

A background image of a curling rink with blue and orange stones on a red and blue circular target. The text is overlaid on the left side.

FSC. FINANCIAL RESILIENCE INDEX

MAY 2024





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The Financial Services Council started tracking the financial confidence and wellbeing of New Zealanders in March 2020, just as COVID-19 became a reality. It has tracked views over the past four years, with our latest survey for this report taking place in March 2024 and generating 2002 responses.

The cost-of-living crisis remains with us. New Zealanders are still grappling with inflation despite it falling from the mid-2022 peak of 7.3%, the higher interest rate environment (which saw the OCR rise from 5.25% to 5.5% since our last index was published), and the country reportedly being in a technical recession.

Indeed, when asked about how the economic climate has affected household finances, more than half of respondents (54%) have been negatively affected.

This index reveals that New Zealanders are still doing it tough, with key insights showing:

- New Zealanders are increasingly worrying about money more often, with 56% now worrying about money daily or weekly - approximately an additional quarter of a million from this time last year.
- More respondents (4%) said they had one month (or less) of savings with which to maintain their current lifestyle.
- For non-homeowners, close to 60% of respondents said meeting their living expenses is currently somewhat or very difficult.

- More respondents have more personal debt than reported last year (up 6%) and 25% is in relation to home loan, 42% credit card and 31% buy now pay later debts.
- Half of our respondents, representing over 2 million New Zealanders, said they were not prepared for the possible loss of income of the main income earner in their household.
- An additional 4%, which equates to a fifth of all retired respondents, could maintain their lifestyle for less than a year, and 6% fewer reported being able to maintain lifestyles for 10 years or more.

As always, this data shows a moment in time, but more importantly provides insights into how New Zealanders are really faring as we lean into the continued and varied economic challenges over the coming year.

The Financial Resilience Index (FRI) data indicates that financial confidence and wellbeing of New Zealanders is not improving. Through the Blueprint for Growth policy platform¹, the FSC is working to highlight these growing issues, drive change to improve our relationship with money, and support the wider financial services industry to reverse this trend.

With the support of the FSC Strategic Research Committee, we will delve further into these results over the coming year as we continue to focus on the key issues from this research through our Money and You research series.



Rob Flannagan
Independent Chair



Trish Oakley
Chair, FSC Strategic
Research Committee



Richard Klipin
CEO, FSC

¹ <https://blog.fsc.org.nz/media-release-16-august-2023>

FINANCIAL RESILIENCE INDEX KEY INDICATORS

85% 

**FINANCIALLY
CONFIDENT**

Financial confidence has increased

There was a slight increase in those reasonably to very confident in making financial decisions compared with last year (83%).

50% 

**FINANCIALLY
PREPARED FOR
RETIREMENT**

More feel prepared for retirement

There was a 6% increase in those reporting that they are very or reasonably prepared for retirement yet an increase in those reporting they could last less than a year on remaining savings.

85% 

**FEELING SECURE
IN THEIR JOBS**

Job security has dropped

There was a decrease in job security, with 85% feeling either completely, very or reasonably secure in their current employment, down from 89% in 2023 and 86% in 2022.

46% 

**FINANCIALLY
LITERATE**

Financial literacy has remained steady

The number of respondents who indicated having at least a good understanding across five financial literacy areas dropped 1%.

82% 

**OF NEW
ZEALANDERS
HAVE
INVESTMENTS**

Investment money has reduced overall

The number of New Zealanders with \$150,001 investment or more has dropped since last year, however there is a significant increase (11%) in those within the \$50,001 - \$150,000 investment range.

63% 

**OVERALL
ADVERSE
EFFECT ON
WELLBEING**

Effect of finances on overall wellbeing continues to rise

The number of respondents indicating an adverse effect of financial issues on their overall wellbeing has increased.



FSC.

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



KEY INDICATOR: FINANCIAL CONFIDENCE

Financial confidence overall has again remained relatively stable, with 85% reasonably to extremely confident in 2024 compared with 82% last year, but with a notable drop in extremely confident respondents.

However as we discovered last year, there is a perception gap. While the majority reported they were financially confident, just over 60% demonstrated a 'good

understanding' when asked four financial concept trivia questions to measure literacy.

The 2024 data further suggests that reported financial confidence does not necessarily align to financial preparedness, with over 50% of respondents ill-prepared for a loss of main income and ill-prepared for retirement.

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



2024: n=2002



KEY INDICATOR: FINANCIAL CONFIDENCE

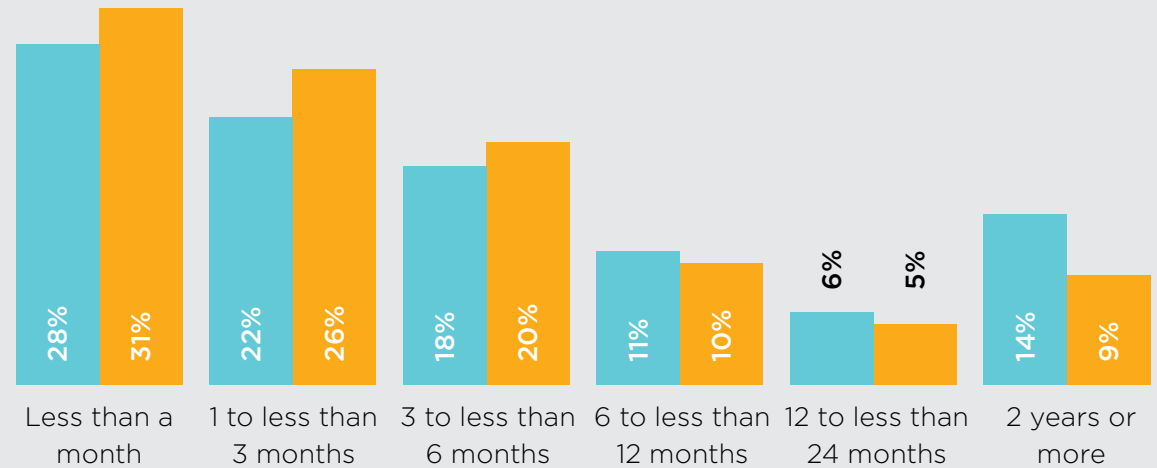
New Zealanders are less likely to be able to keep up their current lifestyle without earning an income compared with last year, with 7% more respondents reporting having funds for 3 months or less. More respondents (4%) said they had 1 month (or less) of savings with which to maintain their current lifestyle.

