Accountant Thomas Mousa TLK Partners Business Wealth Advisors Sydney Financial

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This year we have seen a significant power shift for consumers, with the government investing heavily in heightened financial protections. Through thorough reviews of bank reforms and consumer lending policies, control is slowly being readjusted back into the hands of the Aussie public.

In fact, the 2019 Coalition government's budget pledged $640 million to continue to restore trust in the financial sector by implementing the recommendations of the Royal Commission. These developments are encouraged and importantly, long overdue.

However, the government, despite many calls and promises to do so, has been slow to enact change against one of the most glaringly obvious issues facing Australian consumers — predatory finance practices such as payday loans.

Australian financial expert, Thomas Mousa, senior partner of Sydney-based TLK Partners says, "effective interest can run into hundreds of per cent with payday loans and that interest further devastates families who are already devastated."

They have failed to recognise the low hanging fruit that could save thousands of vulnerable Australians from financial hardship. We only need to look to the Senate Inquiry into Financial Hardship that explicitly noted payday loans are perpetuating debt cycles among vulnerable Australians and aren't being taken out for emergencies, but to pay off existing loans and meet cash shortfalls.

Little is being done to crack down on the issue and while politicians drag their feet on stamping out predatory lending, there are serious implications for Australians.

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With the rising cost of living headlining Morrison's budget this year and an election on the books, it's clear that now, more than ever, we may need to rethink the way Australians get paid to better suit their personal financial pain points.

In 2018, 2.1 million Australians aged 18 and over shared that they experience severe or high financial stress according to the Centre for Social Impact and NAB. Similarly, research from MLC found that 46 per cent of Australians are living pay-cheque to pay-cheque. And this isn't looking like it's going to change any time soon. Recent Australian Bureau of Statistics (ABS) stats showed that more than one million Australians have two jobs to make ends meet.

Fortunately, there is a path forward and a way of managing financial concerns that employers can provide by focusing on financial wellness, providing important benefits to employees and their bottom line. A Harvard study found that investing in employee financial wellness leads to an increase in retention, boosts morale and increases productivity. This is more than just office yoga, it's offering people a chance to take back financial control and relieve part of their financial stress.

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We know that financial vulnerability can lead to stress. And we know that financial stress isn't reserved for one sector of the population, it's felt by those across all income brackets. AMP found earlier this year that those who earn between $50,000 to $74,999 are the most likely to feel stressed about money – but that doesn't exclude the rest of us.

Mousa says, "there are more demands put on our income at this time than at any other point in history," and he says, "that demand is getting worse."

The data tells the story loud and clear: employee financial concerns can have a detrimental impact on business. AMP found it costs an estimated $31.1 billion per year in lost revenue for Australian businesses. That's a massive hit on Australia's economy and one that isn't being taken seriously enough.

Employers have an important role to play in helping the rest of us tackle predatory lending. Eradicating established practices like payday loans isn't simple, and is going to require both politicians and businesses taking responsibility for the financial wellness of Australians. But positive progress is being made, and the potential is huge. So, while politicians are slow to act, employers have the power to cultivate change — and lucky for us, they're only getting started.

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