

Building Financial Capability

Services for people, families and
whānau experiencing hardship



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA



This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/nz/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

Published November 2016
Ministry of Social Development
PO Box 1556
Wellington 6140
New Zealand

Telephone: +64 4 916 3300
Email: info@msd.govt.nz
Web: www.msd.govt.nz

ISBN: 978-0-947513-43-6 (print)
ISBN: 978-0-947513-44-3 (online)



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Contents

Building Financial Capability services	02
Services are targeted at New Zealanders experiencing financial hardship	04
The Building Financial Capability ecosystem	08
Building Financial Capability Principles	09
Using a strengths-based approach with clients	10
Using client-centred and whānau-centred approaches	12
Financial mentors	14
MoneyMates peer-led support	17
The Financial Plan of Action	20
Referral practice with Work and Income	23
Other opportunities to Build Financial Capability	25

Building Financial Capability services

The Ministry of Social Development (MSD) has changed how we fund and deliver budgeting services to build the financial capability of New Zealanders experiencing hardship.

We want to make sure that services:

- respond to the diverse and complex needs of New Zealanders experiencing hardship
- deliver an empowering and seamless client experience that is consistent and collaborative.

From November 2016, the new Building Financial Capability services will replace budgeting services.

The first steps to designing services that are responsive, adaptive and consistent include:

- reframing budgeting advisors as financial mentors
- providing MoneyMates peer-led support.

Services will be supported by:

- a strengths-based Financial Plan of Action
- strengthened and consistent referral practice with Work and Income.

We are also looking at other opportunities to build the financial capability of New Zealanders experiencing financial hardship.

What is financial capability?

The Commission for Financial Capability defines financial capability as the ability to make informed judgements and effective decisions about the use and management of money. Financial capability is about having financial knowledge and the understanding, confidence and motivation to make financial judgements and decisions. It includes financial planning and budgeting, dealing with debt, informed use of financial services, saving, and investing.

“It’s important that I’m a strong role model for my tamariki. We’ve been through so much but we’re moving forward together.”

What is financial resilience?

Financial resilience is the ability to access and draw on inherent capabilities and appropriate, acceptable and accessible external resources and support in times of financial adversity. This enables people to bounce back after adverse events and experiences, adapt to changing circumstances, and deal with environmental stress. It is characterised by adaptability rather than stability. (NAB and Centre for Social Impact, 2016)

A Building Financial Capability ecosystem that supports people on their journey to financial resilience involves their:

- financial and non-financial resources
- financial knowledge and behaviour
- access to inclusive financial products
- social capital.



Services are targeted at New Zealanders experiencing financial hardship

Building Financial Capability services are targeted at people, their families and whānau in New Zealand who are experiencing financial hardship and need help with their financial situation. The focus is on household finances rather than business or commercial finances.

The services take into account the nature of financial hardship:

- it is a situation in time
- people can slip in and out of financial hardship at different stages of their lives
- it is part of a whole system of influences.

Why is reducing hardship in New Zealand important?

“Having insufficient economic resources limits people’s ability to participate in and belong to their community and wider society, and otherwise restricts their quality of life. Long-lasting, low family income in childhood is associated with negative outcomes, such as lower educational attainment and poorer health.” (MSD: The Social Report, 2016)

Who is experiencing in hardship and poverty in New Zealand?

- Approximately one in eight (12%) of households report not having enough money to meet their everyday needs.
- One in four (25%) households report having only just enough money to meet their everyday needs. (Statistics NZ, 2014 NZ General Social Survey)

New Zealanders on low incomes had the following experiences more than once.

- 10% couldn’t pay their rent or mortgage on time.
- 14% received help in the form of food, clothes, or money from community organisations.
- 16% could not pay car insurance or registration.
- 22% could not pay utility bills on time.
- 23% borrowed money from family or friends to meet everyday living costs. (MSD analysis of Statistics NZ 2015 Household Economic Survey)

What we know about people experiencing hardship

Ethnicity percentages experiencing material hardship in 2013/14:*

35% PACIFIC
 20% MĀORI
 5% EUROPEAN / PĀKEHA
 4% OTHER ETHNIC GROUPS



Of the 272,257 people receiving hardship grants in 2015/16:†

59% FEMALE
41% MALE



Women are more likely than men to head a sole-parent family, which is one of the high risk factors associated with persistent poverty.

In 2013 there were 201,804 sole-parent families in New Zealand. 84.2% were female-headed.‡

The percentage of people experiencing material hardship in 2013/2014:*

31% SOLE PARENTS WITH DEPENDENT CHILDREN

- 8% TWO-PARENT HOUSEHOLDS WITH DEPENDENT CHILDREN
- 3% COUPLE-ONLY HOUSEHOLDS AGED UNDER 65 YEARS
- 2% HOUSEHOLDS WITH PEOPLE AGED 65 AND OLDER



Between 2012–2014, on average, the number of children living in households experiencing severe hardship were:§

33% MĀORI
 28% PACIFIC
 5% PĀKEHA



* MSD Social Report, 2016, p141

† Work and Income data on hardship grants 2015/2016

‡ Statistics NZ, 2014, NZ General Social Survey

§ MSD/Pasefika Proud, Pacific Peoples in New Zealand, 2016, p8

Building Financial Capability services: Theory of Change

If we

- Design and deliver client and whānau-centred, strengths-based, adaptive, accessible and culturally relevant financial capability products and services
- Integrate services and connect people, their family and whānau to the right services and support focused on their outcomes, when and how they need it
- Work with a client's and their whānau's natural support networks for behavioural change through and with these relationships
- Celebrate and build on successes (financial and non-financial) for clients, their family and whānau
- Use meaningful and robust research, monitoring and evaluation to ensure an adaptive and innovative financial capability service system



