

A smiling woman with long dark hair, wearing a red and black patterned top, is the central focus of the image. She is in a classroom, with a calendar, a poster titled "Our Solar System", and other educational materials visible in the background. The background is decorated with colorful streamers.

Taking Action to Make Financial Wellbeing Everyone's Business

Learnings and Evidence from the Transition Phase of the Financial Inclusion Action Plan (FIAP) Program

Program Report July 2019



Financial Wellbeing in Australia: Where are we at?

Australia is often referred to as the 'lucky country' – a highly developed economy which has experienced uninterrupted growth over the last three decades¹. Yet this growth has not been equitable, and millions of people are unable to realise their full potential and experience financial wellbeing².

More than three million Australian adults are severely or fully financially excluded³, which places them and their families at a higher risk of experiencing financial stress and hardship; poverty²; vulnerability to predatory lending

practices⁴, and poorer social, emotional and health outcomes.

While the level of exclusion hasn't changed markedly over the last decade, wealth and income inequality, as well as financial stress and hardship⁵ have worsened.

Although financial wellbeing can be measured in different ways, all recent studies agree that approximately half the adult population is experiencing some level of financial difficulty^{6,7,8,9}

2 in 3

adults are not on track to meet long-term financial needs⁵



2.1 million

adults are financially vulnerable in Australia⁵

10.3%

under-employment rate for women (men=6.5%)¹²

Women earn

\$240

less per week than men¹³



Home ownership has dropped in Australia over the last 15 years by

4.2%¹⁰



27%

increase

in household debt to income ratio¹¹



Looking out to 2060, experts advise that Australia faces a Slow Decline if no action is taken to address significant economic and social challenges.¹⁴ The Financial Inclusion Action Plan, which is fostering cross-sectoral action across the financial system in Australia, therefore offers an important blue-print for system-wide change, which other sectors and key influencers can adapt.

Financial Inclusion Action Plans:

How can they enable real change?

What is a Financial Inclusion Action Plan?

A Financial Inclusion Action Plan (FIAP) is a commitment made by an organisation to take practical actions to improve financial wellbeing for its customers, employees, supply chain and community partners.

How does the Financial Inclusion Action Plan Program work?

The Financial Inclusion Action Plan (FIAP) program has been run by Good Shepherd Microfinance since 2015, in partnership with the Department of Social Services (DSS), EY Australia and the Centre for Social Impact at the UNSW Sydney (CSI). The Program provides support to organisations to develop a FIAP using a consistent framework of tools and methodologies. Members also have the opportunity to develop partnerships, and learn from each other through online tools and regular Community of Practice events.

The Financial Inclusion Action Plan program provides member organisations with the opportunity to contribute to building resilient and supportive communities by:

- ▶ enabling participants to work collaboratively across sectors
- ▶ testing innovative approaches to improving financial wellbeing
- ▶ scaling-up what works via individual and collective action.

By joining and taking action, FIAP members also contribute towards Sustainable Development Goals related to enhancing economic growth and reducing inequalities.



Program-Level Statement of Purpose

To realise inclusive growth in Australia

by enabling multiple sectors to take action

to improve financial wellbeing within their own sphere of influence.

The FIAP Program: Our journey to date



I think we all want a fairer and more equal society. FIAPs create the opportunity for organisations across all sectors to collaborate and contribute to improving the financial inclusion, resilience and wellbeing of those Australians who are less advantaged. By measuring the impact of our actions and sharing the learnings about which initiatives do or don't deliver real, scalable outcomes, together we can help build a fairer Australia.



Delia Rickard
Independent Chair FIAP Advisory Group



November 2016

The first 12 Foundation FIAPs launched with participants (FIAP Trailblazers) committing 240+ actions



March 2018

FIAP Phase One (Establish & Engage) successfully completed; 18 new Foundation FIAPs launched with 300+ actions; Program Evaluation and Quality Assurance published

July 2018

12-month FIAP Transition Phase commences, to incorporate learnings and enhance program delivery for future scaling-up



July 2015

Federal Government commissions GSM to co-design and implement Australia's Financial Inclusion Action Plan (FIAP) as part of its G20 Commitments



