ChangeMatters

The Financial Clinic's Customer Insights

A comprehensive research series leveraging Change Machine's data from more than 40,000 customers across 42 states.

Welcome to ChangeMatters. Our initiative will combine the richness of Change Machine's customer data with more than a decade of experience in providing expert one-on-one financial coaching. Our goal is to leverage our wisdom—and our customers' resiliency—to solve some of the most formative issues facing working poor Americans nationwide.

Today's data-driven world has rendered all of us experts, policymakers, product innovators, and disruptors of long-held "best" practices. Time and again, data has been catalytic in understanding the true scope of a systemic problem, and the solutions needed for lasting change. When applied to the fields of economic inequality, poverty alleviation, and financial security, we seek to answer and adapt Sherlock Holmes' age-old question for the Big Data era: In an era where it's possible to collect data on, well, pretty much anything, how do we know if we're asking the right questions?

> ## "Data! Data! Data! I can't make bricks without clay!"
> So said Sherlock Holmes, Sir Arthur Conan Doyle's iconic fictional detective in his thriller "The Adventure of the Copper Beaches." Holmes' powerful quote on epistemology—stressing the need for the right evidence to form the right analyses, in pursuit of answering the right question—could very well have been talking about the big data revolution we presently find ourselves in.

The Clinic's historical approach:

Since its founding in 2005, The Financial Clinic has always quantified mission. Whether it's specifically lowering the cost of their banking, or broadly defining the "cash-value" of financial coaching—the money we've helped put back in customers' pockets—defining success with clarity and transparency are powerful tools that have helped us serve our customers well. It's also a deep trove of data that we aim to leverage towards building financial security for every American, alongside a vision for an economy rooted in equity and inclusivity. In a field so deeply rooted in the power of goal-driven human potential, we quantify our mission because it provides us the framework to see into a more perfect future.

Our faith in the power of financial coaching was affirmed in 2015 with a randomized control trial—commissioned by the Consumer Finance Protection Bureau and conducted by The Urban Institute—which studied and measured the effects of the Clinic's financial coaching model for low to moderate income families. This "gold-standard" evaluation found that customers with annual incomes of $22,000 who

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participated in the Clinic's financial coaching achieved an average of $1,700 more in savings, a 33 point increase in their credit score, and over $1,000 reduction in debt.

In 2016, we began scaling our mission when we launched the **Financial Security Ecosystem** which is powered by the rapid growth of our social enterprise, **Change Machine**. As a result, we are uniquely equipped through our understanding of thousands of customer and meeting-level data, which tell us time and again about customer resilience, customer creativity, and courage. This resiliency manifests in alternative, yet equally effective solutions to build their own financial security, data that we insist be central to any conversation around building wealth and alleviating poverty. Our customers are unconventional experts, and our data tells their story.

Data as a force for environmental change:

Can big data from phones present a more efficient alternative to monitoring air quality of a community? A team of air quality scientists, a data analytics firm, a telecommunications group, and public officials from the city of Nuremberg **teamed up** to examine how mobile data could inform solutions for climate change by examining flows of traffic, distance people traveled, and means from which they traveled[1]. This pilot program not only helps communities most impacted by carbon emissions in the quality of air, but through its use of big data it is able to arrive at systems-level solutions to improve public health.

The goal of ChangeMatters is to make sense of the data we've collected, contextualize our analysis within the broader needs from the communities we serve, and parlay our findings into systems-level solutions. These solutions will aim to address financial insecurity and the complex economic landscape that families in the chasm between poverty and mobility navigate every day.

Data as a force for confronting racial bias:

When organizers realized that no centralized database existed to identify patterns of misconduct among different law enforcement agencies, they founded the **Use of Force Project**. By centralizing policies of local police departments, and cross-referencing with citizen reports of police misconduct, Use of Force democratized data so that residents could examine their policies and procedures around reporting misconduct, and thus strengthening systems of accountability[2].

We believe that we have a social and moral responsibility to use our data as a "force for good," to constantly look at problems from a new angle, and to ensure our perspectives are coupled with methodology befitting Detective Holmes', that we are always tackling the *right* question.

What we won't be doing:

We would be remiss if we didn't address the potential for misusing our data, and more importantly, breaching the trust our customers have bestowed upon us in sharing their stories. As practitioners who strive to exceed our own expectations, the insights uncovered in ChangeMatters will always pass the "Holmes test:" Are we asking the right question? If so, do we have the data and qualitative evidence to answer it? Does the data identify a systemic problem? And finally, after confirming all of the above, can we inform or advance solutions that help

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affect meaningful progress? We will strive to ensure that our issues, questions, and recommendations pass this litmus test.

Similarly, we take the necessary precautions to avoid the misuse of customer data experienced on every platform we operate in, and every project we lend our voice towards. The data that goes into customer profiling has far too often been leveraged as a powerful tool for manipulation or misinformation. We are committed to approaching this initiative centralizing trust with reason, purpose with action, and progress with analysis. Our mission expects nothing less.

What comes next:

Looking ahead, we'll be drawing from Change Machine data relating to a variety of presenting issues, as well as the full range of financial security outcomes, alongside thousands of customers with full balance sheets. We're looking forward to wrestling with issues that have consumed our staff meetings and debated on Change Machine's Share platform: Whether our customers with limited earnings should prioritize saving for inevitable emergencies or paying down interest-bearing debt? Are financial goals as important to achieving outcomes as it is to engaging our customers, i.e. building their partnerships and earning their trust? Does consistent saving—at any amount—lead to greater balances than one-off deposits?

Critically, we'll share practitioners' wisdom—those who work tirelessly to overcome these issues with customers directly—with the goal of building meaningful solutions to improve the lives of working poor Americans through the advancement of new policy, products, and best practices.

Where this will lead:

We can't say quite yet where this will lead, but we know, in the words of Holmes, that we at least have enough to build a few bricks. Following the inspirational examples of leaders highlighted above, we will join the army of change agents leveraging big data for social innovations and policy in their fields, and pursue solutions-oriented outcomes that seek to ask the "right questions." Finally, we know that by banding together with other nonprofits, foundations, and social leaders, we collectively have the clay needed not only to build bricks, but an entire factory of insights and innovations aimed at meaningfully empowering the communities we all care so deeply about.

We hope you join us! Together, we are part of a much greater solution and when fully harnessed, we have in our capacity the ability to be the facilitators for lasting change.

Sincerely,

Team ChangeMatters

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Endnotes:

[1] Using Mobile Data to Calculate Air Polution. May 24, 2016. Telefonica Germany.
[2] Samuel Singyangwe. http://useofforceproject.org

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