FULFILLING THE PROMISE OF FINTECH:

The Case for a Nonprofit Vision and Leadership

nLIFT
Nonprofit Leaders in Financial Technology

THE ASPEN INSTITUTE

The nLIFT Manifesto

Autumn 2018

Nonprofit Leaders in Financial Technology (nLIFT) is a group of organizations with a shared goal of increasing financial inclusion through technology-driven platforms. nLIFT is comprised of seven nonprofit leaders in the fields of technology and financial inclusion: Commonwealth, Earn, The Financial Clinic, Mission Asset Fund, My Path, Neighborhood Trust Financial Partners, and National Federation of Community Development Credit Unions. As nonprofits, nLIFT members are driven by mission and impact before profits, uniquely positioning them to leverage technology to advance a fairer and more inclusive financial system. nLIFT members are joining forces to strengthen the efforts of each organization, and those of the communities and partners they serve, as well as to drive meaningful and lasting change at the intersection of technology and financial inclusion. nLIFT members have asked FIELD and the Financial Security Program at the Aspen Institute to serve as their convener as they pursue these goals.

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Too many Americans lead financial lives of quiet desperation. More of us must earn our income by cobbling together multiple part-time jobs which pay low wages, offer no benefits, and require us to work erratic schedules that create serious logistical and psychological stress. Secure salary-paying jobs increasingly require a college degree, an asset that recedes beyond more Americans' reach as tuition costs spiral out of control. Good jobs are also increasingly concentrated in a handful of cities where housing costs have, unsurprisingly, risen accordingly. All of these trends, decades in the making, reached the crisis point with the Great Recession of 2008. Those who were already the most financially vulnerable were the hardest hit, and 10 years later, that pain is still being felt. Low-income Americans suffer the most, but even middle-class Americans live too close to the financial edge: in one of the most disquieting research studies in years, the Federal Reserve found that almost half of all American adults would have a hard time scraping together even $400 in an emergency.[1]

nLIFT, or Nonprofit Leaders in Financial Technology, is a new consortium of leaders from nonprofit organizations around the country. We come from different regions and have different operating models but two things unite us. First, we are committed to working in our respective ways to build the financial security of low- and moderate-income households. Second, we see a unique and necessary role for the nonprofit sector to play in ensuring that fintech, or financial technology, innovations focus on those households' needs. We believe that such a focus is unlikely to happen on its own for a variety of reasons, mostly to do with fintech's existing incentive structures.

As mission-driven, tech-embracing nonprofits, we nLIFT member organizations already have successful fintech models in operation. These products include tech-driven tools that employ inclusive user experience designs, leverage key partnerships, and advance policy objectives, and they are serving hundreds of thousands of people across the country. nLIFT seeks to build on our own early experiences by working now in partnership with all stakeholders, private- and public-sector, to embed a true customer-centricity more broadly within the rapidly growing fintech sector.

This Manifesto sets forth nLIFT's vision, our values, and our theory of change. We acknowledge that fintech is still growing and evolving—indeed that is the very reason why we seek to influence its direction now. We also acknowledge that the best paths to fruitful collaborations between the nonprofit sector and fintech players remain to be charted, and may change over time. It is our hope that this document will inspire the kinds of productive, mutually respectful conversations by which those paths may ultimately be illuminated—and then followed.

This Manifesto, setting forth what we believe and why, is the starting point.

1 Larrimore, Jeff, Alex Durante, Christina Park, and Anna Tranfaglia. (May 2017) Report on the Economic Well-Being of US Households for 2016. United States Federal Reserve Division of Consumer and Community Affairs. Washington, DC. https://www.federalreserve.gov/publications/files/2016-report-economic-well-being-us-households-201705.pdf

01

Current state—and desired future state—of financial security in America

Financial security is a complex phenomenon, not only in terms of the factors that contribute (or detract) from it but even as a matter of definition. It is important to distinguish between subjective *feelings* of financial security and more objective standards. There are people (think: older Americans with a living memory of the Depression or World War II) who may own their homes free and clear, have significant savings and no debt, and yet still never quite shake off a feeling of impending financial doom. Others, whose financial magical-thinking runs in the opposite direction, may feel that they are prosperous so long as they *look* the part, and will act and spend accordingly, even if their actual situation is quite precarious and made worse by their choices.

The Federal Reserve's 2017 annual survey of U.S. household well-being[2] (the same survey that in 2016 found that 44 percent of adults could not cover a $400 emergency) includes self-reported data about financial well-being. More than one-fifth of those surveyed are not able to pay all of their current month's bills in full. More than 25 percent skipped necessary medical care in 2017 for financial reasons, too. The survey does include some good news: 74 percent of respondents reported that they were "doing okay" financially. That figure is 10 percentage points higher than it had been in 2013, the first year that survey was conducted, when the country was still dealing with the worst fallout from the global financial crisis. But obviously also, if 74 percent are "doing okay," that still means that more than a quarter of American households are, by their own reckoning, "not doing okay." It also begs some deeper questions about the disconnect, described above, between feelings and facts when it comes to money. For example, only 60 percent of the total 2017 respondents could readily meet that $400 hypothetical expense. So if 74 percent (14 percentage points *higher* than the percentage who could lay hands on $400) nevertheless describe themselves as "doing okay," it suggests that a sizeable cohort even of those who report that they are "doing okay" are in fact living close to the financial edge, possibly closer than they fully appreciate.

