

Spotlight series  
2018

# Better financial outcomes

Improving the financial wellbeing of our customers and communities



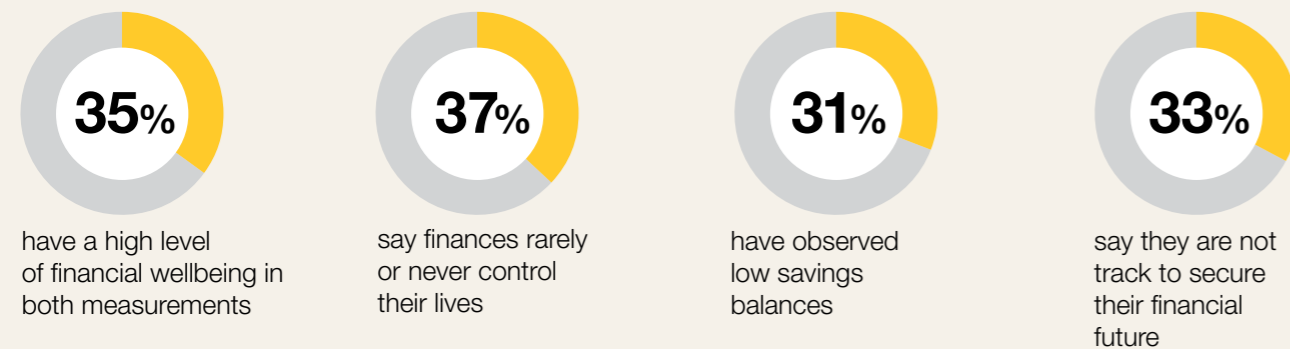
CommonwealthBank

# Improving the financial wellbeing of our customers and communities

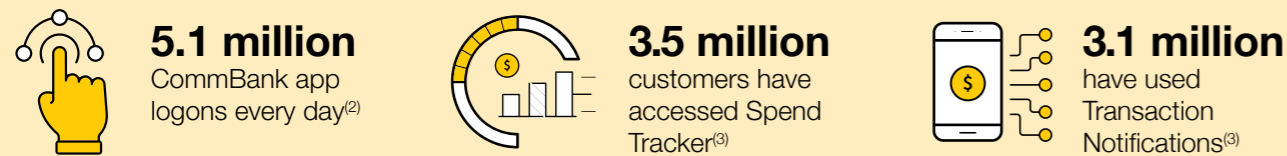
## A snapshot of FY18

### Financial wellbeing in Australia: a mixed picture<sup>(1)</sup>

Research on 6,000 customers shows that:



### Digital tools for financial wellbeing



### Helping those in financial hardship

We provided tailored financial solutions to more than **56,000 customers** in FY18

Between January and June 2018 we referred **414 women** to Fitted for Work, a **quarter** of which secured employment



(1) D. Ribar et al, *Using Survey and Banking Data to Measure Financial Wellbeing*, Commonwealth Bank of Australia and Melbourne Institute Financial Wellbeing Scales Technical Report No. 1, March 2018.

(2) As at 30 June 2018.

(3) Since launch in March 2017 to 30 June 2018.

# Financial wellbeing for all Australians



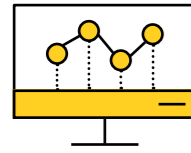
**Our purpose at Commonwealth Bank is to improve the financial wellbeing of our customers and communities. At its heart, it describes what we stand for – as an organisation – and also serves as a constant reminder, that no matter what we achieve, we know there will always be more to do.**

As we strive to be a better bank, we are looking outward – listening to our customers and understanding what's important to them; and working with community groups, experts in economic and social studies, policymakers and others, to better understand and respond to Australia's most pressing financial challenges.

In doing so, over the financial year, we have been exploring how we can help improve people's financial wellbeing in meaningful and measurable ways.

### What is financial wellbeing?





Better understand your financial wellbeing score at <http://www.commbank.com.au/digital/fwbscore>



### A better understanding of financial wellbeing

Ultimately, improving financial wellbeing must lead to results. We need to be able to measure progress, and in partnering with the Melbourne Institute: Applied Economic & Social Research, we've established a way to do this.

With the Melbourne Institute, we've developed two Financial Wellbeing Scales: one based on people's perceptions of their financial health, and another observed through our actual records. Together, the Scales help us understand what drives and inhibits financial wellbeing, and the types of behaviours that can help customers improve their financial wellbeing.

