

# Encouraging Economic Inclusion and Mobility for Nebraska Families

April 14, 2021

1:30-3:00pm

## Sponsors:

Federal Deposit Insurance Corporation

Nebraska Bankers Association

Nebraska Council On Economic Education

Nebraska Independent Bankers



# Welcome



**Richard Baier,**  
President and CEO,  
Nebraska Bankers Association

As the voice for the Nebraska banking industry, the Nebraska Bankers Association's mission is to provide extraordinary service for extraordinary members. Their vision is to be the foremost resource and advocate for Nebraska's banking industry.

# ENCOURAGING ECONOMIC INCLUSION AND MOBILITY FOR ALL NEBRASKANS

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Sponsored by:

NBA, NICB, NCEE and FDIC

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**NBA** Nebraska Bankers Association



# NEBRASKA'S BANKING INDUSTRY

**174 Banks**

**Doing Business**

**160 Banks**

**Chartered in Nebraska**

- 13,600+ Employees
- \$70.5 Billion in Deposits
- \$57.2 Billion in Loans
- Millions in Local Investments
- Community Leadership
- Commercial, Ag, Mortgage, Limited Consumer



## FACTORS LIMITING MOBILITY

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NATIONAL STATISTICS

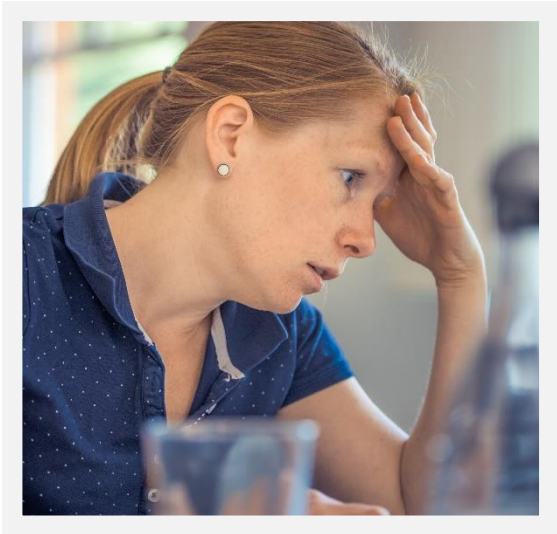
**5% of Households  
Unbanked**

**11% of Households  
Underbanked**

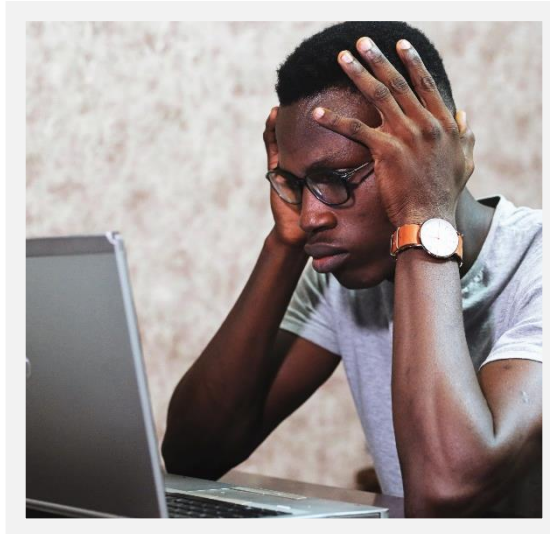
Numbers higher in minority communities

**NBA** Nebraska Bankers Association

# FACTORS LIMITING MOBILITY



Lack of  
Understanding of  
Financial System



Distrust of Financial  
Institutions



Credit Program  
Issues



# Improving Financial Understanding

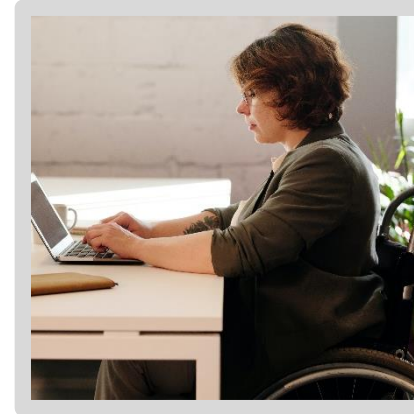
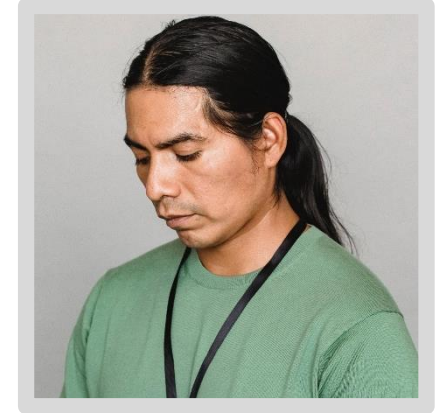
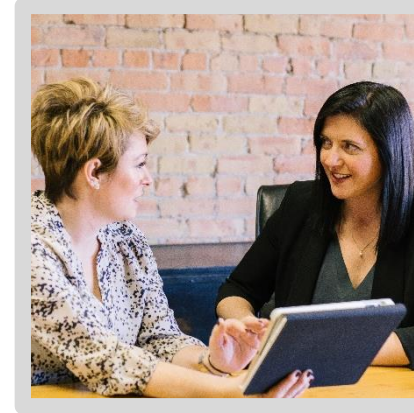
## FINANCIAL LITERACY EFFORTS

- EverFi and Related Programs
- In-School Savings Banks
- Leaders in Financial Education Awards
  - Classroom Presentations
  - Special Programs
  - Targeted Campaigns
    - America Saves Week
    - Teach Children to Save
    - Get Smart About Credit
- Books to Schools
- NCEE – Teacher Outreach Education
- Enhanced School Curriculums
- Legislation and Public Policy

# CREATING TRUST IN THE SYSTEM

## Addressing Barriers

- Bilingual Bank Staff
- Google Translation
- Changing Dress Code
- Online Account Opening

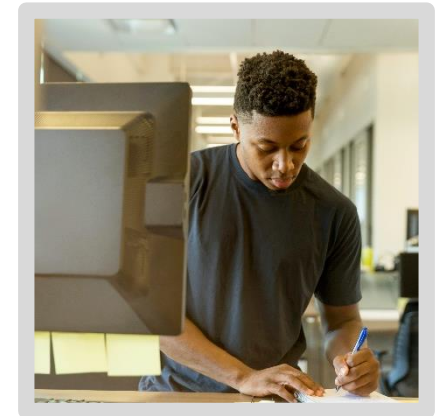
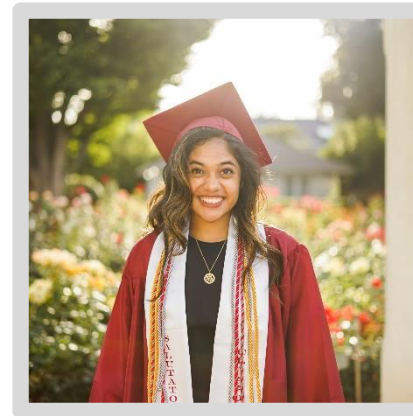




# CREATING TRUST IN THE SYSTEM

## Diversifying the Workforce

- Scholarships
- Higher Ed Outreach
- Social Media Efforts



# CREATING TRUST IN THE SYSTEM

## Community Outreach

- Community Support
- Special Event
- Targeted Advertising



Luis Salinas  
Owner Burrito  
House  
Schuyler, NE



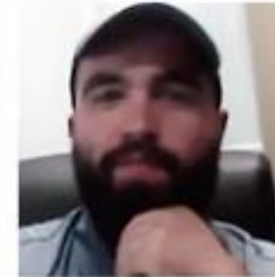
Craig Uden  
Owner  
Darr Feedlot Inc  
Cozad, NE



Katie Hoke-Harrower  
Owner & Stylist  
Hank & Ax  
Omaha, NE



John Klein  
Owner/President  
Northeast Machine &  
Manufacturing Inc.  
Norfolk, NE



Anthony Mason  
Executive Director  
Riverside Discovery  
Center  
Scottsbluff, NE

# CREATING TRUST IN THE SYSTEM

- Bankers as Financial Consultants
  - Tellers as Universal Bankers
  - First Time Homebuyer Training
- CDFI/Community Investments
- Enhanced Technology Solutions





# ADDRESSING CREDIT ISSUES

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CONSUMER FRIENDLY  
ACCOUNTS

- Low/No Cost Options
- Bank on Certified

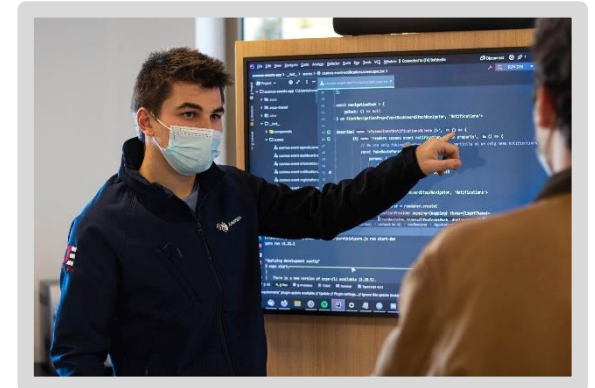
**Bank**On

**NBA** Nebraska Bankers Association

# ADDRESSING CREDIT ISSUES

## Customer Flexibility

- COVID-19 Realities
- Forbearance/Evictions



# ADDRESSING CREDIT ISSUES



Working with Young Customers



Affordable Housing Investments



Credit Counseling Partnerships



# Questions

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#BanksBackNE

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**NBA** Nebraska Bankers Association



