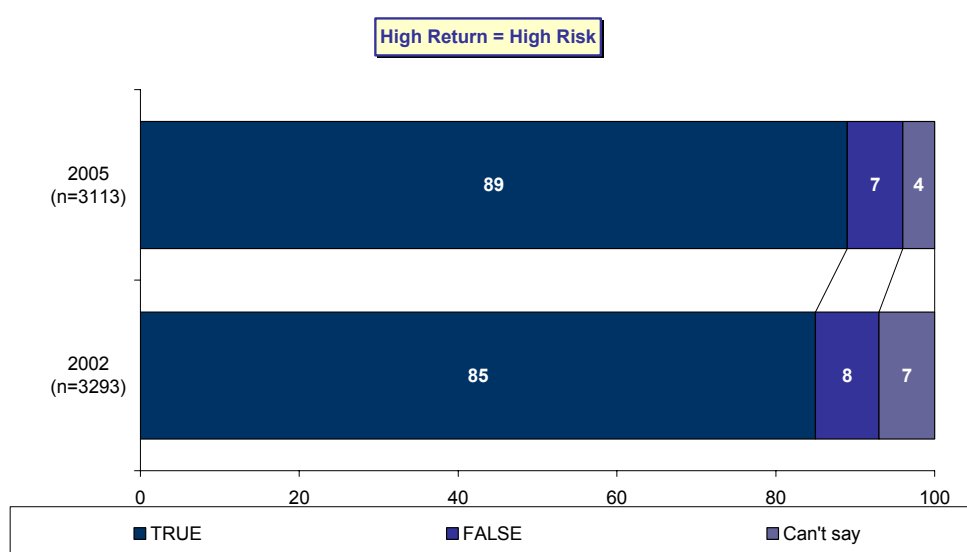
- Those with the lowest level of financial literacy were significantly less likely to understand fundamental investment concepts. These included: (1) being least likely to agree with the statement that “an investment with high return is likely to have a higher than average risks”; (2) being least likely to state that “short-term fluctuations in market value can be expected, even with good investments”; (3) being less likely to consider an investment advertising a return “well above market rate and no risk” to be too good to be true and not invest; and (4) being less likely to think that diversity was important when investing over 5 years or more.
- It is not surprising that the lowest literacy group has a low understanding of investment fundamentals, but it is somewhat surprising that only 47% of the total sample correctly identified that an investment with a high return and no risk was likely to be “too good to be true”. A large percentage of the population understand, in theory, the relationship between risk and return and yet, nearly half would still be prepared to invest in something that they ought to have recognised was too good to be true.
- This is important because, in the broader context, consumers are increasingly being asked to be responsible for their own retirement. The research shows that a sizeable group of people do not understand what a good investment is. Around a quarter of the sample thought that investments that fluctuated in value were not good, or that investments that were good always increased in value. On top of this a further 10% could not say.
- Asked to identify the cause of a bad credit rating, the majority of respondents (61%) correctly stated: “being more than 60 days late with the minimum payment on a credit card”. However, quite a large proportion (39%) did not answer the question correctly. Moreover, in a separate question almost a third of respondents could not think of any information that would influence their credit standing. A bad credit rating can affect the ability of an individual to borrow and so can limit their ability to build assets. Those with low levels of financial literacy (Quintile level 1) were even less likely to understand the determinants of a bad credit rating.

- Sixty-seven percent of people surveyed recognised correctly that they would be liable for any debt incurred on a secondary credit card on their credit card account, a figure which is eight percentage points lower than when measured in 2002 (75%). Persons in the lowest financial literacy group (Quintile level 1) were the least likely to correctly recognise this fact.
- The group with the least awareness of the responsibilities of joint card holders was the lowest literacy group. Similarly, this group was less likely to correctly identify that both people in a joint account are responsible for repayment of the entire loan.
- The majority of consumers understand the relative disadvantages of a fixed interest rate on their mortgage. Persons with low financial literacy (Quintile level 1) were the least likely to perceive being locked in as a disadvantage. Most respondents said they would not take any actions with their mortgages when advised of an upcoming increase in the interest rate. Thirty-five percent of respondents would simply pay it and 28% stated they would do nothing (effectively the same thing). The lowest financial literacy Quintile (level 1) were no more likely than other consumers to simply pay when advised of an upcoming increase.
- In general, awareness that an insurance company could refuse a claim based on inaccuracies in disclosure was low. Only fifty-one percent of those who had insurance answered correctly. Those with the lowest level of financial literacy (Quintile level 1: 30%) were more likely to be in this group.
- In general, the majority (78%) of consumers were aware of risks associated with banking on the Internet and the majority were able to suggest ways to minimise risk. Those with the lowest level of financial literacy (Quintile level 1) were least likely to be in this group.
- The majority of respondents received and read their bank account statements (88%), credit card or store card statements (86%), and superannuation statements (76%). Consumers with the lowest level of financial literacy (Quintile level 1) were less likely to report that they received financial statements, such as bank account statements, credit card or store card statements, and superannuation statements. Sixteen percent of respondents overall did not read their superannuation statements, and the main reasons they gave for this were that they “couldn’t be bothered” (39%) and that they were “too difficult to understand” (29%). Whereas 77% of the group with the highest level of financial literacy (Quintile level 5) said that they found understanding an annual statement for their superannuation fund “easy or very easy”, for Quintile level 1 the figure was 39%.

5.1 Investment Fundamentals

5.1.1 Investment Risk and Return

When asked whether the statement 'an investment with a high return is likely to have higher than average risks' was true or false, the vast majority (89%) of respondents with managed investments or insurance correctly recognised that with high return, there is a likely higher risk. This is significantly higher than that recorded in 2002 (85%).



Base: All respondents with managed investments or insurance 2002 (n=3293), 2005 (n=3113)

Those least likely to agree with the statement “an investment with high return is likely to have higher than average risks” were those with the lowest literacy (Quintile level 1: 74%), as well as those who had savings less than \$5k (81%), and those with a younger profile (18-24 years: 81%).

Those most likely to agree with the statement were those categorized in the highest level of financial literacy (Quintile level 5: 97%), as well as those who had savings of \$250K or more (95%).

Q60 An investment with a high return is likely to have higher then average risks? (TRUE/FALSE)			
TRUE			
89% of people who have either a managed investment or insurance correctly believe that an investment with a high return is likely to have higher than average risks			
Demographic	Least likely to correctly believe that an investment with a high return is likely to have higher than average risks		Most likely to correctly believe that an investment with a high return is likely to have higher than average risks
Gender	Female	85%	Male 92%
Age	18 - 24 years	81%	
Language	Other languages	84%	
Education	Primary/some secondary	83%	Degree 93%
Employment	Casual	84%	Full-time 92%
Life status	Single - Live in shared HH Single parent	81% 82%	
Work status	Unskilled	81%	Professional 92%
Home ownership	Renting	85%	
Personal income			\$35 - \$49k per year 92% \$50 - \$69k per year 94% \$70k or more per year 92%
Household income	Less than \$20k per year	84%	\$100K or more 92%
Saving excl. home	Less than \$5k	81%	\$50 - \$249k 93% \$250k or more 95%
Mortgage debt			\$250k or more 94%
Quintile	Level 1	74%	Level 4 96% Level 5 97%

5.1.2 High Return and No Risk

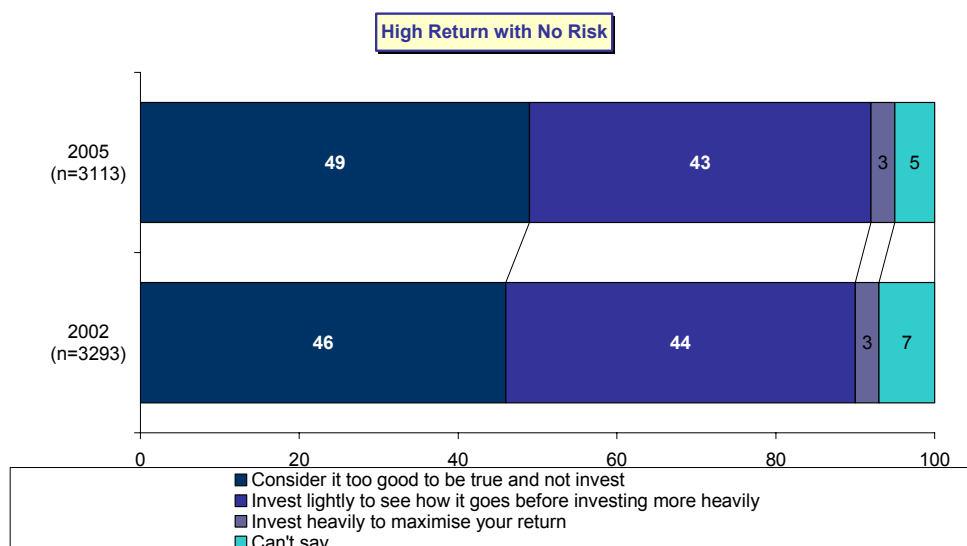
All respondents with investments or insurance were asked:

“Which one of the following would you recommend for an investment advertised as having a return well above market rates and no risk?”

- Consider it ‘too good to be true’ and not invest
- Invest lightly to see how it goes before investing more heavily
- Invest heavily to maximise your return”.

Around half (49%) of the respondents appropriately reported that they would consider it ‘too good to be true’ and not invest, i.e. the “correct” response. The proportion of people who gave this response was not significantly different from the 46% recorded in 2002.

A similar proportion (46%), however, would make some level of investment: 43% would invest lightly to see how it went before investing more heavily, and a further 3% said they would invest heavily to maximise their return. While the approach of ‘testing’ a product before committing to it may often be a sensible approach, this is not the case with investment products. Many scams are perpetrated by initially providing investors with high returns in order to encourage them to increase their level of investment.



Base: All respondents with managed investments or insurance 2002 (n=3293), 2005 (n=3113)

Those who were less likely to consider an investment advertising “a return well above market rate and no risk” to be too good to be true and not invest, were more likely to be younger (18 to 24 years: 29%), 25 to 34 year olds (41%), and those who speak a language other than English at home (37%). This group also included those with the lowest level of financial literacy (Quintile level 1: 36%).

Those who were more likely to appropriately understand the relationship between risk and return were those in the highest level of financial literacy (Quintile level 5: 68%), as well as those with savings of \$250K or more (60%) and aged 70 years + (62%).

Q62 Which one of the following would you recommend for an investment advertising as having a return well above market rate and no risk?				
Consider it too good to be true and not invest				
49% of people (with either a managed investment or insurance) would correctly consider an investment advertising as having a return well above market rate and no risk as too good to be true, and would not invest				
Demographic	Least likely to invest in an investment that is advertised as having a return well above market rate and no risk		Most likely to invest in an investment that is advertised as having a return well above market rate and no risk	
Age	18 - 24 years	29%	60 - 69 years	57%
	25 - 34 years	41%	70 years +	62%
Language	Other languages	37%		
Education			Degree	58%
Employment	Casual	39%		
Life stage	Single - Live in shared HH	38%		
Work status			Professional	58%
Home ownership	Renting	38%	Own outright	55%
Personal income			\$70k or more per year	58%
Saving excl. home	Less than \$5k	41%	\$250k or more	60%
Quintile	Level 1	36%	Level 5	68%
	Level 2	42%		

Q62 Which one of the following would you recommend for an investment advertising as having a return well above market rate and no risk?			
Most likely			
Demographic	Most at risk, Invest heavily to maximise your return (4%)	Middle risk, Invest Lightly to see how it goes before investing more heavily (44%)	Not at risk, Consider it too good to be true and not invest (47%)
Age		18-24 years (65%), 25-34 years (51%)	60-69 years (57%), 70+ years (60%)
Language	Other language (8%)		
Education		Finished year 12 (51%)	Degree (55%)
Life stage	Single living in a shared HH (7%)	Single parent (56%)	
Work status			Professional (55%)
Home ownership		Renting (52%)	Own outright (54%)
Personal income			\$50k or more (53%), \$70k or more (58%)
Saving excl. home		Less than \$100k (48%), less than \$5k (52%)	\$100k or more (56%), \$250k or more (61%)
Home value			\$300-\$499k (53%)
Mortgage debt		Less than \$50k (53%)	
Quintile		Quintile 2 (50%)	Quintile 5 (66%)
Level of control		Fluctuates between in and out of control (50%)	

As stated, close to half of the respondents (43%) answered that they would “invest lightly to see how it goes before investing more heavily”. These respondents were more likely to be in younger age groups (18 to 24: 65%), as well as those who were single parents (54%).

Those who spoke a language other than English at the home (8%) were most likely to answer that they would “invest heavily to maximise their return” (to recap, the comparative figure across all respondents with managed investments or insurance was just 4%).

Q62 Which one of the following would you recommend for an investment advertising as having a return well above market rate and no risk?				
Invest lightly to see how it goes before investing more heavily				
43% of people (would either a managed investment or insurance) would invest lightly where an investment was advertised as having a return well above market rate and no risk				
Demographic	Least likely to invest lightly where an investment was advertised as having a return well above market rate and no risk		Most likely to invest lightly where an investment was advertised as having a return well above market rate and no risk	
Age	60 - 69 years	34%	18 - 24 years	65%
	70 years +	25%	25 - 34 years	51%
Education	Degree	37%		
Life stage			Single parent	54%
Employment status	Not working	37%		
Work status	Professional	35%		
Home ownership	Own outright	37%	Renting	52%
Household income	\$70k or more per year	35%		
Saving excl. home	\$100k or more	37%	Less than \$5k	52%
	\$250k or more	33%		
Home value	\$500k or more	37%		
Quintiles	Level 5	32%	Level 2	50%

5.1.3 Market Fluctuations

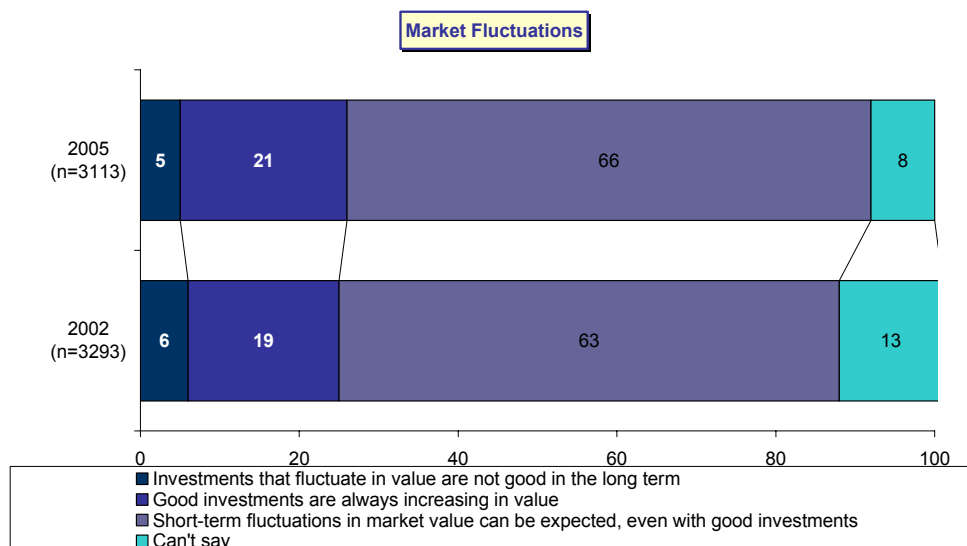
All respondents with investments or insurance were asked:

“Which one of the following is the most accurate statement about fluctuations in market values:

- Investments that fluctuate in value are not good in the long term
- Good investments are always increasing in value
- Short-term fluctuations in market value can be expected, even with good investments”.

Two in three (66%) respondents correctly suggested “short-term fluctuations in market value can be expected, even with good investments” to be the most accurate statement about fluctuations in market values. This is marginally above that recorded in 2002 (63%).

Only 5% incorrectly believed that “investments that fluctuate in value are not good in the long term”, however a further 21% incorrectly thought that the most accurate statement about fluctuations in market values was that “good investments are always increasing in value”. A further 8%, meanwhile, could not say.



Base: All respondents with managed investments or insurance 2002 (n=3293), 2005 (n=3113)

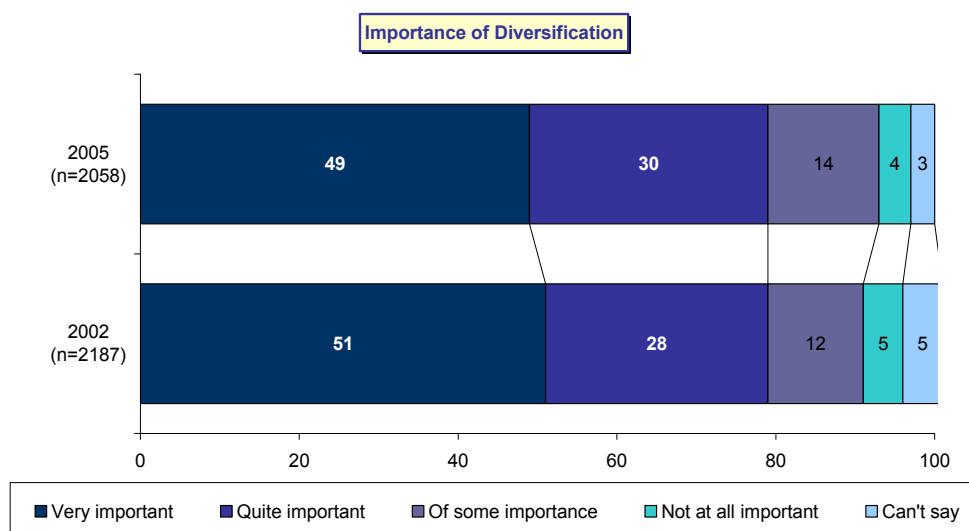
Those who were most likely to understand the impact of market fluctuations were those in the highest two literacy levels (Quintile level 5: 89% and Quintile level 4: 81%), as well as those with a high level of education (degree: 82%).

Those in the lowest level of financial literacy (Quintile Level 1: 36%), as well as those with lower levels of education (primary/some secondary: 43%) and those in unskilled work (47%), were the least likely to recognise that short-term fluctuations in market value can be expected, even with good investments.

Q61 Which one of the following is the most accurate statement about fluctuations in market values?				
Short-term fluctuations in market value can be expected, even with good investments				
66% of people (with either a managed investment or insurance) correctly believe that short-term fluctuations in market value can be expected, even with good investments				
Demographic	Least likely to correctly believe that short-term fluctuations in market value can be expected, even with good investments		Most likely to correctly believe that short-term fluctuations in market value can be expected, even with good investments	
Age	70 years +	46%	45 - 59 years	71%
Language	Other languages	56%		
Education	Primary/some secondary Passed Year 10	43% 53%	Some tertiary / diploma Degree	75% 82%
Employment	Not working	58%	Working Full-time	71% 72%
Life stage	Single - Living alone	60%	Couple - Children at home	72%
Work status	Sales Semi-Skilled Unskilled	48% 57% 47%	Professional	79%
Home ownership			Paying off	71%
Personal income	Less than \$20k per year	57%	\$50 - \$69k per year \$70k or more per year	74% 79%
Household income	Less than \$20k per year per year	51%	\$60 - \$99k per year \$100k or more per year	75% 76%
Saving excl. home	Less than \$5k	54%	\$50 - \$249k \$250k or more	71% 79%
Home value	Less than \$175k	55%	\$500k or more	74%
Mortgage debt			\$50 - \$249k \$250k or more	73% 77%
Quintile	Level 1 Level 2	36% 53%	Level 4 Level 5	81% 89%

5.1.4 Importance of Diversity

Respondents were asked to think about the importance of diversity when investing over five years or more. Seventy-nine percent said that diversity was either very important or quite important, indicating that the majority recognised the importance of investment diversification. This figure is unchanged from 2002.



Base: All respondents who have investments 2002 (n=2187) 2005 (n=2058)

Those who were least likely to think that diversity was important when investing over 5 years or more were younger respondents (18 to 24: 30%) as well as 25 to 34 year olds (41%). Those who were single living in a shared household (35%) were also in this group. The group with the lowest level of financial literacy (Quintile level 1: 36%) were also less likely to consider diversification very important.

Conversely, those in the highest level of financial literacy (Quintile level 5: 65%) and those between 60 and 69 years old (59%) were the most likely to think that diversity was important.

Q65 Thinking about investing over five years or more, how important do you consider diversification of your funds across different types of investments?				
Very important				
49% of people with investments believe that it is very important to consider diversification of funds across different types of investments when thinking about investing over five years or more				
Demographic	Least likely to believe that it is very important to consider diversification of funds across different types of investments when thinking about investing over five years or more		Most likely to believe that it is very important to consider diversification of funds across different types of investments when thinking about investing over five years or more	
Age	18 - 24 years	30%	60 – 69 years	59%
	25 - 34 years	41%		
Education	Finished year 12	41%		
Life stage	Single - Live in shared HH	35%		
Saving excl. home	Less than \$5k	39%	\$250k or more	57%
Home value			\$500k or more	57%
Quintile	Level 1	36%	Level 5	65%

5.2 Bad Credit Rating

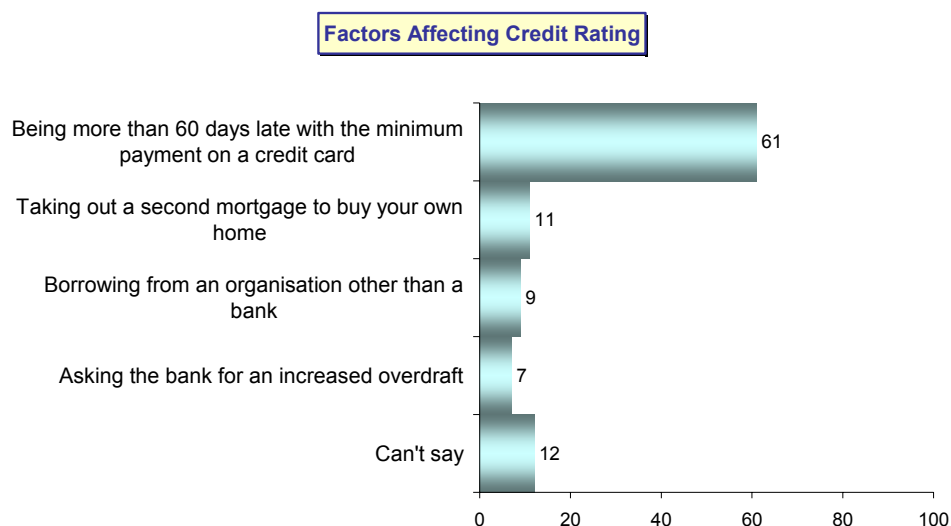
Respondents were asked:

“Thinking about debts and borrowing money, which one of a list of causes was most likely to give someone a bad credit rating?”

The majority (61%) correctly perceived that the most likely cause of a bad credit rating was “being more than 60 days late with the minimum payment on a credit card”.

A significant proportion (20%) stated causes, which, while possible under some circumstances, were much less likely to lead to a bad credit rating. Over one in ten (11%) perceived that a cause of a bad credit rating was taking out a second mortgage to buy your own home and 9% perceived borrowing from an organisation other than a bank could be a cause of a bad credit rating.

A further 7% incorrectly thought that asking the bank for an increased overdraft affected your credit rating. Twelve percent couldn't say.



Base: 50% of total respondents (n=1756)

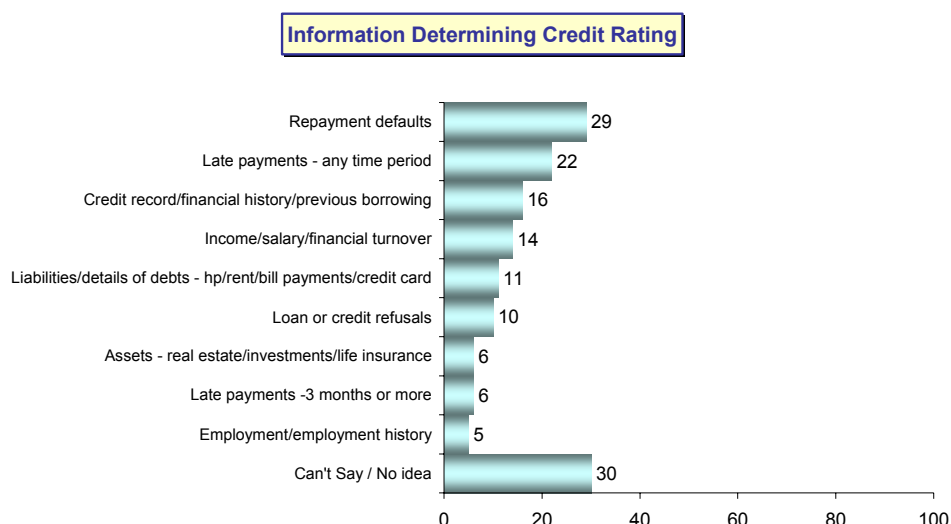
Those in the lowest level of financial literacy (Quintile level 1: 36%) and those aged 70 + (32%) were least likely to correctly respond that being more than 60 days late with the minimum payment on a credit card would be most likely to give someone a bad credit rating.

Respondents who were categorized in the highest two levels of literacy (Quintile level 5: 93% and Quintile level 4: 80%) were the most likely to answer this way.

Q91 Thinking about debts and borrowing money, which one of the following is most likely to give someone a bad credit rating?				
Being more than 60 days late with the minimum payment on a credit card				
Of the range of alternatives presented, 61% of people believed that being more than 60 days late with the minimum payment on a credit card was most likely to give someone a bad credit rating				
Demographic	Least likely to believe that being more than 60 days late with the minimum payment on a credit card was most likely to give someone a bad credit rating – of the range of alternatives presented		Most likely to believe that being more than 60 days late with the minimum payment on a credit card was most likely to give someone a bad credit rating – of the range of alternatives presented	
Age	70 years +	32%	25 - 34 years 35 - 44 years	71% 71%
State	S. Aus	47%		
Education	Primary/some secondary	46%	Degree	70%
Employment	Not working	47%	Working Full-time	68% 72%
Life stage	Single - Living alone	53%		
Work status	Semi-Skilled No occupation	51% 26%		
Home ownership	Own outright	54%	Paying off	68%
Personal income	Less than \$20k per year	53%	\$70k or more per year	78%
Household income	Less than \$20k per year	47%	\$60 - \$99k per year \$100k or more per year	71% 72%
Mortgage debt			\$50 - \$249k	70%
Non mortgage debt	Less than \$500	53%	\$10 - 99k	74%
Quintile	Level 1 Level 2	36% 53%	Level 4 Level 5	80% 93%

When asked what sort of information is collected to determine your credit rating, respondents incorrectly believed that a wide variety of sources were used. While all of the responses below may be taken into account by a lender when assessing a credit application, the factors permitted to be recorded by a credit reporting agency are limited (for example, a credit reporting agency is not permitted to record a consumer's income).

A person's credit rating is determined by whether the person has defaulted on credit or a loan, and 29% correctly identified this. Some respondents, however, were unclear or incorrect; for example, 22% thought that details of late payment were taken into consideration, while 14% thought that a person's income or salary were taken into consideration. Sixteen percent, meanwhile, thought that their credit record/financial history/previous borrowing was taken into consideration (this, however, would only be the case if they had defaulted). Almost a third of respondents could not think of any information that would influence credit standing.



Base: 50% of total respondents (n=1756)

Those from the lowest level of financial literacy (Quintile level 1: 14%) were among the least likely to state that repayment defaults were collected to determine your credit rating. A very low percentage (3%) was also recorded for those who stated they had no occupation.

In the higher literacy levels less than half correctly identified repayment defaults as a determinant of your credit rating. For Quintile level 5 the figure was 46% and for levels 3 and 4 it was 37%.

Q92 As far as you are aware, what sort of information is collected to determine your credit rating?				
Repayment defaults				
29% of people believe that information on repayment faults is collected to determine a person's credit rating				
Demographic	Least likely to believe that information on repayment faults is collected to determine a person's credit rating		Most likely to believe that information on repayment faults is collected to determine a person's credit rating	
Age	18 - 24 years	17%		
	70 years +	16%		
Education	Primary/some secondary	17%	Degree	38%
Employment	Not working	23%	Full-time	35%
Work status	Semi-Skilled	17%	Professional	38%
	No occupation	3%		
Home ownership			Paying off	36%
Savings excl. home	Less than \$5k	21%		
Personal income			\$50 - \$69k per year	43%
Mortgage debt			\$50 - \$249k per year	40%
Quintile	Level 1	14%	Level 3	37%
			Level 4	37%
			Level 5	46%

For those who couldn't say what sort of information is collected to determine your credit rating those with the lowest literacy (Quintile level 1: 57%) as well as those who had lower levels of education (primary/some secondary: 54%) had significantly higher than average responses.

Those with the lowest responses were from the highest levels of literacy (Quintile level 5: 10% and Quintile level 4: 15%).

Q92 As far as you are aware, what sort of information is collected to determine your credit rating?				
Can't Say				
29% of people were unable to say what sort of information is collected to determine their credit rating				
Demographic	Least likely to not be able to say what sort of information is collected to determine their credit rating		Most likely to not be able to say what sort of information is collected to determine their credit rating	
Age	25-34 year	20%	70+ years	58%
	35-44 years	21%		
Education			Primary /some secondary	54%
Employment	Working	21%	Not working	47%
	Full time	18%		
	Part time	21%		
Life stage	Couple children at home	24%	Single living alone	39%
Work Status	Professional	17%	Semi skilled	44%
			Unskilled	48%
			No Occupation	79%
Home ownership	Paying off	18%	Own outright	38%
Personal income	\$50k or more per year	16%	Less than \$20k per year	43%
	\$35-\$49k per year	17%		
	\$50k- \$69k per year	17%		
	\$70k or more per year	15%		
Household income	\$100k or more per year	19%	Less than \$20k per year	48%
	\$60-\$99k per year	19%		
Savings (excl home)	\$50-\$249k	20%	Less than \$5k	40%
Mortgage	\$50-\$249k	16%		
	\$250k or more	16%		
Non mortgage debt	\$500-\$10k	19%	Less than \$500	39%
	\$10-\$99k or more	19%		
Quintiles	Level 4	15%	Level 1	57%
	Level 5	10%		

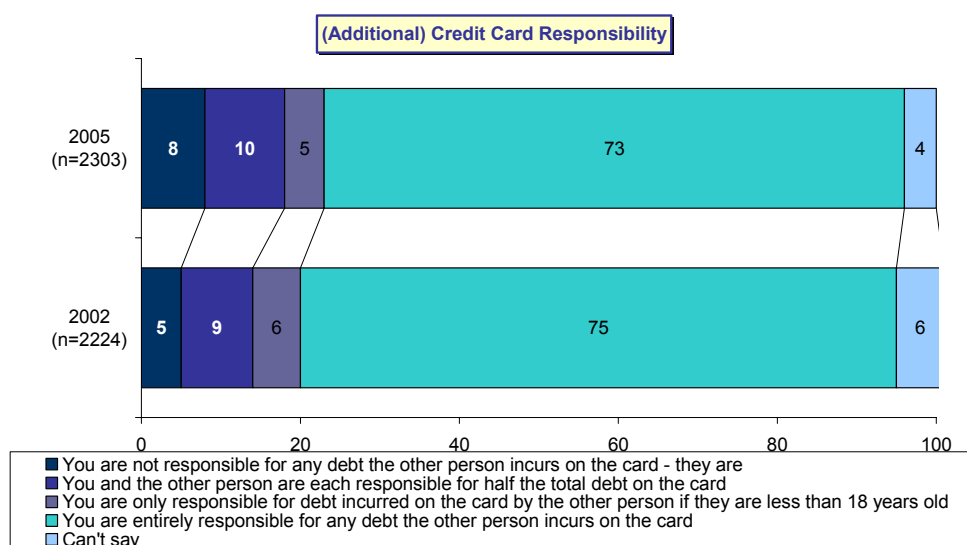
5.3 Debt on Secondary Credit Card

Respondents were asked the following:

“If you, as primary holder of a credit card, arrange for a second person to be provided with a card in your name, which ONE of the following most accurately describes your responsibility for debt incurred by that person on the card?

- You are not responsible for any debt the other person incurs on the card – they are
- You and the other person are each responsible for half the total debt on the card
- You are only responsible for debt incurred on the card by the other person if they are less than 18 years old
- You are entirely responsible for any debt the other person incurs on the card.

Seventy-three percent of people surveyed recognised correctly that they would be liable for any debt incurred on a secondary credit card on their credit card account, a figure which is two percentage points lower than when measured in 2002 (75%).



Base: Respondents with a credit card and insurance or investment 2002 (n=2224), 2005 (n=2303)

The groups with least awareness of the responsibilities of card holders were both younger (18-24 years: 69%) and older (70+ years: 59%). They were also more likely to have no occupation (36%), lower income (personal income less than \$20K per year: 65%) and a lower level of education (primary/some secondary: 56%). The lowest financial literacy groups (Quintile level 1: 35% and Quintile level 2: 56%) were more likely to be in this category.

Conversely, the highest awareness of the responsibility of card holders included those with high levels of personal income (\$70K or more per year: 86%) and higher levels of education (degree: 81%). This included the highest financial literacy groups (Quintile level 4: 86% and Quintile level 5: 97%).

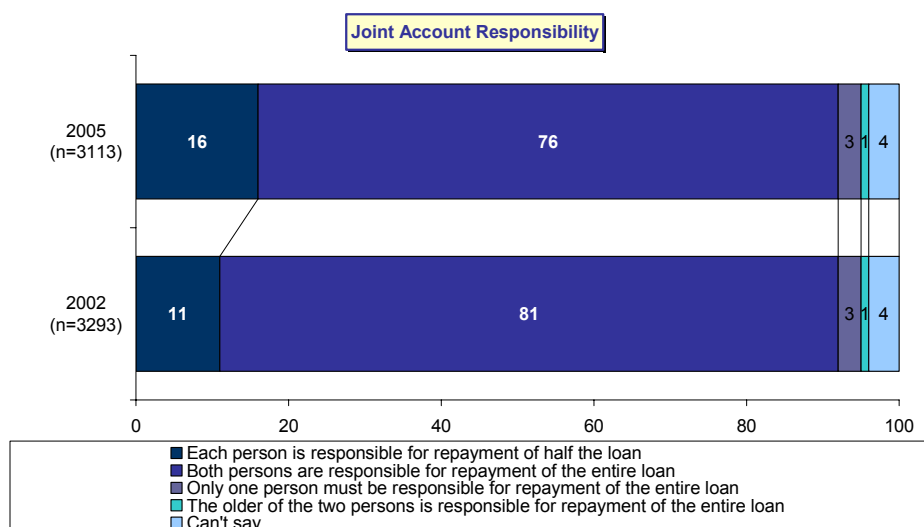
Additional groups which were more likely to understand the responsibilities of card holders included persons whose level of control was described as being “out of control all / most of the time” (84%).

Q63 If you, as primary holder of a credit card, arrange for a second person to be provided with a card in your name, which one of the following most accurately describes your responsibility for debt incurred by that person on the card?				
You are entirely responsible for any debt the other person incurs on the card				
73% of people (with a credit card and insurance or investment) correctly believe that the primary holder of a credit card is entirely responsible for any debt incurred by another person on the card				
Demographic	Least likely to correctly believe that the primary holder of a credit card is entirely responsible for any debt incurred by another person on the card		Most likely to correctly believe that the primary holder of a credit card is entirely responsible for any debt incurred by another person on the card	
Age	18 - 24 years	69%	35 - 44 years	78%
	70 years +	59%		
Language	Other languages	65%		
Education	Primary/some secondary	56%	Degree	81%
	Passed Year 10	64%		
Employment	Not working	66%	Full-time	78%
Life stage	Single living alone	66%	Couple - Children at home	78%
Work status	Semi-Skilled	63%	Professional	80%
	Unskilled	56%	Other white collar	78%
	No occupation	36%	Semi professional	78%
	Farm owner	65%		
	Sales	66%		
Home ownership			Paying off	78%
Personal income	Less than \$20k per year	65%	\$70k or more per year	86%
	Less than \$50k	69%	\$50k or more	80%
Household income	\$35-\$59k per year	68%	\$60 - \$99k per year	78%
	Less than \$20k per year	59%	\$100k or more per year	81%
Saving excl. home			\$250k or more	80%
Home value	Less than \$175k	64%	\$500k or more	78%
Mortgage debt			\$50 - \$249k	78%
			\$250k or more	86%
Non mortgage debt	Less than \$500	69%	\$10 - 99k	82%
Quintile	Level 1	35%	Level 4	86%
	Level 2	56%	Level 5	97%
Level of control			Out of control all / most of the time	84%

5.4 Repayment on a Joint Loan Account

In a situation where two people jointly take out a loan, 76% of respondents with managed investments or insurance correctly identified that both people are responsible for repayment of the entire loan.

The percentage who correctly answered this question (76%) is significantly lower than the 81% recorded in 2002.



Base: Respondents with managed investments or insurance 2002 (n=3293), 2005 (n=3113)

Those most likely to respond correctly were those with high levels of personal income (\$70k or more per year: 85%), those with medium or large mortgages (\$50-249K: 85% and \$250k or more: 85%), and those with high levels of literacy (Quintile level 4: 86% and Quintile level 5: 97%).

The lowest levels of correct responses were those amongst farm owners (54%), as well as those 70 years + (56%) and those in the lowest levels of financial literacy (Quintile level 1: 46% and Quintile level 2: 68%).

Q64 If two people jointly take out a loan, which one of the following most accurately describes the responsibility for repayment of the loan?				
Both persons are responsible for repayment of the entire loan				
76% of people correctly believe that both persons are responsible for repayment of the entire loan if two people jointly take out a loan				
Demographic	Least likely to correctly believe that both persons are responsible for repayment of the entire loan if two people jointly take out a loan		Most likely to correctly believe that both persons are responsible for repayment of the entire loan if two people jointly take out a loan	
Age	70 years +	56%	35 - 44 years 45 - 59 years	81% 80%
Education	Primary/some secondary	61%	Degree	81%
Employment	Not working	69%	Full-time	81%
Life stage	Single - Living alone Single - Live in shared HH	67% 69%	Couple - Children at home	83%
Work status	Farm owner	54%	Professional	81%
Home ownership	Own outright	71%	Paying off	83%
Personal income	Less than \$20k per year	70%	\$70k or more per year	85%
Household income	Less than \$20k per year	63%	\$60 - \$99k per year \$100k or more per year	83% 82%
Savings excl. home	Less than \$5k	70%	\$250k or more	83%
Home value	Less than \$175k	66%	\$300 - \$490k	80%
Mortgage debt			\$50 - \$249k \$250k or more	85% 85%
Non mortgage debt	Less than \$500	70%	\$10 - 99k or more	82%
Quintile	Level 1 Level 2	46% 68%	Level 4 Level 5	86% 97%

5.5 Mortgage Products

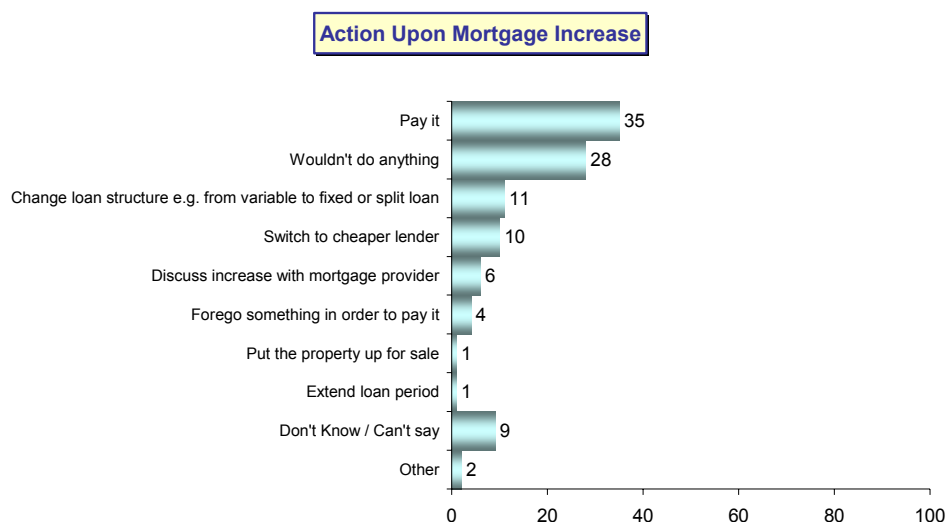
5.5.1 Mortgage Interest Rate Increase

Respondents who have a mortgage on their own home or an investment property were asked what they would do when advised of an upcoming increase in their mortgage interest rate.

Thirty-five percent would simply pay it and 28% stated they would do nothing (effectively the same thing).

A small proportion (27%) would seek to renegotiate or change their mortgage product. Eleven percent would change the loan structure, 10% would switch to a cheaper lender, and 6% would discuss the increase with their mortgage provider.

A further 9% of respondents who have a mortgage, however, couldn't say what action they would take when advised of an upcoming increase in their interest rate.

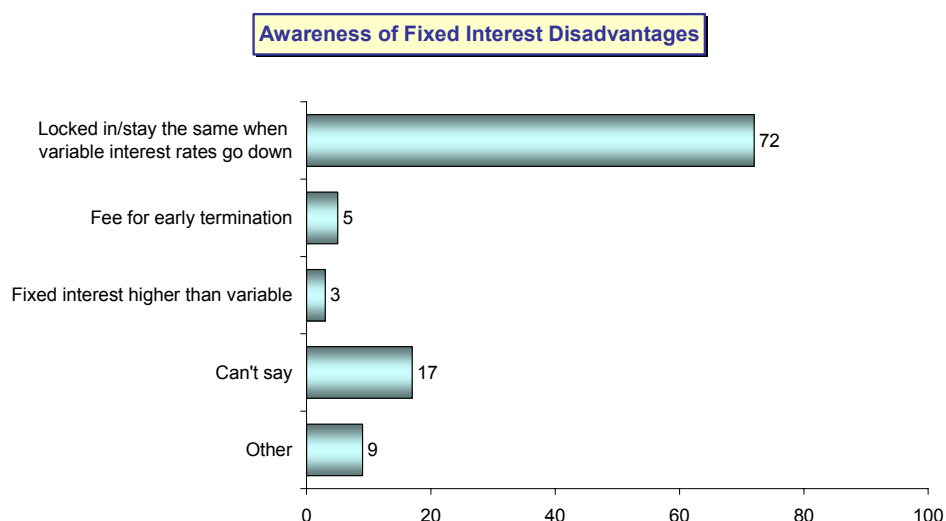


Base: All respondents who have a mortgage (n=1319)

5.5.2 Fixed Rate Disadvantages

Nearly three in four (72%) respondents who are considering a mortgage in the next 12 months knew that one of the disadvantages of a fixed interest loan is that the rate is locked in even if variable interest rates go down.

Nearly one in five (17%), however, couldn't say what the disadvantages of a fixed interest loan were.



Base: Total respondents considering a mortgage in the next 12 months (n=288)

Respondents in Quintile 1, the lowest level of financial literacy, were least likely to respond that "you are locked into the rate even if the variable rate goes down" (48%).

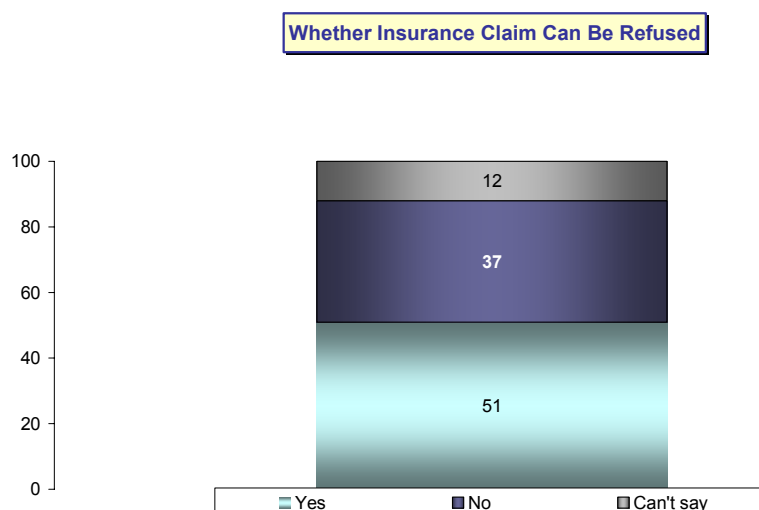
Q80 As far as you know, what are the disadvantages of fixed interest loans, compared with variable interest loans?				
Locked in/stay the same when variable interest rates go down				
72% of people considering taking a mortgage in the next 12 months understand that a disadvantage of fixed interest loans compared with variable interest loans is that the rate is locked in, or stays the same if the variable interest rate goes down				
Demographic	Least likely to understand that with a fixed interest loan the rate stays the same, even when the variable rate goes down		Most likely to understand that with a fixed interest loan the rate stays the same, even when the variable rate goes down	
Quintile	Level 1	48%		

5.6 Insurance Products

5.6.1 Claim Refusal

Respondents with insurance were asked whether they were aware that their insurance company could refuse their claim because when they took out or renewed the policy they did not accurately answer some specific questions asked by the insurer that were relevant to the loss.

In general, awareness that an insurance company could refuse a claim based on inaccuracies in disclosure was low. Only fifty-one percent of those who had insurance answered correctly.



Base: Total respondents with insurance (n=2892)

Those with the lowest levels of awareness that a claim could be refused because of inaccuracies in disclosure were more likely to be older (70+ years: 26%), those in unskilled work (36%), and those whose household income was less than \$20k per year (36%). Those with the lowest level of financial literacy (Quintile level 1: 30%) were also in this group.

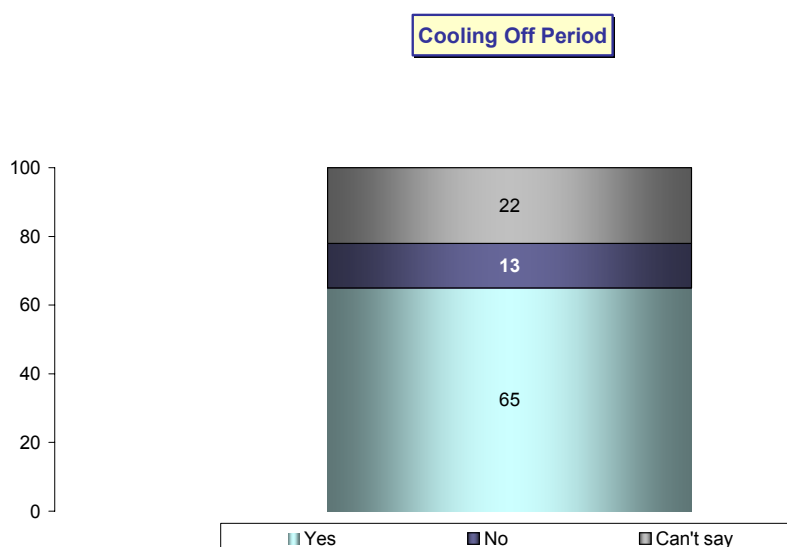
Those with high levels of awareness were those with highest levels of literacy (Quintile level 5: 69%), those whose personal income was \$70k or more per year (64%) and those with a mortgage debt of \$250k or more (61%).

Q59 As far as you are aware, can your insurance company refuse your claim because when you took out or renewed the policy you did not accurately answer some specific questions asked by the insurer that were relevant to the loss?				
YES				
51% of people correctly believe that an insurance company can refuse a claim when a person takes out or renews a policy and does not accurately answer some specific questions asked by the insurer that were relevant to the loss.				
Demographic	Least likely to correctly believe that an insurance company can refuse a claim when a person takes out or renews a policy and does accurately answer some specific questions asked by the insurer that were relevant to the loss		Most likely to correctly believe that an insurance company can refuse a claim when a person takes out or renews a policy and does accurately answer some specific questions asked by the insurer that were relevant to the loss	
Age	70 years +	26%	25 - 34 years	58%
Education	Primary/some secondary Passed Year 10	40% 43%	Degree	58%
Employment	Not working	41%	Working Full-time	56% 59%
Work status	Unskilled	36%	Professional	59%
Home ownership			Paying off	58%
Personal income	Less than \$20k per year	44%	\$70k or more per year	64%
Household income	Less than \$20k per year	36%	\$60 - \$99k per year \$100k or more per year	57% 59%
Savings excl. home	Less than \$5k	43%	\$250k or more	59%
Mortgage debt			\$50 - \$249k \$250k or more	61% 61%
Non mortgage debt			\$10 - 99k	59%
Quintile	Level 1 Level 2	30% 40%	Level 4 Level 5	59% 69%

5.6.2 Cooling Off Period

Respondents were asked whether they were aware that there was a cooling off period after taking out a new house and contents insurance policy during which time they could cancel the policy and have their premium fully refunded.

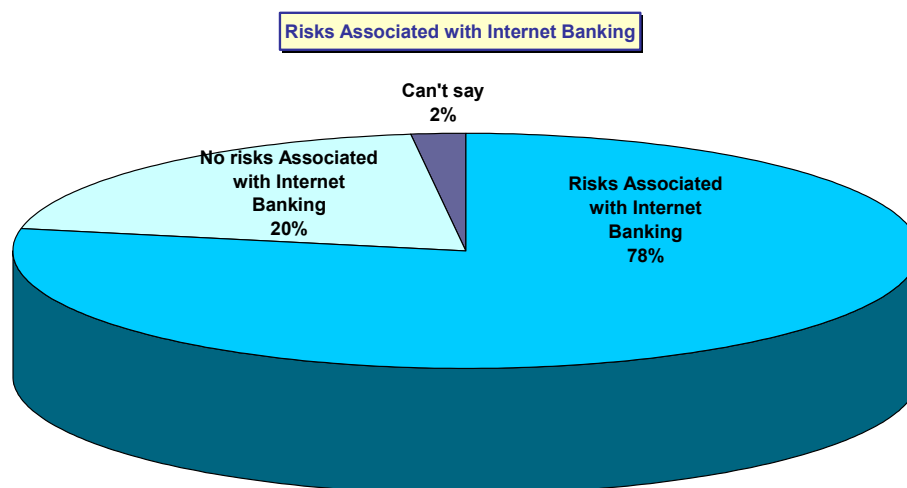
Two-thirds (65%) of respondents knew that there is a cooling off period after taking out home and contents insurance – significantly lower for 18-24 year olds (54%).



Base: 50% of total respondents (n=1756)

5.7 Internet Banking Risk

Respondents were asked if they thought there were risks associated with banking on the Internet. The majority (78%) said that there were.



Base: Total respondents who use or know how to use internet banking (n=2187)

Over half of respondents who see risks associated with internet banking noted key logging by hackers (59%) as the biggest risk associated with Internet banking, followed by unsecured sites (27%) and credit card fraud (19%).

Risks Associated with Internet Banking

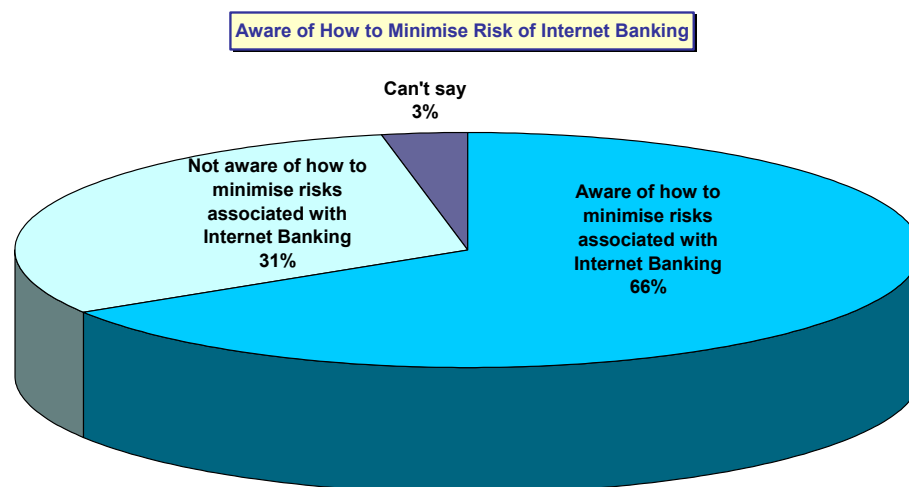


Base: Total respondents who see risks associated with internet banking (n=854)

Two-thirds (66%) of respondents who see risks associated with internet banking said that they were aware of ways to minimize the risks associated with Internet banking.

Those in the lowest level of financial literacy (Quintile level 1: 48%) and those with a lower level of education (Year 10 level: 47%) were least likely to be aware of ways to minimize the risks.

Those categorized in the highest level of financial literacy (Quintile level 5) were more likely to be aware of ways to minimize the risks (77%).

