

ANZ Financial Literacy & Inclusion
Global Benchmarking Report

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The
Corporate
Citizenship
Company



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ANZ Financial Literacy & Inclusion

GLOBAL BENCHMARKING REPORT

EXECUTIVE SUMMARY

ANZ commissioned The Corporate Citizenship Company (TCCC) to investigate how ANZ's efforts to promote financial literacy in Australia perform when benchmarked against efforts made by other leading banks around the world. This report presents the results of TCCC's work, which is informed by in-depth analysis of publicly available information about the programs and activities being operated by banks in different countries.

The concept of financial literacy used in this report is based upon “the ability to make informed judgements and to take effective decisions regarding the use and management of money.”¹ Research commissioned by ANZ in 2002 found that Australia has a high proportion of people included in and serviced by mainstream financial services. For example, 97% of Australians have a bank account. However, for many marginalised groups in Australian society, financial literacy is a barrier to their making effective use of financial services, with knock-on effects in terms of personal well-being, income-generating opportunities and social inclusion.²

ANZ has developed a four-pronged approach to addressing financial literacy, based around:

- Simple products and services.
- Thought leadership.
- Innovative programs.
- Financially fit workforce.

TCCC assessed the programs and activities of leading banks addressing these issues, and benchmarked them using the London Benchmarking Group (LBG) methodology. The LBG helps members measure the full value and impact of their community investment, benchmarking their performance using an increasingly internationally accepted standard (The LBG Methodology is detailed in Appendix 2). The results of this process are detailed in the following report, but a summary of findings is given immediately below:

1. Simple Products & Services

Barclays in the UK was the bank credited by external sources with having achieved most in simplifying its standard products and services. Rabobank in The Netherlands provides the best examples of making its facilities accessible to groups that are often excluded or neglected in the provision of banking services, specifically elderly & disabled people. ANZ measured well against all the banks assessed in terms of accessibility and commitment to clear marketing. Internal and external sources said that it is currently ahead of the field in Australia, but also acknowledged that there is still more for ANZ to do to provide truly leading examples of best practice in offering simple products and services across the board.

¹ Schagen, S. “The Evaluation of Nat West Face 2 Face with Finance”: NFER 1997

² Morgan, R. “ANZ Survey of Adult Literacy in Australia” 2003

2. Thought leadership

Citigroup has invested heavily in addressing issues related to financial literacy. It has demonstrated leadership in advancing thinking on these issues at a global level and shown a consistency of approach locally. **Barclays** is the bank that has done the most to advance both thinking and action on financial literacy in the UK, and its efforts put it ahead of other banks assessed worldwide. **ANZ** has taken a leadership position in pushing the agenda on financial literacy in its own market. If this were supplemented by more commitment in New Zealand particularly this would improve its profile as a leader on financial literacy issues and public policy at an international level.

3. Innovative programs

BMO Group in Canada, through the creation and operation of its Aboriginal Banking Unit, has shown best practice for the sector in working to support indigenous communities. **Citigroup** is cited because it is meeting its commitments to supporting financial literacy and inclusion programs in all its markets. **ANZ's** innovative programs received impressive praise from its partner organisations and other stakeholders and early reviews point to significant success. It is early days for several programs, which makes it difficult to assess what the medium to long-term impact will be.

4. Financially fit workforce

Westpac is the bank, other than ANZ, that meets the most criteria of supporting a *financially fit workforce*. It has taken seriously its commitment to training its employees on their own personal financial matters and successful programs around employee engagement and volunteering have sprung from this. **RBS Group** has similarly invested considerably in supporting its workforce to promote financial literacy, in part as a means of engaging with its employees. Both banks have reported employee and community benefits stemming from the engagement. **ANZ** is investing serious resource in this area. In terms of addressing the financial literacy needs of its employees it is really only Westpac and ANZ among the banks assessed that are doing this to any notable degree. A number of banks make good use of financial literacy programs to support employee engagement. Although ANZ has a strong and credible employee volunteering programme, its efforts are not as aligned with broader company strategy as some of the other banks reviewed.

In summary, ANZ measures well against leading banks addressing financial literacy and inclusion around the world. It is unreasonable to expect it to occupy a global leadership position like Citigroup, but it can continue to provide a model for its domestic market and peer companies on these issues, as Barclays has done in the UK. Communicating its successes and, when they occur, shortcomings, will not only help generate the recognition its program deserves, it will also help to provide valuable lessons for the industry and other financial literacy actors around the world.

For now, the principal focus should be for it to continue its existing range of programs and to build upon the achievements it has made to-date. Consistency, commitment, and a successful track record of addressing an issue over time will ultimately demonstrate and determine corporate leadership.

INTRODUCTION

The Corporate Citizenship Company (TCCC) was commissioned by ANZ to benchmark the bank's performance in supporting financial literacy and inclusion against the performance of other leading banks around the world. This work has been conducted using primary sources, desk research and extensive interviews with relevant stakeholders in respect of ANZ's own activities.

The results of this work are presented below, based upon the London Benchmarking Group (LBG) methodology. The LBG helps members measure the full value and impact of their community investments, benchmarking their performance using an increasingly internationally accepted standard, and focusing on *inputs*, *outputs* and community and business *impacts*.

Financial literacy has come to be of increasing focus among consumer advocacy groups as well as government regulatory sectors in recent years. It has been of particular concern in economies with deregulated banking markets, where competition and profit seeking have at times been seen to threaten consumer interests and, in particular, not to address the needs of people on lower incomes and of marginalised groups. The rise of consumer debt and the cycle of debt in which some consumers have found themselves have further prompted intervention³. The United States was one of the first to take action through the Community Reinvestment Act of 1977. In Australia the increasing focus on financial literacy issues was driven by the Wallis enquiry of 1996/97. Australia, Canada and the UK all reacted to independent studies and to their own domestic concerns in 2001 with the creation of the Australian Securities and Commission Act 2001, Canada's Financial Consumer Agency (FCA) and the UK's Financial Services Authority (FSA).

At the same time, advances in technology, specifically electronic banking and payments systems, make it easier for governments and employers to pay people into bank accounts directly. Governments from the USA to South Africa are thus shifting to electronic payments of state benefits and social service contributions and many employers are supporting such moves. From an administrative perspective this makes the need for people to have bank accounts more essential and from a socio-economic one makes people understanding basic banking issues more imperative.

Banking deregulation, ensuing concern over banking practices and customer vulnerability, and administrative incentives that encourage governments to promote banking use in society have thus all played a part in increasing the amount of attention being paid to financial literacy. At the same time, there has been a broader interest in and growth of corporate responsibility practices in the banking sector, mirroring behaviour across the business world.

In examining its own corporate responsibility initiatives and practices ANZ came to the conclusion that as a banking institution with a strong commitment to citizenship and communities, the area that most closely linked to its core business activities and to broader societal objectives, is that of financial literacy and inclusion.

ANZ's first *Survey of Financial Literacy in Australia* was published in 2003⁴. The bank is committed to repeating the survey on a two-yearly basis and the second survey was being undertaken at the time of this research. The 2003 survey was credited by representatives of government interviewed in the course of the TCCC research with leading to the creation of the Financial Literacy Taskforce, which ANZ's Chief Executive, John McFarlane, served on.

³ In a six-year period up to 2001, the Australian Treasury calculated that consumer debt doubled to \$500 billion and total assets to \$3200 billion. (ANZ, *Making a difference to financial literacy: A review of ANZ's financial literacy program*, July 2004)
⁴ Morgan, R. "ANZ Survey of Adult Financial Literacy in Australia", 2003

ANZ also published research into *Community Development Finance in Australia*, May 2004 and the *ANZ Response to Consultation* of November 2004. Beyond just the surveys and research, ANZ also developed in partnership with other parties some innovative approaches to try and address financial literacy issues and particular problems within Australian society, as well as among its own staff.

Having commissioned studies that looked at the early results of these initiatives, ANZ was keen to understand how its programs measured up against those of leading banks in this field internationally, and to use the learning to improve its own performance.

ANZ approached TCCC to use its experience in undertaking international benchmarking projects to assess the performance of ANZ's individual and overall financial inclusion strategies. The results of TCCC's study are detailed on page 8.

METHODOLOGY

TCCC examined leading banks and evaluated their different financial literacy programs using ANZ's four financial literacy areas as a framework:

Simple products and services

- Simple accounts, products and services.
- Accessible to people and groups often under-served or excluded from banking services.
- Clear application forms and informative marketing material.

Thought leadership

- Research into societal needs and industry capabilities.
- Engaging with government and driving industry policies.
- Supporting or organising specific agenda-setting initiatives and/or events.

Innovative programs

- Providing new insights or responses to social problems associated with low levels of financial literacy and inclusion.
- Targeting people frequently excluded or not benefiting from mainstream banking services.
- Paying particular attention to capacity and asset building, access to credit and other financing solutions.

Financially fit workforce

- Providing training to employees and support on their own personal finance matters.
- Educating employees in ways that support them personally as well as assisting them to best serve customers.
- Using financial literacy as a tool of employee engagement.

The initial scoping exercise included over 30 leading international banks. Based on their activities in the field of financial literacy and their being active in all of the four areas highlighted above the top dozen (including ANZ) were selected. They are:

Bank	Headquarter Country	Operating Income AU\$	Employee numbers
ANZ	Australia	\$17.5bn	28,755
Bank of America	USA	\$19bn	175,365
Barclays	UK	\$33.2bn	78,000
BMO Group	Canada	\$10.3bn	33,953
Citigroup	USA	\$107bn	300,000
Commonwealth Bank	Australia	\$10.5bn	36,300
HBOS	UK	\$24.2bn	67,000
National Australia Bank	Australia	\$13bn	43,517
Rabobank	The Netherlands	\$16.1bn	56,324
RBS group	UK	\$25.7bn	136,600
Standard Bank	South Africa	\$5.2bn	29,105
Westpac	Australia	\$12.9bn	21,677

We assembled information on each bank by:

- Reviewing published material.
- Interrogating websites.
- Drawing from independent commentary, including consumer groups and government sources.
- Interviewing key personnel from banks and relevant organisations including academic, consumer, industry and others.

The list of the principal sources consulted is in Appendix 1. It should be noted that in the interests of comparability and using publicly available information we did not take account of information that companies published after June 2005. Given the dynamic nature of this field, it is possible that some facts may therefore have changed between the initial benchmarking process and the publication of this report.

Having assembled the information we then applied the LBG *input > output > impact* model, detailed in Appendix 2 to the different financial literacy services and programs being offered by the 12 leading banks in these areas. The information has been collated into a common format and is available in the Company Profiles page 29 of this report.

The positive response from the banks contacted and the degree of cooperation from the benchmark group was considerable and we would like to thank the representatives of those banks for their time and assistance.

However, it should be noted that mindful of ANZ's commitment to having the report in the public domain, we have only included materials and references that are attributable.

Additionally, we looked at a number of initiatives that were not owned or driven by the leading banks, or banks at all, but which we felt represented leading or innovative practice. In these cases we have included them as a text box within the main report.

RESULTS

Detailed below are the results of TCCC's benchmarking process. The top two banks are listed and detailed for each category of financial literacy examined. ANZ's own efforts for each category are then compared in relation to both the leading two companies as well as the field in general.

SIMPLE PRODUCTS AND SERVICES

For the purposes of this report simple products and services is defined as:

- Simple accounts, products and services.
- Accessible to people and groups often under-served or excluded from banking services.
- Clear application forms and informative marketing material.

CONTEXT

At the heart of banks' efforts around financial literacy and inclusion must be a consideration of banks' own products and services. In all deregulated financial service markets examined, the concern that mainstream banks have at times failed to meet consumer needs and to make provision for marginalised groups and, more generally, people on lower incomes, has influenced the development of government regulation.

The regulation that different countries have introduced reflects both socio-political cultures in those countries, as well as particular socio-economic needs. However, there is a consistent theme here for all retail banks - the imperative that they provide at least some form of account that is accessible to people with low incomes and/or low-levels of financial literacy.

The provision of such accounts has been the principal focus of this evaluation. We also considered the banks' broader approaches to marketing and selling their products. This aspect of the assessment has drawn extensively from information made available by consumer organisations.

BEST PRACTICE IN SIMPLE PRODUCTS AND SERVICES

Based upon the criteria listed above the two banks that showed themselves to be providing the most accessible banking services through *simple products and services* are **Barclays** in the UK and **Rabobank** in The Netherlands.

1. BARCLAYS: CASH CARD ACCOUNTS AND ACCESSIBLE BANKING SERVICES

Barclays has done more than other banks reviewed to simplify its basic bank accounts and banking services. In the UK, a 1999 report by the government taskforce, *Policy Action Team 14*, recommended that UK high street banks should offer a basic bank account that allows for receipt of wages and benefits and payment of direct debits without charging fees or offering an overdraft facility. Although the 14 UK high street banks all now offer these basic accounts our research of consumer ratings companies and relevant community finance organisations found Barclays’ *Cash Card* accounts and its general products and services to be the most accessible.

Inputs	Outputs	Impacts
<p>Barclays has invested significantly in simplifying its banking products and services.</p> <p><i>Cash Cards</i> are usable in post offices, allowing recipients of state pensions and benefits increased access to banking facilities in general, as well as in remote areas. Barclays is contributing £30million over five years to support running costs of Post Office card accounts.</p> <p>Pilot with <i>The Passage</i>, although very limited, demonstrates a consideration of innovative approaches to making services available to a traditionally unbanked group.</p>	<p>Barclays has opened 396,000 Cash Card accounts since they were introduced in 2000.</p> <p>In addition to creating its well-received Cash Card accounts, Barclays has supported research about use of its banking products in deprived areas in the UK, to help it develop its offerings in such areas. (See also <i>Thought Leadership</i>, page 12)</p>	<p>Independent evaluation in 2004 reported that 89% of account holders were satisfied with their accounts.</p> <p>More services were being targeted to deprived areas.</p>

2. RABOBANK: ACCESSIBILITY FOR ELDERLY AND DISABLED PEOPLE

Rabobank devotes considerable energy to ensuring accessibility of its products. While most banks reviewed concentrate on providing access to those with low financial literacy, low incomes, or groups who are excluded, Rabobank’s particular focus is on the needs of elderly, disabled and visually impaired and blind people.

Inputs	Outputs	Impacts
<p>Rabobank has invested in ensuring that its services are accessible to elderly and disabled people in The Netherlands.</p> <p>This has been supported by the Rabobank Foundation, which had an income of €8.6m in 2004.</p>	<p>Trains elderly people to provide information about banking services and financial management to their peers, both in banks and in care institutions.</p> <p>“Modern Banking” handbook informs elderly people, in particular, about banking issues and financial literacy.</p> <p>Mobile banking bus brings basic banking services to villages and small towns.</p> <p>Many local branches provide a taxi service to take elderly people to and from a bank</p> <p>Rabo Geld Expres ensures that cash is delivered to customers who cannot get to a branch within 24 hours of their placing an order.</p> <p>ChipKnip loading points for ATM transactions can talk to help senior citizens, partially sighted and blind people to access services.</p>	<p>Significant numbers of elderly and disabled people given access to banking services.</p>

South Africa’s “Big Four” banks plus **Postbank** worked together with the government to develop a simple, accessible account to encourage the 13 million “unbanked” South Africans to open accounts.

The Mzansi accounts are standardised, debit card-based transactional and savings *accounts*. Account holders are allowed one free transaction per month and all the participating banks charge the same fees.

Particularly innovative is the use of delivery methods such as “container branches” and mini-ATMs that can be installed in townships and rural areas.

Standard Bank’s approach is proving successful. It has attracted almost 30% of the market’s Mzansi account holders, 56% of whom have been women, traditionally financially excluded in South Africa.

US Bank, **Wells Fargo**, has developed an innovative, free interactive website that caters to different age groups and people with different financial interests. It is communicated via voice and text in an informative but equally informal style. The site is available in both English and Spanish.

<http://www.handsonbanking.org>

ANZ

ANZ has made good progress around simplifying its basic banking accounts. It re-created its previous transaction accounts into “Access” accounts. The fees associated with these, where fees are charged, are clearly indicated and the general information about them is clear and informative. The Access Basic account is fee-free, has no overdraft facility and allows unlimited numbers of transactions. It does not pay interest and account holders must have their income, pension, or state (Centrelink) benefit paid directly into the account. These restrictions are limited, but could make access difficult for some disadvantaged groups.

ANZ also offers a Community Banking Package, which provides concessions (including no monthly account fees, unlimited free transactions) to seniors, students and young people, disabled people and benefit recipients.

Following ANZ’s *Survey of Adult Financial Literacy in Australia, 2003*, ANZ developed brochures for general circulation on Credit Cards and Understanding Credit Card Interest. It also developed a website with limited ANZ branding, www.howcreditworks.com.au, for information for general consumers to gain information about credit card use and charges.⁵

ANZ has also been simplifying and making more clear its general marketing and information about its products and services. It has introduced “Plain English” brochures to ensure employees maintain this commitment and the website and other communications follow the same approach. *Kickstart your financial fitness* brochures were distributed in all branches and different versions were created and given to all employees. Branch staff have also undergone training to better support ANZ customers, particularly those who might be financially vulnerable.

For customers who do get into trouble with bank payments and charges ANZ has introduced new procedures and training for staff within its collections and its recoveries teams. This means that the Collections teams can work with people to complete forms over the phone that previously had to be written and sent back to the bank for processing. Moreover, the Recoveries teams, who can offer debt moratoriums of up to three months, are now able to discuss problems with customers and, if through this they become aware of people having broader financial problems, can refer them to a financial counsellor.

ASSESSMENT

ANZ’s Access Basic account is similar to the Electronic Transaction Account, offered by Bank of America. Many of the non-Australian banks, the UK high street banks and the South African Big Four (Absa, First National Bank, NedBank and Standard Bank), are arguably more accessible as they do not insist on the restrictions described, such as having benefits or wages paid into them. On the one hand, given the three principal criteria for having an Access Basic account – salaries, pensions or Centrelink contributions paid into it – there should be few exceptions where people in Australian society do not qualify for it. On the other, much of ANZ’s work in this area is about supporting those who are the exceptions in Australia’s largely financially literate and included population.