# Overview of the 2019 *FDIC Survey of Household Use of Banking and Financial Services*

Including Results for Nebraska

April 14, 2021

**Greg Housel**  
Community Affairs Specialist





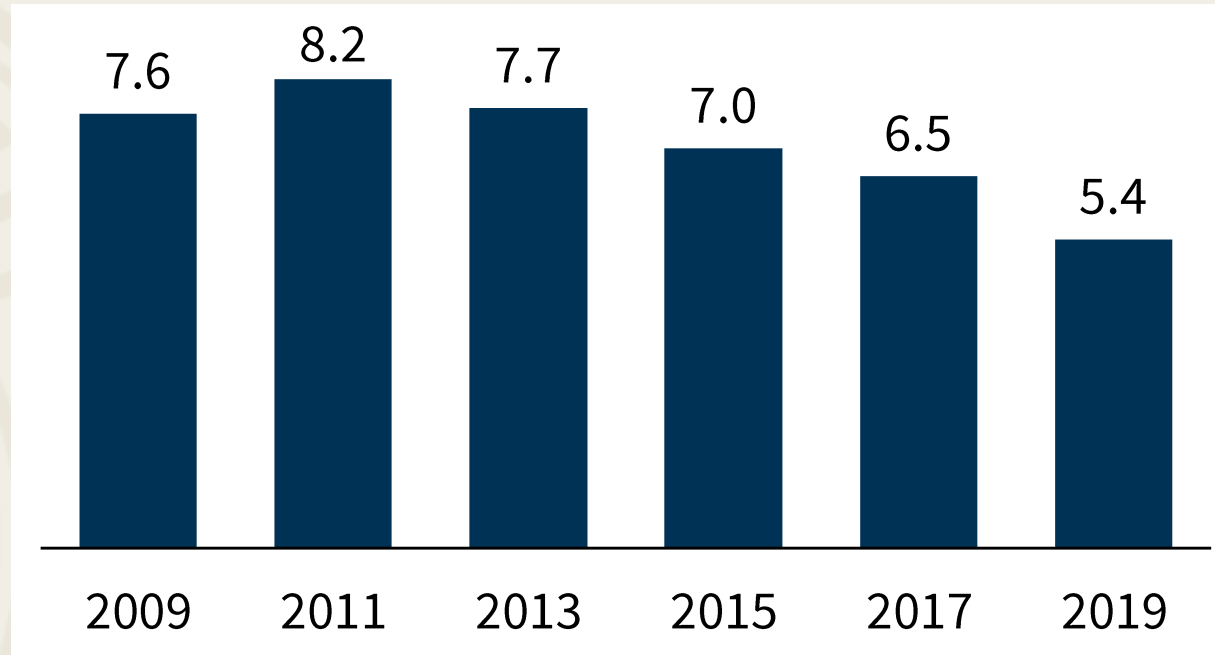
# Background

- *How America Banks* presents results from the 2019 FDIC Survey of Household Use of Banking and Financial Services
- Survey has been conducted biennially since 2009 in partnership with U.S. Census Bureau as a supplement to the Current Population Survey
- Most recent survey, conducted in June 2019, collected responses from almost 33,000 households
- Survey collects information on:
  - Bank account ownership
  - Use of prepaid cards and nonbank financial transaction services
  - Use of bank and nonbank credit
- Estimates are available at national and state levels, and for larger MSAs

# National Estimates

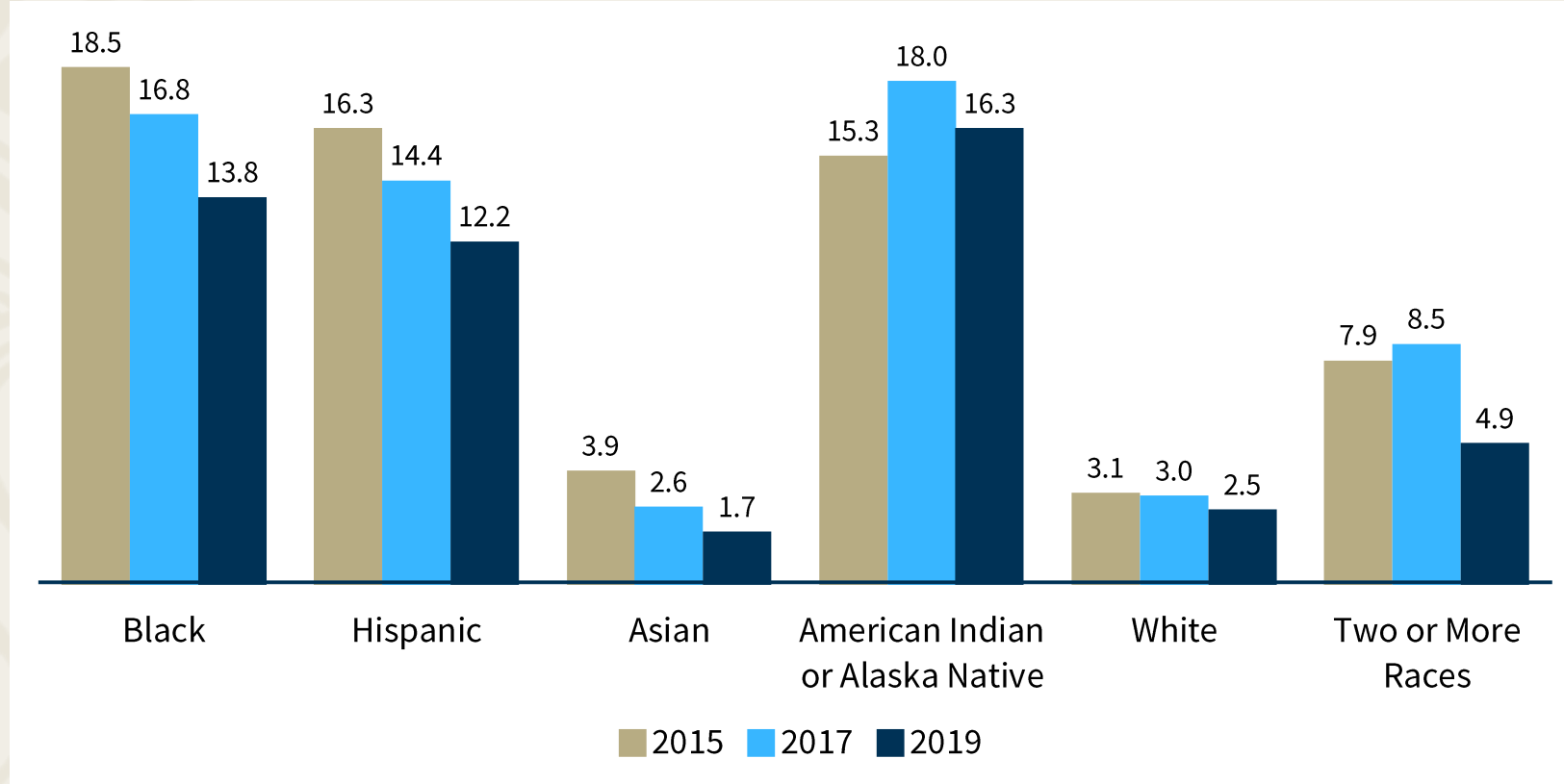
- In 2019, nearly 95 percent of U.S. households (approximately 124 million households) were **banked** (i.e., had a bank or credit union account)
  - Highest number and percentage of households with bank accounts since survey was first conducted in 2009
- Conversely, 5.4 percent of U.S. households (approximately 7.1 million households) were **unbanked** in 2019

# National Unbanked Rate by Year



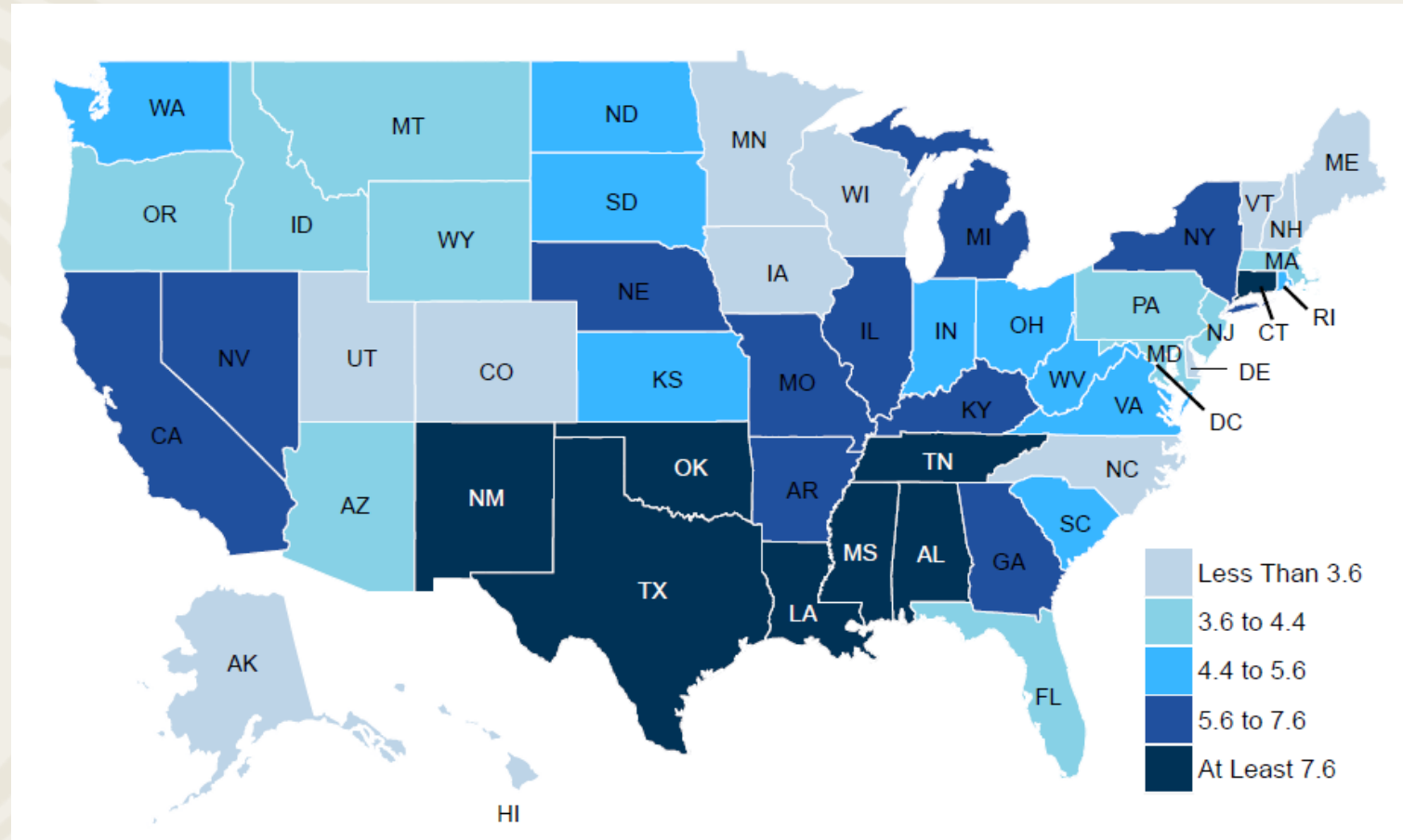
- Between 2017 and 2019, unbanked rate fell by 1.1 percentage points, corresponding to increase of approximately 1.5 million banked households
- About half of decline in unbanked rate between 2017 and 2019 was associated with improvements in socioeconomic circumstances of U.S. households

