

Turning the Tide on Financial Literacy

Part 1: New Research Highlighting the Problems

Wednesday, September 20
1:00 PM – 2:00 PM EST

Housekeeping Announcements

- ✓ Webinar is being recorded.
- ✓ Slides and recording will be emailed.
- ✓ Ask questions in the Q&A pod.
- ✓ We'll get to questions at the end!

Today's Agenda

- About the ABA Foundation
- Current State of Financial Literacy and Trends
 - Guest speakers
- Panel questions
- Audience Q&A
- Turning the Tide on Financial Literacy:
Part 2 Specific Solutions for Your Bank ***October 4, 3pm EST***

Guest Speakers



Meina Bahn,
Deputy Director,
Office of Financial Education,
Consumer Financial
Protection Bureau



Billy J. Hensley, Ph.D.,
President and CEO,
National Endowment for
Financial Education®



Leigh Phillips,
President and CEO,
SaverLife

Disclaimer

This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance, or advice of the Consumer Financial Protection Bureau. Any opinions or views stated by the presenter are the presenter's own and may not represent the Bureau's views.

Turning the Tide on Financial Literacy



Consumer Financial
Protection Bureau

Background on the Bureau

Who we are



Our Mission

- Make financial markets work for consumers, responsible providers, and the economy as a whole
- Protect consumers from unfair, deceptive, or abusive acts or practices
 - Take action against companies that break the law
- Equip people with the information, steps, and tools that they need to make smart financial decisions

CFPB provides financial education and information

- People with low- to moderate-incomes
- Workers
- Native communities
- Rural populations
- Immigrants/refugees (LEP)
- Students
- Older Americans
- Servicemembers
- Justice Involved
Individuals and their families
- People with disabilities

26 million limited English proficient consumers: account access, language access, vulnerability to predatory actors & challenges to refugees and newcomers

48 million people living in south region: older, earn less than non-rural consumers, more likely to have subprime credit score, less access to digital/physical access to financial services, more likely to have medical collections on credit report (most common type of delinquency).

26 million people living in Appalachian region: high auto loan balances, higher rates of denial for mortgage, double the rates of delinquency for credit products, more likely to have medical debt collection

Older Americans: LGBTQ+ older adults are higher risk of financial exploitation & isolation, lack of family or community support, or health challenges impact financial well-being

Puerto Rico: 12% of households do not have checking/savings account, 34% use pawn, payday loan, etc in past 5 years, 22% pay credit card late fees

What is financial well-being?

Financial well-being: a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life.

Financial Capability: is the capacity, based on knowledge, skills, and access, to manage financial resources effectively

	Present	Future
Security	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
Freedom of choice	Financial freedom to make choices to enjoy life	On track to meet your financial goals



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Putting research into practice

5 principles of effective financial education

Know the individuals and families receiving services

Understand people's circumstances. Build in language access and disability access. Use the appropriate medium for the type of information. Consider culture and environment. Use plain language. Acknowledge power dynamics between the deliverer and receiver of information.

Provide actionable, relevant, and timely information

Use media and messages that reach people at the point they are taking action, or at the point they are making a decision. Reinforce the complaint process when people might be struggling.

Improve key financial skills

Encourage people to stop and take time to locate trustworthy information, comparison shop, and follow through on their decision. Help people cement skills into habits through repetition.

Build on motivation

Tap into people's existing aspirations. Use positive framing and language. Avoid triggering shame, guilt, and fear. Show how one action leads to the next action. Support and acknowledge how missteps can lead to progress.

Make it easy to make good decisions and follow-through

Make it easier to transform intention into action. Remove hassles. Break large actions into small steps.



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Current State of Financial Education

