FINANCIAL HEALTH NETWORK

CROSS-SECTOR SOLUTIONS:

A Guide to Nonprofit-Fintech Partnerships

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FINANCIAL HEALTH NETWORK

The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

For more on the Financial Health Network, go to www.finhealthnetwork.org and join the conversation online:

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Executive Summary

In 2017, the Financial Health Network began exploring the potential of partnerships between nonprofit organizations working to improve household financial health and financial technology providers. Through the Financial Health Network Nonprofit-Fintech Exchange, we supported, convened, and learned from nine unique, groundbreaking partnerships navigating the challenges and opportunities for cross-sector financial health solutions.

If you are a fintech founder or nonprofit leader, this guide will provide a roadmap for increasing impact via collaboration. To help organizations build successful partnerships of their own, this guide provides insights and best practices from grantee pilot projects, including:

1. The Partnership Ecosystem (pg 8):

Common motivations for nonprofit-fintech partnerships and ways to collaborate.

2. The Nonprofit-Fintech Partnership Journey (pg 14):

A step-by-step guide to successful collaborations between fintechs and nonprofits, from partner selection and program design through pilot and iteration.

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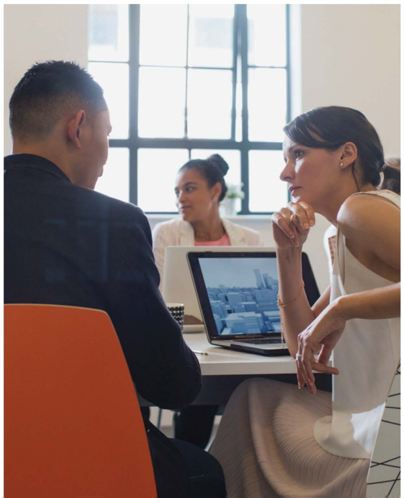


Introduction

At their core, strong financial health partnerships enable each partner to go beyond their individual limits to boost their impact on the people they serve. But anyone with experience trying to build such partnerships can tell you that things don't always go as planned. Priorities change, timelines slip, key staff members depart. Even if partnerships reach the launch stage, there's always the chance they won't have the intended effect or uptake. How do you maximize the chance of creating an impactful partnership while minimizing the risk of things falling apart?

The Financial Health Network believes the key lies in supporting intrepid organizations willing to pursue new partnership opportunities and building a roadmap from their experiences. By sharing what works well and what doesn't, we can help others avoid common pitfalls and adopt best practices that yield the greatest prospects for success.

Potential of Nonprofit-Fintech Partnerships

In recent years, a surge of investment and energy has boosted the pace at which new fintech solutions are being created.[1] Many for-profit start-ups and nonprofit innovators are creating digital tools that take new approaches to help people manage their money and gain access to products and services that support their financial health. At the same time, underserved and low-income consumers are increasingly gaining access to mobile and online technology, creating opportunities to participate in the wave of fintech innovation.[2]

> *Fintechs and nonprofits complement each other in how they meet consumer needs.*

Combine these attributes and it's easy to get excited about the opportunity to build holistic financial health solutions for the people that need them most. Nonprofit-fintech partnerships can also help fintechs increase scale, improve their business performance, and gain insight on how to serve financially struggling consumers.

Despite their potential, nonprofit-fintech partnerships are still uncharted territory for many organizations. Prosperity Now conducted a survey of 115 nonprofits in its network and found 85% were interested in adopting fintech products in some form. However, most of these organizations felt uncertain about how to engage with potential partners.[4]

Fintechs provide:

- Convenience
- Fast access to information
- Innovative user experiences for money management

Nonprofits provide:

- High degree of trust
- One-on-one support
- Ability to bundle services with other support programs *(e.g., affordable housing and workforce development)*[3]

1. "The Pulse of Fintech 2018," KPMG, 2019.
2. "Consumers and Mobile Financial Services 2016," Board of Governors of the Federal Reserve System, March 2016.
3. "Catalyzing Inclusion: Financial Technology and the Underserved," Center for Community Capital, August 2017.
4. "Joining Forces for Financial Health: Engaging with Fintech," Prosperity Now, August 2018.

To foster successful collaborations between nonprofits and fintechs, we launched the Nonprofit-Fintech Exchange in 2017. With the support of the Financial Solutions Lab, a joint initiative between the Financial Health Network and JPMorgan Chase, the Exchange provided grants to nine innovative pilot partnerships working to improve consumers' financial health.

A History of Cross-Sector Collaboration

The Financial Health Network has a long track record of supporting nonprofit innovation and cross-sector collaboration.

- In 2010, the Financial Capability Innovation Funds provided funding and technical assistance to innovative nonprofits, taking new approaches to building the financial capability of underserved consumers.
- In 2013, we partnered with Inclusiv on the Financial Capability Partnership Initiative to explore distribution partnerships between community organizations and credit unions.

The Exchange builds on this history by employing a mix of technical assistance and grant funding to catalyze new innovation and share what we've learned.

We recognized the potential to apply this approach to explore nonprofit-fintech partnerships through our experience with the Financial Solutions Lab. The Lab is a joint initiative, managed by the Financial Health Network with founding partner JPMorgan Chase, that seeks to identify, test, and bring to scale promising innovations that help Americans increase savings, improve credit, and build assets. Through the Lab, we became more deeply acquainted with the emerging universe of fintech solutions and saw the potential for nonprofit collaboration to drive deeper impact in underserved communities.

The Nonprofit-Fintech Exchange

The Nonprofit-Fintech Exchange is a marketplace for interested nonprofit and fintech providers to explore collaboration and swap insights on how to build high-impact partnerships.

It is designed to:

- Engage with interested organizations and companies
- Provide technical assistance and peer-learning opportunities
- Help organizations and companies advance their partnership goals

Members of the Exchange receive:

- Invitations to bi-annual meetings where members make connections and share their experiences, best practices, and lessons learned from their partnerships
- Monthly newsletters that highlight industry news, upcoming events, and a "Classifieds" section members can use to seek partners, ask for advice, or share updates
- Access to and inclusion in a member directory that profiles each member's partnership interests and provides contact information for outreach

The Exchange is generously sponsored by the Financial Solutions Lab – a joint initiative between the Financial Health Network and JPMorgan Chase – and the Principal Foundation.