Although the survey does note some overall encouraging trends, it finds persistent socioeconomic, educational, racial, and ethnic disparities. The more educated still report greater financial security than those less educated. Urban residents are much more likely to describe their local economy as good or excellent than rural residents are. Although more than three-fourths of Whites said they were at least "doing okay" financially, less than two-thirds of Blacks and Hispanics did. And those whose incomes derive from part-time or erratic work report greater pessimism. In fact, so great is the stress among the 30 percent of American adults with variable incomes that three-fifths of such workers would prefer a hypothetical job with lower but stable pay over one with variable pay even if that variable pay ended up being higher.

2 Larrimore, Jeff, Alex Durante, Kimberly Kreiss, Christina Park, and Claudia Sahm. (May 2018) *Report on the Economic Well-Being of US Households in 2017*. United States Federal Reserve Division of Consumer and Community Affairs. Washington, DC.. https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf

01 Current state–and desired future state–of financial security in America

nLIFT member organizations generally exist to serve the kinds of people most likely to describe themselves as "not doing okay:" working low-paying jobs with erratic schedules and incomes, under-insured, excessively rent-burdened, and more likely to face subtle or overt discrimination in hiring, credit, and other financially important decisions. We seek to serve customers who have been historically left out of the financial mainstream through a variety of means *(see pages 11-14)* with access to safe, affordable, and responsible financial products and services.[3] Because of that focus, our work can accurately be described as relating to *financial inclusion*.

3 We recognize that this is not the only perspective on financial inclusion (e.g., other definitions stress the importance of access to a *full range* of safe, affordable, and convenient financial services).

Our definition of financial security: A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.

Adapted from Consumer Financial Protection Bureau

And now an important word about means versus ends. nLIFT member organizations all work to expand *financial inclusion*, but we do so as a first step, an essential on-ramp, toward helping those same customers build *financial security* —which is the ultimate goal.

As noted earlier, financial security is a complex phenomenon. As important as it is to have safe and responsible financial services, people need many other things to achieve financial security: a job or other reliable source of income, safe and affordable housing, reliable and affordable transportation, and affordable health care, to name a few. Financial security can require the ability to navigate through a sophisticated and sometimes confusing financial landscape. It can require heroic resistance to a powerful and all-pervasive consumer culture that glorifies living beyond one's means and other financial behaviors historically understood to be injurious.

A recent MetLife Foundation/Gallup study[4] found little correlation between financial inclusion and financial security. That result reflects what nLIFT members believe based on our long years of first-hand observation: being banked isn't enough. Merely having a bank account is not the same thing as true financial inclusion, and will not by itself bring about financial security. The United States, after all, is 95 percent "banked" yet two-thirds of the MetLife/Gallup study's U.S. respondents were either "stretched" or outright insecure. nLIFT believes that this reality underscores the importance of financial inclusion efforts aimed at those who have historically been ill-served or outright excluded from the financial mainstream, efforts to truly meet their needs with thoughtfully designed products, services and supports.

Although nLIFT recognizes that financial inclusion is only one piece of financial security, we hold that it is quite an important piece. For one thing, part of what it means to be low-income is that you have very little margin for error. Low-income Americans typically pay as much as 10 percent[5] of their total income just on fees for financial services. The lower the total number, the more it hurts to have 10 percent stripped away. Our financial inclusion work to connect low-income customers to safer financial products and to other vital services designed with their needs in mind (for example financial coaching) is thus a matter of urgency.

More profoundly, we believe that a powerful psychological shift takes place when people get tools that enable them to exert more control over their financial lives. Money is more than math. It affects, and is affected by, every important aspect of a person's life: their self-perception, their family relationships, their education, their job prospects, their ability to plan and imagine the future. All of these things have a complex dynamic interplay: change one, and the others change in response. But money connects them all, and having a sense of agency over your financial life means having a sense of agency over your life generally. We believe this in part because we have seen it in reverse: we have seen every day the corrosive effect that chronic financial stress has on our low-income customers, how difficult that stress makes it to focus on anything except the constant pressure of the moment. Having the tools to break out of that trap and start taking control of your financial life can be the break in the logjam that makes a future orientation possible—which in turn makes all the difference.

In sum, while we members of nLIFT acknowledge that financial inclusion is not the only necessary precondition for the ultimate goal of financial security, we hold that it is a critical element. It is one on which each of our organizations has keyed in and committed to, as a necessary building block toward financial security. It is where we believe that the fintech industry has a game-changing role to play. And it is in that intersection—of financial inclusion with fintech—that nLIFT sees a game-changing role for ourselves.

