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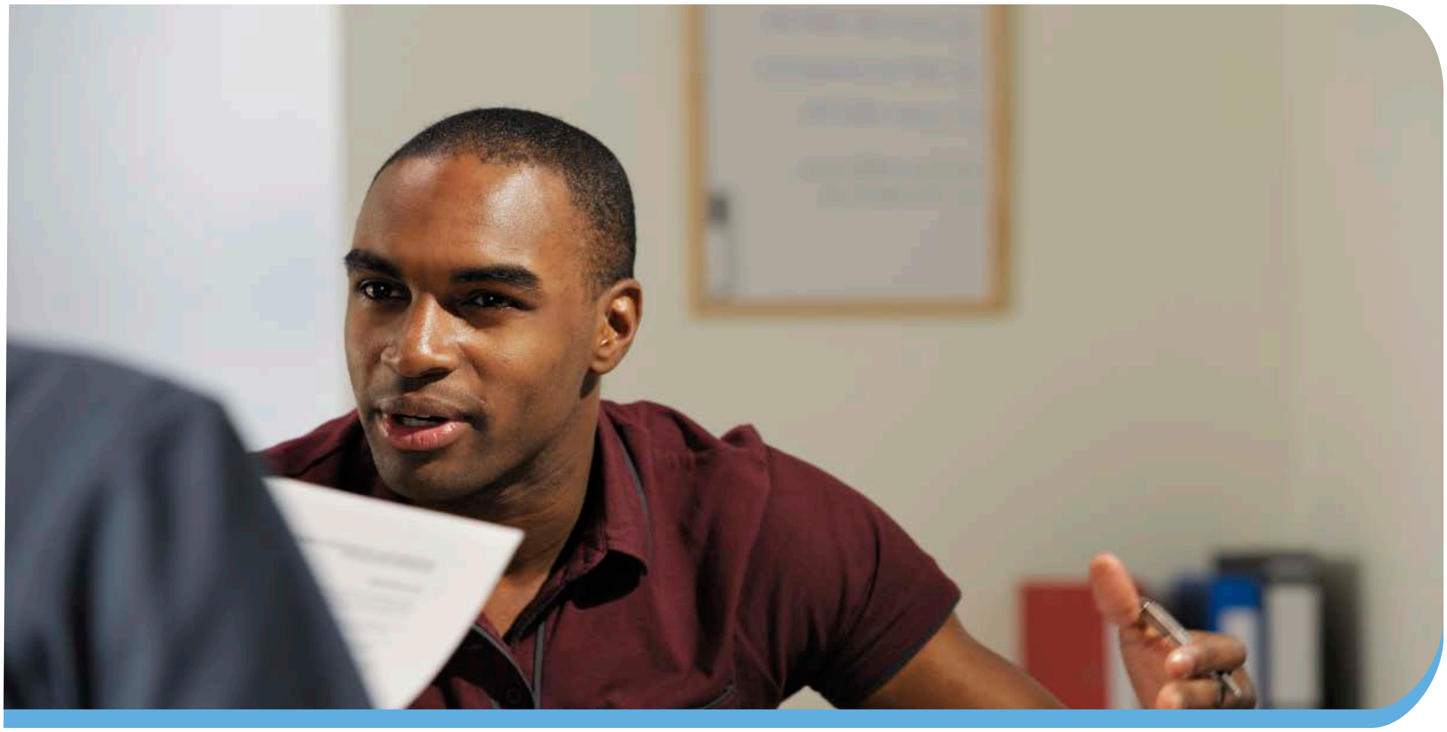

Financial Counselling For People Living On Low Incomes

International scan of best practices

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TD

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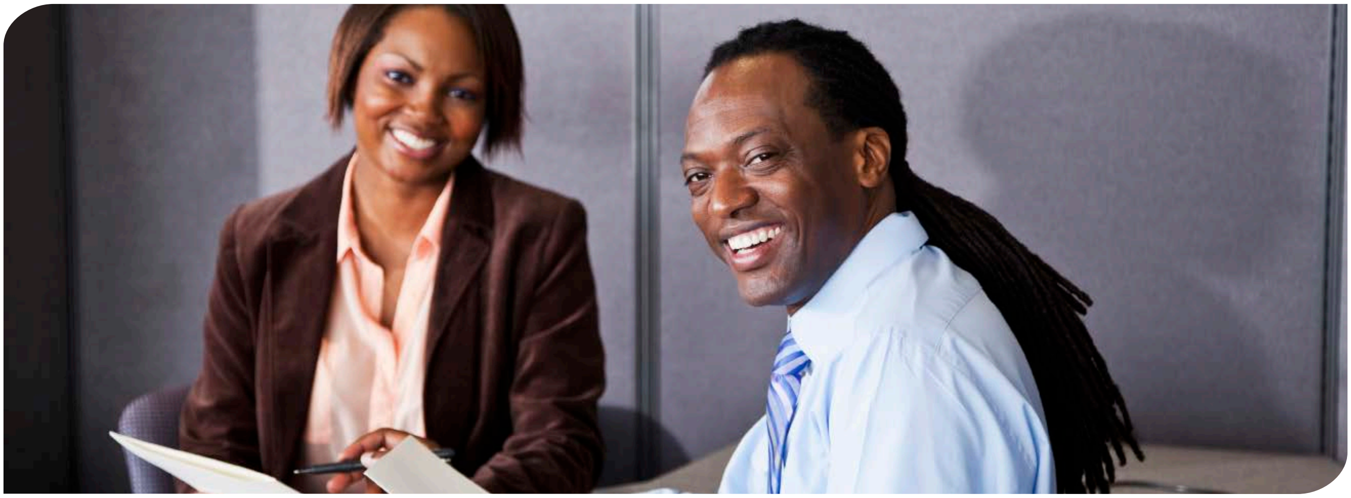


Executive Summary

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
1. Create a foundation for behaviour change		
• Ensure financial counselling objectives, delivery approach, and target population(s) are aligned with organizational mission	12	63.2%
• Develop a theory of change to identify target client outcomes and guide program delivery and research	8	42.1%
• Use formal performance benchmarking and metrics to structure and document front-line financial counselling practice	9	47.4%
2. Tailor programs to client population(s)		
• Identify where client groups fall along the continuum of financial needs and design financial interventions to address their specific needs and priorities	11	57.9%
• Ensure a range of specialized financial supports is available to clients and delivered by people with the requisite training and skills	11	57.9%
3. Adopt client-centred practices		
• Ensure financial counselling programs are unbiased, high quality, accessible, and empowering	19	100.0%
• Ensure financial counsellors possess key knowledge, attributes and skills that enable them to work effectively with financially vulnerable, low-income clients	17	89.5%
• Combine counselling and coaching techniques as needed to meet the needs of clients and funders	11	57.9%
• Keep clients engaged in the process through longer-term goal setting and reconnecting at tax time	11	57.9%
• Treat low-income people as competent individuals with their own priorities and goals	11	57.9%
• Adapt content, tools and products to serve low-income consumers	9	47.4%
• Use technology to support clients and counsellors to achieve better outcomes	7	36.8%
4. Help build a viable financial counselling field		
• Anticipate, plan for, and manage risk	16	84.2%
• Establish networks of practitioners and increase the formalization of the field	14	73.7%
• Build capacity in diverse front-line service systems to integrate financial counselling into their programs and services for low-income people	11	57.9%
• Evaluate programs systematically	11	57.9%
• Collaborate and promote a specialized division of labour to support stronger policy work	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.

1. Introduction

This scan of financial conselling 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 its financial literacy granting program, 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. Services that were integrating financial counselling were wide-ranging, from health and social services to enterprise development.

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. Furthermore, researchers in these countries had begun to explore diverse financial counselling program models and their impacts.

2. 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 practices 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 areas of particular consensus or divergence in opinion with respect to identified best practices.

Given the emergent state of the field of community-based financial counselling for low-income people, 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.

3. Methods

Informal exploratory interviews were conducted with 10 experienced practitioners and academics in the broader field of financial capability[1] to identify relevant key informants and resources. The aim was to create a convenience sample of:

- Practitioners with at least three years of experience in the design and delivery of individual financial counselling programs and services to low-income people
- Academic researchers with expertise in the evaluation of financial counselling interventions for this population
- Representatives of policy/program networks with particular expertise in this area.

Nineteen structured, one-hour interviews were conducted with key informants in Australia, Canada, the United Kingdom and the United States (see Appendix 2 for the interview instrument). One interview in Quebec was conducted in French by a representative from Entraide Budgétaire, a non-profit financial counselling provider.

During each interview, 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, such as client targeting, staffing, program delivery, evaluation, risk management, etc. 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 intermediary groups (practitioner networks and associations of organizations) to obtain their perceptions of best practices and the evidence underpinning their views.

