

# **Indigenous Financial Empowerment through Enhancing Capability and Inclusion**

**AFOA Canada National  
Conference  
Workshop E**

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# Outline

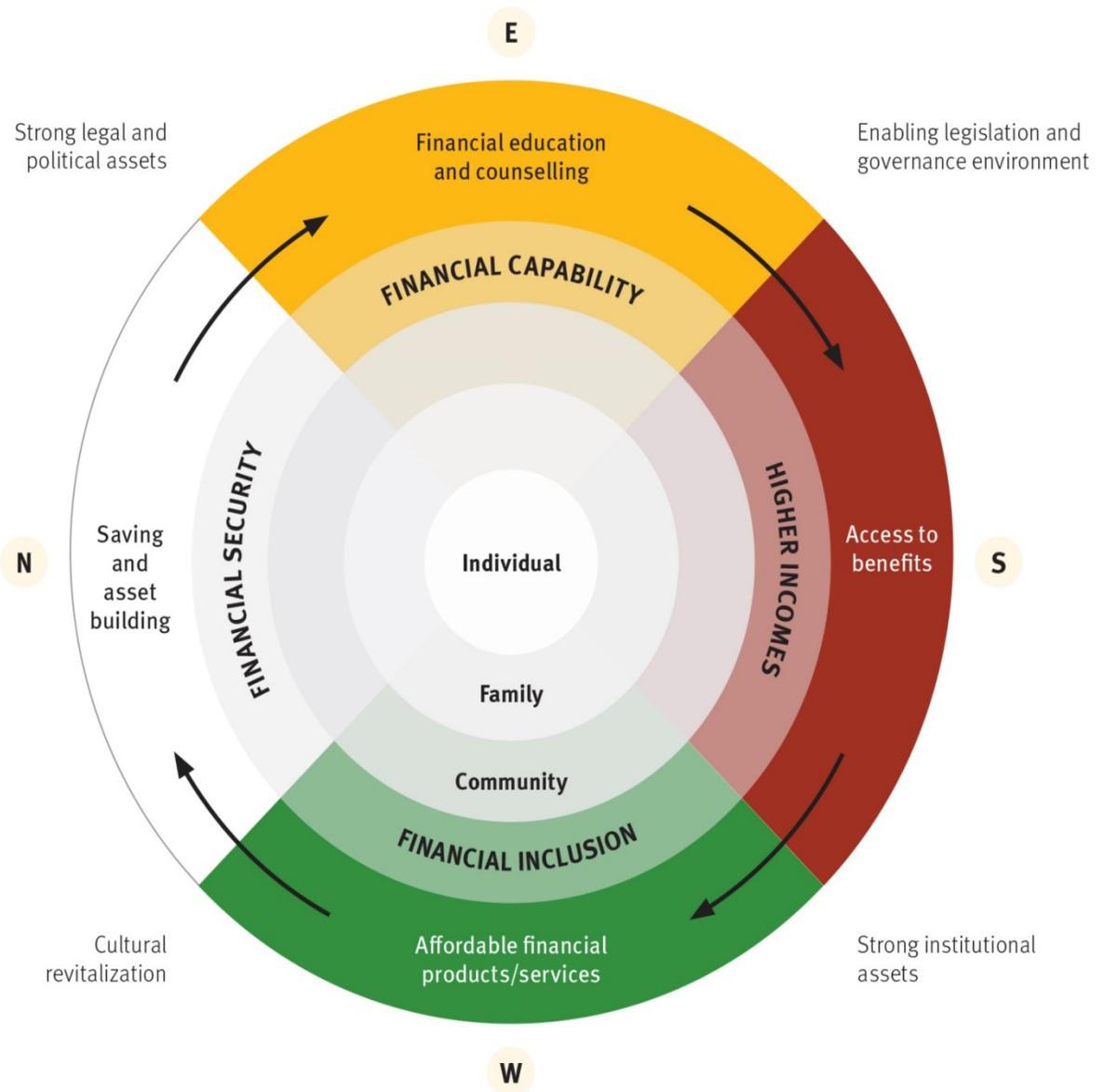
1. An Indigenous Financial Wellness Framework: demonstrates the need to boost capability and inclusion
2. Results from a Manitoba case study of financial exclusion
3. Lessons from abroad: the Indigenous Consumer Assistance Line of the Commonwealth Bank of Australia

According to work by AFOA & Prosper

Financial wellness is understood by  
Indigenous Peoples to be...

