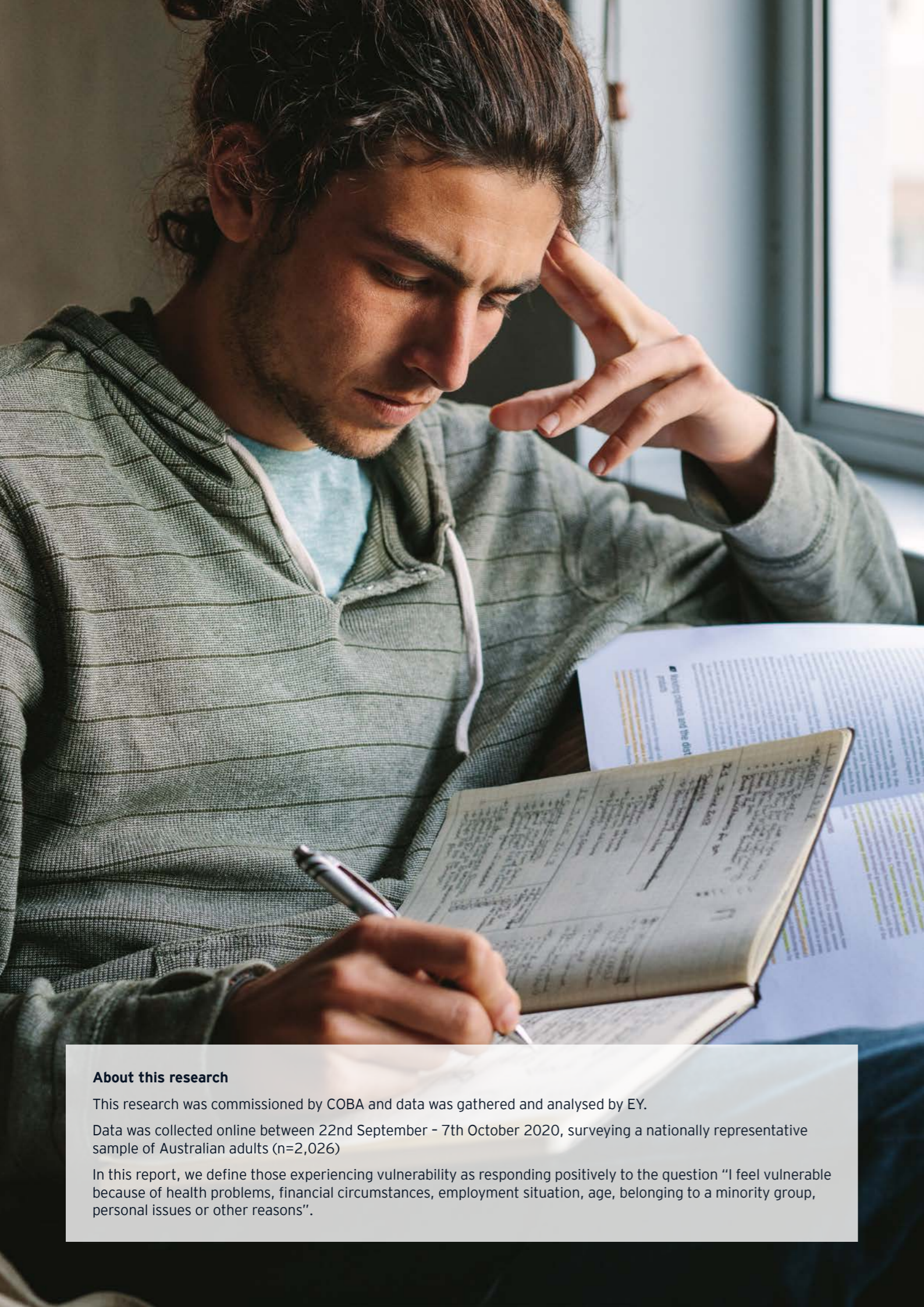


A man wearing a dark hat, a red and white plaid shirt, and dark jeans is walking away from the camera on a dirt road. The road is muddy and has tire tracks. In the background, there are trees and a fence made of wooden posts and barbed wire. The scene is lit with warm, golden light, suggesting late afternoon or early morning. A large yellow shape is overlaid on the left side of the image, containing text.

Spotlight on customer vulnerability

December 2020



About this research

This research was commissioned by COBA and data was gathered and analysed by EY.

Data was collected online between 22nd September - 7th October 2020, surveying a nationally representative sample of Australian adults (n=2,026)

In this report, we define those experiencing vulnerability as responding positively to the question "I feel vulnerable because of health problems, financial circumstances, employment situation, age, belonging to a minority group, personal issues or other reasons".

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Foreword

The prevalence of vulnerability in our society today presents a significant challenge for businesses that are committed to doing the right thing by their customers.

This is especially true of Australian banking institutions. During COVID-19, all banking institutions - large and small - worked hard to support customers through the most disruptive and unpredictable event in living memory. And they will continue to do so as we face into an uncertain future.

Customer Owned Banking Association (COBA) members care deeply for their customers. The ownership model creates a natural incentive for COBA members to prioritise customer wellbeing and it fuels a constant appetite for understanding vulnerability, and how best to respond to vulnerable customers.

Against this backdrop, COBA and EY have come together to publish this study based on our mutual interest in, and shared passion, for this important topic.

We hope that banking institutions will find these insights and recommendations interesting and relevant as they continue to evolve their strategies and approaches towards customers experiencing vulnerability.

Beyond the banking sector, we believe these findings will also interest other stakeholders such as government, financial counsellors, consumer advocates and community organisations. We all have a role to play in supporting vulnerable customers through COVID-19 and into the recovery phase.

The last few years have seen a 'quiet explosion' in conversations about customer vulnerability. We say 'explosion' because now so many organisations have a deliberate focus on, and strategy for, protecting vulnerable customers. We say 'quiet' because, despite this increased attention, the focus is not uniform or mainstream, and lead practice is still very much emerging.

One thing is for sure: the focus is certainly timely. Indeed, it is hard to either recall or imagine a time when responding to vulnerability has been more important, given the radical effects of COVID-19 and subsequent policy responses on employment, mental health, financial wellbeing, and the economy.

This study was commissioned by COBA and conducted by EY, and is the first in Australia which seeks to explore the prevalence of vulnerability as a whole - beyond disadvantage and individual risk factors. In doing so, it examines the utility and limitations of using risk factors as an indicator of potential vulnerability, and the links between vulnerability, resilience, financial wellbeing and financial outcomes.

Most importantly, it offers insights that we hope will be relevant to banking institutions (and beyond) as they continue to evolve their approaches to better supporting customers experiencing vulnerability. We recognise that journey is well and truly underway, and hope this study will be the first of many contributions we can make to facilitating it.



Mike Lawrence
CEO
Customer Owned Banking Association

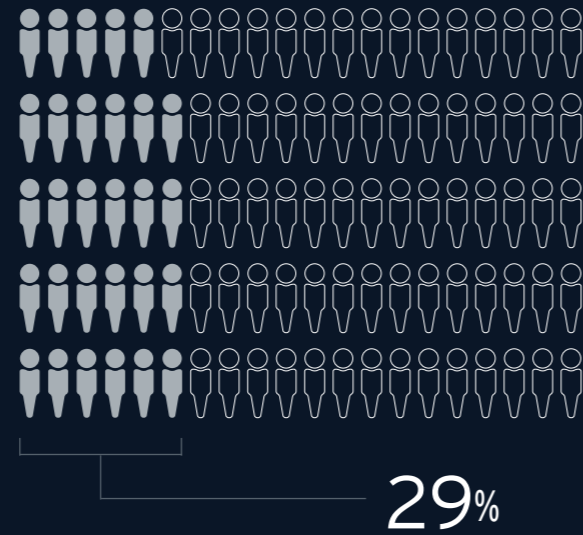


Dominic Thurbon
Partner
EY Australia

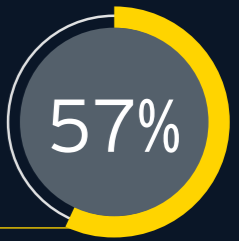


A national issue: a snapshot of vulnerability in Australia

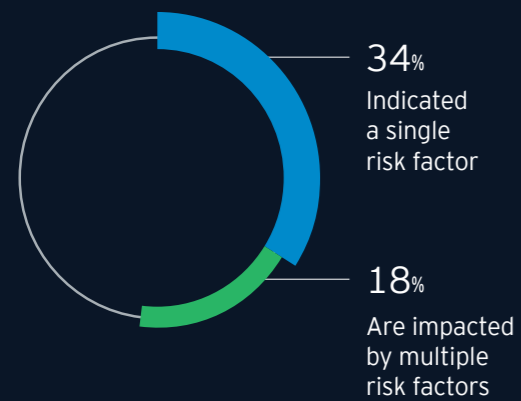
More than **one in four** Australians experience vulnerability



