

Media Release



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ANZ releases Australia's first financial literacy survey

ANZ today released Australia's first national survey of adult financial literacy providing an insight into the ability of Australians to make informed judgements and effective decisions about the use and management of their money.

The study was launched in Sydney today by Mr John McFarlane, ANZ's Chief Executive Officer, Senator Ian Campbell, Parliamentary Secretary to the Federal Treasurer and Mr David Knott, Chairman of the Australian Securities and Investment Commission.

The ANZ Financial Literacy Research was conducted by Roy Morgan Research and involved development of a framework for measuring financial literacy in Australia, a quantitative survey of 3,500 adults and in-depth qualitative research. It provides for the first time benchmarks for the ongoing measurement of financial literacy across the Australian population and formally identifies aspects of financial skills, products and services that are causing the greatest problems for consumers and those segments of the population that have low levels of financial literacy.

ANZ Financial Literacy Research - Key Findings

- A high level of banking inclusion in Australia, as compared with some other countries*, with 97% of adults having an everyday banking account.
- All people knew how to use cash and around 90% knew how to use common payment methods such as ATMs, cheques, EFTPOS and credit cards.
- Reasonable levels of mathematical ability with 81-89% of people correctly performing basic addition, subtraction, division and percentage calculations - although for multiplication this dropped to 59%.
- While investment fundamentals are understood with 85% of people knowing that high returns equal high risk, investors were potentially susceptible to misleading claims with 47% indicating they would invest for "well above market rates and no risk".
- Planning for retirement was low with only 37% of people having worked out how much money they need to save for retirement. Many also had unrealistic expectations with 50% expecting to be living "at least as comfortable in retirement as they are today".
- Knowledge of fees and charges varied with 88% of credit card users and 78% of those with bank accounts knowing their fees well. However, only 60% of people with managed investments and 44% of those with superannuation knew their fees well.
- Most people understand their bank account and credit card statements however 21% of people could not understand their superannuation statements and further testing revealed that only 40% could identify key items on a superannuation statement correctly.
- A strong association between socio-economic status and financial literacy. The 20% of people with lowest financial literacy were over-represented by those with lower education levels, those not employed, people with lower incomes, low savings and people at both extremes of the age profile - 18-24 year olds and those aged 70 years and over.

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“This survey provides the first comprehensive picture of adult financial literacy in Australia. It establishes a benchmark for the ongoing measurement of financial literacy and forms the basis for financial institutions, regulators and government to systematically address the issues in financial services that are causing the greatest problems for consumers,” said Mr McFarlane.

“While this survey indicates Australia has a good foundation of basic skills it is very clear there are challenges. These include increasing understanding in the areas of investment, superannuation and retirement planning and in assisting the most vulnerable sections of the community many of whom are struggling with financial skills.

“By empowering people with the appropriate financial skills, knowledge and information they are better placed to make informed decisions about their money and avoid being misled on financial matters,” Mr McFarlane said

ANZ has committed to action in three areas to improve financial literacy in Australia, particularly among its own customers.

- To update the financial literacy research every two years to provide an ongoing measurement of financial literacy.
- Integrating the learnings from the survey into its business operations. This will include initiatives to improve overall communication with customers and training for contact centre staff to assist customers who may need assistance to better manage credit.
- Investing in community partnerships to deliver adult learning programs that support those sections of the community who will benefit most from increased financial literacy.

“We understand our own responsibility in addressing the financial literacy needs of our customers with better communication, simpler products, and aware and informed staff,” Mr McFarlane said.

“We have three key initiatives to begin this process - rewriting product brochures so they are easier to understand and producing new guides on consumer credit issues, making an early commitment to using comparison rates for consumer lending products and developing a partnership to deliver adult learning programs to assist those facing financial difficulty. We are committed to making a real difference in this area,” he said.

The ANZ Financial Literacy Survey was overseen by a steering committee that included representatives of ANZ, ASIC and the UNSW Financial Services Consumer Policy Centre. Full details of the survey are available at www.anz.com.

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* this compares to 91-94% individuals in the United Kingdom and 90% of households in the United States.