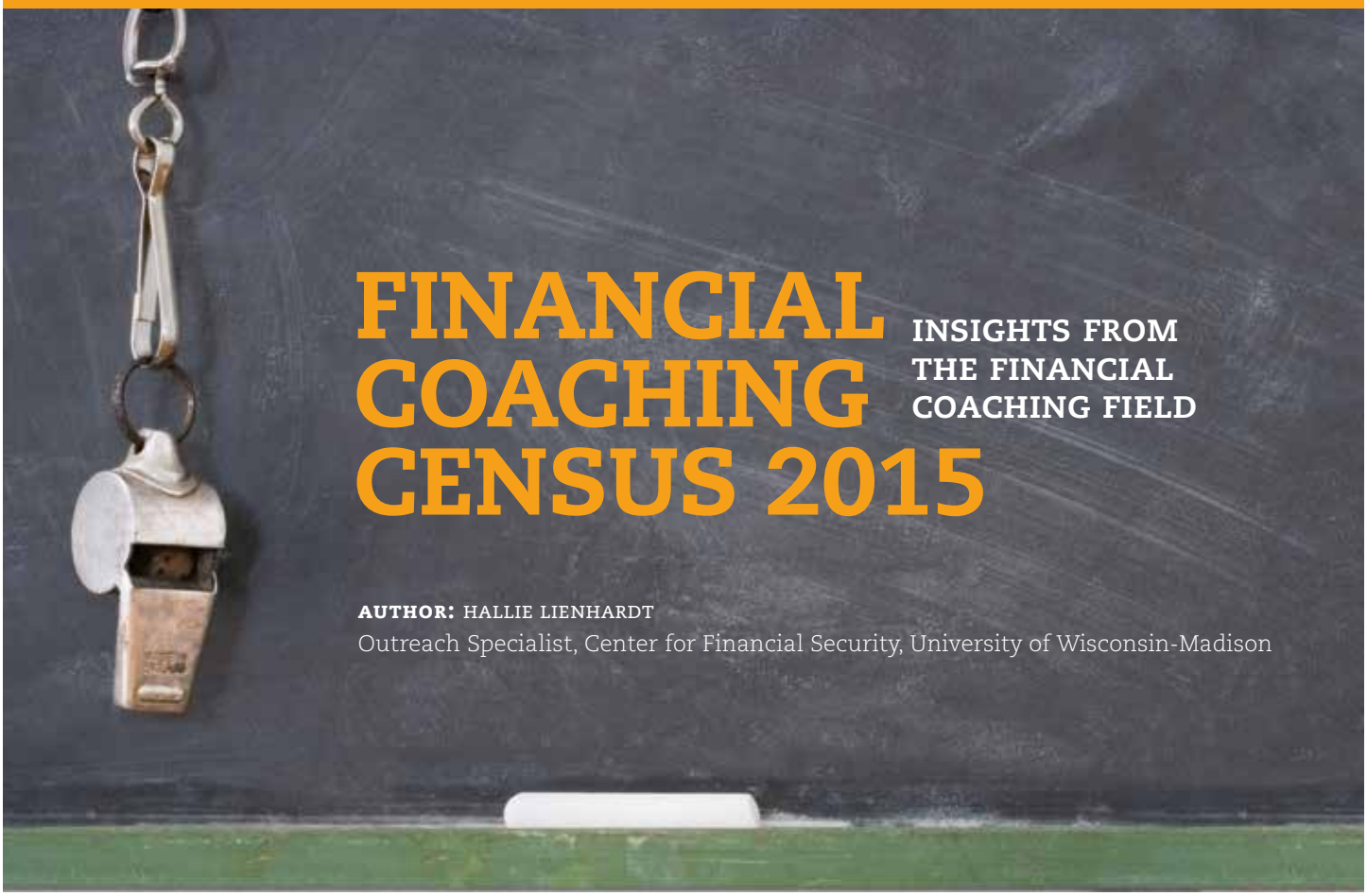
LEARNING IN ACTION

Asset Funders Network



FINANCIAL COACHING CENSUS 2015

INSIGHTS FROM THE FINANCIAL COACHING FIELD

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Financial coaching has gained recognition as a strategy that can improve financial capability and security. Financial coaching is an application of coaching techniques designed to develop an individual's capability to manage their finances in accordance with their self-defined goals. Over the past decade, financial coaching has moved from concept to reality. Yet within this advancing field of practice, many questions remain. What is the current size of the field? How is financial coaching being implemented? How do organizations, coaches, and funders measure success? And what is needed to support more effective implementation?

To begin to address these questions and support the growth of the financial coaching field, the Center for Financial Security (CFS) and Asset Funders Network (AFN), with support from the Annie E. Casey Foundation, developed the first-ever Financial Coaching Census (Coaching Census).

The goal is to better understand the financial coaching field, from its size to its scope, identifying both challenges and opportunities. The objective is to deliver the Coaching Census on a yearly basis, allowing the field to track the trends, both positive and negative, that occur as the field continues to grow. These insights will allow funders and organizations delivering coaching to better and more swiftly address the shifting needs of coaching programs, financial coaching practitioners, and financial coaching clients.

