



HOW YOUNG NEW ZEALANDERS LEARN ABOUT PERSONAL FINANCE: A LONGITUDINAL STUDY

NGĀI TAHU SUB-COHORT



Fin-Ed Centre



FINANCIAL EDUCATION AND RESEARCH CENTRE



The Financial Education and Research Centre was founded by Westpac New Zealand and Massey University to improve New Zealanders' knowledge, attitudes and behaviour towards money matters. Westpac and Massey University are committed to improving financial literacy for the benefit of the country. The Fin-Ed Centre aims to improve the quality and accessibility of personal financial education, while addressing identified knowledge gaps. Key projects include a 20-year longitudinal study that will follow up to 300 New Zealanders to understand their needs for financial knowledge at different life stages, a multi-level certification programme for personal financial educators and the New Zealand Retirement Expenditure Survey – a joint initiative between the centre and savings industry body Workplace Savings NZ to establish guidelines for 'modest' and 'comfortable' retirement

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DISCLAIMER

The views expressed in this report are those of the authors and do not necessarily represent the views of the Fin-Ed Centre, Massey University or Westpac New Zealand Limited.

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SURVEY AT A GLANCE¹

The Fin-Ed Centre has undertaken the first stage in a 20-year longitudinal study designed to contribute to better understanding of issues related to the level of financial literacy in New Zealand. Our report covers a sub-cohort within the study comprising New Zealanders who identify as being of Ngāi Tahu descent. The full study explores New Zealanders' experience of financial education and its contribution to their financial literacy, and this report compares the experiences of young Ngāi Tahu with young people from the rest of New Zealand. While the study builds on previous studies, in New Zealand and around the world, its approach differs by taking a cohort of young New Zealanders, aged 18-22, and following them over a 20-year period at 5-yearly intervals.

The key focus for the study is the question of how personal experience of financial education is related to New Zealanders' financial literacy. This first stage provides a baseline of the participants' financial knowledge and their experience of financial education, both formally and informally.

The key features of the study are:

- The sub-cohort discussed in this report comprises 52 New Zealanders aged 18-22 years who identify as being of Ngāi Tahu descent, while the main cohort comprises 266 New Zealanders aged 18-22 years
- A baseline survey of participants' financial literacy and experience of financial education has been undertaken
- This stage of the study collected data in two ways.
 - The initial data collection comprised an online questionnaire of 44 questions, including standard financial literacy questions
 - The secondary data collection comprised face-to-face interviews, which allowed more in-depth information to be collected from participants
 - Participants completed the online questionnaire immediately prior to the interview, but the responses were not available to the interviewer
- Participants for the Ngāi Tahu sub-cohort were drawn from a sample supplied by Te Rūnanga o Ngāi Tahu

¹ This report should be read in conjunction with the full report: Stangl, J. and Matthews, C. (2013). How young New Zealanders learn about personal finance: A longitudinal study. Wellington: Fin-Ed Centre.

RESULTS AT A GLANCE

The initial analysis reported here suggest that in general the results for the Ngāi Tahu sub-cohort are in line with those of other young New Zealanders, although some differences do exist.

The key similarities between young Ngāi Tahu and other young New Zealanders are:

- Financial literacy levels are low
- Informal financial education occurs, and has an impact on young people's knowledge of and attitude towards personal financial management
- Parents are the primary source of personal financial management information
- Young Ngāi Tahu are scared of debt
- While young Ngāi Tahu often know the right thing to do in theory, they don't do it in practice

The significant differences between young Ngāi Tahu and other young New Zealanders were that young Ngāi Tahu

- Are more likely to have retirement savings other than KiwiSaver
- Are more likely to have attended school personal financial management classes, and to believe that these classes have been helpful
- Are more likely to have obtained information about money management from books and magazines
- Place less importance on a sense of accomplishment
- Placed significantly less importance on paying credit card balances in full every month (although the difference is small)
- Are more likely to have been forced to change their food shopping or eating habits
- Are more likely to have been forced to cut back on social and entertainment expenses
- Are less likely to compare prices when shopping
- Are less likely to feel good about their money management abilities

It is important to note that young Ngāi Tahu are aware of the Whai Rawa investment accounts available through Te Rūnanga o Ngāi Tahu, and have positive views on its value for them. In particular, many see Whai Rawa as a major contributor to their retirement savings.

INTRODUCTION

The focus on improving financial literacy of New Zealanders is growing, in response to concerns about the level of financial knowledge in the New Zealand population. Financial literacy is important because of the effect it can have on people's quality of life, as well as the economic health of society.

Te Rūnanga o Ngāi Tahu [Te Rūnanga], the tribal council of the Ngāi Tahu iwi, has recognised the importance of financial literacy to its people, and is working to improve the financial wellbeing of its people as part of its role of "protecting and advancing the collective interests of the iwi" (Ngāi Tahu, n.d.). One of the Te Rūnanga's activities in this area was the establishment of Whai Rawa, which is "creating a better future for Ngāi Tahu whānau through greater wealth and wellbeing" (Whai Rawa, n.d.^a). In particular, Whai Rawa supports Ngāi Tahu people toward greater participation in tertiary education, increased levels of home ownership and increased savings for retirement, with Te Rūnanga matching savings in Whai Rawa on a dollar for dollar basis, up to a maximum of \$200 per annum for each member. Whai Rawa encourages members to improve their financial knowledge through a range of financial literacy educational opportunities, such as Papa Whairawa run by the Open Wananga.²

Another key activity of Te Rūnanga o Ngāi Tahu in the financial literacy area was the work it did in 2010 to implement the ANZ Ngāi Tahu Financial Knowledge Survey. This survey was modeled closely on the 2009 Financial Knowledge Survey of New Zealanders undertaken for the Commission for Financial Literacy and Retirement Income³ The purpose of the ANZ Ngāi Tahu Financial Knowledge Survey was to:

- "establish a benchmark of financial knowledge among Ngāi Tahu members against which future comparisons can be made; and
- enable the financial knowledge of Ngāi Tahu members to be benchmarked against that of all adult New Zealanders". (Whai Rawa, n.d.^b)

Supporting a sub-cohort of young Ngāi Tahu in this study represents a further commitment by Te Rūnanga to improving the understanding of issues related to the level of financial literacy for the Ngāi Tahu iwi.

The Ngāi Tahu sample of the longitudinal study seeks to understand the experience of young Ngāi Tahu with financial education and its contribution to financial literacy, both as a group and in comparison to other young New Zealanders. This study builds on previous studies in New Zealand and around the world, as discussed in the main report. However, this study differs from other studies, due to its approach of taking a cohort of young New Zealanders and following them over a 20-year period. This longitudinal element is unique in the New Zealand context, and will enable tracking of pathways to improved financial literacy over time.

² A range of other benefits is also available through Whai Rawa.

³ The Commission for Financial Literacy and Retirement Income was known as the Retirement Commission until October 2011. For consistency, the new name will be used, even in reference to events where the old name was in use.

METHODOLOGY⁴

Most of the participants for the Ngāi Tahu sub-cohort comprise individuals who responded to a written invitation to be part of the study, with their names being provided by Te Rūnanga o Ngāi Tahu. However, the sub-cohort also includes a very small number of participants who had been included in the main sample. Participants for the sub-cohort were required to live in the same six geographic locations used for the main sample, being Auckland, New Plymouth, Palmerston North, Wellington, Nelson and Christchurch – these locations were chosen for their size, their accessibility for the interviews, and to provided a reasonable geographic dispersion across New Zealand.

This study has two parts. The first part is an online questionnaire, while the second is an interview used to obtain information that provides additional information to better understand the responses to the online questionnaire. The questionnaire and the basic interview questions used for the Ngāi Tahu were the same as that used for the main study. The participants for the sub-cohort are 52 young New Zealanders aged 18 – 22 who identify as being of Ngāi Tahu descent. Participants completed the online questionnaire prior to being interviewed, although the responses were not available to the interviewer.

A person recruited specifically for the task conducted all the interviews, including those for the Ngāi Tahu sub-cohort. It was considered preferable for the same person to undertake all the interviews to ensure consistency of approach. The interviews were carried out in offices, either on Massey University campuses or supplied by Westpac in locations where Massey University is not represented.

The responses for the Ngāi Tahu sub-cohort are analysed separately, and compared to those for the New Zealand cohort. Chi-Square tests have been used to identify significant differences between the two groups.

There is a strong female dominance in the sample, which is common in similar studies, unless controlled for. The relatively low incomes reflect the age group involved, which includes students and those starting out in employment. While there appear to be differences in the demographic characteristics of the Ngāi Tahu sub-cohort relative to the New Zealand cohort, as shown in Table 1, testing confirmed the differences are not significant.

