

# FSC. FINANCIAL RESILIENCE INDEX

APRIL 2023





## CONTENTS

01	Foreword .....	02
02	<b>FINANCIAL RESILIENCE INDEX</b> .....	05
	Key Indicator 1: Financial Confidence .....	06
	Key Indicator 2: Financial Literacy .....	08
	Key Indicator 3: Financial Preparedness.....	10
	Key Indicator 4: Job Security.....	12
	Key Indicator 5: Wellbeing.....	14
03	About Financial Services Council and research methodology .....	16

The Financial Resilience Index is a tracking survey of New Zealanders' views on five key resilience indicators. The Financial Services Council started tracking the financial confidence and wellbeing of New Zealanders in March 2020, just as Covid-19 was becoming a reality, and has tracked views over the past three years, with the latest survey in field this March, generating 2030 responses.

Perhaps with a feeling of relief as the Covid-19 pandemic started to move behind us, borders opened and life started to head to some normality. However, mother nature struck again with severe weather affecting many New Zealanders, and with the global impact of the war in the Ukraine we have seen a cost-of-living crisis hit our shores as the OCR hit 5.25%, the highest in 14 years.

This index reveals how Kiwis are faring through these tough times, and it has revealed that:

- **Kiwis are increasingly worrying about money, more often, with just under 50% of us worrying about money daily or weekly, that is 300,000 more of us than last year.**
- **Women and young people bear the burden of financial worries, with debt on the increase and savings on the decrease.**

- **Negative effects of financial issues on our wellbeing have increased across the board, and mental health is disproportionately affecting younger generations.**
- **We're less prepared for a rainy day: Just 53% could access \$5,000 within a week in time of emergency, down from 59% in 2022.**
- **There is a lack of confidence in selecting investments and planning for retirement and although the majority haven't thought about how much they will need in retirement, those that have vary wildly in their assessments about what they may need to retire with dignity.**

As always, this data shows a moment in time, but more importantly trends in how Kiwis are really faring as we lean into new and varied economic challenges in the coming months and years. With the support of the FSC 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



Richard Klipin  
CEO, FSC

# FINANCIAL RESILIENCE INDEX KEY INDICATORS

82% 

**FINANCIALLY  
CONFIDENT**

**Financial confidence has decreased**

There was a 4% decrease in those reasonably to very confident in making financial decisions compared to last year.

44% 

**FINANCIALLY  
PREPARED FOR  
RETIREMENT**

**Little change in preparedness for retirement**

There was a small increase of 1% of those reporting that they are very or reasonably prepared for retirement.

89% 

**FEELING SECURE  
IN THEIR JOBS**

**Job security continues to rise**

There was a slight increase in job security with 89% feeling either completely, very or reasonably secure in their current employment, up from 86% in 2022.

47% 

**FINANCIALLY  
LITERATE**

**Financial literacy has increased**

4% more respondents indicated having at least a good understanding across five financial literacy areas.

83% 

**OF KIWIS HAVE  
INVESTMENTS**

**Those reporting household investments has dropped**

The number of respondents indicating they have no household investments has increased from 14.4% to 16.9% when compared with 2021 data.

59% 

**OVERALL  
ADVERSE  
EFFECT ON  
WELLBEING**

**Effect of finances on overall wellbeing on are on the rise**

The number of respondents indicating the effect of financial issues on their overall wellbeing has increased



KEY INDICATOR **1** FINANCIAL CONFIDENCE

KEY INDICATOR **2** FINANCIAL LITERACY

KEY INDICATOR **3** FINANCIAL PREPAREDNESS

KEY INDICATOR **4** JOB SECURITY

KEY INDICATOR **5** WELLBEING



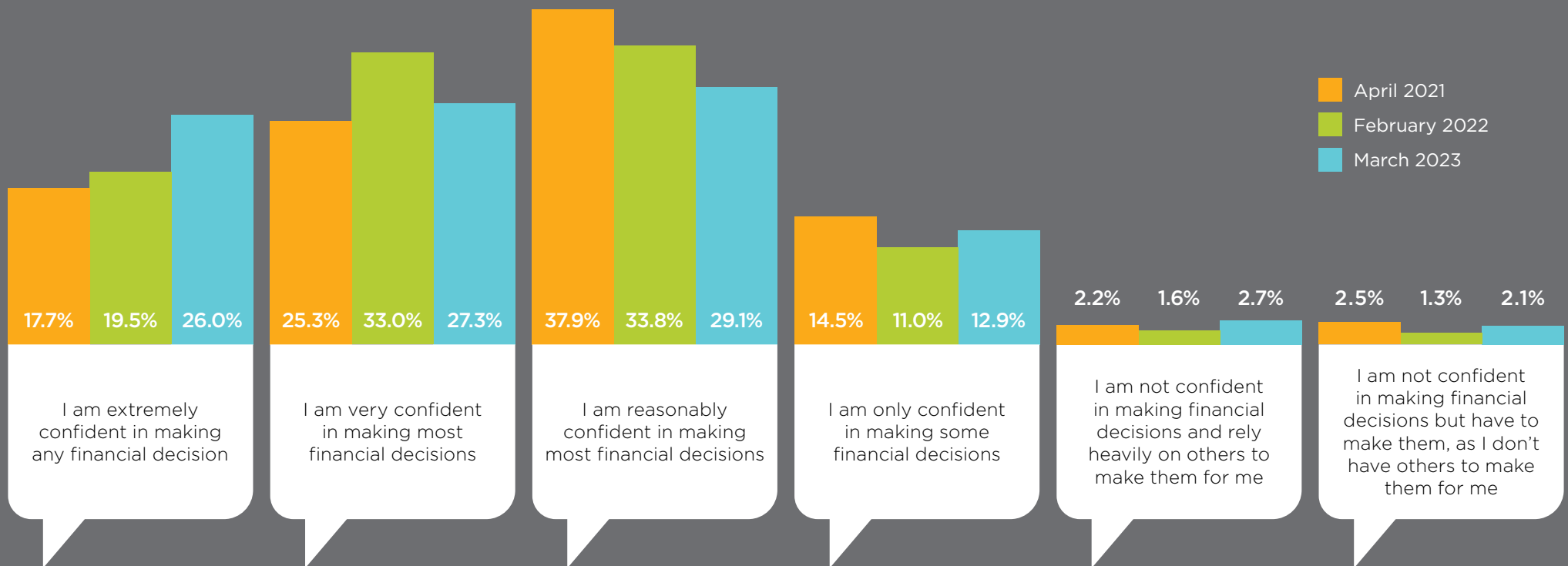
## KEY INDICATOR: FINANCIAL CONFIDENCE

Financial confidence overall has remained relatively stable, with 81% reasonably to extremely confident in 2022 compared with 82% this year, but with a notable shift in extremely confident respondents. Many remain confident in their ability to make decisions, despite low financial literacy, and there is a direct link

between financial confidence and those respondents that said they are happy with their current financial situation.