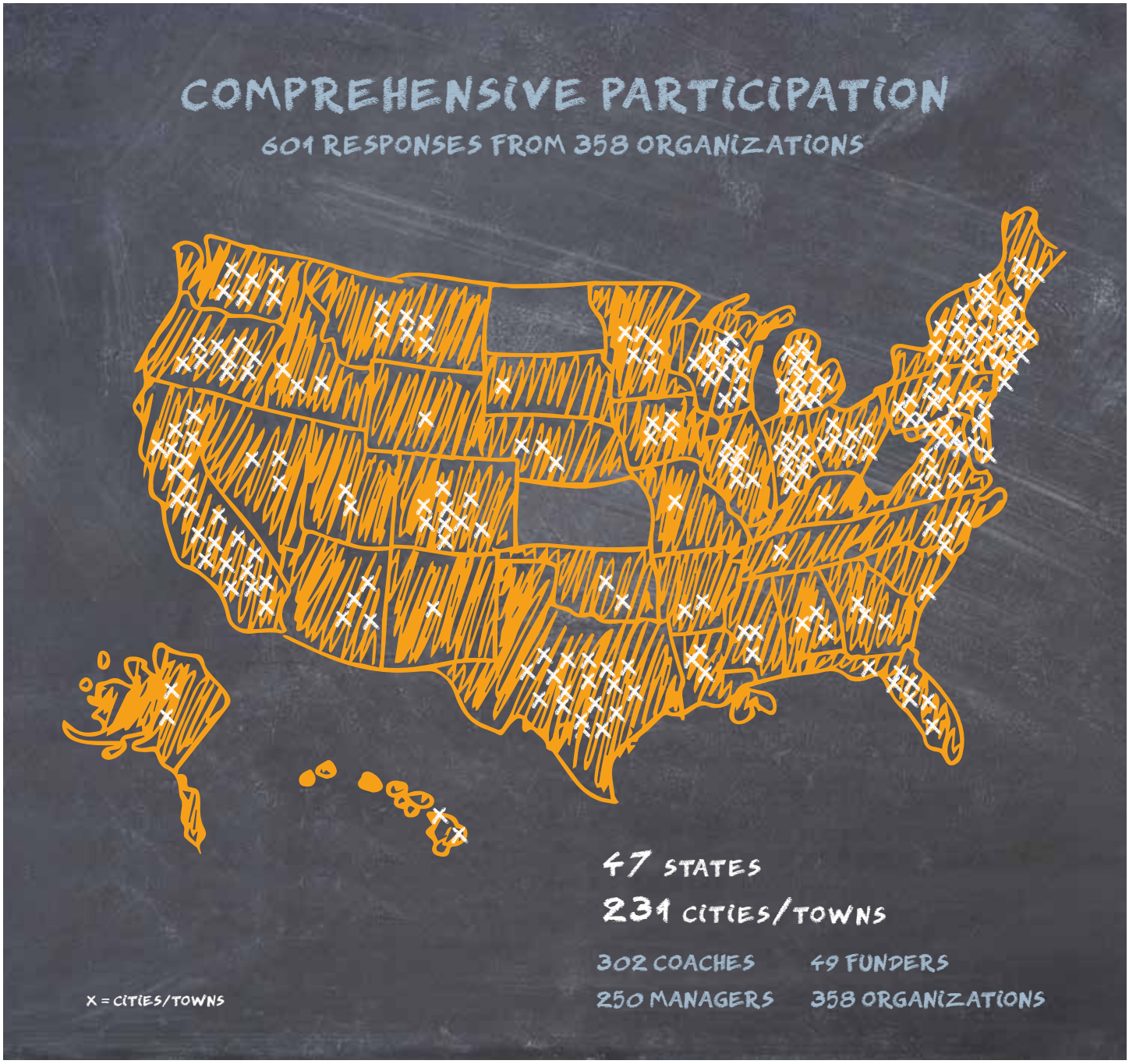
This brief describes the Coaching Census methodology, summarizes the key findings and baseline insights, discusses areas for reflection, and identifies actionable steps to move the field forward.

THE FINANCIAL COACHING CENSUS

The Coaching Census is an electronic survey. There are three different tracks, each comprised of 10 questions, designed to target (1) practicing financial coaches, (2) managers of coaching programs, and (3) funders of financial coaching[1]. As much as possible, the questions were extremely similar across tracks to allow for comparison, yet deliberate variations were included to gather relevant information and perspectives from each track of participants.

In the fall of 2015, the Coaching Census was widely distributed to reach as many funders of financial coaching, managers of coaching programs, and financial coaches directly serving clients.

A total of 601 responses were recorded by individuals from 358 unique organizations (17 funding organizations and 341 social service organizations), located in 231 cities across 48 different states. Results showed 50% of respondents identified themselves as financial coaches, 42% as program managers overseeing coaching programs, and 8% as funders of financial coaching.



KEY FINDINGS

SIZING THE FIELD

The first section of the Coaching Census informs the size and scope of the field of financial coaching.

HOW MANY COACHES?

