**MBA 866C: Social Innovation and Financial Inclusion**

Fall 2019

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Logistics: November 8, 9, and 10 from 9am – 5pm

**INSTRUCTOR:** Mat Despard conducts research on household financial security, with a focus on financial products and services and low- and moderate-income (LMI) households, including tax-time savings, workplace financial wellness programs, and digital finance platforms. Despard has taught graduate courses for 14 years on nonprofit management, social policy, financial social work, and community practice. Prior to his academic career, Mat worked for an additional 14 years in and with nonprofit organizations serving LMI households. Despard and his colleagues conduct research with a network of national nonprofit organizations focused on financial security, for-profit companies including Intuit, Centene, and J.P. Morgan Chase & Co., and federal agencies, including the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Banks, and the Consumer Financial Protection Bureau. Despard's research has been published in several journals including *Journal of Consumer Affairs, Journal of Financial Counseling and Planning, and Behavioral Science and Policy,* and featured in *Atlantic, Consumer Reports, and Marketplace.* He and his colleagues present findings before diverse audiences including *Society for Social Work and Research, Society for Human Resource Management, Society for Judgement and Decision Making, The Conference Board, U.S. Chamber of Commerce Foundation, PlanSource,* and *American Council on Consumer Interests.*

**COURSE DESCRIPTION:** This course will focus on Social Innovation as an inter-disciplinary and cross-sector strategy for addressing social and economic challenges. The substantive focus will be financial inclusion – the goal that all people in the U.S. ought to have access to useful and affordable financial products and services, which relates to a broader goal of inclusive economic growth and prosperity. The course will focus on a central question: "What cross-sector strategies best promote financial inclusion?". To answer this question, the course will draw on cases related to the instructor's current research on online tax-time savings experiments informed by behavioral economics, workplace financial wellness programs, and digital platforms and apps aimed at promoting consumer financial security.

Students will learn about and critically analyze social innovations aimed at financial inclusion by engaging in three case challenges: 1) Closing the short-term credit gap; 2) Reducing student debt; and 3) Promoting emergency savings. Through these challenges, students will consider the role of digital technology and the workplace, and roles of different types of firms that comprise the financial services market: banks, nonprofits, credit unions, Community Development Financial Institutions, "fin tech" start-ups, employers, B-Corporations, and other types of social businesses. Special attention is given to the role of nonprofits in scaling up innovative solutions that promote financial inclusion.

This course also puts financial inclusion in a policy context, by describing the role of prudential regulators and consumer protection agencies, and major policy proposals, such as "side car" savings, student debt repayment, and postal banking. The course will incorporate content from behavioral economics, digital technology, and adaptive leadership. Because the course focuses on financial inclusion, students will learn about key personal finance topics, including non-retirement savings, credit reports and scores, student debt, retirement saving, medical debt, and short-term credit.

**APPROACH:** This course will be taught with a variety of teaching methods: brief presentation, videos, interactive polls, class discussion, case presentations and discussions, and small group exercises.

**GRADING:** There are four graded components of the course:

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| **Component** | **% of Course Grade** | **Format/Due Date** |
| Class participation | 20% | Ongoing; includes team exercises |
| Ideation and Design Team Assignments | 25% | PowerPoint presentation in class on Day 2 |
| Strategy & Business Model Team Challenge | 25% | PowerPoint presentation in class on Day 3 |
| Individual Assignment: Innovative Solution | 30% | PowerPoint presentation due within one week of end of Day 3 |

**ASSIGNMENTS:**

Class Participation (20%)

Because this is a condensed and intensive course schedule with in-class graded assignments, attendance at all three course days is required. To receive full credit, students are also expected to be active participants in class discussions and exercises.

Ideation and Design Team Assignments (25%)

Mirroring the social innovation process, students will engage in ideation and design team assignments based on three innovation challenges the Instructor and his colleagues are addressing in their research, such as how to get lower-income tax filers to save more of their refunds at tax time. Teams of 4 to 5 students will use PowerPoint to present a substantial and compelling design or delivery channel enhancement to an existing innovation OR an entirely new product or service innovation to address the challenge for economically vulnerable consumers. Presentations will include brief Q & A and peer feedback.