Which will contribute to

- Reduced unproductive debt
- Reduced stress caused by financial problems
- Increased short and long-term savings
- Improved financial confidence and capability
- Improved resilience to cope with financial shocks



We will help

- Clients, their family and whānau who are in debt to be supported to reduce debt
- Clients, their family and whānau to have their basic needs protected; for example, access to rent, power and food
- Clients, their family and whānau to be supported to improve their financial confidence and capability
- Clients, their family and whānau to access appropriate financial products and services, when and how they need them
- Clients, their family and whānau to be empowered and supported to achieve their financial goals



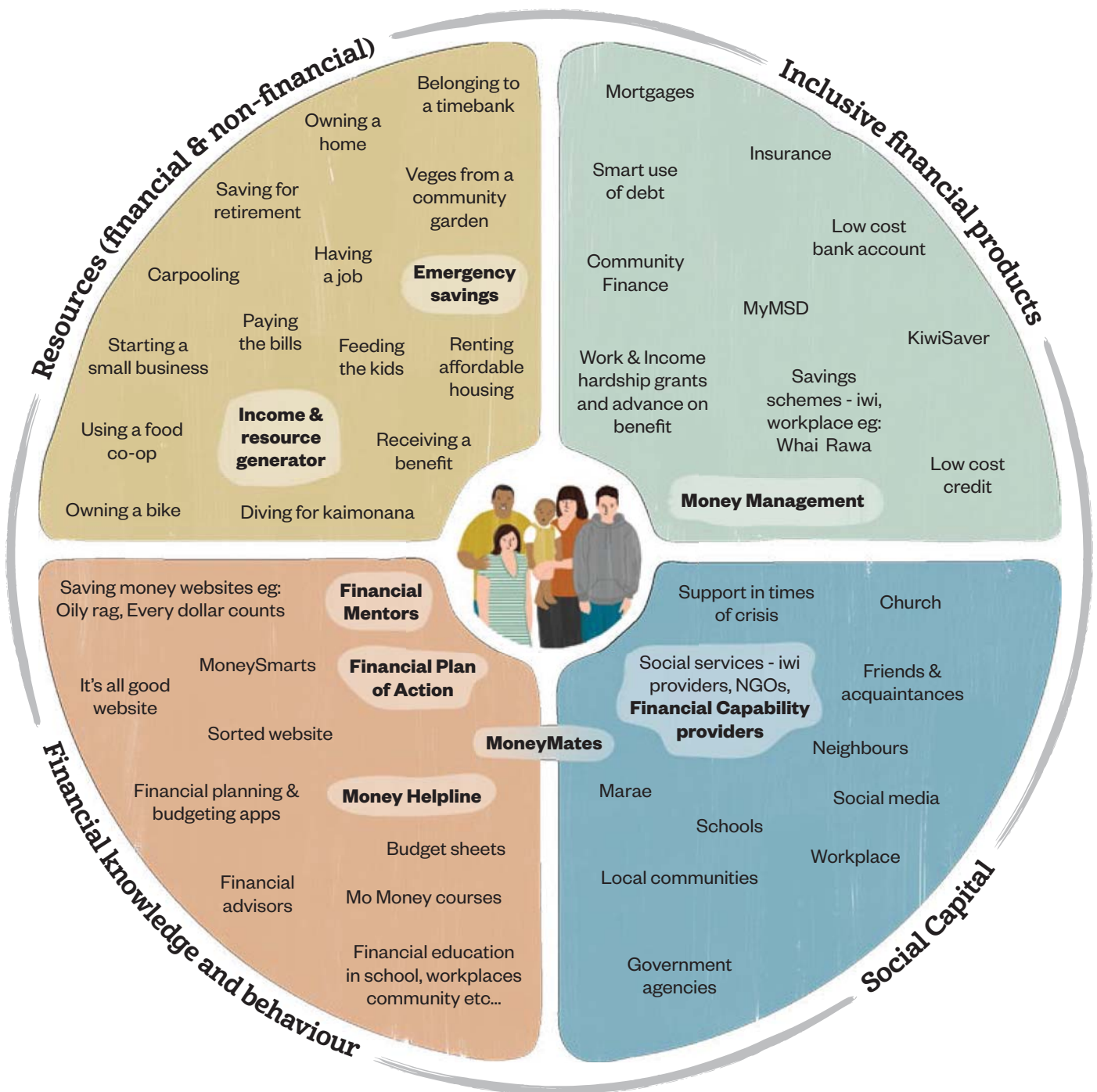
For the ultimate goal of

- Improved wellbeing of clients, their family and whānau
- Improved opportunities and life outcomes for tamariki/children
- Improved social and economic inclusion



The Building Financial Capability ecosystem

A Building Financial Capability ecosystem that supports people on their journey to financial resilience includes:



Building Financial Capability Principles

Our vision of Building Financial Capability for people, families and whānau experiencing hardship is supported by a set of principles that describe the client experience we want to deliver.