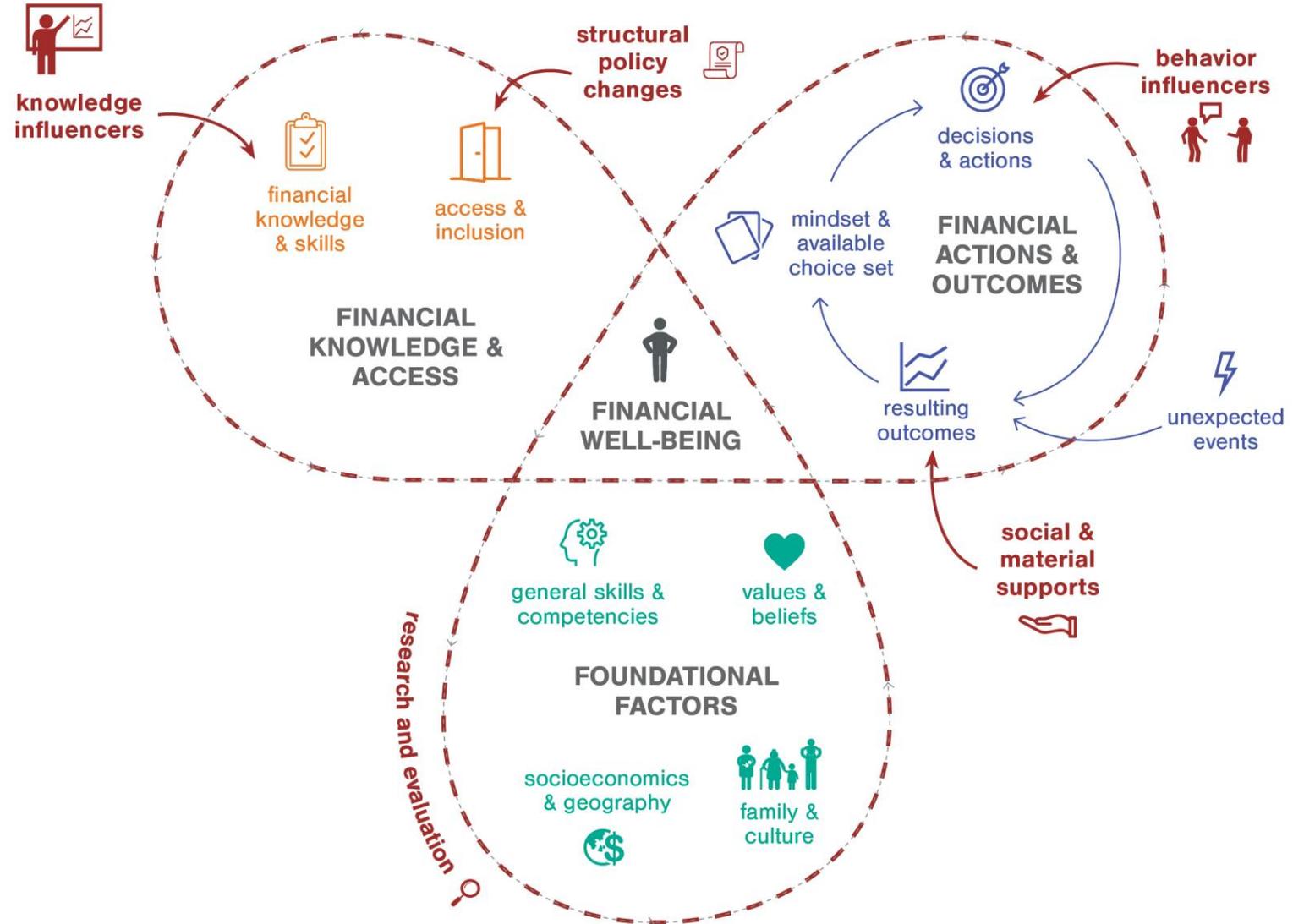
Dr. Billy Hensley
President and CEO
National Endowment for Financial Education

On Twitter: @DrBillyHensley





Personal Finance Ecosystem





Demand for K-12 Personal Finance

88% of U.S. adults said their state should require high school courses as a grad requirement.

80% said they wish they were required to complete a semester- or year-long course focused on personal finance education during high school.



Legislation Momentum

States Passing K-12 Graduation Requirements in 2023:



West Virginia



Indiana



Minnesota

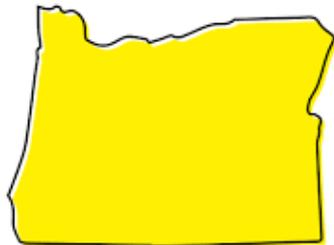


Connecticut



Louisiana

Late June Oregon Passes Legislation



Oregon

23

States Have Requirements as of Today!
Implementation is Ongoing.



Legislative Momentum

Breaking Down State K-12 Graduation Requirements:

- Stand-alone course requirement for graduation (18)
- Integrated into another course requirement for graduation (5)
- Required to offer, but not required to enroll (10)
 - Advocacy opportunity
- No requirement (17)
 - Advocacy opportunity



2022 Meta-analysis

76 independent financial education **randomized experiments** across **33 countries** and **160,000 individuals**

- Financial education interventions are **3 to 5 times** as effective in improving financial knowledge and behaviors as the previous meta-analysis on financial education programs.
- Positive effects on financial knowledge and behaviors. Results were most notable in **increasing financial knowledge** and **improving financial behavior** (i.e., budgeting, saving, and credit).
- Financial education, on average, is cost-effective. **Relatively low cost per participant** for all studies which reported this data.
- Improvements in financial knowledge are of similar size to improvements in **math and reading interventions**.



