

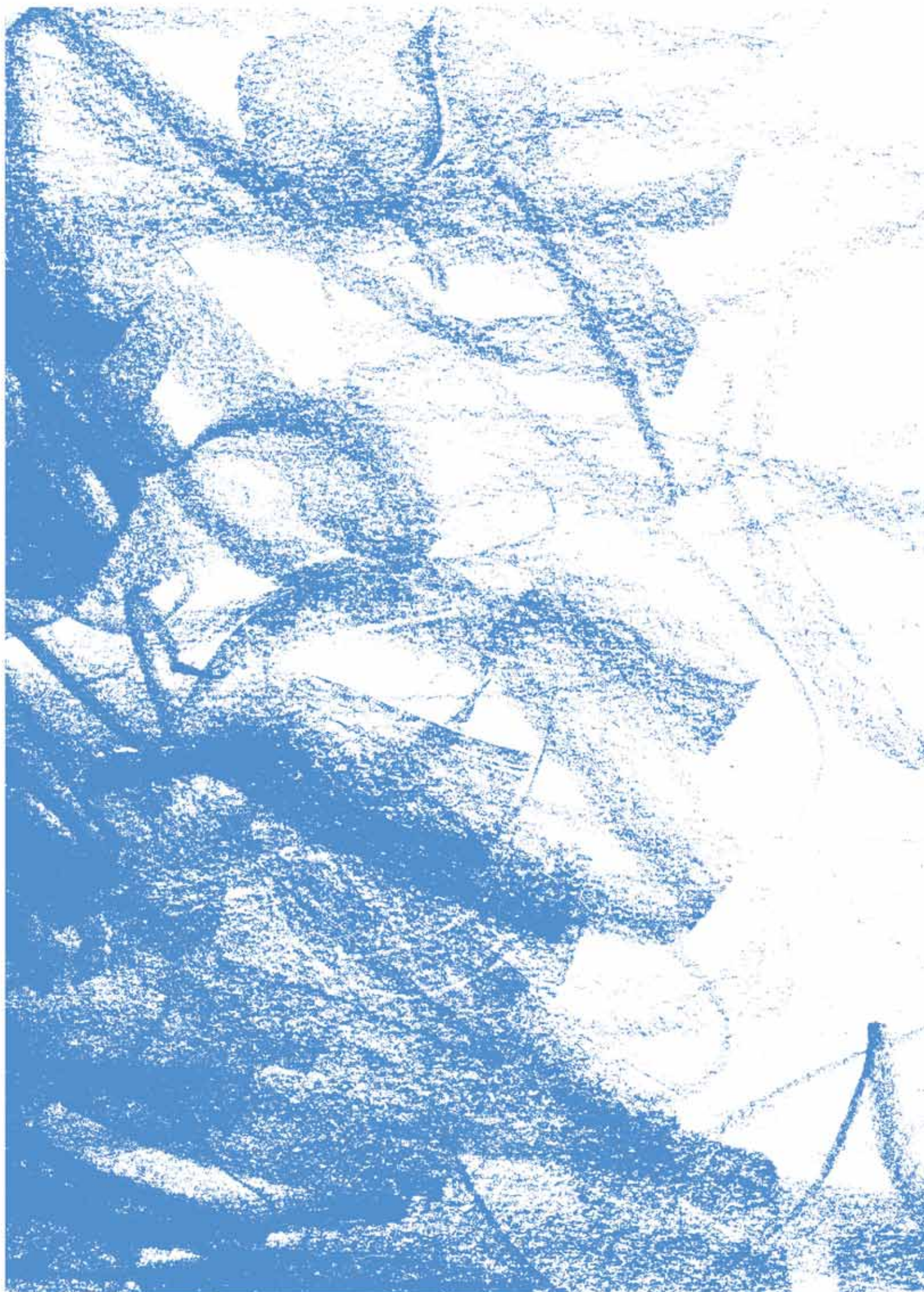


# Measuring Financial Exclusion In Australia

---

The Centre for Social Impact  
for National Australia Bank

**MAY 2012**



# Contents

---

<b>Foreword from NAB</b> .....	<b>2</b>
<b>Acknowledgments</b> .....	<b>4</b>
<b>Executive summary</b> .....	<b>6</b>
<b>Introduction</b> .....	<b>10</b>
<b>The extent of financial exclusion in Australia</b> .....	<b>12</b>
<b>Cost exclusion</b> .....	<b>18</b>
<b>The causes and impact of financial exclusion</b> .....	<b>22</b>
<b>Indigenous consumers</b> .....	<b>26</b>
<b>The use of credit</b> .....	<b>30</b>
<b>Mapping financial exclusion</b> .....	<b>32</b>
<b>Further research</b> .....	<b>40</b>
Appendix 1 – Bibliography .....	42
Appendix 2 – Methodology .....	43
Appendix 3 – Full regional analysis .....	45

# Foreword from NAB

**As the CEO of one of the largest banks in Australia, it is my responsibility to ensure that the bank is run soundly and sustainably - so that businesses can borrow money to invest in their future; the next generation can buy their first home; and for credit to be readily accessible for those who need it.**

In Australia we are lucky enough to be experiencing our highest terms-of-trade in over 100 years, historically low unemployment and low interest rates. We were fortunate enough to avoid falling into a recession during the Global Financial Crisis, and while many factors were at play to ensure our survival, one critical aspect was that we had a well-regulated and sound banking system which shielded us from the downturn sweeping the globe.

In a country with a banking system and economy as strong as ours, it is simply unacceptable that nearly three million Australians are financially excluded from affordable financial services.

Our second Measuring Financial Exclusion in Australia 2012 report, which comprehensively measures the extent of financial exclusion in Australia, shows that 39% of Australians do not have mainstream credit products.

Alarming this figure is on the rise, leaving marginalised or financially excluded Australians turning to alternative credit providers that charge extraordinary interest on the funds they provide.

**I believe that every Australian bank has a level of responsibility to look at how we address the problem of financial exclusion.**

When I took over as CEO in 2009, I made financial inclusion one of my main priorities, because I believe that as a major contributor to the Australian economy we have a significant role to play in ensuring that all sections of the community and economy are financially supported.

While financial inclusion has an obvious and invaluable social impact, there is also a very strong economic case which validates and confirms its importance.

It economically makes sense to support financial independence resulting in greater workforce participation, functional families and thus reduced welfare and health costs.

NAB has committed more than \$130 million in loan capital to a range of microfinance programs in partnership with community organisations and government, and pleasingly our microfinance program is one of the largest in a developed economy and growing at over 80% per annum, demonstrating a real need for safe and affordable financial support.

We're also working to make banking more inclusive and accessible. Over the last two years we have removed a range of bank fees across our product portfolio and improved the way we look after customers in financial stress

Recently we launched, in partnership with Good Shepherd Microfinance and the Victorian Government, a Good Money retail store in Geelong, which is expected to provide more than 1000 financially excluded locals with access to microfinance products, financial counselling and other community services in a comfortable and secure retail environment.

We need to continue exploring alternatives like the Good Money retail store so that all Australians have access to fair and affordable financial products and services. But we also need a united approach – from all governments and all banks and community organisations – to tackle financial exclusion so that it remains at the forefront of the public policy debate.

The last 12 months has seen significant credit reform in Australia, bringing safer choices for those on a low income. In a welcome move, credit is now managed and regulated federally, and the Government is working to address the problems associated with short-term, high cost lending.

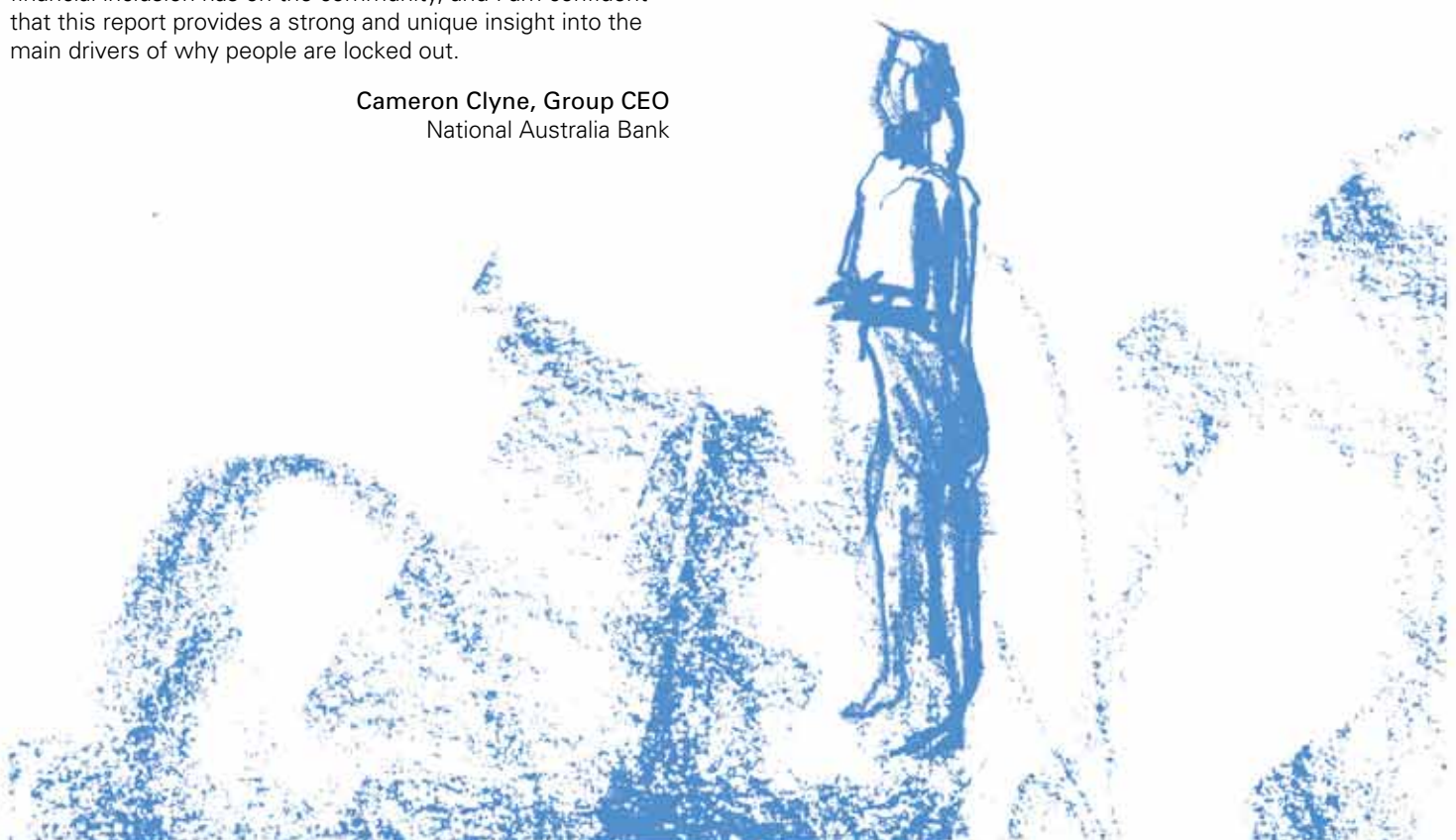
Each year our research takes a deeper look into specific aspects of financial exclusion, building on headline data from the previous year. This year, our report focuses on Indigenous consumers, the geographic spread of financial exclusion and examines uses of credit.

Following the release of this report, we will be engaging with representatives from the finance, utilities and telecommunication sectors, community groups and government over the coming months to identify and take the necessary steps to address the systemic issues underlining Australia's increasing financial exclusion.

**Without change, too many Australians will continue to be financially marginalised, at considerable cost to themselves, their families and the broader economy.**

NAB is committed to demonstrating the profound impact financial inclusion has on the community, and I am confident that this report provides a strong and unique insight into the main drivers of why people are locked out.

**Cameron Clyne, Group CEO**  
National Australia Bank



# Acknowledgments

## Centre for Social Impact

[www.csi.edu.au](http://www.csi.edu.au)

The Centre for Social Impact (CSI) is a partnership between the business schools of the University of New South Wales, the University of Melbourne, Swinburne University of Technology and The University of Western Australia. It brings together the committed hearts and business heads of the philanthropic, not-for-profit, private and government sectors in pursuit of social innovation. It provides socially responsible business management education and research in the common cause of building a stronger civil society for Australia.

### The Centre for Social Impact research team for this project consisted of:

- Les Hems, Director of Research, CSI (UNSW)  
**Project Manager**
- Chris Connolly, Research Associate, CSI (UNSW)  
**Lead Researcher and Author**
- Meiko Georgouras, Research Associate, CSI (UNSW)  
**Senior Researcher**



## NAB

[www.nab.com.au](http://www.nab.com.au)

National Australia Bank is a financial services organisation with over 12,000,000 customers and 50,000 people, operating more than 1,750 stores and service centres globally. Our major financial services franchises in Australia are complemented by businesses in New Zealand, Asia, the United Kingdom and the United States. Each of our brands is uniquely positioned, but built on a common commitment to provide our customers with quality products and services, fair fees and charges, and relationships built on the principles of help, guidance and advice.

NAB believes that what we do (and how we do it) is just as important as our financial results. Put simply, to us, corporate responsibility is doing the right thing for our customers, employees and communities. Core to NAB's corporate responsibility strategy and activities, is an agenda to address financial exclusion and provide fair and affordable financial services for all Australians.



## Roy Morgan Research

[www.roymorgan.com](http://www.roymorgan.com)

Roy Morgan Research is the largest independent Australian research company with offices in each state of Australia as well as the US, UK, New Zealand and Indonesia. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has more than 65 years' experience in collecting objective, independent information on consumers.

## Additional data sources

Additional data was sourced from:

- Australian Bureau of Statistics
- Australian Prudential Regulatory Authority (APRA)
- Canstar Cannex
- Insurance Statistics Australia
- Household, Income and Labour Dynamics in Australia (HILDA) Survey, hosted by the Melbourne Institute of Applied Economic and Social Research (University of Melbourne)
- NAB internal data
- Reserve Bank of Australia

## Research Advisory Committee

A small Research Advisory Committee provided additional input and oversight to the research team during the development of the project methodology and the initial research and writing tasks. The members were:

- Gerard Brody, Consumer Action Law Centre
- Michelle Crawford, Good Shepherd Microfinance
- Paul Miller, Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)
- Dean Pearson, Senior Economist, NAB
- David Tennant, FamilyCare Shepparton
- Corinne Proske, Community Finance & Development, NAB
- Elliot Anderson, Community Finance & Development, NAB

This report, and related reports on financial exclusion, are available at:

[www.csi.edu.au](http://www.csi.edu.au)

and

[www.nab.com.au/microfinanceresearch](http://www.nab.com.au/microfinanceresearch)

**This report may be cited as:**

Connolly C, Georgouras M, Hems L, Measuring Financial Exclusion in Australia, Centre for Social Impact (CSI) – University of New South Wales, 2012, for National Australia Bank.

