

Support for financial mentoring in Aotearoa New Zealand

Industry Co-funding Paper



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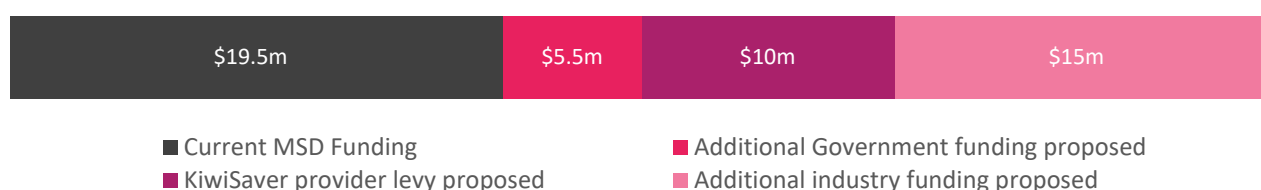
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Overview

While financial mentors improved the financial wellbeing of 30,654 households in 2025, they did so on only 45% of the steady funding currently required by the financial mentoring sector (Sector), based on the Ministry of Social Development's (MSD) 2023 costing metrics. Government hardship modelling also shows an actual need which is four times greater, for at least 132,000 households.

This paper presents FinCap's analysis and recommendations for a \$25m levy from industries that benefit from the work of financial mentors across Aotearoa – a call for them to step up and provide a portion of the funding for this essential work. This includes businesses within the banking, lending, KiwiSaver, financial services, energy and telecommunications sectors. FinCap is also calling for the government's contribution to increase, bringing the total funding for the Sector up to \$50m. This presents a significant increase from the Sector's current operating budget of \$19.5m, which this paper shows to be unsustainable now and leading into the future.

Proposed financial mentor funding contributions



First, we outline how financial mentors provide an essential service to Aotearoa's communities that extends well beyond the role of 'budgeting advisor'. Financial mentors work hard daily to provide a 'fence at the top of the cliff' for whānau experiencing financial difficulty or struggling with debt repayment, often preventing these challenges from spiralling into ongoing non-payment or deteriorating physical health, mental health, and social cohesion. Many clients will interact with a financial mentor on the worst days of their lives.

Next, we demonstrate that while the Sector is currently performing at a comparable level to its equivalent in other jurisdictions such as financial counselling in Victoria, Australia, the existing level of steady funding is far below what the Sector requires to keep functioning at this level. This funding gap comes at a time when financial mentors are meeting an unprecedented demand from clients with increasingly complex debt.

We have conservatively estimated the size of Aotearoa's financial mentoring sector as 318 full-time equivalent (FTE) mentors, based on the number of mentors recognised by FinCap, and the percentage of mentors who currently get a share of MSD's funding.

While MSD currently provides much-needed steady funding for the equivalent of 144 (45%) fully funded FTE,¹ the remaining 174 (55%) FTE are surviving on local government funding, donations and volunteer labour. This presents a significant risk to communities, businesses and the wider economy of a reduction in available mentors, highlighted by the fact that (in a recent survey) 48% of mentors are unsure if they will still have jobs in two years due to current funding levels. If the Sector was fully funded according to MSD's 2023 metric, it would need to be funded to the level of \$43m per annum just to maintain current service levels, without yet factoring in inflation.

We then outline \$50m as the conservative figure that would actually begin to future-proof the Sector over the next three-to-five years. Data from government and academic modelling demonstrates a far greater need than the Sector has the capacity to meet, and this will have negative flow-on effects for years to come. Modelling from the **professionalised** Australian financial counselling sector estimates a societal return on investment of between \$3.70 and \$5.30 for every dollar spent on that sector. Unmet need signals an opportunity for Aotearoa's Sector to have an even greater impact on societal wellbeing through increased investment, including through its own professionalisation programme, which FinCap has begun with its *Te Tāpapa: Professionalised Workforce Development Framework*.

¹ MSD has set the level of funding required by the sector at 181.5 FTE, but only provides 80% of this.

Building on this analysis, we then present why we are calling for an industry levy. Creditors are a key beneficiary of financial mentoring, as it is their customer base that is being assisted by financial mentoring services. Timely intervention from a financial mentor means that customers are more likely to repay debts and gain a better financial position from which to engage with banks, lenders and utilities companies.

Many businesses already refer their customers to financial mentors; several sectors are required to by legislation or their codes of conduct. As such, financial mentors are an essential part of the financial services ecosystem and need to be supported by the industries within it.

