

# IMPACT 2023

CORNERSTONE ANNUAL MEETING & COUNCIL FORUM

**Financial Well-Being for All is in Our DNA**

---

Brenton Peck & Mark Torlucci, Financial Health Network

Marketing & Business Development FORUM

# Facilitators



Brenton Peck, Director  
[bpeck@finhealthnetwork.org](mailto:bpeck@finhealthnetwork.org)



Mark Torlucci  
[mtorlucci@finhealthnetwork.org](mailto:mtorlucci@finhealthnetwork.org)





# Our mission is to improve financial health for all.

The Financial Health Network is a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. We envision a future where all people, especially the most vulnerable, have the financial systems they need to be resilient and thrive.

# Financial Health Network



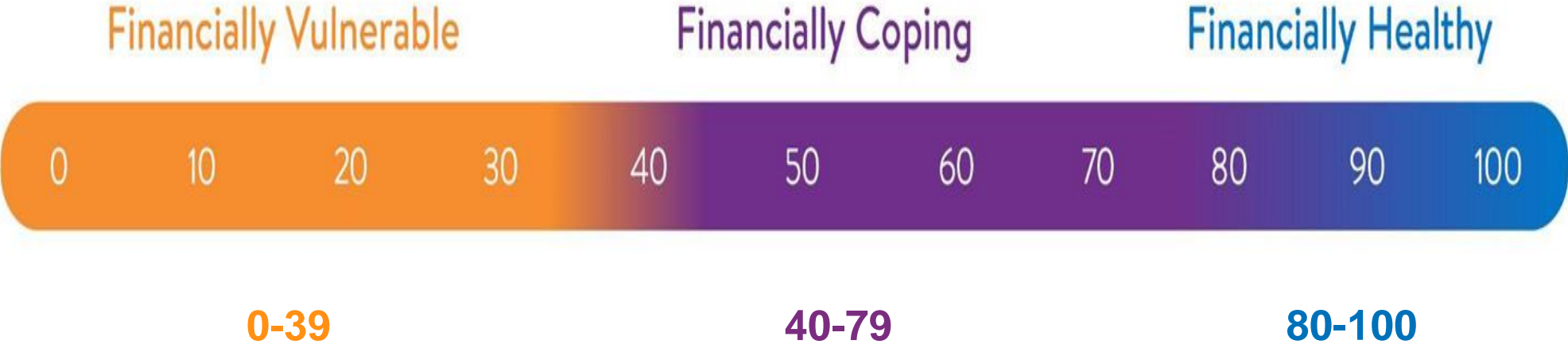


**Financial Health**  
comes about when your  
daily systems help you  
build resilience and  
pursue opportunities.

# Eight Indicators of Financial Health



# Interpreting FinHealth Scores®



For more info: [finhealthnetwork.org/score](https://finhealthnetwork.org/score)



# Financial Health Pulse®

Using survey and transactional data, the Pulse provides ongoing snapshots of the financial lives of people in the U.S.





