Deloitte.

The Big Lift

The economic opportunity of uplifting financial capability in Australia

A report prepared for Iress

Deloitte
Access Economics

Contents

List of acronyms

Acronym	Full name
ABS	Australian Bureau of Statistics
AQF	Australian Qualifications Framework
ACCC	Australian Competition and Consumer Commission
AFCA	Australian Financial Complaints Authority
ASFA	Association of Superannuation Funds of Australia
ASIC	Australian Securities and Investments Commission
CDR	Consumer data right
DBFO	Delivering Better Financial Outcomes
FAAA	Financial Advice Association Australia
FAR	Financial Advice Register
FBAA	Finance Brokers Association of Australia
FSC	Financial Services Council
FTE	Full-time equivalent
FY	Financial Year
GDP	Gross domestic product
HILDA	Household, Income and Labour Dynamics in Australia
MFAA	Mortgage & Finance Association of Australia
NCA	New class of advisers
OECD	Organisation for Economic Co-operation and Development
SPF	Scams Prevention Framework
SME	Small-to-medium enterprise

UNLOCKING AUSTRALIA'S POTENTIAL

The economic opportunity of uplifting financial capability in Australia.

Australians have low levels of **financial capability** with:

59% low

24% intermediate

17% advanced

This means the majority of Australians have a **limited understanding of key financial concepts** and struggle to put them into **practice**.

Financial capability drives...

Wealth generation

$1.2 trillion

in additional net wealth if all households had advanced financial capability, translating to $122,950 for the average Australian household

5x

greater wealth by retirement due to early gains in financial capability

Wellbeing benefits

10.4 million

Australians report financial difficulties have impacted their ability to participate in society

84%

of Australians experience stress or anxiety as a result of financial pressure

Financial resilience

2 in 3

surveyed Australians do not have an emergency fund in place

48%

more likely to have an emergency fund in place for those with advanced financial capability

Nine key actions to uplift financial capability in Australia

1. **Empower individuals to take ownership** of their own financial education
2. **Destigmatise conversations** around money
3. **Encourage parents to educate children** and provide financial education resources to support them
4. **Dedicate space in school curriculums** for financial education
5. **Clarify the role of financial institutions** and streamline educational requirements for advisers
6. Explore **alternative forms of advice** and **simplified products** for financial advisers
7. **Renew Government focus** through a new Financial Capability Strategy
8. **Enhance consumer protections** to keep pace with tech and AI
9. **Support employers** in the provision of workplace financial wellbeing programs

Executive summary (1/3)

Financial capability – which captures both the understanding of financial concepts (literacy) and the *application* of those concepts – is critical for building wealth, enhancing wellbeing, and contributing to Australia's economic prosperity.

With younger Australians set to inherit an estimated **$5.4 trillion** in assets by 2050, rising house prices, increasing sophistication of financial scams, and cost-of-living pressures, uplifting Australia's financial capability has never before been more urgent.[1]

This report, undertaken by Deloitte Access Economics on behalf of Iress, provides fresh insights into the state of financial capability in Australia, the barriers preventing progress, and the benefits of getting it right, drawing on economic modelling and a survey of over 2,000 citizens. Building on *Advice 2030*: *The Big Shift* published in 2024, this report sets out nine key actions designed to grow financial capability and unlock Australia's potential.[2]

This report lays the groundwork for informed decision-making and strategic planning, fostering a deeper understanding of Australia's financial education needs and setting out urgent action to empower future Australians with the skills they need to become financially capable.

59% of Australians have low financial capability

This report establishes a new, quantitative measure of financial capability in Australia, encompassing both financial literacy and financial behaviour to categorise Australians into low, intermediate, or advanced.

This approach builds on previous studies, such as the *National Financial Capability Strategy 2022*, which provided a framework for Government actions to build Australia's financial capability and measure collective progress.[3] The report acknowledges wealthy people are more likely to be financially capable and vice versa. In choosing how to measure financial capability, the methodology closely considers and controls for which factors are a product of having access to more money, versus the choices made with that money.

This report finds that **59%** of Australians have low financial capability. This means they lack the financial skills required to undertake essential financial activities. This is supported by survey insights which show **57%** of Australians over 55 have never undertaken retirement planning, and almost half of Australians do not actively self-educate themselves about financial management.

In contrast, less than **one in five** Australians have advanced capability. Advanced Australians are those that achieved a high financial literacy score and demonstrate proactive financial behaviours such as saving and investing regularly.

While financial capability has only varied slightly over time, financial literacy levels are in decline. Financial literacy rates have declined by **4.5%** between 2016 and 2020. This is equivalent to **3.6 million** adult Australians having lower financial literacy. This trend is counter to a backdrop of Australians having access to more financial information than ever before through expanding digital channels.

KEY STATISTICS

59%

of Australians are estimated to have low financial capability

Less than 1 in 5

Australians are estimated to have advanced financial capability

57%

of Australians over 55 have never undertaken retirement planning

4.5%

decline in financial literacy rates between 2016 and 2020

Executive summary (2/3)

Uplifting financial capability is worth $1.2 trillion

There are many factors influencing individual wealth, including age, health, education, and family background, as well as broader factors such as community upbringing, environment and access to professional financial advice.[4]

While many of these factors can't be controlled, financial capability offers a pathway for Australians to increase their wealth, independent of other compounding factors. This could drive significant benefits including **greater financial gains** for households, **improved wellbeing** through reducing financial stress, and **strengthened economic resilience** through improved decision making.

Bespoke economic modelling developed for this report estimates that if all Australians were to reach an advanced financial capability level, it could represent an increase to aggregate household wealth of **$1.2 trillion**. This equates to $122,950 per household, the same gain achieved through the superannuation guarantee increase from 9.5% to 12% for a 30-year-old earning a salary of $100,000.

Building financial wealth takes time, meaning there is an opportunity cost if Australia does not act now to uplift financial capability. The earlier an individual starts, the greater the cumulative effect through compounding. Over a lifetime, **early gains in financial capability translate into wealth that is five times greater by retirement,** compared to an individual who reaches advanced financial capability at age 65.

The analysis here is at the individual level so does not account for wide impacts of changes in saving and investment decisions. It is possible that the aggregate effects could differ and potentially be smaller than estimated here.

Uplifted financial capability will drive wellbeing gains

Beyond the financial gains, there are significant wellbeing benefits associated with uplifting financial capability. Financial difficulties have impacted approximately **10.4 million** Australians' ability to participate in society, most commonly experiencing stress and anxiety, sleep disturbances and depression. Increasing financial capability levels could therefore have flow-on impacts for reducing the burden on Australia's healthcare system, boosting employee productivity by reducing financial stress and absenteeism, or other benefits. These wellbeing benefits would be in addition to the economic opportunity worth $1.2 trillion.

Improved capability driving financial resilience

Boosting financial capability will also improve long-term household financial resilience. Informed individuals are more likely to act early and avoid financial harm, strengthening their capacity to manage economic shocks and life transitions.[5] **Two thirds** of Australians do not have an emergency cash fund in place, however people with advanced capability are **48%** more likely to than those with low capability. It is critical that Australians have the financial skills required to protect assets, particularly in the context of rising climate risks leading to economic losses of $2.2 billion in 2025 and the cost-of-living crisis driving up the prices of a stable shopping basket by 15.2% between 2021 to 2023.[6,7]

KEY STATISTICS

$1.2 trillion

increase in net wealth if all households had advanced financial capability

5x

greater wealth by retirement due to early gains in financial capability

10.4 million

Australians report financial difficulties have impacted their ability to participate in society

2 in 3

surveyed Australians do not have an emergency fund in place

Executive summary (3/3)

Growing up, 71% of Australians say they didn't have access to financial education

Clearly, there is a significant opportunity associated with uplifting Australia's financial capability. Financial education is a critical pathway to uplifting financial capability. Yet, the top barrier to accessing financial education is never having been taught financial skills at home or at school. Although 8 in 10 Australians believe schools should be responsible for teaching financial education, 71% say they didn't have access to it growing up. Among those with low financial capability, 52% say that lack of access to financial education is the driving factor.

Dedicating space in school curriculums and implementing scalable funding initiatives have the potential to drive ten-fold returns for future Australians, based on the results of New Zealand's 2026 financial education reforms.[8]

Ecstra Foundation is a not-for-profit organisation which speaks to the powerful impacts these initiatives are already having for young people in Australia.

Financial advice is a driver of improved capability

Access to financial advice is identified as a driver to improving financial capability, with people who report not receiving digital advice nearly twice as likely to self-assess low financial capability compared to those who receive digital advice. Despite the clear benefits, financial advice remains inaccessible to most Australians.

Based on the survey, just 1 in 10 Australians regularly seek out financial advice. Many people want to engage a financial adviser within the next five years, but affordability and lack of trust are the main barriers for 27% of them.

The financial advice industry is undergoing a period of rapid change. As the way Australians access and consume financial advice changes through an evolving channel mix, providers of financial advice have an opportunity to adapt, leverage new technologies and engage with a broader range of consumers in terms of their increasingly complex and diverse financial needs.

Strengthening the ecosystem of financial education

Realising the benefits associated with uplifting Australian financial capability will require collective effort across the financial ecosystem including from individuals, households, industry and government. This report sets out nine key actions designed to grow financial capability and unlock Australia's potential.

The report issues a call to action to Australia's financial advisers to explore delivering financial advice in new and innovative ways to meet changing demand. It also considers the role of financial institutions and government in providing education and advice to consumers who can't normally access it.

KEY ACTIONS

1. **Empower individuals to take ownership** of their own financial education
2. **Destigmatise conversations** around money
3. **Encourage parents to educate children** and provide financial education resources to support them
4. **Dedicate space in school curriculums** for financial education
5. **Clarify the role of financial institutions** and streamline educational requirements for advisers
6. Explore **alternative forms of advice** and **simplified products** for financial advisers
7. **Renew Government focus** through a new Financial Capability Strategy
8. **Enhance consumer protections** to keep pace with tech and AI
9. **Support employers** in the provision of workplace financial wellbeing programs

Introduction

Overview of the report

Defining key financial concepts

Financial capability is a key component of individual wealth building, wellbeing and Australia's economic prosperity. While financial literacy is defined as the ability to understand financial concepts, financial capability captures both understanding and application of these concepts through financial behaviour.

> The World Bank defines financial capability as encompassing the knowledge, attitudes, skills, and behaviors of consumers regarding managing their resources and understanding, selecting, and making use of financial services that fit their needs.[1]

This study focuses on financial capability because there is an increasing disparity in the understanding (financial literacy) and application of financial concepts in Australia. Financial capability provides a new lens through which to examine and address these challenges.

Education is key to lifting Australian financial capability.

Providing consumers with the required skills and tools to make informed decisions has never been more important. Cost-of-living pressures, rising rents and increasing sophistication of financial scams through emerging technologies are exposing Australians to more complex financial risks than ever before. There is a need to get back to basics and tackle Australia's financial capability crisis head on.

About the report

Against this backdrop, Iress has engaged Deloitte Access Economics to undertake an independent analysis of the state of financial capability in Australia. This research provides an update and expansion to *Advice 2030: The Big Shift* published in 2024.[2]

This report aims to lay the groundwork for informed decision-making and strategic planning, fostering a deeper understanding of Australia's financial education needs and setting out urgent action needed to empower future Australians with skills to make informed financial decisions.

The research explores emerging trends in terms of financial capability levels, shifts in the barriers consumers face in accessing financial education and advice, the changing face of the advice industry and evolving consumer needs. It establishes a link between financial capability and wealth and demonstrates how education and advice can contribute to improving financial capability.

In doing so, the report demonstrates the value of financial education to Australian consumers and the importance of the financial advice industry in contributing to improved financial capability.

Sources informing the report

This analysis is informed by a range of quantitative and qualitative evidence including:

- Economic modelling of the benefits of uplifting financial capability in terms of aggregate household wealth.
- Publicly available and industry workforce data.
- A bespoke survey was conducted with responses received from a nationally reflective sample of approximately 2,000 Australian consumers. Appendix A contains further information related to the survey methodology.
- Beyond the quantitative insights, assessment of the value of financial education is supported by insights from consultations with industry associations and not-for-profit organisations. Appendix C contains a full list of organisations consulted.
- Analysis of financial capability levels across people who have received financial education and advice (recognising that financial advisers are just one of the forces impacting financial capability).

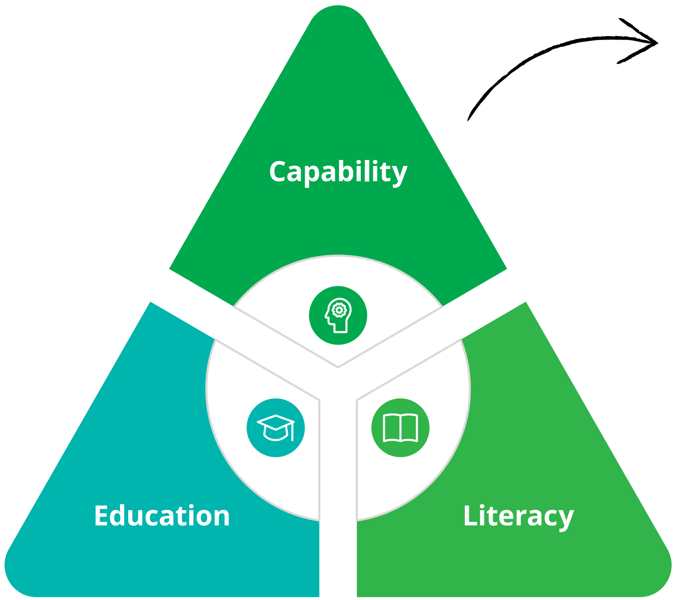
Overview of the report

Structure of the report

This report is structured as follows:

- **Chapter 1** provides information on current financial capability levels in Australia and defines key terms.
- **Chapter 2** explores barriers to improving financial education faced by Australians today.
- **Chapter 3** estimates the benefits associated with uplifting financial capability for Australian households and the Australian economy.
- **Chapter 4** provides an overview of the financial advice industry in Australia including key descriptive statistics, regulatory context and key participants. It also explores opportunities to strengthen the financial education system and suggests nine key actions.
- **Appendices** present the survey methodology, further detail on the economic modelling and information on industry participants consulted as part of this work.

Figure 0.1: Defining key financial concepts



Financial advice spans a spectrum from general guidance to advice tailored to an individual's financial needs. It can be delivered by licensed advisers, superannuation funds, or other institutions, and may include regulated and unregulated forms of assistance.

Digital advice is the delivery of financial advice using technology to provide accessible and scalable support, either independently or alongside human advisers.[3,4]

Financial capability

is a combination of financial knowledge, skills, attitudes, and confidence that enables individuals to make informed money management decisions and engage in positive financial behaviours suited to their life circumstances.[5]

Financial literacy

is the ability to make informed judgments and effective decisions about the use and management of money.[6]

Financial education

is an individual's ability to access information about financial concepts, products and services, and their own financial situation.[7]

1

Defining current financial capability levels in Australia

59%

of Australians have low levels of financial capability

26%

rate their financial capability as low, while the actual proportion is more than twice that (59%)

4.5%

decline in average Australian financial literacy rates from 2016 to 2020

3.6 million

adult Australians have experienced a decline in financial literacy levels between 2016 and 2020

57%

of Australians over 55 have never undertaken retirement or estate planning

45%

do not actively self-educate themselves about financial management

Financial capability levels in Australia are low

59% of Australians have low levels of financial capability, which captures both the understanding and application of financial concepts.

