

URBAN

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An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs

Intervention

Programs: Financial coaching (one-on-one client-coach model) provided by Branches (Miami-Dade County) and The Financial Clinic (New York City)

Goals: Improving outcomes around credit, savings, existing debt, new loans, and other financial issues for low- and moderate-income individuals

Target population: Both programs target low- and moderate-income individuals

Evaluation

- A **Randomized Controlled Trial** (RCT) evaluation of the impacts of two individualized financial coaching programs on financial behavior, knowledge, and well-being
- **Baseline survey** administered at application
- Program **administrative data**
- **Follow-up survey** administered fall 2015 (on-line, telephone, in-person)
- **Credit bureau records**
- Process study featuring **observations** and **interviews** and **focus groups** with administrators, coaches, study participants
- Funded by CFPB and Annie E. Casey Foundation

Enrollment

945 study applicants across both sites enrolled between early 2013 and March 31, 2014

- 479 assigned to treatment group, 466 to control

Branches enrollment: Miami-Dade **County government** departments, **housing partners**

The Financial Clinic enrollment: tax time at **VITA sites**, financial education **workshops** at partner sites

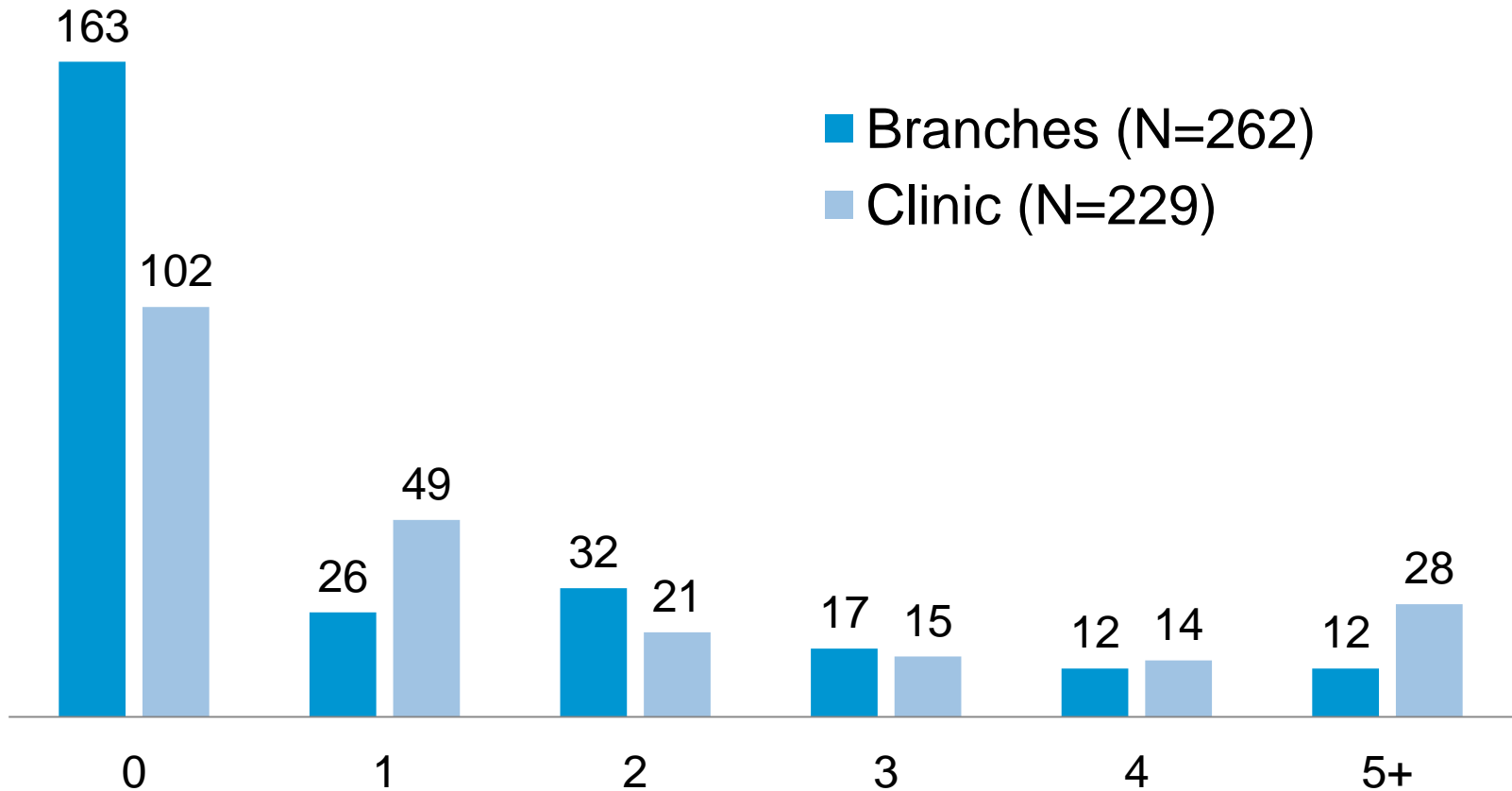
Study Participants at Baseline - Demographics

Variable	Branches	The Financial Clinic
Age (mean)	44	41
Male	53%	45%
Married	44%	15%
# adults in household	1.5	1.3
# children in household	1.1	0.5
Asian	0%	4%
Black	61%	40%
Hispanic/Latino	35%	41%
White	2%	14%
Other	3%	9%