# Executive Summary

In May 2011 the Centre for Social Impact (CSI) published the country's first measurement of financial exclusion. The report captured the attention of stakeholders, as it provided detailed data on the extent of the issue and spotlighted the causes and impact of financial exclusion on millions of Australians.

We use the following definition of financial exclusion:

Financial exclusion exists where individuals lack access to appropriate and affordable financial services and products – the key services and products are a transaction account, general insurance and a moderate amount of credit.

This year we return to the same topic, updating the headline data that measures the level of financial exclusion, and delving deeper into key topics, such as the use of credit and the experiences of Indigenous consumers. We also provide a geographic analysis of financial exclusion data, showing wide differences in the level of financial exclusion across the 58 regions included in the study.

This research has been commissioned by National Australia Bank (NAB), with the objective of improving our understanding of financial exclusion and its interaction with social and economic disadvantage in Australia.

NAB has also provided access to its internal data on the use of financial services, and we have partnered with Roy Morgan Research to gain access to over 50,000 face to face interviews with Australian consumers each year.

## The extent of financial exclusion in Australia in 2011

This year's report shows that the overall level of financial exclusion has risen. Around 17.2% of the adult population in Australia were either fully excluded or severely excluded from financial services in 2011. This figure comprises 1.1% of adults who were fully excluded (they had no financial services products) and 16.1% of adults who were severely excluded (they only had one financial services product).

In real terms, 2,995,000 adult Australians have just one, or no mainstream financial services (192,000 people are fully excluded and 2,803,000 people are severely excluded).

This represents a slight increase on the 2010 data, when 15.6% of the population (2,650,000 people) were either fully excluded or severely excluded. In this project we are able to track multiple years of data for the headline figures on financial exclusion, and this report also examines the medium term trend.





## Cost exclusion

In this project we track the costs of accessing basic financial services. This is measured by looking at the average cost of the top 10 bank accounts and top 10 credit cards that are designed for low income consumers – these products do not have all the features of more expensive products, but they provide access to basic services. We also examine the average insurance premium for basic home contents insurance and a motor vehicle insurance.

### We found that the average annual cost of basic financial services is \$1794.

This is made up of \$88 for a basic bank account, \$808 for a low cost credit card, and \$898 for general insurance (basic motor vehicle and basic home contents combined).

These costs may appear moderate, but we calculate that for 12.7% of the population this would represent over 15% of their annual income. For another 10.2% this would represent between 10% and 15% of their annual income. These costs represent a barrier to financial inclusion and put pressure on policy-makers and product designers to consider alternative financial services that can better meet the needs of people on low incomes.

We also found examples of efforts to improve access to basic bank accounts, and efforts to promote alternative community credit products such as No Interest Loan Schemes (NILS). However, there appears to be a significant gap in relation to general insurance, where there is little discussion about delivering basic and affordable insurance products.

## The causes and impact of financial exclusion

### The report shows the costs of financial services as a barrier to financial inclusion.

We have also identified a range of demographic factors that result in people being more likely to be excluded – for example being aged between 18 and 24 has a high correlation with overall financial exclusion, and being born outside Australia has a high correlation with exclusion from general insurance.

We have spoken to 661 people who are financially excluded – through a ‘re-contact’ telephone survey. The survey identified a number of additional difficulties in accessing financial services. These included providing identity documents, distance to a bank branch and language and literacy challenges when trying to open a bank account. Others trying to access credit struggled to provide documentation or had poor credit records.

Responses from the re-contact survey were also used to analyse the impact financial exclusion has on people. Interestingly, many survey respondents did report a current need for credit and/or insurance. Their most common need for credit was to meet every day living expenses such as food, rent and utility bills. They were heavy users of government services such as Centrelink advance payments and also used fringe credit providers, such as payday lenders.

This group reported only minimal use of community services such as financial counsellors and No Interest Loan Schemes.



## Financial exclusion and Indigenous consumers

This year's report includes two sources of data on the use of financial services by Indigenous people. Unfortunately we do not have a record in the core data set we use in this project of Aboriginal or Torres Strait descent for all respondents. A small number of respondents, however, have voluntarily indicated that they identify as Indigenous. Amongst this group, 43.1% are either severely or fully excluded from financial services. Indigenous consumers are therefore over-represented compared to the combined national average of 17.2%.

In addition, a small number of Indigenous consumers participated in the re-contact survey. An analysis of their data indicates that they are over-represented in some categories – for example, they are particularly heavy users of Centrelink advance payments and short term loans from fringe credit providers.

## The use of credit

This year's report has additional data on the use of credit in Australia. This includes data on the overlap between ownership of three key mainstream credit products – credit cards, mortgages and personal loans.

For the 61% of the population who have a mainstream credit product, the two largest groups are those with only a credit card (21%) or those with a credit card and at least one other mainstream credit product (24%).

A large proportion of the population (39%) do not have any mainstream credit products. However, this group may use fringe credit products such as payday loans, government credit products (such as Centrelink advance payments) or community credit products (such as a loan from a No Interest Loan Scheme).

**This report also shows that the list of current credit needs of consumers facing financial exclusion is dominated by regular expenses, such as food, rent and utility payments.**

This indicates a significant gap between income and expenses that may not be appropriately addressed by credit.

## Mapping financial exclusion in Australia

Finally, this year's report presents a geographic analysis of financial exclusion across 58 regions. This allows us to measure the extent of financial exclusion and to map areas where the exclusion rate is higher than the national average. We include a list of the 20 areas with the highest rate of overall financial exclusion, complemented by a list of the 15 regions with the lowest rate of access to a transaction account.

The report has demographic data for each of the 58 regions, showing a strong correlation between financial exclusion and low levels of education or being aged 18-24.

**Regions with high rates of financial exclusion tended to be either low income suburbs, inner-city areas of major capital cities, or large rural and remote areas.**

This mapping data helps to identify regions that may require further analysis, and will assist policy-makers and product designers to target responses to financial exclusion.





# Introduction

---

The Centre for Social Impact (CSI) has been examining financial exclusion, and developing a methodology for measuring the extent of the problem in Australia. This research is being conducted on behalf of NAB.

The project began with the publication of Measuring Financial Exclusion in Australia, 2011. That report examined data for the 2010 calendar year. This report examines data for the 2011 calendar year.

The project will continue to measure and analyse the extent of financial exclusion in future years.

**Each report will have the opportunity to consider some specific issues in more detail – in 2012 we are concentrating on access to credit, the experience of Indigenous consumers, and the geographic spread of financial exclusion across 58 regions in Australia.**

## Methodology

---

Our core methodology is to measure access to financial services products by relying on data collected in the Roy Morgan Research single source survey. This is an annual, lengthy, face to face survey of around 50,000 Australian consumers. It includes detailed questions on all the financial products owned and operated by respondents plus comprehensive demographic information.

We have supplemented this core data set with some additional data sources, including a 're-contact' survey where we interviewed around 661 people by telephone. These were people who had already been categorised as fully excluded or severely excluded from financial services. We were able to ask them additional questions about the causes and impact of financial exclusion.

The full methodology for this research is described in Appendix 2 on page 43.





## Defining Financial Exclusion

**Financial exclusion exists where people lack access to appropriate and affordable financial services and products – the key services and products are a transaction account, general insurance and a moderate amount of credit.**

We limit our definition to ‘appropriate and affordable financial services and products’ – with a clear focus on simple but essential financial services and products. Furthermore we distinguish from fringe products and services by focusing exclusively on appropriate products provided by the mainstream financial services industry, the government or the community sector.

We identified three essential ‘needs’ that can be met by financial services:

### 1. The ability to manage day to day transactions and payments

In this project we use access to a transaction account to measure a persons ability to manage their day to day transactions and payments through the access they have to their transaction account.

### 2. Access to a moderate amount of credit

Credit is a major financial tool to enable access to goods or services that are beyond the monthly budget such as vehicles and furniture. It can also play a significant role in smoothing consumption and protecting against income shocks and financial stress.

People who are unable to access credit from mainstream financial institutions are forced to use the informal financial sector or fringe market which includes payday lenders and pawn brokers.

It is difficult to measure access to credit in Australia. In this project we have ultimately used access to a credit card as a proxy measure for general access to credit. We do not endorse credit cards as an appropriate or affordable source of credit for all consumers – it is simply a tool to measure access to credit. If someone has a credit card, they would generally qualify for other forms of mainstream credit. The Use of Credit section on page 30 of this report examines other forms of credit, including fringe credit products, personal loans and mortgages.

### 3. The ability to protect key assets

We include access to general insurance as part of our definition of financial exclusion, as it provides a way for individuals to protect their key assets and manage risk.

Not all people will have a demand for specific insurance products, because they do not own a car or valuable possessions which justify insurance. The project methodology acknowledges this factor, by combining access to a number of products in the calculation of the indicator. Our methodology also limits the range of insurance products included in the indicator to the most basic general insurance products – home contents insurance and car insurance (excluding Compulsory Third Party (CTP) cover).

# The Extent of Financial Exclusion in Australia

Around 17.2% of the adult population in Australia were either fully excluded or severely excluded from financial services in 2011. This figure comprises 1.1% of adults who were fully excluded (they had no financial services products) and 16.1% of adults who were severely excluded (they only had one financial services product).

This represents an increase from the previous report, which identified 15.6% of the population as being either fully excluded or severely excluded in the 2010 data.

## Financial exclusion – 2011 data

To show the extent of financial exclusion in Australia we selected three key financial services and measured their level of ownership within the population (people aged 18 and older).

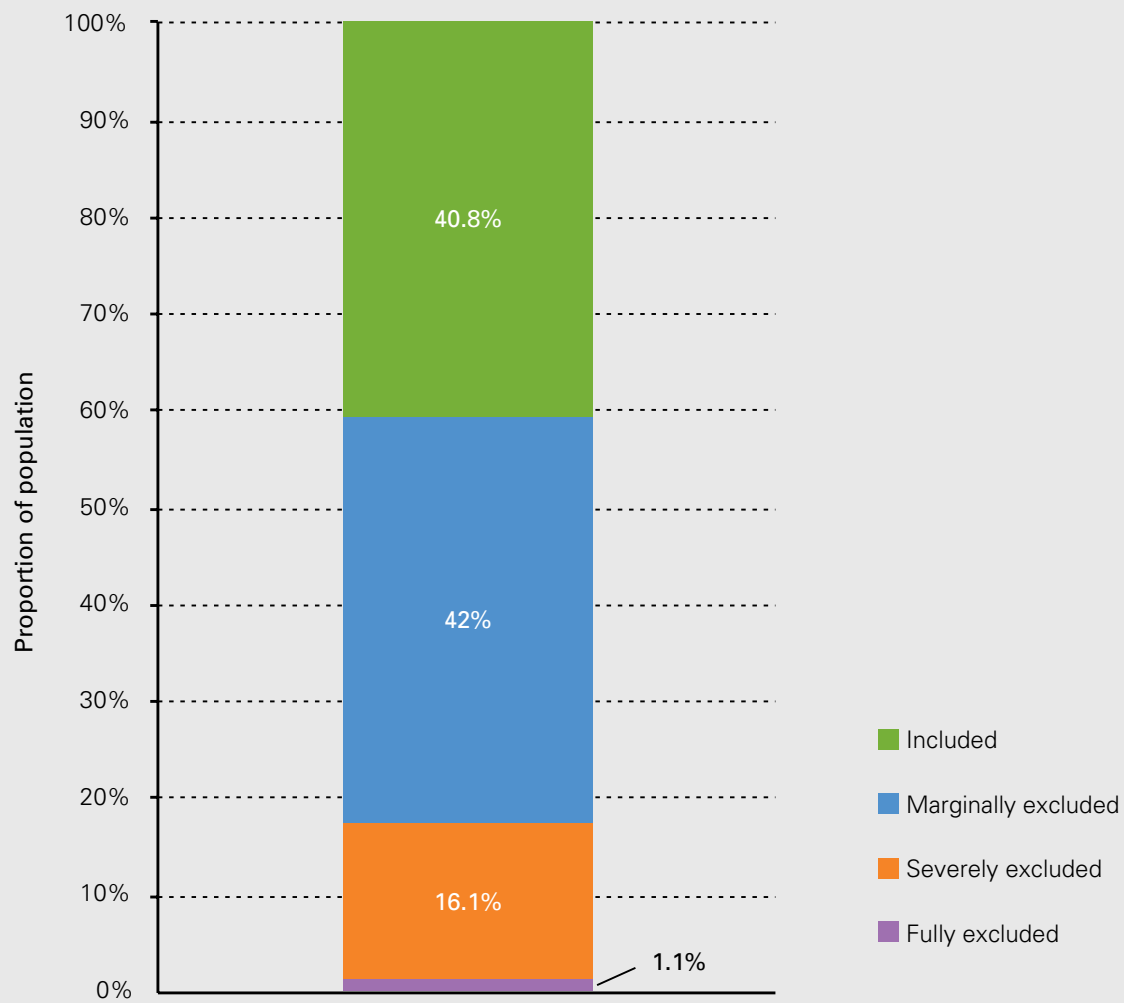
Categories of exclusion have been developed based on the number of essential services that individuals have access to (e.g. a person with only one product is categorised as severely excluded).

As with last year's report, we used the core Roy Morgan Research single source data set (50,000 face to face surveys). The high-level results for 2011 are as follows:

Transaction Account	Credit Card	General Insurance	% of population	Category
yes	yes	yes	40.8%	<b>Included 40.8%</b>
yes	yes	no	2.9%	<b>Marginally Excluded 42.0%</b>
yes	no	yes	38.5%	
no	yes	yes	0.6%	
yes	no	no	14.8%	<b>Severely Excluded 16.1%</b>
no	yes	no	0.1%	
no	no	yes	1.2%	
no	no	no	1.1%	<b>Fully Excluded 1.1%</b>

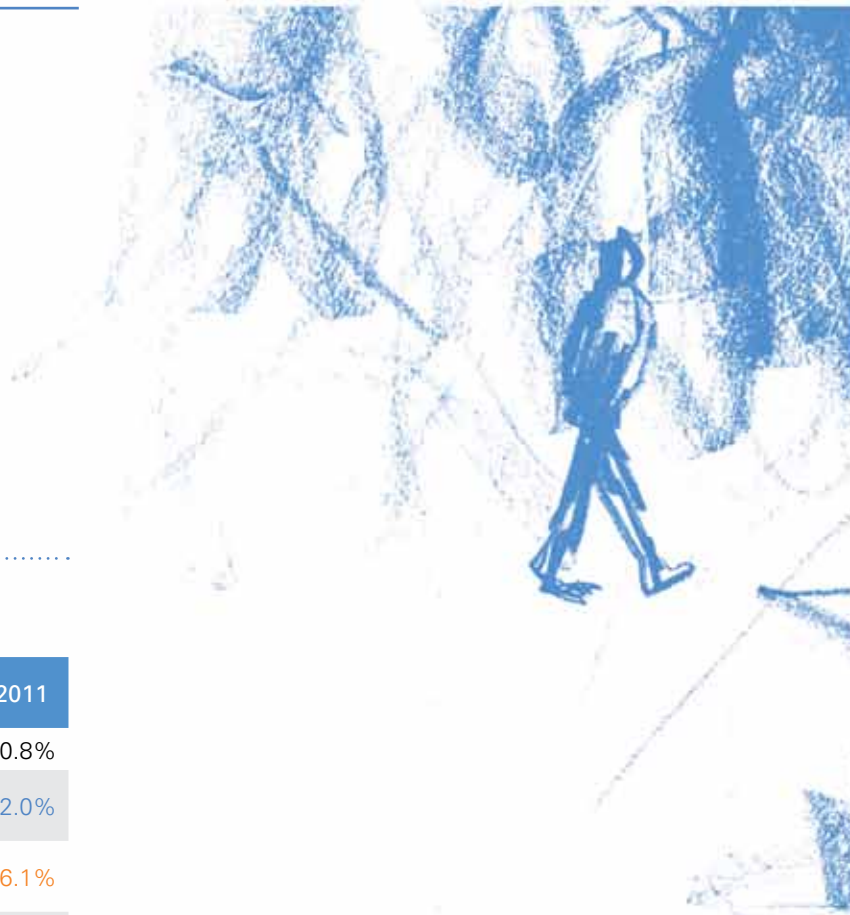
In real terms, 192,000 people are fully excluded and a further 2,803,000 people are severely excluded from access to financial services, a combined total of 2,995,000 Australian adults.

