



Innovation to Foster Financial Security

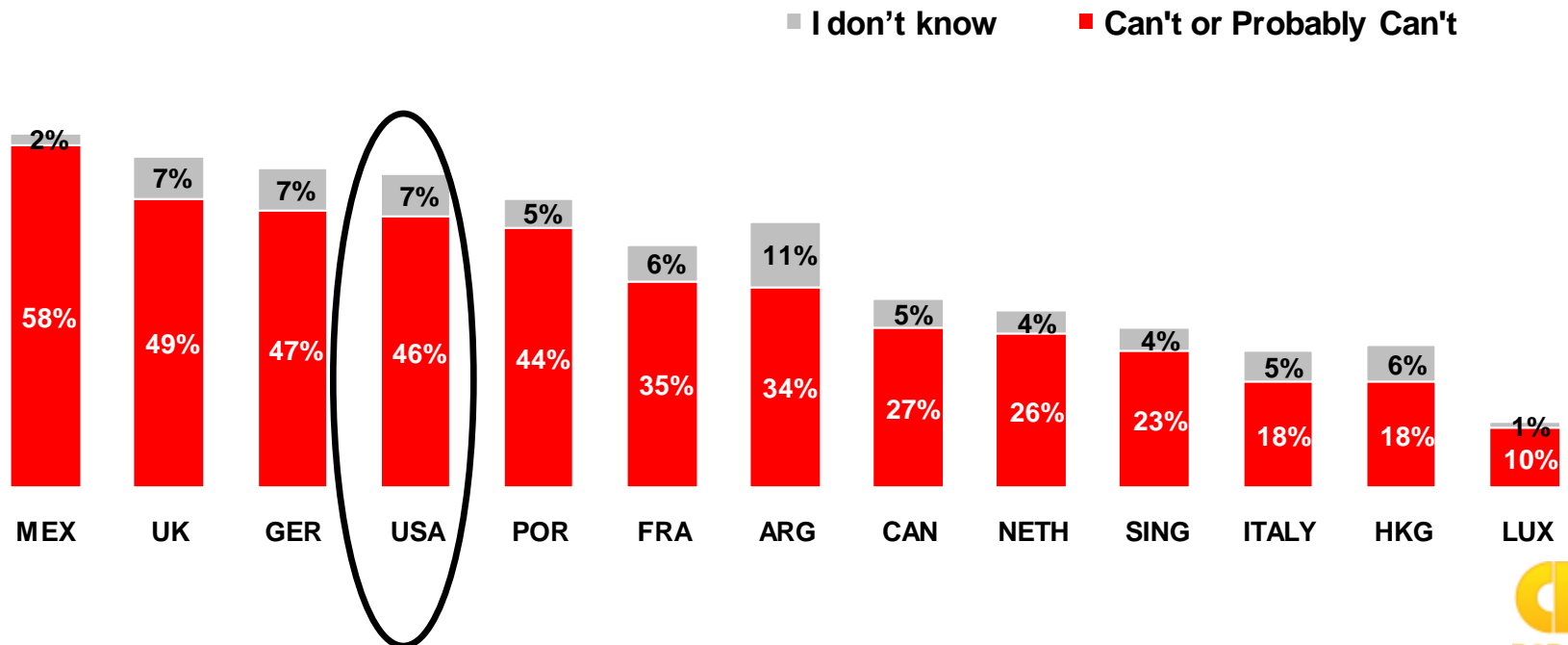
An Introduction to D2D Fund

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Financial Security of American Households

“How confident are you that you could come up with **\$2k** if an unexpected need arose within the next month?”



Doorways to Dreams (D2D) Fund

Mission:

Strengthen the financial opportunity and security of low and moderate income consumers by ***innovating, incubating*** and ***stimulating*** new financial products and policies.

- US (Boston) based not-for-profit
- Focus on scale, sustainability
- Record of linking private sector capabilities to public & non-profit ideals
- Co-founded in 2000 by then Harvard Business School Professor, now Oxford Dean, Peter Tufano

Theory of Change

- Fostering financial security requires:
 - + Changing the “landscape” – products & policies that increase consumer opportunity
 - + Changing consumers – tools & strategies to shape behavior
- Such changes
 - + demand innovation, wild ideas
 - + must scale to achieve impact
 - + require market power to scale
 - + must involve real-world trial & error

How we work

D2D Idea Creation Model

Doorways to Dreams (D2D) Fund's idea creation model: using innovation to bring products and policies to market that increase the financial security and opportunity of low- and moderate-income households.



Ideate

seek out and observe new consumer finance ideas and trends



Innovate

create new consumer financial products, services and policy ideas



Incubate

pilot test and evaluate product, service and policy ideas



stimulate

provoke private and public financial system participants to scale tested ideas



Impact



Greatly expanded financial services marketplace for low- to moderate-income consumers.