Nearly half (49%) of respondents are either somewhat or very unconfident with the overall economy at the moment.

How long could you continue your current lifestyle without earning an income?

2023
2024

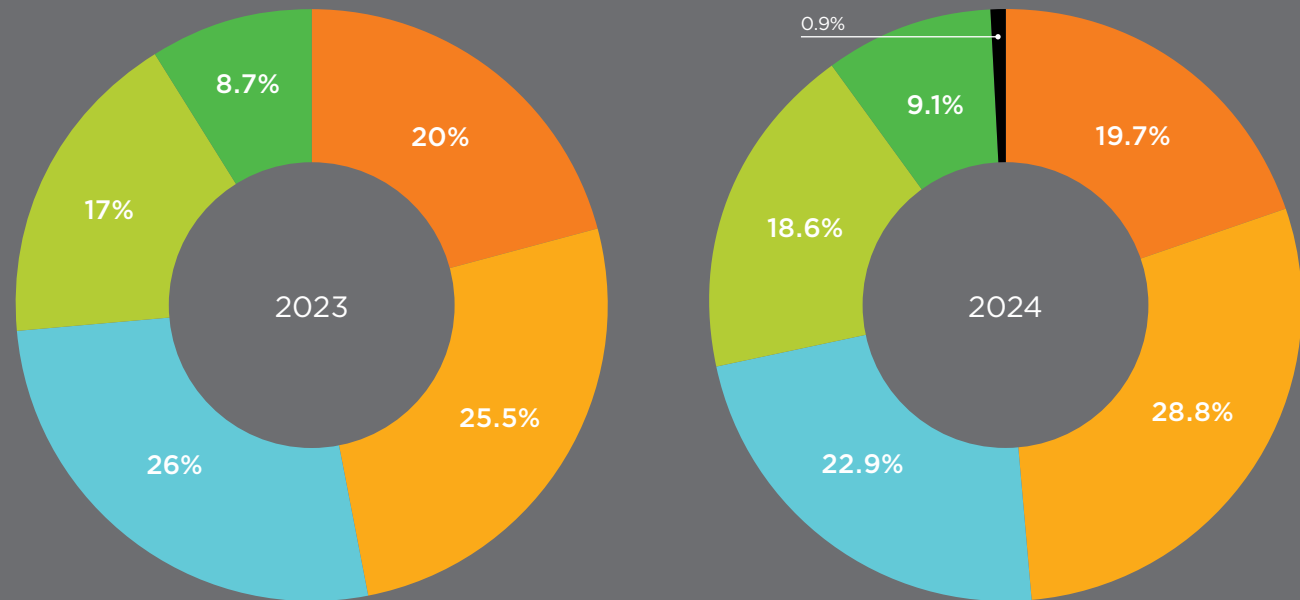
2023: n=225,
2024: n=1,504



How confident are you with the overall economy at the moment?

- Very unconfident
- Somewhat unconfident
- Neither confident nor unconfident
- Somewhat confident
- Very confident
- Not sure

2023: n=2,030, 2024: n=2,002



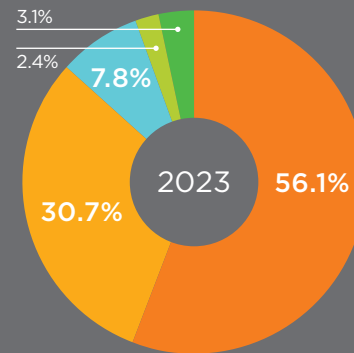


KEY INDICATOR: FINANCIAL CONFIDENCE

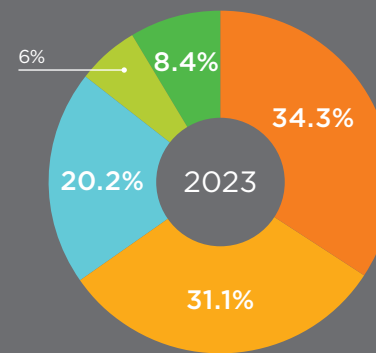
Inflation remains the highest concern, with all three of the key areas of inflation, house prices and rising home loan interest rates, showing increases overall. Concern about house prices and rising home loan interest rates have increased just over 10%.

How concerned are you about the following financial issues at the moment?

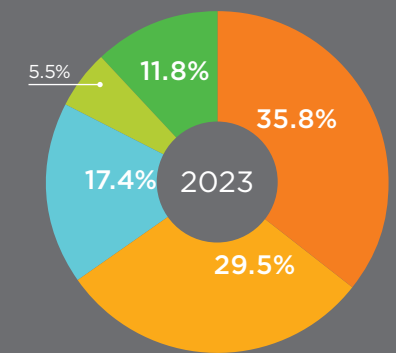
INFLATION



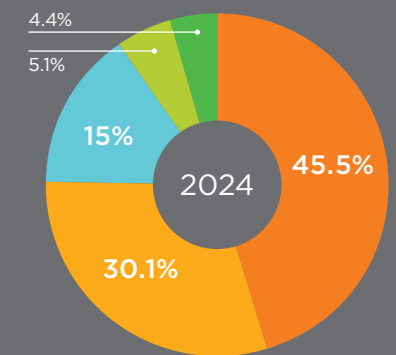
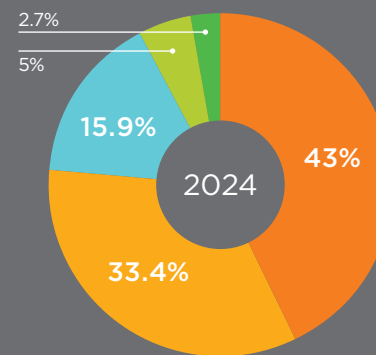
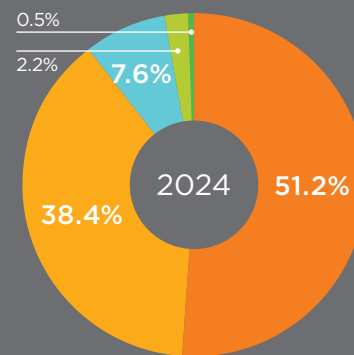
HOUSE PRICES