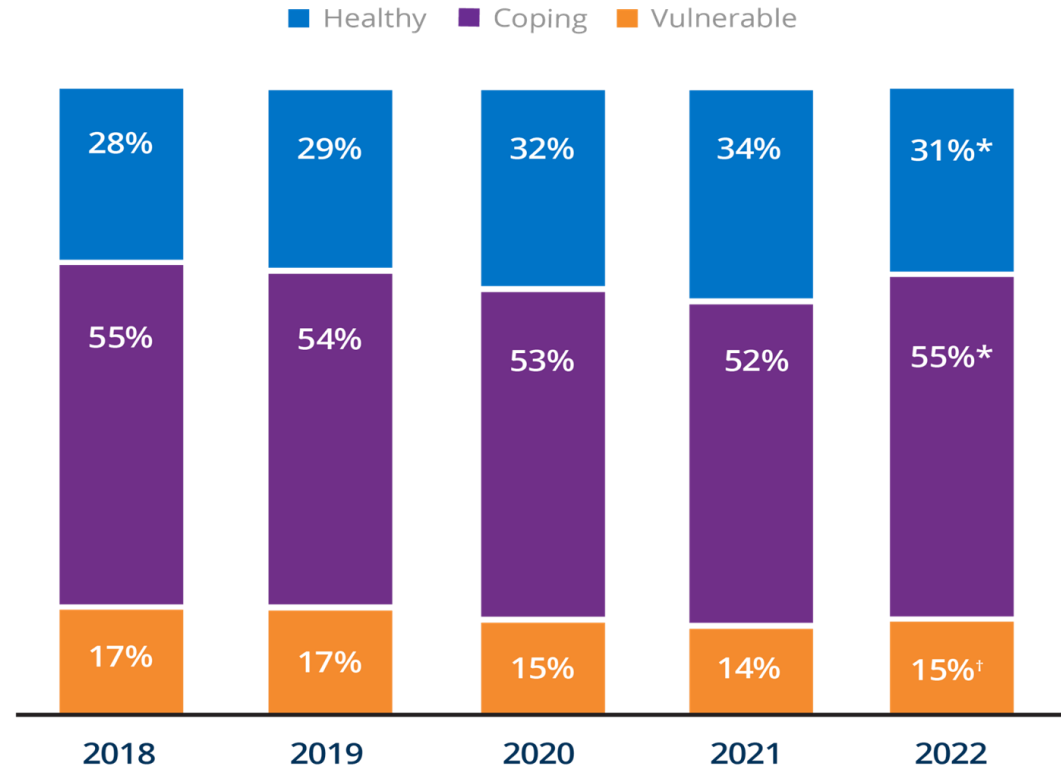


## KEY FINDING 1

Financial health declined for the first time in five years of Pulse research, as the proportion of people considered Financially Healthy decreased over the past year.

# Financial Health Declined for the First Time Since 2018

Percentage of people categorized by financial health tier (2018-22).



\* Statistically significant vs. 2021 ( $p < 0.05$ ).

† Statistically significant vs. 2019, the last survey conducted before the COVID-19 pandemic ( $p < 0.05$ ).

Note: Figures are rounded to the nearest integer and, as a result, may not sum to 100%.



