



DECEMBER 2024

# Consumer Confidence Survey 2024

An overview of key results

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# Foreword

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The Financial Markets Authority is committed to becoming an intelligence-led regulator, and understanding the experiences of New Zealanders within our financial markets is crucial to achieving this goal. To that end, we have combined our previous KiwiSaver Statements and Investor Confidence surveys into a single, comprehensive Consumer Confidence Survey. This survey provides valuable insights into how New Zealanders interact with financial markets, their level of confidence in those markets and in the FMA, and any emerging trends that require our regulatory attention.

This report presents the findings of our inaugural Consumer Confidence Survey. The survey offers a nationally representative snapshot of consumer experiences and perceptions of financial services and markets. As such, it represents a key component of the FMA's commitment to understanding the needs of consumers and shaping effective regulation.

Overall, the survey indicates a generally positive sentiment among New Zealanders regarding their interactions with and understanding of financial markets. Notably, we observed positive correlations between certain consumer behaviours and favourable outcomes. However, the findings also highlight areas requiring further attention, particularly concerning potential disparities in confidence levels among women, Māori, Pacific Peoples, and those of low socio-economic status.

The FMA is dedicated to leveraging these insights to inform our regulatory approach and promote positive outcomes for all New Zealanders. We will conduct further research to gain a deeper understanding of the factors that contribute to financial well-being and to explore the specific concerns of potentially underserved groups. We believe these findings will also be valuable to participants within the financial services industry, enabling them to better understand and serve their customers.

By deepening our collective understanding of New Zealanders' experiences with financial services, we can work together to foster greater financial well-being for all.

Liam Mason

Executive Director, Evaluation and Oversight, and General Counsel.

# Introduction

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This is the first year the FMA has commissioned the Consumer Confidence Survey. The survey combines the key questions from the Investor Confidence Survey and KiwiSaver Statements Survey from previous years, with the addition of new questions covering key focus areas such as fairness, investment scams, and confidence in various aspects of financial markets. The purpose of this survey is to gain a nuanced picture of New Zealander's experiences with financial markets to inform how the FMA is working for New Zealanders.

The survey takes a pulse of how New Zealanders feel about investment, KiwiSaver, and financial markets regulation. The survey results suggest that New Zealanders are reasonably confident in their interactions with, and understanding of, financial markets. However, certain groups such as women, Māori, Pacific peoples, and those of low socio-economic status are not so content and confident in how they interact with and understand financial markets.

The survey was taken in late July to early August 2024. Some sentiments may have reflected the broader economic constraints and uncertainty at the time of the survey; however, the results show us where the FMA can focus to better regulate for all New Zealanders.

This report provides an overview of the key areas covered by the 2024 Consumer Confidence survey. There were several areas of interest that emerged in the survey findings that merit a closer look, and separate reports on these themes will be published early in 2025. These include:

- The experiences of women, Māori, and other minority groups with financial markets.
- The relationship between knowledge of financial markets and confidence.
- Investment scams and their link to confidence and consumer behaviour.
- The enablers of investment practices, including KiwiSaver.
- Comparative findings on fairness between the 2024 Consumer Confidence Survey and the inaugural fairness research the FMA conducted in 2023.

# Financial product ownership

## Banking products

Having some sort of banking product is a key marker of financial inclusion. Bank product ownership is as expected with 98% of New Zealanders owning some form of banking product. This figure aligns with what we know about banking accessibility and ownership in New Zealand.<sup>1</sup> The ownership of savings accounts has increased across all demographics, and there has also been an increase in people considering opening a savings account, which may be due to the favourable interest rates at the time of the survey. Those who report a higher household income are more likely to own savings accounts, credit cards and mortgages, whereas Māori are less likely to own these three products.

There has been an overall decline in credit card ownership but buy-now pay-later (BNPL) has increased in usage, particularly for the age group 18-34. This follows the general trend of BNPL increasing in popularity in younger age groups due to its simple structure, lack of interest, and no fees compared to credit cards when payments are made on schedule.<sup>2</sup>

### BANKING Products

Summary of Key Findings



**98%**

of New Zealanders have at least one banking product (SIGNIFICANTLY UP OVER LAST 2 YEARS)



**3.1**

Average number of banking products owned by New Zealanders

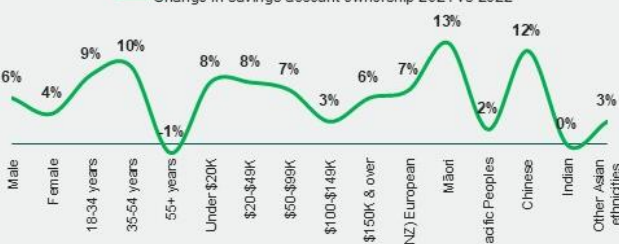
Significantly more New Zealanders are also considering to further engage with banking products in the next year