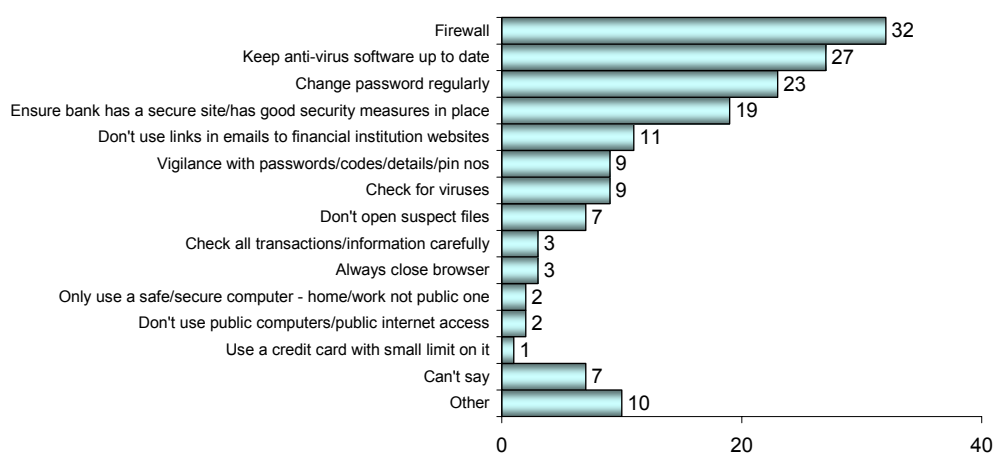


Base: Total respondents who see risks associated with internet banking (n=854)

Q53 Are you aware of any ways in which these risks can be minimised?			
YES			
66% of people who believe that there are risks associated with Internet banking, consider that they do know how these risks can be minimised			
Demographic	Least likely to know how to minimise the risks		Most likely to know how to minimise the risks
Geography	Non Capital	57%	
Education	Passed Year 10	47%	Degree 76%
Work status			Professional 75%
Quintile	Level 1	48%	Level 5 77%

Four methods were most commonly cited to minimise risks associated with Internet Banking: using a firewall (32%), keeping anti-virus software up to date (27%), changing passwords regularly (23%), and ensuring that the bank has a secure site and/or good security measures in place.

How to Minimise Risks Associated with Internet Banking



Base: Total respondents who are aware of ways in which internet banking risks can be minimised (n=563)

5.8 Reading and Understanding Financial Statements

The ability to read and understand financial statements is important for consumers to enable them to make effective financial decisions.

Respondents were asked whether they received three types of financial statements:

- Bank account statements,
- Credit card or store card statements,
- Superannuation statements.

Those who did receive statements were then asked a number of further questions (but not all questions were asked for all types of financial statement). Questions that were asked are indicated by a tick (✓) in the table below, by statement type.

Questions asked of respondents who received financial statements	Type of financial statements		
	Bank account	Credit card or store card	Superannuation
Did you read these at all?	✓	✓	✓
What do you generally look for?	✓	✓	✓
[IF DON'T READ] Why do you not read them?	✓	✓	✓
For how long do you keep them?	x	✓	✓
Would you find understanding an annual statement easy or difficult?	x	x	✓

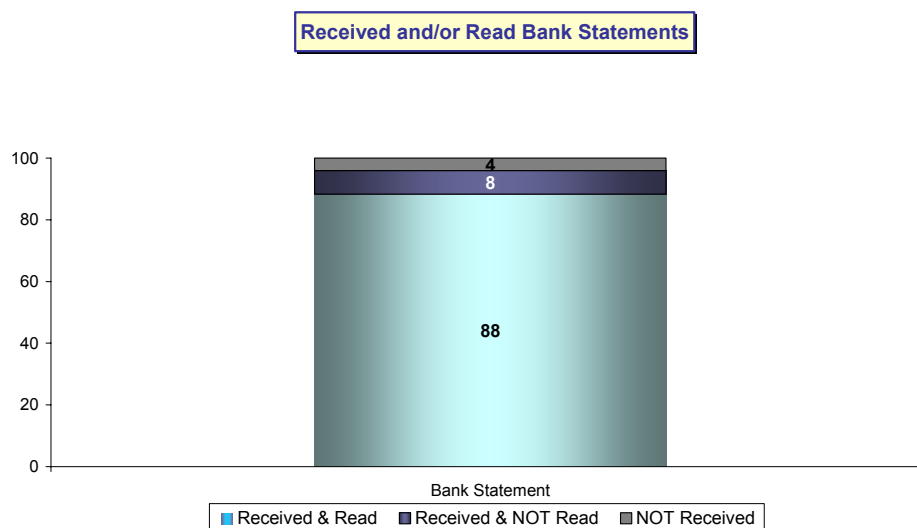
Consumers with the lowest level of financial literacy (Quintile level 1) were less likely to report that they received financial statements, such as bank statements, credit card or store card statements, and superannuation statements.

This group were also less likely (74%) than the average (84%) to read superannuation statements. Whereas 77% of the group with the highest level of financial literacy (Quintile level 5) said they found understanding an annual statement for their superannuation fund “easy or very easy”, for Quintile level 1 the figure was 39%.

5.8.1 Bank Account Statements

Ninety-seven percent of respondents said they received bank account statements, with the majority (88%) of bank customers receiving and reading their bank account statements. In 2002, 92% said that they received and read their bank account statements.

Those aged 70+ were least likely to say they *receive* bank statements (83% versus an average of 97%)¹⁸, whereas 18-24 year olds were least likely to *read* their statements (84% versus average of 92%).



Base: 50% of all respondents with ordinary bank account (n=1702)

356

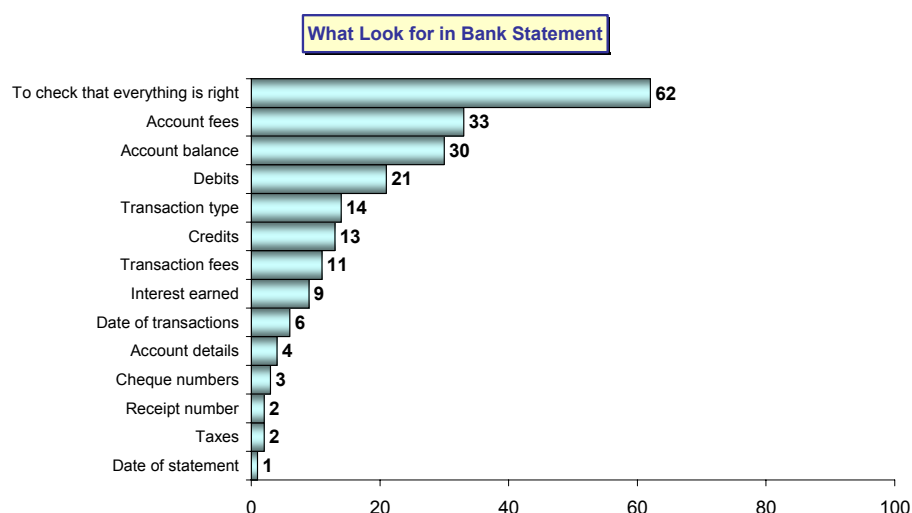
¹⁸ This is likely explained, at least in part, by a higher incidence of holding of passbook accounts amongst older persons.

Q34 Do you receive bank account statements?				
YES				
97% of people with an ordinary bank account believe that they receive bank account statements				
Demographic	Least likely to believe that they receive bank account statements		Most likely to believe that they receive bank account statements	
Age	70 years +	83%	45 - 59 years	99%
Education	Primary/some secondary	91%	Degree	99%
Employment	Not working	92%	Working Full-time	99%
Life stage			Couple - Children at home	99%
Home ownership	Own outright	94%	Paying off	99%
Household income			\$60 - \$99k	100%
Savings excl home			\$250k or more	100%
Non mortgage debt			\$500 - \$10k	99%
Quintile	Level 1	92%		

Q35 Do you read these at all?				
YES				
92% to people who believe they receive bank account statements read them				
Demographic	Least likely to read their bank account statement		Most likely to read their bank account statement	
Age	18 - 24 years	84%	60 - 69 years	98%
Employment	Full-time	88%	Not working	96%

Respondents nominated (unprompted) a wide range of factors that they looked for in their bank account statements. The most frequent response was to check that everything is right (62%). The second most frequent activity was to check fees, including account fees (33%) and transaction fees (11%). Close to a third checked their account balance and 21% checked their debits.

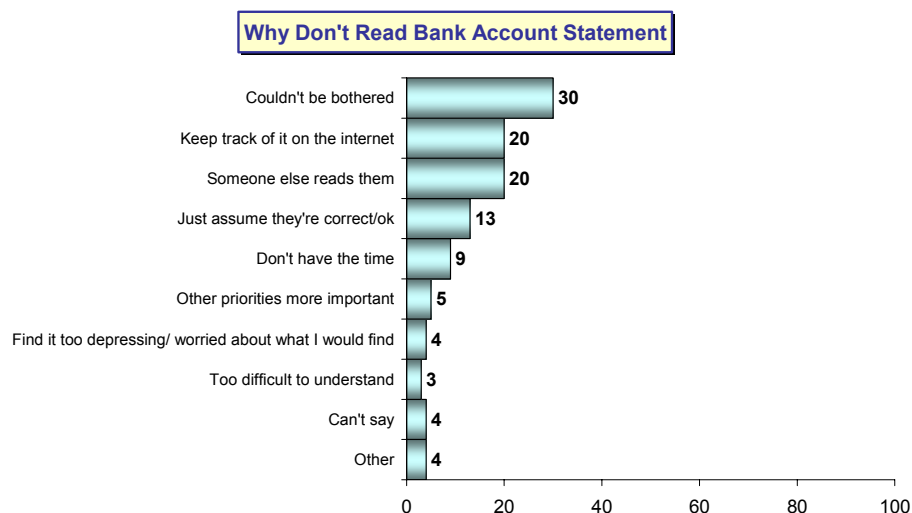
Respondents aged 60-69 and those with savings of over \$250K were more likely to check that everything is right (73%) on their bank statement.



Base: 50% of all respondents who read bank statements (n=1645)

Q36 And what do you generally look for when you receive your bank account statement?			
To check that everything is right			
62% of people who read their bank account statement read the statement to check that everything is right			
Demographic	Least likely to read the statement to check that everything is right		Most likely to read the statement to check that everything is right
Age			60 - 69 years
Savings excl. home	Less than \$5k	53%	\$250k or more
			73%

Of the 8% of respondents who said they did not read their bank account statements, the most common reason given was *couldn't be bothered* (30%). The next most common was *keep track of it on the Internet* (20%), and *someone else reads them* (20%).

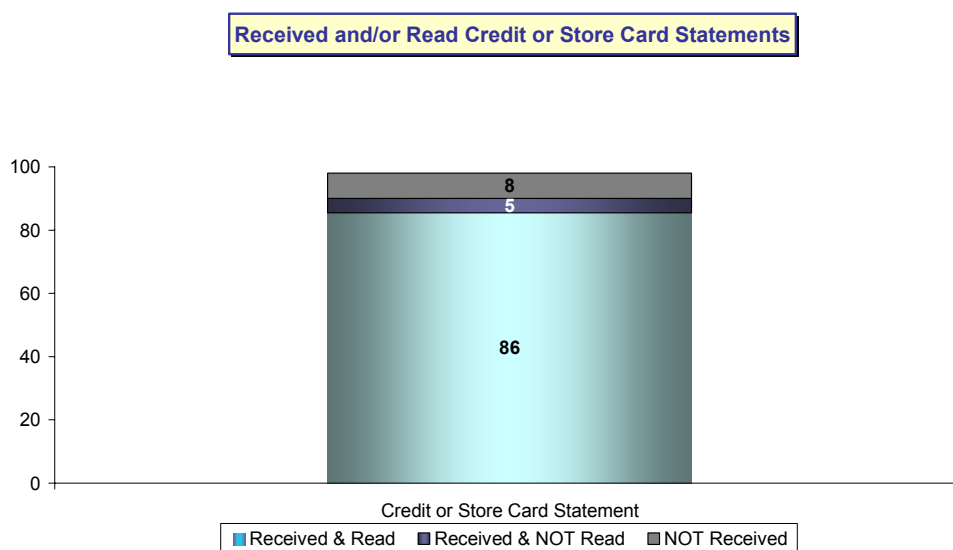


Base: 50% of all respondents who don't read their bank account statements (n=51)

5.8.2 Credit or Store Card Statements

Ninety-two percent of respondents with credit or store cards said they received their credit card or store card statements, and 86% who received their credit or store cards read their statements when they come in. In 2002, 92% said that they received and read their credit or store card statements.

Those aged 18-24 were least likely to say they received their credit or store card statements (73% versus an average of 90%).

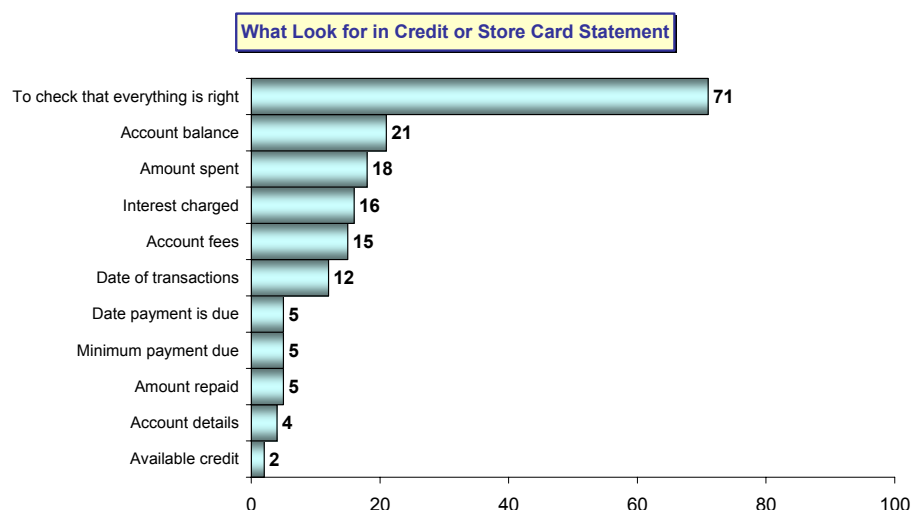


Base: Total respondents with credit or store card, 50% of eligible sample (n=1119)

Q38 Do you receive credit card or store card statements?				
YES				
92% of people who have a credit or store card believe they receive a statement				
Demographic	Least likely to believe that they receive a statement		Most likely to believe that they receive a statement	
Age	18 - 24 years	73%	35 - 44 years	98%
	70 years +	82%		
Life stage	Single - Live in shared HH	83%	Couple - Children at home	96%
Personal income			\$50 - \$69k per year	98%
Household income	Less than \$20k per year	80%	\$100k or more per year	97%
Non mortgage debt	Less than \$500	86%	\$500 - \$10k	97%
Quintile	Level 1	84%		

Respondents who read credit or store card statements nominated (unprompted) a wide range of factors that they looked for in their credit or store card statements. Statements were most often read to check that everything was correct (71%).

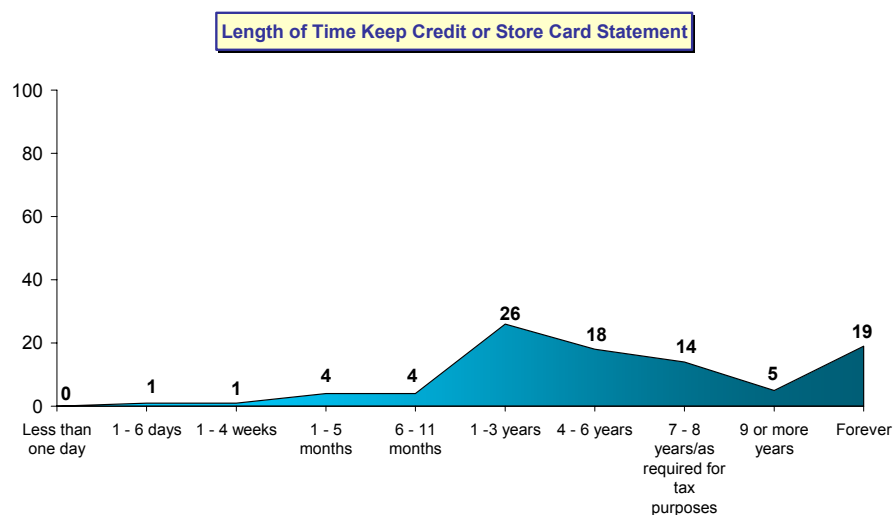
Respondents with more than \$250K in savings were more likely to read statements for accuracy (84%) than any other group.



Base: Total respondents who read credit or store card statements, 50% of eligible sample (n=1119)

Respondents were asked to indicate how long they kept their credit or store card statements for. On average, respondents reported that they kept their credit card or store card statements for 5 years before disposing of them.

Of those who stated that they received credit or store card statements, ninety percent kept their statements for at least one year and almost four in ten kept their statements for at least 7 years (as required for tax purposes). Only 2% discarded the statements within a month of receiving.



Base: Total respondents who received credit card or store card statements, 50% of eligible sample (n=1119)

5.8.3 Superannuation Statements

Overall 91% of people with superannuation stated that they had received a superannuation statement, while 76% indicated that they had not only received a statement but read it as well.

The proportion of superannuation customers who recalled receiving a statement (and reading it, i.e. 76%) was marginally below that recorded in 2002 (81%). The proportion was also lower than that for other products like bank accounts and credit cards (the proportion receiving and read statements for these products were 88% and 86% amongst the respective products customer bases).

Given companies are required by law to send out a statement to customers it's significant that nine percent of superannuation customers could not recall having received a statement when in reality they may well have.

Respondents categorized as the lowest level of financial literacy (Quintile level 1), meanwhile, were least likely to say they received their superannuation statements (79% versus 91% average).

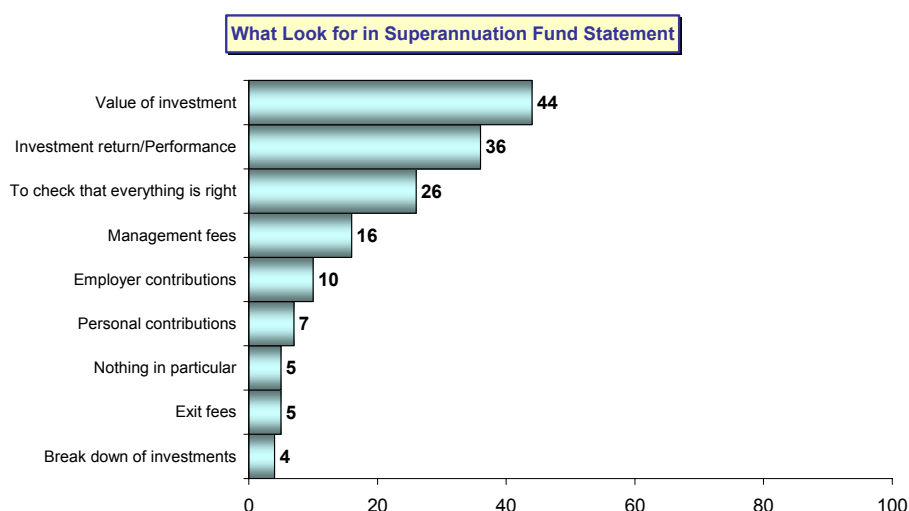
Respondents aged 60-69 were most likely to have read their superannuation statements (97% versus average of 84%).

Q43 Do you receive superannuation statements?				
YES				
91% of people with superannuation believe they receive a superannuation statement				
Demographic	Least likely to believe they receive a statement		Most likely to believe they receive a statement	
Age	18 - 24 years	82%	45 - 59 years	96%
Employment	Not working	83%	Full-time	94%
Savings excl home	Less than \$5k	83%		
Quintile	Level 1	79%		

Q44 Do you read these at all?				
YES - Reads				
84% of people who receive a superannuation statement read the statement				
Demographic	Least likely to read the statement		Most likely to read the statement	
Age	18 - 24 years	69%	60 - 69 years	97%
Life stage	Single - Live in shared HH	73%		
Savings excl. home	Less than \$5k	73%		
Quintile	Level 1	74%	Level 5	91%
	Level 2	74%		

Respondents who read superannuation fund statements nominated (unprompted) a wide range of factors that they looked for in their superannuation fund statements. Unlike bank account and credit card or store card statements, where accuracy is the primary reason for reading the statement, respondents read superannuation fund statements to check on the value of their investment (44%) and performance of their investment (36%).

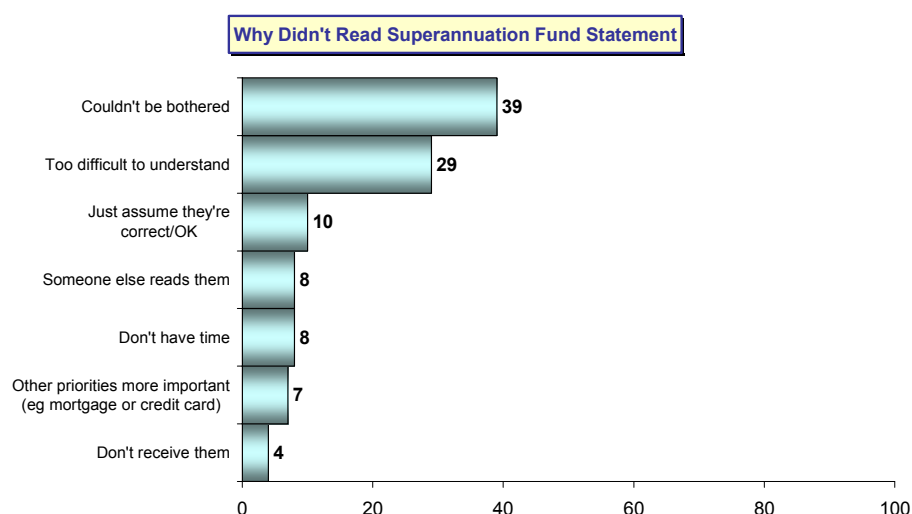
Respondents who read superannuation fund statements also examined their statements to check that everything is right (26%), and check management fees (16%). Ten percent look at employer contributions and 7% look at personal contributions. Five percent look at exit fees and 4% look at the break down of investments.



Base: Total respondents who read superannuation fund statements, 50% of eligible sample (n=1011)

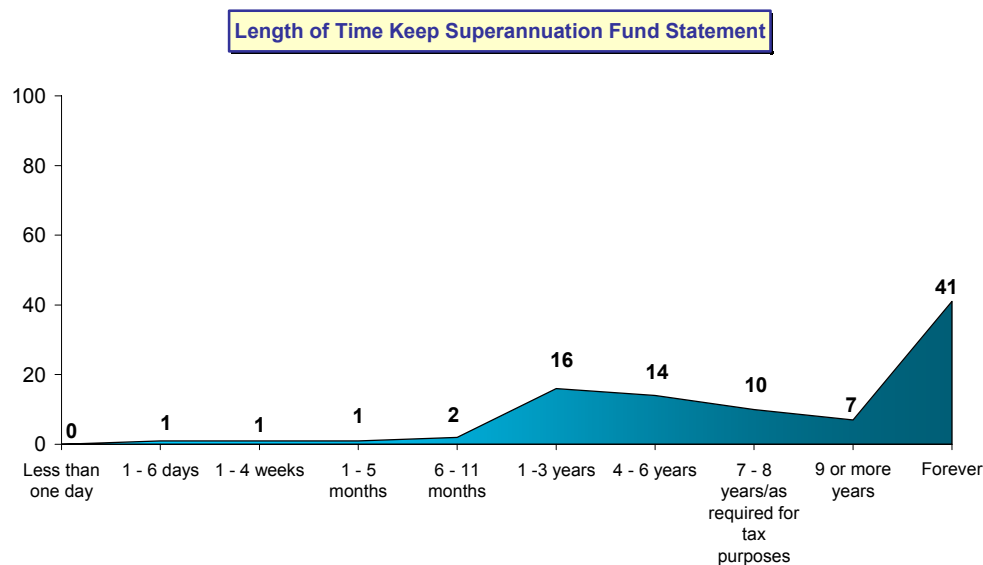
Of the 16% of respondents who did not read their superannuation statements (compared with 9% in 2002), 39% said it was because they couldn't be bothered and 29% found the statements too difficult to understand.

Those respondents who found the superannuation statements too difficult to understand were more likely have a non-mortgage debt of \$500-\$10k (36%), savings excluding home of \$50-\$249k (43%), annual personal income of \$50-\$69k (37%), and be involved in either an unskilled occupation (66%) or casual employment (55%).



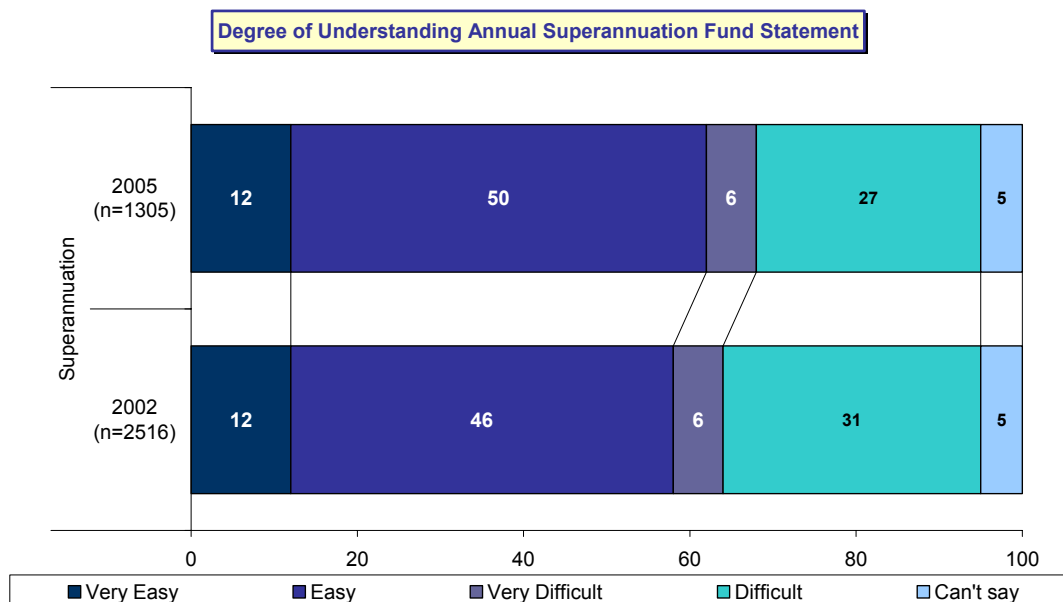
Base: Total respondents who don't read superannuation fund statements, 50% of eligible sample (n=178)

Superannuation statements were kept for an average of 7 years - longer than the 5 years for credit card statements. Forty-one percent of respondents said they kept their superannuation statements forever. Overall, around nine in ten keep their statements for at least one year.



Base: Total respondents who received superannuation statements (n=1192)

In 2005, more respondents said they found their annual superannuation statements *easy or very easy* to understand (62%) as compared with 2002 (58%).



Base: 2002 - respondents with superannuation (n=2516); 2005 - 50% of respondents with superannuation (n=1305)

Those respondents characterized as the highest level of financial literacy (Quintile level 5: 77%) were most likely to say that they found their superannuation statements “easy or very easy” to understand. Those least likely were in the lowest level of financial literacy (Quintile level 1: 39%).

Q48 Would you find understanding an annual statement for superannuation fund?				
Very easy / Easy				
62% of people with superannuation believe that it would be either easy or very easy to understand an annual statement for a superannuation fund				
Demographic	Least likely to believe it would be easy or very easy to understand an annual superannuation statement		Most likely to believe it would be easy or very easy to understand an annual superannuation statement	
Age	18-24 years +	49%		
Savings excl. home	Less than \$5k	49%		
Personal Income			\$70k or more per year	72%
Quintile	Level 1	39%	Level 5	77%
	Level 2	47%		

6 Retirement Planning

This section investigates a number of categories of financial understanding relating to retirement planning and superannuation. For this section, the sample consisted of respondents who had superannuation, were aged below 65 years of age, and were employed (rather than self-employed).

The topics covered included whether respondents had identified a figure for how much money they would need to live on each year in their retirement, what factors they should take into consideration when trying to calculate whether their current arrangements were enough for future retirement, and their expectations for how they thought superannuation would provide for them in retirement.

Respondents were also asked a number of questions to test their understanding of superannuation, including whether they were aware that employers are required by law to make superannuation payments on behalf of their employees, whether they understood that they could make superannuation payments additional to those payments made by their employer, whether they knew if superannuation was taxed at a higher or lower rate than other investments, and whether they were aware of superannuation choice.

Finally, respondents were asked a number of questions related to basic understanding of superannuation performance, including whether they understood that return after fees gave the best indication of how their superannuation fund or managed investment is performing, what types of things people commonly do that often result in the final value of superannuation or managed investment being reduced, whether they understood potential problems with having multiple superannuation funds, and what things they would consider when choosing a superannuation fund.

Low financial competence across these categories of financial understanding is likely to make it more difficult for consumers to plan and save effectively for their retirement.

Key findings

Overall, consumers had a good understanding of the need to save for retirement, that employers need to contribute to a fund and that they can make additional contributions, as was the case in 2002. Understanding of other facts about superannuation was more variable. Compared with the 2002 Survey, expectations of some people about how well their superannuation would provide for them in retirement had become more realistic.

- Asked whether they had identified a figure for how much per year they would need to live on when they retire, thirty-five percent said that they had and just under two thirds hadn't. Of those who hadn't, the highest proportion was amongst those groups who were furthest away from retirement, as well as those with low household income and single parents. Those with low levels of financial literacy were also in this category.
- When asked what factors someone would need to take into account when trying to calculate whether their current arrangements were enough for future retirement, the top factor mentioned was "costs that might need to be met during retirement" (40%), the second factor was "desired standard of living in retirement" (35%), and

the third was “the current cost of living” (31%). Those in the lowest level of financial literacy (Quintile level 1: 26%) were significantly less likely to identify costs that might need to be met during retirement. Those least likely to respond “can’t say” had the highest levels of financial literacy.

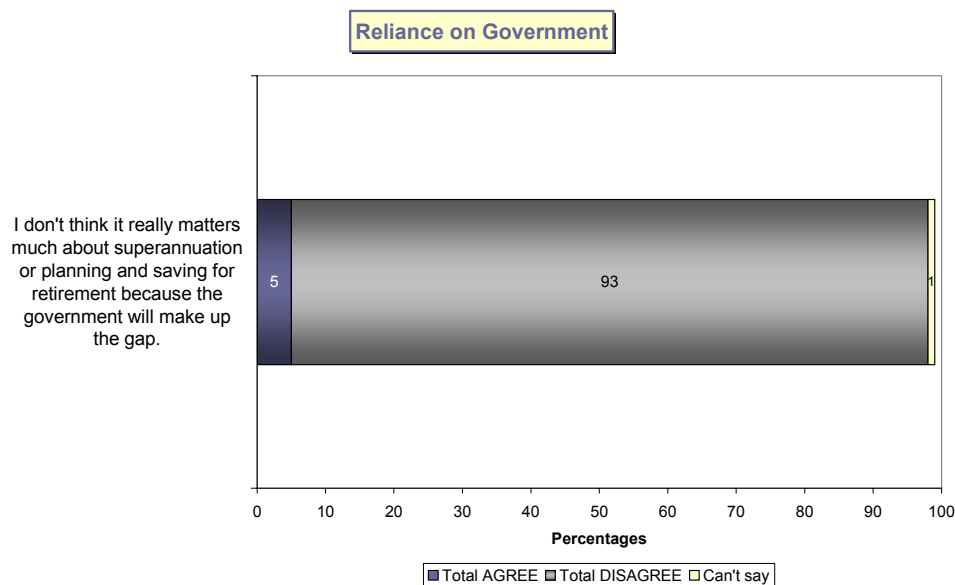
- Respondents with superannuation aged under 65 and employed were given four statements and asked to indicate which best described their expectations for how their superannuation would provide for them in retirement. Overall, expectations of some people about the standard of living in retirement appear to have become more realistic than in the 2002 survey. This can be seen in the fact that those who expect to live “about as comfortably” in retirement as they were now decreased from 37% in 2002 to 34% in 2005. Those who expected to be “less comfortable than they were now, but getting by OK” increased from 37% in 2002 to 40% in 2005.
- Ninety-seven percent of respondents said that they were aware that employers were required by law to make superannuation payments on behalf of their employees. This has remained unchanged since the study in 2002. Everyone (100%) in the highest financial literacy level, Quintile level 5, was aware of this, and 87% of those in the lowest financial literacy level, Quintile level 1, were aware of this.
- Respondents with the lowest level of financial literacy (Quintile level 1: 74%) were among those least likely to recognise that the statement: “employees cannot make superannuation payments additional to any payments made by their employer”, was false. Those with the highest levels of financial literacy were most likely to recognise that the statement was false.
- More than half (56%) of respondents correctly recognised that superannuation was taxed at a lower rate than other investments, up from 53% in 2002. Those with the lowest levels of financial literacy were less likely to be in this category.
- When asked what changes to the law regarding superannuation would come into effect July 1 2005, 55% of people surveyed correctly identified (unprompted) “super choice / portability / ability to choose superannuation fund provider”. Those in the lowest two levels of financial literacy were least likely to identify this.
- Seventy-seven percent of respondents correctly answered that the best indication of the performance of a superannuation fund was “return minus fees”. Those with the highest levels of financial literacy were the most likely to answer correctly. Those least likely to answer correctly were in the lowest two levels of financial literacy.
- The most common (unprompted) view of what other type of things that people commonly do that often result in the final value of superannuation or managed investment being reduced was: “can’t say” (42%). The next highest was not contributing sufficient funds (19%) followed by taking money out/taking a lump sum/withdrawing money early (12%), and switching funds frequently (11%). Those in the lowest level of financial literacy were more likely to respond “can’t say”.
- Respondents identified two main potential problems associated with having multiple superannuation funds: losing track of the accounts, and the likelihood of incurring higher fees. Those who were most likely to respond “can’t say” to the

question regarding the potential problems with having multiple superannuation funds were those in the lowest level of financial literacy.

- When choosing a superannuation fund, the main factor for consideration was fees and charges (37%), followed by long-term level of performance (33%). Twenty percent of respondents said that they would look at recent level of performance, even though recent level of performance is a poor guide to future performance. Fund risk is an important consideration, and how risky the fund is, as well as the options offered/high risk and low risk options, were each mentioned by sixteen percent of respondents. Those in the lowest level of financial literacy were less likely to consider the long-term level of performance as a consideration factor when choosing a superannuation fund.

6.1 Retirement Money

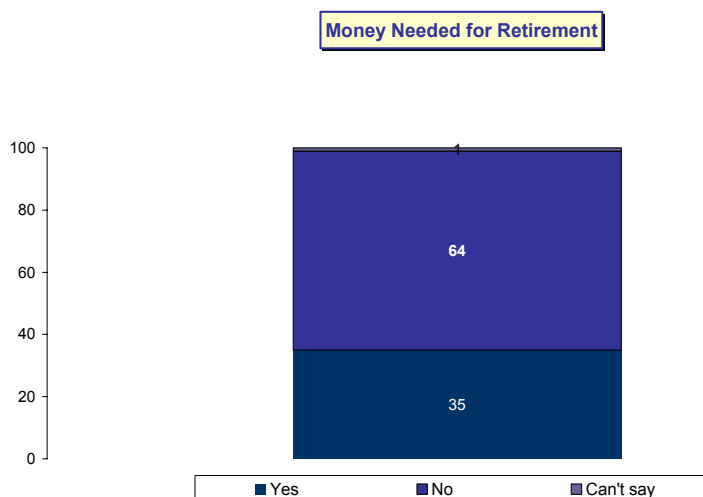
Ninety-three percent of respondents under 65 who were not retired recognised the importance of saving for retirement through superannuation. Of those in the lowest financial literacy Quintile level 1, few placed complete faith in the Government to fill any superannuation gap (9%).



Base: 50% of respondents aged under 65 who are not retired (n=1516)

Respondents who had superannuation were employed and under 65, were asked whether they had identified a figure for how much per year they would need to live on when they retire.

Thirty-five percent said that they had identified how much money they would need each year to live on when they retire, and just under two thirds (64%) hadn't identified how much money they would need each year.



Base: All respondents aged under 65 with superannuation and are employed (n=1897)

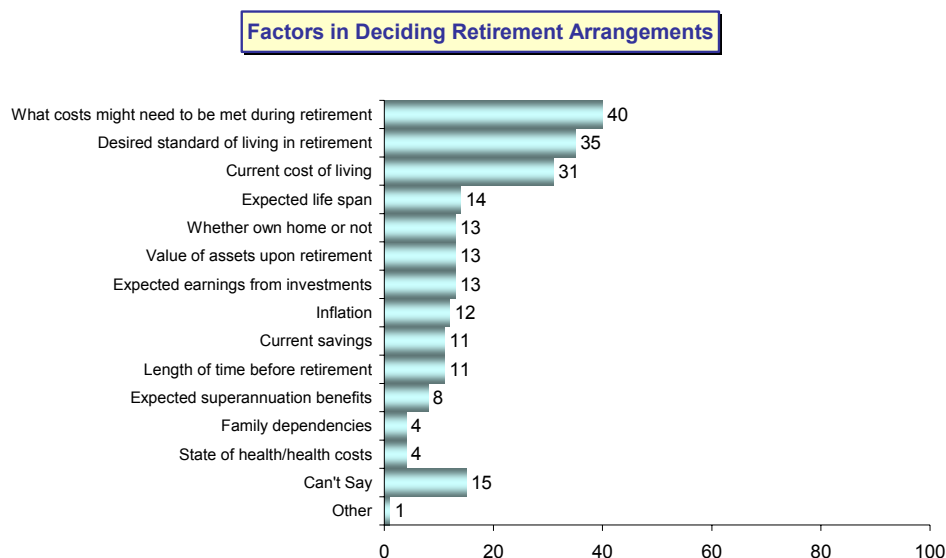
Those with low household income (less than \$20k per year: 84%) and single parents (80%) were least likely to have worked out what they will need for retirement. Other groups that were least likely to have identified how much money they would need each year for retirement included semi-skilled workers (76%) and those with low levels of financial literacy (Quintile level 1: 79%).

Those that were most likely to have identified how much money they would need per year for retirement included owners/execs including small businesses (39%), those who had savings of \$250k or more (37%), and those whose personal income was \$70k or more (44%).

Q70 Have you identified a figure for how much per year you will need to live on when you retire?				
No				
64% of people (with superannuation, under 65 and employed) have not identified a figure for how much per year they will need to live on when retired				
Demographic	Least likely to have not worked out what they will need for retirement		Most likely to have not worked out what they will need for retirement	
Gender	Male	59%	Female	70%
Age	45 - 59 years	53%	25 - 34 years	72%
Life stage	Couple - No Children at home	57%	Single parent	80%
Work status	Professional Owners/Execs inc Small Businesses	57% 39%	Semi-Skilled	76%
Home ownership	Own outright	52%	Renting	77%
Personal income	\$70k or more per year	44%	Less than \$20k per year \$20 - \$34k per year	80% 77%
Household income	\$100k or more per year	52%	Less than \$20k per year \$20 - \$34k per year \$35 - \$59k per year	84% 78% 72%
Savings excl. home	\$50 - \$249k \$250k or more	55% 37%	Less than \$5k \$5 - \$49k	78% 75%
Home value	\$500k or more	48%		
Non mortgage debt	\$100k or more	49%		
Quintile	Level 5	49%	Level 1 Level 2	79% 71%

6.2 Retirement Calculation Factors

When respondents who were under 65 employed with superannuation were asked what factors someone would need to take into account when trying to calculate whether their current arrangements were enough for future retirement, the top factor mentioned was costs that might need to be met during retirement (40%), the second factor was desired standard of living in retirement (35%), and the third was the current cost of living (31%). A range of other factors were mentioned by 14% or less of respondents. While the majority could name a couple of factors, 15% could not think of any.



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

Those in the lowest level of financial literacy (Quintile level 1: 26%) were significantly less likely to identify costs that might need to be met during retirement, in contrast to the highest level of financial literacy (Quintile level 5: 48%).

Q71 Please tell me what factors someone would need to take into account if they were trying to calculate whether their current arrangements were enough for future retirement?				
What costs might need to be met during retirement				
40% of people that are under 65, employed and have superannuation said that they would need to take into account what costs might need to be met during retirement if they were trying to calculate whether their current arrangements were enough for future retirement				
Demographic	Least likely to think about what costs might need to be met during retirement		Most likely to think about what costs might need to be met during retirement	
Quintile	Level 1	26%	Level 5	48%

Those with less than \$20K per year household income (37%) were more likely to be unable to say what factors someone would need to take into account when calculating if current arrangements were enough for future retirement. Those in the lowest level of financial literacy (Quintile level 1: 39%) were most likely to be in this category.

Those least likely to respond “can’t say” had the highest levels of financial literacy (Quintile level 5: 5%).

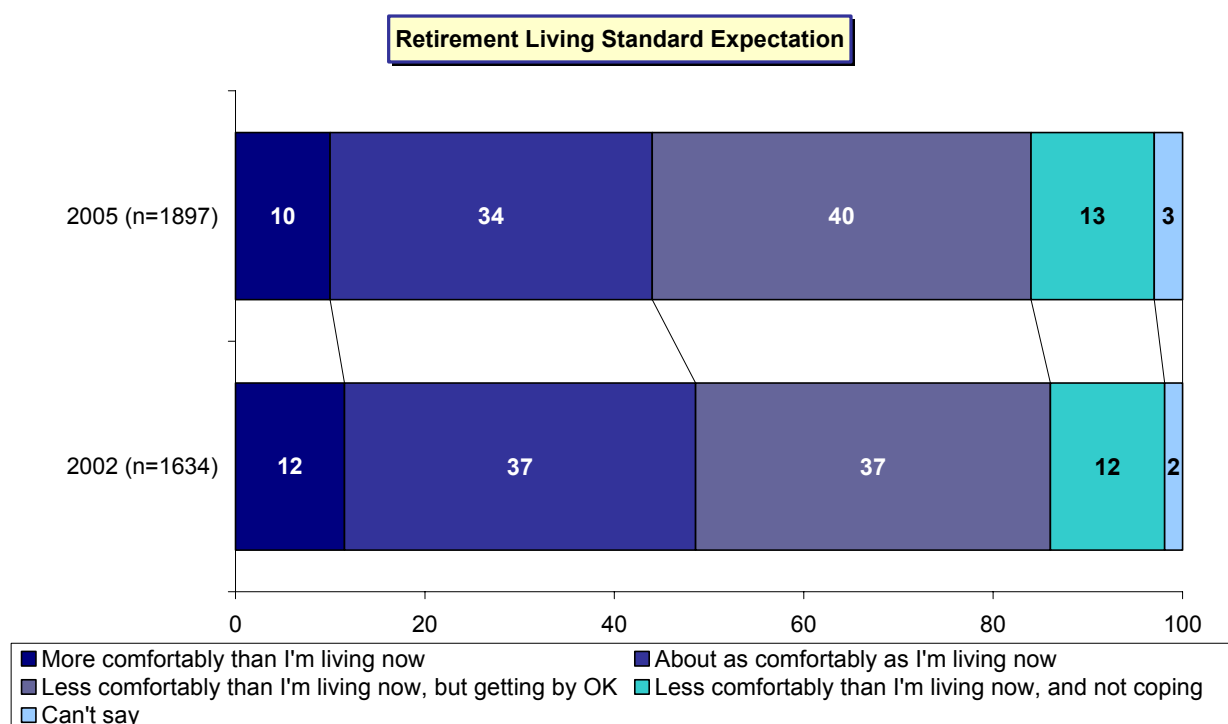
Q71 Please tell me what factors someone would need to take into account if they were trying to calculate whether their current arrangements were enough for future retirement?				
Can't Say				
15% of people that are under 65, employed and have superannuation could not say what factors they would need to take into account if they were trying to calculate whether their current arrangements were enough for future retirement				
Demographic	Least likely to say “can’t say”		Most likely to say “can’t say”	
Education	Degree	10%	Passed year 10	25%
Life stage	Couple children at home	11%		
Work status	Professional	9%	Unskilled	30%
Personal income	\$50k or more per year	9%		
	\$70k or more per year	7%		
Household income	\$100k or more per year	9%	Less than \$20k per year	37%
Savings (excl home)	\$100k or more	7%		
	\$250k or more	6%		
Home value	\$300 - \$490k	10%		
	\$500k or more	9%		
Non Mortgage debt	\$100k or more	7%		
Quintiles	Level 5	5%	Level 1	39%

6.3 Retirement Living Standard Expectation

Respondents with superannuation aged under 65 and employed were given four statements and asked to indicate which best described their expectations for how their superannuation would provide for them in retirement.

Overall, expectations about the standard of living in retirement appear to have become more realistic than in the 2002 survey. This can be seen in the fact that those who expect to live “about as comfortably” in retirement as they were now decreased from 37% in 2002 to 34% in 2005. Those who expected to be “less comfortably than they were now, but getting by OK” increased from 37% in 2002 to 40% in 2005.

Other categories changed little. Ten percent expected to be living “more comfortably” than they were living now compared with 12% in 2002; and 13% expected to be living “less comfortably than they are now and not coping”, compared to 12% in 2002. Three percent could not answer the question (2% in 2002).



Base: Respondents aged under 65 with superannuation and are employed 2005 (n=1897); 2002 (n=1634)

Those who were more likely to expect to be living less comfortably than they were living now, but getting by OK, were more likely to have a professional work status (49%), and to have relatively higher incomes and be better educated.

Q69 Which ONE of the following statements best describes how you expect your superannuation to provide for you in retirement?				
Less comfortably than I'm living now, but getting by OK				
40% of people that are under 65, employed and have superannuation expect that for retirement their superannuation will allow them to live less comfortably than they are living now, but still allow them to get by OK				
Demographic	Least likely to believe that their superannuation will allow them to live less comfortably than they are living now, but still allow them to get by OK		Most likely to believe that their superannuation will allow them to live less comfortably than they are living now, but still allow them to get by OK	
Age	18 – 24 years	28%		
Education	Passed Year 11	28%	Degree	47%
Employment	Casual	29%		
Work status			Professional	49%
Personal income	Less than \$20k per year	28%	\$50 - \$69k per year	49%
	\$20 - \$34k per year	30%		
Household income			\$60 - \$99k per year	48%

Those who expect that their superannuation will only allow them to “live less comfortably than they are living now, and not cope” included those that currently feel “out of control all or most of the time” (31%), and those that earn between \$21k and \$34k in annual personal income (20%).

Q69 Which ONE of the following statements best describes how you expect your superannuation to provide for you in retirement?				
Less comfortably than I'm living now, and not coping				
13% of people that are under 65, employed and have superannuation expect that for retirement their superannuation will allow them to live less comfortably than they are living now, and not allow them to cope				
Demographic	Least likely to believe that their superannuation will allow them to live less comfortably than they are living now, and not allow them to cope		Most likely to believe that their superannuation will allow them to live less comfortably than they are living now, and not allow them to cope	
Age	18 – 24 years	4%		
Personal income			\$20 - \$34k per year	20%
Level of control			Out of control all/ most of the time	31%

Those who expected to be living more comfortably than they were living now were more likely to be younger (18 to 24 years: 22%), to speak a language other than English at home (21%), and have lower income (less than \$20K: 20%) and savings (less than \$5K savings excluding the home: 16%).

Q69 Which ONE of the following statements best describes how you expect your superannuation to provide for you in retirement?			
More comfortably than I'm living now			
10% of people that are under 65, employed and have superannuation expect that for retirement their superannuation will allow them to live more comfortably than they are living now			
Demographic	Least likely to believe that their superannuation will allow them to live more comfortably than they are living now		Most likely to believe that their superannuation will allow them to live more comfortably than they are living now
Language			Other language 21%
Age			18 - 24 years 22%
Education	Degree	7%	
Life stage			Single – living alone 17%
Work status	Professional	6%	Unskilled 20%
Personal income	\$50-\$99k per year	6%	Less than \$20k 20%
	\$70k or more	5%	
Savings excl. home			Less than \$5k 16%

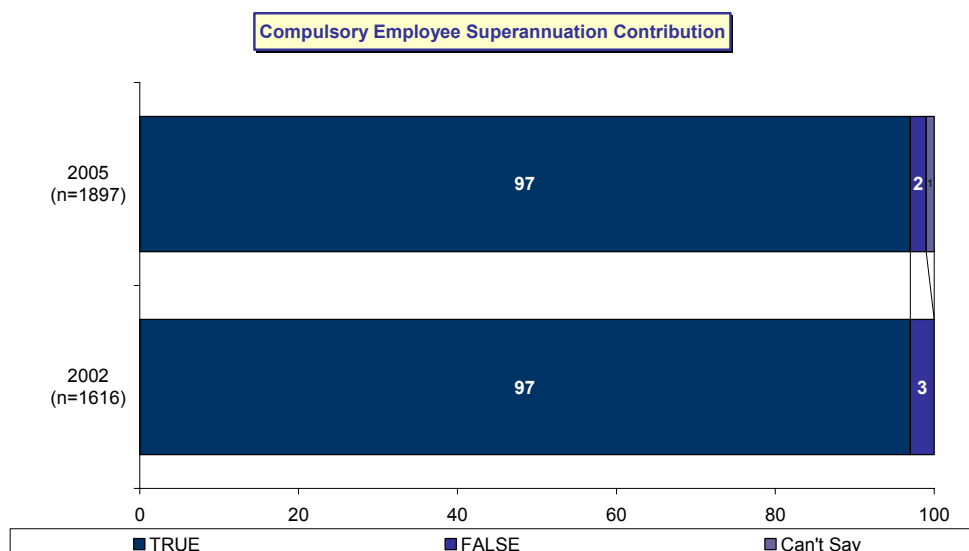
6.4 Understanding of Superannuation

6.4.1 Superannuation Contribution Compulsory

Respondents who were under 65 employed with superannuation were asked whether employers are required by law to make superannuation payments on behalf of employees.

Ninety-seven percent said that they were aware that employers were required by law to make superannuation payments on behalf of their employees. The same level was recorded in 2002.

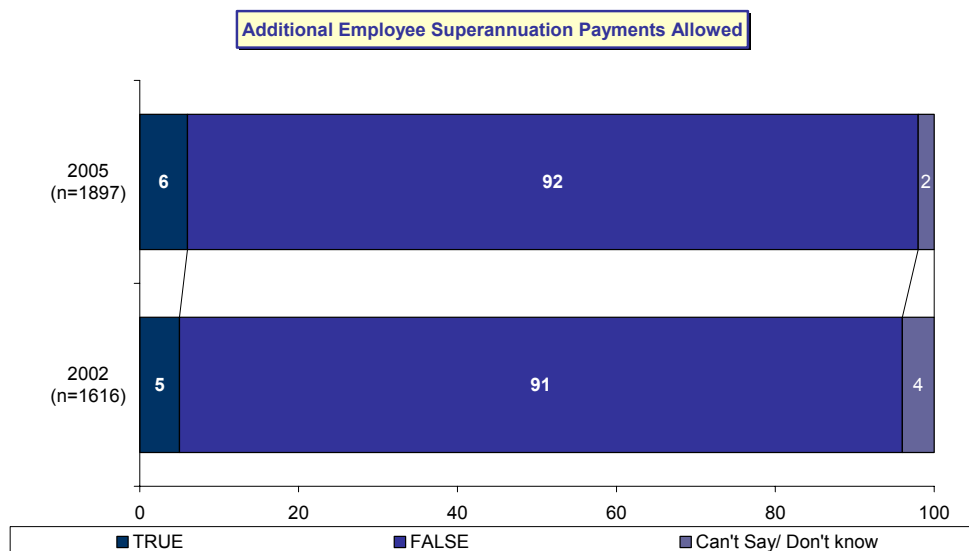
Everyone (100%) in the highest financial literacy level, Quintile level 5, was aware of this. In contrast only 87% of those in Quintile level 1, the lowest level of financial literacy, were aware of this.



Base: Total respondents aged under 65 with superannuation and are employed 2002 (n=1616), 2005 (n=1897)

6.4.2 Additional Employee Superannuation Contributions

When asked if it were true or false that “employees cannot make superannuation payments additional to any payments made by their employer”, 92% of respondents who were under 65 employed with superannuation recognised that this was false, up marginally from 91% in 2002.