"As we work to improve the financial wellbeing of our customers and communities, we need to know what factors can make a difference and whether we're delivering results. This is where the financial wellbeing Scales come in", says Mohamed Khalil, General Manager Digital Guidance, Commonwealth Bank.

"Perhaps most significantly, we found that positive financial behaviours – such as balancing spending and saving, and repaying debt – can have a stronger effect on financial wellbeing than earnings alone. These insights are helping us find new ways to better serve our customers and improve their wellbeing over time, whether that's through behaviourally informed educational content, digital tools and product experiences."

The Scales can be used by Australians to better understand their own financial wellbeing, and by other institutions, academics, government, and community organisations to help build a body of knowledge about financial wellbeing that can be meaningfully shared, compared and reliably replicated, both in Australia and internationally.

We've also used the research to develop a practical and simple online tool to help people assess their own financial wellbeing, with tailored ideas about how to improve it.

Some key insights from the research can be found in the accompanying infographic. The full report can be found at: <https://fbe.unimelb.edu.au/research/streams/health-and-wellbeing/measuring-financial-wellbeing>

**"By combining both self-reported financial wellbeing data and objectively observed measures, the Scales represent a first in their field internationally."**

Professor David Ribar, Melbourne Institute: Applied Economic & Social Research, University of Melbourne



### Helping customers take control with digital tools

With more than 4.8 million Australians using the CommBank app every day, we have a unique opportunity to use our technology and innovation capabilities to directly support good financial habits and better financial decisions.

Customer feedback and our latest research shows that many customers have trouble keeping track of how their everyday spending decisions – even small ones – can add up and impact long term financial goals. In addition to this, some people tend to spend money without realising it; whether that's a monthly gym membership, an online subscription, or a payment plan that's been forgotten about. This is where our digital tools can help.

#### Spending insights and alerts to stay on track

In March 2017 we launched the Spend Tracker and Transaction Notifications tools in the CommBank app for credit card customers. The Spend Tracker tool gives customers greater visibility of their everyday spending in categories such as groceries, dining out, and transport; while the Transaction Notifications tool automatically notifies customers when money is credited to, and debited from their account.

Since the launch of the tools in March 2017, more than 3.5 million customers have accessed Spend Tracker, and 3.1 million have used Transaction Notifications.<sup>(1)</sup>

After a successful initial rollout, we extended the tools to 2.8 million debit card customers with Smart Access and Complete Access accounts over the year and enhanced the features using our latest research insights. For example, the Spend Tracker tool was updated to give customers more detailed insights into their spending habits. Customers can now see if they have spent more or less on transport or groceries, compared to the previous month, and measure their spending against particular goals.

"Knowing exactly what, where and how much is being spent in real time helps customers to live within their means, while giving them the flexibility to adjust their spending across categories as needed so it's easier to stay on track", says Mohamed Khalil.

"Ultimately, we want to help customers get into the habit of building up, rather than dipping into, savings by providing real-time snapshots of where money is being spent."

The CommBank app has also been updated to notify customers when they have insufficient funds to meet upcoming payments; when credit card or home loan repayments are due; when high cost transactions, such as ATM withdrawals on credit cards, are made; and when a home loan interest-only or fixed rate period is coming to an end. Customers can create rules around the alerts they're notified about and how often they receive them.



Spend Tracker Spend Less Challenge High cost transaction alerts

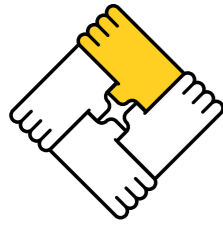
### CommBank app recognised for customer centricity

Technology analyst firm Forrester Research's annual report on mobile banking apps rated the CommBank app as a market leader in 2018.

The CommBank app "leads with best-in-class functionality and excellent usability. Customers can not only pay a bill by taking a photo of it, but also set up future payments, get notifications when new bills arrive, and receive electronic bills directly in the app.

CommBank also provides useful visualisations to help customers compare spending over time."

(1) As at 30 June 2018.



**Financial hardship support**

**Helping our customers get back on track**

Commonwealth Bank has around 16 million customers, and many will find themselves in a vulnerable situation at some point in their life.

Although Australians generally enjoy a high level of financial wellbeing, we have found that approximately one in three are not on track to secure their financial future or handle an unexpected expense, and a quarter are struggling with money management.

