



Good Shepherd
Microfinance



**Microfinance, Inclusion,
and
Economic Growth**

June 2014



- ▶ *Insight*
- ▶ *Influence*
- ▶ *Impact*

Introduction – financial services, for all

Financial inclusion, in its most basic form – access to loans and basic banking services - is, from the perspective of SPP, a critical driver of the economy. Indeed, it could be argued that without a strong banking system, Australia’s economic output would not be as strong as it is today. Providing access to financial services for all Australians is a critical issue.

It is surprising that such a high number of Australians (estimated at up to 3 million) do not have straightforward access to even the most basic of financial services.

Good Shepherd Microfinance, working with their partners including the National Australia Bank, seek to remedy this shortfall by providing access to products such as No-Interest Loans.

The CEO of Good Shepherd, Adam Mooney, was approached by SPP about the possibility of undertaking some pro-bono work for the organisation. As a result, SPP agreed to provide a small team to work up the analysis provided in the following report.

The question we sought to answer was:

“What if we could help support a shift in the wealth of the population, by moving a considerable number of people (the excluded) up to the same position on the wealth spectrum as the included?”

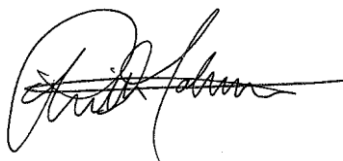
Whilst it is still an estimate, it’s clear that programs such as those offered by the Good Shepherd can have a substantial impact on the Australian Economy.

If these families and households were able to move up the wealth spectrum (for a range of reasons, including access to financial services), the increase in household wealth could top \$50billion.

If the increase in household wealth is any guide, ongoing benefits of approx. \$20bn or more are also possible through improvements in GDP and reduced government spending on welfare, health and crime.

More work needs to be done to understand the timeframes and causations for such a potential increase in wealth – however, it **provides an exciting signpost in the long road to greater financial well-being for all.**

SPP wishes to thank Good Shepherd Microfinance for the opportunity to contribute to this report.



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1.0 Summary

SPP sought to understand the benefit of a more wealthy population, partly driven by an increase in access to financial services, across the total population

- It is estimated that 17.7% or 3.1 million out of the adult population is financially excluded
- Good Shepherd believes there are significant financial benefits that result from their effort to increase financial inclusion
- SPP's approach began by defining financial exclusion in the context of Good Shepherd's services and access to a basic set of financial services; identifying the target population; identifying the key macro factors and household factors linked to financial inclusion, and finally quantifying the benefit of financial inclusion at an aggregate level

A previous exercise by Good Shepherd and Daymark placed households on a financial inclusion continuum, placing up to 3million households in the lower half of this continuum

- The continuum grouped households in to 10 segments on which households were sorted in ascending order according to the degree of financial inclusion they experienced
- There are currently ~3.56m households (~8.17m adults) in Australia in the bottom half of the financial inclusion continuum
- People in the lower five segments of the 10-stage financial inclusion continuum prepared by Daymark on behalf of Good Shepherd in October 2012 typically experience a great to limited level of financial exclusion, and have the potential to benefit from moving up the continuum

We see 2 main sources of benefit from greater inclusion – one via household wealth, and the other via broader economic gains

Household:

- Financial inclusion can be associated with an improvement in a household/individual's financial capacity to generate income and build assets, their financial capabilities and their health and social outcomes
- These benefits may contribute to an increase in household net worth at an aggregate level

Economic:

- Financial inclusion can also be associated with an improvement in employment, crime rate, education, health and welfare which drive an improvement in GDP
- Inclusion may also relieve pressure on government spending on areas such as welfare, health and criminal justice

SPP took a relatively straightforward approach to “sizing the prize” of a shift in household wealth, basing it largely on an extrapolation of existing wealth by household type.

- Further detailed analysis could shift these estimates significantly, however, the overall 'size of the prize' would still be expected to be significant

If 7% of households in the bottom half of the financial inclusion continuum were able to achieve the same wealth position as those in Segment 6, household net worth would increase by an estimated \$50.9b

- A movement of 12,950 households from segment 1 (Financial Crisis) to segment 6 (Income Generation) implied an increase in household financial outcomes such as household weekly income, creating an estimated increase in household net worth of ~\$4.3b
- A movement of 25,130 households from segment 2 (Financial Hardship) to segment 6 (Income Generation) implied a similar increase in household net worth of ~\$8.1b
- A movement of 64,540 households from segment 3 (Hardship Transition) to segment 6 (Income Generation) implied a similar increase in household net worth of ~\$17.8b

- A movement of 75,600 households from segment 4 (Stable, Asset Building) to segment 6 (Income Generation) implied a similar increase in household net worth of ~\$14.1b
- A movement of 70,700 households from segment 5 (Stable Wellbeing) to segment 6 (Income Generation) implied a similar increase in household net worth of ~\$6.5b

This increase in household net worth could be associated with an increase in annual GDP by an estimated \$19.7b

- A further analysis looked at the outcome if this increase in household wealth was matched by a commensurate increase in GDP;
- Again, although the approach is relatively simple, it suggests the benefits to the Australian economy are significant, based broadly on improvements in productivity, employment and consumption

This shift of the wealth position of 7% of the “excluded”: could also reduce government spending on welfare, health and criminal justice by an estimated \$2.6b p.a.

- Using correlation analysis, the team looked at the link between wealth segment, and instances of crime, health issues, and welfare
- A reduction in financial exclusion could be associated with an improvement in employment and income which could reduce government spending on welfare by ~\$0.845b, healthcare by ~\$1.8b and criminal justice by ~\$0.038b
- This reduction in spending could be reallocated towards areas which are expected to generate a greater social return on investment (for example education, housing and infrastructure)

The timeframes for achieving these benefits, and indeed the direct links with programs such as financial access or inclusion, are sensible next steps

- Good Shepherd may benefit from developing a further understanding of the extent to which it is able to influence a household’s ability to move up the financial inclusion continuum
- Good Shepherd could also develop further insights on segmentation of the excluded population and improve understanding around the segments which are more likely to transition to financial inclusion
- Governments have signalled a significant allocation in the budget towards the improvement of Indigenous socioeconomic outcomes and Good Shepherd may benefit from a further understanding of the extent to which its programs are able to improve these outcomes

2.0 The Problem – Access to Financial Services

Financial Exclusion is defined as where an individual is unable to access one or more of these basic financial services –for example due to a lack of income or credit history.

Mainstream financial service providers typically do not target people on lower incomes.

It was estimated that 17.7% of the adult population (~3.1 million) are financially excluded. The average annual cost of maintaining basic financial services – defined as a basic transaction account, low cost credit card and basic general insurance – has been identified as \$1,739 per year.

A large, permanent market therefore exists for safe, affordable and sustainable financial products and services.

Based on its long standing work and experience, Good Shepherd believes that improving the level of financial inclusion benefits the social and economic wellbeing for both financially excluded individuals as well as wider society. Good Shepherd has identified a need to further research into the understanding of the benefits of improving financial inclusion.

The following analysis is focused on understanding the “size of the prize” in greater wealth, savings, and flow-on economic benefit, if those in the excluded segments were able to achieve the wealth position of the included.