⁴ Full details of the methodology are available in the report for the main study.

SUMMARY STATISTICS

GENDER	NZ	NGĀI TAHU
Male	31.7%	32.7%
Female	68.3%	67.3%

AGE	NZ	NGĀI TAHU
18 years	18.5%	25.0%
19 years	34.0%	31.3%
20 years	32.5%	31.3%
21 years	14.3%	10.4%
22 years	0.8%	2.1%

INCOME	NZ	NGĀI TAHU
0-\$14,999	68.6%	65.3%
\$15,000-\$47,999	23.5%	20.4%
\$48,000-\$69,999	1.1%	2.0%
\$70,000-\$99,999	0.4%	-
Prefer not to answer	6.4%	12.2%

RELATED EDUCATION	NZ	NGĀI TAHU		NZ	NGĀI TAHU
Accounting	24.8%	19.2%	0 subjects	6.4%	15.4%
Economics	38.0%	30.8%	1 subject	31.6%	25.0%
Statistics	37.2%	36.5%	2 subjects	32.3%	30.8%
Business Studies	16.5%	17.3%	3 subjects	16.5%	17.3%
Mathematics	86.1%	80.8%	4 subjects	9.0%	11.5%
			5 subjects	4.1	-

Table 1: Key demographic information about the study participants

It is important to acknowledge some limitations with the methodology used. The locations used for the interviews mean that there is an urban bias to the sample. No attempt has been made to ensure the sample is demographically representative in terms of gender, age or ethnicity. There is likely to also be a self-selection bias in the sample, because those more interested in the study subject and those with a higher level of self-motivation are more likely to have agreed to participate in the study.

RESULTS – FINANCIAL LITERACY, BEHAVIOUR AND ATTITUDES

FINANCIAL KNOWLEDGE

The online questionnaire included seven standard financial literacy questions, which were included to provide an assessment of participants' knowledge about personal finance. The following table provides the questions and the response options – the correct answer is highlighted.

The owner of a lost or stolen credit card is legally responsible for what?	Any unauthorized charges
	Any unauthorized charges until the loss or theft is reported
	Only the first \$50 of any unauthorized charges
	Only the first \$500 of any unauthorized charges
	No unauthorized charges
	Do not know
John inherits \$10,000 today and Elizabeth inherits \$10,000 6 months from now, whose inheritance is worth more?	They are equally rich
	Elizabeth
	John
	Do not know
Suppose you have \$100 in a savings account and the interest rate is 20% per year for the next five years. You never withdraw any money or interest. After 5 years, how much would you have in this account in total?	Exactly \$200
	More than \$200
	Less than \$200
	Do not know
Imagine that the interest rate on your savings account is 2% per year and inflation is 3% per year. After 1 year, how much would you be able to buy with the money in this account?	More than today
	Less than today
	The same amount
	Do not know
When a person invests money among different types of financial assets, such as stocks and bonds, compared to investing in only one type of financial asset, the risk of losing money	Increases
	Decreases
	Stays the same
	Do not know
If you have any negative information on your credit report, a credit repair agency can help you remove that information.	True
	False
If the interest rate on a home loan with a floating interest rate goes up, your minimum monthly mortgage payments will also go up?	True
	False

Table 2: Financial literacy questions

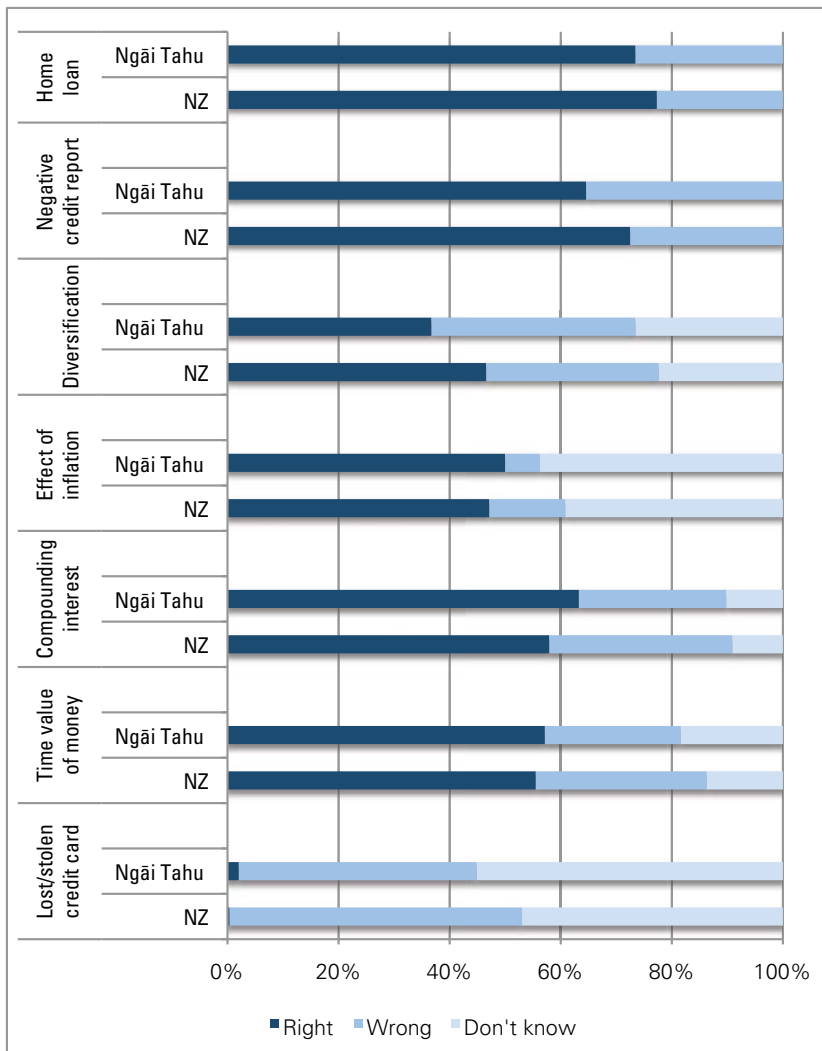


Figure 1: Proportion that answered each question correctly

While a substantial proportion of Ngāi Tahu answered each question correctly, there was also a substantial proportion that either did not know the answer or answered incorrectly. As a result, the average number of correct answers was 3.3, which is less than half. The very small proportion that correctly answered the credit card question means that no-one answered all seven questions correctly.

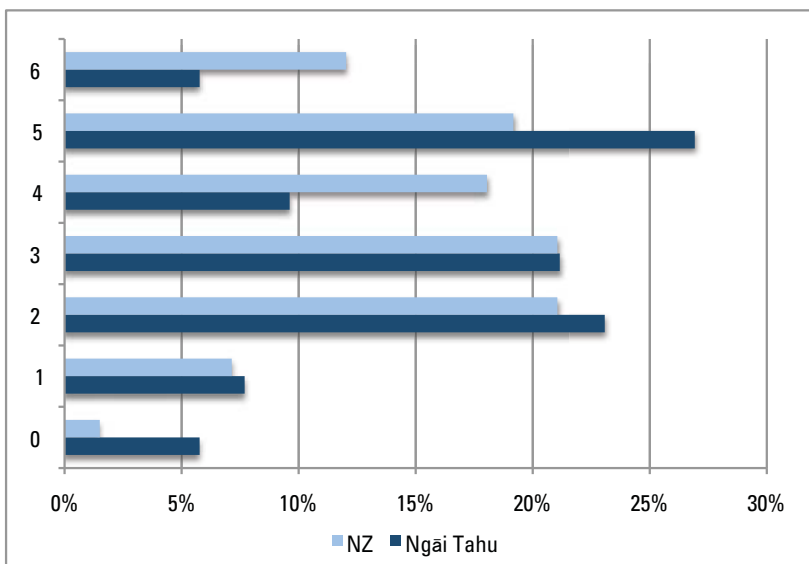


Figure 2: Total number of correct answers

The proportion of Ngāi Tahu who answered each question correctly is similar to that for New Zealand, while the number of questions answered correctly by the Ngāi Tahu participants is also similar to that for New Zealand, as shown in Figure 1 and Figure 2. A Chi-Square test confirmed that there was no significant difference between Ngāi Tahu and New Zealand in either case. While the proportion of Ngāi Tahu that managed no correct answers was larger, it was still small.

Participants were asked to self-assess their level of financial literacy, as shown in Figure 3. None of the Ngāi Tahu sub-cohort rated themselves as excellent, and there is no significant difference to the self-assessment for the New Zealand cohort.

