

Innovative approaches to enhancing the financial capabilities of disadvantaged Australians

ASIC's Financial Literacy Community of Practice

29 October 2014

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OUTLINE

1. Organisational context
2. Money for Wellbeing pilot program
3. MoneyMinded education and mentoring pilot program
4. Conclusion

Acknowledgements

This presentation would not have been possible without the work and support of Professor Roslyn Russell and colleagues at RMIT University, the AMP Foundation, the ANZ and colleagues and clients of The Smith Family.

ORGANISATIONAL CONTEXT

Our vision

A better future for young Australians in need.

Our mission

Create opportunities for young Australians in need by providing long-term support for their participation in education.

- National NGO est 1922
- 94 low SES communities
- Support 134,000 children, young people, parents/carers pa
- Range of programs from early years through to tertiary for young people and their parents/carers
- Financial literacy core capability for young people and their parents/carers → around 2,500 Saver Plus participants

1. MONEY FOR WELLBEING PROGRAM BACKGROUND

- Young people have lower levels of financial literacy, those from disadvantaged backgrounds esp vulnerable to financial stress
- Psychological attitudes explain much of the variation in financial capability
- Individual's relationship with money can directly influence their financial and emotional wellbeing
- Positive psychology (Martin Seligman)
 - aims to enhance both skills and wellbeing
 - strengths and values enable human thriving
 - identifies individual's 'signature strengths' which affect decision making, shape preferences and behaviour.

MONEY FOR WELLBEING PROGRAM PILOT

- **Research and design phase plus 15 month program & evaluation**
- **Aim: Improve financial capability of young people from disadvantaged backgrounds**
- **Participants from TSF's *Learning for life* scholarship program**
- **31 young people aged 18 – 24 yrs, 90% 21 yrs or younger; 2 sites**
- **Vast majority studying and working; 16% full-time work or apprenticeship**
- **9 from CALD background & 9 living independently**

MONEY FOR WELLBEING PROGRAM

- **6 educational workshops of 2 hrs each over 6 weeks**
 - **Interactive discussion, activities, case studies**
 - **Covered the 5 units of Certificate 1 in Financial Services**
- **12 month mentoring – innovative for financial literacy program**
- **Integrated financial and emotional literacy content with principles of positive psychology**
 - **Participants identified their signature strengths and values**
 - **Insights into their relationship with money, inc contexts and situations that impact on spending patterns**
- **Laptop and/or wellbeing bonus**

Innovative elements – mentoring and positive psychology



everyone's family

PILOT EVALUATION

- Led by Prof Roslyn Russell, RMIT
- Data collected:
 - Pre program
 - Post education component
 - Post mentoring component
- Surveys and interviews at multiple points for young people; survey and interviews with mentors at end of program; interviews with TSF staff

PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Financial knowledge**
 - Improvements in all topics covered; largest change in superannuation (36%+) and goal setting (24%+)
 - Know the right questions to ask when making a financial decision & have better understanding of financial products
- **Savings behaviour**
 - 41% ↗ in proportion able to save set amount on regular basis
 - Able to identify 'spending leaks'
 - I realised I was good at saving but only when I had a goal*

PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Managing money**

- +ve changes in proportion keeping track of expenses, regularly budgeting, comparing prices

Before I was a little bit overwhelmed when dealing with my budget and stuff but now I'm like 'I've got a handle on this'

I would now shop around before I buy something. I research past models for faults and benefits and cross-examine, because sometimes spending more can pay off, whereas sometimes spending less is better than spending more.

PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Seeking help with money and understanding financial products**
- 57% ↗ in proportion knowing where to get help with financial decisions, questions to ask

I had this massive drama with my phone provider and got a \$3000 bill for 8 days. I wouldn't have known to go to the ombudsman if it wasn't for this program...if I hadn't done the program I would have just argued with them until I cried and then come up with some payment plan or something like that.

We didn't know what the hidden things are that we have to pay like (bank) fees and things like that...we just listen to what they say and if they tell us it has to be this we just allow it because we just don't know.

