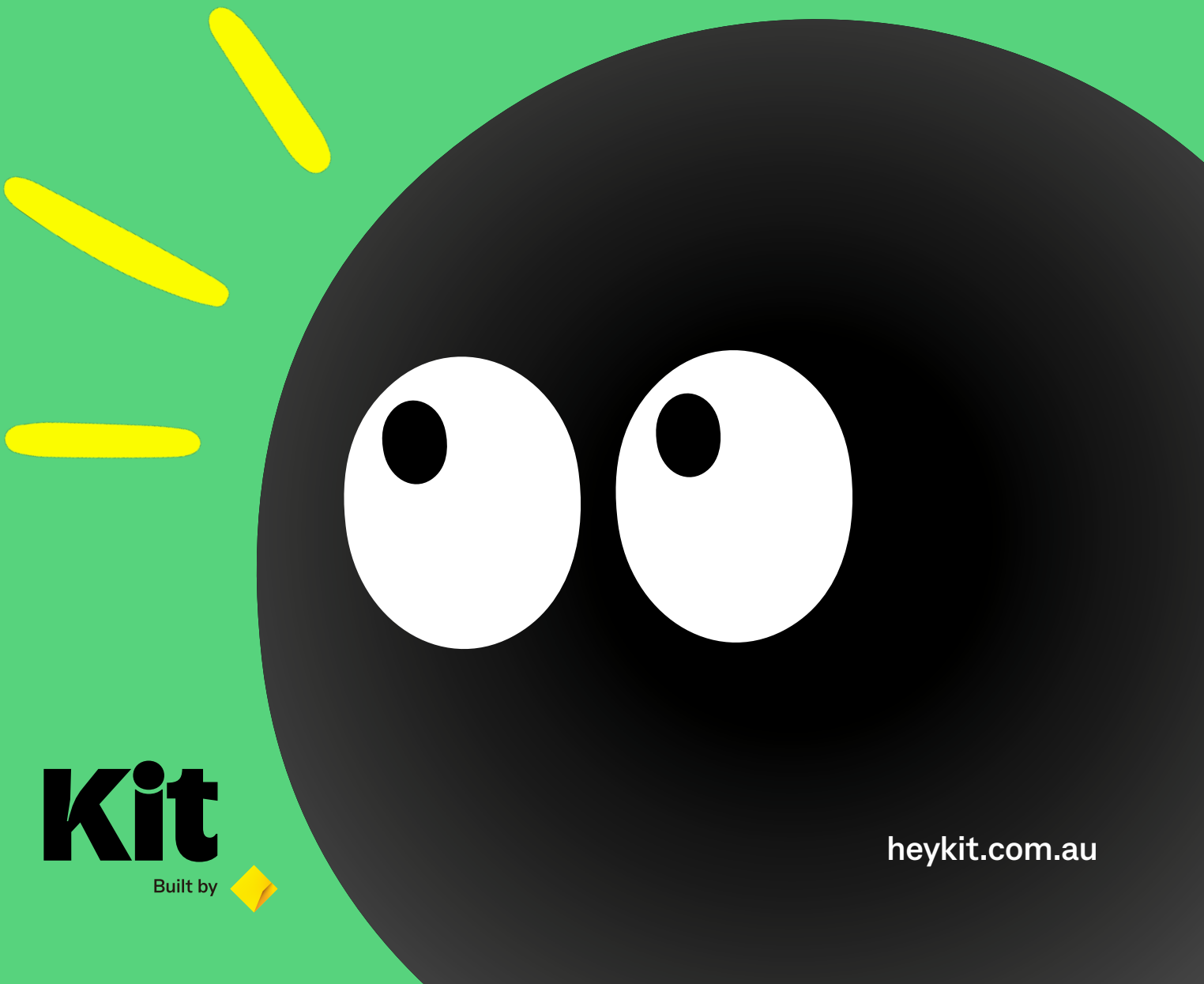


Money matters

A Report into Kids' Financial Capability in Australia



Kit
Built by 

heykit.com.au

Executive summary

Dear reader,

It is with great pleasure that we publish the inaugural Australian Money Matters Report, brought to you by Kit, built by CommBank.

