FinTech for Savings: Piloting a Way Forward for Low-Income Savers

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Today’s Discussion

• Benefits of Individual Development Accounts (IDAs) as way of savings for low-income consumers
• Overview of IDA app
• Highlights of 2016 pilot project
• Value and opportunities for financial institutions
Individual Development Accounts (IDAs)

- An established intervention designed to help low-income people build assets by matched savings + financial education
Why an IDA app?
Why not an IDA app?
IDA App Features

• Visualize savings with match
• Set and stay on track of program-specific savings goals
• Check IDA account balance in real time (custodial)
• Custom messaging based on real-time program activity
IDA App Features

Dashboard

WHAT'S LEFT

- Months 3
- Ends on April 30, 2016
- To Save $400.00
- Match to Earn $1,200.00

MONTHLY DEPOSITS

- Available Balance: $950.00
- Total Withdrawn: $0.00

Transactions

- Jan 1: Transfer To Savings
- Dec 1: Transfer To Savings
- Nov 1: Transfer To Savings
- Oct 1: Transfer To Savings
- Sep 1: Transfer To Savings
- Aug 1: Transfer To Savings
- Jul 1: Transfer To Savings

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Behaviorally-Informed Alerts

- Custom alerts based on:
  - Real-time account activity
  - IDA program goals
  - Behavioral economics research

- Savers receive email, text, and in-app messages:
  - Reminders for upcoming deposits
  - Missed deposit nudges
  - Deposit confirmations
  - Monthly summaries
  - Withdrawal confirmations
Plan for 2016 – Implementation & Testing

User Testing & Focus Groups

Phase 1:
Local Pilot
Spring 2016

Phase 2:
National Pilot
Summer 2016
Research Questions

• How might technology help low-income people save?

• Sample metrics:
  – Frequency of deposits
  – Average monthly net deposits
  – Number of missed deposits
  – Length of time to savings goal
  – Number of logins per month
Value to banks

• Improve how those new to saving perceive saving and your bank

• Deliver an intuitive user experience
  – “Design for how people think, not how banks work”

• Opportunity for future research:
  – Will these savers become broader bank customers?
  – How might apps and messaging help people save and stay engaged with their financial institution?
Future opportunities

• Optimization
  – Offer online banking access for IDA custodial accounts
  – Enable third-party data aggregation

• Pilot program partnerships
  – Simplify how to determine which FIs are technologically compatible with the IDA app

• Research
  – Will these savers become broader bank customers?
  – How might apps help people save?
  – How might custom messaging change savings behavior?
Questions?

Thank you

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