The Future of Financial Security

Tech, Equity, and the Role of Mission-Driven Organizations

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Summary

Technology's ability to accumulate and wield power is unquestionable. It should be able to wield that power to challenge and change the policies, practices, and beliefs that keep Black and Brown women who navigate financial insecurity from achieving their financial goals, much less acquiring or leveraging wealth for economic mobility. But racism and sexism are so hardwired in our society that too often financial technology amplify these inequities, thus exacerbating financial insecurity.

Despite—and sometimes, because of—these inequities, we're embracing the role that technology can and should play in closing the racial and gender wealth gaps. In addition to efficiency improvements that the communities we collectively serve desperately need, technology embodies the leverage points required for systems-change: the capacity to change mindsets, information, and resource flows. Moreover, because "fintech is only 1% finished," we recognize that there are extraordinary opportunities to address our society's structural flaws and as-yet undiscovered possibilities to achieve an equitable economy.

This vision requires #TechForEquity: fintech defined as successful when it prioritizes the financial security of those who stand to benefit the most. The field that has dedicated itself to the financial security of historically marginalized communities has a rich and successful history that provides us with several lessons to facilitate those discoveries: the work must center our customers; their financial goals drive our mission; and that we hold ourselves accountable to our customers' success.

Our equity lens has allowed the field to have impact; applying the same equity lens to technology gives us a chance to wield it for an equitable economy.

Remarks

Thank you, Lissa Johnson, for the lovely introduction, and for the opportunity to speak with an incredible group of changemakers here today.

I'm especially grateful for the long-standing partnership and friendship between Change Machine and the Center for Social Development at Washington University in St. Louis. Many of you have heard me say this before, but it bears repeating that this body has been so critical to forging a new field and also shaping innovative approaches. Leaders like Julie Birkenmaier, Jin Huang, Lissa Johnson, Gena McClendon, and Margaret Sherraden are empowering the social work field to reclaim its past and charge into the future. And together with my co-discussants Margaret Libby, Cathie Mahon, and Christy Finsel, they are—to borrow a tech term—"democratizing" the delivery of strategies that build financial security.

I hope all of you will recognize your influence, see your fingerprints all over this opening plenary.

I'd like to kick off our conversation today with an easy exercise, one that will engage you in collective reflection. Please take a moment to think about one emotion, mood, or state of being that's prevailed for you this past year. I know ... I know: Narrowing the year down to a singular feeling, or just a word or two, is nearly impossible, but it's more than likely that our friends and colleagues in the Zoom-room will capture all of your runners-up. Once you have your emotion, mood, or general state of being, please enter it into the chat.

When I reflect on the past year, I'm reminded of the women, for whom I worked, at the Brooklyn Legal Aid Society back in the mid-90s—career-defining work that led to the founding of Change Machine. As a paralegal at the time, I advocated for public assistance recipients to avoid sanctions and maximize their budgets.

In doing so, I learned two critical lessons: one, that managing personal finance is especially perilous and high-risk for Black and Brown women; and two, that our systems are designed to devalue and extract their ingenuity, robbing them of the tenacity that one masters when you're managing a daily, permanent crisis. The women with whom I worked were in a permanent state of survival. When I reflect on the past year—the ongoing public health and economic crises, our country's reckoning with inequity and racial injustice, and the sobering fragility of our democracy—it feels a lot like survival to me as well.

As practitioners, we're naturally concerned with the systemic issues that keep our customers in a state of survival—whether it be the digital divide, the internet breathing new life into predatory products and services, or the hypocrisy in how "essential" workers are paid compared to their CEO counterparts. At the same time—as social workers, financial coaches, and practitioners whose process is driven by the passionately-held, forward-thinking, asset-oriented financial goals of our customers—we're also concerned with the systemic issues that prevent our customers from thriving.

The Dangers of Techno-Saviorism

I'm going to spend my time here with you today by first acknowledging the dangers of what we're calling techno-saviorism—the idea that technology is a silver bullet that can solve poverty—and then arguing that digital finance's primary goal should be to shrink the racial and gender wealth gaps. The unparalleled, multi-layered crisis that we find ourselves in today has only pulled back the curtain on deep-rooted structural inequities; in response, we must deploy every solution at our disposal—especially tech—to uproot them. This not only includes the present trillions of dollars in government spending, but seismic measures like baby bonds, universal basic income, and health care and child care for all, to ensure that those who have historically been pushed to the margins are centered in our society and can not only survive but thrive. It is only then—through this recalibration—that we achieve an equitable economy.