[Kit](#) is a new kids money app, built by [CommBank](#), that aims to revolutionise how kids learn to earn, save, spend, and manage money in the digital economy. At Kit, we're passionate about our mission to improve the financial capability of kids in Australia and helping families have more healthy and stress-free money conversations.

We knew improving financial capability would be a difficult task, and even more difficult to measure. But we also knew it would be important to ensure we were genuinely helping our kids become financially confident, capable and resilient in the new world of money. That's why when we launched Kit in May 2022, we committed to reporting on whether our app was on track to aid our mission.

Even before we named our app, we engaged independent organisations like [Ernst & Young, Australia \(EY Australia\)](#) and the [Behavioural Insights Team](#) to develop frameworks to design our core functionality upon and help us measure the impact of Kit on kids' financial capability. And now we're here to announce our results.

We're excited to share that after four months of using Kit, thousands of families in Australia have seen a positive impact on their kids' financial capability. Families using Kit were having more conversations about money, with kids more likely to save money, earn money on their own, and apply positive spending strategies such as price comparisons or waiting for a sale. These incremental changes prove we're heading in the right direction, and we're proud to see that Kit is making a difference.

We know Kit is still in its infancy, and there's a lot more work to do. Our mission is ongoing and as the digital world of money evolves, so too will our app. But we'll never lose sight of our core mission: keeping kids' financial capability at the heart of Kit.

Yish Koh

Manager Director, Kit
2023

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Introduction

At Kit's inception, we commissioned [EY Australia](#) to independently develop the [Young People's Financial Capability Outcomes Framework](#). This framework drew on other established financial capability frameworks and research into the financial needs of young people. Kit prioritised four key indicators from the framework to build into our app's core features and functionality. We then engaged the [Behavioural Insights Team](#) to independently develop an evaluation protocol referencing these indicators to enable us to measure the impact of Kit on kids' financial capability.

Since our launch, thousands of families across Australia signed up to test Kit with us. The core features of our Beta app enabled kids to earn, save and spend on their own, while encouraging them to have constructive conversations about money with their parents and carers. Guided by the protocol, we measured the impact using our app had over time.

Financial literacy is the knowledge and understanding of financial terms and concepts, but financial capability is much broader. For instance, a child who is financially capable doesn't just understand financial terms but can also talk about money in a confident and constructive way, make informed decisions about money and is confident in their ability to learn and apply financial skills.

Source: [Young People's Financial Capability Outcomes Framework](#), EY Australia

Measuring Kit's impact on financial capability



Methodology

Kit engaged independent behavioural specialists the [Behavioural Insights Team](#) to develop the Evaluation Protocol — the measurement and methodology to test the impact of Kit on children's financial capability. The primary mechanism to do this was a self-report survey for parents and carers of children who were using the Kit App. In the analysis, we compared responses from this survey with responses from the general population (a control group) to understand whether Kit is having a meaningful impact on children's financial capability. The analysis uses a difference-in-difference approach to control for external factors. More information can be found about the analysis in Appendix 1.0.

The evaluation required a survey to be sent to each participant in three rounds — once at the sign up of Kit to establish baseline, a second one after one month of app use, and a final one after four months of using Kit.

One of the key drivers of children's financial capability is financial socialisation, which basically means learning about money through conversations with family and other adult role models. So, it's important for Kit to have tools and features that make it easy for parents and carers to talk with their children about money in an engaging way.

Dr Bowen Fung, Lead researcher, Behavioural Insights Team



Primary outcome measures

The survey measures focus on four key indicators that map to the Young People’s Financial Capability Framework independently proposed by [EY Australia](#). The overarching themes of these indicators are:

Indicator	Description
Talk about money	Kids can have constructive conversations with family and peers around money.
Informed, empowered and conscious when spending money	Kids can apply strategies to manage their spending.
Plan for the future	Kids can set and meet savings and financial goals.
Safely and productively participate in the ‘earning’ economy	Kids can identify and seize sources of income.

