



Women are the Business
Season 1: Episode 3
We Need to Talk About Money

Sophie Thomas:

Bank balances, salary, joint accounts, credit card debt, mortgage repayments... Do these words make you shudder? Well, today on Women are the Business, we're not shying away from taboos. We're tackling all things women and money.

Sophie Thomas:

Money shapes our personal and professional lives in dramatic ways, but we're often reluctant to speak about it. Today, we're talking to two experts about their own experiences with money and revealing why it's important we start to open up this conversation.

Sophie Thomas:

Before we go on, today's episode contains some strong language and discusses domestic violence. If this raises concerns for you or someone you know, there's support available on 1-800-RESPECT or Lifeline on 13 11 14.

Sophie Thomas:

Are you happy to take it away?

Corinne Proske:

So, my name's Corinne Proske, and I lead a small social enterprise called Speckle, and we look at delivering ethical loans to people who are on lower incomes or vulnerable. I come from a multicultural family, and I think through that we've always had a really strong focus around fairness.

Corinne Proske:

So, fairness is kind of an underlying theme in everything I do. So, I started with my university studies here at the University of Melbourne and did a Bachelor of Commerce, kind of broke all ranks. My father wanted me to go into science or medicine, but I travelled to India, and I'd actually seen what poverty looked like, and felt that business was a technique and a tool that we should really explore.

Sophie Thomas:

It sounds like the bedrock of your career is this concept of fairness. It's not so much a traditional route to go down, to study commerce and achieve that goal through business. I think a lot of people would assume going into politics, or the public sector, or even working for a non-for-profit. Can you just explain more about your thinking behind doing commerce, and going into business, and how you think that that has made an impact?

Corinne Proske:

Well, my idea is the world as we know it, and the economy, and the constructs we have are led by money. So, if you're going to change those constructs, you've actually got to be working at how you shift that money.

Corinne Proske:

So, I started working with the National Australia Bank and worked there for quite a long time, where again, I was working on how the banks understand their social license to operate. Through that, I ended up in the area of microfinance and lending for people who get left behind by the banks.

Sophie Thomas:

Micro finance is a concept that came out of Bangladesh in the 1970s, led by an entrepreneur named Muhammad Yunus. After terrible flooding, Muhammad lent \$27 to a group of women who made bamboo baskets. The money helped the women settle the debts and get back on their feet. Since then, microfinance has become a global movement in the developing world, and Yunus has gone on to win a Nobel peace prize for his work, but it's not as commonly used in developed countries.

Sophie Thomas:

Corinne helped the National Australia Bank build a program for Australians on low incomes, and then went on to found Speckle, a small lending firm that offers cheap loans to tide people over between paydays.

Corinne Proske:

We're dealing about 50/50 with men and women. We see a lot of our customers are in the gig economy, or they're in shift work. So, we see retail, hospitality, and the new group we're seeing a lot of is healthcare, which is kind of concerning, but nurses are on shift work. You can have shifts up and down, and so we are increasingly seeing women come through and using these types of products as a top up on their income.

Sophie Thomas:

What do you think the key issues are, in your mind, when it comes to women in personal finance?

Corinne Proske:

Financial independence is a priority for a woman for a few reasons. One is, and we're starting to see that, is that poverty is more likely for a woman in Australia than for men. Part of that is around the caring duties. It's also around the pay equity piece. We also know that many women stay in violent relationships because of a lack of money and ability to set up outside of that. So, I think that for women to really grow to their potential, financial independence is a cornerstone.

Sophie Thomas:

It was while she was working in the finance industry that Corinne realized she was in trouble herself.

Corinne Proske:

A couple of years ago, I came out and told my story. I was in a relationship that was financially abusive. I didn't see it initially. You think it's all going well. He clearly had some financial concerns and problems in how he managed money, and initially I was generous. I didn't get it, and the next several years later I'm realizing that suddenly the person who works with people on delivering solutions is actually impacted herself. Now, the shame I felt at that point took me a while.

Sophie Thomas:

The wake-up call came at Christmas, when Corinne noticed her partner had taken money set aside for her kid's presents.

Corinne Proske:

Back to my sense of fairness. That just grated. How could you compromise the kids' Christmas?

Sophie Thomas:

Luckily for Corinne, she had the money and support network to get herself and her son out of that situation, but many women don't have those same advantages.

