Australia's financial wellbeing: an integrated approach

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1 Role at time of interview.

2 Role at time of interview.

Abbreviations

AI	artificial intelligence
ACCC	Australian Competition and Consumer Commission
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BNPL	buy now, pay later
CFPB	Consumer Financial Protection Bureau
DFL	Digital financial literacy
HILDA	Household, Income and Labour Dynamics in Australia
ICAN	Indigenous Consumer Assistance Network
INFE	International Network on Financial Education
LLM	large language model
NASC	National Anti-Scam Centre
OECD	Organisation for Economic Cooperation and Development
PISA	Programme for International Student Assessment
SDH	social determinants of health

Executive summary

Strengthening financial wellbeing through policy, research, regulation and education requires an integrated approach, coordinated across the life course and taking account of the major forces shaping our lives. Like wellbeing more broadly, financial wellbeing is formed across multiple levels – individual, family, community, organisational, and national and global environments. Achieving effective and lasting change requires working across systems.

This report explores how key forces – including technology, health and climate change – are reshaping financial wellbeing. It also reviews and updates our understanding of financial wellbeing more broadly, including the concepts of financial literacy and capability and the latest evidence on what effective financial education looks like across the life course.

The evidence presented in this report points to the need for a national financial wellbeing strategy: a coordinated, integrated response across policy, regulation, education and practice.

PART 1: CONTEXT AND BACKGROUND

SECTION 1.1

Why this report and why now?

Australians are navigating financial lives that look fundamentally different from those of a decade ago. Technology is reshaping how we earn, learn, spend and borrow, and our interactions with the commercial world. The health of our finances, mind and body are increasingly intertwined. Climate disasters are disrupting incomes and insurance markets and are depleting our financial resilience. Our policies, regulation and financial education systems require revision to reflect these forces.

We have marked over 25 years of financial literacy research in Australia, and six years since the last major national research review on financial capabilities.[3] In that time, the field has evolved: its focus has broadened from financial capability to financial wellbeing, a concept that goes beyond individual skills and knowledge to recognise the systemic forces shaping people's financial lives. Yet policy and practice continue to default to 'fixing' individuals rather than addressing the systems that have greater influence on financial wellbeing. If we are serious about strengthening financial wellbeing across the population, that has to change.

Alongside the changes in the environment, and the evolving conceptual shifts, there has been a notable period of dormancy in Australian leadership and governance of financial wellbeing, resulting in a lack of coordination that has left lessons uncaptured, good practice unshared, and programs operating in isolation. This hiatus has however, given us clear air to critically examine international evidence, take stock of where Australia stands, and build the leadership and governance needed for the future.

3 Russell et al. (2020).

The way forward is through an integrated approach, one that embeds financial education within a broader framework that explicitly contemplates the influence of technology, health and climate change across the life course. Strategies focused solely on individual capabilities, without accounting for the conditions in which people live, are no longer fit for purpose.

SECTION 1.2

Overview of project method

We took an integrated systems and life course perspective, recognising that financial wellbeing sits within a much larger ecosystem of interconnected forces, not as a standalone policy problem.

We conducted a semi-systematic review of academic articles published between 2020 and 2025, as well as reports on key topics by government, non-government and reputable industry bodies. We conducted in-depth interviews with 14 experts across the topic areas and created a series of 'Spotlights' to give practical illustrations of the financial challenges consumers are navigating and programs that are working in the community, and to share insights from researchers and other experts.

Our project was guided by the valuable expertise of a cross-sector reference group representing eight organisations and peak bodies.

Page 23 shows the key recommendations and how they relate to each other. Recommendations appear in relevant report sections, with Appendix 1 listing all recommendations for quick reference.

Following are the key findings and messages from each section of the report.

SECTION 1.3

Value and use of this work

This report is intended for a broad audience including researchers, policymakers, practitioners, educators and organisations working to strengthen financial wellbeing across diverse settings.

The central policy implication of this report is clear: Australia needs a national financial wellbeing strategy that coordinates policies and systems, allocates resources effectively, supports evidence-based interventions, and ensures financial education is available across the life course.

Because the field is shaped by rapidly evolving forces, three of which are technology, health and climate change, this work is designed as a living contribution, one that will need regular review and updating to remain relevant and effective.

PART 2: SETTING THE SCENE

SECTION 2.1

Understanding financial wellbeing

What is financial wellbeing?

How we see and define financial wellbeing has evolved over time. A significant and large multi-country, multi-method European study published in 2025 has considerably expanded our understanding of financial wellbeing.[4] The research explored what financial wellbeing really means to people by applying a human-centred lens that prioritises people's experiences, context and lifestyles, and considers how they assess their financial wellbeing.

The research revealed that financial wellbeing involves far more than financial concepts. It positions financial wellbeing as an experience that reflects *security, freedom*, and *enjoyment*, and emphasises that it is inseparable from general wellbeing.

People instinctively recognise when they have financial wellbeing, and this feeling is influenced by individual values, life stages and many non-financial factors.

Financial wellbeing is shaped by an interplay of personal circumstances, individual capabilities and systemic factors. While definitions and perspectives vary across countries, the global literature increasingly views financial wellbeing as holistic, dynamic and context dependent. Strengthening financial wellbeing at scale requires integrated approaches that recognise structural influences, life-stage dynamics and the need to support security, freedom and enjoyment in people's financial lives.

This review found a relatively large number of papers focusing on identifying factors that influence or are associated with financial wellbeing. Personal qualities, such as not being impulsive, and having financial self-efficacy and future orientation, play a role, however they are not the most important.[5] The greatest influences are socio-economic factors including having adequate income, savings and good health; and structural and systemic factors such as a stable economy, secure and dignified employment, and strong regulatory frameworks.[6] This has clear implications for policy and interventions.

International perspectives on financial wellbeing

How financial wellbeing is understood, defined and approached varies across jurisdictions and contexts. The concept has attracted sustained attention from governments, global institutions such as the Organisation for Economic Co-operation and Development (OECD), and academic researchers alike, and it is this confluence of perspectives, each with different purposes and priorities, that has given rise to the many definitions. Across this diversity, however, most understandings share core themes: meeting financial commitments, coping with financial shocks, feeling secure and being prepared for the future, and having opportunities to pursue goals.

- In its definition, the **OECD** emphasises smooth financial management, resilience and satisfaction, noting definitions should be adaptable to local conditions.[7]

4 Riitsalu, et al. (2025).
5 OECD (2024a) and Brown et al. (2025).
6 Brown and Riley (2025).
7 OECD (2024a).

- **Australia:** With no formal national definition, we have highlighted three models for their complementary coverage and were chosen for their empirical rigour and national applicability, systemic framing, and inclusion of financial vulnerability.

  ANZ's definition highlights four components – meeting commitments, financial resilience, feeling comfortable and future security – with rigorous modelling showing that circumstances account for most variation, and that knowledge, experience, and psychological traits contribute indirectly through confidence and control.[8] **UNSW's** socio-ecological model shows financial wellbeing emerging from interactions between individuals and their environment across micro, meso, and macro levels and across the life course[9]; the **Brotherhood of St Laurence** applies an economic dignity lens to understanding the circumstances in which people experiencing financial vulnerability make financial decisions.[10]

- **New Zealand's** strategy adopts a capability and collective impact approach to improving financial wellbeing, by supporting people to grow their money and build financial resilience. It defines financial wellbeing as having the ability to meet current commitments and needs comfortably and having financial resilience for the future.[11]

- In the **United States**, the **Consumer Financial Protection Bureau (CFPB)** defines financial wellbeing as control over daily finances, the ability to absorb shocks, progress towards goals and the freedom to make choices that allow enjoyment of life.[12] Further influential US research has since refined the CFPB concept to consider perceived financial wellbeing through two main constructs: (1) current money management stress (CMMS), and (2) expected future financial security (EFFS).[13]

- **Canada** uses the Kempson and Poppe definition of financial wellbeing and views it as the ability to meet current financial commitments and having the financial resilience to do so in the future.[14] Its current strategy is putting financial resilience as a key priority and focuses on strengthening people's ability to manage everyday finances, cope with financial shocks, and navigate a rapidly digital financial system by reducing barriers, improving access to clear information, and supporting essential financial skills and behaviours.[15]

- In **Europe, ERSTE/Tartu**, applying a human-centred lens, proposes financial wellbeing to be defined by a triad of *security, freedom* and *enjoyment*,[16] drawing strong links between general wellbeing and financial wellbeing.[17]

- In the **United Kingdom**, the **Money & Pensions Service** adopts a socio-ecological approach and defines financial wellbeing as feeling secure, in control and confident about the future.[18]

Across these jurisdictions, the balance between objective and subjective factors varies, but the importance of context, systems and life stages is consistently recognised.

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8 ANZ (2021) based on the Kempson and Poppe (2018) definition of financial wellbeing.
9 Salignac et al. (2020).
10 Brown and Bowman (2020).
11 Te Ara Ahunga Ora Retirement Commission (2025) based on the Kempson and Poppe (2018) definition of financial wellbeing.
12 CFPB (2015, 2022).
13 Netemeyer et al. (2018).
14 Kempson and Poppe (2018).
15 Financial Consumer Agency of Canada (2021).
16 The research uses 'pleasure' as the third component, 'enjoyment' resonates more easily here.
17 Riitsalu et al. (2025).
18 Money & Pensions Service (2020).

Expanding the lens: towards culturally inclusive financial wellbeing

The dominant frameworks used to define and measure financial wellbeing share a common limitation, in that they originate almost exclusively from Western, Educated, Industrialised, Rich and Democratic (WEIRD) countries. Developed within societies that understand wellbeing as an individual, personal phenomenon, these frameworks are not well suited to reflect collective understandings of financial wellbeing where wellbeing is inseparable from family obligation, kinship and community. These values and beliefs are central to many of Australia's culturally diverse communities and to First Nations people in particular. Research confirms that financial wellbeing and its measures are context dependent, and that standardised instruments applied across different populations risk producing findings and policies that are misaligned with people's lived realities.[19] As one of the most culturally diverse nations in the world, Australia needs financial wellbeing frameworks and strategies that reflect that diversity, not replicate the blind spots of others.

PART 3: THE EVIDENCE FOR AN INTEGRATED APPROACH

This report examines three defining forces shaping financial wellbeing in Australia now – technology, health and climate change. These forces intersect to influence the lives of all Australians, though not equally. Mitigating the impacts of these forces and leveraging opportunities that emerge requires an integrated approach aligning policy, regulation and system design with essential knowledge, skills and life-stage responsive education.

SECTION 3.1

Technology and financial wellbeing

Advances in digital technologies have fundamentally and rapidly transformed how we spend, save and borrow, and how we access financial services. These are seismic changes: technology has expanded financial inclusion, made products and services more accessible, and enhanced our opportunities to manage our money – anytime and anywhere.[20] However, rapid digitalisation has introduced new and serious risks that, without adequate regulation and ethical design, can undermine financial wellbeing and deepen inequity.[21]

Platformisation, datafication and manipulation

While digital platforms have created genuine consumer convenience, platformisation and datafication have also consolidated power among a small number of dominant players. Frictionless interfaces, personalised nudges and one-click purchasing reduce natural spending friction, weakening self-regulation – what researchers have called 'spendception'.[22] These design tactics, or dark patterns, often operate without user awareness.[23]

Encouragingly, advocacy efforts and Australian Competition and Consumer Commission (ACCC) recommendations are bringing much-needed changes to the regulatory landscape to address the effects of dark patterns, though further action is needed to ensure digital markets work in consumers' interests.[24]

19 Riitsalu and van Raaij (2022) and Bialowolski et al. (2025).
20 Koskelainen et al. (2023) and Mussa et al. (2022).
21 Chew et al. (2024), DeLiema et al. (2023), and Nyman et al. (2023).
22 Faraz and Anjum (2025).
23 Gupta (2025).
24 ACCC (2025a).

Artificial intelligence and large language models

Algorithms and artificial intelligence (AI) are reshaping financial services in ways that are often invisible to consumers. While algorithms follow discrete, rule-based logic, AI and large language models (LLMs) are probabilistic, learning from patterns in massive datasets and producing outputs with pathways that are not transparent, even to their developers. Both can embed bias and neither is objective. In e-commerce and financial services, these technologies serve distinct but overlapping roles: LLMs power chatbots and generate human-like text, while machine learning personalises content, pricing and credit decisions based on consumer behaviour and demographics.

LLMs have also enabled scams to be perpetrated more easily, generating manipulative text at scale, and they are frequently producing convincing but inaccurate output, a phenomenon known as hallucination. More concerning still are AI-based tools used in high-stakes decisions such as credit scoring. Unlike traditional algorithmic models, which are opaque but knowable, AI models are practically untraceable.[25] By design, their decision-making is unexplainable, making regulatory scrutiny and fairness assessments extremely difficult. While fintech has extended financial inclusion to people previously excluded from mainstream credit, the risks of black box decision-making fall hardest on those who are already financially vulnerable, and there is currently little regulatory protection or redress when these systems fail them.

Impact on financial behaviours

Technology has significantly changed our personal financial behaviours, and understanding this is essential to effective financial education. In the short term, the seamless purchasing capabilities of mobile platforms, one-click checkout, and gig economy apps have been shown to increase impulsive spending, removing the friction that once served as a natural brake on consumption.[26] Social media compounds this: these platforms are data-driven, aggressively merchandised environments that exploit personal vulnerabilities, diminish self-regulation, and are deliberately designed to encourage spending through reward loops and impulsivity-promoting features.

Over the longer term, however, the picture is more nuanced. While digital convenience can harm short-term financial outcomes, technology use can improve financial behaviours over time when paired with greater financial knowledge and confidence.[27] Being tech-savvy can be a protective factor, but it does not fully counteract predatory commercial environments. The key insight is that digital skills alone are insufficient. Financial literacy and digital literacy together constitute digital financial literacy (DFL), and advanced digital skills do not compensate for low financial knowledge.

When designed ethically, the same technologies that facilitate impulsivity can also support positive financial behaviours. Well-designed nudges, frictionless access to financial information, and real-time tracking tools can encourage saving, mindful spending and financial planning.

Digital tools remain vital for participation in the modern financial system; the question is whether they are designed to serve consumers or exploit them. Making that distinction is, at its core, a design and regulatory challenge.

25 Bednarz and Manwaring (2021).
26 Mussa et al. (2022).
27 Mussa et al. (2022).

Fintech products

Fintech innovation has democratised access to financial products – from robo-advice and micro-investing to crypto-assets and buy now, pay later (BNPL). For many, including those previously excluded from access to mainstream credit, it is now much easier to invest or obtain credit. Younger people, as digital natives, are early and enthusiastic adopters.[28] However, with the rapid proliferation of these products and the ease with which they can be accessed, regulation to protect consumers often struggles to keep up. In addition, opaque algorithms and social media influence create significant risks.[29] AI driven-products such as digital investment platforms and processes such as credit scoring often operate as 'black boxes', making fairness and accountability difficult to assess.[30]

Scams

AI and LLMs remove the guesswork for scammers. Vulnerable cohorts are easily identified, targeted and manipulated. Australians lost more than $260 million to scams in 2025, with investment scams accounting for more than half of this amount.[31] Certain communities, including First Nations people, face disproportionate exposure to online gambling scams (scambling) and money laundering crimes (cuckoo smurfing).[32] There are concerted efforts to provide stronger protections, particularly for people in vulnerable circumstances, however the speed of operation and adaptation capacity of scammers make it difficult for law enforcement and regulation to keep pace.

Technology-facilitated financial abuse

Digital banking products and apps are designed to make our financial lives easier, and for most people, they do. But the same tools can be exploited to perpetrate financial abuse.[33] Support services are responding to the consequences, but the most effective actions will be prevention focused; that is, they will address the systemic and regulatory gaps that allow technology-facilitated financial abuse to occur in the first place.[34]

Technology-facilitated gambling

It is no secret that Australia has a significant gambling problem. We are literally the world's 'biggest loser' in terms of gambling losses per capita.[35] Technology has facilitated the formation of a 'gambling ecosystem', employing the capabilities afforded by LLMs to better target those most vulnerable to harm.[36] AI, online games and the gamification of apps are normalising gambling behaviours for children and young people, with significant consequences for their long-term financial and physical health.[37] The close alliance between sport and gambling adds to the normalisation and perception of gambling being a healthy activity. The evidence of harm is abundant and unambiguous. What we now need is decisive government action, starting with restrictions on gambling advertising. Australia has led the world in public health campaigns before – it is time to do so again.[38]

28 ASIC (2026).
29 Financial Conduct Authority (2021).
30 Bednarz and Manwaring (2021), Hughes (2021), and Truby et al. (2020).
31 National Anti-Scam Centre (2025).
32 National Anti-Scam Centre (2025) and AUSTRAC (2025).
33 Bellini (2023) and Chen et al. (2026).
34 Fitzpatrick (2023).
35 Sathanapally et al. (2024).
36 Wardle et al. (2024).
37 Connolly (2024) and Saunders and Harrington (2025).
38 AIHW (2024).

SECTION 3.2

Health and financial wellbeing

The relationship between health and financial wellbeing is bi-directional and well-established. The social determinants of health (SDH) framework captures it clearly. Income, job quality, housing security and financial stability shape health outcomes across the life course – and poor health, in turn, drives financial stress and costs.[39] Embedding the SDH framework in financial wellbeing policy would inherently strengthen outcomes and ensure we start where it matters most – with children.[40]

The bi-directional impacts of financial hardship and poor health outcomes across the life course

Childhood. Adult financial wellbeing has its roots in childhood.[41] Childhood financial insecurity and adverse experiences have lasting effects on health, development and long-term financial outcomes, with household income a key determinant.[42] Integrated models – such as the Murdoch Children's Research Institute's Healthier Wealthier Families program, which combines financial counselling with health services from early childhood – demonstrate positive outcomes.[43]

Adolescence and young adulthood. Financial stress contributes to poor mental health and limits opportunity.[44] And in today's economic environment, even employed young adults are financially strained.

Midlife. Financial pressure is linked to relationship breakdowns, the emergence of chronic disease and worse mental health, with women and single-parent households disproportionately affected.[45]

Older adults. Poor health erodes financial decision-making capacity, while strong psychosocial wellbeing helps protect against cognitive decline.[46] Financial wellbeing achieved via financial resilience provides a protective shield against poor health, in a preventative sense and also because it stems the extra stress that can arise from the financial costs accompanying chronic disease and disability.

Financial toxicity

'Financial toxicity' describes the compounding cycle where medical expenses, income loss and treatment disruption create financial strain that in turn worsens health outcomes and reduces treatment adherence.[47] Women experience particularly severe impacts due to gendered financial inequality.[48] First Nations communities, and people living in rural and remote areas, face disproportionate financial toxicity through the costs of travel and accommodation for essential care. People awaiting disability support are also vulnerable, with long delays heightening stress and deteriorating health.

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39 The SDH framework has been adopted by the World Health Organization (https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1) and the Australian Institute of Health and Welfare (https://www.aihw.gov.au/reports/australias-health/social-determinants-of-health).

40 Marmot et al. (2010).

41 Bialowski et al. (2025).

42 Cooper and Stewart (2021).

43 Healthier Wealthier Families overview by the Murdoch Children's Research Institute, https://www.ccch.org.au/our-work/project/healthier-wealthier-families.

44 Filia et al. (2024).

45 Neppl et al. (2021), Fuji et al. (2024), and Kuo et al. (2023).

46 Lowies et al. (2022), Handley et al. (2021), and Stewart et al. (2023).

47 Zafar et al. (2013).

48 Ngan et al. (2023).

Integrated health and financial education offers a practical solution. Training health professionals to identify financial distress and make timely referrals can interrupt the compounding cycle, and embedding financial literacy in nursing, social work and health curricula would support earlier intervention across the system.

The role of culture in wellbeing

For First Nations people, financial hardship and poor health outcomes are inseparable from the enduring impacts of colonisation and unequal opportunity. Culture is central to this picture. For First Nations communities, health and wellbeing are as deeply rooted in cultural determinants as they are in physical or financial factors, yet culture has consistently been undervalued or ignored in the design of mainstream financial interventions. There are growing calls for culture to be formally recognised as a SDH, reflecting the need to view wellbeing as multifaceted rather than through a purely clinical or economic lens.[49]

Integration of health and financial education

Integrating financial and health support is emerging as an effective strategy for addressing the financial burdens that accompany healthcare. Early identification of financial toxicity is improved when healthcare professionals are equipped to recognise and respond to it. Programs such as the Murdoch Children's Research Institute's Healthier, Wealthier Families are demonstrating positive outcomes from embedding financial support within health services.[50] Nurses and social workers are increasingly seen as well-placed to play this role, with calls for financial literacy to be incorporated into health professionals' training.

Mental health and financial wellbeing

Financial hardship is a significant and cumulative driver of poor mental health.[51] Low income, debt and the struggle to meet essential expenses are linked to depression and anxiety.[52] Younger people and single-parent households especially are experiencing growing levels of stress.[53] Many delay seeking help due to cost. Financial stress is critical for workplaces to manage. Financial stress is driving employee disengagement and exits, while small business owners face particular vulnerability due to income volatility and the stress of managing their enterprise.[54] Beyond Blue's NewAccess for Small Business Owners program is one example of targeted mental health support for this often-overlooked group.[55]

SECTION 3.3

Climate change and financial wellbeing

Climate change is reshaping health, housing, insurance, productivity and financial wellbeing across the life course. Addressing these intersecting risks requires a shift from narrow economic and risk-management frameworks to approaches grounded in climate justice, community resilience and a wellbeing-centred economy.

49 Backholer et al. (2021, p. S12).
50 Healthier Wealthier Families overview by the Murdoch Children's Research Institute, https://www.ccch.org.au/our-work/project/healthier-wealthier-families. Healthier Wealthier Children project over view by the NHS Greater Glasgow and Clyde, https://www.nhsggc.scot/your-health/public-health/maternal-and-child-public-health/healthier-wealthier-children.
51 Dion et al. (2021), Frankham et al. (2020), and Beyond Blue and Social Research Centre (2025).
52 Guan et al. (2022).
53 Wilkins et al. (2024) and Beyond Blue and Social Research Centre (2025).
54 Audet et al. (2025).
55 https://www.beyondblue.org.au/get-support/newaccess-mental-health-coaching/small-business-owners.

Perpetrators of climate change-induced financial harm

Individuals disproportionately bear the consequences of climate change harms, while responsibility for these harms rests predominantly with large industries, particularly fossil fuel corporations, which generate nearly half of Australia's direct emissions.[56] The financial system continues to invest heavily in fossil fuels, driving climate change-induced inflation, declining property values in high-risk regions, and reduced credit access for affected communities.[57] Without the requirement to integrate climate justice principles into business models, profit incentives will continue to outweigh community wellbeing and resilience.

Climate injustice

Climate change compounds existing inequities at every scale. Globally, the countries least responsible for emissions face higher borrowing costs, greater damages and more extensive extractive decarbonisation.[58] In Australia, First Nations people, low-income households, rural and remote communities, people with disability, older people, women and children face disproportionate risks.[59] Current regulatory frameworks – including the *Climate Change Act 2022* (Cth) – do not yet embed climate justice or redress.

Climate change impacts on health and financial wellbeing

Climate change is already affecting health systems and household finances. Extreme heat, smoke, floods and fires are increasing mortality, hospitalisations and emergency care demand. Mental health impacts, including trauma, anxiety, PTSD and eco-anxiety – are rising across the population, particularly among young people, First Nations communities, rural residents and climate-affected workers.[60]

These pressures translate directly into financial stress through lost income, disrupted employment, displacement and higher healthcare costs. Productivity losses from heat stress alone are projected to reach $423 billion by 2063, and the number of Australians exposed to coastal flooding may double by 2050 – collectively threatening national productivity, housing markets and household financial security across generations.[61]

The impact on insurance affordability: reducing household resilience

Insurance is becoming one of the most acute financial risks of a warming climate. Premiums are rising much faster than incomes, under-insurance is growing, and insurers are withdrawing from some communities entirely. By 2030, an estimated one in 11 properties could be uninsurable.[62] Households are cutting back on essentials to maintain cover – or cancelling it altogether – weakening their resilience before disaster strikes.[63] Escalating premiums also affect home loan serviceability, rental supply and small business viability, contributing to displacement, community viability and the erosion of intergenerational wealth.[64]

56 Munoz (2023).
57 Reserve Bank of Australia (2023).
58 Dafermos (2025).
59 Beggs et al. (2022) and Xu et al. (2023).
60 Xu et al. (2023) and Doctors for the Environment (2025).
61 Australian Climate Service (2025, p. 31).
62 Hutley et al. (2022).
63 Geneva Association (2025), CHOICE (2023), and Paddam et al. (2024).
64 Pearce (2024).

Climate change impact on life stage

Young people face financial stress through disrupted education and employment, reduced access to housing and essentials, and the psychological burden of extreme weather – while cost pressures push them towards living in higher-risk areas.[65] Families in midlife are hit hardest by escalating insurance. Older Australians face compounding vulnerabilities – reduced capacity to regulate body temperature, cognitive decline, fixed incomes and the increasingly impossible trade-offs between cooling, food and medicine.[66]

Climate change affects financial wellbeing across every life stage.

PART 4: FINANCIAL LITERACY, CAPABILITIES AND EDUCATION

SECTION 4.1

Financial literacy and capabilities: fundamental life skills

As technology, health and climate change reshape the financial landscape, financial literacy and capabilities must also evolve, equipping people with the knowledge and skills fit for purpose for a complex and ever-changing environment.

This evolution in the financial ecosystem requires a clear understanding of what we need to know and what conditions are required to activate our knowledge into behaviours that drive financial wellbeing.

DFL has become a core requirement, yet many Australians remain digitally excluded. Better measurement tools and participation in established international surveys of children (OECD – PISA) and adults (OECD/INFE International Survey of Adult Financial Literacy) are all needed to close critical evidence gaps. Ultimately, financial literacy improves wellbeing only when it leads to effective financial behaviour across the life course.

Defining financial literacy and capabilities

The definitions of financial literacy and capability have evolved significantly. The knowledge and skills needed even a few years ago are no longer enough to navigate today's financialised, digital world. Financial literacy is broadly understood as encompassing knowledge, skills, confidence, attitudes and digital abilities.[67] Financial capability extends this by recognising that knowledge alone does not change behaviour if people cannot access suitable financial systems, products and adequate income. Effective financial behaviours rarely occur without knowledge, and knowledge rarely translates into action without the right enabling conditions.[68]

Measurement

Financial literacy measurement still relies heavily on Lusardi and Mitchell's (2011) 'Big Three' and 'Big Five' financial knowledge questions,[69] despite concerns that the questions reflect cultural bias, contain gendered wording and have a narrow focus on objective knowledge.[70] Emerging tools adopt a more holistic approach by considering subjective knowledge, confidence and contextual factors, which makes them more suitable for diverse communities.

65 Clayton et al. (2023) and Gao et al. (2024).
66 Hutton et al. (2025).
67 Zaimovic et al. (2023), Warmath and Zimmerman (2019), Goyal and Kumar (2021), OECD (2024b), and Koskelainen et al. (2023).
68 See Russell et al. (2020) for a broader discussion, and Sherraden et al. (2022).
69 Lusardi and Mitchell (2011).
70 Cwynar et al. (2025).

OECD's Programme for International Student Assessment: a call for Australia to participate

Australia has not participated in the OECD Programme for International Student Assessment (PISA) financial literacy assessment since 2018, creating a significant evidence gap at a time of curriculum reform and declining youth financial literacy.[71] Participation in future PISA rounds is strongly recommended as new modules have been introduced including assessing media, AI and climate-related literacy, offering a rare opportunity to benchmark young Australians' capabilities comprehensively across these intersecting domains.

SECTION 4.2

Financial literacy and capabilities across the life course

Financial literacy and capability accumulate across a lifetime, with each life stage bringing distinct requirements, risks and opportunities.[72] The financial environment is also changing faster than many people can adapt, with digitalisation, new credit products, scams, cost-of-living pressures and climate risks influencing decision-making at every age.[73] Building targeted, timely and structurally aware capability, supported by governments, educators, workplaces and financial institutions, is essential for wellbeing across the life course.

Life-stage insights

Childhood: it's never too early to learn about money

Early financial socialisation, influenced mainly by parents, carers and learning environments, forms the foundation for lifelong financial wellbeing.[74] Experiential learning about saving, spending and giving builds lasting habits. In a digital world where tangible money cues are disappearing, new approaches to early financial education are needed.

Adolescence and youth: growing autonomy in high-risk environments

Young people typically score low on financial literacy assessments and face complex, persuasive digital environments. They have high exposure to influencers, gaming, BNPL and microtransactions.[75] While they may have strong digital skills, they are likely to have underdeveloped financial judgement. Key capability needs include translating knowledge into behaviour, managing first income and tax, and navigating early credit and contracts.[76]

Young adulthood: laying the foundation for financial wellbeing

Young adults face structural barriers that often include education debt, insecure work and housing unaffordability. Alongside the barriers, young adults are exposed to digital peer influence and online financial 'advice' that heightens risk in areas like crypto and digital assets, and other emerging micro-investment platforms.[77] Core capabilities needed include budgeting on variable income, safe credit use, product comparison and scam identification.[78]

71 OECD (2023b, 2024c).
72 Salignac et al. (2020), Riitsalu and Van Raaij (2022), and Riitsalu et al. (2024).
73 Salignac et al. (2020), Ritsalu and Van Raaij (2022), Collier and Kousky (2024), DeLiema et al. (2023), Ebner et al. (2023), and OECD (2024a).
74 Australian Government the Treasury (2022), Te Ara Ahunga Ora Retirement Commission (2025), Money & Pensions Service (2020, 2025), Zhao and Zhang (2020), and OECD (2024b, 2024c).
75 Hayes and Ben-Shmuel (2024) and OECD (2023b).
76 Dezuanni et al. (2021), Gallo et al. (2022), and OECD (2023b).
77 ASIC (2021, 2026), Hayes and Ben-Shmuel (2024), Nyhus et al. (2024), Powell et al. (2023), and Riitsalu et al. (2024).
78 ASIC (2021), OECD (2023b), Hayes and Ben-Shmuel (2024), Gerrans et al. (2023), and Nyhus et al. (2024).

Midlife: managing complexity and financial pressure

Midlife brings peak financial complexity, with mortgages, childcare, eldercare, education costs and retirement planning often running simultaneously. Long-term commitments combined with exposure to investment scams, digital risks and unexpected life events make this a highly vulnerable stage despite often stable incomes.[79]

Pre-retirement: a critical transition

The lead up to retirement brings high-stakes decisions with little room for error. Many Australians lack confidence in retirement planning and are vulnerable to scams and misleading advice.[80] Core capabilities needed include navigating superannuation rules, retirement income products, longevity risk and digital security, often while managing emerging health challenges.[81]

Older adulthood: cumulative consequences and hope for financial freedom

Older adults live the accumulated consequences of earlier financial decisions. Homeowners generally fare better, but renters and low-income older adults face significant hardship.[82] Cognitive decline, health costs, digital exclusion and fraud exposure compound vulnerability, as do the fragmented careers and economic impacts of domestic violence that leave many women particularly vulnerable to financial insecurity.[83] Core capabilities needed include decumulation, aged-care financing, fraud and financial abuse prevention, and assisted-digital banking.[84]

SECTION 4.3

Financial education: a lifelong journey requiring a shared responsibility

If we are living in a financialised society, then financial education is a critical life skill if not a fundamental right.

Evidence consistently shows that well-designed programs improve knowledge, confidence and financial behaviour, but effects fade without reinforcement, meaning one-off interventions are insufficient.[85] Families, schools, workplaces, community organisations, financial institutions and government each play complementary roles. Coordinated action, delivered through a national, life-course strategy spanning childhood to older adulthood, is essential to ensure equitable access. As digital influence, misinformation and AI change how Australians learn about money, financial education must also embed digital literacy and critical thinking skills. Given the evidence on the impacts of health and climate change on our finances, there is opportunity also for these effects to be reflected in financial education across the life course.

What is financial education?

Financial education is a broad concept, spanning structured classroom learning, school-based programs, one-to-one coaching and counselling, and online information and nudges. What works depends on the needs and characteristics of the people being reached, the resources available, and the stage of life. This report stresses that financial education is not effective simply because of the volume of activity; it needs to be coordinated across the life course, delivered by trusted sources at the right time, and aligned with the knowledge and skills people actually need.

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79 Australian Government the Treasury (2022) and OECD (2024a).
80 Coates et al. (2025), DeLiema et al. (2023), Ebner et al. (2023), and Kasim et al. (2024).
81 OECD (2022a, 2023a), Yakoboski et al. (2022), Lowies et al. (2022), and Riitsalu et al. (2024).
82 ANZ (2021).
83 Hoffmann et al. (2021), Mitchell and Lusardi (2023) and Folorunsho and Okyere (2025).
84 Lowies et al. (2022) and Mitchell and Lusardi (2023).
85 Burke et al. (2023), Kaiser and Lusardi (2024), and Netemeyer et al. (2024).

Does financial education work?

The evidence that financial education works has mounted over the last decade, but with important caveats. Studies show positive effects on financial behaviours, particularly budgeting and saving, and long-term benefits for subjective financial wellbeing.[86] Crucially, it is not just knowledge that matters. Financial confidence, people's belief in their own capabilities, is an important driver of effective behaviours and wellbeing.

Education that builds confidence alongside knowledge is most effective.

Context and timing also matter. Financial education shows stronger effects when it is tailored to specific needs, delivered close to relevant decisions, and reinforced over time rather than delivered as a one-off. Effects fade without ongoing reinforcement, which is why a lifelong approach is essential. As people move through different life stages, their financial challenges and decisions change, and education needs to change with them.

Who is responsible for financial education?

Financial education is a shared responsibility across government, industry, employers, education systems, community organisations and families.

Because financial capability develops within a broader system influenced by regulation, delivery environments and household-level factors, no single actor or setting can meet all needs.

Home

Financial socialisation begins at home, and early experiences with money, positive or negative, form attitudes and behaviours that persist into adulthood. But households vary widely in their capacity to support this learning. In Australia, more than half of parents find it challenging to teach their children about money, and fewer than half report having frequent money conversations at home.[87] Financial stress, time pressure and growing digital complexity can limit the quality of financial learning children receive. A lifelong, integrated approach to financial education must include support for parents and caregivers, particularly those navigating the greatest pressures.

Schools

Schools are the most equitable access point for financial education,[88] yet Australia's delivery is inconsistent and it is often unclear what is actually taught. International evidence tends to support providing standalone financial education subjects, with teacher confidence and capability the strongest predictor of outcomes.[89] Stronger professional development, a clear national strategy, and more Australian-based research into what works – and why – are urgently needed.

Workplaces

Workplaces have the potential to be a vital financial education delivery setting for adults, especially as financial stress and digital complexity increase. Effective workplace programs use personalised guidance and digital tools to improve financial behaviour, reduce stress and lift employee engagement.[90]

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86 Burke et al. (2023).
87 Ecstra Foundation (2025).
88 OECD (2024c) and Australian Government the Treasury (2022).
89 Collins and Urban (2025) and Compen et al. (2023).
90 OECD (2022b), Australian Government the Treasury (2022), Money & Pensions Service (2020), U.S. Financial Literacy and Education Commission (2020), and Te Ara Ahunga Ora Retirement Commission (2025).

Community organisations

Community organisations are essential for reaching people who face disadvantage, cultural barriers or complex life circumstances. Their programs have the greatest impact when culturally responsive and paired with practical supports such as savings incentives, housing assistance or debt advice.[91]

Financial institutions

Financial institutions have substantial reach and resources, but their programs are most trusted when educational (rather than promotional) and co-designed with community partners. Programs such as ANZ's MoneyMinded and Saver Plus demonstrate that combining education with practical support delivers lasting benefits for vulnerable groups.[92]

Government

Government's role is to set strategic direction, ensure quality, coordinate across sectors, and integrate financial education with consumer protection, regulation and digital safety.[93] Targeted investment is critical for groups facing persistent capability gaps, including women, migrants, First Nations people, older adults, people with disabilities and low-income households.

Financial education via social media: the rise of finfluencers

Digital financial influencers and AI-generated content are now primary sources of financial information for young people.[94] While they increase accessibility, they introduce significant risks, including misinformation, scams and unlicensed advice. Financial education must explicitly build skills for critically evaluating online financial information.

PART 5: WHERE TO NEXT?

The interaction of technology, health and climate change with our financial lives is and will continue to be significant to our wellbeing across the life course. This nexus will require national leadership and governance to meet the challenges and harness the opportunities inherent in the changes to ensure our financial wellbeing is strengthened, not weakened.

SECTION 5.1

Financial wellbeing governance

Australia's current fragmented approach to financial wellbeing – characterised by multiple agencies operating without coordination, national goals or shared best practices – is no longer fit for purpose.

As health, technology and climate change increasingly intersect with financial wellbeing, Australia needs an authorised agency to lead a whole-of-government, cross-sector strategy. This agency should integrate expertise across traditional domains such as financial literacy and consumer protection with emerging areas, including technology, health and climate change, and be accountable for national goals, shared standards and reduced duplication. Wellbeing economy frameworks, already adopted by several countries and reflected in Australia's own

91 Porter (2026).

92 ANZ (2026).

93 Australian Government the Treasury (2022), Money & Pensions Service (2020), Department of Finance Ireland (2024, 2025), U.S. Financial Literacy and Education Commission (2020), and Te Ara Ahunga Ora Retirement Commission (2025).

94 Neguta et al. (2024), Hayes and Ben-Shmuel (2024), and ASIC (2026).

Measuring what matters framework, provide models for embedding financial wellbeing into national economic strategy.[95]

How governments lead financial wellbeing

Governments typically approach financial wellbeing through some combination of consumer protection, financial literacy education and financial inclusion policy. The United Kingdom stands out as a jurisdiction with a strategy explicitly framed around financial wellbeing, while most others remain focused on individual financial literacy and capability. Leading examples include the *UK strategy for financial wellbeing, 2020–2030*, Ireland's *National financial literacy strategy, 2025–2029*, New Zealand's *Empowering futures: National strategy for financial capability, 2025–2027*, and Canada's focus on building financial resilience in a digital world. More than 80 countries have or are developing a financial literacy strategy, reflecting broad international recognition that financial literacy requires coordinated national leadership.[96]

Yet financial literacy and education, while essential, are not sufficient on their own. The evidence reviewed in this report confirms that financial wellbeing is largely influenced by systemic forces that go well beyond individual upskilling. An effective financial wellbeing strategy needs to acknowledge the interrelated nature of systems, incorporating the principles of a wellbeing economy. These principles are intended to address the complexities inherent in challenges arising from systemic influences.

Wellbeing economies

Countries including Scotland, New Zealand, Iceland, Wales, Finland and Canada are already collaborating through the Wellbeing Economy Governments partnership to embed wellbeing outcomes into national economic policy.[97] Australia's *Measuring what matters* framework reflects the same intent, articulating a vision of a healthy, secure, sustainable, cohesive and prosperous society.[98] These priorities directly align with the dimensions of financial wellbeing outlined in this report and provide a platform for integrating financial wellbeing into Australia's national economic strategy.

Financial wellbeing leadership in Australia

Australia's financial wellbeing governance is currently fragmented. Multiple agencies, including Treasury, the Australian Securities and Investments Commission (ASIC), the Australian Taxation Office (ATO), the Department of Social Services (DSS) and the Department of Education, deliver relevant initiatives, but operate in relative isolation, and no single entity holds comprehensive authority over a national financial wellbeing strategy.

The need for coordinated leadership

To align with international best practice, Australia needs a coordinated, whole-of-government approach led by an authorised agency with a clear mandate.

An integrated approach would connect strategy, policy, research and practice within a coherent national framework – one that spans traditional financial literacy and capability domains while incorporating expertise in technology, health and climate change, and having the flexibility to respond to emerging challenges.

95 Australian Government the Treasury (2023).
96 Lusardi and Messy (2023).
97 https://weall.org/wego.
98 Australian Government the Treasury (2023).