ANZ’s Australian competitors, both from within the Big Four (ANZ, Commonwealth Bank, NAB and Westpac) and community-oriented banks, such as Bendigo and St George’s, all offer some form of basic account. Representatives of consumer organisations said that ANZ’s Access Accounts, combined with its responsiveness to consumer concerns and its efforts to ensure good practice in debt collection and other credit issues, puts it slightly ahead of its local competition.

In summary, it is fair to say that ANZ is performing ahead of its local competition in terms of its basic banking products and is largely on a par with other leading banks internationally.

Its efforts to support customers with debt problems are good, but research for this study suggested that customers could benefit from debt recoveries and collections personnel receiving yet further training on assisting people facing financial difficulties. Similarly, despite good efforts being made, training for branch staff could also be increased if ANZ is to be a clear leader in this area.

⁵ Following its initial launch some mistakes were identified and had to be corrected.

ANZ is making good efforts to improve the communications around its products and services and is better than many banks, but on the basis of internal and external interviews and research, it has more work to do on simplifying information about its products and services, if it is to meet its simple products and services commitments across the board.

Commonwealth Bank has created one of the more accessible websites about basic financial issues for young people.

www.dollarsandsense.com.au not only signposts important information on basic banking issues, but also has useful tips on controlling everyday spend items, such as managing mobile phones and ways to save.

THOUGHT LEADERSHIP

For the purposes of this report thought leadership is defined as:

- Research into societal needs and industry capabilities.
- Engaging with government and driving industry policies.
- Supporting or organising specific agenda-setting initiatives and/or events.

CONTEXT

In many areas of responsible business practice there has been one company that has helped to drive industry thinking and behaviour around a particular issue. Examples from outside the banking sector include **BP's** raising climate change as a significant global issue that demanded concerted action from business, government and others; **Levi Strauss's** approach to tackling the challenge of HIV/Aids, locally, nationally and internationally; and **Unilever's** role in promoting sustainable fishing, both through the creation of the *Marine Stewardship Council* and through continued support for other sector-relevant initiatives.

Beyond specific actions and initiatives, all of these companies have helped to raise the profile of an issue and have advanced thinking about ways to tackle it. Moreover, they have assisted in raising concern about the problem to a level of public consciousness by which, even if the company itself withdrew from activities, the issue has become fixed on the public policy agenda.

The Roy Morgan research into adult financial literacy in Australia, mentioned previously in this paper⁶, was an important part of increasing understanding and raising awareness of financial literacy as an issue in Australia. Having done this, ANZ wanted to build on this position and to continue demonstrating leadership in this area. It is in part this commitment that lies behind this TCCC research.

The two best approaches to promoting thought leadership in financial literacy are detailed on the next page.

BEST PRACTICE IN THOUGHT LEADERSHIP

In relation to promoting thought leadership on financial literacy the two leading banks, excluding ANZ, were identified as being **Citigroup** and **Barclays**.

⁶Morgan, R. "ANZ Survey of Adult Financial Literacy in Australia", 2003

1. CITIGROUP: FINANCIAL TRAINING AND GLOBAL THOUGHT LEADERSHIP

Citigroup is doing more than any other single bank to promote thought leadership in the area of financial literacy. The inputs are substantial, but the nature and focus of the outputs means that the current impacts are significant and, importantly, should be sustained in the long term.

Inputs	Outputs	Impacts
<p>Through the creation of the <i>Citigroup Foundation</i> Citigroup has committed \$200 million over ten years to supporting financial literacy and to promoting financial literacy and education.</p>	<p>The Office of Financial Education was established to support and promote innovative thinking and approaches.</p> <p>Financial literacy training given to governments and public policy focussed organisations and NGOs in regions across the world.</p> <p>Major supporter of the 2005 UN International Year of Microfinance.</p> <p>Citigroup's Vice Chairman, Stanley Fischer, Chairman of the UN Advisory Committee.</p> <p>Launched the <i>Global Micro-entrepreneurship Awards</i> in 29 countries to recognise outstanding micro entrepreneurship.</p> <p>Promotes findings at global forums to share knowledge.</p>	<p>Helping to develop new thinking on best practice in financial literacy and inclusion, particularly in relation to personal financial matters, small business development and institutional capacity and policy development.</p> <p>Range from directly supporting advocacy and public policy groups in regions such as Middle East and Asia Pacific to sponsoring academic research into micro-finance delivery mechanisms.</p>

2. BARCLAYS: THOUGHT LEADERSHIP IN A SINGLE MARKET

Barclays has played a central role in researching and considering issues around financial literacy and inclusion in the UK. It has demonstrated best practice and actively encouraged other banks to address financial literacy matters. It has been closely involved with the UK government, working with it to pursue shared socio-economic agendas.

Inputs	Outputs	Impacts
<p>2004 contributed over £55,000 to finance-related publications.</p> <p>£303,000 towards supporting ex-staff placements on financial inclusion projects related placements.</p> <p>Supported research into understanding the economic impacts of its products and services in deprived areas in the UK.</p> <p>£220,000 to support research into, and application of, the electronic tool, PEARLS, for members of the Association of British Credit Unions Ltd (ABCUL).</p> <p>£1.5million over three years, from 2005, to work with the Money Advice industry and the UK Department of Trade and Industry (DTI) to develop new money advice strategies.</p>	<p>2000, first UK bank to report on its deposits and lending in deprived areas of the UK.</p> <p>2003 disclosed information on the proportion of small business accounts, term loan accounts, outstanding term and overdraft lending in deprived communities plus number of business start-ups and information on personal banking products in deprived areas.</p> <p>Worked with the New Economics Foundation (NEF) to understand how information from Barclays' management information systems could be applied to improve transparency and quality of decision-making data in communities with different deprivation profiles.</p> <p>PEARLS has been recognised by ABCUL as a significant tool in assisting its members to improve services and competitiveness.</p>	<p>Barclays praised by UK government representatives and others for disclosure of banking facilities and investment in deprived areas of Britain. UK banks, including NatWest and socially oriented Co-operative Bank among others, now also participate.</p> <p>Helped Barclays engage with UK government and help policy makers and Barclays' industry peers within create and deliver financial literacy services.</p> <p>NEF research provides valuable information assisting other banks and non-banking businesses to consider potential benefits and impacts of operating in deprived areas. Also provided to Barclays better information about its business base in four communities studied.</p> <p>PEARLS demonstrating ways for banks to consider alternative delivery mechanisms for services to low-income groups. High praise from Credit Union sector.</p>

ANZ

The starting point for ANZ was to commission the Survey of Financial Literacy in Australia report 2003, which was described by a government representative involved in the project as “The Work” on financial literacy in Australia. ANZ has committed to following up this research every two years and at the time of preparing this report the 2005 survey was underway. The 2003 research assisted the establishment of the Financial Literacy Taskforce, which ANZ's CEO, John McFarlane, served on. In turn, this Taskforce helped to further progress thinking among key opinion formers in Australia and led to the subsequent creation of the Financial Literacy Foundation, launched in June 2005. The Foundation operates within the Treasury and has been allocated a budget of \$13 million over an initial three-year period.

A major next step was to seek to define financial exclusion and explore appropriate responses. A community consultation paper commenced an almost year-long engagement on these issues and was reported as being another important piece of research advancing understanding of financial exclusion in Australia. It also helped to develop ANZ's own thinking around developing programs, notably in support of Indigenous communities in Australia.

ANZ has engaged with thought leaders, locally and internationally, to inform its own strategies, as well as the debate more generally. For example, ANZ sponsored the visits to Australia of Professor Elaine Kempson, Sir Howard Davies and Dara Duguay. Professor Kempson has been working on financial literacy and inclusion issues for over 20 years and is a key advisor on this subject to the UK government, Sir Howard is Chair of the Financial Services Authority, the banking regulator in the UK, and Dara Duguay is an expert in the field of personal finance and is Director of Citigroup's Office of Financial Education. ANZ is now sponsoring the August 2005 UN Conference on Micro-finance and the visit of Dr Michael Sherraden to address it. Micro-finance is seen to be an important tool of community development finance and financial inclusion and Michael Sherraden is credited with having developed the concept of matched savings and asset building accounts.

ASSESSMENT

Based upon comments from relevant stakeholders in Australia, as well as from public information from and about the other banks in the market, ANZ has done more to promote understanding of financial literacy in Australia than any other bank. The research that ANZ commissioned, such as the RMIT assessments of Saver Plus and Community Development Finance in Australia, are good examples of advancing thinking and good practice in this field. ANZ has leveraged this and other research to further engage with thought leaders from community finance and consumer organisations, as well as industry bodies and government policy makers. Based on this research, ANZ's efforts are clearly examples of thought leadership in financial literacy in Australia.⁷

However, given Westpac's strong overall social performance, Commonwealth Bank's having addressed financial literacy at a fairly basic level for many years and National Australia Bank's (NAB) evolving approach to financial literacy, ANZ needs to keep pushing the agenda forward if it is to retain its edge in Australia.

Given that ANZ and the Australian government have only been addressing financial literacy matters in any truly significant way over the last two years, there is some way to go before they could really be considered to be leading the thought leadership field, globally.

Currently ANZ has developed a local centre of excellence with global implications. Should ANZ aim to be seen as the thought leader on financial literacy among all commercial banks around the world, it would not need to act globally in the mould of Citigroup. However, it is important that it continues the research that has underpinned all its activities in the field to date and the monitoring and public assessment of the programs that it operates. It should make greater efforts to disseminate the results of its commissioned research, particularly with a view to providing non-profit actors with valuable information and possible models for replication and adaptation and to use it to engage with government policy makers and policy makers within inter-governmental organisations.

As ANZ establishes its approaches to financial literacy it needs to apply the thinking and activities that it is demonstrating in Australia across all its markets, particularly where it has retail operations. This is especially the case in New Zealand, as well as in the Asia Pacific region, where ANZ has been expanding operations in recent years. Arguably issues around financial literacy and inclusion are more acute there than in Australia.⁸

RBS is sponsoring the Financial Inclusion Forum (FIF) along with the Services Against Financial Exclusion (SAFE) unit at non-profit institution Toynbee Hall in the UK to encourage the sharing of knowledge and best practice and to promote financial inclusion in the UK.

Having only been launched in July 2005 it is too early to consider assessing any impacts but it is an initiative to watch.

<http://www.fif.org.uk/>

⁷ This is now available at <http://www.anz.com>

⁸ A 2004 report commissioned by Visa Card found that 50% of people "don't know much about" basic financial skills and that the percentage of population over 15 years old with a bank account is 85% in Australia, 55% in Malaysia and 20% in India.

INNOVATIVE PROGRAMS

For this purpose of this report, innovative programs have been defined as:

- Providing new insights or responses to social problems associated with low levels of financial literacy and inclusion.
- Targeting people frequently excluded or not benefiting from mainstream banking services.
- Paying particular attention to capacity and asset building, access to credit and other financing solutions.

CONTEXT

All of the banks included in this benchmarking study operate some form of community-focused initiative and the majority have at least one that is designed to directly address financial literacy issues. Those that operate programs not specifically designed to address financial literacy were not considered for inclusion.

The various approaches adopted by the different banks range from traditional philanthropic support of community organisations with financial literacy mandates to sophisticated bank-developed and driven initiatives. This benchmarking exercise favoured the latter approach and programs that demonstrate involvement and a commitment to achieving noteworthy impacts, rather than by seeking to deal with the issue at arms-length by donations. The latter did not constitute an “innovative” approach by the bank, per se, any “innovation” coming from the partner agency.

BEST PRACTICE IN INNOVATIVE PROGRAMS

Of the banks examined, the two leading innovative programs have been identified as being run by **BMO Group** and **Citigroup**.

1. BMO: THE ABORIGINAL BANKING UNIT

BMO Group began focussing attention on addressing the specific needs of Canada’s indigenous citizens in the early 1990s. There are a number of barriers for Aboriginal people of Canada in accessing banking services, particularly regarding the accessing of credit for on-reserve housing developments.

Inputs	Outputs	Impacts
<p>BMO created the Aboriginal Banking Unit in 1992. The bank reports to have invested “many millions” of dollars to create the unit which, while responding to the specific needs of Aboriginal communities, is run on a commercial basis.</p> <p>BMO developed imaginative ways to navigate around legislation that makes it extremely difficult for indigenous Canadians to secure credit for housing on reserves. They developed two programs to provide credit without the need for government involvement, the <i>On-Reserve Housing Loan Program</i> and the <i>On-Reserve Home Renovation Program</i>.</p>	<p>11 branches set up with specific aim of serving indigenous customers. 10 branches are on “First Nations” reserves. All of the branches offer a full range of services. A further four banking “outlets” have been created that offer limited banking services in particularly remote areas.</p> <p>22 communities have reached agreements with the BMO to implement the program and over C\$35 million have been authorised for loans. The culturally designed system, by which loans are secured through the Band Councils that govern communities on-reserve, has resulted in their being no foreclosures and extremely negligible arrears.</p>	<p>Since 1992 active recruitment policies have led the number of aboriginal employees to rise from around 70 to over 400.</p> <p>As a result of BMO’s success in providing services to Aboriginal people of Canada a number of other banks are developing similar offerings, including companies not in the financial sector. The long-term impacts of BMO’s <i>innovative programs</i> therefore extend well beyond the bank and those with whom it has dealt directly.</p>

2. CITIGROUP: CONSISTENT APPROACHES ACROSS DIFFERENT MARKETS

Citigroup channels and supports many of its efforts through the Citigroup Foundation. This is one method of delivering innovative programs, but although showing leadership at one level, the scale and resources of this do not in themselves demonstrate leadership.

The reason for highlighting Citigroup’s work as an example of best practice is because of the consistency with which it addresses financial literacy across all the markets in which it operates. The Foundation does play a significant role in financing projects directly, but it is also used to support innovative programs led by banking divisions and employee volunteers.

Inputs	Outputs	Impacts
<p>2003 Citigroup provided \$14million in support of financial literacy and inclusion programs worldwide.</p> <p>2004 invested \$200million over ten years in the Citigroup Foundation, with the specific mandate of supporting financial literacy and inclusion.</p>	<p>Programs supported globally, in all the markets in which Citigroup operates.</p> <p>Initiatives range from financial literacy capacity building for recipients of Citigroup microfinance, to programs that take a life-long approach to financial literacy starting with the training of primary school aged children.</p>	<p>Measurable uplift in finance-related educational attainment levels in key program locations.</p> <p>Citigroup-sponsored academic programs sustaining social inclusion through financial literacy training for marginalised groups.</p>

Barclays operates a limited but interesting project with a community organisation, *The Passage*, to support homeless people who cannot normally open a bank account because of not having a fixed address. To-date only 35 or so individuals have signed up to the scheme, but it is an interesting example of how a bank can work with partners to overcome traditional barriers to access.

ANZ

At the time of preparing this report, ANZ had two flagship financial literacy programs, *Saver Plus* and *MoneyMinded*. *Saver Plus*, has been well evaluated by RMIT University and their assessment of the *MoneyMinded* program is due for publication at the same time as this research.⁹ It is not the intention, therefore, to duplicate those efforts.

Saver Plus, a matched savings program that helps working families on low-incomes to save towards children’s educational needs, while learning about financial management and developing a savings habit, has been shown to have an exceptionally high success rate and impressive knock-on benefits to participants. *MoneyMinded*, Australia’s first comprehensive adult financial education program is designed to be used by financial counsellors within community organisations to assist people with low-levels of financial literacy to make better judgements about the use and management of their money. Community partners were extremely positive about both programs, although they reflected that *MoneyMinded* does not have the same “eye-catching” qualities as *Saver Plus*.

The *ANZ Community Fund* enables branches to identify and support local projects and to be able to respond quickly to particular needs or issues, without the need for headquarters clearance. ANZ partners with the “Seeds of Renewal” program, operated by the non-profit *Foundation for Rural and Regional Renewal*, for over three years. These programs are primarily operated through the Regional and Rural banking division, which also supports students from indigenous communities getting work experience at ANZ branches through school-based and full-time traineeships. A partnership with *Aboriginal Employment Services* (AES) helps students to gain part-time work in businesses while they complete their high school studies. Additional programs to support indigenous communities, notably *MoneyBusiness*, were being developed at the time of this research. They are referred to the next page.

⁹The RMIT evaluation is available at www.anz.com

ASSESSMENT

TCCC conducted interviews with representatives of all the community partners and 100% of respondents praised ANZ's efforts for its *innovative programs*. From the perspective of managing community partnerships ANZ has demonstrated best practice and the programs themselves measure well alongside those of other leading banks. Some partners did comment on their concerns about the challenge of scaling up the *Saver Plus* program, but they were all keen to be involved with this and others referred to the challenge of maintaining the quality of the *MoneyMinded* program. Partners were keen to broaden the scale of the programs and the number of communities they reach and to deepen their involvement with ANZ – perhaps through the seconding of ANZ employees.

The *ANZ Community Fund* and *Seeds of Renewal* programs are much more traditional philanthropic ventures but the anecdotal evidence given to TCCC researchers suggested that these initiatives are having positive impacts, delivering both community and business benefits.

At the time of conducting this research a program entitled *MoneyBusiness*, based on adapting *Saver Plus* and *MoneyMinded* to serve indigenous communities, had not been launched, nor had the small personal loans that are being developed as an alternative to pay day lending. To include these initiatives in this impacts-focussed benchmarking work would not be appropriate. Nonetheless, it is fair to reflect the very positive comments that community partners had to say about the potential they believe the *MoneyBusiness* initiative to have, given the collaborative and considered approach that ANZ is taking to developing the program.

FINANCIALLY FIT WORKFORCE

For the purposes of this report *financially fit workforce* is defined as:

- Providing training to employees and support on personal finance matters.
- Educating employees in ways that support them personally as well as assisting them to best serve customers.
- Using financial literacy as a tool of employee engagement.

CONTEXT

The concept of a financially fit workforce is based around the idea of a company's employees being sufficiently trained in managing their own personal finances that they can avoid financial problems and make the most of potential investment opportunities. It also considers offering support to those employees who find themselves facing difficulty in meeting debt repayments and other demands.

