YOUNG PEOPLE'S FINANCIAL STRATEGIES: INSIGHTS FROM THE AUSTRALIAN YOUTH BAROMETER

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ABOUT US

The Monash Centre for Youth Policy and Education Practice (CYPEP) is a multi-disciplinary research centre based in the Faculty of Education at Monash University. We undertake research into the social, political and economic factors, forces and trends that affect young people's lives.

Our vision is for education that creates lifelong and life-wide opportunities for young people and enables them to thrive.

Our mission is to connect youth research to policy and practice. We do this by working with policy-makers, educators and youth-focused organisations on research that addresses emerging needs, and that respects and includes young people. Working at the nexus of young people and policy, we raise awareness of the challenges faced by young people today and explore how education can harness the capacity of young people to contribute to thriving communities.

ABOUT THE AUTHORS

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01 PREFACE

When we entered the COVID-19 pandemic, we knew it was going to be a disruption to everyday life but it has turned out to be so much more. It feels as though we have entered a new frontier, one in which pre-existing trends have become magnified and new trends are emerging. We see this in the area of young people and finance. Last year, we were thinking about what this new frontier of finance might look like when we conducted a survey of more than 500 young people aged 18 to 24 and held interviews with 30 more as the pandemic was still unfolding. We asked a series of questions about young people's attitudes and strategies regarding their finances and, following publication of the 2021 Australian Youth Barometer[1], we commenced a deeper analysis of the relationship of these attitudes and strategies to other aspects of young people's lives, such as work, education, and wellbeing.

This report is a summary of that analysis. It is timely and shines a light onto young people's relationship with money. It also provides insights into how this relationship intersects with matters of family, employment and the pandemic. The findings will be of interest to young people, to those supporting young people, to financial service providers and to governments at state and federal levels.

Within the findings, we see young people's attitudes to the future—a future that is increasingly unsettled by a variety of factors spanning the rising cost of living, unaffordable accommodation, and insecure work.

Optimism persists, but must be understood in relation to other factors and forces in young people's lives. Take saving money, for example. We found that young people who were optimistic about living in a comfortable home and about having a supportive network around them in the future were more likely to save more often.

These young people were also less likely to experience anxiety about feeling 'stuck' in their lives. Closely related to this is young people's sense of agency. As one interviewee said, having the ability to take steps towards a financially secure future provides a sense of stability and control.

In the current environment, these findings present a stark warning. Young people suggest that lacking financial security would impact their mental health. With recent reports of mental health issues intensifying during the pandemic,[2,3] we can expect this to worsen with rising costs of living and deepening economic uncertainty. We can also expect that this will impact the most vulnerable young Australians, such as those experiencing disadvantage.

Financial security and being able to have some sense of control over one's finances is clearly related to feelings of optimism and wellbeing. This is what makes the findings of this report such important reading for all Australians.

Lucas Walsh

Professor Lucas Walsh
Director, Centre for Youth Policy and Education Practice

02 KEY FINDINGS

1. **Living at home with family helped young people save money and protected them from experiencing financial difficulties.**
   - 56.1% of young Australians who lived with their families were able to save often or very often, compared with 39.5% of those who lived in a house share and 47.4% of those who lived on their own.
   - 33% of young people who lived independently experienced financial difficulties often or very often, compared with 22.6% of those who lived in their family home.
2. **Having a job helped young people save money but did not always protect them from experiencing financial difficulties.**
   - 18.4% of young Australians who were working for wages or salary experienced financial difficulties often or very often.
   - Those who experienced unemployment in the last two years were less likely (43%) to save often or very often than those who had not been unemployed (57.9%).
3. **Young people's financial situation was closely linked to their wellbeing.**
   - Only 37.9% of those who rated their mental health as very poor saved often or very often, compared with 75.1% of those who rated their mental health as excellent.
   - Only 13.3% of those who very often experienced financial difficulties reported having excellent mental health, compared with 22.7% of those who never experienced financial difficulties.

03 FORWARD

We asked members of the CYPEP Youth Reference Group to discuss how the findings of this report connected with their own experiences.

