



Good Shepherd  
**Microfinance**

# Building financial resilience for people on low incomes

October 2017

# Today's agenda

1. A little about “Good” Shepherd Microfinance
2. A little about our “Good” products and services
  - No Interest Loan Scheme
  - StepUP
  - Good Money
  - Essentials
3. A little about our “Good” emerging programs
  - Microenterprise
  - Financial Inclusion Action Plans
  - Money Ready Toolkit
4. Some time for questions



# Financial resilience in Australia: Many Australians have limited or no financial resilience.

Almost 1 in 10 Australians have 'no understanding' of financial products and services.



1 in 10 Australians have **no savings** at all.



2 million Australians experience severe or high financial stress.



1 in 2 people follow a budget.

1 in 5 Australians had **no access** to credit in the last 12 months.

8.7% report having **no access** to any type of insurance.

25% of people report having experienced difficulties accessing financial services in the last 12 months.

Another 10 million experience a low level of financial stress

# A little about us

Good Shepherd Microfinance is Australia's largest microfinance organisation. We offer a range of people-centred, affordable financial programs for people on low incomes at different financial stages of their lives.

Our aim, together with those of our community partners, is to enable clients to realise their own economic wellbeing, as they define it themselves, through appropriate financial services. As a result, people feel valued, accepted, included and in control of their own finances and lives.

## PURPOSE

To enable economic wellbeing and resilience for people on low incomes, especially women and girls

## VISION

Fullness of life for all people, living in connected resilient communities

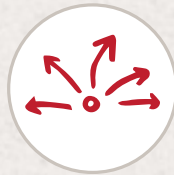
## VALUES

Human dignity, respect, social justice, audacity, compassion and reconciliation

## STRATEGIC PRIORITIES



Community-led



Reach



Impact



Inform



Strength

# Good Shepherd Microfinance is Australia's largest and most effective microfinance organisation.

**1500**  
DEDICATED MICROFINANCE  
WORKERS AND VOLUNTEERS



**205,338**  
PEOPLE REACHED



**22%**  
OF NILS CLIENTS ARE  
ABORIGINAL OR TORRES  
STRAIT ISLANDER PEOPLE



REPAYMENT RATES  
CONSISTENTLY ABOVE  
**95%**



**94%**  
OF NILS CLIENTS LIVING  
UNDER THE POVERTY LINE

**659**  
LOCATIONS NATIONALLY



# We offer a range of financial programs designed to meet the need of people on low incomes.



**No Interest Loan Scheme (NILS)** is a community based program providing access to fair and safe credit (up to \$1,200).



**StepUP** offers low interest loans in partnership with NAB for personal or household purposes to people on low incomes (from \$800 to \$3,000).



**Good Money** delivers financial services through community finance stores in Victoria, South Australia and Queensland (opening 2017) in partnership with NAB and state governments.



**AddsUP** supports people on low incomes to develop financial independence through a matched savings incentive (\$500) in partnership with NAB.



**Good Insurance** works with Australia's largest insurance companies to provide appropriate, affordable and flexible insurance options tailored to the needs of people on low incomes.



**Debt Deduct** is a pilot offering a debt consolidation loan through financial counsellors and is operating in South Australia.