Base: Total respondents aged under 65 with superannuation and are employed 2002 (n=1616), 2005 (n=1897)

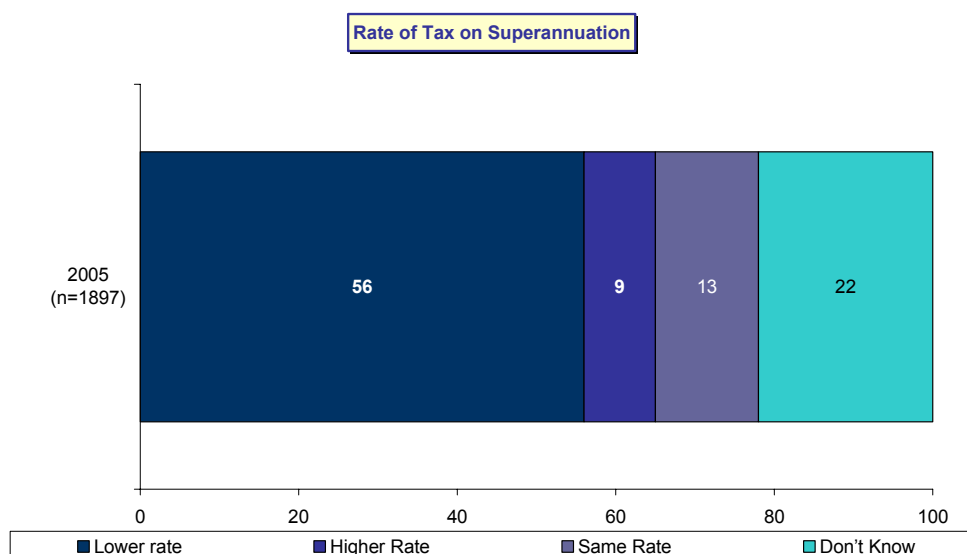
Those with the lowest level of financial literacy (Quintile level 1: 74%) and those with less than \$20K per year household income (78%) were least likely to recognise that the statement: “employees cannot make superannuation payments additional to any payments made by their employer”, was false.

Those with the highest levels of literacy (Quintile level 4: 97% and Quintile level 5: 100%) were most likely to recognise that the statement was false.

Q67 Employees cannot make superannuation payments additional to any payments made by their employer (TRUE or FALSE).				
FALSE				
92% of people that are under 65, employed and have superannuation correctly believe that employers can make superannuation payments additional to any payments made by their employer				
Demographic	Least likely to correctly believe that employers can make superannuation payments additional to any payments made by their employer		Most likely to correctly believe that employers can make superannuation payments additional to any payments made by their employer	
Education	Primary/some secondary	80%		
Work status	Semi-Skilled	85%		
	Unskilled	85%		
Household income	Less than \$20k per year	78%		
Quintile	Level 1	74%	Level 4 Level 5	97% 100%

6.4.3 Superannuation Tax

More than half (56%) of respondents who were under 65, employed and with superannuation correctly recognised that superannuation was taxed at a lower rate than other investments. Nearly one in ten (9%) thought that superannuation was taxed at a higher rate. Twenty-two percent said that they didn't know whether superannuation was taxed at a lower rate than other investments.



Base: Respondents aged under 65 with superannuation and are employed (n=1897)

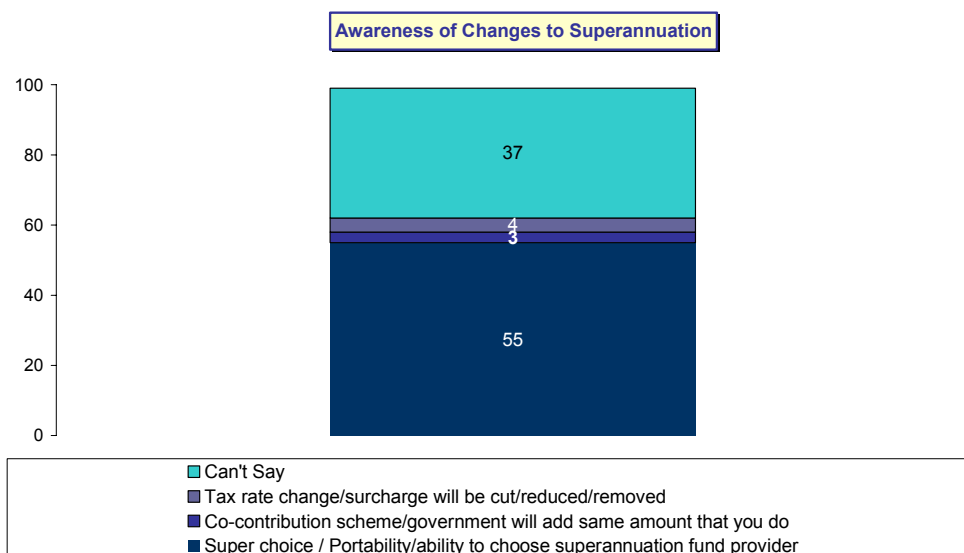
Those in unskilled work (18%) and those who spoke a language other than English at home (17%) were more likely to believe that superannuation was taxed at a higher rate than other investments. Those with the lowest levels of financial literacy (Quintile level 1: 17%) were also more likely to be in this category.

Q68 As far as you are aware, is superannuation taxed at a lower, higher or same rate than other investments?				
Higher rate				
9% of people that are under 65, employed and have superannuation believe that superannuation is taxed at a higher rate than other investments				
Demographic	Least likely to believe that superannuation is taxed at a higher rate than other investments		Most likely to believe that superannuation is taxed at a higher rate than other investments	
Languages			Other languages	17%
Work status			Unskilled	18%
Household income			\$35 - \$59k per year	14%
Quintile	Level 5	1%	Level 1	17%

6.4.4 Awareness of Superannuation Choice

When asked what changes to the law regarding superannuation would come into effect July 1 2005, 55% of respondents who were under 65, employed and with superannuation surveyed correctly identified (unprompted) “super choice / portability / ability to choose superannuation fund provider”. A small proportion identified other changes to superannuation that had been introduced earlier. Thirty-seven percent were unable to identify any changes to the law regarding superannuation.

This survey was conducted from 21 April 2005 to 3 July 2005, and so coincided during the latter stages with the public awareness campaign on the introduction of superannuation choice from 1 July 2005.



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

Those most likely to correctly identify “super choice/portability/ability to choose superannuation fund provider” were those with savings of \$250K or more (69%). Those in the highest levels of financial literacy (Quintile level 4: 66% and 5: 69%) were also in this category.

Those least likely to correctly identify “super choice/portability/ability to choose superannuation fund provider” were those in casual employment (36%), semi-skilled (38%) or unskilled (39%), and those with a household income less than \$20K per year (28%). Those in the lowest levels of financial literacy (Quintile level 1: 32% and 2: 46%) were also in this category.

Q73 As far as you are aware, what change to the law regarding superannuation will come into effect on July 1st this year?				
Super choice / Portability/ability to choose superannuation fund provider				
55% of people that are under 65, employed and have superannuation said that Super choice / Portability/ability to choose superannuation fund provider were changes to the superannuation law coming into effect on July 1st 2005				
Demographic	Least likely to say that changes to the superannuation laws include super choice / portability / ability to choose superannuation fund provider		Most likely to say that changes to the superannuation laws include super choice / portability / ability to choose superannuation fund provider	
Age	–		45 – 59 years	62%
Education			Degree	62%
Employment	Casual	36%		
Life stage	Single – Live in shared HH	43%	Couple – No Children at home	63%
Work status	Semi-Skilled	38%	Professional	63%
	Unskilled	39%		
Home ownership	Renting	47%		
Personal income	Less than \$20k per year	37%	\$50 - \$69k per year	64%
			\$70k or more per year	67%
Household income	Less than \$20k per year	28%	\$100k or more per year	63%
	\$20 - \$34k per year	41%		
Savings excl. home	Less than \$5k	42%	\$250k or more	69%
Home value			\$500k or more	68%
Quintile	Level 1	32%	Level 4	66%
	Level 2	46%	Level 5	69%

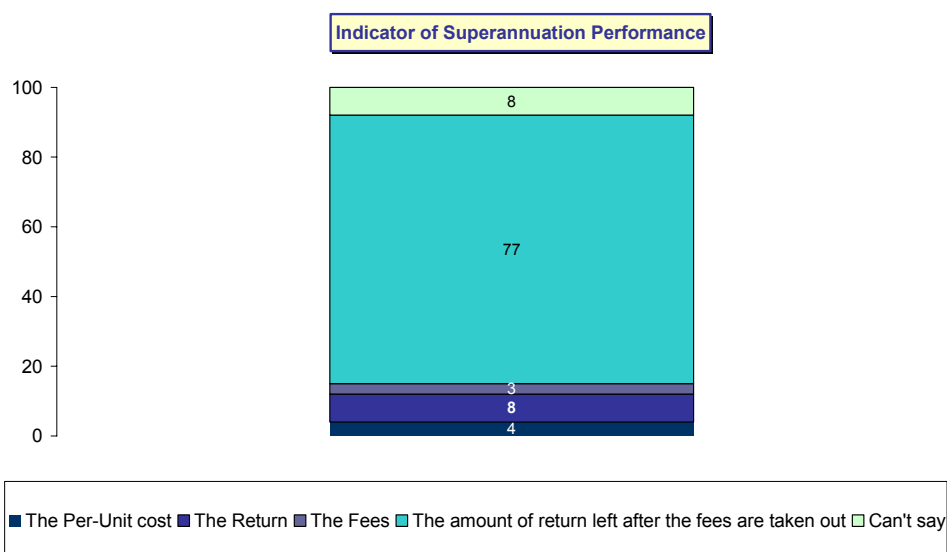
6.5 Superannuation Performance

6.5.1 Superannuation Performance Indicator

Respondents under 65, employed and with superannuation were asked which one of the following gives the best indication of how their superannuation fund or managed investment was performing:

- The per unit cost
- The return
- The fees
- The amount of return left after the fees are taken out

Seventy-seven percent of respondents correctly answered that the best indication of the performance of a superannuation fund was “return minus fees”.



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

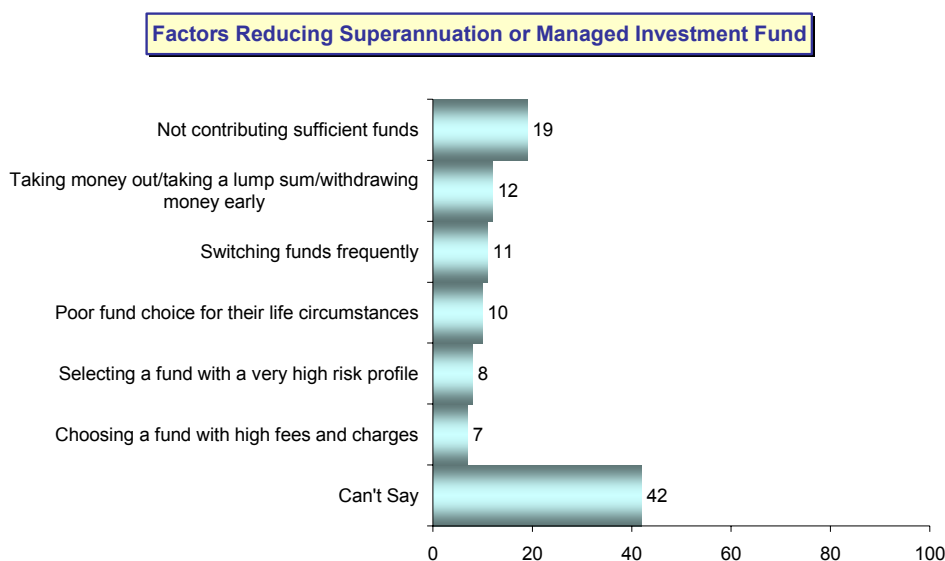
Those with the highest levels of financial literacy (Quintile level 4: 84% and 5: 85%) were the most likely to answer correctly. Those least likely to answer correctly were in the lowest levels of financial literacy (Quintile level 1: 59% and 2: 70%).

Q76 Which one of the following gives the best indication of how your fund or managed investment is performing?				
The amount of return left after the fees are taken out				
77% of people that are under 65, employed and have superannuation believe the amount of return left after the fees are taken out gives the best indication of how a fund or managed investment is performing				
Demographic	Least likely to believe that the amount of return left after the fees are taken out gives the best indication of how a fund or managed investment is performing		Most likely to believe that the amount of return left after the fees are taken out gives the best indication of how a fund or managed investment is performing	
Quintile	Level 1	59%	Level 4	84%
	Level 2	70%	Level 5	85%

6.5.2 Factors Reducing Superannuation

Respondents who were under 65, employed and with superannuation were asked what types of things people commonly do that often result in the final value of superannuation or managed investment being reduced.

The most common (unprompted) response was “can’t say” (42%). The next highest was not contributing sufficient funds (19%) followed by taking money out/taking a lump sum/withdrawing money early (12%), and switching funds frequently (11%).



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

Those most likely to respond “can’t say” were those with a low level of education (primary/some secondary: 63%) and semi-skilled (56%) and unskilled (58%) occupations and those with low incomes (less than \$50K per year: 47%). Those in the lowest level of financial literacy (Quintile level 1: 64%) were also likely to be in this category.

Those least likely to be unable to identify factors were those with personal income of \$70K or more per year (27%) as well as those with non-mortgage debt of \$100K or more (28%). This included those with the highest levels of financial literacy (Quintile level 4: 32% and 5: 29%).

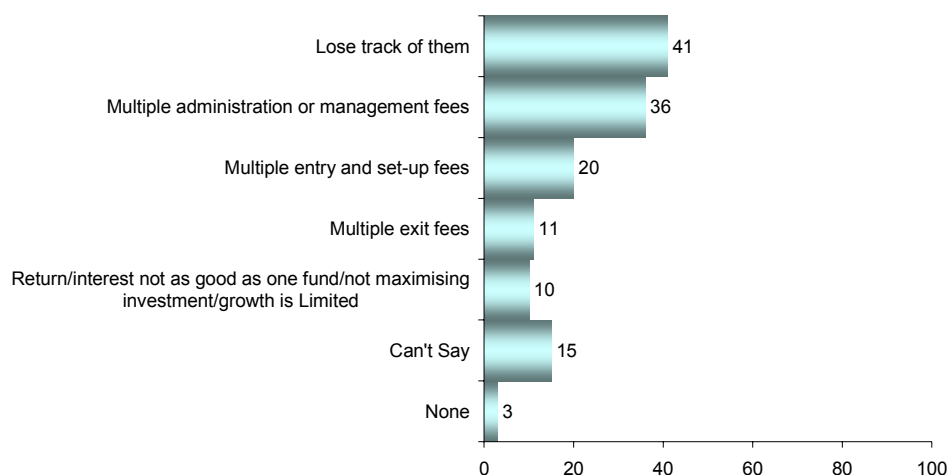
Q77 As far as you are aware, what are the type of things that people commonly do that often result in the final value of superannuation or managed investment being reduced?			
Can't Say			
42% of people that are under 65, employed and have superannuation could not say when asked what are the type of things that people commonly do that often result in the final value of superannuation or managed investment being reduced			
Demographic	Least likely to answer “can’t say” when asked what are the type of things that people commonly do that often result in the final value of superannuation or managed investment being reduced		Most likely to answer “can’t say” when asked what are the type of things that people commonly do that often result in the final value of superannuation or managed investment being reduced
Age	35 – 44 years of age	35%	
Education			Primary/ some secondary 63%
Work status			Semi skilled 56% Unskilled 58%
Home ownership			Renting 51%
Personal income	\$70k or more per year 27% \$50k or more per year 34%		Less than \$50k per year 47%
Household income	\$100k or more per year 34%		
Savings (excl home)	\$50k - \$249k 34% \$100k or more 29% \$250k or more 26%		Less than \$5k 52%
Home value	\$300 - \$490k 34% \$500k or more 32%		
Mortgage debt	\$250k or more 29%		
Non mortgage debt	\$100k or more 28%		
Quintile	Level 4 32% Level 5 29%		Level 1 64%

6.5.3 Multiple Funds

Respondents who were under 65, employed and with superannuation were asked, as far as they were aware, what were the potential problems with having multiple superannuation funds.

Respondents identified two main potential problems associated with having multiple superannuation funds: losing track of the accounts (41%), and the likelihood of incurring higher fees, for example multiple administration fees (36%), multiple entry and set-up fees (20%), and multiple exit fees (11%). Fifteen percent stated that they “can’t say”. Three percent stated that there were no problems.

Potential Problems Associated with Multiple Funds



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

Those who were most likely to respond “lose track of them” to the question regarding the potential problems with having multiple superannuation funds were females (47%).

Those who were least likely to respond “lose track of them” were those with a lower level of education (primary/some secondary: 21%) and those in a semi-skilled occupation (28%). Those in the lowest level of financial literacy (Quintile level 1: 28%) were also likely to be in this category.

Q74 As far as you are aware, what are the potential problems with having multiple superannuation funds?				
Lose track of them				
41% of people that are under 65, employed and have superannuation said that “losing track of them” was a potential problem with having multiple superannuation funds				
Demographic	Least likely to state “losing track of them” as a potential problem with having multiple superannuation funds		Most likely to state “losing track of them” as a potential problem with having multiple superannuation funds	
Gender			Female	47%
Education	Primary/some secondary	21%		
Work status	Semi-Skilled	28%		
Quintile	Level 1	28%		

Those who were most likely to respond “can’t say” to the question regarding the potential problems with having multiple superannuation funds were those in the lowest level of financial literacy (Quintile level 1: 40%). This group also included those with lower levels of household income (less than \$20K: 30%) and those who spoke a language other than English in the home (25%).

Those least likely to respond “can’t say” were those in the highest levels of financial literacy (Quintile level 4: 8% and 5: 6%), as well as those with non-mortgage debt of \$100k or more (7%) and those with savings between \$50k and \$249K (7%).

Q74 As far as you are aware, what are the potential problems with having multiple superannuation funds?				
Can’t say				
15% of people that are under 65, employed and have superannuation could not say when asked to state what they saw as the potential problem with having multiple superannuation funds				
Demographic	Least likely to state “can’t say” when asked to state what they saw as the potential problem with having multiple superannuation funds		Most likely to state “can’t say” when asked to state what they saw as the potential problem with having multiple superannuation funds	
Language			Other Language	25%
Age			18 – 24 years	28%
Work status			Semi- skilled	25%
			Unskilled	31%
Personal income			Less than \$20k	28%
Household income			Less than \$20k	30%
Savings (excl home)	\$50k - \$249k	7%	Less than \$5k	24%
	\$100k or more	10%		
Non mortgage debt	\$100k or more	7%		
Quintiles	Level 4	8%	Level 1	40%
	Level 5	6%		

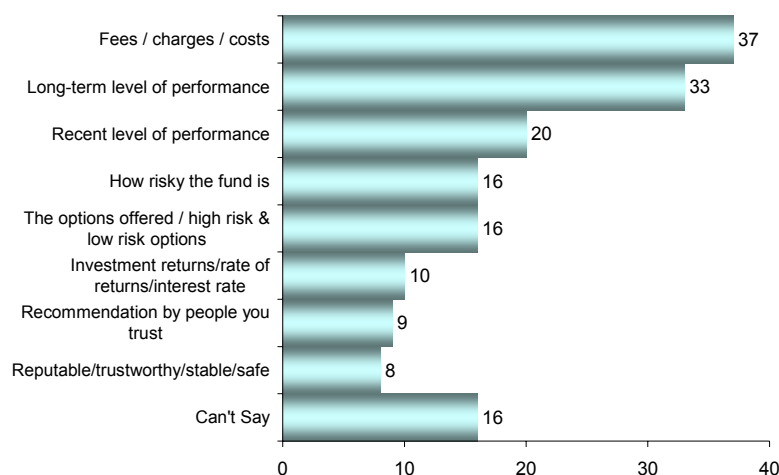
6.5.4 Consideration Factors

Respondents under 65 with superannuation and employed were asked what factors they would consider when choosing a superannuation fund.

The main factor for consideration was fees and charges (37%), followed by long-term level of performance (33%). Twenty percent of respondents said that they would look at recent level of performance, even though recent level of performance is a poor guide to future performance. Fund risk is an important consideration, as well as the options offered / high risk and low risk options (both mentioned by sixteen percent of respondents).

Sixteen percent of respondents stated that they “can’t say”.

Consideration Factors When Choosing Superannuation Fund



Base: Total respondents aged under 65 with superannuation and are employed (n=1897)

Those who were least likely to consider fees/charges/costs were those in unskilled occupations (23%).

Those most likely to consider fees/charges/costs were those with higher incomes (personal income \$70K or more per year: 45%) and savings (excluding the home: \$50-249K: 44%). Those in the highest level of financial literacy (Quintile level 5: 47%) were also in this category.

Q75 What things would you consider when choosing a superannuation fund?				
Fees / charges / costs				
37% of people that are under 65, employed and have superannuation said fees / charges / costs when asked what they would consider when choosing a superannuation fund				
Demographic	Least likely to say fees / charges / costs		Most likely to say fees / charges / costs	
Work status	Unskilled	23%		
Personal income			\$70k or more per year	45%
Savings excl. home			\$50 - \$249k	44%
Mortgage debt			\$250k or more	48%
Quintile			Level 5	47%

Those who were less likely to consider the long-term level of performance as a consideration factor when choosing a superannuation fund were those whose savings were less than \$5K (23%). Those in the lowest level of financial literacy (Quintile level 1: 16%) were also in this category.

Those in the highest level of financial literacy (Quintile level 5: 47%) were the most likely to consider the long-term level of performance.

Q75 What things would you consider when choosing a superannuation fund?				
Long-term level of performance				
33% of people that are under 65, employed and have superannuation said long-term level of performance when asked what they would consider when choosing a superannuation fund				
Demographic	Least likely to say long-term level of performance		Most likely to say long-term level of performance	
Personal income			\$70k or more per year	42%
Saving excl. home	Less than \$5k	23%	\$50 - \$249k	40%
			\$250k or more	42%
Mortgage debt			\$250k or more	43%
Quintile	Level 1	16%	Level 5	47%

Although recent level of performance is a poor guide to choosing a superannuation fund, those in the highest level of financial literacy (Quintile level 5: 29%) were the most likely to consider recent performance. Those in the lowest level of financial literacy (Quintile level 1: 9%) were the least likely to say recent level of performance.

Q75 What things would you consider when choosing a superannuation fund?				
Recent level of performance				
20% of people that are under 65, employed and have superannuation said recent level of performance when asked what they would consider when choosing a superannuation fund				
Demographic	Least likely to say recent level of performance		Most likely to say recent level of performance	
Saving excl. home	Less than \$5k	13%	\$50 - \$249k	26%
Quintile	Level 1	8%	Level 5	29%

7 Shopping Around

This section investigates how much consumers shopped around for a new product or service, including:

- Ordinary or everyday account
- Superannuation policy or roll-over
- Financial planner or adviser
- Loan (other than a mortgage)
- Insurance policy
- Mortgage
- Investment
- Retirement income stream product

Shopping around is an important financial activity as by comparing products and prices consumers avail themselves of the best financial services on offer in a competitive market. However, given the large number of financial services providers, product variants, and the frequency with which new products are introduced to the market, shopping around is a complex activity demanding both time and a high level of financial literacy.

This section also includes analysis of some activities that are associated with shopping around for specific products, such as considerations when taking out/setting up and renewing an insurance policy, and considerations when choosing a retirement income stream. In addition, usage of Internet financial calculators is included, as this tool provides additional information to assist decision-making for consumers who have Internet access.

Key Findings

Overall, respondents shopped around the most for mortgages and investments. Compared to the benchmark study in 2002¹⁹, respondents reported shopping around less in 2005 for ordinary bank accounts, loans, insurance, a mortgage, and investments(excl. superannuation).

- The main reasons given for not shopping around were: happiness with the current provider, a willingness to go with what was recommended by a financial adviser and not being bothered to shop around. These reasons remained substantively unchanged from 2002 and were not strongly associated with demographic differences or level of financial literacy.
- The biggest declines in shopping around “a lot” and “a fair bit” were for insurance (a 9 percentage point drop), a mortgage, (8 percentage point drop), investment (a

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¹⁹ The base for 2005 was around 50% of the eligible sample. This enabled additional questions to be asked of the total sample with no impact on the results or comparability with 2002.

7 percentage point drop), and loans (6 percentage point drop). Based on available data, it is difficult to identify a single cause for this overall decline. A possible explanation may be that consumers are using the services of third-party brokers to a greater extent, particularly for mortgage loans. In addition, the increasing use of the Internet for product research and comparison may not be fully captured by the survey responses.

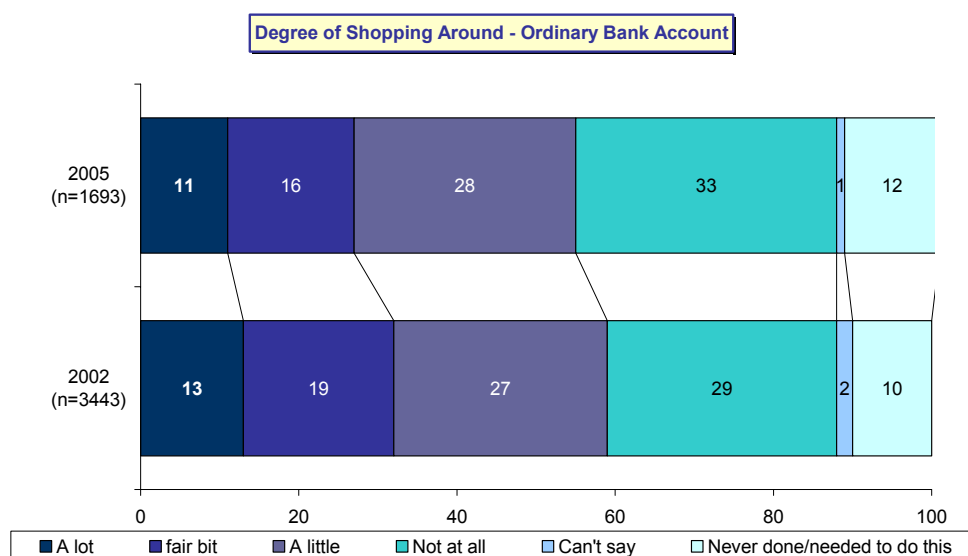
- The level of shopping around for superannuation funds in 2002 was relatively low (23%) reflecting, at least in part, that most people could not choose their fund. In 2005, 27% of people said that they shopped around “a lot” or “a fair bit” when arranging a superannuation fund but this is not directly comparable with the previous survey as it was asked only of those who had been able to choose (self-employed are able to choose their superannuation fund).
- There were demographic differences in the level of shopping around for an investment, with those least likely tending to be older (70+: 9%) and those more likely aged 25-34. For a loan (non mortgage), those least likely to shop around were older respondents aged 45-59 years (14%) and 60-69 years (10%), while those most likely were renting (27%). There were few or no significant demographic differences in the level of shopping around for an ordinary bank account, superannuation, a financial planner or adviser (specialist), insurance, mortgage, and retirement income stream.
- When taking out a new insurance policy, consumers with the lowest financial literacy level (Quintile level 1) were among those who were least likely to take the premium and/or the level of cover into consideration, and this was even more the case for a policy renewal. Those who couldn't say which criteria were important in choosing a retirement income stream product were most likely to be from the lowest level of financial literacy (Quintile level 1).
- Those who were less likely to have visited an Internet site with calculators for comparing financial products included those in the lowest financial literacy group (Quintile level 1).

7.1 Shopping Around

7.1.1 Ordinary Bank Account

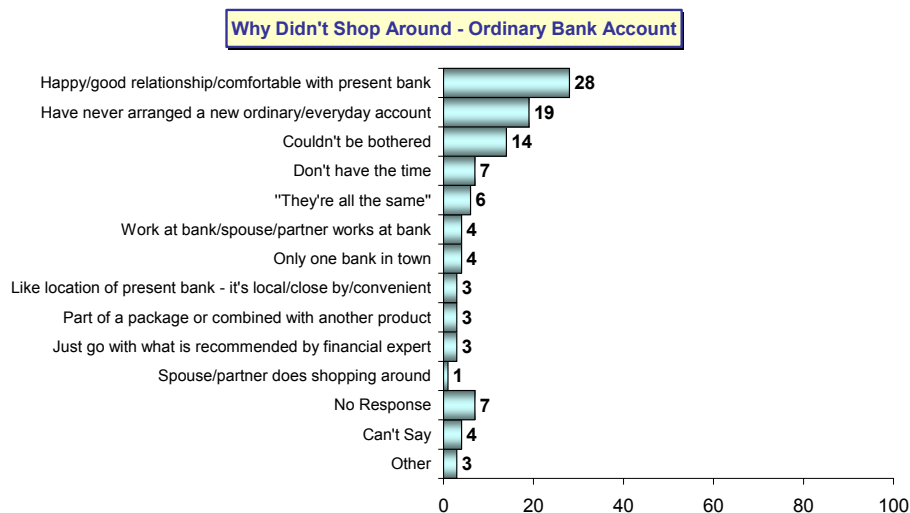
When arranging a new ordinary or everyday account with a bank, building society or credit union, fewer respondents said they would shop around for a new bank account in 2005 (27% shopping a lot or a fair bit) compared with 2002 (32%).

There were few significant demographic differences in the level of shopping around for an ordinary bank account.



Base: 2002 - Total respondents with ordinary account (n=3443); 2005 - 50% of respondents with ordinary account (n=1693)

Many who did not shop around when getting an everyday bank account did not see the need because they were happy with their present bank (28%). A further 14% stated that they couldn't be bothered shopping around. This category of respondents was most likely in casual employment (22%), or in occupations such as sales (21%), owner execs including small business (21%), and other white-collar occupations (21%).



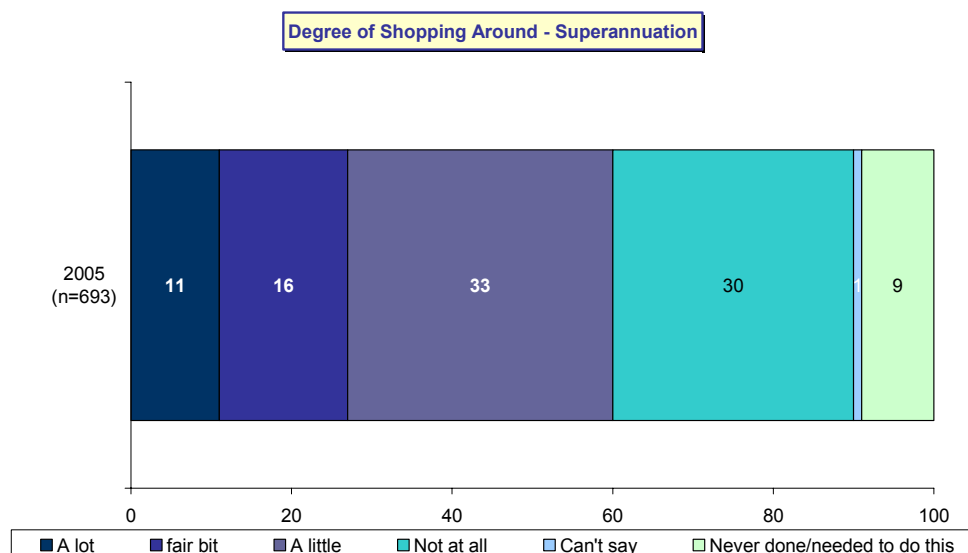
Base: Total respondents with everyday account who didn't shop around, 50% of eligible sample (n=560)

7.1.2 Superannuation

Respondents were asked whether they had ever had the ability to choose their superannuation or roll-over fund. For those who said “yes”, they were asked about the extent of their shopping around for a new superannuation policy or roll-over.

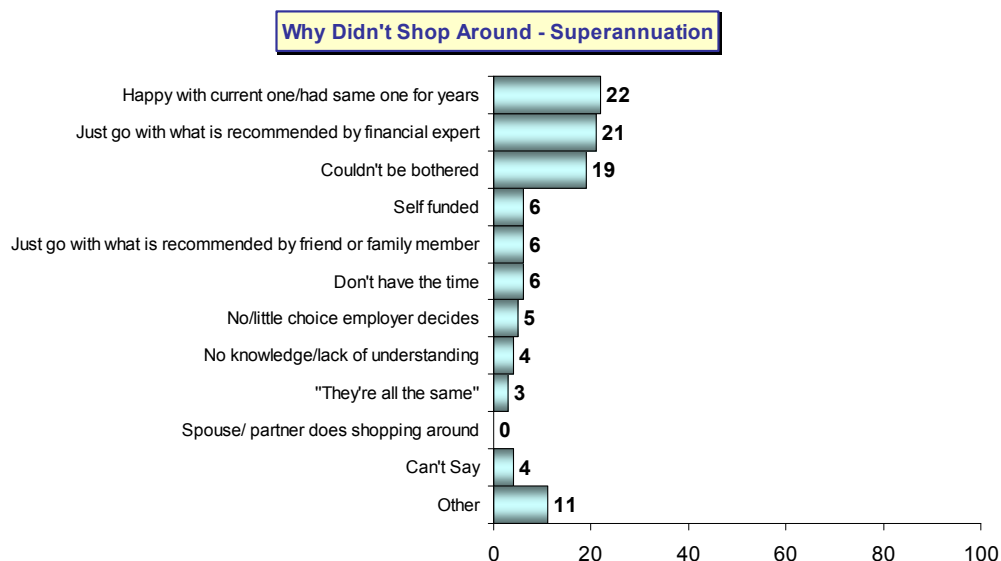
Over a quarter of respondents who had the ability to choose their superannuation or roll-over fund (27%) said that, when arranging a new superannuation policy, they shopped a lot or a fair bit. The figure reported in 2002 was 23% but is not directly comparable, due to the fact that the question was asked of all respondents with superannuation (and not only of those who had the ability to choose).

Compared to the other products and services, the level of shopping around activity for superannuation was comparatively low. This reflected the fact that until July 1, 2005 most people could not choose their superannuation fund. There were no significant demographic differences in the level of shopping around for superannuation.



Base: All respondents who answered “yes” to the ability to choose a superannuation fund (n=693).
Derived from all with superannuation

Of those respondents who said they would not shop around for superannuation, 22% said they did not shop around because they were happy with their current fund/had the same one for years, 21% said that they just went with the recommendation of a financial expert, and 19% said they couldn't be bothered. Only 5% of respondents mentioned having no choice.

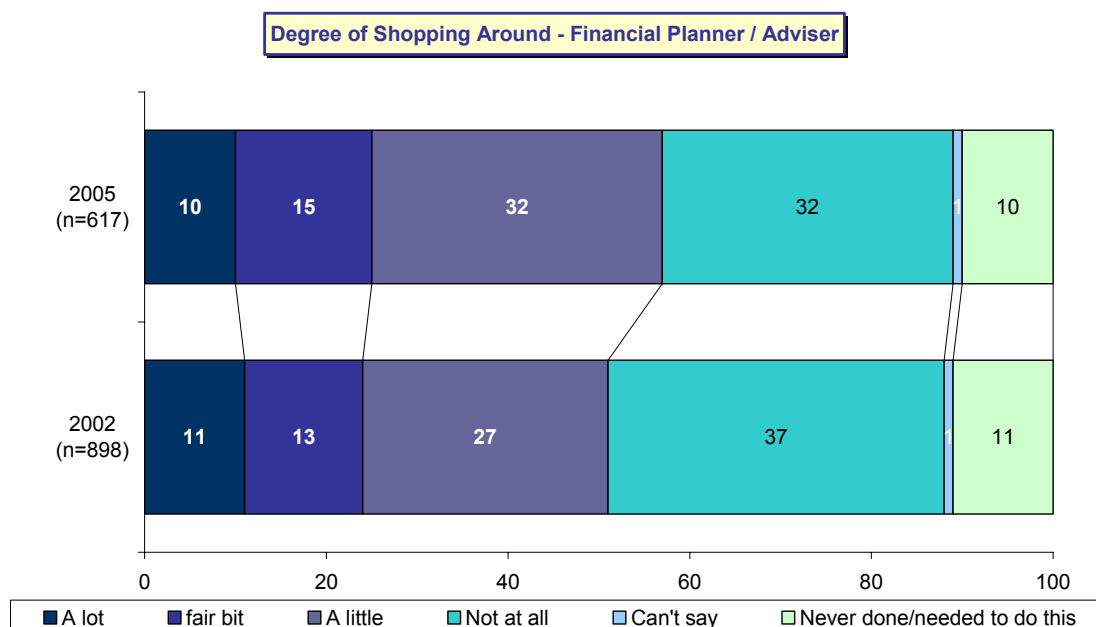


Base: Total respondents who didn't shop around, 50% of eligible sample (n=201)

7.1.3 Financial Specialist

Around a quarter (25%) of respondents surveyed said that they shopped around a lot or a fair bit for a Financial Adviser or Planner. A similar level was recorded in 2002 (It should be noted that in 2002 the question was asked of those using an accountant or tax specialist as well as a financial adviser or planner). Compared to a mortgage, investment or insurance, the level of shopping around for a financial specialist was lower.

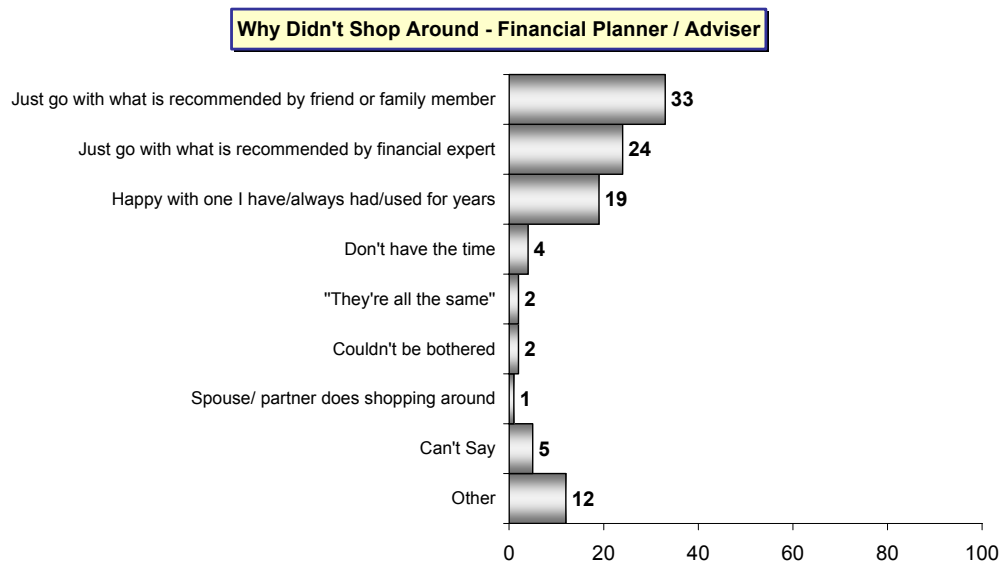
There were no significant demographic differences in the level of shopping around for a financial specialist.



Base: Respondents using a financial planner/adviser 2005, 50% of eligible sample (n=617); Respondents using an accountant financial planner/adviser or tax specialist 2002, 50% of eligible sample (n=898)

The proportion of respondents who did not shop around for a financial specialist fell from 37% in 2002 to 32% in 2005.

One third of those who did not shop around for a financial specialist said that this was because they “just went with the recommendations of a friend or family member” and 24% “just went with what was recommended by a financial expert”.



Base: Total respondents using a financial planner/adviser who didn't shop around (n=195)

Respondents who had a financial planner or adviser were asked what factors were influential in their final decision about which financial planner or adviser to use.

Thirty-eight percent of respondents were influenced by recommendations from family and friends in choosing a financial specialist.

Seventeen percent were influenced by “a good impression when first approached”. Fifteen percent stated “reputable brand”, while the same proportion mentioned “recommended by a financial expert”.

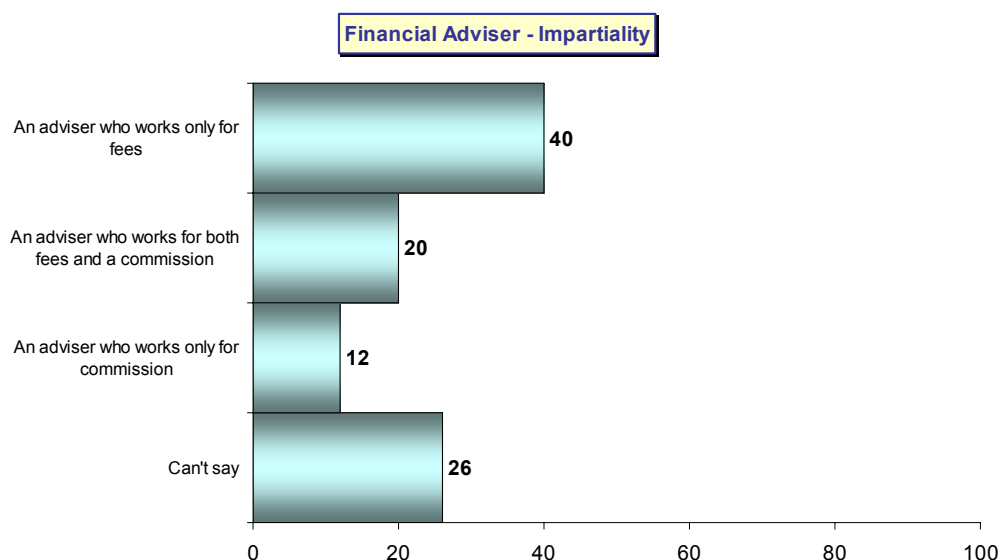


Base: 50% of respondents with financial planner/adviser (n=617)

Respondents were asked which type of financial planner or adviser was most likely to give impartial advice.

Forty percent identified correctly that an adviser who works only for fees was more likely to be impartial than an adviser who works all or in part for commission.

Sixty percent of the total sample indicated by their answers to this question, therefore, that they did not understand the relationship between fees, commission and impartial advice from a financial planner or adviser.



Base: 50% of respondents (n=1716)

Respondents in the lowest level of financial literacy (Quintile level 1: 21%) were the least likely to say that impartiality was highest amongst advisers who work only for fees.

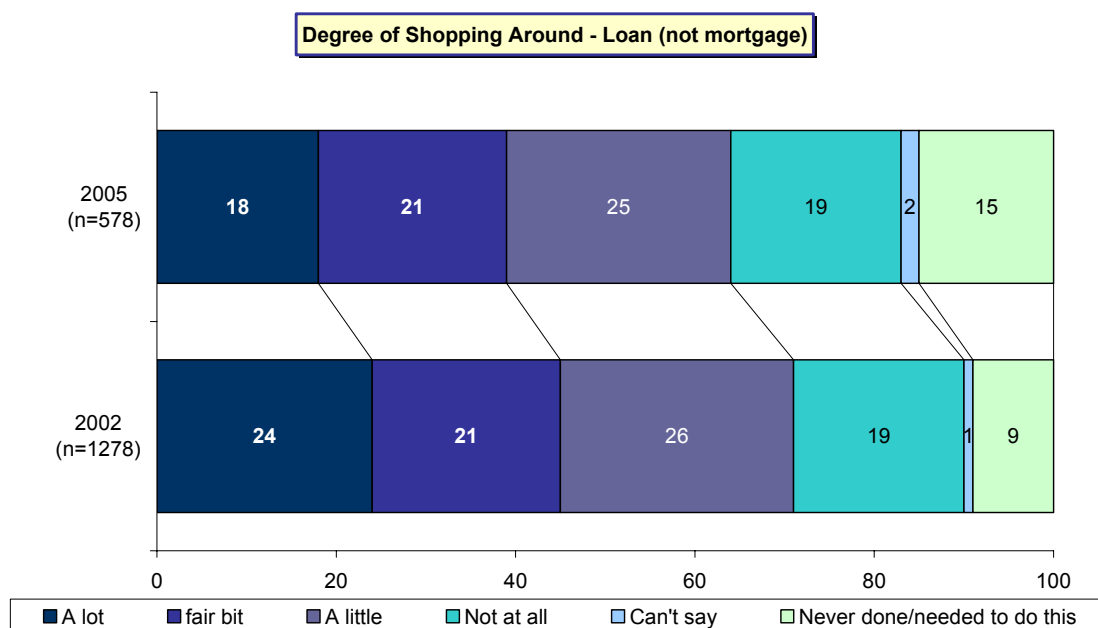
Those who were most likely to answer this question correctly were persons with a degree (53%) or savings excluding the home exceeding \$250K (53%).

Q33 Thinking about financial planners or advisers, which one of the following is most likely to give you impartial advice?				
An adviser who works only for fees				
40% of people believe an adviser who works only for fees is most likely to give impartial advice (from the choices provided)				
Demographic	Least likely to believe an adviser who works only for fees to be most likely to give impartial advice		Most likely to believe an adviser who works only for fees to be most likely to give impartial advice	
Education	Primary/some secondary	29%	Degree	53%
	Passed Year 10	28%		
Employment	Not working	33%	Full-time	48%
Work status	Unskilled	24%	Professional	51%
Personal income			\$50 - \$69k per year	51%
			\$70k or more per year	52%
Household income			\$100k or more per year	50%
Saving excl. home	Less than \$5k	32%	\$250k or more	53%
Quintile	Level 1	21%	Level 5	52%

7.1.4 Loans

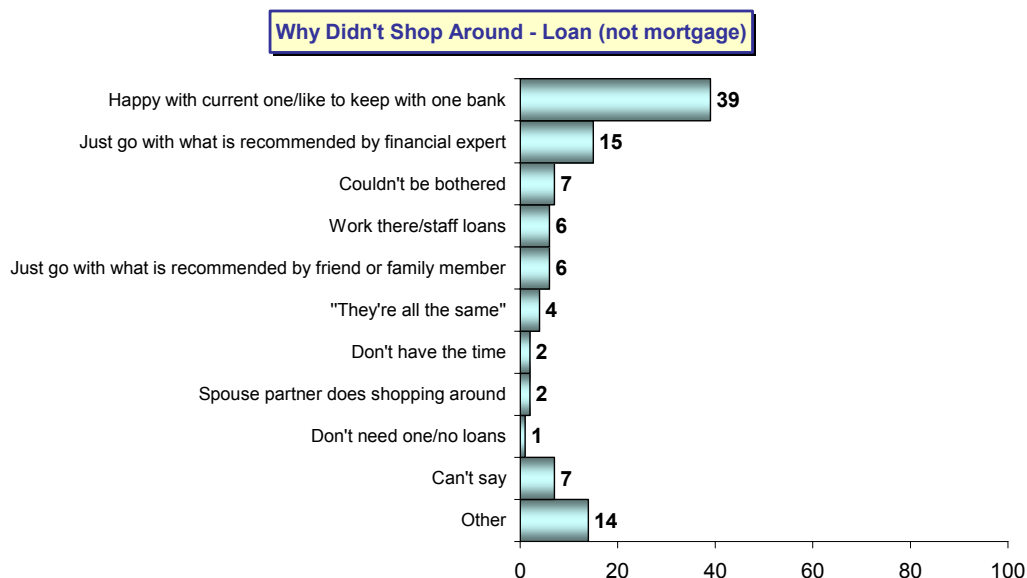
Fewer respondents with loans other than a mortgage (39%) indicated that they shopped around for a loan (non mortgage) “a lot or a fair bit” in 2005 compared to 2002 (45%).

Shopping around for a loan (non mortgage) (“a lot” 18%) was least likely among respondents aged 45-59 years (12%) and 60-69 years (11%), and most likely amongst those renting (30%).



Base: 2002_ Respondents with loans other than a mortgage (n=1278); 2005_ respondents with loans other than a mortgage, 50% of eligible sample (n=578)

Thirty-nine percent of respondents with a loan who did not shop around were “happy with their current bank / like to keep with one bank” and thus did not see the need to shop around when looking for loans.



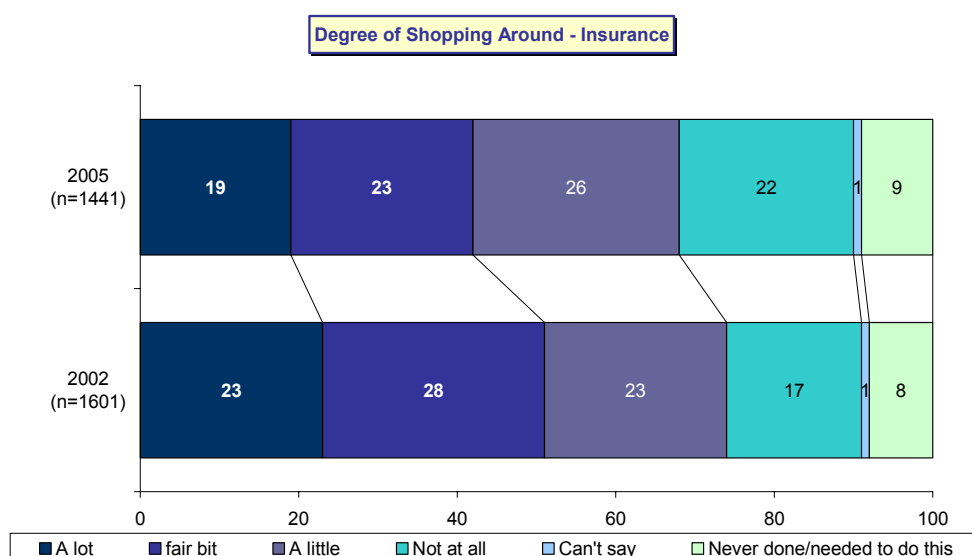
Base: Total respondents with a loan who didn't shop around (n=116)

7.1.5 Insurance

When arranging a new insurance policy, 42% of respondents said they shopped around a lot or a fair bit. This was significantly lower (a drop of 9 percentage points) than in 2002 when 51% said they shopped around a lot or a fair bit for insurance.

The proportion of respondents not shopping around when arranging insurance grew from 17% in 2002 to 22% in 2005.

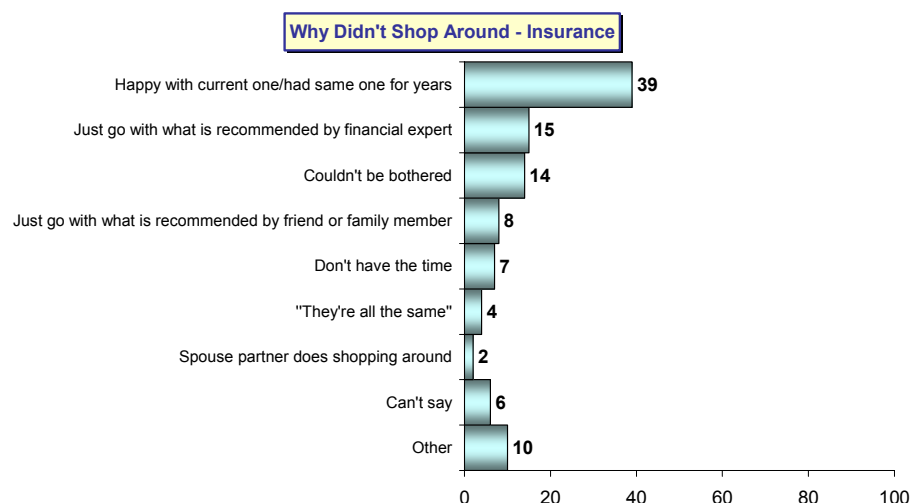
There were few significant demographic differences in the level of shopping around for insurance.



Base: Respondents with insurance, 50% of eligible sample 2002 (n=1601), 2005 (n=1441)

Q28 When arranging a new insurance policy, do you shop around?				
Not at all				
22% of people with insurance shop around when arranging a new insurance policy				
Demographic	Least likely to shop around		Most likely to shop around	
Age			70+ years	34%
Education			Primary /some secondary	35%
Home value	\$300-\$490k	15%		

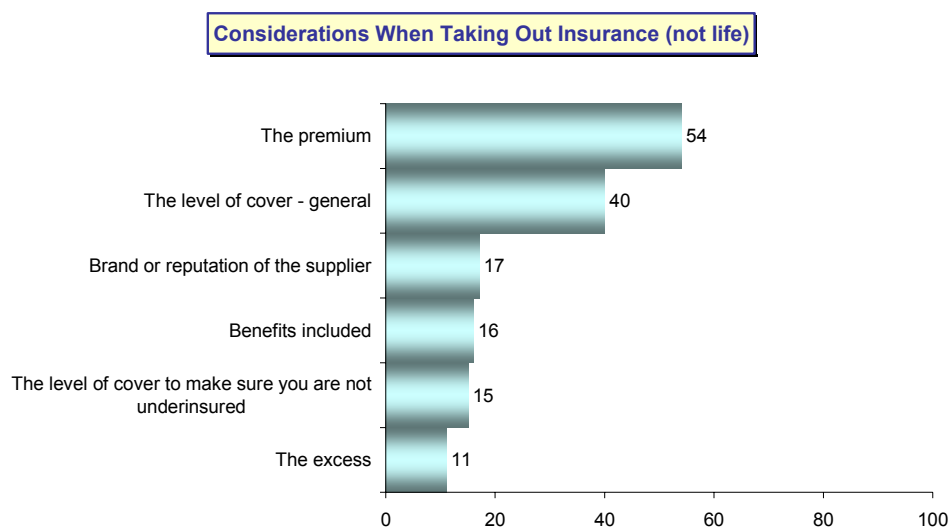
Thirty-nine percent of those looking for new insurance policies were happy to remain with their current provider – higher than the 29% recorded in 2002. Given the competitive nature of the insurance market and the wide range of product offerings, this finding indicates that many Australians are not availing themselves of opportunities to find better deals.