Managers and coaches were asked to estimate the number of individuals delivering financial coaching within their organizations. Managers responded with an average of 15 coaches, the median or midpoint value response being 5 coaches. Coaches responded with an average of 10 coaches, with a median response of 3 coaches. The disparity between the average and the median responses speaks to the widely varying program sizes represented in the Coaching Census.

Based on respondent averages, **the census data captures at least 1,705 coaches delivering financial coaching** by the 341 coaching organizations that participated in the Coaching Census.

HOW MANY CLIENTS?

Coaches were asked to estimate the number of clients they personally coached per month. Respondents reported an average of 25.2 clients per month with a median of 14.5. When managers were asked to estimate the number of clients coached through their organization per month, they responded with an average of 121.2 clients with the median being 30, again the disparity conveys the widely varying program sizes represented. Estimates show that **approximately 10,230 clients receive financial coaching services per month by the organizations that participated in the Coaching Census**.

WHO IS DELIVERING COACHING?

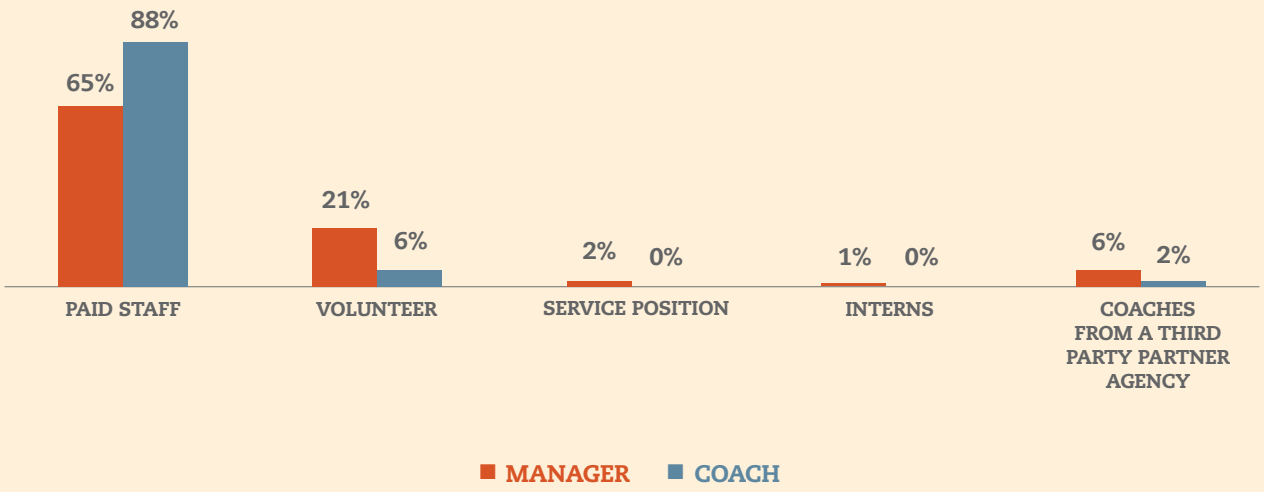
Figure 1 illustrates the responses of managers and coaches when asked to identify who delivers coaching within their organizations. **Managers and coaches overwhelmingly identified "paid staff" as the most commonly designated type of coach**. A much less frequent response, "volunteer," was chosen as the second-most common type of coach within organizations.

HOW IS PHILANTHROPY SUPPORTING COACHING?

In order to gain a better sense of how philanthropy is supporting financial coaching, funders were asked to report how they focus their investments and approximately how much they invest in financial coaching across four categories of funding:

- operating support to organizations providing financial coaching (including funding coaching positions)
- program support
- capacity building (including training of staff and coaches)
- field building (including research, evaluation, scale initiatives, and standardization efforts)

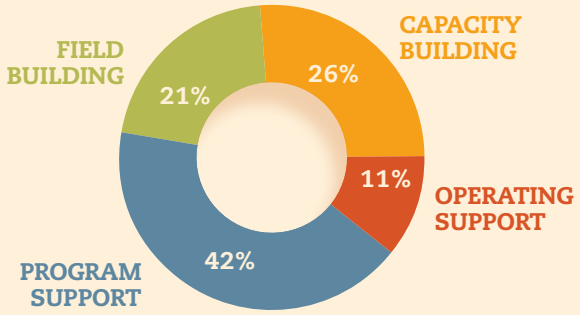
FIGURE 1 | WHO IS DELIVERING FINANCIAL COACHING?



When asked to categorize their funding of financial coaching, **86% of funders identified "program support," making it the most common form of funding allocation**. The spread across field building, capacity building, and operating support was fairly even with 60-70% of funders choosing these categories as a focus as well.

When asked how much funding per year was invested in each of the four funding categories, **funders' responses reveal that that the largest percentage of funding—42%—is allocated to program support** as depicted in Figure 2.

FIGURE 2
ALLOCATION OF FUNDERS' INVESTMENT IN FINANCIAL COACHING



CURRENT STATE OF THE FIELD

The next portion of the Coaching Census was designed to gain clarity on the condition and state of the field.