> "The report gives a general picture of Australian young people's financial strategies and provides useful information regarding the experiences of young people in Australia today.
>
> YUQI, 25

> "As someone who still lives at home with my parents, I resonate with all the other young people who have contemplated moving out against the rising cost of living and decided not to, allowing me to steadily grow my savings over time whilst working. However, I acknowledge not everyone can make that decision, placing groups of young people into greater financial insecurity over time.
> To prepare young people to live independently as adults, education institutions need to place a strong emphasis on providing the financial and digital literacy skills that are required to be successful.
>
> ANDREW, 19

04 INTRODUCTION

The way young people think about and manage their finances is changing. In the context of developments and debates about cryptocurrency and 'buy now, pay later' (BNPL) services, such change is understandably met with varying degrees of apprehension. For those with mortgages, this concern is compounded by record levels of household debt.[4]

Research into the financial lives of young people often presents them as vulnerable to risk and struggling to manage their financial worlds.[5–7] In this paper, we show how financial experiences of young people are nuanced and deeply interconnected with other aspects of their lives. We show that saving, going into debt, and experiencing financial difficulties do not happen in isolation but are linked to family, housing, work and wellbeing.

Understanding how young people make financial decisions allows us to promote positive financial behaviours, such as saving, and to discourage overtly risky behaviours. It also helps us identify subgroups of young people that might require additional support to achieve financial security and financial wellbeing. The findings in this report enable us to look beyond apprehension about young people's financial decisions. Young people are more savvy than we sometimes think.

A key finding of this report is that financial decisions do not happen in isolation. Supporting young people to navigate their finances is not just about regulating the financial market or providing financial advice, it is also about activating mechanisms to support people in need, and creating housing and work conditions that allow them to prosper financially. If there is no alternative, they will use what it is on hand to survive and address their needs. It is not enough to advise against using credit for essentials when credit is the only option available. Such decisions are shaped by the conditions in which young people live.

At the macro level, the wider working context is important. As the current Australian Prime Minister, Anthony Albanese, has previously said: 'younger people now face a future of high underemployment, depleted retirement savings, significant barriers to education and training, and a rent and housing affordability crisis.'[8] The contemporary workforce is characterised by heightened competition and greater fluidity in and between jobs. Despite recent falls in youth underemployment,[9] it continues to be pervasive. In addition, Australia has one of the highest levels of part-time employment in the OECD.[10,11] Employment is key here, but, as our findings suggest, having a job (or multiple jobs) by no means guarantees against experiencing financial difficulties. Young people can experience workforce precarity in multiple and particularly acute ways.

At the meso-level, the supportive networks around young people (or lack thereof), such as family and carers, play a key role, not only in providing financial and emotional support, but in shaping young people's financial strategies. Educational institutions can play a more active role in developing financial literacy and ensuring all young people are receiving adequate knowledge and support.

At the micro-level, the connections between young people's financial situation and their wellbeing is another key factor to consider, as our findings below show.

05
BACKGROUND

There is very little research on the financial experiences of Australian young people from the perspectives of young people themselves.[12,13]

However, there is some evidence about problematic use of credit, such as getting into debt and missing payments.[14] Young people have also been shown to have lower levels of financial wellbeing than any other age group,[15,16] which means having enough money to live a comfortable life while feeling in control of their own finances, without worrying about having enough money to cover their needs.[17]

As at June 2017, young consumers (aged 18–29 years) were twice as likely as those over 64 years old to have a problematic use of credit cards (21.2% vs 10.8%).[18]

Such problematic uses included having overdue payments for more than 60 days and consistently having a balance exceeding 90% of the credit limit, or having paid back less than 3% of the credit limit and interest. While there have been attempts to explain this behaviour in terms of youthful impulsivity[19] and lack of financial knowledge,[20] there is a wider context in which cash is used less and less, especially by young people. In 2007, young people made 67% of payments in cash. By 2016, this had dropped to 31% and to only 13% by 2019.[21]

The availability of new payment methods, such as contactless cards and digital wallets and the closure of ATMs and bank branches[22] have certainly facilitated this transition, but it is still unclear what motivates young people to adopt these products. Regardless of the reasons behind it, COVID-19 has accelerated this decline in the use of physical currency as a means of payment, as with most Australians.[23]

The popularity of debit cards over credit cards is increasing. Even those who own credit cards prefer to use debit cards, especially using their mobile phones.

