



THE UNIVERSITY OF
AUCKLAND
Te Whare Wānanga o Tāmaki Makaurau
NEW ZEALAND

BUSINESS SCHOOL
CENTRE FOR APPLIED RESEARCH
IN ECONOMICS

External Evaluation 2016:

A pathway toward financial inclusion and improved wellbeing

M.Claire Dale and Erwann Sbai

September 2017



NGĀ TANGATA MICROFINANCE 
 MICROFINANCE FOR THE PEOPLE

NGA TANGATA LOANS ARE

NO interest, NO fees

By November 2016, Nga Tangata Microfinance had lent:

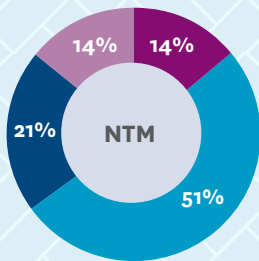
\$88,000 in NLS loans, and **\$326,000** in DRLS loans

Calculating the NLS loans as saving the client **10% interest**
and the DRLS loan as saving the client **40% interest**

NTM loans are estimated to have saved clients

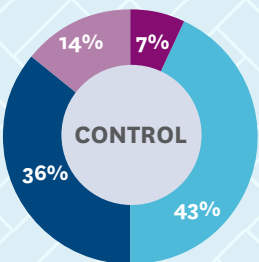
over \$800,000

in interest, fees and administration costs.



Survey respondents living conditions

- Living alone
- Sharing with 1-3 other people including children
- Sharing with 4-5 other people including children
- Sharing with 5 or more other people including children



37% of NTM clients had reserves or savings in case of emergency...



compared to only **29%** of clients in the control group.

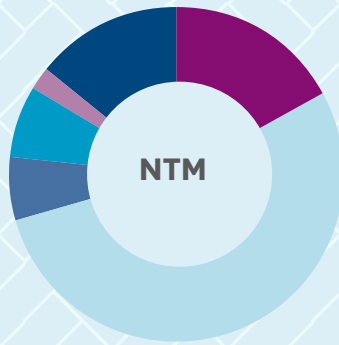


of NTM loan recipients who responded to the survey were

women

NTM clients: Duration of loan repayment

- 0-1 year
- 1-2 years
- 2-3 years
- Over 5 years
- Not sure
- NA
- Ongoing



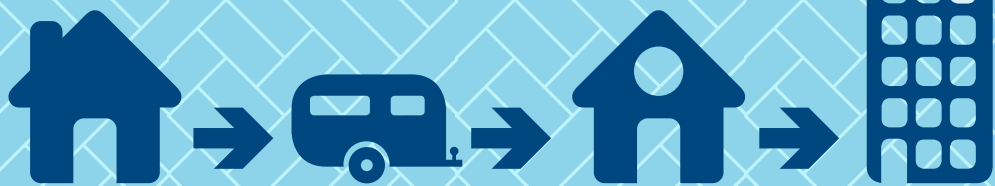
73% of NTM loan recipient respondents had dependent children,

and **51%** were solo parents.

The presence of children in a household dealing with unmanageable debt adds significantly to financial and family stress.



High mobility has harmful effects on children's education and socialisation.



43%

of respondents had either shared a house with another family, lived in a boarding house or lived in emergency housing in the past 5 years.

69%

of NTM loan recipient respondents felt that the loan had made a huge improvement to their mental wellbeing.



Contents

Infographic	2
Contents	4
The research	4
Executive summary	5
Key findings	6
Ngā Tangata Microfinance clients and control group	6
Differences in outcomes: NTM no interest loans vs high cost credit	6
Budget Advisors/Financial Mentors	7
Stakeholders	7
Research topic and subject	8
Research project, analysis and evaluation methods	9
Survey participants	10
Detailed findings	11
Ngā Tangata Microfinance client responses (81) and control group responses (14)	11
Budgeting Advisors/Financial Mentors responses (26)	23
Ngā Tangata Microfinance stakeholder responses (19)	29
Conclusions	32
Appendices	30
Survey Information Sheet and Consent Form	33
NTM Evaluation Participant Interview Schedule	35
Calculations for NTM client's cost-savings	38
Footnotes	39

The research

The aims of the research are to evaluate the impact of Ngā Tangata Microfinance (NTM) no-interest asset-building (NILS®) and debt relief (DRLS) loans on clients and communities, and to evaluate the effectiveness and efficiency of NTM processes, for the purpose of increasing the impact of the loans, and improving the loan processes. A third aim is to ascertain a continuing growth path for NTM. The fourth aim is to evaluate NTM's social justice contribution. For clients and their communities, NTM's objective is to provide a pathway toward financial inclusion and improved well-being through reduction in or avoidance of high interest debt.

The research project was approved by the University of Auckland Human Participants Ethics Committee on 19 August 2016, Reference Number 016816.

The research project was managed through the Centre for Applied Research in Economics (CARE) which is based in the Economics Department of the Business School of the University of Auckland.

The researchers:

M.Claire Dale, PhD, Research Fellow, Centre for Applied Research in Economics (CARE).

Erwann Sbail, PhD, Senior Lecturer, Department of Economics.

Special thanks to Steffen Lippert, Senior Lecturer, Department of Economics, for assistance with the research design.

The interviews with clients, stakeholders and Ngā Tangata Microfinance governance team and staff were conducted by telephone by four independent contractors.

The researchers are grateful to all those Ngā Tangata Microfinance (NTM) clients, members of the control group, participating Budgeting Services and stakeholders who responded to the survey.

The 2017 report is online at www.ngatangatamicrofinance.org.nz

The research was funded by a grant from the J.R.McKenzie Trust, and by CARE.



JR MCKENZIE TRUST
ESTABLISHED IN 1940

Title: External Evaluation 2016: Toward greater impact and improved processes Final Report

Published: August 2017

Authors: M. Claire Dale, Erwann Sbail, University of Auckland

Copyright: Centre for Applied Research in Economics

Executive summary

Ngā Tangata Microfinance (NTM) loans were launched in 2011 to contribute to social justice by providing a safe, fair, affordable credit option to low income families, and a pathway to financial and social inclusion. With loan capital provided by Kiwibank, NTM offers a NILS® (No Interest Loan Scheme) loan up to \$1,500 for personal and family wellbeing and/or asset building, including school uniforms, computers, mobile phones, TVs, fences and car repairs. Since 2012, NTM has offered a second no-interest, no fees loan product: the DRLS (Debt Relief Loan Scheme) loan is up to \$3,000 for relief from high interest debt.

By November 2016, NTM had lent \$88,000 in NILS loans, and \$326,000 in DRLS loans. Calculating the NILS loans as saving the client 10% interest, and the DRLS loan as saving the client 40% interest, NTM loans are estimated to have saved clients over \$800,000 in interest, fees and administration costs.

NTM has conducted internal evaluations annually as a tool to assess performance and plan future progress. The aims of this external survey were to evaluate the impact of NTM no-interest loans on clients and communities, and the effectiveness and efficiency of NTM processes, for the purpose of increasing the impact of the loans and improving the loan processes. A third aim was to ascertain a continuing growth path for NTM. The fourth aim was to evaluate NTM's social justice contribution. For clients and their communities, NTM's objective is to provide a pathway toward financial inclusion and improved well-being.

This survey-based evaluation involved four groups: NTM clients, and a control group of Budgeting Service clients who had not received NTM loans. Budgeting Advisors and Financial Mentors working with NTM, and NTM staff, governance, partners and stakeholders were also surveyed.

The NTM loan recipients who responded to the survey were predominantly Māori (42%) and predominantly women (80%) aged from 39 to 58 years (49%), however 21% of the NTM group were aged over 59 years, including 9 aged over 65 years, thus in receipt of New Zealand Superannuation. Equal numbers of Pakeha (23) and Pasifika (23) NTM clients responded. More than half of the NTM respondents (51%) were sole parents.

The control group members' age range was similar to the NTM clients, except none were aged over 58 years. The control group were all women, 64% were Māori, and 57% were sole parents.

NTM recognises the negative impact of debt on the well-being of children. The 95 NTM clients and control group interviewees care for a total of 167 dependent children. Also, despite low incomes and hardship, the majority of those surveyed contribute assistance to their communities: 43 (53%) of NTM respondents and 11 (79%) of the control group regularly help other family members with food, childcare assistance, transport or money.

- **NTM clients** were appreciative of the 'huge' difference the NTM loans have made to their ability to meet regular costs including food, to their peace of mind, and to their ability to move toward having an emergency fund thus avoiding the need for high interest borrowing in the future.
- For **Budgeting Service clients in the 'control group'**, only 29% had any reserves or savings in case of an emergency, compared to 37% of NTM clients who had reserves or savings in case of an emergency.
- **Budgeting Advisors** (BAs, recently renamed Financial Mentors) were unanimous in their appreciation of the difference the NTM loans have made to the clients who qualify. BAs expressed a strong preference for the DRLS loans because of the significant positive difference the absence of excessive interest and fees makes to the potential for their clients to manage their finances and eventually become debt-free.
- **Stakeholders**, including NTM staff, governance and partners, named 'access' as the biggest barrier to NTM loans. A frequent comment was: "I don't think enough people know about the loans or know their availability."

"I had been really stressed and it looked like I wasn't going anywhere. It was like chasing a rat. The Ngā Tangata no interest loan made a big difference."

Key findings

“It’s amazing how something as little as \$3,000 can make such a massive difference... It DOES change people’s lives.”

Ngā Tangata Microfinance clients and control group

All Ngā Tangata Microfinance (NTM) clients and members of the control group are clients of Budgeting Services working with Ngā Tangata Microfinance loans. Members of the control group had not received a loan from NTM.

The presence of children adds a critical dimension to unmanageable debt, and to the consequent financial and family stress. Desperation and crisis drive high cost borrowing, and as one NTM client said: “Life is hard for starters, and it’s only harder when you’re desperate, and you’ve got kids.” The total number of children in the care of the 59 (73%) parents among the 81 NTM survey respondents was 133, with 24% of those children aged under 5 years. Of the 14 control group members, 13 (93%) are parents, with a total of 34 dependent children, and 9 (64%) of those parents have children aged under 5 years.

Desperation also reduces the likelihood of careful reading of the third tier lender’s contract.

Safe, stable, warm, dry, secure housing is a prerequisite for health and well-being of adults and more particularly of children. In addition, high mobility has harmful effects on children’s education and socialisation. In the last 5 years, 43% of both NTM clients and the control group have been in a situation where they were sharing a house with another family; living in a boarding house; or living in emergency housing.

For both NTM clients (71, 88%) and the control group (11, 79%), rental accommodation predominates. Only 23 (28%) of NTM clients and 2 (14%) control group had not moved house in the last 5 years; and 34 (42%) of NTM clients had lived at their current address for 1 year or less, while 6 (43%) of 14 control group respondents had lived at their current address for 1 year or less.

A useful indicator of income is shown by 61 (75%) of NTM respondents and 13 (93%) of control group respondents having a Community Services Card. Of all 81 NTM clients, 61 (75%) were in receipt of a welfare benefit including NZS, and 52 (64%) were receiving other state assistance such as the Accommodation Supplement, Temporary Additional Support or Disability Allowance. Of the 14 control group respondents, 12 (86%) were in receipt of a welfare benefit, and 12 (86%) were receiving other state assistance.

Differences in outcomes: NTM no interest loans vs high cost credit

Econometric analysis was used to compare NTM clients and the control group to estimate various effects. Because the size of the two groups was so disparate (81 NTM clients versus 14 control group members), the findings are only averages, indications and probabilities. Nevertheless, the findings provide a useful indication of the differences between a Nga Tangata Microfinance loan, and having high cost credit as provided by third tier lenders.

Using the econometric (Probit) model, controlling for other relevant factors, when there is no access to safe, fair credit as provided by NTM loans, on average:

- the probability of having a budget plan is significantly reduced;
- the probability of making changes on receipt of financial advice or education is significantly reduced;
- the probability of improvement to one’s state of mind at a scale of 5 is significantly reduced;
- there is significantly less probability that family stress will be reduced when borrowing from a source where the cost of credit is high;
- the probability of the loan making a major difference to the use of money is significantly reduced;
- the probability of having savings is strongly and significantly reduced;
- the probability of being somehow happier dealing with the bank is significantly reduced by high cost borrowing;
- the probability of borrowing at high interest is increased significantly when there is no access to safe, fair credit.

Budget Advisors/Financial Mentors

The NILS and DRLS loans are used by Budget Advisors (BAs) as goal-setters for their clients, and are frequently referred to as “a tool in the toolbox”. Of 26 BAs surveyed, 23 (88%) rated the contribution of NTM to the financial situation for their clients as a 4 or 5 on a scale where 1 is of little benefit and 5 is of great benefit: “access to the no interest loan can double the food budget”.

Using the same scale, 19 (73%) of BAs said access to the NTM NILS and DRLS loans enables them to be more helpful to their clients.

The BAs find the debt relief loans are particularly useful in bringing clients away from stress and toward financial management and control. The DRLS also often enables a BA to negotiate a reduction in the client’s debt to a third tier, high interest lender.

While BAs generally found the NTM systems and processes were good, a criticism was the complexity and difficulty of NTM’s loan applications process. Note that after the survey, NTM’s information for BAs, including loan applications, became available online.

Some BAs were uncertain about the NTM loans, including the maximum amount, whether interest was charged, and their purpose, indicating that NTM staff need to provide regular reminders to BAs.

The most common suggestion for improvement was to increase the maximum DRLS loan from \$3,000 to \$5,000.

The BAs were asked if they would vote for the introduction in New Zealand of a limit on the total cost of borrowing, and 25 (96%) answered “Yes. Absolutely.”

Stakeholders

Using a 1 (low) to 5 (high) scale, 16 (84%) of 19 stakeholders rated NTM’s contribution to financial inclusion and social justice for clients at 4 or above, while 3 rated it 2.5 or 3.

While the majority of stakeholders (13, 68%) believe that the process and delivery of NTM’s NILS and DRLS loans is good, 4 (21%) were uncertain or lacked knowledge about the process, delivery, design and criteria of the NILS and DRLS loans.

Stakeholders’ most common suggestions for improvement were to increase the maximum DRLS loan from \$3,000 to \$5,000 (8, 42%); and to increase the visibility and marketing of NTM (7, 37%). Stakeholders also said NTM should put more energy into advocacy and policy changes to provide a safer environment for low income consumers.

Regarding the work of NTM, 10 (53%) stakeholders said they believe that NTM is an innovative and important social service. Others commented that it is important to build NTM capacity in terms of the number and size of loans, as well as ensuring long term sustainability (6, 32%); however, the amount of input is disproportionate to the outcomes and there needs to be smarter not harder working (2, 11%).

