

Defining Moments

COVID-19, Family-of-Choice, and the Next Opportunities in Financial Equity in Chicago

Department of Family and Support Services Participants in One Summer Chicago

Summer 2020



Acknowledgments

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About the Cities for Financial Empowerment Fund The CFE Fund supports municipal efforts to improve the financial stability of households by leveraging opportunities unique to local government. By translating cutting edge experience with large scale programs, research, and policy in cities of all sizes, the CFE Fund assists mayors and other local leaders to identify, develop, fund, implement, and research pilots and programs that help families build assets and make the most of their financial resources. For more information, please visit www.cfefund.org or follow them on Twitter at @CFEFund.

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About the Department of Family and Support Services The Department of Family and Support Services (DFSS) works with community partners, connects Chicago residents and families to resources that build stability, supports their well-being, and empowers them to thrive.

The Youth Services Division of DFSS has a portfolio that serves Chicago's youth ages 6-24. This group represents a diverse population with different needs, including educational supports, income support for themselves and their families, and other means of connection to necessary social services. DFSS's programs are designed to support youth in reaching their full potential in their community, school, and work. The needs of Chicago's young people, identified from research and feedback from our communities are the key drivers in informing the development of the Division's programming and continuously shape the Department's priorities and goals. As a social safety net for young people, DFSS will continue to pay careful attention to their youth's needs and the composition of their population to have the greatest impact.

About the Economic Awareness Council The Economic Awareness Council is a non-profit organization whose mission is to prepare students and families for the economic and financial decisions they will make both today and tomorrow. Meeting the needs of families and youth with limited resources is emphasized. Their objectives include educating students & families about the basics of saving, budgeting, banking, credit, investing & business as well as advocating for high quality, youth friendly bank account access & payroll policies that encourage banking, saving & direct deposit. The EAC had program attendance of over 25,000 individuals and directly impacted over 56,000 individuals in 2019.

Delegate Agencies

A Knock at Midnight
A Safe Haven
Alternative Schools Network
Alternatives, Inc.
Asian Human Services, Inc.
Aspira, Inc. of Illinois
Back of the Yards Neighborhood Council
Boys and Girls Clubs of Chicago
Bright Star Community Outreach
Brighton Park Neighborhood Council
BUILD, Inc.
Catholic Charities of the Archdiocese of Chicago
Centers for New Horizons
Central States SER
Chicago Urban League
Chicago West Community Music Center - The Wish Program
Chicago Lawndale Amachi Mentoring Program (LAMP)
Children's Home + Aid
Community Assistance Programs
Free Spirit Media
Heartland Alliance/Human Care Services
K.L.E.O. Community Life Center
Kingdom Community, Inc.
Kuumba Lynx
Lawrence Hall Youth Services
Le Penseur Youth Services
Logan Square Neighborhood Association
Metropolitan Family Services
Mikva Challenge
Options For Youth
Phalanx Family Services
SGA Youth & Family Services
Sinai Community Institute
St. Sabina Employee Resource Center
UCAN
Urban Alliance
Westside Health Authority Youth Advocate Programs, Inc.
Youth Outreach Services

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Executive Summary

For youth who are increasingly difficult to reach, the One Summer Chicago (OSC) program succeeds at creating new banking relationships and is part of a successful ecosystem that has advanced youth financial engagement in Chicago. This research project focused on identifying opportunities and barriers to further improving financial capabilities among youth (14-24) in OSC. To explore this question, the team employed a mixed methods approach. Our quantitative analysis utilized the OSC-DFSS application data and OSC-DFSS participant surveys from 2016-2020 as well as other data sets. Our qualitative research included ethnographic interviews with youth and OSC agency program staff in the summer of 2020. We recruited 8 youth and 6 program staff members across 8 agencies for in-depth, ethnographic style interviews. After our analysis, we identified three compelling categories of opportunity for future impact.

Our interpretative lens for this research was an “innovation and service design” perspective. Our intention was to discover opportunities for developing new best practices that could eventually be scaled across other municipalities. We developed hypotheses, sought to model the financial experiences of youth, and analyzed the data. We sought to identify future opportunities for programmatic or operational improvements that could accelerate impact in Chicago and across the country. This research wasn’t intended to formally evaluate the current program, which we made clear to agency participants. Instead, this research was about discovering new perspectives and new approaches that could help OSC achieve “complete banking activation” (i.e., 100 percent of youth banked) across the population it served.

Over the past 5 years, the percentage of OSC participants who were banked by the end of the program has increased steadily, advancing from 60 to 85 percent. Interestingly, most of the gain during this period was attributable to an increase in the percentage of youth who entered the OSC program already banked rather than an increase in the percentage activated during the summer. But this isn’t surprising.

In Chicago today, youth encounter financial education programming year-round. These youth interact with OSC, Chicago Public Schools (CPS), partnership agencies, and the Economic Awareness Council among others. Establishing a causal relationship between this year-round exposure and the gain in percentage-banked was out of the scope of this research. However, the increasing trend of pre-OSC bank activation could be explained by the academic year interventions that changed youth mindsets, intent, and behaviors even before the summer began. That seems reasonable especially given that the population characteristics of OSC program participants have not changed meaningfully over the past five years. This stability in population indicates that the rate of incoming youth who are banked is indeed climbing due to some other factor.

What is surprising is that given the pre-program growth, OSC maintained the percentage of unbanked youth that agencies activated each year. Even with the year-round gains, it was OSC's contribution that made the difference. Why? Because as entering youth cohorts have become increasingly banked, the OSC program reaches the increasingly “difficult to reach.” In fact, the overall 5-year gain was only realized due to OSC's persistent “activation” of those

difficult to reach youth segments.¹ These youth were not activated by available year-round interventions and evidently required the experiences and support of a program like OSC in order to get banked. Therefore, the OSC program seems to be an excellent, even essential, first experience for youth in Chicago who are not yet banked.

All successful organizations eventually encounter a new challenge: how to achieve “full capacity?” In order to achieve full capacity with an intervention, organizations must adapt their interventions to the distinct behaviors and situations that define the later adopters--those who are difficult to reach and difficult to activate into their intervention. These successful organizations must ask new questions, challenge successful assumptions, and experiment with new tools. This research focused on the search for what such a strategy would look like for One Summer Chicago.

In this research, we focused on how providers might achieve full “bank activation” among Chicago’s youth. Looking ahead to those remaining “difficult to reach” youth, we discovered in our research a number of potentially high-impact opportunities that center on three themes:

1. A Situation-based View of Youth Financial Journeys
2. Reimagining the Role of Family-of-Choice in an Ally-based Model
3. Streamlining Access via Back-end Agency Support and Translated Training Documents

From our qualitative and quantitative analysis, we learned that the “situations” that youth encounter--and transition through--are the primary driver of both financial learning and participation in the banking system. By situations, we mean moments in a youth’s life such as: getting their first job; graduating high school; or a relative buying real estate property. When youth encounter these milestones in their lives, they seek out new information and apply their learning at the highest rates as measured by engagement with the financial services industry (i.e., opening accounts, talking with bank representatives, searching for new information online, and talking with others).

The role of family-of-choice (the youth’s proximal network of friends and adult mentors) strongly shaped their financial lives. Members of this group could at times exert strong resistance and discouragement to youth to avoid participating in the financial system. But we also found that they could accelerate the youth’s curiosity, sophistication, commitment, and financial independence. We believe such dynamics represent a big opportunity for new thinking. Our research suggests that an ally-based model (family-of-choice supporting the youth’s development) could yield meaningful impact for those youth who do not become banked in the existing program as well as those who have begun their journey of financial independence.

Lastly, we learned that several agencies are restricted from offering direct deposit (which suppresses percentage-banked numbers) due to their dependence on central payroll. They avoid offering direct deposit on their own because they are required to “float” payroll over a two-week period and therefore default to paycards. Resolving this float burden or altering the central

¹ As a larger proportion of the population enters the summer banked, the remaining youth were by definition harder to reach compared to previous cohorts.

payroll options could lead to an immediate jump in the proportion of youth activated by the OSC program--potentially leading to a 91 percent banking activation of OSC youth.

How might these insights inform how financial institutions value these customers? We see the opportunity as shifting from an individual-level customer acquisition perspective to a community-level acquisition perspective. These, now harder to serve,² communities have less experience with banking across generations. We found that many of the youth are informed and eager to gain financial independence. But, like all people, their motivations and journeys are influenced by close ties. By supporting wider efforts of neighborhood economic development and related policies, financial institutions could likely expand their markets and make an impact on financial inclusion. Outside of more comprehensive efforts, those institutions should expand access to programs like OSC that expose youth to meaningful financial “situations” in order to accelerate their learning and bank participation.

Overall, we’ll argue in this report that the next frontier for impacting youth’s financial capabilities should focus on enhancing these “situational moments” and engaging “family of choice” in more proactive and inclusive ways.

In the end, we define specific experiments to conduct that would define the implementation strategy for the insights presented here.

² Harder to serve now, because they have been historically under-served or actively excluded.

Research Overview | Methods and Data

Our interpretative lens for this research was from an innovation and service design perspective. Based on the programmatic leadership of Lisa Davis at the Department of Family and Support Services (DFSS) and the Economic Awareness Council's Tracy Frizzell, we intended to discover opportunities for reaching and serving traditionally under-served communities. Many organizational teams charged with reform or innovation spend far too little time with their intended beneficiaries. Consequently, their progress slows or is misdirected and they risk not making substantive impact on their selected problem whatsoever. We designed our research to reduce this future risk. In doing so, we hoped to identify pathways to new best practices that could be shared with other municipalities.

The Gold Standard

We applied the gold standard approach for this kind of research and leveraged a mixed methods approach (both quantitative and qualitative). This combination of qualitative and quantitative methods is the evidenced-based approach to innovation taken by the most effective companies and governments as they develop realign themselves with their stakeholders. This is the approach taught by our research lead Will Gossin at the University of Chicago.

To begin, we utilized quantitative analysis to understand the current state of the OSC program as well as to inform our hypotheses for the qualitative phase. Our quantitative data included:

- OSC application data from 2017-2020
- OSC survey data from 2016-2020
- Location of FDIC insured financial institutions in Chicago

In addition to descriptive claims, quantitative methods are also used in experiments to measure the impact of new interventions. But before we could get to experimentation, we needed to use qualitative methods--in this case ethnographic methods--to discover and frame what the experiments should focus on. We recommend an experimental phase as a next step to test our hypotheses.

Given our objective to discover new barriers and opportunities, we had to discover and define new behaviors and perceptions. While quantitative research intends to make claims about a population overall, we sought to uncover unique experiences in our qualitative phase--experiences that weren't "normal" or "typical" across the youth population. In this way, sample size isn't important in ethnographic methods in the same way as with quantitative methods. Put another way, small "n" here is on purpose. Success in the research stage thus depended upon the discovery of new information about the experiences of the intended beneficiaries. We spoke to the people OSC intended to serve and gained a richer understanding of their experiences, from their perspective, and on their terms.

In our interviews, we wanted to discover new behaviors, perceptions, and biases that could inspire new interventions. Specifically we wanted to learn:

- What youth objectives were at different points in their lives
- The implications of those objectives
- How others shaped their views and motivation
- What perceptions they had about financial services, and
- How the journeys they take may preclude *existing* programming or services from serving them or otherwise hindered the development of their financial literacy skills

In collaboration with the project sponsors, we selected a sample of “OSC partner agencies” (organizations hosting OSC youth in the summer of 2020). Within these agencies we wanted to interview two groups. First, the staff who design the programs and are deeply connected to those they serve. Second, the youth participating in those programs. We interviewed 8 youth and 6 staff members at 8 agencies in order to learn about the diverse experience that these youth have with respect to managing their finances. We prepared interview protocols for both the youth and staff, developed hypotheses, sought to model the financial experiences of youth, and analyzed the data to identify future opportunities for programmatic or operational improvements.

COVID-19 - Unexpected Side-Effects

A Steady State

We observed that the upward trends in banking outcomes for OSC youth persisted even in light of the challenges due to COVID-19 restrictions. The persistence in outcomes seems remarkable given how the rapidly worsening economic conditions altered the external pressures faced by program participants and their families. In addition to the headwinds from these macro changes, when youth started the programming it was completely virtual.

In terms of official outcome measures the shift to virtual had no significant downside. Virtual programming represented an unprecedented shift in program delivery and caused heightened concern among agency staff across the board. Despite these myriad interruptions and programmatic and participant shocks, OSC youth still got banked at an impressive rate. We think these results may signal an opportunity in future summers to leverage the benefits of virtual interventions (with some new investments) in a post-pandemic context.

The Intangible Loss

We learned from agency staff that whatever may have been lost in the shift to virtual may lie in harder to measure aspects of the program. For instance, agency staff noted the loss of “natural” peer mentoring, in which the story-telling and casual interactions between older and younger youth at agencies trigger richer considerations of the content. Additionally, staff lamented an

apparent reduction in their ability to focus the participants' attention. Though whatever they experienced had little effect on self-reported indicators of learning from that programming.