Notes from each interview were circulated to the key informant to enable them to verify their accuracy and make any necessary revisions. Qualitative techniques were used to analyze the interview responses and generate findings. All research references cited were catalogued (see Appendix 3 for a complete list). Key findings from the interviews are set out in section 4 below.

3.1 Key informant sample

Twenty-one key informants participated in the study, drawn from three types of organizations:

- **Service delivery organizations** – Fifteen key informants were drawn from organizations/programs delivering individual financial supports to low-income clients. The key informants were primarily program managers with direct involvement in front-line counselling.

- **Intermediary organizations** – Four key informants were drawn from practitioner networks and associations of organizations that provide financial counselling. Key informants shared their knowledge of collective efforts to build standards for quality control, manage risk, replicate programs, and scale-up delivery.

- **Academic institutions** – Two academics who conducted research on financial counselling programs for low-income people shared their program evaluation findings.

For a complete list of key informants, please see Appendix 1. Due to the limited scope of this scan, it was not possible to achieve a balanced mix of key informant perspectives across jurisdictions. Table 1 below, summarizes the distribution of key informants by jurisdiction and organization type.

Table 1: Profile of key informants

Country	Financial coaching program	Network/ association	Academia
Australia	1	1	1
Canada	6	-	-
United Kingdom	1	-	-
United States	7	3	1
Total*	**15**	**4**	**2**

*The sum of the columns is less than 100 per cent because one key informant was both a representative of a financial counselling program and an elected member of an association.

Of the 15 key informants from service delivery organizations:

- Seven were from non-profit organizations focused uniquely on financial counselling and support services

- Six were from non-profit organizations that offered a range of financial counselling programs and services to complement their social service program offerings (e.g. settlement, employment, community economic development, and housing)

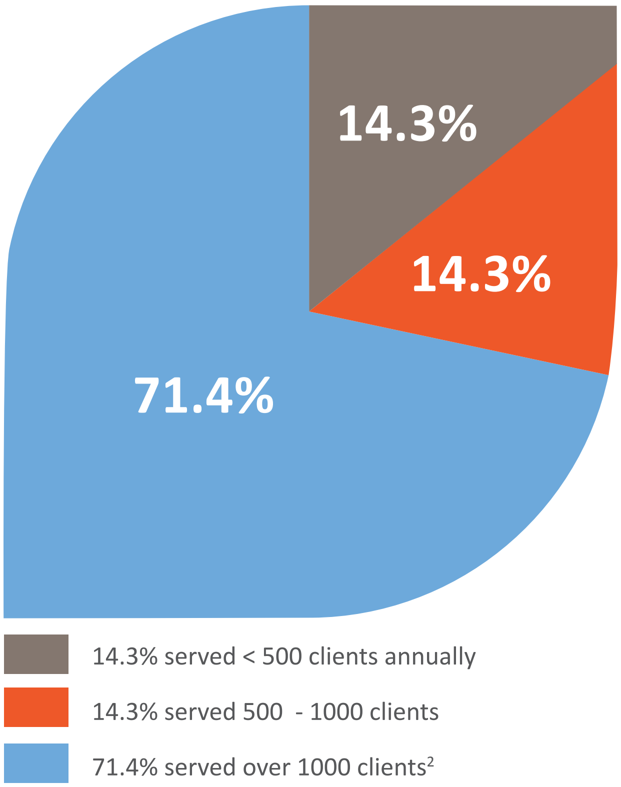
- One was from a credit union

- One was from a community college that provided financial coaching to its students and offered a certificate program in financial coaching.

All of these key informants worked for organizations with extensive experience in planning and delivering individual financial supports to low-income people: thirteen (86.7 per cent) organizations had over five years of experience, and more than half had over ten years of experience. Most organizations offered at least one type of financial support program or service, including financial education workshops and financial counselling. Some were established to serve a broad population with financial difficulties, while two offered specialized programs targeted to specific client populations, such as students, tenants, and home owners. Organizational mission was a key driver of client targeting and program focus, which resulted in wide variation in the scope and design of delivery models between service providers.

A majority of the service delivery organizations in this study provided financial counselling to more than 1,000 clients annually:

Figure 1: Financial counselling by service delivery organizations



Nine of 14 organizations (64.2 per cent) had no income-based criteria for client eligibility. Nonetheless, a majority of their clients were low-income, including the working poor and social assistance recipients. Five organizations (mostly in Canada) served very low-income people exclusively, targeting those whose incomes fell below the Low Income Measure (LIM).[3]

3.2 Terminology

Key informants used a wide range of terminology to describe individual financial supports delivered to low-income people (see Table 2 on page 12). The terms often varied according to the focus of the interventions employed, the influence of national contexts and policies, the priorities of funders, and the intended target population.

When the interviews for this study were conducted, formal professional paradigms for financial 'counselling' and 'coaching' in the social services sector were not yet well defined. For this reason, many key informants used the terms loosely and interchangeably. According to one key informant,

> ***"[w]e use the terms 'coaching' and 'counselling' interchangeably and try not to get caught up in semantics. Yet, it is extraordinarily important to our work to define it for yourself, then move away."***

In a short span of time, there has been a gradual progression towards a set of paradigms for counselling and coaching practices, particularly in the United States. J. Michael Collins is the Faculty Director at the Center for Financial Security at the University of Wisconsin-Madison and a leading U.S. expert on financial coaching. Collins suggests that financial coaching is best understood as:

> ...regular one-on-one sessions with clients in order to 'coach' performance improvements to meet goals mutually set by the coach and client. Coaching is differentiated from counselling in that coaches are not "experts," but instead they provide encouragement and monitoring over advice, and do so in a process largely driven by the client.
>
> Coaching is not designed to be a therapeutic relationship or to manage a crisis. Coaching is well suited to asset building programs because clients often need encouragement and support to adhere to positive financial behaviors. A coach can provide a much-needed boost to self-control along with the flexibility to change strategies as the client's financial situation changes.[4]

By contrast, the Association for Financial Counseling and Planning Education (AFCPE) describes financial counselling as a process of helping to "move individuals and families along a spectrum of knowledge through behavioral adjustments, with the hope of eventually referring them to investment advisers and financial planners …for wealth planning advice."[5] Financial counsellors are qualified:

> …to navigate clients through financial crises such as credit and debt issues, bankruptcy, and foreclosure, as well as work with clients to develop and implement effective spending plans, eliminate debt, build savings and create meaningful solutions to maintain financial stability and reach the client's financial goals.[6]

In our interviews with key informants, 'financial counselling' was the term most frequently used across jurisdictions. This paper, therefore, uses the term 'financial counselling' to cover a wide range of individual financial support programs largely aimed at assisting low-income people to establish and achieve financial goals and to tangibly improve their financial outcomes.

Practitioners also used diverse terms to refer to the people accessing their services. 'Client' was most commonly used in all jurisdictions, although 'participant' was also commonly used in Canada. 'Customer' was less frequently used, often in organizations working to create a business culture in their work. This paper uses the term 'client'.

3.3 Study limitations

The study's one-hour interview format was sufficient to achieve its objective of obtaining a high level scan of perspectives on best practices. However, the scan did not collect substantial information about the design and operations of the programs that key informants either worked in or delivered.

Given the small overall number of key informants and the under-representation of two jurisdictions in the study, it was not possible to conduct an in-depth cross-jurisdictional analysis. Nonetheless, the study's findings do highlight some apparent similarities and differences between countries.

Table 2: Terminology

Primary terminology used by key informants	%	Number
Financial counselling	63.16%	12
Money coaching/Financial coaching	21.05%	4
Debt counselling	15.79%	3
Asset building	10.53%	2
Financial advocacy and problem solving	5.26%	1
Money or debt advice	5.26%	1
Financial planning	0%	0

Total key informants: 19
Note: Some key informants used more than one of these terms to describe their work.

4. Findings

4.1 Policy and funding environment

According to key informants, community-based financial counselling expanded across Australia, the U.K. and the U.S. in response to the effects of the 2008 global financial crisis. In the U.K., research into the delivery of financial counselling had begun in the years leading up to the crisis with regional pilot studies and their evaluation, as part of a government review of approaches to the delivery of a national financial advice service.[7] The onset of the subprime mortgage crisis and global recession added further impetus to the field's development. Governments in the U.K. and Australia responded by implementing extensive national service systems to provide information, advice, and support to consumers in financial difficulty. Financial counselling programs grew rapidly as a result.

