MoneyMinded
financial skills for the future

MoneyMinded Summary Report 2009

Featuring a Case Study: The Impact of MoneyMinded on High School Students

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ANZ

THE SMITH FAMILY
everyone's family

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Foreword

Many people have benefited from MoneyMinded since it was developed in 2003, with over 2,800 financial counsellors and facilitators in community organisations reaching over 78,400 people to date in Australia and New Zealand.

While we have been thrilled with the reach of MoneyMinded and the number of people who have participated in the program in some way, we have been conscious that we need to do more to understand its impact on improving skills, capability and confidence for these participants.

Like many others, we are seeking to understand the behavioural and other contextual effects which contribute to some Australians being overcome by a lack of control over their finances or, in extreme cases, becoming excluded from the relative safety of mainstream banking products and services. Our research into adult financial literacy, financial exclusion, and causes of financial difficulty in Australia, conducted regularly since 2003, will continue to focus on these elements.

When it comes to evaluating MoneyMinded, we have for the first time in this report introduced a small case-study looking more closely at the impact of the program on one group of participants. This case-study is based on The Smith Family's application of MoneyMinded as a Certificate I in Financial Services (Financial Literacy) for high school students. In future reports we hope to similarly focus on assessing the impact of other MoneyMinded models being delivered by our partners, and in doing so inform the future direction of this and other financial literacy programs.

RMIT University has supported the success of MoneyMinded through an ongoing body of dedicated research and we thank them for their efforts in capturing the impact of this program. Thanks also to the dedicated team at The Smith Family, both for their work in aligning MoneyMinded with the accreditation requirements of the Certificate I qualification, and for so enthusiastically participating in the case-study evaluation.

Finally, ANZ would like to extend our thanks and appreciation to the many other people involved with the delivery of MoneyMinded across Australia – trainers, community organisations, financial counsellors and others. The efforts of our community partners (and all of their MoneyMinded staff) have been tremendous, and any successes are due to their hard work and commitment in integrating financial literacy so effectively into their community service delivery.

Graham Hodges

Acting CEO, ANZ Australia

ANZ's MoneyMinded partners:

Anglicare SA

The Benevolent Society

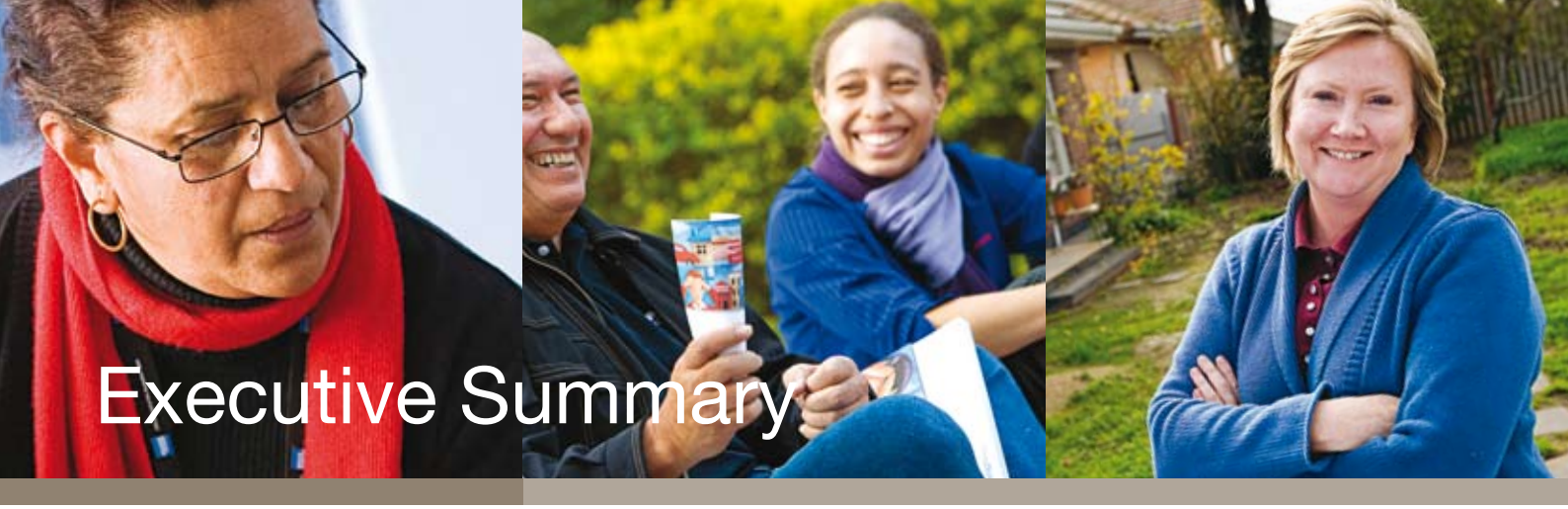
Berry Street

The Brotherhood of St Laurence

Kildonan UnitingCare

Mission Australia

The Smith Family



Executive Summary

Over the last few years, consumer groups and governments have become increasingly concerned about the declining levels of financial literacy and capabilities, especially among the low-income and vulnerable sectors of society. In Australia, ANZ is the first and only financial institution to periodically investigate the levels of financial literacy in Australia (ANZ, 2003; 2005; 2008) and responded by addressing areas of most concern. ANZ initiated the development of MoneyMinded, a financial literacy education program to help people, particularly those on low-incomes, to build their financial skills, knowledge and confidence. The program has been developed as a resource for financial counsellors and community educators. It is intended to be delivered as workshops to groups of people or can be used in one-to-one case work.

The body of literature on financial education has increased significantly over the last few years and although there is lively discussion relating to concepts, goals and measurement issues, there are common themes:

- The need for financial education has increased due to the changes in the number and complexity of financial products, technology advances, transferred responsibility from government to individuals and increasing societal pressures on consumers.
- The number and type of financial education programs have grown exponentially. There are programs targeted at (but not limited to), children, teens, low-income individuals and families, Indigenous people, women and older Australians. Delivery mechanisms include workshops, classrooms, community organisations, workplace programs, CD-Rom, theatre and on-line.
- There is substantial agreement that financial education should be easily and widely accessible to all sectors of the community, at all stages of the lifecycle. Having adequate financial capabilities to live successfully in a monetised society is viewed as a basic right.
- There is growing recognition of the importance of behavioural economic principles and psychological factors in the development and delivery of financial education programs. Information does not equal understanding and intention does not equal action.
- While there has been an increase in financial education efforts, evaluators are still struggling to effectively measure the longer-term impacts of the programs.

Since its inception, MoneyMinded has shown to be very successful in the reach of its delivery and the impact on participants' money management behaviour. By March 2009, MoneyMinded had reached over 78,400 people and nearly 2,800 facilitators from the community have been trained to deliver the program. MoneyMinded has been used extensively in assisting minority and disadvantaged groups in Australia and has also been extended to New Zealand.

The majority of participants are female and many community groups use MoneyMinded with migrants, new arrivals, people with mental and physical disabilities, sole parents and the unemployed.

The MoneyMinded program receives consistently high praise from facilitators who use it. Facilitators are able to adapt the program to meet the specific needs of their clients and they find the resources included in the program to be relevant and 'user-friendly'.

In 2008, early impact research was conducted with participants who had received MoneyMinded education through key community groups in Australia. Many of the participants involved in the study were extremely disadvantaged, some with very low incomes and suffering from a range of social and economic problems. The main impacts of the program on the participants were reduced stress levels, increased knowledge of financial products and fees and increased levels of saving behaviour. Participants also reported improved money management behaviour such as using a budget, wiser shopping habits, keeping track of expenses and managing debt.

Case Study: The Impact of MoneyMinded on High School Students

To illustrate the adaptability and wide ranging value of MoneyMinded, this report provides a case study to demonstrate how MoneyMinded has been used to give high school students relevant and useful financial education while at the same time enabling them to achieve a qualification.

The Certificate I in Financial Services (Financial Literacy) is based on the content of MoneyMinded. The course was delivered as a pilot program by The Smith Family to approximately 200 Year 12 students across a number of high schools in South East Queensland.

The aim of the course was to increase students' knowledge and skills in budgeting, savings, managing debt and consumer credit, and increase understanding in superannuation and the general Australian financial system.



The evaluation included a pre- and two post-program measures and the key results are as follows:

- By the end of the course, the proportion of students who set financial goals increased significantly from 18% to 36%
- By the end of the course, nearly all students (99.5%) reported they knew how to prepare and stick to a budget to meet their financial goals.
- The proportion of students who experienced a change in attitude about planning increased significantly. Before the training, around 25% of students said they rarely planned at all. This figure dropped to 5.3% 10 weeks after the completion of the program.
- Students' levels of understanding about superannuation increased significantly. Before the course, 29% of students reported they understood how superannuation works. Ten weeks after completing the program nearly 85% of students reported understanding superannuation.
- Post program, 92.5% of students reported having more confidence in their abilities to handle their finances.

The most common impacts on money management behaviour reported by the students were:

- Increased levels of saving
- Spending less on junk food and non-essential items
- Setting savings goals eg. holidays, expensive items
- Opening up new saving accounts
- Developing and using a budget

Overall, the students found the program highly enjoyable and viewed the course as valuable to their lives, both now and in the future. Gaining the Certificate qualification for undertaking the course was an attractive incentive for students, indicating potential to further extend the MoneyMinded Certificate I course for this audience.

1. Introduction

Having the opportunity to live and operate as a financially capable member of society is a fundamental right. However, as the financial world becomes more complex, the need for targeted, relevant and effective financial education becomes more critical for many people.

The Organisation for Economic Co-operation and Development (OECD), (2005) defines financial education as:

… the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.

Globally, the quest to increase levels of financial literacy has never been more earnest or more critical. The individual consequences of the current economic crisis are exacerbated due to extreme levels of over-indebtedness, failure to understand financial products and inadequate savings that can buffer against financial shocks.

