SECTION III

Stronger Balance Sheets: Financial Services, Cash and Savings

This and the following two sections aim to feature some of the nation's latest and best thinking on how to build (or rebuild) a strong balance sheet—the cornerstone of accumulating wealth.

We start with the sine qua non, or foundational, components of a healthy balance sheet: financial services, cash and savings. Without these, wealth building is far less likely. In these seven essays, our authors highlight a vision for financial services tailored to those most excluded (as opposed to retrofitting a financial system designed for wealthier families) as well as offer forward-looking essays on the promising role that financial capability strategies—especially in concert with technology—can play in delivering those services. The authors also highlight how critical cash and emergency savings are, including when and how it's delivered—whether through employers, at tax time or financial technologies (or "fin-tech") themselves.

Indeed, as the authors argue, technology—while not a panacea and too often a tool for wealth stripping—can indeed be a powerful tool for delivering affordable and quality financial services and savings to millions of unbanked, underbanked and financially vulnerable households.

Reimagining Financial Services *Not* Around the Lives of Others: A Call For Radical Action

BY BOB ANNIBALE

The views expressed in this article are those of the individual author/authors and do not represent the views of or an endorsement by the Federal Reserve Bank of St. Louis, the Federal Reserve Board of Governors, the Federal Reserve System or the U.S. Department of Agriculture.

Financial services have evolved slowly in response to the rapidly changing and increasingly complex financial lives and aspirations of most households. Compared to innovations in areas such as technology, mobile and internet services, entertainment, social media and medicine, it is still a sector, particularly consumer banking, dominated by legacy products targeting the majority of adults and households but without the ambition to serve all.

Financial inclusion in the U.S. is portrayed by many, especially by the middle class, as one of the pathways to living the American dream, a dream made up of defining moments like buying a home, pursuing higher education, accessing capital to start a small business and saving for retirement.

We have been told that this was to be achieved through financial education, early savings, credit building and homeownership, assuming that we all have equal access to quality education, job opportunities, mobility and basic financial services.

Indeed, such financial pathways have contributed, especially in postwar decades, to increased intergenerational household wealth, homeownership and social mobility for the majority, certainly of white households.

However, this path was not designed with an understanding of the financial lives and needs of all households, the millions of people with different economic histories and experiences who are not, for example, currently fully served as customers by the over 4,500 banks, local and national.

Particularly for the Black community, it was a pathway that even after slavery would be obstructed for generations by racist laws and zoning, exclusion from government financing programs, "redlining" by banks and other business practices. Consequently, in 2020, nearly 75% of white families are homeowners, compared to 44% of Black families.

For many in the Black, Native American, and Hispanic communities, people with disabilities and immigrants, the products offered by banks were designed to serve other people's financial lives. They are offered costly legacy products for which they don't qualify nor that serve their financial circumstances and needs. As FDIC and Census Bureau surveys illustrate, it has left many understandably wary, distrustful and dependent on cash and alternative financial service providers.

While new and innovative financial institutions and products are rising to the challenge, payday lenders, remittance services, check cashers, auto title lenders and other financial service providers have long targeted the most financially vulnerable. Their locations and products are designed to meet the customers immediate needs but at high costs and on worse terms, often deepening inequalities.

Many banks unfortunately continue to target their most financially challenged customers. Brookings estimates that banks and credit unions generate over $34 billion in overdraft fees annually and a small number of customers (9%) account for 80% of the fees. Why are some banks still promoting paper checks, a slow clearing system and products designed to generate enormous and punitive fees from a minority of customers?

We must be more ambitious and, with a sense of urgency, be open to the range of innovations emerging in many lower income countries, as well as by some institutions in the U.S.

Such product designs and practices further drain wealth and deteriorate credit histories of already struggling families while subsidizing free banking for others. Inequalities run deep and addressing those, even from the perspective of financial services, needs to be more radical than incremental.

Moratoriums on evictions, foreclosures and student loan repayments have been critical for millions of households during the COVID-19 pandemic. However, mortgage deferred payments and rent arrears are compounding and will come to an end. Government, financial institutions, credit agencies and investors all need to respond with innovative solutions for homeowners, renters and landlords, not just penalize them after a global pandemic.

Instead of relying on a pathway of incremental steps to universal financial inclusion, based on a concept of a past "conforming" middle-class financial paradigm, we must be more ambitious and, with a sense of urgency, be open to the range of innovations emerging in many lower income countries as well as by some institutions in the U.S.

Here's what I recommend:

Banks, in particular, should embrace new customer-centric product and business models, target all income segments, use service design techniques, incorporate customer input into design and evolution and leverage digital solutions to bring down costs and to increase convenience and outreach.

We need to ensure that innovations in financial services and delivery through new technologies are "digital by design" and do not disadvantage already underserved households.

Young adults are particularly comfortable with digital financial service providers and products that address their incomes, debts, payments and spending patterns, which are likely to be very different than those of their parents.

Banks and other financial institutions need to more creatively understand and develop products in response to dramatically changing employment and income patterns.

Since 2009, the national minimum wage has remained static and union membership has declined, resulting in rapid deterioration of the terms of employment for millions of workers and the rise in the self-employed and contract workers, with limited benefits, in the gig economy. Unfortunately, those who are unemployed, part-time workers seeking full-time employment, and those in the lowest paid jobs, often correlate with those that are paying more for financial services.

These trends have disproportionately impacted people of color, women, people without college or specialized degrees, those with disabilities and younger workers who are also struggling with higher levels of unemployment, underemployment, high housing costs and student debt.

*Banks and nonbank originators and servicers of mortgages should develop credit scoring models to better reflect these complex and increasingly prevalent income patterns, using algorithms, AI (Artificial Intelligence), and big data that progressively challenge current credit scoring models***.**

With increased volatility in household incomes, financial institutions need to invest in corresponding product design, credit scoring and terms of lending, with flexibility in repayment features that reflect changing income patterns, as opposed to models drawn from assumptions based on predictable monthly salaries.

The ability, for example, to have some scope to vary monthly mortgage payments to correspond with variable incomes, as one can with credit cards, would be a welcome new feature.

We must begin to address long-standing inequalities in homeownership by committing to significantly increase mortgages underwritten and designed for first-time lower-income buyers, women-led households and communities of color.

