

Building Consumer Financial Health: The Role of Financial Institutions and FinTech

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Leading the Nation in Consumer Financial Health

MEMBERSHIP | CONSULTING | RESEARCH | INNOVATION

Center for Financial Services Innovation

We are the authority on consumer financial health, leading a network of financial services innovators committed to building better consumer products and practices to improve the financial health of millions of Americans.



CFSI Financial Health Network: 130+ Members





Financial Institutions

A Shift in Corporate Philosophy



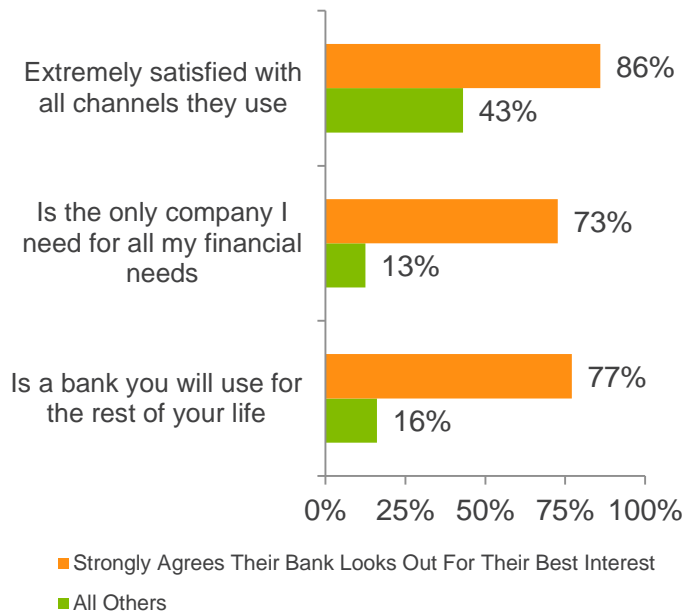
Financial Health Journey



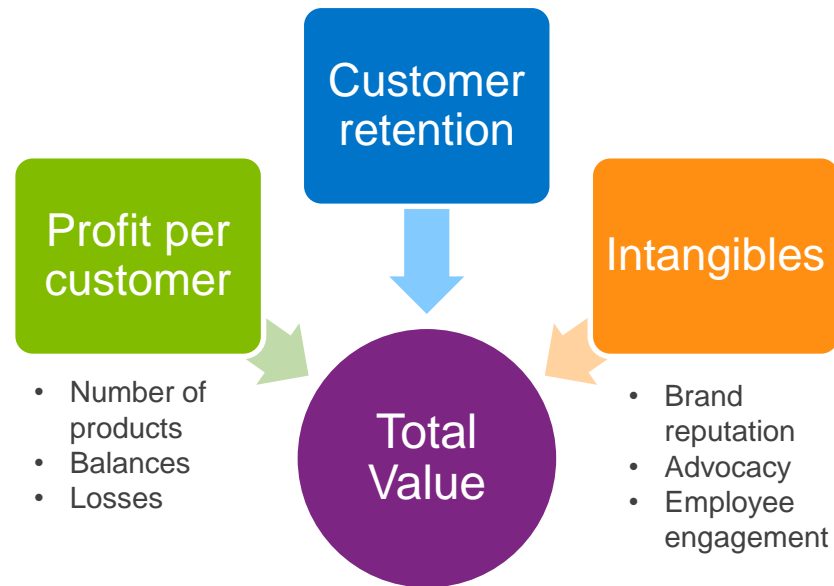
1. **ORIENT**
Understand Financial Health in America
2. **ALIGN**
Consider Financial Health within the Context of Your Company
3. **DIAGNOSE**
Benchmark Your Customers' Financial Health
4. **DESIGN**
Develop Strategies to Improve Financial Health
5. **DELIVER**
Launch Your Financial Health Strategy
6. **TRACK**
Monitor Shifts in Your Customers' Financial Health
7. **IMPROVE**
Evaluate Your Strategies for Greater Impact

Business Case for Financial Health

Customer Impact



Source: Gallup Retail Banking Industry Study, 2015



Underserved Consumer Spend on Financial Services: \$173 Billion

Breakdown by Product Category Revenue and Growth

In 2016, underserved consumers spent **\$173.2 billion** on fees and interest across five financial product categories.

Single Payment Credit

Loan products for which payment is due in one lump sum, typically with terms of one month or less.

Short-Term Credit

Loan products that function on an installment basis with terms from several months to 1-2 years or as a line of revolving credit.

Long-Term Credit

Loan products that function on an installment basis with typical terms longer than 2 years.

