

WOMEN
SUPPORT
& FRIENDS

Women and finance in New Zealand



FOREWORD



**Rob Flannagan, Independent Chair / Trish Oakley, Chair FSC Strategic Research Committee
Richard Klipin, CEO / Tracey Cross, Co-Chair FSC DEI Committee**

Welcome to the latest in the series of Insight and Trends Reports from the Financial Services Council (FSC), focusing on the financial capability of women.

These sector focused reports aim to investigate the consumer research and industry data that the FSC collects on behalf of the industry and identify insights and trends.

We developed this edition to better understand how women and finances interact to support International Women's Day 2024 and its theme to inspire inclusion to help forge a better, more inclusive world for women.

The FSC has been undertaking research into the financial services sector since 2017, with our first series of KiwiSaver reports and research into insurance and investments. Since then, we have been refining our surveys and in 2020 launched our first Financial Resilience Index tracker and the Money & You research series.

The report highlights that:

- Women are more likely to understand financial concepts than men.
- Women are less confident about their financial understanding, with younger women particularly bearing the burden of financial worries compared with men.

- Over 80% of Kiwi women rate their level of financial wellbeing as moderate, low or very low, with over 70% feeling that financial wellbeing influences their overall wellbeing.
- Women are less likely to be happy with their current financial situation with just 42% saying they are very or somewhat happy and many are likely to be in a precarious financial situation.
- Women are more likely to be concerned about inflation and interest rates, and that worry is growing.
- Women tend to have lower incomes due to the gender pay gap, with less income over their lifetime amplifying financial wellbeing issues in preparing for retirement.

We will continue to track the financial resilience trends in respect of New Zealand women, sharing our insights with you.

Given the difficult economic environment significantly affecting women, it is important that we initiate an urgent conversation regarding the factors influencing women's financial wellbeing. By taking steps to address the financial gender imbalance, we can contribute to growing the financial confidence and well-being of Kiwi women.



INTRODUCTION

Since March 2020, the Financial Services Council (FSC) has been tracking trends of financial resilience in New Zealand through our Financial Resilience Index and Money & You research series.

In our report 'Money and You - Women and Financial Wellbeing in New Zealand'¹ we took a closer look at how Kiwi women approach achieving financial confidence and wellbeing. We found that women face a variety of obstacles when compared with their male counterparts.²

Indeed, in their Insights Tracker update (July 2023) Te Ara Ahunga Ora Retirement Commission highlights that the gap is widening for women compared to men in terms of optimism, financial sentiment, personal savings and savings for retirement³.

The latest Money & You Report, The Perception Gap in December 2023⁴, shows that despite feeling less confident than men about finances, women are more capable when it comes to understanding financial concepts.

We will continue to track the financial resilience trends in respect of New Zealand women, sharing our insights with you. With the difficult economic environment greatly impacting women it is important that we start an urgent conversation on the factors that contribute to impact a women's financial wellbeing, taking steps to correct the financial gender imbalance and help grow the financial confidence and wellbeing of Kiwi women.

¹ FSC Money & You - Women and Financial Wellbeing in New Zealand, December 2021

² <https://blog.fsc.org.nz/2021-research-women-and-financial-wellbeing>

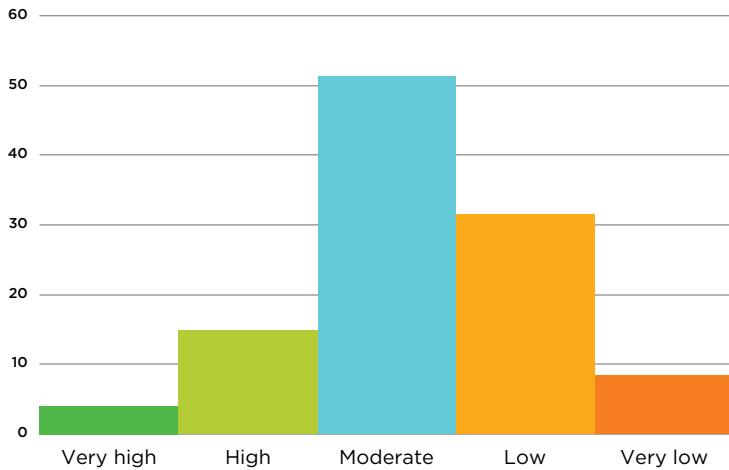
³ <https://retirement.govt.nz/financial-capability/research/>