Client-centric and embedded with learning

Empowering clients works best when processes and services are meaningful and actively help clients connect to what they need to build their own financial capability and resilience.



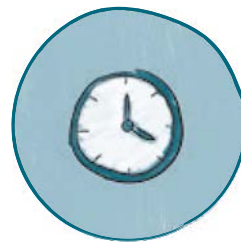
Integrated and connected

Services are integrated across the social sector, easy to navigate, continuously improved, and focused on client outcomes. Clients get the right support, when and how they need it.



Whānau-centred

We work with clients' natural supports including family, whānau, peers, local communities, and social and health navigators for behaviour change through and with these relationships.



Accessible when needed

Services are easily accessible, appropriate, and can respond to clients' cultural context, language, diversity, and personal situation, including any impairments or disabilities.



Strengths-based and aspirational

Clients are inherently capable and resourceful. We value skills, knowledge, connections, and potential in people and communities. Our language and approaches are future-focused and support clients to focus on their strengths to build financial capability and resilience.



Culturally responsive and relevant

Services and initiatives recognise that there are differing approaches and understandings of financial capability and resilience. Delivery is meaningful across a range of cultures.

Using a strengths-based approach with clients

A strengths-based approach values the capacity, skills, knowledge, connections and potential in people and communities, emphasising people's determination and strengths. This approach views people as resourceful and resilient in the face of adversity, and as the experts in their own lives. It is client-led and focused on future outcomes and strengths that people bring to overcome their challenges.

A strengths-based approach offers genuine support for clients to control their own lives by:

- building a positive and collaborative relationship, recognising that the client is the expert in their own life
- empowering them to take a lead in their successes in ways that work for them
- working collaboratively to achieve their goals.

A strengths-based approach encourages resilience, improves confidence and builds self-esteem. It helps clients to:

- feel valued, understood and appreciated
- identify their strengths and what has worked for them in the past
- view challenges as opportunities, not obstacles
- share their aspirations, to understand what they need
- build financial capability and resilience.

Principles of a strengths-based approach

1. Every person has potential and it is their unique strengths and capabilities that determine their journey, not their limitations.
2. Focus on strengths and abilities, not labels – see challenges as opportunities.
3. Change is inevitable – everyone wants to succeed in some way.
4. Positive change occurs through trusted and authentic relationships. All people need to feel and be appreciated – it is a process of supporting change and capability-building.
5. A person's perspective of their reality is central. Valuing and starting the change process with what's important to that person is integral.
6. People will have more confidence to achieve their goals when they start with things they are familiar with, and ways that have already worked for them.
7. Capability-building is a dynamic, lifelong journey so it takes time.

“My mentor has helped me put a financial plan in place and encouraged me to talk to my work about taking a year's leave without pay. Things are still tight but knowing I can pay my wife's funeral costs and have my job to go back to is a huge relief.”



Using client-centred and whānau-centred approaches

Aligned with the strengths-based approach, Building Financial Capability services are client and whānau centred. This means that the needs of clients, families and whānau are at the centre of services to ensure they receive the right support.

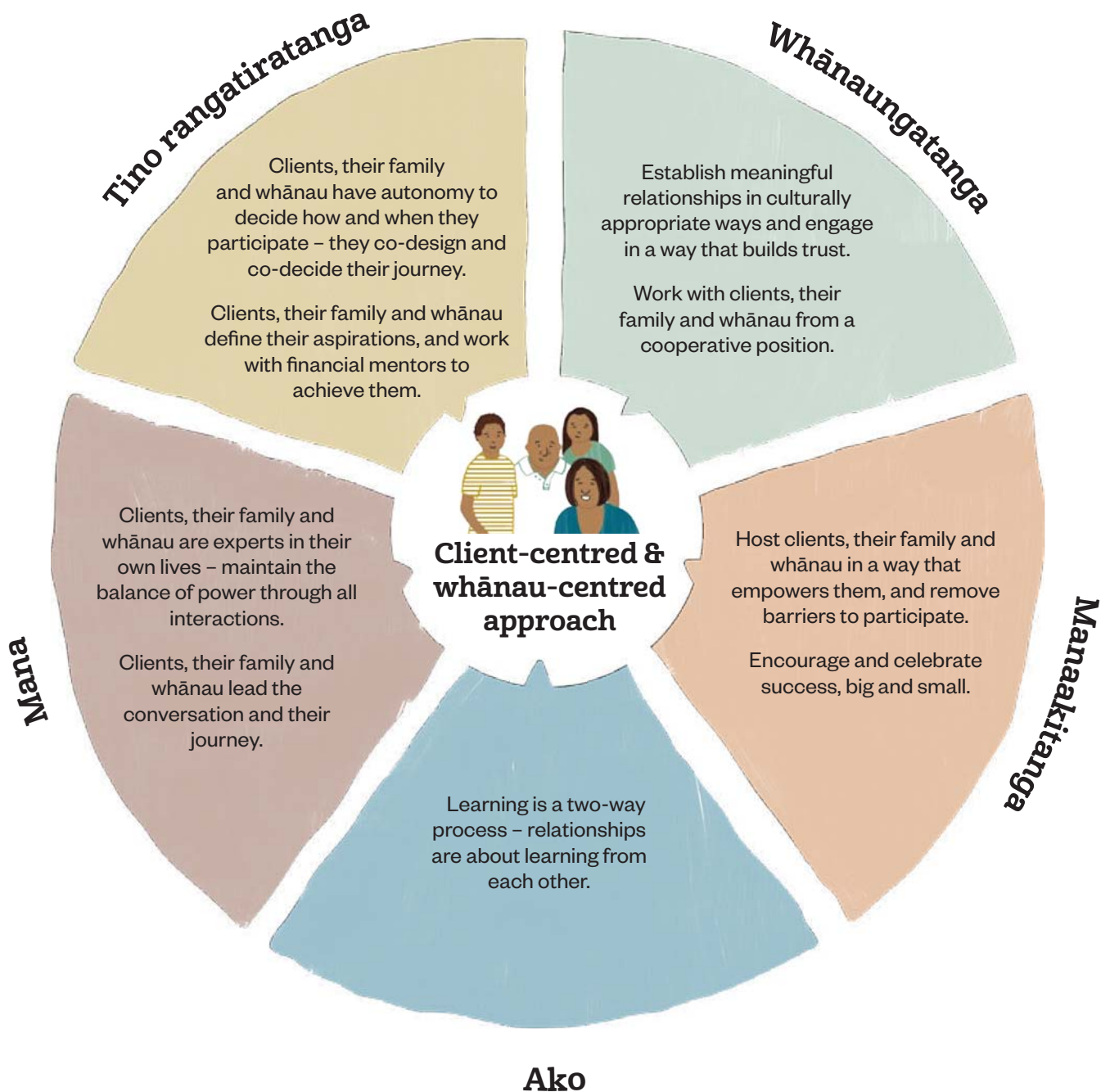
Being client-centred allows clients to drive their journey, learning and change. This recognises that people are capable and responsible for determining their own lives.