The concept of "fitness" relates to a broader idea about well-being and employee engagement. Most leading corporate citizens, globally, operate some form of employee volunteering program. Run well, such programs have proved to be valuable ways of increasing employee satisfaction at work and pride among employees of the companies they work in, as well as having noteworthy societal outcomes. This was, therefore, a further consideration applied in evaluating the leading approaches to banks' "financial fitness" activities.

BEST PRACTICE IN FINANCIALLY FIT WORKFORCE

Of the banks examined, the two leading banks in relation to a *financially fit workforce* have been identified as **Westpac** and **RBS**.

1. WESTPAC: ALIGNING EMPLOYEE, COMMUNITY AND BUSINESS NEEDS

Westpac¹⁰ is one of the few banks that address all of the criteria within the financially fit workforce component of this research. It has a strong record in engaging with employees and with communities.

Inputs	Outputs	Impacts
<p>Westpac has invested in providing financial support to training employees, both for their own benefit and to better serve customers.</p> <p><i>Financial First Steps</i>, a financial literacy workshop for 18-24 year olds began as a program for Westpac's own staff. Westpac's Collections team developed a second approach, the <i>Financial Awareness Workshop</i>. This targets secondary school pupils encouraging them to think critically about their financial decisions. Over 460 Westpac staff have trained as facilitators to deliver the financial literacy and financial awareness workshops to external stakeholders.</p> <p>When it began its commitment in the Cape York area Westpac committed to provide 150 members of staff to the program, along with a full-time project manager.</p>	<p>Hundreds of Westpac's own staff have received Financial First Steps training.</p> <p>A further 460 have been trained as facilitators to deliver the training to young adults in communities. Between September '03 and '04 40 workshops were given to over 1,200 participants.</p> <p>Since Westpac's involvement in the Cape York program over 140 staff have been involved through month-long placements.</p>	<p>Westpac states publicly that training to employees has been well received by them.</p> <p>The Cape York program is reported as being highly effective for the personal and professional development of staff, as well as having good community impacts.</p>

¹⁰ Please note that this information was drawn from publicly information alone and not from additional information given by Westpac.

2. RBS: MOTIVATING EMPLOYEES AND INCREASING FINANCIAL LITERACY

RBS group inherited the *Face 2 Face with Finance* (F2F) initiative with its acquisition of NatWest. RBS *Face 2 Face with Finance* operates in conjunction with RBS/NatWest *Financial Capability Centre* at Warwick University. The program is aligned with British Education Board criteria and has a number of facets to it, one of which is the role of employees in delivering the program.

Inputs	Outputs	Impacts
<p>In January 2004, the RBS group <i>Face 2 Face with Finance</i> program was re-launched with its first fulltime, dedicated management structure, including a fulltime UK-wide head of F2F, consisting of five regional managers for England and Wales and one manager for Scotland.</p> <p>Volunteering staff, known as F2F Partners, are given 30-hours per year to deliver training.</p>	<p>In its first ten years of operation the program assisted over 600,000 young people to better understand financial matters. Since the additional funding and focus it has already worked with an additional 130,000 in just over one year.</p> <p>To-date over 4,000 RBS and NatWest employees have been involved in supporting teachers to improve financial literacy among secondary level students across Britain.</p>	<p>In the context of a <i>financially fit workforce</i>, the most significant result is the feedback that has shown that partners who deliver F2F training have built their confidence, teamwork, relationship management and communication skills.</p> <p>F2F has been commended by government representatives and others for the positive impacts it has had on the financial awareness and habits of young people in Britain. Its success is reflected in the number of organisations from outside mainstream secondary education, such as professional sports bodies and public sector services that have approached RBS to offer F2F training to their young people.</p>

ANZ

Since developing its concept of a *financially fit workforce*, ANZ has trained over 5,000 staff and produced brochures on financial management, including *Kickstart your financial fitness*, an accessible brochure distributed to staff and customers alike, and *Superfit* explaining superannuation. ANZ makes this and other valuable financial literacy information available to employees through face-to-face sessions, its intranet system, where it also keeps employees informed about the programs that it is running with its community partners and volunteering opportunities. All financial education material and sessions are free from product or marketing information.

Senior ANZ financial advisors deliver monthly *Dollar Doctor* sessions, which is in-house financial education for employees based around life events, such as house purchases and retirement. In addition to this training, staff, particularly in branches, are encouraged to discuss any financial problems with managers with a view to being able to offer support and to steer them out of trouble.

ASSESSMENT

There are two good examples of banks promoting financial literacy and support among their employees. To this extent, ANZ's efforts are commendable. From the information that is publicly available ANZ's program puts it ahead of other banks, with the exception of Westpac, which has a notable track record in addressing all of the criteria.

Despite these strengths, ANZ's own assessments and targets are predominantly output focussed and do not give adequate attention to longer-term impacts. For example, the target of having delivered training to 5,000 Australian employees by the end of 2005 is reasonable. However, the reporting of this target is focussed on numbers, and it would be good to see targets being more impacts-focussed.

Beyond this, those employees who have been able to participate in community activities, most notably the *Saver Plus* schemes, were reported by managers to have been very enthusiastic about it and there is general interest among employees to be more actively engaged in the delivery of ANZ's financial literacy initiatives.

ANZ faces a particular challenge as it is mindful of the mistrust that many of their target group have of banks in Australia. In particular, ANZ representatives expressed the view that it would be inappropriate for bank staff to deliver *MoneyMinded* to people who might well perceive banks as being the cause of their financial problems. Furthermore, they were adamant that ANZ does not want to be seen to be using its programs as covert marketing opportunities.

On this, ANZ could take encouragement from such programs as *RBS/NatWest Face 2 Face with Finance*, which has demonstrated how employees can be actively engaged in programs without undermining initiatives' credibility.

In the US, a Guatemalan chicken restaurant chain, Pollo Campero, is delivering free financial training to the restaurant's 180 Washington DC-based Latino employees.

A recent study showed that 42% of Latino immigrants do not use a bank or credit union and 22% have no credit history. The biggest barrier to immigrants opening bank accounts and establishing credit is lack of knowledge about financial laws and customs in the United States.

The courses are being delivered in Spanish by staff from a non-profit Latino immigrant advocacy group, *Casa de Maryland*. Mortgage lender **Freddie Mac** has provided the non-profit organisation with training in order that they can teach the restaurant's employees about establishing a credit history, renting accommodation, developing savings habits and paying for home and car purchases and college fees.

If this program is successful Freddie Mac intends to offer such financial training to employees of other Latino restaurants, small businesses and churches.

Flight Centre is an Australian-based company operating in eight countries. In recent years it has consistently won awards as a top employer in all its main locations. ANZ has had contact with Flight Centre in relation to developing its own financially fit workforce program.

The travel company offers financial advice to its employees at all its domestic and international outlets. It is a benefit that is valuable to employees but affordable from the perspective of the company.

Rabobank's US employees have the opportunity to support financial literacy under the *Office Volunteers for Financial Assistance Program*, in which employees provide financial management advice to non-profit organisations.

REFLECTIONS

Financial literacy is an issue that is set to become ever more important as the access to and use of banks and financial services increasingly both reflect and determine levels of social inclusion.

ANZ has made impressive progress on dealing with these issues within just a few years and has managed to assume a leadership position in promoting the specific issue of financial literacy within Australia.

From an international perspective, ANZ is demonstrating approaches that should mark it as a leader among banks addressing financial literacy and inclusion matters, if it maintains its commitments and builds upon them over time.

ANZ's progress on addressing financial literacy has been achieved by:

- Simplifying its own products and services and disseminating information about financial literacy issues, helping to make banking services more accessible and more manageable for the general public.
- Engagement with government and specific, issues-focussed organisations is helping to advance thinking and set the public agenda on financial literacy and inclusion in Australia.
- Developing targeted programs and community partnerships that will not only directly support currently disadvantaged individuals and communities, but should also provide models of best practice for other interested companies, both within and outside of the banking sector; and, finally,
- Training and supporting its workforce, demonstrating awareness of the importance of understanding finance throughout society. ANZ has taken some limited steps to using financial literacy initiatives to engage with its employees. By advancing these approaches it could simultaneously motivate staff, further serve customers and help to embed attending to financial literacy within its core values and activities.

ANZ should be commended for the efforts that it has made to date, but if it is to have a significant long-term impact on financial literacy and inclusion, in Australia and beyond, it must equally sustain its efforts over the long term. It needs to be not just a leader in the field but to continue to actively show leadership.

This will require greater efforts to engage policy makers within particular markets and at inter-governmental levels, as well as driving industry codes and initiatives. All of this should be underpinned by substantive research and through engagement with relevant experts, in keeping with the development of ANZ's early programs, outlined above.

Appendices

APPENDIX 1

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Barclays

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www.barclays.co.uk/corporateresponsibility/about/index.htm

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www.national.com.au/vgnmedia/download/CSRbooklet.pdf

No Interest Loans (NILS) newsletter: nos. 4 and 5
www.goodshepherd.com.au/gsyfs/work/NILSNEWSLETTER.html

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www.shareholder.com/visitors/dynamicdoc/document.cfm?CompanyID=RBS&documentID=813

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Financial Inclusion Forum website www.fif.org.uk/

Corporate Responsibility Presentation
www.rbs.com/content/corporate_responsibility/reports/downloads/corp_res_pres.pdf

Royal Bank of Scotland Money Matters website
www.rbs.com/corporate03.asp?id=CORPORATE_RESPONSIBILITY/COMMUNITY_INVESTMENT/HELPING_PEOPLE/MONEY_MATTERS

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‘Steffie’ website www.steffie.nl

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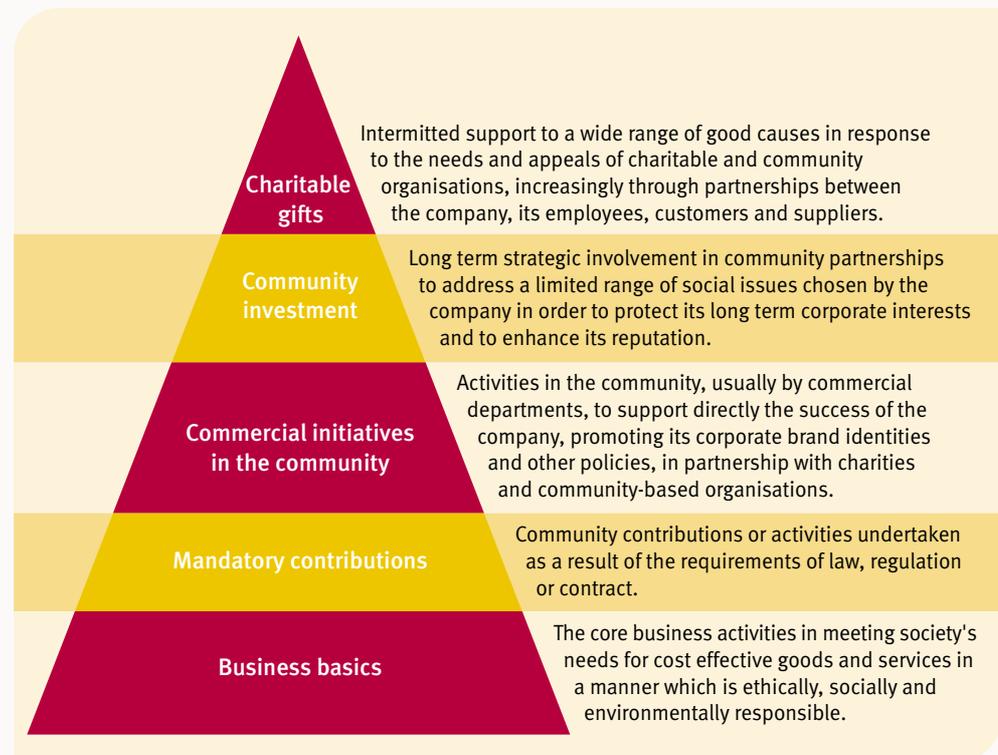
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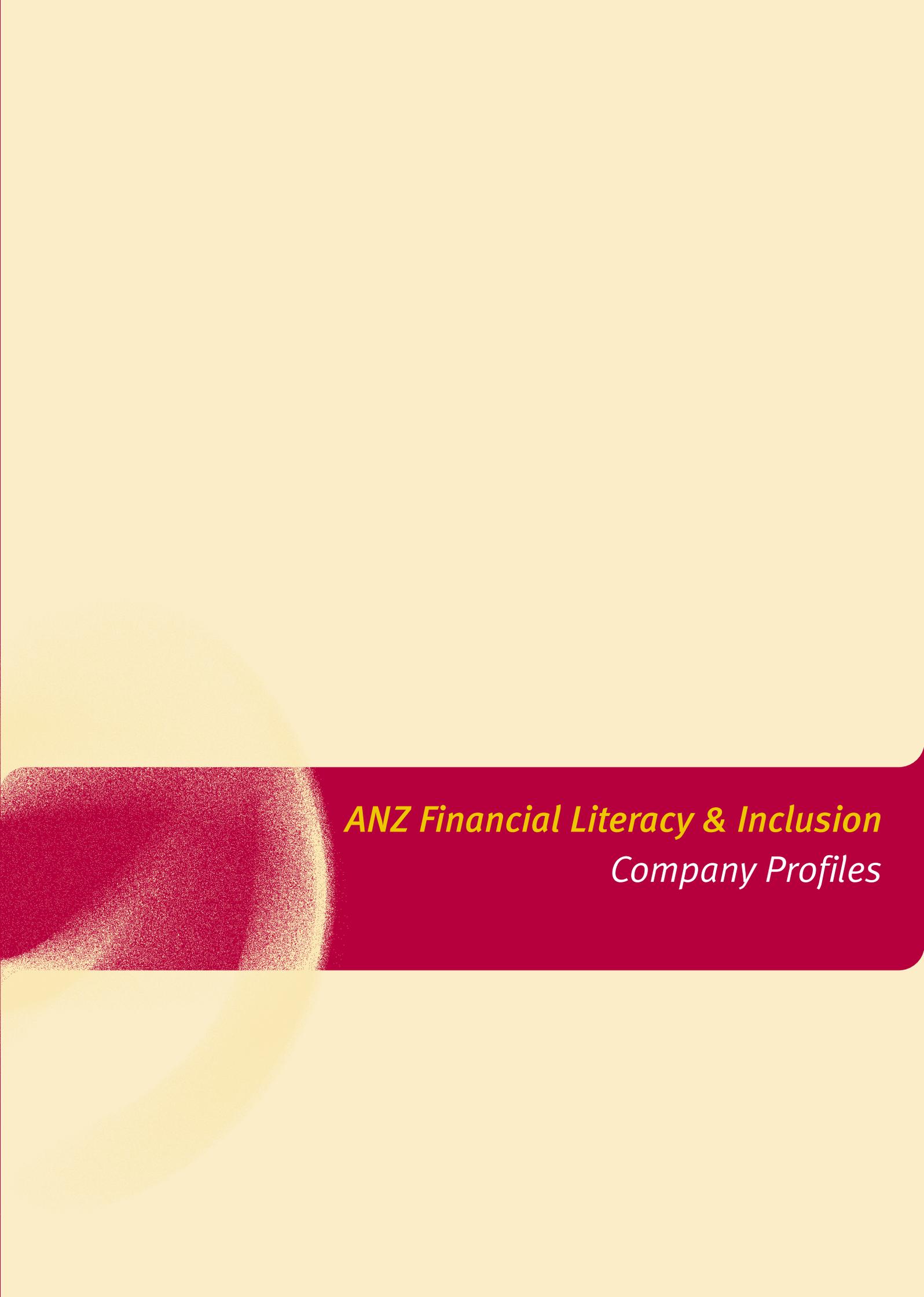
APPENDIX 2

The London Benchmarking Group Model

Type of activity	Inputs	Outputs		Impacts
	Cash value	Community benefits	Business benefits	
	The sum total of cash, in-kind and time given in each category.	e.g. the number of people in society who will benefit from projects, such as young people receiving job training.	e.g. enhanced reputation, improved recruiting, reduced employee absence, increased sales and profitability.	e.g. long term uplift in service provision, public policy change achieved, new products developed, customer base broadened.
Charitable gifts				
Community investment				
Commercial initiatives in the community				

The LBG Model





ANZ Financial Literacy & Inclusion
Company Profiles

ANZ Financial Literacy & Inclusion

COMPANY PROFILES

BACKGROUND

This document contains benchmarking tables that summarise the results of research conducted by The Corporate Citizenship Company (TCCC) on behalf of ANZ. The research benchmarked the leading banks addressing financial literacy and inclusion around the world.

The material within these tables was taken from publicly available sources, published before June 2005. In the interests of fairness, any material that was provided to TCCC that was not publicly available or developments after June 2005 was not considered as part of this research.

A list of the principal sources consulted for this research is included at the end of this document.

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ANZ

PROFILE

Business: ANZ is the third largest financial services firm in Australia, after National Australia Bank and Commonwealth Bank. Has operations throughout Australia and New Zealand and joint ventures in the Asia Pacific region, including China, Cambodia, Indonesia and Vietnam. Offers a full range of services including personal and corporate/institutional banking, credit cards, home and personal loans, as well as wealth management, which is delivered through a partnership with ING. The company operates through five divisions: Personal Divisions, Institutional, Corporate and Business Banking, New Zealand and Asia-Pacific, and in addition has staff in Europe and the United States.

Operating income: AUS\$17.5 billion

Assets under management: AUS\$259 billion

Branches: 1,190

Employees: 28,755

CSR profile

- ANZ published *Our Performance 2004*, detailing the bank's corporate responsibility efforts.
- The bank has supported many corporate responsibility initiatives in its history, but has recently refocused a notable part of its CSR work to concentrate on financial literacy and inclusion.
- Included in DJSI and FTSE4Good, awarded a silver star in Australian BitC CR Index 2004. Reputex Social Responsibility Rating: A+.

Financial literacy/inclusion overview

- ANZ's research into **Adult Financial Literacy in Australia** was influential in raising the issue of financial literacy at the Australian federal government level, as well as influencing ANZ's own approach to addressing financial literacy.
- The company's initiatives focus on four areas: **simple products and services, thought leadership, innovative programs, financially fit workforce.**

1. Products and services

ANZ has developed a simplified range of mainstream banking services, creating Access Accounts that offer different levels of entry and charges for different customers. The accounts are communicated in ways that are designed to be clear and comprehensible.

