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Responsibility for the preparation of this research summary rests with the authors of the MCEETYA report *Education, Training and Indigenous Futures: CAEPR Policy Research 1990-2007* and not the original author(s) of the summarised material.

Title of Research:
Banking on Indigenous communities: Issues, options and Australian and international best practice

Research Publication:
CAEPR Working Paper No. 18/2002

Name of Researcher(s):
S. McDonnell and N. Westbury

Time period:
This background paper and status report was prepared for the Reconciliation Australia Banking Workshop in May 2002.

Geographic location:
Rural and remote Australia

Methodology:
This paper draws on existing Australian and international practices involved with the delivery of banking and financial services for Indigenous communities. As such it is a review of existing documentation.

Aims:
This paper aims to examine the role of banking and financial services as a means of facilitating economic development and, based on Australian initiatives in relation to Indigenous banking and financial services as well as international experiences,
• identify the potential options for improved delivery banking and financial services for Indigenous communities.

Selected findings and insights:
This background paper provides a detailed account of the many issues involved in the use by remote Indigenous communities of banking and financial services. Examples of Australian and international projects and strategies are presented. As an indication of the range of issues canvassed, several are included below:
• the need to establish an extensive cross-cultural financial literacy program to accompany the increased payment of welfare through electronic banking, and that some form of face-to-face banking will be required in the medium-term;
• development of voluntary deduction services from welfare payments to pay for basic services on a regular basis as well as strategies to promote savings, especially for those on low income;
• locational disadvantage as a factor impeding access to banking and financial services, with consequent reliance upon informal banking arrangements. Some 16% of Australia's Indigenous population, or 56,300 people, lived more than 80 kilometres from a bank, with over half of these located in the Northern Territory – and the number of Indigenous Australians living in remote areas is expected to continue to increase;
the demand for culturally informed services and financial literacy training in remote communities could be assisted through partnership arrangements between existing community-based organisations and major financial institutions, and also between community-based Indigenous financial institutions and major financial institutions particularly in regard to on-lending so that community-based financial institutions have increased access to capital for delivering financial services to communities.

Educational implications:

The important educational implication from this and other related CAEPR studies is that the development of financial literacy programs must take account of cross-cultural issues and the existing low levels of literacy and numeracy skills within the Indigenous adult population. This latter point suggests that any strategy will need to be sustained over the intermediate or long term rather than the delivery of short financial literacy courses with little or no follow-up. Furthermore as the study indicates partnerships between the banking sector, the Indigenous community (and relevant organisations) and training providers will be required not only as the study indicates as a means of providing access to finances but also as a means of effectively developing cross-cultural financial literacy courses. [financial literacy]

In terms of delivery mechanisms, these could be through mobile training services or through the expansion of existing training or educational services under the notion of a community learning centre, which would more likely result in capacity building for the overall community. Placing financial literacy training within a community learning centre concept would publicly acknowledge the importance of financial literacy in assisting overcome economic and social disadvantage. [facilities] [service delivery]

Relevance:

Domain 5: Pathways to training, employment and higher education

Adult return to education and/or training

Related papers:
