



Released April 2002

CBA 2002 Survey of Bank-Sponsored Financial Literacy Programs

3	Increasing Home Ownership Through Education
5	Combating Predatory Lending Practices
7	Meeting the Needs of the Unbanked
13	Strategic Partnering
16	The Internet as Delivery Tool
21	List of Survey Participants

For the second year, CBA has conducted a nationwide study examining the scope of financial education programs provided by financial institutions. This survey measures the industry's educational efforts in mortgage/homeownership counseling, foreclosure prevention, credit/debt management, predatory lending, small business development, K-12 and college-based programs.

Our efforts to document bank-sponsored financial literacy programs have been prompted in part by the current national dialogue on the state of financial literacy in the United States. In recent years, a wealth of data has emerged documenting the lack of personal finance skills among students and adults. A survey of high school students conducted by Americans for Consumer Education and Competition (ACEC) found that 82% of students tested failed a basic quiz evaluating their knowledge of financial concepts such as interest rates, savings, loans, credit cards and calculating net worth. Reports of failing test scores among students, and the lack of a basic understanding of economics and finance among consumers in general, have sparked a national dialogue on how to adequately address financial illiteracy in America.

The financial services industry is equally concerned about the lack of basic financial education among US citizens. By compiling this data, CBA strives to shed light on the role financial institutions play in educating the public and to underscore our belief that education is, by far, the best weapon to combat financial illiteracy and the problems that plague the financially uninformed. CBA's efforts are further driven by our mission to make educators, legislators and consumer advocates aware of the resources that banks offer in this arena and to promote the use of bank-led programs in public schools, universities and communities.

Results of this study show that banks continue to invest significant resources in the development and delivery of financial education programs. Expanding their reach into underserved communities has become a priority, as shown by their efforts to build partnerships with community-based organizations and national non-profits. Hence, not only are the number of bank-sponsored programs increasing, these programs are reaching larger segments of the population and are having a deeper impact on some of the country's most vulnerable consumers.

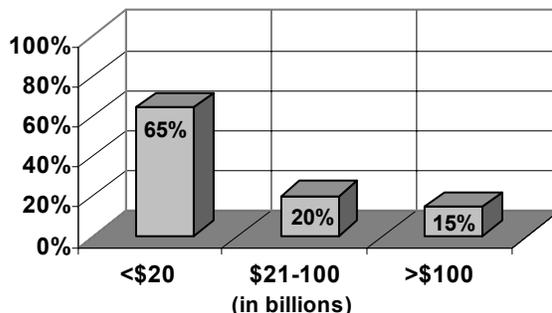
Moreover, interviews with respondents reveal that there is a concerted effort among banks to enhance the quality of financial education programs by tying curricula to educational standards, setting higher target levels for participation and evaluating program effectiveness. This report summarizes bank efforts to evaluate their programs and the criteria they employ to do so.

In addition, the report contains details of our statistical findings and summaries of programs that banks deliver throughout the nation.

**SURVEY
METHODOLOGY**

In collecting these findings, CBA solicited responses from its entire membership and more than 200 mid-sized and community banks. Between January and March 2002, 68 banks, out of 300 solicited, completed the survey. Many responded via a web-based questionnaire located at CBA's web site, www.cbanet.org.

Asset Size of Survey Respondents



Responding banks range from \$.5 billion to \$1050 billion in asset size, totaling \$4.8 trillion. This represents 61% of the nation's total banking and thrift assets. Twenty-five of the respondents are among the top 50 banks and thrift institutions in North America, as ranked by asset size, or 27 of the top 50, as ranked by deposits.

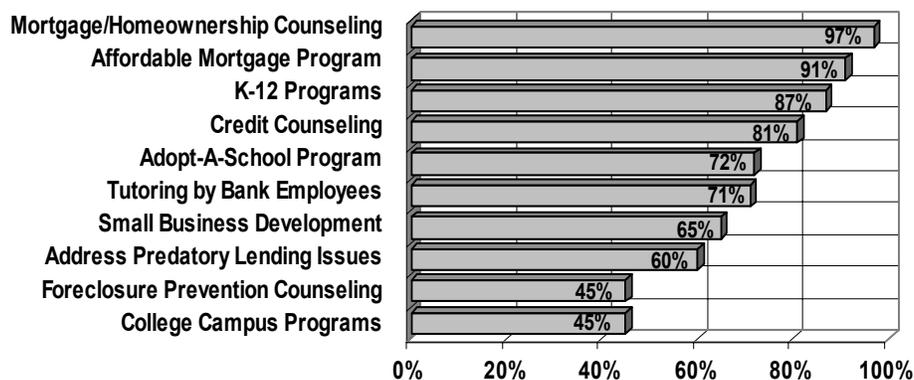
To better understand the depth of the programs and initiatives these banks delivered, CBA conducted follow-up interviews with selected banks. Through these interviews we learned of a number of exceptionally innovative efforts that warranted highlighting.

**EXECUTIVE
SUMMARY**

Ninety-seven percent of banks responding to the survey sponsor or support through partnerships financial literacy programs. Sixty percent of respondents say their programs target issues associated with predatory or abusive lending practices, such as flipping, avoiding unscrupulous lenders, excessive interest rates or payday loans.

Additionally, 97% offer mortgage and home ownership counseling, typically in connection with an affordable mortgage program. In 2002, 91% of respondents offer an affordable mortgage program, a number similar to that found in a CBA survey of affordable mortgage programs ten years ago. Today, participation in homeownership counseling or a financial literacy program is mandatory in 75% of those affordable mortgage programs. In addition, 45% of the 2002 respondents indicated that the institution has a foreclosure prevention program in place.

% of Banks that Offer Programs in Respective Areas



Note: Multiple selections permitted

Owning a home is a powerful motivator in becoming financially literate, but 87% of banks indicated that their financial literacy efforts begin with public school programs, grades K-12. Seventy-two percent of these banks participate in the “Adopt-a-School” program, a national initiative that creates partnerships between schools and local businesses, and 71% engage in programs where employees tutor students. At the post-secondary level, 45% of financial institutions offer financial literacy programs.

Credit counseling services, available free or at low cost to those who are already experiencing trouble with debt or risk bankruptcy, have relied on banks as sources of funding. Budget education is a core part of these services, and 81% of survey respondents offer or contribute to such credit counseling services.

To promote small business development, 65% of responding banks offer small business development training, which, in most cases, is delivered in partnership with community-based organizations or business development agencies such as chambers of commerce, local business development corporations or the Small Business Administration.