4 Gallup Inc. (May 2018) Gallup *Global Financial Health Study: A 10-Country Survey to Measure Financial Control and Security.* Washington, DC: Gallup Inc. with support from MetLife Foundation and Rockefeller Philanthropy Advisors. https://news.gallup.com/reports/233399/gallup-global-financial-health-study-2018.aspx

5 United States Postal Service Office of the Inspector General. (2014). *Providing Non-Bank Financial Services to the Underserved.* Arlington, Virginia: Office of the Inspector General of the United States Postal Service, January 27. https://www.uspsoig.gov/sites/default/files/document-library-files/2015/rarc-wp-14-007_0.pdf

The direction fintech will take
depends on who designs it.

02

Current state—and desired future state—of fintech in America

Technological innovation in financial services, or fintech, creates a powerful opportunity to expand financial inclusion by delivering better-designed products at larger scale and lower cost. Fintech-enabled tools enable users to move money quickly and easily across time and place, to obtain credit almost instantaneously, to budget and manage money more effectively, to research financial issues or get quick answers to financial questions, to insure against a wide range of risks, and to save and invest (and monitor those savings and investments) more easily.

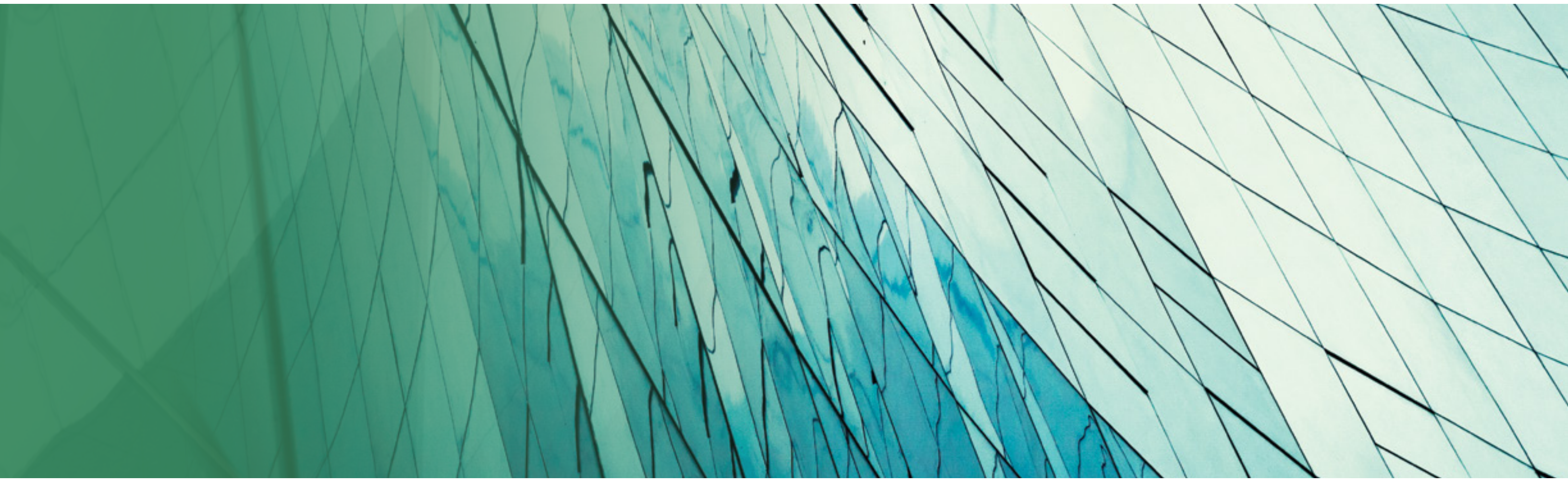
Fintech has generated excitement all over the world. Perhaps the best known example remains Kenya's M-Pesa, the mobile money service launched in 2007 which 10 years later—now that 96 percent of households have at least one M-Pesa account—is credited with lifting 2 percent of households out of extreme poverty, by facilitating small business growth and improved financial behaviors, especially easier and safer savings.[6]

But like any technology, the direction fintech will take depends on who designs it, for what purpose, and its creators' incentives, which in turn depend in large part on their operational and financial models and the broader policy structure. In the US, fintech investment topped $14 billion in the first half of 2018 alone, a 16 percent increase over the previous half-year.[7] According to Deloitte,[8] despite some recent increases in levels of private equity and debt financing, venture capital remains by far the primary source of funding for fintech startups in the US. Deloitte data also shows that a lot more activity has been coming from later-stage funding rounds, and that IPOs and acquisitions are also on the rise.