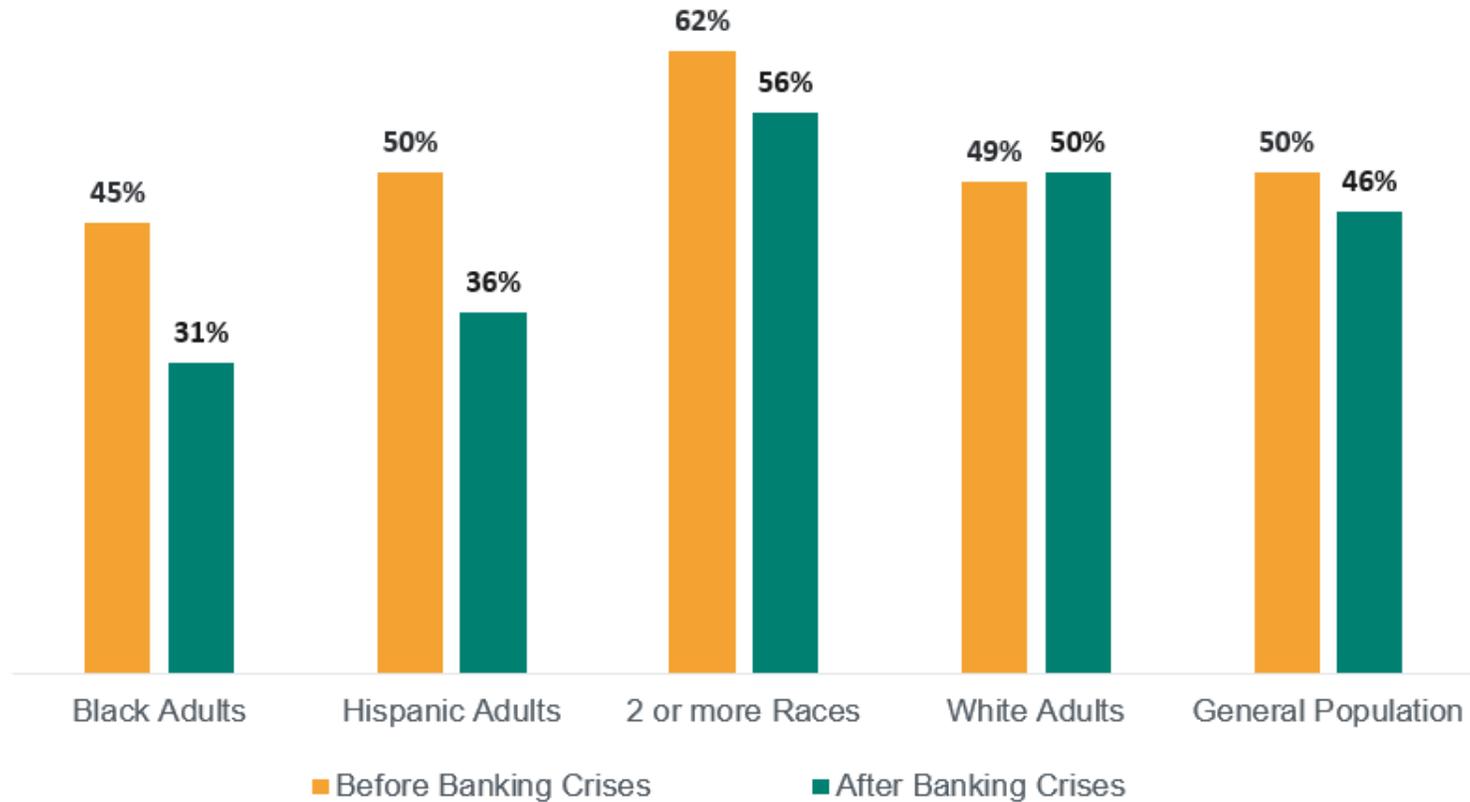
Effects of Financial Education (Grad Requirement)

- Increase likelihood students will apply for financial aid
- Increase acceptance of both grants and subsidized federal loans
- Decreases likelihood of carrying a credit card balance by **21%**
- Reduces private loan balances by between \$1,300 and \$2,400
(depending on income level)
- Higher credit scores (20+ points)
- Lower revolving debt
- Lower delinquency rates