#### TOP 5 BANKING PRODUCTS CONSIDERED NEXT 12 MONTHS

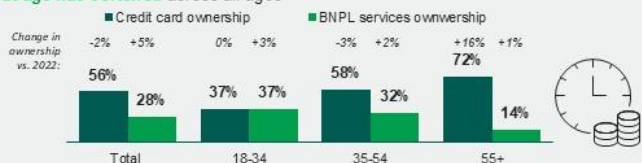


The growth of savings account ownership is evident across most demographics

Change in savings account ownership 2024 vs 2022



In terms of age, use of Buy Now Pay Later services has increased across people of all ages (greatest appeal amongst NZ'ers aged 18-34), whereas credit card usage has softened across all ages



Mortgage ownership is significantly more likely to occur amongst higher household income earners, whilst mortgage ownership is significantly lower amongst Māori and Pacific Peoples vs other ethnicities



Māori & Pacific ethnicity are more likely to engage with BNPL (significant increase among Pacific Peoples) whilst having lower incidence within credit cards



<sup>1</sup> World Bank

<sup>2</sup> Auckland Centre for Financial Research

## Insurance products

Insurance acts as a financial safety net, promoting stability and growth in markets by facilitating risk-taking, providing investment capital, and enhancing consumer confidence. Most New Zealanders own at least one insurance product, with the average number of insurance products being 2.5 per person. The most commonly owned types of insurance are broadly in line with previous iterations of the Investor Confidence Survey. The most common insurance product is car insurance, reflecting the high level of car ownership in New Zealand.<sup>3</sup>

Lower income households own less insurance products, which may reflect affordability. Younger New Zealanders (18-34) own fewer insurance products generally but are more likely to own pet and health insurance compared to other age groups. Māori and Pacific peoples are least likely to own insurance products, despite an increase since 2022. However, compared to other groups, Māori are more likely to own funeral insurance.

### INSURANCE Products

Summary of Key Findings



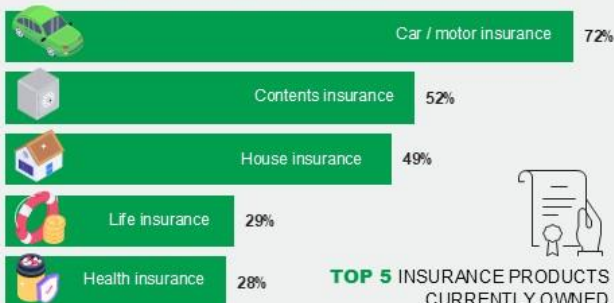
**86%** of New Zealanders have at least one insurance product (SIGNIFICANTLY UP OVER LAST 2 YEARS)



**2.5**

Average number of insurance products owned by New Zealanders

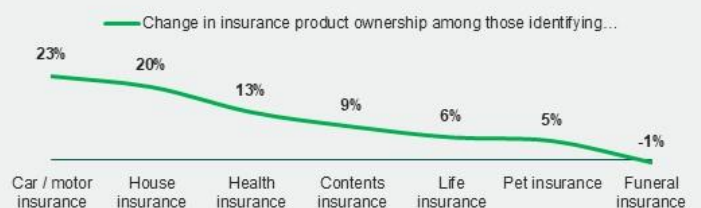
Car, content and house insurance are the leading forms of insurance



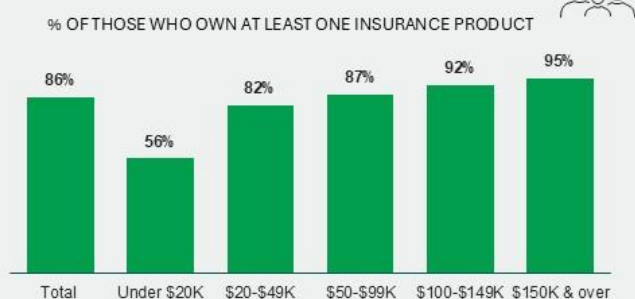
Compared to other ethnic groups, Māori and Pacific Peoples are less likely to own car, contents and house insurance products though ownership has increased since 2022



