

## **Opening Statement of Chairman Dennis Moore**

### **“Empowering Consumers: Can Financial Literacy Education Prevent Another Financial Crisis?”**

House Financial Services Subcommittee on Oversight and Investigations

Field Hearing | Lawrence, Kansas | Tuesday, August 24, 2010

Our economy continues to slowly recover following the worst financial crisis we've seen in generations. And everyone knows – whether you're a Democrat or a Republican – that lax oversight and poor regulation of our financial system for too many years sowed the seeds of a near collapse of our entire economy, the worst of its kind since the Great Depression.

And who paid the price for these mistakes? Unfortunately, it was not those “too big to fail” firms on Wall Street, but rather our constituents and businesses here in Kansas and across the country. American households lost about \$14 trillion in net worth over the course of two years. Retirement accounts saw over 20 percent decline in value, forcing many Americans to delay their retirement. Millions of Americans lost their homes through foreclosure. Bernie Madoff's Ponzi scheme defrauded \$65 billion from investors.

But given the economic damage we did suffer, it's not surprising that many Americans have lost their faith in our financial system. This is why I was proud to work with my colleagues on the House Financial Services Committee and in Congress in drafting the Dodd-Frank Wall Street Reform and Consumer Protection Act that the President recently signed into law.

A key lesson that we've learned from the financial crisis is that we need to do a better job across sectors – local, state and federal government, private industry, non-profits, etc. – to utilize scarce resources to better promote financial literacy education. This is why I'm glad the Dodd-Frank Act includes some less-noticed provisions that will aid in this effort. A key provision creates an Office of Financial Education within the newly created Bureau of Consumer Financial Protection. This office will be responsible for “developing and implementing initiatives intended to educate and empower consumers to make better informed financial decisions.” The new law also establishes in the Department of Housing and Urban Development (HUD) an Office of Housing Counseling, which will conduct activities relating to homeownership and rental housing counseling.

Additionally, the Financial Literacy and Education Commission (FLEC) recently announced the launch of its redesigned financial literacy education website, which can be found at [www.MyMoney.gov](http://www.MyMoney.gov). The new website provides new calculators and check lists to assist individuals and families with savings and various life events with financial implications.

There are other examples of what is happening to promote financial literacy on the federal level, but today we will hear from state regulators here in Kansas and efforts they are taking to promote financial literacy. We will also hear from representatives in the education and local financial community to learn what projects work best to strengthen financial literacy. I look forward to hearing from our witnesses on this very important issue.

Will better financial literacy, on its own, prevent the next financial crisis? Perhaps not, but I know if we don't do a better job promoting financial education, that will only increase the likelihood of another crisis. I hope that with today's hearing, we can begin to explore what ways the federal government can be a better partner with state and local governments, and others, to provide the education and resources everyone needs to make better financial decisions.