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Financial Inclusion & Citizen Participation Project: Bridging the data gap for low-income communities

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< Public Interest Technology



Financial Inclusion & Citizen Participation Project: Bridging the data gap for low-income communities

BLOG POST



Phillip Capper

By **Michelle M. Thompson**

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*A new partnership between the **Mastercard Center for Inclusive Growth** and New America Foundation works to build a comprehensive data solution for understanding the economic life and purchasing power of low- and moderate-income communities.*

How can we gain a comprehensive understanding of the economic life of low- and moderate-income communities and those experiencing disinvestment and limited growth? Middle- and upper-income communities employ a higher use of traditional financial services, electronic payments via credit/debit cards, and online banking. Given their engagement in these formal financial systems, information on the spending patterns of middle- and upper-income communities is better understood. Information on the economic life and spending power of low- and moderate-income communities is limited due to greater use of cash, the prevalence of alternative financial services providers, and the limited incentives to conduct a comprehensive analysis of market potential.

This limited view has far-reaching impacts and ultimately inhibits regional economic development, neighborhood growth, and the individual quality of life for those living in areas affected by information inequities. One particularly lacking source of information is the Census, which has limited data on low- and moderate-income communities who have traditionally been undercounted. The Census, along with private data sources, provides a powerful policymaking and budgeting tool for the government and private sector companies alike, informing their investment decisions for new building developments, retail hubs, supermarkets, and infrastructure projects. Without a holistic understanding of each neighborhood, the decisions made can further inhibit the economic growth

of low- and moderate-income communities. Neighborhood and government advocates who seek a remedy for this information inequality have not yet found a comprehensive data solution.

Building on federal, state and local public information with new data and analytic tools is critical. Part of the solution has involved public participation geographic information systems (PPGIS), a model which has been used to evaluate neighborhood health, wealth, and quality of life through a top down/bottom up model to integrate community, university, and municipal information. What studies utilizing this model lack, however, are the stories and experiences of communities that have been affected by a lack of accurate and comprehensive information. Traditionally, community voices have been collected independently through community planning advocates who describe the financial and personal impact of 'retail deserts' (including food, banking, education) by collecting oral histories or providing case studies, but this information is rarely included in analysis.

"By having a more robust view of community financial well-being and consumer demand through a “middle data” solution, citizen scientists can better assess the purchasing power and economic circumstances of at-risk communities."

The last element needed for understanding community financial power is often inaccessible to community advocates and governments alike: consumer spending insights. These insights may help integrate the above sources into a new model for better understanding the economic life of low- and moderate-income communities. By having a more robust view of community financial well-being and consumer demand through a “middle data” solution, citizen scientists (community planners with expertise in converting neighborhood knowledge into spatially-referenced data) can better assess the purchasing power and economic circumstances of at-risk communities. This, in turn, could give businesses a more accurate idea of community wealth, encouraging them to expand their services into previously untouched neighborhoods.

With a hope to contribute to the citizen scientist movement, the New America Public Interest Technology (PIT) initiative and the Mastercard Center for Inclusive Growth (MCIG) have developed a project that will examine, demonstrate, and share the findings of p3GIS, or a public & private participation geographic information system. In this model, ‘public’ will include community voices, municipal data, and national data, providing a composite neighborhood profile. ‘Private’ will include insights derived from aggregated and anonymized

transaction data that may provide a better understanding of consumer preferences, demands, and financial wellbeing.

This effort, called the Financial Inclusion & Citizen Participation (FI&CP) project, is unique in that it leverages the insight of Mastercard anonymized and aggregated transaction data to evaluate low- and moderate-income community financial health. Such data-driven findings will allow the FI&CP project to pioneer a collective research approach that utilizes all possible data sources. Results from this study may further understanding of how to address barriers to financial access, point to new needs and types of financial services, and provide innovative data streams to sufficiently predict spending behaviors and provide a more accurate picture of the economics of low- and moderate-income communities. By having a better representation of neighborhood needs, these communities may see increased investment and a wider variety of services, opening opportunities that might otherwise seem unattainable.

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