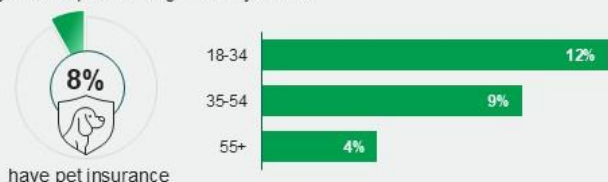
Among those identifying as Chinese, there has been an uptake across insurance products, with the exception of funeral insurance, compared to 2022



Insurance ownership in general is significantly more likely to occur amongst higher income households (100k+)



New Zealanders aged 18-34 are less likely to have insurance, with pet insurance being the exception amongst 18-34 year olds



<sup>3</sup> Ministry of Transport

## Investment Products

Investment product ownership demonstrates trust in the financial system and its ability to generate returns. Widespread participation fuels market liquidity and contributes to efficient price discovery, further bolstering investor confidence and overall market health. Most New Zealanders have at least one investment product with the average number of investments per person products just under two, including KiwiSaver.

Compared to other financial products in this survey, investment products are the most considered type of finance product. Term deposits have seen a large increase in ownership and consideration compared to results from last year's Investor Confidence Survey, which is likely in part due to high interest rates at the time of the survey.

Some groups are more likely to engage with riskier investment types, such as cryptocurrencies. Lower income earners, men, and Māori are more likely to own cryptocurrencies as an investment. These groups are also more likely to have been exposed to a cryptocurrency scam, highlighting how people seeking these kinds of investments also may be at higher risk to being exposed to an investment scam.

In choosing an investment/KiwiSaver, performance of the fund, low fees and simple fees were the most common attributes that consumers find important in making an investment or KiwiSaver decision. Ethical investment is more important for women, Māori and Pacific people.

### INVESTMENT Products

Summary of Key Findings



**85%** of New Zealanders have at least one investment product (SIGNIFICANTLY UP OVER LAST 2 YEARS)



**1.8**

Average number of different investment products owned by New Zealanders

Investments are the **most considered** type of financial product (lead by KiwiSaver, Term Deposits and Shares which have all grown in consideration since 2022)

TOP 5 INVESTMENT PRODUCTS CONSIDERED NEXT 12 MONTHS



A combination of fund performance, fee structure and reputation are **central drivers** of investment product/provider choice

TOP 5 IMPORTANT FACTORS WHEN DECIDING ON AN INVESTMENT PRODUCT/KIWISAVER PROVIDER (% VERY/EXTREMELY IMPORTANT)



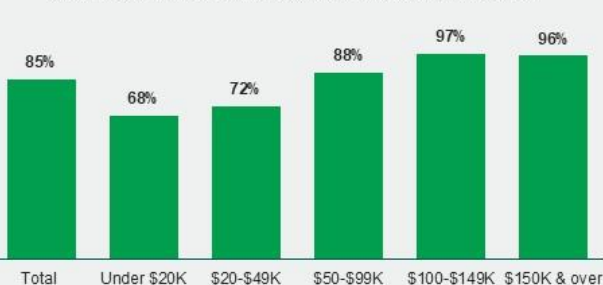
TOP 3 REASONS FOR NOT PLANNING TO MAKE CHANGES

Majority of New Zealanders are **not actively planning changes** to their investments (incl. KiwiSaver) in the next 12 months

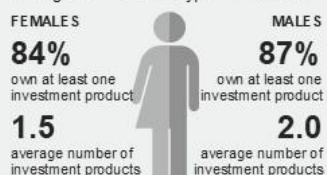


Ownership of investment products skews towards **higher income earners**

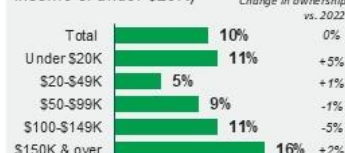
% OF THOSE WHO OWN AT LEAST ONE INVESTMENT PRODUCT



**Males are more likely** to engage with investment products, particularly shares, managed funds and cryptocurrencies



Compared to 2022, the ownership of **cryptocurrencies** has increased among lower income earners (annual household income of under \$20K)





# KiwiSaver

## KiwiSaver membership

KiwiSaver is a voluntary retirement savings scheme designed to help New Zealanders supplement their income in retirement. KiwiSaver is the most common investment product owned by New Zealanders, with self-reported KiwiSaver ownership highest amongst Pacific and Asian groups. Most respondents said that they chose their KiwiSaver fund, but for those who did not, lack of knowledge and confidence is correlated with not making an active choice. Compared to the 2022 survey, younger respondents are more likely to have made an active choice of fund, suggesting a potential shift in attitudes towards KiwiSaver in that population. Those who haven't made an active choice are also more likely to identify as female and aged between 45-54 years old. This matters as women are generally more vulnerable to having insufficient retirement funds.<sup>4</sup>

The main reason for not participating in KiwiSaver is being close to or already in retirement. However, current unemployment, or low/unstable income are also significant reasons for non-participation, particularly among younger people.