HOW IS FINANCIAL COACHING BEING IMPLEMENTED AND DELIVERED?

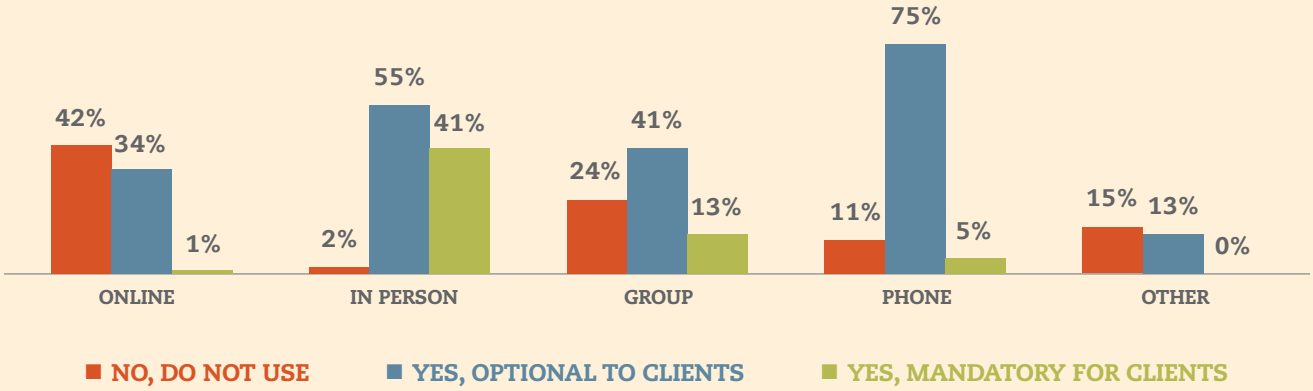
All three respondent tracks were asked to characterize the way financial coaching is implemented in their organizations, choosing between coaching as a "standalone service" or as a delivery model that is "integrated or bundled with other services/programs." All three tracks consistently indicated that **financial coaching is mainly delivered as a bundled service**.

Managers and coaches were asked to choose the most frequently used methods to deliver financial coaching within their organizations and to indicate whether those methods were optional or mandatory for clients[2]. For instance, some coaching programs may require an in-person meeting to initiate the coaching relationship, while other programs may give clients the option of beginning coaching via telephone or online.

Managers and coaches both cited telephone coaching as the most widely used method of working with clients. When asked to identify whether the delivery methods were optional or mandatory, telephone coaching was most frequently considered optional for clients by 69% of managers and 75% of coaches. Figure 3 shows how coaches responded to the question of method of delivery.

In-person coaching was the second-most chosen method of coaching for both managers and coaches; however, the majority of managers, 52%, identified this as a mandatory method while the majority of coaches, 55%, chose it as an optional method.

FIGURE 3 | COACHES CHARACTERIZATION OF COACHING METHODS



Funders were also asked to identify the ways in which their funded programs deliver coaching. Ninety-five percent of funders chose in-person coaching as the most used method, but group coaching was cited by 51% as a common delivery method as well.

HOW ARE COACHES BEING TRAINED?

Based on survey responses, nontraditional or internal trainings are leveraged most broadly. Managers and coaches were asked to identify trainings attended by coaches in their organizations or by themselves personally. Fifty-four percent of managers selected "other," including internal trainings, and NeighborWorks America came in as the second-most utilized training at 48%. Thirty-nine percent of coaches chose NeighborWorks America as a training they personally had attended and 35% chose "other," including internal trainings, as the second-most attended training.

When asked what financial coaching trainings funders were currently supporting, the most commonly chosen answer was "none at this time" by 33% of funders. The second-most chosen answer was "other trainings," which included internal trainings, with 24% of funders choosing this response.

MEASURING SUCCESS

The third section of the Coaching Census informs what financial indicators are collected and how success is measured by coaching programs and financial coaches.

HOW IS THE FIELD TRACKING CLIENT PROGRESS OR SUCCESS THROUGH FINANCIAL INDICATORS?

Managers and coaches were asked to choose all of the financial indicators that coaches track to help understand individual client progress or success; funders were asked to identify financial indicators that they require funded organizations to report. Figure 4 displays how all three groups of respondents answered this question in a combined chart, indicating a consistency throughout all three respondent groups.

"Credit," "debt," and "savings" rank highest as being required by funders and are also cited by both managers and coaches as being tracked at a high rate as well. However, **managers and coaches consistently chose "client's personal financial goals" and "budgeting" as the most commonly tracked indicators** at 80% or above across the board.