Phase One
Establish & Engage
2015 - 2018


Transition
2018 - 2019



37
organisations
working together



over
630
committed
actions



87%
of 314 actions
committed in 2017-2018
have been completed
or commenced

500,000+
people participated in
2,000+ financial capability-
building workshops



10,000+
staff trained to improve their
ability to support financially
vulnerable households

\$62m
invested in programs to
support 121,000 people in
times of financial need

July 2019

FIAP Transition completed; Program Report, Evaluation and Quality Assurance published; FIAP Phase Two (Critical Mass) commences



Phase Two
Critical Mass
> 2019 - 2024

Phase Three
Community-led
> 2024 - 2029

Phase Four
**Embedded
in Society**

FIAPs can foster long term system change

Economic modelling shows that as FIAP actions are embedded into business as usual practices over a 10 year horizon, the FIAP program could contribute towards:

- ✓ Increase in nominal GDP of \$2.9b p.a.
- ✓ Increase in Household Wealth of \$11.8b p.a.
- ✓ Reduction in Government spending of \$583m p.a.¹⁵

FIAP Members

Leaders driving change

The Financial Inclusion Action Plan (FIAP) program is proud to showcase the efforts of 37 members from very different sectors who have joined the FIAP program to date – together they employ over 250,000 people and service over 80 per cent of the Australian population.

We recognise that the responsibility for addressing the complex, inter-connected and dynamic challenges of financial exclusion and hardship is not restricted to government agencies, the financial services industry and community organisations - every sector has a role to play in enabling financial wellbeing in Australia.

Financial Services



Not-for-profit





Utilities



Education



Legal



Fintech



Mutual Organisation



Retail



Government



Infrastructure



FIAP Actions

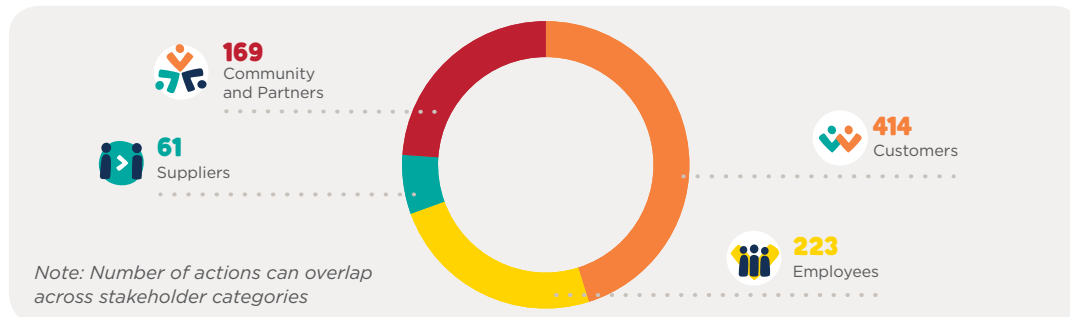
Turning good intentions into real outcomes

The FIAP program enables members to take practical actions based on a robust framework co-designed with our expert partners at the Centre for Social Impact and EY Australia. This framework is informed by global strategies which have been found to be the most likely to 'shift the dial' on financial inclusion, resilience and wellbeing in Australia.