### KiwiSaver membership

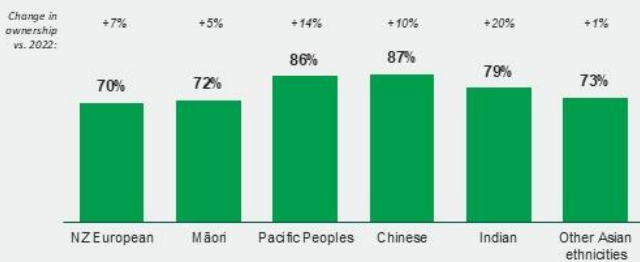
Summary of Key Findings



# 72%

of New Zealanders are a member to a KiwiSaver fund making it the investment product **most widely owned by New Zealanders**

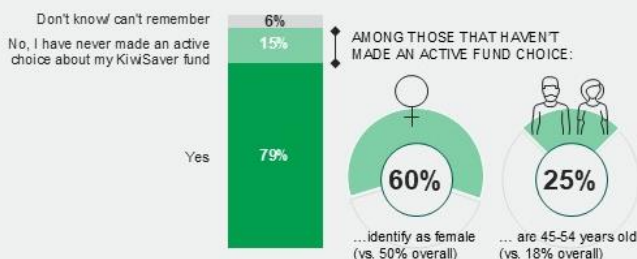
KiwiSaver membership is **highest amongst Pacific and Asian** ethnicity and has increased over the last 2 years



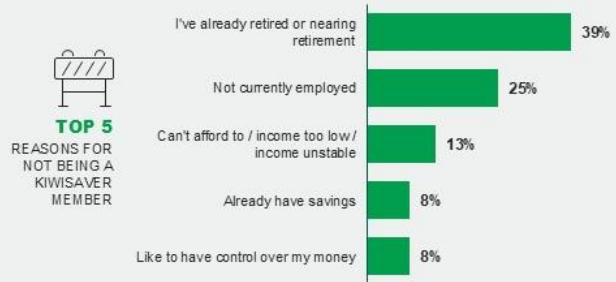
New Zealanders who **haven't actively chosen** their fund also **express less confidence** in their understanding of KiwiSaver and **less control** in their overall day-to-day finances.



The majority of New Zealanders **choose their own** KiwiSaver fund (79%), with **females and those aged 45-54 years** having **lower levels of participation** in their choice of fund



Not being active in the workforce provide the leading reasons for **not being a KiwiSaver member**, whether its due to retirement or unemployment



<sup>4</sup> Te Ara Ahunga Ora The Retirement Commission

# KiwiSaver satisfaction

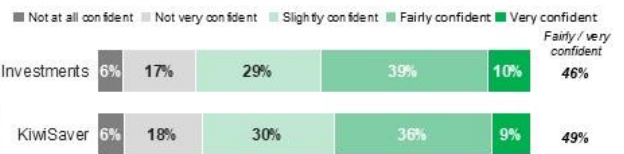
New Zealanders are largely satisfied with their KiwiSaver provider. However, confidence in understanding KiwiSaver is mixed. Confidence seems to be higher in those who engage with the information materials about their KiwiSaver distributed by their fund provider.

KiwiSaver investors care most about the performance of their fund, and this is the top theoretical reason for changing KiwiSaver providers. This aligns with investment decisions more generally. High fees were also a top theoretical catalyst for change; however, this is unlikely to be realised as the majority of KiwiSaver members believe that the fees are as or better than expected.

## KiwiSaver satisfaction

Summary of Key Findings

Confidence levels are somewhat split in terms of understanding their KiwiSaver or Investments, approximately half expressing they are fairly or very confident



Majority of KiwiSaver members believe the fees they pay are aligned to or better than expectation, leading to a perception of being good value for money

### PERCEPTION OF KIWISAVER FEES



60% rate their KiwiSaver scheme good or very good in terms of value for money received

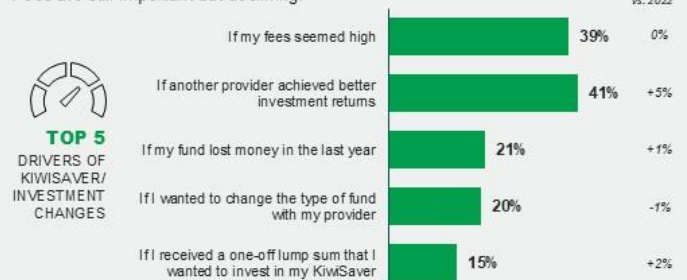
Confidence in understanding their KiwiSaver is higher amongst those that chose their fund or read their statements



New Zealanders are largely satisfied with their KiwiSaver provider, with satisfaction levels improving over the last 2 years, albeit below 2020 levels



The promise of better returns from an alternate provider is the main catalyst for New Zealanders to consider making changes to their KiwiSaver/ other investments. Fees are still important but declining.



