EXAMINING HOW TECHNOLOGY CAN PROMOTE CONSUMER FINANCIAL LITERACY

HEARING

BEFORE THE

SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

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EXAMINING HOW TECHNOLOGY CAN PROMOTE CONSUMER FINANCIAL LITERACY

Wednesday, April 30, 2014

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS
AND CONSUMER CREDIT,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room 2128, Rayburn House Office Building, Hon. Shelley Moore Capito [chairwoman of the subcommittee] presiding.

Members present: Representatives Capito, McHenry, Pearce, Posey, Luetkemeyer, Stutzman, Pittenger, Barr, Cotton; Meeks, Maloney, Hinojosa, McCarthy of New York, Scott, Green, Ellison, and Heck.

Ex officio present: Representative Hensarling.

Also present: Representative Stivers.

Chairwoman CAPITO. The Subcommittee on Financial Institutions and Consumer Credit will come to order. Without objection, the Chair is authorized to declare a recess of the subcommittee at any time.

I now recognize myself for the purpose of making an opening statement.

One of the most important skills that a child can learn is how to properly manage their personal finances. Earlier this month, I had the privilege of visiting with high school students, business and economics students in Ripley, West Virginia. And then, I visited a third-grade class in Dunbar, West Virginia. We discussed the importance of making sound financial decisions, including the importance of differentiating wants from needs.

These visits were a wonderful opportunity for me to better understand the challenges facing these students. I must admit, when I was watching the PowerPoint and listening to some of the hints on good personal financial management, there were a few violations I am doing myself, so we can all learn how to do better.

Although financial literacy efforts are often focused on students, learning the life skills of financial management continues throughout adulthood. This morning's hearing will serve as an opportunity for Members to learn more about the Federal Government's financial literacy efforts and how they compare to new and innovative private sector solutions to promote greater financial literacy among students and adults alike.

In 2012, the GAO released a report that provided an overview of the Federal Government's activities and programs to promote financial literacy. They found 13 different programs offered by 13 different agencies, which spent about $31 million a year on financial literacy efforts in the year 2010.

The report also found that there was significant overlap among the agencies, and recommended consolidation of the government's efforts to promote financial literacy. Furthermore, the GAO found that there was no mechanism to evaluate the effectiveness of these programs.

If we are going to be devoting Federal resources to financial literacy programs, we must ensure these dollars are invested properly and effectively, and I look forward to hearing from the GAO this morning about additional measures that we can take to ensure these goals are met.

The rest of this morning's panel will update Members on private sector efforts to promote financial literacy through technology-based programs. We will hear from three different private sector entities that have developed Web-based and mobile-based platforms for consumers to gain a better understanding of financial management. These tools, readily available to anyone with a mobile phone or a computer, are helping consumers gain a better understanding of personal finance, thus helping them make better financial decisions.

Moving toward Web-based and mobile-based platforms to deliver financial literacy skills is essential as consumers become more reliant on mobile phones and smartphones. A recent Federal Reserve survey found that 87 percent of adults used a mobile phone, and of that population, 61 percent used smartphones.

The same survey also found that consumers are becoming more comfortable with accessing financial services and payments through their mobile device. Again, I would put myself in that category. I am inching into that realm myself and really seeing the ease of use and the convenience and the accountability that it provides.

As these trends continue, mobile apps can help consumers gain a better understanding of their finances. Apps can be updated to meet the evolving needs of consumers. As we will see today, private sector entities are developing apps ranging from educating children on the importance of saving to providing adults with a complete picture of their personal finances.

I would like to thank each of our witnesses for joining us here this morning, and for their efforts to provide consumers with a better understanding of the impact of their financial decisions.

I will now yield to the ranking member of the subcommittee, Mr. Meeks, for an opening statement.

Mr. MEEKS. Thank you, Madam Chairwoman. And I, too, am still learning certain tools myself and moving on.

What I find is that by the time most children in this country finish middle school, we have a great deal of confidence that they are comfortable using computers and smartphones and social media and that they are tech-savvy. By the time they graduate from college, we have little confidence that they are equipped with the basic financial skills and understanding to make the most important financial decisions they will face as responsible adults.

We often talk admirably about the new information age and about how successful our Nation has been in coming up with technological innovations that have improved the lives of millions. Today, Americans hold in their smartphones more computer capability than the most powerful supercomputers of the 1960s and 1970s that occupied entire basements of Federal buildings.

Today, we are able to communicate instantaneously, see our pictures within seconds, and connect with family and friends remotely from anywhere on the globe in a matter of seconds. And today, we are able to trade in milliseconds and have market efficiency and price updates in ways that we never imagined. As technology has changed our way of living and our culture, our youth, from very early ages, naturally learn and become tech-savvy.

But as much as we have seen transformational innovations in the technological area, major evolutions have also occurred in the financial markets. Our mortgage products are so much more complicated. Our banks are offering and engaging in increasingly more sophisticated transactions and operating in much-evolved financial markets with more complex financial products being offered to consumers every day, some of which caused some of the confusion and the Great Recession that we had and the banks falling down when we had the financial crisis.

So unfortunately, unlike in the technological area, our kids today are not keeping up with the innovations and added complexities of the financial markets. We have a generation of teenagers and young adults who are increasingly computer-literate and financially illiterate. As much as they know about smartphones, and connecting on Facebook and Google, our kids are increasingly clueless about how financial markets work, how to manage their finances, and how to juggle the financial responsibilities of owing debt.

In an economy and society where the biggest decisions that we make for economic prosperity and financial stability depend on making the right financial decisions, from investing in our education to buying a home or saving for retirement, we clearly need to do better to equip our youth with the proper skills they need in financial literacy.

After all, how do you prepare for college when you don't understand your student loan? How do you buy a home when you don't understand the terms and obligation of your mortgage? And how do you invest or save for retirement when you are clueless about the financial tools and options at your disposal?

We must do better, and instead of just saying, "Reading, writing, and arithmetic," we should be saying, "Reading, writing, arithmetic, and financial literacy." I believe it should also be part of the educational curriculum in every school so that we can make sure they have the tools that they need to be successful.

Thank you, Madam Chairwoman. I yield back, and I look forward to hearing the testimony.

Chairwoman CAPITO. Thank you.

I recognize Mr. Pittenger for 2 minutes for an opening statement.

Mr. PITTENGER. Thank you, Madam Chairwoman, for yielding me the time today to discuss technology that can promote consumer financial literacy.

According to the Federal Reserve, nearly 90 percent of American adults have a mobile phone. As access to mobile technology increases, so does the ability to conduct financial transactions and make more-informed financial decisions.

These devices can be used as a tool to help Americans budget for the future and track their spending and savings habits through resources like having immediate access to bank account balances or depositing a check using a phone's camera. At the same time, studies indicate that financial literacy in the United States is at relatively low levels, making it difficult for many Americans to take full advantage of these payment systems.

While the Federal Government has devoted increased resources to financial literacy initiatives in recent years, its efforts have been marked by excessive duplication and lack of coordination across agencies. The results of those efforts have been mixed at best.

For the past several years, the U.S. Government Accountability Office has examined the effectiveness and efficiency of Federal financial literacy programs and found that Congress and the Federal agencies have devoted more resources to financial literacy, which has resulted in overlap and duplication, but little evidence of improved financial literacy among Americans. There was also a RAND Corporation study back in 2009 entitled, "Federal Financial and Economic Literacy Education Programs" which found that Federal financial literacy activities are fragmented across multiple agencies, with more than 20 different Federal agencies providing over 50 programs related to financial literacy.

It is my hope that this hearing will shed light on how to make the government far more efficient for the American taxpayer, but also how innovations in mobile technology can contribute to the financial literacy of Americans by empowering them to make more informed decisions in their daily and long-term financial planning.

I yield back the balance of my time.

Chairwoman CAPITO. Thank you.

Mr. Green, for 2 minutes.

Mr. GREEN. Thank you, Madam Chairwoman.

I thank the ranking member, as well, and I would like to associate myself with his comments.

I am honored to note that the Dodd-Frank Act established the Office of Financial Education within the Consumer Financial Protection Bureau (CFPB) to enhance financial literacy education. And I believe that this Act and this portion of it is going to be of great benefit to the American people.

My hope is that as we move forward, the funding issue will become secondary, if not tertiary, to what we are trying to accomplish. It is important to make sure agencies are properly funded and it is important to make sure that funds are used efficaciously. But it is also important to make sure that agencies have the opportunity to fulfill their missions.

Currently, as was indicated, the phone is one means by which persons can receive a good deal of information. I am proud to say that I have a phone. I am hopefully going to move to the latest technology; I still have a BlackBerry, but I am blessed to have an iPad. Not everybody has an iPad, but most people have a phone.

In fact, the Federal Reserve reported that 63 percent of unbanked consumers have a mobile phone. And the indication is that 91 percent of underbanked consumers have a mobile phone. It appears to me that this technology can become the methodology by which people can acquire a good deal of intelligence.

I hope that we will be able to move forward such that we can completely explore how this collaborative effort between the CFPB and other agencies will be of great benefit to the American people. This is a good piece of legislation that we passed. We just now have to make sure that it works effectively.

I yield back.

Chairwoman CAPITO. Thank you.

I think that concludes our opening statements, so I am going to go to the panel.

And we welcome each of you. You are distinguished witnesses.

Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. And without objection, each of your written statements will be made a part of the record.

I would ask each witness to pull the microphone as close to you as you can so that we can hear you properly.

Our first witness is Ms. Alicia Cackley. She is the Director of Financial Markets and Community Investment at the U.S. Government Accountability Office.

Welcome.

STATEMENT OF ALICIA PUENTE CACKLEY, DIRECTOR, FINANCIAL MARKETS AND COMMUNITY INVESTMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. CACKLEY. Thank you.

Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee, I am pleased to be here today to testify on the important topic of financial literacy. In my statement today, I will provide a brief review of Federal financial literacy programs, activities, and agency roles, as well as a progress update on recommendations we have made in this area in the past several years.

In 2010, there were 16 significant Federal financial literacy programs or activities spread among 14 agencies, as well as 4 housing counseling programs spread among 3 Federal entities. Since that time, at least 4 of these programs have been discontinued or are no longer funded, and according to Treasury and CFPB, no new Federal programs have been added.

With respect to agency roles, the CFPB became operational in 2011 and has a primary role in addressing financial literacy, with offices that offer specific help to certain subpopulations such as servicemembers, older Americans, and students.

In addition, the 22-member Financial Literacy and Education Commission coordinates among other Federal agencies and between Federal agencies and State, local, nonprofit, and private entities. The Commission is also charged with developing a national strategy for improving financial literacy and proposing means of eliminating overlap and duplication among Federal financial literacy activities.

Furthermore, since 2008, three Presidential advisory councils related to financial literacy have been tasked with creating partnerships among Federal, State, local, nonprofit, and private entities.

In our reviews of Federal financial literacy efforts in recent years, we have observed important improvements or successes in four areas: coordination; partnerships; the CFPB's role; and evaluation tools. And we have identified one major area in which we believe significant work remains to be done: determining the most effective and efficient allocation of Federal resources.

In terms of the successes, overall, coordination on financial literacy has improved in recent years, largely due to the role of the Commission. The Commission has also built and promoted partnerships among Federal and non-Federal sectors, including academics, nonprofits, and other entities.

As we recommended, the CFPB has taken steps to delineate and distinguish its role in Federal financial literacy efforts from that of other Federal agencies, and the CFPB and the Commission have taken steps to develop and disseminate a standard set of evaluation tools or benchmarks to help assess outcomes and effectiveness of financial literacy programs.

Turning to our most recent recommendations, however, we continue to believe that further progress is needed in terms of ensuring that the most effective and efficient allocation of Federal literacy resources occurs. We noted in 2012 that the creation of the CFPB signaled an opportunity for reconsidering more broadly how Federal financial literacy efforts are organized.

As a result, we recommended to Treasury and the CFPB that the Commission identify for Federal agencies and Congress options for consolidating Federal financial literacy efforts into the agencies and activities that are best suited or most effective. While Treasury and the CFPB both agreed with this recommendation, it has not yet been implemented.

One natural vehicle for thinking strategically about how best to allocate resources is through the Commission's national strategy. We recommended that in revising its national strategy, the Commission incorporate clear recommendations on the allocation of Federal financial literacy resources across programs and agencies. Again, Treasury and the CFPB agreed with our recommendation but have not yet implemented it.

We acknowledge that the governance structure of the Commission presents challenges in addressing resource issues. It relies on the consensus of multiple agencies and has no independent budget or legal authority to compel members to act.

However, the Commission can identify resource needs, make recommendations, and provide guidance on how Congress or Federal agencies might allocate scarce Federal resources. This will give policymakers the information they need to help ensure the most effective and efficient use of Federal funds.

Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee, this concludes my prepared statement. I would be happy to answer any questions.

[The prepared tatement of Ms. Cackley can be found on page 44 of the appendix.]

Chairwoman CAPITO. Thank you.

Our next witness is Mr. Gabriel Krajicek, chief executive officer of BancVue.

Welcome.

STATEMENT OF GABRIEL KRAJICEK, CHIEF EXECUTIVE OFFICER, BANCVUE

Mr. KRAJICEK. Thank you.

Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee, it is an absolute honor to speak with you today, so thank you.

My name is Gabe Krajicek. I am the CEO of a company called BancVue, and we serve about 700 community banks and credit unions across the country, providing products and services.

As my written testimony shows, we have won numerous awards for our technology and we are widely regarded as one of our industry's top innovators. And that is important because innovation and receiving financial advice from a trusted adviser are the key components of any good financial literacy program.

Our mobile and Web-based products—MoneyIsland, PiggyBot, and Kasasa 360—are already changing lives.

For BancVue, this mission on financial literacy began in 2009 when I was teaching an afterschool class on entrepreneurship for middle schoolers. I worked hours and hours preparing lesson plans and activities and homework assignments for my young students, and the class culminated in our participation in the National Lemonade Day event, where students would design, market, and operate their own lemonade stand.

I was really excited. The kids were excited—especially one girl who wanted to be the CEO of the lemonade stand and run the cash register. Unfortunately, I realized very quickly that she could not make proper change, even after I handed her my iPhone and let her use the calculator.

If you could have seen her face when someone handed her a $10 bill and she did not know what to do, you would have seen all of her enthusiasm vanish; you would have seen that self-confidence that she had sink into self-doubt; and her excitement was just gone. Managing money, handling money should not make any child feel that way. It shouldn't make any adult feel that way.

These financial literacy products that we offer are not big moneymakers for BancVue nor are they for our clients. But helping people with their financial future is vital to all of us. That is why MoneyIsland, PiggyBot, and Kasasa 360 are offered exclusively by community banks and credit unions, because these institutions understand that they provide trusted financial advice and help serve their communities one household, one parent, one child, one teacher, or one small business at a time so that people can achieve their financial goals.

Please let me describe our products.

MoneyIsland is a multilevel online video game that is designed for kids 8- to 14-years old. Collaborating with real students in real classrooms, we designed this to be an exciting adventure full of financial quests that teach eight key financial principles ranging from spending to saving, investing, as well as other topics.

I know personally how hard it is to build a lesson plan, so we wanted to make it easier for the teachers to teach these financial concepts. We have included 17 preplanned lessons that make it kind of a paint-by-numbers approach for the teacher to explain the concepts to the students. And that is very important because less than 30 percent of American teachers have ever taught financial literacy, and less than 20 percent of them feel prepared to do so.

MoneyIsland is a turnkey solution and our curriculum meets both the Jump$tart Coalition for Personal Financial Literacy and the Common Core math standards. It is offered by more than 100 institutions across the country in 2,000 classrooms, and 70,000 students have already completed their financial journeys.

PiggyBot is a completely free mobile app that transforms the age-old practice of distributing kids' allowances into an interactive collaboration between Mom, Dad, and each child. Using PiggyBot, the kids set goals, like a new bike or a new doll, and then the mom and dad place portions of their allowance into three distinct buckets: spending; saving; and sharing. This is important because it teaches kids the value of planning how they are going to spend their money as well as how money can be used and should be used for different purposes.

It was launched just earlier this month—on April 1st—and it has already had an immediate impact. It has been the number one free app for children on the iTunes Store; we have had over 50,000 downloads; and already, 9,000 kids have established and achieved their financial goals all across the country.

But adults need help managing their money too, and they want that help from someone they trust. Ninety-three percent of community bank and credit union customers really trust their financial institutions. Compare that to the 66 percent of Americans who still feel flat-out anger toward the megabanks for their role in the recent economic crisis. Even 31 percent of megabank customers don't trust their own bank.

Plus, people want assistance from people they are familiar with, and that is why 75 percent of consumers say they want personal finance management (PFM) services from their primary financial institution, not from a third-party provider. That is why we launched Kasasa 360 earlier this month.

Kasasa 360 is a very easy to use PFM that enables an individual to view, organize, budget, and manage all of their bank accounts, all their credit cards, their car loans, their mortgages, their investments, their retirement accounts—you name it, they can manage it all from their Web-based or mobile device. Kasasa 360 brings home our commitment to personal financial literacy offerings because it give parents hands-on control over how they manage their money, because, as financial guru Dave Ramsey would say, your children are watching you, and they will learn how to manage money based on how you do it.

So what can Congress do to help? Well, as the pace and cost associated with compliance and regulatory oversight continues to grow, community banks and credit unions have no choice but to cut back on programs that don't directly generate new revenue. If there was a way, without sacrificing safety and soundness, to reduce the regulatory burden on community financial institutions, more of them would be able to provide services like these that offer financial literacy programs in every small town across America.

Thank you for your time, and thank you very, very much for your commitment to financial literacy. BancVue will continue to build new, innovative products and services. Our community banks and credit unions will continue to provide the trusted advice that our fellow citizens need and deserve. And individually and collectively, we stand ready to help in any way we can.

[The prepared statement of Mr. Krajicek can be found on page 68 of the appendix.]

Chairwoman CAPITO. Thank you very much.

Our next witness is Mr. Stephen Kehoe, who is senior vice president and global head of financial inclusion at Visa.

Welcome.

STATEMENT OF STEPHEN KEHOE, SENIOR VICE PRESIDENT AND HEAD OF GLOBAL FINANCIAL INCLUSION, VISA INC.

Mr. KEHOE. Thank you, Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee. My name is Stephen Kehoe, and I am head of global financial inclusion at Visa. Thank you for the invitation to be here today to discuss how technology can advance financial education.

At Visa, we believe that the most valuable financial tool is not a product, but knowledge. Empowering consumers with knowledge and skills to make informed decisions about and manage money wisely not only improves their own financial situation, but contributes to strengthening the economy.

Our CEO, Charlie Scharf, was recently appointed to the President's Advisory Council on Financial Capability for Young Americans and is committed to sharing the work Visa is doing in this field.

For over 50 years, Visa has enabled people, businesses, and governments everywhere to make and receive payments and connect to financial institutions. But providing consumers with access to quality financial services is just one piece of the puzzle.

They need to know how to use these products wisely, thereby gaining the skills and confidence required to manage their money responsibly, because unless we empower them with this knowledge, we are doing them no favors. Lack of financial knowledge is the economic equivalent of handing a teenager the keys to a brand new car when he has never driven before. A wreck, financial or otherwise, is inevitable.

The best way in which we can help that new account holder from crashing is to provide them with financial education long before they ever acquire a financial account.

For nearly 2 decades, Visa has focused on developing financial education programs that teach individuals of all ages the basics of money management. This includes how to budget, save, and spend responsibly. In the last 6 years, we have reached more than 30 million people in 30 countries.

In the United States, our flagship program, Practical Money Skills for Life, helps parents, teachers, students, and consumers learn the essentials of personal financial management. We know learning and, for that matter, teaching personal finance can be a challenging endeavor. In order to ensure success in educating everyone from elementary school students to adults, it is important to focus on creating and developing tools which not only are effective and relevant, but are wholly engaging for consumers of all ages, and that is where technology can really make a difference.

Our programs' Web sites attract more than 49 million views per year and provide a range of free, innovative, and engaging resources such as classroom lesson plans, educational video games, smartphone apps, podcasts, and other tools.

One of the most effective ways to make learning fun for children and young adults is through the use of games and entertainment. As part of Practical Money Skills, we have developed a suite of educational games online and for a variety of operating systems. These include games for younger kids such as Peter Pig's Money Counter, which has been downloaded more than 50,000 times, and Money Metropolis for middle schoolers.

But by far, our most popular and successful educational game is Financial Football. Working with the NFL and the NFL Players Association, we developed an interactive money management video game which has now been played more than 650,000 times online and continues to be downloaded from iTunes more than 50,000 times a year.

Since the launch of Financial Football in 2007, we have worked with State governments to distribute the game for free to schools in 44 States. In fact, Chairwoman Capito's home State of West Virginia was the first to distribute Financial Football to every middle and high school through a public-private partnership.

We were also pleased to partner with Ranking Member Meeks to hold a Financial Football event in February at the Super Bowl. As of today, we have partnered with governors, State treasurers, and other officials to distribute Financial Football to more than 28,000 middle and high schools across the country.

In addition to State governments, we have worked with over 300 nonprofits, credit unions, community banks, and financial institutions to distribute our core literacy materials. We have found public-private partnerships to be an effective way to deliver financial education resources.

