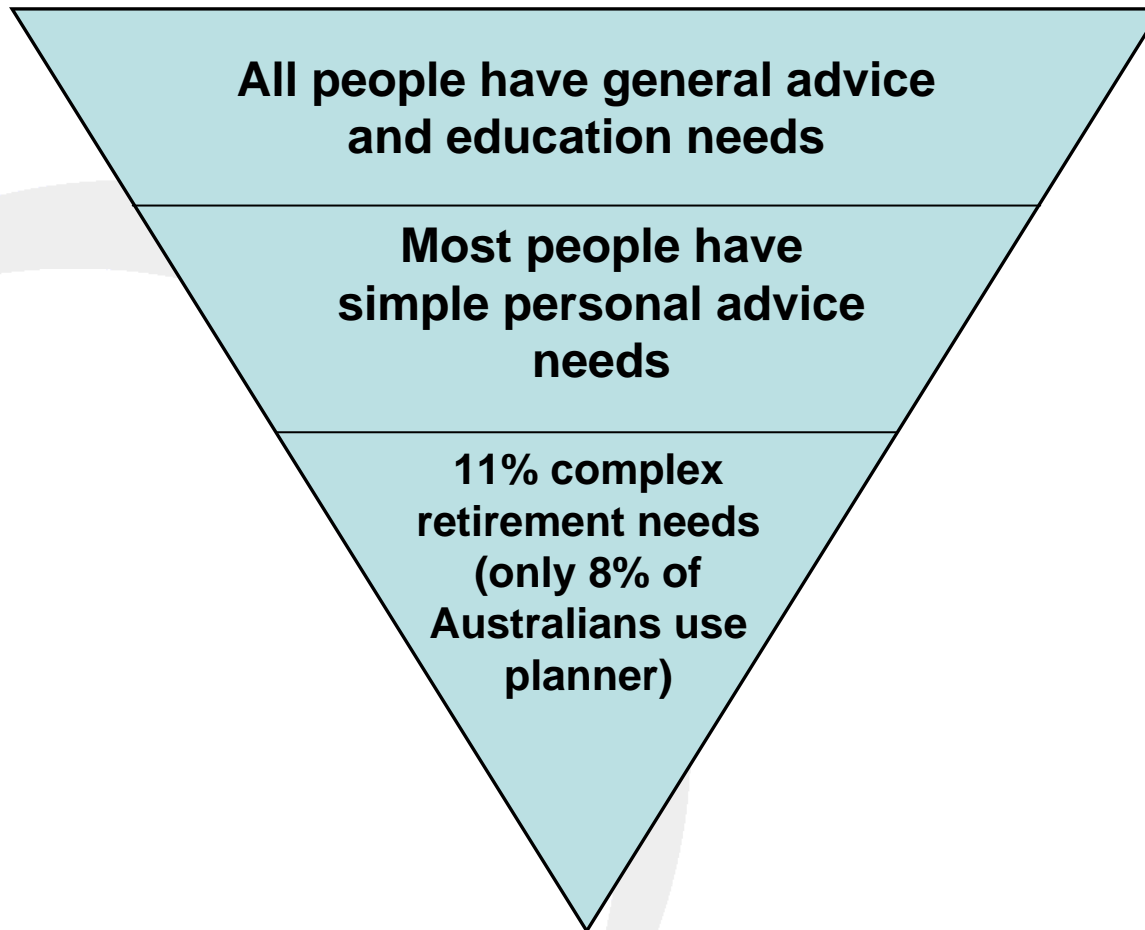


Financial Education in Australia

Louise Biti
Director – Strategy Steps
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Range of advice needs



- » **Retirement balances**
 - males \$155,000
 - females \$73,000
- » **73% have difficulty understanding super**
- » **Financial literacy skills are generally poor**
- » **A planner can only service 200 clients pa**

