

*Promoting*

# FINANCIAL HEALTH

JPMORGAN CHASE & CO.



# THE FACTS *about* FINANCIAL HEALTH

# WHY *it* MATTERS

Too many people around the world lack the tools and resources to manage their daily financial lives, weather unexpected emergencies or plan for the future. This is not a problem limited to low-income households.

Research from the JPMorgan Chase Institute found that households across the income spectrum struggle to manage big swings in how much they earn and spend each month, as well as how to absorb the financial shock of unplanned expenses.

As a result, many individuals and families are forced to rely on payday loans, check cashing outlets, pawnshops and other alternative financial services. These services are riskier and often more expensive than mainstream banking products, costing thousands of dollars in interest and fees each year and only multiplying financial stress.

- **57% of Americans** are financially unhealthy, meaning they struggle with challenges such as too much debt, too little savings or erratic income.<sup>1</sup>
- **1 in 3 American families** has no formal savings.<sup>2</sup>
- **44% of Americans** say they would struggle to cover an unexpected \$400 expense.<sup>3</sup>
- **More than 2 billion people** throughout Africa, Asia, Latin America and the Middle East lack any formal savings.<sup>4</sup>
- **71% of children** born to high-saving, low-income parents move up from the bottom income quartile over a generation.<sup>5</sup>



JPMorgan Chase is committed to promoting financial health because we know it is the foundation on which strong and resilient households, communities and economies are built. Improving financial health helps individuals start and expand businesses, invest in education, purchase homes and plan for retirement. It also supports more secure, inclusive economies. In short, promoting financial health is good for our customers, communities and the broader economy – as well as for our firm.

*“At Chase, we are committed to helping customers make the most of their money. This includes offering high-quality, affordable products and services that promote financial health.*

*By providing our customers with solutions for managing their daily finances and achieving their long-term goals, we are helping support families, strengthen communities and ensure the continued success of our bank.”*

Thasunda Duckett,  
Chief Executive Officer,  
Chase Consumer Banking



*Promoting financial health means ensuring individuals have the tools, skills and confidence to manage daily finances, withstand unexpected emergencies and meet long-term goals.*

**Sources**

1. Center for Financial Services Innovation, "Understanding and Improving Consumer Financial Health in America," March 2015
2. The Pew Charitable Trusts, "Americans' Financial Security: Perception and Reality," March 2015
3. Board of Governors of the Federal Reserve System, "Report on the Economic Well-Being of U.S. Households in 2016," May 2017
4. Alberto Chaia, Tony Goland and Robert Schiff, "Counting the World's Unbanked," McKinsey & Company Financial Services, *McKinsey Quarterly*, March 2010
5. Reid Cramer, Rourke O'Brien, Daniel Cooper and Maria Luengo-Prado, "A Penny Saved Is Mobility Earned: Advancing Economic Mobility Through Savings," Economic Mobility Project, An Initiative of the Pew Charitable Trust, November 2009

# DEVELOPING *and* SHARING INSIGHTS INTO *the* NEEDS of CONSUMERS



Before we can solve a problem, we must understand the root causes. JPMorgan Chase leverages its unique data, expertise and market access to develop insights into the financial lives of consumers. These insights enable leaders across sectors to develop better policy, design improved products and spark innovation.

Through the JPMorgan Chase Institute, we are analyzing anonymized transactions from the nearly 50 million American households that are Chase customers to inform our firm's efforts to promote financial health. We are also publicly sharing these data-rich analyses of consumer financial behavior to help policymakers, business and nonprofit leaders and individuals advance their efforts.

Research by the Institute has provided deep insight into the magnitude, sources and impacts of income and spending volatility. Notably, it revealed that Americans experience tremendous fluctuation in how much they earn and spend from one month to the next. However, the typical U.S. household does not have the necessary financial buffer to withstand such swings.

Institute research has also provided an unprecedented look at the impact of the Online Platform Economy, the role of unemployment insurance, how consumers' expenses vary and how their financial behavior changes when faced with extraordinary medical and other payments, and more.

By enhancing our understanding of the financial challenges and opportunities consumers face, we can develop effective solutions.

## OFFERING AFFORDABLE, INNOVATIVE PRODUCTS *and* RESOURCES

*JPMorgan Chase develops and brings to market affordable, innovative financial products and services designed to meet consumers' needs and support their financial health. For example:*

**DreaMaker®** is a mortgage product Chase introduced to make homeownership more accessible, including for those with low and moderate incomes, by offering as little as 3 percent down payment. In addition, we launched a grant program for low- to moderate-income customers and an incentive offering for customers who choose to take homebuyer education. These programs help customers reduce upfront costs, including down payment and closing costs, and lower their monthly payments.