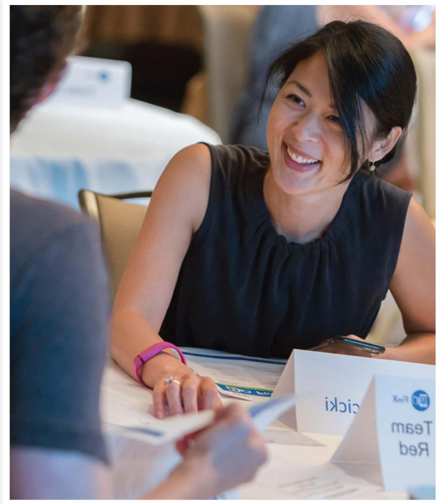
The Exchange Grant Program

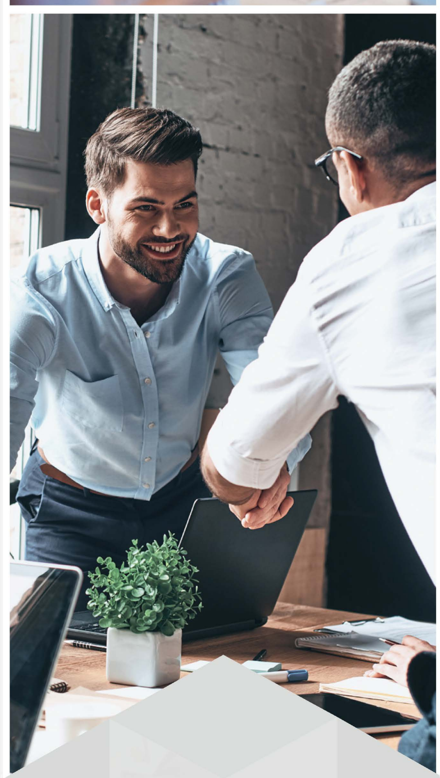
During the Exchange's inaugural year, we began to see nonprofit and fintech members taking early steps to try working with one another. To help turn these early discussions into real-world experiments, the Financial Solutions Lab provided a pool of $500,000 in grant funding to support emerging partnerships. We provided grants to partnership pilots that included committed and high-performing organizations with strong potential for financial health impact.

Grants were designed with a focus on learning, employing an efficient and flexible approach to application, monitoring, and outcomes tracking to give grantees free rein to experiment and adapt as their pilots played out. Applications were considered on a rolling basis to allow partnerships to develop naturally, and we ultimately selected nine pilot partnerships.

Learn more about the Exchange

and request to become a member.





Partnership Success Stories

We provided grant support to the following nine pilot partnerships that emerged from the Exchange. Nearly all of the pilots involved fintechs that are alumni of the Financial Solutions Lab's entrepreneur support program:

The Project: GreenPath, one of the nation's largest providers of financial counseling and debt management, partnered with EarnUp to create the Simple Payment Plan, an automated installment debt repayment service coupled with ongoing financial coaching and guidance.

The Results: GreenPath clients have used the Simple Payment Plan to manage nearly $60 million in debt, with 89% using the service to accelerate repayments. GreenPath published a report in 2018 detailing its pilot experience and key lessons learned.

The Project: Consumer Action recruited four of its nearly 7,000 network affiliates to offer fintech products to clients. Participating affiliates were community organizations serving a variety of target populations, including recent immigrants and veterans. Each organization offered one product to interested clients to gauge interest, fit, and impact. Fintech products distributed across the affiliates included Digit, SaverLife, and Self Lender.

The Results: Consumer Action saw 42% of people introduced to a fintech tool take the next step to try it. During the five-month pilot period, these individuals saved an average of $468.

The Project: EARN partnered with LendUp, a mission-driven online financial services company that offers small-dollar credit, to promote its SaverLife tool to LendUp borrowers. SaverLife is a digital platform that aims to help low-and-moderate income (LMI) Americans build savings by providing financial coaching content, access to resources, and cash incentives for regularly setting aside savings. LendUp referred its customers to SaverLife to test if providing points towards the customer's journey on the LendUp Ladder impacted their likelihood of enrolling and saving.

The Results: EARN was able to enroll over 2,800 LendUp customers onto SaverLife, with a slight majority (51%) linking bank accounts to fully participate in the savings platform. Of those that linked bank accounts, 38% saved at least $20 a month, representing a 43% increase in their savings rate when compared with the six months prior to joining the platform.

The Project: Onward Financial is a nonprofit employer-benefit program focused on providing tools to help every worker build a financial cushion. Onward utilizes a mobile-first approach to offer employees access to actionable financial tips, an automated savings platform, and pre-approved emergency credit. Onward worked with Synapse FI, a fintech software provider, to automate the process for workers to open savings accounts and access emergency loan products within the Onward app.

The Results: Onward used its systems upgrades to enroll over 50 full-time staff members into savings accounts at one of its employer partners. This initial group elected to save an average of $40 from each paycheck via payroll deduction. Onward is now moving to onboard over 800 additional part-time staff members.

The Project: National Urban League (NUL) worked with its affiliate organizations to test a range of fintech tools with clients, gather feedback, and share it with the broader NUL network. Prominent fintech solutions distributed during the pilot include FreshEBT by Propel, Dave, WiseBanyan, Self Lender, SaverLife, and Digit.

The Results: At the National Urban League, 46% of pilot participants reported increasing their savings by at least $300, 22% reported improving their credit scores by at least 50 points, and 20% reported decreasing their debt by at least $1,000.

The Project: Credit Builders Alliance (CBA) leads a network of more than 500 nonprofits, providing them with a platform to report loan data to major credit reporting agencies, access to client credit reports at a reduced cost, and critical technical assistance. CBA offered lenders in its network access to credit reports from Nova Credit, allowing lenders to underwrite newcomers such as immigrants and expats by obtaining credit histories from their countries of origin.

The Results: CBA's pilot was focused on a complex technical integration, which it completed successfully. At the end of the pilot, the organization was prepared to enroll and train member organizations on Nova's reporting platform.