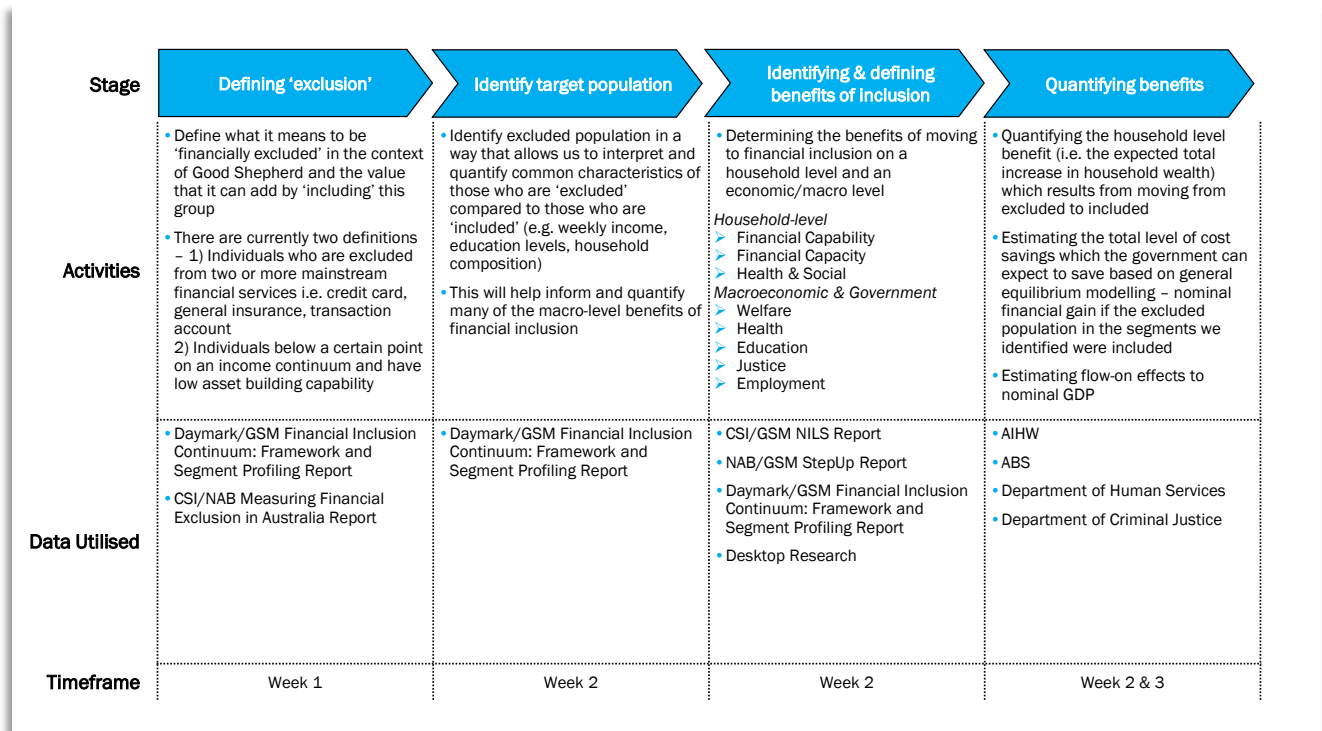
3.0 Our Approach

Our approach began with defining financial exclusion in the context of Good Shepherd.

We then identified the target population and key macro factors and household factors linked to financial inclusion, and finally, quantified the benefit of financial inclusion at an aggregate level.

The methodology has been outlined below (Figure 1).

Figure 1: The SPP approach to quantifying the benefits of improving the level of financial inclusion



4.0 How Benefits Were Measured

4.1 Introducing the Financial Inclusion Continuum and defining a segmentation approach

A previous exercise identified the stages of financial inclusion and exclusion on a continuum.

People in the first five segments of the 10-stage financial inclusion continuum prepared by Daymark on behalf of Good Shepherd in October 2012 experience a limited to great level of financial exclusion and have potential to benefit from moving up the continuum.

These segments are outlined below (*Figure 2*).

Figure 2: GSM Financial Inclusion Continuum (2012)¹

| | Financial Crisis | Financial hardship | Hardship Transition | Stable, asset building | Stable wellbeing | Income generation | Growth consolidation | Wealth creation | Financial independence | Wealth Distribution |
|----------------------------|------------------|--------------------|---------------------|------------------------|------------------|-------------------|----------------------|-----------------|------------------------|---------------------|
| Payday loans | | | | | | | | | | |
| Bankruptcy support | | | | | | | | | | |
| Financial counselling | | | | | | | | | | |
| Hardship program | | | | | | | | | | |
| CentrePay advance | | | | | | | | | | |
| Debt control arrangements | | | | | | | | | | |
| Financial literacy advice | | | | | | | | | | |
| NILs | | | | | | | | | | |
| StepUP | | | | | | | | | | |
| Matched savings | | | | | | | | | | |
| Credit card | | | | | | | | | | |
| Personal loan | | | | | | | | | | |
| General savings | | | | | | | | | | |
| Insurance (contents) | | | | | | | | | | |
| Insurance (life and other) | | | | | | | | | | |
| Business advice | | | | | | | | | | |
| HECS debt | | | | | | | | | | |
| Business loan | | | | | | | | | | |
| Home loan | | | | | | | | | | |
| Income protection | | | | | | | | | | |
| Tax advice | | | | | | | | | | |
| Superannuation advice | | | | | | | | | | |
| Family trusts | | | | | | | | | | |
| Term deposits | | | | | | | | | | |
| Investment property | | | | | | | | | | |
| Investment planning | | | | | | | | | | |
| Margin loans | | | | | | | | | | |
| Shares / bonds | | | | | | | | | | |
| Self managed super | | | | | | | | | | |
| Estate planning | | | | | | | | | | |
| Private client planning | | | | | | | | | | |

Target segments

There are an estimated 3.56m households in the bottom half of the continuum. The Daymark report estimated that 3.56m households or 8.17m adults in Australia are in the bottom five segments.

These segments would benefit from improvements in their level of financial inclusion (*Figure 3*).

The most widely used definition of ‘financial exclusion’ in Australia is “a lack [of] access to appropriate and affordable financial services and products – the key services and products are a transaction account, general insurance and a moderate amount of credit.” (Connolly et al.).

¹ SPP analysis, GSM Financial Inclusion Continuum (2012)

Figure 3: Financial Inclusion Continuum segment characteristics²

| Segment | Financial Crisis | Financial Hardship | Hardship transition | Stable, Asset Building | Stable Wellbeing |
|---|--|---|---|---|---|
| Individual weekly income (maximum) | \$200 | \$300 | \$400 | \$600 | \$800 |
| No. people | 0.85m | 1.80m | 1.72m | 2.00m | 1.80m |
| Households | 185k | 359k | 922k | 1.08m | 1.01m |
| Largest employment category | Not in labour force (65%) | Not in labour force (69%) | Not in labour force (52%) | Employed full time (42%) | Employed full time (68%) |
| Largest household type | Lone person (28%) | Lone person (47%) | Lone person (44%) | Couple with children (28%) | Couple with children (35%) |
| Segment demographic | Excluding under 20s, evenly distributed up to 64 | Peak in 20-24 and rising again in 60 - 80 year olds | Peak in 20-24 and rising again in 60 - 85 year olds (highest of all segments) | Peak in 20-24 then evenly represented to 70 year olds | Peak in 20 to 30s, steady to 55 then declining representation |
| Household net worth | \$ 5,300 | \$15,600 | \$ 63,000 | \$152,600 | \$247,800 |
| Benefit of 25% of segment moving up a segment | \$0.5bn | \$4.3bn | \$20.6bn | \$25.7bn | \$23.1bn |

3.56m households and 8.17 m* individuals

*Adults aged 15-19 (435,000) were removed in the Financial Crisis segment as they represented 33% of the data set and **distorted** the segment.
For example, many students who lived at home do not need a credit card and do not have significant assets to insure are voluntarily financially excluded.

Daymark used 'household net worth' as a proxy for benefit

Daymark analysis outlined the dollar benefit if 25% of a segment moves up by one segment. In this case, the 'dollar benefit' was represented by the increase in collective **household net worth**. We adopt this approach.

