

Financial **Services** Council.

# FINANCIAL RESILIENCE INDEX

MAY 2021







## CONTENTS

01	Foreword .....	02
02	<b>FINANCIAL RESILIENCE INDEX</b> .....	03
	Key Indicator 1: Financial Confidence .....	04
	Key Indicator 2: Financial Literacy .....	05
	Key Indicator 3: Financial Preparedness.....	06
	Key Indicator 4: Job Security.....	07
	Key Indicator 5: Wellbeing.....	09
03	About Financial Services Council and research methodology .....	11

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

The Financial Services Council started tracking the financial confidence and wellbeing of New Zealanders in March 2020, just as Covid-19 was becoming a reality. We went back out to see how Kiwis were doing in April 2020 as Covid-19 measures were being put in place and then again in August 2020.

This 2021 edition of the Financial Resilience Index, a year on, provides the latest insights and the changes in how New Zealanders rate their financial confidence and wellbeing.

The impacts of Covid continue to be felt as New Zealanders face new realities. While key economic indicators suggest we as a country are moving in the right direction, our research shows that as an industry, there is more to be done to support the investing public build knowledge and confidence.

A collective response is required to support long term literacy outcomes and help us develop financial resilience against future economic events. Working together, we can turn the language of money into a call to action that improves financial preparedness for New Zealand.

**81%** 

**FINANCIALLY  
CONFIDENT**

**Financial confidence has dropped**

In April '21, 80.9% of respondents were reasonably to extremely confident in making financial decisions compared with a high of 87.6% the previous April.

**48%** 

**FINANCIALLY  
LITERATE**

**Financial literacy has dropped**

We observed an 8% drop in literacy when comparing average ratings across the five knowledge areas between Apr '20 (56%) and April '21.

**56%** 

**OVERALL  
ADVERSE EFFECT  
ON WELLBEING**

**There is an increase in financial issues affecting wellbeing**

There is a worrying trend across all wellbeing indicators that financial issues are affecting physical and mental health, relationships and overall wellbeing since the index began.

**3%** 

**FEWER  
KIWIS HAVE  
INVESTMENTS**

**There are fewer with household investments**

In April '21 2.7% more respondents reported no household investments compared with Apr '20.

**44%** 

**FINANCIALLY  
PREPARED FOR  
RETIREMENT**

**Financial preparedness for retirement remains stable**

Between April '20 and April '21, just over 44% of respondents considered themselves financially prepared for retirement.

**79%** 

**JOB SECURITY**

**Job security slowly rising**

In comparison to Apr '20, those feeling reasonably to completely secure in their current employment reported a small positive movement from 78.1% to 78.7% in Apr '21.