The Project: Neighborhood Trust Financial Partners offers the Trusted Advisor solution, a tech-enabled financial counseling program offered as a workplace benefit primarily for low-wage workers. Neighborhood Trust integrated Self Lender's credit-building product into the Trusted Advisor platform, enabling counselors to seamlessly enroll interested clients.

The Results: After Neighborhood Trust successfully completed a complex technical integration, it ended the pilot ready to enroll clients in SelfLender.

The Project: UnidosUS (formerly National Council of La Raza) is a national nonprofit with almost 300 partner agencies helping to build a stronger America by increasing opportunities for Latinos. Unidos partnered with Oportun, a mission-driven CDFI and provider of inclusive and affordable financial services to LMI communities, to provide financial coaching to its customers and employees.

The Results: Since their partnership began, UnidosUS has provided financial counseling to over 900 Oportun customers, helping them reduce their total debt by more than $157,000 and increasing their total savings by nearly $30,000. In an unexpected twist, UnidosUS began receiving inquiries about its coaching services from relatives of Oportun customers, demonstrating growing awareness and appreciation for the service in the community. Oportun and UnidosUS recently announced they will expand their partnership to cover Oportun's full national footprint.[5]

The Project: Accion is a global nonprofit dedicated to creating a financially inclusive world with access to economic opportunity for all. In the U.S., Accion provides loans to aspiring entrepreneurs and small-business owners in underserved and minority communities. Accion referred applicants that had been declined for credit because of high debt levels to LendStreet, a fintech offering debt refinancing and restructuring options, with the goal of increasing their future eligibility for a loan.

The Results: Accion's pilot with LendStreet experienced limited take-up, but yielded valuable insights about the needs of its credit-challenged applicants – insights that Accion will use to refine its strategy and partnership options.

5. "UnidosUS and Oportun Launch National Expansion of Financial Coaching Program," Global Newswire, 2019.

SECTION 1

The Partnership Ecosystem

This section examines:

- How partnering with nonprofits can help fintechs achieve goals for mission fulfillment and growth
- How fintech partnerships can help nonprofits potentially increase impact, efficiency, and influence
- Common partnership types and how each meets the needs of participating fintechs and nonprofits

MOTIVATION FOR PARTNERSHIPS

Successful partnerships are not created for their own sake, but to further the goals of each of the individual partners. While nonprofits and fintechs may share a common vision for a partnership, their motivations may differ. Having honest conversations at the outset about what they're hoping to accomplish can ensure alignment before the work begins.

Nonprofit Motivations

Improving Financial Health:

Most nonprofits' primary mission is to improve the well-being of their clients. Fintech solutions represent a potential means of driving greater impact in pursuit of this mission.

Increasing Efficiency or Reach:

Nonprofits frequently face challenges in getting the resources they need to operate at their desired level of efficiency, scale, and impact. It can be frustrating for an organization to develop a proven approach to building financial health but lack the ability to help everyone that could benefit. Tech solutions can help nonprofits make the most of their resources by automating processes and allowing for deeper engagement with more clients.

Influencing Fintech Design:

Partnering with fintech providers opens a channel to provide ongoing feedback on how well their solutions are working for nonprofit clients. Nonprofit insights can surface unmet consumer needs or barriers to fintech adoption in underserved communities, promoting broader inclusion in fintechs' ongoing evolution.

Financially healthier customers are good for business.

Fintech Motivations

Increasing Scale:

Customer acquisition is a primary focus for many fintech providers. Fintechs seek to grow their user base at exponential rates, particularly early on, to demonstrate demand and viability and attract the additional investment they need for further success. Fintechs often see partnerships with nonprofits – especially those with a large reach – as a channel for broader distribution and growth. Nonprofits can also represent opportunities to access and engage underserved consumers that have traditionally been hard for fintechs to reach.

Improving Financial Health:

Many fintechs aim to improve customers' lives. However, providers vary in how they prioritize financial health in their overall strategy. Some may treat it as an ancillary concern, an objective that inspires employees and demonstrates corporate social responsibility, but ultimately comes second to business performance and growth. Others, however, have a deep commitment to aligning their success with their ability to help users succeed. In particular, we have seen a number of nonprofits become skilled and capable fintech developers in their own right while maintaining their mission focus on improving financial health.

Improving Business Performance:

Financially healthier customers are good for business. By helping customers solve broader challenges, fintechs can drive down delinquencies on loans, spur greater deposits into savings accounts, or reduce customer service costs. Nonprofits with strong expertise and competency in working with financially struggling consumers may be attractive partners to help drive customer success and business performance among this demographic of users. Finally, partnerships with nonprofits can be a signal to regulators, investors, and other stakeholders that a fintech is committed to promoting financial health.

PARTNERSHIP TYPES

The primary goals of the different organizations involved in a partnership can – and should – dictate the types of partnerships they form. The most common types of partnerships are fintech distribution, nonprofit referrals, and systems enhancements.

Fintech Distribution

> *Fintech products being distributed to financially struggling or underserved consumers via nonprofit partnerships.*

In this arrangement, nonprofits seek to boost impact by leveraging existing client touchpoints and programming to distribute fintech tools that align with their services, while fintechs hope to tap into a hard-to-reach customer demographic at scale. For instance, asset-building organizations focused on building emergency savings may integrate the SaverLife platform as a complement to their financial coaching programs.