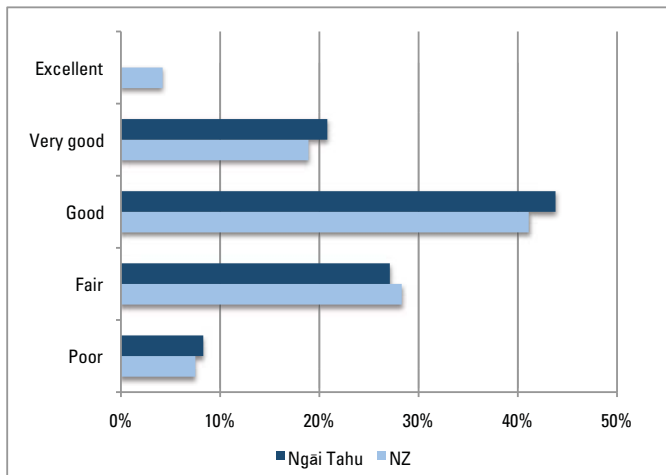


Figure 3: Self-assessment of financial literacy

The consistency of the Ngāi Tahu results with those of New Zealand is line with the findings of the ANZ Ngāi Tahu Financial Knowledge Survey in 2010.

FINANCIAL ATTITUDES

A series of questions were used in the online questionnaire to ascertain young people's confidence in relation to their ability to manage money. The results are shown in Figure 4 but it is important to remember the final item ("I am uncertain about where my money is spent") is negatively worded, so disagreement represents confidence.

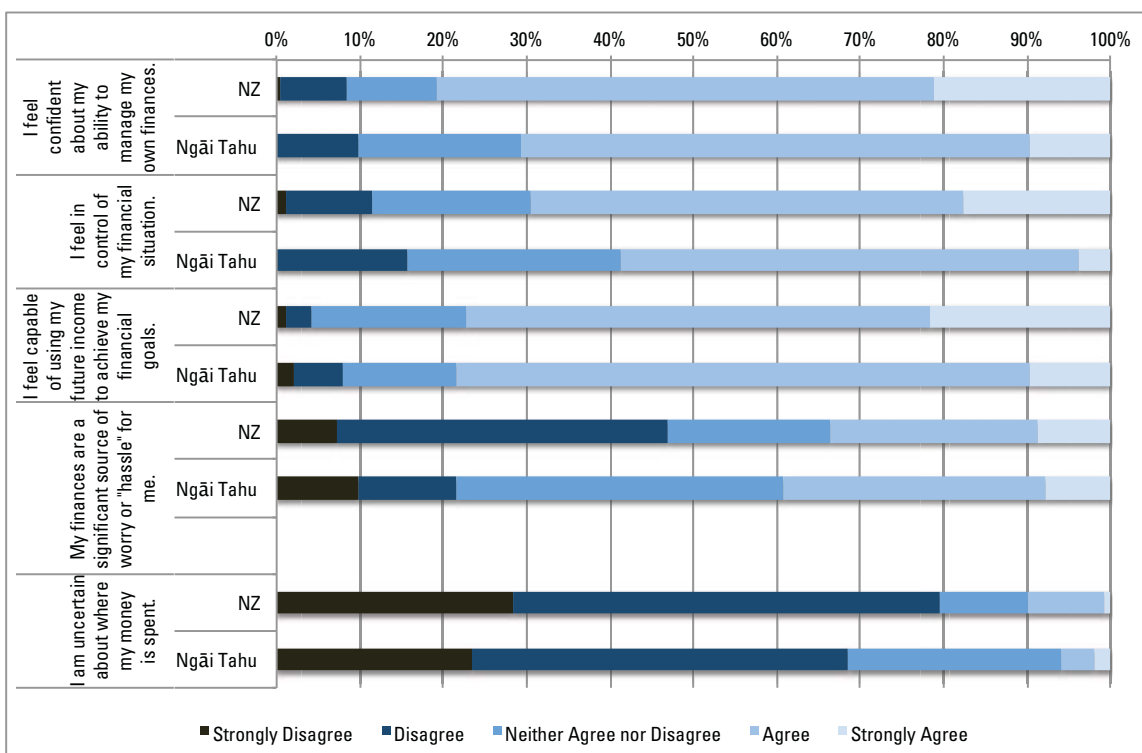


Figure 4: Confidence about money management

Like other young New Zealanders, young people who identify as Ngāi Tahu are relatively confident about their ability to manage money, although nearly 40% agree that their finances are a source of worry or hassle for them.

Comments about their current situation were mixed, covering the range from negative to positive. Negative comments included “I live from pay to pay” and “At the moment not very stable but that is because I am in and out of jobs”, with another participant explaining their dissatisfaction with their current financial situation as being due to feeling “I am terrible when it comes to saving money I guess”. Positive comments often included a caveat reflecting limitations the young person accepted as simply being a fact of life at their current stage, such as “Pretty good seeing as I am a student”. Others felt more neutral on their situation, with comments such as “I am not happy with it and I am not sad about it or anything”.

Those who felt confident about their money management still expressed some reservations. For example, comments included “I feel that it is quite good, but I definitely feel there is more that I could learn if I need to” and “What money I have I am very confident about managing it, but unforeseen consequences – I wouldn’t know what to do if something came up”. As indicated in the online survey responses some young Ngāi Tahu lack confidence in their ability to manage money, which was supported by comments such as “I don’t have very good money managing abilities at all. I need lots of help and constant reminding that I really shouldn’t buy this or that and that kind of thing”.

The questionnaire also included questions about participants’ attitudes towards particular aspects of money management, such as debt and savings, as shown in Figure 5. Again, the attitudes of the young Ngāi Tahu are similar to those of other young New Zealanders, including the strong negative attitudes towards credit cards.

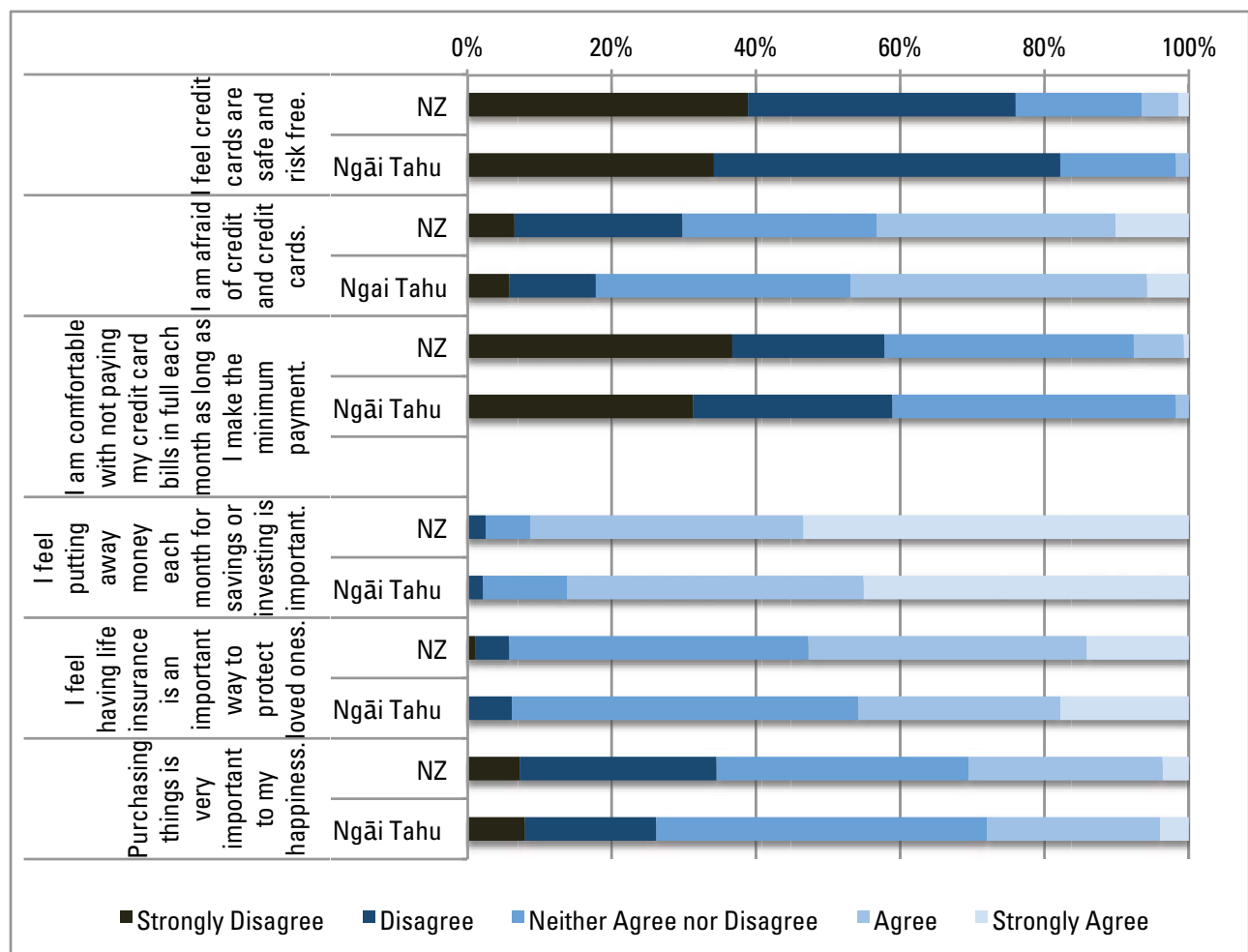


Figure 5: Attitudes towards elements of money management

Comments in the interviews about debt and credit cards were strongly negative, including: “I hate debt ... It is like a burden, it is like a weight on you that I really hate”; “I would run a mile from a credit card”; “I worry about being in debt”; and “I don’t like the thought of being in debt or anything like that”. However, some young Ngāi Tahu recognize there are different forms of debt. One person, who was very negative about debt, went on to note “I have the Student Loan. That is debt, but that is different”.