# Less Than One-Third of Adults in the U.S. Are Financially Healthy



37 million people



139 million people

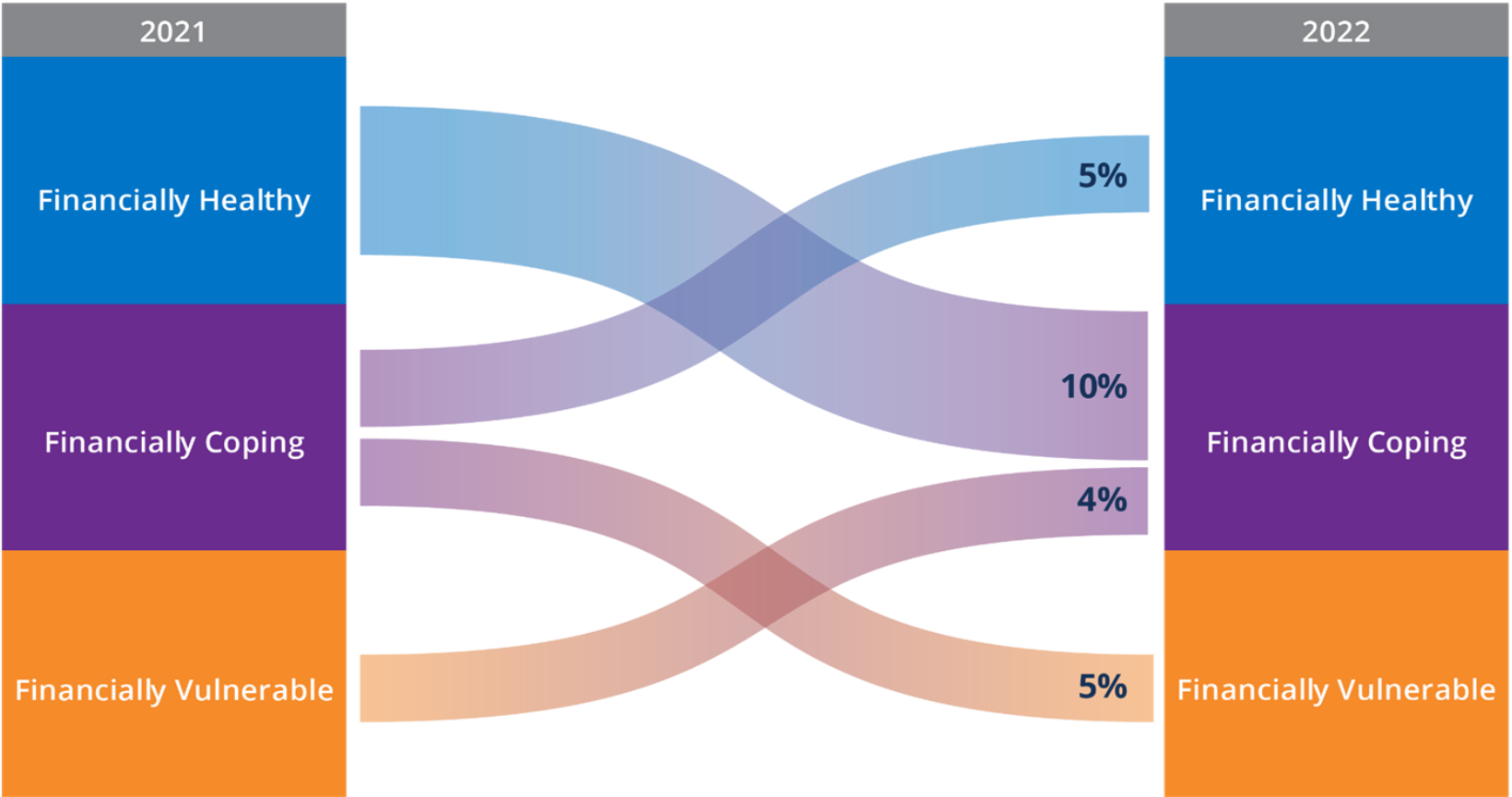


78 million people

Note: Percentages are rounded to the nearest integer and, as a result, do not sum to 100%.



# 15% of People Moved to a Lower Financial Health Tier



Percentages of people who changed financial health tiers (2021-22).





## KEY FINDING 2

Declines in financial health were related to expenses outpacing incomes and reductions in savings.



# Declines Occurred Across Financial Health Indicators

Change in % pts (2021-22).



\* Statistically significant (p < 0.05).

Note: Figures are rounded to the nearest integer.



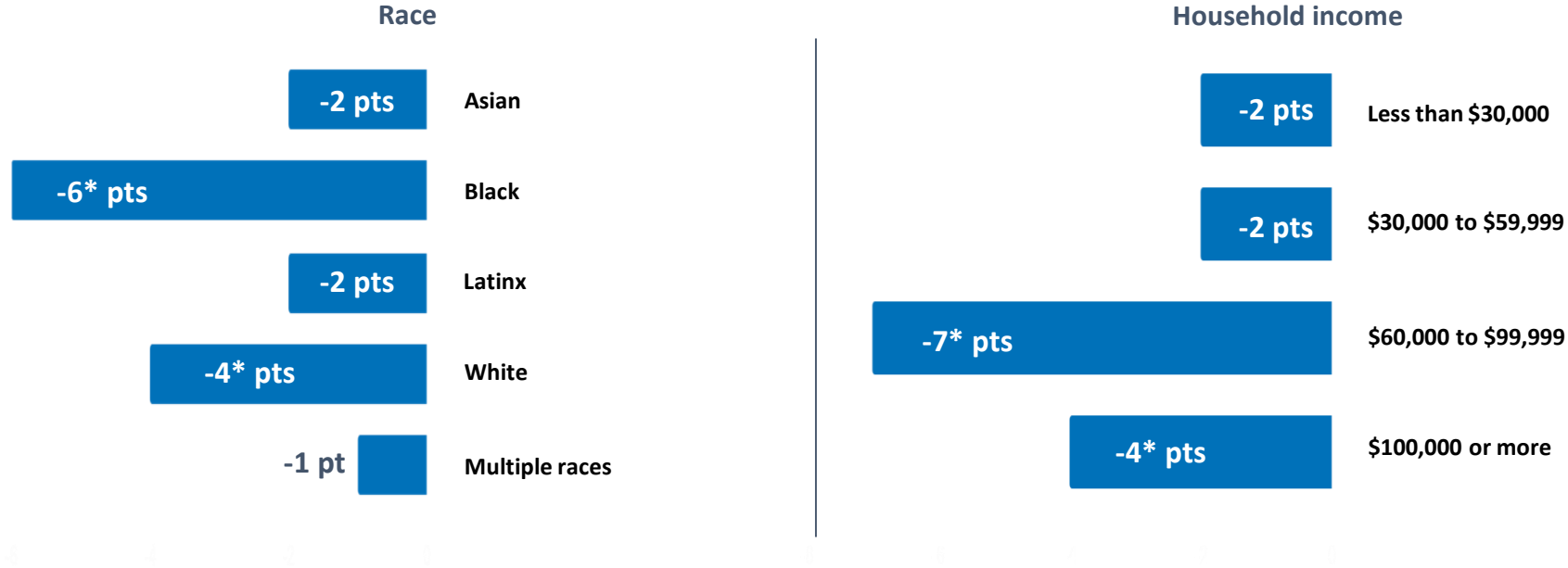


### **KEY FINDING 3**

Numerous demographic and socioeconomic groups experienced financial health declines, including those that have historically had high levels of financial health.

# Financial Health Declined Across Many Groups

Percentage point change in people considered Financially Healthy, by demographic/socioeconomic group (2021-22).



\* Statistically significant (p < 0.05).



