

Financial Education Showcase – Tailoring Programmes for Groups Experiencing Greater Economic Hardship

Concurrent Session C: Providing Social Services Clients with Access to Financial Education/Counselling

Summary:

Growing recognition of the benefits of financial capability and the exploration of new engagement strategies are leading to more financial education interventions as part of broader social services programmes. Specialists in financial education and counselling share ways to help people experiencing hardships such as gambling addiction, bankruptcy and housing finance problems become more financially stable and secure.

Key takeaways:

- As demand for financial counselling services increases, we need to focus on balancing the demand for services while maintaining the highest quality of standards. This is particularly relevant in the US due to the housing crisis which has seen unprecedented levels of people requiring financial counselling services
- Technology - such as the use of the internet - has been critical in expanding the reach of counselling services but there has to be a way to enable greater reach without replacing the human dimension
- Research shows that good data is also critical to help understand clients, their change in conditions and to monitor the progress they make and the effectiveness of counselling services
- Client success is not dependent on the channel of delivery i.e. face to face/phone or internet
- Clients of counselling services must feel empowered and positive not stigmatised or labelled by their problems
- Where relevant, counselling should be seen as a family exercise

Presentation synopsis:

Moderated by: **Usha Menon, Executive Chairman, Management Centre Asia, Singapore**

Suzanne Boas, President, Consumer Credit Counselling Service of Greater Atlanta, US

The Consumer Credit Counselling Service of Greater Atlanta is a non profit credit counselling agency. Recently the Service has experienced a dramatic increase in demand for its services and is focused on maintaining the highest quality of standards. A major factor in this growth has been the US housing crisis. People have reached out in record numbers to avoid foreclosure.

Over the last several years the profile of people requiring services has dramatically changed. More and more families with higher incomes, better credit scores and professional occupations are seeking help. This is primarily due to high unemployment and reduced employment with no medical insurance.

In a services sector that needs to be personal it may seem contradictory to focus on technology and research. However technology and research have been a critical component in scaling up services. In the past all counselling services were delivered in person however this presented challenges in trying to meet demand, meet people's busy schedules and people failing to attend appointments.

There was a need to develop technology that kept the compassion of the service. The Service has invested in sophisticated technology systems that have allowed services to operate 24/7. It also means they could help struggling families, not just in locations where they had offices but people all across the country.

The internet has allowed for a full range of information, education and counselling resources that people can read and use online. This includes tools and downloadable podcasts. People can have live chat interaction with certified counsellors 24 hours a day. It also benefits by helping those who wish to remain anonymous. It also provides a great service for people who have a very busy life and will not set aside the time to physically attend meetings and is particularly good for people with small children.

However, technology alone cannot ensure client success. Research shows that good data is critical to help counsellors understand their clients, their change in conditions and to monitor the progress they make. Data is also required to better understand who they are serving and also how better to serve clients.

Counsellors are able to collect credit reports prior to starting a counselling session. These reports help to inform the counsellor of the path the client will have to take. One year after the counselling session, counsellors revisit client credit reports to determine progress. They also survey clients to assess their confidence and satisfaction in the service.

The Service has achieved good results from pre-and post-tests assessing whether clients reached financial goals. In addition, clients have recommended the services even though they may have received 'tough love' from the service which is a positive sign.

However, the Service is constantly striving to collect outcome data to demonstrate the value of their counselling services and have engaged in independent research to collect more information. By collecting data and sharing with other NGOs and government organizations, the Service can prove the value of their services which makes the programs sustainable. Armed with data, they are confident that millions of Americans are on their way back to financial stability.

John Brett, Services Manager, Mission Australia

Mission Australia is an organisation with a 150 year history in Australia. The organisation has 2,300 employees covering a broad range of services, including homeless, employment and welfare. Triple R (Reflect, Refresh and Realise) is just a small component of this.

The Triple R service is delivered across many regions in New South Wales, it is a free service to anyone with a gambling or financial problem. Triple R services not only provide gambling and financial counselling but also provide client advocacy, financial literacy, general community education and preventative programmes for young people.

Gambling counselling specialists work with individuals and families and look at intervention strategies. The financial counselling service started in 1970 with one counsellor and now has 40 staff and volunteers. Counsellors look at the issues underlying challenges faced by clients and ways to better manage their financial situation. There are four key areas counsellors seek to understand related to client values, beliefs, needs and situation, as well as their wants.