INTEREST RATE



- Very concerned
- Somewhat concerned
- Neither concerned nor concerned
- Not very concerned
- Not at all concerned



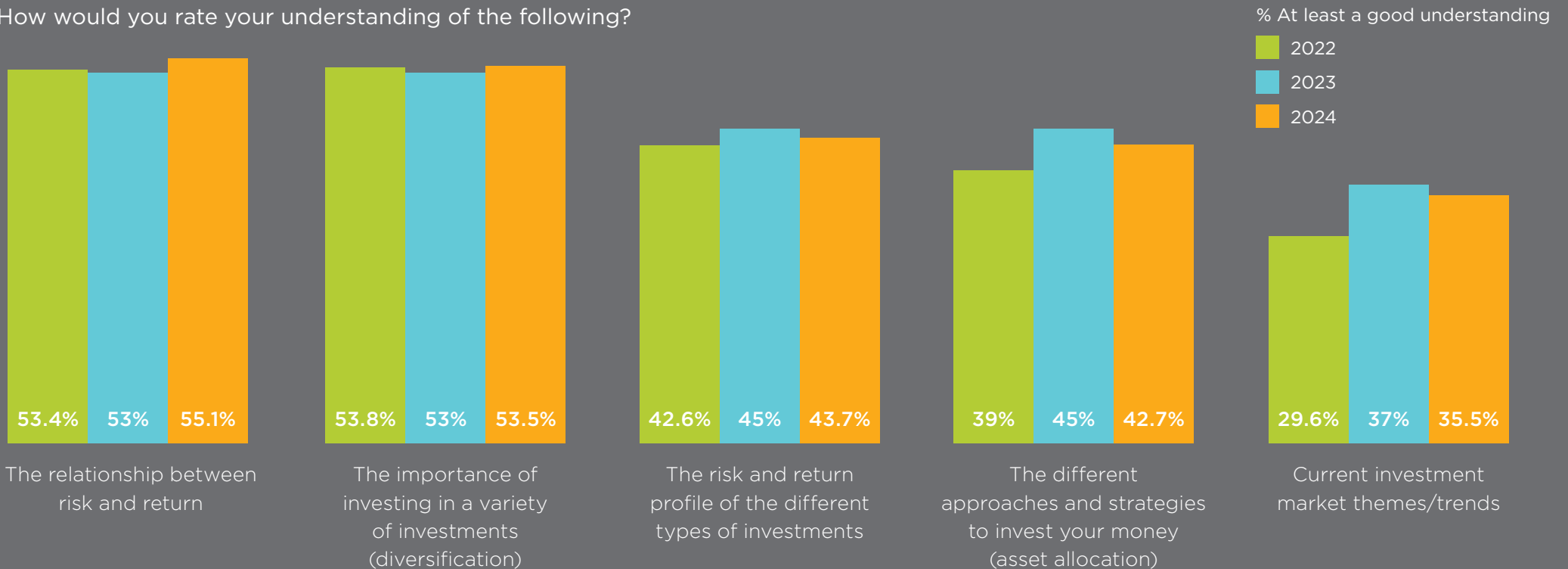
2023: n=2,030, 2024: n=2,002



KEY INDICATOR: FINANCIAL LITERACY

Self-reported financial literacy has also increased when considering risk and return and diversification, however there has been a slight decrease in an “at least good understanding” of investment profiles, investment strategies and current market themes.

How would you rate your understanding of the following?