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So, back to why we as practitioners, scholars, advocates, regulators, and stakeholders have reason to be concerned ... Let me start by acknowledging that tech's ability to accumulate and wield power is unquestionable. The fact that I'm addressing 185-plus of you here via Zoom, while your wrist candy reminds you to stand and stretch and your preferred news app keeps you abreast of the latest on Kim and Kanye, demonstrates the extent to which tech is baked into our daily lives. But what I'll address here is the less incidental, but just as omni-present concern that technology will continue to perpetuate the same power structures that define our society today unless we expect different inputs and demand better outcomes.

As practitioners, we're all pretty familiar with how racism and sexism show up in our work. For example, as the tax season gets underway, we know that wealthy filers will be rewarded for their entrepreneurial approach to the tax code, while Earned Income Tax Credit filers—disproportionately Black and Brown women who head their households—will navigate up to five definitions of a qualifying child. White supremacy invites mistakes and then proceeds to personalize and penalize those mistakes.

And so, it's depressing—but ultimately unsurprising—that well-established, systemic inequities are being replicated and amplified in the tech sector. For example, as the social safety net moves online and means-tested supports are delivered via technology, the purpose of the dysfunction becomes even more obvious. From welfare "reform" to skyrocketing unemployment insurance benefit claims as a result of COVID-19, underutilization rates of public assistance are quite intentional. Complexity, time, and friction—the technology sector's term for "red tape"—are features, not bugs, of the digital welfare state. The for-profit advertising model—or "lead generation" in tech-speak—is full of traps that perpetuate poverty:, like proprietary schools or diploma mills that target people who previously searched for pay-day loans for their digital advertising campaigns. How the internet tracks "cookies" often extracts a high cost to privacy.

Turning back to COVID-19, the overnight shift to a cashless economy—even for those with bank accounts—came with a "tech premium" as banks closed branches and CARES Act payments went quickest to those who could manage the system. Last week a report from Brookings stated that consumers spent $66 million in check cashing fees to access their CARES Act checks.

Tech is not an innocent bystander of today's inequality. When you connect these dangers to the larger societal focus on social media and corporate abuses of consumer data, the "techlash" is unsurprising and the scrutiny is needed. And yet, left alone—unchallenged or underutilized—the tech sector is more likely to leave out and leave behind the communities we care about. These are the very same communities that need to be intentionally included and centered in the broader work of undoing injustice and insecurity.

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By Expecting a Lot More From Tech, We Can Achieve for Scale, Impact, and Agency

But what if we don't leave tech alone? What if, instead, we expect a lot more from it? At Change Machine, when we imagine our "big, hairy, audacious" solutions—those ideas that, if and when realized, could actually close the racial and gender wealth gaps—we embrace technology as a major, if not central tool. We believe that tech can and should wield its power to challenge and change policies, practices, and beliefs that harm the communities we care about. We also know that, in order to achieve this level of impact, tech must engage practitioners and customers as subject matter experts.

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When this happens, tech can yield significant improvements in terms of scale, impact, and agency for our customers. We know this first-hand. At the most basic level, technology has allowed us, at Change Machine, to exponentially increase the scale and scope of our mission to build financial security.

About ten years ago, when we were "The Financial Clinic," we added "capacity-building" to our wheelhouse. In addition to working directly with customers in a one-on-one financial coaching capacity, we provided training and technical assistance to social service providers across the spectrum to embed financial coaching practices and strategies into their work. We quickly realized that we could not keep up with the demand, both from a staffing as well as cost perspective. (That $5,000 FedEx bill after shipping dozens of three-ring binders to a partner across the country still haunts me.) And so we began to imagine what our capacity-building work would look like in a virtual environment. In short order, we mapped out a learning management system to lift the materials from a financial educational context to action-based tools that transform it into financial coaching, a database for measuring customer progress and programmatic performance, and a forum for practitioners to connect with one another on solving issues and to compare notes on what's working.

