

## Financial Inclusion Forum 2019

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Developing social capital responses to financial exclusion:  
Funerals Financial Hardship initiative

13 August 2019

# The contacts and network around a person can help tackle their financial exclusion through support such as funds/loans, other assistance and guidance

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## What should financial inclusion look like?

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- Financial inclusion means that families have **access** to appropriate financial services for their needs – and that they **can effectively use** them.



## Social capital has a key role to play in tackling exclusion

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- In the past, the focus has been on financial knowledge of the individual
- Growing recognition of **other influences** – including a person's **social network**
  - *Provide funds in a crisis*
  - *Offer loans or support payments*
  - *Other assistance*
  - *Advice, guidance or 'role-modelling'*

# The types of influence observed of social capital

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“What can make a remarkable difference for some people is the extent to which their family and friends interact with mainstream financial services providers...

...“*non-consumers of financial services are distinguishable from consumers only by belonging to social networks where financial services usage is relatively low*”.

**12x**

“People were seen to be twelve times more likely to have a financial product if they knew others who also had similar products.”

# Social capital can be captured from those close as well as wider community mechanisms – but it depends **what that network looks like**



- Who is in the network?
  - *Type of contacts*
  - *Type of support*
  - *Size*
- How you reach network?
  - *Likelihood?*
  - *Strings attached?*
  - *Pathways or crisis-driven*
  - *Guidance provided?*

# SVA has been invited to drive forward several initiatives that draw on, and contribute to, social capital

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Way Forward is a social enterprise that assists people living with financial hardship return to financial stability.



SVA has been invited to lead an innovative initiative to bring down the cost of funerals, as well as provide a more fair way for families to prepare financially.

# Social capital and the problem with funerals

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The funerals financial hardship initiative draws on several themes related to social capital and its impact on financial inclusion:

- **Reducing crisis costs at the outset** – driving down funeral costs by ~50%
- Enlarging the social **network or connections**
- Bringing financial or end-of-life **conversations into a community setting**
- Support to **navigate different funding sources**
- **Alternative financial product** pathway

# There has been a 'burning platform' for change in the funerals and financial services markets for some years

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*Funeral insurance concerns continue to be voiced*

The average funeral in Australia costs

**\$7-8k**

which is equivalent to

**8-10%**

of an Australian's annual earnings

...and up to

**30-40%**

in the lowest income brackets

*Meanwhile, the funeral industry continues to consolidate*

# There are concerns for consumers within both the funerals market and the associated funerals financial services market

Financial services market

**a** *Day-to-day and lifetime affordability & value-for money of some financial products (eg funeral insurance)*

**b** Awareness about how insurance products work

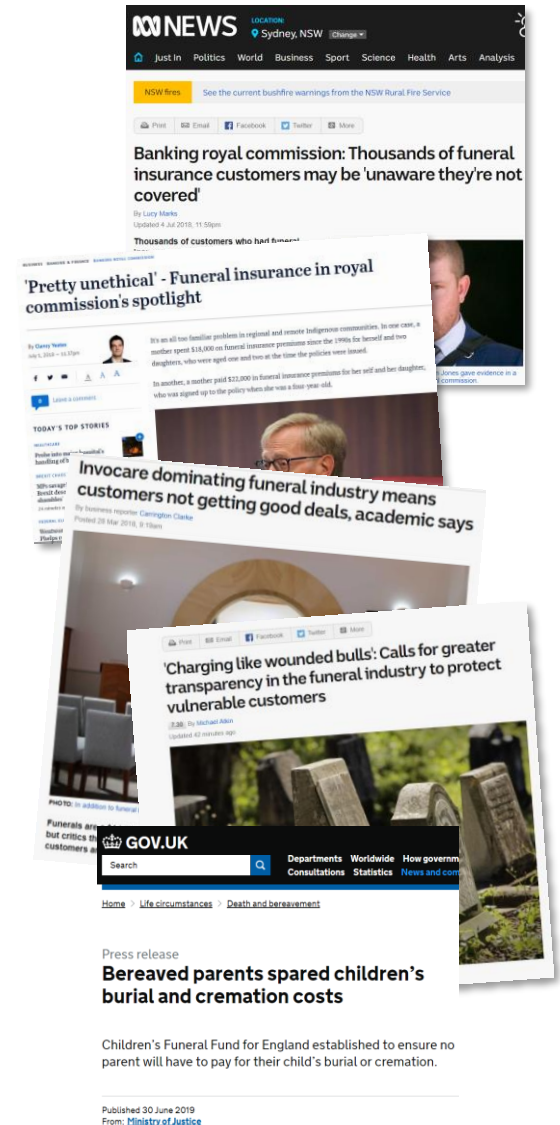
**c** Young customer base of one provider