4.2 Identifying the Target Population

We used the GSM continuum to group the adult population into 10 distinct segments in order of income (Figure 4).

Each segment has underlying characteristics such as average weekly income, household net worth and number of households which helps inform our methodology when quantifying financial inclusion benefits.

² SPP analysis, GSM Financial Inclusion Continuum (2012)

Figure 4: Characteristics of target population³

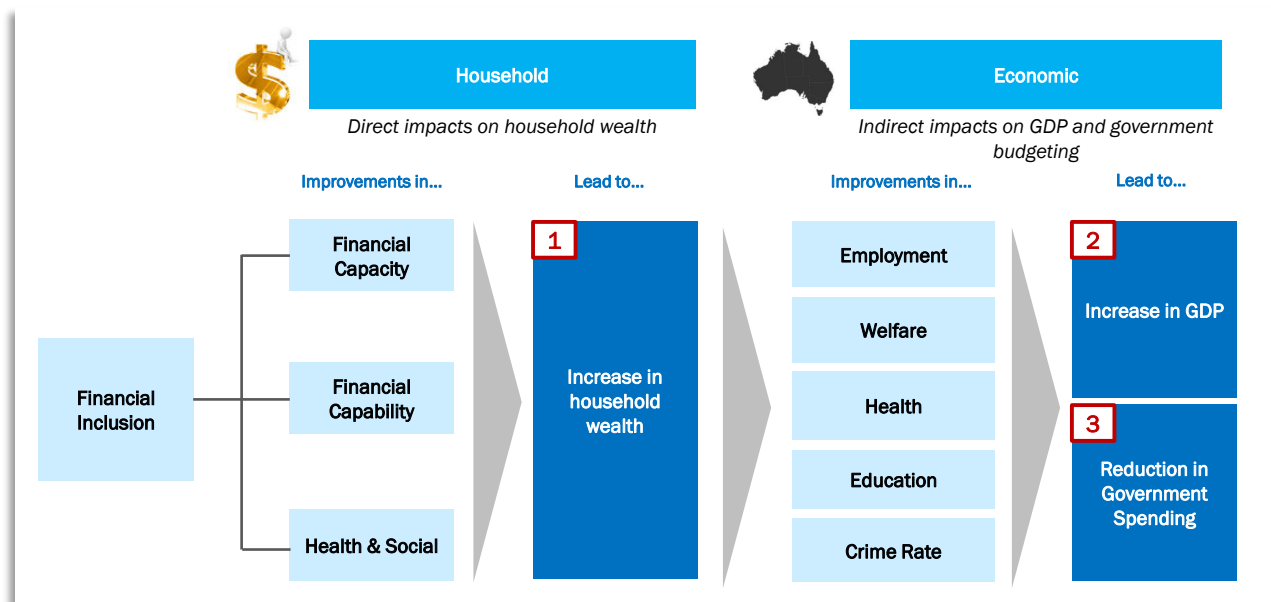
| Segment | Financial Crisis | Financial Hardship | Hardship transition | Stable, Asset Building | Stable Wellbeing | Income Generation | Growth Consolidation | Wealth Creation | Financial Independence | Wealth Distribution |
|---|--|---|---|---|---|--|--|--|--|--|
| Individual weekly income (maximum) | \$200 | \$300 | \$400 | \$600 | \$800 | \$1000 | \$1250 | \$1500 | \$2000 | \$2000+ |
| No. people | 0.85m | 1.80m | 1.72m | 2.00m | 1.80m | 1.44m | 1.37m | 0.96m | 1.12m | 1.08m |
| Households | 185k | 359k | 922k | 1.08m | 1.01m | 792k | 815k | 568k | 623k | 473k |
| Largest employment category | Not in labour force (65%) | Not in labour force (69%) | Not in labour force (52%) | Employed full time (42%) | Employed full time (68%) | Employed full time (75%) | Employed full time (79%) | Employed full time (82%) | Employed full time (83%) | Employed full time (81%) |
| Largest household type | Lone person (28%) | Lone person (47%) | Lone person (44%) | Couple with children (28%) | Couple with children (35%) | Couple with children (42%) | Couple with children (40%) | Couple with children (43%) | Couple with children (35%) | Couple with no children (47%) |
| Segment demographic | Excluding under 20s, evenly distributed up to 64 | Peak in 20-24 and rising again in 60 - 80 year olds | Peak in 20-24 and rising again in 60 - 85 year olds (highest of all segments) | Peak in 20-24 then evenly represented to 70 year olds | Peak in 20 to 30s, steady to 55 then declining representation | Peak in 25-30s, even to 55 then declining representation | Peak in 25-30s, even to 55 then declining representation | Peak in 30-35s then declining representation across all other age segments | Bell curve averaging at 45yrs, closing out at 70 | Bell curve averaging at 45yrs, closing out at 70 |
| Household net worth | \$ 5,300 | \$15,600 | \$ 63,000 | \$152,600 | \$247,800 | \$339,500 | \$475,300 | \$657,800 | Not modelled | Not modelled |
| Benefit of 25% of segment moving up a segment | \$0.5bn | \$4.3bn | \$20.6bn | \$25.7bn | \$23.1bn | Not modelled | Not modelled | Not modelled | Not modelled | Not modelled |

Target segments

4.3 Identifying and defining the benefits of improving the level of financial inclusion

The benefits of financial inclusion were estimated and grouped into three different benefit types (Figure 5). The exhibit below highlights the benefits we see as potentially (but not exclusively) flowing from greater inclusion, including: 1) Increase in household wealth, 2) Increase in GDP and 3) Reduction in government spending.

Figure 5: Overview of the benefits of financial inclusion⁴



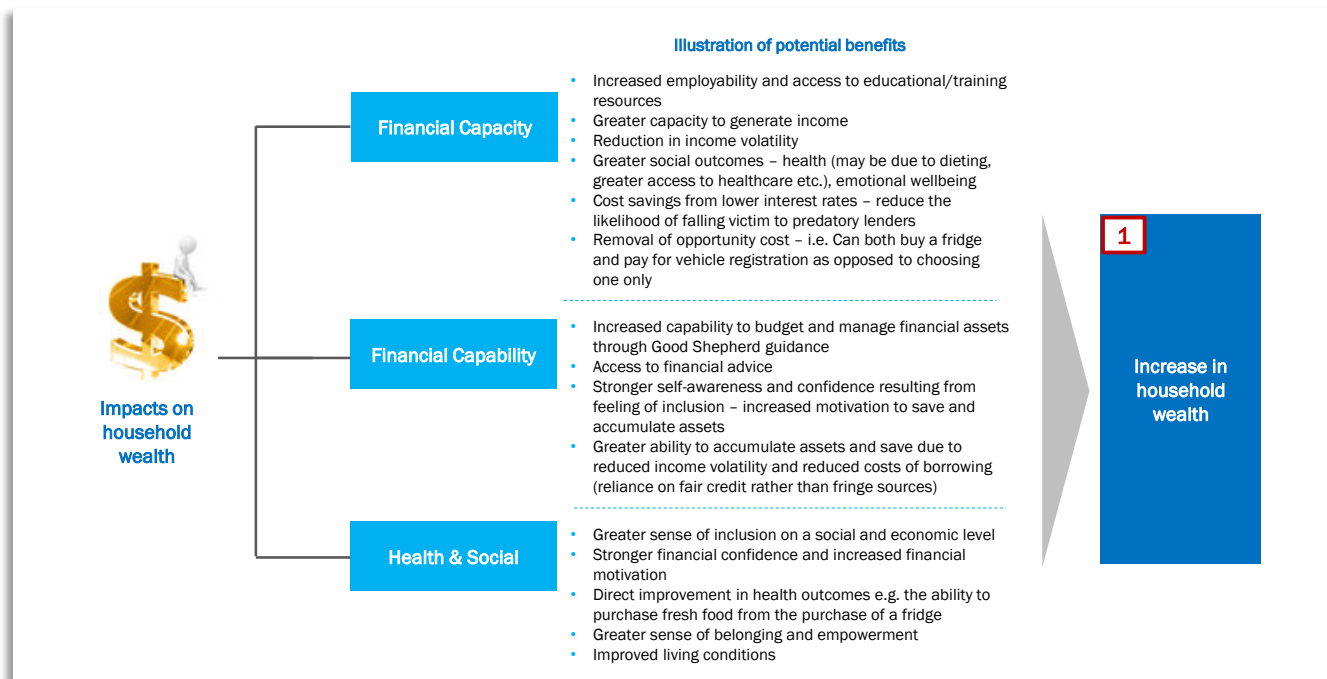
³ Source: SPP analysis, GSM Financial Inclusion Continuum (2012)