- ANZ's everyday banking accounts have been transformed into **Access Accounts**. Some of these accounts incur no fees up to a certain point, for example the Access Select account: an interest free account that allows six free transactions per month. The **Access Advantage** account costs AUS\$5 per month and allows unlimited number of transactions.
- Designed with the needs of 'unbanked' or marginalised groups in mind, the **Access Basic** account requires no minimum balance and offers unlimited transaction, while paying no interest and offering no cheque book or overdraft facility. The account is available to holders of a Seniors Card, Commonwealth Government Health Card or a Repatriation Card; customers must supply a Centrelink or Veterans' Affairs reference number and have their benefit or income paid into the account. The account is designed to be accessible to those members of the population who at present cannot open a bank account.
- For customers over the age of 60 the bank waives monthly management fees on its **Access Advantage** account and offers **Access Deeming** accounts, designed to pay government levels of interest to holders of Australian Department of Social Security or Veterans' Affairs pension or allowance. Fees on **Access Advantage** accounts are also waived for full time students.
- Training has been given to staff in call centres and collections departments in order to help them to identify and to assist customers who are struggling to understand and to manage their finances. Around 4,000 staff have been trained since November 2003. In keeping with this, a pilot project is in operating which refers customers to independent financial counsellors.

ANZ Cont.

2. Innovative programs

ANZ operates two signature financial literacy and inclusion programs, Saver Plus and MoneyMinded. It also supports activities with indigenous communities and remote and rural communities more generally through the Rural and Regional Banking division. Individual branches can support local community activities through the ANZ Community Fund. The bank's new program MoneyBusiness, which combines aspects of both Saver Plus and MoneyMinded to support indigenous communities, is to be delivered by the government agency Family and Community Services (FACS).

Saver Plus is a matched-savings and financial literacy program that targets families who are employed but on low-incomes, with a view to supporting them in saving for their children's education and to develop a savings habit. The costs of the program are met by ANZ while the program is delivered through community partners, namely the Brotherhood of St Laurence, which led the program as ANZ's principal partner; Berry Street Victoria and The Benevolent Society. The Smith Family recently became a partner, delivering the program in Queensland. ANZ matches the savings of participants at a 2:1 ratio up to a limit of AUS\$2,000. Participants agree to save towards a particular goal, centring on the purchase of equipment for their children's educational needs. Purchases range from school uniforms to personal computers.

Full evaluations of the program have been carried out by researchers from RMIT University, while an evaluation of the partnerships themselves has been conducted by the Corporate Citizenship Research Unit at Deakin University. The RMIT evaluations highlight the success of the Saver Plus program in terms of the satisfaction of the participants, who cited *"the benefits gained from the education, the support of the [community partner's] relationship managers and the overall experience of the program and the overall experience of being in the program have made a significant impacts on their lives."* *The matched savings were described as a "necessary hook in attracting and encouraging the participants to sign up to Saver Plus."* (Saver Plus, progress and perspectives, RMIT University, February 2005).

MoneyMinded is an information and training pack developed by the Centre for Learning Innovation, New South Wales Department of Education and Training, with additional inputs from experts provided through an advisory committee. It is designed for use by financial counsellors within community organisations to assist those with lower levels of financial literacy to make better judgements and decisions about the use and management of their money. The same partners who deliver Saver Plus have been delivering MoneyMinded, with the addition of the Kildonan Child and Family Services in Melbourne. An RMIT University evaluation of MoneyMinded is scheduled for publication in September 2005.

The ANZ Community Fund enables staff in ANZ branches to identify and support local community projects. AUS\$395,255 were contributed in 2004. In addition, the bank has partnered with the Foundation for Rural and Regional Renewal over three years delivering small grants through the "Seeds of Renewal" program.

3. Financial literacy

ANZ has refocused a large part of its corporate responsibility strategy and activity on financial literacy. The bank has developed programs which aim to make a large scale impact on financial literacy in Australia, including in Aboriginal communities.

The bank's flagship program on financial literacy is MoneyMinded, described in section 2. The program is based around an information pack developed in partnership with education specialists and financial counsellors, designed to assist them in providing financial literacy training to their clients. The MoneyMinded initiative is designed to be deployable on a large scale. ANZ's goal is that MoneyMinded should be delivered to 10,000 Australians by the end of 2005.

Money Business is intended to be an important part of ANZ's financial literacy efforts. It is a specially designed program combining Saver Plus and MoneyMinded to promote financial literacy within indigenous communities. It is to be launched in July 2005 and is to be delivered to indigenous communities in the Northern Territories by the government agency Family and Community Services (FACS).

The bank developed a website with minimal ANZ branding to help people understand issues and risks around credit, www.howcreditworks.com.au.

Also, the bank also supports the financial education of its own employees (see section 5).

ANZ Cont.

4. Thought leadership

By commissioning sophisticated and influential research into financial inclusion, publicising findings from such research, and bringing together leading thinkers in the area, ANZ has played an influential role in development of financial education policy in Australia. A study by Roy Morgan Research, commissioned by ANZ, is credited with contributing to the Commonwealth Government's Financial Literacy Taskforce, which itself developed into the Financial Literacy Foundation, launched in June 2005.

ANZ is seen by many stakeholders as having led the way in giving financial literacy a high profile within Australia, both through engagement with thought leaders and policymakers and through a program of research, which has been made publicly available.

ANZ sponsored research available from

<http://www.anz.com.au/aus/aboutanz/Community/Programs/FinLitResearch.asp> includes:

- ANZ Survey of Adult Financial Literacy in Australia, prepared by Roy Morgan Research, May 2003.
- Community Development Finance in Australia: a discussion paper, May 2004.
- Making a difference to financial literacy: a review of ANZ's financial literacy program, Gary Potts, July 2004.
- Community Development Finance: ANZ response to consultation, November 2004.
- Saver Plus: A review of the pilot program partnerships, David Birch, Corporate Citizenship Research Unit, Deakin University, June 2004.
- Saver Plus progress & perspectives, Russel R. et al, RMIT University August 2004; Saver Plus progress & perspectives, Russel R. et al, RMIT University November 2004.
- Saver Plus progress & perspectives, Russel R. et al, RMIT University August 2004; Saver Plus progress & perspectives, Russel R. et al, RMIT University February 2005.

In addition to such publications, ANZ has sponsored visits to Australia by leading community finance experts. Visiting experts include Ron Sandler, Chairman of the UK's Personal Finance Education Group (PFEG), and Michael Sherraden, leading US academic and proponent of the matched-savings concept underlying initiatives such as Saver Plus.

In addition, ANZ is a sponsor of the UN Conference on micro-finance in Melbourne, August 2005.

5. Staff engagement

ANZ provides a program of financial training to its staff, in support of its financially fit workforce concept. This aims to improve the ability of staff to manage their own finances, while leaving them better placed to support customers. In addition, many ANZ staff participate in volunteering activities, with the active support of the bank.

As part of its focus on financial literacy ANZ has developed the concept of a “**financially fit workforce**”. Training is given to employees on general needs, such as budgeting and savings and credit management, as well as around particular life events, such as purchasing a home and retirement, in relation to superannuation planning. A goal is in place for financial fitness sessions to be available to all staff in the ANZ network by the end of 2005.

ANZ developed a formal employee volunteering program in 2001, in which all employees are given 8 hours paid volunteer leave to support community organisations and projects. Between 2001 and 2004 ANZ staff contributed over 34,400 hours to such initiatives.

In addition to employee volunteering, the **ANZ Staff Foundation** operates by matching pre-tax contributions from staff with funds from the bank, up to AUS\$150,000 per year. The Foundation has contributed AUS\$1.6million to not-for-profit organisations in Australia and New Zealand since 1997.

BANK OF AMERICA

PROFILE

Business: Bank of America is the second-largest financial services firm in the USA. A major takeover of FleetBoston Financial in 2004 extended the company's branch network to New England, completing a strategy of acquiring geographic continuity across the most densely-populated areas of the country. Branches cover 29 states, and 76% of the US population lives in areas served. The *Global Consumer and Small Business Banking* division provides products and services to personal and small business customers, with an extensive branch network covering 30 states. The company has four divisions in total. *Global Business and Financial Services* provides commercial lending and treasury management services to middle-market companies; Global Capital Markets and Investment Banking provides capital raising, equity, debt and advisory services; *Global Wealth and Investment Management* offers investment and asset management to individuals and institutional clients.

Operating income: \$14,143m

Assets under management: \$1,110bn

Branches: 5,889 (USA)

Employees: 175,365

CSR profile

- Bank of America publishes an annual Community Impact Report, but no reporting giving comprehensive coverage of CSR issues.
- The Bank of America Foundation is one of America's largest corporate donors.
- Its flagship program, **Neighbourhood Excellence**, addresses critical issues in 38 local areas around the US. It comprises three initiatives: **Neighbourhood Builders**, which provides \$200,000 in grants and leadership training to local nonprofit organisations; **Local Heroes**, which celebrates individuals who contribute to revitalised communities by awarding a \$5000 grant to the organisation of their choice; and **Student Leaders**, which rewards young people with internships and mentoring schemes.
- Commitment to \$750bn lending and investment in low and moderate-income areas and \$1.5bn philanthropic giving over ten years from 2004.
- Listed on FTSE4Good, but not DJSI.

Financial literacy/inclusion overview

- Bank of America has a large and active Community Development Banking division which serves under-served markets on a commercial basis. A wide portfolio of financial literacy and financial inclusion are projects funded through the Bank of America Foundation.
- Volunteering support is co-ordinated by **Team Bank of America**, an employee-run organisation that organises local volunteering networks, placing strong emphasis on working with diverse local partners.

1. Products and services

Bank of America has a range of products designed to meet the specific needs of poorer client groups. In addition, it has a co-ordinated approach to directing finance to inner-city or rural areas at risk of exclusion from mainstream credit and services through Community Development Banking, a business line which carries out a large volume of business with deprived communities on a commercial basis.

The company has a range of simplified products which to make financial services more widely accessible, aimed at "individuals moving out of poverty".¹

- Bank of America was the first US bank to respond to the US Government's move to electronic benefits payment by introducing a simplified account aimed at unbanked welfare recipients. The **Electronic Transfer Account (ETA)** offers free withdrawals and balance-checks at ATMs, a VISA card and a low monthly fee of \$3, as well as safer receipt of benefits. It was introduced in 2001.

¹http://www.bankofamerica.com/community/index.cfm?template=cdb_americanbanks_bankacct

BANK OF AMERICA *Cont.*

- Two mortgage products: **Neighbourhood Advantage** and **Credit Flex**, are designed to help low-income individuals and families become homeowners.
- The **Custom Savings Account** is targeted at low income individuals who want to save towards a goal and want a product that helps maintain savings discipline. The minimum deposit is \$25; there is no maintenance fee so long as regular monthly deposits are made; and statements show progress towards the customer's specified savings goal.
- The **MyAccess Checking Account** is a basic account with no maintenance fee, for customers who use on-line or telephone banking but need to make few branch visits.
- For Hispanic people who send remittances to family members, the **SafeSend** account provides an ATM card for a relative in Mexico to make direct withdrawals without incurring money-transfer fees.

Also, Bank of America has a large **Community Development Finance** program, which makes loans and investments in low and moderate income areas on a commercial basis. In response to concerns over finance bypassing poorer areas, Bank of America makes up-front commitments on its level of investment and lending. In 2004 it announced a commitment of \$750bn over a ten-year period. This comprises commercial, non-concessional lending and investment in low-moderate income areas, under the following categories:

- Affordable housing – \$500bn.
- Small business and farm ownership – \$125bn.
- Consumer credit, including student, auto and personal loans – \$25bn.
- Economic development – \$25bn.

Of the above, \$25bn is to be directed through the **Rural and Indian Country Initiative** to rural areas and Native American communities.

2. Innovative programs

Bank of America has a program of investment in Community Development Finance Institutions, and makes grants to a range of projects promoting savings and asset-building.

The company provides funds to Community Development Finance Institutions (CDFIs) through the **Program Related Investments (PRI)** initiative. Capital is supplied to CDFIs to enable them to expand their service to people and organisations who are excluded from or on the margins of mainstream finance. The funds are for the purpose of increasing loans to customers, not for other purposes such as covering overheads or staff costs.

Under the **America/Banks** program (see section 3), Bank of America supports **America Saves**. This initiative comprises a regular survey of savings habits across the country, together with education initiatives that promote the value of saving and enroll individuals in a regular savings programs.

Also, the company has supported a number of innovative Individual Development Account projects.

- The **Family Independence Initiative** offers matched savings as part of a package of incentives and support to help families in California lift themselves from poverty.² Savings are matched at a rate of \$2 for each dollar saved towards a specified savings goal. Bank of America made a one-off \$100,000 grant.
- **EARN (Earned Assets Resource Network)** provides \$2-for-\$1 matched savings together money-skills training in the San Francisco Area.³ Bank of America made a one-off \$100,000 grant.

3. Financial literacy

Through two centrally-organised programs, Bank of America funds a wide range of financial literacy projects across the US. The company works with a diverse range of partners, including government agencies, non-profits, religious groups and community organisations. Staff contribute by delivering financial education programs in schools and to community and faith-based groups.

² www.fiinet.org/faqs

³ www.sfearn.org/index.htm

BANK OF AMERICA Cont.

The company's flagship program on financial literacy is **America/Banks**. The program gives grant-funding to non-profit organisations which develop teaching materials or deliver financial literacy sessions face-to-face. Funding is reinforced by the participation of company volunteers and by technical assistance and skilled volunteering. Initiatives supported through the America/Banks program include:

- **MoneySmart:** a financial-education curriculum developed by the Federal Deposit Insurance Corporation (FDIC) and delivered through the Department of Labor's network of One-Stop centres. Local delivery partners include housing corporations and religious groups. The aim is to deploy the curriculum through local partners in order to reach people who need it through the most direct delivery channels, using partners' local knowledge. Bank of America is one of many number of banks involved.
- **LifeSmarts:** an online financial education program for teenagers, in partnership with the National Coalition for Consumer Education and National Consumers League.
- **Financial Fitness for Life:** curriculum development and teacher training, in partnership with the National Council on Economic Education.
- **Practical Money Skills:** online basic money management training for children, teens, and adults, in partnership with Visa International Services Association and the National Consumer League.
- **Money Management for Youth and Women:** curriculum materials and money management programs for low-income women and women transitioning from prison, in partnership with Women in Community Service.

Other organisations supported include Consumer Action, ACORN Housing Corporation and Freddie Mac Foundation.

The **Credit Counselling Grants** program provides grants to selected Qualified Credit Counselling Agencies that provide individuals with financial advice and education. The grants are made through quarterly funding rounds, with agencies applying for funding on a competitive basis.

4. Thought leadership

No evidence of research, event sponsorship, or other thought leadership on financial inclusion issues.

5. Staff engagement

A culture of volunteerism is actively encouraged and supported, as part of a corporate culture which is proud of its philanthropic record and community involvement.

Team Bank of America⁴ is a volunteer organisation for employees and retirees consisting of five networks: **Diversity, Environment, Volunteer, Speaking and Recreation**. All staff are automatically members, however participation in any network is voluntary, and networks are set up and run by staff on a local basis. Main aims are to forge closer relationships inside and outside the workplace. There is also an emphasis on gaining professional development through voluntary leadership positions.

The **Volunteer Network** coordinates all employer-supported volunteering at Bank of America by matching volunteers with community organisations. Over 140,000 people belong to the network, contributing 650,000+ hours annually.⁵ Areas of voluntary work are diverse, ranging from projects with national charities United Way and Habitat for Humanity to support for local community organisations. Financial literacy is not a prioritised area, however staff deliver some money management workshops and advice sessions on home ownership and wealth creation.

Also, employee giving to charitable causes is match-funded for sums of between \$25 to \$5000 annually under the **Matching Gifts Program**.

Under the **Volunteer Grants Program**, employees who volunteer in their own time at a given charity are rewarded with grants for that charity. 50 hours of volunteer time during a calendar year qualifies for a \$250 grant, and 100 hours qualifies for \$500.

⁴ www.bankofamerica.com/teambank/pdf/brochure.pdf

⁵ www.bankofamerica.com/community/pdf/americanbanksfactsheet.pdf

BARCLAYS

PROFILE

Business: A major retail bank with a network of 2,061 branches in the UK, and 841 branches in Spain, Portugal, France, Italy, the Caribbean, Africa and the Middle East. Other major brands are Woolwich, focusing on mortgage lending, and Barclaycard, a leading credit-card issuer in Europe. Barclays Global Investors is a major international asset manager, while Barclays Capital handles foreign exchange, equities and fixed income investment banking.

Operating income: £13,945m

Assets under management: £10,183m

Branches: UK: 2,061, International: 841

Employees: 78,00

CSR overview

- In 2003 the Barclays Board set out its objective “to become a leader in the field of Corporate Social Responsibility (CSR), and to be recognised as such by our stakeholders⁶”.
- Commitment to donate 1% of pre-tax profits to charities and the community each year.
- 2004 community contribution: £32.0m (LBG figure).
- Name-rights sponsor of the **Barclays Premier League** (UK football).
- Two major community investment programs delivered across the UK through voluntary-sector partnership: Barclays Spaces for Sports (regeneration of community sports grounds); **Barclays New Futures** (Citizenship education projects).
- 32 = in the BiTC CR Index 2004. Listed on both FTSE4Good and DJSI.

Financial literacy/inclusion overview:

- The Financial Inclusion Team was established in 2000 as part of Consumer and Community Affairs. Head of Financial Inclusion is Peter Kelly. The team leads on financial inclusion and financial literacy issues, and manages relations with government, community finance and financial literacy organisations. It also manages two funding streams: the **Financial Inclusion Fund** and the **Financial Inclusion Partnership Program** (see below).

1. Products and services

Barclays offers a **Basic Bank Account**, tailored to the needs of financially excluded groups, following the specification agreed between the UK government and financial services industry. While all UK banks now offer a similar account, Barclays leads the way in ensuring its effectiveness in bringing people into the financial mainstream, and in giving staff special training to ensure maximum take-up of the account.

