

Mind Your Money: A Digital Solution That Improves Money Management Skills among Hispanics

WHY WE DID THIS STUDY

Financial anxiety is a source of stress for two in three Americans, especially Hispanics ([APA, 2022](#)) and is associated with mental health problems, such as depression and anxiety. Findings from the 2021 [Survey of Household and Economic Decision-making](#) show that Hispanics, compared to Whites, are less likely to be financially secure, be able to cover an unexpected \$400 expense, own a bank account, and have access to credit. While financial coaching programs designed to build financial skills exist, it is important that programs meet the specific needs of low to-moderate income Hispanics. Hispanics face barriers such as lack of transportation and childcare that make attendance at in-person meetings with a financial coach difficult. Further, financial coaches may not be able to accommodate the linguistic diversity of clients. We created a digital-based financial capability program for Hispanics in the Los Angeles area that aims at replicating financial coaching in-person programs. Our team consists of an economist, psychologist, and executive director of community-based programs.

HOW WE DID THIS STUDY

Step 1: Designed a digital financial capability program. We worked with experienced community organizations and stakeholders in the design of our financial program.

Step 2: Recruited Hispanic participants aged 18+ from Los Angeles. Participants were recruited from Eastmont Community Center, the Mexican American Opportunity Foundation, and the Understanding American Study Internet Panel.

Step 3: Provided introduction virtual workshops and implemented program activities digitally for six months. Virtual workshops were conducted to introduce participants to the digital platform and program. The Mind Your Money (MYM) program consisted of sending one text message (and email) per week that was linked to a specific money management activity.

Step 4: Designed program as a randomized controlled trial to measure impact. We randomized participants to either the MYM program or wait-list control group. The MYM intervention group received the program during months 1 to 6. After the first six months, the control received the program during months 7 to 12.

Step 5: Collected survey data on financial health indicators. Through our online platform we collected survey data and evaluated the impact of our program on outcomes of Financial Capability, Financial Self-Efficacy, Financial Stress, and General Stress.

Step 6: Conducted focus groups with participants that completed program. We gathered feedback among participants that completed the six-month program about their experiences and recommendations for

KEY FINDINGS

- A digital-based financial skills program is effective in improving money management skills.
- Retention rates at six months for the digital Mind Your Money program were higher than retention in in-person programs. More than half of participants (56% to 70% completed Mind Your Money, while the [Consumer Financial Protection Bureau \(CFPB\)](#) reports that among people who attend one financial coaching session, only one third (30% to 38%) attend six coaching sessions.
- Mind Your Money participation resulted in higher financial capability scores and increased motivation to continue working toward financial stability and security.

improvement.

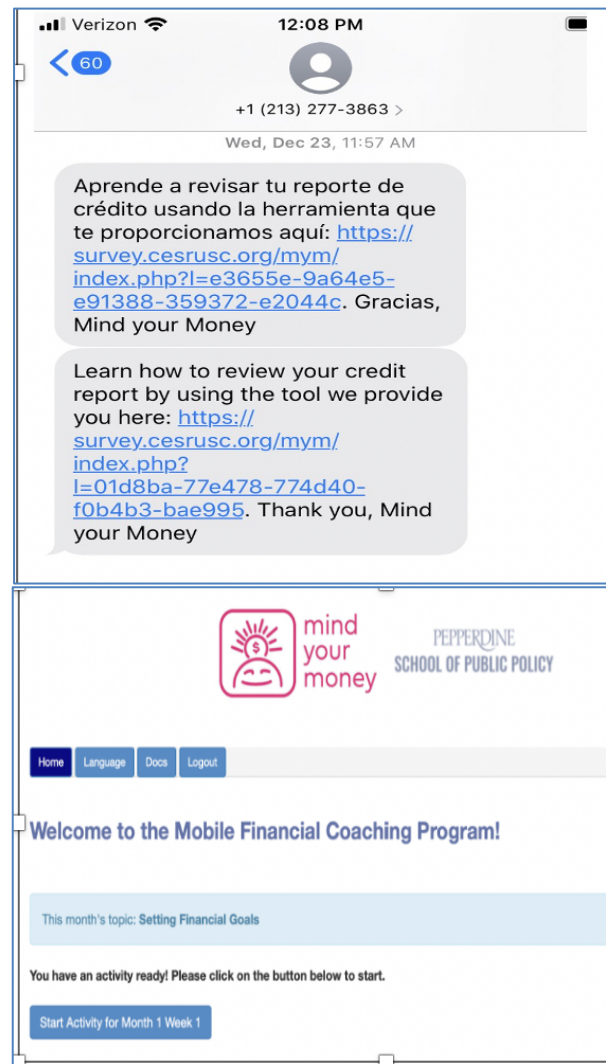
MIND YOUR MONEY PROGRAM

Mind Your Money was designed using the educational material from “Your Money, Your Goals” program created by the CFPB.

