

# FINANCIAL EDUCATION & ACCOUNT ACCESS AMONG ELEMENTARY STUDENTS

*Findings from the Assessing Financial  
Capability Outcomes (AFCO) Youth Pilot*

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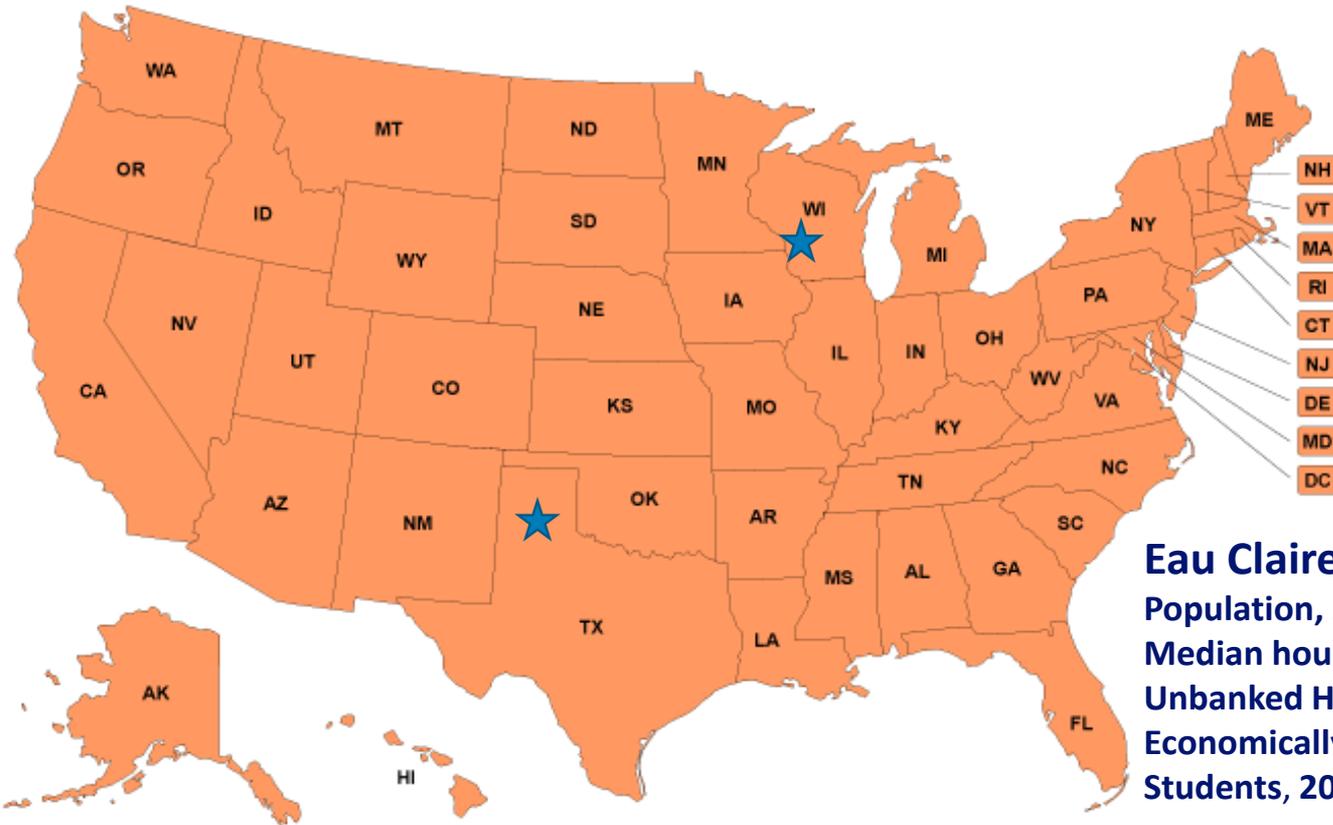
What is the impact of financial education and in-school account access, alone and in combination, on students:

- Financial Knowledge
- Attitudes towards savings and financial institutions
- Behavior, e.g. opening and using bank accounts