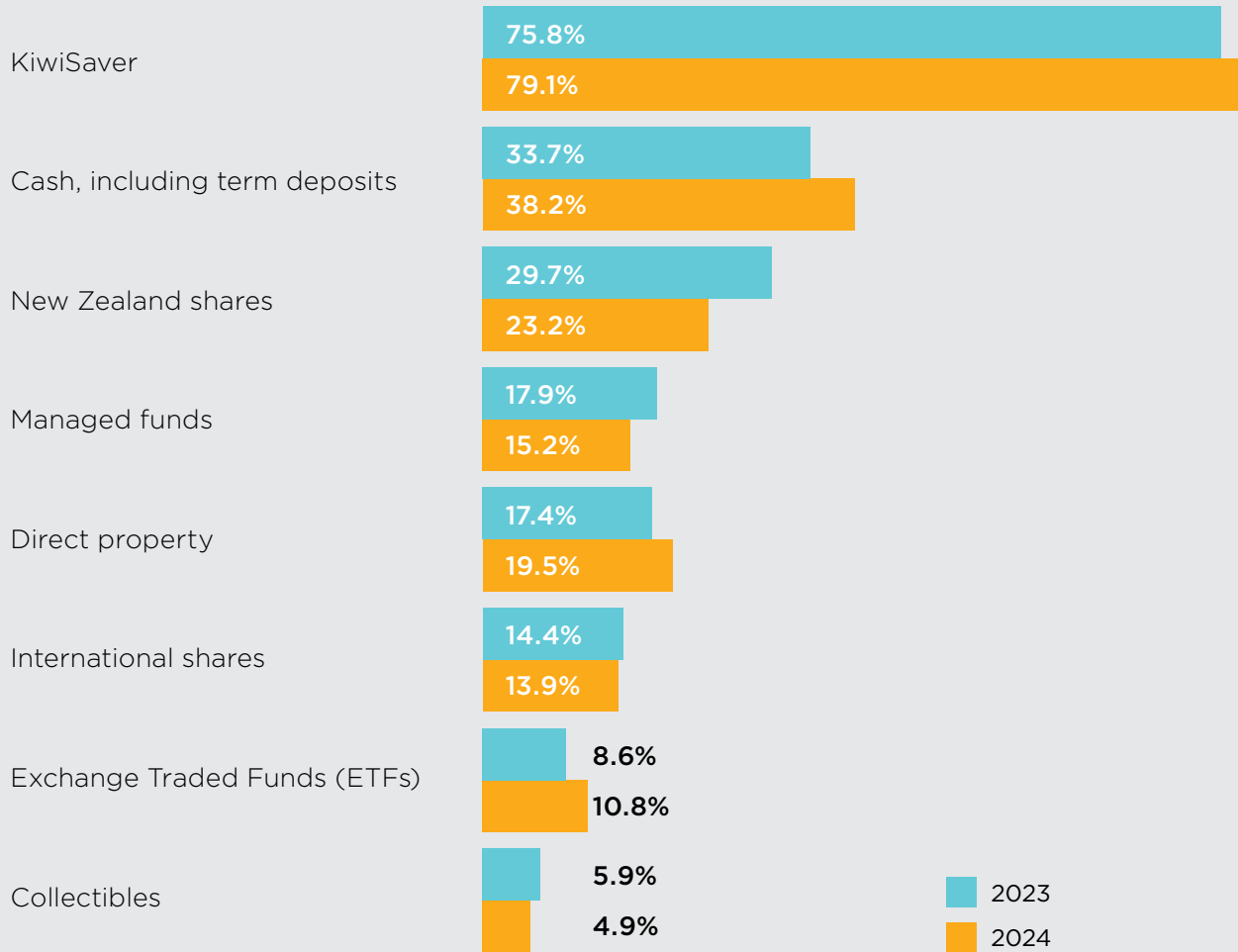


n=2,002

2

KEY INDICATOR: FINANCIAL LITERACY

Which of the following investments do you currently have?



2023: n=1,493, 2024: n=2,002 (for 2024 data, top 8 investment types listed)





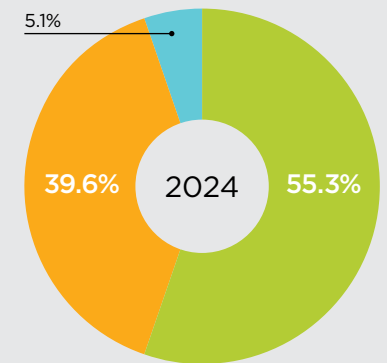
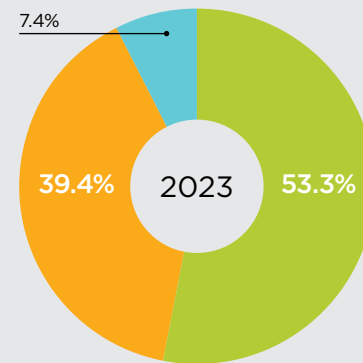
KEY INDICATOR: FINANCIAL PREPAREDNESS

Being able to access money in an emergency is a key indicator for being financially resilient and prepared.

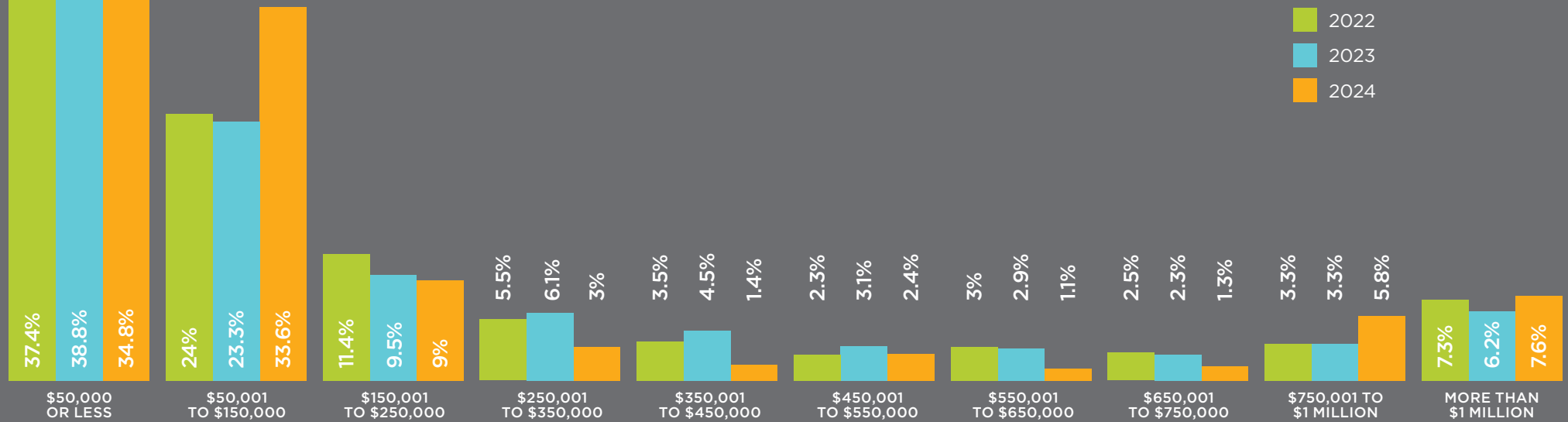
The data shows little movement year on year on the percentage of those who have savings, with the majority of New Zealanders having \$150,000 or less in savings when including KiwiSaver. When explored further, over 1.5 million New Zealanders could not access \$5,000 within a week without going into debt if they had to pay for something unexpectedly.

If you had to pay \$5,000 for something unexpectedly, could you access the money within a week (without going into debt)?