Trust in Financial Services by Race

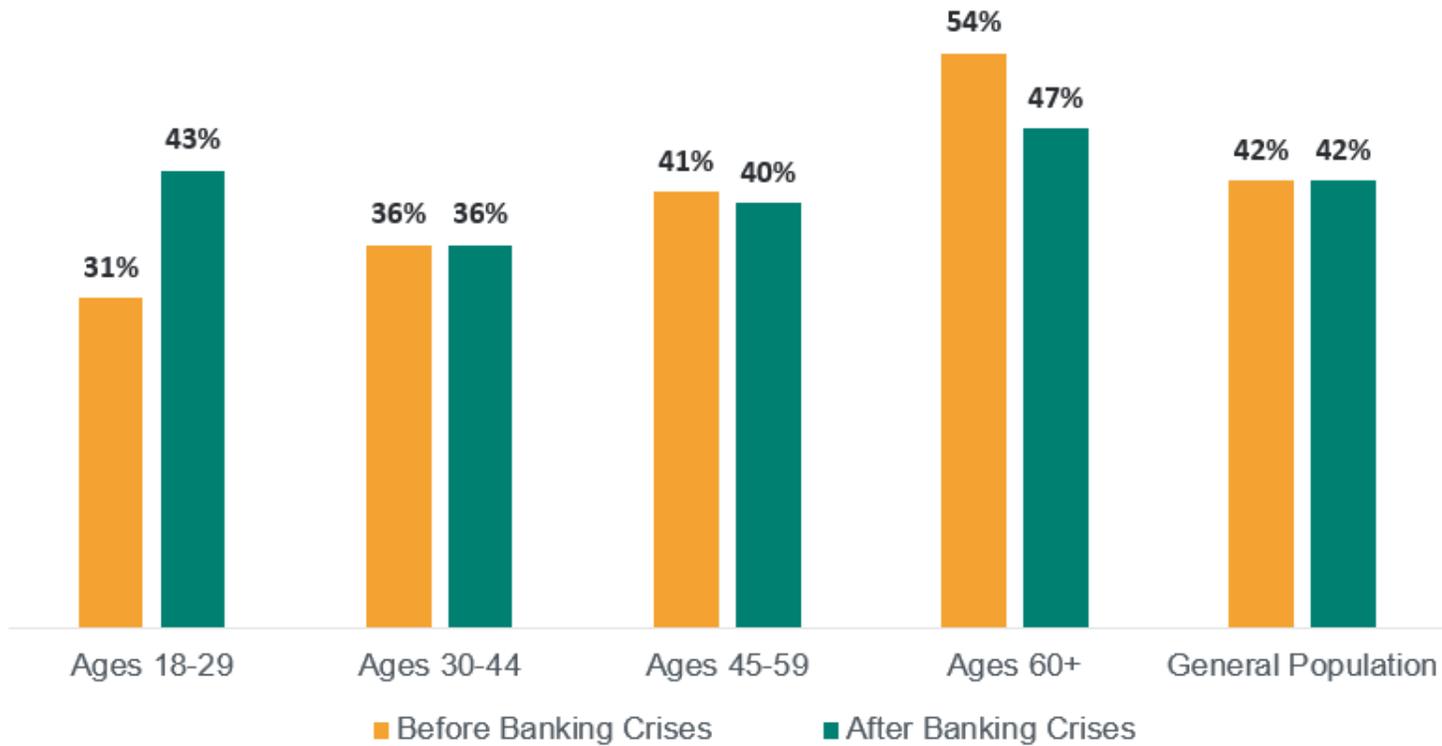
I generally trust financial institutions to act honestly and ethically.
(Percent of those who agreed.)





Confidence in Financial Services by Age Group

I am confident that existing policies and regulations protect customers of financial services institutions. *(Percent of those who agreed.)*



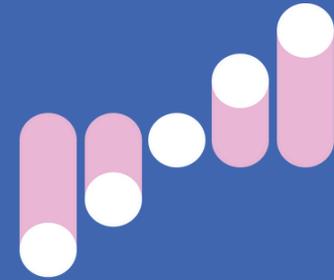


NEFE.ORG

Billy J Hensley, PhD
@DrBillyHensley

National Endowment for Financial Education
@NEFE_ORG





SaverLife[®]

A nonprofit technology and
advocacy organization

Tech-driven Impact in Financial Education

September 2023



**A national nonprofit and advocacy organization
using technology to improve the financial health
of people living on low-to-moderate incomes**

OUR MEMBERS

Our members come to SaverLife from all over the country to find the support they need to save more, build financial stability, and improve their financial health



- Our members make 80% or less than the area median income, earning between \$25,000 and \$50,000
- We have members across all 50 states
- 80% of members identify as a woman
- 60% of members identify as a person of color
- 65% of our members are single parents





OUR MEMBERS: EVERYDAY REALITIES AND CHALLENGES

Over a third of Americans don't have enough money saved to cover an unexpected expense of \$400

Inconsistent income

A slow week at work, through no fault of our members, may result in an inability to meet basic, immediate expenses.

