

For those of us who advocate for Indigenous consumers of financial services, it was both a relief and distressing to hear the evidence given this week at the [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#).

The evidence presented issues that fall into two main categories:

- structural issues, arising from the operations of financial institutions not well adapted to the day to day circumstances of Indigenous people's lives. (These include distance, language diversity, cultural obligations specific to Aboriginal and Torres Strait Islander community members, health, access to education and financial literacy, engagement in the economy) and;
- the need for stronger regulation and enforcement activity to deter sharp practice and punish illegal conduct.

With enough will, informed policy and effective resourcing, most of the structural issues can be overcome. The second one will require stronger regulation and proper penalties.

Read more: [***Want to boost Aboriginal financial capability? Spend time in communities***](#)

A lack of products and services that are fit for purpose

Aboriginal and Torres Strait Islander peoples face barriers to accessing mainstream banking, credit, insurance and superannuation services. That's particularly true where the products and services are not fit for purpose, or where the services simply don't exist.

As evidence from Financial Counselling Australia's Lynda Edwards [showed](#), many Indigenous people live hundreds of kilometres from branches. Road conditions can be poor. People might be cut off by wet weather for months at a time. Vehicles can be unreliable. And, as senior family

support worker Thy Do explained, branch [staff can be unhelpful](#) (to put it politely).

Consumer advocates also provided evidence of language barriers where English is the third or fourth language spoken, and product features like interest rates and insurance premiums are not well understood.

Cultural obligations

Cultural and family obligations also need to be factored into products and services to meet the needs of Indigenous customers.

Cultural and family obligations can provide a very effective financial safety net for Indigenous people. They can also impact on the resources of particular people. These relationships need to be understood by front line and policy staff. As Lynda Edwards from Financial Counselling Australia [said](#) :

We have culture and kinship within our communities, and the understanding that one person can be responsible for another and the environment that they live in, so having kinship, which is a type of cultural obligation, will actually play a role in people's financial affairs, and unfortunately most of the financial services don't understand cultural obligation when it comes to hardship policies.

Cultural obligations and extended family relationships also need to be considered when superannuation is paid on a person's passing. In the absence of a nominated beneficiary, proper respect for cultural and family relationships may require the superannuation be paid to someone other than the usual legally recognised beneficiaries. It may be, perhaps, an Aunt or Uncle who can distribute across the family.

Read more: [**The way banks are organised makes it hard to hold directors and**](#)

[executives criminally responsible](#)

These issues *can* be addressed

It may sound complex. But these structural conditions *can* be addressed effectively by mainstream banks, credit unions, insurers and superannuation funds. They simply need the sustained commitment to be informed, innovative and be willing to develop and resource effective options.

Good work has been done, including the [fee-free ATM trial](#) discussed at the Royal Commission. [Consumer advocates](#) lobbied to solve the problem of customers being driven into a debit balance and incurring dishonour fees when doing everyday banking. Things like checking the bank balance, or withdrawing cash where the only ATM available does not belong to their bank can result in high fees.

Fifteen banks continue to provide fee-free services in relation to 85 ATMs in remote areas. While there have been some bumps in the implementation, the removal of these fees is [a good example](#) of a solution to structural issues in the system.

Substantial work has also been done over the years by the Australian Bankers Association and [Austrac](#) to recommend practical solutions for customer identification, which can be complicated. Again, there are no easy fixes, but informed, innovative, flexible thinking builds knowledge and skill and creates solutions that can work across cultures, languages and experience.

Individual mainstream financial institutions have also made strong, genuine commitments to improve services. Like many of the issues heard at the Royal Commission, the trick will be in ensuring that this commitment is resourced and delivered across the institution, making its way to the front line staff and the customer.

Regulation and enforcement

Appallingly, where reasonable people see an Indigenous community battling low employment and economic hardship, others see a business opportunity.

These are often the smaller, less regulated financial service providers. They include pay day lenders and “rent to buy” traders who lease out common household goods like furniture and electrical goods to consumers who can’t access mainstream credit.

These loans or rental arrangements can come with very high interest rates, direct debits and confusing contracts. People often believe they are paying the goods off rather than renting them and may have no right to own at the end of the lease period. Some leases go on indefinitely.

Solution like increased employment, economic engagement, access to No Interest Loans (NILS) and financial literacy are all crucial.

However, predatory practices are ripe for stronger regulation and have only escaped due to industry lobbying and a lack of government will.

The Australian Securities and Investments Commission (ASIC) has made excellent recommendations to regulate this sector and provide [more protection](#) for vulnerable consumers.

Engagement in the economy is dependent on access to our financial services system. Indigenous Australians have much to offer and much to gain from a suitably adapted system, relatively safe from predatory practices. We all hope that the Royal Commission will bring renewed enthusiasm for increasing the kinds of informed, innovative adaptations that take Indigenous peoples’ circumstances into account and increase our participation.

Robynne Quiggin is member of the Wiradjuri nation of central western New South Wales. She is chair of Westpac's Indigenous Advisory Committee and sits on their Stakeholder Advisory Committee. She is a member of IAG's Indigenous Advisory Committee and of the NSW Financial Legal Rights Service Advisory Committee. She formerly sat on the Board of the Indigenous Consumer Assistance Network (ICAN).

The Royal Commission revealed financial services woes for many Indigenous customers. Here's what can

Written by Robynne Quiggin, Professor, University of Technology Sydney

Authors: Robynne Quiggin, Professor, University of Technology Sydney

Read more <http://theconversation.com/the-royal-commission-revealed-financial-services-woes-for-many-indigenous-customers-heres-what-can-be-done-99374>