KiwiSaver providers also rely on the labour of financial mentors to assist many of their customers in navigating hardship withdrawals. When alternative options to withdrawal are found and presented by mentors, KiwiSaver providers benefit from the money remaining in the fund (as does the overall economy). When withdrawals are successful, they significantly increase the ability of customers to make urgent debt repayments, which prevents debt spirals and further benefits other industry stakeholders. We have identified KiwiSaver providers as the ideal starting point for a levy and present the reasons why.

Standing this levy up at pace would give hope to financial mentors who are uncertain if they can continue in their essential roles, supporting whānau and communities who are in need now. We look forward to discussing this with government and other involved stakeholders.

Financial mentors are an essential community service to invest in

“For some of the people who come to us, we see them stressed and often on their worst day.”
– Anonymous mentor from the Gisborne region

Financial mentors offer free and vital support to communities across Aotearoa. They work hard to prevent financial difficulty from spiralling into issues with ongoing non-payment, or having a wider impact on physical health, mental health or social cohesion. FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting these services throughout the country.

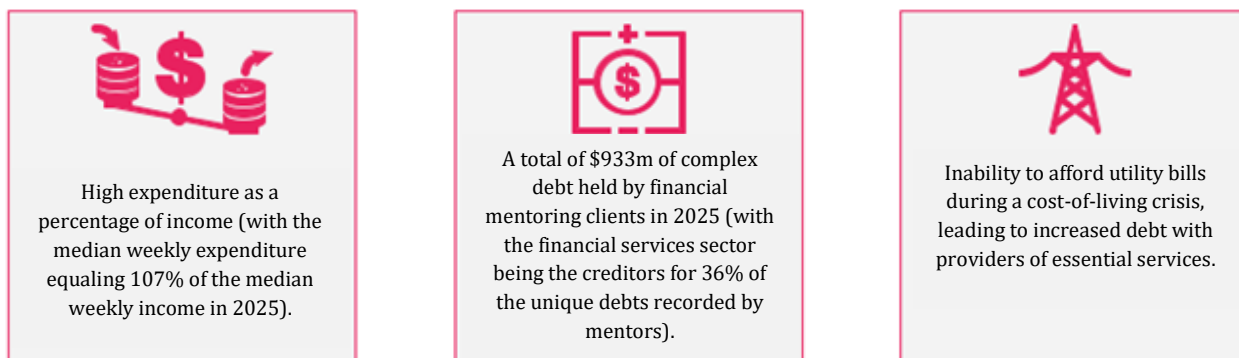
Financial mentors support clients to:

- identify financial goals and the options available to achieve these goals based on an accurate understanding of their current financial position
- find greater weekly income, either through increased employment or access to entitlements
- develop skills in budgeting and managing debt, including the use of tools like budget worksheets and debt schedules to help them achieve financial stability
- navigate their debts and expenditure, and access emergency funds through mechanisms like hardship grants or KiwiSaver hardship withdrawals
- build connections with local resources such as foodbanks, affordable credit in the form of microfinance, and other government services.

Financial mentors are an essential part of the financial services ecosystem, providing a ‘fence at the top of the cliff’ for whānau who are undergoing significant financial challenges. Recent analysis commissioned by Financial Counselling Victoria Inc. (FCVic) estimated a social return on investment between \$3.70 and \$5.30 for every dollar spent on the **professionalised** financial counselling workforce in the State of Victoria.² Society-wide benefits from financial counselling could be seen across the health sector, within the workforce and housing market, and through lower exposure to family violence.³ Funding financial mentoring is in our society’s best interests.

Year-on-year, we are seeing increased demand for financial mentoring in Aotearoa, and the needs of financial mentoring clients also continue to grow. In 2025, we saw a record number of client cases closed at 30,654, up 5,514 (22%) from the previous year. This is 30,654 households who mentors have supported to achieve better financial outcomes.

FinCap’s Client Voices data, published annually in the *Voices* report⁴, demonstrates that the ongoing cost-of-living crisis is only getting worse for many whānau. Many of those who seek financial mentoring are at high risk of getting caught in debt spirals. The graphic below provides a brief overview of the challenges that clients are facing.



² Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Victoria: the Next 10 Years, Volume Two](#). p. 8. The financial counselling sector in Victoria, Australia is a useful comparison to the financial mentoring sector in Aotearoa, as the both the region and sector share many similar traits with our local context. Victoria has a population of 7m, and in 2023-2024, the financial counselling sector served 29,000 clients with a 237 Full-Time Equivalent (FTE) workforce. A key difference is that the Victorian sector is professionalised, while the Aotearoa sector is currently preparing for professionalisation. As such, this SROI estimate is closer to what we can expect in Aotearoa following investment in financial mentorship professionalisation, which FinCap is aiming to undertake by 2030 with *Te Tāpapa: Professionalised Workforce Development Framework*.

³ Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Victoria: the Next 10 Years, Volume Two](#). p. 9.

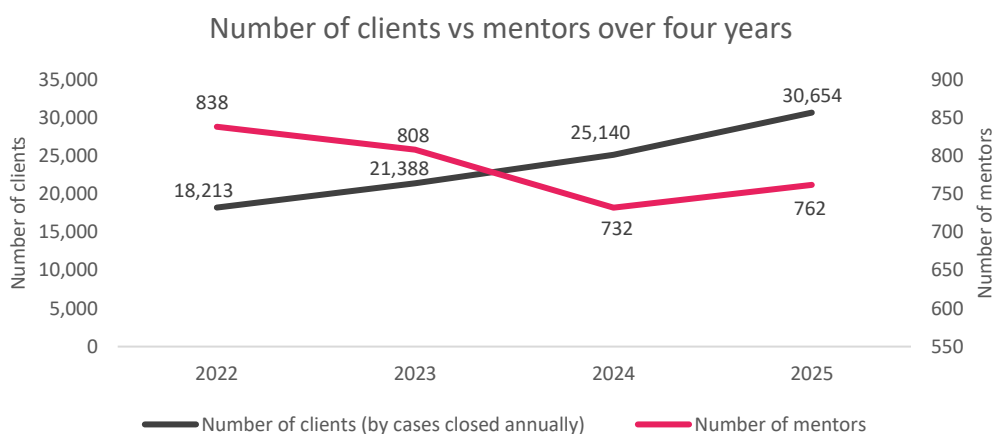
⁴ [The most recent Voices report](#) was for 2025; the data presented here will be featured in the forthcoming *Voices 2026* report.

While the sector is currently performing well, this will drop as funding insufficiency continues to bite

In Aotearoa, MSD sees the value of financial mentors and has committed to providing funding to the Sector. While MSD’s funding of financial mentoring is welcome, the current funding model is proving insufficient to cover the needs of whānau in our communities. The funding shortfall is leading to a significant level of uncertainty within the Sector, resulting in many experienced mentors leaving the Sector due to burnout, role cut-backs, increasing reliance on volunteer hours, or their services having to close the doors. This is particularly concerning in regional areas, leaving whānau without access to this essential support.

Financial mentors are performing on par with other jurisdictions but only half have a secure future

Looking at the Sector as a whole, we can see that financial mentors in Aotearoa are currently performing well and meeting the growing demand year-on-year. For the last four years, demand for financial mentoring has increased substantially, while the number of mentors has decreased.



FinCap conservatively estimates the total size of the financial mentoring workforce in Aotearoa to be 318 FTE mentors, based on the level of funding provided by MSD (set at 181.5 FTE, but only funded to 80%) and how many mentors receive a share of this funding (434, or 57% of the total number of mentors recognised by FinCap).⁵

While FinCap is yet to conduct its own workforce and caseload modelling, recent work conducted by FCVic found that the average ideal caseload as defined by financial counsellors was 18.7 per FTE, with a standard deviation of 7.6; the median was 20.⁶

FCVic then developed a comprehensive weighted caseload guide based on the complexity and duration of cases, the level of client-facing time a counsellor had in their role, and the FTE hours that counsellors were employed for. The upper range for a 1.0 FTE **professional** counsellor was recommended as 20-30 clients, with the vast majority of these being ‘Low Complexity’ cases that could be expected to last 2-3 months.⁷

If the 30,654 cases that closed in 2025 are given a conservative estimate of a 2–3-month (8-12 weeks) duration based on FCVic’s ‘Low Complexity’ weighting, we arrive at a conservative caseload-per-FTE estimate of between 16-24 cases for 2025 in Aotearoa.⁸ This is on par with the numbers seen in the FCVic survey and their subsequent guidelines, however it should be noted that many cases here are not ‘Low Complexity’ and require much longer engagements. The FCVic guidelines have also been developed for a **professionalised** sector,

⁵ 181.5 FTE/0.57 = 318 FTE. While detailed workforce modelling is yet to take place, many of the 434 mentors in services receiving some of the 181.5 FTE of funding from MSD are also being partially funded from other donations, or are volunteers.

⁶ Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Victoria: the Next 10 Years, Volume Three](#). p. 40.

⁷ Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Victoria: the Next 10 Years, Volume Three](#). pp. 59-61. It should be noted as well that these guidelines are recommendations only, and highly contingent upon other factors such as employee experience and training. It is also important to note again that the Victoria financial counselling sector is professionalised, and therefore likely has a higher threshold for what is expected of counsellors.

