

Nsw Financial Counsellors Association INC

The discussion paper raised many challenging issues for all those involved with personal finance within Australia we would like to comment on some aspects.

- The proposal to establish a coordinating body to collate and distribute and advise has merit however given the experience with superannuation and the constant changes such a body would need a very large research and educational component.
- While we acknowledge the focus on educational institutions and the role they may undertake in any future development of financial literacy. The question arises however how many more task can the school system absorb. Perhaps developing a home learning module that involves the parents/ guardians would provide a more sustainable model for the way forward.
- The experience of financial counsellors suggests that the majority of people seek to obtain information regarding financial issues when it becomes relevant to them. We are unclear how basic financial literacy can prepare people for traumatic poverty, unemployment, death, family breakdown, and business failure?
- The financial counsellors Association is very supportive of any program that will assist disadvantages consumers however the concept of social responsibility must to embraced by all concerned particularly finance industry.
- There are many aspects of the current financial overcommitment that could be overcome with improved checking of loan application for the person capacity to repay the proposed loan, financial literacy will not overcome (high pressure sales behaviour, commission based sales, and false documentation being provided brokers.
- Financial counsellors in their day to day contact with financially distressed clients experience first hand the emotional nature of financial decisions and many of the legal repercussions, and are well positioned to provide an integrated response.
- A very practical way of increasing financial literacy would be to properly fund financial counselling services across Australia to provide crisis financial counselling and consumer education programs focusing on financial literacy, which would be informed by casework experience.
- Consequently, any effective and cost-efficient financial literacy program must look at:
 1. Promoting the existence of financial counselling and what it does.
 2. Expanding the funding base to expand the availability of appropriately trained financial counsellors across Australia

3. Create a funding base for financial counselling by establishing a financial services levy on all credit providers, which could be managed through the Commonwealth financial counselling program.
4. Funding a secretariat to provide training and supervision support for financial counsellors and liaise with Asic, Accc,OFT in each state and related utility providers and relevant government departments.

Yours Faithfully

James Connolly

President NSW Financial Counsellors Association INC