

Promoting healthy finances

An evaluation of the Financial Health Service pilot

In 2010 the Brotherhood of St Laurence piloted the Financial Health Service (FHS), a free, one-on-one financial information and guidance service for low-income earners and other financially vulnerable people.

The FHS aimed to prevent financial difficulties through early access to money guidance. It was offered at the Brotherhood's Smith Street office in Fitzroy, and also in several other locations throughout Melbourne. A total of 75 individuals received face-to-face money guidance.

Key points

- **Money questions.** The majority of clients sought information on alternatives to deal with the pressure of rising fixed costs without an equivalent rise in income. Housing stress and utility bills were the most common concerns. For some clients, their fixed costs rose at the same time as they experienced a *fall* in their income as a result of unemployment, health problems, or reduced hours of paid work due to care responsibilities.
- **Attitude and behaviour.** The service boosted clients' confidence and willingness to seek financial guidance in the future. However, its capacity to generate effective action from clients was uneven. Clients' behaviour was related to their broad life context and often to particular life-changing events, rather than resulting directly from lack of information.
- **Financial information channels.** Free, one-on-one financial guidance offered by a trusted source was preferred as a channel for receiving money information over other channels such as bank branches or internet.
- **Delivery mode.** Clients considered good communication and trust as the most important qualities of a financial advice service. This matched the observations of the Financial Health Worker, who emphasised trust building with clients and close collaboration with other

community agencies as important features in the design of a future service similar to the FHS.

- **Service co-location and integration.** Physical co-location with other service providers did not lead automatically to service integration. It worked better when the service was placed at an organisation with strong community ties, and was actively promoted by the local community workers.

Background

Financial hardship and vulnerability affect both the material resources of individuals and families, and their physical and psychological wellbeing. Financial hardship is often more acute for those already facing other kinds of disadvantage, such as low income, limited education and difficulties in accessing mainstream financial services.

In recent years the demand for emergency relief and financial counselling services has increased in Australia. In particular, agencies have noticed both an increase in clients returning for more assistance and a new group of clients represented by middle income earners.

Conscious of the need to invest in early interventions that support individuals before they reach the crisis stage, the Brotherhood designed the FHS as a preventative intervention, to provide financially vulnerable people with access to free, one-on-one financial information and guidance. One distinguishing feature of the service was that it moved beyond budgeting to emphasise access to entitlements and empowering clients to maximise their income and exercise their consumer rights.

The research

The evaluation focused on the people who attended face-to-face appointments. Among these 75 clients, there was a higher percentage of women, unemployed adults, those relying on Centrelink as their main source of income, and other low-income earners (see Table 1).

These demographic characteristics indicate the FHS succeeded in reaching its target population, namely, low-income earners and other financially vulnerable groups.

Table 1 Profile of clients

Demographic characteristics	No.	% of responses
Gender		
Female	47	63
Male	28	37
Age range		
18–24	2	4
25–44	35	61
45–54	11	19
55–64	5	9
65+	4	7
<i>Unknown</i>	18	
Birthplace		
<i>Unknown</i>		
Australia or other English-speaking country	30	50
Other	30	50
<i>Unknown</i>	15	
Employment status		
Not working	35	80
Casual	5	10
Part-time	2	5
Full-time	2	5
<i>Unknown</i>	31	
Relationship status		
Single	28	45
Single with children under 18	20	32
Partnered	3	5
Partnered with children under 18	11	18
<i>Unknown</i>	13	
Main income source		
Centrelink	48	75
Wage	6	9
Child support	2	3
Other	8	13
<i>Unknown</i>	11	
Individual income per fortnight (approx.)		
\$360–\$690	16	28
\$691–\$900	17	30
\$901–\$1500	20	35
\$1501–\$2000	4	7
<i>Unknown</i>	18	
Total	75	

In addition, it is worth noting that as initial contact was made by telephone, this sometimes served as a triage point for referrals of some inquirers to other support services, such as financial counselling. Interestingly, community workers and case managers from various organisations also phoned, usually seeking clarification and information for their clients. This intra-sector demand had not been initially predicted.

Money questions

The vast majority of the 75 FHS clients sought information to reduce the pressure they were facing to cover basic expenses, such as utility bills and housing. Given their income level and reliance on rented accommodation, mortgage payment was not a frequent problem. Some clients mentioned credit-card debt, but compared with the general population the number of clients who even owned a credit card was low.

There were often external triggers, beyond the individual's control, that led to an increase in costs without an increase in income. Many clients had experienced a life event that tipped their finances towards a position of risk. In fact actual *reduction* of income was common, with financial vulnerability triggered by specific life events such as:

- housing pressure (increased rent in a highly competitive rental market)
- disability (physical or mental)
- relationship breakdown
- becoming a carer
- gambling
- lack of understanding of the Australian financial, employment and benefits system (for new migrants).