SECTION 5.2

Final reflections

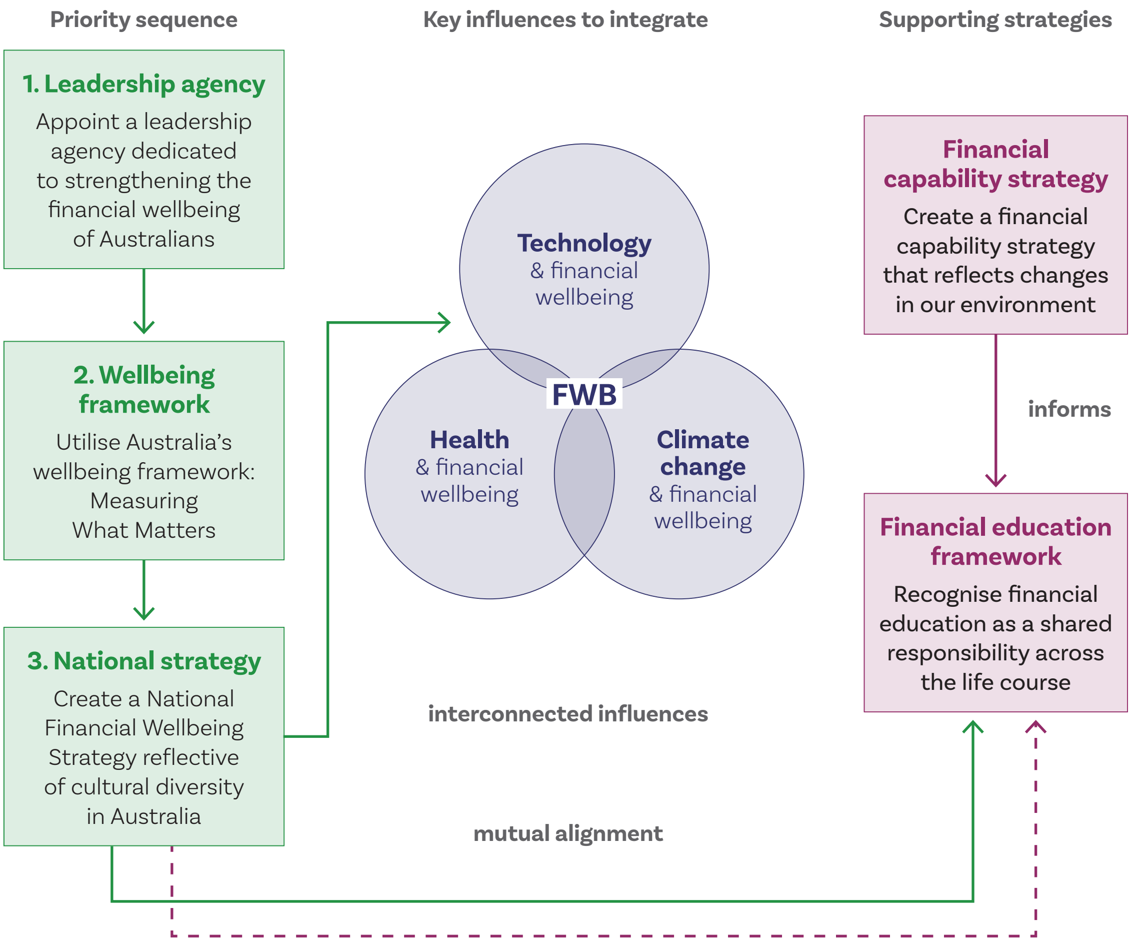
Financial wellbeing is not a technical problem to be fixed. It is a lived experience reflecting people's security, freedom, and ability to make choices that allow them to enjoy their lives. For too long, policy has responded to the complexity of that experience by narrowing its focus on individual skills, on isolated programs, on the next crisis, rather than considering the systems that underlie this complexity.

This report calls for a different approach. One that is integrated, coordinated and reflects the diversity of people's real lives across the life course. The evidence supporting a different approach is substantial and difficult to ignore. Financial wellbeing is largely determined by systemic forces, and it will only be strengthened at scale through systemic responses.

Australia has the evidence, the frameworks, and the goodwill across sectors to improve our approach to financial wellbeing. What this report calls for is a commitment to bring all these together in a coordinated way and to ensure that the financial wellbeing of *all* Australians, not just those with the greatest advantages, is treated as a national priority.

The following diagram presents the key recommendations of this report, organised as a priority sequence with supporting strategies. The three core recommendations flow from appointing a leadership agency, through utilising the *Measuring what matters* framework, to creating a National Financial Wellbeing Strategy. Three key issues, technology, health, and climate change, are interconnected influences that impact financial wellbeing. A financial capability strategy informs the financial education strategy, both of which are in mutual alignment with the National Financial Wellbeing Strategy. Recommendations appear throughout the report and a full list can be found in Appendix 1.

Figure 1. Key recommendations



Note: The Venn diagram shows that technology, health, and climate change are interconnected influences on financial wellbeing – their overlap represents the shared impact on financial wellbeing. Dashed lines indicate mutual alignment between the National Financial Wellbeing Strategy and Financial Education Framework.

PART 1:

Context and background

1.1 Why this report and why now?

Australians are navigating financial lives that look fundamentally different from those of a decade ago. Technology is changing how we earn, learn, spend, borrow, and interact with each other and the commercial world. And the health of our finances, mind and our body are increasingly intertwined. Climate disasters are disrupting incomes and insurance markets. Our policies, regulation and financial education systems require a revision to reflect these forces, as do the knowledge, skills and behaviours needed to strengthen financial wellbeing.

This report arrives at a significant moment. We have marked roughly 25 years of financial literacy research in Australia, and six years since the last major national review, the ASIC-commissioned *Financial capability research in Australia*, released in 2020.[99] In that time, the field has evolved: its focus has broadened from financial capability to financial wellbeing, a concept that goes beyond individual skills and knowledge to recognise the systemic forces shaping people's financial lives.

Yet a gap persists. While research increasingly acknowledges those systemic drivers, policy and practice continue to default to 'fixing' individuals rather than addressing the systems that have greater influence on financial wellbeing. If we are serious about strengthening financial wellbeing across the population, that must change.

This report updates and expands on previous work by examining three of the major forces intersecting with financial wellbeing – technology, health and climate change; how they interact across the life course; and what this means for policy, research and practice.

Macro environmental challenges

In recent years, there have been significant shifts in the broader environment that have direct and profound implications for financial wellbeing. Global events such as COVID-19, wars and recessions affect prices, business stability and employment, along with our health, levels of anxiety and feelings of insecurity. The health of the economy obviously underpins our financial wellbeing.

Factors that have gained traction in the research over the five-year period this report covers are changes in technology, the growing recognition of the relationship between health and financial wellbeing, and the impacts of climate change. These factors have increasingly affected our money management behaviours, financial resilience and long-term financial security.

Leadership and governance challenges

Alongside these environmental changes, there has been a notable period of dormancy in Australia's leadership in and governance of financial wellbeing policy, research and practice. Advocates, practitioners and researchers have expressed growing concern regarding the apparent lack of urgency and coordinated effort in creating conditions that would strengthen financial wellbeing, particularly at a time when such action is most critical.

In any field, lack of coordination and oversight can lead to duplication, repeated interventions that are not the most effective and inefficient use of limited resources.[100] Organisations and institutions are active, but lessons aren't captured, good practices aren't shared, and programs are conducted in isolation, and most likely not informed by current knowledge and best practices.

99 Russell et al. (2020).
100 Spicer et al. (2020).

Opportunity awaits

However, this period of inactivity in financial wellbeing oversight and governance presents an opportunity. We can use the space it affords to critically examine international research, and conduct a thorough stocktake of where we are in Australia in terms of financial wellbeing. We can identify our strengths and where we need support. In particular, we can identify what our young people need and how we can create conditions conducive to financial wellbeing, right from the time when financial wellbeing starts – in childhood. And then we can create the leadership and governance that will set us up for the future.

This review brings to the fore three 'big issues' affecting our financial wellbeing. We present evidence suggesting how we can reinvigorate leadership and governance, and ensure that the financial wellbeing of Australians receives the attention and support it requires.

The need for access to financial education across life stages

There is growing frustration and concern among parents, schools, young adults and older people about the apparent lack of access to reliable, trustworthy and relevant financial information. The review provides international evidence of the need for lifelong financial education that is dynamic, contextual to environmental trends and accessible by all. This will require an integrated approach that is underpinned by coordinated policies.

The need for responsive financial systems and services

The design of financial systems and services, including access to financial education, healthcare, welfare, regulation and consumer protection, must be responsive to these evolving conditions. As individuals progress through various stages of life and face an ever-changing environment, it is essential that financial support structures and educational resources remain relevant and accessible, ensuring that all Australians can achieve and maintain financial wellbeing in ways that are meaningful for them.

The need to adopt an integrated approach

The concept of 'integration' is central to the approach advocated for in this work. It is necessary to view financial matters not as standalone individual concerns, but as elements embedded within a larger, interconnected system. This system is continually shaped by broader environmental changes and societal conditions, which themselves are influenced by our collective values, attitudes and behaviours. By recognising this interconnectedness, we can ensure that we view financial wellbeing within a larger system, reflecting the realities of an evolving world.

Integration also refers to the alignment of financial wellbeing policies with the varying needs individuals experience across the life course. This report uses the terms 'life course' and 'life stage' throughout. The terms are related but distinct and are not interchangeable. Box 1 explains the terms, and it is very clear why these concepts hold high relevance in financial wellbeing research. Financial wellbeing is not static; it shifts in response to ageing, life events and transitions. Policies and interventions must be adaptable, acknowledging the dynamic nature of financial wellbeing as people age and as their circumstances change.

Box 1. Life course theory

Life course theory is a way of understanding how people change over time. It recognises that development continues throughout life, not just during the classic developmental phases of childhood and adolescence. Life course theory also acknowledges that people are shaped by social, historical and structural contexts, and that these contexts can have an enduring influence on a person's trajectory in life.

> *Historical forces shape the social trajectories of family, education, and work, and they in turn influence behaviour and particular lines of development. Some individuals are able to select the paths they follow, a phenomenon known as human agency, but these choices are not made in a social vacuum. All life choices are contingent on the opportunities and constraints of social structure and culture.*[101]

Throughout the life course, we go through age-based stages or phases – **life stages**. These stages are typically marked by biological changes, norms and social expectations, and culture and developmental tasks. Life stages are typically identified as childhood, adolescence, early adulthood, midlife and later life. But different criteria can also be used – such as birth years – to identify generations situated in a particular social, economic and political era.[102]

Strategies that match changing environments

It is important to acknowledge that, given our current and future environment, we would miss an opportunity if we reverted to strategies focused solely on developing individual financial literacy and capabilities. Our environment has changed considerably, and the financial implications of these changes – driven by health, technological advancement, and climate factors – are too significant to overlook.

Integrating financial literacy and education within a broader framework

We are not suggesting that financial literacy and education are not important. On the contrary, there remains an unfulfilled need for lifelong, coordinated financial education strategies. However, to be most effective, education strategies must be embedded within a broader financial wellbeing framework – one that explicitly incorporates the influence of macro factors such as health, technology and climate change.

Adopting an integrated approach

The way forward is through an integrated approach to financial wellbeing. This would include a comprehensive financial education strategy that addresses the entire life course and recognises the realities of digitalisation, interdependency of money and wellbeing, and living in a changing climate.

101 Elder (1998, p. 2).
102 Hutchison (2017).

1.2 Overview of project method

The project established a reference group, conducted a semi-systematic literature review and interviewed key experts.

Reference group

We appointed a reference group comprised of nine experts representing relevant industry, advocacy, research and education sectors. The reference group provided valuable guidance on key issues, sources and experts we could interview, as well as general feedback.

Literature review

We conducted a semi-systematic review of English language academic, peer-reviewed articles published between 2020 and 2025. We searched the following databases: (1) EBSCOhost: Academic Search Complete, Business Source Complete, CINAHL Complete, EconLit, Health Business Elite, Health Policy Reference Center and Health Source Consumer Edition; (2) Scopus; (3) Web of Science; and (4) Embase. We supported our review of the academic literature by reviewing grey literature from reputable sources, and with forward and backward citation searching. We firstly screened abstracts then full text papers using 'Covidence' software, to produce the initial scope of papers.[103] We used a data extraction template in Microsoft Excel to extract data, screen methodologies and generate themes.

Expert interviews

We interviewed 14 Australian experts representing research, practice and policy. The interviews added valuable real-world context to the review and helped bring the research to life. A number of interviews have been presented as 'Spotlights', illustrating what is working in practice, the challenges faced by consumers, and the actions needed.

Ethics approval

The project was approved by the RMIT University BL CHEAN ethics committee on 2 September 2025, project number 29298.

103 www.covidence.org.

1.3 Value and use of this work

Stakeholder relevance

This work will be valuable to a broad range of stakeholders, including researchers, policymakers, practitioners, educators and organisations seeking to strengthen the financial wellbeing of their clients, stakeholders, employees, students or community. By providing insights and evidence relevant to these groups, the report aims to support informed decision-making and effective strategies, and to broaden discourse that will foster financial wellbeing across diverse settings.

Implications for government and policy development

This report provides compelling evidence that financial wellbeing policies require a broader perspective, considering multiple intersecting factors. Australia needs a national financial wellbeing strategy that will coordinate efforts, allocate resources effectively, support successful interventions, ensure young people have reliable information, and prioritise financial education across the life course in line with international standards.

Continual review and dynamic process

This report 'joins the dots' between the research on financial wellbeing and major forces currently impacting financial wellbeing. As the field continues to evolve, driven by ongoing research and development in areas such as health, technology and climate change, it is imperative that this work be regularly reviewed and updated. This will ensure that decisions and strategies remain relevant to and effective in strengthening the financial wellbeing of Australians.

PART 2:

Setting the scene

2.1 Understanding financial wellbeing

What this section is about

This section provides a current understanding of financial wellbeing, its determinants and correlates. We give a brief snapshot of definitions of financial wellbeing across selected jurisdictions.

Why it matters

There is broad international consensus on the importance of financial wellbeing within national populations. It influences our lives at the societal and economic levels, within organisations and institutions, our households and our individual lives. At a macro level, financial wellbeing contributes to economic stability, social cohesion and reduced inequality[104]; it increases workplace productivity, encourages community involvement, and builds trust in institutions.[105] For individuals, it reduces financial stress; improves our ability to support our families; allows us to participate in society, achieve our goals and be generous; provides us with the means to enjoy life – and, perhaps most importantly, it enables a sense of freedom.

Key recommendation

Recommendation 1. Explore what financial wellbeing really means to Australians. Undertake population-based research incorporating recommended approaches such as using a human-centred lens to capture the reality and diversity of our population.

What is financial wellbeing?

When a prominent financial wellbeing researcher, Lenore Riitsalu from the ERSTE Foundation, was asked the simple question, 'What is financial wellbeing?', her response reflected what many people instinctively feel: 'Isn't it obvious?'[106] Most people know when they have financial wellbeing, and they certainly know when they do not.

Riitsalu goes on to explain the concept in more depth, drawing on insights from the large-scale study she led:

> ***Financial wellbeing is about having peace of mind. It is about being able to enjoy life today and in the future. But it is not about being wealthy. People can find enjoyment in different things, and that diversity must be respected. Lifestyle choices, life stages, values, and many other non-financial aspects influence financial wellbeing.***[107]

Riitsalu and colleagues propose a new financial wellbeing model built around three interconnected elements: **security, freedom and pleasure**.[108]

104 OECD (2024a).
105 Riitsalu et al. (2025).
106 ERSTE Foundation (2025).
107 Riitsalu, in conversation with ERSTE Foundation (2025).
108 The term 'pleasure' can also be 'enjoyment' – a term more widely used in Australia.

Financial wellbeing conceptual development since 2020

Financial wellbeing research has grown exponentially since 2020, building on foundations laid roughly a decade ago. The many variations we found in how the concept is defined and framed reflect strong interest across governments, industry and academia, with each bringing different priorities and purposes to the field.

Globally, financial wellbeing is a priority to many governments. The OECD has devoted significant efforts to guiding countries in strengthening the financial wellbeing of citizens. Governments exist to protect and strengthen the welfare of their citizens, and a financially well population is a key indicator that they have succeeded in this. The research shows that creating the conditions for financial wellbeing to grow will contribute to a healthy economy,[109] encourage social cohesion, and contribute to increased equality and economic participation.[110]

While research linking subjective factors like personal wellness and financial satisfaction has long been established as being important to financial wellbeing,[111] our review reveals that there are increasing numbers of investigations into the subjective factors influencing financial wellbeing.[112] The research shows that factors such as confidence, subjective knowledge and outlook contribute to financial wellbeing.[113] It depends not only on money, but also on an individual's values, beliefs and life stage. Our finances are integral to our daily life and future aspirations.

The recent research confirms that financial wellbeing is shaped by broader systems, including national policies, global events and organisations, and not just personal traits.[114] Cultural norms and economy-wide conditions influence our choices and financial health. Individuals are not passive. Financial decisions are made within complex interactions between personal circumstances and wider influences.[115]

International perspectives on financial wellbeing

Financial wellbeing needs to be contextualised across a number of levels – country, community and individual circumstances. When we look into how financial wellbeing is understood globally, we can see commonalities among different populations, but also the nuances inherent to specific populations. Below, we survey a selected number of countries and jurisdictions to illustrate the varying perspectives.

OECD

Much of Australia's work in financial literacy and financial wellbeing has been guided by the OECD, which defines financial wellbeing as:

> ***A state in which individuals are able to smoothly manage their financial needs and obligations, can cope with negative shocks, can pursue aspirations, goals and capture opportunities, and feel satisfied and confident about their financial lives, keeping in mind country specific circumstances.***[116]

109 O'Mahony and Yetsenga (2025).
110 OECD (2024a).
111 Gerrans et al. (2014).
112 Hwang and Park (2023).
113 Hwang and Park (2023), Garg et al. (2024), and Salignac et al. (2020).
114 OECD (2024a) and Brown et al. (2025).
115 Brown and Riley (2025).
116 OECD (2024a, p. 23).

It is important to note that the OECD expects definitions to evolve and should be viewed as a 'customisable concept which may differ based on individual, household, society and country's needs, development priorities and circumstances'.[117] The subtext here for Australia, is we need to know and understand the realities, values and perceptions of financial wellbeing that reflect *our* population, *our* diversity and *our* unique context.

Australia

In the absence of a formal national definition, this report draws on three Australian sources to reflect different but complementary perspectives. We highlight the research and models developed by ANZ, UNSW and the Brotherhood of St Laurence.

ANZ bank has undertaken the largest body of work into financial wellbeing in Australia over the last 25 years, which has been instrumental in research, policy and practice. The research has evolved over the 25 years, with key contributions being national measures of Australian adult financial literacy and financial capabilities and the latest work, the development of its Financial Wellbeing Indicator.[118]

The framework ANZ uses in the indicator has been adapted from the Kempson and Poppe's Norwegian study, and comprises four components:

- meeting commitments
- financial resilience
- feeling financially comfortable
- future security.[119]

Figure 2 shows the ANZ financial wellbeing model, which is widely used in Australia. The model is based on rigorous modelling to produce weightings of importance for the various components that comprise financial wellbeing measures in Australia. This analysis shows that financial wellbeing is shaped first and foremost by people's circumstances, but that knowledge, capabilities and personal traits play an important supporting role. The research finds that socio-economic factors and life events explain 54.5% of the differences in Australians' financial wellbeing, while behaviour traits such as being future-focused, optimistic, impulsive or frugal account for a further 13.4%.

While financial knowledge and experience, in isolation, have a relatively small direct influence on financial wellbeing, this does not mean they aren't important in influencing the other components. The model highlights that financial wellbeing depends on more than knowledge alone. Knowledge is futile unless there is opportunity to activate that knowledge. Financial knowledge plays an indirect but valuable role by building confidence and a sense of control, which in turn support saving, spending and investment decisions. Money management, saving and spending and investment behaviours, together explain 19.3% of financial wellbeing outcomes.

The implication for policy and practice is that equipping people with knowledge, skills and confidence supports them to make the most of their circumstances and to better cope with the shocks they cannot control.[120]

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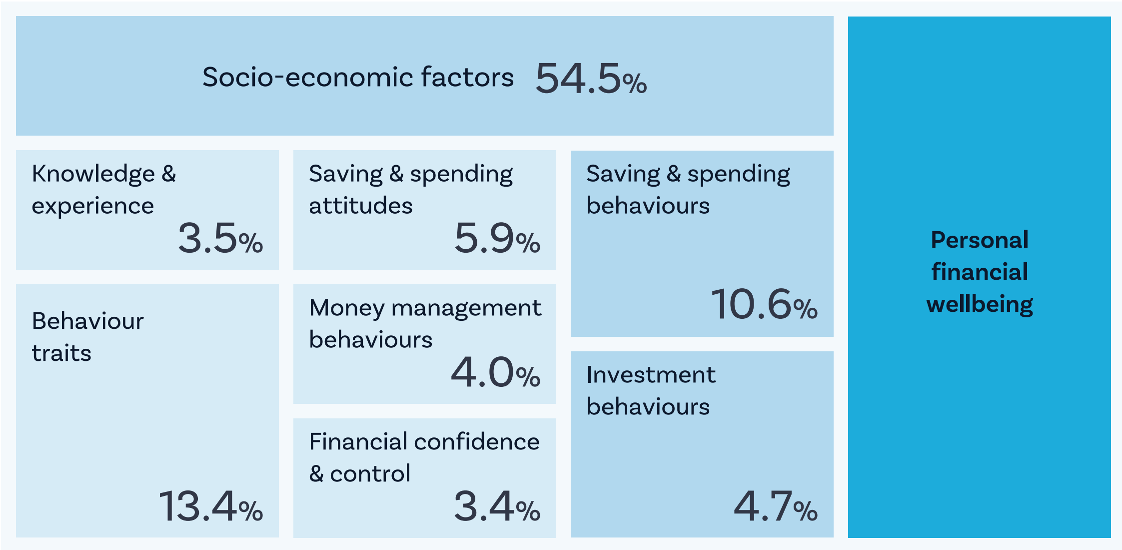
117 OECD (2024a, p. 23).
118 ANZ (2021).
119 Kempson and Poppe (2018).
120 ANZ (2021).

Figure 2. ANZ financial wellbeing model, with the percentage influence of each component on financial wellbeing[121]



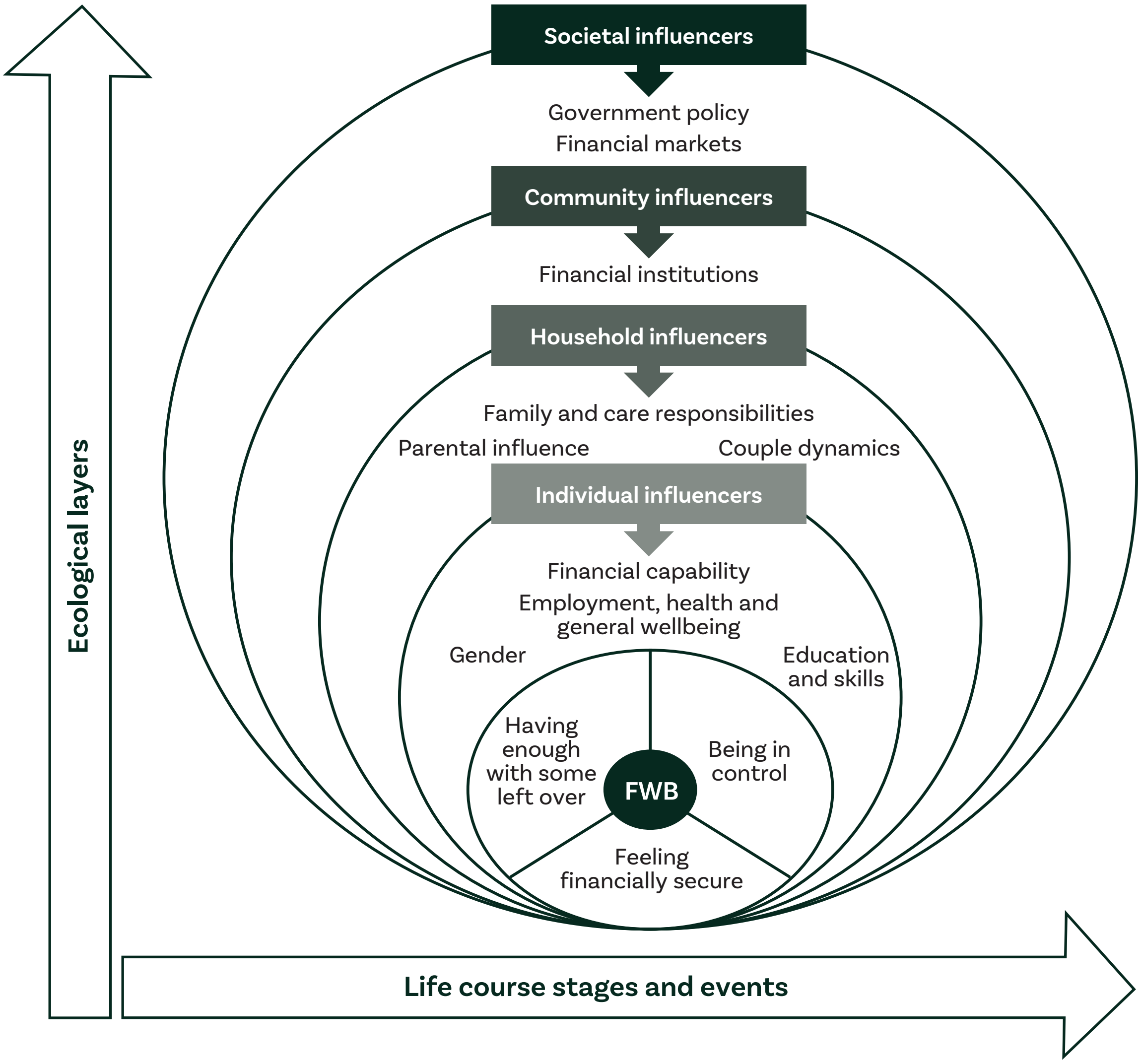
Similar to the ANZ/Kempson and Poppe definition, the influential UNSW research[122] defines financial wellbeing as: 'Meeting expenses and having some money left over, being in control, and feeling financially secure.'[123]

The UNSW researchers, Salignac and colleagues, view financial wellbeing through the lens of the socio-ecological model (Figure 3). Financial wellbeing is created through the interaction between an individual and their environment, at the micro, meso and macro levels.[124] The model illustrates the interaction between the levels of influence within the ecosystem.

The UNSW research also brings attention to the temporal aspect of financial wellbeing. Financial wellbeing is dynamic over the life course, and is impacted by unexpected and expected life events. The authors describe how financial wellbeing changes across our life stages, reflecting our life circumstances and age.

121 ANZ (2021, p. 12).
122 Salignac et al. (2020).
123 Salignac et al. (2020, p. 1590).
124 Salignac et al. (2020, p. 1586).

Figure 3. UNSW model of financial wellbeing[125]



Also from UNSW and aligning closely with the Salignac et al. (2020) research, Brown and Noone (2021) provide a theoretical model of financial wellbeing in the Australian context that embraces complexity and employs a systems-based approach for understanding the multi-faceted nature of financial wellbeing.[126] The authors argue that strengthened financial wellbeing will come with better understanding of its structural drivers and from determining which 'levers' to pull to make the most difference. Brown and Noone's research report proposes quite specific details that identify the structural drivers of financial wellbeing in Australia across the macro, meso and micro levels. They also propose how these drivers interact within the financial wellbeing system. Brown and Noone's research contributes to the approach we advocate for in this report.[127]

125 Salignac et al. (2020, p. 1598).
126 Salignac et al. (2020) and Brown and Noone (2021).
127 Brown and Noone (2021).

The Brotherhood of St Laurence has invested in significant ongoing and valuable work to show how systems need to change to meet the financial wellbeing needs of individuals and families who are experiencing financial hardship and who are living on low incomes. Rather than coming up with an alternative definition of financial wellbeing, Brotherhood of St Laurence researchers Brown and Bowman (2020) developed a financial wellbeing framework that recognises the contexts in which financially vulnerable people live. Their framework emphasises systemic rather than individual factors, focusing on economic dignity as the foundation to financial wellbeing.[128]

Brown and Bowman (2020) explain the 'financial logics' that sit behind people's financial decision-making. To them, understanding the context for financial decision-making is paramount in providing inclusive financial wellbeing policies, financial education and support.

The Brotherhood of St Laurence has published a new report that complements Brown and Bowman's framework. Written by Emily Porter,[129] it suggests ways to provide financial education suited to the contexts in which financially vulnerable people live and the challenges they face (see Section 4.3).

New Zealand

New Zealand's *Empowering futures: National strategy for financial capability, 2025–2027* adopts a capability and collective impact approach to improving financial wellbeing.[130] New Zealand adopted the Kempson and Poppe definition of financial wellbeing in both its current strategy and its 2021 strategy[131]: 'The extent to which someone is able to meet all their current commitments and needs comfortably and has the financial resilience to maintain this in the future.'[132]

The strategy has two broad goals – to support people to grow their money, and to help people build their financial resilience for unexpected events. The strategy relies on collaboration among more than 900 organisations, including government agencies, financial services, community groups, iwi (Māori community or people), educators and industry, to achieve shared goals. Improving financial wellbeing is considered a collective responsibility. The strategy prioritises Māori, Pacific peoples, women and young people, recognising persistent inequalities these groups face and the need for culturally responsive, coordinated support to build financial resilience.

United States

A large number of studies on financial wellbeing from the United States are based upon large datasets of national measures of financial wellbeing that were developed by the CFPB.[133] The bureau's initial, widely influential research report *Financial well-being: The goal of financial education*[134] of 2015 holds just as much currency today as it did more than 10 years ago. It defines financial wellbeing as:

> ***A state of being wherein you have control over day-to-day, month-to-month finances; have the capacity to absorb a financial shock; are on track to meet your financial goals; and have the financial freedom to make the choices that allow you to enjoy life.***[135]

128 Brown and Bowman (2020).
129 Porter (2026).
130 Te Ara Ahunga Ora Retirement Commission (2025).
131 New Zealand Government Ministry of Social Development (2021) and Te Ara Ahunga Ora Retirement Commission (2025).
132 Kempson et al. (2017) cited by Te Ara Ahunga Ora Retirement Commission (2025, p. 4).
133 CFPB (2022).
134 CFPB (2015).
135 CFPB (2015, p. 5).

The research revealed four concepts that comprise financial wellbeing:

1. ***Having control over day-to-day, month-to-month finances.***
2. ***Having the capacity to absorb a financial shock.***
3. ***Being on track to meet financial goals.***
4. ***Having the financial freedom to make the choices that allow you to enjoy life.***[136]

Two of these elements relate to a person's current situation (one and four) and two measure future security (two and three).

Further significant and widely cited US research, conducted by Netemeyer and colleagues, has since refined the CFPB concept to consider perceived financial wellbeing through two main constructs: (1) current money management stress, and (2) expected future financial security.[137] The authors developed scales to measure these two constructs separately. They also made another important contribution to our current understanding of financial wellbeing, finding that perceived financial wellbeing is a significant predictor of overall wellbeing. So much so, in fact, that it is just as influential as the combined effect of job satisfaction, physical health and satisfaction with relationship support.

Canada

Canadians tend to use Kempson and Poppe's 2018 definition of financial wellbeing: 'The extent to which individuals are able to comfortably meet all of their financial commitments and needs currently while also having the financial resilience to maintain this in future.'[138]

Canada's *National strategy for financial literacy, 2021–2026* builds on this understanding of financial wellbeing by making financial resilience its core aim. It focuses on strengthening people's ability to manage everyday finances, cope with financial shocks, and navigate a financial system that is rapidly becoming digitalised by reducing barriers, improving access to clear information, and supporting essential financial skills and behaviours.[139]

Europe

A significant new study published in 2025 adds richness and a different perspective to financial wellbeing research. The three-year multi-method study by the University of Tartu, ERSTE Foundation and Erste Group used a human-centred lens to explore what financial wellbeing actually means to us.[140]

Conducted across seven European countries with 630 in-depth interviews and using 14 months of banking transaction data, longitudinal surveys and randomised controlled trials, the research explicitly brought into focus the relationship between general and financial wellbeing.

Moving beyond traditional metrics focused solely on income, debt and savings, the researchers propose a financial wellbeing model based on a triad comprising security, freedom and pleasure. They confirm that financial wellbeing and general wellbeing are inextricably linked.[141] Survival is a precondition to financial wellbeing; that is, we can't consider ourselves to have financial wellbeing if our basic needs – housing, food and safety – aren't met. This work has significant potential to inform our thinking and our approach in Australia.

136 CFPB (2015, p. 19).
137 Netemeyer et al. (2018).
138 Kempson and Poppe (2018, p. 13).
139 Financial Consumer Agency of Canada (2021).
140 Riitsalu et al. (2025).
141 Riitsalu et al. (2025, p. 72).

The researchers define the components of the triad as follows:

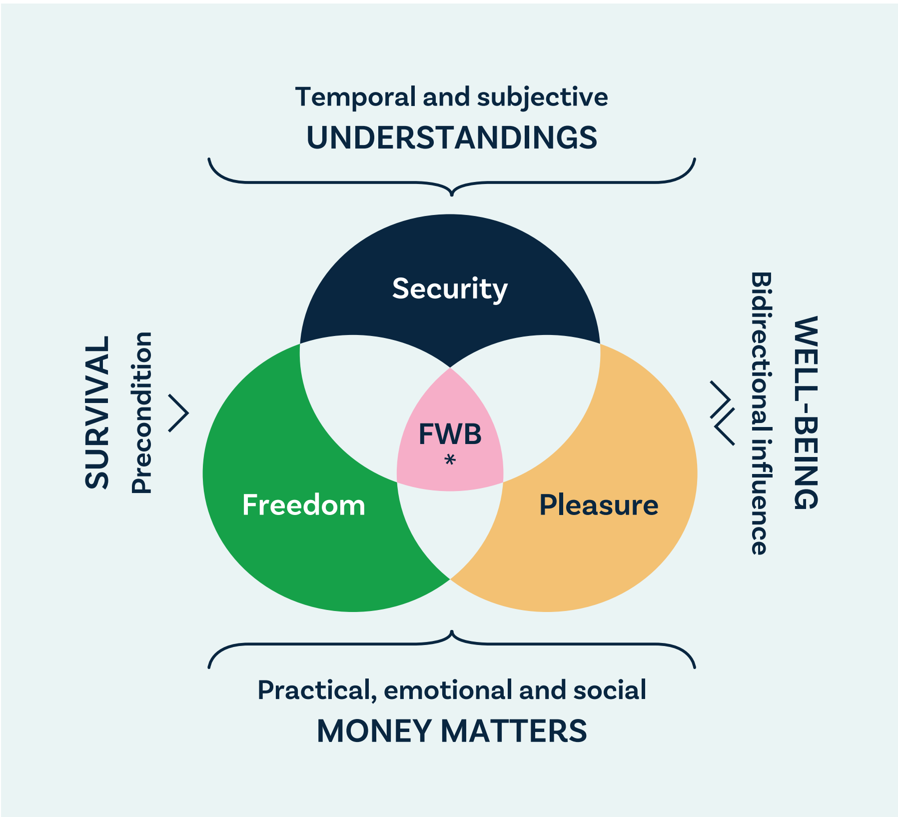
> **Security**. Feeling confident about covering essential expenses and coping with unexpected costs. This dimension is most influenced by how much money a person has.
>
> **Freedom**. Making choices without financial constraints – having independence in decision-making that reflects our goals and values.
>
> **Pleasure**. The capacity to enjoy life and engage in activities and experiences that are meaningful to us.

Government departments and community organisations that provide people with financial support can recognise 'pleasure' or 'enjoyment' as a separate component of financial wellbeing by encouraging individuals and families to explicitly budget for activities that bring joy, as this is an important ingredient of wellbeing.[142]

Central to this research is the principle that financial wellbeing interventions need to consider the *whole* person rather than just financial knowledge and behaviours.

Figure 4 shows the triad diagrammatically, with 'survival' as a precondition to financial wellbeing and general wellbeing having a bi-directional influence. It also explicitly points out that our understanding of financial wellbeing is 'temporal and subjective' – that is, it is contextual and not set in stone – and that money is 'practical, emotional and social'.

Figure 4. European model of financial wellbeing[143]



142 Some countries may prefer and identify more with the term 'enjoyment'.
143 Riitsalu et al. (2025, p. 65).

United Kingdom

The UK strategy for financial wellbeing, 2020–2030 includes a wider focus than just financial literacy or capabilities.[144] The United Kingdom's Money and Pensions Service explicitly uses a socio-ecological framework to underpin its strategy. It works across sectors and sees its goals as shared by all, not just the government, not just schools and certainly not just individuals. It defines financial wellbeing as 'feeling secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. In short: confident and empowered'.[145]

Factors that influence or are associated with financial wellbeing

National and international research has proposed a wide range of factors that influence or are associated with financial wellbeing, either positively or negatively. These characteristics or factors are summarised in Table 1.[146]

Being cognisant of these variables is an important starting point for creating and strengthening financial wellbeing across a population. It is obvious that some factors are more challenging to manipulate than others. Some will take longer and require the willingness of people with power to make the changes needed to strengthen financial wellbeing at scale. Importantly, the diversity of factors that determine or are associated with financial wellbeing demonstrates the need for an integrated approach.

Table 1. Summary of financial wellbeing determinants and correlates

Factor level and factor	Influence or association
Structural and systemic factors that influence financial wellbeing	
A stable economy	↑
Favourable employment rates	↑
Strong regulatory framework	↑
Strong social security system (safety net) and healthcare	↑
Policies that prioritise wellbeing	↑
Policies that promote inclusive growth	↑
Ready access to affordable independent financial advice across the life course	↑
Having the opportunity to access fair and affordable financial products and services	↑
Policies that protect financial and personal information on digital platforms	↑

144 Some countries may prefer and identify more with the term 'enjoyment'.
145 Riitsalu et al. (2025, p. 65).
146 Riitsalu et al. (2025, p. 65).

Table 1. cont.

Factor level and factor	Influence or association
Socio-economic factors that influence financial wellbeing	
Adequate income that is stable and secure	↑
Savings, including superannuation	↑
Financial stability	↑
Social support and connection	↑
Good health and wellbeing across the life course	↑
Home ownership	↑
Poor health	↓
Insecure, low quality or no employment	↓
Financially supporting dependents	↓
Debt	↓
Demographics and financial wellbeing	
Being male	↑
Being a woman	↓
Being Indigenous	↓
Being a new arrival/migrant	↓
Psychological characteristics and financial wellbeing	
Having control, autonomy in making financial decisions	↑
Not being impulsive	↑
Financial self-efficacy	↑
Future orientation	↑
Prioritising sustainability	↑
Eschewing materialistic culture	↑

Note: ↑ *positive influence,* ↓ *negative influence.*

Expanding the lens: towards culturally inclusive financial wellbeing

The dominant frameworks used to define and measure financial wellbeing share a common limitation, in that they originate almost exclusively from Western, Educated, Industrialised, Rich and Democratic (WEIRD) countries. This WEIRD bias, first named in psychology by Henrich and colleagues, is widely recognised across the social sciences.[147] The major financial wellbeing frameworks in use today,[148] have been developed within societies that tend to understand wellbeing as an individual, personal phenomenon. As a growing body of cross-cultural research makes clear, this is not a universal view. Cultures across Asia, the Pacific, South America and Africa tend towards more collective understandings of wellbeing, where financial wellbeing is inseparable from family obligation, kinship networks and community reciprocity, dimensions that mainstream frameworks largely fail to capture.[149]

The consequences of this bias are not merely theoretical. Research by Riitsalu and van Raaij examining financial wellbeing data across 16 countries found that financial wellbeing and its measures are context dependent, raising significant methodological concerns about the use of standardised instruments across different populations. When the tools we use to understand financial wellbeing do not reflect the values, relationships and circumstances of the people being measured, they risk producing findings and policies that are misaligned with people's lived realities. For First Nations communities in Australia, this is particularly significant. Financial wellbeing for First Nations people is deeply embedded in cultural identity, kinship and Country, and cannot be understood through frameworks that position the individual as the primary unit of analysis. Culture has been consistently undervalued in the design of financial interventions, despite growing calls for it to be formally recognised as a social determinant of health and wellbeing.[150]

Australia is one of the most culturally diverse nations in the world, with a growing proportion of its population born overseas, significant First Nations communities, and diverse migration patterns bringing a wide range of cultural understandings of money, family obligation and financial security. Yet the definitions, measures and strategies that underpin our approach to financial wellbeing continue to reflect a narrow, individualist, WEIRD-country lens. If Australia is to develop a national financial wellbeing strategy that genuinely serves its whole population, it must invest in culturally grounded research and co-design processes that expand and diversify the conceptual foundations of the field, not simply apply existing frameworks to new communities.

Recommendation

Recommendation 2. Create financial wellbeing policies, strategies and practices that truly reflect the cultural diversity of Australia. This would entail as a first step, appropriate measurement, using quantitative and qualitative methods to discover the range of values and beliefs that influence money use in Australia.

147 Henrich et al. (2010).

148 These frameworks have been largely drawn from the CFPB in the United States, the Money & Pensions Service in the United Kingdom, Kempson and Poppe's (2018) work based in Norway and UK, and the OECD's international instruments.

149 Riitsalu and van Raaij (2022) and Bialowolski et al. (2025).

150 Mackean et al. (2022).

PART 3:

The evidence for an integrated approach

3.1 Technology and financial wellbeing

What this section is about

This section explores how advancements in technology are transforming the financial landscape and how these changes can either support or undermine financial wellbeing. Key areas examined include: (1) how platformisation of data is driving the financialisation of digital life; (2) the risks from 'dark patterning' and AI models impacting financial behaviours; (3) fintech products and services; and (4) scams and technology-related risks and harms.

Why it matters

The COVID-19 pandemic accelerated the use of digital financial tools and platforms. Major trends such as the growth of big data, the increasing value of data in corporate strategy, and new technologies – including mobile payments, micro-investing platforms, digital currencies and assets, and AI-generated commercial practices – are quickly transforming the financial landscape. These developments are affecting how people make financial decisions, their exposure to different types of risks, and their access to financial services. Gaining a deep understanding of these changes is crucial for developing timely, accessible educational resources for consumers.

Key recommendation

Recommendation 3. Incentivise and regulate for a safety by design approach to digital finance and business models, placing consumer wellbeing, fairness and protection at the centre of all technological, regulatory and commercial decisions.

Introduction

Digital financial technologies – mobile wallets, contactless payments, in-app purchases and gamified fintech platforms – are now woven into daily life, especially for younger people, reshaping how we manage and think about money.[151]

COVID-19 dramatically accelerated this shift, with digital economic activity rising 25%, including a spike in impulsive online buying among social media users – highlighting the need for both financial literacy education and strengthened capabilities, and updated corporate regulation of manipulative practices.[152]

Online gambling also surged during COVID-19 lockdowns, when physical venues closed. One in three existing gamblers opened new online accounts, pushing the proportion of those gamblers doing so online from 62% to 78%.[153] This matters because online problem gambling causes serious harm – reduced home ownership, financial stress and economic abuse, especially of women.[154]

As fintech becomes routine, so do the risks: scams (see Spotlight 2), unethical practices and financial abuse (see Spotlight 8).[155] Tackling these threats requires better design, stronger regulation, and education combining digital literacy with practical support.

