



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

November 16, 2015



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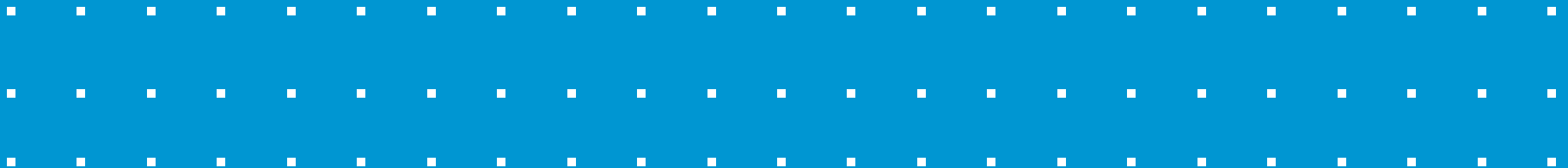
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Funders:

Consumer Financial Protection Bureau
Annie E. Casey Foundation

Study Background



Program Introduction

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

Program Goals: Improving outcomes around credit, savings, existing debt, new loans, and other financial issues

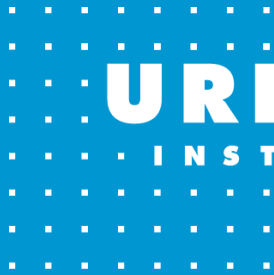
Target Population: Both programs target low- and moderate-income individuals

Evaluation Introduction

A **Randomized Controlled Trial** (RCT) evaluation funded by CFPB and Annie E. Casey Foundation

Data including:

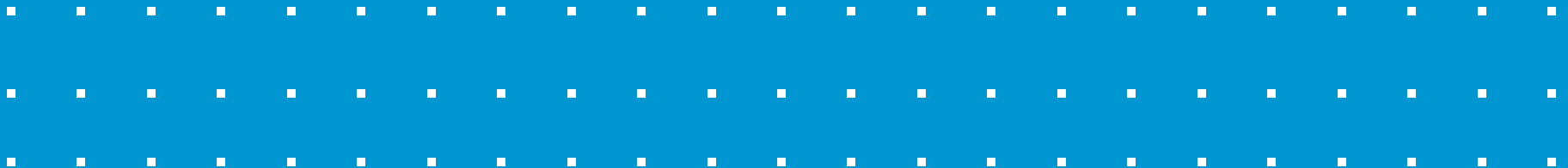
- **Baseline survey** administered at application
- Program **administrative data**
- **Follow-up survey** administered fall 2015 (on-line, telephone, in-person)
- **Credit bureau records**
- Process study featuring **observations** and **interviews** and **focus groups**