Unexpected events like family tragedy, illness, and unemployment often result in loss of income, and can be closely followed by financial hardship. When a customer faces what could be the hardest time in their life, getting relief from financial stress can be truly life-changing. This is where we can make a meaningful difference.

**Offering a helping hand**

When we talk about improving the financial wellbeing of our customers, we mean more than just finding the right home loan or savings product so they can reach their goals. For us, building deep customer relationships means we are always there for them, including in times of need.

Sometimes, meeting our customers' needs involves having some of the more difficult conversations about their circumstances. Our Financial Assistance Solutions team was set up in 2009 to help customers overcome certain hurdles so they can manage their debts and improve their finances.

Over the past 12 months, the team has provided more than 56,000 customers with tailored financial solutions such as reduced payments, loan term extensions, debt refinancing, or concessions for certain fees and charges.



**Time to focus on getting better**

Mr Howe was diagnosed with two types of cancer a number of years ago, and at 77 years old he found himself unable to undergo further surgery.

Mr Howe had a \$37,000 balance outstanding on his credit card, and due to his deteriorating health, was struggling to make repayments. He contacted our Financial Assistance Solutions team.

After completing an assessment of Mr Howe's situation, the team quickly realised that a full debt waiver would not only be appropriate, but would greatly assist David in focusing on his health going forward.

Mr Howe told the team that the waiver meant he could finally be at peace with his finances and focus on his health without financial stress.

**Tailored financial solutions**

Take, for example Mr & Mrs Chan, an elderly couple who were about to lose their home after falling ill and were no longer able to repay their loan; or Ms Lawford, a single mother who had \$55 income per fortnight after a difficult separation from her former partner with whom she held a joint loan; and Mr Patel, a 78 year-old pensioner who was financially defrauded by his neighbour.

Every month, approximately 5,000 of our customers identify as suffering from financial hardship, and over the past year more than 1 million customers fell behind on their repayments. We found the majority of these customers simply needed a reminder to make a payment, or a short term solution. However, others, like Mr & Mrs Chan, Ms Lawford, and Mr Patel really needed our help.

For Mr & Mrs Chan, this means they get to keep their home after we waived their loan balance so they could focus on their health and each other; Ms Lawford's payments were reduced so she had more money to support her son; and Mr Patel is no longer liable for his debt with action now being taken against the neighbour who committed the fraud.

"At the end of the day, we're here to help customers through life's ups and downs, and offer a helping hand when needed. But we know we can do more", says Rob Kennaugh, General Manager Financial Assistance Solutions, Commonwealth Bank. "We want those customers experiencing financial hardship to know we are dedicated to providing helpful and practical solutions that help ease the burden."



**Financial Counselling Australia Rank the Banks 2017 survey**

Our efforts to help those in financial hardship were recognised in the Financial Counselling Australia *Rank the Banks* survey of financial counsellors. We were the highest ranked bank for our financial hardship policies and practices in the survey.

This was a significant turnaround for us, as two years ago we were ranked last amongst our peers.



**Considering social impacts**

**Fitted for Work**

Research shows that women are more likely to face financial hardship due to higher rates of unemployment and primary carer responsibilities, along with lower saving and superannuation balances.<sup>(2)</sup> To help combat this problem, we've been looking for solutions to help women find meaningful employment opportunities and benefit from a higher level of financial wellbeing.

In 2018 we began a six-month pilot with Fitted for Work, a not-for-profit organisation which assists disadvantaged women with finding employment.

In the pilot, our Financial Assistance Solutions team referred a number of female customers experiencing financial hardship due to unemployment to Fitted for Work for a consultation. Fitted for Work then engaged directly with customers to offer assistance with arranging and organising interviews, training and skills development, assistance with resumes, business clothing for interviews, professional mentoring and counselling services.

Based on the success of the pilot we extended the partnership and created a virtual referral service for those unable to travel to the Fitted for Work offices in Victoria and NSW. The virtual referral service has been particularly helpful for those with primary carer responsibilities and limited time or resources to travel.



**Between January and June 2018 we referred 414 people to Fitted for Work. 239 women received a virtual consultation and 175 received a face-to-face consultation. 100 of those we referred to Fitted to Work secured employment.**

(2) L. Kneebone, *Financial Hardship in Australia*, National Centre for Longitudinal Data, Australian Government: Department of Social Services, 2014.

