



Youth Financial Inclusion

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What do we know about youth financial inclusion?

Unbanked

- Households headed by ages 15-24: 13.1% vs national average: 7.0%*
- 4 out of 5 youth age 15-17 at home

Underbanked

- Households headed by ages 15-24: 29.4% vs national average: 19.9%*

Youth Financial Knowledge

- 1 in 5 U.S. students (age 15) are below the baseline of financial knowledge proficiency per 2012 Programme for International Student Assessment (PISA)

Credit Invisible

- Out of 26 million credit invisible consumers, more than 10 million are under age 25

*FDIC 2015 National Survey of Unbanked and Underbanked Households (October 2016)

**CFPB Data Point: Credit Invisibles (May 2015)





What is the opportunity?

- Building financial capability and skills through hands-on learning
- Starting to save and use financial products
 - America Saves for Young Workers 2015 data:
 - Low income youth participating in summer jobs programs with an opportunity to open a savings account
 - 2/3 direct deposited their pay
 - Nearly 8 in 10 kept their account open more than 6 months
 - Set and met savings goals and built savings habits



Financial Literacy and Education Commission (FLEC)

Vision: Sustained financial well-being for all individuals and families in the United States.

- Comprised of 20+ federal entities to coordinate and enhance federal financial education activities
- *Promoting Financial Success in the U.S.: National Strategy for Financial Literacy (2011)*
 - Increase awareness of and access to effective financial education
 - Determine and integrate core financial competencies
 - Improve financial education infrastructure
 - Identify, enhance and share effective practices
- www.MyMoney.gov: Online resource housing financial education materials and tools for children, adults, and educators and
 - FLEC Research and Data Clearinghouse



Building Financial Capability

Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources prudently and effectively. Efforts to improve financial capability, which should be based on evidence of effectiveness, empower individuals to make informed choices, plan and set goals, avoid pitfalls, know where to seek help, and take other actions to better their present and long-term financial well-being.

– *Executive Order 13646: Establishing the President's Advisory Council on Financial Capability for Young Americans, Signed by President Barack Obama on June 25, 2013*



Interagency Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions

- Opening accounts for minors
- Application of Consumer Protection Laws
- Customer Identification Program requirements
- When are branch applications not required

www.treasury.gov/resource-center/financial-education/Pages/commission-index.aspx





Why Focus on Youth Employment

When young people receive their first paycheck, they are primed to learn more about money management and have a unique opportunity to make a timely and informed choice about their new income. The Council recommends integrating financial capability practices into youth training and employment programs, including financial education, access to direct deposit and safe bank accounts, and regulatory guidance regarding products for young people that enable them to safely learn to manage their money and save.

*– President's Advisory Council on Financial Capability
for Young Americans, 2015 Final Report*





Workforce Innovation and Opportunity Act (WIOA)

Enacted in 2014, the Workforce Innovation and Opportunity Act (WIOA) is helping transform federally funded job training programs across the country to ensure everyone can get the skills and training they need to punch their ticket to the middle class.

- Under WIOA, the U.S. Department of Labor (DOL) supports youth employment programs that provide paid employment opportunities for low- and moderate-income in-school youth, ages 14 to 21, and out-of-school youth, ages 16 to 24, who meet other eligibility requirements.
- Different from past legislation related to federal job training programs, WIOA expands the youth program elements to include “financial literacy.”

www.doleta.gov/WIOA/Docs/WIOA_YouthProgram_FactSheet.pdf



Resource Guide for Financial Institutions: Incorporating Financial Capability into Youth Employment Programs

- How youth employment programs help participants build financial capability
- Collaboration opportunities between financial institutions & youth employment programs
- Youth-friendly account features and services that financial services may offer
- How financial institutions can get in touch with youth employment programs and get involved
- Other incentives for financial institutions to work with youth employment programs

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Federal Financial Education Resources

- FDIC's Money Smart (www.fdic.gov/consumers/consumer/moneysmart/)
 - 22 lessons with hands-on, cross-curricular activities that engage 9th – 12th grade students & young adults ages 18-20 in discussing key financial concepts
 - Teacher Presentation Slides contain helpful visuals and challenge exercises and reflective prompts to support the activities in each lesson
 - Student Guide with handouts, worksheets , and resources that let students explore topics covered in each lesson and apply their new knowledge
 - A Parent/Caregiver Guide with information about topics being covered in class, conversation starters, online resources, along with family activities
- CFPB's Your Money, Your Goals (www.consumerfinance.gov/your-money-your-goals/)
 - Toolkit to help staff and volunteers work with consumers to make spending decisions on: credit reports, financial products, repaying/taking on debt, opening checking accounts
 - Multiple versions: social services, community volunteers, legal aid, and workers
 - All versions include a toolkit, training, and follow-up resources



Treasury's CDFI Program

The Community Development Financial Institutions Fund (CDFI Fund), part of the U.S. Department of the Treasury, supports mission-driven financial institutions working on a local level. Financial institutions that become certified by the CDFI Fund are eligible to apply for the comprehensive services it offers, including monetary support and training to build organization capacity.

www.cdfifund.gov





Next Steps and Stay in Touch

- We want to hear from you.
 - Questions and feedback?
 - What else would be helpful?

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