While there is clearly recognition of the importance of savings, as shown in Figure 5, this doesn’t always translate into behaviour. Some participants report good savings behaviour, with comments such as “My savings habits are good because I like money to be in my savings account if I want to go on holiday with my friends or something” and “I try and save about half my pay at the moment”. But others find it more difficult, with comments such as “I am more of a person who likes to spend my money as soon as I get it and wait for my next pay” and “I am either spending rampantly or I am saving rampantly”.

In response to another question on an aspect of money management that it would be desirable to improve, several participants referred to their savings habits. For example, “I would like to improve my savings so I have enough for a rainy day”; “To stop making excuses to go into my savings account.”; and “Instead of saving up for a car or something really expensive, I kind of just spend my money on measly things because I have the money then and there.”

Like other young people, young Ngāi Tahu can be impulsive in their spending. Comments on spending included “I am probably an impulse buyer”, while another participant noted that one aspect of money management that they would like to change would be “my impulsive spending, but I think it is important to have a bit of fun as well”. Others simply recognised the importance of watching their spending, with one commenting, “I try not to spend money on things that I don’t need”

In the online questionnaire, participants were asked about the importance of spending within the budget, paying credit card balances in full each month, learning about money management regularly, and setting and achieving financial goals. The mean responses (3.9, 3.8, 3.6, and 3.8 respectively) indicated that these are all seen as important. The lower importance attached to learning about money was reflected in little more than half (56.9%) agreeing with the statement. The means for these statements from other young New Zealanders were higher for all four statements at 4.1, 3.9, 3.7 and 4.0 respectively, but only the difference for the credit card statement was statistically significant. This difference was also reflected in the level of agreement with a much lower level of agreement (66.7%) among young Ngāi Tahu compared to that for other young New Zealanders (89.0%).

A popular area of money management for improvement was budgeting. Comments on improving budgeting included:

“I just want to kind of practice [budgeting]. That is probably the next step for me.”

“Probably actually knowing more about where I am putting my money and what is happening to it because I don’t really understand much about banks and how they work and that sort of thing.”

“I probably need to make myself come kind of budget or something to see where my money is going, because I currently have no idea and see where I can take things out.”

Others saw the need to improve their spending habits. For example, “Not spending money on things ... Don’t buy on impulse” and “I think I would like to maybe just improve how I am spending at the moment.” One commented on the need to get out of debt, saying “To get out of debt because it is just a massive shadow that hangs over you and you think about it all the time, subconsciously as well.” And some simply wanted to know more: “I think I want to learn more about shares, just so I can put my money somewhere and it will grow, or term deposits and stuff” and “[I’d like to improve] my knowledge of investments. Why? Because, like I said; saving is good, but reinvesting is better.”

In general comments about their attitudes towards financial matters, there were many positive comments, such as:

“I guess I always place financial matters with quite high importance. It is something that you need to look at and have it organised in order to just get through your basic day to day needs and to plan for your life and reach your goals “

“I have always felt that I should pay for things for myself, I should earn it.”

“I don’t want to be poor. I don’t want to be in debt”

“I think it is important to be responsible with where your money goes and planning for it”

However, others had a more negative perspective on financial matters. For example:

“It is normally me being irrationally anxious because I never don’t have enough money. I am never in danger of being stuck and having no money.”

“I am just not ... interested”

“I think I don’t take it seriously now, but I will later when I have to.”

FINANCIAL BEHAVIOUR

While the right attitudes are important, the real question is how those financial attitudes translate into financial behaviour. This was highlighted by one participant’s comment that “I am quite good of thinking one thing and then doing something completely different”. The online questionnaire asked about elements of financial behaviour, and the results are shown in Table 3, which generally demonstrates that young Ngāi Tahu are behaving in a way that represents good financial management. The ‘preferred/desirable’ response to the statement is highlighted, where one exists.

FINANCIAL BEHAVIOUR	AGREE		DISAGREE	
Significantly Different	NZ	Ngāi Tahu	NZ	Ngāi Tahu
I compare prices when shopping for purchases. (p=0.01)	91.7%	76.0%	3.1%	8.0%
I haven’t really considered whether I am more of a saver or a spender. Finances just don’t interest me much. (p=0.00)	14.0%	8.0%	69.8%	46.0%
I feel good about my money management abilities. (p=0.01)	62.3%	46.0%	19.3%	16.0%
Not Significantly Different	NZ	Ngāi Tahu	NZ	Ngāi Tahu
I budget and track spending.	64.3%	55.1%	16.7%	20.4%
I get cash advances from my credit card.	1.6%	2.0%	68.0%	72.0%
I read to increase my financial knowledge.	26.2%	18.4%	42.2%	46.0%
I make contributions to an investment account in my name	34.1%	28.0%	35.6%	48.0%
When it comes to managing money, I look to my parent(s) as positive role models.	71.7%	62.0%	11.0%	14.0%
My parents know what’s best for me in terms of how I should take care of my finances.	58.7%	54.0%	17.1%	14.0%
I’ve spent time thinking about financial goals, credit cards, and spending habits, and I’ve decided on a money management method that will work best for me.	51.3%	36.0%	17.9%	22.0%
I really don’t know what kind of financial management style is best for me. I’m still trying to figure out what sort of savings and spending patterns feel right to me.	48.3%	48.0%	30.9%	20.0%
I don’t think about money much. I just kind of take it as it comes.	25.5%	28.0%	59.3%	48.0%
I wish I were better at saving money.	60.2%	66.0%	18.9%	14.0%
It is better to make purchases from savings rather than buy on credit.	79.6%	80.0%	6.0%	2.0%

Table 3: Financial behaviour

Looking at the table there are some apparent differences between the responses from Ngāi Tahu and other young New Zealanders, but only three are significantly different. Young Ngāi Tahu are less likely to compare prices, more neutral about whether they have given much thought to their approach to finance, and less likely to feel good about their money management abilities. However, when looking at their comments, they showed a similar mix of positive and negative perspectives on these issues to those of other young New Zealanders.

The lower result for feeling good about money management is reflected in comments, such as “I don’t have very good money managing abilities at all. I need lots of help and constant reminding that I really shouldn’t buy this or that and that kind of thing”, and “I am not overly confident because I know that sometimes things get in the way”. However, some comments indicated more confidence about their money management; for example, “Pretty good. I do know as I said, I do know my limits” and “I have always been a bit cunning with money. I usually just know what I have got. I know when the money is coming in and I know when it is going out.”

The low proportion that read to improve their financial knowledge is disappointing, although it is similar to other young New Zealanders. Similarly, like other young New Zealanders it would be desirable to see young Ngāi Tahu making contributions to an investment account, although lack of income to do so is the problem.

Comments on budgeting ranged from “I very much like to plan ahead, so our budget is written out for a year” to “I wish I could get some more education about budgeting”

The online questionnaire included questions to determine the extent to which a lack of money created problems for young people. Young Ngāi Tahu were significantly more likely to have been forced to change food shopping or eating habits to save money in the previous six months because they didn’t have enough money, with nearly two-thirds (65.0%) indicating they had compared to less than half (44.5%) of other young New Zealanders. In addition, many (75.0%) had cut back on social and entertainment expenses due to a lack of money in the previous month, compared to 59.8% of other young New Zealanders, and this difference is also significant. Another question asked how often they had exceeded their credit card limit over the previous six months, but about half (54.0%) don’t have a credit card, and of the balance only a small proportion (8.9%) had exceeded their credit card limit at any time.