Product Ownership Exclusion in Australia (2011)



Source: Roy Morgan Research, 2011. Base: Australian population aged 18+.





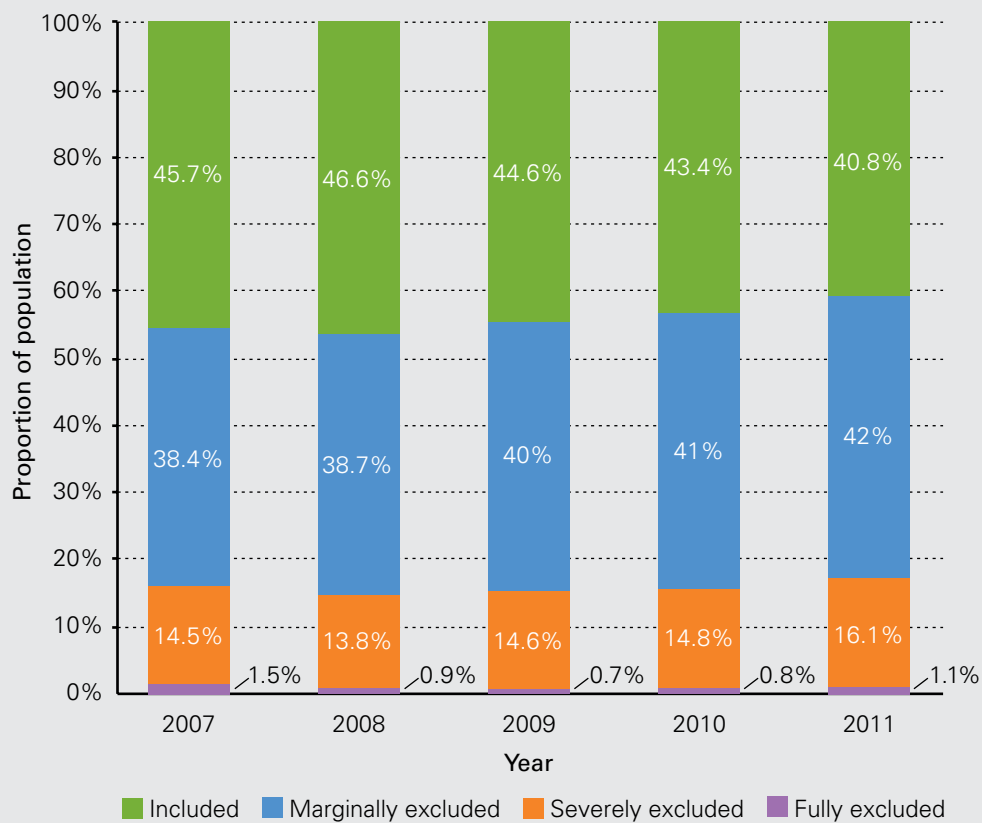
## Financial exclusion – historical data

Data is also available for the period 2007-2011.

Degree of Exclusion	2007	2008	2009	2010	2011
Included	45.7%	46.6%	44.6%	43.4%	40.8%
Marginally excluded	38.4%	38.7%	40.0%	41.0%	42.0%
Severely excluded	14.5%	13.8%	14.6%	14.8%	16.1%
Fully excluded	1.5%	0.9%	0.7%	0.8%	1.1%

Source: Roy Morgan Research. Base: Australian population aged 18+.

### Product Ownership Exclusion in Australia (2007-2011)



Source: Roy Morgan Research. Base: Australian population aged 18+.



The 2011 data shows a significant increase in the proportion of people in the severely excluded and fully excluded categories. The data also shows a clear five year downward trend in the proportion of fully included consumers.

The single product comparisons also reveal significant changes over the latest one year period:

Total product ownership	2010	2011	% Change
Transaction account	97.8%	97.0%	-0.8%
Credit card	46.9%	44.4%	-5.3%
General insurance	82.3%	81.1%	-1.5%

The table shows a substantial fall in the proportion of consumers with credit. Possible causes may include general economic conditions and new credit regulation (including the introduction of a pro-active responsible lending requirement). A small fall in the use of credit may have positive implications for many consumers, as credit over-commitment remains a significant problem in Australia. The use of credit is discussed in more detail later in the report.

The data reveals a small fall in access to insurance, albeit from very high levels.

The data also reveals a significant change over the latest one year period in relation to access to a transaction account. The following table examines the rate of product exclusion, rather than inclusion:

Total product ownership	2010	2011	% Change
Transaction account	2.2%	3.0%	36.4%
Credit card	53.1%	55.6%	4.7%
General insurance	17.7%	18.9%	6.8%

**It is clear that the big movement (by proportion) is the increase in people who don't have access to a transaction account.**

The rate of transaction account exclusion will need to be monitored closely, and we will report on this figure in future reports.

These figures present challenges for all stakeholders. As discussed in last year's report, Australia has a high rate of access to transaction accounts because welfare payments are generally only paid into mainstream bank, building society or credit union accounts. This is in contrast to other countries where alternative welfare payment options are in place, including cash payments and stored value cards. If the number of people accessing transaction accounts continues to fall, we face a significant policy challenge, as the key driver (welfare payments) is already in place in Australia.



## Demographic factors

Our previous report provided a detailed breakdown of a range of demographic factors – including employment, income and country of birth - that have a significant impact on financial exclusion. These factors do not change significantly from year to year; therefore we are only highlighting a sample of key demographic factors in this year’s report: age, Indigenous background and location.

### Age

In our study, being aged 18-24 was found to be a major factor in financial exclusion:

Age	All ages	18-24	25-34	35-49	50-64	65 and Over
<b>Included</b>	40.8%	9.1%	33.2%	49.3%	54.3%	41.6%
<b>Marginally excluded</b>	42.0%	41.7%	45.0%	39.9%	37.3%	48.4%
<b>Severely excluded</b>	16.1%	47.0%	20.6%	9.9%	7.7%	9.0%
<b>Fully excluded</b>	1.1%	2.2%	1.2%	1.0%	0.8%	1.0%

Source: Roy Morgan Research, 2011. Base: Australian population aged 18+.

The 2011 data on age was very similar to the 2010 data and reveals no significant annual change in rates of exclusion for any specific age group.

Age was notable as a factor in two key areas – not having access to credit and not having access to general insurance. Age has very little impact on access to a transaction account:

Age	All ages	18-24	25-34	35-49	50-64	65 and Over
<b>Transaction Account</b>	97.0%	97.3%	97.3%	97.0%	97.1%	96.5%
<b>Credit Cards</b>	44.4%	14.7%	38.6%	52.5%	56.7%	43.8%
<b>General Insurance</b>	81.1%	45.7%	74.4%	88.1%	91.4%	90.5%

Source: Roy Morgan Research, 2011. Base: Australian population aged 18+.

Although demand for credit and insurance may be slightly lower amongst the segment of the population aged 18-24, their lack of access to mainstream products makes this group vulnerable to predatory lending practices and to the loss of uninsured assets.

Interestingly, rates of inclusion remain low for the segment aged 25-34, and rates of inclusion are very high in the population aged 35-64 and even those over 65. This may indicate that once people obtain access to mainstream financial services they tend to be able to retain that access. Stakeholders and policy makers may be able to use this data to identify opportunities to provide mainstream services to consumers at an earlier age – for example through ‘starter packs’ and improvements in targeted financial literacy programs. A number of initiatives in this field are already underway, including the addition of financial literacy to the national school curriculum.



# Cost Exclusion

The average annual cost of basic financial services in Australia (a basic transaction account, a low rate credit card and some basic general insurance) is \$1794 – just to maintain a very simple level of service, with no additional features or benefits. For around 12.7% of the adult population this cost would represent more than 15% of their income. This was an increase on the \$1740 cost reported in 2010.

## Annual cost of a transaction account

The 2011 average annual cost for running a basic transaction account was \$88, slightly lower than the 2010 average of \$92.

This was mainly due to ongoing reductions in penalty fees for overdrawing an account.

The costs of the top ten providers ranged from \$22 to \$130. These costs are significantly lower than the typical costs of maintaining other types of transaction accounts which have more features.

We calculated the annual cost by combining information on balances and transaction patterns (from NAB internal data) and information on fees and charges (from Canstar Cannex).

The data is based on the basic accounts provided by the 10 largest providers of transaction accounts in Australia.

This cost calculation includes all of the fees and charges that are regularly incurred by consumers using these accounts.

Each cost was then multiplied by the number of times the average consumer incurs that particular cost in a year (based on NAB internal data on balances and transaction patterns). The calculation ignores some extremely rare and unusual fees and charges.

The strength of this methodology is that the calculation can be repeated at any stage, and will reflect changes in market share, transaction behaviour and product costs. The limitation of this methodology is that it is an 'average of averages' and does not necessarily reflect the costs faced by some disadvantaged groups who make more frequent transactions for smaller amounts and / or incur a higher proportion of fees for overdrawing their account.

Following the release of the 2010 indicator, the research team was asked to consider the costs of maintaining a transaction account in an area where people do not have easy access to their own bank's ATM. In these circumstances consumers incur hefty 'foreign' ATM transaction fees. It is difficult to calculate this data using our methodology, as we rely on the average costs of the average consumer. However, it is possible to identify within the data a cohort that use ATMs that do not belong to their own network at least some of the time, and to calculate their average costs. In 2011 their average costs would be \$116, which is significantly higher than the broader group.

This does not answer the question of the likely costs facing 'heavy' users of non-network ATMs, but it does go some way to indicating the likely difference in costs faced by that group.

## Annual cost of a basic credit card

**The average annual cost for running a basic credit card was \$808, slightly higher than the 2010 average of \$793.**

This was mainly due to slightly higher interest rates for carry-on balances and increased annual fees. However, these increases were partly offset by a slight reduction in the average number and value of cash advances by consumers.

The costs of the top ten providers ranged from \$705 to \$979. These costs are significantly lower than the typical costs of maintaining other types of credit cards which have more features.

We calculated the annual cost by combining information on balances and transaction patterns (from NAB internal data) and information on fees and charges (from Canstar Cannex).

The data is based on the basic credit cards provided by the 10 largest providers of credit card accounts in Australia.

This cost calculation includes all of the fees and charges that are regularly incurred by consumers using these cards, and is based on a consumer carrying an ongoing credit balance. Obviously many consumers do not carry an ongoing balance, but we are interested in the costs of accessing credit, rather than merely using the card as a transaction mechanism.

Each cost was then multiplied by the number of times the average consumer incurs that particular cost in a year (based on NAB internal data on card balances and transaction patterns). The calculation ignores some extremely rare and unusual fees and charges.

The strength of this methodology is that the calculation can be repeated at any stage, and will reflect changes in market share, transaction behaviour and product costs. The limitation of this methodology is that many consumers will not be using the low cost / basic credit cards we have included in the study.

## Annual cost of basic general insurance

**The average annual premium for home contents insurance was \$298 and \$600 for motor vehicle insurance (excluding Compulsory Third Party cover). That gives a combined annual average cost of \$898 (at June 2011) to protect these important assets.**

This is slightly higher than the 2010 average of \$855. This was mainly due to a 6.2% increase in the average cost of home insurance. Motor vehicle insurance increased by only 4.4%. Both increases are higher than inflation over the same period.

We calculated the annual cost by analysing data on average insurance premiums (supplied by Insurance Statistics Australia) for the type of general insurance products held by the average consumer (data supplied by Roy Morgan Research).

The strength of this methodology is that this data is updated by Insurance Statistics Australia each year, making it easy to include in annual issues of the report. The limitation of this methodology is that the premium calculation is an 'average of averages' and that in practice consumers pay a wide variety of premiums, based on factors such as their level of excess, their location and the value of their assets.



## The impact of cost on exclusion

To summarise, the average annual cost of basic financial services is \$1794. This is made up of \$88 for a basic bank account, \$808 for a low cost credit card, and \$898 for basic general insurance.

With these products in place, a consumer can manage basic payments, handle small emergencies and/or smooth income and protect some key assets from basic risks. However, the data raises questions about whether all consumers can afford to maintain these three basic products.