Those that are unconfident worry more about money, and overall Kiwis are less confident in making decisions such as selecting investments and planning for retirement.

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



n=2,030

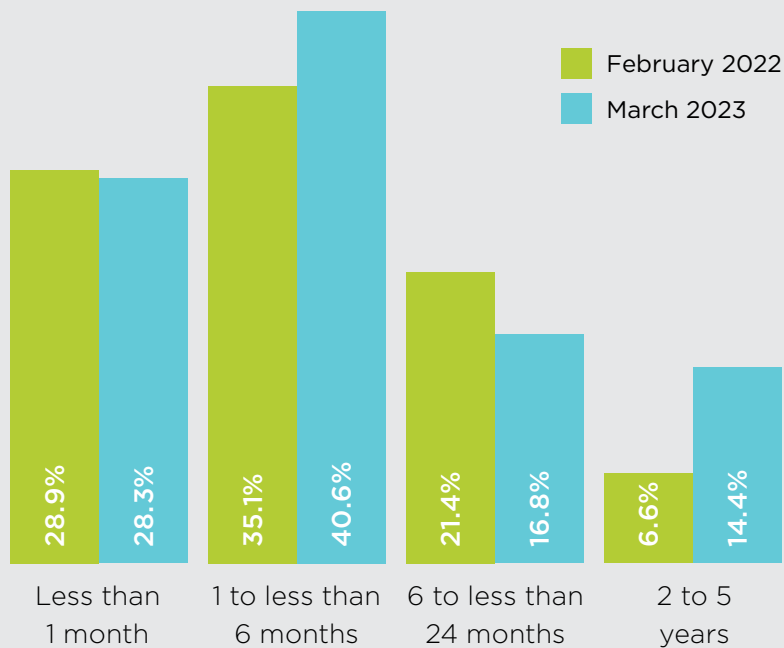


# KEY INDICATOR: FINANCIAL CONFIDENCE

When looking at how long respondents could continue their current lifestyle without earning an income, just over 5% have shifted into the 1 month to less than six months category from the 6 month to 24 month category since 2022.

In addition, there is a small shift in responses showing that there are less 'sitting on the fence' in terms of their confidence or otherwise in the economy.

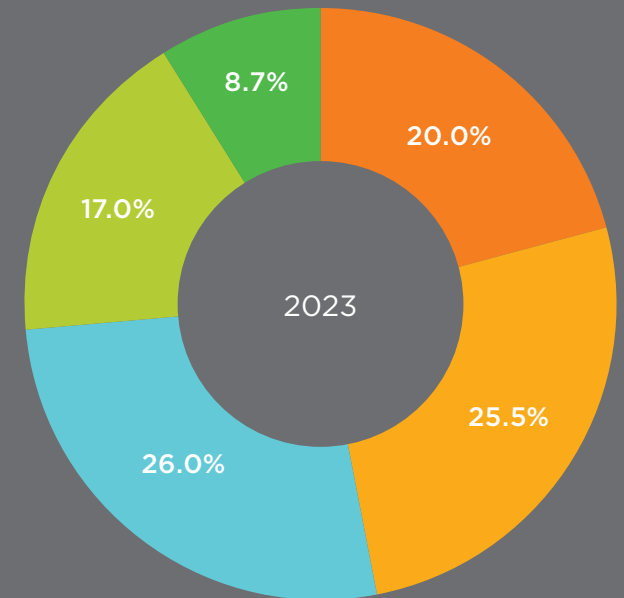
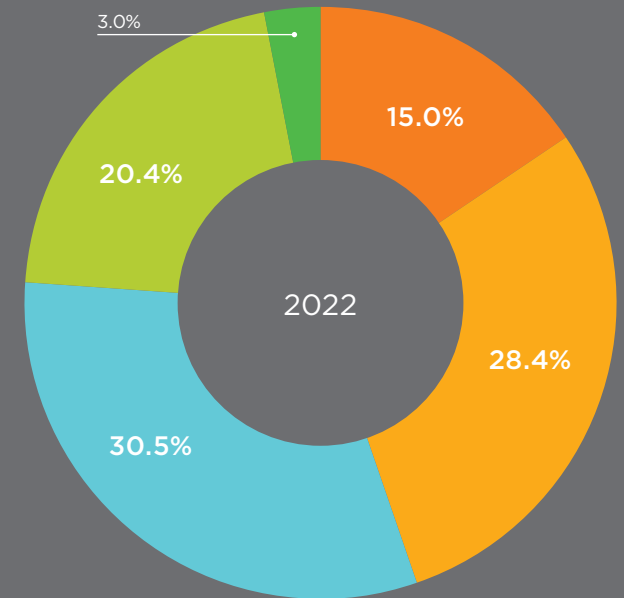
### How long could you continue your current lifestyle without earning an income?



2022: n=1,337, 2023: n=225

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

- Very unconfident
- Somewhat unconfident
- Neither confident nor unconfident
- Somewhat confident
- Very confident



2022: n=2,000, 2023: n=2,030



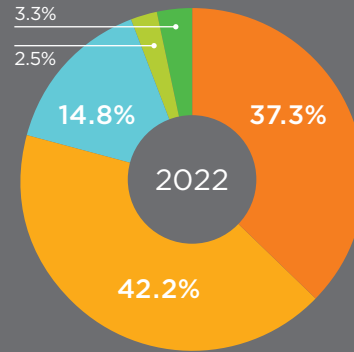
## KEY INDICATOR: FINANCIAL CONFIDENCE

The biggest shift in concern about financial issues since 2022 was around inflation, where 7.3% more were somewhat or very unconfident when asked.

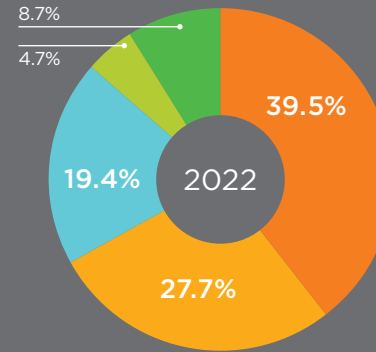
In terms of concerns about interest rate rises, the data shows that changes in interest rates would disproportionately affect young people and women.

