

## “Assessing Financial Capability Outcomes: Financial Counseling and Financial Access among Job Training Participants”

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Nathalie Gons is director of research and evaluation at the Office of Financial Empowerment (OFE) for the New York City Department of Consumer Affairs. She oversees all research and evaluation of OFE’s financial counseling, asset building, access to banking, integrated service delivery, and consumer protection initiatives. Prior to joining OFE, Gons led field research in the rural Philippines to test the impact of a commitment savings product on savings behavior at Innovations for Poverty Action. At the World Council of Credit Unions, she oversaw social impact and operational performance assessment in over 35 credit unions throughout Latin America. At UNICEF, she helped inform means-tested social policy and programming in Mongolia through national household survey data analysis using the Alkire-Foster method. Gons holds a BA in economics from the University of Wisconsin–Madison and an MA in public affairs from Princeton University’s Woodrow Wilson School of Public and International Affairs.

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**Summary and Findings:** Funded by the U.S. Department of the Treasury Office of Financial Education and Financial Access, our research tests the hypothesis that a combination of financial counseling and access to low-cost, low-risk, simple transaction vehicles enhances the financial stability and well-being of low-income adults more than a single-pronged approach. This study is being conducted within the New York City Parks Opportunity Program (POP), a transitional employment program that serves some 6,000 trainees transitioning off of public assistance annually. The more than 1,000 participants enrolled in the study were offered free, low-risk checking accounts with Popular Community Bank as well as direct deposit of their city paychecks. About one-half of the study participants were randomly assigned to a group given the opportunity to attend one-on-one financial counseling sessions. Preliminary findings indicate that participants receiving one-on-one financial counseling had better outcomes with respect to credit scores, lower levels of revolving debt, and fewer accounts in collections than those who did not receive such counseling.

**Implications for Policy and Practice:** Our data indicate that there are high levels of unmet demand for mainstream financial products among low-income populations. Embedding account, direct deposit, and financial counseling offers into programs and platforms that already deliver human and social services can be an effective way to scale financial access. Second, peer messaging and direct access to experts can engender trust in financial institutions among low-income populations. During the pilot, former POP participants delivered the financial product and financial counseling information, and bank representatives opened accounts and answered questions on site. Third, timing the account, direct deposit, and financial counseling offers to coincide with a population’s entry into new, temporary full-time jobs capitalized on a situation where a population is confronting new financial opportunities and challenges by providing them with useful tools for navigating the transition. Finally, approximately one-third of those who applied for a bank account through this pilot were denied an account based upon information provided to the bank by ChexSystems. This finding suggests that greater consumer access to ChexSystems reports as well as standardized procedures for notifying consumers of ChexSystems problems could improve mainstream banking access.