



Royal Commission  
into Family Violence

## WITNESS STATEMENT OF ADAM WILLIAM MOONEY

I, Adam William Mooney, Chief Executive Officer, of Good Shepherd Microfinance at 192 – 198 High Street, Northcote in the State of Victoria say as follows:

1. I am authorised by Good Shepherd Microfinance to make this statement on its behalf.
2. I make this statement on the basis of my own knowledge, save where otherwise stated. Where I make statements based on information provided by others, I believe such information to be true.

### Current role

3. I am currently employed as the Chief Executive Officer (**CEO**) of Good Shepherd Microfinance.

### Background and qualifications

4. I have considerable experience in community development, social inclusion and financial services, having worked in Australia, Cambodia, England and New Zealand in these areas for more than twenty years.
5. My background is in accounting, finance and community development. After completing an undergraduate degree in business and accounting I worked for Ansett in Australia and New Zealand in the role of State Accountant and Finance Manager from 1988 to 1992.
6. I then moved to US Investment bank Merrill Lynch in London where I held the role of Finance Manager from 1993 to 1995.
7. I worked for ANZ from 1996 to 2008, where I held various positions, including Manager-Economic Value Added, Senior Financial Controller, and Head of Finance and Information Management. I also held the position of Chief Financial Officer Personal and Rural Banking from 2001 to 2003.

8. From 2003 to 2005 I worked with development agency Concern Worldwide in Cambodia on community-led livelihood programs, where I helped establish what is now Cambodia's largest financially sustainable microfinance institution.
9. I then moved into the role of Head of Community Development Finance at ANZ, from 2005 to 2008.
10. From 2008 to 2012, I worked for Reconciliation Australia, where I performed several roles including Acting CEO, Director of Business Development and, for over three years, Director of Reconciliation Action Plans, the organisation's primary program.
11. I joined Good Shepherd Microfinance in April 2012 as CEO.
12. I am currently a Board Director of PNG Microfinance Limited, a Board Committee Member of the National Congress of Australia's First Peoples and member of the Australian Government's MoneySmart Week Advisory Committee.
13. I am also a past director of Foresters Community Finance in Australia (2007 - 2012), past co-chair of the Indigenous Financial Services Network (2009 - 2011) and past director of AMK Microfinance in Cambodia (2004 - 2010).
14. I have the following qualifications:
  - 14.1. Masters in International Development;
  - 14.2. Masters in Applied Finance; and
  - 14.3. Bachelor of Business (Accounting).
15. I am a Certified Practising Accountant. In 2013, I completed both the Company Directors Course at the Australian Institute of Company Directors and Harvard Business School's Strategic Leadership for Inclusive Finance Program. In 2014, I completed Harvard Kennedy School of Government's Rethinking Financial Inclusion program. In 2015, I completed the London School of Economics Developing Business Models for a Sustainable World program.

## History of Good Shepherd Microfinance

16. The Sisters of the Good Shepherd are a religious order in the Catholic Church. St Mary Euphrasia initially founded the Good Shepherd Sisters in France in 1835, and committed to focus on disadvantaged and marginalised women and girls. The Good Shepherd Sisters came to Australia in 1863, founding the Good Shepherd Convent in Abbotsford, Victoria. From there, communities began in New South Wales, South Australia, Western Australia, Tasmania, and Queensland.
17. Good Shepherd's involvement in assisting women economically began many years ago. To my mind, the Good Shepherd Sisters ran one of Australia's first social enterprises though their story is largely untold in Australia's history. When the Sisters first arrived in the 1860s and built the convent in Abbotsford, many women and girls who were marginalised during the Gold Rush, and who had nowhere to live, came to live or work in the convent. In time, the Sisters began what was essentially a social enterprise, employing girls and women to provide laundry services to high end hotels in Melbourne. The business was profitable, and from that profit the Sisters and convent became self-sustaining.
18. From the late 19th century, up until Good Shepherd Australia New Zealand was established in 1976, the Sisters often heard stories from women who needed to set up households, or replace essential items, and who may have had incomes, but who did not have money available to outlay for household goods (like fridges and washing machines) at that particular time. The Sisters decided to lend out the small amount of capital they had accumulated through their laundry service – approximately \$20,000 – to women on a no interest basis. The Sisters were admonished by their legal and financial advisers, who said it was an unwise investment and that they would lose the money. The Sisters persevered nonetheless and in six months, all of the \$20,000 had been repaid.
19. Economically, it was a success. But something more than that happened as well. Beyond the financial transaction, there was a human connectedness, a dignity, and self-esteem and hope were given to the women. It was important to the women to know that someone backed them, believed in their word and in them.
20. Good Shepherd Australia New Zealand (**GSANZ**) was established in 1976 to ensure the continuity and growth of the Good Shepherd mission in Australia and New Zealand, after 150 years of history. It is the parent body for a number of agencies that work as part of the Good Shepherd network around Australia and

New Zealand. Good Shepherd Microfinance (**GSM**) is one of those agencies that forms part of the Good Shepherd network.