Beyond games and educational entertainment resources, we have used technology platforms to create free, consumer-friendly smartphone apps to teach the basics of budgeting and savings. These come in all shapes and sizes, from planning for retirement to budgeting for the prom to figuring out how much the tooth fairy should leave under the pillow.

Twenty years of experience, however, tells us there is no silver bullet. The solution to creating a more financially literate, healthy citizenry requires a multipronged approach and constant innovation.

In conclusion, technology offers many opportunities to reach people through new channels, but the technology must appeal to the people we are trying to reach. To impact today's young people, we must engage with them on their terms, which means on the technology platform of their choice, be it iPad, tablet, smartphone, or online. If we are serious about using technology to create a more financially literate society, we must be wholly committed to creating apps, programs, and resources that consumers want to use.

Thank you for the opportunity to highlight some of the work Visa is doing to improve financial literacy. We are ready to work with this committee to advance this important cause, and I look forward to answering any questions.

[The prepared statement of Mr. Kehoe can be found on page 60 of the appendix.]

Chairwoman CAPITO. Our next witness is Mr. Barry Saik, who is the senior vice president and general manager of Consumer Ecosystems Group with Intuit.

Welcome.

STATEMENT OF BARRY SAIK, SENIOR VICE PRESIDENT AND GENERAL MANAGER, CONSUMER ECOSYSTEM GROUP, INTUIT

Mr. SAIK. Thank you.

Good morning, Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee. My name is Barry Saik and I am the senior vice president and general manager for the Consumer Ecosystem Group at Intuit. The Consumer Ecosystem Group includes our Quicken and Mint products.

I appreciate the opportunity to speak with you today about how technology can promote consumer financial literacy. While I am here to talk today about Mint, I would like to first give you some brief background on Intuit.

Intuit creates products and services with one mission in mind: We strive to improve people's financial lives so profoundly they cannot imagine going back to the old way of doing things. At its heart, this is all about financial literacy.

Over 30 years ago our founder, Scott Cook, sat at his kitchen table watching his wife struggle to balance the family checkbook. This inspired him to create Quicken. Today, we are one of the Nation's leading providers of tax and financial management solutions for consumer and small businesses as well as the accountants who serve them.

Through our flagship products and services, including QuickBooks, Quicken, Mint, and TurboTax, we remain committed to creating new and easier ways for consumers and small businesses to tackle life's financial chores with the help of technology.

We help our customers make and save money, comply with laws and regulations, and give them more time to live their lives and grow their small businesses. Most of the small businesses are family businesses, and these tools help them survive and thrive.

Mint, the leading personal finance app, enables users to link their financial accounts and view all of their financial statements in one place. We currently have over 15 million registered customers in the United States and Canada, and they are connecting to a total of over 220 million bank accounts and other financial accounts at different institutions.

Additionally, Mint provides the tools for easy and free money management. Goal-setting is a unique tool which helps our customers set financial targets that matter to them, such as paying down credit card debt or repaying your student loans. Mint tracks an individual's progress towards meeting their personal goals and sends regular reminders to keep you on track.

We currently have nearly 3 million customers who have set up over 7 million goals in Mint, and thousands of these goals, including paying off debt, buying a house, and saving up for a trip have already been completed by many Mint customers who are currently saving over $1 billion a month towards their personal goals.

Mobile has also been a focus of ours for a few years. It has allowed us to reach a mass audience because, as you guys have mentioned, smartphones are the device that most people use to access the Internet today.

Currently about 70 percent of our users start on and use our mobile app, with about 40 percent of them continuing to be mobile-only customers. Our mobile customers use the app to check their account balances and review their transactions—things like checking recent spending and deposits—before making new purchases.

With Mint, people don't have to think about how much they spend or spend hours with a financial planner. We do the hard work of collecting and categorizing transactions for them.

For about 80 percent of people, the upward trajectory of their spending was tempered after they joined Mint and began monitoring their transactions. And most people's spending was further tempered if they used the information and set up budgets and goals. The biggest effects were observed in people's spending on things like groceries, restaurants, and credit card financial charges.

Mint also provides ways for you to save more money beyond just budgeting. Mint has found over an average of $1,700 in savings for nearly 5 million of our users. That is a total of over $10 billion in savings identified by our users.

Through our partnerships, we evaluate customer accounts and identify alternatives for them—things like better insurance, or credit card options, or even refinancing loans—and we allow them to opt in for these options. Should the customer choose one of these options, they are directed to the partner sites to apply and sign up for that option. By identifying these alternatives, we take away the common inhibitor to finding these deals on their own, which is the time it takes to research and apply for them.

Intuit's mission is about empowering individuals. This shows up one customer at a time. I often hear from customers how Mint has helped them literally transform their lives for the better.

Financial knowledge is a foundation on which individuals can build upon, but education alone is not enough. Our customer research has shown that simply providing people with knowledge about their credit card or student loan rates or how to save for retirement does not spur an individual to pay attention to these things in real life.

Our research has shown that people learn by doing. It is one thing to learn about personal finances, but until you are faced with a real-world situation such as facing a large student loan debt when you are taking your first job and just setting out in life, that is when you really begin to practice what you have learned. And it is by going through that experience that you really learn about financial literacy.

Mint provides the tools to help people with these real-world situations and develop true financial literacy.

Thank you again for the opportunity to testify, and I would be happy to answer any questions you may have.

[The prepared statement of Mr. Saik can be found on page 80 of the appendix.]

Chairwoman CAPITO. Thank you.

Our final witness is Ms. Sabrina Lamb, who is the CEO of WorldofMoney.org.

Welcome.

STATEMENT OF SABRINA LAMB, FOUNDING CEO, WORLDOFMONEY.ORG

Ms. LAMB. Thank you.

Chairwoman Capito, Ranking Member Meeks, and members of the subcommittee, on behalf of the WorldofMoney.org Youth Financial Education Institute, known as WorldofMoney.org, also represented here today by our youth board members Dante Stewart and Ciana Montero, thank you for the opportunity to testify at today's hearing.

About 10 years ago, a disturbing trend swept across America. Young people, often accompanied by adults, began forming long lines outside of retail stores, shoving and clawing to purchase another pricey item to make them feel, for the moment, better about themselves. These youth and adults seemed oblivious to the fact that they were jeopardizing their already fragile financial condition.

In response to this crisis, the WorldofMoney.org, a New York City-based nonprofit organization, was founded in 2005. The organization was selected as a Promise Place by American's Promise Alliance and by AOL Impact as one of 10 top social good organizations in America.

WorldofMoney.org is acknowledged in President Obama's Advisory Council on Financial Capability report. Our mission is to challenge the way youth ages 7 to 18 engage with and manage money by equipping them with a robust, 40-classroom-hour curriculum taught by Wall Street professionals so that they can plan to live a financially secure and philanthropic life. To date, the WorldofMoney.org has provided critical financial education to over 3,000 youth and their parents.

Over the years, unfortunately some parents have openly expressed their despair or their belief that living a financially secure life is not for them, that they are not worthy or able to experience generational wealth. Recently, one student said that he thought that the term "financial freedom" sounded like a scam.

Other parents admitted how embarrassed they feel about the financial missteps that they have made. Alternatively, one mother defiantly shared, "What I don't know, my child won't know."

Hundreds of well-intentioned individuals, corporations, and nonprofit organizations provide excellent online and gaming financial education. However, of the 3,000 youth that we have served, 98 percent of our economically diverse parents report that they have never felt compelled to search for or access this online information.

How can technology help stem the widening gulf of financially uneducated and vulnerable Americans? Disrupt and interrupt.

Creative content interruptions beyond one's primary Web site or application are warranted for at least three reasons: one, difficulties associated with motivating adults to pursue financial literacy; two, generational family history of being financially vulnerable; and three, predatory lenders' and fringe financial service providers' aggressively disproportionate targeting of communities of color.

Technology can create a financial education cultural revolution by integrating a brand's message via social media as the new normal, targeting communities which generationally are reluctant to discuss or have a lack of knowledge in managing their finances. Millions of these families, often unbanked, still voraciously consume social media and cell phones.

An online blended interruption could have a powerful subliminal impact on uninformed Americans. As a result, seeds of financial education would be planted and would provide a time-efficient experience of learning outside of the confines of one's personal fiscal crises.

For maximum appeal, technology can also help by reflecting the cultural and racial diversity of Americans and how various communities interface with their personal finances. One content does not fit all.

Thus, the user must feel that their issues are being addressed. Technology providers cannot build content and assume Americans will come and apply the information to their lives when they have had a generational distrust in doing so.

Our parents report that they appreciate when they receive information that is protective in nature, that steers them away from toxic financial products and scams and bolsters their self esteem.

The creators of financial education technology realize that they are already preaching to the choir. However, mobile technology messages can disrupt and influence a greater number of Americans by providing a learning experience while using mobile devices. Technology can support by being interrupters by sharing real-world, compelling testimonial videos which are mirror images of a mobile device user.

Creators of financial education technology must have an up-front understanding of the challenges of Americans so that the content can address a diversity of family statuses—for example, creating an application which sends real-time e-mails to working parents about the expenditures and bank transactions that are being made by their children while including a savings roadmap. Or e-mail reminders could ask young adults, "Have you reviewed your credit report this year?"

Third, a nonprofit organization's newsletter could instruct how to research investment options. And lastly, since the use of technology is overwhelmingly popular, our organization is determined to empower our youth so that they will move beyond being solely consumers. Thus, we will teach them how to create and understand the fundamentals behind the Web sites and applications that they are using.

Through personalized videos on tablet applications and games, Americans could have the ability to interact and communicate with a service provider's financial expert rather than simply passively reading. Financial institutions and cell phone companies could send money lessons via text message directly to a mobile unit or embed a message when the customer makes a bill payment or an online bank transaction, such as Ciana Montero's post on Facebook, "When I grow up, I am determined to be a PIG farmer; Passive. Income. Generator." And Dante Stewart posted, "Did you know that 55 percent of students acquire their first credit card during their freshman year?"

In conclusion, technology holds the promise of expanding access to personal finance education by providing flexibility in how, where, and when learning occurs. However, mobile technology will never be a replacement for the power of in-person, motivating instruction between students and financial experts.

Thus, technology should be used as an instructional supplemental activity that is supported by compassionate financial coaching or attending the WorldofMoney.org Youth Financial Education Institute in New York City.

Thank you.

[The prepared tatement of Ms. Lamb can be found on page 77 of the appendix.]

Chairwoman CAPITO. Thank you all.

I will now recognize myself for 5 minutes for the purpose of asking questions.

Ms. Cackley, in the report that you generated you mentioned that there were, I think, 14 different programs across a lot of different agencies and that there is some coordinative effort but really not a whole lot to evaluate the effectiveness of the different programs. Is that a correct statement?

Ms. CACKLEY. Essentially what we found is that there are now 13 different basic financial literacy programs, because we started with 16, and 3 are no longer funded or no longer exist. And then of the housing counseling programs, which have a financial literacy component, there were four and now there are three. So we have seen some trend toward consolidation and that is a positive thing as long as you are consolidating in the most efficient way and with the most effective programs.

When we looked at the evaluation of the different programs across the Federal Government, we found that many have been evaluated, but some have not. Not all of them are conducive to having a good evaluation done and we tried to look at what made sense, and basically we found that there is more work that needs to be done there, and part of our recommendation to the Commission was that they consolidate where programs had been found to be effective. So, the evaluations have to be done.

Chairwoman CAPITO. Yes. Right. I think that sounds like a judicious use, obviously, to look and to consolidate, but it looks like—certainly from the panelists that we have here today, there is a lot of innovation going on in the private sector and the nonprofit sector to try to answer the same question.

So I would like to ask Mr. Krajicek and Mr. Kehoe: You both talked about your—and Mr. Saik, too—programs going into the school systems. Is this just a—is it a dedicated reflection of a certain State, of a certain region, or is it sort of haphazard? And how do you get into that space, because I think that is obviously where it has to start.

Are you in the schools right now, Mr. Krajicek? I know you are in the banks and the credit unions.

Mr. KRAJICEK. We are in over 2,000 classrooms, yes.

Chairwoman CAPITO. And how did that occur?

Mr. KRAJICEK. It occurs because we partner with local community banks and credit unions, and—

Chairwoman CAPITO. So you leave it to the community banks to get with your local school boards, et cetera?

Mr. KRAJICEK. Yes. The leaders of the local institutions are the same people who are interacting with the school superintendents and the principals, so they already have that natural community network, and it is a lot easier for them to bring a product like this into the education system than it would be for an outsider.

Chairwoman CAPITO. Right.

Mr. Kehoe, is that the same with you?

Mr. KEHOE. Yes. It is very similar. We have a core set of materials, classroom plans, curricula that we make available to schools all over the country, and really the whole objective is to provide teachers and educators with the materials and then really leave it to them to figure out how to adapt it to their own sort of local needs and circumstances.

And the way in which we get the material into schools is a whole variety of ways—

Chairwoman CAPITO. Right.

Mr. KEHOE. —through nonprofits, but also working with State governments.

Chairwoman CAPITO. Let me ask you a question, since you are global and you are doing financial literacy around the globe. And I don't know if there is any kind of ranking here, but how do our American youth and adults rank around the globe in terms of financial literacy?

Mr. KEHOE. There is no formal ranking in terms of that. I think our experience as we look around is that you see a clear differentiation between developed countries and nondeveloped countries.

Chairwoman CAPITO. Right.

Mr. KEHOE. If you look at the developed systems, I would hazard to estimate that you have some developed countries around Europe that are probably ahead of the game because of the way in which financial literacy is built into the school curricula as more of a sort of fundamental thing, and I think that picture is growing here but it is more mixed.

Chairwoman CAPITO. Mr. Saik, do you have a comment on—is Mint in this—Mint is something that you buy, or that you purchase, I guess, on an app or is it—

Mr. SAIK. Mint is free either through the app store on your mobile phone or on the Web. There is a Web site, Mint.com.

Chairwoman CAPITO. Okay. Are you in the school systems as well?

Mr. SAIK. We are not actively pushing ourselves into the curriculum of schools. From time to time, we do have educators who contact us. In the past, we have had educational programs to provide Quicken software.

Chairwoman CAPITO. Right.

Mr. SAIK. Nowadays, people use Mint, and access is free and generally happens without us really knowing that it is happening in a school.

Chairwoman CAPITO. Right. Okay.

I now recognize Mr. Meeks.

Mr. MEEKS. Thank you, Madam Chairwoman.

Let me first go to Ms. Lamb. In your testimony you talked about the importance of coaching, mentoring, and face-to-face interaction between youth and financial professionals, and how that plays a role along with technology. Can you tell us why this personal interaction is so important, in your opinion?

Ms. LAMB. A computer can maybe convey a ding or bingo, "You won," or, "You have the correct answer," and so forth, but when a child is looking for motivation, or even when a parent is looking for motivation, the body language and the credentials of the person conveying that information is just more powerful, as is reported and experienced by the parents who send their children to our institute.

I have heard from teachers across the country, for example, who are resentful of having to be mandated to teach this curriculum because they feel intimidated because they feel their own houses—financial houses—are on fire. So as a result, their resentment appears when they are reluctantly having to teach this course when they feel they have their burden to teach other subjects.

So when you have a skilled faculty of Wall Street professionals who are enthusiastic, that this is good, this is how you need to create generational wealth and convey that positive energy, so to speak, to children and to their parents, it has a more—we can't replace human beings. We have value. And the technology should be just a catalyst in order to—it is a follow up, but not the main source. It also should be backed up by a person.

Mr. MEEKS. What about the—because you also talked about educating not only the children, but the parents, and I think it is clear from our opening statements that both the chairwoman and myself are still learning—connection between the child and the parent in regards to financial literacy?

Ms. LAMB. There are thousands of workshops for adults across the country. However, there is not a long line of parents trying to access those workshops. How we get parents to the table is we empower the children so that they can become financial team leaders and go home every night and say, "Let's have a financial meeting with our family and decide, for example, how are we going to lower our bills, how are we going to save more?" So the children are given the tools to bring home the information, thus empowering the parents.

It has to be a holistic approach. One person just having the information is not enough.

Mr. MEEKS. Thank you.

Ms. Cackley, let me ask you—I heard you say a number of times in your testimony how a lot of it was relying on the CFPB to carry out various financial literacy programs or to try to make sure that the products are not abusive or predatory. My question to you, though, is what additional role do you think that we are playing, government is playing, in developing and promoting financial capabilities for consumers? What more could we do as a government to try to make sure that we are getting people financially literate other than just saying, this product is bad? What more do you think we could do as a government?

Ms. CACKLEY. The Federal Government is already doing quite a lot across a number of different agencies. As we said, we found programs that do provide information and tools for consumers not just about how to avoid fraud or bad products, but some of the things that we have been talking about already. There are a variety of ways that the Federal Government provides information.

The Federal Reserve System has a number of Web-based games for children. Money Smart, which is the FDIC's financial education curriculum, is available, and a number of others.

What I haven't done is looked more specifically at the technology piece and evaluated some of the newer things that are out there yet.

Mr. MEEKS. Is there any coordination? Because I understand in recent years, the GAO has encouraged the Federal agencies to do more to coordinate resources among themselves.

Mr. Green, I think, talked earlier about how we utilize our resources. Are we coordinating the resources that we have so that we can promote financial capability among the American public?

Ms. CACKLEY. We have seen more coordination, especially since the Consumer Financial Protection Bureau (CFPB) came into existence. They have a played a role in increasing the coordination across the Federal agencies.

The Financial Literacy and Education Commission existed before the CFPB, but since the CFPB was created and the Director of the CFPB became the Vice Chair of that Commission, we have seen more coordination happen.

Chairwoman CAPITO. Thank you.

I now recognize Mr. Luetkemeyer.

Mr. LUETKEMEYER. Thank you, Madam Chairwoman.

Financial literacy is extremely important. Being in the financial industry myself for the last 40 years, it is important, I think, to begin at the youth stage, because I have seen where the adults who don't have this background can't make good decisions, and then the financial services people have to sit there and spend their time to educate those people, and sometimes it works and sometimes it doesn't. And sometimes, you end up getting people out of messes they got themselves into that they may not have if they had just had a little knowledge. You would have been very helpful to them. So to me, this is an extremely important hearing, and I applaud all of you for being involved in it.

Ms. Cackley, can you tell me what the total cost across all agencies is for the efforts by the Federal Government to put these programs in place?

Ms. CACKLEY. I don't have an updated number for this year, but when we did our report, we found that in Fiscal Year 2010, the total Federal Government expenditure was about $68 million.

Mr. LUETKEMEYER. Okay. Did you do a return on your investment there? Do you have an idea of how much you helped people to be able to protect themselves and by doing that—

Ms. CACKLEY. No. We don't have that kind of a calculation done—

Mr. LUETKEMEYER. Okay. In your discussion and investigation, do you see any gaps in the Federal programs that we need to be looking at or need to be—that these different agencies need to be coordinating to find a way to solve that gap? Or are they pretty well covering most of the bases?

Ms. CACKLEY. We have seen that Federal agencies cover a lot of different pieces, especially the ones that serve specific populations. So I don't think that we have identified a gap, per se, but what we have suggested is that the Federal Government needs to make sure that they are putting their money where the most effective programs are, and what we would like to see is some assurance that—

Mr. LUETKEMEYER. I would guess that the biggest gap probably is keeping up with the technology to make sure that the education background is there for people to be able to utilize things like these other four folks here are trying to provide. I would think that would probably be the biggest challenge.

Ms. CACKLEY. I am not sure I understood—

Mr. LUETKEMEYER. Okay. To me, the challenge is to be able to work with the other technology here, to be able to help those people access what these other folks are doing .

Ms. CACKLEY. That is certainly something that the Federal Government is doing, using some of the new technologies.

Mr. LUETKEMEYER. Okay.

Mr. Saik, in your discussion of your products I kind of take from that, that it is a service you are providing, that you actually still have—you have access to these people's information. Is that correct? Am I getting that part—

Mr. SAIK. Mint is a service that allows consumers to aggregate their information from their banks, so the consumer can view the information on the service, yes.

Mr. LUETKEMEYER. Okay. Do you have access to their information then?

Mr. SAIK. No, I do not.

Mr. LUETKEMEYER. You don't. From your testimony here and from reading it, it seemed to me that you still had a part to play in this, and I was kind of curious about that, if there were protections in place to be able to do that, but if that is not the case, if they purchase the application or it is given to them for free and then they utilize it and you have nothing to do with it after that point?

Mr. SAIK. Sorry. I thought you were addressing me, whether I have access. Yes, the—

Mr. LUETKEMEYER. No, your company.

Mr. SAIK. Mint.com is a service, yes, and we store the information for our customers on the service. We take the security and privacy of our customers' data extremely seriously and use all the latest technology to ensure that is the case.

Mr. LUETKEMEYER. So then, are you providing advice to them, as well?

Mr. SAIK. We do provide advice and tips, yes.

Mr. LUETKEMEYER. Are you watching their accounts or is it just that the program automatically says, hey, if you are—you didn't save enough this week, or you didn't make your payment this week, or your checkbook is about ready to go into overdraft protection? Do you, as a company, provide advice and say, hey, you missed an opportunity here to do something with—

Mr. SAIK. Yes. We analyze their statements and things like their bank accounts. We actually guide them through setting up budgets and then alert them when they have overspent their budgets, for example. We also alert them for things like extra finance charges on credit cards that they can avoid and suggest ways to avoid that. So, we do provide those types of tips and advice.

