FYI: An Update on Emerging Issues in Banking

Delivery Systems for Financial Education in Theory and Practice

September 22, 2004

Overview

While financial savvy may have once been seen as an "extra," merely a convenient asset to help optimize financial planning, the extraordinary transformation of consumer financial markets over the past decade has made financial literacy nothing less than an essential survival tool. A lack of financial knowledge can contribute to poor decisions that harm individuals and, ultimately, entire communities. But good financial judgment is increasingly difficult to exercise consistently in an era when the number and complexity of financial products are escalating rapidly. Notably, U.S. demographics have shifted to open up new pools of potential financial customers, while markets themselves have changed to make credit products in particular more available than ever before. Even experienced financial consumers can be overwhelmed by the new intricacies of the marketplace, but the growing population of less experienced or "unbanked" individuals (persons without banking relationships) is even more vulnerable to fraud, abuse, or simply making bad choices.

It is clear, then, that financial education is crucial given today's financial environment. Financial institutions, businesses, community organizations, and policymakers alike have recognized its importance, and today financial education curricula abound in both the private and public sectors. However, deciding to offer a financial literacy program is but the first step on a long journey toward instilling a true financial education. Educators must make many difficult decisions concerning the fundamental goals of the endeavor, the information to be presented, the audience to be targeted, and the means by which the effort's ultimate success can be gauged. Although research has shown that individuals with less financial knowledge tend to be, in general, minority, single, younger or older than average, have lower incomes, and have less formal education, the reality is that financial education needs vary widely over demographic groups.[1] Some individuals need a comprehensive basic education covering all financial topics, while others may benefit from intensive study of one particular issue. Thus, teaching styles and methods must be carefully crafted to suit the audience if they are to be effective.

A previous issue of *FYI* analyzed the recent revolution in consumer lending and the implications for financial education; it also introduced *Money Smart*, the FDIC's own financial literacy curriculum.[2] This issue of *FYI* continues the discussion of financial literacy, focusing on the development and delivery of financial education programs from both a theoretical and practical perspective. *Money Smart* is presented as a case study, and the results of a new survey of *Money Smart* instructors are assessed.

Delivery Methods for Financial Education

While it is broadly accepted that financial literacy is key to building assets, attaining long-term financial goals, and enjoying lasting economic well-being, the best methods of putting financial education programs into practice are far less clear. Unfortunately, there is no easy answer regarding how best to deliver financial education information; a one-size-fits-all approach may suit certain segments of the population but is likely to be inadequate for many others with widely disparate needs and preferences. Therefore, it is recommended that delivery be more tailored.

The delivery method encompasses both the conceptual and operational details of a financial education program - the Who, What, Where, When, Why, and How. Educators must decide what they wish to achieve through their program, who they wish to educate, what information to present, in what environment to present it, and what media to use. Each dimension must be thoroughly considered both on its own and in conjunction with other design features. Because the suitability of the delivery method chosen can dictate the eventual success or failure of the effort, theory has identified certain best practices for each dimension that can help maximize student achievement.

Why?

The first consideration is the program's ultimate goal. For example, many financial education programs are offered through schools. These programs are typically intended to equip youth with the general financial and economic knowledge needed to handle their finances independently as they reach adulthood and prevent future financial troubles. Other programs target unbanked or financially inexperienced adults, serving to introduce them to banking basics and act as a conduit to the financial mainstream. Yet other initiatives have much more specific aims, such as teaching first-time homebuyers how to apply for a mortgage, assisting debtors in managing their payment schedules, or showing entrepreneurs how to finance small-business expenses. Each of these goals is important, but it is clear that they cannot be undertaken simultaneously; the framework of a financial education program will be very different depending on the program's fundamental mission.

Who?

Another key decision entails defining the appropriate target audience so that the right types of programs reach the individuals with the greatest needs in those areas. There are marked and statistically significant differences in terms of the demographic characteristics shared by groups with different kinds and levels of financial education needs, as evidenced by a recent study by Hogarth, Beverly, and Hilgert.[3] The study surveyed individuals about their financial behaviors and classified their financial education needs based on the degree to which they follow recommended financial practices. Individuals that were determined to need comprehensive financial education covering all basic topics (cash flow, savings and investments) were more likely to be single females and Black or Hispanic, as well as live in larger households, have less formal education, and have lower household incomes than individuals whose positive financial behaviors indicated that they have no need for additional financial education. (See Figure 1.) In between these extremes, groups with specific financial education needs were identified. One subset, for example, performed well in terms of cash flow and savings behaviors but demonstrated a need for more education related to investment activities. This group was the most likely to be college educated but was also comprised of the oldest individuals, implying that investment-oriented education programs might be most successful if designed with a more mature, more educated audience in mind. The general implications are that financial educators should be cognizant of the demographic and cultural characteristics of their audience when designing and implementing a program.

Figure 1

There are notable demographic differences between individuals who need financial education and those who already follow recommended financial practices.

Characteristic	No Financial Education Needed	All Basic Financial Education Needed
Proportion of Households	10%	11%
Marital Status		
Married	74%	43%
Single Male	15%	16%
Single Female	11%	41%
Race		
White	89%	60%
Black	1%	20%
Hispanic	1%	12%

Other	7%	4%
Unknown	2%	5%
Education		
High School or Below	10%	45%
Some College	24%	27%
College or Above	66%	25%
Unknown	0%	3%
Median Income	$93,500	$30,000

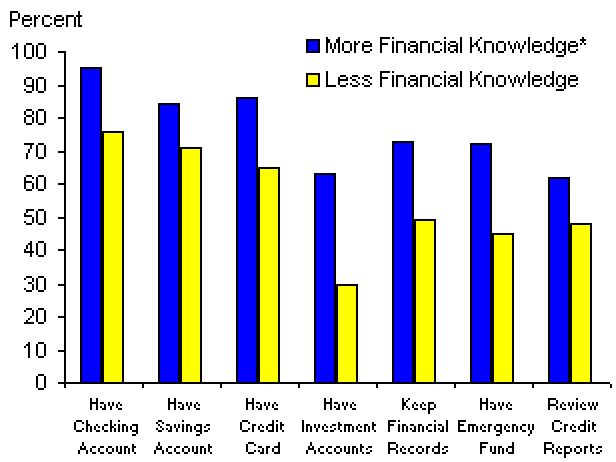
Source: Hogarth, Beverly, and Hilgert.

What?

A closely related concern is the choice of topic areas and specific information items to be included in the curricula. This decision should be considered concurrently with the identification of a target audience, as we know different segments of the population will benefit from exposure to different education topics based on their particular knowledge and experience. Some researchers have used focus groups and surveys to find out exactly what subject areas are most important to which audiences. Toussaint-Comeau and Rhine, for example, found that personal financial management, budgeting, and recordkeeping are significant concerns for low-income audiences, while information on credit cards is useful to college students and retirement and investment topics are best targeted to employed individuals.[4] Other research has analyzed the specific areas in which audiences are financially inexperienced to help determine where practical training should be focused. In one exercise, Hogarth and Hilgert discovered that individuals with less financial knowledge overall are less likely than their more knowledgeable peers to have had certain basic financial experiences, such as owning a checking or savings account or maintaining an emergency fund (see Figure 2).[5] It is important, then, that education programs for a general adult population with low financial literacy address these financial practices.

