FOCUS ON FINANCIAL HEALTH:

Key Steps to Building a Successful Credit Union Financial Coaching Program

/ inclusiv /

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FINANCIAL COACHING CLIENT PROFILE

Based on Pathways to Financial Empowerment 2022 Data

Introduction

Focusing on financial health is deeply connected to the purpose and structure of a credit union. As non-profit cooperatives established to serve people of "modest means," the credit union movement is meant to deliver banking services and credit to individuals and families who are managing with limited financial resources and navigating complex financial waters. These households are often seeking guidance as they come into credit unions to transact, borrow, and save.

Providing education to members is a central tenet of cooperativism, and credit unions deliver on this commitment by offering a range of support services including financial coaching and counseling, financial education classes, free tax preparation, and digital financial tools. This constellation of services meets members where they are – whether that's online, in a class at their workplace, or at a school workshop – and provides them with information and tools to improve their financial health. However, when individuals and families are facing financial stumbling blocks or trying to map a path to their longer-term financial goals, one-on-one support through coaching is the most effective tool to make meaningful progress and improve financial health.[1] Changing financial behaviors and overcoming systemic barriers is not simple – often individuals and families seeking support have faced longstanding credit challenges, have limited savings, or have never gotten a traditional loan and don't know where to begin. These are complex problems and goals that require the skilled, individualized support that coaching provides to make progress.

The need for financial coaching remains high at this time, as household financial well-being has been trending downward in the past two years. As COVID-related financial supports ended, the percentage of adults reporting they are financially "okay" declined from 78% in 2021 to 73% in 2022, the lowest rate since 2016.[2] And financial well-being rates were substantially lower for Black and Hispanic adults with just 64% reporting they are financially okay. Household savings have also declined since the historic highs seen during the pandemic. The percentage of households who could cover a $400 emergency expense with cash alone declined from 68% in 2021 to 63% in 2022.[3]

Income

The median income of a client entering financial coaching is $30,000.

Savings

68% of clients have less than three months of expenses saved.

Credit

71% of clients enter coaching with a subprime credit score. The average client score is 616.

Debt

Clients have a median total debt over $25,000 comprised primarily of student loans and consumer debt.

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[1] *Financial coaching: A strategy to improve financial well-being, (CFPB, October 2016). https://www.consumerfinance.gov/data-research/research-reports/financial-coaching-strategy-improve-financial-well-being/*
Diana Elliott, Brett Theodos, Daniel Teles, Adaeze Okoli, and Benjamin Docter, An Evaluation of the $tand By Me® Financial Coaching Program (Washington, DC: Urban Institute, 2020). https://www.urban.org/research/publication/evaluation-tand-mer-financial-coaching-program
Scaling Financial Coaching: Critical Lessons and Effective Practices (NeighborWorks America and Citi Foundation, 2013), https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/news100713.pdf?ieNocache=251
[2] *Economic Well-Being of U.S. Households in 2022, (Federal Reserve Board, May 2023), https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-executive-summary.htm*
[3] *Economic Well-Being of U.S. Households in 2022.*

Household financial well-being is declining. The percentage of households reporting to be financially "okay" declined to 73% in 2022.

Support with building savings and overall financial health is something consumers have come to expect from their financial service provider and, as a result, some mainstream banks have rolled out coaching programs or, more commonly, digital tools aiming to meet this demand from their customer base. Credit unions have also heard and responded to this critical need. Over the past 5 years, the percentage of credit unions offering financial counseling or coaching in-house or through partners has grown by 8%, with room for additional growth as new credit unions step up to meet members' support needs.[4] Further, as large-scale federal investments make their way into the credit union field, including the CDFI Emergency Response Program, US Treasury Emergency Capital Investment Program, and the upcoming Greenhouse Gas Reduction Fund awards, credit unions will need be able to use these resources to expand offerings to their communities while ensuring that their lending remains accessible to and focused on the low-income households these programs are legislatively designed to reach. Coaching is an effective tool for reaching and successfully lending to low-income households and families with less experience with traditional finance.

In the past 5 years, the percentage of credit unions delivering financial counseling to their members has grown from 38% to 46%.

Inclusiv has been a long-time advocate for integrating financial coaching into credit union operations, thus providing credit union members with responsible credit products and the tools to access and use credit to improve their financial lives. In 2014, we fielded a national survey on financial counseling and coaching in credit unions and based on its findings, worked together with Neighborhood Trust Financial Partners to develop a solution for credit unions nationwide to support the delivery and track the impact of their financial coaching, called Pathways to Financial Empowerment.[5] Since Pathways' launch, we have worked with over 40 credit unions and their partners to launch and track the impact of coaching programs.