Measuring financial capability

Financial capability is a complex and multifaceted concept that lacks a standardised definition, making it challenging to measure across time and populations, until now.

A bespoke financial capability index was developed for this report and applied to the HILDA data set to determine levels of Australian financial capability. This approach enables the identification and tracking of how individuals demonstrate financial knowledge through their behaviours.

This index goes beyond traditional indicators by capturing a holistic view of financial literacy, behaviours and decision-making skills across different activities. Further details on the financial capability index are in the Appendix.

The financial capability index (Chart 1.1) combines measures of both financial literacy and financial behaviours.

- **Financial literacy** is the knowledge to understand money matters,[1] assessed using standardised questions
- **Financial behaviours** are the actions taken to manage finances,[2] including saving, borrowing, proactive engagement with financial advice, and wealth-building.

59% of Australians have a low financial capability based on the application of the index to the HILDA data set (Chart 1.1). This means they lack the financial skills required to undertake basic financial activities. People with low capability scored poorly on financial literacy questions and did not demonstrate proactive behaviours like saving regularly, retirement planning or making additional superannuation contributions, and were more likely to hold forms of debt such as payday loans.

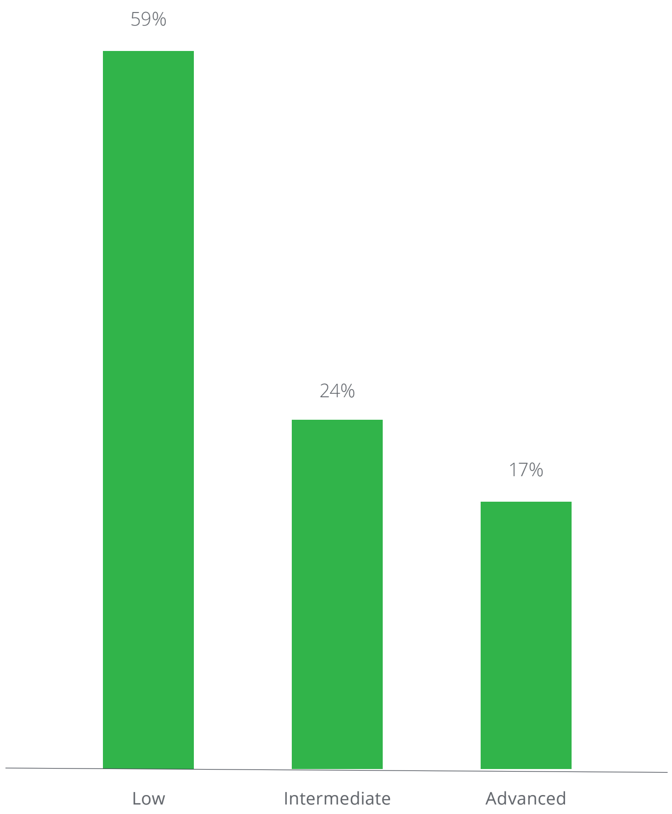
In contrast, less than one in five Australians has advanced financial capability. These Australians have achieved a high financial literacy score and demonstrated proactive financial behaviours such as refinancing their home loan, investing and salary sacrifice arrangements.

Low financial capability risks the mismanagement of assets, limits wealth-building potential, and can negatively affect wellbeing by causing stress and anxiety. Since 2014, the average net household wealth in Australia has surged to $1.46 million by 2023.[3] Meanwhile, the average financial capability score has declined by 0.8% from 2018 to 2022.

Figure 1.1: Financial capability index

Financial behaviours + Financial literacy = **Financial capability**

Chart 1.1: Measured financial capability levels



Source: Deloitte Access Economics financial capability index (2025)

Understanding financial capability levels

The financial capability index considers financial understanding and behaviours across six key categories.

The general definition of financial capability is categorised into three groups: low, intermediate, and advanced. These are dictated by an individual's ability to display knowledge and behaviours of financial capability across six categories.

An individual might have an area of overlap across each bucket; however, in general, individuals would fall into one of these capability types. The qualitative understanding of each bucket defined in this report is set out in Table 1.1.

Table 1.1: Approach to determining financial capability

	Low financial capability	Intermediate financial capability	Advanced financial capability	Index weighting
Financial literacy	Limited or incorrect understanding of key financial concepts.	Basic understanding of most key financial concepts.	Accurate understanding of key financial concepts.	50%
Basic financial behaviours	Does not have a bank account.	Has a bank account.	Has a bank account.	50%
Borrowing behaviours	Has multiple high-risk or informal loans.	May have some debt; holds a mix of loan types with moderate risk.	Holds minimal or well-managed formal loans with low financial risk.	
Savings behaviours	Spends all income and struggles to save. Has no set savings routine or goals.	Saves occasionally or when possible, often with short-term goals in mind. May keep leftover income as informal savings.	Saves regularly as part of a structured plan (e.g., automatic transfers). Prioritises long-term goals and adjusts spending accordingly.	
Proactive financial behaviours	Unaware of options like home loan refinancing or retirement advice. Has not taken steps to prepare for long-term financial needs.	Aware of proactive options but may not act unless prompted. May have sought advice once or considered switching products.	Has reviewed and refinanced major loans or sought retirement planning advice. Regularly assesses financial products and takes initiative to improve outcomes.	
Wealth building	Has no investments or long-term financial assets.	May have some superannuation or savings in interest-bearing accounts. Starts exploring investments or property but with limited knowledge.	Actively builds wealth through diverse strategies (e.g., shares, property, superannuation). Makes informed investment decisions and regularly reviews portfolio performance.	

Source: Deloitte Access Economics financial capability index (2025)

Australians overestimate their financial capability

Australians overestimate their financial capability – only 26% rate themselves as having low capability, even though the actual proportion is more than twice that (59%). This mismatch can lead to poor financial decisions, increased risk, and missed opportunities to build essential financial skills.

Alongside considering the importance of financial capability, individuals' appetite to take action will depend on their own perceived levels.

This report finds that the proportion of individuals with an advanced financial capability, as measured by the financial capability index, is only half of those who self-assess as having advanced financial capability (Chart 1.2).

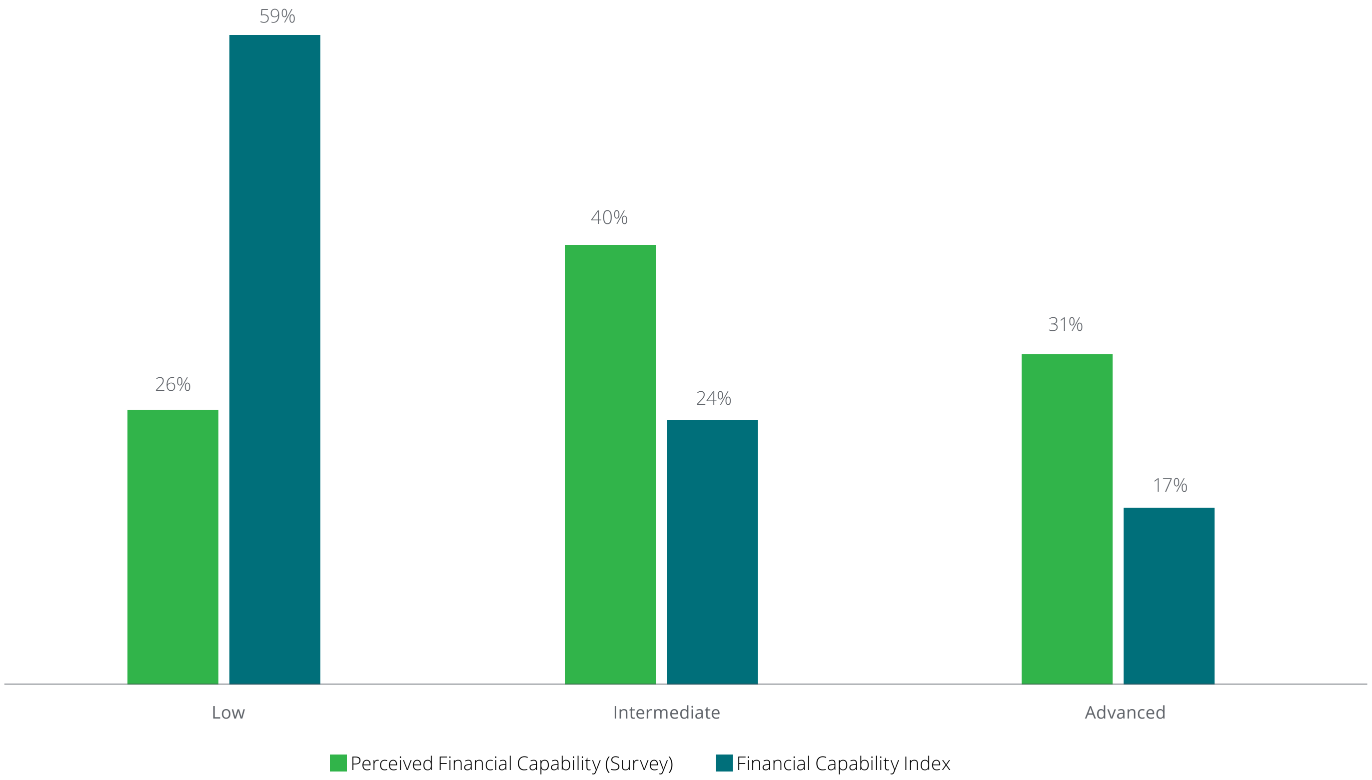
A mismatch between perceived and actual financial capability can lead to economic and personal ramifications. People overestimating their financial capability may engage in risky behaviours, fall victim to financial scams, or fail to adequately plan for their future. Crucially, they may also be missing out on important opportunities to build their financial skills due to being unaware of their own knowledge gaps.

Conversely, those who underestimate their abilities may be missing out on financial products or investments that could benefit them. Bridging this gap is essential for fostering confident, informed financial behaviour, building resilience, and promoting financial wellbeing.

Such attitudinal gaps may play a greater role in holding back financial confidence than lack of financial knowledge itself. This highlights the need to build individual confidence levels and bridge the gap in Australian financial capability through a greater provision of education.

It is noted that self-assessment of financial capability is subjective, and people may self-assess as having high financial capability for a range of reasons, including their own personal circumstances and their perceptions on what it means to be financial capable.

Chart 1.2: Measured and self assessed financial capability levels



Source: Deloitte Access Economics financial capability index, HILDA data (2025)

Survey question: Which statement do you think best describes your level of proficiency in managing your finances?

*Note: Survey responses do not add to 100% due to the prevalence of unsure/ prefer not to say responses

Financial literacy is declining in Australia, with many struggling with essential tasks

Australian financial literacy rates have declined by 4.5% on average from 2016 to 2020, with approximately 3.6 million adult Australians experiencing a reduction in their financial literacy.

Financial literacy is the building block of financial capability, which provides the knowledge needed in order to make informed decisions. Despite its importance, financial literacy levels are also in decline.

HILDA data shows that approximately 18% of respondents experienced a reduction in their financial literacy between 2016 and 2020, representing 3.6 million adult Australians, based on a standardised set of questions (Chart 1.3).

Australian students score above the OECD average in financial literacy, but their progress has stalled since 2015.[4] As other OECD countries are improving, this risks Australia falling behind in terms of their financial skills.

Beyond financial literacy, surveyed Australians are not undertaking essential financial tasks such as retirement planning, financial self-education, and having an emergency cash fund. Common guidelines recommend Australians have an emergency fund covering three months of living expenses.[5] This signals that there is a need to get the basics right.

57% of Australians over 55 have never undertaken retirement or estate planning

45% do not actively self-educate themselves about financial management

66% do not have an emergency cash fund

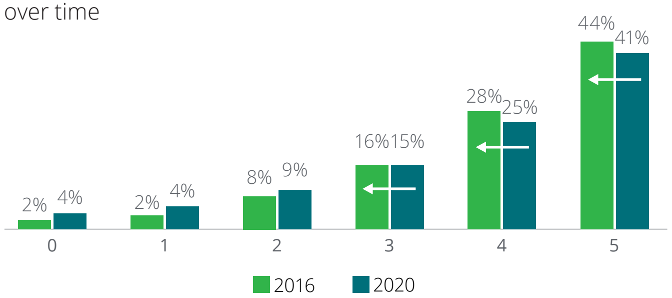
Increasing financial capability is likely to drive increased engagement with superannuation planning. Survey respondents with advanced financial capability are significantly more proactive about the future: they are twice as likely to engage in retirement and estate planning, 12pp more likely to check their superannuation balance, and 9pp more likely to set money aside, compared with those with low self-assessed capability (Chart 1.4).

Survey data also reveals that Australians with advanced financial capability are more likely to have a salary sacrifice arrangement in place (45%) compared to those with intermediate (31%) or low financial capability (24%).

Financial literacy scores explained

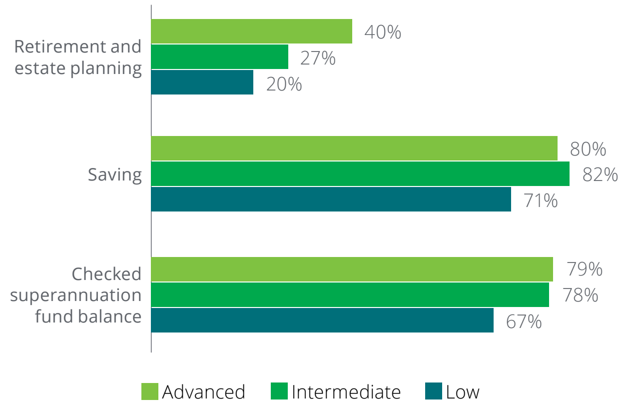
Financial literacy is assessed using five standardised questions, each worth one point, with total scores ranging from 0 to 5. A score of 5 indicates advanced financial literacy, while a score of 0 indicates low literacy. The questions cover key financial concepts such as inflation, interest rates, diversification, and risk.

Chart 1.3: Proportion of Australian financial literacy scores over time



Source: Deloitte Access Economic HILDA analysis (2025)

Chart 1.4: Behaviours associated with different levels of financial capability



Source: Deloitte Access Economics consumer survey (2025)

Australian women are lagging behind men in financial capability

The gender gap in Australian financial capability is widening, with women scoring 8.9% lower in financial capability and 5.1% lower in financial literacy compared to men.

There is a persistent gender gap when it comes to both financial literacy and capability levels in Australia, which may expose women to heightened financial vulnerability. Applying the financial capability index to HILDA data, women scored approximately 7.4% and 8.9% lower than men in 2018 and 2022, respectively (Chart 1.5). This difference means women may be less confident and equipped to make informed financial decisions, putting them at greater risk of financial stress.

Disparities also persist in financial literacy. Women recorded scores 4.2% and 5.1% lower than men on a standardised set of financial literacy questions in 2016 and 2020 (Chart 1.6). Average financial literacy scores for both genders declined, and the disparity grew, leaving both men and women less informed. However, women are left disproportionately exposed to financial vulnerability throughout their lives.