Corinne Proske:

Financial abuse sits within the definition of family violence, and it's really when someone uses money to control someone else, but we tend to assume that it's people on lower incomes who are most vulnerable to this. This cuts across the entire community. I think, in terms of family violence, it's one in six women, and we're estimating that 90% of those will experience financial abuse.

Corinne Proske:

Money is one of the key controlling mechanisms, and definitely within a violent relationship enters far earlier than, say, physical violence. As soon as you're talking about a power imbalance, it could be anybody. It is about not allowing people to access their bank accounts. It is about taking debt on their behalf. It's about forbidding people to work and earn their own income, identity theft and presenting as someone else and refusing to contribute to things like household expenses.

Corinne Proske:

This happens to a lot of people. There is a lot of shame attached to it.

Sophie Thomas:

So, you said that you didn't realize. Do you reckon that a lot of women don't realize that that's the dynamic of their relationship?

Corinne Proske:

It's insidious. It starts... It's like...

Corinne Proske:

We always ask women in family violence, "Why didn't you leave?"

Corinne Proske:

You don't see it when it starts. It creeps up on you, and I got out of it because I had this beautiful boy, and I didn't want him to grow up with a mother and a woman who was going to put up with this, and I think a lot of women leave for exactly those reasons.

Corinne Proske:

I also had the network and family who were able to give me the moral support, and I had the fortunate piece that I had put enough money away that I wasn't going to... I could work through this situation. Many people can't work through it.

Corinne Proske:

I've subsequently had several conversations with my friends and realize that it's sitting all around me, and then we open the conversation at work, and I have a workforce which is largely women. Yes, it's happening in there too.

Corinne Proske:

So, no group is excluded. No income level is excluded. It's just a conversation we need to talk about around how do people feel about money, how do they feel about it on their own, and how do they feel about it within their relationship?

Sophie Thomas:

Abuse is just one stark example of the disadvantages women face when it comes to money.

Carsten Murawski:

I'm Carsten Murawski. I'm an economist in the Department of Finance in the Faculty of Business and Economics at the University of Melbourne, and I'm also a co-director of the Brain, Mind and Markets Lab. I'm an economist by background and by training and have worked in the financial industry before I started doing a PhD and before I became an academic.

Sophie Thomas:

Carsten studies the choices that people make, particularly choices that affect the future, such as saving money. He's particularly interested in how decisions around personal finance can affect wellbeing.

Carsten Murawski:

Women in general are much more likely to experience poverty in Australia. An important variable in finance, of course, is income. If your income is high, then a lot of things in finance become much easier. The income discrepancy or gender gap in income is really one of the main causes that then has a lot of follow on effects, including in superannuation and so on.

Carsten Murawski:

The major stresses that women experience when it comes to finances are divorce, having children, severe illnesses, single parenting, but also job loss. When we look at women, the group that that has the highest prevalence of financial stress are single women, and within that group, particularly single parents.

Carsten Murawski:

Divorce rates in Australia are relatively high. Apparently, about 20% of Australians between 45 and 64 divorced, and a divorce does have quite substantial effects on employment, income asset holdings like home ownership, and so on and in most of those areas, women fare much worse than men.

Sophie Thomas:

Young women in their early to mid-twenties are increasingly at risk, too, even if they are relatively well off now.

Carsten Murawski:

There are what we call maybe early warning signs with regards to financial vulnerabilities they might be encountering later in their lives. For example, over a quarter of young women have no superannuation at the moment. Work life in general for young people is becoming more volatile and more uncertain, and at the same time that age group faces the same level of income inequality that women did 20 years ago.

Sophie Thomas:

All of these disadvantages tend to accumulate and manifest later in a woman's life.

Carsten Murawski:

Here, we observe the highest levels of poverty amongst the elderly and specifically among women. In fact, Australia has the highest old age poverty rate amongst OECD countries, which is a massive concern at the time of retirement. Superannuation balances of women in Australia, on average, are only about half of those of men.

Sophie Thomas:

The superannuation system was built in the early '90s, and since then, men have reaped much larger rewards at retirement compared to women. What caused this huge gap?

Carsten Murawski:

One major contributing factor is the gender pay gap that we mentioned earlier. Another really important factor is the time out of the workforce in relation to childcare responsibilities and other caring responsibilities, and then the fact, which is related, that women, when they go back into the workforce, they often work part time.

Carsten Murawski:

The fact that women leave the workforce when they have children also means that, even if they go back to work full time, that their career often progresses more slowly than the careers of men with equal qualifications and so on.

