

**Money Talks: Overcoming the financial exclusion problems
faced by Indigenous Australians**

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Abstract

A lack of access to banking and financial services, sometimes termed financial exclusion, is one of the key aspects of the social exclusion of low income groups in Australian society. Individuals without access to banking services are at an economic disadvantage. Without the ability to save, individuals are denied a range of economic opportunities and, in particular, the opportunity to break out of the 'poverty trap'.

As a large and increasing proportion of the population in rural and remote Australia, Indigenous people have been seriously impacted by the removal of banking and financial services from these areas. In addition to problems of accessing banking and financial services, many Indigenous people have low levels of financial literacy. The problems of financial exclusion that many Indigenous people face will only be solved by initiatives which focus on providing Indigenous people with 'informed' access to banking and financial services.

This paper explores aspects of financial exclusion, drawing on fieldwork conducted with Aboriginal communities in central Australia. It concludes by discussing a number of policy initiatives that may be useful in addressing these problems, both in central Australia, and nationally.

Introduction: Why is access to banking and financial services important?

Banking and financial services are essential services for participating in the Australian economy. In their submission to a Federal government inquiry into the removal of banking and financial services from rural and remote areas the National Farmers' Federation (NFF) argued that:

Access to financial services is an essential requirement for participation in modern society. All consumers need mechanisms for storing and saving money and for receiving and making payments to third parties. In this sense, basic banking services have much in common with central utilities such as electricity, gas and water (NFF, 1998: 533).

Individuals without access to banking services are at an economic disadvantage. Studying the 'unbanked' in the US, Stegman notes that:

Banking status has profound implications for long-term family self-sufficiency. In 1998, for example, the median value of all assets held

by unbanked families was just \$US2,300 compared with the \$US136,000 for all banked families (Stegman, 2001a: 23).

Elsewhere, Stegman et al analyse a survey of consumer finances to show the importance of being 'banked' in accessing other financial services. Their results show that 'lower income families [with bank accounts] ... are six times as likely as their unbanked peers to have credit cards and are more than twice as likely to have a home mortgage' (Stegman et al, 2001b: 8).

In Australia, access to banking and financial services have become increasingly important for low income people following the Federal government's decision to shift all income support recipients from cheque-based to electronic banking. In this context banking and financial services become essential services for people wishing to access their income support payments.

Another crucial aspect of financial services is that they allow individuals' the capacity to save. Without the ability to save, individuals are denied a range of economic opportunities and, in particular, the opportunity to break out of the 'poverty trap' (Stegman, 1999). Savings can also provide individuals with a safety net in times of emergencies. Without access to savings individuals are forced to rely on credit in emergencies. For people on low-incomes, or who are otherwise not deemed a good risk, access to credit can be extremely expensive.

Many Indigenous families have difficulty generating savings. Families that do not maintain financial savings often have poor or non-existent credit ratings or debt-to-income ratios that exclude them from mainstream forms of credit (McDonnell & Westbury 2002). At a community level, where large numbers of people within a community do not have access to formal banking services, this can create a savings deficit, which in turn means that individuals have little incentive or opportunity to acquire assets. For example, many Indigenous communities are plagued by what is termed a 'feast and famine' cycle caused by low personal incomes, patterns of immediate consumption and expenditure, combined with a lack of access to accumulated savings.

Within many Indigenous communities the historical lack of access to banking services means that individuals are often forced to rely on informal credit providers. Many Indigenous people become a captive market for informal credit providers, such as hotels, stores, hawkers and taxi drivers (Taylor & Westbury, 2000: 48). 'Bookup' (or 'bookdown') services are another aspect of informal credit facilities. Community stores often operate bookup arrangements, whereby they hold onto key cards and pin numbers or income support cheques as collateral for giving credit in the form of cash, white goods or food. Such arrangements, while providing people with access to credit are also open to exploitation (for a more detailed discussion see McDonnell & Martin 2002).