Barclays’ Basic Bank Account, the **Cash Card account** was introduced in 2000. In 2004 the number of accounts reached 309,500, a 20% increase over the previous year. The company made a recent commitment to “extend the reach of basic banking to reduce the number of people in the UK without bank accounts.”⁷

The account was independently evaluated during 2004 through a survey of 500 account holders. The research found that 89% of Cash Card account holders were satisfied with the product. However it also brought to light instances where branch teams did not properly follow account opening procedures and did not understand “the options available when dealing with applicants who did not have conventional identification documents”.

In response to the findings, Barclays carried out training for branch teams on the Cash Card and the account-opening process. Equally important, the bank leads the way in addressing the effect of staff incentives on financial inclusion. “The way we reward branch staff has an impact on our customer relationships. During 2004, we began replacing product-sales targets with value creation and service objectives as the main determinant of reward.”⁸

⁶ 2004 Barclays Corporate Responsibility Report

⁷ Barclays 2004 Corporate Responsibility Report

⁸ Barclays 2004 Corporate Responsibility Report

BARCLAYS Cont.

2. Innovative programs

Through its support of PEARLS, a business planning and financial monitoring tool for credit unions, Barclays has established a leading position in the drive to build up alternative sources of credit for low-income UK households. A successful combination of sector-wide, high-level initiatives and support to individual organisations. By inviting organisations to bid for funds, Barclays encourages competition and innovation among alternative credit providers. The funding mechanism increases the scale and sustainability of individual providers, while generating lessons in best practice for the sector as a whole.

The company is one of two banks which are key partners in the Change initiative, a 'housing association-led community finance initiative aiming to tackle financial exclusion within social housing communities in London and South East'.

Developed by the World Council of Credit Unions, PEARLS is a software application that is used in 20 countries. Since 2002 Barclays has funded a full-time project worker at the Association of British Credit Unions (ABCUL), to test PEARLS at a number of UK credit unions. The initial pilots found that the system helped credit unions grow and serve their customers better. As a result Barclays is funding its roll-out to 11 further credit unions.

Barclays is a supporter of individual credit unions across the UK through two funding streams.⁹ The **Financial Inclusion Partnership Program** makes grants of £10,000 to £100,000 mainly to credit unions and community development finance institutions (CDFIs), including:

- East Lancs Moneyline (loans to individuals and small businesses which are unable to access mainstream finance).
- Aston Reinvestment Trust (financing small businesses and social enterprises in Birmingham).

The **Financial Inclusion Fund** makes grants of up to £10,000. Recipients include a large number of credit unions/CDFIs. Examples include:

- Funding a new member of staff at Waltham Forest Credit Union (London).
- Support for setting up Cumbria Community Asset Reinvestment Trust (North-West England).
- Funding purchase of new software at 3b (Black Business in Birmingham).

The **Change** initiative: Barclays partners on this project with its competitor Lloyds TSB, as one of the two corporate partners. Established 2004 by London & Quadrant Housing Association, it has grown to become a partnership of ten London housing associations, aiming to cover the whole of London in 2006. According to one estimate, 80% of financially excluded individuals in the UK live in social housing. **Change** is significant as it has the potential to bring many social housing tenants into the financial mainstream through a new delivery channel. The initiative:

- provides credit and money advice directly to social housing tenants, through links with credit unions and money advice organisations.
- helps residents make the transition from cash payment to electronic payment of benefits. Staff talk through the options with them, and if necessary help open bank accounts.
- aims to take market share from loan sharks and doorstep lenders through affordable credit products.

3. Financial literacy

Barclays does not have a major financial literacy program. On money advice, however, it gives substantial financial support to a number of key service providers.

The company's support to free, independent money advice in the UK has been substantial and long-running. Between 1999 – 2003 funding amounted to £8.84m. During 2004, funding of £2.55m went mainly to Money Advice Trust, Citizens Advice and the Consumer Credit Counselling Service – the three largest UK providers.

Barclays also supports regional initiatives in the UK which aim to build the capacity of money advisers. *Money Advice Training Development Unit* in Wales, *Money Advice Support Unit* in North East England and *Money Advice Scotland* provide training, technical support and other services to money advice agencies in their areas, aiming to improve the quality of their service.

⁹ The Barclays website lists 22 credit unions and CDFIs which have received support.

BARCLAYS Cont.

On financial literacy the Bank has provided funding for two recent projects (one finished, one on-going) run by non-profit organisations:

- Personal Finance Education Group (PFEg)'s Excellence and Access program. A national initiative to help secondary teachers become skilled and confident in teaching personal finance topics as part of the curriculum. Ran between 2001-04.
- The Birmingham Settlement's *Making Sense of Your Money* initiative. An outreach program aiming for higher levels of skill and confidence in use of financial services among adults in disadvantaged parts of Birmingham.

4. Thought leadership

Barclays has sponsored a range of publications by opinion leaders in UK financial exclusion policy, particularly in areas which build on its own experience in financial inclusion. The research reinforces Barclays' claim to be a leading player in financial inclusion policy.

Publications include:

- **An Introduction to PEARLS in Britain** – Report by ABCUL and funded by Barclays highlighting the results of a pilot study of nine credit unions that have participated in the PEARLS project.
- **Power of Information** – Research by New Economics Foundation examining the benefits of local area data disclosure by banks.
- **Social Entrepreneurship Monitor** – Research by the London Business School as part of the wider Global Entrepreneurship Monitor studying social entrepreneurship activity across the UK.
- **Credit Unions and Loan Guarantee Schemes** – Research by Paul Jones of Liverpool John Moores University examining the potential of loan guarantee schemes to help credit unions reach the overindebted.
- **Community Finance Initiatives – A Policy Success Story** – Research by Dr. Karl Dayson of Community Finance Solutions at the University of Salford evaluating the successes of public and private investment in Community Finance Initiatives in the UK.

5. Staff engagement

Barclays has a well-developed framework for involving staff in the community. Employee volunteering and fundraising tends to concentrate on general social issues such as children and homelessness. It is not aligned to the Bank's work on financial inclusion or financial literacy.

Under the **Volunteer2Day** scheme, introduced in 2002, each employee has two paid days off per year to volunteer with community groups of their choice. These typically involve reading schemes with schoolchildren, working with the homeless, or sharing IT and business skills with small charities. The Bank contributes grants of £500-1000 to employee volunteering projects.

Barclays also offers staff match-funding on their charitable donations, and runs a 'Pennies from Heaven' scheme under which staff can opt to round down their pay check to the nearest pound, donating the extra pennies into a pool which goes to charity.

The Community Placement scheme places former Barclays employees with voluntary sector organisations. Employees who retire or are made redundant are recruited to a range of positions. Their salaries are paid as normal by the new employer, but Barclays makes a donation towards the cost of their employment. Out of 115 employees placed so far, 12 work in financial exclusion.

BMO FINANCIAL GROUP

PROFILE

Business: Canada's oldest and fifth-largest bank, BMO Financial Group's principal brand in Canada is BMO Bank of Montreal, offering retail and commercial banking, mortgages, insurance, asset management services and mutual funds. In the US, the group provides retail banking, commercial banking and wealth management to Chicago area and Midwestern clients under the Harris brand. Subsidiaries BMO Nesbitt Burns (Canada) and Harris Nesbitt (USA) offer brokerage, mergers and acquisitions advice, and investment and merchant banking services.

Operating income: C\$2,351m

Assets under management: C\$265bn

Branches: 1,156

Employees: 33,593

CSR profile

BMO Financial Group has published an annual Corporate Responsibility and Public Accountability Statement since 2002.

- The company received the award **Best Corporate Citizen 2004** from Canadian CSR organisation Corporate Knights.
- A broad program of charitable donations: main categories are education, health, arts and culture, civic and community, and sports and athletics. For national organisations seeking funding there is a central contact point; for local organisations there are community relations and donations co-ordinators at each of the five Regional Divisions.
- Listed on FTSE4Good, but not DJSI.

Financial literacy/inclusion overview:

- **Aboriginal Banking Unit** co-ordinates business with First Nation clients.

1. Products and services

Since 1992, BMO Financial Group has carried out a policy of actively addressing the needs of First Nation communities by consulting closely with communities and their leaders. It has expanded the volume of business carried out with such communities, with the result of improvements in their welfare, and a strong commercial return. It has opened a series of branches and agencies to provide face to face services, and recruited greater numbers of aboriginal staff. Also, simplified products are offered on a concessional basis to younger and older people, and steps have been taken to reach out to recent immigrants from Asian countries.

The company's efforts are led by the **Aboriginal Banking** unit, set up in 1992 by Ron Jamieson, a Mohawk man, who continues to direct it. The unit has pursued a strategy of increasing the volume of business with aboriginal communities on a commercial basis, while taking steps to ensure products are culturally appropriate and respond to specific financial difficulties the communities face. Between 1992 and 2000 commercial loans with aboriginal clients increased from C\$10m to C\$1bn, with a further C\$1bn held in trust.

12 new branches were set up to serve aboriginal customers, 10 of which are on First Nations reserves. The branches offer a full range of services; employ mainly local, aboriginal staff, and serve customers in local languages. Some application forms are also available in local languages. In addition, 4 community banking outlets and a number of 'in-stores' provide basic services in remote areas.

Following a 1991 **Task Force on the Advancement of Aboriginal Employment**, active recruitment policies led to the number of aboriginal staff increasing from 121 (1992) to 600 (2000).

In the past Aboriginal Canadians have faced major problems accessing affordable credit for home ownership or renovation, resulting in a shortage of good quality housing on First Nation reserves. A major barrier has been the need for government mortgage guarantees. Two BMO programs provide credit without the need for government involvement:

- The **On-Reserve Housing Loan Program** provides loans for the purchase or construction of a family residence, or for renovations to an existing home. Sixteen communities have reached an arrangement with BMO Financial to implement the program.

BMO FINANCIAL GROUP Cont.

- The **On-Reserve Home Renovation Program** provides smaller loans for home renovations. It is available at four First Nation communities.

In its mainstream services, BMO Financial offers free banking services to under 21s and students (about 390,000 accounts) and over 60s (about 840,000). It also offers a **Community Account** tailored to the needs of local not-for-profit organisations, with reduced charges. About 55,000 of the accounts are held by small local organisations.

The 2004 CSR report highlights steps taken to communicate effectively with customers of Asian origin – the largest group of recent immigrants to Canada. These include Chinese-language ATMs and online-banking, and increasing numbers of Mandarin- and Korean-speaking staff. This forms part of a policy of recruiting staff to reflect the local community where a branch operates.

2. Innovative programs

There is no evidence that BMO Financial runs any match-savings programs, initiatives to broaden access to credit, or funding streams to support financial inclusion.

The **Prairies Disaster Relief Scheme** is an initiative to help flood and drought-affected farm and agribusiness clients improve their cash flow by deferring principal payments until the next production cycle.

3. Financial literacy

In the Canadian market efforts to promote financial literacy are conducted on an industry-wide basis through the Canadian Bankers Association (CBA), which carries out a set of programs backed by the major banks. In line with its competitors, BMO Financial supports these initiatives and does not run programs of its own. There is no evidence of funding for financial literacy projects among the company's support of a large number of voluntary sector organisations.

Following a landmark 1997 Survey of Canadians' Economic and Financial Understanding, the banking industry launched a wide-ranging program in January 1998 called **Building a Better Understanding**, implemented by the Canadian Bankers Association. This is a major, long-term program aiming to improve Canadians' knowledge of personal finance. The main outputs are:

- A set of information booklets distributed free of charge.¹⁰
- Two non-commercial websites for young people:
 - There's Something About Money¹¹
 - Your Money Network¹²
- Free in-school **There's Something About Money** financial education seminars.

A 2005 evaluation of the seminars found that 97% of students and 100% of teachers rated them as "good to excellent". Around 1200 employees of Canadian banks were found to be involved in delivering the seminars.¹³ Aside from this, BMO Financial runs financial management workshops in the US under the Harris brand. **These are the Small Business Resource and Lending Expos**, a series of seminars and networking sessions for entrepreneurs.

4. Thought leadership

BMO Financial has worked with the Canadian Government and indigenous communities to develop knowledge of how to better connect First Nation communities to mainstream financial services. On other issues, the bank's senior executives make regular public speeches at a variety of forums, putting forward a company or personal line on issues involving the public interest.

The company collaborated with First Nations and the Canadian Government in producing a set of guidelines for engaging with aboriginal communities. ***Understanding the Regulatory Environment for On-Reserve Lending: Frequently Asked Questions*** was published in 1999 by the Minister of Indian Affairs and Northern Development.¹⁴

¹⁰ Available to download online: www.cba.ca/en/publication_list.asp

¹¹ www.yourmoney.cba.ca/eng/index.htm

¹² www.yourmoney.cba.ca/eng/yourmoney_net/index.htm

¹³ www.cba.ca/en/content/reports/2003-2004%20TSAM%20Report%20Card.pdf

¹⁴ www.cba.ca/en/section.asp?fl=3&sl=259&tl=90&docid=

BMO FINANCIAL GROUP *Cont.*

Speeches by company executives include:

“Why We Must Speak Out”

Tony Comper, President and CEO, speaking at The Empire Club of Canada (June 2005)
– an appeal for community-wide action against anti-semitism.

“Mutual Interests”

Tony Comper, President and CEO, speaking at Manitoba Chambers of Commerce (Oct 2004)
– how the Group responds to disasters affecting small business customers such as drought and BSE (Bovine Spongiform Encephalopathy).

“Beyond Borders and Boundaries: Taking the Lead in Workforce Mobility, Engagement and Ethics”

Rose M. Patten, Senior Executive Vice-President Human Resources (June 2004).

“Tomorrow’s Philanthropic Environment: Demanding but Full of Promise”

L. Jacques Ménard, Chairman of the Board, BMO Nesbitt Burns, speaking at the Association of Fundraising Professionals, Quebec (Dec 2003).¹⁵

CEO Tony Comper’s speech on anti-semitism relates to FAST (Fighting Anti-Semitism Together), an organisation on non-Jewish business leaders co-founded by Mr Comper. The speech describes anti-semitism in Canada as a “crisis” that must be resolved by non-Jews, and attempts to rally individuals and the business community to join the cause.

The company sponsors two award schemes, backing entrepreneurship and diversity:

- PROFIT magazine’s Top 100 Fastest-Growing Companies in Canada Awards.
- The Rotman Canadian Woman Entrepreneur of the Year Awards.

5. Staff engagement

Support for staff aims to ‘nurture a culture of volunteerism’ and encourage an active role in the community.

An employee-run charitable foundation, *Fountain of Hope*, was established in 1996 as a focal point for raising and distributing funds for good causes.

In 2004 employees raised C\$7.2m through the foundation, which was distributed as grants to a range of national and local charities. Also, the foundation launched a dedicated funding stream to support projects to promote exercise and active living among young people, in response to concerns over childhood obesity. The Foundation is managed by employees with the involvement of retirees, and the company covers all administrative costs.

Two other initiatives exist to support employees’ involvement in the community:

- The **Volunteer Grants Program** makes grants to organisations which employees help through their volunteering. C\$446,000 was donated in 2004.
- The **Matching Gift Program for Education** matches employee donations to universities and colleges in Canada and abroad.

¹⁵Speeches available online at www2.bmo.com/speech/0,1258,divId-4_langId-1_navCode-124,00.html

CITIGROUP

PROFILE

Business: The world's largest financial services group, with some 200m customer accounts in more than 100 countries. A major retail banking network in the USA. Headquartered in New York, the business is organised into three major groups – Global Consumer, Corporate and Investment Banking, and Global Wealth Management – in addition to two stand-alone businesses, Citigroup Asset Management and Citigroup Alternative Investments.

Operating income: \$17bn

Assets under management: \$1.5tr

Branches: 3,773 retail bank branches and 9,800 ATMs

Employees: about 300,000

CSR profile

- Citigroup publishes an annual Corporate Citizenship Report.
- The **Citigroup Foundation** is a major corporate donor in the US and internationally. \$111m philanthropic giving during 2004.
- **Global Community Relations Team** manages relations with NGOs and socially responsible investors.
- In the US, a **Community Council** manages community and social policy across the company. **State Leadership Councils** have been established in 15 states to provide local leadership.
- Listed on both FTSE4Good and DJSI.

Financial literacy/inclusion overview:

- In 2004 Citigroup made a 10-year, \$200m commitment to financial education. Around \$18m was given during 2004.
- In 2004 an **Office of Financial Education** was set up to oversee the pledge.

1. Products and services

The **Access Account**, introduced 2003, is designed to help bring the unbanked into the financial mainstream, and is aimed to be of specific use to the immigrant and Hispanic population. *“No minimum balance and the waiver of \$3.00 monthly fees for Access customers who arrange for direct deposit of payroll, Social Security, or entitlement funds.”*

The **Bi-National Credit Card** program, launched during 2004, allows US based customers to request an additional credit card to be sent to a relative in Mexico through Citigroup subsidiary Banamex. The US customer is responsible for payment of the account.

2. Innovative programs

Citigroup has a three-pronged program to promote the development of microfinance at a global level through access to capital, human resources development, and high-level initiatives to promote the microfinance field. In addition, a number of initiatives promote access to credit and encourage asset-building in the US market.

Access to capital:

- During 2004 Citigroup launched a new business group Global Microfinance, headed by a Global Director of Microfinance. The group is *“focused on developing commercial relationships with these institutions... [to offer] a range of financial products and services, including services, insurance, remittance, commercial loans, insurance, remittance, commercial loans... to support both their client outreach and their growth.”*
- A bond issue by Citigroup/Banamex during 2004 is helping a leading Mexican microfinance provider expand. *“We view this transaction as critically important in our work to connect MFIs to their local capital markets and to new investors.”*

CITIGROUP Cont.

Human resources development:

- Ensuring microfinance providers can access sufficient training to expand, through a series of grants to organisations which support microfinance in specific markets. 2004 recipients include:
 - Indian School of Microfinance for Women
 - Russian Microfinance Centre
 - ACCION International (in Mozambique)
 - Chinese Academy of Social Sciences

Promoting the field:

- Major supporter of the 2005 UN International Year of Microcredit.
- Citigroup Vice Chairman Stanley Fischer is UN Advisory Committee Chair.
- Launched the Global Microentrepreneurship Awards, in partnership with UN Capital Development Fund, to recognise outstanding microentrepreneurs in 29 countries.

