

Financial **Services** Council.

FINANCIAL RESILIENCE INDEX

MARCH | APRIL | AUGUST 2020





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The Financial Resilience Index is a tracking survey of New Zealanders' views on five key financial resilience indicators.

The Index was carried out by CoreData and was commissioned by the Financial Services Council to understand how financially resilient Kiwis are and how that resilience has changed in these continually evolving and unprecedented times. The five indicators of the index explore financial confidence, literacy and preparedness, job security and wellbeing.

This edition of the Financial Resilience Index compares responses in March 2020, just as Covid-19 was becoming a reality to New Zealanders, with responses at the end of April 2020 as the New Zealand alert level began to drop and again in August just before New Zealand moved up alert levels for the second time.

The responses in early August, in the backdrop of New Zealand facing a second lockdown, show that New Zealanders remained amazingly resilient over the six-month period. This resilience remained as the country came to terms with Covid-19, lived with lockdown and returned to Alert Level 1.

It is remarkable how financially confident New Zealanders have remained, with around 72% of respondents in August still feeling reasonably, very or extremely confident when it came to their finances.

There is a small but interesting decrease in the number of respondents stating they have no household investments.

6% more respondents said they had household investments in August compared to March, and some categories have also seen an increase. This indicates a slight but growing change in spending habits and highlights a shift to saving that continued through into August.

Most respondents continue to feel secure in their jobs, with around 80% of respondents feeling reasonably, very or completely secure in their current employment. This confidence indicates that although certain sectors have been hit hard, wholesale fear of job loss had not hit.

However, there remains an upward trend of respondents being adversely affected by the impact of financial issues on overall wellbeing.

The data shows an upward creep over the March to August period to just over 54% of respondents saying that their overall wellbeing is being adversely affected. Respondents also continue to worry about money often, with around 60% saying that they worry about money regularly; either monthly, weekly or daily.

This six-month period has been one of the most challenging in recent global history and this latest update of the Financial Resilience Index indicates that despite the pandemic, New Zealanders have been and continue to be resilient.

But, this is in the shadow of an underlying anxiety. We need to lean on our resilience, open up the conversation and focus on the issues that are affecting our overall wellbeing.