Focus on elementary-age students

Rigorous examination of financial education combined with financial access

# 4<sup>th</sup> & 5<sup>th</sup> Grade Classrooms in Two Communities



## Eau Claire, Wisconsin

**Population, 2010:** 65,883  
**Median household income, 2007-11:** \$42,226  
**Unbanked Households, 2011:** 9.4%  
**Economically Disadvantaged Students, 2011-12:** 41%

## Amarillo, Texas

**Population, 2010:** 190,695  
**Median household income, 2007-11:** \$44,769  
**Unbanked Households, 2009:** 12.2%  
**Economically Disadvantaged Students, 2011-12:** 69%

# Partners



U.S. Treasury  
Department, Office of  
Consumer Policy



## Implementation Partners

### Amarillo

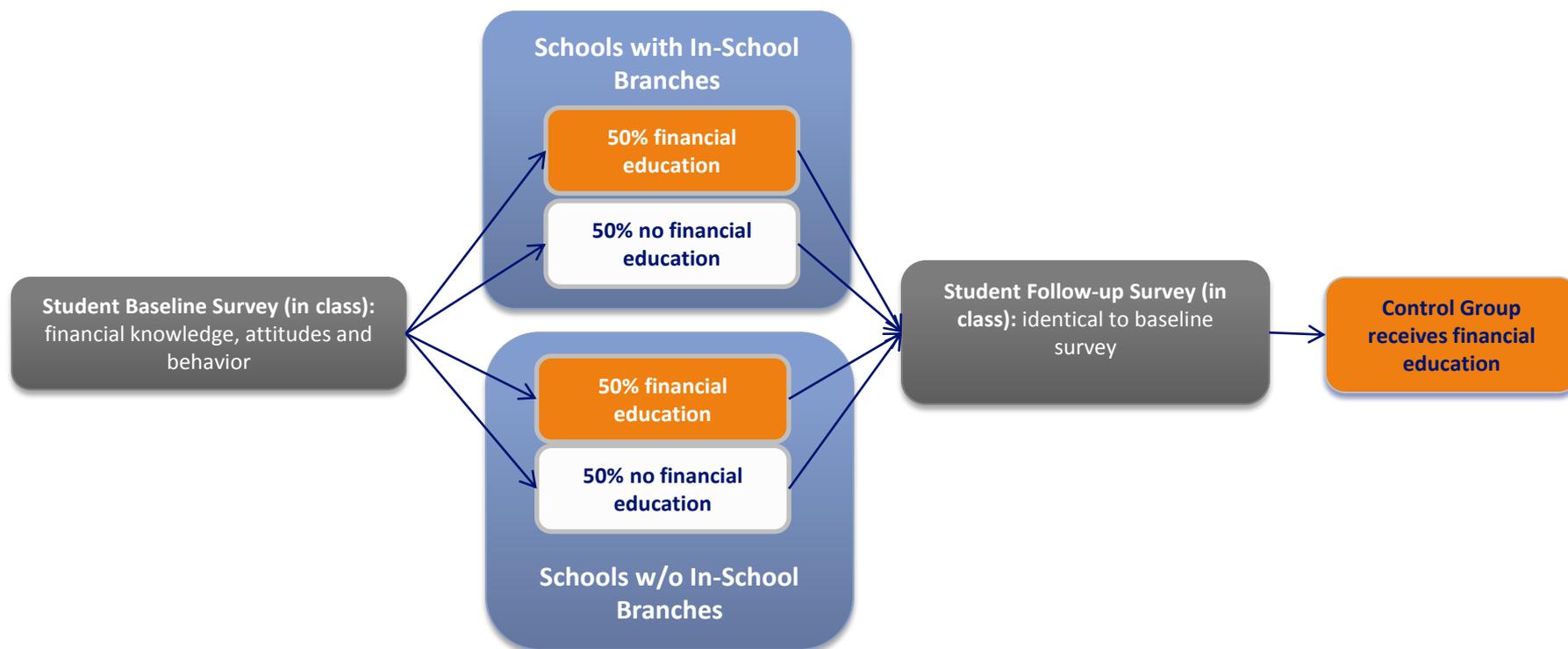
- Opportunity Texas
- Texas Council for Economic Education
- Amarillo Independent School District
- Happy State Bank