Source: [Young People’s Financial Capability Outcomes Framework, EY Australia](#)



Timeline

Kit engaged independent survey provider YouGov to complete the fieldwork. This included conducting online surveys to users of the Kit App and the general population. Three surveys were sent to Kit users and the general population from the 31st of May to the 21st of December in 2022. On completion of fieldwork, the raw data was sent to independent organisation Behavioural Insights Team for analysis.

- Survey 1 corresponds to a baseline measure, when the beta version of Kit first launched (but before prepaid cards were sent out).
- Survey 2 corresponds to a short-term measure, one month after Survey 1, to assess early impacts of Kit.
- Survey 3 corresponds to a longer-term measure, four months after Survey 1, to assess the ongoing impact of Kit.

[^]While the surveys to Kit App users were hosted by YouGov, these were distributed by Kit to protect against sharing of any personal identifiable information.



Sample size

In total, 4,263 unique parents and carers provided responses relating to 5,736 children, over the course of the three surveys. While there was some dropout of respondents over time, this provided a total of 13,079 data points.

The ages of children that parents and carers responded about ranged from 6 to 18 years old. The Kit user group (treatment group) had fewer children between the ages of 13-18 than the general population group (control group). However, this was controlled in the analysis.



Technical details

- All inferential statistics were performed using multilevel models.
- Analysis focused on responses about each child, controlling for parent and carer characteristics (e.g. income, location, education, number of children).
- We also controlled for the age group and gender of each child.
- Statistical significance was based on the interaction between Kit use (treatment) and survey number (time) at standard thresholds (i.e., $p < 0.05$).
- We compared Survey 2 and 3 to Survey 1 in separate analyses. Results were mostly similar, but due to attrition we were better powered for the short-term survey data.
- For more details on the estimation strategy, see Appendix 1.1.



Making an impact: The results

Survey responses were analysed by the Behavioural Insights Team to provide an independent evaluation on the impact Kit is having on children's financial capability.



Solving real world problems is one of the most effective ways to develop financial skills, one of the biggest sources of financial capability is personal experience.

Dr Emily Heath,
'How do we really build financial capability? 10 principles for financial interventions'

Talk about money

After using Kit, more parents and carers had conversations with their children about money. Parents and carers also had more *frequent* conversations about money with their child.

Financial Capability Indicator:

Talk about money.

Key outcome domains for this Indicator:

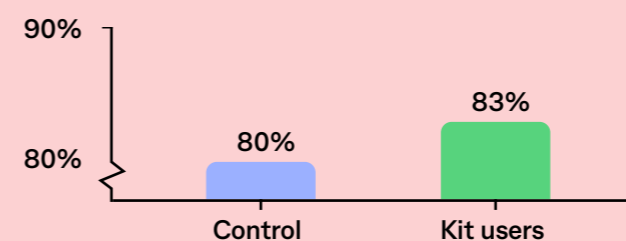
- Can have constructive conversations with families and peers around money.
- Can ask for help with money when they need it.
- Can set and respect appropriate boundaries with family and peers about money.
- Can support those around them to make informed decisions.

Parents and carers were asked:

- In the last two weeks, did you talk to your child about money?
- How many times in the last two weeks did you have conversations with your child about money?

The result

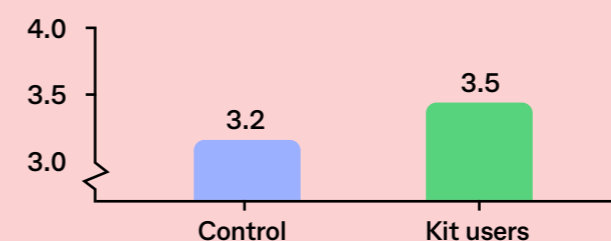
Parents and carers that talked to their children about money in the past two weeks



The evaluation found that parents and carers were 3.7% more likely to talk to their children about money.

There was an 8.4% increase in the number of conversations parents and carers had with their kids after using Kit.

Number of times parents and carers had conversations with their kid about money in the past two weeks



With Kit we're having more conversations around money. Rather than sporadic opportunities, because they're using it weekly we can have more conversations.