⁴ SPP analysis, CSI/GSM NILS Report

Financial inclusion can be associated with positive household-level benefits (Figure 6). Financial inclusion can directly benefit households by increasing their financial capabilities and capacity, and improving their health outcomes and ability to participate in a healthy society.

The most quantifiable benefit, across this spectrum of opportunity, is an increase in net household wealth.

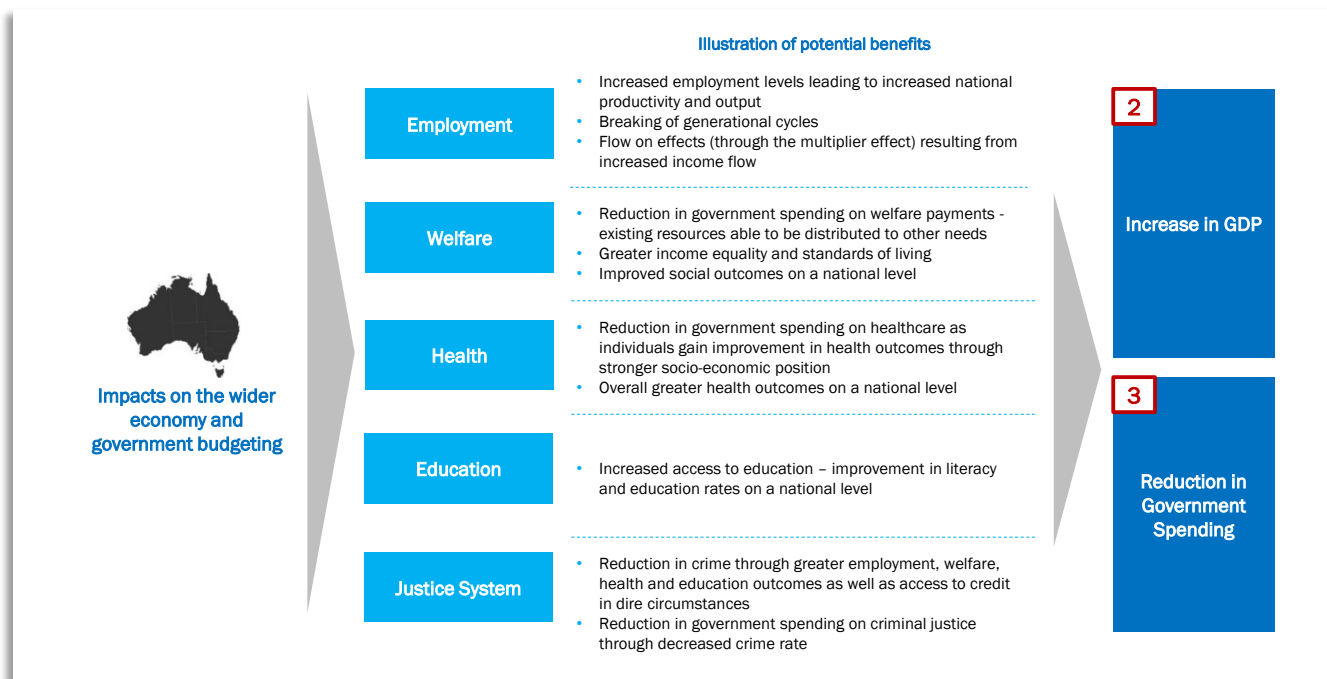
Figure 6: Illustration of potential benefits to households⁵



These household-level benefits can also have flow-on effects on GDP and government spending (Figure 7).

Financial inclusion can thus potentially benefit the wider economy and reduce government spending especially when related to health, welfare, and criminal justice.

Figure 7: Illustration of potential benefits to government spending⁶



⁵ SPP analysis, Good Shepherd Strategic Plan, CSI/NILS Loan Scheme Report

⁶ SPP analysis, Good Shepherd Strategic Plan, CSI/NILS Loan Scheme Report, ABS

5.0 Estimating the “Size of the Prize” – the potential benefits from greater inclusion

5.1 Assumptions regarding the benefits of improving the level of financial inclusion

We made key assumptions in order to estimate the broad financial and economic benefits. Due to the limitations of probability modelling and data availability, key assumptions were required in order to produce an approach which was both pragmatic and intuitive.

Financial inclusion is an output rather than an input

- It is extremely difficult to quantify financial inclusion as an input that directly creates financial benefits because such a figure would depend on a host of household-level decisions and circumstances (e.g. how the household utilises credit, their attitude to financial growth)
- Doing so would require a probability tree with an almost infinite number of branches which would be prone to both probability error and financial impact error
- Therefore, we assume that financial inclusion is an ‘output’ or a result of certain conditions being met such as an increase in household income/wealth i.e. to become financially included, an individual’s financial circumstances (such as income) must improve
- We use financial inclusion as an indicator i.e. if a household moves up the financial inclusion continuum to a higher placed segment, we assume that their improved financial circumstances have allowed them to do so
- We can thus quantify the household-level ‘benefit’ as their net improvement in wealth level having transitioned from excluded to included

We assume that 7% of excluded segments ‘move up’ to Segment 6, the “included”

