

FIXING FINANCE FOR WOMEN IN MICRO BUSINESS

June 2024

GLOBAL SISTERS

INDEX

1

Financial Pathways Program

Overview

Women's Economic Security Impact Roadmap

Fixing Finance for Women in Micro Business

Financial Pathways Program: Objectives

Research Methodology

2

Building Business Financial Acumen

Strengthening business financials

Global Sisters Program Offerings

Financial Pathways App

Tool example: My Financial Roadmap

Coaching - 'Know your numbers'

3

Engagement with Financial Sector

Global Sisters' Engagement Goals

Financial product and service needs of women in micro business

Financial Services Provider Forum

Trusted financial advice and planning

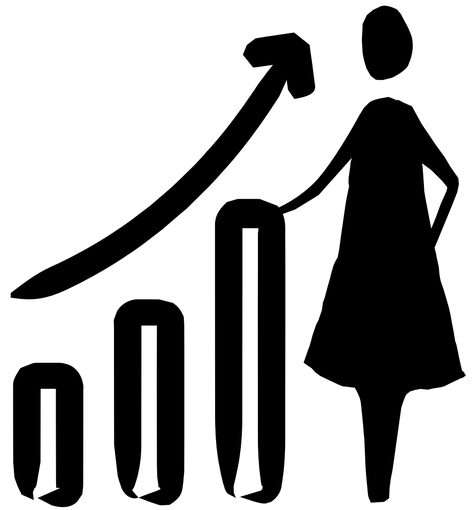
4

Business Insurance

Lived Business Insurance Experiences

Female Founder Business Insurance Needs

Case Study: Business Insurance Partnership: Imalia





5

Providing Female Founders access to capital

Reality of Bootstrapping

Global Sisters Business Micro Loan Program

Building a Loan Guarantee Fund

6

Super for the Self Employed

State of Play

Opportunities

7

Financial Pathways Program: Status Update

Progress against outcomes

GLOBAL SISTERS

Overview

FINANCIAL PATHWAYS PROGRAM



Financial Pathways Program

OVERVIEW

Global Sisters directly supports women to start micro businesses for the purpose of becoming financially resilient - to be in a position to grow, sustain and leverage their business income to build their long term economic security.

To see women in Australia have a clear pathway toward achieving economic security, we cannot continue to work with a model that simply looks at one woman-at-a-time or one issue at a time. We must do all we can to confront gender inequality ingrained in our systems and structures.

Global Sisters seeks to shine a spotlight on, amplify and underscore two key points, that self employment and female founded micro business is key to economic growth as a nation, and increasing women's economic participation. Yet, to truly 'count her in' when it comes to female founded women led business, we need to take a look at systemic embedded barriers especially within the finance and investment sectors. Barriers that include but are not limited to:

- gendered bias (both unconscious and conscious)
- the under service or lack of appropriate service to the most rapidly emerging business market segment in Australia

Global Sisters is asking "Why?" is this the reality for the majority of women embarking on or pursuing self employment through micro business across this nation but it need not be!

Unlocking Australia's economic success hinges on us being able to call on those in power, to think in and support new practical ways to overcome the persistent problems holding women back from economic participation.

Global Sister's approach focuses on using self employment as a vehicle for flexible dignified income generation that enables financial safety, security and long term economic well being.

Global Sisters systems change efforts deeply invest into four key areas:

- Welfare reform that would enable women to pursue self-employment as a legitimate valid alternate pathway to 'finding a job'.
- Pro women's micro business policy and investment prioritisation
- Business specific financial product and services pathways that are designed with and keeping women front of mind, that are affordable, relevant and right-sized for micro business
- Access to pathways for home ownership for women (specifically self-employed women).

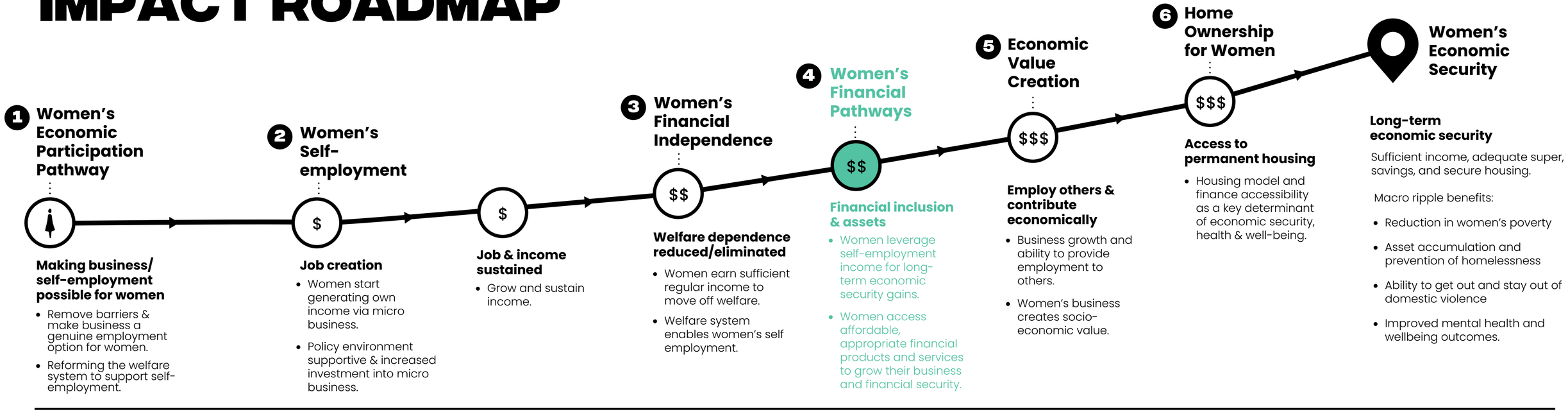
Fixing finance for women in micro business was Global Sisters 2023 Systems Change research focus under the Financial Pathways Program.

We took a deep dive with female founders into their attitudes and financial business behaviours, as well as their ability to access and afford business specific financial products, their perceptions of product suitability and relevance to their stage of business and business type, and their user experience.

GLOBAL SISTERS

Women's economic security

IMPACT ROADMAP



DIRECT SISTER IMPACT: PROGRAMS

Global Sisters directly supports women to start micro businesses - to become financially resilient - by providing:

Pathways to economic participation in micro business

Self-employment in micro business

- **Business Education**
- **Coaching & Expert Pro Bono Services**
- **Business Micro Loans Program & Financial Pathways**
- **Sales Runways**

Community & Connection

SYSTEMS CHANGE: INTERVENTIONS

Sustaining and leveraging business income to change women's long-term economic security.

- **Welfare reform for women's self employment**
- **Pro women micro business policy & investment**
- **Women's Financial Products & Services Pathway**
- **Access to home ownership for women**

MACRO IMPACT DOMAINS

- **Women's Poverty**
- **Domestic & Family Violence (DFV)**
- **Women's Mental Health & Wellbeing**
- **Women's Homelessness**

DIRECT IMPACT DOMAINS

- **Business Acumen**
- **Connection**
- **Enterprise**
- **Financial Resilience**
- **Empowerment**
- **Influence**

GLOBAL SISTERS

Making the invisible visible

FIXING FINANCE FOR WOMEN IN MICRO BUSINESS

At Global Sisters, we are all too familiar with the barriers women face in business, including barriers related to access to and use of financial products and services needed to start, grow and accelerate their businesses, along with their challenges of inequity in achieving financial independence.

In this paper we bring a spotlight to women in microbusiness' lived experiences around engagement with financial products and services. We raise some of the substantial barriers to entry and the challenges of ongoing engagement with the financial services sector.

It's no secret that we have set our sights on making visible what we know, that together with insights from others, might just provide the design ingredients required to fix finance for women in micro business.

Now, more than ever before, we are focused on advocating for a strong commitment from financial services providers to work with stakeholders such as Global Sisters who are external to the sector but who can support them to design affordable, relevant, integrated financial products and services with women in micro business front-of-mind.

At last count there were

1,651,049 small business owner managers in Australia

of which **549,951** are female

A recent study by The McKell Institute highlights the emergence of micro business in Australia.2

Micro businesses make up

89%

of all businesses to form the backbone of the Australian economy and it's women business owners who are making up much of the growing sector.

The number of businesses owned by women has increased

31% in the early 2000s

to over **35%** in 2022



2019-2023

The micro business sector has been the fastest growing business sector in Australia

increasing by **14%** over the past 4 years

growing from **2M** to **2.28M**

2.9M people employed

The contribution of micro businesses now exceeds that of small businesses in Australia.