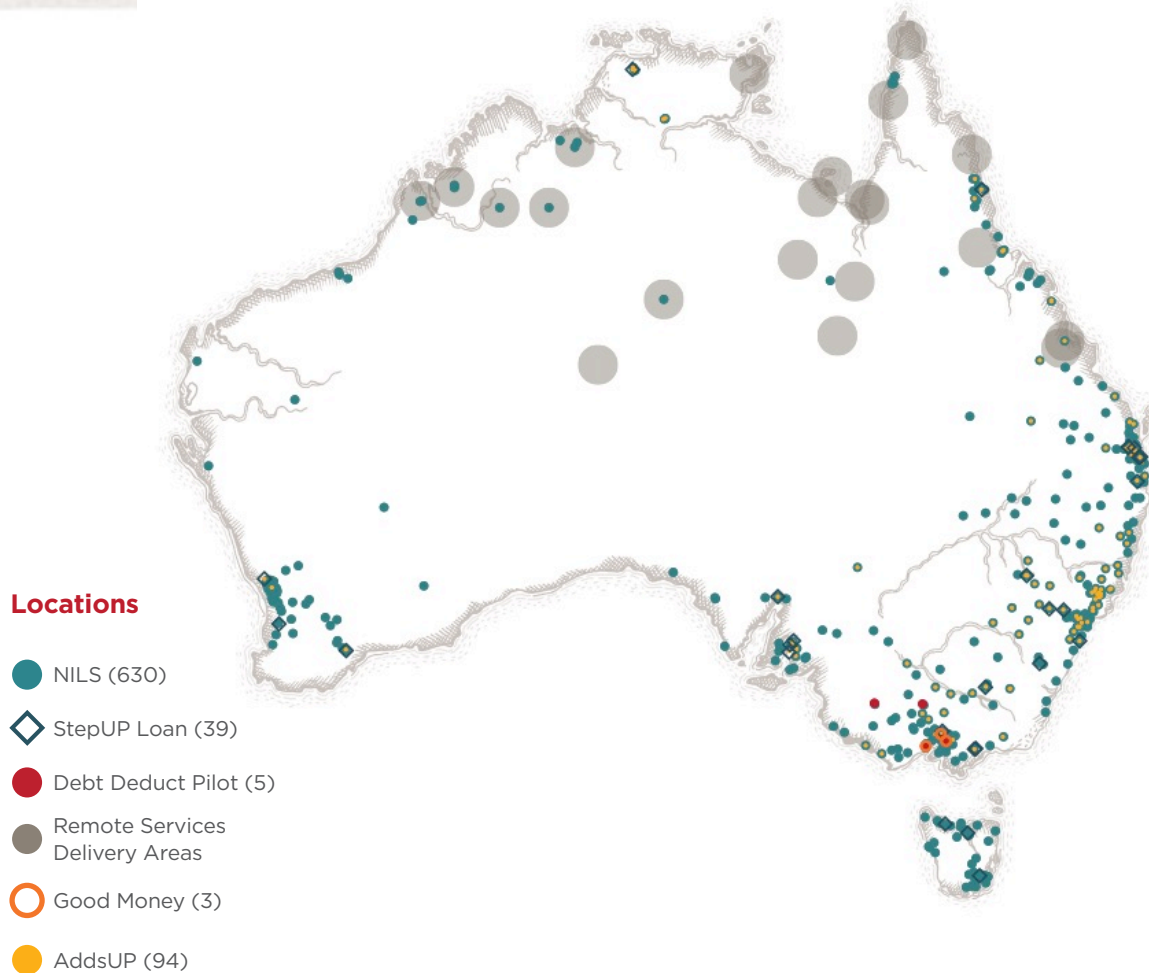
**Microenterprise** is a new three year pilot operating in the northern suburbs of Adelaide to support people on low incomes to start their own business.

# A little about our “Good” loans

No Interest Loan Scheme  
StepUP Loan



# Our small loans are offered in 659 locations by 178 local community providers.



# Loans: Life changing no interest loans for people on low incomes.



- Safe, fair and affordable credit for people on low incomes
- Purchase essential household items or services eg fridges, washing machines, medical expenses, laptops, education
- Loans up to \$1,200 with repayments to meet individual needs:
  - On average \$15-\$40 per fortnight
  - Repaid within 12-18 months
- Almost 70 percent of clients are women
- Operating for 35+ years.

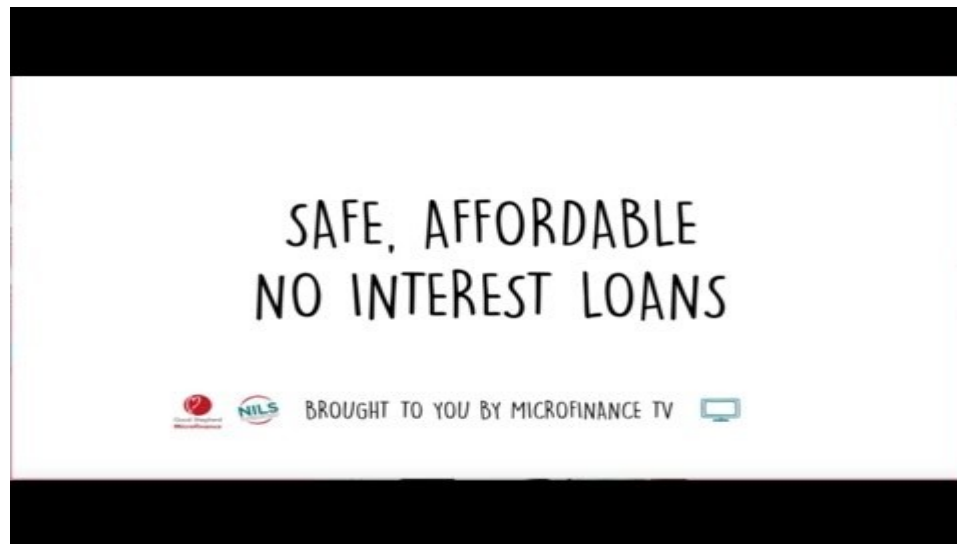
**22,396**

New loans in 2015/2016

**BENEFITING 51,000+**

borrowers, partners & children

Loans: “We all need that extra bit every now and again”



<https://www.youtube.com/watch?v=-qjrR4MMqll>

# Loans: Low interest loans for people on low incomes who can afford to pay a small amount of interest.



- Partnership between Good Shepherd Microfinance and NAB
- Low interest loans of between \$800 and \$3,000 to people on low incomes
- Loans are offered on a not-for-profit basis and there are no fees
- StepUP borrowers are often unable to get a traditional bank loan
- With 78 per cent of StepUP Loans used to purchase second-hand cars or pay for car repairs, these affordable loans get people on the road and keep them on the road.