# Unbanked Rates by Race and Ethnicity and Year



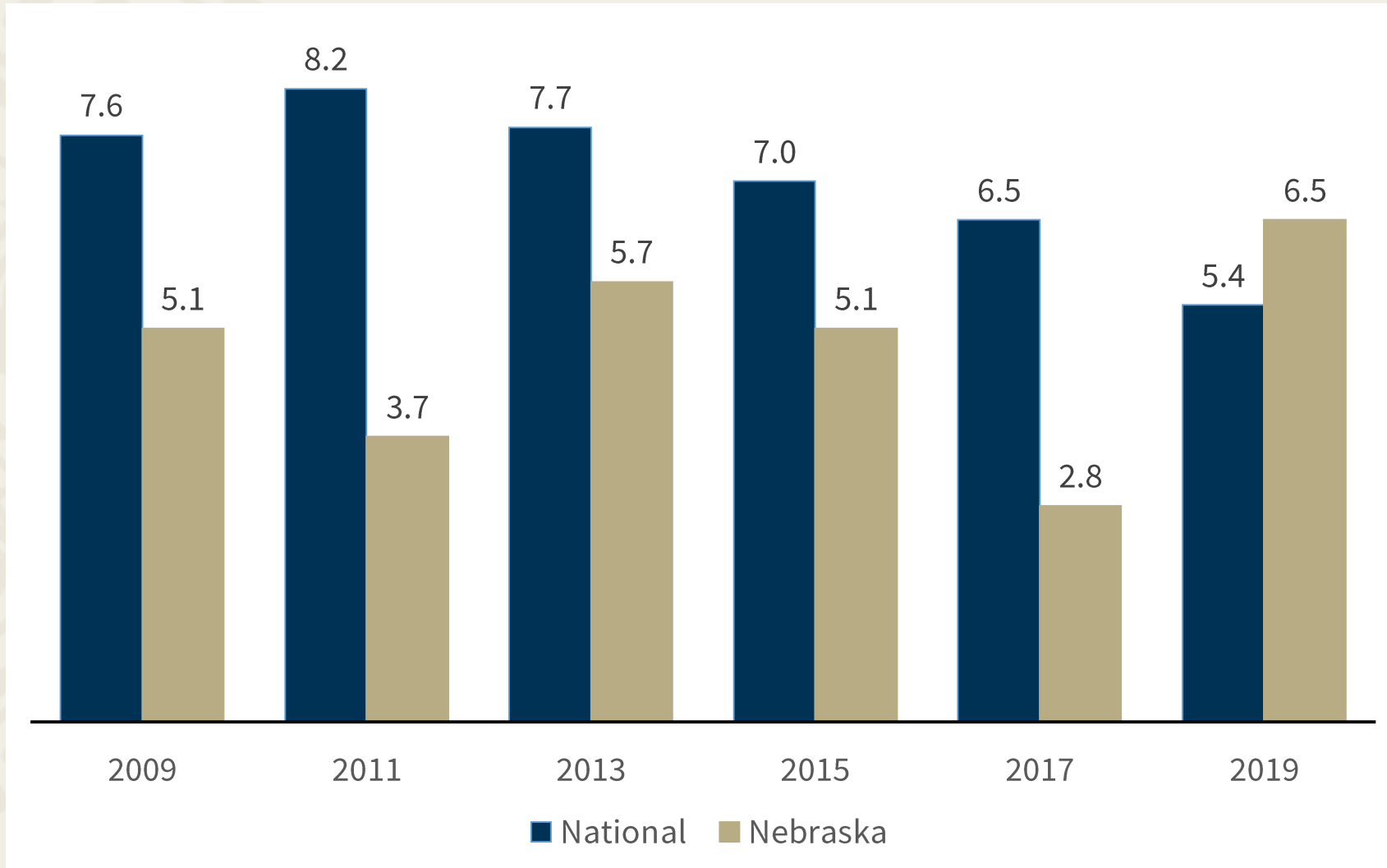
- Recent declines in unbanked rates have been particularly sharp for Black and Hispanic households
- Despite these improvements, unbanked rates in 2019 for these households remained substantially above the unbanked rate for White households

# Unbanked Rates by State, 2019



- Unbanked rates continued to be highest in the South
- However, differences in unbanked rates between the South and the other three regions have narrowed in recent years

# Unbanked Rates by Year – National and Local



# Unbanked Rates by Selected Demographics and Year

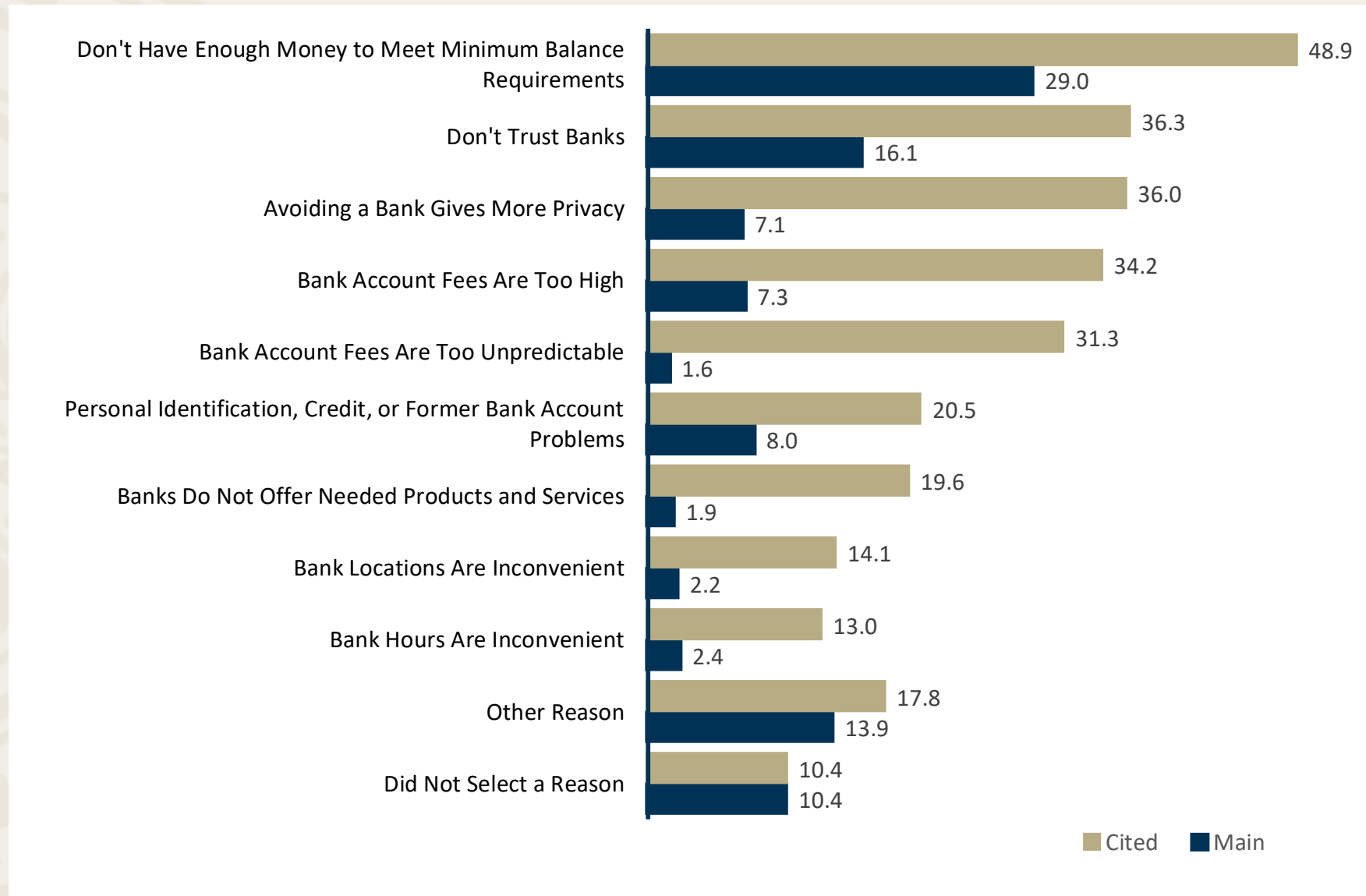
## - National and Local

Category	National 2017	Nebraska 2017	National 2019	Nebraska 2019
<b>Black</b>	16.8	NA	13.8	NA
<b>Hispanic</b>	14.4	NA	12.2	NA
<b>Asian</b>	2.6	NA	1.7	NA
<b>American Indian or Alaska Native</b>	18.0	NA	16.3	NA
<b>Native Hawaiian or Other Pacific Islander</b>	2.8	NA	NA	NA
<b>White</b>	3.0	1.3	2.5	3.7
<b>Two or More Races</b>	8.5	NA	4.9	NA
<b>No high school diploma</b>	22.4	NA	21.4	NA
<b>High school diploma</b>	9.4	6.8	8.1	5.1
<b>Some college</b>	5.1	1.8	4.3	3.3
<b>College degree</b>	1.3	0.7	0.8	0.9
<b>Less than \$15,000</b>	25.7	NA	23.3	NA
<b>\$15,000 to \$30,000</b>	12.3	NA	10.4	NA
<b>\$30,000 to \$50,000</b>	5.1	-	4.6	NA
<b>\$50,000 to \$75,000</b>	1.5	NA	1.7	NA
<b>At least \$75,000</b>	0.6	-	0.6	-

NA indicates that the sample size is too small to produce a precise estimate.