Rob Flannagan  
Independent Chair



Richard Klipin  
CEO, FSC



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

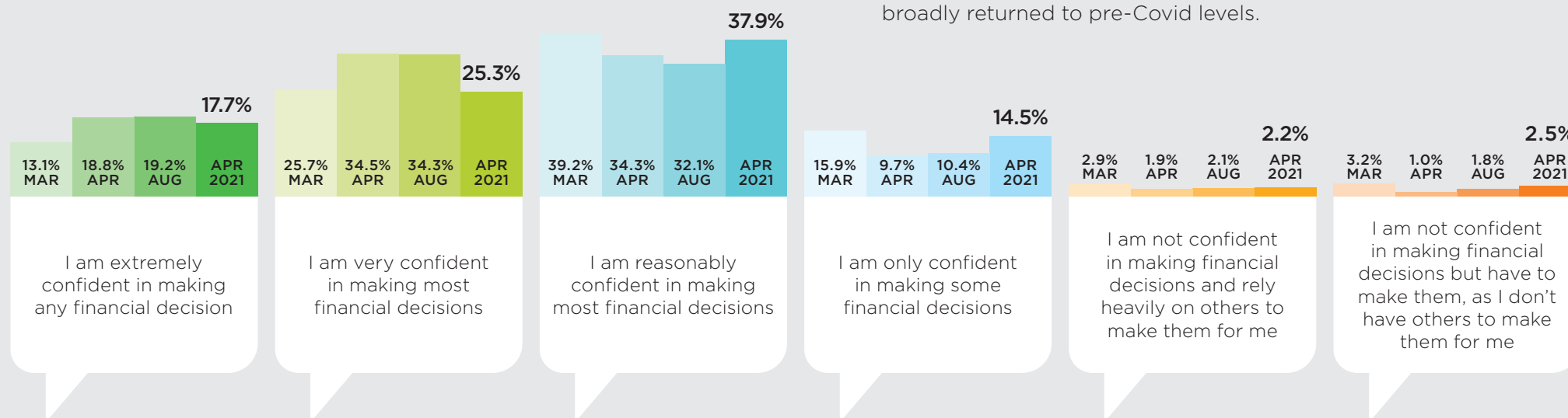






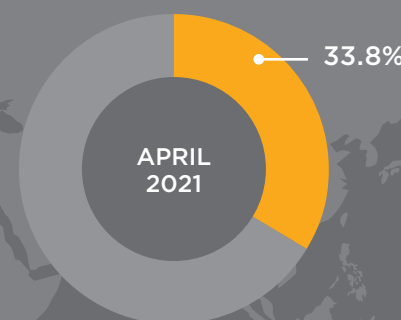
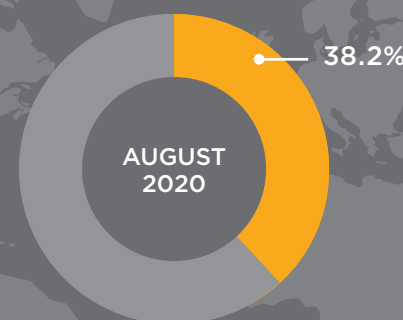
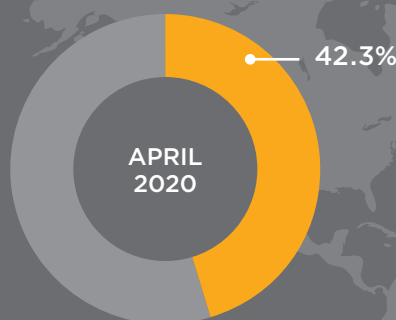
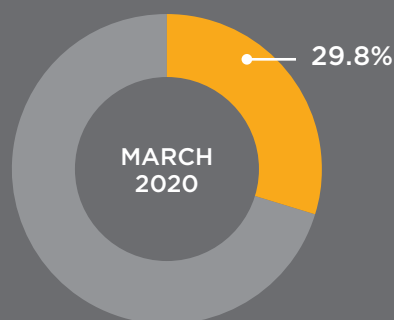
## KEY INDICATOR: FINANCIAL CONFIDENCE

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?

