Young People and Money – Survey Snapshot

Exploring young people's attitudes and experiences relating to money, financial education and economic security

December 2021

Understanding the financial lives of young people in Australia

Young people face unique financial challenges as they complete their schooling and transition into adulthood. Financial decisions become more complex and significant. Many young people get a job, make large purchases, enter into contracts, take out loans, apply for credit and pay rent and utility bills for the first time. Youth is is an important period to lay the foundations for a successful and secure financial future and early education and intervention are can be key to preventing poor financial choices in later years.

To better understand the challenges young people are facing, as well as their experiences, attitudes and behaviours across a range of money-related topics, the Australian Securities and Investments Commission (ASIC) conducted two Young People and Money surveys. The first survey of 1,514 young Australians (aged 15-21 years) was conducted online in July 2020. A subsequent survey of 1,521 15-21 year olds was conducted online in February-March 2021. [1]

The survey responses provide new insight into how young Australians learn about, engage with and feel about their finances. The findings point to the important role families, the education sector, government, employers, financial institutions and other organisations play in supporting young people's financial wellbeing. They highlight factors that could promote improved financial confidence and knowledge among young Australians, as well as areas where improvements could be made.

KEY FINDINGS

1. **Young people think strategically about money, but their feelings also influence behaviour**
2. **Young people are engaging with the financial system and want to learn more about managing money**
3. **Young people rely on diverse sources of information and education**
4. **Geography and gender affect young people's reported financial education**
5. **The pandemic environment has impacted young peoples' financial outlook**

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[1] For each survey, respondents were recruited through an online survey panel, both directly and via parents and guardians. Consent was sought from parents and guardians of 15 year olds before the young person was invited to take part in the survey. All respondents who chose to participate in the survey were informed that they were free to withdraw their participation at any time.

Quotas were used to ensure a representative sample based on age, gender, state/territory and metropolitan/regional status. Weighting was further applied based on Australian Bureau of Statistics population estimates to ensure representativeness of results.

Testing has been undertaken to determine the statistical significance of any differences noted across cohorts. All differences identified in this report are statistically significant at the 95% confidence level, except where otherwise noted.

1.Young people think strategically about money, but their feelings also influence behaviour

Young people are actively saving and planning for the future

When asked about their top money priorities, saving was overwhelmingly the top response given by young people. Around 8 in 10 young people (81%) indicated having a savings goal, with a quarter (25%) indicating that this was a long term goal (i.e. a goal they anticipated reaching in more than 24 months).

> ‘I really just want to save as much as I can, so that in the future I won’t be struggling. I’m planning on saving for a car within the next couple of months and hopefully soon I can start saving a big amount for a deposit on my own house.’
>
> **Female** | 19 years old

While only around one third of young people agreed or strongly agreed that they were aware of how much money they’ll need to save for retirement (31% overall), over half agreed or strongly agreed that ‘I would prefer to sacrifice a bit of spending now to know I’ll have enough money in retirement’ (54%).

Young people are using new payment methods such as Buy-Now Pay-Later to manage cashflow and as a means to purchase goods they otherwise couldn’t afford

Young people are engaging with new payment methods, with 46% indicating that they have used Buy-Now Pay-Later services. When asked why they use these services, key themes in the responses included:

- Not having enough money/cash available at the time of making a purchase
- Spreading payments out over time thereby making them easier to meet/more achievable
- The immediacy of getting an item when in need.

While it was evident from young people’s responses that some are using Buy-Now Pay-Later services as a strategic tool to manage their money (e.g. to fall within weekly spending and saving targets they have set), 31% of Buy-Now-Pay-Later users indicated that they had bought something they really couldn’t afford or struggled to pay off later just because there was a Buy-Now-Pay-Later option available.

> ‘I can own things I need the most, even when I don’t have the full amount to pay. It helps to purchase things in an easy way but at the same time increases the liability.’
>
> **Male** | 21 years old

Some young people struggle to make good online spending decisions

> 'I ordered something online that was meant to be "free" and we just had to pay for shipping. A few months later I got an email from them saying that I need to pay for it and apparently it was only free for a while and you had to pay afterwards. I lost like 80 bucks for a box worth like 5 bucks.'

Female | 16 years old

Young people now shop online more than ever before. They make international transactions (with or without their knowledge) and potentially commit to ongoing payments with the click of a button.

The survey asked young people if they had experienced a situation where they felt ripped off, taken advantage of financially or didn't understand what something would cost them until it was too late. Over one fifth (22%) of respondents reported having had such an experience.

