pathways
to financial empowerment
Welcome!

Pathways 2019 Boot Camp
Los Angeles, CA
Welcome to Bootcamp
Thank you to our Pathways Bootcamp Sponsors!

MetLife Foundation
Introducing Neighborhood Trust

- 20 years of experience serving 40,000 low-moderate income clients across 40 partner organizations.
- Largest contractor for City of New York financial empowerment services.
- Pioneered use of Salesforce and integration of credit report and SMS technologies in financial counseling space.
- Credit Union integration has been at the heart of our work since our founding.
Objectives

1. Explore structures for successful counseling programs
2. Compare and contrast tactics with your fellow credit unions
3. Learn more about Pathways counseling approach
Agenda

- Opening [9:50-10:45am]
  - Coffee Break [10:45-11:00am]
- Pathways Service Design [11:00-12:00pm]
- Pathways Session Design & Demo [12:00-12:45pm]
  - Lunch served [12:00-12:45pm]
- Peer Sharing [12:45-1:30pm]
- Manager/Counselor Breakout Groups [1:30-2:30pm]
- Q&A, Takeaways and Thank You [2:30-3:00pm]
Bootcamp Expectations

• Participate in live polls!
• Be ready to get up and move around the room!
• Ask questions!
Why Invest in Financial Coaching?
To access the following polls:
1. Type in the following website www.pollev.com
2. Enter username “varahan000”
3. Register your first name
4. Answer questions as they come up.
How does coaching benefit your credit union?

www.pollev.com
The Opportunity for Inclusion

Low-income families are financially insecure and excluded

<table>
<thead>
<tr>
<th>US HOUSEHOLDS:</th>
<th>FINANCIAL SERVICE LANDSCAPE:</th>
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<tbody>
<tr>
<td>56% have sub-prime credit scores less than 620</td>
<td>73% of Americans do not trust banks</td>
</tr>
<tr>
<td>44% have less than $400 savings available for an emergency</td>
<td>Average Black household needs to keep 60% of paycheck in bank account to meet minimum balance requirement</td>
</tr>
<tr>
<td>27% are unbanked or underbanked</td>
<td>Consumers pay up to 500% APR to payday lenders for short-term credit</td>
</tr>
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CDFI CUs Outperform non-CDFI CUs

Median Loans-to-Shares 2017 by Credit Union Peer Group

Credit Unions Offering Financial Counseling

All Credit Unions  CDFI Certified Credit Unions
Pathways to Financial Empowerment

Combine technology-supported financial counseling with financial products in our national credit union network to increase financial health and inclusion in low-income communities.

Integrate best-practice financial counseling with affordable financial products.

Achieve and measure impact for members and the credit union on a central platform.

Leverage technology and behavioral economics to improve delivery and achieve financial health outcomes.
Pathways Theory of Change

Improve Member Financial Health

Improve Credit Union Financial Health
Pathways ROI Map

Pathways Counseling
- Members Improve Financial Health
- Positive Word of Mouth
- Expand Community Partnerships
- Improved Product Design
- Quality Loan Referrals

Pathways Platform
- Improved Client Tracking
- Program Monitoring and Reporting
- Data to Illustrate Impact

CU Improves Financial Strength
- Boosts Brand, Loyalty, and Membership
- Increase Share of Wallet
- Grows Lending
- Program Improvement and Growth
- Grant Funding
Coaching Client Product Uptake

- Nearly 30% of coaching clients take up a new loan at their credit union
- Average credit score: 600
- Average delinquency rate: 3%

<table>
<thead>
<tr>
<th>PRODUCT TYPE</th>
<th># OF CLIENTS WITH NEW ACCOUNTS</th>
<th># OF NEW PRODUCTS</th>
<th>TOTAL AMOUNT/PRINCIPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAVINGS</td>
<td>583</td>
<td>807</td>
<td>$ 740,084</td>
</tr>
<tr>
<td>LOANS</td>
<td>1,561</td>
<td>3,030</td>
<td>$ 21,909,844</td>
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</tbody>
</table>
Sessions and Loan Uptake

