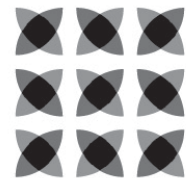




Financial Resilience: Do we need another concept?!?

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CENTRE
for **SOCIAL**
IMPACT





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for **SOCIAL**
IMPACT

We want a
BETTER
WORLD.

[See our strategy for more information](#)

Research

To illuminate, examine and help
create conditions for a better world

Educate

Developing social impact leaders
for a better world

Catalyse

Change across the social purpose
system

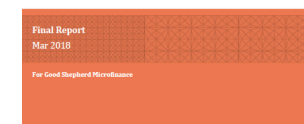
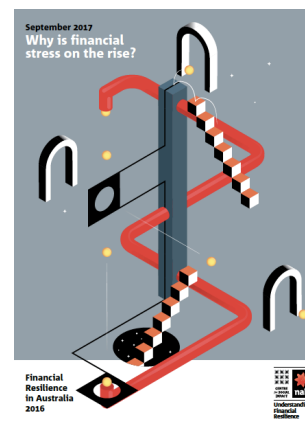
CSI's work in financial space

Financial
exclusion

Financial
resilience

Financial
wellbeing

Creating
impact



Purpose

- Forum

Aims

1. Understand the state of play
 - o Key challenges / issues faced
2. Conceptual coherence to reality
 - o Financial Iceberg
3. Unpack key outcomes, agents and levers for building Financial resilience.



Why is this a relevant topic now?

Policy climate

- ASIC's Product Intervention Power
- ABA's new banking code of practice
- FIAP initiatives

Market forces

- debt has outstripped national incomes
- fewer than 30 per cent of workers own their home outright,
- and one in three home owners are in mortgage stress.

Banking Royal commission

- Loss of trust
- Lack of fairness
- Stolen dignity

Moral imperative

- >3 million Australian are living below the poverty line (ACOSS 2018)
- 1 in 6 people in Australia find it hard to meet everyday living expenses (Weier et al 2018)
- 1 in 200 people homeless on any given night; 14% increase in homelessness 2011-16 (Amplify Insights, 2018)

Financial Inclusion

- Where did you encounter the concept?
- How does that compare to the 'experience' of financial inclusion?
- Did we find successful approaches to fix the issues?
- What else needs to be done?

Definition and limitation – Financial Inclusion

- OECD definitions (Atkinson & Messy 2013)

Financial inclusion refers to the process of promoting affordable, timely and adequate access to a wide range of regulated financial products and services and broadening their use by all segments of society..

- G-20's Global Partnership for Financial Inclusion (2011)

a state in which all working age adults have effective access to credit, savings, payments, and insurance from formal service providers

Focus on which only measures access to financial products and services

The Financial Iceberg Illusion

VISIBLE

FINANCIAL HARDSHIP

Over indebtedness
Arrears
Late payments
Non-communication
Divorce

LESS VISIBLE

INDIVIDUAL LEVEL

Personal health;
Demographic disadvantage;
Domestic & Family Violence;
Access; Knowledge, behavior,
skill; Economic resources ;
Social networks

SOCIETAL LEVEL

Costs of living;
Housing unaffordability;
Un/under employment;
Restrictive social security
Financial regulation