In short, the data shows a market that is maturing even as rapid growth continues, one in which fintechs are under considerable pressure to demonstrate resilient business plans and to point to real-world market results comparable to those of public companies. So perhaps unsurprisingly, in the US fintech remains largely focused on expanding choice and convenience for consumers who are already part of the financial mainstream. This seems to nLIFT a seriously missed opportunity, especially considering the success of fintech at expanding financial inclusion in emerging markets where there is some space for non-profit-maximizing models and where incentive structures can thus be very different.

nLIFT members believe that that space for alternative models must be encouraged in our own country. We are hardly alone in this view; it is shared not only among others in our nonprofit orbit but also by some of the world's best-known tech leaders. As PayPal CEO Dan Schulman wrote in a recent *Wall Street Journal* article "financial technology companies, governments, and social-sector organizations must work together to deliver innovative services that reduce costs, increase convenience, and strengthen spending power for people and businesses around the globe. If we do this, we all stand to profit from the growth and prosperity that will result."[9]

6 Tech Central. *How M-Pesa Transformed Kenya's Economy*. January 5, 2017. https://techcentral.co.za/how-m-pesa-transformed-kenya/70942/
7 KPMG. *The Pulse of Fintech*. July 31, 2018. https://home.kpmg.com/us/en/home/insights/2017/02/the-pulse-of-fintech-archives.html
8 Eckenrode, Jim and Sam Friedman. (2017) *Fintech by the Numbers*. New York, Deloitte. September. https://www2.deloitte.com/tr/en/pages/financial-services/articles/fintech-by-the-numbers.html
9 Schulman, Dan. "PayPal's CEO says most people around the world are underserved by the financial-services industry." *Wall Street Journal*, January 17, 2018. https://www.wsj.com/articles/dan-schulman-on-shifting-from-financial-inclusion-to-financial-health-1516201094



02 Current state–and desired future state–of fintech in America

We at nLIFT share a sense of urgency about getting on with this "working together" sooner rather than later. We are mindful that fintech is not immune to path dependence, which describes how the set of decisions an industry faces for any given circumstance is limited by its past decisions and experiences, even though past circumstances may no longer be relevant. More simply, as the old proverb puts it, we believe that as the twig is bent so shall the tree grow. Our view is that the longer fintech in the US remains exclusively or even primarily a means to make financial transactions marginally more convenient for affluent customers, the harder it will be to change course or expand to new purposes.

Fintech may be relatively new, but mission-driven finance is not. Indeed, history shows that whenever financial systems have advanced toward inclusion, nonprofits have been part of that expansion, extending products and services to excluded populations and influencing policies that improved the broader financial system. Consider, for example, the credit union movement's role in extending credit to rural communities and urban workers, the role of community development financial institutions in rebuilding local economies, and the launch of the global microfinance industry.

We are not opposed to profit per se. We note that many mission-driven financial players are in fact profitable (with the important difference that those profits are returned to members or used to grow the business) and, further, that history offers many examples, especially from the Information Revolution, of profit-maximizing businesses that have had major beneficial social impact. But we believe that ultimately, the mission makes the difference.

nLIFT seeks to build on the proud history of mission-driven finance and carry that work forward into the fintech era.

What does nLIFT mean by "fintech?"

Fintech, or technology innovations used to support or enable banking or financial services, can take many different forms. Much of the investment flowing into fintech is directed at blockchain. Fintech also describes the range of technology-enabled consumer-facing products and services (whether payments, savings, investments, insurance, or other product or transaction type). Fintech can also take the form of technology-enabled improvements to back-end systems that enhance operational efficiencies. nLIFT uses the term "fintech" in the most expansive sense. As described in section 05, our own fintech models include both customer-facing experiences and operational tools that improve our own operations, allowing us to serve our customers better.

03

How we get there from here?

The fintech and nonprofit sectors have much to learn from each other, but they don't necessarily share a vocabulary or worldview. nLIFT can be an effective interlocutor between those two cultures.