Even before the financial crisis, there had been increasing concerns about the alarming increases in personal debt, bankruptcies (especially among younger people) and low levels of savings. While the whole of the problem cannot, and should not, be blamed on consumers' low levels of financial literacy, there is a significant role for financial education in alleviating the severity of the impacts.

The financial system is complex. Complexity is characterised by elements that interact and impact on each other in various ways. It is difficult to understand a complex phenomenon unless it is looked at in its entirety. Broadly speaking, the financial system is composed of individual behaviour, market context and regulatory response. Therefore, financial literacy should be considered within the context of markets and regulation.

Financial education is growing in popularity as one of a suite of strategies aimed at raising the levels of financial literacy and capabilities within the community. In Australia, ANZ is the first and only financial institution to periodically investigate the levels of financial literacy in Australia (ANZ, 2003; 2005; 2008) and then take action to address areas of most concern. ANZ initiated the development of MoneyMinded, a financial literacy education program to help people, particularly those on low incomes, to build their financial skills, knowledge and confidence. The program has been developed as a resource for financial counsellors and community educators. It is intended to be delivered as workshops to groups of people and can also be used in one-to-one case work.

MoneyMinded offers independent and unbiased consumer information. Its development was initiated and funded by ANZ with contributions from the community sector and education experts. It does not contain any ANZ branding or promotion of financial products and services. The program consists of eight topics separated into 19 workshops covering fundamental financial information.

The program is delivered through a range of agencies and individuals in Victoria, New South Wales, Queensland, South Australia, Western Australia, the Australian Capital Territory, Tasmania and the Northern Territory.

Subsequent sections of this report will cover the following elements:

Section 2: Background into the current trends in financial education, theoretical underpinnings and evaluations

Section 3: An illustration of how MoneyMinded has been used in the community, giving evidence of positive trends in financial behaviour change.

Section 4: Presentation of a case study to show how The Smith Family has developed the Certificate I in Financial Services (Financial Literacy) based on MoneyMinded, and delivered it to high school students to better equip them in making the most of their money now and in the future.

2. Current trends in financial literacy education

2.1 Introduction

The body of literature on financial education has risen sharply over the last few years, presenting a range of opinions and research on the value and impact of financial education programs. While the discussion is lively in the literature on a wide range of issues regarding financial education, there are common themes:

- The need for financial education has dramatically increased due to the changes in the number and complexity of financial products, changes in technology and increasing societal pressures on consumers.
- There is substantial agreement that financial education should be easily and widely accessible to all sectors of the community at all stages of the lifecycle. Having adequate financial capabilities to live successfully in a monetised society is a basic right.
- There is growing recognition of the importance of behavioural economic principles and psychological factors in the development and delivery of financial education programs. Relevant concepts to financial education are: procrastination, regret and loss aversion, mental accounting, status quo bias, and information overload.
- While there has been an increase in financial education efforts, evaluators are still struggling to effectively measure the longer-term impacts of the programs. The large range of variables affecting people's financial decision-making complicates efforts to isolate and accurately measure the true impact of financial education.

2.2 The need for financial education

Firstly, financial literacy needs to be viewed as the basic skills and knowledge needed to operate in a monetised society. We do not question the need to have numeracy and literacy skills, so it is puzzling that the focus on financial education has only occurred quite recently. Financial literacy should encompass a fundamental set of skills that are established in childhood and continue to grow and evolve as required through different life stages.

While financial competency was in the past learned from family or 'picked up' as needed, the need for financial education has become more important in recent years because of the changing landscape (Braunstein and Welch, 2002).
The complexity and the increased variety of financial products, coupled with technological, demographic and personal finance changes, and dubious mortgage lending practices as seen in the sub-prime problems prevalent in the US, highlight the need for greater levels of, or more sophisticated, financial literacy skills (McGinn and Ehrenfeld, 2008). In addition, many regulatory changes have increased the level of individual responsibility for financial well-being. Hence, financial education needs to be more available and accessible to a wider range of markets than ever before.

The National Strategy for Financial Literacy (2006) reinforces the idea that financial responsibility lies with the individual. Financially educated consumers:

- have the financial knowledge necessary to create household budgets
- can initiate savings plans
- can manage debt, and
- can make strategic decisions for their retirement or their children's education.

Increased levels of financial literacy are also being seen as the solution to social problems and crises. In 1992, Operation HOPE was set up by John Bryant as a reaction to the Los Angeles riots. In 2005 the Bridges out of Poverty program was implemented in Toledo as a reaction to racial riots. It is believed both of these problems might have been exacerbated by the 'widespread ignorance of finance' (Bryant, cited in The Economist, 2008).

From a different perspective, Landvogt (2008) argues that 'when people do get into financial difficulty, common misconceptions about poverty being due to poor money management frequently add a layer of prejudice to the experience of exclusion' (p. 17). Chant Link and Associates (2004) suggest that financial exclusion is driven by:

- low income (and consequent problems of nil or low savings, and lack of assets, leading to no security for acquiring loans or credit)
- unemployment, discontinuous or casual work history
- policies of service providers and marketing of mainstream financial products
- financial illiteracy and poor financial habits.

Landvogt (2008) argues that financial education should recognise that people living on low incomes already have capabilities in managing money (i.e. budgeting). Thus, the focus of financial education should be on planning for the future. International works also recognise the need for long-term planning as a crucial part of financial literacy.

According to Dixon (2006), the importance of the ability to plan ahead is crucial as 'it has most serious repercussions for individuals, business, the economy and the financial services industry' (p. 2). This again highlights the impact of individual choice on the greater good.

There is more recognition globally that robust financial systems depend upon a financially literate population. High levels of financial inclusion are a requirement for 'robust financial systems' that can lead to 'growth in the economy' (Agrawal, 2008, p. 2). This notion is further supported by Gnan, Silgoner and Weber (2007), who argue that having educated consumers helps to enhance market performance and contributes to the overall shaping of economic and social order.

Chant Link and Associates (2004) also argue that financial exclusion affects not only the individuals excluded, but also has an impact at community, economic and national levels. In essence, to provide financial education to lower income families is to include them socially, enabling them to participate in financial markets.

Increasing levels of individual financial literacy and capability is crucial in todays environment; however, it is also important to recognise the role of regulation in facilitating financial literacy in individuals (Willis, 2008). Willis (2008), a critic of financial literacy programs, argues that the search for policies that will ensure good consumer financial outcomes is just as important.

There is a growing concern that financial education will become a panacea (Willis, 2008). Effective and relevant regulation and consumer protection mechanisms should also play an important part in ensuring that financial systems work efficiently. This is most evident at this current moment in economic history.

2.3 The concept of financial literacy

According to Fox, Bartholomae and Lee (2005) financial literacy 'denotes one's understanding and knowledge of financial concepts and is crucial to effective consumer financial decision making' (p. 195). The Ministerial Council on Education, Employment, Training and Youth Affairs (1999) defines financial literacy as:

… the application of knowledge, understandings, skills and values in consumer and financial contexts and the related decisions that impact on self, others, the community and the environment.

Over the last few years, as the need for greater levels of financial literacy was established, discussion emerged as to what constitutes 'financial literacy'. What makes a person financially literate or financially illiterate? The most significant piece of work on this issue revealed that the concept of financial literacy is not easily definable in practice, or easily measured. Atkinson, McKay, Kempson and Collard (2006) conducted a national study for the UK Financial Services Authority and found that it was more accurate to view financial literacy as a set of capabilities. This better reflects the multi-faceted nature of financial literacy and reduces the temptation to over-simplify the concept by considering a person either financially literate or not.

For example, it is possible and quite common for a person to be very capable of budgeting on a day to day or week to week basis but, due to circumstances that can include variability in income levels or escalating debt, finds it difficult to plan over the longer term. On the other hand, it is also possible for a person on a high income to be less than capable at tracking daily or weekly expenditure, but have long term security in retirement accounts or investments.

Atkinson et al. (2006) found that financial capability is comprised of four domains:

- managing money – including making ends meet and keeping track of expenses
- planning ahead – being prepared for unexpected events and having appropriate attitudes towards planning for the future
- choosing products – knowing about financial products, being aware of attitudes to risk and associated behaviour and being confident in choosing appropriate financial products
- staying informed – being aware of changes in the economy and their impacts, keeping up to date with new financial products or changes to existing ones and also knowing where to access relevant information.

One of the major findings of this work highlights the need to recognise that attitudes and behaviours are just as significant if not more so than having knowledge and skills. Indeed, it has been said that financial literacy can be viewed as 20% knowledge and 80% behaviour (Pape, 2008).

Whilst the financial literacy focus should be on improving people's decision-making capabilities, a lot of financial education largely seeks to empower the consumer through the dissemination of knowledge. It is easier and more efficient to deliver 'knowledge' and the outcomes are easier to measure. However, financial literacy should also equip people with the capability to make wiser financial decisions (Vitt, 2004).

While the impact of the well-informed consumer cannot be denied (Han and Sherraden, 2007; Brennan and Coppack, 2008), more and more proponents and critics of financial literacy education are calling for the need to change the behaviours of the participants for a longer lasting impact. Hence, the link between knowledge and behaviour is crucial.

2.4 The contribution from behavioural economics

Information ≠ understanding; Intention ≠ action (Barr, 2008)

Braunstein and Welch (2002) claim 'the assumption that the presence of more information will lead to improved behaviour is faulty' (p. 453). Indeed, some believe more information can be detrimental to making better financial choices (De Meza, Irlenbusch and Reyniers, 2008). Information overload in this society is common and this does not correlate with greater understanding or better-informed behaviour. Nofsinger (2008) supports this by arguing that the illusion of knowledge may lead to overconfidence which consequently may lead to the individual to be less risk-averse.

Too much choice or information can also freeze decision-making for the fear of making the wrong choice (Fear, 2008; Lucas, 2008; Merton, 2008; Nofsinger, 2008). Indeed, 42% of Australians agree that there is too much choice when it comes to making financial decisions (Fear, 2008).