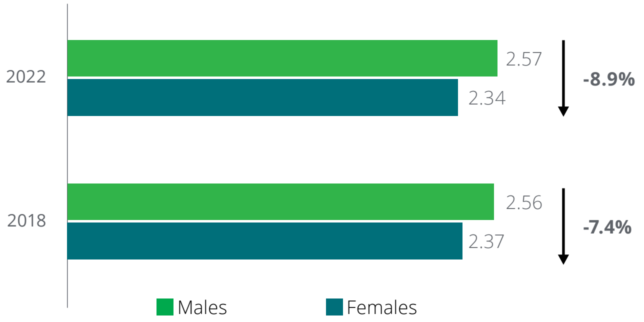
Research indicates parents are more likely to discuss finances and investing with boys than girls, which exacerbates inequalities later in life.[6] This suggests women may face structural or informational barriers to building financial confidence and knowledge. Reduced access to knowledge can lead to missed opportunity when it comes to building long-term financial security.

A closer look at gender

Surveyed men are **twice as likely to believe managing household finances is solely a man's** responsibility, with many men feeling an onus to be perceived as 'breadwinners'.[7] Men are also less **likely to rank themselves as having low financial capability** than women, signalling a potential difference in their willingness to learn.

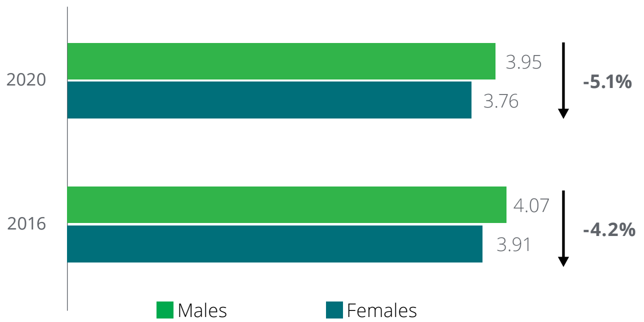
These differences, compounded by silence around money issues, can make it challenging to seek help. Destigmatising financial conversations and providing products for financial upskilling present powerful opportunities to uplift capability and level the playing field.

Chart 1.5: Male and female Australian financial capability levels over time



Source: Deloitte Access Economic financial capability index, HILDA data (2025)

Chart 1.6: Male and female Australian financial literacy levels over time



Source: Deloitte Access Economic financial capability index, HILDA data (2025)

2

Barriers to improving financial education and advice

71%

of Australians reported lack of access to financial education growing up

3 in 10

do not believe they can differentiate between good and bad financial advice

1 in 10

Australians regularly seek out financial advice, but 27% want to in the next five years

53%

of Australians identify lack of affordability as the lead barrier to accessing advice

19%

vote lack of trust and understanding as the greatest barrier to digital advice

Education as a key lever to uplift Australian financial capability

Financial education plays a critical role in building capability, and individuals who actively seek it out tend to report significantly higher capability levels.

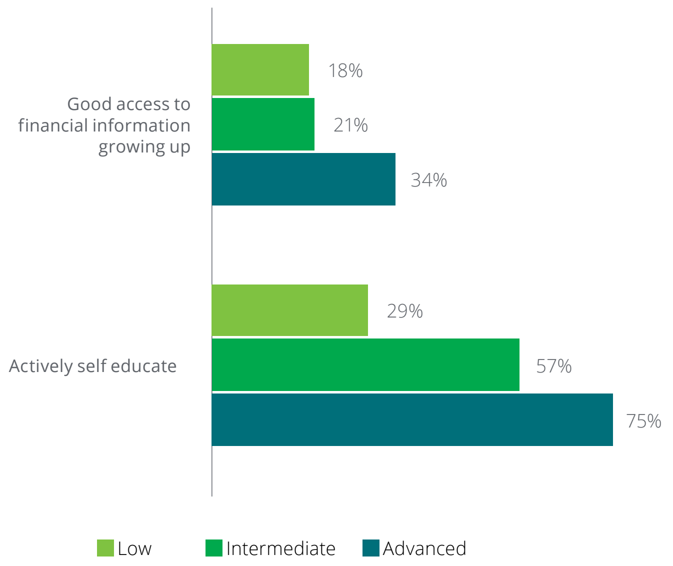
People who proactively seek out financial education report higher levels of financial capability. This demonstrates an individuals' key role in uplifting their capability levels. Three-quarters of people with high financial capability report that they actively self-educate, compared to less than a third of those with low financial capability (Chart 2.1).

Findings suggest that early exposure to money concepts supports people's long-term financial confidence and strengthens their ability to make informed decisions. Australians with advanced financial capability are more than twice as likely to have had good access to financial information growing up (41%) compared to those with low capability (18%).

Research has found a positive correlation between financial literacy performance and students' exposure to finance-related terms in schools.[1] This highlights a need to target financial education for early-stage learners. There is an opportunity to embed financial education into school curricula, though it must be balanced against existing classroom pressures.

Barriers start early in life and shape people's attitudes and behaviours as they get older. Ensuring all Australians can access financial education, from school through into adulthood, is key to enabling more people to feel more confident with money matters, empowering them to make informed financial decisions.

Chart 2.1: Behaviours and access to education associated with different levels of financial capability



Source: Deloitte Access Economics consumer survey (2025)

Survey question: 'Thinking about your financial upbringing, how do you consider your access to the following sources of financial information and guidance whilst growing up'

Survey question: How far would you agree with the following statements: 'I actively self-educate myself about financial management to strengthen my financial capabilities

Barriers to financial education start early and shape behaviours into adulthood

Over half of Australians who identify as having low financial capability attribute this to never having been taught the skills at home or school.

Although 59% of Australians have low financial capability, only 26% acknowledge it. This points to underlying barriers that may be limiting their confidence or ability to act.

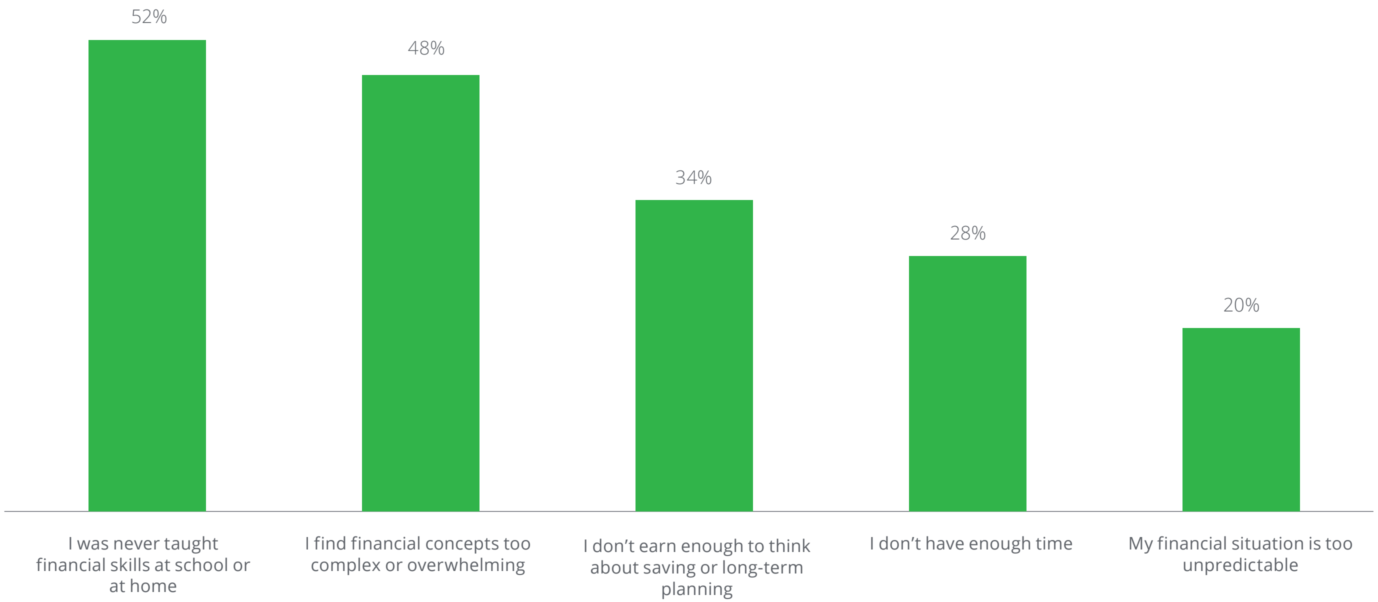
Insights from the Deloitte consumer survey found that a lack of exposure to financial education growing up is the top barrier holding back Australians' financial capability. This was followed by finding financial concepts too complex (48%), not earning enough to think about long-term planning (34%) and time constraints (28%) (Chart 2.2).

These barriers show that improving financial capability isn't just about access. It's about making money matters simpler and more relevant to them. In order to close capability gaps, systems must be designed to meet people where they are at.

However, for most, these barriers begin early in life. Many grow up without the tools to make informed financial decisions, with 82% of surveyed Australians believing that it's a schools' responsibility to teach financial education. Despite this belief, less than one in five Australians reported receiving financial education growing up.

A nationally representative survey by Finder found that 44% of Australians wished that they'd learnt money management skills at school.[2] Early exposure to financial education helps build the knowledge, skills and behaviours required to make informed decisions throughout life.

Chart 2.2: Top reasons Australians identify as having low financial capability



Source: Deloitte Access Economics consumer survey (2025).

Survey Question: Please select the top three reasons why you identify as having a limited understanding of financial concepts

Case study: Building financial confidence for young Australians at Ecstra Foundation

Ecstra Foundation is a not-for-profit organisation committed to enhancing financial capability across Australia.

National Financial Education Manager, Dr Tracey West, shares that Ecstra's purpose is to ensure that more people can make informed money decisions today, and are confident planning their financial future.

Ecstra Foundation invests in partnerships and programs to provide financial education at key life stages and to improve community financial capability and wellbeing. It supports consumer organisations working to address the many structural barriers to financial inclusion.

Tracey shares recent survey results that highlight the lack of confidence that young people, teachers and parents have in managing money and talking about money, whilst also recognising the challenges they face.[3]

"While teachers may have skills to deliver financial guidance, they're often over loaded and would like more support."

– Dr Tracey West PhD,
National Financial Education Manager

Ecstra's flagship program Talk Money aims to overcome these barriers by delivering Australia's largest free, face-to-face financial education program.[4] Through the program, Ecstra trains facilitators to deliver financial education in almost 600 Australian schools, including annual roadshows to remote and regional areas. "We need to meet people where they're at when it comes to providing financial information."

The program aims to **build a framework to equip young people with the skills and confidence to talk about money**. School workshops are tailored to different age groups, with topics including values in relation to money, savings goals and understanding pay slips and workplace rights. "Our workshops aren't just about maths – it's about real-world applications and engaging students."

Tracey explains the program has driven improvements in young people's financial skills, evidenced through student surveys and teacher feedback.

Tracey notes that the **government also has a key role to play in building financial education** and calls for a renewed focus, building on the momentum of the 2022 National Strategy for Financial Capability and Moneysmart.

"In the current complex financial, economic and social landscape, a national, comprehensive and coordinated approach to financial wellbeing and capability is more critical than ever."

- Dr Tracey West PhD,
National Financial Education Manager

"Ecstra's flagship program Talk Money aims to break down barriers, encourage young people to talk about money and give them the skills to do so."

- Dr Tracey West PhD,
National Financial Education Manager

Figure 2.1: Talk Money program insights

2024 program insights

Students **128,779**	Low ICSEA schools* **31%**
Returning schools **56%**	Workshops **3,092**
Schools **585**	Regional areas **22%**

*Index of Community Socio-Educational Advantage

Source: Talk Money Impact Report (2024)

Financial advice as a contributor to improved financial capability

Financial advice can be a driver of improved capability, with those who engage with financial advice reporting higher financial capability than the broader population.

Advice is a key driver of improving financial capability. Australians with advanced financial capability often use a combination of professional and digital advice, and each have different roles. **People who report having high financial capability are twice as likely to seek out financial advice, compared to people with low financial capability**.

Improving access to financial advice for Australians requires expanding provision, building trust, and reducing costs. Doing so will help drive improved national financial capability. There is an opportunity to reposition advisers as more than just experts providing one-off information, but trusted partners in building the financial capability of everyday Australians throughout key life stages.

Surveyed Australians most value advice on superannuation planning, tax and money basics. However, these shift to retirement and aged care planning as they look into the future (Figure 2.2).

Redefining financial advice as a lifelong endeavor better reflects the evolving needs of consumers throughout their lives, from choosing a superannuation fund to preparing for retirement. Taking a life-stage approach will encourage consumers to seek advice earlier and more consistently in the moments that matter.

People who receive financial advice are taking action. Compared to unadvised Australians, professionally advised Australians are more likely to regularly demonstrate the below proactive financial behaviours:

- **39%** more likely to plan for retirement
- **24%** more likely to seek financial education
- **20%** more likely to reprice or refinance their mortgage

"Digital advice tools can make good quality financial advice widely available."

- Michelle Levy, Quality of Advice Review (2022)[5]

Figure 2.2: Top three topics Australians most want to receive financial advice on

Today:	In the next five years:
Choosing the right superannuation fund	Planning for retirement
Money basics	Aged care planning
Tax optimisation	Investing in property

Source: Deloitte Access Economics consumer survey (2025).

Survey Question: "Which of the following activities have you sought professional or digital advice on, or are most likely to seek out advice on in the next five years?"

Just one in ten Australians regularly seek financial advice as barriers limit uptake

Most Australians are not regularly accessing financial advice and nearly a third do not believe they can differentiate between good and bad advice.

Individuals who receive financial advice tend to report higher levels of financial capability. Yet, despite its potential to improve outcomes, many face barriers that prevent their ability to access advice.

Just **1 in 10** surveyed Australians regularly seek out financial advice. One third of Australians would like to seek out advice in the future, but many are prohibited by barriers. The digital delivery of financial advice provides an opportunity to reach more consumers, and consumers at different stages.

Barriers in accessing financial advice differ by the nature of the advice. Cost is the leading barrier preventing surveyed Australians from accessing professional advice (53%), whereas lack of trust is preventing the take-up of digital advice (19%) (Chart 2.3).

Barriers to accessing financial advice also differ by age group. Where a lack of trust is primarily holding back younger Australians (18-44) from accessing digital advice, middle-aged Australians prefer to manage their finances independently.

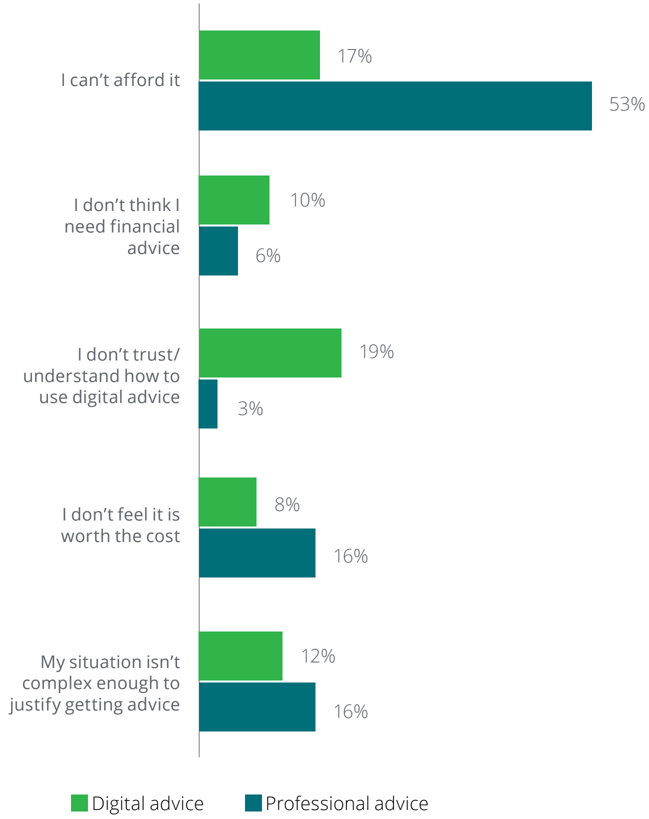
For older Australians, it's an inability to use digital tools. Increasing uptake of digital advice will require efforts from providers to build confidence, trust and autonomy. As Australians increasingly rely on digital tools such as AI for financial advice, there is a need to ensure they have the skills to critically review the information provided.