Like other young New Zealanders, young Ngāi Tahu have a relatively short horizon in managing their finances; although they were more likely to look further ahead the difference is not significant. More than one third of young Ngāi Tahu (36.0% compared to 21.9% of young New Zealanders) looked out five or more years, while only about one-quarter (26.0% for young Ngāi Tahu compared to 29.4%) reported the next twelve months was the most important time-period for them. The balance (38.0% compared to 48.7%) saw 1-4 years ahead as the most important time period for planning their finances.

This lack of focus on the longer-term was reflected in comments around retirement planning, such as “I haven’t really thought too much about it all”, “I honestly haven’t thought about my retirement”, and “I have not really thought about retirement because I am very young”. Some see KiwiSaver as the answer to retirement planning; for example, “KiwiSaver will be my main way of saving for my retirement” and “I guess I will have KiwiSaver to put away for retirement”. However, young Ngāi Tahu have another option available to them in the form of the Whai Rawa investment accounts, available through Te Rūnanga o Ngāi Tahu, which can be used to save for a first home, tertiary education or retirement. The existence of Whai Rawa was recognized, with a typical comments being “I have got Kiwi-Saver and also with the Ngāi Tahu bank account [Whai Rawa] which you can’t withdraw that money until you are my Mum’s age. ... something like that which is close enough to retirement, so I have always got that. Over the years that is going to build up.” Several participants noted they either had a Whai Rawa account or planned to open one.

The online questionnaire included questions about participants’ current finances, including the financial products they use. Of particular note is the much higher proportion of young Ngāi Tahu with other retirement savings (11.5% compared to 2.3%), which is likely to represent Whai Rawa investment accounts. This difference is statistically significant. None of the other differences are statistically significant.

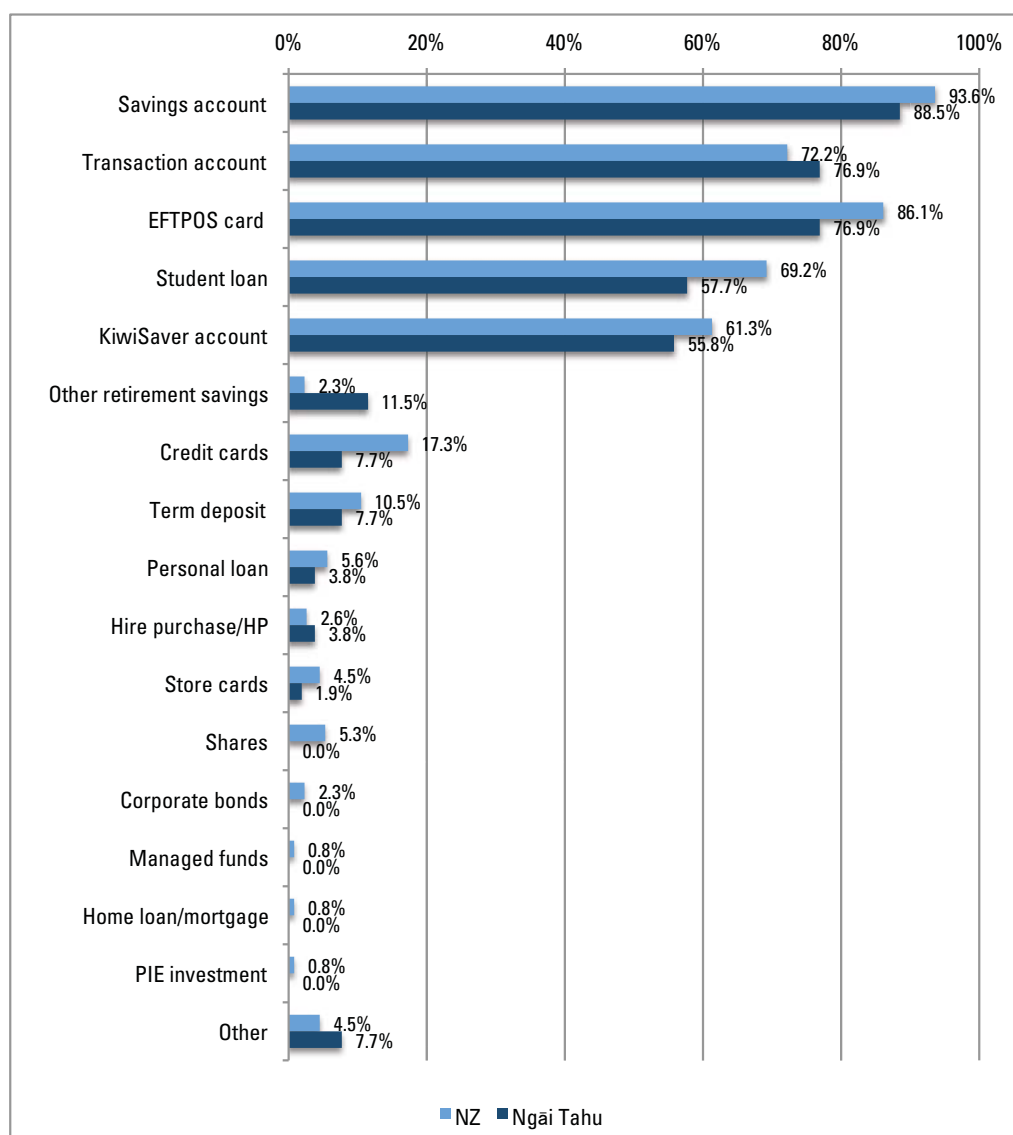


Figure 6: Financial products held

The average student loan was \$10,518 for Ngāi Tahu, compared to \$13,778 for other young New Zealanders, with the largest reported loan being \$30,000 compared to \$110,000. The young Ngāi Tahu who are current students are funding their studies in similar ways with most (65.4% compared to 66.5%) using student loans. While there are apparent differences in the other methods of funding being used, these differences are not significant; the other funding methods included employment (36.5%/31.6%)⁵, family financial support (34.6%/33.5%), scholarships/grants (28.8%/18.8%), and savings (26.9%/19.9%), often in combination.

5 Where two percentage figures are shown in brackets, such as (36.5%/31.6%), or a percentage figure is followed by a second percentage figure, such as 36.5% (31.6%), the first figure refers to the Ngāi Tahu sub-cohort and the second figure refers to other young New Zealanders.

Levels of insurance held are similar for young Ngāi Tahu compared to other young New Zealanders as shown in Figure 7.

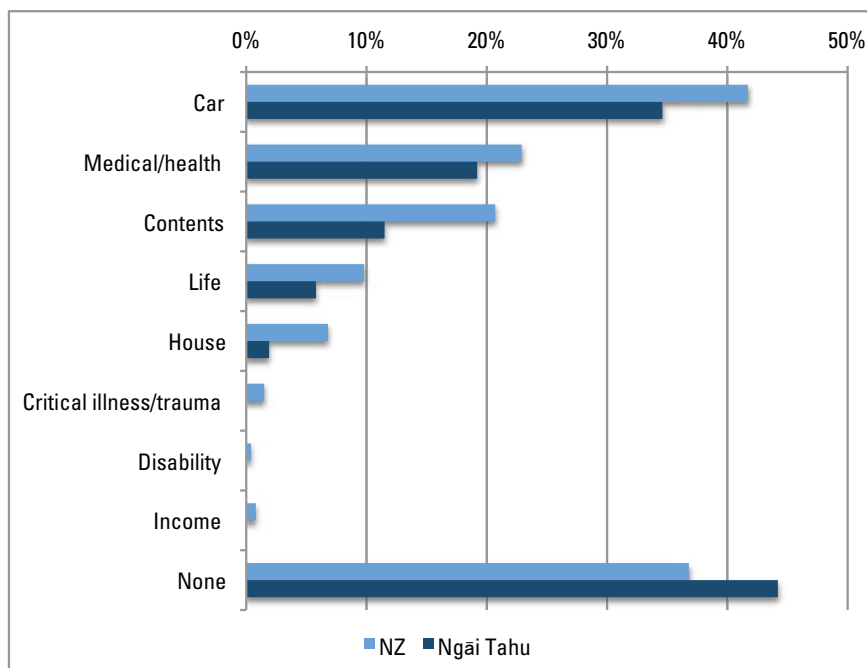


Figure 7: Insurance held

WELLBEING

Due to the impact of financial circumstances and attitudes on overall wellbeing and personal satisfaction noted by Shim et al (2009), the online questionnaire included questions on young people's current wellbeing. As shown in Figure 8, the wellbeing of young Ngāi Tahu is high, similar to other young New Zealanders, with strong relationships reported with both parents and friends. In a separate but related question, 56.0% of young Ngāi Tahu reported often or always feeling good about themselves, which is less than the 67.2% of other young New Zealanders who say this, but the difference is not significant.

