Financial Coaching Network
Bi-Monthly Peer Call

February 28, 2019, 3:30-5:00pm ET

Today’s Topic:
The Role of Financial Technology in Addressing Racial Economic Inequality
Welcome

Hiba Haroon
Senior Program Manager,
Savings & Financial Capability
Prosperity Now
Housekeeping

- This call is **being recorded** and will be mailed to registrants and available online within one week.

- **This is a group discussion**! However, all webinar attendees are muted at the start to ensure sound quality.

- **Share comments** or **ask questions** at any time by **raising your hand** to be unmuted or typing the question into the text box on the control panel.

  *Tip: Phone audio works best. Be sure to enter your audio PIN!*

- If you experience any technical issues, email **gotomeeting@prosperitynow.org**.
Getting the Most Out of Today’s Call

▪ Join from a quiet space
▪ Grab a coffee or snack and settle in
▪ Engage! Send us your questions and comments as you listen
▪ Reflect on ways to apply what you learn today to your own work
Updated Objectives of the Financial Coaching Network

- **Create** intentional space for programs to discuss strategies they have adopted to develop and deliver participant-centered and participant-driven financial coaching programs.

- **Challenge** practitioners to think critically about how racial equity can be centered and advanced in the design and implementation of financial coaching programs.

- **Elevate** financial coaching programs’ innovations and challenges.

- **Connect** programs to share resources, expand partnerships and grow networks.

- **Identify** strengths and limitations of financial coaching and the role financial coaching can play in addressing racial economic inequalities.
New Call Structure

- Testing out organizing the calls by two tracks:
  - Coach track
  - Program manager/leadership track

- Potential 2019 call topics:
  - navigating identity differences
  - self-care strategies
  - investing in coaches
  - how whiteness/white privilege manifests itself in nonprofit service delivery

- Tentative 2019 call schedule:
  - All members: February 2019 & December 2019
  - Coach track: April 2019 & August 2019
  - Program manager/leadership track: June 2019 & October 2019
Take the Pre-Survey!

- To help you hold us accountable to these objectives, we are going to administer pre- and post-surveys at the beginning and end of the year. With these surveys, you can let us know whether the Network calls were useful and how we can improve them.

- We will send out a link to the pre-survey after the call! You’ll also find the link to the FCN survey in the chat box during today’s webinar.
Welcome

Santiago Sueiro
Program Manager,
Savings & Financial Capability
Prosperity Now
Today’s Agenda

✓ Introduction of Today’s Guests
✓ Getting to Know You – Opening poll question
✓ Exploring Today’s Topic – Financial Technology & Racial Economic Inequality
✓ Panel Discussion – We’ll hear from a few of your peers
✓ Group Discussion – What’s your experience?
✓ Closing & Next Steps
Today’s Guest Speakers

Lebaron Sims
Senior Research Manager,
Applied Research
Prosperity Now

Shaheen Hasan
Senior Program Manager,
Program Team
Center for Financial Services Innovation
Today’s Guest Speakers

Isaias Solis
Director of Programs
Latin United Community Housing Association (LUCHA)

Ayanna Fortson
Director, Housing and Community Development
National Urban League (NUL)
Poll Question #1
How do you identify?

- Black
- Latinx
- Native American
- Asian
- White
- Other (share in comments)
Poll Question #2

Are the clients you serve…?

- Majority (51%) People of Color
- Majority (51%) White
- I don’t know
Poll Question #3

Fintech can help my clients build wealth (i.e. by building savings or purchasing an asset).

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- I don’t know
Poll Question #4

Fintech can help my clients improve their financial security (i.e. access to banking services or improve skills & knowledge).

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- I don’t know
Question #5

What questions do you have about fintech & racial economic inequality?

(share in the chat box!)
Overview of the Racial Wealth Divide
Lebaron Sims
Senior Research Manager
Prosperity Now
Why Does the Racial Wealth Divide Matter?

- Racial and ethnic disparities exist across all dimensions of financial security and quality of life measures – and public policy is to blame.
- The critical elements of household financial security continue to be influenced – and ultimately determined – by racial bias and discrimination.
- Systemic racial wealth inequality is a feedback loop, both affecting and affected by employment, homeownership, education, business ownership and access to local resources and networks.
Why Does the Racial Wealth Divide Matter?

The Racial Wealth Divide in America

**MEDIAN HOUSEHOLD WEALTH (2016)**

<table>
<thead>
<tr>
<th>WITH DURABLE GOODS</th>
<th>WITHOUT DURABLE GOODS</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image.png" alt="Image" /></td>
<td><img src="image.png" alt="Image" /></td>
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<tr>
<td><strong>$171,000</strong></td>
<td><strong>$140,500</strong></td>
</tr>
<tr>
<td>White</td>
<td>White</td>
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<tr>
<td><img src="image.png" alt="Image" /></td>
<td><img src="image.png" alt="Image" /></td>
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<tr>
<td><strong>$20,920</strong></td>
<td><strong>$6,300</strong></td>
</tr>
<tr>
<td>Latino</td>
<td>Latino</td>
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<tr>
<td><img src="image.png" alt="Image" /></td>
<td><img src="image.png" alt="Image" /></td>
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<tr>
<td><strong>$17,409</strong></td>
<td><strong>$3,400</strong></td>
</tr>
<tr>
<td>Black</td>
<td>Black</td>
</tr>
</tbody>
</table>

**SOURCE** | 2016 Survey of Consumer Finances, Board of Governors of the Federal Reserve System (wealth with durable goods); Running in Place: Why the Racial Wealth Divide Keeps Black and Latino Families From Achieving Economic Security (wealth without durable goods), Prosperity Now
Why Does the Racial Wealth Divide Matter?