The analysis of Pathways data demonstrates that credit union coaching is effective in improving and establishing credit scores, decreasing harmful debt, and helping members access new products at their credit union. We've also seen how financial coaching can help credit unions expand membership in new parts of their communities and responsibly lend more deeply in their local markets by preparing individuals with little or no credit to safely borrow.

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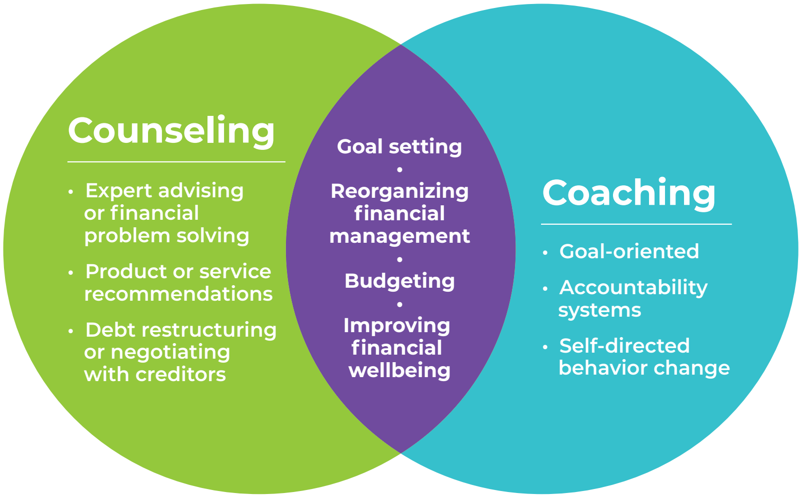
[4] Based Inclusiv's analysis of National Credit Union Administration Call Report data from 2018 through Q2 2023.
[5] See Financial Counseling in Credit Unions: A Survey of the Field, (Inclusiv and Neighborhood Trust Financial Partners, 2015), https://inclusiv.org/financial-counseling-in-credit-unions-a-survey-of-the-field/
[6] See Pathways to Financial Empowerment: Social and Financial Impact Brief, (Inclusiv and Neighborhood Trust Financial Partners, 2019), https://inclusiv.org/pathways-impact-brief/

Pathways credit unions and partners have coached over 18,000 people, 58% of whom improved their credit score by an average of 39 points.

In 2023, Inclusiv launched the Financial Empowerment Learning Center to train credit union staff on best practices in the integration of coaching into credit union operations. In our first year of operations, Inclusiv trained more than 90 staff from 65 credit unions through the Center, ten of which are part of a grantee cohort sponsored by the National Credit Union Foundation. Inclusiv has distilled the best practices in developing financial coaching programs from the credit unions we've worked with over the past decade into the Financial Empowerment Learning Center courses and tools. This resource brief is an introduction to the Financial Empowerment Learning Center's approach and is meant for credit unions who are exploring building a financial coaching program in-house, as well as credit unions that have a small or informal program and are seeking to build it into a more robust service. The best practices we share here can help your credit union avoid common pitfalls and work efficiently toward leading your own high-impact financial coaching program that meets the needs of your community. For credit unions excited by this brief and ready to take a deeper dive, we include information on how you can take move forward with the in-depth courses provided by the Financial Empowerment Learning Center and tools such as Pathways to Financial Empowerment.

Financial Counseling or Financial Coaching?

Both financial counseling and financial coaching are provided by trained staff, primarily one-on-one, though sometimes in small groups, to individuals with a goal of improving financial health. Financial counseling is typically focused on shorter-term problem solving, such as resolving a debt in collections or working toward approval for a loan. Financial coaching is typically longer-term and takes a more client-driven approach to change behavior to reach goals. Both services are valuable and effective ways to help members.



In our Financial Empowerment Learning Center courses, Inclusiv's focus is on "financial counseling with a coach approach," meaning primarily financial counseling with elements of coaching.

Most people who seek support at credit unions are facing immediate challenges that require the kind of expert advising and, at times, product recommendations that counseling offers. Several elements of coaching can strengthen counseling and reinforce the autonomy of the individual seeking help, such as client-driven goal setting. We commonly use the coaching term to reflect this ethos of client-centered design, though Inclusiv supports credit unions with counseling and coaching programs and those with services that blend the two approaches.