Most banks conduct evaluations of their financial literacy programs to help ensure their effectiveness. For home ownership programs, 79% are evaluated. Two-thirds, 64%, of credit counseling programs and small business development programs are evaluated. Banks evaluate 56% of public school programs.

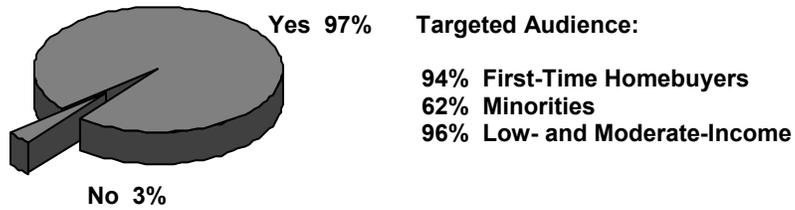
Many programs are offered via the Internet. For public school programs, 22% of programs have an Internet version or online component. For small business development training, 18% offer an Internet component. Additionally, most banks, 60%, provide their literature in at least one foreign language, for the benefit of immigrants.

INCREASING HOME OWNERSHIP THROUGH EDUCATION

Home ownership rates are at an all time high although home ownership among minorities still lags behind non-minorities. A study released by the US Department of Commerce shows that, in 2001, African Americans had a homeownership rate of 48% while home ownership rates among Caucasians stood at 75%.

To expand home ownership opportunities among minority and low-to moderate-income (LMI) individuals, banks are combining flexible loan programs with educational initiatives to create qualified applicants as well as money-smart homeowners.

Mortgage/Homeownership Counseling Program



Note: Multiple selections permitted

Survey data show that 96% of bank programs target LMI individuals, while 62% of the programs are geared toward minorities. Ninety-four percent of bank programs target first-time homebuyers. These programs have proven to be quite successful. In its partnership with HomeFree USA, a Washington, D.C.,-based organization, **Chevy Chase Bank** conducts workshops on homeownership and mortgage counseling in LMI communities. Last year, the bank originated over 500 loans totaling over \$60 million to LMI individuals.

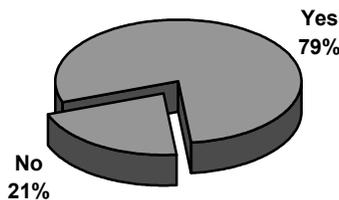
When asked the extent of their involvement in homeownership counseling, 47% of banks indicated that the institution serves as a primary sponsor of their program—meaning the program is developed and delivered by the bank.

Ninety-one percent of banks report that they work with other organizations to deliver homeownership programs in addition to sponsoring their own program. In doing so, these banks support community programs by providing grants, in-kind contributions, employee volunteers and expertise.

EVALUATING HOME OWNERSHIP PROGRAMS

The delivery of effective homeownership and mortgage programs, to a great extent, requires continuous evaluation. Hence, many banks monitor programs to measure the impact they have on consumer behavior and, in the case of mortgage programs, loan performance. Seventy-nine percent of banks responding to the survey reported that it or the partnering organization evaluates the effectiveness of the program. In doing so, 65% of banks evaluate the effectiveness based on the number of participants who complete the program.

% of Banks that Evaluate Mortgage/Homeownership Programs



Sixty-three percent of banks evaluate their programs based on the number of qualified mortgage applicants that are produced, while 19% track the delinquency or default rates of program participants. Further, 12% of banks administer pre- and post-tests to evaluate the effectiveness of their programs. Other banks cited ratings on seminar evaluations completed by participants as a means to measure effectiveness.

**FORECLOSURE
PREVENTION
COUNSELING**

Forty-five percent of responding banks offer foreclosure prevention counseling as part of their homeownership or affordable mortgage program. In follow-up interviews with respondents, CBA learned that such programs had a significant impact on foreclosure and delinquency rates. At **Chevy Chase Bank**, Bethesda, Md., the effectiveness of its program is evident in the zero-default rate among program participants.

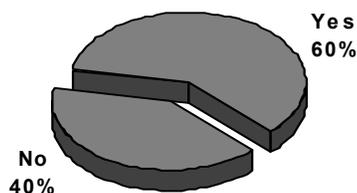
The extent to which banks provide counseling to potential homebuyers and homeowners varies greatly. Almost all banks interviewed indicated that the institution takes steps to assist homeowners who fall behind in payments. Such support may include one-on-one counseling with homeowners or flexible payment programs to help delinquent homeowners become current. Some banks provide customers with information on how to manage mortgage payments and other homeowner responsibilities through regular publications or through homeowner's clubs, such as in the case of **Wells Fargo**, San Francisco, Calif.

However, counseling individuals before they purchase a home has proven to be highly effective as well. Banks that participate in programs designed to educate potential buyers and provide support mechanisms (i.e., homebuyers clubs, emergency funds and home ownership workshops) find that such programs reduce default rates to record low levels. Because of the positive impact of foreclosure prevention programs, banks put a considerable amount of resources into such initiatives and evaluate them closely.

**COMBATING
PREDATORY
PRACTICES AND
HOME IMPROVEMENT
SCAMS**

Heightened public awareness of predatory lending issues and their impact on communities has moved many banks to address these issues in their educational programs. In doing so, banks counsel consumers on how to identify and protect themselves against abusive lending practices, including home improvement scams and identity theft. Our findings show that the majority, 60%, of responding banks have expanded their basic personal finance and home ownership curricula to address issues such as flipping, payday loans, excessive fees and interest rates. Many respondents host seminars focusing on these topics target low-and fixed-income individuals, senior citizens and minority audiences.

**% Of Banks Addressing
Predatory Lending**



- Among Issues Addressed:**
- Flipping
 - Excessive Fees/Interest Rates
 - Home Improvement Scams
 - Bait & Switch
 - Signs of Abusive Lending

Through its seminar, *Protecting Yourself From Predatory Lenders: What You Don't Know Can Hurt You!*, **SunTrust Banks**, Atlanta, Ga., educates consumers on how to identify abusive lending practices and warns consumers of the consequences of becoming a victim of predatory lending. The seminars, conducted by bank employees, advise consumers to shop around for reasonable interest rates, alert them of the pitfalls of asset-based loan offers and teach participants how to guard against aggressive and high-pressure sales tactics.

In El Segundo, Calif., **Hawthorne Savings, FSB**, is fighting against the financial abuse of the elderly by conducting financial education seminars designed specifically for senior citizens. In collaboration with a local senior citizens home, **Hawthorne** arms the elderly with information to help them avoid unscrupulous lenders and deceptive home improvement contractors. In a four-module program, participants learn how to identify the warning signs of financial abuse and identity theft while obtaining information on basic banking and retirement issues. These workshops are particularly beneficial to elderly citizens, as they provide one-on-one financial counseling opportunities and address a number of legal issues that commonly plague the elderly.

While many financial institutions provide educational products and services for first-time homebuyers, **Frost National Bank**, San Antonio, Texas, decided to go one step further to provide educational and lending opportunities to existing homeowners. After gaining insight on the community's needs through a series of focus groups, **Frost** established a financial literacy program to educate residents on credit and lending, as well as how to avoid predatory lenders and deceptive home improvement contractors.

The bank uses its financial expertise and flexible underwriting criteria to revitalize underserved communities. **Frost** provides home improvement loans to homeowners in low and moderate-income census tracts where household income does not exceed 80% of the MSA median income. Partnering with local neighborhood associations, the bank conducts seminars throughout its markets, including San Antonio, Austin, Houston, Corpus Christi, McAllen, Dallas, Fort Worth and Galveston.

Among other banks that address predatory lending issues, **LaSalle Bank**, Chicago, Ill., advises consumers, particularly homeowners, on the pitfalls of high-risk loans and how to avoid such lenders. As homeowners are the primary targets of predatory lenders, **LaSalle** explains features of various predatory practices, including flipping, bait and switch and home improvement scams.

First American Bank, Chicago, Ill., partners with Neighborhood Housing Services (NHS) to help revitalize neighborhoods adversely impacted by predatory lending. In the Kankakee community **First American Bank** works with the NHS to rehabilitate foreclosed homes. In doing so, the bank provides credit and home buying counseling to prospective borrowers and provides flexible loan products to low- and moderate-income buyers.

In New York City, **JPMorganChase**, along with other banks, partners with the New York City Housing Department and the Parodneck Foundation for Self-Help Housing to refinance predatory loans through the Parodneck Loan Remediation Project.

In its efforts, **Bank of America**, Charlotte, N.C. partners with Consumer Action to educate consumers on protecting themselves against fraud. The bank provides

**MEETING THE
NEEDS OF THE
UNBANKED**

funding for the development of literature on preventing home equity loan fraud, credit repair scams, identity theft and credit card fraud. Consumer Action distributes the information through its national network of more than 6,000 community-based organizations.

In the **2001 CBA Survey on Bank-Sponsored Programs**, CBA found that most banks, 94%, provide some type of low-cost basic banking product—savings, checking or both—to reach out to the unbanked. In doing so, many banks have developed programs that educate consumers on the benefits of maintaining bank accounts. These programs are often tied to basic checking and Individual Development Accounts (IDA) and carry low fixed monthly charges, which amounted to a median of \$3.50.

To steer consumers away from high-cost currency exchange centers, **California Federal Bank (Cal Fed)**, San Francisco, Calif., built an educational component into its basic banking program educating consumers on the potential pitfalls of using check cashing centers, pawnshops and payday loan services.

Citibank, New York, NY, also developed an innovative approach to introducing the unbanked to traditional bank products and services through its financial literacy initiative. Working with a team of bank specialists and community partners, the bank provides customized personal finance education and flexible banking products based on community needs.

**CHANGING THE
FACE OF
FRINGE BANKING**

In recent years, fringe banking has grown substantially in LMI areas, generating \$78 billion a year for service providers, according to an estimate released by the Fannie Mae Foundation. The presence of check-cashing outlets, payday loan centers, pawnshops and rent-to-own stores has consequently sparked debate regarding the economic impact such entities have on the financial futures of LMI consumers. As many of these outlets charge excessive fees, consumer advocates argue that fringe banking imposes an economic drain on communities, although it does provide much needed financial services for individuals who use these services.

However, since many consumers in LMI areas shy away from traditional banking institutions primarily because of mistrust of the banking system, legal or documentation issues (among immigrant populations), impaired credit or limited knowledge of how banks operate, banks in these areas find it difficult to attract an adequate level of banking activity to offset operational costs. In fact, many LMI individuals choose to use currency exchange outlets instead of banks because these outlets tend to be more convenient and are less intimidating, even though they charge excessive fees.

In 1993, **Union Bank of California (UBOC)**, San Francisco, Calif., began to critically evaluate fringe banking and its impact on communities. The bank found that, indeed, these outlets provide a valuable service to the unbanked, but two issues needed to be addressed: excessive pricing models typically employed by these outlets and the lack of a vehicle to transition the unbanked to traditional banking relationships.

Recognizing the need to provide affordable banking services to the unbanked, UBOC created *Cash and Save*—a hybrid check-cashing/banking initiative aimed at linking LMI individuals to traditional banking services. Based on the Cash and Save

experience, UBOC expanded its market penetration in LMI communities by becoming a partner in Nix Checking Cashing, which operates 57 outlets.

UBOC also recruited the expertise of a third partner, Operation Hope Inc. (OHI), a community-based organization specializing in youth and adult economic education, home ownership counseling and small business lending. Thus, the Alliance between Nix Check Chasing, Operation Hope and **Union Bank of California** was created. As a partner in the Alliance, UBOC is working with Nix Checking to convert 47 outlets into the new Alliance model.

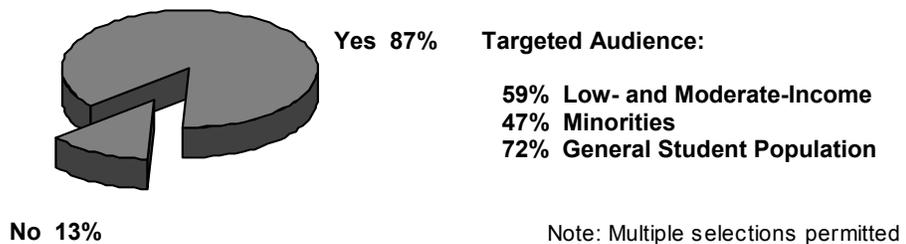
To date, UBOC has remodeled 13 of the exchange outlets to provide basic banking as well as check-cashing services. In these pilot locations, stores feature a UBOC ATM, which charges no fees for customers of other banks. In addition, UBOC staffs a New Accounts Information window in each outlet where customers can obtain information on UBOC and OHI products and services and use a dedicated customer service phone that provides access to UBOC's Direct Banking Center, its small business service center and an OHI representative. The outlets also house a secured courier box to facilitate the transit of consumer and small business deposits to UBOC.

In this Cash & Save environment, UBOC has transitioned approximately 40% of its repeat check cashing customers to traditional bank products. Through the Alliance outlets, the bank will reach more than 600,000 LMI consumers.

**K-12
PROGRAMS**

Banks continue to place a high priority on public school programs. According to the survey, 87% of banks support programs targeting students in K-12 either by working with organizations like Junior Achievement and the Jump\$tart Coalition, serving as the primary sponsor of their own program or both.

% of Banks that Offer K-12 Programs



Seventy-two percent of responding banks support financial literacy programs by volunteering and contributing to schools through the "Adopt-a-School" program, a national nonprofit organization that seeks out volunteers, educational resources, supplies and services for participating schools. In addition, 71% of responding banks that support financial literacy programs indicated they encourage bank employees to tutor students—an activity that has proven to be highly beneficial to students.

Examples of bank involvement in K-12 programs can be found throughout the country, particularly in partnerships with public school systems, private schools and organizations like Junior Achievement.

TCF Financial Corporation, Minneapolis, Minn., participates in a statewide personal finance program, which combines lectures, games and an introduction to real-world savings for K-12 students. Through the *Bank in School* program, **TCF Financial** employees teach students about money, credit, savings and basic banking concepts. Once a month, the bank holds “Bank Day,” at which time students can open a **TCF Financial** savings account or make a deposit to an existing account. The children receive deposit slips and learn how to calculate simple interest and track their savings balance.

A participant in the program for almost a decade, **TCF Financial** reaches thousands of children and has opened almost 5,000 savings accounts for children between the ages of five and seventeen.

In Columbus, Ohio, **Huntington Bancshares** teaches lessons in personal finance that literally puts “money in the bank” for students participating in the **Huntington Bank Kids’ Club**, an economic education and savings program where students operate and maintain an on-site school bank.

Designed to help students develop sound personal finance skills, the Huntington Kids’ Club allows students to explore the role of banking in society and build an understanding of the circular flow of the economic system by operating a school bank.

Students run every aspect of the bank and conduct all of its business, including opening accounts, taking deposits, responding to customer inquiries, ensuring customer satisfaction and balancing the bank at the end of operation. Fifth- and sixth-grade students carry out the responsibilities of branch manager, personal banker, account executive, teller, customer relations representative, marketing and security personnel.

During the program, which in some schools extends from October through May, depositors maintain a savings account and receive regular statements on their account activity. To promote the concept of saving, students are encouraged to identify a personal savings goal and work with program officers to develop a plan to meet that goal.

In its effort to enhance personal finance skills among students, **Wells Fargo** launched an innovative web-based program for students from fourth to 12th grade and adults. The program, *Banking on Our Future*, teaches the basics of maintaining a checking and savings account, the importance of good credit management, and provides an overview of investment types and homeownership.

The curriculum was designed to adhere to the Principles and Standards for School Mathematics, established by the National Council of Teachers of Mathematics, and introduces students to realistic mathematics concepts and tools for everyday life.

The program is a public/private venture among **Wells Fargo**, Operation HOPE, Inc., a non-profit organization committed to revitalizing underserved communities, and SmartForce, the world’s largest e-learning company, and gives students access to personal finance curriculums not included in typical school courses.

Over the next year, **Wells Fargo** plans to reach some 100,000 students in cities across the U.S., including Los Angeles, Oakland, San Diego, Chicago, New York and Washington, DC. An offline version of the program will also be launched to reach

students, teachers and community volunteers who lack access to the online program. This offline component will include free CD Roms for instructors and organizations as well as printed course material.

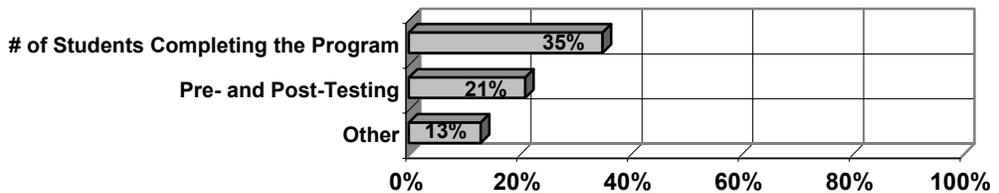
In Forsyth County, NC, **Wachovia** led the business community in the development of VIP (Victory in Partnership), a program created to enhance students' personal finance and math skills. A collaborative effort between the Greater Winston-Salem Chamber of Commerce and the Winston-Salem/Forsyth County School system, the program aims to improve the performance of targeted kindergarten students in the county school system so that each tutored child will be at or above the expected academic level by the end of the school year.

As a partner in the program, **Wachovia** grants employees paid time off to tutor one hour per week. During the first year of the program, 250 Wachovia employees worked with students at five of the county's schools.

**EVALUATING
K-12
PROGRAMS**

Banks that sponsor K-12 financial literacy programs find that such programs do work. Banks that participate in classroom or tutoring programs often receive feedback from school officials regarding the effectiveness of the program. Among banks that support K-12 literacy programs, 56% noted that they evaluate programs in which they participate—some determining effectiveness using the criteria developed by the service provider or partnering organization. Thirty-five percent of banks noted that program effectiveness is based on the number of students who complete the program.

Evaluating K-12 Program



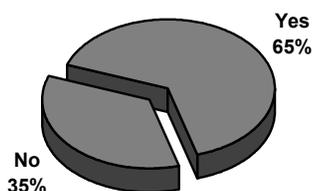
Note: Multiple selections permitted

Twenty-one percent of K-12 programs are evaluated by administering a pre- and post-tests to determine how much students have improved their understanding of, and ability to apply, personal finance concepts. Bank employees also provide feedback based on their involvement in the program. For those who sponsor programs in conjunction with colleges and universities, the success of the program is mostly determined by feedback from the institution.

**SMALL BUSINESS
DEVELOPMENT
TRAINING**

Small business development is steadily becoming an integral part of bank-sponsored programs. As banks build on relationships with business development organizations, they continue to find a need to counsel small business owners and entrepreneurs, particularly those seeking small business loans.

% of Banks that Offer Small Business Development Programs



Although small business development training has traditionally fallen under the auspices of government agencies, business leagues and civic organizations, survey findings reveal that 65% of responding banks offer or support small business development training in some fashion—either through financially supporting other organizations, partnering with government agencies or developing and disseminating financial literacy literature.

US Bancorp, Minneapolis, Minn., provides small business development training to small business owners and entrepreneurs. Working closely with minority-owned businesses, the bank saw the need to provide educational and technical assistance to this community. Focusing on issues that lenders review when considering start-up and expansion loans, the bank developed its own training workbook, *The Credit Process: A Guide for Small Business Owners*, which focuses on business plan preparation, particularly market research, budgeting and management. The workbook also outlines the importance of planning before applying for a loan.

Working with a number of Hispanic chambers of commerce, the bank participates in workshops and conducts presentations on business plan preparation as well as home ownership topics. **US Bancorp** also conducts small business development workshops with community partners throughout its 24-state territory.