⁴ FSC Money & You - The Perception Gap, December 2023

FINANCIAL WELLBEING

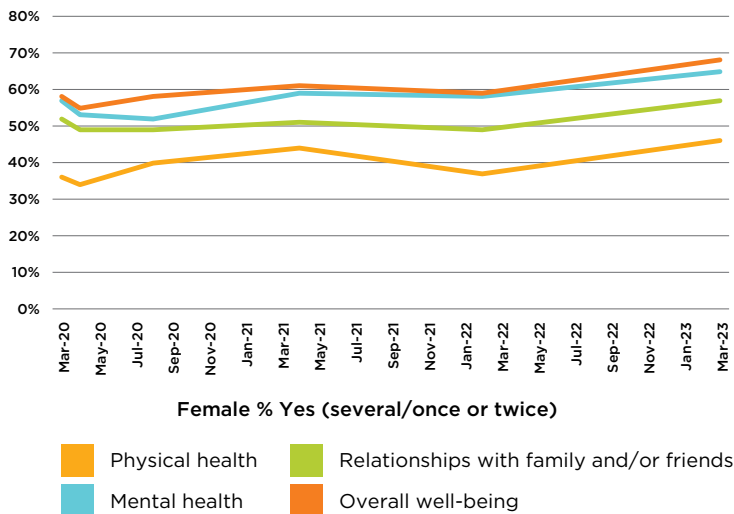
In December 2021, FSC research found that over 80% of female respondents considered their financial wellbeing as moderate to very low, and over 65% considered the same about their overall wellbeing.

Figure 1: How would you rate your level of financial wellbeing?



At the time, just under 64% of respondents reported that that they worried about money at least monthly, with over 70% feeling that financial wellbeing influenced their overall wellbeing⁵.

Figure 2: Have financial issues ever adversely affected your ...?⁶



⁵ FSC Money & You, Women and Financial Wellbeing in New Zealand, December 2021
⁶ FSC Money & You Research, 2020-2023
⁷ FSC Money & You Research, 2023
⁸ FSC Money & You Research, 2020-2023

The trends show that there is a worrying increase in how financial issues have negatively affected wellbeing. The levels grew higher in 2023 than in previous years, particularly in regards to mental health and overall wellbeing.

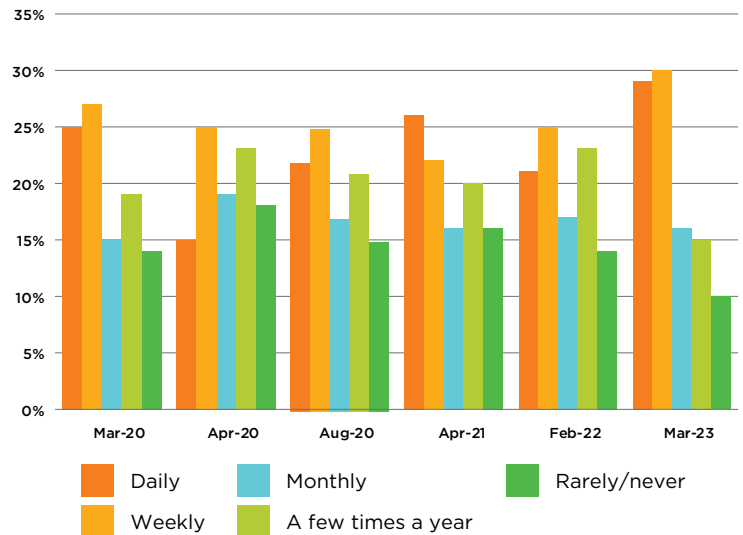
FINANCIAL CONFIDENCE AND WORRIES

Women are less confident in their financial understanding and women, especially younger women, bear the burden of financial worries.⁷

Women are less likely to be happy with their current financial situation, with just 42% saying they are very or somewhat happy.