Contactless payments constituted half of the in-person payments for young people in 2019. Young people are also more likely (40%) to use mobile wallets than all respondents (20%).[21] However, online payments are the most frequent mode of payment, with 55% of all respondents and 66% of 18 to 29-year olds using them in 2019, mostly using mobile apps.[21] In the overall population, credit card use is declining. BNPL is often seen as a threat to traditional forms of credit, including credit cards, with young people under 25 making up 22.4% to 25% of all BNPL users.[24,25]

These trends might be partially explained by young people's negative perceptions of traditional banks and a more open and positive attitude towards products such as BNPL services that implement marketing strategies to distance themselves from conventional concepts of banks and credit in young people's minds.[13] This distinction that BNPL services make is key given young people's negative perceptions of banks and traditional financial services,[26] that is also prevalent in the general population.[27] There is evidence that young people use different types of small credit (loans of up to $2,000 that do not require a collateral) because that is the only alternative they have when facing financial difficulties, especially since these services, as well as BNPL, are easier to access and less associated with stigma and shame than alternative forms of credit. Experiences of over-indebtedness often have negative consequences on young people's wellbeing.[28-34] This has led to calls for authorities to take a closer look at the regulation of financial products, especially new and digitally based products.[31–34]

However, there is also evidence that young people make investment decisions with their long-term goals in mind, and seek resources that allow them to responsibly engage with the opportunities provided by financial markets.[35,36]

METHODS

The analysis in this paper builds on both survey and interview data from the 2021 Australian Youth Barometer.[1] During the one-hour semi-structured interviews, participants were asked what financial security meant to them and to discuss any barriers and enablers for achieving financial security. Three themes were identified as part of this discussion: housing and family, work, and wellbeing. These three themes informed the relationships to be explored using survey data analysis.

The Youth Barometer survey asked about frequency of saving, use of credit in the form of BNPL services, and experiences of financial difficulties.

The questions were:

- How often are you able to regularly save up part of your income?
- Do you ever use Buy Now, Pay Later services?
- How often have you experienced financial difficulties in the last two years?

For all questions, participants could choose between never, rarely, sometimes, often, and very often.

We have divided the analysis below into two sections. In the first section, we explore saving and financial security in relationship to family and housing, work and wellbeing. In the second section, we explore debt and financial difficulties in relation to the same three themes.

06 SAVING AND FINANCIAL SECURITY

As reported in the Youth Barometer, young Australians often defined financial security as being able to afford their material needs and not having to worry constantly about money. When discussing their plans to achieve financial security, saving and investing were often quoted as their main strategies. According to the Youth Barometer survey data, 92.2% of young Australians regularly saved part of their income and 49% did so often or very often. As we discuss below, this high level of self-reported saving is probably linked to the notions of financial security that young people have, according to which saving is an essential step towards achieving financial goals.

This was not uniform across the country, reflecting differences across states and territories in employment, housing and wellbeing. In particular, 57.3% of young people in New South Wales, 49.7% of young Victorians and 46.7% of young Queenslanders reported saving often or very often, compared with only 39.3% of young Australians across other states and territories. The proportion of young people in metropolitan areas who reported saving often or very often (49.8%) was also higher than the proportion of young people in regional and rural areas who reported saving with this frequency (44.7%), reflecting a divide in opportunities that are often concentrated in metropolitan areas and the three big eastern seaboard states.

HOUSING AND FAMILY

Interview participants explained that living with their parents facilitated their ability to save some money regularly and viewed the prospect of living independently, especially paying rent, as a potential threat to their ability to save.

> At the moment, I guess my strategy is just I move [my money] to where I can find the highest interest rate, and I just save as much of my own wages as possible. It helps that I'm living at home, if I was renting then that would be consuming a sizable portion of my income. MAN, 24, SA

This link between a young person's living arrangements and their ability to save was corroborated by the Youth Barometer survey data, according to which 56.1% of young Australians who lived with their families were able to save often or very often. In contrast, only 39.5% of those who lived in a house share and 47.4% of those who lived independently on their own, reported saving with this frequency.

