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Round II: US Household Finance Initiative Kicks off Second Round of IPA Ford Financial Products Innovation Fund

On July 26, 2013, Innovations for Poverty Action (IPA)'s [Financial Products Innovation Fund Working Group](#) convened its second meeting in New York City. This meeting brought together researchers, financial institutions, policymakers, funders, and intermediaries to discuss the first round of IPA's Financial Products Innovation Fund, plans for the next round of the Fund, and innovative financial product development opportunities.

The Financial Products Innovation Fund and Working Group was formed as a joint effort between IPA's [US Household Finance Initiative \(USHFI\)](#) and the [Ford Foundation](#) in 2011 to support research and development of new and innovative financial products targeting low- and moderate-income households in the United States.

Two years and seven product pilots later, we are building on the research and development that has been done to look forward to a new round of the Fund. The objective of the Fund's institutionalized pipeline for incorporating behavioral economics into financial product design is to ultimately scale more financial products with proven impact, thus building secure financial futures for American households.

At the Fund's second working group meeting last week, Professor [Jonathan Zinman](#) (Scientific Director, IPA US Household Finance Initiative) presented [Behavioral 101: Latest Trends in Behavioral Economics & US Household Finance](#), outlining cognitive biases in terms of symptoms, diagnoses, and treatments. Grantees that were able to join us at the Working Group meeting - [Jeannine Esposito](#) ([Self-Help/Community Trust Prospera](#)), [Joe Coleman](#) ([RiteCheck](#)), [Justine Zinkin](#) ([Neighborhood Trust](#)), [Karen Smith](#) ([Montana Credit Unions for Community Development](#)) - presented [Financial Products Innovation Fund Round I: Lessons Learned](#), on take-up, usage, and scalability of their product pilots, as well as lessons learned on product design and operationalizing roll-out.

Prof. Zinman and [Jeremy Burke](#) ([RAND Corporation](#)) then gave pitches for innovative new

product ideas. Jonathan Zinman presented on “Shockumentation,” small dollar credit products that earmark loan funds for particular purposes. Prof. Zinman also presented on autopilot refinancing for liability management.

Finally, we conducted a facilitated exercise on challenges and opportunities in savings accumulation, appropriate credit access, and debt reduction. We are now conducting a brief follow-up survey with participants to determine which of the product ideas were found to be most promising – stay tuned.

In the second round of the FPIF, four new financial products will be granted seed funding for year-long pilot-testing and two pre-tested financial products will be rigorously evaluated via randomized controlled trial. IPA is excited to incorporate new researchers and an expanded set of implementing partners – from credit unions to larger financial institutions to technology start-ups – in the next round of the Fund. We are also excited to build on lessons from implementing the Fund itself to offer the next round of grantees more opportunities for shared learning throughout the Fund, as well as varied types of mentorship, including expert product design guidance. Look out for the Request for Proposals for new innovative product pilots next week!

Update: The Financial Products Innovation Fund II Request for Proposals is now open: www.poverty-action.org/ushouseholdfinance/requestforproposals
Proposals are due October 14, 2013

August 01, 2013