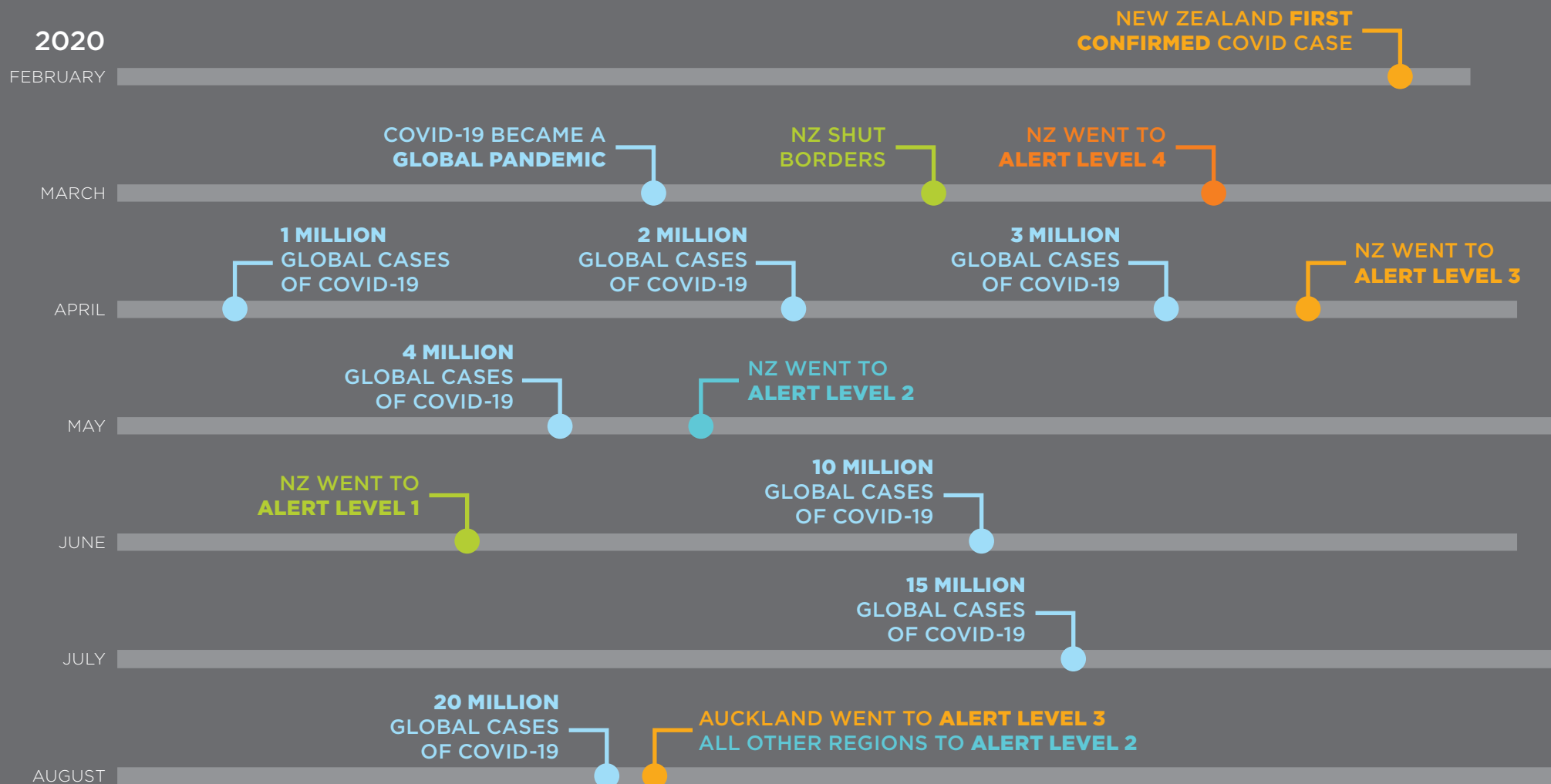


Rob Flannagan
Chairman, FSC



Richard Klipin
CEO, FSC

RESEARCH IN THE SHADOW OF COVID-19



This survey was in field in March, April and August 2020.

- KEY INDICATOR **1** FINANCIAL CONFIDENCE
- KEY INDICATOR **2** FINANCIAL LITERACY
- KEY INDICATOR **3** FINANCIAL PREPAREDNESS
- KEY INDICATOR **4** JOB SECURITY
- KEY INDICATOR **5** WELLBEING

