



Department of Consumer Affairs
Office of Financial Empowerment

The Assessing Financial Capabilities Outcomes Adult Pilot

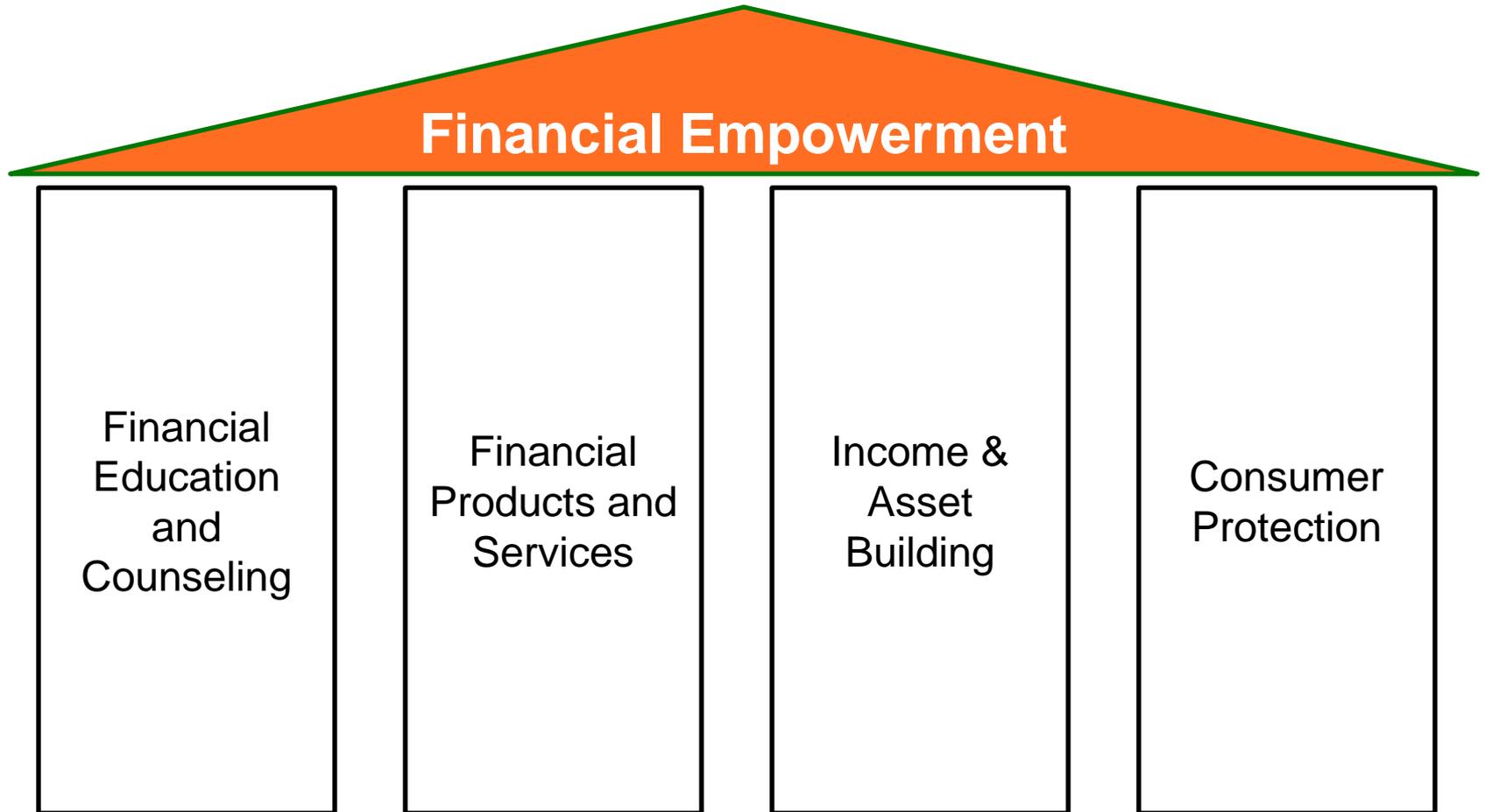
Federal Reserve Bank
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City of New York
Department of Consumer Affairs

Office of Financial Empowerment (OFE)



The Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to **educate**, **empower**, and **protect** New Yorkers with low incomes. Since December 2006 OFE has been helping New Yorkers build assets and make the most of their financial resources.