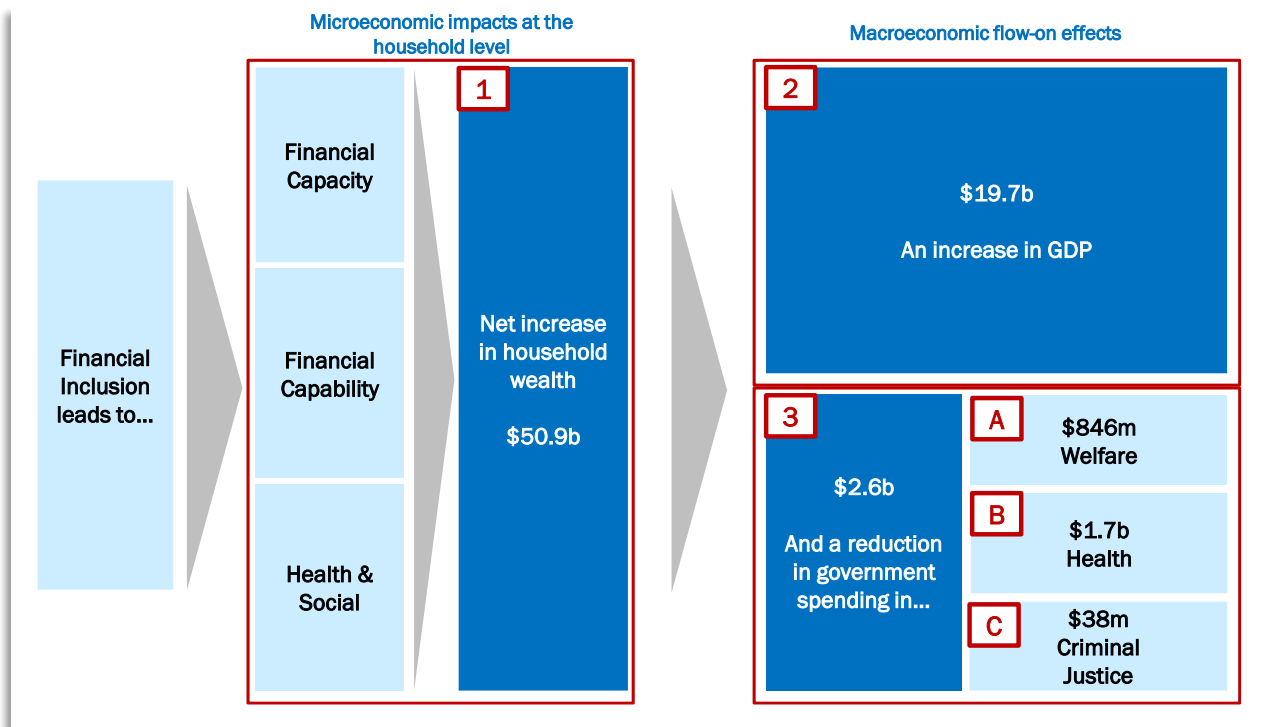
- For the purpose of this exercise, we believed that it was highly unlikely for 100% of individuals to improve their level of financial inclusion, whether or not as a result of Good Shepherd programs
- Given that Good Shepherd’s initiatives in the past (NILS) caused 7% of clients to gain an increase in financial inclusion, we believed that 7% was a reasonable proportion to apply against each target segment in our analysis

CAVEAT: 7% is an arbitrary scoping potential improvement along the continuum and is not drawn from a detailed analysis of financial inclusion improvement research.

We calculated dollar benefit figures for three distinct areas where benefits could be realized (*Figure 8*). Financial inclusion is associated with benefits at the household level – measured by a net increase in household wealth.

This has flow-on benefits which are realised in the form of an overall macroeconomic benefit (GDP) as well as a reduction in government spending in certain areas.

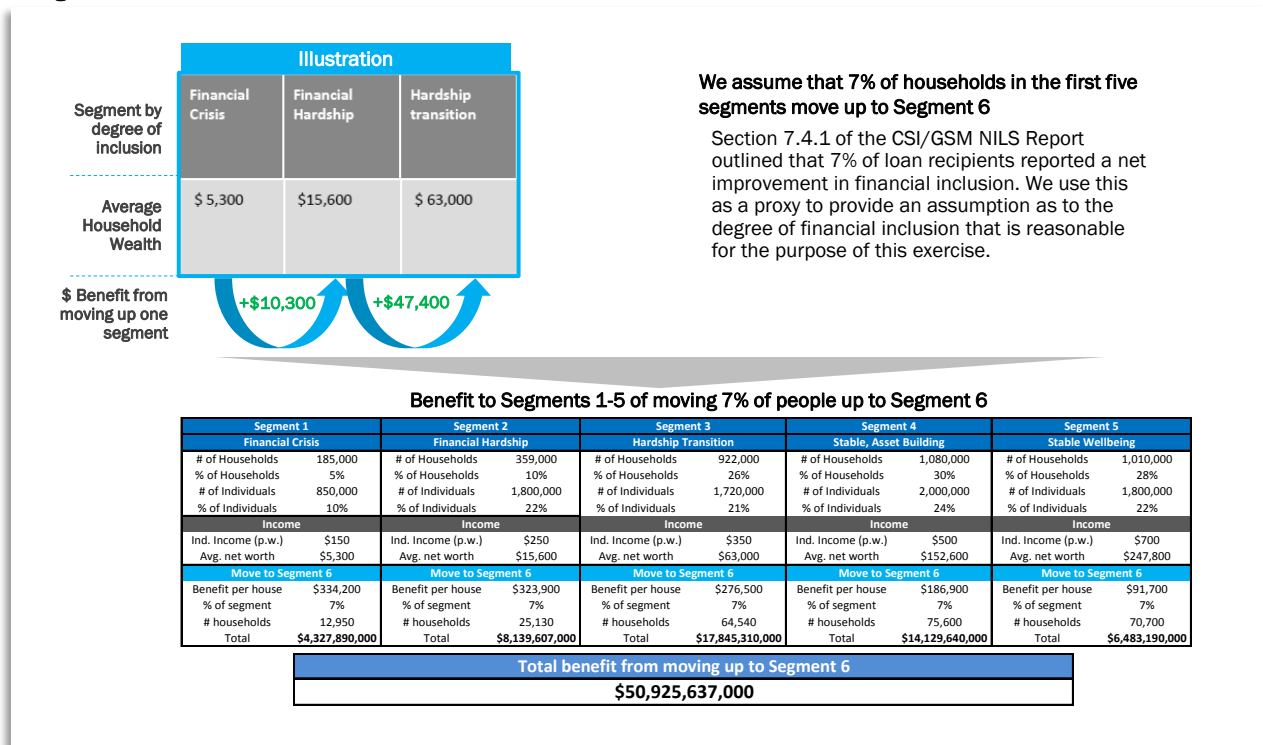
Figure 8: Dollar benefit for three distinct areas where benefits could be realised



5.2 The impact on household wealth

If 7% of households in the bottom half of the financial inclusion continuum moved up to the same wealth levels as those in Segment 6, the total benefit could amount to around \$50.9b, measured by an increase in average household wealth (Figure 9).

Figure 9: Overview of benefits to household wealth⁷

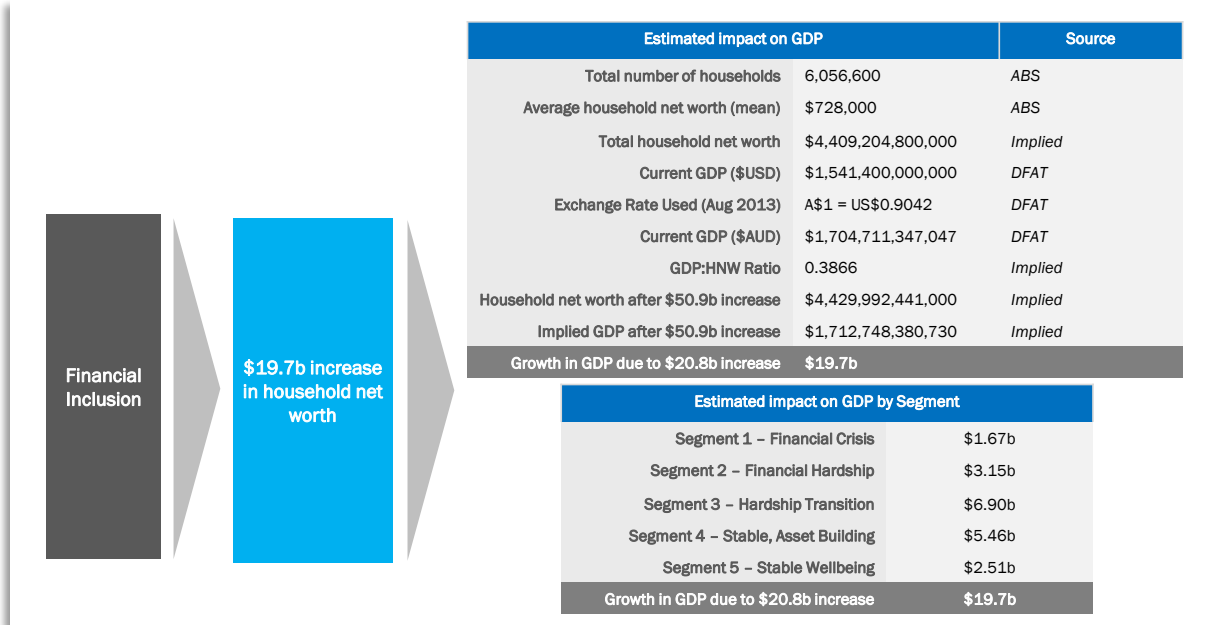


⁷ SPP analysis, GSM Financial Inclusion Continuum (2012)

5.3 Estimating the impact on GDP

In order to arrive at a broad estimate, the study applied the same relative increase in household wealth, to GDP, on the assumption that these are tightly linked. Taking this approach a \$50.9b increase in aggregate household net worth could also lead to an increase in annual GDP of around \$19.7b (Figure 10).

