

# Beyond Microfinance: Financial Inclusion Action Plans

Community Finance Forum  
11 September 2017



Good Shepherd  
**Microfinance**

# Good Shepherd Microfinance

“DO WELL AT ALL  
THAT YOU DO.”

- St Mary Euphrasia



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# Financial Exclusion: What is it?



- Lack of access to safe, affordable & appropriate financial products/services;
- 18.3% - 3.3 million Australian adults;
- Higher-cost (Payday loans/Rent-to-buy); Debt Spirals; Utilities; Stress;

# Financial Inclusion Continuum

**Economic  
Mobility**





# Financial Resilience: What is it?



- Ability to recover from adverse financial circumstances;
- 2 million Australian adults;
- Lower Social, Economic & Health Outcomes; Longer-term disadvantage;

# Financial Resilience Framework

*Access;  
Design;*

*Cohesion;  
Network;  
Referrals;*

## **ECONOMIC RESOURCES**

- Savings
- Debt management
- Ability to meet living expenses
- Ability to raise funds in an emergency
- Income level

## **FINANCIAL PRODUCTS & SERVICES**

- Access to a bank account
- Access to credit & needs met
- Access to insurance & needs met

## **FINANCIAL KNOWLEDGE & BEHAVIOUR**

- Knowledge of financial products & services
- Confidence using financial products & services
- Willingness to seek financial advice
- Proactive financial actions

## **SOCIAL CAPITAL**

- Social connections
- Access to social support in times of crisis
- Access to community and government support when needed

*Employment / Income;  
'Buffer' to fall back upon;  
Save / Manage Debt;*

*Capability;  
Confidence;  
Motivation;*

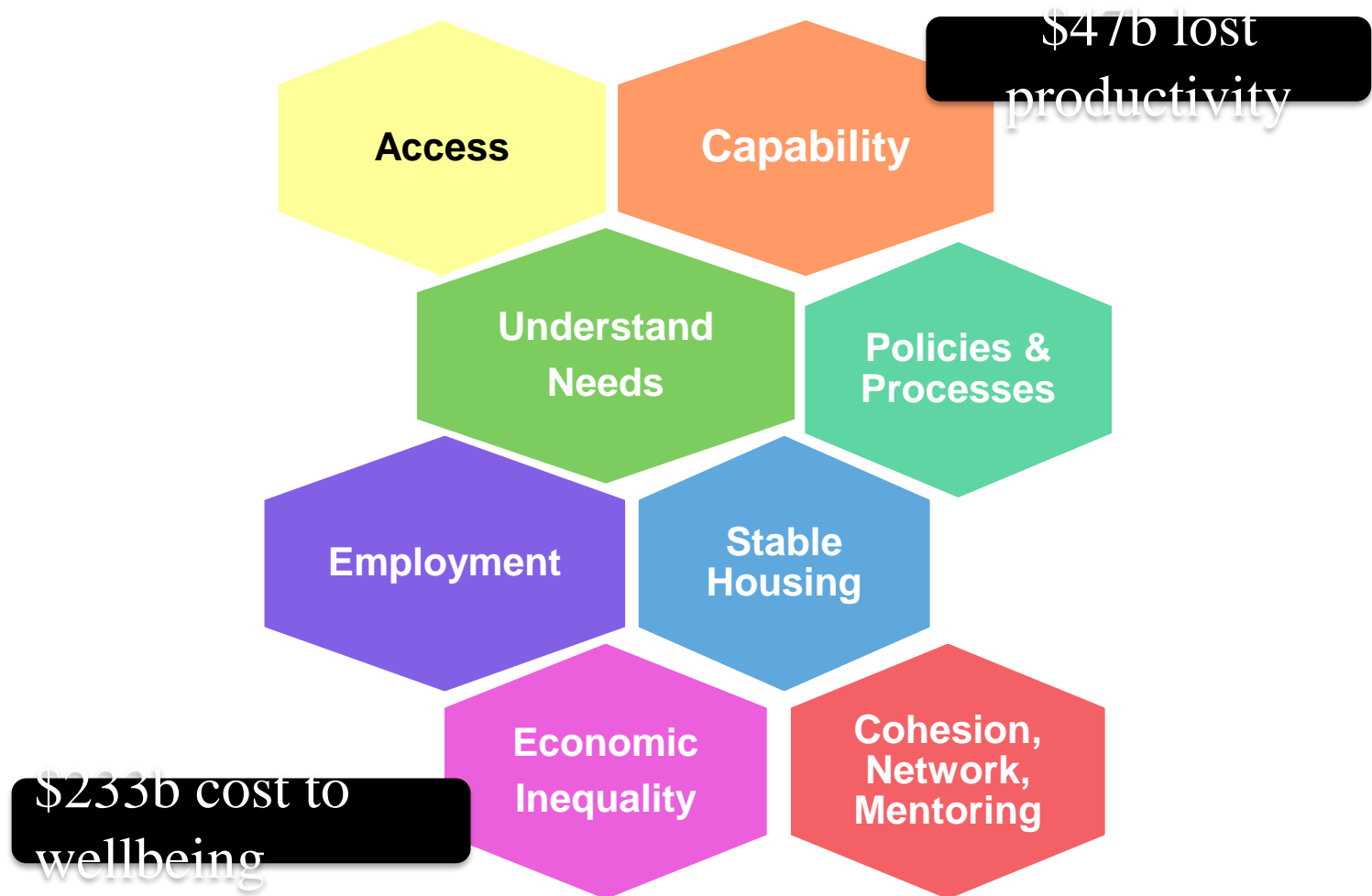
# Economic Inequality: What is it?