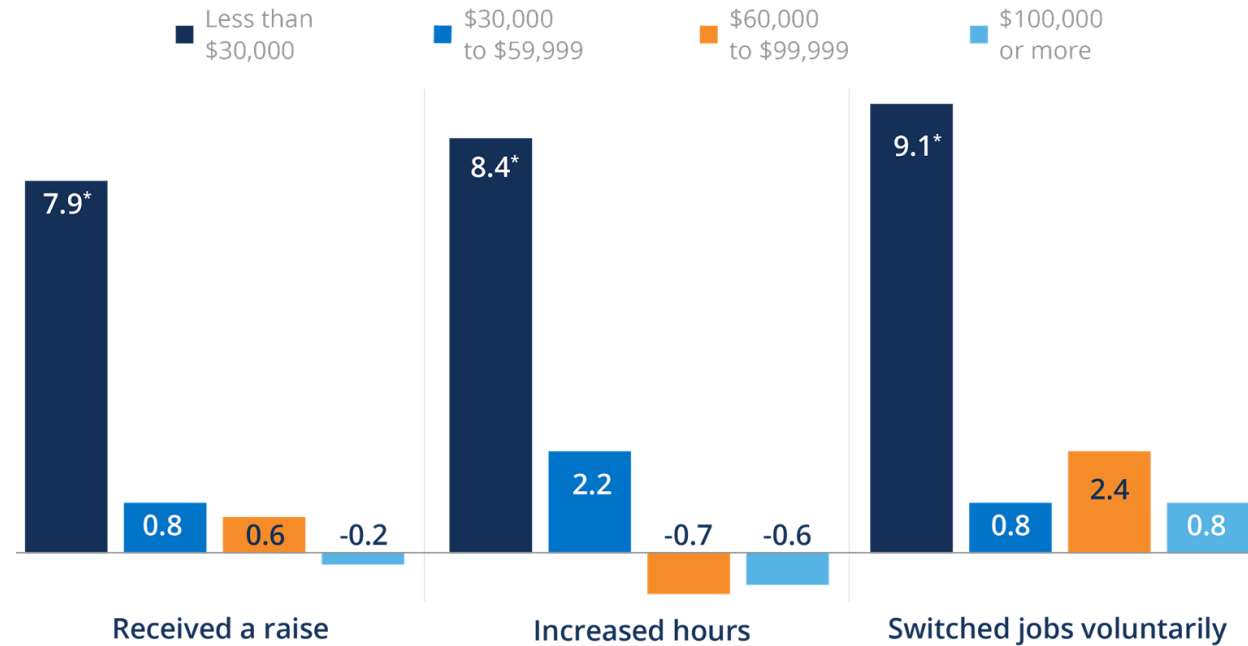
## **KEY FINDING 4**

People with low incomes who were able to take advantage of a tight labor market experienced large improvements in their financial health. Meanwhile, those most impacted by inflation experienced declines.



# People with Low Incomes Saw a Boost from Better Jobs

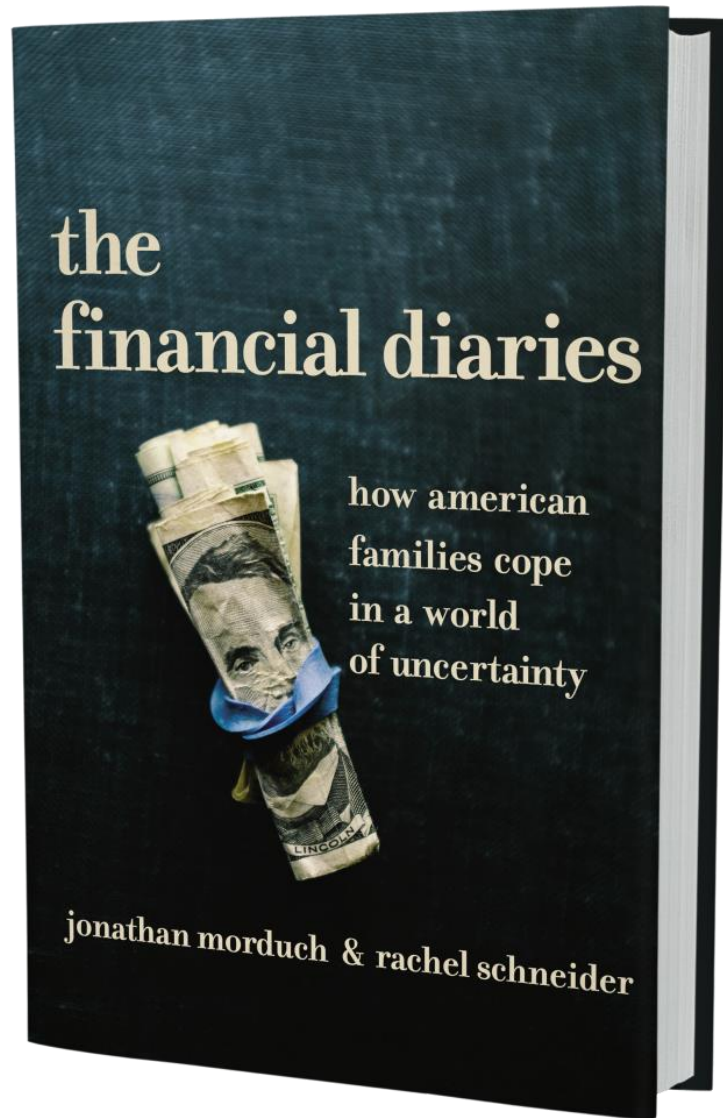
Estimated change in FinHealth Score relative to those who did not experience the event, by household income (2021-22).