Asked if they would vote for a limit on the total cost of borrowing, 15 (79%) said ‘Yes’, while 2 (11%) said ‘No’, arguing that there are better ways to achieve fair finance goals.

“Life is hard for starters,
and it’s only harder
when you’re desperate,
and you’ve got kids. The
high interest loans are
appealing at the time.”

Research topic and subject

“It is too easy to get into debt and too hard to get out!”

In March 2017, Reserve Bank data showed Kiwi household debt at 167% of disposable income, higher than prior to the global financial crisis¹. There are two critical points to note: the Reserve Bank data excludes borrowing from third tier lenders like mobile vendors and payday loans; and, unlike most of the rest of the world², New Zealand does not have an upper limit on the cost of consumer credit. Interest rates from third tier lenders can and do legally exceed 500% annually. High interest consumer loans and excessive charges are a significant and growing problem, especially among low income families. Research on issues faced by families accessing Budgeting Services by the Families Commission in 2009 found that many families prioritised debt repayments over food. When there are young children in the family, this is of particular concern³.

As welfare assistance is increasingly targeted and increasingly difficult to access, poverty and hardship are exacerbated, and financial crises are more likely to occur.

With the erosion of the welfare state, individual decision-making and responsibility for financing education, housing, caring, health and retirement are replacing collective provisioning and risk pooling. At stake is whether financial wellbeing policies, programs and practices will actually improve financial wellbeing, have no effect or have the unintended consequence of entrenching inequality and poverty⁴.

Consumers who are ‘financially included’, who have an adequate, regular income, and/or have accumulated or inherited assets, are not exposed to this dark side of consumer credit.

Ngā Tangata Microfinance (NTM) was established in 2011 to contribute to social justice, providing a safe, fair, affordable credit option, and a pathway to financial and social inclusion. The two-tier structure of NTM comprises a Trust with Trustees representing Child Poverty Action Group (CPAG), New Zealand Council of Christian Social Services, New Zealand Federation of Family Budgeting Services⁵, and one independent Trustee. The Trustees appoint the Company Directors who represent CPAG, Whanau o Tumanako (Māori Women’s Welfare League), Methodist Mission’s Lifewise, Mangere East Family Service Centre, plus an independent Director with bank and insurance expertise.

Kiwibank is a supporter, a mentor and the provider of loan capital for the NTM loans.

The J.R. McKenzie Trust has funded operations and administration since 2014. Presbyterian Support Northern, Mangere Community Law Centre and Good Shepherd Microfinance Australia and New Zealand (GSM) provide ongoing support. NTM was the first organization in New Zealand to be accredited by GSM as a NILS® provider.

NTM offers two types of no interest loans. NILS® (No Interest Loan Scheme) is up to \$1,500 for personal and family wellbeing and/or asset building, including school uniforms, TVs, computers, fences and car repairs. NTM does not lend for travel or for funeral expenses. Clients can qualify for more than one NILS loan.

The second loan product, offered since late 2012, is DRLS (Debt Relief Loan Scheme), up to \$3,000 for relief from high interest debt. The DRLS was developed after discussion with Budgeting Advisors who said most of their clients were overburdened with high cost debt they would never finish repaying. In addition to the high interest rate, fringe lenders often add an administration charge to each repayment, and add a hefty penalty fee and a penalty interest rate to any missed repayment. The result is that only a small portion of the repayment is actually applied to reduce the debt. Because the DRLS is a no interest, no fees loan, the Budgeting Service clients could make repayments to NTM of the same amount they had paid to the high cost creditor, but they would actually pay off the DRLS loan to NTM and become debt-free. A household cannot receive more than one DRLS loan.

NTM’s loan criteria include being a client of a Budget Service, working with a BA/ Financial Mentor, and having the willingness and capacity to repay the loan. NTM does not require collateral or guarantors for the loan, and does not use a collection agency in the case of non-payment, so trust in the client’s willingness to repay is vital for NTM’s sustainability.

NTM’s ‘front line’ primarily comprises participating Budgeting Services and Financial Mentors who provide free financial education and information to their clients. When a client meets the NTM loan criteria, and would benefit from an NTM loan, the budgeting advisor can suggest that option, and assist their client with making an application.

Initially available only in and around South Auckland, NTM loans can now be accessed throughout Auckland, Northland, the Waikato, Dunedin, Taranaki, Manawatu, and the Bay of Plenty, and members of the public can submit an enquiry through the NTM website.

As at November 2016, after 5 years of operating, with loan capital of \$200,000 provided by Kiwibank, NTM had disbursed \$414,000 in NILS and DRLS loans (\$88,000 in NILS and \$326,000 in DRLS) to 187 clients, with a 74% approval rate on applications⁶. Calculating the NILS loans as saving the client 10% interest plus administration charges, and the DRLS loan as saving the client 40% interest plus set-up, administration and penalty charges, NTM loans are estimated to have saved their clients over \$800,000 in credit costs and charges⁷.

“It truly puts a light at the end of a long, dark tunnel.”

Research project, analysis and evaluation methods

The project is a qualitative and quantitative Evaluation, involving the four distinct groups of i) NTM clients, ii) a control group, iii) participating Budgeting Services, and iv) stakeholders including the NTM governance team, staff and volunteers and collaborators. The methodology was an interviewer-administered structured survey using standardised questionnaires for each of the groups. Responses to the questions required mainly selection from a scale of 1 (least) to 5 (most), or free text. To enable comparison, the NTM clients and the control group were asked most of the same questions. Comparison of NTM clients and the control group responses enabled econometric estimation of ‘differences’ made by NTM no interest, no fees loans.

The interviews were conducted by telephone by 4 interviewers employed and trained by CARE (Centre for Applied Research in Economics). Participation in telephone interviews required 20 to 30 minutes. Survey participants’ anonymity and privacy was and will continue to be protected.

NTM clients and the control group were offered a \$40 voucher for either petrol or groceries in appreciation for their contribution to the research. As many BAs are unpaid volunteers, they were offered a \$20 voucher for either petrol or groceries in appreciation for their participation.

Outcome and impact evaluation of the NTM loan products for NTM clients and the control group was made using econometric (Probit) analysis, and qualitative analysis. The self-reported financial and mental well-being of Budgeting Service clients who received a NTM loan (ideally upon completion of loan repayment) is compared with that of the control group: Budgeting Service clients who did not receive an NTM loan, but did borrow from a third tier lender.

Information on income and expenses is collected by the BA at the first interview, and that information is updated during the NTM loan application process. Thus clients have access to the record of their financial position prior to the NTM loan. The supporting letter to NTM from the BA provides further indication of their emotional and psychological state at that time.

The impact on five variables: income, consumption, assets, financial capability and perceived quality of life, are investigated. Importantly, high-cost debt has a negative impact on the well-being of children. The 81 NTM clients and 14 control group interviewees care for a total of 167 dependent children.

For **Budgeting Services, NTM staff and stakeholders**, the survey questions are fewer and focus is primarily on evaluation of the NTM service and products.

The survey responses provide the basis for evaluation of the impact of NTM on clients and communities, and of NTM’s processes. The client interview responses reveal whether the NTM loans achieve their desired impact. As with internal evaluations conducted in previous years, analysis of the survey responses will inform NTM’s future directions and developments.

Survey process

Survey questionnaires were developed for the NTM client and control groups, stakeholders, and budgeting advisors. The survey questions for client and control groups cover family and housing situations, age and education as well as income, debt and credit. Changes over time in numbers and types of loans, repayment rates, accumulation of savings, and locations of the applicants, are of particular interest.

The survey questions for stakeholders and budgeting advisors focus more closely on NTM systems and processes, and possibilities for improvement.

See Appendix 2 for the survey questions.

“It made a difference when my husband lost his job – I could pay off the car so we didn’t lose it.”

For qualitative aspects of the Evaluation, NTM clients and control group, stakeholders, governance team of trustees and directors, and staff and volunteers were contacted by NTM by email, inviting them to participate, explaining that the interview would be by telephone and would be recorded and transcribed. The email included the participant Information Sheet and Consent Form (see Appendix 1). If they were willing to contribute, the person was asked to reply with a date and time they would be available for the interview, and to provide the phone number where they could be reached.

In the email, NTM client and control groups and BAs were offered their choice of a Warehouse voucher or petrol voucher in recognition of their contribution to the research.

A group of 4 interviewers was employed by the Centre for Applied Research in Economics (CARE) and introduced to the survey process, including confidentiality of interviewee information, and transcription of interviewee responses. Training of approximately 4 hours also involved familiarity with and clarity around the survey questions, and developing an understanding of the typical situation of the client and control group participants.

The interviewers and others involved in the project signed a confidentiality agreement.

The transcribed interviews were uploaded to spreadsheets to enable qualitative and quantitative analysis. To preserve privacy and confidentiality, an independent third party separated the identifiers from the data before coding.

For quantitative aspects of the Evaluation, econometric (Probit) and statistical analysis of the interviewee responses was employed. For qualitative analysis, interviewee responses were collated and interrogated using NVivo 11 software. The structure of the surveys required responses in a combination of free text, 1 to 5 scales, and specific individual data.

The interviewee responses enabled the Evaluation aims to be achieved. Information was gathered on the impact of NTM no interest loans on individuals and their families and communities, and was analysed. The effectiveness and efficiency of NTM processes; and the social justice impact of NTM, was measured, analysed, assessed and evaluated.

Survey participants

81 (NLS x 23, DRLS x 58) NTM clients of 156 contacted	Response rate: 52%
14 Control group of 15 contacted	Response rate: 93%
26 Budgeting Advisors of 30 contacted	Response rate: 87%
19 Stakeholders of 30 contacted	Response rate: 67%

The 156 past and present NTM clients, along with all other survey participants, were initially contacted by email and invited to participate in the survey. Many of the NTM clients had changed their email and physical address in the 5 years since 2011, and were unable to be contacted, hence the comparatively low response rate. Of the 95 NTM clients who participated in the survey, 14 provided incomplete responses and have been excluded from the analysis.

Clients of participating Budgeting Services who had not received an NTM loan were contacted and asked to participate in the survey. Those willing to do so comprise the 'Control group'.

Budgeting Advisors/Financial Mentors at Budgeting Services that participate in the NTM NLS and DRLS loans project were contacted.

Stakeholders include the governance team, staff and volunteers and collaborators.

Total requests for participation: 231. Total interviews: 140

Total response rate:	61%
----------------------	------------

The NTM clients and Control group results are presented as comparative data, plus individual comments drawn from the 'free text' responses, plus econometric and statistical analysis.

Budgeting Advisor/Financial Mentor and Stakeholder results are presented as data, individual comments drawn from the 'free text' responses, and analysis.

Detailed findings

Ngā Tangata Microfinance client responses (81) and control group responses (14)

All Ngā Tangata Microfinance clients and members of the control group are clients of Budgeting Services working with Ngā Tangata Microfinance loans.

Personal characteristics

Gender: NTM clients were significantly more likely to be women. (See Figure 1) Of the 81 NTM clients responding (23 x NILS, 58 x DRLS), 65 (80%) were female, and 2 of these joined with their partner to apply for an NTM loan as a couple.

All (100%) 14 members of the control group were women.

Age range: (See Figure 2) The NTM loans are not available to people aged under 18 years. More than half of the NTM clients were aged between 39 and 58 years: 9 were aged 18 – 28 years, 15 were 29 – 38, 19 were 39 – 48, 21 were 49 to 58, 8 were 59 to 65, and 9 were aged over 65 years, so in receipt of New Zealand Superannuation.

Of the 14 in the control group, 3 were aged 18 to 28, 4 aged 29 to 38, 5 aged 39 to 48, and 2 aged 49 to 58, so the proportions in each age range were similar, apart from the 59+ age group.

Education status: Overall, the NTM clients had a higher level of education than the control group. (See Figure 3) Of the 81 NTM respondents, 15 (19%) had or were studying for a university degree, 31 (38%) either had completed or were engaged in a form of trades training or a diploma course, while 35 (43%) had ended their education and training at secondary school.

Of the 14 control group, 2 (14%) had achieved or were studying for a university degree, 4 (29%) either had completed or were engaged in a form of trades training or a diploma course, and 8 (57%) had ended their education and training at secondary school.

Ethnicity: (See Fig 4) Of the 81 survey respondents, 34 were Māori, 23 were Pasifika, 23 were Pakeha, and 1 was Asian. NTM clients were more likely to be Māori than Pasifika or Pakeha.

Of the 14 control group respondents, 9 were Māori, Māori /European or Cook Island Māori, 1 was Pasifika and 4 were Pakeha. As with NTM clients, the control group members were more likely to be Māori than Pasifika or Pakeha.

Fig 1. NTM client and control group gender (numbers)



Fig 2. NTM client and control group age (%)

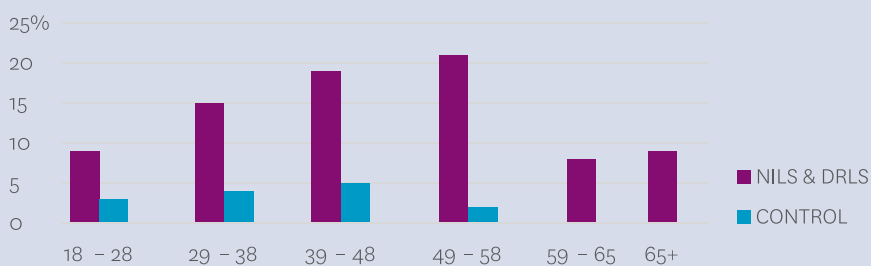


Fig 3. NTM client and control group education status (%)

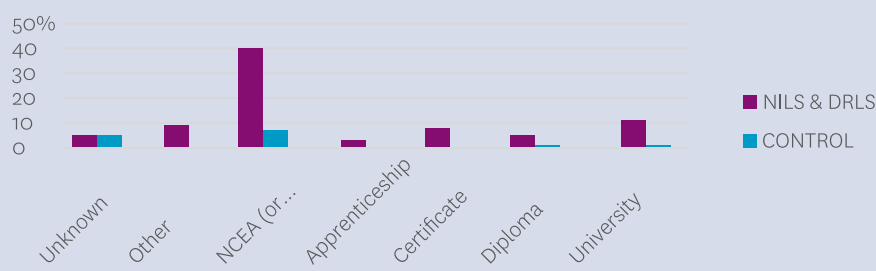


Fig 4. NTM client and control group ethnicity (%)

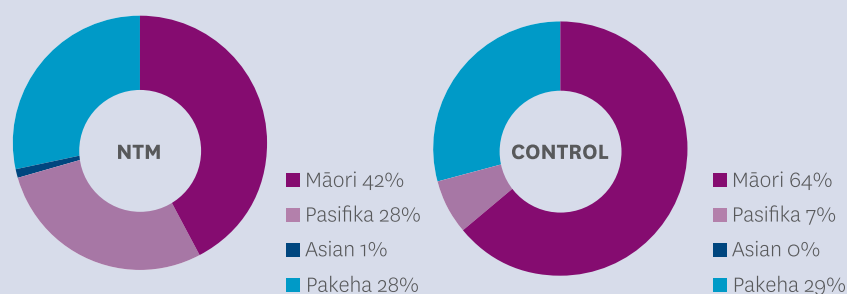
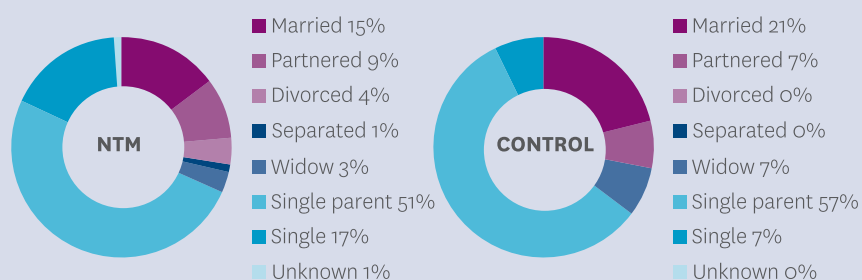


Fig 5. NTM client and control group relationship status (%)



Relationship status: (See Fig 5) Of the 81 NTM clients, 19 respondents were either married or partnered, 14 were single and childless, 4 were either divorced or separated, and more than half (41) were sole parents.