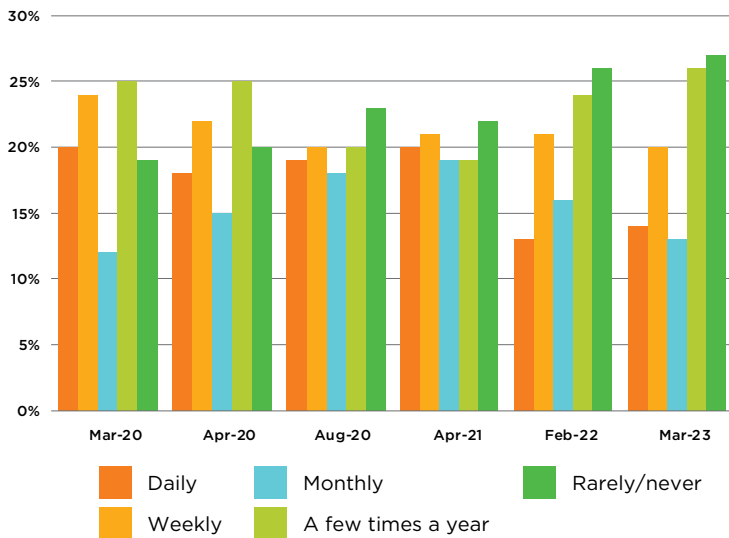
Perceived financial insecurity has also increased sharply among women. In 2023, around three in five (59%) women reported worrying about money on a daily or weekly basis. This is a significant increase from our 2020 research and shows a trend that has overall, been increasing over time.

Figure 3: How often do you worry about money? (Female sample)⁸



In contrast, only one in three (34%) men reported worrying about money on a daily or weekly basis in 2023 and 2022, a decline from the levels in 2021 and 2020.

Figure 4: How often do you worry about money? (Male sample)⁹

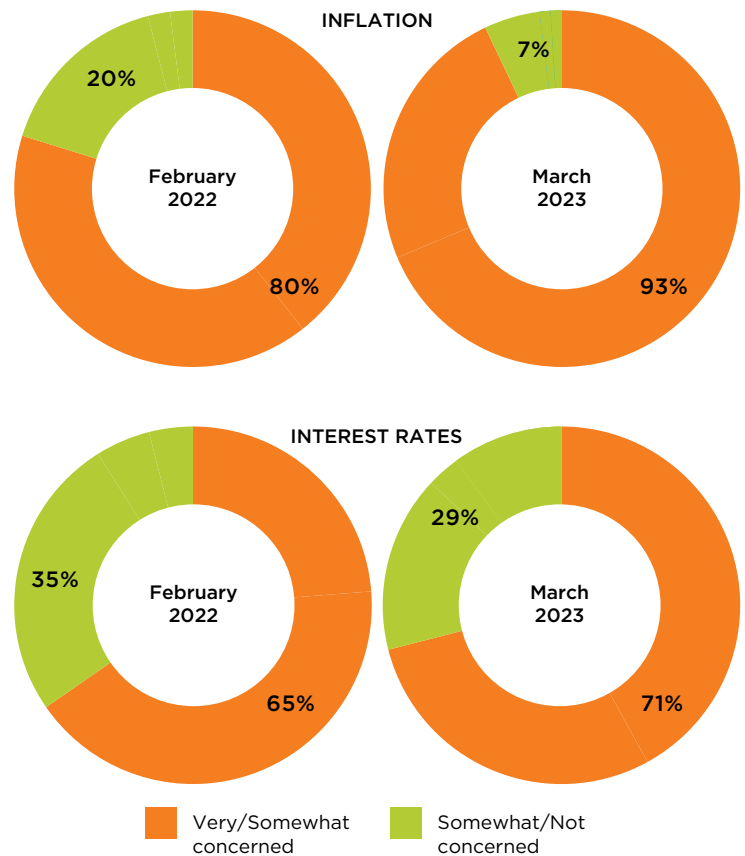


Women are also more concerned than men about current financial issues affecting the current New Zealand economy.

For example, between 2022 and 2023 there has been a significant increase in female respondents becoming very or somewhat concerned about inflation (from 79% to 92%), and interest rates (from 66% to 71%).

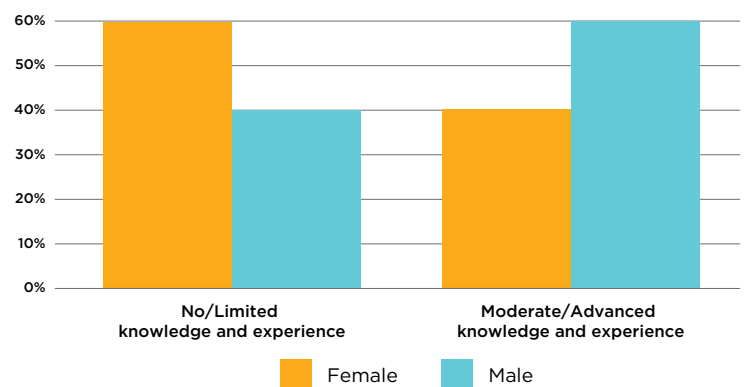
In comparison, the percentage of men who are somewhat or very concerned about inflation has increased by 1%, and 2% for interest rates.

