

Building People's Financial Stability as a Public Service

15 Minutes of FEC: Client Achievement



**Financial
Empowerment
Center**

FEC Theory of Change



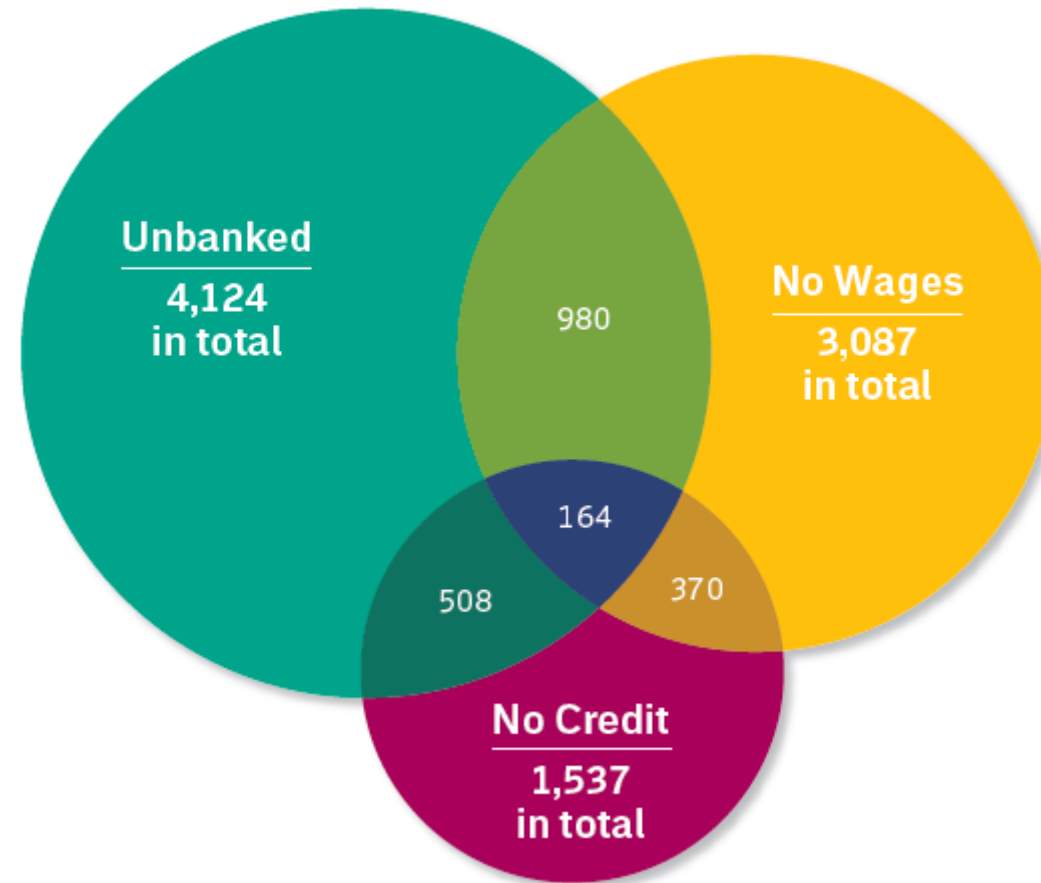
Financial Empowerment Center Model

- Free, 1-1 financial counseling as a municipal public service.
- Piloted in NYC under Mayor Michael Bloomberg (2008). The CFE Fund and Bloomberg Philanthropies replicated the model in Denver, Lansing, Nashville, Philadelphia, and San Antonio (2013).
- Professionally trained counselors support their clients in navigating complex financial challenges and choices. Counseling offered as a free stand-alone public service, and via integration into nonprofit and public social services.