151 Hing, Rockloff, et al. (2022), Koskelainen et al. (2023), and Mussa et al. (2022).
152 Andreani et al. (2023) and Gupta (2025). See also Spotlight 1. Designed to deceive.
153 Jenkinson et al. (2020).
154 Baako et al. (2024) and Hing, Nuske, et al. (2022).
155 Chew et al. (2024), DeLiema et al. (2023), and Nyman et al. (2023).

Platformisation, datafication and manipulation

As digital platforms replace physical marketplaces, the removal of natural friction in making financial transactions has further incentivised businesses to move from serving consumers to extracting value from their behaviour.[156] This is driven by 'platformisation' – where businesses consolidate power online to attract and funnel users. Platform features like continuous scrolling, one-click purchases and BNPL options reduce spending friction and increase impulsivity.[157]

When businesses have access to vast user data, data itself becomes a commodity. This monetisation drives 'datafication' – maximal data collection and surveillance by businesses without consent or transparency.[158] This creates a troubling feedback loop: platforms automatically collect and analyse user behaviour at scale, which feeds into algorithms that further manipulate consumer online behaviour. That power comes from data collection and near-monopoly control of the online environment given the unlimited scale of digital platforms.

Data collection happens with little user awareness, consent or practical choice. Manipulative online design obscures how user interactions and preferences are used, contributing to patterns where behavioural data is exploited for commercial ends. Users cannot practically be aware of, or consent to, this manipulation.[159] With platformisation funnelling people to a handful of unavoidable marketplaces, these predatory digital environments have become part of daily life.

Personalised and automated behavioural engineering is a constant on major platforms. The relentless pressure to drive users towards certain content and purchases overwhelms natural psychological limits, reducing future thinking and self-awareness while promoting impulsivity. This harms psychological and financial wellbeing and encourages addiction-like behaviour that feeds the datafication cycle.[160] (See Spotlight 1)

AI and large language models

Algorithms are complex processes based on discrete instructions – 'if A, do B' – but on large commercial platforms informed by big data, they can dynamically test and affect consumer behaviour without consumer awareness.[161] Large language models (LLMs) using advanced AI are trained on massive datasets to understand and generate human-like conversation.

In e-commerce, different AI types serve different purposes: LLMs power chatbots, natural language processing analyses customer sentiment, and machine learning personalises content and pricing based on behaviour and demographics.

Algorithms are predictable and transparent within defined parameters. AI is probabilistic, learning from patterns in large datasets and providing confidence scores rather than absolute answers. Training AI requires setting initial prompts and 'weights', but the pathway to output isn't transparent and can diverge from developers' intentions. Both prompts and training data can instil bias; AI is not objective.

LLMs have improved chatbots and phone systems – but they have also enabled scams, since they generate manipulative text easily. LLMs frequently 'hallucinate' to produce convincing output, and struggle with logic problems. While LLMs are useful for low-stakes applications like assisting with coding, users need knowledge and discernment to recognise bias and to correct information. Indeed, AI platforms take no responsibility for the information they provide (see Box 2).

156 Ekpo et al. (2022).
157 Faraz and Anjum (2025).
158 Ekpo et al. (2022).
159 Gupta (2025).
160 Gupta (2025).
161 Martin (2018).

AI-based tools like credit scoring raise concerns beyond existing transparency issues, as their processes are not auditable.[162] While traditional opaque processes such as algorithmic models are knowable and potentially able to be regulated, AI models, including LLMs, are practically untraceable.[163] With black box AI models, decision-making is unexplainable by design, meaning even regulatory interventions cannot investigate whether decisions have been made fairly.[164]

Fintech developments have increased financial inclusion by democratising the access to financial services. People who were previously excluded from accessing mainstream credit because they were regarded by bank staff to be 'high risk', such as small business owners and low-income consumers, have found they are now able to access credit free of human judgement. But when platforms fail consumers, the systemic risk that comes with black box decision-making in technology-enabled transactions will be most harmful to those who are already financially vulnerable. Redress options are either limited or non-existent, as is regulation that adequately protects consumers using products based on AI models.[165]

Rather than improving choice and wellbeing, modern digital commerce can compromise it. Platformisation can entrench consumer exclusion and discrimination through algorithmic bias and profiling.[166] Urgent regulatory attention is needed to realign digital platforms with consumer interests through transparency, strategic friction, effective digital literacy education, and business accountability.[167] Box 2 provides an illustration of the problem with relying on financial information created by LLMs. When specifically asked about responsibility or accountability for the information it provides, AI is very clear about its limitations. The everyday person may not be so explicitly warned.

162 Anang et al. (2024).
163 Bednarz and Manwaring (2021).
164 Bednarz and Manwaring (2021), Hughes (2021), and Truby et al. (2020).
165 Hughes (2021).
166 Ekpo et al. (2022).
167 Bogina et al. (2022).

Box 2. Nothing to see here – AI is not responsible

We asked AI (Microsoft Copilot, January 2026) the following question: 'What happens if LLM gave me bad advice and I lose a lot of money?' Copilot responded with:

I'm really sorry you're dealing with that worry – let's unpack it clearly.

Short answer: In most cases, if an LLM gives bad advice and you lose money, **you're responsible for the outcome**, not the model provider. That's because LLMs are typically provided **'as-is'** with **no warranties**, **no professional advice** and **limited liability** in their terms of use. But there are a few important nuances and practical steps you can take.

- **Not legal advice** – just general information to help you navigate the issue. If this involves a real loss or dispute, consider getting advice from a qualified lawyer.

Why providers usually aren't liable

Most AI tools (including LLMs) are offered under terms that say, in essence:

- **No professional advice**: Output is informational, not financial/legal/medical advice.
- **No warranty**: Service is provided 'as is', with no guarantee of accuracy or fitness for a particular purpose.
- **Limitation of liability**: The provider's liability is capped or excluded to the maximum extent allowed by law.
- **User responsibility**: You're expected to verify critical information and make your own decisions.

Because of this, **it's generally hard to hold the AI provider** liable for consequential losses (like financial loss) stemming from relying on the model's output.

Important nuances (especially for Australia)

- **Consumer protections**: In Australia, **the Australian Consumer Law (ACL)** implies certain guarantees (for example, services with due care and skill). However, how those apply to **AI outputs** (especially free/beta tools) can be complex and context dependent.
- **Enterprise contracts**: If you're using an AI service under an **enterprise or paid agreement**, there may be different service levels, warranties or caps on liability than the consumer-facing terms.
- **Professional settings**: If an organisation integrates an LLM into a product or workflow and represents the output as advice, liability could shift (for example, to the organisation, depending on representations, disclaimers and oversight). Because these points depend on the exact terms you agreed to and how the tool was used, a lawyer can best assess your situation.

Recommendation

Recommendation 4. Prohibit the use of non-auditable black box models for consequential financial decisions unless providers can demonstrate explainability, documented human review and accessible appeal rights for consumers.

Frictionless, data-driven user interfaces, and 'dark patterns'

Frictionless digital environments, enabled by contactless payments, one-click purchases and BNPL options, have reduced tactile and psychological barriers to spending and increased consumer impulsivity – a phenomenon called 'spendception'.[168] Manipulative user interfaces exploit 'hyperbolic discounting', whereby individuals prefer smaller immediate rewards over larger future gains, while algorithm-driven behavioural nudges and AI-driven personalisation further erode self-control by adapting in real time to user behaviour.[169]

These personalised, dynamic tactics designed to confuse or manipulate consumer preferences are termed 'dark patterns'.[170] The ACCC investigates practices that contravene Australian Consumer Law because they are misleading, deceptive, unfair or unconscionable. Its Digital Platform Services Inquiry (2017–2025) found that user interfaces undermine consumer choice, fake reviews distort markets, inadequate dispute resolution prevents consumers enforcing their rights, and lack of competition results in poor-quality products and data harvesting. It made 35 recommendations, including to prohibit unfair trading practices and to implement proactive digital competition regulation based on forecasts rather than on reactive litigation.

The tireless work of a large number of advocacy organisations[171] (see Spotlight 1), along with the ACCC's recommendations, have contributed to the Australian Government introducing a ban on unfair trading practices. In December 2025, the government released a *Decision regulation impact statement* outlining the scope of new laws that will be drafted in 2026.[172] The new rules will ban the use of 'dark patterns' and manipulative and aggressive sales techniques to better protect consumers from financial harm in the digital environment. The ban will specifically apply to subscription traps (where a subscription is easy to sign up to and hard to cancel) and to drip pricing (the hidden fees that appear when purchasing a product or service). The new legislation will provide a much-needed update to the Australian Consumer Law, which came into effect in 2011, long before these digital capabilities existed.[173] This is not to say that unfair trading practices didn't exist before online commerce – offline unfair trading did and still does occur. Technological changes have escalated the problem, increased its prevalence, and more widely distributed harm.

Recommendations

Recommendation 5. Expand the work to prohibit unfair trading practices and dark patterns. Implement and enforce the Australian Government's 2025 *Decision regulation impact statement protecting consumers from unfair trading practices.*[174]

Recommendation 6. Establish an industry-funded contribution scheme requiring businesses whose practices contribute to financial or health harms to collectively fund redress programs, research initiatives and support services.

Impact on financial behaviours

It is essential to recognise the impact of technological advancements on personal financial behaviours, as this understanding contributes to effective financial education across the life course. Financial behaviours play a significant role in determining overall financial wellbeing. Developing awareness serves as the initial stage in facilitating personal behavioural change.

168 Faraz and Anjum (2025).
169 Bawalle et al. (2024) and Ekpo et al. (2022).
170 ACCC (2025a).
171 Consumer Policy Research Centre (2023).
172 Australian Government the Treasury (2025a).
173 Australian Consumer Law (Competition and Consumer Act 2010, Schedule 2), https://consumer.gov.au/legislation/current-legislation and https://www.legislation.gov.au/C2004A00109/latest/text/4.
174 Australian Government the Treasury (2025a).

Short-term effects: convenience and impulsivity

Big data platforms influence short- and long-term financial behaviours. Short-term behaviours are day-to-day money use such as spending. The increased use of platforms classified within the 'tech-savvy' index – such as Apple Pay, mobile money transfer applications and gig economy apps like Uber – has been shown to negatively affect short-term financial behaviours and outcomes. This is largely due to a rise in impulsive spending, for example, 'spendception', made easier by the seamless purchasing capabilities available via mobile devices.[175] For instance, major retailers like Amazon, store consumer information and offer 'one-click' checkout features, streamlining the purchasing process and enabling consumers to make quick, frictionless purchases at any time. While this convenience facilitates sales, it can also encourage overspending by removing traditional barriers to purchase.[176]

Social media platforms have become data-driven, aggressively merchandised environments that exploit personal vulnerabilities like self-esteem.[177] Online commercialised environments with features that encourage spending through reward loops and impulsivity-promoting design encourage frequent use, diminish self-regulation capacity, and impact future financial capability.[178] (See Spotlight 1)

Long-term effects: the role of knowledge and confidence

A 2022 US study using data from the 2018 National Financial Capability Study,[179] which included a very large sample of approximately 20,000 people, found that increased mobile use and digital convenience can have a detrimental effect on short-term financial outcomes among tech-savvy users. However, the study showed that the use of technology improved financial behaviours over the long term when greater financial knowledge and confidence were also present. Enhanced financial knowledge and, particularly, financial confidence are strongly linked to better short- and long-term financial decisions. Moreover, those with higher 'tech-savviness' scores are more likely to engage in positive long-term financial habits, including saving, monitoring investments, and planning for retirement.[180]

Although being tech-savvy can serve as a protective factor in the long run, it does not fully counteract the risks presented by predatory commercial online environments. As Mussa and colleagues note, '[t]o achieve improved short- and long-term financial outcomes, individuals require not only technological proficiency but also robust financial knowledge and confidence'.[181]

This principle that financial literacy + digital literacy = DFL underpins much of the research that applies to young people, especially the knowledge that having advanced digital skills doesn't compensate for low levels of financial literacy.

Financial inclusion versus exploitation

Despite their risks, digital tools play a vital role in enabling participation in the modern financial system.[182] Studies suggest that well-designed nudging mechanisms, frictionless access to financial information, and real-time finance tracking tools can support positive behaviours like saving, mindful spending and reducing overdraft fees.[183] Thus, the same technologies that facilitate impulsivity and overspending can also support mindful financial engagement if designed ethically.

175 Mussa et al. (2022).
176 Mussa et al. (2022).
177 Sheruly and Koentary (2023).
178 Hing, Rockloff, et al. (2022), Sheruly and Koentary (2023), and Nyrhinen et al. (2023).
179 While this dataset is dated, it is a very large sample. Replication is recommended for Australia.
180 Mussa et al. (2022).
181 Mussa et al. (2022).
182 Koskelainen et al. (2023).
183 Carlin et al. (2022), Koskelainen et al. (2023), and Qianwen et al. (2021).

SPOTLIGHT 1.

Designed to deceive: how dark patterns are systematically undermining our financial wellbeing

Chandni Gupta didn't expect to find poker machines disguised as children's games when researching dark patterns in her Churchill Fellowship. But that's exactly what the Churchill Fellow and Deputy CEO and Digital Policy Director at Consumer Policy Research Centre discovered in apps rated for nine-year-olds, complete with 'cute little characters' masking sophisticated psychological manipulation techniques.

'We've now got a generation that has never experienced an online world without deceptive and manipulative design,' Gupta explains. 'For them, it's actually normal.'

Dark patterns – online deceptive design features that trick users into unintended actions – are costing Australians far more than occasional subscription fees. Gupta's research reveals a systematic erosion of financial wellbeing through what she describes as 'death by a thousand cuts'.

The financial toll

The cumulative impact is staggering. Gupta's team calculated that if Australians lose just $5 annually to unwanted subscriptions, it costs the nation $46 million per year. But the real damage goes beyond dollars.

'Being a consumer in today's digital economy is as taxing as a full-time job, or at least a side hustle no one signed up for,' Gupta says, highlighting how managing privacy settings alone requires 'at least half an hour a day'.

Her research found concerning parallels between dark patterns and coercive control. 'The burden of proof sits on you as an individual as opposed to on the business,' she explains, noting how victims struggle to pinpoint specific harms from cumulative manipulation.

Beyond financial harm: insidious impact on wellbeing

The damage extends far beyond bank accounts. Gupta's research reveals dark patterns are 'designed to wear us down' through cumulative psychological pressure, creating what she describes as a direct link between online engagement quality and mental wellbeing.

'There is a direct link between the quality of engagement that you have online and your online wellbeing. So, one definitely seems to impact the other,' she explains. Users report losing not just money, but 'lots of time' and 'lots of control over your privacy,' creating a constant state of digital exhaustion.

Gaming the system

The gaming–finance crossover is particularly concerning for young people's mental health. Apps deliberately exploit dopamine reward systems with celebratory sounds and visual celebrations, mimicking poker machine psychology. This conditioning, established in childhood gaming, seamlessly transitions into financial decision-making as young adults seek investment alternatives to unaffordable housing markets.

Perhaps most troubling is the gamification of financial services. Gupta describes investment apps that 'almost look like a game' with celebratory sounds and visual rewards. 'You have a little bell sound or a little party popper going off … which almost looks like you're playing a game as opposed to investing very real money.'

These apps particularly target younger generations facing housing affordability challenges, exploiting their search for alternative investment pathways. The normalisation of manipulative design means users 'actually think there is no other way forward'.

Regulatory gaps and solutions

Current enforcement mechanisms are failing spectacularly. Gupta points to Meta setting aside €3 billion 'just to pay General Data Protection Regulation (GDPR) fines[184] like it's a line item in their budget.' Traditional penalties have become mere business costs for tech giants.

The solution lies in innovative accountability measures. Gupta advocates for 'babysitting fees' – a supervisory model where companies pay regulators based on complaint volumes. One way to help achieve this is by expanding existing ombudsman schemes like the Telecommunications Industry Ombudsman to cover digital platforms.

More fundamentally, Gupta argues for 'data disgorgement' – preventing companies from using data and insights gained through illegal practices, similar to financial protections.

Individual defence strategies

While emphasising that consumer protection shouldn't be individuals' responsibility, Gupta offers practical advice:

Test cancellation early. Cancel subscriptions during free trials or at point of subscribing to avoid automatic charges.

Track digital spending. Monitor online expenses like any other budget category.

Ignore countdown timers. These often repeat with very similar or identical offers.

Use gift cards for gaming. Create spending limits by using prepaid cards instead of linking credit cards. 'Once it's exhausted, it's exhausted. You actually can't spend much else,' she explains.

Innovation versus protection

Gupta challenges the false dichotomy between innovation and safety, citing AI and digital ethics expert Professor Jeannie Patterson's insight: 'Fairness doesn't stifle innovation, it just channels us to the right kind of innovation.'

She points to Mozilla as an example of ethical design, where KPIs prioritise user wellbeing over profit maximisation. 'They recognise that they could easily make more money through deceptive design. It's just something that they choose not to.'

From her research, Chandni Gupta compiled several actions she would like to see from government and industry as well as suggestions we as individuals can implement to minimise harm from online transactions:

For government:

- Implement supervisory fees for digital platforms.
- Establish a digital ombudsman with adequate resources.
- Introduce data disgorgement penalties.
- Require innovation to demonstrate community benefit.

For organisations:

- Adopt KPIs that prioritise consumer wellbeing.
- Conduct regular dark pattern audits.
- Implement 'regret tests' for user decisions.
- Design friction where consumers need protection.

184 GDPR fines apply in the EU; the UK operates a similar regime under the UK GDPR.

For individuals:

- Monitor digital spending patterns.
- Use spending limits and prepaid cards for risky platforms.
- Seek information from trusted sources like the eSafety Commissioner.
- Remember that countdown timers and 'limited time' offers usually repeat.

The path forward requires recognising that fair innovation and consumer protection aren't mutually exclusive. As Gupta concludes, effective change means asking:

When we're innovating, are we innovating for the good of all and for everyone in the ecosystem, or are we innovating for the select few who have the market power?

Fintech products

The rise in the number and types of financial products and services is significantly changing the composition and nature of our financial ecosystem. From neo-banks to products that change how we save, invest and borrow, innovation in financial technology promotes inclusion and has broadened access to financial services for many previously excluded groups. However, these advances can present challenges alongside their benefits. High-cost alternative fintech products and AI-based credit scoring are characterised by inadequate oversight, a lack of transparency in operability, and weak regulation, all of which risk exacerbating inequality for some groups.[185]

Robo-advisers and micro-investing platforms

Australia's fintech investment landscape comprises two main categories: robo-advisers and micro-investing platforms. Robo-advisers are digital platforms that leverage AI, algorithmic investment models, advanced analytics and data science to construct and manage investment portfolios based on an individual's risk tolerance, time horizon and goals. In simple terms, robo-advisers are 'fintech financial advisers'.[186] Millennials and Gen Z are more likely to use robo-advisers than older generations. Robo-advisers are meeting the needs of younger generations who can't afford to seek financial advice from humans. Also, using robo-advisory platforms requires smaller sums of money to get started than traditional investment options.

As with any digital financial service, there are important considerations for users. Inputting financially sensitive data creates heightened risk for cyberattack and scams. Robo-advisers can technically only give financial guidance rather than financial advice. The service relies on a limited number of inputs, which makes it less likely to take account of individual circumstances that might be important for useful financial guidance.

Micro-investing platforms deal primarily in low-cost exchange traded funds (ETFs) to build diversified portfolios, spreading money across thousands of companies worldwide.[187] Most operate entirely online or via mobile apps, requiring minimal initial investment – some platforms allow investing from as little as $1. As they are with robo-advisers, younger generations are attracted to these products because they are accessible, have a low entry cost, and provide a vehicle for investing when they are excluded from traditional options such as investing in housing.

Although micro-investing platforms make investing more accessible, financial literacy is essential to understand them. Digital natives with strong tech skills but limited financial knowledge benefit greatly from easy access to reliable information about micro-investing that supports informed decision-making and helps them navigate the landscape more confidently.

Recommendation

Recommendation 7. Increase the transparency and safety of robo-advice and micro-investing platforms. Ensure the platforms 1) clearly explain the difference between guidance and advice; 2) provide plain English disclosure of model limitations, default diversification and cooling-off periods; and 3) provide clear and prominent warnings of the type of scams consumers are likely to encounter – this will need updating regularly.

185 Chawla and Mokhtari (2025) and Hughes (2021).
186 Cardillo and Chiappini (2024).
187 Hayden (2022).

Crypto-assets

Investment in crypto-assets, which include cryptocurrency and digital tokens, is increasing in popularity globally. For many, crypto represents an accessible entry point into investing and reflects genuine innovation in how value is stored and transferred. At the same time, the democratisation of investment opportunities in crypto puts younger people and inexperienced retail investors at higher risk.[188] The OECD has recommended that financial literacy education specifically include the nature, risk and use of crypto and has provided a guide for doing so.[189] The OECD also points out that globally, there are inadequate investor protections and limited obligations for providers in terms of reporting, application of suitability checks and compensation, increasing the financial risk for vulnerable investors.

ANZ – Roy Morgan data from 2025 shows young adults in Australia are more likely to invest in cryptocurrency than older generations.[190] From a sample of 66,466 Australians aged 14 and over, 8.3% of those aged 25–34 owned cryptocurrency, while only 2.7% of people aged 50–64 and 1.1% of those over 65 did so. Knowing who is more at risk should help to guide education initiatives.

ASIC's Moneysmart website offers resources outlining the risks associated with investing in crypto-assets.[191] The main challenge is encouraging new investors and young people to access credible information provided by trustworthy sources such as Moneysmart, instead of relying on 'advice' from finfluencers or social media sources (see Spotlight 9). Historically, young people have been more likely to turn to their parents or caregivers for financial guidance. However, parents and caregivers are less likely to be familiar with new fintech products and services, and also require knowledge about the benefits and risks of these products so they can support their young people when needed.

Regulation frameworks designed for traditional financial products are not necessarily suited to digital products developed using advanced technology. Unlike traditional investment products, crypto-assets are not 'real' in the conventional sense and therefore both robust regulation and targeted education are required to reduce consumer risk and harm.

Education experts interviewed for this project all agreed that regardless of the varying opinions on the risks of crypto investment, young people are interested in it and will invest regardless of whether they know the risks. Roset Khair (Spotlight 11) has noticed the rise in interest about financial investment among high school students, noting that 'young people see crypto as the way of the future'. This raises considerations for students of Islamic faith, for whom investing in anything that is not tangible is not allowed because it is not compatible with Islamic law. Education is key to helping young people of Islamic faith learn about other investment options. Associate Professor Levon Blue, interviewed for this project, shared the example of a crypto exchange company offering incentives to new investors to learn about scam prevention. This is a promising development, however education must come first. Young people require access to relevant, trustworthy financial education before making any investment decisions.

Recommendation

Recommendation 8. Increase access to trustworthy digital financial literacy education for young people, parents/caregivers and teachers. Raise widespread awareness of the risks involved in crypto and digital assets and micro-investing, about data privacy and how to recognise scams.

188 Financial Conduct Authority (2021).

189 OECD (2025b).

190 This unpublished data was provided to us by Natalie Paine, ANZ interviewee and Roy Morgan specifically for use for this project.

191 https://moneysmart.gov.au/investment-warnings/crypto-assets.

BNPL

BNPL products have provided many consumers with a flexible, interest-free way to manage purchases, and for some households represent a useful alternative to traditional credit. However, when people are struggling to make ends meet due to the higher cost of living and stagnant wages, there is a predictable increase in reliance on credit. The easy accessibility of BNPL products has increased the risk of over-indebtedness, especially among low-income, vulnerable consumers.[192] In a study by Mussa and colleagues, 29% of respondents reported they would have spent less or nothing at all if the BNPL option did not exist.[193] Gerrans and colleagues in their research exploring the use of BNPL among young adults found that higher levels of financial literacy reduced the perceived benefits of BNPL; that is, the more financially literate a user is, the less attractive BNPL is perceived to be.[194] Conversely, young adults with lower financial literacy perceived BNPL to have more benefits and fewer risks.[195] Financial literacy can act as a protective factor against the potential harm caused by BNPL.

In Australia, laws have been introduced to regulate buy now pay later as a Low Cost Credit Contract under the National Consumer Credit Protection Act 2009 (Cth).[196] The consensus among advocates, however, is that these regulations do not go far enough to protect the rights of consumers, and that these products will continue to facilitate financial hardship and financial abuse, especially among women.[197]

Way Forward, an Australian debt management organisation, has observed the use of BNPL products exacerbating over-indebtedness among its clients. The clients who are most likely to be experiencing difficulties managing BNPL debts are those who are 'younger, female, renting and [with] savings under $1,000'.[198] The study also found that 30% of BNPL spending is on housing, utilities, telecommunications and bills. A quarter of Way Forward clients who participated in the study have used BNPL to manage debts. They do so because it's easier, highly accessible, and preferable to a credit card. While BNPL debts are on average less than credit card debts, the number of BNPL accounts that people are able to sign up to adds to the mental burden of managing debts for those already in financial stress.

Recommendation

Recommendation 9. Monitor and report the impact of the regulation of BNPL products to assess changes in prevalence of financial abuse, over-indebtedness and consumer access to redress.

Scams

Driven largely by developments in AI, consumers face a greater number of sophisticated phishing schemes, impersonation fraud and coercive digital tactics.

In November 2025, the National Anti-Scam Centre (NASC) reported that Australians had nearly $260 million stolen via scams from January to October that year, up 16% from 2024.[199] For all of 2025, investment scams (including gambling and betting scams) accounted for $174.6 million of losses, phishing scams, $31.1 million and dating and romance scams, $28.7 million.[200]

192 O'Brien et al. (2024).
193 Mussa et al. (2022).
194 Gerrans et al. (2022).
195 Gerrans et al. (2022).
196 https://www.legislation.gov.au/C2009A00134/latest/text.
197 Bellini (2023).
198 Way Forward (2022, p. 20).
199 National Anti-Scam Centre (2025). For January to December 2025 total losses were $334.8 million, https://www.nasc.gov.au/scam-statistics.
200 Data extracted from https://www.nasc.gov.au/scam-statistics for 2025, January to December, filtered by scam type.

Popular online retail events such as Black Friday sales are boosting the financial losses via fake websites, hacked social media accounts and mobile apps, with the NASC reporting that in 2025, shopping scams were increasingly reported, and resulted in $8.6 million being stolen from Australians.[201]

Increased scam exposure among vulnerable groups

Some groups are disproportionately affected by scams. Multicultural communities, First Nations people and people with disability are particularly vulnerable. Scams are designed to exploit specific vulnerabilities identified through access to large datasets. LLMs allow perpetrators to easily identify characteristics that then can be inserted into algorithms used to more accurately target those who are vulnerable. These scams are particularly harmful because they exploit both emotional vulnerability and lower levels of DFL, leading to significant loss of savings and reduced long-term financial security.[202]

Older adults and people with cognitive impairments are at heightened risk of technology-enabled financial harm, including cyber scams, financial manipulation and fraud, which can result in loss of financial independence.[203]

Vulnerabilities that increase scam susceptibility include loneliness, bereavement, financial stress, trusting behaviours and poor digital literacy.[204] One study found that individuals with acquired brain injury lacked awareness of scam tactics and showed impaired recognition of financial red flags, often leading to impulsive financial transfers, unreported transactions, or decisions that undermined their rehabilitation and mental wellbeing.[205]

Scam victims are often discouraged from seeking help due to shame and embarrassment. Perpetrators may also impersonate authorities, causing victims to mistrust legitimate authorities (for example, police, banks) to whom they might turn for help.[206] This can induce social withdrawal and reduced engagement with recovery options, leading to further psychological distress.[207] For some who have had money stolen through online scams, being placed under financial administration or losing access to funds – measures intended to be protective – instead result in them experiencing a loss of autonomy and increased social isolation, which can then exacerbate mental and physical health issues. We can see here the interdependencies between health and technology – treating each set of markers in isolation won't be as effective as a holistic approach.

Isolating victims is a key scam tactic. If a person admits they have been scammed, it's important to respect the trust they've shown to share that experience. Scam researcher and clinical neuropsychologist Dr Kate Gould emphasises the importance of being non-judgemental, not blaming the person, and being open and curious while offering practical and emotional support.[208]

201 National Anti-Scam Centre (2025).
202 DeLiema et al. (2023).
203 Chew et al. (2024).
204 DeLiema et al. (2023) and Napal (2024).
205 Chew et al. (2024).
206 Parti and Tahir (2023).
207 Chew et al. (2024).
208 https://www.scamwatch.gov.au/research-and-resources/scams-awareness-week-2025/scam-stories.

Scams and multicultural and First Nations communities

Our interview for this research with an expert in scam and fraud protection noted differences in experiences, particularly for multicultural communities and First Nations people. First Nations people are more likely to experience broad distrust of government and a significant sense of shame after being victimised by scams. The expert noted:

> ***Unfortunately, scams often result in significant financial hardship which can lead to other types of criminality including theft or anti-social behaviour … In First Nations communities, there's respect for certain generations and so a scammer might try to leverage elders.***

Conversely, they observed:

> ***In some multicultural communities, you can see the reverse where there is an implicit trust in government exposing victims to extortion scams where a perpetrator is impersonating government officials. Scammers will often threaten deportation and cancellation of visas.***

Trust and authority are tools scammers distort, the expert noted, and that's why:

> ***[t]argeting some of these more vulnerable cohorts is not just about reaching them directly, but also indirectly through other people we know have influence in their lives … building those relationships and understanding to push better messaging.***

'Scambling' and 'cuckoo smurfing'

From the interviews undertaken for the research, there is mounting evidence of a worrying trend of problematic online gambling and increasing prevalence of scams in First Nations communities. As our interviewees from ANZ noted, 'First Nations communities lose an estimated $200,000 a day in scams' (Georgina Galbraith, ANZ). Georgina discussed with us how social media is used to offer quick loans, but they are instead scams.

An escalating scam that is linked with illegal online gambling sites – 'scambling' – is heavily targeting First Nations young people.[209] The scammers are looking to source bank accounts for money laundering purposes.[210] By using fake online casinos, the scammers know they will be targeting people who are susceptible to problem gambling and are therefore 'easy targets'.

When a scambling victim's bank account is shut down by their financial institution, which is a standard response once fraudulent activity is detected, they become effectively 'unbanked'. For many young First Nations people, who are disproportionately targeted, reopening an account is far from straightforward. Without readily available identity documentation, they may be locked out of receiving income payments or wages, and face failed direct debits while navigating a system that was already difficult to access.

The interviewees also made us aware of 'cuckoo smurfing'. This is linked to money laundering and is used by organised criminals as a way of moving funds across national borders using Australian bank accounts of regular, unsuspecting people not associated with the operation. It can be sometimes referred to as 'renting a bank account'.[211]

209 AUSTRAC (2025).
210 National Anti-Scam Centre (2025).
211 More information on cuckoo smurfing is available at https://www.austrac.gov.au/business/how-comply-guidance-and-resources/guidance-resources/cuckoo-smurfing/. Fact sheets and a financial crime guide are also available.

Recommendations

Recommendation 10. Invest in culturally responsive scam awareness programs for multicultural and First Nations communities.

Recommendation 11. Tackle scambling and cuckoo smurfing with targeted education, and investigate alternative restorative pathways that avoid unnecessary unbanking of victims if possible.

Technology-facilitated financial abuse

Technology has fundamentally transformed the landscape of financial abuse, creating new avenues for perpetrators to exert economic control over victim-survivors. Digital banking and payment platforms, while increasing financial accessibility, have simultaneously enabled financial abuse.[212] For example, joint accounts, tracking apps and financial monitoring tools can be weaponised to enforce dependency or manipulate financial access.[213] These dynamics underscore the need for safety by design in fintech platforms, including mobile banking and payment apps. Increased protective regulation is also needed, since fintech products such as BNPL have been weaponised as a tool for financial abuse, particularly against women.[214]

Research by the Centre for Women's Economic Safety (CWES) reveals that a high proportion of domestic violence cases involve economic abuse, with technology increasingly central to these tactics. Examples include perpetrators using banking apps to track purchases in real time to exploiting digital lending products to create debt in victims' names.[215] CWES has advocated for banks to build safety and better protections into the design of financial products to deter perpetrators from inflicting financial abuse through banking and online mediums. Prevention is always the preferred option.

The ABS now documents the prevalence of economic or financial abuse nationally. This data shows that of the 1.5 million women who have experienced economic abuse by a previous partner, 78% experienced financial sabotage, 41.5% experienced financial exploitation tactics, and 69.3% experienced financial control.[216] However, the survey questions do not specifically address technology-facilitated financial abuse, rendering these tactics hidden in national data collections.

Banks have started taking specific steps in response to demands for improved consumer protection against financial abuse and better support for victim-survivors. However, there is still a need to close systemic gaps in regulation, enhance information-sharing across platforms, and provide better training for financial services staff so they can identify technology-enabled patterns of abuse.[217]

Recommendations

Recommendation 12. Prioritise prevention of technology-facilitated abuse by incentivising and regulating for safety by design across all financial products.

Recommendation 13. Create accessible services to help victim-survivors of family violence safely wipe digital devices, secure digital accounts and communicate safely with support services.

212 Fitzpatrick (2022).
213 Bellini (2023).
214 Bellini (2023) and Chen et al. (2026).
215 Centre for Women's Economic Safety, https://cwes.org.au.
216 Australian Bureau of Statistics (2023).
217 Fitzpatrick (2023).

Technology-facilitated gambling

Our review revealed a large volume of national and international research with unequivocal evidence confirming that online gambling causes significant financial, social and health harms.[218] Technology has been exploited to produce large profits for a sector that intentionally aims to harm children, young people, midlife people, families and society. The confluence of technology, weak regulation and an insufficiently responsive government has created the perfect conditions for widespread harm.

Gambling's new ecosystem: designed to reach everyone

Online gambling is no longer a single industry. It has become a sprawling ecosystem. Software developers, financial technology providers, media companies and social media platforms are now deeply embedded in how gambling products are built, promoted and sustained.[219] Surveillance and data capabilities have made targeting more precise than ever. Gambling companies use online user data and social media influencers to reach individuals, tailor their marketing, cross-sell products and prolong engagement. The predatory nature of gambling is intentional since it serves to exploit addiction-related psychology, and systematically targets vulnerable groups, including children, for profit.[220]

The industry protects this ecosystem through deliberate policy influence. It frames gambling as harmless entertainment, emphasises economic contributions, and deflects responsibility for harm onto individuals, particularly those labelled as 'problem gamblers'. This framing has influenced regulation in its favour, keeping policy focused on treating individuals rather than scrutinising the corporate structures and product designs driving harm in the first place.[221]

The connection between gaming and gambling exposes children and young people to risk. Industry business models openly groom young users, with financial features embedded in games and apps, such as loot boxes, deliberately designed to familiarise children with gambling mechanisms.[222] As noted by the Grattan Institute, 'Gambling normalisation starts young, and advertising is a major culprit.'[223]

Partnerships with professional sports organisations have given gambling operators unfettered access to mass audiences, normalising betting as part of everyday sporting culture.[224] In-game betting during live matches makes wagering instantaneous and continuous.[225]

Exposing children to gambling ads at sporting events creates an association that should never exist.[226] Once we allowed cigarette advertising at sporting games; we now recognise how wrong that association was. Linking a harmful activity with a healthy one is not accidental. In the case of gambling ads at sporting games, it is a deliberate tactic designed to disguise gambling as a cultural norm, as much a part of Australian life as sport itself.[227] By allowing this advertising, governments and sporting organisations – which have a duty of care to protect young people – are being irresponsible, if not negligent. A sobering finding from a study conducted by the Australia Institute should be enough to bring the relationship between sport and gambling into serious question: 'Australia's teenagers are now more likely to gamble than they are to play any of Australia's most popular sports.'[228]

218 Vines (2023) and Wardle et al. (2024).
219 Wardle et al. (2024).
220 Backholer (2024).
221 Wardle et al. (2024).
222 Hing, Rockloff, et al. (2022) and Wardle and Zendle (2021).
223 Sathanapally et al. (2024, p. 3).
224 Wardle et al. (2024).
225 Wardle et al. (2024).
226 Sathanapally et al. (2024).
227 Livingstone (2023).
228 Saunders and Harrington (2025, p. 7).

HILDA data shows that sports betting increased more than 57% between 2015 and 2022, with sports betting by younger males up more than 60%.[229] Not only is online betting more common, but gambling-related harm is worsening, as high-risk gambling increased from 6.3% to 8.7% over the same period.

Australian evidence indicates that smartphone-enabled online sports betting is becoming embedded in teenagers' everyday routines, including during the school day. Ubiquitous mobile access and gaps in protections, rather than any school policy, make wagering possible anytime, anywhere. The South Australian Commissioner for Children and Young People reports teens accessing gambling on their phones at school as part of daily life, highlighting how ease of access, not institutional permission, drives participation and harm.[230] The Australia Institute likewise finds that nearly one in three 12- to 17-year-olds gambles, and stresses that online platforms accessed via smartphones have transformed when and where young people bet, with risks that persist into adulthood.[231]

An Australian study that included the voices of young people highlighted a comment from a 12-year-old male:

> ***Can you please just say one day in your post-match speech 'don't gamble, please'. Because I bet [athletes] would have a huge amount of influence … That'd probably make a lot of people not gamble. So, probably if they talked about gambling and told everybody not to gamble, then that would be a huge influence across the country and there would be a lot less people gambling.***[232]

The financial cost: greater and more far-reaching than we know

The effect of gambling on the financial wellbeing of Australians is enormous. More enormous than we fully know. The harmful effects – and associated costs to government, communities and families – reach far beyond the individual gambler.[233] Australia holds the unfortunate distinction of being the world's biggest gambling loser per capita.[234] The most recent estimate of gambling losses in Australia, from 2023–24, is $32.2 billion,[235] up from $24.9 billion in 2017–18.[236] The social costs to families and communities are practically immeasurable.

Research shows a direct connection between gambling marketing via mobile messages and betting-related harm.[237] In Hing and colleagues' 2022 study, participants who opted out of direct marketing reported 67% fewer short-term harms.[238] The research also highlights that affiliates such as operators, influencers, review sites and paid tipsters often fail to disclose their commercial relationships, in violation of Australian Consumer Law requirements.

Beyond the direct harm to the individual participating in gambling, women are disproportionately and indirectly affected by household problem gambling through associated domestic violence, including financial abuse.[239]

229 Botha (2025).
230 Connolly (2024).
231 Saunders and Harrington (2025).
232 Pitt et al. (2022).
233 Wardle et al. (2024).
234 Sathanapally et al. (2024).
235 Queensland Government Statistician's Office (2025, part 2, p. 2). See Table D: Total Gambling Expenditure. Expenditure is defined as 'the net amount lost or the amount wagered less the amount won. Alternatively, it is the gross profit due to the operators of each form of gambling' (p. 5).
236 Roth (2020, p. 2).
237 Hing, Rockloff, et al. (2022).
238 Hing, Rockloff, et al. (2022).
239 Hing, Nuske, et al. (2022).

Action, not more research, is urgently needed

There is unequivocal national and international evidence of the harm and costs associated with the freely expanding gambling ecosystem. We have enough evidence to warrant action. A full inquiry *You win some, you lose more. Online gambling and its impacts on those experiencing gambling harm* has comprehensively detailed the harm and costs of online gambling, producing 31 recommendations for action. The report awaits a courageous government that prioritises the wellbeing of Australians, including children's futures, to act on them.[240]

Of critical importance for systemic change is treating gambling harm as a public health issue.[241] Such an approach would invoke 'universal intervention rather than targeted responses after harm has already occurred'.[242] Technology has enabled the gambling ecosystem to operate globally, and effective responses will require international coordination.[243]

Recommendations

Recommendation 14. The government has to prioritise the wellbeing of Australians over maintaining favour with the gambling ecosystem.

Recommendation 15. Frame gambling harm as a public health issue.

Recommendation 16. Establish a national regulator with a mandate to reduce the power of the gambling industry ecosystem and reduce gambling harm, especially to children and young people.

Recommendation 17. The government needs to act upon the 2023 Peta Murphy report *You win some, you lose more.* Start with actioning the core recommendation, number 26, to implement a phased, comprehensive ban on all online gambling advertising.

Recommendation 18. The government needs to invest in culturally responsive gambling prevention programs and counselling services for multicultural communities, such as those offered by Settlement Services International (SSI) to help prevent or reduce gambling harm.[244]

Recommendation 19. Government campaigns need to employ social marketing methods to create anti-gambling campaigns aimed at cohorts most at risk for example, young males. Engage the voices of young people in creating campaigns that are relevant and effective.

240 Standing Committee on Social Policy and legal Affairs (2023).
241 Vines (2023).
242 Vines (2023, p. 2).
243 Wardle et al. (2024).
244 https://www.ssi.org.au/our-services/health-wellbeing/multicultural-gambling-harm-prevention-services.

SPOTLIGHT 2.

War on scams: prevention, reducing stigma, call for more support, and cross-sector responsibility

Our interview with an expert on scam and fraud prevention, who spent two decades battling fraud and scams across two countries, emphasised a clear learning: fear-based messaging doesn't work. 'You're battling against the presumption that the average person assumes they're not vulnerable,' explains our expert.