- Top 20% earn 5 times as much as bottom 20%;
- Income Mobility is worsening – real household income now < 2009;
- Gap between those under 40 who own a home vs. don't, is widening;



# Systemic Social Change to 'Shift the Dial'





# Significant Benefits of Financial Inclusion



## Household

*Impacts on household wealth*



## Economic

*Impacts on GDP and government budgeting*

Improvements in...

Leads to...

Financial  
Capacity

Financial  
Capability

Health & Social

1

Increase in  
household  
wealth

Improvements in...

Leads to...

Employment

Welfare

Health

Education

Crime Rate

2

Increase in GDP

3

Reduction in  
Government  
Spending

Financial  
Inclusion



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Who's Job is it to Make this Happen?

**COLLABORATION**

A photograph showing the hands and forearms of several people of different ethnicities and ages. They are all reaching towards the center and stacking their hands on top of each other in a circular formation. The background is a plain, light-colored surface. The image is used to represent collaboration and teamwork.

**MULTIPLE SECTORS WORKING TOGETHER FOR  
SYSTEMIC CHANGE**

# Financial Inclusion Action Plan Program



## STATEMENT OF PURPOSE:

To realise *inclusive growth* for individuals and communities in Australia by *reducing inequalities & increasing financial inclusion* and *financial resilience* through collective actions of organisations across industry, government, academia and the community sector.

# Collaboration for Social Innovation

- Support organisations to:
- *Better understand their own role in facilitating financial inclusion and resilience..*
- *Take practical actions to realise financial inclusion and resilience for their clients, staff, suppliers and community partners..*





# Framework: Good Intentions into Actions

Products & Services



Capability-building



Clients



Staff



Suppliers



Community



Understanding Vulnerability



Economic Participation & Status



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# Towards Financial Inclusion & Resilience



## Household

*Impacts on household wealth*



## Economic

*Impacts on GDP and government budgeting*

Improvements in...

Leads to...

Improvements in...

Leads to...

Financial  
Inclusion

Financial  
Capacity

Financial  
Capability

Health & Social

1

Increase in  
household  
wealth

\$11.  
8b

Employment

Welfare

Health

Education

Crime Rate

2

Increase in GDP

\$2.9  
b

3

Reduction in  
Government  
Spending

\$58  
3m



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*Economic Modelling for FIAP Program*

# Towards Financial Inclusion & Resilience



AGL AnglicareSA ANZ Bank Ashurst Bank Australia BaptistCare City West Water  
Commonwealth Bank Corrs Chambers Westgarth Energy Australia Flight Centre Group  
Good Shepherd Microfinance HESTA ICAN NAB Origin Energy Queensland State  
Suncorp Swinburne University 10ThousandGirl The Salvation Army University of NSW  
VicSuper Wannon Water Westpac Women's Info. & Referral Exchange Yarra Valley Water



# 240+ Actions Committed



*\$10m to support financial relief & assistance for vulnerable customers*

*\$900k domestic violence training & scholarships for financial counsellors*



**Commonwealth**Bank



**Queensland  
Government**

*\$5.5m annually for Gambling Help, face to face & online counselling services*

- *No Interest Loans for students*
- *Rental-assistance packages*
- *Financial Hardship Grants*
- *'Quitch' Financial Literacy*





# Collaboration for Long-term Social Change

## FIAPs move into Beyond 2020 Agenda

**12 month**  
**FIAP Impact**  
**Evaluation**  
**Report**

**April 2018**

**3 year**  
**FIAP Impact**  
**Evaluation**  
**Report**

**April 2020**

**5 year**  
**FIAP Impact**  
**Evaluation**  
**Report**

**April 2022**

**10 year**  
**FIAP Impact**  
**Evaluation**  
**Report**

**April 2027**



# Financial Inclusion Action Plans in NZ?

**Distribution of NZ's wealth  
By household**



## Imagine if NZ land was divided like NZ wealth is...

The richest 1% of New Zealanders would get Northland, Auckland & Waikato.

The richest 10% would get all of the above, plus Bay of Plenty, Gisborne, Hawke's Bay, Taranaki, Manawatu, Whanganui, Wellington, Tasman and Marlborough.