Harris Trust and Savings Bank, Chicago, Ill., has built a successful small business program in partnership with Accion Chicago, a national Hispanic organization. Through this effort, **Harris Bank** provides technical assistance and flexible loan products to owners of micro-enterprises.

In partnership with the Federal Home Loan Bank of Atlanta (FHLBA), the **Branch Banking and Trust Company (BB&T)**, Winston-Salem, NC, is the lead bank among a number of banks in an economic development and educational project aimed at revitalizing the campuses of historically black colleges and universities (HBCUs) and the communities that surround them. Working with 16 learning institutions, the HBCU Initiative enhances the capacity-building efforts of community development corporations (CDCs) operating under the auspices of HBCUs.

The FHLBA created a three-pronged approach focusing on housing, economic development and the promotion of financial literacy. The initiative is designed to teach participants important aspects of housing and commercial real estate development as well as small business lending.

The program also provides individualized training opportunities for the executive directors and program managers of the CDCs. The training sessions are led by experienced housing and real estate developers and allow participants to work on-

site at development projects. The initiative also provides resources and technical assistance for the delivery of financial literacy education to members of the community. Three-day workshops focusing on financial analysis and resources are also made available to HBCUs around the nation.

BB&T has adopted four universities—Livingstone College, Norfolk State University, Johnson C. Smith University, and South Carolina State University—through *Lender Adopt-an-HBCU Program* whereby banks provide technical assistance and in-kind services to participating colleges and universities. The bank also provides certified training and technical assistance to 28 participating HBCUs through the National Development Council housing development finance program.

EVALUATING SMALL BUSINESS PROGRAMS

In terms of program evaluation, of the 27 banks that evaluate their small business development programs, 34% indicated that the number of participants who complete the program determines effectiveness. Twenty-eight percent indicated that effectiveness is based on the number of small business plans participants develop, while 24% gauge effectiveness by the number of small business loans approved as a result of the program. In addition, respondents cited participants' readiness to start a business and feedback from participants as methods of measuring effectiveness.

REACHING MINORITY AND IMMIGRANT POPULATIONS

In efforts to address the issue of financial illiteracy in minority and immigrant communities, banks find working through partnerships to be the most effective way to deliver programs. In efforts to reach the African American community, **KeyBank**, Cleveland, Ohio, established a partnership with the Urban League to support the delivery of workshops and seminars to students of all ages, particularly adults. Supported by a grant from the **Key Foundation**, the program focuses on wealth building and money management.

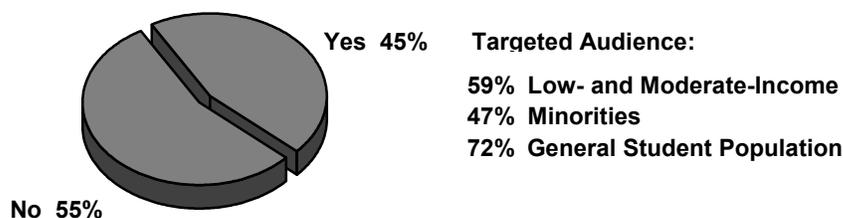
First piloted in Cleveland, Ohio, the bank works with the Urban League to deliver workshops throughout its service area, including Dayton, Ohio, Buffalo, N.Y., Denver, Colo., and Seattle, Wash.

The four-module program delivers a series of workshops designed to educate consumers on budgeting as well as how to manage money and credit. In addition, the program provides a panel of experts to discuss investments, saving, mortgage lending and small business financial service needs.

In efforts to help women develop solid budgeting, saving and credit management skills, **Wilmington Savings Fund Society, FSB**, of Wilmington, Del., has partnered with the local YWCA to provide basic personal finance education to women and LMI families. Each month, the bank joins the YWCA staff to present its personal finance seminar, *Exploring Financial Services*. The bank also conducts home ownership workshops for participants.

On the campuses of black colleges and universities, **AmSouth**, Birmingham, Ala., has developed an innovative program responsive to the needs of students. Seeing reports of increasing cases of bankruptcy among college students and an increase of students who experience difficulties landing a job because of bad credit histories, **AmSouth** decided to address the need for personal finance education at the high school and college levels.

% of Banks that Offer College Programs



Note: Multiple selections permitted

In 2000, the bank launched a budget and credit communications program targeting African American and economically disadvantaged students. In partnership with historically black colleges and universities (HBCUs) and public schools in low-income areas, the bank has held assembly-type seminars at 60 schools throughout the southeastern region of the US. These seminars emphasize the importance of maintaining good credit and budgeting, and are frequently included in freshman orientation courses.

To market the program, **AmSouth** hired a minority-owned communications firm to help build relationships with HBCUs. Since the program was launched, **AmSouth** has reached more than 25,000 students. The success of the program has moved the bank to expand its outreach to 30,000 students this year.

In immigrant communities, banks are tailoring programs to address common language and cultural issues that hinder this population from building banking relationships. According to survey findings, the majority (60%) of respondents that offer or contribute to financial literacy programs provide educational information, product brochures and publications in a foreign language.

To build relationships with Hispanic communities, **Harris Trust and Savings Bank**, Chicago, Ill., conducts financial literacy training in Spanish. The bank has discovered, however, that advancing financial literacy goes beyond one-time seminars—it requires products and services tailored to consumer needs coupled with consumer trust in the institution. Several years ago, **Harris** launched a pilot program to deliver financial products and services to the Chicago's Hispanic population.

Since the fall of 1999, the bank has opened three branches in Hispanic communities and designated 22 existing branches as bilingual branches where multiple tellers and personal bankers are fluent in Spanish. To better serve Hispanics, the bank also created a bilingual call center, which currently handles 2,500 calls per month, and launched a Spanish language website that delivers personal finance information as well as information on bank products and services.

STRATEGIC PARTNERING

Partnering continues to be a key component of bank-sponsored programs. In interviews with financial institutions, CBA found that banks use strategic partnerships with non-profit and community-based organizations to bridge the gap between them and hard-to-reach audiences.

In each survey category a majority of financial institutions indicated that they partner with an agency or organization to deliver personal finance education and counseling services. In most cases, partnerships are established to administer grant programs

aimed at funding community-based programs, conduct “train-the-trainer” workshops for representatives of community organizations or deliver financial literacy workshops using the bank’s curriculum.

Ninety-one percent of respondents partner with other organizations to deliver home ownership programs. In addition to partnering, 47% offer programs developed and delivered solely by the bank. In delivering homeownership programs, 96% of respondents said that they target LMI audiences, 62% target minorities and 94% target first-time homebuyers. (Note: Multiple program selections permitted).