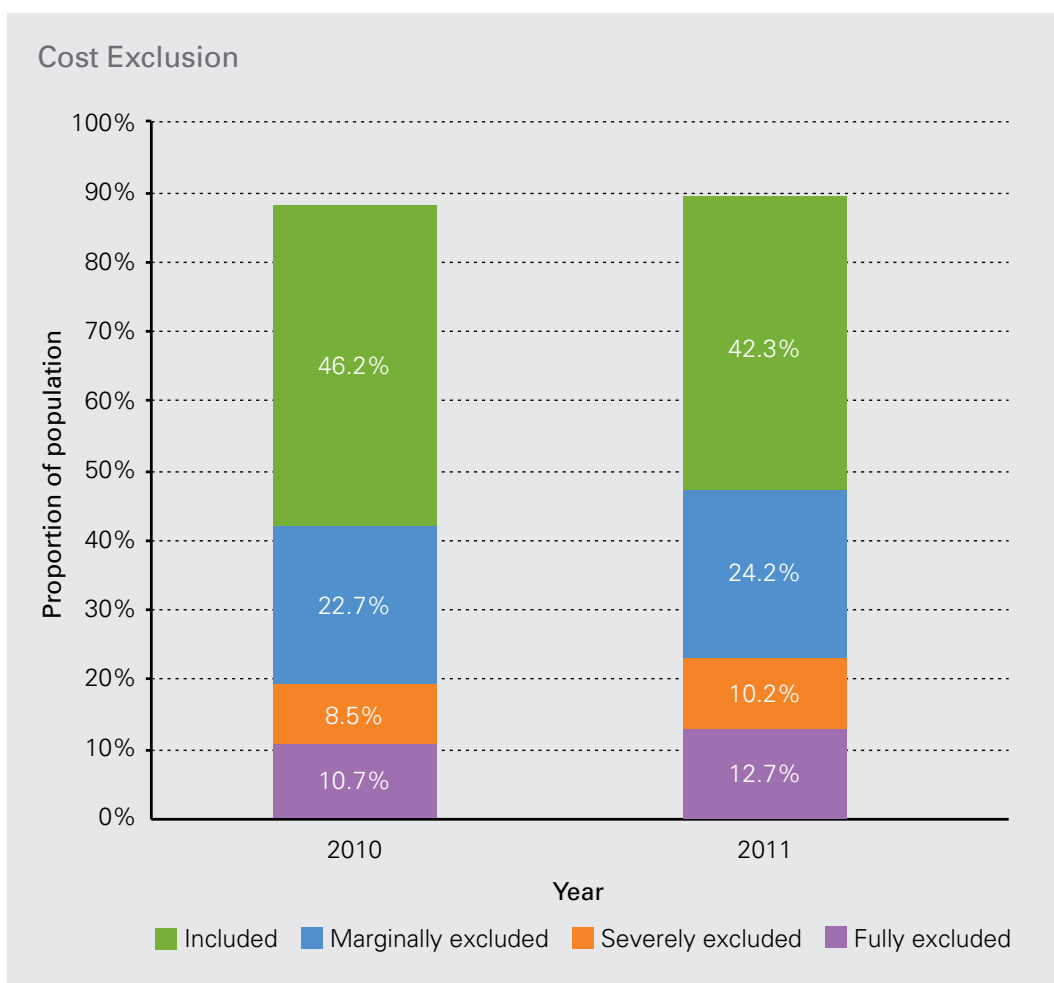
After estimating the average cost of each financial product, the next step is to calculate the overall annual cost of financial services. As an indicator for cost exclusion, the ratio of cost to annual income is being used.

To measure how many people fall into each category, Roy Morgan Research demographic data has been used.

Category	% of income	% of population 2010	% of population 2011
Included	< 5	46.2	42.3
Marginally excluded	5-10	22.7	24.2
Severely excluded	10-15	8.5	10.2
Fully excluded	> 15	10.7	12.7

Source: Roy Morgan Research, 2011. Base: Australian population aged 18+.





Source: Roy Morgan Research. Base: Australian population aged 18+. Total does not equal 100% as some very low income dependents are excluded – see Appendix 2: Methodology.

### More than 22.9% of individuals are either fully excluded or severely excluded because of the current average cost of using these basic products.

This is slightly higher than the number of individuals we categorise as fully excluded or severely excluded using the product exclusion data (17.2%). It is likely that this indicates that many individuals suffer some degree of financial stress in managing their access to financial services.

This level of financial exclusion related to cost is higher than the previous year's data, reflecting a slight increase in costs and a significant increase in the proportion of adults earning less than \$15,000 per year.

# The Causes and Impact of Financial Exclusion

---

## Data from the re-contact survey

---

Each year we try to understand some of the causes and impacts of financial exclusion in Australia. In the previous report we conducted an online survey of consumers to discuss their experiences in gaining access to financial services – for the results see the 2011 report.

This year we decided to try to reach people who were categorised as financially excluded, rather than surveying all consumers. We also chose to use a telephone survey rather than an online survey in order to reach those who did not have regular Internet access.

The re-contact survey was completed by Roy Morgan Research in collaboration with CSI. This consisted of 661 telephone interviews (average 8-10 minutes) with consumers we identified as being severely excluded (630) or fully excluded (31).

This has resulted in an enormous amount of valuable data. Some of the data is presented in this report. We collected both categorised answers and free text answers.

## Causes of financial exclusion

---

Most of the causes of financial exclusion are revealed through the analysis of the demographic data and are discussed elsewhere in this report and in the 2011 report.

However, the re-contact survey identified a number of excluded consumers who had faced additional difficulties in accessing financial services. These are shown in the table on the next page (participants could list more than one).







Difficulties in opening a bank account	Number	Proportion
Unable to provide identity documents	61	9.2%
Distance to a bank branch	25	3.7%
Language or literacy challenges	15	2.2%
No difficulties	571	86.3%

In relation to transaction accounts, some respondents added:

'I couldn't get my original birth certificate and I had to come up with some other means of identification';

'I have trouble understanding the laws and the rules when you lose a card, all of the costs, etc';

'They require a certain balance kept in the account';

'I work a lot, I might not be able to get into the bank before it closes' and

'I am not really able to withdraw cash, there are no ATMs nearby.'

One in three respondents also revealed that they had tried to get access to mainstream credit products, but had faced difficulties, as shown in the table below (participants could list more than one).

Difficulties in getting credit from mainstream credit provider	Number	Proportion
Insufficient income	55	50.9%
Poor credit record	36	33.3%
Unable to provide documents	3	2.7%
Other	14	12.9%

In relation to credit difficulties, some respondents provided additional comments:

'I've frequently changed my address in the past years, so I've been told to apply again in 6 months and they might give me a credit card';

'I was rejected for credit because I made multiple applications at the same time which raised suspicion';

'I was rejected for credit because of my age';

'I am not a permanent resident and bank policy is they don't lend money to non-permanent residents';

'I got approved and I just needed pay slips from my boss but he couldn't provide them so I didn't get the loan'; and

'I don't know why I was refused credit - the management wouldn't disclose the problem.'

We did not ask questions about difficulties in gaining access to insurance. We hope to explore issues surrounding insurance in more detail in a future report.

## Impact of financial exclusion

The re-contact survey only included respondents who were either fully excluded or severely excluded from access to financial services. That is, they had either one or zero mainstream financial service products.

We asked a series of questions about the impact of financial exclusion on their lives.

Only 37% could get access to \$3000 in an emergency. Most of these would get it from family or friends or sell something, although a large number could also access some savings.

Eight per cent had used a fringe credit provider in the past 12 months. About 30% had accessed Centrelink advance payments or other emergency payments.

Unfortunately, use of community services such as NILS or a financial counsellor was very low (participants could list more than one).

Use of government and community services <sup>1</sup>	Number	Proportion
Centrelink Advance Payment	191	28.8%
Centrelink Crisis Payment (mainly floods and bushfires)	26	3.9%
Centrelink Emergency Assistance (energy vouchers, food parcels etc.)	25	3.7%
A financial counsellor	22	3.3%
A community No Interest Loan Scheme	8	1.2%
A community Low Interest Loan Scheme	4	0.6%
None of these	431	65.2%

We also used the re-contact survey to check whether respondents had a specific current need for credit and / or insurance. These were the two products that most respondents did not have mainstream access to.

We asked about the current need for credit (participants could list more than one 'need'):

Need for credit	Number	Proportion
Utilities (water, gas, electricity, telephone)	26	48.1%
Minor household expense (food, clothing)	25	46.2%
Car-related expense	22	40.7%
Major household expense (repairs, furniture, electrical equipment)	21	38.8%
Rent/ accommodation	18	33.3%
Emergency or 'just in case'	18	33.3%
Repayment of other debts	17	31.4%
Education-related expense	16	29.6%
Health and medical related expenses	16	29.6%

<sup>1</sup> In this table, consumers could enter more than one response.

This list of current credit needs indicates that regular expenses dominate and suggests a significant gap between income and expenses that may not be appropriately addressed by credit. Centrelink advances and fringe credit providers are relied upon to fill this gap, as this group does not have access to mainstream credit products – however, Centrelink advances are intended to address the need for income smoothing, rather than insufficient income. Many community credit products such as NILES target education, health and major household items, rather than regular payments. Overall it is clear that a gap is emerging between government and community credit products and the needs of individuals who do not have access to mainstream credit. These issues are discussed in more detail in The Use of Credit section on page 30.

We also asked people about their insurance needs (participants could list more than one 'need'):

Need for insurance	Number	Proportion
Motor-vehicle insurance	35	47.9%
Home contents insurance	28	38.3%
Other	24	32.8%
Home building insurance	2	2.7%

Health insurance, life insurance and funeral plans (identified as 'other' in the table) were priorities for many respondents.



# Indigenous Consumers

## Data from the core data set

In this project our key data source is the Roy Morgan Research single source survey, which is based on data collected from 50,000 individuals in face to face surveys. In that survey, respondents are not required to indicate whether they identify as Indigenous, so we do not have full data on the level of aboriginality across the entire group.

However, a large portion of the respondents (about 20,000) complete an additional voluntary diary that asks whether they identify as Indigenous. During the research period, 225 of this group indicated that they identify as Indigenous.

Although this results in a small sample size, data on Indigenous consumers of financial services is relatively rare, so we are including it in this year's report.

The following table shows that 43.1% of Indigenous (Aboriginal and Torres Strait Islander) people are either severely or fully excluded, and are over-represented compared to the national average of 17.2%.

Degree of Exclusion	National average	Indigenous
Combined included	82.8%	56.9%
Combined excluded	17.2%	43.1%



## Data from the re-contact survey

Of the 661 people interviewed in the re-contact survey 39 identified as Indigenous. Although this is a very small sample size, we have included the responses of these Indigenous consumers in this year's report, as data on Indigenous access to financial services is very rare.

It is important to remember that all of these consumers are fully or severely excluded from access to mainstream financial services. Even within this group, the data revealed some significant differences between Indigenous and non-Indigenous consumers.

The Indigenous group reported a higher degree of difficulty in accessing bank accounts in some categories, notably difficulties relating to identity documents:

Difficulties in opening a bank account	Indigenous	Non-Indigenous
Unable to provide identity documents	17.9%	8.7%
Language or literacy challenges	5.1%	2.1%
Distance to a bank branch	2.6%	3.9%

The Indigenous group also reported a higher degree of difficulty in accessing mainstream credit:

Difficulties in getting credit from mainstream credit provider	Indigenous	Non-Indigenous
Yes	30.8%	15.4%
No	56.4%	75.7%
Can't say	12.8%	8.8%

And the same group struggled to raise emergency funds, when compared to the non-Indigenous people:

Ability to raise \$3000 within a few days	Indigenous	Non-Indigenous
Yes	12.8%	38.7%
No	84.6%	58.8%
Can't say	2.6%	2.4%

As noted on page 24 of this report, about 8% of the financially excluded respondents in this year's survey indicated that they had used a fringe credit provider in the previous 12 months, and about 30% had used a Centrelink advance. However, the difference between Indigenous and non-Indigenous use of these products is quite large. Even with the small sample size in this study, the reliance on non mainstream credit is cause for concern.

We have added fringe credit rates to this table to highlight their prominent use amongst the Indigenous respondents:

Community and Government assistance (and fringe credit)	Indigenous	Non-Indigenous
Centrelink Advance Payment	53.8%	27.3%
Fringe credit	25.6%	7.2%
Centrelink Emergency Assistance (energy vouchers, food parcels etc.)	10.3%	3.4%
A financial counsellor	5.1%	3.2%
Centrelink Crisis Payment (mainly floods and bushfires)	2.6%	4.0%
A community No Interest Loan Scheme	2.6%	1.1%
A community Low Interest Loan Scheme	2.6%	0.5%
Have not used any of these services	38.5%	66.9%

Although the Indigenous respondents reported a slightly higher specific current need for credit, their reasons for seeking credit were similar to the broader group, with utilities and regular household expenses such as food scoring highly.

The Indigenous group reported increased difficulty in meeting regular expenses:

Degree of difficulty meeting regular expenses	Indigenous	Non-Indigenous
No difficulty	20.5%	43.1%
Little difficulty	28.2%	23.8%
Some difficulty	30.8%	22.2%
A lot of difficulty	20.5%	10.9%

The Indigenous group also reported slightly higher rates of failing to meet specific expenses and of requiring financial assistance from family and friends:

Degree of difficulty meeting regular expenses	Indigenous	Non-Indigenous
Sought financial help from friends and family	43.6%	28.0%
Could not pay for repairs/ replacement to essential household items e.g. washing machine, fridge	28.2%	11.9%
Could not pay electricity, gas or telephone bill	25.6%	17.7%
Could not pay car registration or car insurance	25.6%	5.8%
Went without meals	20.5%	12.4%
Could not pay for car service/ repairs	20.5%	9.2%
Pawned or sold something	15.4%	9.2%
Could not pay for medical care e.g. visit to the hospital or dentist	15.4%	10.5%
Was unable to heat the home	10.3%	6.3%
Could not pay home/ contents insurance	2.6%	5.6%
None of these	28.2%	55.5%



# The Use of Credit

## Data on credit from the core data set

This year we have collected some additional data on the use of credit in Australia. This includes data on other types of credit ownership to show how credit cards interact with a larger pool of credit products.

The diagram on page 31 (not to scale) shows the overlaps between three key mainstream credit products in Australia – credit cards, mortgages and personal loans:

**A large proportion of the population (39%) does not have any mainstream credit products. However, this group may use fringe credit products such as payday loans, government credit products (such as Centrelink advance payments) or community credit products (such as a loan from a No Interest Loan Scheme).**

Whilst we did not collect data on fringe credit products from the main Roy Morgan Research single source survey, we did in the re-contact survey, discussed in more detail in *The Causes and Impact of Financial Exclusion* on page 22. In particular, we found that many financially excluded people reported an immediate need for credit for basic living expenses.

In April 2012 The Commonwealth Government released a Discussion Paper on Strategies for *Reducing Reliance on High-Cost, Short-term, Small Amount Lending*.<sup>2</sup> The Discussion Paper notes the existence of moderate levels of financial exclusion in Australia, and proposes options for directing consumers away from fringe credit providers to mainstream and community alternatives. The Discussion Paper accompanies proposed legislative reform that would impose new regulation on fringe credit providers, including caps on interest, fees and charges, and a prohibition on using one short-term loan to refinance another existing short-term loan.

For the 61% of the population who do have a mainstream credit product, the two largest groups are those with only a credit card (21%) or those with a credit card and at least one other mainstream credit product (24%).

In our definition of financial exclusion we measure access to appropriate and affordable financial services products, including access to a moderate amount of credit. We use a credit card as a proxy to measure this component of financial exclusion, as access to a credit card usually means that the consumer would qualify for access to other mainstream credit products, such as a personal loan.

However, in this study we have found that mainstream personal loans are subject to high minimum loan amounts (typically \$5,000, and rising). For financially excluded people, suitability for accessing a moderate amount of credit is weakened by this requirement. On the other hand, personal loans are often a safe and appropriate method for low income and vulnerable consumers to manage credit. The fixed repayments assist in both assessing the suitability of the credit application and in managing repayments. As they are not a line of credit, there is no temptation to use credit in inappropriate circumstances. Many community organisations, including community legal centres and financial counselling services, prefer personal loans for these reasons, and community loan products such as NILS are structured as personal loans rather than credit cards or lines of credit.