# Consumer understanding and experience of financial markets

## Investment information sources and KiwiSaver statements

KiwiSaver providers send annual statements to keep investors informed about their retirement savings. Just over half of those with KiwiSaver read their KiwiSaver annual statements. The reasons respondents give for not reading their statements are predominantly being time poor and the perceived complexity of the reports. Men, those aged 55+ and/or in white collar occupations are more likely to have read their KiwiSaver Statement. Just under half of the respondents feel confident in their understanding of KiwiSaver, with women more likely to report not feeling confident in their understanding of KiwiSaver. This discrepancy may have implications for women in getting the most out of their KiwiSaver and being adequately prepared for retirement.

Sixty percent of New Zealanders invest time in researching and making comparisons for investments more broadly. Apart from making their own calculations, people rely on word of mouth when making decisions about financial products. This suggests the importance of social connections and trust in making financial decisions, but this may disadvantage those who aren't utilising other resources to make financial decisions. News articles and banks are the most common sources of information about financial products.

### INVESTMENT Products

Summary of Key Findings



**85%**

of New Zealanders have at least one investment product (SIGNIFICANTLY UP OVER LAST 2 YEARS)

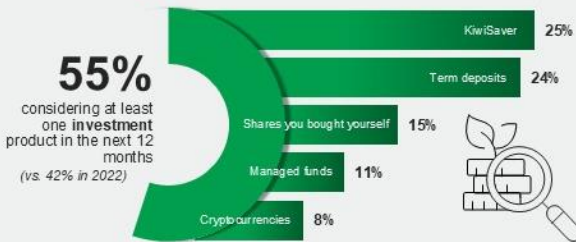


**1.8**

Average number of different investment products owned by New Zealanders

Investments are the **most considered** type of financial product (lead by KiwiSaver, Term Deposits and Shares which have all grown in consideration since 2022)

#### TOP 5 INVESTMENT PRODUCTS CONSIDERED NEXT 12 MONTHS



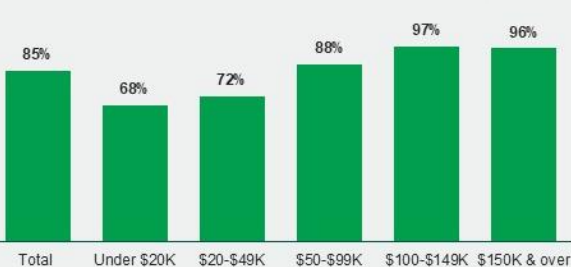
A combination of fund performance, fee structure and reputation are **central drivers** of investment product/provider choice

#### TOP 5 IMPORTANT FACTORS WHEN DECIDING ON AN INVESTMENT PRODUCT/ KIWISAVER PROVIDER (% VERY/ EXTREMELY IMPORTANT)



Ownership of investment products skews towards **higher income earners**

% OF THOSE WHO OWN AT LEAST ONE INVESTMENT PRODUCT



Majority of New Zealanders are **not actively planning changes** to their investments (incl. KiwiSaver) in the next 12 months



**Males are more likely** to engage with investment products, particularly shares, managed funds and cryptocurrencies



Compared to 2022, the ownership of **cryptocurrencies has increased** among lower income earners (annual household income of under \$20K)