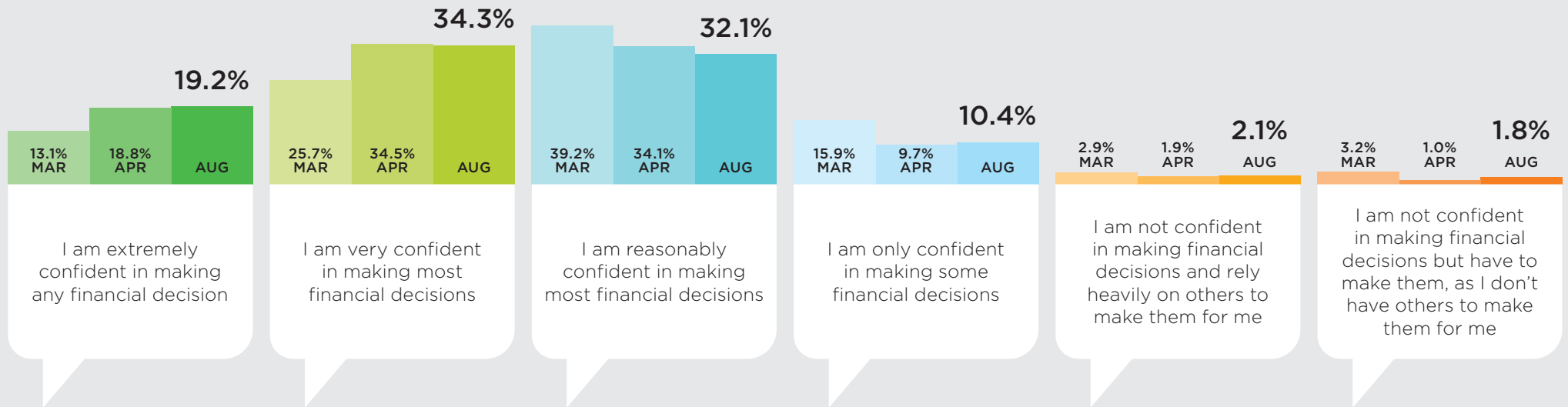




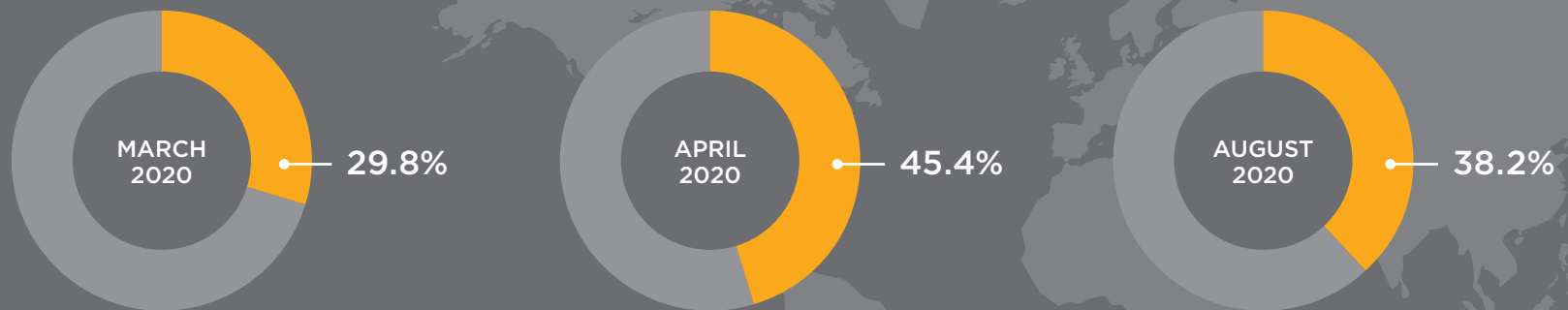
KEY INDICATOR: FINANCIAL CONFIDENCE

THE PANDEMIC HAS HAD AN IMPACT, BUT KIWIS REMAIN FINANCIALLY CONFIDENT

Which of the following statements best describes your confidence in making financial decisions?



Have global events (e.g. Coronavirus outbreak) impacted your confidence in making financial decisions?

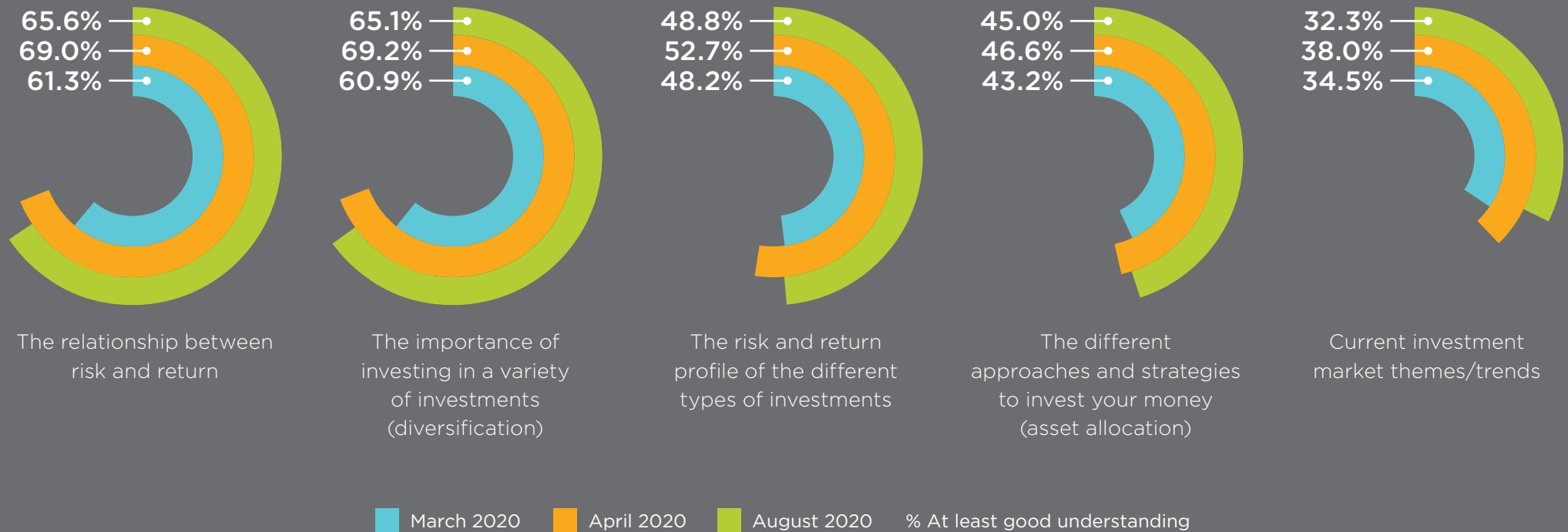




KEY INDICATOR: FINANCIAL LITERACY

THERE WAS EVIDENCE OF IMPROVED FINANCIAL LITERACY IN TERMS OF UNDERSTANDING OF INVESTMENT CONCEPTS, ALTHOUGH THAT LEVEL DROPPED SLIGHTLY IN AUGUST AND REMAINS LOW IN SOME AREAS

How would you rate your understanding of the following?

