

INVISIBLE MONEY

How do we prepare our teenagers for a world where credit is easy to get and hard currency is virtually invisible?

By Gillian Handley

According to a survey conducted in late 2013 by the consulting firm Impact Leaders, up to one-third of 18 to 34-year-olds (falling mainly within Generation Y) have no savings and struggle with debt. 2.5 million young people are considered to be financially excluded, without access to a basic bank account, credit card or insurance. Generation Y is often described as having unrealistic lifestyle expectations. They leave home later (in their late 20s or early 30s) and this is when they face up to financial reality for the first time. Leading financial commentator, Paul Clitheroe, has said of this generation that 'debt is the new black' and it can start with something as simple as a mobile phone debt. The average Australian 25-year-old owes close to \$4,500 on a credit card.

The 'wannabe' factor means that while marketers target the older teens, they influence the younger ones who emulate their elders. Social research company, McCrindle, says the 'Zeds' are the biggest consumers of any generation of children.

'Financial literacy will enable our teens to make informed decisions that will open doors to freedom, choice and opportunity.'

They are growing up faster, beginning puberty three months earlier every decade, starting their education earlier and are exposed to marketing younger. Research released by the Australian Media and Communications Authority (ACMA) in July 2014 found that 89% of 14 to 17-year-olds in Australia have a mobile and 69% of teens with a mobile use a smartphone. According to ASIC's MoneySmart website, 28% of 14 to 17-year-olds have bought or sold goods online. These teens are tech savvy and a retail checkout is just a tap or an sms away. Being smart about money is more important than ever before.



Luckily, Generation Z seems to be taking a sophisticated approach to finances.

Mission Australia's Youth Survey 2013 report presents insights from nearly 15,000 teens aged 15 to 19 years from across the country:

- Around one third of respondents placed a high value on financial security and getting a job.
- Of the top three issues that young people considered most important in Australia today, *the economy and financial matters* ranked highest.
- Many participate in paid employment. 34.8% of respondents (the majority of whom were in full-time education) were employed part-time and 35.6% were looking for work.

This is borne out by McCrindle's research, which asserts that Generation Z worries about adult concerns such as home affordability, getting a job, being successful and needing to make money.

Australia Post's in-house research has found that 15 to 24-year-olds want to control spending and practise sound financial management. Critically, they rely on their parents to help them in this. 'They rely heavily on their parents more than the internet for money management advice', says Christine Corbett, Executive General Manager Retail Services for Australia Post. In fact, 93 per cent of respondents aged 15 to 18 said they rely on their parents for information related to life management, such as money management.

Australia Post found:

- The majority of all respondents said they put aside some money towards the future and kept track of their money. Most also said they would rather save to buy something than use a credit card.
- 48 per cent of 15 to 16-year-olds and 78 per cent of 17 to 18-year-olds have a Tax File Number. The overriding reason for acquiring a Tax File Number was to get a job.