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

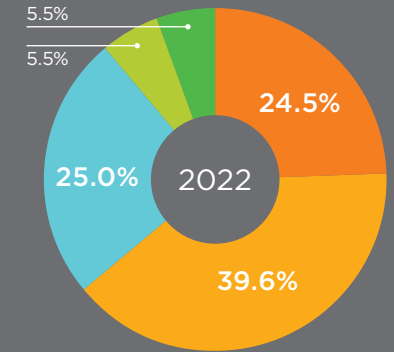
### INFLATION



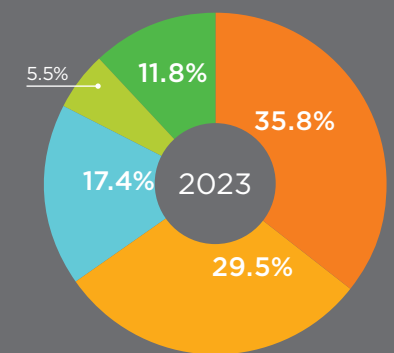
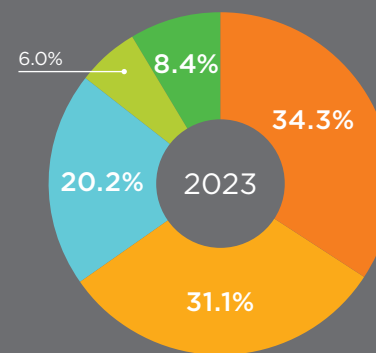
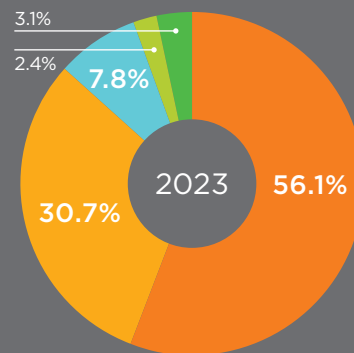
### HOUSE PRICES



### INTEREST RATE



- Very unconfident
- Somewhat unconfident
- Neither confident nor unconfident
- Somewhat confident
- Very confident



2022: n=2,000, 2023: n=2,030



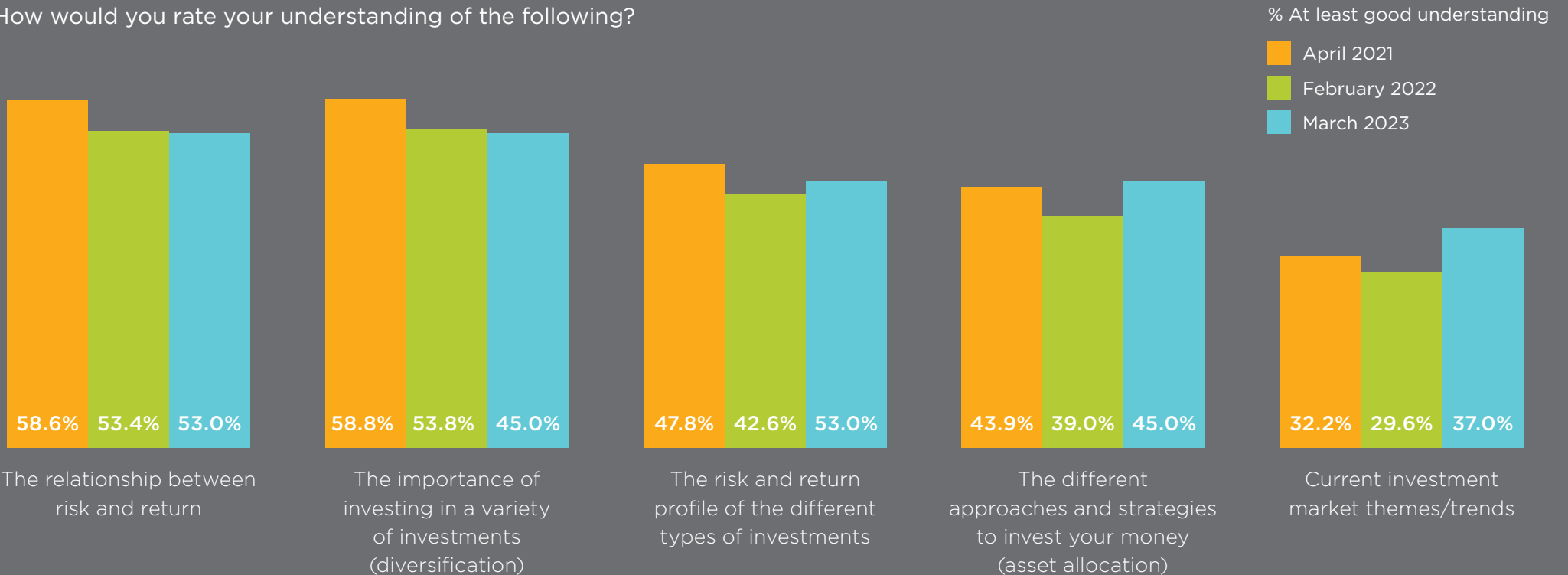


## KEY INDICATOR: FINANCIAL LITERACY

Overall, respondent perceptions about their understanding of asset allocation and current market themes and trends have increased. However, this self-reported understanding of financial concepts broadly continues to trend downwards.

As noted previously, better financial literacy does not always lead to more confidence, and many are confident in their ability to make decisions despite poor financial literacy.

How would you rate your understanding of the following?

