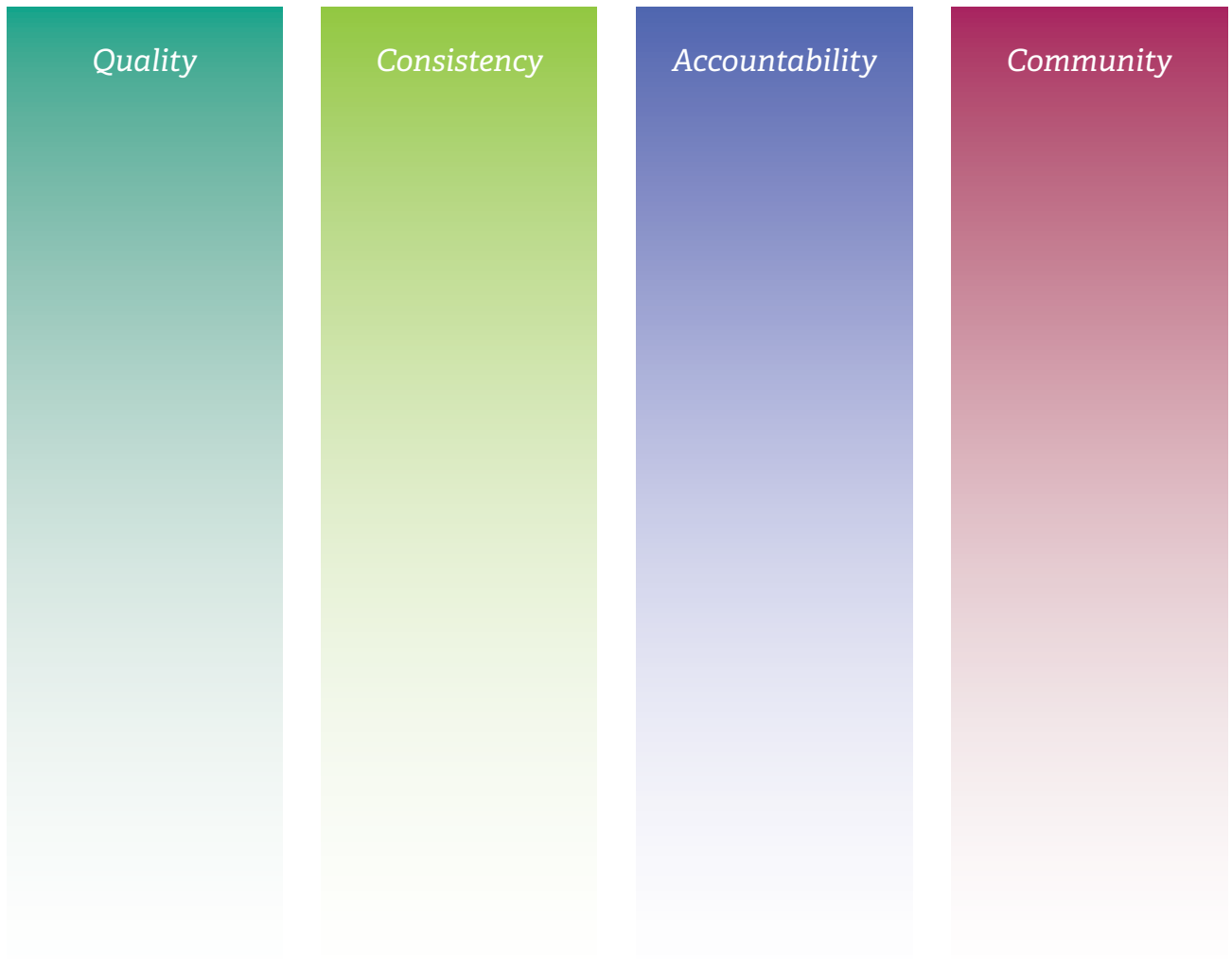


# The Professionalizing Field of Financial Counseling and Coaching

A Journal of Essays from Expert  
Perspectives in the Field



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Cities for  
**FINANCIAL  
EMPOWERMENT**  
Fund

# The Professionalizing Field of Financial Counseling and Coaching Journal

We are indebted to the experience and expertise reflected in the essays in this journal. This field wouldn't be at the cusp of professionalization without the vision and partnership of these thought leaders, the fortitude and dedication of the counselors and coaches, and the commitment and hard work of the clients.

## **Thank you to our Partner: Citi Community Development**

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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## **About Us: The Cities for Financial Empowerment Fund**

The Cities for Financial Empowerment Fund (CFE Fund) supports municipal efforts to improve the financial stability of households by leveraging opportunities unique to local government. By translating cutting edge experience with large scale programs, research, and policy in cities of all sizes, the CFE Fund assists mayors and other local leaders to identify, develop, fund, implement, and research pilots and programs that help families build assets and make the most of their financial resources. For more information, please visit [www.cfefund.org](http://www.cfefund.org).



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# From our Editor



Financial counseling and coaching for those with lower incomes is beginning to hit its stride as a field. In fact, sitting down and literally helping someone individually with their financial challenges and goals (not just teaching them about the basics) is emerging as the next public service in cities across the country and even beyond. Exciting stuff ... and no wonder. Community practitioners, government leaders, private funders, and local municipalities are developing and delivering services that are finally demonstrating both impact and the capacity for scale.

But as these efforts attract and sustain more resources, particularly government dollars, it is critical that the financial counseling and coaching field achieves professional maturity.

The four basic pillars of any professional field—quality, consistency, accountability, and community – are attracting increasing focus from financial empowerment stakeholders across multiple sectors. When the Cities for Financial Empowerment Fund and Citi Community Development released a call for essays to gather observations and best practices on financial counseling and coaching through the lens of these professional pillars, we were astonished by over 100 responses from across the country.

As you read through the essays, you'll notice that within each of the professional pillars, experiences and priorities span a broad and energizing spectrum. Yet ringing clearly through each essay we were able to include here, and the dozens and dozens we were not, is a strong stream of passionate commitment to, and tangible consensus for, providing services at a professional level, a field ready to be held to that standard, and the appetite to work together to support that evolution.

Thank you to Citi Community Development for their longtime partnership and support of this work; and thank you for joining us in this promising conversation.



Jonathan Mintz  
President and Chief Executive Officer  
Cities for Financial Empowerment Fund, Inc.

## From our Partner



The field of financial empowerment has reached an inflection point. As of this writing, nearly thirty city governments have launched or are in the process of launching programs designed to enable financially vulnerable households to achieve a more secure financial future, and hundreds of organizations across the United States are delivering a suite of these services to their local communities. Companies and philanthropic organizations are more engaged than ever, providing support to enable the development of innovative new programs or the replication and scaling of successful ones. And practitioners continue to gather data and stories from the field—highlighting what works and what doesn't, and identifying current and emerging areas of need.

Yet despite the great progress that has been made, the need remains greater than ever. According to the FDIC, almost 93 million people live in unbanked and underbanked households in the United States—a group large enough to form the 13th most populous country in the world, larger than the populations of France, the U.K. or Germany. Nearly ten million households do not have a bank account, and more than 50 million adults are resorting to alternative—and often predatory—credit products. The Consumer Financial Protection Bureau (CFPB) has found that 26 million consumers have no credit score and are considered “credit invisible”, and an additional 19 million were “unscorable” due to thin or nonexistent credit data. And according to data from [FamilyAssetsCount.org](http://FamilyAssetsCount.org), a collaboration between the Corporation for Enterprise Development (CFED) and Citi Community Development, nearly half of all U.S. households are “liquid asset poor”—that is, they do not have sufficient savings to sustain three months at the poverty level in the event of a significant interruption of income, such as a large medical expense or the loss of a job.

In short, in America in 2016, too many families and individuals lack financial access and financial resiliency to build assets in an increasingly complex and expensive economy.

As one of the field's earliest and staunchest supporters, Citi considers financial empowerment to be a key ingredient for building more inclusive cities. Armed with the right tools, expertise and partnerships, government, community organizations and the private sector have the power to improve access, affordability and resiliency for vulnerable families and communities: Access to safe, appropriate financial products and services, or to refundable tax credits like the EITC; assistance with finding affordable credit, housing or banking; and one-on-one financial counseling to encourage saving and building up the financial resiliency to safeguard against the unexpected.

But the industry has reached a point where simply growing is not enough. In order to reach the next level of effectiveness, it has to mature as a field. It has to professionalize.

That's why we have been thrilled to see so many of the leading experts in one-on-one financial counseling stepping forward to offer their unique insights and expertise to this first discussion of professionalization of financial empowerment services in the U.S. Their contributions take on a number of critically important questions from a range of different industry perspectives: how do we best measure and evaluate impact? How do we define national standards, ensure organizations adhere to them? How do we replicate programs and share best practices across a complex and heterogeneous economic landscape so that national standards rise?

Ultimately, we all have the same goal at heart: to enable vulnerable families to build a more secure financial future, and expand economic opportunity for the communities in which they live—and to do this as effectively as we can. We look forward to seeing how this journal prompts the kinds of discussion and action that shape the field and take it to the next level.

A handwritten signature in black ink, appearing to read "Bob Annibale". The signature is fluid and cursive, written on a white background.

Bob Annibale  
Global Director  
Citi Community Development and Inclusive Finance

# QUALITY

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*Ensuring that clients can expect high-quality services from appropriately trained providers is critical to the on-the-ground reality of financial counseling and coaching professionalism. The essays in this pillar detail the many areas in which the field can establish and support standards and mechanisms for quality control—including both the breadth and depth of training, professional certifications and accreditations, and opportunities for client feedback and ongoing counselor and program development.*

## **Cultural Competence in Financial Counseling and Coaching**

*The authors highlight cultural competence as a key component to quality financial counseling.*

JULIE BIRKENMAIER  
Saint Louis University

MARGARET SHERRADEN  
University of Missouri-St. Louis and Washington University in St. Louis

## **Social Workers Are Partners in Professional Financial Practice**

*This essay focuses on improving counseling quality through social work curriculum development and practice.*

JULIE BIRKENMAIER  
Saint Louis University

CHRISTINE CALLAHAN  
University of Maryland School of Social Work

JODI JACOBSON FREY  
University of Maryland School of Social Work

MARGARET SHERRADEN  
University of Missouri-St. Louis and Washington University in St. Louis

## **Professionalizing the Field to Better Serve Low-to-Moderate Income Clients**

*This essay explores the benefits of drawing from both counseling and coaching disciplines for quality service delivery.*

ALICE CODAY  
Financial Empowerment Network | Seattle-King County

DIANA DOLLAR  
The Prosperity Agenda

DEVIN STUBBLEFIELD  
The Prosperity Agenda

## **Maximizing Results Through Certification**

*The author makes the case for quality financial counseling standards and accreditation.*

ANN ESTES  
National Foundation for Credit Counseling

## **Moving Towards an Evidence-Based Consensus on Core Counselor Competencies**

*The CFE Fund reflects on the competencies counselors found most critical to success in the replication of the multi-city Financial Empowerment Center public service counseling model.*

NICKY GRIST  
Cities for Financial Empowerment Fund

## **Development Process for Professionalization of Financial Coach Career Track**

*This author shares proposed tracks for certifying professional financial counselors.*

GLORIA HATCHER-MAYS  
Seattle Human Services Department

## **A View of Professional Financial Counseling From the Community**

### **Development Field**

*This organization discusses the importance of professional training drawing from their experience with housing counseling.*

BROOKE LINKOW  
NeighborWorks America

## **Developing a Comprehensive Counseling Curriculum**

*This counseling training expert makes the case for the skill of counseling itself in quality services.*

JOYCE MOY  
City University of New York



# Cultural Competence in Financial Counseling and Coaching



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MARGARET SHERRADEN, PhD, is founders professor at the University of Missouri-St. Louis, School of Social Work, and research professor, Center for Social Development, Washington University in St. Louis.

Cultural competence is critical for effective financial counseling and coaching, especially with financially vulnerable and minority households. The importance in practice cannot be understated: Respect for and understanding of cultural differences are critical in the practitioner–client relationship, and necessary for building trust about often sensitive financial matters. Cultural competence is the ability to act on understanding of “specific cultural, language, social and economic nuances of particular people and families”.<sup>1</sup> It is increasingly necessary as the United States becomes a majority-minority nation.<sup>2</sup> Although human service professionals and financial planners recognize cultural competence as a core professional skill,<sup>3,4</sup> it also must become part of national professional standards.

Cultural competence involves the acquisition and career-long cultivation of knowledge about human diversity and cultural bias based on race, ethnicity, socioeconomic status, and other differences. Historical and cultural influences shape the beliefs, experiences, and financial practices of population groups. Combining self-awareness with understanding of these influences enables practitioners to guide client interactions.

There are several dimensions of culturally competent practice. First, such practice requires a self-awareness that reflects the practitioner’s identity and experiences. Awareness of one’s values and beliefs about finances is particularly important. They influence how people earn, spend, and save money. For example, cultural beliefs about autonomy and interdependence can influence financial decisions. Cultural beliefs about the trustworthiness of financial institutions affect saving and investment practices.

Self-awareness also entails understanding of personal experiences with group identity, privilege, and discrimination. For example, a White, middle-class practitioner may have knowledgeable financial mentors, a privilege not enjoyed by everyone. In another example, experiences of discrimination in mainstream financial services may lead people to use alternative, non-bank cash management, savings and lending mechanisms.<sup>5</sup> Recognizing one’s own privilege facilitates the development of empathy for people who lack such privilege and of understanding about how discrimination limits life opportunities.

Second, culturally competent practice requires that practitioners understand how institutions and history have profoundly shaped current financial situations and cultural perspectives. Several examples apply. The forced loss of land and removal to reservations continue to influence the financial positions of Native Americans. Current wealth holding among African Americans cannot be understood without appreciating property relations under slavery and the historical exclusion of African Americans from property ownership. In the 1930s, Mexican Americans—many of them U.S. citizens—were forcibly repatriated to Mexico. The loss of assets has affected the wealth of subsequent generations of Hispanics. In contrast, White families received free land through the Homestead Act of 1862, which has been the largest asset distribution policy in U.S. history. Homestead lands laid a foundation of wealth for contemporary White families, an economic advantage denied to minority families.<sup>6</sup>

Third, cultural competence requires that practitioners understand the contemporary financial reality of particular groups. For example, growing income and wealth inequality,<sup>7</sup> disparities in rates of financial inheritance,<sup>8</sup> and lack of access to bank products<sup>9</sup> disproportionately affect minority groups. Within financial counseling, understanding clients’ perspectives entails situating individual financial experiences within these current realities. Acknowledging clients’ financial context helps practitioners develop empathy, prevent victim blaming, and avoid value judgments that interfere with client relationships.

Cultural competence involves the acquisition and career-long cultivation of knowledge about human diversity and cultural bias based on race, ethnicity, socioeconomic status, and other differences.

These three dimensions of cultural competence are essential for conducting financial counseling practice with “cultural humility”<sup>10</sup> that is, intentional efforts to communicate openness to learning about clients’ backgrounds. Cultural humility also entails deep respect for clients’ experiences, perspectives, history, and cultural strengths. Practitioners demonstrate cultural humility by approaching the helping relationship as a partnership; they ask questions about clients’ experiences, communicate respect, avoid assumptions, and reject stereotypes.

For maximum effectiveness, financial counselors must develop trusting professional relationships with their clients. Culturally competent practice that acknowledges forces that have shaped current financial situations and demonstrates respect for client decisions based on their perceptions of available resources and options assists in this goal. Practitioners should validate client experiences and express understanding. For instance, if a client who tried to open a bank account believes that she was discriminated against because of her accent, acknowledging that belief is the starting point for addressing her banking needs and creating a plan that reflects her priorities. Including cultural competence in national standards for financial counseling and coaching will serve to professionalize the field, and position it to serve the increasingly diverse population in the United States.

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<sup>1</sup> National Association of Social Workers. (2015). Diversity and cultural competence. Retrieved from <https://www.socialworkers.org/pressroom/features/issue/diversity.asp>

<sup>2</sup> U.S. Census Bureau. (2015). New Census Bureau report analyzes U.S. population projections (News Release No. CB15-TPS.16). Retrieved from <http://www.census.gov/newsroom/press-releases/2015/cb15-tps16.html>

<sup>3</sup> Council on Social Work Education. (2015). Educational policy and accreditation standards. Retrieved from <http://www.cswe.org/>

<sup>4</sup> Marks, L. D., Dollahite, D. C., & Dew, J. P. (2009). Enhancing cultural competence in financial counseling and planning: Understanding why families make religious contributions. *Journal of Financial Counseling and Planning*, 20(2), 14–26.

<sup>5</sup> Hays, P., Klontz, B. T., & Kemnitz, R. (2015). Seven steps to culturally responsive financial therapy. In B. T. Klontz, S. L. Britt, & K. L. Archuleta (Eds.), *Financial therapy: Theory, research, and practice* (pp. 87–99). Cham, Switzerland: Springer International.

<sup>6</sup> Shanks, T. R. W. (2005). The Homestead Act: A major asset-building policy in American history. In M. Sherraden (Ed.), *Inclusion in the American dream: Assets, poverty, and public policy* (pp. 20–41). New York, NY: Oxford University Press.

<sup>7</sup> Piketty, T. (2014). *Capital in the twenty-first century*. Cambridge, MA: Harvard University Press.

<sup>8</sup> Shapiro, T., Meschede, T., & Osoro, S. (2013). The roots of the widening racial wealth gap: Explaining the black-white economic divide (Research and Policy Brief). Retrieved from Institute on Assets and Social Policy website: [http://www.naacpldf.org/files/case\\_issue/Shapiro%20racialwealthgap%20brief.pdf](http://www.naacpldf.org/files/case_issue/Shapiro%20racialwealthgap%20brief.pdf)

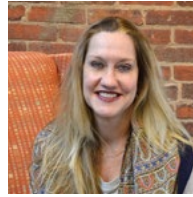
<sup>9</sup> Federal Deposit Insurance Corporation. (2014). 2013 FDIC National Survey of Unbanked and Underbanked Households. Washington, DC: Author.

<sup>10</sup> Hook, J. N., Davis, D. E., Owen, J., Worthington, E. L., Jr., & Utsey, S. O. (2013). Cultural humility: Measuring openness to culturally diverse clients. *Journal of Counseling Psychology*, 60(3), 353–366.

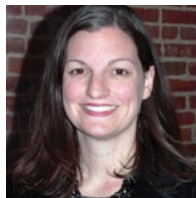
## Social Workers Are Partners in Professional Financial Practice



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Social workers have provided financial assistance and counseling in low-income and financially vulnerable households for over one hundred years.<sup>1</sup> Today, they play a key role in bringing professional financial counseling and coaching to scale in the United States. This essay focuses on extending the scope and improving the quality of financial social work practice in the 21st century through curriculum development, training, professional commitment, and research.

As social work pioneer Jane Addams observed over a century ago, social work is “among the people.”<sup>2</sup> Professional social workers assist people with troubles such as interpersonal violence, addiction, mental and physical illness, abuse and neglect, incarceration, and homelessness. Serious financial challenges—such as poverty, problem debt, poor credit, asset poverty, and financial victimization—often accompany these troubles. The combination of social and financial troubles confronted by social work practitioners requires expertise in social and psychological interventions, but also financial interventions and research.

Social workers are knowledgeable about economic inequality and skilled in counseling and accessing public benefits for low-income and financially vulnerable populations. However, they often are not fully prepared to integrate professional financial counseling and coaching into practice. Today, for example, the curricular standards for professional social work education include advancing “economic justice” and “economic well-being,” but do not mention “financial capability” and “financial well-being.”<sup>3</sup> Most social workers learn on the job and through continuing education.<sup>4</sup> In fact, recently, two federal agencies, the U.S. Department of Health and Human Services and the Consumer Financial Protection Bureau (CFPB), began promoting financial capability training for workers in social service organizations.<sup>5</sup> Despite promising developments, the social work profession should develop more education and training in financial social work.<sup>6</sup>

Social work practitioners and researchers have laid a foundation for improving the financial well-being of financially vulnerable populations, especially in expanding financial capability and asset building (FCAB) policies, programs, and services.<sup>7</sup> At this point, however, more scholarship is needed to develop metrics of success in direct financial counseling and coaching with social work clients.<sup>8</sup>

To situate social work as a more robust frontline profession in addressing personal and household financial issues, social work educators, scholars, and practitioners are intensifying efforts to prepare social workers and social welfare organizations to integrate professional financial practice into existing social work practice skills and settings. Social work professionals are developing and evaluating FCAB curricula for human service

Today, for example, the curricular standards for professional social work education include advancing “economic justice” and “economic well-being,” but do not mention “financial capability” and “financial well-being.” Most social workers learn on the job and through continuing education.

and social work students, and a social work focused FCAB textbook is underway.<sup>9</sup> In recognition of its importance, the American Academy of Social Work and Social Welfare has selected the concept of “financial capability for all” as one of the profession’s initial 12 Grand Challenges.<sup>10</sup>

Nonetheless, much work remains to fully integrate financial counseling and coaching in social work practice, research, and education. Curricular innovations can integrate financial practice in the professional curriculum through online education, specialized field placements, and joint coursework with family and consumer sciences, economics, business, and law. Social workers can collaborate with other financial professionals to fill gaps in services, especially for financially vulnerable populations. Social workers can join other professionals aiming to elevate the quality and availability of financial coaching and counseling. Across the nation, financially vulnerable populations will benefit when financial practice is fully integrated in the social work profession.

