



YOUTH BANKING AWARD

BANKING ON YOUTH

As at June 2013 there were almost 891,000 children aged 14 and below in New Zealand; these children are our future. According to the Commission for Financial Literacy and Retirement Income (CFLRI), we should be in good hands, with the Ministry of Education developing a financial literacy teaching resource within the social sciences learning area. In April this year the resource was enhanced with the launch of a Financial Capability Progressions toolkit, a range of materials that are aligned to curriculum levels 1-8 and designed to help educators teach financial literacy across a range of learning areas encompassing basic concepts such as coin recognition to complex financial knowledge.

“Financial literacy is an essential life skill and embedding it in the school curriculum makes absolute sense. We want young people to leave school equipped to make good decisions about money from an early age.”
Retirement Commissioner, Diane Maxwell

So what is financial literacy? As defined by the CFLRI, financial literacy is the ability to make informed judgements and make effective decisions regarding the use and management of money. As illustrated in the adjacent pyramid, these judgements are required for everyday decisions such as budgeting, spending and use of credit cards, occasional decisions such as choosing a home loan, investment and estate planning and specialist decisions such as portfolio management.

As with any other form of knowledge, becoming financially literate requires education and in addition to government-developed frameworks, financial education is also provided by family, peers, media and financial institutions.



Source: CFLRI



PARENTS: WHAT TO TEACH THEM?

When they're young ...



- **Make money visible.** It's easy to not use cash for a week or more at a time. Without the visibility of cash, young children can be unaware that what you buy costs money.
- **Start pocket money early.** The first year or two of starting school is a great time to start the routine of earning pocket money for chores.
- **Start a savings habit.** Encourage your child to deposit a portion of their weekly pocket money into a savings account.
- **Allow them to make choices.** Children learn very effectively by doing! Allowing them to make spending choices teaches them about the 'opportunity cost' of money.

As they get older...

- **Help them set savings goals.** Whether it's long or short-term, having a particular item to save for gives kids a good sense of budgeting.
- **Introduce them to the concept of EFTPOS.** While younger children need the visibility of cash, older children can begin to grasp the concept of EFTPOS, along with automatic debit and credit.
- **Involve them in family budgeting decisions.** Which extra-curricular activities are affordable? How much will a family holiday cost? Involve your children, where appropriate in family budgeting choices. **Don't pick up the tab.** Living within their means is an invaluable lesson, so avoid picking up the tab for any overspending.



When they become teens...



- **Give them more spending autonomy.** Shopping for their own clothes, gadgets and accessories is something that all teenagers should be capable of doing. Now is the time to set a monthly budget to cover all these needs– and put them in charge of managing that money.
- **Encourage them to get a part-time job.** Holding down a part-time job helps to reinforce the work=reward concept. It will also give them important workforce experience.
- **Educate them about online security.** Kids need to learn how to stay financially safe online. Netsafe (www.netsafe.org.nz) has information and advice on keeping secure.

Becoming adults...

- **Make them aware of debt traps.** Car loans, interest free purchases and hire packages can all drain their cash. Encourage them to learn more on the CFLRI website.
- **Share house tips and traps.** Moving out is exciting – but ensure that your kids don't get stuck with the communal bills! The government's Sorted website has excellent tips and hints.
- **Tax, superannuation and other fun stuff...** is also outlined clearly and easily on sorted.org.nz. Sit down and go through it all with them.



BEYOND PARENTS...

It's undeniable that parents and other family members, along with schools, play an important role in shaping the money attitudes and behaviours of children. However other institutions also have an important role to play. For the currently-young, financial institutions and online learning will play a role not previously imagined by earlier generations, a reason for CANSTAR's decision to assess New Zealand's financial institutions on the quality of their youth banking and education products and programs. So, what does CANSTAR look for?

For both juniors (children aged under twelve) and older youth (aged from 12 to 17), CANSTAR look for:

- **Good quality and value products.** This assessment involves both pricing (the interest rate paid) as well as well as assessment of over 100 product features, with weights given to each relevant area. Examples of product features include minimum opening deposit required, minimum withdrawal allowed and ATM facilities.
- **Provision of education materials.** A key feature of providing a junior/youth banking program is the provision of supporting tools and material. As such, CANSTAR assess the educative website resources that are available as well as other resources for use by parents and teachers.
- **School banking.** For the younger age group (under 12s) CANSTAR also look for the availability of and services provided by a school banking program. School banking is an excellent tool to help children learn to save.
- **Distribution.** Easy access to branches and ATMs are also important to encourage children to make banking a regular part of their routine. For the older age group (over 12) CANSTAR also take online banking scores into account.

Overall, CANSTAR has researched all main products, tools, website education, information and programs offered by six of New Zealand's leading financial institutions to pinpoint the most useful and comprehensive for parents and children. A copy of our methodology is attached to this report.

TOP OF THE CLASS IS...

With their strong commitment to children and youth banking and financial literacy, ASB Bank has, for the second year running, received top scores for outstanding youth banking and education.