Figure 2

Consumers With Less Financial Knowledge Have a Smaller Scope of Financial Experiences



* Those with more financial knowledge earned a passing grade on a financial literacy quiz that was commissioned by the Federal Reserve and included in the monthly Survey of Consumer Finances. Source: Hogarth and Hilgert, "Financial Knowledge, Experience and Learning Preferences: Preliminary Results from a New Survey on Financial Literacy," *Consumer Interests Annual* v 48, 2002.

In many cases, individuals are aware of their deficiencies in one or more areas and are motivated to improve their situations. In fact, a best practice of financial education is to discover and exploit moments of motivation, as it is often easier to attract students to programs set up around a particular goal or problem. With this in mind, a strategy of many financial education programs is to provide information relevant to the immediate task or problem at hand for their audiences. This is seen when financial education is provided, for instance, via job training centers, tax preparation clinics, welfare-to-work programs, or other social services.

When participants are motivated to find a job, buy a house, or save towards a particular goal, they may be much more open to acquiring the financial skills necessary to reach their objective than they would be if financial topics were introduced in a less suitable context. In fact, studies show that individuals with personal motivation were more likely than their less motivated peers to engage in positive, recommended financial behaviors. Research also suggests that low-income individuals in particular tend to be most receptive to financial education when facing an immediate incentive.[6] Goal-setting has been identified as an important way to help individuals make financial progress, and seeing results towards these goals acts as further motivation to continue to improve behaviors.[7] Thus, topic choice should carefully reflect the target audience's current concerns and motivations.

Where/When/How?

Finally, educators must structure the environment in which they plan to offer education programs. This includes choosing the program's format (such as a seminar, course, counseling session, or public service campaign), designing appropriate educational materials, defining marketing strategies, finding and training instructors, and setting times and locations for group meetings as necessary. It is important to note that different demographic groups prefer information to be presented in widely different formats. In the general population, the Internet has been shown to be the most popular source for personal financial information. The subset of unbanked individuals, however, does not seem to be as amenable to this technology, so it still cannot be used as a universal delivery method.[8] Indeed, females, minorities, older individuals, and less educated individuals, all of whom are more likely to be unbanked and to need some degree of financial education, report that they prefer learning in a communal environment like that of a formal course or informal seminar.

In addition, any presentation materials and handouts must be written at a level appropriate for its audience. Financial literacy scores are strongly correlated with income level, which in turn is correlated with general literacy level.[9] Low-income individuals are most likely to need financial education but are also more likely to have low general literacy skills, a fact that educators must consider when preparing lessons.

Finally, the learning environment must be comfortable for participants. Adults prefer to learn from people who are similar to themselves. Hogarth and Swanson found that in the context of financial education programs, which are more likely to be targeted to low-income individuals, this means that the best educators might come from limited resource backgrounds or at least be highly sensitized to limited resource experiences.[10]

Additional Questions

An additional challenge is the need to balance practical constraints with preferred delivery features. Sometimes an audience's preferred learning method may not be the most effective. For instance, low-income consumers tend to prefer to learn from their family, friends, and peers. This method is not useful, however, if the peer group is also lacking financial knowledge and shares unreliable financial information. In other cases, the best delivery strategy may not be viable because of funding or staffing concerns. One-on-one counseling, for example, has been shown to be quite effective in improving financial knowledge and behaviors but is simply too resource-intensive to be the primary delivery method chosen by most organizations. Thus, while theory can help identify certain best practices, practical considerations are also important in shaping workable financial education delivery systems.

Financial Education Programs in Practice

There is a wide array of financial education curricula in use today, demonstrating the many ways in which organizations can design and deliver financial education.[11]

School Programs

One of the most popular and commonly used channels for financial education is the public school system. School-based teachings are meant to be preventative in nature, arming students with the knowledge they will need to avoid financial problems once they reach adulthood and take responsibility for their own finances, although the exact topics covered, the amount of training, and the timing of that training can vary greatly by state and even by individual school district.

The Jump$tart Coalition for Personal Financial Literacy is dedicated to improving young adults' financial literacy and is a leading resource for financial educators of kindergarten through 12th grades.[12] Jump$tart has identified high-quality personal finance curricula and materials and has developed standards to guide the development and implementation of financial education initiatives. As evidenced by Jump$tart's extensive clearinghouse of financial materials, schools have a wide variety of programs from which to choose. While some schools offer formal courses during the school day, many school systems rely on special programs to educate small groups of students on a voluntary basis as an extra curricular activity. Junior Achievement, a national organization that reaches over four million students around the country each year, is one such program. Junior Achievement focuses on partnering businesses and educators to provide practical, hands-on training to students in kindergarten through 12th grade.[13] Other school-based initiatives rely on financial institutions or other corporate sponsors whose volunteers may act as instructors or even offer basic banking services to students.

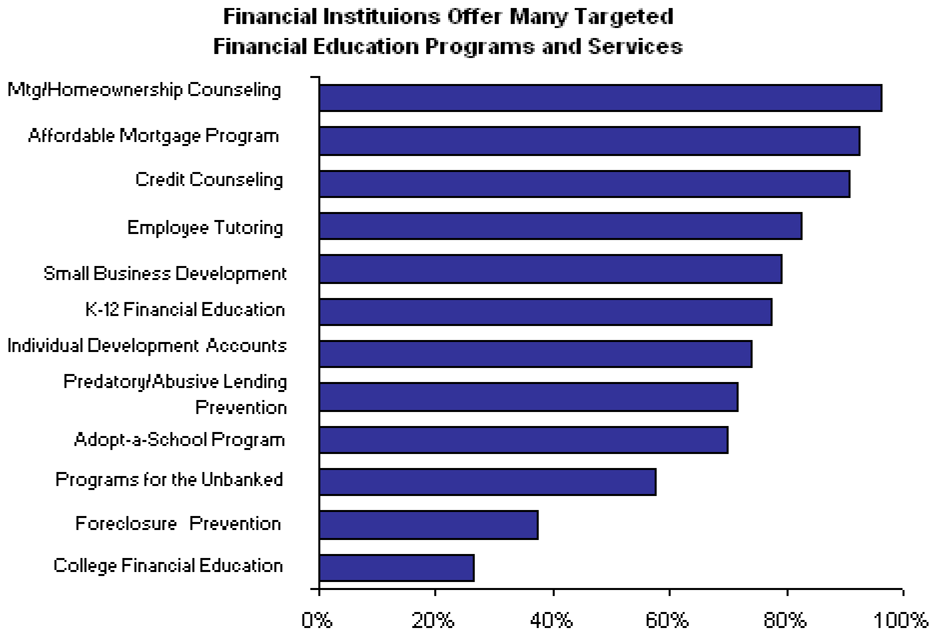
Some states have implemented personal finance mandates that require school systems to incorporate topics related to budgeting, savings, and credit into the curricula; 14 states now have such mandates. Again, the mandates differ widely in their specific requirements. There is evidence, however, that mandates in general can be quite successful in shaping adult practices. In fact, adults who had gone to high schools in states where financial education was mandatory were found to have savings rates that were 1.5 percent higher than those who attended schools in states with no such requirements.[14] While school-based education can be very effective, it is important to note that students who either drop out of school, fail to attend the course meetings, or otherwise miss the training will not be reached by this type of initiative and will need to be offered financial education opportunities at other points in their lives.

