

30 March 2017

Stephen Moger  
Financial Wellbeing and Capability Policy Team  
Department of Social Security  
GPO Box 9820  
Canberra ACT 2601  
By upload: engage.dss.gov.au

Dear Mr Moger,

### **Financial Wellbeing and Capability Activity discussion paper**

ANZ welcomes the opportunity to make a submission in response to the Department of Social Services discussion paper on the Government's approach to financial wellbeing and capability activity.

This submission provides ANZ comments on specific issues raised in the discussion paper, based on our long experience in developing and implementing financial wellbeing and capability initiatives. The comments have also arisen from ongoing dialogue (and often consensus on many issues) with our valued community partners.

The key contribution ANZ makes to the communities in which we operate is our long-term investment in building financial literacy and inclusion. Financial inclusion contributes to individual wellbeing and community connectedness, leading to greater social and economic participation. This in turn helps enable economies to grow.

While this addresses a number of societal challenges, it also brings a range of business benefits. Customers with higher levels of financial literacy tend to make more informed financial decisions and are likely to have a better relationship with their bank than would otherwise be the case. Our financial education programs strengthen awareness of our expertise, leadership and reputation among stakeholders, including governments, regulators and community organisations.

Our flagship community investment is in our education programs – Saver Plus and MoneyMinded – to assist people on lower incomes with low levels of financial literacy to build their money management skills. A critical underpinning to the success of these programs is the strength of partnerships between ANZ and key community organisations who deliver the programs. In the case of Saver Plus, the partnership approach has been strengthened through the significant contribution of the Federal Government, which demonstrates the effectiveness of a tripartite partnership involving government, industry and community sector organisations in addressing issues relating to financial wellbeing and capability for families and communities.

Our ongoing commitment to these programs and addressing financial inclusion in other areas of our business are also outlined in our Financial Inclusion Action Plan (FIAP), developed under the program managed by Good Shepherd Microfinance and supported by the Federal Government.



## **ANZ's investment in financial inclusion**

### ***MoneyMinded***

MoneyMinded is Australia's most widely used adult financial education program that aims to help people build their financial skills, knowledge and confidence.

ANZ developed MoneyMinded in 2002, in conjunction with the NSW Department of Education and Training and an advisory committee including Financial Counselling Australia (FCA), the Financial Counsellors Association of NSW (FCAN), the Australian Securities and Investments Commission (ASIC) and community sector representatives.

MoneyMinded is wholly funded by ANZ and delivered in partnership with AnglicareSA, Berry Street, the Benevolent Society, the Brotherhood of St Laurence, Kildonan UnitingCare and the Smith Family. These organisations are licenced to train financial counsellors and community workers to deliver MoneyMinded workshops to those most vulnerable to financial exclusion. The fields of services using MoneyMinded include financial counselling, corrections, disability services, family violence services, emergency relief, homelessness services, microfinance, women's services, and migrant and refugee services.

In 2005, MoneyMinded was adapted to develop MoneyBusiness in a partnership between ANZ and the Australian Government, to build the money management skills and confidence of Indigenous people and develop a stronger savings culture in remote communities. This partnership enabled significant rollout of MoneyBusiness in Indigenous communities (as an Approved Money Management Course) and was supported by specific FWC funding for a number of service delivery agencies. Recently, changes to the funding model have significantly impacted access and participation levels. ANZ is reviewing its strategy for supporting financial inclusion in Indigenous communities and in the meantime, continues to offer MoneyBusiness training directly to community agencies on request.

In 2014, MoneyMinded online ([www.moneyminded.com.au](http://www.moneyminded.com.au)) was launched to expand the reach of the program to people who are unable attend face-to-face sessions. The website also includes links and information on useful resources, such as the Australian Government's MoneySmart tools and calculators.

More than 420,000 people have participated in MoneyMinded in more than 20 countries across the Asia and Pacific region. Around 6,000 facilitators have been trained to deliver the program.

Every year, the impact of MoneyMinded is evaluated by RMIT University. Consistent with previous years, in 2016 MoneyMinded showed significant impacts on participants in terms of increasing levels of confidence in dealing with financial issues, and developing financial knowledge and skills. Participants became more focused on the future; helping them feel more in control of their finances and set future goals. The 2016 report also included an in-depth study into the role of financial education in a family violence context.<sup>1</sup>

MoneyMinded is also a core component of ANZ's Saver Plus matched savings program that was developed in 2002 in partnership with the Brotherhood of St Laurence.

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<sup>1</sup> RMIT University (2016), MoneyMinded Impact Report 2016. Retrieved from <http://www.anz.com/resources/7/5/7550e2df-222b-445a-b4e5-986825378259/mm-impact-report-2016.pdf?MOD=AJPERES>



## **Saver Plus**

Saver Plus is the largest and longest running matched savings and financial education program globally.

Saver Plus was developed by ANZ and the Brotherhood of St Laurence, and is delivered nationally in partnership with Berry Street, The Benevolent Society and The Smith Family. The program is overseen by a Steering Committee comprised of senior representatives from the partner organisations, with funding provided by ANZ and the Australian Government. The program is administered centrally by the Saver Plus National Office.