Base: Total respondents with insurance who don't shop around (n=303)

7.1.5.1 Taking out/ setting up an insurance policy

Respondents with insurance were asked which of a list of factors they took into consideration when first taking out or setting up an insurance policy other than life insurance. The most common factors were the premium (54%) and the level of cover - general (40%). Nearly half of respondents (49%) stated either level of cover –general or the level of cover to make sure you are not underinsured. An important issue with insurance is the current level of underinsurance, and 15% of respondents stated that they considered the level of cover to make sure they were not underinsured.



Base: Total respondents with insurance (n=2892)

Those least likely to take the premium into consideration were older respondents (70+ years: 29%) as well as respondents with a lower level of education (primary/some secondary: 31%). Those in the lowest financial literacy level (Quintile level 1: 31%) were also in this category.

The premium was likely to be more considered by those in the highest level of financial literacy (Quintile level 4: 61% and 5: 65%). Those whose work status was semi-professional (65%), professional (60%), and aged 25 to 44 years (63%) also had above average representation.

Q57 What factors do you take into consideration when first taking out or setting up an insurance policy other than life insurance?				
The premium				
54% of people with insurance consider the premium when first taking out or setting up an insurance policy other than life insurance				
Demographic	Least likely to consider the premium		Most likely to consider the premium	
Age	60 – 69 years	46%	25 – 34 years	63%
	70 years +	29%	35 – 44 years	60%
Education	Primary/some secondary	31%	Degree	61%
Employment	Not working	43%	Working	59%
			Full-time	60%
			Part-time	62%
Life stage	Single – Living alone	47%	Couple – Children at home	59%
Work status	Farm owner	35%	Professional	60%
			Semi-Professional	65%
Personal income			\$70k or more per year	62%
Household income	Less than \$20k per year	41%	\$60 - \$99k per year	61%
			\$100k or more per year	61%
Quintile	Level 1	31%	Level 4	61%
			Level 5	65%

There were significant demographic differences for those who took into consideration the level of cover when taking out insurance. Those with a much higher response to considering cover when taking out insurance included the age group 35-44 (47%), as well as professional workers (46%) and persons with a degree (45%).

Those least likely to do this included the lowest level of financial literacy (Quintile level 1: 31%), farm owners (20%) and those respondents with a lower level of education (primary/some secondary: 27%).

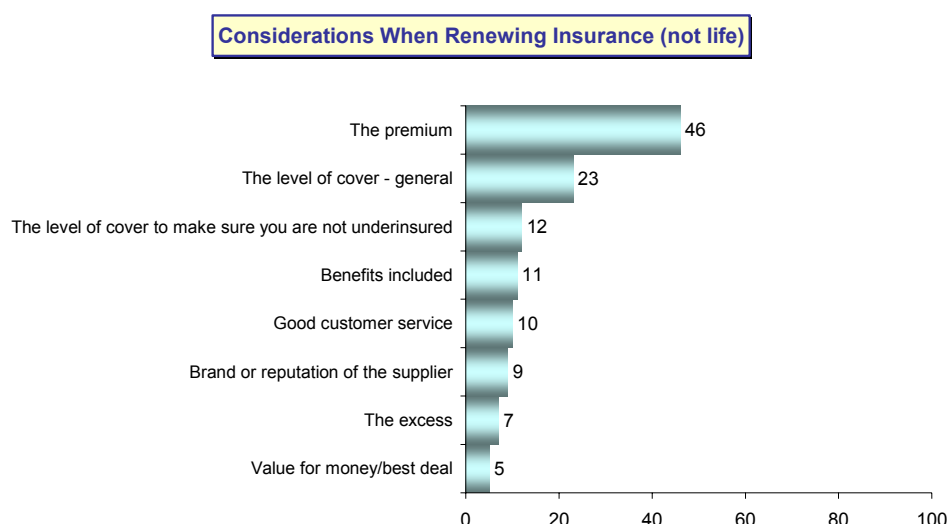
Q57 What factors do you take into consideration when first taking out or setting up an insurance policy other than life insurance?				
The level of cover - general				
40% of people with insurance consider the level of cover – general when first taking out or setting up an insurance policy other than life insurance				
Demographic	Least likely to consider the level of cover		Most likely to consider the level of cover	
Age	70 years +	29%	35 - 44 years	47%
Education	Primary/some secondary	27%	Degree	45%
Work status	Farm owner	20%	Professional	46%
Quintile	Level 1	31%		

7.1.5.2 *Renewing an insurance policy*

Respondents with insurance were asked which of a list of factors they took into consideration when renewing an insurance policy (not life insurance). Overall, respondents were less likely to consider all the factors that they considered when first taking out or setting up an insurance policy.

Less than half (46%) of the respondents took into consideration the premium on renewal, compared to the 54% who considered this when they first took out insurance. Less than a quarter (23%) took into consideration the level of cover, Nearly a third of respondents (32%) stated either level of cover –general or the level of cover to make sure you are not underinsured. People are less likely to look at cover as a consideration when renewing an insurance policy when compared to taking out/setting up an insurance policy.

The implication is that many consumers may miss out on opportunities to find a better deal by failing to review the policy features when they renew²⁰.



Base: Total respondents with insurance (n=2892)

Those who were least likely to consider the premium when renewing insurance were older persons (70+ years: 23%) and those with lower levels of education (primary/some secondary: 29%). Those in the lowest financial literacy levels (Quintile level 1: 26% and 2: 38%) were also over-represented in this category.

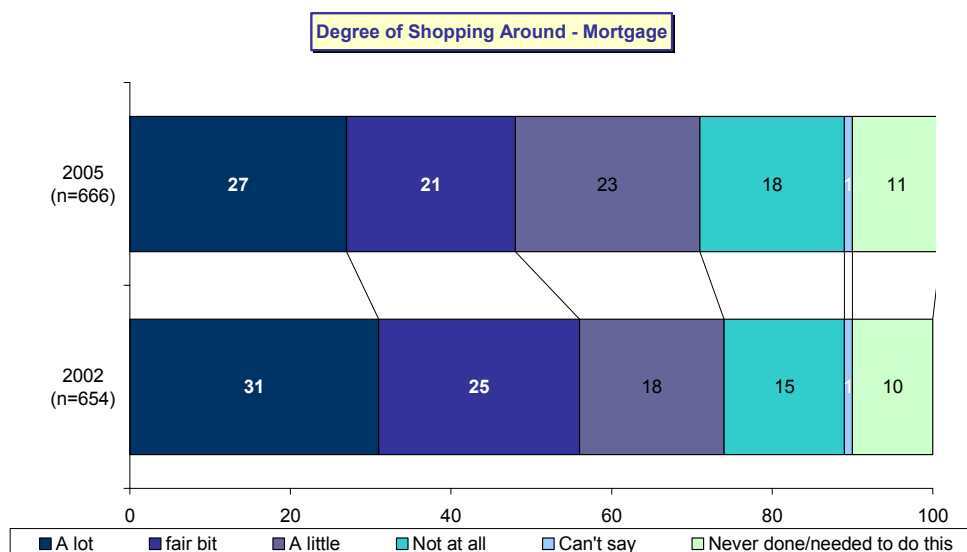
Respondents most likely to consider the premium on renewal included the highest financial literacy levels (Quintile level 4: 52% and 5: 60%) as well as those whose work status was “other white collar” (54%) and those aged between 35 and 44 years (53%).

Q58 And what factors do you take into consideration when renewing an insurance policy other than life?				
The premium				
46% of people with insurance consider the premium when renewing an insurance policy other than life				
Demographic	Least likely to consider the premium		Most likely to consider the premium	
Age	70 years +	23%	35 – 44 years	53%
Education	Primary/some secondary	29%	Degree	52%
Employment	Not working	40%		
Life stage			Couple - Children at home	51%
Work status			Professional	51%
			Other white collar	54%
Household income	Less than \$20k per year	36%	\$60 - \$99k per year	53%
Savings excl. home			\$50 - \$249k	52%
Mortgage debt			\$50 - \$249k	52%
Non mortgage debt			\$10 - 99k	53%
Quintile	Level 1	26%	Level 4	52%
	Level 2	38%	Level 5	60%

7.1.6 Mortgage

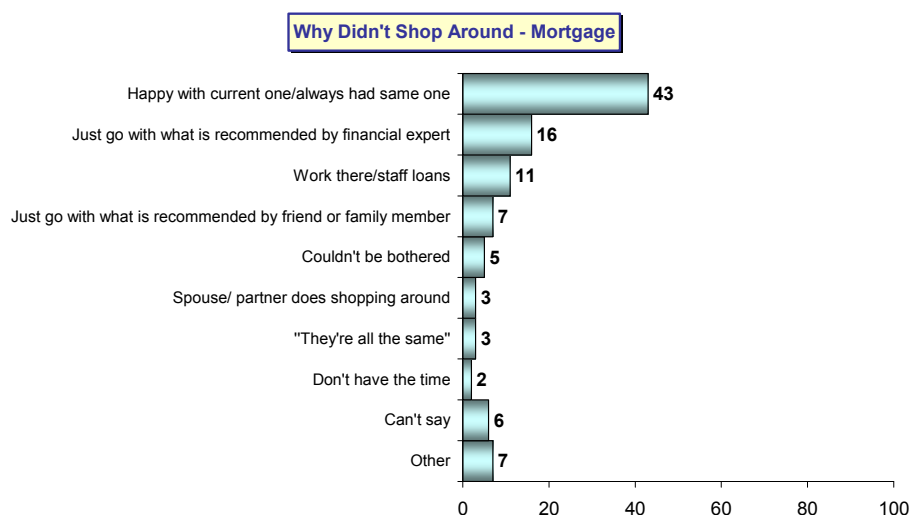
When arranging a new mortgage, fewer respondents shopped around a lot or a fair bit in 2005 (48%) than in 2002 (56%). This may in part reflect the growth of third-party mortgage brokers as some consumers let the broker shop around for them.

In comparison to the other products and services, respondents shopped around the most for mortgages, but compared to 2002 the level had fallen. There were no significant demographic differences in the level of shopping around for a new mortgage.



Base: Total respondents with mortgages, 50% of eligible sample 2002 (n=654), 2005 (n=666)

The main reason given for not shopping around for a new mortgage (43%) was because the consumer was “happy with their current one/ always had the same one”. The next most frequently mentioned reason was “just go with what is recommended by financial expert” (16%).

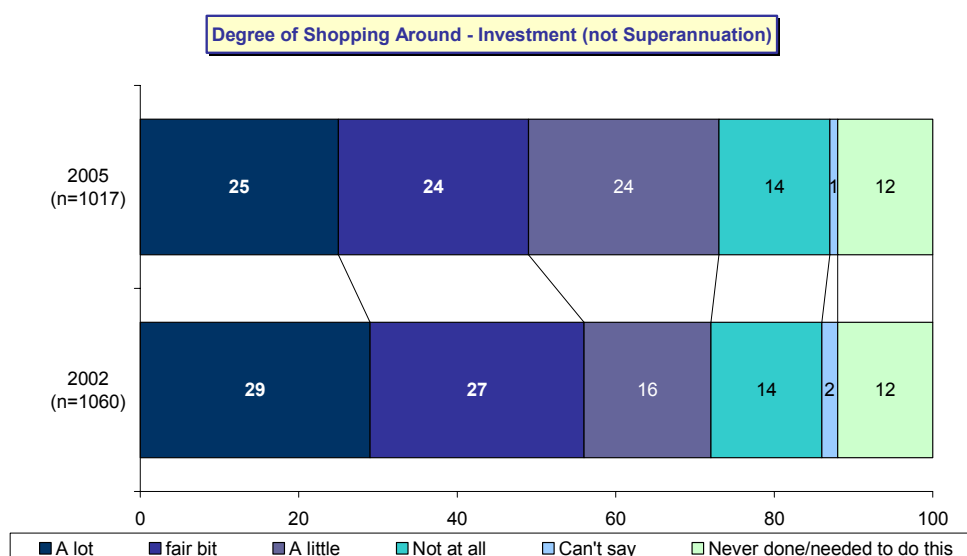


Base: Total respondents with a mortgage who don't shop around, 50% of eligible sample (n=117)

7.1.7 Investment

Fewer respondents with investments shopped around “a lot” or “a fair bit” for a new investment (49%) than in 2002 (56%). The level of shopping around for an investment was the highest (49% “a lot” or “a fair bit”) amongst the products and services examined, followed very closely by mortgages (48% a lot or a fair bit).

Those aged 25-34 (40%) and those with degrees (34%) were more likely than any other group to shop around a lot or a fair bit when in the market for a new investment. Those least likely to shop around when in the market for a new investment were those in older age brackets (70+ years: 9%; 60 to 69 years: 14%).

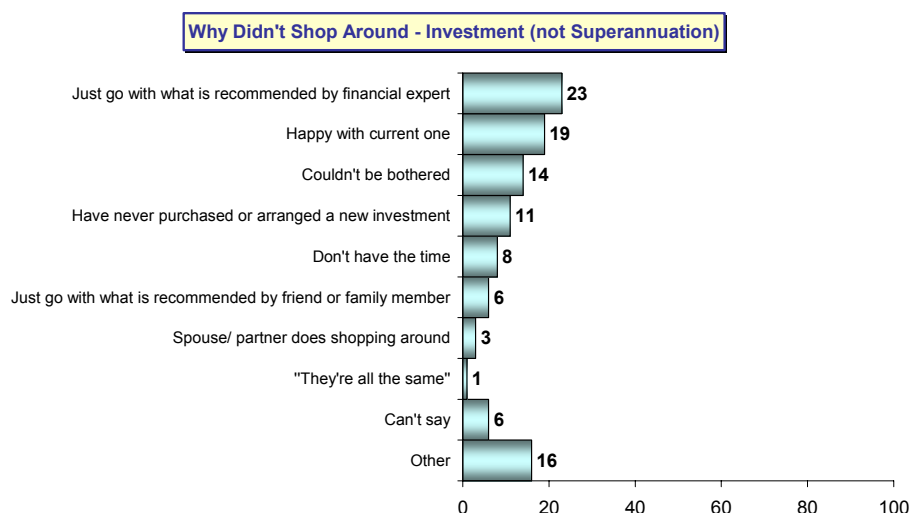


Base: Total respondents with investments, 50% of eligible sample 2002 (n=1060), 2005 (n=1017)

Q22 When purchasing or arranging a new investment, do you shop around?				
A lot				
25% of people with investments shop around a lot when purchasing or arranging a new investment				
Demographic	Least likely to shop around a lot		Most likely to shop around a lot	
Age	60 - 69 years	14%	25 - 34 years	40%
	70 years +	9%		
Education			Degree	34%
Employment	Not working	15%	Full-time	32%
Household income			\$100k or more per year	34%

Of those not shopping around when in the market for a new investment, the most often mentioned reason was to “just go with what is recommended by a financial expert” (23%).

Fourteen percent cited the reason for not shopping around as they “couldn’t be bothered”. The most likely respondents in this category were the young (18-24 years: 37%), those working in casual or part time employment (28%), and those who were single and living in a shared household (50%).

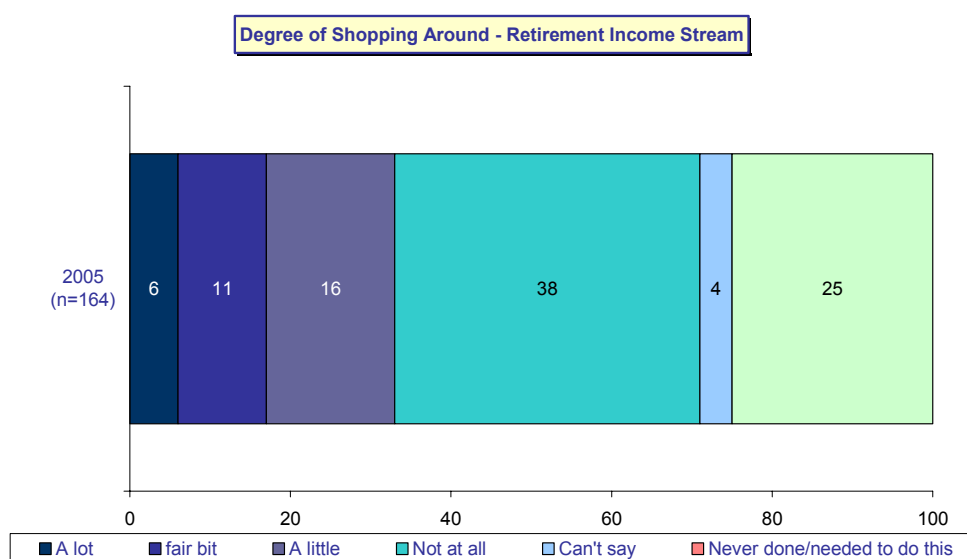


Base: Total respondents with investment who don't shop around, 50% of eligible sample (n=135)

7.1.8 Retirement Income Stream

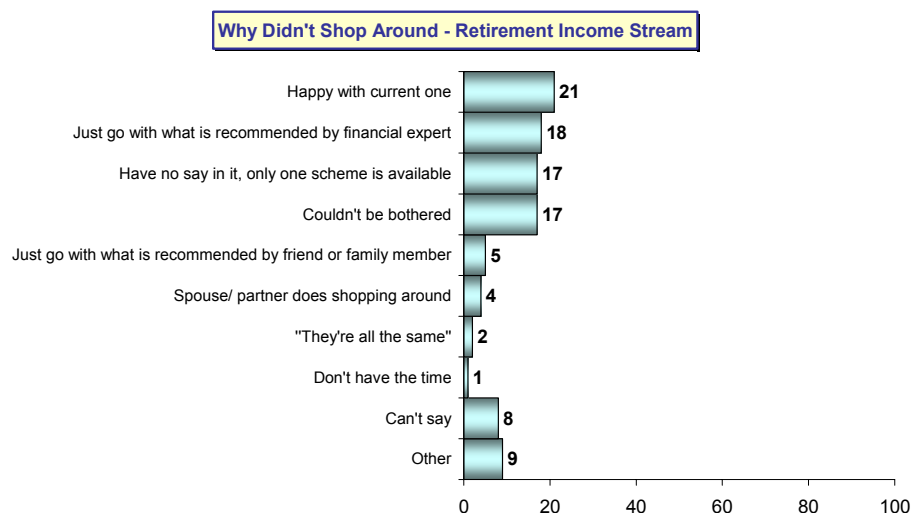
Only 17% of respondents with retirement income stream products shopped around (a lot or a fair bit) for Retirement Income Stream products.

There were no significant demographic differences in the level of shopping around for a Retirement Income Stream.



Base: Total respondents with retirement income stream product, 50% of eligible sample (n=164)

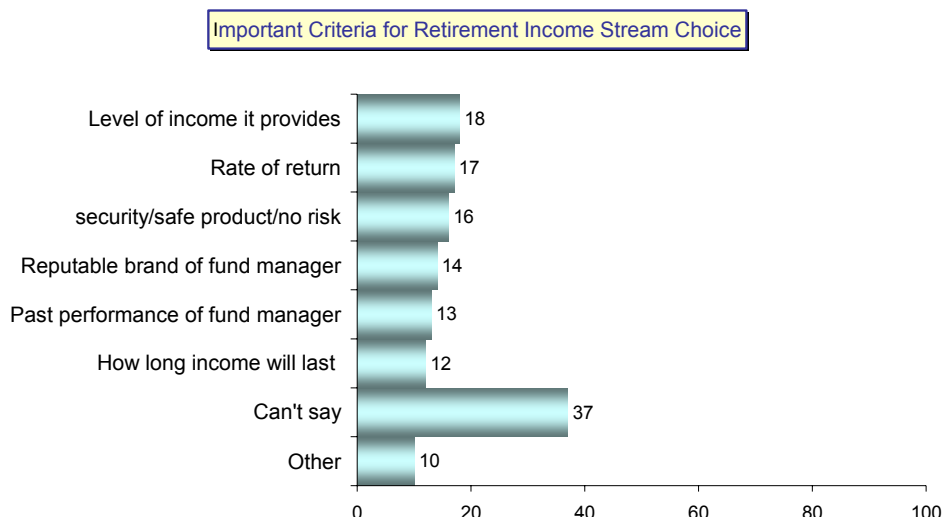
Twenty one percent of respondents who did not shop around when in the market for a retirement income stream said this was because they were happy with their current one. Eighteen percent “just went with what was recommended by a financial expert”, while 17% cited the reason for not shopping around as they “couldn’t be bothered”. Seventeen percent said they “have no significant say in it, only one scheme is available”.



Base: Total with retirement income stream who don't shop around, 50% of eligible sample (n=59)

7.1.8.1 Choosing a Retirement Income Stream

When choosing a retirement income stream, 18% of respondents said that the “level of income it provides” was important, 17% said the “rate of return” was important and 16% said “security and safety of the product”. The highest response was “can’t say” at 37%.



Base: All respondents with retirement income stream products (n=325)

Those who were most likely to respond “can’t say” in choosing a retirement income stream product were from the lowest level of financial literacy (Quintile level 1: 60%) and those with less than \$100K in savings (51%).

Q78 Important criteria in choosing a retirement income stream product				
Can't Say				
37% of people with a retirement income stream product could not say when asked to indicate what the important criteria are when choosing a retirement income stream product				
Demographic	Least likely to say “can’t say”		Most likely to say “can’t say”	
Education	Degree	15%		
Work status	Professional	19%		
Personal income	\$35-\$49k per year	12%		
	\$70k or more per year	13%		
Savings (excl home)	\$100k or more	16%	Less than \$5k	58%
	\$250k or more	9%	Less than \$100k	51%
Quintile			Level 1	60%

7.2 Use of Internet Financial Calculators

Around a quarter of respondents had (ever) visited sites on the Internet containing financial product calculators, a result largely unchanged from 2002 (24%).

Younger people were more likely to have visited an Internet site with a financial calculator (25 to 34 years: 40%; 35 to 44 years: 36%). Although gradually changing over time, younger people are still more likely to be familiar with computers and Internet access.

Those who were less likely to have visited an Internet site with calculators for comparing financial products also had a low level of education (primary/some secondary: 6%) and lower household income (\$20K - \$34K per year: 16%). The cost of computers and Internet access may limit access for some of these demographic groups.

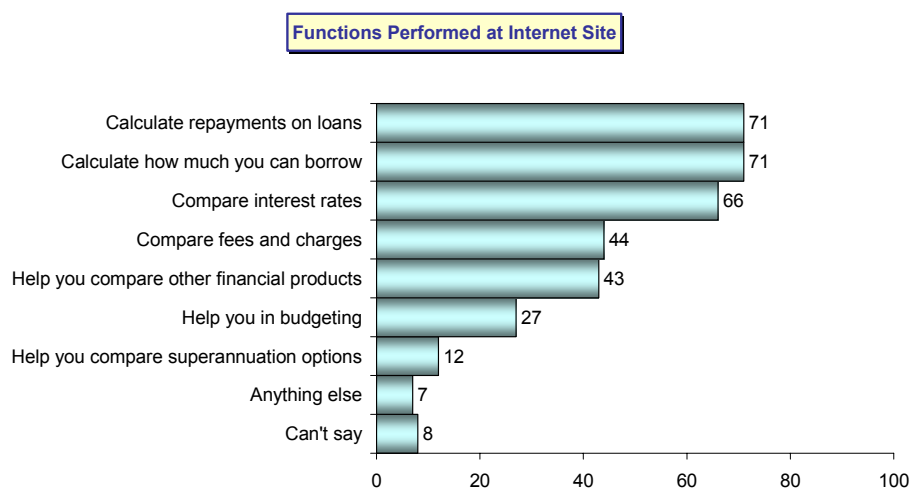
Q49 Have you ever visited an internet site with calculators for comparing financial products?				
YES				
25% of people said that they had visited an internet site with calculators for comparing financial products				
Demographic	Least likely to have indicated that they had visited a site with an internet calculator		Most likely to have indicated that they had visited a site with an internet calculator	
Age	60-69 years of age 70+ years	9% 3%	25 - 34 years 35 - 44 years	40% 36%
Education	Primary/some secondary Passed Year 10	6% 11%	Degree	38%
Employment	Not working	11%	Working Full time	33% 39%
Life stage	Single - Living alone	16%	Couple - Children at home	33%
Work status	Semi-Skilled Unskilled No occupation	10% 13% 3%	Professional	39%
Home ownership	Own outright	16%	Paying off	37%
Personal income	Less than \$20k per year \$20 - \$34k per year	13% 16%	\$50 - \$69k per year \$70k or more per year	39% 47%
Household income	Less than \$20k per year \$20 - \$34k per year	9% 7%	\$60 - \$99k per year \$100k or more per year	35% 42%
Savings excl. home	Less than \$5k	16%	\$50 - \$249k	39%
Mortgage debt			\$250k or more	53%
Non mortgage debt		66% 59%	\$10 - 99k or more \$100k or more	34% 41%
Quintile	Level 1 Level 2	10% 14%	Level 5	37%

Q49 Have you ever visited an internet site with calculators for comparing financial products?				
NO				
75% of people said that they had not visited an internet site with calculators for comparing financial products				
Demographic	Least likely to have indicated that they had not visited a site (i.e. most likely to have visited a site with an internet calculator)		Most likely to have indicated that they had not visited a site (i.e. least likely to have visited a site with an internet calculator)	
Age	25 - 34 years	60%	60 - 69 years	91%
	35 - 44 years	64%	70 years +	96%
Education	Some tertiary / diploma	65%	Primary/some secondary	93%
	Degree	62%	Passed Year 10	89%
Employment	Working	67%	Not working	89%
	Full-time	61%		
Life stage	Couple - Children at home	67%	Single - Living alone	84%
Work status	Professional	60%	Semi-Skilled	90%
			Unskilled	87%
Home ownership	Paying off	63%	Own outright	84%
Personal income	\$50 - \$69k per year	61%	Less than \$20k per year	87%
	\$70k or more per year	53%	\$20 - \$34k per year	84%
Household income	\$60 - \$99k per year	65%	Less than \$20k per year	91%
	\$100k or more per year	58%	\$20 - \$34k per year	93%
Savings excl. home	\$50 - \$249k	61%	Less than \$5k	84%
Mortgage debt	\$50 - \$249k	63%		
	\$250k or more	47%		
Non mortgage debt	\$10 - 99k or more	66%	Less than \$500	80%
	\$100k or more	59%		
Quintile	Level 5	63%	Level 2	86%
			Level 1	89%

Close to three-quarters of those who visited Internet sites with calculators for comparing financial products *actually used* calculators at those sites.

The top two functions performed were calculating repayments on loans (71%) and calculating how much you can borrow (71%). Computers are particularly suited to performing complex financial calculations, and the Internet provides consumers with the opportunity to access a growing range of tools and calculators.

Comparing interest rates (66%) was the third most popular function performed at the Internet sites, followed by comparing fees and charges (44%) and comparing other financial products (43%). Twenty-seven percent of respondents also mentioned their use in helping to budget.



Base: Total respondents who visited internet site with financial calculator (n=438)

8 Savings, Expenses & Personal Debt

This section investigates financial competence from the perspective of household financial responsibility, consumer management of savings and expenses, and experience with personal debt and “feeling out of control”.

Key Findings

Overall, the need to manage income and expenses and to save is reasonably well understood, including by people in the lowest financial literacy Quintiles. In practice, it appears that the ability to do this varies with income and the level of skill of the individual.

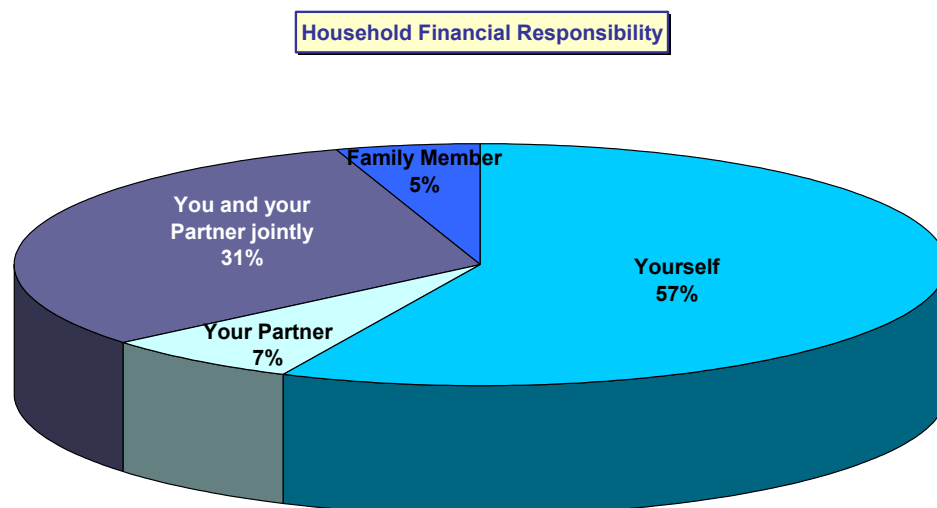
- Fifty-seven percent of respondents were themselves responsible for money management in their household. Females were more likely than males to be in this group. Respondents who were in the lowest financial literacy level (Quintile level 1) were less likely to manage their money jointly with a partner. Only 5% of respondents cited a family member as being responsible for money management in their household, and they were also more likely to be in the lowest financial literacy level (Quintile level 1).
- Consumers with a lower level of financial literacy were not significantly any less likely to say that they try to save on a regular basis, nor were they significantly more likely to say that they do not keep an eye on expenses at all. The implication is that the desirability of managing savings and expenses is widely recognised.
- There was no significant association between measures of financial literacy and attitudes towards saving money. Respondents who were least likely to try to save on a regular basis were those, not surprisingly, with lower available savings. Similarly, those who said there was no point in trying to save because there’s “never enough money” were those with lower savings, lower household income and whose comfort level was “out of control all/most of the time”. The fact that there was no savings buffer likely contributed to that sense of feeling out of control.
- There were few demographic differences amongst respondents asked about the extent to which they control their regular household expenses/ personal expenses. Those with the highest financial literacy level were the most likely to “use written records to keep a close eye on expenses”. Higher literacy levels are more likely to enable consumers to manage their savings and expenses more accurately.
- Eighty percent of respondents took steps to minimize bank fees, with a large number of fee minimization methods used. The most common tactic (17%) was to limit the number of transactions per month to within the fee-free quotas. Twenty-one percent of respondents did nothing to minimise fees and those in the lowest financial literacy level (Quintile level 1) were most likely to be in this group.
- Respondents were asked how comfortable they were with the total amount of money they now owed. Almost three-quarters (72%) said they were either very comfortable or fairly comfortable with the level of debt they carried. Those who were least likely to be comfortable were those not surprisingly with the highest levels of debt.

- When asked to choose which statement best described how they felt about their current financial situation, the majority (79%) said that they were in control of their financial situation “all or most of the time”. A sizable proportion (17%) said they “fluctuated between being in and being out of control” with their finances. A small proportion (3%) stated they felt out of control either “most of the time” (2%) or “all of the time” (1%).
- Those who were least likely to state that they were in control of their financial situation “all of the time” had the lowest levels of savings, and included those in casual employment and those who were renting. Those in the lowest level of financial literacy (Quintile level 1) were in this category and were also more likely to state that their financial situation “fluctuates between being in and out of control”.
- Financial literacy has a strong association with perceived financial control. Fifty-six percent of people who stated they were “out of control” with their finances were in the lowest two Quintiles of financial literacy, compared with only 38% of people who stated they were in financial control. Income levels undoubtedly played an important role in this. On average those in the lower financial literacy Quintiles have lower average gross personal income and lower average gross household income than those in the higher Quintiles.
- Over half of all respondents had not personally approached anyone to borrow money in the past year. Those who had, predominantly went to a bank, building society, or credit union (27%), or went to family or friends (14%). Those in the lowest level of financial literacy (Quintile level 1) had a higher than average incidence of borrowing from friends and family, and were least likely to get a store loan or interest-free deal.
- Of those who stated they were “out of control”, borrowing from friends and family was the most frequently mentioned source of borrowing. Those who said they were out of control with their finances “all or most of the time” were more likely to use a finance company, while those who said they “fluctuated between being in and out of control” were more likely to use a cash advance on their salary. Those who said they were out of control with their finances “for all or most of the time” were more likely to use a pawn broker or cash converter, while those who said they “fluctuated between being in and out of control” were more likely to use a pay day lender.
- Respondents were asked whether, at any time in the last 12 months, they had not been able to make a repayment on any loans, mortgages, credit cards or any other types of repayments that they had (excluding utility bills). A small proportion (5%) had missed a repayment for a loan, mortgage, or credit card in the past year. Of those who had missed a repayment in the past year, the payment most frequently missed was a credit card payment (47%), followed by a personal loan payment (24%) and a mortgage payment (16%).
- Respondents were asked for the main reasons they could not make payments. A range of reasons were given. The most common was job/income loss: 26% said they had lost their income/job and a further 2% said their partner had lost their income/job. Nineteen percent said they had missed payments because they had not budgeted correctly or planned properly. A third category of reasons was higher than expected expenses (eg. unexpected expenses generally (9%), unexpected emergency expenditure (6%), and unexpected medical expenses (4%).

- Just over three quarters of respondents (77%) agreed with the statement “If I had a major loss of income I could manage for a period of time”. Those from the lowest level of financial literacy (Quintile level 1) were less likely to agree with the statement. Other groups that were less likely were those who had savings less than \$5K and single parents.

8.1 Household Financial Responsibility

Respondents were asked who had responsibility for money management in their household. As the distribution below shows, most surveyed had responsibility for managing household finances either on their own (57%) or jointly with a partner (31%). Seven percent cited their partner and 5% cited a family member.



Base: Total Respondents (n=3513)

Fifty-seven percent of respondents were themselves responsible for money management in their household.

Single parents (94%) were most likely to manage money themselves. Those with lower household income (less than \$20K per year: 79%) were also more likely to be in this category. Interestingly, females were more likely (61%) than males (52%) to be responsible by themselves for money management in the household.

Those respondents least likely to manage money themselves were of course couples (where the opportunity existed to share money management responsibilities), both with children at home (32%) or no children at home (35%). Those with higher household incomes (\$100K or more per year: 45%) were less likely to be responsible themselves for managing money in their households.

Q11 Who is responsible for money management in your household?				
Yourself				
57% of people claim that they are responsible for money management in their household				
Demographic	Least likely to be responsible for money management in their household		Most likely to be responsible for money management in their household	
Gender	Male	52%	Female	61%
Age			70 years +	66%
Employment			Not working	62%
Life stage	Couple - Children at home	32%	Single - Live in shared HH	74%
	Couple - No Children at home	35%	Single parent	94%
Home ownership	Paying off	49%	Renting	69%
Household income	\$60 - \$99k per year	51%	Less than \$20k per year	79%
	\$100k or more per year	45%	\$20 - \$34k per year	68%
Saving excl. home	\$250k or more	49%		
Home value	\$300 - \$490k	50%		
	\$500k or more	46%		
Mortgage debt	\$50 - \$249k	49%		
	\$250k or more	46%		
Non mortgage debt	\$100k or more	48%		

Thirty-one percent of respondents were jointly responsible with their partner for money management in their household.

Aside from the obvious association with couples, joint management was more likely for those with higher personal income (\$70K or more: 41%) and higher savings excluding the home (\$250K or more: 42%). Respondents who were in the lowest level of financial literacy (Quintile level 1: 23%) were less likely to manage their money jointly with a partner; whilst those in Quintile level 5 (37%) were more likely.

Q11 Who is responsible for money management in your household?				
You and your partner jointly				
31% of people said that themselves and their partner were jointly responsible for money management in their household				
Demographic	Least likely to be jointly responsible for money management		Most likely to be jointly responsible for money management	
Age	18-24 years of age	15%	45-59 years of age	36%
Employment status	Not working	27%	Self employed	40%
Life stage	Single - live in shared HH	5%	Couple - children at home	49%
	Single parent	2%	Couple - No children at home	53%
Personal income	less than \$20k per year	22%	\$70k or more	41%
Household income	Less than \$20k per year	13%	\$60 - 99k per year	39%
			\$100k or more	40%
Savings (excl home)	Less than \$5k	22%	\$250k or more	42%
Home value			\$300 - 490k	37%
			\$500k or more	38%
Mortgage debt			\$50 - 249k	41%
			\$250k or more	42%
Non – mortgage debt	Less than \$500	27%	\$100k or more	42%
Quintiles	Level 1	23%	Level 5	37%

Aside from the couple/single association, there were few meaningful trends for the 7% of respondents for whom their partner (7%) was solely responsible for money management in the household.

Only 5% of respondents cited a family member as being responsible for money management in their household.

Those who were younger (18-24 years: 30%), had no occupation (22%) and were single – living in a shared household (18%) were more likely to rely on a family member for money management.

Conversely, among those least likely to rely on family members were owners/executives including small businesses (0%), professionals (1%), and those with higher savings excluding the home (\$250K or more: 1%).

Nine percent of those in the lowest level of financial literacy (Quintile level 1) cited a family member as being responsible for money management in their household, compared to 2% of Quintile level 5.

Q11 Who is responsible for money management in your household?				
Family member				
5% of people said that a family member was responsible for money management in their household				
Demographic	Least likely for a family member to be responsible		Most likely for a family member to be responsible	
Age	25-34 35-44 45-59 60-69	2% 1% 1%	18-24	30%
Language			Other language	10%
Geography	Non Capital	3%		
Education	Degree	3%	Finished year 12	11%
Employment status			Casual	14%
Household structure	Single – Living alone Couple - no children at home	2% 1%	Single – living in shared household	18%
Occupation	Professional Owners/Execs inc small businesses	1% 0%	Unskilled No occupation	11% 22%
Personal Income	\$50k or more \$50-69K \$70K or more	 1%	Less than \$50K Less than \$20K	7% 11%
Household Income	\$35-59K	2%		
Savings (excl. Home)	\$100k or more \$50 – 249K \$250k or more	1% 1% 1%	Less than \$100K Less than \$20K	7% 12%
Mortgage debt	\$50-249K \$250K or more	1%	Less than \$50K	12%
Non – mortgage debt			Less than \$500	7%
Quintiles	Level 5	2%	Level 1	9%

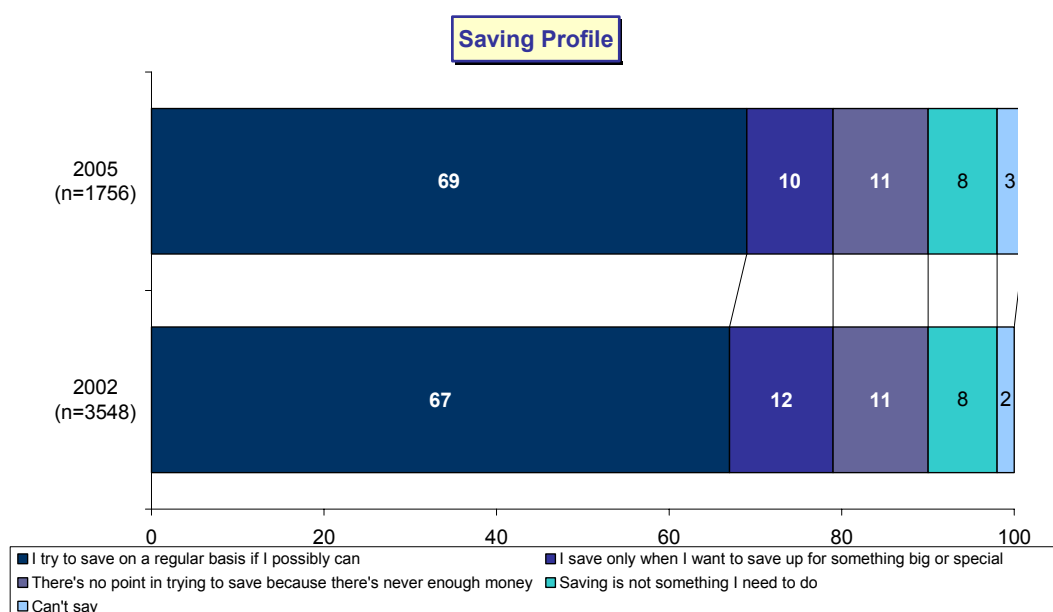
8.2 Savings Behaviour

Respondents were asked:

“Which one of the following statements best applies to you:

- I try to save on a regular basis if I possibly can
- I save only when I want to save up for something big or special
- There is no point in trying to save because there is never enough money
- Saving is not something I need to do.

Overall, 69% of respondents said that they try to save on a regular basis if they possibly can, marginally higher than that recorded in 2002 (67%).



Base: total respondents 2002 (n=3548), 50% of total respondents 2005 (n=1756)

Respondents least likely to try to save on a regular basis were not surprisingly those on lower incomes (less than \$20K per year: 59%) and not working (61%).

Semi-professionals (81%), those with a personal income of \$70K or more per year (77%) and those with savings between \$5K and \$49K (76%) were most likely to try and save on a regular basis.

Q55 Which one of the following statements best applies to you?				
I try to save on a regular basis if possibly can				
68% of people said that they try to save on a regular basis if they possibly can				
Demographic	Least likely to say that they try and save if they possible can		Most likely to say that they try and save if they possible can	
Employment	Not working	61%		
Work status			Semi-Professional	81%
Personal income	Less than \$20k per year	59%	\$70k or more per year	77%
Savings excl. home	Less than \$5k	55%	\$5 - \$49k	76%

Just over one in ten (11%) stated that there is no point in trying to save because there's never enough money. This percentage was unchanged from that recorded in the 2002 study.

Consumers most likely to be in this category included persons with less than \$5k in savings (76%), those whose comfort level was out of control all/most of the time (47%), and those with household income less than \$20K per year (23%).

Those with high levels of savings (\$250K or more: 3%) were, not surprisingly, least likely to say there was no point in trying to save because there's never enough money.

Groups with low responses were those in the top band of personal income (\$70k or more per year: 4%) and those in the top band for household income (\$100K or more per year: 5%).

Q55 Which one of the following statements best applies to you?				
There's no point in trying to save because there's never enough money				
11% of people say that there's no point in trying to save because there's never enough money				
Demographic	Least likely to say that there's no point in trying to save because there's never enough money		Most likely to say that there's no point in trying to save because there's never enough money	
Life stage	Couple – no children at home	7%	Single Parent	19%
Personal income	\$70k or more per year	4%	Less than \$20k per year	17%
Household Income	\$100k or more per year	5%	Less than \$20k per year	23%
			\$20-\$34k per year	18%
Savings excl. home	\$100k or more	5%	Less than \$5k	76%
	\$250k or more	3%		
Comfort level	In control most/all the time	6%	Out of control all/ most of the time	47%

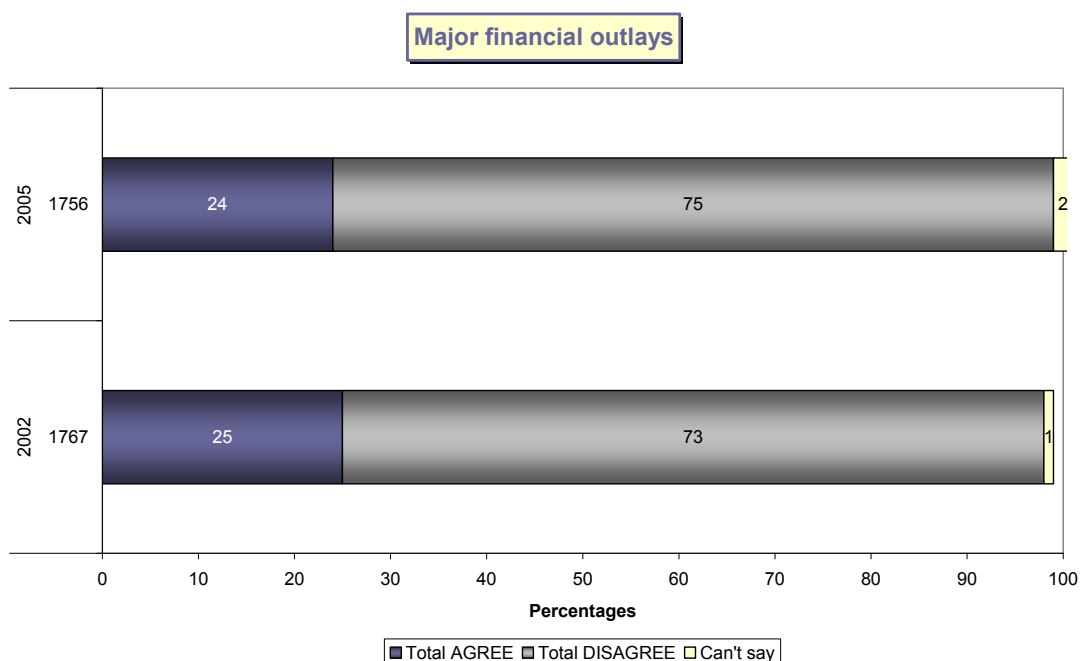
8.2.1 Setting Money Aside for Major Financial Outlays

Nearly a quarter (24%) agreed with the statement: “I have problems setting money aside for major financial outlays”. A similar level was recorded in 2002 (25%).

Three quarters (75%) said that they disagreed (22% disagreed strongly).

Single parents (9%), those renting (9%) and respondents with a household income of less than \$20K (9%) were the most likely to fall into the strongly agree segment.

Those from the lowest level of financial literacy (Quintile level 1: 62%) were less likely to disagree with the statement. Other groups that were less likely included single parents (64%), as well as those in rented accommodation (61%), and those with savings less than \$5K (57%).

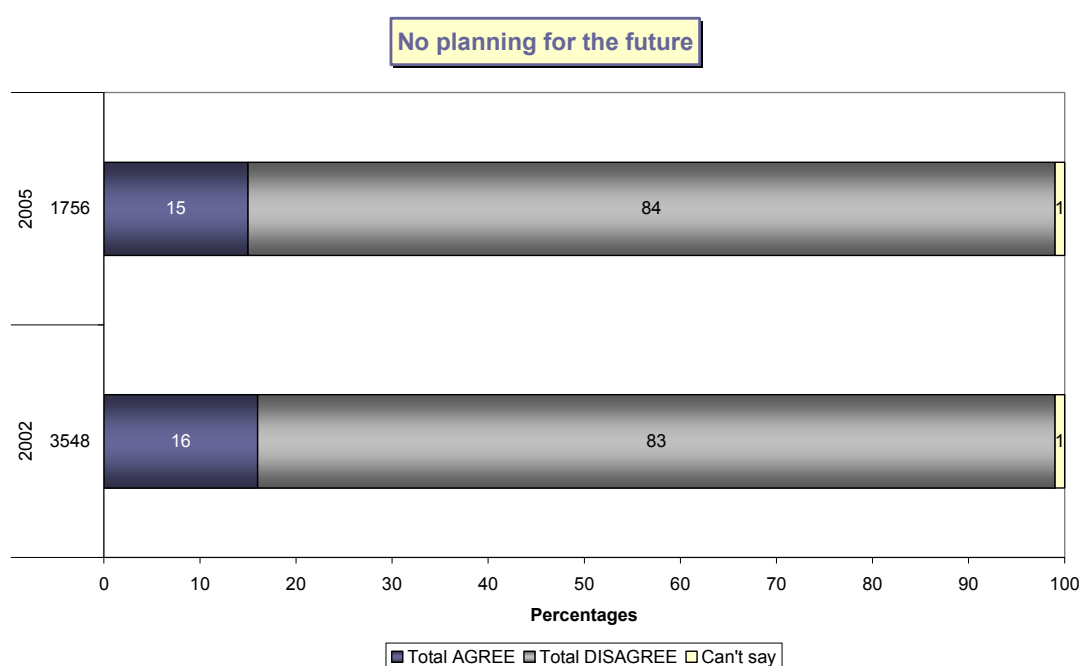


Base: 2005 50% of total respondents (n=1756); 2002 50% of respondents (n=1767)

8.2.2 Spending Income vs Planning for the Future

Eighty-four percent of respondents disagreed with the statement: "I spend all of my income as I get it and don't really plan for the future". Again, a similar level was recorded in 2002 (83%).

Those from the lowest level of financial literacy (Quintile level 1: 73%) were less likely to disagree with the statement. Other groups that were less likely were those who had savings less than \$5K (69%) and those from semi-skilled occupations (74%).



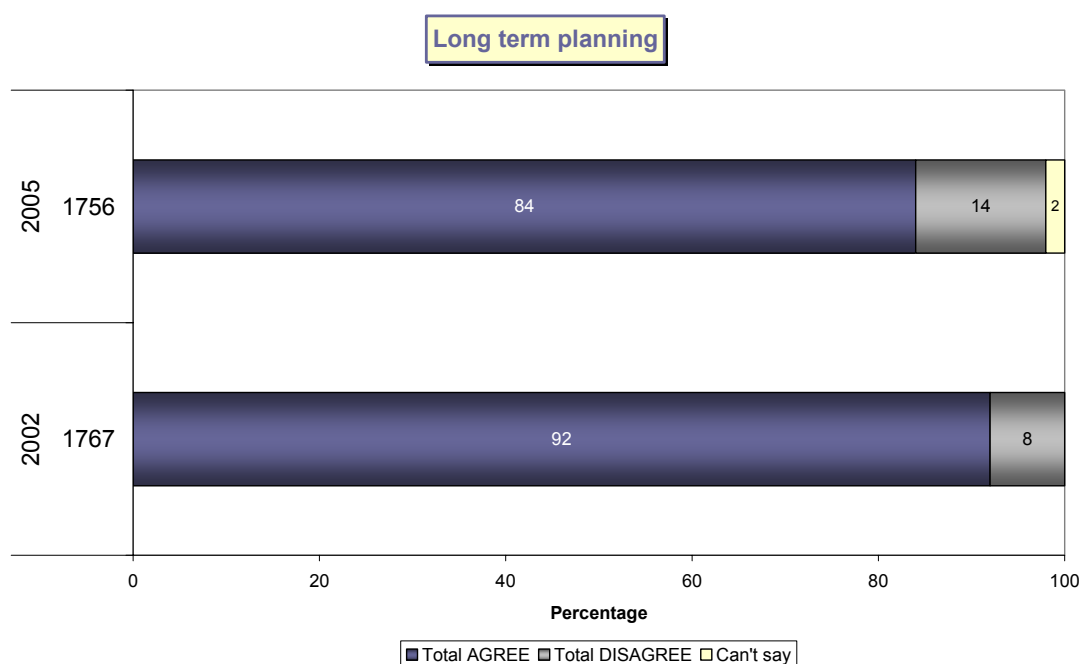
Base: 2005 50% of total respondents (n=1756); 2002 Total respondents (n=3548)

8.2.2.1 Long-Term Financial Planning

Eighty-four percent of respondents agreed with the statement: “It is important to me to have a long-term financial plan”. This is significantly different to the comparative figure in 2002 (92%).

Those from the lowest level of financial literacy (Quintile level 1: 78 %) were less likely to agree with the statement. Thirty-one percent strongly agreed – greatest amongst Quintile level 5 (59%) and lowest amongst Quintile level 1 (19%).

Fourteen percent disagreed or disagreed strongly compared with 8% in 2002.



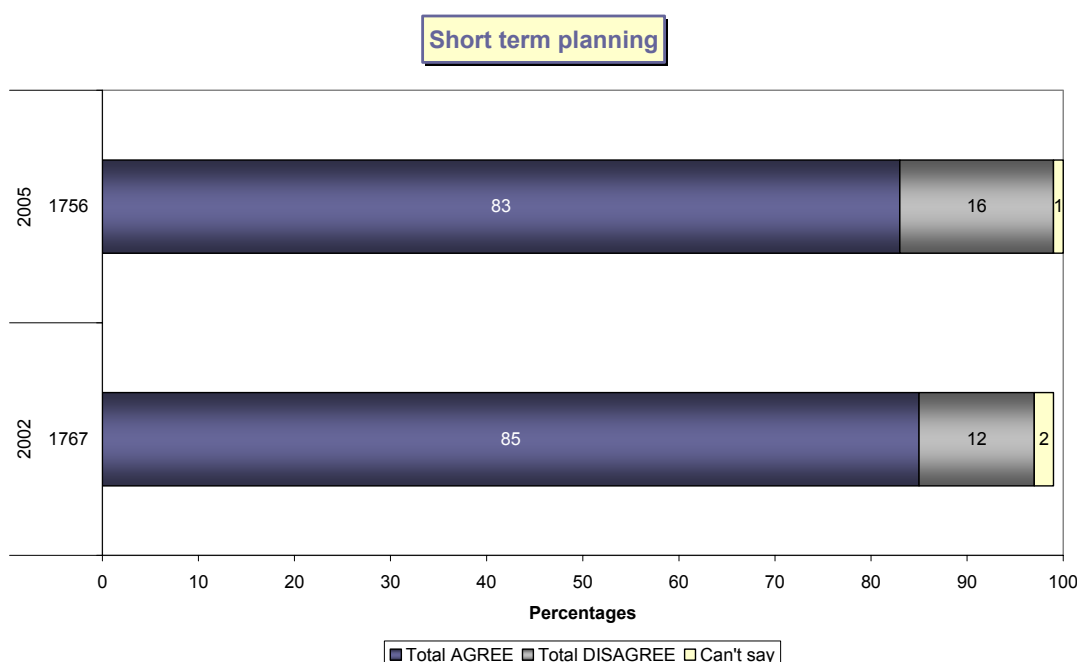
Base: 2005 50% of total respondents (n=1756); 2002 50% of respondents (n=1767)

Q90 Please tell me whether you strongly disagree, disagree, agree or strongly agree with these statements. "It is important to me to have a long-term financial plan"				
Strongly Agree				
31% of people strongly agree with the statement that "it is important to me to have a long-term financial plan"				
Demographic	Least likely to strongly agree that it is important to me to have a long-term financial plan		Most likely to strongly agree that it is important to me to have a long-term financial plan	
Languages			Other languages	43%
Education	Primary/some secondary	21%	Degree	39%
Work status	Unskilled	19%		
Personal Income			\$70k or more per year	42%
Household income			\$100k or more per year	39%
Savings excl. home	Less than \$5k	23%	\$250k or more	44%
Home value			\$500k or more	39%
Mortgage debt			\$250k or more	46%
Quintile	Level 1	19%	Level 4 Level 5	40% 59%

8.2.2.2 Short-Term Financial Planning

Eighty-three percent of respondents agreed with the statement “It is important to me to have a financial plan for the short term”. This is marginally below that recorded in 2002 (83%).