"The UK generic financial advice (now called money guidance) helps people cope with understanding and planning their finances without promoting the sale of any product. The Thoresen Review, commissioned by the Treasury and published in March 2008, recommended to government that a national money guidance service be established, delivering just such advice. Citizens Advice Bureaux in the North East are the key delivery partner for the face-to-face element of the Moneymadeclear[8] pathfinder for this service."

In the U.S., the subprime mortgage crisis led to the development of the National Foreclosure Mitigation Counseling Program, which financed the scaling

of financial counselling services through capacity building grants to service delivery organizations.[9] The emerging Cities for Financial Empowerment movement also catalyzed the scaled integration of financial counselling and related financial empowerment supports into municipal and community-based social programs serving low and modest-income people.[10]

Canada was less affected by the economic downturn than the other jurisdictions studied. This may explain, in part, why its federal and provincial governments did not invest in the establishment of financial counselling services, as did other governments, and why Canada's community-based financial counselling field is still largely nascent. Instead, the federal government has focused on promoting financial literacy and providing online financial consumer information. As a result, the few financial counselling programs that have emerged are generally precariously funded, highly localized, community-based initiatives.

Key informants reported that government priorities shifted in the U.K. and Australia as the economic crisis receded. This led to reduced funding for financial advice services in the U.K. in 2010 and the prospect of reduced funding in Australia.

4.2 Influence of behavioural economics

Key informants in each jurisdiction were critical of government strategies that relied uniquely on financial information and education as a response to the widespread financial challenges facing households. Many cited evidence from behavioural research suggesting that individual financial counselling is more effective at promoting actual behaviour change than information and education-based approaches.

> ***“ Financial education programs mostly fail because they are too short, they don’t sustain the relationship and they don’t have a call to action. [Our national program] …currently provides one-to-one support for people as a universal service. In the session, they will talk you through your finances saying: ‘this is where you are at with your money, and this is what you can do’. ”***

Numerous key informants described how behavioural economics influenced their financial counselling practices.[11] However, they also cautioned that financial counselling interventions must be carefully tailored to meet the financial priorities and needs of low-income populations if they are to be effective.

When applied to economic and social policy, behavioural economics promotes the structuring of consumer choices so that the desired behaviour is the easiest to adopt. In this way, it facilitates behaviour change that might not be achievable through consumer information and education alone.

Instead of telling clients how to act, or expecting that increased knowledge will automatically result in behaviour change, these programs ‘nudge’ clients to make constructive choices. Richard Thaler and Cass Sunstein define a ‘nudge’ as:

> …any aspect of the choice architecture that alters people’s behavior in a predictable way without forbidding any options or significantly changing their economic incentives. To count as a mere nudge, the intervention must be easy and cheap to avoid. Nudges are not mandates. Putting fruit at eye level counts as a nudge. Banning junk food does not.[12]

In relation to financial counselling, behavioural economics suggests that programs should take a more intentional approach to promoting financial capacity, by constructing clear and accessible choices for clients and by offering positive options for action. For example, it is unlikely that an unbanked client who is reliant on fringe financial services will open a bank account if they are simply told to do so. Action is more likely if the client is provided with easy access to the necessary information, tools, and application forms, along with facilitative support, if required, to help them complete the forms and develop a positive relationship with the bank.[13]

> ***“ We are creating a financially inclusive environment. If we can, we reshape the environment to set up positive choices for people rather than negative choices. For example, opt in pension schemes. ”***

Behavioural economics

"The basic objective of behavioural economics is to relax the assumption, pervasive in much of modern economic theory, that economic decisions are made by fully rational, selfish, utility maximizing individuals. In doing so, it gives full weight to the role that emotions and limited reasoning can play in economic decision-making.

Behavioural economics has proved useful in understanding many economic issues including financial crises, donations to charity, price setting, labour supply, the equity premium puzzle, drug addiction, bargaining and so on. Indeed, behavioural economics has been the fastest growing field in economics over the last 20-30 years and can already boast an impressive list of Nobel Prize Winners.

One area where behavioural economics seems particularly useful, if currently unexploited, is designing economic policy. In particular, to know how a policy will impact at the micro level it seems crucial to really understand how people will react to that policy. Behavioural economics has shown how subtle and seemingly innocuous changes to policy can have important and counter-intuitive consequences.

...One key thing to appreciate is that behavioural economics is not about throwing away the standard models of economics to start afresh. Instead, it is more about tweaking the models to take account of the realities of human decision-making."[14]

Key informants noted they have increasingly integrated behavioural economics principles into their program designs, but their approach has not always been evidence-based. The influence of behavioural economics on their work has occurred through casual exposure to concepts in articles and books, at conferences, and through practitioner learning exchanges. Based on this exposure, they have formed opinions about the ineffectiveness of stand-alone financial education approaches on behaviour change and moved towards a preference for 'face-to-face' practice. They have also adapted their programs by adding 'nudges' to enhance the likelihood of key financial outcomes.

Most indicated, however, that their practice has been more influenced by reflection and adaptation of program approaches and their accumulated understanding of what creates change in their clients' lives. Behavioural economics has consequently been an important, yet informal, influence on financial counselling program design and delivery.

About 40 per cent of respondents spoke of their efforts to document the effects of integrating behavioural economics principles into their practice. Networks and associations have also contributed at a broader level by coordinating and promoting shared learning on behaviour change through research, pilots, and replication work.

4.3 Perspectives on best practices

Key informants were asked to identify three practices they would most recommend to other practitioners. Qualitative categorization and analysis of the more than 50 practices mentioned revealed the most commonly cited advice (in order of frequency):

1. Invest systematically in performance benchmarking, metrics, and capturing outcome data to support evidence-based accountability (Seven key informants listed this as one of their top three practices)
2. Align objectives, delivery approach and target population with organizational mission (Five key informants)
3. Adopt a strengths-based[15] , non-judgemental, non-directive approach to working with low-income clients to assist them to achieve their own financial goals (Five key informants)
4. Develop a theory of change that articulates how the program will promote longer-term changes in behaviour (Four key informants)
5. Provide appropriate training and support to staff and volunteers. Keep skills up-to-date and make a management level commitment to continuous learning and improvement (Four key informants).

While priorities varied by key informant and jurisdiction – for example, American key informants underscored the importance of benchmarking and data collection – most agreed that the five practices outlined, helped to ensure the effectiveness of financial counselling interventions. Key informants however, diverged substantially on how they would implement this advice.

The roots of these differences appeared to be largely ideological. Some key informants prioritized the development of individual clients' financial security, stability and empowerment, while others focused on advancing broader societal goals like financial inclusion, poverty reduction and social justice in their interventions. The latter group (most likely to be found in Australia, the U.K. and Canada) sought to address prevailing policy attitudes by emphasizing state responsibility for promoting financial inclusion.

At the level of front-line financial counselling program design and delivery, however, strong commonalities of practice were found. The sections that follow capture the broad range of learning and advice key informants shared on how to design and deliver effective individual financial counselling programs.

5. Best Practice Themes

An analysis of the best practices cited by key informants revealed four main themes. 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 3 on page 18).

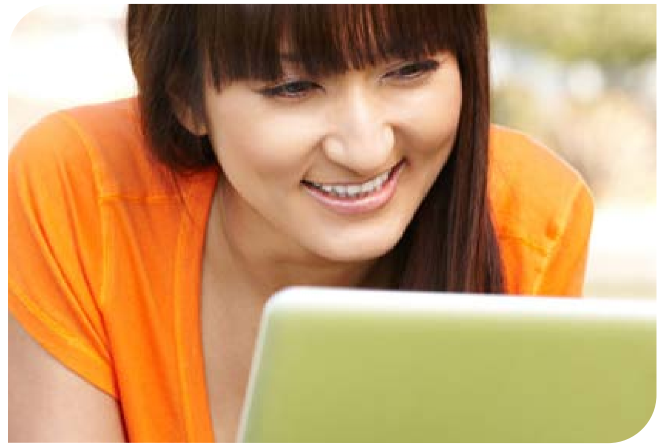
5.1 Create a foundation for behaviourchange

Practitioners highlighted the need to be intentional about the results they were seeking to achieve and use interventions that were appropriate for their client base. Other critical activities that begin at the inception of financial counselling initiatives include articulating a theory of change and systematically building an evidence-base.

- Ensure financial counselling objectives, the delivery approach, and the target population(s) are aligned with your organizational mission

An upfront assessment of the 'fit' between the type of financial intervention chosen and the mission of the organization can prevent unexpected program challenges downstream. To create an effective program well-tailored to the needs of its users, it is also important for organizations to be explicit about the target population and the nature and objectives of the financial intervention(s) used.

For example, some organizations reported 'mission drift' after the introduction of financial counselling caused a shift in their target population. Others noted that their decision to pursue financial counselling services resulted in increased program costs, changes to staff roles, and transformations in their organizational structures, which created unexpected repercussions for their organizations.