Yes

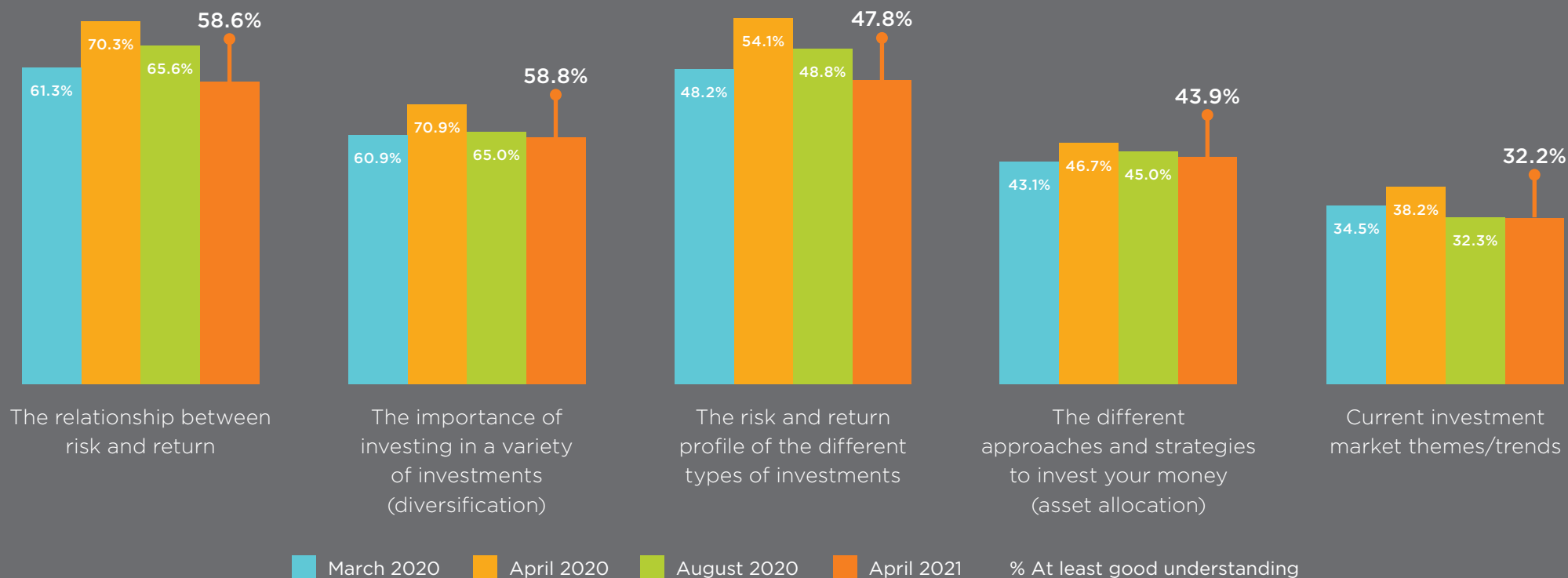




## KEY INDICATOR: FINANCIAL LITERACY

Four of these indicators show a drop to slightly lower levels of understanding since March 2020, pre-Covid, following an increase of understanding, indicating that during April and August 2020, respondents reported a greater understanding across the knowledge areas below.

How would you rate your understanding of the following?

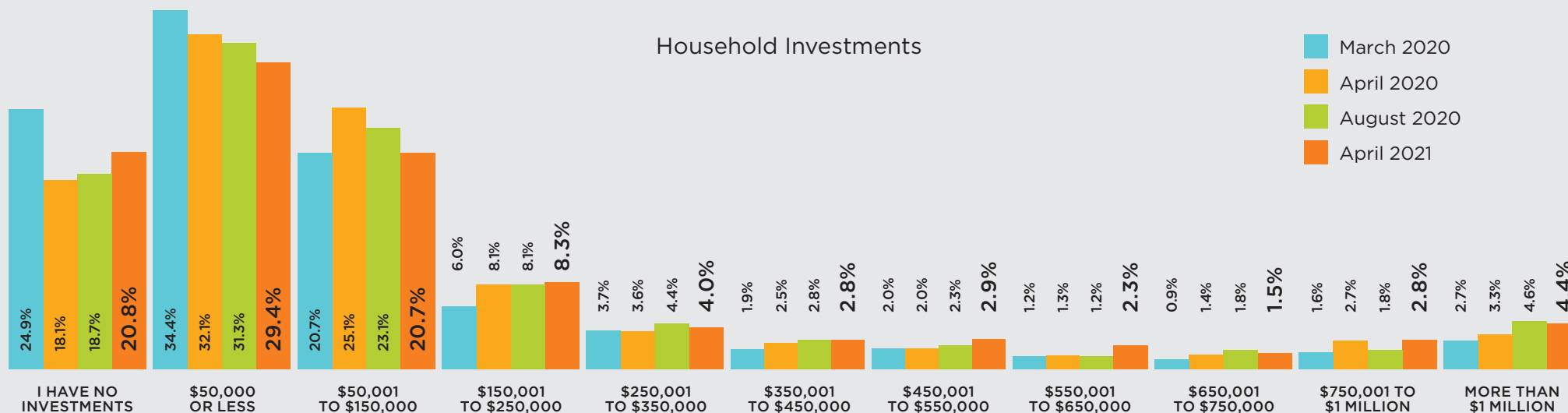