GLOBAL SISTERS

Goals and Objectives

FINANCIAL PATHWAYS PROGRAM

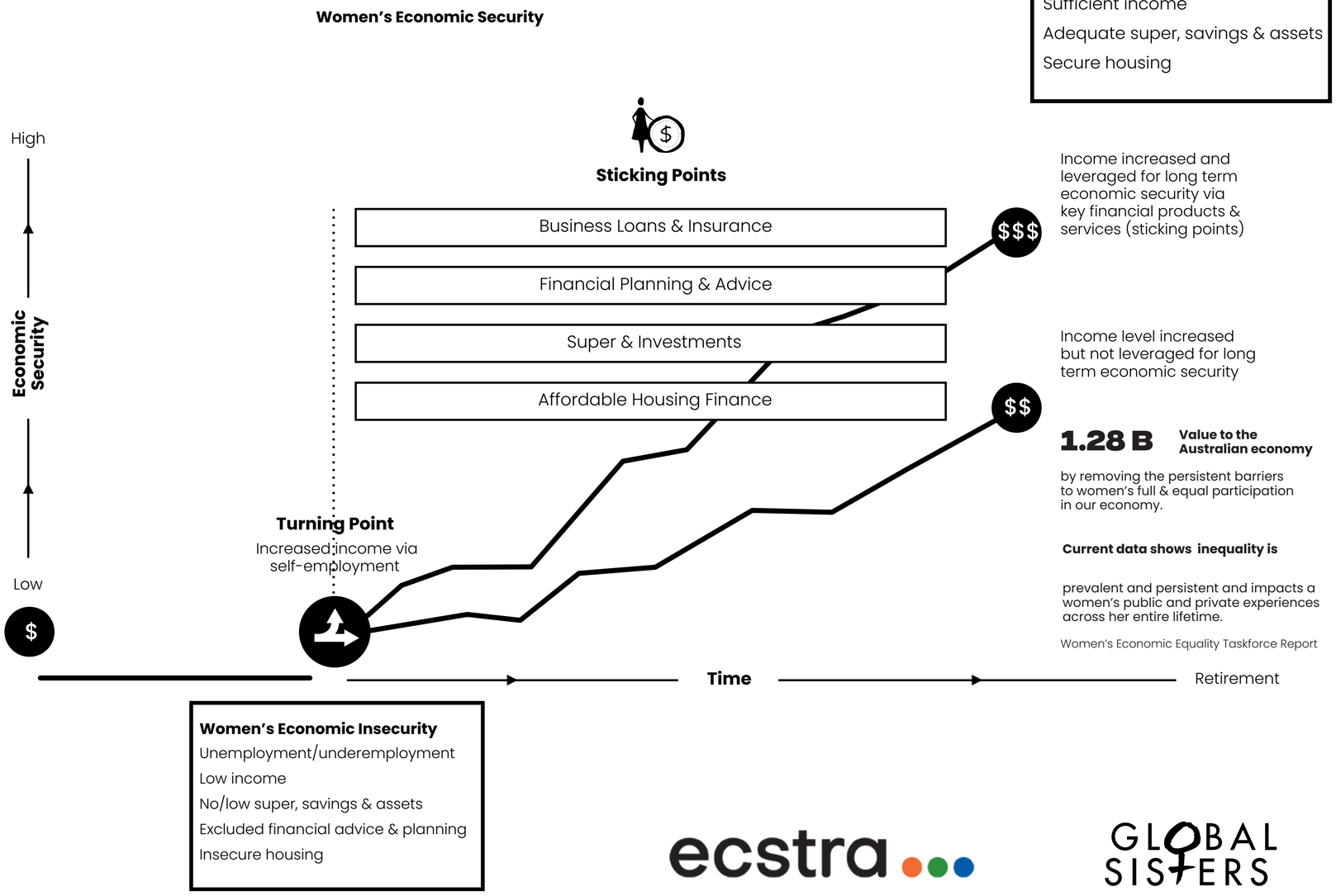
Through the Women's Economic Security Pathways Program, made possible because of the **3-year funding provided by the ECSTRA Foundation**, Global Sisters has three overarching strategic goals:

(1) #ListenToHER in financial product and service design

(2) Catalyse collaborations with the financial sector to redesign or innovate financial products and services

(3) Joining the dots: A pathway to long-term economic security.





1.28 B **Value to the Australian economy**

by removing the persistent barriers to women's full & equal participation in our economy.

Current data shows inequality is

prevalent and persistent and impacts a women's public and private experiences across her entire lifetime.

Women's Economic Equality Taskforce Report

ecstra

GLOBAL SISTERS

The Women's Economic Security program, has five (5) key objectives that are building towards our strategic goals:

1. LISTEN TO HER

Intentional inclusion of women's voices into the design process, particularly women in micro business' lived experience with both the formal and informal financial sector, is key to correctly identify the 'use case' that the finance sector is attempting to innovate or design for. #ListenToHER is Global SIsters' R&D initiative to listen to the lived experiences of Sisters - female micro business founders from around Australia - and learn what they really need from financial products and services to establish and accelerate their businesses.

2. FIXING FINANCE FOR WOMEN IN MICRO BUSINESS

Global Sisters seek to bring research findings and key insights drawn from their active member base, to the financial services providers via industry design forums such as the 2023 Financial Services Provider Forum: Fixing Finance for Women in Micro Business, with additional post-forum recommendations paper, that can galvanize the need, business case and commercial opportunities for the financial services sector to better understand, respond to and effectively serve this growing micro business market segment.

3. INNOVATIVE FINANCIAL SOLUTIONS

Global Sisters is initiating a minimum of three strategic joint ventures and co-design partnerships with financial services providers, to design, test and refine key financial products that women in micro business are looking for (innovative financing for micro businesses, entry-level micro business insurance, superannuation option and financial advice service). Designing these with end-users is essential to the success of these products and services. Global Sisters will identify, co-design and facilitate access to a suite of custom financial products and services for self-employed Australian women, that lead to improved financial resilience and wellbeing now and in the future. These tailored products will be elivered to Sisters via partnerships with financial institutions. These products and services for Sisters would be made available and accessible to all Australian women.



ecstra

GLOBAL SISTERS

4. ROADMAP & CONNECTION PLATFORM

Global Sisters is working to provide a one-stop-digital-platform for women to access an interactive roadmap that identifies the range of financial products and services, and supportive tools that they can use to make sense of the integration and logical staging against their own start-up to early growth to acceleration and scaling micro business journey. While there are pockets of information or online tools that can be accessed if you know what to look for and have the confidence and self-efficacy to engage with them, often what is missing is the 'integration' and staging aspect. This platform will better equip women to access the right products/ services at the right time and leverage their business income for long-term economic security benefits.

5. ELEVATING MICRO BUSINESS AS A MAJOR CATEGORY IN ITS OWN RIGHT IN THE SMALL BUSINESS SECTOR

To better secure engagement with the Financial Services Sector and to unlock investment into financial product and service innovation, there needs to be a robust understanding of the difference between micro and small business (stages and timelines related to growth, financing needs and capacity) which impacts the relevance, affordability and sustainability of financial products and services for this consumer cohort.

Key to this is advocating for the development of a nationally endorsed, more mature definition of micro business, and nuanced metrics that reflect a post-covid reality (such as the number of hours of outsourced or 'gig' employment created rather than the number of people employed), with intentionality around filling in the existing data gaps (ensuring data is collected that looks at activity granulated to gender, geography and turnover under GST threshold of $75k p.a) so as to better monitor and track the health and economic contributions of micro business in Australia.

It is only when we make invisible things visible, that we are able to effectively design appropriate policy and ensure the necessary practical support required to ensure micro business in Australia has the best chance to flourish, is in place.

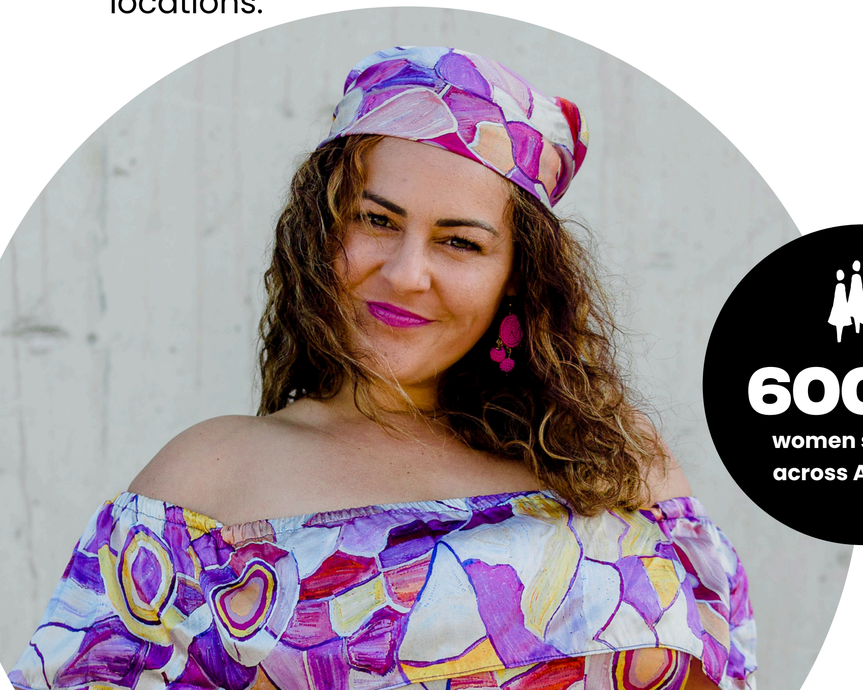
Financial Pathways Program

RESEARCH METHODOLOGY

Who are the Sister

Sisters are women who choose to engage with Global Sisters. They may be women who are unemployed, underemployed and with low incomes, many are experiencing economic insecurity, but all are women looking to self-employment to build their long-term economic security.