- Yes
- No
- Don't know



Household Investments*



n=1,103

*Including KiwiSaver but excluding your residential property



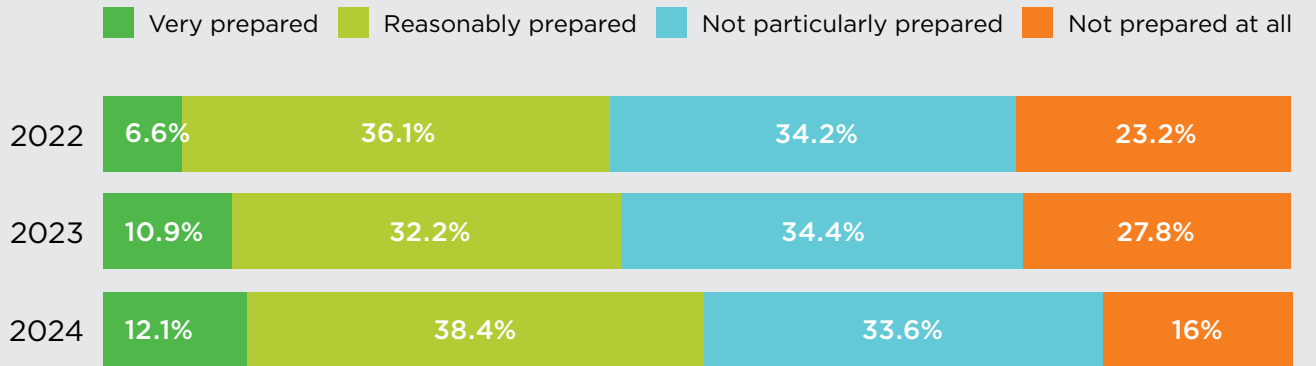
KEY INDICATOR: FINANCIAL PREPAREDNESS

This year saw an increase in respondents reporting being very or reasonably prepared for retirement.

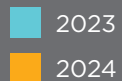
However, the data shows that an additional 4%, a fifth of all retired respondents, could maintain their lifestyle for less than a year, and 6% fewer reported being able to maintain lifestyles for 10 years or more.

Of further concern is an understanding of the level of funds needed for retirement, with around 40% saying they would need \$1,000 or less a week, and 50% requiring \$1,000 or more a week (with the remaining 10% unsure).

How financially prepared do you feel you are for retirement?



How long could you maintain your lifestyle with your remaining retirement savings?



2023: n=225, 2024: n=1,504

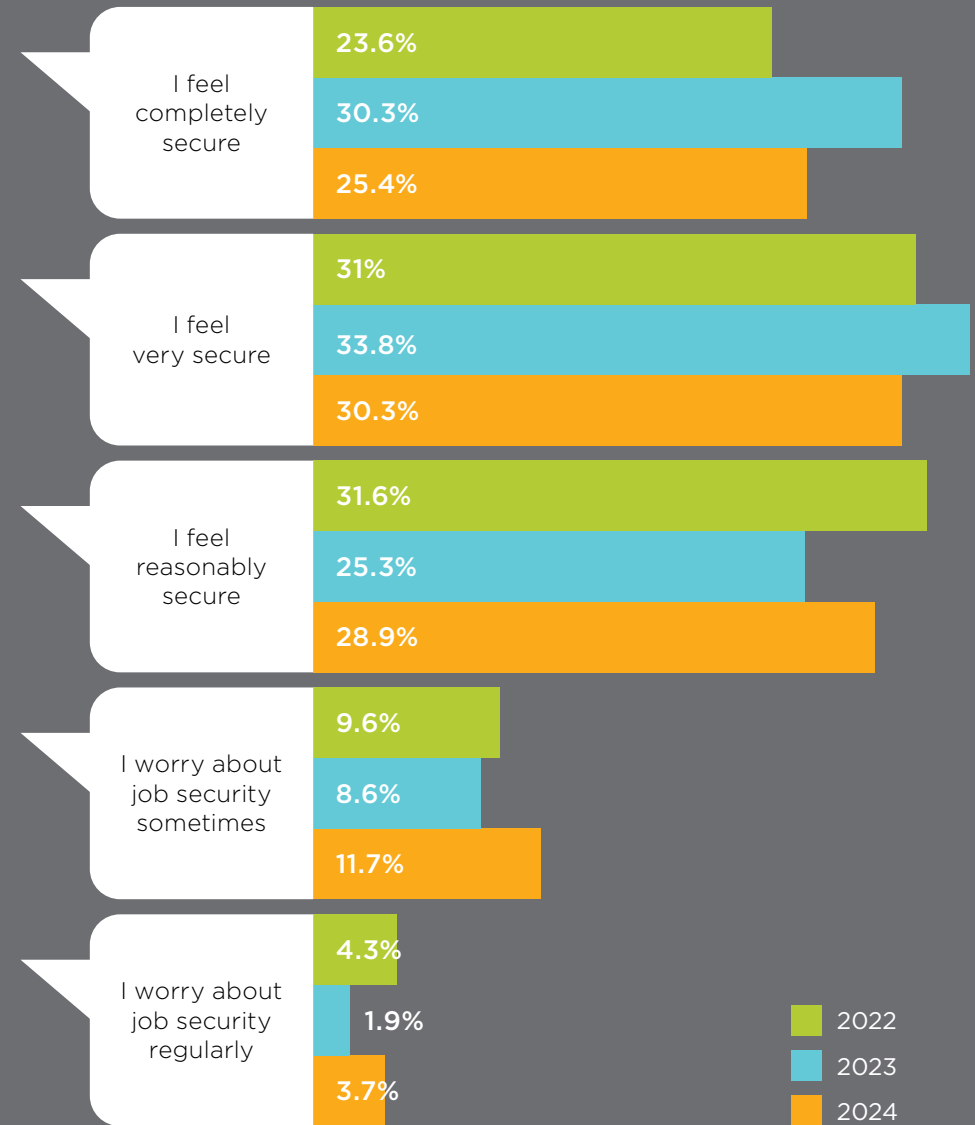
n=1,504



KEY INDICATOR: JOB SECURITY

There was a decrease in job security, with 85% feeling either completely, very or reasonably secure in their current employment, down from 89% in 2023 and 86% in 2022. 15% responded that they are worrying sometimes or regularly (compared with 10.5% last year).