Mortgages should allow for smaller and, where possible, grant-supported upfront deposits as well as flexibility in monthly repayments**.** Mortgage providers should ensure they have products that finance community land trusts, which ensure permanently affordable ownership, shared equity and cooperative ownership of single- and multi-family developments. Banks and non-bank originators of mortgages should join community leaders and advocate for government agencies that refinance and purchase mortgages to similarly qualify such mortgage products.

Regulators need to keep pace and create an enabling space in the complex financial regulatory landscape for new entrants, fintech nonbanks, retailers and online platforms embedding financial services, and for traditional banks to pilot innovations, with provisions for appropriate consumer dispute resolution and protection.

Incrementalism is not the answer. We need much more radical strategies, government policies, investment by industry and innovative products and services at scale that address the increasingly complex financial lives of households across all communities.

While public commitments by financial institutions have risen and some go beyond philanthropy and what is required under the Community Reinvestment Act, they need to challenge their core business models if they are to increase financing services that address racial and other inequalities. These should be clear and measurable commitments, such as increased lending to Black-owned small business and mortgages, with transparent public reporting.

Extreme income and wealth inequalities are increasing, including more working families that once thought that they and their children would enjoy secure financial lives. This is reflected in the increased distrust of Wall Street and in political rhetoric and trends.

Incrementalism is not the answer. We need much more radical strategies, government policies, investment by industry and innovative products and services at scale that address the increasingly complex financial lives of households across all communities.

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SECTION III

STRONGER BALANCE SHEETS:
FINANCIAL SERVICES, CASH AND SAVINGS

Meeting People Where They Are and Laying a Foundation for the Future: Solving America's Emergency Savings Crisis

BY DEBORAH WINSHEL AND TIMOTHY FLACKE

For millions of families focused on making ends meet each week, the possibility of wealth feels not just beyond reach but also utterly disconnected from the reality of their financial lives. To make wealth possible for everyone, we must begin by addressing their most pressing, persistent financial need today—managing volatility—with the most versatile, effective, efficient and dignified tool possible: emergency savings.

The data are clear—and not new—that we have a long way to go. The Federal Reserve reports that 30% of U.S. households lack even $400 to manage financial emergencies, and this jumps to 71% for Black families with incomes under the median.

Having no emergency savings is a crisis for families and an acute problem for employers, communities and the country, one we can make meaningful progress against. The starting point is recognizing this as a crisis, worthy of bold and coordinated action.

Having no savings reserves is surely a crisis for families, but it is also an acute problem for employers, communities and the country. It is also one we can make meaningful progress against. The starting point is recognizing the lack of emergency savings as a specific public crisis, worthy of bold and coordinated action.

The recent enactment of the American Rescue Plan Act is a prime opportunity to begin this action. Tax provisions of the act will pump hundreds of billions of new dollars into American households in 2020 and 2021. As important, the act directs the IRS to make six months of periodic payments of $250 and up to tens of millions of households who will qualify for a newly expanded child tax credit—a policy many advocates suggest be made permanent. A robust stream of new payments extending for months is a once-in-a-lifetime opportunity for many families to build savings—if they have the tools they need and access to systems that encourage and support saving.

Every household should have a cost-effective, safe, convenient place to build up—*and draw down*—small amounts of savings. The collective mindset is often that the lack of savings is a matter of personal behavior, either lack of knowledge or motivation. But research points to a far more structural challenge: Without a convenient place to save, people are far less likely to save. It's easy to take access to a savings tool for granted, yet the FDIC tells us nearly a quarter of banked households lack a savings account, a figure that doubles for the lowest income households.

This is not surprising: Traditional low balance standalone savings accounts are not profitable, and there is no obvious business model for a proconsumer savings tool with small balances and lots of activity. This means we need a different approach, one that draws on other actors, in addition to banks, that have an interest in enabling stakeholders to build and use emergency savings.

The workplace ecosystem is a prime opportunity: The overwhelming majority of U.S. workers are employees, and employers have natural incentives to support workers' financial stability. As important, the workplace offers two vital entry points: payroll systems, which control the "pipes" that deliver earnings, and retirement plan record-keepers, which are already in the business of managing workers' long-term savings.

Payroll systems process trillions of dollars in wages every year and can enable workers to fund emergency savings every time they get paid. Research shows that use of "split direct deposit"—the ability to deliver net pay to multiple destinations, including a savings tool—correlates with higher savings balances for low-income workers. Payroll cards, which have emerged in recent years as a way to pay un- and underbanked workers electronically, are an especially ripe platform to extend emergency savings tools to those who need them most.

The Bureau of Labor Statistics estimates about 64% of private sector workers have access to defined contribution retirement plans today, including 41% of workers in the bottom income quartile. Record-keepers and qualified plan sponsors can and should offer emergency savings, either "in plan" in an after-tax structure or via adjacent "out of plan" products offered by a fintech or bank and offered to workers "alongside" retirement savings options. If offering and promoting emergency savings alongside retirement savings were the norm, up to 78 million workers—including 13 million workers in the bottom income quartile—could gain access to quality e-savings tools.

To really tackle the emergency savings crisis, we need to borrow a lesson from the retirement industry. Ushered in by policy change and industry action over the past two decades, automatic enrollment into retirement savings plans has transformed participation rates—nearly doubling new hire participation in one study and quadrupling it for workers earning under $20,000 in another. Employers should have the option to automatically enroll workers into emergency savings tools, just as they do today for retirement plans. Helpfully, the Consumer Financial Protection Bureau, through its Compliance Assistance Sandbox, took a first step by providing initial regulatory guidance in 2020 to employers that wish to offer emergency savings automatic enrollment ("AutoSave").

Powerful as the workplace is, it will not reach everyone. States have already started to play an important role in reaching a broader audience. For example, state-backed "auto IRA" retirement plans like OregonSaves and Illinois Secure Choice reach millions of small business employees and nontraditional workers, and they are already including emergency savings in their plan designs. California designed its CalSavers plan such that, by default, the first $1,000 of worker contributions are placed in a stable money market fund suitable for emergency withdrawals. Other states should follow California's lead and prioritize emergency savings features as they adopt state-backed auto IRA plans, and Congress should consider waiving tax penalties for low-income workers who draw on IRA plans to manage emergencies.

Further, there are other public-private vehicles like health savings accounts and 529 education savings plans that currently serve mostly upper- and middle-income households by offering tax advantages for savers. While tax penalties for non-education withdrawals are generally modest for lower-income families, allowing penalty-free emergency withdrawals from these plans for low- and moderate-income account holders would be a powerful signal about expanding the potential uses of this existing infrastructure to serve the needs of different income groups.

