



# *Financial Capability & Family Financial Stability*

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# Financial capability is a key part of financial stability

FINANCIAL CAPABILITY → FINANCIAL STABILITY

Individual → Family → Community → Nation

Financial Access + Financial Education = Financial Capability

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# Financial Literacy and Education in the Federal Government

- Financial Literacy and Education Commission (FLEC)
  - President's Advisory Council on Financial Capability
  - Treasury Department
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# 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**
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# Financial Education

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



Find helpful financial information based on where you are in life - from the birth of a child to retirement.

## My Resources



Explore our collection of financial information from trusted resources.

## Tools



Use tools such as calculators, budgeting worksheets, and checklists to make more informed financial decisions.

### Popular Topics

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### 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

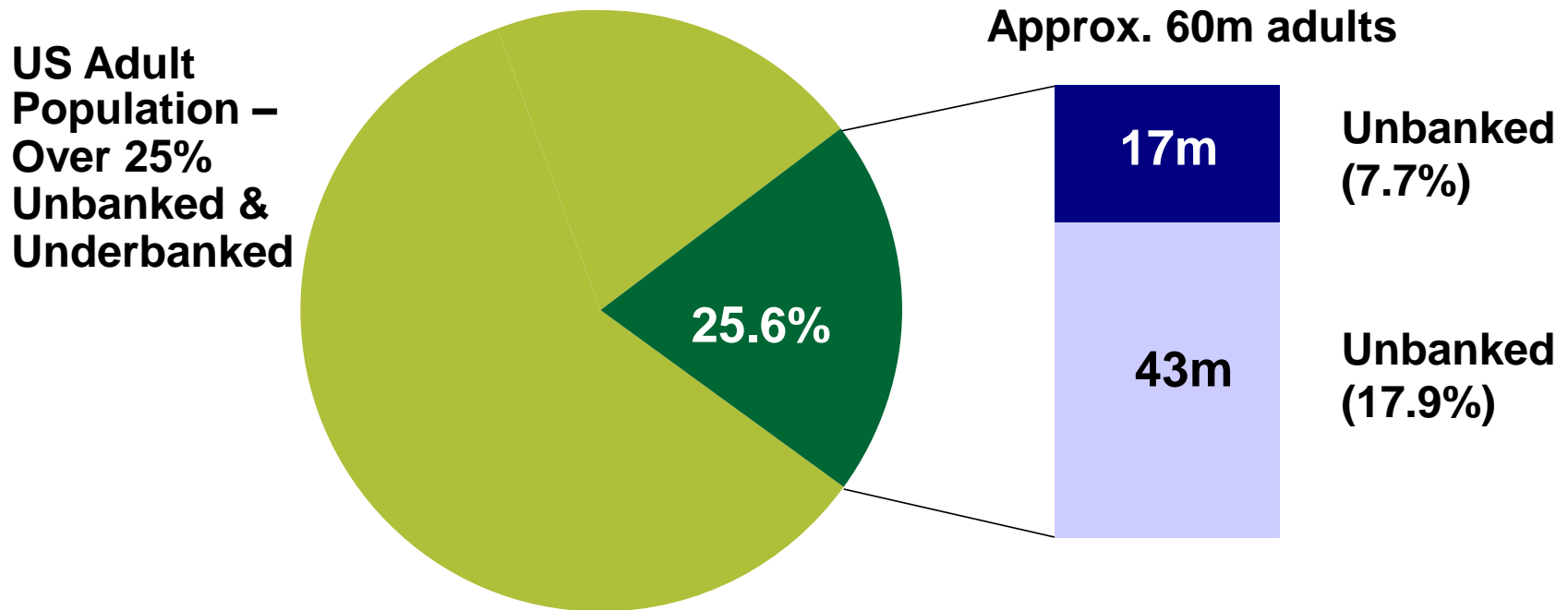
### Featured

#### What You Need To Know: New Credit Card Rules

This publication explains the Federal Reserve's new credit card rules and related consumer protections. It tells consumers

# Why Financial Access?

## Unbanked and Underbanked U.S. Adults



**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

# Who is most likely to be unbanked?

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

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%)

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# Treasury's Role in Financial Access

- Community Financial Access Pilot
  - Small Dollar Consumer Credit Research
  - Bank On program
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# 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

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# 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.
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# 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.**
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