Kit Boss and Mother of three, children aged 6, 9 & 11 years old

The above results reflect statistical modelling of our short-term survey data, which includes controls for age, gender, and carer characteristics. To view the raw data, see Appendix 2.0. Graph squiggles indicate truncation.



Informed, empowered and conscious when spending money

Children using Kit were more likely to apply spending strategies to their purchases.
No significant difference was found when observing if children bought things with their own money.

Financial Capability Indicator:

Informed, empowered and conscious when spending money.

Key outcome domains for this Indicator:

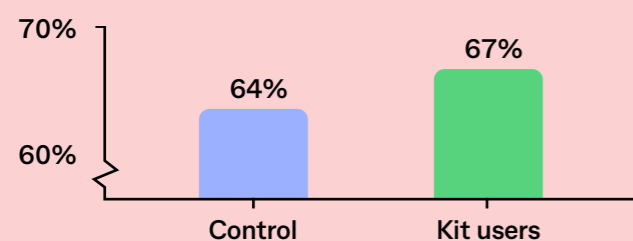
- Can identify influences on their financial decision making.
- Can regulate their spending.
- Can select products and services that align to their needs and values.
- Can understand and advocate their rights as consumers.
- Can track their spending and financial commitments.

Parents and carers were asked:

- Do your children apply any strategies when making a purchasing decision?
- Does your child buy things with their own money?

The result

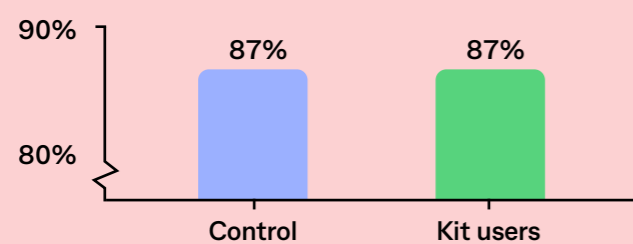
Children that apply spending strategies when making a purchasing decision



Children using Kit were significantly more likely to apply strategies when buying things after four months of using the Kit App, with a 4.6% increase in reported behaviour. This may involve comparing prices or waiting for a sale.

We saw no significant difference when it came to whether children using Kit bought things with their own money.

Children that buy things with their own money



I like doing jobs because it's an opportunity to get money, but I'm looking forward to it more because I have my own card.

Kit user, 9 years old

The above results reflect statistical modelling of our long-term survey data, which includes controls for age, gender, and carer characteristics. To view the raw data, see Appendix 2.0. Graph squiggles indicate truncation.

Plan for the future

Children using Kit were more likely to save money.

Financial Capability Indicator:

Plan for the future.

Key outcome domains for this Indicator:

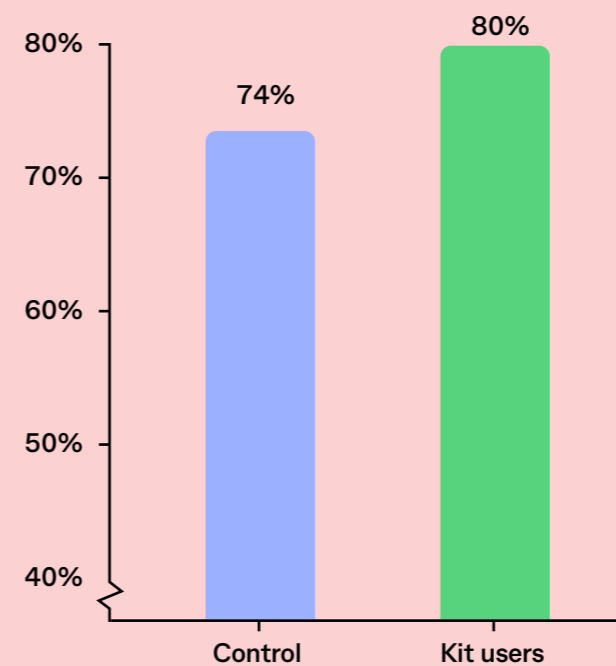
- Can set and meet savings and financial goals.
- Can make financial decisions in their best interests.
- Can recognise their power of investing to create wealth.
- Can prioritise long-term over short-term financial outcomes.