Financial exclusion

Given the importance of access to banking and financial services to an individuals' participation in the economy, it is imperative to look at what processes impede this access. Financial exclusion refers to the processes which work to prevent individuals having access to banking and financial services. Financial exclusion is often related to an individuals' income and employment status, geographic location, level of education and whether they have English as a second language (see, for example, Joseph Rowntree Foundation 1999). Historically, discussions of financial exclusion

have also been linked to changes in the delivery of financial services post-deregulation and, in particular, the closure of branch agencies in rural and remote communities (see, for example, Leyshon and Thrift 1995). More recently, however, discussions relating to financial exclusion have focused more on the types of people who lack access to financial services and the ways they are excluded (Kempson, Whyley, Caskey & Collard 2000: 9). In terms of this work, one of the key factors in the financial exclusion of an individual is a their financial literacy.

As a process, financial exclusion often reinforces other aspects of social exclusion. People who lack access to financial services are often excluded from participating in society in a number of other ways. Thus the process of social exclusion, as well as relating to a nexus of factors including unemployment, low income status, poor housing and health, poverty and low levels of skills, can also be related to financial exclusion.

Financial exclusion, like social exclusion, is a dynamic process. Some people experience short episodes of financial exclusion such as, closing a bank account after becoming unemployed only to re-open it when becoming employed again. For others, however, financial exclusion can be a long-term or life long process (Connolly and Hajaj 2001: 10). The dynamics of financial exclusion also show the impact of inter-generational and community wide exclusion, or what could otherwise be termed negative social capital. Evidence from the United Kingdom shows that there are differences in financial literacy between children from low-income and high-income families. Children from low-income families have less opportunities to see interactions with financial institutions, '[t]hey do not see their parents using non-cash methods of payments and some do not even see their parents using banks' (Kempson, Whyley, Caskey & Collard 2000: 50; see also, Loumidis and Middleton 2000). As a result they are likely to have lower levels of financial literacy and, particularly, less awareness of what financial products are available and where to go to get them.

At a community level, evidence suggests that people often rely on relatives, friends and neighbours for information and advice. If there is a low level of financial literacy in a community this can work to reinforce the financial exclusion of individuals in the community (National Consumer Council 1995). Further, low levels of financial literacy at a community level will also be linked to access to financial services. Where financial services are withdrawn from low-income areas this will further compound the low levels of financial literacy in a community.

Key factors in the financial exclusion of Indigenous people

Two key factors in the financial exclusion of Indigenous people in Australia are: a physical lack of access to banking and financial services, or geographical exclusion, and, low levels of financial literacy. These factors are explored in detail below, in the context of central Australian Aboriginal communities.

The financial exclusion of Indigenous people can also be interpreted in relation to access to financial services for low income people in general. Factors that impact on the ability of people to adapt to electronic banking systems include language barriers, age, level of education, literacy, technical literacy, unreliable phone or internet access, and disabilities- particularly intellectual disabilities, deafness and blindness. It is arguable that Indigenous people make up a significant proportion of many of these groups and so should also be recognised as a special group who are to some degree reliant on the provision of traditional face-to-face banking services.

Other barriers to Indigenous people accessing financial services are:

- Risk assessment discrimination.

A large body of work has been conducted in the United States and the United Kingdom to look at whether individuals are discriminated against by financial institutions on the basis of their race (see, Munnell et al 1992; Munnell et al 1996; Smith and Delair 1999). Such work remains inconclusive, and has been critiqued on the grounds of being economically irrational (see Benston 1999, Hylton and Rougeau 1996). A better explanation of what is termed 'raced based' discrimination may be that some borrowers have difficulty meeting the tests for lending imposed by financial institutions. For example, many Indigenous people have no credit history and lack the collateral usually required by financial institutions as a basis for lending (McDonnell 1999).

