July 9, 2018

VIA Electronic Submission

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, DC 20552

Re: Request for Information Regarding Bureau Financial Education Programs, Docket No. CFPB-2018-0015

Dear Ms. Jackson,

The Consumer Bankers Association ("CBA")[1] appreciates the opportunity to comment in response to the Bureau of Consumer Financial Protection's ("Bureau") request for information on practices regarding Financial Education Programs ("RFI").[2] The Bureau is seeking comments and information from interested parties to assist in assessing the overall efficiency and effectiveness of its consumer financial education programs. CBA and its member institutions fully support the Bureau's mission to provide effective financial education to U.S. consumers and believe financially astute consumers are essential to a thriving, sound economy.

Introduction

It has become increasing clear that many U.S. consumers struggle with their daily finances. According to the Federal Reserve, nearly half of all American adults say they cannot cover an unexpected expense of $400.[3] Similarly, Bankrate states "63% of American adults say

[1] The Consumer Bankers Association is the only national financial trade group focused exclusively on retail banking and personal financial services—banking services geared toward consumers and small businesses. As the recognized voice on retail banking issues, CBA provides leadership, education, research, and federal representation for its members. CBA members include the nation's largest bank holding companies as well as regional and super community banks that collectively hold two-thirds of the total assets of depository institutions.

[2] Request for Information Regarding Bureau Financial Education Programs, 83 FR 8247 (February 27, 2018).

[3] Board of Governors of the Federal Reserve System - *Report on the Economic Well-Being of U.S. Households in 2015* (May 2016).

they are unable to pay an unexpected expense with their savings…"[4] A Center for Financial Services Innovation study found that more than a third of all U.S. households say they frequently or occasionally run out of money before the end of the month. A key component to countering financial distress is proper management of personal finances, which requires information. Different kinds of information are needed to safely and successfully earn, borrow, save, invest, spend, and protect against risk.

Banks have long supported community financial education efforts and have provided free financial education tools through multiple channels to all consumers, regardless of a bank-customer relationship.[5] Helping consumers save, plan, borrow, and spend appropriately are mechanisms that aid people in achieving their aspirations. To help achieve this end, banks often work with local organizations to ensure financial education programs and materials are provided to all consumers.

CBA strongly believes the most effective and useful financial education programs are those that serve people who need them most. Providing the proper tools to these vulnerable populations is essential to financial success. Accordingly, effective programs should start early and target underserved consumers and economically underdeveloped neighborhoods and communities. More importantly, to be effective, these tools most be readily accessible and user-friendly.

Banks continue to seek ways in which they can support the communities they serve, including the enhancement of financial education and via products and services that will fulfill the financial needs of all consumers. We look forward to working with the Bureau as it seeks to improve its consumer education functions.

Bureau Activities

As part of its mandate and mission,[6] the Bureau has sought to enhance the financial acumen of the U.S. consumer by developing tools, web-based and physical, designed to improve consumers' financial literacy. In January 2015, the Bureau issued a report in which it created a definition of financial well-being as "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life."[7] The definition was followed by the Bureau's

[4] http://www.bankrate.com/finance/consumer-index/money-pulse-1215.aspx?ic_id=Top_Financial%20News%20Center_link_3.

[5] There are many bank-sponsored financial education programs. A few examples are provided here for reference: https://financialgenius.usbank.com/index.html, https://tcfbank.com/financial-education, https://www.capitalone.com/financial-education/financial-literacy-programs/, https://www.wellsfargo.com/financial-education/, https://www.tdbank.com/community/financial_literacy.html.

[6] Dodd-Frank Act, §1013(b).

[7] https://s3.amazonaws.com/files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf.

release in December 2015 of a 10-question scale to measure financial well-being.[8] The scale, which produces a score between 0 and 100, is intended to allow meaningful comparisons of financial well-being between people and over time.

In late 2017, the Bureau released a report, "Financial Well-Being in America," and an online interactive tool that allows consumers to measure their own financial well-being and access Bureau resources intended to help consumers meet financial goals.[9] In the 2017 report, the Bureau presents the results of what it calls a "first-of-its-kind national survey on the financial well-being of U.S. consumers." In addition to responding to the 10 questions in the financial well-being scale, people participating in the survey answered questions about other measures such as individual, household, and family characteristics; income and employment; savings and safety nets; financial experiences; and money behaviors, skills, and attitudes.