FIGURE 4 | MEASURING OUTCOMES AND INDICATORS

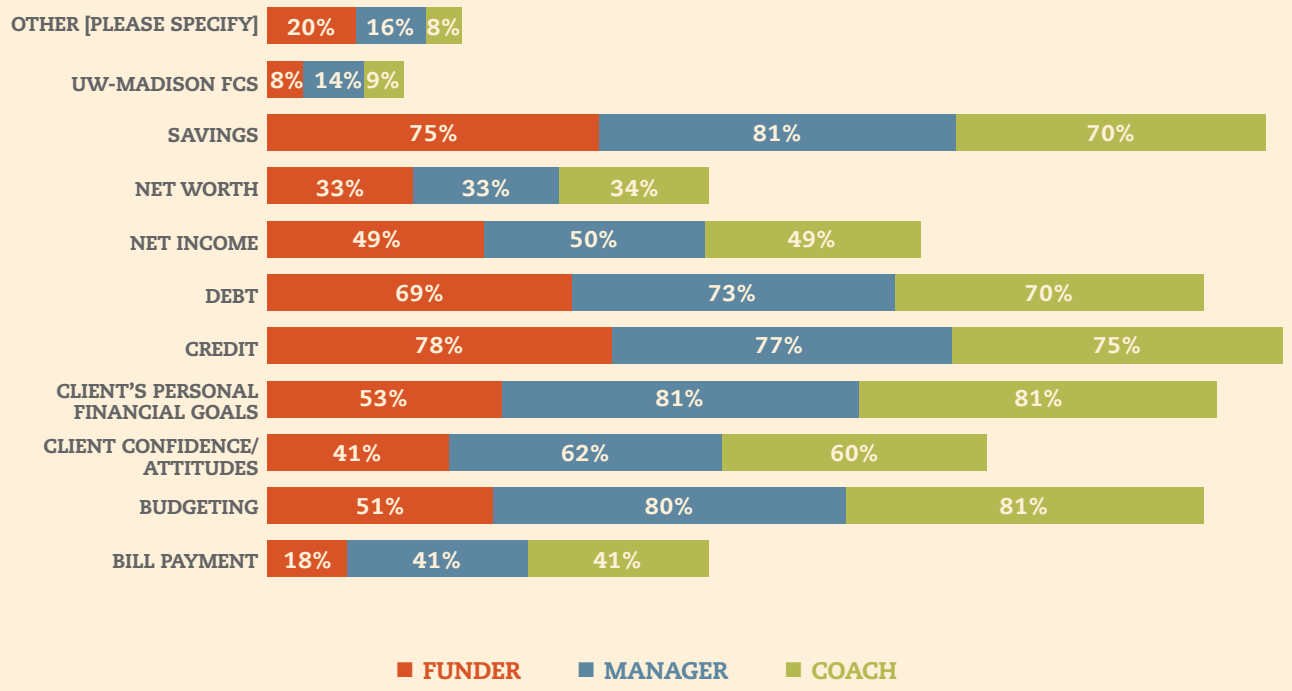
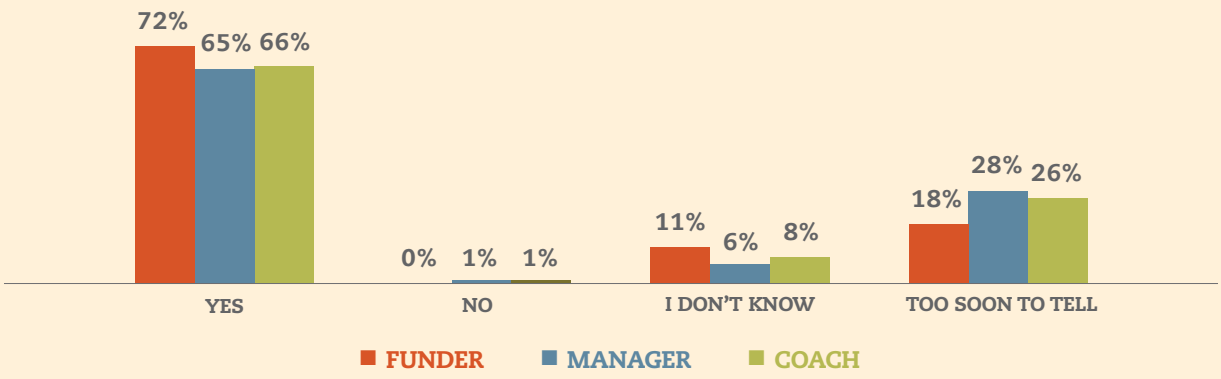


FIGURE 5 | IMPROVEMENT IN CLIENT FINANCIAL SITUATIONS AFTER COACHING



DO STAKEHOLDERS THINK FINANCIAL COACHING IS AN EFFECTIVE INTERVENTION?

A final question to help evaluate the current state of the field was whether respondents believe that the majority of their financial coaching clients, or clients of organizations they fund, see improvement in their financial situations after financial coaching.

The vast majority of funders (72%), managers (65%), and coaches (66%) believe that financial coaching improves their clients' financial situations as indicated in Figure 5. A smaller portion of respondents felt that it was too soon to tell and even fewer felt that they did not know.

INSIGHTS INTO OPPORTUNITIES FOR MORE EFFECTIVE IMPLEMENTATION

The final component of the Coaching Census sought to gain insights into what is needed to support more effective implementation of financial coaching. Respondents were given the opportunity to identify challenges faced in delivering or funding financial coaching as well as possible resources that could improve their ability to deliver and fund coaching.

WHAT ISSUES ARE CONSIDERED CHALLENGES IN THE FINANCIAL COACHING FIELD?