Looking Ahead

The outcomes achieved in OSC-DFSS 2020 suggest that the program can continue to deliver its outcomes going forward, regardless of the public health situation. But in a post-pandemic world, what might be possible with the lessons learned?

One category of interaction that several agency's emphasized was "watercooler time." These moments of more casual, unstructured interaction were seen as important to the OSC experience overall and to financial training specifically.

We see an opportunity to use the lessons of asynchronous instruction to create a compelling blended learning environment in the future. A learning environment in which in-person time further leverages interactions between youth and staff and their families-of-choice to maximize shared learning. We believe this blended learning environment is ideally suited to the integration of situation-based pedagogies.

Effects on this Research

The shift to virtual delivery had a minimal effect on this research. Our intention was to interview a small group of youth and agency staff to identify novel approaches to financial literacy. And once we had introductions to program staff, most agencies were supportive of that effort. The scheduling of interviews was somewhat more difficult, compared to what we could have done visiting agencies.

Who's Involved: Demographics - Program and Survey Sample

We interviewed youth participating in the 2020 cohort, but focused our quantitative analysis on 2019 and earlier. This report includes some 2020 survey and application data where noted. In 2019, 2,092 of the 5,929 OSC youth that were hired through DFSS completed an end-of-year survey gathering data on their program experiences. Among other things, the survey asked participants what they had learned from their financial management training, how much they had saved, and whether or not they chose to open a bank account during the program.

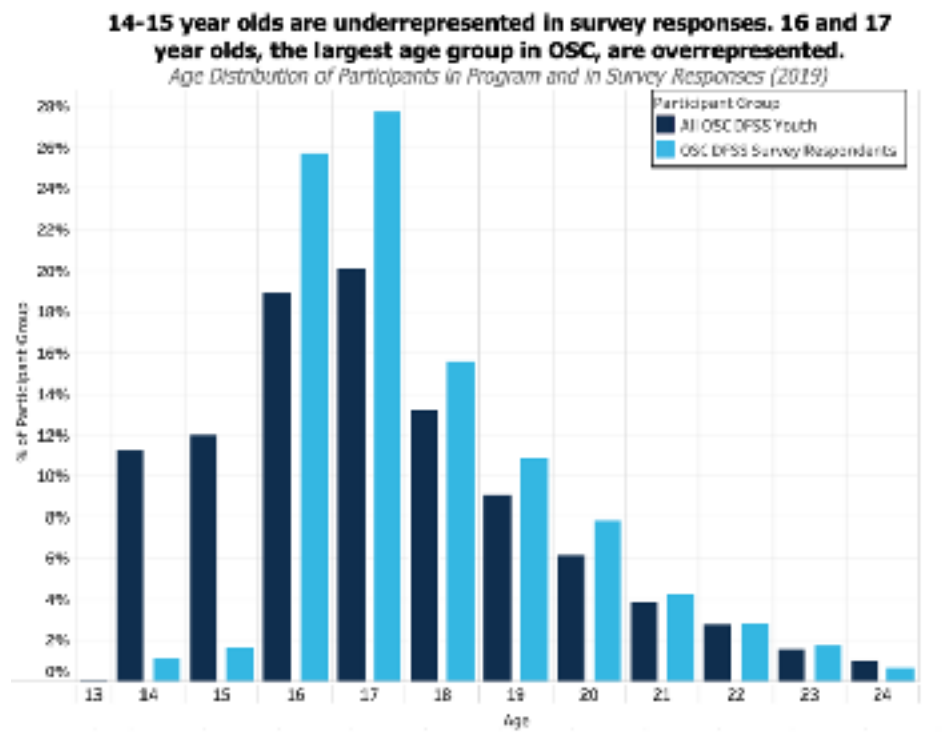


Figure 1: An age distribution showing that younger participants were under-represented in the survey results.

OSC serves youth ages 14-24, but tends to cater towards older youth with 75% of participants entering the program age 18 and under (Figure 1). The median age of survey respondents is 17 for both the full program and the survey respondent population. However, the youngest participants are notably underrepresented in the survey responses as indicated above. Fourteen and 15-year olds are over 23% of the full program, but make up just under 3% of survey responses.

On the criteria of race and ethnicity, the survey sample was somewhat representative of the full population of OSC youth hired through DFSS (Appendix 2). The program consists primarily of Black or African American youth. All other racial categories amount to 10% or less of participants. Around 1 in 5 participants identify as Hispanic. Black or African-American youth were slightly underrepresented in the sample while White, Hispanic, and multi-racial youth were slightly overrepresented.

OSC participants are predominantly from the South and West Sides. The geographic make up of youth who completed the end of program survey matches that of the full OSC DFSS population.

Representation from Community Areas among Participants in Program and in Survey Responses (2019)

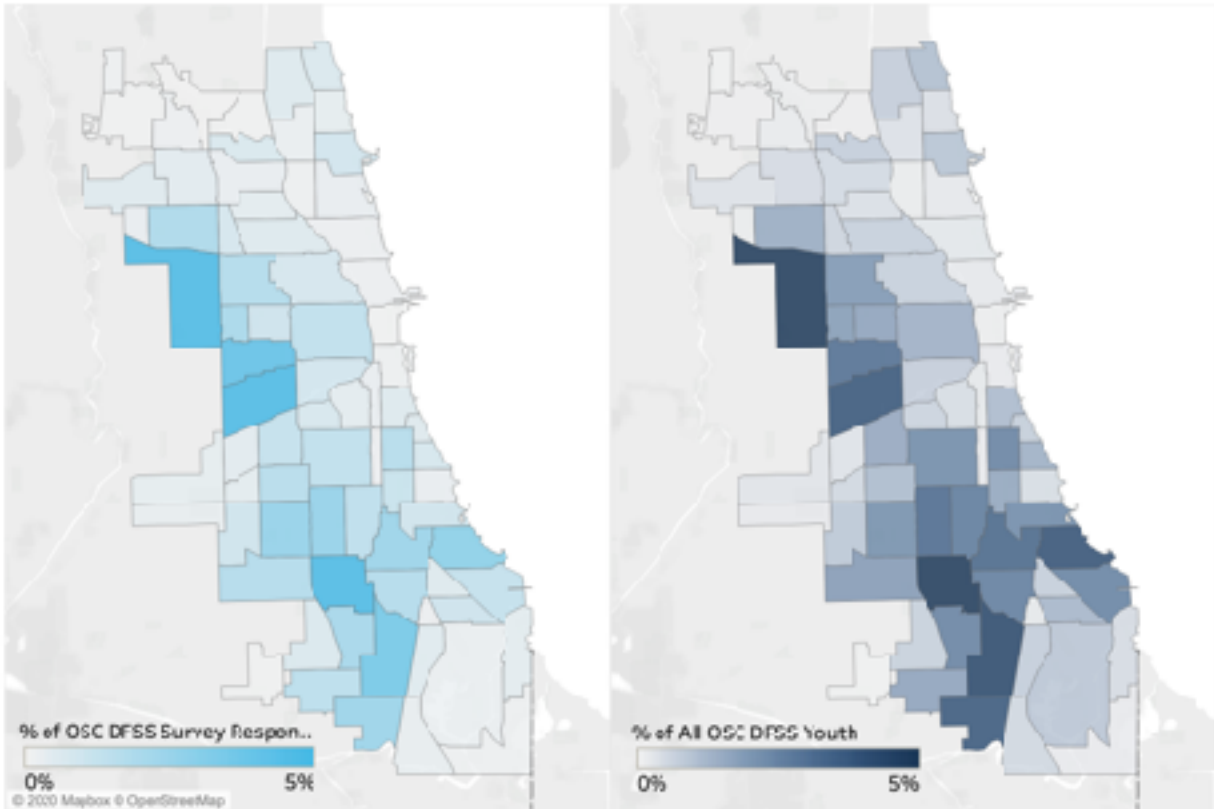


Figure 2: Showing the overlap of where OSC-DFSS participants live and where survey responses came from.

Female participants make up 58% of OSC youth employed through DFSS, but were slightly overrepresented in the end of summer data at 62% of survey responses (Appendix 3). There was no option for youth to identify in non-binary ways on the OSC application, but the self reported gender identity field in the survey was completed by a handful (less than 10) of transgender and non-binary program participants. 20 students chose not to denote a gender identity in the application.

OSC pulls from all across the city, although more youth come from the West and Southwest Sides than anywhere else. Survey responses were representative across communities, with Austin, North and South Lawndale, Auburn Gresham, and Roseland making up the highest-yield communities in both the survey respondent population and the full program population.

The OSC population placed with DFSS decreased by 3% in 2020--2,721 of the 5,772 youth employed with OSC through DFSS in 2020 filled out the end of program survey. The gender make up of youth in 2020 is consistent with 2019 results. The racial and ethnic breakdown of the population is fairly consistent with the exception of a decrease in White youth (White youth

constituted 6% of the program population in 2019 but only 2% in 2020) and youth with tribal affiliations (2% in 2019, 0.1% in 2020). Of the demographics collected, the age distribution in 2020 changed the most. In 2020, youth were older on average: the proportion of 14-15 year old shrank to 16% of the population (vs 23% in 2019) while older youth (19 - 24 yo) grew 6 points to 31% of the 2020 population.

The Current Context of Financial Literacy

US - Summary

Lack of financial literacy and low-banked levels are a serious issue in the United States, particularly among low-income and Black and Hispanic communities. According to the 2017 *FDIC National Survey of Unbanked and Underbanked*, while 77% of White households are fully banked, only 50% of Hispanic households and 46% of Black households are fully banked. Only 3% of White households are entirely unbanked, a staggering contrast to the 14% of Hispanic households and 17% of Black households which are entirely unbanked. Inequitable patterns also appear when looking at households' income levels. For households with a family income above \$75,000, 73% are fully banked while 2% are completely unbanked. Of households with a family income below \$15,000, 48% are fully banked and 26% are unbanked.³

In our sample of OSC youth, race and income correlate with banking outcomes in similar ways. For Black and White OSC youth, differences in their banking mimic national trends. Interestingly, however, Hispanic households in the nationwide data are significantly less likely to be banked than Asian and White households, with numbers closer to Black households. Among OSC youth, Hispanic youth have much higher rates of banking than Black youth, ranking almost identically with Asian and White youth. Also paralleling national trends, banking rates are higher among incoming youth from communities with high median incomes. There is a 13 percent point gap in banked rates for youth from the poorest (median income below \$25,000) and richest (median income above \$75,000) communities.

Beyond income and race, several household characteristics distinguish the household banking experiences for OSC-DFSS participants. Key characteristics include: language spoken, citizenship status, and employment status. Households in which Spanish is the only language spoken have a 25% unbanked rate compared with only 6% among households where Spanish is not the only language spoken. Foreign-born households where members are not US citizens face a 16% unbanked rate compared with 6% for US born citizens and 5% for foreign born citizens. Lastly, households in which members are unemployed are 4 times more likely to be unbanked, with 20% and 5% unbanked rates in unemployed and employed households respectively.

³ <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

Financial Literacy and Getting Banked

Before we delve into some of the crucial barriers to financial literacy, and in particular to getting banked, we want to explore both the importance and implications of being financially literate and the role that being banked plays in discussions about financial literacy.

First, being “financially literate” is about much more than “getting banked.” There is no one agreed upon definition of financial literacy, but a helpful way to think about financial literacy is that individuals must both have knowledge and ability to make good decisions regarding their finances.⁴ Looking at banked levels among groups of individuals is not exhaustive in assessing financial literacy, but is both a good indicator of general financial knowledge and skills. Bank account ownership is also an important roadblock in becoming more financially literate. In other words, typically groups with higher levels of knowledge about financial matters also tend to exhibit higher levels of banked individuals. At the same time, having a bank account is often crucial to managing one’s money responsibly and thus enables individuals to become more financially literate. Bank accounts are often safer than other saving methods— money is federally insured at a maximum of \$250,000 and is protected from theft and fires, it is often cheaper and can also comprise many different aspects (cash checking, bill paying, transferring money and accessing cash) all at once. Importantly, bank accounts also allow people to build credit.⁵

Barriers to Getting Banked

While having a bank account provides many opportunities to manage money, many individuals express diverse reasons for not utilizing financial institutions. For many, but not all, bank accounts charge overdraft fees and interest charges. While these bank fees may be seemingly reasonable or comparatively lower to other options in the market, they can nevertheless create downstream situations in which people face issues with credit. Additionally, people may feel that their information is not secure within banking institutions.⁶ Many individuals also face accessibility issues. These accessibility issues range from poor access to brick and mortar bank locations, low digital skills to access online banking, or the skills to conquer language barriers.

Cities and their partners looking to design programs can refer to the "[Cities for Financial Empowerment - Summer Jobs Connect Youth Account Priorities](https://cfefund.org/summer-jobs-connect-youth-account-priorities/)"⁷ to develop a safe, affordable bank account option for youth employees.

⁴ https://www.brookings.edu/wp-content/uploads/2018/10/ES_20181001_Financial-Literacy-Review.pdf

⁵ https://www.huffpost.com/entry/6-times-a-prepaid-debit-c_b_5823586
<https://www.mybanktracker.com/checking/faq/prepaid-debit-cards-vs-checking-accounts-291672>

⁶ Ibid.