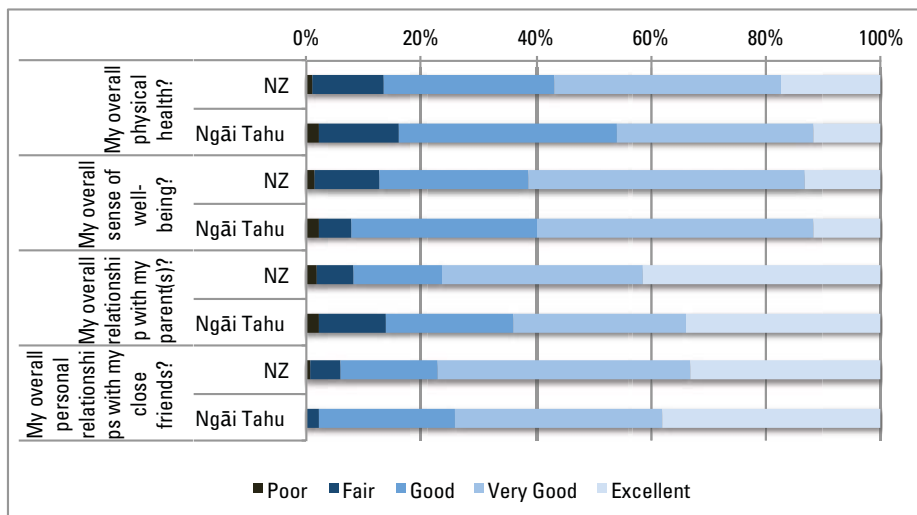


Figure 8: Overall wellbeing

Like other young New Zealanders, young Ngāi Tahu were more satisfied with their life generally than with their current financial situation, with 78.0% (78.9%) agreeing they were satisfied with the life compared to just 32.0% (44.9%) agreeing they were satisfied with their current financial status. In a related finding, 32.0% (37.9%) report they often or always worry that they may not have enough money to pay for things. A small proportion, 24.0% (15.9%), report they often or always act without stopping to think, and 36.0% (23.8%) often or always give in to their impulses.

RESULTS – EXPERIENCES OF FORMAL FINANCIAL EDUCATION

Opportunities for formal education around personal financial management are limited for young people in New Zealand. Like other young New Zealanders, most young Ngāi Tahu, 71.4% (76.5%), have not attended any formal seminars, workshops or after school programs teaching financial management during their secondary school years. However, with over one third, 34.7% (18.9%), of young Ngāi Tahu having attended school provided financial management classes, they were significantly more likely to have done so than other young New Zealanders. It is not obvious why young Ngāi Tahu have greater access to financial education at school. Young Ngāi Tahu were also significantly more likely to believe high school courses and/or financial workshops had been helpful in the way they manage their money, as shown in Figure 9, which is probably due to their higher attendance rate,

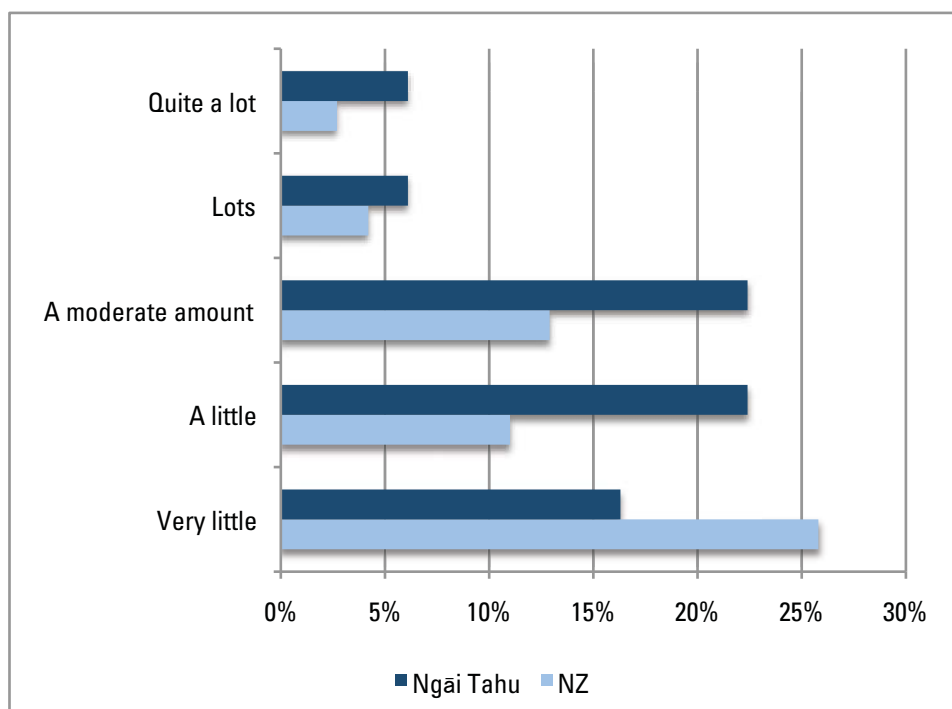


Figure 9: Helpfulness of high school courses and/or financial workshops

The lack of opportunities for formal education was reinforced by participants' comments, such as "I never did any courses or anything at High School" and responses of "Not a lot" and similar comments to an interview question about the participant's experience of financial education. Some participants had limited exposure to formal education; for example, "There was one seminar at school, and that was it". A few reported on more extensive formal education experiences, including "You can do the Young Enterprise Scheme during Year 12 which is when I did it. ... We learnt how to get connections with people and we learnt about finance as well". One person had attended school in the US, and his/her experience provides an example of what many would see as being desirable in New Zealand: "There was this one course I took in the States. The school I went to in the States, every course is required for every student, and you don't really get to choose."

Some exposure to personal financial management through subjects such as accounting and economics was acknowledged, but the value was generally perceived as limited, with comments including "I took Accounting I guess. That is the closest I can say relates to Finance. I did take Economics but that wasn't really towards money. So not a lot I would say that", and "I did economics in high school, but that wasn't really useful personally". The proportions of young Ngāi Tahu who had taken the subjects with some relevance to personal financial management was similar to that of other young New Zealanders, as shown in Table 1.

RESULTS – EXPERIENCES OF INFORMAL FINANCIAL EDUCATION

Opportunities for informal education are more extensive, with possible sources of informal education including family and friends, the internet and life experiences. The online questionnaire listed ten possible sources of informal education, and asked how much participants had learned about managing their money from each of them. The results appear in Figure 10.

