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Learnings from Piloting Collective Emergency Savings

Commonwealth's Collective Emergency Savings (CES) work explores an innovative approach to building short-term savings as a group and builds on a tested savings tool, [Rotating Savings and Credit Associations \(ROSCAs\)](#). In CES, a group saves together to build an emergency fund: the pooled savings are held in a joint account until a member requests a disbursement (which may be greater than the amount that they have individually saved) in the case of an emergency.

The hypothesis guiding the CES framework is built on two components:

- *Social support*: The social contract of saving with a group will motivate users to start saving and to keep saving.
- *Access*: The pooled account will help savers feel more prepared for unexpected emergencies, and if an emergency arises, users will have access to a larger reserve to manage the emergency.

From December 2019 to January 2021, Commonwealth tested this model in a small pilot experiment with Esusu, finding that the structure and community helped group members save more funds more consistently, as detailed in the full report on this study, [Collective Savings: The Power of Social Support in Building Emergency Savings](#).

In 2022, through BlackRock's Emergency Savings Initiative, Commonwealth partnered with QUBER, a Canadian financial technology company that had recently transitioned into the U.S. market, to test the CES framework at a larger scale. While a test launched in Fall 2022, uptake numbers were low, and in early 2023, Commonwealth and QUBER decided to suspend work on the pilot and reflect on lessons learned thus far.

For fintechs or nonprofits interested in pursuing work around collective savings, we offer the following recommendations, explained in greater detail below:

- **Build on the desired accountability and shared goal aspects of collective savings.**
- **Offer additional incentives or value-adds for CES participants.**
- **Consider additional business opportunities related to the concept.**
- **Explore ways to build trust in a new platform, a new premise, and among group members.**

Methodology

TESTING COLLECTIVE EMERGENCY SAVINGS WITH QUBER

To test the CES concept at greater scale, Commonwealth partnered with QUBER to adapt their existing mobile app to the unique structure of the CES model. Since the QUBER app already incorporated a number of incentivized savings challenges, CES was designed to fit into the app as another type of challenge that users could opt into. The CES model was adapted to the QUBER platform, influenced by design and legal restrictions, as follows:

- One group member was designated as the “captain,” responsible for recruiting other group members and initially deciding what amount each member would save monthly into the pooled fund, the date of transfer, and length of the group’s challenge.
- If a group member experienced an emergency and/or wanted to make a withdrawal, they could request funds from the group total (greater than the amount that they had individually saved, if desired); the group would vote on the request and the captain would manually input the withdrawal amount if approved.
- The group would decide amongst themselves if there were expectations of repayment of the released funds or not; if withdrawals were made during the savings period, there was no guarantee that every member would ultimately receive the exact total that they had individually saved.

To recruit captains for the pilot, Commonwealth partnered with several organizations that served the demographics we were focusing on: people living on low to moderate incomes with race and gender diversity. Despite high expressed interest in the initial screener survey (500+ responses), there was very low uptake among invited captains: of the 185 people that qualified based on their screener responses, only 8% downloaded the app, and fewer invited members to their group. Below, we outline some of the likely factors contributing to the low onboarding and group formation rate.

Learnings from Pilot

Commonwealth and QUBER’s collaboration to design a CES challenge and recruit participants led to several key takeaways that can be drawn on for future work. In addition to each team’s reflections, Commonwealth conducted brief interviews with eight captains who had created an account in the app and had begun the process of onboarding.



BANKING & LEGAL

Due to the legal complexity of a shared group account with pooled CES funds, all group members saved into individual accounts that only appeared pooled on the front end of the app. For each person to open their account, QUBER’s banking partner required “Know Your Consumer” (KYC) information, meaning a social security number or ITIN was required. This presented an extra barrier for some users as their KYC failed to authenticate, or they did not trust entering such personal information into an app they were unfamiliar with.



TRUST

QUBER had recently entered the U.S. market before the launch of our pilot, therefore trust/familiarity was not built before we onboarded captains into the app. When encountering issues with bank connections in the app, or failures to pass the KYC process, participants tended to stop the onboarding process, with the trust/familiarity barrier causing more dropoff than initially expected.