Fintech distribution partnerships vary in the degree of integration between partners. On the lower end are those “partnerships” that do not require much, if any, engagement between a nonprofit and fintech. Indeed, nonprofits can distribute fintech tools available to the public without ever notifying providers they’re doing so. Deeper engagement models require partners to collaborate closely on client enrollment, data sharing, marketing, or product design. We present the spectrum of possibilities below:

GRANTEE EXAMPLES

- National Urban League
- ACCION
- GreenPath financial wellness
- NEIGHBORHOOD TRUST FINANCIAL PARTNERS
- consumeraction

Nonprofit Goals:

- Improve Financial Health
- Influence Fintech Design

Fintech Goals:

- Increase Scale
- Improve Financial Health

Fintech Distribution

LEVEL OF PARTNER ENGAGEMENT

Referrals	Program Integration	Systems Integration	Co-Design and Delivery
A nonprofit refers clients to a product it identifies as a good fit for their needs. Staff may help clients with enrollment, but the tool is not an integrated part of the nonprofit's overall engagement.	A nonprofit integrates a fintech tool into its ongoing programming by helping clients enroll, developing complementary content, and tracking users over time.	A nonprofit works with a fintech to develop systems and processes to facilitate the distribution of a product or service to clients.	A nonprofit and fintech create a customized or white-label version of a product.
Grantee example: National Urban League network affiliates referring clients to a variety of fintech offerings.	**Grantee example:** Consumer Action affiliates utilizing SaverLife to support ongoing client engagement.	**Grantee example:** Neighborhood Trust's integrating of SelfLender into the Trusted Advisor platform.	**Grantee example:** GreenPath and EarnUp collaborating to create the Simple Payment Plan.

Depth of integration depends on how each partner views the collaboration's potential for achieving its primary goals.

For instance, fintechs may be willing to modify systems or co-design products for large-scale nonprofits with the potential to generate many new users; they may be less inclined to put in the same investment of time and resources for nonprofits serving smaller communities.

Nonprofit Referrals

Fintechs referring customers to nonprofit services to boost their financial health and improve customer performance.

Nonprofit referrals flip the fintech distribution model. Instead of nonprofits directing clients to fintech solutions, fintechs bring nonprofits in to help customers address financial health challenges. By offering nonprofit services (e.g., financial coaching) as an additional resource, fintechs can improve business performance as healthier customers are able to make loan payments on time or put more money away for savings. Nonprofit referrals also create deeper customer satisfaction and retention as customers perceive a fintech provider taking interest in their broader financial health. For nonprofits, these types of referral partnerships can help increase their reach and impact potential, as a fintech partner's user base can be a robust source of new clients.

Grantee examples: Oportun referring customers to UnidosUS' financial counseling program and LendUp encouraging borrowers to sign up for SaverLife.

GRANTEE EXAMPLES

- UNIDOSUS
- EARN

Nonprofit Goals:

- Improve Financial Health
- Increase Efficiency/Reach

Fintech Goals:

- Improve Customer Performance
- Improve Financial Health

Systems Enhancements

Nonprofits utilizing services from a fintech provider to enhance back-end systems or operational processes.

Systems enhancements can boost a nonprofit's impact by equipping it with the back-end capabilities to serve more clients efficiently. For instance, nonprofits might acquire next-generation systems for managing financial coaching relationships or servicing platforms to facilitate small-dollar loan programs. Systems enhancements often teeter on the line between partnerships and vendor relationships, as nonprofits may be able to purchase "off the shelf" tech solutions without much or any collaboration on design. Providers of these systems typically seek out nonprofits as a part of their general business development efforts, with new adopters representing new revenue.

Grantee examples: CBA adding Nova's credit reports to its suite of Access products (available credit reports) and Onward engaging SynapseFI to add account-opening capabilities to its platform.

GRANTEE EXAMPLES

- Onward
- CREDIT BUILDERS ALLIANCE

Nonprofit Goals:

- Improve Financial Health
- Influence Fintech Design

Fintech Goals:

- Increase Scale
- Improve Financial Health

SECTION 2

The Nonprofit-Fintech Partnership Journey

This section examines:

- How using the "Nonprofit-Fintech Partnership Journey" framework can further organizational goals and address consumer needs and financial health challenges
- How to assess fintech needs, bandwidth, resources, and opportunities when evaluating partnership opportunities
- Nonprofit tools to articulate vision, find partnership options that align with client and organizational needs, and design high-potential pilots

Thanks to our grantees' willingness to share their successes and struggles, we have been able to create a general journey for building successful nonprofit-fintech partnerships.

The journey focuses on

FIVE KEY STEPS

applicable across the various partnership types.

1	Self-Assessment
2	Search and Vetting
3	Partner Engagement and Planning
4	Design and Development
5	Pilot and Iteration

In the sections to follow, we discuss each partnership step and highlight best practices gleaned from grantee insights.

1

Self-Assessment

Before starting down the path to collaboration, nonprofits and fintechs should make sure they are clear about what they hope to accomplish and how a partnership can help them do so. For both nonprofits and fintechs, conducting an assessment of customer or client needs and internal capabilities can establish a clear vision that will help guide decision-making throughout the partnership development process. It can also reveal if a partnership isn't the right fit and help organizations avoid spending time and resources better spent elsewhere.

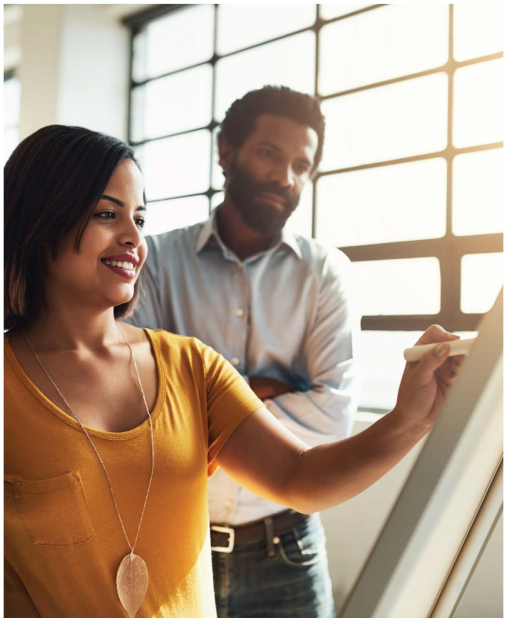
Best Practices

Assess Client or Customer Needs

Nonprofits and fintechs seek to help people solve problems or make meaningful improvements to their financial health. To achieve that goal, they need to first understand what challenges their customers or clients face and what types of solutions would best fit their lives.

Nonprofits and fintechs seeking partners to provide financial health solutions to their clients or customers should begin by collecting and reviewing data that speaks to their needs and readiness for different types of solutions. Some of this information may already be on hand in customer or client management systems; however, surveys can also help to fill in the gaps.