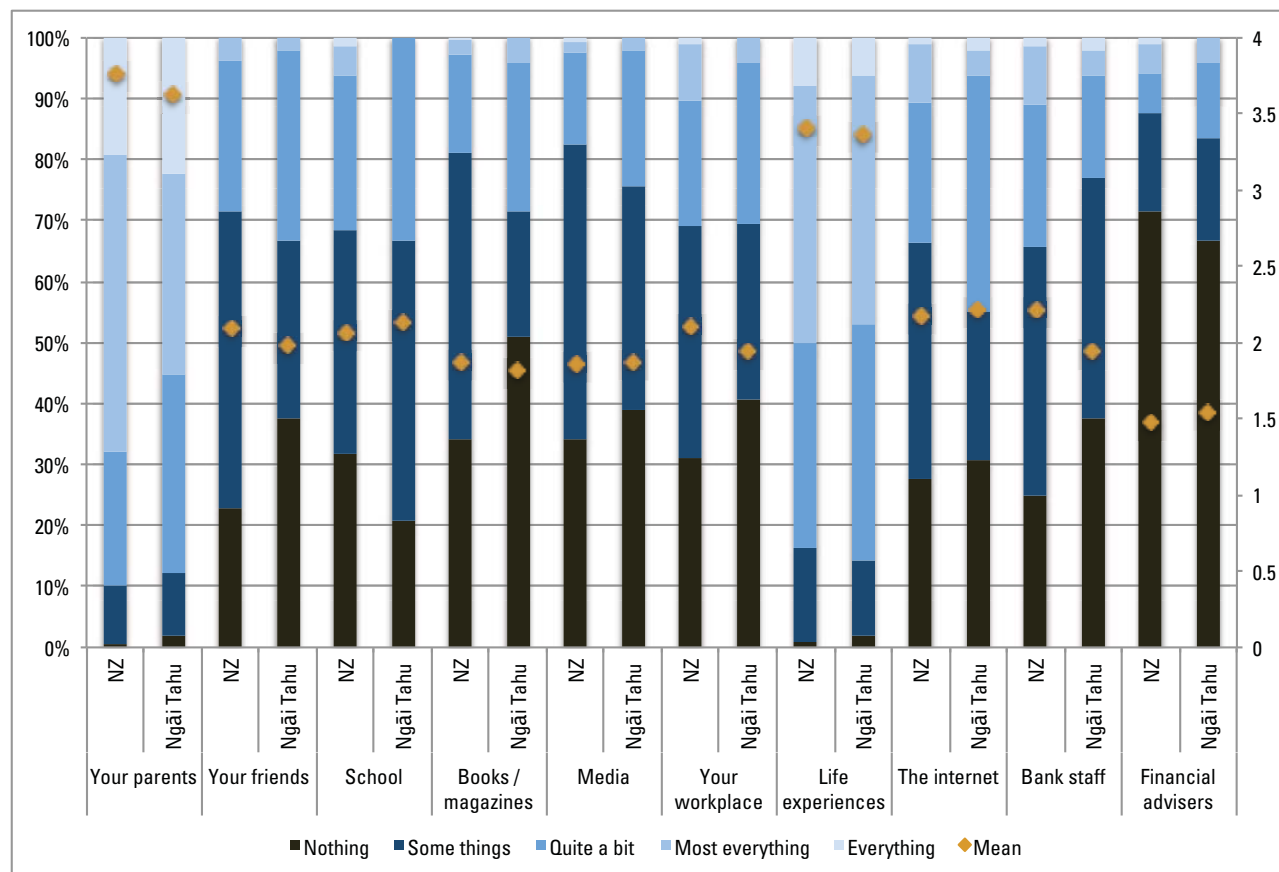


Figure 10: Sources of informal education

The influences are similar for young Ngāi Tahu, with parents being the most important source of personal financial information. The only significant difference is in the use of books and magazines, which have been a source of more information for young Ngāi Tahu. The importance of parents in providing information about money management was reflected in the comments, which were similar to those for other young New Zealanders:

“Well my Mum is the most financially responsible person ever. She is bordering on weird. She has budget books where she writes everything that she ever spends ever.”

“My Mum has taught me not to waste my money. She has encouraged me to save. She is not pushy but she has made it clear to me that you have to save if you want to do stuff, so that is the main reason I do save so I can do stuff”

“With Mum being an Accountant, she has always gone on at me to not be stupid with my money”

“When I was younger, my Dad told me that about 90% of New Zealanders don’t save, they just get their money and they spend it, and he said he wants me to be one of the 10% that saves”

“Well my Dad is like ‘if you can’t afford it, don’t buy it’, so I don’t have a Credit Card, so I can’t imagine using one either”

“My parents always taught me that I should have money aside unless something goes terribly wrong”

“I suppose my parents have instilled in me the logic of if you don’t have the money you save up and get it”

Unfortunately sometimes parents give conflicting messages about money:

"Dad he will sit us down and talk about savings and stuff like that like he will say 'if you save for this, I will pay for half of it', so he encourages saving. My Mum is more like a 'nah just do whatever you feel' which is fun."

"Dad has always been really good with money. He says only buy stuff if you need it. He is really good with money. We have kind of learnt to save from him. Mum is not that good with money. She will go shopping for one thing and will come home with 20 things."

It is not always what parents say, but sometimes it is their actions that provide the lessons; for example, "My parents paid off their loan for their house as soon as they could, and they have been living debt free for years and years, so they have been good role models to me". And sometimes the lessons are about what not to do:

"My parents not so much. They used to have lots of money but then they invested in a wrong business and that fell through so I learnt from that I guess. From having everything to having nothing"

"I look at [my parents] and kind of want to go the opposite way"

"[My mum] had a credit card debt and then it took her a while to pay it off and now she is free of it, but I just don't want to go through what she was going through"

"Not from parents, in fact I wag my finger at my parents to be honest!"

"My parents are really bad savers so I kind of learnt to do the opposite to them"

"Well my family have shown me how not to save because they are terrible, so that has sort of made me change my habits"

The importance of parents in educating young people about money was explored with a series of statements about specific ways in which parents could influence their children, with participants asked to indicate the extent of their agreement with the statements. The results for young Ngāi Tahu were similar to that of other young New Zealanders, with strong agreement for most statements.

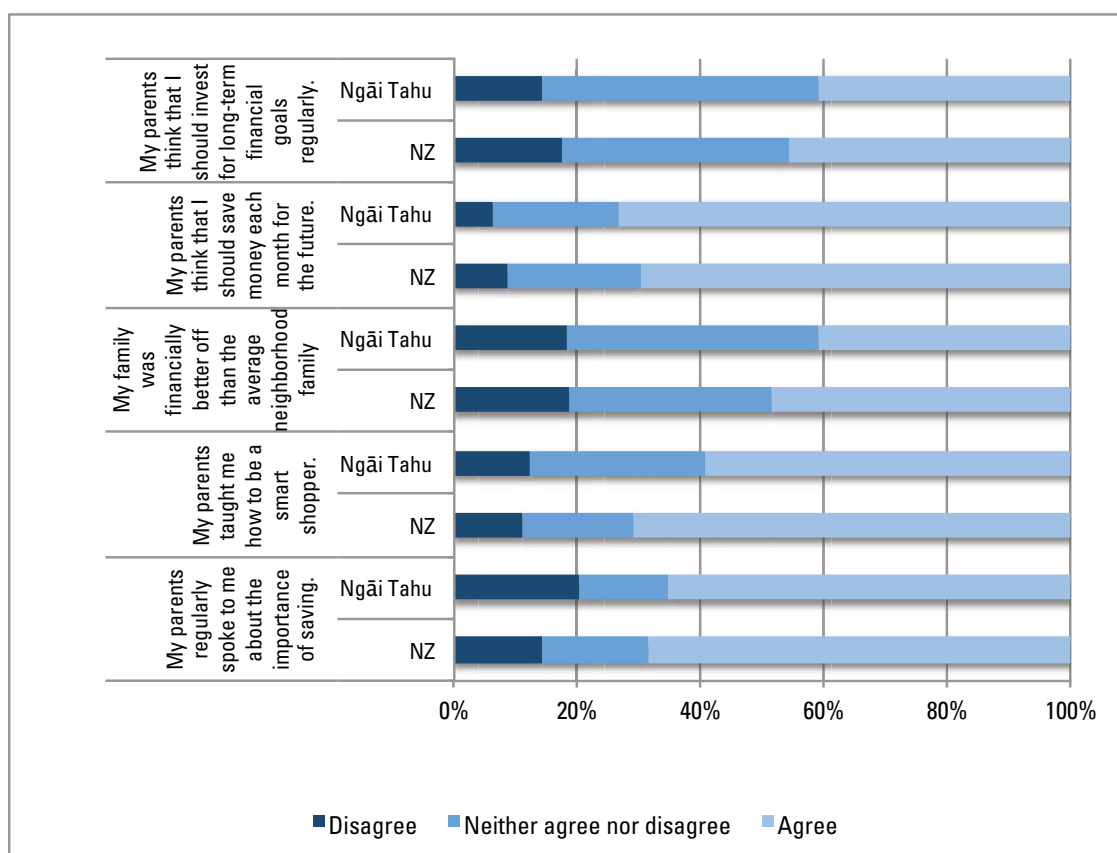


Figure 11: Parental influence

The key lessons learned were identified as mostly coming from family, and included: "always spend within your means", "if you want something, you have to save for it", "it is good to have a backup savings", "[money] doesn't grow on trees", and "think ahead".

While the influence of friends is limited, as shown in Figure 10, that influence can be both positive and negative, as reflected in the comments:

“My money belief comes from seeing a lot of my friends struggle with money, so it is a good feeling to be stable”

“My friends and I go shopping and we are not very good. We are not very good for each other”

“Hanging out with my friends I have noticed that I spend more. I think their habits tend to brush off on you”

When asked to compare their own level of knowledge of financial matters to that of their friends, young Ngāi Tahu appear to rate themselves less favourably than do other young New Zealanders, as shown in Figure 12. However, the difference is not significant.