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Enrollment and Take-up



Enrollment

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

- 479 assigned to treatment group, 466 to control

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

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

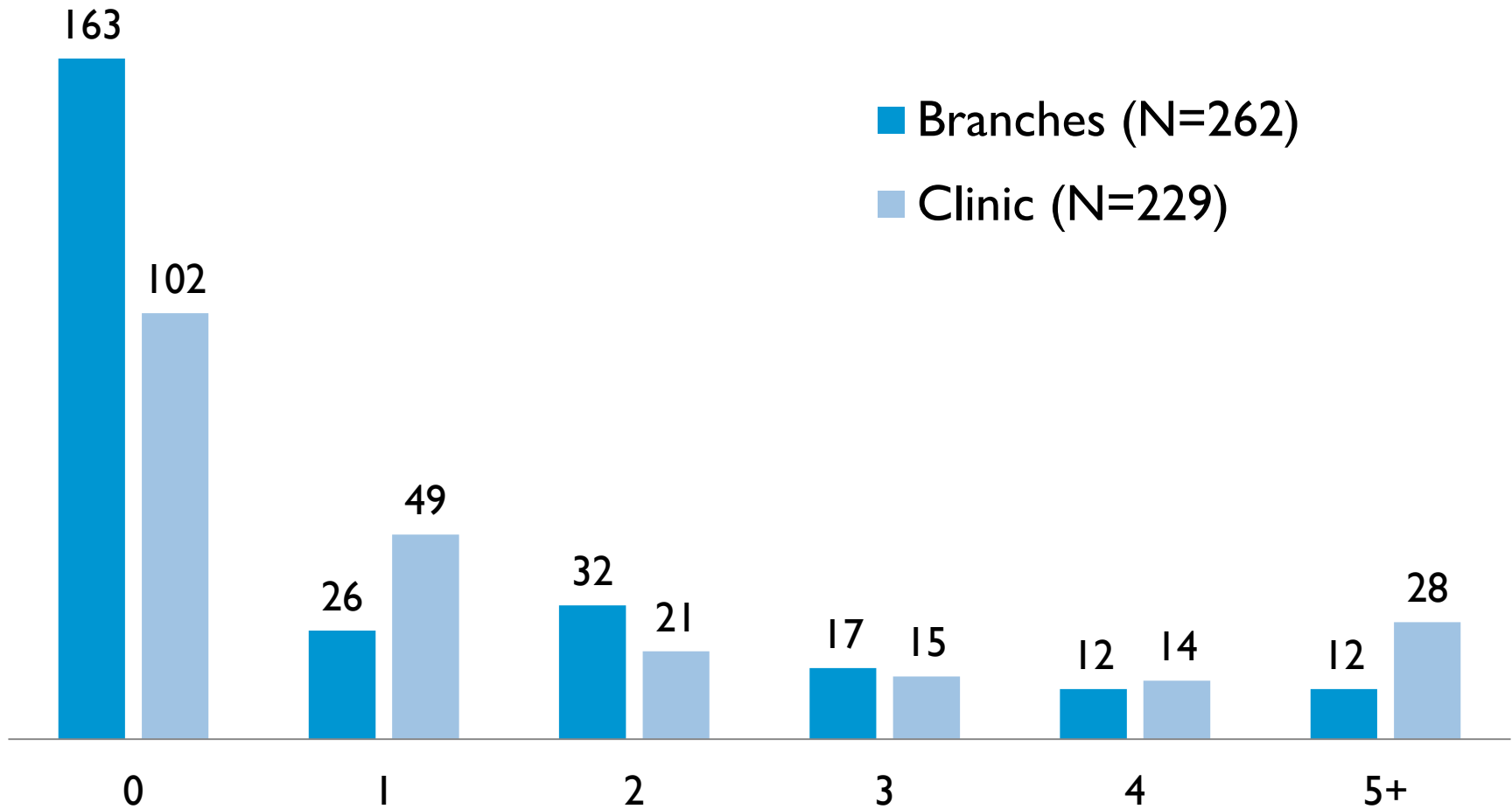
Study Participants at Baseline - Demographics

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

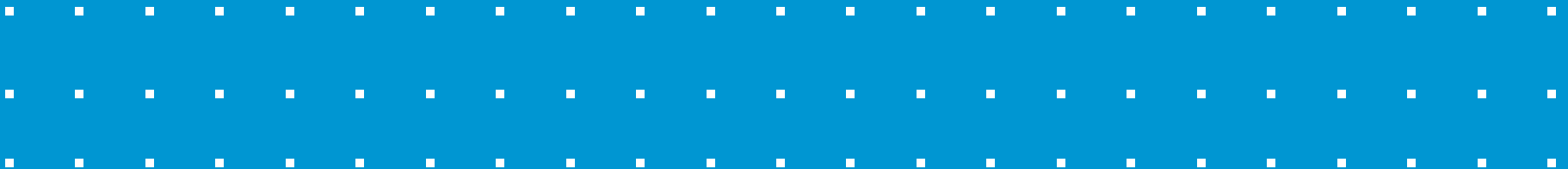
Study Participants at Baseline - Financials

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

Take-up (Treatment Group)