Middle-Class Wealth Economic Security Is Unequally Distributed Along Racial Lines

Median Household Wealth by Income Quintile and Race

Why Does the Racial Wealth Divide Matter?

MEDIAN HOUSEHOLD WEALTH, 1983-2016

- White
- Black
- Hispanic

$200K
$150K
$100K
$50K
$0

Why Does the Racial Wealth Divide Matter?

### Change in Median Household Wealth, 2013-2016

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
<th>% Change</th>
<th>Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Black Household</td>
<td>$1,700</td>
<td>$3,400</td>
<td>+100%</td>
<td>+$1,700</td>
</tr>
<tr>
<td>Latino Wealth</td>
<td>$2,000</td>
<td>$6,300</td>
<td>+215%</td>
<td>+$4,300</td>
</tr>
<tr>
<td>Median White Household</td>
<td>$120,000</td>
<td>$140,500</td>
<td>+17%</td>
<td>+$20,200</td>
</tr>
</tbody>
</table>

### Catching Up to White Wealth

- If median Black and Latino wealth grew at the same pace it has over the past three years.
- Abolition of slavery in the United States.
- Latino families achieve wealth parity with white families of 2016.
- Black families achieve wealth parity with white families of 2016.

- **We Are Here**: 1620-1865
- **Abolition of Slavery in the United States**: 1865-1964
- **Latino Families Achieve Wealth Parity with White Families of 2016**: 1964-2016
- **Black Families Achieve Wealth Parity with White Families of 2016**: 2016-2258

- **245 Years**
- **94 Years**
- **242 Years**
2019 Scorecard Ranks

1-10 (Best)

11-20

21-30

31-40

41-51 (Worst)
Race Influences State Outcomes

NET WORTH BY STATE

Source: Survey of Income and Program Participation, 2014 Panel Data points report median household net worth by demographic characteristic or location of the household in 2013.
Disparities in Income and Employment

### Income Poverty
- **White:** 10.2%
- **Native American / American Indian:** 12.8%
- **Black / African-American:** 23.7%
- **Asian:** 20.9%
- **Hispanic or Latino:** 26.3%

### Unemployment Rate *
- **White:** 4.6%
- **Native American / American Indian:** 4.5%
- **Black / African-American:** 10.1%
- **Asian:** 6.7%
- **Hispanic or Latino:** 12.0%

*Unemployment Rate data not available for all groups.*
Disparities in Banking Access

Unbanked Households
- White: 3.0%
- Black / African-American: 6.4%
- Asian: 16.9%
- Hispanic or Latino: 14.0%

Underbanked Households
- White: 14.1%
- Black / African-American: 17.5%
- Asian: 28.9%
- Hispanic or Latino: 30.4%
Disparities in Debt Burden

Disparate Exposure to Costly Credit

- Has used one or more alternative financial credit product in the last 5 years:
  - Black: 39%
  - White: 21%
- Used costly credit card borrowing in the past year:
  - Black: 56%
  - White: 35%

Source: 2015 National Financial Capability Study

*Includes non-bank borrowing methods such as pawn shops, short-term payday loans, rent-to-own stores and auto-title loans.

**Includes experiences that are likely to generate sizeable interest or fees such as paying only minimum payment, carrying a balance or taking a cash advance.

Most Common Debt + Past-Due Bill Types

- Credit Card Debt: 36%
- Student Loan: 33%
- Past-due phone, cable, internet or utility bills: 32%
- Past-due medical bills: 27%
- Auto/vehicle loan: 21%
- Family/friend: 19%
- Legal judgement/Expenses: 12%
- Alternative financial services: 9%

*See appendix for additional debt and past-due bill types along with median, minimum and maximum amounts held.
Financial Technology Overview
Shaheen Hasan
Senior Program Manager
Center for Financial Services Innovation
Center for Financial Services Innovation

CFSI is the authority on consumer financial health, leading a network of financial services innovators committed to building better consumer products and practices to improve the financial health of millions of Americans, *especially underserved populations.*

**Inform**
We provide deep consumer insights and industry research.

**Innovate**
We seed and test promising new ideas.

**Advise**
We offer consulting services to both for-profit and nonprofit providers.

**Connect**
We foster dialogue and collaboration through CFSI events and networking opportunities.
Growing Use of Digital Financial Services Among People of Color

There is growing adoption of smartphones and higher shares of Hispanics and African Americans that are using mobile banking and mobile payments.