It's time to consider financial incentives for emergency savings. We accept without a second thought to incent long-term saving via tax breaks for families benefit providers.

Finally, it's time to consider financial incentives for emergency savings. We accept without a second thought that it is sound public policy to incent long-term saving via tax deductions for savers and tax benefits for providers. This same logic should apply to spur saving for emergencies, especially targeted to underserved populations. Imagine if earned income tax credit-eligible tax filers, for instance, could claim an additional $100 tax credit for signing up for a workplace-based emergency savings plans or even state-backed auto IRA or 529 savings plans. A modest tax incentive for employers to offer emergency saving tools—in or out of retirement plans—might similarly turbocharge the attention the benefits industry pays to the issue.

We think it's impossible to talk about retirement security without talking about emergency savings, as the two are inextricably linked.

We think it's impossible to talk about retirement security without talking about emergency savings, as the two are inextricably linked. We know that it's impossible for households to plan for their financial future when they're worried about day-to-day financial challenges. And behaviorally, the reverse may be true as well: Evidence shows that people who have short-term liquid savings may have higher levels of confidence to save for longer-term goals like retirement. For example, embedding emergency savings opportunities into existing retirement and education savings plans frames saving for the short term in the context of longer-term wealth creation.

Incremental action will not solve our emergency savings crisis nor will a mindset that saving for a rainy day is simply a matter of personal behavior.

Incremental action will not solve our emergency savings crisis nor will a mindset that saving for a rainy day is simply a matter of personal behavior. We need to recognize the public crisis created by the widespread lack of liquid savings and respond by tapping existing infrastructure and systems capable of addressing a challenge of this size. The events of 2020 have only brought the crisis into sharper focus, and the American Rescue Plan Act now provides a needed boost to spur us all to action. And if we work to address some of the most pressing financial needs of millions of families today, we can help set the conditions for wealth creation in the years ahead.

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Just Give People Money. But How and When?

BY JONATHAN MORDUCH AND RACHEL SCHNEIDER

Just give people money. The idea is as simple as it is radical. At least it was radical until the coronavirus pandemic. With sluggish wages and household savings eroded by the pandemic, many struggling households simply need cash. Giving cash has turned out to be a powerful policy tool—its use is flexible, and households can spend it on their most pressing needs, whatever those are.

But not all money is the same. The amount matters, obviously, but the timing matters too. When you're threatened with eviction, to take an extreme example, having the right amount of money at the right time can be the difference between maintaining housing and experiencing homelessness. The same amount of money received even a few weeks later might not help.

To be successful in the long term, households need to be successful in the short term, too. Short-term cash flows need more attention.

That probably seems obvious, but policies designed to support the finances of American families do not focus much on cash flows and the challenges they create in getting through the month or year. The focus has been instead on building long-term saving, income and wealth. To be successful in the long term, however, households need to be successful in the short term too. Short-term cash flows need more attention.

That was one of the big lessons that we took away from spending a year tracking the financial lives of American families. Our research team spent a year with low- and moderate-income households in Ohio, Kentucky, Mississippi, California and New York. In *The Financial Diaries*, we explored how money moves through people's lives. What emerged was a picture of month-to-month volatility, with both income and spending needs rising and falling from month to month. The core challenge for families was often how to deal with the mismatch between earning and spending needs. On an annual basis, the families may have earned enough to cover the costs of their lives, but in any given month, they might be under water. They lacked the financial cushion, tools and basic predictability that would have made it possible to cope with bad weeks or months. Timing really mattered.

A group of mayors, from Newark to Los Angeles, has responded to America's money needs by forming a coalition, Mayors for a Guaranteed Income. All are committed to piloting programs that provide households with regular cash transfers. Unlike universal basic income, the money is targeted only to low-income residents. In some pilots, the transfers are $500. Sometimes $1,000. Usually monthly. These kinds of cash transfers would surely help the families we got to know.

But our research pushes us to ask, Why monthly? There's nothing sacred about steady monthly cash transfers. Some people with jobs are paid weekly. Others are paid regular amounts throughout the year and then get big year-end bonuses. Some government policies, like Social Security, provide steady resources month by month. Others, like the Earned Income Tax Credit (EITC), give large lump sums once a year.

Receiving $100 for 50 weeks is not the same as receiving $5,000 at once.

For some of the households we studied, a steady payment, perhaps $100-$250 every week, would be the best way to keep bills paid and food on the table. If that's the goal, then giving money in the form of steady flows makes most sense.

But if the goal is to foster big investments and build assets or protect from unpredictable or unavoidable harms, it may be the wrong policy. Receiving $100 for 50 weeks is not the same as receiving $5,000 at once. The extra $100 each week might melt right into weekly spending. A single $5,000 check, in contrast, is more likely to go toward a big expense like a car, a tuition bill or a security deposit that might otherwise be paid for with credit. It takes effort for people to turn small flows into big sums, which is why the large tax refunds associated with the EITC are one of the most powerful and popular parts of the current safety net.

Debates over flows and lumps already shape macro policy. In 2009, during debate over how to recover from the Great Recession, some argued for giving American households stimulus payments in small, regular installments that would likely be spent quickly. Others pushed for big, one-time, impossible-to-ignore checks with greater political salience. Advocates for small, steady flows won the argument.[1]

[1] President Obama reflects on the choice in *A Promised Land* (Crown, 2020, p. 524).

But when a similar question came up in the Biden administration's American Rescue Plan, policymakers split the difference between flows and lumps. A centerpiece of the proposal was a refundable Child Tax Credit for families. In the final law, the American Rescue Plan Act, half the money for the Child Tax Credit is to be distributed monthly, from July to December 2021, with the other half distributed as a large, single lump at tax time in 2022. If families want all the money as a lump, they can opt out of the monthly installments and get an even larger check in 2022. Tracing how families respond to these variations in the form and timing of funds will offer politicians useful insight as they weigh future versions of a child credit—or, of course, any other cash transfer program.

Insight is also coming from innovative pilots being run by cities. In Compton, California, for example, the way that timing matters is being tested by giving money to a group of low-income residents every two weeks for two years. Another randomly assigned group is instead getting the same money in total but disbursed as larger sums every three months. The pilot, called the Compton Pledge, will open another window on how the cadence of money—not just the amount—shapes households' outcomes.