⁷ <https://cfefund.org/summer-jobs-connect-youth-account-priorities/>

The 2017 *FDIC National Survey of the Unbanked and Underbanked* captured a number of reasons for being unbanked.

The most common reasons were:

- Unpredictable account fees
- A lack of trust in financial institutions or fear of privacy issues
- Not having enough money to keep in an account

Additional barriers included:

- Financial institutions do not offer the necessary services
- A lack of ID or credit
- Prior bank account problems
- Inconvenient hours or locations offered by financial institutions⁸

These diverse barriers help explain how getting banked is not always a viable or even rational option. For many, prepaid debit cards and other forms of saving money are perceived as simpler to use, more predictable, and insulated from many of the above referenced issues with financial institutions. Upon hearing this, many in the financial sector are dismayed due to their perception of the apparently more obvious value of a true banking relationship. But the pure financial values that such relationships bring—such as lower interest rates and fees—may also bring with them opportunity costs—and the above concerns—that are often ignored and dismissed out of hand. By gaining a more holistic understanding of the consumer experience, we might better enable formal banking to serve as a truly superior overall product experience for everyone. This is where the theme of service design mentioned at the opening and in the methods section comes in.

Consequently in this research, we wanted to understand the perceptions of youth on their terms. We sought to represent the holistic experience of OSC youth as we explored why some remain unbanked. We believe that the goal—as is true for innovation in any market—is to understand the reality of the consumers' experience on their terms. In this case, formal banking has great potential to help individuals manage their money. We saw our task as learning what factors advance or hinder the realization of that value within the consumer banking relationship. We wanted to understand how to make banking both accessible and beneficial to these youth based on a maximum respect for the unique constellation of their objectives and needs.

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⁸ <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

Focus of this Work

The bulk of financial literacy research focuses on adults and households. In this research, we focus on the financial literacy and banked levels of 13-24 year olds in the OSC program. We hypothesized that much of the youth's understanding of financial management and their behaviors is deeply shaped by the adults in their life. We were also interested to compare the banked and unbanked levels of US households with the youth in OSC. Particularly, their experience being unbanked in order to better understand the relationship between these youth and the larger communities of which they are a part.

Lessons from the One Summer Chicago Surveys

Programming and Financial Literacy Outcomes in 2020

Youth who were involved in OSC through DFSS received an extensive set of financial training materials to complete over the summer. The online interactive financial literacy “playlists” supplied by DFSS in partnership with the Economic Awareness Council, which include lessons on budgeting, banking, saving, credit-building, and how to avoid fraud, are often accompanied by agency-delivered programming. This programming includes additional lessons and activities on topics like budgeting and planning for future college or career paths. The extent to which youth engaged with playlists and received additional training varied by agency. At the close of the 2020 program, 65 percent of survey respondents reported receiving financial management training (Figure 3).

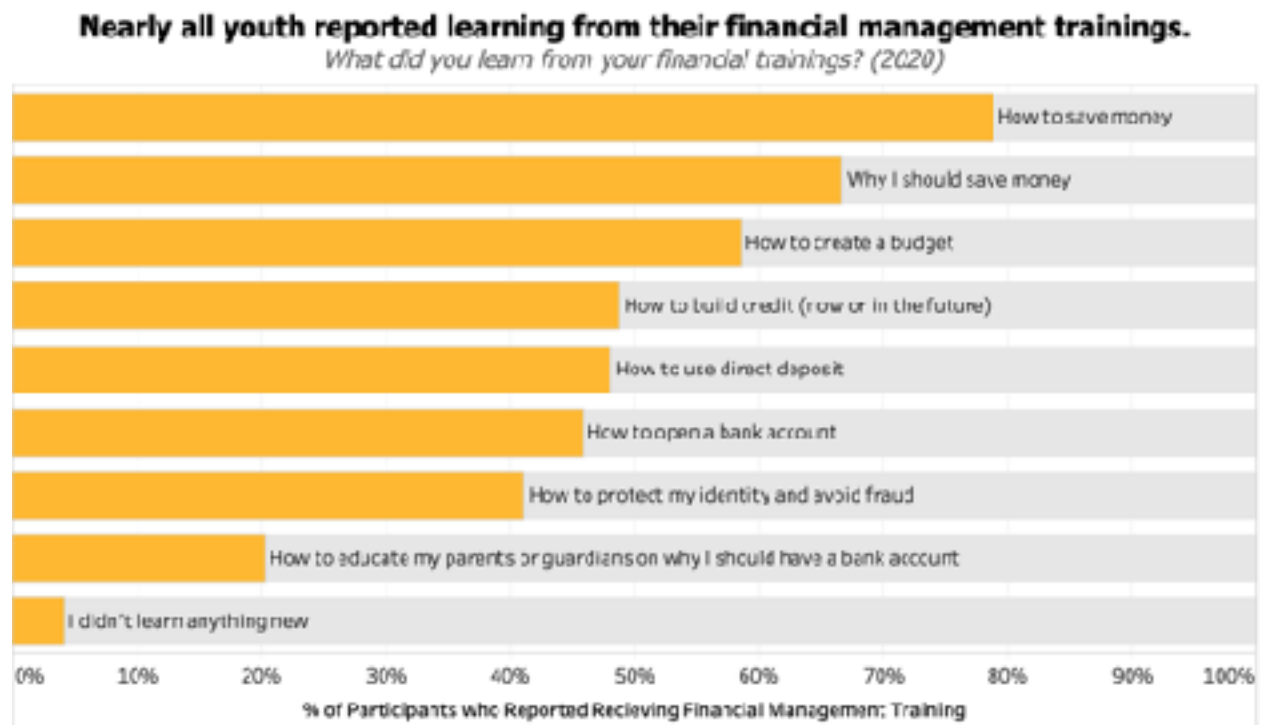


Figure 3: Rates of learning across key financial management lessons. Data is from the OSC end of program survey data from 2020 and is limited to students placed through DFSS. The denominator is all youth who reported receiving financial management training.

The OSC financial management lessons were comprehensive, and ensured that youth in the program nearly all gained foundational knowledge. Of youth who reported getting financial management training, 97% reported learning something from the lessons. Virtually all of those

who reported not learning anything new explained that they were already familiar with the content.⁹ The most common lesson learned was “how and why to save.”

In 2020, youth saved on average \$407 resulting in average savings almost doubling since 2019.¹⁰ The increase nearly matches the programmatic wage increase from \$8.25 to \$10/Hr (\$245 over the 7 weeks). This suggests that the increased wages went directly to youth savings on average. Across the population, COVID-19 related changes to spending may also have influenced savings. But even during COVID, the youth in OSC maintained high levels of savings.

OSC helped youth get banked over the Summer.
Proportion of youth banked before and after OSC Summer Programming (2020)

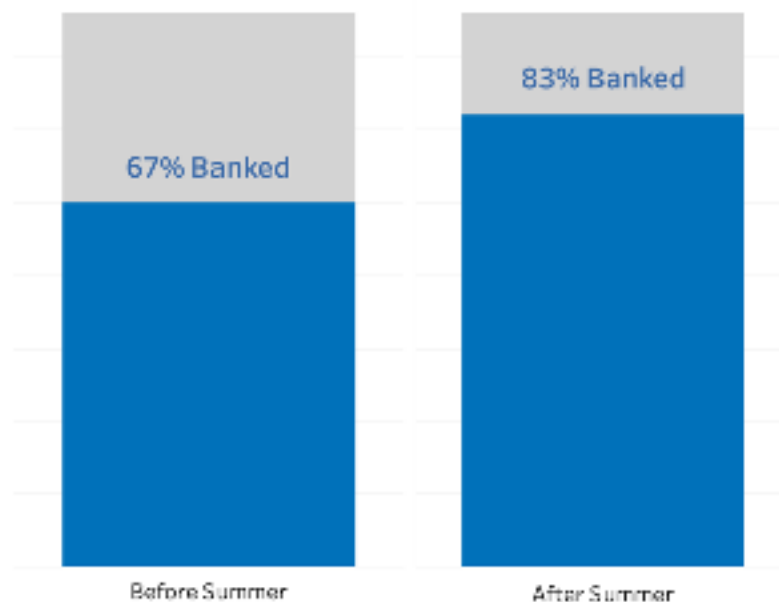


Figure 4: The percentage of youth banked increased 16% during the 2020 OSC program. Data from before the summer is from the OSC application and is limited to students placed through DFSS. The denominator is all youth who were placed by DFSS into a OSC position. End of summer data is from the OSC end of program survey data from 2020 and is limited to students placed through DFSS.

In addition to teaching youth why and how to save, the OSC experience provides an opportunity for youth to get banked. Youth learning related to getting banked often extends beyond the classroom and benefits from direct support in the banking process from agency staff. Sixty-five percent of students who got banked reported that the program staff helped them do so in one or more ways. Program staff provided support with varying degrees of involvement. Most participants who were supported by program staff said the staff encouraged them to open their

⁹ Over 99% of youth who reported not learning anything explained that it was because they already new the content

¹⁰ According to end-of-program survey responses, participants saved on average \$222 in 2019.

bank account. Around 35% received additional support beyond encouragement, including specific training, help with paperwork, and help setting up the accounts.

These efforts yielded results. According to survey data, the percentage of youth with bank accounts bumped up 16 points over the summer. At the end of the 2020 summer program, 83% of participants had a bank account.

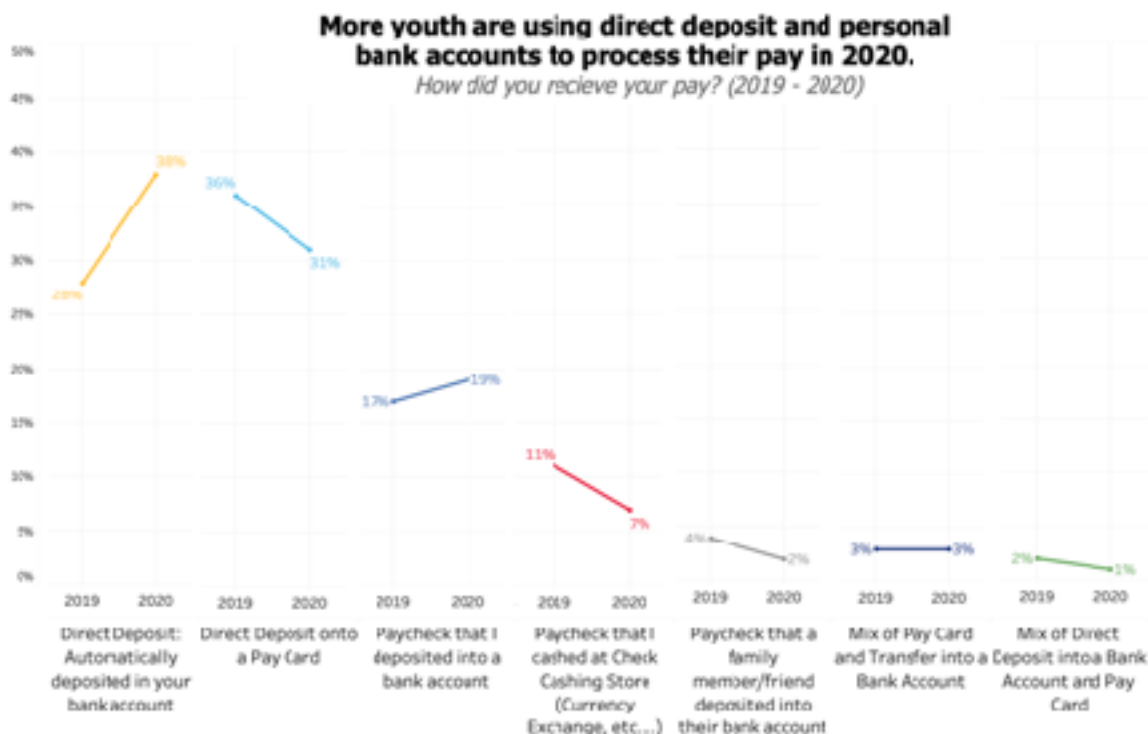


Figure 5: Shows the frequency of use of various payment processing methods among program youth in 2019 and 2020. Data is from the OSC end of program survey data from 2019-2020 and is limited to students placed through DFSS. The denominator is all youth who responded to the survey question, "How did you receive your pay." For example, in 2019 28% of youth who reported their payment processing method in the survey used Direct Deposit.

As a paying employer, OSC helps youth practice good banking habits beyond just opening a bank account. The youth's financial management playlists emphasize the importance of direct deposit as a safe way to manage money. With their summer earnings, participants then have an opportunity to practice using direct deposit. In 2020, 38% of all youth used direct deposit to process their pay, up 10 points from 2019.

Progress in Banking Outcomes

The proportion of One Summer Chicago participants who have a bank account by the end of the program has steadily increased over the past 5 years. In 2016, only 61% of youth left the program with a bank account. This year, the proportion was 83% (Figure 6). This represents a 22% gain in youth who leave the program banked.

