

2012 Financial Capability Highlights

BUILDING FINANCIAL CAPABILITY

WE HAVE A COMMITMENT TO BUILDING MONEY MANAGEMENT SKILLS AND SAVINGS OF DISADVANTAGED GROUPS. A REVIEW OF OUR PROGRAMS FOUND THEY ARE MARKET-LEADING, PROVIDING REAL SOCIAL BENEFITS TO OUR COMMUNITIES.

PROGRAMS FOCUSED ON NEED

We are committed to making a significant contribution to the economic development and wellbeing of the communities we serve by building financial inclusion and capability.

This is the principal focus of our community investment activities. It aligns with our purpose as a bank and we have built notable expertise working with governments, community partners and experts to develop our approaches.

It also makes good business sense. Financially literate consumers tend to hold more financial products and choose products appropriate for their needs and circumstances. Evaluation conducted by RMIT University about the impact of MoneyMinded on participants in the Pacific showed that after completing the program, 36% of participants changed bank accounts.

A LONG TERM EVIDENCE-BASED APPROACH

ANZ pioneered financial literacy research in Australia a decade ago.

The ANZ Survey of Adult Financial Literacy in Australia identifies groups with low levels of financial literacy and provides insight into the attitudes and behaviours which shape how a person perceives and manages their finances. The survey findings assist policy makers, community organisations and other companies to develop targeted initiatives and programs to lift financial literacy levels.

Repeated every three years, this is the only Australian survey of its kind and is Australia's national benchmark survey.

We initiated this research to inform policy discussion about the importance of financial literacy in the Australian community and to shape our own strategy for developing community investment initiatives that have a positive impact on society.

The research findings have driven our innovative financial capability programs and have enabled us to connect with our customers and help them improve their financial knowledge and management. We commit \$5 million a year in our innovative financial capability programs and research.

Through our own research, regular independent research undertaken by RMIT, and through our partnerships, we continue to improve our understanding of the links between financial literacy and broader social and environmental factors and how our programs help create resilient communities.

“ ASIC welcomes ANZ's long-term commitment to financial literacy and to this national survey. OECD research tells us that this survey is the most frequently repeated long running national financial literacy survey in the world. The longevity of this survey is vital, as it helps us to track progress in improving the financial skills, knowledge and behaviour of Australians. The survey also helps ASIC to better target and focus our financial literacy efforts. ”

**PETER KELL,
ASIC COMMISSIONER**

OUR FINANCIAL LITERACY PROGRAMS

In 2012 we updated our Financial Inclusion Strategy following a review. The strategy has four pillars:

- » Thought leadership and innovative approaches to financial inclusion
- » Empowerment through education delivered in partnership with community organisations
- » Increasing access to retail banking services
- » Support for Microfinance Institutions.

In 2012, we made significant progress against our Group Strategy. We extended our flagship MoneyMinded program into more countries in Asia Pacific; specifically, Solomon Islands, Vanuatu, Timor Leste, India, Indonesia and Vietnam.

We continued our thought leadership, publishing our fourth National Survey of Adult Financial Literacy in Australia. We also published two program impact studies: Saver Plus and MoneyMinded. The latter study included for the first time the Pacific countries of Fiji and Papua New Guinea.

ANZ's three financial capability programs – MoneyMinded, MoneyBusiness and Saver Plus – focus on building money management skills and the savings of people from disadvantaged groups, in Australia and across our Region.

BUILDING FINANCIAL CAPABILITY (continued)

MoneyMinded

MoneyMinded is Australia's most widely-used adult financial literacy program. By the end of 2012 MoneyMinded had reached more than 200,000 people and more than 6000 facilitators had been trained to deliver the program. In the past year alone, 40,000 people have participated.

We developed our MoneyMinded program in Australia in consultation with the community sector, educators and government with the goal of improving people's confidence in managing money effectively. It is delivered nationally in partnership with The Smith Family, The Benevolent Society, Brotherhood of St Laurence, Berry Street, Kildonan UnitingCare, Mission Australia and Anglicare SA.

MoneyMinded has been so successful that we have adapted it for use across our Region. The program is now delivered in 13 countries and in 2012 we ran new pilots in India, Indonesia, Solomon Islands, Timor Leste, Vietnam, Kiribati, Vanuatu and New Zealand.

Financial inclusion and building financial capability is a policy aim of governments in many of the countries where we operate. We are expected to play our part and our investment in building the financial capability of low income and excluded groups supports our business expansion plans. For example, in India, financial inclusion is an important agenda for the Government and the Reserve Bank of India (RBI). Financial inclusion is influenced by both demand and supply side factors. As demand side factors include financial literacy it is an important priority for the RBI. Obtaining regulatory approval for branch expansion

in India requires us to take tangible steps in the area of financial inclusion.