Figure 5: How concerned are you about the following financial issues at the moment? (Female sample)¹⁰



FSC research in 2021 showed that when it came to knowledge and experience in investing, there was a large gap between the confidence of women and men. 60% of women said they had no or limited experience in investing, compared to 40% of men.¹¹

Figure 6: Which of the following best describes your level of investing knowledge and experience?¹²



9 FSC Money & You Research, 2020-2023

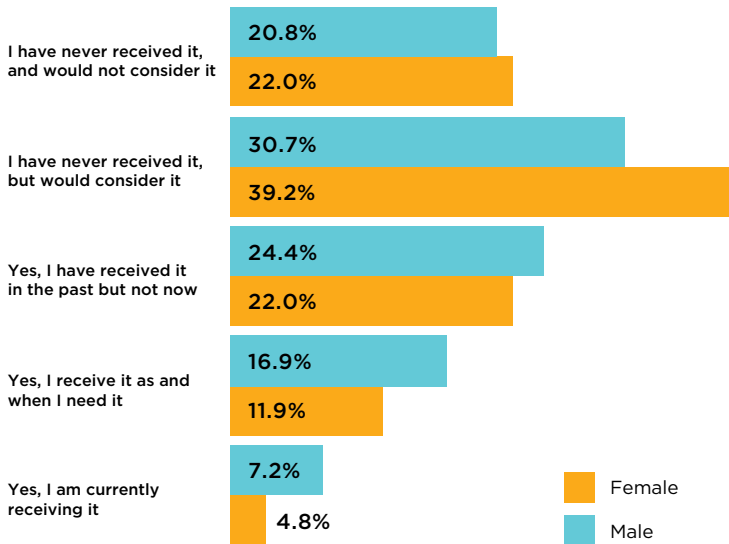
10 FSC Money & You Research, 2022-2023

11 FSC Money & You, Women and Financial Wellbeing in New Zealand, December 2021

12 FSC Money & You, Women and Financial Wellbeing in New Zealand, December 2021

However, women are aware that professional financial advice may support their understanding of finances and investments, with the majority (78%) either considering or having received financial advice.

Figure 7: Have you ever received professional financial advice from a financial adviser?¹³

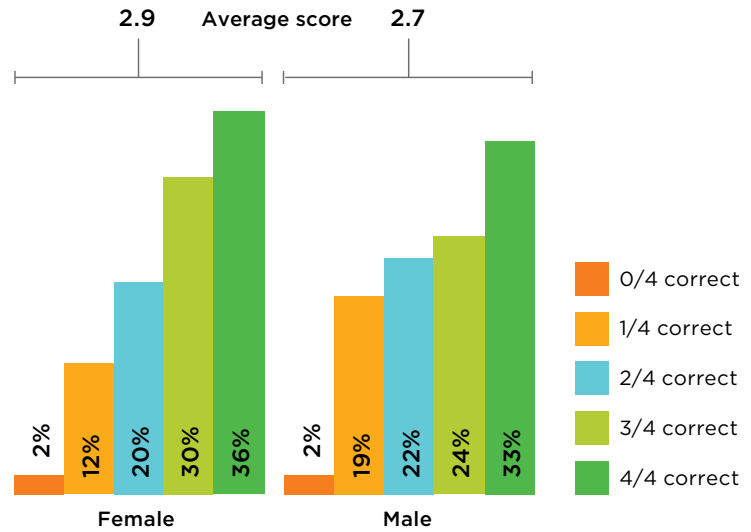


FINANCIAL CAPABILITIES AND SECURITY

Our research shows that women are more financially literate than men overall, despite the reported underconfidence and worries noted above.