The Coaching Census asked all respondents to identify potential "barriers" from a pre-determined list of options. Figure 6 provides a visual of the top five barriers identified by coaches and managers.

FIGURE 6 | TOP 5 BARRIERS TO COACHING FOR MANAGERS AND COACHES

Coaches identified "lack of interest or buy-in" from clients as the greatest challenge with 52% choosing this option. The second-most cited barrier was "competing demands on my time" by 38% of coaches.

Forty-five percent **of managers chose "lack of funding" as the greatest barrier.** The second-greatest barrier was identified as "lack of interest or follow-through" by 39% of managers.

For funders, 51% felt that lack of standardization and best practices in the field were the most substantial barriers to funding; 43% cited program integration or implementation challenges as the second pressing barrier.

WHAT RESOURCES ARE CONSIDERED MOST HELPFUL?

Managers and coaches were asked what tools or resources would improve their organizations' ability to deliver financial coaching and then were provided with a list of options to rank as either "very useful," "useful," or "not useful." Using the same ranking system, funders were asked to identify which tools or resources would strengthen the financial coaching programs that they fund.

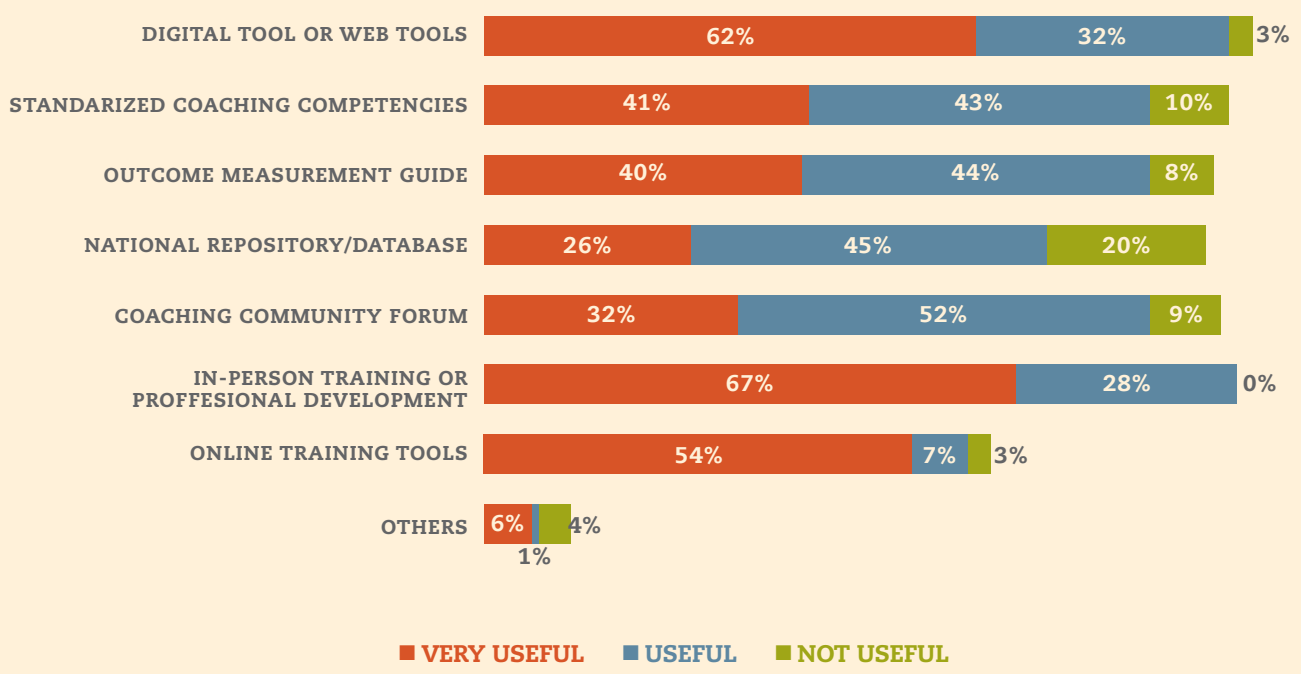
Managers, coaches, and funders responded positively (ranking either "very useful" or "useful") to a majority of the resources suggested by the Coaching Census.

The most popular resources among coaches were more in-person training and professional development opportunities with 67% of respondents ranking them "very useful." Second among coaches at 62% were more digital or web-based tools. Figure 7 gives a comprehensive visualization of how all resources were rated by coaches.

Highest ranking among managers were digital or web-based tools with 60% choosing "very useful." Fifty-four percent of managers ranked both an outcome measurement guide and more in-person trainings as "very useful."

The most highly rated proposed resources by funders were an outcome measurement guide and more in-person training, both rated "very useful" by 70% of funders.