People's tendency to prioritise 'the now' or myopia as argued by Munnell (2008), can also prevent people from planning financially for the future. Procrastination is a common human tendency that can have dire impacts on personal finance and future financial security.

Behavioural economists, unlike traditional economists, recognise that human decisions are not always rational. Poterba (2008) supports this by highlighting that 'a significant percentage of households are not fully rational with regard to saving behaviour' (p. 48). Behaviour is significantly influenced by emotions, situational contexts and subjective perspectives. 'Decisions are not about objective states of the world, but about our mental representations of those states' (Shafir, 2008). Financial education needs to take account of irrational tendencies in human behaviour.

The core of education should be more about developing a set of critical thinking skills that can work in individual situations, taking account of needs, values and goals, rather than just the ability and comfort with numbers (Kozup and Hogarth, 2008). Education should enhance the motivation to act in one's self-interest. It is argued that the success of financial literacy should also be dependent on an individual's ability to make life choices based on their own financial situation (The Securities Institute of Australia, 2005; Lyons, Chang and Scherpf, 2006).

Vitt (2004) argues that financial education must meet the inner desire of the participants to learn and apply financial concepts. Vitt (2004) proposes that effective financial education should tap into the values of the individual that then affect behaviour. She argues that 'financial education efforts are of real significance if they can be based on what consumers value and what they can be taught to value' (Vitt, 2004, p. 76). Dixon (2006) also suggests that providing the information during critical moments when people are more engaged and interested will be a more effective way of closing the motivational gap. By tying the educational materials to other topics like health, buying a mobile phone, buying a car and starting work, for example, financial educators are more likely to tap into teachable moments.

For example, English (2006) argues that students may incur large credit card debts before graduation and teaching them how to avoid such pitfalls before they happen will aid them to 'remain on the right track to financial success' (English, 2006, p. 44). Bernheim and Garrett (2003) also found that providing financial education in the workplace correlated positively with saving for retirement. Dixon (2006) encourages the 'setting of small, specific and achievable financial behaviour goals as part of employment programmes' (p. 5).

Summary of Key behavioural and psychological concepts

A recent report in the UK conducted for the Financial Services Authority by De Meza, Irlenbusch and Reyniers (2008) also confirms that while knowledge and skills are necessary components of financial capability, financial education aimed at increasing knowledge does not necessarily lead to more effective outcomes. The report suggests that intrinsic psychological attributes are more important in behavioural outcomes than information. The factors relevant to financial decision-making identified by behavioural economics as 'deep seated cognitive biases' are: procrastination, regret and loss aversion, mental accounting, status quo bias and information overload.

Procrastination: People delay a cost even if it will bring high future payoffs, eg saving for retirement or going through a financial planning process. Related to this concept are people's tendencies to choose having a benefit now even if it means paying highly for it in the future. This of course is evidenced in credit card debt.

Regret and loss aversion: This concept explains the tendency when making financial decisions to compare what the current situation is with what it used to be and with what might have been. People naturally do not want to make financial mistakes so, for example, in deciding to sell shares, people will consider not only what they are worth now, but what was paid for them and what was expected to be gained.

Mental accounting: This is the term given to the act of dividing current and future assets into non-transferable portions. In terms of financial behaviour, it can refer to creating separate and non-transferable budgets for all spending and saving activities. This explains irrational choices such as putting away savings at low interest rates while being burdened by credit card debt at high interest rates.

Status quo bias: It can be said that we are largely creatures of habit. People are significantly influenced by prior choices. Default options or opt out options assist in dealing with this behavioural tendency. People tend to 'stick with' current or past decisions.

Information overload: Too much information or too many choices can be detrimental to decision-making activity. De Meza, Irlenbusch and Reyniers (2008) refer to this as the 'curse of knowledge'. If there is too much information, it leaves scope for people to process information incorrectly especially if they do not have the ability to weed out irrelevant information. This emphasises the importance of information being presented in a clear and understandable manner. Too much choice can freeze people's decision-making behaviour.

While some of these cognitive biases can be dealt with through education and counselling, some are best addressed in combination with regulation and facilitation from the financial sector. Framing has been shown to be important in affecting decision-making. The way that options are contextualised and described significantly influences decision-making behaviour (Tversky and Kahneman, 1986). The highlighting or masking of various elements when describing financial products can affect consumer choice. Financial education can make people aware of the role of framing and encourage a considered evaluation of the context in which choices are presented.

Behavioural economists see the concept of opting out or setting defaults as a powerful tool that can be used by regulators to encourage better financial behaviour. For example, in the US retirement saving programs, when employees are automatically signed up and they have to take action to 'opt-out' of the program, retirement savings increase markedly (Madrian and Shea, 2001).

An example of facilitation of savings in the US can be seen in the 'Roundup' facility offered by a major bank in which consumers can have purchase amounts on their debit card rounded up to the nearest dollar and the difference between the purchase price and the rounded up figure is automatically deposited into a savings account.

Situational factors can also have significant implications for how we act or what we choose (Shafir, 2008). Minor contextual nuances can influence behaviour far more than intention can. Removal of situational barriers can facilitate better financial behaviour. Easier and greater access to financial facilities, simpler processes, reminders and automatic debit facilities all help to remove situational barriers.

In understanding the psychological and behavioural factors relevant to financial decision-making, the financial sector and regulators can actively facilitate or encourage better financial behaviour. Also, by taking these factors into consideration in the design and delivery of financial education, effectiveness may be significantly enhanced. We need to remember that more information does not bring about more understanding and intentions do not always translate into action.

2.5 Delivering financial education

The effective delivery of financial education will take into account the following concepts – it will be relevant, provide useful and practical financial knowledge and skills, and be delivered in a manner that incorporates psychological factors, individual values, culture, and life stage needs. This is a tall order. As with other basic curricula, there are factual elements that need to be addressed. However, for best results the delivery method and timeframe must be tailored to suit the needs of the individual.

Current programs appear to be responding to a wide diversity of needs. While the common basic topics like budgeting, saving and the importance of setting financial goals are covered, financial education is no longer confined to the classroom or printed materials. Financial education is most effective when practical and coupled with applied learning (Braunstein and Welch, 2002).

Financial education has to be relevant, contextualised, working with the existing capacities of the individual (Landvogt, 2008). At the same time, Lyons and Neelakantan (2008) propose that theories are important to the practice of financial education.

However, the authors recognise the need for theories to be modified to take into consideration external factors such as changes in life circumstances and limited access to financial services (Lyons and Neelakantan, 2008).

There is a large role to be played by the community sector in delivering financial education that will be most effective to those who need it. Community organisations understand best the needs of their clients (Landvogt, 2008). Programs should engage the participants through specific life situations, based on life experiences, using a multi-pronged approach and most importantly not be pushed onto people (Landvogt, 2008).

MoneyMinded is one such program that fulfils these criteria, making it a successful program. ANZ has developed productive partnerships with the community sector and this has been one of the key factors in the success of ANZ's financial literacy programs. MoneyMinded continues to reach a wide variety of participants, including sole parents, students and youth, people with low income, migrants, people with physical and mental challenges and Indigenous people (Russell, Harlim and Brooks, 2008a). Since 2005, nearly 2,800 community facilitators have been trained to deliver MoneyMinded in their communities. Each of these facilitators has been able to adapt the materials and deliver the program so as to suit the clients' needs best.

Advances in technology have enabled educators to use more innovative means for financial education. For example, in the US, Visa has teamed up with the National Football League (NFL) to develop the Financial Football Game in its Practical Money Skills for Life program (www.practicalmoneyskills.com). This program can be used at home, is targeted at high school and college students and is accessible via mobile phones. The player is given a football scenario and has to answer questions pertaining to finance. When questions are answered correctly, the player is able to advance to the next stage in the football game.

However, as suggested by Vitt (2004) being able to answer financial questions correctly is not enough to demonstrate financial capability. Decision-based problems that affect an everyday aspect of life will be more effective. Interestingly in Australia, the Ethical Investor with the Bank of Queensland developed the ESSI Money Game (www.essimoney.com.au). This game is targeted at school-aged youth. The basic premise of this game is that the player pretends to be 18 years of age and has to navigate through the financial pitfalls of life. In this game, the player has to make decisions that will impact the next stage of the game. This approach more accurately reflects real life. Our financial decisions made today will impact our lives tomorrow.

The Ethical Investor and Bank of Queensland have also used drama to teach young children about the value of money in the Harry Cents$ational play (www.harry.net.au). This tool is being used successfully by The Smith Family as part of its Financial Literacy Strategy. The use of play and drama to showcase the importance of money is also used in the Latin community with great success (Centre for Community Capital, 2007).

As mentioned previously, one of the vulnerable groups identified is women. Landvogt (2008) reiterates that women are 'less financially prepared for the future than men' (p. 19). In response to this niche market, programs such as Money Smart by the Women's Financial Network were established. However, unlike the free of charge MoneyMinded, this program costs between $225 and $990 for 3 sessions. The Victorian Office for Women developed the Girl $avvy program that is aimed at secondary school children and costs $12 per student. Some of the common topics covered in these two programs are budgeting, saving, setting goals and running a business.

In Australia, Money 101 Money for Life is an interactive online training program. It is designed to be delivered within the workplace. Australia Post runs Money for Keeps, a free program for its employees. It covers a whole range of topics and uses a combination of newsletters, website, booklets, CD-Roms and seminars to deliver the materials. Westpac uses its financial education program Financial First Steps to educate its employees as well as targeting the public. ANZ offers adapted MoneyMinded sessions to staff through its intranet-based etrainPlus system of training and professional development, as well as holding financial fitness sessions with workshops and presentations from a range of presenters.

2.6 Measuring the impact of financial education

Evaluation should be an integral part to any financial education program (Fox, Bartholomae and Lee, 2005; Kozup and Hogarth, 2008). However, the very elements that are needed to make a program effective make it difficult to measure. Programs that are adaptable and are delivered using a variety of methods and cover a range of topics delivered to different markets do not lend themselves to rigorous, robust quantifiable measuring techniques.

