


- both go level

Money Smart
A financial education program




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Objectives

- To understand:
 - The mission of the FDIC
 - Why the FDIC is committed to financial education
 - Money Smart and its implementation

What is the FDIC?

- Insures deposits to at least \$100,000
- Promotes Safety and Soundness of insured financial institutions
- Regulates financial institutions for compliance with consumer laws and regulations
- Facilitates community development efforts



Why is the FDIC involved in financial education?

Reasons include:

1. To help fight predatory lending
2. To encourage financial institutions to identify untapped markets
3. To assist consumers in shaping their financial future
4. Complicated financial landscape

Why is the FDIC involved in financial education?

1. To help fight predatory lending
 - What is predatory lending?
 - Financial education as a tool to fight predatory lending

Why is the FDIC involved in financial education?

2. To encourage financial institutions to identify untapped markets
 - 28 million people are unbanked
 - 45 million people are underbanked
 - 73 million combined unbanked/underbanked

Why is the FDIC involved in financial education?

3. To assist consumers in shaping their financial future

- Key issues:
 - The high cost of being unbanked
 - Difficulty in building a credit history
 - Susceptibility to crime
 - Impact on building personal wealth

Why is the FDIC involved in financial education?

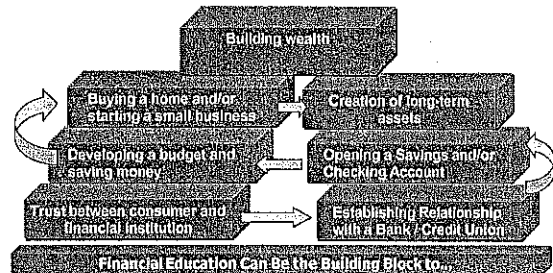
4. Complicated Financial Landscape

- Market innovations

The need for financial education

- Low personal savings rate
- 58% of households with credit cards carry balances; average balance is \$5,100
- Use of budgets
- Growth in alternative service providers
- Viability of small businesses
- Homeownership

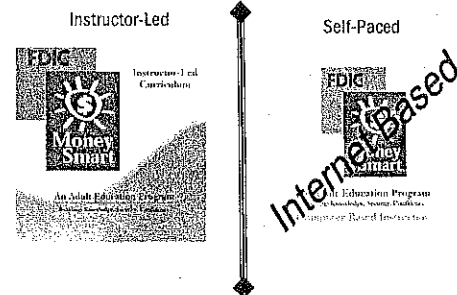
Financial education: the foundation



Money Smart

- Money Smart is FDIC's financial education curriculum
 - Over 495,000 copies have been distributed
 - Over 1 million consumers have been trained
 - Over 1,400 organizations are members of the Money Smart Alliance
- Money Smart has received recognition

Two Versions: Instructor-Led & Self-Paced



fdic.gov
-russian
-english
many language

*On CD
10 Modules
Instr Guide
Partic Guide
Handouts
Guide*

Instructor-Led Curriculum



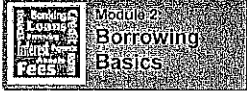



- Each module is structured identically
- Comprehensive guide for instructors
- Take-home booklet for participants
- Overheads
- Duration of each module: 1-2 hours
- Available in: English, Spanish, Chinese, Korean, Vietnamese, & Russian
- Version for the visually impaired available
- Revised as of August of 2006

Computer-Based Instruction (CBI) (Self-Paced) Curriculum



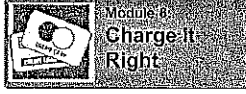

- Online or CD-ROM
- 20-30 minutes per module
- Available in English and Spanish
- Revised in 2007

*Scores
Fixed
Usage*

Money Smart modules

 Module 1 Bank on It	 Module 4 Money Matters
 Module 2 Borrowing Basics	 Module 5 Pay Yourself First
 Module 3 Check it Out	 Module 6 Keep it Safe

Money Smart modules (continued)

 Module 7 To Your Credit	 Module 9 Loan to Own
 Module 8 Charge it Right	 Module 10 Your Own Home

Train-the-Trainer

- Train-the-Trainer Video for potential Money Smart instructors
 - About half an hour overview of teaching Money Smart
 - English and Spanish
 - Viewable online or order in VHS/DVD format
- Train-the-Trainer workshops

Ten reasons Money Smart is unique

1. Easy to teach
2. Easy to learn
3. Flexible
4. Targeted to cash consumer
5. Universal appeal
6. No copyrights
7. Multiple media
8. Multiple languages
9. FDIC seal of approval
10. Free!

Coming Soon!

