Community Action Partners: Building Financial Inclusion With Money Smart

August 30, 2019

Tracie Morris, Washington, DC
Introductions and FDIC

Tracie Morris

Senior Community Affairs Specialist, Washington, DC

Federal Deposit Insurance Corporation
An independent federal agency

Major responsibilities:

- Insuring deposits
- Bank supervision & consumer protection
- Making large and complex financial institutions resolvable
- Managing Receiverships
Did You Know?

- In 2017, of the U.S. households
  - 6.5% were “unbanked”
    - This represents approximately 8.4 million US households, made up of 14.1 million adults and 6.4 million children
    - Lowest % since the survey began in 2009
  - 18.7% were “underbanked”
    - This represents approximately 24.2 million US households, made up of 48.9 million adults and 15.4 million children
    - Down 1.2% from the 2015 study
  - 68.4% were “fully banked”

Source: www.economicinclusion.gov
Consistent with previous surveys, banking status in 2017 varied considerably across the U.S. population. For example, unbanked and underbanked rates were higher among lower-income households, less-educated households, younger households, black and Hispanic households, working-age disabled households, and households with volatile income.
Figure ES.2 Unbanked Rates by Household Age and Year

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 to 24 years</td>
<td>15.7</td>
<td>13.1</td>
<td>10.0</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>12.5</td>
<td>10.6</td>
<td>8.5</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>9.0</td>
<td>8.9</td>
<td>7.8</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>7.5</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>5.6</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>65 years or more</td>
<td>3.5</td>
<td>3.1</td>
<td>3.9</td>
</tr>
</tbody>
</table>
Figure ES.3 Unbanked Rates by Household Race and Ethnicity and Year

- Black: 2013 - 20.6%, 2015 - 18.2%, 2017 - 16.9%
- Hispanic: 2013 - 17.9%, 2015 - 16.2%, 2017 - 14.0%
- Asian: 2013 - 2.2%, 2015 - 4.0%, 2017 - 2.5%
- White: 2013 - 3.6%, 2015 - 3.1%, 2017 - 3.0%
- Other: 2013 - 15.0%, 2015 - 11.1%, 2017 - 12.8%
Figure ES.4 Reasons for Not Having a Bank Account, Unbanked Households, 2017 (Percent)

- Do not have enough money to keep in account: 52.7%
- Don't trust banks: 30.2%
- Avoiding bank gives more privacy: 28.2%
- Account fees too high: 24.7%
- Account fees unpredictable: 20.2%
- ID, credit, or former bank account problems: 14.0%
- Banks do not offer needed products or services: 13.1%
- Inconvenient hours: 9.4%
- Inconvenient locations: 9.2%
- Other reason: 14.9%

Cited vs. Main reasons.
Supports the FDIC’s mission to promote stability and public confidence in the nation’s financial system by promoting economic inclusion and community development initiatives that broaden access to safe and affordable credit and deposit services from insured depository institutions;

Provides information and technical assistance to encourage banks to be responsive to the credit and banking needs of the communities they serve, including low- and moderate-income people;

Convenes banks, local and state governments, and community-based organizations to explore resources and promising practices;

Develops and disseminates financial education and other resources to banks, educators, parents, emerging small businesses, agencies and non-profit organizations working to equip and empower children and adults; and

Supports pilot programs and alliances to expand financial capability and inclusion.
Opportunities for Engagement

To respond, it is as important as ever to have a clear and comprehensive strategy to promote Economic Inclusion

Core Principle: The importance of a banking relationship both to the public and to financial institutions

Five Key Economic Inclusion Areas of Opportunities
Areas of Opportunities

- Encourage insured depository institutions and their partners to prudently serve the financial needs of emerging entrepreneurs and small businesses.
- Encourage responsible affordable mortgage lending by banks and their partners.
- Increase consumer access to credit through resources that help build and sustain a strong credit history.
- Promote availability, access, and use of affordable, insured transaction and savings accounts.
- Develop and promote free, high-quality financial education to strengthen consumer financial capability and sustainable banking relationships.
How Can We Work Together?

FDIC
- Provide financial education materials
- Provide technical assistance

Practitioners and Policy Makers
- Facilitate the delivery of financial education
- Facilitate access to safe, secure and affordable banking services
Money Smart Products

- **Instructor-led Products**
  - Money Smart for Young People (Pre-K to Grade 12)
  - Money Smart for Young Adults (ages 12 to 20)
  - Money Smart for Adults (ages 21+)
  - Money Smart for Older Adults (with the CFPB)
  - Money Smart for Small Businesses (with the SBA)

- **Self-paced Products**
  - Online learning tool
  - Money Smart Podcast Network

- **Implementation Tools**
  - *Money Smart News* and the Money Smart Alliance
Features of the Instructor-led Products

- **Instructor Guide for each module**
  - Ready for instructors to use “out of the box”
  - Usable by anyone – no prior teaching or banking experience required

- **Participant Guide for each module**
  - Contains scenarios, pre- and post-tests, exercises
  - Usable in training and as a resource at home