- **New Loan Principle per Client Served**
  - 1 Session: $2,931
  - 2 Sessions: $3,266
  - 3 Sessions: $5,579
  - 4 Sessions: $6,780
  - 5+ Sessions: $4,332

- **% of Clients Open New Loans**
  - 1 Session: 25%
  - 2 Sessions: 31%
  - 3 Sessions: 45%
  - 4 Sessions: 43%
  - 5+ Sessions: 44%

Pathways to financial empowerment
How does coaching benefit your members?

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58% improved their credit score, with an average improvement of 38 points, six-to-12 months after an initial counseling session.

Nearly one in five subprime clients improved their credit score enough to rise above the 620 threshold, significantly expanding their access to affordable products. Among this group, the average score increase was a dramatic 66 points.

“Seeing my credit score rise and my debt lowered has really just made me proud because it shows both my kids that ‘hey, I’ve done it’... Trying to make sure that I am a role model, that’s my biggest goal.”

—Pathways Client
Roughly 10% opened new savings accounts at their credit unions (including CDs, money market, etc.) totaling $740,084, which is especially impressive considering their median income is only $26,000.
47% reduce debt through counseling and 41% of those reduced it significantly (as defined by either 2% of annual income or 10% of the total debt). Credit report information shows a $1,388 average reduction nationally.

“The financial struggles that I was having was mainly just acquired debt. Do I put food on the table for me and my son or do I pay this bill? It's just simple things like that, just general life that can come and spiral you out of control. If you don’t continue to work on it or pay attention to it, the list just gets bigger and bigger and more and more difficult to get out of.”

—Pathways Client
Through first quarter of 2019, clients have already taken out over 3,000 new loans—totaling nearly $22 million—at credit unions, including small dollar personal loans, credit builder loans, auto loans, credit cards and home equity loans.

Clients who have taken out small dollar personal loans are saving anywhere from 100% to 600% in interest when compared to a typical payday loan and are successful in those loans with a delinquency rate of just 3%, lower than the US personal loan delinquency rate for all credit tiers of 3.6% and half of the 6% average default rate for payday loans.

“Through the process, the most beneficial thing is that I’ve been able to open a Credit Builder loan at my credit union and increase my credit score by 139 points.”

—Pathways Client
Loans Paired with Counseling Saves Members Money

Auto borrowers have saved $525,000 in interest at an average of nearly $1,000 per person.
Financial Coaching Helps Members

✓ Improve Credit
✓ Increase savings
✓ Reduce debt
✓ Reduce interest expenses
Pathways Service Design

1. Program Manager and other internal stakeholders*
2. Financial support options and opportunities*
3. Team structure, oversight and goals
4. Interviews and Hiring (or promoting/transferring)
5. Service Design*
6. Training*
7. Broader culture shift (non-counseling staff buy-in)
8. Incoming Referrals*
9. Outgoing Referrals
10. Reporting on Results

*Touching on during Bootcamp
Coffee Break
Service Design
1. Referral Talking points
2. Enrollment paperwork
3. Scheduling procedure
Do you have indicators your staff are trained to look for? How are they trained to respond?

To what programs (counseling or other) do your staff refer members?
What are the most important indicators of distress or opportunity your staff look for?