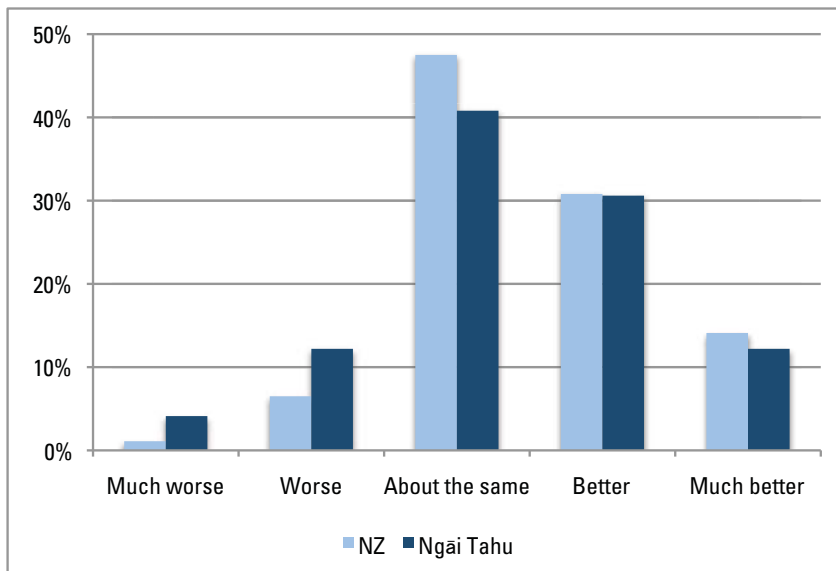


Figure 12: Own financial knowledge compared to friends

As with other young New Zealanders, the influence of parents is expected to reduce over the next five years, while the influence of friends and the use of the internet are expected to increase.

Many young people have the chance to work while at high school, and this can provide an opportunity to gain knowledge on personal financial management, if only because it provides a source of income which must then be managed. Most young Ngāi Tahu worked throughout the school year (62.5%/66.2%), with a further group (14.6%/17.2%) only working during the long summer break. The majority considered the work experience to have been helpful in terms of their money management abilities, as shown in Figure 13.

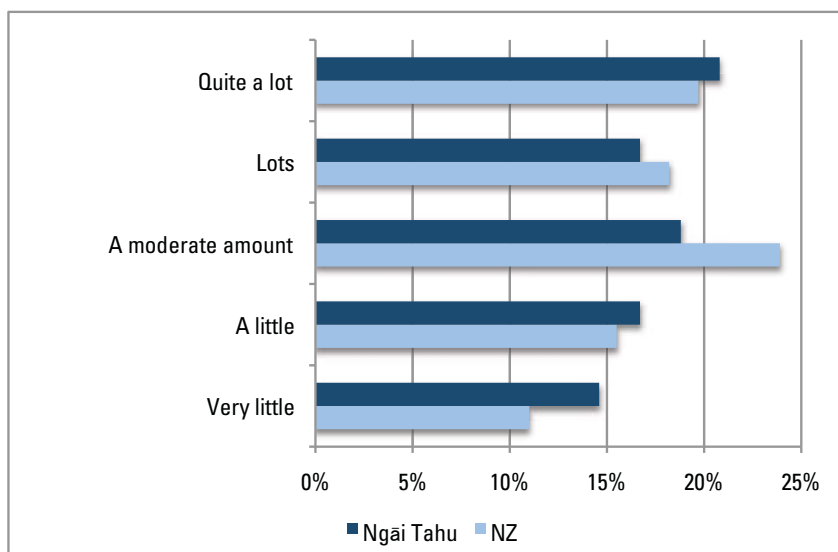


Figure 13: Helpfulness of work experience

Young people’s emotional responses to events and activities can also influence their money management. The online questionnaire listed seven emotions, and asked how important they are. As shown in Figure 14 they are all important, with the most important being fun and enjoyment, and the least important being excitement. The results for young Ngāi Tahu were similar to those for other young New Zealanders, with one exception. There was a significant difference attached to the importance of a sense of accomplishment, with young Ngāi Tahu attaching less importance to it.

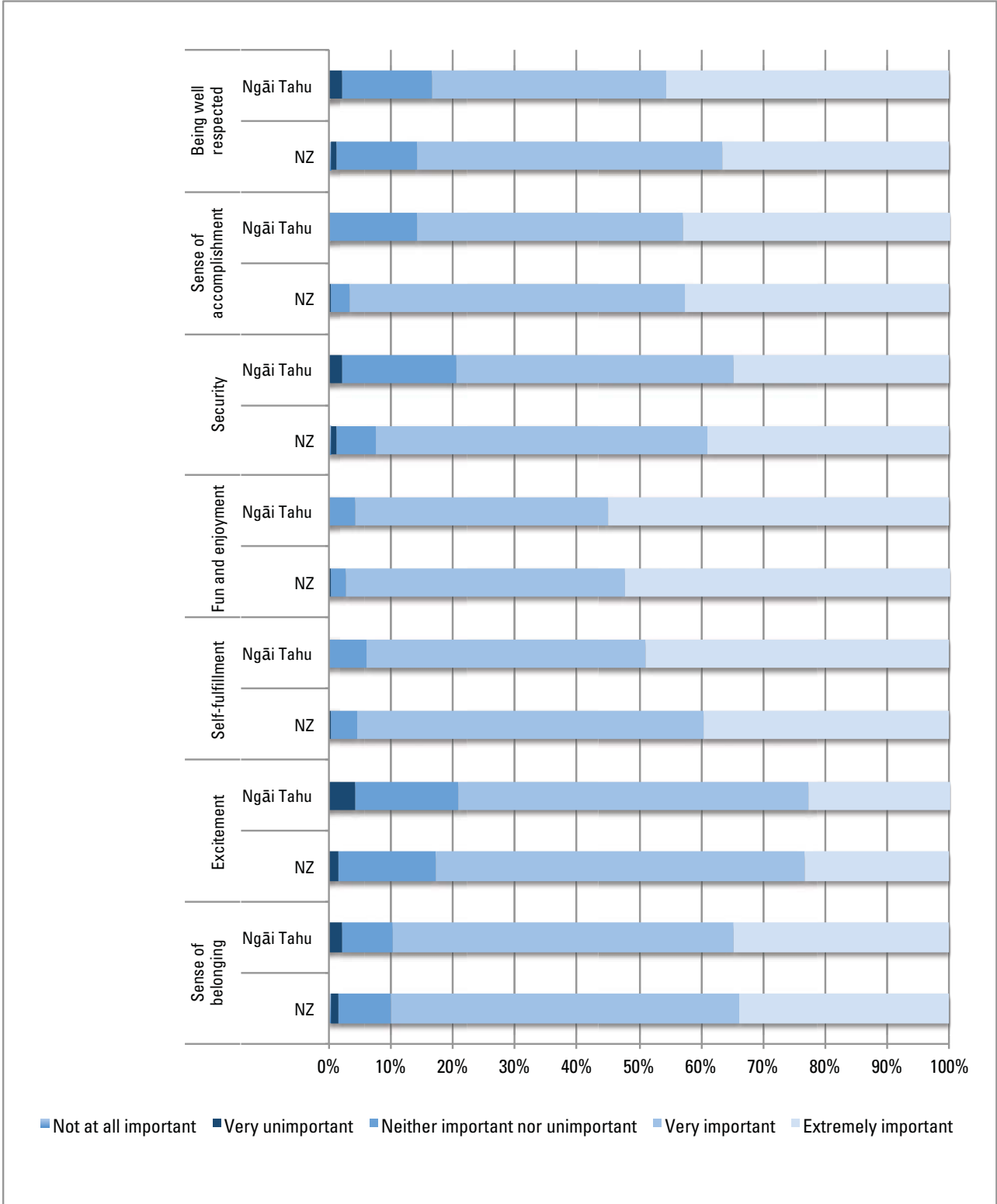


Figure 14: Importance of emotions

DISCUSSION AND CONCLUSION

The clear conclusion is that the findings of this study demonstrate that in terms of financial knowledge and financial education, young Ngāi Tahu are very similar to that of young New Zealanders, as is their experience of financial education. To some extent this can be seen as reassuring that there is no great divide between the two groups; however, it is also of concern as it means that Ngāi Tahu are equally disadvantaged.

There are two key findings from the study that indicate young Ngāi Tahu are being somewhat advantaged compared to other young New Zealanders. The first relates to retirement savings, where five times as many young Ngāi Tahu have retirement savings other than KiwiSaver. The comments make it clear that a driver for this is the existence of Whai Rawa. This means that young Ngāi Tahu are more likely to have thought about retirement, although retirement is still generally perceived as being too far in the future to think about to any great extent.

The second key finding is in relation to formal financial education, where it is interesting to find that young Ngāi Tahu have had more formal financial education than other young New Zealanders. With only around one-third of young Ngāi Tahu having attended school provided financial education classes, it is still at a much lower level than would be seen as desirable. Like other young New Zealanders, young Ngāi Tahu express a desire for more formal financial education. This reinforces the need for financial education to be included as part of the secondary school curriculum.

Informal financial education is filling the formal education gap for young Ngāi Tahu, as it does for other young New Zealanders. The main providers of this informal financial education are parents, but the level of financial literacy generally in New Zealand, as reflected in the ANZ surveys, suggests this raises concerns about the level of knowledge being passed on. The reliance on informal financial education also reinforces the importance of the work done by the Commission for Financial Literacy and Retirement Income and its Sorted website, and others in this space.

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