The Neighborhood Housing Services (NHS) was most noted among agencies with which banks partner to deliver such programs. Among banks providing credit counseling, 81% worked with agencies such as Consumer Credit Counseling Services to counsel consumers.

Sixty-two percent of banks that offer public school programs partner with organizations such as Junior Achievement, Operation Hope and state banking associations to reach students. According to survey results, 59% of responding banks target students in LMI areas, 47% target minority students and 72% target general student audiences.

On a national scale, large institutions use partnerships with organizations like the Jump\$tart Coalition to assist in the delivery and management of programs. These partnerships include arrangements to manage multiple grant initiatives that fund literacy projects, including those focusing on welfare-to-work initiatives, youth entrepreneurship projects and after-school programs.

Train-the-trainer programs have proven to be especially effective as they enable institutions to reach hundreds of thousands of participants through volunteers of local community-based organizations.

Under the auspices of the **Citibank** Financial Education Leadership Initiative, **Citigroup** is employing this strategy by partnering with the National Community Reinvestment Coalition (NCRC) in Washington, DC, to conduct “train-the-trainer” sessions for representatives of non-profit organizations. Representatives from these organizations are trained to deliver financial education workshops focusing on basic banking, budgeting, saving, business development and managing debt and credit.

Supported by a \$1 million grant, the program goal is to LMI, minority and underserved families around the nation. More than 150 community-based organizations in five major cities will be trained to present the curriculum.

Bank of America reaches its target audiences by leveraging its efforts nationally, working with community-based and advocacy organizations around the country. In doing so, the bank has partnered with the ACORN Housing Corporation, the NAACP, the Neighborhood Assistance Corporation of America, the National Council of La Raza and the Neighborhood Reinvestment Corporation to deliver workshops and seminars on credit repair, pre-purchase home ownership counseling, small business management and saving.

When **LaSalle Bank** launched its financial literacy curriculum, *Basics of Banking: Skills for Making Your Money Go Farther*, the bank partnered with organizations that provide job training, such as Deborah’s Place and the Enterprising Kitchen, to broaden its reach among participants of the welfare-to-work program. To reach

PROGRAM AND CURRICULUM DEVELOPMENT

citizens most vulnerable to predatory and abusive lending practices, **LaSalle** also joined forces with the Northwest Austin Council, a community-based organization, to deliver workshops on how to guard against predatory lenders. In addition, the bank partnered with Chicago's Neighborhood Housing Services (NHS) and other banks, to fund the NORMAL (Neighborhood Recovery Mortgage Assistance Loan) Fund, a "rescue-lending" program established to refinance victims in predatory loan obligations.

In addition to partnering with community-based and non-profit organizations, financial institutions invest a significant amount of resources developing curricula and educational material to support their own financial literacy programs.

This is especially true among banks that strive to increase consumer knowledge regarding home ownership and small business management. Hence, it is commonplace for banks to create curricula and seek partners to help channel information to specific audiences.

Citizens Financial Group, Boston, Mass., is helping consumers avoid the high cost of doing business in currency exchange outlets by conducting educational workshops for students of all ages. Using a workbook developed by the bank, *The Basics of Banking*, **Citizens Financial** teaches personal finance concepts such as budgeting, savings, checking, cards (ATM & debit) and discusses how to manage federal transfer benefit payments.

In workshops targeting students, the bank teaches participants the basics of banking and explains how to manage credit. Among adult audiences, **Citizens Financial** explains the benefits of having a bank account, particularly using direct deposit services to facilitate the transfer of federal benefit payments. To reach its audience, **Citizens Financial** partners with a variety of organizations, including Consumer Credit Counseling Services and senior citizen homes.

In Pittsburgh, Penn., **PNC Bank** created its own financial literacy curricula and workbooks aimed at promoting good personal finance skills while instituting behavioral changes. Targeting LMI communities throughout its market, including cities in Pennsylvania, New Jersey, Kentucky, Delaware and Ohio, **PNC** counsels participants on the home-buying process as well as saving and investing options.

The personal finance component of the curricula focuses on budgeting and uses **PNC's** workbook, *Primary Access Budgeting*, which includes a paycheck-planning tool. Available in Spanish and English, the workbook templates help participants manage their household cash flow and plan monthly bill payments. In addition, a wallet-size companion piece helps consumers track day-to-day expenses to assist in the budgeting process.

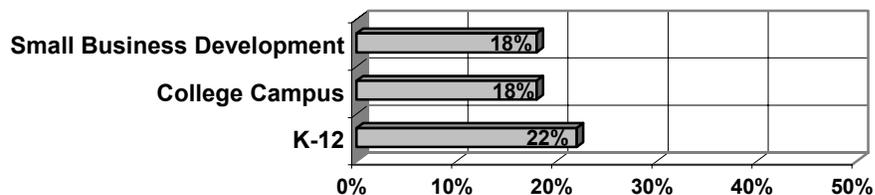
Two years ago, **PNC** launched the saving and investing component of its program, which is led by licensed **PNC** investment personnel. This component examines stocks, bonds, mutual funds and CDs. In addressing home ownership issues, **PNC** partnered with housing counseling agencies to form the Home Buyers Club, where participants receive an extensive review of the home-buying process in a ten-week program. The bank is also developing a class for small business owners and entrepreneurs that will focus on managing cash flow.

THE INTERNET AS DELIVERY TOOL

Chevy Chase Bank supports a financial education program which uses materials developed by the bank. The program uses **Chevy Chase's** own self-directed budget curriculum and workbook, *Steps to Your Financial Freedom*. Working with HomeFree USA, a Washington, DC, based non-profit, the two organizations deliver more than 20 seminars each month to low-income individuals, minorities and senior citizens.

Although use of the Internet has soared in middle-and upper-wealth communities, minority and low-income populations continue to lag in access to and use of the Internet. This reality is reflected in the channels that banks choose to deliver financial education. Understanding that many low-income families, and even schools in low-income areas, lack online resources, most banks choose to offer programs in a classroom setting at venues that are easily accessible. Consequently, only 22% of banks offer public school programs that include an online component.

% of Programs with Internet Components



However, this does not mean that banks aren't making a concerted effort to bridge the digital divide. An examination of bank programs finds that a growing number of financial institutions are developing programs aimed at building computer skills as well as enhancing personal finance knowledge. In such programs, banks often add curricula focusing on the basics of using a personal computer and the Internet.