Number of member actions by FIAP Action Area

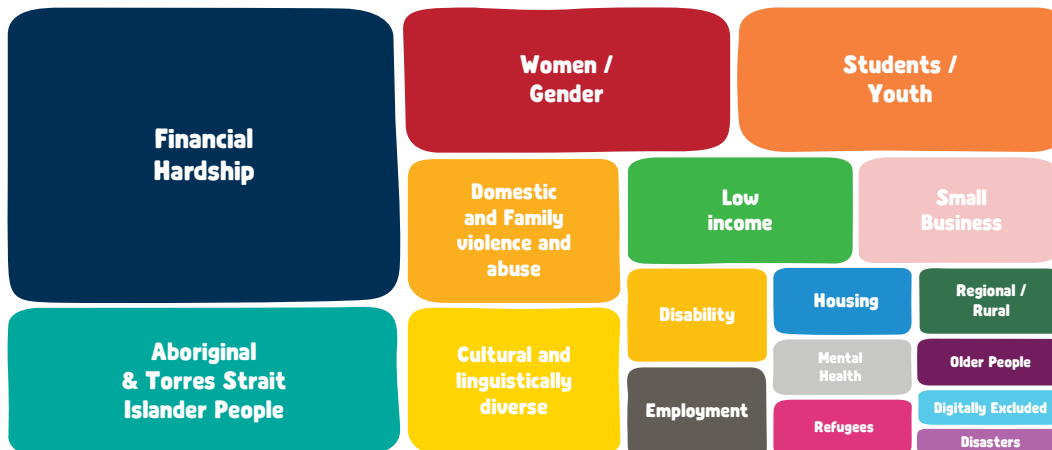


Number of member actions by Stakeholder Group



Number of member actions addressing key risks

The FIAP framework also enables participating organisations to take specific, targeted actions designed to provide early support for those most 'at risk' of financial exclusion and crisis, moving them away from long-term welfare dependency towards financial stability, income generation and wellbeing.



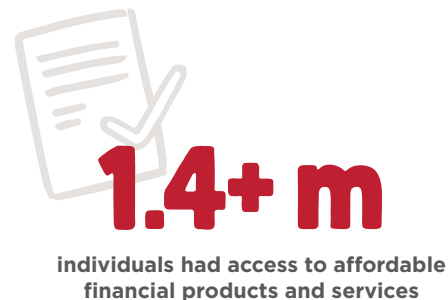
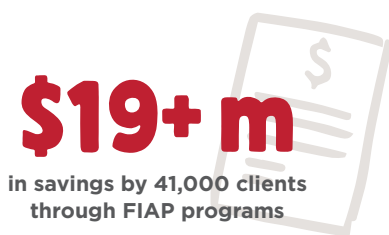
Measuring outcomes



The Centre for Social Impact at the UNSW Sydney (CSI) has played a vital role on the FIAP Program Implementation Team since its inception, and is responsible for evaluating the impact and emerging outcomes of the program. The Transition evaluation has been conducted using a mixed method approach including:

- ▶ Secondary data analysis of population data to measure change at a national level
- ▶ Survey data from FIAP members to measure outputs and short-term change occurring among them.

Key Achievements in 2018/19



Note: Data based on survey responses provided to CSI by 15 FIAP members.

More information on CSI's evaluation of the program, including challenges faced and future recommendations, is available from www.fiap.org.au

The FIAP Value Proposition

The financial value of FIAP actions

At the heart of the Financial Inclusion Action Plan program is the belief that an organisation, irrespective of size or sector, has a role to play in enabling financial wellbeing. This is good for business - a recent EY study found that 'purpose-driven companies experience an increase of 20% in sales and 6% in share price'¹⁶. The Edelman Trust Barometer¹⁷ also finds that Australian employees who trust their employer to 'do the right thing' demonstrate greater engagement (69%) and commitment (87%) to their workplace.

To determine the value of participating in the FIAP program, EY Australia conducted a robust review and found that members derive the most value from the following four aspects of the program:

- (1) Reputation and Leadership
- (2) Robust Framework for Action
- (3) Sharing and Learning
- (4) Measuring and Evidence

CASE STUDY

Sorry Business: Reducing the burden of funeral expenses

Helping families to farewell loved ones in a meaningful way, without experiencing financial hardship

Funerals are very costly. The average funeral costs 8.5% of an Australian's annual earnings. For those in the lowest income brackets, this can be up to 30-40%. As a result of the financial stress created when a loved one dies, many Australians have signed up to funeral insurance - most notably Indigenous Australians.

Funeral insurance products, however, are often not the most appropriate product for all consumers - and as highlighted by the banking Royal Commission, there are a range of funeral insurance providers that have exploited their customers.

It was clear that the funerals and related financial services markets would continue to produce bad outcomes for consumers without a disruptive solution. This would require many parties to come together to design and implement a solution to change the system. The coalition of organisations, initially instigated by FIAP, includes the corporate

sector, consumer and community bodies, government and regulators.

The initiative is now being led by Social Ventures Australia (SVA), with funding from CBA, NAB, iag and Suncorp, and support from the FIAP program and the government.

