



## **Financial Counselling For People Living On Low Incomes**

### **International scan of best practices**

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## **Executive Summary**

### **Introduction**

This scan of financial counselling best practices was undertaken in response to a growing demand among low-income consumers in Canada for personalized financial support to help them tackle complex financial issues, gain access to income boosting entitlements, and plan for their financial futures. Through its research on financial empowerment and the TD Financial Literacy Grant Fund, which it administers, Prosper Canada identified that a number of community-based organizations across Canada were responding to this demand by offering diverse forms of individual financial counselling to their clients. At the same time, Prosper Canada noted that in other jurisdictions, such as Australia, the United Kingdom and the United States, national, state and municipal governments had taken the lead in establishing larger scale financial counselling programs.

### **Objectives**

To build on the learning of these diverse practitioners and researchers, Prosper Canada commissioned the research and evaluation firm, Resources for Results, to undertake a research scan in May 2013 to survey practitioner and research perspectives on best practice with respect to individual financial counselling for low-income people and the evidence base supporting these views.

The study sought to identify key informant perceptions of best practices, and the extent to which these practices are derived from front line experience and insights and/or more formal research evidence. The consultant was also asked to identify in their analysis any areas of particular consensus or divergence in opinion with respect to identified best practices.

The intent of this study was not to evaluate the validity of the best practices identified, but to begin to map key themes and insights with respect to effective practice that can be used to inform more in-depth research on this subject.



***Analysis of the best practices cited by key informants revealed four main themes.***

## **Methods**

Informal exploratory interviews were conducted with 10 experienced practitioners and academics in the broader field of financial capability to identify relevant key informants and resources.

Nineteen, structured, one-hour interviews were conducted with key informants in Australia, Canada, the United Kingdom and the United States. One interview in Quebec was conducted in French by a representative from Entraide Budgétaire, a non-profit financial counselling provider.

Practitioners were asked to identify what they believed to be the top three best practices in the design and delivery of financial counselling programs and to share further learning and advice through an exploration of specific topics. The interview also explored the extent to which perceived best practices were drawn from practitioner experience and/or formal research evidence. A similar interview was conducted with academic researchers and key informants from relevant networks and associations to obtain their perceptions of best practices and the evidence underpinning their views. Qualitative techniques were used to analyze the interview responses and generate findings.

## **Findings**

An analysis of the best practices cited by key informants revealed four main themes:

- Create a foundation for behaviour change
- Tailor programs to client population(s)
- Adopt client-centred practices
- Help build viable financial counselling field

It is important to note that key informants in Australia, Canada and the U.K. reported that funding instability had been a critical issue shaping their program design and delivery options. For a complete summary of all practices, cited by theme and frequency, see Table 1.

**Table 1: Best practices identified by key informants**

Best practices	Number who cited (N=19)	Percentage who cited
<b>1. Create a foundation for behaviour change</b>		
<ul style="list-style-type: none"> <li>Ensure financial counselling objectives, delivery approach, and target population(s) are aligned with organizational mission</li> </ul>	12	63.2%
<ul style="list-style-type: none"> <li>Develop a theory of change to identify target client outcomes and guide program delivery and research</li> </ul>	8	42.1%
<ul style="list-style-type: none"> <li>Use formal performance benchmarking and metrics to structure and document front-line financial counselling practice</li> </ul>	9	47.4%
<b>2. Tailor programs to client population(s)</b>		
<ul style="list-style-type: none"> <li>Identify where client groups fall along the continuum of financial needs and design financial interventions to address their specific needs and priorities</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Ensure a range of specialized financial supports is available to clients and delivered by people with the requisite training and skills</li> </ul>	11	57.9%
<b>3. Adopt client-centred practices</b>		
<ul style="list-style-type: none"> <li>Ensure financial counselling programs are unbiased, high quality, accessible, and empowering</li> </ul>	19	100.0%
<ul style="list-style-type: none"> <li>Ensure financial counsellors possess key knowledge, attributes and skills that enable them to work effectively with financially vulnerable, low-income clients</li> </ul>	17	89.5%
<ul style="list-style-type: none"> <li>Combine counselling and coaching techniques as needed to meet the needs of clients and funders</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Keep clients engaged in the process through longer-term goal setting and reconnecting at tax time</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Treat low-income people as competent individuals with their own priorities and goals</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Adapt content, tools and products to serve low-income consumers</li> </ul>	9	47.4%
<ul style="list-style-type: none"> <li>Use technology to support clients and counsellors to achieve better outcomes</li> </ul>	7	36.8%
<b>4. Help build a viable financial counselling field</b>		
<ul style="list-style-type: none"> <li>Anticipate, plan for, and manage risk</li> </ul>	16	84.2%
<ul style="list-style-type: none"> <li>Establish networks of practitioners and increase the formalization of the field</li> </ul>	14	73.7%
<ul style="list-style-type: none"> <li>Build capacity in diverse front-line service systems to integrate financial counselling into their programs and services for low-income people</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Evaluate programs systematically</li> </ul>	11	57.9%
<ul style="list-style-type: none"> <li>Collaborate and promote a specialized division of labour to support stronger policy work</li> </ul>	10	52.6%



***A strong degree of consensus on best practice is emerging in the field of financial counselling for people with low-incomes.***

## **Conclusions**

A strong degree of consensus on best practice is emerging in the field of financial counselling for people with low-incomes. As the field has evolved and matured in its practice, it has shifted from a reliance on reflection and adaptation in the design and delivery of financial counselling programs toward more formal evaluation techniques, such as performance benchmarking and outcome data collection, to guide program development and enhance accountability.

While there is not yet enough research evidence to substantiate current practitioner perspectives on best practices, leaders in the field are beginning to build an evidence base to inform and drive the evolution of practice in the future. A review of peer-reviewed and grey literature on financial counselling practice for low-income clients would be a valuable next step in validating the best practice themes in this paper and identifying other potential practices for consideration.

There is still little formal behavioural research linked directly to financial counselling practice. Nonetheless, behavioural economics principles have strongly informed thinking about the approaches and techniques used in financial counselling, and the potential of financial counselling supports to positively impact the financial lives of low-income people.

There is also hope that, through the continued development of a broad spectrum of financial coaching and counselling services and their continued integration into a broad spectrum of other community services, that more people will have access to these valuable supports when they need them.

In spite of funding challenges in some jurisdictions, key informants were all confident that financial counselling will continue to expand due to its undeniably positive impact on the financial capability and well-being of clients and its ability to enhance broader social and economic outcomes.



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