

Office of Thrift Supervision's **C**ommunity *Liaison*

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Treasury Department's *Office of Financial Education Helps Promote Local and National Financial Literacy Efforts*

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As part of its objective to increase citizens' economic security and its commitment to financial education, the Department of the Treasury established the Office of Financial Education (OFE) in 2002. The mission of OFE is to ensure that Americans have access to financial education programs that can help them obtain practical knowledge and the skills to make informed financial choices throughout their lives.

OFE promotes access to financial education through a number of activities, which include conducting public outreach to increase awareness about financial education, recognizing best practices, and coordinating the Financial Literacy and Education Commission and the newly created President's Advisory Council on Financial Literacy. For example, in April 2008, in order to increase awareness, Treasury officials participated in events in schools across the country to teach young people about the importance of saving. Through events such as these, OFE directly — and indirectly — reaches many Americans with the message that financial education should be a key part of their daily lives.

OFE also sets and shares voluntary standards to help raise the effectiveness of financial education programs through the John Sherman Award for Excellence in Financial Education. This non-monetary award recognizes organizations with exemplary financial education practices that meet the criteria set by OFE. For example, The Savings Bank in Wakefield, Massachusetts was presented with the John Sherman Award in 2004, for its efforts in teaching financial education to high school students through the 1st Educational Savings Branch operated by students at Wakefield Memorial High School. The Savings Bank established this student-run branch in April 1981, the first such branch opened in the country. See *"Student-Run Bank Branches Teach Financial Fundamentals and Serve Communities,"* page 4.

Another resource provided by OFE is the Technical Assistance Center (TAC). Through TAC, OFE staff provides input on program design and information on available resources, explores partnerships, and shares best practices with financial education providers and others interested in financial education. Additionally, TAC will make efforts to facilitate partnerships between those who provide and those who need financial education.



OFE plays key roles in leading the Financial Literacy and Education Commission and supporting the President's Advisory Council on Financial Literacy. Through these roles, OFE serves as a focal point for many governmental and private sector efforts to promote financial education around the country.

Financial Literacy and Education Commission

The Fair and Accurate Credit Transactions Act of 2003 established the Financial Literacy and Education Commission, which includes 20 federal agencies that participate in promoting financial education. The Secretary of the Treasury serves as Chair of the Commission.

The Commission coordinates financial education efforts throughout the federal government, supports the promotion of financial literacy by the private sector, and encourages partnerships between the public and private sectors. In 2004, the Commission launched Mymoney.gov, a consumer-oriented web site featuring free financial education content from the federal government and 1-888-My-Money, a toll-free hotline through which the public can order printed financial education materials. In 2006, the Commission released *Taking Ownership of the Future: The National Strategy on Financial Literacy*. The *National Strategy* is a comprehensive blueprint for improving financial literacy in America, covering 13 areas of financial education and containing 26 specific Calls to Action. Each of the Calls to Action identifies specific steps necessary to meet the challenges discussed in the *National Strategy*.

One example of the activities of the Commission is a series of four regional conferences on "Reaching Unbanked People," held in 2006 and 2007. These conferences were coordinated by the U.S. Department of the Treasury, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency, along with regional, state and local partners. The conferences brought together community-based organizations, financial services providers, and federal, state, and local regulators to facilitate partnerships and discuss the latest developments on and strategies for bringing people into the financial mainstream, including effective ways of delivering products and services to unbanked people.

The President's Advisory Council on Financial Literacy

On January 22, 2008, President Bush signed an Executive Order to establish the President's Advisory Council on Financial Literacy (Council) to promote and enhance financial literacy among the American people. Composed of representatives from financial institutions, the nonprofit sector, and professional organizations, the Council advises

the President and the Secretary of the Treasury on financial education. Early in 2008, the Council endorsed the following initiatives:

Money Math: Lessons for Life is a four-lesson curriculum for middle-school students that helps teachers integrate financial lessons into math classes. Over 42,000 copies of the curriculum have been downloaded since March 2008.