NOT VISIBLE

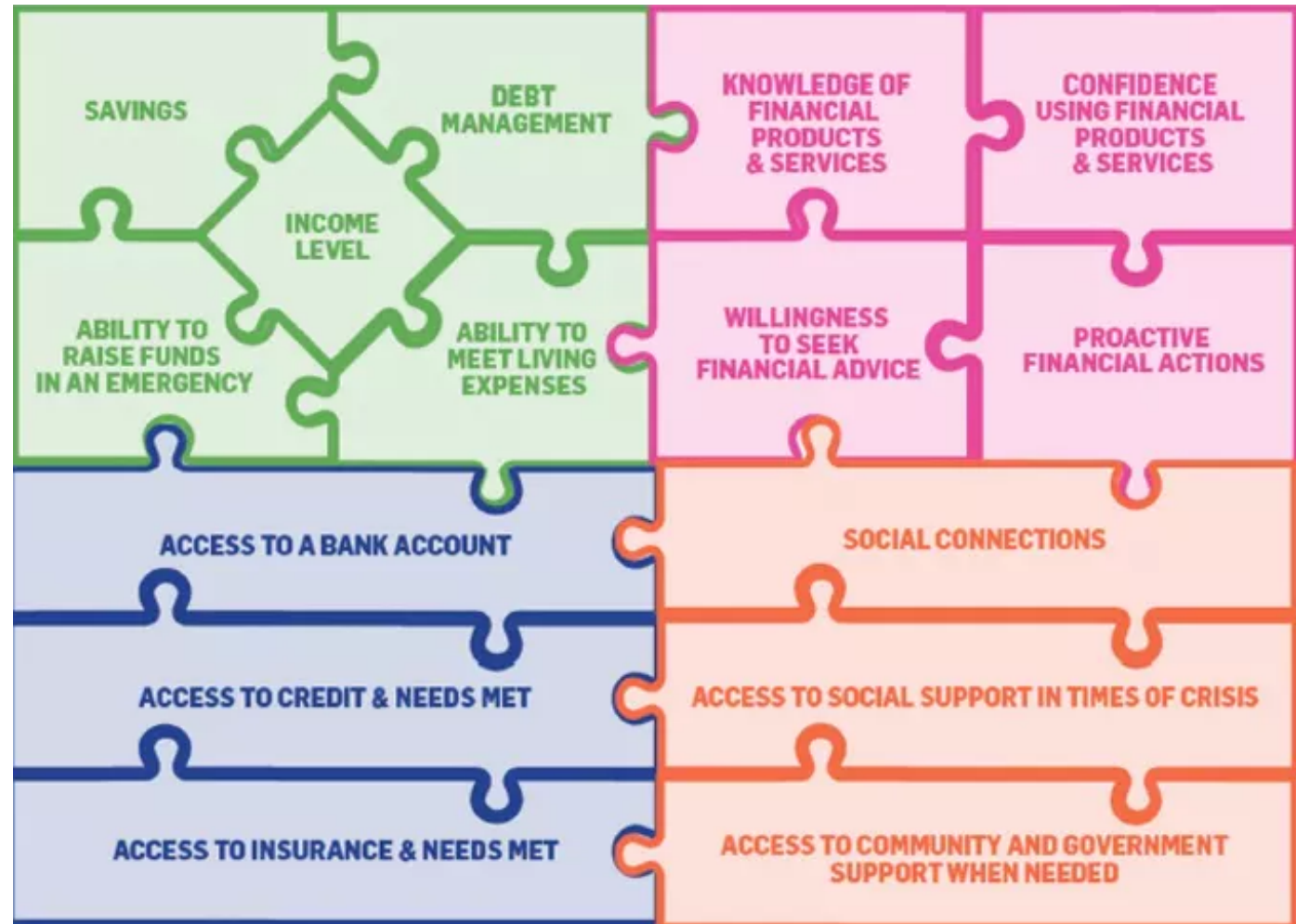
COMMUNITY LEVEL

Disjointed services;
institutional inequities;
Predatory lending;
Organisational culture

FINANCIAL VULNERABILITY

Financial resilience:

“the ability to access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity”.



Economic Resources



Severe or high financial stress

- 1 in 10 (2.1 million) population

Does not have 3 months of savings

- 44% general (13.5% no savings)

Can't get \$2,000 in a week for an emergency

- 1 in 5 general

Hard to meet living expenses

- 1 in 6 general

Women and Bankruptcy: Financial Difficulties are similar, pathways are different

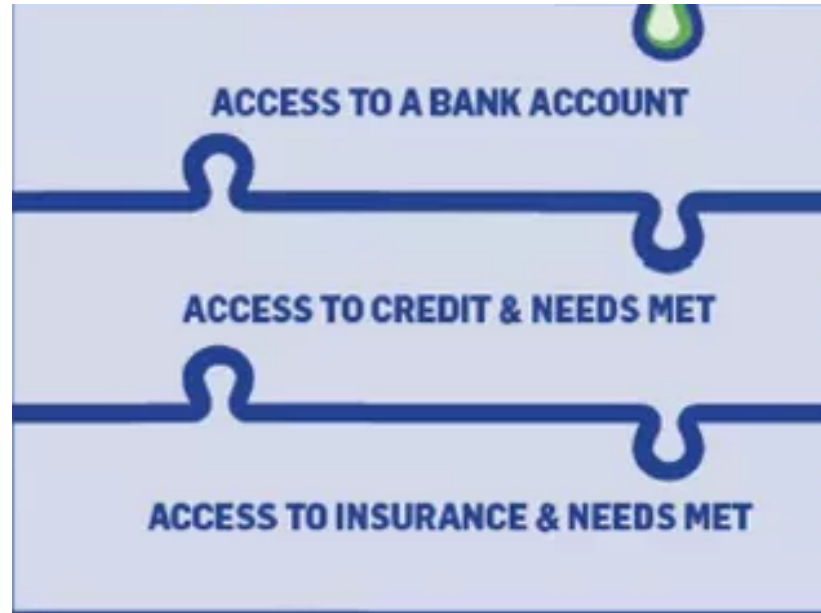
Financial knowledge and behaviour

- 60% of respondents said they felt reasonably confident or very confident using financial services and products.
- 96% of respondents would consider seeking financial advice, but only 32% had actually sought out advice previously.
- Respondents with high economic resources were more likely to seek advice from a paid professional (68.6%); respondents with low economic resources would use a free community service (60.2%).