**d** High, non-transparent cost of funerals

**e** Long-term indebtedness is becoming common place

**f** 'Double-paying' for funerals by indigenous communities

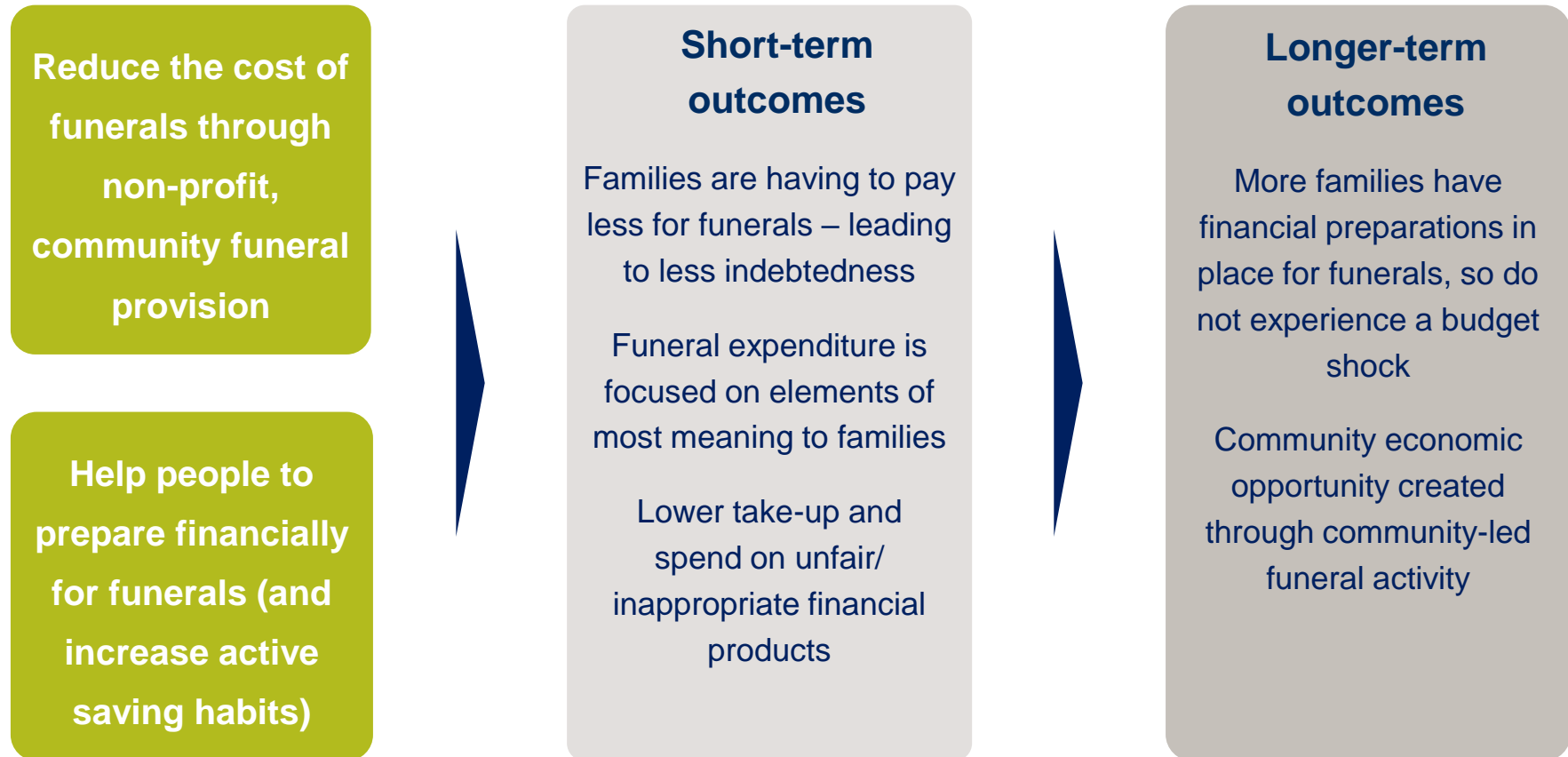
Funerals market





# The proposed solution will tackle the high cost of funerals as well as introduce an option to help people prepare financially

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## So by 2030, the aspiration is...