The National Financial Literacy Challenge is a positive recognition program that uses a voluntary test to determine and recognize satisfactory levels of financial literacy among high school students. In the spring of 2008, more than 46,000 students in U.S. classrooms and at Department of Defense schools around the world took the Challenge. The most recent National Financial Literacy Challenge was offered to high school students from November 3 to December 12, 2008. Over 75,000 students participated.

The Honor Roll Program will evaluate and recognize post-secondary institutions and employers on their efforts to provide financial education to students and employees, respectively.

A Baseline Survey of Adult Consumers will be implemented by the Financial Industry Regulation Authority Investor Education Foundation, in consultation with the Department of the Treasury.

A Community Financial Access Pilot will help expand access to financial services and financial education for low- and moderate-income individuals. The Pilot will promote community collaborations among financial institutions, financial educators, community organizations, and others as the most effective way to connect underserved individuals with mainstream financial services. OFE staff will share best practices, provide technical assistance, information and referrals to participating communities to help them build sustainable approaches to expand financial access and financial education. The approaches implemented in each community are locally led and based on local needs and resources. OFE will make information from the pilots available, so that other communities may develop their own strategies ■

The following eight communities are participating in the pilot in 2008 through 2009:

Brownsville, TX	Eastern Kentucky (Rural)
Fresno, CA	Jacksonville, FL
Cowlitz County, WA	Mississippi Delta Region, MS (Rural)
Philadelphia, PA	St. Louis, MO

Community Liaison

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The Importance of Financial Literacy in Today's Market

Basic knowledge of financial products, such as mortgages, credit cards and checking accounts, is essential.¹ In fact, building a solid financial foundation, starting at an early age, is integral to our everyday lives.

One way OTS helps to address the challenge of promoting financial literacy is by encouraging management at federal thrifts and savings banks to work together with community and consumer organizations and private- and public-sector participants. There is considerable synergy generated from these cross-sector partnerships. Many community-based entities actively participate in financial education initiatives, and provide valuable assistance to institutions in developing and implementing financial literacy outreach programs, which include helping to coordinate resources and facilitate community commitment and involvement.

In this edition, we highlight a number of educational and outreach efforts and initiatives, many of which illustrate collaborations among financial institutions and their partners.

What's in This For You?

The lead article offers an overview of the role of the Office of Financial Education within the U.S. Department of the Treasury (see *Treasury Department's Office of Financial Education Helps Promote Local and National Financial Literacy Efforts*, page 1).

Thrift institutions have participated in a number of innovative and effective financial education activities. One such initiative is the establishment of in-school bank branches, staffed by student bankers, which enable high school students to receive on-the-job financial training and develop critical financial skills; furthermore, student-run branches introduce lower-income, underserved members of communities to mainstream banking products and services. (See *Student-Run Bank Branches Teach Financial Fundamentals and Serve Communities*, page 4).

Another initiative that promotes financial literacy objectives is the rise of "finance camps" that offer lower-income, high-achieving students the opportunity to learn and apply financial skills in the context of a summer camp experience. An example is Camp Challenge, sponsored for the past 15 years by the North Carolina Bankers Association, in which a number of institutions participate (see *North Carolina Bankers Accept the Financial Literacy Challenge*, page 6).

Financial Literacy and CRA

OTS rules provide favorable CRA consideration for financial literacy programs.² Many of the financial education activities provided by financial institutions would be considered as community development services under CRA (see *CRA Spotlight on Financial Literacy*, page 7). Thrifts may also receive favorable CRA consideration for leveraging partnerships and establishing alliances to promote financial education. In that context, OTS has recognized that thrifts that provide support to student-run bank branches and Camp Challenge would receive favorable consideration for their financial and technical assistance activities.

We urge you to contact the Community Affairs staff listed in this newsletter for additional information and assistance. OTS is fully committed to working with the savings institutions industry to help develop financial literacy programs and resources to benefit their customers. We will also continue to work independently, with our fellow regulators, and in collaboration with nonprofit organizations and others to facilitate initiatives to bring financial literacy programs to scale in order to reach — and teach — as many Americans as possible ■

¹ In an article dated April 2, 2008, and updated May 8, 2008, U.S. News.com reported that consumer credit card debt is increasing at an annual rate of 6 percent, and Americans' savings will replace less than 60 percent of their income on average after retirement, prompting even greater numbers of programs promoting financial education undertaken by public- and private-sector groups.

