

IPA's US Household Finance Initiative Announces Seven Grant Awards for Innovative New Financial Products

PRESS RELEASE

For Immediate Release

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IPA's US Household Finance Initiative Announces Seven Grant Awards for Innovative New Financial Products

Grant Awards to Promote Research and Development of Innovative Financial Products Serving Low-Income Americans

New Haven, February 2, 2012 - Innovations for Poverty Action's US Household Finance Initiative announced today the grantees of its Financial Products Innovation Fund. This Fund was created as a joint effort between IPA's US Household Finance Initiative and the Ford Foundation to support the development of scalable, market-tested products that help households make better financial decisions, escape cycles of debt, build assets and achieve financial resiliency.

The grantees are:

- [The Financial Clinic](#)
New York, NY

The Financial Clinic will develop and pilot test a Budgeted Withdrawal Account. This account is designed to facilitate income-smoothing and targets working poor families in

New York who receive the majority of their income in sporadic lump sums such as the Earned Income Tax Credit.

- Freedom First Federal Credit Union

Roanoke, VA

Freedom First Federal Credit Union will test a line of credit and small dollar loan products which feature discounts for voluntary delayed loan disbursement.

- Lutheran Social Service of Minnesota

Duluth, MN

This project will give Debt Management Plan (DMP) clients the opportunity to convert their regular monthly DMP payment into a savings deposit upon the successful completion of their DMP, moving clients away from emergency borrowing and into emergency saving.

- Montana Credit Unions for Community Development

Helena, MT

Montana Credit Unions for Community Development will test the seamless conversion of loan payments to savings deposits upon the successful repayment of a loan. This "pay-yourself-back" feature will be applied to multiple products such as unsecured, auto, small-dollar and home equity loans.

- Neighborhood Trust Financial Partners (formerly Credit Where Credit is Due)

New York, NY

Neighborhood Trust Financial Partners will develop and test a credit card for debt consolidation with innovative features such as an upfront decision aid for accelerated debt repayment and liquidity restrictions.

- Rite Check Cashing, Inc.

New York, NY

This project will develop and pilot test a frictionless savings product in partnership with a local credit union that will allow RiteCheck customers to make impulse savings deposits at the time of cashing a check, paying a bill, purchasing a money order or sending a money transfer at a RiteCheck retail location.

- Self-Help Federal Credit Union

San Jose, CA

The Micro Branch division of Self-Help Federal Credit Union will pilot test its 5 for Me account, which will serve as a direct conduit between check cashing transactions and savings actions through a commitment contract for saving followed by automated savings deposits as part of every subsequent check cashed.

Projects were selected through a competitive process. Each product chosen will be pilot tested in 2012, with evaluations led by US Household Finance Initiative Academic Director Jonathan Zinman of Dartmouth College, behavioral economist Dean Karlan of Yale University,

and Innovations for Poverty Action. In addition to a financial award, grantees will receive technical assistance from Innovations for Poverty Action on product development, marketing and impact evaluation.

“We’re excited to work with these seven partners,” said Jonathan Zinman, Academic Director of IPA’s US Household Finance Initiative. “Our selected projects will generate important learnings about how to develop, market, and implement behaviorally-informed financial products that have real potential to fill large gaps in various markets for retail financial services.”

The Financial Products Innovation Fund and IPA’s US Household Finance Initiative are supported by a grant from the Ford Foundation.

For more information about IPA’s US Household Finance Initiative, go to www.poverty-action.org/ushouseholdfinance

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About Innovations for Poverty Action

Innovations for Poverty Action is a nonprofit organization dedicated to discovering what works to help the world’s poor. The organization designs and evaluates programs in real contexts with real people, and provides hands-on assistance to bring successful programs to scale. For more information, visit www.poverty-action.org or email nmauriello@poverty-action.org.

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