CREDIT BUILDING AND COVID FIELD SURVEY RESULTS

The "Credit Building and COVID" survey was fielded in late 2019 and closed on January 29th 2021. Credit Building Nation partners were targeted most intensively to complete the survey. Additionally, survey partners including Credit Builders Alliance, LISC, FUND Consulting, and Community Development Lending shared the survey with their networks. All survey responses were anonymous.

WHO RESPONDED?

- 48 Total Responses
- 67% of respondents were direct service providers, 11% were managers, 17% were senior management

WHAT DID WE LEARN ABOUT THE ORGANIZATIONS THAT RESPONDED?

- The survey was completed by a cross-section of organizations providing credit building and financial counseling services. The single biggest category of response was "Workforce Development Agencies" with 20% of the responses.
- The responding organizations reflect the gamut of organizations that use financial counseling/credit-building strategies to achieve their mission. Organizations have specific programming focused on everything from justice-involved individuals to those impacted by the foster system. The majority (85%) have programming that focuses on low-income populations.
- 98% of responding organizations use a 1-1 model with clients.
- The most common service provided include financial education group instruction 91%, credit counseling sessions to manage and reduce debt and improve credit 93%,credit building 91%, financial coaching 85%, financial counseling 76%. A smaller proportion provided benefits assistance 58% and tax preparation services 49%.
- When it comes to financial products, 76% indicated they are helping clients to access products from partners. However, only 41% are directly providing financial products to clients. Only one organization said they aren't referring or offering products directly).
- The most common products that respondents are assisting their clients with (either directly or through partners) are credit builder loans (82%) followed by bank accounts (76%), consumer loans (72%), secured credit cards (66%), incentivized savings products (58%), and business loans 46%.

HOW HAS COVID IMPACTED ORGANIZATIONS?

- 89% have adapted their 1-1 sessions to be virtual using tools such as zoom. 7% are still conducting sessions in person, 4% are conducting sessions electronically but asynchronously (for example over email) and one respondent indicated they had ceased 1-1 sessions during the pandemic.
- 81% who are offering 1-1 sessions virtually have experienced challenges. The most common challenge cited was people using their mobile phones for the session 65%. 46% indicated clients have difficulty accessing web conferencing software, and 35% indicated it was difficult to share materials with clients when conducting virtual sessions. For those providing 1-1 financial coaching, counseling, or credit-building services, 51% reported the demand for their 1-1 services increasing. 24% reported demand decreasing, and 24% reported demand remaining about the same.

- These findings match Justine PETERSEN's remote credit building experience. When people are conducting the session on their phone they may be driving, grocery shopping, or otherwise going about their lives.Getting their attention to cover detailed credit information can be more challenging than when you are sitting across the table with someone. Our counselors use visual aids when meeting in person—the client's actual credit report, the FICO pie chart that explains how a credit score is calculated, etc. Sharing visual aids on zoom when someone is connected via phone can be next to impossible as the small phone screen renders the document so tiny it is impossible for the client to read. Because many clients struggle to use web conferencing software, the benefit to using web-conferencing can be canceled out by the difficulties.

- Comments by survey respondents illustrate the technology challenges.

"The digital gap is the most important challenge that we face since the pandemic started"
"The Digital Divide is real--not everyone has equipment or access."

- A few organizations mentioned that they were assisting clients with emergency assistance and another noted that they were spending more time per client, impacting their ability to serve large numbers.

"We spend more time for individual, reducing the capacity to serve a bigger number of clients"
"Our agency has been receiving a number of inquires from individuals in need of food and rental Assistance."

HOW HAS COVID IMPACTED THEIR CLIENTS?

- Comparing the financial goals of clients in the last quarter to the same period a year ago, the biggest changes noted were more clients having emergency savings as a goal (60%) and more clients understanding the importance of credit (55%.) Additionally, 33% of respondents indicated that more clients had homeownership as a goal, and 26% reported fewer clients were interested in paying down debt.

- However, individual responses from survey respondents speak to the challenge many clients are facing.

"Clients have shifted towards financial crisis management like access to COVID-19 relief funds for rent, utilities, and food. Long-term financial goals have been put on hold, like starting a business, buying a home, and saving for a car or education."

"seems like people have put financial goals on hold and are just trying to figure out how to get by until the Pandemic is over."

"Most people don't want to worry about credit right now when their basic needs are not being met."

- For those who offer or connect clients to secured credit cards, 63% report no change in interest from clients while 20% report a decreased interest and 17% report an increased interest. One respondent noted a specific challenge with secured cards:

"Acquiring approval for a secured credit card has become harder, even when client has completed a credit building loan program"

- For those who offer or connect clients to a credit builder loan, 42% report increased interest from clients, while 37% report no change in interest, and 21% report a decreased interest.

- For those who offer or connect clients to an incentivized savings account, 47% report increased interest from clients, while 40% report no change in interest, and only 13% report a decreased interest.

IMPLICATIONS AND OPPORTUNITIES

- Organizations are being stretched and challenged to assist vulnerable populations who need emergency assistance. There is demand being placed on the organization and reduced bandwidth for clients who are struggling.

- Survey results point to an increased interest in savings by clients and an increase in the understanding of the importance of credit and savings. This suggests a real opportunity for a credit building program that includes a savings component.

- Credit builder loans were the product that respondents were most likely to connect clients to and yet only 40% of respondents report that their organizations offer products directly. As clients "fall out" of work with an organization when referred to another provider, there is an opportunity to better serve the client by integrating a credit builder product into the primary financial counseling relationship.