In our Perception Gap research, we asked four financial trivia questions to ascertain a level of knowledge about investment, diversification, the relationship between risk and return and KiwiSaver. More women (66%) got 3 or 4 of the questions correct, compared with men (57%).¹⁴

Figure 8: Financial concept trivia questions trends¹⁵



Despite this, women are more likely to be in a precarious financial situation with 61% of women reporting that they would only be able to continue their current lifestyle without earning an income for 3 months or less, with 51% unable to access \$5000 in a week if needed. Women are also more likely to be in debt, with 61% of women having reported personal debt compared with 43% of men.

Research questions in 2021 looked to the gender pay gap, the findings aligned with global studies indication women get paid less than men. Women are more likely to work in unpaid positions, including in the home or in part-time positions.

In 2023, the trends continue to show that women are more likely to be working part-time, have full-time home duties or be unemployed (39%) than the equivalent for men (12%).

¹³ FSC Money & You, Women and Financial Wellbeing in New Zealand, December 2021

¹⁴ FSC Money & You - The Perception Gap, 2023

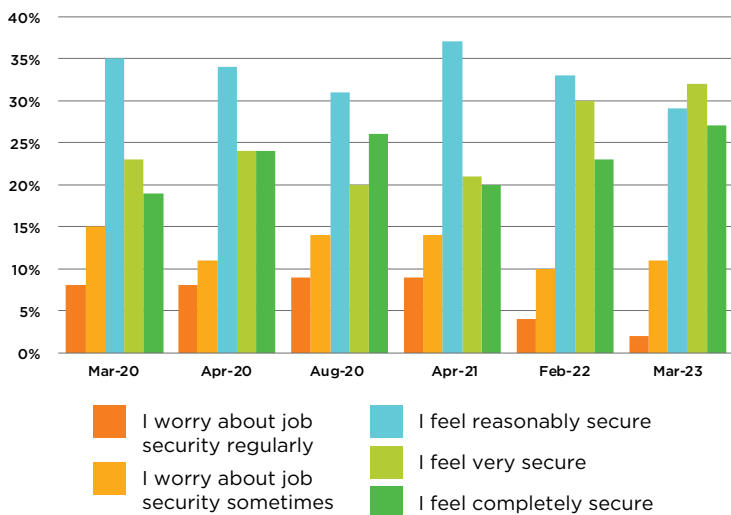
¹⁵ FSC Money & You 2023

Figure 8: Which of the following best describes your current employment status?



Job security and money worries are closely related. People with good job security feel more confident, being in more a more stable financial position as they are likely to have more savings.¹⁶

Figure 9: How much job security do you feel in your current employment? (Female sample)¹⁷



Perceived job security among employed female respondents has been increasing in the past few years. The proportion who

¹⁶ FSC Money & You 2023

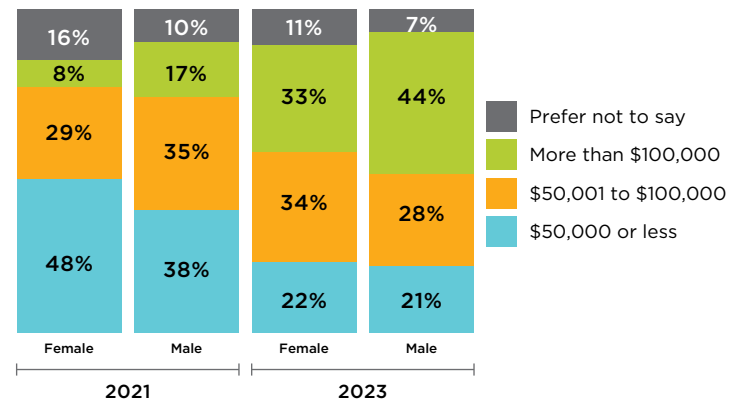
¹⁷ In the March 2020, 2021 to 2023, question was asked to business owners, self-employed individuals, full-time employees, part-time employees, casual employees, and contractor/freelancers. In the April 2020 and August 2020 surveys, question was asked to full-time, part-time, and casual employees.

¹⁸ Sample respondents differed in 2021 and 2023, sample representative of NZ population at the time of survey.

worry about their job security sometimes or regularly has almost halved (from 23% in August 2020 to 12% in 2023).