The psychology of scam prevention

The challenge is immense. Scammers are increasingly sophisticated, using AI to conduct conversations in real time. 'The AI is actively responding to the specific things being said by the victim and because it's learnt and been programmed, it continues to learn as it engages in these conversations, it gets faster and more efficient and more effective,' our expert warns. 'Because its sole job is to deceive and manipulate.'

From fear to empowerment

Instead of relying on fear, prevention strategies are aiming to promote empowerment through the Stop. Check. Protect. campaign – an initiative of the Australian Government's ScamWatch website.[245] 'You're trying to leave it on the positive note by making people aware there is stuff you can do to stay protected.'

Our expert draws parallels to successful public health campaigns of the past – for example, the Slip, Slop, Slap campaign for sun protection. The approach recognises that scams exploit fundamental human needs.

'Some of these scams are playing on our most fundamental human instincts – we're all looking for connection, we're all looking to feel valued, we're all looking to be understood.'

Changing the language about victims

The way we talk about victims of scams has deliberately shifted away from victim-blaming language. 'We don't say things like "fall victim to". We don't say things like, if you've given your money to a scammer – we try and steer away from this language,' says our expert.

'Because the scammer steals your money, you know, so it's trying to … shift away from, you know, the scammer tricking you to a scammer deceiving you.' This linguistic change emphasises that scams represent 'an intentional criminal act and manipulation'.

The compensation gap for crime victims

A significant injustice highlighted by victim advocates is the disparity in support. 'As a victim of any other crime you're entitled to, there's like a compensation scheme. And you're also entitled to psychological appointments and support for being a victim of crime,' our expert notes. 'Now a scam is a crime, and it's recognised as a crime. However, it's often not recognised as a crime when it comes to compensation and support.'

This gap reflects broader systemic issues in how scams are perceived and treated within

245 https://www.scamwatch.gov.au/stop-check-protect; and the National Anti-Scam Centre, https://www.nasc.gov.au.

the justice system, leaving victims without the same support mechanisms available to other crime victims.

It's not just money that is lost

The psychological impact extends far beyond financial losses. Our expert describes how victims of romance scams face particular stigma: 'People are so quick to think, "oh, if you're a victim of a romance scam, you're desperate. You're lonely." But the reality is that we're all vulnerable to scams, because of the way scammers leverage sophisticated technology in combination with basic human needs and tendencies.' This stigmatisation prevents reporting and increases isolation, making victims more vulnerable to further scamming.

The wellbeing impacts are severe, particularly for those with limited resources. Our expert recounts a recent conversation with a scam victim 'who lost $200 and lived in a remote area and had no money to buy food for two weeks and was too embarrassed to ask for help'. Our expert emphasises that harm must be measured beyond dollar values alone, as even seemingly small losses can have devastating psychological and wellbeing consequences.

Australia's revolutionary framework

Australia's primary response is the proposed Scams Prevention Framework,[246] which shifts responsibility beyond just banks. 'Only relying on the banks to stop this problem is going to be really, really ineffective because they are the last people involved in the chain,' our expert explains. The Scams Prevention Framework Bill 2024 (Cth), introduced to Parliament in November 2024 and enacted in February 2025, now forms part of the Competition and Consumer Act 2010 (Cth). It enforces stronger consumer protections across several industry sectors. The SPF adopts an integrated approach by making sure scam reduction is a responsibility of all industry sectors in which scam behaviour takes place – not just finance. The SPF will require social media companies and telecommunications providers to implement robust prevention and detection procedures, addressing scams at their entry points rather than just the payment stage. Initial consultation with industry sectors such as banks, telecommunications and social media companies concluded in January 2026, with a position paper and broader consultation to follow.

What individuals can do

For individuals, the key message has evolved from spotting red flags to verification. 'The problem with the sophistication of scams now is that there may be no red flags,' our expert notes. Instead, the response should be: 'Verify, verify, verify, verify. That's your check step.'

Government and corporate responsibility

Government agencies and corporations need better coordination. Services Australia has implemented a 'no-links policy' in communications, using quick codes instead.[247] 'If all government and all industry took that approach, then it could have a significant impact because it would make government phishing scams involving hyperlinks easier to detect,' our expert suggests. It would also encourage people to verify the authenticity of communications by going directly to the official website themselves, instead of relying on hyperlinks. This is a crucial scam prevention step that should be taken before providing information or making a payment.

Support systems are expanding. Victims reporting to ScamWatch can access IDCARE,[248] which provides psychological support and practical assistance. 'What IDCARE will do is look at the scam and the victim and provide a tailored response. And that can include psychological appointments, referrals to psychologists.'

246 Australian Government the Treasury (2025b).

247 Quick codes are short numbers, instead of a webpage link, which identifies a web page. It can be then used to find the exact page needed. See https://www.servicesaustralia.gov.au/quick-codes-services-australia-website?context=22.

248 https://www.idcare.org.

The international community is watching Australia's comprehensive approach. 'The world is watching,' our expert learned from recent international anti-scam conferences. They remain optimistic about the SPF's potential: 'I honestly think that is the biggest opportunity for not just Australia, but the world.'

However, progress requires patience. 'None of this is a silver bullet,' our expert cautions. 'It's a bunch of things that need to happen concurrently for us to really start to see a shift.'

3.2 Health and financial wellbeing

What this section is about

This section examines health and financial wellbeing, covering how financial difficulty impacts health over a lifetime; financial toxicity; the relationship between health and financial education; and the relationship between mental health and finances.

Why it matters

Health and financial wellbeing are interconnected. Each influences the other. Poor health increases costs for individuals, families and society; and financial stress causes deterioration in health. The impacts of poor health and financial situations accumulate across life stages and generations.

Key recommendation

Recommendation 20. Government should ensure that health and financial wellbeing policies and strategies are developed in an integrated way, recognising their bi-directional relationship and applying social determinants of health principles to guide focus and resource allocation.

> ***Health – both physical and mental – is considered to be one of the most, if not the most, important matter that shapes subjective wellbeing. As well as personal health, the health of family and friends plays a significant role. Health is also closely connected to financial wellbeing: poor health, for example, can make it harder to earn a reliable income and some conditions create additional costs.***[249]

Introduction

The literature reviewed confirms there is a bi-directional causal relationship between health and financial wellbeing. Most of the research in this area originates from public health and related fields. The social determinants of health (SDH) framework aligns closely with models of financial wellbeing, highlighting the interconnectedness of health and financial status.[250]

The SDH appropriately acknowledges the non-medical factors contributing to health inequities and similarly underscores the elements that influence financial wellbeing. These elements include adequate income, financial stability, secure and quality employment, as well as stable housing.[251] Weida et al. (2020) assert that financial health is foundational for other economic social determinants such as energy, housing and food security.

Notably, parallel research in financial wellbeing emphasises evidence regarding the profound impact of early childhood development and experiences on lifelong wellbeing. The SDH framework provides valuable insight into the interdependencies between health and finances and identifies key factors essential to financial wellbeing.

249 Riitsalu et al. (2025, p. 74).

250 The SDH framework has been adopted by the World Health Organization (https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1) and the Australian Institute of Health and Welfare (https://www.aihw.gov.au/reports/australias-health/social-determinants-of-health).

251 Weida et al. (2020).

Frequently referenced in recent literature on the relationship between health and financial wellbeing is the influential UK Government-commissioned report, *Fair society, healthy lives* (the Marmot Review). Professor Marmot's work has been pivotal in showing the connections between health and financial wellbeing. Our work in financial wellbeing, including research, policy and practice, would be well served by incorporating the objectives of the Marmot Review. The six policy recommendations outlined by Professor Marmot are:

> - ***Give every child the best start in life.***
> - ***Enable all children, young people and adults to maximise their capabilities and have control over their lives.***
> - ***Create fair employment and good work for all.***
> - ***Ensure healthy standard of living for all.***
> - ***Create and develop healthy and sustainable places and communities.***
> - ***Strengthen the role and impact of ill-health prevention.***[252]

These objectives are both pragmatic and essential, yet they continue to remain unattainable in the United Kingdom and globally. The question remains: Why?

The bi-directional impacts of financial hardship and poor health outcomes across the life course

Childhood

Financial wellbeing begins in childhood. Efforts and interventions need to start here too. The research shows that what happens in childhood – positive or negative – has a causal relationship, not just an association, with financial wellbeing. Experiences in childhood, ranging from a lack of positive care and financial insecurity to adverse events and abuse, are key determinants of future health and financial stability.[253] Adverse childhood experiences are widely recognised as significant contributors to lifelong health problems and financial stress, carrying considerable costs for individuals and society.[254]

To add to the evidence confirming income as a key determinant of financial wellbeing, the research from childhood health disciplines shows that household income has a causal relationship with children's outcomes.[255] The health literature has long established that children raised in low-income households are far more likely to experience poor outcomes in health, education and personal development – all of which impact financial wellbeing.[256] When parents are less able to provide stable housing, nutritious food and healthcare, or meet costs associated with developmental challenges and general education, children are already set on a course of what is likely to be a life of disadvantage.

Therefore, financial wellbeing interventions must start in early childhood. Focusing just on downstream adult outcomes not only wastes resources but also causes avoidable difficulties throughout a child's development and makes future change more challenging.

Research in the health discipline that connects childhood experiences to health and financial outcomes is extensive and deserves a standalone report. The value of and revelations from this research provide a compelling case for including childhood health expertise in financial wellbeing strategy development.

252 Marmot et al. (2010, p. 15).
253 Simon et al. (2021) and Weida et al. (2020).
254 Hughes et al. (2021).
255 Cooper and Stewart (2021).
256 Cooper and Stewart (2021).

Integrating childhood health and financial wellbeing

The Murdoch Children's Research Institute is conducting a large study exploring how to support families experiencing financial hardship to improve children's outcomes. The Healthier Wealthier Families program[257] is modelled on a successful program developed in Glasgow, Healthier Wealthier Children.[258] The underlying objective of this program is to improve children's health outcomes by decreasing financial hardship. The program does this by providing pregnant women and families with young children with access to income maximisation advice through health and welfare services. It involves providing health service practitioners with an understanding of the social and financial inequalities experienced by their patients, and giving them the information they need to connect patients to greater support.

The Murdoch Institute's Healthier Wealthier Families program replicates the aim of Healthier Wealthier Children by combining financial counselling for families with services designed to help them access their entitled benefits and other support that can ease financial hardship.

The results of the Healthier Wealthier Families pilot program included increasing government income support for participants by an average of $6,504 per year, in addition to $784 in concessions, debt waivers and brokerage. Other outcomes included participants experiencing reduced stress, accessing practical help, having increased financial knowledge and gaining a sense of empowerment.[259]

The Healthier Wealthier Family study along with the similar international programs have shown that integration is proving to be a successful model in addressing the combined health and financial outcomes for children and families. [260]

Another highly successful program that integrates health, wellbeing and development data to improve health, wellbeing and development outcomes of children, young people and families is the University of Adelaide's Better Evidence Better Outcomes Linked Data (BEBOLD) platform.[261] This initiative is dedicated to generating evidence to inform services that produce better outcomes, using linked administrative data. The platform tracks 32 birth cohorts from 1991 onwards, tracing the experiences of approximately 640,000 South Australian children (including around 28,000 Aboriginal and Torres Strait Islander children) into their early thirties. BEBOLD links de-identified data, including birth registrations, perinatal data, child protection records, public housing data, hospital and emergency department records, early education data, youth justice records and Services Australia data. Critically, family files within BEBOLD link children and parents to examine intergenerational contact with these systems, enabling researchers to track how disadvantage transcends generations.

257 Healthier Wealthier Families overview by the Murdoch Children's Research Institute, https://www.ccch.org.au/our-work/project/healthier-wealthier-families.

258 Healthier Wealthier Children project overview by the NHS Greater Glasgow and Clyde, https://www.nhsggc.scot/your-health/public-health/maternal-and-child-public-health/healthier-wealthier-children/.

259 Price et al. (2023).

260 Hughes et al. (2021).

261 The University of Adelaide's Better Evidence Better Outcomes Linked Data (BEBOLD), https://health.adelaide.edu.au/betterstart/research/bebold.

Recommendations

Recommendation 21. Prioritise early childhood in financial wellbeing policy, research and practice. Intervene early to reduce financial insecurity for families and young children. This includes ensuring adequate income support and services are accessible to families with children, especially sole-parent households.

Recommendation 22. Expand integrated health and financial support models that promote cross-discipline support, such as the Healthier, Wealthier Families program. Train health practitioners to identify people who are experiencing financial hardship, and ensure practitioners have the necessary resources to support or refer people to relevant agencies.

Value for financial wellbeing research

The BEBOLD platform’s research aims to help break cycles of disadvantage throughout the life course by providing integrated and longitudinal evidence that can inform policy, service design and delivery. A BEBOLD-style initiative that extends beyond South Australia would provide unprecedented insights into how early childhood disadvantage shapes lifelong financial wellbeing trajectories. For financial wellbeing research, this longitudinal data linking would allow researchers to trace how factors like child protection involvement, housing instability, health system engagement, and welfare dependency in early childhood correlate with financial outcomes in adolescence and adulthood. The ability to examine intergenerational patterns would be particularly valuable for understanding how parents’ financial circumstances and system interactions influence their children’s financial trajectories, providing evidence for preventative interventions targeting families rather than just individuals.

Such comprehensive data linking would also enable researchers to identify critical intervention points across the life course and evaluate the long-term financial wellbeing impacts of early childhood programs and policies. By connecting data on early education participation, health outcomes, housing stability and justice system involvement with later employment, income, welfare receipt and financial stress indicators, researchers could build a much more nuanced understanding of how early disadvantage compounds into financial vulnerability. And, importantly, what policy and service responses effectively break these cycles before they become entrenched.

Recommendation

Recommendation 23. Build linked data systems similar to South Australia’s BEBOLD platform to track financial outcomes across generations.

Adolescence and young adults

Household income is a determinant of adolescent mental health. In Australia, children and adolescents from the lowest income quintile are nearly twice as likely to experience mental health challenges compared to those from the highest income quintile.[262]

Mission Australia and Orygen’s ongoing research on the lives of Australian young people reports that financial stress is having a significant impact on their mental and physical health and their social relationships.[263] The Mission Australia – Orygen research found that one in five young Australians experience financial stress, which worsens mental health and wellbeing and fosters a negative future outlook.

262 Dickson et al. (2025).
263 Filia et al. (2024).

A powerful quote from the Mission Australia research captures what it's like for a young person to live in a low-income household. When asked about the main personal challenge they experienced, a 16-year-old male from South Australia said:

> ***Financial freedom because money may not be the root to happiness, but it is definitely the root for survival. And growing up with a below average income family has made things tough with parents working all the time and not being able to drop me off to places and me having to catch the bus or walk … missing out on certain opportunities.***[264]

As adolescents become young adults, the financial strain they experience is most likely to increase. For young adults, costs increase as they take responsibility for paying rent, covering transport for study or work, and buying food and other essentials. Even for young adults in employment, the risk of experiencing financial strain is high and the impact of this strain on mental health is most prevalent during this life stage.[265]

Midlife adults

Financial stress during midlife often leads to relationship breakdowns, which in turn deteriorates both mental and physical health, further increasing financial hardship.[266] Women are more vulnerable to the combined effects of financial strain and poor health resulting from divorce or separation.[267] Single-parent households, most often headed by women, experience the highest levels of financial stress, impacting not only the parent's wellbeing, but also that of their children.[268] Additionally, financial stress elevates the risk of metabolic syndrome, which may help explain the rise in conditions such as heart disease, stroke and diabetes during midlife.[269]

Older adults

Older adults in poor health are more likely to struggle with financial decision-making and tend to have lower levels of financial wellbeing compared to their healthier peers.[270] Those living in Australian rural areas face heightened risk of deteriorating mental and physical health, especially if they are not employed.[271] Age-related cognitive decline naturally affects decision-making abilities, but there is considerable variation among individuals. Psychosocial factors play a significant role in moderating the rate of cognitive decline. For example, a twelve-year longitudinal study found that higher overall wellbeing slowed the decline in both financial and physical health among older adults.[272]

264 Filia et al. (2024, p. 4).
265 Way Forward (2022).
266 Neppl et al. (2021).
267 Lichtenstein et al. (2022).
268 Fuji et al. (2024).
269 Kuo et al. (2023).
270 Lowies et al. (2022).
271 Handley et al. (2021).
272 Stewart et al. (2023).

Financial toxicity

Financial toxicity is a concept rooted in health research, having been first identified within oncology. It originally referred to 'the objective financial burden (from direct and indirect out-of-pocket health costs) and the subjective financial distress experienced by cancer patients, survivors, and their families as a result of cancer diagnosis and treatment'.[273] Oncologists compare this financial and mental strain to physical toxicity, as it can hinder recovery and have severe repercussions for the wellbeing and financial stability of patients and their families. Ngan and colleagues elaborate on these repercussions: 'The consequences of financial toxicity are wide-ranging, including over-indebtedness, loss of assets, reduced income, employment changes, and diminished ability to cover essential expenses such as mortgage or rent.'[274]

A systematic review covering 11 countries found that Australia had the highest rate of income loss following a cancer diagnosis, with approximately 67% of patients facing changes in employment.[275] For breast cancer patients, primarily women, the median income loss in the first six months post-diagnosis exceeded $5,000.[276] These financial changes can jeopardise a household's ability to meet essential expenses like housing and childcare, potentially setting in motion ongoing financial strain that may affect children and, by extension, have ongoing impacts on financial wellbeing throughout subsequent life stages.

From a health perspective, financial toxicity can lead to non-adherence to recommended treatments or force patients to select medical options based on cost rather than efficacy. The effects extend to mental health, contributing to depression, anxiety, self-reproach and regret.[277] Social outcomes are also impacted, with affects including relationship breakdowns and family conflict.[278] These events in turn disproportionately impact on women's financial lives, as they generally fare worse financially in divorce and separation.[279]

Notably, people living in countries with publicly funded healthcare systems like Australia are not immune to financial toxicity; they report similar negative impacts from out-of-pocket health expenses as seen elsewhere.[280] In Australia, the total out-of-pocket healthcare burden was estimated at over $33 billion between 2020 and 2021.[281]

First Nations communities and financial toxicity

First Nations communities are especially vulnerable to financial toxicity.[282] First Nations people living in rural regions face high rates of financial toxicity due to the costs of accessing treatment, including transportation, accommodation, and the costs of medications and procedures.[283] The impact of out-of-pocket healthcare costs for First Nations people can be severe. Some sleep rough near treatment centres due to a lack of affordable accommodation, while others forego prescribed medicines or essential equipment. In some cases, the inability to afford treatment, such as dialysis, results in death.[284]

A thorough examination is warranted to identify the full extent of financial toxicity in our First Nations communities and how it manifests in these communities.

273 Zafar et al. (2013, p. 381).
274 Ngan et al. (2023).
275 Longo et al. (2020).
276 Longo et al. (2020).
277 Ngan et al. (2023).
278 Ngan et al. (2023).
279 Broadway et al. (2022).
280 Fitch et al. (2022).
281 AIHW (2022).
282 Ryder et al. (2024).
283 Fitch et al. (2022) and Scholes-Robertson et al. (2023).
284 Ryder et al. (2024).

Financial toxicity and disability support

Financial toxicity also affects individuals awaiting access to disability support payments. The lengthy and arduous process increases financial stress, often worsening existing health conditions or triggering new challenges such as depression, anxiety and other mental health problems.[285]

As for First Nations communities, there is a need for focused research into the specific financial challenges faced by people with disability. Many experience financial toxicity for extended periods of time, and some endure it throughout their lives.

Recommendations

Recommendation 24. Conduct focused research to identify how financial toxicity manifests for First Nations people and people with disability.

Recommendation 25. Systematically screen for financial toxicity when people begin their healthcare journey. This can be enabled by cross-training healthcare staff and equipping them with the tools and knowledge they need to identify whether patients are experiencing financial hardship and to connect them with financial counsellors if needed.

Recommendation 26. Simplify and expedite applications for government income support and reduce wait times for people with chronic illness and/or disability.

The role of culture in wellbeing

First Nations people are particularly affected by poor health outcomes linked to financial hardship throughout life, largely due to the enduring impacts of colonisation and unequal opportunities (see Spotlight 4).

Culture plays a crucial role in the wellbeing of First Nations communities, yet it has often been undervalued or ignored in the design of financial interventions. For First Nations people, health and wellbeing are as deeply rooted in cultural determinants as they are in physical or financial factors. There are calls for culture to be formally recognised as a social determinant of health for First Nations populations. As Backholer and colleagues note, 'Culture's importance as a determinant of health and wellbeing reflects the multifaceted way we need to view health, not merely [as] part of the current proximal-distal orthodoxy pervading public health.'[286]

Recommendation

Recommendation 27. Recognise culture as a fundamental determinant of health and financial wellbeing for First Nations people. Provide support for First Nations people to access essential health treatments, including by providing support for transport and family accommodation when travel is required for treatment.

285 Ryder et al. (2024).
286 Backholer et al. (2021, p. S12).

SPOTLIGHT 3.

How First Nations communities are leading the way through holistic financial wellbeing

This spotlight is based on an interview with Carmen Daniels, from the Cree Métis indigenous people from amiskwacîwâskahikan (Edmonton, Alberta, Canada) on Treaty 6 territory. Carmen lives in North Queensland and is Co-founder and Research Manager of the Indigenous Consumer Assistance Network (ICAN).[287]

A cultural shift in understanding financial health

When Daniels began questioning whose financial literacy standards First Nations communities were trying to fulfill, it marked a fundamental shift in how ICAN delivered financial support.

'Aaron Davis, the CEO, was saying, whose financial literacy are we trying to promote?' Daniels recalls of the pivotal moment in 2015. 'What would it look like if we tried to understand financial capability education through a cultural lens?'

This question led ICAN to develop the Yarnin' Money program, a financial capability methodology that places cultural standpoints at the heart of financial wellbeing, recognising that money issues cannot be separated from the broader context of people's lives.[288]

The 'Wellbeing Wheel': mapping life beyond finances

ICAN sought to build upon its methodology by incorporating elements of the Sustainable Livelihoods Approach into its financial counselling and financial capability service delivery.

Its innovative approach is centred on a visual tool called the 'Wellbeing Wheel',[289] which maps six interconnected domains of life including health, social connections, culture and finances.

'People were having an "aha" moment about the interconnection of everything. How all of these things interconnected and impacted on their money,' Daniels explains.

The Wheel operates alongside a four-stage continuum practice tool called *Surviving to thriving*, adapted from the Sustainable Livelihoods Framework for financial counsellors.

ICAN uses the continuum as an assessment tool and a way to understand how a person moves from stages of *surviving* to *thriving* in the financial counselling process.

Clients mark where they are across all domains, creating what Daniels describes as 'an amazing self-reported tool that the clients had marked out themselves.'

Breaking the cycle: why crisis intervention isn't enough

ICAN discovered a critical flaw in traditional financial counselling approaches:

> **Treating money problems in isolation fails to address root causes [of crises].**

'We were so effective at getting people out of their loans and out of their debts … People would just come to us and get out of loans and then we would often see the cycle continue for the same person,' Daniels notes. This realisation drove the organisation to seek more comprehensive solutions.

287 https://ican.org.au.
288 https://ican.org.au/thrive/yarnin-money-2.
289 Backholer et al. (2021, p. S12).

The current financial wellbeing funding model speaks to the way we think about how services are delivered for charitable purposes, which Daniels argues hasn't changed in 400 years since the Elizabethan Poor Law.

Funding focuses primarily on crisis stabilisation. 'Government-funded services that are delivered for charitable purposes tend to remain in the categories of Elizabethan Poor Law … namely, to alleviate poverty.

'When financial counselling began, it was thought to belong in a traditional welfare framework alongside providing food and other emergency relief items.

'This means that our funded services are currently focused on getting people from a crisis stage to a stabilised stage,' she explains, 'but the expectation is that we're going to bring people to thriving.'

Cultural perspectives on financial wellbeing

Drawing from Indigenous concepts, ICAN grounds its approach in cultural values.

Daniels references a Cree tenet of her own people, 'To live humbly but not being poor. It's about taking care of yourself and everything around you, so that everybody is taken care of.'

This cultural lens revealed stark differences in how First Nations people enter financial contracts and navigate economic systems.

Early in ICAN's history, it uncovered systemic consumer issues like predatory car loans in remote communities where 'the life of the loan far outweighed the life of the vehicles.'

Real impact: stories from the field

ICAN's holistic approach has yielded powerful results. One financial counsellor reported that a client who worked with the Wellbeing Wheel asked for copies to share with all her support services, including her psychologist and housing service.

'The financial counsellor had made a holistic case plan with the client, based on where she saw herself in each domain of the Wellbeing Wheel, while also mapping her strengths and her aspirations,' Daniels says.

In another case, providing art supplies to an elderly client, a First Nations woman, became a catalyst for her to reconnect with her intrinsic motivations during a time of grieving, demonstrating how addressing non-financial needs can improve overall wellbeing.

Systemic barriers and the need for reform

Daniels identifies critical policy barriers that perpetuate financial exclusion.

Government-funded financial capability programs are restricted to people on government income support, leaving a vast middle ground of working Australians without support. 'There's a big broad band of people that are underserved,' she argues.

The emergence of new threats like scambling – gambling scams causing people to be debanked – highlights how rapidly changing financial ecosystems create additional vulnerabilities.

ICAN is seeing the depth of financial exclusion across Cape York and the Torres Strait Islands where its financial counsellors are seeing a disproportionate number of First Nations people who are unbanked, debanked and who do not hold sufficient ID to become banked.

The path forward: training and integration

ICAN is now embedding its holistic practice into formal financial counselling training, recognising it requires elements from multiple disciplines, including social work, psychology and financial coaching.

'We see it as a blending of disciplines,' Daniels explains, noting that the approach is being piloted in a diploma of financial counselling program.

The goal, transforming how Australia conceptualises and funds financial support services, is ambitious but necessary. As Daniels states, 'We're not going to be able to move this conversation forward without some serious structural changes, not just an understanding, but in law and in how these things are going to flow by way of funding.'

A holistic future

The Wellbeing Wheel is more than a tool – it represents a paradigm shift in understanding financial health as inseparable from overall wellbeing.

As Daniels notes, 'You can't have conversations even about health without it being about money, you know, and vice versa.'

ICAN's integrated approach, grounded in First Nations' epistemologies but also addressing contemporary challenges, offers a blueprint for financial support that recognises people as whole beings, rather than as isolated financial problems to be solved.

SPOTLIGHT 4.

Health, superannuation policy and First Nations people

Associate Professor Levon Blue is an academic at the University of Queensland. When her father, an Indigenous man, passed away at 67, he was one of nine siblings – six of whom died before reaching retirement age, seven if including her father.

This stark reality faces many First Nations families across Australia, where 65% of First Nations people die before age 65, compared to just 19% of non-First Nations Australians.[290]

The reality gap

'I saw what was going on in my dad's side – my mum's non-Indigenous. She's one of seven and she had one sister, my aunt, pass away early,' Blue explains. 'Growing up I could see there were real differences between First Nations people and non-First Nations people.'

This personal experience drove Blue to examine how Australia's superannuation system systematically discriminates against First Nations people.

In a recently published paper,[291] Blue, with colleagues Pro Vice-Chancellor Indigenous Professor Peter Anderson and Professor Mark Brimble, has demonstrated through statistical evidence how superannuation policies discriminate against First Nations people.

The stolen super problem

For 27 years, from 1997 to 2024, First Nations workers employed under government schemes – the Community Development Employment Project (CDEP), Remote Jobs and Communities Program (RJCP) and Community Development Program (CDP) – were denied

290 AIHW (2015).
291 Blue, Anderson and Brimble (2025).

superannuation contributions that every other Australian worker received.

'They have always not paid the Super guarantee,' Blue notes about these employment schemes, which primarily targeted First Nations communities. Workers were counted as employed, paid to work, but received no retirement savings – effectively, their superannuation was stolen.

Blue and colleagues' research paper demonstrates the stark difference: 'If you were employed in this scheme for, you know, since 18 for the past 27 years, that'd make you 45. Average male who's that age has about $190,000 in their super. You'd have nothing.'

A system designed to exclude

The current superannuation system assumes people will live to enjoy their retirement savings.

But First Nations men, who have an average life expectancy of 8.8 years fewer than non-First Nations men, and First Nations women, who have 8.1 years fewer, many never access their super.

The gap in median life expectancy is even bigger. The median age of death of First Nations Australians is 63 years and for non-First Nations Australians, it's 82.3 years. That's a gap of 19.3 years.

According to Blue's research, the system fails First Nations people. Lower wages mean less super accumulated – 30% wage gap for Indigenous males, 16.4% for females as compared to non-First Nations employees.

These statistics represent real families denied the dignity of retirement, real workers who contributed to the economy but were excluded from its benefits. As Blue's research confirms, the superannuation system wasn't designed for First Nations people.

'Indigenous Australians get access to aged care facilities from age 50 because of that recognised difference in health,' Blue points out, 'but no adjustments have been made to [the] Age Pension or access to super despite [the difference] being recognised in other places.'

An inclusive and fair system

Blue advocates for several key changes:

Recognition of reality. Blue argues the system needs to acknowledge that 'Indigenous peoples are considered old or older from 50 plus where non-Indigenous [are considered old] at 65.'

***Optional** early access.* Reducing the preservation age to 50 would result in a 9% increase in the number of First Nations men and a 6% increase in First Nations women within the current cohort who are projected to reach an age where they can access their superannuation.

Even with this adjustment of the preservation age to 50, it would still fall below the proportion of non-First Nations people living long enough to enjoy their superannuation. It would require a preservation age of 46 for First Nations people for equity to be achieved.

Systemic reform. 'We need that change because that change will also have a flow on impact on what young people are seeing their parents experience. If their parents aren't able to retire or experience life beyond work, then it's just not something that you even think is a possibility for yourself.'

The question isn't whether discrimination exists – the evidence that it does is overwhelming.

The question is whether Australia will finally act to create a fair system that recognises the reality of First Nations lives, not just the assumptions of policymakers.

Until then, the cycle of intergenerational disadvantage will continue, with each generation watching their Elders work until death, never experiencing the retirement they've earned.

Financial implications of the cost of dental care

While dental care is not the central focus of this section, it serves as a tangible case study in how the structure of our health system shapes financial outcomes. The exclusion of dental services from Medicare is not simply a health policy gap, it is a financial equity issue, with costs hitting those least able to bear them the hardest. After all, dental care and healthcare are the same thing.[292]

Out-of-pocket dental expenses and financial stress

Dental care in Australia is not covered under Medicare, causing significant financial strain and exacerbating health and economic inequalities.[293] Many Australian families face ongoing challenges in affording dental treatment, leading to delayed care, the depletion of savings, increased debt, and a decline in overall wellbeing.[294] The Australian Government estimates that Australians collectively pay $7.6 billion out of pocket for dental services each year.[295]

Deferral of dental care due to cost

Unlike hospital or general practitioner visits, which are partially covered by Medicare, dental fees are a major reason Australians cancel or defer necessary treatment. In 2021–22, nearly 4 million people – about 32% of those requiring care – either delayed or cancelled dental appointments due to cost, a rate far higher than for other types of healthcare. Adults aged 25 to 44 years are especially likely to defer or miss dental visits.[296] We know from financial wellbeing research that this age cohort experiences considerable financial strain given they often struggle with the high cost of childcare, mortgages or rent, schooling and healthcare. As cost-of-living pressures and service fees rise, even more people are likely to delay or skip dental care.

Consequences of exclusion from dental care

Missing routine dental care can escalate minor problems to those that need more expensive treatments such as restorative work, crowns or extractions. Individuals left without relief for toothaches endure ongoing pain and often turn to medication, prescribed or otherwise, to cope, which can trigger further health issues, as well as social ones. Dental problems also impact nutrition, as difficulties eating solid foods may lead to malnutrition and broader health complications.[297] The inability to enjoy meals with family and friends further reduces quality of life.

The effects extend beyond physical health. Missing or decayed teeth resulting from untreated dental issues undermine self-esteem, discourage participation in employment and social activities, and are frequently linked to depression and deteriorating mental health.[298]

Early release of superannuation for dental costs

The financial desperation caused by unaffordable dental care has led to unprecedented withdrawals from superannuation. In 2023–24, Australians accessed $1 billion for medical reasons, with $526 million going towards dentistry, a dramatic rise from $66 million in 2018–19.[299] This surge appears linked to aggressive social media advertising that promotes using superannuation for dental procedures.[300] While this may provide short-term relief, it depletes retirement savings and poses long-term risks to financial security.

292 Robertson and Rogers (2024).
293 Nguyen and Haddock (2025).
294 Breadon and Fox (2023).
295 Department of Parliamentary Services (2025).
296 Breadon and Fox (2023).
297 Robertson and Rogers (2024).
298 Robertson and Rogers (2024).
299 Health Consumers' Council WA (2025).
300 Blakkarly and Herborn (2024).

Cumulative health and financial impacts

The consequences of untreated dental issues compound both financial and health burdens. Problems that begin as simple cavities can progress to complex conditions, leading to higher long-term costs and, potentially, chronic illnesses like cardiovascular disease and diabetes, which disproportionately impact lower-income groups. The overall impact of excluding dental care from Medicare is that the health and financial equality of Australians are undermined. Including dental care in Medicare would help advance the government's objectives for greater health and financial equality, and would foster increased social and economic participation.

Recommendation

Recommendation 28. Include essential dental care in Medicare. Improve access for high-need groups. Integrate oral health into chronic disease management to prevent health problems compounding over time.

Integration of health and financial education

The cross-pollination or integration of health and financial support is emerging as an important strategy for helping patients cope with the financial burdens that come with healthcare. Educating healthcare professionals, especially those working directly with patients, has been suggested as a way to identify the risk of financial toxicity early.[301] The programs highlighted earlier in this section, the Murdoch Children's Research Institute's Healthier, Wealthier Families program and its Scottish counterpart, Healthier, Wealthier Children, are showing positive outcomes from integrating financial education support with health and wellbeing services.[302]

Dion and colleagues, researchers from the public health discipline, strongly advocate for nurses to be 'empowered to employ financial literacy supporting self-care, share financial literacy with patients, and function as ambassadors of financial literacy to the public'.[303] In health settings, financial literacy could be a subset of health literacy for health professionals, with financial concepts being included in nursing science and social work curriculum.[304]

Mental health and financial wellbeing

Financial hardship and financial stress are direct causes of poor mental health, exerting a stronger influence on the development of severe mental disability than traditional socio-economic indicators.[305] The effects of financial hardship on mental health are cumulative, intensifying over time as individuals encounter ongoing financial strain.[306] Intervening early to support low-income families is a key action that can help stem the downstream harms to mental health.

Studies consistently show a strong association between low income and elevated rates of depression and mental distress. This relationship persists across various life stages, affecting young adults, those in midlife and older adults, and is evident across all countries with low-, middle- and high-income levels.[307] Conversely, increasing income, particularly for people living in poverty, has a demonstrably positive effect on mental health outcomes.[308]

301 Dion et al. (2021) and Anvari-Clark (2022).
302 Healthier Wealthier Families overview by the Murdoch Children's Research Institute, https://www.ccch.org.au/our-work/project/healthier-wealthier-families.
Healthier Wealthier Children project overview by the NHS Greater Glasgow and Clyde, https://www.nhsggc.scot/your-health/public-health/maternal-and-child-public-health/healthier-wealthier-children/.
303 Dion et al. (2021, p. 259).
304 Anvari-Clark (2022).
305 Frankham et al. (2020, p. 404).
306 AIHW (2025).
307 Guan et al. (2022).
308 Thomson et al. (2022).

Single-parent families, usually headed by women, experience more than four times the poverty rate than couple parent families.[309] Research undertaken by Beyond Blue and the Social Research Centre found that 65% of young people aged 25–34 identify financial pressure as a leading cause of distress.[310] These are concerning figures and, given what we know about the longer-term effects of financial hardship on mental health, they should be causing alarm.

Feelings such as shame and hopelessness that accompany over-indebtedness and financial hardship play a mediating role, strengthening the relationship between financial stress and worsening mental health.[311] The high cost of seeking help is exacerbating the problem.[312] Australia's 2024 Mental Health and Wellbeing Check[313] reported that some people are experiencing distress and mental health problems for up to 10 years before seeking help. The number of people not seeking help due to cost has risen from 39% in 2022 to 46% in 2024. Nearly half of people who need mental health support wait way too long before seeking the help they need. Beyond Blue urges people through its Earlier. Easier. Together. strategy to seek help as early as possible if they are experiencing mental health challenges.[314] (See Spotlight 5)

A study conducted by Way Forward, a debt management organisation, found that for its clients, worrying about being able to meet the cost of essentials is highly associated with mental health challenges.[315] The study particularly highlighted the severity of mental health impacts on young people when they are unable to meet their expenses, and found that most of the young people participating in the survey (90%) struggled with meeting unexpected expenses. Experiencing such financial struggles so early in life affects how young people view their future,[316] and future orientation affects financial wellbeing.

The distress that is associated with high levels of debt is a significant factor in suicidality. In Australia, unmanageable cost of living and debt are leading determinants of suicide.[317]

Recommendations

Recommendation 29. Fund income boosts, debt relief and hardship supports as mental health interventions.

Recommendation 30. Expand early access to mental health support and integrate suicide prevention with financial counselling services.

Recommendation 31. Treat financial stress among adolescents and young adults as a mental health priority. Provide integrated support to help young people cover essentials and manage unexpected expenses.

Workplace and mental health: a symbiotic relationship

Work and the workplace play an important role in mental health. While adequate and fair income is critical to preventing financial stress, work policies and the provision of mental healthcare through the workplace can help support employees who are experiencing financial pressure. It is in many ways a symbiotic relationship – the workplace does better when employees are free of stress and worry, and employees do better when the workplace is conducive to good mental health and provides support in stressful times.

309 Wilkins et al. (2024).
310 Beyond Blue and Social Research Centre (2025). See also Heartward Strategic (2022).
311 Frankham et al. (2020) and Beyond Blue and Social Research Centre (2025).
312 AIHW (2025).
313 Beyond Blue and Social Research Centre (2025).
314 Beyond Blue Earlier. Easier. Together. strategy, https://www.beyondblue.org.au/about/strategy.
315 Way Forward (2022).
316 Way Forward (2022).
317 Suicide Prevention Australia (2024).

A 2025 study found that 60% of employees surveyed were thinking about quitting work because of poor mental health.[318] In a large 2021 survey of workers, 22% of respondents said their workplace caused or exacerbated their mental health problems.[319] Having to leave paid employment to protect mental health can trigger a downward spiral to financial hardship and a further decline in mental health.

Small businesses are a vital part of our economy, representing a high proportion of all businesses and employing about half of the private sector workforce.[320] Given the significant role small businesses play in the financial ecosystem, they warrant greater prominence and consideration when designing interventions and setting policy for financial wellbeing.

Small business owners are far more likely to experience stress, anxiety and lower levels of wellbeing than the general population.[321] Their situations differ from those of other workplaces, with the added pressure of shouldering the burden of managing resources, maintaining a viable business, staying alert to changing environmental conditions that impact business, and meeting expenses from income that can vary widely. Beyond Blue has developed a support program, NewAccess for Small Business Owners, that provides mental health coaching to help small businesses cope with the stress that can accompany running such a business.[322]

Recommendations

Recommendation 32. Increase awareness among employers of the benefits that would come with providing support to employees to reduce financial stress. Provide guidance on best practice in supporting employees to address mental and financial health challenges.

Recommendation 33. Include the small business sector in financial wellbeing policy. Expand support for tailored programs such as Beyond Blue's NewAccess for Small Business Owners.

318 Headspace (2025).
319 SuperFriend (2021).
320 Audet et al. (2025).
321 Audet et al. (2025).
322 Beyond Blue NewAccess for Small Business Owners, https://www.beyondblue.org.au/get-support/newaccess-mental-health-coaching/small-business-owners.

SPOTLIGHT 5.

Earlier. Easier. Together.: Beyond Blue's approach to financial stress and mental health

Rebecca Gardner, Head of Strategy, Policy and Advice at Beyond Blue, has been with the mental health organisation since early 2022, working at the intersection of financial wellbeing and mental health support.

In our interview, she shared insights from Beyond Blue's research and discussed the organisation's approach to addressing what she describes as intersecting challenges facing Australians.

The current picture

Beyond Blue and Social Research Centre's Mental Health and Wellbeing Check survey reveals significant trends around financial distress. 'We are seeing increases in people identifying distress from financial pressures,' Gardner says. 'At 46%, almost one in two people are reporting stress, distress from financial pressure and around one in three (34%) from personal relationship challenges and one in three (34%) [from] housing affordability as well.'

The research also examines barriers to seeking help. 'The other thing that's interesting is when we look at barriers to seeking help, costs and wait lists are the leading barriers and cost as a barrier has actually increased significantly since 2022,' Gardner notes. She also observes that 'feeling embarrassed or ashamed saw a significant increase and remains a barrier to people getting support.'

Multiple stressors and mental health impact

A key finding from the survey is the cumulative effect of life challenges.[323]

'We were really interested in the effect of multiple stressors,' Gardner explains. 'One or two stressors in our daily lives is within a normal range.'

The data becomes particularly compelling when looking at those facing numerous challenges simultaneously. 'We found that half of the survey participants were facing three or more sources of stress, and the majority of them were likely to begin experiencing symptoms of anxiety or depression.

'Once you start getting five or more stressors, the increase in rates of anxiety, rates of depression and suicidal thoughts is exponential, despite it being a smaller percentage,' she says.