- **PowerPoint slides for each module**
  - Instructor Guides show when to use each slide
Your Role as an Instructor

- Prepare
- Deliver engaging training
- Provide reasonable accommodations
- Focus participants and facilitate discussions toward training objectives
- Remain flexible
- Make sure participants have the opportunity to contribute
Key Questions

- Who are you training?
- What do they need or want most from the training?
- What benefit or change do you want them to get from the training?
- What are your individual or organizational goals for providing this training?
2018 Money Smart for Adults
Money Smart for Adults: 14 Modules

<table>
<thead>
<tr>
<th></th>
<th>Module Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Your Money Values and Influences</td>
</tr>
<tr>
<td>2</td>
<td>You Can Bank On It</td>
</tr>
<tr>
<td>3</td>
<td>Your Income and Expenses</td>
</tr>
<tr>
<td>4</td>
<td>Your Spending and Saving Plan</td>
</tr>
<tr>
<td>5</td>
<td>Your Savings</td>
</tr>
<tr>
<td>6</td>
<td>Credit Reports and Scores</td>
</tr>
<tr>
<td>7</td>
<td>Borrowing Basics</td>
</tr>
<tr>
<td>8</td>
<td>Managing Debt</td>
</tr>
<tr>
<td>9</td>
<td>Using Credit Cards</td>
</tr>
<tr>
<td>10</td>
<td>Building Your Financial Future</td>
</tr>
<tr>
<td>11</td>
<td>Protecting Your Identity and Other Assets</td>
</tr>
<tr>
<td>12</td>
<td>Making Housing Decisions</td>
</tr>
<tr>
<td>13</td>
<td>Buying a Home</td>
</tr>
<tr>
<td>14</td>
<td>Disasters—Financial Preparation and Recovery</td>
</tr>
</tbody>
</table>
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Objectives</td>
<td>2</td>
</tr>
<tr>
<td>Target Audience</td>
<td>2</td>
</tr>
<tr>
<td>Structure of Money Smart for Adults</td>
<td>3</td>
</tr>
<tr>
<td>Modules</td>
<td>3</td>
</tr>
<tr>
<td>Sections</td>
<td>4</td>
</tr>
<tr>
<td>What's included in Each Module?</td>
<td>4</td>
</tr>
<tr>
<td>Instructor Guides</td>
<td>4</td>
</tr>
<tr>
<td>Participant Guides</td>
<td>6</td>
</tr>
<tr>
<td>PowerPoint Slides</td>
<td>6</td>
</tr>
<tr>
<td>Customizing MSA for Your Training</td>
<td>7</td>
</tr>
<tr>
<td>Module Opening and Closing</td>
<td>8</td>
</tr>
<tr>
<td>Use of Pre- and Post-Training Surveys</td>
<td>8</td>
</tr>
<tr>
<td>Preparing for Training</td>
<td>9</td>
</tr>
<tr>
<td>Your Role as Instructor</td>
<td>10</td>
</tr>
<tr>
<td>Materials and Equipment to Present a Module</td>
<td>9</td>
</tr>
<tr>
<td>Things to Do Before Presenting a Module</td>
<td></td>
</tr>
<tr>
<td>One to Three Months Before Training</td>
<td>10</td>
</tr>
<tr>
<td>Two to Four Weeks Before the Training</td>
<td>11</td>
</tr>
<tr>
<td>One Week to the Day Before the Training</td>
<td>11</td>
</tr>
<tr>
<td>About One Hour Before the Training</td>
<td>12</td>
</tr>
<tr>
<td>Delivering the Training</td>
<td>13</td>
</tr>
<tr>
<td>Presentation Strategies</td>
<td>13</td>
</tr>
<tr>
<td>Training Methods</td>
<td>14</td>
</tr>
<tr>
<td>Techniques for Facilitating Discussion</td>
<td>16</td>
</tr>
<tr>
<td>Group Dynamics</td>
<td>16</td>
</tr>
<tr>
<td>Personal Technology</td>
<td>20</td>
</tr>
<tr>
<td>Supporting Participants with Disabilities</td>
<td>21</td>
</tr>
<tr>
<td>Americans with Disabilities Act of 1990</td>
<td>21</td>
</tr>
<tr>
<td>Disability Diversity</td>
<td>22</td>
</tr>
<tr>
<td>Reasonable Accommodations</td>
<td>22</td>
</tr>
<tr>
<td>Accessible Training</td>
<td>23</td>
</tr>
<tr>
<td>Physical Access</td>
<td>23</td>
</tr>
<tr>
<td>Effective Communication</td>
<td>24</td>
</tr>
<tr>
<td>Respect</td>
<td>26</td>
</tr>
<tr>
<td>Disability Sensitivity - The Top 10</td>
<td>27</td>
</tr>
<tr>
<td>Appendix A: Tools for Training</td>
<td>28</td>
</tr>
<tr>
<td>Tool 1: Example Text for Promoting Your Training</td>
<td>28</td>
</tr>
<tr>
<td>Tool 2: Example Registration Form</td>
<td>29</td>
</tr>
<tr>
<td>Tool 3: Example Training Attendance Roster</td>
<td>29</td>
</tr>
<tr>
<td>Tool 4: Adult Learning Principles</td>
<td>32</td>
</tr>
<tr>
<td>Appendix B: Key Takeaways by Section</td>
<td>50</td>
</tr>
<tr>
<td>Appendix C: Activities by Section</td>
<td>55</td>
</tr>
<tr>
<td>Appendix D: Options for Introductory Activities</td>
<td>61</td>
</tr>
<tr>
<td>Option 1: And Now, I'd Like to Introduce</td>
<td>61</td>
</tr>
<tr>
<td>Option 2: Introduction Speed Dating</td>
<td>62</td>
</tr>
<tr>
<td>Option 3: My First Asset</td>
<td>63</td>
</tr>
<tr>
<td>Option 4: Championed</td>
<td>64</td>
</tr>
<tr>
<td>Option 5: Issues or Expectations Cannes</td>
<td>65</td>
</tr>
</tbody>
</table>