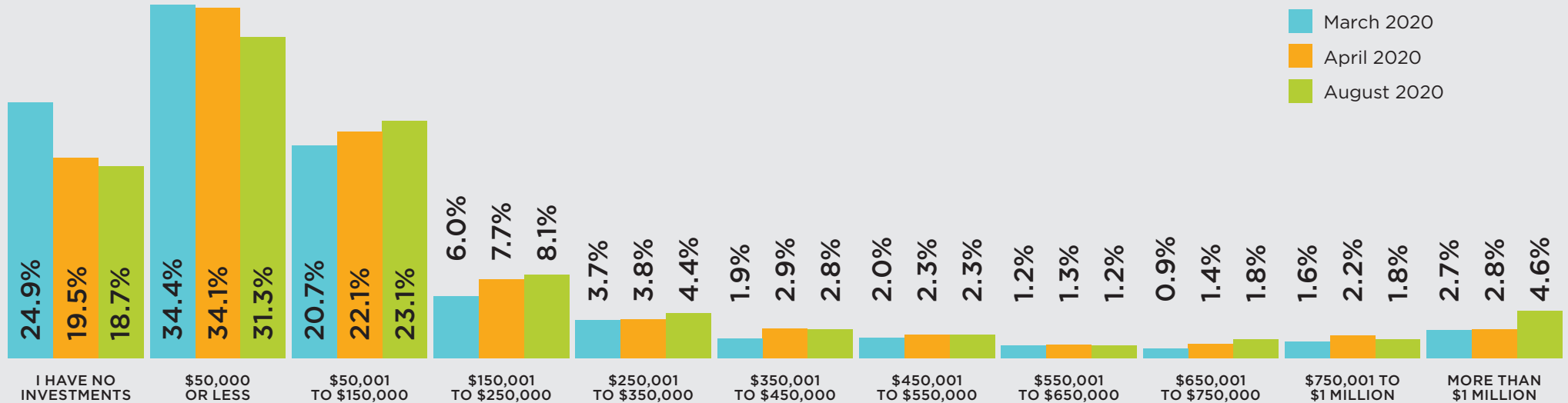




KEY INDICATOR: FINANCIAL PREPAREDNESS

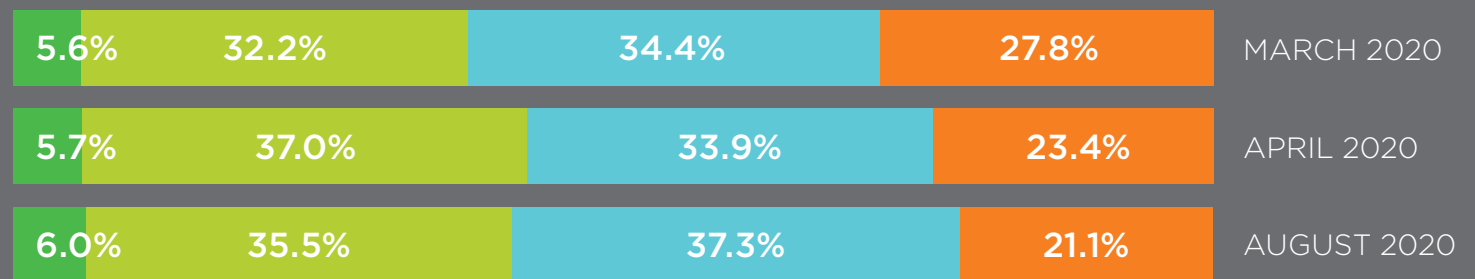
THERE IS SOME EVIDENCE THAT SPENDING HABITS HAVE CHANGED, WITH A SMALL PERCENTAGE INCREASE IN THOSE THAT HAVE HOUSEHOLD INVESTMENTS

Household Investments



How financially prepared do you feel you are for retirement?

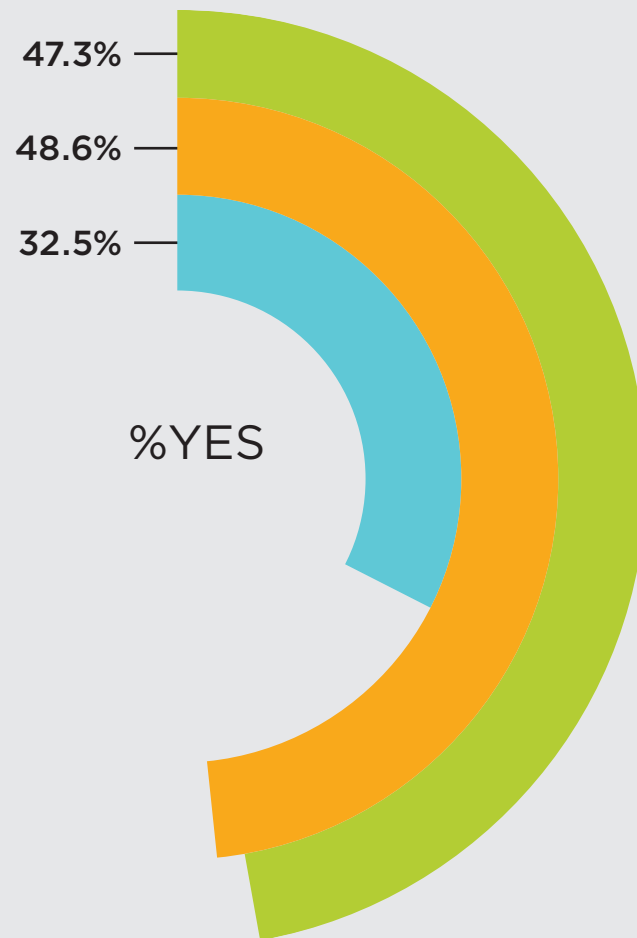
- Very prepared
- Reasonably prepared
- Not particularly prepared
- Not prepared at all