'And it's one of the reasons why our strategy at Beyond Blue is really about earlier intervention – encouraging people to seek help before their problems start to escalate.'

Beyond Blue's approach

Gardner describes Beyond Blue's work through a public health lens, using a socio-ecological model. 'We look at how we work with individuals, how we work with communities and how we work at the society level,' she explains.

At the individual level, supports include the Money and Mental Health Quiz and a comprehensive toolkit.

323 Beyond Blue and Social Research Centre (2025).

The organisation also runs NASBO – NewAccess for Small Business Owners – which Gardner describes as particularly relevant. 'It's a mental health coaching service designed to help small business owners and sole traders manage stress, worry and overwhelm.

The mental health coaches are experienced in small business themselves, so part of that model is that it's people within communities that are serving as coaches.'

At the community level, Beyond Blue has developed resources like the *Services guide for financial and mental wellbeing*, specifically aimed at building links between the financial and mental health support services sectors.

At the societal level, the organisation makes submissions to inquiries such as the Productivity Commission Select Committee on Cost of Living and the Measuring What Matters inquiry, advocating for stronger understanding of and action on the links between money and mental health.

The role of financial literacy

On the question of financial literacy, Gardner is careful to provide context. 'Financial literacy and education are, again with the caveat that it's not blaming individuals, but it actually has to happen,' she says. 'Particularly with people at risk including young people, women and small business owners.'

However, she emphasises this cannot be the only solution. 'It's essential, but it's not enough,' she states. 'We need to look at the other systemic factors.'

Building system capacity

Gardner highlights the importance of cross-sector understanding. 'Building workforce capacity in mental health and financial sectors to ensure that on both sides, that bi-directional relationship is well understood, and helping to reduce that stigma and discrimination.'

She also emphasises the need to break down silos, and '[r]eally thinking about bringing some of those siloed sectors together across financial, utilities and mental health support. So, getting that cross-information happening.'

One practical example she provides relates to awareness of available support. 'Many people aren't aware of the practical support they can access.'

The *Earlier. Easier. Together.* strategy

Beyond Blue's strategic approach can be distilled into three words. 'Earlier, easier, together,' Gardner explains.

> **It is about earlier intervention – supporting people before issues escalate and require more intensive support. Easier – understanding what matters most to people and removing barriers to accessing support. And then together – delivering as part of a joined-up system and with the community.**

This philosophy extends to the organisation's messaging. 'Our community messaging includes a line "before things get beyond you, there's Beyond Blue,"' she says. 'That idea of saying, if someone reaches out to us in a crisis, absolutely we will support them and be there, but we really want to change that behaviour so that we lower the help-seeking bar.' The challenge, she notes, is that 'people don't think that their problems are big enough, or they do wait until they're very distressed or at a crisis point before they get support.'

Human-centred design

Gardner emphasises the importance of designing services around people's actual experiences.

'The mental health sector aspires to [be] a system that is person-centred,' she says.

'That can sometimes feel like a buzzword, but it's really powerful when you think about it – you design around what someone experiences as they go through the system, that kind of human-centred design, where we are thinking about what someone's journey is and making sure it's tailored to them and easier as well.'

The focus is on understanding 'what's a person's journey, what are the supports they need along the way and how do you make that as seamless as possible?'.

Looking ahead

Gardner acknowledges emerging challenges, including how technology is changing the landscape of both financial advice and mental health support.

The organisation is working on guidance around AI and mental health and has made submissions on digital technology to the Productivity Commission.

She also notes the critical role of supporters and carers – family members and friends who may not know how to help when someone is struggling.

'We are working with supporters and people who are supporting others,' she says, recognising this as an important part of the mental health ecosystem.

Beyond Blue continues to advocate for systemic changes that address the complex relationship between financial wellbeing and mental health at multiple levels.

3.3 Climate change and financial wellbeing

What this section is about

This section examines the climate change-related factors affecting financial wellbeing. It includes discussion on the intersection of climate change with health and financial wellbeing and on the prominent issue of the growing unaffordability of insurance and the impacts this has on household financial wellbeing.

Why it matters

Climate change has shifted disasters from being rare, one-off events to frequent, intensifying cycles with compounding impacts on health, income and infrastructure. Traditional financial, insurance and relief systems are failing as households cannot recover, costs rise, and insurance becomes unaffordable, especially for those already financially stressed. Large industries drive much of the environmental degradation we are seeing, yet shift moral responsibility to individuals.[324] Structural reforms must hold industries accountable, incentivise just practices, and ensure protection, compensation and adaptation for those most affected.

Key recommendation

Recommendation 34. Recognise the impact of climate change on financial wellbeing and increase capabilities for household resilience, while intensifying pressure for insurance reform.

Introduction

Climate change is a growing existential threat driven by human activity, with greenhouse gas reduction being the key prevention strategy.[325] The Commonwealth Scientific and Industrial Research Organisation's (CSIRO) 2024 *State of the climate report* confirms that Australia has warmed by 1.51 ± 0.23°C, leading to increased and lengthier extreme heat and fire events, more acidic oceans affecting wildlife, rising sea levels, and unusual rainfall patterns causing both floods and drought.[326] Having experienced these events, 54% of Australians are concerned about climate change and consider it an important issue affecting their daily lives.[327]

Previously, natural disasters were treated as one-off events that people could cope with by having emergency savings or insurance. Our financial systems, insurance models, disaster relief, living wage calculations, and financial behaviours all assume infrequent disasters and liveable environments. With climate change, disasters are cyclical, more frequent and more intense, with lasting effects compounded by impacts on financial wellbeing, health and quality of life.[328]

Financial recovery is protracted, and often relief measures such as debt repayment pauses are inadequate; further, since disasters are now cyclical, insurance has become unaffordable, undermining financial resilience. Premium increases have far exceeded affordability, leaving more disaster-affected people uninsured even without the cost-of-living crisis.[329]

324 Munoz (2023).
325 https://science.nasa.gov/climate-change/evidence and https://www.climatechange.environment.nsw.gov.au/why-adapt/causes-climate-change.
326 CSIRO (2024).
327 https://sunriseproject.org/compass/segmentation.
328 CHOICE (2023).
329 CHOICE (2023).

Indirect effects like bushfires, biodiversity changes and air pollution render communities less liveable, depress productivity and cause investment withdrawal, preventing a return to 'normal'.[330] Socio-economically disadvantaged people, rural and isolated communities, people with disability, children, older people, pregnant women and First Nations people will be disproportionately affected.[331]

Perpetrators of climate change-induced financial harm

Environmental damage and emissions are overwhelmingly caused by big industries. Australia's top 10 highest emitters, all fossil fuel corporations, were responsible for 45.9% of direct (scope 1) emissions in 2023.[332] And yet, in its social media advertising, the energy sector makes the most claims of adherence to environmental expectations.[333]

So, while the biggest industries are causing the most harm, it is individuals who get saddled with the moral responsibility to think 'long-term' and buy pricey 'green' products that have questionable impact, and feed into more consumerism without holding the real culprits accountable.

Whether they hold more responsibility or not, large industries have clear incentives to cut their own carbon emissions rather than relying on offsets.[334] When the temperature moves from 33˚C and 34˚C, manual labour productivity drops by 50%, and extreme weather will damage business assets and infrastructure.[335]

Yet the financial system keeps funding fossil fuels, even though climate disasters cause insurance claims and economic losses that threaten banks.[336] While major Australian banks might manage climate risks themselves,[337] they're perpetuating a system that hurts people. Climate-driven inflation is hitting people already struggling with cost-of-living pressures,[338] and 7.5% of properties in high-risk areas are predicted to drop in value by 2050 by 5%, or even more than 10%.[339] Meanwhile, banks are increasingly refusing to lend in climate-affected communities.[340]

The reluctance of finance institutions to embrace climate change reduction actions is ironic given the widely used environmental social governance (ESG) framework was an initiative of the financial sector.[341]

In 2004 – over 20 years ago – the *Who cares wins* report called for a commitment by banks, pension funds, corporates, governments, non-government organisations and investors to make decisions that support better environmental, social and governance outcomes.[342]

The finance sector created and committed to this global compact. And yet here we are, more than 20 years on, seeing investment in fossil fuels continue, which is destroying the environment and therefore impacting our wellbeing and financial wellbeing.

330 Boylan et al. (2018).
331 https://www.climatechange.environment.nsw.gov.au/impacts-climate-change/climate-impacts-our-health-and-wellbeing.
332 Clean Energy Regulator (2024).
333 Gupta et al. (2023).
334 The Australia Institute (2023).
335 Kjellstrom et al. (2019).
336 Philipponnat (2020).
337 Reserve Bank of Australia (2023).
338 Qi et al. (2025).
339 Reserve Bank of Australia (2023).
340 Philipponnat (2020).
341 United Nations (2004).
342 Reserve Bank of Australia (2023).

Climate injustice

We know that communities hit hardest by climate change contribute least to causing it. The Global North's cumulative emissions have disproportionately harmed the Global South.[343] Southern countries are paying for Northern industrialisation through higher borrowing costs due to climate vulnerability, limited budgets for adaptation, and mounting climate damages.[344] Despite this 'climate debt', Northern financial institutions keep hurting these countries with self-protective credit downgrades after climate events.[345]

Worse, corporate decarbonisation efforts often involve 'green extractivism' – exploiting transition minerals, grabbing land for renewable projects, and running dodgy carbon offset schemes that hit vulnerable countries hardest.[346]

These inequities reflect the harms experienced by Australian communities, where the most vulnerable pay the price for the actions of those in power. Climate justice recognises these inequities and demands equitable climate action. Given the disproportionate impacts of business and government decisions, this isn't just an environmental issue – it's an ethical one.

But businesses won't make big changes that hurt profits. The 'moral hazard' problem and capitalist incentives prevent it.[347] Businesses use quantitative risk models to manage climate exposure, but the real exposure is unknown and effects have been massively underestimated.[348] Better risk assessment needs both qualitative and quantitative approaches, and robust scenario analysis.[349]

The Reserve Bank of Australia (RBA) has given recommendations for actions to be undertaken by key actors that would contribute to more accurate risk assessments:

- *financial institutions:* collect granular emissions data, map asset locations, build climate data infrastructure
- *regulators:* implement climate disclosure requirements, establish measurement standards
- *industry:* adopt consistent methodologies, share best practices
- *global agencies:* align reporting frameworks, coordinate scenarios.

But progress has been minimal. The Task Force on Climate-Related Financial Disclosures disbanded in 2023, replaced by the Financial Stability Board, which pushes companies towards global standards that limit local accountability and raise barriers for smaller businesses.[350]

Australia's *Climate Change Act 2022* (Cth) targets 43% emissions cuts by 2030 and net-zero by 2050, and acknowledges regional disparities and First Nations partnerships, but sets no nationwide climate justice or reparation standards.[351]

Without climate justice to realign profit with community wellbeing, business leaders won't recognise the risks their businesses pose to the environment or their responsibilities in mitigating the harm. The Wellbeing Economy Alliance – with more than 500 organisations including those from Scotland, Iceland, New Zealand and Canada – is working to centre economies around wellbeing instead.[352] Here in Australia, the Treasurer has introduced the concept of a wellbeing

343 Dafermos (2025).
344 Dafermos (2025).
345 Dafermos (2025).
346 Dafermos (2025).
347 Philipponnat (2020).
348 Philipponnat (2020).
349 Philipponnat (2020) and Reserve Bank of Australia (2023).
350 International Financial Reporting Standards Foundation, https://www.ifrs.org/sustainability/tcfd.
351 Commonwealth Consolidated Acts, Climate Change Act 2022, https://www.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol_act/cca2022109.
352 Wellbeing Economy Alliance, https://weall.org.

economy, which would naturally tie environmental and economic issues together, through the *Measuring what matters* framework (see Section 5.1). Using such a framework would help revise the leadership and governance model of financial wellbeing for Australia in an integrated way.[353]

Direct effects on health and financial wellbeing

Climate change is already affecting health and financial wellbeing in Australia, with impacts expected to intensify.[354] The frequency and severity of heatwaves, bushfires, floods and droughts are increasing the rate of deaths, hospitalisations, injuries and mental health challenges, with disproportionate effects on First Nations people,[355] low-income groups and rural communities.[356] National agencies report that Australia is experiencing more frequent and intense extreme heatwaves, longer fire seasons and heavier rainfall, all of which raise risks of heat stress, respiratory and cardiovascular disease, and trauma.[357]

The mental health burden of climate change in Australia is now well documented. A 2025 national update on climate change and mental health reports that increasingly frequent and severe extreme weather events are driving higher rates of anxiety, depression, posttraumatic stress and suicide risk, especially among young people, rural communities, First Nations people, and those whose livelihoods depend on climate-sensitive work such as farming.[358] The report notes that high temperatures already account for a measurable share of Australia's annual burden of mental and behavioural disorders, with this burden projected to increase by more than 10% in the 2030s and up to about 50% in the 2050s under higher emissions pathways. Through repeated exposure to events like the 2019–20 Black Summer bushfires, which directly or indirectly affected around 80% of the population, communities far beyond immediate disaster zones can experience trauma, grief and eco-anxiety.[359]

A 2023 CHOICE report provides evidence of what these impacts look like in the lives of people who have experienced recent extreme weather events.[360] We have taken a few examples from the CHOICE report as they illustrate the day-to-day health and wellbeing effects of extreme weather, as well as the long-term impacts.

> ***[With] the smell and mould [caused by storm damage] I wondered how it would affect my son's lungs – he's a chronic asthmatic. The bathroom was an area my son constantly complained about – it stinks, I could not have any children guests who bathed – no bath. We told the agent a thousand times – but it was not until I moved out that they fixed it.***[361]

> ***[We lost] $117,000 in the flood. The first few days after the flood I had a breakdown, I got medical help. Have been living in our caravan for four months. Living in a caravan, [with] ongoing delays, it's stressful and wearing us out. I often spend three hours or more on hold – it does your head in – I know they're busy, but I don't get a call back. When I go back to the house, I go to water the garden and used to look through the window, but not much now. I think, 'my god is this my home?***[362]

353 Australian Government the Treasury (2023).
354 Xu et al. (2023) and CSIRO (2024).
355 BBeggs et al. (2022).
356 Xu et al. (2023).
357 Department of Health and Aged Care (2025).
358 Doctors for the Environment Australia (2025).
359 Xu et al. (2023) and Doctors for the Environment (2025).
360 CHOICE (2023).
361 Mother and son, renting their home in Brisbane, QLD (CHOICE, 2023, p. 5).
362 Female, homeowner, insured, Rochester Vic (CHOICE, 2023, p. 5).

> ***We live with PTSD – if we smell smoke, we're on the defensive. The kids with what they have been through at that age, all have anxiety.***[363]

These physical and mental health impacts translate into direct financial stress for households and workers. A 2023 review highlights that climate extremes are already undermining wellbeing through lost income, disruption to housing and livelihoods, and higher healthcare demand, particularly by people in climate-affected regions and occupations.[364]

Extreme heat reduces work capacity and productivity for outdoor and manual workers, while disasters damage homes, farms and local businesses, increasing debt and insurance or rebuilding costs. Australia's 2025 National Climate Risk Assessment predicts that economic productivity losses from heat stress alone could reach between $135 and $423 billion by 2063,[365] and the number of Australians at risk from coastal flooding could double to 1.5 million by 2050, both trends with major implications for household wealth, housing markets and financial security.

At the systems level, climate change places a growing burden on health services and government resources. Encouragingly the Australian Government has made the connection between health and climate change and are working on a climate resilient health system.[366] The Australian Department of Health and Aged Care has a *National health and climate strategy*, which is a positive step forward in recognising and addressing the intersection between health and climate change.[367]

Australian health systems are already experiencing increased demand linked to climate-sensitive conditions and climate-related disasters, and warn that without stronger, better coordinated adaptation, climate change will worsen existing health inequities and strain health budgets.[368] Without rapid emissions reductions, Australia will face further increases in extreme heat, fire and weather and in heavy rainfall, resulting in even higher future costs associated with disaster response, healthcare, infrastructure repair and social support – costs that ultimately impact national budgets, community viability and individual financial wellbeing.[369]

Recommendation

Recommendation 35. Recognise the interaction between climate change, health and financial wellbeing. Integrate mental health and financial supports in responses to climate change-related disasters. Prioritise support for vulnerable people.

The impact on insurance affordability: reducing the resilience of households

Reduced insurance affordability is a global issue and is impacting the financial resilience of households and communities. Across Australia, combined building and contents insurance has risen by 17% (from 2022-23 to 2023-24).[370] When premiums rise faster than incomes, households in high-risk areas face difficult trade-offs: they may accept higher excesses, but they may also reduce cover or drop insurance entirely, leaving them more exposed to shocks and with

363 Female, homeowner, insured, Lake Kauai NSW (CHOICE, 2023, p. 5).
364 Xu et al. (2023).
365 Australian Climate Service, https://www.acs.gov.au/pages/national-climate-risk-assessment.
366 Australian Centre for Disease Control, https://www.cdc.gov.au/topics/climate-and-health.
367 Department of Health and Aged Care (2025).
368 Xu et al. (2023).
369 CSIRO (2024).
370 ACCC (2025b, p. 8).

less capacity to recover financially after an event.[371] In a growing number of cases, insurance companies are refusing to insure some communities and households in high-risk areas.[372] The Climate Council estimated that in 2022, one in every 25 properties in Australia was uninsurable, with this figure to rise substantially to one in 11 being uninsurable by 2030.[373]

The reduction in insurability widens the 'protection gap' between those who can maintain adequate cover and those who cannot, with under-insurance and non-insurance most prevalent among lower-income households and those living in disaster-prone regions, reinforcing existing inequalities in financial wellbeing and long-term asset security.[374]

Alix Pearce's 2025 Churchill Fellowship report, *Insuring Australia tomorrow: Pathways to protecting communities in a new era of risk*, highlights how worsening physical risk, rising hazard exposure and rebuilding costs are combining to push premiums beyond the reach of many households, particularly in flood- and cyclone-prone communities.[375] Pearce argues that without intervention, these affordability pressures will erode resilience by forcing households either to self-insure, thus bearing disaster losses directly, or to live with inadequate cover, increasing the likelihood that a single extreme event will trigger unmanageable debt, mortgage stress or loss of housing.

The growing pressure of insurance costs, together with the increased number of uninsurable or severely under-insured properties, will concentrate financial vulnerability, reduce community level recovery capacity, and undermine intergenerational wealth usually transferred through home ownership. Unaffordable insurance costs undoubtedly contribute to the home ownership crisis, with rising premiums impacting home loan serviceability.[376]

Policy and industry analyses further show that when insurance becomes unaffordable, financial wellbeing deteriorates not only after disasters, but well before them. Households divert income from savings and essentials to pay escalating premiums or, alternatively, forego cover to meet day-to-day costs, both of which weaken buffers against future shocks.[377]

The Insurance Council of Australia notes that targeted affordability measures such as the Cyclone Reinsurance Pool[378] can reduce premiums in high-risk areas,[379] but also stresses that without broader resilience and land use reforms, underlying risks will continue to rise and re-emerge as higher costs for households. Across the literature we have examined, a consistent message is that addressing insurance affordability is central to sustaining household financial resilience in a warming climate. If risk transfer via insurance fails, more risk shifts back onto already strained families and communities, deepening financial insecurity over time (see Spotlight 6).

Recommendations

Recommendation 36. Empower a dedicated agency such as the ACCC to provide oversight, monitoring and regulating of general insurance pricing to ensure transparency in how premiums are calculated, particularly for climate change-affected regions.

Recommendation 37. Require component pricing on insurance renewals. Mandate that insurance notices break down premiums by risk type (flood, cyclone, bushfire, reinsurance costs, tax) to enable better comparison and informed consumer decisions.

371 Geneva Association (2025).
372 Geneva Association (2025).
373 Hutley et al. (2022).
374 CHOICE (2023).
375 Pearce (2024).
376 Paddam et al. (2024).
377 CHOICE (2023) and Paddam et al. (2024).
378 https://arpc.gov.au/reinsurance-pools/cyclone.
379 Insurance Council of Australia (2025).

Recommendation 38. Fund independent resilience assessment programs. Provide support to increase the reach of initiatives such as the Resilient Building Council's resilience rating app and of similar evidence-based, independent assessment tools.

Recommendation 39. Create binding insurer commitments to resilience discounts. Require insurers to commit upfront to premium reductions with guaranteed discount periods when homeowners undertake verified resilience works to their dwellings.

Recommendation 40. Eliminate discriminatory pricing practices. Ban price optimisation, loyalty penalties and other non-risk-based pricing models that unfairly increase premiums for vulnerable consumers.

Recommendation 41. Prioritise consumer education and awareness about climate impacts on insurance. Inform Australians about these impacts, as well as about available resilience-building options and how they work, as many consumers are unaware of these.

Recommendation 42. Reform claims dispute resolution processes. Streamline and fund support for homeowners facing denied claims to prevent people living in tents, caravans or uninhabitable houses while expert assessments are conducted. Ensure support extends to people who rent and are reliant on landlords to restore their home.

SPOTLIGHT 6.

When the weather bill is due: how climate change is reshaping Australia's financial landscape

Julia Davis, Senior Policy and Communications Officer at Financial Rights Legal Centre, has witnessed firsthand how climate change is reshaping Australia's financial landscape, through thousands of calls to the centre's national Insurance Law Service.[380]

'We've been seeing lots of extreme weather issues, lots of compounding extreme weather issues,' Davis explains. 'People who've been through a fire and then a flood, or people who've been through a flood and then another flood before they got their house repaired.'

The centre, which handles 3,000 to 5,000 insurance-related calls annually, has introduced a priority system where callers can press 1 if they've experienced extreme weather – a telling indicator of how climate impacts have become routine rather than exceptional.

The insurance affordability crisis

The financial squeeze is intensifying. In some high-risk areas, annual home insurance premiums have reached $30,000 – a figure that puts coverage beyond the reach of all but the wealthiest homeowners. 'Even a rich person wouldn't pay that,' Davis notes bluntly.

This pricing reality forces Australians into an impossible choice: pay premiums that consume a significant portion of household income, or go without insurance entirely. Many are choosing the latter, knowingly accepting the risk of total financial ruin if disaster strikes. 'We get people who just don't have insurance at all and haven't had it for years. They just know that they aren't insured,' Davis observes.

The situation becomes particularly acute when claims are disputed. Homeowners facing denied claims often find themselves living in unsuitable housing while experts, costing thousands of dollars determine whether damage was caused by the insured event or by pre-existing building defects. 'If the claim's been denied and you're trying to fight whether you have cover or not, you're probably in a tent or a caravan or with a friend, or living in an uninhabitable house,' Davis explains. 'We've talked to all those people.'

The transparency problem

Current insurance pricing operates as a black box, leaving consumers frustrated and feeling ripped off. 'It's such a black box complex pricing space and they are not transparent at all about pricing decisions,' Davis says. 'They want us to believe that the pricing just reflects your risk, but that is not the case.'

The reality is far more complex and potentially discriminatory. 'They adjust your premiums based on all kinds of stuff, including your claims history and your postcode, and who you were insured with beforehand and how long you've been with them. All kinds of dodgy stuff, including price optimisation, where premiums can change based on customer behaviour, such as the likelihood of you switching providers,' Davis reveals.

380 Financial Rights Legal Centre, https://financialrights.org.au.

This opacity creates trust problems that undermine the entire system. 'Insurers – they're creating these trust problems because they won't be more transparent about pricing,' she argues. 'We think there needs to be an independent pricing monitor. The easiest way to do that is to just empower the ACCC[381] to oversee general insurance pricing.'

Davis advocates for component pricing, where renewals clearly break down premiums by risk type: 'We want to see component pricing. So that when you get your insurance renewal, it's very clear that this much of your premium is flood, this much is cyclone, this much is reinsurance costs, this much is tax. It would make it easier to compare quotes from different providers.'

Emerging solutions: technology meets resilience

Despite the challenges, innovative solutions are emerging.

The Resilient Building Council has developed a promising model with its Bushfire Resilience Rating Home Self-Assessment App – a free tool that allows homeowners to assess their property's risk through answering a series of questions and providing photographs, after which they receive a star rating along with specific recommendations for improvement.[382]

Davis is enthusiastic about this development:

> **That's like a positive fintech story. New helpful technology that is free for consumers and will help drive resilience.**

Tools such as this app address a critical gap in the current system. 'If you want someone to put a cyclone-proof roof on, that's $40,000, they need to know that over the next 10 years the discounts they're going to get on insurance will make that worth it.'

The key to innovation is independence. 'The Resilient Building Council is a bit of a game changer because they exist in between insurers and consumers. They're truly independent and they are evidence-based and expert-based,' Davis explains.

'Whereas an insurer comes and tells the consumer "You have a low resilience rating," there's a bit of distrust there where consumers know they will be expected to pay for more insurance. But if it's an independent organisation in the middle, insurers can see the adaptation work has been verified. And consumers believe that the assessment is fair.'

However, this promising initiative faces funding challenges. 'Annoyingly, they are struggling to get funding,' Davis notes. 'What they need is about $40 million to really scale up.'

Government role and responsibilities

The Australian Government has increased resilience funding from $20 million to $200 million annually through its Disaster Ready Fund, but experts argue this falls far short of what's needed. 'The insurance industry says they should be spending like $1.5 billion a year on resilience works. And I think the truth is they should be spending two or three billion a year on it. So, $200 million a year is just barely scratching the surface,' Davis argues.

The challenge lies in coordination across government levels. 'In Australia we have development decisions made at the local level. Funding for that stuff happens at the state level. We've got this federal disaster grant fund, but they can't guarantee that local government will approve things – there's a big, messy, slow, inefficient disconnect.'

Financial Rights Legal Centre is pushing for comprehensive reform, including independent pricing oversight. 'If the government is going to spend money intervening to try and reduce risk, you need

381 Australian Competition & Consumer Commission, https://www.accc.gov.au.
382 Resilient Building Council, https://rbcouncil.org.

an independent pricing monitor to identify if that's working,' Davis emphasises. 'Is it in fact bringing prices down? If you don't have an independent monitor that's empowered to go and get that "commercial in confidence" pricing information and monitor it, then we won't ever know.'

The incentive gap

A critical missing piece is insurer commitment to reward resilience investments. While insurers claim their pricing naturally reflects reduced risk, Davis is sceptical: 'When I talk to insurers about this, they say, well, of course the price would go down because your risk is reduced and I'm like, right, but you won't commit to that. You aren't committing to it ahead of time. You're just saying your pricing algorithms will just naturally recognise that reduced risk? Well, sorry if we don't believe you when we know loyalty penalties and price optimisation strategies are still being used. Plus, there is no standard mechanism for customers to tell their insurer when they have undertaken resilience works, so how can we be sure it would be factored into their premium?'

The stakes are high for homeowners making major investments. 'If someone's making a major like $40,000–$50,000 resilience expense – you get to reprice them every 12 months. What if the discount they get only lasts one year and then it evaporates?' Davis questions.

Individual action and collective responsibility

While systemic reform is essential, individuals aren't powerless. The Resilient Building Council's assessment tool provides a starting point for understanding property-specific risks and potential improvements.[383] However, Davis emphasises:

> **Individual action alone cannot solve the broader affordability crisis. The most sustainable path forward requires coordinated effort.**

'The best way forward is mitigation to reduce risks,' Davis explains. 'That includes moving homes that are uninsurable and unsafe out of risky areas. It includes resilience upgrades, putting houses up on stilts or installing flame-retardant decking.'

She sees this as fundamentally about adaptation:

> **The most sustainable solution to the insurance – climate problem is that we just have to reduce risk. We just have to make things more resilient.**

Preserving social insurance principles

Davis argues for maintaining the social solidarity principle underlying insurance. 'The idea of pooling, that's the foundation of insurance as a social concept, but pooling will always be something that we need to do on purpose. I think you can have transparent granular pricing and pooling at the same time.'

She envisions a system where transparency enables informed public policy decisions: 'If we have more transparency around these houses that are now basically $30,000 a year to insure, that's the price because their resilience rating is very low. They're right on the river. Then as a country, as a society, we can decide to pool some of that risk because we want people to live there because it's an agricultural hub or it's near a naval base.'

This is particularly important given Australia's wealth is concentrated in housing. 'Individual people in regional areas should not have to carry the entire burden of risk in a country where 75% of our wealth is wrapped up in our one asset.'

383 Information about the Bushfire Resilience Rating Home Self-Assessment App can be found at https://rbcouncil.org/resilience-ratings.

Looking forward

As Australia grapples with intensifying climate impacts, the insurance crisis serves as an early warning system for broader economic disruption. The solutions being developed – from resilience rating systems to pricing transparency requirements – could provide a blueprint for managing climate risk across other sectors.

Davis sees both the challenge and opportunity clearly: 'There's no way around it. It's going to just cost an absolute bomb to solve this problem. But hopefully there can be some creative solutions between insurers and banks and government and investment opportunities to build opportunities for resilience.'

For Australian families, the weather bill is already arriving in their mailboxes each time insurance premiums are renewed. Whether the country can build the systems needed to make those bills manageable – and the homes they protect more resilient – will largely determine how successfully Australia adapts to its changing climate.

The conversation is no longer about whether climate change will affect household finances, but about how quickly and effectively the country can respond to a crisis that's already underway. As Davis puts it: 'A lot of very smart people are thinking about this problem, but I don't know how many consumers have a clue that these conversations are going on or their role in it, or what they can do.'

Climate change impact on life stages

Adolescence and young people

Climate change affects young people early. Increased financial strain on households hit by disasters limits their resources and opportunities. Young people's home life is disrupted; relocation can cause transport and access challenges for participation in education, their part-time work, or their leisure or social activities. This financial hardship can have lasting effects, such as poorer mental health and impaired decision-making, influencing lifelong financial habits.[384]

A 2023 study of the impact of extreme weather events on young people (aged 15–19) in Australia found that 13% were directly affected by disruptions to housing, schooling, earning capacity and access to essentials. The report also showed that young people who were affected by extreme weather events experienced higher rates of psychological and social exclusion than young people who had not been affected. Financial hardship and housing challenges were significantly higher for young people who experienced extreme weather events than for those who hadn't.[385]

The results of this study illustrate the interconnectedness of climate change-induced weather events and the wide-ranging impact on the lives of young people. Young people reported impacts on their housing and property (57%), education (23%), wellbeing (19%), access to power and internet (13%), financial situation (12%), transportation (8.8%) and access to food (1.7%).[386]

Housing affordability and high insurance costs push young adults towards living in less safe areas prone to climate risks, creating a risk–affordability trade-off. Additionally, higher prices for sustainable products make it harder for young people with limited means to make environmentally friendly consumer choices. The willingness to pay more increases with income and community support.[387]

Young families and midlife adults

Young families and midlife adults are particularly exposed to the financial impacts of climate risks. In this life stage, people are more likely to have assets that need insuring. If there are children, there are additional essential costs that may not be met if the tight family budget is being stretched to meet the exponentially rising insurance prices. As insurers withdraw or raise prices, protection gaps widen for homeowners, forcing some to leave affected areas and abandon properties.

In 2024, the Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability reported that over recent years of repeated disasters, Australian families were displaced by nearly 250,000 forced moves. Two-thirds of these moves were between 2018–2019 and 2022–23, indicating an escalation of disasters.[388]

While climate risk obviously impacts home building insurance, the Actuaries Institute reported to the Select Committee that all insurance products are impacted by climate risk, including motor vehicle, business, health and life insurance.[389]

384 Clayton et al. (2023).
385 Gao et al. (2024).
386 Gao et al. (2024, p. 8).
387 Li and Kallas (2021).
388 Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability (2024, p. 13).
389 Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability (2024, p. 17).

One submission, from the mayor of a shire council, confirmed how the cost of insurance impacted families and their ecosystem:

> ***We are seeing families whose insurance premiums are higher than the house mortgage. We are seeing young people and families not being able to take out a housing loan because of the cost of insurance. Small businesses are facing extreme insurance costs and are not able to insure their buildings and stock. The cost of insurance is causing landlords to exit the rental market with little or no returns on investment after the fixed costs like insurance rates and repairs are deducted.***[390]

The evidence presented in the committee's report is compelling and heartbreaking.[391] The report makes clear recommendations that need to be implemented for the wellbeing of our economy and citizens. The disasters are unlikely to cease, so the solutions are in our collective hands.

Older adults

Climate change poses severe threats to both the health and financial wellbeing of older Australians, who face disproportionate vulnerability to increasing extreme heat events. Older people are at heightened risk for heat-related morbidity and mortality due to pre-existing medical conditions such as cardiovascular disease, diabetes and asthma, with heatwaves also limiting their mobility and participation in outdoor activities.[392] Even without a predisposition to medical conditions, the natural ageing process decreases the body's ability to regulate temperature efficiently and if there is cognitive decline, older people may not respond quickly enough to the signs of heat stress.[393]

We know that older adults are especially vulnerable to heatwaves, with those who live alone or on a fixed income (such as the Age Pension) or who have a disability or chronic health condition being particularly impacted.[394] An Australian Council of Social Service (ACOSS) survey found that Australians who experience these vulnerabilities – including many older people – are forced to choose between buying food or risking potentially deadly heat exposure.[395]

390 Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability (2024, p. 19).
391 Senate Select Committee on the Impact of Climate Risk on Insurance Premiums and Availability (2024).
392 World Health Organization (2024).
393 Hutton et al. (2025).
394 Hutton et al. (2025).
395 ACOSS (2025) and WHO (2024).

PART 4:

Financial literacy, capabilities, and education

4.1 Financial literacy and capabilities: fundamental life skills

What this section is about

This section examines financial literacy and capabilities and their contribution to financial wellbeing, including an overview of measurement tools. We also make the case for Australia to participate in OECD international assessment programs, including PISA.

Why it matters

Financial literacy and capabilities are essential for functioning in today's world, and form an important role in our financial wellbeing at each life stage. As forces including technology, health and climate change reshape the financial landscape, financial literacy and capabilities must also evolve, equipping people with the knowledge and skills fit for purpose for a complex and ever-changing environment. This evolution in the financial ecosystem requires a clear understanding of *what* we need to know and *what* conditions are required to activate our knowledge into behaviours that drive financial wellbeing.

Key recommendation

Recommendation 43. Create a financial capability strategy that reflects the changes in our environment and supports a national financial wellbeing strategy.

Introduction

Financial literacy is fundamental to our ability to function in a financialised society. Lacking access to financial literacy is comparable to being deprived of the opportunity to develop fundamental skills such as reading, writing and numeracy. Being competent in reading and writing doesn't mean we are destined to win the Booker Prize. It does, though, give us a better chance of being employed, and of being able to read for pleasure, follow recipes, book holidays and live fulfilling lives. Similarly, having a good financial literacy score won't guarantee us a life of high wealth or that we will reach the pinnacle of financial wellbeing, but it will, when coupled with adequate income and protections, contribute to our financial security, freedom and enjoyment of life.

Over the past 25 years, research into financial literacy and capabilities has grown exponentially, reflecting its importance to scholars, funders and policymakers. This research has led to significant conceptual development and the creation of measurement tools.[396]

Financial literacy and financial education are distinct yet closely related concepts. Financial education functions as the primary means by which individuals acquire the knowledge, skills and confidence that constitute financial literacy. The success of educational efforts depends not only on people having access to education, but also on the quality and applicability of literacy concepts. And the development of financial literacy is contingent upon robust educational methodologies. Achieving effective outcomes requires a coordinated, lifelong approach that identifies necessary concepts, determines when they should be learned, and ensures access to opportunities for learning and practical application.

396 Zaimovic et al. (2023), Warmath and Zimmerman (2019), Goyal and Kumar (2021), and Koskelainen et al. (2023).

Defining financial literacy and capabilities

There are variations in how financial literacy has been defined and applied across countries, and in research and practice. Financial literacy is commonly operationalised as financial knowledge, which is treated as an input that contributes to broader financial capability, rather than as a direct measure of behaviour or outcomes.[397] This reinforces a distinction between financial knowledge and the behavioural application of that knowledge in real-world financial decision-making.

There is a vast body of work, much of it led by Professor Annamaria Lusardi,[398] a longstanding academic researcher in financial literacy, that defines financial literacy as understanding concepts such as interest rates, inflation, risk and debt.[399] Although more recently, Lusardi and Mitchell defined financial literacy as 'people's knowledge of and *ability to use* fundamental financial concepts in their economic decision-making'.[400]

The term 'financial capabilities' emerged as evidence became stronger that knowledge alone didn't guarantee abilities or behaviours. Research focused on the capabilities that were linked to effective behaviours. Such capabilities and behaviours include saving, living within one's means, planning, managing debt, spending restraint, and, more recently, digital capabilities.[401]

Having the right mix of financial capabilities, along with the opportunity to use them, helps activate the financial behaviours that in turn drive financial wellbeing.

Financial knowledge underpins capabilities – so it's not a case of either/or.

Effective capability depends on the transformation of knowledge into behaviour, shaped by psychological and motivational factors. It is enabled by access to appropriate financial products, institutions and protections, and is constrained when this access is not provided.

Financial capability therefore reflects individual capacities and structural conditions, and it evolves over time as life circumstances and financial systems change.

Researchers – particularly those from applied fields such as social and community work – are strong advocates for including the concept of 'opportunity' in the definition of financial capability. This is because interventions aimed at improving financial capability are frequently directed towards groups who lack the necessary opportunities to put these skills into practice, such as individuals with limited incomes and restricted financial choices. The definition proposed by respected, longstanding scholars in this area therefore deserves careful consideration:

> ***Financial capability combines the ability to act with the opportunity to act in ways that contribute to financial wellbeing. Improving financial capability requires improved lifelong access to appropriate and beneficial policies, financial products and services, along with financial education and guidance.***[402]

397 Xiao et al. (2022), Lučić et al. (2025), and Tahir and Richards (2023).
398 See Professor Anna Lusardi's bio and body of work: https://annamarialusardi.com.
399 Kaiser and Lusardi (2024) and Goyal and Kumar (2021).
400 Lusardi and Mitchell (2023, p. 137). (Emphasis added)
401 See Russell et al. (2020) for an expanded discussion on financial capabilities.
402 Sherraden et al. (2022, p. 2).

Our review found that, internationally, there is still a mixed use of the terms 'financial literacy' and 'financial capability'. Definitions of financial literacy have become more inclusive of factors that we know are important to financial wellbeing – individual attitudes, psychological traits, capabilities and behaviours. The OECD's definition of financial literacy, endorsed in 2020 by the Council on Financial Literacy, is:[403]

> ***A combination of financial awareness, knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.***[404]

The council recommended that this definition to be used in national financial literacy, education and measurement strategies across OECD member and non-member nations.

Financial literacy is activated by 'opportunity', and recognising this is important to the discourse on financial literacy and capabilities. The term invites us to consider context, which is key in determining the knowledge and behaviours relevant to the services and products we have access to and the money we have available to manage.[405]

If individuals lack access to financial services or sufficient income, they cannot apply what they know, acquire needed skills through practice, or safely adopt the behaviours that drive financial wellbeing, for example, saving and investment behaviours.

Financial knowledge remains dormant without opportunity to use it.

The term 'financial capability' became prominent in policy and practice after the seminal work of Professor Adele Atkinson and colleagues at Bristol University in 2006.[406] The research identified a number of financial capability domains represented across the UK population. The work had practical implications for government strategies in a number of countries besides the United Kingdom, including Canada, New Zealand and Australia.

For a national financial literacy or capability strategy to be most effective, it needs to integrate with and support a broader financial wellbeing strategy, since personal knowledge, skills and opportunities are influenced by factors best tackled through a wellbeing framework.

Digital financial literacy

The rise of digital finance has made DFL an essential component of financial literacy. The OECD defines DFL as:

> ***a combination of knowledge, skills, attitudes and behaviours necessary for individuals to be aware of and safely use digital financial services and digital technologies with a view to contributing to their financial wellbeing.***[407]

DFL is not just about knowledge and skills. Inherent to DFL is digital inclusion, that is, having access to devices, connectivity and secure systems. Research and measures of digital inclusion need to be considered alongside efforts to improve DFL. The most recent measure of digital inclusion in Australia, *Measuring Australia's digital divide*,[408] includes a digital inclusion index that incorporates access, affordability and digital abilities. Overall, one in five Australians experiences

403 OECD (2025c).
404 OECD (2025c, p. 6).
405 Sherraden et al. (2022), Sun and Chen (2022), and Sun et al. (2022).
406 Atkinson et al. (2006).
407 OECD (2024b, p. 3).
408 Thomas et al. (2025).

digital exclusion. Being cognisant of the characteristics associated with digital exclusion is crucial in efforts to improve DFL. A comprehensive discussion of the vulnerabilities associated with exclusion is included in a report by Thomas and colleagues.[409]

While digital services offer many advantages to consumers, they introduce new risks for all consumers, especially those without adequate levels of DFL.[410] As more vital services become digitalised, the risk of exclusion for those already marginalised within the financial ecosystem is heightened.[411] (See Section 3.1 for more details.)

The OECD has produced a number of guides and recommendations for the safe use of digital financial products and services. For example, there are guides for *Improving the digital financial literacy of crypto-asset users*,[412] *Supporting informed and safe use of digital payments through digital financial literacy*,[413] and *Supporting informed and safe use of short-term online credit and Buy Now Pay Later through digital financial literacy*.[414]

The OECD has also provided a survey that countries can use to measure DFL.[415]

Together with the European Union, it has also produced an AI literacy framework for primary and secondary education, which provides guidance for teachers, education policymakers and leaders on using AI safely and ethically.[416] It is unclear whether these international guides are utilised in the Australian context.