The counselling process then helps clients restructure their financial position and facilitates access to information to help inform client decision-making. Typically it is a hand up not a hand out. Clients may look for welfare support regarding paying bills etc, but the focus is on empowering the client to realise their own solutions and to work with their family to achieve a more secure future.

The service assisted 1,215 clients from July 2008- June 2009. On average Mission Australia conducts 4-6 sessions per person. Counsellors are independent of any financial institution and are members of an associate body.

With budgeting assistance being a primary reason for requiring support, it has been encouraging to see that people are looking for support as an early intervention strategy rather than waiting for the problems to occur. The prospect of bankruptcy may be a key reason for coming to see the counsellor but once an assessment has been undertaken then other alternatives are often reached.

Mission Australia is also supporting a youth programme under the guise that prevention is better than a cure. Mission Australia conducts a youth survey every year to learn more about issues facing youth. This year a significant number of respondents were raising issues around financial concerns. Many comments reflected the stress on families as well as difficulties in making the transition to financial independence.

The youth financial literacy programme is designed to identify income and expenditure and set realistic goals and gain confidence. More of these young people are facing adult responsibilities, particularly with the increase in the availability of credit. Youth debt is a prominent issue resulting in household conflict, particularly from mobile phones, cars, gambling and rent arrears.

Session Q&A:

The financial crisis has put a lot of stress on families; many couples manage their money differently. How do people come to you - as a couple or as an individual - and how do you manage a potential family crisis at the same time as a financial crisis?

- Counsellors do everything to encourage couples to be counselled together. It is really a family exercise and as much as possible there is also a need to include children. Whether a client is coming for preventative measures or have a credit card debt, no matter what the problem, counsellors need to dig deep in the family to solve the problem.
- During this global financial crisis, men have been losing jobs at a faster rate than women, and it has had a significant impact on the male wage earner. It is important to include family members, in our experience within a family usually one person is given the responsibility of looking after the money and it is not unusual that someone may have nothing to do with managing the finances. However, this may change suddenly and a person finds they didn't know what their partner was doing- particularly in divorce.

In the Philippines financial counsellors need to be licensed. What is the qualification and basic education required to be a financial counsellor?

- In New South Wales there is a massive shortage of financial counsellors. All financial counsellors need to be a member of an associate body in order to liaise with credit providers. To be a member you need to

complete a 6 month, part-time course. You also need another qualification in basic counselling. To maintain your accreditation you need to fulfil a certain number of ongoing practice hours. The increase in the complexity of financial challenges has made the training more important than ever.

For people with credit problems- is it usually because of problems with financial literacy or with the financial instrument e.g. mortgage? Do they not understand what they are signing up for or is the product just too complex?

- Approximately half of the people have the problem due to a life event e.g. loss of job, divorce, death of spouse. The other half are behavioural related, i.e. they have trouble controlling spending etc. Typically, consumers understand unsecured credit terms but problems have arisen in the mortgage arena. A number of clients have said they didn't understand what they were signing or it turned out different to what they thought.

With regard to gambling debt, has the debt been incurred on a credit card and not with a casino and is it habitual rather than financial literacy? Does the person often get back into the same situation?

- Gambling counselling and financial counselling work synergistically- counsellors are trained to deal with both gambling and financial issues. In Australia, gambling is readily available, nearly every club and pub have poker machines. It is something we focus on and look for signs of gambling problems. If you are doing a budget with your client and things aren't adding up, we know to drill down as we may be able to draw out a gambling debt. Sometimes the client has the money to gamble but it is still causing a problem. Financial counsellors can also refer clients to gambling counsellors. We have had a lot of success with people reducing or even stopping their gambling.

Financial difficulty is the root cause of all other social problems- what are your thoughts?

- Disagree, it is the other way around. Problems that people have in families, for example, mental health issues usually lead to the financial difficulty. However, no one case is ever typical there are lots of secondary issues, so can't generalise. It is complex for every client.
- The lack of a safety net cuts through everything. You can withstand a certain amount of pressure but when they pile up, the financial issues become more prevalent.

What do you do about the part of the world where people are illiterate and gullible and not everyone has access to banking services. What do you suggest for this segment?

- These issues are worldwide, financial predators are everywhere. Effective ways of communicating information include through the use of the media, public service announcements and using high profile people to talk about the fact that you need to think twice before you take a loan out or deal with an organisation that will take your money up front.