One in two people with a mental illness experience vulnerability



Over **50%** of people identify with at least one vulnerability risk factor



Most prevalent vulnerability risk factors



14% - Mental illness



13% - Serious or permanent health issue



11% - Experiencing trauma in the last 12 months



7% - Have difficulty understanding financial information



Seven in ten people who experience vulnerability



70% - Experience domestic and family violence



70% - Have experienced financial abuse



72% - With insecure or unstable accommodation



Three in five people who experience vulnerability



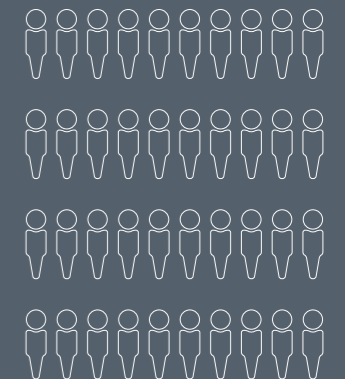
Have difficulty understanding financial information



Have difficulty with the English language

Almost **one-quarter**

23%



of people who experience vulnerability identified with **none** of the 18 vulnerability risk factors

Key Insights and Recommendations

Insight 1

Over half the population are experiencing vulnerability risk factors

Vulnerability is a pressing issue. More than one in two people (52%) have risk factors that can lead to vulnerability. Nearly one in five people (18%) experience multiple risk factors, further elevating the danger of experiencing vulnerability. For almost half the population (42%) those risk factors include issues relating to health, be they physical or mental health.

Given this, we suggest the issue of vulnerability must not be the concern of only small teams within organisations, or even specialist groups agitating for change. Conversations about vulnerability should become commonplace in strategic planning, product design and process development in all parts of the organisation. This is especially true in organisations with disproportionate exposure to, and influence over, vulnerability risk factors like access and engagement with financial products.

Recommendation 1:

Every organisation should have an approach for dealing with customer vulnerability.

Insight 2

Anyone can become vulnerable, and vulnerability often appears in surprising places

Normally, we look for vulnerability by looking for the presence of risk factors that are associated with it. But nearly one in four (23%) of those experiencing vulnerability did not associate with any of the normal risk factors. That is, vulnerability can often show up where you don't expect it.

This is a critical finding for many reasons. For example, it should inform our approach to training frontline staff in recognising and dealing with vulnerability - augmenting training based on recognising risk factors to embed in it an assumption that anyone can become vulnerable, and an understanding that vulnerability can occur in surprising places.

Recommendation 2:

Broaden 'risk factor' based approaches to vulnerability training to include a broader conception of vulnerability.

Insight 3

COVID-19 has had a particularly severe impact on those already experiencing vulnerability

COVID-19's impacts have been more severe on those experiencing vulnerability than those who are not. Across all measured domains (including employment situations, health status, personal relationships, safety in the home) people experiencing vulnerability were significantly more likely to report challenges relating to COVID. Across some domains (such as health), they were more than twice as likely to report challenges.

This creates both challenges and opportunities. The challenges relate to the critical importance of identifying and supporting customers experiencing vulnerability, especially those with acute issues driven by COVID. The opportunity exists because it is often the times that are most challenging for customers which represent the greatest chance for companies to 'step up', provide support, and genuinely earn the brand loyalty and advocacy to which they aspire.

Recommendation 3:

Plan for unforeseen events that disproportionately affect vulnerable populations through scenario planning.

Insight 4

Financial institutions are doing well in responding to customers experiencing vulnerability, but more can be done in using 'soft skills'

Across all represented financial institutions, customer satisfaction levels were higher amongst customers experiencing vulnerability than those who were not. This was particularly pronounced amongst customers of customer owned banking institutions, where satisfaction levels were nine percentage points higher amongst customers experiencing vulnerability. This is a positive result for the sector at large, reflecting the good work done to care for customers in need.

Across all banking institutions, respondents consistently rated their provider higher on 'traditional' aspects of customer service (such as being respectful, approachable and friendly) than on more relational 'soft skills' such as showing empathy, sensitivity and compassion. This presents a real opportunity to supplement traditional approaches to transactional customer service with a focus on the relationship-driven, 'human' side of those interactions.

Recommendation 4:

Expand traditional frameworks for customer service to include more relational aspects of empathy and compassion.

Insight 5

Vulnerability and financial stress can lead to a 'vicious cycle'

People experiencing vulnerability have significantly lower levels of financial wellbeing and capability. They are also significantly more likely to be stressed about their financial situation, concerned about their financial future, in a poor financial situation, or to find it difficult to manage financial matters.

Given all we know about the effects of financial stress on decision making, these relationships create a real danger that customers fall into a 'vicious cycle', where their stress increases their chances of making bad decisions, which erodes their financial situation, which increases their stress - and so on. To protect these customers, it is critically important to build approaches that reduce financial stress and enhance financial wellbeing.

Recommendation 5:

Combat stress by making every touch point, both in information provision and interactions, as simple as possible.

Insight 6

"Resilience" can be a protective factor against experiencing vulnerability

Those with vulnerability risk factors are three times more likely to be experiencing vulnerability if they also have a resilience challenge. This suggests that resilience decreases the likelihood that someone with a vulnerability risk factor goes on to experience vulnerability.

Put another way, it is possible that resilience has a 'protective' effect that can stop risk factors evolving into an actual experience of vulnerability. This presents a real opportunity for financial institutions to target 'resilience building' as a core part of the vulnerability strategy.

Recommendation 6:

Focus on building and supporting resilience to protect where possible against vulnerability.

Insight 1:

Over half the population are experiencing vulnerability risk factors

Vulnerability risk factors are widespread

Vulnerability risk factors are commonly used as a practical framework for identifying and addressing the needs of people experiencing vulnerability, while recognising that not all people experiencing these factors will be vulnerable. These risk factors represent various environmental, situational or contextual realities that may predispose someone to becoming vulnerable.

Our research shows that these risk factors are widespread, with over half of all Australians living with one or more:

- ▶ One in two people (52%) identified with at least one risk factor
- ▶ Around one fifth (18%) of the population identified with multiple risk factors
- ▶ Almost one in two people (42%) have health-related risk factors, and include the two most prevalent: mental illness (14%) and those with a serious or permanent health issue (13%)
- ▶ More than one in ten (11%) of people had experienced trauma in the last twelve months

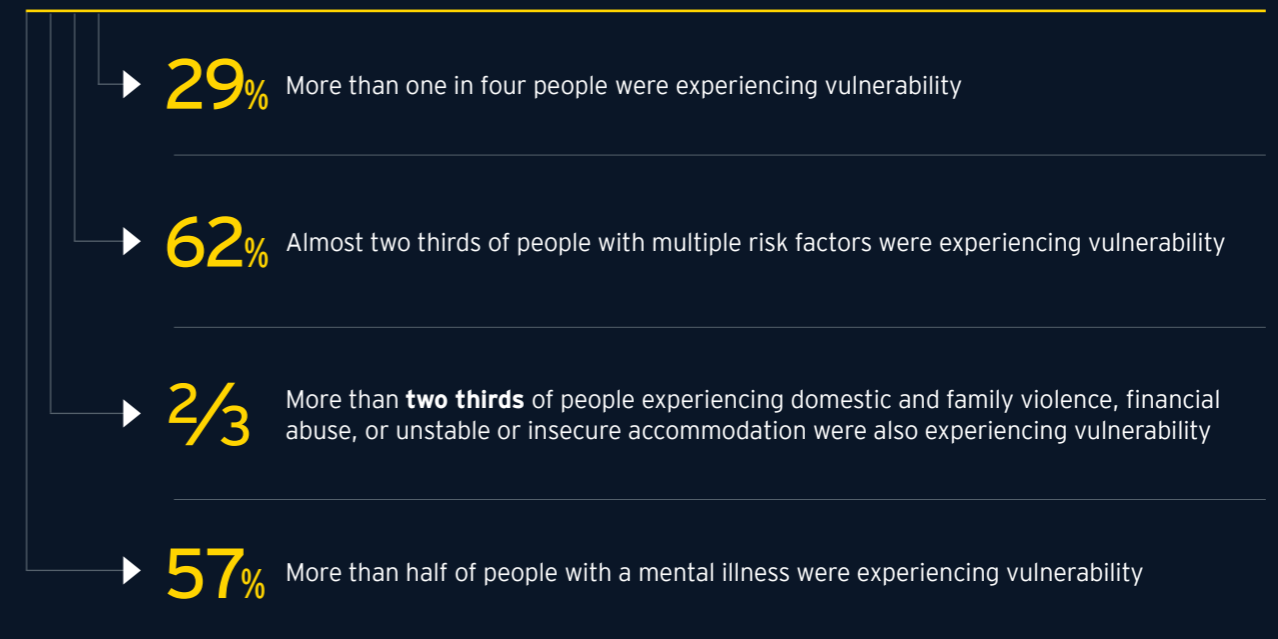
Types of vulnerability	Percentage of population experiencing this vulnerability factor
Health; physical and mental health illnesses, issues or disabilities	42%
Life events and relationships; trauma, domestic or family violence or financial abuse	16%
Living arrangements; living in a vulnerable area, inconsistent access to the internet or unstable or insecure accommodation	9%
Capacity; such as difficulties understanding financial information, difficulty using computers or low levels of English proficiency	11%