Another way to think about the timing for cash support is to provide it at the moment it is most needed. Canary, a new social enterprise launched in response to the learnings of the *Financial Diaries* research, delivers cash transfers to workers in moments of financial hardship. This work will help us better understand how lump sums given in direct response to a specific need work to build financial security. Because the cash transfers are funded by employers and employees together, the fund aims to be less like a handout and more like a (collaborative) hand up. *Canary is built around the idea that money matters, timing matters and the source of the money matters too. Receiving emergency assistance from a collective pool is not charity; it is a draw from a shared resource.* In a similar way, part of the power of the EITC is that it is not just money; it is earned in exchange for hard work.

Technology and data processing are making it easier to make more of these ideas viable. In principle, it is now technically feasible to customize disbursements to households to exactly when and how they want to receive them. Some might want their EITC payments in one big lump, the way that they work now, for example. Others might prefer part of their EITC payment in the middle of the year when a tuition bill comes due or when the timing is right for a particular investment.

As America imagines a 21st-century safety net—and the roles of governments, businesses and communities—some of the solutions will involve just giving money. The right amount of money at the right time can make a big difference for people, especially for working families without much financial slack. That requires beginning with the idea that in fact it's not *just* about money. How and when matter too.

The right amount of money at the right time can make a big difference for people, especially for working families without much financial slack.

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SECTION III

STRONGER BALANCE SHEETS:
FINANCIAL SERVICES, CASH AND SAVINGS

Frontiers in Financial Capability: Bringing Technology and Coaching Together to Strengthen Family Balance Sheets

BY MAE WATSON GROTE AND J. MICHAEL COLLINS

The views expressed in this article are those of the individual author/authors and do not represent the views of or an endorsement by the Federal Reserve Bank of St. Louis, the Federal Reserve Board of Governors, the Federal Reserve System or the U.S. Department of Agriculture.

Financial pundits are quick to list activities that people "ought" to do, like save or budget, while deeming other actions detrimental, such as taking out a loan. Financial coaching disrupts this dynamic by centering the solutions of the people who are closest to the problems. Rather than a predetermined, one-size-fits-all approach, coaching is driven by each person's unique financial goals: their dreams and aspirations for their future.

This customer-centric definition of success ensures that coaching is forward-thinking and strengths-based. It also means that it's impactful. A growing body of evidence supports this claim: One field experiment with Change Machine showed that financial coaching driven by customers' financial goals led to reduced debt and increased savings as well as increased credit ratings.[1] When customers are centered as subject matter experts, tangible and measurable results ensue.

While there are tremendous benefits to the financial coaching approach, it is time and resource intensive. A 2019 survey of coaching providers found that the typical financial coach only served 19 customers per month.[2]

The need for financial coaches is growing. The COVID-19 pandemic has magnified vast inequities in financial access across families, including tools for managing income volatility, debt and bills. Coaching facilitates delivery of emergency assistance and financial resilience strategies, especially among Black, Latinx, American Indian and Alaska Natives as well as immigrant populations. How society engages with historically disenfranchised communities to recover from the economic impacts of the pandemic is one of the central challenges we face in the next few years.

Coaching, as we argue below, is the right intervention for this precipice.

[1] Brett Theodos, Christina P. Stacy and Rebecca Daniels, 2018. "Client Led Coaching: A Random Assignment Evaluation of the Impacts of Financial Coaching Programs." *Journal of Economic Behavior & Organization,* 155, 140-158.

[2] J. Michael Collins, Peggy Olive and Hallie Lienhardt, 2021. "Financial Coaching in Practice: Findings from a Survey of Financial Coaches." Working paper. University of Wisconsin-Madison.

Financial coaching strategies are proven and promote economic equity. However, to reach the scale communities now need, coaching must leverage technology.

The COVID-19 pandemic accelerated the use of technology everywhere, including among nonprofit social services. For example, new video technologies are connecting millions of people to helping professionals at times and places convenient to them. Expanding online tools are enrolling more people into essential services, and virtual forums keep practitioners up to speed on rapidly evolving financial products, benefit programs and regulatory actions. The question is no longer "if" but "how" digitally enhanced financial coaching to reach even more people and serve them better.

But technology can deliver more than just efficiencies; it offers an opportunity to rethink how the equity that financial coaching yields can be amplified.

Like the health care field's recent embrace of telehealth, financial coaching programs have the opportunity to strategically deploy new technology. This will create new modalities of access and efficiency: reaching communities with mobility or language barriers, reducing friction points such as travel and time constraints, accelerating service delivery and, critically, evaluating progress. Financial coaches can collect data, manage calendars and reminders and develop nudges to customers that lead to deeper engagement.

For example, Change Machine projects that it will double the rate of customers following through on their planned actions by using algorithms to nudge concrete action steps in between coaching sessions. The result will be higher rates of customer engagement and retention, with coaches meeting with people 3.4 times compared to just 2.7 before these tools were put in place. Roo's integration into Change Machine's platform improves a coach's user experience. It is designed to enhance the coach's day-to-day work through increased forums for ongoing communication around financial goals, changes in household priorities or composition and achievement of financial outcomes since the coach can more readily support customers' revisions and adaptations of their action plan. Additionally, Roo is designed to create real-time customer updates that accelerates a coach's data collection and outcome achievement.

Real-time insights through rapid data collection and analysis can produce data-driven protocols that help coaches structure coaching sessions. Using techniques like crowdsourcing and cognitive computing, data-driven solutions can inform a taxonomy of strategies coaches can use in coaching sessions. Over time, the most successful solutions can become targeted decision trees to guide practice. For example, Change Machine has pioneered a way to identify high-frequency triggering events in the wake of COVID-19 that can now guide customer actions that are correlated with better outcomes. Quality sessions are the key to success, as well as the sequencing of actions, rather than just time spent in coaching sessions. Data-driven protocols offer a pragmatic, high-impact blueprint for practitioners to build financial security for customers in the new economic reality.

To achieve their financial goals, most people need access to key financial functions like payments, short-term liquidity, savings and credit. Tech-enhanced coaching models can furnish access to the appropriate financial product at the right moment it is needed. Not only is access to financial services uneven—administrative burdens, connectivity and language are common barriers—but the absence of product designers who reflect underserved communities drives a wedge between financial services and the people who stand to benefit from them the most.

By seamlessly integrating fintech and coaching models, people can be connected to a vetted repository of products and services that are demonstrated to build financial security. For example, Change Machine has developed a recommendation engine based on customers' experiences, including more than 30% offered by women and/or people of color. These well-curated products are better targeted to help people achieve financial security.