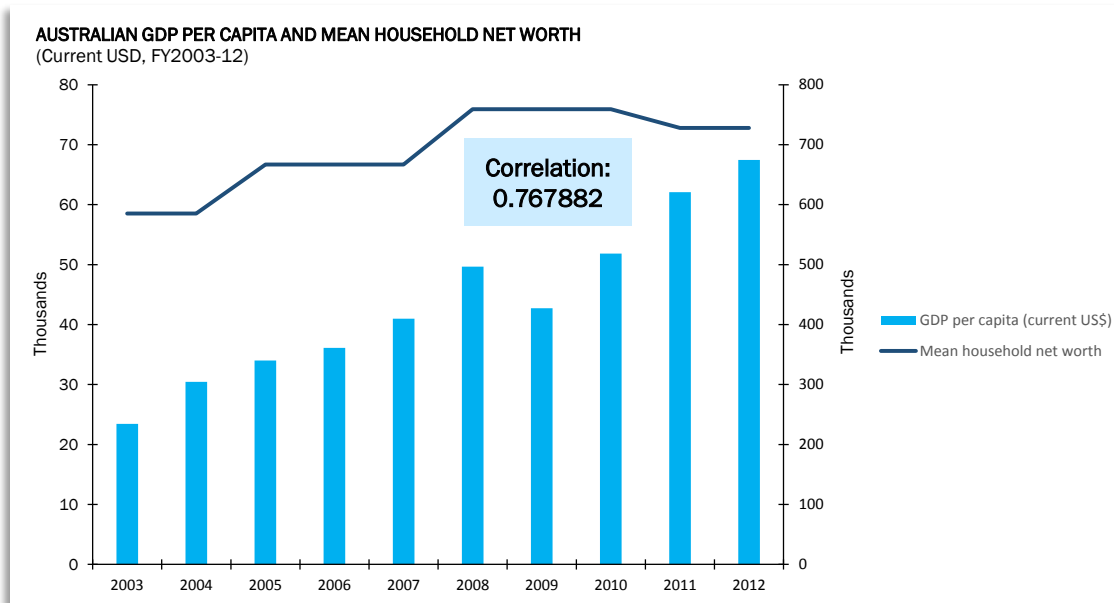
Figure 10: Overview of benefits to annual GDP⁸



5.4 Highlighting the link between household wealth and GDP

Although “correlation is not causation” as we flag later, it’s important to provide at least some link between GDP and household wealth, to validate the approach taken above. The analysis below shows that a shift in mean household wealth is typically accompanied by an increase in GDP (Figure 11) although it would typically be assumed that such an increase in GDP comes first.

Figure 11: Mean household wealth and GDP per capita⁹



⁸ SPP analysis, ABS Household Wealth and Wealth Distribution Australia 2011-12, DFAT (2013)

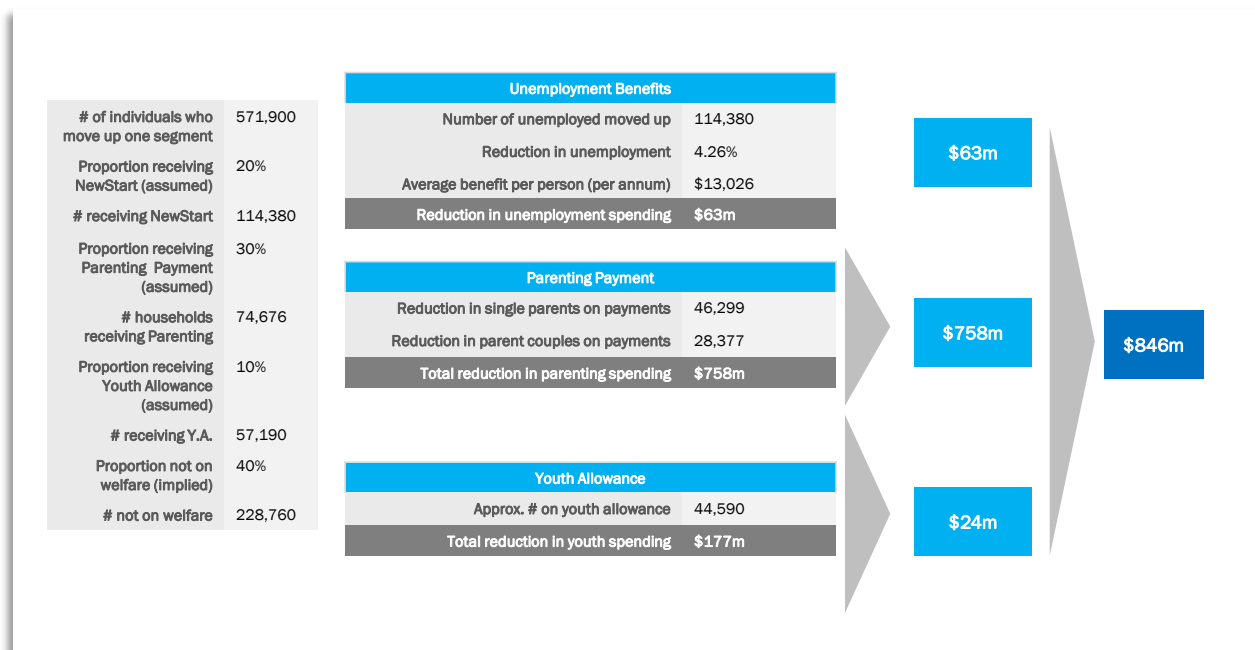
⁹ The World Bank, Australian Bureau of Statistics

5.5 Estimating the impact on government spending

An improvement in the financial circumstances of households which move up is expected to generate a reduction in government spending on NewStart payments, parenting payment and youth allowance.

This is based on a number of analyses that show that a shift in household wealth, is likely to be accompanied by a shift in the propensity to require ongoing support in these areas. This may correlate with a reduction in government spending on welfare of around \$846m per annum (*Figure 12*).

