

Thank you for joining us for today's webinar:

The Effects of Access to Banking Services on
Elementary Students' Financial Learning: A
Field Study

The webinar will begin promptly at 12pm CT
(1pm ET, 11am MT, 10am PT)



The Effects of Access to Banking Services on Elementary Students' Financial Learning: A Field Study



April 24, 2018

12pm-1pm CST

Brought to you by:

Center for Financial Security
at the University of Wisconsin- Madison



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Outreach Specialist
Center for Financial Security
University of Wisconsin-
Madison

The Effects of Access to Banking Services on Elementary Students' Financial Learning: A Field Study

- Welcome
- Presentations
 - Study Overview & Findings
 - FDIC Insights
 - UW Credit Union Insights
- Q & A
- Sign off

Our Presenters



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University of Wisconsin-Madison
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Luke W. Reynolds
Chief, Outreach & Program
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Community Partnerships
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UW Credit Union

The Effects of Access to Banking Services on Elementary Students' Financial Learning

A Field Study

J. Michael Collins

Madelaine L'Esperance

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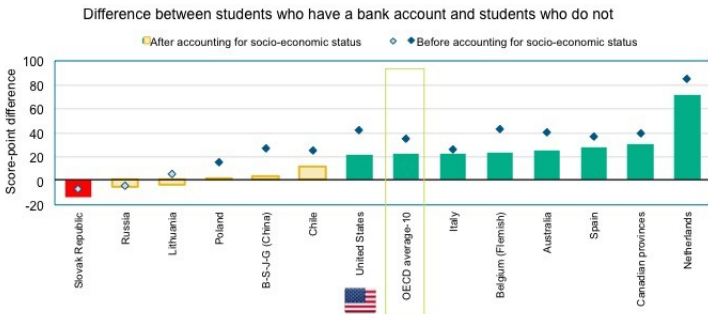
University of Wisconsin-Madison

April 24, 2018

Higher Measured Financial Literacy for Students with Bank Accounts

On average, students who hold a bank account perform better in financial literacy than students of similar socio-economic status who do not have a bank account

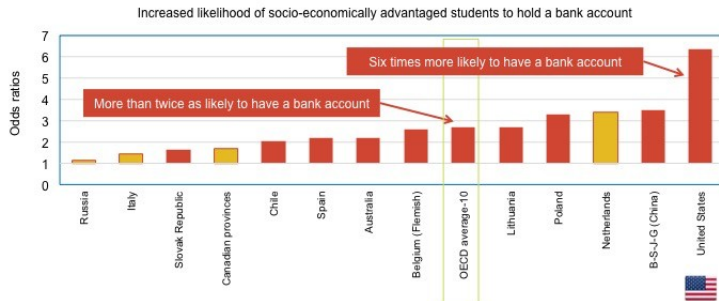
Figure IV.5.5



More Advantaged Students More Likely to be Banked

Table IV.5.10

Advantaged students are more likely to have a bank account



Motivation

- Many children are unbanked, especially those who are less socioeconomically advantaged
- Lack of access to saving as a child may impact financial literacy, attitudes, and later-life outcomes
- Building a savings habit early may have long-term benefits
- Learn from experience using financial services
 - Apply financial knowledge
 - Fosters trust in banks/credit unions
 - Gain familiarity with financial services

Policy Responses

- Financial education
- Children's Savings Accounts
- FDIC Youth Pilot and US Treasury Community Development Financial Institutions Fund's Bank Enterprise Award that support banks delivering financial products & services to distressed areas
- *Can increasing access to financial services encourage children to save and improve financial learning?*

Background

- Bank in school programs have existed for well over a century
- School saving programs in place across the United States
- At state and local level, variety of in-school programs offering low-cost youth savings accounts
- Students save at in-school branches that often feature basic services, hours during school day, prizes, student tellers, and financial education

Increasing Access to Financial Services

- Lower transaction costs to use financial services
- Build trust with banks/credit unions
 - Use financial services
 - Partner with school
 - Tellers are classmates
 - Safe place to store allowance
- Apply financial knowledge