Outcomes: Savings and Debt



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

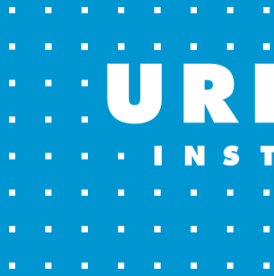
Number of savings deposits	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	13.70	15.64	2.58*	5.32*
The Financial Clinic	6.67	8.95	2.14**	3.15**

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

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

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

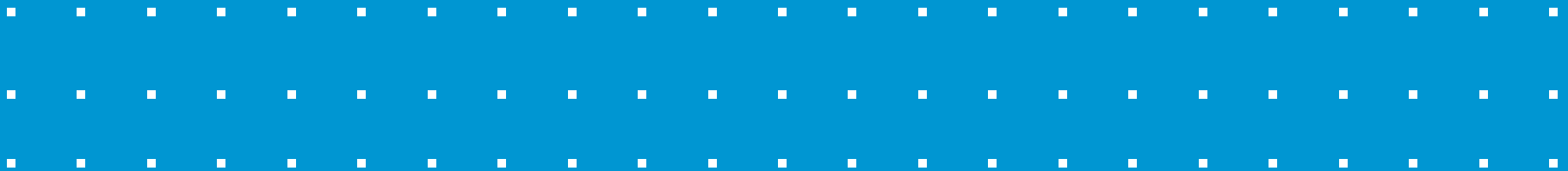
Sum of all debts (credit bureau)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	\$60,643	\$56,269	\$-10,644 **	\$-12,416
The Financial Clinic	\$13,884	\$13,300	\$-1,602	\$-1,009



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Outcomes: Financial Stress, Satisfaction, and Knowledge



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

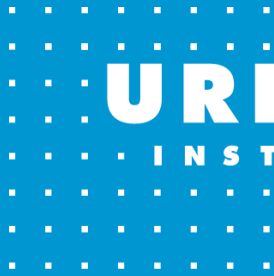
Level of financial stress (1-7)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	4.29	3.91	-0.50**	-1.11**
The Financial Clinic	4.72	4.42	-0.38	-0.60*

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

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

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

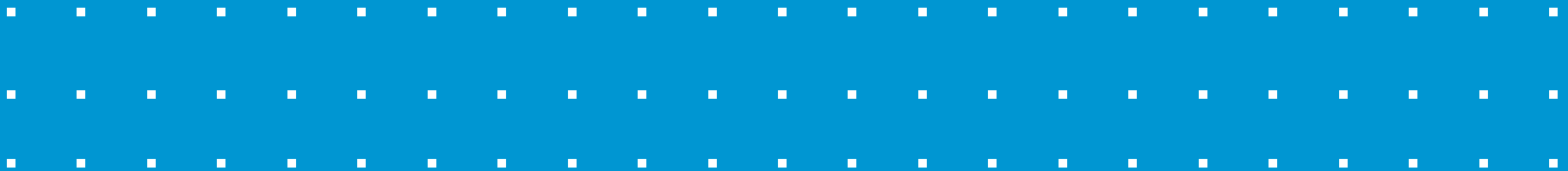
Score on financial knowledge test (1-8)	Control mean	Treatment mean	ITT (Reg. Adj.)	TOT (IV Reg. Adj.)
Branches	6.19	6.18	-0.03	-0.07
The Financial Clinic	5.89	5.75	-0.17	-0.26



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Other Outcomes



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

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

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

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

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

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

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

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

No effect on **income > household living expenses** at either site

No effect on used **any type of alternative financial service** at either site (but effect on **payday loan** usage for Branches, not The Financial Clinic)

Key Implications

- Financial coaching generated notable outcomes for individuals in this study
- Coaching has promise even if it may not be the solution for all low- and moderate-income individuals
- Coaching could have a role as a shorter-term intervention
- Client financial situations, goals, and motivations differ
- How financial coaching is implemented varies today
- Effects differed for the two programs studied here, so we need caution about how to extrapolate results