Of the control group, 4 survey respondents were either married or partnered, 1 was single, 1 was widowed, and 8 were sole parents.

Dependent children: (See Table 1) With 'dependent children' defined as children under 18 years, of 81 NTM respondents, 59 (73%) had a total of 133 dependent children in their care, of whom 32 (24%) were aged under 5 years.

Of the 14 control group respondents, 13 (93%) had a total of 34 dependent children in their care, with 9 (64%) of those parents having children aged under 5 years.

Table 1: Dependent children NTM and control group

Number of children under 18	NILS & DRLS parents/children	CONTROL parents/children
1	19/10	4/4
2	20/40	4/8
3	12/36	2/6
4	5/20	2/8
5	1/5	
8	1/8	1/8
9	1/9	
Total number parents/children	59/133	13/34

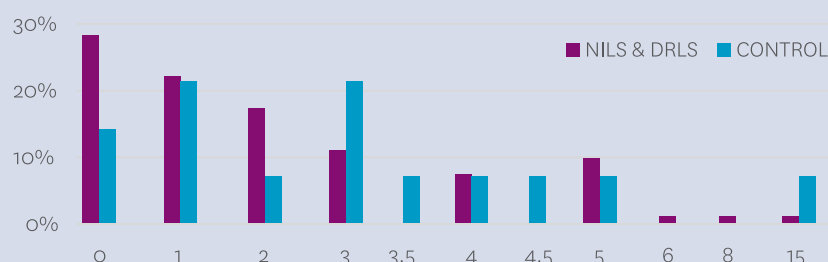
The presence of children adds a critical dimension to debt. When a parent is in financial hardship, their child or children are also in hardship. This may mean the child misses out on meals, or doesn't see a doctor when they are ill, or it could mean the family lives in a leaky, mouldy rental property because the parent is unable to afford safe and secure housing⁸. The presence of children in a household dealing with unmanageable debt adds significantly to the financial and family stress that is its consequence.

General characteristics

Safe, stable, warm, dry, secure housing is a prerequisite for health and well-being⁹. In addition, research shows that high mobility has harmful effects on children's education and socialisation¹⁰.

(See Figure 6) While 23 NTM clients surveyed had not moved house in the last 5 years, 18 had moved once, 14 had moved twice, 23 had moved between 3 and 5 times, and 3 had moved between 6 and 15 times in the last 5 years.

Fig 6. NTM client and control group moving house and frequency of moving over last 5 years (%)



In comparison, only 2 control group respondents had not moved house in the last 5 years. The remaining percentages were similar between the two groups as shown in Figure 3: in the control group, 3 had moved once, 1 had moved twice, 3 had moved 3 times, 4 had moved between 4 and 5 times, and 1 had moved 15 times in the last 5 years.

Another indicator of high mobility was that 34 (42%) of NTM respondents had lived at their current address for 1 year or less, 18 (22%) had been there for 2 or 3 years, and only 5 (6%) had been in the same dwelling for 4 to 5 years. Perhaps reflecting the higher median age of NTM respondents, a remarkable 14 (17%) had not moved for 6 to 9 years, and 10 (12%) had been in the same dwelling for 10 years or more.

Similar statistics emerged from the control group: 6 (43%) of 14 respondents had lived at their current address for 1 year or less, 4 (29%) had been there for 2 or 3 years, while 2 (14%) had been in the same dwelling for 4 to 6 years, and 2 (14%) had been in the same dwelling for 10 years or more.



In the last 5 years, 43% of both NTM clients and the control group have been in a situation where they were sharing a house with another family; living in a boarding house; or living in emergency housing.

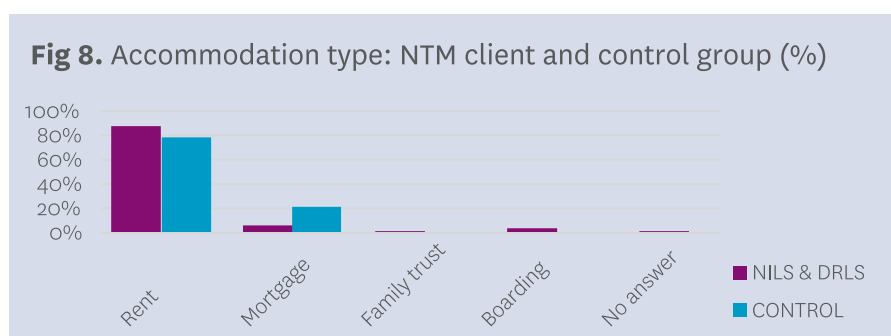
(See Fig 7) While 11 clients live alone, 41 share their home with 1 to 3 other people including children, 17 share with 4 or 5 other people, and 11 share with 5 or more other people. Similarly, 1 control group client lives alone, 6 share their home with 1 to 3 other people including children, 5 share with 4 or 5 other people, and 2 share with 6 to 9 or more people.

Rental accommodation predominates for those on lower incomes (see Figure 8). Of the 81 client respondents, 3 were boarding, 71 were in rental accommodation, and 6 were either in their own home with a mortgage or in a home owned by a family trust.

Of the 14 control group respondents, 11 were in rental accommodation, and 3 were in their own home with a mortgage.

Suggesting a studio, motel or boarding, 3 (4%) NTM respondents did not have a separate bedroom in their dwelling, 5 (6%) had one bedroom, 15 (19%) had 2 bedrooms, 39 (48%) had 3 bedrooms, 10 (12%) had 4 bedrooms and 9 (11%) had either 5 or 6 bedrooms.

Among the control group of 14, 2 (14%) had one bedroom, 3 (21%) had 2 bedrooms, 4 (29%) had 3 bedrooms, and 5 (36%) had 4 bedrooms.



Expenses including accommodation, income, budgeting and financial assistance

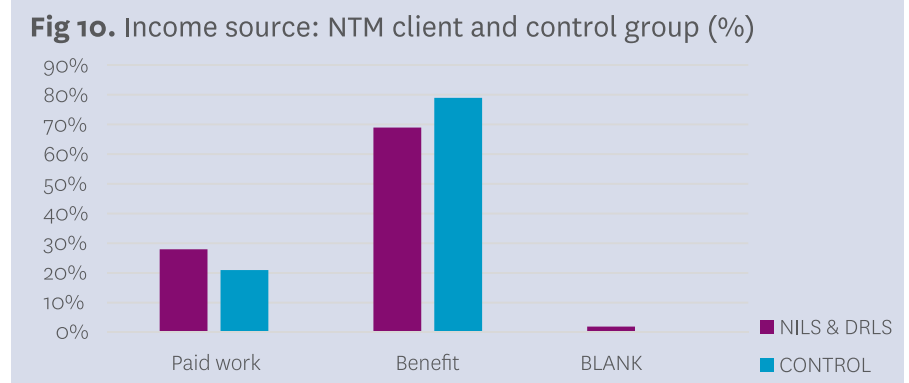
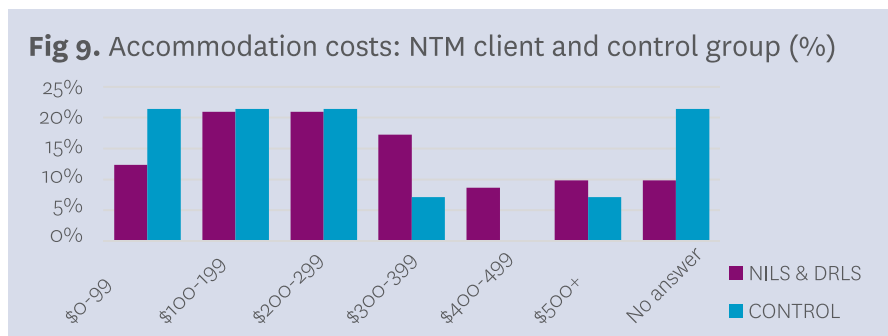
Despite low incomes and their own experience of hardship, the majority of those surveyed are committed to helping their family and whanau: 53% of NTM respondents and 79% of the control group regularly help other family members with food, childcare assistance, transport or money.

Of the 8 NTM respondents paying a weekly mortgage, 4 did not provide a cost, and the other 4 either had no weekly repayments, or paid \$250, \$362, or \$500. Weekly rental costs varied for the other 73 respondents, most of whom are Auckland-based where rents are higher than in the rest of New Zealand (see Figure 9).

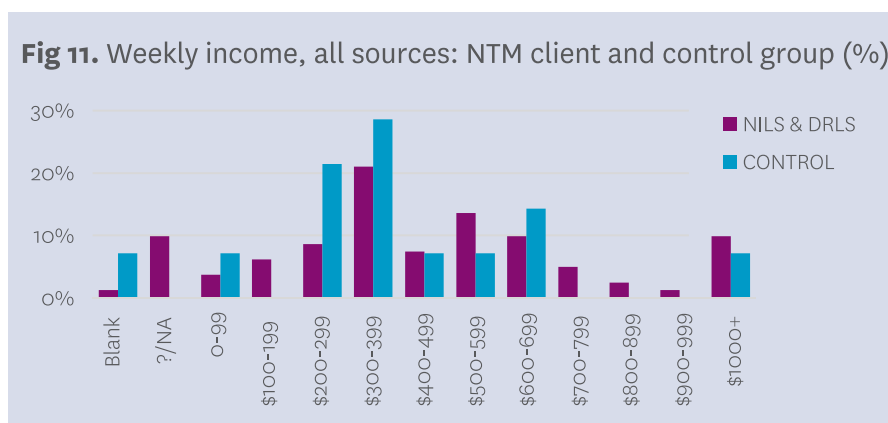
Bearing in mind also the different types of accommodation and family size, weekly rents covered a wide range from less than \$100 for 10 clients, between \$100 and \$199 for 17, between \$200 and \$299 for another 17, \$300 to \$399 for 14, \$400 to \$499 for 7, and 8 clients were paying more than \$500 a week. Of those, 59% had a rent increase in the last year.

Of the 3 control group respondents paying a mortgage, 2 paid less than \$200 per week, and 1 paid under \$300. Weekly rental costs varied for the other 11 Auckland-based respondents.

Bearing in mind also the different types of accommodation and family size, weekly rents covered a range from between \$100 and \$199 for 3, between \$200 and \$299 for another 3, \$300 to \$399 for another 3, \$400 to \$499 for 1, and 1 client was paying more than \$600 a week. Of these, 57% had a rent increase in the last year.



A useful indicator of income is shown by 61 (75%) of NTM respondents and 13 (93%) of control group respondents having a Community Services Card.



Household income source is shown in Figure 10. Of 23 (28%) NTM clients in paid work, 3 worked less than 20 hours a week, 3 worked 20 to 30 hours, 3 worked close to 40 hours, 4 worked between 40 and 60 hours, and 2 worked more than 60 hours a week. Many struggled to answer this question as they never know how many hours work they will have each week.

Of 3 (21%) control group respondents in paid work, 1 household regularly worked 76 hours a week.

The size of the household determines (or disguises) the adequacy of the income. For the 72 NTM clients who responded to this question (see Fig 11), total household income in the

last week, including Working for Families Tax Credits (WfF), Accommodation Supplement, Disability Allowance and contributions from other members of the household ranged from under \$100 for 3 households, between \$100 and \$200 for 5, between \$200 and \$300 for 7, \$300 to \$400 for 17, \$400 to \$500 for 6, \$500 to \$600 for 11, \$600 to \$700 for 8, \$700 to \$1,000 for 7, and over \$1,000 per week for 8 households.

Total income to the control group households in the last week ranged from under \$100 for 1, between \$200 and \$300 for 3, \$300 to \$400 for 4, \$400 to \$500 for 1, \$500 to \$600 for 1, \$600 to \$700 for 2, and over \$700 for 2 households.

Of the 81 NTM respondents, 46 (57%) were receiving WfF tax credits, although another 3 respondents were unable to answer. Of the 14 control group respondents, 10 (71%) were receiving WfF tax credits.

Figure 12 shows that of all 81 NTM clients, 75% were in receipt of a welfare benefit: 1% on Disability, 2% on Invalids Benefit, 2% on Supported Living, 14% on Jobseeker, 15% on Sickness, and 27% on Sole Parent benefit. While 12% were on NZ Superannuation, only 9% had a Gold Card.

Of the 14 control group respondents, 86% were in receipt of a welfare benefit: 14% on Supported Living, 21% on Sickness, and 50% on Sole Parent, compared to 27% of NTM clients.

As shown in Figure 13, other state assistance was benefitting 52 NTM clients: 13 receiving the Accommodation Supplement (AS), 11 receiving AS plus Disability Allowance (DA) plus Temporary Additional Support (TAS), 10 receiving only DA (which can be as little as \$5 per week) or Child DA (CDA), 2 receiving only TAS, 6 receiving AS and DA, 1 receiving Unsupported Child Benefit (UCB), and 8 receiving some combination of AS & TAS or UCB or CDA.