**A majority of low-income blacks and Hispanics own smartphones**

% of U.S. adults who have broadband at home or a smartphone, by race/ethnicity and income

<table>
<thead>
<tr>
<th>Home broadband</th>
<th>&lt;$30K</th>
<th>$30K+</th>
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<tbody>
<tr>
<td>White</td>
<td>58</td>
<td>86</td>
</tr>
<tr>
<td>Black</td>
<td>51</td>
<td>80</td>
</tr>
<tr>
<td>Hispanic</td>
<td>47</td>
<td>76</td>
</tr>
</tbody>
</table>

**Smartphone ownership**

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home broadband</td>
<td>61</td>
<td>63</td>
<td>69</td>
</tr>
<tr>
<td>Smartphone</td>
<td>85</td>
<td>85</td>
<td>88</td>
</tr>
</tbody>
</table>

Source: Federal Reserve, Pew Research Center
Nonprofit-FinTech Exchange Interest Group

CFSI’s established the initiative in 2017 to facilitate and support partnerships between nonprofits and fintech providers

• To facilitate cross-sector dialogue meant to uncover how fintech providers and nonprofits can effectively work together to meet their mutual goals and address the financial health of consumers

• To create opportunities for nonprofits to provide input + feedback directly to financial services providers on how their offerings meet the needs of underserved

• To create a mechanism by which nonprofits and providers can directly solicit partnership opportunities.

• To harvest learnings from discussion and partnership experiences to inform the broader field and financial services industry on how to create effective partnerships
Isaias Solis
Director of Programs, Latin United Community Housing Association
LATIN UNITED COMMUNITY HOUSING ASSOCIATION
Advancing Housing As A Human Right

ADVOCATE
- LUCHA Community Law Program
- Policy and Advocacy

EDUCATE
- Financial Capabilities
- Homebuyer Counseling
- Foreclosure Prevention

BUILD
- Building Development
- Affordable Housing
- Passive House

CONNECT
- Resident & Community Services
- Health and Wellness
- Project JumpStart
- Hurricane Maria Assistance

@ProsperityNow
@Prosperitynow.org
Ayanna Fortson
Director, Housing and Community Development, National Urban League
NUL’s Financial Coaching
Client Demographics

- 20,000 people receive some level of financial coaching annually
- Training (webinar and in-person): financial coaches
- 700 clients received gift cards
- **Race/Ethnicity:** 79% African-American, 14% White, 7% Hispanic
- **Income:** 85% of our clients are < 80% of Area Median Income
- **Tech:** 60% have home computers, 77% have home wifi
- **Goal:** 70% of clients using fintech came solely for financial coaching, with no specific goal
- **Housing Goals:** 41% Pre-purchase, 15% rental, 12% foreclosure, remainder in fair housing, reverse mortgages, etc.
NUL’s Financial Coaching Program
Overview

- Fintech Training for Staff
- Financial Coaching #1
- Fintech Financial Health Toolkit
- Financial Coaching #2
- Client Completes Survey
- Gift Card
- Gift Card Receipt Form
Panel Discussion
Panel Discussion

Shaheen Hasan  
Center for Financial Services Innovation

Isaias Solis  
Latin United Community Housing Association

Ayanna Forston  
National Urban League
Financial Technology and Racial Economic Inequality
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Audience Q & A

Financial Technology and Racial Economic Inequality
Next Steps

▪ Please **complete the survey!**

▪ Sign up for other **Networks and Campaigns** to stay in the know about issues you care about

▪ Let us know your **suggestions** for future call topics

▪ Volunteer to **lead** a future call!
Plug into the Prosperity Now Community

Sign up for listservs and working groups, volunteer to facilitate peer discussions, serve in a leadership role and more!

- Financial Coaching Network
- Racial Wealth Equity Network
- Affordable Homeownership Network
- Financial Coaching Network
- Adult Matched Savings Network
- Taxpayer Opportunity Network
- Campaign for Every Kids Future — Children’s Savings Accounts
- Medical Financial Partnerships (Health/Wealth)
- Innovations in Manufactured Housing (I’M HOME) Network

Visit any of the networks above at prosperitynow.org/getinvolved to get started.
Take action with Prosperity Now Campaigns!

Sign up to stay informed about the latest developments and opportunities to take action by joining one of our four federal policy campaigns.

**HOMEOWNERSHIP**

Homeownership is key to building wealth. Together, we will advocate for products and policies that provide more affordable homes to more people.

**CONSUMER PROTECTIONS**

Consumer protections create fairer, more transparent financial markets. Together, we will ensure consumers keep the safeguards they deserve.

**SAFETY NET**

Safety net programs help protect vulnerable individuals and families from falling deep into poverty. Together, we will protect programs like SNAP, IDAs and more to help those in need when they need it most.

**TURN IT RIGHT-SIDE UP**

The vast majority of tax incentives go to those at the top, not to those who need it most. Together, we will turn our upside-down tax code right-side up.

Visit any of the Campaigns above at [https://prosperitynow.org/take-action](https://prosperitynow.org/take-action) to learn more and join.
Thank You!

Please complete our survey and we’ll see you on the next call!