

Embedded Financial
Coaching Project

INSIGHTS REPORT

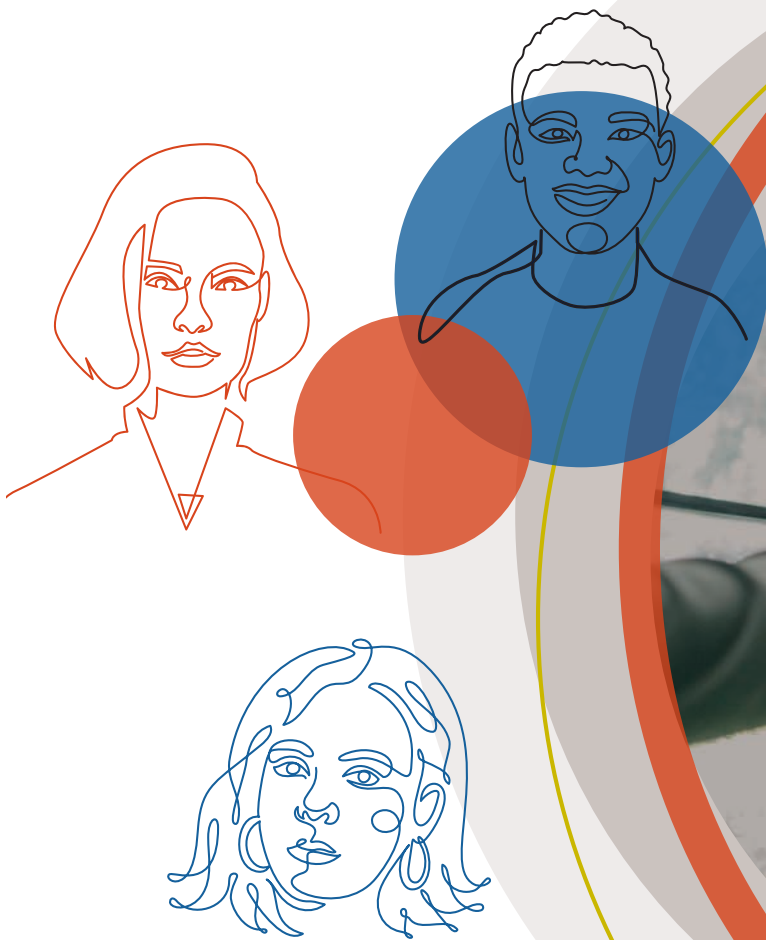


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1. Max's Story – West Neighbourhood House

When our financial coach first met Max*, he was living in a shelter, facing significant financial challenges, and felt uncertain about his future.

Throughout his financial coaching sessions, he committed to improving his financial situation, and the results have been remarkable. Max successfully completed his education as a Personal Support Worker (PSW), secured a stable job in his field, and moved out of the shelter into his own housing.

While Max reports several benefits as a result of his financial coaching experience, one of the most rewarding aspects of his journey has been his ability to build up emergency savings, which allowed him to support his family outside of Canada during a difficult time. He also made significant strides in improving his credit score, seeing an increase from 650 to 700. Max continues to work with his financial coach. Through his well-being survey, Max self-reported a decrease in his stress levels from 'very much' to 'a little'.

*Name changed for privacy



2. Introduction

2.1 Project background

The embedded financial coaching project builds on evidence that programs that offer personalized coaching, flexible delivery options, and tailored support can significantly improve retention and long-term success for participants.

Expert coaches are trained in the importance of building trust with participants, helping them understand their current financial situation and set actionable, achievable goals for their financial future. They use various tools including a client management system to track incremental progress and maintain a focus on long-term financial goals.

The model was inspired by similar service models in the United States of America and was first developed by West Neighbourhood House in 2019. In 2022, Prosper Canada became the backbone organization expanding the model to EBO Financial Education Centre and continuing the partnership with West Neighbourhood House, Building Up and LogicalOutcomes.

