ASSESSING AND SUPPORTING FINANCIAL COACHING TRAINING: STRATEGIES FOR FUNDERS

Asset Funders Network

STRATEGY SPOTLIGHT

The field of financial coaching has continued to mature over the last decade as an approach for supporting the financial capability of individuals across income levels and diverse populations. As a growing number of nonprofits integrate financial coaching into their service delivery mix, there is an increasing demand for trained financial coaches and an accompanying need for quality and consistent training opportunities. There is little doubt that training and professional development are essential for professionalizing the field of financial coaching. Yet practitioners - and the funders who support them - are often unclear on how to assess and select the training and professional development opportunities that best meets their needs.

FINANCIAL COACHING TRAINING: #1 RESOURCE TO SUPPORT FINANCIAL COACHING

Based on the 2015 and 2016 Financial Coaching Census, funders, program managers, and coaches alike, cited financial coaching training as the most sought after resource to support their financial coaching work. Additionally, the Coaching Census shed light on the fact that a large percentage of practitioners attend trainings through internal or partner organizations. Availability of trainings outside of the more nationally recognized programs is important in meeting demand and creating opportunity for coaches searching for training. However, differentiating between quality training programs and choosing the one that best fits practitioner and organizational needs can be difficult.

> PRACTITIONERS - AND THE FUNDERS WHO SUPPORT THEM - are often unclear on how to assess and select the training and professional development opportunities that best meet their needs.

This paper is designed to serve as a resource for practitioners and funders looking to assess and support financial coaching training. The training rubric identifies common components of quality financial coaching trainings, provides insights into the value of each component, and shares suggestions for grantmakers about approaches for strategic and responsive support for financial coaching training. The rubric, which was developed by the Center for Financial Security, is intended to provide guidance for both individuals and organizations interested in finding training opportunities best suited for them. The rubric includes three main areas to consider when selecting a training: Core Training Components, Common Training Components, and Additional Training Characteristics. Overall, this rubric can aid in prioritizing training components based on individual learning objectives and in deciding on additional training or skill building opportunities.

HALLIE LIENHARDT
CENTER FOR FINANCIAL SECURITY
UNIVERSITY OF MADISON-WISCONSIN

KAREN MURRELL
FINANCIAL COACHING WORKING GROUP
ASSET FUNDERS NETWORK

CORE TRAINING COMPONENTS: ESSENTIAL FEATURES OF A FINANCIAL COACHING TRAINING

Every quality financial coaching training includes financial coaching skills paired with practice and coaching theory. Although many quality trainings may include additional components, these two features are essential to even the most basic, introductory financial coaching training.

COACHING SKILLS & PRACTICE

A financial coach serves as a facilitator, supporting clients as they set their own goals, develop plans, and experience growth and learning. This collaborative training process requires a variety of interpersonal skills and communication techniques. including:

- Actively listening to what clients say in order to be aware of the deeper significance to their values, behavior patterns, and strengths, and to increase clients' self-awareness;
- Asking thought-provoking and powerful questions;
- Mirroring client language and reframing perspectives;
- Facilitating client goal-setting and attainment.

Many professionals may already apply some of these skills when working with individuals across a variety of settings. However, engaging them purposefully to be in line with a coaching philosophy and framework requires practice. A training that includes opportunities to practice coaching skills coupled with time for self-reflection and peer or trainer feedback can help coaches become more comfortable with core techniques, identify their strengths, and receive suggestions for honing their skills.

COACHING THEORY

A theory-based approach is one of the defining features separating financial coaching from other types of financial interventions, such as counseling or financial education, which makes its inclusion in trainings a key ingredient. The financial coaching approach is rooted in insights from behavioral psychology, including positive psychology and behavioral economics. Positive psychology informs goal formation and implementation while behavioral economics explains foundations of decision-making.

Behavioral psychology has been recognized as a primary driving mechanism for increasing goal attainment, improving self-efficacy, and altering negative habits and behaviors. In addition to discussing the theoretical foundations of coaching, a training can teach techniques common to behavioral psychology, such as motivational interviewing. Asking open-ended questions, providing positive reinforcement or affirmations, and taking a non-judgmental approach to a client's situation or financial issues are all important aspects of the method. By utilizing principles from behavioral psychology, financial coaches can facilitate behavior changes that result in greater financial security.

