



# ECONOMIC RESOURCES

NSW FINANCIAL INCLUSION FORUM

# ECONOMIC RESOURCES - INDICATORS

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## ECONOMIC RESOURCES

- Income
- Savings
- Debt management
- Capacity to raise \$2,000 in an emergency
- Ability to meet cost of living expenses

## FINANCIAL PRODUCTS & SERVICES

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

## FINANCIAL KNOWLEDGE & BEHAVIOUR

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

## SOCIAL CONNECTIONS

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

A low score in economic resources correlates to a lower score in other categories.

# COST OF LIVING & LOW WAGE GROWTH HAS PEOPLE FEELING ANXIOUS

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Consumer anxiety is higher than last year, driven by concerns over the cost of living and low wage growth.

## What are people anxious about?

1. Cost of living Government policy
2. Ability to fund retirement
3. Health
4. Job security<sup>1</sup>

**1 in 4**

Consumers rated cost of living anxiety 'very high'<sup>1</sup>

**30%**

Very low or low levels of economic resources<sup>2</sup>

**15%**

Expect income to fall over next 12 months<sup>1</sup>

**< \$35,000 p.a**

Anxiety is highest among low income earners<sup>1</sup>

**50%**

Expect no change in income over next 12 months<sup>1</sup>

# PEOPLE AREN'T SAVING & ARE IN DEBT

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**12.5%**

No savings (increased from 10% in 2015)<sup>1</sup>

**20%**

Can't raise \$2000 in an emergency<sup>1</sup>

**40%**

Said savings fell in last 3 months<sup>2</sup>

**31%**

Expect to save less over next 12 months<sup>2</sup>

**20%**

Feel overindebted or just managing repayments<sup>1</sup>

**18%**

Debt levels increased over last 3 months<sup>2</sup>

# IT'S IMPACTING SPENDING BEHAVIOURS

More consumers are cutting spending than any time since early 2017, particularly on non-essential goods and services.

Around 1 in 4 consumers spent more than they earned in the past 3 months.

	Q1 2018	Q1 2019
Travel/holidays	-5	-14
Eating out (coffee, takeaway, restaurants, etc.)	-22	-27
Entertainment (movies, sports, concerts, etc.)	-18	-28
Groceries (food, alcohol, etc.)	4	3
Home improvements and maintenance	1	-14
Major household items (appliances, furniture, etc.)	-19	-24
Utilities (electricity, gas, phone, etc.)	14	13
Personal goods (clothes, toiletries, sports, pets, etc.)	-17	-19
Medical expenses (doctors, pharmacy, optical, etc.)	12	9
Transport (car running costs and public transport)	5	11
Children (school fees, childcare, activities, etc.)	-2	-3
Paying off debt	9	8
Use of credit	-16	-16
Savings, investments and super contributions	-3	0
Charitable donations	-20	-21

# FINANCIAL RESILIENCE & VULNERABILITY

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**60%**

Indigenous people can't raise \$2000 in an emergency<sup>1</sup>

**17%**

People over 60 have experienced financial abuse<sup>2</sup>

**2.1m**

Adults experiencing severe or high levels of financial vulnerability<sup>3</sup>

**18.5%**

Australians living with a disability<sup>4</sup>

**17%**

Women subjected to family Or domestic violence<sup>5</sup>

**50%**

Adults living with at least one chronic condition affecting quality of life<sup>6</sup>