Each month, one of six topics were covered:

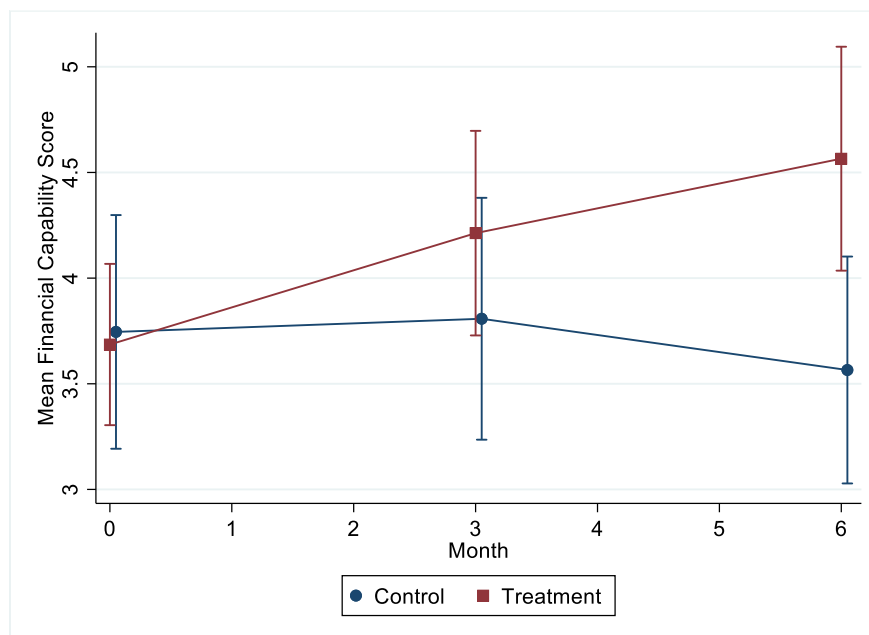
- 1) setting financial goals
- 2) choosing financial products
- 3) paying bills
- 4) understanding credit reports and scores
- 5) dealing with debt
- 6) saving money

We also added optional material related to managing finances during COVID-19. Each month, participants were invited via text and email to review information (week 1), apply knowledge using an online tool (week 2), take an action and report the action (week 3), and complete an assessment of all personal finances such as income, expenses, debt, and savings (week 4). Participants were encouraged to complete work at their own pace and were sent reminders to complete tasks by the end of the month. Participants received a monetary incentive for each activity they completed (for a maximum of \$220 for completing all activities). All material was available in English and Spanish, and participants were asked about their language preference at the start of the study.



WHAT WE FOUND

Participation in Mind your Money shows a positive change on the Financial Capability Score (FCS)



Preliminary results shows that those who completed the program (treatment group), in comparison to who did not complete program (control group), demonstrated a statistically significant increase in their financial capability score—which represents mastery and comfort with managing finances—at six months. Other analyses of the data collected will include evaluating Mind Your Money participants on other indicators, including how confident they are in managing finances as measured by the Financial Self-Efficacy Scale; their perceived stress related to finances (Financial Stress Score) and general life stress (Perceived Stress Scale).

WHAT THESE FINDINGS MEAN

Findings from the design and evaluation of MYM have important implications and relevance to policy stakeholders. First, our work demonstrates the usability and feasibility of delivering a financial capability program through digital format.

Second, findings indicate that a digital program can be effective in maintaining participant engagement. Thus, a digital approach to financial coaching may be a cost-effective way to improve access to information about managing personal finances among populations that face significant barriers.

Third, our digital approach to financial coaching allowed regular communication and a platform in which participants can apply the tools learned from the program. Our approach not only promoted knowledge, but self-accountability. For those who completed the program, they reported a motivation to continue working towards improving their financial situation. Findings suggest that our program led to behavioral change in the finance domain.

Fourth, the pilot study supports the idea that financial capability programs can be scaled up to reach large groups. A digital based financial capability program could likely be incorporated into government-supported social service programs. Individuals currently receiving government support may benefit from access to programs like Mind Your Money, which make financial information available at the same time as providing tools for behavioral change.

Finally, our work shows that for effective future financial capability programs, tailoring and customizing educational material to meet the specific needs of the target population is crucial. Mind your Money was designed for prime age low-and-moderate income individuals. We adjusted the curricula from CFPB's Your Money Your Goals, with a client-centered approach to pilot a digital service delivery model for financial coaching.

For future work, we see need for a digital financial capability program that reaches a diverse group of young adults (18 to 30 years old), given that that financial decisions made in this stage often have long-term lasting effects. Future work should also focus on developing a better understanding of the financial management needs of minority adults to inform the design of educational materials for these groups.

ABOUT THE AUTHORS

This brief was authored by Luisa Blanco of Pepperdine University, Isaias Hernandez of Eastmont Community Center and April Thames of UCLA. They are 2019 Robert Wood Johnson Foundation Interdisciplinary Research Leaders fellows. For questions please contact: Luisa Blanco (lblanco@pepperdine.edu).

“I accept that I have a problem with spending. I knew that I had a problem with spending. It was an eye opener once you break it down what you are making and what you are spending. What am I doing with my money? I should be saving..”

— *“Lola” Participant*

“It was easy and self-explanatory. The budgeting part I liked. I saved some money. But now I have money and have some money for Christmas. I budgeted and using the discount”

— *“Sonia” Participant*

“I think that you have to write down and see what you have and see what you spend. If I need money than I would have to go to people who I know and figure out how to get help. All the program has been good, but you cannot budget money that you don't have.”

— *“Leandro” Participant*