Financial Institutions

Financial institutions can be excellent educators, because they have comprehensive and accurate knowledge of financial markets and have the most up-to-date information about the newest financial products and services. It is sometimes difficult for financial institutions to reach all relevant populations, however, because low-income individuals are less likely to have ties to the mainstream financial industry. In addition, programs offered by specific financial institutions can be perceived as biased or may suffer from the financial industry's conflict of interest between improving profitability and making banking products accessible to and affordable for low-income, unbanked individuals.

Thus, it may be difficult for lower-income individuals in particular to receive financial training directly from financial institutions. Nevertheless, financial institutions are very active and important in financial literacy efforts. A 2003 survey by the Consumer Bankers Association found that almost all banks, over 98 percent, provide some type of financial education program. The most common types of financial education offered by banks are homeownership/mortgage counseling, affordable mortgage programs, and credit counseling, which are provided by 96 percent, 93 percent and 91 percent of banks, respectively. In comparison, banks are much less likely to offer programs targeted specifically towards the unbanked; only 57 percent of banks offer such programs.[15] (See Figure 3.)

Figure 3



Source: Consumer Bankers Association "2003 Survey of Bank-Sponsored Financial Literacy Programs"

One way in which many financial institutions offer financial education is by providing various planning tools and resources on their Web sites, such as libraries of articles or interactive worksheets. Some institutions have even developed their own curricula. Lincoln Financial Group, for instance, has designed a class for high school juniors and seniors to teach money management. Another example is Visa's Practical Money Skills for Life, which includes sets of lesson plans for parents or teachers of students who are anywhere between preschool and college.[16]

Community-Based Organizations

Many financial literacy curricula, including those developed and sponsored by financial institutions, are most effective when offered in conjunction with community-based organizations. Although some community groups do create their own financial education materials or courses, many find it beneficial to partner with a bank or other institution for assistance with curricula development. The community organizations themselves are critical in reaching target populations, though, since they are likely to have a deep understanding of their constituents and can therefore ensure that financial education is tailored to meet residents' needs. Financial literacy is not often part of the core mission of community or social services groups, but these organizations are finding it valuable to offer financial training as a means of helping individuals achieve other important goals. Neighborhood Housing Services (NHS), for example, has many local offices involved in homeownership counseling.[17] Recognizing that inadequate financial knowledge can be a substantial obstacle for prospective homebuyers, NHS staffers educate clients about budgeting, credit, and the roles of financial institutions, among other things, as part of the counseling process.

Government Agencies

Many agencies of the federal government have a direct interest in improving financial literacy in the United States. Many citizens see the federal government as a trusted, objective source of information relating to all aspects of financial markets and consumer education, so government initiatives have the potential to reach a broad and diverse audience. Some federal agencies develop and disseminate their own educational materials, and many others help by providing funding for myriad national or local financial education initiatives. The Department of the Treasury, the Internal Revenue Service, the Department of Labor, the U.S. Mint, the Federal Reserve Bank of Atlanta, the Federal Reserve Bank of Dallas, the Securities and Exchange Commission, and the Social Security Administration are among entities offering their own programs or curricula; numerous other agencies support other initiatives or resources.[18]

As financial education has become an increasingly important priority, the government has strengthened its efforts to coordinate financial education projects and make financial information available throughout the country to all who need it. One of the most recent initiatives was the creation of the Financial Literacy and Education Commission. Twenty federal departments, agencies, and commissions came together for the Commission's inaugural meeting in January 2004. Pursuant to the Fair and Accurate Credit Transactions Act that was signed by President Bush on December 4, 2003, the Commission's goals are to encourage government and private-sector efforts to promote financial literacy and to organize the federal government's financial education efforts, including identifying and promoting best practices. Work has already begun on two of the legislation's main charges: to establish and maintain a toll-free telephone number for financial education purposes and to establish and maintain a financial education Web site that will serve as a central clearinghouse for citizens who are in search of financial education information and programs. These important steps help demonstrate the federal government's commitment to ensuring financial security for all Americans.

Evaluating Financial Education Programs

While academic theory and practical case studies can assist in designing and developing financial education initiatives, a fundamental challenge remains in assessing the ultimate success of a financial literacy program's delivery. Financial literacy has been defined as "the ability to understand financial terms and concepts and to translate that knowledge skillfully into behavior."[19] Thus, in order to evaluate the merits of financial education in practice, it is important to understand as precisely as possible the link between knowledge and action; in many cases, financial education is only useful to the extent that the knowledge it yields produces positive changes in behaviors.

In order to analyze the knowledge-behavior link both directly and separate from the effects of education itself, Hogarth, Beverly, and Hilgert studied patterns of financial behaviors and identified common characteristics shared by individuals who exhibit certain behaviors.[20] Individuals in the study's sample were given a financial knowledge quiz and were questioned about their financial practices relating to cash flow, savings, and investments. Multivariate analysis revealed that financial knowledge exam scores were consistently correlated with positive behaviors across all three types of activities. For each type of activity, individuals with the highest financial knowledge scores were the most likely to engage in positive financial behaviors and were the least likely to report poor financial habits. The only other variable that was consistently statistically significant was financial experience; those individuals who had personal experience or had learned a great deal about financial matters from family and friends were more likely to follow recommended financial practices, although these effects were smaller than those of financial knowledge. Thus, while acknowledging that knowledge is not necessarily the only way to impact behavior, the authors cite the link between knowledge and behavior in concluding that education can indeed prove quite helpful if it successfully imparts new levels of financial knowledge.

There is evidence, then, that financial education can in fact influence consumer behavior, but it is still difficult to measure the effects of particular delivery method features in isolation from the others. A body of research exists, however, that examines individual programs and assesses their success relative to their original objectives. This greatly helps determine whether programs are being properly designed and targeted to have the intended impacts. For example, public school financial education mandates have been shown to be successful in increasing adult savings and net worth, while other targeted programs, such as the U.S. Cooperative Extension System's Money 2000, have seen participants decrease credit balances and increase savings accounts.[21] Similarly, employees who attended training workshops about retirement savings options offered by their employers often increased participation in their companies' 401(k) plans.[22] Financial education can also help prevent credit quality problems. A Federal Home Loan Mortgage Corporation (Freddie Mac) study found that individuals who had gone through homeownership counseling prior to purchasing a home had delinquency rates up to 34 percent lower than those who did not have such training.[23] Finally, financial education can help correct past problems. Individuals who have undergone credit counseling after suffering financial difficulties experienced fewer delinquencies and have better credit risk scores over the three years following their counseling sessions than similar borrowers who did not seek counseling.[24]

While program evaluations are certainly instructive in assessing the impact of various financial education efforts, in practice, many organizations lack the expertise or resources to undertake comprehensive evaluations. In 2003, the Consumer Bankers Association found that almost one-quarter of banks offering mortgage/homeownership counseling courses did not measure the effectiveness of their programs.[25] Most of those that did seek to gauge their program's success based evaluations on the number of qualified applicants produced, understandably focusing on the business opportunities created for the banking industry. Many other banks based their assessments simply on the number of participants. Very few banks were able to conduct a program evaluation based on behavioral effects captured by subsequent delinquency or default rates of program graduates or were able to carry out pre- and post-testing of participants. Because of the constraints many organizations face when attempting to evaluate their own efforts, ongoing independent research continues to be a necessary tool to help inform financial educators and shape future initiatives.