D2D Successes: From Ideation to Scale

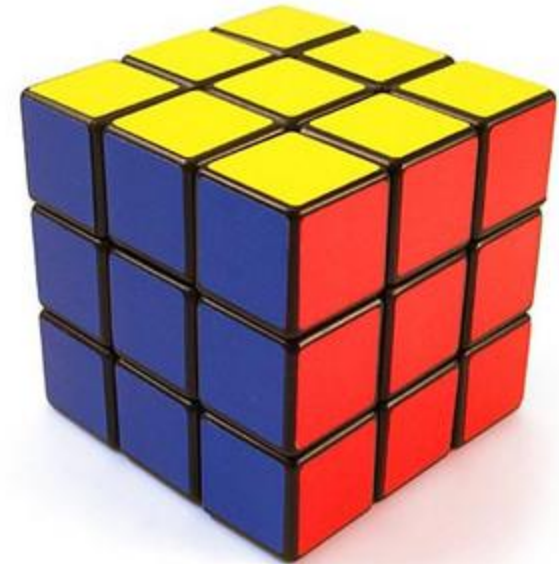
D2D's Idea Creation Model in action:

- Changing policy landscape: *Tax time saving bonds*
- Changing product landscape: *Prize-linked savings*
- Changing consumers: *Financial Entertainment*

How Do We Improve Financial Decision-Making?

Insight: Engagement is Critical

Which is more likely to get your attention?



Idea: New approach to financial education

D2D's vision is ***Financial Entertainment***

Taking cues from business and entertainment, we need to work with and for consumers in the development of engaging, interactive new media that teach them how to better manage their money.

— Why not games?

- + teach as adults learn (by doing, trial & error)
- + Instant feedback / reward
- + Repetition
- + Pride of accomplishment (puzzle solved!)
- + Social dimension (competition, share scores)



Test: D2D library of games

On www.financialentertainment.org:

- *Celebrity Calamity*: Manage credit & debt
- *Groove Nation*: Dance budget game
- *Bite Club*: Vampire retirement savings
- *FarmBlitz*: Manage resources to build savings
- *Refund Rush*: Make the most of a tax refund
- *Celebrity Calamity Mobile*: App Store



Distribution Testing

– Channels & Partners

- **Financial institutions** (banks, credit unions, investment firms)
- **Employers & Plan Sponsors** (retailers)
- **Schools / Universities** (community colleges, universities)
- **Government** (state treasurer, mayor of Boston)
- **NGOs** (youth, job training, asset building programs)
- **Military** (tournaments for troops & their families)

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**FINANCIAL ENTERTAINMENT
GAME TOURNAMENT**



STAPLES



Results to date



Scale: Future of Financial Entertainment

- Change financial education conversation
 - + Engagement first
 - + Behavior change
- Distribution
 - + Licenses (e.g., industry, military)
 - + Subsidized (e.g., NGO)
- Innovation
 - + New platforms, devices
 - Mobile Celebrity Calamity for iphone launched 7/15/11
 - + Social media games
 - + “Gamification”



More cool stuff... *ideation & innovation phases*

Some projects in our pipeline:

- Innovation in household risk management
- Financial capability through standardized testing
- Reframing retirement saving

Insight: Crises (shocks) are Triggers

- Expense, income shocks are inevitable
- But *impact* of shocks varies greatly; critical factor: preparedness
- Yet: “no emergency funds to cover three months’ expenses:”*
 - + 47% with income \$25 to \$75K
 - + 74% with income < \$25k



Why? What prevents consumers from building a buffer?

Ideas

Emergency Saving: Challenge, Opportunities, Ideas

| Challenge | Opportunity | Product Ideas / Features |
|--------------------------------------|---|---|
| Getting starting | <ul style="list-style-type: none"> • Meet consumers where they are, capitalize on an existing behavior • Make savings more immediately gratifying and impulsive • Manage competing household needs | <ul style="list-style-type: none"> • Emergency Savings Gift Cards • “Commoditize” Savings • Bundle Savings - with an existing financial tool (e.g., prepaid card with savings pocket) or function (e.g., emergency savings with Insurance) |
| Building savings | <ul style="list-style-type: none"> • Make savings accessible by limiting how much needs to be set aside • Make the act of savings easy • Reward savings behavior | <ul style="list-style-type: none"> • Low barriers to entry (e.g., \$25 a month) and ability to save in small increments • Automate savings, reminder messages tied to income • Use PLS concept to motivate savings; add a “game layer” to saving |
| Direct saving to address emergencies | <ul style="list-style-type: none"> • Ensure consumers can access, transact with emergency savings when they need it • Crease some barriers to access to limit use to non-emergency uses | <ul style="list-style-type: none"> • Emergency savings gift card, prepaid card with savings pocket, emergency savings debit card • Circuit-breaker: call 1-800 number to activate funds • Social commitments (e.g., 2 friends must authorize use of funds) • Reminder of usage of funds when you go to withdraw |
| Economics | <ul style="list-style-type: none"> • International experience suggests consumers are willing to pay for saving | <ul style="list-style-type: none"> • Fees to purchase “commoditized” saving, profitable ancillary products (e.g., gift card holder) • Test consumer reaction to non or reduced interest - bearing products • Leverage lower cost platforms (e.g., prepaid) |

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