### Eau Claire

- Eau Claire Area School District
- Royal Credit Union

# RESEARCH DESIGN & IMPLEMENTATION

# Research Design

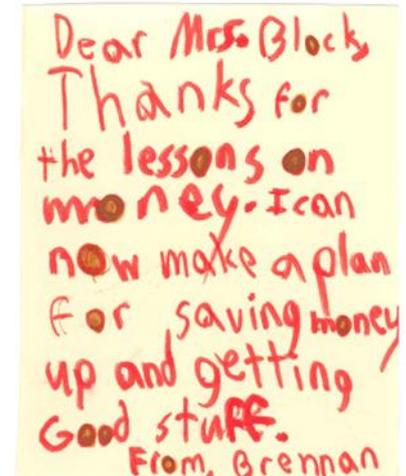


## Changes In Year 2

- Randomized access to bank-in school programs in Amarillo
- Surveyed Eau Claire students who had participated in the first year
- Randomly provided half of Amarillo students with in-school account access a \$25 “seed” deposit for opening an account

# Financial Education

- 5 or 6 lessons from Financial Fitness for Life curriculum in the 4<sup>th</sup> or 5<sup>th</sup> grade classrooms
- Content focused on Savings Account Use
  - Defining income, expenses and savings
  - Wants vs. needs, incentives and goals
  - Explain budgets and savings plans
  - Compare savings options and understanding interest
- 45-minute lessons taught by classroom teachers
  - Teachers trained for 3 to 8 hours on curriculum and materials



# In-School Banking

- Royal Credit Union School \$ense & Happy State Bank Kids' Banks
  - **Account Type:** Joint ownership savings account (also opened minor-only account for the TX pilot)
  - **Frequency:** Open once a week during the school day, in TX after the study every 2-3 weeks
  - **Bank Transactions:** Kids can make deposits and withdrawals at school branch in WI, only deposits in TX
  - **Student Staffing:** Student tellers work with branch staff



# Amarillo In-School Banking Take-Up

<b>Total Accounts Opened (all grades)</b>	<b>615</b>
Account Take-up (4 <sup>th</sup> grade)	38%
<u>With</u> \$25 “Seed” Deposit Offer	43%
<u>Without</u> \$25 “Seed” Deposit Offer	32%
“Seed” Deposits Distributed	254
Value of “Seed” Deposits Distributed	\$6,350
Schools Continuing Kids’ Bank in 2013-14	15 (83%)

- **Account Take-up by School**
  - Account take-up: 20% to 60%
  - On average, the same or higher take-up in more economically disadvantaged schools
- **Account Type**
  - Child only: 26%
  - Joint: 74%
  - At two schools, majority of accounts were child only

# RESULTS

Sample Size	Eau Claire	Amarillo	Total
No Financial Education	320	285	605
Financial Education	380	418	798
Total	700	703	1,403

# Data

## Knowledge

- **Financial Quiz Score:** The number of questions answered correctly out of 13 questions