**Partnering with community organisations**

We play an important role in helping customers get back on their feet during times of financial difficulty. Through partnering with community service organisations such as Kildonan, Wesley Employment, and Australian Management & Education Services (AMES) Australia, we have found a way of making a meaningful difference to those facing unemployment by connecting them to specialised support and resources.

Since the launch of the pilot in June 2017, we have referred a number of unemployed and single parent customers to these three community partners to receive skills development, training, coaching, and job seeking services. The help our customers receive through the referral program complements the short and long-term assistance provided by our Financial Assistance Solutions team.

We also have put specialised assistance in place for particularly vulnerable customer groups, such as those with disabilities through Wesley Employment, and migrants and refugees through AMES Australia.



(3) R. Braaf & I. Meyering, *Seeking Security: Promoting Women's Economic Well-Being Following Domestic Violence*, Australian Domestic and Family Violence Clearinghouse, 2011.

**Addressing financial abuse in domestic violence**

Financial abuse is a serious form of domestic violence that occurs when an abuser uses money as a means to gain power and to control their partner. Financial abuse can restrict a victim's capacity to meet basic needs, which in turn can compel them to stay with, or return to, an abusive partner for financial security. It can have devastating consequences on the victim's long-term safety and wellbeing.<sup>(3)</sup>

We believe community organisations, public bodies and the private sector all play an important role in ending domestic and family violence in Australia.

Our Domestic and Family Violence Emergency Assistance Program was launched in August 2017 to provide expert counselling and financial support for those looking to leave an abusive relationship.

Over the year, we delivered the program in partnership with Telstra, Women's Services Network, and Rape and Domestic Violence Services Australia. The program handled 87,000 calls in its first month, and more than 6,000 customers have accessed assistance since its launch.

We also launched the Addressing Financial Abuse guide in 2017 to help support workers assist victims with establishing financial independence – a critical step in leaving an abusive relationship. The guide contains practical information on services, referral points, resources and financial assistance available to victims and community workers.

**Our Customer Advocate team has produced State-based versions of the guide and distributed them to family violence organisations and financial counsellors across the country. They are also translating the booklets into other languages.**

**Financial counselling support**

In addition to the launch of the Addressing Financial Abuse guide and emergency assistance packages, we have been looking at ways of addressing domestic and family violence as part of a community-wide response. Australia's financial counsellors play an invaluable role in providing frontline support and advocacy to assist those facing financial difficulty.

Last year we donated \$400,000 to Financial Counselling Australia to provide additional training to financial counsellors to better identify and understand the impact of financial abuse in domestic and family violence.

"Helping clients affected by domestic and family violence requires specific skills and knowledge. This funding means we can provide practical, face-to-face training to financial counsellors in cities, and in rural and remote areas", says Fiona Guthrie, CEO, Financial Counselling Australia.

In addition to this, we pledged \$500,000 to the Jan Pentland Foundation to fund 10 scholarships annually for the next 10 years for people to study financial counselling. The Foundation promotes social justice for the disadvantaged by providing financial assistance for those wishing to study financial counselling or a related discipline.

"The cost of studying to become a financial counsellor can be a barrier for many people. Commonwealth Bank's support for the Jan Pentland Foundation will help create a new generation of financial counsellors", Fiona continues.



**"We have never been able to do anything of this nature before, so this is truly ground-breaking."**

Fiona Guthrie, CEO, Financial Counselling Australia

# What's next?



**Financial wellbeing is a cornerstone to a stronger society and economy. It determines people's ability to meet obligations, make choices to enjoy life, and to have peace of mind, now and in the future.**

**The past 12 months demonstrate the important role we play in providing a helping hand to Australians facing financial hardship – whether that's through employment referral programs, supporting those experiencing financial abuse, or backing Australia's financial counsellors to help our most vulnerable.**


Having partnered with global experts to better define, measure and understand the complex drivers of financial wellbeing, we are now rapidly transforming these insights into every day tools and solutions to help our customers and communities.

We also hope this initial research will enrich the global conversation and aid those who endeavour to improve the financial wellbeing of others.

"We are only just scratching the surface", says Mohamed Khalil. "Just as the field of modern medicine took years to develop the knowledge, systems, tools and service models that we all benefit from today, I am hopeful that our ongoing research and collaboration with community partners, alongside our unique ability to innovate, will contribute meaningfully to this important topic."

## Contact us

 [commbank.com.au](http://commbank.com.au)

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If you would like to provide feedback,  
or you have questions on this report or  
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