As the economic outlook grows more challenging due to cost-of-living pressures and market volatility, the need for trusted financial advice is high.[7] The topics Australians are most likely to seek out financial advice on are changing throughout their lifetimes.

The advice industry must adapt to meet consumers where they're at in terms of their diverse financial needs. A life-stage approach to financial advice encourages earlier and more consistent engagement, enabling individuals to make more confident and better-informed decisions.

Digital advice is the digital delivery of financial advice using technology to undertake parts or all of the advice process. Digital advice technology broadens access to financial advice for more Australians at a lower cost.[6]

Chart 2.3: Barriers to professional and digital financial advice



Source: Deloitte Access Economics consumer survey (2025)

Survey question: "What are the main barriers preventing you from seeking out professional or digital advice?" (n=911)

Case study: Expanding access to quality financial advice at the FAAA

The Financial Advice Association Australia (FAAA) is Australia's leading professional association for financial advice professionals, advocating for the interests of financial advisers and their clients.[8]

Sarah Abood, Chief Executive Officer, and Phil Anderson, General Manager Policy, Advocacy & Standards, discuss the actions needed to boost supply and quality of financial advice in Australia as a key lever to uplifting capability.

FAAA recognises there is a need to increase the supply of financial advisers. There has been a slowdown in new entrants following the introduction of mandatory degree requirements, and some financial advice university courses are closing due to low student numbers, reducing the pathway to future growth. Phil notes two key ways to build supply are through **expanding educational pathways and increasing flexibility.**

One way the government is aiming to boost supply is through the creation of a new class of adviser.[9] FAAA supports this, provided the new advisers are limited to offering simple advice and are appropriately qualified, with a pathway to eventually become a full adviser.

In addition to increased access to professional financial advice, the FAAA recognises opportunities to improve adviser productivity through further **adoption of digital tools**. Sarah notes efficiencies could be realised through improving client data collection. Enabling access to the ATO portal or expanding the use of the Consumer Data Right (CDR) could help advisers automate the process of building a complete picture of clients' financial position.[10]

> "The key enabler of digital solutions is good data. Digital tools are the only way we can scale. Everything we can do through automation will enhance the provision of advice to consumers."
>
> – Sarah Abood, Chief Executive Officer

FAAA believes the Australian financial services policy debate has been overly focused on improving retirement readiness, at the expense of **engaging young people**. There is an opportunity to incentivise young people to engage and understand the financial benefits available to them, for example through promoting the government co-contribution scheme.[11]

Phil notes there is a **cultural opportunity** to uplift financial capability through promoting money management conversations in Australia's homes and schools, and through celebrating good decision making. He highlights an opportunity to get people interested in making good financial decisions early in life.

> "Families are not talking about money management in a constructive or educational way, and being careful with money is culturally something to be criticised rather than admired."
>
> – Phil Anderson, General Manager Policy, Advocacy & Standards

> "We need to make sure technology is used as much as possible. This means advisers can spend more time in front of clients and reduce the amount of time spent in administration and compliance. AI can play a revolutionary role as can regulatory change."
>
> – Sarah Abood, Chief Executive Officer

The top way of uplifting Australian financial capability according to FAAA is through embedding financial education in school curriculums. Sarah notes: "Financial education should be a population wide endeavour. It would take a while to pay off, but it absolutely would."

Sarah notes there is a need for government to make uplifting financial capability a **strategic priority**, with an appropriate level of funding to match. "The Financial Capability strategy guaranteed funding that is commensurate with the size of the task."

3

Benefits associated with uplifting financial capability

$1.2 trillion

in net wealth by uplifting Australian financial capability – a significant economic opportunity

$122,950

uplift in net wealth for the average Australian household in reaching advanced capability

50%

of net wealth potential could be realised through improvements in low-capability households

5x

greater wealth by retirement due to early gains in financial capability

57%

report more confident decision making after receiving financial education

3 in 5

Australians report they can participate in society without being impacted by financial difficulties

Uplifting Australia's financial capability is a $1.2 trillion opportunity

Uplifting Australians' financial capability is a key lever for promoting financial gains, greater wellbeing and strengthening long-term resilience.

Financial capability is more than a personal skill – it's a national asset. As cost-of-living pressures rise and financial systems grow more complex, the ability to confidently navigate money matters has never been more important.

The core consumer benefits of raising Australia's financial capability include:

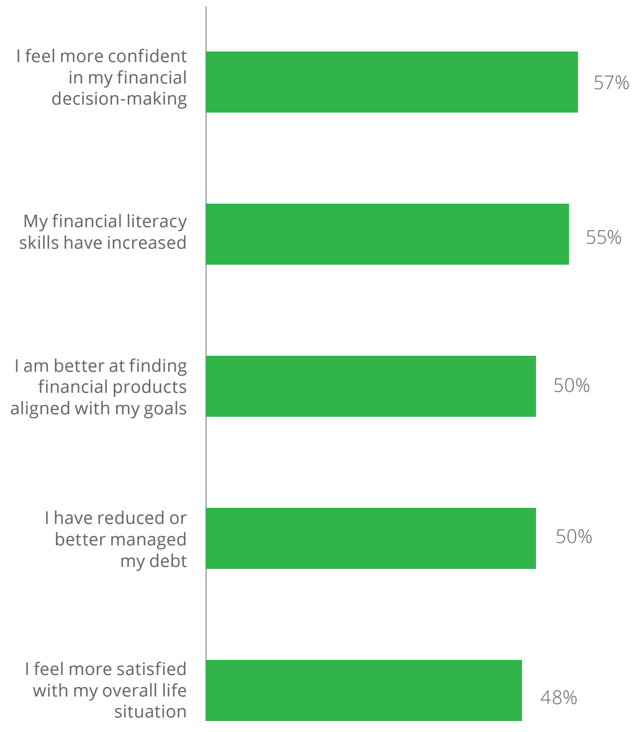
- **Financial gains:** Higher capability supports more substantial accumulation of lifetime earnings and reduces losses through the ability to make more informed financial decisions.
- **Wellbeing gains:** Improved financial outcomes enable better mental and physical health, enhancing overall life satisfaction.
- **Improved financial resilience:** Informed individuals are more likely to act early and avoid financial harm. This strengthens their capacity to manage economic shocks and life transitions, as they arise.[1]

Financial capability shapes individuals' attitudes, behaviours, and outcomes, and is strongly linked to whether they've received financial education or advice. Most Australians surveyed reported financial gains after receiving financial advice, with the top benefits being greater confidence and improved literacy (Chart 3.1). Those with higher self-assessed capability also tended to save more and carry less debt.

Notably, 61% of Australians with a self-nominated advanced financial capability have experienced financial gains since receiving financial education or advice. There is an interrelationship between the two, where education equips people with the knowledge, and advice helps them act on it. This builds consumers' confidence to make more informed choices, which reduces the risk of poor outcomes and ultimately strengthens economic resilience.

It is noted, however, that wealthy Australians may be more likely to seek out financial advice and have higher self-assessed levels of financial capability.

Chart 3.1: Top benefits experienced after receiving financial education or advice



Source: Deloitte Access Economics consumer survey (2025)

Survey Question: To what extent do you agree or disagree with the following statements on the outcomes you have experienced since receiving financial education or advice?

Financial capability plays a key role in building household wealth

An uplift in Australian financial capability could generate **$1.2 trillion** in economic benefits

Modelling for this report finds there is an interrelationship between an uplift in Australians' financial capability, and its impact on household net wealth. This has been informed by data from the HILDA survey and leveraging the financial capability measure outlined in Chapter 1. Further detail on the modelling approach is provided in the Appendix.

The average household net wealth among those with advanced financial capability was $2.2 million, compared to $760,000 among those with low capability. These figures do not account for the underlying factors that influence wealth.

Financial capability is a predictor of household wealth with a high degree of statistical significance, even after accounting for factors like age, income and education.

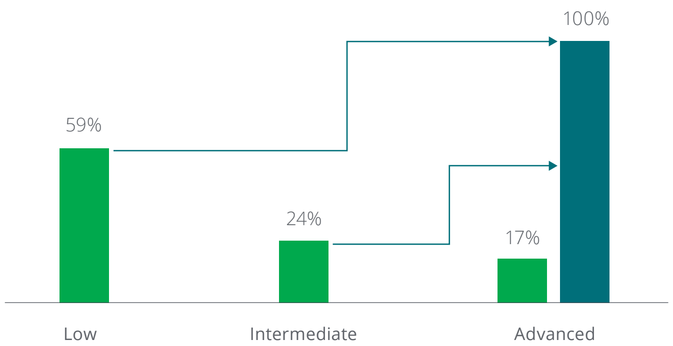
To understand the aggregate impacts of increasing financial capability in Australia, this report models, using a regression analysis, a scenario where everyone in Australia moves from low or intermediate financial capability to advanced (Chart 3.2). **Uplifting 8.3 million Australian households to an advanced level of financial capability would have the potential to increase Australia's household net wealth by $1.2 trillion.**

For the average Australian household, this equates to an uplift of **$122,950** in net wealth. This reflects an increase of **7.3%** from the current estimated net wealth of Australian households in December 2024 and is equivalent to 1.6 times the average Australian's annual wage.

It is noted that realising this wealth (following an increase in capability) isn't immediate. There is a lag between acquiring higher financial capability and increased net wealth. For example, data from the Australian Bureau of Statistics (ABS) suggests it takes the average Australian household 10 years to increase their wealth by $160,000.

The analysis sums together household gains to estimate the national effect; however, it does not adjust for "crowding out," e.g., multiple households competing for the same assets, which could reduce returns and dampen the aggregate benefit. These shifts could affect aggregate savings, investment and tax revenue in complex ways. As such, it is possible that the economy-wide effects could be smaller than estimated here.

Chart 3.2: Stylised financial capability change



Source: Deloitte Access Economics (2025)

More than **50%** of the net wealth potential could be realised through improvements in current **low-capability households**.

The magnitude of the uplift would be equivalent to the market value of Australia's **four major banks.**

Focusing on low financial capability could transform national wealth

This report has highlighted the potential $1.2 trillion benefit of uplifting all Australians to advanced financial capability. However, ensuring that low capability households improve their financial capability even modestly can result in significant dividends to Australia.

In fact, targeted initiatives that only help the lowest capable households reach an intermediate level could raise Australia's household net wealth by $652 billion or $65,250 per household, about half of the overall impact.

This suggests that even small improvements in financial capability can have a big impact on household net wealth. When households are more capable with their finances, they're more likely to build wealth over time, contributing to a stronger, more stable economy.

This economic benefit is underpinned by basic everyday decisions that every Australian household can make.

$7,381 in average annual household savings by lifting financial literacy from low to average.[2]

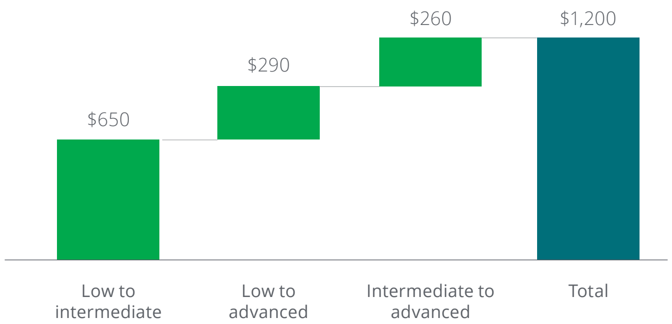
$1,801 in average annual savings through regularly refinancing mortgages.[3]

$468 million in economy-wide savings by switching from high to low-interest rate cards.[4]

This has flow-on effects for other public systems, such as healthcare. Financial stress is a known contributor to mental health issues, relationship breakdowns, and even physical health conditions. By reducing financial strain at the household level, there is potential to decrease the demand on public health services and improve overall wellbeing, creating both social and economic gains.

These results are encouraging and show that being more financially capable positively impacts a household's net wealth. However, the model can explain approximately 33% of the variation in household net wealth. This suggests other factors play a role in wealth accumulation, potentially unobserved in the HILDA dataset.

Chart 3.3: $1.2 trillion uplift by cohorts, $ billion



Source: Deloitte Access Economics (2025)

The benefit of uplifting financial capability early in life

The sooner individuals uplift their financial capability, the greater the financial dividend, meaning there is an opportunity cost if Australia does not act now.

Building financial capability at a young age acts as a catalyst for long-term wealth accumulation. Good financial habits, like effective money management, help individuals pursue wealth-building opportunities over time. Uplifting Australia's financial capability has never been more urgent, with $5.4 trillion expected to be transferred intergenerationally within Australia over the next twenty years.[5] This means younger Australians will require the skills and capabilities to manage inherited assets responsibly.

Given that the benefits of improving financial capability compound over the course of an individual's life, there is an enormous opportunity for Australia to uplift capability now. This will help maximise the future returns associated with the wealth transfer by enabling responsible financial decision-making at the earliest opportunity in the recipient's lives. Over time, this could mean the dividend associated with uplifting capability far exceeds the $1.2 trillion benefit modelled for this report (which is based on current allocations of wealth across Australia's population).

Early improvements in financial capability multiply over time. The earlier an individual starts, the greater the cumulative effect through compounding. This means there is an **opportunity cost** if Australia does not act now to uplift financial capability, because the benefits will not amplify over time.

A young person who reaches advanced financial capability by age 21 sees an average increase in net wealth of $25,000. When invested with 8% annual returns, this modest early gain compounds dramatically – growing to around **$750,000** by retirement. In contrast, someone who only improves their financial capability at age 65 may see a larger immediate boost – around $150,000 on average – but they miss out on decades of compound growth. Over a lifetime, early gains in financial capability translate into wealth that is **five times greater** by retirement.

The benefit of starting early

Individuals accumulate wealth over their lifetime. Improving financial capability will take a while to generate financial gains, and it may take 60 years for these effects to flow through in their entirety. However, the sooner Australians begin to uplift their financial capability, the greater the financial dividend due to compound interest.

Early improvements in financial capability multiply over time. The earlier an individual starts, the greater the cumulative effect through compounding. This means there is an opportunity cost if Australia does not act now to uplift financial capability, because the benefits will not amplify over time.

$25,000 average increase in net wealth for a person who reaches advanced financial capability at age 21

5x greater wealth by retirement due to early gains in financial capability if invested with 8% annual returns (compounding to $750,000)

$150,000 average increase in net wealth for a person who reaches advanced financial capability aged 65

Greater financial capability will protect Australians against wellbeing impacts

Two in five Australians reported that financial difficulties have impacted their ability to participate in society. This means that tackling Australia's financial capability crisis is not a 'should,' it's a 'must'.

Financial stress is an urgent challenge for Australians as they face rising living costs and increased risk. In 2024, household living costs jumped 6.5%, and median rents reached a record $627 per week. 59% of Australians identified living costs as a key stressor.[6]

Two in five Australians report that financial difficulties have impacted their ability to participate in society, increasing to almost half of those with lower financial capability (Chart 3.4). Lead impacts caused by financial stress include anxiety, sleep issues and depression (Figure 3.1), however people with advanced capability report they are less likely to experience these issues.This demonstrates that uplifting financial capability can drive important wellbeing improvements, beyond monetary gains. It is noted that financial stress is more likely to impact poorer Australians, who tend to have lower capability.