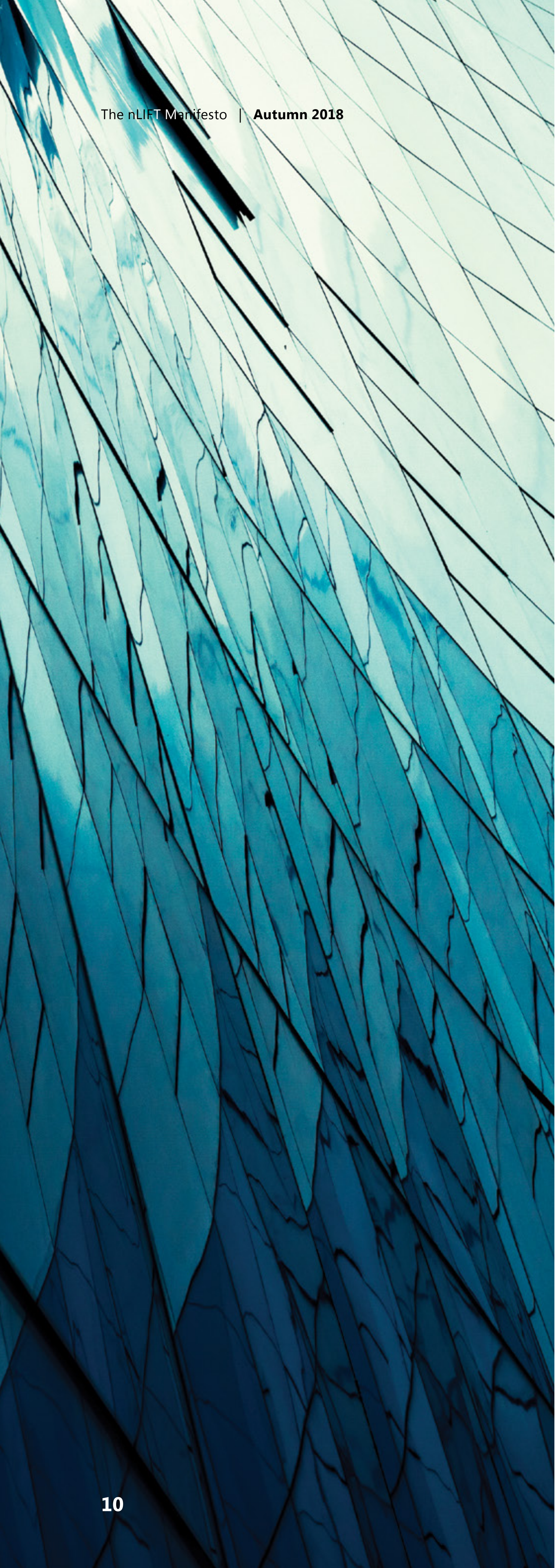
We start with a picture of the type of society and economy that we want: one in which every American can achieve a lasting sense of *financial security*, or what the Consumer Financial Protection Bureau calls financial well-being and defines as "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life."[10] We then envision a technology landscape that increases access to financial services for people at all income levels. We envision that landscape as one that enables people to find appropriate products and services that meet their financial needs, to engage with financial coaches to help guide their decisions, and to build a stronger foundation of income and assets.

nLIFT imagines several ways to approach the important task of harnessing the power of fintech to advance financial inclusion. We want to work with the nonprofit sector to help it embrace technology effectively. Our own organizations have all pursued various fintech initiatives successfully *(see section 05),* and we have practical wisdom to share. We also want to work with the tech sector and share with them our deep understanding of the financial lives and needs of low- and moderate-income Americans. Field-wide conversations and "big data" will facilitate our vision for systems change: by promoting promising practices, informing and building products that meet the needs of low- and moderate-income people, and generating insights for the policies that will be necessary to build financial inclusion and security at scale. nLIFT members leverage data to identify obstacles, investigate solutions, challenge assumptions, and partner with stakeholders at all levels to create lasting systemic change.

We believe that both sectors, fintech and nonprofit community-based organizations, have much to learn from each other, but they don't necessarily share a vocabulary or worldview. As mission-driven nonprofits who also have proven track records with fintech plays, nLIFT can be an effective interlocutor between those two cultures. We want to use the trust we have built with our low- and moderate-income clientele to ensure that their voices are heard: that the products, channels, messages, and metrics that mission-driven fintech develops will reflect *their* needs and *their* goals. We seek to ensure that fintech's promise is used to deliver to them what they really need and want, not what the supply-side players *assume* (absent any real demand-side market intelligence) that they need, or think they *should* want.

nLIFT also imagines working with impact investors and donors to shape smart and effective grant-making and program-related investment strategies. Finally, we want to work directly with policymakers to ensure that attention and resources are directed to our vision: making sure that fintech evolves in a way that benefits low- and moderate-income American households.

10 CFPB (September 2017) *Financial Well-Being in America*
https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201709_cfpb_financial-well-being-in-America.pdf (p 13)



04

nLIFT
Nonprofit Leaders in Financial Technology

THE ASPEN INSTITUTE

nLIFT: Who we are, what we do, why us, why now.

Nonprofit Leaders in Financial Inclusion, or nLIFT currently comprises seven of the most respected nonprofit organizations in the nation working in the fields of technology and financial inclusion. We have joined forces to ensure that the fast-growing fintech industry evolves in directions that benefit low- and moderate-income Americans. The Aspen Institute serves as nLIFT's host and convener.

COMMONWEALTH
Headquarters:
Boston, Massachusetts
Programmatic footprint: National
Year established: 2001 (as D2D Fund)

Collaborates with consumers, the financial services industry, employers, policymakers, and other mission driven organizations to build solutions that make wealth possible for everyone. Through innovations such as prize-linked savings, financial capability games and apps, tax time saving policies, and employee benefits tailored for low-income workers, Commonwealth's efforts have helped 500,000 Americans to save more than $750 million since 2001. ***buildcommonwealth.org***

EARN
Headquarters:
San Francisco, California
Programmatic footprint: National
Year established: 2001

EARN's savings technology and programs support working families in setting aside the savings they need to achieve financial security. EARN's flagship platform SaverLife.org combines financial rewards for saving with motivational digital financial coaching, to encourage a regular savings habit and help families build a financial cushion. SaverLife.org currently serves more than 100,000 members across all 50 states. ***earn.org***

THE FINANCIAL CLINIC
Headquarters:
Brooklyn, New York
Programmatic footprint: National
Year established: 2005

