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Accion Texas Inc. Selected to Participate in National Behavior Economics Project

The Behavioral Economics Technical Assistance (BETA) Project seeks to improve effectiveness and reach of products and services that help people increase their financial stability

FOR IMMEDIATE RELEASE

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SAN ANTONIO – Accion Texas Inc. – the nation’s largest microlender – has been chosen to participate in a national project to help Americans build assets and create financial stability.

The Corporation for Enterprise Development, ([CFED](#)), [ideas42](#) and the [Citi Foundation](#) this week announced that Accion Texas Inc. is one of three partner organizations selected to conduct the Behavioral Economics Technical Assistance (BETA) Project.

Chosen from a field of nearly 100 highly competitive proposals, San Antonio-based Accion Texas will join Neighborhood Trust Financial Partners in New York and Cleveland Housing Network in Ohio as pilot organizations in the new project, which will use behavioral economics theory – the study of how people make financial choices – to improve the effectiveness and reach of products and services that enable people to improve and stabilize their financial lives.

Accion hopes to help underbanked borrowers improve loan repayment rates so they can build or improve their credit and move up the asset-building chain. (“Underbanked” defines individuals who use few traditional financial services such as credit cards and checking accounts. The underbanked often purchase money orders, utilize check-cashing services, and pay bills in cash.)

Accion recently conducted an analysis of its customer portfolio, discovering that when individuals with credit scores lower than 522 open separate personal and business checking accounts, they almost double the probability that they will fully repay their loans – as compared to individuals who have one checking account or no bank account.

“Our participation in this project is a perfect fit,” said Accion Texas President and CEO Janie Barrera. “Our mission is to help entrepreneurs succeed to such a degree that they build assets that can be left for the next generation. Being a part of this unique BETA project will help us further strengthen our mission and position us as an even stronger model for the microfinance industry at large. This is the first study of its kind and we are thrilled to be a part of it because it has such far-reaching implications for small businesses everywhere.”



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According to Barrera – who is a member of President Obama’s Advisory Council for Financial Capability – behavioral economics is the study of how people make choices – not in a simplified economic model, but in the textured and rich reality of daily life. Traditional economic models assume that people are highly rational and pursue their goals consistently, without mistakes or need for help. For example, retirement planning, under the traditional economic model, simply involves a household calculating the funds needed for retirement and then reducing consumption to meet the savings goal. But many national studies have demonstrated that Americans consistently under-save and are often unprepared for retirement.

“Our goal is to greatly improve that outcome,” Barrera said.

CFED and ideas42 experts will work collaboratively with the three selected organizations to design a behavioral intervention using an understanding of the program's context, processes, goals and barriers. The intervention may involve adding, changing or taking away from current processes. The BETA Project team will then evaluate the intervention and share findings with the broader field through blogs, webinars, publications and conference presentations.

To learn more about the BETA Project, go to www.cfed.org.

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About Accion Texas Inc.

Established in 1994 in San Antonio, Accion Texas Inc.’s financial and business-support services help entrepreneurs strengthen their businesses, stabilize and increase their incomes, create employment and contribute to the economic revitalization of their communities. Accion Texas Inc. has the nation’s largest microlender portfolio and is committed to providing capital to entrepreneurs who do not have access to loans from commercial sources. Since its inception, Accion has made 13,000 loans totaling \$130 million. Accion operates in eight states – Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Missouri, Tennessee and Texas. To learn more about Accion Texas, go to www.acciontexas.org.

About CFED

The Corporation for Enterprise Development (CFED) empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people. For more information about CFED, go to www.cfed.org



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About ideas42

ideas42 was established in June 2008 by Sendhil Mullainathan of Harvard University, Antoinette Schoar of the Massachusetts Institute of Technology, Simeon Djankov of the International Finance Corporation (IFC) of the World Bank Group, Eldar Shafir of Princeton University, Jeffrey Kling of the Brookings Institution, and Michael Kremer of Harvard University. ideas42 began as a Social Science Research and Development laboratory at Harvard University with the goal of using scientific insights to design innovative policies and products, both domestically and internationally. The initial sponsors were Harvard University and the IFC. ideas42 is grounded in the understanding that all good work is predicated on asking the right questions. Go to www.ideas42.org for more information.

About Citi Foundation

The Citi Foundation is committed to the economic empowerment and financial inclusion of individuals and families, particularly those in need, in the communities where we work so that they can improve their standard of living. Globally, the Citi Foundation targets its strategic giving to priority focus areas: Microfinance, Enterprise Development, Youth Education and Livelihoods, and Financial Capability and Asset Building. The Citi Foundation works with its partners in Microfinance and Enterprise Development to support environmental programs and innovations. Additional information can be found at www.citifoundation.com.