Seeking help and understanding products



PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Motivation to achieve financial goals**
 - 46% ↑ in being motivated to achieve financial goals

I'm a little more motivated. I'm better at setting goals now...I seem to be reaching my goals a lot quicker.

You know with my superannuation I got on top of that and made sure that it was going to the right place and everything like that.

I'm probably more realistic (now) about what I want and what I want to save for. I don't really need a trip to New York and if it comes up it comes up, but it's not the priority now. Whereas having an asset and if I buy a place here and then move away and rent it out, at least I have some sort of income...and I'm not going to go on a holiday and come home broke and start from scratch.

Motivation to achieve financial goals



PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Dealing with stress**

- 67% ↑ in proportion able to identify events that create stress
- 56% ↑ in proportion knowing how to avoid spending money unnecessarily when feeling stressed
- 24% ↑ in developing practical strategies

I learnt about myself that I tend to worry a little bit too much but I can at least take care of that by planning for the future and having a little bit more perseverance, so if I look at different combinations I know that if I can't do something one way there are 10 other ways of doing it.

It goes to show it doesn't matter how much you earn, that if you're smart with money you can actually live comfortably without having to stress too much.

PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Dealing with stress**

Before this course, when I was stressed I would go and buy something and now, when I'm stressed I don't even like to touch my wallet. I just leave it at home.

If you spend money (when you're stressed) you will get depressed because you see how much money you spend. You feel worse. If you do something else you get a good experience, a good feeling out of it and you don't have a very low drop off after that.

PROGRAM OUTCOMES FOR YOUNG PEOPLE

- **Overall confidence**

- 22% ↗ in proportion who felt more confident in many aspects of their lives, not just re financial decisions

I've tried to apply it to everything else and it's helped with my music a lot...with the hard stuff it's taught me to go say 'alright, if I just try to do this all at once I'm not going to have success, so I'll just break it down like what I'm doing with my saving'.

- **Overall life satisfaction**

- Average life satisfaction increased from 5.9 out of 10 to 7.3

Overall confidence and life satisfaction



MENTORING COMPONENT

- Survey data showed mentoring effective in providing support to young people when dealing with financial issues
 - comfortable contacting mentors, sharing their financial plans
 - three quarters agreed mentor able to help them with finance related questions

It added sort of support more than anything, you know, someone you could go to, to discuss your financial stuff which was interesting.

It was really good to talk to someone about my financials, what I was planning and that sort of thing. I've always been pretty good with finances, so just talking about how I managed them and so she gave me other ways that I could do things.

Mentoring definitely helped. It's like they're reinforcing what you learnt in the course.

MENTORING AND WELLBEING

- Survey data showed around half of young people discussed ways of reducing stress with their mentor

It's just good to have someone there to talk to, because you think you've got it all mapped out in your head and then when you actually talk to someone, like set it out, and they can give you advice and you think oh, that's cool.

He (mentee) obviously had things on his mind and he needed an opportunity to talk to somebody about them and he maybe hadn't had that opportunity before.

BEST ASPECT OF PROGRAM

- **Group workshops (41%)**
Mentoring (24%)
Cert 1 (18%)
Receiving laptop (6%)
- **All except 1 young person would recommend program to their friends**

Not only is this another TAFE certificate to include in the resume, but most people my age really have no idea of saving money or comprehension of where their spending goes. I certainly was complacent...until the course opened my eyes to the small things that make a larger difference.