Parents and carers were asked:

- Does your child save their own money?

The result

Children that save their own money



Children using Kit were more likely to save their own money, with a 7.8% increase in parents and carers reporting this behaviour.

Felt good to have the opportunity to scan my card and you can save up and do jobs.

Kit user, 8 years old

The above results reflect statistical modelling of our short-term survey data, which includes controls for age, gender, and carer characteristics. To view the raw data, see Appendix 2.0. Graph squiggles indicate truncation.



Safely and productively participate in the 'earning' economy

After using Kit, children were more likely to earn money on their own by doing chores and housework or receiving pocket money.

Financial Capability Indicator:

Safely and productively participate in the 'earning' economy.

Key outcome domains for this Indicator:

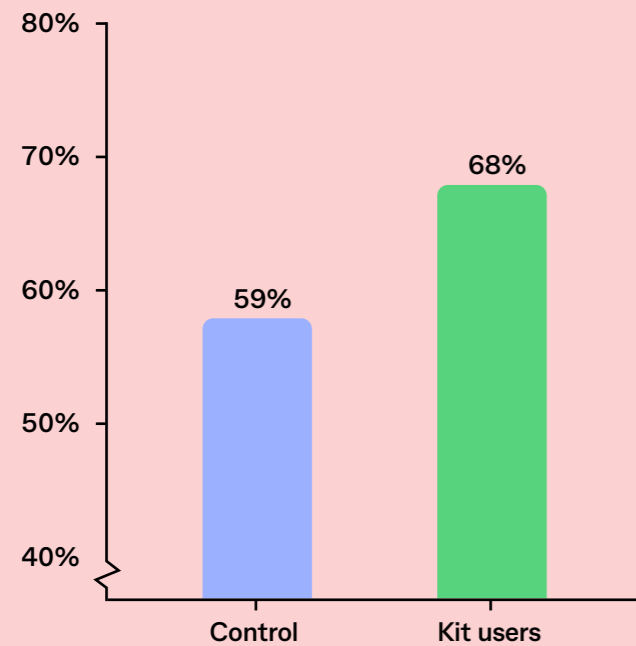
- Can identify and make use of sources of income.
- Can understand and navigate the relevant systems related to earning.
- Have relevant entrepreneurial skills.
- Can protect themselves from workplace exploitation and advocate for their rights.

Parents and carers were asked:

- In the last two weeks did your child earn money on their own either in a formal or informal capacity (e.g. pocket money, official work, household chores, etc.) or receive money from you (e.g. an allowance)?

The result

Children that earned money in the last two weeks



Children using Kit were significantly more likely to earn money on their own, with a 14.2% increase in parents and carers reporting this behaviour.

I found the Learn It side hustle (in app guided story content). I didn't have any money, so I came up with the drinks idea. I asked my Dad to be my money lender for supplies and I would give 10% of all profits.

Kit user, 11 years old

The above results reflect statistical modelling of our short-term survey data, which includes controls for age, gender, and carer characteristics. To view the raw data, see Appendix 2.0. Graph squiggles indicate truncation.

Conclusion

This evaluation has shown that, even at this early stage, Kit is having a positive impact on kids' financial capability. With measurable impact as our guide, we have big dreams to do more - building out a truly personalised experience that adapts to the needs of kids and continues to nudge them towards positive financial behaviours by delivering just-in-time, fun and engaging learning content. Our goal is to increase their self-efficacy, financial confidence, skills and understanding; bringing kids and their parents and carers together to create a new generation of financially capable adults.

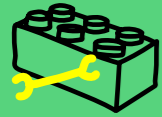
Download Kit



Any parents that want to set up an account for their kids for some pocket money, I fully recommend this app. Your kids get their own card and you can set up a list of jobs that they have to complete before PayDay and if they don't get them done, they don't get paid. It's a great way of teaching kids about money!