A detailed analysis of the prevalence of vulnerability risk factors can be found in the Appendix 34

Many people with risk factors go on to experience vulnerability

There is a significant overlap between vulnerability risk factors and those experiencing vulnerability.

The presence of a risk factor is a strong indicator that a person may be experiencing vulnerability, with certain risk factors making vulnerability significantly more likely



A detailed analysis of the relationship between risk factors and vulnerability can be found in Appendix 38

Recommendations

1.1: Organisations should aim to have a strategy for dealing with customer vulnerability

Given both risk factors and actual experiences of vulnerability are so prevalent (and the potential severity of the negative outcomes that can ensue), each organisation has a part to play in developing their approach to identifying and managing vulnerability amongst their customers.

1.2: Leverage your unique strengths in predicting potential instances of vulnerability

Financial institutions are uniquely well equipped to identify risk factors in their customer population given the nature of the data they collect and hold. Within the confines of appropriate and ethical use, banking institutions could use the information they have to understand the distribution of these risks within their customer base.

1.3: Make the conversation live across the organisation

Often the topic of vulnerability can be confined to parts of the organisation tasked with customer advocacy or protection, but not translate to other strategic settings. We urge organisations to make vulnerability part of the conversation across policy, product, innovation and strategy settings.

Insight 2:

Anyone can become vulnerable, and vulnerability often appears in surprising places

The limits of a 'risk factor' approach

It is common for organisations to understand vulnerability through the lens of risk factors, and this approach is embedded in many commonly used frameworks. As noted, this approach has real value and risk factors can play an important role in helping to identify where vulnerability may arise.

However, nearly one in four (23%) people experiencing vulnerability in our research did not associate with any of the risk factors that normally predict vulnerability. Put another way, vulnerability can often show up where you don't expect it.

So while risk factors are useful in identifying people that may be susceptible to vulnerability, an approach based only on risk factors has both limitations and dangers. The limitation is that risk factors appear to not be a complete solution to identifying vulnerability. The danger is that focusing on risk factors alone may blind us to other potential causes of vulnerability, or artificially narrow the focus of our protective measures.

Recommendations

2.1: Broaden vulnerability training based on recognising risk factors to include the reality that vulnerability can occur in surprising places

Whilst there is good support for training and frameworks that are based on risk factors, that does not offer the full picture. We must embed the assumption that anyone can become vulnerable, and ensure our systems, processes and people account for the surprising ways in which vulnerability can present.

2.2: Study further which risk factors are not adequately represented in vulnerability frameworks

It is likely that there are risk factors associated with vulnerability that are absent from current frameworks. It would be valuable to continue building the body of knowledge about which factors predispose individuals to vulnerability, as this will enable more targeted interventions and protective measures.

“

Vulnerability can often show up where you don't expect it.

“

Nearly one in four (23%) people experiencing vulnerability in our research did not associate with any of the risk factors that normally predict vulnerability.



Insight 3:

COVID-19 has had a particularly severe impact on those already experiencing vulnerability

COVID-19 has been one of the most disruptive and challenging global events of the modern era, increasing the risk of physical, mental and financial hardship across contexts and geographies. A goal of this study was to understand how people perceive their level of health and wellbeing within the context of COVID-19, and to identify any differences in these perceptions between those who are experiencing and not experiencing vulnerability.

People experiencing vulnerability have been disproportionately impacted by COVID-19

Although all people have been impacted in some way from COVID-19, the impacts of COVID-19 have been more severe on those experiencing vulnerability than those who are not.

When compared to those not experiencing vulnerability, those who experience vulnerability are:

	Experiencing vulnerability	Not experiencing vulnerability
More than twice as likely to be concerned about their ability to stay healthy in the future	65%	31%
Two and a half times more likely to report that their mental health has deteriorated since the start of COVID-19	56%	22%
Almost three times more likely to report they have experienced negative health issues as a result of COVID-19	39%	14%
Almost three times more likely to report that their personal relationships have suffered since the beginning of COVID	46%	18%
Almost twice as likely to report that their employment situation has been negatively impacted by COVID-19	46%	25%
Almost twice as likely to be concerned about their employment situation in the future	55%	29%
Almost three times more likely To report they feel unsafe in their home environment since the start of COVID-19	28%	10%
More than twice as likely To feel they may have been taken advantage of financially by someone they know since the start of COVID	21%	9%

There is an opportunity to act as a gateway to direct and refer people to support beyond banking

Given the disproportionate impact that COVID-19 has had on those experiencing vulnerability, organisations can provide advice and support to members of society most acutely affected by this global event. This may require connecting them with support beyond the financial institution itself (this is discussed in more detail later in the paper). Support need not even be financial; almost half those experiencing vulnerability indicated a need for emotional support, significantly more than those not experiencing vulnerability.



Almost one in two people experiencing vulnerability require more emotional support than they are currently receiving

compared to...



One in six people not experiencing vulnerability require more emotional support

Recommendations

3.1: Banking providers can use scenario planning for unforeseen events

COVID-19 has shown that external factors can drive mass increases in vulnerability. It has also reinforced that such events have disproportionate effects on vulnerable populations. Organisations can put plans in place for how they may support customers in such situations. Given the inherent uncertainty in planning for disruptive events, scenario planning would be a useful tool to apply here.

3.2: Banking providers can act as a 'gateway' to varied sources of support

Banking providers have an opportunity to win lasting brand loyalty and advocacy by 'stepping up' during difficult times, providing authentic emotional support to those experiencing vulnerability. Often this will require connecting vulnerable customers with support services 'beyond banking'.

3.3: Banking providers should take a long-term view in providing support in the wake of COVID-19

Across personal, financial and health domains, those experiencing vulnerability during COVID-19 will require long-term support. Taking the longer-term view enables organisations to continue to strengthen relationships with customers in need by supporting them and preventing harm.



Insight 4:

Financial institutions are doing well in responding to customers experiencing vulnerability, but 'soft skills' may be the path towards more effective support

In recent years, many financial institutions have taken significant steps towards better responding to the needs of customers experiencing vulnerability. This has included training staff to better understand vulnerability and customer needs, developing web content relevant to specific circumstances, and creating referral pathways for people where their needs go beyond banking.

There is evidence that these actions are working. Across all financial institutions, customers experiencing vulnerability were more satisfied with their banking institution than those who were not, and people disclosing a personal or difficult situation have largely had a positive experience with their financial institution.

This was particularly pronounced for customers of customer owned banking institutions, where vulnerable customers' average satisfaction was nine percentage points higher than customers who were not experiencing vulnerability. This perhaps speaks to an intrinsic benefit of the 'customer owned' model, whereby profits are reinvested in service of the customer owners.

This is a 'good news story' for financial institutions across the board, and customer owned banking institutions in particular.

Perceptions of the sector and the importance of 'soft skills'

Customer owned banking institutions are viewed highly favourably by their customers, with over two thirds of customers feeling their institution delivered strongly on being trustworthy, genuine, sensitive and compassionate. Customers of customer owned banking institutions were highly likely to see their banking institution as looking after them and much more likely report that their main financial provider is "a banking institute I recommend to others" (80% vs. 58%) compared to customers of non-customer owned banking institutions.

“

Across all financial institutions, customers experiencing vulnerability were more satisfied with their banking institution than those who were not...