Fig 12. Welfare benefits: NTM clients (81) and control group (14)

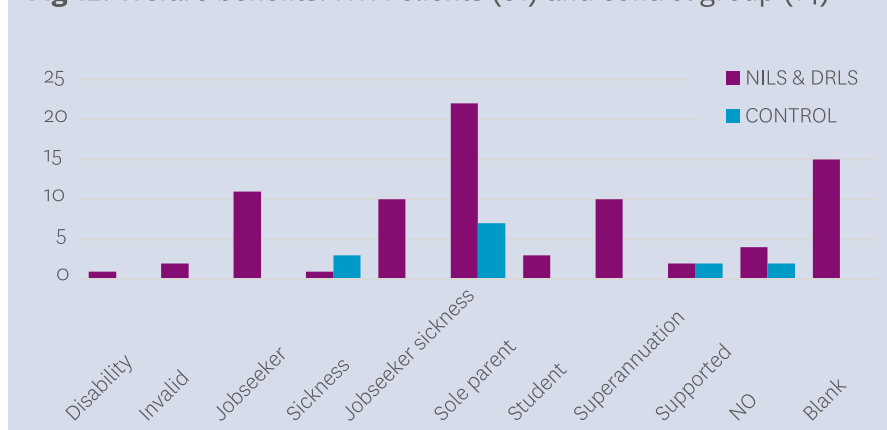
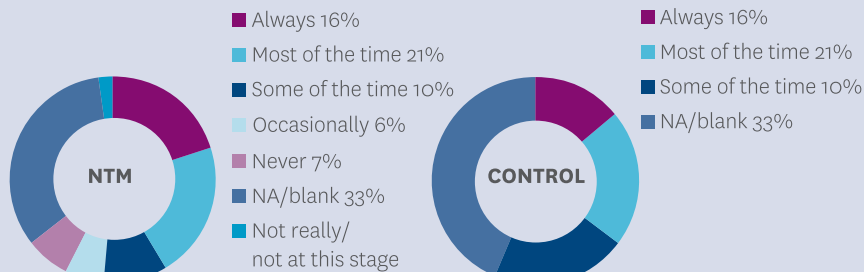


Fig 13. Other state assistance: NTM clients and control group (%)



Other state assistance was benefitting 12 members of the control group: 7 receiving the AS, 6 receiving DA, and 4 receiving TAS.

Fig 14. Keeping to a budget: NTM client and control group (%)



Having a household budget, and adhering to it, are important factors in financial self-management. Of the 81 NTM respondents, 79% had a household budget plan. Although many commented on how difficult it was to keep to their budget, 33 (41%) were able to always or most of the time. Of concern were the 13 (16%) who were only occasionally or never able to keep to their budget, which suggests either the income is inadequate, the budget needs revision, or in the worst case, their commitment to the budget is not strong (see Figure 14).

Of the 14 control group respondents, 8 (57%) had a household budget plan. Of these, 5 (36%) were able to keep to their budget always or most of the time, and 3 (21%) were able to keep to their budget some of the time.

An econometric (Probit) model was used to estimate the effect of receiving an NTM loan, controlling for other relevant factors. In this example, on average, the probability of having a budget plan was significantly reduced when there was no receipt of an NTM.

Financial education influences financial capability. Of the NTM respondents, 71 (88%) had first sought assistance from a budgeting advisor or financial mentor over a year before applying for an NTM loan, many seeking assistance as and when it was required to bring their finances under control. Some clients visit their advisor or mentor when they find they are losing financial control, however a condition of NTM loans is that the borrower continues regular fortnightly or monthly contact with their advisor or mentor during the repayment period.

Of the control group respondents, 3 (21%) had been seeing a budgeting advisor for one or two years, 5 (36%) had been working with a budgeting advisor for four to ten years, and 6 (43%) had first sought assistance from a budgeting advisor or financial mentor less than a year ago. Of these respondents, 86% had seen their advisor/mentor in the last month, and 36% of the control group had participated in some other form of financial education, compared to only 10% of the NTM respondents.

Importantly, whatever the source of the budgeting and financial information, compared to 64% of the control group, 74% of NTM respondents made changes based on the information or advice they received. These changes included paying down debt, starting a savings account, sticking more closely to their budget, reducing insurance payments, making wiser spending and shopping decisions, cutting up their credit cards, avoiding high interest debt, and saying 'no' to family members asking for financial assistance.

An econometric (Probit) model estimation, controlling for other relevant factors, found that the probability of making changes on receipt of financial advice or education is significantly reduced without access to an NTM safe, fair, affordable loan.

Credit and debt: benefits and costs

A common reason for borrowing is a change in circumstance, such as the loss of a job, reduced or uncertain working hours, or illness. A domestic emergency such as a broken oven or fridge can trigger a crisis, and desperation-driven borrowing tends to lessen the attention given to the terms of the contract. Of 81 NTM clients, 28 (35%) had loans where they were unsure of the amount and the interest rate, however, for 33 (41%) NTM was the only debt apart from either a student loan or a mortgage.

In contrast, of 14 control group respondents, 12 (86%) had loans where they knew the approximate amount of the debt and the interest rate. Half of this group of clients (7 or 50%) had loans with finance companies, payday loans and/or fringe lenders. Lack of consumer protection in New Zealand means that their interest rates ranged from 20% to over 100%. Some of these 12 clients, and the remaining 2 (14%) also had debts to Work & Income. One client commented

“I’ve got the full range. I’ve got ones that are around the 23% or thereabouts and if you’re looking at the payday loan - it trebles. Because it’s not only the interest rate they have fees and daily charges and all of these things so it trebles what you borrow.”

As NTM’s loans are unusual in charging neither interest nor fees, it was surprising to find that 3 (4%) past or present clients had not heard of NTM, while 12 (86%) of the control group had heard of NTM, half of these learning about NTM from their budgeting advisor, and half from family or friends. Of those 78 NTM clients who do recognise the name and their loan source, 45 (55%) have talked to family, friends and/or co-workers about the NTM loans. Those who have not shared the information often stated that they did not want family or friends to know that they had needed to borrow money.

Again, surprisingly, asked if they had applied for an NTM loan in the last 5 years, 2 NTM clients said ‘No’. Another 2 NTM clients did not reply, and the remaining 77 NTM respondents said ‘Yes’. Asked if their application was successful, 79 answered ‘Yes’.

In the control group, when asked if they had applied for a loan from any source in the last 5 years, 13 (93%) said ‘Yes’, at least one loan application had been successful. The purposes of the loans included, for example: funeral expenses; new baby’s needs such as bassinet, car seat, nappies and clothes; children’s clothes, toys or school fees; paying immediate bills, including petrol or maintenance for the car; vehicle purchase; and credit card or store card bills.

The maximum NILS loan is \$1,500 and the maximum DRLS loan is \$3,000, and some clients have had both a DRLS and a NILS loan.

One NTM client’s description of their loans:

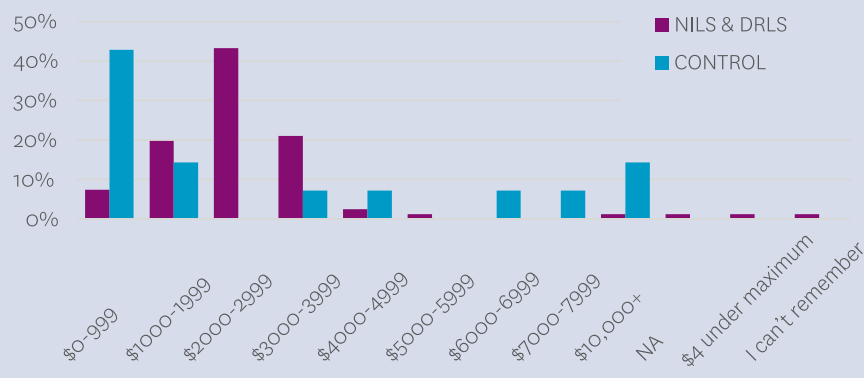
“My first loan was a DRLS to consolidate debt. After I paid that off, I got a NILS for a fridge because mine had died. I’m still paying that one off.”

Car repairs, dental care, TV, mobile phone, and minor house repairs are frequently cited in NILS loan applications. The purpose of NILS is family well-being and/or asset-building. The purpose of DRLS is to pay off high interest debt.

Another NTM client’s descriptions of their loans prior to DRLS:

“I had one loan for vehicle repayment, another with an appliance company, plus a bank overdraft, and one of those easy loans over the phone that I found out later charged 365% interest.”

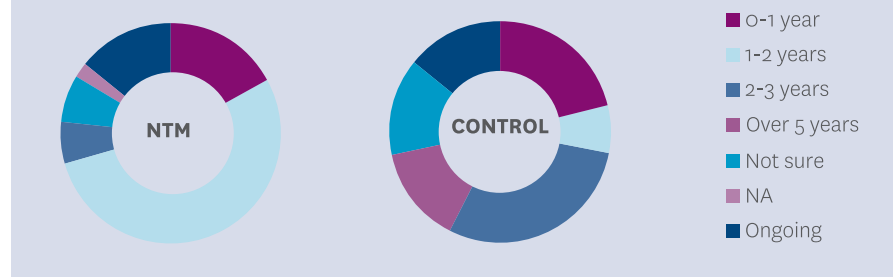
Fig 15. Recent loan amounts NTM clients and control group (%)



As shown in Figure 15, 6 (7%) NTM clients borrowed less than \$1,000, 16 (20%) borrowed between \$1,000 and \$2,000, 35 (43%) between \$2,000 and \$3,000, and 3 (4%) couldn't remember or knew they had borrowed less than the maximum NTM NILS or DRLS available. In addition, prior to the NTM loan, 17 (21%) had borrowed between \$3,000 and \$4,000, 2 (2%) between \$4,000 and \$5,000, and 2 (2%) over \$6,000 in the last 5 years.

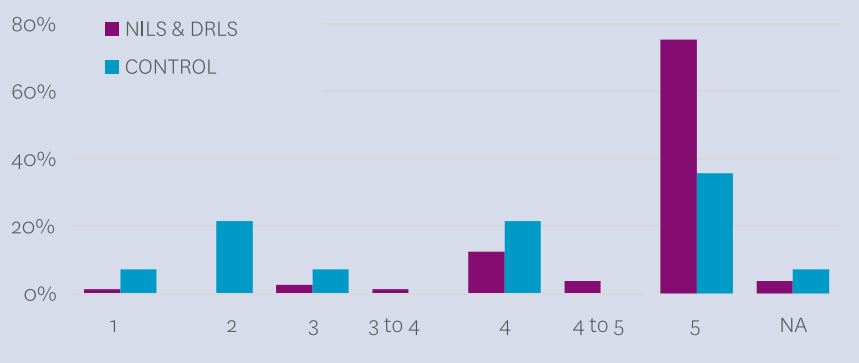
The control group, when asked the amount of the loan, 6 (43%) said less than \$1,000, 2 (14%) between \$1,000 and \$3,000, 2 (14%) between \$3,000 and \$5,000, 1 (7%) borrowed between \$5,000 and \$7,000 and 3 (21%) borrowed more than \$9,000.

Fig 16. Duration of loan repayment, NTM clients and control group (%)



The maximum standard duration of an NTM loan is 2 years, although the time can be increased under extenuating circumstances. Of the NTM respondents (see Fig 16), 8 (10%) were unsure of the loan period, 11 (14%) are still repaying their loan, 14 (17%) repaid the loan in less than a year, 43 (53%) repaid the loan in 2 years, and 6 (7%) clients took 2 to 3 years to repay the loan.

Fig 17. Did the loan improve wellbeing/peace of mind for NTM clients and control group (%). Scale 1 (little) - 5 (large)



For the control group, this question was difficult to answer as penalties can dramatically increase the length of time repayments are required. Of all these respondents, 3 (21%) were still repaying the loan, 3 (21%) repaid the loan in less than a year, 1 (7%) repaid the loan in less than 2 years, 4 (29%) repaid in 2 to 3 years, and 2 (14%) took more than 5 years to repay.

Outcomes of borrowing: safe, fair credit or high cost credit?

As shown in Figure 17, of 81 NTM clients asked "Did the loan make a difference to your wellbeing and peace of mind?" on a scale where 1 is no improvement and 5 is huge improvement, 75% scored 5: huge improvement, and another 16% scored 4 to 5.

Answering the same question using the same scale, 38% of control group respondents (half the percentage of the NTM clients) scored 5: huge improvement. Another 29% scored 3 to 4, and 29% scored 1 or 2: little or no improvement. One control group client said

"It solved one problem but created another one."

Frequent comments from NTM clients about the no interest, no fees NTM loan were

“It changed my life!” “It took off a burden.” “Now we can buy food.”

Eloquently, one NTM client replied

“I had been really stressed and it looked like I wasn’t going anywhere. It was like chasing a rat. The Ngā Tangata loan made a big difference.”

An econometric (Probit) model used to estimate the effect of taking out a loan, controlling for other relevant factors, found that on average, the probability of improvement to one’s state of mind at a scale of 5 is significantly reduced when the loan is not from NTM.

Again using a scale where 1 is no improvement and 5 is huge improvement, in response to the question “What difference did that loan make to your family stress, at the time you received it?” (see Figure 18) of 81 NTM clients, 69% scored 5, and another 14% scored 4 to 5. Frequent NTM client comments included

“My children and family stopped being worried about me.” “Now we have what we need in our house, and much less stress.” “Now we are happy.” “My children could go on the school camp!”

In response to the same question using the same scale, in the control group of 14 who had borrowed at high interest cost, 29% scored 5, another 36% scored 4, and 14% scored 1. Because many of these loans were taken to cover an emergency, a frequent comment was

“It helped at the time but it doesn’t help now!”

Using an econometric (Probit) model, on average and controlling for other factors, when compared with borrowing from NTM, there is significantly less probability that family stress will be reduced when borrowing from a source where the cost of credit is high.

Fig 18. Did the loan reduce family stress for NTM clients and control group (%). Scale 1 (little) - 5 (large)

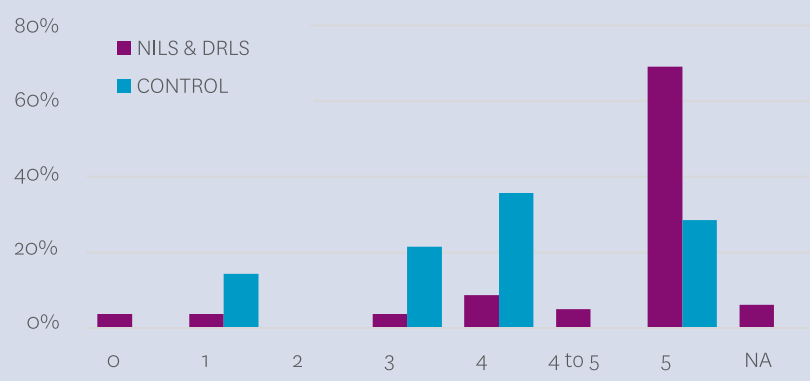


Fig 19. Difference the loan made to money use for NTM clients and control group (%). Scale 1 (little) - 5 (large)



Using a scale where 1 is no improvement and 5 is huge improvement, 81 NTM clients’ responses to the question “What difference did that loan make to how you used your money at that time?” included 58% with a 4 or 5, 15% with 0 to 2, and 27% did not answer (see Figure 19). Regarding how they spend money now, 64 (79%) NTM respondents commented on the big difference, including more

food, better food, enough money to pay the bills, and paying the bills on time. Frequent comments included:

“It didn’t change what I do with money but it gave us a better quality of life.” “We are more responsible as we know that borrowing will put us into hardship.” “I am more careful with money now I have enough to pay all my bills.” “It has made a difference to our health: we can afford to go to the Doctor.” “I was able to start saving a little bit each week!”