KEY INDICATOR: JOB SECURITY

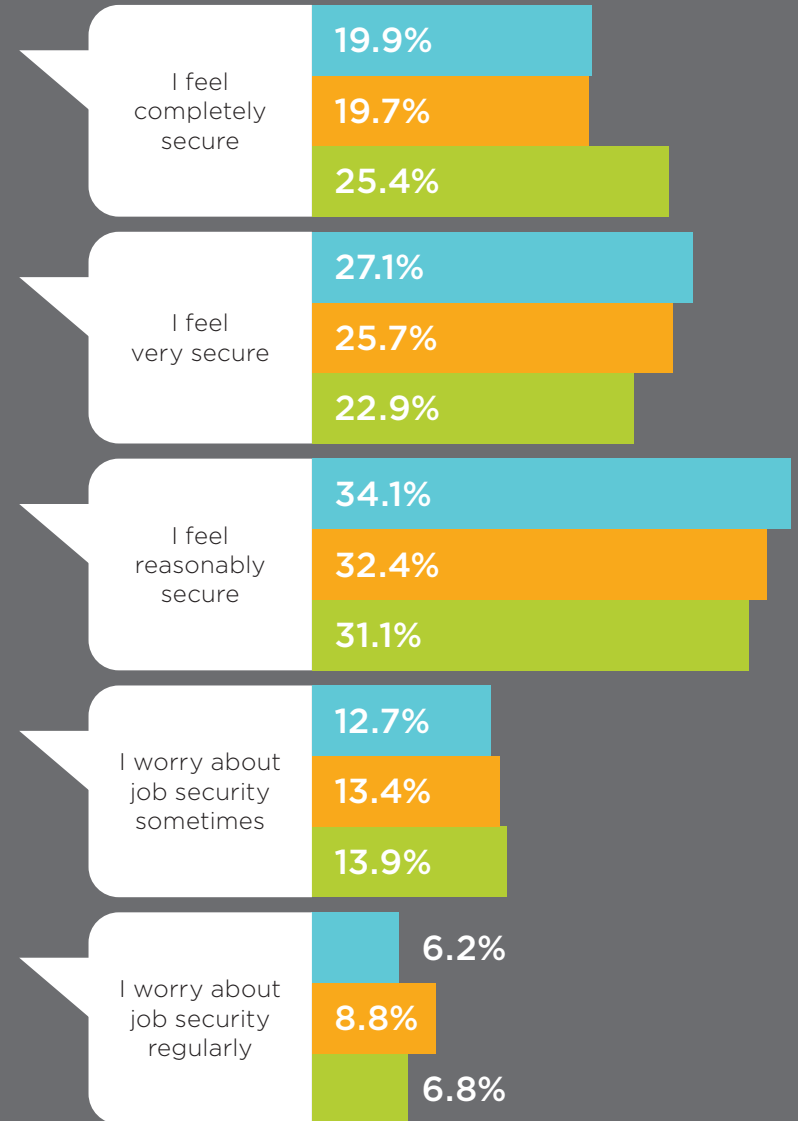
THE PANDEMIC HAS HAD AN IMPACT ON JOB SECURITY ACROSS NEW ZEALAND, WITH 3 IN 10 WORRYING ABOUT THEIR JOB SECURITY IN MARCH, RISING TO ALMOST 50% IN APRIL AND REMAINING CONSISTENT IN AUGUST



Have global events (e.g. Coronavirus outbreak) impacted how much job security you feel in your current employment?