FIGURE 7 | COACHES RATING OF PROPOSED FINANCIAL COACHING RESOURCES



SUMMARY

REFLECTIONS

Considering the overall responses and distilling these down into a handful of key takeaways is helpful in providing a big-picture view of the financial coaching field as captured by the Coaching Census:

- Based on respondent averages, the census data captures at least 1,705 coaches delivering financial coaching to approximately 10,230 clients per month through the 341 coaching organizations.
- Respondents identified that most organizations have a median of five paid staff delivering coaching, who each tend to see approximately 15 coaching clients per month.
- Funders focus 42% of funding on program support; approximately 33% of funders indicated they are not funding training at this time.
- The vast majority of funders, managers, and coaches identified coaching as being delivered as bundled or integrated with other services.
- Sixty-nine of managers and 74% of coaches cited the telephone as the most widely used method of coaching delivery; 36% of managers and 42% of coaches responded that they are not using online tools to deliver coaching.
- All three respondent tracks indicated that a majority of coaches are trained either through internal or partner organizations' trainings and non-financial coaching curriculum is a popular supplement.
- Although not necessarily required by funders, coaching programs tend to track client goals and budgets as one of the most significant ways to assess client progress. All tracks (70% of funders, 54% of managers, and 40% of coaches) rated an "outcome measurement guide" as a proposed resource as "very useful."
- A significant challenge indicated by both managers and coaches was client buy-in and follow-through.
- Funders indicate that lack of standardization and best practices, as well as challenges surrounding program implementation, are most salient.
- Several suggested resources to improve delivery of coaching and additions to strengthen the field stood out as the most preferred by funders, managers, and coaches: more in-person training opportunities, more web-based tools, and an outcome measurement guide.

OPPORTUNITIES FOR ACTION AND NEXT STEPS

Building, strengthening, and influencing the standardization of the field of financial coaching is critical in order to better serve clients. Funders play an important role in helping shape and influence the smart growth of this emerging and effective practice. The Coaching Census revealed several areas where the field has an opportunity to implement continuous and quality improvement. The following are six recommendations for strategic investments that can help shape collective action by funders seeking to facilitate greater financial capability and economic success among targeted populations and communities.

CONTINUE PROMOTING CONSISTENT USE OF THE TERM "FINANCIAL COACHING"

The Coaching Census revealed that organizations are implementing coaching in a variety of ways. What should not vary is how the field defines financial coaching.

Coaching is distinct from—but often used in conjunction with—many other forms of financial service such as financial counseling and planning. The distinction is essential. The objective in differentiating the term "financial coaching" from other financial capability strategies is not to become entangled in a discussion of semantics, but to continue clearly defining the field of practice in order to better serve clients, differentiate programs offered, and strategically inform funder investment. By using accurate language to identify the service, individuals will be more likely to find the most suitable program for their situation. Grantmakers are in a unique position of defining and communicating a standard of financial coaching through their requests for proposals, technical assistance, and funding.

FOSTER A FOCUS ON CONSUMER ENGAGEMENT

Financial coaches and managers both cite engaging and retaining coaching clients as a concern. Addressing this issue means going beyond making sure these clients have access to financial coaching services to also ensuring that coaching programs are strength based and not deficit focused. The coaching organization needs to view clients, especially financially vulnerable individuals, as resourceful customers who will make the choices about how they invest both their time and their resources. AFN recently tackled this issue in a new brief entitled "Consumer Engagement: Helping People Want What They Need," authored by the Doorways to Dreams Fund[3]. This paper discusses the notion that consumers will make choices about what to use or adopt, and providers must compete for consumers' participation.

The Coaching Census revealed that the field is still learning and developing. As a result, there are unique opportunities to invest in innovations and experimentation with client-focused program design that can help inform the field's understanding of what works. Managers and coaches also identified digital or web-based tools as one of the most highly ranked proposed resources. When implemented with the client in mind, these tools and resources are an opportunity to drive better consumer engagement. Funders should also discuss consumer engagement with their grantees. Questions and expectations about how providers seek to engage their coaching clients as consumers can have a powerful effect on how grant seekers think about their work.

BUILDING CAPACITY AND TRAINING OF FINANCIAL COACHES

Funders, managers, and coaches unanimously identified increased financial coaching training as a needed opportunity to enhance the skills of the coaches and delivery of financial coaching. Due to the swift growth of the financial coaching field and limited resources, financial coaching trainings are not always readily available or accessible. The choice of "other" trainings attended by the majority of coaches and managers included a wide array of written-in responses citing coaching and non-coaching curriculum. This supports the belief that coaching is not equivalent to simply following a curriculum, but instead involves intensive skill building and practice, with objective feedback about skills and areas for growth.

There is an opportunity for funders to respond to the feedback from coaches and managers and help support the expansion of standardized, scalable, and sustainable training and professional development for new and existing financial coaches. In addition, because some programs depend upon volunteer coaches from the community, there is an opportunity for further development in the training, recruiting, and refinement of best practices for volunteer coaches. Investing in the training of financial coaches—especially through sustainable and time friendly channels such on-line training guides and other electronic resources—could add to the overall capacity of many coaching programs.

SUPPORT PROFESSIONALIZATION OF THE FIELD

As the practice of financial coaching grows, standardization and fidelity to the approach as a vehicle to support behavior change are increasingly important for effective replication and further professionalization of the field of financial coaching. Financial coaching is in need of clearer standards for competency, training (as mentioned above), skills, operational knowledge, and performance standards of coaches. Funders have an opportunity to influence the professionalization of the field in these early stages through the building of partnerships and networks focused on setting a national precedent for coaching programs.