Money Smart for Young Adults

Modules:

1. Bank On It (banking basics)
2. Check It Out (checking accounts)
3. Money Matters (spending and money management)
4. Pay Yourself First (savings options and goals)
5. Borrowing Basics (credit fundamentals)
6. Charge It Right (credit cards)
7. Paying for College and Cars (education & auto loans)
8. A Roof Over Your Head (basics of renting or buying)

Survey of Money Smart Participants

- *A Longitudinal Evaluation of the Intermediate-term Impact of the Money Smart Financial Education Curriculum upon Consumers' Behavior and Confidence (2007)*
- **Goal:** measure results of Money Smart training in the months following the course
- **Three phases**
 - Before taking the course
 - Immediately after the course
 - 6-12 months following the course

Money Smart Survey Results

Findings include:

- **Immediately after completing the course:**
 - 69 percent of respondents reported an increase in their level of savings,
 - 53 percent reported their debt decreased, and
 - 58 percent stated they were more likely to comparison shop.

Money Smart Survey Results (cont.)

- **6-12 months following the course:**
 - 13 percent of participants who already had a checking account opened a different type of account at the same bank & 22 percent opened a checking account elsewhere, showing the ability to comparison shop
 - 43 percent of those without a checking account opened a checking account
 - 37 percent of those without a savings account opened a savings account
 - 28 percent of those with checking accounts and 22 percent of those with savings accounts began using direct deposit for the first time

Money Smart Survey Results (cont.)

- 61 percent of those not using a spending plan/budget at the end of the course were using one
- 95 percent of those who used a spending plan/budget at the end of the course still used it
- 12 percentage point increase in those who "always" pay bills on time compared to the beginning of the course

FDIC's Role

- **Distribute the curriculum to potential instructors**
- **Provide technical assistance, possibly including linking sites interested in delivering financial education with potential instructors**
- **Teach Train-the-Trainer classes**
- **Publications**

Money Smart Alliance

- Alliance members can assist by:
 - teaching/delivering Money Smart
 - hosting classes
 - facilitating program implementation
 - promoting Money Smart
 - funding local efforts
 - evaluating Money Smart efforts
 - enhancing delivery and distribution networks.

National partners

- Financial institutions
 - Bank of America
 - US Bank
 - Wachovia
- Financial Institution Trade Groups
 - American Bankers Association
 - America's Community Bankers
 - Independent Community Bankers of Amer.
 - National Bankers Association
 - Association of Military Banks of America

National partners (continued)

- Federal Governmental Agencies
 - Department of Agriculture/Rural Development
 - Department of Defense
 - Department of Housing & Urban Development
 - Internal Revenue Service
 - Department of Justice
 - Department of Labor
 - Office of the White House Initiative on Asian American Pacific Islanders

National partners (continued)

- Non-Profits
 - 100 Black Men of America
 - American Institute of Certified Public Accountants
 - Bert Corona Leadership Institute
 - Blacks in Government
 - Goodwill Industries Int'l Inc.
 - MANA A National Latina Organization
 - Mission of Peace
 - National Coalition for Asian Pacific American Community Development
 - National Congress for Community Economic Development (NCCED)
 - National Disability Institute
 - National Image Inc.
 - NeighborWorks America
 - Operation Hope
 - Opportunities Industrialization Centers of America, Inc.
 - SER-Jobs For Progress National Inc.
 - The ASPIRA Association, Inc.
 - Urban Financial Services Coalition
 - Women In Housing & Finance Foundation

Money Smart News

- View online or subscribe to get via email
 - www.fdic.gov → Quick Links for Consumers
- Released quarterly
- Provides:
 - Partner success stories
 - Pictures
 - Updates on the Money Smart program
- Submissions are welcome

CRA credit for bank involvement

Community Reinvestment Act credit for activities such as:

- Being an instructor
- Hosting a field trip
- Sponsoring refreshments, etc.
- Providing responsive bank products

**Potential ideas for using
Money Smart**

- Homebuyer education classes
- Post-homebuyer training
- Volunteer Income Tax Assistance clients
- Job and career training sites/ One Stops
- Social service centers

**Keep in mind when
targeting the unbanked:**

- Deposit Insurance
- Fees
- Identification issues
- Bounced checks
- Sensitivities (education v. literacy)
- Incentives
- Assess audience first

Thank you

**Questions?
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To register for PD sessions, please visit:
<http://www-tcall.tamu.edu/projectgreat/coastal/reginstruct.htm>

For teacher resources please visit:
<http://www-tcall.tamu.edu>

- Building Wealth
www.dallasfed.org

- Once Upon a Dime
www.newyorkfed.org/publications

- Practical \$ Skills for Life, co.

- Financial Football
VISA