Among these respondents, experiences included:

- Incurring hidden costs when purchasing goods or services
- Signing up for 'free' products or trial subscriptions that turn into paid commitments
- Shopping on 'scam' websites where the products that they paid for did not live up to expectations around quality or were never delivered at all.

Feelings about money can influence young people's wellbeing and spending behaviour

> 'I find that worrying about money at a young age can really impact mental wellbeing and can place a constant toll on a person. However, managing money from a young age is a good learning process for the future as I am more confident that I will be able to budget and control my spending.'

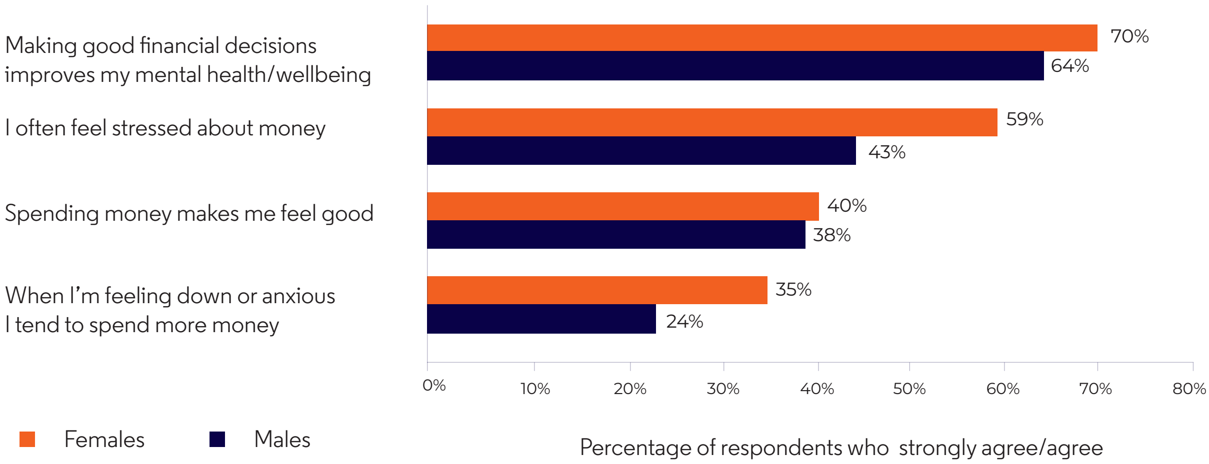
Female | 15 years old

Many young people believe good financial decisions have a positive association with wellbeing, while feeling up or down can affect spending behaviour:

- Two thirds of young people (67%) agreed or strongly agreed with the statement that 'making good financial decisions improves my mental health/wellbeing'.
- Around half (51%) of all young people agreed/strongly agreed with the statement 'I often feel stressed about money'.
- Around 4 in 10 (39%) agreed or strongly agreed that 'spending money makes me feel good'.
- 3 in 10 (30%) agreed or strongly agreed that 'when I'm feeling down or anxious I tend to spend more money'.

As is evident in Figure 1, greater proportions of females than males agreed with the majority of these statements.

Figure 1: Reported gender differences in young people's emotional relationship with money[2]



[2] All gender differences presented in Figure 1 are statistically significant at the 95% confidence level, except results for 'Spending money makes me feel good'.

2. Young people are engaging with the financial system and want to learn more about managing money

Young people are keen to build their financial knowledge

> ‘I'd really like to know more about how to get started investing and how to file taxes when you're earning pocket money from things like selling on eBay, and I've had difficulty finding such information.’

Female | 20 years old

The surveys revealed high levels of interest from young people in learning more about money. Young people expressed a strong desire to learn more about a wide range of financial topics, through a range of sources.

Specifically, more than half of all respondents reported wanting to learn about:

- How to invest money – ways to invest, types of investments and possible risks and returns (57%)
- How to save money (57%)
- How to file a tax return (54%)
- How to manage money well and not waste it (54%)
- How to set financial goals and achieve them, e.g. buying a car or a property (52%)
- How to live out of home independently (52%).

Young people are keen to invest

Survey results also indicated that a sizeable proportion of young people are seeking to build wealth through investing, with one in four young people (25%) reporting at least one investment. This proportion was significantly higher among males (35%) than among females (16%).

> ‘You have got to invest if you want to have a comfortable financial future.’