The initiative is focused on two key objectives:

- Reducing the cost of funerals by replicating a successful, non-for-profit community funeral model to communities across Australia (Tender Funerals)
- Offering a new funeral savings product that includes hardship protection if someone dies before reaching a savings target.

The new financial product pilot is planned to be available by the end of 2019. The initial Tender Funerals sites (ACT and Tasmania) plan to deliver their first funerals by early 2020 - other locations to follow may include Alice Springs, Newcastle and Perth.



Value created by financial inclusion activities

Building on EY Australia's findings, Social Ventures Australia (SVA) calculated the FIAP value proposition in financial terms, by undertaking a valuation analysis of key financial inclusion outcomes achieved by 15 FIAP members. Based on participant feedback and an analysis of available data, SVA identified 15 FIAP outcome areas (see Diagram below) of which four were selected for detailed valuation.

Social Ventures Australia estimated that \$423m net total value was created in FY17-18 by selected FIAP Members from their financial inclusion activities.

Actions to better manage client hardship and enhance client financial capability yield the greatest value (\$401m); followed by enhanced organisational reputation (\$66m); and staff engagement and capability (\$52m).

In addition, improved economic participation and security have the potential to create additional revenue of \$301m.

Delivering on FIAP commitments takes time and effort (costed at \$96m) – it is therefore vital for the FIAP program to adopt a continuous improvement approach.



Diagram: Calculating the FIAP Value Proposition (SVA December 2018)

- Outcome areas included in valuation
- Outcomes valued (based on data availability)
- Outcomes to be valued in future

CASE STUDY

Funds for Freedom: Re-building Life after domestic and family violence



Reducing the financial stress of re-establishing a new home after facing violence

Water Corporation is proud to support the Funds for Freedom (FFF) project as part of our response to the important social issue of domestic and family violence. Established in 2011 by the Women's Council (WA), FFF provides valuable support for women leaving refuges in re-establishing a new home for themselves and their children.

Through assisting with the purchase of essential household items like fridges, washing machines and small security items, FFF aims to reduce the financial stress often accompanied with having to relocate and rebuild. Since Water Corporation began its support of FFF in September 2018, 57 applications for assistance have been fulfilled which is nearly twice the number of applications from the previous financial year.

FIAP Quality Assurance

Validating the progress of FIAP actions



EY Australia's primary role on the FIAP Program Implementation Team is to provide Quality Assurance (QA)* to assist consistent reporting of FIAP progress, and to identify opportunities for future improvement in how FIAPs are reported and evidenced.

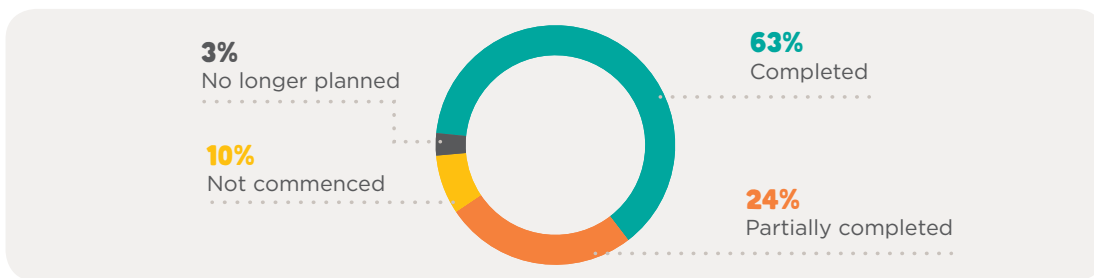
The QA process comprised an interview (conducted April-July 2019) with the 18 FIAP Trailblazers who launched their plans in 2017-2018 to test the commentary related to their actions, for consistency and transparency. Selected pieces of evidence were also requested to confirm the completion status and commentary. A full report of the actions is available at www.fiap.org.au

EY's key findings were that:

- further clarity of language relating to actions and outputs would assist with implementation and quality assurance
- it would be helpful to consider from the design stage what kinds of evidence might be collected
- some organisations, particularly smaller ones, struggle to allocate resources to reporting and evidence collection, and may need additional support.

The FIAP team is working hard to incorporate these learnings into the program design for Phase Two.