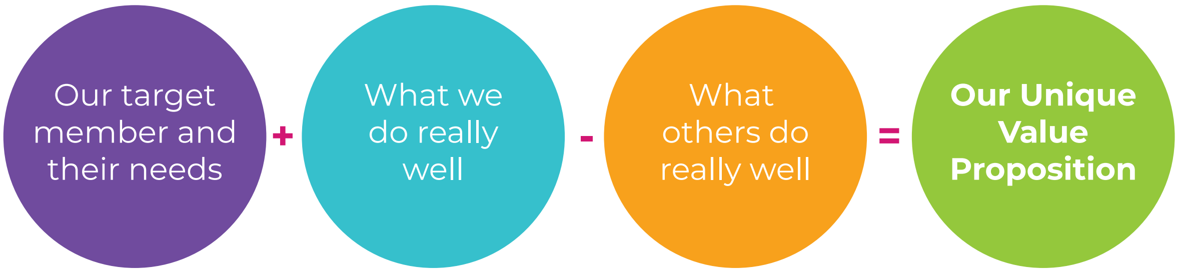
Is Your Credit Union Ready to Build a Financial Coaching Program?

Before your credit union takes on building a financial coaching program in-house, it's important to assess the "fit" of financial coaching at your institution and in your community, as well as your credit union's readiness. Below, we outline three key questions to evaluate if coaching is something that your credit union can and should take on or whether you may need more time to become ready.

1: Will financial coaching contribute to your credit union's unique value proposition?

Financial coaching can be a differentiator between your credit union and "the competition," by offering that extra support that so many individuals and families are seeking as they navigate complex financial decisions. Before building a program, take the time to confirm that coaching will build on your credit union's strengths and be a unique offering in your community.

Unique Value Proposition



A coaching program should grow out of what your credit union does well. For instance, is your credit union viewed as a resource for underserved populations in your community? Does your credit union already have a strong financial education program? Financial coaching can be a natural next step to expand your service offerings in the community.

If there is a local, nonprofit organization currently providing high-quality coaching, partnering to connect members to their services may be a more efficient way to deliver coaching to your members than building a program from scratch. Partnering is not simple and may not be the right solution, but it's worth it to research what exists in your community and evaluate if a strategic partnership could be beneficial to both organizations. If there are no nearby providers well-suited for partnership, and/or your credit union wants a deeper integration of services than partnership can provide, your credit union can move forward confident that you're not replicating existing offerings but instead strengthening your credit union's value proposition and providing a needed service.

2: Do you have the buy-in you need to begin?

The motivation to start an in-house coaching program at the credit union can start anywhere; it can begin with an inspired CEO, a motivated community outreach leader, or a loan officer with a vision. Regardless of where the idea starts, to get a program off the ground, support for that idea needs to spread. This does not mean that every person on staff at the credit union needs to be on board. There will always be champions and those who may be along for the ride, but it's necessary to have a critical mass of support both among the leadership who need to approve the investment and among the key staff who are part of implementation. Below we provide a chart to help assess where your credit union is today.

	Strong	Moderate	Weak	Non-Existent
Leadership Support	Our leadership is fully supportive of providing financial coaching in-house.	Some but not all leaders are invested in the concept.	There is limited leadership buy-in at this point.	Leadership does not support building the capacity needed to provide financial coaching in-house.
Staff Support	Our implementation team is fully informed and enthusiastic about offering financial coaching in-house.	Some but not all of our implementation team is bought into offering financial coaching in-house.	Support among the staff who would be implementing financial coaching is fairly limited.	Staff are overloaded and/or do not support the concept of an in-house coaching program.

For many credit unions, it's simple enough to evaluate buy-in levels from the support or lack thereof voiced in program planning meetings. However, some credit unions, especially those with larger teams, also use tools such as anonymous surveying or in-meeting polls to get a more precise understanding of current buy-in levels. Credit unions with moderate or strong support from leadership and implementing staff are in a good place to get started, and then as the program grows, support should grow as well. However, if leadership or staff support is weak or non-existent, take the time to build that buy-in before attempting to launch a program into internal headwinds.

One of the most effective tools to build buy-in is data. Credit union leaders have used a wide variety of data sources to make their case, including community-level data on percentage of unbanked individuals or percentage of people in the community with subprime credit. Credit union-specific data can be even more powerful to make the case for coaching, such as information on the number of applicants denied for certain loan types, number of credit union members currently using payday lenders drawn from checking account data, or delinquency and loss data are all potentially compelling references for why coaching is needed and where it could be targeted at your institution. Setting up "peer learning" meetings or even site visits with credit unions that have established coaching programs can also be useful for skeptical staff to hear what a successful program looks like and begin to envision one within your own credit union.

3: Is Your Credit Union Ready and Able to Commit Resources?

