



Putting Financial Well-Being for All into Practice

Filene Research Institute 

THE  FOUNDATION*

OVERVIEW

Over the past several years, Filene and the National Credit Union Foundation independently have assembled research, case studies, and resources that point to the strategic value of putting employee and member financial well-being at the center of credit union decision-making and product and service delivery.

These resources demonstrate the power of a people-first strategy in helping to solve many of the challenges credit unions face: sustainability, growth, talent acquisition and retention, to name a few. **This quick-start guide is an effort to bring those resources together into one place, offering practical tips on how credit unions can garner the full benefit of incorporating a Financial Well-Being For All focus in their work.**

This guide lays out four steps to put *Financial Well-Being For All* into practice:



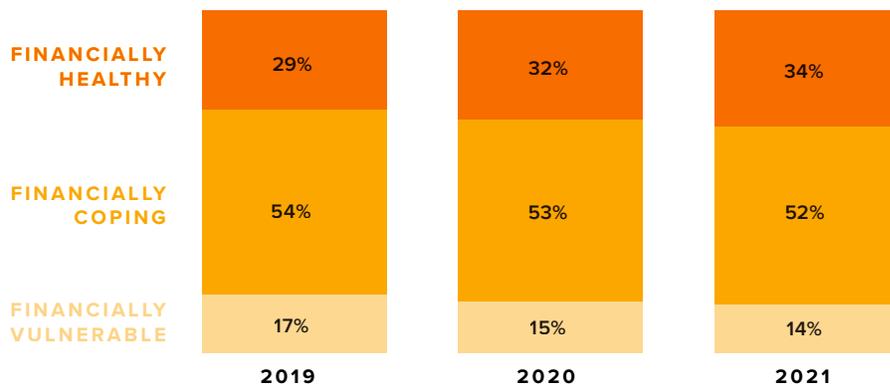
Each of these four steps contains examples of how credit unions have incorporated *Financial Well-Being For All* into their strategy and decision-making. A variety of additional resources are included at the end of this guide.

Grounding This Guide & Understanding the Why

When we say “*financial well-being for all*,” what do we mean? We mean that everyone should have the opportunity to thrive financially.

Data shows that many people don’t have that opportunity. More and more, people across the income spectrum face hurdles in building financial stability and security. The financial lives and livelihoods of consumers (credit union employees and members) have changed over the past decade. For a substantial portion of households, day-to-day financial struggles remain profound in the face of persistent financial fragility and inequity. According to the *Financial Health Network’s U.S. Financial Health Pulse*, 2 out of 3 Americans are not financially healthy (Figure 1) and stark disparities remain across gender, race/ethnicity, and income.¹

FIGURE 1: Percentage of People by Financial Health Tier 2019-2021



Source: *Financial Health Network. 2021. Financial Health Pulse: 2021 U.S. Trends Report.*

EXAMPLE

The **Financial Health Network**, with the support of **Members Development Company** and **PSCU**, used a new technology platform called **FinHealthCheck** to assess the financial health of approximately 500 credit union members and employees using the **FinHealth Score**. They then compared their scores to national, regional, and credit union-specific benchmark data.

What they found: over 60% of credit union members are struggling financially, as well as more than 60% of credit union employees. They reported that “the majority of struggling households lack access to effective daily financial systems, find it challenging to weather financial shocks due to limited liquid savings and credit options, and are not well-positioned to pursue long-term financial goals.”²

Putting a face to this conundrum is Rachel, a recent college graduate (Figure 2). People want to feel financially secure and know they are on a path to financial health and well-being.

FIGURE 2: On the Edge of Adulting: Rachel's Story



“I don't know what actions I should take to not be in debt forever. It's always going to be a struggle.”

Source: CUNA Mutual Group. *On the Edge of Adulting: Rachel's Story.*

Credit unions have long supported their members' financial health and well-being through affordable, responsible lending products, higher savings rates, and financial education and counseling. Consumers report that they want a trustworthy partner committed to their financial well-being—but they also report that their financial services provider rarely meets their expectations as such a partner.³

However, the competitive landscape of financial services has changed dramatically. The digital transformation of financial services and the growth of nonbank providers of financial services have, together, produced a new business dynamic for traditional banks and credit unions. Although their reputation among consumers remains strong, credit unions no longer own an obvious advantage on service or relationship banking.