"A large degree of our success has to do with how clear we are about what we do... It is important to stay focused on your mission, to know why you are going into coaching, and what the implications are for the organization."

- Develop a theory of change to identify target client outcomes and guide program delivery and research

Over the years, as organizations have gained experience in the delivery of financial counselling services, theories of change have emerged based on practical learning by practitioners, behavioural economics theory and, in some cases, academic research and evaluation. Programs seek to influence the specific financial preferences, choices, and actions of their clients with an emphasis on promoting behaviour change. Programs are consequently becoming more specific about the chain of results they seek to promote over the short and long-term.

Table 3: Best practices identified by key informants

Best practices	Number who cited (N=19)	Percentage who cited
1. Create a foundation for behaviour change		
• Ensure financial counselling objectives, delivery approach, and target population(s) are aligned with organizational mission	12	63.2%
• Develop a theory of change to identify target client outcomes and guide program delivery and research	8	42.1%
• Use formal performance benchmarking and metrics to structure and document front-line financial counselling practice	9	47.4%
2. Tailor programs to client population(s)		
• Identify where client groups fall along the continuum of financial needs and design financial interventions to address their specific needs and priorities	11	57.9%
• Ensure a range of specialized financial supports is available to clients and delivered by people with the requisite training and skills	11	57.9%
3. Adopt client-centred practices		
• Ensure financial counselling programs are unbiased, high quality, accessible, and empowering	19	100.0%
• Ensure financial counsellors possess key knowledge, attributes and skills that enable them to work effectively with financially vulnerable, low-income clients	17	89.5%
• Combine counselling and coaching techniques as needed to meet the needs of clients and funders	11	57.9%
• Keep clients engaged in the process through longer-term goal setting and reconnecting at tax time	11	57.9%
• Treat low-income people as competent individuals with their own priorities and goals	11	57.9%
• Adapt content, tools and products to serve low-income consumers	9	47.4%
• Use technology to support clients and counsellors to achieve better outcomes	7	36.8%
4. Help build a viable financial counselling field		
• Anticipate, plan for, and manage risk	16	84.2%
• Establish networks of practitioners and increase the formalization of the field	14	73.7%
• Build capacity in diverse front-line service systems to integrate financial counselling into their programs and services for low-income people	11	57.9%
• Evaluate programs systematically	11	57.9%
• Collaborate and promote a specialized division of labour to support stronger policy work	10	52.6%

Many noted that, while they had originally taken an intuitive approach to designing and delivering financial counselling, years of experience, reflection and shared learning have led many to develop explicit theories of change for their programs. In the U.S., leaders in the field have developed theories of change that have helped guide the introduction of performance benchmarking into their programs by identifying target milestones and outcomes. In the U.K. and Australia, leaders in the field are applying OECD outcomes categories[16] and using qualitative research to explore the relationships between financial inclusion, social inclusion, and health.

- ### Use formal performance benchmarking and metrics to structure and document front-line financial counselling practice

Results-based accountability is increasingly important in all jurisdictions. Many key informants noted a growing emphasis on evaluation and performance measurement, stating that funders are demanding increased accountability for their investments and rigour in measuring the impact of programs on client behaviour and other outcomes, such as government savings.

Financial counselling metrics and standards of practice

The Cities for Financial Empowerment (CFE) Fund in the U.S. has developed a web-based client management system and database for financial counselling, which it offers as part of its technical assistance program to cities establishing financial counselling centres in low- and modest-income neighbourhoods and/or as an integrated component of other municipal social services. Building on the experience of New York City's pioneering Financial Empowerment Centers that provide free financial counselling tailored to the needs of low- and modest-income residents, the database tracks individual clients' progress in real time against 40 measurable milestones and outcomes in the areas of credit, debt, savings and banking. These evidence-based metrics are designed to guide the activities of financial counsellors, enable program managers to track client progress and counsellor performance, support outcome reporting to funders, and support research on best practice by aggregating data from multiple providers for analysis against client and program characteristics.

Toynbee Hall in London, England received funding from CITI Group Foundation to design and develop the MAP Tool, a web-based impact measurement tool to assess people's progress towards financial well-being outcomes. Through national consultation, the MAP Tool was designed and tested to support financial counsellors to work more effectively with individuals through the use of an individual financial health assessment. A common tool enables organizations to assess the effectiveness of different interventions and build a national dataset to support research and evaluation on financial inclusion. The organization also promotes Transact, a national online forum on financial inclusion that facilitates peer learning and practitioner exchange.

The Financial Clinic in Brooklyn, New York developed and runs Change-Machine.org, a web-based platform that enables financial counselling and coaching practitioners to track client progress against six desired outcomes, using 80+ behaviour change milestones and performance indicators. In addition to offering service providers an automated client management system and database to support real time program monitoring and accountability, the platform offers online tips, tools and training opportunities, as well as access to an active peer-learning community.

Delivery organizations are, consequently, increasingly building performance metrics into front-line financial counselling practice. With experience, leaders in the field are growing more concrete and specific about the changes they are seeking to promote in clients' lives. This is particularly true in the U.S. where detailed milestones and outcomes have been used to promote clear counselling protocols and results-based accountability.

Three key informants were in the process of developing online impact databases for use by multiple organizations to support the development of shared performance indicators and standards that will eventually permit the comparative evaluation of diverse programs (see highlight box on page 19). However, key informants who pursued more client-led financial counselling approaches expressed concern about the adoption of standardized performance indicators and their potential effect on their practice and client outcomes. They noted the incompatibility of systems that are driven by prescribed milestones and client tracking indicators, arguing that the rigidity of this type of practice can undermine the effectiveness of counselling and its ability to motivate independent client action.

> ***"Coaching ... doesn't always coincide with the results agenda – early results may not be financial and may contradict benchmarking. For example, cancelling a credit card might lower your credit rating.[17]"***

5.2 Tailor program to client population(s)

Most organizations tailor their programs and interventions to better serve the needs of particular groups of clients. Our findings suggest this can be achieved in two key ways:

- **Identify where client groups fall along the continuum of financial needs and design financial interventions to address their specific needs and priorities**

Over the years, practitioners have begun to identify the financial needs of low-income consumers, including their money priorities and varying levels of readiness to participate in financial counselling. Most organizations seek to move clients out of crisis (if this is where they begin) and along a continuum of increasing financial stability and security as they build their financial capability (Table 3).

At one end of the continuum are low-income people who are caught in 'survival mode'. Some may be experiencing financial crisis or coping with the day-to-day challenges of poverty and financial exclusion. People in survival mode necessarily focus on the short-term and seek immediate solutions to urgent financial problems – solutions that sometimes come at a significant cost to their future financial well-being. At the other end of the spectrum are people in low-income who have entered into a more 'future-oriented mode.' Typically, these individuals have access to a greater variety of resources and are more empowered and able to engage in financial planning, saving and investing for their future.[18]

> ***"Many people's income base is so low that any crisis will immediately put them into financial crisis."***

People at the ‘survival’ end of the spectrum are understandably dealing with income insecurity and crises. They may initially access financial counselling in order to deal with urgent and unavoidable financial problems but, in some cases, become interested over time in finding ways to gradually improve their financial stability. Clients who might fall into this category include, but are not limited to:

- People on social assistance
- People who are homeless or under housed
- People living with mental health issues
- Women leaving violent relationships
- Undocumented workers
- People involved in the criminal justice system.

Organizations working with people during this stage strongly emphasize the need for social justice and for policy development to better support their work. They understand that their clients’ financial circumstances are not simply the result of individual level choices but a complex set of interactions between personal, institutional and societal factors that create barriers for some people to achieve even a modicum of financial and personal stability.

People who find themselves in the middle of the continuum are typically not in crisis, but have financial challenges and are looking for ways to improve their financial well-being by accessing benefits, budgeting, managing debt or beginning to save. Clients in this category might include, but are not limited to:

- People who are working but earning a low-income
- New immigrants
- Low-income people living on fixed incomes (e.g., seniors, social assistance recipients, and people relying on disability benefits)
- Financially vulnerable home owners
- Students
- Problem gamblers.

Financial counsellors work with clients to help them set goals, stay on track, and access additional supports through referral services if needed. Despite these efforts, the path along the spectrum of supports is not always without challenges and occasional setbacks.

Once a client reaches the ‘future oriented’ end of the spectrum, their priorities shift as they begin to mobilize resources and apply knowledge and skills to build assets and invest in their own future and that of their families. Clients in this category might include:

- Immigrants
- Micro-entrepreneurs
- People who are working but earning a low-income
- People in the groups previously noted who have moved towards greater financial security.