The enormous challenges in program evaluations are widely recognised in the literature, especially for programs targeting the low-income markets. Lyons, Chang and Scherpf (2006) recognise a key challenge in evaluations is the data collection itself due to low response rates and high program drop-out rates from low-income participants. The limited resources of the small non-profit organisations that deliver some of these programs

are a further challenge to data collection (Lyons, Chang and Scherpf, 2006). The challenge of getting people to participate in an evaluative study is faced by many researchers especially when low levels of literacy are a factor.

In the latest Jump$tart survey, it was found that financial literacy is still declining among high school seniors (Jump$tart Coalition, 2008). Jump$tart is a widespread US program aimed at high school students that has been delivered since 1995. Fewer than half of those students surveyed correctly answered questions about important financial concepts such as credit card debt. Lusardi (2008) describes these results as not good enough. Results such as these also highlight the need to implement programs that work and are actually targeting behavioural change. There is now a strong call to evaluate the ability of these participants to make good financial decisions and measure change in behaviour (Fox, Bartholomae and Lee, 2005; The Securities Institute of Australia, 2005; Lyons, Palmer, Jayaratne and Scherpf, 2006; Lyons, Chang and Scherpf, 2006; Lyons and Neelakantan, 2008).

Lyons et al. (2006) argue that 'it is no longer sufficient to report the number of programs delivered and the number of program participants' (p. 209). However, Kozup and Hogarth (2008) also recognise that measuring financial security is difficult as attitudes play a role. Lyons and Neelakantan (2008) argue that the appropriateness of measures selected is crucial but difficult when measuring behaviour change in low-to-moderate income populations. The wrong indicators may overstate or underestimate the impact of financial education on the behaviours of those surveyed (Lyons and Neelakantan, 2008).

Critics of current financial literacy programs claim that results of evaluations only indicate some measure of program success but do not show concrete evidence (Willis, 2008). All in all, the impact of financial education on individual decision-making and economic well-being requires a multi-pronged approach (Lyons and Neelakantan, 2008). Perhaps this calls for a multi-pronged approach to evaluation.

Latest work on evaluations

In an attempt to measure behaviour change, Lyons, Chang and Scherpf (2006) carried out a survey on the All My Money program. This program was developed by the University of Illinois Extension and is targeted at low income households. Similar to MoneyMinded, the program is targeted at two levels of audience: staff of community organisations and government agencies trained to deliver the program to their low-income clientele and the low-income clients themselves. As with MoneyMinded modules, the staff trained to deliver the materials have discretion to adapt the lesson content to suit their markets. Also similar to MoneyMinded, the program is used in other social service programs, IDA programs, consumer credit counselling services, homebuyer education services programs, community and faith-based organisations and financial institutions.

In an attempt to overcome data collection constraints, a retrospective pre-test (RPT) is used in lieu of the traditional pre and post test data collection. Lyons, Chang and Scherpf (2006) also argue that surveying the participants about their knowledge and behaviour after the program and asking them to think back about their knowledge and behaviour prior to the program can reduce the response-shift biases. However, the evaluators experienced low levels of responses, with only 19 out of 100 organisations who participated in the training returning the surveys (Lyons, Chang and Scherpf, 2006). This again highlights the difficulty of evaluating financial literacy programs.

The general findings are as follows:

- The number of lessons taken in financial education may be a determining factor in improved financial behaviour.
- The most significant impact of financial education was found for those who had lower levels of prior financial experience and knowledge.
- The results also suggest that the program had the largest impact on financial behaviours that can readily be altered in the short term and are not dependent on an individual's financial situation, for example, behaviour such as comparing prices and shopping around or drawing up a budget.
- Informal interviews revealed that the assumption that trained agents are more knowledgeable and experienced is not always the case.

Overall, Lyons, Chang and Scherpf (2006) warn against the futility of designing a program that focuses solely on behavioural goals that participants have little chance of achieving. Participants may view goals that are dependent on their income circumstances as unattainable and this may lead to discouragement. The authors also suggest that research should focus more on participants' ability to make sound financial decisions regardless of their financial situation.

In conclusion, Lyons, Chang and Scherpf (2006) agree that programs that focus on more basic and fundamental decision-making skills may give participants more confidence to take a step towards behavioural change. Hence, concepts such

as distinguishing between needs and wants as offered in MoneyMinded are perhaps more valuable than learning how to calculate compound interest.

A more recent study carried out by the Centre for Community Capital (2007) evaluates the effectiveness of the use of soap opera (or telenovela) to deliver financial education to the Latino immigrants in America. The focus of this research was also on the behavioural impact on the participants. Nuestro Barrio is the telenovela that consists of 13 episodes that covers financial educational content and home ownership education courses. However, the telenovela was also packaged as entertainment with the usual characters and melodrama that exists in soap operas. It is broadcasted via mainstream television and also available on DVD, and addresses issues that are relevant to the Latino immigrants.

The study first looked into respondents' initial financial literacy knowledge, attitudes and behaviours through the use of focus groups, identifying where and how participants sourced financial information, the use of their income and barriers to accessing bank services. Attitudes towards telenovelas were also explored. This prior research helped to identify relevant issues in the Latino community. This reinforced Lanvogt's (2008) argument that the requirements for financial education should be driven from the bottom up. The results of these focus groups also created the basis for the survey instruments.

To measure the financial behavioural impact of the drama on the viewers, the researchers used Transtheoretical Model of Behavioural Change (TTM). TTM identifies stages of change, including pre-contemplation, contemplation, preparation, action, maintenance and termination (Prochaska and Norcross, 2001). This model recognises that behavioural change does not happen quickly, and individuals may relapse a couple of times before successfully giving up their negative behaviours or engaging in positive behaviours (Lyons and Neelakantan, 2008). A quantitative survey was developed in relation to two actions: using bank accounts and home ownership. The survey used a range of questions that enabled categorising respondents into stages in respect to these two actions (Centre for Community Capital, 2007).

The research used a treatment–control group evaluation with viewers of Nuestro Barrio and non-viewers surveyed. Nuestro Barrio was found to appeal to the viewers because of its entertainment value and its relevance to their lives and a weak relationship between constant viewing and increased financial literacy and more trust in financial institutions was identified.

Most importantly, using the TTM, the researchers found that viewers were more likely to be in 'action' and 'maintenance' phases (the later stages of TTM) than non-viewers (Center for Community Capital, 2007).

For financial education to be seen definitively as an effective tool in improving people's financial capabilities, evaluation needs to encompass measures of behavioural change. Considerable work and resources need to be dedicated to designing robust evaluation techniques that can be used to measure behaviour change.

2.7 Financial literacy in Australia

So how financially literate are Australians? ANZ was the first to conduct a national financial literacy survey in 2003 and has since repeated it in 2005 and 2008. The findings have consistently shown that groups with lower than average levels of financial literacy are more likely to be younger and older Australians; have lower incomes and live in socio-economically disadvantaged areas. Also, the financial topics that are less understood are risk management; investment and superannuation (ANZ, 2008).

The financial literacy movement in Australia has also gained momentum with the establishment in 2004 of the Consumer and Financial Literacy Taskforce (CFLT), which led to the development of the Financial Literacy Foundation (FLF) in 2005. In 2008 the functions of the Foundation were transferred from Treasury to the Australian Securities and Investment Commission (ASIC). This has been a logical move and signals the Government's intention to ensure Australia's economic reputation and wellbeing is maintained. A significant achievement of the Financial Literacy Foundation has been the development of the Consumer and Financial Literacy Framework. This framework encompasses a national financial education program for students from kindergarten to year 10 (www.understandingmoney.gov.au).

In 2007, the Financial Literacy Foundation carried out a national survey on financial literacy levels in Australia. Similar to the findings of the ANZ 2005 research, 90% of adults say they have the ability to budget, 88% believe they have the ability to save, 89% say they can manage debt and 83% feel confident with credit cards. Also, 81% say they have the ability to plan for their long-term future (FLF, 2007).

However, these self-reported figures seem at odds with other financial indicators. The debt to income ratio in Australia is now at 125%, having jumped significantly over the last decade from 56% (Macfarlane, 2003). Household savings have been declining and since 2002–2003 have remained negative (ABS, 2007a).

The numbers of bankruptcies are continually rising with an overall increase of about 3% nationally, and in one state almost up to 16% between 06/07 and 07/08 (Insolvency and Trustee Service Australia, 2008). Worryingly, out of the bankruptcies that were filed, 82.6% were non-business bankruptcies (Insolvency and Trustee Service Australia, 2008).

Other than lack of financial skills and knowledge, ANZ (2005) recognised that 'unhealthy ways of thinking about finances, the focus on the now and lack of planning are also factors that contribute to financial difficulty.

This is consistent with FLF (2007) findings regarding attitudes and beliefs about money:

- 31% of the adult population believe that dealing with money is boring
- 55% agree that money is just a means to buy things
- 31% of the adult population like to live for today
- 28% indicate that they do not have the ability to understand financial language
- 40% say thinking about their long-term financial future makes them uncomfortable.

In these results about attitudes and beliefs, people aged 65 years and over tend to have more negative attitudes and beliefs. Women also are more likely to suffer a lack of confidence in dealing with financial issues (FLF, 2007).

To address the issues raised in its research, ANZ initiated a strategic approach to financial literacy by developing and implementing programs such as Saver Plus and MoneyMinded. Saver Plus is an incentivised savings program modelled after the US-led Individual Development Accounts (IDA) programs. Saver Plus is targeted at low-income households and the money matched is put towards education. Evaluations have consistently shown that Saver Plus has had significant positive effects on participants' money management behaviour (Russell et al, 2006; Russell et al, 2007; Russell et al 2008b). MoneyMinded is a financial literacy education training program (also included in the Saver Plus program), and is delivered primarily via seven community partner organisations: Brotherhood of St. Laurence, Mission Australia, Anglicare SA, Berry Street, The Smith Family, Kildonan UnitingCare and The Benevolent Society. In addition, many more organisations and financial counsellors trained by ANZ and its partners utilise the resource in their work with vulnerable clients.