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<sup>1</sup> Stuart, P. (2013). Social workers and financial capability in the profession’s first half-century. In J. Birkenmaier, M. Sherraden, & J. Curley (Eds.), *Financial capability and asset development: Research, education, policy, and practice* (pp. 44–61). New York, NY: Oxford University Press.

<sup>2</sup> Addams, J. (1910). *Twenty years at Hull-House with autobiographical notes*. New York, NY: Macmillan, p. 111

<sup>3</sup> Council on Social Work Education. (2015). *Educational policy and accreditation standards for baccalaureate and master’s programs*. Alexandria, VA: Council on Social Work Education. Retrieved from <http://www.cswe.org/File.aspx?id=14115>

<sup>4</sup> Frey, J. J., Svoboda, D., Sander, R., Osteen, P., Callahan, C., & Elkinson, A. (2015). Social work practice with clients with financial difficulties: Evaluation of continuing education training on financial capability. *Journal of Social Work Education*, 51(3), 439–456.

<sup>5</sup> Administration for Children and Families (2015). *Building financial capability: A planning guide for integrated services*. Washington, DC: ACF. Retrieved from <http://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>.

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<sup>6</sup> Birkenmaier, J., Sherraden, M. S., & Curley, J. (Eds.) (2013). *Financial capability and asset development: Research, education, policy, and practice*. New York, NY: Oxford University Press.

<sup>7</sup> Sherraden, M. (1991). *Assets and the poor: A new American welfare policy*. Armonk, NY: ME Sharpe. Birkenmaier, Sherraden, & Curley, 2013.

<sup>8</sup> Scanlon, E. & Sanders, C. (2015). Applying direct practice theories and skills to financial capability and asset building. Paper presented at the convening on Financial Capability and Asset Building: Advancing Education, Research and Practice in Social Work, St. Louis, MO.

<sup>9</sup> Sherraden, M. S., Birkenmaier, J. M., & Collins, J. M. (forthcoming). *Financial capability and asset building in vulnerable households: Theory and practice*. New York, NY: Oxford University Press.

<sup>10</sup> Sherraden, M. S., Huang, J., Frey, J. J., Birkenmaier, J., Callahan, C., Clancy, M., & Sherraden, M. (2015). *Financial Capability and Asset Building for All*. Grand Challenges Initiative, American Academy of Social Work and Social Welfare.

<http://aaswsw.org/grand-challenges-initiative/>

# Professionalizing the Field to Better Serve Low-to-Moderate Income Clients



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Today, agency frontline staff are increasingly called on to focus on building the financial capability of low-to-moderate income clients. This means staff must simultaneously draw upon the competencies or skill sets of both financial counseling and coaching. Traditionally, these approaches have been regarded as separate disciplines. However, while the counseling and coaching methods are distinct, they are also interrelated. The interrelated nature of the two disciplines makes it imperative for staff to have an understanding of how to employ both skill sets to support clients' achievement of their financial goals. With increasing pressure for staff to have mastery of counseling and coaching techniques, now is the time for the financial industry to establish an integrated national curriculum and testing standards. Such standards would advance the quality and consistency of staff instruction as well as interaction with low-to-moderate income clients.

### Positioning Clients to Achieve their Financial Goals

The recommendation to establish standards that integrate financial counseling and coaching training highlights how the professional financial field can operate to ensure a high-quality client experience. The financial industry is highly regulated and maintains certification standards for professions such as Certified Financial Planners. Yet, when it comes to staff who counsel and coach low-to-moderate income clients, the field lacks regulated certification standards to ensure staff are delivering quality and consistent services. Staff serving low-to-moderate income clients have numerous certification options, yielding a confusing array of designations. However, these certifications do not require participants to demonstrate mastery of financial concepts and coaching techniques. This crucial omission leads to inconsistencies in execution in the field, reducing the potential for clients to achieve the best possible outcomes.

By professionalizing the field, staff will be better prepared to assist clients in achieving their financial goals in two ways:

- they can identify critical client financial barriers and provide appropriate real-time financial guidance, and;
- staff can effectively empower clients to take ownership of their financial decisions, which supports enduring behavior change.

With increasing pressure for staff to have mastery of counseling and coaching techniques, now is the time for the financial industry to establish an integrated national curriculum and testing standards.

Since 2011, The Prosperity Agenda has trained nearly 500 frontline staff in financial coaching. Follow-up interviews and mentoring over 100 trainees show staff struggle to demonstrate mastery of concepts to support quality execution with their clients. These reports illustrate significant variation in how tools and content are applied, which leads to inconsistencies and, at times, inaccuracies in application of the training content. Though the training curriculum was developed using financial competencies established by the US Department of Treasury, and the International Coach Federation coaching competencies, the training program does not test for mastery demonstration. Therefore, it is unclear whether staff who complete the training program have in fact a high level of competency in both the financial content and coaching methods. By professionalizing the field, staff would be held to standards of excellence and ethical performance regulated like other professions. And, education programs like The Prosperity Agenda's financial coaching program would be held to standards set and enforced through a certification body.

## Field Observations

Observations conducted by both the Financial Empowerment Network and The Prosperity Agenda show staff struggle to convey accuracy in financial content to their clients, as well as mastery of coaching methods. Yet, without standards that create a level of accountability, the door remains open for staff inaccuracies and inconsistencies, which produce ineffective client experiences. For instance, some staff experience discomfort in discussing money matters with clients or struggle with their own money management concerns, which affects the quality of service provided to their clients. As one program manager from a large Community Action Agency in Bellevue, Washington shared, staff training did not translate into client action. "A client of ours had a \$3,000 housing debt, but chose to spend their EITC refund on a trip to Disneyland, and weeks later called to say she was being evicted and needed help." She further explained that, "When I asked staff involved in the EITC program, who completed the coaching training, if they engaged clients in talking about how their refund would be spent, half of the staff heads went down."

If mastery of the coaching presence was required, her staff would more likely exhibit confidence in working with clients. Additionally, staff who learn how to self-manage can avoid being overpowered or enmeshed by their own or clients' emotions. Counselors, would also benefit from having such self-management skills given coaching is not typically integrated into financial counseling training. Yet, they, too, encounter clients inhibited by emotions like fear, anxieties pertaining to interactions with banking professionals, or persistent crisis in the household.

Inconsistencies in service delivery also surface when staff inaccurately interpret the training content due to the influence of their personal values. A past trainee from a large multi-service agency missed the intent of the training when he questioned whether financial coaching is even a fit for his agency's low-income clients. "I don't feel the financial coaching framework is a right cultural fit for low-income people," he says, "rather it is more appropriate for upper and middle income people." Unfortunately, this practitioner's hesitation means low-income clients he serves will not gain from the coaching knowledge despite contrary evidence that suggests low income adults do in fact benefit from discussing such matters as savings and debt management. As demonstrated by another practitioner leading a financial bootcamp for low-income adults, "Allowing clients to set their own goals and supporting them in choosing what steps to take is very empowering. It allows them to focus on what is really important to them, rather than my own agenda. That is when the real, meaningful movement forward happens—when clients are engaged, have ownership, and feel valued and respected."

If demonstrated mastery of financial counseling and coaching content were required, staff are more likely to overcome their own or their clients' inhibitions engaging in money conversations. This means clients have a greater chance of achieving their financial goals and experiencing longer lasting behavior transformation.

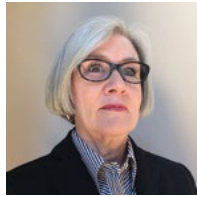
## Going Forward

A survey of financial counseling and coaching curricula from across the nation indicates that agency staff could significantly benefit from the integration and standardization of both competencies as a way of improving the low-to-moderate income client experience and supporting achievement of their financial goals. This professionalizing of the field would accomplish two goals:

- it would require staff to demonstrate mastery and ethical conduct, which could both resolve inconsistencies in application of financial concepts as well as embed coaching techniques into the financial counseling work, thus leading to a higher quality client experience; and
- it would require financial and coaching education programs and instructors to be held to the same ethical standards and to meet criteria established by a governing board through accreditation.

Taking the step toward professionalizing the field would ultimately instill confidence that staff are delivering quality financial services to their low-to-moderate income clients who are then better positioned to achieve lasting economic stability.

## Maximizing Results Through Certification



ANN ESTES joined the National Foundation for Credit Counseling (NFCC) as the Vice President of Business Development in 2014 with more than 30 years of experience in the financial sector. She has 16 years of experience in the NFCC credit counseling field and served as a Regional President for a national NFCC agency.

The greatest asset that any organization has is its people. As the longest-serving national nonprofit financial counseling organization, the National Foundation for Credit Counseling (NFCC), formed in 1951, believes that certification, training, and on-going professional development are essential components of high-quality service delivery. Counselors working with consumers dealing with financial distress must employ a comprehensive approach and expert knowledge, including an understanding of basic financial management, regulatory/creditor requirements, and the impacts of short-term and long-term decisions. Equally important is for counselors to stay current on newly available information and regulations relevant to financial education. The NFCC incorporates a strict certification process, ongoing professional development practices, and third-party quality assurance oversight in order to ensure “gold standard” financial counseling services and a more knowledgeable consumer.

So why is such a rigorous certification program necessary? By the early 1970’s, the credit card industry had exploded. NFCC counselors working with consumers across the country were reporting an average of eight credit cards per client/household. Based upon growing concerns of consumers dealing with the inability to meet their credit card debt obligations, NFCC recognized the underlying issue at hand. Consumers not only lacked knowledge specific to credit card lending concerns, but there was a general lack of overall personal financial awareness across millions of American households. With the option to use credit cards to “buy now and pay later” being both appealing and convenient, consumers began to discontinue the practices of maintaining a household budget and saving for most of their purchases. Without the structure of a strong budget and payment plan, this often resulted in the inability to pay, especially when multiple cards were being used and large balances were being incurred.

In response to these rapidly growing and disconcerting trends in consumer financial behaviors, in 1975, the NFCC implemented a rigorous and mandatory certification requirement for all counselors, focused on budgeting and credit card debt issues. Consumers were clearly lacking basic financial education, especially regarding credit cards, and NFCC recognized that proper training and certification for counselors was necessary to assure proper guidance was provided to member agency clients. Most consumers were struggling with credit card limits being maxed out, increasing interest payments, and over the limit charges. They were also struggling to meet other debt obligations, including mortgage/rent, car payments, and medical payments. Counselors across the country provided feedback that in several cases overwhelmed and confused consumers were being subjected to “bad actors.”

Taking into account feedback from counselor field experience and responding to the overall changing economic environment and the pressing issues of the time (from reacting to the housing crisis or increasing issue of astronomical student debt), the NFCC continues to refine and expand its certification program. Not only is staying current on evolving consumer financial needs important, but it is equally important that all consumers and partners continue to receive meaningful financial recommendations from reputable counselors that are properly trained, tested, and monitored. The basic mandatory certification program is the validation of becoming an NFCC Certified Consumer Credit Counselor. It covers budgeting, credit, collections and debt management, consumer rights and responsibilities, and bankruptcy. Additionally, counselors can be certified on housing-related topics including the basics of housing counseling matters, rental housing counseling, pre-purchase counseling, counseling clients with mortgage delinquency default, and counseling for reverse mortgages. And now, with student loan debt exceeding credit card debt, NFCC has implemented rigorous certification that is specific to helping student loan borrower issues.

Financial challenges that consumers face change and evolve with the state of the economy. As we move forward, we look towards vulnerable segments where strong financial education needs will likely arise, such as Retirement-At-Risk, Women/“Breadwinner Moms,” and the Hispanic/Latino sector. It is NFCC’s goal is to make sure certification is appropriate for helping all consumers and being committed to implementing ongoing changes as necessary to meet those needs.

The NFCC requires member agencies to obtain and maintain accreditation through the Council on Accreditation (COA), an independent third-party not-for-profit accrediting organization that currently accredits more than 2,200

social services organizations, ensuring compliance with national industry standards and best practices. NFCC member agencies undergo on-going audits focused on eight targeted areas: mission and purpose, quality assurance, governance and administration, human resources, service environment, financial management, professional practices, and service delivery. Once accredited, agencies must adhere to several requirements specific to credit counseling and debt management. Member agencies must be re-accredited every four years, a process that then allows for analyzing organizational strengths and opportunities and helps establish a framework to measure continuous quality improvement.

Member agencies must also comply with 18 internal NFCC Member Quality Standards. These address in great detail what is expected from member agencies with respect to areas such as nonprofit status and disclosures, access and availability, fiscal integrity and governance, technology, reporting and data security to name a few. This combination of the NFCC certification process and third-party oversight measures ensures that NFCC counselors deliver the highest possible quality of service.

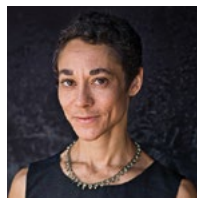
The NFCC partnered with the Ohio State University beginning in September 2013 to independently perform a detailed analysis of consumers participating in the Sharpen Your Financial Program™, examining their financial behaviors and perceptions of financial institutions, and evaluating the long-term impact of the program services on client credit report attributes. Results show persistently significant and positive outcomes for Sharpen clients, resulting in more financially knowledgeable and capable consumers. Sharpen 2.0, the next generation, launched in January 2016, included e-coaching techniques for counselors and their clients.

The focus on counselor certification and the other mandatory requirements for all of our agencies sets NFCC apart as the “gold standard” for financial education and counseling. We remain committed to making sure that we continue to be diligent and attentive to ongoing changes in the economy and the impact that those changes have on consumers. In turn, we will continue to be a trusted advisor for all consumers across the country.

Member agencies must be re-accredited every four years, a process that then allows for analyzing organizational strengths and opportunities and helps establish a framework to measure continuous quality improvement.



# Moving Towards an Evidence-Based Consensus on Core Counselor Competencies



NICKY GRIST serves as a Principal at the Cities for Financial Empowerment Fund where she oversees program evaluation and related research and policy analysis.

Amid increasing investments in financial empowerment work, stakeholders are increasingly looking for evidence of quality; one key step to demonstrating quality is field consensus on how to define, hire, train and develop qualified financial counselors. As a contribution toward building this consensus, the Cities for Financial Empowerment Fund (CFE Fund) is studying counselors in seven cities with well-established, municipally-led Financial Empowerment Centers (FECs). This essay details what those professional counselors deemed most critical to their success.

In 2012, the CFE Fund launched a national replication of the FEC model, first pioneered by the New York City Department of Consumer Affairs' Office of Financial Empowerment. The FEC model centers on one-on-one financial counseling to assist individuals in meeting long-term financial goals, delivered by qualified financial counselors; counselors must take a required training course, often offered in partnership with a local college or university. Each counseling session starts with a detailed financial health assessment, dedicated to capturing and understanding the client's full financial picture. Counselors then work with clients on one or more of four key service plans – credit, debt, savings, and banking – and client progress is measured through rigorous outcomes.

Our research looked to break out counselor observations of critical core competencies and how they obtain these competencies to inform the Financial Empowerment Center approach to counselor hiring, training, and staff development. In this first phase of research, 65 counselors interviewed each other on critical competencies; our research partner conducted additional in-depth interviews with selected counselors. Three themes emerged as critical to hiring and training approaches. FEC counselors: confirmed that credit and debt skills, along with relationship-building abilities, were most critical to their successes with clients; reflected that these skills came almost equally from both past experience and on-the-job training; and cited financial expertise and for motivating clients as priorities for further professional development.

FEC counselors confirmed that credit and debt skills, along with relationship-building abilities, were most critical to their successes with clients.

## Core Counselor Financial Competencies: Credit and Debt

As the FEC hiring and training model begins with key financial competencies, counselors were interviewed about these critical skills. In interviews, counselors prioritized the importance of proficiency in addressing credit and debt. Counselors repeatedly noted that these topics dictate much of their client's financial circumstances and lives. They described numerous examples of applying their skills and knowledge to client challenges with credit reports, credit scores and debt and explaining these topics to their clients. Counselors also highlighted that credit and debt skills and knowledge were critical to addressing disputes and negotiations, particularly for student loans and other credit products and tools.

Next on the counselors' noted expertise priorities for obtaining client results was budgeting acumen, including being able to explain budget concepts and budgeting tools to clients.

Counselors also highlighted the need to support client goal setting, describing the following sequential skills:

- identify clients' goals and desires;
- help clients make their goals realistic;
- give clients an action plan, with attainable and prioritized steps; and
- coach clients to start and finish their goals.

Counselors also detailed needed expertise for assisting clients with banking access. Counselors cited a range of knowledge, including understanding how the banking system works, developing relationships with financial institutions, and assessing banking products.

## Interpersonal Qualifications: Focus on Relationships and Personal Characteristics

The CFE Fund's FEC model also emphasizes the development of interpersonal, "soft" skills in hiring and training counselors. When asked what skills enabled them to help clients achieve results, every counselor interviewed said their ability to build relationships and rapport was critical, mentioning skills and behaviors in three categories:

- Information flowing from client to counselor: as one said, "good listening produces more outcomes because you tap into the client's motivation."
- Information flowing from counselor to client: for example, sharing personal experiences, credibility, transparency, and engagement.
- Establishing equality between counselor and client: for example, setting a shared agenda, letting clients find their own solution, and identifying common bonds.

Nearly three-quarters of counselors interviewed described personal characteristics which make them effective. Nearly half cited empathy as key to their success. Being non-judgmental and having patience were also frequently cited, followed by honesty, respect, and having a calm and reassuring attitude.

Related to relationship-building, many counselors also attributed client success to how they deliver the financial content of the counseling session. They emphasized the importance of providing encouragement, focusing on achievements, and knowing when and how to push.

Counselors also noted their need to tailor these approaches to individual clients. For some, an action-oriented approach was key, including giving clear instructions and assignments, while for others a more passive "counseling type" approach was more effective. Many counselors also cited the need to be able to confirm client's accurate session takeaways, supporting clients to paraphrase what they had learned.

## Skill Acquisition from a Combination of Prior Experience and On-The-Job Training

Financial Empowerment Centers emphasize the importance of experience when hiring financial counselors, with post-hiring training courses designed to fill in gaps in knowledge and ensure consistency in approach. When asked about the primary source of their financial expertise, nearly half of the counselors cited prior work experiences. Such work experience ranged from financial institutions to personal financial counseling to small business counseling or entrepreneurship organizations. That said, nearly as many counselors instead cited on-the-job training from the FEC program, including the FEC-mandated university course, as the source of their financial expertise. Finally, while on-the-job acquired experience was also cited as important, far fewer counselors cited this as a primary source of expertise.

Additional secondary sources of financial expertise cited by counselors included: independent research (e.g., reading books); networking and building relationships with experts; life experience (e.g., buying a house themselves, learning the financial system as a new immigrant); and formal education (e.g. degrees in accounting and economics).

Life experience and learning from family members were cited by counselors as relevant to their expertise. However, these personal sources were ascribed two and three times more frequently as sources of interpersonal qualifications rather than sources of financial expertise. In addition, many counselors honed their interpersonal skills from the clients themselves.

## Universal Demand to Add More Financial Expertise

Given the changing nature of the consumer financial marketplace, the CFE Fund emphasizes ongoing professional development. In interviews, every counselor mentioned needing more financial expertise, particularly citing credit and debt. Other areas of desired professional development included: saving and investing, public benefits, employment training programs, building relationships with banks, and taxes.

Interpersonal skills which counselors wanted to develop further include tools for motivating clients and retaining clients. Counselors also desire training on basic psychological concepts, cultural competency, and active listening skills. Finally, nearly half of the counselors discussed their desire to develop their business skills, especially negotiating tactics, management training, and advocacy.

## Conclusion

Professional Financial Empowerment Center counselors across multiple partner cities were both reflective and specific in their interviews regarding a range of competencies, both content-related and interpersonal, that they feel are critical to their ability to help clients achieve meaningful financial results. Counselors also emphasized and prioritized the importance of additional training and knowledge, focusing on both financial content expertise as well as tools for motivating clients. As the CFE Fund and the broader financial empowerment field look to develop definitions of quality in financial counseling, the clear themes that emerged from those with extensive counseling experience can presumably serve as a valuable guide.

# Development Process for Professionalization of Financial Coach Career Track



GLORIA HATCHER-MAYS is the Manager for Affordability Programs with the City of Seattle, focusing her work on the development of municipal financial empowerment systems and socio-economic mobility.

The Seattle Financial Empowerment Center has integrated financial coaching and the City University of New York Personal Finance course to create the first comprehensive model for entry level performance of Financial Coaching. We have learned that emphasizing only technical skills results in graduates who struggle to work effectively with clients under duress. Creating professional tracks that build skills over time has proven a best practice and led to greater outcomes for the FEC.