While Global Sisters has a strategic focus on older women and solo mums, Sisters also include First Nations women, migrants and refugees, women escaping DVF, women with disabilities and those living in regional, remote locations.



6000+
women supported across Australia

Listen to HER

As part of the Financial Pathways program funded by the Ecstra Foundation, Global Sisters conducted a baseline research project titled 'Fixing Finance for women in microbusiness' engaging Sisters between Q4 2022 and Q2 2023.

26
one-on-one interviews

10
focus group discussions

158
survey submissions received

The goal was to understand the reality and lived experience of women in micro business as it relates to five financial themes:

1. Sources of financial information
2. Access to and use of financial products, planning tools and financial advice
3. Credit history, credit scores and financing options
4. Mitigating risk – all things insurance
5. Economic safety, security and financial wellbeing



If we want to see financial products and services having their intended impact of improving financial wellbeing, then end beneficiary and stakeholder engagement is a strategic necessity for gaining buy-in and social license. End-users have an increasingly vital role to play in innovation. In fact, studies have found that non-experts often come up with product ideas that have more value and benefit to customers than those created by expert design teams. We want to support the shift from a model in which financial products and services are created through a closed-door, top-down, expert-biased process—a passive consumer model— toward a model based on open, cocreated, user-driven strategies —the engaged "prosumer" model. **Global Sisters goal** is to ensure there is opportunity embedded in the financial product design process for listening to the lived experiences, needs, priorities and suggestions from women, as to what would actually make a difference. In short, to support the financial services sector to design with women in micro business front-of-mind.

This paper takes an in-depth look at data collected in the baseline survey of Sisters participating in the a longitudinal study conducted by Global Sisters under the Financial Pathways Program, made possible because of the 3-year funding provided by the ECSTRA Foundation.

Baseline

The baseline survey provides information, description and analysis of the reality and lived experience of women in micro business as it relates to five financial themes, and serves as a benchmark for the Financial Pathways Program objectives.

Eligibility criteria required participants to be active Sisters - participating with Global Sisters Business Education program suite of offerings and/or coaching support within the previous 12-months.

Farther Analysis

Global Sisters use of the baseline research provides the foundation for designing a minimum of three strategic co-design partnerships with financial service providers, to build, test and refine key financial products or support services that women in micro business are looking for. Desiging these with end users is essential to the success of these products and services.

The Finanical Pathways Program has an initial 18 month implementation phase. Continual assessments, observations through Global Sisters business education suite of programmatic offerings, focus group discussions and 1-1 conversations throughout the implementation phase provide ongoing qualitative data on the beliefs, behaviours, experiences and impact of experiences of female founders.

A 6-month follow up longitudinal study (random sample) will be completed in 2024 to facilitate the measurement of outcome and impact attributable to the program as a whole and various specific financial product and service partnerships.

GLOBAL SISTERS

Global Sisters Business Education Program Offerings

BUILDING BUSINESS FINANCIAL ACUMEN



Building Business Financial Acumen

STRENGTHENING BUSINESS FINANCIALS

The Global Sisters Financial Pathways Program is building the capacity and confidence of female founders and women led micro businesses to challenge the power dynamics (imbalance) and gender bias embedded within the financial system.

The approach taken by Global Sisters is both a 'push and pull' strategy.

The 'push' referring to the scheduled delivery of our suite of business education programming, such as Sister School and the Financial Pathways Program. The 'pull' referring to the organic activity initiated by Sisters to access the content and resources on the Global Sisters app, intentionally designed to provide Sisters with access to curated micro business information, tools, calculators, checklists, links and referrals, as well as guides to inform the navigation of the options for appropriately sized, affordable, relevant financial products and services

Global Sisters is working to empower women to build their business acumen (including their knowledge and skills around using business financial terminology and business financial reports and statements), to enable each to effectively engage in their own financial planning, navigate financial conversations about their business with key stakeholders including those within the financial services sector, and to enhance their connections and networks, improving the likelihood their business will succeed.



Confidence managing the financial side of your business?

13% Confident

45% Somewhat

42% Not confident



Where do you mostly turn to for financial information and advice related to your business?
(more than one option possible)

57% Google Youtube Social Media

45% Govt Websites

32% Family & Friends

22% Business Coach

15% Financial Counsellor

10% Banking Sector



How likely are you to first seek financial advice or direction from a formal qualified source?

17% Very likely Know where to go

51% Likely but unsure where to go

20% Not likely but would ask family or friend

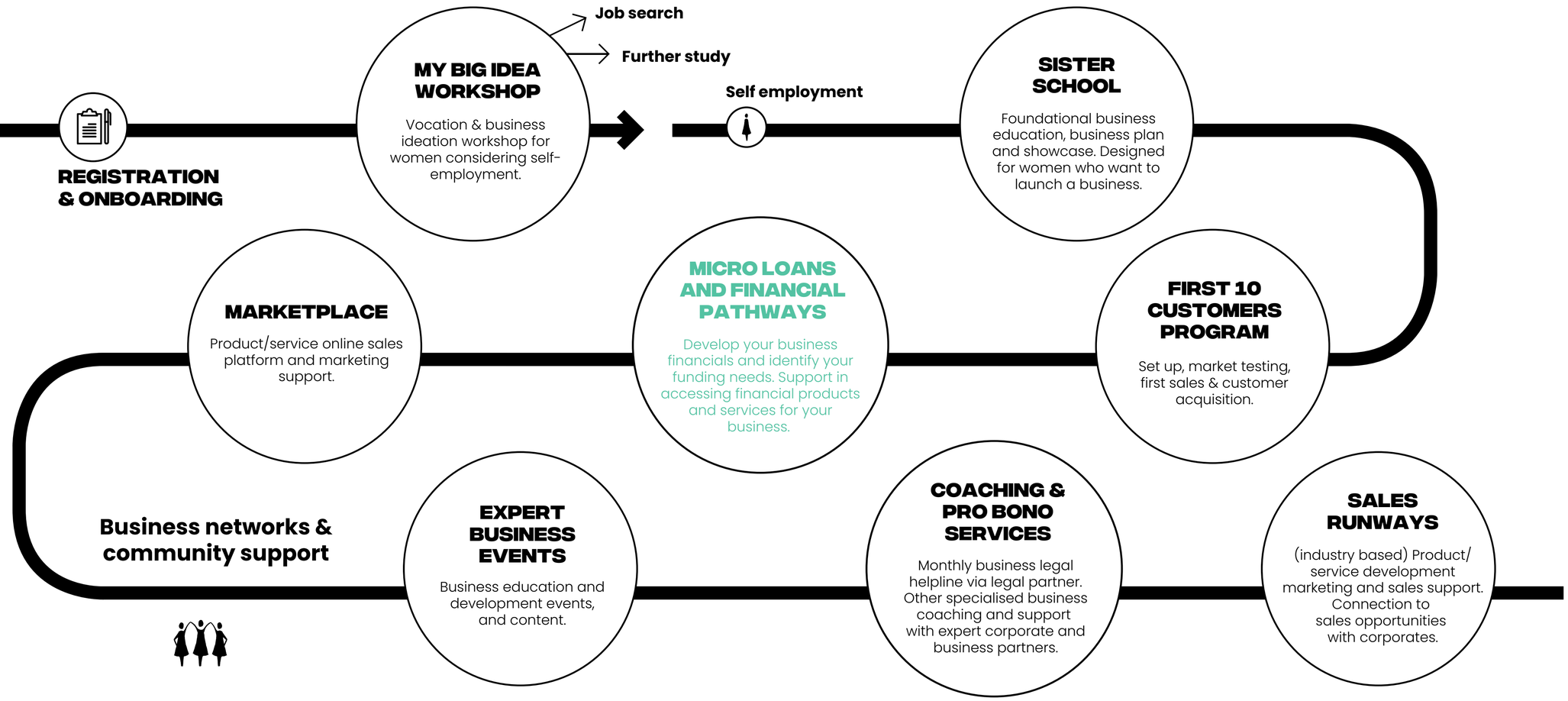
12% Occasionally ie Tax Time to rarely

GLOBAL SISTERS

Building Business Financial Acumen

GLOBAL SISTERS PROGRAM OFFERINGS

To support women building the financial acumen related to their business and to ensure their business is viable and able to grow in a financially responsible way, Global Sisters has been working in 2023/2024 to update our offerings to enhance the support of women to author and manage their business financials, in light of the baseline findings.



The newest offering is the Financial Pathways Program, which takes a deep dives into the core of business financials, is intentionally designed to build capability and confidence as a female founder and business owner, to use financial information at hand to make better business decisions at each stage of their business journey.