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

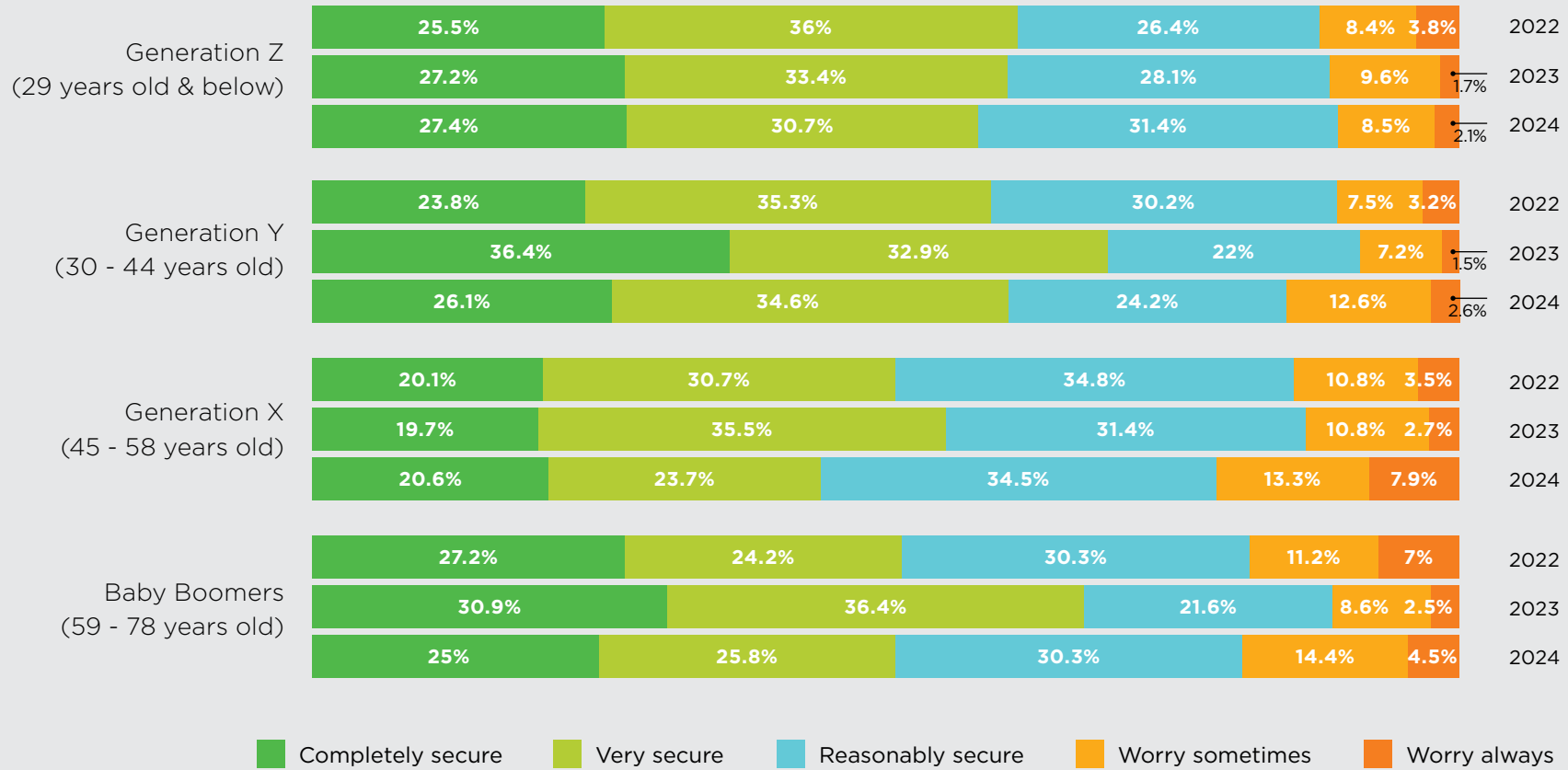


n=1,504





KEY INDICATOR: JOB SECURITY (DEMOGRAPHICS)



n=1,504



KEY INDICATOR: WELLBEING

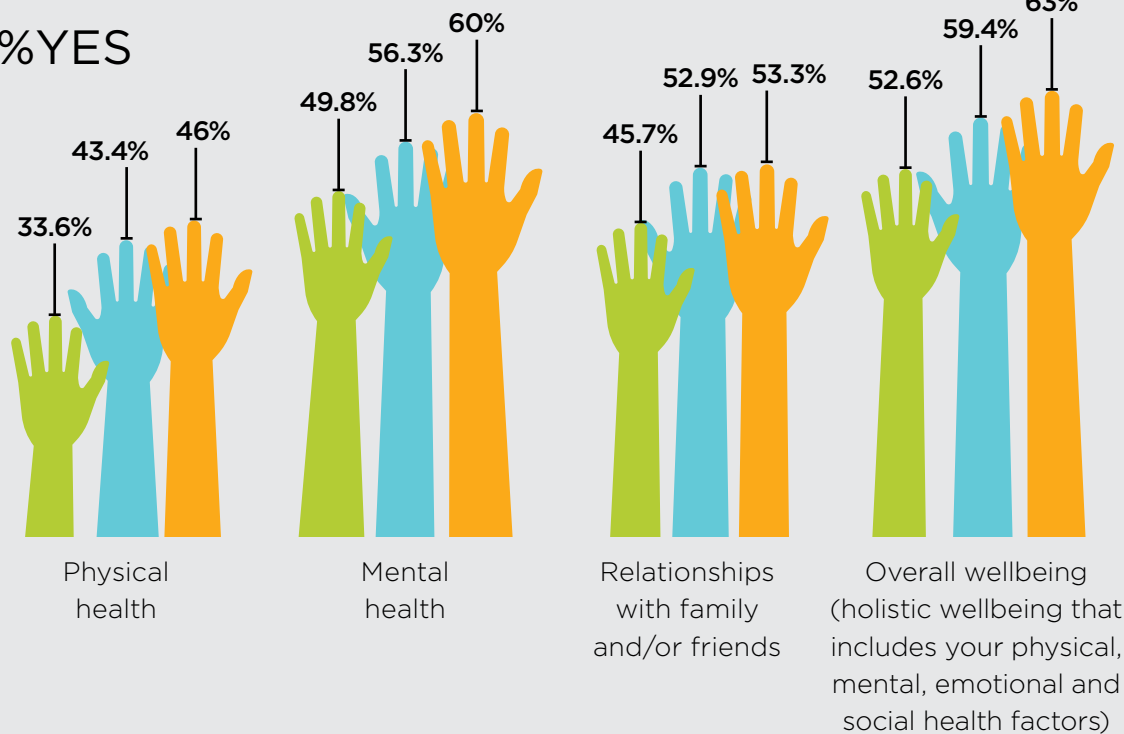
All reported wellbeing indicators continue to deteriorate, indicating that financial issues are adversely affecting New Zealanders wellbeing.

