Financial Security in Low- to Moderate-Income Communities: The CFPB Well-Being Scale in a Direct Services Setting
Project Summary

• In 2015, The Financial Clinic launched Change Machine to empower financial coaches and NGOs interested in financial security building services.

• Using Change Machine, coaches are able to guide clients through the Financial Well-Being Scale.

• Over 2700 individual surveys completed since 2016.

• What is the well-being of this unique sample of coaching clients? How is it related to their experience of coaching?
Research Questions

• Question 1: What is the well-being of this large group of coaching clients? How does it compare to the Bureau’s national data?

• Question 2: Does engagement with financial coaching vary by level of financial well-being?
  ○ Total Meetings Attended
  ○ Total Financial Security Actions Completed
  ○ Total Financial Security Outcomes Achieved

• Question 3: Do coaching clients with different levels of well-being achieve different types of financial security outcomes?
## Financial Security Outcomes

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Achieved by a client that saves consistently. Triggered by two deposits, a new auto-transfer, or increase for existing.</td>
</tr>
<tr>
<td>Banking</td>
<td>Achieved by clients that decrease their total financial transaction costs. Tracked meeting to meeting.</td>
</tr>
<tr>
<td>Credit</td>
<td>Achieved by clients that establish or improve their credit score. Tracked meeting to meeting using credit report.</td>
</tr>
<tr>
<td>Debt</td>
<td>Achieved by clients that decrease the value of any of their debts entered into Change Machine by a financial coach.</td>
</tr>
<tr>
<td>Taxes</td>
<td>Achieved by clients that save a portion of their tax return for an identified financial goal.</td>
</tr>
<tr>
<td>Financial Goals</td>
<td>Achieved by clients that complete a financial goal identified with a coach.</td>
</tr>
</tbody>
</table>
Research Approach

• Descriptive analysis
  ○ Data collected by financial coaches during service delivery on Change Machine.
  ○ Unique population and dataset, but missingness makes causal inference challenging
  ○ Identify new questions and suggest opportunities for future research
Data and Sample

- Sample of 2,744 coaching clients served by 23 community organizations across 18 states
  - Median income between $20-29k
  - Mean age of 41
  - 72% female
  - 65% identify as African American or Latino/Hispanic
  - 49% GED/HS diploma or less
  - 39% report assets of less than $100
What Did We Find?

- **Question 1: Overall Well-Being**
  - Within score range two sample $t$-tests
  - Clients on Change Machine report much lower well-being than US adults, but are represented across all ranges
What Did We Find?

Financial Well-Being Scale Score, by score range

* Statistically significant at the 99.9% confidence level
What Did We Find?

- **Question 2: Coaching Engagement**
  - Financial well-being appears to be unrelated to client engagement with financial coaching

### Average Coaching Indicators Across Score Ranges

<table>
<thead>
<tr>
<th></th>
<th>Very Low*</th>
<th>Low</th>
<th>Medium Low</th>
<th>Medium High</th>
<th>High</th>
<th>Very High</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N (% sample)</strong></td>
<td>88 (3%)</td>
<td>272 (10%)</td>
<td>1082 (39%)</td>
<td>678 (25%)</td>
<td>401 (15%)</td>
<td>223 (8%)</td>
</tr>
<tr>
<td><strong>Meetings Attended</strong></td>
<td>2.8</td>
<td>2.7</td>
<td>2.6</td>
<td>2.2</td>
<td>2.7</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Actions Achieved</strong></td>
<td>4.2</td>
<td>3.9</td>
<td>3.8</td>
<td>3.6</td>
<td>4.1</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Total Outcomes</strong></td>
<td>.40</td>
<td>.51</td>
<td>.50</td>
<td>.39</td>
<td>.56</td>
<td>.56</td>
</tr>
</tbody>
</table>

*Reference Category
What Did We Find?

• Question 3: Outcome Achievement
  ○ Compare frequency and rates of outcome achievement
  ○ Chi-square test of independence and simple OLS regression for pairwise testing
# What Did We Find?

## Financial Security Outcomes Achieved by Score Range

<table>
<thead>
<tr>
<th></th>
<th>FWB Score Range at Intake</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Clients</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>80 (3%)</td>
</tr>
<tr>
<td>Banking</td>
<td>31 (1%)</td>
</tr>
<tr>
<td>Credit</td>
<td>487 (18%)</td>
</tr>
<tr>
<td>Debt</td>
<td>612 (22%)</td>
</tr>
<tr>
<td>Financial Goals</td>
<td>120 (4%)</td>
</tr>
</tbody>
</table>

* Reference Category

** Note: High financial security outcomes achieved by score range.
**What Did We Find?**

### Financial Security Outcomes Achieved by Score Range

<table>
<thead>
<tr>
<th>Financial Goals</th>
<th>FWB Score Range at Intake</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Clients</td>
</tr>
<tr>
<td>N</td>
<td>2744</td>
</tr>
</tbody>
</table>

|               | (4%) | (0%) | (4%) | (4%) | (4%) | (7%) | (7%) |

* Reference Category

* Statistically significant at the 99% confidence level

- Clients with “High” and “Very High” financial well-being scores achieve more personal financial goals
- Need to investigate confounding factors:
  - Goals are defined with financial coach
What Does It Mean?

• Financial well-being is dynamic and representation across score ranges illustrates this
  ○ Coaching has to be focused on client needs, especially their financial goals, not one-size-fits all
• Higher well-being uncorrelated with our chosen measures of coaching engagement.
• Higher well-being coincides with achieving more personal financial goals.
  ○ Higher FWBS score at baseline can suggest more confidence or feelings of control/self-efficacy
  ○ If we could identify a connection, could be valuable for coaches to target support for clients.
Questions & Contact

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