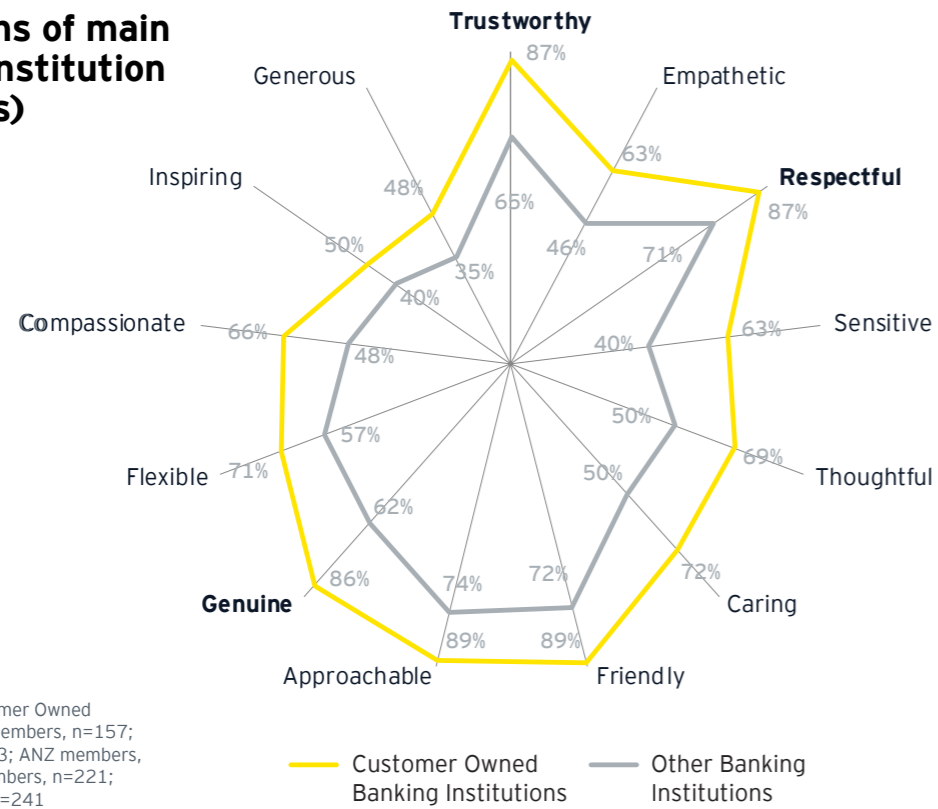
“

Customer owned banking institutions are viewed highly favourably by their customers, with over two thirds of customers feeling their institution delivered strongly on being trustworthy, genuine, sensitive and compassionate.

For all banking institutions, respondents rate their provider more highly on traditional customer service qualities such as being respectful, approachable, friendly and genuine, than on 'soft skills' associated with empathy, sensitivity, and compassion (it is also worth noting that customer owned banking institutions were generally rated higher on these soft skills than mainstream banking institutions).

When put beside other findings in this report (such as the desire for 'emotional support' from customers experiencing vulnerability) this is a key insight, and represents an opportunity to improve even further on the way we 'show up' for customers who need us most.

Perceptions of main financial institution (attributes)



Base:
Those who are Customer Owned Banking Institution members, n=157; CBA members, n=603; ANZ members, n=299; Westpac members, n=221; and NAB members, n=241

Customers experiencing vulnerability were particularly satisfied with customer owned banking institutions

Customers of customer owned banking institutions are more satisfied with their main banking provider than customers of other banking providers. This was more pronounced for those experiencing vulnerability, where 97% of those experiencing vulnerability expressed satisfaction with their main financial services provider, compared to 76% for other banking providers.

Overall satisfaction (Top 2 Box)

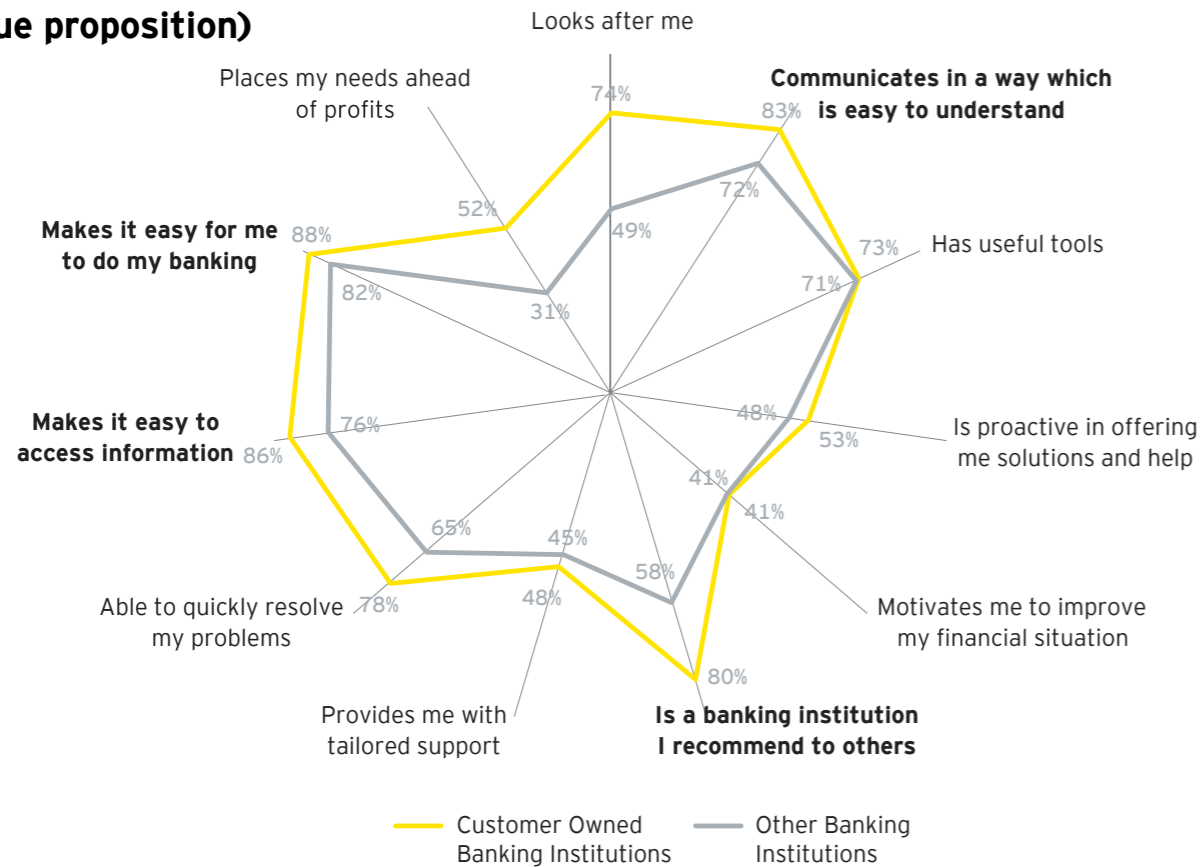
	Do not experience vulnerability	Experiencing vulnerability
Other banking institutions	75%	76%
COBA members	88%	97%

97%

of customers of customer owned banking institutions who were experiencing vulnerability were satisfied with their main financial services provider

For a detailed analysis of customer satisfaction amongst customers experiencing vulnerability, see Appendix 44

Perceptions of main financial institution (value proposition)





“
There is an opportunity to provide more support, in a more tailored manner, to more of those experiencing vulnerability.”

Supporting those experiencing vulnerability

When customers receive support from their banking institution, the overwhelming majority (87%) of customers are satisfied with that support. However, there is an opportunity to provide more support, in a more tailored manner, to more of those experiencing vulnerability.

01

Make support clear:

Of those who did not receive support, more than half did not even ask because they didn't know their banking institution could help, or didn't know who to ask.

02

Make support comfortable and easy:

Of those experiencing vulnerability, only 61% said they would disclose a challenging financial situation to their banking institution, and only 45% would disclose a challenging personal situation.

03

Make support tailored:

While 38% of people experiencing vulnerability feel their needs are different than most, less than half of those people (48%) feel their financial institution provides tailored support.

04

Make support connected:

Between one quarter and one third of customers believe banking institutions should connect people experiencing vulnerability to external support services, and 32% of those experience difficult situations expected to be connected to other services.

“

I am embarrassed and don't know what to expect.

“

I don't think it is their job to manage my finances if I have problems.

“

I'm a very private person and it's none of their business.

Reasons for not feeling comfortable

“

I guess it's just difficult to [air] your personal laundry out to strangers... want to keep it in house and hope that you can sit there and resolve it yourself and in the end you don't know whether or not they will be able to help you or would want to help me.