ASB Bank's financial literacy program, 'GetWise' has education components for both younger and older children, covering everything from starting to save through to dealing with credit cards and paying tax and including online calculators. Through GetWise, ASB Bank works with schools to help teach financial literacy concepts to their students. ASB run workshops of 45 minutes to one hour duration, across the various school levels. ASB also provide a teacher resource kit including suggested lesson plans and ideas for further activities. Currently more than 380,000 students have benefitted from the workshops and resources.

ASB offer a school banking program, linked to either an ASB Headstart or Saving Plus account, both accounts paying competitive interest rates with no fees.

We congratulate ASB Bank on their achievement in winning CANSTAR's *youth banking and education* award for the second year running.



**Best Value New Zealand
Youth Banking & Education**



ASB: GETWISE

In A Q&A with CANSTAR, Roger Beaumont, ASB Executive General Manager Marketing & Communications, explained the motivation for and operation of ABS's financial literacy education program for children. We questioned ASB on its reasons for setting up the program, the types of topics covered, on the strategies used to make it interesting and on the type of feedback received. ASB's responses are below:

The motivation for setting it up...

We recognised that the world of finance was becoming increasingly complex and children needed to learn basic money skills and establish good savings habits at a young age. We launched the ASB GetWise financial literacy programme to help young people make better financial decisions and raise financial literacy levels in New Zealand school children.



Topics across different age groups ...

Our ASB GetWise programme provides four different workshops that have been created by a leading panel of education experts in cognitive development, instructional design and financial literacy. They are specifically designed for students at each developmental stage.

Level One (suitable for Years 1-2)

- Recognise and order different forms of money
- Identify the important difference between needs and wants
- Conduct a basic transaction and calculate change
- Earn money through work, using simple examples of doing basic jobs such as chores

Level Two (suitable for Years 3-4)

- The evolution of money
- How electronic transactions work
- Prioritising spending based on needs and wants
- Smart spending techniques and useful savings strategies

Level Three (suitable for Year 5-6)

- Different ways of earning money
- Recognising the value of interest
- Learning to balance a budget, set goals and save for them
- Comparative shopping

Level Four (Year 7-8)

- Key aspects of earning money such as tax and employee rights, and different types of jobs
- Important considerations when borrowing money such as debt repayment and interest
- Utilising goal setting as an effective saving strategy
- Introduction to the concept of risk

Teachers are provided with resource packs to help them to provide on-going financial literacy lessons.

Making it engaging...

ASB GetWise is based on a highly interactive workshop model and aims to inspire and engage students by making basic financial skills learning exciting, relevant and memorable. Financial literacy concepts are delivered by our facilitators through special characters (such as Captain Cashtastic), interactive games, story-telling and audience participation. The results are summarised in this feedback GetWise received from Henderson Valley School:

“The feedback from staff has been all positive. The Junior teachers have loved the "Needs and Wants" approach for the younger children. The costume and voice changes kept them engaged and learning from start to finish! The senior teachers were equally impressed saying the programme was delivered extremely well with relevant and up to date content which engaged all the learners. Well done ASB GetWise, thank you for the opportunity to have this wonderful programme in our school.” – Henderson Valley School

Funny feedback...

Our ASB GetWise facilitators often ask the question in our workshops: where does money come from? This results in some interesting answers particularly from our younger students. Answers have included:

- “The Tooth Fairy”
- “Dad’s pocket”
- “ The tray in the car”
- “The hole in the wall” (referring to an ATM)

One student believed that his Mum was paid to do the supermarket shopping. This was because she regularly got cash out when completing her transaction at the check-out. This demonstrates that children observe a temporal relationship between two events and they simply put the two together. This has been made even more complicated in the digital age, where payments are largely invisible, putting even more importance on financial education.



Targets...

ASB GetWise is aiming to reach 100,000 students across New Zealand each year. To date we have worked with over 387,000 students in close to 1,200 schools nationwide including 495 schools in rural or non-metro areas. This represents 89% of all primary and intermediate students in New Zealand.

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OTHER PROVIDERS ASSESSED (SORTED ALPHABETICALLY)



ANZ provides a good range of child and youth banking products, with a top-scoring distribution network that includes phone, internet, ATMs, an EFTPOS card and Visa Debit Card (within age restrictions). ANZ also offer financial education tools, including recently-added saving and budget calculators.

Website: www.anz.co.nz



BNZ does not have a school banking program but they do offer seminars for children in schools. Their innovative YouMoney application will almost certainly be popular with older students.

Website: www.bnz.co.nz



Kiwibank offer a First Saver account for those under age 18 and while they have no presence in schools, they do offer some excellent junior and youth specific information via sorted.org.nz

Website: www.kiwibank.co.nz



SBS provide their Incentive Saver account for young people who are looking to reach their savings goal sooner. It has a highly competitive rate and promotes disciplined savings behaviour by offering a bonus interest rate when a deposit is made each month and no withdrawals are made in a quarter.

Website: www.sbs.net.nz



Westpac provides an excellent online education program and is the only institution offering finance-based games (with regular updates). Westpac also have embedded saving and budget calculators on the website and offer 'managing your money' workshops and online tutorials for youth. Westpac have a good product range for both young children and older children, with a Simple Saver account for the under 12s and an Online Bonus Saver for older kids.

Website: www.westpac.co.nz