## Understanding financial markets and their regulation

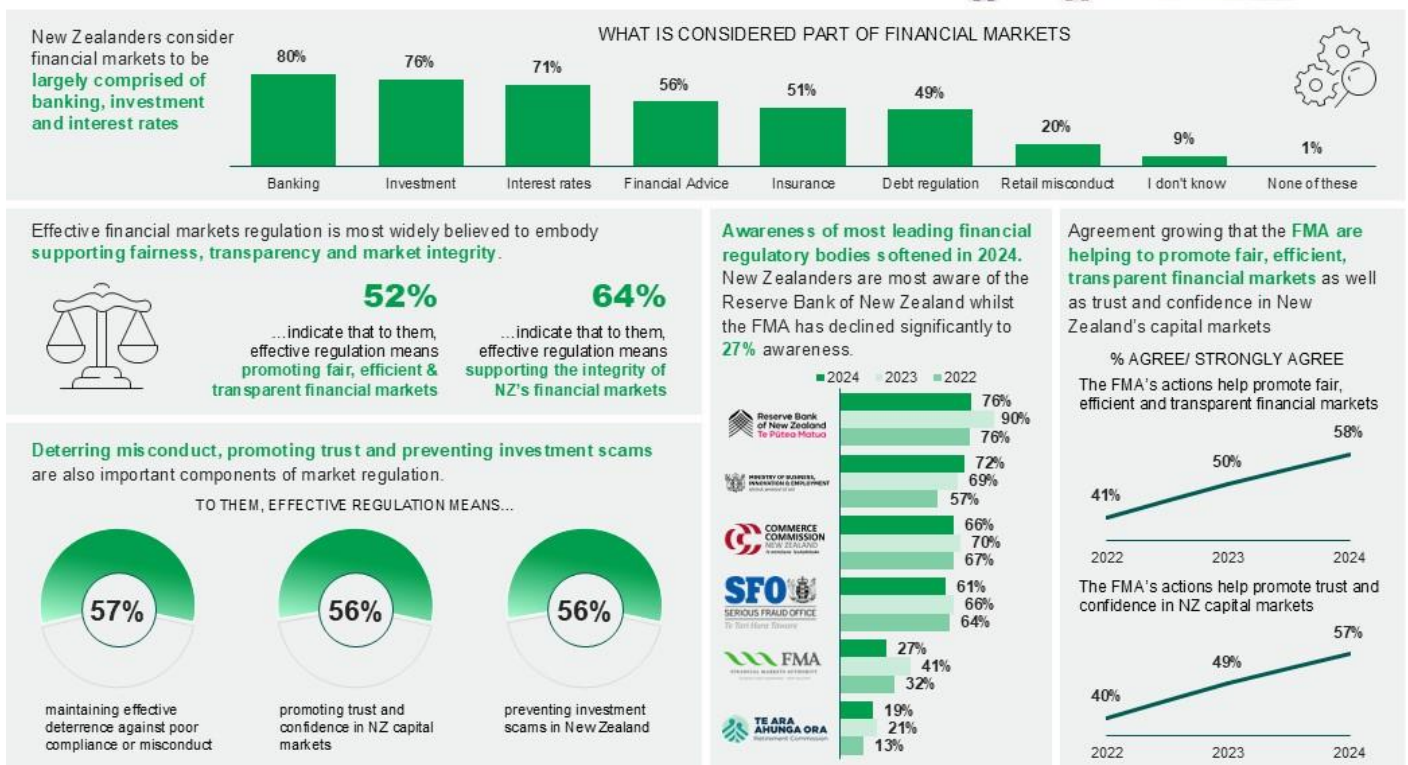
Financial literacy empowers individuals to plan for their future, make smart investments, and avoid costly mistakes, ultimately leading to greater financial well-being. New Zealanders understand part of what constitutes the financial markets with banking, investment and interest rates being the top three factors considered part of financial markets. Financial advice and insurance are not as commonly considered part of financial markets. This matters to the FMA as these are two main areas of conduct regulation. Those who report they don't understand what comprises financial markets at all tend to be women, low household income, non-investors, and/or have no formal qualifications.

About half of respondents resonated with statements defining effective financial markets regulation. Men, those aged 55+, those with university qualifications and/or those with a high household income were more likely to be aware of the FMA. These same groups are also more likely to have positive perception of the FMA. Women, Māori, those with low household incomes, and those with no formal qualifications are less likely to report knowing what effective financial market regulation means.

More individuals were likely to know about RBNZ, and more people are aware of interest rates being a part of financial markets than certain other parts of financial markets. These facts, coupled with the interest rates and broader economic conditions at the time of the survey, may have affected some of people's perceptions of financial markets more broadly.