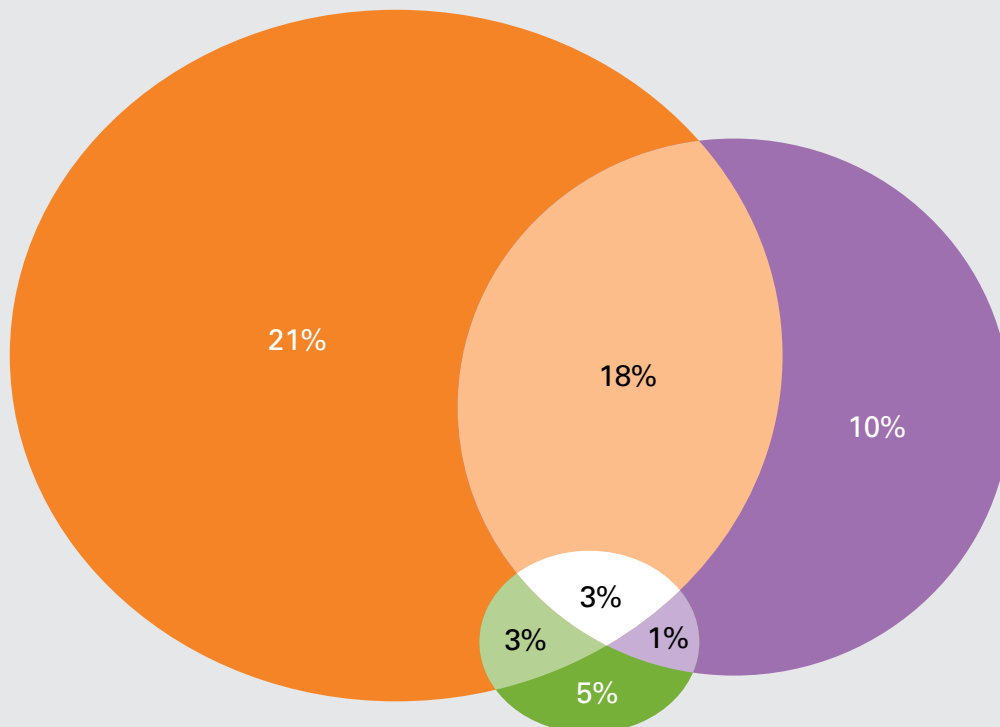
<sup>2</sup> Treasury, Strategies for reducing reliance on high-cost, short-term, small amount lending (Discussion Paper), Canberra, April 2012, <http://www.treasury.gov.au/>



Around 5% of respondents in the study had a personal loan, and no other mainstream credit products. There is a chance that this group might include a very small number of respondents who we classify as fully excluded or severely excluded (people with access to only one financial services product) if they do not also have access to any of the other financial products that we measure (a bank account or home contents insurance or motor vehicle insurance). Overall, we believe the use of credit cards as a proxy for measuring access to a moderate amount of credit is working well.

As discussed in the 2011 report, this does not mean that the authors believe a credit card is either an affordable or appropriate product for accessing credit in all circumstances. Financial counsellors, for example, continue to report credit card debt and the use of multiple credit cards as significant sources of credit over-commitment. Credit cards are also structured with minimum monthly repayment amounts that do not ensure the debt is repaid in a reasonable timeframe – this is in direct contrast to personal loans.

### Credit Product Ownership in Australia



■ Credit Card 45%   
 ■ Mortgage 32%   
 ■ Personal Loan 12%

The remaining 39% of adults have no mainstream credit products

# Mapping Financial Exclusion

## Process for mapping financial exclusion in Australia

Since the release of the first national measurement of financial exclusion in Australia in 2011, there has been a strong interest in identifying regions where rates of financial exclusion are higher than average.

This is a complex process, and we will be undertaking this analysis in stages. Over time, we hope to be able to identify specific local government areas or postcodes according to their level of financial exclusion. This will help policy makers and service providers design and target appropriate services on a geographical basis.

We make a start in this year's report by identifying the level of financial exclusion (alongside the local demographic profile) in 58 pre-identified regional areas that Roy Morgan Research uses for its own data analysis. This covers most of the country except for some remote parts of the Northern Territory.

We do have access to postcode level data on the geographic location of the 50,000 respondents in the core data set, and we hope to be able to provide data in smaller regions in future years.

**To facilitate regional comparisons, we examine the combined level of exclusion in each region against the national average.**

The combined level of exclusion is based on the addition of the fully excluded and severely excluded categories. However, each individual category is also included in the tables.

## Exclusion rates in the States and Territories

Degree of Exclusion	Aus	NSW <sup>3</sup>	NT <sup>4</sup>	QLD	SA	TAS	VIC	WA
Included	40.8%	39.5%	38.8%	43.3%	36.7%	42.8%	40.2%	44.4%
Marginally excluded	42.0%	41.2%	41.0%	43.3%	46.8%	44.8%	41.7%	38.5%
Severely excluded	16.1%	18.0%	20.0%	12.4%	15.2%	11.9%	16.7%	16.4%
Fully excluded	1.1%	1.2%	0.2%	1.0%	1.2%	0.5%	1.4%	0.7%
Combined included	82.8%	80.7%	79.8%	86.6%	83.5%	87.6%	81.9%	82.9%
Combined excluded	17.2%	19.2%	20.2%	13.4%	16.4%	12.4%	18.1%	17.1%
Exclusion rate compared to national average		+12%	+17%	-22%	-5%	-28%	+5%	-1%

<sup>3</sup> In this table NSW includes the ACT.

<sup>4</sup> In this table NT includes Darwin, Alice Springs and their immediate surroundings. It does not include significant areas of remote NT where data is unavailable.



The following table shows the broad split between consumers living in capital city urban areas and country areas:

Degree of Exclusion	Aus	Capital Cities	Country Areas
Included	40.8%	42.5%	38.1%
Marginally excluded	42.0%	38.9%	47.0%
Severely excluded	16.1%	17.4%	13.9%
Fully excluded	1.1%	1.3%	1.0%
Combined included	82.8%	81.4%	85.1%
Combined excluded	17.2%	18.7%	14.9%
Exclusion rate compared to national average		+9%	-13%

As noted in the 2011 report, the capital city areas tend to have higher levels of access to credit, but lower levels of access to insurance. Country areas have lower access to credit, but very high levels of access to insurance (particularly motor vehicle insurance as public transport is very limited).

These factors help to 'smooth' the overall rate of exclusion between city and country consumers, although the difference is still quite high.





## Regional results

The basic exclusion data for all 58 regions appears in Appendix 3 on page 45. It includes an overlay of general demographic data for each region – employment, income, age etc. The amount of data at this level is substantial, and the appendix is only a summary of the full data now available.

This mapping exercise has revealed a wide divergence in the combined exclusion rates across the 58 regions. The combined rate of exclusion varies from a high of 30.7% of the adult population (in the central Sydney region) to a low of 7.4% (in the Moreton country region around Brisbane).

The following table shows the 20 regions with the highest rate of financial exclusion and their divergence from the national average.

An analysis of the high rates of exclusion in some regions against the local demographic data shows that a low median age has the strongest correlation, although low levels of education and whether or not respondents are engaged in study are also significant.

The overall profiles of the most excluded areas show that these regions are either poorer inner-city areas or poorer outer suburbs of the major capitals, or they are very large remote and rural areas.

State	Regions	Included	Marginally excluded	Severely excluded	Fully excluded	Combined included	Combined excluded	Exclusion rate compared to national average
NSW	Central Sydney	37.6%	31.6%	28.4%	2.3%	69.2%	30.7%	+78%
NSW	Wollongong	26.0%	46.5%	24.3%	3.3%	72.5%	27.6%	+60%
SA	Eyre	21.3%	51.6%	27.1%	0.0%	72.9%	27.1%	+58%
VIC	Inner City Melbourne	42.7%	31.7%	24.7%	0.9%	74.4%	25.6%	+49%
NSW	Southern Sydney	37.1%	38.3%	22.8%	1.7%	75.4%	24.5%	+42%
NSW	South Western Sydney	30.9%	44.9%	22.7%	1.5%	75.8%	24.2%	+41%
WA	South Eastern Perth	40.7%	36.5%	21.5%	1.3%	77.2%	22.8%	+33%
VIC	Northern Melbourne	36.4%	41.7%	20.2%	1.7%	78.1%	21.9%	+27%
NT	Darwin	37.7%	40.8%	21.3%	0.2%	78.5%	21.5%	+25%
QLD	North Western	31.6%	47.2%	17.7%	3.4%	78.8%	21.1%	+23%
NSW	North Western	28.9%	50.3%	19.8%	1.0%	79.2%	20.8%	+21%
NSW	Western Sydney	37.6%	42.0%	19.5%	0.9%	79.6%	20.4%	+19%
QLD	Western Brisbane	41.0%	38.8%	18.8%	1.5%	79.8%	20.3%	+18%
WA	Regional	37.6%	42.1%	20.0%	0.2%	79.7%	20.2%	+17%
NT	Darwin & Alice Springs	38.8%	41.0%	20.0%	0.2%	79.8%	20.2%	+17%
VIC	Western Melbourne	33.8%	46.0%	18.0%	2.1%	79.8%	20.1%	+17%
VIC	Central Melbourne	48.7%	32.5%	17.2%	1.6%	81.2%	18.8%	+9%
WA	South Western Perth	43.3%	38.0%	17.2%	1.5%	81.3%	18.7%	+9%
SA	Western Adelaide	42.2%	39.8%	17.4%	0.6%	82.0%	18.0%	+5%
WA	Central Perth	52.6%	29.4%	17.7%	0.3%	82.0%	18.0%	+5%

The following table shows the 20 regions with the lowest rate of financial exclusion and their divergence from the national average.

Rural and semi-rural regions in Queensland dominate this table, and indeed those regions with older, wealthier retired populations display very high levels of financial inclusion.

The regional analysis is a useful addition to our understanding of financial exclusion, and may also assist in the delivery or policy responses and the delivery of specific services that address financial exclusion. In future years, we hope to deliver more fine grained regional data, perhaps concentrating on those areas with above-average levels of financial exclusion.

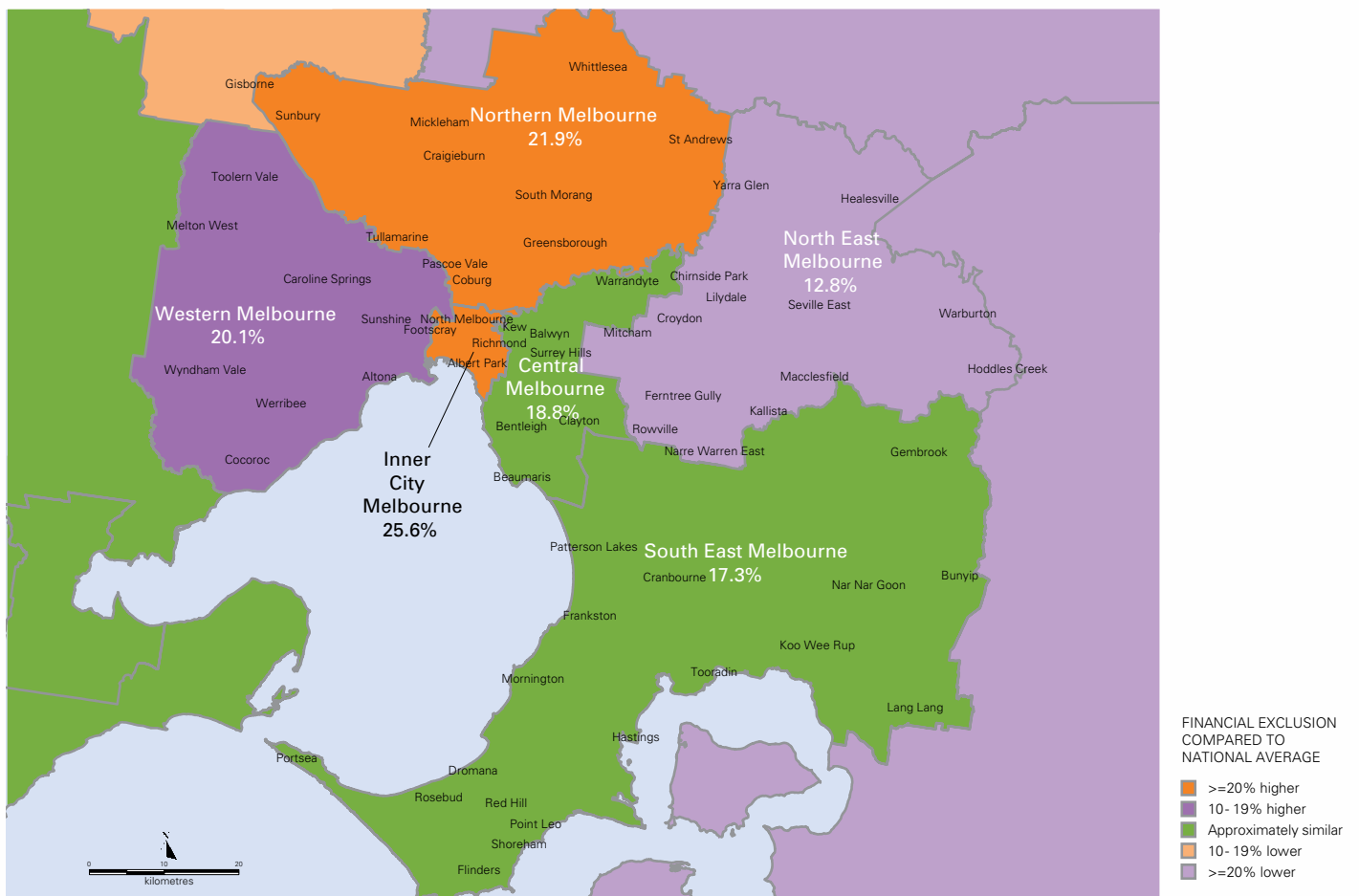
State	Regions	Included	Marginally excluded	Severely excluded	Fully excluded	Combined included	Combined excluded	Exclusion rate compared to national average
QLD	Townsville	42.0%	44.9%	12.4%	0.7%	86.9%	13.1%	-24%
NSW	Hunter	36.8%	50.1%	13.1%	0.0%	86.9%	13.1%	-24%
NSW	North Eastern	41.8%	45.3%	12.5%	0.5%	87.1%	13.0%	-24%
VIC	North East Melbourne	45.5%	41.7%	12.0%	0.8%	87.2%	12.8%	-26%
NSW	Northern Sydney	62.0%	25.4%	11.8%	0.8%	87.4%	12.6%	-27%
QLD	Gold Coast	41.9%	46.0%	11.7%	0.4%	87.9%	12.1%	-30%
TAS	Greater Hobart	43.2%	44.7%	11.6%	0.5%	87.9%	12.1%	-30%
NSW	Murray / Murrumbidgee	31.4%	56.5%	11.4%	0.6%	87.9%	12.0%	-30%
QLD	Eastern Brisbane	47.6%	40.4%	11.3%	0.6%	88.0%	11.9%	-31%
WA	Eastern Perth	43.8%	44.3%	11.4%	0.5%	88.1%	11.9%	-31%
VIC	Northern	41.7%	46.4%	11.0%	0.9%	88.1%	11.9%	-31%
TAS	Southern region	52.0%	36.1%	11.1%	0.8%	88.1%	11.9%	-31%
SA	Yorke Lwr Nth / Murray	33.7%	54.6%	10.5%	1.2%	88.3%	11.7%	-32%
TAS	Launceston/ North-Eastern	44.4%	44.7%	10.1%	0.8%	89.1%	10.9%	-37%
SA	Outer Adelaide	35.8%	53.3%	9.6%	1.3%	89.1%	10.9%	-37%
QLD	City & Northern Brisbane	50.0%	39.4%	9.9%	0.7%	89.4%	10.6%	-38%
NSW	Gosford/ Wyong	48.6%	41.2%	10.2%	0.0%	89.8%	10.2%	-41%
QLD	Sunshine Coast	50.8%	39.1%	8.6%	1.5%	89.9%	10.1%	-41%
QLD	Central/ South-Western	41.3%	49.2%	9.3%	0.1%	90.5%	9.4%	-45%
QLD	Moreton	53.2%	39.3%	6.1%	1.3%	92.5%	7.4%	-57%

## Regional Maps

The following maps, showing the area in and around Melbourne and regional New South Wales, are a sample of the regional maps we have developed as part of this project. They show the level of combined exclusion (fully excluded plus severely excluded) in each region, compared to the national average (17.2%).