Recommendation

Recommendation 44. Embed digital financial literacy into the national financial capability strategy, integrating inclusion measurement and OECD guidance on safe use of digital finance.

409 Thomas et al. (2025).
410 OECD (2025b).
411 Koskelainen et al. (2023).
412 OECD (2025b).
413 OECD (2025d).
414 OECD (2025e).
415 OECD (2024b).
416 OECD (2025d).

Measurement

Methods of measuring financial literacy have evolved to cater for its multidimensional nature. However, the Big Three questions developed by Lusardi and Mitchell (2008) are still the most widely used for measuring financial literacy.[417] The Big Three set of questions is a subset of the original Big Five but the Big Three are more commonly used. The questions assess knowledge of compound interest, inflation and risk diversification. According to Lusardi and colleagues, answering these questions correctly will qualify you as financially literate; if you do not answer all three correctly, you are deemed financially illiterate. All five questions and multiple-choice responses are presented in Box 3. The Big 3 subset are questions 1, 2 and 5, and the correct answers are in bold.

Box 3. Measuring financial literacy – the Big Five

1 Suppose you had a $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

- **a. More than $102**
- b. Exactly $102
- c. Less than $102
- d. Don't know
- e. Refuse to answer

2 Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

- a. More than today
- b. Exactly the same
- **c. Less than today**
- d. Don't know
- e. Refuse to answer

3 If interest rates rise, what will typically happen to bond prices?

- a. They will rise
- **b. They will fall**
- c. They will stay the same
- d. There is no relationship between the bond prices and the interest rate
- e. Don't know
- f. Prefer not to say

4 A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest paid over the life of the loan will be less.

- **a. True**
- b. False
- c. Don't know
- d. Refuse to answer

5 Do you think the following statement is true or false? 'Buying a single company stock usually provides a safer return than a stock mutual fund.'

- a. True
- **b. False**
- c. Don't know
- d. Refuse to answer

Source: https://gflec.org/education/financial-literacy-answers/#5.

417 Lusardi and Mitchell (2011).

Research using the standard Big Three measures of financial literacy show consistently lower scores among women, young people, minorities, and those with less income or education.[418] However, the underlying causes of these lower scores are less explored. Lusardi and Mitchell attribute the gap to lower 'sophistication', which is a vague explanation.[419] The suitability of the Big Three for use across diverse groups is also questionable. For example, the interest rate question is not relevant to those who adhere to Shariah Law in Islamic finance.

In addition to the Big Three or Big Five scales being unsuitable for use across diverse population groups, the reliability of these measures has also been questioned. Australian researchers Gignac and Ooi found that the internal reliability of these short tests of three or five questions do not meet the minimum expected values. Their rigorous analysis shows that longer scales of 13 to 15 questions more reliably measure financial literacy.[420]

Measuring financial literacy in Australia

The popular Lusardi and Mitchell Big Five scale is used, with some modifications, in the Household, Income and Labour Dynamics in Australia (HILDA) survey to measure Australians' financial literacy.

The last analysis of financial literacy was reported in 2022, based on surveys conducted in 2020 (Wave 20) and 2016 (Wave 16).[421] The average financial literacy score decreased slightly between 2016 and 2020. The average financial literacy score for males over the age of 15 was 4.1 out of 5 in 2016 and 4.0 out of 5 in 2020. For females, the score was 3.7 out of 5 in 2016 and 3.5 out of 5 in 2020.[422] Financial literacy was again measured in 2024 (Wave 24), but the statistical report is yet to be published.

OECD/INFE 2026 measure of financial literacy

The OECD, together with INFE (International Network on Financial Education), has released its 2026 financial literacy measuring toolkit. This includes the latest version of its survey of financial literacy, which was first developed in 2009 and has since undergone numerous revisions and updates.[423] The latest survey measures financial knowledge, behaviour and attitudes as well as indicators on DFL, inclusion, resilience and financial wellbeing.

The new version has a strong focus on DFL, recognising its importance in our current financial ecosystem. It includes measures on how people navigate mobile banking apps and digital financial services, and on how they, understand cryptocurrency, scams, and the risks in using BNPL and other fintech products. Interestingly, it also includes questions on sustainable finance products and climate-related financial risks, recognising that financial decisions increasingly intersect with environmental issues.

While there are many benefits to having cross-country comparisons and high-level indications of a population's financial literacy strengths and weaknesses, there are aspects of this type of 'linear' or uni-dimensional approach that perhaps don't fully account for the diversity of financial situations within populations. However, the survey is in a modular format and can be adapted to suit a variety of contexts.

418 Lusardi and Mitchell (2008).
419 Lusardi and Mitchell (2023).
420 Gignac and Ooi (2022).
421 HILDA questionnaires and interview guides can be found at https://melbourneinstitute.unimelb.edu.au/hilda/for-data-users/questionnaires-and-fieldwork-materials.
422 Wilkins et al. (2022).
423 OECD (2026b, pp. 63-65).

The aim of the OECD toolkit is to assess objective financial knowledge that can be compared across countries. This certainly has value and would work very well with a companion measure that employs a human-centred approach reflecting the method used in the 'Beyond money'[424] research discussed in Section 2.1.[425]

Our review also found evidence that the way the questions are worded in the OECD surveys, as well as in the Big Three, accounts for some of the variance between financial literacy scores for men and women.[426] Masculine wording is commonly used in these objective, mathematical-type questions, which advantages men in their scores. When questions were reworded with a feminine lens, the difference in scores was reduced.[427] This evidence deserves more consideration when designing measures for use in Australia.

Recommendations

Recommendation 45. Utilise the 2026 OECD/INFE Toolkit for Measuring Financial Literacy, Inclusion and Wellbeing to obtain current data on the Australian population. Supplement the OECD survey with questions that reflect a human-centred approach, to gather rich information about what financial wellbeing really means to Australians.

Recommendation 46. Ensure financial literacy measurement tools used in Australia are free from gender and cultural bias, that they incorporate subjective indicators and allow for, rather than exclude, the diversity inherent in our population. Align measurement tools with a broader financial wellbeing framework.

Growing interest in more holistic approaches

Newer tools for measuring financial literacy aim to be more holistic, by assessing not only objective knowledge but also subjective factors such as confidence, perceived knowledge, and practical skills and behaviours.[428] The recent 'Beyond money' research includes a measurement tool that is simple, inclusive and less burdensome for participants, and is easy for community organisations to use.[429] Given many other existing measures – including the Big Three adapted for use in HILDA – are inappropriate for diverse contexts, this trend is welcome.

OECD's PISA: a call for Australia to participate

PISA has measured 15-year-olds' financial literacy across participating countries since 2012, providing international insights into young people's capabilities to navigate increasingly complex financial systems.[430] The assessment evaluates students' knowledge and skills in understanding financial concepts, managing financial risks and opportunities, and making informed decisions about financial matters.[431] As financial systems become more digitalised and financial decisions are required earlier in life, PISA offers internationally comparable evidence on how well education systems are preparing young people for financial independence.[432]

Australia's absence from PISA financial literacy assessments since 2018 represents a significant gap in our evidence base, and at a critical juncture. While countries including the United States, Canada and several European nations have participated in multiple cycles, gaining longitudinal insights into their students' financial capabilities and the effectiveness of educational interventions, Australia lacks current comparable national data on 15-year-olds' financial literacy.

424 Riitsalu et al. (2025).
425 Riitsalu et al. (2023).
426 Cwynar et al. (2025).
427 Cwynar et al. (2025).
428 Warmath and National Endowment for Financial Education (2020) and Warmath and Zimmerman (2019).
429 Riitsalu et al. (2025).
430 OECD (2024c).
431 OECD (2023b).
432 OECD (2024c).

This absence is particularly concerning given the substantial reforms to financial education curriculum in recent years[433] and the ongoing debate about whether these changes are effectively building the capabilities young Australians need.[434] Academics have raised concerns about ineffective signposting of financial concepts in the Australian Curriculum.[435]

Declining financial literacy levels among our young people – identified as the lowest performing age group in HILDA survey data[436] – combined with non-participation in the PISA 2022 financial literacy assessment, have prompted growing calls for renewed participation in the PISA assessment in 2029. Without Australia's participation in the PISA financial literacy assessment, we cannot benchmark our progress against international standards or identify specific areas where our young people may be struggling.

Interestingly, the next PISA survey[437] set for 2029 will include for the first time, literacy measures on understanding climate and climate change impacts,[438] and media and AI literacy.[439] These measures would be of value for Australia, given the evidence reviewed in this report. The inclusion of media and AI literacy could help test the effectiveness of Australia's social media ban, introduced in December 2025, making it illegal for young people under 16 to have a social media account. Being the first such ban internationally, it provides a unique 'natural experiment' opportunity to assess how our young people compare with other young people across countries in terms of levels of harm experienced from social media. Further exploration of this possibility is warranted.

Recommendation

Recommendation 47. Participate in PISA to benchmark young Australians' financial literacy levels. The newly introduced Media and AI Literacy module could provide an opportunity to evaluate the national effects of the under-16 social media ban.

433 Australian Curriculum Assessment and Reporting Authority (2022).
434 Interviewees Roset Khair and Dr Carly Sawatzki.
435 Sawatzki and Brown (2022).
436 Wilkins et al. (2022).
437 OECD (2025f).
438 OECD (2025a).
439 OECD (2026a).

4.2 Financial literacy and capabilities across the life course

What this section is about

This section shows the interaction between life stages and financial literacy and capabilities. Developmental characteristics across the life course are described along with the alignment of financial knowledge, skills, attitudes and behaviours needed to manage life stages and transition points.

Why it matters

Financial wellbeing changes throughout our lives, as each event or decision shapes our situation. Recognising what influences our financial lives at each stage, and the capabilities needed to make financial decisions, manage our money generally, can help us be better prepared for each life stage.

Key recommendation

Recommendation 48. Ensure the financial capability strategy incorporates the changing circumstances across the life course, reflects diversity within the population, and can be adapted as needed to account for the changing environmental conditions.

Introduction

Financial literacy and capability are dynamic and cumulative across the life span, encompassing the knowledge, skills, behaviours, attitudes and confidence that allow people to make informed decisions, manage money, and support their financial wellbeing.[440] Rather than being fixed, financial literacy and capability develop through the interaction of individual development, social context and structural change. A life-course lens reveals that different stages bring distinctive demands, risks and opportunities, requiring both targeted capability development and institutional support to navigate successfully.[441]

Alongside developmental changes, the nature of financial decisions and the depth of financial knowledge, digital literacy, behavioural skills and confidence required also change across life stages.[442] Further, the external environment is changing on many fronts, with new processes; new risks and opportunities due to digitalisation; global events causing cost-of-living pressures; and climate change affecting our lifestyle and financial wellbeing.[443] These environmental shifts affect people differently depending on their life stage, creating varied risks and capability requirements.

The following sections examine how financial literacy and capability requirements evolve across the life course, highlighting how environmental changes interact with developmental stages to shape both vulnerability and opportunity. Understanding these dynamics makes it clear why financial education cannot be a one-time intervention, but must instead be a lifelong process of learning, adaptation and support.

440 Salignac et al. (2020), Riitsalu and Van Raaij (2022), and Riitsalu et al. (2024).
441 Australian Government the Treasury (2022), Money & Pensions Service (2020), and OECD (2024b).
442 Chijioke-Odukwe (2024) and Lusardi and Mitchell (2023).
443 Salignac et al. (2020), Ritsalu and Van Raaij (2022), Collier and Kousky (2024), DeLiema et al. (2023), Ebner et al. (2023), and OECD (2024a).

Childhood: it's never too early to learn about money

There is widespread consensus that it's never too early to introduce money concepts to children. Financial socialisation will happen, whether it be intentionally or unintentionally, making it critical that intentional, age-appropriate learning is created in the home and in early education experiences.[444]

We are at a critical juncture, though, as digitalisation takes hold of all our financial and consumer transactions. We don't have enough evidence yet as to how the transition affects children's learning about money. As financial interactions become more digital, children may have fewer tangible cues than those older generations had to support their understanding of money use, and those cues may also be different.[445]

Children's early experiences of money often come with the receipt of pocket money. The UK Children and Young People Financial Wellbeing Survey (2023) found that the transfer of pocket money by digital payment is increasing and is happening when children are quite young. The survey found that fewer than half (46%) of 11-year-olds are receiving their pocket money in cash.[446]

Parent/carer–child interactions about money shape children's confidence, attitudes and emerging financial capability. Evidence shows that children who regularly discuss money at home demonstrate stronger financial understanding by adolescence, while children growing up in households where money is scarce and not discussed in positive ways may have negative formative experiences.[447]

A UK literature review on the impact of digital money on children and young people highlights how digitalisation is changing the socialisation experiences of children.[448] It found that children as young as eight are gaining online skills and knowledge through online shopping experiences and gaming, and that while parental guidance plays a role, children's peer networks are heavily influential. The review authors refer to 'reverse socialisation', in which children are helping parents learn digital skills.[449]

As indicated in earlier sections, the trajectory for financial wellbeing in later life has its foundations in childhood. To reduce inequalities that persist and compound over time, policies and practice need to recognise the reality that many children are growing up in households with fewer opportunities to develop these early capabilities.[450]

Capability requirements

In the early stages, young children's capabilities begin with understanding the everyday use of money, learning the difference between needs and wants, and grasping the concept of having to pay for the things they have in the home.[451] The way we pay has changed of course, and children see the transaction as 'tapping' the magic card instead of seeing tangible cash change hands.

In their literature review for the Money & Pensions Service, Castiglioni and colleagues recommend more research to better understand how children really understand the value of money in a digital environment.[452] For example, they include research that shows that Generation Z feel they have more control over and self-regulation when using digital money than they do with physical cash.[453]

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444 Australian Government the Treasury (2022), Te Ara Ahunga Ora Retirement Commission (2025), and Money & Pensions Service (2020, 2025).
445 OECD (2023b).
446 Money & Pensions Service (2023).
447 Zhao and Zhang (2020) and OECD (2024b, 2024c).
448 Lukas and Lukas (2024).
449 Lukas and Lukas (2024).
450 OECD (2023b) and Permatasari and Iftitah (2023).
451 Kimzan and Yusek-Utsa (2024) and Williams et al. (2022).
452 Lukas and Lukas (2024).
453 Castiglioni et al. (2023).

Early practice with saving, waiting and managing limited amounts of money also supports the development of self-regulation and patience, qualities associated with stronger financial decision-making later in life.[454]

The family environment plays a significant role in shaping these early capabilities. Children who regularly talk about money at home show stronger financial understanding by adolescence, while those in disadvantaged circumstances are less likely to have access to these formative conversations.[455] This points to an equity dimension: building financial capability early can help reduce later inequalities, particularly for children facing social or economic disadvantage, by supporting them to develop confidence and basic financial behaviours before gaps widen.[456] The OECD and the Australian Government have provided guidance on supporting the development of children's financial capability.

Supporting capability development

- Emphasise experiential learning in early childhood settings.
- Train educators and parents/caregivers to model healthy money behaviours.
- Ensure that national strategies support universal early interventions to reduce inequities, for example by including financial literacy as a core component of school curricula.
- Partner schools with families and community groups to ensure equal access for disadvantaged children.
- Use gamification and cashless system practice to build children's confidence.[457]

Recommendation

Recommendation 49. Undertake research to better understand how young children learn best about digital money.

Adolescence and youth: growing autonomy in high-risk environments

Adolescents and youth experience growing autonomy along with direct exposure to complex and potentially risky financial environments, many of which are digital. Across the OECD countries, 63% of 15-year-olds have a bank account, 62% have a payment or debit card, 66% make payments using a mobile phone, and 86% have shopped online.[458]

Young people's financial capabilities are developing within a context shaped by social media, digital platforms and limited adult oversight. Many struggle to translate financial knowledge into effective behaviour, particularly in an online environment.[459] Exposure to influencers, online gaming, subscription models and BNPL advertising can normalise impulsive spending and the use of high-risk products.[460]

This life stage also includes key financial 'firsts', such as initial employment, early interactions with tax and superannuation, and the first use of credit products such as BNPL. These experiences place new demands on young people in terms of managing commitments, assessing risk and self-regulating. Evidence shows that early financial mistakes can have lasting effects on a person's confidence, credit outcomes and financial wellbeing.[461]

454 Permatasari and Iftitah (2023).
455 Zhao and Zhang (2020) and OECD (2024c).
456 European Union/OECD (2023).
457 OECD (2023b), OECD (2024b), and Australian Government the Treasury (2022).
458 OECD (2024c) and Di Noia (2025).
459 Money & Pensions Service (2023) and OECD (2024c).
460 Hayes and Ben-Shmuel (2024) and OECD (2023b).
461 ANZ (2021), Australian Government the Treasury (2022), DeLiema et al. (2023), Ebner et al. (2023), and Powell et al. (2023).

Capability requirements

Financial capabilities required at this stage include understanding interest and fees, managing digital payments, recognising persuasive marketing and scams, critically evaluating financial information, and developing sound judgement and self-regulation in digital environments. This means being able to critically evaluate online financial content, protect personal data, recognise manipulative digital design, regulate spending behaviour, and learn the benefits of delayed gratification.[462]

Young people are not prone to being future focused, yet it has never been easier to click 'buy', 'agree', 'activate' or 'approve' – all buttons that can lock in ongoing financial commitments, deplete hard-earned savings, and have long-term financial impacts.[463] Additional capabilities needed include understanding contracts, payslips, superannuation, consumer rights and digital finance. Research shows many 15-year-olds struggle with applying financial concepts in practice.[464]

Adolescence is a critical life stage for financial wellbeing, because early credit use and online gaming/gambling can have long-term effects.[465] Evidence confirms the importance of coordinated support across families, schools, employers and financial institutions to enable young people to apply financial literacy effectively during key transitions, including first jobs, first pay, and early engagement with superannuation, rather than relying on education alone.[466] To support capability development for adolescents, there are recommendations for family involvement, schools, workplaces and financial institutions.

Supporting capability development

- Provide practical, school-based lessons on digital money, credit and online risks.
- Strengthen consumer protection and media literacy.
- Involve families in reinforcing lessons and give parents/caregivers the opportunity to learn about digital products that are of interest to their young people.
- Tailor education programs to digital environments, and ensure they cover online gambling risks.
- Deliver transition-to-work programs in schools and TAFEs.
- Engage employers and financial institutions to provide clear resources on payslips, tax and starter accounts.
- In early superannuation education, emphasise the long-term benefits of superannuation.[467]

Recommendation

Recommendation 50. Develop clear guidance and support for parents/caregivers in supporting young people's learning about digital financial products.

462 Dezuanni et al. (2021), Gallo et al. (2022), and OECD (2023b).
463 OECD (2023b).
464 OECD (2024b).
465 Wardle and Zendle (2021).
466 Australian Government the Treasury (2022), OECD (2023b), and U.S. Financial Literacy and Education Commission (2020).
467 ASIC (2021), Hayes and Ben-Shmuel (2024), Powell et al. (2023), OECD (2023b), and U.S. Financial Literacy and Education Commission (2020).

Young adulthood: laying the foundation for financial wellbeing

Young adulthood involves increasing financial independence, with young adults experiencing sustained exposure to financial risk and structural constraints. Unlike during adolescence, financial responsibility is ongoing, and decisions around credit, saving and products can compound over time, impacting future financial wellbeing – either negatively or positively. Young adults are faced with tertiary education costs, insecure employment, housing unaffordability, and expanded access to credit and investment products, often with limited financial knowledge or experience.[468]

Dependence on peer and 'influencer' content, along with aggressive digital marketing and behavioural nudges, raises the risk of exposure to speculative and high-risk products like cryptocurrency.[469] Research indicates that early patterns such as BNPL usage, lack of saving behaviours, and disengagement from superannuation may continue over time, reducing long-term financial resilience and wellbeing.[470]

Capability requirements

Core capabilities required at this stage include managing variable income and maintaining emergency savings, as young adults today are far more likely than those of previous generations to have irregular incomes.[471] Responsible credit use becomes essential, requiring the ability to use credit safely, compare financial products, and understand terms and conditions. Given the ease of obtaining credit and the expanded number of financial products available, young adults also need the capability to critically evaluate online financial information and peer influence, recognise behavioural nudges, and assess credit and investment risk, especially risk associated with digital currencies and assets.[472]

Financial capability includes identifying scams, protecting personal data, navigating cashless and automated payment environments, and engaging confidently with financial institutions and support services, including recognising when assistance is needed as financial complexity increases.[473] Many young adults are highly active in digital markets but rely on informal or online unregulated advice, exposing them to risky investments.[474] (See Spotlight 7). Young adults entering relationships also need capabilities to manage money with a partner and awareness of financial abuse.[475] Recommendations for supporting young adults develop the capabilities they need will include involving universities and workplaces and providing ready sources of trustworthy information to counteract the volume of unregulated advice available on digital platforms.

Supporting capability development

- Embed financial wellbeing supports through universities, workplaces and digital platforms.
- Provide practical tools and mentoring.
- Address unregulated advice and high-risk products, including crypto education that acknowledges both the risks and the realities of young people's investment interests.

468 ASIC (2021).
469 Hayes and Ben-Shmuel (2024) and Nyhus et al. (2024).
470 ASIC (2021), Powell et al. (2023), and Riitsalu et al. (2024).
471 ASIC (2021).
472 OECD (2023b), Hayes and Ben-Shmuel (2024), and Nyhus et al. (2024).
473 ASIC (2021) and OECD (2023b).
474 Nyhus et al. (2024) and Gerrans et al. (2023).
475 Kutin et al. (2022).

- Encourage the building of emergency buffers.
- Support navigation of housing affordability challenges and provide trustworthy guidance on alternative options for long-term financial security.[476]

Recommendation

Recommendation 51. Provide trustworthy financial information for young people through relevant digital platforms. Invest in accessible digital resources on platforms that are more commonly used by young people, and actively correct misinformation about cryptocurrency, and other financial trends as they emerge.

Midlife: managing complexity and financial pressure

Midlife brings peak earnings but also peak complexity. Mortgages, childcare, looking after ageing parents, and building wealth for the future are key financial concerns of midlife. Although people in midlife are more likely to have income stability than younger people, these competing demands can generate financial stress that can impact health.[477] Capabilities shift toward long-term planning, risk management, and navigating increasingly complex financial products.[478]

Capability requirements

Effective financial capability in midlife includes the ability to coordinate household finances across mortgages, childcare, eldercare, education, insurance and planning for retirement. Financial skills include careful budgeting, debt management and cash-flow coordination to balance competing priorities over time.[479]

Midlife is characterised by increased responsibilities that require money to be stretched in many directions, with increased frequency of unexpected costs. Financial wellbeing behaviours need to include building resilience to cover financial shocks and knowing how to manage financial and mental stress while navigating disruptions to employment, health and/or family life.[480]

Financial knowledge needed for this stage includes understanding interest rates, inflation, risk-return trade-offs and diversification, and knowing how to apply these concepts to managing a mortgage, insurance, superannuation and investment products. At this stage, experiencing significant financial loss through poor investment decisions can have consequences that will impact impending retirement.[481]

As with other life stages, increased reliance on digital finance requires the capability to manage money safely online, recognise scams and misleading practices, evaluate digital financial information, and avoid inappropriate or high-risk advice, particularly in time-pressured decision contexts.[482] Effective financial capability also depends on maintaining confidence and motivation while recognising limits, seeking support when needed, and strengthening retirement and later-life planning skills to manage future risks.[483] Housing stress is a key driver of financial strain and wellbeing outcomes in this life stage.[484] Recommendations for capability development focuses on providing resources and support for navigating life events such as divorce, separation, family violence and coping with complex financial situations.

476 OECD (2023b), Money & Pensions Service (2020), Australian Government the Treasury (2022), and U.S. Financial Literacy and Education Commission (2024).
477 Wickrama and O'Neal (2021).
478 Australian Government the Treasury (2022) and OECD (2024a).
479 OECD (2022a, 2023a).
480 OECD (2022a, 2023a).
481 OECD (2022a, 2023a).
482 OECD (2020b), ASIC (2022b), and London Foundation for Banking and Finance (2025).
483 ASIC (2022b), Yakoboski et al. (2022), and London Foundation for Banking and Finance (2025).
484 Botha et al. (2024).

Supporting capability development

- Provide accessible, low-cost advice and realistic comparison tools.
- Encourage workplace financial education.
- Expand community financial counselling, particularly for those experiencing relationship breakdown or domestic violence.
- Ensure financial disclosures are available in plain language.
- Develop gender-sensitive approaches that address women's particular vulnerabilities during divorce and separation.[485]

Pre-retirement: a critical transition[486]

Pre-retirement, just like the midlife phase, is characterised by higher risks, limited recovery time, and increasing interactions between financial and health challenges. During this period, there is ongoing juggling of responsibilities, and financial decisions are more likely to impact financial security. Physiological changes, emerging chronic health issues, and shifting family roles often occur alongside increased financial pressures from caregiving expenses, health costs and job insecurity.[487]

As retirement approaches, financial capability is increasingly tested, with decisions about income adequacy, superannuation balances and longevity risk needing to be made. Evidence indicates that many pre-retirees find retirement planning complex and stressful, worry about running out of money, and are vulnerable to investment scams and misleading advice, which can undermine confidence at this crucial stage.[488] A lower sense of financial wellbeing during this phase is associated with higher anxiety and less confidence in decision-making, reflecting the cognitive, emotional and administrative challenges of late-career financial choices.[489]

Capability requirements

Effective financial capability in pre-retirement includes the ability to manage existing financial complexities while making future plans more concrete. Financial planning is complicated by emerging health issues, which in some cases can hasten employment cessation. Stress can increase as the timing of decisions could constrain future options and recovery from poor decisions.[490]

Capability at this stage involves applying understanding of interest rates, inflation, diversification and longevity risk to evaluate retirement income strategies, investment choices and drawdown options in complex and uncertain markets. Practical knowledge is needed in areas such as estate planning, superannuation rules and optimising income streams for retirement.[491]

As people approach older age and retirement, the meaning of financial wellbeing shifts towards security and freedom – not wanting to be dependent upon family, underscoring the role of confidence and literacy.[492]

485 Broadway et al. (2022), Social Ventures Australia (2024), Australian Government the Treasury (2022), U.S. Financial Literacy and Education Commission (2020), West and Mitchell (2022), and Zieser et al. (2024).
486 There is substantial overlap with the midlife section. Retirement is more often a staged approach and isn't as clear cut as it once was.
487 Infurna et al. (2020), Wickrama and O'Neal (2021), and Das and Das (2024).
488 Coates et al. (2025), DeLiema et al. (2023), Ebner et al. (2023), and Kasim et al. (2024).
489 Botha et al. (2024) and Coates et al. (2025).
490 OECD (2023a).
491 OECD (2022a, 2023a) and Yakoboski et al. (2022).
492 Riitsalu et al. (2024).

As digital engagement is now essential for banking, superannuation management and retirement planning, financial capability includes the ability to evaluate digital information, recognise scams and misleading practices, and protect personal data, particularly where cognitive load or stress may be elevated.[493] Financial capability also depends on maintaining resilience while recognising limits, managing stress and seeking appropriate advice at the right time, as decision stakes rise and opportunities to correct mistakes diminish.[494] For people experiencing health- or care-related vulnerability, additional capability demands include interpreting fees, comparing services, self-advocacy, and managing administrative requirements across financial, health and social service systems.[495] Recommendations for capability development in older age focus on scam awareness, debt reduction and knowing when and where to get personal financial advice.

Supporting capability development[496]

- Ensure employers provide access to personalised financial advice.
- Integrate financial information resources and support into health services.
- Provide advice for reducing debt.
- Provide scam education. This is essential, as people reaching the peak of their accumulated retirement funds are especially vulnerable to investment scams.
- Build financial confidence by providing clear planning tools in policy instruments.
- Address specific needs of First Nations people and multicultural communities in superannuation engagement.

Older adulthood: cumulative consequences and hope for financial freedom

Older adulthood brings the cumulative consequences of earlier decisions. What we wish for is to enjoy the outcomes of a lifetime of effort dedicated to work, caring and participation in society. Employment history and saving behaviour strongly influence retirement security.[497] The ANZ Financial Wellbeing Index shows that, on average, older people enjoy greater financial wellbeing than other age groups – especially those who own their own home.[498]

This of course is an average, and it tends to mask the hardship faced by many older people in our society living on the aged pension and renting in the private market.

Older adults face heightened vulnerability through cognitive decline, exposure to financial/elder abuse, increased health costs, fraud exposure and confusing retirement products.[499] Simple, clear tools and safeguards against exploitation become critical, as recovery from investment loss is nearly impossible at a late stage in life.[500]

Capability requirements

Older adults require tailored support to assist with accessing digital services.[501] Core financial capabilities during older adulthood include decumulation, aged-care financing, fraud/scam prevention and assisted-digital banking. Older adults face heightened risks of fraud and coercive financial control, especially as cognitive decline and isolation increase their vulnerability.[502] Women are particularly at risk due to fragmented careers and lower retirement savings.[503]

493 OECD (2025c, 2025b) and DeLiema et al. (2023).
494 ANZ (2021), Money & Pensions Service (2020), and Botha et al. (2024).
495 Lowies et al. (2022).
496 Blue et al. (2025) and Australian Government the Treasury (2022).
497 Karthika et al. (2023).
498 ANZ (2021).
499 Hoffmann et al. (2021), Mitchell and Lusardi (2023), and Folorunsho and Okyere (2025).
500 Mitchell and Lusardi (2023).
501 OECD (2025g).
502 DeLiema et al. (2023) and Ebner et al. (2023).
503 Chen and Baddeley (2025) and Preston and Wright (2023).

Supporting capability development

- Ensure resources and support for financial decisions are accessible, and communicated in plain language.
- Provide assisted services; for example, by phone, in-branch and through community workers.
- Integrate financial information and support into health services.
- Strengthen consumer protections and fraud prevention.
- Use gender-sensitive approaches to address women's greater retirement vulnerability, particularly those who have experienced domestic violence or have caring responsibilities.
- Address needs of equity groups including First Nations people and multicultural communities. [504]

504 Lowies et al. (2022) and Mitchell and Lusardi (2023).

SPOTLIGHT 7.

ASIC's Moneysmart targets Gen Z knowledge gap with digital-first financial education

Mathew Keenan, ASIC's Head of Corporate Affairs, discusses how research revealing young Australians' financial education needs is reshaping ASIC's approach to providing consumer financial education through Moneysmart.

Young Australians are hungry for financial knowledge but are struggling to find trustworthy sources in an era of social media influencers and an increasingly complex array of investment choices.

> **New research from ASIC's Moneysmart program reveals a stark reality: only 9% of Gen Z feel satisfied with their current level of financial knowledge.**

'One in four Australians feels very knowledgeable about their money and finances, but 75% would like to grow their knowledge,' explains Mathew. 'And the gap between current and desired levels of financial knowledge is greatest for Gen Z, who are starting out in adult life.'

Research reveals generational divide

The nationally representative research, conducted for Moneysmart in late 2024, paints a detailed picture of financial needs across generations and where they are looking for help.

While overall, one in four Australians feels very knowledgeable about finances, younger Australians face unique challenges navigating a rapidly evolving financial landscape.

'Financial language can be really complicated and hard to understand,' Keenan notes, describing one of several barriers identified in the research.

For people starting out in life, financial priorities can range from paying off university debt to getting a foot on the property ladder, with many increasingly turning to other forms of investing as an alternative to homeownership.

'For many, informed by generational norms, buying real estate has been such a big part of investment,' Keenan observes.

But the shift to other forms of investment comes with risks. Treasury research from 2024 found that 74% of people aged 18 to 34 have unmet financial advice needs, leaving them vulnerable to unreliable sources. 'How do you know that someone on Instagram or TikTok is presenting information you can trust?' Keenan asks.

The trust factor

This is where Moneysmart sees it has a crucial role. 'While people expect to have a good customer relationship with businesses – such as their bank or superannuation fund – many also want access to a trusted independent source,' Keenan emphasises.

Moneysmart, which has served Australians for more than 25 years, attracted 11.7 million users in the past year, with more than 8 million using the website's interactive tools.

'In a world where financial decisions are increasingly complex and consumers face a range of new challenges and risks, they need guidance they can trust, delivered in ways that are simple, relevant and timely. That's why Moneysmart exists,' Keenan says.

Moneysmart users seek everything from mortgage calculators to retirement planning resources.

Meeting young Australians where they are

Moneysmart's research identified four key challenges in reaching younger Australians effectively, which is helping it bring a more data-led approach to meeting consumers' needs.

First, generational differences in content preferences are significant. 'We see high preferences amongst Gen Z and Millennials for medium- and short-form videos and content,' Keenan explains.

The research also considered differences in financial needs and attitudes towards managing money. For example, when it comes to investing, 12% of Gen Z males participating in Moneysmart's research indicated they have cryptocurrencies, which is significantly higher than for the total Australian population (7%), but on par with Millennial males (16%).

Gen Z and Millennial males also indicated they are more likely to take risks with investing to attain a higher investment return, with 62% of Gen Z and 59% of Millennial males agreeing with the statement 'I am willing to take a risk for a potentially greater return,' which is significantly higher than for the total Australian population (40%).

Second, social media and online forums and communities have become increasingly popular information sources. 'This exposes Gen Z and Millennials to potentially untrustworthy financial information that could lead them towards high-risk investments,' Keenan notes, adding that ASIC has invested in boosting its social media capabilities, though not on TikTok – yet.

Third, young Australians demand relevance over polish. 'There's no longer as much of a demand for really overly produced content,' Keenan observes. 'They're looking for relevant information that shows you understand and you're meeting my need.'

Finally, research revealed specific preferences: young people want 'social media first' content, they want to understand 'how they're tracking relative to their peers,' and crucially, 'they want to hear us talk to them in their own language, showing up on their level very much as well.'

Beyond parents and schools

The research underscores why independent, trustworthy sources are essential. 'People look to family as a place to learn, which is why it's so important for financial education to start early in life,' Keenan says.

But with emerging areas such as cryptocurrency, traditional family guidance falls short. 'Young people will be looking for trustworthy guidance and, in many cases, young people and their parents will be learning together.'

Moneysmart has mapped 38 distinct financial needs across the adult population, with the top priorities including emergency savings, money management, wealth building, superannuation maximisation and scam protection – the latter reflecting digitalisation's dark side.

Strategic focus on impact

Rather than attempting to serve everyone, Moneysmart has strategically prioritised three segments: those starting out in adult life, pre-retirees, and Australians under financial pressure.

'Moneysmart is not trying to meet everyone's needs because we recognise that some people may be looking to have their needs met by another part of government or a different organisation,' Keenan explains.

Looking ahead, he stresses the importance of evidence-based approaches. 'What is really important is focusing on showing up in a way that's relevant and then measuring outcomes and impact,' he says. Moneysmart is also looking at how it can continue to leverage its consumer insights to ensure it makes a measurable difference in helping Australians.

'By supporting Australians to make better financial decisions, we can become a frontline enabler for helping them to achieve real outcomes,' Keenan concludes.

SPOTLIGHT 8.

How wellbeing-centred support builds capabilities towards financial recovery for domestic violence survivors

Arise Foundation is a national organisation that provides support for victim-survivors of domestic violence differently. Arise works with mostly migrant women and it focuses on recovery, working towards financial independence, and restoring choice and control for the women it supports. Caroline Khalil is the Recovery and Program Manager at Arise Foundation.

Women experiencing financial abuse are denied access to involvement in financial decisions and the opportunity to build financial capabilities; they are also often excluded from using financial products and services. Financial hardship resulting from violence, including financial abuse, can last for a long time and often a lifetime.

The many faces of financial abuse

When women escape domestic violence, they face a stark reality: years of financial control have left them without basic money management skills, they are often saddled with debts they never knew existed, and they are struggling with the psychological aftermath of abuse.

The statistics Khalil shares highlight a lesser-known type of financial abuse: 'You're looking at about one or two out of every 10 women who arrive carrying massive debts they never consented to, often from being secretly made company directors of their partners' failed businesses.'

'They come out of it with debt in their name, which they never signed up for,' Khalil explains. The amounts are staggering – women are discovering they owe tens or hundreds of thousands of dollars to the Australian Taxation Office for businesses they never knew they were involved in.

But the financial abuse runs deeper than debt. Khalil describes cases where women survived on as little as $20 per week while their partners controlled all household finances. 'There is no choice and there is no freedom,' she says. 'Some of these ladies don't even know how to read a bank statement' after years of being excluded from financial decisions.

Technology as both weapon and barrier

The digital age has created new avenues for abuse that follow women long after they leave violent relationships. Khalil reveals that perpetrators routinely hack their former partners' devices: 'They've got access to their iPads, the kids' iPads, their phones, email, even bank accounts.'

After experiencing technological abuse, women are afraid to communicate with support services. 'They're like, do not contact me because I don't know if he gets it,' Khalil says. One woman recently asked her: 'Where do I go to be able to wipe all my devices and start clean … to be safe for me and my children?'

It's a question Khalil couldn't answer – highlighting a critical gap in support services for technology-facilitated abuse.

Wellbeing as the foundation

What sets Arise Foundation apart is its recognition that financial recovery cannot succeed without first addressing mental health and wellbeing. The organisation's Employment Ready Program begins not with budgeting or job applications, but with what Khalil calls 'empowerment wellbeing'.

'These ladies are quite isolated and have lost most of their friends through the process,' she explains. 'It's important for us to start with their wellbeing.' The program includes mindfulness training, self-care education, goal setting, and even art and other creative forms of self-care.

This approach challenges traditional employment services that rush participants into job-seeking activities. 'A lot of them are like "I know how to write a resume … but I'm getting a lot of rejections",' Khalil notes. 'It's like, take a step back and let's work on your wellbeing first.'

Rediscovering voice and choice

The wellbeing component of Arise Foundation's approach addresses a fundamental issue: many women have had their control over their own lives stolen by perpetrators of abuse. During initial consultations, Khalil asks two simple questions: 'What's your dream, what's your goal?' The response is often silence. The women haven't thought about themselves for a very long time, if ever.

'A lot of them don't have [dreams] and a lot of them think it's just short term,' she says. 'Some are like, dumbfounded. They're like, I don't know. And I'm like, that's fine. You don't need to know. This is the beginning of your journey.'

This trauma-informed approach extends to how women engage with the program itself. Khalil emphasises choice and control: 'My door is always open, so it's like, if you aren't ready yet – that's OK'. If someone isn't ready for a program intake, they can try the next one without penalty – a stark contrast to punitive welfare systems.

Financial wellbeing redefined

For Arise Foundation, financial wellbeing means more than just having money:

> **Financial wellbeing is financial independence, but also to have free choice, to have control.**

This philosophy underpins every aspect of the organisation's three-module program covering wellbeing, financial literacy and foundational work skills.

The financial literacy component starts with absolute basics – teaching women how to read bank statements, understand credit cards, and navigate Australia's taxation and superannuation systems. Many participants are recent migrants whose overseas qualifications aren't recognised, adding another layer of complexity.

'A lot of ladies, the majority are CALD [culturally and linguistically diverse] women. Yes, they've been in the country for a while and some of them have their citizenship but have no idea about basic financial systems,' Khalil explains.

Practical support creates success

The program's success lies in its comprehensive wraparound support. When women need laptops to participate in online training, Arise provides them as donations. 'The first thing they say to me is – when do we have to return it? And I'm like no, it's yours,' Khalil recounts with evident satisfaction.

The support continues through job interviews and into employment. Partnership with organisations like Dress for Success provides professional clothing, while mock interviews and workplace culture training help women navigate office environments.[505] Support is also given in arranging childcare and other family needs.

Breaking down systemic barriers

Khalil's work reveals how existing systems often re-traumatise women seeking help. The emphasis on choice begins with something simple but critical: not requiring women to repeatedly tell their stories.

'The worst thing for someone impacted by domestic violence is having to repeat themselves,' she says. 'So, you don't need to tell me your story. I just need to know that you're safe.'

This contrasts sharply with experiences women have with non-trauma-informed services.

Building trust becomes paramount when working with women whose faith in systems and people has been shattered. 'Trust and [being] trauma informed, they're going hand in hand,' Khalil observes. 'Their trust levels of the system, of people, would be quite low.'

This insight has broader implications for how financial institutions and government services interact with vulnerable populations. While some banks are better than others, trauma-informed care from all services, including banks, legal services and housing providers, needs to be guaranteed and not down to luck of the draw.

Measuring success beyond employment

Four times yearly, Arise runs program intakes targeting at least 20 participants each, though Khalil notes 'there is no limit … I'd like to try and reach as many ladies as I can.' Success is measured not just in job placements, but in participants' restored confidence and agency.

Recent wins include a participant securing employment at the Shangri-La hotel through an organised recruitment drive, and women completing 12-week work experience placements in insurance and administration that lead to permanent positions.

But perhaps the most telling measure of success comes in small moments. When Khalil takes women to Dress for Success, their transformation is visible: 'They come out with bags and they're like, look at this. Look at this. Look what I got. It's such an empowerment for them.'

The ongoing challenge

Despite these successes, Khalil identifies persistent systemic barriers. Housing remains the most critical issue – she describes women living in cars with children while being told by services they have 'shelter'. Visa restrictions prevent many women from accessing education and training opportunities. And coordination between support services remains fragmented.

'We go to domestic violence forums, and we all sit in the room and it's like we don't know half the services of each other,' she says, calling for better resource coordination.

The most immediate need, however, is recognition that financial recovery from domestic violence requires a fundamentally different approach – one that puts psychological wellbeing and personal agency at its centre.