A whānau-centred approach refers to a culturally grounded, holistic approach in which providers are focused on improving the wellbeing of whānau and address individual needs within a whānau context. It recognises the complexities of families and whānau and the importance of creating an environment where whānau strengths are endorsed, whānau ownership of solutions and actions are encouraged, and authentic relationships between whānau and providers are the norm.

Whānau should have the opportunity to extend their own resources and expertise while also addressing the needs of individual members. By placing clients, their family and whānau at the centre of services, and building on the strengths and capabilities already present, whānau will build the capability to prevent crises, be resilient, respond to challenges, and invest in their futures.



Our approach to engaging with clients, their families and whānau:



Financial mentors

The role of budget advisors has been reframed as financial mentor to take into account the complexity of clients' needs and the wider scope of support they need. At present, many budget advisors are providing more than just budgeting advice.

What is the role of a financial mentor?

A financial mentor helps the client, their family and whānau to navigate financial and social services so that they get the right support at the right time. A financial mentor connects clients and their family and whānau to Work and Income or other appropriate social services such as housing, mental health services, substance abuse, gambling addiction programmes, and violence prevention programmes.

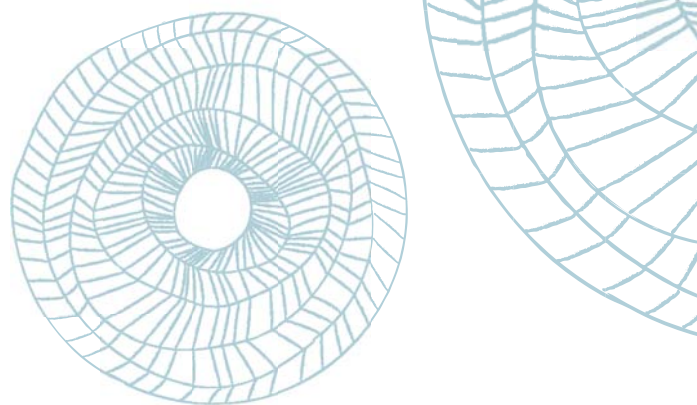
They use the new client-led Financial Plan of Action to support and record strengths-based conversations with their clients. This helps the client to record their goals and document their plan for the future – and keep on track to meet their goals. A financial mentor uses a range of other tools and resources such as those on budgeting and financial planning websites, e.g: Sorted.

What is a strengths-based approach?

A strengths-based approach values the capacity, skills, knowledge, connections, and potential in people and communities. It emphasises people's strengths and determination. This approach views people as resourceful and resilient in the face of adversity – the experts of their own lives. It is client-led and client-owned with a focus on future outcomes and the strengths that people bring to overcome their challenges.

Strengths-based practice in Building Financial Capability services focuses on working collaboratively with clients so that they have choices and control over any support they may need. Positive relationships with a high degree of trust and rapport are the cornerstone of a strengths-based approach.





Why financial mentors?

Financial mentors understand clients' cultural backgrounds and practices, and have the knowledge and experience to coach clients in the most appropriate way. They are empathetic, open-minded, and non-judgemental.

Clients told us they value and need a person who can connect them and their family and whānau to a range of financial and other social services.

They need someone who considers their needs in a holistic way as they develop their financial capability in the way that suits them best.

They need encouragement and support to move from despair and drowning in debt to relief, hope, action, and goals.

They want someone to work alongside them to help navigate the system and ease stresses until they are in a better place to manage themselves.

Education and guidance alone do not necessarily lead to behaviour change with a client. Often such services can follow a pattern of crisis intervention rather than enabling new behaviour. Working with a financial mentor on goals and capability-building contributes to long-term change and broader wellbeing. It creates opportunities to move out of the cycle of hardship and crisis.