Kit Boss and Mother

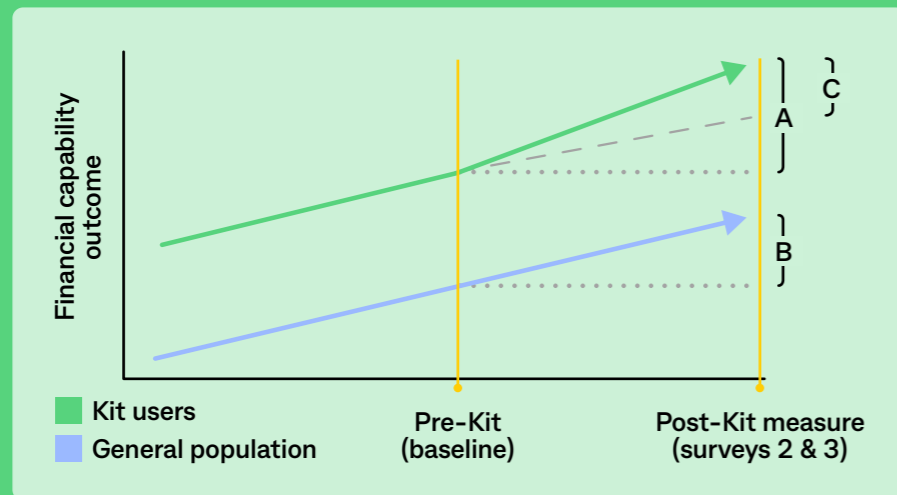
Appendices



1.0 Analysis

The analysis uses a difference-in-difference approach to control for external factors. The figure below demonstrates how this approach works. The orange lines show when measurements were made. The grey dotted lines show what would have happened if there was no change between our measurements. The grey dashed line shows what would have happened if Kit had no impact on outcomes.

- A: Represents the impact of Kit estimated without a control group.
- B: Represents impacts that are unrelated to using Kit, revealed in the control group.
- C: Represents the true effect of Kit when controlling for these unrelated impacts.