Increased cost of living

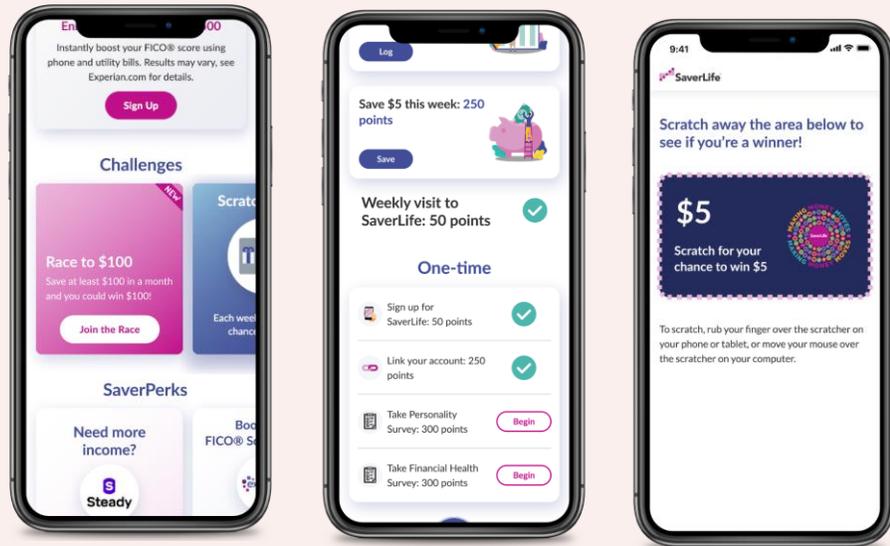
Members are spending more in major categories like housing, transportation, groceries, and childcare, limiting their ability to get ahead and stay ahead.

Credit and debt

Costs of living often exceed monthly income, causing members to take on additional debt, further exacerbating their financial instability.

A WELL-DESIGNED FINTECH PRODUCT

Financial products rarely address or take into account the everyday realities and challenges that people living on low-to-moderate incomes face in their efforts to build financial stability.



Our financial technology platform serves more than 600,000 people across the country who are living on low-to-moderate incomes. Through our app, SaverLife members gain access to five core membership experiences:

- **Financial content**
- **Savings rewards and incentives**
- **Trusted referrals for products and services**
- **Access to a supportive online community**
- **Opportunities to engage in our advocacy and policy work**



THE MEMBER EXPERIENCE: ENGAGING CONTENT WRITTEN BY EXPERTS



Finances 101 | September 07, 2023

Your Career is a Path to Financial Security

In the personal finance world, the focus is often on budgeting, mindfully controlling and cutting expenses to gain financial security. This is good, but it is only half of the equation. What's the other half? Growing your income through growing your career. Growing your income is just as important as watching your spending. It's a vital...



Budgeting | Finances 101 | September 06, 2023

How to Recognize and Overcome Emotional Spending

Have you ever had a bad day and used retail therapy to cheer yourself up? Most people have. In fact, 39% of Americans identify as emotional spenders, or people who spend more to cope with life's highs and lows, according to a study by Credit Karma. The numbers are even higher for Millennials at 52%...



Budgeting | Debt | Finances 101 | August 29, 2023

The Best Ways to Defeat Doubt and Depression Due to Debt

American household debt hit a record \$16.9 trillion at the end of 2022, according to Debt.com. And in 2022, it was estimated that just below 10% of the average American household's income went to paying down debts. Seeing these numbers, it's easy to understand why Americans feel overwhelmed by their debt. If you find yourself...



Budgeting | Finances 101 | August 24, 2023

7 Money Habits That'll Help You Stop Stressing Your Savings

Saving money is something we all know we should be doing. But it can often be hard to start and sustain a savings habit, especially if you don't know where to start or how to stay the course. And this can cause considerable unnecessary financial st...



Budgeting | Finances 101 | What's New | June 29, 2023

How to Get Ahead Paying Bills and Buying Common Household Items

Most Americans live paycheck to paycheck, according to Lending Tree. This means that many of us are putting to work all the money we earn in a month, and very little, if any, is left over. Living paycheck to paycheck can make it feel like you'll never get ahead with your finances. Living paycheck to...

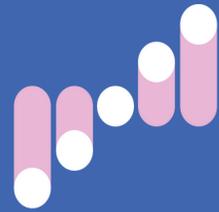


ALERT
Changes On The Way
SNAP BENEFITS
STUDENT LOAN REPAYMENTS

Debt | Education | Finances 101 | What's New | June 22, 2023

Changes Ahead: Student Loan Repayment & SNAP Benefit Updates May Impact Your Finances

You were probably inundated this spring with debt ceiling discussions on the news and social media. But what is a debt ceiling, and how does it affect your personal finances? Debt Ceiling Background Put simply, the debt ceiling is the limit of how much the US Treasury can borrow. This limit has been raised many...



SaverLife[®]

THREE RECOMMENDATIONS:
Tech-driven Impact in Financial Education

Recommendation 1: SEIZE THE MOMENT

Deliver meaningful, timely and relevant content



August 08, 2023

Gig Workers are Actually Small Business Owners & Why That Could Mean More Money for You

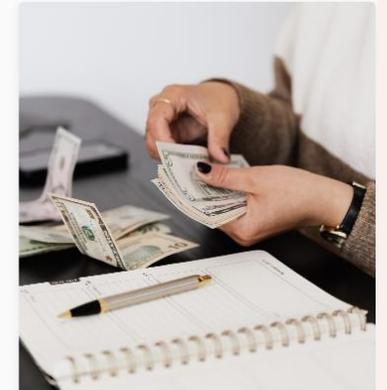
We surveyed and interviewed SaverLife members who have gigs and side hustles, and one of our key takeaways is you don't give yourself enough credit for the very meaningful work you're doing to launch businesses. It doesn't matter that your small business is not your primary source of income. You're an entrepreneur, regardless. You have...