Overview of *Money Smart*

This article has presented many examples of financial education techniques in both theory and practice. It is instructive to now turn to *Money Smart* as a detailed case study of financial education design, delivery, and evaluation. The genesis of *Money Smart* was a direct result of efforts undertaken by the FDIC several years ago to address the concerns of consumers, the banking industry, and government agencies regarding misleading and abusive marketplace practices. In exploring solutions to this problem, the FDIC held forums on predatory lending in seven locations nationwide. Those attending the meetings included bankers, community leaders, city and state officials, and local residents. Participants identified problems in their particular geographic areas and recommended solutions ranging from more legislation to better enforcement of existing regulations. But there was one recommended solution that remained constant across all participants: enhanced consumer education.

This recommendation provided the impetus for the FDIC to develop *Money Smart*. The FDIC came to recognize the need for a more comprehensive approach to financial education that would better equip consumers to enter the financial mainstream. It was noted that consumers need to understand the wide variety of financial services that are available to them today. They also need to understand the existing protections that guard against discrimination or unfair treatment in the lending process and the recourse available to them under the law. *Money Smart* was created to address a number of specific problems affecting consumers, including: the lack of traditional banking relationships for millions of Americans, consumer reliance on so-called "fringe providers" at costs they can ill afford, abusive lenders targeting vulnerable segments of the population, identity theft, inaccurate credit reports, and unwise use of credit.

Because these problems are particularly acute for low- and moderate-income adults, especially those new to the banking system or outside of mainstream banking, this population became *Money Smart*'s initial target audience. With this audience in mind, the *Money Smart* curriculum begins with presentations of rudimentary banking and personal finance topics, then moves to more advanced subject areas. Specifically, *Money Smart* consists of ten instructor-led training modules, which are outlined in Figure 4.

Figure 4

The *Money Smart* Training Modules introduce students to mainstream banking.	
Training Module	**Topic Covered**
Bank On It	An introduction to banking services
Borrowing Basics	An introduction to understanding credit
Check It Out	How to open and maintain a checking account
Pay Yourself First	The importance and benefits of, and methods for, saving money
Money Matters	Preparing a personal budget
Keep It Safe	Consumer rights and responsibilities
To Your Credit	The importance of credit history
Charge It Right	The costs and benefits of using a credit card
Loan To Own	The costs and benefits of consumer loans
Your Own Home	An introduction to home loans
Source: FDIC	

The module system was designed to be flexible, easy to teach, and easy to learn. The curriculum can be taught in its entirety or specific modules can be used to fill in the gaps in other financial education programs. Thus, students who already have a working knowledge of basic banking can use the more advanced topics, while audiences who might be overwhelmed by too much information can concentrate on the more basic modules. *Money Smart* can even be used one topic at a time, for example, as parts of homeownership counseling sessions or consumer credit seminars.

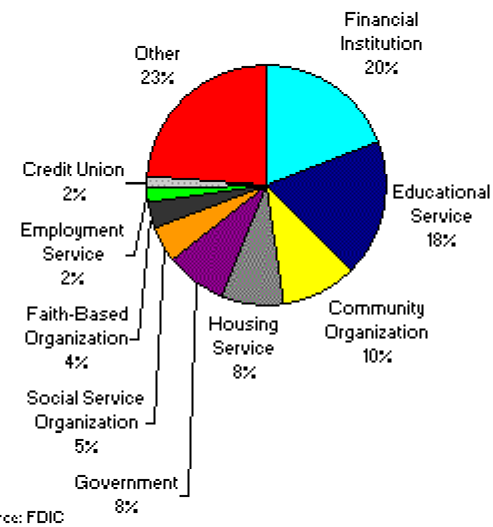
Since its introduction in 2001, more than 136,000 copies of *Money Smart* curricula have been distributed to a vast array of organizations, including not only financial institutions but also many types of public, private and non profit institutions. (See Figure 5.) Because the target population of low-to-moderate income and either unbanked or underbanked adults is very heterogeneous, the FDIC realizes it is important to work with as many types of educating institutions as possible to ensure program delivery to the largest number of participants from the greatest variety of backgrounds. No one organization could effectively reach an audience so broad in nature.

Alliances and Partnerships

Many of the organizations that received the *Money Smart* curriculum have joined with the FDIC as *Money Smart* Alliance members. To date, there are over 900 Alliance members that work to significantly promote and/or enhance the implementation of the *Money Smart* curriculum. Members can assist in *Money Smart* efforts by teaching; hosting classes; facilitating program implementation; promoting *Money Smart*; funding local efforts, evaluating *Money Smart* efforts; and increasing *Money Smart* delivery and distribution networks. Current Alliance members include financial institutions, universities, military bases, extension service professionals, adult education providers, community colleges, community-based organizations, faith-based groups, private-sector organizations, educational service providers, employment and/or training service providers, and government agencies.

Figure 5

The *Money Smart* Curriculum Has Been Distributed to a Wide Range of Organizations



Source: FDIC

It is clear, then, that Alliance members need not be national in scope; sometimes it is a small, locally based organization that can have the most profound impact on a community. In fact, a critical factor in the broad-based delivery of *Money Smart* to its target audiences has been the emphasis on working through FDIC regional and area offices to establish relationships with local organizations that are best situated to bringing *Money Smart* to those individuals and communities that could most benefit from financial education. Consistent with best practices, this allows participants to learn from educators who are peers and have strong ties to the community as well as backgrounds and experiences similar to those of the students.

At the same time, the FDIC recognizes the benefits of breadth in delivery. To that end, the FDIC has entered into formal partnerships with 25 national public- and private-sector organizations that have the capability to deliver *Money Smart* across the country. These partnerships are a critical component in the FDIC's strategy to deliver financial education to more consumers. The following are a few examples of the diverse delivery mechanisms utilized under national agreements with *Money Smart* Partners:

- The **U.S. Department of Agriculture's (USDA) Rural Housing Service** joined with the FDIC to provide low-income individuals and families located in rural areas with financial education when they apply for home loans through the USDA Rural Development programs. Loans made through the USDA Rural Housing Service give people who do not currently own adequate housing and who cannot obtain credit the opportunity to acquire, build, rehabilitate, or improve their homes or to move to new locations in rural areas. Over 43,000 families are served annually through the loan program with loan amounts averaging between $73,000 and $82,000.
- The **Conference of State Bank Supervisors (CSBS)** agreed to promote and distribute the FDIC's *Money Smart* financial education curriculum to each of the nation's state bank regulatory departments. This partnership agreement promotes *Money Smart* to consumers through all 54 state, commonwealth, and U.S. territory banking departments.