## KEY INDICATOR: FINANCIAL PREPAREDNESS

Although there are less respondents with no investments compared to pre-Covid, they are gradually returning to the same levels. With fewer having \$50k or less in investments than in March 2020. At the other end of the

scale, on the whole slightly more respondents indicated they had increased their household investments to above \$150k since March 2020. A similar number of respondents feel better prepared for retirement today than a year ago.



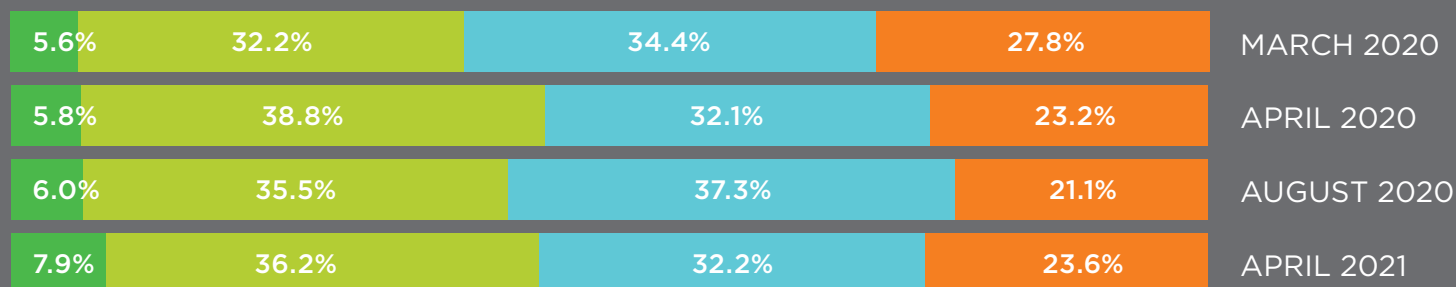
How financially prepared do you feel you are for retirement?

