Financial Inclusion beyond the mainstream. Considerations for developed countries.

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Overview

• What is financial exclusion? Concepts and consequences.
• Financial exclusion in Australia
• Financial inclusion policies and initiatives
• What could an Australian financial inclusion agenda look like?
“I just can’t walk into a bank and ask the bank to give me a loan for money because I haven’t got a job, I’ve got no assets behind me or anything like that.”

(Progress Loan’s client)
Conceptualising financial exclusion

UK: Lack of access to mainstream financial services and products

European Commission: Limitations to access to financial services and products in the mainstream which affect the ability to live a normal social life.

Australia: Lack of fair access to appropriate financial products and services.
Distribution of housing tax concessions, by income quintile

Quintile 1, 5%
Quintile 2, 13%
Quintile 3, 16%
Quintile 4, 22%
Quintile 5, 44%

Source: Yates 2009 (Brody and McNess 2009).
Superannuation tax concessions, by income 2008-2009

Source: Original data from ATO (Brody and McNess 2009).
Lack of insurance, by level of income

Source: Chant Link and Associates 2004, v.2.
Note: Excludes vehicle compulsory third party insurance.
Canada – Education Savings Grant

WHAT IS THE CANADA EDUCATION SAVINGS GRANT?

The Canada Education Savings Grant (CESG) is a grant from the Government of Canada to help you start saving for your child’s education after high school.

When you save in your child’s Registered Education Savings Plan (RESP), the Canada Education Savings Grant could add up to $200 on the first $500 you save annually, and up to $400 on the next $1,000.

The maximum lifetime grant that the federal government can give to your child is $2,000. Your child can use the money for full-time or part-time studies in an apprenticeship program, trade school, CEGEP, college, or university.

Over three million children have already received this grant.

WHO GETS THE CANADA EDUCATION SAVINGS GRANT?

All children up to age 17 are eligible to receive the Canada Education Savings Grant as long as they are Canadian residents and an RESP has been opened for them. Special rules may apply if your child is between the ages of 15 and 17. For more information, call 1 800 O-Canada (1-800-662-2312).

HOW DO I GET THE CANADA EDUCATION SAVINGS GRANT?

In 2 easy steps:

1) Get a Social Insurance Number (SIN) for your child—even if you can’t use it yet! There is no need to get one, however, certain documents, such as a birth certificate, are required. Contact 1 800 O-Canada for more information or visit a Service Canada Centre near you.

2) Open a Registered Education Savings Plan (RESP) account. You can open an RESP account through a financial institution, such as a bank or credit union, or through a certified financial planner or a group plan dealer.

The Canada Education Savings Grant will be deposited directly into your child’s RESP.

WHAT IS A REGISTERED EDUCATION SAVINGS PLAN?

An RESP is a special savings account registered with the Government of Canada to help you, your family or friends save early for your child’s education after high school.

The money in the RESP will be invested so it can grow and earn interest.

You will not be taxed on the interest, and your child can usually withdraw the money tax-free.

Be sure to shop around to find an RESP provider that best suits your needs.

HOW MUCH MONEY DO I HAVE TO PUT IN THE RESP?

No matter how little you save in your child’s RESP account, the Government of Canada will still pay the Canada Education Savings Grant.
Canada – Learning Bond

The Canada Learning Bond (CLB) is a $500 grant from the Government of Canada to help you start saving early for your child’s education after high school.

This money can be used to pay for full-time or part-time studies in an apprenticeship program, trade school, CEGEP, college, or university.

WHO CAN GET THE CANADA LEARNING BOND?

To help you save for your child’s education after high school, your child can get the $500 Canada Learning Bond plus an additional $100 per year up to age 15:

- If your child was born after December 31, 2003,

  AND

If you get the National Child Benefit Supplement as part of the Canada Child Tax Benefit (commonly known as "family allowance"). This usually applies to families whose net income is $37,885 or less.

Income amount shown is for 2006. The family net income amount is updated each year.

Your child may also get an extra $100 per year up to age 15, as long as you continue to receive the National Child Benefit Supplement.

Over time, the Canada Learning Bond could add up to $2,000 in grant money (plus interest) for your child’s education after high school.

HOW DO I GET THE CANADA LEARNING BOND?

In 2 easy steps:

1) Get a Social Insurance Number (SIN) for your child—even a baby can get one! There is no fee to get one, however, certain documents, such as a birth certificate, are required. Contact 1 800 O-Canada for more information or visit a Service Canada Centre near you.

2) Open a Registered Education Savings Plan (RESP) account. You can open an RESP account through a financial institution, such as a bank or credit union, or through a certified financial planner or a group plan dealer.

The Canada Learning Bond will be deposited directly into your child’s RESP.
The FSA ‘linear’ financial capability model

The information and advice environment

Experience and circumstances → Personality

Knowledge and understanding → Skills → Confidence and attitudes

Skills → Behaviour

Social culture

Examples of financial education and guidance websites

UK: Money Made Clear (FSA)

US: Life Tuner (sponsored by the American Association of Retired Persons)

Brazil: The Little Lion (‘citizenship and tax education for children and youngsters’)

Australia: FIDO (ASIC)
What could an Australian financial inclusion agenda look like?

Conservative inclusion vs Transformative inclusion

Conservative inclusion

Transformative inclusion

mainstream

mainstream

Inclusive system
'Not enough attention has been paid, however, to the structural inequalities and exclusions embedded in the initial conditions from which processes originate and which also set the relational parameters. This oversight might be attributed partially to the fact that, under the conventional paradigm, asset ownership structures are ignored when considering policy options. This reluctance has to be overcome if meaningful alternatives are to developed, not just ex post facto Band-Aid interventions.'
“For the first time, I feel I’m providing for my son instead of limiting him.”

(Saver Plus’ participant)