⁸ Assuming a 1.0 FTE has 48 productive weeks in a year, the equations are: $((30,654 \text{ clients}/318 \text{ FTE})/48 \text{ weeks}) \times 8 \text{ weeks} = 16$, or $((30,654 \text{ clients}/318 \text{ FTE})/48 \text{ weeks}) \times 12 \text{ weeks} = 24$.

which we are yet to develop in Aotearoa; when professionalisation does occur, we can expect the caseload capacity of professional mentors to increase.

The Sector in Aotearoa therefore appears to be operating effectively at a national level. We expect the capability of mentors to be further enhanced through the rollout of the *Te Tāpapa: Professionalised Workforce Development Framework* (referred to within this paper as *Te Tāpapa*), a programme of work that aims to see all financial mentors professionalised by 2030. This is expected, in turn, to increase the capacity of the Sector.

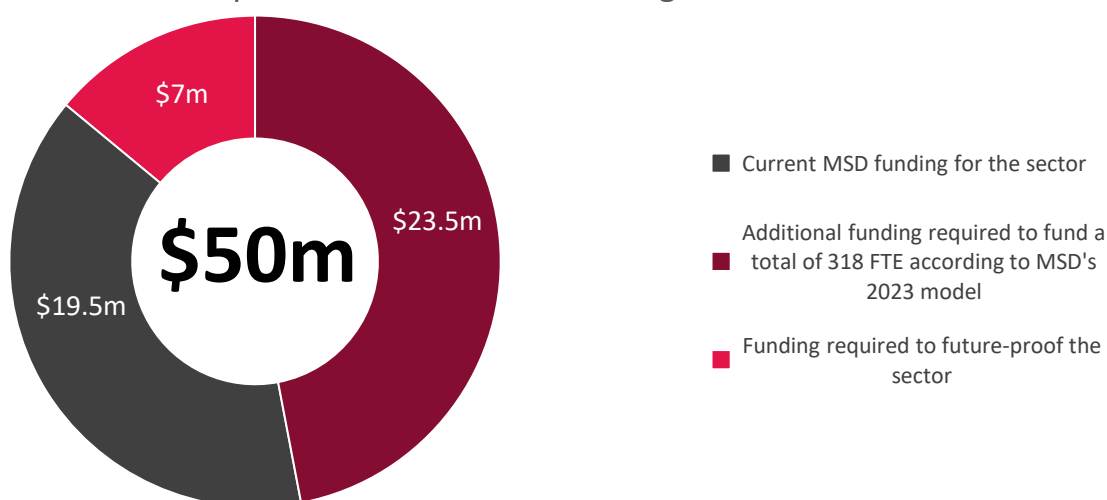
While the Sector is currently performing well, concern has been mounting for some time amongst FinCap and mentors alike that the steady funding within the Sector is being spread increasingly thin. This is as much to do with increasing client numbers as it is to do with the complexity of client situations that financial mentors are responding to, involving multiple debts, new forms of debt, a persistent cost-of-living crisis and consequent enquiries about KiwiSaver hardship withdrawals. FinCap’s recent mentor survey showed that out of the 117 mentors who responded, 48% were either unsure of their funding certainty for the next two years, or felt they had no certainty at all.⁹ FinCap is concerned about the risk of essential support eroding in communities with experienced financial mentors leaving after years of their own financial pressure.

Assessing the existing funding needs of Aotearoa’s financial mentoring Sector

A breakdown of the current funding model demonstrates that annually, the Sector only receives 45% of the steady funding it needs to ensure mentors can continue to meet client demand at existing levels.

As discussed above, we conservatively estimate the total number of FTE in the Sector as 318. MSD’s 2023 funding model places the actual cost of an FTE at \$135,000 per annum.¹⁰ That 318 FTE equates to \$43m in total annual funding, \$23.5m more than the Sector currently receives.¹¹ Therefore, \$43m would ensure the Sector can safely keep operating at its current level.

Funds required for financial mentoring in Aotearoa



The MSD funding is fixed on a four-year basis, meaning that services that have been successful in the tight tender-based funding environment will continue to receive the same amount annually until 2029.¹² Services employing unfunded and under-funded financial mentors who continue to address demand are unable to apply for MSD funding until 2029 when a new funding round begins. There is also no adjustment according to the Consumer Price Index during this three + two-year period.

The mentors receiving this funding are only a portion of the whole Sector. Outside the MSD funding, mentors may be volunteering or surviving on funding contributions made by local government as well as philanthropic,

⁹ *FinCap Satisfaction Survey February 2026 Analysis Report* (unpublished).

