

1. Executive summary

In Australia home ownership by Indigenous people is low. Nationally, 36 per cent of Indigenous people own or are buying their houses, up from 32 per cent in 1996 (ABS, 2006). This is also low compared with home ownership by Indigenous peoples in the United States (59 per cent), Canada (41 per cent) and New Zealand (50 per cent).

ANZ research has previously identified that Indigenous Australians are the predominant group of people consistently associated with financial exclusion. This financial exclusion is represented by: (i) poor access to fair, safe and appropriate financial products and services; (ii) low understanding of financial matters, and; (iii) greater likelihood of experiencing financial difficulty.

In 2007 ANZ released a discussion paper entitled *Home Ownership and Indigenous Australians*, providing a framework for discussion between ANZ and interested stakeholders on ways to increase Indigenous home ownership. Wide stakeholder consultation involving over 400 people from various organisations across Australia was undertaken from August to November 2007.

Many Indigenous people in urban and regional centres meet bank lending criteria but may not consider home ownership due to preconceptions of not receiving approval for a loan, or fear of not being welcome or understood. Banks may inadvertently discourage approaches by Indigenous customers by applying standard customer and credit processes that are unsuited or not tailored to personal circumstances. In remote and very remote locations, issues including housing affordability, availability of maintenance, community infrastructure and land tenure are problematic when attempting to acquire a home and protect and optimise its value.

Our key finding is that we should focus on Indigenous home ownership principally because of the potential business opportunity in an under-served market, within the context of our broad corporate responsibility. Sustainable responses to that under-served market are more likely using existing products with tailored marketing and distribution models.

Given the structural issues inhibiting home ownership in remote areas of Australia, ANZ was encouraged to promote home ownership initiatives in urban and regional areas where there is a reliable housing supply, employment opportunities, economic and social infrastructure and accessible banking services. Consumer choice and control over which house is acquired are also critical in realising the social benefits associated with home ownership.

ANZ's proposed actions

ANZ is a mainstream financial services provider assisting Australians achieve home ownership every day. We seek to understand and serve our customers and we have been recognised for our efforts through increased customer satisfaction, market share and third-party acknowledgement. We are less familiar, however, in understanding and meeting the needs of Indigenous customers.

ANZ will focus its efforts on behavioural change to address Indigenous financial inclusion and, in turn, home ownership rates. This will include developing a closer understanding of Indigenous customer needs, better tailored communications and greater cultural awareness.

In the near term, ANZ will focus on Indigenous home ownership in urban and regional centres. In the longer term, financial service providers should continue to work with communities, government and other stakeholders to better understand and address the more significant barriers to home ownership in remote and very remote communities.

ANZ commits to:

1. Improve our interactions with Indigenous customers

We will build into our business processes means to better welcome, understand and meet the needs of Indigenous customers. We will:

- build relationships with local Indigenous leaders and establish new relationships to discuss local community financial services issues;
- make available to our staff cultural awareness programs that result in more effective and efficient interactions with Indigenous customers, so that needs are better understood and met.
- recruit Indigenous staff such that our staff profile is (i) more representative of the communities in which we live and work and (ii) better able to serve those communities;
- encourage the development of local plans to increase Indigenous employment and financial literacy;
- mentor and support Indigenous staff to maximise their retention in ANZ's employment;
- adopt mutual mentoring between ANZ senior management and Indigenous leaders; and
- review the effectiveness of current telephone communication processes to assist customers to get full value from their banking relationship.

2. Facilitate more home loans and extend full service banking

ANZ will actively seek to extend mutually beneficial relationships with existing specialist providers of Indigenous home loans to:

- accept referrals from existing providers, including capital constrained providers, of their customers who are looking to move their loan to a mainstream financial institution. This will, in turn, assist capital constrained existing providers to reduce waiting time for eligible customers and introduce more Indigenous Australians to home ownership;
- establish full service banking relationships for Indigenous customers of existing providers when they transition to mainstream banking. This will be achieved through high levels of tailored service to offer a greater variety of financial solutions such as saving and investments, insurance, and business products; and
- participate in and support Indigenous Business Australia's work to help customers wishing to refinance, invest or seek business finance.

3. Help improve the capacity of Indigenous consumers

ANZ will offer:

- a new dedicated financial literacy module on home ownership through the MoneyBusiness and MoneyMinded programs. These programs are expected to reach over 30,000 Australians in 2008; and
- a simple step-by-step guide to home ownership, available to Indigenous people through ANZ branches, that will contain information on borrowing funds and relevant non-financial aspects of buying and maintaining a home.

4. Work with employers of Indigenous people

ANZ will work with employers of large numbers of Indigenous people to provide opportunities to improve financial literacy and access to banking services including transaction banking, saving, lending, home ownership and wealth management.

5. Continual learning

ANZ participates in a number of industry and community forums which seek to increase the level of financial and social inclusion. We undertake to continue to contribute to this body of knowledge and to seek new information and solutions on the topic of Indigenous home ownership and other related aspects. Some solutions may be implemented within ANZ while others may be better addressed at a whole-of-industry level. For example, ANZ is an active member of the Indigenous Financial Services Network (IFSN) that is working to address the issues identified in the National Indigenous Money Management Agenda (NIMMA) project including Indigenous financial literacy and financial services issues for Indigenous consumers.