Free One-on-One Financial Counseling

- Counselors work with clients to review full financial picture and identify unique needs.
 - ✓ Banking
 - ✓ Savings
 - ✓ Credit
 - ✓ Debt
- Create a plan to strengthen financial health and put it in to action
 - ✓ Negotiate with creditors
 - ✓ Create a budget and savings plan
 - ✓ Find affordable financial products and services
 - ✓ Make strategic referrals, and more.



Financial
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Access to Financial Products and Services

Are you still getting a paper paycheck OR paying high fees?

NYC Direct Deposit is the safer, easier, and less expensive way for City employees and vendors to get paid.

NYC Direct Deposit

-  FREE checking if your pay is deposited directly
-  NO monthly or debit card fees
-  NO overdraft option for debit card purchases or ATM withdrawals
-  NO minimum balance requirements
-  FREE online banking and bill pay
-  FREE in-network ATM withdrawals



Integrate Financial Counseling with Human and Social Services

Client Type	Client Needs	Financial Outcomes	Touchpoint
Workforce Development or Back-to-Work	<ul style="list-style-type: none"> • Employer credit screening for job applicants • Eliminate fear (or reality) of fund seizures or wage garnishment • Withstand financial emergencies and stay on track with career goals • Avoid high-cost predatory lending and save on financial transactions • End debt collection harassment to improve job productivity and retention 	<ul style="list-style-type: none"> • Improve credit history and score • Reduce debt • Improve money management, budgeting, and income/expense ratio • Save for emergencies • Safe banking • Eliminate debt collection 	<ul style="list-style-type: none"> • Job-readiness and career training • GED or Literacy classes • Resume and interview workshops • On-boarding with job placement • Exit interviews from job placement programs

Back-To-Work



City of New York
Parks & Recreation

Access to Banking



NYC
Direct Deposit



Financial Counseling



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Is there greater impact for those who received both financial access and counseling, vs. access alone?





Random Assignment of Financial Counseling

Borough	January-February 2012	March-May 2012
Bronx	FEC Offer	No FEC Offer
Brooklyn	FEC Offer	No FEC Offer
Manhattan	No FEC Offer	FEC Offer
Queens	No FEC Offer	FEC Offer



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Research Study Data Sources

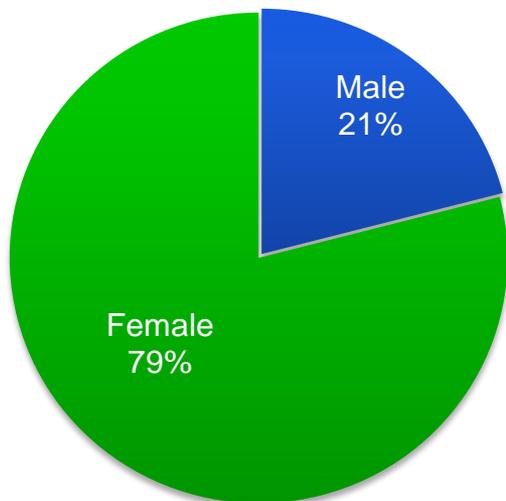
➤ Over a period of 2 years, we are collecting:

- **Credit Reports**
- **Surveys:** Financial Knowledge, Attitude, Behaviors
- **Employer:** demographics, direct deposit use
- **Financial Institution:** account status and use
- **Financial Empowerment Centers:** Attendance