**20%**

Australians speak a language other than English<sup>7</sup>

1. Source: Indigenous Financial Resilience in Australia 2018

2. Source: World Health Organisation 2015

3. Source: Financial Resilience in Australia 2018

4. Source: ABS 2015

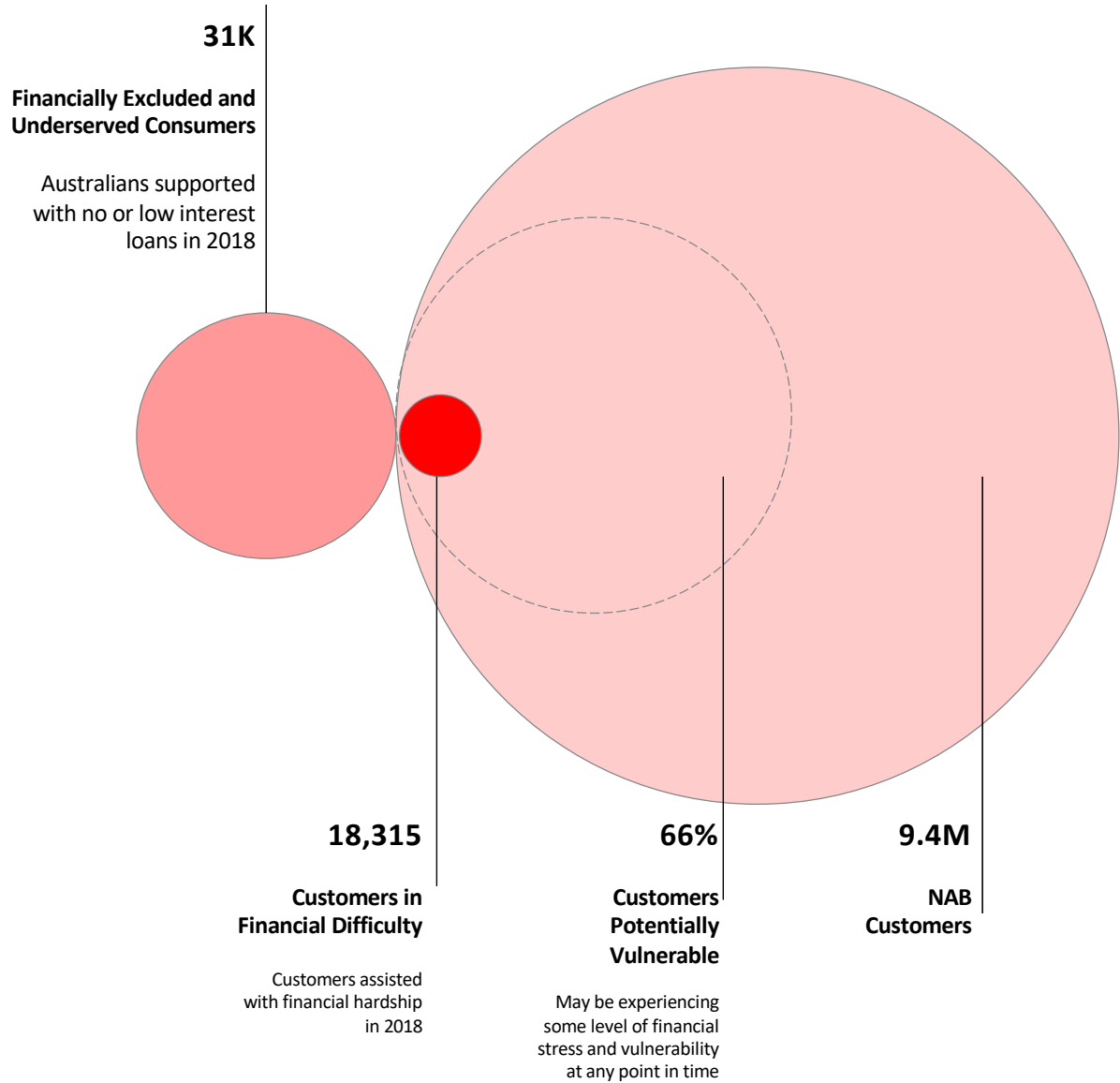
5. Source: ABS 2017

6. Source: Australian Institute of Health and Welfare, 2018

7. Source: ABS 2018



# FINANCIAL RESILIENCE & VULNERABILITY



Source: NAB Sustainability Report 2018



# NAB VULNERABLE CUSTOMER FRAMEWORK

## Our Vision

To be Australia's leading bank, trusted by customers for exceptional service.

To be trusted and to deliver truly exceptional service we must be able to respond sensitively to our customers experiencing vulnerability.

## What is vulnerability?

Vulnerability is a personal situation, where people are exposed and susceptible to harm or loss. Everyone may experience being vulnerable in their life and its impacts can be experienced differently. Customer vulnerability involves an inter-play of personal and environmental circumstances, market practices and the actions of our organisation.