The program is designed to assist families on lower incomes develop a savings habit and build assets for educational purposes. Participants set a savings goal to pay for their own or their children's education and are encouraged to save by receiving \$1 from ANZ for every \$1 they save, up to \$500. Participants remain on the program for 10 months during which time they are also required to attend MoneyMinded financial skills workshops.

Participants are currently eligible to join Saver Plus if they:

- have a Centrelink Health Care Card or Pensioner Concession Card;
- are at least 18 years or over;
- have some regular income from work (themselves or their partner);
- are a parent or guardian of a child at school this year OR are attending or returning to vocational education themselves; and
- live, work, study or have a child at school in the area where Saver Plus is delivered.

Saver Plus is evaluated regularly by RMIT University which consistently demonstrates the program's success. Key findings include:

- 87 per cent of Saver Plus participants are saving the same amount or more up to three years since completing Saver Plus.
- 81 per cent of all participants said they were better equipped to deal with unexpected expenses and 86 per cent reported they were better able to deal with financial problems.
- 93 per cent reported that achieving their goals increased their self-esteem.
- 83 per cent reported they had greater understanding and knowledge about financial products.

In addition to well-demonstrated outcomes related to financial wellbeing and capability, recent Saver Plus research<sup>2</sup> has also provided some tangential insights such as labour market engagement and reliance on government benefits for participants:

- Since completing Saver Plus, 39 per cent of participants had started a new job, 37 per cent had increased their working hours and 35 per cent felt more confident in finding paid work.
- 48 per cent reported that the amount of government benefit support they received since Saver Plus had decreased. This may be attributable to 37 per cent of participants having increased their working hours and 40 per cent reporting increased household income since doing Saver Plus.

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<sup>2</sup> RMIT University (2015), *Evaluation of Saver Plus Phase 5: 2011 to 2014*. Retrieved from <https://www.anz.com/resources/4/f/4f0ad22d-6d4e-4043-9a8b-df5991125a29/saver-plus-phase-five.pdf?MOD=AJPERES>



- RMIT University has calculated an estimate of the Social Return on Investment (SRoI) by 2020 of \$5.39 for every dollar of public sector funding for Saver Plus (based on the ability to save).<sup>3</sup> This incorporates many of the subsequent social outcomes that arise from developing a saving habit.

### ***Financial Counsellors***

Financial Counselling is a critical free service providing information, support and advocacy to people experiencing financial difficulty. Financial Counsellors are based in community agencies and are funded largely by either State Governments or the Federal Government.

ANZ recognises the important work and assistance that financial counsellors provide to our customers and other members of the community. As such, ANZ has employed a specialist financial counsellor liaison within our Customer Connect team, which specialises in assisting with customers experiencing financial difficulty and hardship.

ANZ provides ongoing support to financial counsellors including free MoneyMinded Facilitator training and annual funding to state and territory financial counselling agencies through Financial Counselling Australia (FCA).

FCA has reported growing demand for financial counselling services, including calls to the National Debt Helpline. To address this increasing need and a funding shortfall, the FCA has established a charitable trust to accept voluntary industry donations. ANZ has provided seed funding to assist this process.

### **Responses to selected questions outlined in the discussion paper**

#### ***Strategies to improve the targeting of services***

We would be concerned if access to Commonwealth Financial Counselling services were restricted to those at imminent risk of not being able to pay their debts. While understanding that access for people in these circumstances may need to be prioritised – and likely are already – limiting access in this way would limit financial counsellors' ability to conduct programs which arm people who may be near the economic margins but not in hardship, with the skills to improve their financial capability and circumstances.

Saver Plus requires participants or their partner to have some regular income from work (and a demonstrated capacity to save) to be eligible for the program. Since the program began, the Centrelink Health Care Card or Pensioner Concession Card has been used as a benchmark to identify people on low incomes who may benefit from participation.

ANZ and the Brotherhood of St Laurence are currently assessing the potential impact on Saver Plus of restricting eligibility to people in receipt of a specific Australian social welfare allowance, pension or benefit. In a shared value model, the partners are committed to meeting the requirements of funding partners (ANZ and the Federal Government) while ensuring the program remains accessible for the people for whom it was originally designed.

ANZ has strong ongoing partnerships with key community organisations who deliver our flagship programs. The programs benefit from the expertise of the community organisations that, in our view, are best placed to identify those most in need.

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<sup>3</sup> RMIT University (2016), *Saver Plus Report 2016*, Page 12. Retrieved from <http://www.anz.com/resources/3/4/344f9439-8927-45f0-9b70-fdbaa5a6e6fb/2016-saver-plus-access-report.pdf?MOD=AJPERES&Saver%20Plus%202016>



Over recent years, the partners have tested additional innovations that will continue to improve the program efficiency and cost effectiveness, while maintaining outcomes and quality. This has included online forms and processes, and MoneyMinded online as a complement for face-to-face delivery of financial literacy (addressing travel and location constraints, particularly for working parents).