Twenty-three percent strongly agreed - greatest amongst Quintile level 5 (44%) and smallest amongst Quintile level 1 (16%). Sixteen percent disagreed, compared to 12% in 2002.



Base: 2005 50% of total respondents (n=1756) 2002 50% of respondents (n=1767)

Those from the lowest level of financial literacy (Quintile level 1: 74%) were less likely to agree with the statement. Other groups that were less likely were those who had a household income less than \$20K (73%) and those not working (77%).

Q90 Please tell me whether you strongly disagree, disagree, agree or strongly agree with these statements. “It is important to me to have a financial plan for the short-term”			
Strongly Agree			
23% of people strongly agree with the statement that “it is important to me have a financial plan for the short-term”			
Demographic	Least likely to agree that it is important to have a financial plan for the short-term		Most likely to agree that it is important to have a financial plan for the short-term
Employment			Other White Collar
Quintile	Level 1	16%	Level 5
			44%

8.3 Management of Expenses

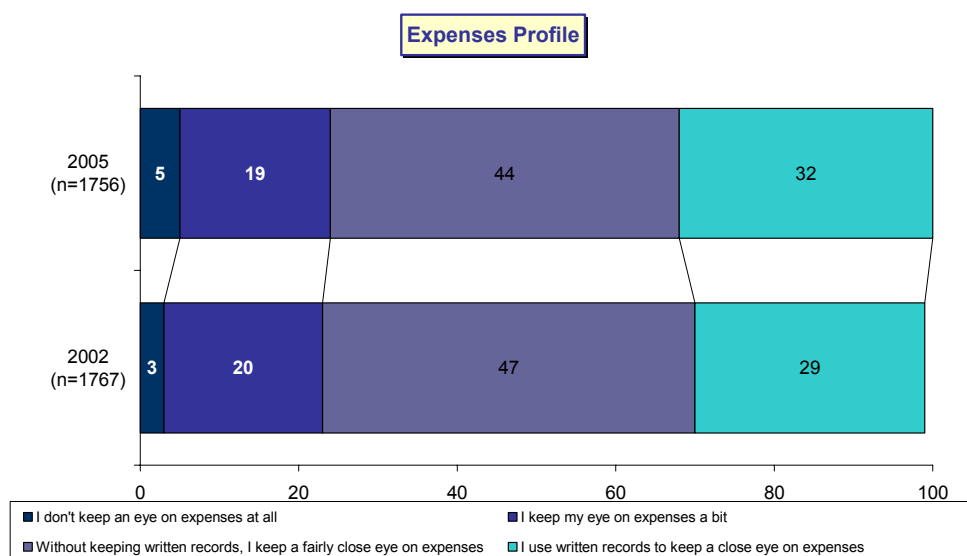
Only 5% of respondents reported that they didn't keep an eye on expenses at all, compared with 3% in 2002.

Almost one in five (19%) respondents kept their eye on expenses a bit – unchanged from 2002.

The proportion of respondents reporting that they keep a fairly close eye on expenses (44%) was marginally lower than recorded in 2002 (47%).

Thirty-two percent of respondents said that they use written records to keep a close eye on expenses, up from 29% in 2002.

There were few demographic differences amongst responses to this question. Those with the highest literacy (Quintile level 5: 44%) had the highest response to using written records to keep a close eye on expenses.



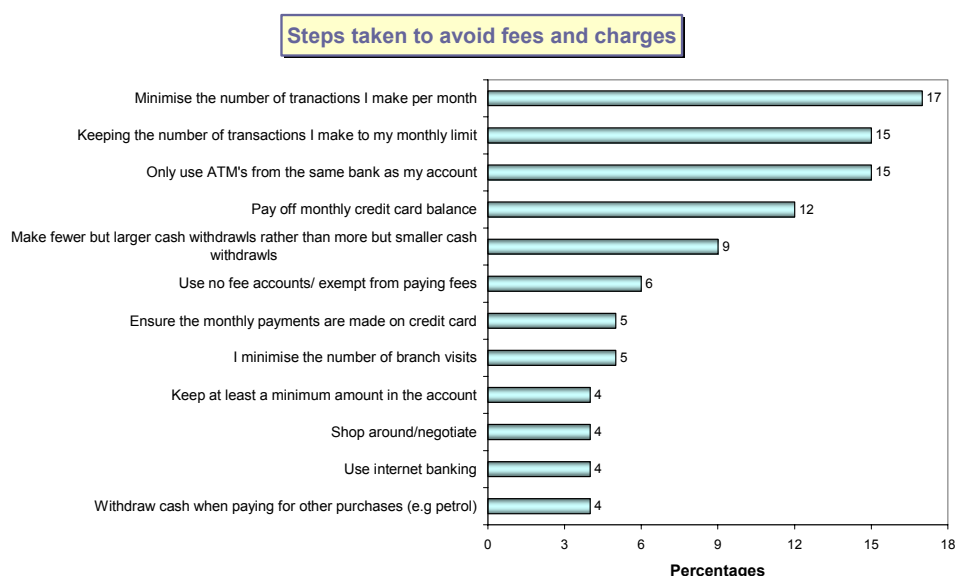
Base: 50% of total respondents 2002(n=1767), 2005 (n=1756)

8.4 Fee Minimisation

Eighty percent of respondents took steps to minimise bank fees, with a large number of fee minimisation methods used.

The most common step was to limit the number of transactions per month to within the banks fee-free quotas, this was done by 17% of respondents. Only 15% used ATMs from the same bank as the person's account.

Other steps for fee minimisation included making fewer but larger cash withdrawals (9%) and using no fee accounts (6%).



Base: Total respondents with everyday account or use ATMs, 50% of sample (n=1734)

Those from the lowest level of financial literacy (Quintile level 1: 6%) were less likely to pay off their credit card balance to minimise fees and charges. Other groups who were less likely to pay off their credit card included single parents (3%) and those who had less than \$5K in savings (7%).

Q14 What specific steps do you take to minimise or avoid fees and charges relating to your everyday banking?				
Pay off monthly credit card balance (card use)				
12% of people pay off their monthly credit card balance to minimise or avoid fees and charges relating to their everyday banking				
Demographic	Least likely to pay off their monthly credit card balance		Most likely to pay off their monthly credit card balance	
Education	Finished year 12	6%	Degree	16%
Household structure	Single parent	3%	Couple-No children at home	18%
Occupation			Professional	16%
Savings (excl. Home)	Less than \$5K	7%	\$100k or more	18%
Quintiles	Level 1	6%		

Twenty-one percent of respondents did nothing to avoid fees. Those in the lowest level of financial literacy (Quintile level 1: 34%) and older persons (70+ years: 31%) were most likely to be in this group.

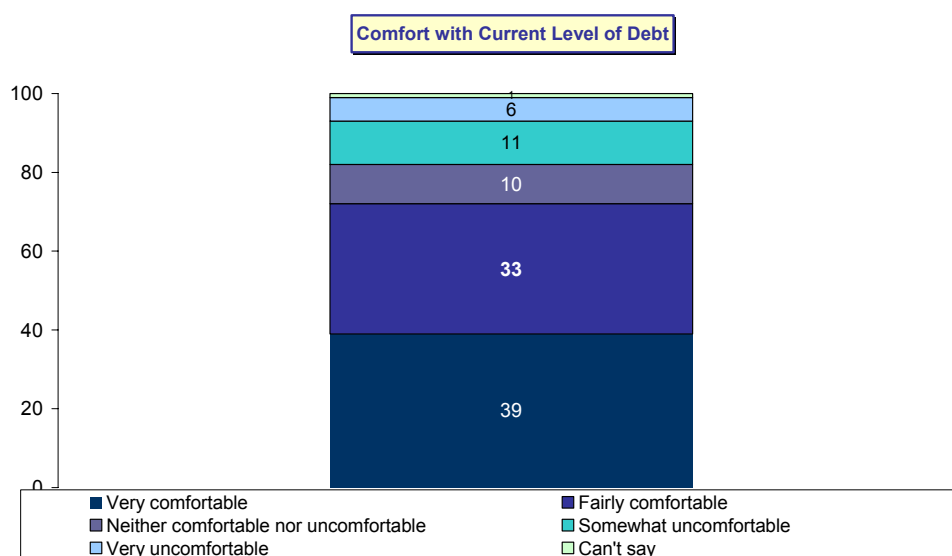
Q14 What specific steps do you take to minimise or avoid fees and charges relating to your everyday banking?				
Can't say				
21% of people could not say what specific steps they did to minimise or avoid fees and charges relating to their everyday banking				
Demographic	Least likely to not be able to say what they did to minimise fees		Most likely to not be able to say what they did to minimise fees	
Age			70+ years	31%
Education	Degree	15%		
Quintiles	Level 5	14%	Level 1	34%

8.5 Personal Debt

8.5.1 Comfort Level

Respondents were asked how comfortable they were with the total amount of money they now owed.

Almost three-quarters (72%) of respondents said they were either very comfortable or fairly comfortable with the level of debt they carried. Eleven percent reported that they were somewhat uncomfortable and 6% that they were very uncomfortable.



Base: Total respondents (n=3513)

Those most likely to be very comfortable with their levels of debt were those 70 years + (60%), as well as those who owned their home outright (57%). Those in the highest financial literacy quintile were also more likely to be comfortable with the level of debt they owed (Quintile level 5: 46%).

Those who were least likely to be very comfortable with the total amount of money they now owe were those with the highest levels of mortgage debt (\$250K or more: 11% and \$50 – \$249K: 18%) and higher levels of non-mortgage debt (\$10 to 99K or more: 20%).

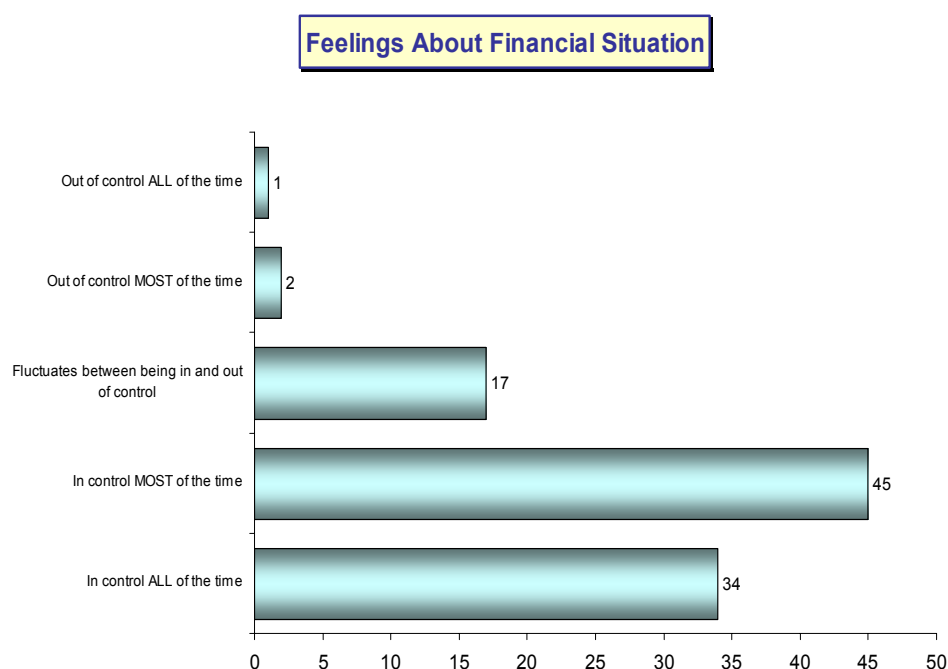
Q82 How comfortable are you with the total amount of money you now owe? Would you say you are				
Very comfortable				
39% of people said that they were very comfortable with the total amount of money they now owe				
Demographic	Least likely to be very comfortable with the amount of money they now owe		Most likely to be very comfortable with the amount of money they now owe	
Age	25 - 34 years	28%	60 - 69 years	58%
	35 - 44 years	26%	70 years +	60%
Employment	Working	34%	Not working	48%
	Full-time	33%		
Life stage	Couple - Children at home	29%	Single - Living alone	46%
			Couple - No Children at home	48%
Work status	Unskilled	30%		
Home ownership	Paying off	21%	Own outright	57%
	Renting	33%		
Household income	\$60 - \$99k per year	33%		
Saving excl. home	Less than \$5k	27%	\$250k or more	55%
Home value			\$500k or more	46%
Mortgage debt	\$50 - \$249k	18%		
	\$250k or more	11%		
Non mortgage debt	\$500 - \$10k	29%	Less than \$500	54%
	\$10 - 99k or more	20%		
	\$100k or more	23%		
Quintile			Level 5	46%

Q82 How comfortable are you with the total amount of money you now owe? Would you say you are				
Somewhat uncomfortable				
11% of people said that they were some what uncomfortable with the total amount of money they now owe				
Demographic	Least likely to say that they were somewhat uncomfortable		Most likely to say that they were somewhat uncomfortable	
Age	60-69 years	5%	25-34 years	15%
	70 years	4%		
Life stage	Couple - children at home	8%		
Home Ownership	Own outright	5%		
Savings (excl home)	\$100k or more	5%	Less than \$5k	17%
	\$250k or more	5%	Less than \$100k	13%
Mortgage debt			\$50-\$249k	16%
Non Mortgage debt	Less than \$500	6%	\$10-\$99k	20%
Level of control	In control most /all of the time	6%	Out of control all/ most of the time	37%
			Fluctuates between in and out of control	29%

8.5.2 Control of Financial Situation

When asked to choose which statement best described how they felt about their current financial situation, the majority of respondents (79%) said that they were in control of their financial situation all or most of the time.

A sizable proportion (17%) said they fluctuated between being in and being out of control with their finances. A small proportion (3%) stated they felt out of control all (1%) or most of the time (2%).



Base: Total respondents (n=3513)

Those who were least likely to state that they felt in control of their financial situation all of the time were those who had the lowest levels of savings (less than \$5K: 16%), as well as those in casual employment (21%) and those who were renting (21%). Those in the lowest level of financial literacy (Quintile level 1: 28%) were also significantly below average.

Those who had highest responses to being in control all of the time include older people (70 years +: 64%), those with the highest level of savings (\$250K or more: 53%) and those who own their house outright.

Q83 Which one of the following statements BEST describes how you generally feel about your CURRENT financial situation? Would you say it feels?				
In control ALL of the time				
34% of people generally feel in control all of the time when it comes to their current financial situation				
Demographic	Least likely to feel in control all of the time		Most likely to feel in control all of the time	
Gender	Female	30%		
Age	18 - 24 years	20%	60 - 69 years	51%
	25 - 34 years	26%	70 years +	64%
	35 - 44 years	24%		
Education			Primary/some secondary	43%
Employment	Working	29%	Not working	43%
	Part-time	24%		
	Casual	21%		
Life stage	Single - Live in shared HH	21%	Single - Living alone	41%
	Single parent	19%	Couple - No Children at home	44%
	Couple - Children at home	27%		
Work status	Unskilled	25%		
Home Ownership	Paying off	24%	Own outright	48%
	Renting	21%		
Personal income			\$70k or more per year	44%
Household income	\$60 - \$99k per year	28%		
Saving excl. home	Less than \$5k	16%	\$250k or more	53%
Home value			\$500k or more	44%
Mortgage debt	\$50 - \$249k	22%		
Non mortgage debt	\$500 - \$10k	24%	Less than \$500	44%
	\$10 - 99k	21%		
Quintile	Level 1	28%	Level 5	41%

Those who stated that their financial situation fluctuated between being in and out of control was more likely to include Aboriginal/Torres Strait Islanders (29%) as well as those in rented accommodation (29%) and those in casual employment (34%). Respondents with the lowest level of financial literacy (Quintile level 1: 24%) were also more likely to state that their financial situation fluctuates between being in and out of control.

Q83 Which one of the following statements BEST describes how you generally feel about your CURRENT financial situation? Would you say it feels?				
Fluctuates between being in and out of control				
17% of people generally feel that they fluctuate being in and out of control when it comes to their current financial situation				
Demographic	Least likely to feel that they fluctuate in and out of control		Most likely to feel that they fluctuate in and out of control	
Age	60-69 years 70+	6% 4%	18 - 24 years 25 - 34 years 35 - 44 years	26% 21% 23%
Origin			Aboriginal/ Torres strait Islander	29%
Education	Degree	14%	Some tertiary/ diploma	23%
Employment			Part time Casual Free lance	23% 34% 23%
Life stage	Couple no children at home	10%	Single - Live in shared HH Single parent Couple - Children at home	27% 27% 21%
Work status	Professional Owner/ execs inc small business Farm owner	12% 12% 6%	Sales Semi skilled unskilled	23% 24% 29%
Home Ownership	Own outright	9%	Paying off Renting	21% 29%
Personal income	\$70k or more per year	9%	\$20-34k per year Less than \$20k per year	23% 22%
Household income	\$100k or more per year	11%	\$35-59k per year	21%
Saving excl. home	\$250k or more	5%	Less than \$5k	32%
Home value	\$300-490k \$500k or more	11% 12%		
Mortgage debt			\$50 - \$249k	21%
Non mortgage debt	Less than \$500	12%	\$500 - \$10k \$10 - 99k or more	23% 26%
Quintile	Level 5	11%	Level 1	24%

Those who are more likely to feel out of control all of the time were not surprisingly on low incomes (less than \$20K a year) and with low (suspect no) savings (less than \$5K a year).

Q83 Which one of the following statements BEST describes how you generally feel about your CURRENT financial situation? Would you say it feels?				
Out of control ALL of the time				
1% of people generally feel out of control all of the time when it comes to their current financial situation				
Demographic	Least likely to feel out of control all of the time		Most likely to feel out of control all of the time	
Household income			Less than \$20k	3%
Savings (excl home)			Less than \$5k	3%

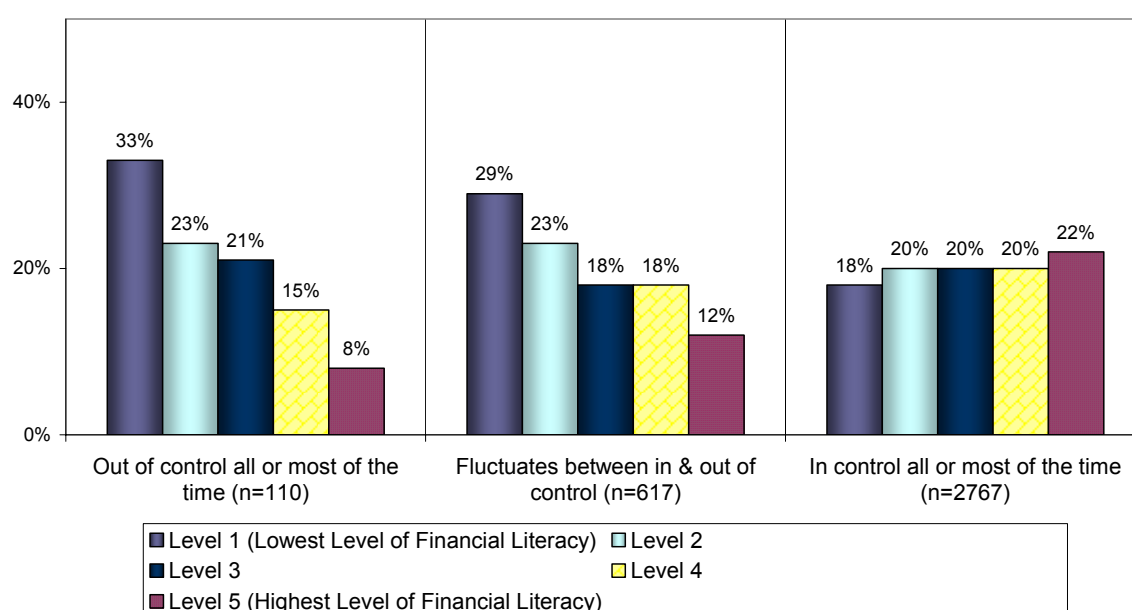
Financial literacy has a strong relationship with perceived financial control. Fifty-six percent of people who stated they were out of control with their finances were in the lowest two Quintiles of financial literacy, compared with only 38% of people who stated they were in financial control.

Income levels undoubtedly played an important role in this. On average those in the lower financial literacy Quintiles have lower average pre-tax personal income and lower average pre-tax household income than those in the higher Quintiles.

For example, those with the lowest level of financial literacy (Quintile level 1) were more likely to have lower levels of Personal income (eg. 34% of those in Quintile level 1 had annual personal income less than \$20K, compared to 13% of those in Quintile level 5). Those with the lowest level of financial literacy (Quintile level 1) were also more likely to have lower levels of Household income (eg. 19% of those in Quintile level 1 had annual Household income less than \$20K, compared to 5% of those in Quintile level 5).

For further demographic data on the strong relationship between income levels and financial literacy levels, see Section 2.6.2.2.

The Role of Financial Literacy in Perceived Financial Control

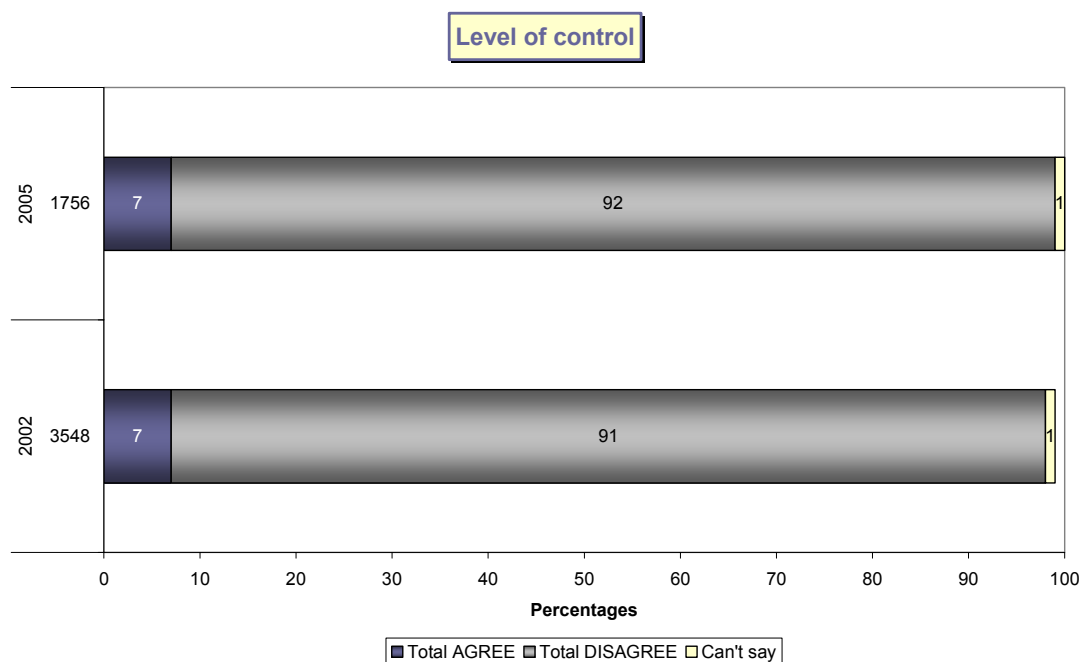


8.5.2.1 Control of Borrowings & Credit Cards

Respondents were asked whether they agreed or disagreed with the statement: “I feel out of control with my borrowing and credit card generally”.

Seven percent agreed that they felt “out of control”. The majority (92%), however, disagreed. The comparative figures in 2002 were 7% and 91% respectively.

Those less likely to disagree with the statement were those with less than \$5K in savings (85%) and those who spoke other languages at home (85%).



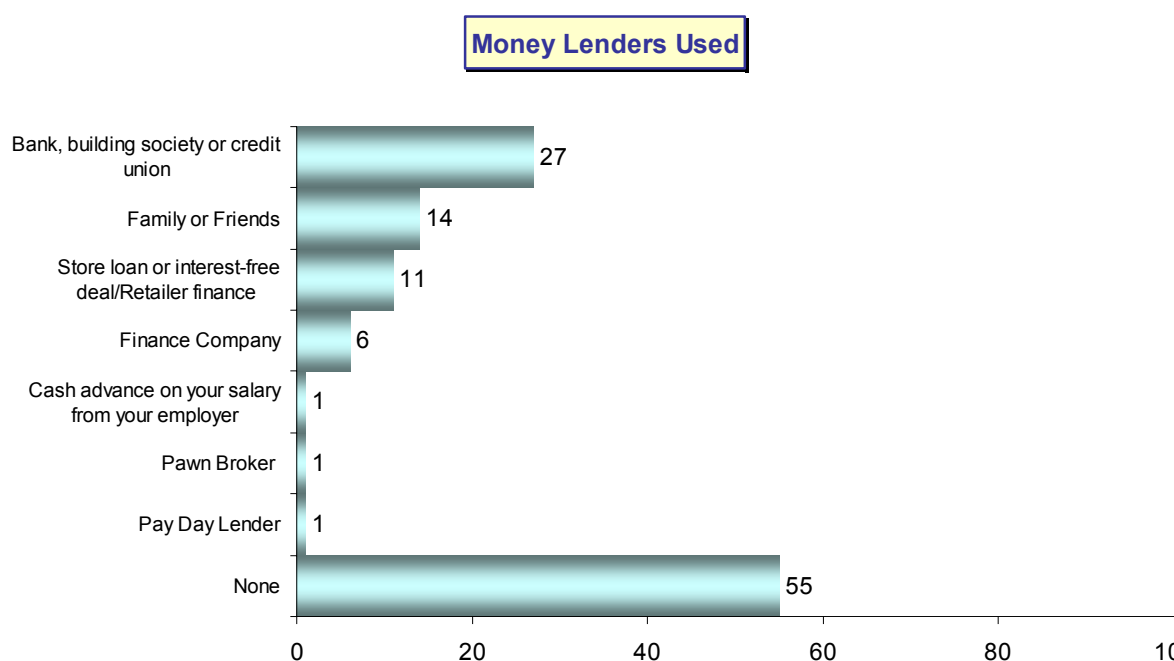
Base: 2005 50% of total respondents (n=1756) 2002 Total respondents (n=3548)

8.6 Money Lenders

Respondents were read a list of places that people go to borrow money to make a purchase or when they need some cash including borrowing for a mortgage or car through borrowing to help out with household bills, and asked to indicate which they had previously used in the last 12 months.

Over half of all respondents had not personally approached anyone to borrow money in the past year. Those who had, predominantly went to a bank, building society, or credit union (27%), or to family or friends (14%).

Pawn brokers and Pay Day lenders were mentioned by 1% respectively.



Base: Total respondents (n=3513)

Those most likely to have borrowed from a bank/building society or credit union had higher levels of debt (mortgage debt \$250K or more: 59% and non mortgage debt: \$100k or more: 59%), were self employed (42%), and those between the ages of 25 and 34 (40%).

Unsurprisingly, those least likely to have borrowed from a bank/building society or credit union in the last 12 months were those aged 70 years + (7%), those not working (13%) as well as those who had household income less than \$20K per year (13%). This group also included those with the lowest level of financial literacy (Quintile level 1: 19%).

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?				
Bank, building society or credit union				
27% of people have used a bank, building society or credit union to borrow money in the last 12 months				
Demographic	Least likely to have used a bank, building society or credit union		Most likely to have used a bank, building society or credit union	
Age	60 - 69 years	12%	25 - 34 years	40%
	70 years +	7%	35 - 44 years	37%
Education	Primary/some secondary	17%	Degree	32%
Employment	Not working	13%	Working	35%
			Full-time	38%
			Self employed	42%
Life stage	Single - Living alone	20%	Couple - Children at home	36%
Work status	Unskilled	19%		
Home ownership	Own outright	17%	Paying off	42%
Personal income	Less than \$20k per year	17%	\$50 - \$69k per year	36%
			\$70k or more per year	45%
Household income	Less than \$20k per year	13%	\$60 - \$99k per year	39%
	\$20 - \$34k per year	17%	\$100k or more per year	38%
Mortgage debt			\$50 - \$249k	43%
			\$250k or more	59%
Non mortgage debt	Less than \$500	15%	\$10 - 99k	47%
			\$100k or more	59%
Quintile	Level 1	19%		
Control			Fluctuates between being in and out of control	33%

Those most likely to borrow money from friends and family in the last 12 months were those in the youngest age group (18 to 24 years: 45%), as well as those in casual employment (29%), those living in a shared household (36%), and those whose origin was Aboriginal/Torres Strait Islander (29%). Those who said they were out of control with their finances all or most of the time (33%) were also more likely to use family or friends. In addition, those with a low savings buffer (less than \$5K: 28%) had above average representation.

Those in the lowest level of financial literacy (Quintile level 1: 20%) also had a higher than average incidence of borrowing from friends and family.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?				
Family or Friends				
14% of people have used family or friends to borrow money in the last 12 months				
Demographic	Least likely to have used family or friends		Most likely to have used family or friends	
Age	45-59 years	6%	18-24 years	45%
	60-69 years	1%	25-34 years	21%
Origin			Aboriginal/Torres Strait Islander	29%
Language			Other Language	20%
Education	Primary/some secondary	6%	Finished year 12	21%
			Some tertiary/ diploma	23%
Employment			Casual	29%
Life stage	Single living alone	9%	Single – live in shared HH	36%
	Couple – No children	7%	Single parent	22%
Work status	Professional	10%	Unskilled	24%
	Owner/ execs inc small business	7%	No occupation	27%
Home Ownership	Own outright	7%	Renting	25%
Personal income	\$50k or more per year	8%	Less than \$20k per year	20%
	\$70k or more per year	6%		
Savings excl. home	\$100k or more	4%	Less than \$5k	28%
	\$50k-\$249k	8%	Less than \$100k	19%
	\$250k or more	4%		
Home value	\$300k- \$490k	10%		
	\$500k or more	8%		
Quintile			Level 1	20%
Control			Fluctuates between being in and out of control	29%
			Out of control all or most of the time	33%

Those most likely to use a store loan or interest free deal/retailer finance were those who had mortgage debt levels between \$50 and \$249 K (19%), those with mortgage debt levels between \$50K and \$249K (19%), those between 25 and 34 (18%) and those whose personal income was between \$50 and \$69K per year (18%).

Those least likely to use this type of credit were those 70 or over (1%). Those in the lowest level of financial literacy (Quintile level 1: 8%) were also less likely to have a store loan or interest-free deal.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?				
Store loan or interest- free deal/ Retailer finance				
11% of people have used a store loan or interest-free deal to borrow money in the last 12 months				
Demographic	Least likely to have used a store loan or interest-free deal		Most likely to have used a store loan or interest-free deal	
Age	18-24 years	9%	25-34 years	18%
	60- 69 years	6%	35-44 years	16%
	70+ years	1%		
Origin			Aboriginal/Torres Strait Islander	16%
Education	Primary/some secondary	5%	Tech/commercial/TAFE	14%
Employment	Not working	6%	Working	14%
	Casual	7%	Full time	16%
	Freelance	7%		
Life stage	Single living alone	8%	Couple children at home	16%
	Single living in shared HH	6%	Single parent	14%
Occupation	Owner/execs inc small business	9%	Professional	13%
	Semi skilled	6%	Sales	13%
	Unskilled	9%	Other white collar	15%
	Farm owner	6%		
Home ownership	Own outright	6%	Paying off	16%
			Renting	14%
Personal income	Less than \$20k per year	7%	\$50k or more per year	16%
			\$35-\$49k per year	13%
			\$50 - \$69k per year	18%
			\$70k or more per year	14%
Household income	Less than \$20k per year	5%	\$60-\$99k per year	17%
	\$20-\$34k per year	9%	\$100k or more	13%
Savings (excl home)	\$100k or more	9%	\$5-\$49k	13%
	\$250k or more	8%		
Home value	\$500k or more	8%		
Mortgage debt			\$50-\$249k	19%
			\$250k or more	16%
Non mortgage debt	Less than \$500	5%	\$500-\$10k	17%
			\$10- \$99k	19%
			\$100k or more	14%
Quintile	Level 1	8%	Level 3	14%
Level of control			Out of control all/most of time	13%
			Fluctuates between in/out of control	15%
Consultation	Financial planner/adviser	5%		

Those most likely to use a finance company were those aged 25 to 34 years of age (11%), working full time (9%) and with household income of \$60-99K (9%). Those who said they were out of control with their finances all or most of the time (14%) were also more likely to use a finance company.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?

Finance Company				
6% of people have used a finance company to borrow money in the last 12 months				
Demographic	Least likely to have used a finance company		Most likely to have used a finance company	
Age	60-69 years	2%	25-34 years	11%
	70+ years	1%		
Employment	Not working	4%	Full time	9%
Home ownership	Own outright	2%	Renting	10%
Household income			\$60-\$99k	9%
Home value	\$500k or more	3%		
Non mortgage debt	Less than \$500	2%	\$10-\$99k	15%
			\$100k or more	11%
Control			Out of control all or most of the time	14%

Those most likely to use a cash advance on their salary were younger (18 to 24 years: 3%), living in a shared household (3%) or single parents (3%), renting (3%), on a relatively low income (3%) and with low savings (3%). Those who said they fluctuated between being in and out of control of their financial situation (3%) were also more likely to use a cash advance on their salary.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?				
Cash Advance on your salary				
1% of people have used a cash advance on their salary to borrow money in the last 12 months				
Demographic	Least likely to have had a cash advance on their salary		Most likely to have had a cash advance on their salary	
Age			18-24 years	3%
Life stage			Single – live in a shared HH	3%
			Single parent	3%
Home ownership			Renting	3%
Personal income			\$20-\$34k per year	3%
Home value				
Savings (excl home)			Less than \$5k	3%
Control			Fluctuates between being in and out of control	3%

The group most likely to utilise a pawn broker or cash converter were respondents of Aboriginal and Torres strait islander origin (8%), younger age groups (18 to 24: 3%), renting (4%) or working in semi-skilled or unskilled employment (both 3%). Those who said they were out of control with their finances for all or most of the time (6%) were also more likely to use a pawn broker or cash converter.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?				
Pawn broker				
1% of people have used a pawn broker or cash converter to borrow money in the last 12 months				
Demographic	Least likely to use a pawn broker or cash converter		Most likely to use a pawn broker or cash converter	
Age			18-24 years	3%
Origin			Aboriginal/Torres Strait Islander	8%
Employment			Casual	3%
Life stage			Single – live in shared HH	3%
Work status			Semi- skilled	3%
			Unskilled	3%
Home Ownership			Renting	4%
Household income			\$20-30k per year	3%
Savings excl. home			Less than \$5k	3%
Control			Fluctuates between being in and out of control	3%
			Out of control all or most of the time	6%

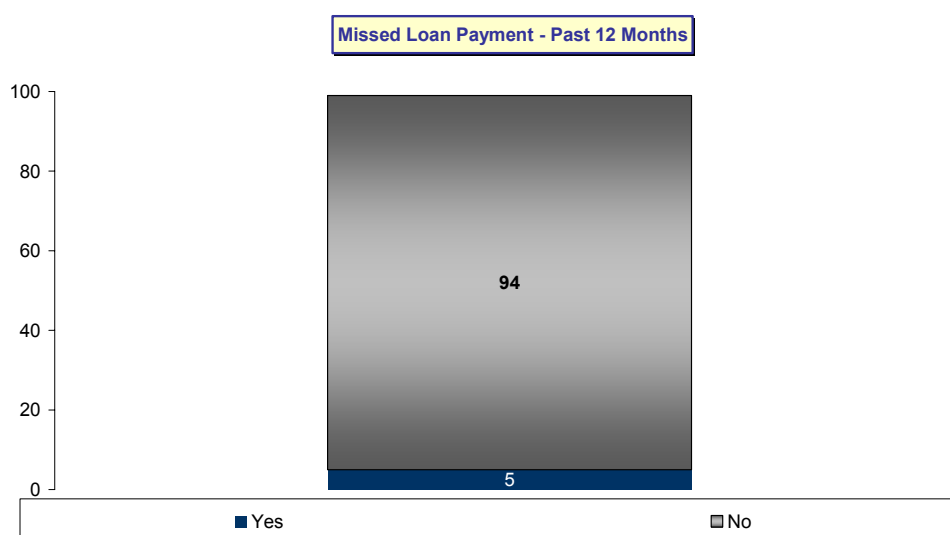
Those most likely to use a pay day lender were those whose origin was Aboriginal/Torres Strait Islander (4%), and those with no occupation (4%). Those who said they fluctuated between being in and out of control of their financial situation (2%) were also more likely to use a pay day lender.

Q84 I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have you personally used to borrow money in the last 12 months for any purpose?			
Pay Day Lender			
1% of people have used a pay day lender in the last 12 months			
Demographic	Least likely to use a pay day lender		Most likely to use a pay day lender
Origin			Aboriginal/Torres Strait Islander 4%
Work status			No occupation 4%
Non mortgage debt			\$10 – \$99k 2%
Control			Fluctuates between being in and out of control 2%

8.7 Missed Loan Payments

Respondents were asked whether, at any time in the last 12 months, they had not been able to make a repayment on any loans, mortgages, credit cards or any other types of repayments that they had (excluding utility bills). Five percent of respondents had missed a repayment for in the past year.

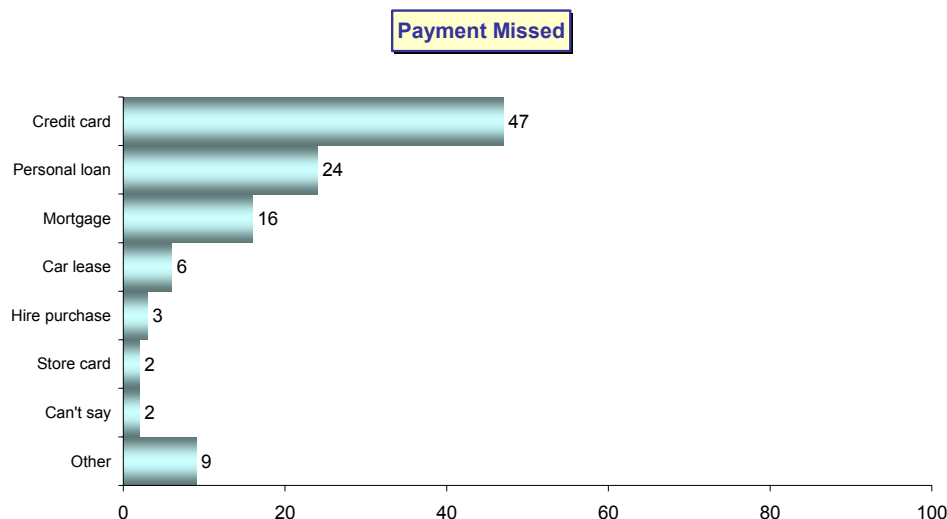
Of those who had been unable to make a repayment the most likely were respondents who worked freelance (19%) or employed casually (10%). Younger respondents (18 to 24: 9% and 25 to 34: 9%) were also more likely to have missed a repayment, as were those renting (11%).



Base: Total respondents (n=3513)

Q85 At any time in the last 12 months have you not been able to make a repayment on any loans, mortgages, credit cards or any other types of repayments that you have? (we are not talking about utility bills, just loans, cards and other type of borrowings)				
Yes				
5% of people said that at some stage in the last 12 months they had not been able to make a repayment on any loans, mortgages, credit cards or any other types of repayments that they have				
Demographic	N/A		Most likely to have not been able to make a repayment in the last 12 months	
Age			18-24 years	9%
			25-34 years	9%
Employment			Casual	10%
			Freelance	19%
Life stage			Single parent	10%
Work status			Sales	10%
Home Ownership			Renting	11%
Savings excl. home			Less than \$5k	9%
Non mortgage debt			\$500-\$10k	9%
			\$10-\$99K	12%

Of those who had missed a repayment in the past year, the payment most frequently missed was a credit card payment (47%), followed by a personal loan payment (24%) and a mortgage payment (16%).

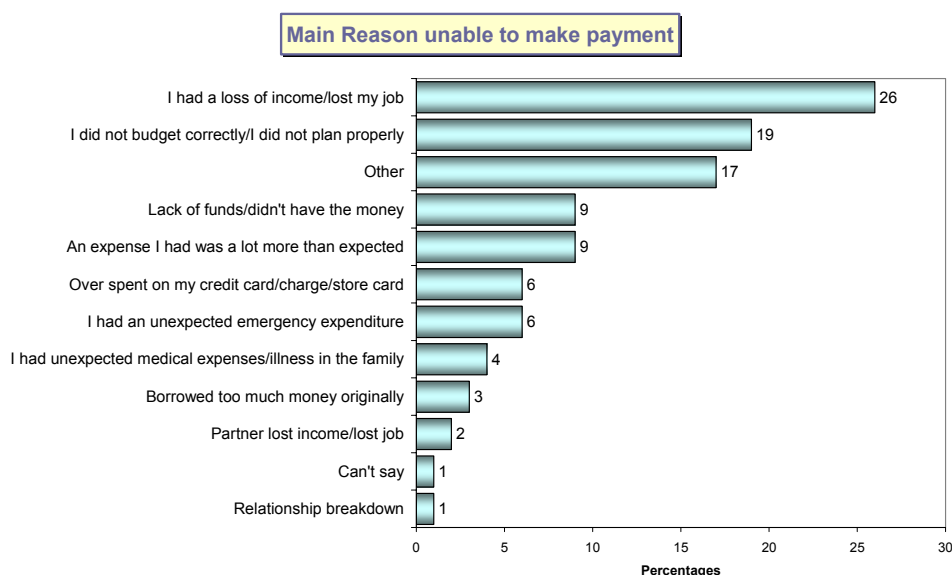


Base: Total respondents who missed loan payment in the past 12 months (n=184)

8.7.1 Reason Missed Payment

Respondents who had missed a payment were asked why they were unable to make the payment.

The most common reason was job/income loss: 26% said they had lost their income/job and a further 2% said their partner had lost their income/job. Nineteen percent said they had missed payments because they had not budgeted correctly or planned properly. A third category of reasons was higher than expected expenses (eg. unexpected expenses generally (9%), unexpected emergency expenditure (6%), and unexpected medical expenses (4%).

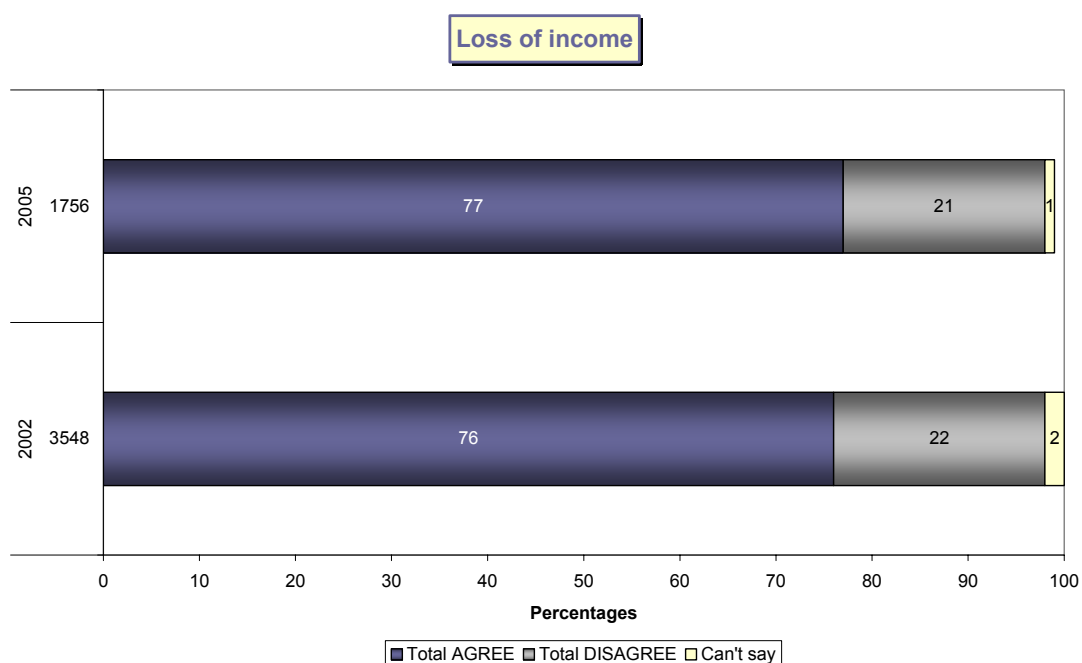


Base: Total respondents who missed loan payment in the past 12 months (n=184)

8.7.1.1 Major Loss of Income

Just over three quarters of respondents (77%) agreed with the statement “If I had a major loss of income I could manage for a period of time”. Seventy-six percent of respondents agreed with the statement in 2002.

Those from the lowest level of financial literacy (Quintile level 1: 68%) were less likely to agree with the statement. Other groups that were less likely were those who had savings less than \$5K (63%) and single parents (63%).



Base: 2005 50% of total respondents (n=1756) 2002 Total respondents (n=3548)

9 Financial Information & Advice

This section investigates financial competence from the perspective of access to and use of financial information sources.

Key Findings

Overall, consumers who make use of financial information use a wide range of sources. However, quite a large proportion (40%) used no information to assist in their financial decision making, and this group was more likely to be in the lowest financial literacy levels. More than half (56%) of respondents said they felt that they needed further education or information about financial matters. The main topics of interest were investing and superannuation, and the most popular channel for accessing the information was the Internet.

- Respondents were asked whether they had read or used any of a list of sources over the last five years to assist with their financial decision making. The main source used was financial newspapers or magazines (37%), with indications that those who do source information tend to use multiple channels. Other relatively widely used sources were publications from the finance industry (30%), printed books or other financial publications (27%), publications from Government (24%), and finance-related sites on the Internet (22%). Respondents were asked whether they had consulted any people regarding their finances from a list that was read out to them. The responses show that consumers tend to utilise multiple sources of advice for their finances. Those most often approached were family or friends (45%) and accountants (44%). A little over a third consulted a bank manager or bank employee (35%) and a financial planner or adviser (34%). Taxation specialists were consulted by just under a quarter of the sample (23%). Seventeen percent of the sample reported that they consulted no-one regarding their finances.
- Respondents under 65 with superannuation and employed were asked where they would go to get information on working out how much they need for their retirement. Fifty percent said that they would get information from financial planners or advisers. The next most often nominated source was an accountant (17%). After that, respondents named a wide variety of sources including family or friends (9%) but the likelihood of using these sources was much lower than for a financial planner or adviser. Those with the lowest response for using a financial planner or adviser for getting information on working out how much you need for your retirement were those with a low level of education and those in the lowest level of financial literacy (Quintile level 1).
- Respondents were asked who they would go to if a sudden loss of income caused difficulty in meeting financial commitments. Most would approach family (45%) an increase on the 39% recorded in 2002. The second most common referral was a bank (41% - marginally lower than the 43% reported in 2002).
- Respondents were asked who they would contact if they experienced difficulty with various products that they were unable to resolve with the service provider. The main source of redress was the Ombudsman, however a large proportion of persons responded "can't say" (21% for a banking-type product; 21% for an insurance issue; 33% for a managed fund or superannuation issue; and 25% for a financial planner/adviser issue). The proportion of people who could not suggest

anywhere to go was lower than in 2002. Those most likely to refer to the ombudsman included respondents categorized in Quintile level 5, the highest financial literacy level. Those least likely were younger respondents. After the Ombudsman, the most frequently cited source of assistance was Government Agency – ACCC/ consumer affairs/ dept fair trading, followed by a solicitor.

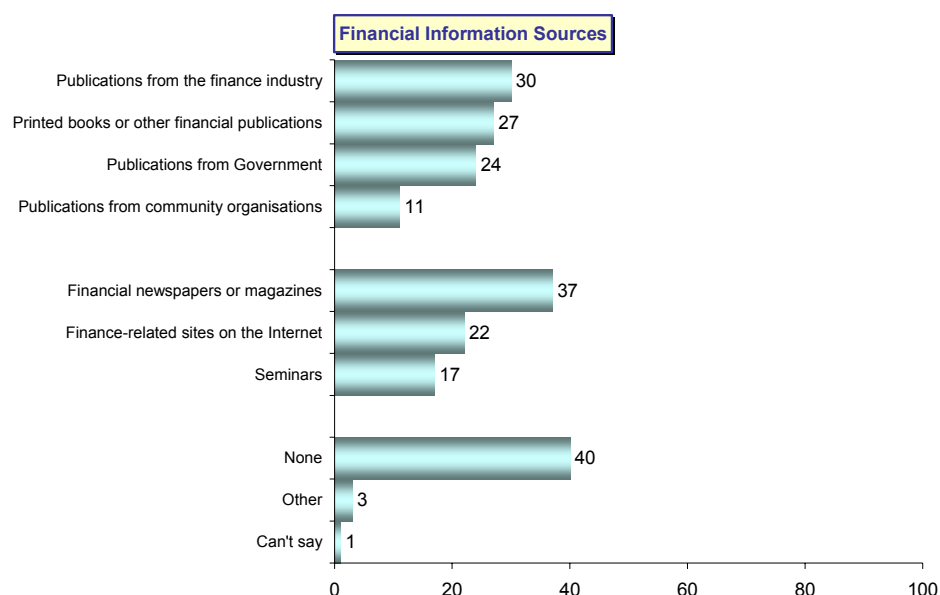
- Over half (56%) of respondents said they felt that they needed further education or information about financial matters. This was highest amongst people aged up to 34 and lowest among older persons. Those in the highest financial literacy Quintile (level 5) were less likely to feel that they needed further education in relation to finance.
- Respondents who had stated that they felt the needs for further education were asked what finance topics they would like further information on. The main topics of interest for those seeking further financial information were investing and superannuation. Sixteen percent of those who wanted help were unable to identify specific topics with which they needed help. Those respondents were most likely to be older, with lower levels of education, and in Quintile level 1, the lowest level of financial literacy.
- Those respondents who stated that they would like additional information about financial issues were asked how they would like the information made available. The most popular method for most types of information was the Internet. This included those wanting information on budgeting, investing, superannuation, taxation and Complaint or Dispute Resolution. Those wanting information on Business Finance stated that they preferred it was made available via “communications from financial institutions”.

9.1 Sources of Information

Respondents were asked whether they had read or used any of a list of sources over the last five years to assist with their financial decision-making. There are indications that those who do source information tend to use multiple channels. The main source used was financial newspapers or magazines (37%),.

Other relatively widely used sources were publications from the finance industry (30%), printed books or other financial publications (27%), publications from Government (24%), and finance-related sites on the Internet (22%).

A significant proportion (40%) used no information to assist in their financial decision-making.



Base: Total Respondents (n=3513)

Those who were most likely to use financial newspapers or magazines were in the highest financial literacy levels (Quintile level 4: 47% and Quintile level 5: 59%), had higher personal income (\$70K or more: 62%) and higher savings excluding the home (\$250K or more: 60%).

Conversely, those who were least likely to use financial newspapers or magazines included those in the lowest financial literacy levels (Quintile level 1: 18% and Quintile level 2: 29%). Those in unskilled occupations (14%) and those with a lower level of education (primary/some secondary: 18%) also were less likely.