Pursues an integrated strategy combining direct service, capacity building with other nonprofits, and systems-level solutions and social innovations. To date, the Clinic has put nearly $80 million back in the pockets of more than 48,000 customers, supported more than 460 organizations in 42 states and districts to embed financial security actions into their program models, and successfully launched several policy campaigns in support of working poor families. ***thefinancialclinic.org***

MISSION ASSET FUND
Headquarters: San Francisco, California
Programmatic footprint: California, with collaborations with nonprofits nationwide
Year established: 2007

Helps low-income and immigrant communities build credit and pay down debt. With mobile, web, and SaaS apps, MAF clients can easily apply for zero percent interest, credit-building loans; track their FICO credit score; get updates about loan payments; and take financial education classes on the go. These technologies are the backbone for a nationwide network of more than 50 nonprofit organizations in 17 states and Washington, DC, that have enabled more than 15,000 people take their financial lives to the next level. ***missionassetfund.org***

MyPATH
Headquarters:
San Francisco, California
Programmatic footprint: National
Year established: 2011 (year spun off as independent entity from parent credit union)

MyPath puts low-income youth and young adults on a path to upward economic mobility by supporting them to bank, save, and build credit while they are earning their first paychecks. Leveraging technology, the power of peers, and personal goal-setting, MyPath's models support young people to transform their first income streams into personal and financial growth, creating first generation savers and credit-builders. The MyPath Money platform enables users to engage with interactive money management modules via desktop, tablet, or mobile phone, and supports MyPath partner site staff to plan, deliver, and track outcomes for MyPath Savings. ***mypathus.org***

NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS
Headquarters: New York, New York
Programmatic footprint: National
Year established: 1974

Helps low and moderate-income people and communities achieve financial security and independence through the responsible products and services of community development credit unions. CU Impact is a specialized shared banking platform to scale the delivery of innovative products, create economies of scale, and increase operational capacity of locally-owned and -controlled financial institutions in low-income and underserved communities. The Federation works with its technology partner to customize the banking platform to support community development credit unions to advance their social missions targeting underserved consumers with innovative products and services. ***cdcu.coop***

NEIGHBORHOOD TRUST FINANCIAL PARTNERS
Headquarters: New York, New York
Programmatic footprint: National
Year established: 1997

Empowers workers to take control of their finances and achieve financial health. With more than 20 years of financial counseling experience, Neighborhood Trust blends trusted financial guidance with innovative technology solutions and actionable financial products to help workers' paychecks go further. Partnering with more than 50 financial institutions, employers, business associations, fintechs and community-based organizations to embed its services where workers get paid, access financial services and make financial decisions, Neighborhood Trust reaches more than 10,000 low- and moderate-income workers across 29 states annually. ***neighborhoodtrust.org***

05

Mission-Driven Fintech: Some Examples

nLIFT members are already leading innovative work to apply the power of fintech for the benefit of low- and moderate-income Americans. Our members average 17 years of working directly in low- and moderate-income communities. We place those communities at the center of our work and we understand their needs and how they engage with financial products and decision-making. Some examples of our fintech work involve user experience (UX) design, where nLIFT members draw upon decades of experience working with marginalized consumers to deliver tech-enabled financial resources that meet their needs. Other examples include tech-enabled B2B partnerships or data mining and analysis to advance understanding of financially vulnerable people and their priorities.

COMMONWEALTH

UX: "Ramp It Up" app

Commonwealth assembled a panel of low-income teen advisors to help design a game to promote financial readiness for college. The resultant app, Ramp It Up, has proven popular, with nearly 80 percent of young users saying they would recommend it to a friend. Ramp It Up has also demonstrated positive impact on players' knowledge and confidence about how to pay for college, results that appear consistent across gender, race, and ethnic lines.

B2B: Scaling through Industry Partnerships

Commonwealth and prepaid innovator BankingUp collaborated to launch Rainy Day Reserve, a groundbreaking web and mobile feature designed to help prepaid card users build and use emergency savings. Eighteen months after launch, more than 7,100 BankingUp cardholders (16.5 percent) were using the feature - despite no financial incentive and little marketing. Commonwealth also worked with WalMart and Green Dot to design another emergency savings tool, drawing on years of prize-linked savings research. WalMart MoneyCard holders saved more than $600 million in the first year after Prize Savings was introduced, and overall use of the underlying saving tool (the Vault) soared 274 percent.

PHOTO FROM EARN.ORG

EARN

UX: Relaunching "Starter Savings Program" as "SaverLife Community"

Early data from the 2016 launch of the "Starter Savings Program" showed a puzzling trend: tens of thousands of the target low-income demographic had signed up but were not saving. Further research and analysis revealed that the appeal of the program was strong and that even people who were not yet ready to save wanted to be part of a community that supported that aspiration. EARN rebranded Starter Savings Program as the SaverLife Community and added a wider range of information and resources to support and encourage customers at different points of the financial journey. After the relaunch, conversion rates of enrollees to actual savers increased by more than 300% (from 14% to 58% of total enrollees) in just six months.

