PayGoal

The PayGoal initiative, powered by Neighborhood Trust Financial Partners (NTFP), aims to guide America’s hardest workers through their monthly cash flow challenges, connecting their wages to their top financial goals. The beta iteration of the PayGoal app is a workplace financial coaching and cash flow management tool that uses mobile technology to guide employees through simple steps aimed at enhancing their resiliency and ability to meet commitments, and to start saving. Neighborhood Trust partnered with prepaid card provider BankingUP to distribute cards to users that do not have a transaction account, but also accommodated users who preferred to bring their own bank product to the experience. PayGoal is integrated into participating employers’ systems and leverages employer trust to onboard users.

The project received funding from the Center for Financial Services Innovation’s Financial Capability Innovation Fund. A partnership with a collaborative of funders led by the Citi Foundation, the Funds provided support to innovative projects designed to help low-income and underserved consumers adopt positive financial behaviors. CFSI paired Neighborhood Trust with the UNC Center for Community Capital to provide research support throughout the PayGoal pilot.

Through the alpha and beta launches, NTFP has learned valuable preliminary lessons about user acquisition and engagement. Neighborhood Trust has observed how a variety of workers interact with messaging, encouragement, content and support addressing a broad set of challenges and goals across a number of pay periods.

PayGoal asked:

» Will clients activate and engage in a mobile financial services app promoted by employers?

» Can a mobile app, with the option to be coupled with a prepaid card, lead to improved financial behaviors?

PayGoal learned:

» In beta, Neighborhood Trust saw a 16% conversion rate from ‘invitations’ to ‘registered users’ which was a higher rate than expected based on NTFP observations of similar financial products, demonstrating clients will engage with mobile financial services when promoted by employers.

» Over half of PayGoal users were invited and registered via purely digital and/or mobile means, demonstrating that underserved workers are open to this method that has the potential to efficiently reach large numbers of customers at low cost.

» Timing of the PayGoal invitation was critical for take-up; employers sometimes introduced employees to PayGoal when discussing wage-related issues (e.g. not getting enough hours).

» The most frequently selected goal was to build an Emergency Fund, an indication of the importance of the PayGoal tool in assisting clients to manage their cashflow and address unexpected expenses.

» In both the alpha and the beta Neighborhood Trust observed that savings tend to be fluid and dynamic, and frequently leveraged for a specific short-term purpose.

» While the initial enrollment was solid, overall engagement with the tool was low; only a small number of users interacted with the messaging and even fewer linked PayGoal to their bank account, prompting adjustments from NTFP.

PayGoal results:

» 16% of invitations converted to registered users.

» The most frequently selected goal was to build an Emergency Fund.

» Users’ savings tend to be dynamic, and leveraged for a short-term purpose.
Future Applications

Through its alpha, beta, and ongoing pilot versions, PayGoal has served more than 1,200 employees, collecting user feedback to inform future iterations of the tool and address key areas of customer interaction. With each iteration NTFP is working to improve the tool’s value proposition and build more trust to give users the confidence to use PayGoal effectively. For example, because users found some PayGoal messaging to be generic when they recommended general actions, NTFP sees a need for more personalized action recommendations or even the next step in which the app takes the action on your behalf. Findings indicate this is what people seem to be more in need of based on the big mental load required of them to manage finances on tight margins.

They are also testing the impact of accrued wages and micro-advances tied to a particular financial commitment to evaluate whether that feature helps solve the user’s challenge more thoroughly.

In April 2015, PayGoal was selected to join CFSI’s first Financial Solutions Lab cohort, a group of nine financial technology innovators creating solutions for consumers’ cash flow management challenges. Utilizing FSL resources such as grant funding and technical consulting, Neighborhood Trust is working to further refine and scale the PayGoal platform to reach larger numbers of employers and end users. Neighborhood Trust is capitalizing on the initial learnings from the PayGoal launches in order take their product to the next level with continued user research and an exploration of workplace connection points. They are also continuing their commitment to a lean and iterative product process optimized to learn about user behaviors in order to identify the best way to serve their cash flow needs at scale.

Neighborhood Trust Financial Partners

Neighborhood Trust Financial Partners (formerly Credit Where Credit Is Due) was founded in 1994 in response to the growing financial disenfranchisement of Upper Manhattan. Since that time, the empowerment programs at Neighborhood Trust Financial Partners have provided clients with the products and counseling services they needed to change their financial future. The organization’s Financial Empowerment Integration Program is delivered in coordination with Neighborhood Trust Federal Credit Union, a community development credit union, and other community organizations. This ensures that the financial counseling and products offered are trusted, easy to access and delivered alongside other support services.

To learn more visit neighborhoodtrust.org.

The Financial Capability Innovation Funds

The Financial Capability Innovation Funds were supported by a collaborative of funders led by the Citi Foundation and also including Bank of America, the Capital One Foundation, Charles Schwab Bank, Charles Schwab Foundation, Experian, Morgan Stanley, NYSE Euronext Foundation, US Bank, and Visa.

From 2010–2012, the Center for Financial Services Innovation selected thirteen cutting-edge projects to receive $4 million total in grant support, from among 373 applications totaling more than $107 million in requests.

To learn more, visit cfsinnovation.com/Financial-Capability-Innovation-Funds.

Read More and Engage

Subscribe for updates on the latest in financial health: cfsinnovation.com/subscribe.
To engage with the dialogue, follow us or use #finhealth.

@cfsinnovation LinkedIn Facebook