- The **Department of Defense (DOD)** is making financial education available to 1.4 million servicemen and servicewomen and their families both at home and abroad,through offerings in its basic training courses and in regularly scheduled, ongoing seminars. Through its agreement with the FDIC, DOD has adopted the FDIC's *Money Smart* for use at more than 3,000 military installations around the world and expects to reach as many as 200,000 individuals.
- The **Neighborhood Reinvestment Corporation**, a public, nonprofit corporation created by Congress in 1978 to revitalize lower-income communities, has used the *Money Smart* curriculum to train approximately 175 educators from 24 local nonprofit organizations around the country. In turn, these educators will teach between 1,000 and 2,000 students each year.
- **Blacks in Government (BIG)**, a non-profit, non-partisan, professional development association that represents more than 2.5 million African-Americans employed in federal, state, and local governments has committed to encouraging its more than 300 local chapters to adopt the *Money Smart* financial education curriculum.
- Under its national agreement, **Wachovia Corporation**, a Charlotte, NC-based bank, established an initial goal of reaching 5,000 low- and moderate-income individuals in 2003 in the District of Columbia and in the 11 states where Wachovia offers full financial services. Wachovia offers *Money Smart* classes in English and Spanish via satellite broadcasts to churches, schools, and outreach groups. Wachovia also created English and Spanish *Money Smart* videos to be used by employee volunteers and community partners.

Model Sites

The delivery of *Money Smart* is focused on not only quantity, but also the quality of delivery methods used to reach the target audiences. The FDIC developed model programs to enhance the strong financial curriculum by blending it with other types of programs used by the same target population. Specifically, a Model Site is a sustainable initiative in which *Money Smart* classes are taught on a regular basis, there is active participation by one or more financial institution(s), and links are established with other asset-building or service programs. As recommended in financial education literature, the Model Site strategy introduces financial education in conjunction with other services and capitalizes on participants' motivations to reach their varied, but related, objectives.

The FDIC has formed 17 Model Sites through partnerships with community and banker coalitions to link financial education with low-cost bank accounts and services, free tax preparation services through the IRS Volunteer Income Tax Assistance (VITA) for Earned Income Tax Credit (EITC) refunds, Individual Development Accounts (IDAs), homeownership counseling, job counseling, and other programs. These sites demonstrate the flexibility of the *Money Smart* financial education program and its ability to reach diverse groups of consumers, beyond the initial target populations. Each of the FDIC's 6 regional and 2 area offices, as well as our headquarters in Washington DC, have established *Money Smart* Model Site Projects. The following are a few highlights from these efforts:

- The **DeKalb Workforce Center Model Site in DeKalb**, Georgia was established in partnership with community-based organizations, financial institutions, schools, and government agencies. Activities are designed to address the needs of English- and Spanish-speaking individuals without bank accounts, minimize their vulnerability to predatory lending practices, and foster lasting relationships between financial institutions and unbanked consumers. The *Money Smart* curriculum serves as the core instructional element in consumer education workshops held for low- and moderate-income individuals. These workshops are linked to low-cost bank products and services made available to program participants. An integral part of the structure for this model site was a $271,000 grant awarded to one of the Model Site partners, the DeKalb County Extension Service. The grant was funded by the U.S. Department of Treasury

2002 First Accounts Program. The First Accounts Program was linked with *Money Smart* because of the compatibility of its objective, which is to provide financial resources to develop and implement programs to expand access to financial services for low- and moderate-income individuals who currently do not have a bank account with a financial institution.

DeKalb Cooperative Extension Service personnel and volunteers from financial institutions offer *Money Smart* classes at the DeKalb Workforce Center, DeKalb Cooperative Extension, Latin American Association, and Plaza Fiesta community room. All First Account Program participants who complete the six-part consumer education workshop series are awarded an FDIC *Money Smart* certificate. The certificates can be taken to banking partners to help them open a low-cost banking account. Other Model Site partners also offer consumers access to the VITA income tax assistance, employment training, Individual Development Accounts, and homeownership programs.

- The **Willimantic-Danielson Partnership: ACCESS Agency, Inc. Model Site** emerged as a result of a partnership between a nonprofit community-based organization and two Department of Labor Connecticut Works One-Stop Employment Centers. ACCESS is a nonprofit community action program geared toward meeting the needs of low- and moderate-income individuals residing in rural communities with special emphasis on delivery of its services to welfare recipients transitioning into the workplace. ACCESS offers a broad range of programs to promote self-sufficiency, such as life skills training, personal and group counseling, family skills mentoring, job training, and post-placement services. The *Money Smart* curriculum is used in conjunction with the financial education component within a number of the programs offered by ACCESS to its English- and Spanish-speaking clientele. Financial self-sufficiency is an integral part of the service strategy for the Temporary Assistance for Needy Families (TANF) and IDA programs, which are included in the ACCESS program.[26] ACCESS also provides voluntary tax preparation services and promotes EITC claims among eligible *Money Smart* class participants.

  ACCESS trainers use seven of the *Money Smart* modules to teach classes on a weekly basis over the course of a seven-week period. ACCESS also teaches a specialized *Money Smart* class using the Money Matters module for low-income customers of the Connecticut Light & Power Company. The Savings Institute of Willimantic provides low-cost bank accounts in support of the IDA program.

- **El Centro,** located in Kansas City, Kansas, provides social services to Latino immigrants living in the Kansas City metropolitan area. El Centro's objective is to revitalize the inner city of Kansas City and reduce its clients' dependence on predatory lenders and contract-for-deed schemes. The FDIC-El Centro partnership is focused on assimilating Latino immigrants into the American financial system, enabling Latino immigrants to open bank accounts, fostering access to asset-building opportunities for Latino immigrants, providing guidance to banks on serving Latino clientele, and promoting awareness of the Latino market to financial institutions.

  The partnership employs a comprehensive asset-building strategy, and the financial education students may also access complementary services that enable immigrants to accumulate wealth. For instance, El Centro clients can deposit the refunds they secure from the VITA and Low-Income Tax Clinic Programs free tax preparation services to a Wyandotte IDA and, in turn, use account monies to purchase an inexpensive home through one of El Centro's targeted mortgage loans designed for clients who cannot obtain financing through a traditional lender, such as those who do not possess a Social Security number and use alternate forms of identification or those with alternative credit histories.

The FDIC and El Centro also offer Feria de Finanzas, which are banking fairs for immigrants wishing to open accounts. At prior fairs, several financial institutions that accept alternate identification, such as the matrícula consular and the Individual Taxpayer Identification Number, were present to open accounts.[27] In addition, representatives from the Internal Revenue Service and the Mexican Consulate processed applications for the two aforementioned documents.

A Work in Progress

When *Money Smart* was introduced in the summer of 2001, it was distributed in English in paper format. A number of improvements to the program have already been made since its introduction. Because research shows that immigrant populations are significantly underserved in banking markets and are thus important members of *Money Smart*'s target audience, the program materials have been translated into Spanish, Chinese, Korean, and Vietnamese, thus making it available to the largest and fastest growing immigrant groups in the country. In addition, *Money Smart* is now available in a CD-ROM version as well as the original paper copy; this has helped to reduce production costs and reallocates resources for other product enhancement uses. A computer-based interactive version of the curriculum was recently released on CD-ROM and the FDIC Web site. Importantly, these improvements in accessibility to the program will benefit individuals who may prefer non-communal learning experiences, whose learning is enhanced by blended teaching methods, or who are prevented from attending *Money Smart* courses because of issues of scheduling or geography.