Many financial institutions have limited information on Indigenous business and borrowers, and are unaccustomed to dealing with them. For example, there is a lack of bank protocol for dealing with the 'proof of identity' problems sometimes faced by Indigenous people (Westbury 1999: 20). Often, there is a lack of Indigenous bank employees to aid with language and cultural barriers, and bank staff lack adequate cross-cultural training (Westbury 1999: 20). This creates serious problems for financial institutions when determining the credit-worthiness of Indigenous borrowers. Thus, existing financial institutions find it unprofitable to bear the risks of lending to Indigenous people, with Indigenous borrowers being viewed as 'a burden' that falls disproportionately on certain banks (Westbury 1999: 20).

- Low income status.

The fact that a number of Indigenous people have low-incomes or are on income support payments and thus represent accounts that are at best marginally profitable, is likely to further reinforce their financial exclusion.

- Marketing exclusion.

Indigenous people are rarely specifically targeted for financial products. Where this does occur it is done by financial institutions that are not mainstream lenders. In addition, many Indigenous people have low levels of literacy and so may find mainstream marketing material inaccessible.

- Self exclusion.

Indigenous people may decide that there is little point applying for a financial product because they believe they will be refused.

Together these various forms of financial exclusion work as a complex, mutually reinforcing set of barriers to Indigenous people having informed access to banking and financial services.

Geographic exclusion

A lack of physical access to banking and financial services, or geographic exclusion, is a key aspect of the financial exclusion faced by many Indigenous peoples. Geographic exclusion, as a process, relates to the changing geography of financial service provision. The dramatic changes to the Australian financial sector in the 1980 and 1990s, brought with them a decline in the availability of banking and financial services in rural and remote Australia. Further, the introduction of electronic banking services has been accompanied by 'a process of the rationalisation of the traditional

bank branch network', a process for which the 'impact has been particularly serious in regional and remote communities' as a result of a 'loss of banking or like services' (HRSCEFPA 1999: 7).

This removal of banking services from remote and rural communities has particular implications for the Indigenous population of these communities. Indigenous people represent a large and increasing share of the population of rural and remote Australia, a trend which appears set to continue. Taylor writes that:

Projections to 2016 of the Indigenous population in various regions across much of remote Australia indicate a rapidly growing Indigenous population...across the arid zone, the Indigenous population is projected to rise from 37,000 in 2001 to 45,000 in 2016 representing an increase in the regional share of the total population from 20% to 24% (see Taylor 2002: 6).

Thus it appears that problems that beset communities without access to banking services impact disproportionately on Indigenous people.

A further aspect to the geographical exclusion of many remote Indigenous communities from financial services relates not to the closure of bank branches or agencies but rather to the fact that these communities have never had access to banking and financial services. Geographical exclusion, in this context, is reflected in the long journey that many Indigenous people have to make to access banking and financial services. Work by Taylor that indicates that approximately 16 per cent of Australia's Indigenous population, or 56,300 people, live more than 80 kilometres from a bank, and often at even greater distances (Taylor 2002). Moreover, this statistic for the non-Indigenous population is only 0.6 per cent (Taylor 2002).

Central Australian Aboriginal communities: a case study of geographical exclusion

A large number of Indigenous people living in the central Australian region have made the transition from cheque-based to electronic-based payments, as a way of receiving their income support payments. It is estimated that across the central Australian region approximately 50 per cent of all Indigenous Centrelink clients are now using electronic banking. Given the number of people using electronic banking in central Australia, it is important to analyse the level of access to banking and financial services that people have.

Aboriginal communities in central Australia have very limited access to banking and financial services. A recent survey conducted by the Northern Territory Government (2002) details the low level of banking and financial services available in Aboriginal communities. Only one of the 24 central Australian communities surveyed has access to face-to-face banking services. This evidence suggests a serious lack of face-to-face banking and financial services for much of the remote Indigenous population of central Australia. Moreover, where these services are available it is because the community is located next to a major tourist destination, Ayres Rock, and bank services are provided as tourism infrastructure.