Recommendations

4.1: Expand traditional frameworks for customer service to include relational, 'human' aspects of empathy and compassion

Building on the strengths already shown amongst the banking sector in traditional customer service, effort can be expended on developing more relational, 'soft skills' aspects of the customer experience. This could have a profound effect on those in challenging situations.

4.2: Make it as comfortable as possible for customers to seek support

It is clear many people experiencing vulnerability are not comfortable, or don't have the skills or knowledge, to seek support from their financial institution. The opportunity exists to design environments, experiences and processes that maximise the chances that those who need help will seek it out.

4.3: Tailor support to the unique situations of those experiencing vulnerability

Many people experiencing vulnerability recognise that their situation is different and feel that support should be tailored. Process, policy and practice should work together to help us adapt our responses to the particular needs of each vulnerable customer.

Insight 5:

Vulnerability and financial stress can lead to a 'vicious cycle'

Those experiencing vulnerability rate significantly lower on levels of financial wellbeing and financial capability, and significantly worse on ratings of financial stress and financial outcomes.

This section outlines the interplay between vulnerability, financial wellbeing and financial resilience. Note that while these results do not show causality (it is hard to determine whether experiencing vulnerability is driving worse financial outcomes, or vice versa) the results paint a clear picture of the interdependence of these factors.

Vulnerability and financial wellbeing

Financial wellbeing is an important factor in living a full and healthy life. Measured using an adapted version of the CBA-MI Reported Financial Wellbeing Scale,¹ results show that those experiencing vulnerability score significantly worse on all measures of financial wellbeing when compared to those not experiencing vulnerability.

Vulnerability, financial stress and the 'vicious cycle'

Financial stress is increasingly understood to have a pronounced negative impact on cognitive performance. For instance, stress can impede financial decision-making by reducing capacity to calculate risk and reducing ability to process and evaluate information.²

In our study, those experiencing vulnerability were under significantly more financial stress than those not experiencing vulnerability (four in five people experiencing vulnerability are concerned about their financial situation) and reported notably worse indicators financial outcomes.

This presents a real challenge to financial institutions, as it means that right when customers need to be making careful and thoughtful decisions about their finances, circumstance impede their ability to do so. This is one of the factors that can lead to a 'vicious cycle' where financial stress can lead to poor decisions, which erodes financial wellbeing, which increases financial stress. Hence the importance of financial institutions recognising and managing this relationship between vulnerability, financial stress and financial wellbeing.

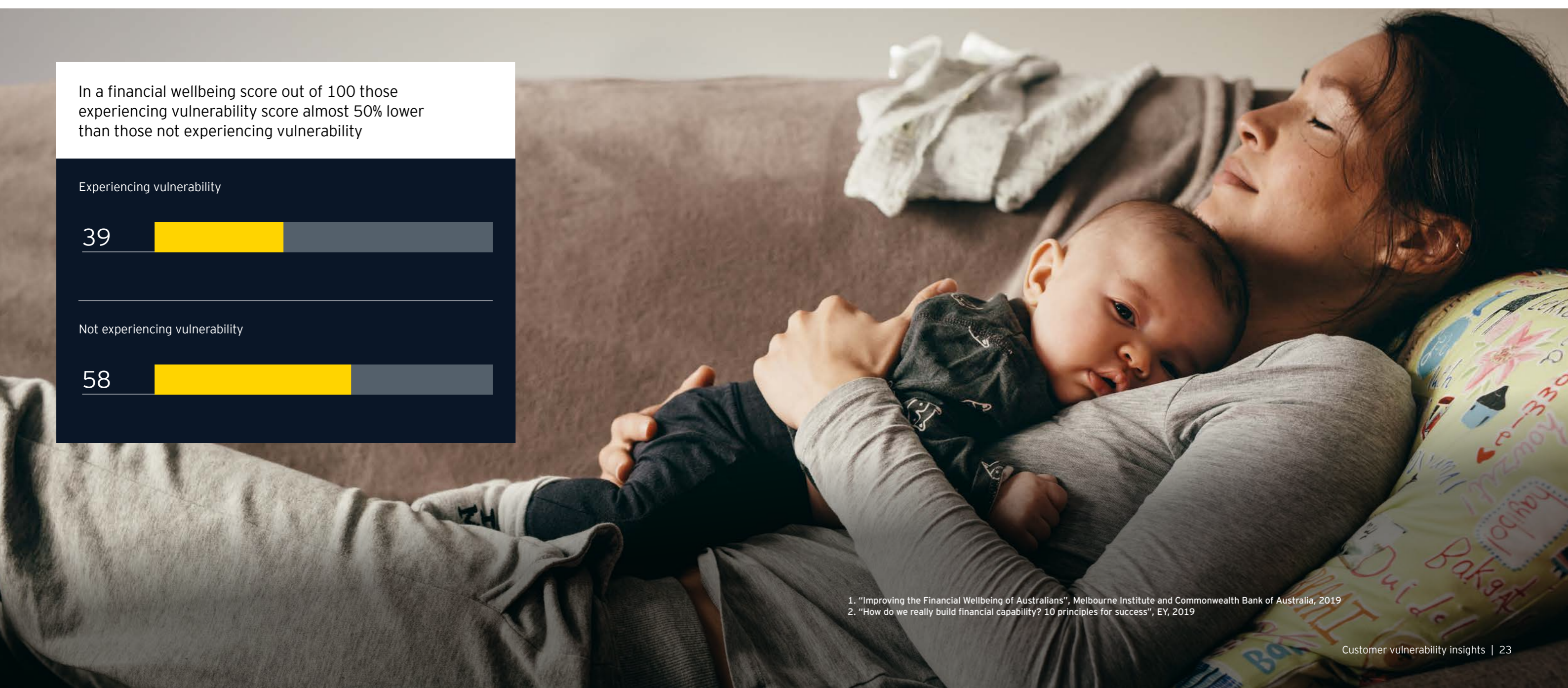
In a financial wellbeing score out of 100 those experiencing vulnerability score almost 50% lower than those not experiencing vulnerability

Experiencing vulnerability

39

Not experiencing vulnerability

58



1. "Improving the Financial Wellbeing of Australians", Melbourne Institute and Commonwealth Bank of Australia, 2019
2. "How do we really build financial capability? 10 principles for success", EY, 2019

When compared to those not experiencing vulnerability, vulnerable people are:

More than twice as likely to be concerned about their financial situation in the future	81%	37%
More than twice as likely to feel stressed about their financial situation	66%	25%
Four times more likely to report being in a poor financial situation	43%	10%
Three times more likely to find it difficult to manage their financial matters	40%	13%
Almost twice as likely to feel their financial circumstances and needs are very different than most	38%	20%
Three times more likely to report they "never seem to have enough money to cover my expenses"	18%	6%
More likely to be in debt	52%	43%
Three times more likely to be unable to cover three months of expenses if they suffered a sudden loss of income	22%	8%

Recommendations

5.1: Make every touch point, both in information provision and interactions, as simple as possible

Simplicity has often been emphasised in customer service for its competitive advantage and to build customer satisfaction. However, when dealing with stressed or vulnerable people, simplicity is also pivotal in protecting their wellbeing and enabling them to make sound decisions. As such, simplicity should become a core design principle across all parts the customer journey.

5.2: Find ways to reduce financial stress by 'short-circuiting' the vicious cycle

Financial institutions could proactively create initiatives that short-circuit the cycle of financial stress by identifying its primary causes, adapting policy and practice, and proactively identifying underlying stress factors in their customer population.

5.3: Implement both systemic and acute strategies to help customers manage unexpected situations

The prevalence of customers unable to manage unexpected interruptions to their income is a real concern (this has been front of mind for many of late, given COVID-19). In the short term, acute interventions to help get through the interruption are useful, but in the longer term, systemic approaches to helping customers plan and save for unexpected events are critical.



“

Those with vulnerability risk factors are three times more likely to be experiencing vulnerability if they also have a resilience challenge.



Insight 6:

“Resilience” can be a protective factor against experiencing vulnerability

The concept of ‘resilience’ is gaining more attention as its relationship to people’s outcomes (financial and otherwise) is increasingly understood. In this section, we explore the link between vulnerability and resilience, and examine how building resilience may help protect people against falling into vulnerability.