Because *Money Smart* is still largely an instructor-based curriculum, the FDIC established Train-the-Trainer workshops in 2003 to boost delivery capacity. Train-the-Trainer workshops for banks and community organizations not only increased capacity by generating more instructors but also provided an element of standardization among organizations for classroom instruction. The FDIC has provided over 300 free Train-the-Trainer workshops that have been attended by more than 7,400 organizational representatives. The FDIC projects that each trainer will go on to teach about 40 low- and moderate-income consumers annually.

Evaluating *Money Smart*

The small but important body of research evaluating *Money Smart* to date has shown evidence of its effectiveness from the perspectives of both the participants and the instructors.

Results from the Student Study

Research by Lyons and Lyons and Scherpf found that *Money Smart* has had an impact in educating the unbanked and helping them form relationships in the mainstream financial marketplace.[28] Data were collected from *Money Smart* participants in Chicago between September 2001 and April 2002; the sample included 92 unbanked individuals. Of these, only 18 stated that they had no interest in opening a bank account even after completing their *Money Smart* studies. While follow-up would be necessary to determine whether the intentions to open accounts were actually fulfilled, it is important that the program at least changed participants' knowledge of and attitudes toward banking enough to influence their thinking.

In addition, when analyzing specific factors that influence a participant's decision to open a bank account after completing *Money Smart*, the authors found that the only significant variables were those related to the program itself. The intention to open an account did not depend on any demographic characteristic, but it did vary with students' assessment of the *Money Smart* program. Those who felt most strongly that the program increased their level of financial knowledge and enhanced their ability to manage their finances were significantly more likely to report that they planned to open a bank account after finishing the course. Although the sample size for this study was small, it nonetheless implies that *Money Smart* is succeeding in encouraging the unbanked to consider opening bank accounts.

An important consideration, though, is that when the unbanked participants in the sample were asked why they did not have an account, over 70 percent stated that they did not have enough money. The role that financial constraints play, then, is critical. Even after completing the *Money Smart* curriculum, certain individuals may still not have been in a strong enough financial position to successfully maintain a bank account; thus, their gain of financial education coupled with the decision to remain unbanked can also be interpreted as a success of sorts.

Results from the Instructor Survey

The FDIC recently completed a large-scale effort to survey over 9,000 organizations that ordered *Money Smart* between July 2001 and October 2002. Data were collected from 2,651 respondents, 934 of whom taught some part of the *Money Smart* curriculum during 2001 and 2002. A follow-up survey of organizations that requested *Money Smart* in 2003 yielded responses from 4,174 organizations, 1,740 of which used the curriculum at least in part. The results, discussed below, measure the success of the program's design features and delivery methods from the perspective of the instructor. In addition, general questions about organizations' financial education practices allow comparisons between *Money Smart*'s features and those elements most often favored by educators. While ongoing efforts to survey students themselves will provide a much more accurate depiction of participants' ultimate success in entering the financial mainstream, the completed survey does help measure the extent to which the program is impacting students' behaviors and encouraging them to form banking relationships. Indeed, from the most recent instructors' reports, we can infer that more than 300,000 students were instructed using the *Money Smart* curriculum and that close to 40,000 graduates opened bank accounts after completing their training.

Throughout this discussion, it is important to note that the response rates for the original and follow-up surveys were 28 percent and 16 percent, respectively; while this is in line with expectations for an e-mailed/mailed survey, it is still too low to allow inferences to be made about the larger universe of organizations that ordered *Money Smart*. The organizations that chose to respond to the survey may have had greater success with the program than the organizations that did not respond. Thus, assuming that the opinions of the respondents represent the opinions of all organizations might overstate the level of the program's success. This is a selection bias that does not diminish the relevance of the results but represents a limitation that must be mentioned when the survey results are analyzed.

Overall Satisfaction

Respondents to the instructor survey were overwhelmingly satisfied with the overall quality of the program. In fact, 85 percent of respondents who taught some part of the curriculum rated *Money Smart* "Excellent" or "Very Good," and only 1 percent rated the program "Fair" or "Poor." [29] Even organizations that did not offer any part of the *Money Smart* curriculum agreed that the content of the program could meet their needs. Only 5 percent of organizations that chose not to teach *Money Smart* felt that that the content was inappropriate or that the quality was insufficient.

Notably, organizations were most often unable to offer *Money Smart* due to monetary constraints; 41 percent of organizations that did not teach *Money Smart* cited lack of staff or budget. Another 24 percent stated that they were not aware of the program when they prepared their financial education curricula. The FDIC helps educators overcome these obstacles by distributing *Money Smart* free of charge to help reduce the cost of teaching the program and offering Train-the-Trainer sessions at no cost to help develop staff teaching expertise.

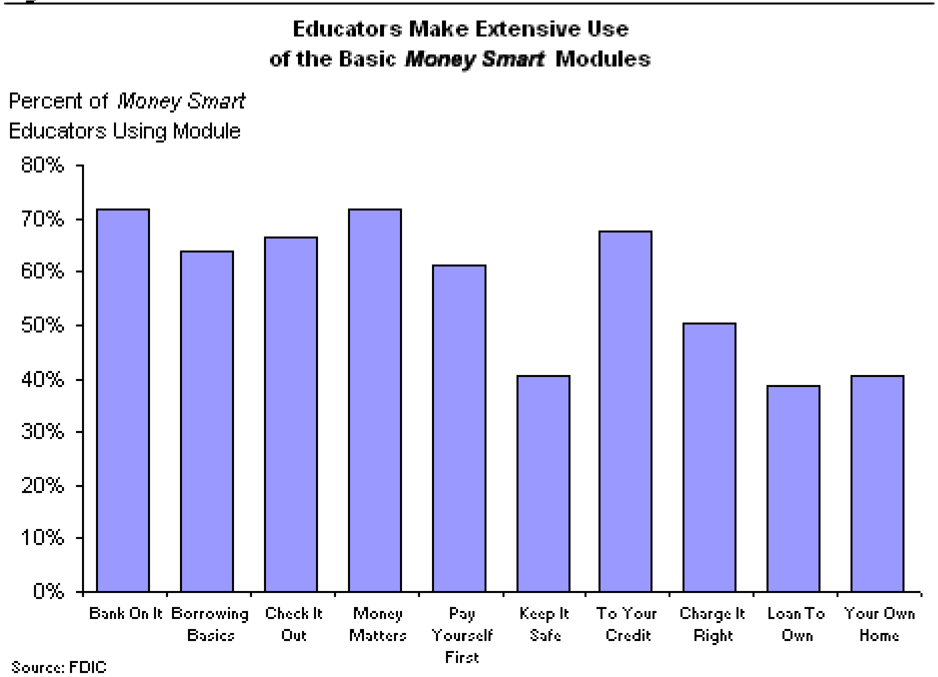
Design Preferences

Many respondents (57 percent) who offered some type of financial education (but not necessarily *Money Smart*) chose to focus on financial literacy fundamentals such as budget, savings, and debt management issues. Organizations were not as likely to offer more specialized or complex topics; only 15 percent offered small business development education, 14 percent taught retirement planning, and 8 percent covered tax preparation. It is notable that the *Money Smart* curriculum itself serves to introduce the basics of banking rather than provide a more advanced education; thus, the program is well suited to the demands of educators who largely want to introduce elementary concepts.