The National Indigenous Money Management Agenda (2007) report highlights the need for delivering relevant financial literacy education to Indigenous communities. Indigenous communities have special needs due to lower levels of education and health, remoteness of location, cultural and language barriers and low levels of financial awareness. These factors together with complexity of information, high cost of delivery and limited resources can be a challenge to delivering programs that work.

In addressing these challenges, ANZ has worked in partnership with the Commonwealth Government since 2005 on the development of MoneyBusiness, a community financial literacy resource developed to build the money management skills and confidence of Indigenous people and develop a stronger savings culture in Indigenous communities.

MoneyBusiness commenced as a pilot in six remote communities. The MoneyBusiness financial literacy materials are currently being used by community organisations funded under the Australian Government's Financial Management Program (FMP) to deliver money management education and support.

More than 3,000 people in the Northern Territory, Western Australia and Queensland have benefited from access to the MoneyBusiness materials in the last year. MoneyBusiness has helped participants to develop budgets, pay off debts, save for whitegoods and other household items, learn to use internet and phone banking and obtain better value for money.

Many more communities will have access to MoneyBusiness over the next two years through FMP funded financial counselling and emergency relief organisations. This has the potential to help improve the financial skills of thousands of Indigenous Australians.

Additionally, ANZ is looking to make this program available nationally through State Governments, not-for-profit organisations and other agencies working with Indigenous Australians.

ANZ has also worked in partnership with First Nations Foundation to develop My Moola, a 10 week program that seeks to provide financial empowerment to Indigenous communities. ICAN (Indigenous Consumer Assistance Network) together with the Commonwealth Bank also has a financial literacy program delivered to 20 remote Indigenous Queensland communities.

3. The MoneyMinded program

The MoneyMinded program consists of eight topics separated into 19 workshops. Following is a brief description of the topics and workshops. The program is designed to be flexible and each workshop can be offered individually or as part of a larger program, depending upon the needs of the participant. The training program includes activities and guides for facilitators, workshop summaries and case studies for participants.

Table 1: MoneyMinded Workshops

Planning and budgeting	Goals - How to set and achieve savings goals
	Saving and spending - How to save and spend wisely
	Money planning - How to set up savings for the future
Getting started	Opening an account - Introduces money and financial accounts (in 2008 this workshop was removed with the content included in other workshops).
	Introduction to everyday banking - Consider the advantages and disadvantages of different accounts
	Different ways to pay - Work out the best payment method
Understanding paperwork	Types of paperwork – Discusses common and important paperwork
	Bills, bills, bills – How to read and understand bills and statements
Credit providers	Credit and credit cards – Considers credit offers, obligations and options
	Loans – Understand features, costs and commitments when borrowing
Dealing with debt	Debt – Understand common debt pitfalls
	Recovery plan – How to work out and stay out of debt
	When paying is difficult – Develop solutions to address unmanageable debt
Rights and responsibilities	Golden rules for consumers – Understand and exercise consumer rights
	The hard sell – Recognise and avoid pressure selling techniques
	Your right to complain – How to be heard
Planning for the future	Investment basics – Learn some basic investment information
	Superannuation – Understand basic information about superannuation
A roof over head	Tenancy – Recognise issues that need to be considered when deciding to rent accommodation
	Home ownership – What to look out for when purchasing a home

3.1 MoneyMinded's reach in the community

To date, an estimated 78,479 participants have experienced MoneyMinded education. A total of 2,807 facilitators have been trained to deliver the program across Australia. This undoubtedly makes MoneyMinded the most widely used financial education program available in Australia.

In 2008, the annual evaluation of MoneyMinded showed that the program is being delivered to an increasingly diverse audience, confirming its adaptability and value to a wide range of organisations including community agencies, education institutions and government services.

In estimating the reach of MoneyMinded in Australia, two biannual surveys were conducted between 1 October 2007 and 30 September 2008. The surveys collected data on the number of people who have received MoneyMinded education and the number of facilitators trained to deliver MoneyMinded during this period. Following is a summary of the results:

- An estimated total of 28,742 people participated in the MoneyMinded program between 1 October 2007 and 30 September 2008 (see Figure 1).
- A total of 735 facilitators were trained by responding organisations from 1 October 2007 to 30 September 2008 (See Figure 2).
- Approximately 70% of MoneyMinded participants are female.
- MoneyMinded continues to be adaptable to meet the needs of a wide range of groups within the community. MoneyMinded is used most commonly with migrants, refugees, culturally and linguistically diverse and non-English speaking backgrounds. Other participant types include: students / youth, those with mental and physical disabilities; sole parents; and the unemployed.
- The most commonly used MoneyMinded topic is 'Planning and budgeting' including 'Goals', 'Saving and spending' and 'Money planning'.

Figure 1 - Total forecasted participant numbers across the four quarters

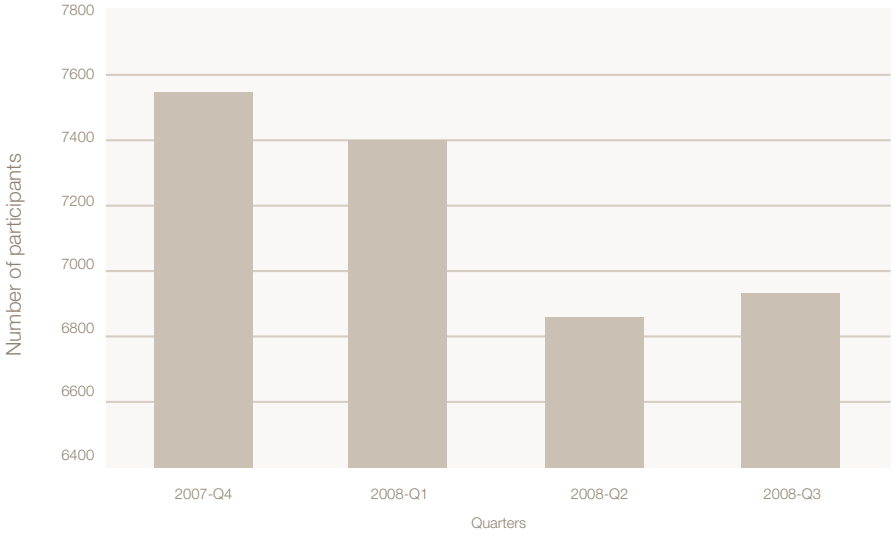
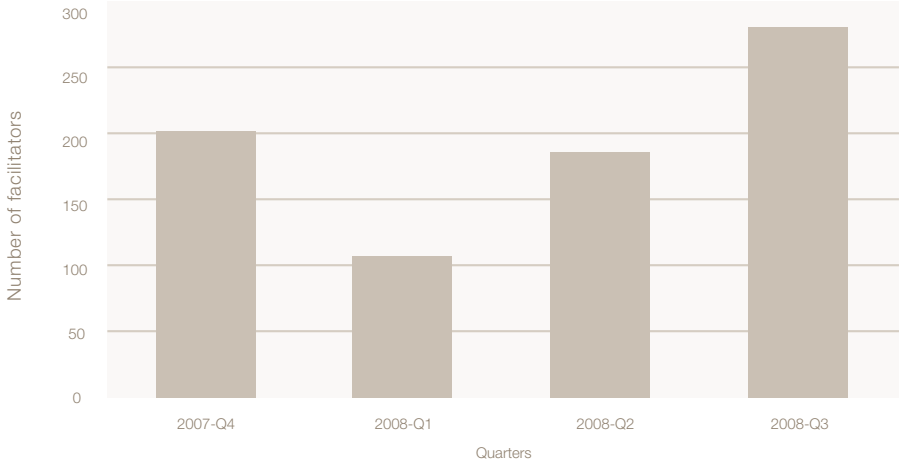


Figure 2 - Facilitator Numbers



3.2 The impacts of MoneyMinded education on financial behaviour

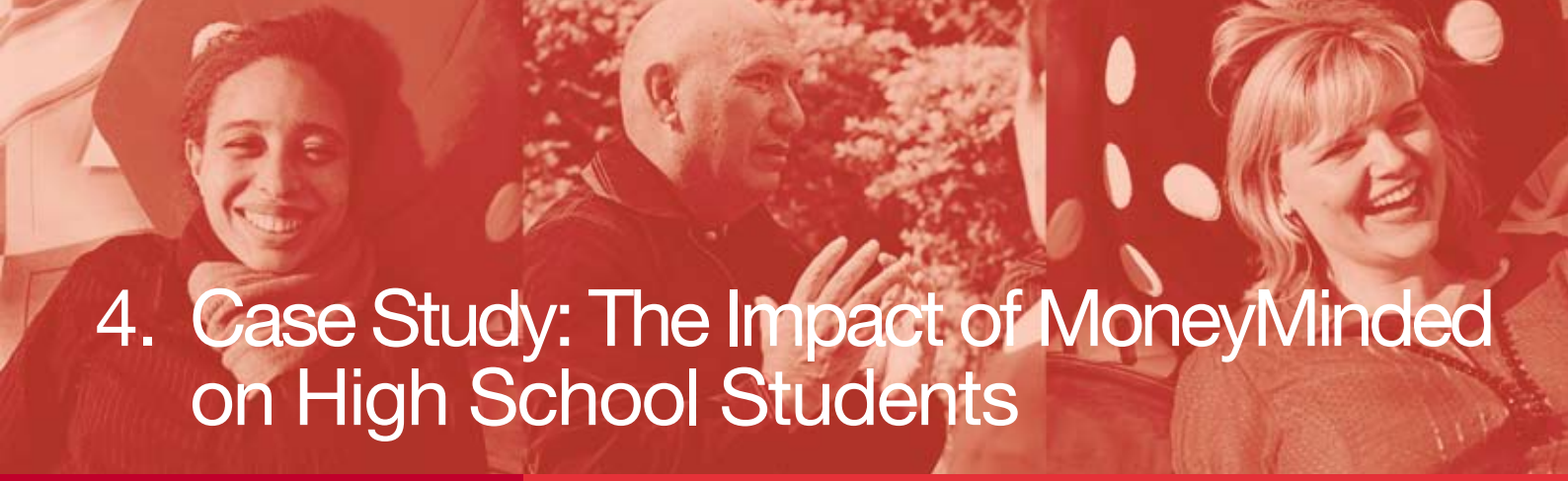
While widespread dissemination of financial education is critical in combating financial exclusion, it is only valuable if it influences positive change in financial behaviour. Although over the last three years we do not have wide ranging statistical measures for the extent of the impact that MoneyMinded has on behaviour change, there is widespread and repeated qualitative data that indicates positive behaviour change in participants. The nature of the behaviour change is varied and can range from changing to a more appropriate bank account to learning to save or being able to purchase a first home. The feedback has consistently indicated that participants have been equipped with skills that have helped them make better decisions in terms of spending, managing debt and planning for the future. Importantly, the participants have been given resources that are not only of immediate use but also how and where to access resources when needed in the future.