August 04, 2023

6 Common Tax Return Errors for Self-Employed Small Business Owners & Gig Workers

Being your own boss has advantages, but often us business owners wear a lot of hats. Even if we don't do it ourselves, we need to know enough to make sure the people we hire are handling their tasks properly. There is a whole lot to know about taxes, and for the beginning business owner...



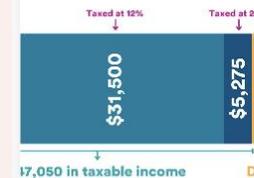
August 02, 2023

6 Small Business Bookkeeping Hacks You Can Start Today

If you've experienced a moment of panic trying to manage your new business's finances, you're not alone. Launching a small business is an exciting and stressful time, but bookkeeping doesn't have to add to the pressure. Here...

Bracket Breakdown

July 31, 2023



What Are Tax Brackets & How Do They Affect Your Money?

Don't miss the video breakdown in the "Tax Bracket Example" section below! ▼ What are tax brackets and how do they affect you? Are you curious how the IRS determines the amount of money you have to pay in income tax? Do you worry your recent raise or boost in self-employment income could leave you...



July 24, 2023

5 Often Overlooked Small Business & Gig Work Expenses You Should Write Off Every Year

Is it possible you could be writing off more as a small business owner or gig worker? These 5 often overlooked write-offs may surprise you. Note: This article is for small business owners, self-employed individuals, and gig workers who report...

Recommendation 2:

RESPECT YOUR

One size does not fit all — create value through personalization



Untangling the Personal and Professional

Microentrepreneurs' Financial Realities, Pain Points, and Aspirations



Microentrepreneurs with Low-to-Moderate Incomes are Missing Out on Tax Benefits

In the United States, tax season is the most pivotal wealth-building moment for people living with low-to-moderate incomes. Tax season could not be more important for microentrepreneurs whose tax returns are complex due to the mixture of W2 and 1099 earnings and the commingling of personal and business expenses in bank accounts.

Many microentrepreneurs lack support on accounting and tax preparation that is needed for them to maximize tax benefits and returns. While wealthier business owners pay professional tax preparers and accountants to assist with maximizing tax benefits, microentrepreneurs living with low-to-moderate incomes are leaving money on the table. Less than half of those surveyed are writing off their small business, self-employment, gig work, or side hustle expenses on their tax returns (43%).

No matter what their ambition is, microentrepreneurs are overwhelmingly missing out on significant tax benefits that could help reduce their taxes and increase their tax returns to support their personal and financial health. However, those microentrepreneurs with side hustles are significantly less likely to track, report, and write off their 1099 earnings and related expenses.

53% of SaverLife microentrepreneurs earning revenue who say their self-employment, gig work, or side hustle income and expenses are part of their personal tax returns.

Regardless of Ambition, There Are Opportunities for Microentrepreneurs to Improve Financial Health

% agree

- Small business owners or sole proprietors
- Members pursuing side hustles

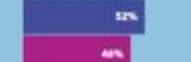
I carefully track my small business, self-employment, gig work, or side hustle expenses.



I write off small businesses, self-employment, gig work, or side hustle expenses on my tax return.



I have a checking account specifically for my small businesses, self-employment, gig work, or side hustle.



Based on 310 small business owners or sole proprietors earning revenue and 182 members pursuing side hustles and earning revenue.

Recommendation 3:

TAP INTO MOTIVATIONS

Use behavioral approaches to drive greater impact

SUPPORTIVE

Halfway through the Race to 500, we're 40% of the way to our goal of saving \$10 million. We'll make it happen but we've got work to do. Save what you can today!

EMPOWERING

They never would have thought we'd come this far: halfway through the Race to 500, we're 40% of the way to keep our goal of \$10 million. Keep saving!

COMMANDING

Halfway through the Race to 500, we're 40% of the way to our goal of \$10 million. No more messing around. It's time to save the loot!