However, the influence of the relationships with parents and family goes beyond providing a place to live. Interview participants who were actively saving often quoted the influence of their parents in their financial decisions.

> When I was nine I think I had $200 and my mum was like, "Wow, that's a lot of money". I was like, "Yeah, it is"... As a kid, I was like, "oh my God", and my mum was like "What do you want to do with it?" and I was like "put it in a bank". I said piggy bank, and my mum was like "No, we'll put it in an actual bank", so, ever since I was eight or nine, I've had a bank account. WOMAN, 21, NSW

The Youth Barometer survey data also showed that young people who were more likely to go to their parents for assistance with issues important to them were also more likely to save money regularly. For example, 59.7% of those who would often go to their parents for assistance also saved money often or very often, whereas only 43.4% of those who would very rarely go to their parents for assistance with issues important to them saved money often or very often.

This suggests that these parents provided positive role modelling in addition to direct advice, which was taken on board by young people due to their seemingly positive relationship. Interview participants' relationship with their families also influenced their investment decisions. A participant who reported investing in Exchange Traded Funds (EFTs, an investment fund that can be traded on the stock exchange) explained:

> One of my parents is in finance, so that was something that I learned a lot about growing up. The basics of investing and looking into it has always been something that I've been interested in. It's something I've done since I was probably fourteen, fifteen. MAN, 24, ACT

Another participant explained:

> I literally just put like $500 in crypto because my uncle's sort of good with that stuff and he gave me a few tips on what to invest in. WOMAN, 19, NSW

Of course, not all young Australians have the knowledge or access to relatives and friends who know how to invest in the stock market or cryptocurrency. For some, accessing these types of investments was sometimes an aspiration, but they felt that the lack of knowledge was a barrier that they had to overcome on their own.

> I have thought at times about getting into shares and that kind of thing, but it seems very complicated and potentially risky, and I haven't really had enough time to really get my head around it to the point that I would be willing to put more money into it. A lot of those more secure investment options are just not worthwhile. MAN, 24, SA

WORK

Pursuing tertiary education was often seen as a pathway to better-paid jobs and hence an opportunity to achieve financial security.

> I suppose the first two steps—that getting the diploma and the degree to ensure that I'm in a position where I can I maintain work—that will allow me to earn enough money to live comfortably, even if at low means without risking losing my house, jeopardising interpersonal relationships, losing the ability to provide those sorts of things. NON-BINARY PERSON, 24, NSW

Interview participants explained that having a permanent job that provides a secure and steady income was a prerequisite for working towards other financial and life milestones, such as buying a house or a car. Having a job and a regular income was often seen as needed for young people to have a sense of financial security and work towards long-term financial goals.

> Since I've had this job, I'm able to start planning towards things like getting a deposit on a house and buying a car, those kinds of big purchases. They are big steps in my life. MAN, 22, NSW

This was confirmed by our survey data, which showed that 58.4% of young Australians who were working for wages or salary reported regularly saving often or very often, compared with only 22.5% of those who were looking for a job but had not found one. Those who experienced unemployment in the previous two years were less likely (43%) to save often or very often than those who had not been unemployed (57.9%).

Although our survey did not show large differences in saving frequency between people whose work was and was not impacted by COVID-19, our interview participants indicated that reduced working hours were preventing them from saving. As one of the participants explained:

> The final turning point [was] last year when COVID hit Australia for the first time... reducing hours of my work as well, which prevents me from earning money for saving up for a house. So, that's pretty much a big barrier for me. WOMAN, 21, VIC

WELLBEING

Interview participants often linked financial security with more general feelings of wellbeing and optimism about the future.

> I'm never not in control of my finances at the moment, but I'd imagine that if I would feel not in control of my finances that could be one problem that can lead to another, so financial security is something that is really important to keep my sanity. MAN, 19, QLD

The Youth Barometer survey data showed that this was also the case for most young Australians: 75.1% of those who rated their mental health as excellent saved often or very often, compared with only 37.9% of those who rated their mental health as very poor. This connection was further described by one of the interview participants, explaining that he was saving with the aim of retiring early.

