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CFL Task Force Secretariat
SCGSD
Department of the Treasury
Langton Crescent
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RE: Discussion Paper by the Consumer and Financial Literacy Taskforce.

Westpac is very interested in contributing to the Australian Government Taskforce and in providing practical assistance, where ever possible.

The questions posed in the Taskforce's Discussion Paper are highly relevant. In our experience, working with staff, customers and community groups, the provision of information alone will not change consumer behaviour.

Westpac have found that a critical component when providing financial literacy programs is to deliver information in an entertaining and engaging format, particularly for young adults in the 16-24 age group, but we also find that this holds true with the other age groups.

We recommend an approach that blends an understanding of human behaviour with general knowledge of products and services. The difference between needs and aspirations is very useful to understand as many common spending decisions occur when these two concepts are mixed up, commonly leading to 'buyers regret'. Westpac are trying to make our financial literacy programs as simple as possible so as to engage the participants, not inadvertently confuse them. So far the feedback indicates that this is working but it is a constant challenge.

Westpac would like to reaffirm its offer of practical assistance. We have experienced staff who would be keen to assist. We will continue to fund our own partnership and industry programs as well as to provide assistance 'in kind' to the Task Force or the coordinating body.

I enclose a copy of our original submission to ASIC, which gives details of our existing programs.

Yours faithfully,

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Introduction

Westpac has over 25 years of experience contributing to the improvement of financial literacy in the community and is very supportive of ASIC's initiative to introduce financial literacy into the school curriculum.

Our experience indicates that while wealth accumulation is not a high personal priority for 100% of the community, most people would like to at least make the most of their financial resources, whatever level this represents. While many are keen to build up wealth for retirement, others are just happy if they can manage to house, feed, clothe and educate their children.

We believe it can only be beneficial if during their school years students gain a good practical understanding of financial matters and the consequences of their own behaviours that will affect their financial wellbeing as adults.

Possible involvement by Westpac

Westpac is able to contribute its practical banking expertise to this subject, and have staff who would be willing to assist an industry initiative and work with the professional educators and other key stakeholders in the development of a suitable curriculum.

In assisting with developing content, we would draw on our practical experience developed over many years of helping our customers save, buy their first homes, manage their credit cards, cope with financial crises, buy and operate large and small businesses.

From experience we have learnt that financial education material needs to be presented in an educational and engaging way and needs to avoid being perceived by the community as a form of sales exercise by banks or other providers. Consequently, we acknowledge the specialised expertise of school curriculum developers and will be guided by them and other key stakeholders in the manner of delivery.

Additionally Westpac would be willing to assist an industry group, such as the Australian Bankers Association, with content and other related material for the benefit of teachers and their students.

Current involvement of Westpac in financial support

Westpac has developed and is involved in a range of financial literacy programs and community and business based programs with a financial literacy element. These include:

- Westpac's Financial First Steps, a Westpac developed financial literacy workshop aimed specifically at young adults aged 18-24 years old. The interactive workshop covers a diverse range of basic money management issues relevant to this target audience and has received very positive feedback from participants. We are looking to tailor the program to the needs of disadvantaged youth and possibly for indigenous youth.

- Westpac is involved in financial literacy programs in support of Indigenous communities, namely:
 - Cape York Indigenous Enterprise Partnerships
 - *The Family Income Management Scheme* designed to provide education and awareness on effective use of family income and funds and harnessing the power of money. The scheme works towards self-sufficiency for the families.
 - *The Business Hubs Strategy*, which is designed to support indigenous entrepreneurship in the Cape and provide encouragement and incubation of ideas for new business ventures.
 - Tangentyere Council - Alice Springs
 - Educational pilot for the local Indigenous population.
 - Traditional Credit Union – Northern Territory
 - Preparation of a draft "Community Education Program"
- Westpac has been the major sponsor of the Australian Maths Competition since 1978. The competition encourages participation in mathematics, which is at the core of developing basic financial literacy skills. It involves students from Yr 7 through to 12, and is one of the largest competitions of its kind in the world, attracting around half a million students each year from Australia, New Zealand and the Pacific.
- Westpac has been a supporter of Young Achievement Australia (YAA) since 1980 through provision of mentors and advisors for the student groups. Each year more than 15,000 young Australians are involved in small groups in establishing their own companies, manufacturing their own products and competing on the success of their venture. The program has a high financial literacy component.

In addition Westpac has a multi level approach to customer education in line with specific customer needs. These include:

- *Beyond Survival*

This workshop program is targeted at small business, farmers and professionals alike focusing on cash-flow management and linking business decisions with financial outcomes.

The program is capable of being delivered in a variety of formats including a two-day seminar, broadcast, video and video conferencing. It has been widely beneficial to business in their early stages of operation and for sectors in stress such as the rural business affected by the drought.

Westpac is currently working with external bodies and looking at tailoring the program to meet the needs of the not-for-profit sector and indigenous businesses.

- *Let's Talk*

This education program has been used to assist potential users of "self service banking", particularly older Australians who are somewhat sceptical of technology and its security.

Our experienced staff deliver it to customers and groups within or outside the branch environment.

- *Community based financial education*

Many of our staff are actively involved within their local communities providing talks to schools and local interest groups on the banking system and various products and services available.

Through our branch network nationally we conduct a series of specialist financial education seminars on subjects such as wealth management and accumulation, risk management, superannuation, and other industry topics.

Response to specific questions raised in the ASIC discussion paper on Financial Literacy in schools

Question 4.3

Do you agree that financial literacy competencies should be developed with general standards and skills for different levels?

Yes. The content and implications for different age groups varies. For example, students nearing 18 years of age need to understand the obligations and opportunities of being an adult when they can legally contract.

Question 4.5

Do you have any other comments on the development of financial literacy competencies or on the competencies themselves?

Numeracy is a core skill which forms part of the foundation for financial literacy skills. However, we have seen highly numerate people who are unable to manage their money. They may understand the maths behind the savings or investment but fail to act on this knowledge.

Self-esteem plays an important part in money management, especially in controlling impulse spending. Self-discipline and understanding is required to spend within your own means. Some people are unable to resist spending and do not differentiate between their wants and needs.

Question 7.1

What do you think of the idea of establishing such an independent body (as the FLI)?

There are arguments for and against this approach. A forum of key stakeholders, under the umbrella of ASIC may be an appropriate and more sustainable solution.

Question 7.2

What do you think of the name Financial Literacy Institute? Can you suggest any alternatives?

This name suggests a very broad area of knowledge and skills and would be unlikely to connect with the general population.

There might also be an opportunity to see what the school community's perception is and possibly throw the naming open to ideas from students.

Questions 7.3 & 7.4

Would you or your organisation be interested in being involved in FLI? What would be the nature of your involvement?

- Yes. Westpac would be interested in being involved in an industry-wide initiative. We already support many financial literacy programs in our community as outlined in the submission and will continue to do so. Our contribution would be largely 'in kind' rather than direct cash.