² The OTS has joined with the other federal banking regulators to issue CRA regulations and related policy guidance. The OTS's CRA regulations are found at <http://www.ots.treas.gov/?p=CRA>.

Student-Run Bank Branches

Teach Financial Fundamentals and Serve Communities

By Lynn Bedard

Community Affairs Liaison, Southeast Region, Office of Thrift Supervision.

Every banker knows how valuable financially literate customers are. Financially literate customers know the importance of maintaining their accounts in a responsible manner, notifying their financial institutions of unusual transactions in a timely manner, keeping track of important documentation, and paying their loans on time. They are the customers every bank wants but is finding harder and harder to attract.

The financial arena is much more complicated today than it was just 25 years ago. Young people, in particular, often use financial products without the appropriate financial information they need to be successful.

Several financial institutions and their partners have made significant investments to foster financial literacy in young people by opening student-run branches of their institutions in local high schools and teen centers that serve young people from lower-income families. While there is no guaranteed formula for success, the good news is that the pioneers in this area are developing a road map for others to use and adapt to fit their circumstances. A major goal of high school bank branches is to expand awareness of, and access to, mainstream financial institutions.

The Cardinal Bank of Mitchell Bank

In 2000, Cardinal Bank was created as a branch of Mitchell Bank. Mitchell Bank, located in Milwaukee, Wisconsin, was a pioneer in establishing a student-run branch. Cardinal Bank is a full-service bank operated by the students of South

Division High School, a largely unbanked, primarily Latino school, that has a predominantly low-income student population. Annually, approximately 10 to 12 students are recruited in their junior year to work as student bankers during their senior year. The Cardinal Bank is open to the public as well as students and faculty, and sponsors community-based events such as teach-ins at other local schools.

The Curie Branch

The Curie Branch of Park Federal Savings Bank is a student-run bank located in Curie Metro High School in Chicago, Illinois. The Curie Branch, inspired by the Cardinal Bank of Mitchell Bank, opened on April 12, 2005. Each year, Curie High School selects 10 students who are hired by Park Federal and trained as bank tellers, teller supervisors, or savings counselors. The branch serves students, faculty, staff, parents, and others having school business at Curie. Customers have access to all Park Federal products. Park Federal Savings Bank is an OTS-supervised institution.

Following the opening of the Curie Branch of Park Federal Savings Bank in 2005, a team of participants in that project and a team representing the Cardinal Branch of Mitchell Bank put together a handbook for other institutions interested in setting up a student-run bank branch. **“A Guide to Establishing Bank Branches in High Schools”** is a comprehensive guide that provides a detailed overview of how schools, banks, thrifts and other partners can work together to establish a student bank that benefits all.

In addition to the detailed guide, the team also produced a video that depicts the unique partnerships involved in the establishment of the Curie and Cardinal branches. The video also provides insight into the short- and long-term benefits to each of the partners.

A quick review of existing projects reveals one important common denominator: they all serve predominantly low-income communities. The student-run branches in operation have strong “team partners” that include high school administrators, student bankers, school boards, participating financial institutions, and nonprofit organizations that work together to coordinate funding efforts and other partnership activities. These coalitions also work with banking regulators to discuss whether and how favorable CRA consideration is available for activities that meet applicable requirements. See also *CRA Spotlight: Financial Literacy*, page 7.

Such broad coalitions allow for distinctions that enable communities to craft projects that work for them. For instance, both very large and very small financial institutions have established student-run branches. The goals for each of the projects were tailored to meet the specific needs of the various communities they serve, urban and rural communities alike.