Male | 20 years old

The types of investments young people most commonly reported holding were:

- Shares (14%)
- Term deposit (7%)
- Bitcoin/cryptocurrency (6%)
- Property (3%)

Young people with investments appear to be highly engaged in tracking progress of their main investment, with over half (53%) monitoring their investments at least weekly, 15% reviewing fortnightly, 14% reviewing monthly, and 14% reviewing occasionally/infrequently. A small minority (only 3%) never review how their investment is tracking.

There is an opportunity to help young people learn about superannuation

There is an appetite among many young people to learn more about superannuation and to begin accumulating it, with 62% agreeing or strongly agreeing that 'I think it's important to start building up my superannuation while I'm young'.

The survey results suggest a lack of awareness among some young people around aspects of their superannuation:

- 9% of young people didn't know if they had a super account, while a further 17% knew that they had an account but didn't know the name of their fund.
- Of those currently working,16% were unaware of whether or not they were earning super and fewer than half (44%) remembered being offered a choice of super fund by their employer when starting their most recent job.

Moreover, when those with a super account were asked what influenced their choice of fund, the top responses suggested that the level of engagement in the topic was unsophisticated:

1. It's my employer's default fund (38%)
2. Recommended by a parent/family member (23%)
3. It's the fund for my industry (14%)
4. I didn't care which fund I went with (12%)

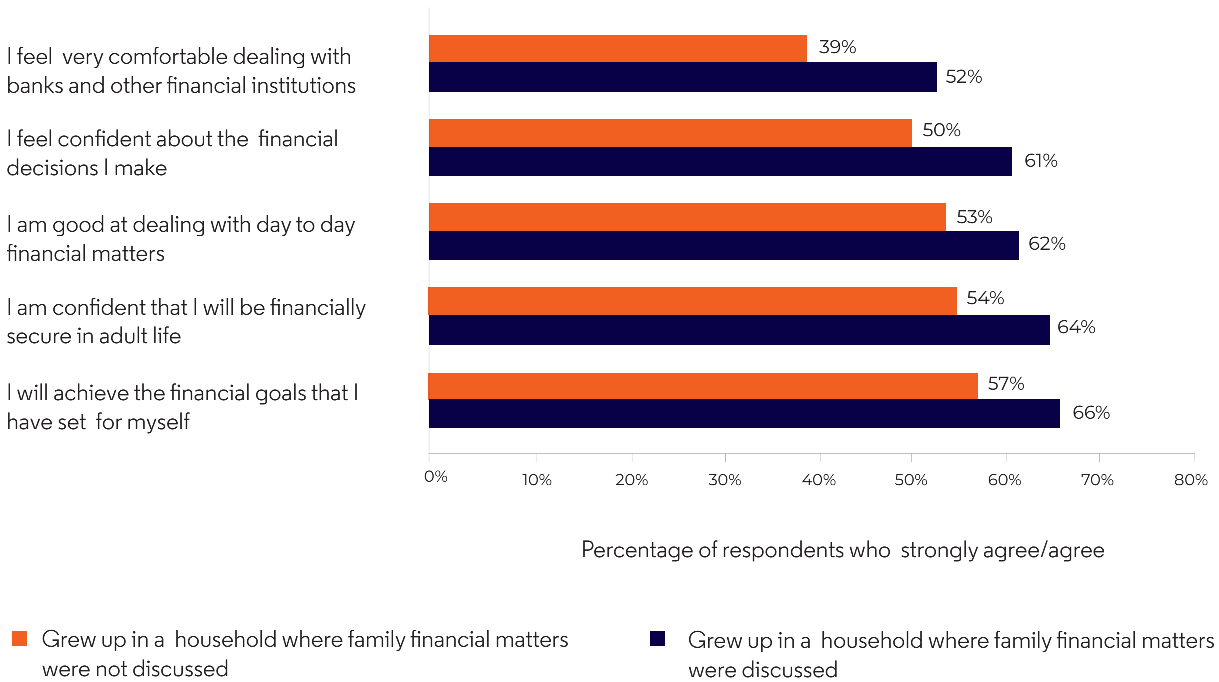
3. Young people rely on diverse sources of information and education

Families play a critical role in establishing a firm foundation for young people's financial futures

> 'My parents are very thrifty and have taught me how to buy well and to make money even if you don't have very much to begin with. Barely any of my friends know how to do this or how to actually make money when broke.'
>
> **Female** | 16 years old

The results suggest that young people who report growing up in households where they have learning experiences about money, including family discussions about financial matters, feel more confident about their financial skills, decision making and future financial prospects than young people whose families do not have these discussions (see Figure 2).

