

Foreword for Applied Finance Letters: March 2013

In my ten years as Retirement Commissioner (2003 to 2013) I saw the field of financial literacy blossom. During that time there was a growing appreciation of the importance of financial education and financial literacy, though at first they struggled to gain traction. Now they are well on the radar and the OECD coordinates an international network on financial education, encompassing 220 public institutions from over 100 countries. I was delighted to be part of this network as it grew over the years.

New Zealand led the way with the Sorted website and development of a National Strategy for Financial Literacy. The strategy's mission is to ensure that New Zealanders are financially well-educated and can make informed financial decisions throughout their lives. There are four separate areas of focus: to develop quality, extend coverage, work together and share what works.

Quality has improved through the development of a competency framework and programmes to upskill teachers and trainers in financial education. The coverage of financial education has grown, for example through its introduction to the New Zealand school curriculum and to workplaces and the tertiary sector. Working together and sharing have been fostered through initiatives such as a community of practice and the inaugural Money Week in September 2012. In July 2013 the biennial financial literacy summit will for the first time take place in Auckland.

But our knowledge of "what works" is far from complete and frankly it has taken research and evaluation a while to catch up. I'm thrilled to see this special issue of "Applied Financial Letters" on financial literacy. Much of the existing research base is derived from the northern hemisphere and it's good to see more work being done in our own Australasian context.

Of course financial literacy is just one of the factors that contribute to overall financial wellbeing (another concept crying out for better definition and research). There also needs to be an efficient and effective regulatory environment, a thriving economy (from which individuals derive sufficient income), a diversified market for financial products and services, a trustworthy financial sector, consumer protection and market power, and a welfare "net" for those who fall through the cracks. I commend AUT's Auckland Centre for Financial Research for its initiative in producing "Applied Financial Letters" and we look forward to future issues on a wide range of topics relating to financial education, financial literacy and financial wellbeing.

Diana Crossan

Retirement Commissioner

With *Malcolm Menzies*

Research Manager

Commission for Financial Literacy
and Retirement Income

January 2013