Each organization’s mission, theory of change, and client mix will determine where it locates its financial counselling program along this continuum. The goal is generally to offer tailored services that meet clients ‘where they are at’. Almost half of key informants (46.7 per cent) described efforts to move their clients along this continuum toward greater financial security. They also noted that the interventions they apply tend to change as clients’ progress and build their financial capability.

Table 4: Continuum of client financial priorities and tailored interventions

SURVIVAL MODE ⟷ FUTURE MODE

Client stage	Crisis / Stabilizing	Engaging	Building economic security / Building assets
Client financial priorities	• Accessing resources to help meet basic needs (e.g., food, housing, heating and other utilities) • Accessing income boosting entitlements • Immediate relief from credit and debt issues • Navigating complex government requirements	• Accessing safe and appropriate banking services and products • Improving credit scores • Accessing safe and affordable financial products and services • Breaking out of a cycle of debt and financial crisis • Increasing their income • Beginning to save	• Longer-term financial goal-setting • Retirement planning • Saving • Accessing asset building and appropriate investment vehicles • Acquiring asset protection (e.g., insurance)
Financial counselling interventions	• Tax filing to secure access to social benefits • Financial problem solving and advocacy • Facilitation and support to navigate complex institutions • Case management • Financial trusteeships • Debt counselling	• Credit score repair • Budgeting • Tax filing assistance • Mortgage rescue • Consumer protection • Financial goal setting • Incentivized savings programs	• Financial coaching to support client-led goal setting • Incentivized savings programs • Support to access appropriate investment and insurance products

- **Ensure a range of specialized financial supports is available to clients and delivered by people with the requisite training and skills**

There is still much debate about who should deliver financial capability supports and the degree to which specialized training and skills are required to provide these services effectively. To respond to growing demand, financial counselling programs are offering access to a range of financial interventions through referral partnerships. Gradually the appropriate role for community-based social service staff is being identified, including what types of issues they have the capacity to respond to and which should be referred to more specialized financial counselling programs.[19]

Key informants indicated that a clearer division of labour is beginning to emerge in the field of financial counselling. Basic financial information, education and counselling is increasingly being embedded in a broad range of community-based programs in response to demand, while more in-depth financial counselling is left to specialized staff with the requisite training and skills. These more intensive financial counselling services can be found in organizations specifically focused on financial capability or embedded in other diverse non-profit and municipal level neighbourhood services.

Many key informants emphasized the importance of flexibility in program design, while also placing a high priority on developing strong working relationships with lead community organizations. Building partnerships with complementary organizations to ensure clients have access through referrals to a broad spectrum of supports, such as free tax clinics, was viewed as very important. Many also felt that organizations delivering financial counselling should also be engaged in advocacy to address the underlying issues that fuel community demand for their services.

Despite movement toward a division of labour in the community financial counselling field, and an increase in the number of delivery partnerships, there is no consensus yet on whether financial counsellors should specialize in serving clients with similar needs or work across the continuum of need. For example, some organizations position counsellors to work only with clients in crisis, while others have them work with clients across the full continuum of financial priorities and needs.

> ***“We don’t do everything, but what we do, we do very well. ... We emphasize high quality. It’s about really knowing and focusing on what you want to offer. The best customer service, the best content, and the best evaluation... It is important for the organization to know what they are best at – Good to great.”***

5.3 Adopt client-centred practices

Early in the development of community-based financial counselling, providers relied more heavily on reflective and adaptive approaches and shared practitioner knowledge in deciding how to build the financial capabilities of their clients. A number of key informants noted that years of practical experimentation in the field have contributed to a knowledge base from which common norms of practice have emerged. This notion is reinforced by the commonality of the perspectives shared by the key informants in this study, despite the diversity of their organizations and financial counselling programs. While program designs tended to vary according to community context, client target population, organizational mission, and the funding environment, key informants shared common values and approaches with respect to client-centred practices.

- **Ensure financial counselling programs are unbiased, high quality, accessible, and empowering**

Experience has shown that, to be effective, financial counselling services for low-income people should be high quality, unbiased, accessible and relevant to their clients' financial and life contexts. They should also build on the individual strengths of each client, their aspirations and life goals. To this end, effective financial counselling services are typically:

- Non-profit and free at the point of delivery
- Focused on the best interest of the client
- Free from conflict of interest
- Private and confidential
- Accessible (low-barrier)
- Respectful and responsive to the needs and interests of the client
- Empowering
- Non-discriminatory and committed to equality of opportunity
- High quality and professional
- Community-based and accountable to the community being served.

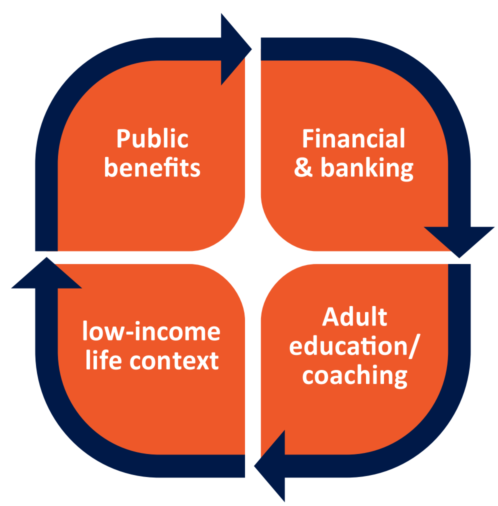
- **Ensure financial counsellors possess key knowledge, attributes and skills that enable them to work effectively with financially vulnerable, low-income clients**

Key informants held strong views about the attributes of effective financial counsellors. Given the complexity of most clients' personal and household finances, most key informants were in agreement that financial counsellors should possess a mix of the following expert knowledge:

- Knowledge of the needs, context and language of the target low-income group
- Knowledge about personal finances and the banking system
- Knowledge of income benefit programs and other government programs, policies and regulations relevant to low-income people's finances
- Adult education and coaching skills.

Respondents noted that it takes years for staff to master the role of financial counsellor and its complex set of skill requirements.

Figure 2: Staff knowledge and skill requirements for financial counselling



In the past, organizations often hired staff with traditional social work training and/or experience. However, the tendency now is to hire people with strong financial knowledge and coaching expertise. According to key informants, many organizations also prefer to hire program staff members who are ethno-culturally representative of the communities they serve.

Some key informants noted a growing interest in staff qualifications on the part of both funders and consumers. Most organizations do not require specific training and certification as a prerequisite for staff hiring, but it is common for staff to pursue a range of certifications related to their work, such as coaching and financial planning certifications. About half of the organizations in this study require staff to complete some type of formal certification (although not necessarily before they are hired).

All of the organizations in this study provided in-house training for their staff and volunteers, at varying levels of formality, duration, and intensity. Five organizations (35.71 per cent) developed in-house staff training curricula that they shared with partner organizations. Many organizations also strove to build a culture of continuous learning and improvement to ensure staff knowledge is up-to-date and program design and delivery are high quality.

In Australia, the U.K. and the U.S., specialized financial counselling certifications have been developed, but key informants criticized these as too basic, often centred on debt counselling, and overlooking many of the financial issues that low-income people face. On the other hand, some felt that the newer financial counselling certifications available, from the City University of New York and the New York City Office of Financial Empowerment for example, are better at addressing the full range of staff knowledge and skills needed to provide effective financial counselling to people with low-incomes (see Figure 2 on page 24).

Key informants from most of the jurisdictions in the study noted that unstable funding environments mean program salary budgets are not always commensurate with the qualifications required for this work, making staff retention a serious challenge for the field. Some programs offered clinical supervision to help their financial counsellors manage workloads and deal with the vicarious trauma that comes with this type of employment.

“Workload is key to retention. In order to retain a counsellor for many years, we keep an eye on their caseload and how overwhelming it can be at times, and we adjust accordingly.”

- ### Combine counselling and coaching techniques as needed to meet the needs of clients and funders

Overall, key informants were not very concerned with making distinctions between financial ‘counselling’ and ‘coaching’. Many found the distinction to be largely a question of semantics or even a ‘red herring.’ Although, some practitioners revealed a degree of unresolved tension in the field as they advocated for or against various forms of counselling and/or coaching practice. It became apparent that expedient practitioners were adopting a blended approach that privileged counselling or coaching based on the financial stage and interests of the client and their readiness to adopt a more self-directed approach. The preference for one or another form of financial counselling/coaching was also affected by whether the organization was under pressure from funders to report achieved results. Some funders see financial counselling as able to achieve results more frequently and quickly because of the directive approach they take to problem solve on a client's behalf.