> So, if I want to ever pull back [from working], I won't be stressed at all. I've still got an income coming in, so my past self has looked after my future self. MAN, 19, QLD

Similarly, 26.1% of those who felt very pessimistic about achieving financial security in the future were saving often or very often, compared with 37.9% of those who felt very optimistic about achieving financial security in the future. This connection between saving and optimism about the future appears to extend beyond optimism about a financially secure future. Those who were optimistic about living in a comfortable home and about having a supportive network around them in the future were also more likely to save more often.

They were also less likely to stress about feeling 'stuck' in their lives. For example, 41.5% of those who reported very often feeling stressed about feeling stuck in life saved often or very often, compared with 67.6% of those who only felt this way very rarely. As one interview participant expressed, having the ability to take steps towards a financially secure future provided a sense of stability and control.

> Not having financial security would really impact my mental health. Not just because I'd be trying to figure out how stable I need to be or if I had to find an extra job or pick up more hours, not because of that balancing thing. I think it's more about independence and having that stability towards the future. WOMAN, 24, NT

This statement explains that not being financially secure can impact young people's perspectives about the future, with those who are not able to save having more negative feelings about their future. Nonetheless, as we have shown, young Australians who are able to save regularly are also better connected with their families and have a more stable work situation. These circumstances may contribute to these feelings of optimism about the future and general wellbeing well beyond their ability to save. As we explore in the following section, those who do not enjoy the same privileges often struggle financially and experience lower levels of wellbeing.

07 DEBT AND FINANCIAL STRUGGLES

Overall, 25.2% of young Australians self-reported experiencing financial difficulties often or very often during the last two years. This experience was shared across demographic groups, states and territories, and metropolitan or regional/rural locations, except for Aboriginal and Torres Islander young people, who were more likely to experience financial difficulties (43.3%).

Only 18.2% of young Australians reported never experiencing financial difficulties during the last two years.

The Youth Barometer survey revealed that 53.2% of young people in Australia used BNPL services. As it has been reported elsewhere,[25] the use of BNPL was similar across people with different age, gender, socio-economic status, states and territories, metropolitan or regional/rural location, except for Aboriginal and Torres Strait Islander young people, 77.6% of whom reported using BNPL services.

Young people who often or very often experienced financial difficulties were also more likely to use BNPL (76%) than those who never experienced financial difficulties (25.7%).

Despite this, almost half (49.4%) of young people thought BNPL services have a negative effect on young peoples' financial behaviour in Australia. Unsurprisingly, the perception of BNPL was less negative among those who used BNPL products (28.7%) than among those who did not use these products (72.9%). This perception probably extends to other forms of debt, as expressed by one of the interviewees.

> “I just don't want to live my whole life paying things off. I want to reach a point in my life where I can have a good number of years to just enjoy the money that I have left, the money that I've earned, without having to worry about making repayments or things like that. MAN, 20, VIC

We now explore how these experiences of financial struggles intersect with other lived experiences. Since young people who used BNPL services were also more likely to struggle financially, these intersections apply to both financial struggles and the use of BNPL services.

HOUSING AND FAMILY

Earlier in this report, we discussed how families were an important source of support for young Australians; however, this was not the case for all young people. Instead of being supported by their families and carers, some young people found themselves in the role of supporters or providers. As explained by one of our interview participants:

> I want to give [my dad] as much leeway to actually be able to create [a] financial platform so that he can retire when he wants to retire... once he's there, I don't think I'll have to give him whatever I can and if I'm living with him, I still pay rent because it's just the right thing to do.
>
> NON-BINARY PERSON, 24, NSW

According to the survey data, young Australians who were able to seek support from their parents or guardians were more likely to never experience financial difficulties. For example, 23.5% of those who never sought assistance from their parents or guardians for issues that were important to them reported experiencing financial difficulties often or very often.

This compares with 19.1% of young Australians who very often sought assistance from their parents or guardians. Similarly, 22.6% of those who lived in their family home experienced financial difficulties often or very often, compared with 33% of those who lived independently. Living in the family home acted as a protective factor from financial struggles.