Mr. LUETKEMEYER. Okay. I guess the metric on how you gauge the success of your program is the number of people who—how you grow your business as a result of referrals from other folks or the satisfaction of individuals. How do you gauge the success of your programs?

Mr. SAIK. That is partly the way. We also ask our customers if they would recommend our service to other people because it is helping them achieve their goals.

Mr. LUETKEMEYER. Are you interacting with your customers and asking, "How else can we improve our product? Are there other financial concerns you have that we could help you address?" Do you ask that question of them?

Mr. SAIK. Yes, we do. We do a number of surveys of our customers. We are constantly in contact with them. That is one of the ways, and we ask them about what types of features or other additional things they would like to get out of the service. Yes.

Mr. LUETKEMEYER. Very good.

I see my time is up. Thank you, Madam Chairwoman.

Chairwoman CAPITO. Thank you.

Mr. Hinojosa, for 5 minutes.

Mr. HINOJOSA. Thank you. Thank you very much, Chairwoman Capito and Ranking Member Meeks, for holding this important hearing focused on financial literacy.

Financial literacy is truly a bipartisan cause. In 2005, former Congresswoman Judy Biggert and I joined forces to found the first congressional caucus devoted to furthering financial literacy for all Americans. Over the years, that congressional caucus has grown and supported legislation, hosted briefings, and engaged with many Federal agencies on promoting financial literacy at all levels of policy.

So I am happy to have Congressman Steve Stivers of Ohio as the new co-chair for our caucus. We share a belief in the power of financial literacy to decrease inequality and increase financial stability and hope for one's future.

Over the last few years, developments in technology have created opportunities to deliver financial education in new and innovative ways. So I am going to go right into the questions and ask the first two-part question of Mr. Barry Saik, of Intuit.

Your company has been at the forefront of consumer software. Can you please share with us, in your opinion, what role your budgeting software can play in facilitating behavior change? And the second part: Can you share how your company has partnered with nonprofit and public organizations to empower those underserved communities financially?

Mr. SAIK. Yes. I have seen personally how our products, especially personal finance products like Mint, can help people learn about personal finance. I think what happens is it is one thing to learn about it and the theory about it, but until you actually—and I see this with—when first-time customers set up Mint and actually get all their data into Mint for the first time and see where they have spent their money, then you really realize how you are—what choices you are making and what the results of those choices are and are able to make corrections over time. And that is where the power and the real learning comes is by doing, and then learning through the experience. So, that is one way.

Our company does have a number of programs where we work with nonprofits to provide services, particularly in our tax prep area. We have a lot of programs to help the underprivileged have access to tax prep software and services, as one example.

Mr. HINOJOSA. Is it possible to start getting children to understand the importance of financial literacy in the 3rd and 4th grade, or would it be in middle school?

Mr. SAIK. I am not really an expert on education, so I would think yes, but I am probably not the best person to answer that question.

Mr. HINOJOSA. Ten years ago, we were told in the Education Committee that in order to recruit young children into STEM careers—science, technology, engineering, and math—we needed to start at the 7th grade. A decade later, today, we are being told that we need to introduce them in the 4th grade because many students can begin to understand the importance of looking at those opportunities.

So it seems to me that we need to change our mindset that it is just for adults. It is for young children, and especially those who are now in high school, making big decisions on how to use a credit card and what schools to attend and what kind of loans to make, and so forth.

My next question is for Mr. Stephen Kehoe, of Visa. Visa created exceptional financial literacy game applications for tablets entitled, "Financial Football," but has also focused on leveraging mobile phones to engage the unbanked. In my district down in Deep South Texas, south of San Antonio to the McAllen-Edinburg area, nearly one in three are unbanked. Can you share how Visa has utilized mobile technology in developing countries and how this might be translated to the American market?

Mr. KEHOE. Thank you for that question, Congressman.

The nature and the scale of the unbanked challenge around the world and here in the United States is huge. And to see people locked out of financial services altogether is something that I think all of us recognize as being a huge public policy issue and one which I think the private sector is geared towards answering.

There really is, in our view, no reason today why anybody should be locked out of formal financial services. The technology exists to connect people and the mobile phone is, indeed, that catalyst that we are seeing everywhere to enable the connection to be made.

So in developing countries around the world, in fact, we are seeing some of the most cutting-edge use of mobile phones to enable payments to be made, transactions to occur, and basic financial services to be provided to some of the most underserved and poorest communities around the world. And in many ways, the reason why that is taking place is because technologies leapfrog. They have not had to go via the typical landline infrastructure that other countries are looking at.

So to come to the United States, and particularly your constituents, Congressman, I think there are huge parallels in terms of the way in which you see some of your community groups beginning to operate and think about how mobile phone technology can be—

Mr. HINOJOSA. My time has expired. Thank you for your response.

Mr. LUETKEMEYER [presiding]. Thank you.

With that, Mr. Pittenger from North Carolina is next.

Mr. PITTENGER. Thank you, Chairman Luetkemeyer.

Ms. Cackley, you mentioned that there are 13 separate Federal programs dealing with financial literacy. Have you done a comparison with the effectiveness of our Federal programs as they relate to private sector financial literacy efforts?

Ms. CACKLEY. No, sir. We haven't done a comparison against the private sector. We have looked at whether effectiveness studies have been done of the different programs, and there is some variation across the different agencies and programs partly because they are very different.

But we have certainly recommended that effectiveness studies be done, and in doing that I would expect a comparison against what else is out there would be useful.

Mr. PITTENGER. Did any of the rest of you have any comments on that?

Okay.

I will address this to Mr. Krajicek: What technology is currently being used to improve mobile payment security and prevent fraud?

Mr. KRAJICEK. At BancVue, we do not provide mobile payments offerings, so I am not an expert on that and would probably like to defer to the man to my left, perhaps, on that answer.

Mr. PITTENGER. That would be good.

Mr. Kehoe?

Mr. KEHOE. The technology is evolving so quickly, and certainly one of the biggest concerns that we were seeing early on was people's concern about the use of security in using your phone to make payments and new technology. But I think that we are seeing—we have seen the technology move so quickly, encryption of the phone devices themselves, the use of the chips in the phone to secure the device, and then the transaction itself, there are now, in many places, multilayers of security which are now impacting the phone. So both the device and the actual network and its users are getting safer and safer all the time.

Mr. PITTENGER. So you would say that you haven't seen fraud increase with the utilization of mobile payment technology?

Mr. KEHOE. At the moment, actually, the use of mobile payment technology here in the United States is very, very small. And so, the amount of fraud that we are seeing in that system is extremely small, indeed. But we are not anticipating, as the technology increases, for that to be a big issue.

Mr. PITTENGER. Sure.

Mr. Saik, do you have any comments?

Mr. SAIK. No. We don't do any mobile payments in Mint.

Mr. PITTENGER. Sure.

Ms. Lamb, any comments on your part?

Ms. LAMB. I just want to underscore that children are very, very interested in this subject, but only as consumers. We serve children as young as 6, and they are very interested in being financially educated.

Mr. PITTENGER. Thank you. I yield back.

Mr. LUETKEMEYER. Thank you.

With that, Mrs. McCarthy from New York is next for 5 minutes.

Mrs. MCCARTHY OF NEW YORK. Thank you, Mr. Chairman.

And again, I thank Mr. Meeks for having this hearing.

We have worked on this for quite a while. Both of us are on the Education Committee, and a few of us—during Dodd-Frank, we really were pushing to have financial literacy put into part of Dodd-Frank, which has ended up with you having the educational piece of it.

So it is important to us, and the debate among us was at what age, also, to start reaching out to our young people. And certainly the consumers that we were looking at were more into the middle income to lower income range, mainly because they usually did not have the tools to figure out how to save.

And we certainly knew here that most Americans don't save, those who should be saving don't save. After the financial collapse in this country, the good news is people did cut back on their debt and they did start saving. So that is a good thing and hopefully that will go into—because the average person who is retiring these days only has $30,000 to $40,000. Some have done better, but on the average they don't, because they are living from paycheck to paycheck.

So I guess my question to all of you would be, as we are going into the technology age—and my colleague had brought this up on the security—especially with the breech that we have seen over the last couple of weeks going into—now I am older so I am a little more wary about doing my banking online, because all we do is get warned constantly. Most of us probably have very easy passwords where you would have to write them down if you really followed the techniques that some of the keys ask for. And we have constant hackers out there, so it is a concern for me.

But with that being said, I still think it is important that financial advice and literacy go together, because people don't know how to save. And my parents came through the Depression so they did learn how to save because they knew that something could happen in the future.

So I guess my question to you is—and I know a couple of you don't do banking, but it is going to be an issue for an awful lot of constituents back home on how we are going to do this, because it seems like when we come up with an answer the hackers get a step ahead of us, and it is only going to get worse. So I would just like your opinion.

I know that you probably don't have anything to do with that because you are putting the financial literacy into the government programs. And it is really just information for them to go where they need to go.

Ms. CACKLEY. We haven't done any work looking at the security issues around the financial literacy programs that the Federal Government provides. Certainly, GAO has done work on a variety of computer security issues, so I could defer to my colleagues back at the office who do that work and find out more information for you if you would like.

Mrs. MCCARTHY OF NEW YORK. Thank you.

Mr. KRAJICEK. Obviously, technology is not without its risks. Things can be hacked.

But as I often will remind consumers and bankers, when you have your paper statements mailed to your mailbox or you have your checks mailed to your mailbox, it is not terribly difficult for someone to get in there and steal that information either. So while there are risks associated with technology, I firmly believe that the benefits outweigh the risks.

Even something as simple as a consumer being able to check their balance before they make a purchase to ensure that they can afford what they are about to buy can have transformative impacts on how they spend their money because they are always aware of exactly where they stand with their finances. And so benefits like that, when you imagine them deployed across the entire United States, I think are significantly outweighing the possible risks of occasional breeches, which will occur.

Mrs. MCCARTHY OF NEW YORK. I would love Mr. Kehoe to be able to answer, if you don't mind, sir.

Mr. KEHOE. Thank you. I certainly agree that technology is certainly more of an enabler than on the risk side.

Building trust is utterly critical to people of all ages enabled in the system, and of course, when you see headlines about breeches and things, these don't help. In our programs, we have extensive security educational modules, as well. There is a particular Web site called Visa Security Sense, which gives individual consumers advice on how to protect themselves online and with their money. And certainly we see that as being a vital part of the financial literacy curriculum.

Mrs. MCCARTHY OF NEW YORK. Thank you all for your responses.

Mr. LUETKEMEYER. Very good.

Mr. Posey from Florida is next for 5 minutes.

Mr. POSEY. Thank you, Mr. Chairman.

I thank the Chair and the ranking member for bringing this issue before us, and I want to thank all of the witnesses. Your testimony has been very interesting and actually, very pleasing. Never, as long as I have been elected, has financial literacy appeared as a concern of any citizen on any poll at any time. And of the probably over a million different constituents I have represented, none of them have ever mentioned it. That is a problem.

Except for one. A financial planner in my district—and I probably shouldn't mention her name because some people might think that is indiscreet—Eileen Davis, has mentioned it 100 times, and every time I see her, she mentions it. And I know it is a problem when we look at the statistics and we see how upside down so many young people are.

I wasn't aware of a lot of the programs that you all are performing right now until we had this hearing, and I appreciate the great insight. And I am very pleased to hear the direction that we are going.

The answer that I am kind of looking for to a question is how much you feel the affluence of our current-day society contributes to this problem? In most of our parents' generation, as the gentlelady from New York mentioned a little while ago, they were raised in a depression and they watched their money pretty doggone close. They didn't take anything for granted. They would been hungry. They would have been in want.

Today's generation, for the most part, has no idea what that is like. And I would just like to get your quick view from each of you on how much you think the affluence of society has contributed to the irresponsibility, actually, that has become financial illiteracy. And we can start with Ms. Cackley.

Ms. CACKLEY. I don't have an opinion as to whether or not it is worse now than it was before, but I think what we have found is that at all income levels, there is a need for information. That doesn't happen at this point; there are people, very wealthy people, who still don't have the information they need, and certainly middle-income and lower-income people, as well.

But I can't say over time what the change has been.

Mr. POSEY. Okay. And I have seen many times the credit card companies will send credit cards to high school and college students. I think there really needs to be a law that if you send somebody an unsolicited credit card, you have no right or redress if they don't pay it.

I think that would be a fair game. It ought to work two ways. But you know what my chances would be of ever passing something like that, don't you?

Mr. Krajicek?

Mr. KRAJICEK. A few years back, when I was volunteering to teach middle school students originally entrepreneurship and then financial literacy, these were normal 6th, 7th, and 8th graders in not a terribly low-income but relatively low-income area in Austin, Texas, and it was amazing to see the amount of consumerism in those young children, comparing their smartphones to one another to see who has the coolest gadget or who has the best shoes.

And, I can't speak to whether or not it was any different whenever I was in school, so I don't know if the trend has altered, but I can say that overt popularity of commercialization definitely is a hindrance to being able to teach financial literacy.

Mr. POSEY. Thank you.

Mr. KEHOE. Congressman, I think there is probably something in the growing affluence of society that lends to that, but I think that the age-old challenge of people, regardless of their income level, living within their means, the need to sort of emphasize that and educate it just doesn't go away no matter what your income level is.

I think one of the potential drivers for the need for more financial education today than yesterday is really just the plethora of choice and complexity out there of the number of potential financial products that people can buy and how much more easy it is to access them today.

Mr. POSEY. Thank you.

Mr. SAIK. Yes. I don't know if it is the affluence, but I certainly agree there are more inputs and more comparisons of people having gadgets and fun things in society today.

But one thing I think about is the importance of the awareness and knowledge and the tools to actually make progress, and that is where I see the real gap. It is kind of like dieting. People know basically, eat less and exercise and you can lose weight, but it is hard for people to take the steps, and that is where I think we really need to focus is on how do you make the little steps and see some progress and make it simple to make choices and simple choices that help you get back on track is something to focus on.

Mr. POSEY. Yes, and I think we have all seen people spend money they don't have to buy things they don't need to impress people they don't even like. We see the government doing that, actually, too much.

But lastly, Ms. Lamb?

Ms. LAMB. I will say that for the parents and children whom I represent, it is not the affluence; it is the illusion of affluence and the tremendous emotional pain they feel with regard to this subject, so much that they are not going to whisper their pain to anyone that they are having financial hardships except in the case of an emergency. And the marketing is actually the success story here because it often teaches young people—the young people that I represent—that they are nothing unless they have someone else's name on their body.

Mr. POSEY. Thank you, Mr. Chairman. I see my time has expired. But I want to thank you for one of the best panels we have had in here yet.

Thank you all for what you do.

Mr. LUETKEMEYER. Thank you.

Mr. Scott from Georgia for 5 minutes.

Mr. SCOTT. Thank you, Mr. Chairman. This is, indeed, a fascinating hearing.

I have been involved in financial literacy for a long, long time, so welcome, everybody.

I just want to share a little incident. When I was in elementary school—I went to elementary school up in Scarsdale, New York, and our class project in the 6th grade was for all of us—

Mr. MEEKS. I knew you were a New Yorker.

Mr. SCOTT. Absolutely, my friend.

And so, our first class project in 6th grade was to go out, earn our own money—shoveling snow, raking leaves, doing everything we can—and then do our research to determine what stock we would buy. Then the whole class went down to the New York Stock Exchange and bought the stock.

I never will forget that. It was one of the most profound moments of my life. I had my picture taken down there with Alexander Hamilton on Wall Street.

And I have been on that trajectory and have had a piece of stock ever since. I got 75 shares of RCA. And if you go back at that time, RCA was a big deal.

I mention that because that is the key. All we have to do is engage these kids, give them something.

And that is why I was so excited with you, Mr. Kehoe, when you came to my office and sat down—I don't know if you shared that story, but he has an extraordinary game of, I think it is football, where you actually do it. Will you tell us a little bit about that?

Mr. KEHOE. Gladly. Financial Football essentially is a game in which you pick your favorite NFL team that you want to play, and your ability to advance down the field to get a touchdown, whether it is a throw or a run, is determined by whether or not you correctly answer a question related to financial education. And so, you see kids playing this game who are so into the objective of getting the touchdown that they almost forget the fact that they are answering questions along the way. And of course, the harder the question, the longer the throw or the longer the run.

We have found this to be an incredibly engaging way to get kids. And we also have, you won't be surprised to learn, a Financial Soccer game, as well, that is pretty much the same tool.

Mr. SCOTT. I certainly commend you for that. And that is the kind of thing I am talking about.

Now, Ms. Lamb, we have to get our education in our schools. I mentioned that story about me at the beginning, and that was a long time ago—but again, not too long ago. But what more can we do of that kind of activity? Because kids' minds are expansive. They are ready to learn.

Why can't we require in the academic pursuits in our elementary school that a requirement would be just to go and have a youngster set up—go to the bank, set them up a savings account, set up a checking account, or, as in my case, maybe make a trip down to the exchange and buy stock?

If we engage them in things, it makes an impact when you are very young and it sets a pattern. What more can we do to do that?

Ms. LAMB. I hear it from parents, "Why isn't it in schools?" We can't wait for that to happen.

Teachers report that they are overburdened already, that they are not experts in a subject that they are being mandated to teach. And when they do teach it, often it is only one subject, and then they have to go back to all the other mandates that they are required to teach so that their class can perform well on the State regents, for example. So, that is not a priority. And then the teachers, actually, just feel really intimidated by having to teach a subject in which they are not experts.

Our organization represents about 200 different schools, where parents send their children to us, doing everything that you—we have opened and closed the NASDAQ Stock Exchange 4 times—

Mr. SCOTT. Yes.

Ms. LAMB. Yes. We have done that. And we start at age 7 where children are opening mutual funds and having conversations and reducing the financial discussion, in terms of the chaotic discussion, in the household.

So yes, it would be wonderful if it was in all the schools, but we can't wait for someone else to do something that we see that we can provide another solution.

Mr. SCOTT. So what do you think we here in Congress can do? Our reach for education is more getting resources down to the States; it is up to them to do it.

But do you think as a part of our literacy effort, that in our appropriations and assistance down to the State, some kind of way we can put resources in there? It might not be the burden of the teacher to do it, but there are some extraordinary organizations like yourselves out there who could take these kids on field trips, who could take them to the exchanges, who could take them to the banks.

Unless we do that and show them the greatness of it, and simplify it early in their lives, we are not going to win this battle.

Ms. LAMB. We have requests from 14 different cities and two countries that want WorldofMoney to open up affiliates there. We welcome the support and obviously the funding from Congress, but Congress really needs to recognize, yes, this is a financial issue in terms of discussing opening stocks, and compound interest, and dividends, and so forth, but we have to really teach Americans that they can trust that they are worthy of having this discussion. And it is all a trust issue that we are all having a conversation about, and if they don't feel that—

Mr. SCOTT. Thank you.

Ms. LAMB. —they are worthy of having a discussion, of accessing Visa or Mint, they are not going there because they feel that experience should be for someone else, and they are going to fill the emptiness in their souls by putting someone else's name on their body until you can teach them otherwise. It has to be a holistic approach.

Chairwoman CAPITO. Excuse me. Yes, time is—

Mr. SCOTT. Well-stated.

Chairwoman CAPITO. Time has expired.

Mr. SCOTT. Thank you.

Chairwoman CAPITO. Sorry about that.

Mr. SCOTT. No, thank you for the extra time.

Chairwoman CAPITO. Mr. Green for 5 minutes.

Mr. GREEN. Thank you very much, Madam Chairwoman.

And because the lady was very excited about her answer, I will yield some additional time for her to complete her answer.

Ms. LAMB. It has become an absolute epidemic, Congressman, regarding this subject, and our children really do see the power of money in their households. They see their parents fighting and screaming and manipulating money and maybe not answering the phone when the credit card companies are calling. They see maybe their parents signing documents that the parents admit that they don't understand, signing away or agreeing to high interest rates, agreeing to subprime mortgages or what have you, because they don't feel the power to question anything.

The access of the manipulation of money, the transferring of all these resources of—even if it is a dollar, it is feeling that you have the ability to question it, to say, "I am not ready to sign this until I speak to my financial adviser," or, "I am just not ready to sign it." And there are millions of Americans in all of your districts who are signing away or agreeing to legal contracts who don't feel the worthiness of their ability to question anything. And in order for us to really address this subject, we have to do so holistically.

Mr. GREEN. Thank you very much.

I am going to continue that in just a moment, but before I do, I would like for you to reiterate what you said about board members—I believe you have two board members here with you?

Ms. LAMB. Yes. Dante Stewart, who is—

Mr. GREEN. Would you please raise your hand, Dante, so that people will see that—

Ms. LAMB. Dante Stewart and Ciana Montero. They started attending WorldofMoney when they were 11 years old, and have attended every year for the last 4 years. They have created businesses; they have changed the conversation in the household. And they represent thousands of children who have attended WorldofMoney who are really doing the same thing.

Mr. GREEN. Now, let's return to the previous conversation or statements that you were making about how people find themselves contracting in ways that are not beneficial. I have some intelligence which connotes that about 66 percent of unbanked households use nonbank money orders and nonbank check-cashing.