ANZ rolled out a pilot for its Financial Literacy program in India (MoneyMinded India) in 2012, less than a year after we commenced our banking operations there. Our pilot of MoneyMinded India reached almost 200 people. We plan to reach 1000 individuals in 2013, and a further 2500 people by 2014.

Currently we have one branch in Mumbai which supports our corporate and institutional business. We plan to seek regulatory approval to expand our network and over time, to build a broader franchise including commercial and wealth banking.

Our focused programs help build the money skills and savings of lower-income adults across the breadth of Asia, the Pacific, Australia and New Zealand and we have plans for further expansion within this 'footprint'. Working with our partners, we aim to reach a further 200,000 people over the next five years.

RMIT University undertakes research on the impact of MoneyMinded and Saver Plus each year. Their 2012 MoneyMinded Summary Report found that in Australia:

- » 93 per cent of participants felt more in control of their finances and more than 80 percent felt less stressed about the future
- » 91 per cent of participants reported a greater capacity to make ends meet.

Further findings are summarised in the table below:

IMPACT OF MONEYMINDED IN AUSTRALIA – CHANGES IN SAVINGS PATTERNS

Question to participants: Describe your savings pattern. Figures are percentages

	Before MoneyMinded	After MoneyMinded	Change
I save a set amount on a regular basis	13.3	34.7	21.4
I save what is left over after expenses on a regular basis	13.3	32.7	19.4
I save odd amounts when I can	43.9	27.6	(16.3)
I was never able to save	29.6	5.1	(24.5)

Source: MoneyMinded Summary Report: The Reach and Impact of MoneyMinded in Asia Pacific 2010 – 2011, May 2012.

Survey: Participants attending MoneyMinded sessions between 1 October 2010 to 30 September 2011.

Sample Size: Estimated total of 30,215 people in Australia and New Zealand.

Also in 2012, RMIT evaluated the impacts of MoneyMinded in Fiji and Papua New Guinea, finding:

- » 74% of participants increased their monthly savings deposits and nearly all (97%) reported a greater capacity to make ends meet
- » 91% of participants encouraged their children and family members to save
- » Participants feeling completely satisfied with life increased by 51%.

BUILDING FINANCIAL CAPABILITY (continued)

MoneyBusiness

MoneyBusiness is our adult financial literacy program for Indigenous Australians and was developed in partnership with the Australian Government.

The program is delivered through Australian Government service providers and ANZ community organisation partnerships in more than 215 communities across Australia, including remote communities.

By the end of 2012 we had reached 27,000 people through this program.

SAVER PLUS

Saver Plus is our financial education and matched savings program developed with the Brotherhood of St Laurence (BSL) and delivered by BSL, Berry Street, The Benevolent Society, The Smith Family and other local community organisations. Program participants receive financial education, personal coaching and \$1 from ANZ for every \$1 saved up to \$500. Funding from the Australian Government to our partner organisations supports delivery in 61 sites across Australia.

By the end of 2012, around 14,000 Australians had been assisted through Saver Plus, since 2003, making it one of the longest running, largest matched savings and literacy programs in the world. A further 10,000 Australians are expected to participate between 2012 and 2014.

During the year, we opened three new Saver Plus sites in Australia, in Ringwood, Victoria; and Cairns and Rockhampton, in Queensland.

The RMIT 2011 Saver Plus Summary Report, published early in the 2012 financial year, found that in Australia:

- » 87 per cent of Saver Plus participants were still saving the same amount or more up to three years post completion. The number of participants who save a set amount regularly, increased by 40 per cent.
- » 93 per cent of Saver Plus participants reported that achieving their goals increased their self esteem.
- » 89 per cent reported that the education product had a positive effect on their own or their child's experience (matched savings must be used for education).

“ ANZ's corporate community investment in financial inclusion and capability is regarded by all of its external stakeholders participating in this review as aligned to its core business. ”

REVIEW OF ANZ'S FINANCIAL INCLUSION AND CAPABILITY APPROACH AND PROGRAMS REPORT, ALLEN CONSULTING GROUP, FEBRUARY 2012

CASE STUDY

Delphi Anderson was a participant of ANZ's Saver Plus program delivered through The Smith Family.

Delphi's motivation for participating in the program was one of her three children starting school.

“My goal with the Saver Plus program was to help me save up the costs for school start this year. I thought it would be a great opportunity” Delphi said of the program.