Since 2022, the Embedded Financial Coaching Project has:



Project accomplishments include:

- Developing a client management system: the Quality-of-Life (QoL) platform
- Developing the Embedded Financial Coaching (EFC) Model
- Providing study group support for coaches to obtain their Accredited Financial Counselor Canada certification
- Facilitating 39 community of practice sessions for coaches and managers participating in the EFC project
- Conducting a landscape scan to examine the integration potential of financial coaching into workforce programs
- Developing an integration toolkit to support the future replication of this project

» 2. Introduction

2.2 Acknowledgements

We would like to thank our funders – the Ontario Securities Commission, Royal Bank of Canada (RBC), and JPMorgan Chase Foundation, who have made this work possible.

2.3 Project Partners

West Neighbourhood House:

West Neighbourhood House, formerly St. Christopher House, has been a trusted multi-service neighbourhood centre serving all age groups in downtown west Toronto since 1912. Their Financial Empowerment program provides support to **stabilize** diverse low-income people in financial stress or crisis, problem-solving in the medium term (allowing people to **strive** for better financial security) and coaching people to **thrive**, meeting their longer-term financial goals.

EBO Financial Education Centre:

Formerly known as Entraide Budgétaire Ottawa, is a budget counselling community service that was founded on January 18, 1979. Community advocates in Ottawa came together to establish EBO, after gaining valuable knowledge from a budget counselling course. Their mission is to fight exploitation and indebtedness by promoting financial education.

Building Up:

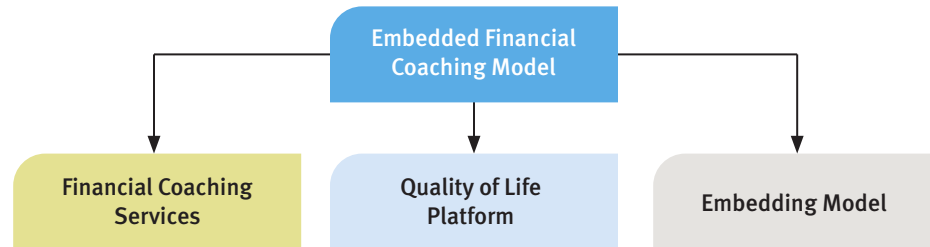
Is a nonprofit social enterprise dedicated to creating pathways to successful careers in the trades for individuals facing barriers to employment. Their mission is to equip people with the training and support needed to achieve upward economic mobility through long term careers in the construction industry.

LogicalOutcomes:

Is a nonprofit whose mission is to empower organizations through the thoughtful use of data, technology and information. They contribute to evaluation and learning capacity by providing data systems, evaluation coaching and consulting services.

» 2. Introduction

2.4 What is the Embedded Financial Coaching Model?



The EFC model is designed to integrate financial coaching into existing social services for individuals striving to improve their financial well-being. The three components of EFC are:

Financial Coaching services

Participants receive financial coaching services from one of the three partners: EBO Financial Education Centre, West Neighborhood House, or Building Up. The financial coaching service is an approach to financial coaching that is built on the following essential components which are common across all partner organizations:

Trust: The foundation of any financial coaching relationship is the trust built between the coach and their client. It is upon this foundation the coach can encourage long-term progression, facilitate difficult conversations, provide information and outline options. This also ensures that if clients get off track or run into an unexpected hurdle, they feel comfortable confiding in their coach, who can help them formulate a plan to get back on track.

Judgement-Free: Clients beginning their coaching journey do so from a wide array of lived experiences and with varying degrees of previous financial knowledge and confidence. It is crucial that a coach creates an environment that is judgement-free and that they meet their clients wherever they are along their financial journey.

Clear Expectations: A successful financial coaching relationship requires participation and input from both the coach and the client. It is essential that clear expectations are set early in the coaching journey. These expectations should speak to the responsibilities and commitments of both the coach and the participant.

Trained/Qualified Financial Coach: Ensuring that a financial coach is sufficiently trained and/or credentialed is essential. A financial coach must be both an expert in their financial knowledge but also adept in their ability to support participants through difficult and emotionally triggering topics.