Figure 12: Overview of benefits for government spending reallocation¹⁰

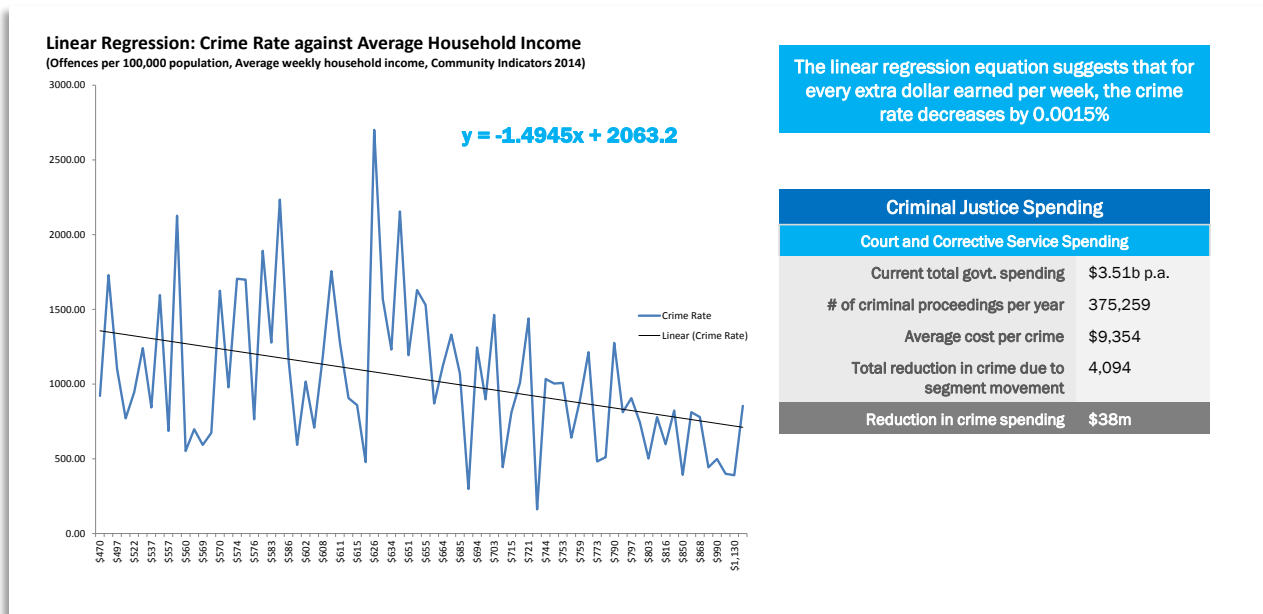


5.6 Potential reduction in spend on justice system

A shift in wealth equating to a 7% “full” inclusion rate may also correlate with an overall reduction in crime by 1.1% and cost savings of around \$38m p.a. (*Figure 13*).

¹⁰ Estimated penetration does not equal 7% as some demographics are much more likely to move up segments than others. We assumed estimated penetration levels and these are up for discussion.
Source: SPP analysis, Daymark Financial Inclusion Continuum (2012), ABS (2014), AIHW (2014), Department of Human Services (2014)

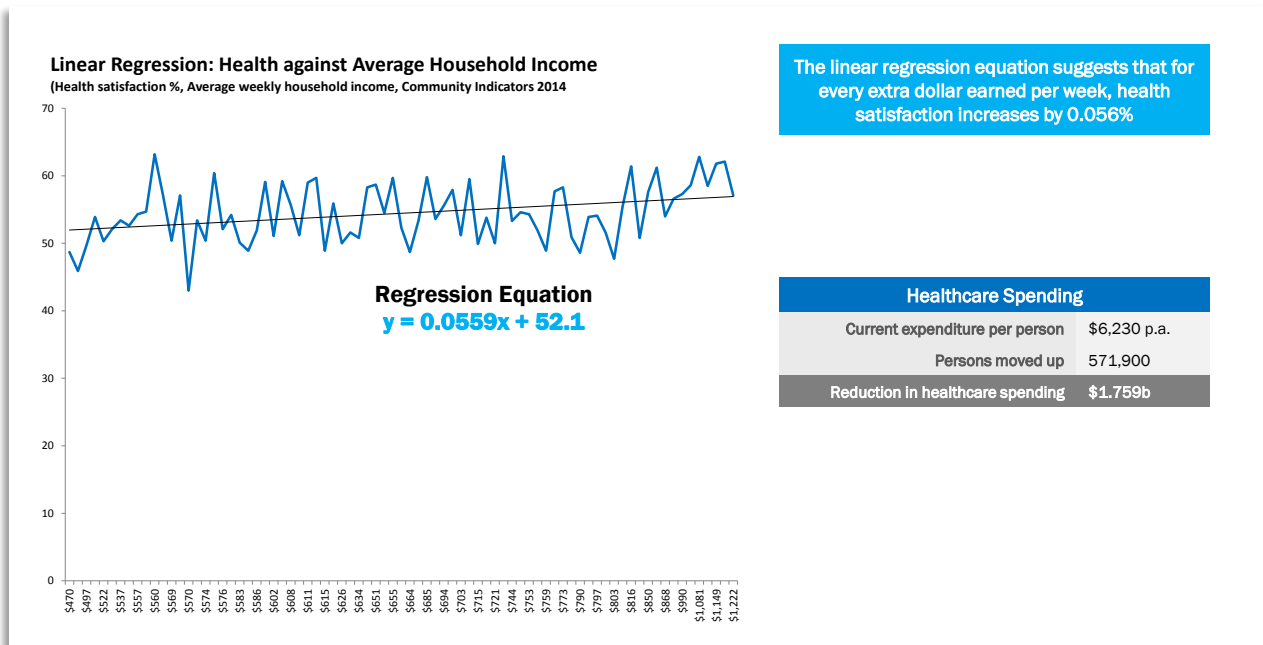
Using regression analysis, we found that every extra dollar earned would decrease the rate of crime by 0.0015%. **Figure 13: Potential for reduction in crime and associated cost savings¹¹**



5.7 Potential reduction in spend on health services

A shift in wealth equating to a 7% inclusion rate may also correlate with a reduction in government spending on health by around \$1.7bp.a. (Figure 14). By regressing average weekly household income against health satisfaction, we found that every extra dollar earned would increase health satisfaction by 0.056%.

Figure 14: Potential for reduction in government spending on health¹²



¹¹ We ran the regression using LGA data for average household income and average crime rate. An income of \$470 is regarded as X=0 and thus incomes below this are negative. We removed Melbourne, Yarra and Port Phillip from this sample as these areas are all 'nightlife hotspots' in which a large degree of crime is likely committed by individuals from other LGA's.

Source: SPP analysis, Daymark Financial Inclusion Continuum (2012), ABS (2014), Australian Institute of Criminology (2014), NSW Bureau of Crime Statistics and Research, Community Indicators (2014)

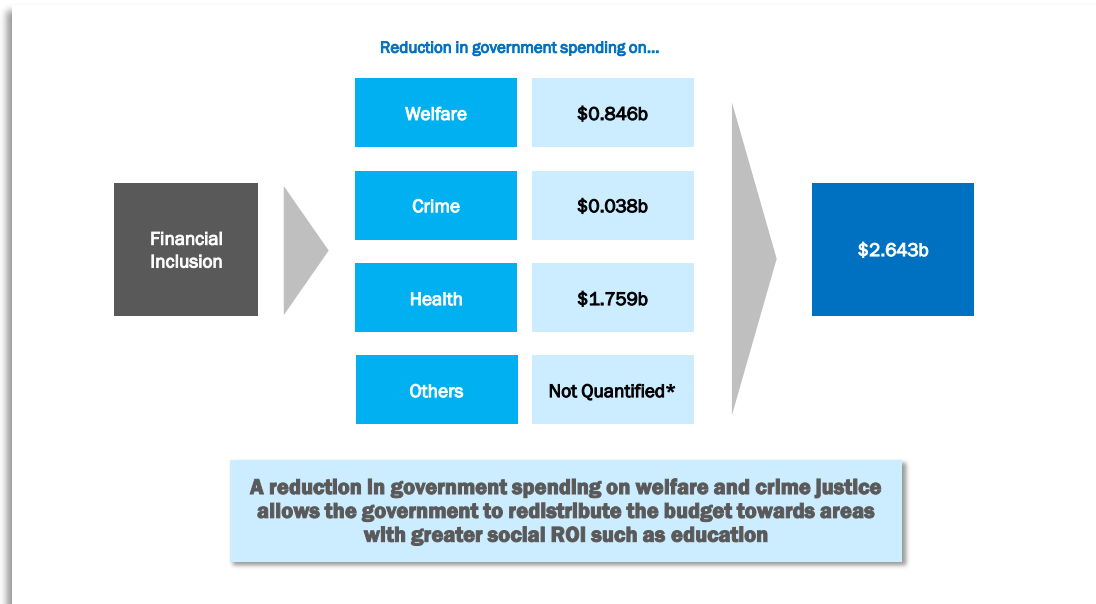
¹² We take health satisfaction as a proxy for health outcomes which influences government health spending. An income of \$470 is regarded as X=0 and thus incomes below this are negative.