The dark orange areas on the maps indicate a level of exclusion that is more than 20% above the national average. The dark purple areas indicate a level of exclusion that is between 10% and 20% above the national average.

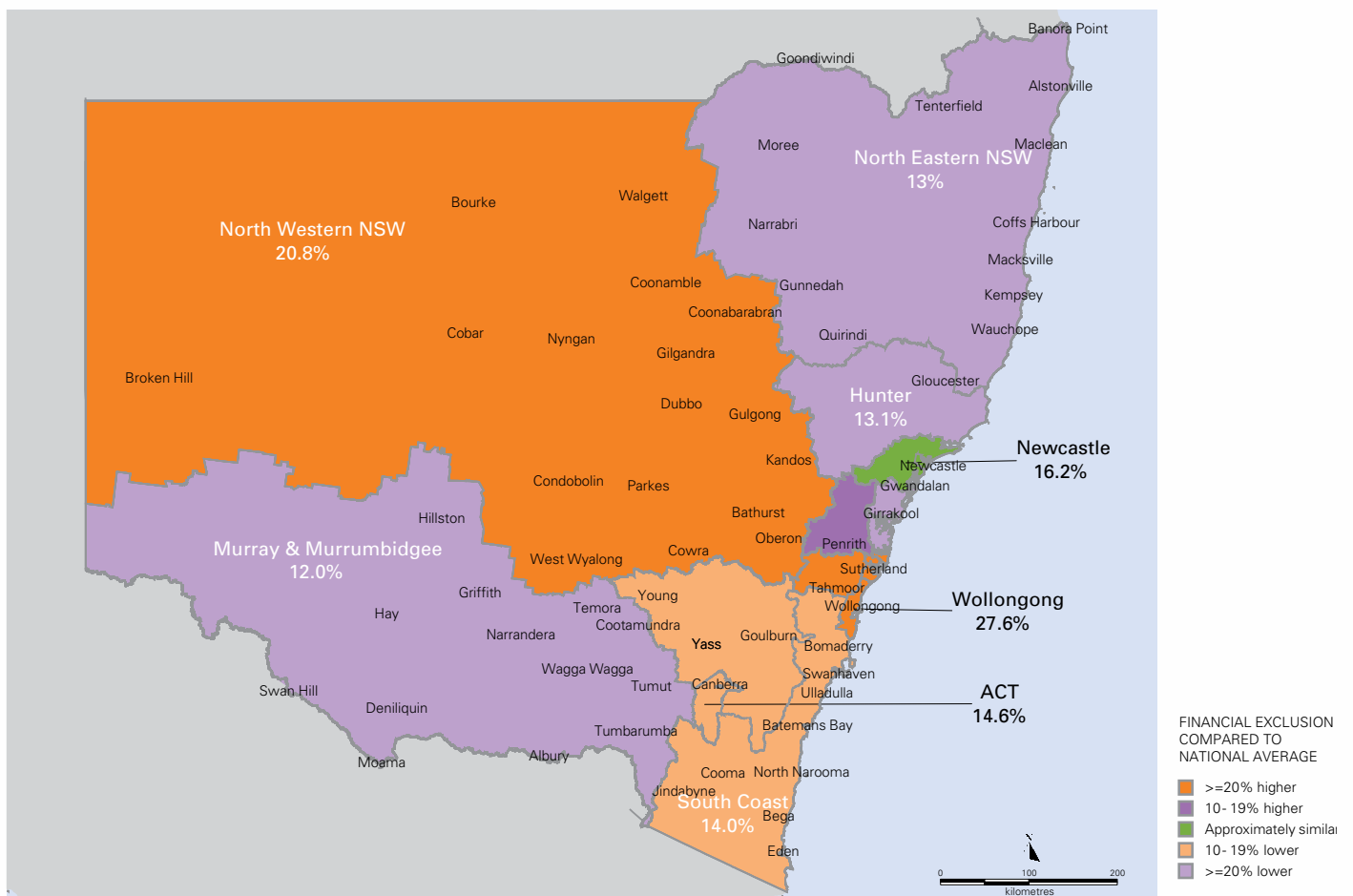
### Victoria - Melbourne



Based on 2006 SLA boundaries  
 Source: Roy Morgan Research  
 Produced by Roy Morgan Research.  
 © Commonwealth of Australia, 2012



New South Wales and the Australian Capital Territory



Based on 2006 SLA boundaries  
 Source: Roy Morgan Research  
 Produced by Roy Morgan Research.  
 © Commonwealth of Australia, 2012

The maps can be overlaid with additional boundaries or the locations of key services (such as financial counselling or community NILS services). A full set of regional maps is available on the project website at:

[http://www.csi.edu.au/project/NAB\\_\\_\\_CSI\\_Indicator\\_of\\_Financial\\_Exclusion.aspx](http://www.csi.edu.au/project/NAB___CSI_Indicator_of_Financial_Exclusion.aspx)

or

[www.nab.com.au/microfinanceresearch](http://www.nab.com.au/microfinanceresearch)

The regional data may also be of use in relation to access to single financial products. In this year's report we have analysed access to a transaction account. The national average of access to a transaction account is 97%, and although this appears quite high, it still means that 3% of the adult population do not have access to a basic account for managing their day to day transactions. We use an extremely broad definition of account in this study, so the 3% figure should be a concern.

The following table shows the 15 regions where the proportion of people without a bank account is higher than 4%:

Region	No account
Wollongong	6.9%
Western Brisbane	5.3%
Southern Sydney	4.9%
ACT	4.9%
Northern Melbourne	4.7%
North Western QLD	4.6%
Central Melbourne	4.5%
Geelong	4.4%
Sunshine Coast	4.4%
Western Melbourne	4.3%
Southern Adelaide	4.3%
South & East Melbourne	4.3%
Central Sydney	4.2%
Western Adelaide	4.2%
Northern Adelaide	4.0%
National average	3.0%

The regions identified as having low levels of access to transaction accounts tend to be inner-city areas, low income suburbs of capital cities, and lower income regional centres such as Wollongong and Geelong. The regions with low levels of transaction accounts are slightly different from the regions with low overall levels of financial exclusion – for example both the Sunshine Coast and the ACT have higher than average levels of financial inclusion.

In future years we hope to produce single product regional analysis for credit and insurance.





# Further Research

---

This is a multi-year project and CSI welcomes suggested enhancements to the research methodology, new sources of data, or recommendations for issues that require more detailed analysis.

In the 2011 report we included a section analysing accessibility issues, such as access to Internet banking, distances to branches, and the penetration of ATMs. Data on accessibility changes relatively slowly, so we have not revisited that issue in this year's report. However, we plan to examine this issue again in the future, and report on any significant changes in accessibility.

The research team also plans to revisit issues surrounding access to insurance, and to try to deepen our understanding around why some groups have very low levels of access to insurance. We note that although there is significant government, industry and community activity in relation to providing basic transaction accounts and basic, appropriate credit products, there is little such discussion in relation to insurance in Australia.

Finally, we aim to continue our geographic analysis of financial exclusion, and we are considering options for identifying levels of financial exclusion in smaller, more specific areas.





# Appendix 1 – Bibliography

- ABS (2012) *Consumer Price Index Australia 2011*, (cat no. 6401.0), ABS, Canberra, Australia.
- Anderloni L., Bayot B., Bładowski P., Iwanicz-Drozdowska M. & Kempson E. (2008) *Financial services provision and prevention of financial exclusion*, European Commission.
- Beck T., Demirgüç-Kunt A. & Honohan P. (2009) *Access to Financial Services: Measurement Impact and Policies*, The World Bank Research Observer.
- Beck, T., Demirgüç-Kunt A. and Soledad Martinez Peria S. (2008) *Banking Services for Everyone? Barriers to Bank Access and Use around the World*, World Bank Economic Review 22 (3):397–430.
- Beck T. and Demirgüç-Kunt A. (2008) *Access to Finance: An Unfinished Agenda*, The World Bank Economic Review 22(3): 383-396.
- Burkett I. & Drew B. (2008) *Financial inclusion, market failures and new markets: possibilities for community development finance institutions in Australia*, Brisbane, Foresters Community Finance.
- Burkett I. and Sheehan G. (2009) *From the margins to the mainstream*, Brotherhood of St. Laurence.
- CGAP (2009) *Measuring Access to Financial Services around the World*.
- Commonwealth Treasury, *Strategies for reducing reliance on high-cost, short-term, small amount lending (Discussion Paper)*, Canberra, April 2012, <http://www.treasury.gov.au/>
- Connolly C. & Hajaj K. (2001) *Financial services and social exclusion*, report prepared for the Chifley Research Centre, University of NSW, Sydney.
- Hannig A. & Jansen S. (2010) *Financial Inclusion and Financial Stability: Current Policy Issues*. ADBI Working Paper 259. Tokyo: Asian Development Bank Institute.
- HM Treasury (2004) *Promoting Financial Inclusion*, London: HM Treasury.
- Howell N. and Wilson T. (2005) *Access to Consumer Credit: the Problem of Financial Exclusion in Australia and the Current Regulatory Framework*, Macquarie Law Journal Vol. 5.
- Jérusalmy O. (2009) *Financial Inclusion Indicator Report*, European Commission ([www.fininc.eu](http://www.fininc.eu)).
- Kempson E. (2006) *Policy Level Response to Financial Exclusion in Developing Economies: Lessons for Developing Countries*, Paper for Access to Finance: Building Inclusive Financial Systems, World Bank, Washington DC.
- Livingstone C., Bruce E., Kotnik E. & King S. (2009) *Comparing Australian and International Systems to address Consumer Financial Stress*, Monash University.
- Marston G. & Shevellar L. (2010) *The experience of using fringe lenders in Queensland: a pilot study*, School of Social Work and Human Services, University of Queensland, Brisbane.
- NAB (2010) *Do you really want to hurt me?, Exploring the costs of fringe lending – a report on the NAB Small Loans Pilot*.
- Sarma M. & Pais J. (2009) *Financial Inclusion and Development: A Cross Country Analysis*, Indian Council for Research on International Economic Relations.
- Sheehan G. & Renouf G. (2006) *Risk and reality Access to general insurance for people on low incomes*.
- Simpson W. & Buckland J. (2009) *Examining evidence of financial and credit exclusion in Canada from 1999 to 2005*, The Journal of Socio-Economics.
- Sinclair S., McHardy F., Dobbie L., Lindsay K. & Morag Gillespie M. (2009) *Understanding financial inclusion*, Friends Provident Foundation.
- Wallace A. & Quilgars D. (2005) *Homelessness and Financial Exclusion: A Literature Review*. London: Friends Provident/ London Housing Foundation.

# Appendix 2 – Methodology

## Product ownership exclusion

To determine the degree of overall financial exclusion in Australia, we measured the level of product ownership for three key financial services. This was based on the level of product ownership amongst the Australian population who are 18 and older. Those three services are:

- **The ability to manage day to day transactions and payments:** We measured ownership of Transaction Accounts including a wide variety of accounts from all financial institutions, but excluding term deposits.
- **Access to a moderate amount of credit:** We measured ownership of credit cards which enable access to a moderate amount of credit. Note that credit cards were chosen as a proxy for measuring access to mainstream credit products.
- **The ability to protect key assets:** We measured ownership of general insurance products providing basic asset protection, narrowly defined to only include home contents insurance and/or vehicle insurance (excluding Compulsory Third Party vehicle insurance).

Consumers were pooled into categories of financial exclusion ranging from individuals being:

- Included (owning all three services)
- Marginally excluded (lacking one service)
- Severely excluded (lacking two services)
- Fully excluded (lacking all three services).

Based on this framework, search queries have been created within the Roy Morgan Research financial services database. The database holds data collected from 50,000 face to face interviews with individuals in Australia. The results are weighted to reflect geographic, age and sex distribution of the population according to the latest ABS statistics.

Additional information on Indigenous consumers was provided by an analysis of a sub-group of the large Roy Morgan database, consisting of people who had completed a Self Completion form left with respondents. Approximately 20,000 individuals complete this material, and it includes a question on whether they consider themselves to be Indigenous. The returned self completion material is then matched to the main survey data and the entire information is weighted to project the Australian population based on the latest ABS estimates.

## Cost Exclusion

To quantify the average cost of financial services, we examined the average annual costs of maintaining transaction accounts, credit cards and general insurance.