How does financial mentoring work?

The financial mentor works with the client to create solutions through strengths-based conversations. This approach recognises that mentors do not always have the answers, but focus on the things that are working well for the client to create positive experiences driven by their goals and aspirations. These conversations help each client develop and drive their Financial Plan of Action.

Financial mentors work with clients to:

- identify their aspirations and develop a Financial Plan of Action that outlines how they will achieve their goals and helps to reduce any immediate pressure
- empower them to negotiate reduced expenses and payments, and generate additional income and resources
- support them to take steps to achieving their longer-term goals.

The financial mentor has clear lines of communication and feedback with Work and Income for continuous improvement. On-going support for clients is built up through peer, whānau, and community networks, and may include being referred to a MoneyMates peer-led support group. The financial mentor may then continue to work with the client as necessary.

Who is financial mentoring for?

Financial mentoring services are particularly relevant for people and their families and whānau with an immediate crisis that requires assistance or ongoing, chronic financial problems and difficulties.

For some clients, financial mentors may only provide minimal guidance and advice. In more complex cases, financial mentors may take a wider role in supporting and empowering clients to become more financially capable and make long-term change.

When do financial mentoring services start?

Financial mentoring services start on 1 November 2016. We are working with providers to create flexible but consistent financial mentoring services across the country. This includes training and guidance to help providers understand the approach for these services.



Client Story: Tīpene and his financial mentor

Crisis strikes the family when Tīpene's wife is diagnosed with cancer. As the cancer progresses, Tīpene and his wife come under increasing emotional

and financial strain. Tīpene has dropped back to part-time work so that he can help with childcare, but the household income is halved. He is worried about getting behind with the mortgage payments and losing their home.

A financial mentor from Tīpene's iwi helps the couple to focus on some decisions they need to make to care for their whānau. Tīpene also meets with the mentor alone to talk about more practical aspects like coping on his own, supporting his children, and managing their finances.

Whānau gather at Tīpene's wife's marae to prepare for her passing. While they have prepared themselves for her death, Tīpene and his tamariki are devastated when she goes.

The financial mentor has worked with Tīpene to build up a Financial Plan of Action, but she can see he now needs help dealing with his grief. The mentor talks to Tīpene about accessing counselling services and puts him in touch with the Māori branch of the Cancer Society who can provide him with a range of support. Tīpene negotiates leave without pay with his employer – they are supportive of

him and grant him a year's leave to care for his children. He is on the Sole Parent Benefit.

"Things are really tough right now for my whānau. What has made it a bit easier is the support I've received. My mentor has helped me put together a financial plan and encouraged me to talk to my work about taking leave without pay. Things are still tight, but knowing I can pay for my wife's funeral and have my job to go back to is a huge relief."

Tīpene's mentor talks with him about how being involved at the marae may help him, both emotionally and financially. Before long, Tīpene is working in the marae gardens and diving for kai moana. This helps with his grief and the kuia look after the tamariki to give him some time out.

The mentor says Tīpene might be eligible for the Healthy Homes insulation scheme, so Tīpene gets straight on the phone to make enquiries. Part of his Financial Plan of Action is focused on teaching his tamariki about money and savings – something Tīpene is very committed to.

"I've learnt so much from my mentor. I wanted to give something back both to them and the marae for all their help and support. I am now training to become a financial mentor myself."

MoneyMates peer-led support

MoneyMates is new peer-led support that encourages clients to talk openly about money and finances. MoneyMates encourages clients to learn from others, talk about and de-stigmatise financial hardship, and gain control over their financial lives to make longer-term behaviour changes.

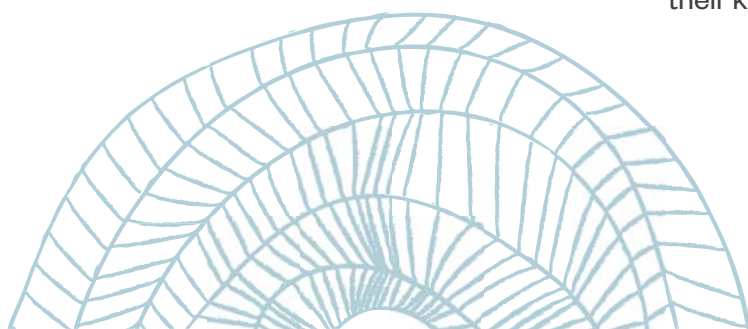
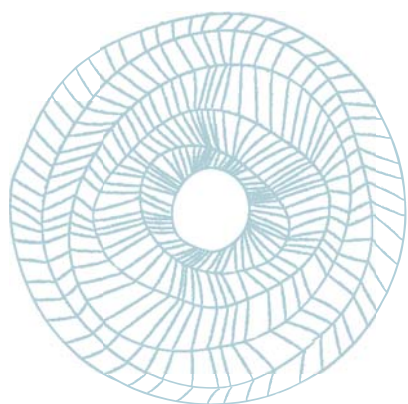
What happens in a MoneyMates session?

In MoneyMates peer-led support sessions, participants talk openly about money and finances (not necessarily specific details of their own debt, but rather choices, options and behaviours).

Sessions may include budgeting, goals and savings, managing debt, future planning, credit and consumer rights, and opportunities to increase income or resources, or community support.

