

News Release

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Kiwis are wary about the future but still feel on top of their financial commitments

Research from ANZ Bank New Zealand has found that a majority of people are staying on top of day-to-day financial commitments and keeping up their KiwiSaver contributions, despite uncertainty about the economic outlook.

The ANZ Financial Wellbeing Indicator¹ (ANZ FWI) reports that people's overall wellbeing score was 59.7 out of 100 in the three months to September 30. That compares to 59.9 in the June quarter and 62.3 in the September 2021 quarter.

However, when it came to the 'meeting commitments' component the number has risen, sitting at 72.9 in the latest report, up from 71.9 in the June quarter.

ANZ's Chief Economist Sharon Zollner said it was encouraging to see a rise in the number of people who say they are meeting their commitments.

"That figure is not far below the pre-Covid readings we saw from June 2019 through to March 2020, when the numbers were around 73."

In contrast there was a decline in the score for 'feeling comfortable,' which dipped to 50.9 from 52.1 in the June quarter.

"That could reflect that people are nervous about what's ahead.

"The triple whammy of the rising cost of living, higher interest rates, and hits to wealth through falling house prices and falling or flat KiwiSaver balances seems to have created a lot of unease – or at least an absence of comfort, despite plentiful jobs and rising wages," she said.

The third component of the Index, 'Resilience', sat at 55.5, almost unchanged from 55.6 in the previous quarter.

Meanwhile customer data from ANZ Investments shows more than two thirds of ANZ KiwiSaver members are keeping up their contributions despite recent market volatility and the rising cost of living.

72 per cent of members made a contribution in the twelve months to September; with 78.5 per cent of members aged between 18 and 65 making a contribution.

¹ The findings in the ANZ Financial Wellbeing Indicator are based on a rolling survey of 7,000 people by Roy Morgan.

The ANZ FWI is intended as a quarterly 'pulse check' on how Kiwis feel about their financial situation. It involves three components that make up the total score out of 100. These are: people's ability to meet financial commitments, how comfortable they feel about their economic situation and their resilience to withstand an unexpected financial setback.

63 per cent of all ANZ KiwiSaver members made employee contributions in the twelve months to September 2022; with 70 per cent of members aged between 18 and 65 making employee contributions.

KiwiSaver members can make regular contributions from their pay. They can also make voluntary contributions.

ANZ is seeing voluntary contributions trend down with 18 per cent of all members making at least one voluntary contribution; which is down from the contribution rates of over 30 per cent in early 2021.

ANZ's Managing Director for Funds Management Fiona Mackenzie said KiwiSaver plays an important role when it comes to financial wellbeing and it was heartening to see people are committed to saving for the long-term.

"It's understandable if people are concerned by the downturn in the markets and might be rethinking their investment strategy; especially with the rise in day to day living costs."

She urged people to focus on what they can control and remember market falls are part and parcel of investing.

"Investing through a downturn means you can invest at lower prices and can benefit from any market recovery. It also helps create good savings and investment habits.

ANZ is encouraging people to stay engaged with KiwiSaver, seek out information and make sure they are in the right fund.

"A growing number of customers have told us they want to be able to use digital tools to get information about KiwiSaver.

"Our ANZ customers can now change their KiwiSaver contribution rate and switch funds using either Internet Banking or ANZ's goMoney app," Ms Mackenzie said.

"We also offer free financial advice for customers who want to sit down with an investment adviser to discuss KiwiSaver or their long-term savings goals."

ANZ Investments does not recommend trying to time the markets.

"Rather we think it's best to focus on the long term; and make sure you are in the right fund for your age and your own risk profile, especially if you're intending to use your money to purchase a first home or will need it soon," Ms Mackenzie said.

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