With low interest rates and consumers increasingly searching for a combination of convenience, quality, and personal values alignment, price is not as compelling a value proposition.

Instead, access to both basic and more advanced financial products and services has become fragmented across a confusing array of providers, traditional financial institutions, alternative or fringe financial services providers, and myriad nonbank providers, big and small. The pressure to provide highly focused, speedy, easy-to-use

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channels and interfaces has flattened the experience of finding, buying, and consuming financial services and made that experience increasingly commoditized and transactional.

In recent years, more credit unions are explicitly reorienting their business models and realigning their organizations to focus on members' financial well-being and supporting members in their moments of need. But in this, credit unions are not alone: financial health is being increasingly embraced as a marketing message for big banks and fintechs, too.

If the reason people interact with financial services providers is ultimately a function of their financial well-being needs, then as a credit union value proposition, financial well-being can provide a strong and defensible market position for credit unions. But as both the financial services marketplace and consumers' needs and expectations continue to evolve, the credit union business model has not kept up.

To meet consumers where they are, *Financial Well-Being for All* challenges credit unions to adopt a more holistic approach to improving the financial health of our employees, members, and the communities we serve.



STEP ONE

Commit

Adopting a more holistic approach to improving people’s financial health begins with a commitment from the top of the organization. It’s imperative that the CEO, board and C-suite have complete buy-in to this approach. Put another way, the operational challenges and strategic decisions of the credit union must be grounded in the commitment that the credit union’s “why” is improving the financial lives of people within its field of membership.

This commitment is also grounded in genuinely caring about employees and members. It’s truly a people-first strategy.

EXAMPLES

“Financial well-being requires a strategic call-out. A lot can fit under that umbrella that you already do. So, call it out and be intentional about it. By keeping it threaded into your strategic priorities, you can build upon it and just get better and better at it.”

Gary Swindler, President & CEO, Washington State Employees Credit Union

“Credit unions of all sizes can focus on financial well-being. Members are members. We have a special obligation to look out for their financial well-being and if we take care of them, then of course, they’ll take care of the cooperative.”

Bill Cheney, President and CEO, SchoolsFirst Federal Credit Union

“We’ve been working hard to align our operating business model to support a “financial well-being for all” strategy, which will distinguish us in the Lansing marketplace and provide a pathway to survival and future growth. This strategy was born out of a realization that we were already serving a large low-income/underserved market within our current membership, but we didn’t have all of the tools and resources in place to help us capitalize and grow our products and service penetration into that market. We were seeing more and more members struggle financially and decided to create and launch an outcomes-based financial health program that helps low-income members achieve their financial dreams and goals. We’re a smaller credit union and we decided to go all in on this overarching strategy by receiving our low-income designation and applying for and receiving our CDFI designation. These designations allowed us to obtain an award of RRP grant funds, which we are currently leveraging for our low-income members, potential members and the small businesses in the impoverished communities we serve.”

Martin Carter, President/CEO, Astera Credit Union

ANOTHER RESOURCE

Is your organization positioned to deliver positive financial health outcomes?

The **Financial Health Network’s FinHealth Maturity Assessment Program (MAP)** brings together four pillars of a financial health strategy into an actionable framework that can help your organization strengthen financial health impact for your members, employees, and communities. By assessing your organization’s strengths and weaknesses across each of these four pillars, you can develop a roadmap to optimal financial health impact and create accountability for your financial health goals. Eventually, financial health should become a way of doing business across all areas of your organization.



STEP TWO

Assess/Learn

In order to truly improve people's financial well-being, you must know your starting point. Don't assume. Over time, your credit union's employee base and field of membership has likely shifted. New generations and new demographics mean new ways of meeting people where they are in their financial life. Focus on truly understanding the demographics of your current membership and their financial challenges. Ways to do this include incorporating financial health questions into your member surveys, digital banking, or using a [financial well-being](#) or [health scoring tool](#) to measure your employees and members' financial well-being.

EXAMPLES

A current grant effort in the field (2022) for the **National Credit Union Foundation** involves a collaboration with [Coopera](#) and [Attune](#) to leverage their technologies in understanding member demographics and financial health to help smaller asset size institutions create plans to infuse financial well-being for all into their strategy, products and services.