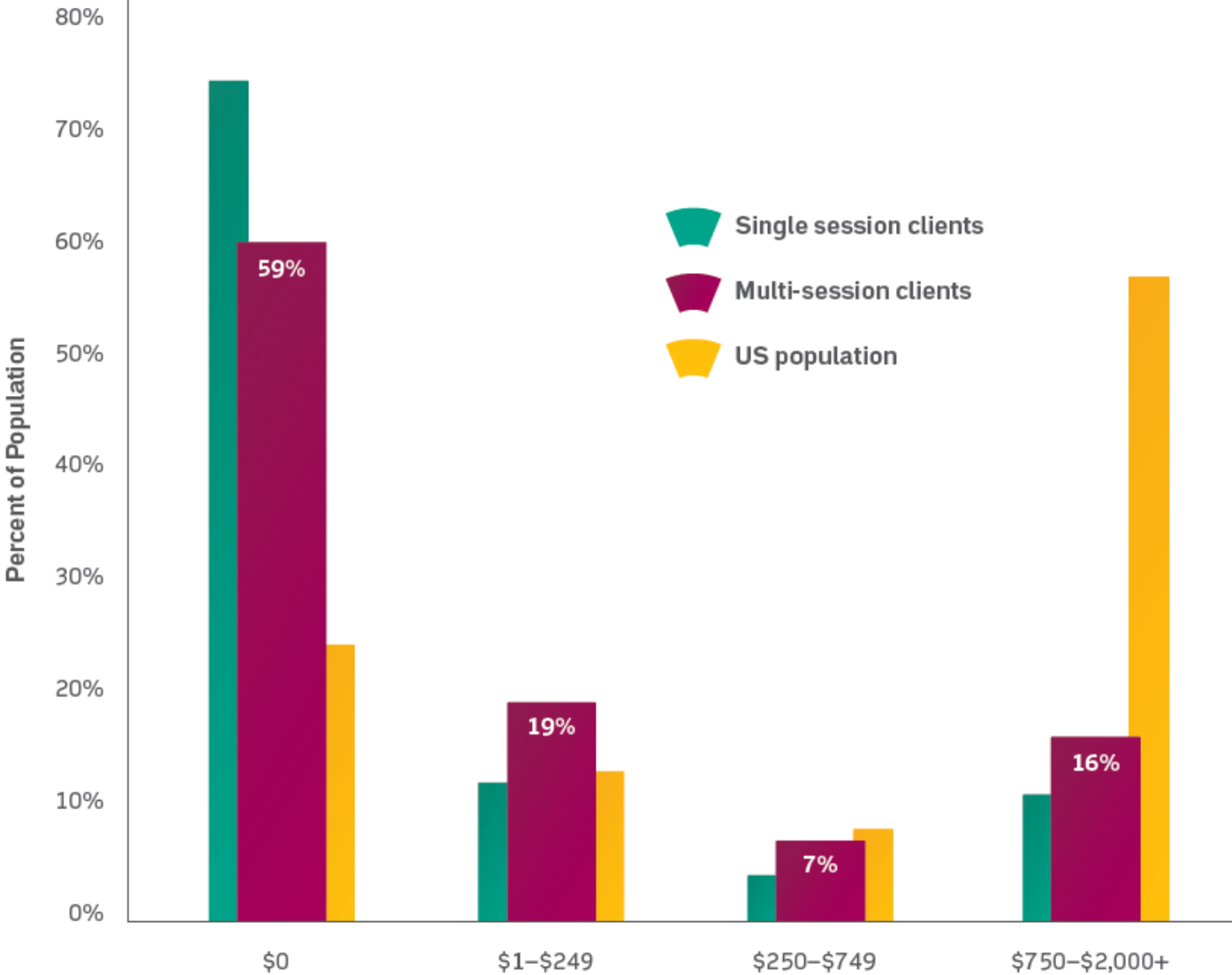
General Demographics

- **Over 20,500 clients in 5 cities**
- 70.6% were women
- Half were between ages 26 and 45
- Nearly 11% had not finished high school, while 46% had some level of post-secondary education
- 62% had dependent children