'It's not just getting a job and that's it,' Khalil emphasises. 'It's a lot more to that because life is a lot more [than] that.'

As Australia grapples with persistently high rates of domestic violence, Arise Foundation's model offers a blueprint for how comprehensive, wellbeing-centred support can break the cycle of financial dependence that too often traps women in dangerous situations.

505 https://nswact.dressforsuccess.org.

4.3 Financial education: a shared responsibility

What this section is about

This section examines how financial education supports financial wellbeing, and stresses the need for critical system actors to provide accessible, timely financial education. It builds on Section 3's analysis of technology, health and climate change and the financial literacy and capabilities section to ask how financial education must respond to the changes we are now living with. The shifts underway in the financial ecosystem need to be reflected in capability strategies, and those strategies in turn must inform what and how we teach.

Why it matters

Access to financial education is a right that should be afforded to all people across the life course. Financial education contributes to equality and provides a foundation for all children, young people and adults to build financial wellbeing, providing it reflects the changing world we live in. Coordinated leadership and focused support are key – from families to schools, workplaces, community groups, financial institutions and government. Isolated efforts don't work well. When people can easily access relevant, timely and reliable financial education, they develop stronger financial skills, laying the groundwork for a financially strong society.

Key recommendation

Recommendation 52. Recognise that delivering lifelong financial education is a shared responsibility. The government's (or authorised agency's) role is to coordinate a cohesive plan for multi-sector involvement in financial education.

Introduction

Financial education is not a single solution for improving financial wellbeing or a substitute for fixing systemic problems.[506] If we are living in a financialised society, then financial education is a critical life skill, if not a fundamental right. The increased complexity of the services, tools and transactions we now engage with means that financial know-how is an essential life skill.

The question isn't whether financial education works – the evidence increasingly says it does. The next question is 'how' does it work best? This section provides a high-level 'how' discussion focusing on: who is responsible for providing financial education and for the quality of this education, and how do we ensure everyone has access to it when needed?

506 de Bruijn et al. (2022).

What is financial education?

First, we need to clarify what is meant by 'financial education'. The OECD defines it as:

> ***The process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing.***[507]

For many of us 'financial education' conjures up the picture of sitting in a classroom. While that may be the case in some contexts, financial education comes in many forms depending on the needs and characteristics of targeted cohorts, life stage, the resources available, and the aims of the program.

Kaiser et al. (2022) describe a range of financial education formats:

- one-off information sessions that may involve some interaction with a facilitator or a provider
- school-based classes
- one-to-one financial coaching or counselling
- an information-only format, such as a website or online intervention, which Kaiser and colleagues term 'educative nudges'.[508]

Across life stages, financial education will take different forms depending on the person's age, household context, opportunities for access and prior knowledge. The effectiveness of education is also dependent on these factors.[509]

This review stresses the importance of coordinating financial education across the life course, the value of trusted sources and providers, and evidence about what knowledge and skills are needed, when they are needed and who should deliver them. For example, Ireland's financial literacy strategy notes that while financial education activity is widespread across sectors, outcomes depend on coordination, targeting and alignment with wider supports, not simply the volume of programs.[510]

Does financial education work?

The short answer: yes. But this comes with important caveats.

The impact of financial education varies depending on whether it's mandated, how recently it was delivered, the individual characteristics of participants, and broader structural conditions.[511] Over many years, researchers have worked to arrive at a definitive answer on effectiveness. It's a big ask given the enormous variations in programs, conditions and participant circumstances.

But the evidence has mounted over the last decade, with the following findings:

The long-term effects of financial education are real. A large US study of students who received mandated financial education in school found positive causal effects on their overall subjective financial wellbeing later in life.[512]

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507 OECD (2005, p. 5).
508 Kaiser et al. (2022, p. 257).
509 de Bruijn et al. (2022) and Kaiser and Menkhoff (2020).
510 Department of Finance Ireland (2024, 2025).
511 Kaiser and Lusardi (2024).
512 Burke et al. (2023).

Financial education improves behaviour, especially budgeting and saving. The most recent meta-analysis, covering 76 randomised control trials, shows that financial education interventions had a positive causal impact on financial behaviours.[513] However, the authors note that it's challenging to generalise these effects due to the diversity of formats, target populations and intervention objectives.

Subjective knowledge matters. Netemeyer and colleagues found that financial education had large causal effects on participants' objective and subjective knowledge. In particular, their results showed that people's confidence in their financial capabilities had a significant effect on financial behaviours and wellbeing.[514] The takeaway: financial education is most effective when it builds confidence alongside knowledge.

Context and timing matter. Financial education tends to show stronger effects when it's tailored to specific needs; delivered 'just in time' – close to when relevant decisions are made; and reinforced over time.[515] Research warns against financial education being only a transfer of knowledge and encourages a holistic approach that builds competence within social and collaborative contexts.[516]

How long do effects last?

Financial education's effectiveness fades over time, which is why it must be ongoing rather than a one-off intervention.[517] The rate of this decay depends on both the format and duration of the program. Longer exposure to financial education slows the decline, reinforcing the need for a lifelong approach. As people progress through life, different financial topics become more or less relevant to their circumstances. This highlights the importance of delivering financial education that aligns with life stages, and the specific financial decisions people face at different points in time.[518] Box 4 gives an analogy about learning to drive a car to illustrate the need for a combination of knowledge, practice, understanding context and using the right tools for financial education to be effective.

513 Kaiser and Lusardi (2024).
514 Netemeyer et al. (2024).
515 Kaiser and Lusardi (2024).
516 Andreatti, Morselli, and Parricchi (2025).
517 Kaiser and Lusardi (2024).
518 Gibson et al. (2021).

Box 4. Just like learning to drive a car[519]

Learning about money is a lot like learning to drive. It's not just about knowing the rules – it's about practising, building confidence, and figuring out what works for you.

Knowledge building. Learning to drive starts with the road rules. You read the handbook, maybe listen to a licensed driver explain things, and absorb some knowledge as a passenger. But, as anyone knows, being driven somewhere is not the same as driving there yourself – real learning comes from doing.

Testing knowledge. The learner test checks your understanding of the rules. A 16-year-old can score 100% and get a permit, but we all know that doesn't mean they can actually drive safely.

Capability building. Capability comes from hours on the road – with practice and supervision gradually building confidence. A parent or caregiver can share experience (along with a few bad habits), but a professional instructor helps ensure the right skills are learned and assessed.

Context matters. Driving changes with context: dirt roads, night driving and heavy rain each place different demands on the driver, and each requires practice. And although the road system provides structure and safety, you still need skills to navigate it. Sometimes, depending on your needs, driving isn't the right option – you might walk, ride or use public transport instead.

Tools matter too. For some learners, a manual car is a barrier. Switching to an automatic makes the task achievable. And safe driving doesn't require knowing how the engine works – just the basics of using the car well.

The importance of advice. We don't need to be mechanics or engineers to maintain a car. We rely on trusted professionals to service it. The same applies to financial professionals – trust and expertise matter when we need help.

Building resilience. Some drivers go further and take defensive driving courses – not because they expect an accident, but to be prepared when the unexpected happens.

Adapting over time. Circumstances change. The car might become too big, too costly or no longer suited to your needs. At different life stages, we choose different transport options – just as our financial decisions shift as life changes.

Who is responsible for financial education?

No single actor can be solely responsible for financial education. Financial education is a shared responsibility across families, education systems, community organisations, financial institutions, employers and government.[520]

Academic and policy evidence shows that financial capability develops within a broader system shaped by regulatory settings, delivery environments like schools and workplaces, and household-level factors, including confidence and opportunities to practise skills.[521] Because each layer has different strengths and constraints, no single setting can meet all needs.

519 Developed by J. Kutin for use in workshops and lectures, personal communication January 2025.
520 Mancone et al. (2024).
521 Australian Government the Treasury (2022), Kaiser et al. (2022), Kaiser and Lusardi (2024), and de Bruijn et al. (2022).

Home: where it starts, but where it's unequal

There has been a large body of work over many years confirming the critical role of financial socialisation, which starts in the home. Our early experiences or observations about money have the most influence on us, negative or positive – with effects lasting through to adulthood.[522] The values towards money held by parents and caregivers become tangible through the use of money, forming early education experiences for children.

But here's the problem: households vary widely in their capacity to support financial learning. Financial stress and increasing digital complexity can limit parents' confidence and the quality of learning opportunities at home.[523]

In Australia, a national survey found more than half (55%) of parents find it challenging to teach their children about money at home. Only 44% of parents say they have frequent money conversations with their children, and only 37% of students reported having frequent money conversations at home.[524]

Given the risks of online gaming and social media, even with age restrictions, it's crucial for children to have a strong foundation in developing values and perspectives about money conducive to lifelong financial health.

An integrated approach to lifelong financial education would include parental and caregiver guidance, especially to support those who are time-poor, financially stressed, and experiencing significant life complexities.

Schools: the most equitable access point

This is where the strongest case for government action lies. Given the large variance in children's home lives and community contexts, financial knowledge among children and young people will vary widely. So, structured school programs offer the most dependable and equitable access.[525]

Research indicates that when schools provide financial education tailored to students' real-world experiences, it can build their confidence, improve financial decision-making, and reduce anxiety.[526]

Studies have found that curricula using practical, scenario-driven lessons tend to be more effective than those centred merely on theoretical concepts.[527] Addressing topics relevant to teenagers – such as mobile payment technologies and potential risks tied to social media – proves especially useful.[528] Programs that emphasise critical thinking and ethical considerations, rather than framing financial knowledge as a personal responsibility, are particularly helpful for young people experiencing financial stress.[529]

The global trend: mandatory financial education in schools

The OECD's International Network on Financial Education (INFE)[530] provides a framework and helpful guides that many countries are using to inform their policies and practice in schools. The INFE also provides measurement tools and undertakes global measures of financial literacy.[531]

522 Mancone et al. (2024).
523 de Zwaan and West (2022), Birkenmaier et al. (2022), and Ecstra Foundation (2025).
524 Ecstra Foundation (2025).
525 OECD (2024c) and Australian Government the Treasury (2022).
526 Sandy and Hebden (2024).
527 Sawatzki et al. (2022).
528 Sheruly and Koentary (2023).
529 Björklund and Sandahl (2023).
530 https://www.oecd.org/en/networks/infe.html.
531 OECD (2026b).

Many countries (including Australia, in the Australian school curriculum) have introduced financial education into schools, knowing the importance of early introduction to financial concepts and capabilities. There is a mix of approaches, with some schools having mandatory financial education embedded in subjects, and others developing standalone courses.

In the United States, 39 states now require high school students to have completed a stand-alone personal finance course before they are allowed to graduate, and 22 states requiring a standalone course in economics.[532] At the university level, while many institutions offer specialised degree programs in financial planning and some include personal finance as electives or general education requirements, mandatory financial literacy courses for all students remain relatively uncommon.

In Australia, financial concepts feature in compulsory school subjects like mathematics, humanities and social sciences, economics and business, and digital technologies, but how and to what extent this content is offered to students can vary from school to school. Experts note that factors contributing to this variance include teacher supply, knowledge and confidence, and in the later years of schooling, elective subject choices.[533] There are growing concerns about the effectiveness of Australia's financial education model, with many people believing, based on their own family evidence, that financial education isn't even in the curriculum at all. Is it so deeply embedded that nobody knows it's there? Or are students missing out because they aren't doing the subjects that are meant to include financial literacy?[534] Or are financial concepts skipped if there is a choice to not include them? We need a greater understanding of why financial education is so obscure in our curriculum. How can we ensure that students and parents/caregivers can be confident that their children are being taught essential financial literacy and capabilities?

The Australian challenge: resources without coordination

In Australia there are a range of resources available for teachers, including Talk Money,[535] Tax, Super and You,[536] and ASIC's Moneysmart materials,[537] and organisations such as Financial Basics Foundation,[538] provide resources for parents/caregivers as well. The problem lies with a lack of coordination and accountability in using these resources within classrooms or the home, as well as a lack of awareness that they exist.

Vic Mazzone,[539] one of our interviewees, champions the ATO's Tax, Super and You education resources, and is a strong advocate for mandating financial literacy in schools – especially high school:

> ***I think financial literacy should be taught and mandated in year levels where you use it or lose it. Budgeting, savings, the distinction between needs and wants… we need to build that capability over a sequence of years.***

532 Council for Economic Education (2026, p. 3).
533 Interviewees Dr Carly Sawatzki and Roset Khair.
534 Pedersen-McKinnon (2025, 2026).
535 Ecstra Foundation, https://talkmoney.org.au.
536 Australian Taxation Office, https://taxsuperandyou.gov.au.
537 ASIC, https://moneysmart.gov.au/teaching.
538 Financial Basics Foundation, https://financialbasics.org.au.
539 Vic Mazzone was recently awarded the Public Service Medal for his significant contribution to having tax and superannuation formally included in the high school curriculum.

Mr Mazzone also notes the absence of coordination and leadership in financial education, calling for a national conversation:

> ***We've got to get policymakers to really understand this and embrace it. We need prime ministers talking about this. We need treasurers talking about this.***

The delivery question: standalone or embedded?

In Australia, there is overwhelming support for financial education to be delivered in schools.[540] But there isn't a clear agreement on the 'how'. Should it be a standalone, explicitly delivered subject? Or should it be embedded in existing subjects; that is, as a 'curriculum connection', as it is currently in Australia?

A national survey of Australian parents, teachers and students shows that most teachers (68%), parents (75%) and students (68%) prefer financial education to be part of the curriculum and classroom lessons rather than being delivered through workshops, incursions or separate life skill lessons.[541]

However, there is evidence for standalone classes being more effective. A large US study (N = 16,347) comparing the longer-term outcomes from mandated, embedded curriculum versus standalone financial education classes in high school shows that standalone classes were more effective in contributing to positive financial behaviours and longer-term financial wellbeing in young adults.[542]

Why? Research shows that even in states where financial education was mandated, half of the schools failed to fully implement financial education when it was embedded in lessons.[543] As Collins and Urban put it:

> ***Standalone course requirements result in both more adherence to the policy and a more effective implementation of personal finance content.***[544]

In Ireland, financial education is embedded within other subjects in primary and secondary schools. There, too, there are growing calls for financial literacy to be taught in standalone classes, with critics noting the inconsistency and fragmentation of learning that occurs with the embedded model.[545] The issue with the embedded model is that not all students do the subjects that include financial literacy lessons. Incorporating financial literacy principles into multiple subjects can be beneficial if there is accountability, consistency and support for teachers.[546] Regardless of format, lessons should use concepts within real-life scenarios that are relevant and culturally responsive for the target group.

There isn't definitive Australian research that clearly shows what is being taught and how financial education should be best delivered. We lack measurement at every level. We need dedicated research to provide more evidence on what works here, and more importantly, why.

Recommendation

Recommendation 53. Undertake dedicated research to find out what financial knowledge and skills are actually being taught in Australian schools, and how, and identify the outcomes and gaps.

540 Ecstra Foundation (2025).
541 Ecstra Foundation (2025).
542 Collins and Urban (2025).
543 Collins and Urban (2025) and Luedtke and Urban (2023).
544 Collins and Urban (2025, p. 2).
545 Molloy (2025).
546 de Zwaan and West (2022).

Teacher capability and confidence: the make-or-break factor

Across all educational contexts, facilitator/teacher financial capability and confidence matter the most for student learning. Randomised controlled trials found that high levels of teacher self-efficacy significantly enhanced student learning.[547]

The research on the effectiveness of financial education in schools consistently showed that regardless of the delivery format, or whether it's mandatory or optional, better outcomes for students rely on teacher competency, motivation and confidence. To ensure teachers have these attributes, there needs to be strong support from a national strategy, proper funding, and governments and education departments prioritising consistent and coordinated professional development.[548]

As the complexity of our financial system increases – along with risks from highly accessible fintech products like cryptocurrencies and digital assets – the need for ongoing teacher professional development becomes more critical. Our expert interviews confirmed that a growing number of students are showing high levels of interest in products like crypto. Interviewee Dr Carly Sawatzki said:

> ***[Students are] very interested in crypto, very interested … The challenge with crypto … is teachers lack the knowledge and confidence and want to learn about it too.***

Dr Sawatzki also shared how she leverages students' interest in crypto to teach financial concepts in maths:

> ***We started with something as simple as looking up what's the price of Bitcoin today … and that in itself is really a simple 'let's learn to read a market graph' exercise.***

In her work with preservice and practising teachers, Dr Sawatzki is including topics relevant to the big issues discussed in this report:

> ***We've done quite a lot on scams, data breaches, identity theft as new forms of financial risk to be teaching students about. We've spoken about the sustainability issue and the climate crisis as, you know, driving increasing costs of living; for example, the rising cost of insurance.***

In Australia there are a number of agencies and organisations that provide teacher resources including, to name just a few, ASIC, the ATO, Ecstra Foundation and Financial Basics Foundation. However, the value of these resources is dependent upon teachers having the time and motivation to locate them, adapt the examples to suit their students' context, and having confidence in delivering the material. The high demands on teachers to cover a full curriculum will lead to them dropping concepts that are not well supported by available resources or have accountability attached to them, and therefore easy to skip.

Excellent initiatives exist within Australia, but lack of coordination means many teachers remain unaware of available opportunities. One example is a professional learning initiative, Changemakers in Financial Education,[549] funded by the South Australian Government and

547 Compen et al. (2023).
548 Louis et al. (2024).
549 https://redi.deakin.edu.au/project/changemakers-in-financial-education/.

designed and delivered by Deakin University. The program supports Year 5 to 10 teachers to develop their knowledge and confidence as financial educators. Interviewee Dr Sawatzki leads this program and is excited about the measurable impact the program is having. However, she highlights the main challenge:

> ***The challenge is we only get passionate teachers opting into these courses … We want this to go mainstream.***

Without national coordination, such programs reach only self-selecting educators rather than being delivered as standard across schools.

Recommendation

Recommendation 54. Provide pathways to better support teachers in developing the skills, confidence and motivation to deliver financial education. Include dedicated financial literacy training in preservice teacher education.

Focus on critical thinking and financial self-efficacy

Education programs that frame financial learning as values-based and reflective, and that aim to empower students rather than have them simply memorise knowledge, work by addressing confidence and self-efficacy.[550] Additionally, innovative programs that engage interactively, using gamification or personalised experiences to encourage active learning, can be more effective than lecture formats.[551]

These findings support a capability-based model, where financial education is dynamic and relevant to the context of the learner, and is just one dimension of a broader systems-informed understanding of psychological, behavioural and social constructs necessary for financial wellbeing.

Recommendation

Recommendation 55. Prioritise empowerment over instruction in student financial literacy learning. Focus on building confidence, research capabilities and self-efficacy rather than just teaching specific financial solutions. Enable young people to know how to find the solutions so they can adapt as financial systems evolve.

Digitalisation's impact on financial education

The proliferation of digital tools used for financial education, from mobile banking and saving apps to gamified investing, social media finfluencers and LLMs, has profoundly altered the financial landscape. Research describes how these changes have both increased access to financial services and introduced new risks, necessitating updated educational approaches.[552]

Education systems have lagged in reflecting the realities of digital consumer finance. Effective financial education must include basic DFL, including understanding algorithmic nudges, detecting scams and phishing, navigating in-app purchases, using mobile wallets safely, and interpreting financial advice from influencers and AI chatbots.[553]

550 Björklund and Sandahl (2023).
551 Kaiser and Lusardi (2024).
552 Sandy and Hebden (2024), Neguta et al. (2024), and Căciulescu et al. (2024).
553 Căciulescu et al. (2024), Sandy and Hebden (2024), and Liao and Chen (2020).

Workplaces: reaching adults at decision points

Employees face mounting financial pressures, from today's cost-of-living challenges to their future financial security. Big societal shifts like ageing populations, increased responsibility on individuals, and the exponential rise of digital financial services have made money management more complex and, for many employees, more stressful. When people are worried about money, it affects everything – their mental and physical health, their ability to make informed financial decisions, and their performance at work.[554] Women, young people and gig workers are especially vulnerable.[555]

The workplace has emerged as a natural place to tackle these issues because it's where large numbers of adults can be reached, including those who need help the most. Research shows that when employers offer financial education, employees become more financially literate and less stressed, which means they're more productive, engaged and loyal.[556]

National strategies are now identifying employers as important partners in supporting the financial behaviours and financial wellbeing of employees.[557]

What might employer programs look like?

It may be difficult to engage employers in providing financial education. Employers might not realise how much financial stress is hurting their workforce, or they may worry about the cost and time involved in offering financial education, especially if they are smaller businesses. Employees themselves can be reluctant too; they may feel embarrassed about their money issues and worry about confidentiality.

Despite these hurdles, many governments, not-for-profits (NFPs) and companies are seeing the benefits of workplace financial education. And there is a growing body of sources that provide guidance on implementing effective programs. The OECD, in its *Policy handbook on financial education in the workplace*, recommends four key principles:

> ***Take a coordinated approach that includes employees in national financial literacy strategies.***
>
> ***Engage employers by demonstrating the business benefits and giving them practical tools.***
>
> ***Encourage employees to participate through relevant, targeted communication and peer support.***
>
> ***Design programs based on evidence, using a mix of methods that actually change behaviour rather than just delivering information.*** [558]

Our literature review found that leading employers are being creative with how they deliver financial education to their workforce. The programs that really work don't rely on just one approach, but offer a variety of mediums. One-on-one sessions with qualified financial advisers have proven especially powerful, giving workers tailored advice on everything from debt management to planning for retirement rather than just providing generic information.[559] Financial advisers could become a component of Employee Assistance Programs that most organisations offer, especially larger ones.

554 AMP (2022).
555 Filia et al. (2024), Sprajcer and Gupta (2022), and Beyond Blue and Social Research Centre (2025).
556 OECD (2022b).
557 Australian Government the Treasury (2022), Money & Pensions Service (2020), U.S. Financial Literacy and Education Commission (2020), and Te Ara Ahunga Ora Retirement Commission (2025).
558 OECD (2022b).
559 Clark (2023).

More companies are embracing digital solutions; for example, apps, webinars and online modules that people can access whenever it suits them.[560] Targeted 'lunch and learn' sessions during work hours are also popular, with employers recognising that a 25-year-old struggling to manage BNPL debts, HECS debts and living costs requires different guidance than someone in their fifties thinking about retirement.

In essence, the underlying principles for financial education in the workplace are to make it personal and make it easy to access.

Does workplace financial education work?

Survey evidence shows strong support for employer-provided financial education, with Australian data indicating that many young people are keen to learn about money at work.[561] Workplace financial education improves retirement planning and can support other financial behaviours and decisions, particularly when delivered at transition points such as onboarding or changes in life stages.[562]

Evidence shows stronger effects when education is combined with practical tools such as calculators, defaults, nudges or personalised guidance, rather than delivered as standalone sessions.[563] Older workers, women, casual employees, gig workers and low-income employees will require more tailored support due to higher financial stress or more complex decision-making contexts.[564]

Recommendation

Recommendation 56. Incentivise and provide dedicated support for all employers, including small business employers, to provide workplace financial education initiatives. Prioritise sectors characterised by higher levels of financial vulnerability, such as the care sector and hospitality.

Community organisations: reaching those who are systematically missed

Community organisations play an important role in the financial education ecosystem by reaching individuals who may not be well served by school- or workplace-based education. Policy strategies and academic evidence recognise community organisations, NFPs and selected private providers as critical channels for delivering tailored financial education to people facing structural disadvantage, complex life circumstances, or limited access to mainstream systems.[565]

Community-based providers are well-placed to reach groups, such as marginalised young people, migrants, women experiencing financial strain and/or family violence, low-income households, rural communities and older adults, who are less likely to be reached through formal education or employment settings.[566]

Evidence shows that community-based financial education can enhance inclusion and reduce vulnerability, particularly when programs are culturally responsive and aligned with participants' lived circumstances (see Spotlight 8).[567] Programs that combine financial education with practical services, such as savings programs, debt advice, housing support or social services, produce stronger behavioural outcomes than education delivered alone.[568]

560 AON (2025).
561 ASIC (2021).
562 Lusardi and Mitchell (2023), Clark (2023), and Kaiser and Lusardi (2024).
563 Xiao and Porto (2022).
564 Akbaş and Seedsman (2024).
565 Money & Pensions Service (2020), Te Ara Ahunga Ora Retirement Commission (2025), and de Bruijn et al. (2022).
566 Money & Pensions Service (2020) and Te Ara Ahunga Ora Retirement Commission (2025).
567 Hidalgo-Mayorga et al. (2025).
568 Birkenmaier et al. (2022) and de Bruijn et al. (2022).

A valuable and timely report produced by the Brotherhood of St Laurence offers eight financial education recommendations for programs supporting people experiencing financial vulnerability. The first five emphasise building solidarity, engagement and confidence, addressing the shame and stigma that often deter people from dealing with money. These are:

1. ***building connection between people in similar positions to remove shame and stigma***
2. ***helping participants recognise their existing skills and identify skill gaps to boost confidence***
3. ***removing judgement about individual spending priorities and needs to build trust***
4. ***delivering programs through trusted entities that make it easier for people to open up***
5. ***using simple and accessible language to improve engagement and confidence.***

The most important principle here is bringing people together who are facing similar challenges, so they can share knowledge as peers.

The remaining three considerations focus on providing targeted, practical support that reflects people's circumstances. These are:

6. ***providing information and tools that help people manage change and respond to shocks, even for those who were previously doing OK***
7. ***helping people access support and navigate complex systems can help reduce stress and increase ability to make ends meet***
8. ***providing tailored content that gives actionable information or linking those with specific hardship needs to relevant support.***[569]

When education content doesn't match people's actual needs, it can diminish engagement or reinforce stigma.

Critically, the report acknowledges that even with excellent financial skills and confidence, making ends meet on a low income (or even an average income these days) remains difficult and stressful. The report reinforces that financial education needs to be complemented by policy changes that address the root causes of financial hardship, from inadequate income support payments to unaffordable housing and insecure work.

Recommendation

Recommendation 57. Support sustained, evidence-informed, community-based learning programs. Move beyond one-off workshops to provide financial education programs that include peer support, non-judgemental delivery, practical information for navigating service systems, and opportunities for continued learning after basic knowledge has been covered.

569 Porter (2026).

Supporting financial education for First Nations people

First Nations Foundation[570] is one of Australia's leading community organisations that supports First Nations people. It provides training, education and information for all First Nations people, regardless of their financial situation. The Foundation offers a comprehensive suite of programs created *by* First Nations people, *for* First Nations people. Its flagship program, My Money Dream,[571] is an award-winning online financial literacy training platform that helps First Nations people build financial skills, confidence and security through self-paced learning.

The Foundation also runs specialised programs including Rich Blak Women,[572] which focuses on long-term financial prosperity and intergenerational wealth transformation for First Nations women and their families. It also provides support for First Nations people who want to start their own business, through My Business Dream.[573] This program equips First Nations businesses with the financial skills needed at the start-up, expansion and governance stages through online learning, monthly webinars and in-person events.

In addition to digital-based education, First Nations Foundation delivers community-based programs. The Financial Wellness Outreach program[574] travels to regional and remote communities, connecting people with the finance sector and helping them locate lost superannuation – to date, the program has reconnected First Nations people with more than $28 million in superannuation.

The Foundation also created Tomorrow Money,[575] a financial wellbeing hub full of resources covering topics from home ownership to superannuation, to credit and debt, and On Country, a platform supporting professionals who work with First Nations people.

Through community partnerships, culturally responsive content, and a focus on building financial knowledge that creates ripple effects through families and communities, First Nations Foundation is working to support financial prosperity for First Nations people.

Continuing challenges for all community organisations include fragmented provision, funding and workforce constraints, limited evaluation capacities, and the ongoing need for educators to keep pace with digital advancements.[576]

The role of financial institutions in financial education

On the one hand, it makes complete sense for financial institutions to play a prominent role in providing financial education to society, given that all of their customers are engaged with financial products and services, their wide reach and their financial capacity. On the other hand, given the reputation of banks and the damning findings from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry,[577] financial institutions providing financial education could be just as questionable as McDonald's providing health education.

However, banks and other financial institutions are uniquely positioned to deliver adult financial education because they're already deeply connected to people's daily money lives. They have the means to notice firsthand when and where customers struggle, whether it's managing debt, understanding digital banking, experiencing financial abuse, dealing with a major life event such as losing a spouse or family member, or planning for retirement.[578] If designed and delivered with

570 https://firstnationsfoundation.org.au.
571 https://firstnationsfoundation.org.au/programs/my-money-dream.
572 https://firstnationsfoundation.org.au/programs/indigenous-womens-financial-wellness.
573 https://firstnationsfoundation.org.au/programs/my-business-dream.
574 https://firstnationsfoundation.org.au/programs/financial-wellness-outreach.
575 https://firstnationsfoundation.org.au/programs/tomorrow-money.
576 Akbaş and Seedsman (2024) and Zukry et al. (2024).
577 Hayne (2019).

appropriate motivation, principles and boundaries, financial education provided by banks and other financial institutions can be highly effective.

Banks are increasingly investing in the financial wellbeing of customers and communities. They have realised that it is in their best interests to have financially capable customers and operate in a financially healthy society. Financially educated customers actually use more products, have healthier credit ratings, and stay with their banks longer, making financial education delivered by banks a win–win situation.[579]

Financial institutions also have the infrastructure and resources to reach massive audiences. In the United States, for example, the American Bankers Association Foundation works with nearly a thousand banks each year to provide financial education to more than half a million consumers.[580] Banks can deliver education through multiple channels such as mobile apps, websites, in-person workshops, and partnerships with community organisations.

What makes financial education programs in industry effective and unbiased?

Financial education offered through commercial organisations, including banks, has to be unbiased. ANZ's programs are good examples of this approach. Its MoneyMinded program materials explicitly state that the program 'does not directly promote ANZ products' and that it 'provides unbiased consumer education',[581] and the same is true for its MoneyBusiness program for First Nations communities.[582] This separation between education and product sales is crucial for building trust and ensuring the information provided genuinely serves people's interests.

Delivering bank-supported financial education programs with the support of respected community organisations helps ensure the content remains unbiased and safe. ANZ has longstanding partnerships with Brotherhood of St Laurence,[583] Berry Street Yooralla[584] and The Smith Family[585] to deliver MoneyMinded in Australia.

Combining knowledge and practice

ANZ has emerged as a leader in Australia for community-focused financial education. Its flagship MoneyMinded program has helped more than one million people since 2002, with more than 5,000 accredited community coaches delivering workshops across Australia, New Zealand and the Asia–Pacific region.[586] The program recently added new modules on digital confidence and scam awareness, addressing urgent needs like helping older Australians navigate online banking safely.

In partnership with Brotherhood of St Laurence, ANZ's MoneyMinded program has introduced a scams education referral pathway that refers victims of scams to a free workshop that helps victims identify scams and provides information on how to access support.[587] More than 800 MoneyMinded coaches have been trained to provide the scams awareness workshop.

Australia's (and the world's) longest-running and widest-reaching financial education and savings program is ANZ's Saver Plus program,[588] created in 2003 in partnership with the Brotherhood of St Laurence and co-funded by the Australian Government Department of Social Services.[589]

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579 EverFi (2025).
580 American Bankers Association, https://www.aba.com/about-us/aba-foundation/financial-education-programs.
581 https://www.anz.com.au/about-us/esg/financial-wellbeing/moneyminded.
582 https://www.anz.com.au/about-us/esg/financial-wellbeing/moneybusiness.
583 https://www.bsl.org.au/services/saving-and-managing-money.
584 https://www.berrystreet.org.au/learning-and-resources/our-training-and-consultancy-services/moneyminded and ANZ (2025a).
585 https://www.thesmithfamily.com.au/programs/financial/money-minded.
586 ANZ (2025e).
587 ANZ (2025c).
588 https://www.anz.com.au/about-us/esg/financial-wellbeing/saver-plus.
589 Department of Social Services, https://www.dss.gov.au.

The program is delivered through partnerships with Brotherhood of St Laurence, The Smith Family and Berry Street Yooralla. This matched savings initiative combines financial education with tangible support: participants receive financial literacy training and ANZ matches their savings dollar-for-dollar up to $500 for education expenses. The program has reached more than 66,000 Australians, who've collectively saved more than $32.8 million, with ANZ contributing $27.9 million in matched funds.[590] Notably, 82% of participants are women, and nearly half are from single-parent households, showing the program is reaching those who need it most.

Partnering with community organisations

The most successful bank-led financial education programs don't work in isolation; they partner with community organisations who have deep expertise and trusted relationships. ANZ's partnerships exemplify this approach. It works with the Indigenous Consumer Assistance Network (ICAN) to deliver MoneyBusiness to First Nations communities, combining ANZ's resources with ICAN's cultural knowledge and community connections. The program has reached nearly 100,000 individuals since 2005.[591]

For disability inclusion, ANZ is partnering with the Dylan Alcott Foundation and Berry Street Yooralla to deliver tailored MoneyMinded workshops.[592] ANZ's research found that people with disabilities are twice as likely to have no savings compared to those with no disability, making this targeted partnership essential.[593] By letting community organisations lead program design and delivery, banks ensure the content is culturally responsive and genuinely meets people's needs rather than imposing one-size-fits-all solutions.

Natalie Paine, our ANZ interviewee, told us about their Financial Wellbeing Workshops recently launched in partnership with The Smith Family.[594] It is a national initiative to build financial knowledge and capabilities in the community. The program provides free, practical education on topics such as scam awareness, safe digital banking and accessing hardship support. By combining banking expertise with community-based delivery, the initiative helps build confidence, resilience and financial wellbeing for individuals and families beyond ANZ's customer base.

Recommendation

Recommendation 58. Support evidence-based, unbiased initiatives such as MoneyMinded and Saver Plus that combine education with tangible supports – for example, matched savings, scam referral pathways and digital confidence modules – prioritising women and single-parent households.

Government: the essential steward of financial education

All the above financial education actors – homes, schools, workplaces, community providers and financial institutions – require government coordination.

Governments and public institutions play a central system-stewardship role in financial education. Across Australia, the United Kingdom, Ireland, the United States, Canada, New Zealand and many other countries, national strategies position governments as responsible for setting strategic direction, coordinating delivery across sectors, resourcing education, ensuring quality, and monitoring progress over time.[595]

590 ANZ (2026).
591 ANZ (2025b, 2025d).
592 ANZ (2025a).
593 ANZ (2022, 2025a).
594 ANZ (2025c).
595 Australian Government the Treasury (2022), Money & Pensions Service (2020), Department of Finance Ireland (2024, 2025), U.S. Financial Literacy and Education Commission (2020), and Te Ara Ahunga Ora Retirement Commission (2025).

This role is reinforced by the OECD Recommendation on Financial Literacy, which emphasises that financial education needs evidence-based design, coordination, evaluation and transparency.[596] Financial literacy is also recognised as a form of human capital, providing a rationale for sustained public investment.[597]

What an effective government's role looks like

When governments are working effectively to steward financial education, the following features are evident.

There is system coordination. Shared goals are set and delivery is coordinated across the system layers, helping reduce fragmentation in responses to cumulative, life-course financial vulnerability.[598]

There is equity and targeted support. Persistent financial capability gaps among women, migrants and refugees, First Nations people, low-income households, people with disabilities, rural communities, and older adults reflect income and education differences as well as gendered roles, caregiving responsibilities and unequal exposure to financial risk. Therefore, effective governments support targeted rather than uniform approaches.[599]

Education is bundled with structural supports. For vulnerable groups, financial education is most effective when integrated with structural supports such as access to fair financial products, digital inclusion, and debt or housing services. Research shows that knowledge gains alone often fail to overcome constraints related to financial stress and market complexity.[600]

Education responds to complexity and digital risk. Product complexity, digitalisation, scams and cost-of-living pressures increase consumer vulnerability, particularly for people with lower digital capability or declining cognitive capacity, highlighting the need to align education with consumer protection and digital safety measures.[601]

Workforce capability and culturally responsive delivery are priorities. Effective delivery requires sustained investment in educator capability, including digital competence and culturally responsive approaches, particularly when working with older adults, women and culturally diverse communities facing intersecting financial and digital risks.[602]

Education is integrated with regulation and consumer protection. Financial education is most effective when combined within broader systems of regulation, consumer protection and financial inclusion, complementing safeguards rather than shifting responsibility solely onto individuals.[603]

Recommendations

Recommendation 59. Acknowledge and address structural inequalities. Explicitly recognise and respond to additional barriers faced by women, multicultural people and First Nations people – for example, significant pay gaps. Ensure financial education programs are inclusive, culturally responsive and address these systemic barriers.

Recommendation 60. Partnering with researchers representing main religious and cultural communities, map preferred approaches to education that include the range of values and beliefs we have in Australia. Use this research to inform education that meets the needs of diverse groups.

596 OECD (2025c).
597 Lusardi and Mitchell (2023).
598 Australian Government the Treasury (2022), Money & Pensions Service (2020), OECD (2025c), and Akbaş and Seedsman (2024).
599 Te Ara Ahunga Ora Retirement Commission (2025), OECD (2022a), OECD (2025a), and Akbaş and Seedsman (2024).
600 Hidalgo-Mayorga et al. (2025) and de Bruijn et al. (2022).
601 ASIC (2022a), OECD (2022a), Xiao and Porto (2022), Zukry et al. (2024), and Akbaş and Seedsman (2024).
602 Akbaş and Seedsman (2024) and Zukry et al. (2024).
603 de Bruijn et al. (2022), OECD (2025c), and Australian Government the Treasury (2022).

Financial education via social media: the rise of 'finfluencers'

Financial influencers ('finfluencers') on social media have transformed how Gen Z and Millennials access financial knowledge, encouraging budgeting, investing and self-directed decisions for those who don't have ready access to affordable, traditional sources of advice.[604]

There's been a shift from traditional financial information gatekeepers to peer-based digital content, with 60% of US investors aged 35 or younger now preferring social media over traditional advice (57%), finding it more relatable and accessible.[605]

Finfluencers often evade financial regulations by operating outside of regulated jurisdictions, without transparency about credentials, affiliations or risks.[606] Research found that 56% of finfluencers gave advice leading to negative returns, with only 28% of advice from finfluencers resulting in positive returns.[607] Australia requires financial advisers to hold licences,[608] with ASIC issuing warnings to 18 unlicensed finfluencers in June 2025.[609] Meta now requires Financial Advertiser Verification.[610]

Spotlight 10 shows an example of online financial education initiative that is meeting the needs of people that don't have ready access to financial advice and is provided in a modern format but meets the regulation requirements.

604 Neguta et al. (2024), and Hayes and Ben-Shmuel (2024).
605 Neguta et al. (2024), and Hayes and Ben-Shmuel (2024).
606 The Board of the International Organization of Securities Commissions (2025).
607 Kakhbod et al. (2023).
608 https://www.asic.gov.au/for-finance-professionals/afs-licensees/.
609 https://www.asic.gov.au/about-asic/news-centre/news-items/asic-cracks-down-on-unlawful-finfluencers-in-global-push-against-misconduct/.
610 https://www.facebook.com/business/help/719892839342050.

SPOTLIGHT 9.

Financial influencers: expert calls for education alongside regulation

Professor Angel Zhong explains how Australia's licensing requirements have reshaped the finfluencer landscape – but maintains that financial literacy remains the more powerful solution.

The rise of financial influencers offering free investment 'advice' on social media has fundamentally changed how young Australians approach money management. But according to Professor Angel Zhong, a finance expert at RMIT University who has extensively researched the phenomenon, the real solution to protecting consumers lies not solely in policing influencers, but in building foundational financial literacy from an early age.

The perfect storm

The finfluencer boom emerged from a confluence of factors during the COVID-19 pandemic. When financial markets plummeted in 2020, a wave of first-time investors entered the market – not just in stocks, but in cryptocurrency and other financial products. These inexperienced investors, predominantly young people who were already heavy social media users, desperately wanted to learn about investing but couldn't afford traditional financial advice.

'It's quite expensive to obtain high quality financial advice,' Professor Zhong explained. 'Influencers give financial advice for free because social media platforms can be accessible to anyone.' Combined with the ubiquity of smartphones, this created ideal conditions for finfluencers to flourish.

The double-edged sword

The impact of finfluencers on financial wellbeing remains complex and, in some ways, contradictory. Professor Zhong's research reveals that investors, particularly inexperienced ones, do follow influencer advice and make financial decisions based on it. While she has found no direct evidence that finfluencers harm financial wellbeing, indirect evidence is troubling: research shows that individual investors, especially inexperienced ones, incurred substantial losses during the COVID period – precisely when finfluencers were gaining prominence.

The benefits of finfluencers are real but limited. Their greatest strength is communicating complex financial concepts in simple, engaging ways. 'They can indeed help the improvement in financial literacy in society,' Professor Zhong noted, 'if the knowledge they are preaching is correct.'

That crucial caveat highlights the fundamental problem. Many finfluencers lack formal finance backgrounds, meaning their advice may simply be wrong. Worse, investment advice is inherently personal – 'there is never a one-size-fits-all solution' – yet finfluencers broadcast generic recommendations to diverse audiences. Some promote financial products for undisclosed kickbacks and commissions, while others use clickbait tactics like 'How do you get rich overnight?' to promote short-term trading strategies that research shows typically result in significant losses for individual investors.

Who's most at risk?

Young Australians face the greatest exposure to finfluencer impact. They're heavy social media users, lack capital to access professional advice, and are also the most vulnerable to scams. Professor Zhong emphasised that scammers specifically target younger groups because of their reliance on social media platforms.

Middle-aged Australians, while more experienced and having greater capital access, still use social media extensively and may follow influencer advice, though less readily than their younger counterparts. Older Australians appear least susceptible – they're neither active traders nor heavy social media users.