Most key informants indicated they offer flexible support that moves between directive and client-led, and light and intensive approaches. Many explained that they work along a continuum of client needs (see Table 3). Key informants commonly agreed that clients in 'survival' mode are less likely to benefit from client-led coaching methods with a longer-term commitment. In such cases, practitioners tend to begin with reactive, problem solving tactics and transition, over time, to a more client-led approach designed to increase motivation to act and eventual behavioural change.

"The problem with an educational or counselling approach is that you are preparing people for a problem today – not preparing them for future decision-making. For example, in a situation where mortgage transactions have changed, getting people through the transaction doesn't educate them on how mortgages work. Applying skills to financial decision-making does."

Key informants reported the increasing adoption of coaching practice in financial capability programs. According to many, this has been shown to be very effective in promoting behaviour change through a process of ongoing, client-led, coaching sessions.

Of the 15 service delivery organizations in the study, three offered a `pure' professional coaching approach (pursuing the professional guidelines of coaching associations). Nine had already integrated coaching practices into their existing financial counselling model. One was in the process of integrating coaching into its practice to move beyond debt counselling.[20] Six organizations were also investing in formal activities to enhance the capacity of community-based partners to incorporate coaching into their financial counselling practice.

- Keep clients engaged in the process through longer-term goal setting and reconnecting at tax time

As financial crises are one of the most common reasons that people seek financial counselling, many key informants expressed frustration at their inability to engage clients in time to prevent

Tax filing: an opportunity to engage clients

In all jurisdictions, public benefits for low-income populations are increasingly delivered through the tax system. Tax season consequently provides an important annual opportunity for organizations to connect with clients and initiate a financial discussion that can help build a longer-term relationship. For example, tax filing provides a yearly 'check in' opportunity with seniors to ensure that they are receiving their entitlements and not experiencing financial abuse.

Tax filing also offers an important opportunity to promote saving and other positive financial behaviour. For example, some key informants encourage clients to open a separate retirement or savings account to safely deposit all, or a portion of, their tax refunds.

In the U.S., the Volunteer Income Tax Assistance (VITA) initiative has created free, community, tax filing services across the country that are distinct from financial counselling services. Over half of the American organizations participating in this study found tax filing to be a key entry point for longer-term financial work with clients.[21]

financial distress. However, prevention is hard to achieve when financial trouble carries a significant social stigma that causes many clients to put off seeking help from financial counsellors until they are in a full-blown crisis.

"People come in presenting crisis. We work to resolve the immediate crisis and, at the same time, try to deal with root causes and link them to longer term solutions."

Key informants noted that fear, shame, stress, lack of food and unstable housing all contribute to a cycle of crisis that makes it difficult for anyone to engage in long-term thinking. Clients, therefore, typically want a quick response to their problem and are not necessarily interested in pursuing longer-term financial counselling.

Many organizations respond to the presenting crisis with more directive counselling, then shift to an empowerment-oriented, self-directed approach over time if the client is ready to engage. Ongoing support helps break the negative financial cycles that are related to indebtedness and promotes long-term change. To do this, practitioners commonly use personal goal setting as a way to get clients involved in longer-term thinking, shifting away from a deficit response to a strength-based approach.

- Treat low-income people as competent individuals with their own priorities and goals

All key informants upheld similar values and practices in their relationships with clients, noting that a non-judgmental, respectful approach is critical to developing an effective financial counselling practice. This includes building on each client's personal strengths, priorities and life goals. Practitioners spoke of the power of a 'case-based problem solving' approach that supports clients to deconstruct complex financial challenges and work through solutions to make decisions. By starting with manageable, short-term action plans, clients begin to develop the capacity for longer-term goal setting. In this approach, they also find a supportive, safe environment for learning and 'trying out' new skills and behaviours.

"We are no longer the 'rescuer'. There has been a mind shift in how we see clients and treat them ... If we really want to make positive and lasting changes, you really have to work at the core and shift away from this dependency model. People are not broken; they're human beings with dignity."

- Adapt content, tools and products to serve low-income consumers

People on low incomes are often excluded from mainstream financial services and products because they have different financial interests and needs than the middle- and higher-income consumers for whom these products and services are typically designed. Some people living on low-incomes have difficulty accessing mainstream banking and financial products and services (including government savings incentives) due to additional barriers, such as lower levels of literacy, numeracy, and English-language skills, limited access to technology, and distrust of financial institutions. For these reasons, many practitioners described efforts to adapt financial information, curricula, services and products to meet the unique needs of low-income consumers.

“I’m trained as a financial planner. Financial literacy efforts used to be modular in approach and focus on only one issue. [But] every decision affects everything and just because people are poor, it doesn’t mean that they don’t have financial planning needs. We began to apply some of our financial planning tools to the needs of low-income people.”

- Use technology to support clients and counsellors to achieve better outcomes

Key informants from the U.S. were the most likely to cite the use of technology to build practice standards and strengthen outcomes, as they are increasingly using web-enabled systems to document and analyze client progress against targeted milestones and outcomes. Technology is equally being used to strengthen counselling practice and support the development of positive financial behaviours among clients. Examples include:

- Automated staff prompts to encourage regular client follow-up
- Client management and decision-support programs that monitor client progress against specific milestones and outcomes, and use evidence-based algorithms to point staff towards next steps in the financial counselling process
- Client access to online, printable, interactive personal accounts that permit them to monitor their action plans, next steps and accomplishments, and obtain confidential financial statements[22]
- Online banking to enable direct deposits by employers and automatic deposits of a portion of income into secondary savings accounts.

5.4 Help build a viable financial counselling field

Most key informants were keenly aware that they were part of an emerging field and playing an active role in its development. Several of the practices outlined in the section below reflect their contributions to advancing the field of financial counselling.

- Anticipate, plan for, and manage risk

Key informants revealed a wide variety of risks involved in providing financial counselling services. The mitigation strategies implemented to address issues of risk were largely carried out at the organizational level with additional contributions, in some jurisdictions, from financial counselling networks and associations.

Maintaining the privacy and confidentiality of clients was something all key informants took very seriously and most indicated that they had procedures in place to protect client confidentiality. Some key informants did, however, identify confidentiality concerns in relation to tax filing clinics. These concerns were largely related to challenges, such as limited space to provide clients with privacy and the need to rely on volunteers with less expertise and training. Canadian key informants connected these issues to the lack of government funding for tax filing clinics, which they perceived to be an essential service for low-income people given the number of entitlements delivered through the tax system (for example, GST/HST Credit, Disability Tax Credit, Canada Child Tax Benefit, and Guaranteed Income Supplement for seniors).

About half of key informants also noted that legal liability was a serious concern, as the provision of financial advice can place non-profit organizations in a legal grey area. While a strong relationship of trust often exists between counsellors and clients, and many practitioners take a non-interventionist client-driven approach to financial counselling, it is still not uncommon for counsellors to offer directive advice when needed, particularly to clients in crisis. Budget and credit counsellors tend to be among the most inclined to provide advice over ongoing client-led support.

Despite these concerns, many financial counselling providers did not hold malpractice insurance. Instead, non-profits mitigated risk in other ways, by:

- Having clients sign waivers
- Providing ongoing staff training and supervision
- Investing in research to stay up-to-date on relevant changes to the tax system, regulation, and policies affecting their client base
- Establishing systems for quality control

> ***"We are not financial planners and we don't give advice. Financial Planners have to be licensed. We aren't licensed. Most liability issues are related to giving advice; we don't."***

Transparency was cited as another important way of mitigating risk. Some key informants stated that organizations ought to be transparent with their staff and clients with respect to what financial counsellors can reasonably achieve, as well as the respective legal responsibilities of counsellors and clients.

In a field where the terms "financial counsellor" and "financial coach" are not yet well defined, nor their respective roles, some key informants felt that regulating financial counselling would help to mitigate legal risk. Others were skeptical about the potential of regulation to restrict their ability to adapt their practice to meet client needs. There was more consensus on the need for increased professionalization of the field, including effective management techniques, ongoing staff training and quality control. A number of informants, mainly in the United States, also saw a need to shift from a 'social work' culture to a more business-like culture characterized by rigorous accountability and benchmarking to improve outcomes.

As with regulation, some key informants expressed concern that formal certification and the introduction of standard performance metrics could compromise their ability to respond to the diverse needs and interests of their individual clients. Two respondents suggested that voluntary standards and/or certification through a peer review process could help to mitigate this risk. Eight key informants (57.1 per cent) already had some component of their organization's financial counselling work certified and/or structured to adhere to the standards of a funded program or network, such as Cities for Financial Empowerment, NeighborWorks, or a credit counselling association.

- **Establish networks of practitioners and increase the formalization of the field**

Seeking to enhance the sustainability of this new field of practice, key informants expressed a strong interest in professionalizing financial counselling, particularly through the development of:

- A shared lexicon and definitions
- Curriculum standards
- Staff certification and the establishment of a certification body
- Learning exchanges and professional connections between practitioners.