Most of the communities surveyed in the Northern Territory have access to money via EFTPOS at the community store, local roadhouse or pastoral station store. However, nine communities are without access to even EFTPOS facilities. This is despite the fact that a large number of income support and wage payments in these communities are made electronically. People who are being paid electronically, but have no

services for accessing their money within their community, are then forced to travel what are often large distances, sometimes at great personal expense.

Communities identified a large number of problems in accessing banking and financial services where only EFTPOS facilities are available. These problems were:

- An inability to check account balances
- Difficulties in transferring funds - this is particularly of concern as Aboriginal people often need to transfer money to relatives in other communities
- Risk of loss, or actual loss, of EFTPOS service due to damage to Optic Fibre networks that services are dependant on
- Use of EFTPOS dependant on buying overpriced goods from a store or roadhouse. This is a problem where stores or roadhouses engage in monopoly pricing of goods.

The survey thus demonstrates that in some Aboriginal communities, and particularly communities in central Australia, there is a critical lack of access to banking and financial services.

A solution? The RTC Program

One program that has been proposed as a way of meeting the banking and financial services needs of Indigenous communities in central Australia is the Rural Transaction Centre (RTC) program. Recognition of the problems caused by a lack of access to credit within rural and remote communities has led to the establishment, by the Federal government, of the RTC Program. Funded from the partial sale of Telstra, the \$70 million RTC Program is designed to provide funds to help small rural communities (with a population of less than 3,000 people) establish centres to provide access to basic banking, postal, Medicare claims, phone, fax and internet services (DoTRS 2002). Under the program it is envisaged that banking services provided by RTCs will include personal banking, some elements of business banking, ATMs and Giropost (DoTRS 2002).

The RTC program has been used by a number of remote Indigenous communities to improve their access to services. As at April 2003 there were a total of 151 communities that have been approved for RTC funding, of which 7 are located in Indigenous communities (Davies 2003). Moreover, a further 30 communities have been provided with business plan funding to prepare a business case to determine the feasibility of an RTC and assess the kinds of services a community wants delivered (Davies 2003).

RTCs are operational in three of the seven Indigenous communities that have been granted RTC funding. These communities are Oenpelli, Maningrida and Numbulwar (NT). The remaining 4 RTCs, which are yet to become operational, are located at Wadeye (expected early May), Point Pearce (SA), Gununa (Qld) and Lake Tyers (Vic) (Davies 2003). In addition to RTCs specifically located in remote Indigenous communities, there are a number of other RTCs which provide services to communities with significantly large Indigenous populations, such as Halls Creek (WA).

The total government outlay, as of May 2002, on developing RTCs in Indigenous communities was approximately \$2.3 million.

Regional RTCs

In addition to the establishment of RTCs in specific Indigenous communities, regional RTCs have been proposed as a way of meeting the banking and financial services needs of remote central Australian communities. Regional RTCs would operate using a hub-and-spokes model. Under this model, RTCs would be located in some of the larger communities in central Australia, where they can service other smaller communities in that region. These regional RTCs would also be linked to a service centre in Alice Springs. Currently regional RTCs have been mooted in Indigenous communities in Cape York sponsored by Balkanu (with business planning support from Westpac); Torres Strait; Central Australia to be sponsored by Central Remote Regional Council, Tangentyere Council and the Central Land Council; and the Anangu Pitjantjatjara lands (Davies 2003).

Financial literacy

Low levels of financial literacy is another key factor in the financial exclusion of Indigenous people in Australia. The link between financial literacy and financial exclusion can be seen in research conducted in the United Kingdom which shows that:

[f]or a minority of people lack of knowledge is a barrier to the use of financial services at all. Here it is not just a matter of feeling confident about buying the right product, but more that they either do not know what products are available, or where to go to buy them (Kempson, Whyley, Caskey & Collard 2000: 50).

Financial literacy is thus the difference between physical access to banking and financial services and 'informed' access to those services.