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~10-15 Tender  
funerals services  
across Australia



~10,000-12,000  
community  
members actively  
saving for their end  
of life expenses



The Tender network  
has educated  
communities on  
how to prepare  
financially for cost  
effective funerals

**An Australia where families and communities are able to farewell loved ones in a meaningful way, without experiencing financial hardship or distress.**

# To drive down the cost of funerals, affordable funeral options were reviewed - Tender Funerals was the strongest contender for national replication

## Rational for selecting the Tender model for funeral service replication:

- Proof of concept of affordable community funeral model
- Financial viability
- Culturally appropriate funerals
- Focus on supporting bereavement as well as affordability
- Helping people navigate financial options
- Ready to scale
- Communities already wishing to adopt this well-known brand

*Jennifer Briscoe-Hough  
Founder Tender Funerals*



*Tender Funerals Illawarra*

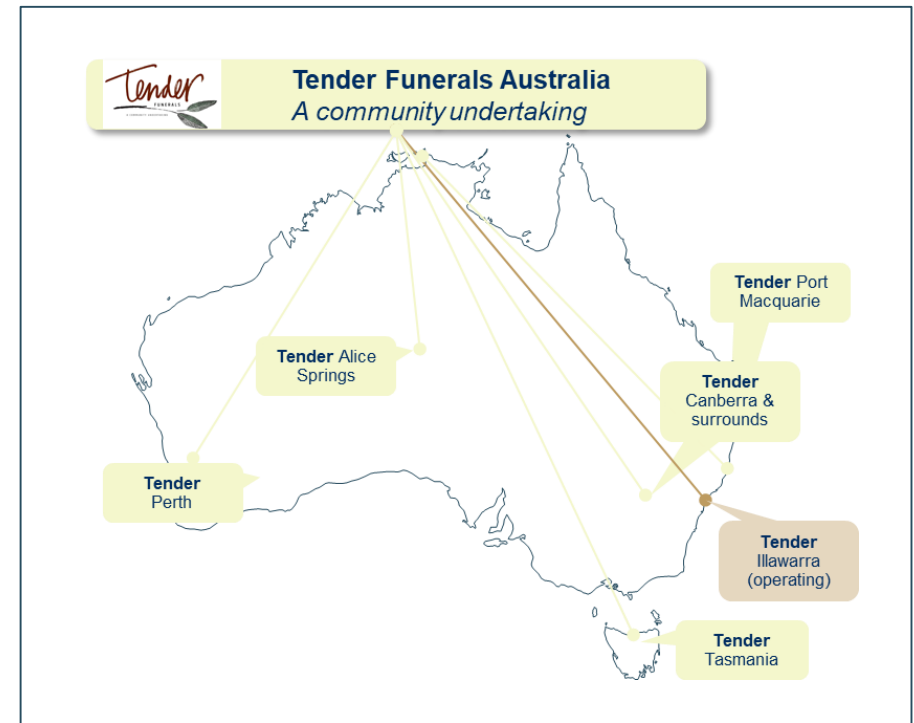


# Communities across Australia have reached out, wishing to develop a Tender funeral service in their area

***To become a replication site, the community must invite Tender in...***

Other community criteria:

- Experiencing need
- Viable size
- Whole-of-community model
- Aligned with Tender values.
- Activated community members with capacity to undertake initiative



The initial sites in Canberra and Tasmania aim to be delivering funerals by early 2020

To support replication, a national not-for-profit, Tender Funerals Australia, has been established to support the local sites

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**Challenges** faced by communities that wish to establish a Tender funeral service:

- Lack of familiarity with the industry
- Time and energy to develop resources
- Planning and operating a social enterprise – including incorporating
- Challenges raising capital



**As part of the social franchising model**, Tender Funerals Australia provides:

- Training and fundraising support
- All planning and operating collateral (eg incorporating, mortuary care)
- Ongoing capacity building support

Tender Funerals will also work with community bodies to support families to navigate the financial options available to them

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**Lower financial resilience (reactive)**