\* Statistically significant (p < 0.05).



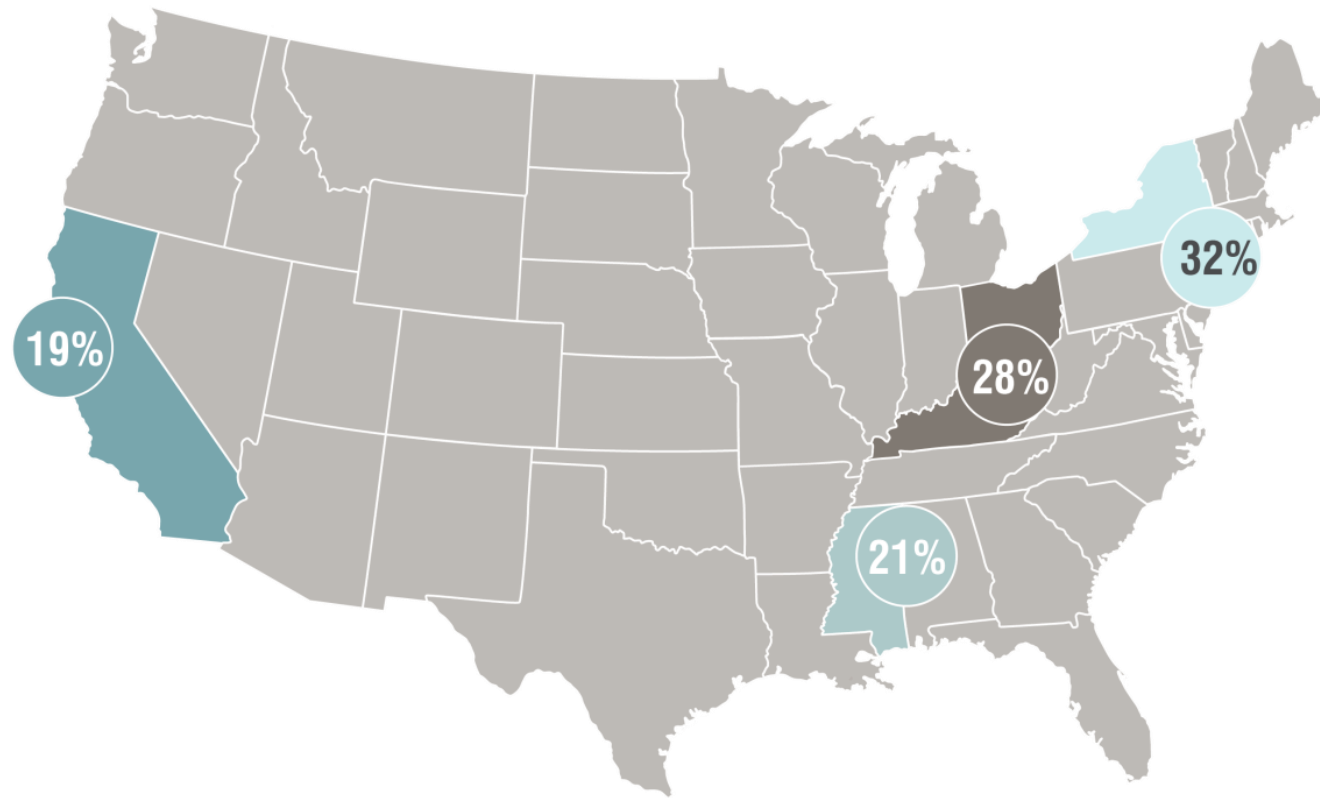




Jonathan Morduch, NYU

Rachel Schneider,  
Formerly CFSI

**U.S.**  
Financial  
Diaries



**CALIFORNIA**

San Jose & environs  
Urban & rural  
46 hh; 78 adults

**EASTERN  
MISSISSIPPI**

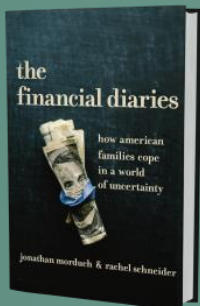
Rural  
50 hh; 87 adults

**OHIO/KENTUCKY**

Cincinnati & environs  
Small town & rural  
69 hh; 130 adults

**NEW YORK CITY**

Brooklyn & Queens  
Urban  
79 hh; 158 adults



# Location of Households



# Principal Investigators



- **Jonathan Morduch**, Professor of Public Policy and Economics, New York University