» 2. Introduction

Financial Goals/Progress: Financial Coaching must include an element of future-focused financial goal setting and action planning as well as a mechanism by which these goals will be tracked.

Regular Check-Ins: While the exact formula for check-ins (frequency, method etc.) is to be determined together by the coach and participant, regular, predictable check-ins are essential for building trust and ensuring progress.

Quality of Life platform

This is a client management system that is used to track a participant's progress as they receive coaching sessions while also capturing important metrics that contribute to the evaluation.

Embedding model

In this approach, an external organization – referred to as a “host organization” – integrates a financial coach into its service delivery team. The financial coach collaborates closely with the host organization's team to provide financial coaching to the host organizations' participants. Research shows that embedding financial coaching into employment services leads to promising outcomes, including improved job retention, reduced debts, better credit scores, and enhanced financial management, ultimately contributing to both stronger employment and financial well-being.¹

3. Candace's Story – Building Up

When our financial coach first met Candace* she was overwhelmed by the stress of managing her debt while balancing daytime classes and working two jobs to keep up with payments. Our financial coach worked with Candace to crunch the numbers, and it was clear that the debt load was unmanageable. It was also clear that working two jobs while attending school was not sustainable.

Debt can feel insurmountable, but there are options.

For Candace, the best solution was a consumer proposal, a legal process that can reduce debt by up to 80%, offering a clear path to relief. While it does impact one's credit score, it also provides a defined timeline for repaying the reduced debt. After thorough discussions about the pros and cons of this approach, Candace took the time she needed to weigh her options before deciding to proceed.

Through the consumer proposal, Candace's debt was reduced from \$21,000 to \$6,000, to be repaid over five years with manageable monthly payments of about \$100. This solution brought her immediate relief, allowing her to focus on rebuilding her credit and pursuing other financial goals without the constant pressure of an unmanageable debt load.

Candace's story highlights the transformative impact of financial coaching in helping individuals navigate challenging financial situations and regain control of their futures.

*Name changed for privacy



4. Project activities and lessons learned

The following sections outlines the activities, lessons learned, and insights obtained throughout the project.

4.1 Financial coaching services

Participant retention is the key challenge

Financial coaching is a promising intervention to help people with low incomes thrive and move towards greater financial health and resilience. It is also an intensive intervention that requires significant time, energy and emotional resources from both participants and financial coaches. Throughout the EFC project participant retention was the key challenge leading to diminished participant outcomes and low morale among financial coaches. A [literature scan](#) focused on retention of financial coaching participants was completed to gain insights and provide practical recommendations to enhance retention rates.

Different entry points into financial coaching

Effective entry points are essential to generate the buy-in from participants to attend multiple sessions over several months and work towards challenging goals.

Financial problem-solving

Many participants prefer to first build a relationship with a financial coach through financial problem-solving. Resolving an urgent financial problem builds trust and demonstrates the value of coaching.

Workshops

Workshops are delivered in a group setting creating peer-to-peer interactions that reduce stigma around discussing money and financial issues. They also provided participants with information about the purpose and benefits of financial coaching and allowed financial coaches to begin building relationships with participants.

Financial Coaching:

A systematic approach where a coach guides participants through interventions (e.g., financial assessments, budgeting, credit building, access to benefits). Together, they define financial goals and work towards achieving them over time.

Financial Problem-solving:

A responsive process to address urgent financial issues, stabilizing participant's situation before transitioning back to longer-term financial goals

» 4. Project activities and lessons learned

Financial coaching exists on a continuum with financial problem solving

While the objective of financial coaching is to support participants to achieve future-focused goals and actional planning, we discovered that financial coaching often exists on a continuum with financial problem-solving (also known as financial counselling). For many participants, these approaches intersect throughout their journey with a financial coach.

For example:

Participants may begin with financial coaching, encounter a crisis requiring immediate problem-solving, and later return to long-term financial coaching once the crisis is resolved. Responding to participants' changing needs is critical to building relationships and trust necessary to support participants to achieve longer term goals.