### **Good Shepherd Microfinance**

21. GSM was established as an independent agency in 2012, as a national community organisation working to help people in Australia on low incomes overcome poverty and hardship through the innovative delivery of microfinance solutions.
22. Microfinance is the provision of financial services such as loans (often known as microcredit) savings accounts (often known as microsavings) and insurance to people on low and limited incomes who can't easily access mainstream financial services. Microfinance helps people on low incomes become financially independent, which makes a significant difference to their well-being, dignity and confidence and creates positive social and economic impact.
23. GSM's approach is to work with governments, business and the community to address the issues of financial exclusion in Australia. In keeping with the mission of the Good Shepherd Sisters, GSM's primary focus is on women and girls.
24. GSM programs are offered in 669 locations by 260 local community providers, including organisations such as Anglicare, the Salvation Army, the Brotherhood of St Laurence and Uniting Care. Across Australia, there are approximately 1500 microfinance workers who engage with approximately 30,000 clients each year, impacting 100,000 people each year.
25. GSM's microfinance programs provide small loans, savings accounts and education to families and people on low incomes who are at risk of financial hardship or crisis. Small loans are used to pay for essential household products and services such as fridges, washing machines and education or medical expenses. The various products and programs offered by GSM include:
  - 25.1. No Interest Loan Scheme (**NILS**), a community based program providing access to fair and safe credit (up to \$1,200);
  - 25.2. StepUP, which provides low interest loans for personal or household purposes to people on low incomes (from \$800 to \$3,000);
  - 25.3. Good Money, a new program delivering financial services through three community finance stores in Victoria, and one in South Australia;

- 25.4. AddsUP, which supports people on low incomes to develop financial independence through a matched savings incentive (\$500);
  - 25.5. Good Energy, which seeks to work with energy retailers and governments to reduce energy related hardship among people on low incomes; and
  - 25.6. Good Insurance, a community business partnership focused on developing insurance products for people on low incomes.
26. Good Shepherd Microfinance is funded by federal and state government, as well as four corporate partnerships with NAB, Suncorp, IAG and the Good Guys respectively. NAB has provided \$130 million in capital which forms the basis of the funds lent out (only \$30 million of which has been applied to date). The operating costs of the GSM network are covered by federal and state government.

### **Financial inclusion and resilience**

27. Three million adults (16.9% of the population) are completely or severely financially excluded in Australia. This means they lack access to basic financial products such as credit, savings, general insurance and even a transaction account. People unable to access credit from a bank are often forced to use predatory lenders such as payday lenders and rental schemes. The payday lending market has grown ten-fold from 2002 to 2012.
28. From its very beginning, GSM's focus has been on developing the financial inclusion and resilience of its clients. Our mission, in everything we do, is 'fullness of life for all people, living in connected, resilient communities'. I see microfinance as a way for people to realise their economic well-being and even their dreams and aspirations. Our purpose as an organisation is to enable people on low incomes to realise their full economic potential and achieve economic well-being, especially focusing on women and girls.
29. We know that financial inclusion is associated with benefits at both the household level and the broader macroeconomic environment. If just 7% of Australia's financially excluded population were able to improve their wealth position to that of the financially included, the nation's annual gross domestic product could increase by a staggering \$19.7 billion.

### ***Financial inclusion continuum***

30. GSM's focus is on moving our clients along the financial inclusion continuum. This is where a person moves from financial crisis to resilience and inclusion. There

are ten typical stages along the continuum: crisis, financial hardship, hardship transition, stable asset building, stable wellbeing, income generation, growth and consolidation, wealth creation, financial independence and wealth distribution.

31. Attached to this statement and marked **AM-1** is a diagram of GSM's financial inclusion continuum model, which shows the ten stages of the continuum as well as the financial products and services typically used in each segment (**Table 1**).
32. Attached and marked **AM-2** is a table showing the financial inclusion continuum model in the context of a comparison between individual well-being and the broader economic contribution (**Table 2**).