**2,290**

New loans in 2015/2016

**4,800**

financial conversations

# Loans: Good Money offers affordable financial services in a retail environment.



- Partnership between Good Shepherd Microfinance, NAB and state governments
- Stores offer financial services for people on low incomes
- Locations:
  - Two new Queensland stores - Southport and Cairns
  - Four Victorian stores - Dandenong, Geelong, Collingwood and Morwell
  - One South Australian store - Salisbury
- Southport is the first store to have a dedicated financial counsellor.

**2,290**

New loans in 2015/2016

**4,800**

financial conversations

# A little about “Good” insurance

Essentials by AAI

# Insurance: A key element of financial resilience.

Insurance provides protection from the risk of financial shocks that are common and foreseeable. It is a core element of financial resilience.

In 2014, responding to research demonstrating high levels of non-insurance and under-insurance in Australia, Good Shepherd Microfinance established the **Good Insurance Program**.

The Program has collaborated with the two largest general insurers in Australia to develop new insurance products designed to meet the needs of people on low incomes:

- Essentials by AAI (Suncorp Group)
- Insurance 4 That (Insurance Australia Group)

**Insurance:** Around 20 per cent of the Australian population lack general insurance.

Affordability

Understanding

Accessibility

Trust



# Insurance: Essentials By AAI - A great partnership with a great Queensland company.



Essentials  
by AAI

supported by  Good Shepherd  
Microfinance

Car Cover	Contents Cover
Car Plus	Contents Plus

**SUNCORP** 

- ✓ Two levels of “essential” cover with low total coverage and corresponding low premiums
- ✓ Fortnightly, monthly or annual premiums
- ✓ Premiums payable through CentrePay in many cases
- ✓ No fees for instalments, or cancellations
- ✓ No ‘standard’ excess for first 2 claims in a year
- ✓ Dedicated Contact Centre for quotes and sales

## Car

- ✓ Choose from \$3,000 or \$5,000 car cover, plus \$20m in public liability including damage to other vehicles

## Contents

- ✓ Choose from \$10,000 or \$20,000 Contents cover, including temporary accommodation if your home becomes uninhabitable

# Insurance: Affordability through targeted cover that enables cheaper premiums for essential protection.

Essentials By AAI has been made more affordable by including only the most essential levels of cover

## Car

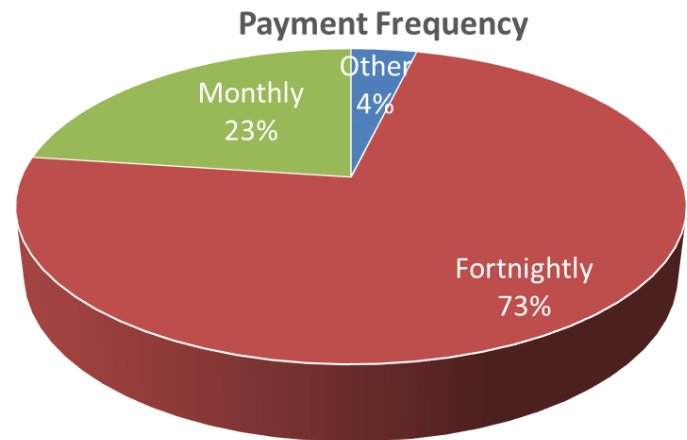
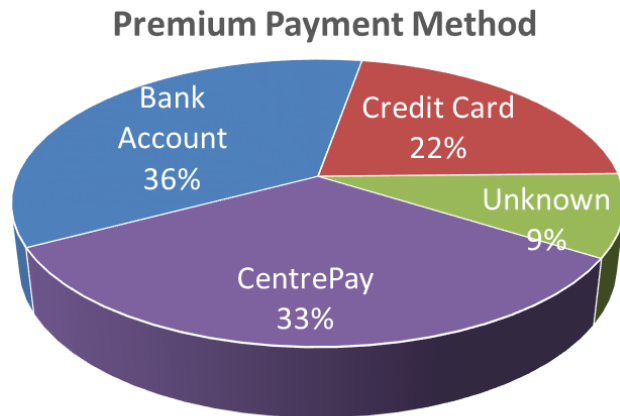
- ✓ Cover for the customer's vehicle is capped at either \$3,000 or \$5,000
- ✓ Limited options, eg hire car and windscreen cover are excluded

## Contents

- ✓ Cover for the customer's contents is capped at either \$10,000 or \$20,000
- ✓ Non - “essential” items are not included, for example jewellery, clothing and cutlery

# Insurance: Accessibility through flexible means and frequency of payment

One-third of all policies are paid through the Centrepay system and more than 70 per cent are paid fortnightly, indicating a clear preference on the part of customers.