¹⁰ MSD (2023), *Financial capability services BFC Procurement Overview – BFC Sector* (unpublished presentation).

¹¹ 318 FTE x \$135,000 = \$43m. While MSD has set their funding allocation to 181.5 FTE, they only provide for 80% of this, resulting in \$19.5m annually under their 2023 funding model calculations.¹¹ This is effectively only 144 FTE (45%) of the total of 318 FTE in the sector, leaving another 174 FTE (55% of the sector) without steady funding.

¹² NZ Government (2023), [Building Financial Capability](#).

not-for-profit and private sector organisations. Relying on these often ad hoc and short-term sources of funding for an essential community service is a real risk to communities, businesses and the wider economy – it provides no certainty and is not sustainable in the long-term.

While \$43m is a significant increase from current funding levels, other indicators point to the fact that this would only allow the current level of service delivery to continue. This figure is also based on MSD's funding metric from 2023 and does not factor in the last three years of inflation or future inflation. FinCap estimates \$50m per annum as a conservative figure that would allow mentors to begin to meet rising need over the next three-to-five years. This is a \$30.5m shortfall from currently committed funding.

Looking forward, we know there is further unmet need within the community

Anyone in Aotearoa who needs to see a financial mentor should be able to access support in a timely way. This requires a Sector with more funding and resource certainty than currently exists.

While an increase to \$43m of committed funding would allow the status quo level of financial mentoring to continue without deteriorating, it would not go far enough to futureproof the Sector. This amount would not cover:

- rising demand for mentoring from the community, and rising complexity of cases
- new mentors to address gaps in need
- the costs associated with professionalising the Sector through *Te Tāpapa*
- transitioning to secure paid financial mentor roles for essential support in communities that currently rely on volunteers
- service cost pressures since MSD's costing metrics were modelled in 2023.

Currently, there is no provision for the capacity of financial mentoring across Aotearoa to remain adequate to meet the growing level of community need. While the year-on-year growth in client numbers is the clearest evidence of increasing need for mentoring within Aotearoa's communities, other government and academic modelling suggests that the actual need is far greater than what is currently being provided for by existing financial mentoring capacity.

The 'cost-of-living crisis' is far from over. The 2026 edition of the *State of the Nation* report, published annually by the Salvation Army, indicates that unemployment hit its highest rate in a decade at 5.3%, and that the workforce participation rate has fallen over the last two years from 72% to 70%.¹³ This has been coupled with two years of negative economic growth per capita after inflation adjustment, record numbers of working-age people receiving welfare benefits, and a large reduction in the average amount received through government hardship support payments (from \$394 in 2023 to \$310 in 2025).¹⁴

A single financial mentoring client generally represents a household seeking assistance, meaning that **30,654** households were served by financial mentors in 2025 – 1.5% of Aotearoa.¹⁵ However, the Ministry of Business, Innovation and Employment's (MBIE) 2024 reporting on energy hardship found that **132,000** households could not afford to keep their homes adequately warm in the previous 12 months,¹⁶ a strong indicator of financial hardship.

This finding was further advanced by a research panel at the Public Health Communication Centre Aotearoa, which critiqued MBIE's statistic and reported that using international modelling, the number likely to be in energy hardship was more like **360,000** households.¹⁷ Similarly, the Ministry of Health found that in 2025, around **208,000** children (21.4% of the total) lived in a household that experienced food insecurity sometimes or often.¹⁸

What this effectively means is that while 30,654 households were helped by financial mentors in 2025, the potential need is far higher, and many in the community may be missing out on essential support. The client numbers seen by financial mentors are only 23% of the 132,000 households assessed by MBIE to be

¹³ The Salvation Army, [State of the Nation 2026](#), p. 29.

¹⁴ The Salvation Army, [State of the Nation 2026](#), pp. 33-38.

¹⁵ Based on 2.02m households total in Q4 2024 – Stats NZ (2024), [Dwelling and household estimates: September 2024 quarter](#)

¹⁶ MBIE (2024), [Report on energy hardship measures – Year ended June 2024](#), p. 10.

¹⁷ PHCC (2024), [Energy poverty: The lowest-income households pay more in Aotearoa](#).

¹⁸ Ministry of Health (2025), [NZ Health Survey 2024/25](#).

experiencing energy hardship; financial mentoring client numbers could double, and the Sector would still only be meeting half of this need.

This need will result in even higher numbers of clients trying to access mentors, many of whom are already operating over capacity; if these clients cannot be assisted in a timely fashion, they risk entering debt spirals and experiencing other avoidable hardship outcomes.