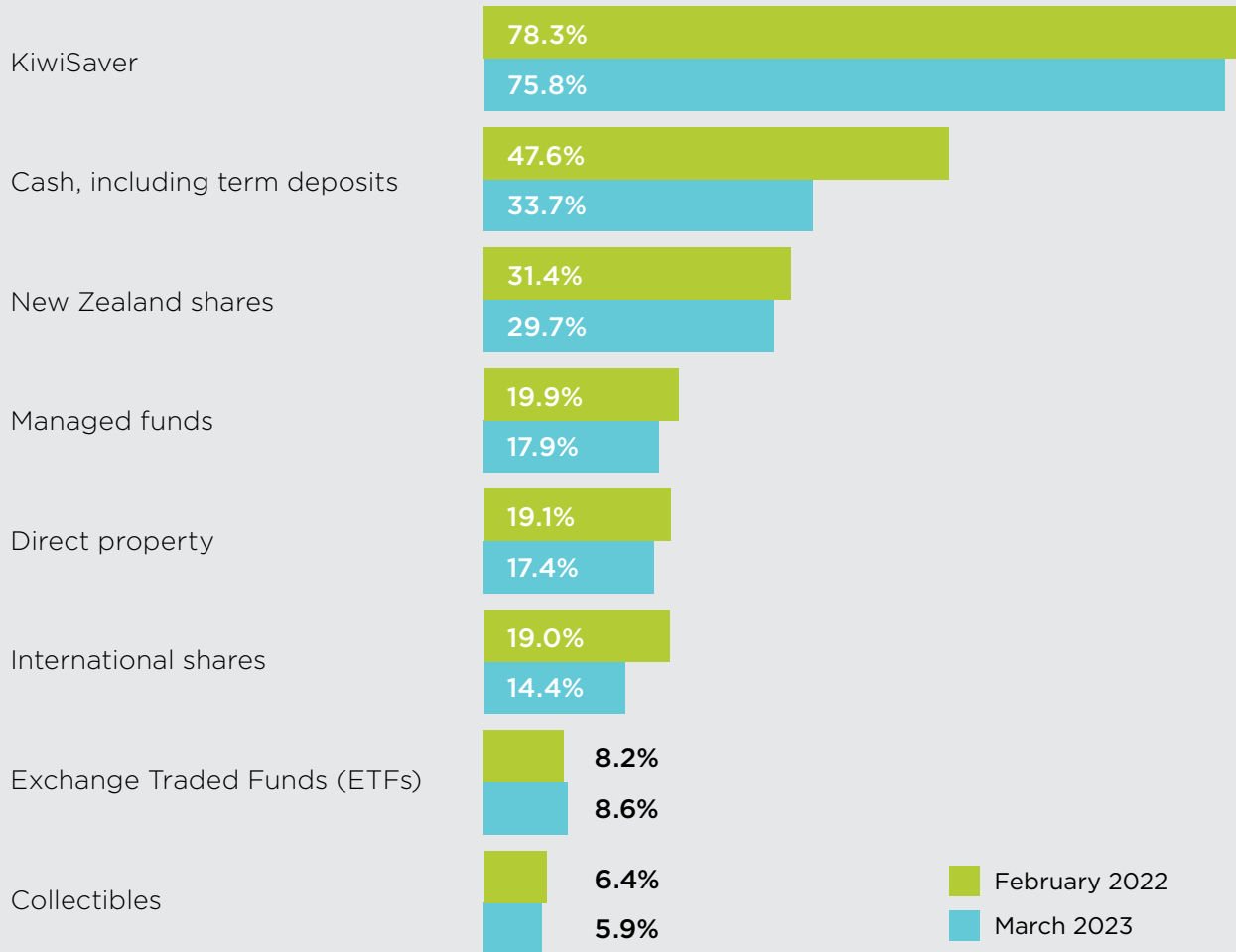


n=2,030



## KEY INDICATOR: FINANCIAL LITERACY

Which of the following investments do you currently have?



2022: n=1,601, 2023: n=1,493





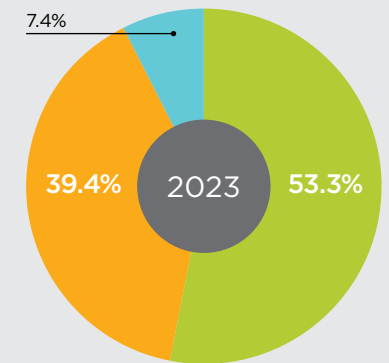
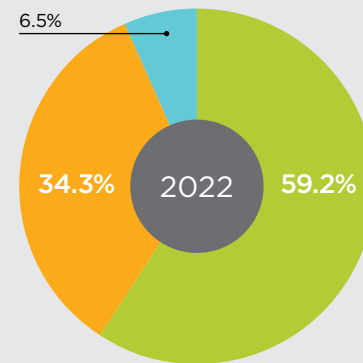
## KEY INDICATOR: FINANCIAL PREPAREDNESS

Being able to access money in an emergency is a key indicator for being financially resilient and prepared, but the data shows 39% of respondents (up 5% since 2022), equivalent to over 1.5 million Kiwis, could not access \$5,000 within a week without going into debt if they had to pay for something unexpectedly.

Further, the number of respondents indicating they have no household investments has increased from 14.4% to 16.9% when compared with 2022 data.

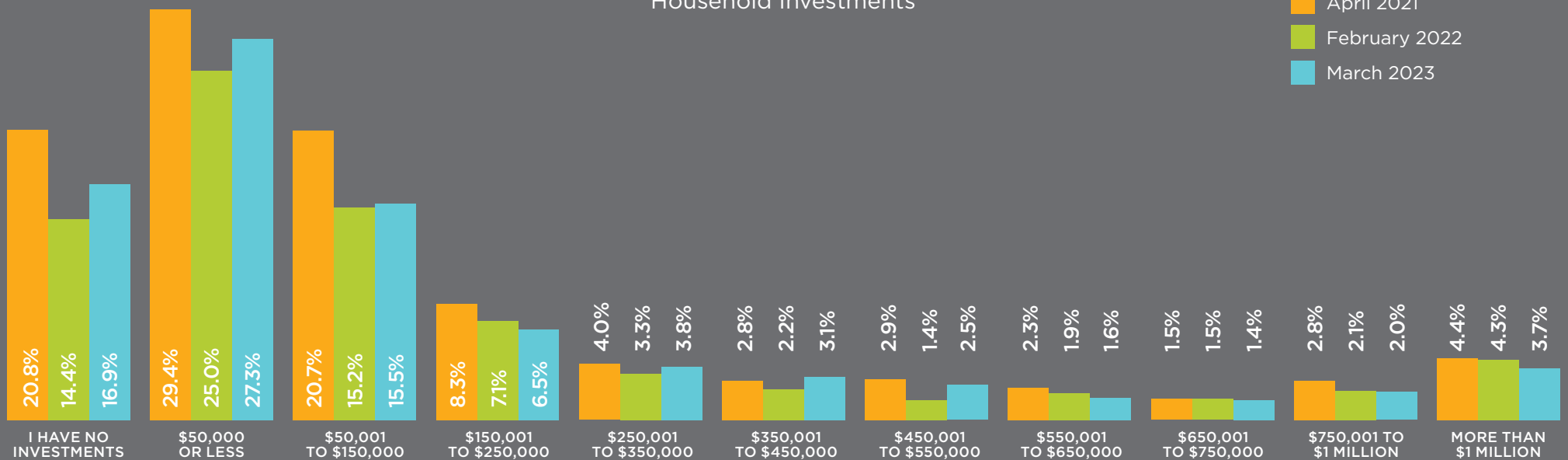
If you had to pay \$5,000 for something unexpectedly, could you access the money within a week (without going into debt)?

