



# comparative hardship workshop

## SUMMARY OF DISCUSSION

### SEPTEMBER 2013

In September 2013, 60 people gathered in Melbourne to discuss how different industries were responding to people experiencing financial hardship. We came from a range of backgrounds: senior staff from the hardship teams in the telecommunications, banking, energy and water sectors as well as government decision-makers, regulators, staff from EDR schemes, financial counsellors and consumer advocates.

As a group, we brought significant expertise and a passion to do things better.

The impetus for the workshop was to share the findings of a qualitative research project currently being undertaken by Financial Counselling Australia. The research compares approaches to financial hardship across industries. A summary of the research findings to date kicked off the workshop.

**The key question and the focus for the group's discussion however was this:**

**In relation to financial hardship, what are the issues we should explore in more depth—the ones that will make the most difference?**

The six issues identified by participants and a summary of the workshop outputs are set out in the following pages.

FCA has subsequently also thought about what we can do in relation to each issue and this is also included in the summary. We hope that each participant might do the same thing and reflect on what they can do—we've left a space for you to add your observations.

Finally, FCA will also use the workshop outputs in finalising the research report. The expected release date is November 2013.

**Why?**

In a nutshell—business buy-in. In turn, this will mean adequate resourcing and support for the hardship function.

However, the business case is more than just the numbers. It also includes an industry's reputation, staff morale, decreased complaints and other factors.

There may be different business cases, depending on the industry.

**What needs to happen?**

We need to find examples where the business case, or elements of it, have been documented already.

For example, could EDR schemes provide de-identified data for analysis? Could some organisations share information about changes they have made and the resulting impacts? The Essential Services Commission has developed a business case model, using an Excel spreadsheet, in consultation with Allen Consulting. This is available for sharing.

**How will FCA progress?**

We will ask workshop participants for any information they have (possibly de-identified) about the impact of hardship policies, collate this data and share with this group.

If there is participant support, FCA could also organise a forum and invite participants to share their business cases.

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

**Why?**

People who would benefit from hardship assistance need to know where to find help or their situation is likely to worsen.

We need to increase awareness of the existence of hardship teams and reduce barriers to access.

If people are aware there is help, they may also be more likely to seek early assistance, reducing later problems (see issue 3 also re early identification).

**What needs to happen?**

Participants agreed that a multi-faceted approach is required. Suggestions included:

- › Provide training for initial contact staff to identify whether a person would benefit from access to a hardship team. There needs to be cross-referral in these cases.
- › Include contact numbers and information on consumer bills, home pages of websites (this is now happening in banking, but could extend to other industries and regulators)
- › Key community stakeholders, such as doctors, could also act as referral points.
- › Promotion via a 'hardship awareness' week

**How will FCA progress?**

We will add appropriate links and information to the FCA website as well as the consumer websites we manage: [www.debtselphelp.org.au](http://www.debtselphelp.org.au)

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

**Why?**

The earlier we identify customers experiencing financial hardship, the more options they have to overcome their difficulties.

However, FCA's research as well as the participants at the workshop, confirmed that early identification can be challenging.

The energy and water industries/organisations have had some successful experiences, the telcos said early identification could be successful if you could contact a client, while the bank trials have been problematic.

**What needs to happen?**

Customers are concerned about being put in the "hardship bucket" and what impact this may have on their credit ratings. Interaction with the client needs to be handled sensitively and tailored to the customer's disposition. An example would be asking "do you require more time to pay your bill?"

We could explore other avenues for pinpointing potential problems, such as through family and friends or word of mouth. This could lead to early identification of a hardship problem.

Also, with consent, cross-referral programs between telcos, banks and utilities could be helpful.

**How will FCA progress?**

We will include examples of successful early identification strategies in the research paper. We will talk to peak industry bodies and regulators to explore whether more guidance could be provided.

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

**Why?**

Ultimately, how we think about customers in hardship and the reasons for financial difficulty, drive responses.