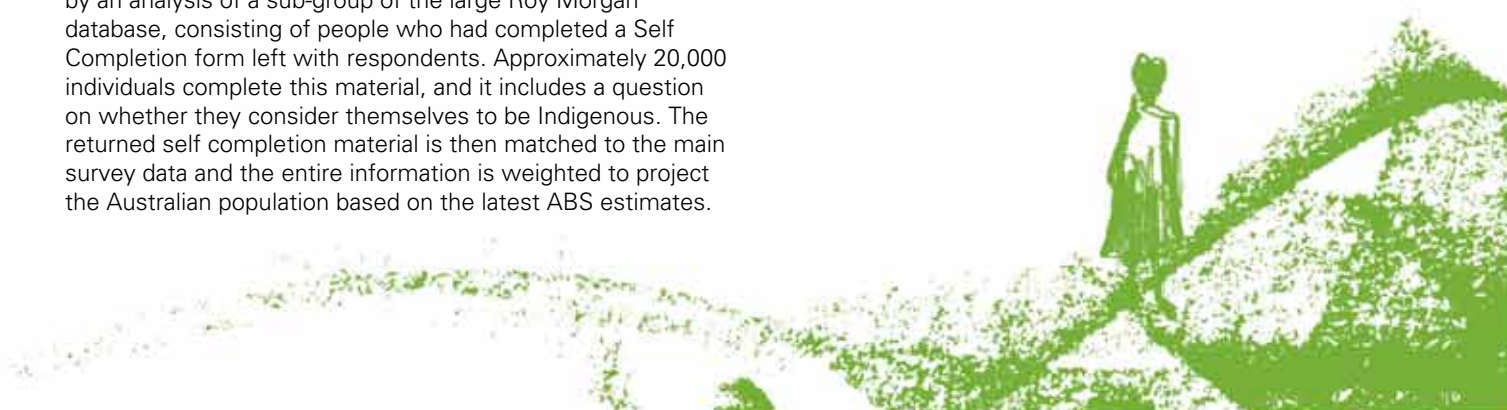
After estimating the average cost of each financial product the next step is to calculate the overall annual cost of financial services. As an indicator for cost exclusion, the ratio of cost to annual income is being used.

Included	< 5%
Marginally excluded	5-10%
Severely excluded	10%-15%
Fully excluded	> 15%

To measure how many people fall into each category, Roy Morgan Research demographic data has been used. Within the lowest income bands there are about 15% of the population which earned less than the minimum Centrelink payment. Of those 15% about one third are the main income earner. Those were included in the calculation. The remainder are likely to be dependents, and they have been excluded from this particular calculation.

## Roy Morgan Research Re-contact Survey

A survey of 661 people was conducted to gather information on financial products, possible barriers in obtaining these products and to help identify levels of financial stress. The survey targeted people who were pre-identified as being in the severely excluded or fully excluded financial exclusion segments using Roy Morgan Research's Single Source survey database. The survey was carried out by Roy Morgan Research over the telephone and was between 5 and 10 minutes in length.



## Data sources

The following table provides a summary of the key data sources used in the calculation of the 2012 financial exclusion indicator.

Key Data Sources	Use	Strengths	Limitations
Roy Morgan Research Financial Services Survey	<ul style="list-style-type: none"> <li>• Product ownership</li> <li>• Demographic data</li> <li>• Means of accessing financial services</li> </ul>	<ul style="list-style-type: none"> <li>• 50,000 respondents</li> <li>• Face to face interviews</li> <li>• Weighted against ABS population data</li> </ul>	
NAB internal data	<ul style="list-style-type: none"> <li>• Transaction patterns</li> <li>• Average account balances</li> </ul>	<ul style="list-style-type: none"> <li>• Data on several million consumers available</li> <li>• Reveals actual transaction data (no self reporting bias)</li> </ul>	<ul style="list-style-type: none"> <li>• Not weighted against ABS data – slight bias towards higher income consumers</li> </ul>
Canstar Cannex	<ul style="list-style-type: none"> <li>• Average cost of maintaining basic transaction account / basic credit card</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive, detailed data</li> <li>• Up to date cost information</li> </ul>	
Insurance Statistics Australia	<ul style="list-style-type: none"> <li>• Annual premium costs</li> </ul>	<ul style="list-style-type: none"> <li>• Up to date cost information</li> </ul>	



# Appendix 3 – Full Regional Analysis

## New South Wales - Sydney

2011 Segments	AUS	Northern Sydney	Western Sydney	Southern Sydney	Central Sydney	South Western Sydney	Gosford/Wyong
Sample size	49,883	1,854	2,611	1,862	1,885	1,381	744
Population (thousands)	17,412	686	888	606	707	441	253
Included	40.8%	62.0%	37.6%	37.1%	37.6%	30.9%	48.6%
Marginally excluded	42.0%	25.4%	42.0%	38.3%	31.6%	44.9%	41.2%
Severely excluded	16.1%	11.8%	19.5%	22.8%	28.4%	22.7%	10.2%
Fully Excluded	1.1%	0.8%	0.9%	1.7%	2.3%	1.5%	0.0%
Combined Included	82.8%	87.4%	79.6%	75.4%	69.2%	75.8%	89.8%
Combined Excluded	17.2%	12.6%	20.4%	24.5%	30.7%	24.2%	10.2%
Exclusion rate compared to nat average		-27%	-75%	-70%	-63%	-71%	-88%
<b>Age</b>							
Age - Average	47	51	45	45	42	43	53
Age - Median	45	50	42	43	37	41	52
<b>Work Status</b>							
Employed Full-time	43.0	46.5	47.7	43.8	47.5	42.3	35.2
Employed Part-time	19.2	18.4	16.0	19.1	22.6	16.6	18.3
Total Not Employed	37.7	35.0	36.3	37.1	30.0	41.1	46.5
<b>Personal Income</b>							
Personal Income - Average (000s)	44	59	41	42	51	37	42
Personal Income - Median (000s)	32	41	34	31	40	29	27
<b>Country of Birth</b>							
Australian Born	70.7	63.0	56.7	59.5	55.6	52.8	81.8
NZ/UK/US/Canada	10.6	13.5	7.8	6.6	11.1	7.5	11.6
Other Overseas born	18.7	23.5	35.4	33.9	33.4	39.8	6.7
<b>Education Level</b>							
Primary School only	2.4	0.7	1.7	1.4	0.7	2.3	1.6
Some Secondary/Tech.	13.8	5.4	8.7	9.5	5.2	14.3	13.0
Finished Tech./Matric/HSC/Year 12	19.3	15.6	19.8	17.4	13.3	30.5	25.9
Have Diploma or Degree	38.4	61.5	43.1	45.7	61.8	26.1	33.7

## Rest of New South Wales and the Australian Capital Territory

2011 Segments	AUS	Newcastle	Hunter	North Eastern NSW	Wollongong	South Coast NSW	ACT	North Western NSW	Murray & Murrumbidgee
Sample size	49,883	1,068	204	1,845	680	756	970	880	637
Population (thousands)	17,412	425	87	594	229	276	271	252	229
Included	40.8%	26.9%	36.8%	41.8%	26.0%	34.6%	53.5%	28.9%	31.4%
Marginally excluded	42.0%	57.0%	50.1%	45.3%	46.5%	51.4%	31.9%	50.3%	56.5%
Severely excluded	16.1%	15.7%	13.1%	12.5%	24.3%	13.0%	11.5%	19.8%	11.4%
Fully Excluded	1.1%	0.5%	0.0%	0.5%	3.3%	1.0%	3.1%	1.0%	0.6%
Combined Included	82.8%	83.9%	86.9%	87.1%	72.5%	86.0%	85.4%	79.2%	87.9%
Combined Excluded	17.2%	16.2%	13.1%	13.0%	27.6%	14.0%	14.6%	20.8%	12.0%
Exclusion rate compared to nat average		-6%	-24%	-24%	+60%	-19%	-15%	+21%	-30%
<b>Age</b>									
Age - Average	47	48	48	52	48	52	45	50	48
Age - Median	45	47	45	52	46	52	42	49	46
<b>Work Status</b>									
Employed Full-time	43.0	37.2	43.5	32.4	36.7	36.1	57.5	28.0	43.4
Employed Part-time	19.2	17.6	17.4	20.8	18.1	15.3	16.2	16.4	14.7
Total Not Employed	37.7	45.2	39.2	46.8	45.2	48.6	26.4	55.6	42.0
<b>Personal Income</b>									
Personal Income - Average (000s)	44	38	44	36	37	39	62	30	36
Personal Income - Median (000s)	32	28	31	25	24	26	56	21	27
<b>Country of Birth</b>									
Australian Born	70.7	88.2	94.8	88.3	77.8	87.5	75.1	91.2	86.3
NZ/UK/US/Canada	10.6	5.0	1.3	7.0	8.1	8.1	9.2	5.5	6.3
Other Overseas born	18.7	6.8	3.9	4.7	14.1	4.4	15.7	3.3	7.3
<b>Education Level</b>									
Primary School only	2.4	1.0	2.4	2.9	1.6	1.6	0.8	3.4	3.7
Some Secondary/Tech.	13.8	13.1	9.5	13.1	14.4	15.2	6.1	22.8	12.9
Finished Tech./Matric/HSC/Year 12	19.3	22.7	37.4	27.3	21.3	21.1	14.4	20.2	19.8
Have Diploma or Degree	38.4	32.3	20.9	28.6	35.0	31.3	58.2	16.0	24.8



## Queensland - Brisbane

2011 Segments	AUS	City & Northern Brisbane	Western Brisbane	Southern Brisbane	Eastern Brisbane
Sample size	49,883	1,645	629	1,391	701
Population (thousands)	17,412	561	220	516	257
Included	40.8%	50.0%	41.0%	37.7%	47.6%
Marginally excluded	42.0%	39.4%	38.8%	45.0%	40.4%
Severely excluded	16.1%	9.9%	18.8%	16.8%	11.3%
Fully Excluded	1.1%	0.7%	1.5%	0.5%	0.6%
Combined Included	82.8%	89.4%	79.8%	82.7%	88.0%
Combined Excluded	17.2%	10.6%	20.3%	17.3%	11.9%
Exclusion rate compared to nat average		-38%	+18%	+1%	-31%
<b>Age</b>					
Age - Average	47	47	44	42	47
Age - Median	45	45	41	38	47
<b>Work Status</b>					
Employed Full-time	43.0	48.2	44.8	48.9	48.5
Employed Part-time	19.2	18.4	22.2	18.0	17.6
Total Not Employed	37.7	33.4	33.0	33.1	33.9
<b>Personal Income</b>					
Personal Income - Average (000s)	44	49	47	42	49
Personal Income - Median (000s)	32	38	38	36	36
<b>Country of Birth</b>					
Australian Born	70.7	75.2	66.1	64.7	72.3
NZ/UK/US/Canada	10.6	13.9	11.8	13.7	16.8
Other Overseas born	18.7	10.9	22.2	21.6	10.9
<b>Education Level</b>					
Primary School only	2.4	3.4	2.9	2.3	3.6
Some Secondary/Tech.	13.8	13.5	11.8	17.8	15.8
Finished Tech./Matric/HSC/Year 12	19.3	20.5	10.5	20.0	17.7
Have Diploma or Degree	38.4	39.7	50.3	36.4	37.1

## Rest of Queensland

2011 Segments	AUS	Gold Coast	Sunshine Coast	Moreton	Central/ South Western QLD	Coastal QLD	Cairns	Townsville	North Western QLD
Sample size	49,883	1,182	655	385	539	1,523	742	794	366
Population (thousands)	17,412	446	204	128	216	537	132	150	111
Included	40.8%	41.9%	50.8%	53.2%	41.3%	40.8%	40.3%	42.0%	31.6%
Marginally excluded	42.0%	46.0%	39.1%	39.3%	49.2%	45.0%	44.4%	44.9%	47.2%
Severely excluded	16.1%	11.7%	8.6%	6.1%	9.3%	11.9%	15.1%	12.4%	17.7%
Fully Excluded	1.1%	0.4%	1.5%	1.3%	0.1%	2.2%	0.2%	0.7%	3.4%
Combined Included	82.8%	87.9%	89.9%	92.5%	90.5%	85.8%	84.7%	86.9%	78.8%
Combined Excluded	17.2%	12.1%	10.1%	7.4%	9.4%	14.1%	15.3%	13.1%	21.1%
Exclusion rate compared to nat average		-30%	-41%	-57%	-45%	-18%	-11%	-24%	+23%
<b>Age</b>									
Age - Average	47	46	53	54	49	47	46	44	49
Age - Median	45	44	52	54	47	45	44	42	47
<b>Work Status</b>									
Employed Full-time	43.0	45.3	35.7	35.2	40.9	39.4	45.3	49.0	42.0
Employed Part-time	19.2	19.0	19.1	23.8	16.2	17.1	18.7	18.3	14.0
Total Not Employed	37.7	35.7	45.2	41.1	42.9	43.5	36.0	32.7	44.0
<b>Personal Income</b>									
Personal Income - Average (000s)	44	44	43	43	41	41	44	43	39
Personal Income - Median (000s)	32	34	31	30	31	27	35	36	27
<b>Country of Birth</b>									
Australian Born	70.7	70.9	78.6	82.9	85.2	86.9	80.3	80.6	84.2
NZ/UK/US/Canada	10.6	19.7	14.7	12.7	6.7	8.8	12.0	10.1	8.5
Other Overseas born	18.7	9.4	6.7	4.4	8.1	4.3	7.7	9.3	7.2
<b>Education Level</b>									
Primary School only	2.4	2.4	2.4	2.0	4.9	6.4	2.4	1.7	5.9
Some Secondary/Tech.	13.8	14.7	14.9	13.5	17.4	16.7	17.0	14.5	18.8
Finished Tech./Matric/HSC/Year 12	19.3	22.1	20.1	22.1	21.5	28.4	27.6	27.9	20.4
Have Diploma or Degree	38.4	34.0	35.8	32.9	30.2	20.9	30.0	30.8	20.4



## Victoria - Melbourne

2011 Segments	AUS	Western Melbourne	Northern Melbourne	Inner City Melbourne	Central Melbourne	North Eastern Melbourne	South East Melbourne
Sample size	49,883	1,286	1,667	563	1,948	986	1,503
Population (thousands)	17,412	538	631	302	754	398	607
Included	40.8%	33.8%	36.4%	42.7%	48.7%	45.5%	42.5%
Marginally excluded	42.0%	46.0%	41.7%	31.7%	32.5%	41.7%	40.1%
Severely excluded	16.1%	18.0%	20.2%	24.7%	17.2%	12.0%	15.4%
Fully Excluded	1.1%	2.1%	1.7%	0.9%	1.6%	0.8%	1.9%
Combined Included	82.8%	79.8%	78.1%	74.4%	81.2%	87.2%	82.6%
Combined Excluded	17.2%	20.1%	21.9%	25.6%	18.8%	12.8%	17.3%
Exclusion rate compared to nat average		+17%	+27%	+49%	+9%	-26%	+1%
<b>Age</b>							
Age - Average	47	44	44	41	47	49	48
Age - Median	45	42	41	35	45	48	46
<b>Work Status</b>							
Employed Full-time	43.0	45.3	41.5	53.8	44.3	48.1	43.5
Employed Part-time	19.2	21.0	22.3	19.4	22.1	18.5	19.2
Total Not Employed	37.7	33.7	36.2	26.8	33.6	33.4	37.2
<b>Personal Income</b>							
Personal Income - Average (000s)	44	40	38	59	48	43	40
Personal Income - Median (000s)	32	32	30	49	33	37	33
<b>Country of Birth</b>							
Australian Born	70.7	60.4	60.6	62.5	61.3	67.4	62.2
NZ/UK/US/Canada	10.6	8.5	5.7	13.4	7.8	10.4	10.0
Other Overseas born	18.7	31.1	33.7	24.1	30.9	22.2	27.7
<b>Education Level</b>							
Primary School only	2.4	2.9	2.0	0.5	1.9	0.9	1.7
Some Secondary/Tech.	13.8	18.4	14.1	4.2	9.5	13.9	18.2
Finished Tech./Matric/HSC/Year 12	19.3	15.9	15.8	7.3	10.0	18.4	16.2
Have Diploma or Degree	38.4	38.6	45.8	66.9	55.9	39.4	35.1