I am sure we can see how that doesn't adhere to their benefit when you are buying money orders to pay your bills, you are also using these check-cashing places so that you end up getting money but it costs you. They use pawn shops. They use payday loans. They use rent-to-own agreements. You never really ever own it, by the way.

Ms. LAMB. Right.

Mr. GREEN. You just rent forever, with the hope that one day the product that is in your home may become yours.

They use refund anticipation. If you are going to get a tax refund, that becomes a means by which you quickly go out and acquire that refund, but at a cost.

So they live in a world where it costs them to do things that we take for granted—things that probably most of the people in this room, save a few, would not pay a penny to have, and that is very unfortunate.

So the question for us ultimately is—and I think we are embracing it with the committee today and I salute my colleague who said that this has been a good hearing—how do we communicate this message to persons who believe they have no reason to bank because they have little money? Little money, no reason; much money, many reasons. How do you communicate the message to them that they have a stake in their own future by simply becoming a part of the banked community?

Ms. LAMB. You can draw a comparison or an equation with the cost of purchasing those money orders with doing a free transaction with a bank. Congressman Meeks asked earlier what is the power of in-person instruction, well, that is what in-person can do. When you draw those parallels, those equations, and when—we have done it at our institute and our parents and our children say, "Really? It is free to do these same transactions at the bank?"

Mr. GREEN. My time has also expired.

Thank you, Madam Chairwoman.

Chairwoman CAPITO. Thank you.

Mr. Barr?

I apologize to Mr. Barr. I should have gone to him first. But anyway, I am coming to you now, Mr. Barr.

Mr. BARR. Thank you, Madam Chairwoman, and no problem whatsoever. I appreciate your leadership in holding this important hearing.

I would like to direct my first question to Ms. Cackley and the GAO's work on the overlap of financial literacy programs across the government. And I note in your testimony here today that a while back in 2012, the GAO identified 16 financial literacy programs among 14 Federal agencies. I think as of April of this year, three of those financial literacy programs and one housing counseling program no longer existed, or no longer received funding. But there are still, needless to say, a number of Federal financial literacy programs across the government.

One of the conclusions from your report appears to be that further progress is still needed to help ensure effective allocation of resources and to avoid unnecessary overlap. So where are those places where we still see duplication and waste in these Federal programs? And in particular, I would like for you to address not just the improvements that the CFPB has made in eliminating duplication, but also places where the CFPB can still improve in terms of enhanced coordination.

Ms. CACKLEY. Certainly. First of all, what we have identified could best be described as fragmentation across the Federal Government. We did not find any instances where the exact same people were getting the same benefits from different agencies. So I just wanted to make the point that fragmentation is a problem if it leads to inefficiencies, and what our recommendations really spoke to was making sure that you are allocating scarce Federal resources in the most efficient way by putting the money where the most effective programs are.

What we also, therefore, recommended was that the agencies need to know which are the efficient programs, which are the effective programs, and that is work that there is some information about effectiveness but not enough, and that is part of our recommendation is to do more—learn more and understand more. Each agency needs to know and to be able to show how effective their program is, and then that allows the Commission to make recommendations about where the resources should be allocated.

Mr. BARR. And with respect to the CFPB's progress on coordination?

Ms. CACKLEY. The CFPB's progress on coordination, they have certainly done more in terms of—through the Financial Literacy and Education Commission (FLEC), there have been partnerships created, there have—they have worked to—partly the programs that are no longer being funded I—or where resources have been consolidated, within the Office of Treasury, their Office of Financial Education, which we pointed out as being probably the closest example of an overlap, has been subsumed and the CFPB has taken on more of the principal thing that we identified.

Mr. BARR. Here is perhaps maybe what—let's just get to the crux of the matter, which is that in 1960 the personal savings rate in America, the share of people's after-tax income that they actually saved was 11 percent. In 2013, it was just over 4 percent.

Now clearly, the economy has a lot to do with that: Three out of four Americans are living paycheck to paycheck; over half of Americans couldn't come up with $2,000 in a short matter of time if they had to.

So with all of these programs that taxpayers are investing in, are we really actually making any progress?

Ms. CACKLEY. It is a very good question. Part of the statistic about the savings rate is that it actually was much lower before the crisis. Americans' savings rate was, I think, closer to 1 percent. So 4 percent is actually an improvement in the recent past.

But it is certainly a good question, and we haven't—it would be hard to assign any particular program as being able to turn around the savings rate for the whole country—

Mr. BARR. I have just a little bit of time left, so let me just direct this final question to Mr. Kehoe.

I applaud Visa's work in financial literacy, and my question to you is, would you all see consolidation with the government programs to maybe grants to some of your more successful efforts to be a more productive use of taxpayer dollars?

Mr. KEHOE. I don't know if I can comment on the best use of taxpayers' dollars to do this. I think our focus really is, at its core is, let's produce materials which we know work with school kids, college graduates, everybody, and then work with the public sector to get it into the hands of people to do it. I think that is where we place our emphasis and that is really what we will continue to do.

Chairwoman CAPITO. The gentleman's time has expired.

Mr. BARR. Thank you.

Chairwoman CAPITO. Mr. Ellison?

Mr. ELLISON. Thank you, Madam Chairwoman.

And thank you, ranking member.

I appreciate this very important hearing.

One thing I just want to ask all of you quickly is, just to get this idea out there on the record, financial literacy—do you see it as a supplement to good consumer protection or as a replacement for it?

Would anybody care to comment on that? Please feel free, anybody.

Ms. LAMB. I would say it is absolutely a replacement for and is consumer protection generationally.

Mr. ELLISON. So are you submitting that we don't need consumer protection if we—

Ms. LAMB. By having a financially educated American family who is also protected, and having the information to protect themselves, and having the information to make the proper choices that—

Mr. ELLISON. I hear you.

Ms. LAMB. Okay.

Mr. ELLISON. Let me ask you this, though. What I am trying to get at is this idea—I just looked up American math proficiency, and if you look at industrialized countries around the world, we are actually pretty low compared to a lot of countries in math proficiency. So I might argue that ideally, sure, everybody understands all this stuff, no problem. In a country of 317 million who have a significantly diminished math capacity, where there are also high-pressure sale tactics and tricks, I might submit to you that we do need very active consumer protection and we also need active consumer education.

Ms. LAMB. Sure.

Mr. ELLISON. We need both. So that is why I said, "supplement to" or "replacement for."

Ms. LAMB. I see.

Mr. ELLISON. So would you agree with me, Ms. Lamb, that we need both?

Ms. LAMB. Absolutely.

Mr. ELLISON. Yes.

Ms. LAMB. We need all the help we can get.

Mr. ELLISON. Right.

Ms. LAMB. And all the information we can get, yes.

Mr. ELLISON. Yes.

And another thing too, is we were talking about how to make Americans more financially self-reliant and able to protect themselves more. One of the things that has come up quite a bit is the issue of a fiduciary duty. I strongly favor rules that require financial advisers to have a fiduciary duty to their clients, and what improvements do you recommend—and by you, I mean the collective you—to better protect consumers from hidden Commissions, high fees, and kickbacks that cost them money?

Any thoughts on this issue?

Mr. KRAJICEK. I think that one thought would be for Americans to be encouraged to bank locally with local community banks and credit unions. These are guys who don't want to take advantage of their customers.

I will tell you a quick story. One of the first times I met a community banker, it was a guy named James Mark, in a small town in Taylor, Texas—City National Bank in Taylor, Texas.

He was about 30 minutes late for our meeting and I peered through his office window and saw him sitting there with an elderly lady and receipts all over his desk. When I finally got to go in and talk to him I said, "What kept you so long?" He said, "That is Ms. So-and-so. She overdrew her account a few months ago and she has been coming in here every week and I help her and let her know exactly where to budget her finances, what she can buy and what she can't."

That is the head of operations at a community bank. And someone who gives that kind of support is not the kind of person who would try to hide a fee.

Mr. ELLISON. Got it. And let me just say, I think that is a very lovely story, and it is great that the lady has the access that way. But America has 317 million people.

Mr. KRAJICEK. And we have 13,500 community banks and credit unions.

Mr. ELLISON. I know. I am not trying to debate you, sir. I am just trying to point out that while I think it is great that lovely story was told and that woman is getting help, we actually need to approach this situation on a systemic level.

I agree with Ms. Lamb. We need to educate people. We need good Samaritans like the individuals you were talking about, but we actually need really active consumer protection, too.

And I guess my question is and remains, what is the proper proportion and mix? Do you all agree with the strategy to protect consumers—all education?

How about you, Ms. Cackley?

Ms. CACKLEY. We certainly think that financial literacy is important, but it is not the only solution, partly because there are just limitations to what you can do even if you are financially literate—

Mr. ELLISON. Sure.

Ms. CACKLEY. —and partly because there are some people who just aren't going to be able to learn everything that they should learn, and those people need to be protected, too. So it is certainly a "yes, and" as opposed to an "either, or."

Mr. ELLISON. I see the red light, and I want to thank the chairlady and the panel. Thank you.

Chairwoman CAPITO. Thank you.

Mr. Pearce?

Mr. PEARCE. Thank you, Madam Chairwoman. I appreciate it.

And I appreciate the testimony each of you have given.

We have probably done 50 financial literacy workshops ourselves. We see the need for it every day, especially in a poor State like New Mexico.

Even my own family—Dad would never go into the banks. He just wouldn't do that. So, we always were struggling for housing. And Mom was the one who would sometimes go into the banks. But anyway, I am very, very familiar with it.

Ms. Cackley, I was going to ask, you saw the testimony that Ms. Lamb had, and on page two she is talking about the predatory lenders' and fringe financial service providers' aggressive disproportionate targeting of communities of color. In your oversight of and in your looking at the different programs, are any of the programs helping people to understand what is going on out there and identifying the institutions which are doing this?

If we are going to get financial literacy, we start with the problems first, tell you, "These people here are here to take your money." And so, that is my question.

Ms. CACKLEY. I don't have in-depth knowledge of each of the different programs and what all of their curriculums cover, but it is certainly true that a lot of different programs are available. There are a lot of different ways that information is provided to the public in terms of financial literacy, depending on which agency it is coming from and what their purpose is, whether it is Social Security talking to retirees, or somebody else talking to young kids, or just adults in general.

But there are—

Mr. PEARCE. Let me ask this, and you have more knowledge than me. You have talked to more of the agencies than I have. If you haven't seen the programs themselves, have you ever seen an agency that is out there to try to tell people, "This institution is doing these things?" I don't see that myself, and I wonder why.

What we are trying to do is we try to set up things for government to where they don't ever offend anybody and they try to get their objective across by enforcement on everybody, and not everybody is doing the things. Not every bank is—or not every payday lender is doing predatory things. They actually provide a pretty good service.

But what we are going to do is we are going to kill all of them because a few are doing things wrong, and I just wonder why agencies don't ever go after the people who are doing it wrong and just advertise for them.

Ms. CACKLEY. Certainly, the regulatory agencies who have a role in consumer protection do go after bad actors as they identify them. What I can't say specifically is whether or how they name them and get that information out to the public.

Mr. PEARCE. I want to take issue with you, because yesterday we were sitting in a hearing where we had Mr. Madoff turned in for 8 years by one guy saying he can't be correct, and so the regulatory agencies actually set it off on the side. But I am asking as much about those institutions you are saying that we—and I agree with you.

I am out there trying to give financial literacy myself, but if our financial literacy is not going to include those difficult-to-talk-about things about the people who are doing stuff that is hurting consumers in a bad way, then we end up saying to the regulators, "You have to regulate everybody else who is not doing anything bad." And what that winds up with are anomalies in our whole regulatory system that are affecting everybody who is following the rules.

Community bankers did not cause the financial crisis, but Dodd-Frank basically goes after community bankers. And so, I just came from upstairs right now talking to a bunch of bankers who say, "We could not make a loan to the best customer in this one town we have had forever because of the new rules," and that is what we get forced into this trying to correct problems with people who are not causing them and we don't go after the ones who are causing them.

So my question is, you as a professional, so we get this layering on, we get multiple agencies doing the same thing, but none of them want to take on the problems that Ms. Lamb was talking about, and so we all kind of skirt around these things because they are very uncomfortable when we start talking about people directly who are doing things that are unproductive. I just wonder, again, if you think it is even possible for an agency ever to get into that realm—one of the educational agencies that you looked at. Can we get them into that realm?

Ms. CACKLEY. I certainly think it is possible. I just don't know, of my own knowledge, whether it is being done already.

Mr. PEARCE. I had a lot of questions, but I got kind of bogged down, so the rest of you escaped cleanly today. Sorry.

Chairwoman CAPITO. I would like to ask unanimous consent to submit the following statements for the record: the Credit Union National Association; the Center for American Racial Equality; and the Property Casualty Insurers Association of America.

I now recognize Mrs. Maloney for 5 minutes.

Mrs. MALONEY. Okay. Thank you very much. I regret, Madam Chairwoman, that I had a conflict with the Joint Economic Committee, at which I had to be ranking member.

I would like to ask Stephen Kehoe, in your written testimony you note that in order for financial literacy technology to be effective, it has to be appealing to the audience that it is being geared toward. Can you talk about some of the challenges that you are confronting involved in making this financial literacy technology appealing, and how has Visa tried to make their programs appealing to different groups? Do you have a different strategy for different groups, and how are you making it appealing?

Mr. KEHOE. Congresswoman, thank you for the question. Yes. Yes, we do.

So, our tools, our products in the area of financial literacy, as I said in the statement, are very much geared toward using entertainment as much as possible to engage. This can be a very dry subject, let's face it, for many, many people, and I think the challenge is you can engage with somebody once; the question is whether they will return to the same tool and use it again and again.

So it has to be productive—there has to be an outcome that they get from it. For instance, they get some information which enables them to think more easily about retirement. Or it has to be fun, and they actually get something out of a game, which enables them to kind of go back.

We have a range of tools which are available on mobile phone devices that really appeal to everybody from elementary to middle to high school and to college students to sort of do that. And really, technology is very much geared towards those age groups because, as you will appreciate, they are very tech-savvy. They know how to use it and they want to engage with these devices.

I think more of the challenge, then, is people at the other end of the spectrum—retirees. How do you engage with them most effectively? But I think that is something we are still learning how to do.

Mrs. MALONEY. Okay.

And, Ms. Lamb, in your view, can technology fully replace what we think of as a more traditional one-to-one personal education that is what we have now?

Ms. LAMB. Not fully, Congresswoman, because it has to overcome tremendous layers of distrust that many communities feel with regard to this issue and are—almost refused for decades to even have a conversation about it. It can add to the activity, but I don't believe it should be a full replacement for one-on-one or classroom style instruction.

Mrs. MALONEY. Ms. Cackley, is the governance structure of the Financial Literacy and Education Commission adequate to ensure that real progress is made in fulfilling the goals outlined in the national strategy? And do you think the agencies are targeting the right constituencies in their financial literacy programs?

Ms. CACKLEY. The governance structure of the Commission is that the Secretary of the Treasury is the Chair of the Commission and the CFPB Director is the Vice Chair, and then there are 22 agency members. There is no authority within the Commission to compel any particular agency to take actions or to allocate resources, and that makes it challenging for the Commission to achieve some goals. We don't think it makes it impossible because the Commission can still make recommendations both to Congress and to the agencies, and that is useful information that you can then take and use to make policy.

Could you actually repeat the second question, because—

Mrs. MALONEY. Do you think the agencies are targeting the right constituencies in their financial literacy programs?

Ms. CACKLEY. Different agencies very much target different constituencies, and they have a very deep experience with certain constituencies, so Social Security has been communicating with retirees for a very long time and they know well how to do that. And similarly with the Department of Education and others.

There are other agencies that look more broadly and provide information across a number of populations but the subjects that they cover can be very different. They might be specific to home mortgages, or they may be specific to something else targeted.

We didn't recommend any specific consolidation within one agency, but we did see that the coordination across the agencies needed to be good in order for there not to be overlap and duplication. And we have seen some progress, but there is always room for improvement in terms of coordination, and that is certainly what we would recommend that they continue.

Mrs. MALONEY. Thank you. Are any constituencies left out that should have been targeted that you know of?

Chairwoman CAPITO. The gentlelady's time has expired.

Mr. Stivers for 5 minutes.

Mr. STIVERS. Thank you, Madam Chairwoman, for allowing me to be involved in this hearing. As the co-chair of the Financial Literacy Caucus, I know how important financial literacy is to our future. There was an article in USA Today about 2 weeks ago, on April 8th—3 weeks ago—by Hadley Malcolm that I would like to ask unanimous consent to submit for the record, which shows that financial literacy education works.

Chairwoman CAPITO. Without objection, it is so ordered.

Mr. STIVERS. And I do have some questions for the witnesses. My first question is for Ms. Cackley.

The new GAO report looked at all the financial literacy programs, and you list 16, but you say there may only be 13 currently funded. Can you talk a little bit about the evaluations that those programs use to determine how effective they are and their lack of evaluation tools? I know the CFPB is moving toward creating an evaluation tool, but really, we don't know what we are getting for the money we are spending or what the outcomes are and what the engagement rates are, do we?

Ms. CACKLEY. Different programs have done different levels of evaluation. We generally like to see something where there is good measurement of outcomes, and some programs have done that. I think certainly the National Foreclosure Mitigation Counseling Program had studies done on it; the Army's personal financial management training; Money Smart—those are some of the programs that we had identified as having had measurement and effectiveness studies done.

But there are certainly others where they may be measuring outputs but not necessarily outcomes, so effectiveness hasn't necessarily been measured. Sometimes that is because the program isn't really geared to being able to measure an outcome, but in other cases it may just not have been done. And so certainly, more evaluation would be useful.

Mr. STIVERS. Thank you. And I noted that three of the other witnesses, in their written testimony, mentioned the need to either have "edutainment" or engage people in some meaningful way so that they will come back and not just go to a site once and be bored out of their mind.

Ms. Lamb, you are shaking your head, and I know it was in your testimony about how important it is to actually engage people.

Can anybody who wants to—and I will start with Ms. Lamb—talk about how important that is, because we have to actually get people's attention before we can actually share information?

Ms. LAMB. Right. It is a lot of great information, great online experiences that our witnesses represent, and if we can—if we have a community or millions of Americans who refuse to go there, but blend into their natural habitats or discussion or destinations online, we can educate them without them even making a conscious effort to log on to any of these amazing experiences, because they are just not going to go for a variety of reasons. But if we can just plant seeds—say, "Learn, earn, save, invest, donate," and—throughout wherever they are, on Instagram it just pops up, paying a bill, then perhaps they will determine to move towards a more robust financial education.

Mr. STIVERS. Thanks.

Mr. Kehoe, you are at Visa, a major card platform. Tell me why Visa believes in financial literacy, and what they would like to see in their customers who have Visa cards as far as being financially literate and how that benefits Visa and our broader economy.

Mr. KEHOE. Quite simply, a better informed, better educated consumer is simply a wiser spender. They manage their money more wisely, and that has a knock-on effect for the broader economy.

So I think we look at the nature of the challenge and we are happy to sort of participate in pulling together the materials and the tools that will do this. And yes, we have a vested interest in making sure that everybody who carries a Visa card in their pocket knows what that product can do and how to use it wisely.

Mr. STIVERS. I am running out of time so the one last question I want to ask is, does anybody—just raise your hand if you agree with the statement that a better informed consumer through financial literacy is a better protected consumer.

I will note that everyone raised their hand.

I would like to—I am working on a bill that would get the CFPB much more engaged. They are engaged in specific target populations, but what we really need them engaged in is educating America because it is the best form of consumer protection.

Rather than having some agency looking at transactions after they occur, getting consumers informed before transactions occur to make sure they are not taken advantage of is the best consumer protection. I see a shaking of heads across the board there, and I want to make sure we get the Consumer Financial Protection Bureau much more engaged in that effort of educating not just target populations.

I am sorry I ran over. I apologize, and I yield back my time.

Chairwoman CAPITO. All right.

Mr. Heck?

Mr. HECK. Thank you, Madam Chairwoman.

I really appreciated, actually, Mr. Posey's reference to his constituent who repeatedly reminds him about the importance of financial literacy. After I spent so much incredible time and effort trying to get myself on this committee and went back home and shared that news with my family, my older brother Jerry, who retired after a successful career in the financial services sector, immediately responded with, "Now, here is what your highest priority ought to be—financial literacy." And he has reminded me of that multiple times since, and I happen to agree with him.

I would like to ask any of you, each of you, all of you, if you have any particular programs/tools/approaches that have as their particular focus members of the U.S. military. And the reason I ask that is I happen to have the privilege to represent a very large military installation, but also because it is pretty clear that young men and women in uniform tend to be kind of vulnerable, at times, to getting themselves in circumstances, some of them that a heightened degree of financial literacy would at least impede or mitigate.

Any of you have any particular focus, programs, tools, outreach in that regard?

Mr. SAIK. Intuit is proud to support the U.S. military. We have a program through our TurboTax group where we provide TurboTax for free to help our military members prepare and file their taxes.

Mr. HECK. Thank you for that.

But in terms of an educational program to heighten financial literacy, do any of you have—

Ms. LAMB. At WorldofMoney, many military families enroll their children in our institute every year, from Fort Dix to McGuire Air Force Base, and they travel to New York City to access or to attend the institute.

Mr. KEHOE. Congressman, we have no specific products geared towards or specifically to servicemen and servicewomen. However, financial planners who are on the military bases across the country are one of our most frequent requesters of material that we send through. So that is something that we at least engage in the distribution of our material to military bases.