Put bluntly, it is the difference between a view that sees hardship assistance as something a consumer has to prove and justify, compared to one that recognises that anyone can be vulnerable and that the large majority of people want to pay their debts.

Helping customers through difficult times is both the right thing to do and good for business.

**What needs to happen?**

The process has to be driven from the top. Unless the CEOs and leadership teams care about vulnerable customers change will be difficult.

Training about hardship and vulnerability is also critical. Any training must engage the emotions and foster empathy: eg what if you lost your job tomorrow? The language use is important—how we choose our words matter.

Staff in hardship teams need the time to really listen to customers and KPIs must recognise this. The KPIs in collections could change from a focus on whether the arrangement is kept, rather than collected. Finally, success stories need to be shared.

**How will FCA progress?**

This is a harder area to suggest a direct action. FCA's coming research report will help continue the conversations and we hope shape responses. One idea however we are keen to explore is taking senior industry and regulatory staff to meet and talk to vulnerable consumers at first hand.

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

**Why?**

There was universal agreement that the concessions framework in Australia is ad hoc, inconsistent, complex, confusing and in many instances, inadequate.

Financial counsellors also report that many of their clients are not receiving access to all of the concessions to which they are entitled.

**What needs to happen?**

We need a national framework for concessions: consistent eligibility, funded appropriately and accessible online. Centrelink would be the preferred information and distribution point. A national database of available benefits relevant to all industries is needed. Key issues are:

- > funding
- > automated, real-time updating
- > system-to-system connection

Industry has an important role to play by making a cultural commitment to advise customers of the existence of concession and grant programs. It was also noted that there could be regulatory requirements to check eligibility.

Access for customers to concessions and grants could be via funded brokers and targeted community programs.

**How will FCA progress?**

The issue of a concessions framework for utilities has been raised in other fora in recent months. We will contact ACOSS and industry bodies to explore the potential for a joint approach to government.

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

**Why?**

Sustaining good performance over time is hard. People interviewed for the FCA research often said “x company used to be good, but they’re not any more”. On the other hand, if a good program is sustained there are benefits for customers, an organisation and the industry as a whole.

**What needs to happen?**

Companies need to measure the right things. This includes customer experiences.

When companies are doing well, success needs to be rewarded. Showcasing good (and bad practice) across and within industries needs to be encouraged. This helps to share experiences and encourages companies to continue.

The effectiveness of the regulatory framework is another factor in “making it stick”. There needs to be a base set of regulatory requirements with performance measures. Regulators have to do their jobs and enforce the rules. This could include corporate penalties as well as compensation for consumers.

**How will FCA progress?**

We will include examples of (mainly de-identified) good and bad hardship practices in the final research report.

We will consider organising a cross-industry discussion, with regulators, on what needs to be measured, bringing in those people who have expertise in this area.

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**WHAT CAN YOU/YOUR ORGANISATION DO TO PROGRESS?**

## WHAT CAN EACH OF OUR SECTORS DO?

For the final session of the workshop, we gathered in our sector groupings to discuss what each sector could do to progress the discussion. We need to leave it to each of you for follow through ...

- Financial counsellors—we can work with industry and EDR schemes on joint approaches to government about some of these issues eg a concession framework. Our collective voice could be powerful.
- Banks—bank websites could include information about the existence of hardship programs in other industries eg telcos, utilities.
- EDR—can share their experiences to improve education and attitudes and can help in making the business case.
- Telcos—we need to include more service providers in conversations like these (including the smaller players) and to finalise the telco financial hardship framework.
- Regulators—we can improve our monitoring, reporting, and enforcement activities. We can initiate reviews and research, both industry wide and with a comparative focus. We would also support further forums to learn from each other. We can help consumers know what help is available across industries by raising awareness.
- Utilities—Get better at sharing information and ideas.
- Consumer advocates—cross-industry education eg educate utilities about bank hardship practices and vice versa and champion an integrated service delivery model.