- **Rachel Schneider**, Vice President, Insights and Analytics, Financial Health Network



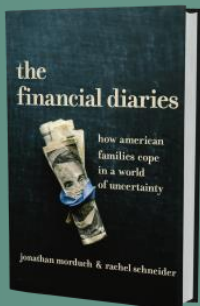
**FORDFOUNDATION**

*Working with Visionaries on the  
Frontlines of Social Change Worldwide*

Citi Foundation



OMIDYAR NETWORK™



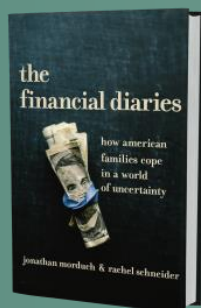
# U.S. Financial Diaries

**U.S.  
Financial  
Diaries**

- Young couple in their 20's with a daughter
- Multiple sources of income and experience significant fluctuation in their incomes from month to month
- Wide variety of financial services usage

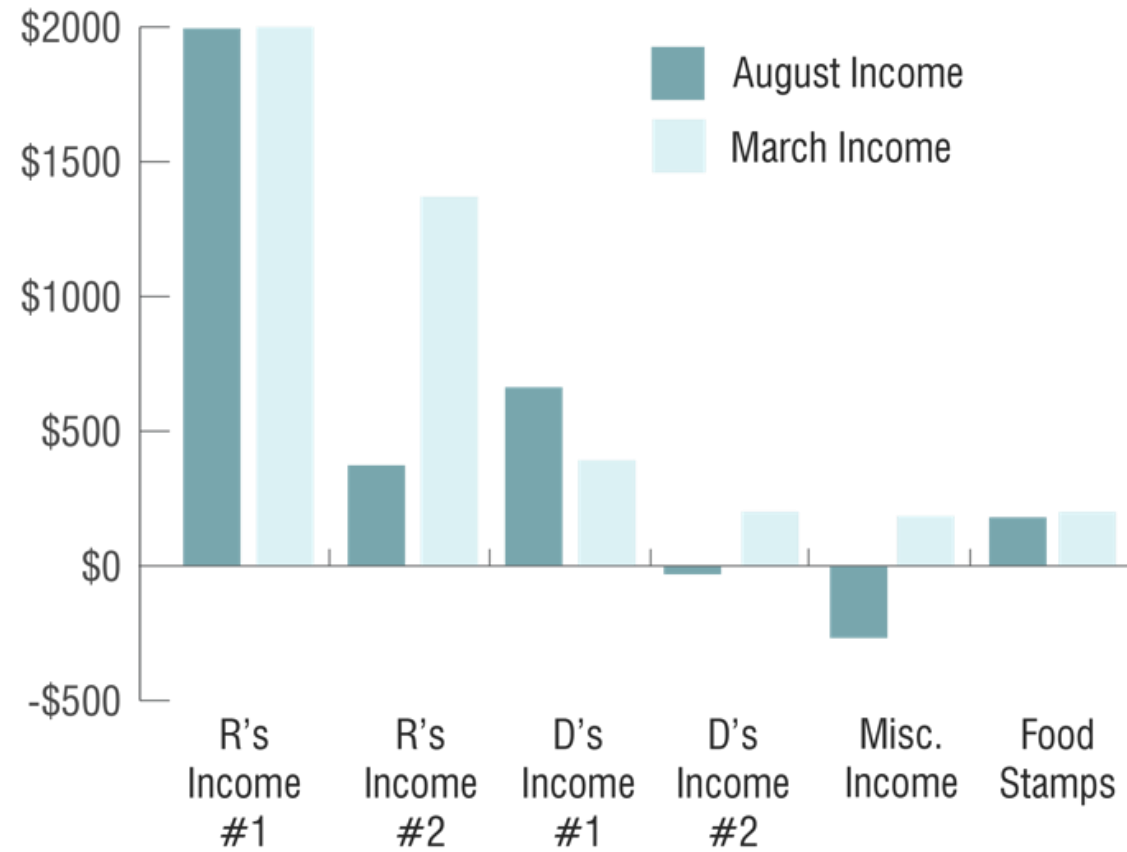


Source: J. Morduch and R. Schneider, "The USFD Methodology: The financial lives of low- and moderate-income Americans," US Financial Diaries Issue Brief, December 3, 2014