- Yes
- No
- Don't know



### Household Investments

- April 2021
- February 2022
- March 2023



n=2,030



## KEY INDICATOR: FINANCIAL PREPAREDNESS

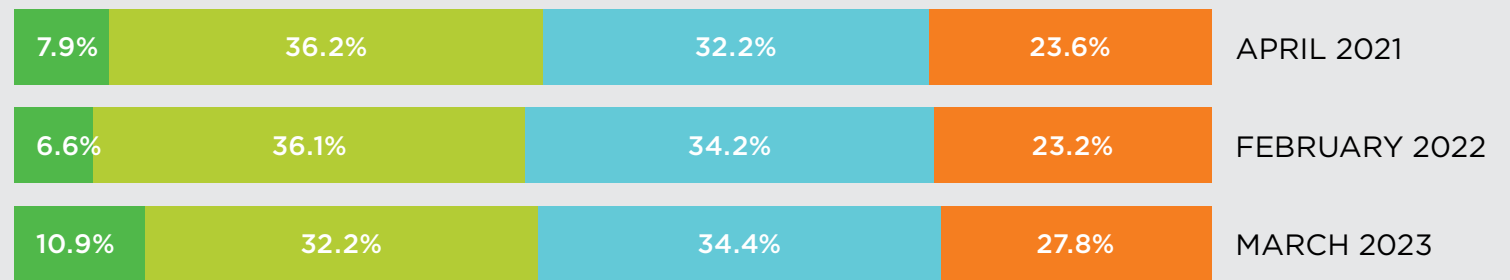
More respondents reported being very prepared for retirement, 11% compared with 6.6% last year.

However, when we looked further into the data fewer could maintain retirement for 5 to 10 years or more than in 2022.

There is also a lack of confidence in selecting investments and planning for retirement and although the majority haven't thought about how much they will need in retirement, those that have vary wildly in their assessments about what they may need to retire with dignity.

How financially prepared do you feel you are for retirement?

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



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

- February 2022
- March 2023



2022: n=366, 2023: n=225, Retired

n=1,805

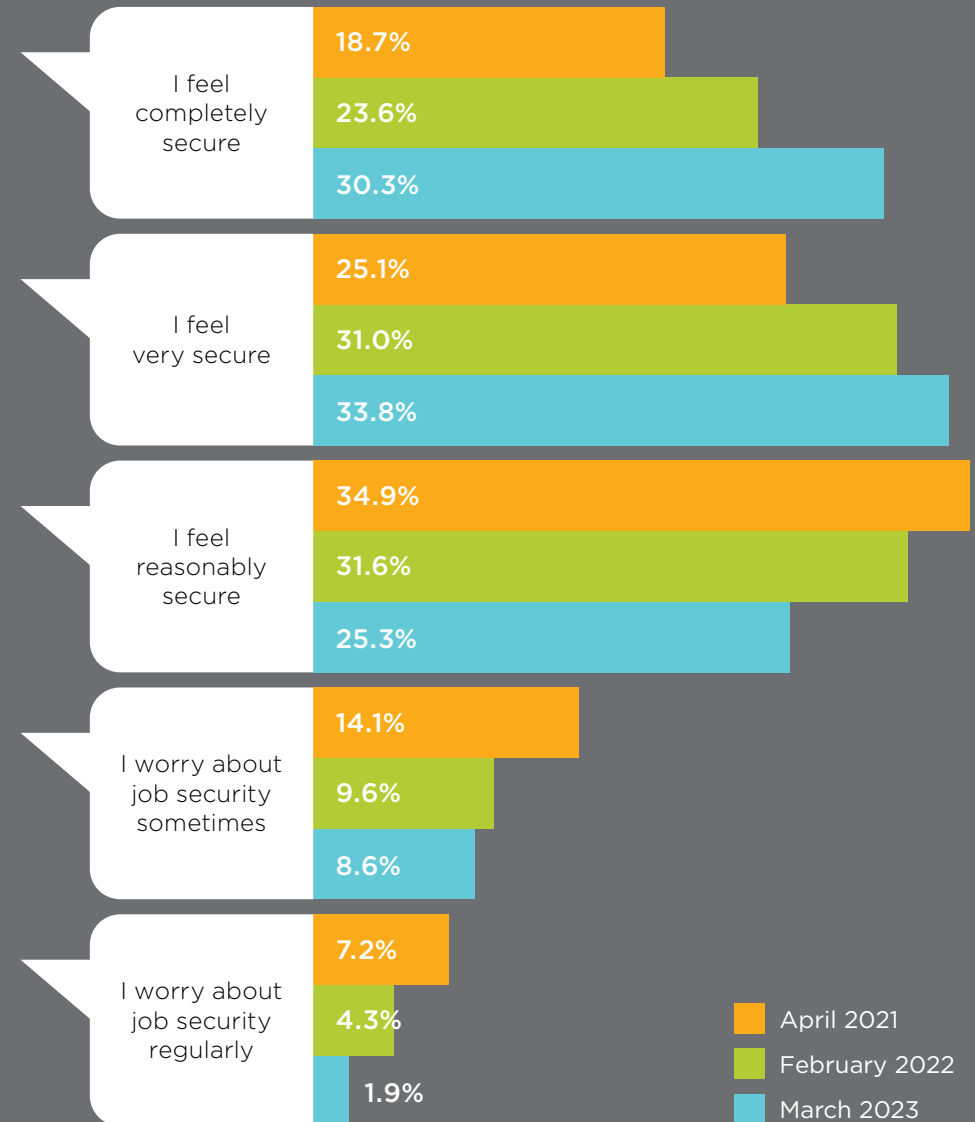


## KEY INDICATOR: JOB SECURITY

Job security has continued to trend upwards for those that feel completely and very secure with fewer worrying regularly.

Job security is closely correlated with financial situation satisfaction and with feelings of retirement preparedness. It is also closely related to having less money worries and people with good job security feel more confident as job security and money worries are closely related.