Recognition of the importance of financial literacy can be seen in a recent Australian Securities and Investment Commission (ASIC) report. In it ASIC argue that financially illiterate consumers may be:

- unable to budget appropriately to meet expenses;
- unable to identify financial products or services that meet their needs;
- unsure how to get and assess independent financial advice; and
- more likely to fall victim to abusive practices and scams (ASIC 2003: 11).

In relation to this final point ASIC state that their 'investigations into prospectuses and scams alone have revealed losses to consumers of up to \$800 million over the last three years' (ASIC 2003 loc.cit). Moreover, 'ASIC is confident that these figures represent significant under-reporting as many people feel too embarrassed or guilty to complain about instances where they have lost money' (ASIC 2003: 11-12).

Another Australian institution that has recognised the importance of financial literacy is the ANZ bank. The ANZ writes:

Financial literacy has become an increasingly important requirement for functioning in modern society and trends in work patterns, demography and service delivery suggest that it will be even more important in the years ahead (ANZ 2003: 2).

Accordingly, the ANZ has commissioned a survey into adult financial literacy in Australia. A key finding of this survey was that low financial literacy is linked to low

socio-economic status (ANZ 2003: 4). In addition, low financial literacy was also linked to:

- low levels of education (Year 10 or less);
- people either not working or in unskilled work;
- low household income (less than \$20,000)
- low levels of savings (less than \$5,000); and
- people who were either young (18-24 years old) or old (aged 70 and over) (ANZ 2003: 4).

At a national level, Indigenous people make up a significant proportion of many of these groups and thus it is arguable that they should be recognised as a special group who are in need of financial literacy training.

Financial literacy amongst Aboriginal people in central Australia

The formal and informal surveys conducted as part of this research indicate a large number of Aboriginal people in the Alice Springs and central Australian region have very low levels of financial literacy. The level of financial literacy a person has is the key factor in determining whether they will make the transition from cheque to electronic banking easily. Accordingly, many Aboriginal people have encountered problems in moving from cheque-based to electronic banking.

Aboriginal people in Alice Springs expressed a large number of difficulties using electronic banking services. These difficulties include:

- understanding how to obtain a key card
- understanding how to replace lost or damaged key cards
- understanding how to obtain a new pin number
- securing key cards and key cards breaking
- remembering pin numbers
- using Automated Teller Machines (ATMs)
- accessing and understanding bank balances, and
- understanding bank fees and how to minimise them.

A number of people surveyed found these difficulties so insurmountable that they have decided to either maintain, or to move back onto, cheque-based payments. For example, a significant number of people surveyed indicated that they did not have a keycard because they found them too difficult to use, or had lost a number of them and decided to switch back onto a bank account. This evidence indicates that for some people the shift to electronic banking may prove extremely difficult, even with financial literacy training. Policy makers must take into account that for a small number of people, and particularly those who are elderly, disabled, the difficulties of using electronic technology may be insurmountable. Thus regardless of the level of financial literacy training provided, for a small number of Indigenous people cheque-based income support payments may have to be maintained.

Financial literacy training at Tangentyere

The Tangentyere banking project provides important lessons in relation to both financial literacy programs and the transition from cheque-based to electronic banking. Following the Westbury Report, in 2000 the Tangentyere Council, along with the Centrelink, the Department of Family and Community Services (DFaCS) and Westpac, decided to conduct a 12 month Pilot Project to aid Tangentyere clients (Aboriginal people who live in the town camps in Alice Springs) in the transition from cheque-based to electronic-based banking. The Tangentyere bank pilot project thus involved a process of not only helping people to transfer onto electronic banking but also building their capacity to use electronic banking technology, such as Automatic Teller Machines (ATMs). William Tilmouth, the Chief Executive Officer of Tangentyere, explains:

The Bank Pilot Project is [designed] to assist indigenous people in their ability to use electronic transfers. Essentially, the project is to assist Centrelink recipients to make the changeover of their entitlements from cheque deposits to electronic credit transfer. Aboriginal people have long been accustomed to receiving their entitlements by cheque. In order to keep up-to-date with innovations created by technology it was decided by the [Tangentyere] Executive that a process to facilitate the introduction of electronic transfers be achieved. This process enables people to access ATMs with their keycards and simultaneously educate them regarding the importance of memorisation and confidentiality of pin numbers ... Once they are confident they can use their cards outside of Tangentyere. This enables people to learn in a comfortable environment where three language speakers are available for assistance (Tilmouth 2001: 12).