Field Study

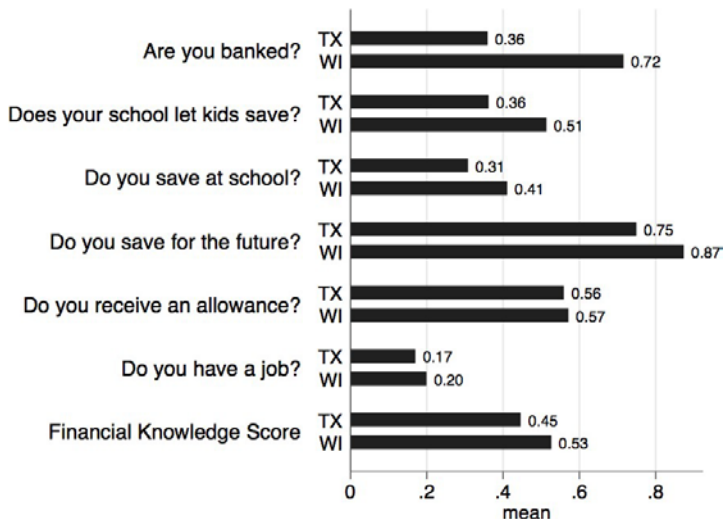
- School districts in Eau Claire, WI and Amarillo, TX
- 2011-12 and 2012-13 academic years
- 4th and 5th grade students
- In-school savings program
- Seed deposit encouragement
- Financial education

In-School Savings Program

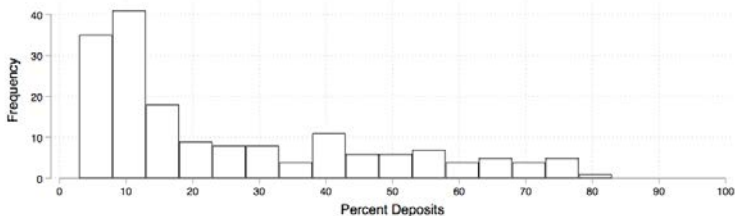
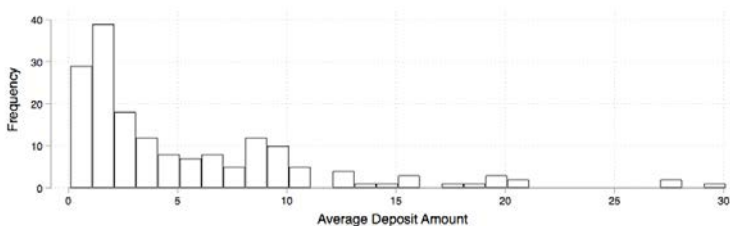
- School branches are open once a week outside cafeteria
- Deposits can be of any amount and withdraw up to \$20
- Encouraged to identify a savings goal and to track progress toward that goal.
- Earn small prizes, earned for every fourth deposit.
- Student tellers process the deposits with RCU staff



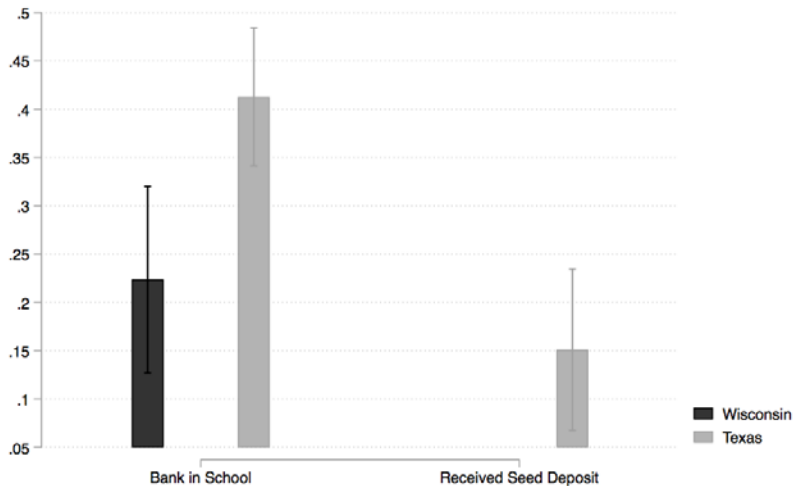
At Baseline, Students in Texas are Less Active Savers Relative to Wisconsin