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



n=1,472

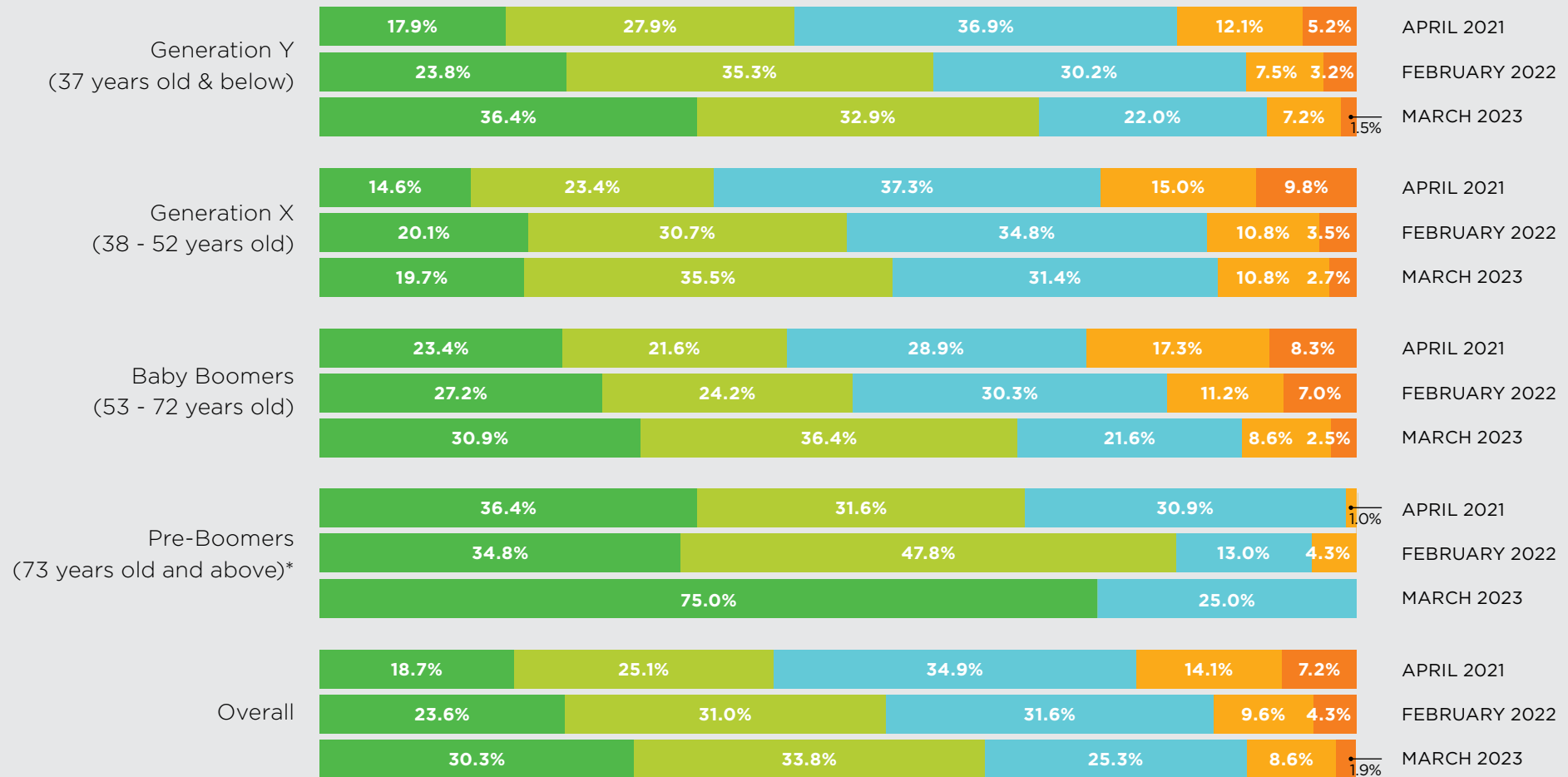
April 2021  
February 2022  
March 2023



## KEY INDICATOR: JOB SECURITY (DEMOGRAPHICS)

Close to 13% more of Generation Y report that they feel fully secure in their role than in 2022.

The data also shows that more are feeling completely secure in their employment after COVID uncertainty.



\* Small sample n=1,472

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



## KEY INDICATOR: WELLBEING

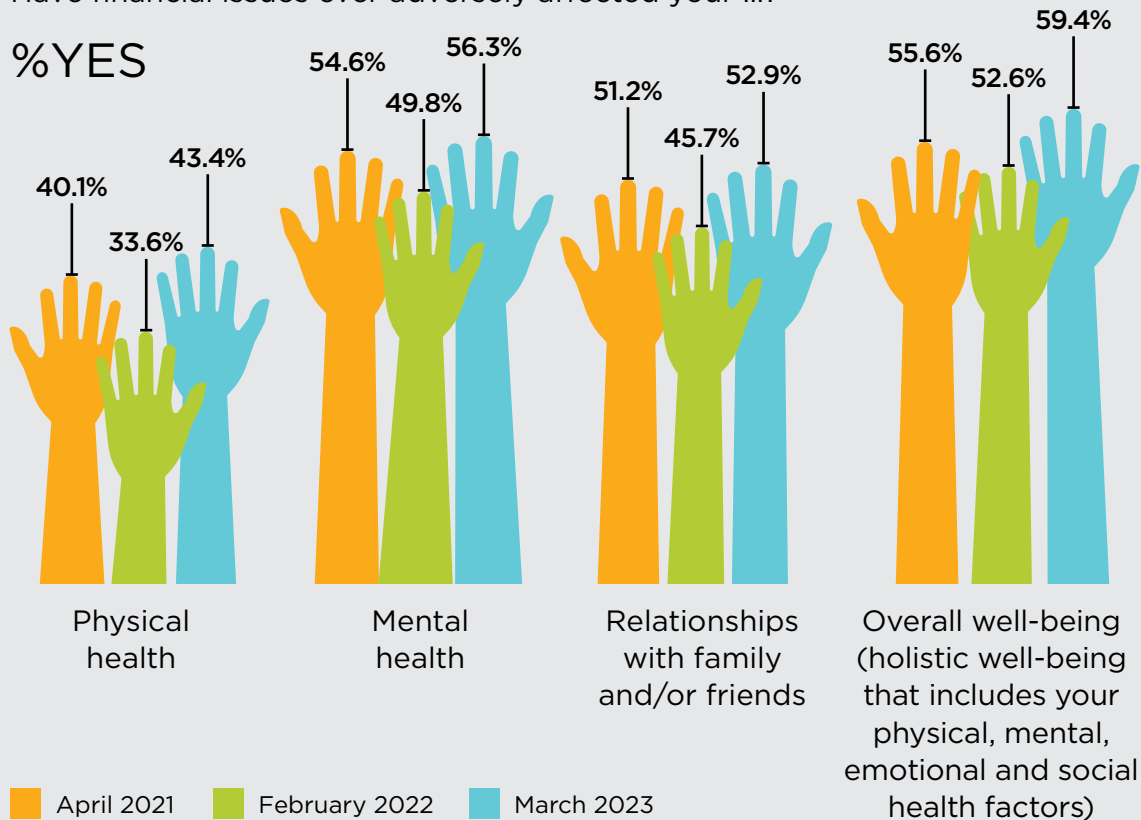
All reported wellbeing indicators have increased indicating that financial issues are adversely affecting New Zealanders wellbeing.