The poorest half (that's 2.2 million people) would get a bit of Southland.\*



\*Not that there's anything wrong with Southland! But there sure is something wrong with the way we're sharing the wealth around in this country. Find out what we should do about it at [www.closertogether.org.nz](http://www.closertogether.org.nz)

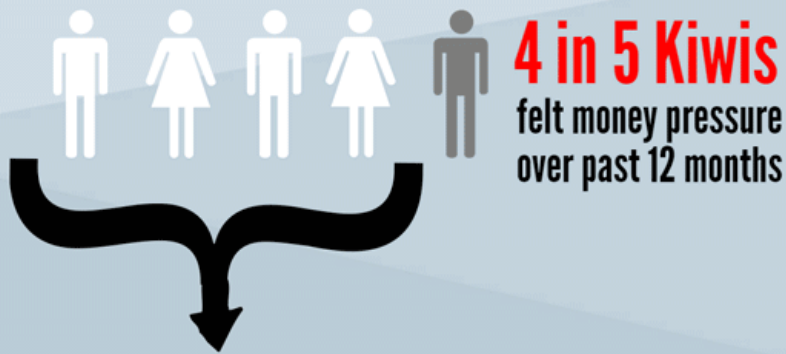


\*The Gini index represents the spread of incomes in a country. In a country with a Gini index of 0, everyone would receive an equal income. In a country with a Gini index of 1, just one person would receive all the income. Data sources: BHC-1, Table D.9 and 60% contemporary median, Table F.7 (revised), Perry (2014), Household Incomes in New Zealand, Ministry of Social Development.

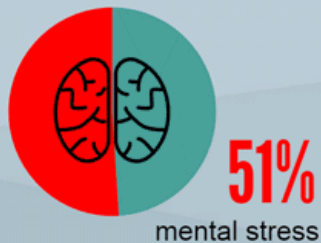
# FIAPs in New Zealand?

## Financial stress a harsh reality for many Kiwis

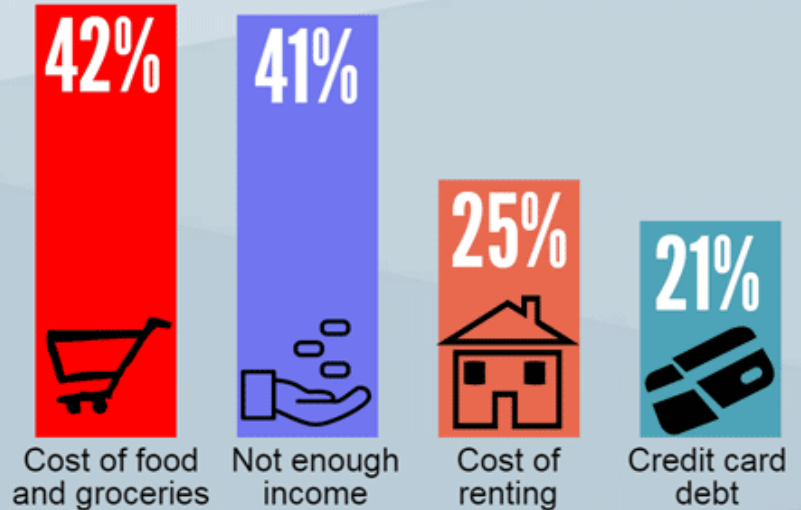
Negative impacts on health and relationships



Of these, financial pressure caused:



## Causes of stress





# Financial Inclusion Continuum: NZ

## Financial Inclusion Continuum - New Zealand Services Accessed



Segment	1	2	3	4	5	6	7	8	9	10
	Financial Crisis	Financial Hardship	Hardship Transition	Stable, Asset Building	Stable Wellbeing	Income Generation	Growth Consolidation	Wealth Creation	Financial Independence	Wealth Distribution
Financial Services Accessed	Payday loans									
	Bankruptcy support									
	Budget Advisory Services									
	W&I Advances & Grants									
	Debt control arrangements									
	Financial literacy advice									
	NILS									
	StepUP									
	W&I Bus. Training Grant									
	Credit Card									
	Microfinance Matched Savings Schemes									
	Kiwisaver									
	Personal loan									
	General savings									
	Insurance (contents)									
	Insurance (life and other)									
	Student Loan									
	Home loan									
	Income protection									
	Tax advice									
	Superannuation advice									
	Family trusts									
	Investment planning									
	Shares / bonds									
	Estate planning									

Source - Financial Services Accessed Table: Developed by Good Shepherd New Zealand and Good Shepherd Microfinance, drawing on the financial inclusion continuum developed in Good Shepherd Microfinance & Daymark, *Financial Inclusion Continuum: Framework and Segment Profiling*, October 2012.



# Modelling Financial Inclusion Benefits: NZ



## Household

*Impacts on household wealth*



## Economic

*Impacts on GDP and government budgeting*

Improvements in...

Leads to...

Improvements in...

Leads to...

Financial Inclusion

Financial Capacity

Financial Capability

Health & Social

1

Increase in household wealth

\$4.8b

Employment

Welfare

Health

Education

Crime Rate

2

Increase in GDP

\$1.6b

3

Reduction in Government Spending

\$569m



# Let's Collaborate to Turn Ideas into Action