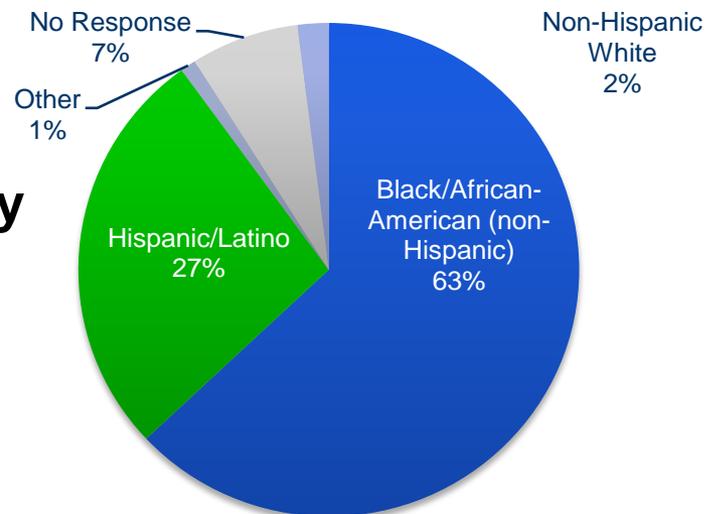
Most participants are working-age, single, African-American or Latina mothers.