When we used tech to execute this vision, we didn't just end up as a vendor with a software-as-a-service product, but a dynamic and fast-growing community of practice as well. In the first year, after we soft-launched with just the partners that we trained, the platform users served more customers than my team did in our whole seven-year history.

Once we appreciated the multiplier effect for people served and the outcomes they achieved, we started to get curious about the power of the insights that customers were generating in coaching sessions, and how those insights could influence our broader work to shift systems and narratives. For example, our platform data facilitated our appreciation that educational goals were a powerful motivator for tax-time savings. Inspired by research led by Dr. William Elliott—demonstrating that among low-and middle-income children, 529 savings accounts dramatically increased the likelihood of undergraduate enrollment and graduation, even at small amounts—we partnered with the Citizens' Committee for Children of New York to leverage our data and results to advocate for the passage of Refund529. And now, New York State tax filers can save for college directly with their state refund. Based on early uptake rates, we estimated that some 280,000 filers would contribute over $6.5 million to college savings for their families in the first five years of implementation.

As we've made evident, technology can elevate what's already working for people and create a structural solution. Between multiplier effects like training and capacity building and systemic solutions like policy change, technology enables us to increase the magnitude of our mission. For every one person we serve directly, we can trace an additional 18 people whose financial security improved, a much greater impact than we had when working purely face-to-face and calculating our outcomes in a desk-top version of Excel.

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In addition to scale and impact, Change Machine is investing in the ways in which tech can be used to challenge existing, often detrimental narratives around poverty. The "pull-yourself-up-by-your-bootstraps" myth is a powerful tool that upholds white supremacy and impedes our work with customers at every turn.

Technology can surface what's actually shaping the financial lives of our customers. This not only reveals the systemic barriers we've touched on here today, but also the solutions that customers are forging themselves and that we—as practitioners, scholars, advocates, regulators, and stakeholders—have a lot to learn from. When tech defers to customers as experts in their own lives, it can champion customer-led narratives by replicating and amplifying the solutions that Black and Brown women deploy regularly.

For example, we've built a recommendation engine on our platform that matches customers with fintech products based on their needs and financial goals. Whether a product remains on the platform over time depends on its ability to actually build customers' financial security and earn their positive rating. We refer to this validation process as the seal of equity; it's designed to hold product makers accountable to the financial success of the Black and Brown women we serve, recognizing that those who control the narrative have control.

So, you get the picture. In expecting a lot more from tech, we're striving for scale, impact, and agency to advance equity in myriad ways. But let me be clear—our customers are not yet thriving. As practitioners and leaders, it's incumbent upon us to hold our partners on the tech side and ourselves to much higher standards.

The Role of Mission-Driven Organizations

What if we helped prevent some of our most intractable problems from taking root? What if, in solving for financial insecurity, we also unlocked large-scale innovation?

Tech offers extraordinary opportunities to address our society's structural flaws and yet-undiscovered potential to achieve an equitable economy.

Fintech has referred to itself as "only 1% finished," and, because of that, we see the extraordinary opportunities to address our society's structural flaws and as-yet undiscovered potential to achieve an equitable economy. There's a lot about tech that can inform that vision, and at Change Machine, we're hopeful about some of the possibilities:

- What if distributed ledger technology—innovative techniques for digitally recording transactions—facilitated identity issues? For myriad reasons, domestic violence survivors, young adults transitioning from foster care, and new Americans must navigate a thicket of issues accessing, securing, and exercising documentation that communicates their identity, a precursor to building financial security.

- What if we advanced data as an asset? As consumers, our internet activities and behaviors generate vast amounts of data. Exactly how does participating in this financial data ecosystem give us lower cost and more efficient products and services? What if there were a clear and bright line between how a financial institution values that data and the return for our customers?
- What if our collective knowledge about the power of asset building—the great minds in this Zoom room who wrote the books, and I mean that quite literally, about how poverty isn't going to be solved by income policy—what if that knowledge were a design principle for machine learning? Black and Brown women who navigate financial insecurity have shown us time and time again that they can, do, and will save. What if that extensive research informed high tech, like "self driving money"? What if the hopes and dreams of the communities we serve actually informed how coders and engineers optimize personal budgets, in the same way that your car trip is optimized by Google Maps, giving them the best-case route to financial mobility?