As has happened in the past, it is likely that generous individuals will volunteer as financial mentors to assist their communities when need escalates. While volunteering is an immensely valuable part of the Sector, essential financial mentoring roles in communities that are currently reliant on volunteers should be converted into paid roles. Relying on volunteer labour is not a sustainable model for this essential Sector; it should be welcomed as a bonus.

Te Tāpapa also represents a significant investment to increase the capability (and in turn capacity) of financial mentors and ensure that all clients get the safe, high-quality support they deserve. While this entails a need for higher funding levels in several ways, it also means an expanded potential for innovation and much greater impact. If the societal return on investment of **professionalised** financial mentoring in Aotearoa is as high as is indicated by the FCVic study – at \$3.70 to \$5.30 for every dollar invested – investing in our Sector is a clear avenue to address the ongoing and increasing societal costs related to the hardship being experienced by over 100,000 households. Effectively, this represents an opportunity to mitigate numerous areas of socioeconomic hardship and remedial spending through targeted and timely intervention.

FinCap therefore recommends a conservative annual funding target of \$50m where no less than half of the total funding is from government. This leaves a projected gap of \$30.5m that needs to be raised from government (\$5.5m) and from industry (\$25m), for the reasons explained below.

We are proposing an industry levy to help close this \$30.5m funding gap

To fill this funding gap and help meet these challenges, FinCap is recommending the establishment of an industry levy, whereby businesses that benefit from the work of financial mentors contribute money to ensure that every person who needs support from a financial mentor can access that. Contribution through an industry levy is a win for both businesses and communities because it:

- means that businesses are feeding back into a support system that they directly benefit from
- strengthens the financial capability, health and resilience of whānau, allowing them to participate more effectively in the economy
- improves the ability of whānau to uphold their obligations as customers of creditors, enabling them to navigate complex debt and commit to repayments
- provides another pathway for businesses to make good on their social license to operate and demonstrate their commitment to public good.

Why industry?

FinCap and financial mentors have identified businesses in the banking, lending, KiwiSaver, financial services, energy and telecommunications sectors as the most appropriate industries to contribute to funding the Sector, as they:

- are major contributors to the demand for financial mentoring
- benefit in multiple ways when their customers receive financial mentoring.

FinCap conducted a survey of 131 mentors in early 2026. In summary, when mentors were asked to rank which sectors contributed the most to their workload due to the challenges clients were facing, five of the top six contributors were industry.¹⁹

1. *KiwiSaver*
2. *Lenders*
3. *Debt collection*

¹⁹ *FinCap Satisfaction Survey February 2026 Analysis Report* (unpublished). These six organisations were ranked on average between 9.5 and 7.9 on a 12-pt scale, forming a 'high-impact' cluster, with the next organisation ranking only 5.3 out of 12. This question had 116 respondents.

4. *Buy Now, Pay Later (BNPL)*
5. *Ministry of Social Development*
6. *Electricity provision*

Often, the challenges facing whānau involve consumer debt and navigating debt repayments. In Aotearoa, lenders are required to refer their customers to free financial mentoring services under the Credit Contracts and Consumer Finance Act 2003,²⁰ and energy providers are required to refer customers to financial mentors if they are experiencing payment difficulties.²¹ High percentages of financial mentoring clients report owing debts to such businesses.

FinCap and financial mentors recognise the need for good consumer debt and are actively involved in helping to balance regulation and consumer protections. For customers of responsible creditors such as finance companies, banks, telcos and power companies, this means that engagement with financial mentors leads to a greater ability to access and pay off useful debt, while minimising reliance on less helpful debt such as high-interest loans.

Many KiwiSaver providers also require engagement with a financial mentor for hardship withdrawals. Financial mentors then end up undertaking substantial work on behalf of clients to explore the best outcome, firstly helping with other options to keep the KiwiSaver intact, and secondly preparing the necessary evidence to enable a withdrawal. Results from FinCap's 2026 survey show that on average, mentors estimate 40% of their current workload is taken up with responding to requests for exploring KiwiSaver hardship withdrawals.²² This is the providers' work being done by mentors, for free. When an alternative option to withdrawal is found, the client's funds stay in KiwiSaver; when a KiwiSaver hardship application is successful, the resulting payout typically means that other creditors get paid. The work benefits other industry stakeholders, as well as KiwiSaver providers.

Therefore, while businesses in the banking, lending, KiwiSaver, financial services, energy and telecommunications sectors contribute to significant demand for financial mentoring, it is also strongly in their interests to support availability of financial mentoring.