THANK YOU

Contact:

Leigh Phillips, President and CEO

leigh@saverlife.org

Panel Questions

1. *What are some practical ways financial institutions can move the needle in improving the financial literacy of their customer and communities?*
2. *As a follow-up to the first question, how can a bank's involvement in financially educating their customer benefit them?*
3. *Individual panelist question*

Q&A



Turning the Tide on Financial Literacy

Part 2: Specific Solutions for your Bank

Guest Speakers:

Tracie Anderson, TransUnion

Lance Triggs, Operation Hope

Banker TBD

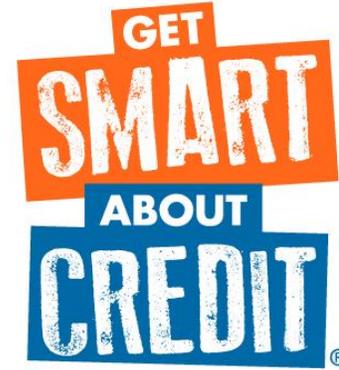
Wednesday, October 4

1:00 PM – 2:00 PM EST

Registration is open!



LIGHTS
CAMERA
SAVE!®



SAFE BANKING
FOR SENIORS®

**ABA Foundation has set a three-year, industry-wide goal:
enable 5 million Americans to access pathways to prosperity.
Join us by participating in these free programs.**

aba.com/FinEd

ABA Point of Contact



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ABA
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aba.com/Foundation

CFPB financial education resources



Consumer Financial
Protection Bureau

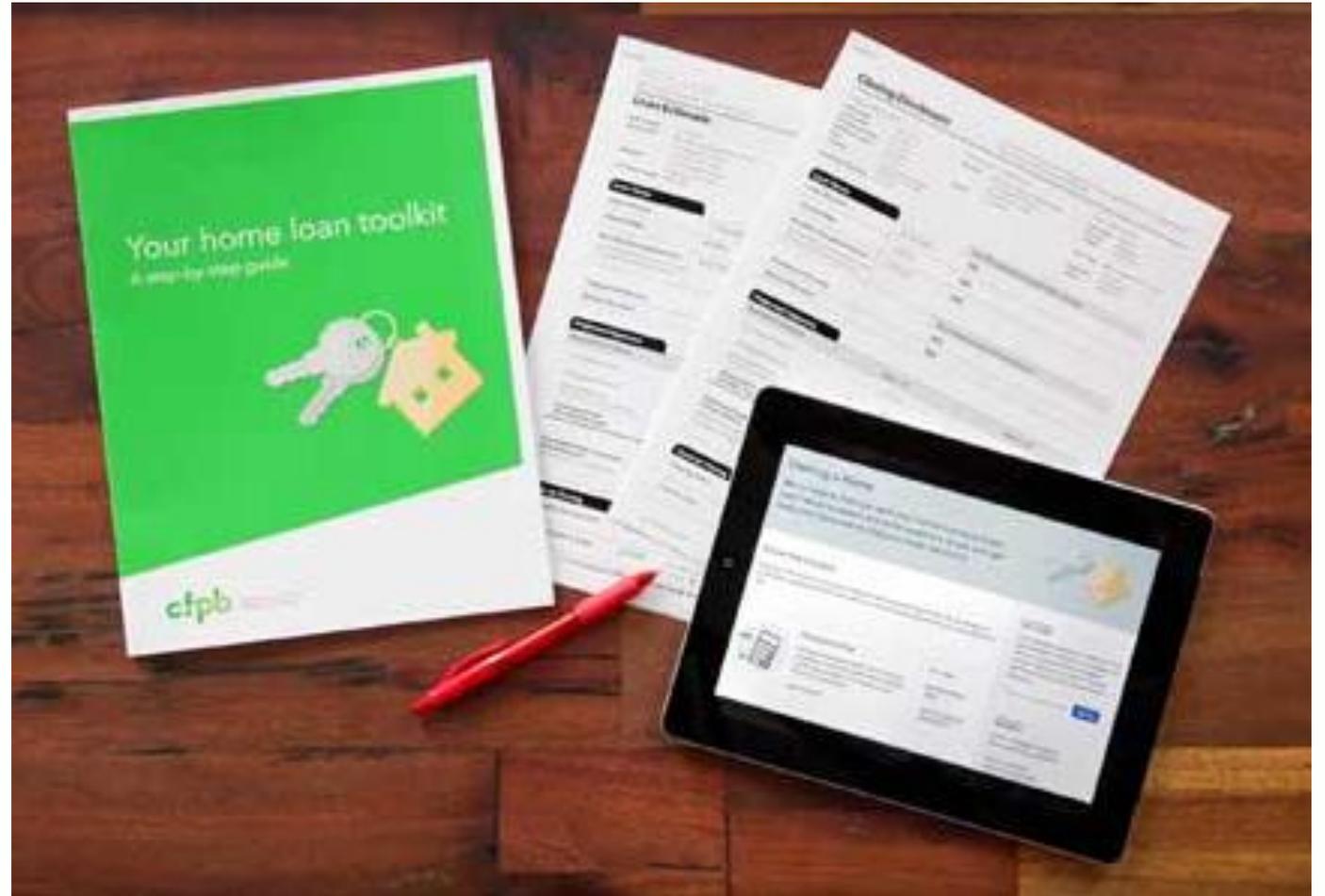
CFPB financial education resources

- The Bureau offers consumers a variety of information, tools, and programs (in multiple languages) to assist them with financial choices and other money decisions
 - [Ask CFPB](#)
 - [Buying a House](#)
 - [Rental Housing Portal](#)
 - [Planning for Retirement](#)
 - [Paying for College](#)
 - [Money as You Grow](#)
 - [Your Money, Your Goals](#)