CONCEPT

In captain interviews, we heard that many participants were indifferent toward the pooled savings and associated withdrawal features. They were interested in saving with friends or family, but many said that they wanted this pool of savings to be locked away or put toward a specific goal rather than potentially used for an emergency. Further work could investigate what about the CES concept is most or least important to prospective users, and design for these aspects in future iterations.



GROUP FORMATION

In interviews, we heard that it was challenging for captains to form groups and recruit members, despite generally having in mind who they would like to save with. More hands-on support may have been needed to help captains form groups within their community and talk to prospective members about financial matters. Ultimately, no complete group was formed and launched in the several months before the pilot was paused.

Recommendations for Future Collective Emergency Savings Research

Considering the aforementioned learnings from this pilot, we see four potential focus areas for future research and/or testing on the collective savings concept:

1. Build on the desired accountability and shared goal aspects of collective savings.

In our survey, 75% of people were interested in collective savings, with 29% wanting accountability regarding saving and 26% wanting to support others. Clearly collective savings has an appeal; however, based on our interviews with participants, it remains to be seen if the gifting/withdrawal option is one of the most important features. A different intended use of the collective savings concept would likely have different design implications for future iterations, and thus is important to understand before further work.

2. Offer additional incentives or value-adds to participation.

Participants expressed that there was not enough of a benefit from the CES concept alone in order to want to participate. [Credit building](#), earning interest on deposits, or receiving a guaranteed disbursement (as in a traditional savings circle) could provide additional value and encourage participation, particularly if users do not see themselves needing to take a withdrawal from pooled savings for an emergency.

3. Consider additional business opportunities related to the concept.

Another use case for the pooled collective savings fund could be as backing for a personal loan to a group member (from a financial institution): in this way, the onus is not on other group members to financially support a person if they experience an emergency, but their combined funds could help the person to qualify for a personal loan. Commonwealth's [past work](#) with Hebrew Free Loan Society highlighted the positive impact of no- or low-interest personal loans.

4. Explore ways to build trust in a new platform, a new premise, and among group members.

Trust is the most important factor when it comes to collective savings, and the demographic group we targeted for this pilot is [acutely aware of the potential risks of scams or false claims](#), and may understandably have less trust in the financial system than others. Platforms that want to engage in collective savings can emphasize partnerships with their trusted entities, share positive media pieces from reputable sources, and explore marketing campaigns to build name recognition.

Conclusion

We heard strong expressed interest in the concept of CES in our recent screener survey and during the Esusu experiment, in which 93% of participants saved regularly with their group. However, social, technical, legal and trust barriers remain in order to implement the concept at scale. Future work can build on these learnings to build trust in the premise and explore further uses for collective savings and social accountability and motivation for saving towards shared goals.

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Commonwealth is a national nonprofit building financial security and opportunity for financially vulnerable people through innovation and partnerships. Black, Latinx, and women-led households disproportionately experience financial insecurity due in large part to longstanding, systemic racism and gender discrimination. Addressing these issues is critical to Commonwealth's work of making wealth possible for all. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling over over 2 million people to save nearly \$8 billion in savings. Commonwealth understands that broad changes require market players to act. That's why we collaborate with consumers, the financial services industry, employers, policymakers, and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.



QUBER is a fun and engaging financial wellness benefit that reduces the financial stress workers of all income levels are facing. With QUBER, employers help their employees build an emergency fund, save for tuition, pay off credit card debt, or save for a unique travel experience through a tailored match-based savings program. Employees feel a strong level of connection and gratitude towards their employer and build the lifelong habit of saving money. With a focus on short-term savings, and an emphasis on emergency savings, your employees are much less likely to dip into their retirement savings when the unexpected happens. www.qubersavings.com

A black rectangular box with white text that reads "BlackRock's Emergency Savings Initiative".

**BlackRock's
Emergency
Savings
Initiative**

BlackRock announced a \$50 million philanthropic commitment to help millions of people living on low to moderate incomes gain access to and increase usage of proven savings strategies and tools – ultimately helping them establish an important safety net. The size and scale of the savings problem requires the knowledge and expertise of established industry experts that are recognized leaders in savings research and interventions on an individual and corporate level. Led by its Social Impact team, BlackRock is partnering with innovative industry experts Common Cents Lab, Commonwealth, and the Financial Health Network to give the initiative a comprehensive and multilayered approach to address the savings crisis. Learn more at www.savingsproject.org.