Small impact studies have shown that MoneyMinded education has encouraged financial behaviour change. For example, one recent study conducted with community groups delivering MoneyMinded showed that small but positive changes had occurred during a six to seven month period after the participants had received MoneyMinded education. Many of the participants involved in the study were extremely disadvantaged, some with very low incomes and suffering from a range of social and economic problems.

Following are highlights of the reported findings:

- 53.3% of the respondents who reported having no savings pre-training, report having some savings six to seven months after receiving MoneyMinded education.
- Respondents reported less financial stress post-training. In particular, there were lower numbers of participants who could not pay bills on time; who could not pay the rent or mortgage on time; went without meals; who asked for help from friends, family or welfare agencies.
- There were indications of increased knowledge of financial products and fees with the highest increase reported for ‘loans’.
- Participants also reported qualitative areas where they had made positive changes to their money management behaviour. The most commonly reported changes were in budgeting, shopping habits, keeping track of expenses and managing debt.

Following are more detailed results of how MoneyMinded has been successfully used in high schools to provide young people with financial skills and knowledge that will help them to become financially capable adults.



4. Case Study: The Impact of MoneyMinded on High School Students

Foreword

In an increasingly complex financial world, understanding how to save and use money in today's society has become a matter of negotiating unparalleled choice and complexity of products. National research has revealed a convincing link between socio-economic status (SES) and adult financial literacy levels. In Australia in particular, the following characteristics have been revealed in an ANZ-commissioned series of studies as being strongly associated with lower levels of financial literacy:

- 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+)

Disadvantaged families therefore make up a disproportionate amount of those with low levels of financial literacy. Without these crucial skills, the intricacy of the vast array of financial products and choices may see the disadvantaged making poor, uninformed choices, adversely affecting their financial situation and negatively influencing other related outcomes, including educational achievement and employment prospects.

The benefits of financial literacy are clear, with research showing multiple gains in wellbeing that include increased household stability, greater social connectedness and improved health. However, the evidence also suggests that the road to financial literacy involves prevention and early intervention, helping children and youth develop positive financial behaviours at an early age with the support of strong adult role models.

The Smith Family's delivery of ANZ's MoneyMinded suite of resources to Year 12 students across a range of schools in lower socio-economic areas of South East Queensland is a powerful example of how financial literacy can be built in this way. Our team of MoneyMinded facilitators has been specially trained by The Business Success Group (BSG) to support these students in acquiring the habit of making well-informed decisions about finances on their own, rather than relying on another entity to do this on their behalf. Their efforts have been complemented in turn by staff from the Australian Securities and Investment Commission, who volunteer to assist in explaining financial concepts, such as superannuation, to the participants.

The results of the evaluation presented in this report show that the course has clearly made a positive and lasting impact on the spending and saving habits of participating students, who will now in turn be able to nurture these behaviours among their peers and ultimately their own children to ensure a healthier financial future for all Australians.

Elaine Henry, OAM
Chief Executive Officer
The Smith Family

4.1 Introduction

This section provides an evaluation of the impact of an accredited financial education course offered to high school students. The Certificate I in Financial Services (Financial Literacy) is based on the content of MoneyMinded, a comprehensive suite of adult financial education resources. The development of MoneyMinded was initiated by ANZ, with contributions from an advisory committee comprising representatives from the NSW Department of Education and Training, Australian Financial Counselling and Credit Reform Association (AFCCRA), the Financial Counsellors Association of NSW Inc., the Australian Securities and Investments Commission (ASIC) and ANZ. MoneyMinded has become a valuable financial literacy training resource used by approximately 2,800 facilitators across Australia. Since 2005, ANZ has extended MoneyMinded to reach an estimated 78,400 people through financial counselling and community service delivery. Over this time, MoneyMinded has had a positive impact on participants' financial lives (Russell, Harlim and Brooks, 2008).

A key success factor of MoneyMinded is the delivery model that utilises cross-sector partnerships between ANZ and a range of community organisations. In 2008, The Smith Family (one of the partnering organisations) piloted the MoneyMinded Certificate I in Financial Services (Financial Literacy) to year 12 students across a number of high schools in South East Queensland.

The evaluation includes a pre- and two post-program surveys and measures changes in knowledge, attitudes and skills across a range of financial matters including budgeting, goal-setting, saving and planning for the future.

4.2 Financial education in high schools

The ability to make well-informed and effective money management decisions is an important life skill. In monetised societies such as ours, the opportunity to acquire adequate skills in managing money should be considered a basic right alongside the opportunity to acquire literacy and numeracy skills. The realisation that low levels of financial literacy are associated with a range of social and economic problems has called governments, community and consumer groups to attention. Regulators are now recognising that increasing levels of financial literacy requires a multi-faceted approach from a range of sectors (ASIC, 2003).

Offering financial education in schools is an obvious and critical strategy. Financially capable children will more likely grow to be financially capable adults. There is an international movement towards ensuring children and young people are given the opportunity to develop appropriate money management skills to enable them to be financially competent in an increasingly complex financial world. The UK and the USA have been leaders in the movement, having initiatives that date back to the late 1990s. Financial education in schools has also been a priority for Canada and New Zealand and more recently Australia.

The need for financial education for young people has never been more important. ANZ's national surveys of financial literacy levels (2003, 2005, 2008) have consistently shown that younger people are among those who are more likely to have lower levels of financial literacy. Young people are also faced with the availability of more sophisticated financial products, choices of complicated mobile phone plans and are targets of a relentless and powerful marketing paradigm that view teens as a lucrative and valuable market. Many young people also have incomes that they are expected to manage, often without the guidance of financially literate parents.

Unsurprisingly, the current generation of young people face a higher risk of over-indebtedness and even bankruptcies than those of previous generations. Only 44% of young people say they have the ability to deal with credit cards, compared to 83% of adults (FLF, 2007). Greater levels of exposure and easier access to credit has made it easier for young people to find themselves in financial difficulty at much younger ages than in the past.

The Financial Literacy Foundation found that young people are less likely to plan for the future with 59% wanting to 'live for today' compared to 31% of adults (FLF, 2007). A study conducted by the Financial Consumer Agency of Canada found that just as many Canadian youth have credit cards as they do savings accounts and are more likely than other segments of the population to utilise high cost financial services (FCAC, 2008).

Encouragingly though, research by the Financial Literacy Foundation (2007) found that the majority of young people have a desire to learn more about money. In response, the Australian Government has developed and implemented the National Financial Literacy Framework that includes financial education in existing curriculum within school years 3, 5, 7 and 9 (www.financialliteracy.edu.au).

While research on the effect of financial education in schools is growing it is still relatively inconclusive. Some studies have found positive effects of financial education in schools (Bernheim, Garrett and Maki, 2001), while others has found that financial

education in high school has not increased financial literacy among students (Jump$tart Coalition, 2008). One recent study however found that although financial education offered in schools did not seem to result in higher levels of financial *literacy*, it did seem to improve long term financial *behaviour* (Mandell, 2009).

It will always be extremely difficult to conclusively and comprehensively measure the impacts of financial education on students and their subsequent financial decisions. It is practically impossible to isolate causal relationships between education and improved behaviour, especially over the longer term (Sedi, 2008). Even so, evaluations that measure impact of education on participants' knowledge, attitude and confidence are valuable and provide necessary feedback to program developers (Sedi, 2008). Greater levels of confidence can lead to increased motivation and higher levels of motivation have been linked with positive financial literacy outcomes (Mandell & Schmid Klein, 2007).

4.3 MoneyMinded Certificate I in Financial Services (Financial Literacy)

Seven prominent community organisations[1] are funded to deliver MoneyMinded across Australia, through partnerships with ANZ. The Smith Family has been delivering MoneyMinded across a range of contexts over the last few years. Together with ANZ, The Smith Family is committed to improving financial literacy levels in the community. MoneyMinded has been a valuable complementary resource to The Smith Family's Learning for Life suite of programs that focus on raising digital, numeracy and literacy skill levels within low-income families (The Smith Family, 2008).

The MoneyMinded Certificate I in Financial Services (Financial Literacy) course aims to equip participants with practical financial skills that can help with managing money and achieving financial goals. The aims of the course are to:

- Increase participants' levels of financial literacy
- Equip participants to make more informed decisions about the use and management of money

Following are the core components of the Certificate I in Financial Services (Financial Literacy) offered by The Smith Family.

Table 2: The Smith Family Certificate I in Financial Services (Financial Literacy)

FNSFLIT 201A	Develop and use a personal budget
FNSFLIT 202A	Develop and use a savings plan
FNSFLIT 203A	Develop understanding of debt and consumer credit
FNSFLIT 204A	Develop understanding of superannuation
FNSFLIT 205A	Develop understanding of the Australian Financial system and markets

Participants are able to apply for the qualification once they have their competency assessed against the performance criteria and successfully complete the five units. Obtaining this qualification has the potential to add value to the participants' employment prospects as well as being a springboard into further competency based study. The course is accredited through the Business Success Group (BSG), a Registered Training Organisation (RTO), and an administration fee of $60 is payable to BSG.

