

Using Technology in Financial Coaching

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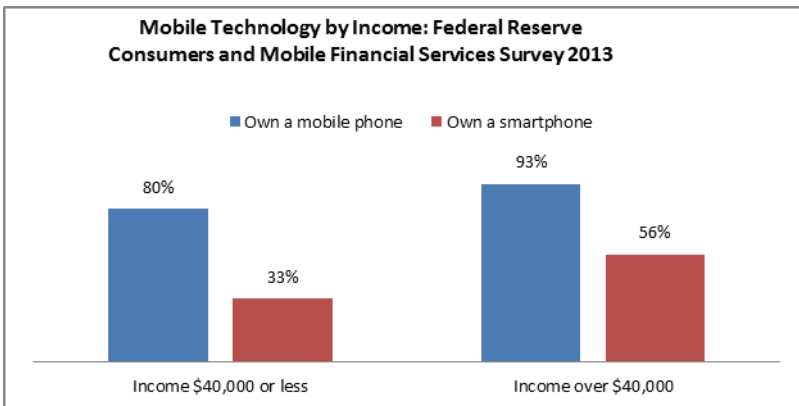
Leveraging Technology as a Financial Coaching Tool

According to a 2013 Federal Reserve Board Survey, technology is increasingly being used by people at all income levels to manage basic financial tasks. With the popularity of smart phones increasing the convenience and accessibility of the internet, combined with the ever increasing public access to computers in places such as libraries, schools, and the workplace, the opportunity to utilize online innovations as a tool or complement to financial capability is growing. This brief offers examples of strategies that are available to financial coaches and financial coaching participants interested in adding technology use to their financial coaching experience.



younger populations who tend to be comfortable integrating technology into all aspects of their lives. Incorporation of technology into coaching services could possibly cut down on the increased costs that organizations often face associated with adding financial coaching to their menu of programs by streamlining the coaching process. Integration of certain technological approaches may even be beneficial to supporting participants in achieving long-term behavior change through the financial coaching method.

Options for technology use in financial coaching are available in a wide assortment of approaches and intensities—from technology as a central and significant part of the financial coaching process to technology playing a minor, supportive role in the method. A variety of available strategies for technology use in coaching are discussed below, with attention to how these approaches can be a positive addition to financial coaching for the coach and the coaching participant.



<http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201303.pdf>

Why Use Technology in Financial Coaching?

Smart phones, texts, video chatting, webinars, and other tools can be used to enhance the coaching experience and can be used to bridge the gap between barriers and access to financial coaching services (barriers such as actual physical distance, time constraints, disability, lack of transportation, lack of child-care, etc.). Use of technology can be used to attract more diverse participants to financial coaching by appealing to

Online Financial Coaching Management and Learning Programs: Change Machine and My Budget Coach

A comprehensive approach to integrating technology in financial coaching is available through online management and learning tools such as [Change Machine](#) and [My Budget Coach](#). Change Machine, an online platform developed for professionals by The Financial



Change Machine is an all-in-one financial coaching platform.



Learn how to encourage customers to achieve their goals through an interactive platform.



Coach customers to improve their financial security using dynamic tools that help measure progress.



Share innovative ideas, ask questions, exchange experiences, and policies with other practitioners.

Clinic in New York City, provides a three-pronged approach to integrating technology through their Learn, Coach, and Share sections of the program. The Learn section focuses on providing online resources, tools and specialized content to financial coaching practitioners. The Coach section provides practitioners with an online framework and management tool to structure coaching sessions. The Share section is an online forum for financial coaching professionals to exchange experiences, ideas, and join an ongoing conversation about financial security. In this model the website supports the coach, who may work with clients in person or on the telephone.

My Budget Coach is an online service created by Solutions for Progress, which provides a suite of web-based tools, online delivery of financial coaching, and a client management system with customized reporting capabilities. The program connects financial coaches with coaching participants to engage in up to twelve online financial coaching sessions occurring on a

monthly basis. In this model clients work through the website with their coach.

Both of these programs give financial coaches the ability to interact, communicate, and track the progress of coaching participants online and therefore the necessity for in-person appointments is decreased, placing less of a time and resource burden on both coaching participants and organizations. Coaching programs can use these tools to help train and support coaches, as well as to offer a systematic framework that guides the client through the process of developing and achieving their own goals. Unlike a case management system, coaching systems are not designed to track milestones and manage billing; these systems allow clients to flexibly pursue their goals, revise their goals and track progress towards implementation.