During the 2-module group program, Sisters focus on: What is involved to build your financial roadmap; Understanding your business' current financial position; Familiarise yourself with key business financial reports and statements; Improve your cash flow management; Identify current and future financial challenges; and Choose the right financial tools for you at each stage of your business journey.

GLOBAL SISTERS

Building Business Financial Acumen

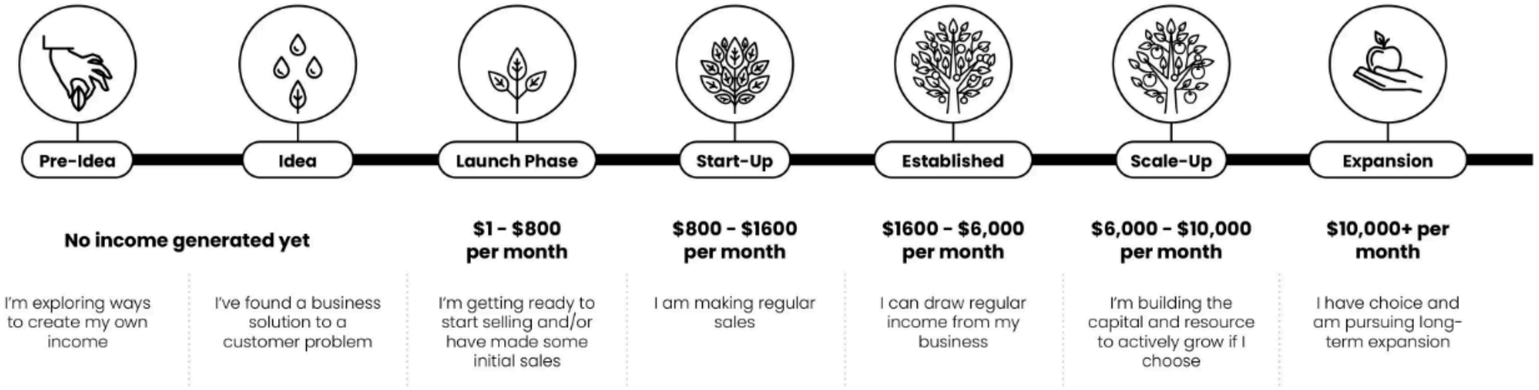
FINANCIAL PATHWAYS APP

Each micro business has it's own unique flavour and path to success!

However, as a Sister navigates the road from establishment through growth and beyond, there will be some common finance challenges all businesses need to navigate - such as managing cash flow, securing right sized affordable working capital or business loans, mitigating risk or financial exposure and best leveraging profit for long term economic security and financial wellbeing.

Global Sisters is working to deliver and continue to enhance a one-stop-digital platform filled with curated business tools, checklists, informative resources, step-by-step tutorials matched to stages of business - all to empower Sisters to author their own financial roadmap toward a secured independent financial future.

Further, to provide access to referral pathways or connections to financial service providers or financial coaches and advisors who understand and have a strong track record working effectively with women in business.



The core elements of the Financial Pathways App

INFORM
Just wanting to take a quick look or listen?
Knowledge is power.
Build your business financial insights through fact sheets, familiarity with financial terms through easy to understand glossaries, access 'quick-check' lists and find links to some cool business and financial podcasts!"

MAPPING
Ready to put the work in...
Check out some of the templates, tools and calculators matched to your stage of business, as well as links to additional resources and programs that might propel you forward."

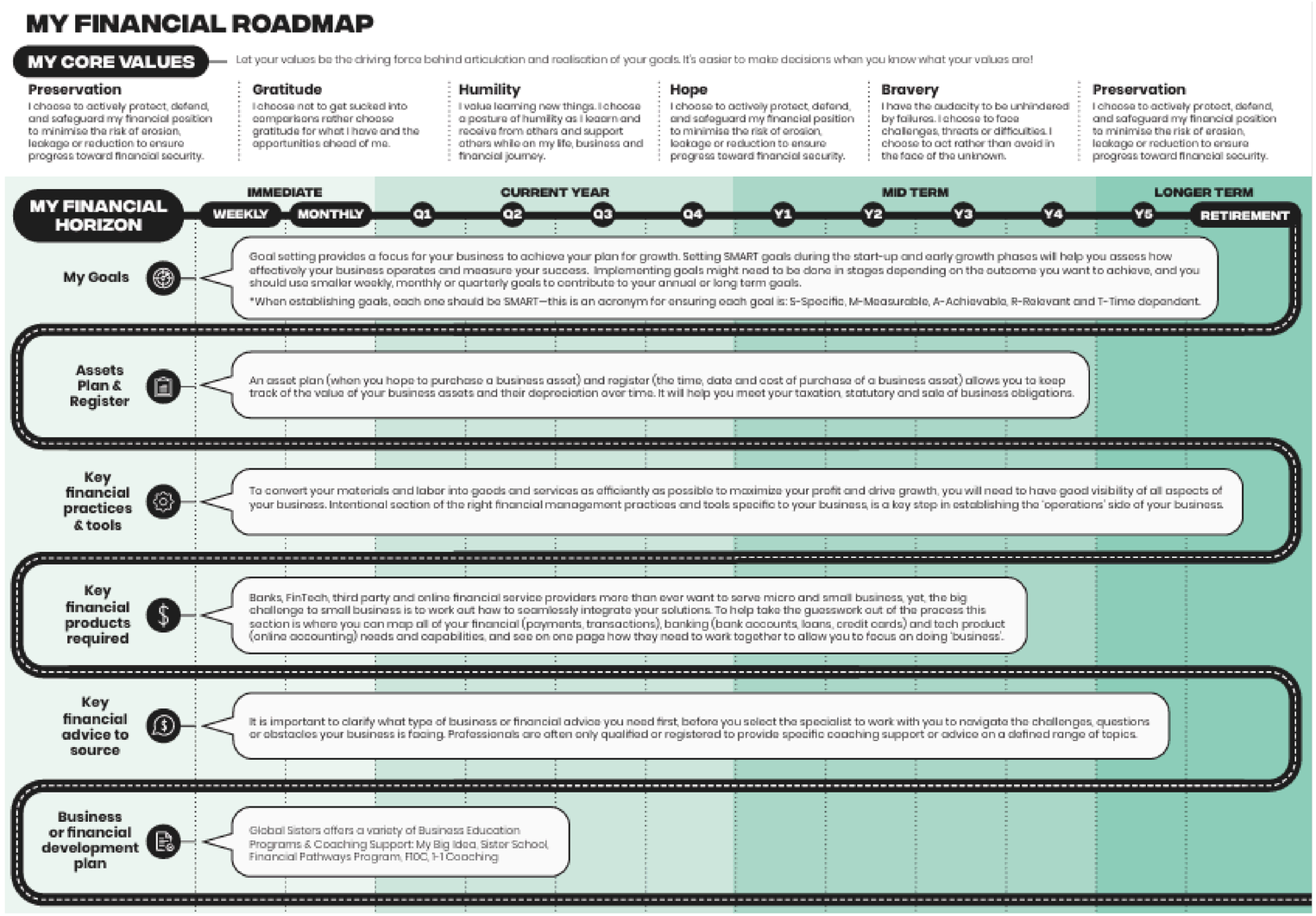
FUEL
Needing funds for what's ahead?
(Grants and Loans)
Support when facing financial pressure?
(Hardship Assistance)
Taking steps to mitigate financial risks
(Insurance)

"HORIZONS
Retirement is expensive and may seem like an abstract, far-off goal... But perhaps you could plan for or do something in the immediate or mid term that would better set you up financially for retirement? Having trouble locating a registered Financial Advisor, Tax Agent or Financial Planner that understands you and your business journey? Check out these resources...

GLOBAL SISTERS

Building Businsess Financial Acumen

TOOL EXAMPLE: MY FINANCIAL ROADMAP



This story is yours.
So, what happens next?

Starting a business isn't one big decision. There's a long list of things to think about when setting out in business. Use this road map to capture all those hundreds of small decisions onto one page!

This 'Financial Roadmap' is a tool that you can build into, that can help you see at a glance where you are at financially, and allow you more clarity when contemplating what financial tools, resources, practices, products or specific financial advice you need in the next stage of your financial journey.

Knowing your goals and your values are what really sets apart your financial journey from someone else's, helps to extend your financial horizon, and gives you the clarity to build momentum towards the end destination of economic security and financial wellbeing.

Remember - you get to choose, change and author your financial future!

GLOBAL SISTERS

Investing in building business acumen

COACHING "KNOW YOUR NUMBERS"

ECOSYSTEM OF SUPPORT

Global Sisters is building an ecosystem of qualified, registered financial coaching and support for women in micro business through partnerships designed to increase access to relevant, quality and dignified Business Financials Review, Business Loan Pre-Qualification Assessments, Financial Planning and Business Taxation Advice.

Partnerships with online accounting and tax software partne HNRY, and Financials Coaching with AMP.

Global Sisters is able to offer unparalleled business support for free because we're a not-for-profit organisation backed by exceptional partners. Through our corporate coaching and pro bono support program, we've facilitated the transfer of over $8M from the corporate sector to female-founded micro businesses.

