



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

27 November 2017

Australian Securities and Investments Commission  
National Financial Literacy Strategy

Email to: [submission@financialliteracy.gov.au](mailto:submission@financialliteracy.gov.au)

Dear Sir or Madam,

## National Financial Literacy Strategy Consultation 2017

Chartered Accountants Australia and New Zealand welcomes the opportunity to comment on the National Financial Literacy Strategy Consultation 2017 (Consultation paper). We are very supportive of initiatives to improve financial literacy across the community. While many organisations are working to improve financial literacy for Australians, it is important to have a coordinated approach to ensure these efforts are not duplicated and are directed to those in most need. Appendix A provides our feedback on the proposals and input on the key issues for discussion. Appendix B provides more information about Chartered Accountants Australia and New Zealand.

### Key points

- We support extending the timeframe of the strategy to ten years.
- We recommend consideration be given to including 'having the capacity to deal with a financial shock' in the key behaviours as this aligns with the identified issue of financial resilience.
- Financial fraud is another challenge which could be considered in the strategy.
- We recommend the strategy seek to utilise existing relationships with the key target audiences as much as possible when communicating initiatives.

Should you have any queries concerning the matters discussed above or wish to discuss them in further detail, please contact Karen McWilliams via email at [karen.mcwilliams@charteredaccountantsanz.com](mailto:karen.mcwilliams@charteredaccountantsanz.com) or phone (612) 8078 5451.

Yours sincerely,

**Liz Stamford**  
Head of Policy  
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## Update the language of the National Strategy from 'financial literacy' to 'financial capability'

We understand the basis for the proposed change from financial literacy to financial capability. We support the strategy going beyond financial literacy to enabling people to be capable with money. We agree this change of language would better reflect the initiatives and outcomes.

The consultation paper notes this term is widely used. However, we consider that 'financial literacy' has a much greater awareness, particularly with the audience it might be intended to reach. We therefore consider that whilst the strategy may be updated to include financial capability, we recommend that careful consideration is given to the terminology used when communicating to the intended audiences or participants.

## Set the timeframe that the next National Strategy will cover

We support extending the timeframe of the next National Strategy to up to ten years. We agree that the initiatives are longer term and this would support sustained action. However, we consider it important for the National Strategy to have flexibility to respond to any changes in the environment over this period. We recommend ASIC also undertake a review during the period to ensure the Strategy's focus remains appropriate and realign as required.

## Strengthen the National Strategy's focus on behavioural change by emphasising the core behaviours that support financial capability.

We support the proposal to emphasise the 3 core behaviours of managing money day-to-day; planning for the future and making informed decisions. One additional behaviour which could be considered is having the capacity to absorb a financial shock.

## D1 Priority audiences for the National Strategy

### D1.1 A number of priority audiences have been identified under previous National Strategies. What are the most important priority audiences for the 2018 National Strategy to focus on?

We support the inclusion of suggested additional target audiences. In order to identify the more important priority audiences for the 2018 National Strategy, we would welcome more information on the size of proposed target audiences and their specific needs. The strategy will need to strike a balance between targeting the larger audiences who need help now to plan for the future as well as smaller target audiences with quite specific problems. We also consider it would be helpful to perform a stocktake of existing initiatives for the target audiences. This would identify where the needs of different target audiences overlap and where significant gaps exist. The findings could then be used to determine where the priority of the 2018 strategy should lie.

However, given the proposal to extend the timeframe to up to ten years, we consider it important that the strategy provides the flexibility to reassess the priorities during this timeframe.

## D2 Broadening stakeholder reach and engagement with the National Strategy

### D2.1 Working collaboratively has been an essential element of previous National Strategies. What are the most effective ways of broadening stakeholder reach and engagement with the National Strategy?

We consider that a critical way of broadening the reach would be to build on existing channels of communication to the target audiences and existing initiatives. This might include engagement and training with other government agencies already working with the target audience or other community service providers. By building on existing relationships held by others, the message that ASIC wishes to promote are more likely to be amplified than if ASIC communicates separately. Targeting specific audiences directly through these means will enable the Strategy to be more effective. An example may be reaching people through their employers. Financial capability will impact an employee's wellbeing and therefore employers are likely to be engaged. ASIC will also be able to utilise these relationships for more effective service delivery. It is important to have a coordinated approach to the National Strategy, to ensure efforts are not duplicated and are directed to those in most need.

### D2.2 How could initiatives aligned with the National Strategy strengthen the capabilities of professional practitioners and intermediaries to assist Australians with money matters and financial decision making?

Professional practitioners are an important element in supporting financial literacy and this is a role our members embrace. Chartered Accountants play an important role helping small and family businesses, not for profit organisations and individuals as well as in the broader community. We would welcome the opportunity to work with ASIC to disseminate the learnings indicated in D4.2 to our members.

## D3 Emerging opportunities and challenges to be considered

### D3.1. When updating the National Strategy, what emerging opportunities should be considered?

No specific comment

# Appendix A

## D3.2. Are there issues that might require greater emphasis in the 2018 National Strategy?

We consider the emerging issues identified to be very relevant to the current and future environment. For example, financial resilience aligns to our suggestion to include the capacity to absorb a financial shock with the core behaviours.

## D3.3. What are the potential challenges to be considered in the 2018 National Strategy?

We consider challenges identified to be relevant. Another area which could be considered is that of financial fraud as new scams are emerging all the time. Means to help people identify potential scams is important. Separately there should be clear and easy routes so people know how they can be helped if they should fall victim to scams.

## D4 Improving research, measurement and evaluation

### D4.1. How can we collectively improve research, measurement and evaluation of financial capability initiatives aligned with the National Strategy?

ASIC identified indicators for each strategic priority to measure progress with the 2014 strategy. Once the new strategy is finalised, it will be easier to identify relevant measures for the new strategy. There is now a significant amount of data available and there was a recent review by the productivity commission into access to data. The review recommended enabling greater access to available data where possible. We believe open data and visible measurement is important.

We also note that the UK has developed an evidence hub which is aimed to assist other organisations get the research they need to help design tools and programs. We recommend ASIC consider whether this may be a model they could adopt, especially with a longer term strategy and an aim to collaborate with others more.

### D4.2. What are the most effective ways of disseminating learnings from financial capability initiatives?

We consider open data to be a very effective option enabling stakeholders to easily access the data they need. Additionally, communication of key messages through newsletters, industry journals and conference settings would be very valuable. The use of case studies would also be helpful.

## D5 Encouraging more organisations to get involved with the National Strategy

### D5.1 How could we encourage more organisations to get involved with the National Strategy?

No specific comment

## Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 117,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international capital markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.