Guide to Presenting Money Smart for Adults: i

Guide to Presenting Money Smart for Adults: ii

FEDERAL DEPOSIT INSURANCE CORPORATION
Scenarios for Financial Inclusion

Released in October 2017
Money Smart for Young Adults: Eight Modules

- Bank On It
- Check It Out
- Setting Financial Goals
- Pay Yourself First
- Borrowing Basics
- Charge It Right
- Paying for College and Cars
- A Roof Over Your Head

In Two Formats:
- Instructor-led
- Self-Paced
Money Smart for:

- Grades Pre-K-2
- Grades 3-5
- Grades 6-8
- Grades 9-12

- Teacher and parent materials
- Youth savings resources

fdic.gov/moneysmart
Money Smart for Older Adults
(joint product of the FDIC and CFPB)

- Raises awareness of how to recognize and prevent financial exploitation
- Encourages advance planning and informed financial decision-making

fdic.gov/moneysmart
Self-Paced Resources

- **Computer-Based Instruction (CBI)**
  - Online Game! Fun! Interactive!
  - Stand-alone training/self-paced
  - Adult and Young Adult Tracks
  - Certificates of Completion

- **Money Smart Podcast Network (MP3)**
  - Grouped into four categories
  - Use on portable audio players or online
Self-Paced Online Learning

Two paths:
- Adult
- Young Adult

fdic.gov/moneysmart
Welcome to the FDIC's Money Smart Podcast Network.

Money Smart Podcast Network covers topics such as the basics of borrowing money wisely, using a spending plan to achieve financial goals, and how to use banking products effectively.

Listen to the audio files online or download them to your portable audio player. Join the more than 3 million people reached through Money Smart!
Recap: Three Ways to Learn

- **Instructor-Led Curriculums** (youth, young adult, adult, older adult, small business)
  - Comprehensive Instructor Guides
  - Take-home Participant Guides
  - PowerPoint slides
  - Teach modules in any order, or pull from multiple modules and make your own training

- **Online Game (CBI)**
  - Certificates of Completion

- **Money Smart Podcast Network**
Visit the Money Smart website at:
https://www.fdic.gov/MoneySmart

- Learn more about each product
- Order or download products
- Use self-paced learning tools
- Get ideas how to use Money Smart
- Join the Money Smart Alliance
Steps to Download Money Smart

- Go to [www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart)
- Click on “Teach”
- Scroll through the products
- Click the hyperlink, e.g., Money Smart – Teach – Adults in the description to expand the selections
- Click on the product you want
- To download:
  - Scroll to “Click to Show Downloadable files”
OTHER RESOURCES
The Workforce Innovation and Opportunity Act (WIOA) includes a financial literacy element

Crosswalks that list specific Money Smart lessons, modules, or topics that support each of the elements in WIOA

FLEC Resource Guides for Financial Institutions & Youth Employment Programs
Youth Employment Resource Center

- MS Supplement for Instructors/Trainers – Selecting a Bank Account
- Conversation Starters – Ideas for Youth Employment Professionals to Help Youth Access Bank Accounts
- Conference of State Bank Supervisors’ Statutory Requirements for Opening Bank Accounts for Minors by State
- www.fdic.gov/youthemployment
Youth Banking Resource Center

- Lessons from the FDIC Pilot
- Youth Banking Network
- Implementation Resources
- www.fdic.gov/youthsavings
Alliance members use Money Smart

Benefits include:

- Listed in online member directory
- Conference calls and webinars
- Priority publication consideration for Money Smart News

fdic.gov/moneysmart
Step 1: Click the white hyperlink located on the blue bar that reads: **Click Here to Show Downloadable Files**, see below.
Step 2: A blue box appears with a list of all available files. Select the desired file(s) one at a time to download.
Closing

https://www.fdic.gov/moneysmart

For comments and questions email communityaffairs@fdic.gov