Vulnerability and resilience

Resilience can be regarded as the ability to recover from setbacks, adapt well to change, and keep going in the face of adversity. Factors that negatively impact resilience include:

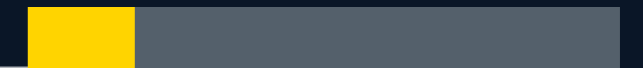
- ▶ Not having a good group of friends that can be relied upon
- ▶ Not having a good relationship with family members
- ▶ Not feeling connected to the community
- ▶ Being in a poor financial situation

The presence of resilience challenges strongly correlates with experiencing vulnerability: three-quarters (74%) of those experiencing vulnerability also are experiencing a resilience challenge.

Those with vulnerability risk factors are three times more likely to be experiencing vulnerability if they also have a resilience challenge.

Likelihood to experience vulnerability WITH at least one resilience challenge

18%



Likelihood to experience vulnerability WITHOUT a resilience challenge

5%



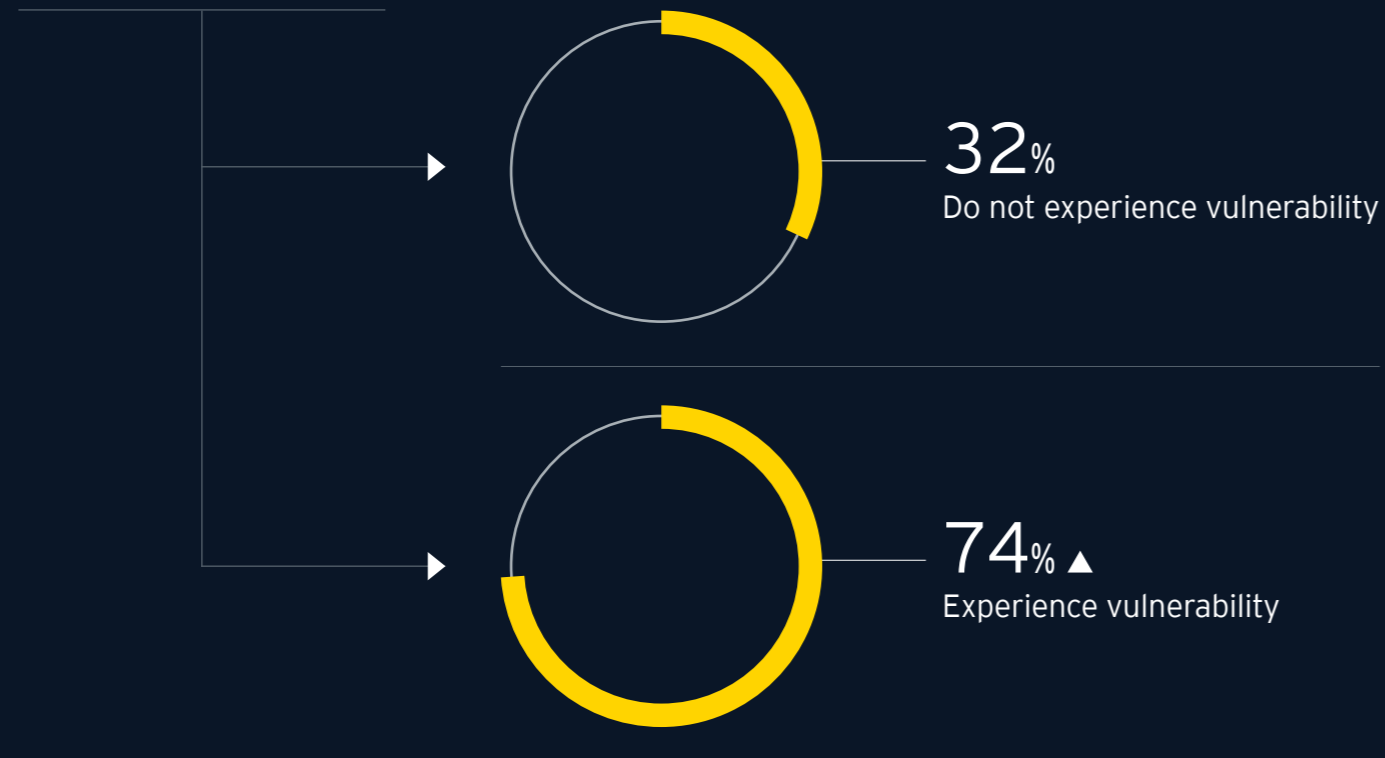
This finding suggests that resilience may decrease the chances that someone with a risk factor goes on to experience vulnerability. Put another way, it is possible that resilience has a ‘protective’ effect that can stop risk factors evolving into an actual experience of vulnerability. This presents an exciting opportunity for financial institutions to implement measures that can support and build resilience amongst their customers, and in doing so protect them against experiences of vulnerability.

Prevalence of resilience challenges amongst those experiencing vulnerability

	Do not experience vulnerability	Experience vulnerability	Diff.
I am currently in a poor financial situation	10%	43% ▲	33
I do not feel connected to the community I live in	15%	37% ▲	22
I do not have good group of friends who I can rely on	16%	34% ▲	18
I do not have a good relationship with members of my family	7%	19% ▲	12
None of the above	66%	25% ▼	-41

Base: Those who are not vulnerable, n=1,442; Those who are vulnerable, n=586 S4. Which, if any, of the following describes you?

Face resilience challenge



“

It is possible that resilience has a ‘protective’ effect that can stop risk factors evolving into an actual experience of vulnerability.

Recommendations

6.1: Implement practices to track and understand customer resilience

Financial institutions increasingly track lead indicators of wellbeing amongst customer populations. Given the apparent relationship between resilience and vulnerability, it would be prudent to track and measure this, too. This will put banking institutions in the best possible position to identify and intervene when low levels of resilience increases risk.

6.2: View products and processes as opportunities to foster resilience

Product design and process development can both be adapted to consider resilience as a design principle; this might be thought of ‘resilience by design’ and offers the opportunity to adopt the ‘net positive’ mindset, where each interaction with the institution can be designed to leave participants more resilient than they arrived.