The professionalization of financial counseling requires defined core competencies and criterion must be established that are tied to academic credentialing and educational credits. Identifying staff who will have competency and capacity to perform on both a social services level and a financial management level is a challenge in recruiting appropriate staff for financial coaching centers. While it is highly likely you will find candidates with some required attributes, it is much more difficult to find individuals with all competencies necessary to work in this field.

The Seattle Financial Empowerment Center has identified core competencies and requirements. When conducting recruitment for new coaches, these criteria are applied to determine the starting point from which development as a coach will occur. Additionally, entry-level coaches are required to have a bachelor's degree or educational equivalent. After completing coursework for both social service competencies and financial management competencies, financial empowerment coaches must successfully pass a written exam and a practicum demonstrating their ability to translate the coursework into practice as a coach.

Financial Coaching training is centered on the following objectives that will help candidates become proficient in building the core competencies:

- Apply financial coaching concepts to case management to assist in reaching agency outcomes and client identified goals.
- Enhance financial skills and knowledge that are useful in everyday contexts.
- Develop confidence in using coaching tools that address various client financial situations.
- Leverage existing strengths, qualities, experiences, and values to increase confidence in addressing financial issues with clients in case management.
- Engage clients in empowering financial coaching conversations using newly acquired skills, methods, and approaches.
- Identify appropriate opportunities to integrate financial coaching during client conversations.

During the training there are several coaching demonstrations set up in triads, where there is a coach, client and observer. Each candidate actually participates in all three of these role plays to get multiple views of the coaching process. At the conclusion of these demonstrations, the participants are each given an opportunity to provide feedback on the experience from their vantage point.

This training exercise also fosters peer learning as each candidate is provided an observation rating based on the coaching demonstration. This “learn by doing” format is most effective in the training environment to help each candidate demonstrate core competencies in a practice environment. The candidates get constructive guidance from the trainer based on the demonstration observations that can be used to foster the development of competencies that need to be further developed.

The professionalization of financial counseling requires defined core competencies and criterion must be established that are tied to academic credentialing and educational credits.

The financial management skill component was developed by the City of New York in partnership with City University of New York as part of their Personal Finance course. This is a college-level curriculum that is credit bearing with specific academic milestones which represent the core financial knowledge competencies required of an entry-level coach.

### **Performance Evaluation & Milestones of Professional Development for Coaches**

Underlying credentials and professional experience before training are key, such as successful course completion and successful results on examinations for the curriculum. These are the first performance evaluation points for the financial coach. The tools utilized to assess financial counselor competencies are combined approaches that focus on service delivery, client surveys, and changes in participant's baseline and engagement. In addition, counselors are regularly assessed on mathematical aptitude, coaching strategies, community-based resources, integration programs and knowledge of consumer rights and laws.

Examples of credentials for entry-level to senior-level counselors include:

- A minimum of a Bachelor's degree from an accredited college or university and at least one year industry experience in the areas of Accounting, Finance, Banking and two years' experience in Social Service or Community Based Organizations with emphasis on community resources, budget development, credit, banking and debt reduction.
- A mid-level financial coach will have the qualification to certify through Association for Financial Counseling and Planning Education (AFCPE) as both a financial counselor and a financial coach. In addition, 60 percent of the qualifications required to become a Certified Financial Planner will have also been obtained.
- Senior-level counselors must possess a bachelor's degree and five to seven years work experience providing financial literacy, individual and group financial counseling, operations management and supervisory experience. Senior counselors must also have collaborative skills that emphasize diversity and multi-cultural competencies and socio-economic trends.

In addition, all counselors must also have intermediate use of technology, public engagement and presentation competencies. The first year coach is required to complete a minimum of 1000 hours of financial coaching experience.

We are now looking ahead to establishing a credential that acknowledges the integration of social service and technical financial management skills using a blend of competencies from the Master of Social Work degree and the Certified Financial Planner certification track. If common standards for financial counseling/coaching were adapted on a national basis, it could create more consistency of clients' successful progression towards their goals. Using this approach, we have seen a marked improvement in interactions between coaches and their clients as represented by the outcomes the client achieves.

# A View of Professional Financial Counseling From the Community Development Field



BROOKE LINKOW is a manager of Financial Capability at NeighborWorks America. In her role, she works to develop and promote financial capability training opportunities for affordable housing and community development professionals.

Financial capability is a dynamic and emerging field. Financial education and coaching have proven to have far-reaching benefits for the constituents served, the practitioners who work with them, and the organizations looking to improve individual and community outcomes. Financial education provides individuals the knowledge and skills needed to manage their personal finances effectively. By providing practitioners with a framework for holding clients accountable for making long-term changes, coaching can reinforce the skills learned in financial education classes and counseling services. Professionalization through certification and standards provide a roadmap for practitioners and organizations to provide high-quality financial capability services that are consistent with best practices.

## Importance of Training and Certification

NeighborWorks America's commitment to financial capability grew out of our long history of training housing counselors. Financial capability is central to successful and sustainable homeownership and has always been at the core of what we teach in many of our training courses. However, the foreclosure crisis that swept the country revealed a consumer need for deeper, targeted financial capability training. It became clear that some consumers lacked financial knowledge and skills that made them vulnerable to predatory loans and others stumbled in traditional homeownership programs, as they lacked the skills to work towards long-term financial goals. Unlike housing counseling, which helps people reach a specific financial goal, financial capability services help people address the root causes that may be keeping them from achieving any long-term financial goals.

NeighborWorks launched our financial capability training track and professional certification to provide practitioners with the skills needed to offer the highest-quality financial capability services, consistent with research outcomes and best practices. Teaching people to become financially resilient and achieve long-term financial goals can be difficult. People need to learn basic personal finance skills for managing money, such as budgeting, debt management and credit repair, as well as how to put these skills into daily practice—a process that often involves examining attitudes toward finances and making lasting behavior changes. To provide a comprehensive set of services that address all of these needs, practitioners must develop and refine a complex skill set.

Financial coaching, for example, is a method of supporting clients in working towards long-term financial goals and building life-long financial resilience. Unlike a service such as housing counseling, which is based on providing a client with specific information to reach a specific goal, coaching aims to build a relationship with a client that will provide them with the insight, encouragement and accountability that will motivate them to make lasting changes in the financial lives. This highly impactful approach relies less on content expertise and more on using specific techniques and approaches. Acquiring these coaching skills requires reflection, real-world application and ongoing feedback. Training seeks to refocus practitioners' skills from a counseling to a coaching approach in which they actively work to resolve clients' financial issues through facilitation rather than instruction. For instance, practitioners need to master new techniques such as:

- Acknowledging: listening to what the client says and paraphrasing it back to increase awareness.
- Bottom lining: helping clients examine discrepancies between what they say and the action they take.
- Brainstorming: working together to generate ideas, alternatives and possible solutions.
- Clearing: engaging in active listening to help clients move beyond a situation or mental state that is interfering with their ability to be present in the coaching session or take action.
- Reframing: interpreting client information another way to provide an alternative perspective.

For many people, especially those facing challenges, personal finance is a taboo subject. People feel ashamed, vulnerable and often helpless to change their financial situation. With predatory businesses looking to take advantage of individuals in tough situations, people often are reluctant to openly talk about their finances. By professionalizing the financial capability field, we are raising the bar on the skill set and credibility of nonprofit counselors and coaches. Clients can be assured they will receive the high-quality services and respect they deserve.

### **Foundation for Impact and Sustainability**

Adopting standards for financial capability professionals creates a common framework for developing and sustaining service delivery. Many organizations are eager to develop or expand their financial capability services, but some struggle to integrate, fund and sustain them. Successful program integration requires a holistic approach that allows clients to move along a spectrum, taking financial education classes to develop a strong knowledge base and then moving to financial coaching to convert this knowledge into action. For these financial capability programs to be successful, it is essential that staff at all levels of an organization have the necessary skills and tools.

To help build dynamic and sustainable programs, training should build the skills of front-line staff, as well as prepare management to develop and support these programs. For example, courses geared to practitioners who work directly with clients should explore issues such as outreach and how to engage them in developing their own solutions. Courses targeted to management should focus on program design and integration, including resource allocation.

In addition to training, evaluation of financial capability programs is crucial to gaining insight into what works, patterns and trends among clients, and how to adjust service delivery to be more effective. Building a culture of evaluation and learning within financial capability programs is key to effective service delivery and critical to the development of the field. Evaluation that tracks and analyzes changes in financial clients' progress can be done in practical, systematic ways that, in turn, improve outcomes for organizations and the people they serve.

Connecting local organizations to national best practices and research through training and certification provides consumers with knowledge and tools to weather financial crises and achieve long-term goals.

### **The Bottom Line: Consumer Confidence**

Providing professional training, certification and standards through known and trusted organizations gives consumers confidence that they are getting reliable information and guidance. In a time when many families continue to struggle financially and when there are predatory organizations in the marketplace ready to take advantage of them, this confidence is critical. Professionalization of the financial capability field will demonstrate to consumers they have a trusted community resource that not only can help solve financial crises, but also build a healthy financial future. Connecting local organizations to national best practices and research through training and certification provides consumers with knowledge and tools to weather financial crises and achieve long-term goals. This gives individuals and families the skills to begin charting their own financial course and ultimately builds stronger, more financially resilient communities.

# Developing a Comprehensive Counseling Curriculum



JOYCE MOY teaches personal and consumer finance, and business, and is executive director of a research institute at the City University of New York.

Preparation of effective and professional financial counselors and coaches requires 1) rigorous standardized training on substantive content such as budgeting, how to repair credit and debtor protection regulations, 2) a focus on counseling and coaching skills, and 3) experiential learning opportunities such as role playing and case studies, where the participants can apply the substantive content, and the counseling and coaching skills learned.

Formal training on how to counsel and coach should be an integral part of the training for all financial counselors and coaches. The people hired to fill counselor or coach positions often have no formal education or training on counseling or coaching.

Reliance on intuition and “people skills” of individuals does not fulfill the stated goal of ensuring the quality of counseling or creating professionalized and uniform standards for financial counseling. Our counselors must master counseling and coaching skills, know what the difference is, and when each is appropriate for the client interaction. Moreover, these skills are essential for client recruitment, client retention and ultimately, client empowerment and success.

## Background

In 2009, I was asked by the New York City Department of Consumer Affairs to design a 45-hour curriculum and content for the training offered to Financial Empowerment Center counselors, and other community based organizations. The impetus for this was a one-week financial information hotline created in collaboration between the New York City Mayor’s Office and Department of Consumer Affairs (DCA), the City University of New York (CUNY), and the New York Daily News. Call-in lines were staffed by volunteers from CUNY faculty and staff, government offices, and professional organizations, all of whom I trained. In addition, multi-lingual panels of experts were available to handle more complex issues. Over 9,000 calls came in during that week. It became clear that there was a need and a hunger for reliable, professional financial guidance. The City realized that if it were to provide this guidance to the public, it also had the obligation to ensure high quality, accuracy and professionalism. Since 2009, my team of instructors and I have delivered the training to over 500 counselors in New York City. With funding from the Cities for Financial Empowerment (CFE) Fund, the training has been replicated in over a dozen cities throughout the United States. This program has proven so successful and highly regarded that I have fielded requests from and provided training to community-based organizations in another half dozen cities that have used their own funding.

The course includes a module on counseling and coaching skills. Experiential learning, incorporating role plays and interactive exercises with case studies are infused throughout the training program.

Opportunities for experiential learning and practical application of the substantive financial knowledge, counseling and coaching skills, such as role playing, followed by a facilitated debriefing is essential to honing the skills learned, and creating the qualified, well-trained professionals we seek to develop.

In the trainings I have conducted in New York City, many of the counselor trainees request additional role playing exercises during class, explaining that the role playing gives them a chance to think through the process, and builds their confidence since they have not actually counseled or coached previously.

Reliance on intuition and “people skills” of individuals does not fulfill the stated goal of ensuring the quality of counseling or creating professionalized and uniform standards for financial counseling.

## Counseling Skills

Clients are often encountering counselors for the first time when they are in crisis, for example, facing imminent eviction. It is necessary for the counselor to address the immediate crisis, but s/he will also want to try to establish a rapport with the client, and encourage the client to return after resolving the crisis. This creates the opportunity to address underlying financial issues so that the client does not repeat the financial behaviors that may result in future eviction threats.

A counselor's job is to work with the client to move him from financial crisis to financial stability, instilling confidence and empowering the client. The relationship can then evolve from counselor to one of coach. The end goal is the empowerment of the client, and spurring the client's personal financial health. The following counseling techniques are just a few examples of skills that help to build trust and a rapport with a client. The rapport is the basis for client retention, and successful outcomes for the client:

- **Attending** – A counselor is emotionally present for the client, showing empathy, using body language that indicates engagement with the client; examples are eye contact, facing the client, and being attentive to potential cultural issues;
- **Asking the right types of questions** – By using open and closed ended questions at the appropriate times, a counselor can elicit the needed information from the client and motivate the client to communicate; and
- **Diffusion** – A counselor applies this technique when he encounters a difficult situation; he identifies the client's distress, helps to calm and re-focus the client to the issues at hand.

By providing counselors with training on counseling techniques, the quality of the counseling we offer clients will be substantially enhanced because they know how to facilitate and guide a client on the substantive information within a counseling context.

Ensuring the quality of the counseling and coaching services offered will require not only standardized training on financial issues, maintaining a system for updating information and continuing education for the counselors, but training on how to counsel and coach as well. This training will make for more effective counselors and coaches, as they establish rapport with clients for recruitment, retention and the success of clients.



# CONSISTENCY

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*As the financial counseling field rapidly grows and increasingly becomes a part of government-sponsored programs and services, delivery consistency and data tracking become more important than ever. While the individualized and high-touch nature of counseling is foundational to successfully connecting to clients, consistent underlying delivery models and counseling processes allow for scaled services, supporting accurate measurement, quality control, and resource management. The essays in this pillar cover the many ways consistency can be achieved—from program design, training, and database technology, to hiring and service implementation best practices.*

## **Destinations with Flexible Paths: Promoting Consistency in Financial Coaching through Technology**

*This essay details the role a financial coaching platform plays in standardized training and data collection to improve service and efficiency.*

HAIDEE CABUSORA  
The Financial Clinic

REBECCA SMITH  
The Financial Clinic

## **A Behavioral Approach to Financial Counseling**

*The authors explore using behavioral approaches to support consistency in quality financial counseling.*

KATY DAVIS  
ideas42

ABIGAIL KIM  
ideas42

## **Using an Evidence-Based Behavior-Change Counseling Model**

*The author imports lessons learned from the health field to develop a model for consistent counseling delivery.*

VICKI JACOBSON  
Center for Excellence in Financial Counseling

## **Financial Coaching for Youth and Young Adults**

*This Executive Director outlines critical components for consistent, high-quality financial counseling and coaching for young adults.*

MARGARET LIBBY  
MyPath

## **Making the Case for Database Investments for Financial Counseling Consistency**

*The authors discuss the key role database design plays in consistent counseling deliverables.*

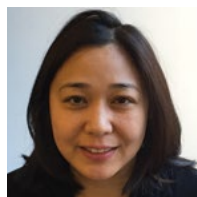
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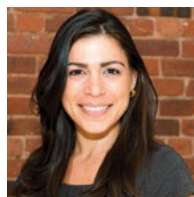
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# Destinations with Flexible Paths: Promoting Consistency in Financial Coaching through Technology



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REBECCA SMITH launched the Department of Strategic Initiatives at The Financial Clinic, which was responsible for bringing capacity building services across the country and incubating Change Machine.

The question of standardizing financial coaching practices and outcomes has been a central one during The Financial Clinic's (the Clinic's) 10 years. As practitioners providing these services and as a nonprofit participating in field discussions, there is tremendous interest in how to formalize a financial coaching program to establish, execute and sustain exceptional financial outcomes. The Clinic's program, which has already served 15,000 customers, has been a major strategy to fulfill its mission of building financial security for working poor Americans. Its 54 financial coaches have supported these customers to achieve 4,400 outcomes, including achieving financial goals, building saving habits, reducing financial transaction costs, improving credit scores, reducing debt, and leveraging tax refunds for financial goals.

One of the most challenging aspects of sustaining a financial coaching program is balancing the tension between the efficiencies inherent of a single financial coaching model and the reality that the programs contend with an intricate web of community, demographic, funding and stakeholder priorities. Often, programs can expend more effort on navigating these factors and creative workarounds, than the actual services themselves. In 2011, the Clinic began building a new online financial coaching platform – Change Machine – that sought to mitigate these tensions and unify a growing field of professionals with tools to standardize the delivery of financial coaching services based on these themes:

- practitioners are in the best position to determine how to improve their customers' financial coaching outcomes because they deliver services in diverse contexts;
- program resources are wasted by using multiple sources for materials, information and data collection in a dynamic environment; and
- data is hard to collect, and even harder to manage, without support.

This essay will explore our experiences and the challenges along the way that helped galvanize certain strategies to create professional development and service delivery standards within the platform.

**Consistency in the delivery of financial coaching services is challenging to achieve because programs face competing priorities, but practitioners are in the best position to balance fixed destinations and flexible paths.**

One of the primary reasons that the Clinic built Change Machine is that it knew firsthand how difficult it is to manage a fixed model that could work for all customers and organizations. The Clinic's history of direct services and capacity building work made clear that a flexible and supportive framework, with a diverse menu of financial security topics, best bridges these divides.

Change Machine strikes a delicate balance that is designed around a core set of financial security outcomes and delivers them in a flexible framework. The platform appreciates, while there are common elements to financial stress—a low credit score has a myriad of housing, employment, economic resilience and financial transaction costs consequences—it is up to the coach and customer to decide how working on credit best achieves his or her financial goal. Programs that use Change Machine are encouraged to address financial security holistically, but they can prioritize what best supports their own organization's mission.

**Technology helps support consistent, high-quality, professional coaching standards.** The breadth of financial security topics is broad and, in the Internet age, rapidly changing. Financial coaches are expected to combine expertise in technical areas like credit building and statutes of limitation, with soft skills like active listening. When the Clinic first began coaching, it had several support resources: hard-copy training lessons and financial coaching materials, ongoing supports like a list of favorite websites for specific topics, and in-person staff meetings to discuss and surmount coaching challenges.

One of the critical factors that drove Change Machine's design and scope was to offer a consistent, comprehensive and replicable financial coaching model. Providing financial coaching resources in a centralized hub advances programs' efficiency and effectiveness, and sets practice standards for new professionals, so that staff can hit the ground running with minimal costs to training for initial or sustained use. Many programs face staff turnover at a clip that increases training costs and slows progress during case transfers between coaches. A turn-key software platform, with professional development tools and a peer-to-peer network, helps alleviate these realities by shifting labor costs to technology and ensures programs maintain high quality standards in delivering services.

Finally, online software provides the most expedient method for standardization of materials and professional tools, while still allowing for frequent updates and collaboration. This is critical since financial security strategies and tools have to be dynamic enough to keep up with field changes, including emerging best practices and regulatory changes. Change Machine constantly evolves to uphold highest quality professional supports, always informed by its community

of practice, where its users prioritize new materials and what topics need expert attention. In addition, one of Change Machine's main supportive features is a listserv forum for coaches from across the country to get their questions answered in real time and exchange the field's most promising practices.

**Good financial coaching is shaped by data, but coaches and managers need support in how to leverage data for results.** Strong financial coaching programs are data-driven and outcomes-oriented, but there are two significant challenges: (i) collecting data accurately and efficiently; and (ii) creating the methodologies and supporting systems to analyze it, typically beyond reporting to funders. Without providing coaches and managers professional supports to address both, organizations may be collecting data for data collection's sake.

A good data collection system is more than a spreadsheet, it incorporates ease of use and nudges to make sure data is correctly and universally entered. Also, well-designed technology can streamline processes and eliminate duplicative data collection. Change Machine users benefit from a data collection platform that is intentionally designed to be used throughout the coaching session to leverage the information that arises and add simplicity and efficiency to the session.

While data collection is critical for meeting contract or grant goals, managers frequently struggle incorporating data into daily performance management. Change Machine creates a level of accessibility and transparency for both coaches and managers that encourages a culture of inquiry for higher performance: slicing an individual coach's performance against other coaches', historical performance, dates, geographies, and across organizations' programs. With this level of granularity, managers can isolate their own best practices, convey information in digestible short reports that arm them for staff evaluations, and still meet external stakeholders' needs.

In conclusion, software brings standardization to a whole new level. Given the highly dynamic nature of financial security strategies and financial coaching techniques, a software platform makes the latest best practices readily accessible to the entire field and sets a new bar for how coaches and managers deliver and evaluate their services. High-quality financial coaching services require a sharpened professional skill set that includes more critical thinking and analysis. Change Machine is a platform built for practitioners by practitioners: providing flexibility within a structured software environment, easing program implementation, empowering staff to lead inquiries and achieve outcomes, and inviting organizations to embrace continuous quality improvement to advance an organization's mission.

