

Consumers Federation of Australia Welcomes Financial Literacy Push

The Consumers' Federation of Australia (CFA) welcomes the establishment of the Financial Literacy Foundation by the Federal Government. CFA Chairperson, Carolyn Bond, says, "This shows that the Government has recognized the serious risks faced by consumers who are unable to make informed, financial decisions".

Ms Bond says CFA member organizations see many consumers who are over their heads in debt – or have even lost their homes - due to trusting unscrupulous advisors and brokers. Helping consumers to avoid these rip-offs is a priority, but with more responsibility being placed in consumers' hands - for example through the introduction of Superchoice – just choosing the right product can make a big difference to our financial future.

The CFA is particularly pleased to see that the Foundation intends to set up a one-stop website to service as a portal for financial literacy education and information. "There is no lack of consumer information available" Ms Bond says, "but it is extremely difficult for consumers to identify which sources to trust. We hope that this initiative will help consumers to separate out useful information from information designed to sell financial products".

The ANZ Bank's research into financial literacy showed that people on low incomes and with little education had the lowest levels of financial literacy. While decisions made by this group may have a lower impact in dollar terms, the impact (for example of inappropriate credit, or bad financial advice) on already low levels of incomes and savings is significant to these individuals. The Foundation should therefore target research and education toward this segment of the population.

Ms Bond said that the some CFA members, including financial counseling and credit advice services play an important role in providing face-to-face financial information and education to consumers, and the CFA looks forward to working with the Foundation and its Board in the future.

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(The Consumers' Federation of Australia is the peak body for consumer groups. It has 98 member organisations. Together, these organisations are involved in just about every issue affecting today's consumers, ranging from credit, to energy, telecommunications, and health.)