For instance, LendUp identified emergency savings as a customer need after conducting client surveys as a part of the Financial Health Network's Financial Health Leaders program. Likewise, Consumer Action utilized the Financial Health Network's FinHealth Score survey and measurement tool to assess clients' financial health at the outset of the program and track progress over time. The FinHealth Score Toolkit™ is a useful resource for measuring financial health; however, organizations should use the survey questions and methodology best suited to gain actionable information on their customers' or clients' financial health.



Best Practices

Assess Client or Customer Needs

Nonprofits considering fintech distribution partnerships should also ask questions to gauge their clients' ability to access tools and their general comfort with technology.

Key questions to ask:

- Do your clients have bank accounts or other types of deposit accounts compatible with fintech tools? Do they use direct deposit or otherwise channel their income through accounts?
- What type of identification or documentation do clients have? Do they have social security numbers or ITINs?
- Do clients have reliable internet access via WiFi or mobile networks?
- Do clients have and regularly use email accounts? What other forms of communication are they comfortable using?
- Are your clients comfortable sharing personal information online?
- Do clients have experience conducting financial transactions online and are they comfortable doing so?
- What languages do your clients speak and which do they prefer for managing their finances?

Assess Organizational Readiness

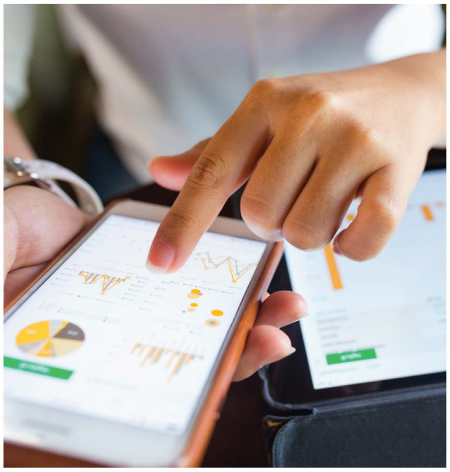
Launching a partnership can be time- and resource-intensive. While partnerships typically become more efficient over time, the learning curve in the development and pilot stages can be steep. Nonprofits and fintechs should assess whether they have the resources and attention required to give their partnerships the best chance for success. Key questions to ask:

- Are there key competing priorities within the organization that will largely consume its focus?
- Do you have enough staff to oversee and implement a pilot?
- What technical needs do you anticipate, and are your systems sufficient to facilitate a partnership?

Develop Guiding Materials

After conducting a client and organizational assessment, organizations can develop a clear picture of their partnership goals and customer needs. They should identify what type of partnership (e.g., fintech distribution, nonprofit referral, systems enhancements) would align with impact goals and technical capabilities. They should also have a reliable sense of their clients' capabilities and preferences when it comes to accessing and using tech-based solutions.

Creating summaries of goals and client or customer insights can provide useful reference materials to inform future decisions about how a partnership develops. For example, GreenPath used its consumer insights to develop client personas they could share with partners and consult during the design process.



2 Search and Vetting

After conducting the self-assessment, nonprofits and fintechs are ready to scan the landscape for potential partners and vet options that appear to be a good fit. Having an established process for vetting providers, products, and services is important to ensure they are safe, accessible, and likely to have a positive impact.

Best Practices

Develop Vetting Criteria for Fintech Options

Organizations should begin by conducting a market scan for products or services designed to meet their partnership goals. After developing a list of potential options, conducting a thorough vetting process can help to narrow the list to prime prospects for further exploration. This step can seem daunting, particularly for nonprofits, given the variety of providers in the fintech marketplace.

To help with this, the following vetting criteria are designed to assist nonprofits seeking options for fintech distribution partnerships:

CLIENT FIT

These questions gauge whether fintech solutions are a good fit for clients. Use data from the client needs assessment to determine whether answers to the questions support or weaken the case for distributing a particular solution. Key questions to ask:

- What are the ID requirements for enrollment?
- Is a bank account required either for enrollment or ongoing use?
- What type of technology access is required to use the tool effectively?
- Are there required account terms or minimums that could restrict access *(e.g., minimum balances for savings accounts)?*
- Is the tool offered in languages most relevant and comfortable for your clients? Are terms and general communications written in a way that is easy to understand?
- How would you rate the tool's overall customer experience and ease of use?

PRICING

A quarter of nonprofits in the Prosperity Now survey reported concerns about pricing impeding their interest in fintechs.[6] Nonprofits should get a full accounting of all potential costs to users of a fintech product. However, vetting for pricing should focus on transparency and affordability for clients, instead of setting a nominal cap on allowable fees or interest *(e.g., products must be offered for free).*

A product's benefit to users should certainly justify its cost. In fact, our experiences with grantees and Exchange members have shown that clients are willing to pay for services as long as they understand and find value for what they're paying for. For instance, GreenPath found that clients were equally likely to take up the Simple Payment Plan, whether it was offered for free or for a monthly fee. Nonprofits should engage clients directly to get their input and feedback on pricing for high-potential products.

DATA PRIVACY AND PROTECTION

Nearly half of the organizations in Prosperity Now's survey cited a lack of trust and privacy standing in the way of client adoption of fintech tools.[7] Vetting for data security can help reduce barriers to adoption and reduce potential risk for clients. Underserved and LMI communities have mixed experiences and legitimate concerns about safety and security when it comes to using online services. Nonprofits should vet fintech providers to understand what steps they're taking to protect user data, whether they have had any previous problems with data security, and whether terms of use allow user data to be sold or shared with third parties.

6. "Joining Forces for Financial Health: Engaging with Fintech," Prosperity Now, 2018.