## Our Foundations

- Hardship assistance
- Customer care
- Customer complaint resolution and remediation
- Supporting those on low incomes building financial inclusion and resilience
- Domestic and family violence initiatives
- Natural disaster and crises responses
- Indigenous financial inclusion
- Accessibility action



## Vulnerable customer needs

1. Clear, easy and empathetic communication
2. Bank to respond flexibly to their needs
3. Genuinely caring and acting in my best interest

## Our Approach



Listen, consider, act for the customer



Showing empathy and understanding



Building lasting banking relationships



Supporting vulnerable customers to help themselves

## Our Response

**Older Customers** - Inclusive and accessible banking, reducing susceptibility to elder abuse, scams and fraud

**Making it Easy** - for customers experiencing vulnerability to be supported and to help us meet their needs

**Universal design, service and change** – keeping vulnerable customers at the heart of design, service and change processes

**Building our capability** – training and support to enable and empower employees



# NAB VULNERABLE CUSTOMER FRAMEWORK – RESULTS TO DATE

**30,000+**

Australian employees complete online learning

**8,000+**

Frontline employees complete additional online learning in 'Respectful Communication' and 'Indigenous Cultural Awareness and Services'



Dedicated specialist team, Customer Support Hub established in June



Indigenous and remote customer assistance line



**40%**

Cases related to domestic and family violence

**15%**

Cases related to elder financial abuse

**50%+**

Customers experiencing vulnerability have had recent fraud/disputed transactions

- Phone **1300 308 175**
- Email [NAB.Customer.Support@nab.com.au](mailto:NAB.Customer.Support@nab.com.au)
- Open 8am – 5pm Monday to Friday



# HOW WE HAVE HELPED: ELDER ABUSE

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- Harry\*, aged 75, experiencing elder and financial abuse by non-biological grandson transferring over \$140,000 from his account to a non-NAB account.
- Harry had a declined transaction on his card for a supermarket purchase. He visited the branch with concern, as he believed over \$140,000 should be in the account. Branch advised that there were insufficient funds in the account. The account balance was \$100.
- A review of his account and transactions indicated an extensive number of internet banking transfers from Harry's account into a non-NAB account in the name of his non-biological grandson.
- Harry was very confused as he does not use internet banking and blamed NAB for losing his money, he expressed disbelief that it was his grandson. The phone number on Harry's profile was also listed as his grandson's number indicating an ID takeover.
- Branch referred to Customer Support Hub to drive a supportive conversation with Harry which uncovered elder and financial abuse by his grandson, who has been controlling all internet banking access and stealing funds from Harry's account over the past year.
- In disbelief, Harry tried to protect his grandson, changing his story to advise he was allowing the transfers.
- Further support and numerous customer visits back to the branch resulted in Harry confirming that these transactions were not authorised. Harry also shared that his grandson becomes angry and aggressive at times.
- We liaised with the other bank to review the recipient account and stop release of any funds in the account while under investigation. NAB's Investigations Team was also engaged to look further into the case.
- Harry was supported to lodge a police report and referred to Senior's Rights Victoria for additional personal support, he is currently working with a support worker who is helping him with Centrelink. All banking passwords were reset, with Harry educated on the importance of keeping all information secure.

# HOW WE'VE HELPED: DOMESTIC & FAMILY VIOLENCE

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- Belinda\* had recently fled a domestic and family violence situation in NSW.
- Belinda was receiving support from a women's refuge in WA.
- She wanted to open a new NAB account to receive Centrelink payments however was unable to provide the identification requirements as her passport is at her former residence. As a non-Australian citizen, to apply for a replacement passport Belinda would have to go to Canberra – a trip that she is unable to afford. Belinda could provide a range of other identification documents, however, she was still not meeting AUSTRAC requirements.
- Belinda's support worker contacted the Customer Support Hub for assistance who reviewed the AUSTRAC requirements for Special Purpose Written reference. The support worker was comfortable providing a written reference and there was also a police report to further support the customers situation, however according to policy a written reference must know the customer for 12 months. In this case her support worker was the only person able to assist – having fled her life in NSW, Belinda did not have any other person she could request a written reference from.
- Due to the nature of the circumstances, the State Risk Manager was engaged to review, providing advice on the requirements. With approval from the State Risk Manager, the support worker provided the Special Purpose Written reference, along with the customer's other supporting identification documentation and the account was opened.