For educators who did use *Money Smart*, 72 percent used both of the most commonly taught portions of the curriculum, Bank On It and Money Matters.[30] Organizations were less likely to use some of the more specialized topics in the curriculum such as Keep It Safe, Loan To Own, and Your Own Home. These topics were offered by 41 percent, 39 percent, and 40 percent of *Money Smart* educators, respectively. (See Figure 6.) This again highlights educators' tendency toward more rudimentary topics. Importantly, however, *Money Smart*'s adaptable design allows teachers to offer any parts of the curriculum that might be appropriate for a particular audience, in any order, and to omit other sections, without compromising the program's usability.

It is interesting that 68 percent of organizations who taught *Money Smart* also used other financial education tools to teach the same topics that *Money Smart* covers rather than to supplement the *Money Smart* curriculum with additional topics. Further, of those organizations that used both *Money Smart* and other materials, 87 percent blended them together.

Figure 6



Delivery Preferences

In general, educators in organizations offering any type of financial education program were most likely to identify low-income adult populations as their target audience (57 percent). Educators were also somewhat likely to target high school and/or college students (40 percent) but were least likely to target participants in asset-building programs (18 percent). Because the *Money Smart* curriculum was designed to educate low-income adults, the program targets the exact population that most educators say they want to reach. The *Money Smart* curriculum is adaptable enough, however, to suit many other populations.

Overwhelmingly, instructors who taught the *Money Smart* curriculum found it easy to use - 80 percent rated its ease of use to be "Excellent" or "Very Good." Teachers' satisfaction with the program's implementation is a crucial measure of delivery success, as instructors are the delivery channel for the program. Another positive result is that 79 percent of *Money Smart* educators were "Somewhat" or "Very" interested in attending a Train-the-Trainer session. It is significant that the teachers themselves, on whom the *Money Smart* delivery system vitally depends, are eager to improve their effectiveness.

The majority of all educators (58 percent) indicated that they use a traditional classroom delivery method. Financial educators were also somewhat likely to include computer-based instruction in the classroom training (35 percent) but were unlikely to rely on computer training alone (7 percent). While the *Money Smart* curriculum was originally designed to be presented in a formal classroom setting, which is currently the most common delivery method, the FDIC also distributes CD-Rom versions of the *Money Smart* lessons and recently introduced an interactive Computer-Based Instruction (CBI) version accessible on CD-Rom or on the FDIC's Web site. These "next generation" formats can be used for independent study or in conjunction with more traditional classroom training. These options will help organizations who hold classroom sessions simply because of the limited availability of computer-based curricula, provide instructors an opportunity to blend their teaching tools if desired, and allow educators and students who cannot run or attend a formal class to access financial education materials.

Motivations

When financial institutions were asked why they chose to offer the *Money Smart* curriculum, 56 percent of respondents indicated that the education program would be a good business opportunity and a very important way to attract new customers; another 30 percent found the business opportunity to be somewhat important. Thus, institutions recognize that improving financial literacy will help not only the individual students but the entire financial community.

Finally, it is worthwhile to note that financial institutions indicated that when making their decision to use *Money Smart*, it was very important to them that the program carried the FDIC "seal" (56 percent). This implies that the institutions trust the FDIC as an accurate and unbiased source of information.

Upcoming Program Assessments

In order to continually update and improve the *Money Smart* curriculum, the FDIC is conducting additional program evaluations to complement and build upon these initial survey results. In 2004, the FDIC will survey all participants in Train-the-Trainer sessions. The goal of this survey will be to assess perceptions regarding the effectiveness of the initiative, determine whether the sessions provide the skills necessary to teach adults outside of the financial mainstream, and measure the number of students taught by each trainer.

In addition, the FDIC is working on a participant survey to determine directly whether the *Money Smart* curriculum is effective in helping participants improve their money management skills and change their behaviors. The survey will be administered by the Gallup organization in three parts: a pre-training survey will be conducted to assess participants' baseline knowledge and use of the banking system and financial management concepts, a post-training survey will be conducted to determine changes in students' level of knowledge and assess if they intend to use banking services and implement the financial management techniques taught, and a 12-month telephone follow-up survey will be conducted to identify the specific ways in which these same students have in fact changed their financial management behaviors (that is, opened new bank accounts, increased savings, repaired credit history, or devised a budget).

Conclusions

It is clear that financial literacy is a critical component of today's financial marketplace. While designing and delivering a properly targeted, effective financial education program can be a daunting task, there is ample evidence that many programs are succeeding in improving individuals' financial knowledge and affecting positive changes in behavior. As new individuals enter the banking system at the same time that financial products are becoming more complex, ongoing vigilance is necessary to ensure that financial education initiatives continue to meet their important objectives.

To this end, the FDIC has set ambitious goals for the *Money Smart* Program. While the FDIC has already surpassed its goal of distributing 100,000 copies of the curricula, it is now striving to establish partnerships with 1,000 organizations and institutions in all 50 states and to expose one million consumers to its financial education program by 2007. The FDIC's effort, along with the many worthy financial education initiatives in place all around the country, will not only strengthen the financial infrastructure of the United States but will also help individuals and communities realize long-held financial goals.

[1] Jeanne M. Hogarth, Sondra Beverly, and Marianne Hilgert, "Patterns of Financial Behaviors: Implications for Community Educators and Policy Makers" (discussion draft, Community Affairs Research Conference, Federal Reserve Board, February 2003), http://www.federalreserve.gov/communityaffairs/national/CA_Conf_SusCommDev/pdf/hogarthjeanne.pdf - PDF 327k (PDF Help).

[2] Donna Gambrell, "Financial Education in a Dynamic Banking Environment," FYI, Federal Deposit Insurance Corporation, November 5, 2003, https://www.fdic.gov/bank/analytical/fyi/index.html.

[3] See note 1.

[4] Maude Toussaint-Comeau and Sherrie L.W. Rhine, "Delivery of Financial Literacy Programs," Consumer Issues Research Series Policy Studies, Federal Reserve Bank of Chicago, December 2000, http://www.chicagofed.org/publications/publicpolicystudies/ccapolicystudy/pdf/cca-2000-7.pdf - PDF 92.2k (PDF Help).

[5] Jeanne M. Hogarth and Marianne A. Hilgert, "Financial Knowledge, Experience and Learning Preferences: Preliminary Results from a New Survey on Financial Literacy," *Consumer Interest Annual* 48 (2002), http://www.consumerinterests.org/files/public/FinancialLiteracy-02.pdf - PDF 432k (PDF Help).

[6] See note 1; and Katy Jacob, Sharyl Hudson, and Malcom Bush, "Tools for Survival: An Analysis of Financial Literacy Programs for Lower-Income Families," Woodstock Institute, 2000, http://woodstockinst.org/document/toolsforsurvival.pdf - PDF 185.44k (PDF Help).

[7] Barbara O'Neil et al., "Successful Financial Goal Attainment: Perceived Resources and Obstacles," *Financial Counseling and Planning* 11, no. 1 (2000).

[8] Sherrie L.W. Rhine and Maude Toussaint-Comeau, "Consumer Preferences in the Delivery of Financial Information: A Summary," *Consumer Interests Annual* 48 (2002).

[9] See the Jacob, Hudson, and Bush reference in note 6.