Given the highly dynamic nature of financial security strategies and financial coaching techniques, a software platform makes the latest best practices readily accessible to the entire field and sets a new bar for how coaches and managers deliver and evaluate their services.

# A Behavioral Approach to Financial Counseling



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ABIGAIL KIM is a Senior Associate at ideas42.

In America, wealthy families can manage their finances with personalized, high-touch services. Private bankers handle almost all of the forms, phone calls, opening and closing of accounts, and movement of money involved in complex transactions. In exchange for a hefty fee, clients need to only make a few choices among well-presented options and sign off on documents. Low- and moderate-income (LMI) households, on the other hand, typically face significantly more complex financial situations, with volatile and often unpredictable cash flows to manage, but without any regular assistance. Just like the wealthy, LMI families need appropriately structured products and services to help them manage their personal finances. Using insights from behavioral science, we can design financially sustainable counseling services that integrate actual financial products and support immediate action steps that lead to economic stability and resilience.

Traditional financial counseling services are often positioned to assist consumers who are the worst off (e.g., those who need debt counseling), but most families need help managing day-to-day finances well before they reach crisis levels. Research efforts like the US Financial Diaries Project have exposed the extreme volatility that characterizes the financial situation of many LMI households. Incomes and expenses are mismatched and lumpy, and many households struggle to accumulate the savings or access the affordable credit necessary to bridge short-term gaps. Even more concerning, studies across a variety of contexts have shown that the stress of living in a setting of financial scarcity and vulnerability exacts a heavy “tax” on cognitive resources, with consequences quickly spilling over to affect health, academic performance, parenting, and other areas of life.

Financial coaches can help people think about their finances, but even action-oriented coaches may load clients with additional “homework” to resolve outside of counseling sessions. For behavioral reasons, clients can struggle to follow through, especially when this homework isn’t tied to specific financial products. It’s not hard to see why. Setting up new accounts or making changes to existing ones takes time out of work hours, may require in-person visits to the bank, and has to be juggled with other obligations like childcare, school, and managing a household. Add to that the task of anticipating future expenses against uncertain monthly income, and potentially the even-more-intimidating task of selecting a new financial institution or account type before even starting to use those services. At best, the minority of consumers who persist in navigating these hurdles have less mental bandwidth left for other important areas of life.

Taking a “behavioral” approach to financial counseling means helping clients take immediate action, with promising results so far. In 2010-2012, ideas42 partnered with a credit union to pilot the “Financial Health Check (FHC)” service: a one-time, 60-minute coaching session during which counselors work one-on-one with consumers to complete critical steps during the session itself. Much like a sports coach spends most of her time with players engaged in actual play, a counselor conducting an FHC walks a client through the actual steps leading toward better financial outcomes.

During the pilot, a typical FHC session focused on prioritizing and facilitating critical actions toward accomplishing goals common to most consumers:

- discuss and prioritize goals: identify goals related to paying down debt or setting aside savings;
- identify monthly cash available: create a rough budget with an estimated range of values to name a monthly amount that can be set aside for debt or savings goals;
- set up automatic transactions: set up transactions such as automatic bill pay or recurring savings transfers, while there is live accountability to follow through on the client’s stated goals; and

For behavioral reasons, clients can struggle to follow through, especially when this homework isn’t tied to specific financial products.

- add in safeguards: set up reminders and alerts for low balances and/or large deposits, and ensure that clients know how to adjust automatic transactions if needed.

This approach leverages behavioral principles to address barriers to action. For example, goal setting helps clients remember their intentions to save and increases motivation to continue saving. Identifying concrete amounts to put toward goals counters uncertainty. When people aren't sure how much to save, it's easier to do nothing than to create a detailed budget. Doing this work with a counselor allows clients to access tailored help exactly when they need it, then pinpoint actionable next steps. Setting up recurring transactions during the session completes the action item so clients need not worry about follow up – and can't procrastinate or forget. Recurring transactions also create a new status quo with clients working toward goals by default. Alerts and reminders act as a safety-net to make sure bill-pay and savings transfer amounts won't overdraw client accounts.

Because the FHC was tested at a financial institution, direct access to the accounts allowed for both immediate follow-through and rigorous measurement of financial outcomes like savings activity and net asset holdings over time. In our pilot program, credit union members with no savings at the start of the pilot ultimately built balances that were 20 percent higher than similar peers who did not engage in an FHC session (both groups opted into the service, but services were withheld from a randomized control group until after the data collection period). Tracking these outcomes can help establish more informed targets for counselors, ensure consistent levels of service delivery, and encourage data-driven program improvements.

The FHC pilot serves as an illustrative example with broader lessons for the field. For financial counseling to be most effective, strong efforts to provide guidance and advice must be paired with directly helping people take action during the sessions themselves, with appropriate financial products integrated into the service. This approach helps consumers navigate behavioral barriers and follow through on intentions that build financial stability, such as saving more and paying down debt. Financial institutions offering services that use these principles could do so sustainably by building higher deposit balances, keeping accounts open longer, lowering credit risk across a wide range of account holders, and even identifying expanded lending opportunities. Most importantly, low- and middle-income families will have the effective, accessible, and actionable assistance they need to achieve their financial goals and stability.

# Using an Evidence-Based Behavior-Change Counseling Model



VICKI JACOBSON is the Director of the Center for Excellence in Financial Counseling which focuses on enhancing financial counseling's consumer outcomes.

To professionalize financial counseling calls for the professional design and implementation of a structured evidence-based counseling protocol that is consistently delivered and clearly targets measureable client outcomes. Program evaluation efforts can help determine counselor fidelity to protocol implementation as well as identify what protocol components may or may not have influenced client outcomes, positively or negatively. Conducting a professional third-party program evaluation that identifies the connection between program outcomes as a result of consistently delivered protocol components can enhance a financial counseling organization's ability to demonstrate its value to funders and benefit to clients served. Implementation and adherence to a counseling protocol that consistently delivers the program's "treatment" is a major standard in professionalizing financial counseling.

The Center for Excellence in Financial Counseling (CEFC) at the University of Missouri-St. Louis (UMSL) was founded and funded to develop ways of improving the quality and effectiveness of education and counseling that is available to consumers in financial distress. For its first initiative, the organization implemented a self-funded pilot program to help consumers who are behind on the repayment of their federal and private student loans, and who, as a result, may have fewer opportunities for financial advancement. This is the first such program in the country to help low- to moderate-income borrowers make informed choices about managing student loan debt.

From previous efforts in working with nonprofit financial counseling organizations to provide quality student loan borrower repayment counseling programming, CEFC learned that only providing training in student loan repayment options did not always result in borrowers receiving consistent or effective student loan repayment counseling. Counselors clearly needed support, guidance, and monitoring in consistently implementing the program's diagnostic "checklist" for determining a borrower's available federal repayment options. CEFC's challenge was to design and implement a student loan borrower repayment counseling program protocol based on consistently applying the checklist of the borrower's available federal repayment options and assure all borrowers received the same service "treatment." A literature search for financial counseling models that guide consistent delivery of a protocol revealed that no evidence-based financial counseling models existed to serve as a framework for assuring all clients received the same counseling "treatment."

Similar helping fields were explored to determine if an evidence-based counseling model existed that could be adapted to financial counseling. A health education behavior-change counseling model was identified for smoking cessation that had been generalized for other applications. The model utilizes collaborative goal setting to achieve self-management and empowerment, in addition to other beneficial features adaptable to motivating borrowers to take action to repay their student loans. A solution-focused exploration of a borrower's available repayment options was designed and successfully delivered through this behavior-change counseling model which featured a strong emphasis on post-counseling follow up and confidence building. The counseling protocol was integrated into an electronic intake format that required counselors to collect specific borrower data to determine the borrower's available federal repayment options as well as perform various behavior-change counseling communication tasks to develop the borrower's repayment action plan steps. Essential checkpoints were identified within the intake and counseling process for monitoring the counselor's performance and assuring all borrowers were exposed to the overall counseling protocol, including properly applying the federal repayment options checklist based on the borrower's repayment status.

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Counselors received counselor communications skills training designed and delivered by the UMSL Counseling and Family Therapy faculty that reinforced the implementation of the behavior-change counseling model. Intensive training in the technical aspects and implications of distressed student loans was provided by consumer law advocates.

CEFC's student loan borrower repayment counseling pilot program was delivered by three first-rate financial counseling organizations in large and small metropolitan areas over a 25-month period. Each financial counseling organization was partnered with a local legal services organization which provided legal consultation for borrowers in need of legal assistance as well as served as a mentor for counselors.

Over 1,200 borrowers, owing a collective \$65 million in student loan debt, were counseled during the pilot program. Roughly 80 percent of program borrowers attended a single session; 20 percent participated in multiple sessions. Eleven percent of program borrowers sought legal consultation.

To evaluate the program, borrower surveys were distributed to over 846 counseled borrowers who had consented to be contacted. Analysis of the 186 completed and returned surveys indicated:

- Nearly 39 percent of borrowers responded that they knew about their repayment options for their federal loans prior to counseling. As a result of the counseling, over 87 percent of borrowers indicated they felt better informed about their available federal student loan repayment options.
- Over 57 percent of borrowers responded that as a result of the counseling they changed their federal repayment plan because they qualified for a lower monthly payment amount.
- Nearly 74 percent of counseled borrowers responded that they agreed with the statement, "I wish I had found a counseling program like this sooner."

The program evaluation was conducted by the Public Policy Research Center. The complete evaluation report is available at [www.umsl.edu/~cefc/](http://www.umsl.edu/~cefc/).

In addition, a session rating scale was developed by the Counseling and Family Therapy faculty to capture the borrower's reaction to the counseling experience immediately following each counseling encounter. The scale asked borrowers to rate what was working for them and what was not working in four domains: borrower felt heard, understood and respected; worked on what borrower wanted to work on; borrower felt like he had a plan to repay his student loans; and the borrower's sense of financial control was growing stronger.

Analysis of first session rating scale data indicated that 92 percent of respondents rated each domain with a score higher than 9 (out of 10). Analysis of second and multiple sessions rating scale data compared to first session response data showed an increase across all four domains.

With additional funding, CEFC plans to further test and evaluate the effectiveness of the student loan borrower repayment counseling program protocol delivered in a campus-based community counseling setting and follow borrowers' repayment behavior over time.



# Financial Coaching for Youth and Young Adults



MARGARET LIBBY is the founding Executive Director at MyPath, a national nonprofit that focuses on paving economic pathways for low-income youth.

### The Opportunity: Why Target Youth and Young Adults

The keys to MyPath Credit's success have been the quality of our design, our approach to coaching for young adults, and the consistency with which the model elements have been delivered across settings. In this paper, we give an overview of MyPath Credit, an innovative model that combines financial coaching, credit-building and saving for low-income young adults, and highlight the key design and delivery elements that make it effective. The only program of its kind in the U.S., MyPath Credit combines credit-building loans and savings products with one-on-one financial coaching and embeds these services into existing youth workforce programs serving 18 – 24 year olds. A remarkable 85 percent of participants see an improved FICO credit score at the end of the program; youth that start with no score or thin files achieve FICO scores between 650 and 700 within six months.

### Essential Design and Delivery Components for Success

- **Integration of Financial Coaching into Workforce Settings:** Embedding financial coaching and appropriate financial products into youth workforce programs is a strategic way to support low-income working youth to establish savings and credit histories, and to facilitate the development of saving and credit-building “muscles” at a young age. First, such integration leverages the powerful income streams youth are earning in workforce and employment programs, making the coaching content and action plans particularly relevant since youth can take action right away. It also positions coaches to leverage the many features of workforce settings. For example, through coaching, they can be supported to use direct deposit to channel a portion of their income at saving and credit-building. In addition, coaching can be introduced to the whole cohort through the workforce program orientation and/or programmatic trainings. Those touchpoints also offer openings to introduce enrollment into financial products or even programs like direct deposit. It has been essential to ensure consistency of implementation of all elements in the program, as its integration and effectiveness relies upon all design elements.
- **Youth Workforce Program Staff Buy-in is Key:** Employment program line staff must truly understand the benefits of the coaching in order to effectively offer it to program participants. This requires their buy-in. At MyPath we have found that providing them with training is part of the solution, but that engaging line staff in personal coaching sessions themselves is what makes the difference. When they have experienced a coaching session and the direct benefits (there are typically concrete outcomes from these “trial sessions” as many youth workforce staff have not seen their credit report, nor are they familiar with how to review it and take related action), they become enthusiastic champions of the service. They are able to articulate the benefits in an authentic way to their participants. Those sites where these sessions did not take place saw less take-up, as staff were not able to articulate the benefits of the coaching service in a compelling way.
- **Choosing the Right Timing & Touchpoints For Delivery:** Identifying the strategic touchpoints is key for seamless integration and high take-up rates. While they will vary from setting to setting, the sequencing of the steps themselves must be consistent. MyPath has developed tools that support an effective design process. The first step is mapping the workforce or employment program cycle, in particular to identify places where youth cohorts come together to complete paperwork or to

receive group training, places where youth receive one-on-one case management, as well as correspondence opportunities. With these opportunities identified, the design process gets underway toward determining which touchpoints are ideal for introducing the coaching service, scheduling appointments, enrolling youth in financial products and direct deposit, and reinforcing financial capability concepts within the natural program cycle.

MyPath has found that introducing the coaching as early as possible in the program, even prior to enrollment as a benefit or service of the program, is optimal. This approach helps to seed the idea and to connect the coaching to the program itself. Ideally youth will enroll in the service at the outset of their workforce training, giving them the necessary time horizon to see results on their FICO score, removing the credit barrier as they transition out of the program and into new employment and housing opportunities.

- **What Makes An Effective Coach for Youth & Young Adults:** MyPath has engaged a variety of coaches in financial coaching with low-income youth and young adults in workforce and employment programs, who are largely youth of color. Understanding financial products, credit, budgeting and saving strategies is not enough to be an effective coach with this population. To be effective, coaches must be culturally competent, have experience working with youth and young adults, and, most importantly, be “relatable,” which means to be someone that has overcome the barriers youth are facing. MyPath hires for experience dealing with the realities facing low-income youth, youth of color, and immigrant youth, and in overcoming them. Trust is particularly challenging and critical with low-income youth of color, who most often come from families that have had negative experiences with financial institutions and services, in particular with credit. Because effective coaching is rooted in trust, this expertise is essential. Preparing coaches with the essentials of coaching, personal finance best practices and credit-building is also critical.
- **Outcomes Evaluation:** Evaluation surveys and outcomes data tracking must be integrated into service delivery to establish baseline data points, and track outcomes data as the program is rolled out. Data is key to share progress with youth themselves, as well as to share with program staff and leadership to motivate stakeholders and to drive program enhancements.
- **Incorporation of Technology:** MyPath has found that integrating technology can make processes more efficient when implemented well. For example, scheduling is best done using a web-based system that also tracks programmatic data. Technology has also facilitated coaching sessions; for example when coaches use laptops or tablets in sessions it facilitates quick research, form completion, budget development and evaluation tracking. MyPath Money enables youth to engage with three interactive personal finance modules via desktop, tablet or mobile phone. MyPath coaches also use email, text and video chat to stay in touch with youth clients, who often choose to follow up using text for real-time questions and advice-seeking.

First, such integration leverages the powerful income streams youth are earning in workforce and employment programs, making the coaching content and action plans particularly relevant since youth can take action right away.

Strong program design to integrate workforce services and financial capability programs, along with effective professional financial coaching from a trusted source, and consistent program element sequencing and delivery methods can build credit and savings muscles early, putting young people on a path to upward economic mobility. At MyPath, we look forward to a greater focus in the field on starting early, toward building a platform that prevents financial pitfalls and positions young adults for financial success.

# Making the Case for Database Investments for Financial Counseling Consistency



ALANA PERRONE, Director of Technical Assistance and Program Design, works at Neighborhood Trust Financial Partners, whose mission is to empower low-income individuals to become productive participants in the U.S. financial system and achieve their financial goals.



SARAH SABLE is Chief Program Officer at Neighborhood Trust Financial Partners.

Neighborhood Trust Financial Partners is the leading provider of financial empowerment services for low-income New Yorkers, directly serving approximately 6,000 clients each year. By connecting clients to productive banking services and a personalized Financial Action Plan, we help families reduce debt, build credit, and pursue financial goals. We work with leading nonprofits and government agencies to integrate financial services and have provided technical assistance to 24 organizations in support of their financial empowerment efforts.

In 2012 Neighborhood Trust invested in the design and build-out of a Salesforce database to support our financial counseling services and track our clients' outcomes. We believed a well-designed database would enable us to simplify program monitoring and the analysis of client outcomes and provide consistent, quality services to clients across our programs. As it is constructed, our database is not only a place to store information about our clients, but also a tool that facilitates a standard intake and follow-up interview processes, ensuring we have accurate and pertinent information about our clients' financial situation in order to recommend the best course of action.

Managing debt is a primary financial concern for many of our clients, and the information contained in their credit report is invaluable to developing a plan to tackle their debt and to tracking their progress over time. However, from experience with other database systems, we found that manual entry of credit report information was both time consuming and often led to inaccurate information due to human error. To remove this obstacle, we designed a system that allowed for automated upload of credit reports. Now, with a simple click, our counselors can upload the entire credit report into our database, saving on average 10-15 minutes of data entry per client.

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The large, accurate, and complete dataset we have been able to compile using Salesforce has allowed us to take full advantage of the platform's reporting capabilities. We can monitor our progress toward contract and program goals, easily measure long-term client outcomes, and ultimately, analyze and improve the services we provide to our clients. Quick, clean data-entry on services our counselors provide allows us to effectively monitor the situation on the ground across our sites in real time, allowing managers to identify and address pain points as they arise and keeping us on track to meet our goals. Consistent baseline and follow-up data has allowed Neighborhood Trust to measure our impact with greater detail and form new hypotheses on how we can better achieve outcomes. For

example, through analysis of our dataset we have learned that access to credit building financial products from our local credit union partners can have a clear and tangible impact on clients' credit reports. This has driven us to invest more time in researching similar financial products for clients, to seek new partnerships, and design a tool in evaluating those products.

Consistency of data collection has also allowed us to see where there are weaknesses within our processes. For example, we have long believed that a healthy relationship with a financial institution is instrumental to financial success. After three years of tracking total financial service fees, we have learned that this client data was insufficient from an assessment and counseling perspective, as well as that of outcome improvement. Beginning in 2016, we will be tracking fees and usage on the account level, allowing counselors to provide more specific and relevant recommendations and thus achieve better outcomes.

By facilitating accurate and consistent data collection, our Salesforce database has improved the quality of the service we are able to provide to our clients. Our Financial Action Plan (FAP) tool is the primary way in which we assist clients in creating a roadmap to financial health. The plan, created with their counselors, includes: an identified financial goal, baseline or follow-up information on savings and financial products, their credit and debt profile, and

most importantly, an agreed-upon set of recommended action steps that they can implement immediately. Neighborhood Trust's database was designed to mimic the process of creating this plan and therefore ensures that counselors collect all relevant information required to build an effective and actionable FAP.

Additionally, because the data we collect is consistent, we have been able to automate the process of delivering the action plans: our platform includes a feature that can export the FAP into a template that is printed out and given to the client at the conclusion of the session, ensuring a clear and thorough action plan is generated every time. After the engagement, clients receive ongoing support via text message reminders automatically generated from our database that encourage them to complete their action steps. Supervisors can guarantee this level of quality and consistency by monitoring the components of the client FAP, along with the outgoing and incoming messages based on their action items. Moving forward, we are piloting a new feature that enables clients to access their FAP through a secure webpage.

In our technical assistance engagements, we have found that the greatest area of need for consistency is in creating action plans and ensuring follow-up. Clients can easily get overwhelmed by all of the information that they receive in a counseling session and the tasks assigned to them. Introducing a uniform action plan template will allow professional financial counselors to cultivate client investment in their recommendations, facilitate and follow-up on specific actions, and subsequently better understand and share best practices that lead to outcomes in financial counseling.

At Neighborhood Trust, we have found the Salesforce database to be an essential tool in ensuring consistent, quality services to all of our clients. Through accurate data collection and reporting, the seamless delivery of a client's individualized Financial Action Plan, and automated support services, financial counseling programs can be scaled efficiently to serve more clients. Thus, this provides professional financial counselors with the opportunity to devote their time and effort to the individualized recommendations that lead to greater outcomes.