Distribution of Number of Deposits and Average Deposit Amount for Student's with a Bank in School

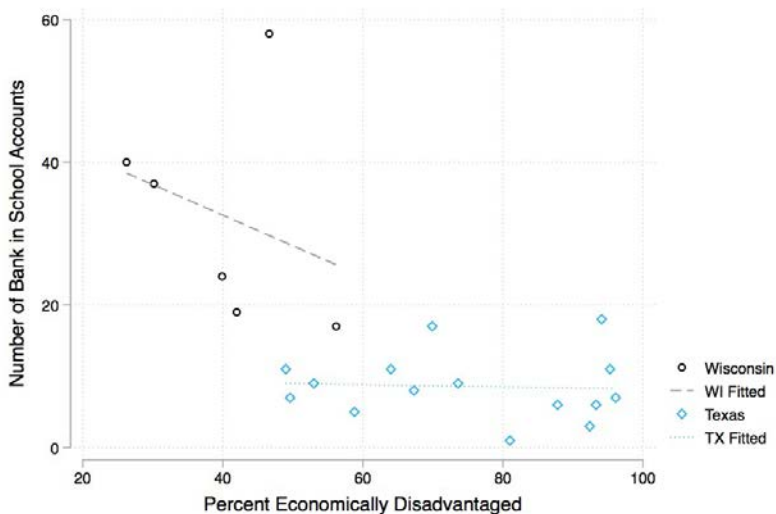


Students More Likely to Have Accounts When There are Banks in School



Note: Control for school demographics. Standard errors clustered at school-level.

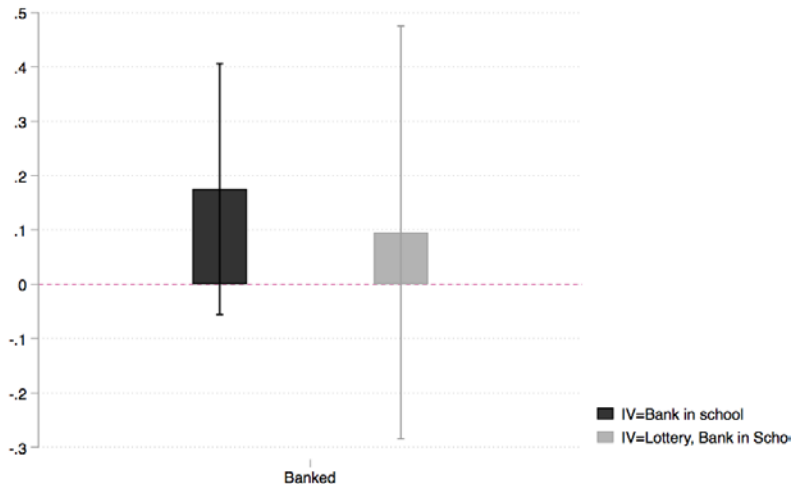
More Affluent SES Schools More Likely to Have Banks in Schools in Wisconsin



Survey Questions

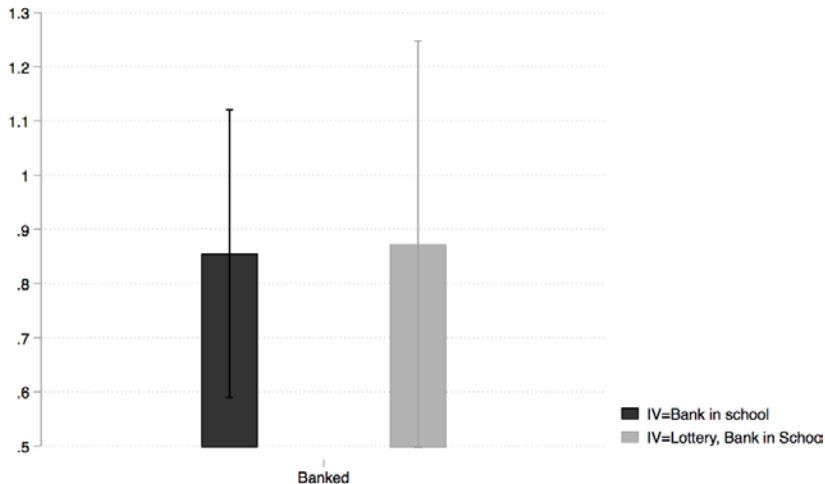
- "Some kids feel that saving money is only for adults. How often to you feel that way?"(reverse-coded)
- "Some kids feel that bank accounts are only for adults. How often to you feel that way?"(reverse-coded)
- "Do you get pocket money or an allowance?"
- 13-item Financial Literacy Quiz Score