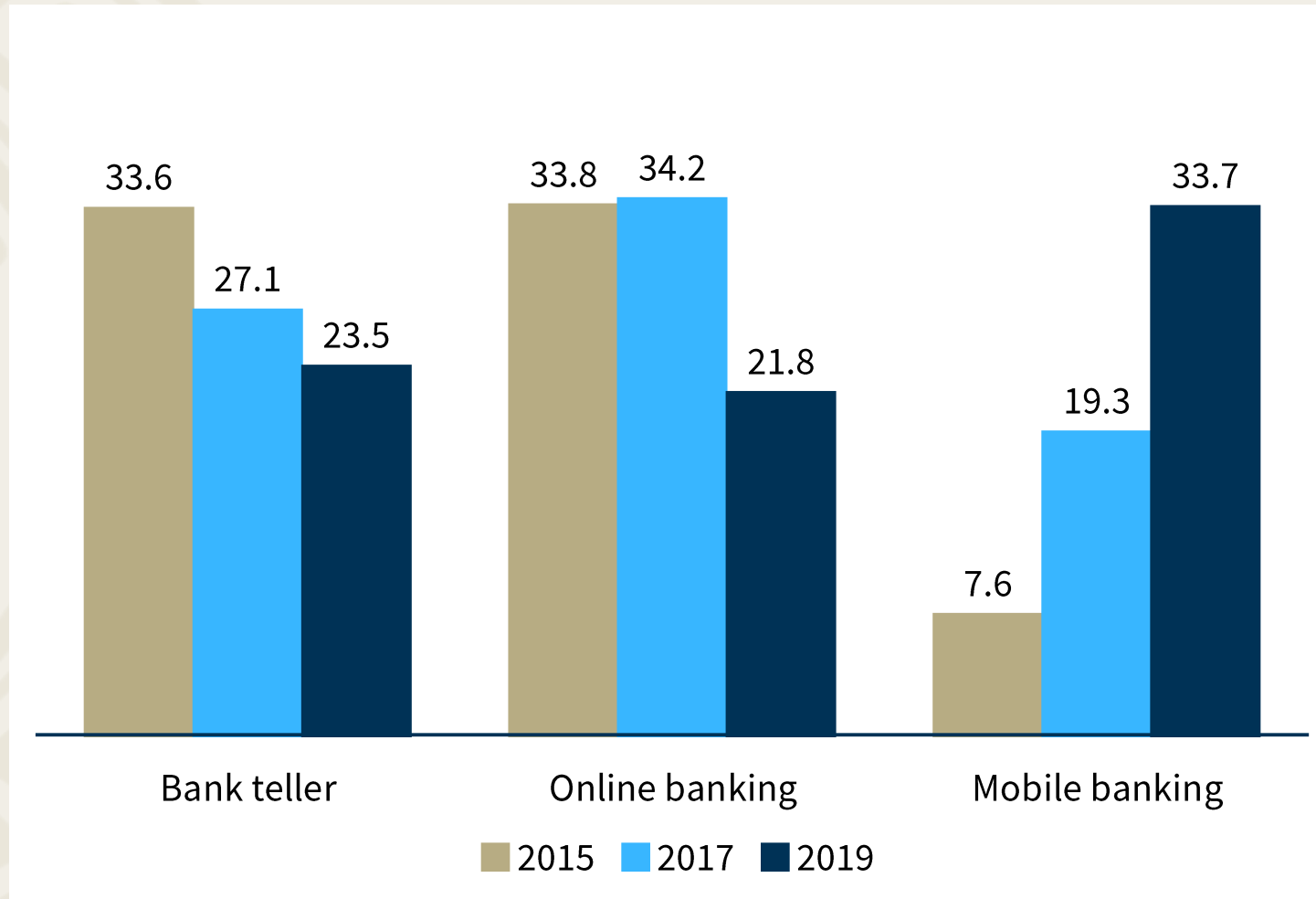
'-' Indicates an estimate of zero. The population proportion may be slightly greater than zero.

# Reasons for Not Having a Bank Account, 2019





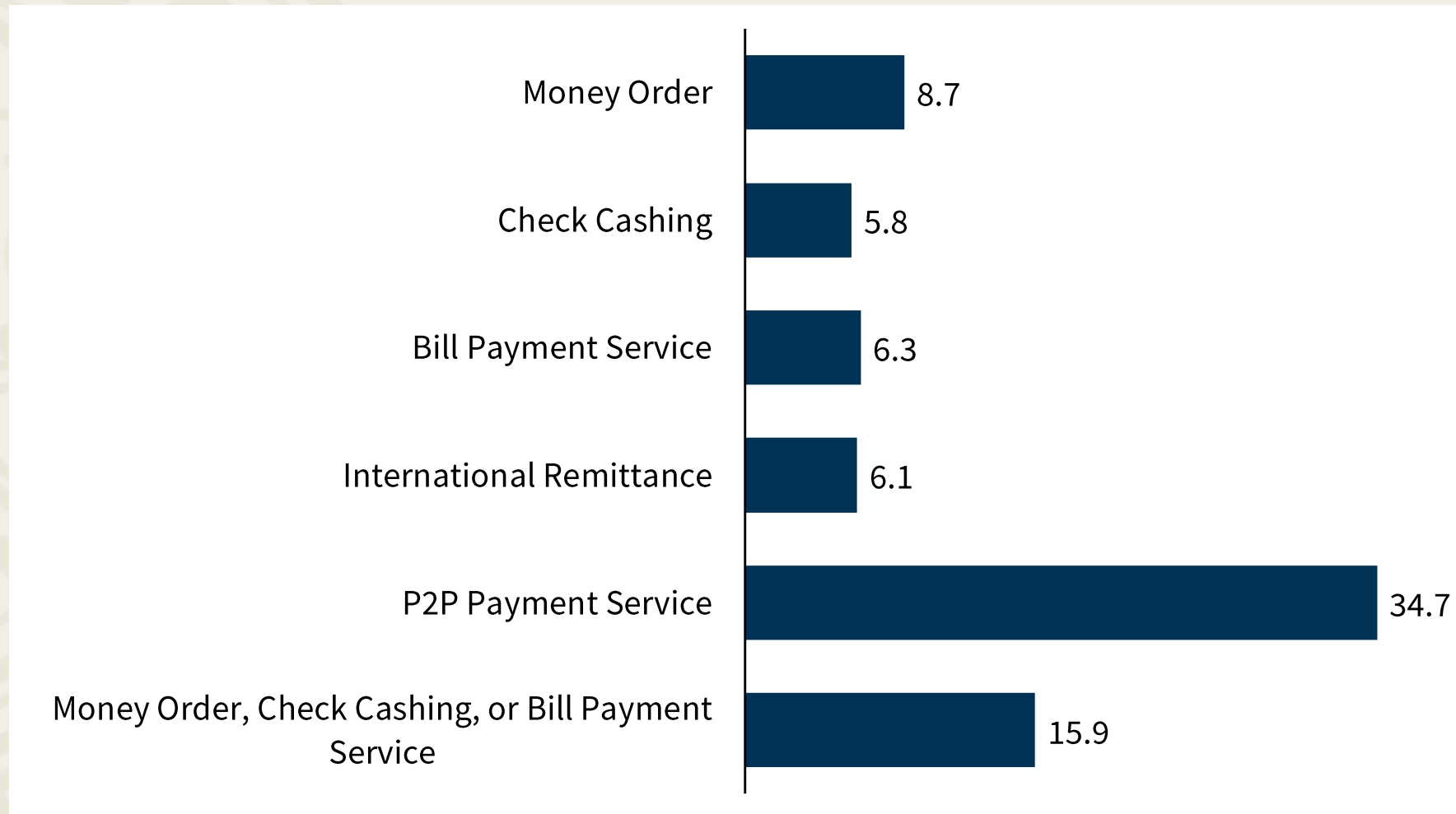
# Primary Methods Used to Access Accounts by Year – Nebraska



# Banked Households: Satisfaction and Clarity of Fees

- 2019 survey included new questions for banked households, asking about their:
  - Satisfaction with their primary bank
  - Perceptions of how clearly their bank communicates account fees
- Almost all banked households were satisfied with their primary bank and thought their bank communicated fees clearly
  - 97.3 percent were very or somewhat satisfied with their primary bank
  - 92.1 percent thought their bank communicated fees very or somewhat clearly
  - Consistently high across different population segments
- Households where income varied a lot from month to month were the population segment with the lowest satisfaction and the lowest perception of clarity on fees