1.1 Estimation strategy

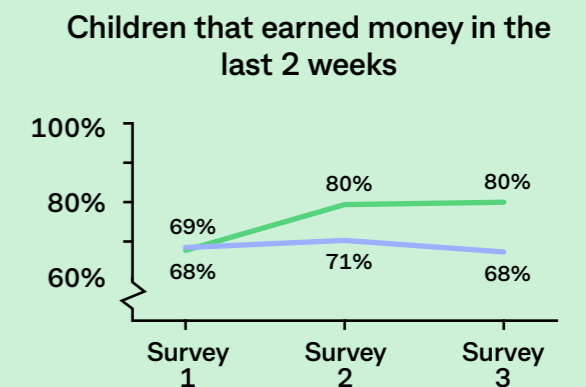
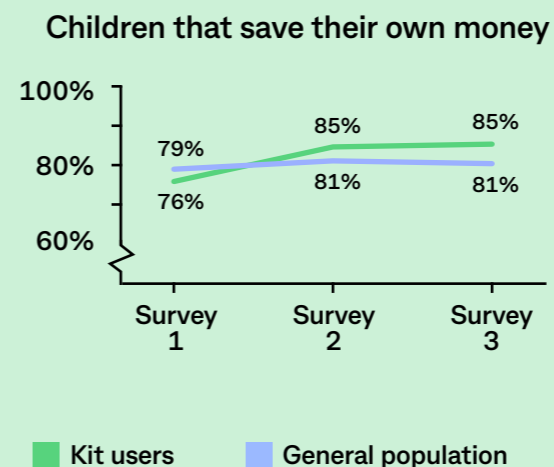
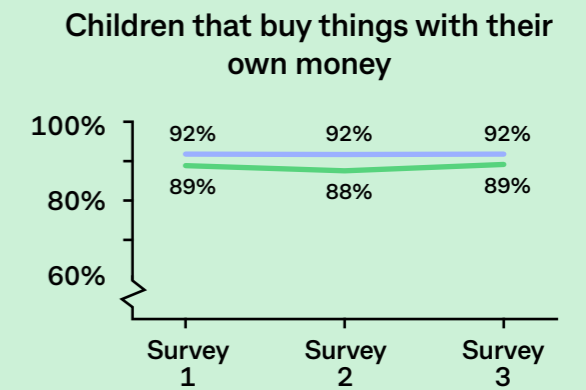
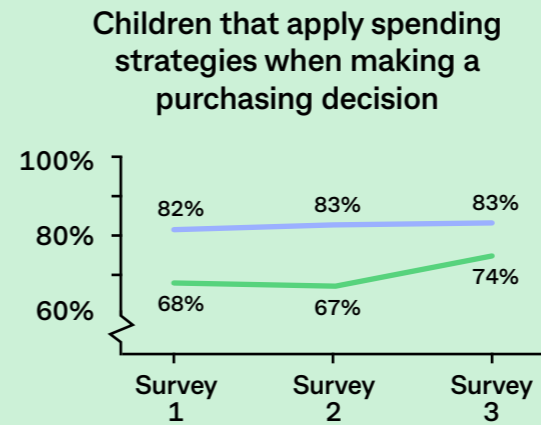
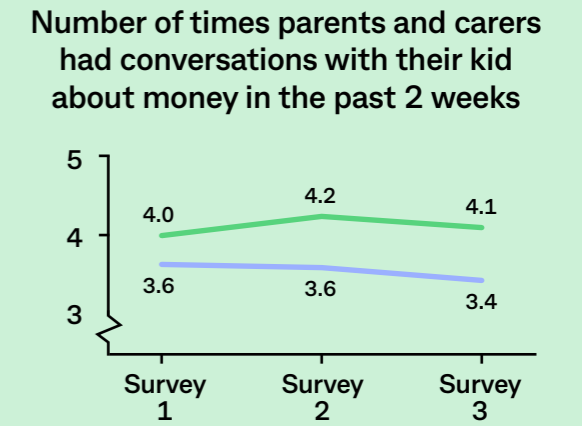
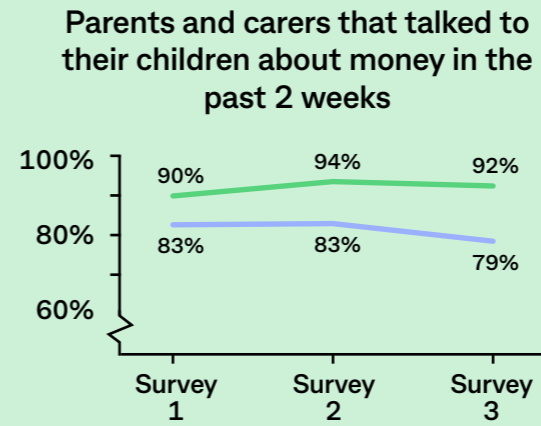
We conducted two separate regressions for each time point (one-month and four-month surveys). This separation was primarily to avoid issues using two-way-fixed effects estimators for multi-period panel data, and to allow us to address short-term and long-term behaviour change independently.

We used each child as the unit of analysis, controlling for parent or carer influence with a hierarchical random effect term. This implicitly controls for characteristics like education, income, location, and the number of children in the family. Covariates in this model include the child's age and the child's gender.



2.0 Raw data graphs

These visualisations plot raw data and do not control for covariates or other factors. The graphs represent results from the General Population and Kit users across three surveys.



About Kit

Kit is an earning-and-learning, mindfully-spending, money-mastering app for kids. Kit comes with a digital and physical prepaid card. Our mission is to accelerate the financial capability of young people in Australia. Through our app, we provide the tools and knowledge to harness the power and potential of money, helping families have more healthy and stress-free money conversations.

Kit is built by x15ventures, and wholly owned by CommBank. We are an early-stage venture, which means we're endlessly improving and experimenting to deliver the best experience for young people and their parents and carers. Kit financial products including the Kit Account and the Kit Card are issued by our partner Hay Limited (AFSL 515459). Refer to Important Legal Information for more detail.

Download Kit



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