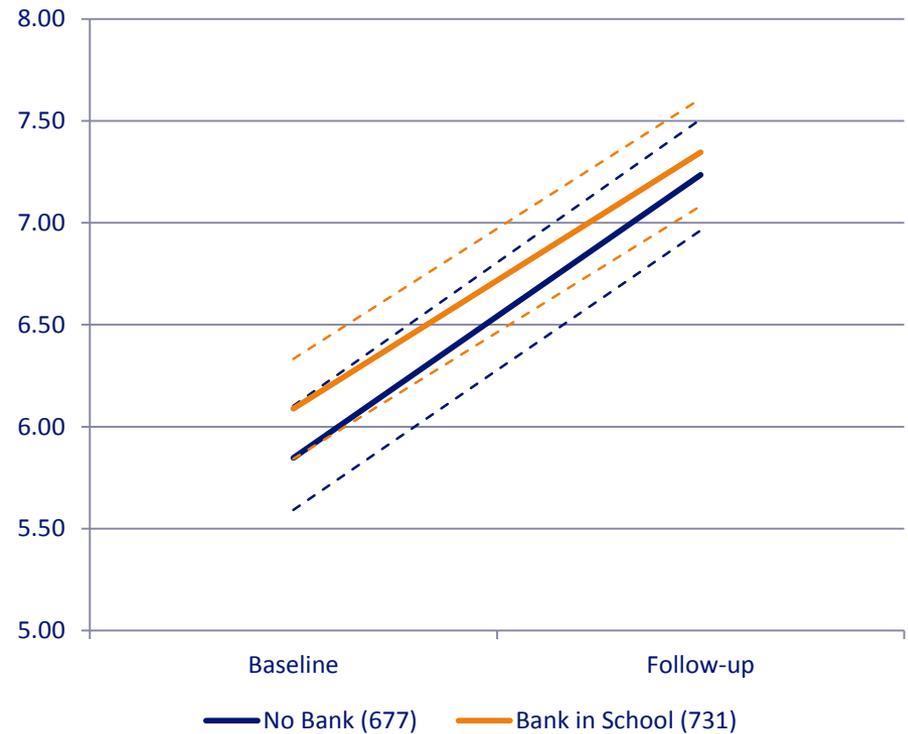
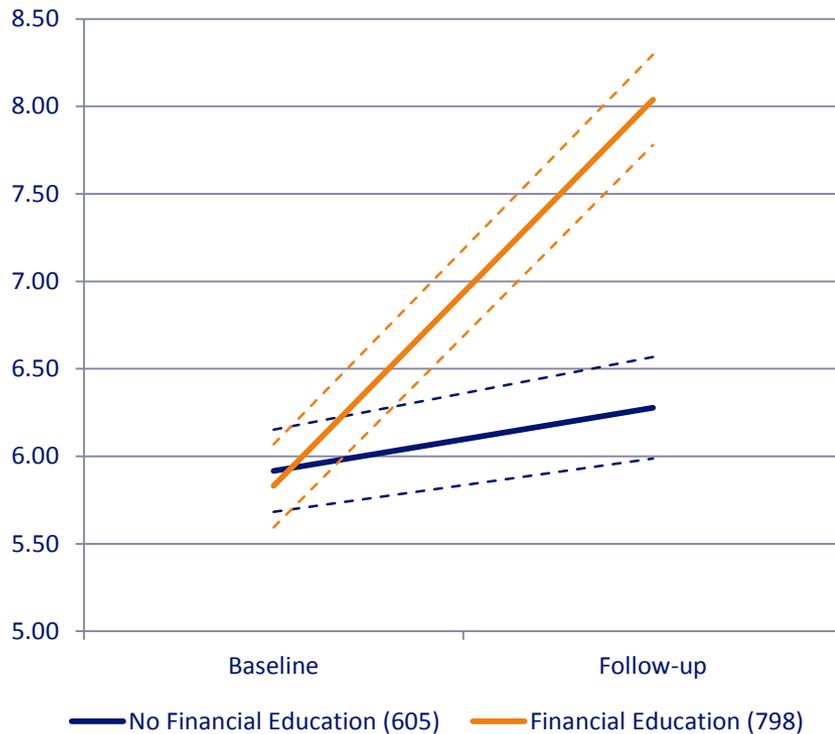
## Attitudes

- **Spend Money Immediately:** 5-point scale how often they find it hard to avoid spending money immediately
- **Easy to Save:** 5-point scale how often they find it easy to save money
- **Saving is for Adults:** 5-point scale how often they feel that saving money is only for adults
- **Banks Useful to You:** 5-point scale the degree to which they believe that banks offer services that are useful to them

## Banking Activity

- **Banked:** Students report whether or not they have a bank account in their own name
- **Net Deposits:** Total amount of money that is deposited into the account net of the total taken out of the account
- **Active Account Use:** Number of distinct occasions on which money is deposited or withdrawn from the account