Data: Big Data on Small Savings

Data aggregation technology enables EARN's online savings platform to generate a unique dataset from more than 100,000 SaverLife members: economic, demographic, and psychosocial datapoints and real-time transactional data. Along with providing a solid basis for future product development, EARN's data drives important research efforts, including a monthly insight series called Big Data on Small Savings that unearths rich insights into the financial lives of low-income households and provides data-driven perspectives on what works in helping individuals develop financial security.

THE FINANCIAL CLINIC

Partnership: Urban Institute and Consumer Financial Protection Bureau

Through its Change Machine digital financial coaching platform, The Financial Clinic provided the data that formed the basis for a landmark study commissioned by the Consumer Financial Protection Bureau and carried out by the Urban Institute. Using the Clinic's data, the study found that low-income people, even those on fixed incomes, are able to save ($1,721 on average for those that the Clinic coached) and that financial coaching correlated with less debt ($1,009 less on average for those coached by the Clinic). This study is widely regarded as having put financial coaching on the map as a credible intervention and as having set performance standards for other practitioners.

Policy: Refund529

Change Machine data provided strong evidence that innovations that enabled people to save at tax refund time created multiple positive outcomes, including reduced debt loads and improved credit scores. Confident that low-income households could benefit from a direct tax refund toward education savings, the Clinic proposed and advocated for a "right place, right time" savings program. New York governor Andrew Cuomo signed Refund529 into law in 2016, allowing New Yorkers to direct-deposit a portion of their refunds directly into a 529 college savings account. An estimated 280,000 filers will contribute more than $6.5 million by 2021.

PHOTO FROM THEFINANCIALCLINIC.ORG

MISSION ASSET FUND

UX: Digitizing informal lending and savings circles

Many recent immigrants to the US participate in the kinds of small informal neighborhood lending circles that are widespread throughout Africa, Asia, and Latin America. Such groups are a way for trusted friends and neighbors to borrow and lend small amounts to each other, and have helped hundreds of millions of people all over the world to pursue financial goals. MAF's innovation was to create a platform to formalize the time-honored practice by having clients sign promissory notes, keeping digital records, and reporting financial transactions to credit bureaus, thus helping participants build credit scores so that they can access other financial services.

PHOTO FROM TMISSIONASSETFUND.ORG

Partnership: Philanthropic and immigrant organizations (multiple)

For years, MAF has provided zero-interest loans to young immigrants eligible for Deferred Action for Childhood Arrivals, or DACA, status to help them pay the $495 application fee. When the Trump Administration announced termination of DACA, hundreds of thousands of youth had just a month to renew and to cover a large unexpected expense. MAF quickly built partnerships with multiple philanthropic and immigrant organizations to convert the loans to grants and to increase dramatically the number of people it could serve with the clock ticking. MAF's technology infrastructure allowed it to create the new grant-based product, announce the campaign, and launch a website within days of the Administration's announcement, and to disburse $4.1 million to more than 10,700 young immigrants nationwide in a single month.

MAF

MyPATH

my path

UX: MyPath Money

MyPath engaged low-income youth as ongoing design partners and beta testers in designing MyPath Money, a digital platform that combines goal-setting, savings, and credit building for youth earning their first paychecks. The youth engaged in the design phase shared everything from how they preferred to access it (online versus mobile) to how to introduce money management practices in a way that would resonate with their peers. Because of its youth-centered design process and integration of youth-friendly accounts and direct deposit, the tool has enjoyed high engagement and strong impact. An outside study demonstrated 95 percent of youth open accounts, and 85 percent of MyPath Money participants meet their savings goals, saving an average of 30 percent of income.

Policy: Workforce Investment and Opportunity Act

MyPath's banking, saving and financial confidence outcomes data (from a quasi-experimental design study published by the Journal of Consumer Affairs and the Federal Reserve Bank of San Francisco) and the engagement of young adult participants in an advocacy effort drove public agencies, including the United States Department of Labor (DOL), the United States Department of Treasury, and the Consumer Financial Protection Bureau, to take a look at youth banking and savings and its integration into youth employment systems. Ultimately, the DOL included a new financial literacy requirement in the reauthorization of the Workforce Investment and Opportunity Act, thereby incentivizing the integration of banking access standards and financial capability programming into youth employment initiatives across the country.

ILLUSTRATION FROM CDCU.COOP

NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS

UX: Designing a mobile banking app for low-income and underserved consumers

Working with end users and staff from its member credit unions, the Federation explored the challenges for low-income consumers in adopting mobile banking technology. They found that for many of the end users who stood to benefit from this time-saving tool, "fear of getting it wrong" held them back: information overload and multiple options for products and transactions overwhelmed them. In the redesigned app, the user interface is streamlined and the most common transactions and needs are prioritized. Consumers in the beta test are providing important insights into its ease of use.