“Coastal started its journey on financial well-being in 2016 with assessing our members financial health in collaboration with the Financial Health Network. We learned—to our surprise—that 53% of our employees and members alike are financially unhealthy. They face an overwhelming challenge to save money for emergencies as well as have too much bad debt. Various economic conditions and historical expectations are a couple of many factors that lead to these challenging conditions, but we know one thing for sure—it's our responsibility to help them.”

Chuck Purvis, President/CEO, Coastal Credit Union

Take stock of what you are *already* doing as an organization for your members that fits under improving financial well-being. Similarly, take the time to inventory what you are *already* doing as an *employer* for employees that fits under improving financial well-being. Build a culture from within focused on financial well-being and health. Drive that through all aspects of the organization.

EXAMPLES

Incorporate it into how you think about employee benefits

Patelco CU has been on a journey for the last 6 years to build a culture focused on financial wellness. Starting with employees, the credit union reviewed its benefits and focused on what helps employees to be well, including a living wage, ability to donate paid time off (PTO), ability to cash in PTO up to one week per year, education on the 401(k) program

ANOTHER RESOURCE

Your Money, Your Goals is a free toolkit offered by the Consumer Financial Protection Bureau, designed to help you hold money conversations with the people you serve. You can use the toolkit to help people:

- Make spending decisions that can help them reach their goals
- Order and fix credit reports
- Make decisions about repaying debts and taking on new debt
- Keep track of their income and bills



STEP TWO (CONTINUED)

EXAMPLES

coinciding with merit payments, and leveraging internal champions through various employee resource groups. This focus then turned outward to ensure that every member interaction is an opportunity to focus on that member's financial wellness.

Incentives matter.

Consider tying outcomes to performance evaluation and compensation aligned with improving member financial well-being.

After a credit union merger, CEO Allan Prindle realized he had inherited "an institution that came with a strong, baked-in culture of employee incentives." Staff were incentivized for specific product sales, cross-selling, referrals, and more. The problem, Prindle notes, is that they ran counter to the organization's mission. When incentivized, he says "[employees] don't empathize with the member." In 2015, **Power Financial Credit Union** removed all individual employee incentives. They were replaced by a team-based gain sharing program, through which employees get a bonus payment when the credit union hits certain performance metrics, which are tracked on an internal scorecard, accessible to all employees. In meetings, Prindle often holds new products and services to a simple standard: "*Is this what family does?*"

After eliminating individual incentives, loan growth remained at or higher than the average for the peer group, share growth jumped nearly 15 percentage points over two years, loans per household increased and loan applications more than doubled.⁴

Find, create, or develop champions.

After learning that 40% of their employees had financial well-being scores associated with financial hardship and struggled to meet unexpected expenses, **I.H. Mississippi Valley Credit Union** appointed a Chief Financial Health Officer. By doing so, the Board of Directors signaled to staff that "helping our members with their financial well-being is not a short-term fad – it's what we do every day." CFHO Ann McMillian says the position has also "helped employees mentally reframe their roles as more of a consultant vs. product pusher. Employees are not afraid to bring new financial health solutions and ideas up through the organization, because they know the support is there." She encourages credit unions to view every new product or service through the lens of whether it might help or hinder a member's financial well-being.⁵

Make space for ongoing learning.

Continue seeking resources to support your financial well-being strategy, like these tools, case studies, and presentations on [Financial Well-Being for All](#) from the **National Credit Union Foundation**.



STEP THREE

Plan

Once you know the demographics and financial health of your employees and members, begin to adjust your strategy to incorporate financial well-being throughout. Start with your members' needs. Leverage empathy and community participation to check assumptions and identify true needs. With fresh eyes, look at all of your products, services, delivery channels through your members' eyes. For example, what's it like to get a mortgage from you? How frictionless is it for the member to handle fraud on their credit card? What other ways can you build relevancy and connection to your different demographics to make them feel "at home" with you as their trusted financial guide?

Evaluate near-term solutions to confront immediate financial hardship or crisis. Evaluate longer-term solutions to drive up savings, manage healthy debt, protect against future crises, and support wealth-building. Recognize that all members are not on equal footing. Understanding the perspective of those most vulnerable within your membership and community is critical. Start with your organization's strengths. Make profitable business lines more inclusive and focus on the service design scaffolding around existing products.

