

Meeting the Needs of Underserved Consumers: Designing a Financial Package

PRODUCT INNOVATION

THE CLIENT

**PREPARE
PROSPER** +

Prepare + Prosper (P+P) is a multifaceted nonprofit organization focused on financial well-being and economic justice for low- and moderate-income individuals. Working with more than 550 volunteers, P+P provides free tax preparation and financial services, products, and coaching to 13,000 low- and moderate-income households each year and engages in work to influence policy, practices, and systems advocacy; increase access to financial services; and help its customers prosper.

THE CHALLENGE

In 2013, the Northwest Area Foundation convened thought leaders from foundations, nonprofits, cities, and financial institutions to address the challenge of limited access to quality financial services among low-income individuals in the Twin Cities. They developed the FAIR (Financial Access in Reach) initiative, a product bundle that includes a checking account, a savings account, and a credit builder loan designed to help financially underserved individuals avoid fees, save money, and (re) build credit.

The products would be marketed and distributed by “meeting people where they are,” using community partners that financially underserved individuals know and trust.

CFSI was tasked with validating the concept’s appeal and feasibility with all stakeholder groups, identifying potential product partners, and recommending steps to construct an effective pilot. P+P felt CFSI was uniquely qualified because of our knowledge of underserved consumers, product expertise, and relationships with potential product partners.

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We knew CFSI was the leading national authority and our go-to resource for all things regarding consumer financial health. They were the right ones for the ambitious task to bring FAIR from [a] dream to an operational reality. The approach was seamless. CFSI always anticipated the needs of diverse stakeholders, and we were very confident having the team represent FAIR with external stakeholders.”

Anne Leland Clark
Financial Capability Director
Prepare + Prosper

CFSI'S APPROACH

CFSI took a three-phased approach to meet P+P's objectives:

1

Landscape Scan

We identified innovative low-cost transaction accounts, savings products, and credit building options available in the market. We reviewed local offerings to understand the product options available to FAIR's target consumer and determine whether there might be opportunities to partner with local financial services providers. We also reviewed an expanded set of options available beyond the Twin Cities to identify innovations and technology solutions that FAIR might leverage to provide the desired product features. In addition, we leveraged our internal data and interviewed providers to summarize lessons learned and best practices regarding distribution of financial products and services via nonprofit intermediaries. Based on these learnings, we outlined a framework to help P+P evaluate distribution partnerships.

2

Research Execution

We vetted and honed the concept using primary research. We conducted focus groups with consumers to validate assumptions about their needs, assess their response to the product concept, and obtain insights into the features that would be essential versus nice to have. We also conducted focus groups with potential nonprofit distribution partners to assess their perceptions of consumer need and the product concept and to gain insight into what it would take to make the distribution approach work. We conducted in-depth interviews with potential product providers to gauge their interest, identify potential obstacles, and understand operational considerations and high-level economics.

3

Partnership Evaluation and Selection

Armed with this information, we evaluated various partnership strategies against criteria, such as time to market, cost, sustainability, and technical difficulty, and developed recommendations for next steps. Lastly, we assisted P+P in developing their request for proposal (RFP) to ensure that it addressed all necessary considerations.



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We thought big, with no limits. CFSI packaged it into reality. They put fees, features, and costs to it. We found that our vision wasn't totally feasible, but we didn't feel like we sacrificed. CFSI focused our vision and they connected us to the right people.”

Anne Leland Clark
Financial Capability Director
Prepare + Prosper

OUTCOMES

2016

Beta test with intent of reaching 50 customers

2017

53 test consumers enrolled in 104 FAIR financial products

2019

Scale to 500 accounts by the end of the year, and then expand the offering to full 13,000 individuals



In September 2015, after a rigorous vetting and interview process, Guaranty Bank was selected as P+P's financial services partner to build out and bring to market a beta test of the FAIR Financial Solution. In 2016, Guaranty Bank launched a beta test with the intent of reaching 50 customers. Within the first quarter of 2017, FAIR reached its goal and 53 test consumers were enrolled in 104 FAIR financial products. Consumer feedback on the products has been extremely favorable.

In May 2017, FAIR suffered an unanticipated setback, when Guaranty Bank was shut down by the U.S. Office of the Comptroller of Currency (OCC) and all deposits were assumed by FirstCitizens Bank and Trust of Raleigh, North Carolina.

While the closure was completely unexpected, P+P gained invaluable experience and insight from the beta pilot with Guaranty Bank that it is carrying forward.

The next iteration of FAIR launched in June 2018 with Sunrise Banks as the product partner. Projections indicate that there is a positive business case for Sunrise Banks associated with the product offering. The customized product set will initially be fulfilled using a paper-based account opening process; at the end of 2018, P+P and Sunrise Banks hope to introduce real-time online account opening, which will enable FAIR to scale to 500 accounts by the end of 2019. The vision is to then expand the offering to the full 13,000 individuals with whom P+P has a relationship.

REQUEST A CONSULTATION

Ready to convert your vision into a concrete product design?
We're here to help. Learn more about our expertise at
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