



# Financial Wellbeing and Capability Activity

Discussion Paper

Submission by Wesley Mission  
March 2017



## 1. Wesley Mission

Wesley Mission is a human services organisation supporting people throughout NSW through a suite of 60 programs. The diversity of our programs and geographic coverage is an outworking of our organisational goal to respond to those most in need in our community. Our vision is to “Do all the good you can” and to realise this we engage 2,010 staff and 3,916 volunteers to deliver programs and provide specialist support. Wesley Mission operates 149 service delivery sites across NSW.

Wesley Mission provides a number of Financial Wellbeing and Capability activities:

- **Emergency Relief:** \$958,000 is distributed to 7,586 people across eight regions to alleviate crisis through financial aid and material relief. Wesley Mission also coordinates the distribution of donated goods.
- **Financial Counselling:** 14.9 Full Time Equivalent Financial Counsellors are engaged to provide specialist support to 5,776 people annually experiencing complex financial hardship. One of our financial counselling programs targets people who have been adversely impacted by problem gambling.
- **Wellbeing and Capability:** Wesley Mission launched “In charge of my money” financial literacy program in 2011 and two years later it received the Highly Commended Award at MoneySmart Week. Our course was externally evaluated by Macquarie University in 2016 which found that the money management strategies taught have lasting impact; 88% recall key program information five to seven months post-completion, with 25% retaining detailed budgeting, loan and debt information.

## 2. Submission – Financial Wellbeing and Capability Activity

### 1. Strategies to improve the targeting of services

It is important to target services effectively and ensure that finite resources can be accessed by those who need them most. A review of the Department of Social Services (DSS) financial wellbeing services found that services were broadly efficient in directing resources towards those most in need<sup>1</sup>. Wesley Mission's teams delivering Financial Wellbeing and Capability programs have also found this to be the case, with the vast majority of clients presenting with high and complex need levels. At an ASIC Financial Literacy Community of Practice forum in early 2017, Dr Wayne Warburton from Macquarie University described Wesley Mission's financial literacy program in these terms: "Its specifically purpose built for very vulnerable populations. So the people we spoke to (during the evaluation) were in homelessness shelters, people in drug and alcohol programs, some people in family support programs and so on. So it's a program that has been tailored to get people from that demographic"<sup>2</sup>. It is critical that changes to the eligibility guidelines don't detract from current effectiveness of Financial Wellbeing and Capability programs and create unintended consequences:

- Restricting eligibility criteria may prevent access to services when they are most effective. Financial literacy programs are particularly beneficial when they support people at "teachable moments"<sup>3</sup>. These moments occur when financial choice is pending and there are immediate practical implications. In compliance with best practice, Wesley Mission targets vulnerable populations at these moments including those in Alcohol and Other Drug programs, people seeking employment, those at risk of homelessness, retirees with recently reduced incomes (mainly single women) and people on low incomes.
- Focussing on "teachable moments" has also enabled Wesley Mission's Financial Counsellors to provide early intervention support to people who are entering financial crisis. Effective outcomes have been achieved for people who have encountered a major family illness, loss of a partner, a sudden redundancy or employment termination. Providing early access to counselling can mean that less intensive, targeted support prevents ongoing and escalated financial crisis.

For these reasons, the concepts of "imminent risk", "low income" and "not being able to pay a debt" need to be carefully defined, to ensure compliance with the evidence base. Wesley Mission recommends instigating guidelines around client needs and prioritisation whilst still allowing providers the flexibility to support people based on their individual need and in line with an early intervention approach.

### 2. Strategies to increase service integration

Wesley Mission employs a range of strategies to increase service integration and ensure that its Financial Wellbeing and Capability programs are available to those that need them most:

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<sup>1</sup> Eardley et al. (2011). *Better Practice in Financial Management Program Services*. Unpublished report by the Social Policy Research Centre on behalf of the Department of Families, Housing, Community Services and Indigenous Affairs.

<sup>2</sup> <http://www.financialliteracy.gov.au/community-of-practice/previous-presentations/2017>

<sup>3</sup> Robson, J. (2012). *The case for financial literacy: Assessing the effects of financial literacy interventions for low income and vulnerable groups in Canada*. Carleton University, Canada: Carleton University

- A key strategy across Wesley Mission’s community service delivery is co-location with first-to-know providers. This provides clients with greater accessibility to a range of programs and fosters cross-sector collaboration. Co-location builds local community capacity and develops the skills of all participants. For example, Wesley Mission has partnerships with 19 different partners to distribute Emergency Relief throughout the Greater Sydney region.
- As recommended in the discussion paper, streamlined pathways between services can be strengthened through contractual requirements to establish formal relationships. Wesley Mission has found this approach to be particularly effective in our financial literacy programs. As seen in the following table, the primary reason why participants attended the ‘In Charge of My Money’ program (65%) was because it was a compulsory and formal aspect of another program. Another group of participants (18%) attended because it was recommend by case workers who had referral arrangements with Wesley Mission<sup>4</sup>:

**Table 2: Reasons why participants attended the program**

Reason for attending the program	Number of participants	Percentage of participants
It was a compulsory part of another program I was attending	35	65%
It was suggested by my caseworker	10	18%
It was suggested by my employer	1	2%
I heard about it and wanted to attend	8	15%

Wesley Mission sees the benefit in formalising cross-sector relationships and integrating a range of partners in that model, including employment providers, problem gambling services, training organisation, mental health providers and family services.