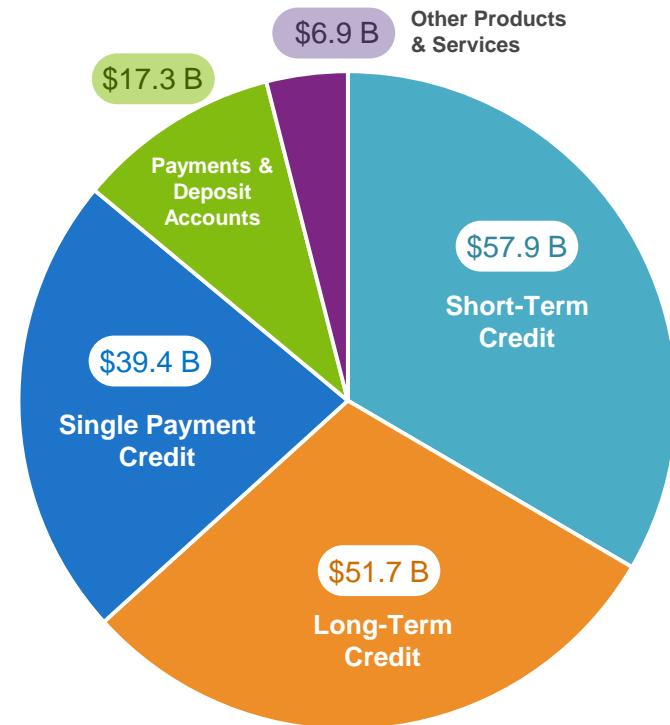
Payments & Deposit Accounts

Products that enable consumers to transact, convert, send, receive, deposit, and hold funds.

Other Products & Services

Other personal financial management products and services.

2016 Fee & Interest Revenue: \$173.2 Billion



How do you Measure Financial Health?



Indicators of Good
Financial Health

Spend

1. Spend less than income
2. Pay bills on time and in full

Save

3. Have sufficient liquid savings
4. Have sufficient long-term savings or assets

Borrow

5. Have a sustainable debt load
6. Have a prime credit score

Plan

7. Have appropriate insurance
8. Plan ahead for expenses

2017 Financial Health Leaders

ACCION

AFFINITY PLUS
FEDERAL CREDIT UNION

B|E|C|U

COASTAL
federal credit union
we share.

**credit
human**

ENVESTNET[®]
YODLEE[®]

EVERFI

FinFit
Building Employment Financial Wellness

H
HANDLE[™]

IHMVCU

KeyBank



lendstreet

LendUp

THE FOUNDATION

**NEIGHBORHOOD
TRUST
FINANCIAL
PARTNERS**

Patelco[®]
CREDIT UNION

REDSTONE
FEDERAL CREDIT UNION

servus[™]
credit union

SUNRISE BANKS

University
FEDERAL CREDIT UNION[®]


validsystems

Wright-Patt
CREDIT UNION, INC.

Designing & Delivering for Financial Health

Products

Products, services, and financial tools

Programs

Financial advice, guidance, and resources

People

Employee training and segment strategies

Places

Physical infrastructure, digital experience, delivery channels

Product and Channel Trends

Deposit, Transaction, & Savings Products

- Proliferation of various **low-cost and no-overdraft products**.
- Emergence of **new behaviorally-designed features** (such as automated savings), gamification and prize-links to help consumers increase savings activity.

Lending and Mortgages

- Small banks and credit unions are experimenting with innovative **small-dollar credit products** though few regionals and large national banks have entered the space.
- Deepening **online lending** market: large bank platforms or partnerships with fintechs/marketplace lenders.
- Emergence of **homeownership programs** in partnership with GSEs/nonprofits that include low down payments, flexible down payment sources, lower FICO score requirements, etc.

Brand & Omni Channel Engagement

- **Convergence between physical branch channels with new digital innovations:** e.g., self-service functionality using beacon technology to send offers, promotions, and educational banking guides.
- Designing branch experiences and digital platforms **to engage customers on their financial health**.

FinTech

The Financial Solutions Lab

Purpose: To support entrepreneurs & innovators to develop & test technology-enabled, high-quality solutions that improve consumer financial health.



- \$30M, 5-year initiative managed by CFSI with founding partner JPMorgan Chase & Co.
- Identify, test and bring to scale promising innovations that help Americans increase savings, improve credit, and build assets
- Run 5 Innovation Challenges over 5 years with best possible combination of incentives & resources to encourage providers to take action
- Cross-sector advisory council of high-profile senior leaders
- Working with industry leading advisors, and partners:



FinLab is designed to meet innovators' needs



**\$250K structured to
the needs of winners**



**Access to expertise at
CFSI, JPMC & FinLab
partner organizations**



**Exposure to industry
leaders in CFSI's Network
& regulatory community**

Winners of the 2017 Challenge

**BLUEPRINT
INCOME**

Creating the future pension:
a pre-determined income
stream backed by insurance
companies

grove

Delivers personalized
financial advice that is
accessible and
affordable

POINT

An alternative to
traditional home equity
loans and home equity
lines of credit

tomorrow

Aimed at providing
long-term financial
security to busy
working families

EVERSAFE

Monitors bank and
investment accounts, credit
cards and credit reports

Dave.com

Alerts you ahead of an
upcoming overdraft and
can instantly advance
up to \$75 at 0% interest

Token Transit

A mobile app to
pay for public
transportation

NOVA

The world's first cross-
border credit reporting
agency

Impact

- To date, the Financial Solutions Lab has supported 26 financial technology companies offering innovative financial products.
- These companies now reach over 2.5 million Americans and have seen 15x growth since joining the Lab.
- Collectively, FinLab companies have raised over \$250 million in capital since joining the program.

Q&A

Chicago New York San Francisco Washington, D.C.

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Thank You