Analysis on Client Voices data has provided initial insights into outcomes for 2025:

- clients who were referred to financial mentoring by banks increased their weekly debt repayments by a median of \$39.50 after working with a financial mentor
- 1 in 8 financial mentoring clients sought a KiwiSaver hardship withdrawal
- 75% of financial mentoring clients with a debt to a bank and 72% of those with a debt to a finance company were recorded as having their needs met upon concluding their financial mentoring.

It is also important to highlight that in recent years, Aotearoa was found to have significantly lower levels of corporate philanthropic donation than other nations in the OECD. Research by Simplicity in 2019 found that NZX50 companies contributed 0.07% of their pre-tax profit to charitable causes, compared to 1.75% on average from UK FTSE100-listed companies, 1% from large listed US companies, and 0.6% from the top 50 Australian listed companies.²³ A levy for the financial mentoring Sector would help to bring Aotearoa businesses' charitable contribution levels closer to the benchmark set by many of our closest partners.

International precedents

Industry co-funding models have been introduced for financial counselling in Australia, and for debt advice, money and pensions guidance in the UK, to address funding challenges like those currently being experienced by the Sector in Aotearoa. While the UK has established a levy, Australia relies on a voluntary contribution model. Analysis of both approaches shows that the levy model provides a much greater level of funding security and means that there is a guaranteed return on the investment required to establish an oversight body for the collection and distribution of funds.

²⁰ Credit Contracts and Consumer Finance Act 2003, 26B (2).

²¹ Electric Authority (2010), [Electricity Industry Participation Code 2010](#), 11A.1 (5), 'Working with support agencies and health practitioners'.

²² *FinCap Satisfaction Survey February 2026 Analysis Report* (unpublished). This question had 112 respondents.

²³ Simplicity Research (2019), [Community or Shareholder? A survey of corporate philanthropy in NZ](#); Simplicity Research (2019), [Survey shows Kiwis corporates trailing individuals in generosity](#)

Alongside government funding, financial counselling in Australia (the equivalent of financial mentoring in New Zealand) is partially funded by the Financial Counselling Industry Fund (FCIF), which collects voluntary contributions from industry sectors and subsectors that substantively impact demand for financial counselling services. Financial services such as banks, and utilities such as the energy, telecommunications and water sectors, are all organisations that have been targeted for contribution, with levels of funding and length of commitment based on negotiated agreements. The funds are distributed by an independent not-for-profit body through grants.²⁴

This model has seen a high level of buy-in, with more than 80 companies proud to be recognised as contributors.²⁵ However, the short-term nature of the funding agreements leaves a level of uncertainty for the sector, and currently identified shortfalls have not been met. A recent review by FCVic found that the FCIF is only receiving 26% of the funding target initially laid down in the 2019 review of the sector, which informed the establishment of the fund.²⁶

Following voluntary industry contributions for money advice that had existed since the 1990s, the UK government established a 'bank levy' to fund a new oversight body for money, debt, and pensions advice, called the Money Advice Service, in 2012.²⁷ Now managed by the Financial Conduct Authority and called the Financial Guidance Levy (FGL), this is a mandatory contribution determined by the size of each business, collected by the Financial Conduct Authority and distributed by various providers throughout England, Scotland, Wales and Northern Ireland.²⁸ The levies are targeted at the financial sector only.²⁹ Steady funding for the 2023-2024 period of £152.7m (\$345.9m NZD) was collected through the Financial Services Levy towards supporting the equivalent sector in England.³⁰

As with any initiative of this scale, there is an initial investment required to establish the independent body to administrate the collection and distribution of the fund. The FCIF required \$1.5m of public funds to be established, followed by ongoing costs.³¹ Their voluntary contribution model that it is operating, however, is currently seeing a lower return on investment than planned. A levy model in Aotearoa would set a level of guaranteed return on investment in the fund's establishment.

FinCap's recommended model

FinCap recommends an industry levy model, which would see the NZ government establish industry-specific levies to then be distributed to the financial mentoring sector via a new funding entity. This could begin with a hybrid involving targeted levies and encouraging voluntary contributions from industries yet to be levied.

Initial scoping work by FinCap in 2024 highlighted the considerations and infrastructure development that would have to take place in establishing an industry levy, including:

- where the levy would sit in legislation, with possible variations for different industries based on how they are regulated
- the body responsible and process needed for receiving and distributing the funds
- the industries required to contribute, and the metric by which their contributions would be calculated
- the timeline along which this would all be expected to occur.

Many of these decisions would have to be further explored during the policy development for establishing a levy and would be further influenced by the workforce modelling and development that FinCap needs to undertake as part of *Te Tāpapa*.