# ACCOUNTABILITY

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*Accountability is critical to ensuring clients are achieving meaningful results and demonstrating the impact of financial counseling and coaching. The essays in this pillar highlight how accountability measures can foster a more effective profession by standardizing outcomes, building and disseminating field consensus on how to measure success, and incorporating data and research into program models to identify best practices.*

## **Accountability and Public Funding of Financial Counseling**

*The Mayor highlights the importance of accountability for public investment in financial counseling.*

VIRGIL BERNERO  
City of Lansing

## **The Importance of Quality Control and Data Collection at Kansas State University's Powercat Financial Counseling**

*This essay explores an approach to using data for counseling accountability.*

SONYA BRITT  
Kansas State University  
  
JODI KAUS  
Kansas State University

## **Standardizing Outcome Measures in a Client-Centered Field**

*The authors make the case for standardized outcome measures.*

J. MICHAEL COLLINS  
Center for Financial Security at the University of Wisconsin - Madison  
  
HALLIE LIENHARDT  
Center for Financial Security at the University of Wisconsin - Madison  
  
ANNIKA LITTLE  
Asset Funders Network  
  
REGINA SALLIEY  
Center for Community and Economic Opportunity at the Annie E. Casey Foundation

## **A Financial Counselor's Reflection on What Makes a Professional Counselor – Accountability is Key**

*This financial counselor discusses the role that accountability plays in quality counseling.*

JIM CRAIN  
Saginaw-Shiawassee Habitat for Humanity

## **Measuring the Journey to Financial Stability**

*A funder offers her perspective on the importance of outcomes.*

ANNE GUTHRIE  
Central Indiana Community Foundation

## **Professional Accountability: A Data-Assisted Model for Financial Counseling**

*The author recommends a financial counseling outcome model.*

EDMUND KHASHADOURIAN

Opportunity to Assets

## **Strength in Numbers: Building a Network of High-Quality Coaching and Integrated Services Providers**

*The authors outline program model components that support counseling accountability.*

KATRIN KÄRK

Local Initiatives Support Corporation

SEUNG KIM

Local Initiatives Support Corporation

# Accountability and Public Funding of Financial Counseling



VIRG BERNERO is the chief executive officer of Lansing, Michigan's state capital and fifth largest city. Elected as Mayor in 2005 and re-elected in 2009 and 2013, Bernero previously served as a state representative and state senator in the Michigan Legislature.

The City of Lansing created its Office of Financial Empowerment and launched its Financial Empowerment Center (FEC) in early 2013, thanks to the financial and technical assistance of the Cities for Financial Empowerment Fund through support from Bloomberg Philanthropies.

Nearly three years later, we have learned a great deal and assisted thousands of people in achieving their financial goals. Each year, we host a celebration for our clients where I hear first-hand about their experiences with our program:

*"When I met my counselor, I was living in my truck with my dog, and now I have a place of my own."*

*"When I started coming to the Financial Empowerment Center, my mother had just passed away.*

*It was the most difficult period of my life, and they were there for me."*

These are powerful statements that speak to the positive impact our financial empowerment program is having on our citizens.

**Everyone Must Benefit** As free financial counseling in Lansing transitions from being private grant-funded to publicly-funded, accountability is more important than ever. Beginning in 2016, the city's taxpayers will be footing about 25 percent of the bill for our Financial Empowerment Center, and the county has provided another 20 percent. That's why the service must not only be valuable to our clients; it must create a more financially stable Metro Lansing in order to create value for all residents. This could mean reducing reliance on other public and social services, reducing homelessness or impacting local businesses. We know that financially stable employees are absent less often for reasons that include lack of reliable transportation or health issues brought on by financial stress, more present when they are at work, and less likely to ask for pay advances. Quality financial counseling is an explicit and critical component of Metro Lansing's economic development strategy.

### **Public Programs Are Accountable for Accurate, Appropriate Information**

As a government entity, the city must hold itself to the highest standards of accuracy in the delivery of financial counseling. Counselors must receive the training necessary to connect clients to community resources; know the difference between offering the client options and helping them identify the pros and cons of each versus giving financial advice; and know and understand the impact of each choice the client might make on their overall financial stability.

To provide this level of service delivery, standardized counselor training is crucial. In Lansing, we have chosen the AFCPE (Association for Financial Counseling and Planning Education) as our training partner, and their Accredited Financial Counselor certification as our training pathway. Our counselors are also dedicated to enhancing their training through continued learning, particularly by inviting local nonprofit organizations, financial institutions and attorneys to their weekly staff meetings as guest speakers. In these meetings, they might learn about a new financial product, a change in consumer protection law, or how to help a client access health insurance. A great counselor has both the understanding of financial topics and the desire to become informed about any resource that may drive their clients' successes.

**Financial Counseling Can Identify Community Issues that Need our Attention** Accountability also means keeping the lines of communication open between front-line counselors and the Mayor's office in order to capture broader policy issues that affect our community. For example, one in 13 of our financial counseling clients has taken

Public programs are accountable for accurate, appropriate information. As a government entity, the city must hold itself to the highest standards of accuracy in the delivery of financial counseling.

out a payday loan at some point in their lives; one in 35 has a payday loan in default when they come in for their first counseling session. These are the types of issues that I and my leadership need to be aware of in order to better protect Lansing's residents.

**“Without Data You’re Just Another Person with an Opinion.”** –*W. Edwards Deming*. Professional, trained counselors are one part of our commitment to quality. Another is adherence to the Financial Empowerment Center model and its metrics. A national movement is building around this model, and we are “all in.” As the number of FEC communities grows, our ability to share best practices, identify successful integrations, and create lasting change depends on fidelity to the model and the resulting opportunity to make “apples to apples” comparisons.

On the ground, this data and the reports it allows us to generate give counselors a clearly defined way to measure their own success. Each of our staff members know exactly how many sessions they should deliver, and how many outcomes their clients should achieve and can seek assistance from their teammates, their supervisor or their peer support network in the other FEC cities if they begin to struggle.

As Mayor, I know that when a resident contacts my office due to financial issues, I can trust they’ll be in good hands with our Financial Empowerment Center. This can be credited to the detailed, well-maintained data systems required by the model, the professional training and ongoing education of our counselors, and the fact that well-trained counselors are on alert for trends that indicate a broader community issue. And of course, it doesn’t hurt to have a passionate, driven team of “rock star” counselors who are dedicated to making Lansing the best it can be for everyone.



# The Importance of Quality Control and Data Collection at Kansas State University's Powercat Financial Counseling



SONYA BRITT is an associate professor of personal financial planning at Kansas State University who researches the outcomes associated with financial counseling and the impact of physiological stress in financial planning and counseling.



JODI KAUS is the Director of Powercat Financial Counseling at Kansas State University which focuses on peer-to-peer student financial education.

Powercat Financial Counseling (PFC) at Kansas State University (KSU; population of approximately 25,000 students) began in 2009 as the first peer-to-peer college financial education program in Kansas. PFC trains students in financial-related academic programs to serve fellow students with free individual financial counseling, group financial education, online financial tools, and interactive financial events. PFC has experienced tremendous growth in services year to year and has been recognized by the White House and U.S. Education Secretary as a model financial literacy program to emulate.

The success and leadership of PFC is attributed to its high standards of quality control and its impact on the integrity of the research data collected since its inception. A semester of rigorous training is required of a student prior to becoming a peer financial counselor. Students complete assignments within an online learning management system and are paired with a peer financial counselor who provides monitoring and feedback during practice client sessions. Assessment quizzes are given to students after training modules to ensure their knowledge of key concepts of counseling procedures and relevant topical areas such as student loans, credit, budgeting and job offer analysis.

PFC has articulated student learning outcomes that are measurable and commensurate with peer-to-peer service learning outcomes. Results are measured to assess the process and application of the students' direct experiences applying their classroom knowledge and training into a service experience within the PFC peer financial counseling program. Narrative feedback and quantitative ratings provided by trainees, peer counselors, clients and service recipients inform and improve the process each academic term. Accountability measures are important to assuring standardization and professionalism in peer-to-peer financial counseling as other educational institutions begin to create similar programs.

After the first year of programming, a paperless client record system was developed to enhance the overall experience and simulate industry field practice of client management via online tools and resources. Furthermore, physical space constraints and having multiple locations around campus made the storage of paper files impractical. Students now request an appointment with PFC through their student information system (SIS) account. Peer counselors also use SIS to log their client interactions and recommendations for further oversight and transition between different peer counselors. The University is committed to helping students enhance their financial literacy and supported the need to create a streamlined intake process within SIS offering full support of its Information Systems Office for development of this new technology. Other campus entities with similar student intake needs can benefit from the creation of these new technological processes.

The SIS process not only ensures quality control but informs the research aspects of the program. Demographic data (e.g., gender, age, race, marital status, number of children, grade level, academic major, housing situation, first generation student status, receipt of financial aid) is pulled from the student's SIS account into a spreadsheet for downloading by the PFC director and the assigned peer financial counselor. This is tied with a set of questions designed by the PFC team about the student's reason for seeking help and their financial status.

After indicating available appointment times in the SIS account, students are asked if they are willing to complete an additional survey to assist with research through PFC. They are redirected to an external surveying system (Qualtrics), which is tied to the SIS data (stripped of identifying information) and available for download

The research outcomes have been instrumental in securing permanent funding for the program through central university administration.

by the PFC team. The research survey consists of questions regarding financial stress, financial attitudes and behaviors, financial knowledge, locus of control, and depression. A follow-up survey nearly identical to the original research survey is sent two months after the initial meeting via the same external surveying system, which is automatically linked to the intake information and initial research survey responses.

The data collection and research process has been used in multiple levels of program management. First, the research outcomes have been instrumental in securing permanent funding for the program through central university administration. Results have shown that PFC is associated with reduced financial anxiety and increased financial satisfaction and subjective financial knowledge two months after their initial meeting, which are large contributors to retention rates.

Secondly, PFC is a peer financial counseling program with students-in-training to become financial advisors and counselors. The data collected allows the student counselor to obtain a fuller understanding of the counseling situation, possibly engage them in the referral process for issues beyond their skill set, and receive immediate feedback on the effectiveness of their services. Peer counselors self-identify increased skills in public speaking, interpersonal communication, personal finance knowledge, and problem solving skills. These skills are often standardized as desirable by professional financial planning associations. Educational programs like PFC promote best practices, innovative approaches and effective delivery of financial education informing the field of financial counseling as a profession.

Finally, without research, practice cannot be validated or replicated. With a constant change in financial counselors, it is important to have a reliable system to collect and store data and to assess the effectiveness of how the counseling is being delivered. Through the rigid training the counselors receive, this can be accomplished with the system set in place by PFC.

In six short years, Powercat Financial Counseling has grown from an idea to an operable, funded peer financial counseling program. Data from the research surveys are reported to university administrators each semester. Students report a high level of satisfaction with services received and are showing improved financial attitudes and behaviors after seeking help, which has been used as support for why PFC needed a permanent presence on campus. Training and operating procedures have ensured that we hold ourselves accountable to our mission of educating college students on personal finance issues and set us apart as a leader in campus-based program development. This ongoing longitudinal dataset continues to be used to improve services, train graduate students in research methodology, and publish research for the broader academic community and financial counseling profession.

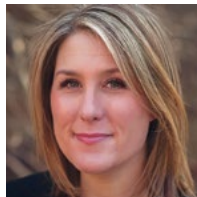
## Standardizing Outcome Measures in a Client-Centered Field



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Financial coaching is an approach to build financial capability and goal-focused financial behaviors for people across all income and wealth levels. Growing bodies of research point to the coaching approach's effectiveness in helping people make positive behavior changes in their financial lives. Yet, drawing broad insights about the effects of coaching and comparing outcomes across studies is difficult as financial coaching programs collect and calculate client outcome measures in a wide variety of ways. Reflecting the field's lack of standards of practice, the development of more robust measures for tracking client outcomes has not kept pace with the rapid growth that the financial coaching field has experienced in recent years. Adopting a uniform set of measures will allow the field to demonstrate the power of the coaching model and is fundamental to other critical tasks like standardizing practice. Harnessing the current enthusiasm for coaching through implementation of shared measures and standards is key to creating a fact-based case for broader support from policymakers, funders, and coaching practitioners.

A standardized set of measures collected at client intake and tracked over time would benefit the financial coaching field in four powerful ways. First, it is often difficult for individual coaching programs to amass the amount of data needed for rigorous program assessment that adheres to strict standards and yields accurate and dependable data. By aggregating data from multiple programs, the field can work collectively to demonstrate effectiveness and scale in a way that is not possible otherwise. Second, the coaching field encompasses a wide variety of approaches and models. Utilizing a common set of measures facilitates studies that compare outcomes within and between programs and target populations. These comparisons will unlock insights into which types of coaching models work best in various contexts and with various types of clients. These insights will be invaluable as organizations move to develop and implement tailored financial coaching programs to meet the diverse needs of communities.

A third area that stands to gain from adoption of standardized metrics is that of consistency of data collection. It is critical that standardized measures are statistically reliable and valid, a feat that is difficult to accomplish without coordination. While the collection of administrative and financial data over time is vital to capturing changes longitudinally, it is difficult to consistently record these data due to a variety of challenges, such as staff turnover. Standardized measures that can be easily administered in a uniform way would relieve the burden that individual organizations face in investing in and developing measures. And finally, the adoption of standardized measures has the potential to decrease the amount of resources dedicated to collecting client data and greatly improving efficiency. Many organizations collect dozens of measures on individual clients; agreement on a standardized set of measures could allow organizations to reduce the number of data points they track.

Agreement and adoption of a field-wide set of standardized measures is not without challenges. The belief that we need a "perfect" measure before trying one is an area that can hinder progress. Acknowledging that there will never be

Adopting a uniform set of measures will allow the field to demonstrate the power of the coaching model and is fundamental to other critical tasks like standardizing practice.

a set of measures that is without flaw, yet appreciating that we should not let this prevent the field from making much needed strides in the area of outcome measurement, is a necessary compromise to move forward.

Another obstacle lies in implementation of another set of questions to assess clients. Balancing strategies for collecting data is an art that has not yet been perfected in the field of financial capability. While it is a goal and projected benefit that standardized measures will help to eliminate unneeded data and streamline data collection, the initial addition of another client evaluation will no doubt cause many organizations to hesitate at the idea of adding to existing data collection practices. However, instituting a standardized measure across the field is an excellent step to creating a much simpler, yet focused data collection process for the long run.

A final hurdle to cross in the name of standardization and consistency is simply the decision of choosing one set of measures over another. Unfortunately, a decision of this nature could incite rivalry over which set of measures is used. This is an unfortunate roadblock to progress that should not be the demise of cooperation in this area. The agreed-upon measures should be a starting place, a compliment to existing measurements, and a tool that is constantly open to improvement and refinements.

The Center for Financial Security's (CFS) early efforts to evaluate financial coaching revealed a need for more consistent tracking of clients' financial behavior, ultimately leading CFS to launch an effort to develop new outcome measures in 2011. The mission of the project was to develop and test a small set of standardized measures. The project aimed to meet rigorous social science standards while taking into account the practical issues of data collection and analysis in a field setting. For 18 months, four nonprofit community-based organizations collected data on a proposed set of client outcomes and shared the results to form a consistent database of measures. The project resulted in the six-question, eight-point Financial Capability Scale (FCS).

The FCS proved practical to implement, but just as importantly, also held up in a variety of statistical tests. Organizations in the FCS pilot continued to collect a variety of other measures, often including data from credit reports, bank accounts, or workforce development records. Thus, the FCS data could be compared to external sources of information, a process that tested the validity of the FCS—that is, the extent to which the set of questions accurately captured clients' financial status. Among other findings, the FCS proved to be a relatively valid proxy for credit status, as it appears to be correlated with credit scores and payment delinquency rates. Because the partner organizations also collected the FCS on the same clients over time, the scale's reliability could also be tested. Reliability measures the extent to which an individual is consistent in his or her responses to the questions, along with the level of random response or "noise" that would make the scale volatile and difficult to use. In addition, the FCS was tested for internal reliability. Internal reliability is a widely used test in scale development that ensures that each question included in the scale provides unique value and derives distinct information from the other questions. This internal reliability test helped focus the FCS to the smallest number of questions, with each of the six questions gleaning a different aspect of financial capability. Overall, the FCS is a starting place for a growing field, a ready-to-use tool that complements existing measurements.

As the practice of financial coaching continues to grow, standardization is increasingly important for identifying and replicating effective coaching practices. Through the development of the FCS and ongoing financial coaching research in partnership with The Annie E. Casey Foundation and the Asset Funders Network, CFS has come to understand that the field has reached the critical mass needed to begin tracking and measuring outcomes in a more unified way. Numerous organizations are building, developing, and refining their financial coaching programs, making the field uniquely positioned to integrate and implement common measures. Nonprofit practitioners, policy makers, funders and the research community all have an important role to play in driving standardization and effective replication of financial coaching. By coalescing around a set of measures that organizations can readily integrate into their existing client tracking systems, whether that be the FCS or an alternative, stakeholders will be better equipped to understand and improve the outcomes and impact of financial coaching services.

# A Financial Counselor's Reflection on What Makes a Professional Counselor — Accountability is Key



JIM CRAIN is a Homeowner Services Associate with Habitat for Humanity, responsible for further developing the Homeownership Program for Saginaw and Shiawassee Counties in Michigan, and previously served as a Lansing Financial Empowerment Center counselor.

Accountability is critical for providing structured evaluation of counselor job performance and validation of work output.

Accountability is an important pillar of financial counseling requiring a standardized process that creates actionable steps and provides quality data to produce measurable results. To ensure professional services are provided on a consistent basis, competency must be demonstrated in several areas including subject matter, client/counselor confidentiality, and work output.

Reports can isolate specific data depending on program needs and provide valuable input to counselors, managers, community partners, and funders. A successful financial counselor has the ability to recognize and adapt to changes in the counseling process, be a good problem solver, and utilize critical thinking skills. Accountability builds a trusting relationship which fosters client growth and results in successful outcomes. We may not have the answer or direction to offer a client in need, but we can always listen attentively and respond compassionately. Often during this conversation, a new idea comes as a result and reinforces problem solving skills. Being accountable gives a counselor confidence to push beyond their own barriers to find new avenues for solutions, just like we are asking our clients to do.

### Standard Counseling Process

Standardizing the counseling process aids in efficient time management techniques and allows for higher client capacity while maintaining equal experiences. Following a consistent format during an initial client visit helps establish a pattern to collect information for later reference. It provides a framework for financial counseling and a process for dealing with issues directly affecting the client. This tends to normalize their experience there by reducing the stress of their situation.

Providing a format for standardized sessions gives counselors the tools necessary to draw out client issues. Following a routine approach touches on important financial aspects and highlights areas where client struggle is evident. By comparing budgets to credit reports and analyzing debtor activity, financial counselors can identify areas to discuss with clients in order to shape potential solutions. During a review of one client's budget, she mentioned how bill collectors were constantly flooding her phone, using up valuable minutes she could ill-afford. As a solution we ran her credit report, sent each collection agency a cease call letter, and by the following visit she happily reported that the calls had stopped. One company even stopped reporting all client-owed debt to the credit bureau resulting in an improved credit score.

Identifying factors which inhibit the counseling process and prevent outcomes will help address what procedural changes may be necessary. Management should be constantly analyzing, tracking, and monitoring data through reports and comparing information against program goals. This provides an opportunity to spot trends, identify issues before they become problematic, and allows for input from counselors to implement corrective action in a timely manner.

Having counselors become involved in extracting solutions as identified by data analysis gives them buy-in to find workable solutions and holds them accountable to the process.

Having counselors become involved in extracting solutions as identified by data analysis gives them buy-in to find workable solutions and holds them accountable to the process. Realizing a problem with a high percentage of cancelled and no-show appointments, we were able to identify the primary issue as unaffordable transportation costs. The solution was to offer bus passes and gas cards as incentives resulting in fewer missed appointments, increased session attendance, and a higher percentage of successful outcomes.

### **Tracking Outcomes and Data Points**

When compiling summary reports, supervisors can identify areas where additional attention is needed and highlight where problems are evident. Breaking down goals quarterly, monthly, and weekly keeps counselors accountable in managing their time. Monitoring data helps to spot trends, identify problems, and track successful completion within the program. If goals are clearly stated and outlined properly, counselors can use management reports to maintain focus on areas where counselor performance may be lacking. Management should use the data analysis process to identify areas of weakness within the program and provide solutions to maximize counselor effort.

After reviewing quarterly data showing lower session attendance than expected, the team met to brainstorm on possible reasons and what actions could be taken. Limited appointment availability was identified as the primary cause. The solution was to offer later appointment times to accommodate client work schedules and included more flexible work hours for counselors to meet demand. New target goals were calculated for each counselor so that the program goals would be back on track. This allowed counselors to manage their appointment schedules according to individual needs while meeting overall objectives.

Ultimately, counselors are expected to help clients set goals and achieve successful outcomes. Managers can generate reports highlighting those clients that are near goal and provide counselor focus. In the daily activity of financial counseling, it is easy to lose track of individual debt reduction targets, savings increases, improved credit scores, and banking outcomes. One report generated during a training session showed numerous clients with potential banking outcomes. That report was divided down and provided to individual counselors who could then schedule client sessions to validate information and capture the outcomes.

### **Personal Accountability Measures**

Additional education through independent research, collecting reference resources, peer-to-peer discussions, and guest speakers all enhance a counselor's level of professionalism. Recognizing areas of weakness within the program and adapting new procedures to address them will ultimately hold counselors accountable to a system that provides quality data and proven results.

When the importance of reviewing credit reports became evident as a primary function of initial counseling sessions, counselors realized additional training and resources were necessary to understand the credit report format. To better inform clients on what options to consider, counselors did peer-to-peer trainings, used online tutorials provided by the credit bureau, referenced printed materials, and shared best practices. This provided uniformity in understanding what information was important and how to focus client action to maximize results.