$8M+

from the corporate sector to women-led micro businesses



Access to affordable safe micro business financial advice?

23%	57%	20%
Yes	No	Unsure

"You don't always know what you need to know when you start out in business - but it really does make all the difference if you can find a trusted wise support that has the time to allow you to ask all your (sometimes dumb) questions"

AMP · Hnry · MinterEllison · afterpay · VISA · ebay

GLOBAL SISTERS

Financial Products and Services Focus

ENGAGEMENT WITH FINANCIAL SECTOR



Financial Products and Services Focus

GLOBAL SISTERS ENGAGEMENT GOALS

As women generate income via micro business, they require affordable access to the same mix of financial products, services and advice to accelerate progress toward business growth and, in turn, personal/household economic security. However, often policies or processes around delivery, affordability and access to needed financial products, services and relevant business-specific financial planning advice often prove elusive due to gendered barriers and unconscious bias.

Global Sisters' goal

- To be an industry partner, providing a critical contribution to this industry design challenge in the form of providing access to our ongoing research findings and impact data from our active members (to make sense of the reality of women in micro business) as they design or redesign financial products and services. Global Sisters seeks to pilot-test innovation and create partnership opportunities for stakeholders within the finance sector where end-users help to shape, test and refine the financial products they consume.

Global Sisters supports Sisters, founders of women-led micro businesses, to leverage their business income and access a roadmap of integrated financial products and services that improve their long-term financial wellbeing and economic security

Global Sisters' goal

- To advocate for a deeper understanding of systemic finance related issues impacting women in micro business and advocate for systems change to 'fix finance for women in microbusiness'.
- To ensure the scaffolding and an integrated pathway is in place for women-led micro businesses to have access to appropriate, affordable financial products and services that drives income generation and supports business growth.
- To ensure access to affordable, appropriate financial products and services that leverage increased income for long-term economic security (ie housing assets or superannuation)



GLOBAL SISTERS

Financial Products and Services Focus

NEEDS OF WOMEN IN MICRO BUSINESS

Sisters participating in the Financial Pathways baseline research indicated interest in or in need of a clear mix of finanical products.

What type of financial product, service or advice are you most interested in or in need of right now, to support your business journey?



Finance, Loans & other funding

- **21.2%** Grant Money or Pitch Prize Money
- **10.6%** No Interest Loan Start Up Capital
- **8.5%** Microbusiness Loan under $5k
- **5.2%** Microbusiness Loan $5k - $20k
- **2.1%** Business Growth Loan $20k - $100k
- **11.7%** Angel Investment or Venture Capital

Financial planning, Advice

- **7.4%** Financial Planning Advice to direct business growth
- **2.1%** Financial Counselling debt or hardship navigation

Insurance & Super

- **4.2%** Super Options for Female Business Founders/ Operators
- **11.7%** Insurance Cover for my business

Legal & Tax

- **11.7%** Taxation Advice related to my business
- **3.1%** Legal Advice on Contracts with Financial Implications

GLOBAL SISTERS

When Sisters were asked to rate their level of confidence when it comes to engaging with a formal financial service provider, only 12% of Sisters rated their confidence level as ‘high’ (would initiate dialogue with a provider if needing clarification or to challenge if necessary).

When it comes to engaging with Financial Service Providers, only 12% of Sisters rated their confidence level as ‘high’

The remaining respondants fell into three categories: 22% rated their confidence as moderate (where they were confident to answer questions but less confident to challenge or seek clarification); 37% rated their confidence as ‘context dependant’ (only able to answer questions from the financial service provider in certain circumstances otherwise typically would avoid); and 29% rated their confidence as ‘low to not at all’ (rarely put themselves in a position to need to engage with a financial service provider).

How would you describe your experience and overall satisfaction related to engagement with a formal financial service provider/s?



Unhelpful

Terms used too complicated

Advice too general, it’s meaningless

Fatigue from all the jargon used

Information too dense and overwhelming



GLOBAL SISTERS

Financial Products and Services Focus

FINANCIAL SERVICES PROVIDER FORUM

Do we listen to women when designing financial products and services?

Global Sisters hosted an industry wide 'Fixing Finance for Women in Micro Business' Forum May 2023, - 79 participants representing 59 financial sector organisations.

Key representatives from the Financial Sector reinforced Global Sisters' call to action, highlighting both the need and opportunity for Financial Services Providers to 'design with women in mind'.

For female founders and women-led micro businesses, the barriers to business startup and early growth, necessary to navigate to build the foundation for long-term economic security, doesn't stop at access to right sized affordable business capital. It includes a suite of integrated financial products and services.

Intentional inclusion of women's voices into the design process, particularly women in micro business with lived experience engaging both the formal and informal financial sector, is key to correctly identifying the 'use case' that the finance sector is attempting to innovate or design for. #ListenToHER

Alicia Aitken
Suncorp Integration Delivery Director ANZ

Do we listen to women full stop?
Mary Ann Sieghart, in her book The Authority Gap, has whole chapters on how women's voices are just not heard, from the board room to the book shop women's voices are just not heard. So why would it be any different when in the past people have designed financial products and services? History and statistics say no, but we have the ability to choose to be different if we make conscious our bias and correct for it.



Elizabeth Toussaint
Principal Data Analyst, Economics and Data Analytics Team
ASBFEO

I believe that we are making a lot of assumptions that may exclude women from being eligible or interested in some financial products and services. We need to check the facts and not just rely on these assumptions. To quote a female small business owner from ASBFEO's survey into women owned and led businesses, " The biggest barrier for women in business is access to investment opportunities for women led businesses. Removing the unconscious bias and the need to employ men to be the face of the business to get taken seriously and a foot in the door."



Angela MacMillan
Customer Vulnerability Team CommBank

Speaking from my experience as CommBank's Customer Advocate, I have seen a significant improvement in the way the bank's product and service owners consider women's needs in the design and development of its offerings. Proudly, much of that has been driven by my team who hold our product and service teams to account for ensuring accessibility and inclusivity, possible vulnerability, and safety are factored into what they deliver. That said, I think there is always room to improve the way in which we listen to our customers (and potential customers) to really understand and deliver what they need and want, and I'm committed to ensuring that we keep those lines of feedback and co-design open.



Catherine Fitzpatrick
CEO & Founder Flequity

Women are saying what's on offer isn't working - it is imperative the finance sector contemplates real-life scenarios in product design and development, with flexibility and safety at the heart.



Bruce Billson
Ombudsman - Small Business and Family Enterprise Ombudsman

Not well enough!



Irene Tsang,
CEO & Founder, Lift Women

Our answer - Yes! ATTENTIVELY! It's the reason why we created Lift Women - to make funding accessible, affordable and possible for all female founded and women led microbusinesses.





Sangeeta Venkatesan
President Women in Banking & Finance

Do we listen to women when designing financial products and services? - No
Specifically, do we listen to women in microbusiness when designing financial products and services? No.
What might result from listening? We'd see tailored products designed to suit women's objectives, behaviour/ patters, and lifestyle choices, especially keeping in mind the sporadic work patterns and hours spent for caregiving.

GLOBAL SISTERS

Financial Products and Services Focus

TRUSTED FINANCIAL ADVICE & PLANNING

The barriers to women accessing and affording qualified review of business financials and financial advice in Australia, can be attributed to a combination of societal, economic and systemic factors.

Gender stereotypes and assumptions

Traditional gender roles and stereotypes can influence women's perceptions of finance, and the degree of initiative taken to managing the finances, retaining authorship of 'the numbers' verse outsourcing 'the books' and financial decisions related to their business. Women often possess a lower level of confidence in their capability than their male counterparts, when it comes to business financials (monitoring, managing and planning). Some women even feel intimidated by the financial side of their business.

Lack of representation and relevance

The accounting, taxation and financial planning industry has historically been male dominated. This lack of representation has allowed for gender bias to find it's way into the approach and tone taken towards women engaging with these financial services, contributing to women feeling they are unable to fully engage, participate let alone set the direction while seeking financial advice, worried that they may appear foolish or fear belittling or humiliation. Others have had negative experiences engaging with providers of financial services (accountants, tax agents, financial planners) to the extent it deters them from seeking formal financial advice or support again.

Affordability

The cost of professional financial support, planning and taxation services can be a significant barrier for both men and women. High fees and commissions charged by financial advisors can make it cost prohibitive to many individuals, regardless of their gender. Given women are more likely to take career breaks or work part-time to fulfil caregiving responsibilities, many times resulting in lower incomes and reduced opportunities to accumulate wealth, women are at an increased disadvantage when it comes to affording the costs of qualified financial support and financial planning advice. Layering the reality that the majority of women in micro business are bootstrapping their business already, seeking professional financial advice is simply 'unaffordable' and 'out of reach'.

I don't really like talking money and sometimes the jargon can be quite overwhelming, or I just feel that I'm too small for them to want to talk to me!

Most of the financial advice I've been able to access has been expensive, unhelpful, not matched to the micro business stage I am at, too complicated and too general in nature.