However, based on FinCap's current analysis, we are recommending the following to reach the required \$50m in steady funding:

²⁴ FCIF (2025), [Funding Strategy](#).

²⁵ FCIF (2025), [Funding Partners](#).

²⁶ Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Australia: An Investment in Economic Productivity](#). p. 9.

²⁷ Davey, R. (2022), '[Financialised Welfare and Its Vulnerabilities: Advice, Consumer Credit, and Church-Based Charity in the UK](#)', in *Ethnos*, 87(1), 78-96.

²⁸ FCA (2026), [Organisations we collect for](#).

²⁹ FCA (2026), [Organisations we collect for](#); Money and Pension Service (2023), [Funding and Operating Models of the Debt Advice Sector](#).

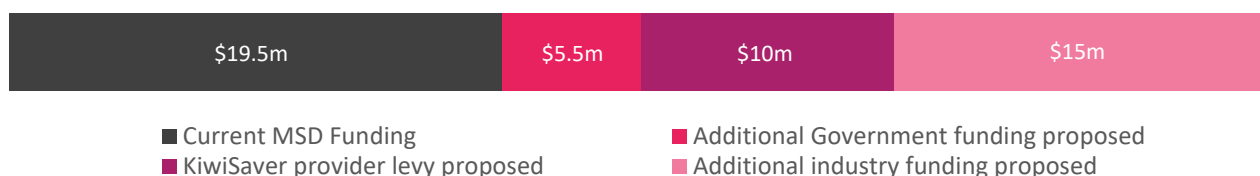
³⁰ Money and Pension Service (2024), [Annual Report and Accounts for the year ended 31 March 2024](#), p. 11.

³¹ Financial Counselling Victoria Inc. (2025). [Growing Financial Counselling in Australia: An Investment in Economic Productivity](#). p. 9.

- government to raise their funding by \$5.5m to \$25m, effectively the full 100% of the 181.5 FTE MSD currently partially funds, and 50% of the total required funding of \$50m; following the same logic as the industry levy, this additional \$5.5m could come from the operating budgets of government agencies (other than MSD) who benefit from the work of financial mentors
- the remaining \$25m to come from levies on industries in the following sectors:
 - Banking
 - Other lenders
 - KiwiSaver
 - Other financial services
 - Electricity
 - Telecommunications

While contributions from all these industry sectors are the ultimate goal, FinCap recommends that KiwiSaver providers be the initial starting point for a levy, as several indicators make them the most appropriate sector for establishing the model. As discussed earlier, FinCap’s 2026 mentor survey indicates KiwiSaver providers currently contribute the most to financial mentor workload. With 40% of mentors’ time being used to respond to clients’ requests for assistance with KiwiSaver withdrawal or identifying alternative solutions to withdrawing retirement savings, it makes sense that \$10m of the \$25m (40%) should come from KiwiSaver providers. Both providers and the overall KiwiSaver initiative benefit from financial mentors’ work.

Proposed financial mentor funding contributions



\$10m is only 1.15% of the fees paid, or 1.2% of the tax paid, by KiwiSaver members in 2024-25.³² It is likely to be an even smaller percentage if market commentators are correct in estimating over \$1b in fees in 2026.³³ A levy across the limited number of KiwiSaver provider supervisors, to be passed through on a market share basis, appears the least administratively burdensome approach for gathering the revenue.

The Financial Markets Authority (FMA) monitors and reports on KiwiSaver, and FinCap therefore recommends exploring an amendment to the levy system established in s68 of the Financial Markets Authority Act 2011. The amendment could also leave discretion to expand levies to other organisations licensed by the FMA through secondary legislation changes in the future.

The incoming levies could initially be held by the FMA, the Retirement Commission or MSD, and be used to help establish an independent, not-for-profit organisation similar to the FCIF in Australia. Remaining funds could then be granted as soon as possible through the independent organisation towards funding financial mentors. FinCap sees this independent model, with a lower establishment cost than Australia’s, as necessary for the flexibility to receive and distribute both levies and voluntary industry contributions from industries yet to be levied.

On top of the current \$19.5m of MSD funding, this initial \$10m would bring immediate hope to the 48% of surveyed financial mentors who are not certain if they will still be in their roles and serving their communities in two years’ time.

FinCap looks forward to beginning this conversation with government and industry stakeholders to explore outcomes that will best serve whānau, communities, and broader society.

³² Financial Market Authority (2025), [KiwiSaver Annual Report 2025](#), p. 19.

³³ Morningstar, (2025), [KiwiSaver survey Q4 2025](#).

Ngā mihi