- March 2020
- April 2020
- August 2020

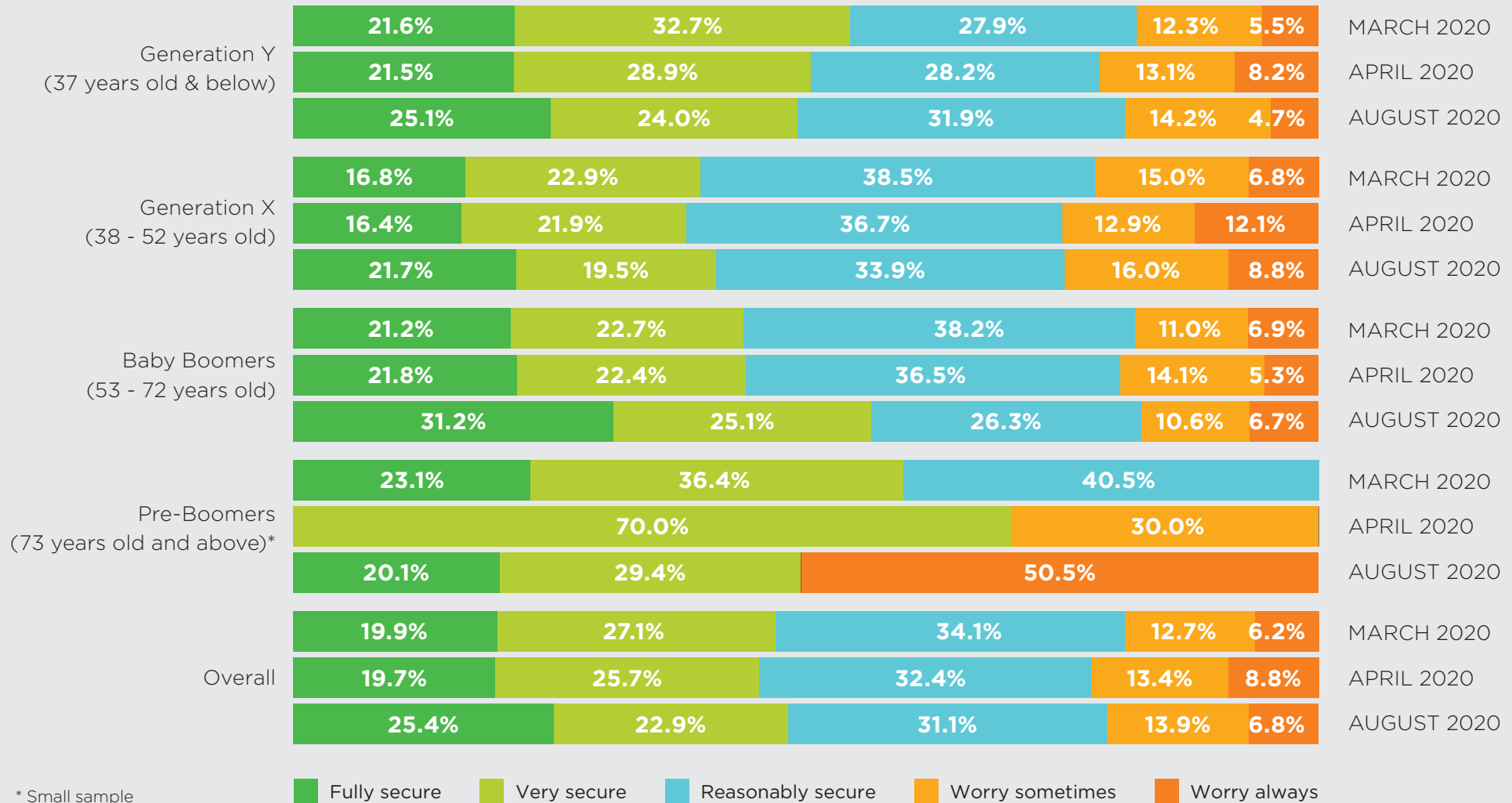
How much job security do you feel in your current employment?





KEY INDICATOR: JOB SECURITY (DEMOGRAPHICS)