Carsten Murawski:

What that means is that women have less opportunity to accumulate wealth, if you like, through superannuation, which is then reflected in their lower balances at the time they retire. Women tend to live longer than men, so they would actually need more money in retirement, because they have to fund a longer period post retirement, but the opposite is the case, and that's probably one reason why we see these high rates of old age poverty primarily amongst women.

Sophie Thomas:

Another factor that makes women more vulnerable is financial literacy. The HILDA survey of Australian households tracks this gap by asking five basic finance questions. In 2018, it found that half of Australian men could answer all questions correctly, but only 35% of women. It also found that people with low financial literacy are twice as likely to experience poverty.

Sophie Thomas:

So, a lot of people would argue that men are better with numbers than women, which might mean that they would think that, oh well, men are just better at making financial decisions than women. Therefore, is there any biological basis why a man would be better at managing his personal finances than a woman?

Carsten Murawski:

There certainly is none that I'm aware of. I don't think differences in the brain are somehow the place where we should look first to fix the disadvantage of women when it comes to finances.

Carsten Murawski:

I think one important point to mention is when you look at something like super, it's a very high level outcome that's affected by a vast array of factors. Some of them have to do with ourselves. A lot of them have to do with society, including social norms, but also policy, and so on, and so forth. But even something like savings behavior is effected by a vast array of factors. So, trying to relate something like superannuation outcomes at retirement age to something in your brain, I think that would be a rather lunatic endeavor.

Sophie Thomas:

The gender pay gap can set women up for a lifetime of financial disadvantage, making them more vulnerable to poverty and financial abuse. Is there anything they can do about it?

Corinne Proske:

Oh, I say to my girlfriends, "A man is not a plan."

Corinne Proske:

And we have the beauty in this country of being able to work, so be able to get our own income in, but also then manage our expenses within our income.

Sophie Thomas:

This can be particularly important in abusive situations, such as the one Corinne found herself in.

Sophie Thomas:

It's interesting. I don't know if you've heard of this, but a few years ago I read about this thing, and it stuck with me so much, this article that said that every woman should a... I'm going to swear. Every woman should have a fuck off fund.

Corinne Proske:

Yes, I read that article.

Sophie Thomas:

And so the concept is...

Corinne Proske:

So, I have my fuck off fund.

Sophie Thomas:

Yeah, so do I!

Sophie Thomas:

So, the concept, for people who don't know is that the idea is every woman should have a fuck off fund with a significant amount of money that is there for you when things don't pan out the way that you think they're going to, whether that be you suddenly lose your job, or even situations where women need to quit jobs because their boss is abusive. Or, if you're in a relationship, and you find that relationship's not working, and you need to move out all of a sudden, and just every woman should have this little buffer. And I just, as soon as I read that article I was like, "That's it. I have my fuck off fund, and I think every woman should have that fuck off fund."

Corinne Proske:

Yeah, that's right. And that's... It's that kind of piece that leads to that independence. It's not about being negative on anything, but it's giving you the choice, and to choose to stay in something is really important.

Sophie Thomas:

Women should also talk to each other about finances to arm themselves against gender stereotypes around money.

Corinne Proske:

I'm friends on a couple of Facebook groups. One is Mums Who Like to Budget, and it's this great collective of women across the country who talk about their savings tips, who posts photos of how they've saved money on the groceries this week, where to buy, all of those kinds of things.

Corinne Proske:

So, there is a changing discourse around money and how to manage it, and that it's okay to say, "It's been tough this week. How do I make that shortfall up?" Or, "Are there other tools to get me ahead?"

Corinne Proske:

I've started to initiate it personally with my girlfriends around, "Let's talk about where everyone's struggling on this, because each of us will have ups and downs and moments where it's easy or difficult, and you can share or provide insights."

Corinne Proske:

And I think also, for people not feeling like they're on their own in these decisions allows you to have longer term decisions. When people feel really stressed and frustrated with money, they tend to make very short term calls that have longterm ramifications, whether it's taking out a high cost loan, whether it's this is all too hard so we'll go down to Macca's and buy the meal, which means that we'll be short for dinner tomorrow. Those quick fixes become much more attractive, so helping people think through about what do we need to do in six months, 12 months, super?

Sophie Thomas:

Corinne also points to rigid social norms around money. For instance, the expectation that couples would join their finances when they get together.