Study Participants at Baseline - Financials

Variable	Branches	The Financial Clinic
Employed full time or self-employed	89%	43%
Mean household income (post-tax)	\$39,417	\$22,110
Checking account	97%	78%
Savings account	86%	52%
Credit Score (Vantage 3.0, from 300 to 850)	597	587
Directly deposited paycheck	94%	47%
Holds a credit card	63%	47%
Percent of balance past due	14%	24%
Number of items in collections	2.3	1.3

Take-up (Treatment Group)



- ☐ Positive effect on **number of savings deposits** since enrollment at both sites

Number of savings deposits	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	13.70	15.64	2.58*	5.32*
The Financial Clinic	6.67	8.95	2.14**	3.15**

significant at 10%
 ** significant at 5%
 *** significant at 1%

- Increase in **total account balance** for The Financial Clinic, but not for Branches

Total account balance	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	\$1,908	\$2,563	\$791.6	\$1,709
The Financial Clinic	\$1,316	\$2,190	\$1,187*	\$1,721**

significant at 10%
** significant at 5%
*** significant at 1%

- Lower level of **total debt** at Branches, but not The Financial Clinic

Sum of all debts (credit bureau)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	\$60,643	\$56,269	\$-10,644 **	\$-12,416
The Financial Clinic	\$13,884	\$13,300	\$-1,602	\$-1,009

significant at 10%
 ** significant at 5%
 *** significant at 1%

□ Positive effect on **curing** for Branches and The Financial Clinic (TOT)

Curing (credit bureau)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	0.84	1.32	0.64***	1.61***
The Financial Clinic	0.79	1.03	0.39**	0.70**

(Curing is the number of trades presently satisfactory that were ever 30 or more days delinquent /derogatory)

significant at 10%
 ** significant at 5%
 *** significant at 1%

- Effect at Branches on paying a **late fee on a loan or bill in the last two months**, not at The Financial Clinic

Late fee on loan or bill in last two months (Y/N)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	0.43	0.33	-0.10*	-0.21*
The Financial Clinic	0.42	0.43	0.02	0.03

significant at 10%
 ** significant at 5%
 *** significant at 1%

- ❑ No effect on **income > household living expenses** at either site
- ❑ No effect on used **any type of alternative financial service** at either site (but effect on **payday loan** usage for Branches, not The Financial Clinic)

- ❑ Increase in **credit score** at The Financial Clinic; no improvement at Branches

Credit score (credit bureau)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	606	617	3.07	6.95
The Financial Clinic	583	601	20.68***	33.10***

significant at 10%
** significant at 5%
*** significant at 1%

- Positive effect at The Financial Clinic for whether or not the participant **has a budget**; no effect at Branches

Has a budget (Y/N)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	0.51	0.55	0.05	0.10
The Financial Clinic	0.55	0.75	0.20***	0.31***

- No effect at both sites on **sticking to a budget**

significant at 10%
** significant at 5%
*** significant at 1%

□ Effect on **level of financial stress** at Branches and The Financial Clinic (TOT)

Level of financial stress (1-7)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	4.29	3.91	-0.50**	-1.11**
The Financial Clinic	4.72	4.42	-0.38	-0.60*

significant at 10%
** significant at 5%
*** significant at 1%

- Effect on **satisfaction with present financial situation** at Branches, but not at The Financial Clinic

Satisfaction with present financial situation (1-7)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	3.42	3.80	0.51**	1.11**
The Financial Clinic	3.03	3.14	0.23	0.36

significant at 10%
 ** significant at 5%
 *** significant at 1%

❑ No effect on **financial knowledge** at either site

Score on financial knowledge test (1-8)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	6.19	6.18	-0.03	-0.07
The Financial Clinic	5.89	5.75	-0.17	-0.26

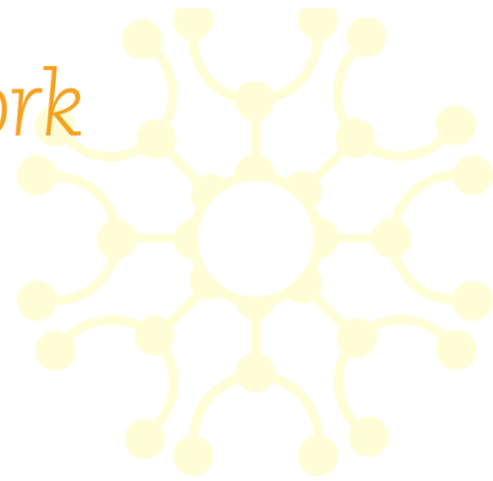
significant at 10%
** significant at 5%
*** significant at 1%

Key Implications

- Financial coaching, as practiced today, varies in many aspects of implementation
- Clients have differing financial situations, goals, and motivations
- Although it is clear that financial coaching is not the solution for all low- and moderate-income individuals, it generated notable outcomes for individuals in this study, indicating that the approach has promise
- Effects differed quite a bit between the two sites in this study, which provides caution about how well one site's results can be extrapolated to other populations and programs



Asset Funders Network



What's next?

Participate in the inaugural **Financial Coaching Census** now through October 23. In partnership with the University of Wisconsin-Madison's Center for Financial Security,

Visit our website to learn more about in-person convenings, webinars, and resources Asset Funders Network seeks to increase the capacity of grantmaker members to effectively promote economic security by supporting efforts that help low and moderate income households build and protect assets.

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The Asset Funders Network



AFN is a community of national, regional and community-based foundations and grantmakers who are strategic about using philanthropy to invest in economic opportunity and financial security for all Americans.

Mission

Increase the capacity of members to effectively promote economic security by supporting efforts that help low and moderate income individuals and families build and protect assets.

Desired Impact

Coalesce the field through cross learning and collaboration to fund promising and best practices ensuring that all who want to can achieve financial security and mobility.



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