"Some kids feel that saving money is only for adults. How often to you feel that way?" (reverse-coded)



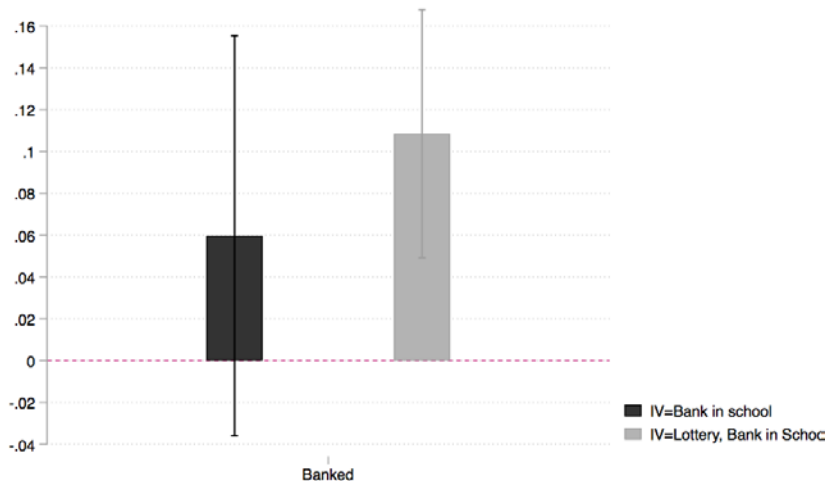
Note: Control for school demographics. Standard errors clustered at school-level.

“Some kids feel that bank accounts are only for adults.
How often to you feel that way?”(reverse-coded)



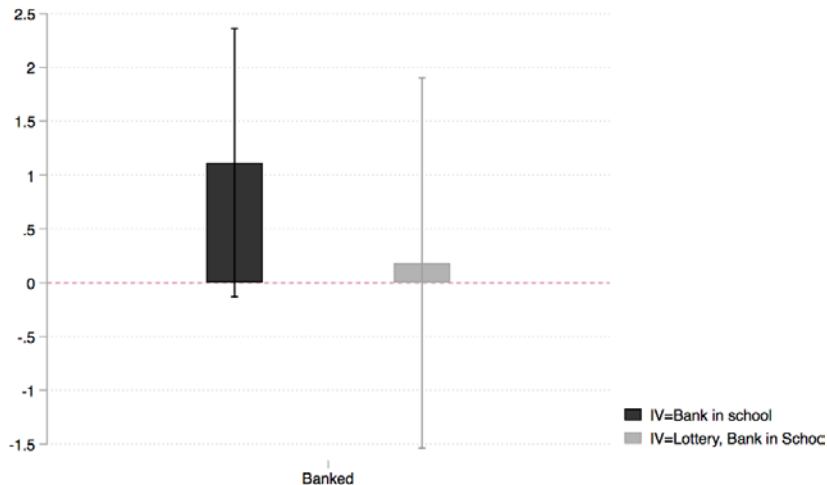
Note: Control for school demographics. Standard errors clustered at school-level.

"Do you get pocket money or an allowance?"



Note: Control for school demographics. Standard errors clustered at school-level.

Financial Literacy Quiz Score (13-items)



Note: Control for school demographics. Standard errors clustered at school-level.