Clients can:

- learn more about money, debt, financial products, loans, and developing their resources
- learn from other clients who are in similar situations to them, share their own insights and knowledge with others, and build support networks with people going through similar experiences
- build their networks with whānau and their community
- engage with activities that will suit them and their situation as they work towards financial capability, including brainstorming ways to generate additional income or resources
- access other information and support such as online forums, helplines, the Sorted website, or other tools that can help them to improve their knowledge and manage their finances.





"I thought I was on my own then I met people on my MoneyMates group who know what I'm going through. We talk about our challenges and they are helping me make plans."

Why MoneyMates?

Clients are more likely to gain control over their financial lives and to make longer-term behaviour changes when they work with their peers, guided by a facilitator.

There is evidence that peer-led approaches are more effective in creating and supporting behaviour change. The concept of sharing and learning together at a group level has proven successful in both large and small communities, as seen with programmes such as Jenny Craig, Weight Watchers, and Quit smoking.

MoneyMates recognises that becoming financially capable is hard. Feelings and fears influence financial judgements and decisions, and the decisions may not be frequent enough for clients to learn to do them well.

People often feel alone and embarrassed about their financial situation, and there is social stigma associated with discussing these issues. Peer supports often influence behaviour and decision-making, particularly around money.

Connecting to others – receiving support when needed, and giving back to others helps people to feel more knowledgeable and confident, and less isolated and alone.

Who does MoneyMates suit?

MoneyMates is aimed at people who are repeatedly experiencing financial hardship, or who may be more likely to encounter financial difficulty, or who simply want to learn good financial management and budgeting skills.

Some clients might be transitioning from a one-on-one service, to building networks and better financial independence.

Who does MoneyMates suit?

MoneyMates services start on 1 November 2016. We are working with providers to create a flexible but consistent MoneyMates service across the country. This includes training to help providers understand the approach for this service, and a guide for MoneyMates facilitators.



Client Story: Tae and Pat at MoneyMates

Pat arrives in New Zealand from the Islands to join his partner Tae. A few weeks later, he is successful in getting a job. He's rapt that he will be earning some money. Church is important to Pat and Tae, and they both start attending church services on Sunday. The church offers to include them in a MoneyMates peer-led support session they run. They love attending the group sessions and meeting people who are in similar situations to them.

Tae and Pat need to buy a car and talk through their options at their MoneyMates session. They decide to purchase an affordable car, rather than take out a big loan for the flash car they really want.

"We felt really happy. We didn't know there was help out there. We tried to rely on our own strengths, but knowing it's okay, don't be ashamed to ask for help."

"We've always wanted a sporty-looking car. It was really good talking this through at our session as it made us think about our purchase. We hadn't understood 'want' versus 'need' before. We really did need a car, but the \$10k option we were looking at was a 'want'. We opted for a reliable \$5k car that we got with a low-interest loan."

Tae and Pat find out that Tae is pregnant. While this wasn't planned, they are both excited about starting a family. Soon after, Tae is laid off from her work. This was totally unexpected, and both Tae and Pat are shocked. It's eight months until the baby arrives, and they're already down to one income.

The first thing Tae and Pat do is talk about their situation at the next MoneyMates session. The group talk about their own experiences and get Tae and Pat thinking about their strengths and how they might be able to generate other income and resources.

"Talking to other people in a similar situation really helped. At one of the sessions I took along some Samoan snacks I had made – they asked if I had ever thought of selling them at the local market? With their support, I set up a stall and it's going really well. Even though I've lost my job, I've got some money coming in."



The Financial Plan of Action

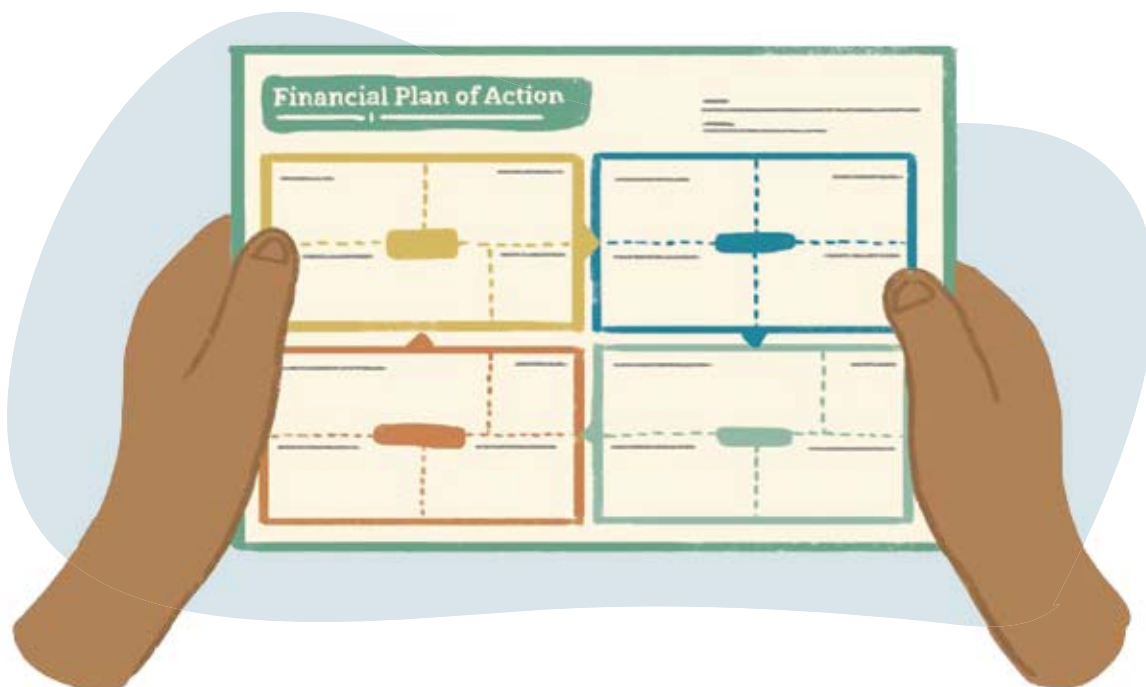
We know that people experiencing financial hardship are often living with stress, as families struggle on low incomes and lack the material resources to meet their minimum needs. For families and whānau living in poverty, it can be time-consuming, demeaning and stressful.