# Specific Nonbank Financial Transaction Service Use in Nebraska, 2019



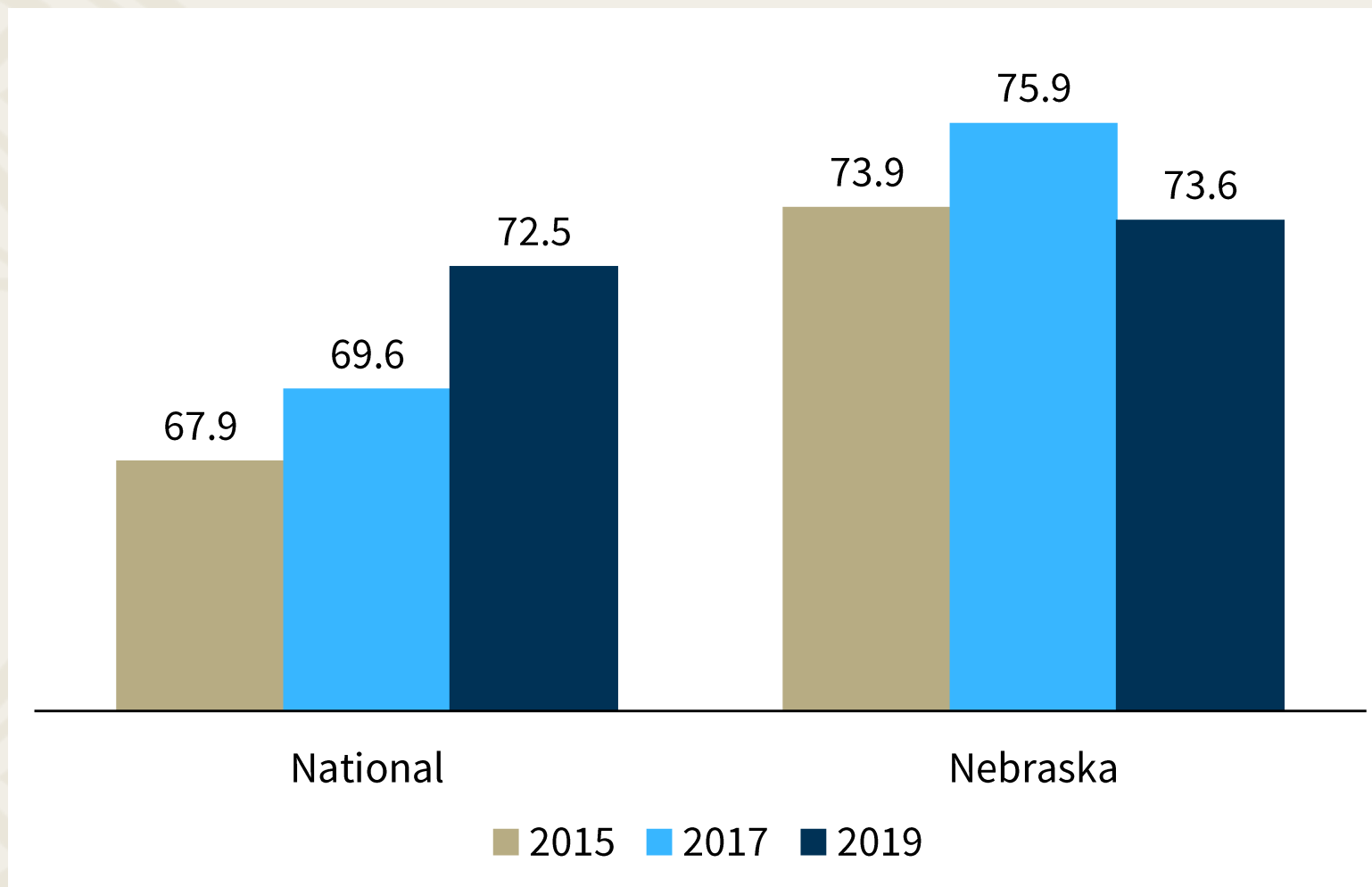
# Nonbank Financial Transaction Services Use by Household Characteristics

- Money orders, check cashing, and bill payment services had similar patterns of use
- Use of money orders, check cashing, and bill payment services were higher among the following households:
  - Lower-income
  - Less-educated
  - Younger
  - Black, Hispanic, and American Indian or Alaska Native
  - Volatile income
- Use of remittances is higher among Hispanic and Asian households

# Nonbank Financial Transaction Services Use by Select Household Characteristics

Category	Money Order	Check Cashing	Bill Payment Service	International Remittance
<b>All Households</b>	11.9	5.5	4.9	5.5
<b>Black</b>	27.2	9.6	9.3	6.1
<b>Hispanic</b>	20.8	10.6	10.6	20.2
<b>American Indian or Alaska Native</b>	21.0	11.4	10.5	0.3
<b>Age, 15 to 34</b>	17.3	7.6	8.2	7.2
<b>High school diploma or less</b>	16.9	9.1	6.7	7.9
<b>Less than \$30,000</b>	20.2	9.8	6.6	5.6

# Bank Credit Use by Year and Geography



Note: Bank credit is comparable only in 2015 and 2019.

# Bank Credit Use by Household Characteristics

- Bank credit use was lower among the following households:
  - Lower-income
  - Less-educated
  - Black, Hispanic, and American Indian or Alaska Native
  - Working-age disabled
- Differences by income and by race and ethnicity were stark

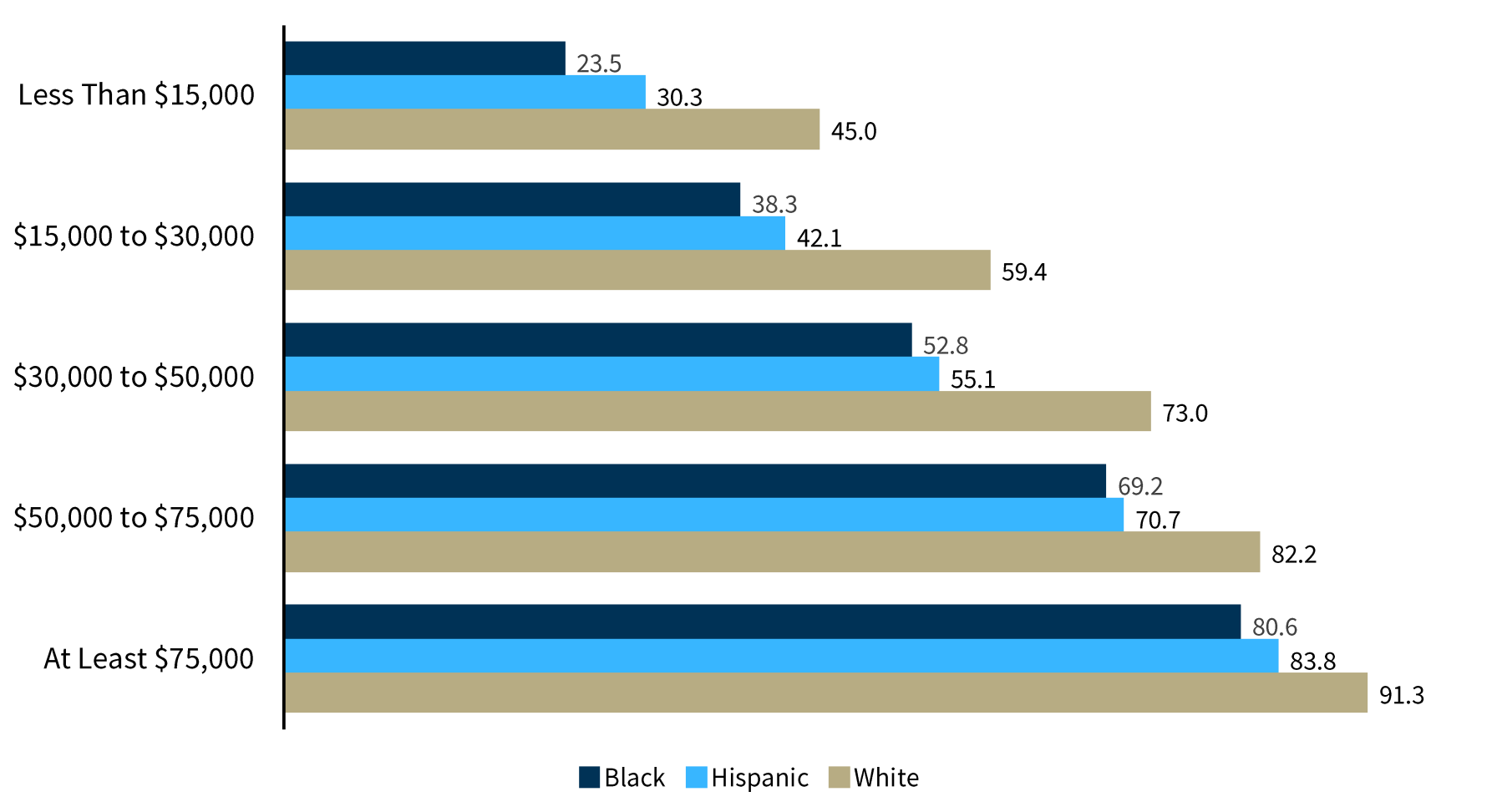
# Use of Bank Credit by Selected Demographics, 2019

Category	National	Nebraska
All Households	72.5	73.6
Black	52.5	NA
Hispanic	58.6	NA
American Indian or Alaska Native	54.4	NA
High school diploma or less	55.3	46.2
Less than \$30,000	45.6	47.3

NA indicates that the sample size is too small to produce a precise estimate.



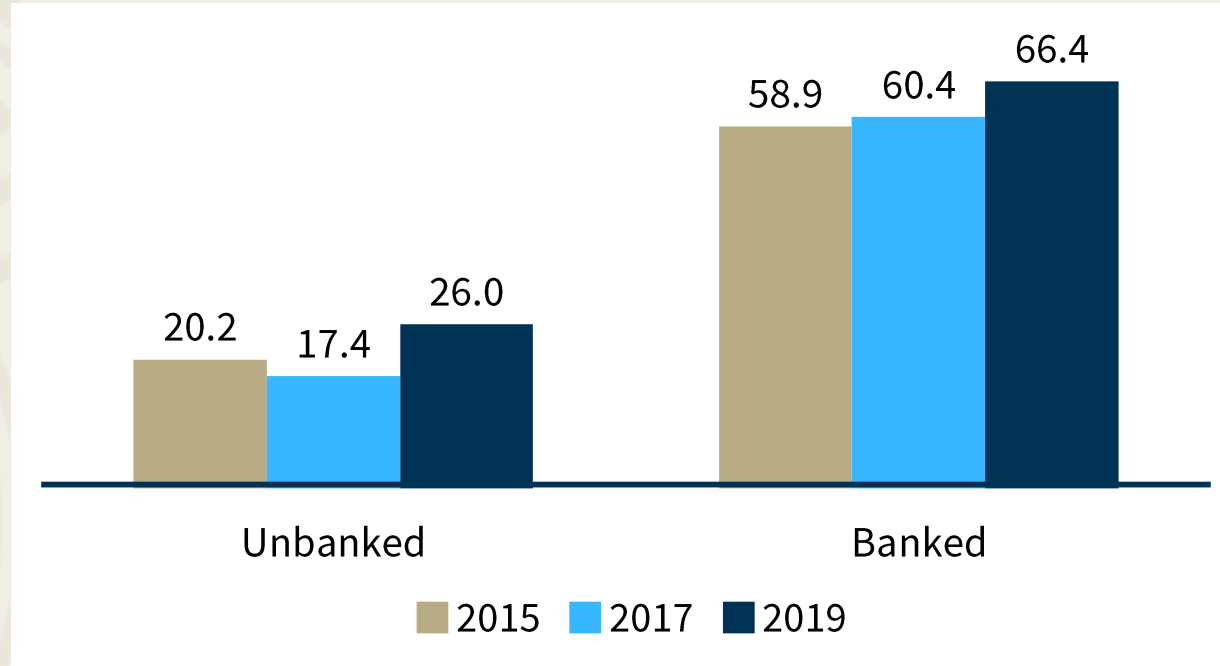
# Bank Credit Use by Income Level and Race and Ethnicity, 2019