In the report, the Bureau presents the survey's findings on the distribution of financial well-being scores for the U.S. adult population overall and for selected subgroups defined by these other measures. In the Bureau's view, its findings "provide insight into which subgroups are faring relatively well and which ones are facing greater financial challenges" and raise "important questions about what may drive variations in financial well-being within subgroups and how these factors may work together to determine an individual's level of financial well-being."

The report's major findings include:

- The average financial well-being score for U.S. adults was 54. About a third of all adults in the U.S. had financial well-being scores of 50 or below, about a third had scores between 51 and 60, and about a third had scores of 61 or above.
- Financial well-being scores reflect real differences in underlying financial circumstances, with scores of 50 or below associated with both a high probability of struggling to make ends meet and of experiencing material hardship and scores of 61 and above associated with low probability of having trouble paying for basic needs or making ends meet.
- Savings and financial cushions provide the greatest differentiation between people with different levels of financial well-being, with the average financial well-being for adults with the lowest level of savings (less than $250) at 41 as compared to 68 for adults with the highest level of liquid saving ($75,000 or more). The Bureau observed similar differences in scores when it looked at capacity to absorb unexpected expenses.
- Higher levels of financial know-how, confidence, and certain day-to-day money management behaviors appeared to have strong and positive relationships with financial well-being. Individuals with relatively high levels of financial knowledge and financial skills had higher average financial well-being.

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[8] https://files.consumerfinance.gov/f/201512_cfpb_financial-well-being-user-guide-scale.pdf.

[9] https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-america/.

- Employment status, income, and educational attainment seemed to have a strong relationship with financial well-being. Financial well-being appeared to be higher for older adults, especially those aged 65 and older. While the Bureau found some differences between financial well-being for various racial/ethnic groups, such differences were relatively small compared to the differences between subgroups based on financial experiences, attitudes, behaviors, and skills.

These observations continue to serve as a guide for all providers of financial education and reinforce the notion that resources need to be well-placed, accessible and user-friendly.

Recommendations

CBA supports the Bureau's continued efforts to examine markets in order to assess the state of financial health and literacy in the U.S. However, we believe more can be accomplished. The Bureau's efforts can be better utilized to effectively target vulnerable populations that will benefit the most from financial education.

Accordingly, CBA strongly encourages the Bureau to partner with community-based organizations in its consumer education efforts. These organizations provide a vital lifeline to many of U.S. consumers that would benefit from improved financial education. These groups are often trusted neighborhood organizations (i.e. churches, youth centers, etc.) that provide other valuable resources and relief such as food, child development and medical care. These channels can be leveraged as conduits for financial education. Through these channels, financial education could be presented in layman's terms through written communications that are short and to the point. The Bureau should develop literature that is relevant to the group being addressed and should explain key concepts in multiple ways that are likely to resonate with their intended audience.

Most importantly, CBA strongly urges the Bureau to focus more attention on youth-based education opportunities. Financial literacy is a core life skill for participating in modern society. Children in the U.S. are growing up in an increasingly complex world where they will eventually need to take charge of their own financial future. As young adults learning to live independently they will need to know how to budget and make wise financial choices for everyday living, for example, choosing mobile phone and utility contracts. They will need to manage risks by saving, avoiding taking on unmanageable debt, and learn to provide for their eventual retirement.

Incorporating financial education into the school curriculums in an on-going manner is a vital component to making our future generations financially literate. We encourage the Bureau to focus more resources on schools and to help train and encourage teachers and parents to provide financial education for children and youth in order to equip the next generation with better knowledge and skills to make effective and responsible choices and decisions. Through partnerships with the U.S. Department of Education and local organizations, the Bureau could build programs that will boost financial literacy starting with children as early as preschool.

CBA believes financial education for consumers, coupled with clear rules for financial service providers, are the best sources of consumer financial health and well-being.

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Again, CBA greatly appreciates the opportunity to share our thoughts and to work with the Bureau on these and other important issues. Please do not hesitate to reach out to CBA directly at dpommerehn@consumerbankers.com or 202-552-6368 should you need anything further.

Sincerely,

David Pommerehn
Associate General Counsel and Vice President
Consumer Bankers Association