Video Meetings for One-on-One Sessions: Skype/Face Time/Google Hangout

A defining characteristic of financial coaching is the ongoing nature of the method and the necessity of frequent interaction between the coach and coaching participant. Clients often want, or need, face to face meetings. Coaching is built on a foundation



of trust and confidence, and being able to see and respond in real time can be important. Moreover, part of the coaching approach includes active listening in ways that require visual communication—body language and other cues. While telephone and email based coaching are possible, the need for video communication may be more important for coaches than for counselors or other financial capability professionals.

Also people with limited time, energy and resources, may find scheduling one-on-one, in-person meetings can be difficult and may even prevent financial coaching from being a method that is accessible to them. In these instances, the use of video chatting through a low-cost or free program such as Skype, Face Time or Google Hangouts, can be an excellent alternative to an in-person meeting with the same one-on-one interaction that is needed for a coach to provide the continued motivation and accountability necessary for successful financial coaching. Although telephone calls may be a useful method for quick check-ins throughout the coaching process, video chat technology allows a financial coach to watch for visual cues or non-verbal communication that may be crucial in forming a strong, effective coaching relationship. These systems require a high quality internet connection and camera/audio equipment.

Over time more phones, computers and tablets have these features, and bandwidth has become more widely available.

Text Messaging Reminders

A simple, yet promising tool to help reinforce new financial behaviors is the use of text messaging reminders. Research from psychology and behavioral economics shows that the number of items individuals can pay attention to at a given time is limited.



Important but non-immediate concerns may lose priority to more pressing matters. In the context of financial coaching, this research suggests that people may commit to taking certain actions towards their goals but fail to do so simply because the actions did not stay at the forefront of their mind. Reminders have been shown to increase individuals' follow-through on tasks¹, which makes this tool a promising and cost-effective way of helping coaching participants to achieve their financial goals. Studies using text messaging in personal finance are still rare, but a handful of studies internationally show texting can help boost savings, timely bill payment and debt repayment. Studies in health care show increasing adherence to treatments as well as sticking to positive behaviors.

Many websites are available that allow users to schedule, archive, manage, and send text messages from their computer. This option gives financial coaches access to an additional technique to promote accountability and increase motivation. For instance, the website www.ohdontforget.com allows the coach to set up and schedule text reminders to be sent in the future. Reminders that mention specific behaviors and refer to the overarching goal may have even stronger influence on the behavior of a participant than a reminder that is more generic or general in nature² (i.e. a text reminding a participant to transfer 5% of their paycheck into their retirement savings account versus a text stating simply to save). This type of website service is typically a free to fairly low-cost service, depending on the features that a subscriber wants to include.

Video-sharing

An easy and accessible tactic for introducing prospective participants to financial coaching or relaying information to existing participants is through video-sharing. An example of an organization that has used video-sharing

as a financial coaching strategy is the University of Georgia's (UGA) Looking to Your Financial Future project. This project emailed participants of their Volunteer Income Tax Assistance (VITA) sites a ten minute video with accompanying worksheet prior to their VITA site appointment. The video and worksheet were based on the Solution-Focused Brief Coaching model and were designed to help participants develop a realistic vision of their financial goals and future, rate their current financial situations, and then imagine their lives with a higher rating and map out the steps to reaching that higher rating. Though this method is a brief and standardized approach to financial coaching, the video-sharing tool in this instance acted as method to increase access to coaching, motivate participants to take advantage of longer-term coaching programs, and aided participants in defining their goals prior to receiving tax preparation—a strategy that led to increased refund savings behavior in the UGA project.

Training for Financial Coaches: Online Courses and Webinars

Another area of financial coaching that sees an advantage to integration of technology is the training and education that financial coaches require. Training is often an ongoing process beginning with development of foundational knowledge and coaching ability, continuous skill-building, addition of more advanced techniques as coaching aptitude progresses, and refresher trainings as financial systems and processes evolve over time. This continual need for courses and trainings makes online learning a valuable and more efficient way for coaches to access the education they need. Often a more cost-effective alternative to traveling for training or bringing training to an organization, this method also allows coaches seeking training to have more flexibility in when, how and from whom they acquire training. Although options for online financial coaching training are limited at this time, it is feasible to predict that this mode of learning will grow with the increasing number of organizations offering financial coaching as a financial capability service.