There are technicians, engineers, and coders working on these concepts as we speak; now is the time to seize the opportunity and advance our agenda.

#TechForEquity

Fighting back against the systemic inequities that are being replicated and amplified in the tech sector, maintaining those advantages, and seizing those opportunities require #TechforEquity.

We start by acknowledging that tech is the vehicle through which we will advance the ever-evolving body of work that we, as a field, continue to nurture. In other words, tech sometimes gets confused, but it is a means to an end, not an end in itself.

You know who else tends to confuse the means with the ends? The "personal-finance industrial complex," as Helaine Olen calls it. That whole cottage industry that positions a person's/brand's—or is it brand's/person's?—video or online course as the end goal. I just had to check out the website of one of the biggest brands in preparation for this discussion, and sure enough, she is featuring an "Ultimate Protection Portfolio Gold Box" that contains an "Online Personal Finance Course." (For real: A literal gold box that looks like a briefcase yet features online products.) Yours for a mere ... $199. The grift is to confuse the means, the products, and the gold briefcase with the goal.

But we are not immune. Even with our purpose and our intentions in the right place, our field has, on occasion, put outsized faith into particular strategies, like free tax preparation or starter bank accounts. Those are important ingredients but we have all come to appreciate that these are not financial security in and of itself.

Nor is my organization free from falling into this trap. We laugh at it now, but once-upon-a-time we had a nearly year-long debate about the pros and cons of "budget" versus "personal spending plan." Whole hours-long staff meetings. Eventually, we decided on the mantra "Do. The. Math.", because we realized that we really wanted to focus on the result.

Tech is no different. In the same way we know a budget is just math, we should hold close Professor Meredith Broussard's advice that "code isn't magic, it's just math." #TechForEquity means we apply what we already have learned—that tech can be a powerful means to achieve financial security but is not an end to itself.

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So if tech is just a hammer, what's the nail? For all of us in this field, it's a mission that serves our communities' needs. The integrity of that mission and purpose of that vision is our collective "end." Needless to say, tech could benefit from this perspective. In addition to the product makers, technologists, engineers, and investors, the tech ecosystem has an overwhelming presence of academics, intermediaries, and think tanks. As far as I can tell, there aren't nearly as many practitioners, and when low-to-moderate income people are infrequently referenced, it's largely by way of focus group results. There is an absolute need for our customers-are-experts-in-their-own-lives equity lens to shape how technology is being created, how it's wielding power, and for whom.

Promises of diversity and inclusion are not enough. We must also deliver. As mission-driven providers, collectively we have a long history of holding ourselves accountable to our results.

Our field, in particular, has been profoundly shaped by data, outcomes, and results: First and foremost, we come by it honestly. When your day to day is household balance sheets, debt alleviatiation, and savings accumulation, you tend to be good at counting the beans. We also came of an age in which philanthropy was more outcomes-oriented and expected grantees to be evidenced-based. But even then, our field has also been profoundly shaped by research. Indeed this very audience—the Center for Social Development—has been an epicenter for the studies and research that gave way to a field that likes to know that we are actually having the desired impact.

These shared values of honesty, accountability, and outcomes for our customers will serve us well as we leverage tech. At Change Machine, we think learning this lesson will be among tech's greatest challenges but will simultaneously be tech's greatest opportunity for relevance. The real test will be whether tech can function as a tool that enables us to have better outcomes—to influence new frontiers and forge new dimensions of performance that close the racial and gender wealth gaps.

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Ultimately, the push is in our purpose:

- Does tech facilitate our mission? Is our intentionality robustly reflected in our outcomes? Is it #BlackWomenBest because it's catalytic of Black and Brown women's solutions?
- Does it lend itself to ending asset limits? Does it solve for complexity which is a tax on the poor? Does it solve for financial insecurity?
- Does tech facilitate our vision? Does tech's influence demonstrate a measurable influence in closing asset, income, and debt disparities across gender and race? Is it a tool that contributes to systemic change?

These are the questions before us as a field.

Reflecting again on how we've felt about the last year, and now with these questions about our purpose, "persistence" also comes to mind. Thinking about all that we've endured and the equitable economy we're building toward, we must persist.

Thank you for inviting me to speak with you today. I'm looking forward to the discussion with Christy, Cathie, and Margaret.