# Nonbank Credit Use by Household Characteristics

- Nonbank credit use was higher among the following households:
  - Lower-income
  - Less-educated
  - Black and Hispanic
  - Working-age disabled
- Households with income that varied a lot from month to month were more than twice as likely to use nonbank credit as households with income that was about the same each month

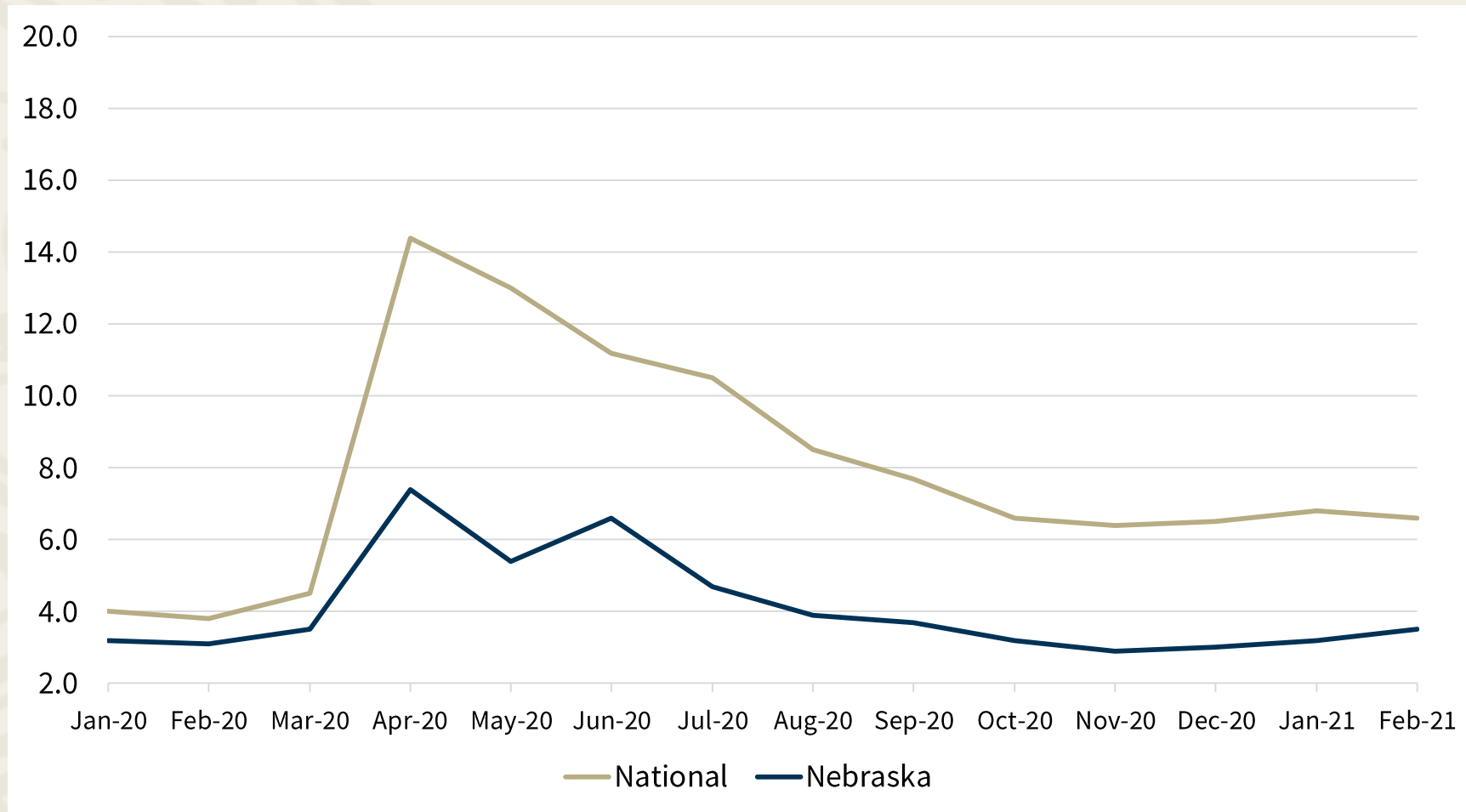
# Rates of Saving by Bank Account Ownership



- Rates of saving for unexpected expenses or emergencies continued to be much lower among the unbanked
- However, proportion of unbanked households that saved for unexpected expenses or emergencies was higher in 2019 than in previous years

# The Pandemic has brought unprecedented levels of unemployment

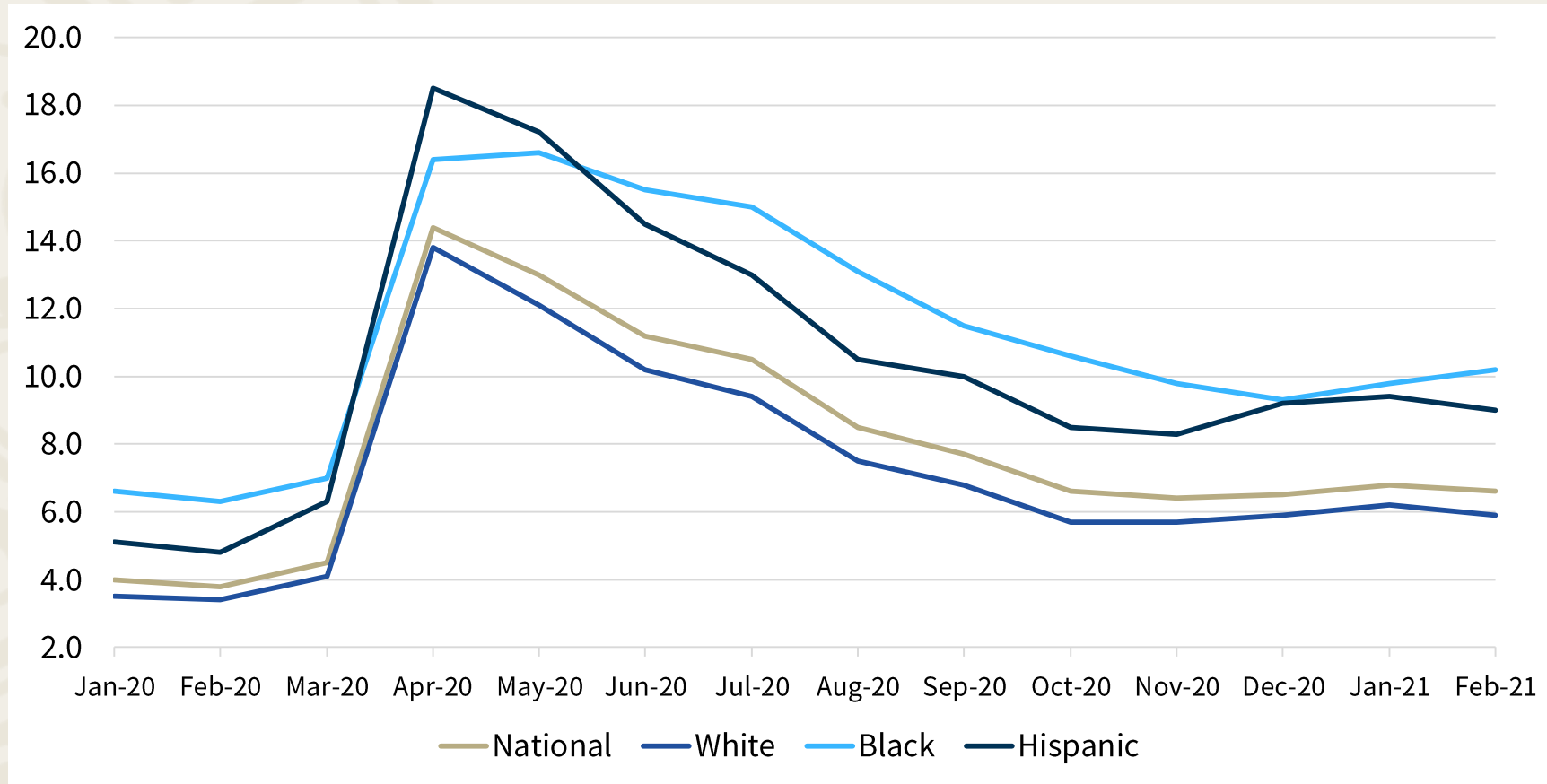
Unemployment Rate, by Nation and State



Source: U.S. Bureau of Labor Statistics

# The Pandemic has had a disproportionate effect on economic conditions for minority and lower income groups

Unemployment Rate, by Race/Ethnicity



Source: U.S. Bureau of Labor Statistics

# The Pandemic has had a disproportionate effect on economic conditions for minority and lower income groups (Continued)

Share of adults working in October 2019 who were laid off since March 2020, Race and Education

Characteristic	Laid off or told not to work
Less than \$40,000	28
\$40,000 - \$100,000	19
Greater than \$100,000	13
High school diploma or less	23
Some college/technical or associate degree	25
Bachelor's degree or more	13

Source: Federal Reserve Board "Update on the Economic Well-Being of U.S. Households: July 2020 Results" (September 2020)

# The COVID-19 Pandemic Highlights the Need for Emergency Savings and Access to Credit

- Economic ramifications of pandemic may particularly affect households without adequate savings cushion or without access to responsible, affordable credit.
- In 2019, 35.8 percent of households did not save for unexpected expenses or emergencies
  - 46.8 percent of black households did not save
  - 45.7 percent of Hispanic households did not save
  - 57.3 percent of households with income under \$30K