What is a Financial Plan of Action?

The Financial Plan of Action supports clients, their families and whānau to build their financial capability and resilience through a strengths-based approach. This approach values the capacity, skills, knowledge, connections, and potential in people and communities. It emphasises clients' determination and strengths.

The Financial Plan of Action is client-led and client-owned with a focus on future outcomes and the strengths that clients bring to overcome their challenges. This approach to financial planning views people as resourceful and resilient in the face of adversity, and as the experts in their own lives.

A financial mentor works with the client to co-facilitate solutions through strengths-based conversations. These conversations help the client to develop and drive their own Financial Plan of Action.



Why a Financial Plan of Action?

Clients have told us that their lives are complex, with a range of needs and issues e.g. family, cultural, health as well as financial. They have also told us that they need help with financial planning to live better, more financially independent lives.

There are a range of tools to help understand a client's financial position, but in addition to these there was the need for a standardised and more integrated approach that took into account wider issues that might be impacting on the client through a financial lens.

How does a Financial Plan of Action work?

By using a Financial Plan of Action, clients set goals that they would like to achieve in their lives. The Financial Plan of Action supports existing resources such as budget sheets and other resources that financial mentors currently use or can be found on budgeting and financial planning websites.

The Financial Plan of Action will support clients to:

- feel valued, understood and appreciated
- identify their strengths and what has worked for them in the past
- view challenges as opportunities, not obstacles
- share their aspirations, to understand what they need
- build financial capability and resilience.

Clients may choose to share their plan with others such as their MoneyMates peer-led support group, Work and Income case managers, or other social and financial services.

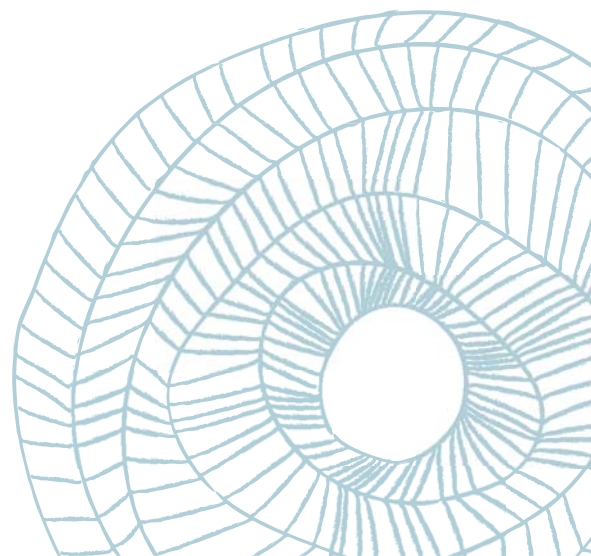
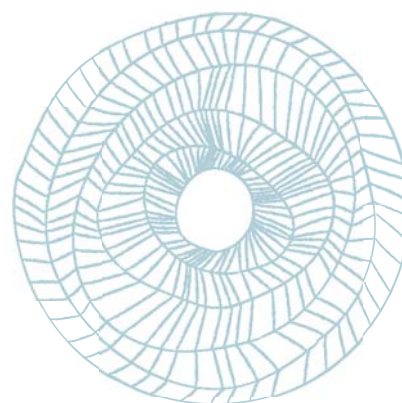
The Financial Plan of Action is easy to navigate and update as needed.

Who will it suit?

The Financial Plan of Action is designed for the diverse range of people in hardship that use Building Financial Capability services. This includes Māori and Pacific peoples, people with English as another language, low-literacy, and people with disabilities.

When is the Financial Plan of Action being rolled out?

The plan with a guide is available from 1 November 2016, initially in a testing phase. The phased introduction makes it easier for providers delivering Building Financial Capability services to refine how it works, and incorporate the Financial Plan of Action into their work with clients. Full use begins in July 2017.



Client Story: Tina's Financial Plan of Action



Tina goes to Work and Income for a hardship grant. She meets a Case Manager who looks at her file. Seeing that this is Tina's second hardship request, the Case Manager takes the opportunity to talk to Tina about how working with a Building Financial Capability provider may benefit her. She lets Tina know what providers are available, and talks through what might be a good fit for Tina. Tina feels that someone working one-on-one with her may help, so the case manager prints out provider contact details from the Family Services Directory, and together they ring the financial mentor and make an appointment.

A local financial mentor receives a call from Tina and they arrange to meet. Tina talks about her situation. They recognise that things are tough with Tina's family living in a garage and her 8 year old daughter having a learning disability. This is all taking a significant toll on Tina's mental health.