Status of member actions



* The term Quality Assurance is used in the FIAP program to provide a level of assessment and consistency over the FIAP process and outcomes. The term Quality Assurance does not refer to any conclusion or opinion being expressed in accordance with Australian Auditing Standards.

CASE STUDY

Breaking the Cycle of Financial Stress

The level of suicide within the building and construction industry is a major concern. BUSSQ is in the business of retirement yet far too many of our members do not make it to retirement due to self-harm.



The BUSSQ Response Solutions Team assists members in dire financial situations, with the aim of helping to reduce the number of suicides in the industry.

This focus was driven by data that showed members were making claims on hardship or compassionate grounds year after year and that an alarming number of these claims preceded disablement or death claims.

BUSSQ's goal is to help our members break the cycle by assisting them to overcome the difficulties that lead to their situation. The team at BUSSQ works closely with industry partners and charity organisations to connect members with services including personal and financial counselling and employment seeking.

One such partner BUSSQ has supported since their establishment in 2008, is MATES in Construction.

MATES works to stop suicide and improve mental health and well-being within the Australian construction industry. MATES offer face-to-face training to equip workers with the skills needed to help keep their mates safe. It's an industry-led approach to change the culture so that workers feel OK about seeking help.

Together with organisations like MATES in Construction, BUSSQ aims to help reduce the number of suicides in the industry, by assisting members when they are at their most vulnerable.

Building on Foundation Actions

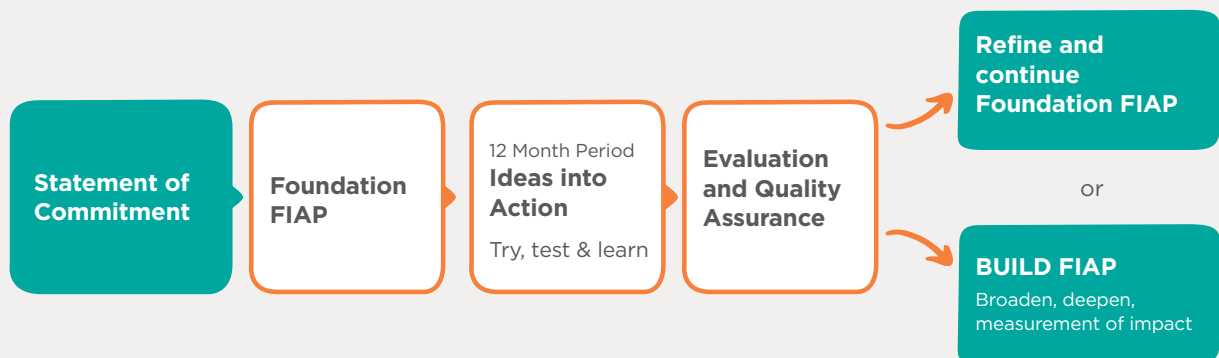
Lessons learned over the FIAP transition

Recent studies show that neither access to affordable finance nor enhanced financial capability by themselves can ensure longer-term financial wellbeing. What is needed is a holistic approach which combines these traditional approaches with a range of behaviourally-informed strategies that address personal, household and community-wide influences. The first key learning for the FIAP program has therefore been a shift in focus to the broader concept of financial wellbeing.

Working in co-design with FIAP members, the FIAP program has made enhancements to program design and delivery, including simplifying program definitions to better reflect members' experience and current research. The program has also established a members-only LinkedIn group for better sharing of learnings, and will launch an online platform enabling members to better develop, track, and share progress.

From Statement of Commitment to Foundation FIAP

When an organisation becomes a FIAP member, they make a public Statement of Commitment and develop a Foundation FIAP. A Foundation FIAP identifies initial actions the organisation will take, and is evaluated after 12 months. In future, organisations will have the option to continue their Foundation Action Plans, or move to develop a 'Build' FIAP.



What is a 'BUILD' FIAP?

Build FIAPs will have a timeframe of 2-3 years, with annual progress verification.

Actions are developed with the long-term outcome of Financial Wellbeing in mind.

Core Commitments

- > Actions that the members commit to embed into their future business as usual practice.
- > Based on learnings from Foundation FIAPs
- > Must detail specific actions to support Core Commitments.
- > Can pick and choose 1-7 actions across each of the four FIAP Action areas.