COMMON TRAINING COMPONENTS: COMPETENCIES FOR PROVIDING QUALITY FINANCIAL COACHING SERVICES

Many quality financial coaching training programs include one or more of the following components: financial foundations, cultural responsiveness, and program administration. However, these topics can also be addressed outside of financial coaching training courses as a supplement to a more foundational or introductory financial coaching course. For instance, some financial coaching trainings do not include financial content, but require a certain level of financial knowledge or course prerequisite in order to participate.

FINANCIAL FOUNDATIONS

Although a financial coach does not focus on providing advice or directing clients' goals, knowledge of financial management topics equips coaches to support clients' progress towards financial goals. The United States Financial Literacy and Education Commission, along with several other national organizations, have identified six building blocks or competencies for personal finances:

- Goal Setting
- Maximizing Income
- Spending
- Saving
- Borrowing
- Protecting

These topics span all ages and socioeconomic groups, though specific needs vary by individual and household. Training that helps coaches become well-versed in the basics of personal finance enables them to effectively support clients' financial goals. Coaching trainings differ in how much they emphasize financial competencies. Some trainings treat them as a primary focus, while others cover them as a secondary or supplementary concern. Some financial coaching trainings expect participants to have a foundation in basic financial content as a prerequisite to attending the training. Awareness of the level of financial content covered in a training, as well as the existing financial knowledge of the prospective trainees, is a crucial consideration for choosing the most appropriate program.

ADMINISTRATION: RUNNING A FINANCIAL COACHING PROGRAM

Outreach, Marketing, Engagement

Surveys indicate that financial coaches, managers, and funders consider client engagement and retention important for the continued improvement of financial coaching programs. A financial coaching training that covers effective outreach, marketing, and engagement strategies can help coaches create accessible and inclusive financial coaching programs. For example, a training may cover: tailoring the financial coaching messaging to resonate with a particular audience, the impact of cultural and socioeconomic factors on accessing programs, or strategies for creating culturally-relevant coaching resources. Understanding the target audience, potential barriers to involvement and follow-through and defining strategies for addressing them is critical to increasing both client engagement and coaching impact.

Data Collection

Understanding data collection is important for any financial coach. It is crucial for reporting to funders, for monitoring the effectiveness of coaching sessions and for the success of the coaching program as a whole. Understanding how to effectively use data collection to support program quality improvement can include training on collecting data consistently across clients. A training can also highlight approaches to integrating data collection into coaching so the process is less burdensome to both the coach and client.

Technology Skills

An understanding of available technology to support financial coaching may help coaches reach clients in new, more flexible ways. Training on client-facing technology such as smartphones or online applications may present opportunities for increased access to coaching services for certain populations, such as people with disabilities or young adults. Training on technological platforms for financial coaching can help a coach remain nimble and flexible to the needs and interests of the individual client.

CULTURAL RESPONSIVENESS

Many training programs are making great strides in fostering awareness and responsiveness to the diverse population and cultures that they serve. Incorporating the topics of inclusion, accessibility, and equity into the training is valuable when individuals or organizations think about how to most effectively connect and resonate with their clientele. Some trainings focus on particular populations that are commonly served in the area where they are located, while others take a broader approach and provide practitioners with tools and awareness to individually address the differing needs of clients.

At its foundation, the coaching approach requires coaches to understand and manage their own biases, and refrain from judging clients' decisions. Therefore, incorporating cultural or population-specific awareness of their clients' beliefs and experiences — as well as their own into initial or supplementary financial coaching training— is a key factor in choosing a training program.

TRAINING CHARACTERISTICS: CONSIDERATIONS FOR A SUSTAINABLE TRAINING PLAN

TRAINING LOGISTICS

Determining the most appropriate financial coaching training includes consideration of many factors including location, cost, and timing or duration of the training. Organizations and individuals must be aware of the factors that are most important to them. For instance, being able to send staff to trainings at regular intervals might be a key consideration for some, while others may find cost or location the major consideration. Deciding factors will vary significantly depending on the individual and the organization. Considering how each particular training option will fit into individual and organizational goals over time is vital.

CONTINUED SUPPORT AND LEARNING

Training and practicing to become a more effective financial coach is a continuous process requiring opportunities for ongoing skill development and learning. A trainer who checks in with past participants or has a structure in place that allows for trainee follow-up and support creates opportunities for continued learning and sharing of best practices. As a coach practices and builds competencies, opportunities to obtain input from the trainer foster continued growth. For example, a coach may submit a recorded session to a trainer for review and assessment. Some training programs may also offer online or remote programs or offer more advanced in-person training programs as an expansion of the more foundational trainings. Ultimately, any training is just a start; coaches need opportunities for continued growth along all of the dimensions outlined above.