In addition to transferring people onto electronic banking the project was also designed to help people open bank accounts and sign onto a food voucher program.

The financial literacy training conducted by Tangentyere consisted of a 15 month training program, run by four Aboriginal bank liaison officers. These officers conducted a series of face-to-face workshops using a set of materials designed to meet the needs of illiterate people. Specifically, the materials consisted of large illustrated comic book style panels that were accompanied by an oral presentation and a video. Using these materials, bank customers were taught how to use an ATM and a keycard. They are also warned not to give their Personal Identification Number (PIN) to anyone else or to leave their keycards and PIN with storeholders or taxi drivers. Aboriginal bank liaison officers also provided an essential 'proof of identity' service. A lack of the necessary identification can sometimes create problems for Indigenous people in accessing banking services. The Tangentyere bank agency deals with these problems by employing bank staff from the same town camps where most bank clients reside.

Funding from the project came from a number of sources. The ATM operated by the project was provided free of charge by Westpac, which also waived the usual transaction fees charged to ATM providers (this combined amount is estimated at approximately \$40,000 per annum). Other funding for the project came from DfaCS, which has allocated approximately \$110,000, and Centrelink, which has provided \$10,000 and the fee for a consultant. Finally, ATSIC has provided some money towards an evaluation of the project. This funding was provided on a one-off basis.

In addition to these funding sources, Tangentyere Council estimates that it contributed \$11,000 on the Tangentyere bank pilot project in the 2000/01 financial year. Half this money was used to fund structural changes to the bank, with the other half being spent on operational materials (Pers Comm P. McDonald 2002).

Overall project evaluation

As of the end of August 2002 when the bank project stopped, the bank agency had approximately 888 clients, of whom 740 had bank accounts opened by Aboriginal bank liaison officers. Of the 740 accounts opened 481 customers, or approximately 65 per cent, now use keycards. These results are also replicated in Centrelink's data for the period of the financial literacy project. Centrelink data, as at October 2002, shows that during the course of the Tangentyere trial the number of Centrelink customers at Tangentyere receiving their payments by direct debit, or electronic banking, increased from 44 to 59 per cent (see Table 1). In terms of absolute numbers of people this represents an increase of 886 people, which is roughly approximate to the results given by Tangentyere. These results indicate that the project has aided a number of people in shifting from cheque-based to electronic banking.

Table 1. Centrelink data for Tangentyere payments 2000-02.

Year	Payments delivered	Cheque	Direct Debit	% delivered by Cheque	% delivered by Direct Debit
2000	2579	1443	1136	56	44
2001	3101	1534	1567	50	50
2002	3455	1433	2022	41	59

Source: Centrelink Alice Springs, October 2002.

Results from the project must be interpreted relative to the costs of operating the project. The operating costs detailed above indicate that for its 15 month period of operation the project cost \$131,000. Interpreted in the context of the numbers of people shifted onto bank accounts this costing is approximately \$177 per person moved onto electronic banking. However, this cost in turn must be interpreted in light of the savings made to DFACS in shifting people onto electronic banking (discussed below).

While the Tangentyere project may have been successful in transferring people to electronic banking this is a separate issue from whether it has improved peoples' welfare. In situations where people are paying more in bank fees than they were when receiving cheque payments, or are caught in key card related book-up, it is arguable that they may be worse off. However, the project also makes clear the fact that people's welfare is more likely to be improved by the shift to electronic banking where they have an 'informed' understanding of how to use banking technology.