> There's definitely been times where I myself haven't had financial security, but I live in a home that does, so I've never had experiences of having to worry on a really deep level about where I'm going to get the next... my next pay cheque from I guess.
>
> WOMAN, 20, NSW

WORK

The Youth Barometer survey data showed that a lower proportion of young Australians experienced financial difficulties when they were working for wages or salary (18.4%) than when they were in other occupations, such as having a work experience position without pay, working in a family business without pay, doing volunteer work without pay, or not currently working or employed (35.6%). As would be expected, those who experienced unemployment (33.7%) or underemployment (28.7%) in the last two years were more likely to experience financial difficulties than those who did not (12.3% and 11.8%, respectively). Similarly, 36.7% of those whose work situation was very significantly impacted by COVID-19 experienced financial difficulties often or very often, in contrast to 16.1% of those who reported that their work situation was not impacted at all.

This finding initially seems to be at odds with the finding reported above, according to which there were no large differences in saving frequency between those whose work situation was and was not significantly impacted by COVID-19. However, it is likely to be driven by differences in the groups of people whose work situation was impacted by COVID-19. We know that COVID-19 disproportionately impacted the work situation of those who were already vulnerable.[37] Their saving frequency was likely not affected because they already had a very low saving frequency pre-pandemic, as their income would just allow them to make ends meet. However, losing hours of work, or their job entirely could have led to the more frequent experiences of financial difficulty evidenced in the survey.

During the interviews, participants mostly talked about jobs as providing opportunities to save money and foster their financial security. They were not asked about experiences of financial difficulties; however, they did see the lack of access to jobs as a potential barrier to financial security. As a participant explained:

> When COVID-19 hit, I couldn't move out and I felt like I didn't want to because I was worried for my family. I was worried about myself because, if I did move out with no job, I don't think I could've paid my rent.
>
> WOMAN, 21, NSW

WELLNESS

According to the survey data, young Australians who never experienced financial difficulties were more likely to report having excellent mental health (22.7%) in comparison to those who very often experienced financial difficulties (13.3%). This lower mental health rate for those who experienced financial difficulties may be linked to feelings of stress and inadequacy, as expressed by one interview participant:

> A lot of the time, asking for help with these kinds of things almost makes me feel incompetent, like, I see other people the same age as me who are doing so many amazing things with their life, and so then see myself struggling. I feel like if I asked for help, people are going to see how little I have achieved and it's just a fear of feeling inadequate, I guess. NON-BINARY PERSON, 20, WA

The survey data also showed a link between experiencing financial difficulties and experiencing stress because of feeling 'stuck' in life. More than half (50.2%) of those who very often experienced financial difficulties also reported being very often stressed about feeling 'stuck' in life, compared with 17.8% of those who never experienced financial difficulties.

More than half (50.2%) of those who very often experienced financial difficulties also reported being very often stressed about feeling 'stuck' in life.

To a limited extent, this experience also shapes feelings of optimism about the future; however, optimism does not drop as strongly as might be expected. Survey data showed that 59.8% of those who never experienced financial difficulties felt optimistic or very optimistic about achieving financial security in the future, as did 50.2% of those who had experienced financial difficulties very often. This similarity might be explained by feelings of financial struggles being temporary, or as something that happened at a specific point in time but will not continue into the future. As one interview participant explained:

> Definitely the prices of things [are a barrier to financial security] because for most people, they can earn enough but the prices of everything is going up and wages aren't and then just looking at the current environment, not that this pandemic will go on forever, but as of right now it's playing a role in the global market. WOMAN, 22, ACT

08 CONCLUSIONS AND IMPLICATIONS

The findings of this report have implications for young people across their housing situation, family connections, work, wellbeing and other broader contextual factors.