**Chase Liquid®** is a reloadable, prepaid card with a flat monthly fee, no overdraft fees, robust transaction capabilities and online bill pay. Since its launch in 2012, Chase Liquid has helped more than a million people gain access to mainstream banking. As of December 2016, nearly 80 percent of Chase Liquid customers were new to Chase, and we estimate that half of those had never used traditional banking services, did not have a current bank account or were otherwise underbanked prior to opening their Chase Liquid Card.

**Chase Slate®** credit card customers can enroll in the Slate Credit Dashboard, which provides a monthly credit score, information on factors impacting the score, a summary of their Experian credit report and tips for managing credit health. Following the success of Credit Dashboard – more than 3.7 million customers have enrolled to date – we launched **Credit Journey™**, a similar service available for free to all consumers.

### Harnessing Technology to Improve Financial Health

Technology offers tremendous potential to expand access to safe, affordable financial products and services for consumers across a range of incomes, languages and geographies.

**The Financial Solutions Lab (FinLab)**, managed by the Center for Financial Services Innovation with JPMorgan Chase, is supporting technology-based innovations to improve financial lives. FinLab holds an annual competition to identify, test and scale products and

services that address the needs of low- and moderate-income Americans. The Catalyst Fund, an initiative of Bankable Frontier Associates and the Gates Foundation and supported by JPMorgan Chase, supports breakthrough technology solutions globally to promote financial health in underserved communities.

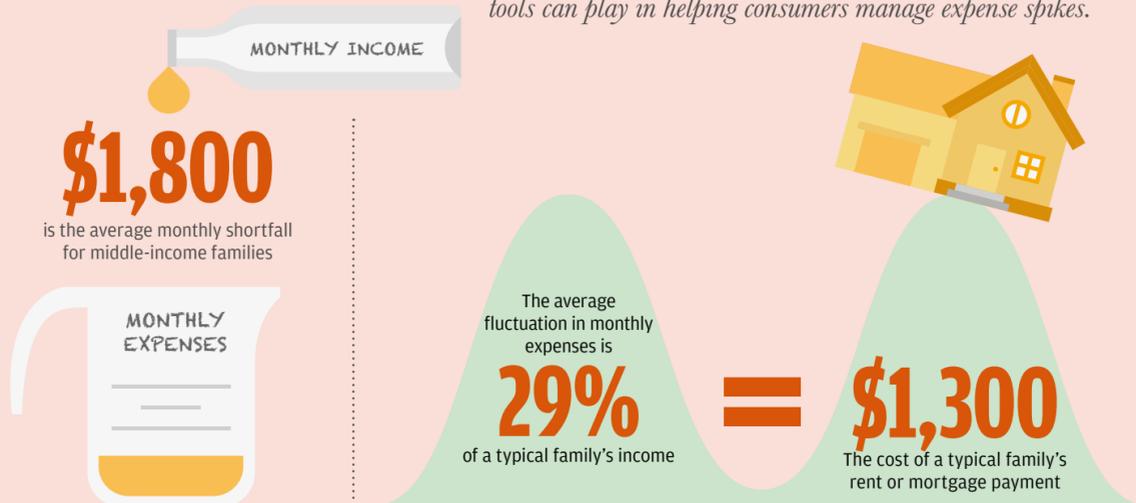
These initiatives help us identify the next generation of technology products that can promote the financial well-being of low-income consumers globally.



Financial Solutions Lab winners are helping nearly 2 million Americans improve their financial health.

JPMORGAN CHASE & CO.  
INSTITUTE

*These findings from the Institute's research highlight the critical role that emergency savings and other innovative tools can play in helping consumers manage expense spikes.*



**40%**

of families are hit with extraordinary payments related to medical services, auto repair or taxes in any given year...



...and it's taking them over **1 YEAR** to recover from major medical expenses



# SUPPORTING NONPROFITS *to* DELIVER FINANCIAL COACHING *and* ADDITIONAL SUPPORT *to* LOW-INCOME CONSUMERS

Nonprofit organizations play a critical role in serving the most vulnerable populations and testing new models to help low-income individuals improve their financial health. Since 2014, JPMorgan Chase has committed more than \$100 million to over 500 organizations that have collectively helped at least 2.4 million people across 11 countries improve their financial well-being.

Our support provides essential seed money for nonprofits' early stage ideas, helps scale the models that prove effective and enhances our community partners' organizational capacity and reach. For example, through a grant to the Cities for Financial Empowerment Fund, JPMorgan Chase helped expand Bank On, a national effort that brings together banks, consumer groups and government agencies to ensure everyone has access to a safe and affordable bank account.

