

From Fintech Familiarity to Financial Security

A Case Study

The proliferation of mobile and internet technologies in recent decades has shaken up consumer financial services offerings by infusing financial technology (fintech) companies into the marketplace. In 2019, fintech investment set a new US investment record—\$59.8 billion—and this steady rise of fintech across banking, trading services, cryptocurrencies, mobile payments and financial tracking apps poses a real challenge to social service organizations. How can they bring to the table those traditionally excluded consumers and demographics who stand to benefit the most from fintech, and, in turn, hold fintech companies accountable for their success?

The COVID-19 outbreak only expedited this shift, with the closure of brick and mortar establishments and movement toward cashless transactions. Some fintech companies whose revenue models previously relied on in-person consumerism are introducing new fees to account for unanticipated losses. Navigating these fees and effectively engaging in the digital economy requires guidance, options, and meaningful opportunities to participate.

At this moment, national economic insecurity is especially high. Customers in the South Florida area are experiencing increased economic instability,

exacerbated by increasing cost of living (food, gas, housing) and stagnant wages. If fintech is to become an elixir on issues of economic equity—particularly in cities like Miami, where 31 percent of residents have subprime credit scores and 73 percent of families are financially insecure—the expertise of social service practitioners must be harnessed to bring low-income customers to the table.

That was the impetus behind a 2020 Change Machine platform addition designed to empower social service practitioners to connect customers with promising fintech. The feature, the recommendation engine, rigorously vets products for safety, affordability, and effectiveness among low-income individuals. In doing so, it seeks not only to improve uptake of fintech products and services among customers who have been excluded, but—by holding the platform accountable to furthering customers’ financial goals—to advance the equity of financial security.

In conjunction with the recommendation engine, Change Machine’s online, practitioner-facing platform serves as a vehicle through which customers validate recommended products, influence the broader fintech field—and advance a new narrative around poverty and enduring inequity.



Exploring fintech access and adoption with both financial coaches and clients in South Florida has been quite an enlightening journey. Our local practitioners have a deep understanding of those they serve and have been incredibly committed to connecting each household to the best financial tool for very specific needs and goals. Our collaboration with Change Machine has helped us develop systems for supporting both coaches and clients as they work through the process of selecting and adopting new technology—addressing feelings of uncertainty, fear and even distrust along the way. Our practitioners are excited to see the impact fintech is having in their own financial management, their coaching, and ultimately on their clients. It seems we've only begun to unlock the tremendous empowerment that comes from discovering and mastering new tools that individuals and entire families can use to break generational cycles and build a stronger financial future each day. –United Way Miami

The Engine at Work

To better understand the impact of fintech on the lives of low to moderate income Black and Brown women—and how the engine can ultimately fuel financial security—Change Machine engages directly with organizations and the communities they serve. The United Way of Miami (UWM) is one of them. That organization delivers myriad supportive services—including innovative financial coaching and workforce development services—to help individuals and families prosper economically.

We partnered with UWM to:

- ✓ Expand the availability of our platform;
- ✓ Continue to build on-ramps to the digital economy for low-income customers locally; and
- ✓ Implement a high-quality product recommendation process with social service practitioners in the network.

In 2021 and 2022, we worked to understand the impact of those interventions by exploring need, perceptions, and attitudes around fintech with both practitioners and customers. Our key learning? Given the opportunity to explore and learn about what fintech products and services can support financial goals, practitioners and customers can become enthusiastic users of fintech—even if they were initially skeptical.



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Here is a detailed look at the two phases of our deeper dive into fintech attitudes and effective interventions.

PHASE ONE:

Initial Reconnaissance (2021)

With UWM staff, we began by holding focus groups to assess what barriers to access customers face when using financial products and services. Through this exercise, we found:

- ✔ Customers would benefit from practical, accessible financial products and services available in languages other than English, which support their financial security as an immigrant or non-national—particularly for those with families residing in other countries.
- ✔ Practitioners are particularly concerned about the safety and affordability of fintech products. The value exchange between customers and fintechs must be equal.
- ✔ Customers are less interested in digital banking or spending products. They are much more interested in products that allow them to build wealth, and those that make money management straightforward, easy to use, and convenient.
- ✔ Both customers and practitioners critically value the ability to transfer money between accounts, but most prefer the convenience of using existing bank account transfer options over an outside service.
- ✔ It's important to eliminate language barriers in customer-facing experiences. Interventions should include translated user interfaces and product instructions, and translated “behind the scene” experiences such as written or live technical support and data privacy policies.