JOB SECURITY HAS IMPROVED SINCE APRIL, ALTHOUGH GEN X REMAIN MORE VULNERABLE



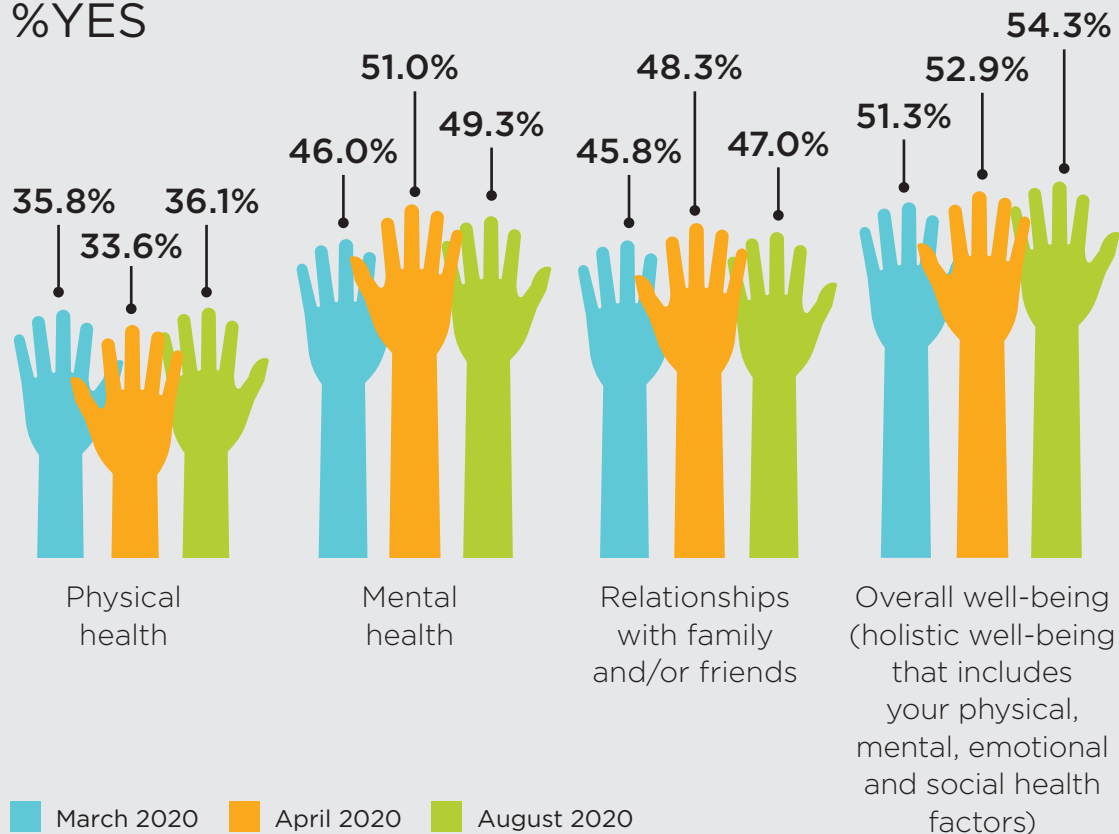


KEY INDICATOR: WELLBEING

WHILE THE FREQUENCY OF MONEY WORRIES IS DOWN, THE IMPACT OF FINANCIAL ISSUES REMAINS REAL FOR KIWIS, WITH OVERALL WELLBEING IMPACT RISING AGAIN

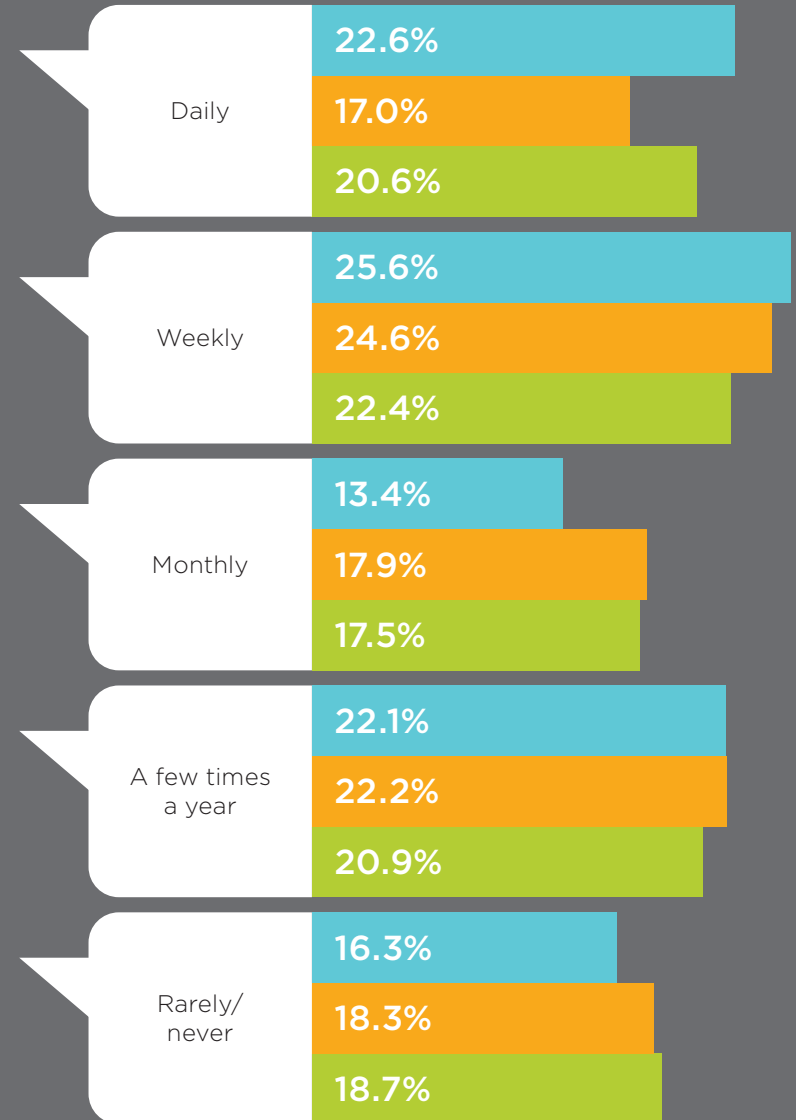
Have financial issues ever adversely affected your ...?