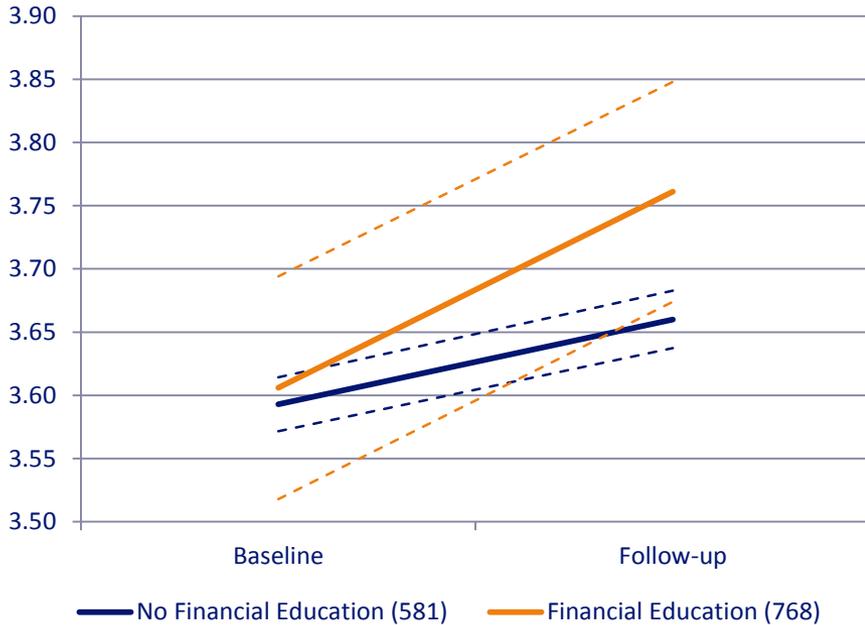
# Financial Quiz Scores Increased with Education



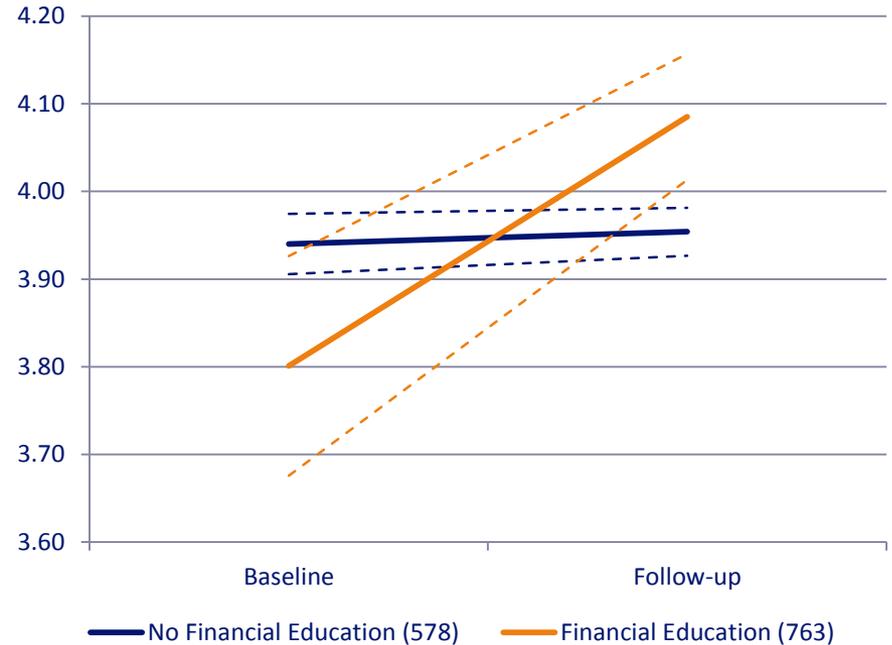
- Financial education appears to produce a large improvement in financial knowledge—an increase in the number of correct questions between 1.8 and 2.0
- Students with bank accounts show stronger effects in terms of changes in learning, but not randomly assigned
- No evidence that having a bank branch in the school has an added effect on learning