By seamlessly integrating fintech and coaching models, people can be connected to a vetted repository of products and services that are demonstrated to build financial security.

Financial coaching's track record of centering the people it serves is a bulwark to the dangers of technology, including autonomy, agency and bias. The tools described here are designed to assist with decision-making, not replace it. For example, embracing technology should not be equated with "robo advising," which is designed to remove consumer choice. People's goals and decisions are made in a rich and complex context of their day-to-day lives, distractions, stresses and family and peer influences. Human relationships are central to helping people define and stick to their goals. It turns out that emotions matter so much that cold calculations by robotic decision-makers are no substitutes for human connections, especially given the unique needs of economically vulnerable and complex families.

Financial coaching safeguards the needs of customers in the face of coder-driven algorithms. While fintech offers new ways to reach more people, it can result in greater financial exclusion and end up systematically encoding negative racial and gender bias. Financial coaches are advocates for keeping people's goals front and center; alongside the communities they serve, they should be at the table to inform the design and implementation of new solutions. The financial coaching approach can make sure that the next generation of financial services does not perpetuate uneven power relations and instead facilitates people's financial goals.

Looking ahead, this merger of people-based coaching methods and data-based technology solutions holds great promise, but the field needs a diverse team of collaborators to make this happen.

Looking ahead, this merger of people-based coaching methods and data-based technology solutions holds great promise, but the field needs a diverse team of collaborators to make this happen. Nonprofit providers have on-the-ground expertise and deep connections to their communities. Software developers and coders offer infrastructure and technological know-how. But these communities of professionals need more opportunities and incentives to work together. Philanthropic funders and the public sector can facilitate these relationships with financial support, convenings and by using translational strategies to share ideas across diverse networks of practitioners. Much more than funding "administrative overhead," this work represents a long-run investment in a new way of operating for nonprofits. One example of a funder deliberately facilitating community-based organizations to technology experts is the Schmidt Futures Alliance for the American Dream, which has generated more than a dozen tech-based social mission startups in the last several years. Other examples include investments from Omidyar Network, partnerships between nonprofits and B corporations, and even Salesforce's Nonprofit Cloud. These public-private partnership approaches could become more widely used to expand the reach of tech-enabled financial coaching.

Meanwhile, policymakers can better focus on ways to support innovative technologies, including to enable the use of coaching approaches across a wide variety of programs and services. Simply shifting to longer-run, people-based financial security outcomes for public programs will drive programs to use coaching-based programs. For example, the Consumer Financial Protection Bureau has invested in developing evidence-based, flexible financial coaching delivery methods. The Department of Labor could look to leverage the Workforce Innovation and Opportunity Act to shift workforce development programs to adopt a more coaching-centered approach. As federal, state and local governments expand financial capability services as part of post-COVID-19 recovery efforts, the use of financial coaching coordinated with technology can help people in need to navigate systems and access the support they need. Advocates at all levels work to change systems by sharing the benefits of a people-based coaching approach as well as by supporting collaborations to scale up financial coaching. Ultimately, this will facilitate inclusivity and greater economic equity.

Policymakers can better focus on ways to support innovative technologies, including to enable the use of coaching approaches across a wide variety of programs and services.

Together, we can use tech for good.

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A Golden Moment: Using Tax Refunds to Build Savings and Promote Economic Mobility

BY STEPHEN ROLL AND MICHAL GRINSTEIN-WEISS

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Unlike most developed countries, the United States administers much of its social safety net through the tax code. For example, the Earned Income Tax Credit (EITC), a direct cash transfer for working families, is the nation's second-largest welfare program. Transferring social support dollars through the tax code has distinct advantages because the process is regular, predictable and nearly universal. Additionally, the implementation of new tax credits (or expanding existing credits) does not require creating new programs.

For most tax filers, the tax refund, which consists of tax credits and excess withheld income, represents a considerable influx of money. This refund is particularly important for low- and moderate-income (LMI) households, who receive a considerable percentage of their yearly income from credits like the EITC and Child Tax Credit (CTC). These credits are often framed around three goals: reducing poverty, incentivizing work and supporting families.[1] However, recent discussions have focused on how tax credits can both lift households out of poverty and help them build the savings necessary for long-term economic mobility.

There are several features of the tax moment that make it attractive for policymakers interested in helping households save:

1. Tax refunds are typically the largest payment LMI households receive all year,[2] providing them an opportunity to save money, pay down debts and cover large expenditures.

2. The filing process allows tax filers to consider their finances holistically, providing a "just-in-time" opportunity to promote savings.[3]

3. Some tax filers opt for overwithholding income from each paycheck to build savings,[4] indicating a need for policies and products to help these filers save throughout the year.

[1] For a comparison of existing and proposed tax credit programs, see Sawhill and Pulliam (2019).

[2] For example, one study found LMI households typically receive a tax refund equivalent to 1.3 months of income or 2.1 months of housing payments (see Roll et al., 2018).

[3] See Fernandes, Lynch and Netemeyer (2014).

[4] See Neumark (1995).

What Works in Promoting Savings and Economic Mobility at Tax Time?

Research has confirmed that the tax system can provide effective anti-poverty tools. Every year, the EITC lifts millions above the poverty threshold and reduces the severity of poverty experienced by millions more,[5] and these cash transfers also help households improve their balance sheets.[6] However, moving beyond direct cash transfer programs, the tax moment can help families build savings in other ways.

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Incentivizing short-term savings. Short-term or emergency savings help households weather sudden income losses and manage unexpected expenses.[7] Tax time efforts aimed at helping households build short-term savings commonly use incentives such as matched contributions for tax refund dollars held as savings.[8] For example, the $aveNYC and $aveUSA programs offered participants a 50% match rate for savings maintained for at least six months. Results showed these participants saved $400 to $500 more of their refund.

Another approach to increasing tax refund savings incentivizes these savings with the opportunity to receive a prize. Through the prize-linked savings approach, individuals who make a qualified savings deposit[9] are offered the chance to win cash or other prizes. Although evidence is limited, prize-linked programs appear to be effective in encouraging savings among individuals who are typically nonsavers.[10]

5 See the Center on Budget and Policy Priorities (2019) for an overview of the EITC policy and program.

6 Tax credits directly promote savings by increasing the lump sum payout of the tax refund. For example, the EITC both increases LMI household savings and reduces their debt burdens (see Jones and Michelmore, 2018; Shaefer, Song and Shanks, 2013).