# HOW WE'VE HELPED: MENTAL HEALTH

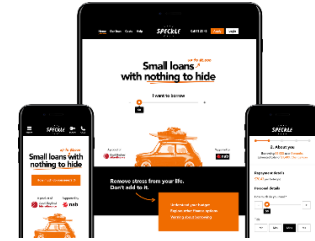
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- An important role of the Customer Support Hub is to assist bankers in providing tailored support to customers experiencing vulnerability.
- Bryan\* presented at a branch with potential mental health issues and a banker contacted the Customer Support Hub for guidance on having a difficult conversation and offering additional supports.
- Bryan attended a branch to make a cash withdrawal, and presented as withdrawn and reserved. The banker noticed that Bryan's behaviour indicated he might be experiencing a difficult time and she offered to assist. She offered Bryan to use a branch meeting room to call the Customer Support Hub to provide further help.
- Bryan went into the meeting room, said that he called the Customer Support Hub and he told the branch that and he'd 'pointed him in the right direction.'
- After he left, it was noticed that Bryan left a printed email on the branch meeting room desk which had a lot of detail about his personal situation, mental health issues and vulnerabilities.
- Our banker contacted the Customer Support Hub for further assistance. It was found that Bryan had not actually called the team for support.
- The Customer Support Hub offered to contact the customer to offer support, however after further discussion, the banker decided that she preferred to speak with Bryan at the branch about his concerns.
- The Customer Support Hub prepared a tailored email for the banker including how to approach the situation when the customer next comes into the branch, useful phrasing and conversational techniques, and external referrals that might be able to further help Bryan.
- The banker felt a lot more comfortable with having the discussion with Bryan upon his next visit to the branch. The Customer Support Hub also advised that once the conversation occurred, if there was a need for an additional referral to CareRing it may be another potential option.

# SPECKLE – DISRUPTING PAYDAY LENDING

## What is Speckle?

- Online lending platform.
- Loans up to \$2000.
- Regulated under Small Amount Credit Contract Legislation.
- Speckle is for consumers who have limited access to mainstream or microfinance credit who have experienced a short term financial shock.



## What makes Speckle different?

### 1. Social enterprise

Speckle aims to be financially sustainable and to operate as a social enterprise with any surplus to be reinvested into lowering the price of the product and into other financial health initiatives.

### 2. Lower fees and charges

Fees and charges have been set considering financial sustainability and recommendations from Treasury's review into Small Amount Credit Contract legislation and consumer advocate groups. The fees and charges are significantly lower than comparable products and dishonour and default fees are structured to support the customer to get back on their feet rather than to drive additional profits.

### 3. A focus on customer care

Speckle's aim is to ensure consumers are directed to the right option for them whether this is a Speckle loan, a no or low interest loan, financial counselling support, mainstream finance or hardship assistance through their financial services provider. Speckle works with consumers who need support with repayment arrangements and does not on-sell debt to a third party, leveraging learning from the NAB Assist and NAB Care teams.

### 4. Social impact

A central focus for Speckle is to ensure, where possible, we are improving the financial resilience and health of consumers who take out a Speckle loan. This includes referrals to other support services or to no and low interest loans. In addition credit assessment criteria have been designed to look for potential vulnerability for example problematic gambling.

# SPECKLE – IMPACT TO DATE



Speckle has saved customers almost \$800,000 in application and monthly fees



20% of customers report needing assistance from Speckle, and they report they were able to access it when needed



82% of clients report reduced financial stress



85% of borrowers are glad they borrowed from Speckle



Around 2000 referrals to NILS, financial counselling and other programs

## Top 5 reasons for getting a loan:



1. Motor Vehicle Repairs (34%)



2. Health Services (21%)



3. Travel (17%)



4. Household goods/furniture (16%)



5. Rent/Bond (12%)

# SPECKLE – IMPACT TO DATE

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## Referral to other product

- 37 yo single female, (separated), no dependants, renting
- Casual employment in healthcare plus Newstart to supplement her income
- Loan purpose was for household goods/furniture, \$2000 over 12 months requested
- She had a Flexirent debt and a personal loan, but no SACCs
- Speckle outcome was a decline due to insufficient income, however, our Customer Care Team referred her to NILS provider
- She was unaware of NILS and would consider making an application for a more suitable credit product

## Approval for education costs

- 47 yo married male, renting, with 1 dependant
- Casual employment in Labour sector earning \$52,000 p/a
- Loan purpose was for education expenses, \$300 over 3 months requested
- He had 1 SACC loan
- Speckle outcome was an approval
- Applicant was able to pay his school fees without the stress of a high cost product