Average Age: 36 years

Gender

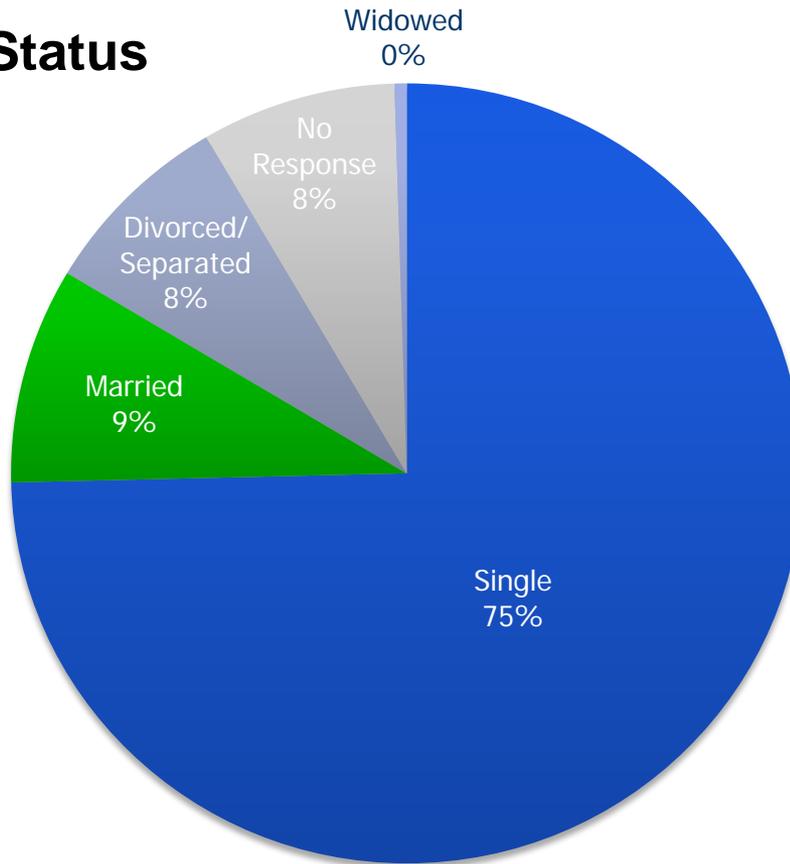


**Race/
Ethnicity**



Most participants are working-age, single African-American or Latina mothers

Marital Status

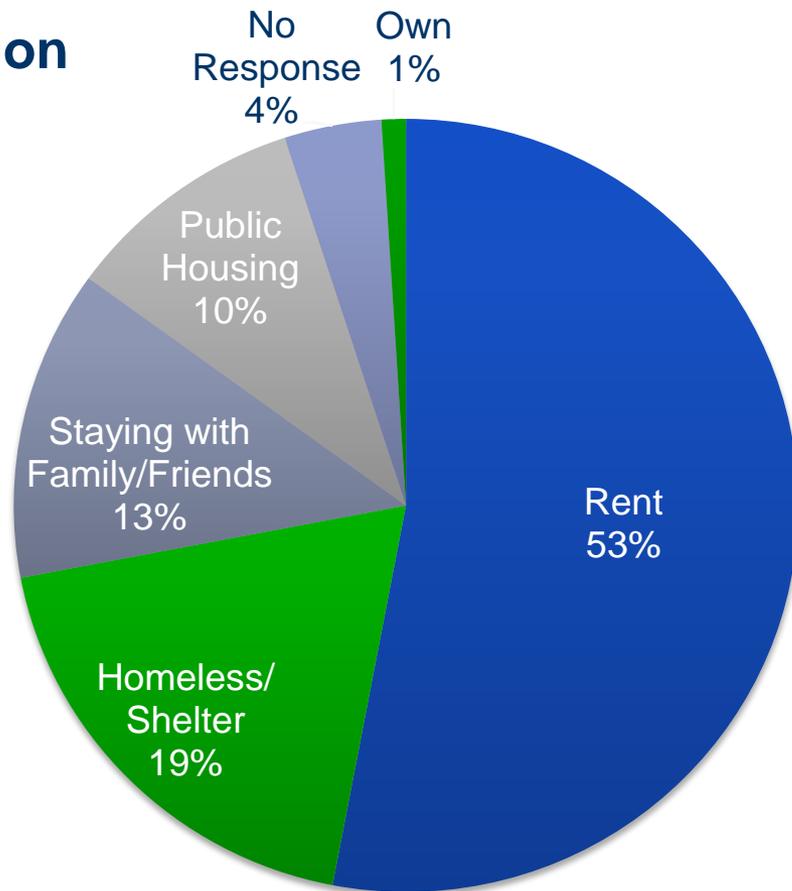


Average Number of Children: 1.5



Nearly one-third are homeless or staying with friends/family

Living Situation



Source: Preliminary analysis of AFCO baseline survey data n=1,034

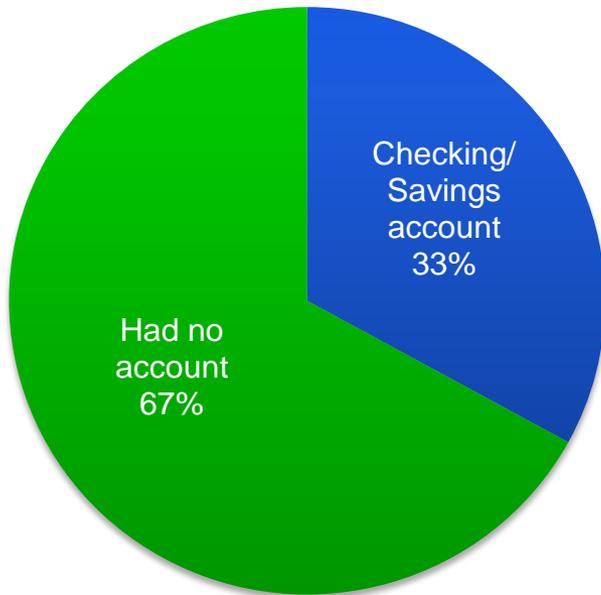
Financially Vulnerable

Baseline Financial Characteristics	Total
Credit Score	558
Debt (excluding mortgage)	\$5,316
Percentage of Debt 30 Days Past Due	30.6%
Balance in Collections	\$1,344

Source: Baseline Credit Report Data (n=879)