Attitude and behaviour

A survey of 18 clients indicated an increased level of confidence regarding management of their money issues following the experience with the FHS. Clients also appeared more willing to seek financial advice in the future, an important achievement considering that most had no previous experience of financial guidance.

About 44% of the survey respondents declared they had taken action following their appointment. While the survey sample is very small for conclusions on the capacity of the service to lead to action, feedback to the

Financial Health Worker during follow-up calls suggests there is a complex relationship between knowledge improvement and behaviour change.

Financial information channels

While 78% of respondents had internet access at home, only 61% had used the internet for money-related questions. Clients' preferred channel for answers to their money questions was one-on-one assistance via community services, while internet ranked at the bottom (see Table 2).

Table 2 Preferred source for consultation on money questions

Source	No. of clients
Friends/family	4
Internet	1
Community services (group session)	3
Community services (one-on-one)	8
Local bank branch, face-to-face	3
All of the above	2
Other	0

Note: Some clients selected more than one option.

With regard to the most influential group in their financial decisions, surveyed clients ranked financial counsellors highest, followed by family members (see Table 3).

Table 3 Most influential group in the individual's financial decision

Influence	No. of clients
Family members	4
Close friends	3
Financial counsellor	8
Government	0
Bank/finance provider	2
Other	2

Note: Some clients selected more than one option.

Delivery mode

Clients highlighted good communication, trust and the experience of the advisor as the main qualities they looked for in a service such as the FHS (see Table 4). This reinforces the importance of relational and social elements in providing a bridge between available information and clients' needs. Other researchers and practitioners indicate that personal attention is a valued feature that may be missing in non-targeted information services.

Table 4 Most important quality of a financial advice service

Quality	No. of clients
Experience of the advisor	5
Trust and relationship with the advisor	6
Good communication	7
Being able to talk about information related to my specific questions and needs	3
Other / no answer	1

Note: Some clients indicated more than one option.

Service co-location and integration

Throughout the year, promotion of the service became the most evident challenge. When the FHS was offered at the Sudanese Centre in Footscray, demand increased considerably. However, as trials of the service in other locations showed, co-location alone was not sufficient. Support of the host agency staff in promoting the service, access to on-site interpreters for non-English speaking background clients, and the fact that case workers with an established relationship with the clients made the referrals all contributed to better integration of the FHS with other services provided at the Centre in Footscray.

Policy recommendations

The FHS was a short pilot, but its results confirm that many people are experiencing financial difficulties which could be reduced through adequate support and information. A vision of an inclusive society, one that effectively embraces those who are living at the margin, has to go beyond a crisis management approach to invest in prevention. With this approach in mind, it is recommended:

- **that government agencies direct resources to support face-to-face dissemination of financial information and guidance through trusted community agencies**

The extent to which financial information services will be able to generate the kinds of partnership and social embeddedness required to make them effective depends on adequate and continuing resources.

- **that financial information and guidance be integrated with other services that support financial management (such as financial counselling, emergency relief and other financial inclusion initiatives)**

Preventative financial information and guidance should be incorporated into existing services such

as emergency relief and financial counselling. Incorporating strategies that not only alleviate immediate hardship but also build clients' skills and capabilities can improve resilience and may reduce reliance on those services.

- **that crisis community services such as health, employment and family services include assessment of financial capability as part of their case management, and that community workers be trained and resourced to this end**

Community services that support people overcoming a crisis are well placed to integrate financial capacity building into their services. Trusted community workers can provide financial information and guidance to support longer-term outcomes. These workers should have access to a secondary telephone consultation service, where they can obtain prompt financial information and clarification to pass on to their clients.

- **that governments consider the development of broad financial education campaigns to support early intervention**

A well-designed preventative campaign, using TV advertisements as well as innovative channels such as social media, has the potential to reach a large audience. Campaigns should promote the message that the earlier people access money guidance when they are experiencing a transition period in their lives, the better prepared they will be.

- **that structural causes of financial hardship be addressed as part of any systemic response. This includes measures to provide both adequate income and a fair marketplace.**

As efficient as strengthening individual financial capability may be, it will not make up for the systemic barriers that keep bringing people back to a condition of high financial vulnerability. Adequate and regular income, an asset base to reduce the impact of a sudden financial shock, and social policies that effectively promote an inclusive society are fundamental components of a preventative package.

About the project

This evaluation relied on data collected through a survey of 18 clients and individual interviews with 8 clients. The full report also documents the learning process for the staff, and so can be a useful resource for others involved in designing and implementing money guidance services for the most financially vulnerable people in the community.

The evaluation was made possible through funding from the Victorian Government Consumer Credit Fund.

For further information

The full report *Promoting healthy finances: an evaluation of the Financial Health Service pilot* by Zuleika Arashiro may be downloaded from the Brotherhood of St Laurence website at <www.bsl.org.au/publications.aspx>.

Summary published in January 2011 by
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