Most coaching programs start small and grow over time. Still, your credit union will need to make an initial investment to get the program off the ground, and the most significant part of that investment is staff time. Though there are successful part-time models, we have found after working with dozens of credit unions that it's ideal to have at least one, dedicated full-time staff person. This can make the difference between an effective coaching program and one that never gets off the ground.

We recognize that dedicating a staff person is no small feat. However, it is a commitment that can pay off. As discussed above, our research has found that coaching can help grow membership, increase member loyalty, and safely expand the pool of borrowers at your credit union. Coaching can also help your credit union be more competitive for private and public sector funding, such as the US Treasury's CDFI Fund. Though credit unions can often feel pushed by boards or examiners to tighten their belts and limit lending to only the least "risky" borrowers, Inclusiv research has shown that is not a winning approach for credit unions. In fact, credit unions that lend deeply in their communities, intentionally reaching and serving borrowers underserved by mainstream financial institutions, outperform their peers. Inclusiv's analysis found that credit unions with a mission of community development that were certified as community development financial institutions (CDFIs) outperformed non-certified credit unions, across asset classes, on key financial performance indicators, including membership growth, asset growth, and return on assets.[7]

Inclusiv's research also found that CDFI credit unions' operating expenses are, on average, higher than non-CDFI credit unions. This is the result of several factors, including higher staff-to-member ratios as well as the invaluable support services that CDFI credit unions offer such as financial coaching; in 2022, 84% of CDFI credit unions offered financial coaching, compared to just 40% of non-CDFI credit unions.[8] Credit unions serving underserved communities provide these services to help members get the support they need to understand and succeed with the credit union's products. In other words, providing financial coaching does require resources – but it should not be seen solely as a cost center. It's an important component not only of a credit union's mission, but also can be a key part of financial success. CDFI credit unions outperform non-CDFI credit unions despite higher operating costs because they grow faster and lend more, safely and responsibly. These credit unions are investing in their members' financial health because they know that if their members do well, the credit union also does well.

Building an Implementation Plan

Once your credit union has affirmed that an in-house financial coaching program is a fit for your credit union, you can begin building an implementation plan using the key steps that we outline in the following pages: define the profile of your target members for coaching; identify the target products that connect to strategic goals and support members; create a staffing plan and budget; and outline a program evaluation plan to measure success.

Target Member

Financial coaching is a valuable service for all of your credit union members, but as your credit union is designing its program, **take the time to identify the profiles of 1-3 Target Members who you expect will most benefit from coaching services** and who your credit union is best positioned to serve. Identifying the Target Members will help your credit union be intentional about the design and marketing of your coaching program based on the specific audiences you're aiming to reach.

To ground the design of your financial coaching program, we provide a framework below that utilizes your credit union's strategic goals to determine the focus of your coaching. Using this framework, you can identify the goals within your strategic plan that financial coaching can advance and then begin to elaborate the Target Members for your coaching program and the Target Products those members may need.

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[7] See Terry Ratigan and Mia Deschamps, Inclusive Finance (Inclusiv, August 2020), https://inclusiv.org/2020-inclusive-finance-report/ for detailed analysis of CDFI credit union financial performance compared to their non-CDFI certified credit union peers.
[8] Based Inclusiv's analysis of National Credit Union Administration Call Report data from 2018 through Q2 2023.

TABLE 1. Integrating Goals, Target Members, and Target Products

A Credit Union Goals that Coaching can Support	B Pain Points in Reaching Goals	C Target Members' Characteristics	D What Products & Services Do These Members Need?
Example 1: Increase mortgage lending	15% of applicants are declined for home loans	• Employed, 3-4 person households • 30-40 years old • Insufficient savings • DTI ratios are too high	• Financial coaching to reduce debt and increasing savings • Dedicated savings account • Down payment assistance
Example 2: Expand membership with healthcare employer SEG group	Employees of SEG group don't understand the credit union's products	• New nurse and aide hires • English and Spanish speaking • High student loan debt burden	• Bilingual financial coaching to navigate credit union and manage credit & debt • Checking accounts for direct deposit • Small dollar loans for initial uniform costs
Example 3: Increase used auto loans	• Lack of awareness of used auto loan product among members • 20% of applicants denied due to credit issues	• Employed individuals • Damaged credit history	• Car buying workshops • Financial coaching to build credit and increase savings • Auto loan refinance for members in high-cost loans

The chart above provides examples of basic descriptions of Target Members, but your credit union may be able to further elaborate Target Member profiles using internal data, such as looking at the specific credit characteristics of declined loan applications of a Target Product. Interviews with frontline staff including loan officers and member service representatives can also help build out the Target Member profiles.