Wellbeing impacts due to financial stress are affecting Australian employers in terms of performance, engagement and turnover. 88% of employees experiencing financial stress say it impacts work. This can lead to lost productivity through reduced hours, higher absenteeism, and greater inefficiency, suggesting uplifting financial capability could drive productivity improvements and improve business performance. Research calls for employers to have a greater role in providing financial education to their employees.[7]

Figure 3.1: Share of Australians who have experienced financial difficulties impacting their ability to take part in society

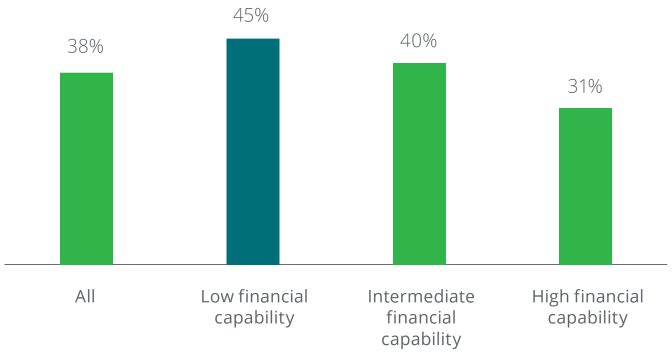
Source: Deloitte Access Economics consumer survey (2025)

Improving financial resilience:

Strengthening financial capability will improve economic resilience, as people with advanced capability are **48%** more likely to have an emergency fund in place than those with low capability (Chart 3.6). Emergency funds play a critical role in helping households manage financial shocks such as job loss, medical expenses, or natural disasters, however **two thirds** of Australians don't have one in place (noting this is more challenging for less wealthy Australians).

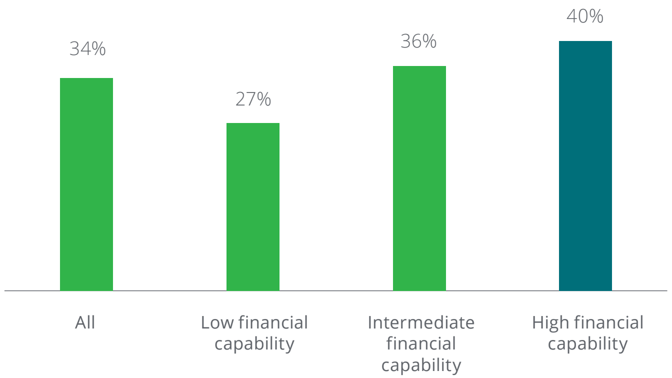
It is critical for Australians to have the financial skills required to protect assets, particularly in the context of rising climate risks leading to estimated economic losses of $2.2 billion in 2025.[8] Improving financial resilience is increasingly urgent given cost of living pressures, with the price of a staple shopping basket increasing 15.2% between March 2021 and September 2023.[9]

Chart 3.4: Share of Australians who have experienced financial difficulties impacting their ability to take part in society



Source: Deloitte Access Economics consumer survey (2025)

Chart 3.5: Share of Australians who have created or paid into an emergency cash fund within the last year



Source: Deloitte Access Economics consumer survey (2025)

4

Strengthening the financial education ecosystem

People with advanced financial capability are **twice as likely** to seek financial advice than those with low capability

1 in 4

Australians believe financial education is an individual responsibility

67%

of Australians do not seek out financial education

71%

of Australians believe educating children on money matters should start before age 13

Over half

of parents don't speak to their children regularly about financial concepts

Realising the benefits of uplifting financial capability

This report recommends nine key actions to improve Australian financial capability and strengthen financial education across the ecosystem.

This report has identified the challenges and opportunities associated with uplifting Australian financial capability. But how can Australia seek to unlock its potential and realise the benefits of uplifting financial capability?

There has never been a more important time to ensure that everyday Australians are equipped with the required skills and tools to make informed financial decisions. Emerging risks such as the high-interest rate environment, housing supply shortages, increasing frequency of natural disasters and rising sophistication of scams mean there is a need to get the basics right and tackle Australia's financial capability crisis head-on.

Australia is also entering the greatest wealth transfer in history, with an estimated **$5.4 trillion** in assets set to be inherited through intergenerational wealth transfers by 2050.[1] This provides a significant economic opportunity to help millions of families achieve the next Australian dream, but only if they are adequately prepared.

There are several levers through which this uplift can be achieved. Uplifting Australian financial capability will require collective effort across the broader financial ecosystem, spanning individuals, communities, industry and government. There is a need to balance providing further education support with calling on the financial advice industry to innovate and expand reach.

This chapter considers the ways in which Australia can seek to uplift financial capability and suggests collaborative actions across these levers, informed by consultations with industry associations and not-for-profit organisations working in the financial education space (Figure 4.1).

Together these nine actions issue a collective call to action to catalyse Australians' financial capability and reap the benefits for the Australian economy. They form part of a plan to enhance financial capability for the next generation of Australians, driving improved financial decision making, strengthened resilience, wellbeing benefits and economic gains.

Figure 4.1: Key actions for uplifting Australian financial capability

Individuals

1. **Empower individuals to take ownership** of their own financial education and build a more financially capable population
2. **Destigmatise conversations** around money

Communities

3. **Encourage parents to educate children** and provide financial education resources to support them
4. **Dedicate space in school curriculums** for financial education

Industry

5. **Clarify the role of financial institutions** and streamline educational requirements for advisers
6. **Explore alternative forms of advice and simplified products** for financial advisers

Government

7. **Renew Government focus** through a new Financial Capability Strategy
8. **Enhance consumer protections** to keep pace with tech and AI amidst evolving scam risks

Employers

9. **Support employers** in the provision of workplace financial wellbeing programs

Source: Deloitte Access Economics (2025)

Empowering individuals to take ownership of their financial capability

Financial literacy is globally recognised as a core life skill and a driver of capability, yet there is a gap when it comes to proactive financial education.

Financial literacy forms the basis of financial capability, yet Australians are lagging when it comes to proactively educating themselves on financial concepts. One in four Australians believe financial education is an individual responsibility, yet concerningly 67% do not regularly seek out financial education, and 22% believe it's irrelevant to them (Chart 4.1).

There is an opportunity to empower Australian individuals to take ownership of their own financial education and destigmatise conversations around money.

By lifting the baseline financial capability of the population, Australians can be empowered to make more informed financial decisions. This will reduce reliance on financial regulation and allow regulation to be a safety net rather than a protective shield.

More educational resources are available to consumers than ever before through digital channels, making financial information accessible in new and engaging ways.

Surveyed Australians are increasingly turning to digital sources when making difficult financial decisions. AI tools, automated digital advice, financial apps and social media have increased in usage over the past five years, while traditional sources such as banks are less popular (Figure 4.2).

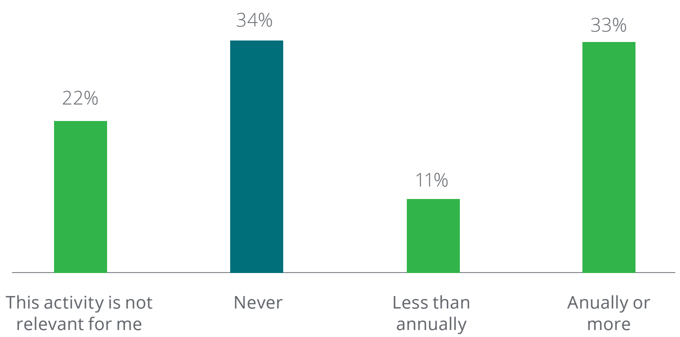
More can be done to encourage individuals to engage in conversations about money and provide shared learning opportunities to build a more financially capable population. Money conversations are often associated with feelings of shame and inadequacy, which is holding back important conversations for Australia's most vulnerable.

National initiatives designed to build mental health literacy and reduce stigma have been highly effective in changing the narrative over the past decade, such as the National Mental Health Commission.[2] These could be drawn upon in the financial literacy space, e.g., through a public advertising campaign.

Key actions

- **Empower individuals to take ownership** of their own financial education
- **Destigmatise conversations** around money through a public advertising campaign

Chart 4.1: Frequency of proactively seeking out financial education



Source: Deloitte Access Economics consumer survey (2025).

Survey question: How frequently do you undertake any of the following activities? 'Proactively sought out financial education'

Figure 4.2: Top sources of financial guidance 2025 vs 2020

Digital sources

- AI tools (+4%)
- Automated digital advice tools (+2%)
- Financial media and publications (+4%)
- Financial apps (+2%)

Traditional sources

- Professional financial advisers (+2%)
- Banks (-4%)
- School and tertiary education resources (-4%)
- Tax professionals and accountants (-2%)

Source: Deloitte Access Economics consumer survey (2025).

Survey question: Thinking about your behaviour today and five years ago, please select the top three financial tools, sources, and services you typically refer to when making difficult financial decisions.

Growing the role of communities in providing financial education

A strengthened financial education system relies on Australia's teachers and parents, through scalable funding initiatives and dedicated space in school curriculums.

This research has identified lack of access to financial education growing up as a key barrier. Financial education is hindered by a lack of parental confidence in speaking to children about money.

A strengthened financial education system relies on Australia's parents and caregivers, as family members are consistently the most trusted source of financial guidance for young people. 71% of Australians believe educating children about money should start before age 13, yet over half don't speak to their children regularly about financial concepts.

Rethinking the role parents play in financial education drives improved financial confidence later in life. This report issues a call to action for Australian parents to have money conversations with children early in life on basic topics such as compounding savings.

In order to equip parents with the resources to have these conversations, there is an opportunity to strengthen provision of financial education through schools.

Schools provide unique opportunities to deliver financial education to young and diverse Australians. Leaving financial education to households alone enhances structural disadvantages,[3] meaning financial education is not a luxury but a necessity for Australia's most vulnerable.[4] Ensuring equal access to financial education from a young age through schools can help to address these structural barriers.

Financial education should begin early and be reinforced through life stages, with dedicated space in the curriculum and scalable funding initiatives. There is an opportunity to uplift both teacher and parent capability through embedding financial education in school curriculums, as is in place in New Zealand from 2026.[5]

Dedicating space in school curricula and implementing scalable funding initiatives have the potential to drive **significant returns** for future Australians.

"Financial education should be a population wide endeavour. It would take a while to pay off, but it would absolutely be worth it." - FAAA

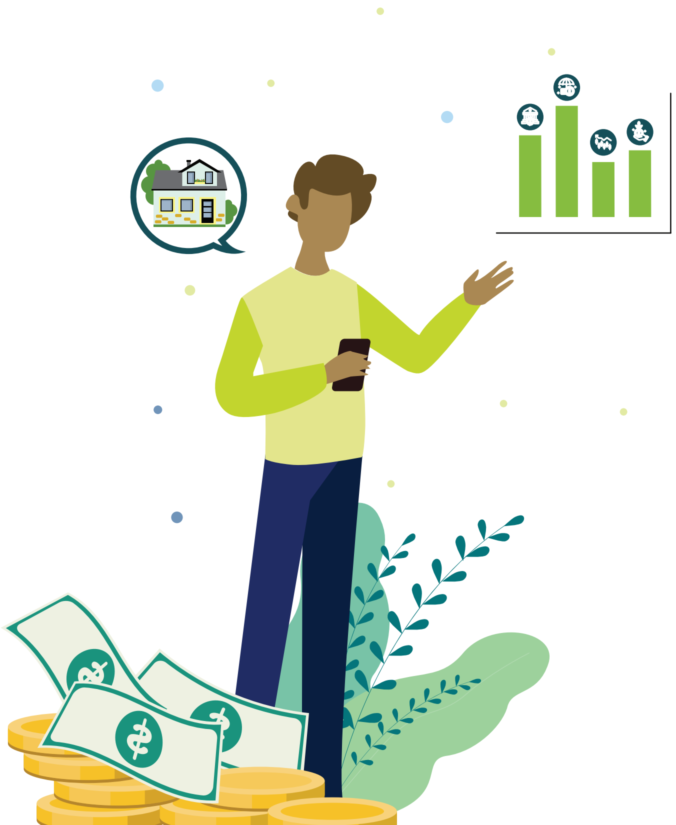
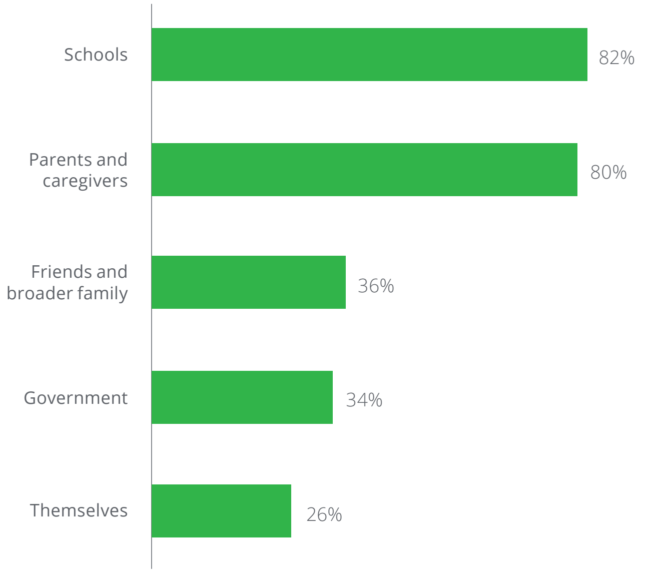


Chart 4.2: Perspectives on responsibility for financial education



Source: Deloitte Access Economics consumer survey (2025).

Survey question: "Whose responsibility do you believe it should be to provide financial education to young people?"

Key actions

- **Encourage parents to educate children** and provide financial education resources to support them
- **Dedicate space in school curriculums** for financial education and uplift teacher capability

The role of regulation in expanding provision of financial advice

New regulations seek to expand the provision of financial advice through Australia's financial institutions and broaden educational pathways.

Financial advice is identified as a driver of improving capability, however, research shows millions of Australians are unable to get the advice they need due to perceived cost barriers and red tape.[6]

The government has sought to improve access to financial advice through **reexamining the role of superannuation funds**. Regulatory changes such as the Retirement Income Covenant[7] and the Delivering Better Financial Outcomes (DBFO) package[8] have sought to improve retirement readiness through expanding intra-fund advice.

These institutions are at the heart of Australia's financial system and interact with millions of consumers. As superannuation is compulsory for Australian employees, enhancing their role in providing simple financial advice can bridge the gap and reach those who can't normally access it.

With larger superannuation balances being accumulated due to the increase in the minimum Super Guarantee to 12% from 1 July 2025, there is more protection for disengaged consumers but also a greater need for financial capability through advice, given the higher opportunity cost. Despite superannuation being a critical tool for future planning, survey data reveals that Australians with advanced financial capability are more likely to have a salary sacrifice arrangement in place (45%) compared to those with intermediate (31%) or low financial capability (24%).

While new regulations aim to broaden the provision of financial advice through institutions like superannuation funds, the Financial Services Council (FSC) argues that **further clarification is needed on the scope of advice** they can provide and who is authorised to deliver it.

The Financial Advice Association Australia (FAAA) cautions that funds should be limited to providing simple financial advice as they are not product agnostic and cannot advise on complex issues such as aged care planning.