# Households' ability to cover a \$400 emergency expense completely using cash or its equivalent

Characteristic	October 2019	July 2020	Change
Less than \$40,000	39	48	9
\$40,000 - \$100,000	68	75	7
Greater than \$100,000	88	91	3
High school diploma or less	47	54	8
Some college/technical or associate degree	61	68	7
Bachelor's degree or more	81	88	7
White	71	77	6
Black	43	48	5
Hispanic	45	55	10
Metro area	64	70	6
Non-metro area	59	69	9
Overall	63	70	6

Source: Federal Reserve Board "Update on the Economic Well-Being of U.S. Households: July 2020 Results" (September 2020)



# Electronic banking will also be challenging for those without access to reliable Internet service or mobile devices

**Smartphone and Home Internet Access in 2019, by Race/Ethnicity, Income, and Metropolitan Status**

Category	Smartphone		Home Internet	
	National	Nebraska	National	Nebraska
<b>All Households</b>	85.4	83.2	79.9	76.7
<b>Black</b>	81.5	NA	69.8	NA
<b>Hispanic</b>	86.5	NA	69.7	NA
<b>Asian</b>	90.5	NA	88.5	NA
<b>American Indian or Alaska Native</b>	76.8	NA	60.2	NA
<b>White</b>	85.4	82.6	83.7	77.6
<b>Two or More Races</b>	91.9	NA	79.6	NA
<b>Less than \$15,000</b>	63.3	NA	47.5	NA
<b>\$15,000 to \$30,000</b>	72.7	NA	59.6	NA
<b>\$30,000 to \$50,000</b>	82.3	NA	76.8	NA
<b>\$50,000 to \$75,000</b>	89.9	NA	86.5	NA
<b>At least \$75,000</b>	95.8	94.2	95.2	96.3
<b>Metropolitan Area</b>	86.9	87.9	81.9	81.7
<b>Rural</b>	75.6	75.4	68.0	68.2
<b>Not Identified</b>	82.6	NA	68.7	NA

NA indicates that the sample size is too small to produce a precise estimate.

# economicinclusion.gov

The screenshot shows the website's navigation bar with 'ECONOMICINCLUSION.GOV' and the 'FDIC' logo. Below the navigation bar, there are two tabs: 'WHAT IS ECONOMIC INCLUSION?' and 'SURVEYS & DATA'. The main content area features a map of the United States with state boundaries. To the right of the map is the title 'How America Banks: Household Use of Banking and Financial Services 2019 FDIC Survey' and a brief description of the survey's purpose. Below the map, there are buttons for 'SELECT GEOGRAPHY:' with options for 'NATION', 'REGION', 'STATE', and 'MSA'. There are also buttons for 'VIEW STATE DATA' and 'COMPARE AREAS'. At the bottom, there are sections for 'CREATE CUSTOM DATA TABLES & CHARTS', 'HOW AMERICA BANKS: 2019 SURVEY RESULTS' with a list of links to various reports, and 'FIVE-YEAR ESTIMATES'.

- Downloads
  - Full report
  - Executive summary (with preface and postscript)
  - Appendix tables
- Tools
  - Custom data table
  - Custom chart
  - Five-year estimates of unbanked rates
- Data page
  - Datasets (yearly and multiyear)
  - Documentation
- Subscribe to FDIC updates

# Custom Data Table Tool

ECONOMICINCLUSION.GOV



WHAT IS ECONOMIC INCLUSION?

SURVEYS & DATA

Economic Inclusion Home / Custom Data Table Tool

[Help](#)

## Custom Data Table Tool

The *FDIC Survey of Household Use of Banking and Financial Services* supports the FDIC's mission of maintaining public confidence in the U.S. financial system. Conducted biennially since 2009 partly in response to a statutory mandate, the survey is administered in partnership with the U.S. Census Bureau.

You can use this tool to explore the data from all years of the household survey.

CUSTOM DATA TABLE TOOL INSTRUCTIONS

FREQUENTLY ASKED QUESTIONS

To generate a table with your selected variable by Demographics, press the Get Table button below. You can customize the row variables and filter the data further after the table has been generated.

### 1. Select Year

SELECT YEAR

2019

### 2. Select Geography

SELECT AREA

National

### 3. Select Analysis Variable

See frequently used variables  See all variables

# Custom Chart Tool

ECONOMICINCLUSION.GOV



WHAT IS ECONOMIC INCLUSION?

SURVEYS & DATA

Economic Inclusion Home / Custom Chart Tool

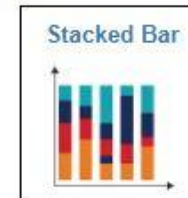
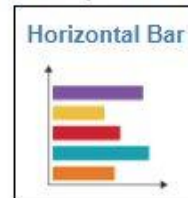
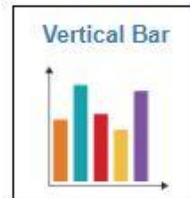
Help

## Custom Chart Tool

The *FDIC Survey of Household Use of Banking and Financial Services* supports the FDIC's mission of maintaining public confidence in the U.S. financial system. Conducted biennially since 2009 partly in response to a statutory mandate, the survey is administered in partnership with the U.S. Census Bureau.

You can use this tool to explore the data from all years of the household survey.

Select the type of chart you wish to generate from the examples below. You will have the option to change the default variables and filter the data.



CUSTOM CHART TOOL INSTRUCTIONS

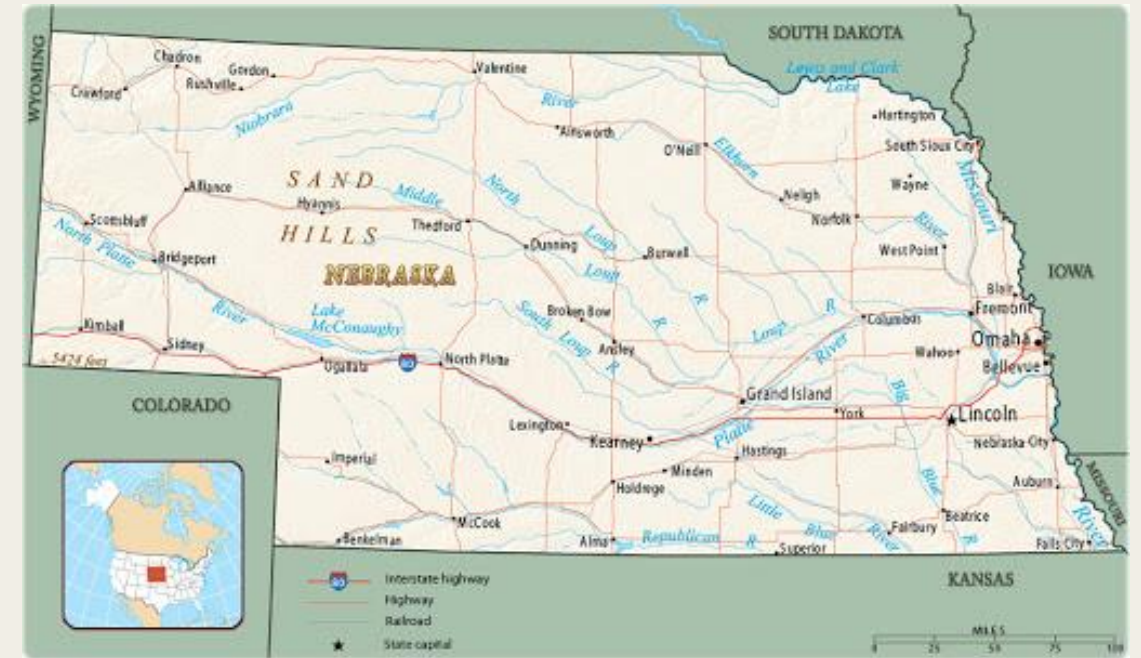
FREQUENTLY ASKED QUESTIONS

# Banking All Nebraska High School Graduates by 2025

What does this mean to bank all Nebraska graduates by 2025?

Why set this goal?

How do schools achieve this goal?



# What does this Mean?

## **Banked Students**

A student either has a savings or checking account in their name or shared with a guardian.

## **Banking All Nebraska High School Students by 2025**

By the end of the 2024-2025 school year, all Iowa high school graduates obtain a savings or checking account.



# Why set this goal?

## **Economic mobility**

PEW Charitable Trusts defines economic mobility as the ability to move up or down the economic ladder within a lifetime or from one generation to the next and is fundamental to the American Dream.

## **Simple Question**

Can Nebraska High School students achieve economic mobility without being financially capable and banked?



# How to Bank All Nebraska Students?

## Add Banking As A Continuum of Success For All Nebraska Students



Stabilized

Financially Educated

Banked

Economically Mobility



# How to Develop Curricula to Bank All Nebraska High School Students?

## Nebraska High School Financial Education Curricula



Utilize a multipronged curriculum approach (in-class lecture, volunteer led instruction and computer based instruction)

Include opening a bank account and obtaining a credit report as part of the curricula

Include experiential banking learning experiences in the curricula

# Experiential Learning Has Changed



**interactive  
teller  
machines**



**Banking By  
Watch**



**Video  
Banking**



**Banking By  
Phone**



**Online  
Banking**



**Hologram  
Banking  
(In The Future)**

# Resource Sheet

## Sheet Includes

High School Student Goals  
Financial Education Resources  
Legality of Banking Students  
In-school Banking and Savings Programs  
Youth Banking Resource Center  
Youth Banking Network  
Other Banking Initiatives  
Research

### Financial Education and Banking Resources for Nebraska Teachers

The future is now for Nebraska high school students preparing to be financially capable young adults. Students need effective financial education resources that lead to life-long economic mobility. The resources contained in this document outline innovative and technology based financial education and banking best practices, allowing administrators and teachers to establish high quality financial education curricula in Nebraska high schools.