In Australia, great progress has been made in formalizing state/territory membership-based associations. These associations focus on promoting higher employment standards, developing clearer messaging for the wider field of financial capability, and advocating on behalf of practitioners.[23] Advancements in the creation of networks can also be seen in the U.K. with Transact, a national network of more than 1,000 organizations and individuals who provide and promote financial inclusion for low-income people,[24] and in the U.S. with the Cities for Financial Empowerment movement, which has made strides in building professional standards through the Cities for Financial Empowerment Fund and its technical assistance program.

- **Build capacity in diverse front-line service systems to integrate financial counselling into their programs and services for low-income people**

Key informants generally viewed the integration of financial counselling into other established programs and services that low-income people already use as the most viable means of achieving sustainable, scaled delivery. This view is supported by evidence showing that it contributes to improved program outcomes when integrated into other key services, such as employment, homeless prevention, and domestic abuse interventions.[25] Consequently, financial counselling is increasingly being seen as an integral component of an integrated and holistic approach to service provision aimed at improving the stability, security and well-being of low-income people.

"The theory is that financial insecurity is so incredibly pervasive and there are so many financial barriers, that embedding a financial counselling component in a range of programs makes sense."

Key informants indicated that financial counselling has been integrated into a range of other programs within their organization to improve outcomes. These programs include: health, miczro-enterprise development, employment, violence prevention, and housing. Many were also engaging other front-line social service providers to help them build the financial capability of their clients. While it is not within the scope of this paper to share learning related to the integration of financial counselling into other community services, Appendix 3 provides a number of relevant resources cited by key informants.

Finally, key informants identified local relationship building and the development of strong mutual referral networks as a critical component of financial counselling programs. These networks enable counsellors to refer clients to other types of assistance they may need while implementing their financial action plans, such as help filing taxes, opening a bank account, or consolidating and managing debts.

“You cannot do effective health work unless you are dealing with issues of poverty. Telling someone with diabetes that they need to eat more healthily, but not tackling the issue of financial capability, means that people won’t follow your advice and won’t achieve your desired outcomes.”

- Evaluate programs systematically

All key informants agreed that evaluation was increasingly important to their programs and to funders seeking demonstrable program outcomes, particularly in the U.S. However, some key informants indicated that their organizations lacked the capacity to evaluate their work consistently, citing cost as a major factor. They also noted that funding often does not cover program monitoring and evaluation expenses. Of the key informant organizations in this study, 36 per cent conducted their own in-house program evaluations and 57 per cent worked with external evaluators to establish outcome metrics and conduct program evaluations. Half had instituted computerized benchmarking and outcome measurement systems to track program performance (see Table 5 below).

Table 5: Program evaluation practices

Reported program evaluation practices	Number of key informants (N= 14)	Percentage of key informants
Work with external evaluators to implement outcome metrics and program evaluation	8	57.1%
Use formal program performance benchmarking processes and metrics (83% were US organizations)	7	50.0%
Work with academics and/or foundations to conduct research and evaluation to promote evidence-based learning and accountability measures	5	35.7%
Conduct their own in-house evaluations	5	35.7%
Conduct community-based research to better understand demand and inform program design	3	21.4%

Large-scale evaluations require substantial technical expertise, resources and coordination among multiple stakeholders, such as front-line staff, funders and evaluators or academics. When conducted well, these initiatives contribute substantially to building practice knowledge and help demonstrate the impact of financial counselling work. Thirty-six per cent of key informants from service delivery organizations indicated their organizations engage in collaborative evaluation studies. A few informants even noted that, given the small number of organizations involved in financial counselling, some were being "over evaluated" as a result of multiple and/or frequent requests to participate in evaluations. A few key informants also expressed concern that the growing emphasis on benchmarking and metrics was creating a disproportionate focus on quantitative measurement at the expense of equally important qualitative evaluation methodologies. By striking a balance, it is possible to also take into account clients' own perspectives on their financial outcomes and which practices they find to be most effective – a critical perspective that is frequently absent from most formal evaluation studies.

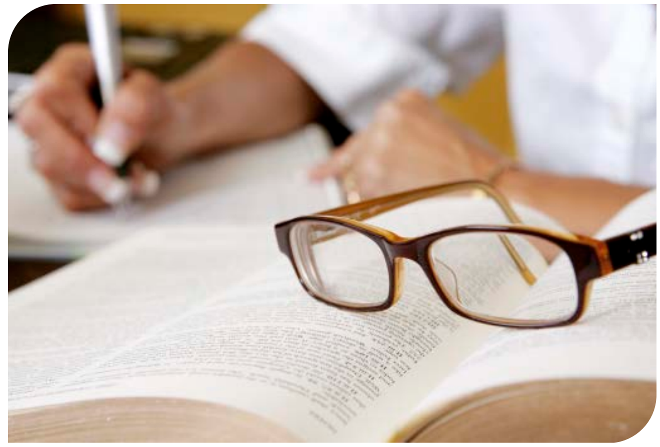
- Collaborate and promote a specialized division of labour to support stronger policy work

Key informants from organizations that were actively engaged in social justice work as part of their mandate explained that front-line financial counselling services are well positioned to provide valuable insights that can inform policy development. Their interaction with financially vulnerable communities and individuals enables them to act as an 'early warning system' when new problems and trends emerge. They are also well placed to identify problems that are caused by complex, overlapping policies and regulations and to focus their advocacy work on resolving these systemic challenges contributing to the financial exclusion of their clients.

"We work as much on the supply side. Our philosophy regarding financial health is that, to build a community, you first have to build a financially healthy environment and then skill people up to function in that environment."

All key informants engaged in policy work noted that collaboration between organizations is key to effective policy development and advocacy in support of enhanced consumer protection and financial inclusion. They also noted the value of intermediary organizations that can help build bridges and foster alignment among stakeholders from diverse sectors – front-line service providers, academic researchers, and private sector companies.

6. Role of Evidence



This study sought to identify key informant perceptions of best practices and the extent to which these practices are derived from their own front-line experience and insights and/or from more formal research evidence. The study also sought to identify areas of particular consensus or divergence with respect to identified best practices.

As the findings above demonstrate, there is a fairly strong degree of consensus among key informants on the financial counselling practices they find most effective in supporting people living with low-incomes, with some notable points of divergence. The role of formal evidence in the development and evolution of the field, however, has varied significantly by jurisdiction.

In the U.K., evidence-based research played a particularly direct role in the development of financial counselling practice. The Thoresen Review (2008) resulted in a pilot project that used a variety of mechanisms to deliver money guidance to the public. From this, an extensive network of Citizens Advice Bureaux developed across the U.K., the services of which continue to be evaluated.[26] At the same time, community-based innovation and experimentation have continued to influence the development of financial counselling practice.

Australia key informants indicated that the development of financial counselling practice in their country drew heavily from research and learning in the U.K., ultimately evolving into national and regional networks of financial counselling services. Key informants also reported recent collaborations with Australian academics to evaluate financial counselling practice and its outcomes.[27]

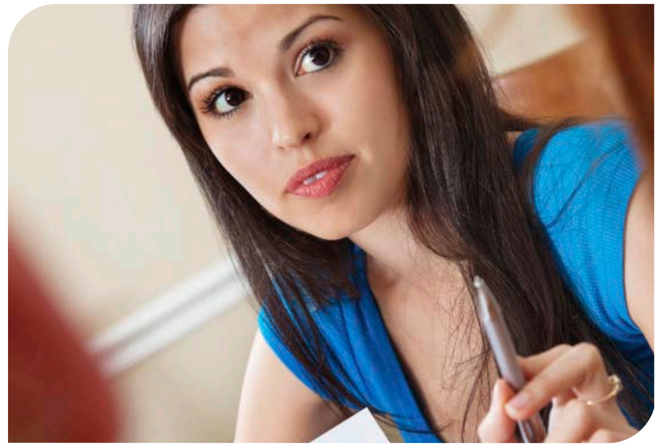
In the U.S., the early design and implementation of financial counselling practice was loosely influenced by general behavioural economics concepts and general coaching practice, combined with practitioner 'trial and error' and innovation. Strategies were quickly put in place, however, to produce a robust evidence-base to support knowledge generation and exchange. The widespread use of outcome-based evaluation is expected to continue moving the field forward. Financial counselling providers are also collaborating with academic researchers to undertake rigorous evaluations designed to shift the field from reliance on 'learning by doing' to a more formalized approach to program design and practice.

7. Conclusion

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.