“The continuous process of balancing income, saving, investing and spending to achieve one’s life goals (physical, emotional, mental and spiritual) over the life cycle, and to maintain a state of wellness for individuals, family and community (Mullholland and Brascoupé 2017).”

# An Indigenous Financial Wellness Framework



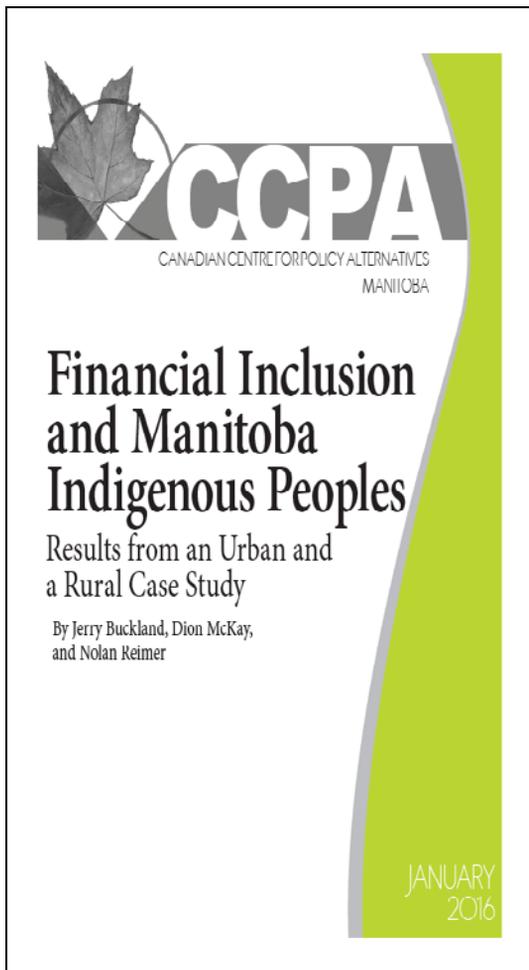
Source: Mullholland, Elizabeth and Simon Brascoupé 2017. 'First Nations Financial Wellness,' presentation to the Financial Wellness and Retirement Readiness Conference, Toronto: Conference Board of Canada, 23 January 2017.

# Discussion

- The Indigenous Financial Wellness Framework suggests that financial wellness is a holistic concept
- I think this is a very helpful framework
- I want to highlight two factors from my research, within this framework, in this presentation: financial inclusion and financial capability

# Indigenous Financial Exclusion in Manitoba Research Project, 2014-15

- Purpose: The study's aim is to better understand Indigenous peoples' and organizations' current experiences with finances and banking to build their capacity to use these (finances and banking) to improve their self-defined well-being.



- This 2 year project supported and made possible with the help of SEED Winnipeg, Ma Mawi Wi Chi Itata Centre, Fisher River Cree Nation, The members of the steering committee, among others

# Group Methods: Problem Tree & Ideal Bank

- Two different group activities – Problem Tree and Ideal Bank-- were conducted at Mawi Wi Chi Itata Centre and Fisher River Cree Nation, for a total of 4 group activities
- Five to seven people in each group

# Group Methods: Problem Tree & Ideal Bank

- Problem Tree
- Purpose: to let participants describe in words and a picture the causes and effects of financial exclusion in their own words
- What are the causes of financial exclusion? What are the effects of it?

# Problem Tree



# Problem Tree Results

- Causes of Financial Exclusion
  - Inaccessible locations,
  - Inappropriate services
  - Language barrier
  - Poverty
  - Low rates of social assistance
  - Poor quality education

# Problem Tree Results

- Effects of Financial Exclusion
  - Practical issues such as,
    - not knowing where to start
    - feeling there are no alternatives
    - cheque hold issue
    - high cost of fringe banks
  - Deeper issues such as,
    - vicious cycle of poverty
    - no bank account as barrier to employment
    - personal harms of having no account (e.g., dependent, depression)

# Group Methods: Problem Tree & Ideal Bank

- Ideal Bank: allows participants imagine which services or products they need from banks
- Participants were asked what services an 'ideal' bank would offer? And then hypothetical costs were assigned to each service and they were given a hypothetical budget so that they had to prioritize the services that would fit within the budget