7 See Gjertson's (2016) discussion of the relationship between household emergency savings and hardships.

8 For example, the $aveNYC and $aveUSA programs offered low-income tax filers a 50% savings match for every dollar saved (i.e., $50 for every $100 saved) and held in savings for at least six months. See Azurdia and Freedman (2016) and Key et al. (2015).

9 For example, in the SaveYourRefund program, tax filers making a deposit of at least $50 are offered the chance to win $25,000.

10 See Doorway to Dreams Fund (2015) and Tufano, De Neve and Maynard (2011).

Incentivizing long-term savings. While short-term savings can provide stability for households, long-term savings are essential to households' ability to maintain or improve their socioeconomic position and to achieve goals around education, homeownership and retirement. Though the tax code itself includes several incentives for long-term saving (e.g., tax breaks for Roth individual retirement accounts (IRAs)), researchers also found tax filers had strong, positive responses when offered additional incentives to use their refunds for retirement savings. An experiment with matches for IRA deposits found a 20% match tripled the amount saved, whereas a 50% match quintupled the amount of refunds saved in IRAs.[11]

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Using behavioral economics to promote savings behaviors. Although effective, incentive programs are costly and difficult to scale. By contrast, behavioral economics interventions offer relatively low-cost and scalable ways of promoting tax time savings. For example, over the last decade, the Refund to Savings Initiative (R2S) has worked with TurboTax to redesign an online tax preparation product to encourage tax refund saving among millions of LMI tax filers. Through a series of randomized, controlled trials, R2S tested various approaches to promote refund savings. R2S researchers found the most effective approaches included simple messaging strategies, suggested savings amounts, making savings the default deposit option and incorporating savings commitments at the beginning of the tax filing process.[12] Other studies have demonstrated the efficacy of

The most effective approaches include simple messaging, suggested savings amounts and defaults, and committing to saving early in the tax filing process.

11 See Duflo et al. (2007).

12 See Grinstein-Weiss et al. (2017), Roll, et al. (2020), and Roll et al. (2019).

encouraging financial technology app users to commit to auto-transferring their refund to a savings account before filing their taxes[13] and using social pressure to encourage savings.[14]

What Should Policymakers Do to Optimize the Tax Moment to Build Savings and Wealth?

There is no great mystery as to why so many households cannot save. Persistently low and volatile incomes combined with high and often unpredictable expenses mean that many households live paycheck to paycheck and are one emergency away from hardship and deprivation. The best thing policymakers can do to encourage savings through the tax code is expanding existing tax credits or enacting new credits. These credits not only are a popular and politically feasible way of providing cash transfers targeted to LMI households, but they also provide an effective means of improving a vast array of outcomes, ranging from increased employment to improved child development. Promising tax credit proposals include the following:

The best thing policymakers can do to encourage savings through the tax code is expanding existing tax credits or enacting new credits.

- **Increasing EITC amounts.** The Grow American Income Now (GAIN) Act doubles the EITC, creating a large cash injection for LMI working families at tax time.[15]
- **Providing credits for childless workers.** Currently, the EITC allows up to $6,728 for workers with three dependents, while workers without qualifying children can receive a maximum credit of only $543.[16] Expanding the EITC—as the recent American Jobs and Families Plan proposes to do—or

[13] See Common Cents Lab (2016).

[14] See Common Cents Lab (2017).

[15] GAIN and other proposals to expand the EITC might pay an additional dividend: Many state-based EITCs are structured as a direct percentage of the federal EITC; thus, expanding the federal EITC could lead to increases in state credits.

[16] Notably, the U.S. government did increase the EITC for childless workers to $1,502 as part of the American Rescue Plan Act of 2021. However, this provision is only slated to last through 2021.

creating new credits like the Worker Tax Credit[17] for LMI childless workers will help increase savings and reduce poverty.

- **Enacting and reforming credits explicitly targeting savings.** While increasing and expanding tax credits will give many households the financial slack necessary to build savings, a related approach concerns explicitly targeting incentives to save tax refunds. The proposed Rainy Day EITC allows individuals to defer up to 20% of their EITC and receive a 50% match on funds saved for six months or more, which can help encourage households to save their refunds for longer periods of time. Policymakers should also reform the Saver's Credit to make it fully refundable and simplify the match structure and eligibility criteria.[18]

Finally, policymakers should promote short-term or emergency savings by creating tax-advantaged accounts to hold these savings. Canada's Tax-Free Savings Accounts—which provide similar tax incentives for short-term savings as a Roth IRA in the U.S. does for retirement savings—is one promising example of this type of savings product.

Tax Refund Savings in the Wake of COVID-19

The economic crisis stemming from the COVID-19 pandemic requires policymakers to find innovative ways of using tax credits to support families in need. Recently, the U.S. Congress passed the American Rescue Plan Act of 2021, which, among many other provisions, offered novel and encouraging reforms to the Child Tax Credit (CTC) and the EITC. After the passage of this act, the CTC is now fully refundable, eligibility for the credit has been expanded and the overall size of the credit has increased from $2,000 to $3,000 ($3,600 for children under age six). The EITC has also now been expanded to provide much more generous benefits to childless workers.

These reforms alone promise to lift millions of households, and children in particular, out of poverty[19] but may also provide an opportunity to help

17 See Maag (2015) for a discussion of the childless workers and the Worker Tax Credit.

18 For a discussion on the impact of saving incentive programs on U.S. savings, see Duflo et al.'s (2007) research report.

19 See Parolin et al. (2021) for projections of child poverty reductions as a result of the expanded CTC. Additionally, Maag (2018) discusses the poverty and welfare implications for CTC and EITC Expansions.

households build short- and long-term savings. For example, as part of the proposed American Jobs and Families Plan, the government is considering converting the expanded CTC into a monthly income stream and continuing these payments beyond 2021. Doing so may create new leverage points to help families to build savings for their children. As part of this plan, the government could directly incentivize families to deposit some of their CTC payments into dedicated savings vehicles such as 529 plans.[20] Similarly, given the EITC's proven link with increased savings for LMI households, the expanded EITC offered to childless workers as part of the American Jobs and Families Plan could also be paired with savings incentives to help these households save for both short- and long-term goals.

Moving forward, we encourage policymakers to continue exploring ways of leveraging the tax code to help lift households out of poverty and to avoid hardship. The income and consumption supports currently offered through the tax code only provide a partial remedy to stagnating rates of social and economic mobility in the U.S.[21] Addressing this problem fully will require direct action to help the asset poor build wealth, and the tax code provides one of the most promising opportunities to do so.