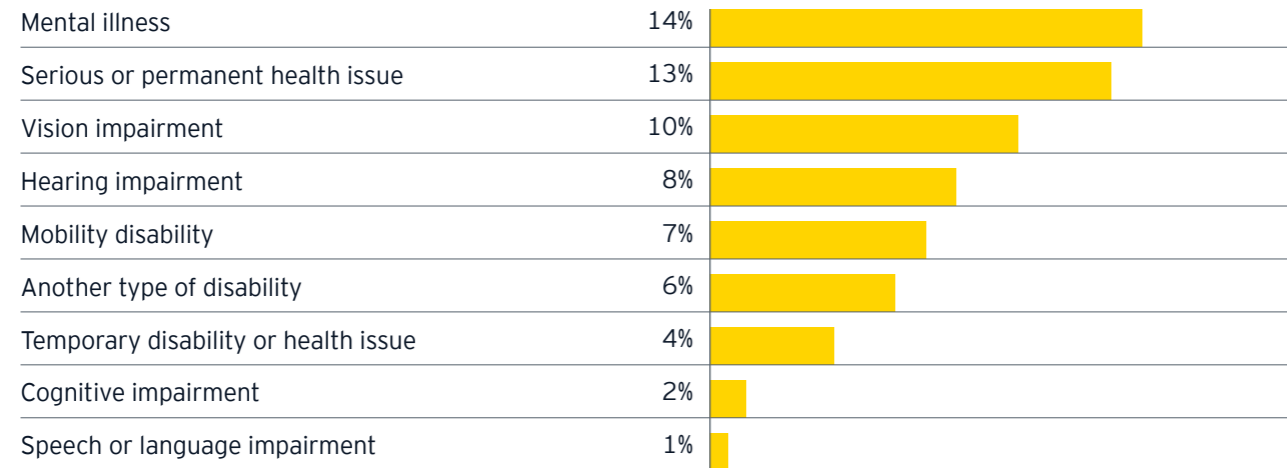




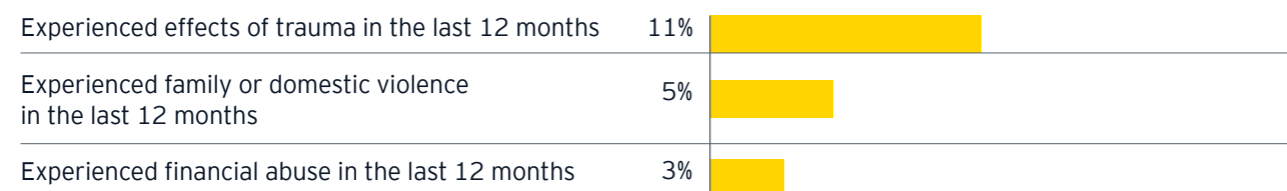
Appendices

Detailed drivers of vulnerability

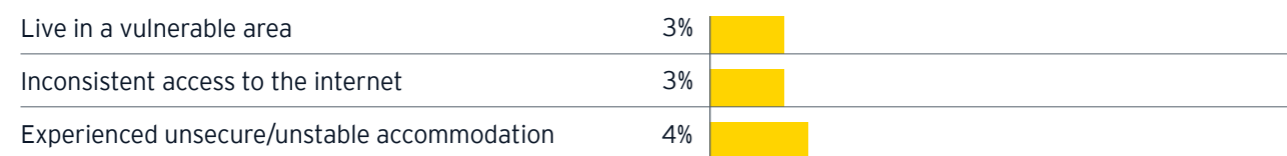
Health



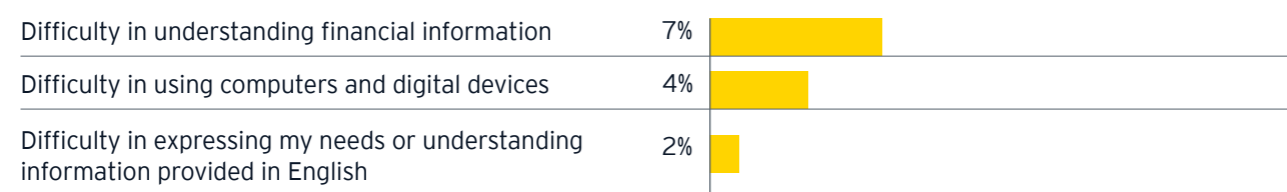
Life events and relationships



Living arrangements



Capacity



Base: Total sample; n=2,026 S5. Which, if any, of the following describes your current situation?

Role of banking institutions in helping those in difficult situations (Total population)



Base: Those who are not vulnerable, n=1,441; Those who are vulnerable, n=585 Q2

▲ ▼ Significant difference between vulnerability states

The interplay between vulnerability risk drivers and experiencing vulnerability

Base: Total sample; n=2,026; Disabilities and physical impairments, n=841; Situational risk factors, n=527; Living arrangements, n=183; Capacity, n=220; Affected by multiple vulnerabilities, n=364; Those not affected by the listed vulnerabilities; n=964

▲ ▼ Significant difference when compared to the total population

	% of the population impacted	I feel vulnerable because of health problems, financial circumstances, employment situation, age, belonging to a minority group, personal issues or other reasons	I feel uninformed about the financial options available in the market	I find it difficult to compare deals for financial products	I feel vulnerable because offers, terms or conditions are often too complex for me to understand
Total Population		29%	19%	24%	21%
Health	42%	44% ▲	25% ▲	30% ▲	27% ▲
Life events and relationships	16%	61% ▲	28% ▲	40% ▲	36% ▲
Living arrangements	9%	53% ▲	25% ▲	41% ▲	37% ▲
Capacity	11%	55% ▲	42% ▲	57% ▲	53% ▲
Affected by multiple vulnerabilities	20%	61% ▲	33% ▲	46% ▲	44% ▲
Do not experience	48%	13% ▼	13% ▼	17% ▼	13% ▼

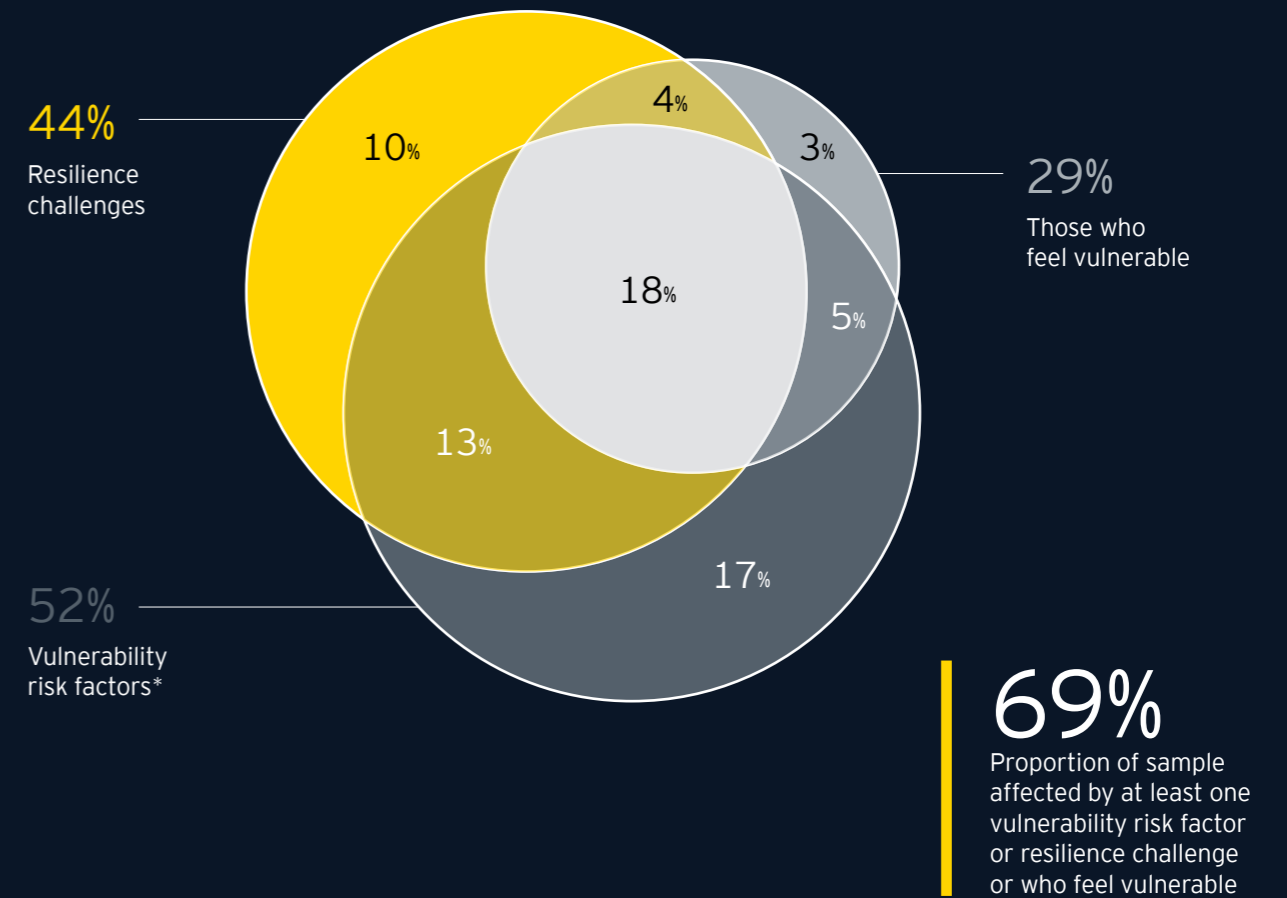
Prevalence of resilience challenges amongst those experiencing vulnerability

Interplay of vulnerability risk factors, resilience and experiencing vulnerability

