Financial Capability & Family
Financial Stability

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Financial capability is a key part of financial stability

FINANCIAL CAPABILITY \(\rightarrow\) FINANCIAL STABILITY

Individual \(\rightarrow\) Family \(\rightarrow\) Community \(\rightarrow\) Nation

Financial Access + Financial Education = Financial Capability
Financial Literacy and Education in the Federal Government

- Financial Literacy and Education Commission (FLEC)
- President’s Advisory Council on Financial Capability
- Treasury Department
Our Priorities and Approach

- Make it evidence-based
- Put it where it works
- Focus it where it’s needed most
- Increase access
- Work with state and local governments, private and non-profit sectors
Financial Education

- National Financial Capability Challenge
  - [www.challenge.treas.gov](http://www.challenge.treas.gov)
- Core competencies & metrics
- [www.mymoney.gov](http://www.mymoney.gov) revamp
- Catalogue of federal programs
- Higher Education Act
- National Financial Education Network (state and local governments)
Welcome to MyMoney.gov

MyMoney.gov is the U.S. government’s website dedicated to teaching all Americans the basics about financial education. Whether you are buying a home, balancing your checkbook, or investing in your 401(k), the resources on MyMoney.gov can help you maximize your financial decisions. Throughout the site, you will find important...
Why Financial Access?
Unbanked and Underbanked U.S. Adults

US Adult Population – Over 25% Unbanked & Underbanked

Approx. 60m adults

Unbanked
17m
(7.7%)

Unbanked
43m
(17.9%)

Unbanked - Have no bank or credit union account
Underbanked - Have a bank or credit union account, but use alternative financial services, such as: non-bank money orders, check cashing, payday loans, rent-to-own, and/or pawn shops

Source: FDIC 2009 Survey of Unbanked and Underbanked Households
www.economicinclusion.gov
**Who is most likely to be unbanked?**

<table>
<thead>
<tr>
<th>Unbanked Adults</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall – US adult population</strong></td>
<td>8%</td>
</tr>
<tr>
<td>African-American</td>
<td>32%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>24%</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>29%</td>
</tr>
<tr>
<td>Single female parent household</td>
<td>20%</td>
</tr>
<tr>
<td>Single male parent household</td>
<td>15%</td>
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<tr>
<td>Household income less than $30,000</td>
<td>20%</td>
</tr>
<tr>
<td>Less than a high school diploma (24.5%)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: FDIC 2009 Survey of Unbanked and Underbanked Households
Underbanked Populations

- Similar to unbanked populations in many ways
- More middle-income households are underbanked
- Most frequently used alternative financial services are (% of underbanked using):
  - Money orders (81%)
  - Check cashing (30%)
  - Payday loans (16%)
  - Pawn shops (16%)

FDIC Data
Treasury’s Role in Financial Access

- Community Financial Access Pilot
- Small Dollar Consumer Credit Research
- Bank On program
How can you promote financial access?

Steps/Roles for building a community collaborative

- **Community organizations and government agencies** can introduce, enable and encourage their clients/staff to learn how to manage their money and save for the future.

- **Financial education providers (universities, non-profits, government agencies, banks/credit unions, or qualified individuals)** can provide free, non-biased, non-sales financial education at times and places accessible to the low-income population.

- **Financial institutions** (banks and credit unions) can provide low-cost, low-risk financial products, for example:
  - free- or low-cost checking accounts
  - low balance requirements
  - debit cards instead of checks
  - second chance accounts
Lessons Learned: Financial Education

- Be clear what you mean by financial education:
  - For example, specify minimum standards/ground rules
- Look to the next generation
- Provide financial education where and when people want to be
  - (or have to be)
- Focus on Delivery
  - Many financial education tools and resources are available and are free.
  - High quality trainers who can relate to the audience are key.
Lessons Learned: Financial Access & Partnerships

- Work with those financial institutions willing to work with you.
  - Often, others will follow.
- Financial institutions and community organizations should work together to determine products needed that can feasibly provided.
- Financial access goals should meet the corporate goals of the financial institutions and the financial access needs of the LMI consumers.
- Delivery may be more of a challenge than product development
  - Staff training and buy-in are key
- Strong partnerships are crucial
  - build on strengths: each partner should do what they do well.
- Keep learning and responding to needs in the community.