Source: SPP analysis, Daymark Financial Inclusion Continuum (2012), ABS (2014), Australian Institute of Criminology (2014), NSW Bureau of Crime Statistics and Research, Community Indicators (2014)

5.8 Summary of reductions in government expenditure

Moving 7% of households in the lower five segments up to the same wealth levels as Segment 6 may reduce public spending on welfare, crime and health by around \$2.6b p.a. (Figure 15).

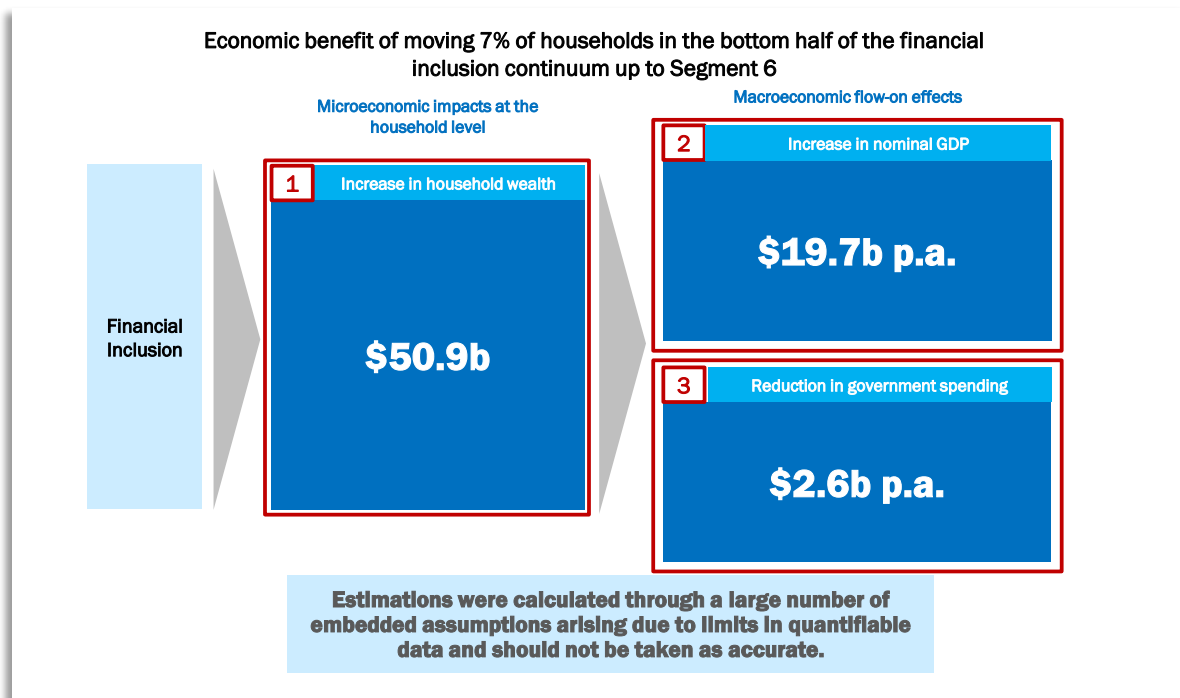
Figure 15: Potential for reduction in public spending¹³



5.9 Summary of total benefits

A 7% improvement in those that are “fully included”, calculated as a shift in the wealth of these households, may in turn lead to a triple-faceted benefit of \$50.9b, \$19.7b p.a. and \$2.6b p.a. (Figure 16). Improving the level of financial inclusion of households would be expected to increase household wealth, boost nominal GDP and improve government budgeting capacity.

Figure 16: Triple faceted benefit potential



¹³ We included ‘others’ as a proxy for all other areas of government spending which may be affected by financial inclusion but were not quantified/considered in this study. Source: SPP analysis.

This benefit is derived from improvements across the five target segments (*Figure 17*). Benefits were estimated by assessing potential gains for moving each of the bottom five segments on the financial inclusion continuum up to Segment 6.

Figure 17: Overview of economic benefits per target segment

| Economic benefit of moving 7% of households in the bottom half of the financial inclusion continuum up to Segment 6 | | | | | | |
|---|-------------------------------|---------------------------------|----------------------------------|-------------------------------------|-------------------------------|-----------|
| | Segment 1 Financial Crisis | Segment 2 Financial Hardship | Segment 3 Hardship Transition | Segment 4 Stable, Asset Building | Segment 5 Stable Wellbeing | TOTAL |
| Increase in household wealth | \$4.328b | \$8.139b | \$17.845b | \$14.129b | \$6.483 | \$50.926b |
| Increase in GDP | \$1.673b | \$3.146b | \$6.899b | \$5.463b | \$2.506b | \$19.689b |
| Reduction in government spending | \$0.371b | \$0.698b | \$0.607b | \$0.615b | \$0.351b | \$2.643b |
| Welfare | \$0.079b | \$0.161b | \$0.172b | \$0.248b | \$0.186b | \$0.846b |
| Crime | \$0.006b | \$0.011b | \$0.009b | \$0.008b | \$0.004b | \$0.038b |
| Health | \$0.287b | \$0.525b | \$0.425b | \$0.359b | \$0.162b | \$1.759b |

5.10 Things to do which would improve this analysis

A deeper study would fine tune the estimates of direct and indirect benefits.

- An area of interest would be the link between programs such as those implemented by GSM, and these potential economic outcomes
- It is reasonable to assume that the work of GSM is of positive benefit and can help to drive the capture of 'the prize' indicated in this report at some level – the extremely low default rate on GSM loans suggests that a market with the capacity to pay is being overlooked
- However, more detailed work is required to size this link
- On the broader estimates provided, even a small shift in household wealth across one segment brings significant benefit and provides a broad supporting case for the work of GSM
- Normal major project business case logic does not take into account indirect benefits (e.g. the impact on GDP) and hence these benefits have been specifically separated in the SPP analysis

6.0 “Where to” from here?

There are a number of initiatives that are worth of greater exploration as a result of this study.

Continue to understand the extent that Good Shepherd is able to influence a household’s ability to move up these wealth segments

- Good Shepherd may benefit from a clear understanding of the extent to which it is able to influence positive financial outcomes for its clients
- How much can Good Shepherd projects contribute to placing households in a position where they can raise their level of financial inclusion?
- It is important to understand this dimension as government funding will be dependent on the degree to which they believe Good Shepherd can deliver on benefits

Develop further insight on segments which are more likely to transition to financial inclusion

- Good Shepherd may benefit from understanding what kind of clients are more likely to move up the financial inclusion continuum if given a microfinance loan
- This will help Good Shepherd increase penetration beyond the 7% assumption we have currently used

Identify what proportion of those who benefit are of Indigenous backgrounds

- The Australian government both at a Federal and State level has signaled an intent to allocate a greater allowance of charitable/not-for-profit funding towards initiatives which benefit the Indigenous population
- Understanding the degree of impact that Good Shepherd’s activities have on the Indigenous population will bolster its case when seeking funding from government agencies