Instead of being a positive experience, it left me feeling I had to be something other than myself, and pursue business goals not of my choosing. I lost confidence and time.

I won a number of sessions with a financial planner through entering a competition. You don't always know what you need to know when you start out in a business - but it really does make all the difference if you can find a trusted wise support that has the time to allow you to ask your financial quesions. I don't know what I would have done without winning this!



Financial Products and Services Focus

BUSINESS INSURANCE



Financial Products and Services Focus

LIVED BUSINESS INSURANCE EXPERIENCES



What do I do? I repurpose fabric from kilts and make usable and gift items. Doesn't sound so difficult to match a business insurance policy with such a micro business, right?

Yet, my journey has been extremely frustrating, infuriating, stressful to find an Insurance Co that won't immediately exclude me due to recycling, let alone with an affordable policy to cover my home based business.

The journey has literally been the best part of 2 years of enquiries and rejections!

I am so excited to report, that I am now the proud owner of a Business Insurance Policy!

There were no 1.50 hr phone calls, no mind messing interrogation questions from rude call centre operators. The staff member I was introduced to on the broker platfrom was genuinely happy to answer all questions and points for clarification. She then asked me but a few questions, politely. Emails were returned quickly, with relevant information clearly set out (such a contrast to the previous experiences where any email that was returned simply stated 'see attached' with a vague multi page technical policy document I was somehow supposed to navigate alone).

I sat and looked at the New Insurance Policy I printed out and cried my eyes out.
Mostly with relief that now I can sell my products with confidence and
access the markets and sales channels that were out of reach until I had insurance cover.

By knowing I can phone or email a real person, easily add more products to the policy as I add them to my stock list without an increase of charges to the policy - I can honestly say I would make contact with the company without any fear of being rejected, and not feel like I need to beg for information, or be treated rudely - I will be calling them with my head held up high and smiling.

-Rosie

GLOBAL SISTERS

Financial Products and Services Focus

FEMALE FOUNDER BUSINESS INSURANCE NEEDS

> *The terminology used is unnecessarily complicated and the advice given is too general that it is meaningless.*

When thinking about mitigating risk in their business, and asked what type of insurance cover would most protect their existing business, the 7 highest ranking cover types (multiple options) women were seeking and unable to access were:

- 80% General Public & Product Liability Cover
- 53% Professional Indemnity Insurance
- 50% Flexible $20M Market Stall
- 50% Exhibition, Online Marketplace public product liability Intellectual Property & Trademarks
- 38% Cyber Insurance (Data Breaches, Hacks, Scams, Cyber Fraud)
- 34% Goods in Transit
- 30% Business@Home (Loss & Damage to Business Content, Stock, Equipment and Business Items)

While the above appear to be products that exist and currently offered by many providers - most micro businesses are struggling to access them!

Why?

Designing a 'product' or revising a 'process' without taking the time to truly understanding the target segment, their barriers, needs, expectations and lived experience, can result in overlooking key context or required features that deliver an outcome that might still not meet the needs nor reflect end user requirements.

Suanne Russell Lead Ombudsman Small Business and Transactions at the Australian Financial Complaints Authority (AFCA) raised the point at the 2023 Global Sisters Fixing Finance for Women in Micro Business Forum, that the main failure that comes through all disputes is lack of transparency and communication. People need to be heard and financial institutions need to listen to what matters most to customers in a financial product.

Worse, a product or process innovation undertaking devoid of engagement with the end beneficiaries often becomes an expensive, time consuming and even brand damaging hit-and-miss exercise. Underinsurance or irrelevant insurance leaves customers exposed to severe risks and unpleasantly surprised, shocked and looking for a dispute resolution path.

However, under insuring or irrelevant insurance products also negatively affects insurer client relationship and overall reputation.

GLOBAL SISTERS

When Sisters were asked what were the top three (3) most important aspects to engagement with a financial service provider when it came to sourcing business insurance, it was of little surprise when transparency emerged as the most important.

This contrasts to the lived experience of Sisters when attempting to secure the necessary information required to price and compare business insurance options.

Top six (6) most important aspects when engaging financial service providers around business insurance:

84% **Transparency around pricing, inclusions and exclusions**

46% **Streamlined simple processes (claims, update or expand cover, disputes)**

42% **First class customer service**

34% **Simple summary of the PDS (not the sales brochure)**

38% **Adedicated customer call centre 24/7 help line with people you can call back to continue discussion with**

23% **A range of options related to 'excess' payments on claims**

Sisters experience when seeking information to price and compare business insurance options:

15% **Negative experience or unnecessarily complicated**

27% **Did not secure necessary information required to make a purchase decision**

38% **Able to locate the necessary insurance policy information required to make a business insurance decision**

11% **Found the process of seeking the necessary information for comparison of policies and premiums highly frustrating and left significant information gaps resulting in no policy purchase decision**

19% **Other various experiences**

Global Sisters set about identifying what type of business insurance provider partnership would deliver on the needs of female founders of micro and small business. After a brief pilot partnership with a direct provider, the decision was made to pivot and partner with Imalia.

IMALIA

Imalia is changing the way financial and insurance services are developed, delivered and packaged. Resonating with Global Sisters motivation to fix finance for women in micro business, Imalia provides financial and insurance services to build financial wellbeing and protect futures at every stage of life.

Imalia is providing an insurance broker platform to Sisters, and togethe Imalia and Global Sisters are working on tracking agreed metrics for the purpose of monitoring business opportunities and tracking partnership progress:

- Number of pre-qualifier / proforma forms received
- Number of quotes issued
- Number of policies uptake
- If cover options declined - issues/reasons?
- Total time to serve
- Business Type
- Cover type
- Quarterly total value of premiums issued
- Quarterly total value of the waived broker fee
- Number of claims lodged
- Number of claims either declined / paid
- Number of renewals from initial 1st year

GLOBAL SISTERS

Case Study

BUSINESS INSURANCE PARTNERSHIP: IMALIA

For all the excellent programs and trailblazing initiatives Global Sisters has and continues to offer to equip and support women to 'beat the odds' , the ability to sustainably move the needle and 'change the odds' on financial security and economic participation relates to creating clear pathways that enable equitable access for female founders to the necessary suite of business specific financial products and services. Global Sisters Financial Pathways Program, funded by the Ecstra Foundation, has been working hard over the past two years with female micro business founders, to engage in design conversations to ensure that a suite of business specific financial products and services best able to accelerate, preserve, protect and expand female founded establishing and growing micro businesses exist, are accessible and are affordable.

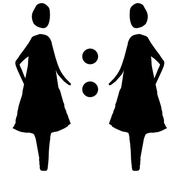
Sisters report consistently that one of the hardest to access products by female founders, is business insurance. This is echoed by the Australian Small Business and Family Owned Enterprise Ombudsman Bruce Billson "Many small family and micro businesses say their most pressing cost pressure is not wages, energy or even landlords putting up the rent, it is securing and affording business insurance.' Understandable when everything is on the rise - For the consumer, inflation, interest rates and operating costs intersecting with the insurance industry facing demand, losses (payouts) and the need to hike premiums.

Unlike households who may opt to be uninsured or under insured, a micro or small business (in the majority of cases) must operate with insurance cover. Without business insurance in place, micro and small business cannot trade in certain settings including markets, cannot secure contracts or in many cases business finance.

Many female founders report being ruled out during the enquiry phase as their business simply does not fit the 'business type' options. Where cover options do exist, they present premiums that are ridiculously prohibitive, or upon closer examination reveal that the policy is in effect inappropriate due to an extensive list of exclusions.

Global Sisters, in asking what solutions could be implemented now in a pilot, that may propel financial institutions toward redressing this market failure and 'change the odds' for female founders of micro business, zoomed in on some key levers - (1) Automation Enhancement (the rise of digital platforms and chat bots to reduce human engagement and processing expenditure); (2) Incentivization Rethink (call centre team time to convert enquiries to quotes or policy purchase); (3) Data Sets & Business Typology Revitalisation (the rise of AI to anticipate likelihood of claims and determine risk profile).

When asked 'Have you explored or compared business insurance options?"

77% 

of respondents had compared business insurance options within the past 12 months. This included contacting an insurance contact centre, requesting a quote or downloading a product disclosure statement.

However, when asked,

'From your research and exploration, did you secure the necessary information required to make a business insurance decision?'

- 38% found the information with ease
- 27% responded they only got 'in part' the information they were looking for
- 15% reporting that they had a negative experience, found the information & process unnecessarily complicated.
- 11% described the process as frustrating, full of information gaps resulting in no decision to proceed

What is clear is that niche micro and small businesses have difficulty fitting into the narrow business type categories – the fields are not sensitive enough and need to be reviewed.

GLOBAL SISTERS

Forging a partnership with Imalia Insurance Brokers we seek to:

(1) Build out the business case around more strategic use of automation and direct engagement: During the first point of contact (enquiry phase) ensure tailored Expression of Interest automated intake that equips a Sister with appropriate guidance and support materials to enable her to language her business cover needs without fear of error or exclusion (driving self efficacy and confidence). Then to provide access to real-time connection (inclusive of a supported referral path if required) to the broker platform, only when the Sister feels equipped to engage around her cover needs and feels ready to take the next steps.