More people are worrying more often about money compared with 2022.

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

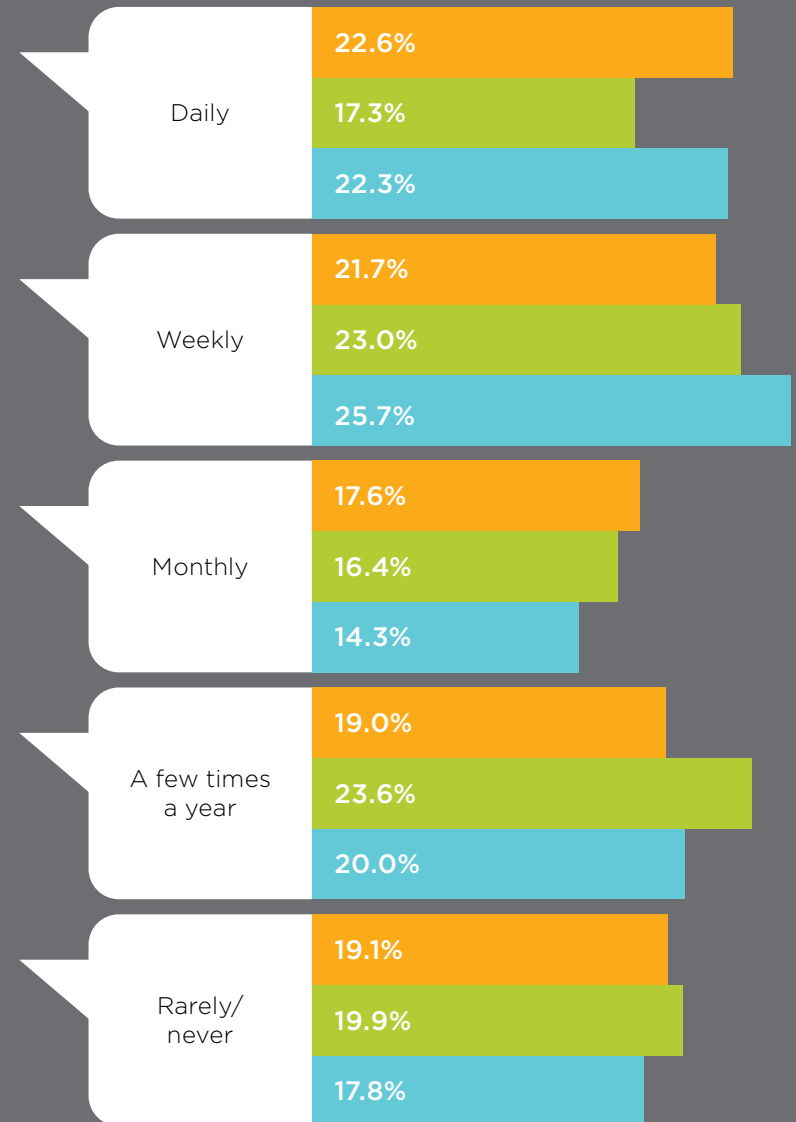
Have financial issues ever adversely affected your ...?

%YES



n=2,030

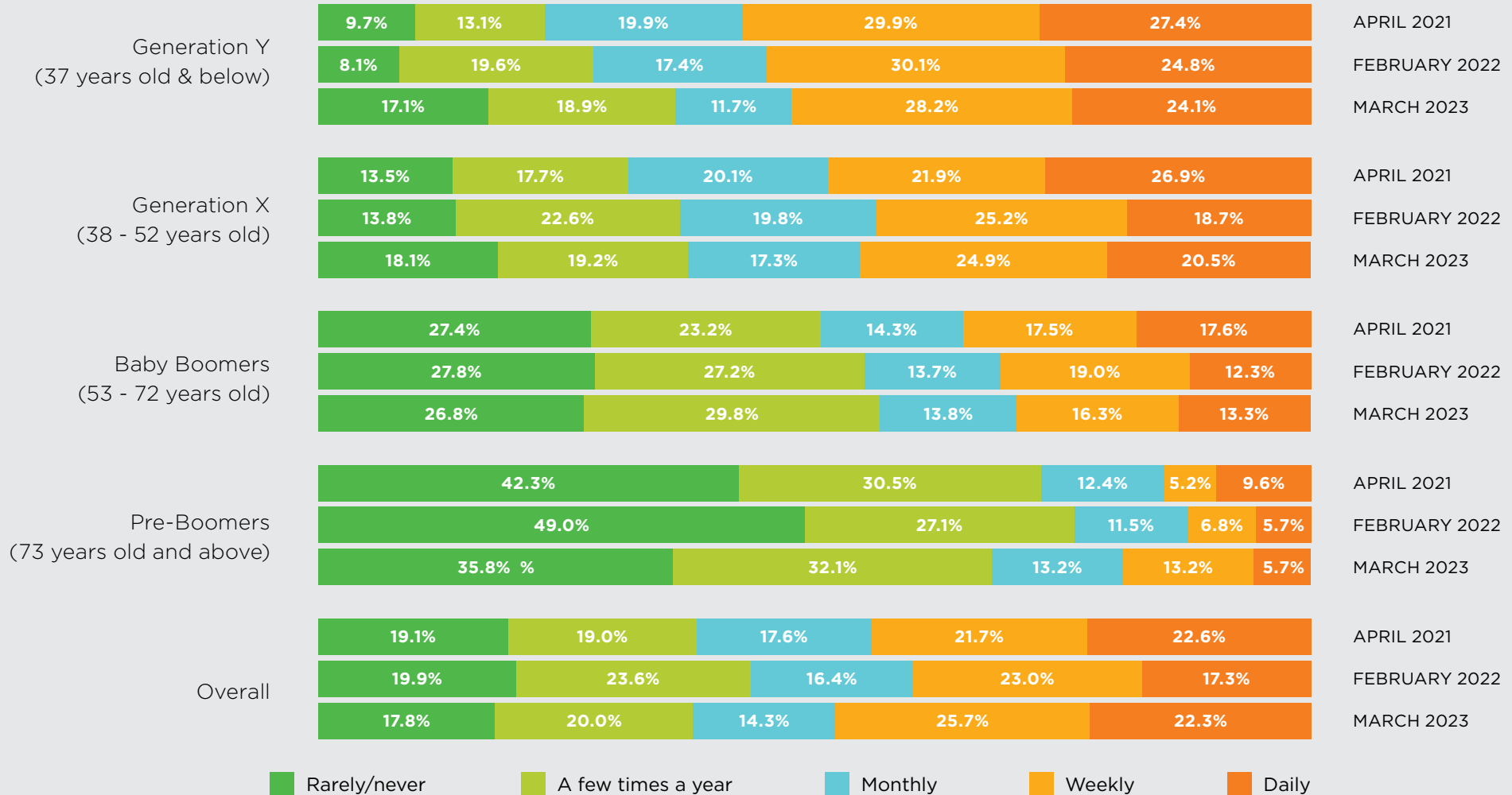
How often do you worry about money?