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Notably, a scan of financial products and services in the Miami-Dade area revealed no locally-based fintech companies designed to meet these needs. By widening our search, we did ultimately identify fintech companies that have the potential to support Miami-area customers.

Overall, in seeking to identify the right types and features of fintech products for low to moderate income Black and Brown women, we uncovered another important learning for financial well-being practitioners around the country: Not every fintech product is going to work for every customer.



I use apps that actually deliver value to me. If I have to do an everyday task, I have to follow a path. If I don't have to follow a path, I forget about the app.

PHASE TWO:

Expanding the Landscape (2022)

Based on learnings from the first phase of the project, we expanded our deep dive to include additional organizations in the South Florida ecosystem:

- Hispanic Unity
- Urban League of Broward County
- Catalyst Miami

With this broader engagement, we began by providing these partners with a fintech training, followed by two initial focus groups: one each for practitioners and invited clients of the organizations (clients were compensated for participating). From there, UWM developed customer archetypes based on practitioners' revealed knowledge of clients' typical challenges and opportunities, and identified two to three fintech products from the Recommendation Engine that could fit each archetype. For example, clients with children were offered Early Bird and Kiddie Kredit; those seeking to improve money management were offered FitFin or SpenDebt. Practitioners supported clients around these recommended products over several months as part of their regular service delivery, including VITA services and typical financial coaching.

Participating practitioners were then interviewed, and clients who participated in the initial focus group were invited to return and discuss their experiences with the products that were recommended.



.... like you're super busy. And you feel like you can't have one more thing on your plate, but you need to invest in yourself. And I think I'm making that mental shift. In order to get where you need to go or where you want to go, you do need to carve out time for you. **And I feel like these apps allow you to do that.** But you have to do the initial work to kind of get in there. And so I think I'm a little bit more motivated, even today, talking with everyone and hearing this feedback, because it's important.



I think that having these groups is amazing, because we get to hear different perspectives and different things that you probably didn't even know. What's really sticking out right now is ... the discipline. You know, really sitting down, sticking to our commitments when it comes to finances. And how these resources are really going to be able to help us to stick with our goals... I think that it's actually made me more curious to see what else is out there. Even, even aside from finance. I started looking at fintech when it comes to productivity, because that's something that I'm working on... it's made me more curious like, what else is out there?

The Takeaways

While fintech has exploded in recent years, for many it can be confusing or daunting to think about financial management tools that differ from the familiar brick-and-mortar institutions. But, as finance and technology continue to become intertwined, it's important that practitioners are familiar with opportunities and risks associated with fintech products and services so they can appropriately advise clients. Here are the key areas our discussions highlighted as areas of challenge and opportunity.

Unfamiliarity breeds fintech skepticism. Most practitioners were initially skeptical of fintech products, citing the importance of their familiarity with a given product before recommending it to a client. Instead they have been leaning into a variety of coaching techniques to help clients manage the money they have. However, across the course of the project, practitioners who spent time with products and learned about fintech generally gained an appreciation for the opportunities that fintech offers.

Smartphones foster security. Clients shared a general comfort level with using their smartphones for a variety of activities, including some financial activities. After learning more, many clients expressed not only an increased interest in and excitement around fintech products accessible via smartphone, but a general excitement about accessing and using new tools to manage their finances and work towards their financial goals.

Familiarity yields confidence. Both clients and practitioners shared that people felt better about fintech in general when they had the opportunity to learn and talk about them, not only with coaches but with one another during the focus groups.

As we learned through this analysis and case study, providing the space for learning and exploration can open the door for customers seeking to build their financial future, who could benefit from products and services designed to meet their needs. The ability to change perceptions and attitudes around fintech can help build confidence, instill long-term habits—and, ultimately, could expand adoption and use of fintech products and services that result in positive financial outcomes.

Looking Forward

With these findings in hand, we will continue to partner with fintech companies to increase the social impact of their products by providing practitioner and customer-level feedback, advising on equity standards, and incentivizing improvements through partnerships and representation on the platform. As tech policy and financial security become further enmeshed, we will work with partners to determine how fintech can be more deeply incorporated into financial coaching.

Through these partnerships, our goal is to influence the broader fintech field to also be change makers—to shift the narrative on poverty through the development of products that are equitable by design. The ultimate measure of our #TechForEquity movement is the prioritization of financial security for those who stand to benefit from it the most.



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