A barrier to integration is the difficulty that people experience when attempting to navigate local service systems. There are a number of ways that programs can aid service navigation. The Financial Counselling, Capability and Resilience Hubs in Income Management locations, for example, provide integrated services under the one roof. Additional services to support employment and family functioning meet the holistic needs of clients. Where services are not able to work under the same roof, programs with the primary focus of linking can be advantageous, including Suicide Prevention Networks, Ability Links and Partners in Recovery. These services have in-depth knowledge across the local service system and understand the community and mainstream supports available in their local area. Service navigation removes the common barriers vulnerable people find when attempting to access services for their financial stress and associated flow on affects<sup>5</sup>.

Community hubs facilitate meaningful connections between clients and a range of relevant programs. They remove obstacles to service navigation and accessibility. Creating community hubs requires long-term stability in funding arrangements and structure for host organisations, to avoid common hindrances with hubs around administrative and financial

<sup>4</sup> Zandoni, L., Warburton, W., Russell, R., Warburton, M., & Flynn, L. (2016). *Evaluating the Wesley Mission In charge of my money financial literacy program for vulnerable populations*. Sydney: Wesley Mission

<sup>5</sup> The Wesley Report – Facing Financial Stress (2014) found that people in facing financial stress have a range flow-on effects to other areas of an individual’s life, sickness or physical illness (31%), a diagnosed mental illness (28%), relationship issues (28%), excessive alcohol consumption (15%), being a victim of domestic violence (10%), homelessness (7%) and excessive gambling (6%). Holistic support requires access to a range of support.

accountability. Wesley Mission can see the value in the development of a staffing structure for Financial Wellbeing and Capability services that includes a Service Navigation Coordinator. Their expertise would lie in understanding the local community and what it can offer as well as positively relating to people and walking alongside them. The Service Navigation Coordinator could facilitate whole-of-community collaboration in partnership with clients.

### 3. Strategies to support client outcomes

The majority of Financial Wellbeing and Capability clients only have a relatively short engagement with the service provider, due to the nature of the service. Once a financial crisis has alleviated there is no (or minimal) ongoing interaction between the service provider and the clients. However, ongoing connections with clients accessing Financial Wellbeing and Capability programs could have a positive impact on long term client outcomes. Wesley Mission has recently evaluated the effectiveness of using text messages to prompt, or 'nudge', people towards positive behaviours to improve their financial outcomes. Text message nudges did increase the chance of sustained change in financial behaviours over time, with a demonstrated significant impact on participants' money, saving, and monitoring behaviours, and on emotional spending<sup>6</sup>.

## Text Messaging Results

Table 13: The effects of text messages on change in behaviour

Measure	n	Result
Money behaviour	48	✓ There was a significant curvilinear (quadratic curve) interaction, $F(1,46) = 4.80, p = .034$ , whereby those with a nudge showed an improvement in money behaviour immediately after the program and a further increase 5 months later, whereas those without the nudge peaked after the program and had a decline in good money behaviours 5 months later (see Figure 23). The effect size of this interaction was moderate (Partial eta squared = .094).
Saving behaviour	54	✓ There was an almost significant interaction between time and nudge, $F(1,52) = 3.28, p = .076$ , whereby those with a nudge had a greater increase in saving behaviour 5 months after the program compared to those who did not receive the nudge. The effect size of this interaction was moderate (Partial eta squared = .059)
Monitoring expenses	54	✓ There was a significant interaction between time and nudge, $F(1,52) = 4.33, p = .042$ , whereby those with a nudge had a more marked increase in monitoring behaviour 5 months later. The effect size of this interaction was moderate (Partial eta squared = .077).
Emotional spending	49	✓ There was a significant interaction between time and nudge, $F(2,94) = 3.962, p = .022$ , whereby those with a nudge had a decrease in emotional spending behaviour 5 months after the program but those without a nudge had an increase (see Figure 24). The effect size of this interaction was moderate (Partial eta squared = .078).

These findings need to be replicated with a larger sample in order to confirm the effectiveness of text message nudges. A detailed cost benefit analysis is also recommended, to ascertain whether the degree of positive influence of the text message nudges is justified

<sup>6</sup> Zandoni, L., Warburton, W., Russell, R., Warburton, M., & Flynn, L., op cit. Wesley Mission submission to the Financial Wellbeing and Capability Activity Discussion Paper March 2017

by the cost of the resources needed to create and deliver them. It does raise the issue of how service providers can have ongoing, low-cost and low-maintenance interactions with clients to sustain long term positive outcomes.