The course is generally delivered in four 2-hour sessions, although this arrangement is flexible to suit the needs of participants. In order to obtain the qualification, all sessions must be attended and the assessments competently completed. The participants receive a MoneyMinded calculator and folder with a course workbook.

The Smith Family is delivering the MoneyMinded Certificate I program to a range of participants nationwide. Participants include Year 12 students, TAFE students, University students, Indigenous adults and the general public, and based on its success, ANZ will extend the core MoneyMinded materials to include a basic Certificate I package available to other community partners for wider delivery around Australia.

1 Berry Street, Brotherhood of St Laurence, Kildonan UnitingCare, Mission Australia, The Benevolent Society, Anglicare SA and The Smith Family.

4.4 Program delivery

In 2008 The Smith Family delivered the MoneyMinded Certificate I program to a range of schools that are in lower socio-economic areas of South East Queensland. The school-based delivery is a pilot program which aims to inform wider delivery of the program. The delivery started in April 2008 and was completed by November 2008. The aim was to deliver the Certificate I program to approximately 200 students. During the pilot program, the $60 RTO administration fee was paid by The Smith Family.

The Smith Family receives funding to deliver this Certificate I. ANZ has continued to provide funding under its Financial Inclusion partnership, and there has also been support from Russell Investments and ASIC. In addition, the State Governments in NSW and Victoria have provided funding for elements of the rollout of this course.

The partnership with Russell Investments has been a crucial strategy in developing the Certificate I in Financial Services (Financial Literacy). The accreditation provided by the Business Success Group gives quality assurance and recognition for the course. Russell Investments support for the training provided by BSG has ensured that The Smith Family staff have the requisite skills to deliver the course (The Smith Family, 2008).

The course was delivered in a workshop format rather than in a regular classroom setting, facilitating a relaxed and interactive environment. A trained external facilitator from The Smith Family delivered the program to groups of eight to ten Year 12 students. The facilitator used a range of games and activities to illustrate and 'bring to life' financial concepts. These activities were important to the students' learning as it made the lessons fun and memorable.

The evaluator had the opportunity to observe a class and noted that the students enjoyed the workshop, were focused and well behaved. The facilitator reported that absenteeism was very rare in the classes. Indeed the facilitator was made aware that some students seemed to have turned up to school to only attend the MoneyMinded class.

4.5 Evaluation

The evaluation comprised of three stages:

1. A pre-training questionnaire was completed by students before they undertook the classes. This questionnaire captured the students' attitudes and thoughts about financial literacy and pre-existing money management behaviour such as goal-setting and budgeting.

2. A post-training questionnaire was completed at the end of the last training class. This questionnaire aimed to capture change in knowledge about financial literacy and change in attitude towards setting goals and budgeting. This questionnaire also aimed to gather the students' feedback about the program for the benefit of the facilitator and The Smith Family.

3. A second post-training questionnaire was completed by students approximately 10 weeks after the completion of the program. This questionnaire also aimed to test whether there was sustained change over the 10 week period since the students completed the program. In particular it captured levels of confidence students had acquired in developing financial skills. Students were also asked to nominate at least one change in their money management behaviour since completing the course.

All questionnaires were developed by The Smith Family and administered by the facilitator.

There were 210 students who completed the pre-training questionnaire; 192 students completed the first post-training questionnaire; and 133 students completed the second post-training survey. Table 3 lists the numbers of students from the participating schools.

Table 3: Schools that participated in the survey

	Pre-training	Post-training (survey 1)	Post-training (survey 2)
Mabel Park SHS	9	8	0
Kingston College	29	28	22
Marsden SHS	61	58	53
Loganlea	56	55	41
Southside	19	10	2
Woodridge SHS	36	33	15
Total	**210**	**192**	**133**

4.6 Results

Pre-training results

The results of the pre-training survey showed that many students approached the class with some feelings of trepidation. Following are some responses given by the students when asked what they thought the term 'financial literacy' meant. There were some students however who did give surprisingly appropriate interpretations to the term 'financial literacy'.

Table 4: Students' interpretations of the term 'financial literacy'

'Hard work'
'I don't understand what financial literacy means'
'I think Maths and English'
'When I hear the term, it sounds like it's going to be hard'
'Money and numbers'
'I think of money and English'
'I think about Maths. Like complicated stuff. Equations etc'
'I think it's boring'
'It means working with or managing money'
'That it will help me deal with money in my future and what to do'
'Learning about finance, how to budget and manage money and what certain terms mean'
'I think it has something to do with money and your understanding of it'
'I think it's like the planning side of financial budgeting'
'Study of money'
'A smart way to financing'
'Something to do with saving and organising money'
'Learning about how to be good with your financials. Being able to budget, etc.'

For the students, doing the course at this stage in their lives is very timely as almost three-quarters of the students (72.9%) have a part-time job or receive pocket money and 47.1% also receive other income such as Austudy.

In the pre-training questionnaire the students were asked to indicate their attitude towards their personal money planning. Table 5 shows there were 67.7% of students who hardly ever or only occasionally plan and only 12.3% almost always plan.

Table 5: Students' attitudes towards planning

I hardly plan at all	25.5%
I occasionally plan	42.2%
I frequently plan	20.1%
I almost always plan	12.3%

Table 6: Students propensity to set goals

I don't set goals	6.9%
I occasionally set goals	51.0%
I frequently set goals	24.0%
I almost always set goals	18.1%

The students were also asked to choose a statement that most represented how they felt about setting goals. Table 6 shows the most common statement chosen (51.0%) was 'I occasionally set goals' with only about 7% of students never setting goals.

Unsurprisingly, when asked if they had ever kept a diary that tracked spending and saving, 76% of students said they had never done this prior to undertaking the course. Equally unsurprising is the finding that 76% of students have never done a budget before. Even though the majority of students have never done a budget almost half of the students (49.0%) claimed they knew how to.

Table 7: Students' financial management abilities

	Yes	No
Have you ever written up a spending diary tracking your daily expenses and savings?	23.9 %	76.1 %
Do you draft budgets to monitor your spending and savings?	23.9 %	76.1 %
Do you know how to budget to meet your financial goals?	49.0 %	51.0 %

In regards to saving patterns, Table 8 shows that about half the students (50.2%) either try to save or do save on a regular basis. About 42% of students only try to save for something special and only 3.9% of students don't think saving is important.

Table 8: Students' saving patterns

I save on a regular basis	22.2%
I try to save on a regular basis	28.0 %
I only save when I want to save up for something special	41.5 %
There is no point in trying to save because there is never enough money	4.3 %
Saving is not important	3.9%

The students were asked to respond to a range of statements about planning for the future. Table 9 shows that a large proportion (83.1%) of students think about whether they will have enough money in the future and 76.2% believe they will be worried about money when they are older. Although approximately 30% believe they understand how superannuation works, it is most likely that this is the case of 'they don't know what they don't know'. Just over half (51%) the students said they understood superannuation.

Encouragingly, nearly all the students (95.6%) believe that learning about money at school is important.

Table 9: Students' attitudes and knowledge about planning for the future

	T	F
I think about whether I will have enough money in the future	83.1 %	16.9 %
I understand what superannuation is	51.0 %	49.0 %
I understand how superannuation works	29.3 %	70.7 %
I don't give much thought to my finances	51.7 %	48.3 %
I think I will worry about money when I get older	76.2 %	23.8 %
Learning about money at school is important	95.6 %	4.4 %

Post-training results

Two post-training measures were taken. The first survey was conducted upon completion of the course, in the very last lesson. The second survey was conducted 10 weeks later. Tables 10 to 18 show results from the post-training surveys. The results are very encouraging with students reporting behaviour change in relation to planning and setting goals. Also, students reported specific changes they had made to their money management since doing the course.

Table 10 shows that the proportion of students who always set goals increased from 18% pre-training to 35.6% post-training. These results are statistically significant.

Table 10: Students' propensity to set goals post-training (survey 1)

	Pre-training	Post-training (survey 1)
Don't set goals	6.9 %	0.5 %
Occasionally set goals	51.0 %	15.4 %
Frequently set goals	24.0 %	48.4 %
Almost always set goals	18.1 %	35.6 %

Post-training, nearly all students reported that they now know how to prepare and stick to a budget in order to meet their financial goals and to monitor their savings and spending.

Table 11: Students' financial management ability post-training (survey 1)

	Yes	No
Do you now know how to prepare a budget to meet your financial goals?	99.5 %	0.5 %
Do you now know how to stick to a budget to meet your financial goals?	99.5 %	0.5 %
Do you now feel confident preparing a budget to monitor your savings and spending?	99.0 %	1.0 %

As this was the first time a program of this kind has been conducted with students at this level, The Smith Family were keen to obtain some feedback about how the students felt about the program and whether it was suited to their level of abilities.

Table 12 shows that approximately 90% of students felt it was.

Table 12: Students' opinion about the suitability of the program to their year level

	Yes	No	Unsure
Do you think this program is suited to secondary school students?	90.4 %	1.1 %	8.6 %
Has it been aimed at the appropriate year level?	91.3 %	3.3 %	5.5 %

Post-training results (survey 2) 10 weeks after program completion

A second post-training measure was taken 10 weeks after the students had completed the program. While a longer period post program completion would be preferable in order to gain a more solid indicator of behaviour change, many of the students were finishing their schooling and it would have been difficult if not impossible to harness participation from the students once they had left school. Nevertheless, it is still interesting and important to gauge the impact the program had on the students even after a short time had passed.

Table 13 shows statistically significant levels of change in the students' attitudes towards planning. Before the training, 25.5% of the students said they hardly planned at all compared to only 5.3% of students reporting no planning 10 weeks after completing the training.

