

Technology-enabled Financial Inclusion & Evidence-based policy for the Underbanked: A study of Remote Indigenous Australia

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POLICY BRIEF

Mobile technologies are proving transformative in enabling financial inclusion across both the developing and developed worlds. Policymakers in developing countries are at the forefront of enabling innovative financial inclusion policies. In Australia however, the nearly universal access to banking draws attention away from a growing underbanked population, and technology-enabled financial inclusion is not yet on the policy radar. Remote Indigenous communities are the most financially and digitally excluded group in Australia. Literature on the use of mobile phones, patterns of money management and banking in Indigenous communities, is fragmentary.

For underbanked Indigenous consumers, their remoteness, combined with a cultural preference for face to face banking, means that many people pay higher account keeping and transaction fees. Many have access to mobile phones (half of which are smart phones), but mobile phone banking is not yet popular. Our ongoing study of money, banking and mobile phones in remote Indigenous Australia frames the design and policy problems for industry and government. It outlines a methodology for gaining evidence about 'demand-pull' aspects of financial inclusion for the underbanked, and identifying user problems. It also suggests ways to enhance 'supply-push' factors via the design of 'culturally appropriate' financial products, services and education programs. We argue that given the appropriate support from the financial ecosystem, Indigenous culture can be an enabler, instead of a barrier, to Indigenous financial inclusion. These learnings can also apply to enhance financial inclusion of other underbanked communities in Australia.

SUMMARY OF FINDINGS/ RECOMMENDATIONS

- 1. 'Indigenous Money' is culturally distinctive:** Using Viviana Zelizer's theory of 'special monies', we find that 'Indigenous money' is culturally distinctive from 'Anglo-Celtic money', which forms the basis for economic and banking policy in Australia. The domestic boundary within which 'Indigenous money' flows is larger and more fluid than the nuclear household. An informal 'chuck-in' system is used to manage money and make ends meet across related households. Sharing is prioritized higher than saving. Money has been imposed from outside the traditional Indigenous culture and is disconnected from traditional knowledge systems. People do not fully understand the 'money-story' and elders are unable to lead their young in managing their money wisely. Money is less central and valued than in mainstream Australia. It is seen as a 'problem' which causes high stress.
- 2. The design of financial policy, banking products & services and education should be 'culturally appropriate':** Indigenous consumers in remote Australian communities face particular challenges in accessing affordable, appropriate financial products and services. Technology-enabled innovation could help combat remoteness and high costs of access. Current financial inclusion efforts would be strengthened by building on the cultural distinctiveness of Indigenous understanding and usage of money.
- 3. Remote financial service provision should be more sustainable:** The cost of remote financial services provision is uncompetitively high. Revenue-generating opportunities are few. Technology, particularly mobile telephony, could enable cost reduction and greater service with increased productivity. Remote service providers who offer personalized money mentoring and advice, training and employment opportunities in local communities, could tap into government funding for these initiatives. The societal value of greater financial inclusion in remote Australia should be established.

THE RESEARCH

I STUDYING 'INDIGENOUS MONEY'
This study on money, banking and mobile phones in remote Indigenous Australia builds on an ongoing ethnographic PhD research being undertaken by Godinho. Her fieldwork, undertaken in two remote Northern Territory communities ('InlandTown' and 'CoastalTown') between September 2011 and June 2012, included fifty one participants, who were

introduced to her by the local elders. Using Indigenous research methodologies, she conducted five 'yarning circles' (usually public consultations over a shared meal) with sixteen participants and twenty-nine individual interviews, exploring participants' stories about money in their daily lives. She was also invited to observe six participants at a

private workshop, and presenters at a national conference.

Partnering with BushProvider, the only Indigenous-owned credit union servicing remote communities, the first phase of our user-centred policy study supplements this data with a further thirteen interviews with InlandTown users, BushProvider executives and national providers of telecommunication and technology services.

II THE DISTINCTIVENESS OF 'INDIGENOUS MONEY'

'Indigenous money' is culturally distinctive in crucial ways (see Figure 1), from 'Anglo-Celtic money' which is at the centre of mainstream policy-making in Australia.

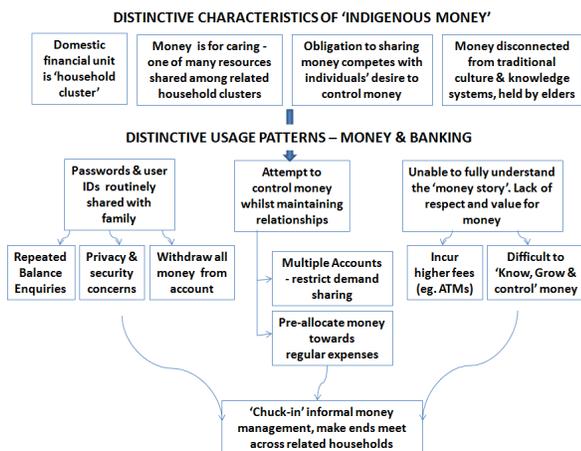


Figure 1. Distinctive characteristics of 'Indigenous money'

This distinctively different understanding and usage of 'Indigenous money' suggests that Indigenous financial capability is equally distinct from that of mainstream Australia. This recognition has important policy implications for both the 'demand' and 'supply' sides of financial inclusion efforts, banking and policy design.

III IMPLICATIONS FOR 'CULTURALLY APPROPRIATE' POLICY DESIGN

Industry policy on the design of financial products, services and education programs for remote Indigenous underbanked consumers, must take account of how they want to use and manage money.

The domestic boundaries within which 'Indigenous money' flows are larger and more fluid than the nuclear household. Sharing is prioritised higher than saving. The path to achieving individual success with managing 'Indigenous money' is inextricably linked with the collective. The financial ecosystem should provide ways for Indigenous people to control their own money without compromising relationships. Personalised and affordable banking, accommodating local language will better connect with needs of remote consumers. Low-cost balance enquiry and account information must be provided.

Mobile phone technology is very familiar to remote Indigenous users, so could be a key enabler.

Money is disconnected from traditional Indigenous knowledge and law governing the management of valued resources. Financial education programs must find ways to 'connect' with and build upon, these traditional knowledge systems, which elders still hold in remote communities. Reinforcing and building upon 'positive' aspects of social norms for collective support and collective benefits will connect with the needs of remote consumers. Also, building capacity of elders will empower them to role model the 'right' way to use and preserve money. This may help to afford greater respect and value to money.

Education programs that can tailor budgeting tools and ways of keeping track of money to the distinctive 'chuck-in' style of making ends meet across related Indigenous households, will be more relevant and useful for remote communities. Tools that allow people to 'learn by doing', including the use of innovative technology, are more likely to succeed with Indigenous users.

Some unmet user needs which the industry should note include gaps in the access to micro-credit, micro-enterprise services and opportunities for micro-savings. Successful models developed for the poor can be used as a basis for such products.

IV SUSTAINABILITY OF REMOTE FINANCIAL SERVICE PROVISION

Government policy must recognise both the disproportionately high cost of remote service provision (banking/digital infrastructure) and the societal value of servicing underbanked communities, thereby promoting financial inclusion in remote and regional locations. Technology can be a key enabler. Funding for employment, money management training and other capacity building for marginalised communities is currently 'silo-ed' across different government agencies. Pooling these funding sources together may make remote financial services provision a more sustainable venture, and encourage others in the industry to follow BushProvider's lead. The design of consumer education programs must be 'culturally appropriate'.

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