Corinne Proske:

I think that's part of the cultural piece and the attitude around money we've got to shift. In the fifties and sixties that was probably okay, because only one person worked in the family. Most women

were not allowed to work after they were married. Their employer wouldn't allow them. The husband wouldn't allow them, so it was different circumstance.

Corinne Proske:

We've got to shift to today, the gig economy, changing approaches to how relationships are run, changing approaches to who the breadwinner is, how money's worked, how super structured. Super is about the individual.

Corinne Proske:

That joint account's great if you're paying bills together, but do you really need to join everything? A joint bank account can be a great thing if it's not your sole bank account, but if it's your sole bank account, it can also put you at a high risk of financial abuse.

Sophie Thomas:

We've talked a lot about what women can do, but Carsten says it can't all come down to them.

Carsten Murawski:

We talk a lot about what women need to do to fix their issues. For example how do we get women to learn more about finances? How do we get women to save more of their income, et cetera, when in fact we should stop putting all the responsibility on women and ask what men can do.

Carsten Murawski:

It's men who often make decisions about who to hire, who make decisions about how much to pay their employees in organizations. It's men who decide to do less work at home than their are female partners and so on. So, I think it's very important that we recognize this as a problem not just for women, but for society as a whole, including men, and for men to step up to the plate and do their share of the problem solving here.

Sophie Thomas:

The pay gap isn't going to close overnight, but there are other things that businesses, particularly financial institutions, can do. In the meantime. This has been a hot topic in Australia since the Banking Royal Commission found widespread misconduct in the financial services industry, particularly around exploiting people experiencing disadvantage. Carsten recently experienced this personally.

Carsten Murawski:

My father passed away last year, and suddenly my mum had to take over the finances, which wasn't something that she was really into. So, went to the bank with her, and from the first meeting she was basically bombarded with attempts at trying to sell her things, or services, or products that she didn't need at a highly inflated price, and often the reasons that she was given for buying a service were complete nonsense.

Carsten Murawski:

And so, after a while I made a complaint to the bank, because I just found it unbearable and also unconscionable, really, but it continues. It seems to be ingrained, somehow, in the culture of at least some of those organizations.

Carsten Murawski:

And so again, if you are part of a vulnerable group, you are just constantly exposed to attempts, conscious on maybe sometimes unconscious, to lose money in one way another or to make a decision that's not in your advantage. And so, I believe the industry as a whole really needs to up its game to make sure that it looks after people's financial wellbeing as well as possible rather than just trying to sell products and services.

Sophie Thomas:

Corinne says we need to keep having these difficult conversations and continue to put pressure on businesses.

Corinne Proske:

Look, I think there is some work being done around vulnerable consumers through the Australian Banking Association, and I just want that work to start rolling and really get some legs. I know the awareness and the discussion around financial abuse is much greater than what it was, thanks to Rosie Batty in large part.

Corinne Proske:

One of the things we're just commencing talking about is actually elder abuse, and that's where children sponge off parents, and women in that case tend to be the most impacted and the least likely to report, because no one really wants to look into the fact that your kids are prepared to do that to you. So, I think there are some things that are happening there, but we just have to keep pushing it. The banks can see it through bank statements or can start having that conversation.

Corinne Proske:

They are tough conversations, but now I've noticed that when you get a loan out and there's a guarantor, you actually have to have independent legal advice around that. They're the kind of things we really need to shift. I think, pay equity, if a big business wants to do something, just pay men and women the same amount.

Sophie Thomas:

At some point, everyone has to have a conversation about money with a spouse, a roommate, your kids, your aging parents, or your boss. As we found out today, these conversations or lack thereof can make or break our financial futures.

Sophie Thomas:

Thanks to our guests, Corinne Proske and Professor Carsten Murawski.

Sophie Thomas:

People concerned about family violence can call the national helpline on 1-800-RESPECT or Lifeline on 13 11 14.

Sophie Thomas:

Subscribe to Women are the Business for new episodes every second Wednesday. If you enjoyed this episode, don't forget to write a review. For more insights on how women work and live, head to our website, fbe.unimelb.edu.au/womenarethebusiness.

Sophie Thomas:

Women are the Business is recorded on Wurundjeri land at the University of Melbourne. The podcast is produced by Seth Robinson, James Whitmore, and me, Sophie Thomas. It's recorded by Chris Hatzis, edited and mixed by Audiocraft's Camilla Hannan. The theme music comes from Epidemic Sounds.