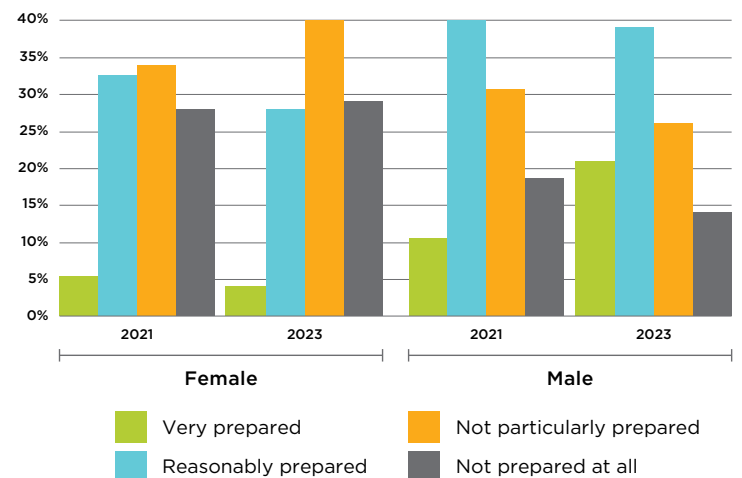
Delving into personal income brackets, it's clear that the gender pay gap remains evident, with more men (44%) earning \$100,000 or more than women (33%).

Figure 10: Please tell us your annual PERSONAL income, including all wages, salaries, pensions and other income, before tax¹⁸



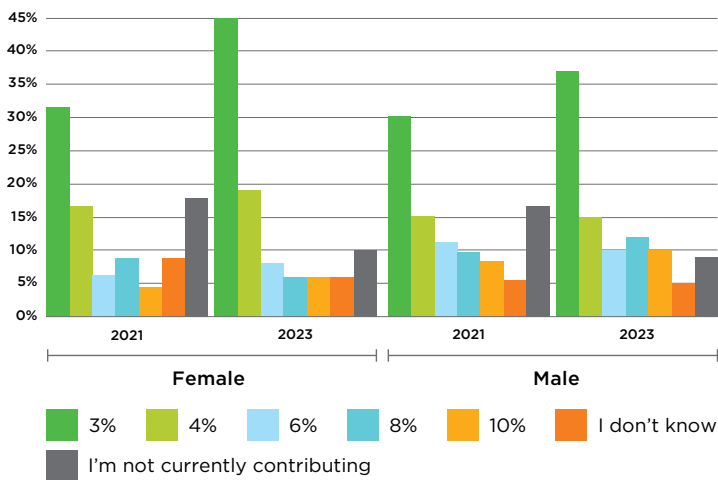
Finally, when looking to preparedness for retirement, there is a growing trend that women feel less prepared for retirement than men, with 68% of women saying they were not particularly prepared/not prepared at all, up from 62% in 2021.

Figure 11: How financially prepared do you feel you are for retirement?



Through a KiwiSaver contribution lens, there has been a 15% increase in the number of women that contribute the minimum 3% into their KiwiSaver since 2021. Whilst there is a similar trend for men, the percentage change is much smaller. If this trend continues, it will continue to drive the wider pensions gap for women.

Figure 12: How much are you contributing to your KiwiSaver?¹⁹



CONCLUSION

The research and trends over time show that a range of factors continue to impact women's financial wellbeing over their lifetime.

On a positive note there has been an improvement in women's job security, with women more capable in understanding key financial concepts than they give themselves credit for.

Despite this, men report that they have more financial confidence and wellbeing than women, and whilst men remain confident, for women the trend indicates that they are becoming less financially confident over time.

The warning signs are still evident as we continue through the cost of living crisis, heightened interest rates and inflation. The research demonstrates that while these pressures and issues are faced by all, women worry more than men about them.

Combined with the gap in retirement funds, emergency savings and salary, women are at a disadvantage when compared with their male counterparts. As a country, we must open a dialogue and level the playing field to drive the financial confidence and wellbeing of everyone in New Zealand, including a focus on the ongoing issues that women face.

We aim to track the Financial Resilience Index and Money & You key indicators again in quarter 1, 2024, to track the changing landscape.

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The research was conducted via an online survey developed and hosted by CoreData. Data was collected in March 2020 (2,000 valid complete responses), August 2020 (1,000 valid complete responses), April 2021 (2,035 valid complete responses), January 2022 (2,000 valid complete responses) and March 2023 (2,030 valid complete responses).

This data formed the basis of the analysis and this sector report. The samples are representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data. 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.

¹⁹ Sample respondents differed in 2021 and 2023, sample representative of NZ population at the time of survey.

Financial Services Council NZ

Grow the financial
confidence and wellbeing
of New Zealanders

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