Very prepared

Reasonably prepared

Not particularly prepared

Not prepared at all

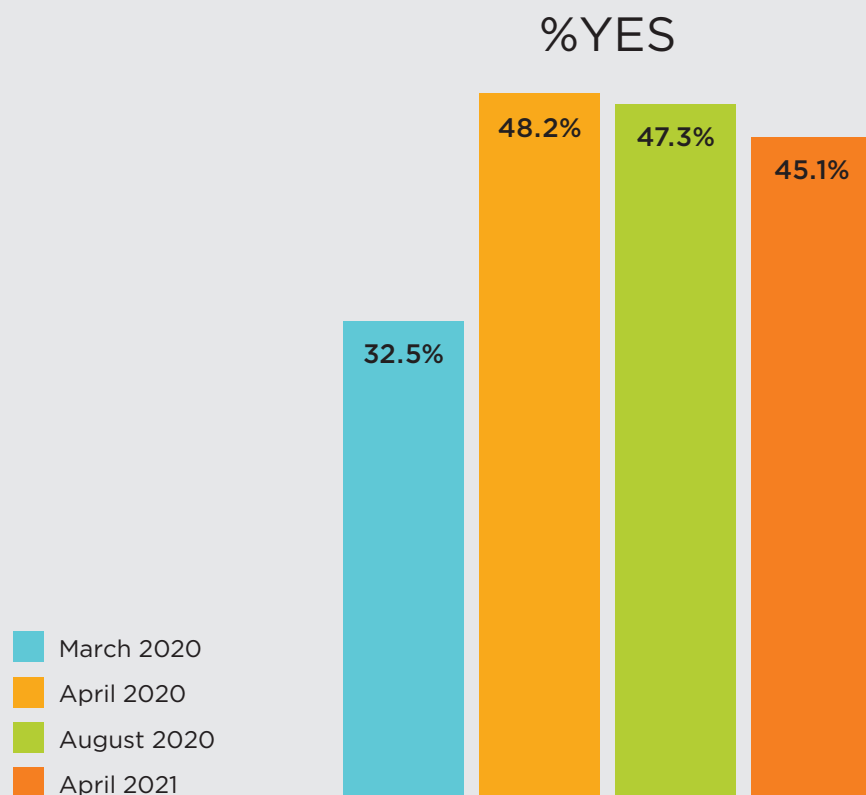




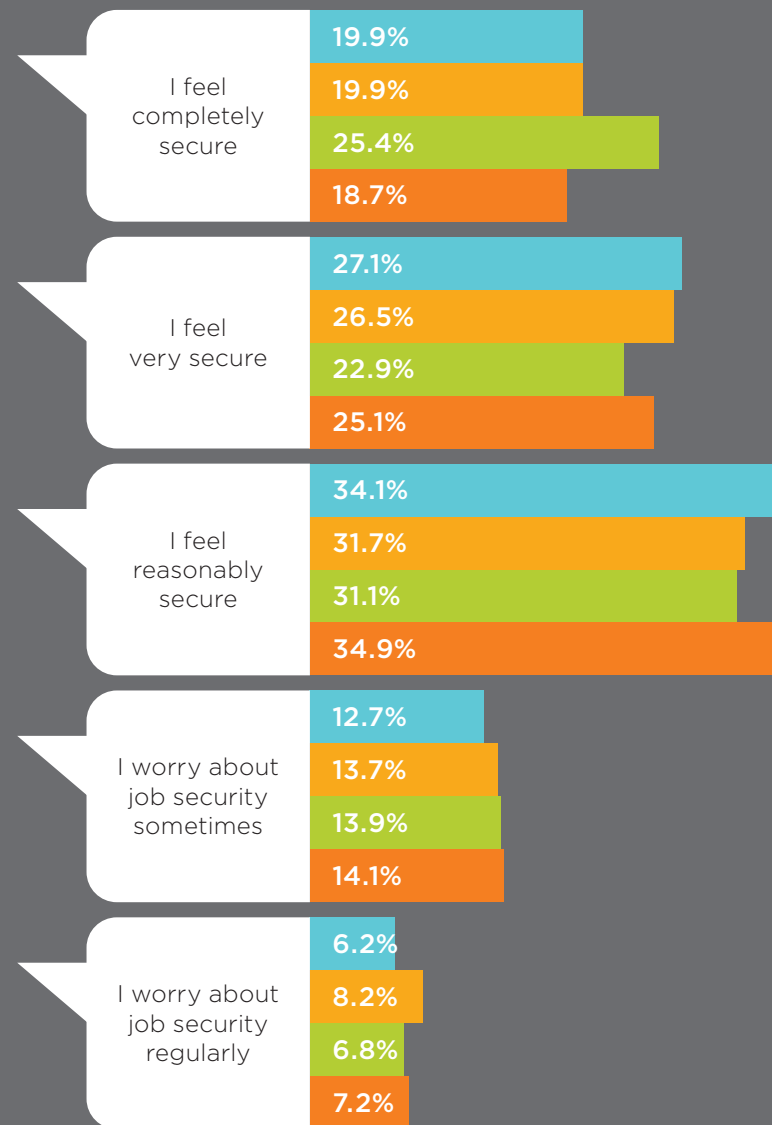
## KEY INDICATOR: JOB SECURITY

Slightly fewer respondents were reasonably, very or completely secure in their current employment and worry more about job security compared with March 2020, pre-Covid. Since March 2020, the number of respondents who feel global events have impacted job security in their current role, has increased by around 13%.