Indigenous peoples and money stories: Historical and ongoing systems of constraints

Financial products and services



Almost 1 in 3 (29%) households in Australia are over-indebted

- 77% couldn't cover a ¼ of their debts in financial shock (ABS 2017).
- Household debt : disposable income ratio = 194% @ 10yr high

Unaffordable credit

- 1 in 3 very low-income people accessing affordable, low-cost credit (e.g. NILS, Centrelink, Community finance etc.)
- 1 in 5 using high cost credit (consumer lease, fringe, personal loan)

Elder financial abuse: Inheritance impatience

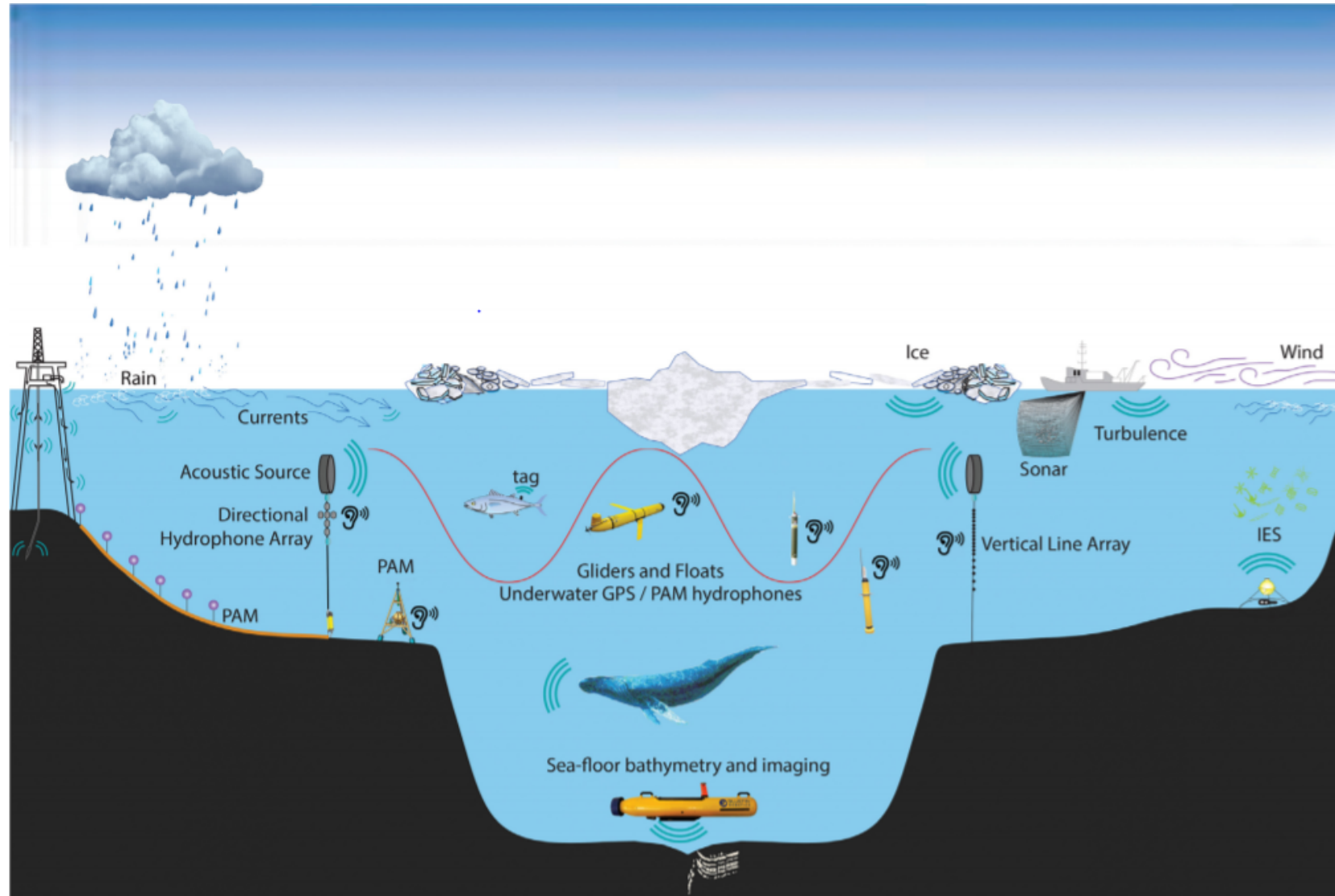
Social Capital

- Over 80% of respondents had moderate or high levels of social capital
- 5% of respondents said they had needed community or government support in the last 12 months, but had not been able to access it.
- 60% of people with moderate and high levels of economic resources also had higher levels of social capital, compared to 30% of people with very low economic resources.