## Rest of Victoria

2011 Segments	AUS	Western VIC	North Western VIC	Northern VIC	Eastern VIC	Geelong
Sample size	49,883	884	904	622	515	363
Population (thousands)	17,412	294	275	239	210	140
Included	40.8%	36.9%	34.6%	41.7%	33.1%	32.8%
Marginally excluded	42.0%	45.6%	50.6%	46.4%	53.1%	51.3%
Severely excluded	16.1%	17.0%	14.4%	11.0%	12.9%	15.2%
Fully Excluded	1.1%	0.5%	0.4%	0.9%	0.8%	0.7%
Combined Included	82.8%	82.5%	85.2%	88.1%	86.2%	84.1%
Combined Excluded	17.2%	17.5%	14.8%	11.9%	13.7%	15.9%
Exclusion rate compared to nat average		+2%	-14%	-31%	-20%	-8%
<b>Age</b>						
Age - Average	47	51	49	50	50	47
Age - Median	45	50	48	48	49	46
<b>Work Status</b>						
Employed Full-time	43.0	35.6	36.1	38.9	34.0	42.9
Employed Part-time	19.2	19.3	22.3	18.3	21.1	17.5
Total Not Employed	37.7	45.0	41.7	42.7	44.9	39.6
<b>Personal Income</b>						
Personal Income - Average (000s)	44	38	36	38	37	38
Personal Income - Median (000s)	32	28	27	30	24	29
<b>Country of Birth</b>						
Australian Born	70.7	86.4	88.7	88.2	87.5	80.7
NZ/UK/US/Canada	10.6	6.3	5.1	4.8	6.7	7.6
Other Overseas born	18.7	7.3	6.2	7.0	5.9	11.7
<b>Education Level</b>						
Primary School only	2.4	3.3	3.0	2.4	4.0	1.7
Some Secondary/Tech.	13.8	18.2	23.5	18.2	20.2	14.6
Finished Tech./Matric/HSC/Year 12	19.3	14.2	18.0	22.3	22.2	18.4
Have Diploma or Degree	38.4	32.9	26.5	27.6	23.7	36.4

## Tasmania

2011 Segments	AUS	Greater Hobart	Southern TAS	Burnie/ Western TAS	Launceston/ North-Eastern TAS
Sample size	49,883	779	138	415	450
Population (thousands)	17,412	171	29	82	112
Included	40.8%	43.2%	52.0%	36.2%	44.4%
Marginally excluded	42.0%	44.7%	36.1%	48.4%	44.7%
Severely excluded	16.1%	11.6%	11.1%	15.4%	10.1%
Fully Excluded	1.1%	0.5%	0.8%	0.0%	0.8%
Combined Included	82.8%	87.9%	88.1%	84.6%	89.1%
Combined Excluded	17.2%	12.1%	11.9%	15.4%	10.9%
Exclusion rate compared to nat average		-30%	-31%	-10%	-37%
<b>Age</b>					
Age - Average	47	48	55	48	52
Age - Median	45	46	57	46	51
<b>Work Status</b>					
Employed Full-time	43.0	38.4	32.8	36.3	39.1
Employed Part-time	19.2	21.2	26.1	15.9	14.9
Total Not Employed	37.7	40.4	41.1	47.9	46.0
<b>Personal Income</b>					
Personal Income - Average (000s)	44	38	36	36	38
Personal Income - Median (000s)	32	29	26	26	27
<b>Country of Birth</b>					
Australian Born	70.7	82.8	80.9	91.9	85.2
NZ/UK/US/Canada	10.6	8.9	11.5	4.9	9.2
Other Overseas born	18.7	8.3	7.5	3.2	5.6
<b>Education Level</b>					
Primary School only	2.4	1.4	2.2	3.5	2.8
Some Secondary/Tech.	13.8	9.8	14.5	20.4	20.2
Finished Tech./Matric/HSC/Year 12	19.3	22.1	21.9	17.3	18.3
Have Diploma or Degree	38.4	32.9	25.5	26.5	25.2



## South Australia

2011 Segments	AUS	Northern Adelaide	Western Adelaide	Eastern Adelaide	Southern Adelaide	Outer Adelaide	Yorke, Lower North & Murray	South Eastern SA	Eyre
Sample size	49,883	768	532	619	841	420	391	191	304
Population (thousands)	17,412	295	183	206	278	111	93	54	85
Included	40.8%	30.3%	42.2%	45.6%	39.1%	35.8%	33.7%	39.1%	21.3%
Marginally excluded	42.0%	53.4%	39.8%	38.4%	44.0%	53.3%	54.6%	47.6%	51.6%
Severely excluded	16.1%	15.2%	17.4%	14.5%	15.0%	9.6%	10.5%	13.3%	27.1%
Fully Excluded	1.1%	1.2%	0.6%	1.5%	1.9%	1.3%	1.2%	0.0%	0.0%
Combined Included	82.8%	83.7%	82.0%	84.0%	83.1%	89.1%	88.3%	86.7%	72.9%
Combined Excluded	17.2%	16.4%	18.0%	16.0%	16.9%	10.9%	11.7%	13.3%	27.1%
Exclusion rate compared to nat average		-5%	+5%	-7%	-2%	-37%	-32%	-23%	+58%
<b>Age</b>									
Age - Average	47	47	48	47	50	52	53	51	44
Age - Median	45	44	46	45	49	52	51	53	41
<b>Work Status</b>									
Employed Full-time	43.0	42.0	42.8	39.0	37.6	41.4	29.7	30.7	36.7
Employed Part-time	19.2	17.7	24.2	23.6	20.3	20.4	16.6	24.1	20.5
Total Not Employed	37.7	40.3	33.0	37.4	42.1	38.1	53.7	45.2	42.8
<b>Personal Income</b>									
Personal Income - Average (000s)	44	37	43	47	42	40	31	40	37
Personal Income - Median (000s)	32	30	35	33	32	32	22	29	25
<b>Country of Birth</b>									
Australian Born	70.7	73.0	65.4	70.4	71.5	77.4	86.0	87.5	86.7
NZ/UK/US/Canada	10.6	15.9	8.8	10.6	14.4	17.6	6.8	12.1	6.6
Other Overseas born	18.7	11.1	25.8	19.0	14.1	5.0	7.2	0.4	6.8
<b>Education Level</b>									
Primary School only	2.4	6.3	4.6	0.5	1.5	6.6	8.1	3.1	6.1
Some Secondary/Tech.	13.8	23.5	16.3	12.4	17.8	25.7	32.0	30.1	22.5
Finished Tech./Matric/HSC/Year 12	19.3	16.2	13.6	9.8	17.8	17.4	17.3	16.3	20.6
Have Diploma or Degree	38.4	31.5	39.6	51.0	38.9	24.8	14.8	15.8	24.7

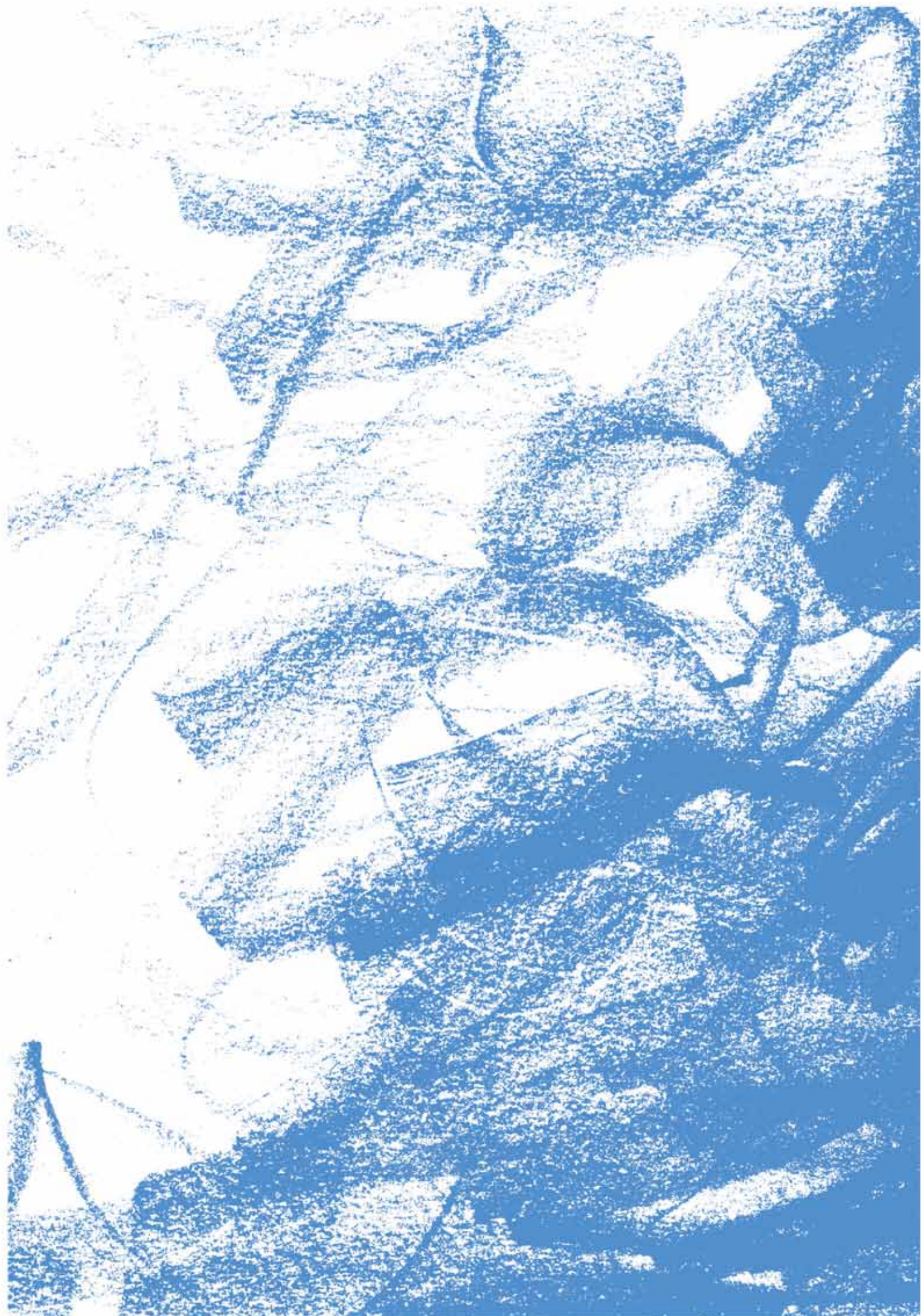
## Western Australia

2011 Segments	AUS	Central Perth	Eastern Perth	Northern Perth	South Western Perth	South East Perth	South Western WA	Regional WA
Sample size	49,883	300	541	1,005	602	756	501	686
Population (thousands)	17,412	125	226	403	285	294	192	265
Included	40.8%	52.6%	43.8%	51.5%	43.3%	40.7%	41.9%	37.6%
Marginally excluded	42.0%	29.4%	44.3%	35.2%	38.0%	36.5%	43.1%	42.1%
Severely excluded	16.1%	17.7%	11.4%	12.7%	17.2%	21.5%	14.8%	20.0%
Fully Excluded	1.1%	0.3%	0.5%	0.6%	1.5%	1.3%	0.2%	0.2%
Combined Included	82.8%	82.0%	88.1%	86.7%	81.3%	77.2%	85.0%	79.7%
Combined Excluded	17.2%	18.0%	11.9%	13.3%	18.7%	22.8%	15.0%	20.2%
Exclusion rate compared to nat average		+5%	-31%	-23%	+9%	+33%	-13%	+17%
<b>Age</b>								
Age - Average	47	44	47	48	46	44	50	46
Age - Median	45	38	46	46	44	39	49	44
<b>Work Status</b>								
Employed Full-time	43.0	48.5	47.2	47.1	44.5	46.2	43.7	41.7
Employed Part-time	19.2	23.9	19.5	21.9	21.5	18.7	16.6	20.9
Total Not Employed	37.7	27.6	33.2	31.0	34.0	35.1	39.7	37.4
<b>Personal Income</b>								
Personal Income - Average (000s)	44	66	50	53	49	47	50	53
Personal Income - Median (000s)	32	49	37	39	34	32	33	33
<b>Country of Birth</b>								
Australian Born	70.7	54.2	61.8	56.6	63.8	52.2	73.0	77.6
NZ/UK/US/Canada	10.6	18.1	22.0	22.4	20.3	12.7	19.0	13.8
Other Overseas born	18.7	27.7	16.3	21.1	15.9	35.0	8.0	8.6
<b>Education Level</b>								
Primary School only	2.4	0.9	1.8	1.9	1.1	1.3	1.1	5.0
Some Secondary/Tech.	13.8	4.8	13.2	13.3	16.1	9.1	21.0	16.1
Finished Tech./Matric/HSC/Year 12	19.3	9.2	23.1	20.8	24.9	21.2	28.6	28.2
Have Diploma or Degree	38.4	66.9	32.4	35.4	32.8	39.2	20.7	22.6

## Northern Territory

2011 Segments	AUS	Darwin & Alice Springs	Darwin only
Sample size	49,883	474	326
Population (thousands)	17,412	114	96
Included	40.8%	38.8%	37.7%
Marginally excluded	42.0%	41.0%	40.8%
Severely excluded	16.1%	20.0%	21.3%
Fully Excluded	1.1%	0.2%	0.2%
Combined Included	82.8%	79.8%	78.5%
Combined Excluded	17.2%	20.2%	21.5%
Exclusion rate compared to nat average		+17%	+25%
<b>Age</b>			
Age - Average	47	41	41
Age - Median	45	39	38
<b>Work Status</b>			
Employed Full-time	43.0	63.9	63.9
Employed Part-time	19.2	16.3	15.8
Total Not Employed	37.7	19.8	20.3
<b>Personal Income</b>			
Personal Income - Average (000s)	44	59	59
Personal Income - Median (000s)	32	53	53
<b>Country of Birth</b>			
Australian Born	70.7	72.5	72.5
NZ/UK/US/Canada	10.6	7.5	6.8
Other Overseas born	18.7	20.0	20.7
<b>Education Level</b>			
Primary School only	2.4	1.2	1.2
Some Secondary/Tech.	13.8	8.3	8.2
Finished Tech./Matric/ HSC/Year 12	19.3	23.7	24.3
Have Diploma or Degree	38.4	47.5	47.3







**Measuring Financial Exclusion In Australia**  
The Centre for Social Impact for National Australia Bank  
MAY 2012