Sustain youth engagement through relevance and tailored communication

While the project did not have a specific youth focus, some of the host organizations served predominantly youth participants. This required our partners to learn and adapt their service delivery to the needs of young participants. Youth engagement in financial coaching can be challenging, particularly when financial incentives are absent. Coaches at West Neighbourhood House observed disengagement among youth reliant on family support and who still lived at home with expenses covered by parents or family members or those delaying employment for "ideal" opportunities. This attitude affected the coaching process, as youth felt unable to apply the financial skills they learned without employment. Consequently, many disengaged from coaching sessions when the employment program and associated stipend ended.

Keeping youth engaged requires a specific skill set to help them see coaching's relevance to both their current and future financial situations by emphasizing the relevance of coaching for youth's current and future financial situations. For example, demonstrating the long-term impact of saving early through a compound interest calculator effectively motivated youth.

We learned that the outreach methods significantly affect youth participation. For instance, youth were much more responsive to surveys sent via SMS compared to email. Recognizing SMS as a more effective way to reach youth and other relevant populations, the QoL platform was adapted to send and receive text messages.

» 4. Project activities and lessons learned

4.2 Client management system – QoL platform

A client management system is a valuable tool, but challenging to develop

The objective of the QoL platform was to create a cost-effective and agile solution to track participant communications and outcomes. Built using Microsoft Power Applications and Dynamics Nonprofit Accelerator, the QoL platform offers relatively low implementation costs for Microsoft 365 users and allows for rapid deployment and updates.

Benefits of the QoL platform are:

- Tracking longitudinal progress and facilitates data collection to understand participant outcomes and inform process improvements in service delivery
- Centralized timeline that captures all communications, notes, tasks, and appointment details. For Microsoft 365 users this includes tracking emails and calendar events from Microsoft Outlook
- Dashboards for coaches and managers provide aggregate participant insights
- Facilitates managers ability to monitor and support financial coaches
- Power BI Reports that aggregate outcome data across project partners

Challenges with the QoL platform:

- **Onboarding for new users** was a challenge as template-based PowerApps interface can be unintuitive, requiring training and persistence from financial coaches.
- **Cumbersome Updates:** Each organization has their own tenant of the platform. This allows each partner greater control of their own data. However, single-tenant architecture requires updates to be deployed individually for each partner organization. As more features are added to the platform, this increases complexity and time required to deploy updates.
- **Limited software development expertise:** Reliance on non-profit staff reduced costs but caused inefficiencies. The platform could have benefited from greater software development expertise including a dedicated experienced product manager, user experience team, systems architect and other roles.

Foster continuous improvement through collective decision-making

The establishment of a continuous improvement process, centered around the Platform Development Working Group (PDWG), proved essential for user-focused improvements. The PDWG included representatives from each partner organization. Involving users early ensures the platform aligns with their needs, enhancing utility and ownership. The sooner feedback is received, the quicker changes can be implemented, leading to a more responsive development process.

» 4. Project activities and lessons learned

4.3 Financial coach accreditation

Financial Coaches were required to pursue the *Accredited Financial Counselor Canada* (AFCC) certification, ensuring quality service delivery and professional development. The AFCC program was selected based on cost, comprehensive financial education and its established community of practitioners.

To help coaches prepare for accreditation Prosper Canada facilitated 40 study group sessions (2023-2024).^{2,3} Coaches reported the study groups provided structure, accountability, and community, enhancing confidence and preparedness. They also noted that the amount of work required to complete the accreditation while also working full time was not manageable. Manager support to take paid time to study and participate in study groups was seen as beneficial.

While coaches viewed accreditation as essential for credibility, professional growth, and client confidence, they also highlighted that the curriculum was designed for middle income households as opposed to people with low incomes. There were also issues with information being specific to the USA rather than Canada.

4.4 Community of Practice

A Community of Practice is a critical infrastructure for collective impact

From 2022-2024, 39 Community of Practice sessions were held for coaches and managers from EBO, West Neighbourhood House, and Building Up. Financial coaches greatly appreciated the opportunity to problem-solve, share challenges, and exchange learnings across organizations. Regularly scheduled sessions enabled regular engagement of financial coaches on service model design, QoL platform development and evaluation activities.