Figure 2: Financial attitudes among young people who grew up in a household where family financial matters were discussed compared to those who did not



While parents remain the main source of advice, some young people are turning to 'finfluencers'

> 'I was told [by a YouTuber] that starting to save and learning the value of money young will make all the difference you need.'
>
> **Female** | 18 years old

Parents and guardians come out on top when young people are asked about:

- Who they speak to about money (80% citing parents/guardians)
- Who they feel most comfortable talking about money with (81% saying they feel very comfortable/ comfortable talking with a parent or guardian about money)
- How they would most like to learn about money (77% indicating 'from my parent/guardian')
- Who they have received the best piece of financial advice from (67% indicating this was from a parent)
- If applicable, what factors have influenced their choice of where to invest their money/what type of investment to make (with 45% citing advice from a parent/family member).

> 'My father has been a great help, I think children should ask their parents more about their personal experiences with finance.'
>
> **Male** | 17 years old

However, the survey results suggest that the role of social media personalities (financial influencers or 'finfluencers') should not be overlooked, with 28% of young people indicating that they follow at least one finfluencer on social media. When asked who they follow, young people cited a wide range of individuals, with the top three categories being entrepreneurs, 'financial popstars' and celebrities (including actors, tv personalities, musicians, gamers and elite sportspeople). Of those who follow a finfluencer, almost two thirds (64%) reported having changed at least one of their financial behaviours as a result.

Young people want more financial education at school, with a focus on practical, real-life money management topics

> ‘I think in schools, learning about money is exclusive to finance-related subjects, such as commerce, but it could be included in other subjects or have its own subject.’

Female | 15 years old

The survey found that fewer than two in ten (18%) young people reported feeling they had learnt enough about how to manage money at school. Three in ten young people indicated that what they learn(t) about money/financial matters at school was not very useful (20%) or not at all useful (9%). Four in ten young people (40%) indicated that what they learn(t) about money at school was only somewhat useful.[3]

Young people also rely on their employers for financial education and information

Whether learned at school or in the workplace, there are fundamental skills that all young people require to successfully navigate employment and its associated financial implications. Among those currently working, the top three topics young people reported employers have spoken with them about are:

- Your rights as an employee (64%)
- How to obtain a tax file number (54%)
- How to understand a payslip (54%)

> ‘My manager told me to open a savings account. This backed me up really well and helped me in times with low money.’

Male | 21 years old

The majority of young people (84%) were interested in learning from their employer about at least one of the financial topics listed in the survey, with particular interest expressed in learning about their rights as an employee (51%), how to understand a payslip (37%), choosing a super fund (37%) and investing money in shares or property (36%).

[3] Note: Results exclude those who answered ‘not applicable’.