Q12 Have you read or used any of the following sources over these last five years to assist with your financial decision making?				
Financial newspapers or magazines				
37% of people have used financial newspapers or magazines to assist with financial decision making				
Demographic	Least likely to have used financial newspapers or magazines		Most likely to have used financial newspapers or magazines	
Gender	Female	32%	Male	43%
Age	18-24 70 years +	27% 28%		
Education	Primary/some secondary Passed year 10 Passed year 11	18% 27% 28%	Degree	53%
Employment status	Not working Casual	29% 27%	Working Full-time Self employed	42% 46% 48%
Household structure	Single parent	29%		
Occupation	Semi-skilled Unskilled	25% 14%	Professional Semi-professional	52% 45%
Home ownership	Renting	32%		
Personal Income	Less than \$50K Less than \$20k \$20 – 34K	28% 22% 29%	\$50K or more \$50 – 69K \$70K or more	55% 47% 62%
Household Income	Less than \$100K Less than \$20K \$20-34K	32% 21% 24%	\$100K or more \$60-99K	54% 45%
Savings (excl. Home)	Less than \$100K Less than \$5K \$5 - 49K	29% 21% 32%	\$100k or more \$50 - 249K \$250K or more	54% 46% 60%
Home value	Less than \$175K	23%	\$300 – 490K \$500K or more	43% 50%
Mortgage debt			\$250K or more	54%
Non – mortgage debt			\$100K or more	48%
Quintiles	Level 1 Level 2	18% 29%	Level 4 Level 5	47% 59%

Forty percent of respondents stated that they used no sources of information to aid in their financial decision making.

This group were more likely to be either younger (18-24 years: 50%) or older (70+ years: 50%), with lower education (primary/some secondary: 61%), and not working or working casually (both 50%). Persons in this category were more likely to be a single parent (51%), and in semi-skilled (50%) or unskilled (66%) occupations. They were also more likely to have low personal income (less than \$20k per year: 56%) and low household income (less than \$20k per year: 59%).

Not surprisingly, persons who used no sources of information to aid in their financial decision making were more likely to be in the lowest financial literacy levels (Quintile level 1: 62% and Quintile level 2: 48%).

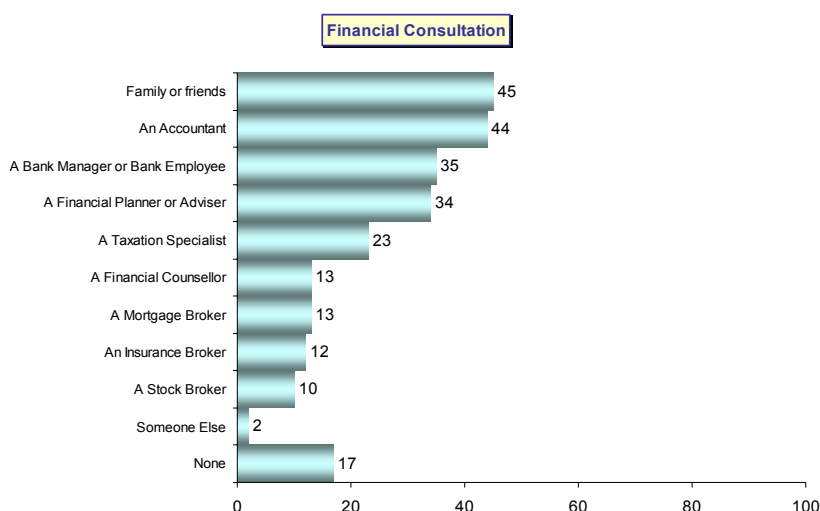
Q12 Have you read or used any of the following sources over these last five years to assist with your financial decision making?				
None				
40% of people claim to have not used any source to assist with financial decision making				
Demographic	Least likely to have used no sources		Most likely to have used no sources	
Age	35-44	35%	18-24 70 years +	50% 50%
Education	Some tertiary education Degree	32% 24%	Primary/some secondary Passed year 10 Finished year 12	61% 53% 46%
Employment status	Working Full-time	35% 32%	Not working Casual	50% 50%
Household structure			Single-living alone Single parent	46% 51%
Occupation	Professional	26%	Semi-skilled Unskilled No occupation	50% 66% 61%
Personal Income	\$50K or more \$50 – 69K \$70K or more	25% 28% 21%	Less than \$50K Less than \$20k	48% 56%
Household Income	\$100K or more \$60-99K	28% 31%	Less than \$100K Less than \$20K \$20-34K	44% 59% 52%
Savings (excl. Home)	\$100k or more \$50 - 249K \$250K or more	25% 33% 21%	Less than \$100K Less than \$5K	47% 58%
Home value	\$300 – 490K \$500K or more	34% 32%	Less than \$175K	54%
Mortgage debt	\$250K or more	29%		
Non – mortgage debt	\$100K or more	29%	Less than \$500	45%
Quintiles	Level 5 Level 4	22% 30%	Level 1 Level 2	62% 48%

9.2 Sources of Advice

Respondents were asked whether they had consulted any people regarding their finances. A list of alternatives was read out to them.

The responses show that consumers tend to utilise multiple sources of advice for their finances. Those most often approached were family or friends (45%), and accountants (44%). A little over a third consulted a bank manager or bank employee (35%) and a financial planner or adviser (34%). Taxation specialists were consulted by just under a quarter of the sample (23%).

Seventeen percent of the sample reported that they consulted no-one regarding their finances.



Base: Total Respondents (n=3513)

Forty-five percent of respondents consulted family and friends. Not surprisingly, younger age groups were more likely to be in this category (18 to 24 years: 73%).

Q13 And have you consulted any of the following people regarding your finances?				
Family or friends				
45% of people said that they had consulted family or friends regarding their finances				
Demographic	N/A		Most likely to have contacted family or friends	
Age			18 - 24 years	73%
			25 - 34 years	63%
Education			Degree	51%
Employment			Working	50%
			Full-time	52%
			Part-time	52%
Life stage			Single - Live in shared HH	60%
Home ownership			Paying off	49%
			Renting	55%
Personal income			\$35 - \$49k per year	51%
Household income			\$60 - \$99k per year	52%
Non mortgage debt			\$500 - \$10k	51%

Forty-four percent of respondents consulted an accountant regarding their finances, the second-highest source of financial advice.

Respondents more likely to consult an accountant included the self-employed (81%), farm owners (76%) and those with higher levels of mortgage debt (\$250K or more: 72%). They were also likely to be in the top financial literacy levels (Quintile level 5: 58%, Quintile level 4: 52%).

Those least likely to consult an accountant included the young (18-24 years: 25%) and those who had no occupation (19%) or were unskilled (21%). This group were also more likely to have low savings (saving excluding the home less than \$5K: 25%). Respondents with the lowest levels of financial literacy (Quintile level 1: 28% and Quintile level 2: 37%) were less likely to have consulted an accountant.

Q13 And have you consulted any of the following people regarding your finances?				
An Accountant				
44% of people have consulted an accountant regarding their finances				
Demographic	Least likely to have consulted an accountant		Most likely to have consulted an accountant	
Age	18-24	25%	35-44	53%
	70 years +	32%	45-59	51%
Education	Primary/some secondary	30%	Degree	53%
Employment status	Not working	33%	Full-time	51%
	Casual	32%	Self-employed	81%
Household Structure	Single-living alone	38%	Couple-children at home	51%
	Single-live in shared HH	31%	Couple-no children at home	49%
Occupation	Semi-skilled	31%	Professional	54%
	Unskilled	21%	Owners/execs inc. Small Businesses	68%
	No occupation	19%	Farm Owner	76%
Home Ownership	Renting	31%	Paying off	52%
Personal Income	Less than \$50K	35%	\$50K or more	63%
	Less than \$20k	26%	\$50 – 69K	55%
	\$20 – 34K	37%	\$70K or more	69%
Household Income	Less than \$100K	39%	\$100K or more	60%
	Less than \$20K	23%	\$60-99K	54%
	\$20-34K	29%		
Savings (excl. Home)	Less than \$100K	36%	\$100k or more	61%
	Less than \$5K	25%	\$50 – 249K	54%
			\$250K or more	66%
Home value	Less than \$175K	35%	\$300 – 490K	52%
			\$500K or more	60%
Mortgage debt			\$50 – 249K	51%
			\$250K or more	72%
Non – mortgage debt	Less than \$500	39%	\$100K or more	63%
Quintiles	Level 1	28%	Level 4	52%
	Level 2	37%	Level 5	58%

Thirty-five percent of respondents consulted a bank manager or bank employee regarding their finances, the third most frequently consulted group for financial advice.

Respondents who were more likely to consult a bank manager or bank employee included farm owners (53%) and those with higher levels of mortgage debt (\$250K or more: 52%).

Those least likely to consult a bank manager or bank employee included older persons (70+ years: 22%), persons with lower household income (less than \$20K: 24%) and persons with low education (primary/some secondary: 25%). Respondents with the lowest level of financial literacy (Quintile level 1: 27%) were also less likely to consult a bank manager or bank employee.

Q13 And have you consulted any of the following people regarding your finances?				
A Bank Manager or Bank employee				
35% of people consulted a bank manager or bank employee regarding their finances				
Demographic	Least likely to have consulted a bank manager or bank employee		Most likely to have consulted a bank employee regarding their finances	
Age	60 – 69	25%	35-44	44%
	70 years +	22%		
Education	Primary/some secondary	25%	Degree	40%
Employment status	Not working	27%	Working Full-time	39%
				41%
Household structure	Couple-no children at home	30%	Couple-children at home	41%
Occupation	Unskilled	25%	Farm Owner	53%
Home ownership	Own outright	29%	Paying off	45%
Personal Income			\$50K or more	40%
			\$70K or more	44%
Household Income	Less than \$20K	24%	\$100K or more	40%
	\$20 – 34K	28%	\$60 - 99K	41%
Savings (excl. Home)	Less than \$5K	29%		
Mortgage debt			\$50 – 249K	45%
			\$250K or more	52%
Non – mortgage debt	Less than \$500	29%	\$10 – 99K or more	44%
			\$100K or more	46%
Quintiles	Level 1	27%		

Thirty-four percent of respondents consulted a financial planner or adviser regarding their finances, the fourth most frequently consulted group for financial advice.

Respondents who were more likely to consult a financial planner or adviser included those with higher savings excluding the home (\$250K or more: 54%), older respondents (60-69 years: 51%, 45-59 years: 40%) and those with household incomes of \$60-\$99K (40%).

Those least likely to consult a financial planner or adviser included younger respondents (18-24 years: 13%), and those with no occupation (15%). Those in the lowest financial literacy levels (Quintile level 1: 19% and Quintile level 2: 29%) were also below average.

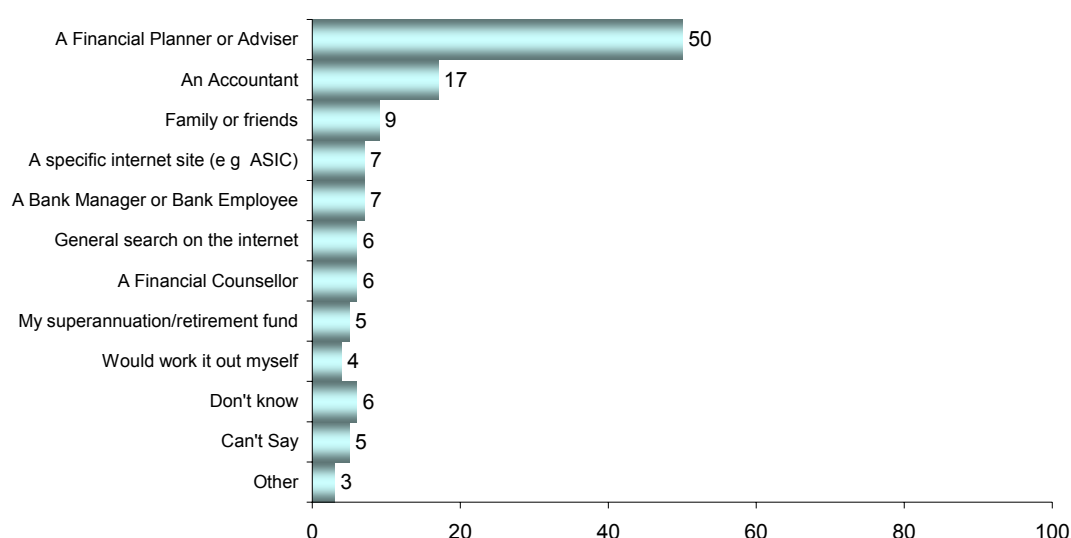
Q13 And have you consulted any of the following people regarding your finances?				
A Financial planner or adviser				
34% of people consulted a financial planner or adviser regarding their finances				
Demographic	Least likely to have consulted a financial planner or adviser		Most likely to have consulted a financial planner or adviser	
Age	18-24	13%	45-59 60-69	40% 51%
Education	Primary/some secondary	25%	Degree	42%
Employment status	Casual	21%		
Household structure	Single – live in shared HH	17%	Couple-No children at home	41%
Occupation	Semi-skilled Unskilled No occupation	24% 18% 15%	Professional Owners/execs inc. Small Businesses	43% 45%
Home ownership	Renting	22%	Own outright	41%
Personal Income	Less than \$50K Less than \$20k	30% 24%	\$50K or more \$70K or more	43% 46%
Household Income	Less than \$20K	27%	\$60-99K	40%
Savings (excl. Home)	Less than \$100K Less than \$5K \$5 - 49K	25% 17% 27%	\$100k or more \$50 - 249K \$250K or more	53% 44% 54%
Home value	Less than \$175K	23%	\$300 – 490K \$500K or more	42% 42%
Non – mortgage debt			\$100K or more	45%
Quintiles	Level 1 Level 2	19% 29%	Level 4 Level 5	41% 48%

9.2.1 Retirement Advice

Respondents under sixty-five with superannuation and employed were asked where they would go to get information on working out how much they would need for their retirement.

Fifty percent said that they would get information from financial planners or advisers to work out how much they would need for their retirement. The next highest source was an accountant (17%). After that, respondents suggested a wide variety of sources including family or friends (9%) but the likelihood of using these sources was much lower than for a financial planner or adviser.

Referral for Information on Retirement Arrangements



Base: Total respondents aged under 65 with Superannuation and are employed (n=1897)

Those most likely to use a financial planner or adviser were those with a low mortgage debt (less than \$50K: 62%) and those with the highest level of financial literacy (Quintile level 5: 58%).

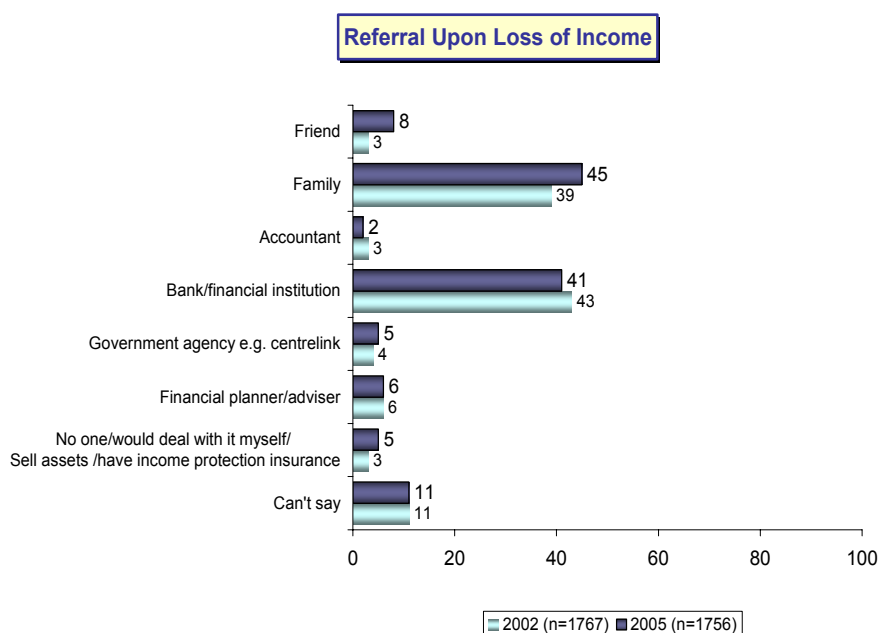
Those with the lowest response for using a financial planner or adviser for getting information on working out how much you need for your retirement were those with a low level of education (primary/some secondary: 30%) and those in the lowest level of financial literacy (Quintile level 1: 33%).

Q72 Where would you go to get information on working out how much you need for your retirement?				
A Financial Planner or Adviser				
50% of people said that they would go to a financial planner or adviser to get information on working out how much you need for your retirement				
Demographic	Least likely to go to a financial planner or adviser		Most likely to go to a financial planner or adviser	
Age	18 - 24 years	37%		
Education	Primary/some secondary	30%		
Employment	Casual	38%		
Household income			\$60 - \$99k per year	57%
Saving excl. home	Less than \$5k	37%	\$50 - \$249k	57%
Mortgage debt			Less than \$50k	62%
Quintile	Level 1	33%	Level 5	58%

9.3 Financial Difficulty Referral

Respondents were asked who they would go to if a sudden loss of income caused difficulty in meeting financial commitments.

Most would approach family (45%), a significant increase on the 39% recorded in 2002. The second most common referral was a bank (41% - marginally lower than the 43% reported in 2002).



Base: 50% of respondents 2002 (n=1767), 2005 (n=1756)

Almost half would approach someone personal (family: 45%). This was higher amongst younger people (18 to 24: 77% and 25 to 34: 63%) and those who were living in a shared household (70%).

Respondents who were older (45 to 59 years: 27%), with higher personal income (\$70K or more per year: 32%), and higher savings (saving excluding the home \$250K or more: 28%) were the least likely to approach family for assistance if a sudden loss of income caused difficulty in meeting their financial commitments.

Q93 If a sudden loss of income caused difficulty in meeting your financial commitments, who would you go to?				
Family				
45% of people said that they would go to family if a sudden loss of income caused difficulty in meeting their financial commitments				
Demographic	Least likely to go to family		Most likely to go to family	
Gender	Male	39%	Female	51%
Age	45 - 59 years	27%	18 - 24 years 25 - 34 years	77% 63%
Education	Primary/some secondary	33%		
Employment	Self employed	29%	Casual	58%
Life stage			Single - Live in shared HH	70%
Home ownership			Renting	57%
Personal income	\$70k or more per year \$50k or more	32% 35%		
Saving excl. home	\$250k or more \$100k or more	28% 31%	Less than \$100k Less than \$5k	52% 56%
Consulted financial planner			No Planner or adviser	53%

9.4 Access to Assistance

9.4.1 Banking Issue

Respondents were asked who they would contact if they experienced difficulty with a banking product that they were unable to resolve with the service provider. The main source of redress was the ombudsman, usually the Banking and Financial Services ombudsman (35% in 2005; 21% in 2002). Nineteen percent of respondents, however, could not say who they would contact, down from 21% in 2002.

Those most likely to refer to the ombudsman included respondents categorized in Quintile level 5, the highest financial literacy level, (75%). Those least likely were younger respondents aged 18-24 (14%).

Q98 If you experienced difficulty with a banking- type product, such as a credit card or loan, that you were unable to resolve with the provider of that service, who would you contact?		
Sources of assistance used	Total 2002 (3544) %	Total 2005 (1756) %
OMBUDSMAN/ COMPLAINTS		
Banking & Financial Services Ombudsman (BFSO)	21	35
Ombudsman (Unspecified)	13	7
Financial Industry complaints service	3	1
CORPORATE		
Bank/ financial institution	22	18
PROFESSIONAL		
Solicitor	5	7
Financial planner/adviser	3	2
Accountant	4	2
Financial counsellor	1	*
GOVERNMENT AGENCY – ACCC/ consumer affairs/ dept fair trading/ASIC	11	15
ASIC		3
PERSONAL		
Family	5	5
Friend	2	2
Other	4	2
Can't Say	21	19
Base: 2002 - Respondents with a bank account, or loan, or mortgagee, or credit card or banking service / 2005 – 50% of eligible respondents		Multiple Response

9.4.2 Insurance Issue

When asked who they would contact if they experienced difficulty with an insurance policy they were unable to resolve with the insurance company, 21% said “can’t say”, down from 26% in 2002.

For those who could identify a source of assistance, the most frequently cited was Government Agency – ACCC/ consumer affairs/ dept fair trading/ASIC (16%), followed by a solicitor (13%), and then either an Insurance Company (11%) or the Insurance Ombudsman (11%).

Respondents in Quintile level 5 were most likely to refer to the ombudsman (63%), as compared with unemployed respondents of whom only 9% mentioned the ombudsman.

Q99 If you experienced difficulty with a insurance policy that you were unable to resolve with the insurance company, who would you contact?		
Sources of assistance	Total 2002 (1600) %	Total 2005 (1451) %
OMBUDSMAN//COMPLAINTS		
Banking & Financial Services Ombudsman (BFSO)		4
Insurance Ombudsman – State government	2	11
Insurance Ombudsman – Industry	12	9
Insurance Ombudsman service (unspecified)& (Unspecified after probing)	11	11
Insurance enquiries & complaints	3	2
Financial Industry complaints service	3	1
GOVERNMENT AGENCY – ACCC/ consumer affairs/ dept fair trading/ASIC	11	16
ASIC		2
PROFESSIONAL		
Financial planner/adviser	2	2
Accountant	2	2
Solicitor	12	13
CORPORATE		
Insurance company	14	11
Fund provider		1
Bank/financial institution		1
Insurance Council of Australia	6	8
PERSONAL		
Family	4	5
Friend	1	1
Can't Say	26	21
Other	4	2
Base: Respondents with insurance 50% of sample	Multiple Response	

9.4.3 Superannuation Issue

When asked who they would contact if they experienced difficulty with a managed fund or superannuation fund that they were unable to resolve with the provider, 33% said “can’t say”, down from 36% in 2002.

For those who could identify a source of assistance, the most frequently cited was either a Government Agency – ACCC/ consumer affairs/ dept fair trading/ASIC (13%), or Insurance Ombudsmen Service (10%) followed by a solicitor (9%).

Q100 If you experienced difficulty with a managed fund or superannuation fund that you were unable to resolve with the provider, who would you contact?		
Sources of assistance	Total 2002 (1390) %	Total 2005 (1536) %
OMBUDSMAN//COMPLAINTS		
Banking & Financial Services Ombudsman (BFSO)		8
Insurance Ombudsman – State government	2	5
Insurance Ombudsman – Industry	7	1
Insurance Ombudsman service (unspecified)& (Unspecified after probing)	7	10
Superannuation complaints tribunal	5	7
Financial Industry complaints service	3	1
GOVERNMENT AGENCY – ACCC/ consumer affairs/ dept fair trading/ASIC	11	13
ASIC	1	5
PROFESSIONAL		
Financial planner/adviser	7	5
Financial counsellor	1	
Accountant	6	3
Solicitor	8	9
CORPORATE		
Insurance company		2
Fund provider	9	4
Bank/financial institution		2
Insurance Council of Australia		1
PERSONAL		
Family	4	5
Friend	1	1
Can't Say	36	33
Other	4	2
Base: Respondents with superannuation or managed investment 50% of sample		Multiple Response

9.4.4 Financial Adviser Issue

When asked who they would contact if they experienced difficulty with a financial planner or adviser that they were unable to resolve directly, 25% said “can’t say”, similar to 2002 (24%).

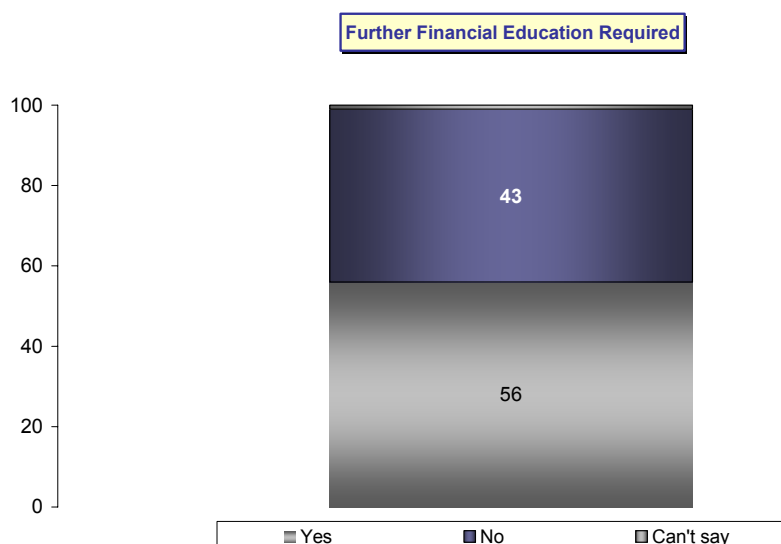
For those who could identify a source of assistance, the most frequently cited was either a Government Agency – ACCC/ consumer affairs/ dept fair trading/ASIC (16%) or a solicitor (12%) or the Financial Planning Association (9%).

Q101 If you experienced difficulty with a financial planner or adviser that you were unable to resolve directly, who would you contact?		
Sources of assistance	Total 2002 (353) %	Total 2005 (625) %
OMBUDSMAN//COMPLAINTS		
Banking & Financial Services Ombudsman (BFSO)		7
Insurance Ombudsman – State government	1	3
Insurance Ombudsman – Industry	3	
Insurance Ombudsman service (unspecified)& (Unspecified after probing)	6	7
An Industry body (unspecified)	3	
Superannuation complaints tribunal		1
Financial Industry complaints service	7	3
GOVERNMENT AGENCY – ACCC/ consumer affairs/ dept fair trading/ASIC	5	16
ASIC	1	9
PROFESSIONAL		
Financial Planning Association	11	9
The same Financial planner/adviser	9	6
A different Financial planner/adviser	10	4
Accountant	3	5
Solicitor	9	12
Their employer/Manager/ Director/Head office	8	
CORPORATE		
Fund provider		3
Bank/financial institution	2	4
Insurance Council of Australia		1
PERSONAL		
Family	4	4
Friend	1	2
Can't Say	24	25
Other	3	3
Base: Respondents with Financial planner or adviser 50% of sample	Multiple Response	

9.5 Need for Further Education

Over half (56%) of respondents said they felt that they needed further education or information about financial matters.

This was highest amongst 18-24 year olds (73%). Those aged 25-34 were also more likely to say they needed further education about financial matters as did those with lower education levels (finished Year 12: 66%) and low savings (less than \$5K: 67%). Respondents over 70 years of age were least likely to feel the need for further education or information on financial matters (29%). Those in the highest financial literacy Quintile (level 5: 42%) were less likely to feel that they needed further education in relation to finance.



Base: 50% of respondents (n=1756)

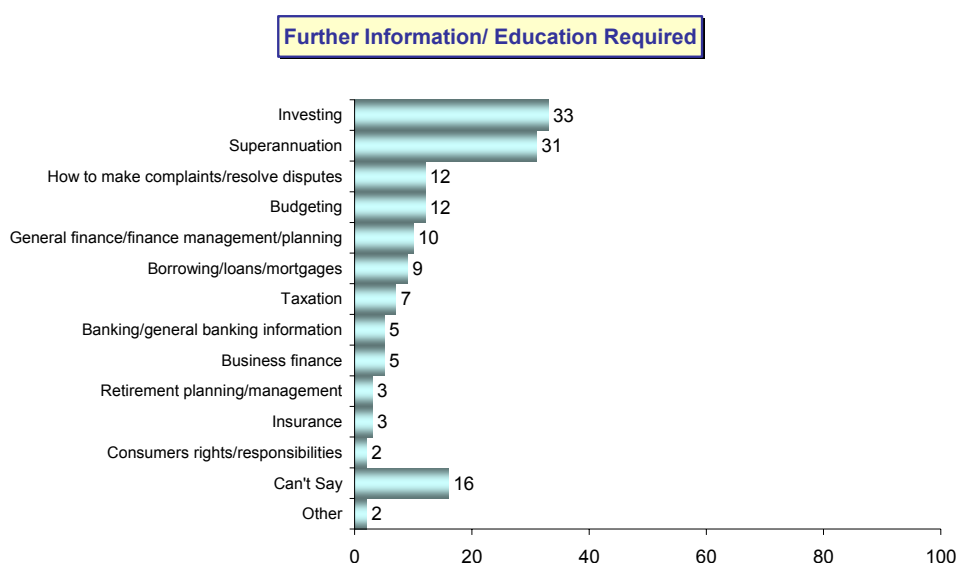
Q103 Do you feel you need further education or information in relation to finance?				
YES				
56% of people feel that they need further education or information in relation to finance				
Demographic	Least likely to feel they need further education or information in relation to finance		Most likely to feel they need further education or information in relation to finance	
Age	60 - 69 years	41%	18 - 24 years	73%
	70 years +	29%	25 - 34 years	68%
Education			Finished year 12	66%
Employment	Not working	47%		
Life stage			Single - Live in shared HH	68%
Home ownership	Own outright	46%	Renting	69%
Saving excl. home			Less than \$5k	67%
Non mortgage debt	Less than \$500	50%	\$500 - \$10k	63%
Quintile	Level 5	42%		

9.5.1 Main Topics of Interest

Respondents who had stated that they felt the need for further education were asked what finance topics they would like further information on.

The main topics of interest were investing (33% - higher amongst white collar (46%) and smallest amongst Quintile level 1 (20%)) and superannuation (31%).

Sixteen percent of those who wanted help could not identify what they needed help in. Those respondents were most likely to be older (60 to 69 years: 27%), with lower levels of education (primary/some secondary: 29%), and in Quintile level 1, the lowest level of financial literacy (28%).



Base: Respondents seeking further information (n=977)

Q104 What finance topics would you like more information about?			
Investing			
33% of people seeking further information in relation to finance would like to receive more information on investing			
Demographic	Least likely to want further information on investing		Most likely to want further information on investing
Employment			Other white collar
Quintile	Level 1	20%	46%

Q104 What finance topics would you like more information about?			
Can't Say			
16% of people seeking further information in relation to finance could not say what information it was that they were after			
Demographic	Least likely to not be able to say what additional information they were after		Most likely to not be able to say what additional information they were after
Age			60-69 years
Education			Primary/ some secondary
Quintile	Level 4	7%	Level 1
			27%
			29%
			28%

9.5.2 Preferred Channels

Those respondents who stated that they would like additional information about financial issues were asked how they would like the information made available.

The most popular method for most types of information was the Internet:

- 26% of those wanting Budgeting information
- 31% of those wanting Investing information
- 29% of those wanting Superannuation information
- 27% of those wanting Taxation information
- 29% of those wanting information on complaint or dispute resolution.

Those wanting information on Business Finance stated that they preferred the information was made available via “communications from financial institutions” (32%).

Preferred Channels for Additional Information About Financial Issues						
Information Source	Type of Financial Information					
	Budgeting N=112	Investing N=314	Super- annuation N=313	Taxation N=62	Business Finance N=45	How to make complaints / resolve disputes N=115
Internet	26%	31%	29%	27%	15%	29%
Communications from financial institutions	23%	19%	15%	23%	32%	20%
Newspaper/magazine advertisements	17%	21%	23%	15%	15%	15%
Communications from government	13%	5%	11%	18%	17%	20%
By mail	8%	8%	12%	8%	9%	14%
Read books on finance	15%	11%	11%	8%	8%	8%
Can't say	10%	7%	8%	11%	18%	6%
Multiple choice responses, by column. Shaded areas identify highest level of use of information source by type of financial information sought.						

10 Consumer Rights & Responsibilities

This section reports on the level of consumer understanding with respect to rights and responsibilities, as well as the level of consumer confidence in making effective complaints. Consumers were tested on their understanding of the obligations of ASIC and financial advisers, as well as on the specific issue of stolen money liability.

A high level of knowledge amongst consumers of their rights and responsibilities and confidence in bringing a complaint are important to effective functioning of a competitive financial services market.

Key Findings

Consumers with a lower level of financial literacy (Quintile level 1) were overall less likely to understand their rights and responsibilities. They were less likely to be confident that they would know how to make an effective complaint against a bank or financial institution. They were less likely to know that providers of professional advice are required by law to tell their clients that they may receive commissions. They were less likely to know that if their PIN is disclosed to a thief any money taken is solely the individual's responsibility.

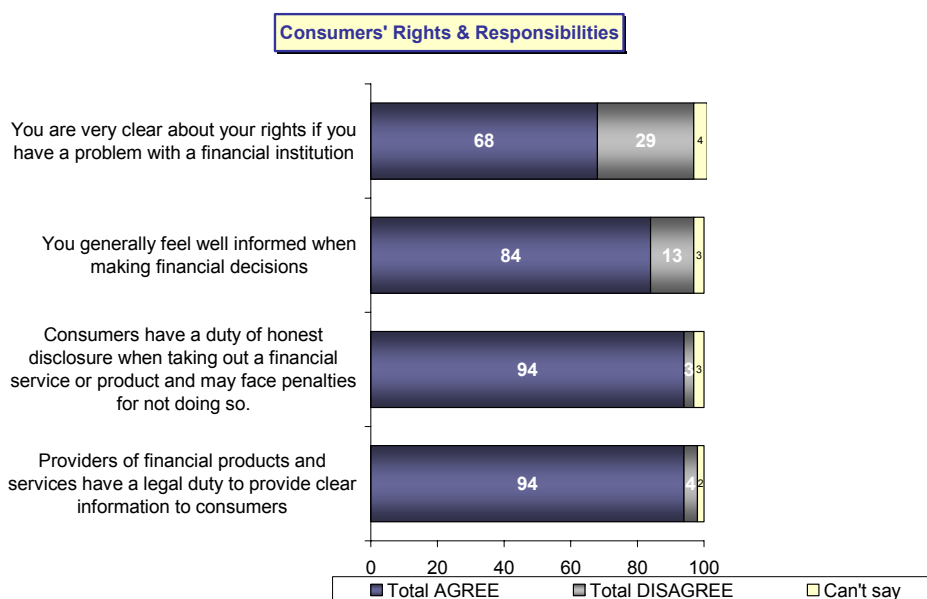
- Respondents were asked how much they agreed with a series of statements relating to consumers' rights and responsibilities: Ninety-two percent agreed correctly that "Providers of financial products and services have a legal duty to provide clear information to consumers". Ninety-four percent agreed correctly that "Consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so". Eighty-four percent agreed that "You generally feel well informed when making financial decisions". Sixty-eight percent agreed that "You are very clear about your rights if you have a problem with a financial institution". Those least likely to agree with all of these statements were those in the lowest level of financial literacy (Quintile level 1).
- Respondents were asked how confident they were that they would know how to make an effective complaint against a bank or financial institution. Most respondents felt "very or fairly confident" (58%). Over a third (37%) said they were fairly confident – a figure which was highest (50%) amongst Quintile level 4 (high financial literacy level) respondents and lowest amongst unskilled workers (23%). Almost 40% said they were "not very confident" or "not confident at all" – similar to the 2002 result.
- Respondents were asked whether they believed the following statement to be true or false: "The Australian securities and investment commission checks the accuracy of all prospectuses lodged with it". The majority (57%) incorrectly identified the statement as being true. Those most likely to believe the statement was true were those with the highest level of financial literacy (Quintile level 5: 90%). Given that the statement was in fact false, this indicates a high degree of confusion on the subject. Those least likely to believe the statement was true were those in the lowest level of financial literacy (Quintile level 1: 37%).

- Respondents were asked whether they believed the following statement to be true or false: “If providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients”. Seventy nine percent correctly identified the statement as being true (compared with 72% in 2002). Those who were least likely to state that the statement was true were those with the lowest level of financial literacy (Quintile level 1: 65%).
- The vast majority (88%) of those surveyed saw it correctly as *solely the individual’s responsibility* should they have money taken due to their enabling disclosure of their PIN to a thief. This is at the same level as recorded in the 2002 study. Those with the lowest level of financial literacy (Quintile level 1: 80%) were less likely to know that if their PIN is disclosed to a thief any money taken is solely the individual’s responsibility. Respondents with the highest level of financial literacy (Quintile level 5: 97%) were the most likely to know it was their responsibility.

10.1 Consumers' Rights & Responsibilities

Respondents were asked how much they agreed with a series of statements relating to consumers' rights and responsibilities.

- Almost all people (94%) agreed that providers of financial products and services have a legal duty to provide clear information to consumers.
- Almost all (94%) people recognise, however, that they have a duty of honest disclosure when taking out a financial services or product and may face penalties for not doing so.
- In terms of feeling well informed when making financial decisions 84% of people agreed that they were.
- Only around two in three (68%), however, are clear about their rights if they have a problem with a financial institution.



Base: 50% of total respondents (n=1756)

10.1.1 Legal Duty to Provide Clear Information

“Providers of financial products and services have a legal duty to provide clear information to consumers”

Ninety four percent agreed or agreed strongly compared with 93% in 2002. Forty-seven percent agreed strongly. Those least likely to agree strongly were those in the lowest level of financial literacy (Quintile level 1: 27%).

Those most likely to agree strongly with the statement were those in the highest financial literacy levels (Quintile level 5: 83% and Quintile level 4: 63%). Other groups also likely to agree strongly were those with high levels of personal income (\$70K or more per year: 58%) and those with high levels of savings (\$250K or more: 58%).

Q95 I will now read out a number of statements relating to consumer right and responsibilities and would like you to tell me whether you Strongly Disagree, Disagree, Agree or Strongly agree with each of these statements. Providers of financial products and services have a legal duty to provide clear information to consumers				
Strongly Agree				
47% of people strongly agree that providers of financial products and services have a legal duty to provide clear information to consumers				
Demographic	Least likely to strongly agree that providers of financial products and services have a legal duty to provide clear information to consumers		Most likely to strongly agree that providers of financial products and services have a legal duty to provide clear information to consumers	
Age	70 years +	35%		
Personal income			\$70k or more per year	58%
Saving excl. home			\$250k or more	58%
Quintile	Level 1	27%	Level 4 Level 5	63% 83%

10.1.2 Duty of Honest Disclosure

“Consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so”

Ninety four percent agreed or agreed strongly compared with 91% in 2002.

Thirty-two percent agreed strongly. Those least likely to agree strongly were those in the lowest level of financial literacy (Quintile level 1: 16%).

Those most likely to agree strongly with the statement were those in the highest financial literacy levels (Quintile level 5: 69% and Quintile level 4: 43%). Other groups who also were likely to agree strongly were those with high levels of personal income (\$70K or more per year: 43%) and those with high levels of savings (\$250K or more: 41%).

Q95 I will now read out a number of statements relating to consumer right and responsibilities and would like you to tell me whether you Strongly Disagree, Disagree, Agree or Strongly agree with each of these statements. Consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so.				
Strongly Agree				
32% of people strongly agree that consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so				
Demographic	Least likely to strongly agree that consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so		Most likely to strongly agree that consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties for not doing so	
Employment	Casual	18%		
Personal income			\$70k or more per year	43%
Savings excl. home			\$250k or more	41%
Quintile	Level 1	16%	Level 4	43%
			Level 5	69%

10.1.3 Feeling of Being Well Informed

“You generally feel well informed when making financial decisions”

Eighty four percent agreed or agreed strongly compared with 80% in 2002.

Eighteen percent agreed strongly. Those least likely to agree strongly were those in the lowest level of financial literacy (Quintile level 1: 7%). The young (18 to 24: 8%) and those with savings of less than \$5K (11%) were also less likely to agree strongly with the statement.

Those most likely to agree with the statement were those in the highest financial literacy level (Quintile level 5: 50%). Other groups who also were likely to agree strongly were those with high levels of personal income (\$70K or more per year: 26%) and those with high levels of savings (\$250K or more: 27%).

Q95 I will now read out a number of statements relating to consumer right and responsibilities and would like you to tell me whether you Strongly Disagree, Disagree, Agree or Strongly agree with each of these statements. You generally feel well informed when making financial decisions				
Strongly Agree				
18% of people strongly agreed that they generally felt well informed when making financial decisions				
Demographic	Least likely to strongly agree that they generally felt well informed when making financial decisions		Most likely to strongly agree that they generally felt well informed when making financial decisions	
Age	18 - 24 years	8%		
Personal income			\$70k or more per year	26%
Household income			\$100k or more per year	24%
Saving excl. home	Less than \$5k	11%	\$250k or more	27%
Quintile	Level 1	7%	Level 5	50%

10.1.4 Clarity about Consumer Rights

“You are very clear about your rights if you have a problem with a financial institution”

Sixty eight percent agreed or agreed strongly compared with 60% in 2002.

Twelve percent agreed strongly. Those least likely to agree strongly were those in the lowest level of financial literacy (Quintile level 1: 6%).

Those most likely to agree with the statement were those in the highest financial literacy level (Quintile level 5: 33%).

Q95 I will now read out a number of statements relating to consumer right and responsibilities and would like you to tell me whether you Strongly Disagree, Disagree, Agree or Strongly agree with each of these statements. You are very clear about your rights if you have a problem with a financial institution				
Strongly Agree				
12% of people strongly agreed that they are very clear about their rights if they have a problem with a financial institution				
Demographic	Least likely to strongly agree that they are very clear about their rights if they have a problem with a financial institution		Most likely to strongly agree that they are very clear about their rights if they have a problem with a financial institution	
Education	Finished year 12	6%		
Quintile	Level 1	6%	Level 5	33%

10.2 Complaint Resolution Confidence

Respondents were asked how confident they were that they would know how to make an effective complaint against a bank or financial institution. Most respondents felt “very or fairly confident” (58%) – a similar result to the 2002 Survey where 59% of respondents said they felt “very or fairly confident”.

Over a third (37%) said they were “fairly confident” – a figure which was lowest amongst unskilled workers (23%). Those less likely to answer “fairly confident” were those in unskilled occupations (23%) and with low education levels (primary/some secondary 26%). Those in the lowest financial literacy Quintile were also in this group (26%).

Q102 How confident are you that you would know how to make an effective complaint against a bank or financial institution? Are you very confident, fairly confident, not very confident or not at all confident?		
Degree of confidence	Total 2002 (1767) %	Total 2005 (1756) %
Very confident	19	21
Fairly confident	40	37
Not very confident	29	27
Not confident at all	11	12
Can't Say	2	2
Base: 2002, 50% of total respondents (n=1767), 2005, 50% of total respondents (n=1756)		

Q102 How confident are you that you would know how to make an effective complaint against a bank or financial institution? Are you very confident, fairly confident, not very confident or not at all confident?			
Fairly confident			
37% of people are fairly confident that they would know how to make an effective complaint against a bank or financial institution			
Demographic	Least likely to state that they were fairly confident that they would know how to make an effective complaint against a bank or financial institution		Most likely to state that they were fairly confident that they would know how to make an effective complaint against a bank or financial institution
Education	Primary/some secondary	26%	
Employment	Unskilled	23%	
Personal income	Less than \$20k per year	29%	
Household income	Less than \$20k per year	26%	
Quintile	Level 1	26%	Level 4 50%

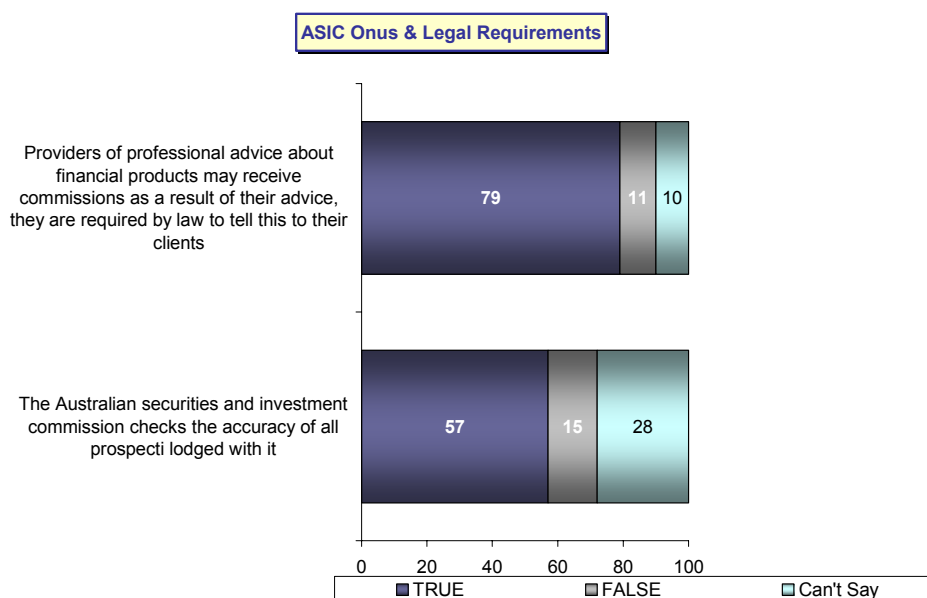
10.3 ASIC Onus & Legal Requirements

Respondents were asked whether they believed the following statements to be true or false:

- “If providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients”
- “The Australian Securities and Investment Commission (ASIC) checks the accuracy of all prospectuses lodged with it”

Overall around eight in ten (79%) people correctly believe that if providers of professional advice about financial products receive commissions as a result of their advice, then they are required by law to tell this to their clients.

Just under six in ten (57%) people believe that ASIC checks the accuracy of all prospectuses lodged with it – despite the fact ASIC does not, and is not required to do so. Only 15% were correct in their understanding of ASIC’s role in relation to prospectuses.



Base: 50% of respondents (n=1756)

10.3.1 ASIC and Checking of Prospectuses

“The Australian securities and investment commission checks the accuracy of all prospectuses lodged with it”

The Australian Securities and Investments Commission does not check the accuracy of all prospectuses lodged with it, and is not required to do so. Only 15% correctly identified the statement as being false (compared with 14% in 2002). The majority (57%) incorrectly identified the statement as being true.

Those most likely to believe the statement was true were those with the highest levels of financial literacy (Quintile level 5: 90%, Quintile level 4: 76%). Given that the statement was in fact false, this indicates a continuing and high degree of confusion on the subject.

Those least likely to believe the statement was true were those in the lowest levels of financial literacy (Quintile level 1: 37%, Quintile level 2: 47%). Other groups who were less likely to believe the statement was true included those who had a lower level of education (primary/some secondary: 43%) and those whose household income was less than \$20K per year (46%).

Q96 And now please tell me whether, as far as you know, each of the following statements is true or false. The Australian securities and investment commission checks the accuracy of all prospectus lodged with it				
TRUE				
57% of people believe that the Australian securities and investment commission checks the accuracy of all prospectus lodged with it				
Demographic	Least likely to believe that the Australian securities and investment commission checks the accuracy of all prospectus lodged with it		Most likely to believe that the Australian securities and investment commission checks the accuracy of all prospectus lodged with it	
Education	Primary/some secondary	43%		
Employment	Not working	49%	Full-time	65%
Work status	Semi-Skilled	46%		
Personal income			\$50 - \$69k per year	66%
			\$70k or more per year	66%
Household income	Less than \$20k per year	46%	\$60 - \$99k per year	65%
			\$100k or more per year	65%
Saving excl. home			\$250k or more	66%
Non mortgage debt	Less than \$500	51%		
Quintile	Level 1	37%	Level 4	76%
	Level 2	47%	Level 5	90%

Respondents with a managed investment other than superannuation were more likely than those without a managed investment other than superannuation to believe the statement was true (62% compared with 55%).

Q96 And now please tell me whether, as far as you know, each of the following statements is true or false		
The Australian Securities and investment commission checks the accuracy of all prospectus lodged with it		
	With a managed investment other than superannuation %	Without a managed investment other than superannuation %
TRUE	62	55
FALSE	15	16
Don't know	23	30

10.3.2 Professional Advisers and Reporting of Commissions

“If providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients”

Seventy nine percent correctly identified the statement as being true (compared with 72% in 2002)

Those most likely to identify the statement as true were those in the highest financial literacy Quintiles (Quintile level 5: 98%, Quintile level 4: 91%).

Those who were less likely to state that the statement was true were those with the lowest levels of financial literacy (Quintile level 1: 65%, Quintile level 2: 73%). Other groups who were less likely included casual workers (65%), those in unskilled work (68%) and those with low savings (less than \$5K: 72%).

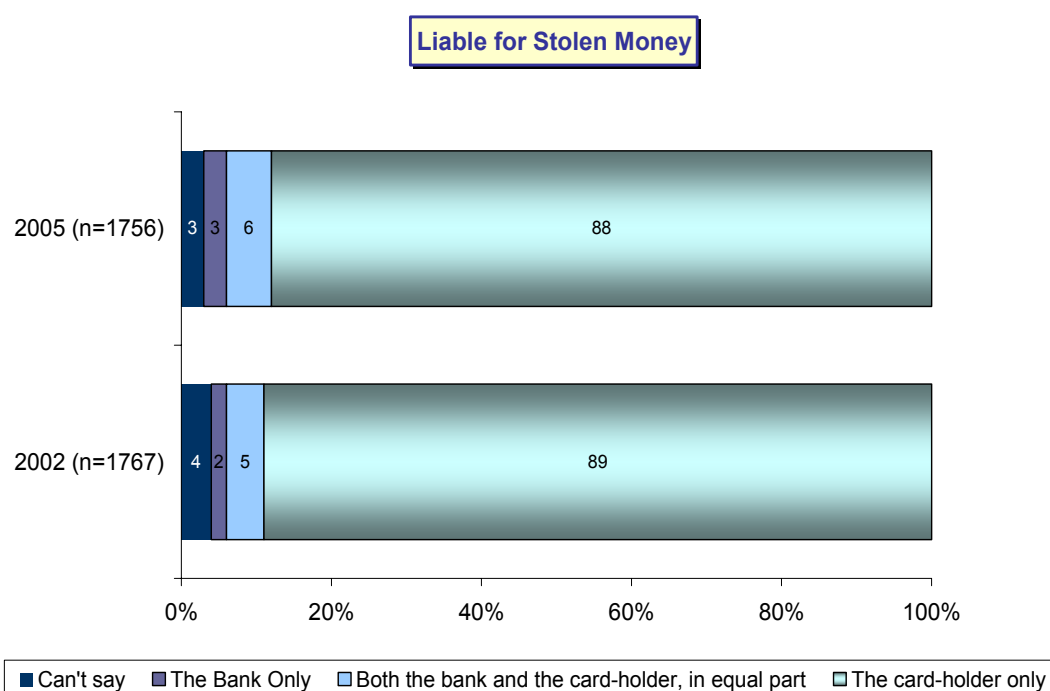
Q96 And now please tell me whether, as far as you know, each of the following statements is true or false. If providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients				
TRUE				
79% of people correctly believe that providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients				
Demographic	Least likely to correctly believe that providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients		Most likely to correctly believe that providers of professional advice about financial products may receive commissions as a result of their advice, they are required by law to tell this to their clients	
Employment	Casual	65%		
Work status	Unskilled	68%		
Personal income			\$50 - \$69k per year \$70k or more per year	87% 87%
Savings excl. home	Less than \$5k	72%		
Quintile	Level 1	65%	Level 4	91%
	Level 2	73%	Level 5	98%

10.4 Stolen Money Liability

Respondents were asked who is liable for lost money under the following scenario:

“A person keeps their PIN number on a piece of paper in their wallet, along with their ATM or bank card. If the wallet is stolen and the card and PIN number are used to take money from an account, who is liable for the lost money?”

The vast majority (88%) of those surveyed saw it as *solely the individual's responsibility* should they have money taken due to their enabling disclosure of their PIN to a thief. A similar level was recorded in 2002.



Base: 50% of respondents (n=1756)

The section of the community least likely to be aware were respondents aged 70 years + (77% in 2005 versus 84% in 2002). Those with the lowest level of financial literacy (Quintile level 1: 80%) were also less likely to know that if their PIN is disclosed to a thief any money taken is solely the individual's responsibility.

Respondents with the highest levels of financial literacy (Quintile level 5: 97%, Quintile level 4: 96%) were the most likely to know it was their responsibility.

Q94 A person keeps their PIN number on a piece of paper in their wallet, along with their ATM or bank card, if the wallet is stolen and the card and PIN number are used to take money from an account, who is liable for the lost money?				
The card-holder only				
88% of people believe that the card-holder is responsible for any lost money if a person keeps their PIN number on a piece of paper in their wallet, along with their ATM or bank card, and the wallet is subsequently stolen and the card and PIN number are used to take money from an account				
Demographic	Least likely to believe that the card holder is responsible		Most likely to believe that the card holder is responsible	
Age	60 - 69 years	81%		
	70 years +	77%		
Education	Primary/some secondary	81%		
Employment	Not working	84%		
Home ownership			Paying off	92%
Household income			\$60 - \$99k per year	93%
Quintile	Level 1	80%	Level 4	96%
			Level 5	97%

11 Mathematic Literacy

This section reports on the findings of testing respondents' ability to answer basic mathematic questions.

The ability to perform simple mathematic calculations is an essential building block to being able to manage day-to-day finances effectively. It plays an important role in the ability of a person to understand and use financial products and services.

For example, if someone cannot answer a mathematical question such as "If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent?", then they will be more likely to also have difficulty calculating how much they have spent or how much they need to save.

Key findings

The majority of respondents answered the questions correctly. The multiplication question had the lowest percentage of correct responses (56%) and the subtraction question had the highest level of correct responses (86%).