# Insurance: Building trust with customers is a significant barrier.

Microfinance workers at specific NILS locations are trained to raise awareness of insurance, and Essentials, for NILS clients



Referring Provider Network

<sup>1</sup>Effective January 2017

<sup>2</sup>Networked operation



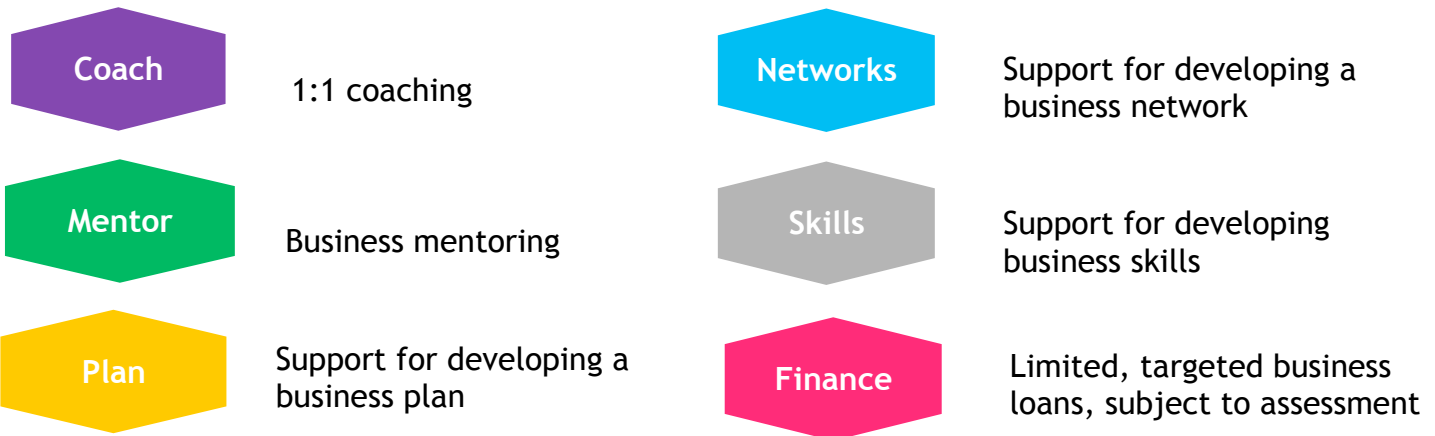
# A little more about our “Good” products and services

Microenterprise  
Financial Inclusion Action Plan  
MoneyReady Toolkit

# Microenterprise: Supporting people on low incomes to achieve their small business aspirations.

## Good Enterprisers

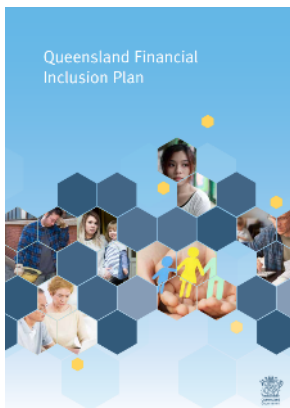
- Partnership between Good Shepherd Microfinance and the South Australian Government
- Design and pilot a microenterprise development program for the Northern suburbs of Adelaide
- Support people on low incomes to become job creators rather than job seekers.



# FIAP: Inclusive growth for everyone through reducing inequality.



- Developed in partnership with the Australian Government, EY and the Centre for Social Impact and is supported by an Advisory Group of experienced professionals from across the government, corporate and community sectors
- A Financial Inclusion Action Plan is an agreed strategy of practical actions that an organisation will undertake to improve financial inclusion in Australia
- Twelve ‘trailblazer’ organisations unveiled their FIAPs in November 2015 including the Queensland Government
- The [Queensland Financial Inclusion Plan](#) sets out a framework to assist financially vulnerable Queenslanders to ensure people are better prepared to respond to cost-of-living pressures and financially stressful life events.





# Natural disasters: New resources to help Queenslanders prepare financially for natural disasters.



- In collaboration with the Queensland Government, Good Shepherd Microfinance has produced the Money Ready Toolkit to help people take action to reduce the financial impact of disasters.
- The Money Ready Toolkit provides tips and checklists to help Queenslanders get money ready for a disaster or emergency. It also provides simple information to help understand insurance, to save for a rainy day, to keep important documents safe and where to go for help.
- The Toolkit is available through GP clinics, community organisations and local councils across the state.
- Online at: [www.goodshepherdmicrofinance/moneyready](http://www.goodshepherdmicrofinance/moneyready)



# Questions