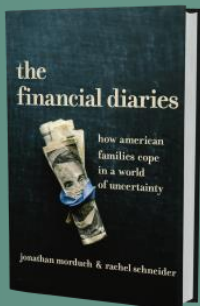


# Garza Family

**U.S.**  
Financial  
Diaries



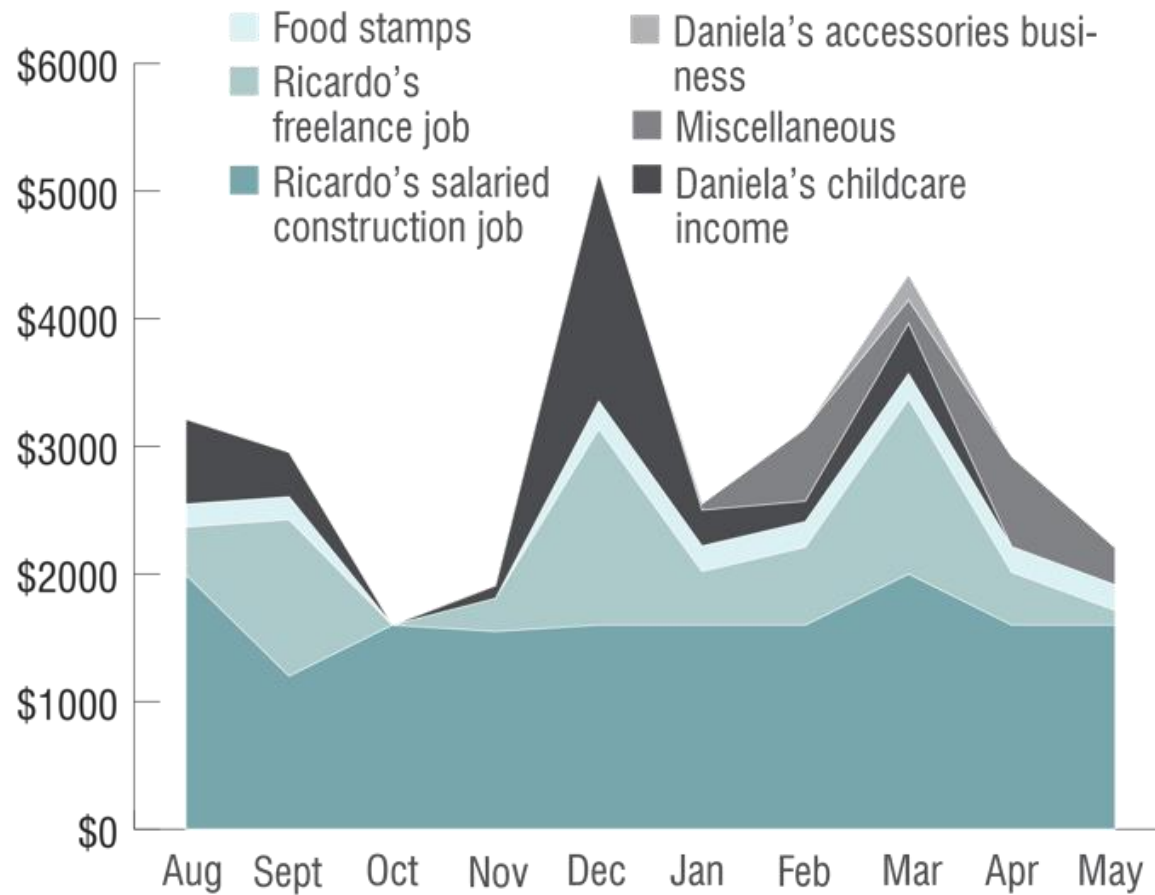
Source: J. Morduch and R. Schneider, "The USFD Methodology: The financial lives of low- and moderate-income Americans," US Financial Diaries Issue Brief, December 3, 2014



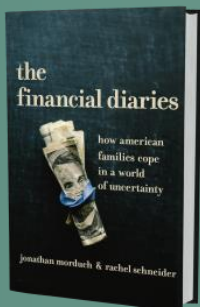
# Garza Family







Source: J. Morduch and R. Schneider, "The USFD Methodology: The financial lives of low- and moderate-income Americans," US Financial Diaries Issue Brief, December 3, 2014



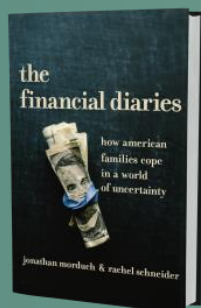
# Garza Family

**U.S.**  
Financial  
Diaries

- Credit Cards
- Small Dollar Loans
- Pawn for Cash
- Savings Groups
- Lend to Family
- Checking and Savings accounts
- Money Orders



Source: J. Morduch and R. Schneider, "The USFD Methodology: The financial lives of low- and moderate-income Americans," US Financial Diaries Issue Brief, December 3, 2014



# Garza Family





# Being in the Business of Financial Health

# There is an Opportunity Gap

69%

of financial institution **execs believe** improving member financial health is important

---

80%

of **consumers want** their financial institution to help improve their financial health