Ms. CACKLEY. I am not aware of specific programs, but I am certainly aware that there is an Office of Servicemember Affairs within the Consumer Financial Protection Bureau which works and coordinates with the financial planners to whom Mr. Kehoe just referred.

Mr. HECK. There certainly is, headed very capably by Holly Petraeus. I would encourage each of you to give a little bit of thought to what it is you might do in that regard.

I want to go back to the issue of evaluation.

And, Ms. Cackley, I am going to ask you to stand down in my first volley here.

It is just not clear to me how you will know you are successful in a meaningful way. And by that I mean, the anecdotes are helpful. Some of the metrics like, "Our product or our tool gets referred to other people," that is helpful.

But at the end of the day, it seems to me the only metric that we are really after here is changing behavior in a way that makes the consumer more financially protected, secure, and smart, and I am asking, are any of you engaged in any evaluation efforts that would give us that information? Ultimately, that is the goal.

Mr. KEHOE. I can kick it off by saying that I certainly agree that evaluation is absolutely critical. And there are a number of studies that we are engaged in which look at control groups and then educated people afterwards, and these do show that education has results.

One thing that we look at in particular along a number of metrics is how many people keep a revolving balance on their—

Mr. HECK. Keep what?

Mr. KEHOE. —credit card account—a revolving balance on their credit card account. And in fact, one of the things we say that even the most—we have found is even the most basic of training means that we see around about a 20 percent reduction in the number of people who maintain a revolving balance. And actually, on things like having late fees on their accounts of paying, that was reduced by around about 23 percent.

So yes, there are some studies out there which we are involved in that show that it is having an impact.

Mr. HECK. I am nearly out of time. I would just conclude—I was actually hoping to plumb this a little with you, Ms. Cackley. You had indicated more evaluation would be useful.

I would encourage—and it seems to me most appropriately you, but I may be wrong—advocacy for longitudinal evaluation with control groups, specifically geared to what works and what doesn't work. Because the truth of the matter is, everybody sitting at that table wins, everybody in America wins if we are able to accomplish that which you are engaged in, for which I commend you.

I thank you for being here today very much.

Thank you, Madam Chairwoman.

Chairwoman CAPITO. Thank you.

I think that concludes our hearing.

I would like to thank all of our witnesses today. I think it has been very informative, and I appreciate the efforts that you are making in the area of financial literacy. I think if we all work together, we will keep moving forward. There is still lots of work to be done.

Thank you so much.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

Without objection, the hearing is adjourned.

[Whereupon, at 12:04 p.m., the hearing was adjourned.]

A P P E N D I X

April 30, 2014

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Subcommittee on Financial Institutions
"Examining How Technology Can Promote Consumer Financial Literacy"
April 30, 2014
Statement for the Record

Thank you Chairwoman Capito for holding this hearing today. And I appreciate the witnesses for being here today as well.

As a father of six children – soon to be seven – I believe it is as important to teach them financial education as it is reading, math, science, and faith. Rachel and I are committed to ensuring that opening a credit card, buying a car, taking out a student loan, or purchasing a several hundred thousand dollar home will not be their first lesson in financial education.

And I do not believe it should be anyone else's either. Too many people not understanding what they are purchasing or under what terms can harm all of us, as was evident in the financial crisis. So I believe it is not enough that only my kids receive financial education. Every consumer needs it.

However, there is a limited role in what the federal government should be doing in this area in the name of education and with the taxpayers' money. I was shocked to learn there are over 20 federal agencies providing 56 programs in financial literacy in this country. When we're spending more than $30 million on these programs and I do not believe I can name one of them, something is wrong.

What I find even more outrageous is that knowing this Congress tasked the Consumer Financial Protection Bureau (CFPB), through Dodd-Frank, with giving *more* money to private groups to conduct financial literacy programs. These are *more* financial literacy programs, not *better* programs than what we have, and there is no requirement they coordinate with existing programs.

I find this most troubling because restricting products and demonizing industries seems to be an integral part of the CFPB's financial literacy lesson plan. Treating certain segments of the population, like minorities and women, as victims is another component. I ask Members for unanimous consent to submit for the record a letter from the Center for American Racial Equality, which states the conflict CFPB has with real financial education perfectly:

> "Regulations that hinder the availability of financial products, such as short-term lending products, inhibit consumer choice and restrict popular financial options for minorities. Many minority consumers rely on short-term lending products in the absence of

> traditional banking options, which are no longer available due to legislation like the Dodd-Frank Act. We should stop treating our nation's minorities like they are victims, and start treating them like the responsible consumers they are, who are able to make their own financial decisions."

I find it ironic we're talking about this today, as I teach my kids that a good, smart financial decision will help you spend the least amount of money for the best product available. I do not believe we're getting that with the CFPB and the federal government's other duplicative programs, and would love to hear from the witnesses their advice on how Congress can be better educated.

So again, I think you all for coming and I thank you Madam Chair for holding this hearing today.

United States Government Accountability Office

GAO

Testimony
Before the Subcommittee on Financial Institutions and Consumer Credit, House Committee on Financial Services

For Release on Delivery
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FINANCIAL LITERACY

Overview of Federal Activities, Programs, and Challenges

Statement of Alicia Puente Cackley, Director
Financial Markets and Community Investment

GAO-14-556T

GAO Highlights

Highlights of GAO-14-556T, a testimony before the Subcommittee on Financial Institutions and Consumer Credit, House Committee on Financial Services

Why GAO Did This Study

Giving Americans the information they need to make effective financial decisions is key to their financial well-being. The federal government plays a role in promoting financial literacy, which encompasses financial education—the process by which individuals improve their knowledge and understanding of financial products, services, and concepts. The federal role evolved with the creation of the Commission in 2003 and CFPB in 2010.

This testimony provides an (1) overview of federal financial literacy activities and agency roles, and (2) update on the progress made in addressing GAO's recommendations in this area. This testimony is largely based on and partially updates a July 2012 report (GAO-12-588) and relevant portions of GAO's annual duplication reports (GAO-11-318SP and GAO-12-342SP). For those reports, GAO reviewed and analyzed relevant reports, plans, and websites related to federal financial literacy efforts, and interviewed staff of 17 federal agencies and of nonprofit organizations. To update selected information, GAO spoke with staff and reviewed materials from CFPB and the Department of the Treasury.

What GAO Recommends

GAO makes no new recommendations in this testimony, but reiterates its July 2012 recommendations for the Commission to identify options for consolidating federal financial literacy efforts and address the allocation of federal resources in its national strategy. The Commission agreed with these recommendations.

View GAO-14-556T. For more information, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

April 30, 2014

FINANCIAL LITERACY

Overview of Federal Activities, Progress, and Challenges

What GAO Found

In its July 2012 report, GAO identified 16 significant financial literacy programs or activities among 14 federal agencies in fiscal year 2010, and 4 housing counseling programs among 2 agencies and a federally chartered entity. As of April 2014, 3 of the financial literacy programs and 1 housing counseling program no longer existed or no longer received funding, and no new federal programs had been added, according to staff representing the Financial Literacy and Education Commission (Commission). The creation of the Bureau of Consumer Financial Protection (known as CFPB) in 2010 added a significant new player, with offices devoted to financial education broadly and to educating servicemembers, older Americans, and students specifically. The multiagency Commission, created in 2003, coordinates among federal agencies and between federal agencies and state, local, nonprofit, and private entities. Commission responsibilities also include developing national strategies for improving financial literacy and proposing means of eliminating overlap and duplication among federal activities. Finally, since 2008 three Presidential advisory councils related to financial literacy have had charges that include fostering partnerships among private, nonprofit, and government entities.

GAO has observed improvements or successes in four areas—coordination, partnerships, delineating CFPB's role, and evaluation tools—but significant work remains to be done in one major area—determining the most effective and efficient allocation of federal resources.

- **Coordination**. Coordination among federal agencies has improved in recent years, largely due to the role of the Commission. Recent efforts include a research clearinghouse and a coordinated initiative on youth education.
- **Partnerships.** The Commission has continued to build and promote partnerships. Several initiatives have partnered with academics, nonprofits, and other entities.
- **Delineating CFPB's role.** To help avoid unnecessary overlap, CFPB has further delineated its role in financial literacy efforts, discussing respective roles with federal agencies that have overlapping responsibilities and signing agreements on cooperation and areas of focus.
- **Evaluation tools.** The Commission and CFPB have helped develop and disseminate evaluation tools to assess outcomes and effectiveness of financial literacy programs. CFPB also contracted with a company to develop metrics and outcome measures and with a nonprofit to evaluate and report on financial education programs and activities.

However, further progress is needed to help ensure effective allocation of federal financial literacy resources and avoid unneeded overlap. In 2012, GAO concluded the Commission was best placed to consider consolidating federal efforts, which could help ensure the most efficient and effective use of federal resources. The Commission's national strategy could serve as a mechanism to identify those resources and how they might be allocated, but has not yet done so. Without recommendations on resource allocations, policymakers lack information to avoid overlap and help ensure the most efficient and effective use of federal funds.

Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee:

I am pleased to be here today to discuss financial literacy and related federal programs as part of Financial Literacy Month 2014. Giving Americans the information they need to make effective financial decisions is key to their financial well-being. Moreover, financial markets function best when consumers understand how financial service providers and products work and how to choose among them. The federal government has played a key role in addressing financial literacy, and this role has evolved in recent years, particularly with the creation of the Financial Literacy and Education Commission (Commission), which coordinates federal efforts, in 2003 and the Bureau of Consumer Financial Protection (known as CFPB) in 2010.[1]

My testimony today is largely based on and partially updates a report we issued in July 2012 that examined federal financial literacy activities, including identifying agencies, programs, activities, and coordination.[2] It also incorporates work we conducted in recent years as part of our overall efforts to address fragmentation, overlap, or duplication in the federal government.[3] This testimony provides (1) a brief overview of federal financial literacy programs, activities, and agency roles; and (2) a progress update on recommendations we made in this area.

[1]The commission currently comprises 22 federal entities; its Chair is the Secretary of the Treasury and its Vice Chair, as established in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), is the Director of CFPB. Pub. L. No. 111-203, § 1013(d)(5), 124 Stat. 1376, 1971 (2010) (codified at 20 U.S.C. § 9702(c)(1)(C).

[2]See GAO, *Financial Literacy: Overlap of Programs Suggests There May Be Opportunities for Consolidation*, GAO-12-588 (Washington, D.C.: July 23, 2012). This report addresses (1) what is known about the cost of federal financial literacy activities; (2) the extent and consequences of overlap and fragmentation among federal financial literacy activities; (3) what the federal government is doing to coordinate its financial literacy activities; and (4) what is known about the effectiveness of federal financial literacy activities.

[3]See GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012); and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011). See also *GAO's Action Tracker*, a publicly accessible online website of the areas and actions presented in these reports, which provides progress updates and assessments of the actions we suggested for Congress and executive branch agencies.

To address the objectives of our 2012 report, we reviewed and analyzed relevant reports, surveys, agency strategic plans, performance and accountability reports, websites, budget justifications, performance data, and evaluations related to federal financial literacy efforts. We interviewed staff of 17 federal agencies and staff of nonprofit organizations. In addition, we collected cost information from congressional appropriations, agency budget justifications, and staff estimates. To update selected information for this testimony, we spoke with staff and reviewed related materials of CFPB and the Department of the Treasury (Treasury).

We conducted the work on which this testimony is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. More details on our scope and methodology are provided in each of the related products.

Background

Financial literacy, sometimes referred to as financial capability, has been defined as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial literacy encompasses financial education—the process by which individuals improve their knowledge and understanding of financial products, services, and concepts. However, to make sound financial decisions, individuals need to be equipped not only with a basic level of financial knowledge, but also with the skills to apply that knowledge to financial decision making and behaviors.

Efforts to improve financial literacy can take many forms. These can include one-on-one counseling; curricula taught in a classroom setting; workshops or information sessions; print materials, such as brochures and pamphlets; and mass media campaigns that can include advertisements in magazines and newspapers or on television, radio, or billboards. Many entities use the Internet to provide financial education, which can include information and training materials, practical tools such as budget worksheets and loan and retirement calculators, and interactive financial games.

Overview of Federal Programs or Activities on Financial Literacy and Agency Roles

In our 2012 report, we identified 16 significant financial literacy programs or activities administered by the federal government in fiscal year 2010.[4] As shown in table 1, there were 16 programs or activities among 14 federal agencies and 4 housing counseling programs (which can include elements of financial education) among 2 federal agencies and a federally chartered nonprofit corporation. The programs and activities covered a wide range of topics and target audiences and used a variety of delivery mechanisms. While we have not done a comprehensive update of this federal program summary since 2012, representatives of Treasury and CFPB—which represent the Chair and Vice Chair of the Commission, respectively—told us that as of April 2014, 3 of the 16 financial literacy programs and 1 of the 4 housing counseling programs either no longer existed or no longer received funding, and no new federal programs had been added since fiscal year 2010.[5]

[4]We defined "significant" as those financial literacy and education programs or activities that were relatively comprehensive in scope or scale and included financial literacy as a key objective rather than a tangential goal. See page 12 of GAO-12-588 for additional information about our criteria for significant programs or activities.

[5]The discontinued programs are the Social Security Administration's Financial Literacy Research Consortium, the Department of Education's Excellence in Economic Education Program and Financial Education for College Access and Success Program, and Treasury's Financial Education and Counseling Pilot Program.

Table 1: Description and Target Audience for Significant Federal Financial Literacy and Housing Counseling Programs and Activities, Fiscal Year 2010

Financial Literacy			
Agency	**Program or activity**	**Description**	**Target audience**
Board of Governors of the Federal Reserve System	Division of Consumer and Community Affairs and Office of Public Affairs	Up-to-date web resources on regulatory changes regarding financial products and services, calculators, and information and tools on terms and disclosures for credit card accounts, overdraft protection programs, gift cards, and credit scores. Website offers resources for teachers and students of various ages and knowledge levels through educational games, classroom lesson plans, online publications, and multimedia tools.	Adult consumers and students
Bureau of Consumer Financial Protection	Office of Financial Education and other offices	The Offices of Financial Education, Servicemember Affairs, Fair Lending and Equal Opportunity, and Financial Protection for Older Americans develop and implement initiatives to educate and empower consumers in general and specific target groups to make informed financial decisions.	Consumers, servicemembers and their families, and individuals who are 62 or older
Department of Agriculture	Family and Consumer Economics programs	The National Institute of Food and Agriculture provides funding to land-grant colleges and universities and to state and county extension offices to support research and education, including outreach events related to personal financial topics.	Youth, rural families, elderly, and other financially vulnerable populations
Department of Defense	Personal Financial Management Program (located within Family Support Centers)	Personal financial managers on military installations provide financial education programs and counseling services designed to help servicemembers reach their financial goals. Services range from consultation on financial management, budgeting, and saving, to debt reduction strategies, consumer advocacy and complaint resolution, financial workshops, retirement planning, housing issues and referrals, and education programs for youth and teens.	Servicemembers and their families
Department of Education	Excellence in Economic Education Program	Awarded competitive grant to an organization that conducted activities, and made subgrants to other organizations, to improve the quality of student understanding of personal finance and economics.	Students in kindergarten through grade 12
	Financial Education for College Access and Success Program	Supported state-led efforts to develop, implement, and evaluate personal finance instructional materials and teacher training intended to aid students in making financial aid decisions in relation to postsecondary education.	Students in middle and high-school—generally, grades 6-12
Department of Health and Human Services	National Education and Resource Center on Women and Retirement Planning	Provides women access to a one-stop gateway on retirement, care giving, health, and planning for long-term care.	Low-income women, women of color, and women with limited English proficiency
Department of Labor	Saving Matters Retirement Savings Education Campaign	Workplace campaign to promote retirement savings and understanding of federal retirement law using interactive web tools, print publications, website, public service announcements, seminars, workshops, videos, and webcasts.	Employees, employers, and small businesses
	Wi$eUp	Eight-module financial education curriculum targeting women. Topics include money basics, credit, saving and investing, insurance, retirement planning, and financial security. Offered online or in a classroom setting.	Generation X and Y women

Agency	Program or activity	Description	Target audience
Financial Literacy			
Department of the Treasury	Office of Financial Education and Financial Access (now incorporated into the Office of Consumer Policy)	A variety of financial literacy activities and staff support for the Financial Literacy and Education Commission and MyMoney.gov (website on federal financial literacy resources).	All populations
Federal Deposit Insurance Corporation	Money Smart Financial Education Program	Eleven-module financial education curriculum for adults designed to enhance basic financial skills and create positive banking relationships, available in nine languages. Eight-module version is available for young adults. The curriculum is available in instructor-led, computer-based instruction, and podcast (Mp3) formats.	Low- to moderate-income adults outside the financial mainstream and youth ages 12-20
Federal Trade Commission	Division of Consumer and Business Education	Multimedia resources covering topics such as credit, credit repair, debt collection, job hunting, job scams, managing mortgage payments, avoiding foreclosure rescue scams, and identity theft.	Consumers
Office of the Comptroller of the Currency	Consumer education activities	Websites, consumer advisories, public service announcements, community outreach, and print and radio advertisements aimed at educating consumers about banking and other financial issues.	Consumers
Office of Personnel Management	Retirement Readiness NOW	Retirement education strategy designed to provide information that will help federal employees plan for retirement and calculate the investment needed to meet retirement goals.	Federal employees
Securities and Exchange Commission	Office of Investor Education and Advocacy	Provides information to help individual investors evaluate current and potential investments, make informed decisions, and avoid fraud.	Investors
Social Security Administration	Financial Literacy Research Consortium	Supported 2-year cooperative agreements with Boston College, RAND Corporation, and the University of Wisconsin to develop innovative materials and programs to help Americans plan for a secure retirement.	Adults preparing for retirement
Housing Counseling and Foreclosure Mitigation			
Department of Housing and Urban Development	Housing Counseling Assistance Program	Certifies and oversees housing counseling providers. Provides competitive grants to approved housing counseling agencies that provide pre- and post-purchase counseling, assistance to renters, homeless populations, and those seeking to resolve mortgage delinquency. Counseling may take place in person, over the telephone, or with a self-study computer module or workbook.	Low- to moderate-income families
Department of the Treasury	Financial Education and Counseling Pilot Program	Awarded competitive grants to organizations to provide financial education and counseling to prospective homebuyers.	Prospective homebuyers
NeighborWorks America	National Foreclosure Mitigation Counseling Program	Provides competitive grants to housing counseling agencies to provide one-on-one counseling services for foreclosure prevention.	Homeowners at risk of foreclosure
	Other housing counseling activities	Provides expendable grants for which housing counseling is an eligible activity.	Current and prospective homeowners

Source: GAO analysis based on information from federal agencies and interviews with agency staff.

Note: According to Treasury and CFPB representatives, as of April 2014, four of the programs listed in the table either no longer existed or no longer received funding—the Social Security Administration's Financial Literacy Research Consortium, the Department of Education's Excellence in Economic Education Program and Financial Education for College Access and Success Program, and Treasury's Financial Education and Counseling Pilot Program.

CFPB, which became operational in 2011, has a primary role in addressing financial literacy.[6] For example, its Office of Financial Education provides opportunities for consumers to access financial counseling; information on understanding credit products, histories, and scores; information on savings and borrowing tools; and help in developing long-term savings strategies and wealth building. The Office of Servicemember Affairs helps educate servicemembers and their families to make better-informed decisions on consumer financial products and services, monitors complaints, and coordinates efforts among federal and state agencies regarding consumer protection measures. The Office of Financial Protection for Older Americans develops goals for programs that provide financial literacy and counseling to help seniors recognize the warning signs of unfair, deceptive, or abusive practices. CFPB's Office of Fair Lending and Equal Opportunity plays a role in providing education on fair lending. Finally, CFPB created an Office for Students to address complaints and questions regarding student loans.

In addition to specific programs and activities directed at consumers, federal agencies participate in coordination or umbrella efforts. For instance, the 22-member Commission coordinates among other federal agencies and between federal agencies and state, local, nonprofit, and private entities. Also among Commission charges are developing a national strategy for improving financial literacy and proposing means of eliminating overlap and duplication among federal financial literacy activities. Furthermore, since 2008, three Presidential advisory councils related to financial literacy have been tasked, in part, with creating partnerships among federal, state and local, nonprofit, and private entities. Most recently, the President's Advisory Council on Financial

[6]CFPB was created by the Dodd-Frank Act, which specified the creation of the bureau's Office of Financial Education and its role in promoting financial literacy. Pub. L. No. 111-203, § 1013(d),124 Stat. 1376, 1970 (2010) (codified at 12 U.S.C. § 5493(d)).

Capability for Young Americans was created by Executive Order in June 2013.[7]

Federal Agencies Addressed Several GAO Recommendations, but More Progress Needed on Determining the Best Allocation of Resources

Our reviews of federal financial literacy efforts in recent years have examined, among other things, issues of fragmentation and overlap; the effectiveness of programs; coordination across multiple agencies and between federal, state, local, and nonprofit entities; the potential consolidation of programs or activities; and the need to improve the Commission's national strategy for financial literacy.[8] The following summarizes progress in four areas in which we have observed improvements or successes—coordination, partnerships, CFPB's role, and evaluation tools—and one major area in which we believe significant work remains to be done—determining the most effective and efficient allocation of federal resources.