- 2005 findings recorded lower instances of correct answers for 5 out of the 6 questions. The fall was significant at the 99% confidence level for Addition, Subtraction, Division, Percentage, and Percentage Subtraction. The difference between 2002 and 2005 was not significant for Multiplication.
- For all six questions those with the lowest level of financial literacy (Quintile level 1) scored significantly below average.
- In 5 out of 6 questions those with the lowest level of financial literacy (Quintile level 1) scored lower than any other group of respondent.
- For the Multiplication question those from the lowest level of financial literacy (Quintile level 1) were more than twice as likely to get it wrong when compared to all respondents.
- Conversely, those from the highest level of financial literacy (Quintile level 5) got 100% correct responses for 3 questions and their lowest score was 97%. This group was significantly above average for all six questions.
- Other groups who scored significantly below average for the majority of questions included those who stated their work status as "no occupation", as well as those with a lower level of education, those not working and those with lower levels of income.

Respondents were given a quick arithmetic quiz to test numeric literacy skills. The six scenarios each represented a different mathematic function:

Addition:

"If a person spent \$13 on lunch one day but only \$8 the next day, how much did they spend on lunch over the two days?"

Subtraction:

"If a person pays for goods valued at \$165 with four \$50 notes, how much change would they receive?"

Multiplication:

"If 20 lotto players each won a prize of \$350, what is the total amount paid out in prize money to them?"

This question has changed slightly from the question asked in 2002 which was:-

"If each of 20 share-holders is paid a dividend of \$350, what is the total amount paid out in dividends?"

Division:

"If a lottery win of \$18,000 is shared equally between six people, how much will each person receive?"

Percentage:

"If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent?"

Percentage Subtraction:

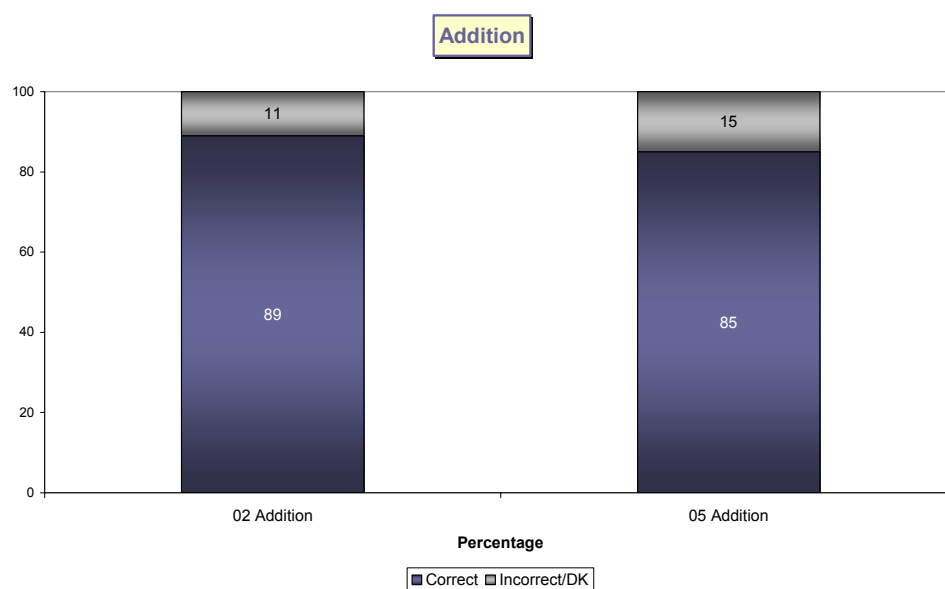
"If a refrigerator priced at \$1,000 is discounted by 10% at a sale, how much would it cost?"

The majority of respondents answered questions correctly, although overall, the correct responses were down on the 2002 survey.

11.1 Addition

“If a person spent \$13 on lunch one day but only \$8 the next day, how much did they spend on lunch over the two days?”

At 85%, significantly fewer people in this survey correctly added \$8 and \$13 than in the 2002 study (89%).



Base: 2002_total respondents (n=3548); 2005_50% of respondents (n=1756)

Those more likely to give the correct response were those in the top three levels of financial literacy (Quintile level 5: 100%, Quintile level 4: 97%, Quintile level 3: 93%).

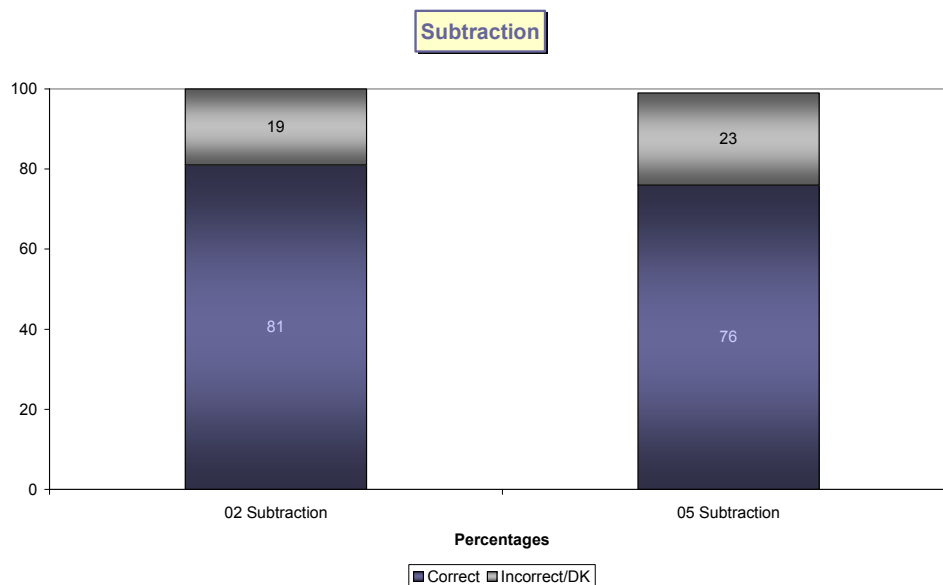
Those who were least likely to give the correct response were those from the lowest level of financial literacy (Quintile level 1: 62%). Other groups who scored significantly less than average included those with a lower level of education (primary/some secondary: 72%) and those whose household income was less than \$20K per year (76%).

Q106 If a person spent \$13 on lunch one day but only \$8 the next day, how much did they spend on lunch over the two days?				
CORRECT RESPONSE (\$21.00)				
85% of people correctly answered \$21, when asked to solve the mathematical problem "If a person spent \$13 on lunch one day but only \$8 the next day, how much did they spend on lunch over the two days"				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Education	Primary/some secondary	72%		
Employment	Not working	80%		
Work status	Semi-Skilled	77%		
House ownership	Renting	80%		
Personal income			\$70k or more per year	93%
Household income	Less than \$20k per year	76%	\$100k or more per year	91%
Savings excl. home	Less than \$5k	80%		
Quintile	Level 1	62%	Level 3	93%
			Level 4	97%
			Level 5	100%

11.2 Subtraction

“If a person pays for goods valued at \$165 with four \$50 notes, how much change would they receive?”

Over three-quarters (76%) of respondents answered the subtraction question correctly – significantly fewer than in 2002 (81%).



Base: 2002_Total respondents (n=3548); 2005_50% of respondents (n=1756)

Those more likely to give the correct response were those in the top three levels of financial literacy (Quintile level 5: 97%, Quintile level 4: 93%, Quintile level 3: 87%).

Those least likely to respond correctly were those who stated “no occupation” as their work status (43%). Those from the lowest level of financial literacy (Quintile level 1: 45%) were also less likely to respond correctly.

Q107 If a person pays for goods valued at \$165 with four \$50 notes, how much change would they receive?				
CORRECT RESPONSE(\$35.00)				
76% of people correctly answered \$35 when asked to solve the mathematical problem “If a person pays for goods valued at \$165 with four \$50 notes, how much change would they receive?”				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Age	18 - 24 years	67%	35 - 44 years	83%
Languages	Other languages	66%		
Education	Passed Year 11	66%	Degree	86%
Employment	Not working	69%		
Work status	Semi-Skilled	66%	Professional	85%
	Unskilled	62%		
	No occupation	43%		
Personal income			\$70k or more per year	87%
Household income			\$100k or more per year	85%
Saving excl. home			\$250k or more	85%
Quintile	Level 1	45%	Level 3	87%
			Level 4	93%
			Level 5	97%

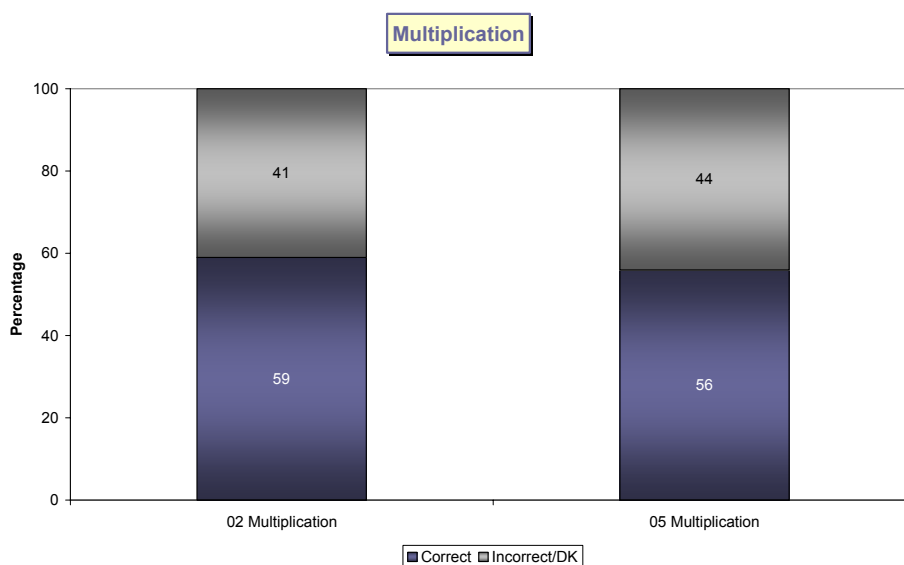
11.3 Multiplication

"If 20 lotto players each won a prize of \$350, what is the total amount paid out in prize money to them?"

This question has changed slightly from the question asked in 2002 which was:-

"If each of 20 share-holders is paid a dividend of \$350, what is the total amount paid out in dividends?"

Over half (56%) of respondents answered the multiplication questions correctly – slightly down on the 59% recorded in 2002.



Base: 2002_Total respondents (n=3548); 2005_50% of respondents (n=1756)

Those more likely to give the correct response were those in the top three levels of financial literacy (Quintile level 5: 97%, Quintile level 4: 80%, Quintile level 3: 73%).

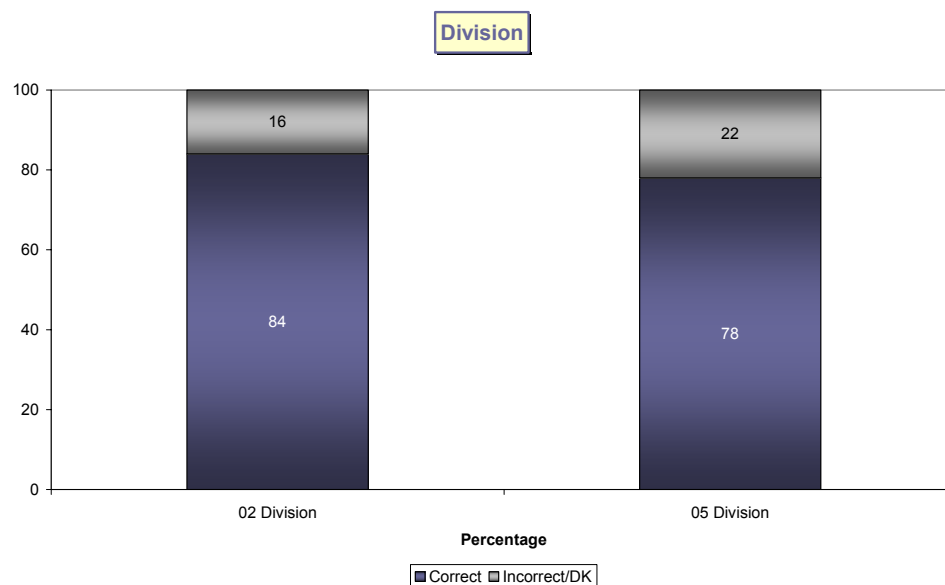
Those who were least likely to get the correct response were those from the lowest level of financial literacy (Quintile level 1: 17%). Other groups who scored significantly less than average included those in unskilled work (29%) and those who stated “no occupation” as their work status (33%).

Q108 If 20 lotto players each won a prize of \$350, what is the total amount paid out in prize money to them?				
CORRECT RESPONSE (\$7000)				
56% of people correctly answered \$7,000 when asked to solve the mathematical problem “If 20 lotto players each won a prize of \$350, what is the total amount paid out in prize money to them?”				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Gender	Female	50%	Male	62%
Age	18 - 24 years	39%	45 - 59 years	63%
Education	Primary/some secondary	38%	Some tertiary / diploma Degree	69% 68%
Employment	Not working	49%		
Work status	Semi-Skilled	40%	Professional	70%
	Unskilled	29%		
	No occupation	33%		
Personal income	Less than \$20k per year	45%	\$50 - \$69k per year \$70k or more per year	67% 73%
Household income	Less than \$20k per year	41%	\$60 - \$99k per year \$100k or more per year	65% 67%
Savings excl. home	Less than \$5k	44%	\$250k or more	76%
Home value			\$500k or more	69%
Quintile	Level 1	17%	Level 3	73%
	Level 2	46%	Level 4	80%
			Level 5	97%

11.4 Division

"If a lottery win of \$18,000 is shared equally between six people, how much will each person receive?"

Seventy-eight percent of respondents surveyed answered the division question correctly. This is significantly lower than the result in 2002 (84%).



Base: 2002_Total respondents (n=3548); 2005_50% of respondents (n=1756)

Those more likely to give the correct response were those in the top three levels of financial literacy (Quintile level 5: 98%, Quintile level 4: 95%, Quintile level 3: 93%).

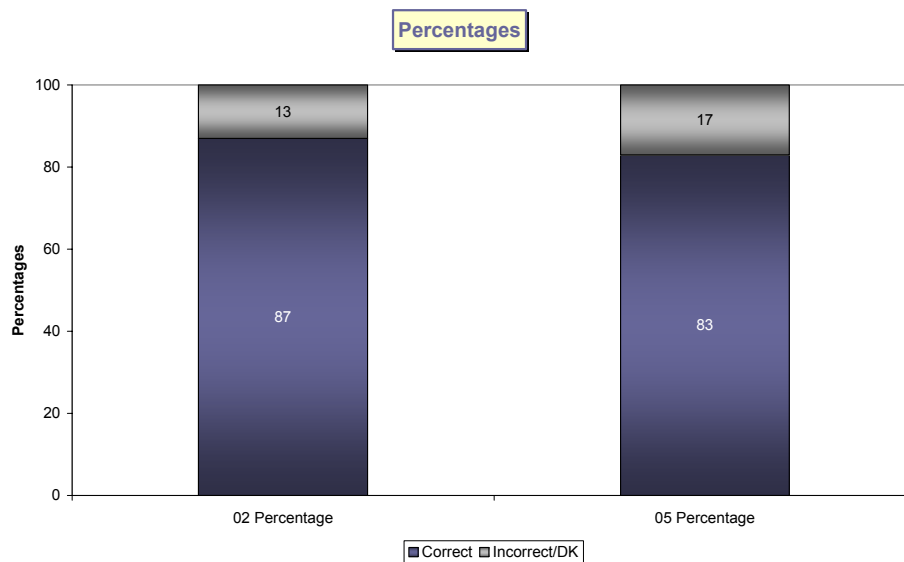
Those who were least likely to get the correct response were those from the lowest level of financial literacy (Quintile level 1: 43%). Other groups who scored significantly less than average included those younger respondents (18 to 24: 60%) and those who stated “no occupation” as their work status (57%).

Q109 If a lottery win of \$18,000 is shared equally between six people, how much will each person receive?				
CORRECT RESPONSE (\$3000)				
78% of people correctly answered \$3,000 when asked to solve the mathematical problem “If a lottery win of \$18,000 is shared equally between six people, how much will each person receive?”				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Age	18 - 24 years	60%	45 - 59 years	83%
Education	Passed Year 10	69%	Degree	89%
Employment			Full-time	83%
Work status	Semi-Skilled	65%	Professional	87%
	Unskilled	61%		
	No occupation	57%		
Personal income	Less than \$20k	71%	\$50 - \$69k	87%
Household income			\$70k or more	89%
			\$60 - \$99k	86%
Savings excl. home			\$100k or more	86%
Quintile	Level 1	43%	\$250k or more	86%
			Level 3	93%
			Level 4	95%
			Level 5	98%

11.5 Percentage

“If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent?”

Most (83%) surveyed respondents calculated the percentage question correctly – significantly lower than in 2002 (87%).



Base: 2002_Total respondents (n=3548); 2005_50% of respondents (n=1756)

Those more likely to give the correct response were those in the top three levels of financial literacy (Quintile level 5: 100%, Quintile level 4: 98%, Quintile level 3: 94%).

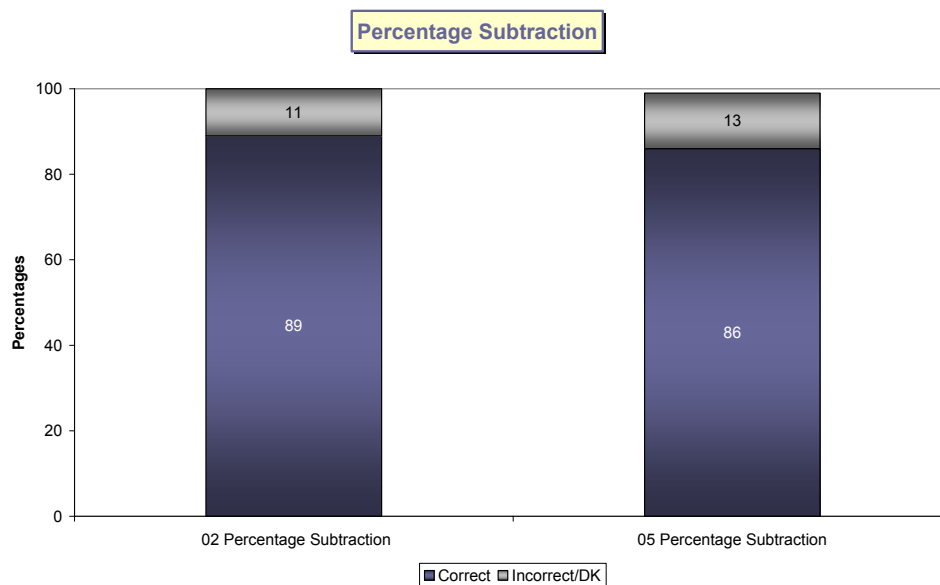
Those who were least likely to get the correct response were those from the lowest level of financial literacy (Quintile level 1: 50%). Other groups who scored significantly less than average included those with a lower level of education (primary/some secondary: 67%) and those who stated “no occupation” as their work status (62%).

Q110 If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent?				
CORRECT RESPONSE (\$700)				
83% of people correctly answered \$700 when asked to solve the mathematical problem “If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent?”				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Age	18 - 24 years	73%		
Education	Primary/some secondary	67%	Degree	92%
Employment	Not working	77%		
Work status	Semi-Skilled	74%	Professional	92%
	Unskilled	71%		
	No occupation	62%		
Personal income	Less than \$20k per year	76%	\$50 - \$69k per year	93%
			\$70k or more per year	91%
Household income	Less than \$20k per year	74%	\$60 - \$99k per year	89%
			\$100k or more per year	91%
Savings excl. home	Less than \$5k	77%	\$50 - \$249k	89%
			\$250k or more	92%
Home value			\$300 - \$490k	89%
Mortgage debt			\$50 - \$249k	92%
Quintile	Level 1	50%	Level 3	94%
			Level 4	98%
			Level 5	100%

11.6 Percentage Subtraction

“If a refrigerator priced at \$1,000 is discounted by 10% at a sale, how much would it cost?”

Eighty-six percent of respondents answered the percentage subtraction question correctly – significantly lower than 2002 (89%).



Base: 2002_Total respondents (n=3548); 2005_50% of respondents (n=1756)

All financial literacy levels above the lowest one were likely to be able to work this out correctly (Quintile level 5: 100%, Quintile level 4: 98%, Quintile level 3: 96%, Quintile level 2: 92%).

Those who were least likely to get the correct response were those from the lowest level of financial literacy (Quintile level 1: 56%). Other groups who scored significantly less than average included those with a lower level of education (primary/some secondary: 72%) and those who stated “no occupation” as their work status (61%).

Q111 If a refrigerator priced at \$1,000 is discounted by 10% at a sale, how much would it cost?				
CORRECT RESPONSE (\$900)				
86% of people correctly answered \$900 when asked to solve the mathematical problem “If a refrigerator priced at \$1,000 is discounted by 10% at a sale, how much would it cost?”				
Demographic	Least likely to correctly answer		Most likely to correctly answer	
Age	70 years +	76%		
Education	Primary/some secondary	72%	Some tertiary / diploma Degree	94% 94%
Employment	Not working	80%	Working Full-time	90% 92%
Work status	Semi-Skilled Unskilled No occupation	79% 73% 61%	Professional	94%
Personal Income			\$50 - \$69k per year \$70k or more per year	94% 94%
Household income			\$60 - \$99k \$100k or more	92% 94%
Savings excl. home			\$250k or more	93%
Home value			\$500k or more	93%
Mortgage debt			\$50 - \$249k	92%
Non mortgage debt			\$500 - \$10k	91%
Quintile	Level 1	56%	Level 2 Level 3 Level 4 Level 5	92% 96% 98% 100%

Appendix I – Questionnaire



Study ID	<u>5281-NC</u>	Resp. No.	<u> </u>
Interviewer No.	<u> </u>	Interview Length	<u> </u>
No. Of Queries	<u> </u>	Reference No.	<u> </u>

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NC5281
FINAL - 26th MAY 2005

Q1	Good [Morning/ Afternoon/ Evening]. My name is (SAY NAME) from ACNielsen Research. Today we're doing a survey to assess attitudes to financial matters amongst adults aged 18 or over living in Australia. We're not trying to sell you anything, but simply collecting information for an important national survey. Your responses will be confidential to ACNielsen Research, and details of individual respondents will not be passed to any other organisation. May I speak to the person in the household aged 18 years or older who is next in line for a birthday? IF NEW RESPONDENT, REPEAT INTRODUCTION We are contacting people randomly from the White Pages Telephone Listings. The survey will take approximately 20 minutes and will be used for Research purposes only. IF NECESSARY SAY: Is now a good time or would it be more convenient if I made an appointment to speak to you at another time? [SA] Yes - CONTINUE 1 Yes - ARRANGE CALLBACK 2 No 3	Code	Route
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Q2	QSEX RECORD SEX OF RESPONDENT (DO NOT READ OUT) [SA] Male..... 01	Code	Route
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Q2	QSEX RECORD SEX OF RESPONDENT (DO NOT READ OUT) [SA]	Code	Route
	Female.....	02	

Q3	DEM2 <u>READ OUT. IF REFUSES TERMINATE</u> Would you mind telling me your approximate age please?[SA]	Code	Route
	18-19	01	
	20-24	02	
	25-29	03	
	30-34	04	
	35-39	05	
	40-44	06	
	45-49	07	
	50-54	08	
	55-59	09	
	60-64	10	
	65-69	11	
	70+	12	
	Refused	97	

Q4	DEM4 Are you now in paid employment? [IF YES, ASK] Is that full-time for 35 hours or more a week, part-time, casual, self employed or a freelancer? [SA]	Code	Route
	Yes, Full-time.....	01	
	Yes, Part-time	02	
	Yes, Casual	03	
	Yes, Freelancer	04	
	Yes, Self-Employed	05	
	Not in paid employment	06	

SECTION A. WHAT MONEY IS AND THE EXCHANGE OF MONEY

Q5	A1 <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME Firstly, I'd like to talk about ways of paying for goods and services. Which of the following payment methods do you, yourself, use? [MA] Cash 01 Cheques..... 02 Money orders..... 03 Credit cards 04 Store cards 05 ATMs (Automatic Teller Machines) 06 EFTPOS (Electronic Funds Transfer At Point Of Sale)..... 07 Direct Debit..... 08 BPay 09 Telephone Banking 10 Internet Banking 11 Loans from a financial institution 12 Loans from family and friends..... 13 Laybys 14 Can't say (DO NOT READ OUT)..... 99	Code	Route
Q6	A2 READ OUT RESPONSES NOT MENTIONED IN Q5 IF RESPONDENT HAS NOT USED EVERY PAYMENT METHOD (CODES 1 to 14 IN Q5), ASK <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME What other payment methods do you know how to use, even if you don't use them yourself? [MA] Cash 01 Cheques..... 02 Money orders..... 03 Credit cards 04 Store cards 05 ATMs (Automatic Teller Machines) 06 EFTPOS (Electronic Funds Transfer At Point Of Sale)..... 07 Direct Debit..... 08	Code	Route

Q6	A2 READ OUT RESPONSES NOT MENTIONED IN Q5 IF RESPONDENT HAS NOT USED EVERY PAYMENT METHOD (CODES 1 to 14 IN Q5), ASK <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME What other payment methods do you know how to use, even if you don't use them yourself? [MA]	Code	Route
	BPay	09	
	Telephone Banking	10	
	Internet Banking	11	
	Loans from a financial institution	12	
	Loans from family and friends	13	
	Laybys	14	

SECTION B - BASIC FINANCIAL SERVICES
 THIS SECTION IS ASKED OF ALL RESPONDENTS

Q7	B1 <u>INTERVIEWER TO REFER TO 'TERM DEFINITIONS' CARD AS NECESSARY.]</u> <u>READ OUT, MULTIPLE RESPONSE</u> Which of the following do you have yourself or jointly with someone else?[MA]	Code	Route
	An ordinary or everyday account with a bank, building society or credit union	01	
	Superannuation or Roll-over fund	02	
	Managed Investments other than Superannuation	03	
	Shares	04	
	Term Deposits	05	
	An Investment Property	06	
	<u>[ONLY READ IF SAID INVESTMENT PROPERTY]</u>		
	A Mortgage on an Investment Property	07	
	A Mortgage for your own home	08	
	A Home Equity Loan	09	
	A Reverse Mortgage	10	
	A Personal Loan	11	
	A Loan by line of credit or overdraft	12	
	A "Margin" Loan, which is a loan solely to purchase Shares or Managed Investments	13	

Q7	B1 <u>INTERVIEWER TO REFER TO 'TERM DEFINITIONS' CARD AS NECESSARY.]</u> <u>READ OUT, MULTIPLE RESPONSE</u> Which of the following do you have yourself or jointly with someone else?[MA]	Code	Route
	A Lease or Hire Purchase Agreement	14	
	House or Contents Insurance	15	
	Comprehensive Vehicle Insurance	16	
	<u>[DON'T READ IF HAS COMPREHENSIVE VEHICLE INSURANCE]</u>		
	Third Party Vehicle Insurance	17	
	Private Health Insurance	18	
	Life Insurance.	19	
	Retirement Income Stream Product such as an annuity or pension	20	
	Income Protection Insurance	21	
	Any other type of insurance	22	
	None (DO NOT READ OUT)	94	
	Can't say (DO NOT READ OUT).....	96	

Q8	B1AA - NEW QUESTION <i>IF HAVE SUPER (Q7/2) ASK</i> <u>DON'T READ OUT, SINGLE RESPONSE</u> You said that you have Superannuation. Approximately how many Superannuation or Roll-over funds do you have? [SA]	Code	Route
	One	01	
	Two	02	
	Three	03	
	Four or more.....	04	
	Can't say	99	

Q9	B1A - NEW QUESTION <i>IF HAVE SUPER (Q7/2) ASK</i> <u>INTERVIEWER TO REFER TO 'TERM DEFINITIONS' CARD AS NECESSARY.</u> <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME And to which of the following fund types do you or your employer currently contribute to?[MA]	Code	Route
	Self-managed superannuation fund	01	
	Industry fund.....	02	

Q9	B1A - NEW QUESTION IF HAVE SUPER (Q7/2) ASK INTERVIEWER TO REFER TO 'TERM DEFINITIONS' CARD AS NECESSARY. <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME And to which of the following fund types do you or your employer currently contribute to?[MA]	Code	Route
	Corporation or Employer fund.....	03	
	Retail	04	
	Public Sector	05	
	Retirement Savings Account (RSA).....	06	
	DO NOT READ OUT: Other (SPECIFY)	98	
	DO NOT READ OUT: Can't say	99	

Q10	B1C - NEW QUESTION IF HAVE RETIREMENT INCOME STREAM PRODUCT (Q7/20), ASK INTERVIEWER TO REFER TO 'TERM DEFINITIONS' CARD AS NECESSARY. <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME Which of the following Retirement Income Stream Product features best matches the product or products you have? If you are not absolutely sure, please say.[SA]	Code	Route
	A set income that you receive for the rest of your life	01	
	A set income that you receive for a specified term (e.g. 10 years).....	02	
	A set income that you receive for a term that is based on your life expectancy	03	
	A set income that you receive for a term that is based on your life expectancy that is linked to the investment market, that is, can fluctuate with the investment market.....	04	
	A regular income that you receive until the money runs out that can adjust from year to year and that is linked to the investment market (i.e. can fluctuate with the investment market)	05	
	Some other type (PLEASE SPECIFY)	06	

Q11	B7 <u>READ OUT, SINGLE RESPONSE</u> ROTATE CODE FRAME Who is responsible for money management in your household? [SA]	Code	Route
	Yourself.....	01	
	Your Partner	02	
	You and your Partner jointly	03	

Q11	B7 <u>READ OUT, SINGLE RESPONSE</u> ROTATE CODE FRAME Who is responsible for money management in your household? [SA] Family Member 04 (DON'T READ) Someone else 97 (DON'T READ) Can't say 99	Code	Route
Q12	B9A - NEW QUESTION <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME Have you read or used any of the following sources over these last 5 years to assist with your financial decision making? [MA] Financial newspapers or magazines 01 Printed books or other financial publications 02 Finance-related sites on the Internet 03 Seminars 04 Publications from the finance industry 05 Publications from Government (eg. ASIC, FaCS, Fair Trading, Consumer Affairs) 06 Publications from community organisations (eg. financial counselling) 07 [DON'T READ] None 97 Other [PLEASE SPECIFY] 98 [DON'T READ] Can't say 99	Code	Route
Q13	B3 <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME And have you consulted any of the following people regarding your finances? [MA] An Accountant 01 A Mortgage Broker 02 A Stock Broker 03 An Insurance Broker 04 A Taxation Specialist 05 A Financial Counsellor 06 A Bank Manager or Bank Employee 07	Code	Route

Q13	B3 <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME And have you consulted any of the following people regarding your finances? [MA]	Code	Route
	A Financial Planner or Adviser.....	08	
	Family or friends	09	
	Someone Else	10	
	[DON'T READ] None.....	97	
	[DON'T READ] Can't say	99	

SECTION D. FINANCIAL RECORDS AND INFORMATION
THIS SECTION IS ASKED OF **50%** OF RESPONDENTS ONLY

Q14	D1AA - NEW QUESTION <i>[IF USE ATMs (Q5/6) OR HAVE ORDINARY, EVERYDAY ACCOUNT (Q7/1), ASK]</i> <u>[DON'T READ] [MULTIPLE RESPONSE]</u> Thinking now about fees and charges, what specific steps do you take to minimise or avoid fees and charges relating to your everyday banking? [MA]	Code	Route
	ATM USE - Only use ATMs from the same bank as my account.....	01	
	GENERAL BANKING - Keeping the number of transactions I make to my monthly limit	02	
	CARD USE - Minimise the number of transaction I make per month	03	
	CARD USE - Make fewer but larger cash withdrawals rather than more but smaller cash withdrawals	04	
	CARD USE - Withdraw cash when paying for other purchases (e.g. petrol, groceries)	05	
	BRANCH USE - I minimise the number of branch visits	06	
	CREDIT CARD - Pay off monthly credit card balance in full.....	07	
	CREDIT CARD - Ensure the minimum monthly payments are made on credit card	08	
	ACCOUNTS - Pay a flat account keeping fee which caps monthly charges	09	
	ACCOUNTS - Keep at least a minimum amount in account.....	10	
	CHEQUE ACCOUNT - Closed cheque accounts.....	11	
	CHEQUE ACCOUNT - Minimise the amount of money sitting in cheque accounts	12	
	Other [SPECIFY].....	98	
	[DON'T READ] Can't say	99	

Q15	D2 [IF HAVE ORDINARY, EVERYDAY ACCOUNT (Q7/1), ASK] [READ OUT] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new ordinary or everyday account with a bank, building society or credit union, do you shop around? [SA]	Code	Route
	A lot	01	
	A fair bit.....	02	
	A little.....	03	
	Not at all.....	04	
	[DON'T READ] Have never done this/needed to do this	97	
	[DON'T READ] Can't say	99	

Q16	D3 [IF NOT SHOPPED AROUND Q15/4), ASK] [DON'T READ] [MULTIPLE RESPONSE] What is the main reason that you don't shop around when arranging a new ordinary or everyday account? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have the time.....	02	
	"They're all the same"	03	
	Just go with what is recommended by friend or family member.....	04	
	Just go with what is recommended by financial expert	05	
	Only one bank in town	06	
	Have never arranged a new ordinary/everyday account.....	07	
	Spouse/partner does shopping around	08	
	Part of a package or combined with another product	09	
	Other [SPECIFY].....	98	
	Can't Say.....	99	

Q17	D4A - NEW QUESTION [IF HAVE SUPERANNUATION (Q7/2), ASK] Have YOU ever had the ability to choose which superannuation or rollover fund to use? [SA]	Code	Route
	Yes	01	
	No	02	

Q17	D4A - NEW QUESTION [IF HAVE SUPERANNUATION (Q7/2), ASK] Have YOU ever had the ability to choose which superannuation or rollover fund to use? [SA] Can't say	Code	Route
		99	
Q18	D4 [IF YES (Q17/1), ASK] <u>[READ OUT]</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new superannuation policy or roll-over, do you shop around?[SA] A lot A fair bit..... A little..... Not at all..... [DON'T READ] Have never done this/needed to do this [DON'T READ] Can't say	Code	Route
		01	
		02	
		03	
		04	
		97	
		99	
Q19	D5 [IF NOT SHOPPED AROUND (Q18/4), ASK] <u>[DON'T READ] [MULTIPLE RESPONSE]</u> What is the main reason that you don't shop around when arranging a new superannuation policy or roll-over? What else? Anything else? [MA] Couldn't be bothered Don't have the time..... "They're all the same" Just go with what is recommended by friend or family member..... Just go with what is recommended by financial expert Spouse partner does shopping around Other [SPECIFY]..... Can't say	Code	Route
		01	
		02	
		03	
		04	
		05	
		06	
		98	
		99	

Q20	D5A - NEW QUESTION [IF HAVE RETIREMENT INCOME STREAM PRODUCT (Q7/20), ASK] <u>READ OUT</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new retirement income stream product, do you shop around?[SA]	Code	Route
	A lot	01	
	A fair bit.....	02	
	A little.....	03	
	Not at all	04	
	[DON'T READ] Have never done this/needed to do this	97	
	[DON'T READ] Can't say	99	
Q21	D5B - NEW QUESTION [IF NOT SHOPPED AROUND (Q20/4), ASK] <u>DON'T READ</u> <u>[MULTIPLE RESPONSE]</u> What is the main reason that you don't shop around when arranging a new retirement income stream product? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have the time.....	02	
	"They're all the same"	03	
	Just go with what is recommended by friend or family member.....	04	
	Just go with what is recommended by financial expert	05	
	Have no say in it, only one scheme is available.....	06	
	Spouse/ partner does shopping around	07	
	Other [SPECIFY].....	98	
	Can't say	99	
Q22	D6 [IF HAVE INVESTMENT (Q7/3-6), ASK] <u>READ OUT</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When purchasing or arranging a new investment, do you shop around?[SA]	Code	Route
	A lot	01	
	A fair bit.....	02	
	A little.....	03	

Q22	D6 [IF HAVE INVESTMENT (Q7/3-6), ASK] <u>READ OUT</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When purchasing or arranging a new investment, do you shop around?[SA] Not at all..... 04 [DON'T READ] Have never done this/needed to do this 97 [DON'T READ] Can't say 99	Code	Route
Q23	D7 [IF NOT AT ALL (Q22/4), ASK] <u>[DON'T READ] [MULTIPLE RESPONSE]</u> What is the main reason that you don't shop around when purchasing a new investment? What else? Anything else? [MA] Couldn't be bothered 01 Don't have the time..... 02 "They're all the same" 03 Just go with what is recommended by friend or family member 04 Just go with what is recommended by financial expert 05 Have never purchased or arranged a new investment 06 Spouse/ partner does shopping around 07 Other [SPECIFY]..... 98 Can't say 99	Code	Route
Q24	D8 [IF HAVE A MORTGAGE (Q7/7-8), ASK] <u>[READ OUT]</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new mortgage, do you shop around?[SA] A lot 01 A fair bit..... 02 A little..... 03 Not at all..... 04 [DON'T READ] Have never done this/needed to do this 97 [DON'T READ] Can't say 99	Code	Route

Q25	D9 [IF NOT AT ALL (Q24/4), ASK] [DON'T READ] [MULTIPLE RESPONSE] What is the main reason that you don't shop around when arranging a new mortgage? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have the time.....	02	
	"They're all the same"	03	
	Just go with what is recommended by friend or family member	04	
	Just go with what is recommended by financial expert	05	
	Spouse/ partner does shopping around	06	
	Other [SPECIFY].....	98	
	Can't say	99	

Q26	D10 [IF HAVE A LOAN OTHER THAN A MORTGAGE (Q5/12-13 OR Q7/9,11-13), ASK] [READ OUT] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new loan other than a mortgage, do you shop around?[SA]	Code	Route
	A lot	01	
	A fair bit.....	02	
	A little.....	03	
	Not at all.....	04	
	[DON'T READ] Have never done this/needed to do this	97	
	[DON'T READ] Can't say	99	

Q27	D11 [IF NOT AT ALL (Q26/4), ASK] [DON'T READ] [MULTIPLE RESPONSE] What is the main reason that you don't shop around when arranging a new loan? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have the time.....	02	
	"They're all the same"	03	
	Spouse partner does shopping around	04	

Q27	D11 [IF NOT AT ALL (Q26/4), ASK] <u>[DON'T READ] [MULTIPLE RESPONSE]</u> What is the main reason that you don't shop around when arranging a new loan? What else? Anything else? [MA] Just go with what is recommended by friend or family member 05 Just go with what is recommended by financial expert 06 Other [SPECIFY] 98 Can't say 99	Code	Route
Q28	D12 [IF HAVE AN INSURANCE POLICY (Q7/15-19,21-22), ASK] <u>[READ OUT]</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When arranging a new insurance policy, do you shop around?[SA] A lot 01 A fair bit 02 A little 03 Not at all 04 [DON'T READ] Have never done this/needed to do this 97 [DON'T READ] Can't say 99	Code	Route
Q29	D13 [IF NOT AT ALL (Q28/4), ASK] <u>[DON'T READ] [MULTIPLE RESPONSE]</u> What is the main reason that you don't shop around when arranging a new insurance policy? What else? Anything else? [MA] Couldn't be bothered 01 Don't have time 02 "They're all the same" 03 Just go with what is recommended by friend or family member 04 Just go with what is recommended by financial expert 05 Spouse/ partner does shopping around 06 Other [SPECIFY] 98 Can't say 99	Code	Route

Q30	D14 [IF USED A FINANCIAL PLANNER OR ADVISER (Q13/8), ASK [READ OUT] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS When choosing a financial planner or adviser, do you shop around?[SA] A lot 01 A fair bit..... 02 A little..... 03 Not at all..... 04 [DON'T READ] Have never done this/needed to do this 97 [DON'T READ] Can't say 99	Code	Route
Q31	D15 [IF NOT AT ALL (Q30/4), ASK] [DON'T READ] [MULTIPLE RESPONSE] What is the main reason that you don't shop around when choosing a financial planner or adviser? What else? Anything else? [MA] Couldn't be bothered 01 Don't have the time..... 02 "They're all the same" 03 Just go with what is recommended by friend or family member 04 Just go with what is recommended by financial expert 05 Spouse/ partner does shopping around 06 Other [SPECIFY]..... 98 Can't say 99	Code	Route
Q32	D15B - NEW QUESTION [IF HAVE A FINANCIAL PLANNER OR ADVISER (Q13/8)), ASK] [DON'T READ] [MULTIPLE RESPONSE] What factors were influential in your final decision of WHICH financial planner or adviser, to use? What else? Anything else? [MA] Independence 01 Reputable brand 02 Recommended by financial expert 03 Recommended by friend or family member 04	Code	Route

Q32	D15B - NEW QUESTION [IF HAVE A FINANCIAL PLANNER OR ADVISER (Q13/8)), ASK] <u>[DON'T READ] [MULTIPLE RESPONSE]</u> What factors were influential in your final decision of WHICH financial planner or adviser, to use? What else? Anything else? [MA] Low/competitive fees 05 Commission based fees 06 Convenience 07 Good impression when first approached 08 Endorsements (by celebrity or consumer testimonial) 09 No particular reason why I chose that planner/ didn't think too much about it 10 Other [SPECIFY] 98 Can't say 99	Code	Route
Q33	D15C - NEW QUESTION [ASK ALL] <u>READ OUT, SINGLE RESPONSE</u> ROTATE CODE FRAME Thinking about financial planners or advisers, which ONE of the following is most likely to give you impartial advice? [SA] An adviser who works only for fees 01 An adviser who works for both fees and a commission 02 An adviser who works only for commission 03 [DON'T READ] Can't say 99	Code	Route
Q34	D17 [IF RESPONDENT HAS BANK ACCOUNT (Q7/1), ASK] Do you receive bank account statements? [SA] Yes 01 No 02 Can't say 99	Code	Route
Q35	D17A [IF RECEIVE BANK ACCOUNT STATEMENT (Q34/1), ASK] Do you read these at all? [SA]	Code	Route

Q35	D17A [IF RECEIVE BANK ACCOUNT STATEMENT (Q34/1), ASK Do you read these at all? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q36	D17B - NEW QUESTION [IF READ BANK ACCOUNT STATEMENT (Q35/1), ASK] [DON'T READ] [MULTIPLE RESPONSE] And what do you generally look for when you receive your bank account statement? What else? Anything else? [MA]	Code	Route
	Account balance	01	
	Account fees	02	
	Interest earned	03	
	Taxes	04	
	Debits	05	
	Credits	06	
	Transaction type	07	
	Transaction fees	08	
	Account details	09	
	Date of transactions	10	
	Date of statement	11	
	Receipt number	12	
	Cheque numbers	13	
	To check that everything is right	14	
	Nothing in particular	15	
	Other [SPECIFY]	98	
	Can't say	99	

Q37	D24A [IF NOT READ BANK ACCOUNT STATEMENT (Q35/2 or 99) ASK] [DON'T READ] [MULTIPLE RESPONSE] Why do you not read your bank account statement? What else? Anything else? [MA]	Code	Route
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Q37	D24A [IF NOT READ BANK ACCOUNT STATEMENT (Q35/2 or 99) ASK] [DON'T READ] [MULTIPLE RESPONSE] Why do you not read your bank account statement? What else? Anything else? [MA] Couldn't be bothered Don't have the time..... Other priorities more important Just assume they're correct/ok Too difficult to understand Someone else reads them Find it too depressing/ worried about what I would find Other [SPECIFY]..... Can't say	Code	Route
		01	
		02	
		03	
		04	
		05	
		06	
		07	
		98	
		99	

Q38	D18 [IF USES CREDIT CARD OR STORE CARD (Q5/4-5), ASK] Do you receive credit card or store card statements? [SA] Yes No Can't say	Code	Route
		01	
		02	
		99	

Q39	D18A [IF RECEIVE CREDIT CARD OR STORE CARD STATEMENTS (Q38/1), ASK] Do you read these at all? [SA] Yes No Can't say	Code	Route
		01	
		02	
		99	

Q40	D18B - NEW QUESTION [IF READ CREDIT CARD OR STORE CARD STATEMENTS (Q39/1), ASK] [DON'T READ] [MULTIPLE RESPONSE] And what do you generally look for when you receive your credit card or store card statements? What else? Anything else? [MA] Account balance Account fees.....	Code	Route
		01	
		02	

Q40	D18B - NEW QUESTION [IF READ CREDIT CARD OR STORE CARD STATEMENTS (Q39/1), ASK] [DON'T READ] [MULTIPLE RESPONSE] And what do you generally look for when you receive your credit card or store card statements? What else? Anything else? [MA]	Code	Route
	Interest charged	03	
	Reward scheme annual fee	04	
	Reward scheme points	05	
	Amount spent	06	
	Amount repaid	07	
	Available credit	08	
	Foreign exchange fees	09	
	Account details	10	
	Date of transactions	11	
	Date of statement.....	12	
	Minimum payment due.....	13	
	Cash advances	14	
	Date payment is due.....	15	
	To check that everything is right	16	
	Nothing in particular	17	
Q41	D25B [IF RECEIVE CREDIT CARD OR STORE CARD STATEMENTS (Q38/1) ASK] DON'T READ] [SINGLE RESPONSE] For how long do you keep your credit card or store card statements? [SA]	Code	Route
	Don't keep them/read, then throw away.....	01	
	Less than one day	02	
	1 - 6 days	03	
	1 - 4 weeks	04	
	1 - 5 months	05	
	6 - 11 months.....	06	
	1 -3 years	07	
	4 - 6 years	08	
	7 - 8 years/as required for tax purposes	09	
	9 or more years.....	10	

Q41	D25B [IF RECEIVE CREDIT CARD OR STORE CARD STATEMENTS (Q38/1) ASK] DON'T READ] [SINGLE RESPONSE] For how long do you keep your credit card or store card statements? [SA]	Code	Route
	Until it's paid	11	
	Until figures have been reconciled	12	
	Until the account/policy is closed	13	
	Forever	14	
	Other [SPECIFY].....	98	
	Can't say	99	

Q42	D24B [IF DON'T READ CREDIT CARD OR STORE CARD STATEMENTS (Q39/2 OR 99), ASK] [DON'T READ] [MULTIPLE RESPONSE] Why do you not read your CREDIT CARD OR STORE CARD STATEMENTS? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have the time.....	02	
	Other priorities more important	03	
	Just assume they're correct/ok	04	
	Too difficult to understand	05	
	Someone else reads them	06	
	Don't receive them	07	
	Find it too depressing/ worried about how much I would have spent.....	08	
	Other [SPECIFY].....	98	
	Can't say	99	

Q43	D20 [IF HAVE SUPERANNUATION OR ROLLOVER FUND (Q7/2), ASK Do you receive superannuation statements? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q44	D20A [IF RECEIVE SUPERANNUATION OR ROLLOVER FUND STATEMENTS (Q43/1), ASK] Do you read these at all? [SA]	Code	Route
	Yes - reads	01	
	No - does not read	02	
	Can't say	99	

Q45	D20B - NEW QUESTION [IF READ SUPERANNUATION OR ROLLOVER FUND STATEMENTS (Q44/1), ASK] [DON'T READ] [MULTIPLE RESPONSE] And what do you generally look for when you receive your superannuation or rollover fund statements? What else? Anything else? [MA]	Code	Route
	Exit fees	01	
	Management fees	02	
	Life insurance premiums	03	
	Break down of investments	04	
	Value of investment	05	
	Employer contributions	06	
	Personal contributions	07	
	Investment return/Performance	08	
	Death or Disablement benefit	09	
	Beneficiaries	10	
	Set-up fees	11	
	To check that everything is right	12	
	Nothing in particular	13	
	Can't say	99	

Q46	D24D [IF DON'T READ SUPERANNUATION OR ROLLOVER FUND STATEMENTS (Q44/2 or 99), ASK] [DON'T READ] [MULTIPLE RESPONSE] Why do you not read your SUPERANNUATION OR ROLLOVER FUND STATEMENTS? What else? Anything else? [MA]	Code	Route
	Couldn't be bothered	01	
	Don't have time	02	

Q46	D24D [IF DON'T READ SUPERANNUATION OR ROLLOVER FUND STATEMENTS (Q44/2 or 99), ASK] [DON'T READ] [MULTIPLE RESPONSE] Why do you not read your SUPERANNUATION OR ROLLOVER FUND STATEMENTS? What else? Anything else? [MA]	Code	Route
	Other priorities more important (eg mortgage or credit card).....	03	
	Just assume they're correct/OK	04	
	Too difficult to understand	05	
	Someone else reads them	06	
	Don't receive them	07	
	Other [SPECIFY].....	98	
	Can't say	99	

Q47	D25D [IF RECEIVE SUPERANNUATION OR ROLLOVER FUND STATEMENTS (Q43/1), ASK] [DON'T READ] [SINGLE RESPONSE] How long do you keep your superannuation statements? [SA]	Code	Route
	Don't keep them/read, then throw away.....	01	
	Less than one day	02	
	1-6 days	03	
	1-4 weeks.....	04	
	1-5 months	05	
	6-11 months	06	
	1-3 years	07	
	4-6 years	08	
	7-8 years/as required for tax purposes	09	
	9 or more years.....	10	
	Until it's paid	11	
	Until the figures have been reconciled	12	
	Until the account/policy is closed	13	
	Forever	14	
	Other [SPECIFY].....	98	
	Can't say	99	

Q48	D27 [ASK ALL] <u>[READ OUT]</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Would you find understanding an annual statement for a superannuation fund?[SA] Very difficult..... 01 Difficult..... 02 Easy 03 Very easy 04 [DON'T READ] Can't say 99	Code	Route
Q49	B5 Moving now to a new topic, have you ever visited an Internet site with calculators for comparing financial products? [SA] Yes 01 No 02 Can't say 99	Code	Route
Q50	NEW QUESTION [IF YES (Q49/1) ASK] <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME And have you ever used the calculators to do any of the following? [MA] Compare interest rates 01 Compare fees and charges 02 Calculate how much you can borrow 03 Calculate repayments on loans..... 04 Help you in budgeting 05 Help you compare superannuation options 06 Help you compare other financial products 07 Anything else [SPECIFY] 98 [DON'T READ OUT] Can't say..... 99	Code	Route

Q51	A3 - NEW QUESTION [IF USE OR KNOW HOW TO USE INTERNET BANKING (Q5/11 or Q6/11) ASK] Do you think there are risks associated with internet banking? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q52	[IF YES (Q51/1), ASK] [DON'T READ OUT] [MULTIPLE RESPONSE] What are some of those risks? What others? Any others? [MA]	Code	Route
	Email scams	01	
	Key logging - hackers	02	
	Credit card fraud	03	
	Unsecured sites	04	
	Money laundering.....	05	
	Phishing	06	
	Other [SPECIFY].....	98	
	Can't say	99	

Q53	A4 - NEW QUESTION [IF YES (Q51/1), ASK] Are you aware of any ways in which these risks can be minimised? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q54	NEW QUESTION [IF YES (53/1), ASK] [DON'T READ OUT] [MULTIPLE RESPONSE] What things can you do to minimise the risks associated with internet banking? What others? Any others? [MA]	Code	Route
	Don't use links in emails to financial institution websites.....	01	
	Keep anti-virus software up to date	02	
	Firewall	03	
	Always close browser	04	

Q54	NEW QUESTION [IF YES (53/1), ASK] [DON'T READ OUT] [MULTIPLE RESPONSE] What things can you do to minimise the risks associated with internet banking? What others? Any others? [MA]	Code	Route
	Change password regularly	05	
	Check for viruses	06	
	Don't open suspect files	07	
	Other [SPECIFY]	98	
	Can't say	99	

SECTION E. SPENDING MONEY AND BUDGETING
THIS SECTION IS ASKED OF 50% OF RESPONDENTS ONLY

Q55	E2 <u>READ OUT, SINGLE RESPONSE.</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following statements best applies to you? [SA]	Code	Route
	I try to save on a regular basis if I possibly can	01	
	I save only when I want to save up for something big or special	02	
	There's no point in trying to save because there's never enough money	03	
	Saving is not something I need to do	04	
	[DON'T READ] Can't say	99	

Q56	E4 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following best describes the extent to which you control your regular household expenses/ personal expenses? [SA]	Code	Route
	I don't keep an eye on expenses at all	01	
	I keep my eye on expenses a bit	02	
	Without keeping written records, I keep a fairly close eye on expenses	03	
	I use written records to keep a close eye on expenses	04	
	[DON'T READ] Can't say	99	

SECTION F. RISK AND RETURN (INCLUDING INSURANCE)

THIS SECTION IS ASKED OF ALL RESPONDENTS

Q57	F1A - NEW QUESTION [IF RESPONDENT HAS INSURANCE (Q7/15-18,21-22) ASK] [DON'T READ] [MULTIPLE RESPONSE] Now thinking about insurance, what factors do you take into consideration when FIRST taking out or setting up an insurance policy other than life insurance? [MA]	Code	Route
	The premium	01	
	The excess	02	
	The level of cover - general	03	
	The level of cover to make sure you are not underinsured.....	04	
	Brand or reputation of the supplier	05	
	Benefits included.....	06	
	The date payment of the policy renewal is needed	07	
	I don't know enough about it so rely on the insurance agent to help me.....	08	
	Other [SPECIFY].....	98	
	Can't say	99	