For banks that have developed an Internet component to their financial education programs, these sites hold a wealth of information. In addition to basic personal finance literature, most sites include interactive tools such as calculators (used to illustrate the concept of compound interest in savings, retirement plans and credit card use), online glossaries of banking terms and budgeting tools. Often, financial literacy curricula can be downloaded for classroom use.

The **Wachovia Corporation** is one bank that has committed staff time and resources to helping LMI individuals gain access to computers and computer training. In 2000, the bank launched *eCommunitiesFirst*, a program aimed at making online services accessible to a larger segment of the population and increasing participant access to computers through workshops and computer labs.

As **Wachovia** enhanced its menu of online services, available at lower cost than some traditional channels, it wanted to make sure those services were available to those who needed them most. Hence, *eCommunitiesFirst* was designed in response to an expressed community need. In addition to providing participants with the basic skills needed to access less expensive financial channels, *eCommunitiesFirst* provides a variety of opportunities for LMI individuals to build wealth by gaining basic PC skills. Through the delivery of workshops on PC/Internet basics, and basic money management, **Wachovia** reaches a variety of audiences by working with community-

partners, including churches, home ownership counseling entities, libraries and educators.

These community partners recruit participants, provide the venue, instructors and manage the program administration. In return, **Wachovia** provides a program in a box. The bank's contribution includes the curriculum, classroom materials, conducting train-the-trainer sessions, marketing materials and computers to build or enhance a computer lab, and often employee volunteers to act as workshop trainers. Reaching more than 340 participants the first year, **Wachovia** currently holds an average of five classes per month with participants ranging from 12 to 65 in age. Piloted in Charlotte, N.C., **Wachovia** plans to expand the program to Atlanta, Ga., later this year and Philadelphia, Penn., by January 2003.

Bank One Corporation, Chicago, Ill., has also combined its financial services expertise and the interactivity of the Internet to deliver its web-based program, *My Money Matters*. *My Money Matters* is geared toward LMI adults and utilizes a national network of non-profits that focuses on fair lending and capital access issues to reach audiences.

In developing the web-based program, **Bank One** partnered with the Delaware Technical and Community College, which created the train-the-trainer curriculum. The program is designed to train the staff of community-based organizations for the purpose of delivering the program to their constituency. It allows participants to gain a better understanding of basic banking while enhancing personal computer skills. Topics include budgeting, saving, tracking spending, managing credit, basic bank accounts, using ATM and debit cards and applying for loans. Through the credit counseling and savings components of the program, participants learn ways to repair credit histories and establish IDA and checking accounts geared toward helping them reach savings goals such as purchasing a home, saving for higher education or entrepreneurial endeavors.

Through its web site, **KidsBank.com**, **Sovereign Bank**, Wyomissing, Penn., uses the Internet to provide instructional tools that parents can use to teach children about banking and money basics. Using a colorful storyline complete with cartoon characters, Kidsbank.com de-mystifies the process of banking for children and teaches them how to spend and save their money wisely.

To convey the concepts of money, savings, interest, checking and electronic banking, the web site uses basic concepts to describe terms in language that appeals to younger children. For older children, historical facts and more detailed explanations are provided. Learning aids include short quizzes, interactive calculators and a Q&A bulletin board, which enables parents, teachers and children to seek answers to questions.

Among other banks that employ a web-based approach, **California Federal Bank (Cal Fed)**, through its partnership with Visa and Edgate, maintains *Community Power* (www.calfed-edgate.com), an interactive web site that provides comprehensive financial literacy courses for students of all ages.

Community Power is divided into several online resource centers, each tailored specifically to the needs of teachers, students and parents. The web site provides complete course materials, including a detailed teacher's guide, lesson outlines, classroom materials, online video and CD companions, discussion topics and

interactive games. Available in English and Spanish, this comprehensive literacy course touches on all aspects of personal finance, from basic money skills including saving and investing, to debt management, to consumer privacy and identity theft.

JPMorganChase has instituted a web-based financial literacy initiative designed to increase the public's accessibility to personal finance information by aggregating content via the Internet. Housed at the bank's web site, www.chase.com, *Smart Sense* is a separate personal finance web page designed for youth and adult audiences and includes information on the basics of banking, including saving, building wealth and entrepreneurial skills.

Since 1998, the bank has provided some \$2.9 million in grants to 30 non-profit organizations and community-based groups to build web-based curricula. In the last year, the bank has provided over \$1 million in grants, ranging from \$5,000 to \$100,000, to assist organizations in the development of technology-based personal finance curricula. Through this initiative, **JPMorganChase** expects to reach several million consumers by the end of 2002.

REACHING STUDENTS THROUGH VOLUNTEERISM

Volunteerism is another significant way banks contribute to financial literacy efforts in the communities they serve. In Arkansas, bank employees reach hundreds of students each month by teaching banking and personal finance courses in 86 schools around the state. Working with the **Center for Financial Training (CFT)**, and its school-based program, *Banking on the Future*, more than 250 bank employees from some 40 banks volunteer their time and expertise to teach students. Since 1998, the program has reached 4,500 students.

Banking on the Future is designed to help students develop a greater understanding of banking concepts and enhance their knowledge of personal finance. Participating bankers train high school teachers to deliver the curriculum and serve as teachers themselves. These volunteers assist in a series of courses that focus on basic banking, maintaining credit and budgeting. For eleventh and twelfth graders, bankers also assist in the instruction of several banking related courses: Banking and Finance Principles, Banking and Finance Operations, Banking and Finance Law and Principles of Consumer Finance. Investing, securities, insurance and risk management are also part of the curriculum.

Also designed to help meet the banking industry's need for financial workers, *Banking on the Future* supports activities essential to job training programs and helps prepare young people for work. The program has a major impact as it promotes economic development by supporting job creation and retention in LMI communities.

INNOVATIVE APPROACHES

Attracting Audiences Through Mass Media To reach broader audiences, a number of banks are utilizing the mass media to deliver their personal finance curricula. Bank-sponsored radio shows and television programs featuring personal finance and money management topics have become commonplace. **Travelers Bank and Trust**, Newark, Del., has developed a cable access television program to teach its viewing audience how to become debt-free.

With a potential audience of 150,000 households, the program consists of six seminars that are aired over 20 weeks and covers an array of topics including debt

management, budgeting, home ownership, credit card management and saving, and has a special segment for parents that focuses on raising money-smart kids.

Off camera, **Travelers** partners with non-profit organizations to host financial literacy seminars and to promote savings through Individual Development Accounts (IDAs). The bank has developed an 18-minute financial literacy video to be used at seminars conducted by community-based organizations. The video, which covers issues such as avoiding currency exchange outlets, budgeting and saving, is available to non-profit organizations nationwide.

