

Working women and their spending habits research

Westpac Massey Fin-Ed Centre survey of Women in Super members

Last year Women in Super collaborated with Dr Pushpa Wood at the Westpac Massey Fin-Ed Centre to carry out research on the spending habits of working women in the financial services sector.

The purpose of the survey and research

The data collected from the participants (through a spending diary) helped to gain insight into the spending habits of working women.

What was involved?

Survey participants were required to submit a fortnightly **spending diary** to the Fin-Ed Centre, over a 6 week period.

The survey focused on spending on **needs** and **wants** items – and sought information on what type of things women spend their money on and whether women plan before they spend or have a spontaneous nature of spending.

Who participated?

32 women volunteered to participate in the survey. 1/3 (12 women) of participants provided further details about their age bracket and salary range – as follows:

Age profile		Salary range	
51 – 60	6	\$66,000 – \$75,000	2
31 – 50	5	\$86,000 – \$100,000	2
20 – 30	1	\$100,000 plus	8

The results

Of the total 32 respondents the overall spending ratio on needs and wants was 48:52. That is; **48% of all expenses were spent on 'needs' and 52% of all expenses were spent on 'wants'**.

Additional questions and further analysis

In order to better understand these results - Dr Pushpa Wood asked participants three follow-up questions about what they learnt from the experience. A total of 20 responses were received to these follow-up questions:

1. Now that you have completed your three spending diary templates, please tell us how did you find the experience?
2. Were there any surprises in your spending habits that you were not aware of?
3. As a result of maintaining your spending diary for six weeks, do you plan to make any changes to your spending habits? If yes, what changes do you plan to make?

Further analysis of the additional feedback and verbatim responses to the follow-up questions showed that though quite a few participants responded that they were doing ok to start with in terms of managing their spending, the majority still felt that they could improve on their spending and/or change some of their habits as a result of this experience.

Interesting observations

Of those who responded to the above questions:

- there was pretty much a 50/50 split between those who said there were a few surprises in their spending habits that they hadn't been aware of and those who weren't at all surprised by their spending.
- There were lots of comments (1/3 of all respondents) about how much people spend on food and drink (i.e. lunches).
- In response to the question about whether respondents would be likely to make any changes (big or small) to their future spending habits – 13 women (65% of respondents) said yes.

Quotes from participants

- *"This certainly clarified my spending on clothes. Clothes are my big extravagance and I should spend less".*
- *"Interesting and scary!plus how expensive children are."*
- *"Found that we just spend money without any thought or planning".*
- *"I noticed that my husband actually spends a lot more than I do so we are going to review how we allocate ourselves "spending money" in the future".*
- *"Amazing how much money gets spent that you don't "remember".*
- *"I was left thinking that too much of my money gets spent on food and wine".*
- *"I am also going to "save" more money each time I get paid and make myself live off the balance".*

Background from Westpac Massey Fin-Ed Centre

Why do we think this research is needed?

The OECD has renewed its focus on youth and women in improving financial literacy.

Financial Hardship: Problem debt; Snapshot 17: September 2012 document has summarised the work done by the Families Commission in this field and has formed the view that:

- Being in debt has an emotional and practical toll on families. They may have difficulty meeting food, transportation and health needs, and engaging in normal family activities.
- Budgeting services can make a real difference by showing families how to reduce their problem debt, giving them the skills they need to take control of their situation.
- Rather than early 'intervention', it is more useful to focus on early engagement, and connected relationships within a community. We should not underestimate the ability of people to make good financial decisions in the right environment.

We are aware that a number of government funded initiatives are in place to improve the financial literacy levels of women. However, there still appears to be a shortage of documented research that provides information on:

- how women and especially working women make financial decisions;
- specific needs of working women at different life stages that are not met;
- what information sources they use to make such decisions; and
- what, if any, targeted resources might be available to help them make such decisions.

This primary research will provide much needed data to inform future work.