Funders can also integrate common indicators, like the Financial Capability Scale[4], into their grantmaking, and invest in training models that can be replicated and scaled.

Another important way funders can respond to the needs of coaching programs and promote professionalization is by investing in and connecting grantees to communities of practice where practitioners can interact, exchange ideas, learn best practices, develop skills and knowledge of developing innovations, and continue growth in the field. Through communities of practice and other community forums, managers and coaches can work on creating better connections between community partners, resources, and referral networks that both benefit clients and also foster collaborative work in the financial capability field.

COALESCE AROUND A SET OF FINANCIAL INDICATORS

Funders, managers, and coaches all identified more guidance for outcome measurement and documentation of the impact of financial coaching as areas that

could benefit the field. By coalescing around a set of measures that organizations can readily integrate into their existing client tracking systems, stakeholders are better equipped to understand and improve the impact of financial coaching services. This issue is particularly important because coaching programs often operate at lower client volumes than financial counseling or financial education programs. Therefore, it is important that expectations of program performance are in sync as a field.

A consistent set of measures will aid in removing the ambiguity of financial coaching program outcomes that funders, policymakers and other stakeholders are interested in gleaning from a program. A starting point for funders and coaching programs is a valid set of performance indicators such as the Financial Capability Scale[5], as noted above. This scale includes many of the most frequently cited outcome measures identified by census respondents.

INVEST IN RESEARCH AND EVALUATION

The vast majority of Coaching Census participants believe that financial coaching improves clients' financial situations. As financial coaching gains popularity, it is important to focus programs to match the goals of clients. The role of the coach is to support identifying the opportunities desired by the client, to develop with the client the next steps, and to hold them accountable for moving forward. When understood and implemented correctly, coaching can be effectively integrated along with a range, of other options (including but not limited to workforce programs, educational settings, or in conjunction with financial counseling, which remains a critically important approach that can directly intervene when a client has immediate, acute problems where expertise is required).

Recent rigorous research revealed that financial coaching has a positive impact on the financial wellness of individuals across a range of incomes[6]. However, more research and evaluation is needed to help the field refine and better understand when, how, and for whom is financial coaching best received by clients. As a result, funders can play an important role by continuing to invest in and collaborate on research and evaluation efforts that better inform implementation efforts.

CONCLUSION

The 2015 Financial Coaching Census is a baseline snapshot of a growing field. As the practice of financial coaching expands and evolves, the strategy is to deliver the Coaching Census on a yearly basis, allowing the field to track the changes, both positive and negative, that occur as the field continues to grow. For the last several years, the Center for Financial Security (CFS) and Asset Funders Network (AFN), with support from the Annie E. Casey Foundation, have collaborated to clearly define financial coaching, guide research, offer training opportunities, and introduce resources and tools to stakeholders and practitioners in the field of financial coaching. The results of the Coaching Census will play an important role in informing these collective efforts.

ACKNOWLEDGEMENTS

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ACHIEVING THE DREAM

CFED

CONSUMER FINANCIAL PROTECTION BUREAU

FDIC

GOODWILL

LISC

NEIGHBORWORKS AMERICA

RAISE TEXAS

THE UNITED WAY NETWORK

ENDNOTES

1. A definition of financial coaching, for the purposes of the Coaching Census, was included as guidance for the respondents. Respondents were also assured of the confidentiality of their responses, with the knowledge that all insights gathered from the census are to be shared in aggregate and data is stored in a secure database at the University of Wisconsin–Madison. Open to respondents for a five-week period, the census was publicized and disseminated to a nationwide audience through financial coaching network channels such as emails, newsletters, and webinars.

2. It is important to acknowledge that participants in the Coaching Census may have interpreted, and therefore characterized, their coaching as "optional" or "mandatory" differently. Therefore, results in this section should be understood with that caveat. Alterations to subsequent Coaching Censuses will be made to clarify coaching method.

3. With support from the MetLife Foundation, the Asset Funders Network and the Doorways to Dreams Fund (D2D) developed a funder brief discussing the issue of engaging low-income consumers in financial empowerment services and offering up recommendations for action. For more information on this paper, please visit: http://assetfunders.org/documents/AFN_Consumer_Engagement_Brief_2016.pdf

4. The Center for Financial Security and Annie E. Casey Foundation developed a short set of standardized client outcome measures called the Financial Capability Scale (FCS). For more information on the scale, please visit http://fyi.uwex.edu/financialcoaching/measures/

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6. Theodos, Brett, et al. 2015. "An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs." Urban Institute. Washington, DC. http://www.urban.org/research/publication/evaluation-impacts-and-implementation-approaches-financial-coaching-programs/view/full_report

ASSET FUNDERS NETWORK

The Asset Funders Network advances economic opportunity and prosperity for low and moderate income people through philanthropy.

Through knowledge sharing, AFN empowers foundations and grantmakers to leverage their resources to make more effective and strategic funding decisions, allowing each dollar invested to have greater impact.

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