During the program, Delphi saved for items to assist with her children's education, such as uniforms, laptop and text books.

On completion, Delphi said “MoneyMinded is a fantastic program that brought many people together to share and build on their life experiences and share ideas. During the program I learnt so many things that will ensure I and my family have sound financial skills in the future”.

“I can see us actually having a good future now, and not one where we're struggling from pay cheque to pay cheque. It's through doing Saver Plus and MoneyMinded that I'm a lot more driven to save. I look at what I can achieve now and I know that the program helped me get to where I am today. I feel like I've won the financial war.”



BUILDING FINANCIAL CAPABILITY (continued)

INCREASING FINANCIAL LITERACY

Amongst people from diverse ethnic backgrounds

CASE STUDY

Senior Personal Banker Paul Franze's ability to speak French has resulted in the Hamilton team in Newcastle branch attracting a whole new group of customers.

Over a six month period in 2012, Paul's language skills enabled him to create and sustain growing relationships with Sudanese and Congolese people in the community. Through their many conversations, Paul discovered that many people in this community attended the local Technical and Further Education College (TAFE), while also running home day care facilities.

Paul and his manager, David Harris, organised a meeting with The Smith Family, who delivers the ANZ Saver Plus program in Newcastle, and Penola House, who, with The Smith Family, have helped refugees from Burundi sign up to the program.

Paul's customers now make a point of bringing their newly arrived friends and family in to get their accounts opened and the relationship between ANZ and the Sudanese and Congolese community continues to strengthen.

One of the earlier Saver Plus participants, Sylvana, who is originally from Sudan, offered to interpret for new customers, and often accompanies participants to the branch to help them open their ANZ Progress Saver account for Saver Plus. Sylvana had such a positive experience with ANZ herself that she was happy to support this great program.

"Personally, I was exceptionally proud to see Paul and the team working hard to support their customers, their bank and the community. Paul is a great example of someone who has used their existing skills to build strong and meaningful relationships within his community," Sylvana said.



In urban locations with high poverty levels

CASE STUDY

In Indonesia we are delivering MoneyMinded by partnering with Yayasan Cinta Anak Bangsa (YCAB). Working closely with YCAB, a not for profit organisation that provides micro loans to women in underdeveloped areas, we help the organisation to deliver MoneyMinded training to their clients. As a pilot project in 2012, we trained 150 YCAB clients.

YCAB has over 5,000 clients in various underdeveloped areas across Jakarta, including the densely populated Tanah Abang district. Most women living in Tanah Abang are considered 'unbankable' due to the nature of their living conditions, yet, some of these women make more than AUD 900 per month, well above the average national income of approximately AUD 3,000 per year. However, even those generating such sums find it difficult to save money, even as little as AUD 10 per month.

Working with MoneyMinded facilitators, participants are improving their budgeting, savings and money management skills. One participant, Sunarmi explains: "My biggest obstacle is the fact that our spending is often higher than our income and it has been a struggle for us for quite a while."

Joseph Abraham, CEO Indonesia says: "MoneyMinded is a valuable tool in helping us to contribute to improving the financial skills of the more vulnerable sections of the country as well as helping us to meet our commitments to be a responsible bank here".



BUILDING FINANCIAL CAPABILITY (continued)

MONEYSMART WEEK

In September 2012 we partnered with businesses, community organisations and government in Australia's inaugural MoneySmart Week, a national not for profit campaign aimed at promoting the importance of financial literacy and raising awareness of programs and support available.

During the week-long campaign, we encouraged our staff and customers to 'be money smart' by providing seminars on money management and promoting the use of the free online Money Health Check tool via our branch network and website, anz.com.

Our approach to advancing financial literacy in Australia has been recognised with 'Outstanding' MoneySmart Week Awards, for 'Research' and 'Community', two of the four Award categories. We were awarded the Community award for our Saver Plus program, and the Research award for our Survey of Adult Financial Literacy in Australia.

SUPPORTING MICROFINANCE ORGANISATIONS

Microfinance in the Pacific extends banking services to people who don't have bank accounts and to micro and small business. Microfinance is a valuable means of making credit available to people on low incomes, provided in structured, safe and appropriately administered ways. Some of our initiatives include:

- » Working with the United National Development Program (UNDP) on a project in Fiji rural town Rakiraki to empower more than 100 women through access to financial services and financial capability.
- » Lending capital to microfinance institutions in Timor Leste and Samoa, waiving cheque fees for Vanwods Womens' microfinance institution in Vanuatu and providing financial literacy training to microfinance customers in Indonesia and Australia.