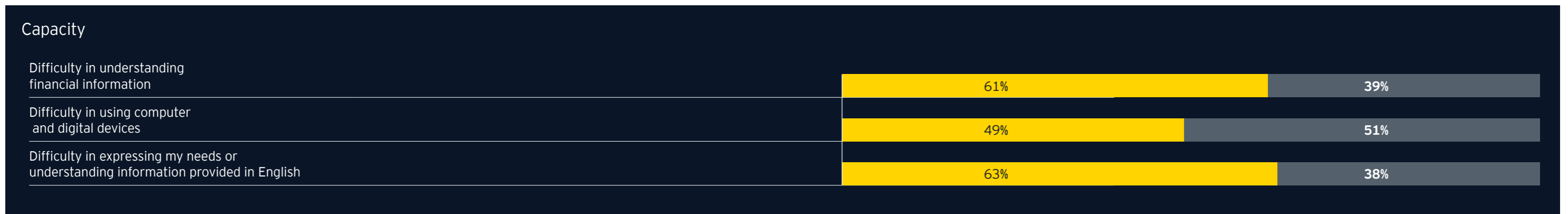
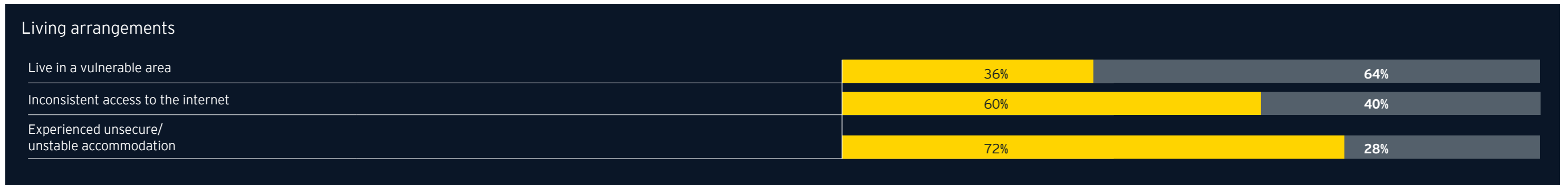
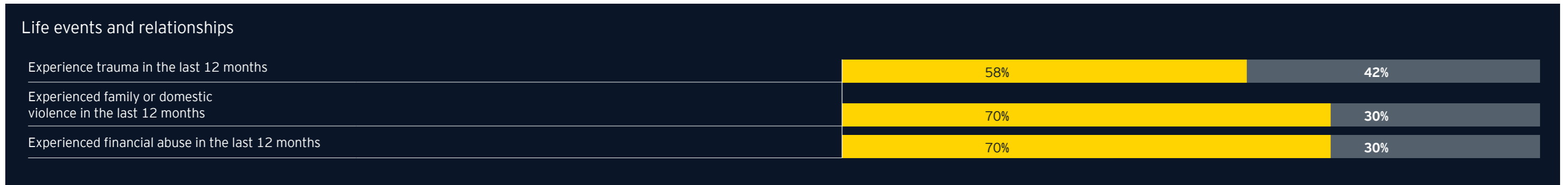
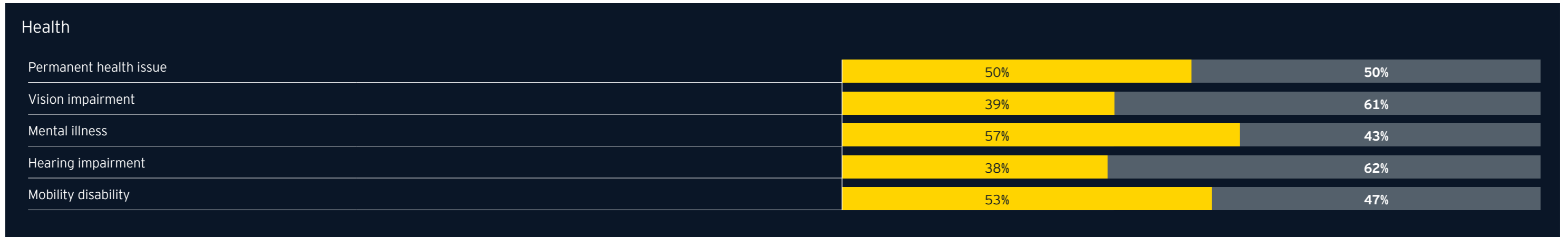
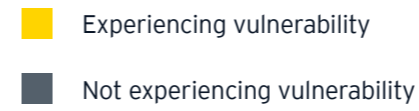
Base: Those who are not vulnerable, n=1,442; Those who are vulnerable, n=586 S4. Which, if any, of the following describes you?

▲ ▼ Significant difference between vulnerability states

	Do not experience vulnerability	Experience vulnerability	Diff.
	32%	74% ▲	
Face resilience challenge			
I am currently in a poor financial situation	10%	43% ▲	33
I do not feel connected to the community I live in	15%	37% ▲	22
I do not have good group of friends who I can rely on	16%	34% ▲	18
I do not have a good relationship with members of my family	7%	19% ▲	12
None of the above	66%	25% ▼	-41



Intersection between vulnerability risk factors and experiencing vulnerability



Impact of vulnerability on individual financial situations

▲ ▼ Significant difference between vulnerability states

	Do not experience vulnerability	Experience vulnerability	Diff.
Concerned about my financial situation in the future	37%	81% ▲	44
Comfortable in using digital technology to manage my finances	70%	67%	-3
Feel stressed about my current financial situation	25%	66% ▲	41
Find it easy to find the information I need about financial matters	57%	44% ▼	-13
Find it difficult to manage my financial matters	13%	41% ▲	28
Feel informed about the financial options available to me	57%	40% ▼	-17
Feel unable to ask questions that might help me financially	14%	39% ▲	25
My financial circumstances and needs are very different than most	20%	38% ▲	18
Comfortable with my current levels of spending relative to the funds I have coming in	44%	24% ▼	-20
On top of my day to day finances	46%	21% ▼	-25
Enjoy life because of the way I'm managing my money	42%	20% ▼	-22
Could handle a major unexpected expense	39%	18% ▼	-21
On track to have enough money to provide for my financial needs in the future	35%	15% ▼	-20

Base: Those who are not vulnerable, n=1,441; Those who are vulnerable, n=585 Q1; Q2; Q10

How those experiencing and not experiencing vulnerability manage a sudden loss of income

Base: Those who are not vulnerable, n=1,441; Those who are vulnerable, n=585 Q1; Q2; Q10

▲ ▼ Significant difference between vulnerability states

	Do not experience vulnerability	Experience vulnerability
I would access money through my own savings and investments	58%	37% ▼
I would sell something	22%	28% ▲
I would not be able to cover three months living expenses	8%	22% ▲
I would get a loan from friends/family	14%	16%
I don't know how I would manage but I would find a way	12%	14%
I would get a gift from friends/family	6%	11% ▲
I would access credit from a financial institution	9%	11%
I would use some form of income replacement insurance	6%	6%
I would access the money in some other way	3%	3%
Current financial situation		
I never seem to have enough money to cover my expenses	6%	18% ▲
I manage to meet all my expenses but there's nothing left over to save	28%	48% ▲
I meet my expenses and have a little bit left over to spend or save	46%	28% ▼
I comfortably meet my expenses and can easily save or spend if I want to	21%	6% ▼

Financial and personal impacts of COVID-19, comparing the general population, those experiencing and not experiencing vulnerability

	General population		Do not experience vulnerability	Experience vulnerability	Diff.
I am concerned about my ability to stay healthy in the future	 41%		 31%	 65% ▲	34
My mental health has deteriorated since the start of COVID	 32%		 22%	 56% ▲	34
I am concerned about my employment situation in the future	 36%		 29%	 55% ▲	26
I require more emotional support than I am currently receiving	 25%		 16%	 47% ▲	31
I have found that my personal relationships have suffered during COVID	 26%		 18%	 46% ▲	28
My employment situation has been negatively impacted by COVID	 31%		 25%	 46% ▲	21
I have experienced negative health issues as a result of COVID	 21%		 14%	 39% ▲	25
I feel more unsafe in my home environment since the start of COVID	 15%		 10%	 28% ▲	20
I feel I may have been taken advantage of financially by someone I know since the start of COVID	 12%		 9%	 21% ▲	12

Base: General population, n=2,026; Those who are not vulnerable, n=1441; Those who are vulnerable, n=585 Q38; Q40

▲ ▼ Significant difference between vulnerability states

Perceptions of the effectiveness of support provided by banking providers, comparing those experiencing vulnerability with those not experiencing vulnerability

	General population	Do not experience vulnerability	Experience vulnerability	
Needed assistance for personal or difficult situation	17%	12%	27%	
Examples of situation which required assistance	<ul style="list-style-type: none"> I was stood down from work and couldn't afford mortgage repayments Due to COVID-19 a source of income ceased and the banking institution was able to assist in deferring mortgage payments Payment deferral due to unemployment They gave me advise on how to stay on top of finances 	<ul style="list-style-type: none"> I needed to refinance my mortgage I had a death in the family Cannot meet my credit card payments Due to my ongoing medical issues and sudden hospitalisation as a result, I had to ask for time or a payment plan to pay my Credit Card due to expenses incurred 	<ul style="list-style-type: none"> Reduced hours with less pay Husband losing job due to having a stroke Struggle to pay mortgage I asked for additional time period to pay off my debt 	
Did your banking institution provide support?	66%	65%	67%	
Satisfaction with the support provided? (Top 2 Box)	87%	86%	89%	
Reason banking institution did not provide support?				
Did not contact banking institution	I believed they would be unable to help	27%	33%	19%
	I was not sure who to contact	21%	22%	19%
	I expected them to reach out to be proactively	10%	11%	8%
Contacted banking institution	Unable to get them to solve my problem	43%	33%	54% ▲

▲ ▼ Significant difference between vulnerability states

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