## KEY INDICATOR: WELLBEING (DEMOGRAPHICS)

The older the demographic, the less frequently they worry about money.



n=2,030



## 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 113 members manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

Find out more at [fsc.org.nz](https://fsc.org.nz)

### RESEARCH METHODOLOGY

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

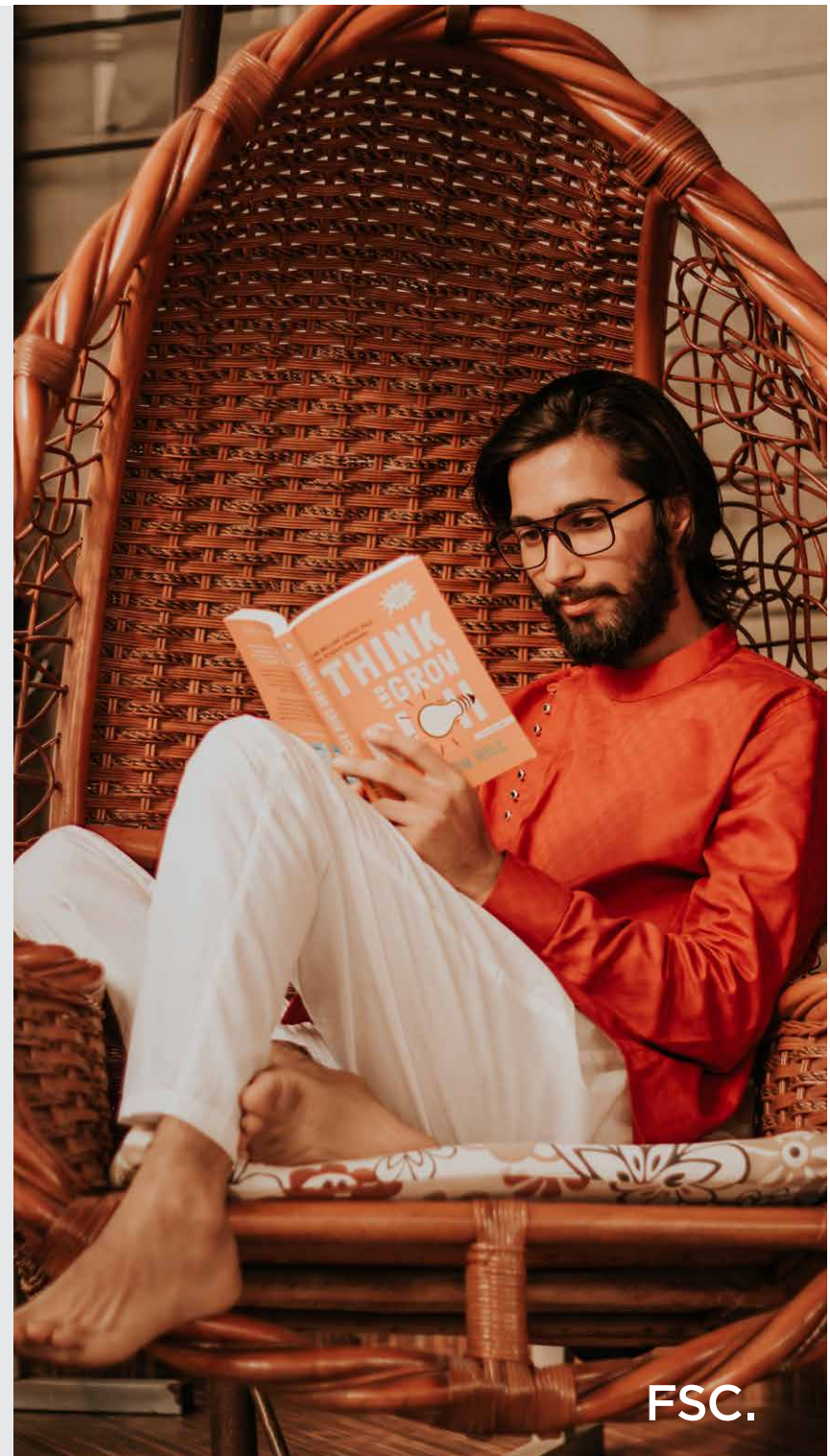
2021 data was collected between 15 April and 26 April 2021. A total of 2,035 valid complete responses were collected in April 2021.

2022 data was collected between 25 January and 31 January 2022. 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.

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 2021 there was an estimated resident population of 5,116,300. As this survey only included respondents aged 18 years old or over, the estimated resident population of the sample is 3,944,700.



# FSC SECTOR RESEARCH



## INDUSTRY WIDE:

- 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)
- Towards Prosperity: An insight into New Zealand's financial services sector (2018)



## LIFE AND HEALTH INSURANCE:

- 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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MAY 2023