# Attitudes About Financial Institutions Improved

## It's Easy to Save



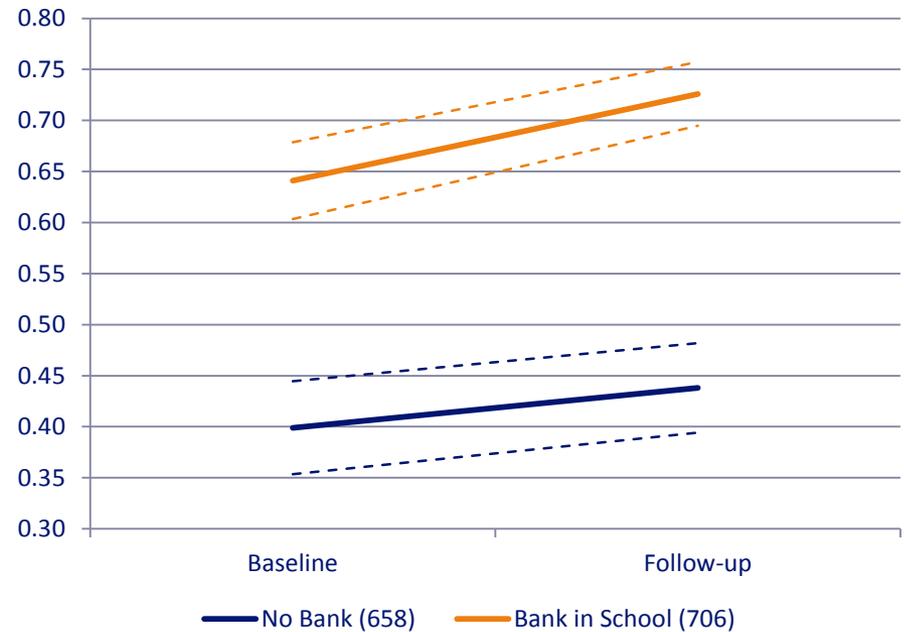
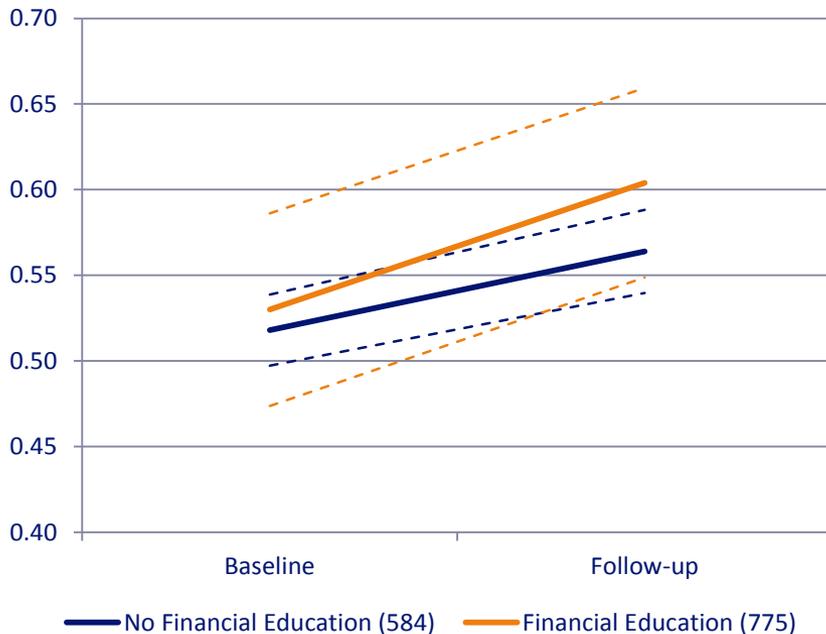
## Banks Are Useful



- Positive effects of education and having a branch in school on attitudes about saving and banks, with strongest effects from financial education