Summary

- Use survey and administrative data from savings account to compare those with and without in-school saving programs
- Higher rate of banked students with particularly large effect in Amarillo, TX
- More positive attitudes towards bank accounts
- Increases allowance receipt in Amarillo, TX
- Positive, but insignificant impacts on attitude toward saving and financial knowledge

Implications

- Tool to encourage saving at an early age
- Increases access to financial services for students by lowering barriers to saving
- Children learn how to use savings account and banks/credit unions more generally
- Encourages parents to give their children money to save at school



Youth Banking

Luke W. Reynolds

Chief, Outreach and Program Development

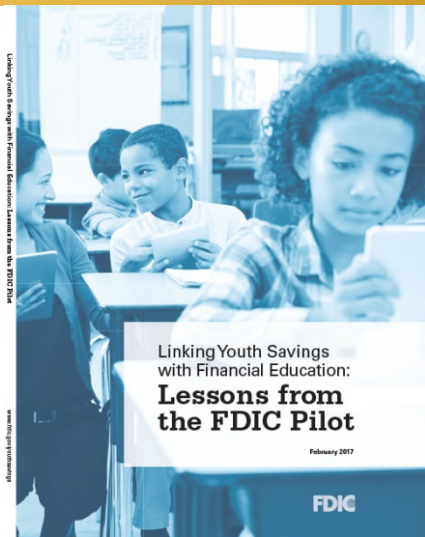


FDIC Youth Savings Pilot

- **Goal: highlight promising ways to combine financial education & savings accounts for school-aged children**
- **Two Phases – 21 participating banks**
 - ◆ I: 2014-15 school year (existing programs)
 - ◆ II: 2015-16 school year (new or expanded programs)
- **Methodology**
 - ◆ Calls
 - ◆ Surveys



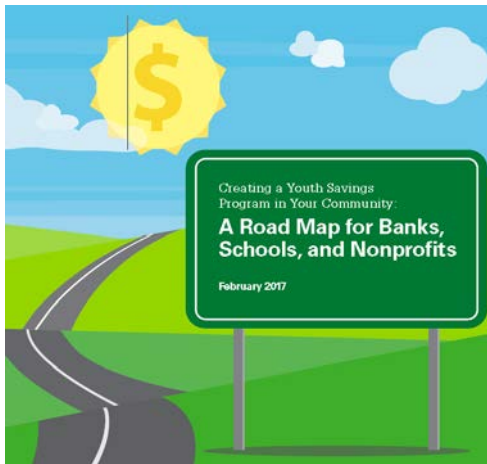
Pilot Report





Reported Benefits Include

- **Improving financial skills, knowledge and attitudes of students & families**
- **Fulfilling a mission**
- **Staff satisfaction and community goodwill**
- **CRA credit for serving LMI Schools**
- **Building a pipeline of future customers**
- **Developing account relationships with students, parents, and school staff**



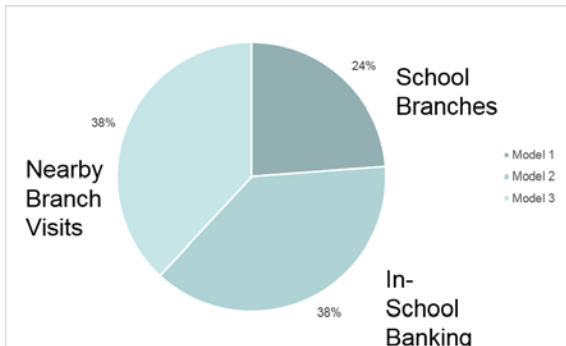
Phases:

- I. Plan
- II. Design
- III. Document roles & responsibilities
- IV. Implement
- V. Assess & refine

- **Identify objectives**
- **Engage potential partners**
 - ◆ Leverage existing relationships with teachers, administrators or school boards
 - ◆ Work with third-party intermediaries that have existing programs with/for schools
- **Prepare for potential challenges**

Models:

1. **School Branches**
2. **In-School Banking**
3. **Nearby Branch Visits**



ID Key State Rules

■ Conference of State Banking Supervisors (CSBS)