### ***Strategies to increase service integration***

ANZ is fully cognisant that programs such as Saver Plus and MoneyMinded operate in the context of the broad range of community services available to people experiencing diverse financial challenges.

Cross-referral to and from these programs already occurs frequently, according to the specific needs of the client/participant, and the delivery partner's service capacity and community links (simple co-operation rather than a fully integrative model). Through this experience, we have become aware that progression through different services is rarely linear or predictable, and the factors that will lead people to different services cannot be easily anticipated.

The proposal to *encourage* establishment of relationships and referral pathways is sound, but the establishment of formal relationships as a condition of funding may introduce unnecessary compliance burden and reduce program agility, potentially impeding the flow of effective referrals.

### ***Strategies to support client outcomes***

As highlighted earlier, the focus of Saver Plus has always been on creating a savings habit, improving financial capability and supporting education. All of these aims are solid foundations for achieving economic independence without adding a requirement for formalised employment or work readiness outcomes.

Since the inception of Saver Plus, the Brotherhood of St Laurence and ANZ have conducted periodic research into the effectiveness of the program, the most recent in 2016. While the research has not focused specifically on labour market outcomes for participants to date, this year it will examine employment related outcomes and insights in more detail.

The extent to which the research will be able to prove definitive links is unknown and caution should be exercised in promoting positive employment outcomes from a program that was never designed with this specific outcome in mind. That said, we do believe the research will again suggest that where targeted behaviour change is achieved – such as the development of a prolonged savings habit – other behaviours may change in ways that contribute to personal resilience.

ANZ supports the proposal to increase focus on proactive education for at-risk target groups. As highlighted earlier, every year the impact of MoneyMinded is evaluated by RMIT University in a specific context. The 2016 report included an in-depth study into the role of financial education in family violence services. The study showed that financial education can contribute to both the protection against, and recovery from, family violence. The impacts of financial education will differ depending on the individual's needs and stage of recovery.

Building financial capability can act as an early intervention strategy to protect women from economic abuse. It can help by decreasing the chances or areas of financial vulnerability for women.



In post-crisis recovery, having access to financial education can provide short-term guidance to meet immediate needs and when appropriate, long-term support to reach economic independence and financial wellbeing.

ANZ has developed an approach to address the issues arising from domestic violence for staff, customers and the community. As part of this approach, and responding to RMIT University's findings, we are now examining how MoneyMinded can be adapted to best suit the needs of financial counsellors and community workers who deliver services to people experiencing family violence.

Finally, ANZ would caution that requiring financial counsellors to have a greater focus on assessing and referring their client's employment readiness may detract from their core function of assisting people experiencing financial difficulty. Improving financial literacy and inclusion already contributes to greater social and economic participation. Financial counsellors have an important role to play in achieving this.

### ***Strategies to build a strong workforce***

As the discussion paper acknowledges, many workers in financial wellbeing and capability are community workers and financial counsellors based in community organisations and in some instances are volunteer workers. As such, they often have limited funding to develop tools and resources or to attend further training.

ANZ provides free training, materials and support for financial counsellors and workers in community organisations to tailor and deliver our MoneyMinded financial education program to meet the specific needs of their clients. We are committed to helping to build the capacity of the community workforce to not only deal with crisis service delivery but deliver a program that can have longer term impacts on financial resilience and economic participation.

### ***Strategies to strengthen evidence, improve practice and measure outcomes***

Over more than a decade, ANZ and our partners have regularly reviewed the outcomes of our flagship programs Saver Plus and MoneyMinded with RMIT University. This research focuses on a range of outcomes for individuals participating in the programs including:

- Ongoing money management skills – ability to plan ahead, deal with unexpected expenses, continued saving and encouraged children and family to save, feel in control over finances;
- Financial decision making skills – awareness of where to get help with financial decision making, ability to deal with financial problems, increased knowledge of financial products and services; and
- Financial wellbeing – report reduced levels of stress, increased self-esteem, increased social networks.

These outcomes are also reported annually in our Corporate Sustainability Review and assured by KPMG.

Most importantly, outcomes need to be linked to the objectives of the program. In the example of Saver Plus, the program's intent is to create an ongoing savings habit, improve financial capability and support education. The development of individual and family capabilities is critical to maximise employment and social participation and for people to lead full, and productive lives and achieve economic independence.

While employment outcomes can be considered, it is important to exercise caution in drawing inferences where there are many factors well outside the control of the program



that influence a participant's ability to increase their income paid work. For example, personal circumstances such as caring responsibilities, continued education or training, or broader economic influences such as a downturn in a particular industry.

I hope this assists in the Department's consideration of these matters. Please do not hesitate to contact me at [michelle.commandeur@anz.com](mailto:michelle.commandeur@anz.com) if you wish to discuss any of the matters raised in this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'MC', is positioned below the text 'Yours sincerely'. The signature is fluid and cursive.

**Michelle Commandeur**