Finding: Deep Financial Challenges

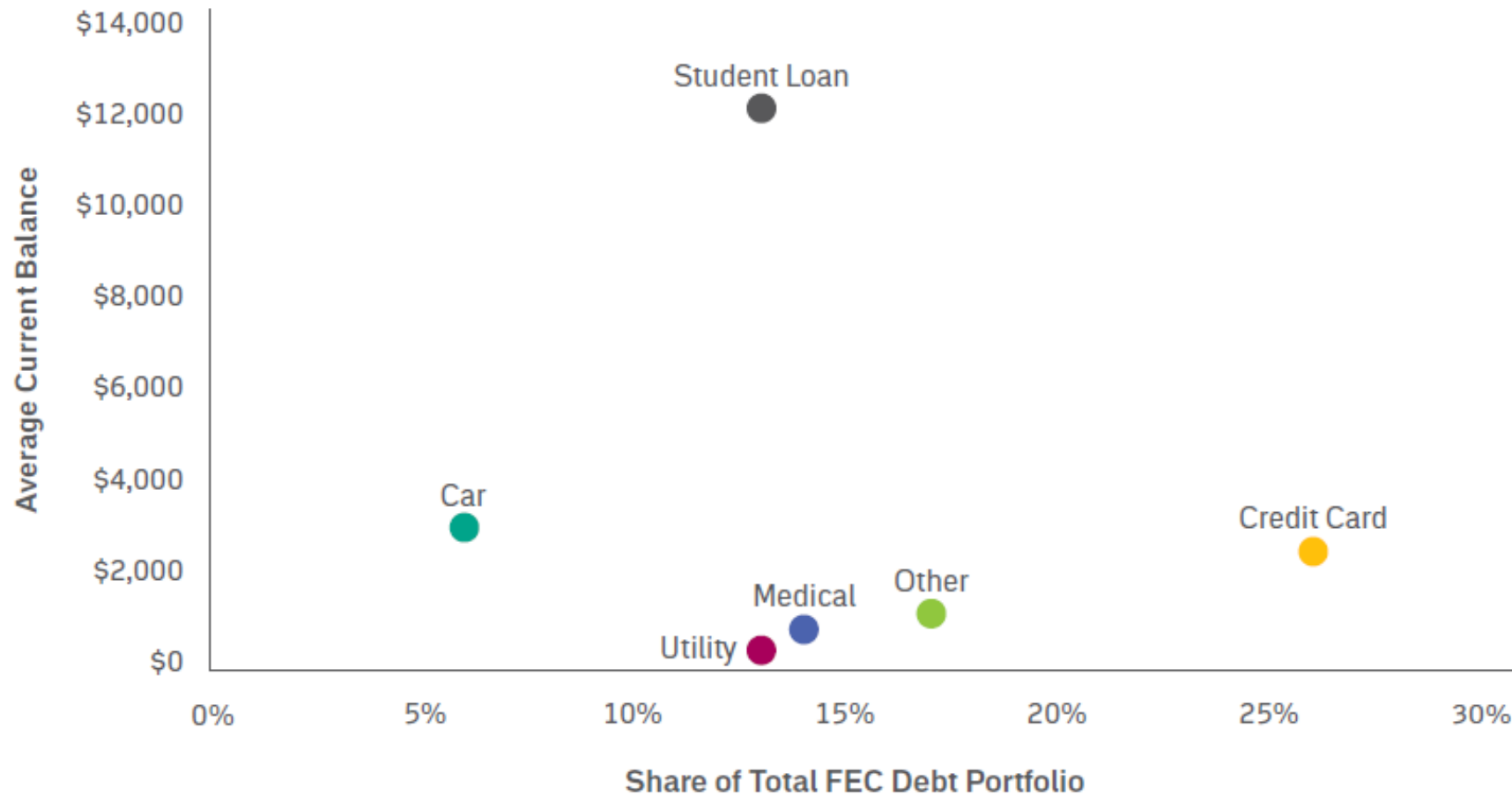


Over 60% of clients had zero savings



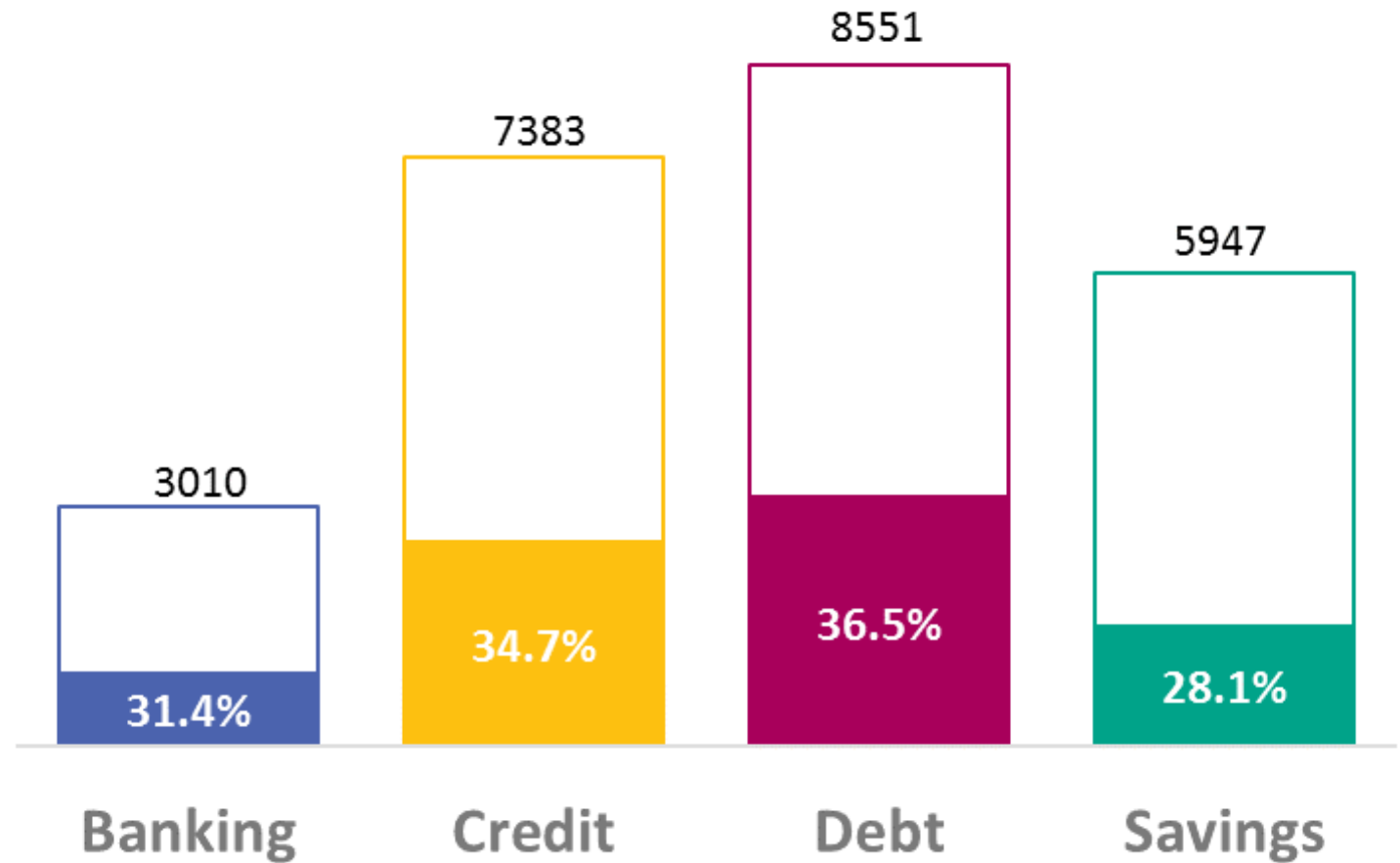
Most debts = credit cards

Biggest debts = student loans



Finding: Real Financial Gains

- Over 11,500 clients (56%) attended multiple sessions during study period

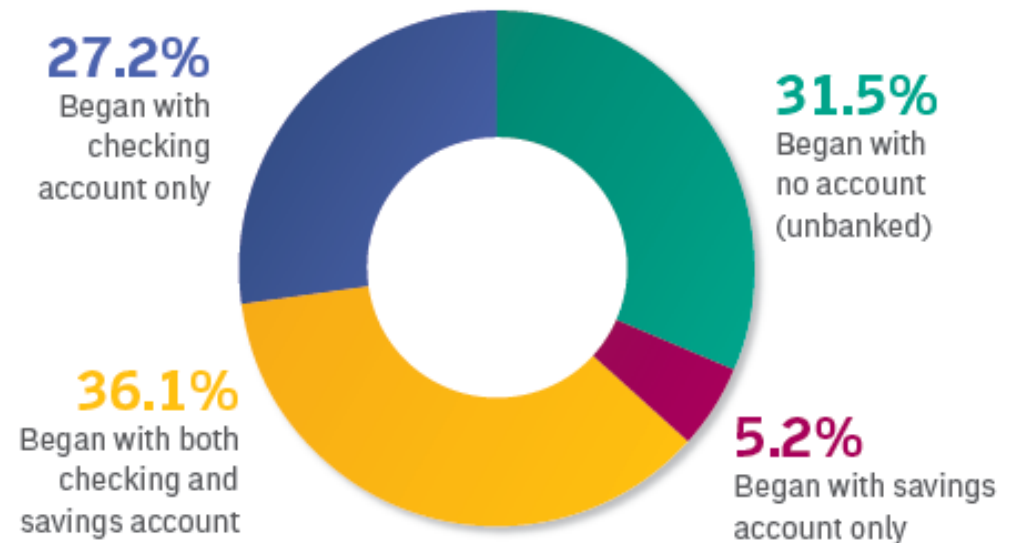


Real Financial Gains

- What does **success** look like?
- What measurable **indicators** of success did we track, and **why** do they matter?
- What **progress** did FEC clients make on these indicators?
- What else did they **achieve** in this realm?

Success = Use of Safe and Affordable Financial Products and Services

- Indicator = Open a safe and affordable bank account, to reduce fees, formalize savings, create opportunities to build assets
- **944 people opened accounts**



Success = Credit Worthiness and Access to Affordable Credit

- Indicator = Establish credit score, to build financial ‘identity’ and increase access to opportunities
 - **269 people established a credit score, new median score was 624**
- Indicator = Increase credit score by 35+ points
 - **1,383 people’s scores increased, with**
 - **60.3% increased by 35+ points**
- Indicator = Move up a FICO category, to make credit more affordable
 - **39.3% moved up 1+ categories**

Success = Reduce Debt

- Indicator = reduce debt by at least 10% (meaningful and reasonable within likely data collection period)
 - **2,263 people cut their debt**
 - **72.4% did so by at least 10%**
- Average percent debt reduction was **37%**
- Total debt reduction was **\$22,545,564**