Data: CU Impact and efficiencies of scale

The Federation's customized shared core platform, CU Impact, provides member credit unions with robust back-office accounting, processing, and compliance support as well as data analytics to better understand and report on low-income and credit-challenged borrowers' progress. Armed with the enhanced data, credit unions can provide incentives and supports to improve their customers' financial security. Moreover, data analytics can more readily identify the products and services that build greater financial well-being and can target those facing challenges with outreach for counseling and support.

NEIGHBORHOOD TRUST FINANCIAL PARTNERS

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UX: Trusted Advisor

Trusted Advisor is a workplace-based employee benefit that blends financial guidance, a user-centric technology platform, and innovative products to help workers reduce debt and save. After launching the product in 2012, Neighborhood Trust learned over time that the true customers for the product were each workplace's HR department, and that the barriers to uptake largely involved those departments' operational challenges—not lack of end-user demand. So Neighborhood Trust invested heavily in the technology needed to deliver a lighter-touch model that reduced the operational burden, solved for pain points, and worked around clients' busy schedules. The result is a more nimble, tech-enabled service, customizable for a range of settings and industries, which launched in 2017. Trusted Advisor now serves 38 customers in 29 states, and is working with fintechs Flexwage and SelfLender to link counseling to products.

Partnerships: Pathways to Financial Empowerment

Delivered as a partnership between Neighborhood Trust and the National Federation of Community Development Credit Unions, Pathways integrates financial counseling into credit union operations. Pathways trains credit union staff to provide best-in-class, data-driven financial counseling, ensuring that low- and moderate-income families' goals are linked to safe and relevant financial products that can improve financial health. Over the last three years Pathways has reached nearly 4,500 customers via 16 credit unions in 12 states, and reduced $2 million in consumer debt.

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Where do we go from here?

We believe that now is the moment for sustained and intentional collaboration. nLIFT envisions all stakeholders—nonprofits, fintechs, donors, investors, policymakers, opinion leaders, the general public, and customers, especially low- and moderate-income customers—coming together now, in focused and fruitful dialogue and cooperation, to ensure that we fully leverage fintech's tremendous untapped potential to expand financial security. All of us have roles to play.

> Technology costs money. The task should be to figure out how to raise it, not how to get nonprofits to do without it, or low-income consumers to settle for less.

Building technology that tackles big social problems and honors millions of financially vulnerable people requires not just new operating models but also bold new financing and investment models. Fintech finance requires a patient and long-term strategy, with significant investment to develop the model, test and refine it, and then take it to scale. Consumer-facing products require constant maintenance and frequent upgrades. All of this takes money.

That is true whether the target market is low- to moderate-income or more affluent. We believe that underserved communities need and deserve high quality, non-predatory and well designed products whose functionality, security, and user experience are as robust as those aimed at more affluent customer segments. Yet nLIFT's experience is that nonprofits must often try to develop robust fintech models for our clientele, and take those models to scale, without the resources required.

So nLIFT envisions a market-making and level-setting role for donors. That role is essentially the same role that donors played, via CGAP and other multilateral consortia, for mission-driven financial services in developing countries starting in the 1990s. The task is to fund research and development, define and promote industry best practices, and set expectations. This starts by acknowledging that technology costs money, and that the task should be to figure out how to raise it rather than how to get nonprofits to do without it, or low-income consumers to settle for less.

We also see a key role for socially responsible impact investors. Most impact investors pursue a "double bottom line," seeking not just financial but also social return on investment. Financial returns are easy to measure; social returns, less so—but as the saying goes, what matters gets measured. Much work is already underway to develop meaningful metrics for social returns in a variety of sectors, including fintech, so that both halves of the double bottom line can actually be measured. Here, too, we believe that nLIFT can bring its collective wisdom to bear. Our fintech platforms and programs are generating successful outcomes and creating significant, measurable change for the communities we serve.

nLIFT members are integrating technology into our mission-driven work to provide services to low-income consumers and to identify and solve problems that may never be solved otherwise—not by the private sector, other social service actors, or even by government. We believe this uniquely positions nLIFT to put forth this call to action to all stakeholders to work together to ensure that fintech lives up to its historic potential. The possibilities are truly transformative. The task is urgent. The time is now.


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nLIFT Manifesto:
Five Core Beliefs

1. We believe that financial security—a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future and is able to make choices that allow them to enjoy life—benefits not just the individual but society as a whole.

2. We believe that greater financial inclusion—connecting more consumers who have been historically left out of the financial mainstream to safe and responsible financial products and services—is a necessary precondition for financial security.

3. We believe that fintech—technology innovations used to support or enable banking or financial services—is a powerful means to the end of financial inclusion, and thus by extension to the greater end of financial security.

4. We believe that fintech's potential to expand financial inclusion and to improve the security of historically marginalized or excluded people is unlikely to be realized without sustained, intentional, and expert participation from entities that serve such people every day.

5. We believe that we, the members of nLIFT, can play that expert role and that we have an obligation to do so.

FULFILLING THE PROMISE OF FINTECH:

The Case for a Nonprofit Vision and Leadership

The nLIFT Manifesto

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