Client empathy, an ability to identify key areas of concern, prioritizing a logical order to address issues, and providing a stable structure with clearly established goals are the foundation of a successful financial counselor. Clients must be able to define a purpose that moves them to take action. They will return so long as there is perceived value in their experience and there are valid needs to address. Counselors must know and recognize professional boundaries and acknowledge limitations within the scope of financial counseling. They must be able to adapt to situations, modify processes, and redefine solutions as new information warrants.

Professionalizing the field of financial counseling and coaching ensures all people, regardless of their circumstances, receive high-quality financial counseling in a safe and secure environment. By providing a standardized method to deliver and manage financial counseling services, clients will learn to make sound financial decisions, thereby promoting the long-term stability of families and strengthening the communities in which they live.

## Measuring the Journey to Financial Stability



ANNE GUTHRIE is a community investment officer at the Central Indiana Community Foundation where she coordinates the Family Success Initiative that helps families increase financial stability and pursue economic opportunity.

The Central Indiana Community Foundation (CICF) was introduced to financial coaching as a solution to a problem. We received impressive reports showing thousands of people received emergency assistance, financial literacy, and job readiness training to increase their financial stability. However, there was no way to tell if families actually broke the cycle of poverty, especially when data began to show the number of returning clients to these services.

In 2006, Indianapolis was selected by the Annie E. Casey Foundation to pilot the Center for Working Families (CWF), a model that integrates financial coaching with employment and income support services. The new model had no track record of results, but our leadership recognized this was an opportunity to pioneer a way to measure financial stability to guide effective philanthropic investments. CICF partnered with the Local Initiatives Support Corporation (LISC) to explore how to measure financial stability using *relative indicators* of improved financial conditions – increased net income, net worth, and credit scores.

Over the last six years, CICF's board gained significant insights from tracking these outcomes: those who received financial coaching with other services were three times more likely to increase net-income, net-worth, and credit scores than those who did not; the longer people stayed with a coach the more their financial bottom-line improved; and building assets took at least three years to be realized. Our investments had greater impact even though grantees served fewer people and it took a longer time. It taught our board that a job was not enough. Fighting poverty takes a trusting relationship with a coach to help families work towards long-term goals to build assets.

Based on the success of financial coaching, a group of local funders now aims to expand the CWF model to other communities. However, as we reviewed our collective impact to date, we realized we could not answer a crucial question: *are people actually moving out of poverty?* Increases in net-income could be \$10 or \$10,000, or from a negative to a less negative number. Funders could not tell how close, or far away, people were from being able to save, or if they were saving. We knew financial coaching increased financial stability, but to what extent?

CICF decided to embark on a journey to explore how other financial coaching models measured success. Some models track *absolute financial conditions*. For example, SparkPoint Centers track how many people reach a self-sufficient wage, 650 credit score, and three months' worth of savings. These outcomes allow staff to understand how coaching helps clients reach conditions of financial stability. However, this prompted more questions: first, if a person has three months of savings, is it because of some one-time event like a tax return, or new behavior, namely, consistent saving habits? Second, these outcomes take years to reach. How can a person's success be measured over time?

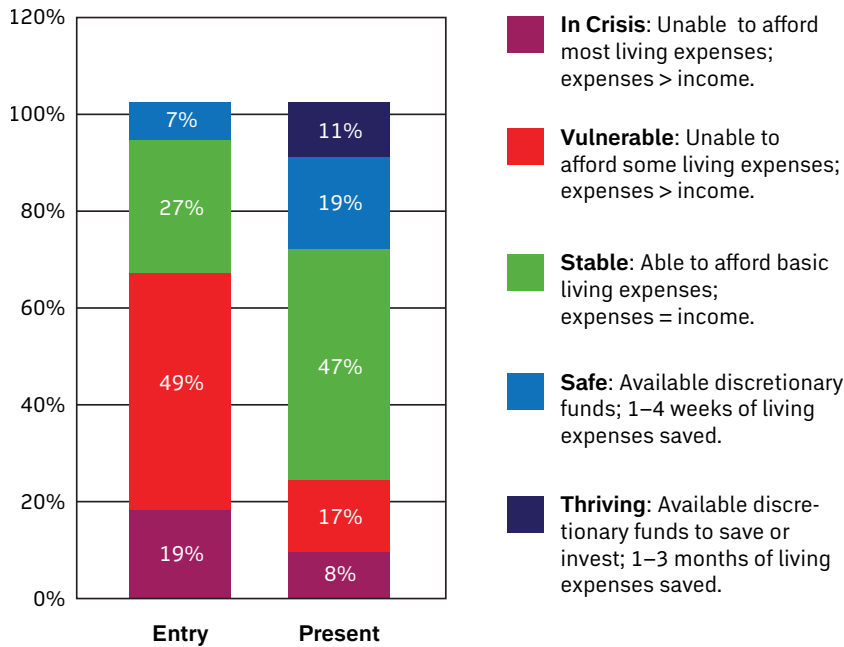
Other financial coaching models measure *behavioral outcomes*. The Financial Clinic tracks behavioral changes including if people made consecutive savings deposits or set and achieved short-term goals. These outcomes indicate whether coaching impacts a person's ability to make informed financial decisions and keeps coaches accountable to the *process* of financial coaching—helping people achieve their self-defined goals.

However, this begs a hotly debated question: Are behavioral outcomes the end game of financial coaching? While some practitioners argue yes, others, especially funders, look at behavioral outcomes *as a means* to financial stability. If Alice makes regular deposits, is she in a better financial position than before?

CICF then explored a different approach. Most accountability frameworks track success against a static set of milestones including behavioral outcomes, financial conditions, or relative indicators as discussed above. An alternative is to measure on a *continuum of financial capability benchmarks*, such as the Financial Capability Outcomes Matrix (the Matrix).<sup>1</sup>

Ultimately, a continuum of financial capability benchmarks would allow us to celebrate the journey of someone moving from poverty to stability, and from stability to financial well-being.

## Example Money Management Benchmark Scale



Progress of program participants from 2010–2012 at the Goodwill Prosperity Center in Eugene, OR

The Matrix has a series of financial capability *life domains* such as income, money management, financial services, and credit. Each life domain has different stages of progress, or benchmarks, in ascending order: in crisis, vulnerable, stable, safe, and thriving. The above chart and below example outlines the incremental stages for the life domain of “money management.”

### Money Management

The Matrix is an assessment and outcomes management tool. At program entry, coaches can plot a person’s status in each financial capability domain. The exciting part is seeing *movement* – movement within *multiple aspects* of financial capability from one stage to the next *depending on where the person starts*. If Joe starts out “in crisis; unable to pay bills, expenses exceed income” you can celebrate success when Joe reaches “stable; able to pay all bills, expenses do not exceed income.” Has he reached financial stability? No, because he has no savings and needs to improve other domains such as credit. But you can see how close, or how far away, Joe is from living paycheck to paycheck.

The Matrix might help us obtain data from grantees that show people actually moving out of poverty. It could allow us to track how relative indicators, such as increased net-income, translate into improved financial conditions, such as how many reached self-sufficient incomes. We could also review how clients improve over time by tracking how many clients move up a benchmark and not just reach static milestones.

The Matrix might also help us understand how to set outcomes that allow coaches to truly be accountable to client goals rather than viewing clients as an input to achieve goals set by funders. Making grantees accountable to static milestones sometimes drive coaches to improve clients’ budget or credit independent of their goals. However, after exploring the Matrix with several grantees, coaches saw this as tool to help clients set and track goals in different areas of their financial lives and measure how behavioral change and goal attainment translates into long-term financial gains.

CICF and the United Way of Central Indiana are working to pilot the Matrix at several CWF organizations. We hope to learn how this approach can help funders capture data showing movements. We also hope to learn how this tool helps clients define aspirations, choose goals, and make decisions within different aspects of their financial lives. Ultimately, a *continuum of financial capability benchmarks* would allow us to celebrate the journey of someone moving from poverty to stability, and from stability to financial well-being.

<sup>1</sup> The Labor Market and Financial Capability Outcomes Matrix (original name) was developed by Anne Guthrie and Ed Durkee at Goodwill Industries of Lane and South Coast Counties in Eugene, OR to measure the success of members of the Property Center in 2010. It is based on the Results Oriented Management and Accountability, a performance management system for agencies receiving Community Services Block Grant funds.



# Professional Accountability: A Data-Assisted Model for Financial Counseling



ED KHASHADOURIAN, PhD is the principal at Opportunity to Asset (OPTA), a California-based social enterprise that specializes in savings and financial coaching programs for low-income households. The company also develops low-cost data collection platforms for its nonprofit partners.

To assist low-income households with making more informed financial decisions, this brief proposes the implementation of a data-assisted case management/financial coaching model using a set of financial ratios and indicators. Incorporating household financial data in guiding financial decisions will inevitably lead to the professionalization of the field and will generate a real demand for structured training of new cohorts of financial coaching experts. Over time, this will create a pathway to build upon the collective knowledge base of all practitioners and present an opportunity to standardize definitions, facilitate communication among experts, and track improvements in financial well-being using objective measures of data. It can also lead to a more effective segmentation of the market, a key element in improving the delivery of programs and services to low- and moderate-income (LMI) communities.

Over time, [a data-assisted model] will create a pathway to build upon the collective knowledge base of all practitioners and present an opportunity to standardize definitions, facilitate communication among experts, and track improvements in financial well-being using objective measures of data.

Financial indicators and ratios introduced here are part of a framework known as the Equilibrium Model of the Household (EMH). EMH treats households as evolving economic units. Financial indicators are used in EMH in order to assess performance and financial health of the household, both in the short, and long runs. This essay only discusses short-term indicators which mainly focus on the household cash flow status (see Table 1). It is argued that if indicators listed in Table 1 are used in a systematic way by financial coaches, they may help identify the state of financial well-being of households on a continuum that covers complete “financial distress” to an “upwardly mobile” state of well-being. Knowledge of the financial condition of the household is critical in helping financial coaches to determine the proper coaching strategy for their low-income clients. In what follows, a total of seven distinct states of financial well-being are defined based on the financial indicators in Table 1. These categories can be used as a basis for segmenting the financial coaching market.

- **Distressed Household:** Household experiences negative cash flow and has limited ability to improve its cash flow by trimming monthly expenses in the short run. In most cases, the family has experienced a sudden and significant drop in income. Families facing credit insolvency and low liquidity rates are candidates for financial counseling and debt consolidation services.
- **Dissaving (Near-Distressed) Household:** Household experiences negative cash flow but has the ability to somewhat improve its cash flow situation by trimming expenses. However, depending on household debt and liquidity levels the household might be considered as near-distressed and be referred to financial counseling. Otherwise, the financial coach can help clients to create a new household budget and improve cash flow.
- **Fragile Overleveraged Household:** The household experiences negative cash flow, but can easily improve cash flow deficit. However, the family is credit insolvent (pays too much to service past borrowing). Possible options include trimming household budget, and lowering monthly debt payments if possible. Referral to debt consolidation service is not a recommended strategy for this household.
- **Fragile Household:** The household experiences negative cash flow, but can easily improve cash flow deficit. Unlike overleveraged households, the family is not credit insolvent. However, savings rates are close to zero and further trimming of the household budget to help increase savings rate to over 5 percent is difficult. The coaching strategy should focus on helping the family to increase income and continue to find ways to cut back unnecessary expenses and increase savings in the medium term.

- **Financially Stable/ Near-Stable Household:** The household enjoys positive cash flow. However, savings and household liquidity rates are low. The household should accelerate monthly savings. Depending on the household liability rates, the financial coach could offer alternative strategies combining savings and debt reduction.
- **Financially Stable Household:** The household enjoys a positive cash flow balance and savings rates are satisfactory. The household has saved enough to support expenditures for two months in case of a complete interruption of income. However, monthly payments on existing debt remain high. The coaching strategy should focus on helping the family to lower debt payments or increase income. Reallocating assets to generate passive income will also help lower debt rates.
- **Upwardly Mobile Household:** The household enjoys a positive cash flow balance and existing savings meets the desired liquidity rates. The household may consider reallocating assets by increasing retirement savings, or other long term investments. The client should be referred to a financial planner to explore other options to better allocate assets and liabilities.

Table 1 – Main Financial Indicators in EMH

Indicator	Definition
Monthly Discretionary Income (MDI)	This net cash flow measure is calculated by subtracting all expenses from all forms of Income Guideline: MDI>0 indicates a positive cash flow
Monthly Savings Rate (MSR)	Reported saving contributions and MDI as a percentage of monthly gross income. Guideline: 10%
Average Liquidity Rate (ALR)	Measures the amount of liquid assets to monthly expenses. Some studies also recommend the use of monthly income in the denominator. Guideline: A value greater than 200%
Percentage Fixed Expenses (PFE)	Total fixed expenses (excluding tax payments) as a share of net income. Guideline: No specific guidelines exist, but generally recommended at or below 60%.
Credit Insolvency Rate (CIR)	Also known as debt service to income ratio, or debt ratio. It measures the share of monthly non-mortgage payments to net monthly income. Typically, a separate indicator that includes mortgage payments in the numerator is also defined. Guideline: Less than 15% if mortgage payments are not included
Income Supports Ratio (ISR)	Share of household net income received through public benefits programs. This ratio could be interpreted in two different ways; higher rates indicate a more reliable stream of income for the near term, but also the existence of additional restrictions in the way of households increasing assets. No specific guideline exists for this ratio.

Data assisted financial coaching could be an effective strategy to help improve financial well-being of lower income households. However, it will require financial coaches to receive additional training and embrace a possible professionalization of the field.

## Strength in Numbers: Building a Network of High-Quality Coaching and Integrated Services Providers



KATRIN KÄRK is a Program Officer at LISC, where she manages program strategy, communications, technical assistance and grants for LISC’s network of Financial Opportunity Centers and the Bridges to Career Opportunities initiative.



SEUNG KIM is Program Director of LISC’s Family Income and Wealth Building unit, where her team helps establish Financial Opportunity Centers across the country and design and test other innovative initiatives.

Financial well-being is multi-faceted with mutually-reinforcing components: sound personal money management; access to fairly-priced financial services and products; opportunities to acquire assets and build wealth; and quality employment that offers stable wages and growth potential. Over 10 years ago, the Local Initiatives Support Corporation (LISC) and many of our peers in community development recognized the consensus emerging from practitioners and residents in the neighborhoods where LISC works: A job alone is not enough. Financial literacy is not enough. Opening a checking or savings account, homebuyer education, job interview and resume preparation workshops—as important as these individual interventions may be, when delivered as “standalone” services, none are enough to propel unemployed and underemployed neighborhood residents into the middle class. An “integrated” service approach is needed to address the interrelated economic needs of individuals and families. It is equally important to invest in a capacity building, staff development, and performance management infrastructure to ensure high-quality delivery of professional financial coaching that is reinforced by robust employment and income supports services, all working in tandem to promote families’ forward movement to financial stability.

That is why LISC has spent the past decade deploying and scaling up the Financial Opportunity Center (FOC) model in cities across the United States. Financial Opportunity Centers—which operate out of existing, trusted local nonprofits with long track records of providing human and social services in their communities—offer workforce development, financial coaching and benefits access services as a comprehensive package. This integrated approach is key to LISC’s neighborhood revitalization strategy: in order for historically underinvested neighborhoods to flourish, the people living in those neighborhoods need opportunities to thrive as well

LISC’s approach to integrated services is based on the Center for Working Families (CWF) model developed by the Annie E. Casey Foundation. We piloted the integrated services approach in partnership with several Chicago nonprofits in 2005, and the lessons learned from those early years of supporting integrated services coalesced into the key components of LISC’s FOC model—which is now operating in over 75 community-based organizations around the country.

LISC invests heavily in capacity building support for the FOC staff—both frontline staff and management—in order to ensure the delivery of professional and effective services. Through one-on-one employment services, combined with financial coaching and income supports access, FOCs seek to improve the financial well-being of low income individuals—and the coaching approach is infused throughout the FOC model. Coaching embodies the culture of the centers, and sessions are client-driven to motivate and engage individuals. Because coaching is distinct from the case management approach traditionally used in social services, coaching training is an integral part of the start-up and ongoing capacity building for FOCs.

The field of nonprofit-based financial coaching is still relatively new and professional standards are still in development. Nonetheless, LISC has identified several high-quality providers of financial coaching training, and as part of launching the FOC model, financial coaches must attend an in-person coaching training that is specifically focused around financial coaching. LISC also strongly encourages all FOC staff, including the employment coaches and program managers/directors—as well as LISC staff working with the FOCs—to go through financial coaching training, because substantive understanding of the coaching approach has been crucial to the FOC model’s success. To augment the financial coaching training with professional development around specific financial and employment topics, LISC also provides the FOCs with training and assessments on credit building, and periodic webinars led by experts in the field.

Data is another critical component of the FOC model—and a mechanism to ensure the quality and professionalism of coaching services. FOC services are free to community residents, so unlike in the for-profit sector, LISC and the

Centers cannot look to measures like revenue to assess customer satisfaction and effectiveness of services. Instead, at an FOC one of the strongest indicators of the quality of services shows up in client retention, and outcomes achieved by clients. All of the organizations in LISC's national FOC network use a common data system and template customized to capture family financial stability measures, and LISC reviews FOC data at the national and local level at least each month. Because there are few universal baseline qualifications for what makes a strong or professional financial coach— with over 100 financial coaches in our FOC network, LISC has seen strong coaches with financial services backgrounds as well as highly successful coaches with social service backgrounds—we rely on a “frequency of contact” metric to assess whether the coach has strong rapport with the customers they are serving. LISC has found that training and professional certification by themselves do not always guarantee quality; the coach's ability to listen, relate, and build trust with clients is as important if not more so than technical knowledge. Furthermore, a client's ability to achieve outcomes such as long term job retention or job advancement indicate duration of the relationship.

LISC created a performance management report and trains both FOC managers and frontline staff to use the report to inform their service delivery processes. By focusing on bundling of service rates, and the rate at which follow-up financial assessments are completed, staff can regularly assess how well financial coaching is integrated into the organization's services. They can also determine the efficiency of following up with clients. Client retention is one of the most challenging aspects of social services, necessary to achieve long term change for individuals, and necessary to verify change or new data for an individual.

Finally, in addition to the monthly data analyses, LISC engages in robust research and evaluation efforts to assess the impact of bundled or integrated services and refine core components of the FOC model. An analysis conducted by LISC's in-house Research and Assessment department compared FOC clients who received bundled services and the outcomes they achieved with those clients who did not receive the full bundle. As part of the Social Innovation Fund grant that LISC received in 2010 to support FOC expansion, third-party evaluation firm Economic Mobility conducted a quasi-experimental design study comparing the outcomes of FOC clients with those who received services from the public workforce one-stop center; and to help better understand the qualitative experiences of FOC clients and the impact of services on their lives, a University of Chicago researcher is conducting a three-year series of ethnographic interviews with 12 FOC clients in Chicago.

FOC services are free to community residents, so unlike in the for-profit sector, LISC and the Centers cannot look to measures like revenue to assess customer satisfaction and effectiveness of services. Instead, at a FOC one of the strongest indicators of the quality of services shows up in client retention, and outcomes achieved by clients.

## Conclusion

Financial Opportunity Centers serve a population that faces substantial barriers to financial prosperity: chronic unemployment, basic skills and education gaps, and isolation from resources like mainstream financial institutions and fairly-priced financial products. LISC has seen the importance of implementing a strong integrated service delivery model that is adaptable to local nonprofits and their communities' needs, but is built around the core components of coaching, initial capacity building and ongoing professional development for staff, and use of data and common performance measures to assess effectiveness and drive continuous program improvement. Our FOC network data as well as findings from the research efforts cited above show that FOC participants receiving integrated services work more consistently, have stronger credit outcomes, and lower levels of debt. LISC's integrated service work has shown the power of incorporating employment services into asset building and financial coaching programs. At the same time, the FOC model's results also bolster the credibility and professionalization of the financial coaching field by demonstrating to workforce providers—in community-based nonprofits, community colleges, and the public workforce system alike—that financial coaching, when delivered effectively, strengthens employment outcomes, which then in turn can strengthen real economic opportunities.