### **NILS**

33. As I stated above, one of the products that GSM offers is the NILS, started in 1981 in Australia by the Good Shepherd Sisters. It offers no interest loans (up to \$1,200) to people on low incomes for the purchase of essential household goods and services.
34. In its 34 years of operation, NILS has reached over 170,000 people directly and impacted over 400,000. GSM operates the NILS through a partnership with the National Australia Bank (**NAB**) and the Australian Government Department of Social Services (formerly the Department of Families, Housing, Community Services and Indigenous Affairs), and is part of the broader range of microfinance products offered to support low-income individuals, outlined above. The Victorian Government invests \$500,000 each year in NILS capacity building.
35. In 2012 the Centre for Social Impact at the University of New South Wales was commissioned by Good Shepherd Microfinance to conduct the first national quantitative outcome evaluation of the NILS in Australia. The evaluation aimed to identify changes in recipients' financial capabilities, economic, and social and health outcomes and to assemble evidence to facilitate continuous improvement and stimulate innovation in the microfinance sector. The research involved a mixed methodology, including qualitative stakeholder engagement with the NILS providers, a quantitative national survey of selected NILS recipients, and social and economic modelling.
36. Some of the key findings from the 710 NILS clients surveyed as part of the evaluation were that:

36.1. 94% were living under the poverty line;

- 36.2. 74% were female;
  - 36.3. 43% lived in a single parent family with dependents;
  - 36.4. 17% were Aboriginal or Torres Strait Islander people;
  - 36.5. 82% experienced a net improvement in economic outcomes as a result of NILS;
  - 36.6. 74% experienced a net improvement in social and health outcomes as a result of the NILS, including a change in confidence, self-esteem, personal relationships and participation in society;
  - 36.7. 47% improved their financial capabilities, including budgeting, saving money, maintaining an emergency savings fund and comparison shopping; and
  - 36.8. 4 out of 5 clients that had previously used payday lenders, stopped using them after taking out a NILS loan.
37. We also learned that the NILS achieves a social return of \$3.02 for each government dollar invested.
38. Attached to this statement and marked **AM-3** is a copy of the evaluation titled 'Life Changing Loans at No Interest: An Outcomes Evaluation of Good Shepherd Microfinance's No Interest Loan Scheme (NILS)' and dated March 2014.

### **Family violence and microfinance**

39. The work that GSM does is not specific to clients who have experienced family violence, or even specific to women. It targets all people who are experiencing financial hardship or crisis. However, its client base is 70% women. In my view, this is because the programs that GSM offers and the work that it does is directly relevant to addressing the economic issues that arise as a result of family violence, or the economic abuse that is itself a form of family violence.
40. We know that economics and family violence intersect. GSM does not have specific data on the proportion of its clients who are experiencing or have experienced family violence. However, extrapolating from the data available in respect of the general community, we know that a high percentage of the women we assist are approaching us in the context of family violence.

41. From a research review conducted by GSM's learning and development team in 2014, we know that an estimated 80% of those experiencing family violence have experienced financial abuse and that, at a conservative estimate, around two million Australian women will have experienced financial abuse. We also learned that women are highly unlikely to self-identify with financial abuse and that the top five reasons women stay in violent relationships are finance related. We learned that women experiencing financial abuse often state that they wish they experienced physical abuse instead, as it would be easier to identify and there would be more avenues of support available to them. Finally, we learned that financial abuse reduces access to mainstream credit and banking.
42. Financial difficulties, including relying on pay day lenders and other predatory services, leads to significant stress and anxiety and a lowered self-esteem. At an economic level it is highly unproductive for a family's money to be directed toward paying off high interest and unconscionable loans when it could otherwise be directed toward education, nutritious food, a safe home and other essentials. A core part of GSM's business is providing alternatives to hazardous and exploitative financial providers.
43. Providing microfinance products and improving a family or an individual's economic circumstances can have the following effects in relation to family violence:
  - 43.1. it can either prevent or reduce family violence through removing one potential source of household stress or anxiety (i.e. financial difficulties) that might be a trigger for violent behaviour;
  - 43.2. it can financially assist the woman to enable her to leave a situation of family violence;
  - 43.3. microfinance workers can identify family violence and refer clients to the appropriate services; and/or
  - 43.4. it can alleviate the economic consequences of family violence in that a woman can be financially assisted so she does not reach the point of financial crisis.
44. Microfinance is not the whole solution, but it can be part of the solution.
45. One example of a client assisted by microfinance in the context of family violence is a client who had experienced years of family violence at the hands of her ex-



partner and the father of her children. After serving a collective prison term of approximately 2.5 years, the perpetrator moved back in with the client and their two children. The client had been actively involved with the police and a caseworker who was supporting the family. She decided to move to another state to get away from the perpetrator and sought a loan from the NELS for financial assistance with the removalist costs.

46. The main focus of the financial conversation with the microfinance worker was encouragement, as the client had already secured employment in the location to which she was moving.
47. The client felt a significant positive emotional impact as well as relief, in hearing the news that the loan was approved. She was notified of the loan approval by phone and was brought to tears of happiness, not only from the burden being lifted in trying to find the funds but also from the kindness she received from the NELS loan worker, as well as the Program Coordinator for the Domestic Violence Court Advocacy Service with whom the NELS worker had put her in touch. The client was given both the financial means and the emotional support to be able to leave the situation of family violence.
48. Attached to this statement and marked **AM-4** is a copy of a series of case studies gathered by GSM involving microfinance clients who have experienced family violence.