The proportion of youth who leave OSC banked has increased by 22 percentage points over the last 5 years.
% of Survey Respondents Banked at the End of the Summer (2016-2020)

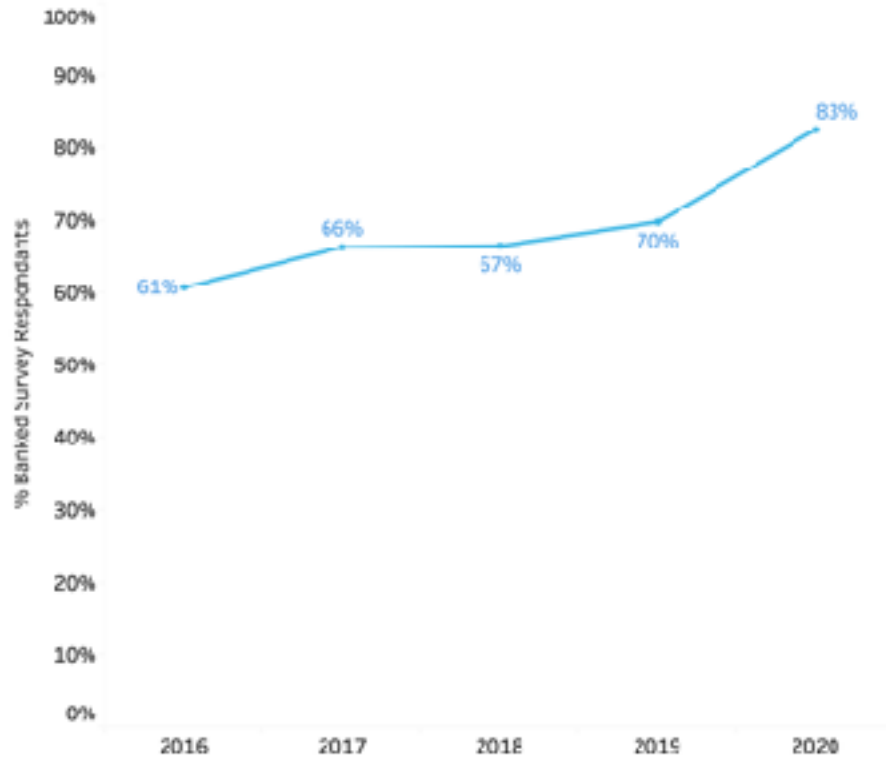


Figure 6: The percentage of youth who leave OSC summer programming with a bank account over time. Data is from the OSC end of program survey data from 2016-2020 and is limited to students placed through DFSS. The denominator is all youth in each given year who answered the question, “Did you open a new bank account?” Youth who reported having a prior bank account or opening one over the summer are considered banked.

Going deeper into the data, the gain was driven by an upward trend in the number of youth who started the summer with a bank account (Figure 7). From 2016 to 2020, the proportion of youth starting the summer with a bank account rose 35 points. To confirm this, we analyzed whether this trend was a result of changes in the participant population--based on demographics that correlate with banking outcomes. We concluded that none of these factors (average age, proportion of program repeaters, nor racial or ethnic distribution) were responsible for the trend. Therefore, we can observe that forces outside of the summer programming have changed how and when youth choose to open bank accounts.

Increases in the proportion of youth entering OSC Summer programming with a bank account drives increases in the proportion of banked youth.

Did you open a bank account during the program this year? (2016-2020)

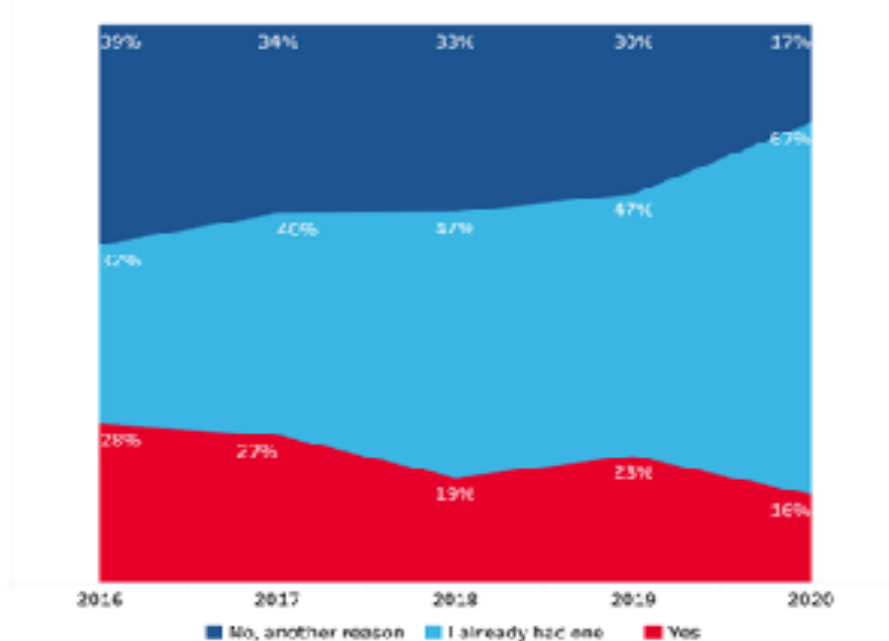


Figure 7: Proportion of youth over time with a prior bank account, who opened a new bank account, or who did not open one.

There are several factors outside of OSC summer programming that may promote banking among youth. One factor that may contribute is DFSS' *academic year* programming, which extends and wraps around the summer programming. Alternatively, the change could be cultural or generational. Defining the specific factor was not in the scope of this research. But regardless of which factor drove the gain, what happened during the summer had its own impact.

As the proportion of youth who's banking behavior was affected by these outside factors increased, those who remained unbanked became more difficult to activate. These later adopters¹¹ entered the summer unbanked despite the many factors and programs that altered the decisions of their peers. Despite this challenging shift, OSC is successfully activating the smaller and smaller proportion of youth who would otherwise be difficult to reach. Our analysis suggests that the OSC program and the external factors function not as substitutes, but more like complements. That is, instead of

Despite this challenging shift, OSC is successfully activating the smaller and smaller proportion of youth who would otherwise be difficult to reach.

¹¹ We consider youth late-adopters if the situations or barriers they face require higher levels of support or a more personalized engagement.

having its impact cannibalized by the outside factors, OSC has continued to activate unbanked youth at a consistent rate—which we find remarkable.

In fact, as the population became more difficult to reach, OSC’s rate of activation actually increased from 42% in 2016 to 48% in 2020 (Figure 8). OSC is consistently providing the solutions needed for unbanked youth to get banked, even as the interventions necessary to alter their behavior become more dynamic or complex as the proportion of late-adopters becomes more concentrated in the populations that they activate.

Despite increases to the number of youth getting banked during the school year, OSC has continued to help nearly half of unbanked youth get banked over the summer.
% Incoming Unbanked Youth Banked at the End of the Summer(2016-2020)

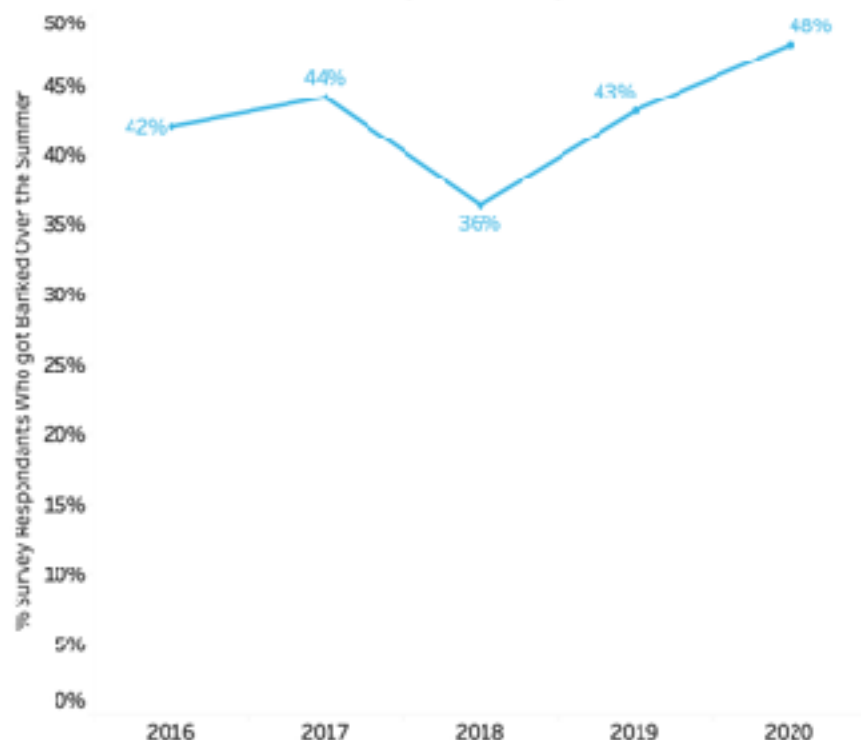


Figure 8: Percentage of incoming youth who became banked during OSC from 2016-2020.

All successful organizations eventually approach this new challenge: how to achieve “full capacity?” In order to achieve full capacity with an intervention, organizations must adapt to the distinct behaviors and situations that define the later adopters. These organizations must ask new questions, challenge successful assumptions, and experiment with new tools. The search for what such a solution would look like for OSC is what this research is about.

A Case for Community Investment

The frequency and nature of youth interactions with banking institutions varies starkly across Chicago's 77 community areas. Although they are adjacent, the Hyde Park and Washington Park communities feature the highest and lowest rate of incoming participants with bank accounts. While it is evident that demographic and socioeconomic factors known to relate to banking practices vary along geographic lines, commercial investment within communities, specifically through the establishment of brick and mortar financial institutions in communities, is a clear and impactful driver of difference.

Proportion of youth banked varies greatly by community, and tends to be higher in communities with more brick and mortar bank locations.

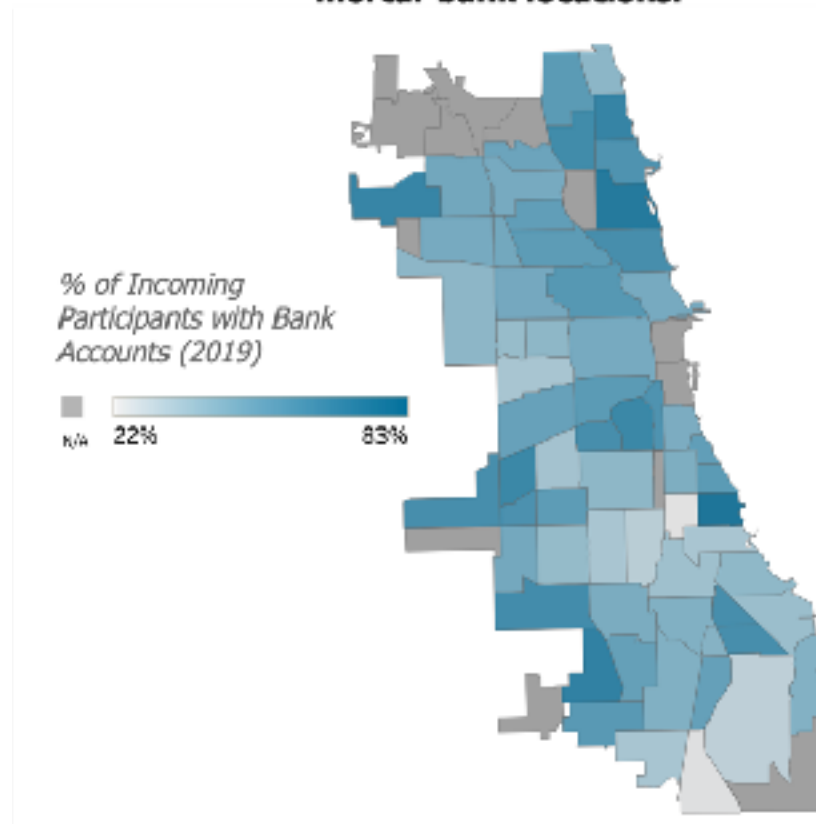


Figure 9: Shows the proportion of youth who were banked by neighborhood and explorable in a Tableau tool.

Investment in brick and mortar financial institutions in a community is important for supporting safe financial management practices for youth who reside there. In Chicago, bank presence is dense in wealthier, more commercial, and more high population areas and sparse in historically underinvested parts of the city, including the South and West Sides (Appendix 5). A staff member working in a community with few brick and mortar financial institutions noted that most youth in their community cash checks at currency exchanges where they are often subject to predatory fees.

Variation in bank presence in communities is directly related to banking outcomes. Among 2019 One Summer Chicago survey respondents, the distance of their home from a bank is directly correlated with the probability that they opened a bank account by the end of the program. Although the relationship seems almost too simple to be worth noting— of course youth are more likely to go to a bank if it's more convenient— this story might be about more than physical accessibility.

For the same survey sample, working at an organization near a bank makes no differences to banking outcomes. This suggests that youth don't just need a bank location that they can access day to day.

Rather, the presence of financial institutions in communities is about something more. It might be about what's visible in the community-- where do youth see adults in their community go to manage finances? Or it may simply be about developing trust with specific communities. Many youth reported that they gained basic financial understanding from watching family members go to financial institutions even if those youth did not have a bank account themselves. One person said her clearest memory was watching her mother sign checks and explaining to her what each part of the check means.