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



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

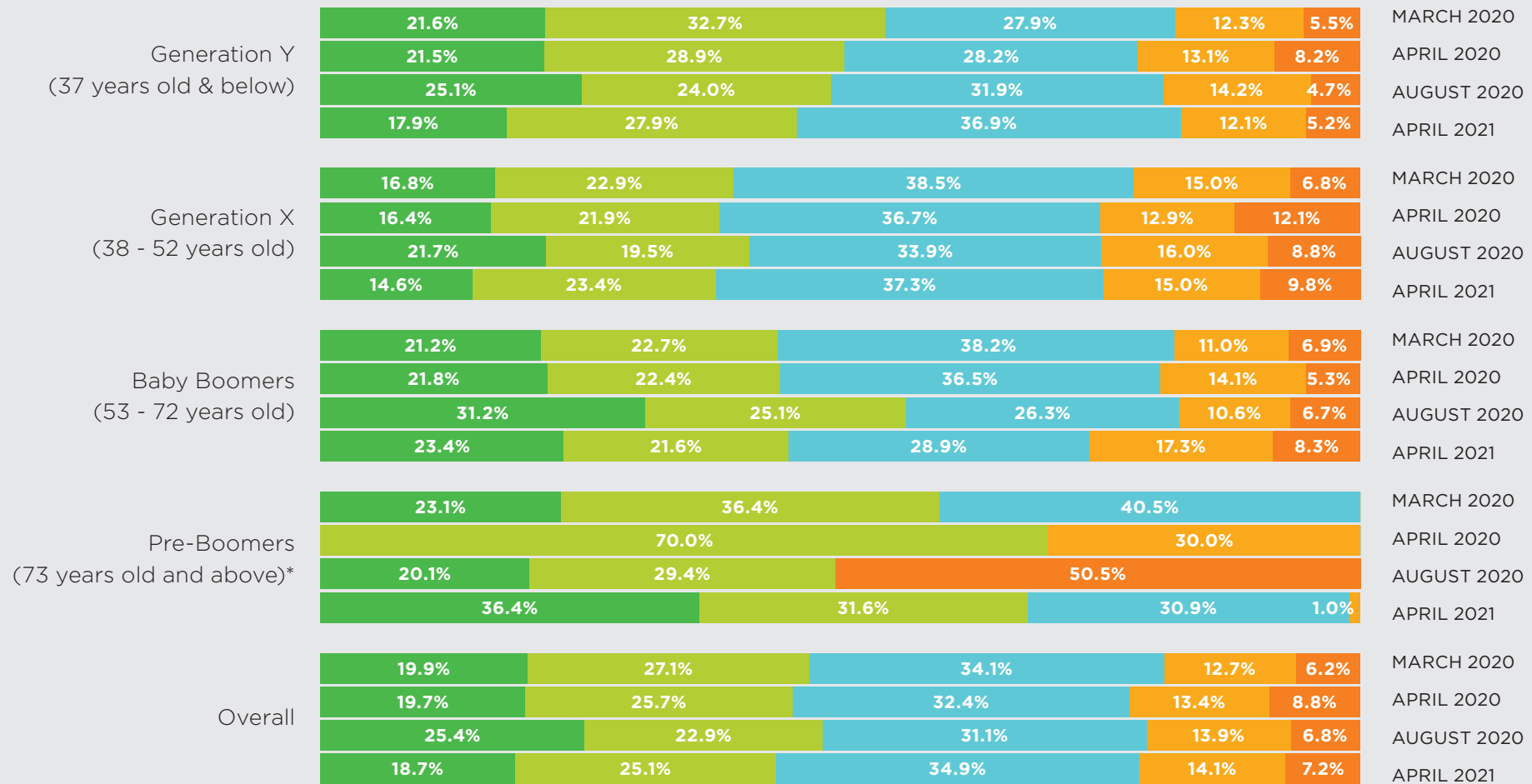






## KEY INDICATOR: JOB SECURITY (DEMOGRAPHICS)

Pre-Boomers have returned to feeling reasonable to fully secure with their jobs, however more baby boomers and Generation X are worrying about their job security than since the initial Financial Resilience Index pre-Covid in March 2020.



\* Small sample

■ Fully secure
 ■ Very secure
 ■ Reasonably secure
 ■ Worry sometimes
 ■ Worry always