Strategy & Business Model Team Challenge (25%)

Teams will choose from a list of 4 nonprofit organizations that are addressing a financial health challenge and use lean canvas or a similar format in PowerPoint or other software to present ideas concerning impact strategy (Part 1) and financial sustainability (Part 2). The basic idea behind this assignment is to describe how nonprofit organizations can scale up innovative ideas for helping economically vulnerable consumers. Presentations will include brief Q & A and peer feedback.

Individual Assignment (30% - due one week following last day of course)

Students will choose 1 innovative solution (e.g., small-dollar loans, tax-time savings) to promote financial inclusion that they learned about in class and create a PowerPoint presentation that addresses the following points:

1. The challenge this solution addresses and why it is important.
2. Pros and cons of using the *workplace* as delivery channel for the solution.
3. Pros and cons of using *digital technology* as part of the solution.
4. Challenges in reaching and engaging *low- and moderate-income individuals* (those with household income <$50,000 annually) with the solution.
5. How the solution could be strengthened for greater impact on consumer financial wellness, including the roles of different types of companies and organizations.
6. **Bonus:** identify an improvement in public policy that would make #5 more likely to occur.

The overall goal of this assignment is to serve as a "mini capstone" – an opportunity for students to showcase what they learned from the course, including assigned readings (though references are not required). Students should submit their presentations on Canvas within one week of the last day of the course.

**Class Session Outline**

**Day 1 – Friday, November 8, 2019**

9:00am Introductions and Course Overview

9:20am Audience Poll: Financial Health

9:30am The Financial Health of U.S. Households and Opportunities for Innovation

10:00am Social Innovation - Overview

 Read:

1. Khan, Z., & Joseph, K. (2013). "Embracing the Paradoxes of Innovation", *Stanford Social Innovation Review, Summer,* 21-23.
2. Seelos, C., & Mair, J. (2013). Innovate and scale: A tough balancing act. *Stanford Social Innovation Review, Summer,* 12-14.

10:45am BREAK

11:00am Financial Inclusion: Overview

 Read:

1. Birkenmaier, J., Despard, M., Friedline, T., & Huang, J. (2019). "Financial Inclusion and Financial Access", In *Oxford Research Encyclopedia of Social Work.* New York: Oxford University Press.
2. Collins, D., & Ng'weno, A. (2018, January). "Do Financial Inclusion Efforts Really Have an Impact on Poverty?" *Stanford Social Innovation Review.*
3. Karlan, D. (2014, Fall). "The Next Stage of Financial Inclusion," *Stanford Social Innovation Review.*

11:30am Small group exercise or Guest Speaker TBD

12:00noon Lunch

12:45pm Leveraging Digital Technology to Promote Financial Health

 Read:

1. Falvey, R. & Briggs, C. (2017). "Disrupting the Disruptors: Collaborating to Advance Financial Health through Technology", *Stanford Social Innovation Review.*
2. Davis, K., Kau, M., & Kim, A. (2018). "Behavioral Design for Digital Financial Services", *Ideas42.*

1:15pm Fin Tech Examples (video)

1:30pm Fin Tech Pitch Critiques or Guest Speaker

2:15pm BREAK

2:30pm The Workplace as a Lab for Financial Services Innovation

 Read:

1. Ohri, C., Levy, R., & Kramer, H. (2019). "From Buzzword to Business Model: How Industry Executives View Financial Health," *Financial Health Network*.
2. Despard, M. (2019, May). "Employee Financial Wellness Programs: Miracle Drug?", *BusinessSolver Blog,* <https://blog.businessolver.com/employee-financial-wellness-programs-miracle-drug>
3. MetLife (2019). "Financial Wellness Programs Foster a Thriving Workforce". (Report based on MetLife's 17th Annual U.S. Employee Benefit Trends Study 2019).