In response to the same question regarding the difference the loan made to their use of money, of the 14 control group who had borrowed at high interest cost, less than half (43%) gave 4 or 5, 21% chose 3, and 36% chose 1 or 2. Comments included

“It made a difference when my husband lost his job – I could pay off the car so we didn’t lose it.” “I paid off a loan that was at a higher rate of interest so there was more money for other stuff, like food.”

To the question “What difference did that loan make to how you use your money now?” over half (57%) of the control group cited a negative difference, for example,

“It made a huge change for the bad. I have zero dollars for food every week. Zero.”

A positive comment from this group was

“I bought a car so now I can go to university.”

Using an econometric (Probit) model to estimate the effect, and controlling for other factors, the main finding for this question can be summarised as: on average, the probability of the loan making a major difference to the use of money is significantly reduced when the loan is a not a no interest, no fees loan such as NTM NILS and DRLS.

For 37 (46%) NTM clients, the loan made a positive difference to their ownership of assets, including starting a savings account, a new TV, fridge, beds, or a new car, in addition to paying off a debt, while 34 (42%) clients were still focussed on paying off their debts.

In contrast, for 4 (29%) control group clients, things had improved: 2 now owned a car, and 2 now owned a TV or had reduced their overall debt. However, for 10 (71%), the loan had not increased their ownership of assets.

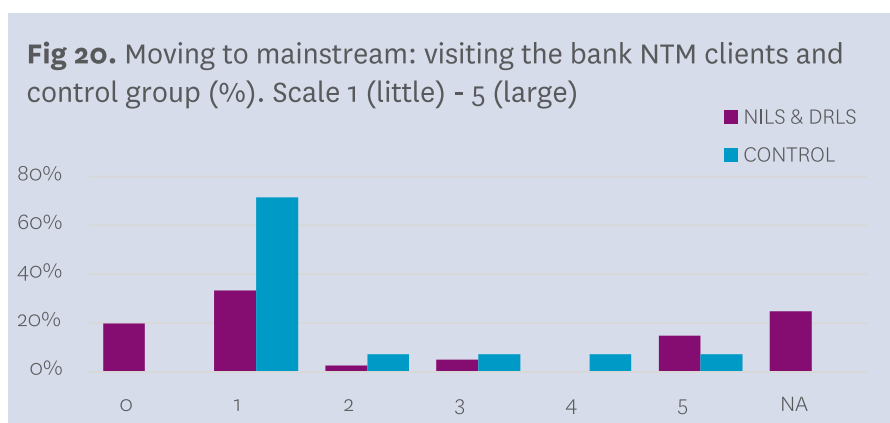
Having reserves or savings that can be used in an emergency is a critical factor in protecting a family from high cost debt. In answer to this question of emergency reserves or savings, while 1 of 81 NTM clients had accumulated savings greater than \$2,000, 30 (37%) had saved some emergency funds, although 50 (62%) had none.

In the control group, 12 (86%) had no emergency funds, while only 2 (14%) clients replied affirmatively. However, while 1 (7%) client had accumulated savings of \$50, the other had recently had to use the small accumulation to meet unexpected costs.

Using an econometric (Probit) model to estimate the effect of not having access to an NTM no interest, no fees loan, and controlling for other relevant factors, the main finding can be summarised as follows: on average, the probability of having savings is strongly and significantly reduced when there is no participation in a NTM programme.

Another goal of the NTM loans is to assist clients to move to mainstream banking (see Figure 20). When asked to use the scale from 1: no improvement, to 5: huge improvement, to say whether, since the NTM loan, they were happier visiting their bank, 20% of NTM clients answered from 3 to 5, but 55% reported little or no improvement. Just over half the NTM clients (52%) did not have a credit card, overdraft, or personal loan, so continued to have little engagement with their bank.

Among the 14 member control group, 21% answered from 3 to 5, while 79% reported either little or no improvement, or that the relationship with their bank had deteriorated after taking out the high cost loan. One client commented



“I walk in with my head down. I feel shameful.”

Of this group, 2 had one credit card, and 1 person had 3 credit cards.

Again using an econometric (Probit) model to estimate the effect of not borrowing from NTM or an equivalent safe, fair source, and controlling for other factors, the main finding is that, on average, the probability of being somehow happier dealing with the bank is significantly reduced by high cost borrowing.

Another goal of the NTM loans is to alert people to the risks of high cost borrowing, and provide them with alternative strategies such as accumulating an emergency fund and access to safe affordable credit. Asked if they would borrow from a payday lender, mobile truck vendor or another provider of high interest loans, 73 (90%) of the NTM clients answered “No”. A frequent comment was

“It is too easy to get into debt and too hard to get out!”

The 6 (7%) NTM clients who answered “Yes” explained that if the reason they needed the money was strong enough, and they had no alternative, then they would borrow at a high cost.

Similarly, although 11 (79%) of the control group clients answered “No” to borrowing from a payday lender, mobile truck vendor or another provider of high interest loans. Many of this group already had high cost loans from such lenders, including finance companies. The 3 (21%) who answered “Yes” explained that if they were desperate and had no alternative, then they would borrow at a high cost.

The main finding, using an econometric (Probit) model to estimate the effect, is that, on average, controlling for other factors, the probability of borrowing at high interest is increased significantly when there is no access to safe, fair credit.

General comments from NTM clients and the control group

The advice to someone in trouble over money to “Work hard and get a budgeting advisor” was the same for NTM clients (77%) clients and the control group (71%). Additional comments included

*“Don’t take loans, seek other options.” “Live within your means.”
 “Talk to family.” “Put a plan in place and chip away at the debt.”
 “Financial literacy. And savings. Today you need savings but most importantly financial literacy.”*

NTM clients sent messages to Ngā Tangata Microfinance:

“Please keep doing what you are doing! There are a lot of genuine people out there, in trouble through no fault of their own.” “Thank you SO MUCH! It was a huge burden off my shoulders. And for you to trust me at no interest helped so much. It was marvellous.” “It’s a blessing that you’re doing this. Because in our community we have thoughts of trying to put up something like that in our church but we haven’t been successful, so for you to make it happen and help people, that is honestly an achievement. It is a lifesaver.” “It truly puts a light at the end of a long, dark tunnel”.

Other comments added by clients included

“I am grateful for what NTM does and for supporting us. It made a huge difference in our household living style. It is more than a year ago when I received help from them and it has helped us to buy a new house.” “It’s really made a huge difference to me and my kids. And they’re really nice people to deal with as well - when I moved over here I didn’t pay for about a month because I changed my account, and they were really understanding with that and then I just started paying again.” “It’s made a real big difference in my house in knowing that there’s an organisation out there that steps in and helps. That’s really beautiful.” “I want to advise others to pay back quickly so more money is available for more people.”

Control group clients’ messages to NTM included

“You know, with debt, it gets to that point where you know you can never get rid of it. So thank you. You are that hand up out of the trap.”

Other comments from control group clients focussed mainly on high cost loans.

“Those payday loans, the clothing trucks, all those kinds of places, are sharks. They are loan sharks.” “There do need to be loans for people who don’t look good on paper or have bad credit.”

Desperation as a driver to high cost borrowing was a constant theme.

“Life is hard for starters, and it’s only harder when you’re desperate, and you’ve got kids. The high interest loans are appealing at the time. And I know I didn’t take the time to read through the contract. I didn’t know how much I was repaying back and didn’t know what they were charging me. And it’s a killer. Like actually it kills you - financially, mentally. And you’re in a position where you’re thinking ‘Sh...t. I can’t afford food this week.’ So what am I supposed to do.’ I think there should be more information about how much they’re charging in layman’s terms. It should be plainly put – ‘you’ll be paying this much’ so you know what you’re getting into. But having said that, desperation takes over and so you do it anyway.”

Another frequent theme was access to decent work paying a fair wage

“If you don’t have a good job then you don’t get much opportunity. Even when you think you’re getting ahead, and you’ve got a loan and you’ve got a house, something happens and you lose it. I lost my house. The stress of it is huge and it affects families and ruins marriages. I think the NTM interest free loans are going to benefit society.”

Budgeting Advisors/Financial Mentors responses (26)

The evaluation survey provided the opportunity for Ngā Tangata Microfinance (NTM) to gain feedback on NTM's services and systems, and to assess Budgeting Advisor/ Financial Mentor (BA) knowledge and understanding of NTM's products. This information will assist NTM's future development and decision-making. Some recommendations for change have already (in 2017) been incorporated, for example, BAs can now do online loan applications for their clients.

There is much evidence of the care taken by BAs before making a loan application for a client: the financial wellbeing of the client and the potential risk to NTM of non-repayment are given due consideration.

"We're actually picking and choosing the people we think are suitable because we would not pick someone who can't afford it. That's just not practical. We're non-judgemental, but when you're coming down to things like this, and where we feel that it is actually needed we would think about looking at it." "NILS works superbly well. But our clients with debt have much more debt than the \$3,000 maximum DRLS loan. The NTM loans definitely make a difference but sometimes the loan amount is just not enough."

NTM's NILS and DRLS loans

Of the 26 BAs surveyed, 7 (27%) were unfamiliar with the NILS loan and had never offered them to clients or applied for them. The other 19 (73%) BAs understood the purpose of the NILS no-interest loan as asset-building or family well-being, broadly interpreted. Responses included

"The no interest loan also gives my clients a bit of a purpose and a goal; I've used the NTM as a goal setter, so if they are providing me with evidence that they're following the budget, I make the application to NTM and I'm quite confident it will be approved. So for me it is an absolute godsend."

More BAs were enthusiastic about DRLS no-interest debt-relief loans, and 21 (81%) had good knowledge and understanding of the loan and the difference it can make. BA comments include

"I recently had a client who had 2 Home Direct Loans and I worked out that it would take the best part of seven years to pay them off because of the interest rate of 25.5% plus their admin fees that get added on every time a repayment is made. The DRLS means she is clear in 2 years with the same fortnightly repayment she would have been paying to Home Direct for the rest of her life!" "The DRLS is very, very good at relieving high interest loans. I read the Cash Converters contract the other day and in the fine print it says 144% interest rate. I nearly flipped."

Another advantage of access to a DRLS loan is that the BA can often negotiate a lower debt amount by offering the creditor a lump sum full and final settlement

"The creditor calculated the debt as \$1,440, then dropped it by \$400 for having a lump sum final settlement. So this is a major plus for the client!" "I see this is a win-win situation, for me as a BA, and for my clients who have been struggling, and just can't afford to stop all that interest adding on. Plus the beauty of it too is we're able to negotiate with the creditor to say 'Well, what's a settlement figure?' and they usually take a few hundred off so that the actual debt reduces." "If I've got a creditor sitting on say \$3,200, prior to even discussing the NTM application with the client, I will contact the creditor and ask 'What will you accept for a full and final settlement?' And I say I've got \$2,500 to spend, and they may drop as much as \$700. And I get a buzz out of that." "Having NTM and accessing a lump sum, and its interest free and fees free, its gold."

Rating the contribution of NTM to the financial situation for their clients on a scale where 1 is of little benefit and 5 is of great benefit, only 3 of the 26 BAs rated NTM 2 or 3, and 23 rated NTM with 4.5 or 5 (see Table 5). BA comments included

“They’re targeting a specific area, and in that specific area they’re very, very good.” “Their contribution has been marvellous for the outcome of my clients.”

Asked: “On a scale of 1 (a little) to 5 (a lot), does access to the NTM NILS and DRLS loans enable you to be more helpful to your clients?” 19 of 26 BAs answered 5, 4 BAs answered 4 to 5, 1 scored 3.5 and 2 scored 2 (see Table 2). Comments included

Table 2: Budget Advisors (%) assess value of NTM loans. Scale 1 (little) – 5 (large)

	1	2	3	4	5
Contribution of NTM to the financial situation for your clients		12%		88%	
Access to NILS & DRLS loans helps you to help your clients		8%	4%	15%	73%

“It’s just a fantastic tool and we have promoted it so much.” “The DRLS is a 5 because it makes my life easier, not just the client’s. It is a tool in the armoury, it means we can actually assist the client to get out of debt.”

Further comments from BAs confirmed NTM’s contribution to transformational change for loan recipients

“Once we have done the first budget draft with the client and find where they are with their debt, we can address a lot of their smaller debts that are costing them a lot of money by offering NTM. That can change them from a one-off client to an ongoing client where they are committed to making real change. So it is very helpful to have NTM.”

NTM service, loan processes and delivery

Many of the BAs commented on the prompt processing of applications by NTM.

“If you apply for it then their reply is mostly very quick - whether you qualify or don’t qualify so that is actually quite good.” “If you get stuck you can ring them. They’re really great to deal with.” “They’ve been very good helping and thinking outside the square to provide what a client might need.”

Other favourable responses from BAs regarding NTM systems and processes were

“You know you have to work with people that have been at your service for a period of time, and because you have to follow up and monitor, you need to work with people that you can trust to repay the loan, so the process is good.” “The application form gives you step by step instructions how to work through it. It’s easier than we first thought really, for the DRLS.” “It’s a fantastic process. It’s structured but it’s also very fair.” “I think they have reviewed the application form since they began, and the questions are straight forward. We sit with the client making the application to ensure that they’ve understood it all.” “It’s a good service, with a thorough selection process I am very happy with.” “It just goes in steps, as long as I am thorough at the correct points in time. I don’t find the processes a problem.”

NTM’s support with the application process is important to many BAs

“I establish the client’s budget and if we can find \$30 a week if we were to clear some debt, then I ring NTM and say this is what I’ve got in front of me, would you take it? If the answer is ‘yes’, then I send all the masses and masses of paperwork, and the details of what the loan is for.” “I ring the office and they are amazing. They set me right and they are there every time, and never complain about me ringing more than once.”

BAs comments on the process and delivery of the NTM loans were not all positive. One BA commented that they have access to 2 types of no interest loans and they use the other in preference to NTM because that application is simple. The quantity and complexity of paperwork involved in the NTM applications was frequently referred to.