Endnotes

[1] Financial capability is an emerging international field that addresses financial markets, consumer protection, and individual level financial competencies in seeking to improve individual and population financial behaviours and outcomes. The OECD defines financial capability as, "the internal capacity to act in one's best financial interest, given socioeconomic and environmental conditions. It encompasses the knowledge (literacy), attitudes, skills, and behavior of consumers with respect to understanding, selecting and using financial services, and the ability to access financial services that fit their needs." OECD, Financial Capability Surveys Around the World: Why Financial Capability is important and how surveys can help, 2013, http://responsiblefinance.worldbank.org/~/media/GIAWB/FL/Documents/Publications/Why-financial-capability-is-important.pdf

[2] Although 15 key informants from service delivery organizations participated in our interviews, only 14 completed our questionnaire in its entirety. As a result, most program statistics are based on a sample size of N = 14.

[3] Canada, Statistics Canada, Low Income Measures, Ottawa, 2013, http://www.statcan.gc.ca/pub/75f0002m/2012002/lim-mfr-eng.htm

[4] J. Michael Collins, "What is Financial Coaching?," Financial Coaching Strategies, accessed December 8, 2013, http://fyi.uwex.edu/financialcoaching/what-is-coaching/

[5] Rebecca Wiggins, "What is Financial Counseling?," AFCPE, Association for Financial Counseling and Planning Education, accessed December 8, 2013, http://www.afcpe.org/about-us/what-is-financial-counseling/

[6] Ibid.

[7] United Kingdom, HM Treasury, Thoresen Review of Generic Financial Advice: Final Report, by Otto Thoresen, London, 2008, http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/media/8/3/thoresenreview_final.pdf

[8] Citizens Advice Bureau, MoneyPlan: A Pilot Project Giving Independent Financial Advice to Citizens Advice Bureaux Clients, 2009, http://www.thepfs.org/media/5509249/pdf_moneyplan_report_june_2009_1_.pdf

[9] The National Foreclosure Mitigation Counseling Program is administered by NeighborWorks America.

[10] For examples of the integration of financial empowerment into municipal services, see the Cities for Financial Empowerment Fund, http://www.cfefund.org/

[11] Twelve of 19 (63%) participants cited behavioural economics as influential to their work. Ten of these (83%) were from the U.S., where behavioural economics appears to have more influence on front-line financial counselling practice.

[12] Richard Thaler and Cass Sunstein, Nudge: Improving Decisions about Health, Wealth and Happiness (London: Penguin Books 2008), 222.

[13] For an excellent bibliography of resources on behavioural economics as it relates to financial counselling, please see J. Michael Collins and Collin O'Rourke, "Issue Briefs- Family Financial Education, Using Behavioral Economics to Improve Financial Counseling and Coaching," The University of Wisconsin-Extension (UWEX) Cooperative Extension, (2013), http://fyi.uwex.edu/financialseries/files/2013/03/March-2013_Behavioral-Econ.pdf

[14] Edward Cartwright, "Behavioural Economics" (course syllabus), University of Kent, 2009, http://www.kent.ac.uk/economics/documents/GES%20Background%20Documents/behavioural%20economics/Behavioural%20Economics.pdf

[15] A strengths-based approach encourages clients to recognize their own strengths as they identify and work towards meeting their financial goals with the support of a financial counsellor.

[16] The OECD tracks five aspects of financial capability including: making ends meet, keeping track of money, choosing products, planning ahead, staying informed and getting help. See, OECD, Framework for the Development of Financial Literacy Baseline Surveys: A First International Comparative Analysis, OECD Working Papers on Finance, Insurance and Private Pensions, No. 1, OECD Publishing, 2009, http://www.oecd.org/pensions/insurance/45153314.pdf

[17] Credit scores are often used as objective measures of client progress.

[18] In the U.S., CFED's Household Financial Security Framework and, in Canada, Eko Nomos' Sustainable Livelihoods framework (adapted from a model created by the Department for International Development in the UK) have both helped to advance practitioner thinking about a continuum of financial needs and corresponding interventions.

[19] For example, one key informant noted that front-line workers should not perform credit checks. At that point, clients should be referred to a financial counsellor.

[20] In the United States, after a 'crack-down' on credit counselling by the IRS, one key informant noted that, "For-profit agencies that do non-profit credit counselling are now required to do a much better job of demonstrating their non-profit intent."

[21] Four of seven (57 per cent) of US key informant organizations continued to engage in tax filing even though they are not VITA sites.

[22] This practice was developed by the UK key informant.

[23] For an example of an Australian financial counselling association see, The Financial Counsellors' Association of Western Australia, http://www.financialcounsellors.org

[24] "About Us," Transact, accessed December 18, 2014, http://www.transact.org.uk/landing.aspx?sitesectionid=74&sitesectiontitle=About+Us

[25] New York City. Department of Consumer Affairs, Office of Financial Empowerment, Municipal Financial Empowerment: A Supervitamin for Public Programs. Strategy #1: Integrating Professional Financial Counseling, 2011, http://www.nyc.gov/html/dca/downloads/pdf/SupervitaminReport.pdf; See also New York City. Department of Consumer Affairs, Office of Financial Empowerment, Municipal Financial Empowerment: A Supervitamin for Public Programs. Strategy #2: Professionalizing the Field of Financial Education and Counseling, 2012, http://www.nyc.gov/html/dca/downloads/pdf/SupervitaminReport2.pdf

[26] HM Treasury, Thoresen Review of Generic Financial Advice.

[27] For an example of academic/front-line collaboration on program evaluation, see Nicola Brackertz, "I Wish I'd Known Sooner: The Impact of Financial Counselling on Debt Resolution and Personal Wellbeing," The Salvation Army (2012). http://www.salvationarmy.org.au/Global/News%20and%20Media/Reports/2012/00099-I-wish-I-had-known-sooner-Oct-2012.pdf

Appendix 1

Key informants

Australia

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United Way Center for Financial Stability
Branches, Miami/Fort Lauderdale, FL

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Central New Mexico Community College,
Albuquerque, NM

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Program Development Manager
Clarifi, Camden, NJ

Sarah Sable
Chief Program Officer
Neighborhood Trust Financial Partners
New York City, NY

Elodie Young
Former Director of Operations
Neighborhood Trust Financial Partners
New York City, NY

Mae Watson-Grote
Founder and Executive Director
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New York City, NY

Telephone/email consultations

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Denver, CO

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Appendix 2
Key informant interview instrument

1. Please briefly tell me about your one-to-one financial counselling program/service.

2. Thinking about best practices, what is the most important advice you could give to organizations that are just getting started with one-on-one financial counselling programs? What are three key best practices that you think are absolutely essential for success?

3. If you had to give them more specific advice with respect to different aspects of designing and running a financial counselling program – what would your suggestions be in the following areas:

    - Target population
    - Staffing (including staff training)
    - Program delivery (including integration with other programs)
    - Evaluation
    - Risk management (including quality control)

4. What information and learning has made an important contribution to your thinking with respect to this advice?

5. Has your organization had an opportunity to do any evaluation and/or research in any of these areas?

6. Have you had the opportunity to draw on other external research or knowledge sources to help inform your program design and implementation choices?

7. Can you recommend any specific resources or research in this area?

8. Is there anything more that you think we should know about?

Appendix 3

Resources cited by key informants

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Australia

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Policy and research organizations

United States

The Aspen Institute
www.aspeninstitute.org

Center for Financial Security, University of Wisconsin-Madison
http://www.cfs.wisc.edu/

Center on Budget and Policy Priorities
www.cbpp.org

CLASP
www.clasp.org

CFED
http://cfed.org/

Institute for Research and Poverty, University of Wisconsin-Madison
www.irp.wisc.edu

MDRC
www.mdrc.org

National Endowment for Financial Education (NEFE)
http://www.nefe.org/what-we-do/mission.aspx

New America
www.newamerica.net

Federal Reserve Bank of Chicago – Financial Education Research Center
http://www.chicagofed.org/webpages/region/community_development/cedric/financial_education_resource_center.cfm

Spotlight on Poverty & Opportunity
www.spotlightonpoverty.org/

United Kingdom

Citizens Advice Scotland
www.cas.org.uk

New Economics Foundation (NEF)
www.neweconomics.org

Resolution Foundation
http://www.resolutionfoundation.org

Toynbee Hall
http://www.toynbeehall.org.uk

Certification and upgrading

Australia

Financial Counsellors' Association of Western Australia
http://www.financialcounsellors.org

Canada

Ontario Association of Credit Counselling Services
http://oaccs.com/#

FPSC, Financial Planning Standards Council
http://www.fpsc.ca/

United States

New York City. Department of Consumer Affairs, Office of Financial Empowerment
[Resources for providers] http://www.nyc.gov/html/ofe/html/providers/providers.shtml

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