Financial institutions that are interested in opening a student-run branch in their community and would like more information are encouraged to call the contacts listed on page 5, visit the web sites noted in the Resource Directory on page 8, or contact the Community Affairs Department of their primary regulator ■

Student Bank Projects Across the Country



■ Cardinal Branch

Bank Partner: Mitchell Bank, Assets of \$81.5 million

School: South Division High School, Milwaukee, Wisconsin

Student Demographics: Predominantly low-income, Latino

Date Opened: August 2000

Student Bankers: 10-12

Services: Students, faculty, staff, and community

Goals: Bring unbanked into mainstream banking, help student bankers define career objectives, and teach financial literacy

Other: Student bankers are unpaid volunteers

Contact: Vicki Kalman, (414) 902-8498

■ Curie Branch

Bank Partner: Park Federal Savings Bank, Assets of \$223.3 million

School: Curie Metro High School, Chicago, Illinois

Student Demographics: Predominantly low-income, Latino and African-American

Date Opened: April 2005

Student Bankers: 6

Services: Students, faculty, and staff

Goals: Help students increase financial knowledge, improve faculty and staff access to mainstream banking, and expand job training and work experience in the financial services field

Other: Student bankers are paid hourly wage

Contact: Dory Rand, (312) 368-2007



■ Highlander Branch

Bank Partner: County Bank (subsidiary of Capital Corp. of the West) Assets of \$2 billion

School: McLane High School, Fresno, California

Student Demographics: Predominantly low-income, Latino, Hmong and other immigrant populations

Date Opened: September 2007

Student Bankers: 10

Services: Students, faculty, and staff

Goals: Increase financial knowledge of student population and encourage students to share information on financial education with parents, who are largely unbanked

Other: Student bankers will receive \$1,500 scholarships

Contact: Sarah Scott, (209) 725-4541

■ Capital One — Theodore Roosevelt High School

Bank Partner: Capital One Bank, Assets of \$32 billion

School: Fordham Leadership Academy at Theodore Roosevelt High School, Bronx, New York

Student Demographics: Predominantly low-income, immigrant, minority

Date Opened: October 2007

Student Bankers: 10

Services: Students

Goals: Increase financial literacy and savings among students

Other: Student bankers are paid hourly wage

Contact: LaKia Williams, (212) 216-8945



North Carolina Bankers Accept the Financial Literacy Challenge

Summer 2008 marked the North Carolina Bankers Association's 15th year supporting **Camp Challenge**. The camp is geared to high-achieving, low-resource, middle-school students from across the state and is part of Colin Powell's *America's Promise Alliance*.

Camp Challenge is responding to the vital need to provide the leaders of tomorrow with marketable skills through effective education. While there are many exciting classes taught on topics as varied as poetry, public speaking, computers and personal development, the camp's focus is financial literacy. In the financial literacy program, students learn the difference between wants and needs, checking and savings accounts, and how to develop and stick to a budget.

Activities are not limited to teaching important financial skills at a formative age, valuable as those lessons are. **Camp Challenge** also provides the traditional camp experience to a group



of students who might otherwise never have it. Campers enjoy horseback riding, swimming, singing, hiking and making new friends to provide an all-around good time.

Camp Challenge receives strong support from the North Carolina banking industry. Each year, the overwhelming response from members, affiliates and partners of the North Carolina Bankers Association allows more than 600 students to attend a session at the camp. Last year, a tracking system was developed that will measure the progress of campers throughout high school, which will provide helpful performance metrics for the Camp's sponsors. Each year, a former camper

who has shown the most growth and progress will receive a scholarship from the North Carolina Bankers Association.



OTS has also recognized that financial institutions that participate in programs like **Camp Challenge** may receive favorable **CRA** consideration for the provision of community development services and, if the institutions make financial contributions, they may also receive positive

consideration for qualified investments.



Editor's Note: There are other "finance

*camp*s" operating throughout the country. In an online article posted July 2, 2008, the *Wall Street Journal* profiled several such camps, including **Camp Challenge**. See the **Resource Directory**, page 8, for the link to this article ■



Financial institutions can engage in a range of activities that promote financial literacy efforts. The benefits to institutions and the communities they serve are significant. Here are some ways in which thrift institutions can participate.