“There’s an awful lot of information to be gathered and that can be quite lengthy. That’s the one drawback, but I know they have to make sure that the client is going to hold up their end of the bargain and so forth. It does seem to be quite a mission to get to the end of the process.”

There were also criticisms of the time taken for loan application approval or rejections

“The NTM process takes quite a while which is unfortunate because often the need is now not in 2 months or 6 months.” “If we could have a faster response, the families and I would be very grateful.” “It could be a lot more streamlined and a lot more professional than what it is, and that comes down to process and the way it’s handled.” “They come back and say something’s not there when it is but they haven’t read it properly.”

Some BAs were critical of the NTM loan conditions, including the time the applicant is required to work with the BA prior to making application

“With the DRLS they have to have been working with a budget advisor for 6 months and for the NILS only for 3 months so for us that’s probably not such a good thing because we have people coming to us when it is a crisis a lot of the time and they need help straight away. Maybe if the DRLS was 2 months we could help more people.”

Other BAs were critical of the condition that NTM will only pay out to a business, not to an individual

“The price of the item is a whole lot higher than what you’d pay if you went privately. So that’s kind of a downfall for clients because you could buy a car from a dealer for \$2,500 and there’s a car on the road, exactly the same, and that’s been checked out thoroughly, that’s being offered for \$1,000 cash.”

Some necessary NTM processes are inconsistent, such as reporting to client and BA on the progress of repayments

“The only additional thing I’d like to see is let us know how the payments are going, perhaps on a 3 monthly basis or something like that.”

Asked “How adequate and helpful is the service and support you receive from NTM staff?” on a scale from 1 (little help) to 5 (great help), of 26 BAs, 23 said 4.5 to 5, 2 said 4, and 3 said 1 BA (see Table 6).

NTM’s NILS and DRLS manuals, available online and in hard copy to the Budgeting Services, contain protocols, policies and conditions, in addition to the loan application forms. Asked to rate the helpfulness of the NTM loan manuals on a scale from 1 (little help) to 5 (great help), responses ranged from 5 for 5 BAs, while 6 BAs scored the manuals at 4, 2 said 3, 3 BAs said 1 or 2 and 10 BAs scored them at 0 (see Table 3).

Table 3: Ngā Tangata assistance to Budget Advisors (%). Scale 1 (little) – 5 (large)

	0	1	2	3	4	5
Adequacy & helpfulness of NTM staff service & support		4%				96%
Helpfulness of the NTM loan manuals	38%		12%	8%	23%	19%

While 8 BAs said they either don’t have the manuals or don’t use them, other BAs commented

“The loan manuals are straight forward and readable, and provide understanding for both myself and clients.”

Suggested improvements to NTM’s systems, services and loans

Asked for suggestions to improve NTM’s systems or services, the response from 7 BAs (27%) was that improvements weren’t needed. The second most common response, 4 BAs (15%) was

“Increase the DRLS to \$5,000.”

Each of the following suggestions to improve NTM’s systems or services was made by at least 2 BAs (8%):

- Introduce an online application;
- Require less information from qualified budgeters, and accept the information provided;
- Because ID is a real problem for some of our clients, maybe NTM could do something about that;
- Reduce the time it takes to qualify for a NTM loan, especially the DRLS loan.
- Each of the following suggestions was made by 1 BA (4%):
- Drop NILS (duplicating the Community Finance Initiative) and offer something else;
- Introduce a grant for high cost debt as well as a loan;
- Find some way of helping with rent arrears, power disconnection, and mortgagee sales;
- Increase the NILS to enable purchase of a decent motor vehicle;

- Ensure NTM workers have good, current knowledge of conditions facing clients;
- Attend more meetings/gatherings of BAs to provide and reinforce information and knowledge;
- Simplify the application and make it easier for the client to understand;
- If the clients don't repay, ask the BA to try to make contact two or three times and that's it, rather than keep trying to find them;
- Add a waiver to the application form so NTM can contact the creditor directly rather than the BA;
- Send out a 3 monthly statement to the client and BA so they know where they are.

Asked "How could NTM improve its NILS or DRLS loans?" of 26 BAs, 9 (35%) responded

"Increase the size of the loans, especially the DRLS loan."

As well as 6 BAs (23%) saying the loans are excellent already, 3 (12%) suggested "Reduce DRLS qualifying period"

and 2 BAs (8%) said

"Reduce the application paperwork".

Other suggestions, each offered by 1 BA (4%), were:

- Provide a small grant as well;
- Offer larger, low interest loans, like StepUp (\$1,000 to \$5,000 at 6.99%);
- Allow private purchases for NILS;
- Provide a food voucher with the loan;
- Provide an NTM letter to creditor and client regarding client agreement of no further borrowing until DRLS loan repaid;
- Work with other lenders to provide a deposit for small homes;
- Establish a process for instant approval in urgent cases, for example rent arrears/ eviction, power disconnection and mortgagee sale;
- NTM should call their loans a service rather products. The language affects how people perceive the loans, and NTM is not a finance company.

One of NTM's future aspirations is to offer small no- or low-interest entrepreneurial loans in conjunction with business mentoring provided by local business partnerships. In answer to the question "Do you think there is a role for NTM in offering small no or low interest entrepreneurial loans to your clients?" 11 (42%) of BAs said 'Yes', 5 (19%) said 'Maybe' and 10 (38%) said 'No'. The main reason for the negative response was that few clients have any surplus cash and consequently are not in a mindset for investment. With the positive and 'maybe' responses from BAs came the strong recommendation that business training and mentoring would be necessary along with the entrepreneurial loan.

Other kinds of loans or other financial products that BAs suggested would be helpful for clients were

- Larger low-interest loans;
- Small (up to \$500) speedy emergency loans to keep people away from loan sharks;
- Scholarship grants so young people can avoid student loans;
- Increasing the income limit for qualifying for an NTM loan;
- A renewable car-leasing loan so clients aren't restricted to buying cheap, old cars.

Barriers to supporting more of their clients to make applications for NTM loans identified by BAs included

- Client debt and consequent inability to repay the loan (12 BAs, 46%);

- Doubt about the client's truthfulness regarding the size of their debt and their willingness to repay (5 BAs, 19%);
- NTM criteria, especially the 6 months contact prior to a DRLS loan (4 BAs, 15%);
- The upper income limit (qualifying for a Community Services Card) cuts out many of the working poor who would benefit from an NTM loan (3 BAs, 12%).

Other barriers each identified by a BA (4%) were:

- Time delay for loan approval when the client's problem is an emergency;
- Difficulty of establishing a trusting relationship with clients when most of them only visit once;
- The DRLS loan isn't big enough to create the ability to repay;
- So many clients, so much documentation needed for the application, and so little time.

Budgeting Advisors' general comments

Asked if they discuss NTM with co-workers, friends or family, 13 (50%) discuss the loans regularly with co-workers as a way of sharing information and learning, and 17 BAs (65%) promote the NTM loans widely

"Because the loans are fantastic."

Other comments from individual BAs in regard to the work of NTM included:

- NTM is definitely serving a need for the clients that qualify;
- I'd like more opportunity to talk with NTM about the loans and the processes;
- The NTM staff are very professional, as you would expect;
- Clients need to be clear that seeing a BA is not a gateway to a guaranteed loan;
- The DRLS has helped quite a lot of people come out of the high debt that they're paying;
- The loans are invaluable to people who may be just barely making ends meet – access to the no interest loan can double the food budget.

A couple of BAs (8%) commented

"It's amazing how something as little as \$3,000 can make such a massive difference. Clients come in to tell us they have finished paying off the Ngā Tangata loan and now they are debt free. It DOES change people's lives."

Another 3 BAs (12%) said

"It is just a shame more people don't know about NTM."

Of 26 BAs surveyed, 16 (62%) commented along the lines of

"I'd just like to say thank you. You're doing a great job, and I'm so lucky that I've got those loans as an option to offer my clients."

Other BA comments included

- NTM is doing a really good job offering something that is unique that makes it possible for clients to get some better outcomes than they'd be looking at in any other way.
- In families, the children are learning along with the adults so we are creating a better future for children as well as for adults.
- NTM is a lifeline.

- High cost debt is a runaway horse, and at least Ngā Tangata provides escape routes for some people and some aspects.

In New Zealand, unlike most of the rest of the world, there is no limit on the cost of credit and it is legal to charge 500% interest on a loan. The BAs were asked if they would vote for a limit on the total cost of borrowing, and 25 (96%) answered

“Yes. Absolutely.”

Many BAs provided examples of the unmanageable debt to fringe lenders endured by their clients as a consequence of usurious rates of interest and unjustifiable extra charges for set-up, administration, and late payment. As well as often being driven by desperate need for the funds to avert a crisis, research¹¹ has shown that there is a general lack of understanding among the New Zealand public of the effects of compound interest: ‘only 1% per day’ does not register as 365% per year. One BA said

“One of my clients was paying 645% per annum. It is disgusting. It is theft.”

Ngā Tangata Microfinance stakeholder responses (19)

When asked if they discuss NTM with co-workers, friends or family, 1 stakeholder said “No, because it could be misunderstood as promotion or endorsement”. The other 18 (95%) said “Yes they do discuss NTM”. This discussion tended to be in the course of their work with frontline staff or in the course of other work. One person commented that they specifically like to talk about NTM’s financial literacy element.

When asked to rate on a 1 (low) to 5 (high) scale, the contribution of NTM to financial inclusion and social justice for clients, 16 (84%) stakeholders rated the contribution of NTM at 4 or above, but 3 stakeholders rated it 2.5 or 3.

Stakeholders justified the ranking of 5 because NTM provides BAs with tools to give their clients the opportunity to overcome debt and not fall into the same traps again. Stakeholders who gave lower rankings said that NTM had not yet reached its potential in terms of the number of loans given and clients reached.

In addition, 4 stakeholders (21%) commented that they strongly believed in the work of NTM and that it is a great organisation for supporting microfinance in New Zealand. Another 3 (16%) said that they really appreciate that evaluation, learning and improvement is part of NTM’s process. Stakeholders also said that it was important to push the responsible lending and financial ambitions of NTM, with greater learning taken from overseas experiences. There was a general consensus that the contributions of Kiwibank could be more publicly and effectively acknowledged.

Stakeholder comments on NTM systems and processes

While 4 (21%) stakeholders were uncertain or lacked knowledge about the process and delivery of loans, the majority (13, 68%) believe that the process and delivery of NTM’s NILS and DRLS loans is good. In addition, stakeholders reported

- Good support of NTM staff, BAs and other personnel (6, 32%);
- Good governance (5, 26%);
- NTM is a great social service on a budget (1, 5%).

The main criticisms of NTM were

- The loan process takes too long and is too complex (6, 32%);
- The BA time requirement is not ideal and adds complexity (5, 26%);
- More paid NTM staff are required to carry out process (1, 5%);
- There should be more focus on making sure that the client is on track with loan repayment (1, 5%).

Of the stakeholders, 2 (11%) said they had little or no knowledge of NTM's systems and services, however, a range of improvements to NTM's systems and services were suggested by this group.

- Move to a more electronic based loan and data management system would be beneficial (5, 27%);
- The loan preparation documents and process could be improved, streamlined, and sped up (5, 27%);
- The publicity and communication systems of NTM need to be improved (3, 16%);
- There is a requirement for a bigger team or more staff (3, 16%).
- NTM needs to work with more community organisations not just Budget Services (2, 11%);
- NTM needs to separate more clearly from Good Shepherd Microfinance (1, 5%);
- NTM needs to align with the national strategy for financial capability (1, 5%);
- NTM needs to provide more training for staff, and more education for the community (1, 5%);
- NTM needs to make the loan criteria more clear cut and less emotional (1, 5%).

Stakeholder comments on NILS and DRLS loans

The stakeholders' general understanding was that the purpose of the NTM NILS loan was for purchase of essential items such as household goods or services (15, 79%) and/or for asset building (9, 47%). Stakeholders added that the purpose of the loan was to enable fair borrowing alternatives (7, 37%), and importantly, to prevent people from going to loan sharks (3, 16%). Given that 2 stakeholders said that NILS loans were for urgent cases, and another mistakenly believes the NILS loan is for debt relief, NTM staff need to convey clear messages to stakeholders, participating Budgeting Services and the general public about NTM products, services and conditions.

The majority of stakeholders (16, 84%) understand the purpose of the DRLS loan is debt consolidation, and relief from high interest loans. While 3 stakeholders (16%) correctly understood that DRLS is interest free, 4 (21%) mistakenly believe there is a low interest rate charge attached to a DRLS loan. Three stakeholders (16%) were uncertain about the purpose of a DRLS loan, and 1 stakeholder (5%) was unfamiliar with the acronym. A comment made by 2 stakeholders (11%) was that they were focused on the NILS loan not the DRLS loan.

Improvements to NTM products suggested by stakeholders included

- Providing larger loans, especially increase the debt relief loan (8, 42%);
- Increase the visibility and marketing of NTM products (7, 37%);
- Work with more organisations to increase loan delivery options (7, 37%);
- Increase the types of loans available e.g. enterprise loans (5, 26%);
- Streamline the application process (1, 5%);

NTM needs to do more future planning and development of loan products that are responsive to client needs (1, 5%).

Stakeholders were asked for their opinion on whether there is a role for NTM in offering small no or low interest entrepreneurial loans, and 5 (26%) stakeholders said that no, NTM should not offer this type of loan. Among the remaining 14 stakeholders

- Unreserved agreement (11, 58%), with 6 stakeholders commenting that this would provide an opportunity for people to be aspirational and to become self-sustaining;
- Agreement (3, 16%), but some concerns about the competition in this area and the lack of current in-house expertise and capacity;
- Concerns were raised about the possible legal obligations (2, 11%);
- Concerns were also raised about cost (1, 5%) and that others are in a better position to offer this type of loan and service (1, 5%).

When stakeholders were asked what other loans or other financial products would be helpful for low income people and their communities, suggestions included:

- Loans for: vehicles, insurance, debt consolidation, travel, family, entrepreneurs, flexible personal loans (not NILS or DRLS), moving into appropriate housing;
- Behavioural change tools that will provide psychological help to stop and prevent the debt cycle;
- Products that support developing savings;
- Higher value loans;
- More budgeting services and financial mentoring;
- Banking services;
- More security free options over essential items;
- Financial matching: matching the funds that the client has for a good or service;
- Group lending.

As well as these product and process suggestions, stakeholders stated that there should be more effort in increasing public awareness of the products that NTM does offer, and more energy put into advocacy and policy changes to provide a safer environment for low income consumers.

The stakeholders were asked the largest single change required for NTM to work better and provide more support for low income people. Individual stakeholders suggested that

- NTM more clearly and formally collaborate with Community Finance;
- More options for financial literacy education could be provided e.g. workshops;
- More training for staff and team members needs to be provided.