#### **Financial abuse learning module**

49. In addition to GSM's existing microfinance programs which are not specific to family violence, GSM has carried out some work in relation to family violence in particular.
50. One of the recommendations that came out of the 2014 research review conducted by GSM's learning and development team was that professional development for a range of industries with frontline workers is critical to raising awareness of family violence, particularly financial abuse. As a result, over the last six months, GSM has developed an online resource that is designed to inform microfinance workers of and be alert to signs of financial abuse when they are meeting with clients. This is for the purpose of better understanding clients' needs and, where appropriate, making referrals which will assist with the family violence issues they are experiencing.

51. The initial target of the financial abuse learning module is the 1500 frontline microfinance workers. Microfinance workers engaging in financial conversations are in a very powerful and unique position to recognise financial abuse and refer and assist people to support services.
52. For example, there is a thorough budgeting process that is carried out before a NILS or StepUP loan is provided. A NILS or StepUP worker, in assessing a client's suitability for a loan, will review bank statements, phone bills, utility bills and so forth. They are in a unique position to be able to identify financial abuse. The module assists the worker to know what to look for, be able to review the relevant materials critically and to raise the topic so they can refer the client in a safe and appropriate way.
53. The module defines financial abuse as it is currently understood and highlights the various behaviours that have been identified as financially abusive. The module also helps to bring the issue to the forefront of the national inclusive finance community, as well as build the capacity of front-line workers to identify financial abuse and refer their customers to crisis and support services in a safe and respectful manner. Through a selection of written and spoken information and various participatory activities, it encourages conversations at a local level around internal procedures and safe referral.
54. The financial abuse module, titled 'Women and Money: An Introduction to Financial Abuse' was released on 12 June, 2015. The topics that form part of the financial module are:
  - 54.1. exploring our relationships with money;
  - 54.2. what is 'financial abuse';
  - 54.3. the nature and impact of financial abuse;
  - 54.4. recognising the signs of financial abuse; and
  - 54.5. acting on financial abuse red flags.
55. Attached to this statement and marked **AM-5** is a copy of a Microsoft Word version of the module.
56. GSM's broader aim with the financial abuse module, but also more generally, is to create an economic and gendered consciousness of family violence. The module is intended to be made available outside of the GSM network. We have already

heard from a number of major organisations, including Origin, Energy Australia, Telstra and Australia Post, that those organisations want their frontline hardship teams to be able to access GSM's financial abuse module. I see GSM as being able to collate our knowledge obtained both from our work in the field and through research, apply that knowledge and make it available across our network and more widely to other industries.

### **Indigenous communities**

57. 43% of Indigenous people are deemed to be financially excluded compared to 17% of the broader population. Over the last ten years, the proportion of GSM's clients who are Indigenous has increased from 20% to 25%. There are two reasons Indigenous people make up a substantial part of the client base for our programs.

57.1. The first is due to both geography and circumstances. GSM's 669 locations have been strategically chosen to target diverse and lower socio-economic areas with the highest needs. Indigenous people are overrepresented in those areas.

57.2. The second is through a deliberate strategy over the past three years. GSM has received dedicated funding to move into remote communities which predominantly reach Indigenous clients. Women in those communities represent 60 – 70% or in some cases 80% of clients.

58. In Indigenous communities there is a known phenomenon of "humberging", where people impose on their family members. Individuals might be reluctant to become financially independent because the more financially well-off they become, the more they are relied upon, and indeed placed under pressure, to take care of family. As a result, there is an active disincentive to improve their financial situations. Both at GSM and in past roles, we have created some specific programs for Indigenous women in particular that give them the opportunity to improve their financial circumstances in a way that will let them retain the benefit of those improved circumstances.

59. For example, a person's income might be funnelled directly from the source of income (such as a Centrelink payment or other income coming into the individual's bank account) into a forced savings account. In this way, the woman is able to say confidently and honestly that she cannot access those funds. As part of this process, it is important to also equip the woman with the language to explain the arrangement, even before the imposition on her finances is made.

**Culturally and linguistically diverse communities**

60. Culturally and linguistically diverse (**CALD**) communities are similarly over-represented in respect of financial exclusion compared to the broader population. There are about four times more people in CALD communities who are financially excluded compared to those within the broader population. CALD communities are a core target market for GSM.

**Economic empowerment**

61. I consider the economic empowerment and mobility of all people, particularly women and girls, to be critical. The effects of economic empowerment at both an individual and community level, as well as at a broader economic level, are wide reaching and significant, not only in relation to addressing family violence directly but to improving and encouraging the full participation of women and girls in our world. Microfinance is one aspect of a range of solutions that can effect economic empowerment and as a result, enable full participation.



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**Adam William Mooney**

Dated: 9 July 2015