## Understanding financial markets

### Summary of Key Findings



## Fairness and Confidence in Financial Markets

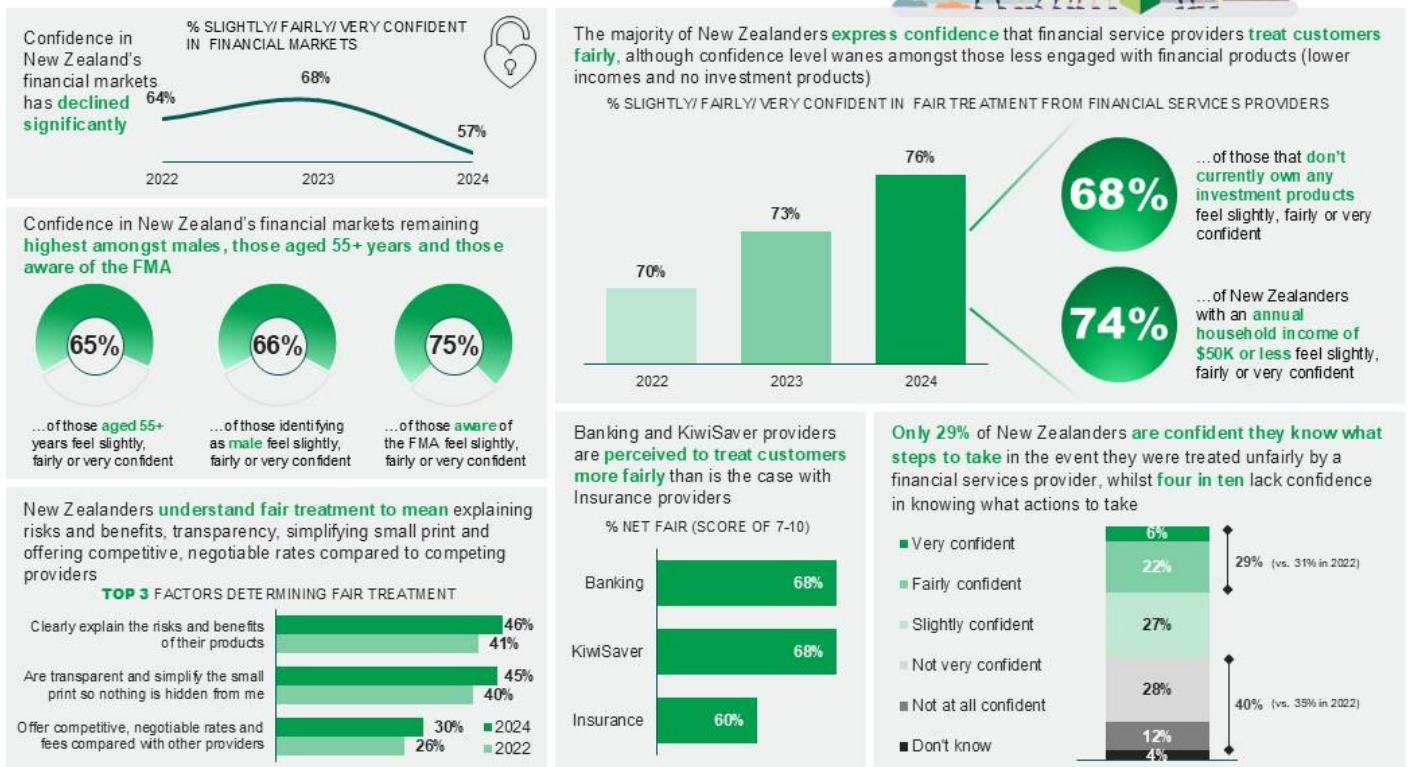
New Zealanders generally believe that financial providers treat people fairly, with banking and KiwiSaver providers perceived to be fairer than insurance providers. When defining what fair means, people care most about providers being transparent and straightforward to avoid hidden surprises. Additional to this, women are more likely to care about salespeople not being pushy and Pacific people more likely to care about being treated as a valued customer, indicating that these may be areas where those groups experience less fair treatment compared to other groups.

The level of confidence in remediation has reduced since the FMA's fairness research undertaken in 2023.<sup>5</sup> New Zealanders are not as confident in their own knowledge of what to do if they have not been treated fairly, but levels of confidence are higher amongst those who know about the FMA.

Confidence in New Zealand's financial markets is strongest amongst those more satisfied and engaged with their personal financial circumstance. In contrast, confidence levels in New Zealand's financial markets are lower amongst those New Zealanders reporting they never have enough to save and are always trying to make ends meet.