Appealing to K-3 Students Educating children under the age of ten presents a huge challenge—keeping their attention long enough to convey basic concepts. Hence, delivering financial education, a topic that often loses the interest of adults, is particularly challenging for those teaching basic banking to elementary students. Realizing this challenge, **Bancorp South Bank**, Hattiesburg, Miss. created a new approach to teaching basic concepts in savings and banking to elementary students. The bank's staff hosts a series of puppet shows for grades K-3 at schools through Hattiesburg, Miss., and Memphis, Tenn.

A member of the Jump\$tart Coalition, **Bancorp South** has hosted well over a dozen shows at elementary schools using the book, *Berenstain Bears: Trouble with Money*. The bank has instituted a savings program for children up to 12 years of age at participating schools. These savings accounts require no minimum deposit or balance and are designed to establish good savings habits among children.

CONCLUDING THOUGHTS

This year's survey further validates the conclusion from CBA's 2001 study that banks play a significant role in the enhancement of consumer personal finance skills. Moreover, these findings show that financial institutions are going beyond traditional efforts to combat financial illiteracy and are working to promote a higher quality of personal finance education. In doing so, banks are tying their curricula to educational standards in mathematics and economics, looking for ways to help bridge the financial gap between the "haves" and "have nots", while taking on a more proactive role in combating abusive lending practices.

**PARTNERING
ORGANIZATIONS
MOST COMMONLY
NOTED BY BANKS**

Housing Partners

ACORN
Community Reinvestment Corporation
Consumer Credit Counseling Services
Federal Home Loan Bank
La Raza
Minority Economic Development Corporation
NACA
Neighborhood Housing Services
NeighborWorks
Operation Hope
Urban League
YWCA

Small Business Development Partners

ACCION
Chambers of Commerce
Community Development Centers
NAACP
National Association of Women Business Owners
SCORE
Small Business Administration
Small Business Development Centers
UTSA Small and Minority Business Development Center
Women's Business Centers

K-12 Partners

Academy of Finance
American Bankers Association
Consumer Credit Counseling Service
Jump\$tart Coalition
Junior Achievement
Operation Hope
Personal Economics Program (PEP)
Public Schools Systems
State Bankers Associations
State Treasury Departments

Credit Counseling Partners

ACORN
Community Development Corporations
Consumer Credit Counseling Services
Don't Borrow Trouble Program
Neighborhood Housing Services
Operation Hope
Urban League

**2002 SURVEY
PARTICIPANTS**

Allfirst Bank
Amboy National Bank
AmSouth Bank
Associated Bank-Illinois
BancorpSouth Bank
Bank of America
Bank of Louisville
Bank of the West
Bank One Corporation
Bank One, Oklahoma
BB&T
California Federal Bank
Capital City Bank
Capital One
Chevy Chase Bank
Citibank, NA
Citizens Financial Group
Cole Taylor Bank
Community Trust Bank,NA
Compass Bank
Eastern Bank
Fidelity National Bank
First American Bank
First Citizens Bank
First Interstate BancSystem
First National Bank of Southwestern
Ohio
First Savings Bank, New Jersey
First Tennessee Bank
First Virginia Banks
FleetBoston Financial
Frost Bank
Guaranty Bank
Harris Trust & Savings Bank
Hawthorne Savings, FSB
Hibernia National Bank
Hudson United Bank
Hudson Valley Bank
Huntington Bancshares, Inc.
Independence Community Bank
Johnson Bank
JPMorganChase
Keybank National Association
LaSalle Bank, NA
Liberty Bank
Marshall & Ilsley Bank
National City Corporation
National Penn Bank
NBT Bank, NA
OceanFirst Bank
PNC
Provident Bank
Providian Bank
RBC Centura Bank
Regions Financial Institution
Riggs Bank
Sovereign Bank
SunTrust Banks
TCF Financial Corporation
The Mechanics Bank
Travelers Bank & Trust, FSB
Tri Counties Bank
U.S. Bancorp
Union Bank of California
Union Federal Bank
USAA Federal Savings Bank
Wachovia (First Union)
Wells Fargo
Wilmington Savings Fund Society

Small Business Market Quarterly

Small Business Market Quarterly is a series of four strategic reports written in concise abstracts developed for high-level decision-makers. Conducted by Informa Research Services, this subscription provides insight into the financial habits and needs of small businesses. Each report examines a vital business-banking issue, including E-Commerce, Sales Strategies, Service Strategies and Lead Provider Positioning.

Automobile Finance Study

The *CBA Automobile Finance Study* covers auto lending, leasing and dealer wholesale business, this annual survey offers a strategic analysis of the changing world of automobile finance. Responses from top banks and finance companies are analyzed by KPMG Consulting and categorized by institution size and type.

Home Equity Loan Study

The *CBA Home Equity Loan Study* is an annual study of home equity lines and closed end loans, prepared by BenchMark Consulting International, Marietta, Ga, measures a broad range of characteristics, with a special look at attributes of high performance organizations.

Consumer Credit Collections Study

This *CBA Consumer Credit Collections Study* is a study of collection and recovery departments for consumer lending and credit cards, looks at organizational structures, staffing and automation productivity, delinquency, charge-off policies, uses of incentive pay and other related issues. Conducted for CBA by BenchMark Consulting International.

Consumer Investments Study

The *CBA Consumer Investments Study*, prepared by Ken Kehrer Associates, Princeton, NJ, examines key components and drivers of bank sales of investment products, including organization, compensation and training, marketing, compliance and expansion plans. This study provides a unique retail banking perspective on investment sales issues.

Survey of Bank-Sponsored Financial Literacy Programs

The *CBA Survey of Bank Sponsored Financial Literacy Programs* is the first nationwide look at the scope of programs the banking industry provides promoting financial education for consumers. It reviews the types of programs banks sponsor or support to help consumers make better financial decisions, including mortgage education, debt management, small business development, school and college programs, and 'basic banking' transaction and deposit products.

ABOUT CBA

The **Consumer Bankers Association** is the recognized voice on retail banking issues in the nation's capital. Member institutions are the leaders in consumer finance (auto, home equity, credit cards and education), electronic retail delivery systems, bank sales of investment products, small business services and community development.

CBA was founded in 1919 and provides leadership and representation on retail banking issues such as privacy, fair lending, and consumer protection legislation/regulation. CBA members include most of the nation's largest bank holding companies as well as regionals and hold two-thirds of the industry's total assets.

For more information about this study, please contact:

Kathleen Moore, Communications Manager
(703) 276-3880 or kmoore@cbanet.org

Copyright ©2002. Consumer Bankers Association. All Rights Reserved.