56% of New Zealanders' are worrying more often about money compared with 2023 (48%).

Mental health continues to be a concern for many, and it is disproportionately affecting young people. Together with women they are bearing the burden of financial worries.

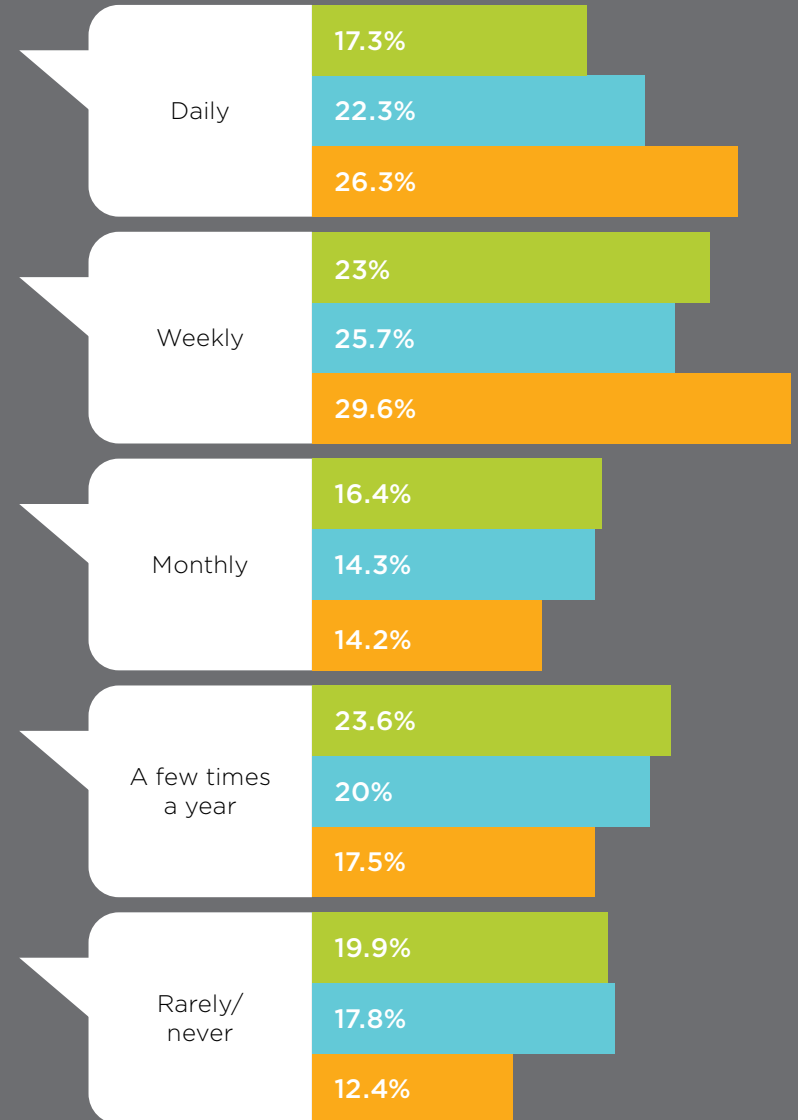
Have financial issues ever adversely affected your ...?