The presence of financial institutions in communities is about something more than access.

Nowhere is the presence of financial institutions clearer than comparing Hyde Park and Washington Park. Directly adjacent and separated by only a few blocks, these neighborhoods might as well be worlds away when it comes to banking. Washington Park has no banking locations, where Hyde Park, the leader in incoming youth banking rates at 83% banked, has a booming commercial strip and 9 financial institutions. All of this commercial investment could be described as somewhat accessible to Washington Park residents (less than a mile away), but banking outcomes in Washington Park are at the lower extreme. Brick and mortar financial institutions seem to be a component of the community investment necessary to provide youth with opportunities for healthy financial practices.

Some communities see a high proportion of their youth get banked with OSC, even in locations with low pre-program banking rates and few brick and mortar bank offerings.

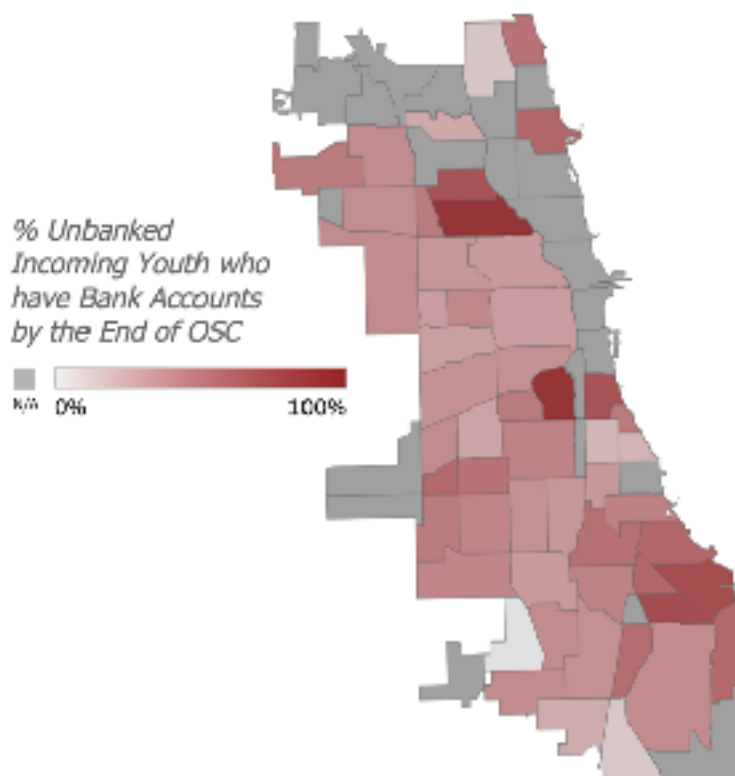


Figure 10: Percentage of youth who become banked during OSC by neighborhood. Alternatively, shows for which neighborhoods OSC has the most impact for activating youth into banking. Explorable in a Tableau tool.

Bank presence in communities is important, but does not directly dictate financial destiny. Only 3 financial institutions exist in the Ashburn community, but 68% of incoming participants from the community have bank accounts, a rate that is far above average. The banking experiences of Ashburn youth is of course not solely a product of neighborhood brick and mortar financial institutions. Youth bank account acquisition and use is a product of numerous multifaceted motivations and experiences, which we explore in the following sections.

For some communities, regardless of brick and mortar offerings, One Summer Chicago provides exactly the necessary opportunities for growth in youth banking. Although the South Chicago community--moderately well-resourced with brick and mortar financial institutions--has a below-average proportion of banked incoming participants, its activation rate is nearly twice the average. For these youth, OSC programming elements, whether they be the experience of having a first job, a mentor, financial management training, or something else, provide what they need to get to a position where they feel ready to open a bank account.

Reported Barriers to Getting Banked

OSC programming directly addresses the primary barrier to youth banking. In 2019, nearly one-fifth of unbanked incoming OSC participants reported that they haven't opened a bank account because "No one showed me how" (Figure 11).

Over the course of the OSC program, 43% of unbanked youth got banked after experiencing playlists and other programming focused on teaching financial skills, including how to open a bank account. At the end of the summer, only 7% of remaining unbanked students reported not opening a bank account because they did not know how.

Other known barriers to banking, discussed in the literature review, persist among youth. For older youth, insufficient funds are the most reported barrier. 17% of unbanked 18-24 year olds report that they do not have enough money to open a bank account. Among 13-15 year olds, most either believe that they are too young to open a bank account (26%) or lack ID (17%). Across the program, 61% of youth have ID's. However, ID possession varies greatly by age (Appendix 4). Only 25% of 13-15 year olds report having ID's.

Self-Reported Reasons for Not Opening a Bank Account Prior to Participating in One Summer Chicago (2019)

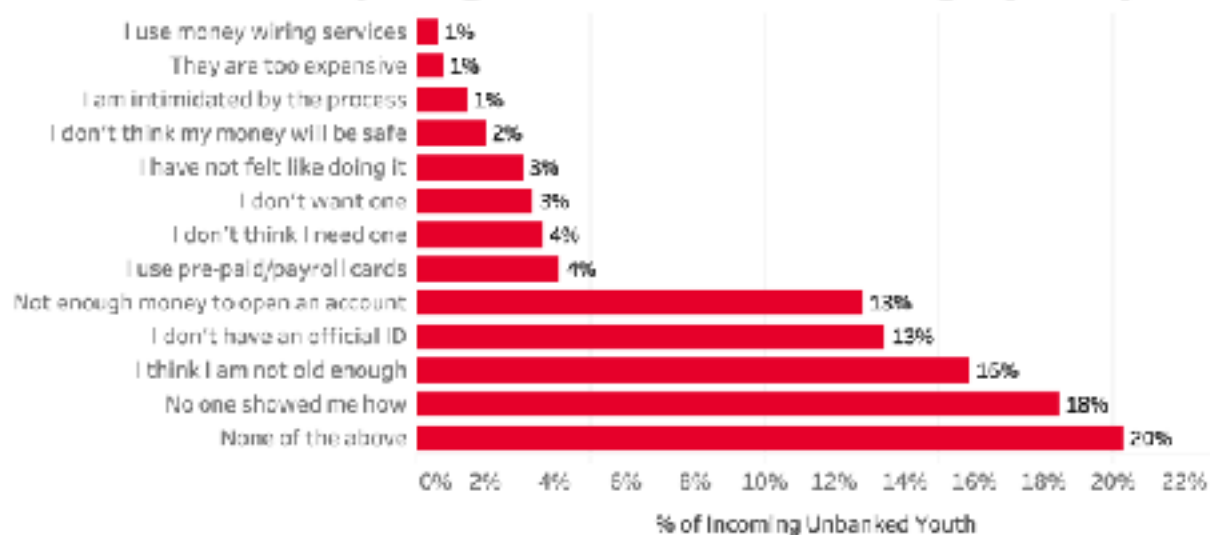


Figure 11: Breakdown of reasons for not opening a bank account (2019 OSC).

Despite an exhaustive list of options detailing known barriers to youth banking, there is a gap in data on why many youth are unbanked when entering the program. Among unbanked incoming youth, the most cited reason for not opening a bank account is, "none of the above." Known barriers apply even less to certain youth sub-groups. Unbanked youth in demographic categories that typically align with higher rates of banking—for example, older youth or youth with prior job experience—are more likely to report "none of the above." Youth who report in their

application that they are not interested in opening a bank account also report “none of the above” when asked why they are unbanked. Our ethnographic research, described in detail in the following section, seeks to explore what constitutes the “none of the above” category. We aim to understand how and under what circumstances youth make decisions about their financial management.

Research - Themes of Youth Experiences

Overview

We found that both family and school-based training strongly shaped youth’s perspectives on financial knowledge and financial decision-making. But the youth’s own motivation was the essential driver of continuing the development of their financial skills. For our interviews, we sought out insights from youth who weren’t typical in their experiences. Instead, we wanted to discover how youth with more unique (statistically anomalous) experiences developed their financial competency. It is in these atypical cases where new insights are likely to originate. From them we learned that:

Youth navigate 3 important sequences in their financial journey:

- Gaining financial knowledge
- Being involved in financial decisions of others
- Utilizing financial knowledge for life events

This journey is influenced by 3 themes:

- Family of choice
- Quality of financial training
- Youth’s own motivations

Here we summarize what we heard from youth in our interviews as a reference for the report’s Implications Section.

1. Family-of-Choice Shapes Youth Financial Experiences

1.1 Immigration Status

The main barrier stemming from immigration status was language which:

- Increases the difficulty in understanding local financial policies
- Increases the difficulty opening bank accounts
- Restrains the learning speed of both parents and youth
- Often leaves youth alone in navigating critical financial decisions (i.e. student loans)

In our interviews, immigrant households tended to feel more secure using cash or paychecks instead of bank accounts. They had more trust in “real” things—having something tangible in their hands which they perceived as having greater security.

1.2 Passive and Active Influences

Parental and guardian behavior has a profound impact on youth’s future mindset.

- A 14-year old interviewee said their parents daily habits became their own.
- A 16-year old interviewee told us they gained financial knowledge mostly from observing their parents' and sister's daily activities-including paychecks and direct deposit.
- One interviewee, who worked on financial education at OSC, had abundant financial knowledge because his lower SES family needed him to guide them financially
- One interviewee’s parents opened an account for her when she was 11 years old, but she never used it because her mom deprioritized financial conversations.
- Another interviewee gained a strong motivation for financial independence from their family sharing that goal.

In both cases, the youth learn from observing family members as they use banking services. This finding suggests that youth economic advancement is influenced by the economic advancement of the youth’s family-of-choice. This relationship may in turn suggest a broader need for economic development targeting larger community systems.

2. Where Youth Learn Finance Skills

2.1 School

While family-of-choice is the youth's first source of financial *skills*, in school they have opportunities to gain a more complete exposure to financial *literacy*.

- We learned that teachers matter. A 20-year-old said they were inspired to learn by their teacher’s enthusiasm during class and consequently began managing their finances earlier than their peers.

2.2 One Summer Chicago

OSC’s effective financial training program facilitates youth’s learning. Playlists and regular sessions held by agencies show a positive influence on youth’s financial knowledge learning curve. From our youth interviews, 7 out of 8 youth watched the playlist and attended financial training sessions every week. 80% of the interviewees said they “learned a lot” from OSC. However, we still found some opportunities to improve.

2.2.1 Provide more Advanced Paths in the Playlists

The playlists do not serve more advanced learning levels. Investing in advanced content may help more youth map their extrinsic situations to a learning plan.

- One interviewee shared that some questions were not challenging enough. They expected the playlist to be more comprehensive and advanced.
- One interviewee said they wanted to see more exhaustive OSC materials, namely more information about credit development and taxes.

2.2.2 Agency Approaches to Financial Training

For the quality improvement of financial training, 3 ways are recommended based on our youth interviews, situational-based teaching, mentors' enthusiasm, and agencies' promotion of financial training.

- Games, speeches, one-on-one counselors, and booklets all had effectiveness based on youth interviews.
- All these materials could support a situation-based learning model. Our interviews showed that young people are more sensitive to knowledge connected to near-term, real-life scenarios.
- Professional and passionate trainers/mentors are critical. Youth were deeply affected by their mentors at OSC because of the professionalism and passion.

OSC's partner agencies offer a wide variety of financial training support. We found that many partners have courses and training but that some agencies simply offer the playlists and do not focus on financial literacy otherwise.

3. Youth's Motivations

Young people's motivation is an essential factor in enhancing financial literacy. From data collected by our youth interviews, the majority (over 80%) of young people's motivation for managing their finances was extrinsically based.

As we will elaborate on in the next section on the implications of the research, most youths begin managing their finances when facing real-life challenges--when they encounter novel and meaningful situations. Prior to getting a first job, young people may have bank accounts but never use them. Why? Because there is no external, "real" need to do so. As we shared above, family and school education play significant roles in forming youth's initial financial literacy. However, young people are most motivated by real situations that require them to gain new knowledge.

We found that these situations include:

- Having their first job
- Taking out student loans
- Moving out on their own, and
- Paying taxes among many others

We did, however, find a special category of situation that was especially motivating. When a youth's long-term plan created near-term situations that

required financial savvy, they more actively pursued new financial skills. In other words, when future situations necessitated action in proximal situations youth learned the most. We think this category could serve as inspiration for future programmatic investments.

When a youth's long-term plan created near-term situations that required financial savvy, they more actively pursued new financial skills.

3.1 Future Education

Among OSC participants (17-19 year-olds), those who aspired to get a four-year degree were the most likely to get banked. As they looked ahead, these youth knew that their success would require them to engage with student loans, manage tuition, deal with payroll, etc. The direct implications of current financial skills to those future situations motivated the youth's learning today.