“*MyPath's tested models support youth in building their financial capability and unlocking their economic potential. JPMorgan Chase's support has been nothing short of groundbreaking for MyPath as we build our infrastructure and capacity, and we are grateful to the company for partnering with us to build these pathways to economic mobility in more cities across the country.*”

Margaret Libby, Executive Director, MyPath

In addition, our firm has dedicated programs to help build the capacity of nonprofit partners involved in advocacy, thought leadership and services related to low- and moderate-income communities, communities of color and people with disabilities.

Partnering with nonprofit organizations also provides our firm with important strategic intelligence and insights about the needs of low-income consumers, which in turn inform our firm-wide efforts to promote financial health.



## An App to Help Underserved Workers Improve Financial Health

One example of the types of products we support is WageGoal, a workplace tool to help financially underserved workers improve their financial health. It was developed through a collaboration between the nonprofit Neighborhood Trust Financial Partners and the fintech company FlexWage Solutions. The WageGoal application tracks users' cash flows and provides guidance so that they work toward their financial goals by better managing the timing of income and expenses. WageGoal emerged out of Neighborhood Trust's The Employer Solution program, which provides workplace-based financial wellness services.

WageGoal (formerly called PayGoal) was selected as one of the winners of FinLab's inaugural challenge in 2015. To help the organization further expand access to its proven model of integrating financial coaching into trusted workplace services, JPMorgan Chase also provided Neighborhood Trust with a two-year, \$750,000 grant. The grant supports Neighborhood Trust's efforts to use technology to scale Trusted Advisor, its digital platform for financial coaching.

# LEVERAGING *our* EMPLOYEES' EXPERTISE

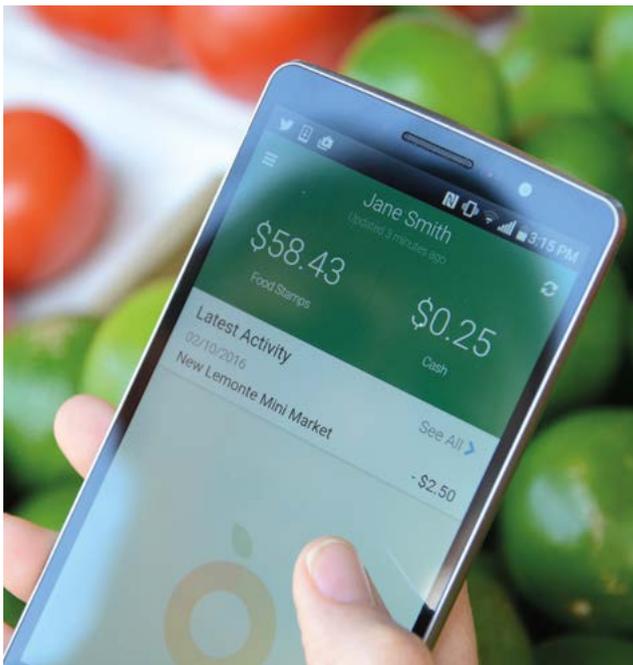
JPMorgan Chase engages our employees to help innovative social enterprises and nonprofits enhance programs that are improving the financial health of underserved communities. Through both structured consulting projects and ad hoc engagement, our employees put their talent and expertise to work to mentor and advise these partners on topics such as business strategy, product development and human resource management. Our employees also deliver and test financial education programs for vulnerable populations.

Through the Financial Health Corps, our employees mentor and advise nonprofits and other partners working to improve financial health, deliver and test financial education programs and participate in other skills-based volunteering projects to promote financial health among vulnerable populations. In addition, as part of our Force for Good program – through which our employees build technological solutions for nonprofits – JPMorgan Chase technologists have completed projects for organizations focused on financial health, such as Cities for Financial Empowerment and MyPath.

## PUTTING THE TALENT OF OUR PEOPLE *to WORK for* FINLAB WINNERS

The capital that FinLab winners receive is important, but they also get access to something as or more valuable – our people's expertise. Each winner is paired with a team of JPMorgan Chase employees to provide them with guidance and support as they develop technology-enabled products and services to help individuals improve their financial health.

Mentors from the firm work closely with the entrepreneurs to provide tailored advice on strategy, product implementation and tactical challenges such as customer acquisition. To date, more than 100 JPMorgan Chase employees have volunteered their expertise and leveraged their networks to help FinLab winners improve and scale their products.



Propel's technology empowers food stamp recipients to manage their benefits and improve their financial health.

“

*It was JPMorgan Chase mentorship that set Propel on a new course. We'd been founded less than a year earlier and didn't have funding or connections or the know-how to expand, but we knew we wanted to make an impact at a larger scale. We met with executives at JPMorgan Chase who knew our space well. I'd credit the shift to our current business model to that moment.”*

Jimmy Chen, Founder and CEO, Propel

Learn more about how JPMorgan Chase is promoting financial health at <https://www.jpmorganchase.com/financialhealth>