- ◆ Research to identify state-specific laws or rules pertaining to youth banking
- ◆ Examples
 - State laws pertaining to age for non-custodial deposit accounts
 - Branch application exceptions for school banking
- ◆ <https://facts.csbs.org/>



Design, continued

Account Characteristics

■ **Ownership structures**

- ◆ Non-Custodial
- ◆ Custodial (parent/guardian)
- ◆ Custodial (school, nonprofit, or other 3rd party)

■ **Key elements**

- ◆ Consistent with Model Safe Account Template
- ◆ Mobile technology



- **Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions (2/24/15)**
 - ◆ Opening accounts for minors
 - ◆ Application of consumer protection laws
 - ◆ Customer Identification Program requirements
 - ◆ CRA consideration
 - ◆ When are branch applications not required



Design, continued

- **Financial Education Delivery**
 - ◆ Formal instruction
 - ◆ Peer-based
 - ◆ Just-in-time information sharing
- **Fun and interactive approaches**
- **Integration with other subjects**
- **Variety of curricula, including Money Smart for Young People**



Design, continued

- **Money Smart for Young People series:**
 - ◆ **Grades Pre-K-2**
 - ◆ **Grades 3-5**
 - ◆ **Grades 6-8**
 - ◆ **Grades 9-12**
- **Components for:**
 - ◆ **Teachers**
 - ◆ **Students**
 - ◆ **Parents/Caregivers**
- **Alliance**



Roles & Responsibilities

■ **Possible bank contributions:**

- ◆ Staff time
- ◆ Materials
- ◆ Marketing
- ◆ Monetary incentives
- ◆ Account set-up

■ **Partner contributions**

- ◆ Staff time
- ◆ In-kind services (e.g., space)
- ◆ Account matching (e.g. college savings)



Implement

- **Prepare those who will work with the students**
- **Regular communication**
- **Involve parents**



Assess and Refine

- **Communicate with school partner**
- **Communicate with parents**
- **Communicate with non-profit partners**
- **AND Communicate with the students**
- **Make changes, as needed.**



Youth Banking Network

- **Launched on March 27, 2017**
- **Goal: help banks working to connect financial education to savings accounts for school-aged children**
 - ◆ Conference calls
 - ◆ Sharing information resources
 - ◆ Give FDIC ideas for how we can customize our educational tools for youth savings
- **Banks welcomed to join!**



Thank you!

youthsavings@fdic.gov

www.fdic.gov/youthsavings



Partnerships to Promote Financial Literacy In Schools

Presented by
Steph Harrill

UWCU Community Partnerships

UWCU's History School-Based Partnerships

- **Founded in 1931 by UW Madison Faculty and Staff**
- **Began serving college students in 1972**
 - Early adopters of this practice
- **Identified a need to serve other campuses**

UWCU's History School-Based Partnerships

- Focus has remained on partnering with college campuses
- A part of our business model and our social mission



And then there was a shift...

- **A proven model for 80+ years**
- **UNTIL we noticed people were coming to college already banked**
- **Why was this happening?**
 - Students were making money/financial decision sooner
 - Increase need for financial literacy earlier

Followed by an opportunity

- Passing of 2017 AB 280
- Middleton High School



School – Financial Partnership

- **Built an in-school branch**
 - Open daily, Monday – Friday during lunch



School – Financial Partnership

- **Hired Student Intern Staff**
 - Promote and champion financial literacy
 - Help identify partnership opportunities
 - Professional development experience



School – Financial Partnership

- **Collaborate on financial wellness and financial literacy for students**
 - Already happening at MHS
 - Enhanced by UWCU
 - A mutual-learning lab experience



A Partnership in Progress

- **Looking Ahead**

- Lessons learned/lessons we're still learning
- Accounts catered to high school students
- Opportunity to expand



Q & A



Madelaine L'Esperance
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Please remember that today's webinar was recorded and will be
posted on our website: cfs.wisc.edu
within two business days.



Please contact Hallie Lienhardt with questions:

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608-890-0229