Connect across silos to build an enterprise-wide strategy—this can't be just the focus of front-line staff or your community outreach team. Identify key goals and success metrics (e.g., implementation goals, movement in member well-being scores or account data, organizational performance indicators). Be clear about near-term and long-term goals to drive focus and alignment. Align product design, member experience/service delivery, and marketing/messaging. Invest in or collaborate to access infrastructures that allow for the transition of member experience and flow of member data across functional areas.

Recognize that all members are not on equal footing. Understanding the perspective of those most vulnerable within your membership and community is critical.



STEP THREE (CONTINUED)

EXAMPLES

Focus your strategy.

Allegacy Federal Credit Union has focused its entire brand on well-being, promising members that "we will do the right thing for your well-being." Their wellness philosophy includes five pillars: financial, physical, emotional, social, and a sense of purpose. You can tell just from their website that they are committed to members' holistic wellness.

This commitment has led to an employee wellness program, a wellness savings account offering, healthcare financial advising for members and employees, and a wellness center that promotes both physical and financial health, called WellQ.

The program offerings are popular, with as high as 94% annual employee participation in the wellness program and more than 2,000 wellness savings accounts open. In 2019, Allegacy reports that they "touched 5,000 people through financial education and 16,231 people through products and services from our benefits and investment groups that promote holistic well-being."⁶

Start at home with your people.

Financial well-being programs can help credit unions support—and attract and retain—their team members, and they can help your staff better serve your members. The business case is clear, and research shows that employers see employee financial well-being as a growing concern. But how to create a financial wellness program that will positively impact your employees and your credit union? [The Case for Workplace Financial Well-being: The View from Credit Unions](#) scans academic and industry research to lay down a clear definition for financial wellness and well-being, address the real issues impacting your employees' financial health, establish a business case for workplace financial well-being programming, and outline steps your credit union can take to help employees reduce financial stress and build a stronger financial foundation.

"In 2021, **SESLOC FCU** employees were asked to complete three activities during the year to improve their personal financial health. They could choose from a list or come up with their own ideas. At least 16 people increased their 401k contributions by 1% or more and a few people started participating in the 401(k) for the first time. In addition, we saw many employees really taking the goal and its intent to heart."

Geri LaChance, President/CEO, SESLOC FCU

Track outcomes as well as inputs.

In 2019 **University Federal Credit Union** implemented a financial health program for employees, which included a detailed financial health consultation. The organization used a CRM to track and measure program outcomes. They were thus able to verify that the program met or exceeded all of their stated goals, including:

- Employees who had a consultation had an average reduction of \$1,040 on credit card balances.
- 35% of consultation participants improved their financial health score a complete category (vulnerable to coping or coping to healthy) after 6 months.
- 93% of participants agreed or strongly agreed that they were treated with respect and empathy and developed a clear view of their financial health.⁷



STEP FOUR

Act

Implement your strategy and continuously listen, learn, adjust and improve.

EXAMPLES

Make it a part of the everyday work.

Neighborhood Trust Federal Credit Union provides free financial wellness services through financial challenges, debt management, and more. Five days a week, they assist members with financial counseling to help members realize their economic goals. A personal finance course is also available once a week for five weeks in both English and Spanish, where graduates receive free checking and savings accounts, free credit analysis and report, financial counseling, discounted secure loans, and tax assistance. Small business technical assistance is available to help those starting or growing a business.

Focus on the most vulnerable.

In 2015, **Filene** launched the Reaching Minority Households (RMH) Incubator to identify programs that could help financial institutions like credit unions and community banks more effectively reach and support financially vulnerable households and communities of color. We tested the relative demand, consumer impact, scalability, and financial sustainability of five different lending products designed to improve financial access for these populations. Among the products tested were alternatives to payday loans, small-business microloans, and a non-citizen ITIN (Individual Taxpayer Identification Number) lending program. In total, 40 credit unions issued 58,482 loans totaling \$84.8 million (M), impacting 18,559 consumers. To learn more: Pathways to Financial Well-being: Qualitative Research Findings from the Reaching Minority Households Incubator.⁸

Connect with your community.

Dupaco Community Credit Union partners with the City of Dubuque in its “Getting Ahead in a Just-Gettin’-By World” initiative to support the asset-building goals of low-to-moderate income individuals. MoneyMatch Home, the credit union’s financial education matched-savings program, supports dollar-for-dollar up to \$4,000 toward homeownership. They’ve helped participants break the paycheck-to-paycheck cycle through group learning, one-on-one financial counseling, and accountability. By integrating their financial education and counseling program to support community members through local initiatives, they leveraged the power of partnership.