(2) Utilise the Broker Model to identify the (new) business type and where necessary translate that into existing more restrictive business typology to enable generation of policy options. Further, updating the Sister as to how the enquiry was framed and how her business was categorised for future reference.

(3) Simplify and enhance the process of policy comparisons as responsible providers of financial products, ensuring clear identification of key exclusions or limitations of each policy option to enable informed choice and policy selection. This step is underpinned by and embraces a wider view of vulnerability, beyond hardship or socio economic status, to include situations where a consumer may be given inadequate or overly complex documentation or targeted with a product that is inappropriate for a particular consumer.

(4) Provide options for payment of premium that enable alignment with the female founder's cash flow for her business to avoid unnecessary business or household financial hardship.

(5) Capture the data sets and emerging additional business typologies to bring insights and learnings to the Insurance Sector in order to address AI bias that is affecting the fairness and effectiveness of technology for under represented groups (appreciating that AI is only as effective as the data it is trained on, and that it will by default struggle with implicit biases from unintentional developer influence that both reflect, reinforce and perpetuate gendered norms and historical business types and elevate the pricing of risk for the new or unknown).

It is hoped that this pilot partnership can illustrate the exclusion risks posed by algorithmic bias, create more access to business insurance products, and ensure business insurance risk is appropriately and fairly priced.

> ***Katie from Imalia was lovely. I appreciate that with just a little patience required from me, it was definitely worth it for the money Imalia managed to save me. As far as I'm concerned they provided far superior insurance products to what I could find from the Australian market offers. They managed to secure me a combined public liability and public indemnity insurance that also gives me $50 million cyber security insurance through Lloyd's of London which took a little longer to come back but was $1000 less then the cheapest Australian quote. I hope to have a long and happy business relationship with Imalia.***
> ***- Leisl***

GLOBAL SISTERS

Financial Products and Services Focus

PROVIDING FEMALE FOUNDERS ACCESS TO CAPITAL



The frustration of the female founder

THE REALITY OF BOOTSTRAPPING

Many of our Sisters indicated they would rather make use of their own savings, grants, pre-order sales, or friends and family to find working capital or finance for their business, than navigate the documentation, find the surity required and endure the all too often humiliating interactions with formal financial service providers.

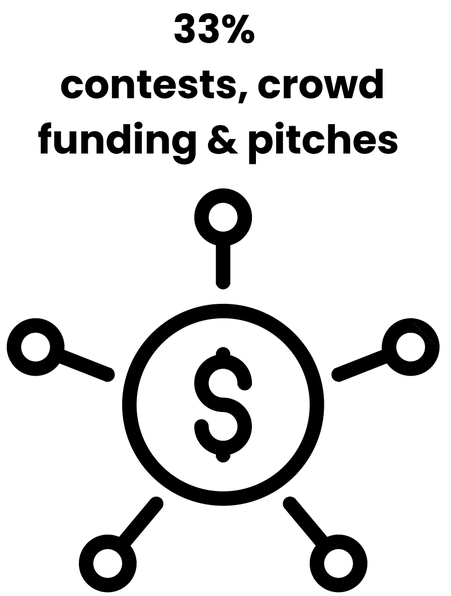
The common frustration echoed across focus groups best encapsulated with the statement, “It is impossible for start ups who need an injection of capital to get going when you need to have money to borrow or make money!”

“

It is very challenging to be taken seriously by the formal financial sector, especially being a single older woman. When you try to access finance you are constantly treated like you are describing a hobby, not your primary strategy for income generation!

When I engaged with a number of banks trying unsuccessfully to secure a loan for my business, it left me feeling overwhelmed with paperwork, insulted by the eligibility criteria, and without a clear next step.

”



GLOBAL SISTERS

Financial Products and Services Focus

PROVIDING FEMALE FOUNDERS ACCESS TO CAPITAL

As women generate income via micro business, they require access to the same mix of financial products, services and advice to accelerate business growth, and economic security, as everyone else. However, often entrenched structures, systems, policies and processes around delivery, affordability and access to essential financial products and relevant business financial planning advice remains elusive.

From our own research among our active member base

83% of our Sisters report using own savings to bootstrap their business

and only **29%** reporting ability to access micro finance or no/low interest business loans

Further only **11%** of Sisters have secured business finance in their own name

with an additional **29%** who secured business finance as a joint application with a family member

Biggest obstacle when attempting to secure business finance

32% Collateral

28% Completing the documentation

24% Business plan template too complex or irrelevant for their business stage

16% Credit score

The lack of accessible financing options for female founded micro businesses creates liquidity shortages and dramatically reduces their cash runway, severely affecting their ability to function, impairing their competitiveness, slowing or even stalling their growth momentum.

Coupled with the reality that many female founders are either credit invisibles, thin file credit customers or have had their credit history hijacked resulting in damaged creditworthiness – the finance sector has few options aside from elevating the cost of credit due to the perceived/assumed level of lending risk, that is, if they are able to offer finance to the micro end of the SME segment at all due to responsible lending regulations.

Evidence continues to mount that shows this problem is far more of a 'gender bias', 'structural barrier' and 'system design flaw' than it is an evidence-based argument.

What types of financing product features would appeal to you most, to accelerate your micro buinsess?

88% having a real person to work with and discuss financing options with

48% staff who deal with me in a dignified not patronizing nor dismissive way

48% low detail simplified documentation requirements with digital channel options

with an additional **48%** option for penalty or fee free anytime payout of outstanding balance owning

48% quick loan assessment & approval turn around time, with clarity on approved loan disbursement date

44% ability to nominate the preferred repayment mechanism, ability to adjust payments on a quarterly basis (based on cash flow forecasting)

36% ability to negotiate date of first repayment, based on cash flow corecasts

with an additional **29%** who secured business finance as a joint application with a family member

GLOBAL SISTERS



BUSINESS MICRO LOAN PROGRAM

Global Sisters recognises that for micro businesses to thrive, having access to financing options makes all the difference.

Global Sisters have created right-sized, affordable no interest and low interest business loan options specifically for early stage micro business. The Business MIcro Loan Program offers two products: The Start Up Purse and the Growth Wallet.

The Global Sisters business micro loans program does not stand alone — it is integrated with the 'end to end' services in business education, coaching, technology and sales channels. We call this 'relational' micro lending, where the risk of lending is low due to our pre-existing relationship with our Sisters (clients) and the value Sisters place on accessing all the full suite of business development programs. In addition to the Business Education, is access to micro business insurance brokerage support.

START-UP PURSE

Turn your idea into a business with Global Sisters 'Start Up Purse' business micro loan.

- No interest loan with no fees
- Up to $1500
- Use to establish and launch your business
- Co-design repayment options
- Repayment terms up to 9-months (40 weeks)

GROWTH WALLET

Grow your business with Global Sisters 'Growth Wallet' business micro loan.

- Low interest loan (3.5% flat) with no fees
- Between $1000 and $4,500 available
- Use to grow your early stage business
- Co-design repayment options
- Repayment terms up to 18-months (80 weeks)

Easy Application Process

The application process for Global Sisters' Business Micro Loan Program redesigned to be quick and seamless, with changes designed to ensure all necessary application supporting business and financial documentation should have been completed and reviewed during a Sisters Business Education program participation.

1. COMPLETE ONLINE EOI FORM
2. EXPLORE ELIGIBILITY CRITERIA
3. COMPLETE KEY PROGRAM/S
4. COMPILE FINANCIAL DOCUMENTS
5. APPLY
6. BUSINESS LOAN DECISION

Financial Products and Services Focus

BUILDING A LOAN GUARANTEE FUND

While the gender pay gap is well documented in Australia, less well known is the gender financing and investment gap.

89% **of all business within the small business category are micro businesses**

1/3 **of all small business are female founded women operated**



The number of female micro and small business owners increasing at a rate three times the growth of businesses founded and operated by their male counterparts



Yet despite the growing significance of this rapidly emerging market segment, women continue to miss out on/are excluded from financing and/or investment that is 'absolutely necessary' to grow and scale their business.

Take a look at VC funding:

Globally only 2% goes to female founders

However, in Australia we sit at just 0.9%

Cross over into business lending extended by formal financial institutions, and the gender equity gap is again evident.

The Australian Small Business Ombudsman (ASBFEO) highlights the #1 barrier to business growth for female small business owner-managers, was **access to financing and business capital**. This is a common lived experience among our Sisters.