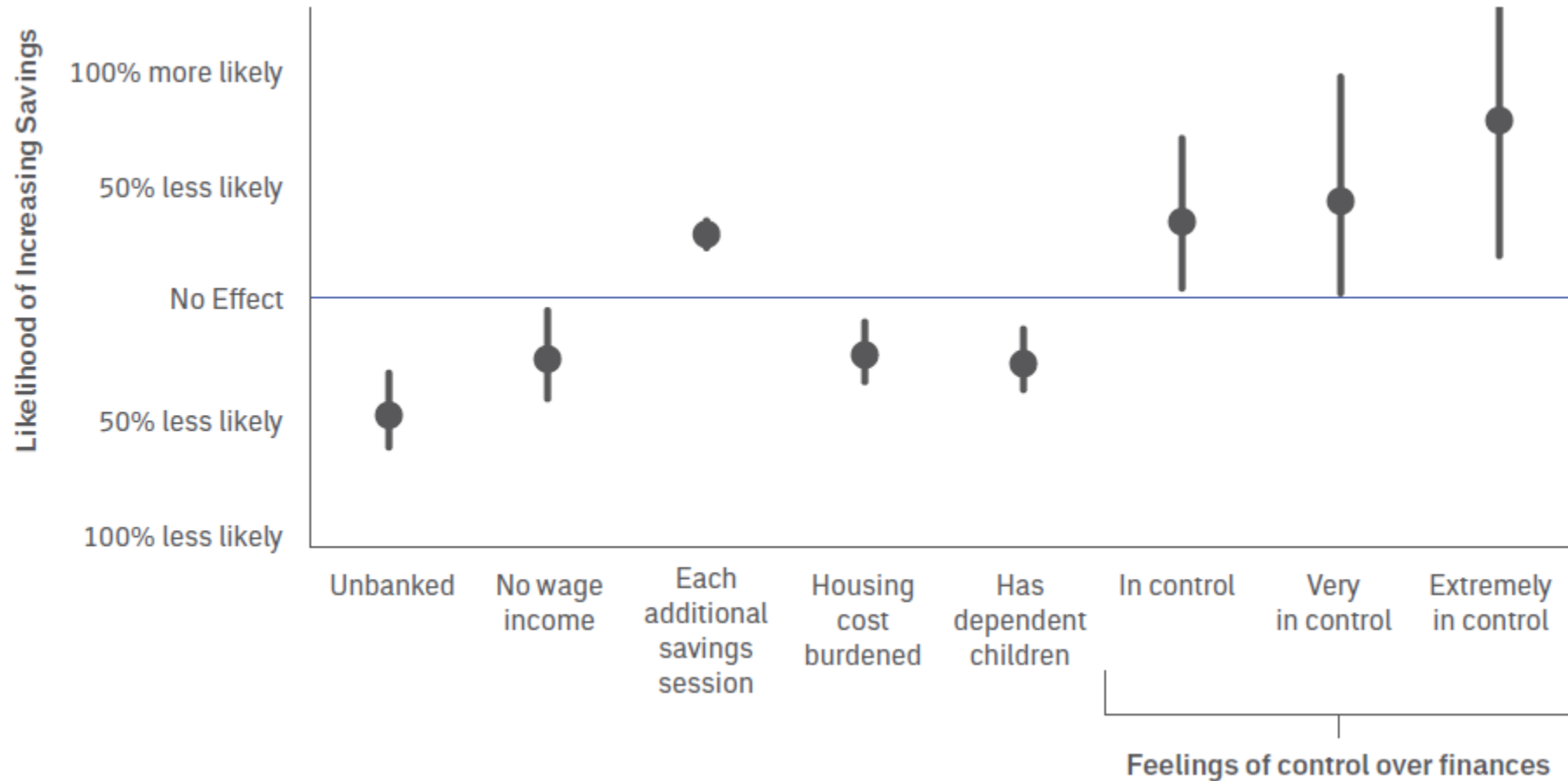


Success = Build Savings

- Indicator = Increase savings by at least 2% of annualized after-tax income, to cushion against roughly one week of lost income
 - **870 people increased savings**
 - **52% did by at least 2%**
- Among those with less than \$1.00 in savings at start, 25% increased their savings, by an average of \$1,299



Finding: Intriguing Odds of Success



Intriguing Odds *for* Success

“How much control do you feel over your finances?”

- Compared to those “not at all” in control, clients who felt “**extremely in control**” were
 - 62.6% more likely to reduce debt
 - 73.5% more likely to increase savings



Intriguing Odds *Against* Success

Unbanked

- 28.4% less likely to open account
- 36.7% less likely to establish credit score
- 53.3% less likely to increase savings

Dependent children

- 30.6% less likely to increase savings

Extremely worried about finances

- 39.4% less likely to open account
- 38.9% less likely to improve credit score

Odds that Match Expectations

Attending each additional counseling session

- **More** likely to make gains in banking, credit, debt and savings

No wage income

- **Less** likely to make gains in each area

Finding: Related Personal Gains

Focus group participants said:

- Reduced financial stress and improved emotional health
- Confidence and self-efficacy
- Development of financial decision-making skills
- Ability to share knowledge, teach children



Webinar Series: 15 Minutes of FEC

Want to learn more about the Financial Empowerment Center model and impact? Join us for 15 minute briefings on special topics!

Banking Status: Thursday, Sept. 28th, 2-2:15pm EST

The Counseling Model: Thursday, Oct. 5th, 2-2:15pm EST

[Register now!](#)