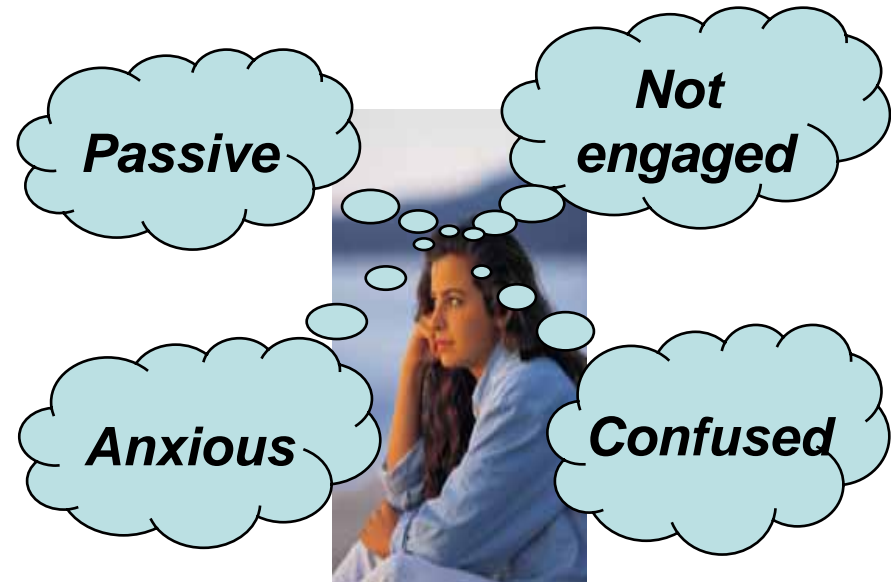
Developing financial literacy

Create client engagement:

- » Be active/ interactive
- » Situationally driven
- » Give clients control

“I understand my retirement product and how to use it to achieve my retirement goal and monitor my progress”

Education about products & rules ONLY contributes to financial illiteracy. Why? It makes people...



**Its about attitudes and behaviours
NOT education on product or rules**

Accessing advice in Australia

Mass market – no touch

- Websites
- Media
- Information
- No engagement
- Largely sales related

Client initiated – no touch

- ASIC Fido website
- Information
- No engagement

Low touch

- NICRI & FIS - govt funded
- Scalable advice models eg Money Solutions
- Start engagement
- General advice or single issue

High touch

- Financial planners
- Personal advice
- Pay fees
- Can still be too passive

Case study – Money Solutions

- » Education and advice to 2.7m members of industry super funds
 - Phone
 - Web
 - Face-to-face
- » Average member 30 years old with \$10,000 in super
- » 100-200 pieces of telephone-based, single-issue advice followed by Statement Of Advice each day
- » Average fee on advice is \$250 (no commissions)
- » Approximately 50 staff
- » Services delivered Australia wide
- » 4.2 out of 5 customer experience score

Case study – Money Solutions

	Fund call-centre identifies advice and handover	General advice	Limited personal advice	Full personal advice
Coaching advice				
Written communication				
Seminars				
Web				
Face-to-face				

Proven consistency of education concepts and simple language, instant access, multiple touch points, as and when a member needs it, one question at a time

Case study - NICRI

- » Community organisation funded by government
- » Provides free, independent and anonymous information
- » Helps clients prepare for financial advice
- » Services:
 - Phone, seminar, publications, MoneyMap website
 - Phonecalls – 500-600 per month
 - Reverse mortgage service – over 3,000 phonecalls in 6 months
 - Staff 5 technical and 2 admin
- » Success in personalised service related to client current need

Planner education

- » Current models can contribute to financial illiteracy:

Largely from product providers – sales bias

Complex language

Focus on rules not solving client problems

Not related to advice process

Strategy application lacking

- » Strategy Steps providing a new model – independent and practical

Key success factors

- » Relate advice to client's situation and needs
- » Focus on behaviours and habits
- » Interactive and simple communication
 - Integrate education and advice in all parts of service model
 - Distribution channels to build scale for low cost
 - Technology to automate the process
- » Low cost, scalable, single-issue advice builds skills one question at a time
- » Planner education needs to match

Information sources

- » www.strategysteps.com.au
- » www.moneysolutions.com.au
- » www.moneymap.nicri.org.au
- » www.fido.gov.au