Wesley Mission acknowledges the important connection between employment providers and Financial Capability and Wellbeing programs, but recommends that the analysis of an individual's employment prospects and improvement of employability factors remain the core function of employment providers. Wesley Mission currently delivers Financial Capability and Wellbeing services in partnership with JobAccess, Disability Employment Services, and Transition to Work providers to build work readiness and employability, and its Financial Counsellors make appropriate referrals to employment providers as needs are identified. Wesley Mission considers that formal partnerships and referrals pathways between Financial Capability and Wellbeing and employment providers as the most appropriate and efficient way to ensure clients are supported to access employment outcomes. This also avoids service duplication and maintains core specialisations.

Wesley Mission supports measures to build stability and resilience in clients who access Emergency Relief on multiple occasions. The capacity of the Emergency Relief program to improve outcomes is largely dependent on a volunteer workforce. Within this framework, major changes that require significant staff skill development are problematic. There are a number of improvements that could be made to the current system:

- In Newcastle, Wesley Mission requires clients who use Emergency Relief more than once to meet with a Financial Counsellor. This requirement is being monitored to determine its effectiveness in improving financial management.
- Group budgeting sessions for all clients who utilise Emergency Relief funds on multiple occasions.
- Repeat Emergency Relief clients should be required to demonstrate management of non-essential expenditure.

Wesley Mission recommends that the guidelines developed allow for discretion to ensure that people with severe and persistent mental illness, those who are experiencing homelessness, people with a disability prohibiting employment, and clients with complex issues are not further disadvantaged. Services need to retain some flexibility to provide suitable support to those most in need.

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

Financial Counselling staff are well trained professionals and create a strong workforce. All Wesley Mission counsellors are qualified and accredited with the Financial Counsellors' Association of NSW. They have 20 hours supervision each year and are required to gain 20 points of Continuing Professional Development annually. Further to this, by 30 June 2019 all Financial Counsellors will be required to attain a Diploma level qualification as a minimum.

Wesley Mission is concerned that broadening the range of outcomes to include managing complex clients such as those experiencing domestic and family violence, problem gambling, and chronic unemployment; addressing work readiness and employability skills and exploring pathways with clients to increase employment prospects may in practice work against Financial Wellbeing and Capability redesign goals:

- Financial Counselling has a core skill set and includes expertise across technical areas including banking, finance, tax, bankruptcy, loans and legal issues. Broadening set outcomes to include a case management and employment readiness role would dilute this specialist skill set over time.
- Supporting people through a broad range of complex issues is time consuming and this may lead to a decrease in accessibility to key financial support, including individual advocacy.
- Financial Counsellors providing support across the spectrum of need mitigates the move towards broader service integration.

Wesley Mission recognises that supporting people holistically is an important goal and solving financial issues in isolation is less than optimal. Our experience indicates that this goal is best met through service coordination, navigation through the local system and utilising existing expertise. While extra funding in Financial Wellbeing and Capability is required to meet increasing need, there is also a requirement to better utilise existing services. It is difficult for people to understand, locate and navigate through the service system. Wesley Mission believes that services supporting people to effectively navigate local services will increase penetration and ensure that the budget spend is as effective as possible. Further to this, encouraging and supporting people to link into mainstream services and local community groups builds social capital and increases collaboration. It creates long-term support networks for people that underpins recovery and tackles social isolation.

It is important to note that a lack of funding creates significant workforce issues in Emergency Relief. Funding does not allow for paid staff and the system is underpinned by a volunteer workforce. As the complexity of client issues increases, the need for trained and skilled staff grows.

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

Wesley Mission supports an outcome based evaluation of the Financial Wellbeing and Capability activities. In 2016, Macquarie University released, "Evaluating the Wesley Mission In charge of my money - Financial literacy program for vulnerable populations"<sup>7</sup>. This evaluation raised a number of key issues that should be taken into account when evaluating Financial Wellbeing and Capability outcomes:

- Research should include a matched control group who are similar in every way to the study participants except that they do not attend participate in Financial Wellbeing and Capability activities. They should be given the same questionnaires at the same times as those doing the program so that changes in financial knowledge, behaviours, attitudes, and strain can be compared between the experimental and control groups. This is the only way to demonstrate that the program *causes* the changes.
- Program evaluations should collect information about participants' changed life circumstances when they are surveyed months after the program, so that these changes can be taken into account in the analysis. It is possible that employment, recovery from addiction or finding stable housing are key reasons for improvements in financial behaviours. Outcome measurements should take into account that Financial Counselling is one part of a local service system.

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<sup>7</sup> Ibid.

- Future research should try to identify those who benefit the least from the program, why this is the case, and how the program could better engage those participants.
- Those conducting research with this cohort should be aware of the difficulties in contacting participants for longitudinal studies and the need for additional resources to identify and confirm outcomes.

Utilising an evidence-based approach and model fidelity is another critical component to establishing an outcomes framework. Providers across Australia need to be using similar approaches (tailored for specific communities) and recognised programs so that like-for-like comparisons can be made. Wesley Mission supports the promotion of established and researched Financial Wellbeing and Capability programs as part of service provision to ensure high quality and outcomes-focused deliverables.