## Confidence and Fairness

### Summary of Key Findings



<sup>5</sup> Understanding Fairness in Financial Services

## Investment Scams

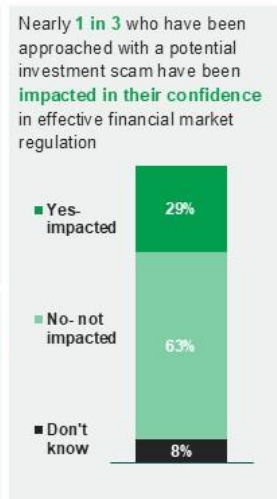
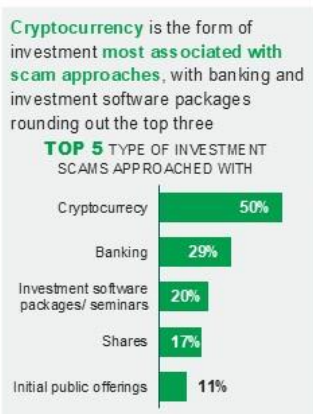
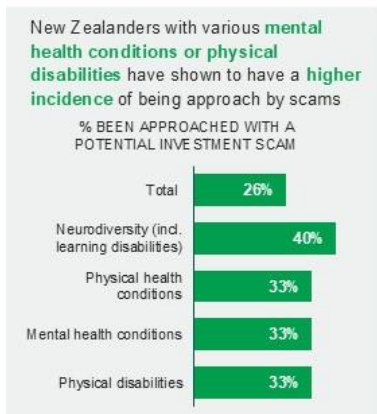
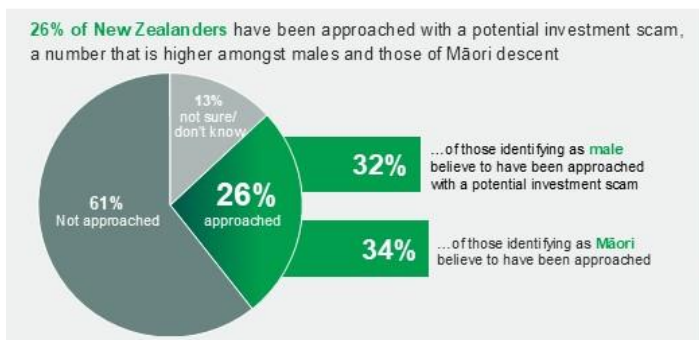
Investment scams are fraudulent schemes advertising themselves as legitimate investment opportunities, often promising high returns and low risk. They erode consumer confidence by undermining trust in legitimate investment opportunities and can cause significant harm. One in four respondents reported being approached with a scam. Cryptocurrencies are the number one investment scam reported. The same population groups (18-34 age group, Māori, men) who are more likely to own cryptocurrencies are also more likely to report a cryptocurrency scam. Those who report mental health conditions, and/or are neurodiverse are also more likely to have been approached by an investment scam.

Those who reported being approached with an investment scam generally didn't report that it affected their confidence in financial markets regulation. However, Māori and Pacific respondents report that an investment scam approach was more likely to impact their confidence in financial markets regulation. This suggests that the FMA's response to investment scams may have more of an impact for those populations in feeling like regulation is working for them.

One in five respondents who had been approached with an investment scam reported losing money to that scam. Of those who lost money, about half did nothing, and of those who took action, most reported the incident to their bank in the first instance, then the FMA. This indicates about five percent of New Zealanders may have lost money to an investment scam, with many of those losses going unreported.

## Experience with Scams

### Summary of Key Findings



# Appendix 1 - methods

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The FMA commissioned Fiftyfive5 to conduct a nationwide survey to gain a comprehensive understanding of consumer experiences with the financial sector. This survey brought together the core elements of the previously conducted Investor Confidence and KiwiSaver Statements Surveys for the primary objective of monitoring consumer sentiment, supporting strategic decision making, sharpening communications and investor activities that combined, should enable improved consumer outcomes.

The questions included in the survey covered:

- **Financial Products:** Determine financial product ownership and the level of engagement New Zealanders have with financial products.
- **KiwiSaver Confidence and Satisfaction:** Understand New Zealanders' knowledge, engagement and satisfaction with KiwiSaver products and providers.
- **Understanding of Financial Markets:** Deconstruct what constitutes financial markets, the players within and the role of effective regulation.
- **Confidence and Fairness:** Establish the prevailing public sentiment in terms of financial markets confidence and expectations of financial providers
- **Financial Advice and Information:** Understand the sources of financial information and advice used, the role it plays, how exactly it is used, and what advice or information is the most preferred and trusted.
- **Scams and Vulnerability:** Quantify the prevalence of scams within the New Zealand market, its impact and the course of action taken by those affected.

## Methodology

A 20-minute survey was conducted covering a range of topics and aspects of financial products and services. Fieldwork was conducted online among a representative sample of 2,081 New Zealanders aged 18 and over between 22<sup>nd</sup> July 12<sup>th</sup> August 2024.

Quotas were set on age, gender, and region (interlocking), ethnicity and household income based on NZ 2018 Census data to ensure that the sample is nationally representative and captures vulnerable groups.

The data has also been weighted to ensure the sample is representative of the New Zealand population by age, gender, and region.