In addition to Target Members that emerge in completing the chart above, take the time to determine if there are any segments of your membership that you believe need coaching that are not captured above and build out profiles for these members as well to ensure coaching is reaching all who need it.

Target Product

As illustrated in the chart above, there is a strong connection between Target Members your program is seeking to reach and the Target Products. Target Products may be products your Target Members are trying to access and facing challenges, such as members who are applying for auto loans but being declined due to items in collections that are dragging down their credit score. Target Products can also be products that your Target Member is already using, such as second chance checking that with coaching support, members could move into a traditional checking account. Some credit unions' Target Products are more specialized products that are offered alongside coaching, such as an affordable homeownership mortgage program with flexible underwriting or down payment assistance.

It's beneficial to identify Target Products in the program design phase both as a pipeline for clients and to establish a suite of appropriate product recommendations coaches can turn to for common challenges. This is not to say that coaching clients will only use or be offered Target Products, but rather that frequent product pathways are outlined in advance to help recruit clients and streamline coaching delivery. It's worth noting that once financial coaching programs are underway, credit unions often use findings from coaches to improve existing products or develop new products to meet identified member needs.

Staff

The heart of the success of a financial coaching program is good coaches with the time, skills, and support to effectively coach. As noted in above, we've found that best practice is to have at least one staff person dedicated to your financial coaching program to ensure that someone is focused on moving all the pieces of the program forward and that coaching is being delivered regularly to members. You will need to create dedicated time in a coach's schedule not only to coach but also to complete the ancillary work around coaching such as client follow-up and data tracking. These responsibilities should also be reflected in the coach's job description. Especially with internal hires, coaching is often added to existing roles as if it's not a job in and of itself. If the newly minted coach's job description and schedule are not updated to reflect the time required to deliver coaching and lead the program, their pre-existing job responsibilities and goals will win out, and coaching will fall by the wayside.

Finding the right people to provide coaching, whether promoting from within or hiring externally, is critical. Time and again in conversation with credit unions with successful coaching programs, managers stress that the most important characteristic in hiring coaches is empathy. Successful coaches are able to listen without judgment and tap into humility and creativity to create action plans tailored to each client. Coaching also requires a range of skills and expertise including data management and effective methods to build credit and manage spending. However, training can strengthen that expertise whereas empathy and humility are very difficult to teach.

CASE STUDY:

Commodore Perry Federal Credit Union

Meeting Community Needs and Developing New Impact Products

Headquarters:	Oak Harbor, Ohio
Assets:	$87.7 million
Members:	6,700
Certifications and Designations:	CDFI, LID

Commodore Perry FCU began as a small institution serving the employees of the Port Clinton Board of Education and has grown into a community credit union with three branches serving the rural communities of Port Clinton, Oak Harbor, and Elmore in north central Ohio. Beginning in 2019, the credit union started to ask itself how it could better support low-income residents in their community to achieve financial stability, beyond their standard products and services. The credit union quickly came to the conclusion that formalizing the informal financial education it had been was key to moving the needle on financial health in their community. Commodore Perry FCU proceeded to have all of their staff trained through the CUNA Financial Counselor Certification Program (FiCEP) to ensure everyone working with members had an understanding of financial counseling. The credit union also created a full-time financial coaching position and identified an employee with a 27-year tenure at the credit union to step into the new coach role. Having such an experienced and well-known person at the helm enabled the coaching program to build the necessary relationships and trust across credit union staff, members, and community partners. With staffing in place, they launched B.O.S.S., Building Opportunities for Smart Savings in 2020. The BOSS program supports individuals to build credit and reach their financial goals by breaking them up into action steps and pairing folks with appropriate products and services, including credit builder loans and secured credit cards, and making external community referrals for other supports when needed.

Commodore Perry adopted Pathways to Financial Empowerment to rigorously measure their impact from the program's start. Though financial education had always been a critical part of Commodore Perry's mission, through the BOSS program they've been able to "create a relationship of trust where members can get all the tools and resources they need to achieve their financial goals and thrive." Since launching BOSS, Commodore Perry has used insights from the program to develop a new product at the credit union. Coaches were working with low-income workers who were responsibly managing their financial lives but had little to no formal credit history and limited savings. As a result, Commodore Perry launched the Pathway Mortgage, a mortgage loan with no credit score requirement and a down payment of just $500 in order to expand access to homeownership in their community. This year the BOSS program celebrated their first official graduate who started as a "true zero" credit score and within 18 months has earned an A+ credit score and a qualified for a mortgage for their first home. Commodore's coaching program has grown to be far-reaching and high-impact. Their Pathways data shows that in the first three quarters of 2023, Commodore Perry provided nearly 600 coaching sessions to 194 clients, and impressively they supported 72% of clients to improve their credit.