%YES



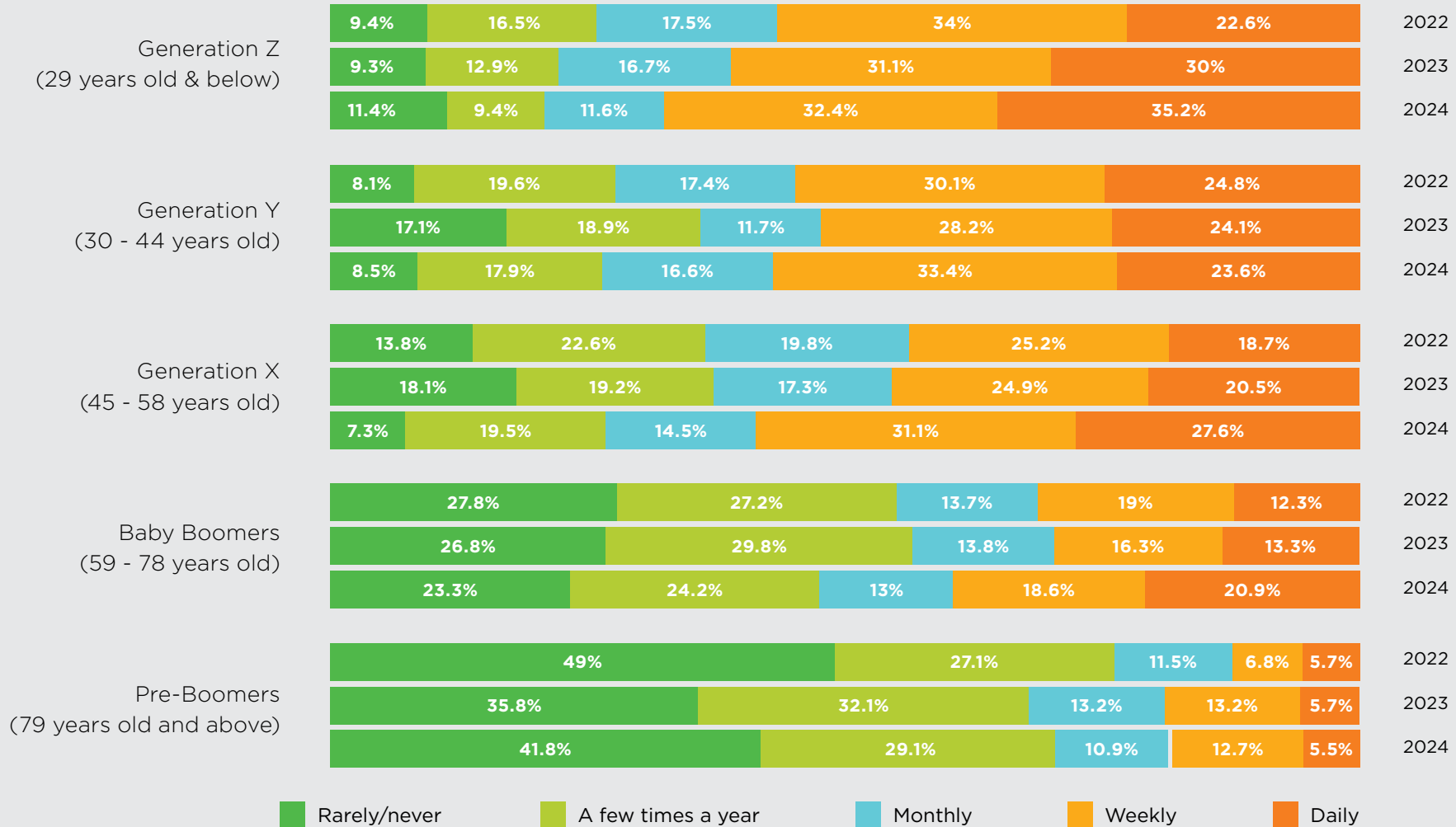
2022 2023 2024
n=2,002

How often do you worry about money?





KEY INDICATOR: WELLBEING (DEMOGRAPHICS)



n=2,002

ABOUT THE FINANCIAL SERVICES COUNCIL

As the voice of the sector, the Financial Services Council is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 110+ members manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

Find out more at fsc.org.nz

RESEARCH METHODOLOGY

The research was conducted via an online survey developed and hosted by CoreData.

2022 data was collected between 25 January and 31 January. A total of 2,000 valid complete responses were collected in January 2022.

2023 data was collected between 7 March and 12 March. A total of 2030 valid complete responses were collected in March 2023.

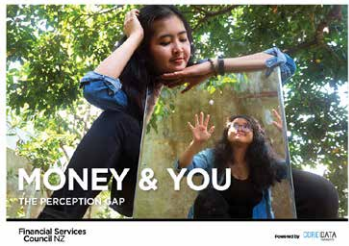
2024 data was collected between 15 March and 26 March. A total of 2002 valid complete responses were collected in March 2024.

All samples are representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data. The data collected forms the basis of this report.

According to Stats NZ, in March 2023 there was an estimated resident population of 5,199,100. As this survey only included respondents aged 18 years old or over, the estimated resident population of the sample is 4,053,900.



FSC SECTOR RESEARCH



INDUSTRY WIDE:

- Money & You: Perception Gap (2023)
- Money & You: Young People and the Cost of Living (2023)
- Financial Resilience Index (2023)
- Insights & Trends: Financial Resilience Trends in New Zealand
- Money & You: The Lost Generation? (2022)
- Financial Resilience Index (2022)
- Money and You: Women & Financial Wellbeing in NZ (2021)
- Money & You: Generation Rent (2021)
- Financial Resilience Index (2021)
- Money and You: It's not about the money, it's about you (2020)
- Financial Resilience Index (March + August 2020)



LIFE AND HEALTH INSURANCE:

- Insights & Trends: Accessible and Affordable Healthcare
- Money & You: Taking Cover
- Life Insurance Industry Data Spotlight (quarterly)
- Health Insurance Industry Data Spotlight (quarterly)
- Gambling on life: The problem of underinsurance (2020)
- Moments of Truth: Key insights into the New Zealand life insurance industry (2019)
- Risking Everything: An insight into how New Zealanders manage risk (2019)
- Exploring underinsurance in New Zealand (2011)



INVESTMENT AND FUNDS:

- Money & You: Investing in volatile times (2022)
- Money and You: The rise of the digital investor (2021)



KIWISAVER AND RETIREMENT:

- KiwiSaver Industry Data Spotlight (quarterly)
- Money and You: KiwiSaver at a crossroads (2021)
- KiwiSaver 2050: Pathways to the future (2019)
- Shaping Futures: Closing the KiwiSaver Gap (2018)
- Generation KiwiSaver (2018)
- Great Expectations: Retirement realities for older New Zealanders (2017)
- Growing the KiwiSaver Pie (2017)
- KiwiSaver and the wealth of New Zealanders (2015)



PROFESSIONAL ADVICE:

- Unlocking the potential of New Zealand's financial front line (2021)
- Money and You: Breaking through the advice barrier (2020)
- Money and You: Literacy, Insight & Advice (2020)

Financial Services Council NZ

Grow the financial
confidence and wellbeing
of New Zealanders

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