Q58	F1 IF RESPONDENT HAS INSURANCE (Q7/15-18,21-22) ASK] [DON'T READ] [MULTIPLE RESPONSE] And what factors do you take into consideration when RENEWING an insurance policy other than life insurance? [MA]	Code	Route
	The premium	01	
	The excess	02	
	The level of cover - general	03	
	The level of cover to make sure you are not underinsured.....	04	
	Brand or reputation of the supplier	05	
	Benefits included.....	06	
	The date payment of the policy renewal is needed	07	
	Good customer service	08	
	Other [SPECIFY].....	97	
	None	98	
	Can't say	99	

Q59	F2A - NEW QUESTION [IF RESPONDENT HAS HOUSE, CONTENTS OR CAR INSURANCE (Q7/15-17) ASK] [DON'T READ] [SINGLE RESPONSE] As far as you are aware, can your insurance company refuse your claim because when you took out or renewed the policy you did not accurately answer some specific questions asked by the insurer that were relevant to the loss?[SA] Yes 01 No 02 Position varies from insurer to insurer 03 Can't say 99	Code	Route
Q60	F3 I am going to read you a statement. Please tell me whether you think the statement is true or false. An investment with a high return is likely to have higher than average risks. [SA] True 01 False..... 02 Can't say 99	Code	Route
Q61	F4 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following is the most accurate statement about fluctuations in market values? [SA] Investments that fluctuate in value are not good in the long term 01 Good investments are always increasing in value..... 02 Short-term fluctuations in market value can be expected, even with good investments 03 [DON'T READ] Can't say 99	Code	Route
Q62	F5 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following would you recommend for an investment advertised as having a return well above market rates and no risk? [SA] Consider it "too good to be true" and not invest 01 Invest lightly to see how it goes before investing more heavily 02 Invest heavily to maximise your return..... 03	Code	Route

Q62	F5 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following would you recommend for an investment advertised as having a return well above market rates and no risk? [SA] [DON'T READ] Can't say	Code	Route
		99	
Q63	F6 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS If you, as primary holder of a credit card, arrange for a second person to be provided with a card in your name, which ONE of the following most accurately describes your responsibility for debt incurred by that person on the card? [SA] You are not responsible for any debt the other person incurs on the card - they are You and the other person are each responsible for half the total debt on the card You are only responsible for debt incurred on the card by the other person if they are less than 18 years old You are entirely responsible for any debt the other person incurs on the card [DON'T READ] Can't say	Code	Route
		01	
		02	
		03	
		04	
		99	
Q64	F7 <u>READ OUT, SINGLE RESPONSE</u> CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS If two people jointly take out a loan, which ONE of the following most accurately describes the responsibility for repayment of the loan? [SA] Each person is responsible for repayment of half the loan Both persons are responsible for repayment of the entire loan Only one person must be responsible for repayment of the entire loan The older of the two persons is responsible for repayment of the entire loan [DON'T READ] Can't say	Code	Route
		01	
		02	
		03	
		04	
		99	
Q65	F8 [IF RESPONDENT HAS INVESTMENTS (Q7/3-6) ASK] [READ OUT] [SINGLE RESPONSE] Thinking about investing over five years or more, how important do you consider diversification of your funds across different types of investments? Would you say it is..[SA] Very important	Code	Route
		01	

Q68	G6 [SINGLE RESPONSE] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS As far as you are aware, is superannuation taxed at a Lower, Higher or the Same rate than other investments? [SA]	Code	Route
	Higher rate	02	
	Same rate.....	03	
	Can't say	99	

Q69	G7 READ OUT, SINGLE RESPONSE CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which ONE of the following statements best describes how you expect your superannuation to provide for you in retirement? [SA]	Code	Route
	More comfortably than I'm living now.....	01	
	About as comfortably as I'm living now	02	
	Less comfortably than I'm living now, but getting by OK	03	
	Less comfortably than I'm living now, and not coping	04	
	[DON'T READ] Can't say	99	

Q70	G8 - NEW QUESTION Have you identified a figure for how much per year you will need to live on when you retire? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q71	G8B - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] Please tell me what factors someone would need to take into account if they were trying to calculate whether their current arrangements were enough for future retirement? What else? Anything else? [MA]	Code	Route
	Length of time before retirement	01	
	Current savings.....	02	
	Eligibility for the pension or government benefits	03	
	Expected earnings from investments.....	04	

Q71	G8B - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] Please tell me what factors someone would need to take into account if they were trying to calculate whether their current arrangements were enough for future retirement? What else? Anything else? [MA]	Code	Route
	Expected superannuation benefits	05	
	Intention to still do some paid work while in retirement	06	
	Desired standard of living in retirement.....	07	
	What costs might need to be met during retirement	08	
	Expected life span	09	
	Value of assets upon retirement	10	
	Current cost of living	11	
	Whether own home or not	12	
	Other [SPECIFY].....	98	
	Can't say	99	

Q72	G8C - NEW QUESTION DON'T READ RESPONSE MULTIPLE Where would you go to get information on working out how much you need for your retirement? [MA]	Code	Route
	An Accountant	01	
	A Taxation Specialist	02	
	A Financial Counsellor	03	
	A Bank Manager or Bank Employee	04	
	A Financial Planner or Adviser	05	
	General search on the internet	06	
	A specific internet site (e.g. ASIC).....	07	
	Family or friends	08	
	Don't know.....	97	
	Other [SPECIFY].....	98	
	Can't say	99	

Q73	G10D - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what change to the law regarding superannuation will come into effect on July 1st this year? [MA]	Code	Route

Q73	G10D - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what change to the law regarding superannuation will come into effect on July 1st this year? [MA] Super choice / portability/ ability to choose superannuation fund provider Other [SPECIFY]..... Can't say	Code 01 98 99	Route
Q74	G10C - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what are the potential problems with having multiple superannuation funds? [MA] Multiple entry and set-up fees..... Multiple exit fees Multiple administration or management fees Lose track of them..... None Other [SPECIFY]..... Can't say	Code 01 02 03 04 97 98 99	Route
Q75	G11 - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] What things would you consider when choosing a superannuation fund? [MA] Fees/charges/costs Long-term level of performance Recent level of performance..... Availability of expert advice Recommendation by people you trust The number of fund options they offer/they offer high risk and low risk product options How risky the fund is Other [SPECIFY}..... Can't say	Code 01 02 03 04 05 06 07 98 99	Route

Q76	D16 READ OUT, SINGLE RESPONSE	Code	Route
	Which one of the following gives the best indication of how your superannuation fund or managed investment is performing? [SA]		
	The Per-Unit cost	01	
	The Return	02	
	The Fees	03	
	The amount of return left after the fees are taken out.....	04	
	[DON'T READ] Can't say	99	

Q77	G14 - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what are the types of things that people commonly do that often result in the final value of superannuation or managed investment being reduced? What else? Anything else? [MA]	Code	Route
	Switching funds frequently	01	
	Poor fund choices for their life circumstances	02	
	Choosing a fund with high fees and charges	03	
	Relying on short term performance record	04	
	Not considering long term performance	05	
	Switching as soon as the performance drops	06	
	Selecting a fund with a very high risk profile.....	07	
	Not contributing sufficient funds	08	
	Other [SPECIFY].....	98	
	Can't say	99	

SECTION Ga. RETIREMENT INCOME STREAM
THIS SECTION IS ASKED OF RESPONDENTS WHO HAVE RETIREMENT INCOME STREAM PRODUCT (Q7/20)

Q78	G13 - NEW QUESTION [IF HAVE RETIREMENT INCOME STREAM PRODUCT (Q7/20), ASK [DON'T READ] [MULTIPLE RESPONSE] When choosing a retirement income stream product, what criteria do you think are important? What else? Anything else? [MA]	Code	Route
	Level of income it provides	01	

Q78	G13 - NEW QUESTION [IF HAVE RETIREMENT INCOME STREAM PRODUCT (Q7/20), ASK [DON'T READ] [MULTIPLE RESPONSE]	Code	Route
	When choosing a retirement income stream product, what criteria do you think are important? What else? Anything else? [MA]		
	How long income will last (e.g. for a set period, lifetime etc)	02	
	Fees	03	
	Rate of return.....	04	
	Past performance of fund manager	05	
	Reputable brand of fund manager.....	06	
	Expert advice	07	
	Control/self-managed	08	
	Tax effectiveness	09	
	Recommended by others	10	
	Flexibility	11	
	Access	12	
	Other (SPECIFY)	98	
	Can't say	99	

SECTION H. MORTGAGE
THIS SECTION IS ASKED OF ALL RESPONDENTS

Q79	B6 [IF RESPONDENT DOES NOT HAVE A MORTGAGE ON OWN HOME OR AN INVESTMENT PROPERTY MORTGAGE (Q7/7-8) ASK] Now I'd like to talk to you about mortgages. You said earlier that you don't have a mortgage, are you considering taking one on in the next 12 months? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q80	H5 [IF RESPONDENT CONSIDERING MORTGAGE (Q79/1) ASK] [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what are the disadvantages of fixed interest loans, compared with variable interest loans? What else? Anything else? [MA] Locked in/stay the same when variable interest rates go down Fee for early termination Other [SPECIFY]..... Can't say	Code	Route
		01	
		02	
		98	
		99	

Q81	H8 [IF RESPONDENT HAS A MORTGAGE ON OWN HOME OR AN INVESTMENT PROPERTY MORTGAGE (Q7/7-8) ASK] [DON'T READ] [MULTIPLE RESPONSE] What would you do if you were advised of an upcoming increase in the interest on your mortgage? [MA] Extend loan period Pay it Forego something in order to pay it..... Put the property up for sale Switch to cheaper lender..... Change loan structure e.g. from variable to fixed or split loan Discuss increase with mortgage provider..... Borrow more money from another source Rely on credit card more for other expenses Wouldn't do anything I don't know what I'd do..... Other (SPECIFY) Can't say	Code	Route
		01	
		02	
		03	
		04	
		05	
		06	
		07	
		08	
		09	
		10	
		11	
		98	
		99	

SECTION HX. PERSONAL DEBT
THIS SECTION IS ASKED OF ALL RESPONDENTS

We are now going to ask a few questions about debt. Feel free to answer only those questions that you

are comfortable with. Thinking about owing money, borrowing money, credit cards, leasing, hire purchase arrangements, mortgage payments or rent and household bills....

Q82	HX1 - NEW QUESTION [READ OUT] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS How comfortable are you with the total amount of money you now owe? Would you say you are... [SA]	Code	Route
	Very uncomfortable	01	
	Somewhat uncomfortable.....	02	
	Neither comfortable nor uncomfortable.....	03	
	Fairly comfortable.....	04	
	Very comfortable	05	
	[DON'T READ] Can't say	98	
	[DON'T READ] Refused	99	

Q83	HX2 - NEW QUESTION [READ OUT] CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS Which one of the following statements BEST describes how you generally feel about your CURRENT financial situation? Would you say it feels?... [SA]	Code	Route
	Out of control ALL of the time	01	
	Out of control MOST of the time	02	
	Fluctuates between being in and out of control.....	03	
	In control MOST of the time.....	04	
	In control ALL of the time	05	
	[DON'T READ] Can't say	98	
	[DON'T READ] Refused	99	

Q84	A2A - NEW QUESTION <u>READ OUT, MULTIPLE RESPONSE</u> ROTATE CODE FRAME (IF NECESSARY FOR CODE 03: <u>Pay day lenders</u> provide loans for a small amount which is repaid by the next pay day. The pay day lender charges a “fee” for this service. A typical pay day lending transaction would see a consumer borrow \$200 to be repaid within 14 days at a fee of \$50.) I am going to read out a list of places people go to borrow money to make a purchase or when they need some cash. This can include borrowing for a mortgage or car through to borrowing to help out with household bills. Which of the following, if any have YOU PERSONALLY used to borrow money in the last 12 months for any purpose? [MA] Bank building society or credit union 01 Family or friends 02 Pay day lender 03 Pawnbroker or Cash converter 04 Finance company 05 Retailer finance (e.g. Harvey Norman)..... 06 Debt Rescue or Debt Relief company..... 07 Cash advance on your salary from your employer 08 Store loan or interest free deal..... 09 Other [SPECIFY]..... 96 [DON'T READ] Can't say 97 [DON'T READ] None 98 [DON'T READ] Refused 99	Code	Route
Q85	HY1 - NEW QUESTION [Yes continues, if No or Can't recall skip to SECTION I] At any time in the last 12 months have you NOT been able to make a repayment on any loans, mortgages, credit cards or any other types of repayments that you have? <u>We are not talking about utility bills, just loans, cards and other types of borrowings[SA]</u> Yes 01 No 02 Can't say 99	Code	Route

Q86	HY2 - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] Could you please tell me what repayment it was that you were unable to meet? Were there any others? [MA]	Code	Route
	Credit card.....	01	
	Charge card.....	02	
	Store card.....	03	
	Mortgage.....	04	
	Personal loan.....	05	
	Personal overdraft.....	06	
	Hire purchase	07	
	Car lease.....	08	
	Other [SPECIFY].....	98	
	Can't say	99	

Q87	HY3 - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] Would you mind telling me what were the main reasons you could not make this (these) payments? Any others? [MA] PROBE [PROBE FULLY]	Code	Route
	Borrowed too much money originally.....	01	
	Over spent on my credit card/charge/store card	02	
	Interest rates went up	03	
	I did not budget correctly/I did not plan properly	04	
	I had a loss of income/lost my job	05	
	Partner lost income/lost job	06	
	I had an unexpected emergency expenditure	07	
	An expense I had was a lot more than expected	08	
	I had unexpected medical expenses/illness in the family	09	
	Relationship breakdown.....	10	
	Other [SPECIFY].....	98	
	[DON'T READ] Can't say	99	

Q88	HY4 - NEW QUESTION [ASK FOR EACH REPAYMENT TYPE MENTIONED IN Q86] You mentioned that at some stage in the last 12 months you were NOT able to make a repayment on <INSERT FROM Q86>. Have you since been able to make the minimum repayment required? [SA]	Code	Route
	Yes	01	
	No	02	
	[DON'T READ] Refused	99	

Q89	NEW QUESTION [ASK FOR EACH REPAYMENT TYPE MENTIONED IN Q86 AND 'YES' AT Q88] [DON'T READ] [SINGLE RESPONSE] Approximately, how long after the payment was due were you able to again make the minimum repayment in relation to the <INSERT FROM Q86>? [SA]	Code	Route
	1 Month	1	
	2 Months	2	
	3 Months	3	
	4-5 Months	4	
	6-9 Months	5	
	10-12 Months	6	

SECTION I. MAKING PERSONAL LIFE CHOICES
THIS SECTION IS ASKED OF 50% OF RESPONDENTS ONLY

Q90	I1 -I6 [ASK ALL] [ASK I7 IF UNDER 65] ROTATE STATEMENTS CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS I would now like to read out a number of statements relating to financial issues. Please tell me whether you Strongly Disagree, Disagree, Agree or Strongly Agree with each of these statements... [SA]					
		Strongly Disagree	Disagree	Agree	Strongly Agree	Can't say
	It is important to me to have a long-term (R1) financial plan.....	01	02	03	04	16
	(R2) It is important to me to have a financial plan	01	02	03	04	16

	Strongly Disagree	Disagree	Agree	Strongly Agree	Can't say
for the short-term.....					
I spend all of my income as I get it and don't (R3) really plan for the future	01	02	03	04	16
I feel out of control with my borrowing and (R4) credit card generally	01	02	03	04	16
If I had a major loss of income I could (R5) manage for a period of time.....	01	02	03	04	16
I have problems setting money aside for major financial outlays [IF NECESSARY, EXPLAIN: A major financial outlay might be something like paying vehicle insurance or (R6) taking a holiday]	01	02	03	04	16
I don't think it really matters much about superannuation or planning and saving for retirement because the government will (R7) make up the gap	01	02	03	04	16

Q91	I9 READ OUT, SINGLE RESPONSE ROTATE CODE FRAME Thinking about debts and borrowing money, which ONE of the following is most likely to give someone a bad credit rating? [SA]	Code	Route
	Asking the bank for an increased overdraft	01	
	Borrowing from an organisation other than a bank.....	02	
	Taking out a second mortgage to buy your own home	03	
	Being more than 60 days late with the minimum payment on a credit card.....	04	
	[DON'T READ] Can't say	99	

Q92	I9A - NEW QUESTION [DON'T READ] [MULTIPLE RESPONSE] As far as you are aware, what sort of information is collected to determine your credit rating? What else? Anything else? [MA]	Code	Route
	Repayment defaults.....	01	
	Late payments - 3 months or more.....	02	
	Late payments - less than 3 months.....	03	
	Late payments - any time period	04	
	Loan or credit refusals	05	
	Other [SPECIFY].....	98	
	Can't say	99	

Q93	I11 [DON'T READ] [MULTIPLE RESPONSE] If a sudden loss of income caused difficulty in meeting your financial commitments, who would you go to? Who else? Anyone else? [MA]	Code	Route
	Family	01	
	Friend	02	
	Financial planner/adviser	03	
	Financial counsellor	04	
	Accountant	05	
	Solicitor	06	
	Bank/financial institution	07	
	Cash converter	08	
	Pay day lender	09	
	Government agency e.g. centrelink	10	
	Charity organisation e.g. Salvation Army. St Vincent de Paul	11	
	Other [SPECIFY]	98	
	Can't say	99	

SECTION J. CONSUMER RIGHTS AND RESPONSIBILITIES
THIS SECTION IS ASKED OF **50%** OF RESPONDENTS ONLY

Q94	J1 <u>READ OUT, SINGLE RESPONSE</u> ROTATE CODE FRAME A person keeps their PIN number on a piece of paper in their wallet, along with their ATM or bank card. If the wallet is stolen and the card and PIN number are used to take money from an account, who is liable for the lost money? [SA]	Code	Route
	The Bank Only	01	
	Both the bank and the card-holder, in equal part	02	
	The card-holder only	03	
	[DON'T READ] Can't say	99	

Q95	J2-3 / J6-7 ROTATE STATEMENTS CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS I will now read out a number of statements relating to consumer rights and responsibilities and would like you to tell me whether you Strongly Disagree, Disagree, Agree or Strongly Agree with		
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each of these statements... [SA]					
	Strongly Disagree	Disagree	Agree	Strongly Agree	Can't say
You generally feel well informed when (R1) making financial decisions.....	01	02	03	04	16
Providers of financial products and services have a legal duty to provide clear (R2) information to consumers	01	02	03	04	16
You are very clear about your rights if you (R3) have a problem with a financial institution	01	02	03	04	16
Consumers have a duty of honest disclosure when taking out a financial service or product and may face penalties (R4) for not doing so.	01	02	03	04	16

Q96	J16-J17 And now please tell me whether, as far as you know, each of the following statements is true or false... [SA]			
		True	False	Can't say
	The Australian securities and investment commission checks (R1) the accuracy of all prospecti lodged with it	01	02	16
	If providers of professional advice about financial products may receive commissions as a result of their advice, they are (R2) required by law to tell this to their clients.....	01	02	16

Q97	J14A As far as you are aware, is there a cooling off period after taking out a new house and contents insurance policy during which time you can cancel the policy and have your premium fully refunded? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

SECTION K. ACCESS TO ASSISTANCE (INCLUDES AWARENESS OF DISPUTE RESOLUTION SERVICES)

THIS SECTION IS ASKED OF **50%** OF RESPONDENTS ONLY

Q98	K1 [DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with a banking-type product, such as a credit card or a loan, that you were unable to resolve with the provider of that service, who would you contact? Who else? Anyone else? [MA]	Code	Route
	PERSONAL - Family	01	
	PERSONAL - Friend.....	02	
	PROFESSIONAL - Financial planner/adviser	03	
	PROFESSIONAL - Financial counsellor	04	
	PROFESSIONAL - Accountant	05	
	PROFESSIONAL - Solicitor.....	06	
	PROFESSIONAL - Financial Planning Association	07	
	CORPORATE - Insurance company	08	
	CORPORATE - Fund provider	09	
	CORPORATE - Bank/financial institution	10	
	CORPORATE - Insurance Council of Australia	11	
	GOVERNMENT AGENCY - ASIC	12	
	OMBUDSMAN / COMPLAINTS - Banking Ombudsman - Banking & Financial Services Ombudsman (BFSO)	13	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - State government	14	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - Industry.....	15	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman (unspecified)	16	
	OMBUDSMAN / COMPLAINTS - Credit Union Dispute Resolution Centre	17	
	OMBUDSMAN / COMPLAINTS - Financial Industry complaints service.....	18	
	OMBUDSMAN / COMPLAINTS - Insurance enquiries & complaints	19	
	OMBUDSMAN / COMPLAINTS - Superannuation Complaints Tribunal	20	
	OMBUDSMAN / COMPLAINTS - Ombudsman (unspecified).....	21	
	Other (SPECIFY)	98	
	Can't say	99	

Q99	K2 [DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with an insurance policy that you were unable to resolve with the insurance company, who would you contact? Who else? Anyone else? [MA]	Code	Route
	PERSONAL - Family	01	

Q99	K2 [DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with an insurance policy that you were unable to resolve with the insurance company, who would you contact? Who else? Anyone else? [MA] PERSONAL - Friend..... 02 PROFESSIONAL - Financial planner/adviser 03 PROFESSIONAL - Financial counsellor 04 PROFESSIONAL - Accountant 05 PROFESSIONAL - Solicitor..... 06 PROFESSIONAL - Financial Planning Association 07 CORPORATE - Insurance company 08 CORPORATE - Fund provider 09 CORPORATE - Bank/financial institution 10 CORPORATE - Insurance Council of Australia 11 GOVERNMENT AGENCY - ASIC 12 OMBUDSMAN / COMPLAINTS - Banking Ombudsman - Banking & Financial Services Ombudsman (BFSO) 13 OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - State government 14 OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - Industry..... 15 OMBUDSMAN / COMPLAINTS - Insurance Ombudsman (unspecified) 16 OMBUDSMAN / COMPLAINTS - Credit Union Dispute Resolution Centre 17 OMBUDSMAN / COMPLAINTS - Financial Industry complaints service..... 18 OMBUDSMAN / COMPLAINTS - Insurance enquiries & complaints 19 OMBUDSMAN / COMPLAINTS - Superannuation Complaints Tribunal 20 OMBUDSMAN / COMPLAINTS - Ombudsman (unspecified)..... 21 Other (SPECIFY) 98 Can't say 99	Code	Route
Q100	K3 [DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with a managed fund or superannuation fund that you were unable to resolve with the provider, who would you contact? Who else? Anyone else? [MA] PERSONAL - Family 01 PERSONAL - Friend..... 02	Code	Route

Q100	K3	Code	Route
	[DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with a managed fund or superannuation fund that you were unable to resolve with the provider, who would you contact? Who else? Anyone else? [MA]		
	PROFESSIONAL - Financial planner/adviser	03	
	PROFESSIONAL - Financial counsellor	04	
	PROFESSIONAL - Accountant	05	
	PROFESSIONAL - Solicitor.....	06	
	PROFESSIONAL - Financial Planning Association	07	
	CORPORATE - Insurance company	08	
	CORPORATE - Fund provider	09	
	CORPORATE - Bank/financial institution	10	
	CORPORATE - Insurance Council of Australia	11	
	GOVERNMENT AGENCY - ASIC	12	
	OMBUDSMAN / COMPLAINTS - Banking Ombudsman - Banking & Financial Services Ombudsman (BFSO)	13	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - State government	14	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - Industry.....	15	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman (unspecified)	16	
	OMBUDSMAN / COMPLAINTS - Credit Union Dispute Resolution Centre	17	
	OMBUDSMAN / COMPLAINTS - Financial Industry complaints service.....	18	
	OMBUDSMAN / COMPLAINTS - Insurance enquiries & complaints	19	
	OMBUDSMAN / COMPLAINTS - Superannuation Complaints Tribunal	20	
	OMBUDSMAN / COMPLAINTS - Ombudsman (unspecified).....	21	
	Other (SPECIFY)	98	
	Can't say	99	

Q101	K4	Code	Route
	[DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with a financial planner or adviser that you were unable to resolve directly, who would you contact? Who else? Anyone else? [MA]		
	PERSONAL - Family	01	
	PERSONAL - Friend.....	02	
	PROFESSIONAL - A different Financial planner/adviser	03	

Q101	K4 [DON'T READ] [MULTIPLE RESPONSE] If you experienced difficulty with a financial planner or adviser that you were unable to resolve directly, who would you contact? Who else? Anyone else? [MA]	Code	Route
	PROFESSIONAL - The same Financial planner/adviser	04	
	PROFESSIONAL - Financial counsellor	05	
	PROFESSIONAL - Accountant	06	
	PROFESSIONAL - Solicitor.....	07	
	PROFESSIONAL - Financial Planning Association	08	
	CORPORATE - Insurance company	09	
	CORPORATE - Fund provider	10	
	CORPORATE - Bank/financial institution	11	
	CORPORATE - Insurance Council of Australia	12	
	GOVERNMENT AGENCY - ASIC	13	
	OMBUDSMAN / COMPLAINTS - Banking Ombudsman - Banking & Financial Services Ombudsman (BFSO)	14	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - State government	15	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman - Industry.....	16	
	OMBUDSMAN / COMPLAINTS - Insurance Ombudsman (unspecified)	17	
	OMBUDSMAN / COMPLAINTS - Credit Union Dispute Resolution Centre	18	
	OMBUDSMAN / COMPLAINTS - Financial Industry complaints service.....	19	
	OMBUDSMAN / COMPLAINTS - Insurance enquiries & complaints	20	
	OMBUDSMAN / COMPLAINTS - Superannuation Complaints Tribunal	21	
	OMBUDSMAN / COMPLAINTS - Ombudsman (unspecified).....	22	
	Other (SPECIFY)	98	
	Can't say	99	

Q102	K6 CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS How confident are you that you would know how to make an effective complaint against a bank or financial institution? Are you Very Confident, Fairly Confident, Not Very Confident or Not At All Confident? [SA]	Code	Route
	Very confident.....	01	
	Fairly confident	02	
	Not very confident	03	

Q102	K6 CODE FRAME TO BE REVERSED FOR 50% OF RESPONDENTS How confident are you that you would know how to make an effective complaint against a bank or financial institution? Are you Very Confident, Fairly Confident, Not Very Confident or Not At All Confident? [SA] Not at all confident 04 Can't say 99	Code	Route
Q103	B10 - NEW QUESTION Do you feel you need further education or information in relation to finance? [SA] Yes 01 No 02 Can't say 99	Code	Route
Q104	B11 - NEW QUESTION [IF FEEL NEED FURTHER EDUCATION (Q103/1) ASK] [DON'T READ] [MULTIPLE RESPONSE] What finance topics would you like more information on? [MA] Budgeting 01 Investing 02 Superannuation 03 Taxation 04 Business finance 05 How to make complaints/resolve disputes 06 Other [SPECIFY] 98 Can't say 99	Code	Route
Q105	B12 - NEW QUESTION [ASK FOR EACH FINANCE TOPIC (NOT 'CAN'T SAY') MENTIONED IN Q104] [DON'T READ] [MULTIPLE RESPONSE] And how would you like information on <TOPIC FROM Q104> made available? [MA] Communications from financial institutions 01 Communications from government 02 TAFE course 03	Code	Route

Q108	L21 If 20 lotto players each won a prize of \$350, what is the total amount paid out in prize money to them? [SA]	Code	Route
	\$7,000.....	01	
	Other (SPECIFY)	98	
	Can't say	99	

Q109	L22 If a lottery win of \$18,000 is shared equally between six people, how much will each person receive? [SA]	Code	Route
	\$3,000.....	01	
	Other (SPECIFY)	98	
	Can't say	99	

Q110	L23 If a person takes home \$1,400 a month and 50% of this goes on rent, what is their monthly rent? [SA]	Code	Route
	\$700	01	
	Other (SPECIFY)	98	
	Can't say	99	

Q111	L24 If a refrigerator priced at \$1,000 is discounted by 10% at a sale, how much would it cost? [SA]	Code	Route
	\$900	01	
	Other (SPECIFY)	98	
	Can't say	99	

DEMOGRAPHICS

Q112	DEM9 [ASK ALL]	Code	Route
	I would now like to ask a few questions to ensure we reach a cross-section of the population. As with all the survey, individual respondent information remains confidential.		
	What is the highest level of education you have reached? [SA]		
	Primary school	01	
	Some secondary school.....	02	
	Some technical or commercial.....	03	
	Passed 4th form/Year 10	04	
	Passed 5th form/Year 11/Leaving	05	
	Finished technical school, commercial college or TAFE	06	
	Finished/now studying H.S.C/V.C.E./Year 12	07	
	Diploma from CAE.....	08	
	Some university/CAE	09	
	Degree from university or CAE	10	
	Other (SPECIFY)	98	

Q113	DEM3 READ OUT, SINGLE RESPONSE Which of the following best describes your household situation? [SA]	Code	Route
	Single - Live Alone	01	
	Single - Live in Shared Household	02	
	Single Parent	03	
	Couple - Children At Home.....	04	
	Couple - No Children At Home	05	
	[DON'T READ] Other (SPECIFY).....	98	
	[DON'T READ] Can't say	99	

Q114	[IF CHILDREN AT HOME (Q113/2-4) ASK How many children aged under 16 live in your household? [SA]	Code	Route
	1	01	

Q114	[IF CHILDREN AT HOME (Q113/2-4) ASK How many children aged under 16 live in your household? [SA]	Code	Route
	2.....	02	
	3.....	03	
	4.....	04	
	5.....	05	
	6.....	06	
	7.....	07	
	8+	08	
	NONE	09	

Q115	C1 [IF IN PAID EMPLOYMENT (Q4/1-5), ASK] And is your wage generally fixed from one pay period to the next or does it tend to vary? [SA]	Code	Route
	Fixed.....	01	
	Variable.....	02	
	Can't say	99	

Q116	DEM5 [IF NOT IN PAID EMPLOYMENT (Q4/6), ASK] Are you now looking for a paid job? [IF YES ASK] For a full-time job for 35 hours or more a week, a part-time job, a casual job, or a freelance job? [IF NO ASK] Are you a student, in home duties, retired or a non-worker? [SA]	Code	Route
	A full-time job for 35 hours or more a week	01	
	A part-time job	02	
	A casual job.....	03	
	A freelance job.....	04	
	Student	05	
	Home duties	06	
	Retired	07	
	Non-worker.....	08	

Q117	DEM6 What is your/ was your last/ main occupation - the position and industry? [SA]	Code	Route
	Professional.....	01	
	Owners or Executives.....	02	
	Owners of Small Businesses	03	
	Sales	04	
	Semi-Professional	05	
	Other White Collar.....	06	
	Skilled	07	
	Semi-skilled	08	
	Unskilled	09	
	Farm owners.....	10	
	Farm workers.....	11	
	No occupation.....	12	

Q118	DEM7 <u>[RECORD WHETHER RESPONDENT IS/ WAS WORKING IN FINANCE, SUCH AS WORKING IN A BANK, BEING AN ACCOUNTANT, FINANCIAL PLANNER/ ADVISER, WORKING IN SUPERANNUATION, ETC.] [IF NOT SPECIFIED TYPE OF OCCUPATION ASK]</u> Are you / Were you working in finance, such as working in a bank, being an accountant, financial planner/adviser or working in superannuation, etc.? [SA]	Code	Route
	Working in finance.....	01	
	Not working in finance	02	
	Can't say	99	

Q119	DEM8 [IF RESPONDENT HAS OCCUPATION (Q117/1-11), ASK] Are you / Were you self-employed in this occupation? [SA]	Code	Route
	Yes	01	
	No	02	
	CAN'T SAY.....	99	

Q120	DEM11 Do you or your family own your residence outright, or are you paying it off, or are you renting it? [SA]	Code	Route
	Own outright	01	
	Paying off	02	
	Renting	03	
	Other [SPECIFY].....	98	
	Can't say	99	

Q121	DEM12 [IF RESPONDENT OWNS OR IS PAYING OFF RESIDENCE (Q120/1-2), ASK] What is the approximate current value of your home? [SA]	Code	Route
	Under \$100,000	01	
	\$100,00-\$124,999	02	
	\$125,000-\$149,999	03	
	\$150,000-\$174,999	04	
	\$175,000-\$199,999	05	
	\$200,000-\$224,999	06	
	\$225,000-\$249,999	07	
	\$250,000-\$274,999	08	
	\$275,000-\$299,999	09	
	\$300,000-\$324,999	10	
	\$325,000-\$349,999	11	
	\$350,000-\$374,999	12	
	\$375,000-\$399,999	13	
	\$400,000-\$424,999	14	
	\$425,000-\$449,999	15	
	\$450,000-\$474,999	16	
	\$475,000-\$499,999	17	
	\$500,000-\$549,999	18	
	\$550,000-\$599,999	19	
	\$600,000-\$649,999	20	
	\$650,000-\$699,999	21	
	\$700,000-\$749,999	22	

Q121	DEM12 [IF RESPONDENT OWNS OR IS PAYING OFF RESIDENCE (Q120/1-2), ASK] What is the approximate current value of your home? [SA]	Code	Route
	\$750,000-\$799,999	23	
	\$800,000-\$849,999	24	
	\$850,000-\$899,999	25	
	\$900,000-\$949,999	26	
	\$950,000-\$999,999	27	
	\$1 million or more.....	28	
	Other (SPECIFY)	98	
	Can't say	99	

Q122	DEM13 In which COUNTRY were you BORN? [SA]	Code	Route
	Australia	01	
	China	02	
	Germany	03	
	Greece	04	
	Hong Kong	05	
	India.....	06	
	Ireland (republic of)	07	
	Italy.....	08	
	Lebanon.....	09	
	Malaysia.....	10	
	Malta.....	11	
	Netherlands	12	
	New Zealand	13	
	Philippines.....	14	
	Poland	15	
	South Africa.....	16	
	Turkey.....	17	
	UK. (England, Scotland, Wales, N.Ireland)	18	
	USA.....	19	
	Vietnam.....	20	

Q122	DEM13 In which COUNTRY were you BORN? [SA]	Code	Route
	Yugoslavia (the former).....	21	
	Austria	22	
	Cambodia.....	23	
	Canada	24	
	Chile	25	
	Cyprus	26	
	Egypt	27	
	Estonia.....	28	
	Fiji	29	
	Hungary	30	
	Indonesia	31	
	Japan.....	32	
	Latvia	33	
	Lithuania	34	
	Papua New Guinea	35	
	Russia and former USSR.....	36	
	Singapore.....	37	
	South Korea	38	
	Sri Lanka.....	39	
	Australian offshore territories.....	40	
	Other Pacific islands.....	41	
	Central America	42	
	Other South America	43	
	The Caribbean	44	
	Other Europe	45	
	Other Africa	46	
	Other Middle East	47	
	Other South-East Asia	48	
	Other Asia	49	
	Other countries, islands, territories, etc.....	50	
	OTHER [SPECIFY]	98	

Q122	DEM13 In which COUNTRY were you BORN? [SA]	Code	Route
	CAN'T SAY.....	99	
Q123	DEM14 Do you speak a language other than English at home? [IF YES, ASK] What is that language? [SA]	Code	Route
	No, English only	01	
	Yes, Arabic (including Lebanese).....	02	
	Yes, Cantonese	03	
	Yes, German	04	
	Yes, Greek	05	
	Yes, Italian	06	
	Yes, Mandarin.....	07	
	Yes, Serbian/Croatian.....	08	
	Yes, Spanish	09	
	Yes, Vietnamese	10	
	Yes, other Asian language	11	
	Yes, other European language	12	
	Yes, Aboriginal/indigenous Australian	13	
	Yes, Pidgin	14	
	Yes, Samoan	15	
	Yes, other Polynesian/Pacific island.....	16	
	Yes, other Middle Eastern	17	
	Yes, African	18	
	Yes, other [SPECIFY]	98	
	CAN'T SAY.....	99	
Q124	DEM14A - NEW QUESTION Are you of Aboriginal or Torres Strait Islander descent? [SA]	Code	Route
	Yes	01	
	No	02	
	Can't say	99	

Q125	DEM14B - NEW QUESTION Do you personally own or are you paying off a motor vehicle? [SA]	Code	Route
	Yes - own or paying off	01	
	No	02	
	CAN'T SAY	99	

Q126	DEM15 <u>READ OUT AND PROBE TO CODE</u> Would you mind telling me your approximate annual income from all sources before tax?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i>	Code	Route
	Less than \$5,999	01	
	\$6,000-\$9,999	02	
	\$10,000-\$14,999	03	
	\$15,000-\$19,999	04	
	\$20,000-\$24,999	05	
	\$25,000-\$29,999	06	
	\$30,000-\$34,999	07	
	\$35,000-\$39,999	08	
	\$40,000-\$44,999	09	
	\$45,000-\$49,999	10	
	\$50,000-\$59,999	11	
	\$60,000-\$69,999	12	
	\$70,000-\$79,999	13	
	\$80,000-\$89,999	14	
	\$90,000-\$99,999	15	
	\$100,000 or more	16	
	Can't say	98	
	Refused	99	

Q127	DEM16 ASK IF 'CAN'T SAY' OR 'REFUSED' AT Q126 Well, could you tell me whether your income would be over \$50,000 or under \$50,000 per annum? [SA]	Code	Route
	Under \$50,000	01	

Q127	DEM16 ASK IF 'CAN'T SAY' OR 'REFUSED' AT Q126 Well, could you tell me whether your income would be over \$50,000 or under \$50,000 per annum? [SA]	Code	Route
	\$50,000 or more.....	02	
	Can't say	98	
	Refused	99	

Q128	DEM17 <u>READ OUT AND PROBE TO CODE</u> Would you mind telling me your approximate annual household income from all sources before tax? [SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i>	Code	Route
	Less than \$5,999	01	
	\$6,000-\$9,999	02	
	\$10,000-\$14,999.....	03	
	\$15,000-\$19,999.....	04	
	\$20,000-\$24,999.....	05	
	\$25,000-\$29,999.....	06	
	\$30,000-\$34,999.....	07	
	\$35,000-\$39,999.....	08	
	\$40,000-\$44,999.....	09	
	\$45,000-\$49,999.....	10	
	\$50,000-\$59,999.....	11	
	\$60,000-\$69,999.....	12	
	\$70,000-\$79,999.....	13	
	\$80,000-\$89,999.....	14	
	\$90,000-\$99,999.....	15	
	\$100,000-\$109,999	16	
	\$110,000-\$119,999	17	
	\$120,000-\$129,999	18	
	\$130,000-\$139,999	19	
	\$140,000-\$149,999	20	
	\$150,000 or more.....	21	
	Can't say	98	

Q128	DEM17 <u>READ OUT AND PROBE TO CODE</u> Would you mind telling me your approximate annual household income from all sources before tax? [SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i>	Code	Route
	Refused	99	
Q129	DEM18 ASK IF 'CAN'T SAY' OR 'REFUSED' AT Q128 Well, could you tell me whether your household income would be over \$100,000 or under \$100,000 per annum? [SA]	Code	Route
	Under \$100,000	01	
	\$100,000 or more	02	
	Can't say	98	
	Refused	99	
Q130	DEM19 <u>READ OUT AND PROBE TO CODE</u> Thinking about the total amount of money you now have, either on your own or jointly with someone else, in all savings and investments, INCLUDING in a bank, building society or credit union accounts, superannuation or other investments but EXCLUDING YOUR OWN HOME in which of the following does the money you have fall?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i>	Code	Route
	Less than \$100	01	
	\$100-\$499	02	
	\$500-\$999	03	
	\$1,000-\$1,999	04	
	\$2,000-\$4,999	05	
	\$5,000-\$9,999	06	
	\$10,000-\$19,999	07	
	\$20,000-\$49,999	08	
	\$50,000-\$99,999	09	
	\$100,000-\$249,999	10	
	\$250,000-\$499,999	11	
	\$500,000-\$749,999	12	
	\$750,000-\$999,999	13	
	\$1 Million or more	14	

Q130	DEM19 <u>READ OUT AND PROBE TO CODE</u> Thinking about the total amount of money you now have, either on your own or jointly with someone else, in all savings and investments, INCLUDING in a bank, building society or credit union accounts, superannuation or other investments but EXCLUDING YOUR OWN HOME in which of the following does the money you have fall?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i> [DO NOT READ] Can't say..... [DO NOT READ] Refused	Code 98 99	Route
Q131	DEM20 ASK IF 'CAN'T SAY' OR 'REFUSED' AT Q130 Well, could you tell me whether it would be over \$100,000 or under \$100,000? [SA] Under \$100,000 \$100,000 or more..... Can't say Refused	Code 01 02 98 99	Route
Q132	DEM20A DO NOT ASK Q132 IF 'OWN OUTRIGHT' AT Q120 <u>READ OUT AND PROBE TO CODE</u> Thinking about the money you now owe on any mortgage, either on your own or jointly with someone else, in which of the following does the total mortgage amount fall?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i> Less than \$100 \$100-\$499 \$500-\$999 \$1,000-\$1,999 \$2,000-\$4,999 \$5,000-\$9,999 \$10,000-\$19,999 \$20,000-\$49,999 \$50,000-\$99,999 \$100,000-\$249,999 \$250,000-\$499,999	Code 01 02 03 04 05 06 07 08 09 10 11	Route

Q132	DEM20A DO NOT ASK Q132 IF 'OWN OUTRIGHT' AT Q120 <u>READ OUT AND PROBE TO CODE</u> Thinking about the money you now owe on any mortgage, either on your own or jointly with someone else, in which of the following does the total mortgage amount fall?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i> \$500,000-\$749,999 12 \$750,000-\$999,999 13 \$1 Million or more..... 14 [DO NOT READ] Can't say..... 98 [DO NOT READ] Refused 99	Code	Route
Q133	DEM21 <u>READ OUT AND PROBE TO CODE</u> Apart from any mortgages currently held, what is the total amount of money you owe, either on your own or jointly with someone else, on all your loans, credit cards etc?[SA] PROBE IF CAN'T SAY : <i>Well, what's your best guess?</i> Less than \$100 01 \$100-\$499 02 \$500-\$999 03 \$1,000-\$1,999 04 \$2,000-\$4,999 05 \$5,000-\$9,999 06 \$10,000-\$19,999 07 \$20,000-\$49,999 08 \$50,000-\$99,999 09 \$100,000-\$249,999 10 \$250,000-\$499,999 11 \$500,000-\$749,999 12 \$750,000-\$999,999 13 \$1 Million or more..... 14 [DO NOT READ] Can't say..... 98 [DO NOT READ] Refused 99	Code	Route

Q134 DEM22 ASK IF 'CAN'T SAY' OR 'REFUSED' AT Q133 Well, could you tell me whether it would be over \$100,000 or under \$100,000 per annum? [SA]	Code	Route
Under \$100,000	01	
\$100,000 or more.....	02	
Can't say	98	
Refused	99	

Q135 M2
CONFIRM DETAILS
Would it be OK with you if we contacted you again in the future to invite you to participate in a follow up study?

(R1) Name:

(R2) Best Contact Number:

(R3) Other relevant details

Appendix 2 – Sample Demographics

Demographic Summary Sample			
Due to rounding percentages may not add up to 100%: 2002 (n=3458), 2005 (n=3513)			
Demographic		2002 %	2005 %
GENDER	Male	49	49
	Female	51	51
AGE	18-24	12	13
	25-34	20	18
	35-44	21	18
	45-59	24	27
	60-69	12	13
	70+	11	11
BIRTH PLACE	Australia	81	80
	Elsewhere	19	20
LANGUAGE	English Only	90	90
	Other Languages	10	10
EDUCATION	Primary/Some Secondary	12	10
	Tech/Commercial/TAFE	11	11
	Passed Year 10	16	15
	Passed Year 11	10	8
	Finished Year 12	16	16
	Some Tertiary/Diploma	11	6
	Degree or Higher	25	32
	Other/Cant say/ Refused	1	2
HOUSEHOLD STRUCTURE	Single-Living Alone	19	22
	Single-Live in shared Household	12	11
	Single Parent	7	7
	Couple-Children at home	36	30
	Couple-No Children at home	26	28
	Other/Cant say/ Refused	1	2
OCCUPATION	Professional	11	25
	Owners/Execs incl. Small Business	7	5
	Sales	7	6
	Semi-Professional	12	8
	Other White Collar	22	11
	Skilled	17	20
	Semi-Skilled	11	11
	Unskilled	8	8
	Farm Owner	1	2
	Farm Worker	1	1
	No Occupation	4	2
	Refused		1

Appendix 3 – Adult Financial Literacy Framework 2002

Mathematical Literacy and Standard Literacy		
	Basic requirements	Advanced competence
Essential mathematical, reading and comprehension skills	• Ability to add, subtract, multiply and divide (with or without calculator) • Ability to understand and calculate percentages (with or without calculator) • Ability to read and comprehend basic English • Understanding of financial terms	• Ability to understand compound interest • Ability to understand averages

Financial Understanding		
	Basic requirements	Advanced competence
Understanding of what money is and how money is exchanged	• Understanding of the range of ways to pay for goods and services, including: – Cash – Cheques – Money orders – Credit cards – Debit cards – Store cards – EFTPOS – Direct debit – Loans – Laybys • Ability to compare the advantages and disadvantages of different forms of payment	• Understanding of the implications and key features of unsecured credit and debt, including both fixed: – Personal loans – Lease – Hire purchase ...and revolving: – Credit cards – Store cards – Overdrafts – Other “line of credit” facilities • Understanding of ways to compare interest rates and the effects of fees and other charges • Understanding that some loans and purchase agreements are secured whilst others are unsecured, and the implications for default • Understanding of the concept and implications of personal guarantor and co-borrower arrangements • Understanding of how credit records are generated and the implications of bad records for future borrowing
Understanding of where money comes from and goes	• Ability to read a pay-slip • Recognition of household expenses and regular financial commitments	• Understanding of how companies and other organisations are financed, including shares

Financial Competence		
	Basic requirements	Advanced competence
Understanding of the main features of basic financial services	- Awareness of the availability and basic features of: - Basic banking - Electronic banking (e.g. ATMs; EFTPOS; telephone banking; Internet banking) - Superannuation - Other investments (e.g. shares; term deposits; managed investments; life insurance with an investment element) - Risk insurance products (e.g. house and contents insurance, including coverage and exclusions; health insurance) - Awareness of the sorts of fees that apply to these services - Awareness of the trade-off between fees and return - Awareness that one should shop around before purchasing financial products	- Ability to make strategic use, to maximise personal financial advantage, of: - Basic banking - Electronic banking (e.g. ATMs; EFTPOS; telephone banking; Internet banking) - Superannuation - Other investments (e.g. shares; term deposits; managed investments; life insurance with an investment element) - Risk insurance products (e.g. house and contents insurance, including coverage and exclusions; health insurance)
Understanding of superannuation	- Understanding that superannuation sets aside money for retirement, and involves compulsory employer contributions - Understanding that personal contributions can be made to superannuation as an option - Ability to check that an employer has been making compulsory contributions to superannuation	- Ability to check records (e.g. Annual Statements) from superannuation funds to determine whether current contribution levels and % returns are appropriate for anticipated needs - Knowledge concerning what constitutes an adequate level of insurance for total and permanent disablement or death benefit, and ability to check that a superannuation fund is providing it - Understanding that taxation can be minimised through personal contributions to superannuation vs. other forms of investment
Understanding of mortgages	- Understanding of fixed interest rates vs. variable interest rates - Understanding of terms and conditions for early termination and other variations	Ability to use property for personal financial advantage (e.g. purchase investment property)

Financial Competence (continued)		
	Basic requirements	Advanced competence
Ability to understand financial records and appreciation of the importance of reading and retaining them	• Ability to check accuracy of official financial records, such as: – Bank statements – ATM service statements – Credit card statements – Superannuation statements – Insurance policies and renewal notices (e.g. understand coverage, exclusions and duty of disclosure) – Loan documentation • Understanding of the need to keep records	• Ability to reconcile a bank statement to allow for items not yet reconciled • Ability to read an Annual Statement from a superannuation fund to see the asset classes invested in and % return over time • Understanding of official financial records, such as prospectuses and Annual Statements for investment products • Understanding of the need to monitor performance of investments over time
Attitudes to spending money and saving	• Understanding of the purpose of saving • Understanding of why you need to save for retirement • Understanding that there are a variety of places and ways in which to save money • Understanding of how to use budgets to plan and control personal spending • Ability to forecast and recognise the impact of irregular major financial outlays (e.g. vehicle registration; holidays)	• Ability to budget strategically to make payments as late as possible and keep money earning interest as long as possible

Financial Competence (continued)		
Awareness of risks associated with some financial products and appreciation of the relationship between risk and return	• Understanding of the purpose of insurance • Awareness that both savings and borrowing are offered on differing terms and interest rates that vary over time • Awareness that high return investments are also likely to involve high risk • Understanding that market values can fall as well as rise • Awareness that if it sounds “too good to be true”, then it probably isn’t true • Awareness of the dangers of under-insurance • Awareness that individuals are responsible for debts of spouse/other family members with whom they have a joint financial product • Understanding of the value of diversification when investing	• Ability to identify potential risks and determine whether they need to be eliminated or mitigated against • Understanding of managed investments • Understanding of guarantees on investments • Understanding that short-term ups and downs in value are less important for long-term investments • Understanding of currency issues, including the impact of fluctuations in exchange rate for the Australian dollar

Financial Responsibility		
	Basic requirements	Advanced competence
Ability to make appropriate personal life choices about financial issues	• Understanding of the difference between long-term and short-term needs • Ability to prioritise different needs to balance income and expenditure within financial capacity • Understanding of the difference between good (manageable and planned) debt and bad (unmanageable and unplanned) debt • Ability to make informed choices when experiencing a drop in income	• Ability to assess the financial implications of personal life choices in terms of career choices and life-long learning opportunities
Understanding of consumer rights and responsibilities	• Understanding that consumers do have rights • Understanding that consumers have a right to clear information about products both pre-purchase and ongoing post-purchase • Awareness of and ability to access independent dispute resolution schemes for financial products • Understanding of consumer responsibilities and the implications of not meeting them, including: – Duty of disclosure for risk insurance – Safeguarding of PINs for transaction banking	• Understanding and ability to check, before handing over money for an investment, that: – Financial products should only be purchased from licensed financial businesses – Advice should only be sought from persons employed by licensed advisory businesses – Prospectuses must be lodged with ASIC – Persons providing advice about financial products must disclose any commissions, important side-benefits and potential conflicts of interest • Awareness of 14-day cooling-off period for insurance

Financial Responsibility (continued)		
Ability and confidence to access assistance when things go wrong	• Understanding that the finance sector is regulated • Understanding of who one can call on to help with more complex issues (e.g. advisers; accountants) • Awareness of where/whom to contact if things go wrong (e.g. consumer complaints department of financial institution; consumer association; financial counsellor; ombudsman) • Ability to make complaints effectively • Awareness of the distinction between financial advisers charging fee-for-service vs. taking commission, and understanding of its implications	• Broad understanding of the level of regulation of the finance sector • Understanding that regulation of the finance sector is no guarantee of the safety of all financial products • Ability to assess and compare different sources of financial advice and information • Understanding of the processes and procedures for resolving disputes

Appendix 4 – Confidence intervals and sample size

The 99% confidence interval was selected after initial analysis of the survey data. It was felt that this level would best highlight the areas of greatest difference within the sample and produce concise and consistent analysis of the significant amount of information and issues raised in this research.

The standard error measures the sample error – the variability arising from taking a random sample rather than full population. Suppose that an estimate of 70% was calculated from a survey and that the standard error of this estimate was 2%.

A fundamental result in statistics says that there is 99% probability that the actual population values lie within 3 standard errors of the sample mean.

Expressed in another way, on 99 times out of 100 a randomly drawn sample will have a mean value within 3 standard errors of the actual population value.

Thus, in the example, we can be 99% confident that the actual population mean value is in the range 70% $\pm$ 6% that is in the range 64% - 76%. This confidence interval width of 6% is a valuable way of summarising the survey's reliability.

Appendix 5 – ACNielsen Telephone Omnibus

ACNielsen Omnibus is a robust and reliable nationwide study of consumers.

Telephone Omnibus Methodology

Omnibus via telephone utilises CATI (Computer Assisted Telephone Interviewing). 1400 interviews are conducted every fortnight using a nationally representative random sample of people aged 18 years and over.

Sampling: Sample sizes large enough for state by state analysis.

Data is post-weighted to state populations and, within states, to city/rest-of-state distribution, based on the latest ABS Population Data.

**Approx.
Distribution:**

	CITY	REST STATE	TOTAL
NSW	325	100	425
VIC	325	50	375
QLD	250	50	300
SA/NT	100	25	125
WA	100	25	125
TAS			25
ACT			25
TOTAL	1100	250	1400