Coordination

Overall, coordination on financial literacy among federal agencies has improved in recent years. As noted earlier, multiple federal agencies have significant financial literacy initiatives. Because of the crosscutting nature of financial literacy, it would be difficult, if not impossible, for one agency alone to address the issue, but coordination among agencies is clearly essential. In our 2006 report, we noted that the Commission enhanced communication and collaboration among agencies involved by creating a single focal point for federal agencies to come together on the issue of financial literacy. In 2011, we suggested that the Commission enhance its

[7]Exec. Order No. 13646, 78 Fed. Reg. 39159 (June 28, 2013).

[8]For examples of GAO work on financial literacy, see *Financial Literacy: Enhancing the Effectiveness of the Federal Government's Role*, GAO-12-636T (Washington, D.C.: Apr. 26, 2012); *Highlights of a Forum: Financial Literacy: Strengthening Partnerships in Challenging Times*, GAO-12-299SP (Washington D.C.: Feb. 9, 2012); *Financial Literacy: A Federal Certification Process for Providers Would Pose Challenges*, GAO-11-614 (Washington D.C.: June 28, 2011); *Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices*, GAO-11-504T (Washington D.C.: Apr. 12, 2011); *Financial Literacy and Education Commission: Progress Made in Fostering Partnerships, but National Strategy Remains Largely Descriptive Rather Than Strategic*, GAO-09-638T (Washington, D.C: Apr. 29, 2009); *Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy*, GAO-07-100 (Washington, D.C.: Dec. 4, 2006); and *Highlights of a GAO Forum: The Federal Government's Role in Improving Financial Literacy*, GAO-05-93SP (Washington D.C.: Nov. 15, 2004).

efforts to coordinate federal activities, such as by exploring further opportunities to strengthen its role as a central clearinghouse for federal financial literacy resources.[9] The Commission has addressed this suggestion with a number of additional coordinating activities taken since 2012. These have included an internal web portal to allow federal agencies involved in financial literacy efforts to share information and resources; publication of *2012 Research Priorities and Research Questions* to help coordinate federal research efforts; a clearinghouse of federal research and data on financial literacy; an initiative for coordinating among federal agencies' activities and resources to help parents and teachers prepare children and young adults for financial success; and support to the Office of Personnel Management in promoting agency strategic plans for employee retirement readiness.[10]

Partnerships

The Commission has continued to build on its progress in promoting partnerships among federal and nonfederal sectors. Given the wide array of state, local, nonprofit, and private organizations providing financial literacy programs, it is essential to leverage private-sector resources and coordinate federal activities with resources at the community level. We suggested in 2011 that the Commission build on progress it had made in promoting partnerships among the federal, state, local, nonprofit, and private sectors.[11] The Commission has taken actions that address this suggestion. Examples of recent Commission work with nonfederal sectors include the above-mentioned 2012 research report, which the Commission developed in partnership with academic researchers, nonprofit financial educators, and other nonfederal stakeholders, and an initiative to create a community of practice among educators and policymakers. The commission also continued to work in collaboration with the President's Advisory Council on Financial Capability (which ended in 2013) and the new President's Advisory Council on Financial Capability for Young Americans. The new council primarily consists of members from the private and nonprofit sectors, as did the former council.

[9]GAO-11-318SP, pp. 151-154.

[10]Financial Literacy and Education Commission, *2012 Research Priorities and Research Questions: Financial Literacy and Education Commission Research and Evaluation Working Group* (Washington, D.C.: May 2012).

[11]GAO-11-318SP, pp. 151-154.

Delineation of CFPB's Role

CFPB has taken steps to delineate and distinguish its role in financial literacy from that of other federal agencies. In 2011 and 2012, we noted that some of CFPB's financial literacy responsibilities appeared to overlap with those of other federal agencies, and we recommended that steps be taken to ensure a clear delineation of these agencies' respective roles and responsibilities. In its response to a draft of the 2012 report, CFPB neither agreed nor disagreed with this recommendation.[12] We believe this recommendation has been implemented. Since 2012, financial literacy staff from CFPB and Treasury have continued to hold regular meetings to discuss respective roles, and with the emergence of CFPB, Treasury reorganized the structure of its own financial education efforts, incorporating them into the broader Office of Consumer Policy. Similarly, as of March 2013, CFPB's Office of Servicemember Affairs was meeting monthly with staff responsible for financial literacy at the Department of Defense, and the agencies developed two Joint Statements of Principles to help delineate their roles and responsibilities. Furthermore, CFPB's Office of Financial Protection for Older Americans finalized a memorandum of understanding with the Federal Trade Commission in January 2012 to help cooperation on consumer education efforts and promote consistent messages. CFPB's Office of Students developed a memorandum of understanding with the Department of Education designed, in part, to clarify respective areas of focus in providing education on student loans and financial aid.

Evaluation Tools

We suggested in 2011 that the Commission and CFPB take steps to develop and disseminate a standard set of evaluation tools or benchmarks to help assess the outcomes and effectiveness of financial literacy programs.[13] This suggestion has been addressed. In September 2012, CFPB signed a contract with the Corporation for Enterprise Development to develop a set of metrics and outcome measures for assessing the success of financial literacy programs. That work is ongoing. CFPB also contracted with The Urban Institute to evaluate financial education programs and increase understanding of which interventions can improve financial decision-making skills in consumers. An interim report was published in January 2014 and the final report is

[12] GAO-12-588.

[13] GAO-11-318SP, pp. 151-154.

expected around April 2015, according to CFPB representatives.[14] In addition, the Commission's 2012 study on research priorities sought ways of making the best use of limited dollars to address the most important questions facing the field of financial literacy.

Allocation of Federal Resources

We continue to believe that further progress is needed in one area—helping to ensure that the most effective and efficient allocation of federal financial literacy resources occurs and avoids unneeded overlap. As noted earlier, federal financial literacy and housing counseling resources are spread across many agencies, the result of both legislation and programs evolving to address a variety of populations or topics. While our prior work uncovered no duplication, some agencies or programs do have overlapping goals and activities, raising the risk of inefficiency and underscoring the importance of coordination. The creation of CFPB added a new player to the mix. While progress has been made in coordinating with federal agencies that have overlapping financial literacy responsibilities, we noted in 2012 that the creation of CFPB signaled an opportunity for reconsidering more broadly how federal financial literacy efforts are organized. In particular, some consolidation of these efforts could help ensure the most efficient and effective use of federal resources. As a result, in July 2012 we recommended to Treasury and CFPB that the Commission identify for federal agencies and Congress options for consolidating federal financial literacy efforts into the agencies and activities that are best suited or most effective.[15] Commenting on a draft of that report, Treasury agreed with the recommendation, and subsequently CFPB noted its agreement as well, but the recommendation has not been implemented.

The Commission's national strategy could serve as one mechanism for determining how federal resources might best be allocated among programs and agencies, but it does not yet do so. The Commission issued its first national strategy in 2006. We reported that it was a useful first step, but largely descriptive rather than strategic, and only partially included certain key characteristics such as a description of resources

[14]Brett Theodos, Margaret Simms, Claudia Sharygin, et al., *Rigorous Evaluation of Financial Capability Strategies: Why, When, and How* (Washington, D.C.: January 2014); prepared by The Urban Institute for the Bureau of Consumer Financial Protection.

[15]GAO-12-588

required to implement the strategy.[16] In December 2010, the Commission issued its second and most recent national strategy.[17] While it discussed the consumer education resources the federal government makes available to consumers, it still did not address the level and type of resources needed to implement the strategy, or review the budgetary resources available for financial literacy efforts and how they might best be allocated. In July 2012, we recommended that the Commission revise its national strategy to incorporate clear recommendations on the allocation of federal financial literacy resources across programs and agencies.[18] Treasury and CFPB agreed with this recommendation as well, but have not yet implemented it.

We acknowledge that the governance structure of the Commission presents challenges in addressing resource issues: it relies on the consensus of multiple agencies, has no independent budget, and no legal authority to compel members to act.[19] However, the Commission can identify resource needs, make recommendations, and provide guidance on how Congress or federal agencies might allocate scarce federal resources for maximum benefit. Without a clear description of resource needs, policymakers lack information to help direct the strategy's implementation. And without recommendations on resource allocations, policymakers lack information to avoid overlap and help ensure the most efficient and effective use of federal funds.

Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact me at (202) 512-8678 or cackleya@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found

[16] Financial Literacy and Education Commission, *Taking Ownership of the Future: The National Strategy for Financial Literacy* (Washington, D.C.: April 2006) and GAO-07-100.

[17] Financial Literacy and Education Commission, *Promoting Financial Success in the United States: National Strategy for Financial Literacy 2011* (Washington, D.C.: December 2010).

[18] GAO-12-588.

[19] GAO-09-638T.

on the last page of this statement. GAO staff who made key contributions to this testimony include Jason Bromberg (Assistant Director); Bethany Benitez; Juliann Gorse; Barbara Roesmann; and Rhonda Rose.

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Statement of

Stephen Kehoe

Senior Vice President

Head of Global Financial Inclusion

Visa Inc.

House Financial Services Subcommittee

on

Financial Institutions and Consumer Credit

Hearing on

"Examining How Technology Can Promote Consumer Financial Literacy"

April 30, 2014

Chairman Capito, Ranking Member Meeks and Members of the Subcommittee, my name is Stephen Kehoe and I am Global Head of Financial Inclusion at Visa Inc. Thank you for the invitation to appear before the Subcommittee to discuss financial literacy and the critical role that innovation and technology play in equipping consumers of all ages with the knowledge and tools they need for financial success. Visa believes the most valuable financial tool is not a product, but knowledge. Empowering Americans with the knowledge and skills they need to make informed decisions and manage their money wisely not only improves their own financial situation, but strengthens the overall economy.

As a global digital payments technology company, Visa connects financial institutions, merchants and governments. Visa works behind the scenes to enable billions of transactions, powered by our core processing network – VisaNet. We make digital commerce more convenient, reliable and secure. It's important to note that Visa does not issue credit or debit cards or set the rates and fees on those products – our financial partners do. For over 50 years, Visa has enabled people, businesses and governments to make and receive payments not just here in the U.S., but across the globe. Providing consumers with useful, scalable and accessible financial services is just one piece of the puzzle. These very same people need to know how to use these products wisely and have the skills and confidence to manage their money responsibly.

If we simply declare victory when a young mother or father opens a savings account for the first time, or when a recent high school graduate acquires a prepaid card, or when a worker signs up for direct deposit at their new job, then we have failed.

Unless we empower them with the knowledge they need to manage their money, we are doing them no favors. It is the economic equivalent of handing a teenager the keys to a brand new car when he has never driven before. A wreck, financial or otherwise, is inevitable. The best way we can help prevent that new accountholder from crashing is to provide them with financial education long before they ever acquire a financial account. We do our best to exemplify this philosophy at Visa. Not only is it the right thing to do, but it is also good for our business because educated, healthy consumers are financially stable and encourage a secure, prosperous economy. That is why, for nearly two decades, Visa has focused on developing financial education programs that teach individuals of all ages the basics of money management. This includes how to budget, save and spend responsibly.

In the last six years we have reached more than 30 million people in over 30 countries with localized financial education programs. We have seen continued growth and success in our programs as innovation and technology provide us new approaches to deliver educational tools.

Here in the U.S., Visa's flagship financial literacy initiative, Practical Money Skills for Life, helps parents, teachers, students, and consumers learn the essentials of personal financial management. The program includes a wide array of free, innovative and engaging resources, such as classroom curriculum and lesson plans, educational video games, smartphone apps, financial calculators, podcasts, and other financial literacy tools. The program websites receive more than 49 million page views each year, and in the last few years we have shipped more than 1.6 million orders of our free materials. We know that not everyone engages in the same way, which is why we've designed our materials in print, digital and mobile formats. We want to reach consumers of all ages, through their preferred method of learning.

We know learning, and for that matter teaching, personal finance can be a challenging endeavor. In order to ensure success in educating everyone from elementary school students to adults, it is important to focus on creating and developing engaging, effective and relevant tools to teach all consumers the fundamentals of money management. Most importantly, we must constantly ask ourselves if what worked yesterday, or what works today, will work tomorrow. We must also adapt quickly to ensure resources remain relevant and tools remain engaging.

Gamification and Edutainment

We know budget management is challenging, with many parents struggling to balance family finances against the needs and wants of their children. Millennials are the largest generational segment of the U.S. population. Compared to prior generations, Millennials are debt averse, inclined to seek control over personal finances, technology savvy, open to receiving advice from parents, and group oriented. They grew up with technology at home and in the classroom, and want to engage in new ways.

One of the most effective ways to reach Millennials is through "gamification" and "edutainment." The use of games, and entertainment, is an effective means of demystifying what can often be a dull and complicated subject by using the compelling and familiar medium of video games to learn while having fun. As part of Practical Money Skills for Life, Visa created a suite of educational games available both online and for a variety of operating systems.

Visa's most popular and most successful educational game is part of a national educational campaign created in partnership with the NFL and the NFL Players Association. Visa leveraged our relationship with one of the most popular sports in the country to develop an interactive money management video game called "Financial Football" that would excite and engage folks of all ages.

Financial Football combines the structure and rules of the NFL with financial education questions of varying difficulty. The fast-paced and engaging game is available for free in English or Spanish and can be played online, ordered from Practical Money Skills for Life or downloaded via iTunes. Each module features a narrative overview of the concepts, goals and objectives of the lesson, as well as a discussion section which reinforces how lessons apply in real-life situations.

Building on the success of Financial Football, Visa launched a second game, similar in concept and execution. "Financial Soccer" is a FIFA World Cup-branded video game that combines the world's most popular sport with an award-winning financial literacy curriculum. Financial Soccer is currently available in 35 countries and 14 languages, and has been played more than 3 million times.

In addition to these two popular games, we have a number of other free educational games teaching personal finance. Visa offers elementary games that teach younger children how to identify and count coins, earn money from chores, make a budget, save and spend responsibly. In "Peter Pig's Money Counter," kids practice identifying and counting coins with the help of a wise piggy bank. Peter Pig has been downloaded more than 50,000 times. For middle school children, "Money Metropolis" has players navigate a multidimensional world and make life decisions that will affect whether their virtual bank account shrinks or grows while learning how to save for a goal and earn money. Beyond games and educational entertainment resources, Visa has created free, consumer-friendly smartphone apps around ubiquitous events like high school prom and tooth fairy visits to help teach the basics of budgeting and saving. Our free prom app, called "Plan'it (planet) Prom," helps parents and teens use this high school dance, a key event for many teenagers, as a real-world example to implement important financial education lessons by making a realistic budget and sticking to it.

As a member of the President's Advisory Council on Financial Capability for Young Americans, and as Chair of the Council's Innovation and Technology working group, our Chief Executive Officer Charlie Scharf is committed to sharing with other financial literacy leaders what Visa is learning through the work it does with schools across the country, state and local governments and others.

Public/Private Partnership Approach

There are a lot of smart, savvy folks deeply committed to developing technology and tools to empower consumers through financial education. The challenge is ensuring consumers are able to access these resources, and that the resources get in the hands of those who need them most. The reality is, the most technologically advanced and engaging resources are only as good as the ability to reach those in need.

We have found one of the most effective, powerful and scalable approaches to getting these resources into the hands of consumers is through public/private partnerships.

Since the launch of Financial Football in 2007, we have created partnerships with state governments to distribute the game for free to every middle and high school in 44 states. Just last week we were in Cheyenne, Wyoming, to launch Financial Football with Governor Matt Mead. In fact, Chairman Capito's home state of West Virginia was the first public/private Financial Football partnership. And, back in January we were excited to partner with Mr. Meeks to hold a Financial Football showcase event with New Orleans Saints Quarterback Drew Brees at the Super Bowl in New York. We've partnered with governors, state treasurers and other elected officials to distribute Financial Football to more than 28,000 middle and high schools across the country.

Public entities, nonprofit organizations and schools don't always have the resources they need. We have tried to take a comprehensive approach to public/private partnerships, working not only with state governments, but also schools, nongovernmental organizations and community-based organizations to deliver financial education programs. In addition to our public/private partnership approach, we have delivered our innovative engaging resources for free to millions of consumers through more than 300 partnerships with nonprofits, credit unions, community banks, and financial institutions.

Our nearly twenty years of experience creating programs and implementing – from the individual consumer or single teacher, to national-level partnerships – shows us that when it comes to financial education there is no single silver bullet. The solution to creating a more financially literate, healthy citizenry requires a multipronged approach through a shared effort of parents, teachers, nonprofits, business, and government. Each plays a critical role.

It starts at home. Parents need to have conversations with their children – early and often – about managing their money responsibly. It continues in the classroom. Schools need to make financial education an essential part of the learning experience. Graduating a student who cannot read would be considered unacceptable; graduating a student who cannot make and stick to a budget must become equally unthinkable.

The private sector also plays a critical role. Businesses must step in and provide our schools, communities and individual consumers the resources they need to learn and teach financial education. Financial services companies, in particular, must invest in their own programs to ensure that customers spend and save wisely.

Conclusion

Innovation and technology open endless opportunities to reach people through new channels, but the technology absolutely must have appeal to those you're trying to teach. Technology for technology's sake will not move the needle and will not engage consumers to learn and improve their behavior. To appeal to today's young people, and to students as they learn, you must meet them on their technology platform of choice, be it iPad or tablet, smartphone or online. If one is serious about leveraging technology to create a more financially literate society they must be wholly committed to creating apps, programs and resources that consumers desire to use. Thank you for the opportunity to highlight some of the work Visa is doing to improve financial literacy. We stand at the ready to work with this committee to help advance this vital issue.

BancVue

DO YOU KASASA?

Testimony of

Gabriel Krajicek
CEO, BancVue / Kasasa
Austin, TX

Before the
United States House of Representatives Subcommittee on Financial Institutions and Consumer Credit

Hearing on
"Examining How Technology Can Promote Consumer Financial Literacy"

April 30, 2014
Washington, D.C.

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DO YOU KASASA?

Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee.

I am honored and excited for the opportunity to speak before the Subcommittee today.

My name is Gabriel Krajicek. I am CEO of a company called BancVue.

BancVue is a professional services company based in Austin, TX serving the financial industry. We provide market research, product development, consulting, technology, rewards-management and marketing services to more than 700 community banks and credit unions across the United States.

As the following awards demonstrate we are widely regarded as one our industry's top innovators:

- 2012: Instructional Game of the Year - Excellence in Financial Literacy Education
- 2011: Entrepreneur of the Year - Ernst & Young
- 2011: One of the 10 Most Innovative Companies In Finance - Fast Company
- 2011: Best of Show - Finovate
- 2010: One of 8 Companies That Give Hope To The Finance Industry - Fast Company
- 2009: Best Money Saving Tool Award - Wise Bread

I mention these awards not to brag but to emphasize two essential components of any financial literacy solution - innovation and receiving sound financial advice from trusted sources.

Why We Care So Passionately About Financial Literacy

I'm excited to tell you about the success of our mobile and web-based financial literacy products - MoneyIsland™, PiggyBot™ and Kasasa 360® - but first, I'd like to take a moment to explain why we care so much about this subject.

I personally saw the dire need for financial literacy in 2009 when I was teaching a class on entrepreneurship through Citizens Schools. I spent hours upon hours developing lesson plans, activities and homework assignments for my young students.

In one of our "real life" activities, we participated in national Lemonade Day. I was excited. My students were excited. Especially one little girl who just couldn't wait to run the cash register! She was going to handle the money and serve our customers!

Seeing her enthusiasm and motivation, of course I gave her the opportunity.

Sadly, I soon realized that she could not make change properly.... even with the assistance of a calculator.

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Our customers were patient and understanding and politely helped correct her mistakes but her excitement quickly turned into despair. Her self-confidence sank into self-doubt and her enthusiasm vanished.

Managing money should not do that to any child....nor to any adult!

At that moment, I realized financial literacy was a major issue in our country, and BancVue had to do something about it.

Our financial literacy products are not big money makers for us nor for our clients but helping people with their financial future is vitally important to all of us.

That's why MoneyIsland, PiggyBot and Kasasa 360 are supported exclusively through community banks and credit unions. These institutions provide knowledgeable financial advice and serve their communities - one household, one parent, one child, one teacher, one business at a time - so all of us can achieve our financial goals.

The Depth Of The Problem

How bad is the problem? Let me share some figures:

- **81%** of parents feel it's their duty to teach their kids about money,[2] yet
- **74%** of parents are reluctant to talk to their kids about finances.[2]

Why? Because they lack confidence in their own understanding and thus,

- **87%** of parents think financial matters should be taught in school.[2]

Our Philosophy - "Edutainment" - Educate By Entertaining

Perhaps it goes without saying, but kids learn by doing. And it surely goes without saying that kids like games.

Just for good measure though, it's worth noting that **83%** of parents agree that games are a good way to teach kids about money.[3]

All of this is why BancVue's financial literacy materials are extremely fun for kids. We like to call it "edutainment."

It is among the most satisfying moments in my career when I watch kids having so much fun testing our products, likely not even realizing they're gaining a serious leg up on what they need to know to be successful in life as adults.

Let me describe each of our products.

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MoneyIsland™ - Online Financial Education

Launched in 2011, MoneyIsland is a multi-level online video game geared toward boys and girls ages eight (8) to fourteen (14).