Webinars or webcasts are typically a one to two hour, live or pre-recorded program used to communicate information in a presentation format. Webinars have gained popularity as a low-cost, basic platform to keep educators and counselors up to date on relevant information and are convenient for offering continuing education units (CEUs). The same approach can be used

¹Stango, Victor & Jonathan Zinman. (2012). "[Limited and Varying Consumer Attention: Evidence from Shocks to the Salience of Bank Overdraft Fees.](#)"

²Working Paper; Karlan, Dean et al. (2011). "[Getting to the Top of Mind: How Reminders Increase Saving](#)" (January 2011). Working Paper.

to give financial coaches access to new information, research, coaching techniques, and skills. Because coaching training is often heavily reliant on practice coaching, incorporation of video-sharing or video chat to create well-rounded distance learning experiences between participants is an option for including interactive coaching exercises from remote locations.

Incorporating Technology into Financial Coaching



The use of technology in financial coaching is a natural and most likely seamless step for most financial coaches and financial coaching participants in the current technology focused culture.

Yet, connecting the appropriate and most effective technological innovations to a relatively new field like financial coaching could be seen as a daunting step to take when armed with very little existing data or research on what methods truly work for financial coaching. However, testing out and trying technology as a means for gaining efficiency and improved outcomes can be as easy as incorporating a simple text messaging reminder for a coaching participant that is especially smart phone savvy or simply offering the option of a video-chat to a participant who is struggling with making appointments. The incorporation of technology does not necessarily need to be the launch of a new program initiative or large-scale organizational change.

The use of technology for personal finance is increasing. This is even true among lower income families. Here are some issues for the field to continue to manage:

- How can coaches to incorporate mobile tools for tracking spending, developing spending plans and balancing accounts?
- How can people who have had negative experiences with technology best adapt to technology-driven approaches? Especially older people or people with disabilities?
- How can security risks or financial information be safeguarded?

More studies in the near future are likely to provide deeper insights into how and why coaches and client best use online tools.

Links and Additional Resources:

Financial Coaching Management and Learning Programs

Change Machine website:

<http://change-machine.org/>

My Budget Coach website:

<http://www.mybudgetcoach.org/>

Newsletter article on Change Machine:

http://fyi.uwex.edu/financialcoaching/files/2014/01/Coaching_Newsletter_Fall-2013.pdf

Newsletter article on My Budget Coach:

<http://fyi.uwex.edu/financialcoaching/files/2014/04/Spring-2014-Financial-Coaching-Newsletter.pdf>

Video Meetings for One-on-One Sessions

Google Hangout information:

<http://www.google.com/%2B/learnmore/hangouts/>

Skype information:

<http://www.skype.com/en/>

Face Time information:

<http://www.apple.com/ios/facetime/>

Text Messaging Reminders

Recent study on text messaging reminders aiding in behavior change of smokers:

<http://www.techtimes.com/articles/8144/20140607/text-messaging-to-quit-smoking-yes-new-study-suggests.htm>

Working paper, "Getting to the Top of Mind: How Reminders Increase Saving":

<http://www.nber.org/papers/w16205.pdf>

Online text message reminder website:

<http://ohdontforget.com/>

A recent review of studies using reminders for health:

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3082846/>

World Bank studies on technology and behavior change:

<http://wbi.worldbank.org/wbi/content/behavioral-change-using-technology>

An upcoming pilot project to be conducted by the Center for Financial Security will track the effectiveness of text messaging reminders in financial coaching programs. To find out more information about this project and to participate please contact:

fincoaching@mail.sohe.wisc.edu

Video-sharing

For more information, statistics, and details on UGA's *Looking to Your Financial Future* project see the newsletter article featuring Lance Palmer, Professor and Project Leader:

http://fyi.uwex.edu/financialcoaching/files/2013/01/Coaching_Newsletter_January_2013.pdf#spotlight

View the UGA Looking to Your Financial Future video here: <https://www.youtube.com/watch?v=f5qo3AoMa2U&feature=youtu.be>

View the accompanying UGA Looking to Your Financial Future worksheet here:

<http://fyi.uwex.edu/financialcoaching/files/2013/01/worksheet.pdf>

Information on the Solution Focused Brief Coaching Model:

<http://www.solutionsurfers.com/pdf/IntroBriefCoaching.pdf>

Using YouTube as a video-sharing site:

https://www.youtube.com/create_channel

Information on making a web-based video:

<http://www.joe.org/joe/2010august/tt2.php>

Online Training and Webinars

Information on online training through the Association for Financial Counseling, Planning, and Education (AFCPE):

<http://www.afcpe.org/certification/certification-programs/financial-coaching-programs/>

Webinar hosting website information:

http://support.citrixonline.com/en_US/GoToWebinar/videos

Information on online learning:

<http://www.nw.org/network/training/courses/OnlineLearning.asp>

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