Best component and recommending to friends



SOME RECOMMENDATIONS:

- **Develop pool of facilitators able to deliver all dimensions of program**
- **Match intensity of mentoring with young people's needs**
- **Ensure expectations of mentors are well-managed**
- **Offer event to facilitate introductions between mentor and mentees and provide more structure for mentoring**

OVERALL:

- **Pilot was a success**
- **Positive changes sustained across a range of measures**
- **Targeted cohort of young people at a critical stage in their development**
- **Many have not had financial lessons or experience to navigate complex financial system on their own**
- **Without an intervention they are at risk of staying within and perpetuating the cycle of disadvantage**
- **Program is a valuable preventative initiative**

Overall assessment from evaluation



2. MONEYMINDED EDUCATION WORKSHOPS AND MENTORING PROGRAM PILOT

- **Partnership between The Smith Family and ANZ**
- **MoneyMinded financial education group workshops over 4 weeks + 6 months mentoring provided by ANZ employee volunteers**
- **18 participants across 2 sites completed program – almost all were female, 2 from Aboriginal background, 12 from CALD backgrounds, half were single parent households, all were low-income ranging from \$7,000 to \$25,000 pa; age range 20-54 yrs**
- **Evaluation led by Prof Roslyn Russell to assess value of mentoring to already effective program**

MENTOR COMPONENT:

- TSF and ANZ worked together to recruit and screen mentors
– 140 staff registered interest; range of roles
- Primary reason: opportunity to make a difference; some had previously benefited from being mentored
- Pre-program briefing, full day training run by TSF, manual for mentors, profile from mentors to mentee
- Session with mentees to explain mentoring

MENTOR COMPONENT:

- Aim for at least monthly contact – face to face, phone, email, Skype
- Majority met once a month or fortnightly
- Phone, SMS and face to face were main methods – on line chat not used
- End of program event attended by both
- TSF program coordinator to support mentors and mentees

KEY FINDINGS

- **Mentoring added value to participants' experience of MoneyMinded program**
- **It reinforced content learnt and helped participants operationalise knowledge**
In the workshops we get the theory part but then through the mentoring it is easier for us to implement what we have learned, to put it into practise
- **Participants had ongoing access to financial knowledge and expertise helping them to keep on track with savings goals and adjust their strategies when unexpected expenses came up**
I liked the fact that I could have someone who can help simplify everything because everything becomes overwhelming

Ongoing access to financial expertise



KEY FINDINGS

- **Mentors provided objective support and commitment**
 - participants could be honest re their financial situation without feeling 'judged'
 - someone was there for them when they needed support
 - they could relate to participants

Having someone constant there, it's a reminder. She's there to support you if you have a problem.

The main successful thing was she would talk to me and relate to my story.

- **9/10 mentees rated mentoring relationship as successful or v successful**

Objective support and commitment



KEY FINDINGS:

- **Positive changes in range of financial capability outcomes eg goal setting, financial decision making, choosing products, managing money**
- **Range of positive social benefits from both workshops and mentoring**
 - **87% shared lessons with family and friends**
 - **93% felt less stressed and more confident in other aspects of life**
 - **70% of participants discussed ways of reducing stress in their life with their mentor**
 - **Opportunity to meet new people, learn from others, feel more connected to the community**

KEY FINDINGS:

- **Participants views shifted to seeing themselves as savers, rather than spenders**
- **Higher proportion were satisfied with life – 8/10**
- **Commitment of mentors helped restore some of the participants' faith and trust in people**
- **Little change in being able to cope with unexpected expenses – unsurprising given the v low and fixed incomes of participants**

CHALLENGES:

- Mentors located in different region from mentee
- Engaging mentee regularly
- Participants' personal issues
- Feeling of not helping enough – perception of mentors not mentees

RECOMMENDATIONS:

- More structured introductory event
- More effort in shaping mentor expectations re the cohort
- More in-depth understanding of disadvantage
- Identify the needs, expectations and capacities of mentees for engagement in mentoring
- Structured guide for mentoring activities

CONCLUSION:

- **Mentoring provides additional value for programs aiming to improve financial capability of disadvantaged people, including young people – embeds and supports behavioural change**
- **Inclusion of dimensions of positive psychology can contribute to improving financial capability and overall wellbeing**
- **Preparation, training and on-going support for mentors and mentees is critical**
- **Partnerships and leveraging existing initiatives is important**
- **Capacity to scale up such initiatives**

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