7. Ibid.

Data Security: Designing for LMI and Underserved Communities

How can fintechs design solutions and communications to address underserved consumers' concerns about data security? Results from a 2018 survey conducted by the Data and Society Research Institute shed some interesting light on the privacy and security concerns of low-income households. Key insights include:[8]

- **Security of Financial Information:** Low-income households experience the theft of important personal data (e.g., credit cards, bank account information) at lower rates than their higher-income counterparts. However, they are more likely to be "very concerned" about the loss or theft of financial information. We believe this dynamic is a function of stakes and the consequences of data theft. Higher-income households may have greater financial resilience to weather potential fraud and tools to protect them against experiencing any financial loss in the long-term (e.g., credit card fraud protection). For lower-income households with little to no financial cushion, the consequences of identity theft can be significantly higher, even if the risk of it happening isn't.
- **Online Scams:** Low-income households are more likely to report having been a victim of an online scam that caused them to lose money. They are also more likely to have had an email address or social media account compromised, resulting in damage to their reputation. Going through negative experiences like these may justifiably lead people to be wary of online offers, particularly those coming from an unfamiliar company like an early-stage fintech provider.
- **Immigrant Communities:** Hispanic immigrants are especially wary of risks in sharing information online. Compared with other demographic groups, this population is more likely to be "very concerned" about the theft of financial information, falling victim to an online scam, and being unfairly targeted by law enforcement.[9] Our grantee experiences gave voice to these survey results. Consumer Action and UnidosUS both reported seeing a reluctance among Hispanic immigrants to take up fintech because of a perceived risk that sharing the required information could potentially lead to immigration enforcement action being taken against themselves or someone they know.

Fintechs can help overcome trust barriers

by ensuring proper data protection policies are in place, communicating them clearly to users, and explaining to users why they need certain information before asking for it.

8. Madden, Mary. "Privacy, Security, and Digital Inequality." Data and Society. September 27, 2017.
9. Ibid.

Best Practices

Determine Organizational Stability

Both nonprofits and fintechs should consider the stability of a potential partner as a part of the vetting process. For instance, early-stage fintechs may be more willing to customize offerings as they cast a wide net to acquire customers; however, they also have a greater risk of business or product changes that could throw a partnership off course. Later-stage and larger fintechs are less likely to make sweeping changes to their business or products and more likely to have stable infrastructure and funding in place. Nonprofits, on the other hand, often have particular programs funded by different supporters on relatively short grant cycles of one to two years. If there's a shift in focus, programs may come to an end relatively quickly.

Test with Frontline Staff

Frontline staff (e.g., financial coaches, customer service representatives) often develop a feel for what might resonate with customers or clients and can serve as an effective gauge for vetting products or services. For example, frontline staff at Accion provided useful insights into how loan applicants might rate LendStreet's debt solution relative to other options for building credit. Catalyst Miami, a Florida nonprofit offering financial coaching among other services, ran a fintech distribution pilot where coaches made referrals based on products they found to be useful in their personal experiences.[10]

Engaging frontline staff early in the process also has the added benefit of building buy-in among the people working directly with clients. Success and take-up of a particular product can hinge on whether the staff is excited and see the value in its use. Bringing frontline staff into the early stages of partnership development can add useful insight into the process and ensure distributed products or services are being promoted confidently by people clients trust.

Both nonprofits and fintechs should consider the stability of a potential partner as a part of the vetting process.

10. "The Fintech Project: Final Report on Evaluation Activities and Findings." Catalyst Miami. January 2017.

3

Partner Engagement and Planning

After narrowing the universe of potential partners, it's time to reach out to explore collaboration. Partner engagement offers a chance to see if there's mutual interest, assess the feasibility of working together, and iron out an agreement for moving forward. Deep partner engagement is not necessarily required for the distribution of in-market products or services; Consumer Action and National Urban League ran successful pilots with limited, if any, coordination with the developers of the fintech products used by clients. However, organizations should always attempt to reach out to see if there are opportunities to coordinate on training, efficient client enrollment, or outcomes tracking.

Best Practices

Start with Mission and Strategy Alignment

When engaging potential partners, nonprofits and fintechs should begin with upfront conversations about what they hope to accomplish by working together. Transparency and honesty about goals will help to establish trust and ensure a partnership is designed to meet the needs of its participants. While some goals may differ between partners, alignment on financial health outcomes – e.g., increased savings, lower debt, better cash flow management – is critical to driving overall success and keeping partners focused when things might not go as expected.

To identify and communicate their respective goals, GreenPath and EarnUp developed and shared "no matter what" statements, articulating elements that must be in place for a potential partnership to move forward. GreenPath's "no matter whats" for a fintech partnership included:[11]

- No matter what, partners must adhere to consumer protections, including transparency
- No matter what, the solution must have national reach and the ability to scale
- No matter what, senior leaders must be engaged

EARN and LendUp established a set of customer outcome metrics (e.g., rate of LendUp borrowers linking bank accounts to SaverLife) to help keep the focus on their common goal of helping LendUp customers improve financial health.

[11]. "Building Successful Nonprofit-Fintech Partnerships," GreenPath, 2018.

Best Practices

Understand Partner Capabilities and Limitations

After confirming interest in collaboration and establishing mission alignment, partners should take steps to understand one another's operational capabilities and limitations. What does each partner expect from the other and are those expectations realistic? Key areas of discussion include:

- **Pace:** How quickly does each partner expect the other to be able to move? What are the expected timelines for designing and launching the partnership?
- **Competing Priorities:** What other projects or initiatives are taking place at each partner organization? Could they potentially draw attention away from building the partnership or cause delays to the process?
- **Customization:** Are partners willing to customize the product or service being integrated into the partnership? What types of modifications are possible or off-limits?
- **Technical Capacity:** What technical capabilities are needed from each partner to implement the partnership?
- **Data:** What customer information or data needs to be shared between partners? Are partners willing to share outcome data to monitor financial health impact?

For partnerships with deeper levels of engagement, we recommend conducting site visits to help each organization get a sense of how the other operates and engages consumers.

Sharing Value: Should Fintechs Offer Funding Support for Nonprofit Partners?

Nonprofits can provide meaningful value for fintechs by creating a customer acquisition channel, training users on how to use a product, or providing complementary services to address users' financial health challenges. Playing this role comes at a cost to nonprofits as these activities consume staff time and organizational resources. We've heard nonprofits ask questions about whether revenue-sharing or other funding arrangements are appropriate to sustain their ability to play a part in partnerships with for-profit fintech providers.