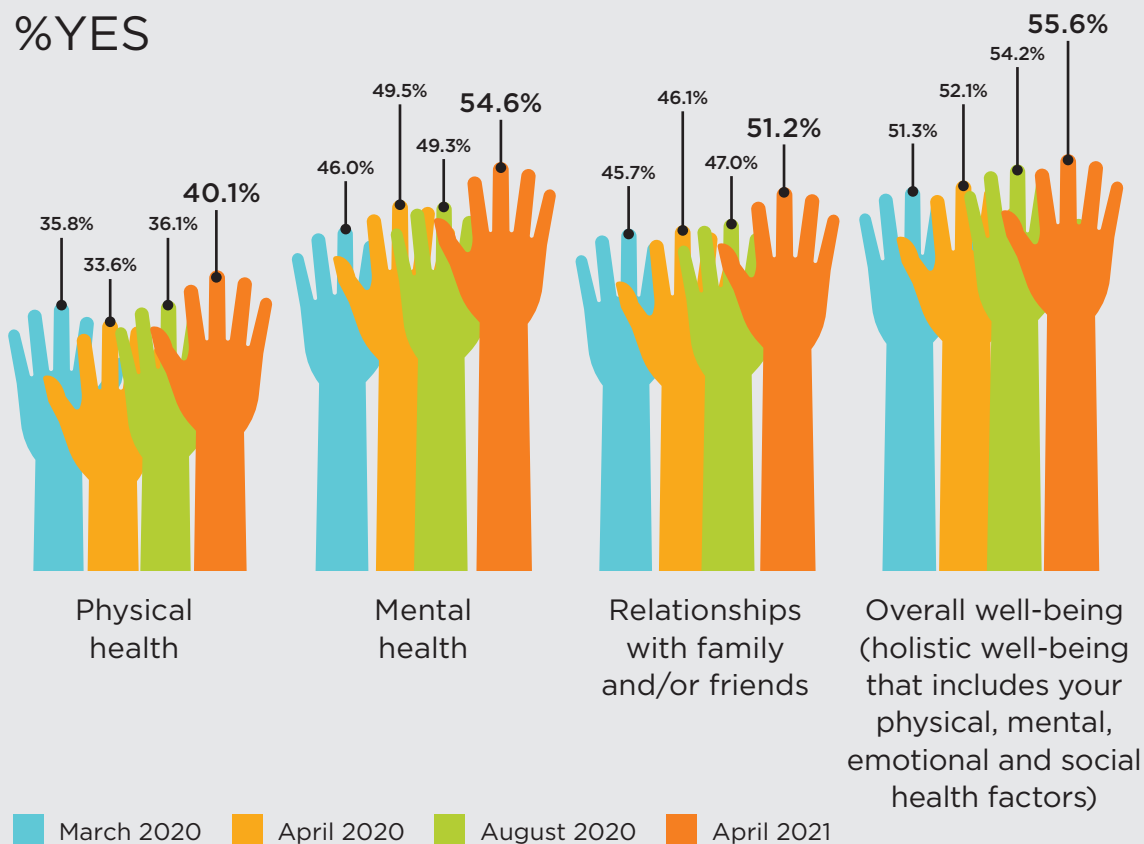


## KEY INDICATOR: WELLBEING

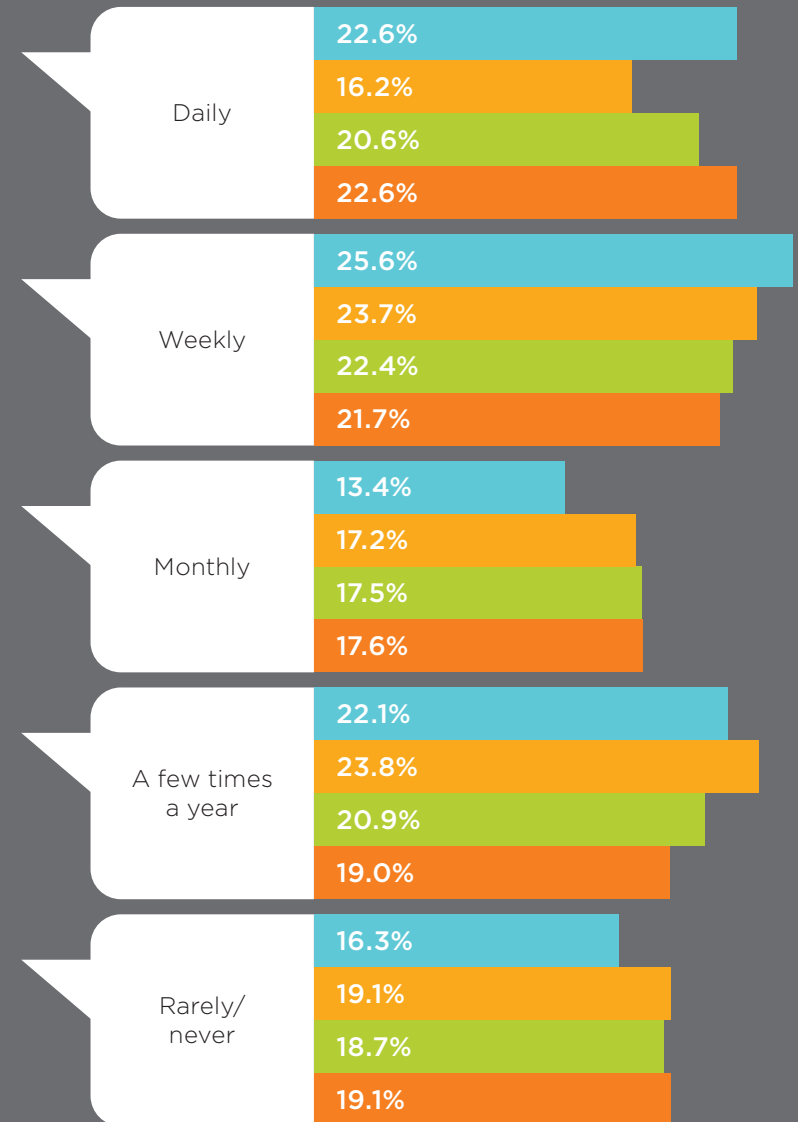
Those worrying daily about money have returned to March 2020 levels, otherwise respondents are worrying about money less often. However, of concern is that the impact of financial issues on physical health, mental health, relationships and overall well-being is on the rise.

Have financial issues ever adversely affected your ...?

%YES



How often do you worry about money?