Low wage/Welfare recipients: Depending on fragile networks

Iceberg tracking – Radars and Sonars



Iceberg tracking – Radars and Sonars

MACRO TRACKING

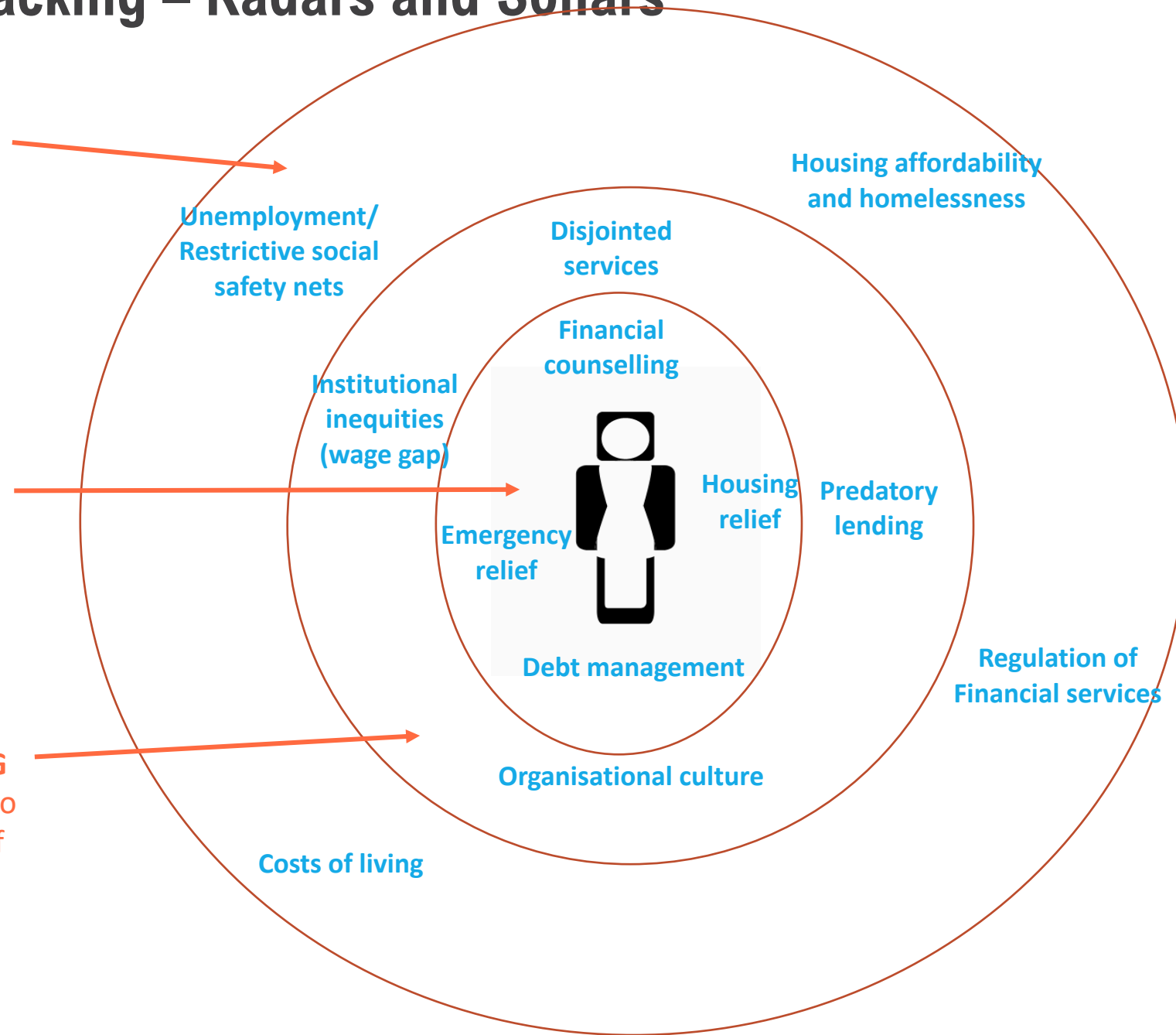
(Societal/Policy
level of influence)

MICRO TRACKING

(Individual level of
influence)

MESO TRACKING

(Organisational/Co
mmunity level of
influence)



How do we avoid the Financial Iceberg?

- Think beyond/in addition to financial products and services debate
 - Also consider economic resources, social capital and financial knowledge and behaviours
- Think about the system you operate in
 - Where do you have influence?
 - Who can you work with?
 - What are the opportunities?

To continue the conversation....contact details

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Thank you!