A further way the government has sought to expand the provision of advice is through **broadening educational pathways** and creating a new form of adviser (NCA). This will help to increase the supply of advisers, which has declined from 28,000 in 2019 to less than 16,000 in 2025 (Figure 4.3). This is due to increasing complexity and educational requirements following the Royal Commission.[9]

Ensuring qualification requirements for financial advisers aren't too arduous will enable more people to access advice where they need it, while maintaining safety and quality.

> "We need a pathway to future growth. The new class of adviser has merit provided they are limited to simple advice and have a pathway to becoming a fully qualified financial adviser." - FAAA

Figure 4.3: Snapshot of the Australian financial advice industry

Australian advice industry snapshot

15,600 ASIC registered financial advisers in 2025[10]	**28,000** ASIC registered financial advisers in 2019[13]
22% of ASIC registered financial advisers are women in 2025[11]	**52** average age of a financial adviser in 2024[14]
511 advisers added to the Financial Advisers Register in 2024[12]	**143** net loss of financial advisers in 2024[15]

Source: ASIC (2025)

Key actions

- **Clarify the role of financial institutions** and streamline educational requirements for advisers

Case study: FSC rethinking regulation to reach more Australians

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's financial services sector.[16]

Chaneg Torres, Executive Director of Policy, and Harvey Russell, Policy Director, Financial Advice and Strategic Advocacy, discuss recent regulatory reforms and the role of financial institutions in uplifting financial capability.

The FSC's role is to advocate on behalf of the financial services industry for government to consider reforms that will support industry and expand access to financial advice.

It assists members to operationalise regulatory changes such as the Retirement Income Covenant,[17] legislation requiring superannuation funds to have a strategy to assist members in retirement. The FSC also promotes best practice by setting mandatory standards for members.[18]

Chaneg reflects that Australia's regulatory environment has aimed to enhance consumer protections, however in doing so it may have **contributed to a culture of financial disengagement**. Policies such as default superannuation are a critically important pillar of the overall retirement system. However, they have meant that consumers have been able to go on 'autopilot' when it comes to making decisions around retirement planning.

The FSC believes the solution is **rethinking regulation to enable institutions to engage with consumers at the right level and price point**. Institutions should empower consumers to make their own decisions through providing information and greater proactive communications, however they require regulatory certainty to have more targeted conversations.

"We see it as a spectrum of engagement across the lifecycle. A mature superannuation fund should offer tailored engagement to members from their first job to retirement."

– Harvey Russell - Policy Director Financial Advice and Strategic Advocacy

The FSC believes **there is an opportunity to elevate the role of financial institutions and expand access to advice through removing red tape**. Improving flexibility around the educational standards required to move into the financial advice profession could help to increase the supply of financial advisers, while maintaining quality.

"There is a tension between engaging consumers and making decisions for them. We need better ways to bring them into the picture, through providing financial information and advice at the right price point."

– Chaneg Torres, Executive Director of Policy

Some of these reforms are currently being rolled out through the government's Delivering Better Financial Outcomes, a financial advice reform package created in response to the 2022 Quality of Advice review.[19]

Harvey notes uplifting financial capability is a joint responsibility: "Government, institutions and advisers must work together to give individuals clear options and empower them to make their own financial decisions."

"We can reduce the cost of financial advice by streamlining regulatory requirements in a way that also helps consumers – they don't want 100 plus-page Statements of Advice."

– Harvey Russell - Policy Director Financial Advice and Strategic Advocacy

Australia's financial advisers can close the advice gap through innovation

There is a need for advisers to innovate with alternative methods of delivering advice while simplifying the range of financial products available.

Accessing financial advice can be a driver of improved financial capability, with those who engage with financial advice reporting higher financial capability than the broader population. Therefore, every Australian financial adviser has an important role to play in uplifting capability.

However, there is a disconnect between the way financial advice is currently provided and the cohorts it reaches. Accessing advice has traditionally been a costly and heavily intermediated process. Digital advice provides opportunities to reach new groups of consumers through evolving channels.

This report issues a call to action to Australia's financial advisers to explore delivering financial advice through **new and innovative** forms to meet changing demand, including embracing digital advice. These alternative advice forms enable advisers to reach a broader range of consumers who may not be able to afford traditional advice. This will unlock further opportunities for the sector as well as for unreached segments, such as younger Australians.

Embracing digital tools can also help financial advisers to guide their clients in identifying financial products that are most aligned with their needs, particularly as AI plays an increasing role.

This includes how financial advice is delivered, what content and topics financial advisers provide advice on and who advisers engage with across different consumer segments (Figure 4.4).

For Australians approaching retirement planning, there is a need to **simplify financial products** and standardise terminology to build consumer financial capability. Constraining the available product set for non-advised retirees would greatly help with standardising disclosure and comparison.[20]

"The sector has a key role to play in making financial information easier to access. There has been a huge uplift in the accessibility of information in recent years reducing the barriers to entry. We need continued innovation to meet the needs of consumers at different life stages."
- ASFA

Key actions

- **Explore alternative forms of advice** and **simplified products** for financial advisers

Figure 4.4: Opportunities for innovation for Australia's financial advisers

How advice is delivered

Use this information to build your customer base and embrace digital. Research has found 63% of Australians under 40 are open to digital advice solutions.[7] Leverage digital tools and adopt hybrid models, using AI/chat-based tools to streamline and scale advice delivery.

What is provided

Empower clients through education. Consider providing educational support to empower your clients, through financial literacy tools, simplified retirement products and targeted coaching for different life stages.

Who is reached

Focus on expanding, not defending. Increased competition is coming, but needs for financial advice are high. Leverage partnerships with employers and financial institutions to embed advice in familiar channels and proactively engage underserved segments.

Source: Deloitte Access Economics (2025)

Case study: Advocating for improved retirement outcomes at ASFA

The Association of Superannuation Funds of Australia (ASFA) is the peak body for the Australian superannuation industry, responsible for developing policy and effective practice for members.[21]

James Koval, Chief Policy & Advocacy Officer, discusses the role of Australia's superannuation funds in delivering financial returns, and opportunities for innovation.

James notes the **key barriers** to retirement readiness are low engagement with superannuation products and a lack of trusted information. James notes, in the absence of regulated action on financial information, Finfluencers have become a valuable source for young people and developing a single source of truth, such as an improved Moneysmart platform, should be a government priority. ASFA seeks to fill information gaps by sharing information on the budget people need for a comfortable retirement.

"The broader education piece is how to get people engaged and thinking about retirement. With an aging population and millions of Australians heading towards retirement, we need to ensure people are informed and have the right tools at their disposal."

– James Koval, Chief Policy & Advocacy Officer

James discusses the advantages for Australians who **start early and plan ahead**. He notes there are three key questions every Australian should be asking: "Are my investments right for my age? Is my insurance coverage appropriate? Am I on track for a healthy retirement?." Financial advice is often geared to "investors" and many Australians approaching retirement are under supported, which has led to overly cautious retirement spending and investing. This presents a need for bespoke financial education for this cohort.

Recent regulatory changes have an important role in enabling financial instutitions to provide more targeted financial information to consumers, such as enabling funds to text customers who are in default ultra low growth options. "Superannuation funds need appropriate regulatory settings to proactively engage with members and expand the provision of financial advice, while triaging complex cases to independent advisers."

ASFA believes the financial services sector has a role to play in making financial information easier to access. James calls for **sector innovation** to ensure there are simplified products in place to allow flexibility in how people retire, as Australians seek to steadily wind down their working days.

"There has been a huge uplift in the accessibility of information about the super system in recent years reducing the barriers to entry, Apps on phones or streamlined websites, being able to check balances."

– James Koval, Chief Policy & Advocacy Officer

"A shared goal of the super sector is to maximise the amount of money at retirement. Australians who make some early interventions can see a substantial difference at retirement. The key challenge is getting people engaged."

– James Koval, Chief Policy & Advocacy Officer

Figure 4.5: Superannuation policy changes

Increasing super guarantee charge (SGC)
From 1 July 2025, the minimum Super Guarantee increased to 12%, meaning consumers will be paid more super.[22]

Superannuation 'nudges'
Superannuation funds can now 'nudge' members with financial guidance to improve retirement outcomes at key life stages.[23]

Clarified charging
Clarifies the legal basis for trustees to charge members for financial advice from their superannuation account.

Considering the role of Government as a financial educator

Renewing Government focus and reaffirming its commitment to uplifting capability through a revised Financial Capability Strategy.

Finally, uplifting Australian financial capability will require a strong commitment from policymakers. In 2022, Australia released the National Financial Capability Strategy which set out a framework for future Government actions to build Australia's financial capability and measure collective progress (Figure 4.6).[24] However since then the program has fallen by the wayside, described as inactive and not clearly defined compared to OECD peers.[25]

The Australian Government should recommit to a National Financial Capability strategy that is tied to meaningful targets and measurable outcomes. Refreshing the financial capability strategy would bring Australia into line with over 70 other OECD nations, including Poland and Germany most recently, which implemented national strategies.[26]

There has never been a better time to renew focus and reaffirm its commitment to uplifting financial capability.

A key focus of the revised financial capability strategy should be enhancing consumer protections to keep pace with evolving technology. Digital financial information has evolved rapidly, exposing people to more complex risks, including misinformation, unethical conduct online and financial scams.[27] There is a need to align financial education with emerging technologies so consumers can make informed choices.

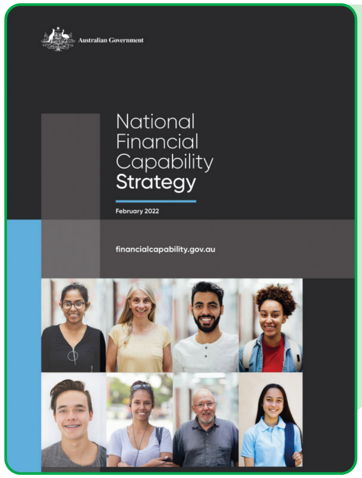
As financial literacy remains low and young people are exposed to new risks, there is a need to ensure digital sources are trustworthy and accurate. The Government must ensure consumer protections keep pace with tech and AI amidst evolving sophistication of financial scams and seek to educate young Australians on these risks.

"Australia needs a financial Capability Strategy with guaranteed funding that is commensurate with the size of the task." - FAAA

Key actions

- **Renew Government focus** through a new Financial Capability Strategy
- **Enhance consumer protections** to keep pace with tech and AI amidst evolving scam risks

Figure 4.6: Key actions for young people under the National Financial Capability Strategy 2022



Money Managed: Introduction of online resources for young people

Communications campaign to promote money conversations

Innovate solutions: investigate digital solutions to build capability

Source: Australian Government (2022)

Spotlight: Building resilience against financial scams

Ensuring consumer protections keep pace with evolving risks.

With consumers increasingly accessing financial information through digital sources, risks of financial scams is rising within Australia's most vulnerable cohorts. The 2022 *National Financial Capability Strategy* highlights the need to align financial education with emerging technologies so consumers can make informed choices.[28]

The Australian Competition & Consumer Commission (ACCC) defines a scam as when a criminal deceives someone to steal their money or other personal details.[29] Scammers commonly impersonate consumer banks, Government departments or investors.

Prevalence of financial scams in 2025

One in ten surveyed Australians regret being exposed to a financial scam, representing 2.7 million people. Rates increase for people with low financial capability, as well as for those aged 65 and over and First Nations Australians.[30]

Almost 500,000 scams were reported by the National Anti-Scam Centre in 2024 resulting in financial losses of $2.03 billion (Figure 4.7). Australians lose more money to investment scams than any other type of scam, accounting for over 70% of total scam losses.[31]

Education empowers, and regulation protects

As financial scams become more sophisticated over time through emerging technologies, improving financial education is crucial for helping consumers to identify scams and avoid costly mistakes. Government resources such as Moneysmart provide valuable resources on how to identify and protect against financial scams.[32]

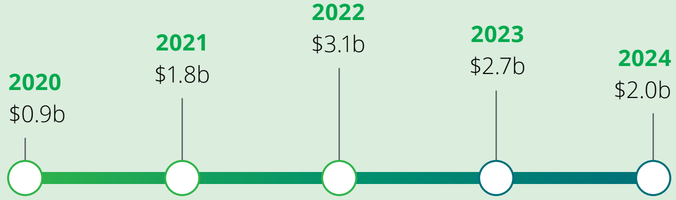
However, there is appetite for more formalised financial education with surveyed Australians reporting avoiding common financial traps or scams as a top five area they are interested in learning about (Chart 4.3).

Opportunities for strengthening scam protections

In early 2025 the Government mandated additional steps to protect against scams for regulated entities in banking, telecommunications and social media under the Scams Prevention Framework (SPF).[33] The Australian Financial Complaints Authority (AFCA) has also been given new powers to investigate the actions of every bank in the scam chain on behalf of a scam victim.[34]

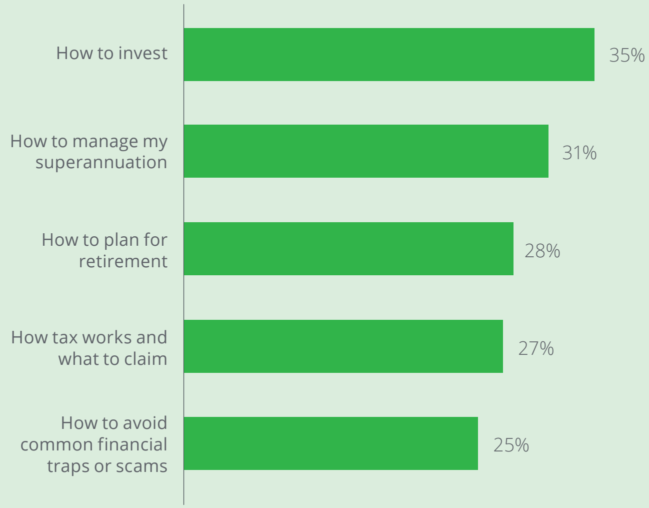
The regulatory environment must evolve to keep pace with the acceleration of technology and AI, as **Australians need protection as well as knowledge**. Building the capability of consumers in fighting financial scams must be treated as a complement, not a substitute, for regulation.

Figure 4.7: Combined financial losses through scams, 2020-2024



Source: Australian Government (2025)

Chart 4.3: Top areas of interest for financial education



Source: Deloitte Access Economics consumer survey (2025)

Uplifting the financial capability of employees could lead to a $43 billion profit for Australian businesses per year

Higher financial capability levels can boost employee productivity and generate increased profits.

Financial capability has been traditionally viewed as an individual's responsibility, with limited attention given to the role businesses can play in supporting it. However, employers have a unique opportunity to enhance their employees' financial capability, not only as part of their broader commitment to their employee's wellbeing but also as a strategy to unlock tangible business benefits.

One of the primary reasons financially capable employees may be more productive is reduced financial stress. Employees with advanced financial capability are better equipped to manage their money, better prepared for emergencies, are more likely to avoid debt issues, and set achievable financial goals. This sense of financial control alleviates stress, enabling employees to concentrate more fully on their work, make sound decisions, and engage more effectively in their roles.[35]

For employers, the advantages of uplifting employee's financial capability also extend beyond immediate productivity gains. For example, previous research has found that financial wellbeing supports a more resilient and engaged employee base.[36] These broader organisational benefits translate into increased revenue opportunities and lower operational costs, creating a pathway to sustained profitability.[37,38]

Uplifting employees to advanced financial capability levels could unlock an additional $43 billion in profits across Australian businesses per year, equating to $3,000 in additional profit per employee annually. *

Employers should recognise that enhancing financial capability, such as through financial literacy learning opportunities, takes time to drive behaviour changes, reduce stress, and ultimately impact profitability. Thus, investing in employees' financial capability is not just a workforce benefit - it's a strategic lever for driving sustainable business resilience and growth.