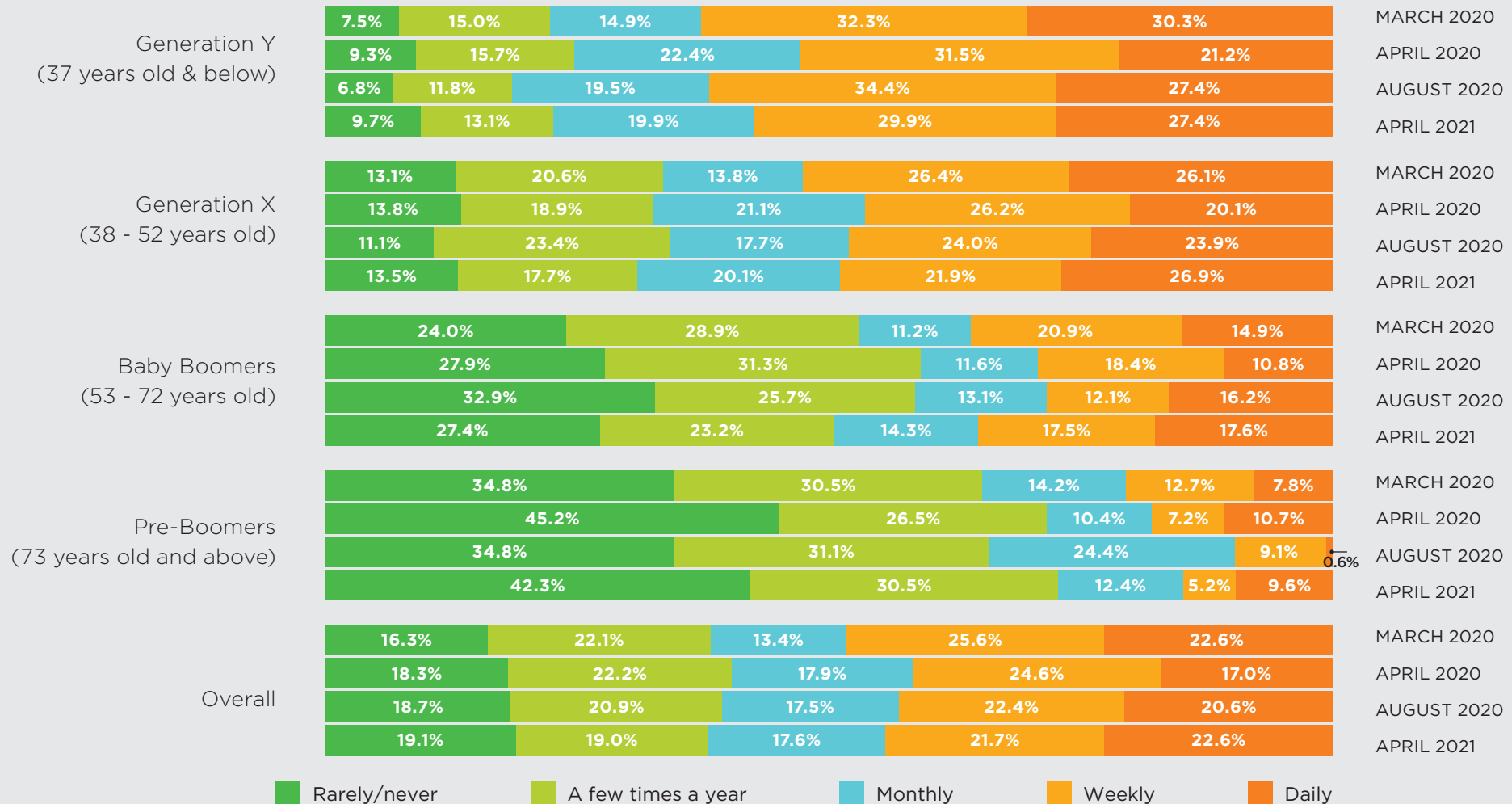






## KEY INDICATOR: WELLBEING (DEMOGRAPHICS)

Generation X and Generation Y both worry about money more than older generations, and more Generation X and Baby Boomers are worrying about money now than in April 2020.



## ABOUT THE FINANCIAL SERVICES COUNCIL

As the voice of the sector, the Financial Services Council is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 95 members manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, 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](https://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.

April 2021 data was collected between 15 April and 26 April 2021. A total of 2,035 valid complete responses were collected in April 2021.

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





The Financial Service Council of New Zealand's reports and publications are available on our website.

© The Financial Services Council of New Zealand Incorporated.  
All rights reserved.

This publication is subject to copyright with all rights reserved.

Reproduction in part is permitted if the source reference  
"The Financial Services Council of New Zealand" is indicated.

Courtesy copies are appreciated.

Reproduction, distribution, transmission or sale of this publication  
as a whole is prohibited without the prior authorisation of  
The Financial Services Council of New Zealand.

The information provided is for information purposes only and in  
no event shall the Financial Services Council of New Zealand be liable  
for any loss or damage arising from the use of this information.

[fsc.org.nz](https://fsc.org.nz)

 Financial Services Council

 @FSC\_\_NZ

 Financial Services Council New Zealand

**Financial Services Council.**  
Growing and protecting the wealth of New Zealanders

MAY 2021