In the USA, a partnership with ACORN Housing Corporation (a national non-profit promoting home-ownership for low-income groups) aims to make mortgage credit more affordable and accessible to low-income borrowers, especially immigrants. The **ACORN-Citigroup Mortgage** is tailored to its target group through acceptance of non-traditional ID and credit sources, and downpayment assistance.

Citigroup participates in 52 Individual Development Account (IDA) programs across the USA, including eight new programs established with non-profit organisations during 2004. IDA work is coordinated by the Local Community Relations Team.

“Since 1999, we have taken a leadership role in establishing IDAs... those who participate in the program commit to a series of seminars that help them effectively use the money they save to build their personal assets.”¹⁶

3. Financial literacy/money advice

During 2004, Citigroup and the Citigroup Foundation pledged to spend \$200m on financial education over ten years, and established an Office of Financial Education.

Financial education work is focused on three areas: personal, small business, and institutional (*“to help support programs that assist governments, academic and financial institutions, and non profit organisations to promote knowledge and sound management of economics, markets and financial systems”*). Citigroup has a broad portfolio of projects under these headings across the world. They include:

- Latin America: Citigroup offers a program **‘Banks in Action’** in partnership with Junior Achievement. *“Student teams assume the role of bank managers and the team that achieves the highest profits and return on shareholder investment wins.”¹⁷* In 2004 there was a regional Banks in Action competition in Sao Paolo, at which teams from 14 Latin American countries took part. In total 10,000+ students participated during the year.
- Korea: helping teenagers improve their personal finance skills through the **Economy Camp for Teenagers**, an event featuring a series of money skills seminars, organised with the National YWCA of Korea.
- Hong Kong and Singapore: the **Stock Challenge Program**, financed by the Citigroup Foundation, *“enables students with little or no knowledge of how financial markets function to participate in an interactive learning activity that simulates a real stock market”¹⁸*.
- USA: a range of financial literacy programs, varied according to state
 - Responding to low levels of home ownership, savings and investments among African Americans, a program with the National Urban League (NUL) will provide financial education classes in six US cities. A \$900,000 grant from the Citigroup Foundation will train NUL representatives to deliver the classes.
 - The **Financial Education Challenge**, in partnership with Do Something, Inc., is a two-week education program for 12th graders launched April 2004. More than 14,500 students signed up during the first year, and just under 2,000 teachers downloaded the curriculum materials. Citigroup Foundation provided a \$237,000 grant.

¹⁶Citigroup Corporate Citizenship Report 2004

¹⁷Citigroup Corporate Citizenship Report 2004

¹⁸Citigroup Corporate Citizenship Report 2004

CITIGROUP Cont.**4. Thought leadership/policy initiatives**

Citigroup's most visible thought leadership has been on microcredit.

The company was a major supporter of the 2005 UN International Year of Microcredit. Citigroup Vice Chairman Stanley Fischer serves UN Advisory Committee Chair for the organisation's work in advancing provision of microfinance. In 2004, the company launched the Global Microentrepreneurship Awards, in partnership with UN Capital Development Fund, to recognise outstanding microentrepreneurs in 29 countries.

5. Staff engagement

During 2004, Citigroup launched a Global Volunteer Initiative policy, giving each employee one paid day off annually to volunteer. Employee volunteering routinely involves financial education initiatives.

US employees participate in two annual events organised by the American Bankers Association Education Foundation (ABAEF). On National Teach Children to Save Day (April 2004), 153 staff deliver classes to about 5,000 children. On Get Smart About Credit Day (October 2004), staff taught classes on credit issues to over 5,000 teenagers in 40 US cities.

COMMONWEALTH BANK**PROFILE**

Business: Commonwealth Bank offers retail banking across Australia and New Zealand, as well as commercial banking, superannuation, insurance and fund management. Consumer products include deposit accounts, credit cards and home loans.

Other key brands: ASB, Colonial First State, First State Investments, CommSec, CommInsure

Operating income: AUS\$8,265m

Assets under management: \$305,995m

Branches: 1,012 (Australia)

Employees: 36,300

CSR profile

- No CSR reporting.
- A long history of involvement with Australia's education system.
- Key initiatives carried out by the Commonwealth Bank Foundation.
- Reputex Social Responsibility Rating: B+ ('Satisfactory' Corporate governance and Social Impact, but 'Very Low' on Environmental Impact and Workplace Practices). Listed on DJSI, but not FTSE4Good.

Financial literacy/inclusion overview:

- The Commonwealth Bank Foundation was established in 2003 to "encourage developments in education, with an emphasis on the financial literacy skills of young Australians".
- The foundation uses interest on its \$70m endowment to fund a range of programs. Since Feb 2005 it has published a quarterly newsletter, 'Financial Literacy Matters'.

COMMONWEALTH BANK *Cont.*

1. Products and services

Commonwealth Bank runs a well-established Student Banking program that builds children's money skills and helps develop a savings habit. The bank also offers a range of no-fee basic bank accounts.

A long-running Student Banking program (introduced 1931) allows students to access bank accounts from school, with help and supervision from teachers to educate them in money management. In 2003, 3,100 primary schools in Australia participated in the program, through which students are encouraged to open a YouthSaver account. In financial year 2002-03, Australian schools received \$1.3m total commission through the scheme.

The following Commonwealth Bank accounts meet the Australian Banking Association standards for a safety net, basic bank account: **Streamline, Woolworths Ezy Action, Pensioners Security Account, Cash Management Call Account**. These have no account holding fee, no minimum balance, and six or more free withdrawals per month. The YouthSaver account has easy-to-read statements, bonus interest, and regular newsletters "full of games, promotions and practical information".

2. Innovative programs

No evidence of programs to promote accessible credit, asset building or savings.

3. Financial literacy

In the short space of time since the Commonwealth Bank Foundation was established, it has built a comprehensive program to improve the financial literacy of young Australians. Programs approach the problem from a range of angles, and benefit from particularly strong links with schools and education authorities.

- The **Financial Literacy Grants Program** provides project-specific grants to secondary schools, aiming "to help them develop creative and innovative financial literacy programs for students in Years 7 to 12". Established in 2004, the program gave 100 grants totalling \$350,000 during that year.¹⁹
 - as example projects, Orroroo Area School in South Australia "plans to develop a financial game based on Monopoly to teach Year 10-12 students about making sound financial decisions with a restricted income", while in the Northern Territory, Casuarina Senior College received a grant to "enhance Year 11 and 12 students' financial literacy through an intranet site that includes an e-forum, interactive financial planning tools and information on young people's finances."²⁰
- The Foundation is developing a **Financial Literacy Curriculum Resource**, aiming to help teachers integrate financial literacy into their lesson plans. Eight downloadable resources will be available as Word documents, comprising case studies, task groupings and activity sheets. The resource, which will be free and mapped to the curriculum of each state and territory, is being developed with the NSW Department of Education and training and a Steering and Advisory Committee of education representatives from across Australia.
- As a further measure to help integrate financial literacy into the curriculum, Commonwealth Bank commissioned a **Financial Literacy Assessment Tool** for year 9 and 10 pupils. The tool was developed by Educational Assessment Australia (part of the University of New South Wales).
- The bank runs three sets of workshops:
 - **MoneySense**: money-skills workshop for 16-25 year olds, in partnership with the Enterprise Network for Young Australians
 - **GirlSavvy**: money-skills workshop for 14-18 year old girls, run by the NSW Office for Women
 - **Banking Made Easy**: workshops to help older people use online banking
- In 2002 Commonwealth Bank launched **Dollars and Sense**, a website to help 14-17 year olds develop their financial and money management skills. Topics include saving, budgeting, borrowing, employment and running a business. The style is accessible and relevant to teenagers' lives, and interactive features promote learning by doing (eg. a tool that calculates how long it would take to save for a car at a given savings rate).

¹⁹See *Financial Literacy Grants Program case studies*

²⁰<http://about.commbank.com.au/foundation/feb2005.html>

COMMONWEALTH BANK Cont.**4. Thought leadership**

No evidence of research, event sponsorship, or other thought leadership on financial inclusion issues.

5. Staff engagement

September 2003 saw the launch of *Which new Bank*, a three-year strategic program to develop leading standards of customer service through engaged and motivated staff, and simpler operating procedures.

*“Initiatives already undertaken include customer-tailored staff training and the redevelopment of incentive, award and recognition programs. We are actively encouraging learning and innovation, striving to achieve a workplace environment for empowered people, who work within a framework of trust and teamwork, with a focus on business outcomes.”*²¹ The **Commonwealth Bank Staff Community Fund** raises money through fortnightly staff donations and one-off appeals, distributing \$500,000+ per year to charities in order to *“improve the health and welfare of Australian children”*. **Lending a Hand**, a project with Conservation Volunteers Australia, gives staff, their families and wider community members the chance to volunteer on a range of conservation projects.

HBOS**PROFILE**

Business: HBOS offers UK retail banking through the **Halifax** and **Bank of Scotland** branch networks. It was created in 2001 through a merger between the two companies. HBOS consists of three divisions: Retail Banking, Corporate Banking, and Insurance and Investment. More than 80% of pre-tax profits are generated in the UK, while there are international offices in mainland Europe, North America, Australia and East Asia. The Group is the UK’s largest mortgage and savings provider. Other key brands include **Birmingham Midshires**, **Clerical Medical** and **First Alternative**.

In Australia: Resulting from a major expansion into Australia during the 1990s, HBOS Australia consists of **Bank of Western Australia (BankWest)**, **St Andrews Insurance** and **Capital Finance**.

Operating income: £10,227m

Assets under management: £442,881m

Branches: 1,100 (UK)

Employees: 67,000

CSR profile

- In 2004 published *Our Commitment to the Way We Do Business*. The statement refers to offering transparent, value for money products, developing the skills of employees, actively managing relations with stakeholders, and promoting financial literacy and financial inclusion through the HBOS Foundation.
- The approach is supported by a set of 48 KPIs, measuring performance on the four dimensions of the bank’s CSR framework: marketplace, workplace, community and environment. These include measures of how the company is perceived externally, including the number of ‘best buy’ ratings by journalists, and survey data of consumer satisfaction.
- Head of Group Communications has responsibility for CSR, reporting to the Chief Executive.
- £36.3m community investment in 2004 (LBG figure).
- Listed on both FTSE4Good and DJSI.

²¹ *Commonwealth Bank Annual Report 2004, p.6 (link)*

HBOS Cont.

Financial literacy/inclusion overview

- An extensive program carried out through the HBOS Foundation, which was established in 2004 with a £50m endowment. HBOS meets all staff and administrative costs. The Foundation made total grants of £1.86m in 2003 in its two thematic areas:
 - Money advice and financial literacy (2003: 20% of funding)
 - Developing and improving local communities (2003: 80% of funding)
- There is no evidence of activity on financial literacy or financial inclusion on the part of **BankWest**.

1. Products and services

HBOS offers two Basic Bank Accounts, tailored to the needs of financially excluded groups, following the specification agreed between the UK government and financial services industry. The Community Banking team works with a range of charities, community groups and Community Development Finance Institutions (CDFIs) on a commercial basis.

Basic Bank Accounts offered are:

- The Halifax **Cardcash** account.
- The Bank of Scotland **Easycash** account.

HBOS reports that the total cost of offering these products amounts to £20m annually.

The **Community Banking** team is a specialised unit with experience in doing business in socially-deprived areas and with community groups and social enterprises.

2. Innovative programs

The Wester Hailes Community Banking Initiative is widely-recognised as a pioneering, cross-cutting initiative that has generated valuable knowledge of ‘what works’ in financial inclusion in poor parts of the UK.

A partnership between Bank of Scotland and Wester Hailes Representative Council, the initiative addresses “extreme levels of financial exclusion” in a poor area of west Edinburgh where residents made little use of financial services. It consists of help with opening Basic Bank Accounts, delivered together with financial literacy courses. Through the involvement of a local housing associations, savings and loans are offered, with the aim of taking market share from doorstep lenders. Established in 2001, it led to around 2000 bank accounts being opened out of a local population of 10,000.²²

Also, Halifax was selected as the sole provider of the Savings Gateway, an account currently being trialled by the Government as a means of encouraging savings among people on low incomes.

A first round of **Savings Gateway** pilots ran from Mar 2002 to Nov 2004. Around 1,500 accounts were opened at six locations. An evaluation by the Personal Finance Research Centre, Bristol University, found that few participants had been saving before taking part but two-thirds intended to keep on saving afterwards. A second round is scheduled to run between March 2005 and December 2006, with more accounts and greater geographic coverage.

“The pilot will test alternative match rates, different monthly contribution limits, the effect of an initial endowment and the support of a wider range of community financial education bodies.”²³

²² www.scotlandoffice.gov.uk/our-communications/speech.php?id=2

²³ Halifax press release www.hbosplc.com/media/pressreleases/articles/halifax/2005-03-16-02.asp

HBOS Cont.**3. Financial literacy**

The HBOS Foundation’s support for financial education programs focuses on funding organisations that deliver improved money management skills through innovative channels.

Two major NGO partnerships are:

National Children’s Homes Money Matters:

- £300,000 over three years grant from HBOS Foundation.
- “A volunteering partnership has also been created through an HBOS Foundation project in which the Retail Marketing team helps NCH create and market the relevant material.
- Employee volunteering adds extra leverage to the project, through specialist skills of the Retail Marketing team (see below).
- The initiative’s aims are “to promote financial awareness and provide money advice to support underprivileged children and vulnerable young people”.

Age Concern Income Maximisation Project:

- HBOS Foundation supports this project through a three-year £70,000 donation.
- Provides funding for Age Concern to develop training packs, specialist benefit calculation software, and 18 training courses for up to 1,000 staff.
- *“According to recent Government figures, over half of the 11 million pensioners in the country are spending their retirement on or below the poverty line because they are unaware of their entitlements, or how to claim, or have difficulty completing the relevant claim forms.”*

4. Thought leadership

As the UK bank selected to pilot the Government’s Savings Gateway program, HBOS is a partner in savings-policy development at a high level of UK government. Aside from this, there is no evidence of publications, research or event sponsorship on financial inclusion.

5. Staff engagement

Steps taken since the 2001 Halifax-Bank of Scotland merger have created a strong infrastructure for employee community involvement. Financial inclusion is not a prioritised area.

In 2005 the company launched a Volunteering Intranet to link employees to community organisations needing help.

A grants scheme gives contributions of up to £250 to organisations where staff volunteer, and the HBOS Foundation provides pound-for-pound match-funding of employee donations to charity. A volunteering policy provides one paid day off to volunteer annually.

Established in 2003, the **HBOS Awards** recognise and celebrate employees who make a contribution to the community or to great customer service. The awards categories include:

- Outstanding Individual Volunteer.
- Most Successful Volunteer Team.
- Best Individual Fundraiser.
- Most Successful Fundraising Team.
- Most Supportive Line Manager.
- Outstanding Example of Environmental Best Practice.
- Outstanding Commitment to Equality & Diversity.
- Outstanding Contribution to Customer Service in Retail.
- Outstanding Individual Contribution to the Community.

NATIONAL AUSTRALIA BANK

PROFILE

Business: National Australia Bank Group offers retail, corporate and institutional banking through its three regional businesses: Australia, New Zealand and Europe. In Australia and New Zealand the group provides retail and business banking through the National Australia Bank and Bank of New Zealand branch networks, as well as wealth management, corporate banking and transactional services. In the UK and Ireland it offers retail banking through **Clydesdale, Yorkshire Bank, Northern Bank and National Irish Bank**. Institutional Markets and Services is a global business line offering debt, risk management and investment services for corporate and institutional clients.

Operating income: \$13,034 (Sep 2004)

Assets under management: \$411,309m (Sep 04)

Branches: Australia: 787, United Kingdom & Ireland: 614, New Zealand: 178

Employees: 43,517

CSR profile

- **CSR Global Council**, consisting of nominees of senior executives, meets quarterly. **CSR Regional Councils** in Australia, Europe and New Zealand, report to the Global Council.
- Established in 1998, National Australia Bank has an **External Stakeholder Forum** consisting of representatives of community organisations. The Forum is chaired by CEO of World Vision Australia, and meets every quarter.
- \$1m was allocated for community initiatives across local National locations in 2005. NAB has made a \$1000 per branch donation to charitable causes, chosen by employees, since 2002. The funding is often reinforced by employee volunteering and fundraising.
- The Group issued its first Corporate Responsibility Report in 2004, independently verified by KPMG and the Reassurance Network. The report uses a framework of Key Performance Indicators based around the Global Reporting Initiative 2002 guidelines.
- Reputex Social Responsibility Rating: AA (Scored 'High' on Environmental Impact, Social Impact and Workplace Practices, and 'Satisfactory' Corporate Governance). Listed on both FTSE4Good and DJSI.

Financial literacy/inclusion overview

- The External Stakeholder Forum has taken a lead in developing accessible banking products and in National's support for microfinance.

1. Products and services

National Australia Bank offers a number of simplified and concessional accounts, and a reduced-fee scheme to ensure banking is accessible in remote and rural areas.

The **National Concession Card Account** charges no fees and offers up to \$40 free transactions per month. Holders of a Pensioner Concession Card, Commonwealth Health Care Card, Veteran Affairs Card or Commonwealth Seniors Health Card are eligible. Other reduced-fee accounts are the **Community Group Account, Community Group Management Account, National Tertiary Student Package, and Retirement Account**.

170 branches in rural and regional Australia are 'designated rural branches'. This designation has been used since 1997 at branches where there is no National ATM within 25km. Such branches charge reduced transaction fees.

In the UK, Clydesdale Bank operates three mobile bank vans, based on the islands of Mull, Skye and Shetland.

2. Innovative programs

National Australia Bank supports two microcredit schemes, working with non-profit organisations to bring better access to small loans for Australians on low incomes.

NATIONAL AUSTRALIA BANK *Cont.*

The company is currently piloting a new microcredit product **Step Up Loan**, with Good Shepherd Youth and Family Service. The service offers personal, unsecured loans for individuals and families on a low income at an interest rate of 6.9%, primarily for white goods such as washing machines and refrigerators. The loans help recipients build up a credit rating. Recipients are ‘mentored’ by a micro-credit workers, helping to build competence in using credit products. The scheme aims to take market share away from unregulated lending, and is being piloted at five locations. NAB provided a \$1m line of credit and \$250,000 seed money in 2003.