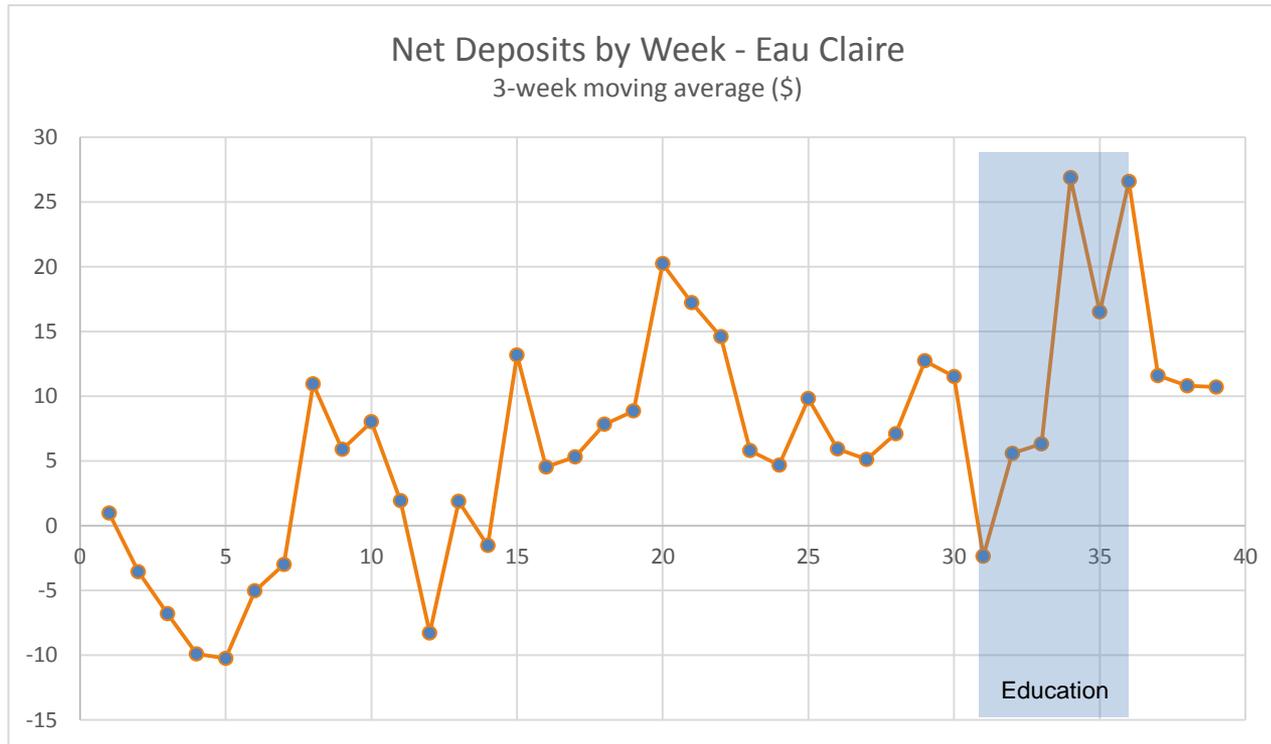
# Increase in Being Banked from Education, Incentives

## Banking Status of Student



- Financial education increased the number of banked students by about 3.5%
- The likelihood of a student having a bank account was correlated with the presence of in-school financial services
- \$25 incentive caused about an 18.1% marginal increase in students opening accounts

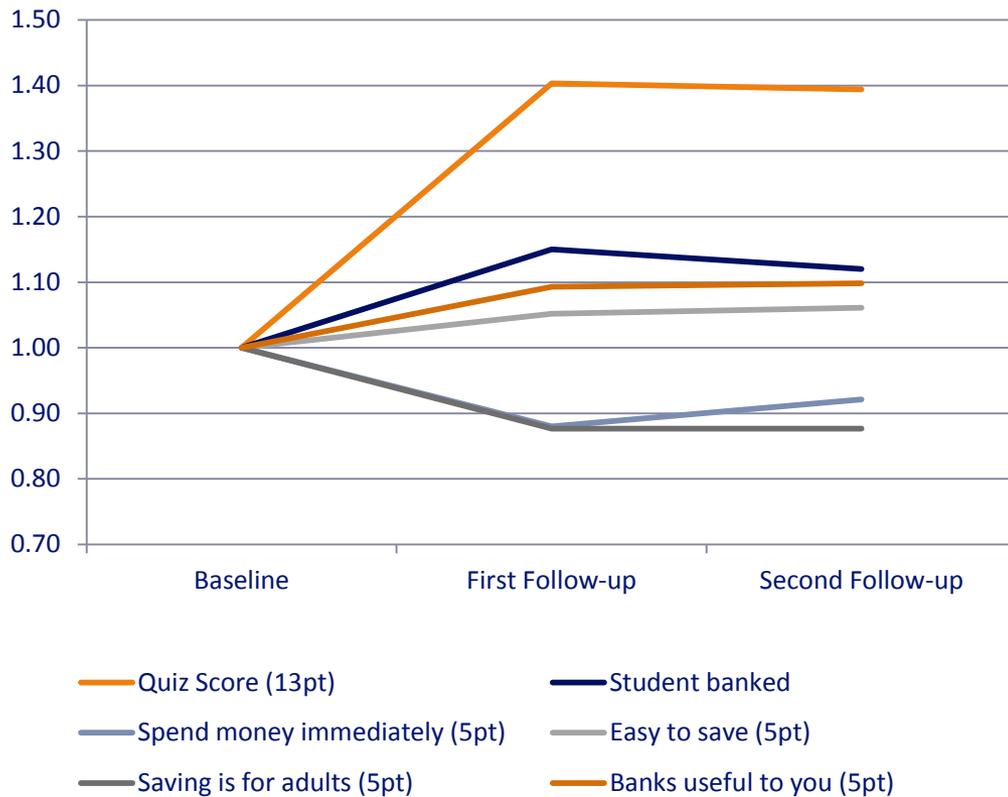
# Net Bank Deposits Rising (Eau Claire)