---

74%

of **employees say** it's important for their employer to offer financial wellness benefits

---

16%

of financial institutions **launched a product** aimed at improving member financial health as of 2019

14%

of **consumers say** their financial institution is helping improve their financial health

58%

of **employees** say their finances cause them stress, as of 2019



# The Case for Being in the FinHealth Business

Members who think their Primary Financial Institution (PFI) supports their financial health have greater levels of:

## SATISFACTION

**3X**

more likely to be “very satisfied” with their PFI

## LOYALTY

**3X**

more likely to recommend their PFI to friends and family

**2X** more likely to continue their relationship with their PFI over the next five years

## CROSS-SELL

**5X**

more likely to report interest in purchasing additional products and services







# Competing on Financial Health

Innovative Solutions Addressing Consumer Pain Points

# The FinHealth Score® Framework Resonates with Credit Unions and Members



# Members Expect a “No Overdraft” Option Full of Features that Improve Their Financial Health



“Challenger Banks” or “Neobanks” provide consumers with a low-cost alternative to a traditional bank account. The value proposition is consistent: a fee-free checkless bank account that provides certainty, transparency, and allows users to receive their income sooner...



...and today, many other fintechs that started by solving a finhealth need have evolved to become a challenger bank.



[Acorns](#) launched the platform by providing round-ups on everyday transactions into low-cost ETFs.



[Brigit](#) is not currently a challenger bank. The platform provides budget insights and an ability to predict overdrafts and avoid NSF fees.



[Dave](#) started as a predictive expense tracking application designed to avoid overdraft fees.



[Stash](#) entered the market providing consumers with low-cost investment options and advice

# Next-gen Budgeting and Bill Payment Platforms



[doxo](#) offers consumers *overdraft protection* by linked checking accounts to show real-time bank balances before payments are made.



[PocketSmith](#) (New Zealand) is a global PFM tool that provides live bank feeds and forecasts future funds availability by leveraging what-if scenarios.



[Prism](#) is a comprehensive bill payment and presentation app that helps people better manage their personal finances and pay their bills from their smartphones.



# Helping Members Save Money



Innovative savings models allow members to save money without forcing them to think about doing so.

The logo for Chime, featuring the word "chime" in a lowercase, rounded, green font.

[Chime](#) offers its customers two different mechanisms to save money automatically into a high-yield savings account: (1) Round-up and (2) Save when you get paid. Chime now has 35% share of all digital bank checking accounts.

The logo for Digit, featuring the word "digit" in a lowercase, bold, black font.

[Digit](#) uses automation and AI to analyze spend and income patterns which allows the app to save money for people when they can afford to save money. Digit's average customer saves about \$2,500 per year.

The logo for Dobot, featuring a stylized blue "D" with a white dot inside, and the word "Dobot" in a blue, sans-serif font below it.

[Dobot](#) is an app that was acquired by Fifth Third Bank in 2018. Similar to Digit, its Smart Savings feature determines a user's safe savings amount and then automatically transfers small amounts of money into the Dobot savings account.

The logo for Qapital, featuring a colorful geometric design of overlapping shapes in yellow, red, and blue, followed by the word "QAPITAL" in a bold, blue, sans-serif font.

[Qapital](#) blends behavioral psychology with technology to provide a pathway for users to save and invest money. Upon signing up for the platform, users identify goals and savings rules to achieve those goals.



# Helping Members Access Credit and Improve Their Credit Score



## Self.

[Self](#) offers a digital credit builder loan without requiring a *traditional* security deposit. Customers graduate with the option to open a secured credit card after on time payments and savings accumulation. Self has provided credit building solutions to over 4 million people.



[Petal](#) was created to help people access and build credit using personal banking data. The CashScore, unlike a credit score, considers a wider financial picture of a new-to-credit applicant.





# Understanding the Changing Needs of Members

Opportunities to be More Than a Financial Services Provider...to Become a Financial Health Provider

# Credit Unions Can Do More to Improve Peoples' Financial Health



Platform that helps our community to find jobs, increase their income and plan for financially stable futures.



Fintech enabling credit unions to provide members a small-dollar payday loan alternative.



Fintech connecting credit union members to third-party support organizations.



# Financial Health is a Journey



Direct readily-available resources

- [National Credit Union Foundation](#)
- [Filene](#)
- [Financial Health Network](#)

Provide tools to diagnose financial health at credit unions

- [Financial Health Score® Toolkit](#)
- [Attune](#)

Execute statewide (place-based) financial health research

- [Hawaii Pulse example](#)
- [Chicago Pulse example](#)
- [Northwest Area Foundation FAIR initiative](#)



**THANK  
YOU!**

**IMPACT**  **2023**  
CORNERSTONE ANNUAL MEETING & COUNCIL FORUM