The cost of financial stress

Conversely, employees facing financial stress are more likely to experience anxiety, distraction, and reduced wellbeing, which harms their performance. Employees spend an average of 11 hours per month on dealing with personal financial matters at work, reducing their productivity.[39] The Deloitte Access Economics consumer survey highlights that individuals with advanced financial capability are less likely to face stress, anxiety or depression linked to financial strain compared to those with low capability. With financial stress costing Australian businesses an estimated $88.95 billion annually in lost revenue, investing in employees' financial capability offers a clear path to reducing stress and boosting productivity.[40]

Figure 4.8: Financial capability leads to increased profits

Source: Deloitte Access Economics (2025)

*This $43 billion benefit reflects the productivity gains associated with higher financial capability. This has been quantified by assessing the productivity uplift generated by all Australian employees reaching advanced capability. This calculation reflects the wage-equivalent uplift in productivity relative to business operating profits across the Australian economy. To translate this wage uplift into business profitability, the employee wage figure was applied to the gross operating surplus-to-wages ratio, derived from ABS business data. For further details on the methodology, please refer to Appendix E.

Employers can take steps to boost financial capability

Incorporating financial wellbeing initiatives for workers can be a cost-effective way of boosting productivity.

Employers can play a role in enhancing their employees' financial capability, provided there is a genuine interest from workers within the organisation for support and education.

With rising cost of living pressures, employee's financial wellbeing has become a growing concern. Many employees are now actively seeking support and education, calling for financial wellbeing to be prioritised as a strategic focus by Australian employers.[41] This growing interest underscores the opportunity for employers to address a critical workforce need while fostering engagement and resilience.

Financial education programs can help to equip employees with the knowledge and behaviours needed to improve their financial capability, leading to measurable benefits for both Australian workers and their employers. In-work financial education programs have been shown to boost employee productivity, helping address the 88% of moderately and severely financially stressed employees who report that their finances negatively affect their work productivity.[42,43] Beyond productivity gains, these initiatives can help to foster a more resilient and knowledgeable workforce, aligning employee wellbeing with organisational success.

For Australian businesses where employees are perceived to have lower levels of financial capability, a high degree of uplift may be achieved by providing educational resources on basic financial literacy and practical actions such as budgeting. Conversely, if many employees already have intermediate or advanced skills, more sophisticated and targeted educational support may be required.

While the benefits of improving financial capability are clear, businesses also need to consider the costs of education and support programs to ensure they effectively support their employees. Businesses can partner with established financial institutions such as superannuation funds and banks, to draw on existing resources and provide employees with the education and tools needed to build financial capability.

This can be achieved through either a fully subsidised program by the firm or a hybrid model of support where a business might cover a proportion of the cost for employees. Employers may also seek to connect employees with qualified financial advisers who can provide more tailored guidance, either through direct referrals or as part of an employee benefit package. Through these channels, employers can hep connect their workers with targeted financial advice to help them make informed decisions, while reducing cost barriers.

The ripple effects of improved financial capability extend beyond individual performance, enhancing team dynamics and overall workplace efficiency. In turn, this can impact business' bottom line – reflecting a **$43 billion opportunity for Australian employers**.

Key actions

- **Support employers** in the provision of workplace financial wellbeing programs

Appendices

Appendix A: Survey methodology

Overview and design

The survey identified trends in Australians' financial capability to inform the report analysis, highlighting barriers and opportunities across demographics and skill levels in accessing financial advice and education. The survey was split into five sections, including:

Demographics: This section gathered information on respondents' age, gender, income, financial management approaches, assets and debts, parent status, and workplace context.

Defining current financial capability levels: Respondents were asked about their financial behaviours and activities, upbringing, and questions designed to assess their financial literacy levels, drawn from the HILDA survey.

Consumer attitudes towards seeking financial advice: This section explored respondents' views on financial planning, whether they have or plan to seek professional or digital advice and their reasoning, advice preferences, and their financial goals.

The provision of financial advice across the ecosystem: Respondents were asked about their trust in various sources of financial guidance, experiences with financial education, topics they are interested in learning more about, and any financial decisions they regret.

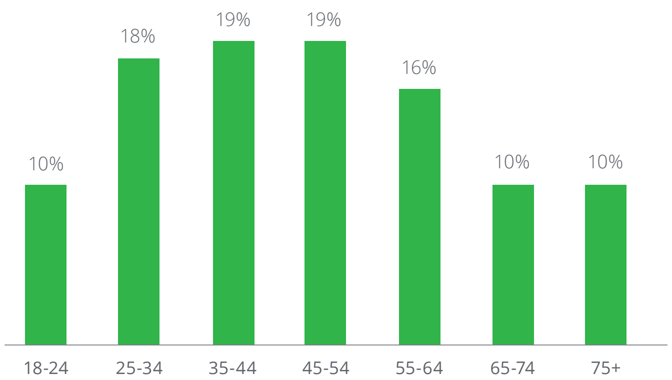
Consumer impacts of receiving financial advice and education: This section examined the outcomes of receiving financial advice or education, and the effects of respondents' financial situations on their mental and physical wellbeing.

Distribution

The survey was fielded to respondents sourced through the market research firm Dyanta to collect a sample size representative of the Australian population.

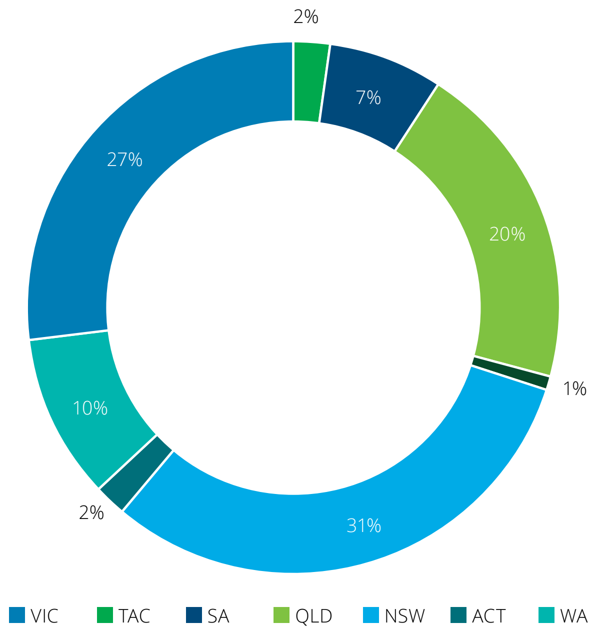
The consumer survey closed in May 2025, receiving 2,003 responses in total, which represent a diverse range of demographic characteristics and perspectives for Australians over the age of 18.

Chart A.1: Survey respondents by age



Survey question: "What is your age?" (n=2003)

Chart A.2: Survey respondents by state



Survey question: "Please type in the postcode of where you live" (n=2003)

Appendix B: Stakeholders consulted

Approach

Deloitte conducted two one-to-one consultations with industry stakeholders including industry associations and not-for-profit organisations. Stakeholder consultations were semi-structured lasting approximately 45 minutes in duration.

In designing the methodology approach for this research project, the purpose of industry consultations was to provide nuanced understanding of key issues, challenges and opportunities facing Australian consumers in terms of their financial education.

Information collected from the consultations informed the qualitative evidence supporting our analysis. In these consultations, stakeholders shared their ideas and insights on the role and value of financial education, the challenges facing consumers today and how financial literacy has changed over time. There were also insightful discussions about the opportunities provided by enhancing Australian financial literacy and how this might be achieved in the future.

Consultation coverage

Lines of questioning were broadly based around the below key themes, based on consultation guides and data collection instruments designed in collaboration with Iress:

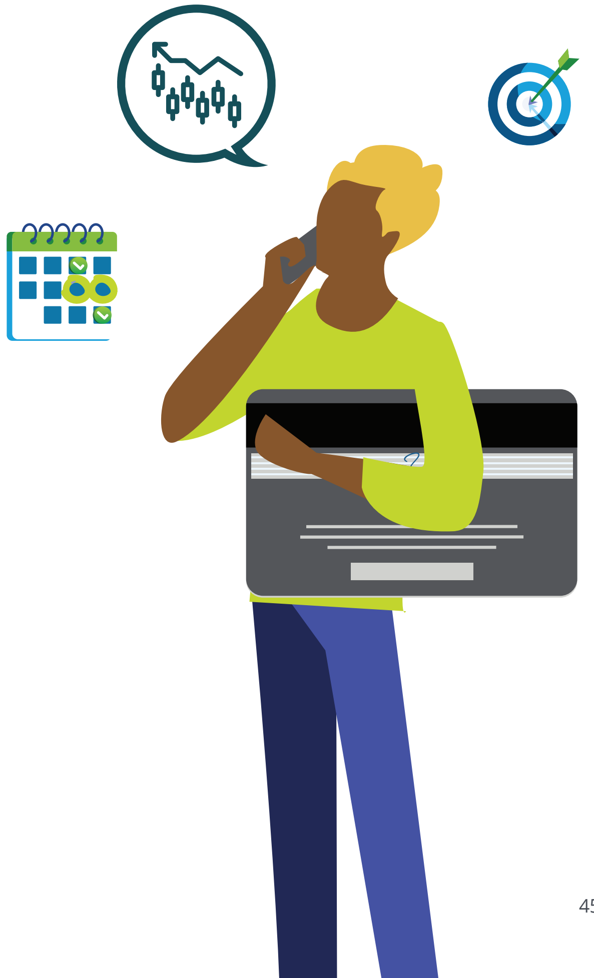
- Introduction and context of the Iress/Deloitte report.
- Background on stakeholder's organisation including role and activities in the financial services sector, programs, initiatives or partnerships to support financial literacy, and program impacts.
- Perspectives on the key challenges holding Australian's back in terms of their financial capability including the regulatory environment
- Perspectives on key opportunities over the coming 3-5 years for industry, government or society to support Australians to build their financial capability and strengthen regulation.

Broader stakeholder input

In addition to participation in an industry consultation, other organisations such as Iress and the Ecstra Foundation contributed to this research through providing input on the consumer survey and other related activities.

Table B.1 Stakeholders consulted as part of this research

Stakeholder	Name	Position
Not-for-profit organisations		
Ecstra Foundation	• Dr Tracey West PhD	• Financial Education Manager
Industry associations		
Association of Superannuation Funds of Australia (ASFA)	• James Koval • Sebastien Reinehr	• Chief Policy & Advocacy Officer • Policy Director
Financial Advice Association Australia (FAAA)	• Sarah Abood • Phil Anderson	• Chief Executive Officer • General Manager Policy, Advocacy & Standard
Financial Services Council (FSC)	• Chaneg Torres • Harvey Russell	• Executive Director of Policy • Policy Director, Financial Advice and Strategic Advocacy



Appendix C: Financial capability index methodology

Approach

Deloitte Access Economics has developed a new financial capability index and applied this to the HILDA data set to determine levels of financial capability among Australians.

To assess financial capability, each respondent is scored against six categories: financial literacy, basic financial behaviours, borrowing behaviours, saving behaviours, proactive financial behaviours and wealth building. The scores from each category are then summed together and grouped based on cut-off scores to determine the overall financial capability. This ranges from low to advanced.

We selected five subcategories of financial behaviours for inclusion based on key selection criteria:

Figure C.1: Deloitte selection criteria

SELECTION CRITERIA

- Likely to have an impact on individual financial wellbeing
- Carries a specific financial education angle or remit
- Of relevance to consumers across different wealth levels
- Variable is present in the HILDA data set over time
- Evidence of relevance to financial capability in established academic literature and survey

Source: Deloitte Access Economics

Table C.1: Approach to determining financial capability

Financial literacy + Financial behaviours = **Financial capability**

Financial capability is initially measured on a 10-point scale, combining weighted scores from financial literacy and behaviours. To simplify interpretation and given the distribution of data, scores from 0–5 are recoded as 0 and the remaining scores are rescaled to a 0–5 scale to highlight differences among those with higher capability.

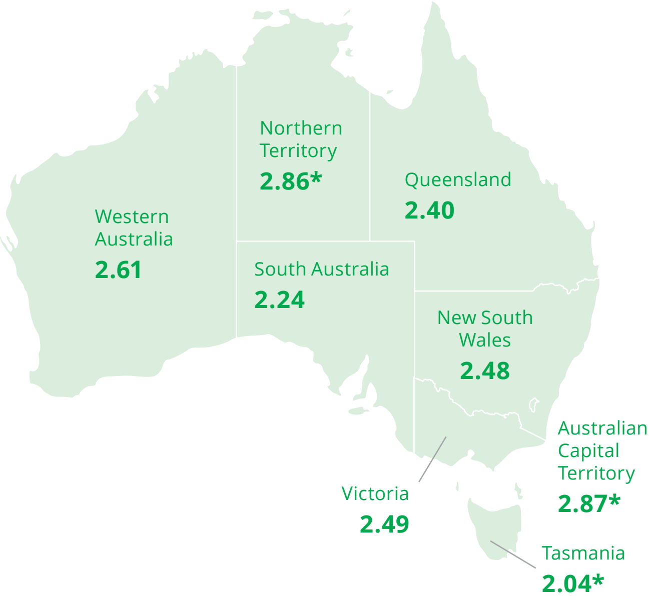
Components	Score	HILDA components
Financial literacy (50%)	5	**The 'Big Five' financial literacy questions (1 point each):** • If the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, would you be able to buy more/the same/less than today (_fl1pc) • Buying shares in a single company usually provides a safer return than buying shares in a number of different companies (_fl1sh) • Suppose you put $100 into a no-fee savings account with a guaranteed interest rate of 2% per year. How much would be in the account at the end of the first year (_fl2pc) • If by the year 2020 your income has doubled, but the prices of all of purchases have also doubled. In 2020, will you be able to buy more/the same/less than today (_fldou) • An investment with a high return is likely to be high risk (_flhir)
Financial behaviours (50%)	5	**Basic financial behaviours (1)** • Own personal or joint bank account (_bayno) **Borrowing behaviours (1)** • Hire purchase loan/agreement (_dthph) • Loans from other types of lenders (e.g. pawnbrokers) (_dtolh) • Loans from friends or relatives not in the household (_dtfrh) **Saving behaviours (1)** • Savings/ spending habits (_fisave) **Proactive financial behaviours (1)** • Year home loan last refinanced – for homeowners (_hsrefy) • Sought out financial advice for retirement – for over 45s (_rtsi) **Wealth building (1)** • Owning investments (_fainvc) • Salary sacrifice arrangement (_sscmany)

Appendix D: Financial capability varies by state, age and education level

People with a postgraduate degree, those aged 55–74, and individuals living in Western Australia each tend to have higher average financial capability compared to other education levels, age groups, and locations.

Western Australia stands out with an average financial capability score of 2.61 in 2022, compared to the national average of 2.45 and other states such as Queensland (2.40) and New South Wales (2.48).