Table 13: Students' propensity towards planning post-training (survey 2)

	Pre-training	Post-training (survey 2)
Hardly plan at all	25.5 %	5.3 %
Occasionally plan	42.2 %	54.1 %
Frequently plan	20.1 %	30.1 %
Almost always plan	12.3 %	10.5 %

In terms of goal setting, there was a slight decrease over time in the students' propensity to set goals. A slight softening of intentions or commitment to change is common for participants completing any type of course, whether it is fitness, diet or other life-style courses. Regular reinforcement and support is needed to increase the chance of sustainable change. This reinforces the argument for financial literacy being a core part of the school curriculum. Although the proportion of students who said they almost always set goals dropped slightly from 18% pre-training to 15% 10 weeks after program completion, the proportion of students who frequently set goals increased from 24% pre-training to 37.6% 10 weeks after program completion. Both of these categories experienced sharp spikes in the first post-training measure.

Table 14: Students' propensity to set goals comparing pre- and post-training

	Pre-training	Post-training (survey 1)	Post-training (survey 2)
Don't set goals	6.9 %	0.5 %	7.5 %
Occasionally set goals	51.0 %	15.4 %	39.8 %
Frequently set goals	24.0 %	48.4 %	37.6 %
Almost always set goals	18.1 %	35.6 %	15.0 %
		P=0.000	P=0.825

Table 15 shows that there has been a large increase in the levels of understanding of superannuation from only 29% of students reporting they understood how superannuation works to 84.5% having an understanding of Superannuation post-training. Also there are a greater proportion of students who think more about their finances post-training then there were before the course.

Table 15: Students' attitudes and knowledge about planning for the future comparing pre- and post-training (survey 2)

	Pre-training		Post-training (survey 2)	
	T	F	T	F
I think about whether I will have enough money in the future	83.1 %	16.9 %	88.4 %	11.6 %
I understand how superannuation works	29.3 %	70.7 %	84.5 %	15.5 %
I don't give much thought to my finances	51.7 %	48.3 %	24.0 %	76.0 %
Learning about money at school is important	95.6 %	4.4 %	97.7 %	2.3 %

Nearly all the students (92.5%) reported more confidence in their abilities to handle their finances than before they completed the course.

Table 16: Students' confidence in their financial skills capability (post-training survey 2)

	More confident	No change	Less confident
Since completing the program, how do you feel about your financial skills?	92.5 %	6.0 %	1.5 %

Ten weeks after finishing the course, the students were asked to nominate at least one way they had changed their financial behaviour. Table 17 lists a range of answers. The most common changes reported were:

- Increased levels of saving
- Spending less on things like junk food and items not really needed
- Developing and using a budget
- Setting savings goals such as holidays, expensive items
- Opening up new saving accounts
- Developing and using a budget

Table 17: Examples of financial behaviour change post-training

Tracking spending & budgeting
I budgeted for a holiday for myself and sister by buying less unessential items
Bought less of what I want and more of what I need
Record my spending and savings
Written down what I need and how to get it
Think about the way I spend my money more
Spend less money on tuckshop
I don't go out when ever I have money and spend it just for the fun of having something new
I now plan where my money has to go before I would just go and spend it
Don't buy my wants only needs
Not spent on chocolate
Stopped eating out as much
I don't buy junk food any more or spend money on anything I don't really need
I now have a spending diary to work out how much I'm spending
I have spent less on unnecessary items
Buy less coffee!
I have become more conscious of financial leaks
Don't buy things I don't need
Leaving money for my bills
I now budget
I plan budgets out now so I know I can afford to buy what I need
Just using money wisely

Table 17 (continued)

Saving
I budget a lot more and I keep my receipts and a log of my transactions
Budgeted my money. Saved to buy things that I want
I save my money
Put money aside
Saves 100+ monthly
Saving more money for the future plans
I don't use as much money for what I want but for what I need now
Saving $30 a week
I save for my goal every week
Open account that I can't touch to start saving
Created a smart saver account
Learn to save more money and watch what I buy
Saved money…loose change
I have started to save money up for a holiday
Saving for parts for my car
Spent $20 less every week
Saved for Christmas
Saving up money for a phone
Save more
Other Positive Changes
Got a job
Cut down on cigarettes
Open a netbank account
Quit smoking, saving money
Made goals towards my future

The students were also asked ten weeks after they had completed the program how the course had contributed to their understanding of financial matters.

Table 18 gives examples of the range of responses. The students gave examples of what that they learned most from the program. While this does not give a quantitative measure of causality, the students were very specific in linking their new skills and knowledge directly to the program. The students attributed to the program their increased knowledge on Superannuation; better skills in budgeting, saving and planning; learning to use a spending diary; credit cards; thinking about the future; and the importance of setting goals.

Table 18: Examples of how the program contributed to better understanding of financial issues

Learning how to budget
The program has helped me to learn how to budget money, plan and deal with finances and money problems in the future
Thanks to this program I was able to develop a budget that worked for me and I was able to buy a new phone with better service which has enabled me to save more money to buy my formal dress
It has improved my understanding because I now know setting goals is important and how to set out a budget
I now understand superannuation and how to budget my money more efficiently
It has taught me how to save money
This program has improved me to budget my money
It has made me aware of how to budget my money and understand superannuation and banks etc
It has made me more aware of budget leaks and has taught me a lot
The Financial Literacy program has helped me to understand how to save money and budget properly
The program was extremely beneficial in that my budgeting skills are improved greatly
Money management
It has helped me understand how to plan money out so that I am not in debt. I also better understand about the Reserve Bank and superannuation
I know money is a very important part of life and you need it to pay for what you need and how you can stay out of debt
Improve my knowledge in managing my money
I had a little understanding but now I'm good at it
It helped me by showing the so called do's and don'ts of spending money/saving money
It has shown me to not spend money on things I want but only to spend on what I need
My understanding has improved and I am more confident and managing my money better
My understanding of financial literacy has developed since completing the program. I have learnt how to manage my money better

Table 18 (continued)

Improving financial knowledge
It has helped with choosing superannuation and it I now have a spending diary
It has taught me how to understand banking, budgeting and other stuff
Made me understand money and how to manage my finances
I am able to understand the many aspects relating to money much better
The program has given me a better understanding of financial literacy out of school
The program helped me notice all the scams out there and that some people only want to get to know you for your money
The program helped me to understand how money works a bit better
Program was excellent, activities/scenarios were easy to understand
I understand more about shares, super and learnt how to do a money plan thing
Developed a better understanding of what happens when you lose your credit rating
It has help me know how stuff like credit cards and other stuff like that works
Before taking this course, I did not know anything about superannuation until today
It has developed my skills more in financial literacy
I understand superannuation and saving money is important
Planning and saving for the future
It has helped me to plan ahead for the future in terms of money and how to handle it. The program was good
It has helped me on how to use money more wisely
It helped me to learn how to budget and set good goals and make plans for the future
It has made me think about my future plans
It has made me more aware on saving money by doing little things that add up in the long run
Taught me how to save and plan
It has helped me to understand how much I can save from doing little saving
This program has made me more prepared for the future and made me aware of money handling

It has given me a better understanding of the future
It has made me think about saving my money and investing it
It help me save up heaps of money
I feel it has improved the way I am going to succeed in life with better knowledge of my finances
The program helped me by saving my money, opening accounts to save
Made me think about the future
Allow you to manage money and balance life and other issues
This program has helped me a lot I now know I should save and set a goal to help me reach my future plans
By making me understand that this is very important programme for young youths as it helps to plan and set goals for your financial status
That you need to plan for the future so you will have a substantial amount of money to get by
It has shown me how to plan and save my money
Gonna be loaded heaps of money to spend Ohhh Yeaah!
It has helped me a lot. I am not far from my goal
This program has helped me set goals that I can reach and how to reach them

In summary, the results show that the delivery of the MoneyMinded Certificate I in Financial Service (Financial Literacy) course to year 12 students has been largely successful. There is evidence of increased levels of understanding about financial literacy; many students are thinking more about their financial futures; more students are saving, setting goals and budgeting. While the evaluation has only measured effects over the short-term, it is clear the course has made an impact on the students and increased levels of awareness about the importance of managing money effectively now to ensure a healthy financial future.

5. Conclusion

The current efforts to improve financial literacy are encouraging but, given the current crisis, one could argue that they are too late for many. Nevertheless, the current economic crisis can only add to the argument for more resources and strategic efforts to be dedicated to investigating the most effective means to improving levels of financial literacy in our society. Access to financial education is important and should be recognised as a basic right. The development of financial skills and knowledge should ideally begin in the home and be continued in school, the workplace and the community.

Responsibility for improved financial behaviour does not lie solely at the individual level. Again, this current economic crisis clearly illustrates that greater responsibility needs to be taken by regulators and financial institutions in facilitating better financial decision-making at the individual level (and at the corporate level).

Effective financial education needs to include more than just dissemination of knowledge. It should bring about change in behaviour. The introduction of behavioural economics to the field of financial literacy has been most significant in moving it forward. Understanding the relevant psychological constructs behind financial decision-making is crucial before behaviour change can be influenced. It is also important for regulators and financial institutions to be aware of these concepts to assist in their facilitation of more robust financial systems. Key concepts such as 'opt-out' or default arrangements have already shown to be valuable in areas such as increasing retirement savings. Other relevant concepts are removing situational barriers to facilitate greater access to financial services; being aware of the effect of information overload and too much choice; and framing information to assist individuals in making the best financial choice.

Successful efforts in Australia have come about due to the responsible actions of financial institutions and regulators. ANZ, acting from the basis of sound research, has developed a long-term strategic approach to improving financial literacy especially among low-income households. The approach of ANZ also incorporates best practice by working in partnership with Community organisations. The literature and practice shows that targeting the most vulnerable populations is best done through the community. The community sector understands the needs, values and circumstances that impact the financial behaviour of low-income individuals and can use its knowledge and expertise to more effectively deliver relevant financial education to those who need it most.

The efforts dedicated to improving financial literacy are encouraging. However, there is more that can be done. A strategic approach across government, business and the community sector is required to reduce the alarming national statistics of high debt, low savings and increased bankruptcies and to facilitate financial well-being for all.

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