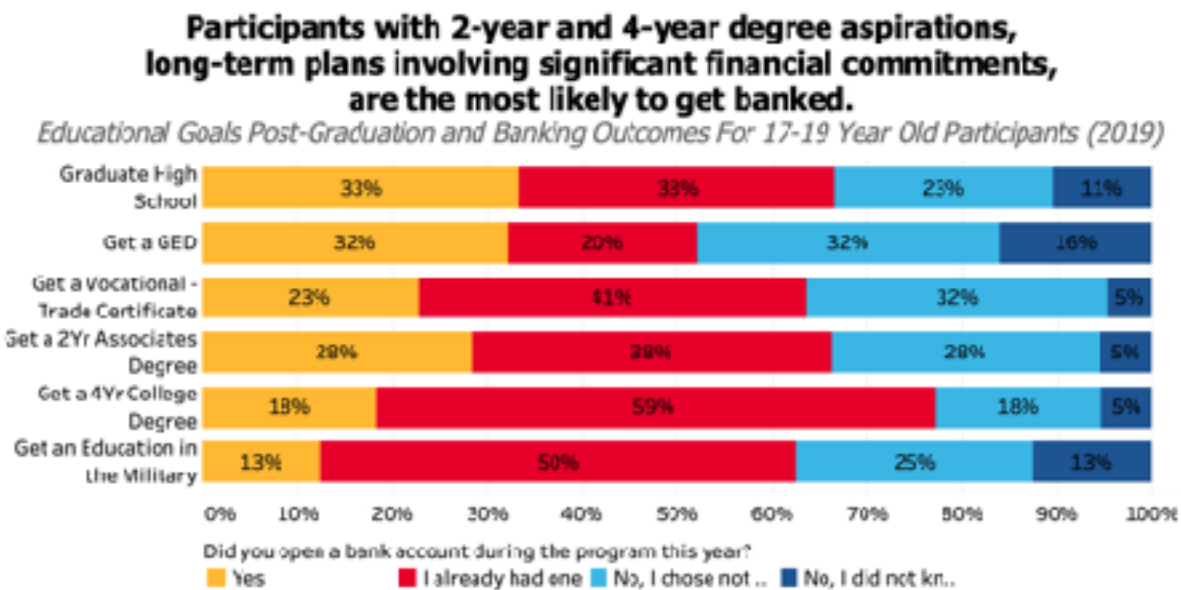


Figure 12: When long-term plans involve significant financial commitments, youth are more likely to get banked.

3.2 Wealth & Entrepreneurship

While most youth expressed education as the dominant situation that shaped their financial learning, others cited overall wealth creation and entrepreneurship as a motivation.

These youth tended to set their financial goals at earlier ages and have clear plans to achieve their goals.

- A first-generation interviewee felt a deep responsibility to increase their family's wealth. While their family's financial guidance was low, they were inspired by entrepreneurs on social media.
- Another interviewee started a business one year ago, and in doing so, fulfilled a family dream.

Interpretations, Implications, & Recommendations

We recommend exploring 2 broad opportunities to remove barriers and approach “full youth bank activation.” Our recommendations center on:

1. Situation-Based Learning
 - a. Focus on “group-level” engagement and training to support both youth and whole community economic advancement
 - b. Leverage the Youth's Family-of-Choice in an Ally-based model:
 - i. Engage family-of-choice as both an unique audience and enabler of financial education for youth
2. Streamlining Access
 - a. Develop translated documents of foundational concepts for family-of-choice as an audience
 - b. Enable a default to direct deposit for Central processing
 - i. Provide a Float Solution / Central processing to direct payment (ACH)

The Power of the Situation

Approaching bank account acquisition via situation-based learning presents an opportunity for OSC to continue to advance banking outcomes for youth. We found that the decision to get banked is largely situational, meaning youth decide to get banked because of particular situations they (or their proximal networks) experience in their lives. These situations include the obvious such as “get a first job,” but extend to less obvious situations like: getting a mortgage, buying an investment property, or getting student loans. This finding is echoed in another Cities for Financial Empowerment (CFE) report which found that: “Those who are unbanked respond far more favorably to ways in which a bank account can help them where

To win activation of the remaining unbanked youth, we must explore the situations that they experience or can be a part of.

they currently are.”¹² To win activation of the remaining unbanked youth, we must explore the situations that they experience or can be a part of.

Many unbanked youth at OSC aren’t currently in a position where they feel a need to get a bank account. Banking outcomes among youth, while influenced by programming like that at OSC, are largely driven by the situations that a youth experiences. Several milestones account for a large portion of bank account acquisition for youth. Among OSC youth, 37% of youth who enter OSC with a bank account, report having opened it with their first job. Similar proportions of OSC youth who enter with no job experience report opening a bank account within the program.

Coming of age is another moment which propels youth banking. “Activation” of OSC youth peaks at this time. In 2019, 53% of unbanked 18 year olds got banked over the summer, higher than any other age group (4). What happens at age 18? When youth turn 18, they no longer need a co-signer on their account. This full control over their bank account offers much more freedom and control in their banking experience--and makes the situation critically distinct from a youth’s perspective. Additionally, at 18, many also graduate high school and begin a more independent life, often entering post-secondary programs or the workforce. During this time youth often need to start fully managing their own finances, and manage more complex financial activities like renting an apartment or taking out student loans. These major milestones therefore are key sources of situational change.

Reasonable Choices: Youth who “miss” getting banked at these milestones are likely waiting for other factors of their situation to change, including the known barriers discussed in earlier sections. These varying (and completely reasonable) rationales affect how youth become banked. Thirty-nine percent of youth with work experience are unbanked, and some youth who have participated in OSC multiple times still remain unbanked. Of unbanked incoming youth with work experience, 44% decide to get banked during their OSC experience. Some youth repeat OSC 2 or 3 times and then decide to open a bank account. Even with a job, youth may make little income, or may not be able to use direct deposit at their place of work (see “Central Payroll as an Easy Win”). Moreover, some youth may be happy to deposit money into a parent’s account, rendering an independent account unnecessary. For each young person, that moment arrives at different times and via distinct situations.

OSC is an Ideal Situation: One Summer Chicago represents an “ideal” situation to become banked. Within OSC, youth can learn how to engage with financial institutions safely and successfully. While these skills are taught in financial management playlists, when youth actually open a bank account and enroll in direct deposit, they learn the whole “bundle of skills” necessary to successfully interact with financial institutions, including shopping around, opening, and using a bank account.

Research Highlight: When asked why opening a bank account was important to her, one program mentor pointed out that most youth in the program will open a bank account someday. She felt it was better that they do it when they have skilled people supporting them through the process in OSC. Looking back on her own experience (she

¹² Making the Case for Banking Access, Oct. 2019; <https://cfefund.org/wp-content/uploads/2019/11/Making-the-Case-for-Banking-Access-Brief-Oct-2019.pdf>

opened a bank account in college), she speculated that having a mentor during the process of opening a bank account would have helped her be more mindful of fees and spending habits.

Most DFSS agencies within OSC already enhanced the situational elements of the youth's experience. At some agencies formal learning from playlists and workshops was paired with real life experience in which supervisors bring youth to a bank to open an account or help youth make appointments at partner financial institutions. In these agencies, the "experience" of opening a bank account becomes part of the curriculum with integrated mentorship, rather than a separate activity youth are left to do on their own. By proactively integrating other situations into the curriculum, OSC may successfully overcome the banking barriers those situations represent.

Deepen and Expand Simulation-Based Pedagogy

Based on our research, we advocate for expanding and enriching the "simulation-based" approach to financial training at OSC. In our interviews, we heard repeatedly that specific moments in the youth's life or the lives of their family-of-choice triggered and sustained high levels of financial literacy learning. These moments included: getting a job, graduating high school, getting a loan, buying a home, or a family member buying investment property. The youth that we spoke to did not explicitly frame these moments as "educational." However, the implications of these moments for their financial training and engagement with the financial system were clear and strongly represented. Youth with exposure to these complex financial situations were the most engaged and self-motivated.

In our view, these key moments transformed how youth thought about themselves with respect to financial decisions and expanded their financial futures. For these youth, key situations provided contextual practice that drove new skill development. For these youth, these moments sparked intense curiosity, question-asking, self-directed research, and transgenerational knowledge transmission. Youth who partook in such moments reported higher motivation to expand their financial toolkit and planned to leverage that newly gained knowledge into the future. Consequently, we believe that OSC should embrace, enhance, and extend this kind of simulation-based learning. But in which ways?

For these youth, key situations provided contextual practice that drove new skill development.

Enhancing Situation-Based Learning - In Agencies

Several agencies already use a simulation-based approach in their programming and many playlist activities are framed as simulations as well. Additionally, many of the agency leads who we spoke with highlighted games and simulations that taught financial management skills. In the future, additional complex simulations could be developed that ask youth to combine multiple financial skills. In our observations, youth today tend to consume the existing simulations in silos and would benefit from additional opportunities to address their financial pictures more

holistically. One can think of the difference as shifting from “how to make a budget” to “how to (use budgeting to set them up to) live downtown.” The “moving downtown” situation expands the set of required skills to include: critical thinking, trade offs, negotiations, and contracting among many others. This broader situation involves many other associated factors (roommate agreements, parking spot payments, car ownership, insurance, rental contracts, subletting, etc) that alter why and how budgeting matters and integrates the myriad factors that budgeting must include. The most engaged youth (see Research Highlight below) are already navigating such situations on their own and seeking mentorship from staff on them. By taking inspiration from the journeys of those youth, OSC can further increase the lifelong impact of their existing financial training.

An expanded situation-based approach enables enhanced formative assessment which can lead to better program outcomes. The simulation-based approach operates as a diagnostic tool, indicating to program leaders where youth have strong pre-existing skills or knowledge and where youth experience misconceptions or lack skills. In simulation-based learning, skills are bundled together, rather than discretely discussed.

Research Highlight: Some agency staff already have realized these benefits. One staff member told us the story of a youth who mentioned that they would want to live downtown in their own apartment. The mentor used the context of that situation to work through why this was not a reasonable short-term goal. The mentor explored the realistic costs and hidden factors that might not always be apparent to youth at this stage of life. Having broadened the youth’s understanding of that situation, the mentor talked through how to effectively budget money and how to form a realistic plan for the next phase of that youth’s life. By utilizing relevant situations, the mentor prepared the youth to combine other elements of financial empowerment with effective budgeting.

The situation-based activities that some mentors deployed revealed proficiency in skills that may not be covered in the existing financial management playlists, but are required for practical application of the financial management skills being taught. We saw this being true for youth new to financial management, but also those with more advanced skills.

Situation-based programming makes room for training both low- and high-skilled youth through skill-bundling. And we saw an opportunity for serving the youth who have already learned the fundamentals.

By pushing comparatively advanced youth to greater mastery, OSC may pull whole cohorts into greater levels of competency. Games and activities that simulate complex, relevant situations allow youth who have a grasp on financial management concepts to deepen their engagement with the material through experimentation. We heard how these simulated experiments drive self-directed inquiry and information seeking and give OSC an opportunity to establish a new norm for that mindset among peers. We think this could be a powerful strategy for continuing to lift the whole OSC community toward greater financial competence.

Ultimately, our interviews revealed a demand by youth for more complex, contextualized conversations and problem-solving. There seems to be a hunger for it across the board, from those who were highly engaged to youth who were more ambivalent about financial training.

NEXT STEP | We believe more research could be done to flesh out a situation-based pedagogy of these simulations and how they could be deployed while integrating the playlist content, existing agency approaches, and in alignment with family-of-choice.

An Ally-based Model - Rethinking the Role of Family-of-Choice

From our research and interviews, we found that many youth face a significant barrier to their financial education due to intense skepticism of financial services from their family-of-choice. Even less skeptical parents tend to over-depend on the financial training offered in school settings, while ignoring the significant positive impact they can have on their youth's financial future.

The OSC financial program staff noted that in their past experience, guardian involvement had been a net-negative in the financial training of youth. They reported that guardians would often act as a block to getting banked or worse, family members would eliminate the agency and choice that youth had in managing their summer earnings. This observation led to a previous realignment of OSC programming to center the theory of change on youth directly.

Our research insights do not contradict that approach to being youth-centered. However, we learned from the youth that we spoke with that their access to financial decisions within their family-of-choice network strongly and positively influenced their financial awareness, skills, and confidence. In the 2020 survey, we learned that approximately 20% of youth did not learn how to educate their parents or guardians about why they should have a bank account. We think these two findings indicate an opportunity for OSC to approach a full level of bank-activation and pursue community-level outcomes related to financial literacy.

We think these two findings indicate an opportunity for OSC to approach a full level of bank-activation and pursue community-level outcomes related to financial literacy.

Research Highlight: In one example, a young woman told us how her aunt recently purchased an investment property. On account of her proximity to this financial decision, the youth was a part of conversations that led her to ask new questions, to research topics for her aunt, and do her own deeper research into real estate investment. We concluded that it was her being a part of that “situation” that accelerated the sophistication of her financial skills and knowledge. We see a potentially big opportunity to leverage or create such situations in order to enhance financial literacy.

We see at least two ways to leverage a “situation-based” approach to financial training.

First, programming tools and agency-based support could specifically encourage youth to leverage naturally occurring situations in their lives. A playlist module could focus on actively engaging the trusted adults in their lives about near term financial transactions.

Being youth-centered, such interventions would have low risk for running into generational taboos.