4. Geography and gender affect young people's reported education

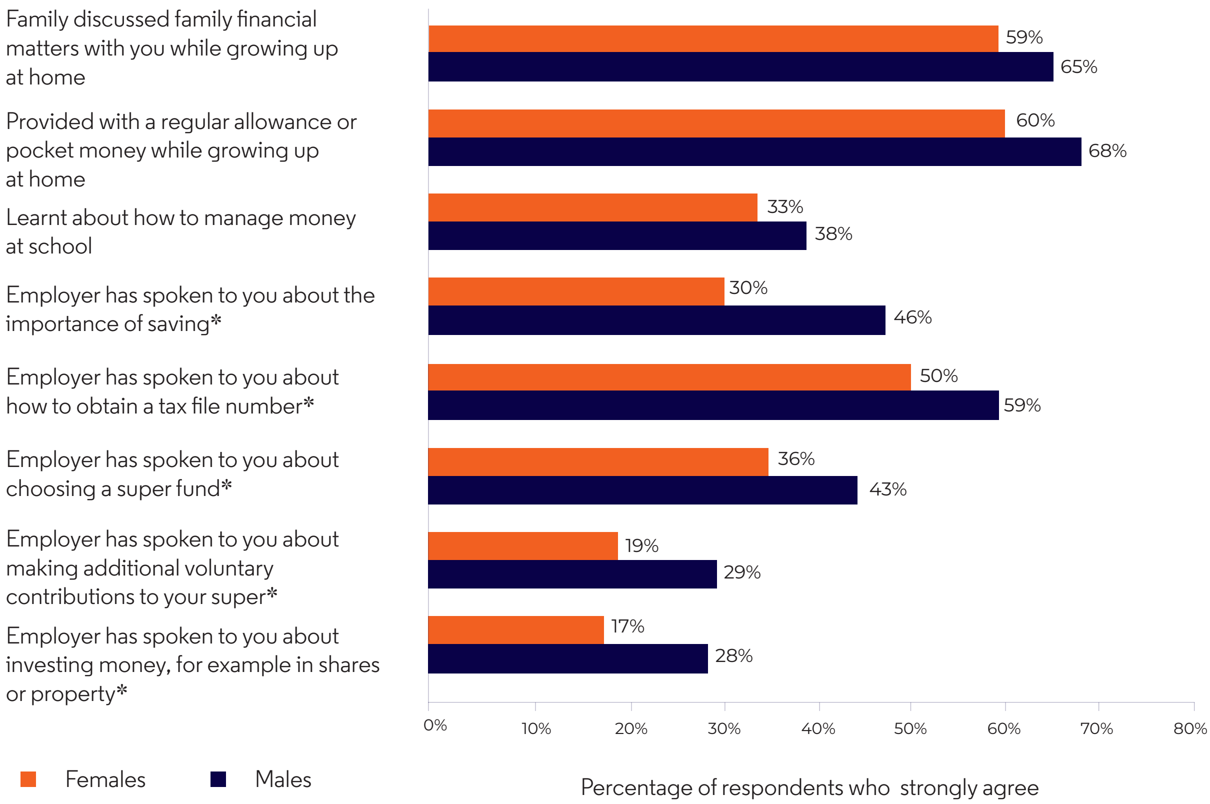
Location impacts the reported experience and perceived usefulness of financial education received in schools by young people

Across the survey responses, differences in reported financial education experiences were apparent between young people living in metropolitan and regional and rural areas. While still a minority, a higher proportion of young people living in metropolitan areas indicated they learnt about how to manage money at school, compared to those living in non-metropolitan areas (37% compared to 31%). A higher proportion of young people living in non-metropolitan areas indicated that what they learnt at school was not very or not at all useful (37% compared with 26% of metro respondents).[4]

There is a gender divide relating to financial education, confidence and concerns

Differences were apparent in male and female experiences of financial education, at home, in the classroom and in the workplace (see Figure 3).

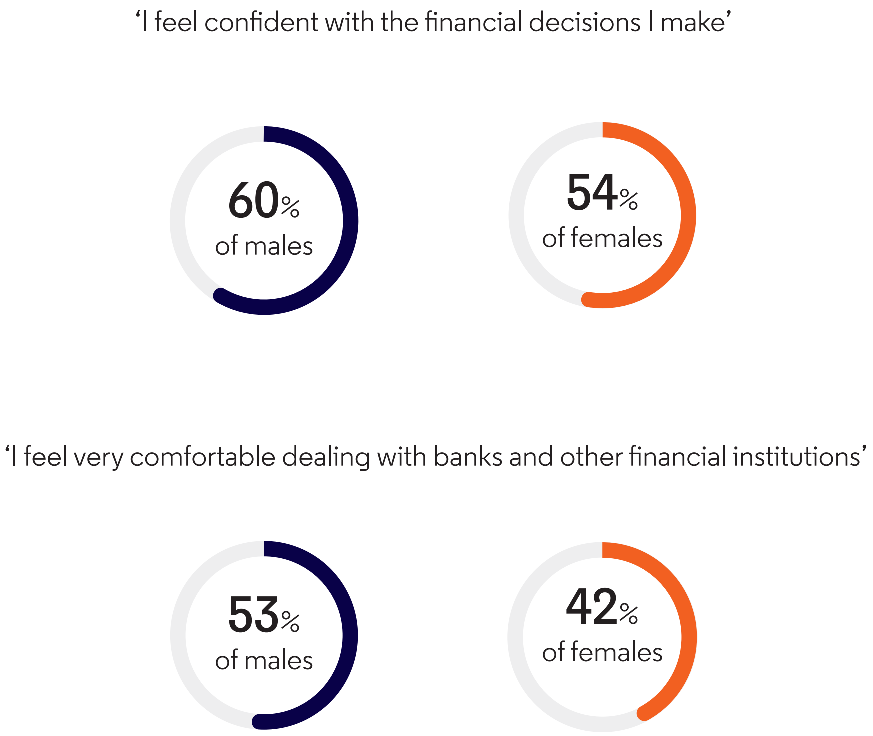
Figure 3: Reported gender differences in young people's financial education were discussed compared to those who did not



[4] Note: Results exclude those who answered 'not applicable'.
* Note: Employer questions were asked only of young people with current employment.