Limit Evaluation Activities within the CoP

Initially, the CoP was used for evaluation input, which detracted from its primary focus on learning, sharing, and problem-solving. This led to:

- Fatigue in evaluation-related discussions and lower participation in data collection.
- A need to refocus the CoP on peer-to-peer learning and create a separate Evaluation Working Group for evaluation-specific tasks.

CoP members preferred informal sessions to freely discuss challenges, share insights, and learn from one another, reinforcing the value of collaboration for professional growth.

» 4. Project activities and lessons learned

4.5 Embedding Model

Towards replication with the Workforce Toolkit

A [Workforce Toolkit](#) was created to support workforce programs and financial empowerment service providers in embedding financial coaches into employment programs. It includes a [landscape scan](#) which examined successful frameworks from the USA, and interviews with the EFC project partners.

Upstream support is needed for successful and sustainable implementation

Host organizations demonstrated a high degree of demand and enthusiasm for embedding financial coaches. However, training host organization staff and collaborating with partner organizations to adapt their existing programs to accommodate a financial coach required significant host organization resources. The project primarily targeted workforce programs in Ontario which are already resource constrained. Upstream engagement with provincial ministries like Employment Ontario and the new Regional Service Systems Manager is essential to secure the incentives and resources needed for future implementation.

4.6 LogicalOutcomes Evaluation Handbook

LogicalOutcomes, developed an [Evaluation Handbook](#) and based on their learning from supporting the evaluation and development and client management system for this project and three other unrelated projects. They have also developed an [AI-driven Evaluation Planning Tool](#) built on the guidelines outlined in the Evaluation Handbook.

5. Lisa's Story – EBO

Lisa* found herself in significant debt after the loss of her spouse two years ago. Compulsive shopping became a coping mechanism, leading to the use of her entire \$25,000 line of credit and \$14,500 credit card. With her housing co-op scheduled for demolition in three years, Lisa decided it was time to take control of her financial situation in preparation for her next move.

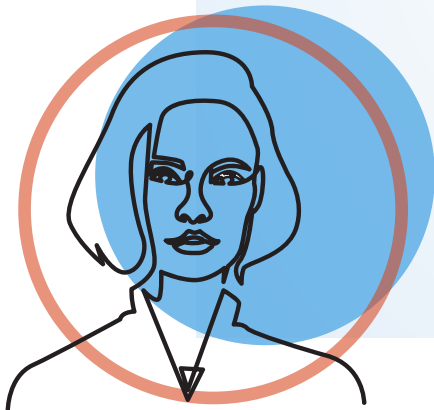
Initially, Lisa was opposed to the idea of a consumer proposal, feeling a personal responsibility to repay her debts in full. Working closely with our financial coach, Lisa created a budget aimed at eliminating unnecessary spending and prioritizing debt payment. Lisa reviews this budget monthly, has stopped using her credit card, and now relies solely on her debit card for purchases.

In just four months, Lisa has reduced her credit card balance by \$4,400, bringing it down to \$10,100. With her disciplined approach and a recent job promotion, she is on track to fully repay her credit card by mid-February 2025—or even sooner. Once this goal is achieved, Lisa and her financial coach will develop a new plan to tackle her line of credit debt.

Lisa also took proactive steps to secure her retirement. Following her financial coach's recommendation, she met with her bank advisor to optimize her \$28,200 RRSP. She invested in a GIC with an annual interest rate of 5.6%, which will yield \$1,579 in the first year.

Lisa has made remarkable progress, feeling reinvigorated, less stressed, and immensely proud of her achievements. Her story demonstrates the transformative impact of financial coaching and her commitment to building a stable financial future.

*Name changed for privacy



6. Conclusion

This project highlights the significant impact and adaptability of the Embedded Financial Coaching model in a Canadian context. By implementing this pilot, we have not only refined the model but also gained valuable insights that will inform future efforts to expand and replicate financial coaching across Canada. As we move forward, these learnings will guide us in empowering individuals to achieve greater financial stability and long-term success.

7. References

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