Several grantees explored revenue-sharing arrangements and identified key principles for exploring funding models:

- Nonprofits and fintechs may be in a better position to discuss revenue-sharing arrangements after a pilot has given them a sense of the actual costs and benefits realized by each organization.
- Funding models should be structured to avoid creating a potential conflict. Nonprofits should not set themselves up to push products that are not a good fit for a particular client in order to generate funding. Flat funding arrangements, where fintechs pay a fixed fee to support nonprofit activities, may help prevent this type of conflict from arising.
- To preserve trust, nonprofits and fintechs should be transparent with customers and clients about any funding arrangements.

Best Practices

Identify Champions

Each partner organization should identify internal "champions" – key staff and leadership committed to seeing the partnership through. These individuals should own the process of designing and maintaining the partnership solution, pulling in additional team members when necessary. Champions can help ensure projects are progressing on schedule and manage any unexpected challenges or conflicts. Grantees found it essential to have at least two champions within their partner organizations – one who owns day-to-day project management responsibilities and one senior leader who can ensure the partnership gets the resources and attention it needs to thrive.

Be Certain Before Moving Forward

The partner engagement and planning process gives nonprofits and fintechs an opportunity to "kick the tires" of potential partners to see if there is alignment in interest, mission, and capability. All partners should walk away from the experience feeling confident about their ability to work together. If either organization is unsure of their partner's commitment, they should consider walking away from entering into a formal agreement. Partnerships can be difficult and require focus and alignment from each partner; without it, organizations may be setting themselves up for failure.

If an organization decides not to move forward, it can pursue other options for structuring the partnership or other providers to work with. For example, Onward began its pilot with a different systems provider, but pulled the plug when it couldn't get comfortable with the agreement it was asked to sign. The choice was a difficult one, but ultimately led Onward to find a partner with greater alignment in SynapseFI.

Each partner organization should identify internal "champions" —

key staff and leadership committed to seeing the partnership through.

4

Design and Development

Once partners have agreed to work together, the focus shifts to designing the particulars of a pilot. This is the time to plan out processes, make necessary systems modifications, develop client resources, and train staff. At the end of this phase, partnerships should be ready for launch.

Best Practices

Build Processes and Materials

> *Each partnership will look different in the particular processes and materials it employs. Design decisions should be made with a focus on creating a feasible solution that fits client or customer needs and has a high likelihood of achieving financial health improvements.*

While no single process or practice is right for every organization, we did glean some insights by looking at how grantees designed their pilots to engage clients and provide a smooth and impactful experience:

- **Set scale goals according to partner capabilities.** There's no use in designing a pilot to reach more people than partners can handle. Instead, set expectations based on partner capacity. For example, UnidosUS was in the process of building its financial coaching infrastructure when it began its partnership with Oportun. The two organizations designed a phased rollout of the service across Oportun's footprint to ensure clients received a great experience. The phased rollout allowed UnidosUS to expand its capacity and update its call center operations in preparation for the network-wide rollout with Oportun.
- **Identify the right time for outreach.** In fintech distribution and nonprofit referral partnerships, it's critical to identify the moments at which clients will be most receptive to hearing about a new product or service. For example, Accion initially referred clients to LendStreet after they were turned down for a loan, but found it difficult to motivate applicants to take up the offer after they had received news about being declined.

Best Practices

- **Identify the right form of outreach.** Clients have different preferences for how they receive information, and organizations need to be prepared to engage them in ways that offer the best chance for success.

  Consumer Action found that clients did not respond to email promotion, but did read and share printed flyers. Consumer Action also found that some materials needed to be translated into languages other than English to ensure client comprehension and comfort. The National Urban League had a similar experience, finding printed flyers to be an effective way to share and spread information about fintech tools. They also found clients to be more likely to try a product when it was introduced in a group setting (e.g., financial education workshops) where clients could share advice, ask questions, and work together to download and try new apps.

- **Ensure a smooth hand-off.** Many partnerships begin the customer or client experience at one organization and finish it at another. Building processes to create a seamless transition can help migrate trust and increase the likelihood of take-up. For example, EARN and LendStreet both built customized landing pages with co-branding from their respective partners, helping clients feel comfortable when following up on a referral.

- **Consider incentives.** Incentives can be a useful tool to drive engagement and take-up. Consumer Action and NUL both found monetary incentives to be helpful in getting clients to try a new app or reward financial health improvements (e.g., savings increases). NUL found that there was no meaningful difference in take-up between clients that received a $25 or $10 incentive – the fact they were getting something helped overcome the initial hesitation to try something new.

- **Build in feedback loops.** During a pilot, few things are more important than getting information on how partnerships are progressing and their impact on financial health. Organizations can collect insights via transaction data, client surveys, focus groups, or regular check-ins with frontline staff. Grantees found it critical to build in data collection processes at the outset of partnership pilots instead of trying to gather information after the fact.

Develop Partner Communication Cadences

Partnerships with deeper levels of engagement should establish a regular cadence for communication between internal champions at each organization. These check-ins allow each organization to surface challenges, share lessons learned, and celebrate successes. GreenPath found it useful to hold weekly calibration meetings between day-to-day managers and quarterly meetings that brought in senior leaders.

Plan for Contingencies

Regardless of how well a partnership is designed at its outset, things can happen that throw a wrench in the gears. Nonprofits and fintechs should plan for contingencies to make sure both organizations know how to respond to unexpected challenges. At a minimum, organizations should have contingency plans for potential shake-ups like these:

- Champions or key internal staff leave one of the partner organizations
- Major structural changes, such as acquisitions or large strategic shifts that cause significant delays
- Changes to the terms or design of a fintech product or nonprofit service
- Temporary technical problems hinder functionality or access to a fintech product
- A partner ceases to offer a product or program

Nonprofits and fintechs should agree upon high-level plans for managing through each of these possibilities and others that may be likely to cause significant disruption. Contingency plans should primarily focus on ensuring clients are protected, understand how changes might affect them, and are informed of their options.

5

Pilot and Iteration

After putting all the pieces in place, it's time to go live and begin pilot testing with customers and clients. The pilot should be an iterative process of learning and adapting. Nonprofits and fintechs working together on a partnership should start small, evaluate what's working, and adapt as necessary. As confidence in a solution grows, nonprofits and fintechs can begin building broader infrastructure to support and scale it.