By Stephanie Caputo

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CRA Consideration for Financial Literacy Activities

The federal banking agencies have long recognized the importance of financial education and have given favorable Community Reinvestment Act (CRA) consideration for financial education programs targeted to low- and moderate-income people, many of which would be considered as community development services. The term “community development service” is defined in the CRA regulations.¹ In the current CRA policy guidance, the Interagency Questions and Answers (Q&As), the agencies list several examples of community development service activities that would receive positive CRA consideration.² Qualifying community development services include the development or teaching of “financial education curricula for low- or moderate-income individuals” and the provision of “credit counseling, homebuyer and home-maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing.”

The banking agencies encourage financial institutions to provide financial literacy programs to consumers; in addition, recognizing the severity of current housing market challenges, the agencies have proposed changes to the existing Q&A guidance that would address how banks and thrifts could receive favorable CRA consideration for engaging in activities that assist in preventing foreclosures. These activities would include the provision of borrower counseling services.³

Financial institutions may also undertake other activities that advance the goals of financial literacy, including making community development loans and qualified investments to financial education providers, such as community-based nonprofit organizations. Banks and thrifts can also enter into partnerships with these resource providers to expand the reach of their financial literacy programs and initiatives.

Financial Education Outreach Efforts

Providing financial support through qualified loans and investments that develop and implement financial education programs and strategies is a critical component to ensuring sustainable efforts, but it is certainly not the only way in which institutions can help create positive outcomes. As the articles in this newsletter illustrate, support by financial institutions typically takes the form of technical assistance, including donating staff resources to teach financial education classes, conducting financial literacy workshops, and sponsoring activities such as financial camps for young people and student-run bank branches, which offer invaluable “hands-on” experience that build both competence and confidence. (See *Student-Run Bank Branches Teach Financial Fundamentals and Serve Communities*, page 4, and *North Carolina Bankers Accept the Challenge*, page 6). Under these scenarios, institutions would receive favorable consideration for the provision of community development services that promote and expand financial literacy and educational efforts⁴ ■

¹ The agencies have adopted substantially identical CRA regulations. The OTS CRA regulations are found at 12 CFR 563e.

² See Q&A §563e.12(i)-3, Interagency Questions and Answers on Community Reinvestment (published July 12, 2001), at 66 FR 36620.

³ See the proposed Interagency CRA Questions and Answers (published July 11, 2007), at 72 FR 37922.

⁴ In order to receive favorable CRA consideration, community development services must benefit low- and moderate-income persons or geographies, and must have a financial component. An example of a qualifying community development service activity is a situation in which a financial institution’s officers provide training and technical assistance on financial analysis to a community-based organization that offers credit counseling to low- and moderate-income persons.

Resource Directory

Treasury Department/Office of Financial Education initiatives and activities:

- ◆ See <http://www.treas.gov/financialeducation> or call (202) 622-9372 for more information about the Technical Assistance Center.
- ◆ Information and tools for the Community Financial Access Pilot are available on the Treasury Department's web site at www.treas.gov/cfap.
- ◆ See <http://flc.treas.gov/index.htm> for information on the National Financial Literacy Challenge.
- ◆ Refer to <http://www.mymoney.gov> and 1-888-MY-MONEY for information and material on financial topics geared to consumers.

Student-Run Bank Branches

- ◆ The *Guide to Establishing Student-Run Bank Branches* can be found on the web site for the Sargent Shriver National Center on Poverty Law at <http://www.povertylaw.org/advocacy/community-investment/Teen%20Banks%20Clearinghouse%20Article%20June%202008.pdf>.
- ◆ Video link describing the partnerships that created the Curie and Cardinal bank branches can be found at <http://www.youtube.com/watch?v=See1TiRMzM>.

Camp Challenge

- ◆ For more information about Camp Challenge, see the North Carolina Bankers Association web site at www.ncbankers.org. For more information on America's Promise Alliance, visit their web site at www.americaspromise.org.
- ◆ Refer to <http://online.wsj.com/article/SB121495019809220955.html> for additional information on finance camps for young people.

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