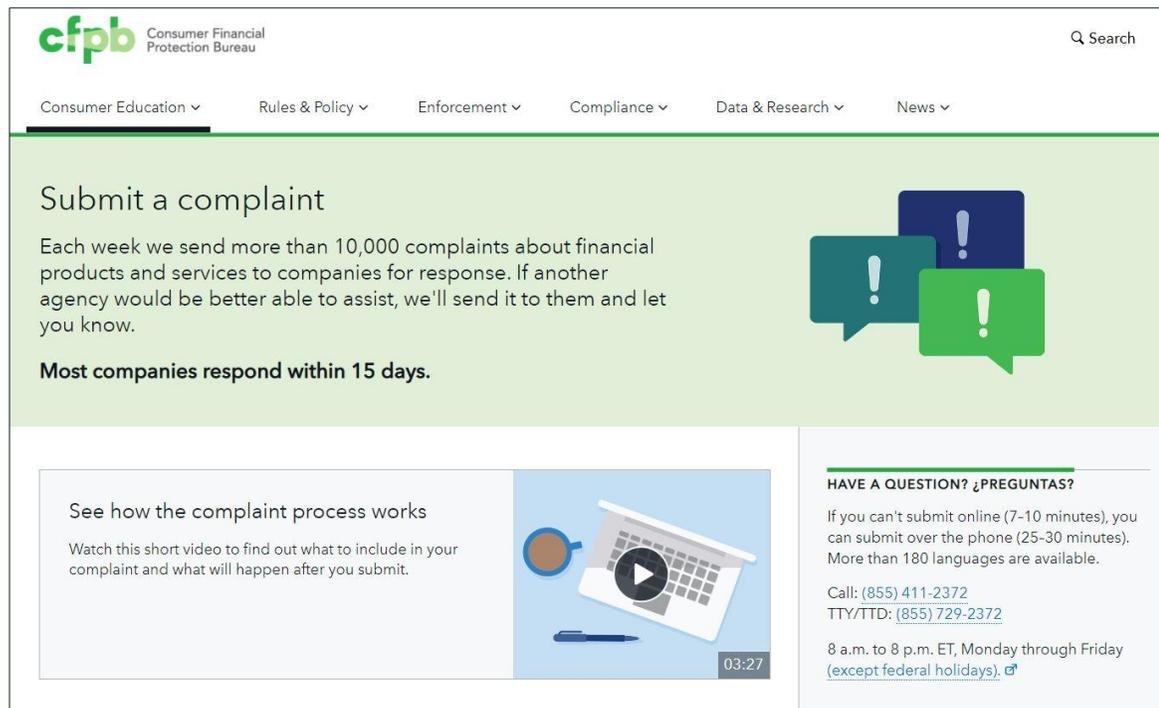
Print publications

- Printed financial education materials in English and many other languages
- Available for bulk ordering and free shipping
- Searchable by category, format, language, and more: worksheets, bookmarks, posters, handouts
- Allow three to four weeks for delivery
- consumerfinance.gov/order



How to submit a complaint

<https://www.consumerfinance.gov/complaint/>



The screenshot shows the CFPB website's 'Submit a complaint' page. At the top, there is a navigation bar with the CFPB logo and menu items: Consumer Education, Rules & Policy, Enforcement, Compliance, Data & Research, and News. A search bar is located in the top right corner. The main heading is 'Submit a complaint', followed by a paragraph explaining that over 10,000 complaints are received weekly and that the bureau will forward them to the appropriate agency. A callout states 'Most companies respond within 15 days.' Below this, there is a video player with the title 'See how the complaint process works' and a description: 'Watch this short video to find out what to include in your complaint and what will happen after you submit.' To the right of the video player is a section titled 'HAVE A QUESTION? ¿PREGUNTAS?' which provides contact information: 'Call: (855) 411-2372', 'TTY/TTD: (855) 729-2372', and '8 a.m. to 8 p.m. ET, Monday through Friday (except federal holidays)'. The video player shows a play button and a duration of 03:27.

- Submitting online usually takes less than 10 minutes
- If consumers can't submit online, they can submit a complaint over the phone. This usually takes 25-30 minutes
- (855) 411-2372
- TTY/TTD: (855) 729-2372
- 180 languages are available
- 8 a.m. to 8 p.m. ET, Monday through Friday