Leadership Actions

- > Deeper commitments, that extend financial inclusion and wellbeing beyond the Core Commitments.
- > Key communication tool — actions that lend themselves to case studies or stories.
- > Must have clear targets and metrics.
- > Must commit to measurement over the FIAP period.

FIAP Phase Two: The road ahead

The FIAP Program has a bold future vision for Australia, where individuals and families are able to realise their potential and thrive. Connecting with others and having access to resources and tools to help build financial resilience and wellbeing is central to achieving this vision. In Phase One (2015-2018), the FIAP program enabled 30 organisations (Trailblazers) to take 580+ actions to improve financial inclusion, resilience and wellbeing for their customers, employees and the wider community. By the end of Phase Two (2024) our ambition is to work with more than 100 member organisations, collectively reaching almost 350,000 employees and 1.7 million customers deemed most 'at-risk' of experiencing financial vulnerability.

Phase One of the FIAP program was successfully implemented with seed funding and in-kind support by the Australian Government and the FIAP Partnership Group. Building a financially sustainable model for the future is essential for FIAP to continue to support our members, grow our scale and reach, and measure our progress. During Phase Two we are implementing a shared funding model including tiered membership fees, fee-for-service consulting services, and social financing and look forward to the continued support of our partners to achieve longer-term sustainability.

We are pleased to introduce Ecstra Foundation as our Principal Supporter for the transition through Phase Two of the FIAP Program. Ecstra is committed to building the financial capability of all Australians within a fair financial system. Ecstra works as part of the National Financial Capability Strategy led by the Australian Securities and Investments Commission.

Ecstra sees the FIAP program as a wonderful opportunity to grow cross sector collaboration, to build on the evidence base of 'what works' in financial capability approaches, and to achieve improved outcomes for consumers and employees. We look forward to Ecstra's support as we grow the FIAP community, to collectively address the social, economic and behavioural factors which influence financial capability and wellbeing.



A Place-Based Approach to Financial Inclusion



The FIAP Program received an additional boost in early 2018 when the Helen Macpherson Smith Trust extended a grant to leverage the learnings of the national FIAP Program, and test it in a specific place of disadvantage in regional Victoria. Geelong was selected as the first location to pilot the concept of a Place-Based Financial Inclusion Action Plan.

Over the past 16 months, the immense support provided by GROW (G21 Regional Opportunities for Work) and G21 Regional Alliance has enabled us to engage with local organisations (the Pioneers) across business, government, community and academia to understand the local challenges and co-design practical actions which will enhance financial inclusion and resilience in the region. The Pioneers leading the way to develop and launch the first Financial Inclusion Action Plan for Geelong in February 2020 are:



CASE STUDY

Reimagining Customer Service

Using a Video Kiosk to personalise services

Ergon Energy Retail has used technology to improve customer intimacy during a recent successful three-month trial of a video kiosk at its Alma St office in Rockhampton.

Manager Customer Experience and Campaigns, Kate Gillespie said customers have been asking for the option to interact face-to-face with us for some time.

“Although we no longer have service counters, we have used video conference technology to replicate in-person engagement, with great feedback provided from both our customers and agents,” Kate said.

Customers who used the kiosk were able to connect to a Customer Service agent using a live video link to discuss a range of enquiries about their Retail bill including refunds, rebate applications and debt management.

With more than 90 per cent of customers saying they'd use the kiosk again, Ergon Energy Retail is now proceeding with the second phase of the trial in which a kiosk will be placed in a remote community, to assist vulnerable customers to manage their energy accounts.



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This Report contains an overview of the Financial Inclusion Action Plan (FIAP) program to date; findings from ongoing Evaluation and Quality Assurance; and future strategic priorities.

A companion document (FIAP Program Action Plans July 2019) detailing the 635 committed actions in the 33 Foundation Action Plans released by the member organisations to date, is available for download at www.fiap.org.au

'Taking Action to Make Financial Wellbeing Everyone's Business: Learnings and Evidence from the Transition Phase of the Financial Inclusion Action Plan (FIAP) Program' for Good Shepherd Microfinance, July 2019.

For more information about the FIAP Program, please visit www.fiap.org.au

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