Working with real students in real classrooms, we created an interactive game with exciting adventures and financial quests to teach children the following eight (8) key financial principles:

- Spending & Saving
- Understanding Interest
- Understanding Wants vs. Needs
- Understanding Assets & Liabilities
- Earning & Investing
- Identity Protection
- Using Credit Wisely
- Risk Management

These students helped craft our storyline, name our characters and determine where our adventures might lead. They helped us develop the concept of each player becoming a Financial Guru to save our main character "Stone Broke" from his island. To do so, each child must learn how to earn, save and invest enough smackers to return Stone Broke to the mainland by helicopter. Not surprisingly, it is the storyline that engages the kids from start to finish!

We didn't stop there. I know how hard it is to develop effective and compelling lesson plans. So, we made it easy for teachers to communicate these concepts by including seventeen (17) pre-planned financial lessons in a one hundred and twenty-four (124) page Teacher's Guide. This is important because:

- less than **30%** of teachers say they've taught financial topics before,[4] and

- less than **20%** of teachers feel competent in doing so.[4]

Teachers love MoneyIsland because it is a turnkey solution and our curriculum meets both the Jump$tart Coalition for Personal Financial Literacy and the Common Core math standards. (Some sample letters we've received from educators are included at the end of this testimony.)

Offered by more than 100 community financial institutions, MoneyIsland is now used in approximately 2000 classrooms and more than 70,000 children have completed their financial journey!

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(You can get a sense of the fun and excitement kids experience by visiting the online demo of MoneyIsland at https://Demo.MoneyIsland.com/. Just hit "Play" then select the "Demo Version" option.)

PiggyBot™ - Mobile "Allowance" App

PiggyBot is a groundbreaking free mobile app that transforms the age-old practice of distributing kids' "allowances" into an interactive collaboration between Mom, Dad and each child.

- **77%** of parents believe allowance is a prime opportunity to teach kids about money.[3]

Using PiggyBot, kids establish goals (like wanting a new doll or a new bike) and Mom and Dad place portions of that child's allowance or what we call "virtual IOUs", into three (3) buckets - spending, saving, and sharing. Kids learn the value of planning and how money can and should be used for multiple purposes.

Virtual IOUs become redeemable and are made available to the child as certain milestones are achieved.

Launched on April 1st, PiggyBot has already had an immediate impact:

- It's been the **#1** free app for children in the iTunes App Store (beating the likes of Barbie® and Mickey Mouse®)
- We've had over **50,000** downloads
- And over **9,000** goals have already been established & achieved

Kasasa 360® - Money Management Made Easier

Adults need help managing their money too. And they want help from someone they trust.

- **93%** of community banking customers trust their financial institution[1]

Compare that to:

- **66%** of Americans who feel flat out anger toward the big banks[1]

- Even **31%** of megabank customers don't trust their own bank[1]

People want assistance from people they are familiar with too.

- **75%** of consumers say they want personal finance management (PFM) services from their primary financial institution, rather than from a third-party.[5]

That's why we launched Kasasa 360 earlier this month.

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Kasasa 360 is an easy-to-use PFM system that enables an individual to view, organize, budget and manage all of their bank accounts, credit cards, car loans, mortgages, investments, retirement savings - you name it - all through their mobile or web-based device.

And financial "alerts" can also be sent to the individual's mobile device to let them know of any unusual account activity or if they are approaching a specific spending limit that they've established for themselves

Kasasa 360 brings our financial literacy offerings full circle as it gives parents "hands on" control over their own finances. After all, as financial guru Dave Ramsey says "Your children are watching you, and more is caught than taught."

Kasasa U™ - The Future Of Financial Literacy

We're not stopping there. As innovators, we're constantly developing and delivering new games, new tools and new products and services all of the time.

As such, we've recently created Kasasa U to serve as a new online hub for financial information, tools and resources. It's an interactive site where individuals of all ages can research questions and develop new financial skills in a fun and non-threatening environment.

Just launched in April, we intend to add several exciting stand-alone video games that are full of teachable moments on specific money management topics.

What Can Congress Do To Help? Reduce The Regulatory Burden

What can Congress do to help?

As I mentioned earlier, financial literacy is not a moneymaking venture for community banks and credit unions. It's an expense.

As the pace and the costs associated with compliance and regulatory oversight continues to grow, community banks and credit unions are forced to cut services that don't generate revenue.

Without sacrificing Safety & Soundness, if there were a way to reduce the regulatory burden on community financial institutions, more organizations would be able to afford to provide financial literacy services across every small town in America.

Thank You For This Opportunity

I sincerely appreciate the opportunity to testify today and am grateful to the Members of this Subcommittee for their focus on this subject.

BancVue.

DO YOU KASASA?

I know I speak on behalf of all 300 BancVue employees when I say we are passionate about financial literacy, and extremely passionate about community banking.

BancVue will continue to innovate new products and services.

Our community banks and credit unions will continue to provide the trusted knowledgeable advice that our fellow citizens need and deserve.

Individually and collectively, we stand ready to help you in any way we can.

I hope my testimony has helped your efforts, and would be more than happy to provide further insight or address any questions.

[1]BancVue, "Consumer Banking Insights Study," conducted by Harris Poll, December 2013

[2]Touchstone Research, DoughMain national survey, February 2012

[3]T. Rowe Price, "Parents, Kids & Money Survey," March 2014

[4]National Endowment for Financial Education, "Teacher's Background & Capacity to Teach Personal Finance," 2010

[5]Perter Wannemacher, senior analyst at Forrester Research, quoted in ABA Bank Marketing article "Track My Money!" September 2012.

BancVue.

DO YOU KASASA?

Excerpts From A Small Sampling Of Letters By Parents, Kids, And Teachers

"Particularly with the many budget cuts faced by school districts, it feels great to be able to provide this free, unique, and fun educational resource."

— Dianna Huff, St. Helens Community Federal Credit Union, OR

"This semester we have had the privilege of using MoneyIsland with my 6-8th graders. My students loved using the program. They loved playing the game on Fridays (which was not surprising) but they also really enjoyed the lessons that we did before we played. I used the teachers guide and the ideas in there to complete the lessons with my students.

I was surprised at how much they were learning about money. One of my standards is to teach money management. This can be difficult with middle schoolers because a lot of it can be confusing or over their heads at this point in their lives. However, with MoneyIsland, I was able to teach them in a fun and different way. The students really enjoyed playing the various games and it was fun for me to watch as a teacher because they were learning, but were not necessarily aware of all the knowledge they were gaining as they were having fun.

I think Money Island is an excellent learning tool for today's students because they are accustomed to being on the computer or playing games in their free time. When we can include that and have the students learning at the same time, it is a win/win! We loved the program and hope to use it in the future!"

— Brittany DuMont, Station Camp Middle School, TN

"It is the mission of First National Bank to enhance the communities in which we serve, and by providing MoneyIsland to the children, it can positively impact their future and fill a distinct social need that is especially relevant right now. When the children become "Financial Gurus" and want to tell you everything they have learned, it makes your day. Since September 2013, First National Bank of McMinnville has educated 1,100 kids. MoneyIsland is truly a small investment with a positive impact for our communities."

— Shannon Gulick, First National Bank of McMinnville, TN

"Thank you so much for introducing me to MoneyIsland! I've played it for a long time and I enjoyed every second of it....Thank you so much for the prizes! I've never played such a fun game on the computer in my life!"

— M.P. XX grader

"My name is _____. I have really enjoyed MoneyIsland. I have really enjoyed my t-shirt and backpack too! I thank you also for coming to our school to show us this wonderful game!"

(P.S. I've learned a sum of ways to tilt the 'Scales of Success.' I've also learned that you have to pay your bills and credit or you really pay!)
Your guru, "

— E.P. XX grader

BancVue
DO YOU KASASA?

"Thank you for listing me in MoneyIsland. MoneyIsland could be improved if you could dress your character more. Who created MoneyIsland? Please write back!

P.S. I loved the stories and tests and SMACKERS! I learned that saving and spending are very different. "

— W.S. XXX grader

WORLD OF MONEY.ORG

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Sabrina Lamb
Founding CEO
WorldofMoney.org

Before The United States House of Representatives
Sub-Committee on Financial Institutions and Consumer Credit

"Examining How Technology Can Promote Consumer Financial Literacy"

April 30, 2014

Chairman Capito, Ranking Member Gregory Meeks and members of the sub-committee, on behalf of the WorldofMoney.org Youth Financial Education Training Institute, known as WorldofMoney.org, also represented here by our youth board members Dante Stewart and Ciana Montero, thank you for the opportunity to testify at today's hearing.

About ten years ago, a disturbing trend swept across America. Young people, often accompanied by adults, began forming long lines outside of retail stores; shoving and clawing to purchase another pricey product to make them feel, for the moment, better about themselves. These youth and adults seemed oblivious to the fact that they were jeopardizing their already fragile financial condition.

In response to this crisis, the WorldofMoney.org, a New York City based non-profit organization was founded in 2005. The organization was selected as a **Promise Place by America's Promise Alliance** and by **AOL Impact** as one of ten top social good organizations in America. WorldofMoney.org is acknowledged in **President Obama's Advisory Council on Financial Capability Report.** Our mission is to challenge the way youth, ages 7 - 18, engage with and manage money by equipping them with a robust 40 classroom hours curriculum, taught by Wall Street professionals, so that they can plan to live a financially secure and philanthropic life. To date, the WorldofMoney.org has provided critical financial education to over 3,000 youth and their parents.

Over the years, unfortunately, some parents have openly expressed their despair or their belief that living a financially secure life, is not for them; that they are not worthy or able to experience generational wealth. Recently, one student said that he thought the term "financial freedom" sounded like a scam. Other parents admitted how embarrassed they feel about the financial missteps that they have made. Alternatively, one mother defiantly shared, "What I don't know…my child will not know!"

Hundreds of well-intentioned individuals, corporations and non-profit organizations provide excellent online and gaming financial education. However of the 3,000 youth that we have served, 98% of our economically diverse parents report that they have never felt compelled to search for or access this online information.

How can technology help stem the widening gulf of financially uneducated and vulnerable Americans?

Disrupt and Interrupt.

Creative content interruptions beyond one's primary website or application are warranted for at least three reasons: (1) difficulties associated with motivating adults to pursue financial literacy, 2) generational family history of being financially vulnerable, and (3) predatory lenders' and fringe financial service providers' aggressive disproportionate targeting of communities of color.

Technology can create a financial education cultural revolution by integrating a brand's message via social media as the 'new normal' targeting communities which generationally are reluctance to discuss or have a lack of knowledge in managing their finances. Millions of these families, often unbanked, still voraciously consume social media and cell phones. An online blended interruption could have a powerful subliminal impact on uninformed Americans. As a result, seeds of financial education would be planted and provide a time efficient experience of learning outside of the confines of a personal fiscal crisis.

For maximum appeal, technology can also help by reflecting the cultural and racial diversity of Americans and how various communities interface with their personal finances. One content does not fit all. Thus, the user must feel that their issues are being addressed. Technology providers cannot build content and assume Americans will come and apply the information to their lives when they have had a generational distrust in doing so. Our parents report that they appreciate when they receive information that is 'protective' in nature, that steers them away from toxic financial products and scams and bolsters their own self-esteem.

The creators of financial education technology realize that they are already preaching to the choir. However, mobile technology messages can disrupt and influence a greater number of Americans by providing a learning experience while using mobile devices. Technology can support by being interrupters by sharing real world compelling testimonial videos which are mirror images of the mobile device user.

Creators of financial education technology must have an up-front understanding of the challenges of Americans so that the content can address a diversity of family statuses. For example, creating an application which sends real-time e-mails to working parents about the expenditures and bank transactions that are being made by their children, while including a 'savings road map". Or, email reminders could ask young adults, "Have you reviewed your credit report this year?" Thirdly, a non-profit organization's newsletter could instruct how to research investment options. Lastly, since the use of technology is overwhelmingly popular, our organization is determined to empower our students so that they will move beyond being solely consumers. Thus, we will teach them how to create and understand the fundamentals behind the websites and applications that they are using.

Through personalized videos on tablet applications and games, Americans could have the ability to interact and communicate with a service provider's financial expert rather than simply passively reading. Financial institutions and cell phone companies could send 'money lessons' via text messages directly to a mobile unit or embed a message, when the customer makes a bill payment or an online bank transaction such as Ciana Montero's post on Facebook, "When I grow up, I am determined to be a PIG farmer; Passive. Income. Generator." Dante Stewart posted to our alumni, "Did you know that 55 % of students acquire their first credit card during their freshman year?"

In conclusion, technology holds the promise of expanding access to personal finance education by providing flexibility in how, where and when learning occurs. However, mobile technology will never be a replacement for the power of in-person motivating instruction between students and financial experts. Thus, technology should be used as an instructional supplemental activity that is supported by compassionate financial coaching or attending the WorldofMoney.org Youth Financial Education Training Institute in New York City.

Thank you.

Sabrina Lamb
Founding CEO

Testimony of Barry Saik
SVP and GM, Consumer Ecosystem Group
Intuit
Before the House Financial Services
Subcommittee on Financial Institutions and Consumer Credit
April 30, 2014

Good morning Chairwoman Capito, Ranking Member Meeks, and members of the Subcommittee-. My name is Barry Saik and I am the Senior Vice President and General Manager for the Consumer Ecosystem Group at Intuit. The Consumer Ecosystem Group includes our personal finance products, Quicken and Mint. I appreciate the opportunity to speak before you today about how technology can promote consumer financial literacy.

While I'm here today to talk about Mint, I would like to first provide some background on Intuit.

Background on Intuit

Intuit creates products and services with one mission in mind: to improve people's financial lives so profoundly, they cannot imagine going back to the old way of doing things.

Over 30 years ago, our founder, Scott Cook, sat at his kitchen table watching his wife struggle to balance the family checkbook. This inspired him to create Quicken. Today, we are one of the nation's leading providers of tax and financial management solutions for consumers and small businesses, and the accountants that serve them.

We have always believed that with our success comes the responsibility to give back. Part of delivering on our mission is serving as an advocate and resource for economic empowerment among lower income individuals and entrepreneurs. We have a track record of more than a decade of philanthropy that enables eligible lower income, disadvantaged and underserved individuals and small businesses to benefit from our tools and resources for free.

Through it all we remain committed to creating new and easier ways for consumers and small businesses to tackle life's financial chores with the help of technology. We help our customers make and save money, comply with laws and regulations, and give them more time to live their lives and grow their businesses.

Our flagship products and services, including QuickBooks, Quicken, Mint and TurboTax, simplify small business management, payment and payroll processing, personal finance, and tax preparation and filing. We serve half of the accounting firms in the country, helping them be more productive with tax preparation software.

Through a customer driven innovation process, Intuit identifies the financial needs and problems of individuals and small businesses and through technology, provides solutions for these problems. With all of these offerings, we help improve the lives of more than 50M individual and small business customers.

What Mint does:

Mint, the leading personal finance app, links users to more than 20,000 different bank, credit card, loan and investment accounts. Mint makes it easy for consumers to view all of their financial statements in one place and get a better understanding of where their money is going. We currently have 15 Million registered customers in the United States and Canada. Using self-reported data, our customers are typically college graduates, male and in their 30's, but females are now joining faster than men. Half of our users make a salary of more than $75,000 per year.

Additionally, Mint provides the tools for easy and free money management. These tools include basic budgeting and money management, as well as, goal setting. Goal setting is a unique tool which helps you set financial goals, such as paying down credit card debt or repaying a certain percentage of one's student loans. Mint tracks an individual's progress towards meeting these goals and sends regularly reminders where he/she is at success. We currently have nearly 3 million customers that have set 7 million goals. Thousands of these goals — including paying off debt, buying a house and saving up for a trip — have already been completed by many Mint users. In total, our users are saving over $1 billion per month towards their goals.

We've applied that same approach to mobile devices to meet consumers' changing lifestyle needs, and provide consumers the benefit of Mint's unique suite of tools, wherever life takes them. We currently have about 70% of our users start on and use mobile, with about 40% of them continuing to be mobile only. Our mobile apps have been downloaded over 15 million times. Most customers that access our app use it to check their account balances and review their transactions, like recent spending and deposits.

Mint tracks your spending, categorizes it and sets up budgets for you in the first two minutes you use the product. Individuals do not have to think about how much they spend on each thing or category or spend hours with a financial planner. For about 80 percent of people, the upward trajectory of their spending was tempered after they joined Mint and began monitoring their transactions. And most people's spending was further tempered if they used the information to set up budgets and goals on Mint. The biggest effects were observed in people's spending on groceries, restaurants, and credit card finance charges.

Mint also provides you options for better financial alternatives. Through our partnerships, we evaluate one's accounts and identify alternatives for them – either based on better rates, fees, or simply cost. We provide an alert for individuals about such things as a better insurance option, a credit card option, even better refinancing options on an opt-in basis. Should one choose those options, they are directed to the partners' sites to pursue that alternative. This additional tool saves our customers even more money. By identifying these alternatives, it takes away the common inhibitor to finding these deals on our own – time. Mint has found over $1700 in average savings for nearly 5 Million of its users. That's a total of over $10 Billion in savings identified.

We know we are helping customers – not just because we are consistently voted as a leading personal finance app – but because we hear it directly from the customers. Customers often share how setting their goals and reaching them has positively impacted their lives. Recently, a customer felt so empowered by her Mint experience that she wrote to our CEO, Brad Smith, with her story:

> "I only recently signed up for the service. Previously, I ignored my massive student loan debt, credit cards and ignoring harassing bill collector calls was a monthly event for me. I had reached rock bottom personally, with the weight of my debt and unaffordable monthly payments weighing on me. My financial planner suggested mint.com as a budgetary tool. It was absolutely horrifying to see all my debt in one place and see how absurd my spending habits were. After wallowing in my own self-pity, I knew I had to make a change. With the help of my financial planner, I sold some non-liquid assets in order to pay off high interest debt. What is the point of that asset, any asset, but to make life better. It wasn't making me better on a quarterly statement. I have since paid off a large portion of my debt.
>
> The relief I feel is real. The actual weight of the debt was killing me, quite possibly literally. I am so grateful to those who work hard to create my non-liquid, privately held shares. But I am equally grateful to your product for forcing me to take a hard look at my situation, putting it all there on one page. It became very real, instead of nebulous outstanding debts in various places. The total at the bottom of the page was horrifying and spurred me to act.
>
> I wanted to thank you for this. I truly think my life has changed course and it would not have done so without your service."

Where we are now with Mint is just the beginning of where we hope to be. In the next few years, we'll continue to evolve our product line-up to meet the changing needs of our customers, with the hope to empower even more individuals to make sound financial decisions. Through our evolution, the goal will remain the same: to provide customers with the tools they need to move beyond the aspiration of sound personal financial practice to actually having the tools to live responsibly day to day. In the context of the hearing today: to take a financial literacy curriculum like the ones being described here and apply the curriculum to daily life using a computer or mobile device.

Importance of Financial Literacy in Empowering Individuals

Intuit's mission is about empowering individuals. As such, we do not just offer these tools to empower them but we also provide them financial literacy tools as well through our blogs, alerts to the individuals directly, or our website. Through our customer feedback and research, we found that financial literacy is a "Yes, and". Yes, of course we must provide financial literacy training and we will give them the tools they need to experience firsthand what they just learned. Financial literacy is the foundation for which individuals could build upon in their real world scenarios. Our research of our customers has shown that simply providing them with knowledge about their credit card rates, their student loan rates, or how to save for retirement does not spur an individual to pay attention to these aspects. Rather, it is the real world impetus --- the first job out of college, taking control of one's finances for the first time, facing an unbelievable amount of debt --- that spurs an individual to pay attention to their finances. It is at that point that one needs tools to utilize everything they've learned in school or read about on the internet regarding how to take charge of their finances.

At Mint – and corporate-wide at Intuit, we provide those tools to empower individuals and small businesses take control of their financial lives.

Thank you again for the opportunity to speak before you today. I look forward to answering any questions you may have.

CENTER for AMERICAN RACIAL EQUALITY

Wednesday, April 30, 2014

Chairman Rep. Shelley Moore Capito
Financial Institutions and Consumer Credit Subcommittee
U.S. House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Submitted for the record at the hearing entitled:
"Examining How Technology Can Promote Consumer Financial Literacy"

Dear Chairman Moore Capito:

The Center for American Racial Equality (CARE) is a national grassroots organization that strives to strengthen the personal freedom, economic opportunity and racial diversity that have been the cornerstone of the United States.

This congressional hearing is an important one for CARE, which supports financial literacy for consumers, as well as transparency in the financial services marketplace.

CARE urges the Subcommittee to consider the benefits of a free market for all consumers, including the minority consumer, with regard to financial services. Today's most innovative financial service options are available thanks to free-market competition. Free-market policies benefit all by providing for a range of financial services that tailor to the needs and lifestyles of individual consumers.

Regulations that hinder the availability of financial products, such as short-term lending products, inhibit consumer choice and restrict popular financial options for minorities. Many minority consumers rely on short-term lending products in the absence of traditional banking options, which are no longer available due to legislation like the Dodd-Frank Act. We should stop treating our nation's minorities like they are victims, and start treating them like the responsible consumers they are, who are able to make their own financial decisions.

CARE continues to work for opportunity for all, and is much obliged for the Subcommittee's audience. Please let me know if we can be of assistance to the Committee or its work.