Secondly, programming tools and support could offer artificial simulations of financial situations that youth can use as a means to engage trusted adults in conversations. Given the norms of their family-of-choice, youth could select either tool to have new conversations. We see this or similar interventions creating “group-level” learning (including both youth and adults in their family-of-choice).

We hypothesize that if CFE and other stakeholders focus on influencing the entire “family financial space” (the small group of strong ties with which youth live) instead of focusing on youth as individuals, they may realize a larger collective gain in

NEXT STEP | In the next stage of this research effort, we recommend experimenting with various communication, positioning, and situation types to ensure that the engagement with family-of-choice won’t result in a reduction of the youths’ agency and choice. Those experiments should confirm that implementing situation-based youth training and support would lead to a net-positive gain in %-banked and other indicators--potentially now extended to drive both youth and adult engagement with formal financial services.

NEXT STEP | Relatedly and more broadly, we’re curious to explore how financial training could orient to the “greater financial networks” of which youth are a part.

Streamlining Access

Develop Translated Essential Documents for Family-of-Choice

As argued above, the larger family context has a profound impact on youth financial literacy. For immigrant families in particular, language barriers serve as the first obstacle. For example, we noted that there is a 25 percent unbanked rate for homes that only speak Spanish compared with 6 percent in households where Spanish is not the only language spoken. Immigrant families tend to have lower English-language competency and comfort, reducing the impact of English-only documents within these populations. Our research suggests that the OSC program could meaningfully enhance “youth reported support” by engaging these families through translated versions of key financial literacy materials.

We see translated materials offering families foundational guidance so that they may more proactively support their youth’s financial independence. In essence, we see this relatively low investment in new materials as supporting a broader culture of financial literacy among youth.

Based on the quantitative analysis, we hypothesize that such support will increase the ability of OSC to reach and “activate” the proportion of youth who remain unbanked and accelerate learning for those youth who have overcome family-of-choice resistance on their own. Our interviewees with immigrant parents indicated that translated versions of documents would benefit their engagement with their parents.

The new translated content could be conveyed through multiple channels. The new materials could live:

- Within the playlists (with separate family logins)
- As separate PDF/email campaigns
- As printed packets, or
- As supplements in the youth targeted curriculum (*see section on Simulation-Based Pedagogy*)

NEXT STEP | In the next stage of this research effort, we recommend an audit to evaluate and prioritize which curriculum materials should be translated and made a part of an initial “starter kit” for youth with family-of-choice for whom English is not their first language.

Direct Impact through Direct Deposit

Ensuring all agencies are set up for direct deposit will boost banking outcomes and provide opportunities for youth to practice not just opening an account but also safely and effectively using that account.

Agency level payroll management is a significant barrier to direct deposit use. Most youth with bank accounts still don’t process their pay using direct deposit into a bank account (Appendix 6). Across the program, 37% of banked youth use direct deposit to process their pay. If centralized payroll agencies were to support direct deposit so that direct deposit use matched that of all other agencies, program-wide direct deposit use for banked youth would increase by 8 points. This translates to an additional 393 program participants using direct deposit to process pay, which in turn means that the total actively banked youth in 2020 would increase to 91%. A big boost in impact.

Changing the default payroll option could offer a big boost in impact.

Fewer youth become banked over the summer when they are at agencies with centralized payroll. In 2019, agencies with centralized payroll had an activation rate 5 percent below that of all other agencies. These differences in activation may manifest because a bank account adds less value for a young person when it cannot be used for direct deposit.

Building capacity for direct deposit is necessary for advancing financial literacy goals. Although existing programming teaches youth safe money management, OSC’s role as a first job for many youth is a primary source of its contribution to their learning. A closely related observation

was made in another CFE report which concluded, “for those under 18, summer pay is the motivating factor for most checking account openings.”¹³ We believe experiential learning need not end with opening a bank account.

NEXT STEP | In the next stage of this research effort, we recommend evaluating options for resolving administrative barriers to direct deposit. This could include: making the Central Processing default option direct deposit; providing a “float loan” to partner agencies to cover direct deposit risk over the summer; or another solution.

What’s Next - Future Research Priorities

The next step is to conduct a series of experiments. The gold standard innovation and service design approach that was applied in this project starts with qualitative research. The qualitative research that we conducted focused on understanding the complex human experience of OSC-DFSS youth. The outcomes of that research surfaced and defined the future opportunities for impact. In this case, we discovered a number of potentially high-impact opportunities that address three themes:

4. A Situation-based View of Youth Financial Journeys
5. Reimagining the Role of Family-of-Choice in an Ally-based Model
6. Targeting Back-end Agency Support

Those opportunities must now be operationalized and their efficacy confirmed through experimentation--quantitative research. The quantitative stage will complete the methodological sequence most likely to deliver meaningful results.

What to Test in Future Experiments

Questions on Overall Program Delivery

1. What lessons from 2020 can make post-pandemic program delivery stronger?
 - a. How might the successful elements of virtual, asynchronous experiences enhance and complement future live interactions?

Questions on a Situation- & Ally-based Model

1. Which situations should be integrated into the programming curriculum and how should they be delivered?
2. How might curriculum be augmented to engage family-of-choice?

¹³ *Summer Jobs Connect: Where Strong Financial Futures Begin*, 2017; <https://cfefund.org/wp-content/uploads/2017/11/Summer-Jobs-Connect-Where-Strong-Financial-Futures-Begin-1.pdf>

- a. Does re-engaging parents/family of choice lead to disengagement of youth and increased resistance by guardians as experienced in the past?
- b. How should a youth's family-of-choice be reached?
 - i. What direct communication channels are best and what messages are successful?
 - ii. Or, does a youth-focused communication channel succeed at increasing inclusion of family-of-choice?
- 3. Which training materials should be translated to maximize family-of-choice engagement?
 - a. Which situations should those materials support?
 - b. Which languages should be deployed first to maximize banking activation?

Questions on Back-end Agency Support

- 1. What mechanisms could alleviate the pay-roll "float" barrier for partner agencies?

Appendix

APPENDIX 1: TALKING POINTS

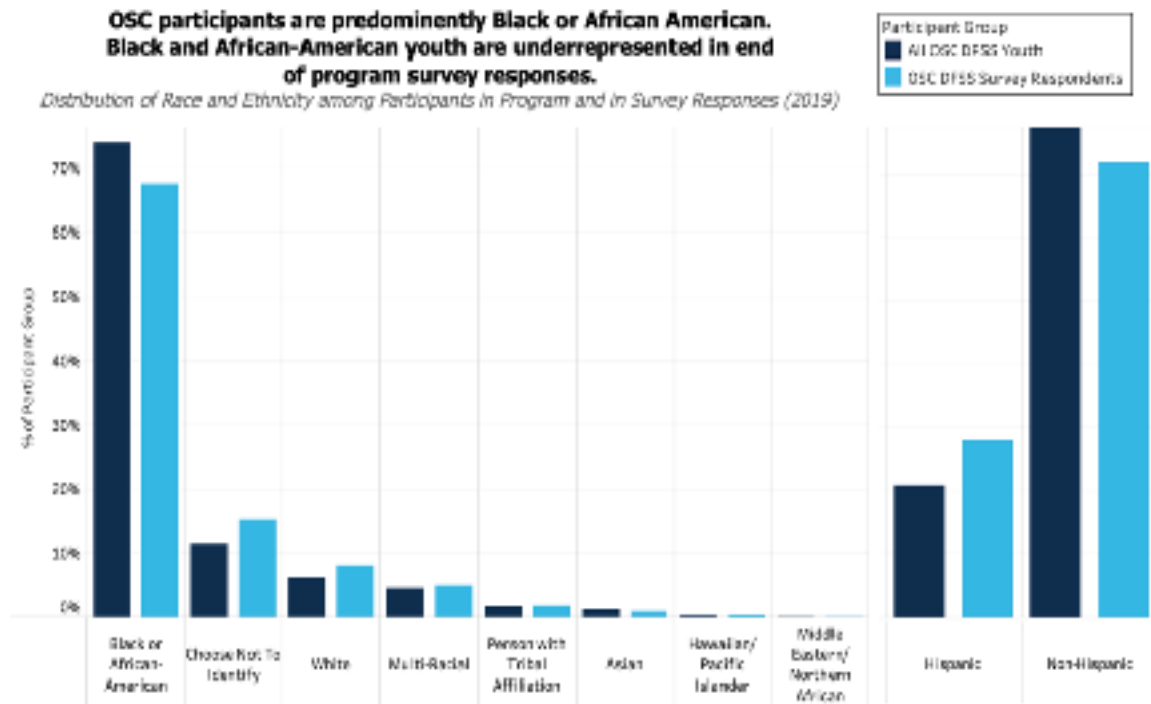
Below are talking points appropriate for a variety of audiences covering the design and output of this research.

For Funders + City Leaders + Financial Literacy Partners

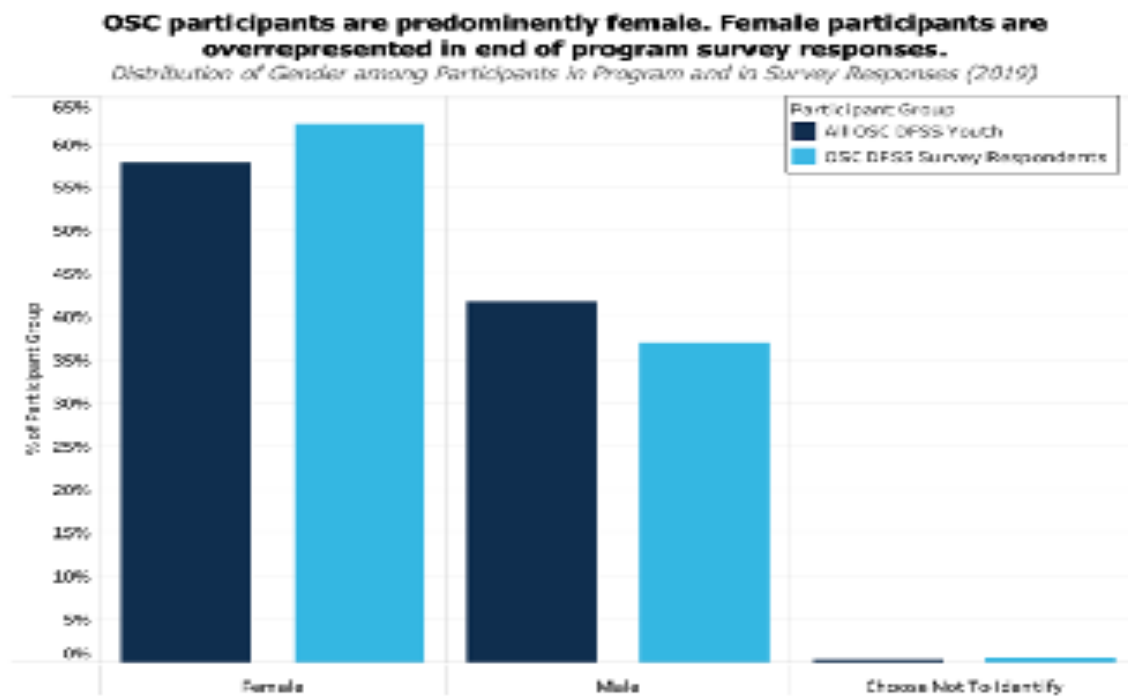
- Methodological Approach
 - We approached this research from an “innovation or service design” perspective. Our intention was to discover opportunities for developing new best practices that could eventually be shared with other municipalities.
 - This research wasn’t intended to formally evaluate the current program. Instead, this research was about discovering new perspectives and new approaches that could help OSC achieve “complete banking activation” with Chicago youth.
- What’s going well when it comes to financial literacy in Chicago
 - According to survey data in 2020, the percentage of youth with bank accounts increased by 16 points over the summer resulting in 83% of participants in total.
 - More and more youth have become banked over the past 5 years--driven by a variety of forces.
 - Stand out among those forces is OSC, which has enabled the overall gain in %-banked by continually activating the “difficult to reach youth” each summer.
 - Without OSC the rate of youth banked would be lower.
- Investing in Neighborhoods:
 - Brick and mortar financial institutions are a component of the community investment necessary to provide youth with opportunities for healthy financial practices.
 - It’s not sufficient for youth to merely “have access” to financial institutions in the course of their daily lives (on their way to work or school).
- Results and Opportunities:
 - **Key Moments:** From our qualitative and quantitative analysis, we learned that the “situations” that youth encounter--and transition through--are the primary driver of both financial learning and participation in the banking system.
 - The trusted adults in their lives expose them to new life situations and the related financial considerations.
 - Additionally, when youth define long-term plans they simultaneously create near-term situations requiring financial savvy. Those situations lead them to more actively pursue new financial skills.
 - **Family of Choice:** The research suggests that an ally-based model (family-of-choice supporting the youth’s development) could yield meaningful impact for those youth who do not become banked in the existing program as well as those who have begun their journey of financial independence.
 - Youth reported that their access to the financial decisions within their family-of-choice network strongly and positively influenced their financial awareness, skills, and confidence.