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Case Studies

Things to look for:
- Ratio of counselor time allocation and clients counseled
- Funnel of clients in counseling who end up with signature program & product

Questions to consider:
- Which community factors do you share with the case studies?
- What products do you offer that could address specific issues for your members?
- What surprises you?
Service Design Case Study #1

Feature Product: Credit Builder Loan
399 clients served in 2018
270% FTE allocated to 1-1 counseling (across four team-members)
107 Number of clients taking up Credit Builder Loan

Community Factors:
1. Many recent immigrants
2. Credit check needed for housing, auto loans

Credit Builder Loan
1. 15% standard APR
2. $227k principle lent
3. 625 Avg FICO Established

Clients Advised to Use
1. 27% of counseling clients
2. 72 clients established FICO for first time
Service Design Case Study #2

Feature Product: Subprime Auto Loan
254 clients served in 2018
105% of FTE allocated to 1-1 counseling (across three team-members)
58 clients took up Subprime Auto Loan

Community Factors:
1. Food deserts in the community
2. Most members need to drive in order to work

Product Factors
1. Car & finance care course req’d
2. 14.4% avg rate w/loan
3. 17.6% national avg rate

Program Factors
1. 58 clients
2. 23% of counseling clients
3. 0 loans are 30+ days late
Service Design Case Study #3

Feature Product: Predatory Debt Relief Loans

396 of clients served in 2018
385% FTE allocated to 1-1 counseling (across six team-members)
65 Number of clients taking up Predatory Relief Loan

Community Factors:
1. Gambling abuse prevalent
2. Predatory lenders run rampant

Relief Loan
1. $236k in new loans
2. Refinanced from predatory rates that average 105.89%
3. Avg savings of $3,696 per loan

Clients Advised to Use
1. 65 of clients
2. 16.4% of clients
3. 1 delinquency (client passed away)
Session Design
Pathways First Session Design

1. Introduction, Expectations and Interview
2. Intake & 3. Financial Review
4. Credit Report
5. Financial Diagnostic
6. Address the priority issue
7. Plan-Making
8. Set next steps with you

In the upcoming demo we will show how this looks when an online intake system is deployed, but there is also a manual intake, come find an Inclusiv or Neighborhood Trust team-member to find out how to see a demo and discuss both options!
Pathways Demo

Things to look for:
• How credit union team member makes referral
• How counselor balances working on the computer vs. engaging client

Questions to consider:
• How might this look at your credit union?
• What might need to change in order to deploy a system like Pathways?
One Eternity Later
What resource would you most need to deploy a service like this?

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Who was the best actor in the demo you just watched?

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Sharing Tools and Ideas from Peers
Breakout Groups
Manager Group:

• Program goal setting
• Research opportunity
Counselor Group:

- Action planning
- Behavioral Economics
Take-Aways
What was your biggest takeaway from Bootcamp?

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## Pathways 2019 Pricing

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<thead>
<tr>
<th>Product/Service</th>
<th>Pricing</th>
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<tbody>
<tr>
<td><strong>Pathways Startup</strong> Onboarding + Training*</td>
<td></td>
</tr>
<tr>
<td>Cohort Training: System Set Up + Onboarding + Cohort Training + Year 1 TA</td>
<td>$4,000</td>
</tr>
<tr>
<td>On-Site Training: System Set Up + Onboarding + Training On Site at Credit Union + Year 1 TA</td>
<td>$7,500 + travel for 2 trainers</td>
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<tbody>
<tr>
<td></td>
<td><strong>Pathways Annual Subscription Levels</strong>*</td>
<td></td>
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<tr>
<td></td>
<td>Pathways Full Counselor Access Licenses</td>
<td>$65/month/per person</td>
</tr>
<tr>
<td></td>
<td>- Full Pathways access &amp; Functionality + Text Message Capability</td>
<td></td>
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<td></td>
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*For Inclusiv CU members who are new Pathways users with contracts signed by December 31, 2019:
Welcome to Pathways to Financial Empowerment!

We’re excited to have you join our program and measure the impact of your credit union’s financial counseling! Below is a timeline and high level summary of what to expect over the next couple months:

<table>
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<th>Onboarding Breakdown</th>
<th>2019-2020</th>
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<tr>
<td></td>
<td>Q4</td>
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<td>Initiative Contracts</td>
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<td>Database Agreements &amp; Setup</td>
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<tr>
<td>Pre-Training Webinars &amp; Foundational Training</td>
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Closing
Bootcamp feedback survey, please!

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