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20 Such an approach would be similar to Israel's approach with their publicly funded child allowance, which gives families the option of shifting a portion of their monthly child allowance into dedicated investment funds accessible to the child in adulthood; an option that has proven popular among many households (see Grinstein-Weiss et al., 2019).

21 See Chetty et al. (2017).

Human Service Professionals: A Ready Workforce for Financial Capability

BY MARGARET S. SHERRADEN, JIN HUANG AND JENNY L. JONES

When it came time to send stimulus payments to Americans persevering through the COVID-19 pandemic, the IRS had no way to reach 12 million people. The group included disproportionate shares of Black, Indigenous and people of color as well as people with low incomes. To find them, the federal government turned to a "trusted resource": human service professionals. Throughout the years, human service professionals have provided basic support to underserved communities—health care, housing assistance and financial assistance, for example. These same trusted professionals should be tapped for many other aspects of financial delivery as well.

Exclusion from finance leaves many Americans unable to meet emergencies, access credit, pay off debt or amass savings for long-term priorities. Nearly 25% of low-income households in the United States have no bank account, and the prevalence is especially high among Black and Native American households as well as other households of color. An even higher share uses alternative financial services for basic functions like cashing paychecks. Millions are at the mercy of an increasingly complex financial marketplace where available offerings are expensive and sometimes predatory. Moreover, the communities where these families reside often lack banks and credit unions that offer suitable financial services at convenient hours. The lack of reliable and affordable internet services also shapes such communities. For residents, financial security is elusive.

One ingredient for achieving financial security is financial capability, which can be defined as the combination of access to appropriate financial services and application of financial knowledge and skills. Financial capability is not an individual attribute; rather it refers to the interaction between individuals and social structures.

Through trusted relationships with clients, human service professionals are positioned to foster financial capability on a national scale.

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This is not a new idea. Human service professionals already work to address family financial challenges and goals. They help families make ends meet, get emergency cash assistance, access public benefits, find jobs, secure health care, obtain tax assistance and locate affordable housing. During the pandemic, for example, human service professionals helped families receive federal payments, and looking forward, they will help low- to moderate-income families access the expanded Child Tax Credit in the American Rescue Plan.

This is not a new idea. Human service professionals already work to address family financial challenges and goals. They help families make ends meet, get emergency cash assistance, access public benefits, find jobs, secure health care, obtain tax assistance and locate affordable housing.

At the local level, these professionals locate resources when a family's housing or health care is at risk. For example, On the Rise Financial Center in Atlanta works with low-income individuals and families to build financial well-being and wealth through coaching and counseling. Human service professionals and student interns in this community-based program deliver financial education, credit counseling, and financial planning and saving assistance. In collaboration with a community-development credit union, they help families buy homes, start small businesses or reach other financial goals. This work provides families with hope and a sense of independence.

Human service professionals also confront societal inequities. In addition to providing services, they organize grassroots coalitions, manage community-based organizations, defend the safety net and conduct policy research. For example, human service professionals at Beyond Housing in St. Louis aim for collective impact by partnering with communities to provide stable housing, financial counseling and other services to families, but they also engage in community economic development and policy efforts. Human service professionals use their experience on the ground to shape an applied research agenda, including research on access to banking, savings opportunities, student debt, tax assistance, income and the Child Development Account policy.

Social work is among the most rapidly expanding occupations, with 13% growth expected by 2029. The 713,200 social workers in the United States comprise the nation's largest group of human service professionals. Social workers focus explicitly on empowering people who are vulnerable, oppressed and/or living in poverty. If each social worker serves an average of 60 clients per year (certainly an underestimate), they collectively work with over 40 million people annually. No other profession has the potential to reach so many marginalized families with sustained relationships and repeated interactions.

Social work offers a professional infrastructure that is already in place and suitable for the delivery of financial capability services on a national scale. Social workers are "among" the people, as Jane Addams declared a century ago. Addams, a founder of social work, along with Frances Perkins, Frankie V. Adams and other women, combined social care for families with structural and institutional reforms. Those efforts led to many New Deal policies. In the 21st century, social workers and other human service professionals remain uniquely positioned to respond directly to the people most adversely affected by inequality and economic downturns.

Recognizing this resource, numerous public and nonprofit organizations have embraced proposals to enlist human service professionals in building financial capability.[1] The social work profession has adopted financial capability and asset building for all as an explicit goal, detailed in a recent national policy "blueprint" by the National Association of Social Workers. The American Academy of Social Work and Social Welfare has selected that goal as one of the 13 Grand Challenges for Social Work. Over the past six years, a coalition of scholars and practitioners have been preparing to meet this national need by developing curricula in historically black colleges and universities, tribal colleges and universities, Hispanic-serving institutions and other colleges and universities. The coalition has refined those curricula in the field; published textbooks, handbooks and edited volumes; conducted research; and developed a network of human service professionals interested in offering services in financial capability and asset building.

If each social worker serves 60 clients per year they could reach over 40 million people. No other profession can reach so many marginalized families with sustained relationships.

[1] For examples, see the U.S. Department of Health and Human Services, the Consumer Financial Protection Bureau, the National Endowment for Financial Education, the Center for Social Development at Washington University in St. Louis and the Institute for Economic and Racial Equity (formerly the Institute on Assets and Social Policy).

Policymakers should invest in a comprehensive initiative to reach all Americans with financial capability services. This is already happening to some extent. The IRS, for example, teams up with local nonprofits to provide free tax preparation assistance to low-income and other financially vulnerable taxpayers. The University of Georgia's School of Social Work joins the United Way to offer free tax preparation with free child care for parents. The U.S. military builds financial capability components into counseling and benefits programs.

Innovations in the nonprofit sector suggest additional avenues for public investment. Cities for Financial Empowerment Fund assists municipalities in integrating financial capability into health, employment, housing and social services. The Change Machine, a financial technology platform, assists human service agencies in embedding financial coaching into their work. The agency also provides financial products and resources for women of color and their households. Research demonstrates the impact of these innovations, yet millions of families are still left out.

Now is the time for a major national initiative to train more human service professionals in financial capability practice. Degree programs can integrate training into social work curricula, consumer and family financial services and counseling education. Financial technology—including online educational materials, networking platforms and data collection and management tools—can enable human service professionals to engage the tens of millions of Americans who lack access to financial guidance and financial services.

With a total investment under $100 million—a modest sum for large financial providers and/or the federal budget—the nation could put in place a vastly more skilled and highly committed workforce in financial capability.