They develop a Financial Plan of Action and the financial mentor establishes trust with Tina. The plan builds an integrated picture of Tina's financial wellbeing. For Tina, this means taking positive steps to get on top of her health, finding affordable housing and to seek help through the school for her eight year old daughter.

The financial mentor uses her agency connections to make an urgent recommendation to get Tina further support. A Whānau Ora kaimahi makes contact and they discuss options.

The Whānau Ora kaimahi lets Tina know that she's been liaising with her financial mentor about her situation. Through conversations with Tina, the kaimahi establishes that Tina has a debt with her GP, and hasn't been taking her medication. The kaimahi explains that she would like to work with Tina on these issues, and suggests adding them to her Financial Plan of Action.

Once Tina's health gets back on track, she feels empowered to tackle some other issues in her Financial Plan of Action.

The kaimahi has helped her get social housing; she meets with the school about getting a teacher aide for her 8 year old; and begins to make plans for her daughter's birthday. She remembers that her financial mentor said that a picnic in the park can make a child feel special on their birthday without it costing a lot.

Before long, Tina has added to her Financial Plan of Action that she would like to volunteer somewhere. She talks with the financial mentor about that, and Tina decides to call the school to see if they need someone to help out in her daughter's class.

"At first I wasn't sure about this financial mentor person and the Financial Plan of Action, but she seemed to genuinely care and I feel like I am finally getting somewhere."



Referral practice with Work and Income

One of the main impacts of introducing the new Building Financial Capability services is stronger and more consistent collaboration between providers and Work and Income case managers. There are clearer lines of communication and feedback so that we all learn and improve.

Why the change?

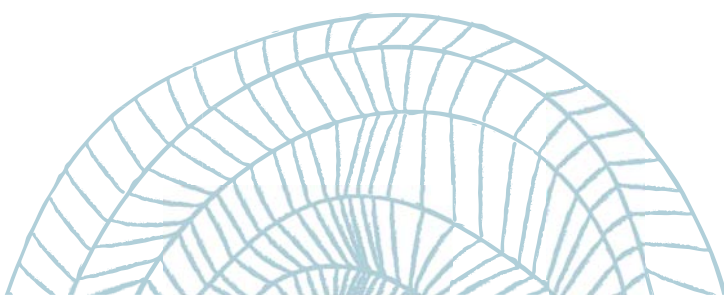
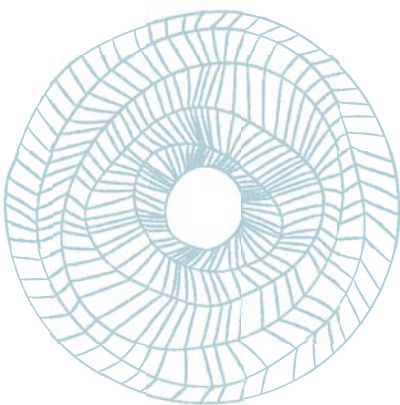
Reaching people at the right time is important. Effective financial capability interventions recognise that each contact with a client is a potential teachable moment. Information is more likely to be retained and influence behaviour if it is provided when a client is about to make important financial decisions or use a financial service.

When a person or family lives in poverty, an emphasis on building financial knowledge and skills does not adequately reflect the complexity of their situation and will not necessarily be a priority for them. Helping clients who are experiencing hardship involves alleviating their crises before starting to build their financial capability.

In co-designing the new Building Financial Capability services, we engaged with current budgeting services clients, service providers, Work and Income case managers, and others. We heard that a strong, two-way relationship between Work and Income and budgeting providers can be hugely beneficial and increase client engagement.

We heard that simple, standardised communication practice was needed to enable Work and Income case managers to have empowering conversations with their clients about:

- why building financial capability is important
- how the right approach could help them to better understand and improve their financial situation.





How will the new referral practice work?

Work and Income case managers will connect their clients to Building Financial Capability services where the focus is on strengths-based financial planning. This will be done by:

- case managers having the knowledge and resources to talk to clients about building their financial capabilities
- having a consistent practice and approach for referring clients to financial mentors and MoneyMates at the right time
- stronger communication channels for service providers and Work and Income to work together.

As well as referral by Work and Income, clients can self-refer or be referred by community organisations, other Government organisations or anywhere else.

Who will the new referral practice suit?

Building Financial Capability services are for New Zealanders experiencing hardship, regardless of whether or not they receive support from Work and Income.

Other opportunities to Build Financial Capability

Sector Capability and Training

We have been given clear messages from the sector about the need for consistent and accessible training, including professional development and professional supervision.

Quality assurance, professional standards, access to a shared data management system for those that want it, and a shared approach to nationally negotiated accords were also high priorities for regional and national support.

We are currently working with the sector on how to implement these in 2017.

Future products and services

There are opportunities for other Building Financial Capability products and services to complement the initial set rolled out in November 2016. These opportunities were initially identified during the Building Financial Capability co-design process. Subsequently, they were prototyped with over a 100 people including people, families and whānau, and experts from the financial capability, community development, social enterprise and money management sectors.

These ideas need further exploration and development, and will be developed over the coming year with input from the sector, experts and families. These products focus on prevention or supporting those with high needs and vulnerability.

- Money Management and intensive support
- Phone, online and text line support
- Income and resource generation approaches.
- Inclusive financial products.