Best Practices

Get Started with Early Prototypes

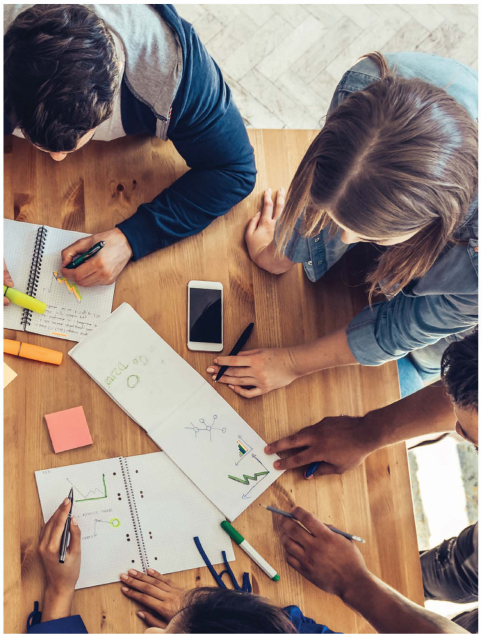
It may be tempting to try to make every process, product, and service perfect before launching a new partnership. However, the best way to determine what "perfect" really means is to try approaches on a small scale and learn from the way staff, customers, or clients react. Fintechs and nonprofits should develop processes and supporting materials to ensure proper protections and a sufficient level of customer experience, but leave the edges rough until they gain insight into what's working and what's not.

It's important to start with this type of prototyping before investing significant time and resources in building infrastructure (e.g., systems modifications) to support an untested model of engagement. It's worth noting, however, that this prototyping approach may make the early stages of a partnership less efficient and require additional staff time to make things work on the back-end. For example, LendUp and EARN had to develop a manual process for applying points to borrowers' LendUp accounts when they enrolled in SaverLife and made qualifying savings contributions. However, as partners become more confident that they're meeting customer or client needs, they can begin considering how additional systems might improve efficiency or impact. UnidosUS, for instance, is now working to develop mobile tools and update its call center operations to prepare for a broader rollout of its partnership with Oportun.

Best Practices

Maintain Ongoing Service Monitoring

When directing clients to a partner's product or service, organizations should put monitoring procedures in place to ensure they're delivering a high-quality experience consistently. Partnerships are built on certain expectations about the customer experience; getting ongoing feedback from customers, clients, or staff is important to make sure those expectations are being met and that all general consumer protections are in place. GreenPath gathers feedback via staff meetings, and utilizes social media and one-on-one conversations to get input on design options from its clients. It also conducts "secret shopping" by enrolling in partner products, calling customer service, and reviewing clients' monthly statements.



Adapt Based on Insights

With regular check-ins and systems for monitoring client or customer impact, nonprofits and fintechs will surface challenges and opportunities for improvement. Partners can then work together to think about options for how they can tweak their approach. For instance, Consumer Action found that clients liked the Self-Lender product but were unable to afford the minimum monthly payments. Self-Lender responded by offering to create a special version of the product for Consumer Action's affiliates with lower minimums to increase accessibility.

When things are going well, taking stock of progress and adapting accordingly can build momentum and stack successes. However, the process may also reveal that the theory of impact – the basis for the partnership – isn't panning out as expected, and that the best course of action is to go back to the drawing board with a new approach or a new partner. While it may seem disappointing, this realization can help nonprofits and fintechs avoid sinking resources into a solution that doesn't bear fruit for either partner or the people they serve. The pilot experience still holds value, since it helps partners know what to look for the next time around.

Creating Partnerships that Benefit Everyone

Grantees and fellow Exchange members have made a meaningful contribution by working together to pilot new projects and sharing what they've learned. By mining their experiences, this guide is intended to serve as a useful tool for other nonprofits and fintechs interested in creating partnerships of their own and to advance our collective knowledge of how to collaborate on financial health solutions.

After reviewing this guide, we hope that fintechs feel more empowered and motivated to work with nonprofits who can help them to expand their reach, gain insights into the needs of underserved communities, and strengthen customers' financial health. By the same token, we hope that nonprofits see the benefit of working with fintechs to increase efficiencies, complement services with innovative tech tools, and ultimately increase their impact. Lastly, we hope the Nonprofit-Fintech Partnership Journey framework will give both groups many of the tools to navigate the partnership process, and set the stage for successful outcomes for both groups.

Our experience working with grantees has also revealed the need to do more work to engage nonprofits as a channel for bringing the voice of underserved communities into the fintech design process. From grantee experiences, we have identified a number of opportunities ripe for fintech providers to create more inclusive products:

- **Demystifying Data Protection:** LMI and underserved households have a justified aversion to the data security risks that come with using fintech products. Fintechs can adapt by clearly informing users of the protections in place; they can also find ways to minimize the amount of data they need and clearly explain why they need it.
- **Adapting for Different Languages:** We have seen nonprofits struggle to find products with interfaces offered in Spanish and other languages. Fintech providers can increase access to their products by making sure they function well for people who either don't speak English, or are less comfortable using it to conduct their personal business.
- **Reducing Minimums:** Fintech providers can consider lowering minimum account balances or required payment amounts in order to make products more accessible for households with tight budgets or limited savings.

These suggestions are just the tip of the iceberg

when it comes to the insights nonprofits and their clients can contribute. We look forward to continuing our work with members of the Nonprofit-Fintech Exchange to help bridge the gap between underserved communities and fintech providers. Working together, we believe we can create a more inclusive fintech ecosystem that produces solutions designed for and delivered to the people that need them most.

FINANCIAL HEALTH NETWORK

Interested in Exploring Nonprofit-Fintech Partnerships?

Join the Nonprofit-Fintech Exchange, a marketplace for interested nonprofit and fintech providers to explore collaboration and swap insights on building high-impact partnerships. Membership is free, and we're currently accepting new organizations.

▸ ▸ ▸ Learn more about the Exchange and request to join here.

Need additional guidance?

The Financial Health Network offers membership services that include regular industry connections and partnership facilitation. Additional consulting services can provide you with a team of experts to assist you through the partnership development process. Learn more and inquire about our services here.