# COMMUNITY

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*The sheer number of stakeholders represented in this journal is a testament to the diverse and skilled professional community that already exists around professional financial counseling and coaching. Harnessing the vibrant networks of counselors, nonprofits, academics, government, philanthropy, and financial institutions invested in this work will allow for greater collaboration and partnerships, and provide deeper learnings on “what works” across a variety of contexts. The essays in this pillar showcase the value of various types of stakeholder communities—strategic integration partnerships, online resource sharing, professional development conferences and networking events, or formalizing support systems.*

## **The Consumer Financial Protection Bureau and Financial Coaching**

*This essay explores a federal perspective on public investment in financial counseling.*

DANIEL DODD-RAMIREZ  
Consumer Financial Protection Bureau

JANNEKE RATCLIFFE  
Consumer Financial Protection Bureau

## **Professionalizing the Financial Coaching Field: The Experiences of Stand By Me, a Statewide Financial Empowerment Program**

*This state official details the need for peer exchange for effective professional development and quality public services.*

MARY DUPONT  
Delaware Department of Health and Social Services

## **State and Regional Community Development Associations' Role in Successful Program Measurement**

*This essay explores using state and regional community development associations to advance counseling professionalism.*

RYAN HILL  
National Alliance of Community Economic Development Associations

FRANK WOODRUFF  
National Alliance of Community Economic Development Associations

## **The Role of Community in Volunteer Financial Coaching Networks**

*The author explores the role that community plays in advancing high-quality volunteer-based counseling.*

CHRISTIAN LUNA  
Sacred Heart Community Service

## **Integrating Financial Coaching with Responsible Financial Products and Services**

*This essay focuses on how different communities reinforce each other's financial counseling investments.*

CATHIE MAHON

National Federation of Community Development Credit Unions

## **Informing, Vetting and Sharing Standards: The Importance of Peer Connections**

*This essay details the need for peer learning opportunities to support a consistent model of professional counseling services.*

FRAN ROSEBUSH

CFED

## **Creating Professional Learning Communities for Financial Coaches**

*This financial counselor highlights her perspective on the need for professional learning communities.*

LYDIA RUTER

*mpowered*

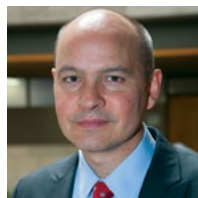
## **Setting the Standard Through Communities of Practice**

*This association head highlights the importance of building a community of counseling practitioners.*

REBECCA WIGGINS

The Association for Financial Counseling and Planning Education®

## The Consumer Financial Protection Bureau and Financial Coaching



DANIEL DODD-RAMIREZ serves as the Assistant Director for the Office of Financial Empowerment at the Consumer Financial Protection Bureau.



JANNEKE RATCLIFFE serves as Assistant Director for Financial Education in the Consumer Financial Protection Bureau.

The mission of the Consumer Financial Protection Bureau (CFPB) is to help consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. Within the CFPB, the Office of Financial Education is responsible for developing and implementing initiatives intended to educate and empower consumers to achieve their own financial goals. The Office of Financial Empowerment focuses its work on empowering low-income and economically vulnerable consumers to make informed financial decisions by providing them with tools and information and promoting a more inclusive and fair financial marketplace.

For economically vulnerable consumers who have limited financial resources, even the smallest financial decisions can have consequences. Financial instability can contribute to extreme stress and health issues, and can also put stress on family life. Providing effective financial tools to help our most vulnerable consumers manage their financial lives is an important priority. One of the tools the CFPB is working with is financial coaching.

Financial coaching is a method of providing financial education where coaches provide one-on-one advice and encouragement in a process largely driven by the client. A financial coach helps individuals set or refine personal financial goals, develop plans to take action towards those goals, and ultimately increase their own financial stability. Evidence from prior research suggests that coaching can be effective in helping consumers achieve both short- and long-term financial goals. Coaching and counseling programs offered at nonprofit organizations and financial service providers across the country have been associated with client outcomes such as increased savings and participation in retirement plans, improved credit management, and in the case of counseling, reduced likelihood of default on a mortgage.

The CFPB has two projects specific to coaching, described below: a first-of-its-kind study on two financial coaching programs, designed to establish what impact access to coaching has on client's financial outcomes, and the Financial Coaching Initiative, an effort to directly provide financial coaching services to economically vulnerable consumers and veterans transitioning out of military service.

### Financial Coaching Study

In 2011, the CFPB commissioned a research study on the impact of two different financial coaching programs on how consumers manage their financial lives. In response to a growing call in the financial education field for more evidence to indicate how and when financial education strategies can improve consumer financial decision making, this study—through its randomized control trial design—provides stronger evidence of what works, and subsequently better supports and guides financial educators as they strive to empower their clients. The study, conducted by the Urban Institute, examined two very different coaching programs serving different groups of consumers in very different communities—one at Branches, a faith-based social services organization in Miami and the other at the Financial Clinic, a nonprofit financial services organization in New York City. The results of the recently-released study found that financial coaches can help clients achieve financial outcomes that are most relevant for their own situations. The study showed that on average, people offered access to financial coaching experienced the following outcomes, compared with people who were not offered access during the study period:

Providing effective financial tools to help our most vulnerable consumers manage their financial lives is an important priority.

- Increased savings by almost \$1,200 in New York City
- Reduced debt by over \$10,000 in Miami
- Increased credit scores by 21 points in New York City
- Were more likely to pay bills on time
- Reported an increased sense of confidence in their finances and reduced feelings of financial stress.

These outcomes point to improved financial well-being, and they suggest that access to financial coaching helps consumers gain more control over their finances, improve their capacity to absorb a financial shock, and get on track to meet their individual financial goals.

### **Financial Coaching Initiative**

Launched in May 2015, the CFPB Financial Coaching Initiative provides guidance to recently-transitioned veterans and economically vulnerable families seeking help from social service providers and working to get on the path to financial stability. This initiative has placed 60 certified coaches at organizations around the country.

For the veteran population served, financial coaching is provided primarily at Department of Labor-funded American Job Centers. Servicemembers who are transitioning to civilian life often face unique challenges during this time. They must adapt to the financial aspects of civilian life, such as paying taxes and managing insurance, health and retirement plans. Many of these servicemembers went directly from school to the military, so the move to civilian life and a less structured environment poses new and often stressful financial issues.

For economically vulnerable consumers, financial coaching is provided at various nonprofit organizations. These consumers may have limited access to mainstream financial services, which can lead them to rely heavily on higher-cost alternative financial services. Living in the financial margin, they can derive great benefit from in-person, individualized guidance delivered at a trusted, convenient location. The CFPB's Financial Coaching Initiative seeks to empower both of these vulnerable populations to proactively take control of their finances at crucial moments in their lives.

Consumers face many complex and consequential financial decisions throughout their lives. A financial coach can serve as a capable and trusted guide to help consumers navigate those decisions, especially consumers who do not have access to professional financial advisors or to experienced financial mentors among their family and friends. These efforts on financial coaching will inform the CFPB's work on empowering consumers to achieve their own financial goals, and we hope it will provide similar value to others working toward that same goal.

To learn more about the CFPB's work, visit the CFPB website at [www.consumerfinance.gov](http://www.consumerfinance.gov).



# Professionalizing the Financial Coaching Field: The Experiences of \$tand By Me, a Statewide Financial Empowerment Program



MARY DUPONT is the Director of Financial Empowerment for the State of Delaware and works with a multi-sector team of partners from hundreds of public and private organizations to implement \$tand By Me, a statewide financial empowerment program for all Delawareans.

\$tand By Me (\$BM) is a statewide financial empowerment program and a joint project of the state and United Way of Delaware (UWD). Now in its fourth year, the program was codified into state law, establishing an Office of Financial Empowerment at the Department of Health and Social Services.

The State and United Way partner with eight nonprofit contractors, who collectively employ 28 full-time financial coaches. In just over four years, 37,000 Delawareans have taken advantage of program services, with 9,000 receiving one-on-one coaching. The \$BM's approach to implementation is through systems integration where program services are embedded within the operations of host organizations, to maximize program access for targeted constituencies. Coaches are deployed statewide at hundreds of partner locations that include employers, community colleges, child-care centers, high schools, nonprofits, military and workforce development organizations.

This strategy requires each coach to be an independent social entrepreneur, whose job goes beyond one-on-one coaching. Coaches must cultivate their skills to: collaborate with community partners; develop strategies to embed the service into diverse organizational cultures; market services to potential clients; provide high-impact personal financial coaching; and capture clients' progress in a complex data management system. This essay explores the staff development and program environment needed to build coach capacity to work effectively with clients and partners as part of a statewide systems-change model for financial empowerment.

\$BM is a high-profile program representing the Governor, Secretary for Health and Social Services (DHSS), and UWD. With this positioning comes an inherent responsibility to deliver quality services with accountability. \$BM has worked hard to ensure quality and consistency in both strategy and practice throughout its broad network of partners. Threats to quality could easily result from the isolated nature of the coach combined with the fact that coaches are employed by 10 separate organizations. \$BM tries to avoid these issues by building pillars of strength that support the system and continuously build the capacity of \$BM's coaching community. These pillars consist of the following critical elements: high-quality classroom training; ongoing peer-to-peer support; strong leadership at every level throughout the system; loyalty to the co-active coaching model; and a priority on innovation and flexibility.

To begin the process, coaches participate in a week-long training offered in partnership with the University of Delaware for 2.4 CEUs. Following classroom training, they shadow seasoned coaches for 2 to 4 weeks, where they learn from their peers to perform specific routine tasks such as reviewing a client's credit report, entering information into the data system, utilizing \$BM's referral database, presenting \$BM's interactive workshop curriculum, and marketing the program within partner locations. They also practice coaching in a safe setting with a peer who provides feedback on how to build an effective coaching relationship. This process develops each coach's expertise in the core methodology of co-active coaching; enables them to see it in action from diverse perspectives; generates insights from colleagues; and most importantly, builds relationships among team members. This training strategy prepares each coach to build confidence and develop their own style, as they observe how counterparts integrate \$BM's coaching methodology. Feedback from \$BM's coaches reinforces the importance of shadowing as a safe and comfortable way to begin what could otherwise be a daunting assignment.

The comradery that results from shadowing is continually reinforced as coaches routinely turn to each other for advice. The coaching network also deepens through monthly full-day sessions that include expert presentations and peer-to-peer training on coaching techniques, and building shared referral resources. In spite of the diversity of partners and locations, \$BM's coaches are bonded as a proud family, connected by a quality product, strong reputation, and sense of mutual support.

In addition to the network of coaches, organizational leaders connect to each other through the program. Leaders at the state and United Way collaborate to create the program's strategic framework. Leaders from \$BM's nonprofit partners manage their financial coaches in the field, and leaders at \$BM's community partners become "champions" who host the program within their organizations. Bound by a common mission of financial empowerment, leadership works closely together, fine-tuning implementation strategies to ensure success. This leadership structure reassures the coaches that they are not alone, but rather a part of a larger statewide network of organizations working together to support their efforts.

As a partnership model, we have come to understand that it is our responsibility to become familiar with every aspect of our partner's business model to find the logical points of intersection for financial coaching as it relates to the business, the customer, and the coach. This includes identifying the right linkage, the right way to introduce it, the right messaging to the customer, and a seamless process of implementation.

On a larger level, as a program of the state, \$BM has a unique opportunity to partner with diverse state agencies to integrate financial empowerment into a range of public programs and policies. By following the trail of community services to their source in government, \$BM has paved a critical path to scale for financial coaching. \$BM partnerships in government are accomplished by embedding financial coaching into the following public initiatives: affordable housing programs funded by the state housing finance agency; childcare programs within the state's childcare quality system; home visiting programs in the state's maternal and child health system; college access programs in the state's higher education office; and workforce development programs in the state's adult education and employment and training systems. Becoming a student of organizations and systems has enabled financial empowerment to enhance public programs and support vulnerable populations through partnerships with state agencies and their community partners.

That said, the front-line implementation efforts are much more challenging to accomplish than the conceptual program linkages. It takes time until financial coaching becomes part of business as usual. Our coaches are the foot soldiers who gently usher the process along and they need to approach each situation and partner with patience, creativity, understanding, and often, sacrifice. It is not always about what works best for \$BM, but rather, how do we make it work best for everyone.

This system of training, peer support, partnership and leadership is knitted together by the understanding that \$BM's success depends on the personal commitment, ability, and vision of each individual. On a larger scale, \$BM is propelled by a sense of innovation and the hope that together we can bring about positive change through increased financial stability for thousands of Delawareans. All of these ingredients are critical in supporting the personal financial coach as they work with one person at a time to achieve their financial goals.

We have come to understand that it is our responsibility to become familiar with every aspect of our partner's business model to find the logical points of intersection for financial coaching as it relates to the business, the customer, and the coach.

# State and Regional Community Development Associations' Role in Successful Program Measurement



RYAN HILL is a management consultant focusing on measurement and data issues who regularly collaborates with the National Alliance of Community Economic Development Associations.



FRANK WOODRUFF is Executive Director of the National Alliance of Community Economic Development Associations.

How is the effect of one dollar spent on a community development project measured, be it an affordable home, subsidized small business loan, financial coaching, or homeownership counseling? Community development struggles with outcome measurement, as do many socially driven fields. Proper measurement takes a specialized expertise. There's also a lot of room for disagreement on how and what to measure. And measuring is *expensive*.

The cost and time involved in collecting effective success measures are significant, but the price of these efforts cannot be seen merely as a cost – it is an essential investment. Every piece of data that is tracked should be viewed as a down payment on future funding and better outcomes. These data will demonstrate in concrete terms how effective a program is and show stakeholders exactly what a program is accomplishing. But the inherently local nature of service provision provides a validity challenge. Problems are locally unique, as are the solutions. The data measurement naturally follows suit and is framed in a local context. This severely decreases the external validity of any conclusions; making comparisons across localities, at best, invalid and, at worst, irrelevant.

Into this environment NACEDA, the National Alliance of Community Development Associations, with its 42 state and regional association members in 28 states stepped in to assess its members' work in financial empowerment. By their very nature, these associations are aggregators and resource providers who enable their own local organizations to meet the needs of the population.

NACEDA wanted to know how its members are measuring financial empowerment programs at the modular level (i.e., are they measuring outputs or outcomes) and also at the metric level (i.e., are they using homeownership rates, credit scores, or other accomplishment-oriented metrics). At the modular level, members were using a little bit of both. Some were simply measuring output metrics, such as the number of visits to a financial coach. Others measured accomplishment oriented outcomes, such as the improvement of a credit score or decreased reliance on alternative financial services.

The NACEDA assessment sheds light on these critical enablers in the financial empowerment value chain and tried to answer a broader measurement question, *"how does the field of financial empowerment balance the legitimate desire for standardized data with the need for local solutions and implementation?"* This essay proposes three key principles based on information collected from the NACEDA assessment and informed by emerging thought on program evaluation and community development.

## The Field Needs a Common Language

Before any substantive discussion about financial empowerment can begin the disparity in terminology in the field must be addressed. Without a common understanding of one another's work, organizations will never reach the point of being able to discuss issues and solutions across organizationally boundaries. NACEDA's assessment found a wide variance in the terms used.

Leading organizations in financial empowerment must advance the use of standard terminology. This will afford organizations participating in financial empowerment the means to effectively communicate about their work. Consensus and understanding can then be built by recognizing issues thereby establishing a common idiom for discussion and fostering a culture around financial empowerment.

Broad execution of financial empowerment programs requires tailoring of national solutions to distinct local needs.

NACEDA found the need for common language during its 2014 assessment. Survey participants were asked to provide the term they thought best described this statement:

*“Strategies to help families with low and moderate incomes stabilize their finances, prepare for their financial future, budget soundly, improve creditworthiness, build assets, and reduce debt.”*

Many respondents agreed that financial empowerment and asset building are terms that could be used to describe the above mentioned strategies, though they were far from the only terms. Some state and regional associations labeled this definition “economic opportunity,” others used “assets and opportunities” or “credit building.”

Standardizing terminology is foundational to the advancement of financial empowerment.

### **Measurement Should Take Place at the State and Regional Level**

Broad execution of financial empowerment programs requires tailoring of national solutions to distinct local needs. A local organization’s ability to tailor solutions to their own communities’ needs is the essence of local organizations’ work. Sometimes this tailoring of metrics creates difficulty (i.e. when metrics aren’t relevant outside a given locality; external validity), but overall tailoring makes programs relevant.

State or regionally-based measurement and data collection provides tailored solutions to local needs while bridging the gap to national programs. The NACEDA assessment found that regional or state based associations are balancing the need for standardized data with the need for local solutions and implementation. The detail and sophistication of this measurement varied, but the fact that these organizations recognized the importance of measurement - and are acting on it - is vital. Building on this existing work in a substantive way will advance outcome measurement that is both externally and internally valid.

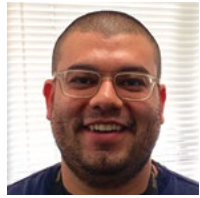
### **Entities Performing the Measurement Need Access to Technical Expertise on Outcome Measurement**

Organizations must prioritize measuring outcomes over outputs and recognize the long-term value in tracking these metrics. But often the specific expertise needed to design effective measurement programs is not available at the local, or even regional level. Skilled individuals that know the difference between outcomes and outputs are an essential resource for these organizations.

While, for the most part, any measurement is better than no measurement, organizations should strive to measure outcomes not outputs. The hours an individual spends in financial empowerment training demonstrates an expenditure in time by both the individual and the organization (output), but the increase in that individual’s savings rate indicates a change in behavior (outcome). The number of potential home buyers attending a first-time home buyer workshop (output) is easy for the organization to track, but an increase in attendees’ credit scores (outcome) shows that the workshop had the intended effect. Changing behavior is our goal, not simply training. As such, outcomes should be the primary measure.

A common language, effective measurement at the regional level, and access to technical expertise will continue to advance financial empowerment and meet the needs of our communities.

# The Role of Community in Volunteer Financial Coaching Networks



CHRISTIAN LUNA has served in various capacities at Sacred Heart Community Service for nearly 8 years, including overseeing program operations to managing the technology and data used to analyze and track program achievement.

Sacred Heart Community Service is an anti-poverty organization committed to building community through volunteerism and direct action. In 2010, our team launched an initiative that sought to integrate financial education, tax services, and public benefits assistance within an existing employment program. Our organizational tradition and culture calls for deep inclusion of volunteers within this process from planning to execution. By leveraging volunteers to serve as the financial coaches we have been able to successfully increase our capacity to deliver financial coaching on a scale not achievable with our limited full time staff—presumably a challenge faced by many small community-based organizations. The initiative was designed in a way that ensured the financial coaching was a high-quality and professional service—intentionally building in quality control measures such as outcome tracking, and comprehensive content and coaching training. Through learning, trial and error, and persistence inspired by local and national partners, we have shifted this volunteer-driven model into something striving to gain a long-term foothold in Silicon Valley. We hope this essay demonstrates how “volunteer” and “professional” financial coaching can be synonymous, and can serve as a catalyst to replicate this model in a way that strengthens the field.

Comprised of retired and working professionals, these volunteers bring real-world experience, a strong foundation in the content, genuine compassion, and an understanding of the barriers facing their work. Volunteers have spent decades as coaches themselves within diverse industries as managers and executives. We have determined the key to successful retention of volunteers is to develop a consistent pipeline of clients. When volunteers feel underutilized, attrition rates increase accordingly.

In 2013, Points of Light and their brand new Financial Opportunity Corps brought two full-time VISTA coordinators and a unique volunteer-centric curriculum from Central New Mexico College. This training curriculum emphasized the coaching model over financial content, engaged trainees with hands-on exercises, and even challenged participants to coach each other and maintain a relationship with their partner beyond their week of training. We hit the ground running and our first year introduced 18 new volunteer coaches; our second year nearly doubled the efforts with 30 additional volunteer coaches.

This project is not without significant challenges. With such a full bench of volunteers, we had to devise the right marketing to attract our members into the program. As mentioned earlier, a consistent pipeline of clients is essential to volunteer retention. We developed attractive marketing materials to entice people to take the first step in changing their lives and pair up with a coach to develop a long-term support structure. We had people steadily signing up and were excited to see results.

With several coaching pairs established, we began to experience the next phase of “program design 101,” client retention. With a great deal of energy during early meetings, came the need to support the coach and client to stay focused on realistic goals and timeline. Ideally, this would ensure productive bi-monthly or monthly meetings.

With a long-standing partnership with Opportunity Fund, we decided to experiment in using match savings accounts as an incentive for participating in the financial coaching program. Applicants were required to attend a program orientation, meet for an application and screening with a coach. Once accepted into the program, they had to commit to at least six months of financial coaching and attend at least two financial education workshops with their coach. (The savings program required clients to make deposits into a custodial account for a minimum of one year.)

**Our staff is trained to manage this data and ensure volunteers gather the necessary data from their meetings to develop rich data-driven snapshots of the financial journey of coaching clients.**

Fifteen accounts were available and we received 30 applications. This cohort was very motivated. Several attended more than two financial education workshops and were able to demonstrate positive savings habits by opening a savings account and tracking the growth of their savings.

The cornerstone of all asset-building programs has been a very clear outcome tracking mechanism in the form of Efforts to Outcomes (ETO). This database tool allows us to gather robust demographics as well as take ongoing and reliable measures of key financial indicators that include increase in income, net worth, and credit score. Our staff is trained to manage this data and ensure volunteers gather the necessary data from their meetings to develop rich data-driven snapshots of the financial journey of coaching clients. This data model has provided the leverage needed with our local community foundation to argue the merits of incorporating public benefits and employment services as critical for financial coaching success.

