Asset Funders Network

CLIENT ENGAGEMENT & RETENTION

THE SECRET INGREDIENT IN SUCCESSFUL FINANCIAL CAPABILITY PROGRAMS

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This issue brief explores two critical, yet rarely discussed, elements of effective financial capability programs: client engagement and retention.

Grantmakers and practitioners alike recognize the importance of financial security for individuals and families, and many organizations therefore offer financial capability programs aimed at strengthening the financial well-being of the individuals and families they serve. Clients must actively participate in a program's offerings to fully benefit, yet research has demonstrated that it can be difficult for clients to attend even one session, let alone to continue to engage with a program over time.

The brief begins by explaining the importance of client retention and engagement, explores why clients may not engage with a given program, and describes strategies to boost client retention and engagement. It concludes with recommendations for funders and provides grantmakers with discussion questions and additional resources to start conversations and provide grantees with guidance and support around client engagement and retention.

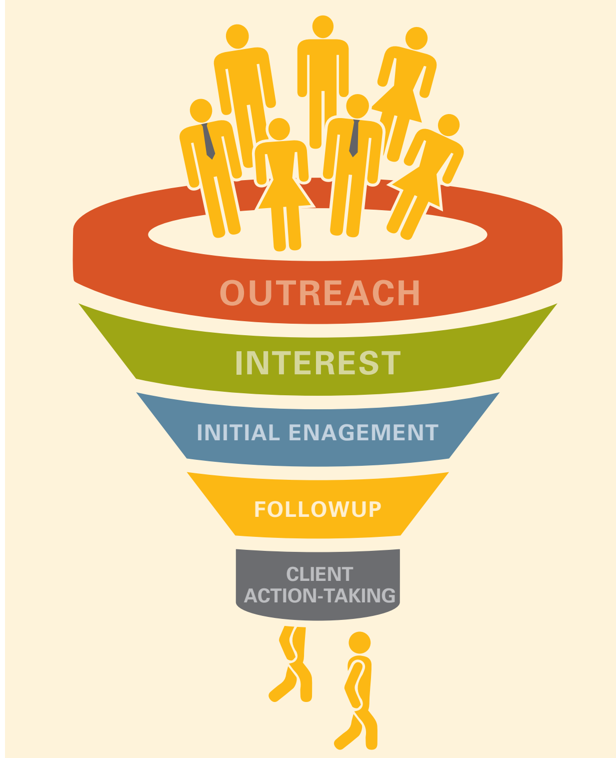
Throughout the brief, lessons are drawn from both published research and original program insights provided by three leading financial capability practitioners: LIFT, Neighborhood Trust Financial Partners, and The Financial Clinic.

WHY CLIENT RETENTION AND ENGAGEMENT MATTER FOR PROGRAM SUCCESS

Financial capability programs are designed to support consumers over time through multiple points of contact and through support for the consumer's own actions to improve financial well-being.

This need for long-term engagement underscores why improving client retention and engagement is critical to supporting better program outcomes. Furthermore, the reality is that good financial capability programs are often high-touch and costly to provide for program administrators, and time-consuming for clients to participate in. Understanding what drives client engagement is crucial to helping programs improve program success and, concurrently, helps funders maximize philanthropic dollars and customers' time.

FIGURE 1 | FINANCIAL CAPABILITY FUNNEL



WHY CLIENTS MAY NOT ENGAGE WITH PROGRAMS

Despite a growing body of research and evidence demonstrating the value of financial capability programs as a strategy to boost client financial well-being, there can be a number of reasons why clients do not ultimately engage with a program, including:

1. **The program may not be a good fit for the needs of a particular client.** Lack of engagement may be the result of a mismatch between the particular needs of a given client and the services the program is set up to provide. In this case, a warm handoff to a different program better suited to the client's immediate needs may be the best outcome.

2. **Clients may find the program delivery unsatisfactory.** Whether or not a client believes that a program is working for them—for example, that the services are providing value for them, and the organization is taking their feedback seriously—is a strong indicator of whether a client is likely to return for more program sessions.

3. **The program may be designed in a way that makes engagement difficult or unwieldy for clients.** Given competing demands on their time, it can be difficult for clients to follow up or take multiple actions in order to move forward in a program. Programs are sometimes designed in ways that add additional, unnecessary, friction that makes it difficult for potential clients to participate or stay involved.

STRATEGIES TO BOOST CLIENT RETENTION AND ENGAGEMENT

This brief highlights—and provides further details on—three broad strategies that can be employed to help programs counteract the potential obstacles to client retention and engagement:

1 RECRUIT FOR FIT

Elements of this strategy include recruiting for client fit, having strong partnerships within the community to help identify potential clients, engaging clients to help with recruitment, and being prepared to make effective referrals if the client's needs are not likely to be met by the program.

2 MEASURE CLIENT SATISFACTION (AND TAKE STEPS TO BOOST IT)

Organizations can work to improve program retention by collecting and responding to client feedback, and then making program changes based on the learnings. This approach demonstrates to clients that their input is valued, as it can help adjust and shape the future program design.

3 APPLY BEHAVIORAL DESIGN PRINCIPLES

Existing literature demonstrates the way that good program design can boost client follow-through and program outcomes. This final strategy details several ways that programs can promote client engagement through decisions related to early program experience, program design, and program communication with clients.

> "...**COMMUNICATING WITH THE CUSTOMER** in the way that works best for them. Sometimes older customers prefer phone calls/email while younger customers are often more comfortable communicating over text."
>
> FINANCIAL COACH AND MANAGER OF SERVICE DELIVERY
> THE FINANCIAL CLINIC

RECOMMENDATIONS FOR PHILANTHROPY

The brief concludes with four strategies, including discussion questions and additional resources for each, that funders can use to support client engagement and retention in financial capability programs:

1 URGE GRANTEES TO BE PURPOSEFUL ABOUT CLIENT ENGAGEMENT AND RETENTION.

Funders can shine a spotlight on these two vital issues by framing requests for proposals with language around retention, requiring grantees to report their retention efforts, providing additional funding to support new infrastructure for measuring and improving retention, and discussing retention and engagment with other funders.

2 PUT YOUR SUPPORT BEHIND GRANTEES WILLING TO CREATE SYSTEMS AND TEST WHAT WORKS.

When making funding decisions, grantmakers should consider prioritizing (1) organizations willing to test and learn and (2) provide additional funding for organizations for research and capacity-building around tracking client engagement and retention and iterating on the lessons learned from these activities.

3 SUPPORT STRONG REFERRAL ECO-SYSTEMS ACROSS ORGANIZATIONS.

An important recognition for grantees and grantmakers alike is that no one program will be best suited to serve everyone. Instead, it is important for organizations to be discerning about recruitment and realistic about their services, encouraging fit of clients over the sheer number of clients served. Funding a system that provides warm handoffs and tracks those referrals can help improve a program's effectiveness and better meet potential clients' needs.

4 HELP GRANTEES INTEGRATE BEHAVIORAL DESIGN PRINCIPLES INTO PROGRAMS.

Explore opportunities to build grantees' capacity to incorporate behavioral design across their respective programs to improve program outcomes. Two existing AFN resources provide guidance on how to do this: "Moving Beyond Financial Education: A Grantmaker's Guide to Investing in Impactful, Financial Capability Programs" and "Consumer Engagement: Helping People Want What They Need."

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