With a total investment under $100 million—a modest sum for large financial providers and/or the federal budget—the nation could put in place a vastly more skilled and highly committed workforce in financial capability. This would improve household financial management, widen access to beneficial financial services and advance social policies that increase the financial capability of vulnerable families. The payoffs in household functioning, crisis avoidance and economic productivity would more than return this value to society.

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The Financial Urgency of Now—and the Promise of Fintech

BY WOLE COAXUM

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Although it is cliché, financial technology can democratize access to financial services in a way that has not yet happened. The promise of financial inclusion can occur if several elements are present: talent, technology, commitment, partnership and capital. It is exciting that each of us can play a role to make this a possibility. We are in a moment when the forces are converging in a way that we can overcome this issue.

Why I Started MoCaFi

My George Floyd moment happened at the time of Michael Brown's death. In August 2014, I was one of the most senior people at JPMorgan Chase as head of sales and strategy for business banking. My job was to figure out how to acquire, retain and expand relationships with millions of small business customers, leveraging the 12,000 bankers in 5,000 branches.

The promise of financial inclusion can occur if several elements are present: talent, technology, commitment, partnership and capital.

One initiative was to drive customer engagement and satisfaction with greater customer adoption of digital tools. If a customer used the ATM to make a cash deposit or deposited a check through the mobile app, the cost to serve that customer was a fraction of the branch costs—~10% of the price. Embracing behavior change, the same customer who was marginally profitable or unprofitable instantaneously became profitable and had a better customer experience. This work planted a seed in me—technology can drive profitability and greater customer satisfaction.

When a Ferguson, Missouri, police officer murdered 18-year-old Michael Brown, the peaceful protests and violent incidents afterward really struck me. My community was struggling, reminding me of the images from the excellent documentary "Eyes on the Prize." It was clear to me that the Black community had made no progress in economic justice since the beginning of the

Civil Rights Movement. The recurring theme of police brutality in the Black community with the chronic lack of economic opportunity for far too many people is causing the issue. Without economic justice, a social justice agenda is like one hand clapping. I had to get involved in the struggle, so I left my Wall Street job to bring my skills to address the economic justice void, and the MoCaFi journey began.

What We Want to Accomplish

For far too long, financial services for Black and brown communities have been very separate and highly unequal. According to the FDIC, 50% of Black and brown communities are either unbanked or underbanked—compared to 23% of the White community that is unbanked or underbanked. It costs the average Black person 50% more and the average Latinx customer 100% more than their white counterparts for the same services.

In the average Black consumer's case, excess fees for banking services can cost $40,000 over her lifetime. If that consumer invested those $40,000 into an asset that received a market rate of return, we could move toward narrowing the racial wealth gap.

MoCaFi's banking platform is aiming to close the racial wealth in two additional ways: increasing homeownership and strengthening the entrepreneurial ecosystem. Our success will build a more equitable society.

How We Are Going to Accomplish It

Our goal is simple: We want to put people on a path that grants them access to high-quality, low-cost banking services. A high-quality service is an FDIC-insured demand deposit account (DDA) for communities that traditionally operate in cash (unbanked) or go to check cashers (underbanked) for their banking services. We know that access to a bank account is a straightforward concept, but so many neighborhoods do not have access—80% of the bank branches closed in the last 10 years have been in low-to-moderate-income communities. Not having a bank branch in someone's neighborhood doesn't mean that they need a bank branch's services any less. We are creating a product that intentionally satisfies the unmet customer needs of the un- and underbanked through mobile distribution strategies. We leverage partners in the community—turning stores in people's neighborhoods into bank branches where numerous no-fee banking services are available (e.g., 7-Eleven, Walmart, Family Dollar, Dollar General).

With the primary bank account in place, we can help someone improve their credit score to reflect who they are instead of where they live or their background. We can take rent payments and other payments and have those reported to credit bureaus. The impact of this can be dramatic. For example, in a study, Experian found that reporting rent payments could increase a person's credit score to as high as 700, on average. If that is not a game changer, what is? We are creating new markets and new paths for capital to flow.

Reporting rent payments could increase a person's credit score to as high as 700, on average. If that is not a game changer, what is?

The last significant step in our strategy is to partner with cities to establish financial services as infrastructure (though we are making that argument with federal policymakers as well as they craft the American Jobs Plan). Mayors across the country think about ensuring that city services (e.g., trash pick-up, snow removal, access to transit) are equitably and effectively delivered to all residents. City government fills a void that would otherwise exist if left to the market forces. Everyone should have access to essential banking services, just as they do clean water.

We see collaboration with cities as the next frontier to reach our target audience at scale at a relatively low acquisition price point. We believe our approach can effectively narrow the wealth gap and be a blueprint for the federal government to create a model for addressing this market failure. The timing is good since the current administration has made economic inclusion a priority. As agencies (the Consumer Financial Protection Bureau and Fannie Mae) or departments (the U.S. Department of Commerce and the U.S. Treasury) seek to fulfill the mandate of addressing the wealth gap, we hope our perspectives and those of other financial innovators inform their thinking.

Other startups and fintech companies must create innovative models to address the issue of access, as the need for fresh thinking is as great as ever. The innovators will come from traditional banking firms, government agencies or spin-offs from other financial technology companies. Capital appears to be moving to support companies like MoCaFi and other diverse founders in very intentional ways. This moment provides hope that we might be at the beginning of a movement whereby committed founders with resources can fix intractable issues and create new financial paradigms.

Conclusion

The COVID-19 pandemic has laid bare the challenges faced to obtain resources for isolated and underserved communities. George Floyd's death has further exposed the depth of vulnerability for some communities of color in the United States. Our opportunity is to turn this moment into a movement. We have populations in our society that have a need, and their need is as compelling as ever. Now we have the technology—digital banking, big data and cloud computing capacity—that has never been more accessible. We have the momentum—corporations have allocated billions of dollars to address racial inequities. The level of awareness of the need in this country has never been greater: Every American has been touched in some way by George Floyd's death. The only open question is can we deliver.

This moment provides hope that we might be at the beginning of a movement whereby committed founders with resources can fix intractable issues and create new financial paradigms.

The words of Theodore Roosevelt seem appropriate: "The country needs and unless I mistake its temper, the country demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

We can create a financial system that completes our republic's unfinished work—access to the services and tools that allow full participation in our society's economic fabric. In doing so, we will get closer to forming a more perfect union.

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