Interestingly, digital literacy creates a paradox: those more digitally literate are more active on social media and thus more likely to encounter finfluencer content. Trust also plays a crucial role. When young investors find influencers who explain concepts in relatable ways, it builds trust and increases their likelihood of following that advice.

Australia's regulatory response

In April 2022, ASIC implemented a policy requiring anyone giving financial advice on social media to obtain an Australian Financial Services license – the same credential required of traditional financial advisers. Those operating without a license face fines or imprisonment.

The policy's impact has been dramatic. 'After that, all the influencers either stopped their activity or then they become licensed,' Professor Zhong said. 'From my perspective, they no longer become an issue.'

However, she cautioned that licensing isn't a panacea. Even licensed financial advisers can give poor advice or advice leading to losses due to market volatility. 'Having a license doesn't mean that you always make money,' she emphasised. 'There could be good quality advice, but then it still depends on timing … there could be an exogenous shock happening to the market that just changes the course of the prediction.'

The benefit of licensing is accountability. 'If they become licensed, it's easier to hold them accountable,' Professor Zhong explained. It establishes a baseline standard and provides recourse for consumers who experience wrongdoing, even if it can't guarantee investment success.

The missing solution: financial literacy

Despite praising Australia's regulatory approach, Professor Zhong repeatedly returned to what she called 'the elephant in the room': financial literacy education.

'I don't think there is sufficient education, not even financial literacy,' she said bluntly. 'We are not sufficient in that perspective either, let alone education about finfluencers.'

Her recommendation is unequivocal:

> **Financial literacy should be a standalone curriculum subject starting in school.**

'Everyone, for example, should understand things like interest, investing and compound interest and other basic financial literacy aspects,' she said. 'If they are equipped with a basic level of financial literacy, that would actually help them better evaluate the advice of influencers.'

Currently, Australians struggle to distinguish between good advice from influencers and regulated advice – a problem rooted in inadequate financial education.

Professor Zhong argued that building a solid foundation of financial literacy across the community would enable people to make better, more informed decisions regardless of their information source.

Looking forward

The licensing requirement has created an unexpected challenge: fewer finfluencers producing content means inexperienced investors have reduced access to free financial information. Whether this represents a net positive or negative for financial wellbeing remains unclear.

What is clear, according to Professor Zhong, is that sustainable consumer protection requires education alongside enforcement. While regulation provides important guardrails and accountability mechanisms, it cannot substitute for the critical thinking skills and foundational knowledge that financial literacy education provides.

For policymakers, educators and financial institutions concerned about consumer wellbeing in the age of social media, Professor Zhong's message is straightforward:

Start early, be comprehensive, and prioritise building financial literacy in schools. Only then can consumers – young and old – navigate the evolving landscape of financial advice, whether it comes from licensed professionals, social media influencers or anywhere else.

Spotlight 10 shows an example of online financial education initiative that is meeting the needs of people that don't have ready access to financial advice and is provided in a modern format but meets the regulation requirements.

SPOTLIGHT 10.

Breaking down the barriers: how Jessica Brady is redefining financial education

Jessica Brady is a financial adviser with more than 20 years of experience. After founding a successful financial advice business, she recognised unmet demand for trustworthy, accessible financial advice, especially among young people, women, small business owners and LGBTQ+ individuals. By moving her services online, she expanded her reach and better met the needs of her clients. Her educational platform is Jessicabrady.com.au.

The reality gap

For many Australians, financial advice feels inaccessible, expensive or untrustworthy. Online, the space is crowded with self-styled 'finfluencers', banks pushing their own products, and a culture of jargon that alienates ordinary people. The result is that women, young professionals, LGBTQ+ communities and others feel left out, unsure where to turn for support they can trust.

Brady saw this gap firsthand:

'So many people waited often weeks or months to have an initial conversation with me only for me to tell them that it was not appropriate for me to take them on as a client because of the level of savings they had, and them naturally saying to me where should I go? What should I do? And not really feeling like I had anywhere to send them.'

Her response was to create a new model of financial education, one that is delivered by a qualified adviser, jargon-free and accessible to people who have been excluded from traditional advice channels.

Meeting the needs of under-served cohorts

Brady brings nearly two decades of experience in financial services to her work. After a career in corporate banking, she co-founded a financial advice business serving people in their twenties, thirties and forties, especially women and LGBTQ+ communities.

Her programs now reach even further. Women over 50 are increasingly turning to her courses, often after going through redundancy or separation:

> **… for a lot of older women there is a lot of worry that they will not have enough retirement savings – to be debt free if they even have a property, and to have enough income to support them in their later years.**

By listening to and understanding these diverse cohorts, Brady designs education that resonates with their lived experiences.

A new kind of financial education

Brady describes herself as a 'slightly sweary financial fairy godmother', cutting through complexity with warmth and humour. Her programs are structured, community-driven and delivered in accessible formats, and include:

- the Greenhouse Money Club:[611] a 10-week flagship program with bite-sized videos, worksheets and weekly community calls to build financial literacy step-by-step
- the Evergreen Money Club:[612] monthly accountability and masterclasses for alumni, ensuring their progress doesn't stop once they learn the basics
- Financial Wellness 101:[613] bespoke workplace packages to bring financial self-care into employee wellbeing programs.

Unlike one-off workshops, these offerings provide sustained learning that is engaging, safe and human-centric.

Success is human centred

The impact of Brady's work is best seen in the lived experiences of those who have participated in her programs. These stories demonstrate not only improved financial literacy, but also emotional shifts, with participants moving from shame and confusion towards confidence and action.

Nicholle's story – finding the missing link

Nicholle had consumed podcasts, blogs and books about personal finance for years, but still felt paralysed when it came to taking real steps. She credits Brady's Greenhouse program with bridging the gap between knowledge and action.

'Jessica's program provided the missing link – practical steps toward financial freedom, delivered at a price I could afford'. [614]

Jess's story – overcoming confusion and shame

For Jess, money had always been a source of avoidance: 'It always felt complicated and confusing.' By working through the structured modules and accountability of the Greenhouse program, she finally developed clarity and confidence.

'Through the Greenhouse, I set clear goals, gained confidence, and had a community around me that kept me accountable'.[615]

Older women – life after crisis

Brady notes that many women over 50 join her programs after significant life events such as divorce, separation or redundancy.

'Many of them do it off the back of a life event – being made redundant, often in preparation to leave a relationship or having left a relationship. And so it is a life event that has sort of thrown them into the world of needing to manage money, often for the very first time.'

> **For these women, the program provides not only technical knowledge, but also emotional support, helping them rebuild financial autonomy during periods of upheaval.**

Confronting money shame

Brady is clear that 'Emotional barriers are as significant as financial ones.'

'It is very common to have people say to me, I don't feel confident with money. I didn't learn anything about money. I'm not capable. I can't do it. It is too hard. It is too confusing.'

Brady attests that confronting these beliefs, alongside learning practical strategies, is what unlocks lasting change.

Together, these stories illustrate Brady's central principle:

> **Technical advice alone is insufficient without building confidence and community.**

611 https://courses.jessicabrady.com.au/TheGreenhouseMoneyGrowingProgram.
612 https://courses.jessicabrady.com.au/TheEvergreenMoneyClub.
613 https://jessicabrady.com.au/financial-wellness-101.
614 Testimonial, Jessica Brady website.
615 Testimonial, Jessica Brady website.

By making financial education accessible, engaging and supportive, she transforms not only people's balance sheets but also their sense of agency and wellbeing.

Success is technology-enabled, with a human centre

Brady is critical of traditional money education: 'Money is taught … in such a vacuum of clinical, sterile, perfect conditions and that is not what people are faced with at the coalface'.

Her model instead uses digital tools, journalling, gamified exercises, and group accountability to make financial education relatable.

Building trust and confidence

At the heart of Brady's work is trust. She is a qualified adviser with 19 years of industry experience, but she also acknowledges the emotional side of money.

Her programs address emotions such as shame, guilt and embarrassment, helping participants build knowledge, trust and self-belief.

An inclusive model for the future

Brady is vocal about the additional barriers faced by women, migrants and First Nations people:

'We've just seen pay gap data … women of migrant backgrounds with First Nations women, they have a pay gap that is considerably worse on average than [that of] a white woman. There are additional barriers, burdens and considerations for someone who might look [different] and have different backgrounds and experiences to others.'

Her model challenges the mainstream industry to embrace inclusivity, authenticity, and relatability as measures of success.

The bigger picture

For Brady, the problem is not just access to information … it's the lack of credible, safe spaces to engage with it:

'My stance is if you really wanted to go and learn about money in today's age, you can … What I think people want, are human-led environments that are safe, where they feel that they are part of something that is not just a solo journey'.

Brady's work shows that financial education can be both credible and transformative when it is trustworthy, human and inclusive. It is a model of what financial capability building must look like if it is to have a real impact.

SPOTLIGHT 11.
Bridging the financial education gap

Roset Khair's multi-faceted approach to financial education reveals critical gaps in Australia's system – and a roadmap for fixing them.

Roset Khair doesn't fit neatly into one box. At the time of interview, she was Head of Teaching and Learning at a southwestern Sydney high school. She's also Vice President of Economics and Business Educators NSW, an educational consultant to organisations such as the ASX and Financial Basics Foundation, a researcher in Islamic financial education, and a workshop facilitator for divorced women navigating financial independence. Her previous career in corporate banking and law gives her a rare dual perspective: she understands both what young people need to learn and what the real-world demands.

This breadth of experience has led Khair to a sobering conclusion: Australia's financial literacy education system is failing the students who need it most – particularly those from diverse cultural backgrounds, lower socio-economic areas and marginalised communities.

The cultural blind spot

'When I went into the classroom, I was horrified,' Khair recalls of her transition from banking to teaching. 'Everything they taught as financial literacy education didn't correlate to what you actually need in the real world.'

Her subsequent research revealed a deeper problem. Financial literacy materials are typically developed by people with financial expertise but without understanding of learning design or cultural context. The result? Resources that exclude rather than include.

'In southwest Sydney, we talk about things like Kemet or Jamieah,' she explains, referring to informal saving circles common in Pakistani or Middle Eastern communities, where women pool money and take turns receiving lump sums. 'That's not something traditionally talked about in mainstream financial education.' Rather than ignoring these practices, Khair addresses them directly – teaching about both the community value and the financial risks involved.

For Muslim students, the challenges multiply. Islamic finance prohibits compound interest and requires investments to be in tangible assets – ruling out cryptocurrency but not shares, provided they're ethical. 'You're told you can't use compound interest to grow wealth,' Khair notes, 'but alongside that, you're not taught: OK, that's not permissible, what can you do instead?'

This knowledge gap leaves young Muslims increasingly financially marginalised despite often having savings from avoiding expenditure on alcohol, gambling and other activities not aligned with Muslim faith.

Khair is now writing textbook chapters specifically on financial literacy for Muslim students and on Indigenous enterprise – celebrating different cultural approaches to economic activity rather than imposing a one-size-fits-all model.

The teacher training crisis

Even well-designed curriculum fails without equipped teachers. Khair regularly trains teachers across business studies and commerce and consistently finds gaps in their own financial literacy. 'You can graduate from a bachelor of business but still not know how to control your own money,' she observes.

Often mathematics teachers teach compound interest calculations without explaining what it is or how it improves lives. Personal Development, Health and Physical Education teachers touch on financial topics superficially, lacking depth of understanding as they never explicitly studied these topics as part of their teacher training or undergraduate degree. 'NSW curriculum lags behind all other states because financial literacy isn't taught explicitly anywhere like in other states,' Khair argues. 'We're having to find little places where we can place it.'

Her solution at her own school is comprehensive: embedding financial literacy across all subjects between Years 7 and 10, with AI-enhanced learning modules she's designing herself. In year 10, students will learn about relationships and finance, investing strategies, employment futures, and resume writing – all angles of financial capability woven throughout their education.

But this only works because Khair co-designs content with subject teachers, bringing together her financial expertise with their pedagogical knowledge.

'A lot of materials don't realise the teacher is between that information and the child,' she explains. 'If resources don't have appropriate literacy, numeracy and classroom language, teachers go "I'll just use something else."'

The data drought

Khair's most urgent recommendation is resuming PISA financial literacy testing, which Australia hasn't participated in for several cycles. 'That really worries me,' she says. 'The people who score worst are the ones from diverse backgrounds – Indigenous kids, migrants, kids from lower socio-economic backgrounds. Here we are throwing them under the bus even more because we don't have the data to say, "We have a problem, let's fix it."'

Without data, there's no accountability, no targeted intervention, and no way to measure whether reforms work.

Emerging threats

Khair sees concerning trends among young people. In her staff room, younger male teachers discuss tax minimisation strategies learned from TikTok. 'You do realise that's not accurate?' she tells them, correcting misconceptions. Online gambling, seamlessly integrated with gaming, has become normalised. Even her students discuss drop-shipping businesses and cryptocurrency investments without understanding the risks.

'They're obsessed with investing,' she notes, partly because housing feels unattainable. Rather than dismissing these interests, Khair engages with them – explaining why cryptocurrency is particularly risky (and Islamically impermissible because it is not a tangible asset), teaching about ethical share investing, and presenting alternative housing models like cooperative property ownership.

The community workshops

Beyond schools, Khair has run targeted workshops – for young women aged 18–25, older women, and also women who are experiencing divorce or separation. 'Some come out [of their marriages] with large chunks of money and have never handled money before. Others have very little.' Her workshops cover budgeting, saving, investing, protecting against scams, and culturally specific concerns. For the divorce support group, she'll soon deliver two full days of workshops covering post-separation financial reconstruction.

She also addresses gambling – a major problem in southwest Sydney despite religious prohibition. 'Migrant families come in not used to having little money and see gambling as part of Australian culture,' she explains. 'They see it as hope, not gambling.'

The magic wand solution

When asked what would prepare young people for a stress-free financial life, Khair's answer was unequivocal: 'empowerment over instruction.'

> **It's not about giving them solutions or 'this is this'. It's getting them the feeling and power that 'I've got this, I can find a solution to every problem.' Financial literacy as we know it will look different in 10 years. Young people are ingenious – they will come up with solutions. Getting them to be free thinkers and giving them understanding means they can find those opportunities.**

This aligns with emerging research showing the critical skills for navigating a financial life are research capabilities, confidence and self-efficacy – not just budgeting and compound interest calculations.

Khair's suggested priorities

Khair's prescription for systemic change includes:

- immediate resumption of PISA financial literacy testing to identify gaps and track progress
- mandatory micro-credentials in financial literacy for all teachers, particularly those teaching mathematics, Personal Development Health and Physical Education, and humanities
- pre-service teacher education requiring assignments in which trainee teachers demonstrate how to teach financial literacy in their subject area
- co-design with diverse communities to ensure cultural relevance
- mandatory financial literacy modules for all university and TAFE students before graduation
- financial literacy requirements for high school graduation, similar to existing literacy and numeracy standards
- investment in accessible, culturally responsive digital resources that meet young people where they are – including on platforms like TikTok.

Financial literacy, Khair insists, isn't a specialised subject – it's a fundamental literacy, as essential as reading and writing. The question isn't whether to teach it, but whether Australia will finally commit to teaching it well, to everyone, in ways that actually work.

PART 5:

Where to next?

5.1 Financial wellbeing governance

What this section is about

This section discusses the need for renewed leadership and governance of financial wellbeing that better reflects the environment we now live in. It draws together the threads running through this report – the systemic pressures of technology, health and climate change on our financial wellbeing, the financial literacy and capabilities these changes call for, and the education systems that must deliver them. The case we are making in this section is that without coordinated national governance, Australia cannot respond effectively to any of them.

Why it matters

This report presents evidence of a rapidly changing financial ecosystem, the growing impact of technology, health and climate change on our financial lives, and the urgent need to build capabilities and education that keep pace. Australia needs oversight of and national leadership in financial wellbeing to tackle emerging challenges and identify opportunities that accompany these changes. The capabilities needed for financial wellbeing are changing and we don't have a coordinated approach to regulation, research or education that is informed by current evidence. Now more than ever, we need a mechanism to address today's interconnected financial landscape and support Australians' financial wellbeing.

Key recommendation

Recommendation 61. (Re)appoint an authorised national agency responsible for the coordination of policy, practice and research to strengthen the financial wellbeing of Australians.

Introduction

Australians' financial wellbeing requires coordinated national leadership. By aligning stakeholders from relevant sectors such as regulators, educators, consumer advocates, financial institutions and equity groups, a governing body can create unified and effective policies and responses.

National leadership ensures lasting political commitment, essential for advancing financial literacy, expanding lifelong financial education, ensuring fair financial services, and strengthening resilience to economic shocks. Robust data collection enables ongoing monitoring, supports policy adaptation, and helps identify vulnerable groups. Without this approach, initiatives remain scattered, and limited resources are potentially wasted. Australia, once a leader in financial capability policy and practice, has lost momentum.

We have an opportunity to create a leadership and governance model that is different from before by harnessing the advantages we have in the health sector, in technology and in climate change innovation. We can once again share our expertise globally and continue learning from others to further improve our financial wellbeing.

To distinguish a financial wellbeing strategy from previous strategies, which were focused on individual financial capabilities, this report provides evidence that leaders in financial wellbeing need to have a working relationship with portfolios that include technology, health and climate change as part of their remit. Knowledge sharing across these sectors will be critical to developing an effective strategy that can strengthen the financial wellbeing of Australians.

How governments lead financial wellbeing

Governments approach financial wellbeing through multiple interconnected strategies. Most countries have various combinations of financial consumer protection, financial literacy education and financial inclusion policies as the basic framework for national strategies. The United Kingdom seems to be the only jurisdiction that specifically refers to its strategy as addressing 'financial wellbeing'. Other countries remain focused on individual financial literacy and capabilities as their main approach to strengthening financial wellbeing at scale.

Social Ventures Australia, in partnership with Ecstra Foundation, conducted an international scan of comparable national strategies aimed at improving the financial capabilities of citizens.[616] In summary:

- The United Kingdom has a comprehensive 10-year *UK strategy for financial wellbeing, 2020–2030*, managed by the Money & Pensions Service, designed to 'help everyone make the most of their money and pensions' through coordinated cross-sector initiatives.[617]
- Ireland's *National financial literacy strategy, 2025–2029* brings government, regulators, education providers, community organisations and financial services together to improve financial literacy and support financial wellbeing and resilience, through coordinated action under a shared national framework and annual action plans.[618]
- New Zealand's *Empowering futures: National strategy for financial capability, 2025–2027* aims for collective impact and includes more than 900 partners to help achieve its goals.[619]
- Canada's *National strategy for financial literacy, 2021–2026* focuses on 'building financial resilience in an increasingly digital world'.[620]
- The United States' *National strategy for financial literacy, 2020* may have lapsed, but literacy and education remain a significant focus, with mandatory financial literacy courses across 39 states.[621]

More than 80 countries have or are developing a financial literacy strategy[622] with at least 10 countries having implemented more than one sequential strategy.[623] Finland's strategy includes the goal to be a 'global financial literacy leader by 2030'.[624] Many countries want to have a population that is financially literate and capable and that enjoys financial wellbeing.

However, we need to think more broadly than financial literacy and financial education. These components are fundamental to financial wellbeing, but the research we have reviewed for this report confirms that financial wellbeing incorporates more than upskilling individuals.

Following COVID-19, a Canadian and Australian research partnership produced a valuable paper *A policy-ready public health guidebook of strategies and indicators to promote financial wellbeing and address financial strain in response to COVID-19*.[625] The guidebook is designed specifically for high-income countries and includes recommended policies and strategies aimed at improving financial wellbeing by reducing financial strain within populations. These strategies are highly

616 Social Ventures Australia (2024).
617 https://maps.org.uk/en/our-work/uk-strategy-for-financial-wellbeing.
618 https://www.gov.ie/en/department-of-finance/publications/national-financial-literacy-strategy.
619 Te Ara Ahunga Ora Retirement Commission (2025).
620 https://www.canada.ca/en/financial-consumer-agency/programs/financial-literacy/financial-literacy-strategy-2021-2026.html.
621 Council for Economic Education (2026, p. 3).
622 Lusardi and Messy (2023).
623 Social Ventures Australia (2024).
624 Bank of Finland (2021).
625 Nykiforuk et al. (2023).

applicable in our current environment. The guide is holistic and confirms the need for a broader approach to financial wellbeing. It provides recommended policies and actions that governments across all levels can take to strengthen financial wellbeing.

> ***The actionable areas presented in the Guidebook can inform initiatives that have the potential to achieve sustained, positive progress in securing financial wellbeing in the long term and to promote equitable conditions for all people to enjoy financial security.***[626]

Figure5 illustrates the proposed framework and recommended actions for government, organisations and society that can improve financial wellbeing. The research conducted by Nykiforuk and colleagues aligns closely with the evidence discussed in this report and merits thorough examination.

Figure 5. Action-Oriented Public Health Framework on Financial Wellbeing and Financial Strain[627]

626 Nykiforuk et al. (2023, pp. 7-8).
627 CHC and CHETRE (2022, p. 9).

Wellbeing economies

Many governments are moving beyond traditional GDP-focused metrics to incorporate financial wellbeing into broader policy frameworks, recognising the role of economic, social and environmental factors in citizens' financial health.

The most advanced group includes Scotland, New Zealand, Iceland, Wales, Finland and Canada, which established the Wellbeing Economy Governments partnership (WEGo) in 2021 to share expertise on building wellbeing economies.[628] While the Australian Government has demonstrated a desire to embrace the principles of a wellbeing economy with the *Measuring what matters* framework, but the framework has remained a fairly static plan so far.[629] The themes of the framework do, however, closely reflect what we are looking for in a financial wellbeing strategy.

The *Measuring what matters* framework aims to promote a society that is:

> ***Healthy. A society in which people feel well and are in good physical and mental health, can access services when they need, and have the information they require to take action to improve their health.***
>
> ***Secure. A society where people live peacefully, feel safe, have financial security and access to housing.***
>
> ***Sustainable. A society that sustainably uses natural and financial resources, protects and repairs the environment and builds resilience to combat challenges.***
>
> ***Cohesive. A society that supports connections with family, friends and the community, values diversity, and promotes belonging and culture.***
>
> ***Prosperous. A society that has a dynamic, strong economy, invests in people's skills and education, and provides broad opportunities for employment and well-paid, secure jobs.***[630]

A modern financial wellbeing strategy will adopt the principles underpinning a wellbeing economy, by prioritising long-term wellbeing outcomes, integrating social and economic policy, and embedding equity and sustainability into decision-making.

Key Recommendation

Recommendation 62. Create a national financial wellbeing strategy that is underpinned by the principles of a wellbeing economy.

Financial wellbeing leadership in Australia

Current governance: a fragmented system

Australia's financial wellbeing governance is currently lacking the coordinated leadership needed for systemic change. Multiple government agencies deliver significant initiatives with financial literacy and capability components, including Treasury, ASIC, the ATO, the Department of Social Services, Services Australia and the Department of Education, but appear to operate in relative isolation. The Australian Government's *Measuring what matters* framework tracks wellbeing indicators, yet no single entity has comprehensive authority over a financial wellbeing strategy.[631] The report by Social Ventures Australia for Ecstra Foundation provides an excellent depiction of Australia's current (albeit evolving) financial capability and financial wellbeing landscape (Figure 6).[632]

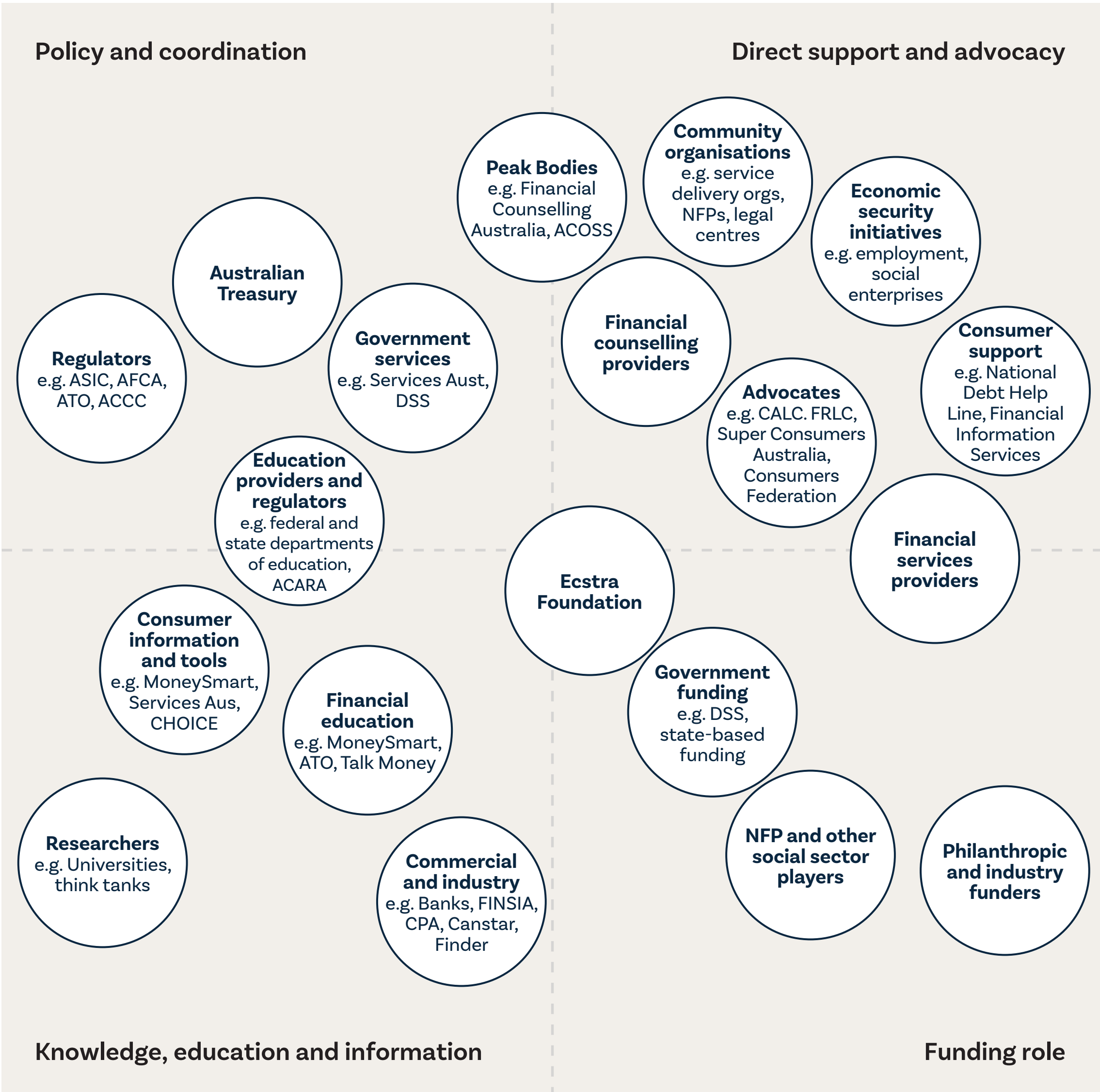
628 Wellbeing Economy Alliance, https://weall.org/wego.
629 Australian Government the Treasury (2023).
630 Australian Government the Treasury (2023, p. 4).
631 Australian Government the Treasury (2023).
632 Social Ventures Australia (2024, p. 6).

Recommendations

Recommendation 63. Create a national financial wellbeing hub to coordinate data standards, longitudinal datasets and linked administrative data.

Recommendation 64. Improve national data collection about financial wellbeing and monitoring of financial wellbeing measures. Implement robust, ongoing data collection to identify emerging risks in the financial wellbeing ecosystem, monitor progress and support evidence-based policy adaptation. Prioritise data that captures the experiences of vulnerable populations and identifies the impacts of structural drivers of financial stress.

Figure 6. Indicative Australian financial capability and wellbeing ecosystem[633]



Acronym Key:

AFCA – Australian Financial Complaints Authority
CPA – Certified Public Accountant
CALC – Consumer Action Law Centre
ACARA – Australian Curriculum, Assessment & Reporting Authority
FINSIA – Financial Services Institute of Australasia
FRLC – Financial Rights Legal Centre

633 Social Ventures Australia (2024, p. 6).

The need for coordinated leadership

A coordinated approach to leading financial wellbeing in Australia would strengthen our national position and be in line with global practice. An authorised government agency should lead and coordinate a whole-of-government and cross-sector approach. This would help integrate financial wellbeing strategy, policy, research and practice within a coherent national framework such as the *Measuring what matters*. Expert areas would include traditional domains of financial literacy, capabilities and education, and incorporate expertise from areas recognised as interconnected with financial wellbeing, including technology, health and climate change, while building in flexibility to address emerging areas as they arise.

5.2 Final reflections

Financial wellbeing is not a technical problem to be fixed. It is a lived experience reflecting people's security, freedom, and ability to make choices that allow them to enjoy their lives. It is shaped by childhood, by work, by health, by culture, by the design of the digital world, and, increasingly, by the climate we inhabit. For too long, policy has responded to this complexity by narrowing its focus on individual skills, on isolated programs, on the next crisis, rather than considering the systems that underlie the complexity.

In this report we have argued for a different approach. One that is integrated, coordinated, and reflects the diversity of people's real lives across the life course. The evidence supporting a different approach is substantial and difficult to ignore. Financial wellbeing is largely determined by systemic forces, and it will only be strengthened at scale through systemic responses.

What we need now is straightforward, even if the implementation is not. Australia needs a government-authorised agency with a clear mandate to lead a national financial wellbeing strategy. The strategy should be underpinned by wellbeing economy principles, and be informed by cross-sector expertise in technology, health and climate change alongside traditional domains of financial literacy and consumer protection. It will ensure that financial education, delivered through homes, schools, commerce, workplaces and communities, is coherent, equitable and connected to a larger national purpose.

Australia has the evidence, the frameworks, and the goodwill across sectors to improve our approach to financial wellbeing. What this report calls for is a commitment to bring all these together in a coordinated way and to ensure that the financial wellbeing of *all* Australians, not just those with the greatest advantages, is treated as a national priority.

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Appendix 1

List of recommendations

Section 2.1 Understanding financial wellbeing

Key Recommendation 1. Explore what financial wellbeing really means to Australians. Undertake population-based research incorporating recommended approaches such as using a human-centred lens to capture the reality and diversity of our population.

Recommendation 2. Create financial wellbeing policies, strategies and practices that truly reflect the cultural diversity of Australia. This would entail as a first step, appropriate measurement, using quantitative and qualitative methods to discover the range of values and beliefs that influence money use in Australia.

Section 3.1 Technology and financial wellbeing

Key Recommendation 3. Incentivise and regulate for a safety by design approach to digital finance and business models, placing consumer wellbeing, fairness and protection at the centre of all technological, regulatory and commercial decisions.

Recommendation 4. Prohibit the use of non-auditable black box models for consequential financial decisions unless providers can demonstrate explainability, documented human review and accessible appeal rights for consumers.

Recommendation 5. Expand the work to prohibit unfair trading practices and dark patterns. Implement and enforce the Australian Government's 2025 *Decision regulation impact statement protecting consumers from unfair trading practices.*

Recommendation 6. Establish an industry-funded contribution scheme requiring businesses whose practices contribute to financial or health harms to collectively fund redress programs, research initiatives and support services.

Recommendation 7. Increase the transparency and safety of robo-advice and micro-investing platforms. Ensure the platforms 1) clearly explain the difference between guidance and advice; 2) provide plain English disclosure of model limitations, default diversification and cooling-off periods; 3) provide clear and prominent warnings of the type of scams consumers are likely to encounter – this will need updating regularly.

Recommendation 8. Increase access to trustworthy digital financial literacy education for young people, parents/caregivers and teachers. Raise widespread awareness of the risks involved in crypto and digital assets and micro-investing, about data privacy and how to recognise scams.

Recommendation 9. Monitor and report the impact of the regulation of BNPL products to assess changes in prevalence of financial abuse, over-indebtedness and consumer access to redress.

Recommendation 10. Invest in culturally responsive scam awareness programs for multicultural and First Nations communities.

Recommendation 11. Tackle scambling and cuckoo smurfing with targeted education, and investigate alternative restorative pathways that avoid unnecessary unbanking of victims if possible.

Recommendation 12. Prioritise prevention of technology-facilitated abuse by incentivising and regulating for safety by design across all financial products.

Recommendation 13. Create accessible services to help victim-survivors of family violence safely wipe digital devices, secure digital accounts and communicate safely with support services.

Recommendation 14. The government has to prioritise the wellbeing of Australians over maintaining favour with the gambling ecosystem.

Recommendation 15. Frame gambling harm as a public health issue.

Recommendation 16. Establish a national regulator with a mandate to reduce the power of the gambling industry ecosystem and reduce gambling harm, especially to children and young people.

Recommendation 17. The government needs to act upon the 2023 Peta Murphy report *You win some, you lose more.* Start with actioning the core recommendation, number 26, to implement a phased, comprehensive ban on all online gambling advertising.

Recommendation 18. The government needs to invest in culturally responsive gambling prevention programs and counselling services for multicultural communities, such as those offered by Settlement Services International to help prevent or reduce gambling harm.

Recommendation 19. Government campaigns need to employ social marketing methods to create anti-gambling campaigns aimed at cohorts most at risk for example, young males. Engage the voices of young people in creating campaigns that are relevant and effective.

Section 3.2 Health and financial wellbeing

Key Recommendation 20. Government should ensure that health and financial wellbeing policies and strategies are developed in an integrated way, recognising their bi-directional relationship and applying social determinants of health principles to guide focus and resource allocation.

Recommendation 21. Prioritise early childhood in financial wellbeing policy, research and practice. Intervene early to reduce financial insecurity for families and young children. This includes ensuring adequate income support and services are accessible to families with children, especially sole-parent households.

Recommendation 22. Expand integrated health and financial support models that promote cross-discipline support, such as the Healthier, Wealthier Families program. Train health practitioners to identify people who are experiencing financial hardship, and ensure practitioners have the necessary resources to support or refer people to relevant agencies.

Recommendation 23. Build linked data systems similar to South Australia's BEBOLD platform to track financial outcomes across generations.

Recommendation 24. Conduct focused research to identify how financial toxicity manifests for First Nations people and people with disability.

Recommendation 25. Systematically screen for financial toxicity when people begin their healthcare journey. This can be enabled by cross-training healthcare staff and equipping them with the tools and knowledge they need to identify whether patients are experiencing financial hardship and to connect them with financial counsellors if needed.

Recommendation 26. Simplify and expedite applications for government income support and reduce wait times for people with chronic illness and/or disability.

Recommendation 27. Recognise culture as a fundamental determinant of health and financial wellbeing for First Nations people. Provide support for First Nations people to access essential health treatments, including by providing support for transport and family accommodation when travel is required for treatment.

Recommendation 28. Include essential dental care in Medicare. Improve access for high-need groups. Integrate oral health into chronic disease management to prevent health problems compounding over time.

Recommendation 29. Fund income boosts, debt relief and hardship supports as mental health interventions.

Recommendation 30. Expand early access to mental health support and integrate suicide prevention with financial counselling services.

Recommendation 31. Treat financial stress among adolescents and young adults as a mental health priority. Provide integrated support to help young people cover essentials and manage unexpected expenses.

Recommendation 32. Increase awareness among employers of the benefits that would come with providing support to employees to reduce financial stress. Provide guidance on best practice in supporting employees to address mental and financial health challenges.

Recommendation 33. Include the small business sector in financial wellbeing policy. Expand support for tailored programs such as Beyond Blue's NewAccess for Small Business Owners.

Section 3.3 Climate change and financial wellbeing

Key recommendation 34. Recognise the impact of climate change on financial wellbeing and increase capabilities for household resilience, while intensifying pressure for insurance reform.

Recommendation 35. Recognise the interaction between climate change, health and financial wellbeing. Integrate mental health and financial supports in responses to climate change-related disasters. Prioritise support for vulnerable people.

Recommendation 36. Reduce the fragmentation in the monitoring and regulating of general insurance pricing. Empower a dedicated agency to provide oversight, monitoring and regulating of general insurance pricing to ensure transparency in how premiums are calculated, particularly for climate change-affected regions.

Recommendation 37. Require component pricing on insurance renewals. Mandate that insurance notices break down premiums by risk type (flood, cyclone, bushfire, reinsurance costs, tax) to enable better comparison and informed consumer decisions.

Recommendation 38. Fund independent resilience assessment programs. Provide support to increase the reach of initiatives such as the Resilient Building Council's resilience rating app and of similar evidence-based, independent assessment tools.

Recommendation 39. Create binding insurer commitments to resilience discounts. Require insurers to commit upfront to premium reductions with guaranteed discount periods when homeowners undertake verified resilience works to their dwellings.

Recommendation 40. Eliminate discriminatory pricing practices. Ban price optimisation, loyalty penalties and other non-risk-based pricing models that unfairly increase premiums for vulnerable consumers.

Recommendation 41. Prioritise consumer education and awareness about climate impacts on insurance. Inform Australians about these impacts, as well as about available resilience-building options and how they work, as many consumers are unaware of these.

Recommendation 42. Reform claims dispute resolution processes. Streamline and fund support for homeowners facing denied claims to prevent people living in tents, caravans or uninhabitable houses while expert assessments are conducted. Ensure support extends to people who rent and are reliant on landlords to restore their home.

Section 4.1 Financial literacy and capabilities: fundamental life skills

Key recommendation 43. Create a financial capability strategy that reflects the changes in our environment and supports a national financial wellbeing strategy.

Recommendation 44. Embed digital financial literacy into the national financial capability strategy, integrating inclusion measurement and OECD guidance on safe use of digital finance.

Recommendation 45. Utilise the 2026 OECD/INFE Toolkit for Measuring Financial Literacy, Inclusion and Wellbeing to obtain current data on the Australian population. Supplement the OECD survey with questions that reflect a human-centred approach, to gather rich information about what financial wellbeing really means to Australians.

Recommendation 46. Ensure financial literacy measurement tools used in Australia are free from gender and cultural bias, that they incorporate subjective indicators and allow for, rather than exclude, the diversity inherent in our population. Align measurement tools with a broader financial wellbeing framework.

Recommendation 47. Participate in PISA to benchmark young Australians' financial literacy levels. The newly introduced Media and AI Literacy module could provide an opportunity to evaluate the national effects of the under-16 social media ban.

Section 4.2 Financial literacy and capabilities across the life course

Key recommendation 48. Ensure the financial capability strategy incorporates the changing circumstances across the life course, reflects diversity within the population, and can be adapted as needed to the changing environmental conditions.

Recommendation 49. Undertake research to better understand how young children learn best about digital money.

Recommendation 50. Develop clear guidance and support for parents/caregivers in supporting young people's learning about digital financial products.

Recommendation 51. Provide trustworthy financial information for young people through relevant digital platforms. Invest in accessible digital resources on platforms that are more commonly used by young people, and actively correct misinformation about cryptocurrency, and other financial trends as they emerge.

Section 4.3 Financial education: a lifelong journey requiring a shared responsibility

Key recommendation 52. Recognise that delivering lifelong financial education is a shared responsibility. The government's (or authorised agency's) role is to coordinate a cohesive plan for multi-sector involvement in financial education.

Recommendation 53. Undertake dedicated research to find out what financial knowledge and skills are actually being taught in Australian schools, and how, and identify the outcomes and gaps.

Recommendation 54. Provide pathways to better support teachers in developing the skills, confidence and motivation to deliver financial education. Include dedicated financial literacy training in preservice teacher education.

Recommendation 55. Prioritise empowerment over instruction in student financial literacy learning. Focus on building confidence, research capabilities and self-efficacy rather than just teaching specific financial solutions. Enable young people to know how to find the solutions so they can adapt as financial systems evolve.

Recommendation 56. Incentivise and provide dedicated support for all employers, including small business employers, to provide workplace financial education initiatives. Prioritise sectors characterised by higher levels of financial vulnerability, such as the care sector and hospitality.

Recommendation 57. Support sustained, evidence-informed, community-based learning programs. Move beyond one-off workshops to provide financial education programs that include peer support, non-judgemental delivery, practical information for navigating service systems, and opportunities for continued learning after basic knowledge has been covered.

Recommendation 58. Support evidence-based, unbiased initiatives such as MoneyMinded and Saver Plus that combine education with tangible supports – for example, matched savings, scam referral pathways and digital confidence modules – prioritising women and single-parent households.

Recommendation 59. Acknowledge and address structural inequalities. Explicitly recognise and respond to additional barriers faced by women, multicultural people and First Nations people – for example, significant pay gaps. Ensure financial education programs are inclusive, culturally responsive and address these systemic barriers.

Recommendation 60. Partnering with researchers representing main religious and cultural communities, map preferred approaches to education that include the range of values and beliefs we have in Australia. Use this research to inform education that meets the needs of diverse groups.

Section 5.1 Financial wellbeing governance

Key recommendation 61. (Re)appoint an authorised national agency responsible for the coordination of policy, practice and research to strengthen the financial wellbeing of Australians.

Key recommendation 62. Create a national financial wellbeing strategy that is underpinned by the principles of a wellbeing economy.

Recommendation 63. Create a national financial wellbeing hub to coordinate data standards, longitudinal datasets and linked administrative data.

Recommendation 64. Improve national data collection about financial wellbeing and monitoring of financial wellbeing measures. Implement robust, ongoing data collection to identify emerging risks in the financial wellbeing ecosystem, monitor progress and support evidence-based policy adaptation. Prioritise data that captures the experiences of vulnerable populations and identifies the impacts of structural drivers of financial stress.