Once you've found good coaches, ongoing support is also critical to retain them. Coaching can be emotionally taxing, so finding ways to show appreciation and to create space for coaches to rejuvenate can help them continue their work over the long term. Below is an outline of best practices we've identified from successful credit union programs to find and keep great coaches.

Plan for Staffing Success

Job Description and Core Competencies	Update Organization Chart	Recruitment and Application	Onboarding and Training	Supporting Coaches / Counselors
Identify key competencies including strong interpersonal skills, ability to listen with compassion, ability to set professional boundaries. Determine if any coaching training is required or will be provided. Identify relevant experience such as: member service, social work, education.	Determine where is the right fit within your credit union structure. Ensure buy-in across that department Set financial coaching performance goals, including time for reporting / data management. Ensure these are reflected in job description and reporting times.	Determine if seeking internal and/or external candidates. Promote opportunity through local nonprofit partners and local universities, including education and social work programs. Provide real world scenarios to evaluate empathy as well as basic financial management.	Plan for training to supplement existing knowledge base. Leading counselor / coach certifications include FiCEP, ACPE, CNMI Financial Coach Training, and Sage Financial Fitness Coach. Inclusiv's Financial Coaching Program Development & Management course walks coaching leaders through building a program implementation plan.	Develop plan for ongoing support for coaching staff, such as opportunities for recognition of accomplishments with clients, periodically evaluating case load to ensure coaches are not overbooked, and / or financial coach convenings for staff to connect to fellow coaches.

Budget

Staffing is generally the largest coaching expense that will drive budget and program reach. Each credit union needs to determine the right program size and budget for their institution and community. We have worked with credit unions with coaching budgets of $25,000 or lower with part-time coaches and smaller scale services, up to program budgets of over $300,000 with teams of dedicated coaches serving over 1,000 people each year. We provide this range to give a sense of what credit unions are investing annually to deliver coaching services, but keep in mind that there is high variability in labor and other costs by region and because coaches often have other responsibilities such as delivering group classes or attending community events, there is not a precise metric when it comes to cost per client.

It's important to note that credit union asset size is not the primary determinant of financial coaching program size. In fact, we have worked with credit unions under $100 million in assets with coaching programs that serve more people than credit unions with $1 billion in assets. The size of a credit union's coaching program is driven partly by maturity: newer programs typically serve fewer people until they build up their client pipeline. But the bigger driver of coaching program size is how significant a role that coaching program plays in the credit union's overall business strategy. When a coaching program is deeply embedded in a credit union's community outreach, member acquisition, or lending strategy, it has become a major part of the credit union's operations and therefore has a larger staff and sees a higher volume of clients. Other coaching programs are smaller, sometimes unadvertised, more of a kind of financial "urgent care" for credit union members facing hardship and as such, remain a small but vital service at the credit union. Here we provide a list of the most common expenses in credit union coaching programs to serve as a starting place for your credit union's program budget.

Just as budgets vary, credit unions also have a few approaches to covering program costs. Often a grant can help a credit union get started, though many credit unions dedicate internal resources to get their coaching up and running. As coaching programs become established and grow over time, they also build earned revenue from the new loans originated to coaching clients who otherwise would not have been able or known to borrow at the credit union. Inclusiv's research has found that a mature coaching program can generate a positive return on investment for the credit union. Some credit unions have established separate 501(c)(3) entities as a coaching arm of their institution in order to better access philanthropic dollars for coaching. And several credit unions have also leveraged their coaching programs as part of strong CDFI grant applications and have then been able to use a portion of those CDFI awards to support coaching, given that coaching is a key part of how they lend in CDFI target markets.

COMMON EXPENSES

1. **Coaching Staff Salaries and Benefits**
2. **Coach/Counselor Training**
3. **Marketing**
4. **Data Tracking/Management Set-up/ or Licenses**
5. **Materials / Supplies**

COMMON REVENUE SOURCES

1. **Earned Revenue** (loans originated to clients, interchange on new debit and credit cards, decreased loan losses)
2. **Grant Revenue**
3. **Contract Revenue** (providing coaching under government or partner nonprofit contracts)

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[9] *See the Pathways to Financial Empowerment Social and Financial Impact Brief for detailed analysis of how credit unions can build positive ROI in their coaching programs. https://inclusiv.org/pathways-impact-brief/*

Program Evaluation

Planning for evaluation begins before you start coaching. It is part of the initial design work, so your program is focused on its goals from the start and is able to determine whether those goals were reached. Credit unions that don't develop an evaluation plan upfront may find themselves a year into delivery with more questions than answers about the program's progress and impact, wishing that they had data that was never collected.