Centrelink, as the instigator of the shift from cheque to electronic-based banking, has responsibility for ensuring that people who have been shifted onto electronic banking have an 'informed' understanding of how to use electronic banking technology. In particular this means: how to use a keycard and ATM, what a pin number is, and how to get a replacement key card and pin number. Results from the Tangentyere project also seem to indicate that people do not have significant problems with losing cards or forgetting their PINs. This indicates that the training conducted by the project has

been successful, in that Tangentyere customers have overcome many of the problems associated with electronic banking, identified above. This project thus represents an example of capacity building by providing people with the financial literacy training to facilitate their informed access to financial services. As such, the training provided by Tangentyere bank liaison officers, and the material developed in the course of the project, may be transferable to other Indigenous communities. It is for this reason that extending aspects of the project to other central Australian communities should be considered.

Finally, the financial literacy project has also identified that there are a number of Indigenous people who, regardless of the financial literacy training provided, will never make the transition to electronic payments. In particular, the elderly and people with problems with their eyesight and other disabilities seem to have insurmountable barriers to accessing electronic technology. Therefore it should be recognised that cheque-based payments need to be maintained for some Indigenous people. The Tangentyere Council is attempting to fill the current gap in service delivery by providing, at substantial cost to the Council, a bank agency to meet the needs of this customer base. While this may work for Tangentyere customers similar problems are being faced by a number of Indigenous people who are facing a widening gap between their needs and capabilities, and the capabilities assumed by banking and financial services providers. The DFACS, as the instigator of the shift from cheque to electronic-based banking, has responsibility for ensuring that equitable services are provided to clients who wish to continue receiving payments by cheque.

Conclusion

Financial exclusion refers to the processes which work to prevent individuals having access to banking and financial services. Two key factors in the financial exclusion of Indigenous people in Australia are: a physical lack of access to banking and financial services, or geographical exclusion, and, low levels of financial literacy. A lack of physical access to banking and financial services, or geographic exclusion, is a key aspect of the financial exclusion faced by many Indigenous peoples. In terms of geographic exclusion, the removal of banking services from remote and rural communities has particular implications for the Indigenous population of these communities. Indigenous people represent a large and increasing share of the population of rural and remote Australia, a trend which appears set to continue.

Geographical exclusion is also reflected in the long journey that many Indigenous people have to make to access banking and financial services. For example, only one of the 24 central Australian Indigenous communities surveyed had access to face-to-face banking services. Thus in some Aboriginal communities, and particularly communities in central Australia, there is a critical lack of access to banking and financial services. One program that has been proposed as a way of meeting the banking and financial services needs of Indigenous communities in central Australia is the Rural Transaction Centre (RTC) program. More specifically, there is discussion of establishing a regional RTC to service the Indigenous population of the central Australian region.

Low levels of financial literacy is the second key factor in the financial exclusion of Indigenous people in Australia. Financial literacy is the difference between physical access to banking and financial services and 'informed' access to those services. The formal and informal surveys conducted as part of this research indicate a large number of Aboriginal people in the Alice Springs and central Australian region have

very low levels of financial literacy. The level of financial literacy a person has is the key factor in determining whether they will make the transition from cheque to electronic banking easily. Accordingly, many Aboriginal people have encountered problems in moving from cheque-based to electronic banking.

The Tangentyere banking project provides important lessons in relation to both financial literacy programs and the transition from cheque-based to electronic banking. Results from the Tangentyere project also seem to indicate that people do not have significant problems with losing cards or forgetting their PINs. This indicates that the training conducted by the project has been successful, in that Tangentyere customers have overcome many of the problems associated with electronic banking. This project thus represents an example of capacity building by providing people with the financial literacy training to facilitate their informed access to financial services. However, the project has also identified that there are a number of Indigenous people who, regardless of the financial literacy training provided, will never make the transition to electronic payments. Therefore it should be recognised that cheque-based payments need to be maintained for some Indigenous people.

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