GLOBAL SISTERS

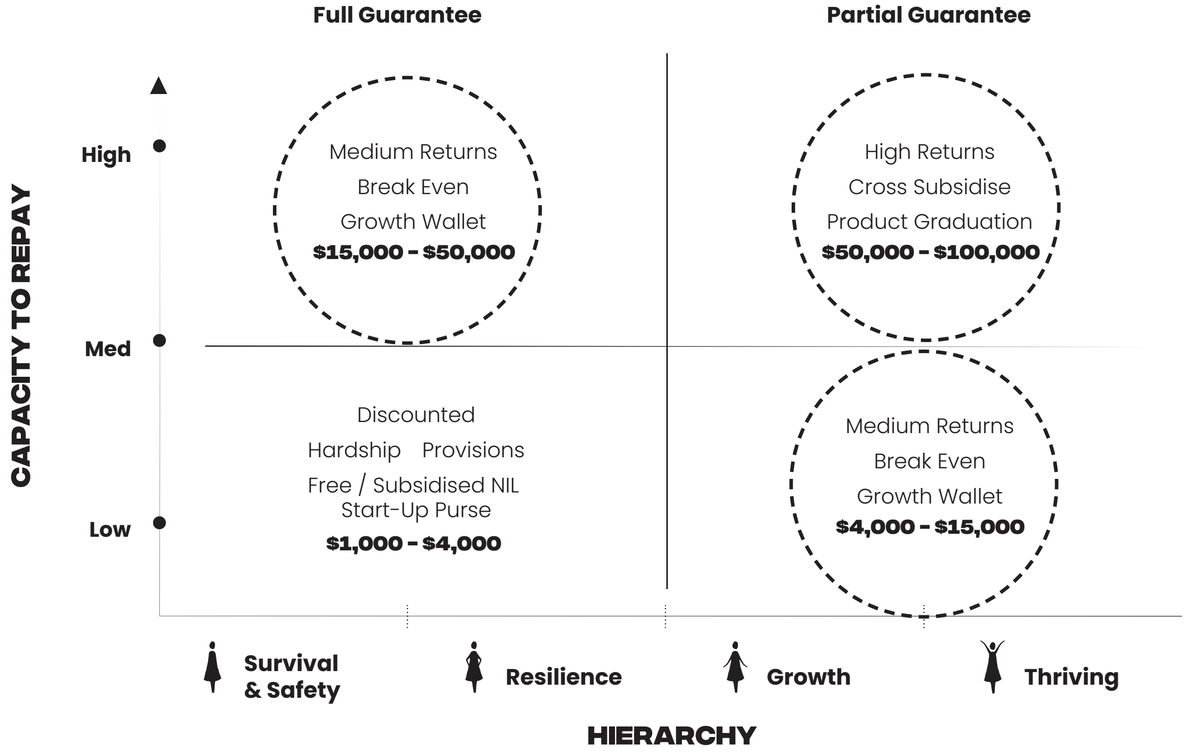
Financial Products and Services Focus

BUILDING A LOAN GUARANTEE FUND

Global Sisters is seeking catalytic capital to build a **$5m Loan Guarantee Fund** to solve for the double financial constraint female founders of micro business face when attempting to secure business finance – the collateral gap (capital or assets) and creditworthiness.

Global Sisters is engaging interested partners prepared to collaborate, to unlock finance for female founded micro business growth, and to demonstrate the commercial viability of better serving and more appropriately sizing, risk profiling and pricing business finance for female founders of micro business.

Appropriately sized and priced non-dilutive capital and credit options, able to accelerate business start up toward growth. Loan size $4,000 - $100,000.



“The ideal loan eligibility criteria is something that would consider my business plan for growth, even if turnover currently is low or infrequent during the start up phase.

When a Bank or Government Department determines my business as ot finle, and declines my loan simply because I am small and in start up phase, they fail to realise small businesses take a while to start and expand. The tone taken during a declined loan applicaation should not be ‘small’ + not worthy!”

GLOBAL SISTERS

Financial Products and Services Focus

SUPER FOR THE SELF EMPLOYED



Financial Products and Services Focus

SUPER FOR THE SELF EMPLOYED: STATE OF PLAY

The reality is that most women will reach retirement age without adequate superannuation, however even more confronting is that not everyone has some form of superannuation in place. During the Global Sisters Financial Pathways baseline research, of participating Sisters, 13.4% had never been an employee and did not have employee super contributions or any superannuation in place. For others, their super balance was all but emptied out, withdrawn during the Covid pandemic to cover hardship or business expenses.

However, of the 86% of respondents who did have a super account in place, 73.9% reported knowing their super account balance.

When asked what actions have you taken in regard to superannuation in the last 12 months:

34.7% **Taken steps to find lost super**

Asked a financial planner about super & self-employment rules

30.4% Online research or inquiries about voluntary super contribution options, and tax off set strategies

28.6% Accessed super retirement planning information

21.7% Used a retirement calculator or planning tool

8.6% Taken steps to have spouse split % of their super while not earning, to keep their super account active

4.3% Taken steps to compare super account fees

The common questions Sisters tabled within focus groups and 1-1 interviews included:

- “Will I have enough personal super (in my name) to retire comfortably?”
- “How can I ensure financial security without literally working 24/7 for the rest of my life?”
- “How do I ensure I’m covered for my elder years as I have inadequate savings and super to survive off right now!’‘
- “Due to unexpected undesirable changes in my relationship status, I’ve had to return to the workforce to earn to survive... I need a plan for bootstrapping!”
- “Who should I talk to or trust, when there are so many scams and misleading information out there?”

GLOBAL SISTERS

Financial Products and Services Focus

SUPER FOR THE SELF EMPLOYED: OPPORTUNITIES

For many self-employed, the focus is on today's challenges. Saving for retirement is not front of mind, rather something to think about later. But superannuation is a bit like planting a tree. You need to sow the seeds now to make sure you have enough fruit to enjoy in retirement.



However, if planting the tree is too complicated, or the process of watering and nurturing that tree, too confusing, then care and attention to the tree will fade.

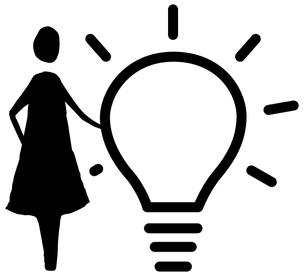
There is an incredible opportunity for Super Funds to think about the product design and processes for women in business, not only about gender and ethical investments of the funds.



When Sisters were asked how they would prefer to make their super contributions as a self-employed microbusiness operator...

60%
A 'set & forget' option.
To set up regular transfers into nominated super fund

21.7%
Product feature that allows them to round up or roll in spare $$ into super so they don't notice the funds diversion



30.4%
Transfer a lump sum, whenever they have enough cash flow or cash in reserve

34.7%
Make an annual discretionary lump sum payment

GLOBAL SISTERS

Financial Pathways Program

PROGRESS AGAINST OUTCOMES



Financial Pathways Program - Status Update

PROGRESS AGAINST OUTCOMES

Outcome #1	An integrated one-stop curated finance app for women in micro and small business.	• Completion of lo-fi V1 in 2023 • Migration to GS App 2024 • End User Engagement data collection live
Outcome #2	Magnifying micro business (making visible this rapidly emerging underserved or unserved market segment).	• FSP Forum May 2023 • #ListenToHer Financial Pathways Research & engagement with ASBFEO
Outcome #3	Facilitate Financial Services Sector End-User Engagement (to design with women in micro business front-of-mind).	• Sisters participate in testing app content • Ongoing Sister focus group engagement in financial product pilot design phases • Access to Capital: Loan Guarantee Fund - In design & partnership formation phase
Outcome #4	Pilot a suite of innovative financial products or services best able to accelerate growth of female founded business.	• Access to Insurance: Early Insurance Partnership completed, reviewed, ceased. • Access to Insurance: Imalia Insurance Broker Pilot underway 9 of 12 months completed, case study in progress • Access to Capital: GS Business Micro Loan Program rebuilt & relaunched for Sisters • Financial Advice: Partnership with AMP Financials Coaching established
Outcome #5	Advocate to ensure systems and levers of change positively drive women's economic security.	• FSP Forum May 2023 • Briefing notes produced • End of 3-year project report by October 2024

The top four barriers Sisters face when starting a business (identified through Global Sisters Impact Data) are: (1) Lack of confidence and self-efficacy; (2) Lack of connection and support; (3) Lack of business acumen and business specific financial skills; and (4) financial barriers and lack of access to affordable, appropriate financial products and services for micro business.

The Financial Pathways Program seeks to address these specifically under 5 key outcome areas.



ecstra

GLOBAL SISTERS

#ListenToHer

Intentional inclusion of women's voices into the design process, particularly women in micro business' lived experience with both the formal and informal financial sectors, is key to correctly identifying the 'use case' that the finance sector is attempting to innovate or design for.

Global Sisters seeks to bring research findings and key insights drawn from their active member base, to the financial service providers via forums, through partnerships to pilot adaptations or innovative financial products, as well as discussion and research papers, all in an effort to galvanize the need, business case and commercial opportunities for the financial services sector to better understand, respond to and effectively serve this growing small business market segment - the micro business sector.

Powerful partnerships with

GLOBAL SISTERS

Contact us

Mandy Richards
CEO/Founder
mandy@globalsisters.org

Heather McLean-Thomson
Chief Operating Officer
heather@globalsisters.org

Learn more
impact.globalsisters.org
marketplace.globalsisters.org

globalsisters.org