We have developed confidence in identifying new areas of our programs to strengthen with structured volunteer roles. With a robust public benefits program that bears the weight of staff-driven services, we can now begin to introduce volunteer recruits. This project is a bit tricky with the complex rules and processes to enroll in the myriad of programs we support. With our experience engaging volunteers in financial coaching, we understand that a program must be designed around practical metrics and streamlined tools aimed at empowering our volunteers with the knowledge and capacity needed for success.

# Integrating Financial Coaching with Responsible Financial Products and Services



CATHIE MAHON serves as the President of the National Federation of Community Development Credit Unions where she oversees all of its programmatic and investment activities. She is committed to continuing the Federation's role of bridging the credit union movement to the community development field.

## Integrating Financial Coaching with Responsible Financial Products and Services

The credit union movement has a long and proud history of supporting and strengthening the financial security and independence of consumers, families and communities in the United States. Community development credit unions (CDCUs) promote financial empowerment of low-income consumers by providing safe and responsible financial services to help people save, borrow productively and build assets. As not-for-profit financial cooperatives, CDCUs are uniquely positioned to offer these financial services that are targeted to local community needs.

With nearly 34 million unbanked or under-banked Americans relying on costly and unproductive fringe financial products and services to meet their basic needs, getting people connected to responsible products and services is more important than ever. And yet recent efforts reveal that just encouraging unbanked consumers to open accounts yields limited results, even when those accounts may save hundreds or even thousands in annual charges. Many low-income consumers consider themselves unable to maintain an account, and managing household finances with small (and sometimes negative) margins they simply can't afford to get it wrong.

Thus, delivering safe and responsible products must clearly be integrated into broader financial empowerment efforts. A 2014 Federation study of very low-income individuals and families sought to better understand consumer preferences in financial services and what they value in a financial institution. We found that when it comes to making financial decisions, what low income consumers value most and seek are trusted relationships. Those trusted relationships can be found throughout the credit union from the teller guiding transactions to the member service representative providing information on managing accounts, to the loan officer helping them to qualify for a loan to the collections officer who helps them better manage their debt.

How can we leverage these trusted relationships and ensure that they are as effective as possible both for the individuals and consumers?

## Integration of Financial Counseling and Coaching is Key

Dedicated financial counseling and coaching can help credit unions to deliver on and maximize these trusted relationships to the benefit of the consumer and the institution. An experienced financial counselor that guides a client through an emergency or to achieve a financial goal offers a more holistic and consistent response. It is more efficient for the credit union because it can focus and maximize those high-touch relationships while relieving other departments to deliver the financial services and reach more people.

Integration of financial counseling and coaching can improve the capacity of consumers to use the credit union well. By having knowledgeable counselors assist consumers to set goals and understand their overall financial condition they can help them navigate a pathway of productive services and make the right financial decisions to achieve their goals.

Finally, the combination of high-touch and high-tech in the delivery of financial counseling and coaching enables credit unions to deliver high-quality services at greater scale and consistency than ever before. Technology can support member engagement through regular reminders and contacts to encourage those members along on their goals, and to return to the credit union as needed.

*So what is the best path for credit unions to pursue when integrating financial counseling and coaching: a direct service model or a partnership approach?*

## There is No Single Right Path for Integrating Financial Counseling and Coaching

The Federation and its member credit unions are pursuing strategies for incorporating financial counseling and coaching into credit union service delivery through both an in-house outcomes driven financial counseling model and through a partnership model.

### **In-House Financial Counseling and Coaching Approach:**

More than a third of the roughly 2,000 low-income designated credit unions and 77 percent of community development credit unions (CDCUs) offer financial counseling. While availability of counseling is widespread, information on the delivery or its effectiveness is almost non-existent. For this reason the Federation has teamed up with Neighborhood Trust Financial Partners to build a consistent, outcomes driven model for financial counseling and coaching in credit unions. Through the in-house approach, local government and nonprofit organizations can provide referral channels to trusted credit union counselors who in turn offer reciprocal referrals to supportive services offered by these local partners.

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**Partnership Model:** CDCUs have long relied upon strong local partnerships and relationships with community service providers. In fact, many were founded through an organizing effort led by local community based organizations to bring financial services to their clients. But over time partners can become less connected. Financial counseling and coaching offers the ideal opportunity to reinvigorate and structure meaningful partnerships for financial empowerment. The delivery of financial counseling and coaching can occur through partner organizations with strong and systematized integration with the right financial products and services offered by the local trusted credit union.

A successful integration draws upon the expertise of each. CDCUs offer high-quality financial products that meet the needs of underserved consumers. Nonprofits provide financial education and/or coaching to help consumers build their financial knowledge and set financial goals. Local governments and their sub-contractors provide the appropriate touch-points to connect people to these services.

Through the Financial Capability Partnership Initiative, the Federation and the Center for Financial Services Innovation, with generous support from the Kresge Foundation, work to connect CDCUs and nonprofits through financial counseling. For the past two years, we have forged lasting integrations between social service providers and credit unions in St. Louis, MO; Chicago, IL; and San Francisco, CA.

In September 2015, the Federation and CFSI released *Partnerships for Financial Capability: Diagnostic Frameworks for Financial Institutions and Partners*. The report identified several key ingredients to making successful partnerships: convergent mission and vision, clearly defined complementary capacities, commitment, trust among partners and strong leadership and coordination.

Lessons are just beginning to emerge on the effectiveness of financial counseling and coaching as well as the use and performance with financial products. The recipe for success will be a clear evaluation of the players on the ground, the capacity they bring to the table and the process that will contribute most to consumer outcomes. Together as a field with complementary roles and capacities, we will continue to build a strong body of knowledge and practice.



## Informing, Vetting and Sharing Standards: The Importance of Peer Connections



FRAN ROSEBUSH is the Deputy Director of Field Engagement at CFED which works to empower millions of families to achieve financial security and contribute to an opportunity economy through scaling practical solutions, promoting policy change that builds wealth, and supporting the efforts of leaders in local communities.

In the past several years, CFED has witnessed the growth of the financial coaching field. From our vantage point as the backbone organization for the Assets & Opportunity Network, service providers have an increased interest in making financial coaching services available to more people in their communities. For these organizations—which range from community-based organizations to local government agencies to statewide coalitions—thoughtful standardization of the financial coaching field, especially clarifying coaching definitions and identifying common outcomes for tracking, is a clear long-term goal. Network members say it will allow for greater partner collaboration, creation of referral networks and the design of new programs. Those working on financial coaching have already learned invaluable lessons that can and should inform the development of standards for the field. Any standardization discourse should build on the deep bench of knowledge in the field by incorporating the sharing of lessons learned, frank discussion of challenges, and robust debate of the types of standards that would enhance or hinder the work of practitioners.

To drive the uptake of field-tested financial coaching best practices, the Assets & Opportunity Network has focused on Network member-driven peer learning to explore common challenges and promising solutions.

Earlier this year, we facilitated a virtual learning event on financial coaching with the Center for Financial Security and the Financial Clinic, for which more than 280 members signed up. At the end of the event, every single attendee who completed an evaluation said they wanted more learning events on financial coaching – specifically on coaching frameworks, tracking outcomes, effective delivery models and accessing quality and affordable trainings. In another Network learning event, attendees called for more opportunities to connect with their peers to discuss how they are running their programs, training their staff, selecting and tracking outcomes and more. Participants asked to exchange contact information to be able to continue learning from each other. These events confirm the demand for trusted peer connections to share hands-on, practical tools and resources.

The Assets & Opportunity Network connects peers through webinars, working groups to tackle issues, learning groups to build capacity, informal group calls to solve pressing problems and simple peer-to-peer connections to share ideas and practice. Effective peer learning provides a platform for organizations to share relevant experiences, ask timely questions, and discuss issues that influence and inform each other's work. We also believe that effective peer learning involves tracking what is shared to make resources available to a broader audience and inform a national conversation. For example, at the Network Leadership Convening in 2015, we held a brainstorming workshop with Network Leaders to discuss standardization of the financial coaching field. We assumed that the major concerns around standardization would be around common definitions and outcomes. While these were large concerns, we also learned that the timing of developing and adopting standards was a major concern, as the field does not want to stifle program innovation at this point in the field's development. We also saw emerging learning about financial coaching's place on the financial capability service spectrum, and how that translated into customer experiences – an area the group wanted to continue exploring as practical experience expands.

We have seen great demand for peer learning opportunities as we conduct one-on-one technical assistance with organizations and then share what we learn with a broader audience. Through in-depth technical assistance projects,

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we have explored members' pain points more deeply and used peer connections to help find solutions. For example, CFED is providing technical assistance to a group of service providers in Miami that want to develop a financial coaching referral network. Before they could start building a referral system and tracking common metrics, they realized that they first needed a common definition of coaching and shared agreement on delivery standards. This experience, as well as others from the field, affirmed the desire for peer learning: the organizations asked us whether others had navigated similar processes before and whether there were models and experts they could learn from. Learning from similarly situated organizations enables service providers to avoid pitfalls and more quickly and successfully adopt new systems.

Across the country, Network members are taking initiative to coordinate, streamline and scale financial coaching in their communities. At the city and county level, service providers like those in Miami are streamlining service delivery by creating community-wide referral networks. Others are integrating financial coaching into other social service delivery systems, such as workforce development, emergency assistance and housing programs. Statewide asset-building coalitions, like the Midas Collaborative, are curating and sharing lessons learned by member organizations. RAISE Texas, another statewide coalition, is facilitating conversations with its members on common definitions and setting standards across their state. These efforts underscore not only the resourcefulness of the field, but also the high level of interest in establishing shared standards for the financial coaching field.

Our experience coordinating peer learning with Network members on financial coaching has demonstrated to us the power of a professional community to effect change locally and statewide, and ultimately inform a conversation nationally. Going forward, the organizations experimenting and driving this work in their communities must be provided with opportunities to connect with each other and be part of national efforts to standardize and professionalize the financial coaching field. To that end, funders, government agencies and national intermediaries need to sit at the same table with these local and statewide leaders to design shared solutions that draw upon their experiences. As consensus emerges, the Assets & Opportunity Network and other national intermediaries provide vehicles for field-wide adoption of best practices through ongoing peer learning opportunities and technical assistance that incorporates peer connections.

There are many parts to play in defining, setting standards, funding, piloting and training the field. That is why it is so important for experts on the ground to connect with and learn from each other. Fundamentally changing the way the field helps individuals take control of their financial lives and build their financial capability is no small task and will require the intelligence, experience and resources from a broad range of stakeholders.

# Creating Professional Learning Communities for Financial Coaches



LYDIA RUTER is the Program Manager at *mpowered* for Denver's Financial Empowerment Center, which provides personal financial coaching.

*Mpowered* has developed a community of colleagues who are seeking to learn and develop their coaching skills together. This is reflective of a trend found in educational settings, where teachers participate in professional learning communities as a means for professional development and peer support. This is a valuable model to follow for financial coaches who often work remotely and have their own domain of professional practice, yet can benefit enormously from the experience and expertise of others.

There are several key features of professional learning communities which make them a fit for the financial coaching profession. One purpose is to support collaboration of professionals from all levels of experience and education. Experienced coaches have much to offer in advising on client cases and sharing knowledge. Newer coaches stimulate new learning as they ask questions and seek to understand various approaches. They support the vitality of the learning community and may challenge the status quo as they bring to light topics with fresh perspective. They invite the community to revisit approaches to an issue as shifts occur in the economic environment and the needs of clients.

Drawing upon my experience at *mpowered*, I recommend a few useful activities that could characterize professional learning communities of financial coaches. The first is to carry out regular coaching observations. This sets the stage for a shared understanding of one another's work and style. This is much like teaching observations which are done in the education field. Observations are completed on a peer level where members of the professional learning community will observe one another, eliminating power dynamics. Mutual observations contribute to transparency between coaches. The observations are followed immediately by a debriefing process, highlighting what went well, as well as areas for improvement, always led by the person being observed. Debriefs are guided by a shared understanding of core competencies of coaching. This invites a focus on the practice and strategies of coaching, which benefits both participants, and are not focused on evaluating the coach.

Professional learning communities (PLCs) create an opportunity for reflection on coaching practices. The PLC represents a time and space set aside with the intention to reflect on current practices, seek advice on new strategies, and plan to implement these in practice. It is particularly fitting for coaches to undergo similar processes in their professional work to what they facilitate with clients on a daily basis. This generates reflection and a deeper understanding of coaching work with clients.

The focus of professional learning communities is positive, and oriented to professional growth. Ensuring that PLC activities are not designed for formal evaluation is important in creating organic, self-driven learning opportunities. One of the primary features of a PLC is that it builds a sense of community, creating robust relationships through trust, and respect for one another's practice, style, knowledge, and experience. Through these relationships, and the dedicated time set aside, professionals build their skills, share strategies and tools, and receive feedback that allows improvement in a learning environment that is both engaging and timely.

A benefit of using this format for professional development in an emerging field like financial coaching is that it instills the value of continuous specialized development and learning. It sets the expectation that in becoming an expert there is always an opportunity for improvement, refining one's practice. The PLC encourages coaches to identify best practices by building consensus through case debriefs and the discussion of outside research. This allows the group to construct shared meaning of concepts, which is needed as they navigate an emerging field. It also

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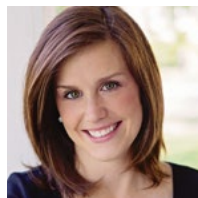
provides a focus on techniques for the successful delivery of coaching, counseling, and education. Finally, a PLC supports the mental and emotional well-being of coaches by creating a safe place for colleagues with similar experiences and challenges to relate and debrief. Given the independent nature of the work, coaches work daily in isolation, and the PLC creates connection, support, rapport, and builds a culture of collaborative learning.

Financial coaching PLCs may involve a regular meeting. These meetings may consist of case debriefs, sharing advice on content knowledge, as well as strategies for financial coaching, counseling and education. They also often involve sharing community resources, and inviting guest speakers, ranging on topics from financial investment products to housing resources to healthcare regulations. In these meetings, coaches identify shared training needs, which could be included in a future meeting. Book discussions on relevant topics are also common. For example, *mpowered's* coaches read and discussed *Scarcity* by Sendhil Mullainathan and Eldar Shafir. This can also be a place to share client success stories, which builds morale, inspires coaches in their work, and highlights best practices.

The relationship development that occurs through PLC activities creates a dynamic web of supportive peer relationships that allow coaches to reach out to one another throughout their workdays. They have access to one another as a source for information via email, phone or Skype. As coaches develop particular areas of expertise in content areas, such as student loans or housing, they can tap their colleagues as a resource. PLCs can be formed with coaches within one organization, or could gather professionals from multiple providers to collaborate.

There are a few conditions I would recommend setting in place when starting a new professional learning community amongst financial coaches. First, establishing a culture of support, collaboration and continual learning with the purpose of improving practice is important. Setting up the group to be peer-led, and setting expectations for mutual participation is key for establishing a sense of ownership and creating a safe space. If possible, coaches should be able to self-select into the group rather than be required to participate. A professional learning community should be locally organized to allow coaches to meet together in person regularly. Additionally, the group size should be one that allows for meaningful participation, exchange of information, and development of relationships. The culture of the professional learning community should be positive and focused on professional growth and development.

# Creating Professional Learning Communities for Financial Coaches



REBECCA WIGGINS is the Executive Director at The Association for Financial Counseling and Planning Education®, which focuses on certifying and supporting professionals in the field of financial counseling and education.

### Laying the Foundation

We know, through decades of extensive field research, that only well-trained professionals are qualified to offer financial counseling and coaching services. The Association for Financial Counseling and Planning Education® (AFCPE®) was founded over 30 years ago by academics who recognized the need to professionalize the field of financial counseling and education and the inherent value of creating an effective community of practice to support professionals within this field.

As the community grew to include professionals well outside of academia, the need for comprehensive certification programs became apparent. Financial services organizations, credit unions, community-based organizations and the Department of Defense recognized the need for high-quality financial services and needed a certification program that met those needs. In response, AFCPE built comprehensive and rigorous certification programs – with the AFC® (Accredited Financial Counselor®) at the core—to ensure that each financial professional has both the depth and breadth of knowledge to help consumers create lasting financial behavior change.

Research is the foundation of the AFCPE community. We believe it is critical for financial professionals to have a knowledge base grounded in core financial fundamentals. This knowledge allows professionals to identify ways to apply best practices in new or different ways. Being able to point to the evidence that supports our practice inspires confidence in our clientele and improves the credibility of the field as a whole. Conversely, it is equally important that we measure the work being done in financial counseling and education, to provide project managers and policy-makers with the information needed to effect change.

### Building the bridge

The field of financial capability is growing rapidly, and it is more important than ever to bridge our efforts and bring together the variety of voices and perspectives. As a community, we can identify gaps and use the strengths and connections of each individual to address these deficiencies, and set the standards for the field and create an active community of practice.

A strong community is diverse. With research as a firm foundation, AFCPE has grown to include a variety of professionals from every area of our field, including the military, credit unions, universities, nonprofit and government agencies, researchers and private practitioners. Together, we create a full continuum of professional expertise. Each unique background, experience, skill and strength enriches the field and enhances the opportunities available to professionals and consumers alike.

The diversity of the AFCPE community has been essential to our evolution and strengthens our efforts toward a common purpose and vision—to improve the financial wellbeing of individuals and families worldwide. The community allows professionals to share best practices and to create and strengthen programs and initiatives in a way that is both collaborative and intentional.

A strong community connects, not isolates. Likewise, it is important to celebrate and utilize the variety of strengths, skills, and experiences of each member. Diverse communities require cross-constituency communication to identify opportunities for growth and interconnectedness. AFCPE does this in a variety of ways. Annually, we host our Annual Research & Training Symposium, exposing members from all over the world to new research, new practices, and new ideas and allowing them to network together and renew the momentum around the work we are doing. Within the community, we have also helped to identify groups of private practitioners who may not have access to the same type of career

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networks that currently exist in academia or the nonprofit community, and have given them an outlet to connect. Connections made at AFCPE have become mentor groups, very often consisting of cross-constituency members, whom they can reach out to when they have questions about new or difficult client situations or need support in an area of expertise where they are lacking. These groups also help bridge the continuum of care for the clients whom they serve – connecting AFC professionals with financial planners, marriage and family therapists and even legal professionals to ensure that clients have access to the highest quality of care.

A strong community is built on partnerships. Creating professional communities between organizations helps drive strategy and inform policy. At the national level, partnerships provide the opportunity to identify and share best practices and expand efforts to unify goals and purposes, ideally leading to federal industry regulation. Locally, partnerships allow for a customized approach to meet the needs of the community, and provide opportunities for more direct involvement of professionals. Overall, working with other reputable organizations eliminates duplication, increases efficiency, and elevates the rigor of programs.

Through partnerships, we can meet the needs of our community. AFCPE professionals have had a great impact on the military community through meaningful partnerships with organizations like the FINRA Foundation and the Consumer Financial Protection Bureau (CFPB). Since 2006, the FINRA Foundation has awarded 1,360 fellowships to military spouses worldwide to help them earn their AFC certification. The program enables them to use their training and experience to serve the military community while gaining portable skills for a career in financial counseling. In partnership with the CFPB, over the past year, more than 60 financial coaches have been placed in select locations throughout the country to bridge access to financial education for veterans and low-income families.

A strong community invests in the personal and professional development of its individuals. A community of practice ensures sustainability and evolution, but only when the community is working together to foster the development of each community member. AFCPE recently created a mentorship program to support students entering the field or professionals pursuing a new career path. While the program is new, the practice has been authentically occurring for decades. The 2015 AFCPE Educator of the Year, Ryan Law, AFC® first attended the AFCPE Symposium as a student and now plays a critical role as an educator and innovator. Ryan has used his teaching skills to provide guidance and materials to help others start Student Money Management Centers nationwide. Alena Johnson, AFC®, Educator of the Year, found AFCPE early in her career as well. Since then she has mentored over 2,000 students choosing to enter careers in the financial field and is now upholding the standard of the certification through her work as an instructor for the AFC program. This type of mentorship exemplifies how community members learn from each other, and work together to unite the parts into the whole.

## **Setting the Standard**

A strong community of practice is needed to help elevate the standards of our field, enhance the value of the profession, increase meaningful career opportunities, and ultimately better serve consumers. While we are making great strides in creating this community, there is still significant work ahead.

As a community of financial professionals, we must demand rigorous and comprehensive standards to create a complete continuum of care for consumers. For consumers with wealth this path is often clear, but the landscape for the remainder of our country is laden with misleading messages and confusing marketing. By building a community of practice, we bring clarity and definition to this continuum and provide access to high-quality education and counseling for consumers of all demographics, income levels, and backgrounds.

Likewise, it is our role to ensure that all professionals are held to a high standard of education, experience, and ethics. Across the financial continuum, regulation is critical. By setting necessary regulations and defining the continuum, consumers are better able to identify professionals who have the knowledge and experience to provide financial expertise and help guide financial behavior change.

It is through these efforts that the value of financial professionals will be recognized. Working collectively, we can close the access gap so that all individuals are able to find quality financial guidance and expertise. It is only through the work of the community that we will realize our shared mission: to create a financially capable nation.



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