- **For Agencies:** Building capacity for direct deposit is necessary for advancing financial literacy goals among youth. Altering the central payroll default could lead to an immediate jump in the proportion of youth activated by the OSC program. For 2020, it would have meant a 91% banking activation of OSC youth.
- What are the next steps?
 - The next step is to conduct a series of experiments that build off of this qualitative research.
 - The experimental stage will confirm the hypotheses developed here and evaluate the risk for implementing those recommendations
 - The experiments will confirm the viability of new investments in:
 - Family-of-choice engagement
 - Leveraging the COVID-19 response for future years
 - Curriculum translations for immigrant families
 - New Agency supports

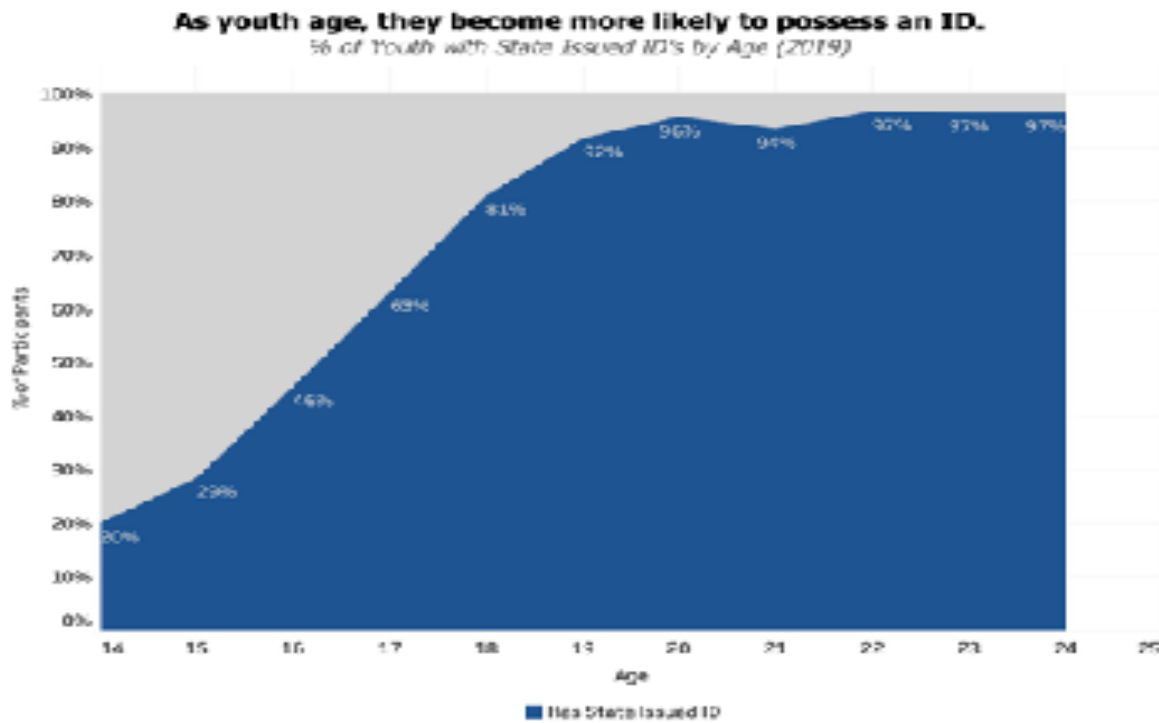
Appendix 2: Distribution of race and ethnicity among program participants in 2019.



Appendix 3: Gender breakdown among program participants in 2019.

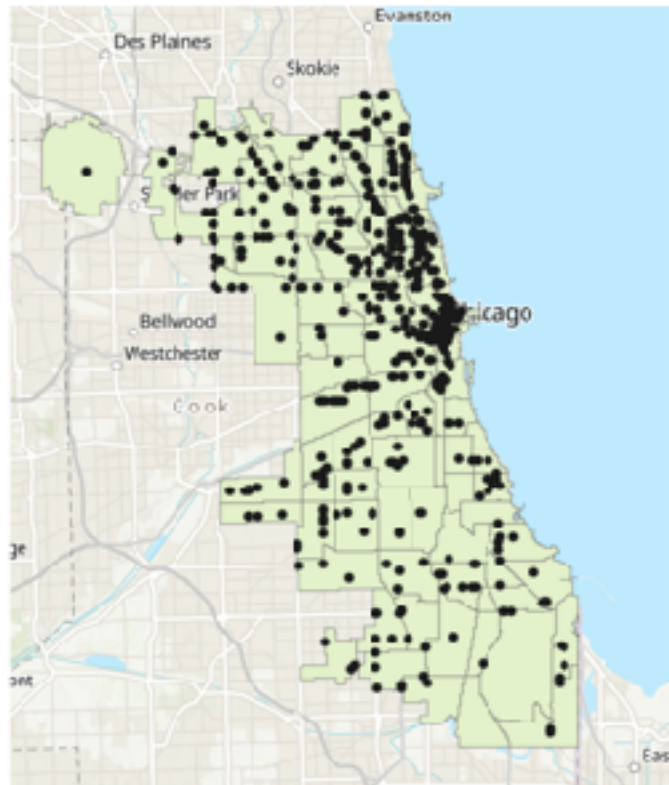


Appendix 4: Relationship between Age and % of youth with a State ID among program participants in 2019.

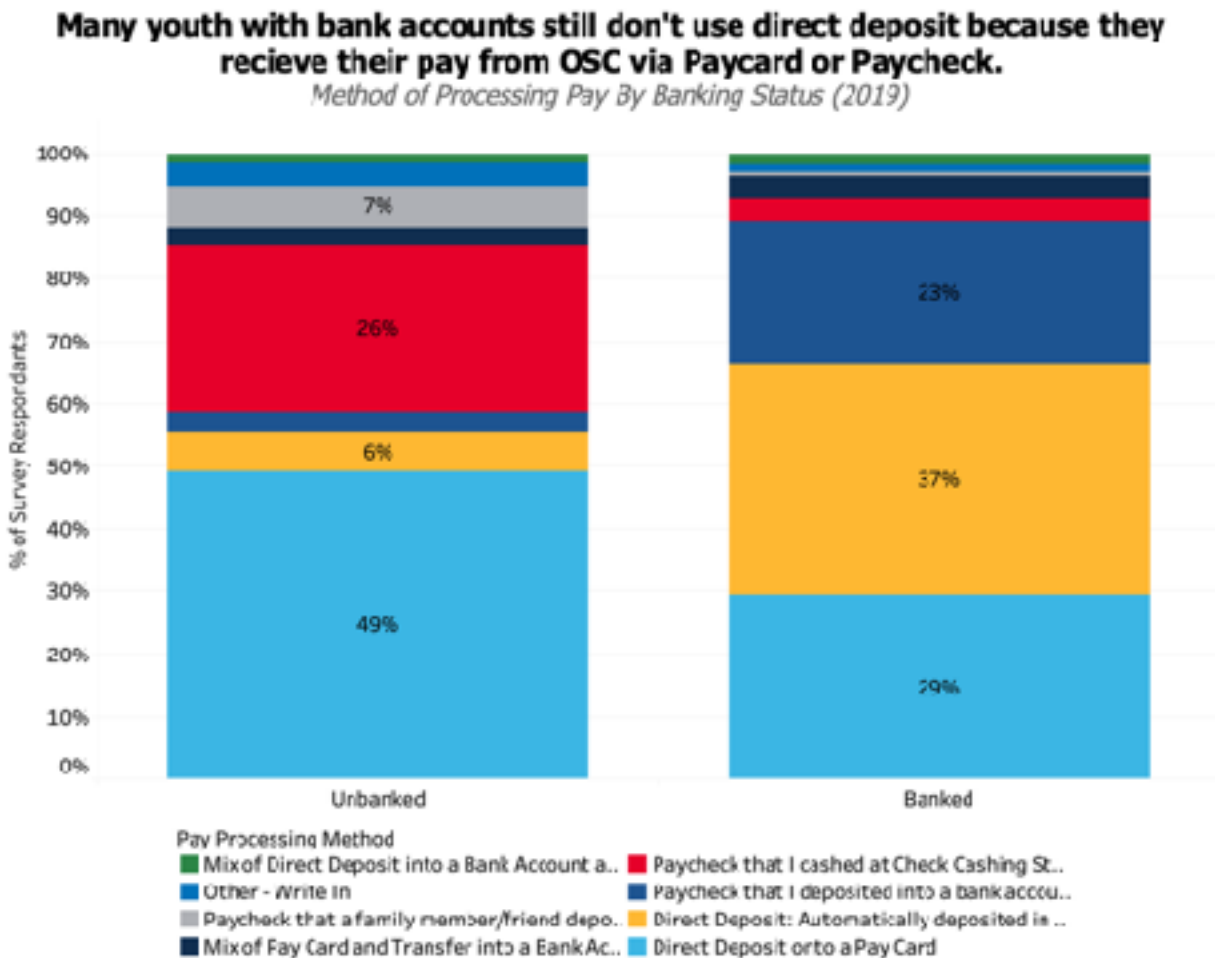


Appendix 5: Distribution of physical bank locations by neighborhood (2019).

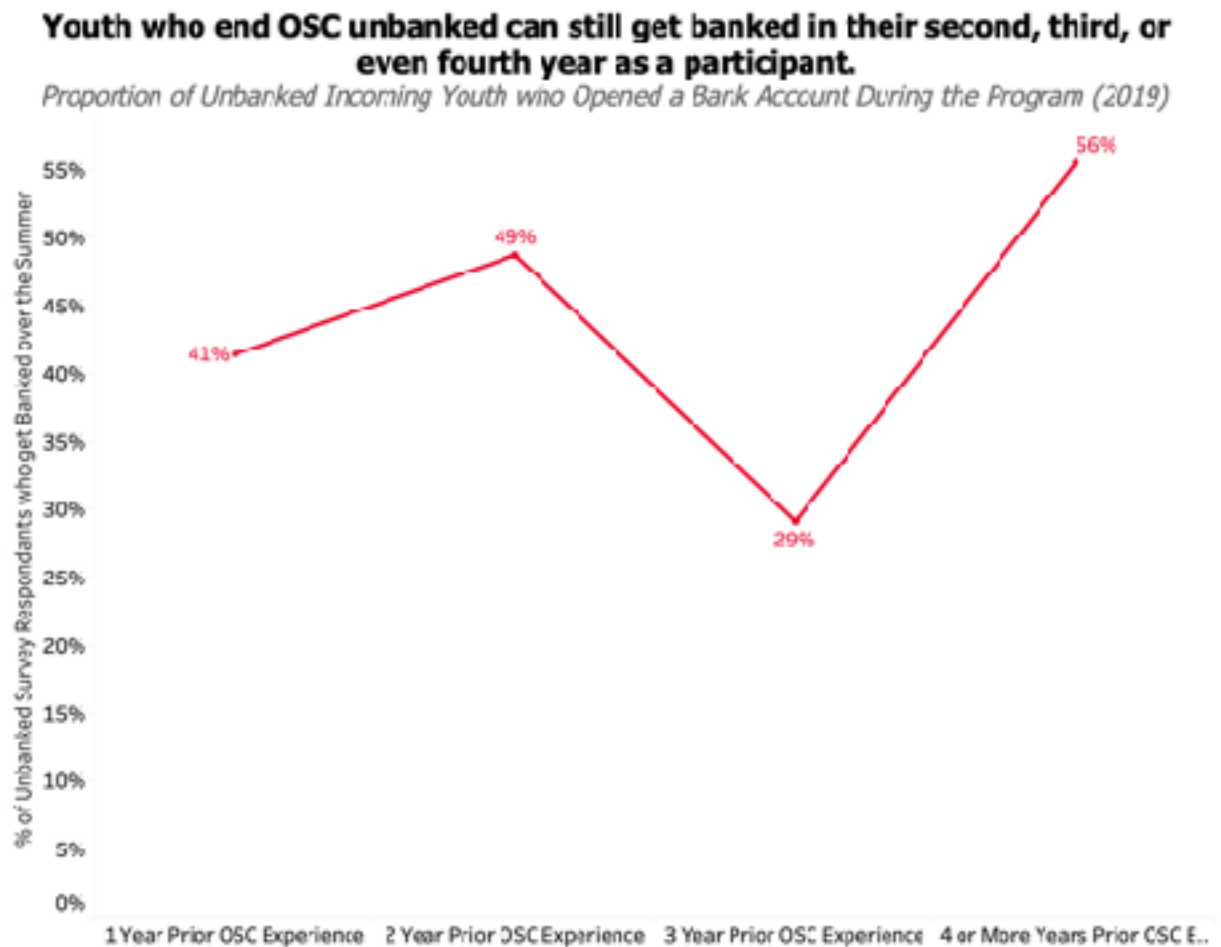
Ratio of population to bank presence varies immensely by community area. In some communities, Chicagoans live in "bank deserts."
Banks in Chicago as of September, 2019



Appendix 6: Breakdown of how youth process their pay, showing that even if banked, youth often default to the method of their payroll processor.



Appendix 7: Proportion of prior OSC-DFSS participants who get banked in OSC over time.



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