

# Research Snapshot:

## Exploring Individual and Group Financial Coaching for Building Financial Capability

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### Research Summary

If you've ever thought about adding a group-based financial coaching program to your practice, but wondered whether or not it would be effective, this study has the answer: Yes. The authors examined the impact of a novel financial coaching intervention – one that included individual support and group support. They found that both approaches were effective in increasing financial knowledge and financial confidence in the participants, while reducing financial stress. What's more? The results persisted, even six months after the program ended.

#### Here are some of the study's highlights:

- ▶ **Benefits of Group Coaching:** Group-based interventions are effective in treating depression, anxiety, and substance abuse, but some worry about whether participants will willingly share financial information with strangers. Still, the social support provided in a group setting – especially one that is facilitated effectively – may outweigh potential drawbacks.
- ▶ **Coaching, Not Counseling or Education:** Within a coaching model, clients tend to be in stable – not crisis – financial situations. They are held accountable for their actions, and the coach follows-up with clients over time. Financial coaching is (1) driven by goals set by the client, not the coach; (2) focused on empowering clients as decision-makers long-term; and (3) anchored in behavioral change.
- ▶ **41% Cost Savings:** The group-based coaching approach produced cost savings of 41% since three clients were served by the same coach in one session. For community-based groups or practices interested in increasing the impact of the work without additional resources to do so, a group-based model may be effective.
- ▶ **Rooted in Education:** This program took place at a Financial Capability Center based on a college campus near Boston. The center had an existing relationship with moderate and low-income individuals from the surrounding community, and students were trained to lead the coaching interventions with support from faculty, financial counselors, and nonprofit partners.

This is just a snapshot of a paper that highlighted a really cool coaching intervention with some really great results. Read the full study to better understand the other literature in the field, the methodology, and the limitations of this study.

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### Study Details



Quantitative Study



59 Participants (U.S. adults)



41 in Individual Coaching Program



18 in Group Coaching Program (six groups)



\$22,410 Median Household Income



94% Hispanic/Latinx



91% Employed (full- or part-time)



82% Female



70% Older Than 35

## Bridge to Practice

*As with all research, this isn't necessarily generalizable. There are limitations and more questions to answer. Nevertheless, there are interesting findings you can think about incorporating in your practice.*

### ▶ Prepare effectively.

The coaches in this program received extensive training in the art of coaching, including “exploration, listening, and facilitation skills as well as goal setting and accountability techniques.” They also received extensive training in group dynamics and group facilitation skills, building on resources from Britton (2010) and Cockerham (2011). Plus, each coach in a group setting had a co-coach present to provide support, make observations, and note items for follow-up. What's more: Because 94% of the participants were Hispanic/Latinx, the coaches received additional cultural competency training. The coaches were not afraid to prepare effectively to facilitate a successful program by considering financial expertise, group dynamics, and the culture of those they were serving.

### ▶ Train others to coach.

One of the most impactful parts of this study was the use of students to lead the coaching program after, of course, the students had been trained. As you think about growing your financial practice, inviting a junior financial coach or counselor to lead this type of program – under your supervision and with the appropriate support and expertise – can help expand the program's reach into your community in a way that is both programmatically-effective and cost-effective.

### ▶ Tailor client's behavioral goals.

The authors noted that tracking behavioral change among participants was a challenge, in part because each person had unique goals that would be supported by specific, unique actions. (Those unique, specific actions are hard to capture on a single survey!) As you think about incorporating a coaching practice, consider articulating behavioral goals that are unique to each client and measuring the goals before, during, and after the coaching program. For example, for a client whose goal is to save \$500, the corresponding action could be “deposit \$10 in a savings account each time you are paid.” The coach could invite the client to track this action over time instead of tracking an unrelated action such as “pay bills on time.”

### ▶ Explore group-based options to expand your reach.

The authors found there was no significant difference in the financial capability of those who received individualized coaching and those who participated in a group-based coaching program. If an individualized approach has been your approach for a while, consider expanding into group territory. The extra benefits, like social support, peer-to-peer learning, and a network forged by participants, may contribute additionally to one's overall financial wellness.

## Definitions

- ▶ **Financial capability:** Financial capability is the combination of financial knowledge and financial actions. The National Financial Educators Council further defines it to include knowledge, action, and the means to put that knowledge into action.