Gender differences were also observable in financial attitudes, confidence (see Figure 4) and concerns. This was evident both across topics that young males and females are keen to learn more about, and in their preferred modes of learning delivery.

Figure 4: Gender differences in financial confidence (percentage of respondents who strongly agree/agree with the following statements)



5. The pandemic environment has impacted young peoples' financial outlook

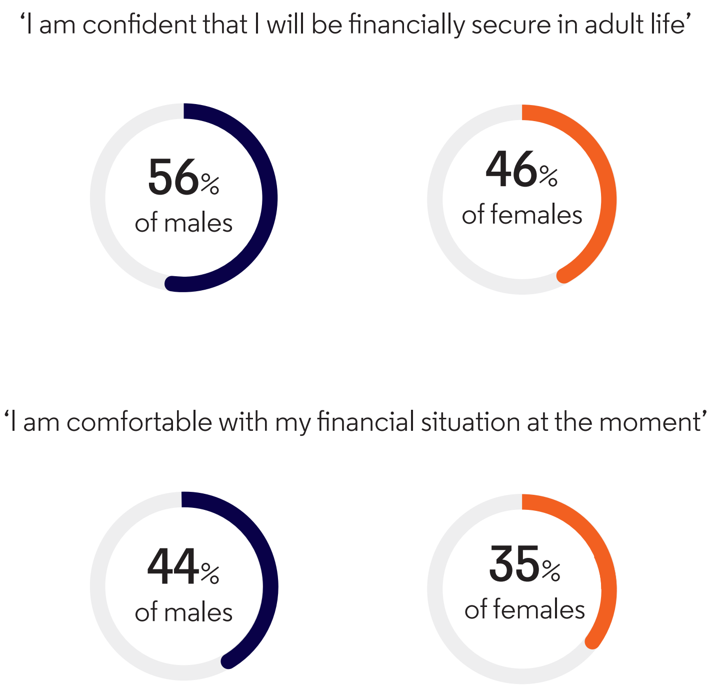
COVID-19 has impacted young people and their finances

The surveys revealed that sizeable proportions of young people are harbouring concerns about their financial situation, both now and into the future.

- In 2021, only half of young people agreed or strongly agreed with the statement 'I am confident that I will be financially secure in adult life' (51%, down from 60% in 2020).
- Even fewer agreed or strongly agreed that 'I am comfortable with my financial situation at the moment' (40%, down from 49% in 2020).

There were some important gender differences, with a lower proportion of females than males agreeing or strongly agreeing with each of these statements (see Figure 5). Fewer than half of females in the most recent survey indicated feeling confident they would be financially secure in adult life, while only just over one third reported being comfortable with their financial situation currently.

Figure 5: Gender differences in perceived financial security (percentage of respondents who strongly agree/ agree with the following statements, 2021 survey results)



Some young people's earnings have gone down as a result of their circumstances in the pandemic, which appears to be having a flow-on effect on savings:

- More than 1 in 3 (36%) young people reported a decrease in earnings, 18% of young people reported an increase, while 41% said their earnings have remained about the same.
- The same proportion (36%) of young people reported a decrease in savings over this period. Conversely, 25% of young people reported an increase in savings, while 35% said their savings have remained about the same.

> 'COVID-19 resulted in me losing 2 jobs and I was not eligible for any COVID payments…therefore my relationship with money changed over the year and I have become more stressed about it.'

Female | 20 years old

COVID-19 has reinforced the importance of a 'safety net'

> COVID-19 has taught us to save money for the future, anything can happen at any time.'

Male | 20 years old

When asked what they have to fall back on/rely on if they face a financial challenge or a large unexpected expense:

- Around 6 in 10 (59%) said they had personal savings to fall back on
- Half (50%) of young people reported that they could rely on financial support from family
- 7% indicated they had financial support from a partner as a back-up
- 6% indicated they'd turn to a credit card
- 1% suggested another safety net.

Importantly, one in eight young people (12%) said they had none of the above to fall back on if they faced a
financial challenge.

For more information about young people's financial lives see our Young people and money report.

[5] Note: Results exclude those who answered 'not applicable'.