# Ideal Bank

BUDGET: \$100

BRANCH WITH ACCOUNTS: \$50

WITH INVESTMENTS: \$15

WITH CREDIT: \$15

BRANCH WITH LONG HOURS: \$20

WITH SHORT HOURS: \$10

BRANCH CLOSE BY: \$20

FARTHER AWAY: \$10

ADDITIONAL SERVICES: \$5

## Mawi Wi Chi Itata Centre, Winnipeg Ideal Bank

<b>Service</b>	<b>Cost</b>
Branch with accounts	\$50
Branch with investments	\$15
Branch with short hours	\$10
Branch close by	\$20
Language services	\$5
Total	\$100

# Discussion

- This analysis suggests that rural and urban Indigenous Peoples have a rich understanding of their financial needs and realities
- They believe that financial inclusion involves both inclusion and capability issues
- Understanding Indigenous Worldview and using Indigenous languages, representing Indigenous Peoples, and hiring Indigenous Peoples are important
- Interaction with ‘real’ people is important as are ‘bricks and mortar’ branches

# Boosting Inclusion in Remote Rural Areas

- Remote rural areas have particular challenges with respect to financial exclusion
- In some of these cases low population density and low per capita income mean that FIs are disinterested in setting up branches
- This disinterest is reinforced given the trend of FIs moving away from investment into physical branches in favour of electronic banking
- Is there a solution? Australia offers some very interesting possibilities in a number of areas

# Unique features of the Australian approach to financial empowerment

- Comprehensive understanding and corresponding strategy
  - Capability + Regulation + Inclusion [can lead to] Financial well-being
- Multiple actors working together: Civil society + state + bank
- Civil society organizations are large and national in scope: e.g., Indigenous Consumer Assistance Network
- Australian banks understand and are motivated to address financial exclusion, e.g., Commonwealth Bank of Australia
- The Australian Securities and Investment Commission is mandated to promote financial literacy and regulate financial providers (to ensure they provide *responsible credit*)

# CBA's Indigenous Consumer Assistance Line

- The Commonwealth Bank of Australia established a novel way to provide banking services to Indigenous Australians who live in remote communities
- It works with the Indigenous Consumer Assistance Network is Cairns-based organization that engages in education, advocacy, and financial counselling services to Indigenous People across Australia.
- In 2009 the Bank established a special telephone support line for remote and Indigenous Australians.

# **CBA's Indigenous Consumer Assistance Line**

- ICAL began with two staff and this has grown to 15 staff by 2015.
- By 2016, ICAL provided 179,000 customer service requests and this included 29,000 requests for cash which would not have been possible without the service.

# CBA's Indigenous Consumer Assistance Line

- The bank intentionally set up the telephone system so that customers telephoning-in would access a person not menu of options
- It was felt that this in-person telephone banking was more closely aligned with Indigenous Peoples' preference for relation-based services
- Moreover, ICAL staff have the capability to undertake some transactions that are typically limited to branch staff

# CBA's Indigenous Consumer Assistance Line

- ICAL team take a problem-solving approach and work closely with clients and its community partners.
- Rather than getting bogged down with obstacles the staff come up with creative solutions that the Bank has embraced.
- For instance, many clients lacked adequate personal identification. ICAL has been able to address this by allowing ID to be guaranteed by knowledge of the person by two Indigenous Elders.

# CBA's Indigenous Consumer Assistance Line

- Remote Australian communities rarely have a bank ATM but often do have a non-bank ATM.
- Generally, when these are used to access funds from the bank, fees are charged by both the bank and the ATM provider.
- An agreement was struck whereby Indigenous People in remote communities would not be charged fees by *banks* when using non-bank ATMs (they are charged fees by the ATM provider).

# CBA's Indigenous Consumer Assistance Line

- Another challenge faced by remote people is the time it takes to replace a lost or stolen debit card.
- It might take up to 2 weeks to reach the client by the postal system. ICAL can contact its local community partners to assist with this challenge.
- The community partner can act as a kind of 'broker' to identify a person who is trusted by the person without the debit card.
- Once that person has been confirmed the funds can flow to the trusted friend who then provides the client his/her cash.

# CBA's Indigenous Consumer Assistance Line

- ICAL is well established in Australia: popular and its use is growing
- It is designed to meet the needs of remote Indigenous Peoples in Australia
- Could this be a model that would be a relevant way to meet the financial service needs of remote Indigenous Peoples in Canada?

# Discussion

- An Indigenous Financial Wellness Framework: requires boosting capability and inclusion
- Research with Indigenous Peoples in Manitoba found that financial exclusion can aggravate poverty and solutions must address cultural and language interests of Indigenous Peoples
- ICAL in Australia offers a potential model to improve accessing banking for remote rural Indigenous Canadians