

15 September 2017

Commissioner Peter Harris AO  
Chairman  
Productivity Commission

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### **Inquiry into Competition in the Australian Financial System**

The Federation of Ethnic Communities' Councils of Australia (FECCA) is the peak body representing Australia's culturally and linguistically diverse (CALD) communities and their organisations, and promoting issues on behalf of its constituency to government and the broader community. FECCA strives to ensure that the needs and aspirations of various cohorts of Australia's CALD population are heard by policy and decision makers, as well as the broader public.

FECCA thanks the Productivity Commission for the opportunity to contribute to this inquiry.

#### **Recommendations:**

- **FECCA recommends** that priority be given to ensuring that Australia's financial systems be accessible to all Australians including those from CALD backgrounds.
- **FECCA recommends** that priority be given to ensuring that vulnerable Australians are safe from financial or economic exploitation.
- **FECCA recommends** adopting measures to ensure that financial and banking professionals working with older people from CALD backgrounds are equipped with the appropriate training (including the use of interpreters) to provide service to elderly CALD customers. They should also be trained to identify signs of financial abuse of elders and respond appropriately.
- **FECCA recommends** the use of ethno-specific and community channels in improving the understanding of Australia's financial system by Australians from CALD backgrounds.
- **FECCA recommends** that consumers of financial products and services have appropriate access to information in their preferred language and where necessary are provided the support of accredited interpreters and bilingual workers.
- **FECCA recommends** CALD-friendly feedback and complaints mechanisms are inbuilt into Australia's financial systems.

**Key message:**

ABS census data indicates that<sup>1</sup>:

- More than a quarter of Australia's population were born overseas. Of the overseas-born population, nearly one in five (18%) had arrived since the start of 2012
- Nearly half (49%) of all Australians were either born overseas or had at least one parent who was born overseas
- There are over 300 separately identified languages spoken at home in Australia. More than one-fifth (21%) of Australians speak a language other than English at home. After English, Chinese (Mandarin and Cantonese) is the most commonly spoken language at home followed by Arabic.

It is therefore critical that financial systems are designed and maintained in a way that works for the public in its entirety – including the significant proportion of Australia's population from culturally and linguistically diverse (CALD) backgrounds.

**Access to financial products**

For many Australians of CALD background, particularly recently arrived migrants, access to financial products such as bank cards, credit cards, home loans and investment loans, present enormous obstacles to their creation of long-term and sustainable lives in Australia with their families.

Research demonstrates that the most entrepreneurial of migrant cohorts are those who face the biggest obstacles – refugees. Many refugees turn to investment and entrepreneurialism as a way of overcoming discrimination in employment, a lack of recognition of overseas qualifications or experience, and lack of English language proficiency. Vulnerable communities need assistance and protection when interacting with financial systems to ensure there is no room for exploitation or loss of rights. However, increased red tape also directly disadvantages CALD communities by making access to financial systems and products harder and creating barriers to participation in the financial system.

Many recent migrants find it extremely difficult to provide the required documentation and financial history necessary to access investment banking, business banking or even personal banking. This difficulty allows informal and unregulated methods of banking and finance to flourish. In some communities the only way individuals or family members can access a home loan is to form 'savings clubs' with friends and families whereby individuals pool their resources on a monthly basis so as to increase the collective savings potential. Operating entirely outside the formal financial structure these processes increase the financial risks faced by already vulnerable migrants. Similarly, many migrants and refugees find themselves only able to locate insecure and low waged employment which drives them to payday loans and credit cards to 'make ends meet' on a day to day basis but which exposes them to financial risk and economic insecurity.

FECCA would urge the Productivity Commission to ensure that Australia's financial systems are accessible to all Australians so that vulnerable Australians are protected from financial or economic exploitation.

Older Australians from CALD backgrounds are particularly vulnerable when interacting with financial systems. They are also particularly vulnerable to abuse – elder abuse. FECCA recommends adopting measures to ensure that financial and banking professionals working with older people from CALD backgrounds are equipped with the appropriate training (including the use of interpreters) to provide service to elderly CALD customers. They should also be trained to identify signs of financial abuse of elders and respond appropriately.

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<sup>1</sup><http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Cultural%20Diversity%20Article~20>

### **Access to information in language**

Many people from CALD backgrounds may not access information and services online especially if the material is not provided in their preferred language. Thus, information about financial products, legal implications, complaints or dispute resolution mechanisms must be provided through a number of channels including ethnic media (radio and newspapers), through community and religious leaders and organisations, ethno-specific and mainstream seniors clubs, general practitioners and at cultural events. FECCA recommends the use of these channels in improving Australia's financial system particularly for Australians from CALD backgrounds.

It is essential that financial service providers have guidelines on how to ensure that people from CALD backgrounds clearly understand the terms, conditions, contents and implications of financial products and any related agreements that they sign. The use of qualified interpreters and professional bilingual or bicultural workers are crucial to this process. Relevant printed or online material should be provided in the person's preferred language and in clear and comprehensible English. Family members or friends should never be used in place of a qualified interpreter when financial products are being sold and financial risk or exposure is being explained.

### **A CALD-friendly feedback mechanism**

Feedback and complaints mechanisms are the most effective way for organisations and agencies to receive input regarding the performance of a service and its capacity to support groups with particular needs. They are a key conduit for information on service failings which require remedy. This is particularly relevant for CALD consumers, who are extremely diverse and have different challenges and aspirations with regards to financial services. CALD consumers may have particular needs because of language challenges, culturally inappropriate services, gender preference for service providers, or other specialist needs. Complaint and feedback mechanisms are especially important because they reflect gaps where the needs of CALD Australians are not being met.

As part of a wholistic and responsive financial system, consumers should be provided with avenues through which to complain or give feedback. A number of criteria should be considered in the design of an effective complaints mechanism to ensure broad access by Australia's culturally and linguistically diverse consumers of financial services:

1. Easy to access structurally and culturally
2. Plain English
3. Low cost
4. Clear procedures and rules
5. Confidential (guarantees the safety of the complainant and data)
6. Responsive
7. Guarantees that complaints become inputs for improving public service delivery
8. Understands cohorts of communities most impacted by service failures (collects data)

Another key element of any effective feedback and complaints mechanisms is the engagement of well-trained, well-resourced staff with strong communications skills, empathy, capacity to assess problems in an objective manner, ability to undertake mediation and facilitation, capacity to overcome tension and pressure, ability to use polite ways to reduce the anger of complainants, and empowered to resolve complaints.

These core criteria form the basis for an effective organisational complaints and feedback mechanism. However, to ensure that CALD consumers have equity in treatment and access,

additional considerations should be made in the design of the public interface and processes of such mechanisms. FECCA has developed a comprehensive report on access and equity for CALD customers in interactions with complaints and feedback mechanisms and would be pleased to share this with the Productivity Commission.

FECCA would be glad to contribute in more detail on matters relating to culturally and linguistically diverse communities as part of a discussion of financial systems. For further information please contact FECCA Director Dr Emma Campbell or Senior Policy and Project Officer Dr Alia Imtoul