Another 2 stakeholders (11%) suggested

- NTM needs to be more self-reliant financially, and less reliant on philanthropy.

Three responses were each suggested by 6 people (32%):

- Increase the number of loan possibilities by relaxing the criteria and being more flexible and responsive to client needs.
- Increase the resources available including funding and staff.
- Increase the visibility and market share of NTM.

Regarding the work of NTM, 10 (53%) stakeholders said they believe that the staff do a great job, and NTM is an innovative and important social service. Others commented

- It is important to build NTM capacity in terms of the number and size of loans, as well as ensuring long term sustainability (6, 32%);
- There should be an expansion in the number and types of organisations that NTM works with (2, 11%);
- The amount of input is disproportionate to the outcomes and that there needs to be smarter not harder working (2, 11%).

Individual respondents also said that NTM should be expanding, that there is still learning to be done, that more policy changes should be supported, and that there needs to be more active celebrations of success within the organisation.

Stakeholders' general comments

Asked if they would vote for a limit on the total cost of borrowing, 15 (79%) said 'Yes', with 4 (21%) of these emphasising that more than an interest cap is required as fees and penalties contribute to the total cost of credit. Only 2 stakeholders (11%) explicitly said 'No', arguing that there are better ways to achieve fair finance goals. Interestingly, 2 (11%) stakeholders suggested that there needs to be a community bank set up so that more ethical financial service providers are available. Individual stakeholders also commented that there is work being done in terms of addressing the fair credit issue and that NTM needs to make a stronger connection with the business sector.

Conclusions

The researchers are grateful to all those Nga Tangata Microfinance (NTM) clients, members of the control group, participating Budgeting Services and stakeholders who responded to the survey.

“I’d just like to say thank you. You’re doing a great job, and I’m so lucky that I’ve got those loans as an option to offer my clients.”

The value of evaluation is immeasurable. As a result of this and preceding regular evaluations, NTM has introduced a policy of ‘entrance’ and ‘exit’ questionnaires, so clients are surveyed on receiving an NTM loan and again after they have repaid the loan.

Desperation and crisis drive high cost borrowing, and crises happen more frequently to families on low incomes who are unable to save an emergency fund. Desperation also reduces the likelihood of careful reading of the third tier lender’s contract. The presence of children adds difficulty to maintaining a budget, and a critical dimension to unmanageable debt and the consequent financial and family stress. Most of the client and control group respondents were parents.

Safe, stable, warm, dry, secure housing is a prerequisite for health and well-being of adults and more particularly of children. For both NTM clients and the control group, rental accommodation and high mobility predominate. In addition to being expensive, research has shown that frequent moving house interferes with children’s education.

Econometric analysis provides a useful indication of the differences between a Nga Tangata no interest, no fees loan, and high cost credit as provided by third tier lenders. Controlling for other relevant factors, when there is no access to safe, fair credit as provided by NTM loans, and high cost credit is accessed, use of a Probit model estimates, on average, the following probabilities:

- having a budget plan is significantly reduced;
- making changes on receipt of financial advice or education is significantly reduced;
- improvement to one’s state of mind is significantly reduced;
- borrowing is unlikely to reduce family stress;
- the loan is unlikely to make a major difference to the use of money;
- having savings is strongly and significantly reduced;
- being somehow happier dealing with the bank is significantly reduced;
- borrowing at high interest is increased significantly when there is no access to safe, fair credit.

The NILS and DRLS loans are useful to Budget Advisors (BAs) as goal-setters for their clients, as “tools in the toolbox”. Most BAs rated the contribution of NTM to the financial situation for their clients as of great benefit, inspiring improved financial management and even doubling the food budget.

BAs also appreciated that access to the NTM loans enables them to be more helpful to their clients, particularly the DRLS loans. The DRLS also often enables a BA to negotiate a reduction in the client’s debt to a high interest lender.

Some BAs and stakeholders were uncertain about the NTM loans, including the maximum amount, whether interest was charged, and their purpose, indicating that NTM staff need to provide regular refresher information and education to BAs, stakeholders, and the general public.

The most common suggestion for improvement in NTM’s services, systems and products from BAs and stakeholders was to increase the DRLS loan maximum from \$3,000 to \$5,000.

The vast majority of BAs and stakeholders asked if they would vote for the introduction in New Zealand of a limit on the total cost of borrowing answered “Yes”.

Stakeholders gave a high rating to NTM’s contribution to financial inclusion and social justice for clients, at the same time suggesting that NTM should put more energy into advocacy and policy changes to provide a safer environment for low income consumers.

Appendix 1. Survey Information Sheet and Consent Form



BUSINESS SCHOOL

Client/Participant Information Sheet

Ngā Tangata Microfinance Evaluation 2016: Toward greater impact and improved processes

The researchers:

M.Claire Dale, PhD, Research Fellow, Centre for Applied Research in Economics (CARE).

Steffen Lippert, PhD, Director, Centre for Applied Research in Economics (CARE).

Interviewer: _____

The research:

The aim of the research is to evaluate the impact of Ngā Tangata Microfinance (NTM) loans on clients and communities, and to evaluate the efficiency and effectiveness of NTM's processes. The key participants will include clients, Budgeting Advisors, staff, governance, key partners and stakeholders. New Zealand is unusual in not having a limit on the cost of consumer credit, and interest rates can legally exceed 500% annually. High interest consumer loans and excessive charges are a significant and growing problem, especially amongst low income families. NTM loans were launched in 2011 to provide a safe, fair, affordable credit option, and a pathway to financial and social inclusion. The loan criteria include being a client of a budget service, and the willingness and capacity to repay the loan. NTM offers two types of no interest loans. NILS, up to \$1,500, is for personal and family wellbeing and/or asset building, including school uniforms, TVs, fences and car repairs. The second loan product is DRLS, up to \$2,500 for relief from high interest debt. Initially available only in and around South Auckland, NTM loans can now be accessed throughout Auckland, Northland, the Waikato, Dunedin, Taranaki, Manawatu, and the Bay of Plenty. NTM is led by trustees representing Child Poverty Action Group, New Zealand Council of Christian Social Services, and New Zealand Federation of Family Budgeting Services, in partnership with Kiwibank and the J.R.McKenzie Trust. Presbyterian Support Northern and Good Shepherd Microfinance provide ongoing support.

We invite you to participate in this research because you are a client of a Budgeting Service that supports the NTM scheme. Your participation or non-participation will not affect your relationship with NTM.

Completing the interview will take about 20 minutes.

Your participation is voluntary, and you have the right to withdraw from this research at any time, and to withdraw any data traceable to you up to 4 weeks after the date of this interview, without giving a reason.

The interview will be either face-to-face or by telephone and may be recorded. You may choose to have the recorder turned off at any time without giving a reason. If the interview is recorded and transcribed, you will be given an opportunity to review and edit the transcription, and will have the right to withdraw from the study up to 4 weeks after receiving the transcript.

This research is being conducted to evaluate NTM: to assess its impact and provide guidance for improvement of its processes. This research is funded by a grant from the J.R.McKenzie Trust. The survey results will be published on the NTM website in August 2016: <http://www.ngatangatamicrofinance.org.nz/>.

The information you provide by completing the interview will contribute to this evaluation, and will assist in the establishment of similar schemes in other areas. The information will be treated as confidential. The information gathered will be aggregated, and will be reported as "provided by clients" in the written evaluation and in subsequent publications. When the information you provide is reported/published, this will be done in such a way that its source cannot be identified. The consent forms, questionnaires and audio tapes will be retained in separate locked cabinets by the lead researcher for 6 years, as required by the University of Auckland Ethics Committee.

Contact details for the researchers:

M.Claire Dale, PhD, Research Fellow, Centre for Applied Research in Economics (CARE),

Phone +64 9 923 6968

Email: m.dale@auckland.ac.nz

Steffen Lippert, PhD, Director, Centre for Applied Research in Economics (CARE),

Phone +64 9 923 7193

Email: s.lippert@auckland.ac.nz

Contact details for the Head of Department:

Ananish Chaudhuri, Professor in Economics and Head of Department,

Phone +64 9 923 8307

Email: a.chaudhuri@auckland.ac.nz

For any queries regarding ethical concerns you may contact the Chair, The University of Auckland Human Participants Ethics Committee, The University of Auckland, Research Office, Private Bag 92019, Auckland 1142. Telephone 09 373-7599 ext. 83711. Email: ro-ethics@auckland.ac.nz.

APPROVED BY THE UNIVERSITY OF AUCKLAND HUMAN PARTICIPANTS ETHICS COMMITTEE ON 19 AUGUST 2016 for (3) years, Reference Number 016816.

Owen G Glenn Building,
12 Grafton Rd
Auckland, New Zealand
T + 64 9 373 7599
W business.auckland.ac.nz
The University of Auckland
Business School
Private Bag 92019
Auckland 1142
New Zealand

Client/Participant Consent Form

This Consent Form will be held for a period of 6 years

Ngā Tangata Microfinance Evaluation 2016: Toward greater impact and improved processes

The researchers:

M.Claire Dale, PhD, Research Fellow, Centre for Applied Research in Economics (CARE).

Steffen Lippert, PhD, Director, Centre for Applied Research in Economics (CARE).

Interviewer: _____

The research:

The aim of the research is to evaluate the impact Ngā Tāngata Microfinance (NTM) loans have on clients and communities, and to evaluate the efficiency and effectiveness of NTM's processes. The key participants will include clients, budgeting advisors, staff, governance, key partners and stakeholders. New Zealand is unusual in not having a limit on the cost of consumer credit, and interest rates can legally exceed 500% annually. NTM loans were launched in 2011 to provide a safe, fair, affordable credit option, and a pathway to financial and social inclusion. The loan criteria include being a client of a budget service, and the willingness and capacity to repay the loan. NTM is led by trustees representing Child Poverty Action Group, New Zealand Council of Christian Social Services, and New Zealand Federation of Family Budgeting Services, in partnership with Kiwibank and the J.R.McKenzie Trust. Presbyterian Support Northern and Good Shepherd Microfinance provide ongoing support.

The client:

I understand that I am invited to participate in this research because I am a client of a Budgeting Service that contributes to the loan scheme, and that my participation or non-participation will not affect my relationship with NTM. I have read the Participant Information Sheet, and understand the nature of the research and why I have been selected. I have had the opportunity to ask questions and have them answered to my satisfaction.

I agree to take part in this research. My participation is voluntary. I understand that I have the right to withdraw from this research at any time, and to withdraw any data traceable to me up to 4 weeks after the date of this interview, without giving a reason.

I agree to participate by completing the interview which will take about 20 minutes. I understand the interview will be by telephone and may be recorded. I may choose to have the recorder turned off at any time without giving a reason. If the interview is recorded and transcribed, I will be given an opportunity to review and edit the transcription, and will have the right to withdraw from the study up to 4 weeks after receiving the transcript.

I understand the information will be treated as confidential. It will be aggregated, and reported as "provided by clients" in the written evaluation and in subsequent publications. When the information I provide is published, this will be done in such a way that its source cannot be identified. I understand the consent forms, questionnaires and audio tapes will be retained in separate locked cabinets by the lead researcher for 6 years, as required by the University of Auckland Ethics Committee.

I wish to receive a summary of findings, which can be emailed to me at this email address: _____

Name: _____ Signature: _____

Date: _____

Contact details for the researchers:

M.Claire Dale, PhD, Research Fellow, Centre for Applied Research in Economics (CARE),

Phone +64 9 923 6968

Email: m.dale@auckland.ac.nz

Steffen Lippert, PhD, Director, Centre for Applied Research in Economics (CARE),

Phone +64 9 923 7193

Email: s.lippert@auckland.ac.nz

Contact details for the Head of Department:

Ananish Chaudhuri, Professor in Economics and Head of Department,

Phone +64 9 923 8307

Email: a.chaudhuri@auckland.ac.nz

For any queries regarding ethical concerns you may contact the Chair, The University of Auckland Human Participants Ethics Committee, The University of Auckland, Research Office, Private Bag 92019, Auckland 1142. Telephone 09 373-7599 ext. 83711. Email: ro-ethics@auckland.ac.nz.

APPROVED BY THE UNIVERSITY OF AUCKLAND HUMAN PARTICIPANTS ETHICS COMMITTEE ON 19 AUGUST 2016 for (3) years, Reference Number 016816.

Appendix 2. NTM Evaluation Participant Interview Schedule

Budgeting Service Client (treatment group - NTM clients):

1. Male or female?
2. Ethnicity (read out the options to be clear)?
New Zealand Pākehā; Māori; Pacific Island (specify); Asian (specify); Other (specify)
3. Relationship status (read out the options to be clear)?
For example; partnered; sole parent; single
4. What is your age range:
18 – 28; 29 – 38; 39 – 48; 49 – 58; 59 – 65; 65+
5. What is your highest educational qualification? (read out options)
Secondary (high) school, NCEA level 1, 2, 3; University; Trade qualification (apprenticeship)
6. How many people usually live in your house (including children)?
7. Do you have dependent children under 18 years?
If yes, what are their ages?
8. Do you regularly help other family members or friends with money or other assistance (Prompt -provides food, childcare assistance, transport)?
If yes, how many?
9. How many times have you moved house in the last 5 years?
10. In the last 5 years, have you been in a situation where you were:
sharing a house with another family; living in a boarding house; living in emergency housing? Or other difficult housing arrangement?
11. Do you a) rent your home (or board)? or b) own your home with a mortgage?
12. How many bedrooms in your house?
13. How long have you lived at your current address?
14. What is your rent a week?
If not paying rent what is your mortgage a week?
15. Have your rent/mortgage changed in the last year?
If 'yes', what was the last change in \$?
16. Are you in paid employment?
If 'Yes', how many hours on average do you work each week?
And if partnered then what is the combined total?
17. In each of the last 2 weeks what was the total income for your household after tax and including any tax credits (guide if necessary - and any other Accommodation or Disability Allowances or contributions from other members of the household)? (Prompt, some people's income varies from week to week, so we want to know what your income was for each of the last two weeks.)
18. Do you have a Community Services Card?
19. Do you receive Working for Families Tax Credits?
20. Are you receiving any of these benefits?
If 'yes', what kind of benefit?
sole parent, jobseeker (unemployment) (sole parent) (sickness), supported living, New Zealand Superannuation, Student Allowance
21. Do you receive other state assistance? (read out the options to be clear)
Accommodation Supplement, Disability Allowance, Temporary Additional Support? (if 'yes' specify)
22. Do you have a household budget plan?
a. If 'yes', are you able to keep to the budget plan?
Always; most of the time; some of the time; occasionally; never.
b. If you are not able to keep to your household budget plan, what are the main reasons?
23. How long ago did you first see a Budgeting Advisor?
When did you last see a Budgeting Advisor?
24. Have you participated (or used) any other financial education programme? (read out the options to be clear) For example: online Sorted, a bank's online calculator; community based programme (if 'yes' specify)
25. At the time you received any financial advice or education did you make changes?
If yes, what changes?
26. Have you heard of Ngā Tangata Microfinance (NTM)?
If 'yes', have you discussed NTM with family, friends or co-workers?
27. **Have you applied for a loan/s from NTM in the last 5 years?**
28. If yes, was the application successful? (if 'no' move on to question 31)
29. If 'yes' to a Ngā Tangata Microfinance loan
 - a. What was the purpose of the loan/s?
 - b. How much \$ was the loan for?
 - c. How many months did you have to repay the loan?
 - d. Did the loan make a difference to your well-being and peace of mind?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement
 - e. What difference did that loan make to your family stress, at the time you received it?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement

f. What difference did that loan make to how you used your money at that time?

PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement

g. What difference has that loan made to how you use your money now?

PROMPT Are you now able to buy more nutritious food, pay your rent, power and other regular bills on time?

h. Has that loan increased your weekly spending? i. Yes; ii. No

i. Has that loan made any difference to your ownership of assets, for example, new TV, new beds, new car, put more in your Savings Account, paid off a debt?

j. Do you currently have any reserves or savings that you could use in an emergency?

If yes, then give an approximate amount.

k. Since your loan with NTM are you happier visiting your bank?

PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement, have you now got a credit card, overdraft, personal loan?

30. Can you tell me the rough amount and interest rate of any loans you have now?

house mortgage; overdraft; credit card; bank personal loan; Aotea Finance; Instant Finance; Pacific Loans; other secured personal loan; truck vendor; lease, payday loan, other

31. Would you borrow from a payday lender, mobile truck vendor or another provider of high interest loans?

If 'Yes', what would be your reason?

32. What advice would you give to someone in trouble over money?

33. What would you say to the people who support and fund Ngā Tangata Microfinance about the no interest loans?

34. Is there any else you would like to add?

Budgeting Service Client (control group):

1. Male or female?

2. Ethnicity (read out the options to be clear)?

New Zealand Pākehā; Māori; Pacific Island (specify); Asian (specify); Other (specify)

3. Relationship status (read out the options to be clear)?

For example; partnered; sole parent; single

4. What is your age range:

18 – 28; 29 – 38; 39 – 48; 49 – 58; 59 – 65; 65+

5. What is your highest educational qualification? (read out options)

Secondary (high) school, NCEA level 1, 2, 3; University; Trade qualification (apprenticeship)

6. How many people usually live in your house (including children)?

7. Do you have dependent children under 18 years?

If yes, what are their ages?

8. Do you regularly help other family members or friends with money or help practically (Prompt - provides food, childcare assistance, transport)?

If yes, how many?

9. How many times have you moved house in the last 5 years?

10. In the last 5 years, have you been in a situation where you were:

sharing a house with another family; living in a boarding house; living in emergency housing? Or other difficult housing arrangement?

11. Do you a) rent your home (or board)? or b) own your home with a mortgage?

12. How many bedrooms in your house?

13. How long have you lived at your current address?

14. What is your rent a week?

If not paying rent what is your mortgage a week?

15. Have your rent/mortgage changed in the last year?

If 'yes', what was the last change in \$?

16. Are you in paid employment?

If 'Yes', how many hours on average do you work each week?

And if partnered then what is the combined total?

17. In each of the last 2 weeks what was the total income for your household after tax and including any tax credits (guide if necessary - and any other Accommodation or Disability Allowances or contributions from other members of the household)? (Prompt, some people's income varies from week to week, so we want to know what your income was for each of the last two weeks.)

18. Do you have a Community Services Card?

19. Do you receive Working for Families Tax Credits?

20. Are you receiving any of these benefits?

If 'yes', what kind of benefit?

sole parent, jobseeker (unemployment) (sole parent) (sickness), supported living, New Zealand Superannuation, Student Allowance

21. Do you receive other state assistance? (read out the options to be clear)

Accommodation Supplement, Disability Allowance, Temporary Additional Support? (if 'yes' specify)

22. Do you have a household budget plan?

a. If 'yes', are you able to keep to the budget plan?

Always; most of the time; some of the time; occasionally; never.

b. If you are not able to keep to your household budget plan, what are the main reasons?

23. How long ago did you first see a Budgeting Advisor?

When did you last see a Budgeting Advisor?

24. Have you participated (or used) in any other financial education programme? (read out the options to be clear) For example: online Sorted, a bank's online calculator; community based programme (if 'yes' specify)

25. At the time you received any financial advice or education did you make changes?

If yes, what changes?

26. Have you heard of Ngā Tangata Microfinance loans (NTM)?
If 'yes', have you discussed NTM with family, friends or co-workers?
27. Have you applied for a loan/s from any source in the last 5 years? (prompt: a high interest source?)
28. If yes, was the application successful? (if 'no' move on to question 31)
29. If 'yes'
 - a. What was the purpose of the loan/s?
 - b. How much \$ was the loan for?
 - c. How many months did you have to repay the loan?
 - d. Did the loan make a difference to your well-being and peace of mind?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement
 - e. What difference did that loan make to your family stress, at the time you received it?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement
 - f. What difference did that loan make to how you used your money at that time?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement
 - g. What difference has that loan made to how you use your money now?
PROMPT Are you now able to buy more nutritious food, pay your rent, power and other regular bills on time?
 - h. Has that loan increased your weekly spending? i. Yes; ii. No
 - i. Has that loan made any difference to your ownership of assets, for example, new TV, new beds, new car, put more in your Savings Account, paid off a debt?
 - j. Do you currently have any reserves or savings that you could use in an emergency?
If yes, then give an approximate amount.
 - k. Since your loan are you happier visiting your bank?
PROMPT: on a scale of 1 to 5 where 1 is no improvement and 5 is huge improvement Have you now got a credit card, overdraft, personal loan?
30. Can you tell me the rough amount and interest rate of any loans you have now?
house mortgage; overdraft; credit card; bank personal loan; Aotea Finance; Instant Finance; Pacific Loans; other secured personal loan; truck vendor; lease, payday loan, other
31. Would you borrow from a payday lender, truck (mobile truck) vendor or another provider of high interest loans?
If 'Yes', what would be your reason?
32. What advice would you give to someone in trouble over money?
33. What would you say to the people who support and fund Ngā Tangata Microfinance about the no interest loans?
34. Is there any else you would like to add? (possible prompt only if needed: about availability of high interest loans ? about the affect of high interest loans on their budget)

Budgeting Service (Advisor, Manager, Field Officer), social worker:

1. On a scale of 1 to 5, where 1 is of little benefit and 5 is of great benefit, how would you rate the contribution of Ngā Tangata Microfinance (NTM) to the financial situation for your clients?
2. What is your understanding of the purpose of the Ngā Tangata Microfinance NILS loan?
3. What is your understanding of the purpose of the NTM DRLS loan?
4. What are your comments on the process and delivery of the NILS and DRLS loans?
5. On a scale of 1 to 5, where 1 is a little and 5 is a lot, are you able to be more helpful to your clients through having access to the NTM NILS and DRLS loans?
6. On a scale of 1 to 5, where 1 is of little benefit and 5 is of great benefit, can you rate how helpful the NTM loan manuals are?
7. On a scale of 1 to 5, where 1 is of little help and 5 is of great help, how adequate and helpful is the service and support you receive from NTM staff?
8. What suggestions would you make to improve NTM's systems or services?
9. How do you think NTM could improve its NILS or DRLS loans?
10. Do you discuss NTM with co-workers, friends or family?
11. Do you think there is a role for NTM in offering small no or low interest entrepreneurial loans to your clients [Yes or No]?
12. Are there other kinds of loans or other financial products that would be helpful for your clients?
13. What stops you from supporting more of your clients to make applications for NTM loans?
14. Have you any other comments you would like to make in regard to the work of NTM?
15. In New Zealand, it is legal to charge 500% interest on a loan. Would you vote for a limit on the total cost of borrowing?
16. Is there anything else you would like to say?

Internal and External Stakeholders, NTM Trustees, Directors, Staff and volunteers, and Kiwibank, PSN, Shakti and other collaborators:

1. On a scale of 1 to 5, where 1 is of little benefit and 5 is of great benefit, how would you rate the contribution of Ngā Tangata Microfinance (NTM) to financial inclusion and social justice for its clients?
2. What is your understanding of the purpose of the NTM NILS loan?
3. What is your understanding of the purpose of the NTM DRLS loan?
4. What are your comments on the process and delivery of NTM's NILS and DRLS loan?
5. Do you discuss NTM with co-workers, friends or family?
6. How do you think NTM could improve its products?
7. What suggestions would you make to improve NTM's systems or services?
8. Do you think there is a role for NTM in offering small no or low interest entrepreneurial loans?
9. What other loans or other financial products would be helpful for low income people and their communities?
10. What would be the largest single change you would like to see in order to make NTM work better and provide more support for low income people?
11. Have you any other comments you would like to make in regard to the work of NTM?
12. In New Zealand, it is legal to charge 500% interest on a loan. Would you vote for a limit on the total cost of borrowing?
13. Is there anything else you would like to say?

Appendix 3. Calculations for NTM clients' cost-savings

As at November 2016, after 5 years of operating, with loan capital of \$200,000 provided by Kiwibank, NTM had disbursed \$88,000 to 53 NILS clients and \$326,000 in DRLS loans to 134 clients, a total of 187 loans, with a 74% approval rate on applications. Total lending was \$414,000.

Material provided for NTM loan applications reveals that fringe lenders often add, in addition to the interest rate ranging from 29% to 547.5% (that is, 1.5% per day), an administration charge for each repayment (around \$10 to \$15), and add a penalty fee (\$20 to \$40) and a penalty interest rate (double the usual rate) to any missed repayment. Some third tier lenders also charge up to \$400 for per letter for correspondence following up a missed payment. The low or insufficient income of the borrower makes missed repayments almost inevitable.

The consequence of this usurious credit regime is that only a small portion of the borrower's repayment is actually applied to reduce the debt, thus the interest rate is applied to an almost constant debt amount.

From February 2011 to November 2016, NTM loans are estimated to have saved their 187 clients over \$800,000 in credit costs and charges, calculated as shown in Table 4:

The 53 NILS loans totalling \$88,000 saved their clients 10% interest cost, plus set-up, administration and penalty charges of an estimated \$20,140.

The 134 DRLS loans totalling \$326,000 saved their clients 40% interest cost, plus set-up, administration, insurance and penalty charges of an estimated \$790,400.

Table 4: Estimated cost-saving to clients of NTM's no interest, no fee loans of \$414,000 compared to borrowing from third tier/fringe lenders, February 2011 - November 2016

<i>Cost of credit charge</i>	NTM NILS maximum loan \$1,500		NTM DRLS maximum loan \$3,000	
	<i>Estimated Charge</i>	<i>Clients x 53</i>	<i>Estimated Charge</i>	<i>Clients x 134</i>
Interest	10% x 2 years	\$15,900	40% x 5 years	\$603,200
Set-up	\$20	\$1,060	\$200	\$26,800
Administration	\$30	\$1,590	\$300	\$40,200
Insurance	N/A		\$300	\$40,200
Penalty	\$15	\$1,590	80%	\$80,000
Total cost		\$20,140		\$790,400
NILS + DRLS Total cost-saving (estimated) \$810,540				

Footnotes

- ¹ See NZ Herald, Paul McBeth (2017). Household borrowing higher than before global financial crisis, 2 March, at http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11810732.
- ² See, for example, New York Times, 5 October 2017, Payday Lending Faces Tough New Restrictions by Consumer Agency, at <https://mobile.nytimes.com/2017/10/05/business/payday-loans-cfpb.html?action=click&module=News&pgtype=Homepage>.
- ³ See Families Commission (2009) Escaping the Debt Trap: Experiences of New Zealand Families Accessing Budgeting Services, at <http://www.familiescommission.org.nz/sites/default/files/downloads/escaping-the-debt-trap.pdf>.
- ⁴ See Bowman, D., M. Banks, G. Fela, R. Russell and A. d. Silva (2017). Understanding financial wellbeing in times of insecurity. Working Paper April 2017. Victoria, Australia, Brotherhood of St Laurence: 24, at http://library.bsl.org.au/jspui/bitstream/1/9423/1/Bowman_etal_Understanding_financial_wellbeing_2017.pdf.
- ⁵ NZFFBS was dismantled in 2017 and reformed as the National Building Financial Capability Charitable Trust.
- ⁶ By April 2017, NTM had disbursed a total of \$512,553: \$105,803 NILS and \$406,749 DRLS.
- ⁷ See Appendix 3 for calculations for NTM clients' savings.
- ⁸ See, for example, Dale, O'Brien et al (eds), 2014, 'Our children, our choice: priorities for policy' at <http://www.cpag.org.nz/assets/Publications/1410063-0%20Our%20Children%20Our%20Choice%202014.pdf>.
- ⁹ See, for example, Pierse, N., Arnold, R., Keall, M., Howden-Chapman, P., Crane, J., Cunningham, M., 2013: Modelling the effects of low indoor temperatures on the lung function of children with asthma, Journal of the Epidemiology of Community Health. 2013 Nov 1;67(11):918-25. doi: 10.1136/jech-2013-202632.
- ¹⁰ See, for example, Johnson, A. (2015) Every child's right to housing, in "Summit Proceedings: Welfare fit for families in a changing world", pp. 39 – 46, at: <https://cdn.auckland.ac.nz/assets/business/about/our-research/research-institutes-and-centres/RPRC/publications/welfare-summit-proceedings-2015.pdf>.
- ¹¹ See Colmar Brunton. Financial Knowledge and Behaviour Survey 2013. Commission for Financial Literacy and Retirement Income, ANZ Bank <http://media.nzherald.co.nz/webcontent/document/pdf/201324/FinancialSurvey.pdf>.



THE UNIVERSITY OF
AUCKLAND
Te Whare Wānanga o Tāmaki Makaurau
NEW ZEALAND

BUSINESS SCHOOL

**CENTRE FOR APPLIED RESEARCH
IN ECONOMICS**

www.business.auckland.ac.nz/CARE

M.Claire Dale, PhD,
Research Fellow, Centre for Applied Research
in Economics (CARE),

Phone +64 9 923 6968

Email: m.dale@auckland.ac.nz

Steffen Lippert, PhD,
Director, Centre for Applied Research in
Economics (CARE),

Phone +64 9 923 7193

Email: s.lippert@auckland.ac.nz