[10] Jeanne M. Hogarth and Josephine Swanson, "Using Adult Education Principles in Financial Education for Low Income Adults," *Family Economics and Resource Management Biennial*, 1995.

[11] Jacob, Hudson, and Bush's "Tools for Survival" (see note 6) has a detailed discussion of financial education offered by different types of institutions; it is from this discussion that the areas delineated in the Financial Education Programs in Practice section above are drawn.

[12] The Web site for the Jump$tart Coalition for Personal Financial Literacy is http://www.jumpstart.org/.

[13] The Web site for Junior Achievement is http://www.ja.org/.

[14] Douglas Bernheim, Daniel M. Garrett, and Dean Maki, "Education and Saving: The Long-Term Effects of High School Financial Curriculum Mandates" (working paper 6085, National Bureau of Economic

Research, Cambridge, July 1997), http://papers.nber.org/papers/w6085.v5.pdf - PDF 730.51k (PDF Help).

[15] Consumer Bankers Association, *CBA 2003 Survey of Bank-Sponsored Financial Literacy Programs*, April 2003, http://www.cbanet.org.

[16] The money management Web site for the Lincoln Financial Group is http://www.lfg.com/LincolnPageServer?LFGPage=/lfg/ipc/myp/lrn/index.html, and the Web site for Visa's Practical Money Skills for Life is http://www.practicalmoneyskills.com/index.php.

[17] The Web site for Neighborhood Housing Services is www.nhsaonline.org/.

[18] For more information on federal initiatives, see the Federal Financial Education Directory created by the Treasury Department's Office of Financial Education (www.treas.gov/offices/domestic-finance/financial-institution/fin-education/resources/index.html).

[19] See the Jacob, Hudson, and Bush reference in note 6.

[20] See note 1.

[21] See note 14. Between 1996 and 2000, participants in Money 2000, an asset-building program designed to encourage participants to save towards financial goals, increased their net worth by a total of $15.2 million. A 1998 survey found that 86 percent of participants reported increased awareness and knowledge of personal finance or money-related topics, and 79 percent reported that they had increased their savings and/or investments since participating in the program. Also see Barbara O'Neill et al., "Money 2000TM: Feedback from and Impact on Participants," Journal of Extension 38, no. 6 (December 2000). Money 2000 has since become Money 2020 and is being incorporated into the America Saves program (http://www.americasaves.org/).

[22] Jinhee Kim, Constance Y. Kratzer, and Irene E. Leech, "Impacts of Workplace Financial Education on Retirement Plans," ed. Jeanne M. Hogarth, *Proceedings of the 2001 Annual Conference of the Association for Financial Counseling and Planning Education* (2001).

[23] Abdighani Hirad and Peter Zorn, "A Little Knowledge Is a Good Thing: Empirical Evidence of the Effectiveness of Pre-Purchase Homeownership Counseling" (working paper, Freddie Mac, May 2001), www.freddiemac.com/corporate/reports/pdf/homebuyers_study.pdf - PDF 165k (PDF Help).

[24] Gregory Elliehausen, E. Christopher Lundquist, and Michael E. Staten, "The Impact of Credit Counseling on Subsequent Borrower Credit Usage and Payment Behavior" (presentation given at a Federal Reserve System Community Affairs Research Conference entitled "Sustainable Community Development: What Works, What Doesn't, and Why," Washington, DC, March 2003), www.federalreserve.gov/communityaffairs/national/CA_Conf_SusCommDev/pdf/statenmichael.pdf - PDF 279k (PDF Help).

[25] According to the CBA 2003 Survey of Bank-Sponsored Financial Literacy Programs, the percentage of financial institutions that fail to evaluate their other types of financial education programs is even greater: 40 percent do not evaluate their credit counseling services, 43 percent do not evaluate their small business/entrepreneurial training, 43 percent do not evaluate their public school programs, and 50 percent do not evaluate their college-based programs.

[26] TANF provides employment-focused workshops and intensive career development and career counseling services designed to transition monolingual clients into employment and self-sufficient lifestyles. The IDA program is a matched savings plan whereby participants' savings are matched 1:1. Funds can be used toward the purchase of a value-added economic asset such as a home, post-secondary education, or a small business. The IDA program provides the financial training and case management support necessary to help ensure the success of those committed to achieving financial

stability for themselves and their families.

[27] The Certificado de Matricula Consular is an identification card issued by Mexican consulates to Mexican nationals living abroad.

[28] Angela C. Lyons and Erik Scherpf, "An Evaluation of the FDIC's Literacy Program *Money Smart*" (official report to the Women's Bureau at the U.S. Department of Labor, May 2003); Angela C. Lyons and Erik Scherpf, "Moving from Unbanked to Banked: Evidence from the *Money Smart* Program," *Financial Services Review* (2004, forthcoming); and Angela C. Lyons, "Providing Effective Financial Education for the Unbanked: Evidence from a Chicago Case Study" (2003).

[29] Survey responses cited are from the original survey, but the follow up survey data do not change the conclusions. Unless otherwise noted, percentages are based on the number of respondents who answered each particular question rather than the total number of respondents who answered the survey. Institutions that did not use the *Money Smart* curriculum, for example, did not answer the specific sections of the survey pertaining to *Money Smart* and were excluded from frequency tabulations for those questions.

[30] Survey response percentages for module use were based on the total number of respondents that used the Money Smart curriculum in any way.

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FYI is an electronic bulletin summarizing current information about the trends that are driving change in the banking industry, plus links to the wide array of other FDIC publications and data tools.

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Figure 2

Consumers With Less Financial Knowledge Have a Smaller Scope of Financial Experiences

	All	More Financial Knowledge*	Less Financial Knowledge
Have Checking Account	89	95	76
Have Savings Account	80	84	71
Have Credit Card	79	86	65
Have Investment Accounts	52	63	30
Keep Financial Records	65	73	49
Have Emergency Fund	63	72	45
Review Credit Reports	58	62	48

* Those with more financial knowledge earned a passing grade on a financial literacy quiz that was commissioned by the Federal Reserve and included in the monthly Survey of Consumer Finances.

Source: Hogarth and Hilgert, "Financial Knowledge, Experience and Learning Preferences: Preliminary Results from a New Survey on Financial Literacy," Consumer Interests Annual v 48, 2002.

Figure 3

Financial Institutions Offer Many Targeted Financial Education Programs and Services	
Program/Service	
Mortgage/Homeownership Counseling	96%
Affordable Mortgage Program	93%
Credit Counseling	91%
Employee Tutoring	83%
Small Business Development	79%
K-12 Financial Education	77%
Individual Development Accounts	74%
Predatory/Abusive Lending Prevention	72%
Adopt-a-School Program	70%
Programs for the Unbanked	57%
Foreclosure Prevention	37%
College Financial Education	26%
Source: Consumer Bankers Association "2003 Survey of Bank-Sponsored Financial Literacy Programs"	

Figure 5

The *Money Smart* Curriculum Has Been Distributed to a Wide Range of Organizations

Category	% of Total Distribution
Financial Institution	20%
Educational Service	18%
Community Organization	10%
Housing Service	8%
Government	8%
Social Service Organization	5%
Faith Based Organization	4%
Employment Service	2%
Credit Union	2%
Other	24%

Source: FDIC