Below we provide a framework for measuring your program's success at three levels: impact on the member/coaching client's financial health, progress on the program level in terms of coaching operations and growth, and finally measuring how coaching is advancing the credit union's overarching goals.

Qualitative Examples	MEASURING SUCCESS	Qualitative Examples
Feel more confident about their finances	← MEMBER →	Credit score increases
Members have positive experience	← PROGRAM →	Reached client recruitment goals
Member trust and loyalty is strengthened	← CREDIT UNION →	Increase in loan origination

In this framework, we provide examples of qualitative and quantitative measures of success at each level. These are by no means comprehensive but are meant to illustrate the different types of data and stories that your credit union can collect as part of its program evaluation. At a minimum, we recommend that all credit unions identify at least two quantitative metrics measuring change in members' financial health. Improving financial health is the core of coaching, and it's essential to make sure that your program is successful at moving the needle on member financial health. A robust plan will include metrics and systems for all three levels of evaluation and supplement the financial health data with program and credit union-level data, such as reaching the target number of clients in a given year, client success stories, as well as credit union product uptake and performance to capture the full impact of the coaching program.

CASE STUDY:
Natco Credit Union

Learning from Lending Trends to Build a Nonprofit Affiliate and Meet Community Needs

Headquarters:	Richmond, Indiana
Assets:	$145.7 million
Members:	16,885
Certifications and Designations:	CDFI, LID

Natco Credit Union's coaching program helps illustrate many best practices, including how to utilize insights from internal credit union data, innovative structure, and how a coaching program can help access external resources not only for coaching but for the overall institution. In the mid-2000s, Natco Credit Union observed a shift in their lending from larger, planned loans for cars and vacations to more emergency and small dollar loans to cover regular expenses like rent or groceries. The credit union leadership recognized that loans would not be enough to address the financial challenges families were experiencing that lead to these cash shortfalls and developed a plan to provide more comprehensive services in their community. This reflection and planning led to the launch of the Natco Community Empowerment Center in 2013 that now has two locations in Richmond and Connersville, Indiana. The Center provides financial coaching, referrals to community resources, job seeking services, and a range of financial education courses. Natcos Community Empowerment Center is a 501(c)(3) affiliate of the credit union that serves not only Natco Credit Union members but also individuals and families throughout their region.

Natco Community Empowerment Center was also a central element in Natco Credit Union's successful certification as a CDFI in 2015, and the credit union's lending demonstrates just how well they are serving the local underserved market. Inclusiv's analysis of Natco's 2022 lending found that 98% of all dollars Natco lent were people who are low-income and/or in economically distressed areas.[10] Natco's depth of lending in low-income communities and the services they offer have been recognized by the CDFI Fund in numerous funding rounds – to date the credit union has received over $4 million in CDFI grants.

In 2022, Natco was selected by the National Credit Union Foundation as one of 10 credit unions nationwide to receive training through Inclusiv's Financial Empowerment Learning Center and to implement the Pathways to Financial Empowerment solution to track the impact of their coaching. In Natco's first few months on Pathways, they had already recorded over 300 coaching sessions with 125 clients. Inclusiv, Neighborhood Trust Financial Partners and the Foundation will continue working with Natco through 2024 to document and share out the Center's progress.

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[10] Inclusiv's analysis of Natco's lending includes Low-income Target Populations and Investment Areas as defined by the US Treasury CDFI Fund. Households considered low-income have an income less than area median family income and CDFI Investment Areas experience one or more types of economic distress including high poverty rates, high unemployment, median family income below 80% of the area median income benchmark, and/or high levels of population loss.

Next Steps and Resources

Each credit union's journey to building a strong financial coaching program, tailored to the specific characteristics of their institution and community, will be unique. This resource brief is meant to provide an introduction to Inclusiv Financial Empowerment Learning Center's best practice strategies to facilitate your credit union's journey to running an effective and thriving financial coaching program. For credit unions ready to take next steps and looking for assistance beyond this brief, the Financial Empowerment Learning Center's courses, events, and tools are available to provide more comprehensive support in building a coaching program that will create deep impact in your community. Attending an Inclusiv Annual Conference or the National Credit Union Foundation's FinHealth conference are also great ways to get additional training and connect with credit unions on similar journeys.

Learn more about Inclusiv, the Financial Empowerment Learning Center, Pathways to Financial Empowerment, and upcoming initiatives and events here: www.inclusiv.org.