The bank also supports Good Shepherd Youth and Family Service’s scheme **No-Interest Loans (NILS)**. This provides loans of between \$500 - \$1000 along with mentoring by a micro-credit worker, and charges no interest or fees. Each loan is for the purchase of one item, and is repaid in 12-18 months. Good Shepherd co-ordinates the scheme, which is delivered by many independent organisations as nation-wide network. NAB provided \$40,000 funding in 2003.

“Support from the National has included:

- Organising and funding an annual conference for NILS® providers throughout Australia.
- Supporting the national administration service of the network.”²⁴

3. Financial literacy

Step Up Loans and No Interest Loans, supported by National Australia Bank, both involve a money-skills training component (see section 2). There is no evidence of other work on financial literacy or financial education.

4. Thought leadership/policy initiatives

No evidence of research or other thought leadership on financial inclusion issues. However reflecting its involvement in microfinance in Australia, NAB is sponsoring a major conference on the topic.

National Australia Bank is a Major Sponsor of the International Year of Microcredit Conference 2005, to be held in Melbourne on 29-30 August 2005.

5. Staff engagement

National Australia Bank supports its employees’ involvement in the community through a generous paid-leave policy and a volunteering grant scheme. There is no evidence of employee volunteering in areas related to financial literacy.

All employees are entitled to two-days paid volunteering leave per year. A Volunteer Co-ordinator manages relationships with non-profits which provide volunteering opportunities. The main partners are:

- Conservation Volunteers Australia.
- The Smith Family.
- Vision Australia.
- Good Shepherd Youth and Community Service.

Since the two-day policy was introduced in 2002, National Australia Bank reports that the number of volunteer days has doubled.²⁵

The **National Staff Volunteering Grant Program** provides monthly grants of \$4000 to non-profit organisations which staff have been involved with as part of the volunteering scheme.

The group’s investment subsidiary **MLC** runs an annual community day across its international operations. In Australia in 2003, 1500 employees took part in 186 community projects. The division also match-funds employee donations to charity.

²⁴National Australia Bank Corporate Responsibility Report 2004

²⁵CSR pamphlet ‘There are more sides to National than you think’
<http://www.national.com.au/vgnmedia/download/CSRbooklet.pdf>

RABOBANK

PROFILE

Business: The Rabobank Group comprises 288 independent member companies which provide retail financial services to personal and small business clients in the Netherlands, together with central organisation Rabobank Nederland which supports and advises the banks in providing local services. The group is owned by the 288 local Rabobanks and their 1.46 million members. Rabobank Nederland also acts as a wholesale bank, and as a holding company for subsidiaries, which include Rabobank International, a global investment banking arm, Robeco Group and Scretlen & Co, investment managers, and Obvion, a mortgage-provider. Internationally, Rabobank has a strong position in the food and agribusiness markets.

Operating income: €10,055m

Assets under management: €475, 089m

Branches: 1,299

Employees: 56, 324

CSR profile

- Since 1999 Rabobank has published an annual **Sustainability Report** since 1999. The 2004 report was independently verified by KPMG.
- Rabobank CSR department established in 1998. The bank also has an Ethics Committee and CSR coordinators in all local banks and operating companies.
- Aims for 2005: each department to include two CSR objectives in its 2006 annual plan; CSR criteria to be implemented in commercial practice.
- The **Rabobank Foundation** makes grants for projects benefiting vulnerable members of the community such as disabled and homeless people, and supports a projects in developing countries focusing on co-operative organisations and access to finance. During 2003 it celebrated its 30th anniversary year. The Foundation's income in 2004 was €8.6m, supplied through contributions by local Rabobanks which are then doubled by Rabobank Nederland

Financial literacy/inclusion overview:

- The **Rabobank Development Program** provides advisory services on a commercial basis to financial institutions that serve rural communities in developing countries.
- The **Rabobank Foundation** is a centre of excellence in development, finance and rural communities.

1. Products and services

Rabobank devotes considerable energy to ensuring accessibility of its products. Whereas most banks reviewed focus on low-income groups and those with low financial literacy, Rabobank's main focus is on the needs of elderly, visually impaired and handicapped people. Through a number of initiatives Rabobank can be considered best practice in this area. Also, the company carries out innovative international work on inclusive financial markets in developing countries.

Services provided by local Rabobanks include:

- **Rabobus:** a mobile banking bus that brings basic services to villages and small towns
- **Taxi service:** many local branches have a taxi service to take elderly people to and from the bank where necessary
- **Rabo Geld Expres.** For immobile clients and those who cannot get to a branch, this is "a new service that ensures cash is delivered to a client's home within 24 hours of the placement of an order."

Also, in 2004 Rabobank insurance subsidiary Interpolis introduced a special funeral insurance policy for physically and mentally disabled people. The move came at the request of ASVS Foundation, an organisation which carries out advocacy on behalf of the disabled.

Internationally, the **Rabobank Development Program** aims to improve the welfare of farmers and small and medium enterprises (SMEs) in developing countries by improving access to financial services. It was established in 2004, and operates on a commercial basis. Under the program, two Rabobank Group organisations **Rabo Financial Institutions Development** and **Rabo International**

RABOBANK Cont.

Advisory Services provide advisory services to financial institutions which have potential to provide a greater scale and quality of services. They also organise seminars in order to share knowledge and improve management practices. Recent projects include:

- Advisory work for a large Egyptian rural bank.
- Co-operation with the International Finance Corporation on restructuring two rural banks in China.

2. Innovative programs

The Rabobank Foundation is established as a centre of excellence in the area of rural finance, agriculture and development in less developed countries. The alignment of this community investment work with Rabobank's heritage as an agricultural co-operative bank contributes to a strong sense of corporate identity.

In its international projects, the Rabobank Foundation focuses on microfinance, with an emphasis on building up the capacity of microfinance lenders in developing countries. A second area of activity is agriculture, particularly focusing on commodities such as coffee and cotton and the role of co-operative organisations in driving up living standards.

Around 125 projects per year receive support, through a diversified approach involving cash contributions and technical assistance.

“Rabobank Foundation can support foreign projects in a variety of ways, for instance: donations can be provided for institutional development, loans for credit schemes, guarantees, and holdings in risk-bearing capital. Trade finance can also be provided, a prime example being the funding of Fair Trade products. In addition, the Foundation makes its expertise in the field of cooperative banking available in the form of on-site technical assistance. Whatever form it takes, the Foundation's assistance is aimed at helping the recipient organisation to develop into a sound financial institution.”²⁶

3. Financial literacy

Rabobank has a range of financial literacy projects in the Netherlands and USA.

In the Netherlands, Rabobank partners with SeniorWeb, a non-profit organisation which provides Internet courses for older people. The two organisations provide a joint **course on internet banking**. Local Rabobanks set aside an area of the branch to use as a classroom, and provide equipment and other resources for SeniorWeb classes. In addition to a Group-level partnership, there are hundreds of local partnerships between local Rabobanks and SeniorWeb units.²⁷

Rabobank also collaborates with www.steffie.nl, a website for mentally handicapped people. The company helped develop an interactive feature based around the cartoon character Steffie, that shows handicapped users how to make payments and withdraw cash.

In the USA, Rabobank America works with community organisations to promote financial literacy through a series of training modules. *“Financial Literacy Training is coordinated with existing agencies and community-based organisations. In order to qualify for the free services, the organisation must primarily serve low-to moderate-income individuals or the selected group must primarily be made up of low- or moderate-income individuals.”*²⁸ (Link). Modules include budgeting, saving, using checking accounts, and the costs and benefits of using a credit card.

Under the **Officer Volunteers for Financial Assistance** program, US employees offer financial-management advice to non-profit organisations.

4. Thought leadership

Rabobank has an active program of research and advocacy on a broad sustainability agenda. No evidence of research, event sponsorship, or other thought leadership directly engaging with financial inclusion issue.

²⁶<http://www.rabobank.com/content/rabobank/sustainability/foundation.jsp>

²⁷www.rabobank.com/content/rabobank/sustainability/productsandservices_3.jsp

²⁸www.rabobankamerica.com/comdev_Fliteracy.aspx

RABOBANK Cont.

As a membership-based organisation with a social mission, Rabobank commissions and publishes research on areas of broad social concern. Two reports published in 2004 are:

- ‘Energy: The importance of alternative sources’, a report urging the Dutch government to give greater emphasis to renewable sources in its energy policy.
- ‘Innovate in order to perform’, a report urging greater attention to social issues such as the integration of minorities, mobility and education in government innovation policy.

The Rabobank’s **Herman Wijffels Prize** for Innovation is an initiative to encourage new entrepreneurs to engage in sustainable and innovative operations. The jury assesses the entries not just on the basis of their commercial and entrepreneurial qualities, but also in terms of cooperative and socially responsible entrepreneurship.

5. Staff engagement

On volunteering and employee giving, Rabobank does not yet have a well-developed framework to support employees. However systems are under development and a range of smaller scale initiatives encourage active involvement in social issues, including financial inclusion in developing countries.

In 2004 Rabobank contributed funds and staff time to the development of an IT application for matching employee volunteers with demand for volunteering help. The application, ‘**Workmate, You’re Invited**’, is being developed by the Dutch voluntary work organisation NVO, and will be available to other large corporate employers.

Young Rabo (Jong Rabo) is a Rabobank organisation for employees under-36, providing a network for social interaction and career development. Each year an event on a CSR topic is organised, while for the past three years a Young Rabo member has been seconded to the World Business Council on Sustainable Development. There are around 100 active members

For older staff, there are a number of extra schemes such as leave for older employees and part-time retirement.

“As part of the ‘Working with gold’ project Rabobank employees over the age of 50 are given the opportunity to explore new working arrangements. Via a so-called social secondment they are allowed to develop and enrich their career. The secondment is an agreement between the company, the employee and a social initiative.”²⁹

The 2004 Sustainability Report states that employees at Interpolis are interested in volunteering their services to help set up micro insurance schemes in other countries. Arising from this interest, the **Micro Insurance Association Netherlands (MIAN)** was set up to aid groups of people in developing countries who wish to set up co-operative insurance societies.

ROYAL BANK OF SCOTLAND GROUP

PROFILE

Business: Two major UK retail banking brands: **Royal Bank of Scotland** and **Natwest**. These have 13.7m personal and 1.1m small business customers, served through a UK network of around 2,300 branches. Direct retail services include **Tesco Personal Finance**, **Lombard Direct**, **Direct Line** and **Churchill Insurance**. The Group has major Insurance, Wealth Management, Corporate Banking and Financial Markets division. Major foreign subsidiaries are **Ulster Banking Group** (Ireland and Northern Ireland) and **Citizens Financial Group** (north-east USA).

Operating income: £22,754m (‘income’, p. 143 of report. No mention of operating income)

Assets under management: £ 583,467m

Branches: NatWest: 1,640 UK branches, Royal Bank of Scotland: 650 UK branches

Employees: 136,600

²⁹Rabobank Annual Sustainability Report 2004

ROYAL BANK OF SCOTLAND GROUP *Cont.*

CSR profile

- Chief Executive is the Board member responsible for CSR.
- Operational responsibility sits in the **Directorate of Public Policy and Government Affairs**.
- Corporate Responsibility Department has four staff, headed by Joanna Davidson; cross-functional forum the Corporate Responsibility Group consists of 18 members.
- 83rd in BITC CR Index 2004. Listed on both FTSE4Good and DJSI.

Financial literacy/inclusion overview:

Royal Bank of Scotland Group's work in this area is headlined by its long-running flagship program, **Face2Face With Finance**. Originally a NatWest initiative, Face2Face is now being delivered across the group's retail banking operations, and leads the way in UK financial education through its presence in all UK secondary schools.

The company's range of financial education and financial inclusion programs are grouped under the internal brand **Money Matters**.

1. Products and services

Natwest and Royal Bank of Scotland each offer a Basic Bank Account, while at a Group level an innovative partnership helps remove the barriers that prevent some job-seekers from opening and using accounts. The Group's acclaimed Community Development Banking Team is at the forefront of connecting underserved markets to mainstream financial services in the UK.

The Group's two Basic Bank Accounts, following guidelines agreed between the UK banking industry and the Treasury, are:

- The NatWest Step Account.
- The Royal Bank of Scotland Key Account.

Also, a partnership with Working Links aims to ensure that job seekers in deprived areas are able to access Basic Bank Accounts. The initiative focuses on nine areas across the UK designated as Employment Action Zones by the Government because of high unemployment and social deprivation. Job-seekers can open bank accounts through a call-centre, with their employment advisor verifying their identity through an agreed protocol. Working Links, a public-private partnership that runs employment initiatives, reports that the partnership has helped open bank accounts for 60% of its clients in these areas.³⁰

A joint NatWest/Royal Bank of Scotland **Community Development Banking** unit provides finance to social enterprises and not-for-profit organisations. The team, led by Andrew Robinson MBE, aims to bring financial services to underserved markets on a commercial basis. Its support for Community Development Finance Institutions (CDFIs) is reinforced by staff secondments and technical help.

2. Innovative programs

As well as establishing a funding stream for non-profit sector financial inclusion work, Royal Bank of Scotland Group has taken steps to leverage this to greatest effect. The funding was introduced alongside other initiatives by the Government, and is tied in with the RBS-sponsored Financial Inclusion Forum initiative (see section 4), which aims to make sure that lessons are widely shared.

In 2003 the Group launched the **RBS Financial Inclusion Innovation Fund**. Administered by London-based charity Services Against Financial Exclusion, this provides a pool of £100,000 per year, accessible on a competitive basis by non-profit organisations which *"test out new approaches and activities which will extend knowledge of what works in helping people move towards financial inclusion; and in doing so build up a stock of transferable new ideas for use by other organisations across the UK"*.³¹ Experience of the projects supported will be shared among nation-wide financial inclusion practitioners through the RBS-supported Financial Inclusion Forum (see section 4).

³⁰Working Links Annual Report 2001

³¹Speech by Callum McCarthy, Chairman, Financial Services Authority (27 June 2005)

ROYAL BANK OF SCOTLAND GROUP *Cont.*

The Fund works alongside two similar funds:

- The Financial Capability Innovation Fund (£100,000), funded by the Financial Services Authority. Supports grass-roots projects that test new approaches to improving people's financial decision-making.
- The Pensions Education Fund (£3m), funded by the Department of Work and Pensions. Supports projects that aim to make people better informed in order to make decisions about pensions and retirement.

3. Financial literacy/money advice

Royal Bank of Scotland Group's work in this area is headlined by its long-running flagship program, **Face2Face With Finance**. Originally a NatWest initiative, Face2Face is now being delivered across the group's retail banking operations, and leads the way in UK financial education through its presence in a majority of UK secondary schools.

Face2Face with Finance, a major in-school financial education program for secondary students, has been running for 11 years. It is now present in over half the secondary schools in England and Wales, and 83,500 students participated during 2002/03. Subjects include budgeting, opening an account and tendering for a business contract.³²

The scheme is run by a national co-ordinator and 6 regional co-ordinators. 20 coaches train up 600 NatWest staff to be Face2Face With Finance partners, each giving up to 30 hours a year to building relationships with local schools and helping teachers deliver the modules. As a guarantee of quality and non-commercial content, the 10 modules have been kite-marked by Personal Finance Education Group.³³ *"Face 2 Face With Finance brings real benefits to young people in schools and is an opportunity for retail staff to develop their skills and competencies, while contributing something to their local community which is worthwhile and enjoyable."*

On money advice, the Group is the largest supporter of Money Advice Trust³⁴, committing £1.7m in a three-year funding program. Of this, part goes towards WiserAdviser, a training program for money advisers that aims ensure a single, high standard of advice among UK providers.

The Group also funds two telephone helplines dealing with personal and small business debt: National Debtline and Business Debtline.

4. Thought leadership

Royal Bank of Scotland Group funds the Financial Inclusion Forum (FIF), an initiative launched in 2004 to serve as a practitioner's forum for organisations working to combat financial exclusion in the UK. FIF is run by non-profit organisation Services Against Financial Exclusion (SAFE), and works to bring practitioners together to share best practice and build networks.

The Financial Inclusion Forum:

- Organises an annual national conference, bringing together the non-profit sector with banks, governments agencies and industry associations.
- Administers the RBS Financial Inclusion Fund.
- Publishes a quarterly newsletter.

5. Staff engagement

Royal Bank of Scotland Group has a well-developed infrastructure to support staff in their communities. Through the success of the Face2Face with Finance scheme, employees have a greater opportunity than at other UK banks to promote financial literacy, and many staff do so.

³²www.natwest2f.com/F2F/NatWest/default.htm

³³www.pfeg.org.uk.

An independent charity established in 2000 to promote personal finance education.

³⁴www.moneyadvicetrust.org.

An independent charity and provider of money advice in the UK

ROYAL BANK OF SCOTLAND GROUP *Cont.*

Support for community involvement includes:

- **Matched giving:** Royal Bank of Scotland Group double-matches staff donations to charity. £2 is contributed for every £1 given, up to a maximum company contribution of £200 per employee per month.
- **Community Cashback Awards:** staff who act as sports coaches or school governors or who volunteer in other ways may apply for a grant of between £100 – 1000 for their organisation. In 2004 around 5,500 awards were made, totally £1.9m.
- Over 4,000 staff volunteer on the **Face2Face with Finance** program, helping teachers deliver financial education sessions in schools.
- The **Chairman's Awards for Community Excellence**, launched in 2004, recognise and celebrate the contribution made by employees in their own time. Nominations are made by staff.

STANDARD BANK

PROFILE

Business: Standard Bank Group is one of the big four full-service South African banks, the others being Absa, FNB and Nedcor. The group operates in a range of banking and related financial services. Main concentration in South Africa, retail operations in 16 other African countries.

Operating income: R25,451m

Assets under management: R615bn (\$109bn), end of 2004

Branches: 975 in South Africa, 234 in the rest of Africa

Employees: 29,105 (21,930 in South Africa)

CSR profile

- **Standard Bank** made a community investment contribution of R31m in 2004, mainly to educational causes. The company has a full-time charter co-ordinator to implement FSC (Financial Sector Charter) and BEE (Black Economic Empowerment) objectives. As part of BEE, a 10% stake in the bank's South African operations was sold to a broad-based BEE grouping.
- A financial literacy program has been developed involving educational materials for schoolchildren, and the company has ambitious plans to scale it up further.