MoneyMatch Home, the credit union’s financial education matched-savings program, supports dollar-for-dollar up to \$4,000 toward homeownership.



STEP FOUR (CONTINUED)

EXAMPLES

Push your strategic vision “upstream”

Tackle the drivers of economic insecurity and immobility at their source.

A 2018 community needs assessment in Roanoke Valley, VA, revealed 10 priority health-related issues in the community, many of which are systemic issues around financial well-being:

- | | |
|--|----------------------------|
| 1) Poverty/low average household income | 6) Affordable/safe housing |
| 2) Transportation/ transit system | 7) Access to dental care |
| 3) Access to mental/behavioral health services | 8) Poor diet |
| 4) Culture: healthy behaviors not a priority | 9) High cost of healthcare |
| 5) High uninsured/underinsured population | 10) Educational attainment |

In response, a group of organizations, including **Freedom First Credit Union**, formed a public-private partnership called Healthy Roanoke Valley (HRV). The coalition has already created a community health center where physical and financial health needs can be met simultaneously. Additionally, they are launching a Financial Empowerment Center where low-income families and individuals can receive free financial counseling, integrated into other social services, including housing and foreclosure prevention, workforce development, prisoner reentry, benefits access, domestic violence services, and more.⁹

Tell your story.

Maine credit unions have contributed more than \$10.4 million to combat hunger and set a record annual contribution in 2020 with \$960,021.10 raised to support 260 food-based organizations across Maine. The initiative is the largest, non-hunger organization-based, philanthropic fundraising effort to end hunger in Maine and a great example of cooperation among credit unions in strategic philanthropy.

Trustworthiness motivates.

Self-Help Federal Credit Union’s mission is to create and protect ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities. Self-Help builds trust and strengthens their relationship with the members and communities by providing responsible financial services, lending to small businesses and nonprofits, promoting fair financial practices, financing community development projects and rehabilitating historic buildings in areas that have suffered from disinvestment and blight.



EXAMPLES

STEP FOUR (CONTINUED)

Inclusive service and the power of no-judgment financial services.

Hope Credit Union in Mississippi has proven successful in providing low-wealth people and communities with financial tools and resources to achieve a better quality of life by adhering to three core values within their products, services, and operations:

→ **Equal Access to Economic Opportunity**

Our work should reflect a commitment to fair and equal access to the economic opportunities that life has to offer.

→ **Excellence**

The people and communities we serve have a right to expect excellence, and we have a responsibility to provide it. A commitment to excellence is a statement of respect for our customers, depositors, funders, investors, board of directors and each other.

→ **Bridge Builder**

Recognizing both the limitations of our own human and financial resources and the necessity of broad support to address the development needs that face distressed people and communities, HOPE will seek to support partners and to engage, attract and influence the support of others to achieve our mission.

Digital divides are real.

“Sixty-five percent of consumers would be willing to move their financial accounts to Amazon, while 58% would trust Google with their financial management, Finastra research shows. Acceptance of challenger banks is also increasing.

“Putting these trends together paints a picture of both opportunity and challenge as credit unions must accelerate digital change to keep pace with expanding competition and rising consumer interest.”¹⁰

Recognizing that over 44% of low-income households in the United States don't have an internet connection or a traditional computer, **Alliant Credit Union** is working to bridge the digital divide by:

- Partnering with like-minded organizations to bring technology devices and affordable, reliable broadband to the people who need them most
- Delivering digital literacy education to impacted communities
- Calling on community leaders for internet accessibility reform

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STEP FOUR (CONTINUED)

EXAMPLES

Be honest with yourself.

Start with the assumption that if your products are not reaching the right people, the problem may be not with them, but with unseen barriers thrown up by the institution.

San Mateo Credit Union had worked to expand their financial education programs but were only tracking the results manually. They invested in a financial counseling CRM to track qualitative results and learn how their programs were impacting members' goals, attitudes, and behaviors around saving.

They learned that their programs were, in fact, yielding increased savings, new memberships, and new tuition loans from aspiring teachers. But they also learned that their financial education programs required organizational buy-in from all staff, and that they needed to address typecasting of members who need financial counseling.¹¹

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CENTER SPONSORS

Filene's Center for Consumer Financial Lives in Transition is generously funded by:



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END NOTES

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