Acknowledgments

Inclusiv is grateful for our longstanding partnership with Neighborhood Trust Financial Partners. Pathways to Financial Empowerment was jointly developed by Inclusiv and Neighborhood Trust Financial Partners and has grown to support best practice financial coaching programs across the country.

Inclusiv is also grateful for our supporters and collaborators at the National Credit Union Foundation. The Foundation has been a longtime leader advancing financial health in the credit union field and an instrumental supporter of Inclusiv's Financial Empowerment Learning Center and the Pathways to Financial Empowerment solution. In 2022, Inclusiv was selected by the Foundation as a Financial Well-being for All grantee, and through that grant Inclusiv trained 10 credit unions on best practice financial coaching program development. 7 of these credit unions were enrolled onto the Pathways to Financial Empowerment solution to track their coaching impact through 2024. We look forward to reporting out on the results of that initiative.

Many Inclusiv staff contributed to this report, with a special thank you to authors Ann Solomon, Senior Consultant and Megan Bolado, Director of Financial Empowerment. Inclusiv also acknowledges the significant contributions of the consultant team at Social Impact Architects.

CASE STUDY:

Guadalupe Credit Union

Building a Coaching Team to Fuel Growth and Attract External Resources

Headquarters: Santa Fe, New Mexico

Assets: $262.2 million

Members: 27,000

Certifications and Designations: CDFI, LID, MDI, Juntos Avanzamos

Guadalupe Credit Union serves seven counties in northern New Mexico, which have a diverse, multicultural population and include families that have resided in the state for generations along with recent immigrant families. Guadalupe became a CDFI in 2010 and that same year launched its financial coaching program at one branch with a single coach. Guadalupe also began to provide group financial education classes in the community as an avenue to reach new potential members and build their coaching pipeline. The credit union's coaching program has several Target Members, including members with past due loans at the credit union. Guadalupe also offers a SmartMoney coaching program to employees to work on their personal financial goals, which has had the additional benefit of increasing referrals from staff to the financial coaching department. As a result of learnings from their coaching program, Guadalupe has launched several new Target Products, including predatory debt and title relief loans, a Borrow and SaveTM small dollar loan, and non-custodial teen checking accounts.

To meet growing demand over the years, Guadalupe has grown its program to seven staff on the coaching team to have coverage across all their branches and several other staff in collections and lending are FiCEP certified. The credit union builds staff morale by having coaches and other front-line staff share a member success story at each branch location's staff meetings. Regularly sharing member stories has also fostered learning across the team and provided many staff with opportunities to develop their public speaking skills.

In 2017, Guadalupe enrolled in Pathways to Financial Empowerment to enhance their Program Evaluation which previously relied on manual tracking in spreadsheets. In addition to utilizing Pathways to track changes in coaching clients' financial health, Pathways has helped manage staff activity and caseloads and has provided detailed data for grant applications and advocacy efforts. Guadalupe was able to utilize data and stories from their financial coaching program and small dollar lending program to help successfully advocate for interest rate caps in New Mexico, protecting consumers from predatory payday lenders throughout the state.

Over the past six years, Guadalupe has grown its staffing and program budget, in part as a result of its successful CDFI grant applications – the credit union has been awarded a total of $7.7 million in CDFI grants over the last decade. The credit union also invests its net revenue into coaching, in recognition of the fact that the financial empowerment services are key to the credit union's CDFI model and growth. Guadalupe has grown its membership and assets by over 150% since its program launched in 2010 and the credit union remains focused on the underserved with a remarkable 87% of its lending deployed in economically distressed communities, based on Inclusiv's analysis of the credit union's 2022 lending data.

About Inclusiv

Founded in 1974, Inclusiv empowers its member credit unions to advance financial inclusion through advocacy, education, technology, and impact investment.

Inclusiv is a certified CDFI intermediary instrumental in driving private and public investment in credit unions to build wealth for individuals, households, businesses, and communities formerly excluded from the financial mainstream.

About The Financial Empowerment Learning Center

Inclusiv launched the Financial Empowerment Learning Center to assist credit unions to develop and sustainably operate high-impact financial coaching programs. Through the Center, Inclusiv currently offers a rigorous 6-week Financial Coaching Program Development & Management course. This cohort-based training provides credit unions with the knowledge, skills, and tools to develop, implement and operate internal financial coaching programs.

About Pathways to Financial Empowerment

Pathways to Financial Empowerment is the first-of-its-kind outcome tracking platform that supports the delivery of best-practice financial coaching and education in credit unions. Credit union staff, ranging from financial coaches to loan officers, use the Pathways platform to take their financial coaching program to the next level.

FOCUS ON FINANCIAL HEALTH:

Key Steps to Building a Successful Credit Union Financial Coaching Program

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