**Greater financial resilience (proactive)**

**Grants/  
Subsidies**

**No Interest  
Loan (NILS)**

***New*  
Funeral Saver  
Plan**

**Payment on  
delivery**

**Pre-arranged  
funeral**

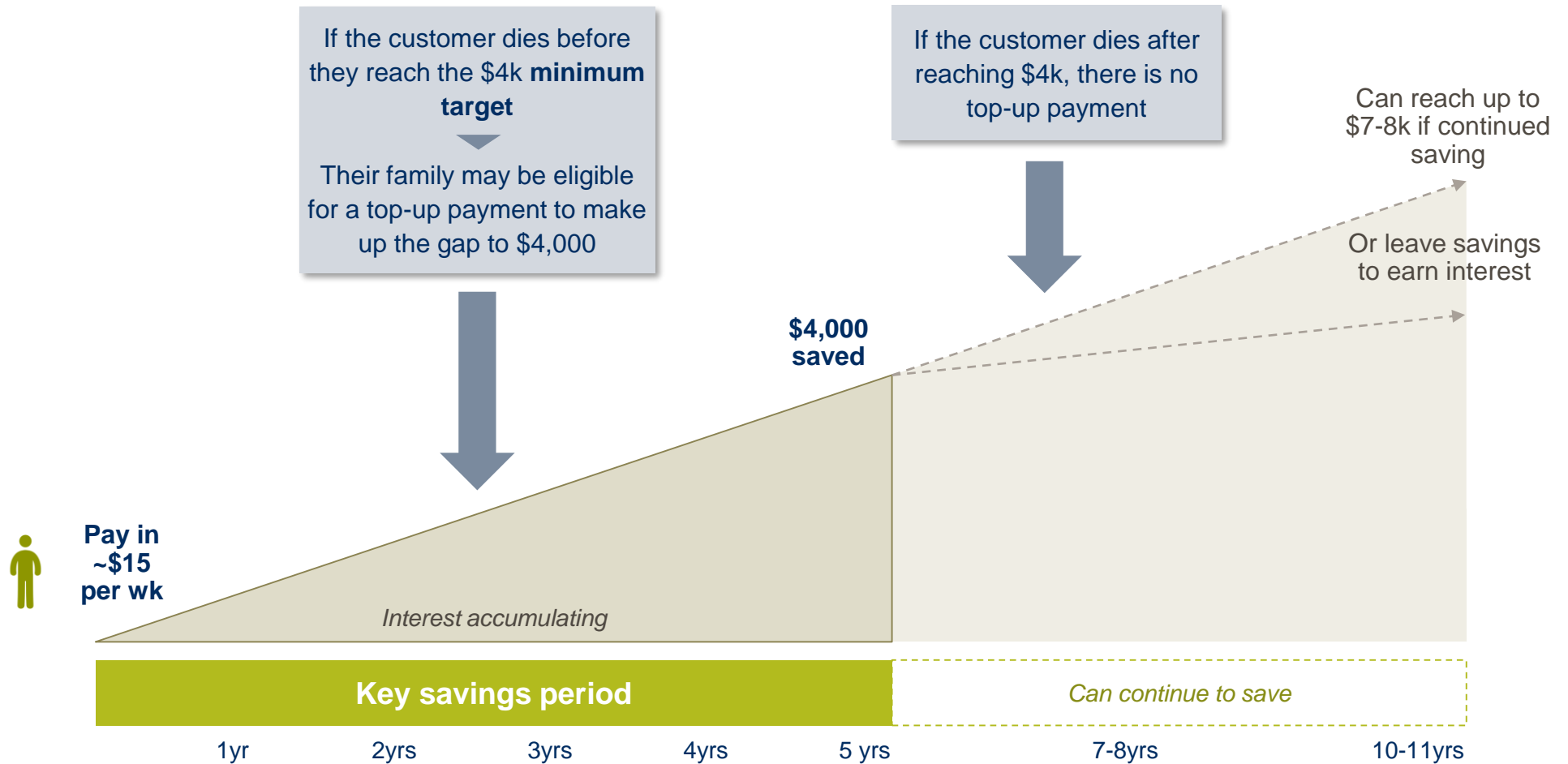
The Tender Funeral sites will help clients and families understand the financial options available, and help them navigate different sources in order to assemble funds.

## The *Funeral Saver Plan* is designed to help individuals save for a funeral in fair and practical way

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- The **Funeral Saver Plan** has been developed for individuals to start saving for their funeral, including individuals from lower socio- economic backgrounds.
- If a customer dies before reaching \$4000 in savings, the customer's family may be eligible for a **top-up payment** to cover the gap.
- To be eligible, the customer should have been saving regularly for a year.
- \$4000 won't cover all types of funerals, but will provide a significant contribution.
- The funds are **protected till the person's death** (accessed with a death certificate).
- If a **customer's child** dies, the customer can receive a payment to contribute to the funeral expenses – there is no need for the child to have a financial product.

In terms of the product, if a customer dies before reaching the savings target, the customer's family may be eligible for a top-up payment to cover the gap





# This type of initiative requires a broad coalition of support, funding and delivery

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- Broad-based support across all sectors – a coalition
- Network of delivery partners
- Financial contribution from a range of supporters:
  - Funding the project from inception
  - Multi-year donations to the Funeral Fund
  - Pro-bono expertise
  - Delivery at cost

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# Questions?