3:00pm Employee Financial Wellness Programs Examples (video)

3:15pm Internal Pitch Exercise: Making the Business Case for Financial Wellness or Guest Speaker

3:45pm BREAK

4:00pm Internal Pitch Exercise: Making the Business Case for Financial Wellness (Cont'd)

4:45pm Wrap-up

5:00pm ADJOURN

**Day 2 – Saturday, November 9, 2019**

9:00am Day 1 Re-cap

9:15am Ideation Team Assignment Overview

9:30am Innovation Challenge #1: Volatility, Illiquidity, Invisibility, and Short-Term Credit

Read:

1. Finra Investor Education Foundation and Filene Research Institute. (2017). "Employer-Sponsored Small-Dollar Loan: Implementation Guide".
2. Horowitz, B. (2018, June). "How Small-Dollar Loan Programs Can Be a Big Benefit for Employees (and their Employers)," *Federal Reserve Bank of Minneapolis* (Blog Post).
3. Scheiber, N. (2018, March). "A Find at Gap: Steady Hours Can Help Workers, and Profits", *New York Times*
4. Leibrock, J. J. (2017). "Why Even Stopped Evening", *Even Blog Post.*

10:00am Ideation and Design Team Assignment: Short-Term Credit

10:30am BREAK

10:45am Team Presentations: Short-Term Credit

11:30am Instructor Comments

11:45am Lunch

12:30pm Innovation Challenge #2: Student Debt

 Read:

1. Sattelmeyer, S. & Denten, B. (2018, March). "What is Driving Student Loan Delinquency and Default?", "Who Struggles Most to Repay Student Loans?", and "What Policy Solutions Can Help At-Risk Student Borrowers?", *Pew Charitable Trusts Blog Series.*
2. Friedman, Z. (2018, October). "Student Loan Repayment is the Hottest Employee Benefit of 2018", *Forbes.com Blog Post*

1:00pm Ideation and Design Team Assignment: Student Debt

1:30pm Team Presentations: Student Debt

2:15pm BREAK

2:30pm Instructor Comments

2:45pm Innovation Challenge #3: Emergency Savings

 Read:

1. Despard, M. R., Friedline, T., & Birkenmaier, J. (2018, May). "Policy Recommendations for Helping U.S. Households Build Emergency Savings (Grand Challenges for Social Work initiative Policy Brief No. 11-3). Cleveland, OH: American Academy of Social Work & Social Welfare.
2. Pew Charitable Trusts. (2018). "Can Contests Help Fill Americans' Savings Gap? Access to and Adoption of Prize-Linked Savings Programs in the United States."
3. Roll, S., Grinstein-Weiss, M., & Despard, M. (2019). "Long-term Impacts of Online Tax-time Savings Interventions: Effects among Persistently Poor and Resource Constrained Households". American Council on Consumer Interests Conference 2019.

3:15pm Ideation and Design Team Assignment: Emergency Savings

3:45pm BREAK

4:00pm Team Presentations: Emergency Savings

4:45pm Instructor Comments, Wrap-up

5:00pm ADJOURN

**Day 3 – Sunday, November 10**

9:00am Day 1 Re-cap

9:20am Nonprofits and Social Innovation

Read:

1. Bradach, J. L., Tierney, T. J., & Stone, N. (2008). "Delivering on the Promise of Nonprofits", *Harvard Business Review, 86*(12), 88-97.
2. Heifetz, R. A., & Linsky, M. A. (2002). "Survival Guide for Leaders", *Harvard Business Review, 80*(6), 65-74.
3. Janus, K. K. (2018). "Social Startup Success: How the Best Nonprofits Launch, Scale Up and Make a Difference", *Stanford Social Innovation Review.*

10:00am Team Exercise TBA

10:30am BREAK

10:45am Strategy & Business Model Team Challenge Part 1: Strategy

11:30am Nonprofits and Financial Inclusion

Read:

1. Nonprofit Leaders in Financial Technology (2018). "Fulfilling the Promise of FinTech: The Case for a Nonprofit Vision and Leadership", *Aspen Institute report* (read pp. 7-17)
2. Theodos, B., Fazili, S., & Seidman, E. (2016)*.* "Scaling Impact for Community Development Financial Institutions", *Urban Institute Report.*

12:15pm Lunch

1:00pm Strategy & Business Model Team Challenge Part 2: Business Model

2:00pm Team Presentations: Impact Strategies and Business Models

3:00pm BREAK

3:15pm Large-Scale Strategies for Financial Inclusion: Case Examples

* Banks 2.0: efforts to reinvent the banking experience
* BankOn: making banking affordable for everyone
* Postal banking: Declaring market failure

Teams will research each strategy and provide a brief presentation of pros and cons

4:00pm BREAK

4:15pm Role of Public Policy in Promoting Financial Inclusion

4:45pm Course Wrap-up

5:00pm ADJOURN

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