Financial literacy/inclusion overview

Standard Bank offers an Mzansi basic bank account following industry-wide guidelines that aim to broaden access to financial services. It has an active network of Tactical Service Centres: small, fully-staffed banking outlets in low-income communities. The company targets low income customers as part of its strategy for growth.

1. Products and services

The **Mzansi account**, launched in October 2004, is a new low-cost bank account that aims to extend banking to low-income earners and those beyond the reach of banking services. The account follows a specification defined by the banking industry and government in 2004: five South African banks offer an Mzansi account. The objective is to provide 80% of South Africans in the lower-income groups access to affordable, electronic banking services.

By the end of 2004, Standard's **Mzansi BlueAccount** had attracted 90 000 new customers. The industry-wide total was more than 320,000. Standard Bank aims to open at least 310 000 Mzansi BlueAccounts in 2005, while monitoring existing Mzansi BlueAccounts to ensure that customers whose needs have become too sophisticated for the account move to full service current accounts.

A separate program, the **Society Scheme** enables groups of people in a community to join together in a savings initiative. The balance of the savings and investment accounts held under our society scheme increased in value, year-on-year, by 18% from R623m to R734m in 2004.

STANDARD BANK Cont.

The Standard Bank **FuneralPlan** provides funds to enable customers to pay for funeral expenses in the event of the death of a principal or nominated family member. More than 778,000 policies have been sold since the inception of FuneralPlan in 2000, with the number of policies increasing by another 24% during 2004. FuneralPlan beneficiaries, combined, are insured to the value of R7.2 billion.

With the increase in Aids-related deaths of family breadwinners, the FuneralPlan has enabled families to bear some of the financial burden associated with the death of a relative. The bank paid a total amount of R255.4 million during the year to about 27,000 beneficiaries.

2. Innovative programs

Besides participating in the industry-wide initiative, Standard Bank's strategy is to provide an innovative, new distribution channel in the form of Tactical Service Centres to communities that have limited access to existing branch networks. At the end of 2004, 26 tactical points of representation were developed, 19 of which were "bank in a box sites" and seven bricks and mortar. Each site consists of two sales desks and a Standard Bank AutoBank ATM.

These facilities offer a wide range of products from **Mzansi BlueAccount** to various branded Standard Bank products, most notably EPlan, FuneralPlan, ELoan, credit cards, current accounts, MasterCard Electronic, home loans and investments.

Through a joint venture with African Bank Investments Limited (ABIL), the bank provides **microloans** to its EPlan customers through their EPlan accounts. In 2004, joint-venture loans totalled R568m, a 49% increase on the R380 million recorded at the end of 2003.

The bank's microlending business with ABIL has become a significant growth area in line with the growing demand for low value loans from people who were mostly excluded from receiving microloans in the past. Most of the loans (about 90% of the total number) are granted to qualifying individuals from households earning a gross monthly income of less than R7 500. The average value of a loan granted during the year was R3,500 with the average loan term being 17 months.

The bank also has a 45% equity stake in **Edu-Loan**, an education finance company based in Johannesburg that helps students gain access to affordable and effective financial assistance for education purposes. Edu-Loan granted 56,654 loans (2003: 50,112) totalling R200m during 2004 (2003: R165 million).

3. Financial literacy

In 1999, Standard Bank piloted its financial literacy project by developing and distributing learning material to more than 50,000 Gauteng grade-seven learners.

The workbooks, posters and training videos offered advice on economics, personal finance, savings and investments, banking products and services, and business finance. Due to its success, the program was extended to other provinces and now also includes learning material for grade-eight and grade-nine learners.

To date, the bank has committed more than R10.5m per annum to developing and providing resources to nearly one million learners in about 10,000 schools across South Africa. The bank intends to reach every South African school by 2009 through the formation of a public-private partnership.

4. Thought leadership

No evidence of research, event sponsorship, or other thought leadership on financial inclusion issues.

5. Staff engagement

Details of the bank's community projects are available on its website, but there is little evidence of staff engagement. There is no mention of a volunteer program or charitable foundation, yet the bank does highlight that last year 400 employees were appointed throughout South Africa to promote an enhanced awareness of HIV and Aids in the bank and the communities in which they operate.

WESTPAC

PROFILE

Business: Westpac provides financial services to retail, commercial and institutional clients in Australia, New Zealand and the Pacific, and provides investment management and insurance.

Other key brands: Challenge Bank (Western Australia)

Operating income: \$8,010m ('net operating income')

Assets under management: \$245,079m

Branches: 816

Employees: 21,677

CSR profile

- Westpac is widely seen as an international leader on corporate responsibility and sustainability. One of the bank's four Key Objectives as set out in the 2004 Annual Report is '*leadership in corporate responsibility*'. Accordingly, Westpac has invested heavily in processes and staff time to manage its impacts on stakeholders in a holistic way. An annual Stakeholder Impact Report has been issued since 2001, using the Global Reporting Initiative framework to identify material issues. Westpac has been rated the highest performing bank on corporate responsibility globally for three years running, in the Dow Jones Sustainability Index, and came first in the 2004 Australian Corporate Responsibility Index.
- CSR overseen by the Board-level **Board Corporate Responsibility & Sustainability Committee**. A **Community Consultative Committee** was established in March 2004, to "*foster productive two-way communication and action between and among Westpac and its stakeholders on societal issues of mutual importance and relevance*". In 2003, total community contribution was \$36.6m.
- 1st in BiTC CR Index 2004. Reputex Social Responsibility Rating: AAA ('Outstanding' Corporate Governance and Social Impact, 'High' on Environmental Impact, and 'Satisfactory' Workplace Practices). Listed on both FTSE4Good and DJSI.

Financial literacy/inclusion overview

Westpac runs a range of financial inclusion and financial literacy programs, including workshops and support for organisations offering accessible credit. The bank's flagship initiatives in this area are its partnerships with aboriginal communities, and with academics and government agencies concerned with aboriginal welfare. Two major pilot projects exploring the links between Aboriginal communities and financial services. A **Financial Inclusion Working Group** champions the agenda within the company.

1. Products and services

In addition to its accounts for students and young people, Westpac offers two concessionary accounts designed for low-income users³⁵:

- **Basic Banking Account:** offers a monthly quota of free withdrawals, no monthly service fee and unlimited free deposits. No chequebook or periodical payments facilities. Customers must have a Pensioner's Concession Card or Health Care Card.
- **Deeming Statement Account:** eight free withdrawals a month, unlimited free deposits, no monthly service fee, and an interest rate based on the Government's Deeming rate. Customers must have a Pensioner's Concession Card or Health Care Card, or be over 55 and retired.

Customers who receive a disability pension are charged a concessionary rate of \$0.65 rather than \$2.50 on excess staff assisted withdrawals. Westpac's **Classic Accounts** range for students and young people have no monthly service fee.

The company's 2004 Social Impact Report describes steps being taken to make the account opening process better-adapted for indigenous people. It states that the bank is developing a 'process map' to assist staff in helping indigenous community members to open bank accounts. "*This is supported by a pictorial representation of the functioning of bank accounts for individuals with limited English ability. We believe this will help bridge the communication gap and build financial literacy in local Indigenous communities.*"

³⁵ It should be noted that Westpac has upgraded these accounts between the time that the research was conducted and its publication, but falling outside of the June 2005 cut off date the amendments have not been included in these tables.

WESTPAC Cont.

Since 1998 Westpac has maintained a presence in rural and regional Australia through its network of 182 in-stores. In that year the bank announced it would not withdraw face-to-face banking services from any more small towns, moving instead to set up banking facilities in other premises such as general stores and newsagents. The facilities are run as a partnership jointly owned, operated and staffed with a local business – the model is seen as a way to maintain a long-term, commercially-viable presence in rural/regional Australia.

2. Innovative programs

Westpac works with several organisations that are extending the availability of credit to excluded groups. Involvement consists of support for individual initiatives, with no evidence of an overall strategic engagement with the issue. The bank has limited involvement in promoting savings and asset-building.

The bank also supports the Tasmania **No Interest Loans (NILS)** network, which provides microcredit loans for purchase of white goods. Westpac supports the network - which had a lending capacity of about 30 loans per month as of January 2004³⁶ – by providing a member of staff to assist on the loans committee and through relief from bank charges.

On savings, one objective of the Cape York **Family Income Management Scheme** (see next page) is to help aboriginal customers build a savings habit. Participants have successfully bought white goods, cars and boats through the help offered. Also, the Westpac **One Account** allows holders to set a savings goal with statements featuring a graph showing progress towards that goal.

The **Traditional Credit Union** is an organisation providing personal and small business credit to Indigenous people, mainly in remote areas. TCU also provides ‘clan accounts’ and ‘Christmas club accounts’. Westpac supported TCU through its staff providing advice on developing a strategy to scale up TCU’s operations, particularly through marketing and training.

3. Financial literacy/money advice

Westpac is developing a strong grouping of financial literacy programs. The bank has fully involved its staff in developing its financial literacy workshops, and has made notable efforts to reach out to sections of the community such as women, farmers affected by drought, and Aboriginal communities. At present, the programs are limited in scale, although there is scope to expand towards national coverage.

Financial First Steps is a program of financial literacy workshops for 18-24 year olds. First developed for Westpac staff, it has since been adapted for other groups including schools and customers. Over 460 staff are trained as facilitators to deliver the course to external audiences. Between Sept 03 – Sept 04, 40 workshops were delivered to over 1,200 participants. According to the Westpac Social Impact Report 2004, an electronic version is under development for distribution online and by CD, and an Indigenous version is being developed, using appropriate case studies.

A second program, the **Financial Awareness Workshop**, has been developed by staff at Westpac’s Collections team. Targeted at secondary school pupils and consisting of a presentation, role playing games and other activities, the workshop “*provides students with tools to apply critical thinking to their own financial decisions*”³⁷ First introduced in August 2004, Westpac aims to deliver 20 or more workshops during 2005.

Westpac’s flagship Aboriginal assistance project uses financial literacy to leverage a range of improvements for Aboriginal communities. The bank is one of a number of corporate partners working with Cape York Aboriginal organisations on the **Indigenous Enterprise Partnerships** scheme. Overall aims are

- To create a private sector economy in the area.
- To break down welfare dependency by empowering individuals and families.
- To build the skills of a next generation of Aboriginal leaders.

³⁶ NILS Newsletter #4, Jan 2004
www.goodshepherd.com.au/gsyfs/work/documents/NewsletterNo4.pdf

³⁷ Westpac Stakeholder Report 2004

³⁸ Presentation by Graham Paterson, Westpac Head of Regional Community Partnerships
www.accpa.com.au/resources/Paterson_Westpac.pdf

WESTPAC Cont.

Westpac committed to providing 150 members of staff to the **Family Income Management Scheme** at Cape York, which helps families make planned and prioritised use of their money and reduce spending on gambling and alcohol. By September 2004, 142 Westpac staff had carried out a one-month placement. The bank funded a full-time Project Manager, and provided a number of longer-term placements and Fellowships to the scheme. An evaluation is being carried out, with no details available at present.

For small businesses, Westpac runs a series of two-day financial management seminars covering skills such as cash flow management. **Beyond Survival** (in New Zealand: **Business Success**) was developed with advice and evaluation from US-based specialists Business Resource Services. An 18-month study found that 2,000 course attendees ran significantly more profitable businesses than the small business sector as a whole. Specially adapted sessions are run for female entrepreneurs, entrepreneurs affected by drought, and non-profit organisations.

4. Thought leadership/policy initiatives

On Indigenous people and financial services, Westpac's collaboration in two major projects has been a significant contribution to policy development. The bank has worked closely with government, academics and Aboriginal organisations, building strong relationships with each group. The bank has not taken up a thought leadership role on the wider financial inclusion agenda.

The bank has played a key role in projects with aboriginal communities at Alice Springs and at Cape York. The programs have added to existing knowledge of 'what works' in connecting Aboriginal communities to mainstream financial services.

At the Alice Springs town camps, Westpac collaborated on a pilot project helping Indigenous people move from cheque-cashing to electronic banking. The pilot integrated financial literacy training into the provision of banking services through a Westpac outlet run by Tangentyere Council, serving 2,000 people in Alice Springs town camps. The program:

- Developed lessons in best practice on financial literacy training for Aboriginal communities.
- Trialled the use of weekly rather than fortnightly social security payments, and ATMs dispensing \$5 rather than higher denomination notes.
- Is "often cited as a 'best practice' model of financial service provision and financial literacy training" according to the Centre for Aboriginal Economic Policy Research, Australian National University.

5. Staff engagement

Westpac has a well-developed infrastructure for staff involvement in the community. Volunteering and charitable giving is well supported, and since 2003 staff give an increasing number of seminars on financial literacy and money skills. Notably, the two main financial literacy programs developed from staff-led initiatives; while large numbers of employees have participated in the Cape York financial inclusion initiative.

A presentation by Westpac's Head of Regional Community Partnerships features quotes from secondees at the Cape York scheme.

"The experience in Cape York has really changed my outlook in life and has increased my empathy for people less fortunate than us," Business Banking Manager.

"I was genuinely moved by this experience and can honestly say that it will stay with me forever," Senior Manager, Business Marketing.³⁸

The scheme is reported as highly effective for the personal and professional development of the staff taking part.

PRINCIPAL SOURCES CONSULTED

ANZ

ANZ, Financial Literacy 2005: earning community trust

ANZ sponsored research available from:

<http://www.anz.com.au/aus/aboutanz/Community/Programs/FinLitResearch.asp>

ANZ Survey of Adult Financial Literacy in Australia, prepared by Roy Morgan Research, May 2003

Community Development Finance in Australia: a discussion paper, May 2004

Making a difference to financial literacy: a review of ANZ's financial literacy program, Gary Potts, July 2004

Community Development Finance: ANZ response to consultation, November 2004

Saver Plus: A review of the pilot program partnerships, David Birch, Corporate Citizenship Research Unit, Deakin University, June 2004

Saver Plus progress & perspectives, Russel R. et al, RMIT University August 2004

Saver Plus progress & perspectives, Russel R. et al, RMIT University February 2005

DRAFT Evaluation of MoneyMinded: an Adult Financial Literacy Education Program, Russel R. et al, RMIT University, May 2005

Our Performance 2004: Making a sustainable contribution to society

<http://www.anz.com.au/Documents/Au/Aboutanz/performance.pdf>

Bank of America

Bank of America Annual Report 2004

www.bankofamerica.com/annualreport/2004/

Bank of America Community Impact Report 2004

www.bankofamerica.com/community/pdf/commitment_103103.pdf

Bank of America: Facts about the Corporation

www.bankofamerica.com/facts/index.cfm?Menu_Sel=facts

America/Banks Factsheet

www.bankofamerica.com/community/pdf/americanbanksfactsheet.pdf

Bank of America Foundation

www.bankofamerica.com/foundation/

Barclays

Barclays Corporate Responsibility Report 2004

www.barclays.co.uk/corporateresponsibility/about/index.htm

Barclays Annual Report 2004

www.investorrelations.barclays.co.uk/BRC1/jsp/brcccontrol?task=articlegroup&value=946&target=_self&site=inv

Change initiative website www.changefinance.org.uk

PFEG Excellence & Access initiative: evaluation report by Brunel University

www.pfeg.org/Documents/EandA/Report/EA%20Evaluation%20Report.pdf

An Introduction to PEARLS in Britain, ABCUL Credit Unions and Barclays, 2005

BMO Financial Group

BMO Financial Group Annual Report 2004

www2.bmo.com/content/0,1263,divId-3_langId-1_navCode-3198,00.html

BMO In the Community website

www2.bmo.com/content/0,1263,divId-7_langId-1_navCode-3561,00.html

BMO Financial Group 2004 Corporate Social Responsibility Report and Public Accountability Statement www2.bmo.com/content/0,1263,divId-7_langId-1_navCode-3680,00.html

Citigroup

Citigroup Annual Report 2004

www.citigroup.com/citigroup/corporategovernance/ar.htm

Citigroup Corporate Citizenship Report 2004

www.citigroup.com/citigroup/citizen/community/annualreport.htm

Citigroup Foundation Annual Report 2004

www.citigroup.com/citigroup/corporate/foundation/annual.htm

Citigroup Microfinance Report

www.citigroup.com/citigroup/citizen/microfinance/data/microfinance.pdf

ACORN Housing Corporation press release, “Citigroup and ACORN Sign Groundbreaking Agreement to Expand Homeownership in Communities Around the Country” (20 September 2004)

www.acorn.org/index.php?id=2082&L=1

Commonwealth Bank

Commonwealth Bank Annual Report 2004

www.commbank.com.au/shareholder/2004annualreport/

Commonwealth Bank: Financial Literacy Grants

www.commbank.com.au/financialliteracygrants/

Centre of Policy Studies, Monash University, “Improving financial literacy in Australia: benefits for the individual and the nation” (2004)

http://about.commbank.com.au/group_display/0,1922,CH3039%5F5F512243,00.html

Dollars and Sense website www.dollarsandsense.com.au/

HBOS

HBOS Corporate Responsibility Report 2004

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ABOUT THIS WORK AND THE CORPORATE CITIZENSHIP COMPANY

The *financial literacy and inclusion global benchmarking report* was commissioned by ANZ in May 2005. The work was undertaken by The Corporate Citizenship Company between then and August 2005. In addition to the global benchmarking report, this particular component of the work involved a number of interviews with internal and external stakeholders, highlighted in the introduction to this report.

The Corporate Citizenship Company is one of the longest established and most experienced firms specialising in corporate responsibility consulting. We are led by directors and senior staff who have extensive in-house experience with major international companies, the non-profit sector and government. Our company has a core team of 16 based in London and New York, supported by an international network of associates who work on a project basis. We help companies to trade sustainably by managing economic, social and environmental risks and exploiting opportunities to grow responsibly. We help them to improve the management, measurement and reporting of their corporate responsibility. Our clients include Diageo, Cadbury Schweppes, HSBC, World Bank/IFC, Unilever and Vodafone.

More information about us is available at www.corporate-citizenship.com