RECOMMENDATIONS FOR FUNDERS

Funders have an important role to play in supporting the professionalization of the financial coaching field; grantmaker priorities and behavior are crucial levers to encourage the strategic implementation of financial coaching and the effective training of coaches. Training and professional development are essential for professionalizing the field of financial coaching, yet practitioners are often unclear about how to assess and select training and professional development opportunities to meet their needs. In addition to encouraging grantees to leverage the financial coaching training rubric, following are five key considerations for funders interested in investing in the responsive and strategic funding of financial coaching training and professional development.

HELP GRANTEES VALIDLY ASSESS POTENTIAL TRAINING PROGRAMS

There is no one-size-fits-all approach to training and professional development. While logistics and cost often drive the selection of a training program; within those parameters, organizations must assess the knowledge, skills, competencies and expertise that their coaches need to build. The financial coaching training rubric can be an especially useful tool in helping organizations determine specific training needs for their coaches and identify the training program that truly meets those needs.

In some cases, more than one training course may be necessary. For example, an organization may have coaches who are strong on financial content knowledge, but light on coaching skills and theory. In other cases, a coach may need to build financial content as well as coaching skills. Based on the varying competencies of their coaches and on the content included in the training, organizations may need to have a different training approach for different coaches. As a funder, ensure that your grant outcomes are aligned with the coaching strategy of your grantee. Funders play a key role by encouraging grantees to participate in thoughtful assessment of how to maximize the training and development of their coaches.

ENCOURAGE MARKETING & OUTREACH TRAINING PROGRAMS

Strong program administration—including effective strategies for conducting outreach and marketing are essential components of an effective financial coaching program. Successful programs usually include a built-in process to regularly assess client needs and customer satisfaction. Financial coaching programs are no exception. This type of valuable feedback allows the organization to make revisions and enhancements to their program to better meet client needs. Customer satisfaction should be assessed on the coaching services provided, the accessibility of the program services, and on the client's ability to make changes as a result of interactions with the coach. Funders can encourage grantees to seek training programs that provide guidance on effective marketing and outreach approaches.

> TRAINING IS ESSENTIAL for professionalizing the field of financial coaching, yet practitioners are often unclear about how to assess and select training and professional development opportunities to meet their needs.

NURTURE YOUR GRANTEES TO EXPLORE WAYS TO TAP TECHNOLOGY

The training rubric encourages organizations to consider ways that technology can be used to reach clients in new, more flexible ways; however, more progress needs to be made in developing, integrating and training coaches on how to successfully incorporate technology into their coaching practice. This presents an opportunity for funders to support pilot demonstrations incorporating technology into financial coaching programs. Pilot demonstrations will help the field understand how technology can enhance coaching services and may expand access of coaching services to additional populations including rural populations and young adults.

RECOMMENDATIONS FOR FUNDERS

BUILD CAPACITY TO RETAIN CLIENTS

Another essential administrative task is retaining clients over time. Results from the Center for Financial Security (CFS) and Asset Funders Network (AFN) 2016 Financial Coaching Census indicate that coaches spend 10% of their work week on client outreach, marketing, and recruitment. This is an important component of a coach's job because according to Census results, client engagement continues to be a challenge.

Client engagement includes both client acquisition and client retention. Although programs need to focus on both, Census results show that client retention, or a lack of follow-through by existing clients, as the greatest challenge. Funders can impact client retention by encouraging their grantees to participate in trainings that address this issue and include guidance to give coaches the knowledge and capacity to conduct effective outreach, marketing, recruitment, and retention activities. If managers are responsible for program administration functions such as client engagement and retention, funders can encourage them to participate in training opportunities as well, so they have a solid understanding of effective strategies to keep client engaged over time.

FUND TRAINING AND PROFESSIONAL DEVELOPMENT

Financial coaching is a skill that is developed with practice, over time. Funders have played a key role in providing support for initial financial coaching training. Equally important is support for ongoing professional development including advanced training and innovative approaches such as peer learning networks and communities of practice. Providing resources to support ongoing training to enhance skills and to help coaches adapt to changing client and societal needs is essential for building a truly confident and competent workforce of financial coaches.

Center for Financial Security
UNIVERSITY OF WISCONSIN-MADISON

Asset Funders Network

THE ASSET FUNDERS NETWORK'S FINANCIAL COACHING WORKING GROUP IS SUPPORTED BY:

JPMorgan Chase & Co.

MetLife Foundation

Prudential

The Annie E. Casey Foundation

Wells Fargo