%YES



March 2020 April 2020 August 2020

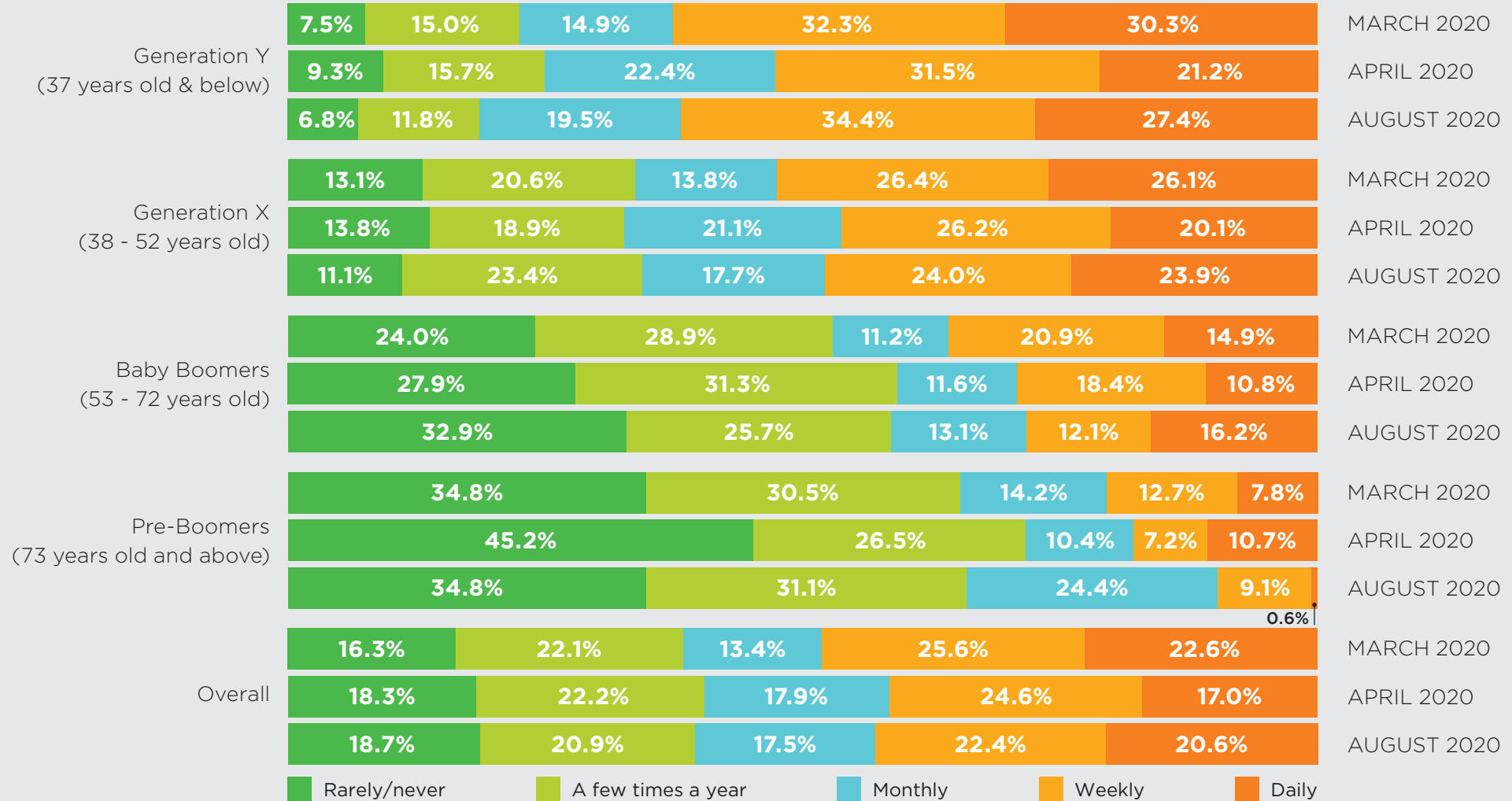
How often do you worry about money?





KEY INDICATOR: WELLBEING (DEMOGRAPHICS)

GEN Y KIWIS STILL WORRY ABOUT MONEY THE MOST



04

CONCLUSION

As an industry, we have continued to invest in this research to build a better picture over time and understand how New Zealanders have felt about money and other everyday financial concerns during this period of uncertainty.

Overall the findings of the Financial Resilience Index between March and August 2020 paint a picture of our financial resilience as a nation but show an underlying anxiety as we have progressed through the different alert levels.

There is no getting away from the scale of the ongoing challenge, especially considering the world stage and global economic outlook. The industry continue to be committed to doing all we can to help New Zealanders improve their financial resilience.



ABOUT THE FINANCIAL SERVICES COUNCIL

The Financial Services Council is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 80 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

Find out more at fsc.org.nz

RESEARCH METHODOLOGY

The research was conducted via an online survey developed and hosted by CoreData. March data was collected between 12 March and 20 March 2020. A total of 2,000 valid complete responses were collected, which formed the basis of the analysis and the report.

April data was collected between 30 April and 3 May 2020 and August data between 6-7 August 2020. A total of 1,000 valid complete responses were collected in both April and August.

The sample is representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data.



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 Financial Services Council

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Growing and protecting the wealth of New Zealanders

OCTOBER 2020