

Microfinance in Australia - setting the scene

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**Foresters Community
Finance**



A Broad Definition of Microfinance...

Microfinance is a set of tools, approaches and strategies that have grown up around addressing the needs of people who are financially excluded.

Reasons why people on low-income experience financial exclusion

- Decreased geographical access
- Decreased awareness of a range of fair products
- Inappropriateness of certain products
- Higher fees and costs associated with small-scale financial transactions
- Lack of a diversity of multi-cultural financial systems in Australia
- Non-existence of certain products for certain groups of people





**MICROFINANCE
UMBRELLA**

Credit products

(provision of small loans and credit facilities)

Insurance products

(products designed to act as a safety-net in difficult times)

Financial literacy products

Micro and social enterprise development

Savings products

(acceptance of small savings deposits or means that encourage secure means of saving)

Other financial services that exclude people on low-income (eg. **Bill payments, money transfer facilities and superannuation**)

Focus of Australian Microfinance

The background of the slide features several stacks of coins. On the left, there are stacks of silver coins. In the center, there is a stack of silver coins. On the right, there is a stack of gold coins. The coins are arranged in a way that they appear to be part of a larger collection, with some stacks being taller than others.

- Microcredit – mostly for small asset development and consumption
- Financial literacy – needs to involve holistic financial capabilities and open up critical financial literacy
- Savings – only a small focus on this to date
- Micro and social enterprise – micro focus to date
- Insurance – only some small scale experiments and ideas
- Other financial services – could build on money transfer and bill payment services

Core Economic Purposes of Microfinance:



Livelihood/
Income
Development

Providing a 'step up' to
mainstream financial
institutions

Asset Development

Developing financial
safety nets

Core Challenges for MF in Australia

- **Understanding the environment we are working in and developing wholistic responses to this environment;**
- **Defining sustainability in the Microfinance field;**
- **Continuing and diversifying pilots...but consolidating the runways for scaled take-off;**
- **Developing the policy and regulatory response at government level (particularly state and federal levels);**
- **Continuing to innovate and harnessing evolution rather than fixing programs in concrete;**
- **Cross-sector partnerships...working out where to go from here.**