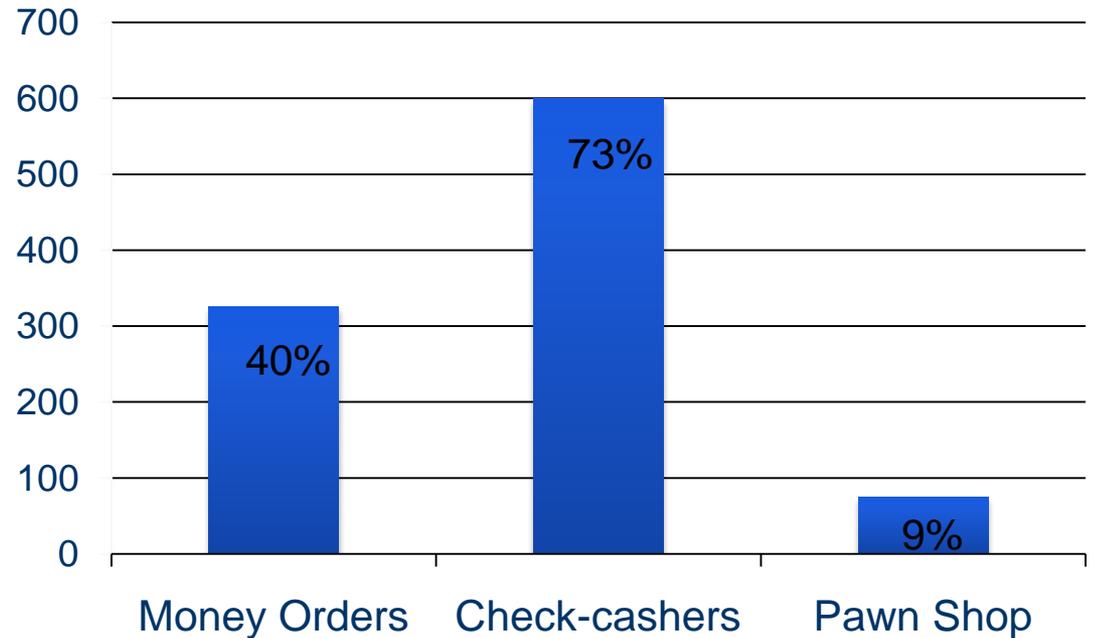


Participants are highly under-banked and unbanked, and relatively high users of alternative financial services



Alternative Service Use

Number of respondents using service in the past month (n=1,031)



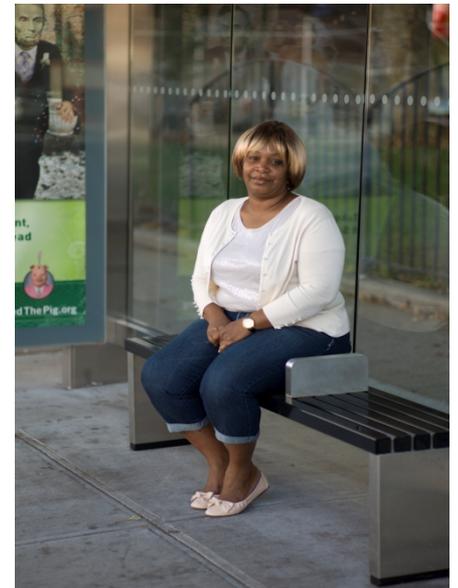


Is there a demand for mainstream financial products in this population?

- Direct deposit enrollment in POP was approximately 15.5% in September 2011.
- Direct deposit climbed to 55% of all program participants in four and half months.
 - 45% applied for a new bank account.
- September 2012, 4 months post-pilot , 28.1% of all program participants received their pay via direct deposit.
- February 2013 30% of all program participants received their pay via direct deposit.

Is there a demand for financial counseling in this population?

- About half of the treatment group had a financial counseling session scheduled
- Approximately two-thirds (65%) attended.





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