

Statement of

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on

Financial Institutions and Consumer Credit

Hearing on

“Examining How Technology Can Promote Consumer Financial Literacy”

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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.