Sincerely,

Dwayne Carson
Executive Director
The Center for American Racial Equality

CUNA
Credit Union National Association

National
Credit Union Foundation
Making Financial Freedom Achievable

April 29, 2014

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Gregory Meeks
Ranking Member
Subcommittee on Financial Institutions and Consumer Credit
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Dear Chairman Capito and Ranking Member Meeks:

On behalf of the Credit Union National Association (CUNA) and the National Credit Union Foundation (NCUF), we are writing regarding your hearing on the "Economic Importance of Financial Literacy Education for Students." CUNA is the largest credit union advocacy organization in the United States, representing America's state and federally chartered credit unions and their 99 million members. NCUF is the philanthropic and social responsibility leader of America's credit union movement, raising funds, making grants, managing programs, and providing education empowering consumers to achieve financial freedom through credit unions.

Credit unions change lives each day through the "People Helping People" philosophy that drives the credit union movement. Each year, credit unions invest millions of dollars to provide financial education and counseling programs to consumers. Against a fragmented landscape where each credit provider is seeking maximum gain, not-for-profit credit unions continue to be true to their mission of serving as trusted advisors to their members and communities.

As the charitable arm of America's credit union movement, the NCUF's programs and grants provide widespread financial education, create greater access to affordable financial services, and empower credit union members to build assets. One of the main pillars of the NCUF is to provide funding and promotion of financial literacy tools and education through credit unions across the nation. This mission is embedded in the fifth cooperative principle – education, training and information. Indeed, it is in the interest of all credit unions to have members that are financially literate and understand the importance of thrift and the responsibility of credit.

In an effort to catalog credit union efforts around financial capability building, NCUF conducted a comprehensive research study to provide an inventory of credit union financial education/counseling programs nationally. Almost 600 credit unions shared their strategies and progress toward helping members and consumers make better financial choices. In 2012, the

The Honorable Shelley Moore Capito
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NCUF concluded its study and released a detailed report titled "Credit Unions: Focused on Financial Capability across the Nation."[1]

The report describes how coordinated efforts with NCUF have assisted in credit unions' ability to provide financial counseling to more than 1.6 million consumers a year and nearly 24,000 annual educational presentations to more than 600,000 students. 111,500 student members had $34 million on deposit at 1,400 in-school credit union branches that encourage savings and connect financial education with financial access. Nearly 5,000 student workers received on-the-job training experiences at in-school credit union branches. 85,000 teens and young adults participated in 1,200 experiential learning events organized or provided by credit unions. Experiential learning provides participants with a taste of the real financial world in a safe and controlled environment. The report also found that in 2010 credit unions invested more than $140 million toward improving the financial capability of members and consumers in general.

More than 300 credit unions offer financial education tools on-line, according to the report. These efforts resulted in 1.2 million members having visited or used a credit union on-line educational tool, resource and/or course and generated tens of millions page views. Thousands of new members joined credit unions after having used these on-line resources. One of these programs is *Money Mission*, an interactive, web-based simulation designed to educate users in the fundamentals of financial literacy. *Money Mission*, developed by the Wisconsin Credit Union League, has many features which make it unique in the marketplace, including: an immersive, animated interface with a look and feel designed specifically for the game and its targeted demographic – currently 16 to 19-year-olds; an innovative approach to simulation design, which includes inputs from external data such as stock market prices and cost of living changes and user choices in the area of life-event choices, money management; a user configurable experience including customizable characters ("Avatars") and selectable vehicles; and entertaining animated lessons teaching users critical financial principles.

The credit union system's financial education efforts also include *Biz Kid$*, which launched nationally in January 2008 and teaches kids about money and business. A coalition of more than 300 credit unions and affiliates from across the country have helped exclusively fund *Biz Kid$* with over $13.8 million. The initiative includes a TV series, free classroom curriculum, outreach activities, a website and a monthly on-line newsletter targeting children 9 – 16 years old. It is the first national public television series promoting financial education for elementary and middle school students. Created by the producers of *Bill Nye the Science Guy*, *Biz Kid$* teaches students how to use credit wisely and reinforces the importance of budgeting, saving, and giving back to the community.

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[1] The report may be found at: http://realsolutions.coop/assets/2012/1/5/Credit_Unions-Focused_on_Financial_Capability_Across_the_Nation-NCUF_Report.pdf

The Honorable Shelley Moore Capito
The Honorable Gregory Meeks
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Page Three

Since its inception, *Biz Kid$* has received significant entertainment industry recognition including a Daytime Emmy. More than 1.5 million students and teachers have been exposed to the curriculum, which has been implemented in classrooms and afterschool programs nationwide. The show has received the status of "recommended educational resource" by the State Boards of Education in seven states. In addition, *Biz Kid$* has been adopted by the Internal Revenue Service to use in their educational outreach program in schools across the United States. The show has also been adopted by Ernst & Young to use in their education outreach programs for middle school and high school students. To extend the impact of the series, public TV stations nationwide have established partnerships with credit unions and community groups – sponsoring teacher seminars, kids' contents and family events.

NCUF believes that access to financial products and services should always be accompanied by educational opportunities. This link between education and impending opportunities to make financial decisions enables members to take action based on newly gained knowledge, resulting in more financially capable and secure members. As the credit union movement continues to grow, so too will the importance of ensuring our members have the tools they need for a successful financial future.

Finally, as the primary national trade association for credit unions in the United States, CUNA also contributes significantly to financial literacy, working closely with the various state credit union leagues and associations. One of the credit union system's recent contributions in this area is a consumer focused website: asmarterchoice.org. The goal of the website is to help consumers understand why credit unions are a smarter choice for them to conduct financial services and to help them connect with credit unions that they are eligible to join. To this end, asmarterchoice.org features a credit union locator, a financial literacy blog and other helpful information about the credit union difference. Since its inception, the site has been visited by almost 700,000 unique visitors, with more than 300,000 people having used the credit union locator.

America's credit unions are committed to continuing to work to ensure that consumers of all ages understand how to responsibly manage their finances, and recognize that financial education needs to begin at a very early age. On behalf of America's credit unions and their 99 million members, we appreciate the attention you are giving to the importance of financial education.

Best regards,

Bill Cheney
President & CEO
Credit Union National Association

Christiane G. Hyland
Executive Director
National Credit Union Foundation

PCI

Property Casualty Insurers
Association of America

Advocacy. Leadership. Results.

Written Testimony Submitted on behalf of the
Property Casualty Insurers Association of America (PCI)

The Financial Institutions and Consumer Credit Subcommittee
Committee on Financial Services
United States House of Representatives

"Examining How Technology Can Promote Consumer Financial Literacy"

April 30, 2014

Introduction

Chairman Capito, Ranking Member Meeks and members of the Subcommittee on Financial Institutions and Consumer Credit; the Property Casualty Insurers Association of America (PCI) which is composed of more than 1,000 member companies, representing the broadest cross section of insurers of any national trade association respectfully submits this written testimony for the record on "Examining How Technology Can Promote Consumer Financial Literacy".

PCI members write more than $195 billion in annual premium and 39 percent of the nation's home, auto and business insurance, epitomizing the diversity and strength of the U.S. and global insurance markets. Our insurance company members are very interested in this issue as it is important for all Americans to understand financial issues particularly with regard to the costs and financial risks associated with the purchase of insurance and coverage following an accident, a theft, fire loss or a natural disaster. PCI is very pleased that you are holding this hearing today to highlight the challenges and the opportunities that we have regarding financial literacy. For example: a recent survey provides key insights into what Americans think about their level of financial literacy:

- 40% of adults gave themselves a grade of C, D, or F on their knowledge of personal finance.
- 78% agree that they could benefit from additional advice and answers to everyday financial questions from a professional.
- 85% of American parents surveyed thought that a course in personal finance should be a high school graduation requirement.

Why insurers are involved

With regard to insurance, following Superstorm Sandy and after virtually all natural disasters many residents are financially unprepared and there is the all too common refrain – I thought I was covered!

While consumers have a basic level of understand regarding their insurance, there is a need for more consumer education. A survey by the National Association of Insurance Commissioners (NAIC) showed that more than half of Americans don't have a home inventory of their possessions, putting them at risk for inadequate home insurance coverage, should a disaster strike.

This lack of confidence and knowledge, serves as an opportunity for those of us in the financial services sector to expand our outreach to customers and help them better understand the industry's products and services. Additionally, it creates an opportunity to partner with educators and help our students, both K-12 and post-secondary, become better prepared to navigate our increasingly complex financial system.

In an effort to better prepare consumers for not only the next natural disaster, but for financial empowerment, PCI and our members believe that the federal government, the states and those in the financial sector can work together to significantly improve consumer financial literacy.

PCI and our members support: 1) development of financial literacy educational resource guides; 2) K-12 consumer financial education legislation; 3) an increase in the availability of online and in-person insurance educational opportunities; and 4) an increase in our industry's marketing efforts for flood and earthquake insurance.

The good news is that there is widespread agreement regarding the need for financial literacy programs and there are thousands of non-profit organizations and businesses all engaged in educational efforts. The Griffith Foundation and the Independent Insurance Agents & Brokers of America's Project InVest are examples of successful programs and many insurance companies and agents have their own activities as well. We have started to encourage the industry to increase the sponsorship of educational organizations such as the Griffith Insurance Foundation.

Technology can help consumers prepare for the next major disaster

PCI is also waging a consumer education campaign to help policyholders better understand their insurance policies and take steps to be financially as well as physically prepared for natural disasters. PCI's latest digital interactive resources, Quick Steps for Disaster Preparedness and Recovery: Hurricanes and Quick Steps for Disaster Preparation and Recovery: Wildfires are examples of what can be done with modern, interactive technology to engage consumers. The interactive resource guides include preparedness videos, checklists, links to other preparedness organizations such as FEMA and the American Red Cross and preparedness apps.

Additionally we understand the importance of connecting at the local level and have created a unique partnership with groups such as CAL FIRE, the Arizona Fire Districts and Fire Chiefs associations and are actively engaged in an integrated public relations campaign to spread preparedness messages and drive people to online resources related to being both physically as well as financially ready for wildfires. As an industry, we can collaborate to produce educational material that will facilitate the efficient dissemination of information to various stakeholders following a disaster.

However, when it comes to earthquake and flood insurance, we need to place special emphasis on strategies that will increase the awareness and purchase of policies to protect against these potentially devastating financial losses. Along the entire New York coast, the purchase of flood insurance exceeded 30 percent in only a couple ZIP codes. And while the percentages were higher in New Jersey, fewer than 50 percent of the homes and businesses in many areas most at risk were covered. In addition, the California Earthquake Authority (CEA) estimates that only 12 percent (or 1 in 8) of California residents have earthquake coverage.

While the industry is very well versed in responding to natural disasters, all of us must always be on the lookout for ways to improve our communications and educational outreach to consumers.

PCI and our members believe that technology – specifically the use of social media can enhance real-time information sharing by increasing public-private communications.. Social media is being used to help address such issues as readiness information, emergency services and response information for major disasters. Regarding Superstorm Sandy, Amy Freeze, a certified broadcast meteorologist on WABC-TV in New York City noted an overwhelming "ground truth" was found on social media. Users responding as the Superstorm was happening let forecasters instantly know the impact of the surge and the intensity of the wind. According to Pew Research, 25% of the 20 million tweets during Sandy were photos and video. The initial pictures illustrated the reality of what had been forecasted, allowing for more clarity and more certainty as the storm continued. Social media is helping the public better protect their financial assets and most importantly keeping their families safe and saving lives.

The National Oceanic and Atmospheric Administration (NOAA) Weather-Ready Nation initiative is another example of leveraging technology to engage the public and private sectors to build community resilience in the face of increasing vulnerability to extreme weather and water events. Through the use of social media, wireless apps and other technology tools the government, first responders, insurers, businesses, and community organizations are sharing preparedness information which strengthens our nation's financial literacy.

Real-time information connects us and also serves as a means of education for consumers. Planning ahead for the next disaster by identifying and engaging potential partners and providing social and email distribution channels will help consumers and government by keeping them informed. PCI has already created a series of videos including: "Don't Get Caught Without Insurance"; "Hurricanes: Know Your Coverage"; "Are You Covered? PCI goes to Washington, IL"; and "Wildfire Home Inventory". PCI will be creating additional videos to further address knowledge gaps on insurance coverage, including the National Flood Insurance Program and earthquake coverage.

Conclusion

It is essential for America's consumers, businesses, the economy and insurers to have a strong understanding of financial issues and the impact insurance can have in reducing loss and keeping America resilient. We support your efforts to promote awareness and look forward to working with you, particularly with regard to preparing our nation for disasters, by utilizing technology and public-private partnerships to help consumers become more financially strong.

Post-Hearing Questions for the Record
Submitted to Director Alicia Puente Cackley, Government Accountability Office
From Representative Keith Ellison

"Examining How Technology Can Promote Consumer Financial Literacy"
April 30, 2014

I am very concerned about the high rates of people who lack access to checking and savings accounts. Too many rely on check cashiers, pawn shops, etc.

1. Where do you think technology can be used to increase access to affordable and appropriate financial products for unbanked and underbanked consumers?

While we have not looked at that specific issue, in prior work we have examined ways of leveraging technology to reach certain unbanked and underbanked consumers that receive federal benefits. For example, electronic benefit transfer (EBT) cards, which many federal agencies use, can deliver multiple federal benefits—on a single card and with no or minimal fees—to unbanked recipients.[1] We also recommended that the Internal Revenue Service determine the feasibility of offering debit cards for tax refunds. Many unbanked taxpayers may not have the benefit of faster refunds associated with direct deposit. Instead, they receive refunds by check, often incurring transaction costs such as check cashing fees.[2]

We also have reported on ways that technology has provided methods of disseminating information and financial education to unbanked and underbanked consumers to encourage them to enter the financial mainstream. For example, the Federal Deposit Insurance Corporation's Money Smart program is designed to help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. The program disseminates information through self-paced computer-based instruction, podcasts, CD-ROMs, and other methods.[3] More recently, the Department of the Treasury announced its Financial Empowerment Innovation Fund, the purposes of which include supporting research on using technology in innovative ways to promote financial access and capability for low- and moderate-income households.[4]

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[1] See GAO, *TANF Electronic Benefits Cards: Some States Are Restricting Certain TANF Transactions, but Challenges Remain,* GAO-12-535 (Washington, D.C.: July 20, 2012); and *Electronic Payments: Many Programs Electronically Disburse Federal Benefits, and More Outreach Could Increase Use,* GAO-08-645 (Washington, D.C.: June 23, 2008).

[2] See GAO, *2009 Tax Filing Season: IRS Met Many 2009 Goals, but Telephone Access Remained Low, and Taxpayer Service and Enforcement Could Be Improved,* GAO-10-225 (Washington, D.C.: December 10, 2009).

[3] http://www.fdic.gov/consumers/consumer/moneysmart/.

[4] http://www.treasury.gov/connect/blog/Pages/Introducing-the-Financial-Empowerment-Innovation-Fund.aspx.

2. How can mobile technology best be used to reach groups that may have a higher propensity to be under- or un-banked?

We have not conducted the work necessary to answer this question.

3. More than 54 million people lack a credit score; what has been the impact of those who are credit invisible in the population you serve? Do you support improving the credit reporting system to include the reporting and collection of alternative data such as rent, utilities and telecom payments?

These topics are beyond the scope of GAO's work relating to credit scores. We have not reported on whether or how the lack of a credit score affects individuals or conducted an analysis on the use of alternative data for credit scoring purposes.

- **Where do you think technology can be used to increase access to affordable and appropriate financial products for unbanked and underbanked consumers?**

Visa Response

Mobile technology, and the use of smartphones, is a critical avenue to increasing access and providing opportunity to reaching the unbanked and under banked populations. Statistics illustrate that the vast majority of the unbanked and under banked here in the United States have smartphones. The ability to reach those populations with financial products that connect to and can be used through a means they are already comfortable creates significant opportunity to improve access. We also think education at the community level to help them understand how and the importance of participating in the financial community can benefit them and their families are also important to success.

- **How can mobile technology best be used to reach groups that may have a higher propensity to be under- or un-banked?**

Visa Response

Even for the unbanked and under banked, access to mobile technology is not a barrier. This widespread use of mobile devices is one of the best ways to engage with these populations in United States. By creating and offering financial products and financial education programs delivered via mobile devices, we can help educate and provide these and other groups with access and opportunities that were not available just several years ago.

- More than 54 million people lack a credit score; what has been the impact of those who are credit invisible in the population you serve? Do you support improving the credit reporting system to include the reporting and collection of alternative data such as rent, utilities and telecom payments?

Visa Response

At Visa we believe the best financial tool is not a product, it is knowledge. We firmly believe in the value of educating consumers on how to build a credit file, how to positively affect your credit score, and how to keep from damaging your credit score as you build your file. Visa has developed a number of comprehensive credit education programs focused on educating all consumers on building and managing credit wisely. This includes programs aimed specifically at those new to credit or without credit files.

BancVue.

DO YOU KASASA?

June 5, 2014

Questions for the Record from Representative Keith Ellison
"Examining How Technology Can Promote Consumer Financial Literacy"
April 30, 2104

Question: Prized Linked Savings For Gabriel Krajicek, Chief Executive Officer, BancVue

"Some states and even foreign countries have been successful in encouraging consumers to save more by establishing so called "prize-linked savings" incentives. If you are familiar with these programs, do you think we should consider encouraging the promotion of these types of programs on a nationwide basis?"

Answer:

I am not an expert in "prized-linked savings" (PLS) incentives but I believe eight (8) states (RI, NE, WA, MD, ME, NC, CT & MI) currently have legislation in place that allows credit unions the ability to offer "chance based products" / "savings promotion raffles" that "reward" participating members with "entries" (typically up to a maximum of 10) in monthly and / or annual prize drawings each time they deposit a fixed amount of funds (typically $25) into a designated share account / certificate during a specific period of time (typically 12 months).

My understanding is that there is no "downside" for the member as he / she receives all funds deposited throughout the designated timeframe as well as any interest that was earned during the stated timeframe.

PLS offerings are intriguing because they help motivate individuals to save by rewarding smart savings behaviors. Anything that helps our fellow citizens to (a) actively engage in their finances and (b) increase their savings is fundamentally a good idea and logically merits additional study and consideration from state and federal government representatives. Many states prohibit "private lotteries" and thus, these products can only be offered via an exception to these rules within those states. Likewise, national banks, state banks and federal thrifts are prohibited from operating lotteries so amendments to federal banking laws would be required to enable these institutions to offer PLS products. Perhaps it is time to "loosen" state and federal banking regulations to encourage more innovation within the financial services industry. Additional consideration should be given to incenting community financial institutions to offer such programs and to structuring these products so that they are financially beneficial to the community banks and credit unions that offer them.

Gabriel Krajicek
Chief Executive Officer
BancVue

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Financial literacy education has lasting impact

Tuesday, 08 April 2014 00:00

Financial literacy courses help shape students into better money managers, study finds

Hadley Malcolm
April 8, 2014

The effects of financial literacy education in high school continue to influence attitudes and behaviors toward money management for students well after graduation, according to newly released study.

The study of 65,000 college students was given exclusively to USA TODAY by EverFi and Higher One, organizations that help implement financial literacy programs.

First-year college students required to take a financial literacy course in high school are significantly more likely than their peers who didn't take class to be financially responsible, the study found. Just 17 states require a course.

Students who took a class did better on the survey's financial knowledge questions, were found to be more averse to debt, more likely to pay credit card bills on time, and less likely to go over their credit limit.

The study, which is in its second year, is the first comprehensive analysis of the impact of high school financial literacy education on not only knowledge but attitudes and behaviors.

"This at least shows some evidence for the first time that high school preparation does make a difference," says Mary Johnson, director of financial literacy for Higher One.

The majority of students surveyed were college freshmen. After just a semester at college, students were more likely to have at least one credit card and have paid the bill late, the study found.

EverFi and Higher One hope the results of the study, which will be presented at a panel discussion on Capitol Hill today, help convince policymakers and educators of the importance of building financial literacy programs into high school and college curriculum.

As student loan debt continues to rise and finances remain the number one reason students drop out of school, making sure students know how to budget and handle debt is seen as critical.

"We're hoping colleges and universities will make financial literacy part of their mission," Johnson says. "They have a captive audience."

Some already have, but engaging students from the beginning of their college career is difficult.

Several schools have implemented peer counseling programs, so students can learn skills from fellow students, usually upperclassmen. Others are building financial literacy sessions into freshman orientation, to help educate both students and parents about how to read financial aid offers and set up payment plans.

Samantha McKinley is a peer counselor at Sam Houston State University's Student Money Management Center in Huntsville, Texas. The 21-year-old banking and finance major imparts her budgeting skills and answers other personal finance questions in one-on-one sessions with other students.

Still, she says, "so many students I talk to say they don't need to budget because they don't have any money. It's hard right now to get our students interested initially."

Financial literacy education needs a holistic approach from a young age to influence behavior over time, says Dan Zapp, associate director of research at EverFi. He hopes the scope of the survey shows school administrators that financial literacy is worth investing resources into.

"We're certainly hoping that this opens (their) eyes to some of the longterm effects we can see to mandating high school financial literacy education for students. It supports lasting differences in their...level of conscientiousness in personal finance behaviors."