Figure D.1: Average Australian financial capability by state in 2022



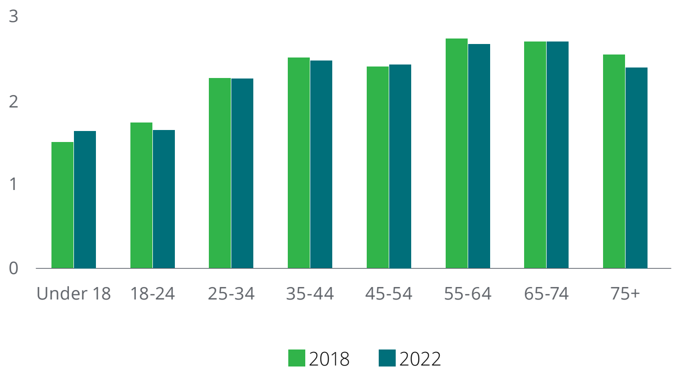
Source: Deloitte Access Economics financial capability index (2025)

* Results from the Northern Territory, Australian Capital Territory and Tasmania should be interpreted with caution due to small sample sizes.

Individuals with a postgraduate degree (Master's or Doctorate) exhibit the highest average financial capability, with an average score of 3.35, compared to 2.97 for those with a bachelor or honours degree and 2.17 for those with only Year 12 qualifications (Chart D.2). This suggests people with higher education levels are generally more capable at managing their finances.

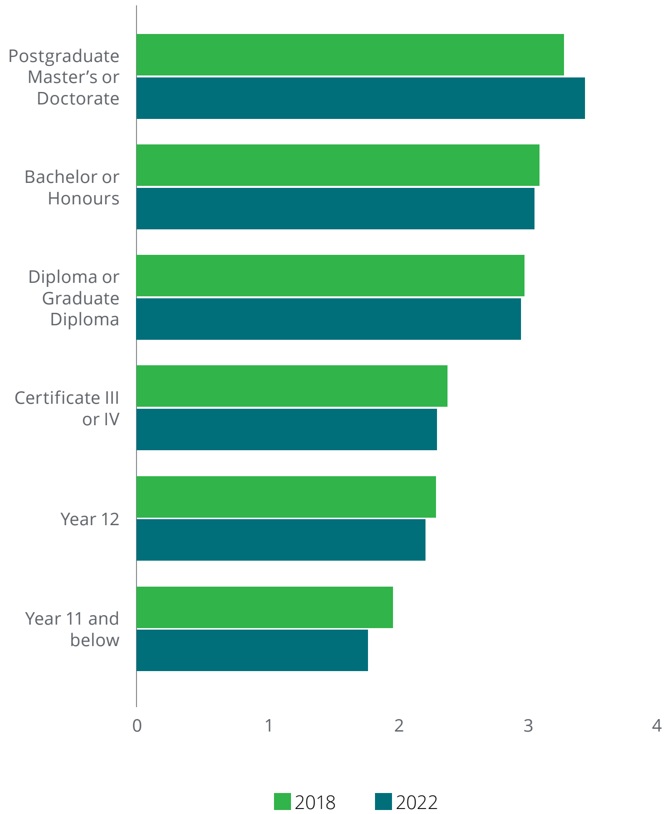
Age also plays a significant role (Chart D.1). Australians aged 65–74 in 2022 have the highest average financial capability at 2.70, outperforming younger groups such as those aged 18–24 (1.64) and 25–34 (2.26). This could be because older Australians have had more time to gain experience and build financial knowledge throughout their lives.

Chart D.1: Average Australian financial capability by age group over time



Source: Deloitte Access Economics financial capability index (2025)

Chart D.2: Average Australian financial capability by highest level of educational attainment



Source: Deloitte Access Economics financial capability index (2025)

Appendix E: Economic modelling methodology (1/4)

Methodology

The modelling set out to quantify the relationship between an individual's financial capability and their household net wealth. The analysis draws on the Household, Income and *Labour Dynamics in Australia (HILDA) Survey, GENERAL RELEASE 23*, a longitudinal and representative dataset on Australian households. The modelling aimed to capture the impact of capability on wealth whilst accounting for a range of demographic variables which might impact individual wealth independently from financial capability including sex, age, education level, remoteness, and home ownership.

Modifications were made to the data where appropriate, including the removal of incomplete data for some individuals. Similarly, developing the financial capability index leveraged several HILDA responses to create an individual variable for the model to utilise.

HILDA asks questions about financial literacy and behaviours in off-cycle surveys every four years. When the analysis used waves 18 and 22, previous answers to financial literacy questions in waves 16 and 20 were carried through to the 18 and 22 waves, respectively. This supported the build-out of the financial capability index.

Data analysis raised concerns about reverse causality, suggesting that estimates from a standard linear regression could be biased because households with greater wealth may develop higher financial capability through lived experience, while higher capability may also lead to improved wealth accumulation. To address this, an instrumental variable (IV) approach was implemented.

Parental education was selected as an instrument, as it influences financial capability through early-life exposure to financial behaviours. However, it is unlikely to directly affect current household net wealth once individual characteristics such as income, education, and location are controlled for. This approach enabled the modelling to best estimate the impact of financial capability on wealth.

Model structure

The IV regression focused on the key variables

- **Dependent variable:** Household net wealth, adjusted to account for negative values by adding a constant offset equal to the absolute minimum value plus one. The natural logarithm of adjusted net wealth was used as the dependent variable to address right-skewness.
- **Independent variable of interest:** Financial capability score, constructed from behavioural and knowledge-based questions.
- **Instrumental Variable:** Parental education, defined as a binary indicator equal to one if either parent completed Year 12 or above. This variable captures intergenerational transmission of financial norms and behaviours but is plausibly exogenous to current household net wealth after controlling for individual demographics and socio-economic status.
- **Other Independent Variables:** The model accounted for other independent variables which could impact financial capability including sex, wave, age group, remoteness, household income, children, employment status, education, state/territory, marital status and inheritance. Within the model, these had varying degrees of statistical significance as outlined in Table E.1

First stage regression:

$$Financial\ capability\ score_i = \pi^0 + \pi^1 \cdot parent_{ed_i} + \pi^2 \cdot X_i + \nu_i$$

Second stage regression:

$$ln(hwnetw_i + c) = \beta^0 + \beta^1 \cdot Financial\ capability\ score_i = + \beta^2 \cdot X_i + \varepsilon_i$$

Data source

This paper uses unit record data from Household, Income and Labour Dynamics in Australia Survey (HILDA) conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners.

Appendix E: Economic modelling methodology (2/4)

Calculating the uplift in net wealth from improved financial capability

To account for the fact that each individual has varying net wealth, with some potentially negative, and that the step change necessary to reach the minimum level of an advanced capability varies accordingly, simulations of the step change involved breaking individuals into 0.5-point groups on the financial capability index scale.

These were used to gather the midpoint of the group and produce the mean net wealth of the group that falls within its range. That was then taken as the given representative individual in that group. The groups were then categorised into the respective Low (0-3), Intermediate (3-4), and Advanced (4-5) categories. Where we aimed to uplift individuals below the respective score category in calculating the unit uplift in financial capability, for example those in the 0.5-1 group would be considered low and to reach the minimum advanced capability group they need to get the 4- 4.5 group which is a 3.5 unit increase in their financial capability score. That is multiplied by the transformed coefficient for financial capability in Table E.1, an uplift of 10.7%, which is then applied to the mean net wealth of the group. This is applied to all cohorts that are less than the desired target. In this example, the weighted average across all cohorts in the HILDA data is used to get the average uplift in net wealth for each household reaching the advanced category of financial capability.

This approach was taken to avoid two key elements of calculating at the individual level: 1) for those who have negative net wealth it is not possible to apply a % change in net wealth and 2) the variation in individuals' current financial capability score, as not all individuals will experience a step change in their financial capability.

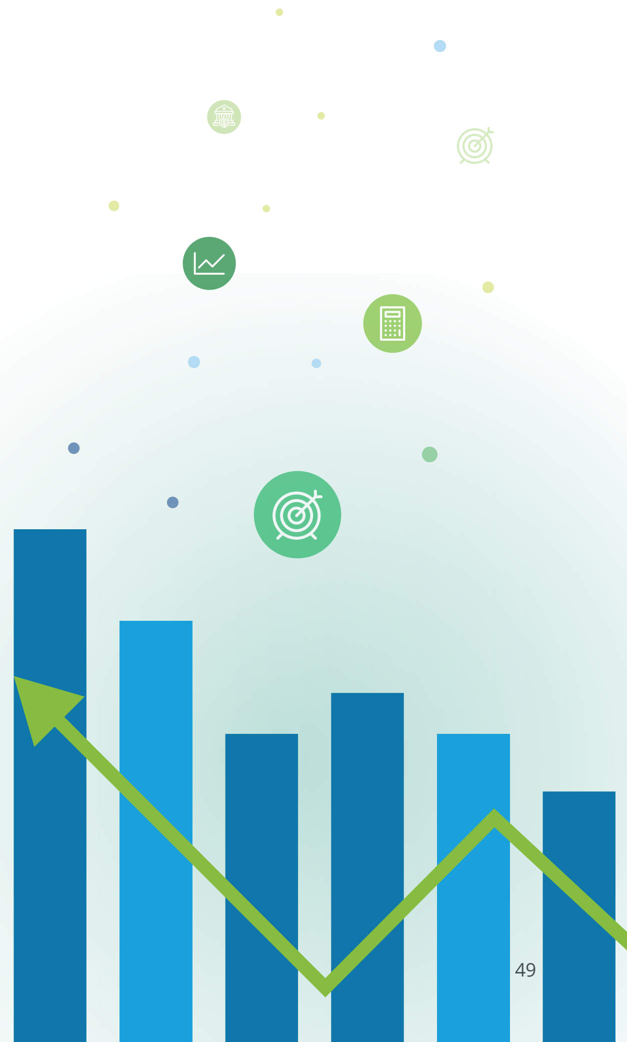
Regression Model Selection

Deloitte Access Economics explored several regression models in this modelling exercise, carefully considering both theoretical and empirical criteria. Initial data observations and transformations revealed complexities such as heteroscedasticity, non-linearity, and potential endogeneity issues, making traditional linear regression inappropriate for capturing the nuances of modelling financial capability's impact on net wealth.

Alternative approaches, including log-linear transformed regression models and generalised linear models (GLMs) utilising Gamma distributions, were considered. These models addressed specific issues such as skewness and heteroscedastic variance present within the household net wealth data. The log-linear transformation helped mitigate skewness, while the Gamma distribution effectively managed variance stabilisation and improved model fit given the positively skewed nature of net wealth. Encouragingly, both models were highly statistically significant in the relationship between financial capability and wealth.

Further considerations acknowledged concerns related to potential reverse causality between financial capability and household net wealth. Specifically, households with greater wealth could naturally develop higher financial capability due to more extensive financial management experience, while concurrently, higher financial capability could also drive greater wealth accumulation. Both the log-linear and Gamma GLM models, despite their statistical advantages, could not adequately control for this endogeneity, potentially leading to biased estimations and incorrect inference about the causal impact of financial capability on net wealth.

Therefore, the instrumental variable (IV) approach was used and this model performed well when evaluated using goodness of fit statistics. Utilising IV regression allowed for a more robust identification strategy, effectively isolating the causal effect of financial capability on net wealth by controlling for reverse causality and omitted variable bias.



Appendix E: Economic modelling methodology (3/4)

Results

This section presents the results of an instrumental variables (IV) regression model estimating the relationship between financial capability and household net wealth. A one-unit increase in an individual's financial capability represents a 10.7% uplift in their net wealth. The IV is transformed with the log and translation of the dependent variable, net wealth, which avoids any negative logs and supports linearity of the distribution. Hence, calculating the impact in levels terms requires taking the exponential appropriately.

Table E.1: Model Results

Independent Variable	Coefficient	Independent Variable	Coefficient
(Intercept)	15.13000***	edhigh1Cert III or IV	-0.00435
combined_score	0.10130***	edhigh1Diploma or Grad Diploma	0.00406
sex	0.00474	edhigh1Postgrad masters or doc	0.00197
wave_22	0.06032***	edhigh1Year 11 and below	0.01213
age_groupUnder18	-0.10200***	edhigh1Year 12	0.01683
age_group18_24	-0.12020***	own_home	0.00393
age_group25_34	-0.15460***	vic	-0.00873*
age_group35_44	-0.09561***	nt	-0.03369
age_group45_54	-0.01747	qld	-0.06032***
age_group55_64	0.01940**	sa	-0.07133***
age_group65_74	0.02126***	wa	-0.06521***
hhs3ra	-0.01855***	tas	-0.05132***
hh_income	4.783e-07***	mrclc	0.04116***
tchad	-0.00299	oifinh	-0.06544***
esdtl	-0.02277***		

Statistical Tests

Whilst some coefficients aren't statistically significant through the desktop research and survey phase of this modelling, it was deemed important to still include them in the final model as these variables are theoretically important in determining net wealth. The IV approach is employed to address potential endogeneity between financial capability and wealth outcomes.

While testing satisfied the statistical requirements for using an IV over an OLS, as the instrument was strong (K-P F ≥ 10), the equation was identified, and the regressor was found to be endogenous (Wu-Hausman test rejected exogeneity). These tests confirm that IV is consistent, see Table E.3 for outputs of these Statistical Tests.

Table E.2: Independent Variables

Independent Variable	Description
combined_score	Financial capability index (0 – 5)
sex	Gender (1 = female)
wave_22	Survey wave dummies (reference = other waves)
age_group	Under18 / 18_24 / 25_34 / 35_44 / 45_54 / 55_64 / 65_74 / 75plus – Age-band dummies (reference = 45 – 54 unless otherwise noted)
hh3ra	Remoteness (1 = regional/remote)
hh_income	Gross household income (financial year)
tchad	Number of resident children
esdtl	Employment status (1 = employed)
Edhigh1	Highest qualification (factor; reference = Bachelor/above)
own_home	Home ownership (1 = owner-occupier)
State/territory	(reference = NSW/ACT)
mrclc	Marital status (1 = married or de-facto)
oifinh	Received inheritance/bequest (1 = yes)

Table E.3: Statistical Tests

Statistical Test	Statistic	p-value
Weak instruments (K-P)	103.41	$< 2 \times 10^{-16}$
Wu–Hausman	18.41	1.8×10^{-5}

Appendix E: Economic modelling methodology (4/4)

Estimating the employer benefit

The estimation of employer benefits from increasing the financial capability of Australian employees is based on data from the HILDA survey. Using this dataset, the analysis calculates the average wage difference between employees with low, intermediate, and advanced financial capability, controlling for educational attainment to isolate the impact of financial capability. After accounting for education levels, workers with advanced financial capability are found to earn $9,200 more annually on average than those with low financial capability.

To determine the broader economic impact, these wage differentials were scaled up to the entire Australian workforce of 14.6 million employees. This approach estimates the aggregate effect if all workers achieved advanced financial capability, resulting in a total wage uplift of $67 billion across the economy.

To translate this wage uplift into business profitability, the employee wage figure was applied to the gross operating surplus-to-wages ratio, derived from ABS business data. With a ratio of 0.65, this calculation indicates a potential $43.3 billion increase in business profits. This figure reflects the additional value businesses could realise through higher productivity associated with improved financial capability among employees.

It is noted that HILDA data showed that intermediate financial capability workers earn higher wages than advanced financial capability workers. This is likely due to other factors impacting wage differentials beyond financial capability (such as experience, age, location, etc.).

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Authors page

John O'Mahony
Partner

Deen Sanders
Partner

Rhiannon Yetsenga
Associate Director

Ashleigh Hanna
Manager

Luc Redman
Economist

Paris Hekimian
Economist

Stephanie Tory
Economist

With support from
Ben Lodewijks, Director.

Deloitte.

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