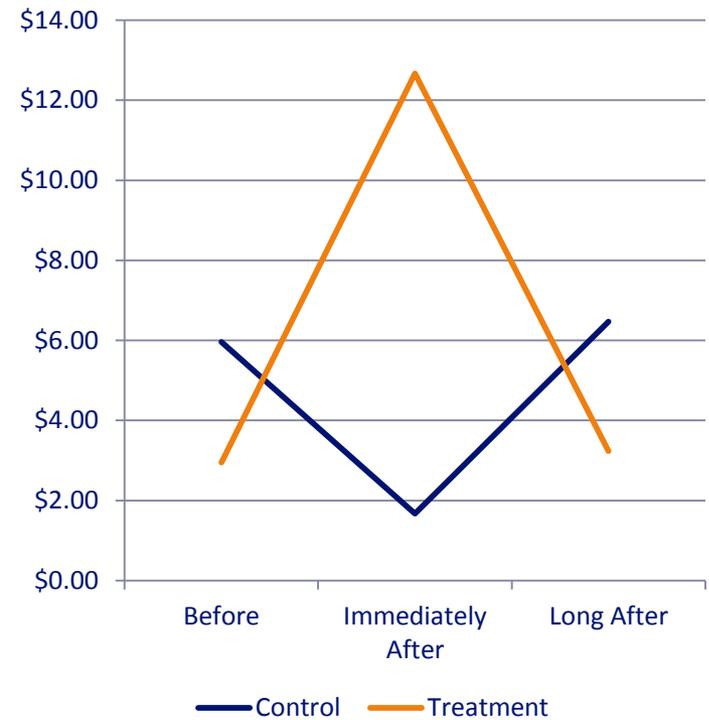
- Net deposits were higher on average (by about \$7.69) after education, but not significant statistically.
- In-school banking access is related to students more actively using accounts

# Persistence of Treatment Effects

## Outcomes for the Treatment Group



## Net Deposits



# Key Findings

- Education – relatively brief and ad hoc in nature – has impact on knowledge
  - And it lasts at least from 4<sup>th</sup> to 5<sup>th</sup> grade
- Being banked intensifies the effect
  - Banked students are likely different...but banks in schools and incentives facilitate account ownership
- Attitudes about financial institutions strongly influenced
  - By education and even just having a branch in school
- Account use proved hard to measure stably

# Policy and Practice Implications

- Classroom-based financial education can increase knowledge
  - Requires support to implement but is feasible if strategically developed
  - Potential of external support / community partnerships
- In-school banking access has direct and indirect impacts on attitudes about financial institutions and on having an account.
  - Incentives to start an account are clearly helpful, but add to costs
- Financial institutions need guidance on children savings marketplace
  - Incentives/encouragement to serve low-income markets with in-school branches
  - Guidance on Know Your Customer rules