Housing costs were identified as a barrier for saving and hence those living in their family homes were able to save more easily and were less likely to struggle financially. Many young people who are unable to live in their family home and are responsible for paying their own rent need support. This support might take many different forms. Higher rent assistance or wider social housing provision could support young people who cannot live with their families. It has been shown that social benefits are not always effective in protecting people from hardship as even 11% to 14% of those in receipt of social support struggle financially to the point of experiencing food insecurity.[38,39]

1. LIVING AT HOME HELPED YOUNG PEOPLE SAVE MONEY AND PROTECTED THEM FROM EXPERIENCING FINANCIAL DIFFICULTIES

It should be recognised that the provision of social services will prove insufficient without coordinated policy efforts that promote an increase in real salaries for young people, either by reducing inflation or increasing wages and salaries.[39] In the last year, the cost of living has increased 6.1%,[40] while the average salary has only increased between 1.9% and 3%.[41] If this trend continues and the only support available to the young people struggling financially is the provision of social services, the stress on these services will be insurmountable. This is why any efforts to provide social support should also be accompanied with policy efforts to address these wider structural changes. Such a policy requires coordinated efforts between multiple agents, including local and national governments, the Reserve Bank, the Fair Work Commission and other entities.

The importance of connecting with family goes beyond providing accommodation, with family members often providing guidance about financial investment. Positive role modelling and informal learning in the home are also important to developing positive financial practices. However, young people who do not have this sort of family support are often restricted in their ability to make more profitable financial decisions. Financial literacy can make a difference on young people's financial decisions.[42] Educational institutions, such as schools, universities and TAFE providers could better ensure that every single young person is financially literate. Education needs to go beyond providing a list of educational resources[35] and needs to consider each young person's personal circumstances. It needs to consider what each young person can do with their current resources, and help them understand the benefits and drawbacks of different financial products when they are in a position to use them. This might mean incorporating activities that allow all students to have the mathematical skills to understand how different financial products work.[43,44]

2. HAVING A JOB HELPED YOUNG PEOPLE SAVE MONEY BUT DID NOT ALWAYS PROTECT THEM FROM EXPERIENCING FINANCIAL DIFFICULTIES.

Wider trends in the job market, including workforce insecurity and lower real salaries, impact young people's financial outcomes. Therefore, mitigating the impact of these wider trends, especially for those who are already at higher risk of unemployment or underemployment, is crucial for young people's financial wellbeing. Young people need stable and better-paid work, and government support when unemployed or underemployed, to live above the poverty line and boost their ability to save even under these conditions. At the same time, coordinated efforts are required to reduce the stigma and shame associated with receiving such type of government support.[45] Such efforts may include making information about how to access support programs more easily accessible and opening communication channels so that those who are supported are heard.[46]

3. YOUNG PEOPLE'S FINANCIAL DECISIONS DO NOT HAPPEN IN ISOLATION—THEY ARE CLOSELY LINKED TO SPECIFIC SITUATIONS IN THEIR LIFE SUCH AS FAMILY SUPPORT, WORK, MENTAL HEALTH AND HOUSING

This has implications for the regulation of financial products and financial advice. In particular, young people often access services such as BNPL because they have limited options and need to access funds to cover their needs. Any regulation that prevents access to credit services by those in need has to consider what alternative credit options are available for young people who need to source funds. This poses a challenge to regulators, who need to keep up with the rapid expansion of digital financial services, including those outside traditional banking products. Tackling this challenge requires a coordinated effort including critical financial education, corporate social responsibility and improved responsiveness of regulation.

More effort should be made to provide financial management education. Schools play a crucial role making sure that all students have access to adequate financial education, especially those students who lack family support. Such education should consider developing the following aspects:[47]

- Financial numeracy: Young people should have mathematical skills to understand simple and compound interest, and to compare credit and investment options.
- Financial literacy and language: Young people need to develop the vocabulary and working knowledge of financial products so they understand information about financial products, including terms such as expense, cost, revenue, profit, subsidy and concession pricing.
- Critical thinking: Students need the ability to ask critical questions and judge information when evaluating financial products and services, including information about hidden fees, and know how to protect themselves if the product (e.g. an investment option) fails.

4. YOUNG PEOPLE'S FINANCIAL SITUATION WAS CLOSELY LINKED TO THEIR WELLBEING

It should be made easier for young people to access a range of support services, including mental health support, when seeking help with financial difficulties (e.g. through rent assistance, unemployment benefits, or asking for financial advice). The relationship between financial hardship and mental health and wellbeing needs to be better understood by youth organisations and by state/territory and federal government agencies.

Financial hardship needs to be recognised as an issue that affects mental health and wellbeing, rather than treated as a personal moral failing or as a result of a deficit of financial self-control or other presumptions about individuals.[48]

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