**Goals for Every High School Graduate by 2025:**

**Achieve Financial Capability  
Become Banked  
Obtain, Review and Understand a Free Credit Report**

### Financial Education Resources

Listed below are multiple resources groupings. The first outlines aggregate financial education curriculums and other resources. The second group lists specific financial education curriculums that are already being used throughout Nebraska. The final resource group reviews parent and caregiver resources. Many high school curricula utilize a variety of separate resources containing computer based instruction, teacher lecture and in-class professional volunteer presentations and couple this with experiential learning assignments (visiting a bank, opening a bank account, obtaining a credit report, etc.)

#### Teacher Aggregate Financial Education Resource Websites:

FDIC Teacher Online Resource Center	<a href="http://www.fdic.gov/consumers/education/torc/">www.fdic.gov/consumers/education/torc/</a>
Nebraska Department of Education – financial literacy standards in economics and required to be taught	<a href="https://cdn.education.ne.gov/wp-content/uploads/2019/11/Nebraska-Social-Studies-Standards-Final-11-2019.pdf">https://cdn.education.ne.gov/wp-content/uploads/2019/11/Nebraska-Social-Studies-Standards-Final-11-2019.pdf</a>
Nebraska Financial Education Network	<a href="http://nceefinance.org">http://nceefinance.org</a>
MSKC Financial Education Resources	<a href="http://www.moneysmartkc.org/portfolio-items/financial-education/?portfolioCats=138">www.moneysmartkc.org/portfolio-items/financial-education/?portfolioCats=138</a>
Department of the Treasury	<a href="https://home.treasury.gov/policy-issues/consumer-policy/financial-literacy-and-education-commission">https://home.treasury.gov/policy-issues/consumer-policy/financial-literacy-and-education-commission</a>

#### Financial Education Websites for High School Financial Education:

FDIC Money Smart Program	<a href="http://www.fdic.gov/consumers/consumer/moneysmart/">www.fdic.gov/consumers/consumer/moneysmart/</a>
Council on Economic Education	<a href="http://www.councilforeconed.org/k-12-resources/">www.councilforeconed.org/k-12-resources/</a>
Nebraska Council on Economic Education	<a href="http://nebraskacouncil.unl.edu">http://nebraskacouncil.unl.edu</a>
EVERFI	<a href="http://www.everfi.com/k-12">www.everfi.com/k-12</a>
Fool Proof Financial	<a href="http://www.foolproofiowa.org">www.foolproofiowa.org</a>
Dave Ramsey	<a href="http://www.ramseyeducation.com/">www.ramseyeducation.com/</a>
Next Gen Personal Finance	<a href="http://www.ngpf.org/">www.ngpf.org/</a>
My Money	<a href="http://www.mymoney.gov">www.mymoney.gov</a>
CFPB	<a href="http://www.consumerfinance.gov/practitioner-resources/youth-financial-education/">www.consumerfinance.gov/practitioner-resources/youth-financial-education/</a>
National Endowment for Financial Education	<a href="http://www.nefe.org/">www.nefe.org/</a>
Junior Achievement of Lincoln	<a href="https://lincoln.ja.org/">https://lincoln.ja.org/</a>

# Youth Banking Resource Center

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[The Promise of Youth Savings Programs](#)

[Lessons from the FDIC Pilot](#)

[Youth Banking Network](#)

[Implementation Resources](#)

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The FDIC is sharing resources to encourage banks and schools to work together to improve the financial skills and experiences of youth. Financial education and school-based savings programs introduce young people to financial services at an early age, while helping youth learn how to manage their money more effectively. Youth savings programs not only encourage the development of savings habits at a formative age, but also have the potential to promote economic inclusion for entire families.

A research report from the U.S. Treasury Department concluded that having a bank account boosts the effect of financial education instruction on students. The report also said that in schools where there was a branch of a federally-insured financial institution, students had more positive attitudes towards banks and were more likely to have a bank account.

Through this website, learn about proven strategies to enhance youth financial education activities with access to a savings account.

**What's New!** Look at new templates on the Implementation Resources page. They were developed to support youth banking efforts. The first two are for your consideration when seeking internal buy-in to start a program. The third resource, Key Elements of Your Youth Savings Program, is a planning tool for developing a program. We also have sample letters to send to parents or guardians introducing them to your program. These are available upon request at [youthsavings@fdic.gov](mailto:youthsavings@fdic.gov).



[Lessons from the FDIC Pilot](#)

Proven approaches based on the experiences of 21 banks

[Youth Banking Network](#)

Get connected with other banks and FDIC experts

[Implementation Resources](#)

Materials helpful for youth savings initiatives



# Contact Information



**Gregory Housel,**  
**Community Affairs Specialist**  
FDIC  
(816) 234-8047  
[GrHousel@FDIC.gov](mailto:GrHousel@FDIC.gov)



## Questions About the FDIC Money Smart Program

DCP Community Affairs FDIC

Phone: 877-ASKFDIC (877-275-3342)

Email: [communityaffairs@fdic.gov](mailto:communityaffairs@fdic.gov)



**Jennifer Davidson,**  
President,  
Nebraska Council on Economic Education

The mission of the Nebraska Council on Economic Education is to act as a catalyst and lead a statewide initiative to advance economic and financial literacy. The vision is to ensure that all students from kindergarten through high school have an ongoing education and programs in economics and personal finance. Further, The Nebraska Council on Economic Education works to enhance teachers' understanding of the subject matter and their ability to teach economics and personal finance concepts.



# BANKING STUDENTS: A PATH TO ECONOMIC INCLUSION & MOBILITY

**DR. JENNIFER A. DAVIDSON**

PRESIDENT, NCEE

ASSISTANT PROFESSOR OF PRACTICE IN ECONOMICS, UNL

NBA FACULTY FELLOW

# INTRODUCTION AND MOTIVATION

- **People, at all ages, are not financially literate.**
  - Only 34% of adults over aged 50 can answer correctly three basic financial literacy questions (Lusardi & Mitchell, 2014).
  - Low scores on nationally normed high school *Test of Financial Literacy* (Walstad & Rebek, 2016).
  - Personal Finance is not systematically taught in school.
- Financial products and transactions have become increasing complex.
- There is a serious mismatch of necessary knowledge and skills that people have and need to know to be able to adequately handle making important, even life altering, financial decisions. Need to figure out how to improve this.
- Since 2002, Nebraska elementary grades In-School Savings Programs have enjoyed much growth. Popular nationally as well. **Hope** they are a way to mitigate lack of financial literacy, but no program evaluation – until now.



# GENERAL OVERVIEW OF ISSP

- Actual bank branch inside an elementary school
  - Partnership!
- First one in Omaha with Wells Fargo – 20 years ago!
- Program Basics
  - Open weekly
  - Deposit only
  - Students apply and trained as tellers
  - Students earn incentives for savings
- 30 current programs in Nebraska
- Popular program and additional planned



# VIDEO OVERVIEW – WAYNE ELEMENTARY



<https://youtu.be/pDGZLhtMO5E>

# How To Manual - Contact Us



## Elementary Banking

### A Guide to Starting A Student Branch In your Community

Tammie J. Fischer, Ph.D.  
UNL Center for Economic Education

Jennifer A. Davidson, Ph.D.  
President, Nebraska Council on Economic Education

Jamie Wagner, Ph.D.  
UNO Center for Economic Education



August 2020

# WHAT DOES THE RESEARCH LITERATURE SAY?

- **Teaching financial education at an early age**
  - Youth are capable of learning financial topics including specific to banking subjects.
  - Starting early is better, don't have to unlearn bad behaviors, and similar to math, makes sense to start early with and build complexity.
- **Financial knowledge and financial behaviors**
  - Research in this area is just emerging and shows mixed results.
- **Studies on experiential learning**
  - Learning by doing or participating in a specific activity rather than reading about or talking about subject matter is an effective education strategy.
- **Studies specific to in-school savings programs**
  - Missouri I Can Save Program (Sherradan, Johnson, Gao, & Elliott, 2010)
  - In School Savings Programs in Wisconsin and Texas (Batty, Collins, & Odders-White, 2015)
  - Youth Save Ghana Experiment (Amsong, Chowa, Maza, Despard, Sherraden, Wu, and Osei-Akoto, 2019)
  - Longer-term Impact and Efficacy of Nebraska's Elementary Grades In-School Savings Programs (Davidson, 2020)

# RESEARCH DESIGN AND METHODOLOGY

- **Qualitative and Quantitative**
  - Qualitative analysis of Interviews with school and financial institution partners
  - Quantitative analysis of high school student survey results
    - Surveyed entire southeast Nebraska high school with 90.2% response rate
- **Very unique study as longitudinal and looking at behaviors rather than just knowledge gains.**
- **Spoiler Alert!**
  - Positive outcomes correlated with participation: **Significantly more likely to be banked**, more likely to be earning income in high school and saving at higher rates.
  - Education and Financial Institution partners believe the program works and is successful.

# RESULTS - SURVEY OF HIGH SCHOOL STUDENTS

- Positive outcomes correlated with participation; Significantly more likely to be banked\*, more likely to be earning income in high school and more likely to be saving.

<b>Respondents</b>	<b>%Banked</b>	<b>%Working</b>	<b>%Save Regularly</b>
Participated	92.31*	66.15	66.15
Did Not Participate	67.57*	54.05	62.16

- Isolating those students who report saving more than 10% of any income, the difference is wider between those that participated and those that did not participate at 65.12 and 56.52, respectively.
- Regression Results: Those that participated are 24.7\* percentage points more likely to be banked, 12.1 percentage points more likely to be working, and 4 percentage points more likely to save regularly.
- \*significant at the 5% level

# RESULTS – SURVEY OF HIGH SCHOOL STUDENTS

## ■ Difference by Gender

- Males and females are banked and working at relatively equal rates, males report saving regularly more often than females.

Respondents	%Banked	%Working	%Save Regularly
Male	85.42	64.58	72.92**
Female	81.48	59.26	57.41**

- Regression Results: Females are 3.9 percentage points less likely to be banked, 5.3 percentage points less likely to be working\*, and 15.5\*\* percentage points less likely to save regularly compared to their male, high school counterparts.

- \*\*borderline significant at the 10% level,  $p=.104$

- *The Serious Savings Gap Between the Sexes in Smart Women Smart Money Magazine*  
– October 13, 2020

## FINANCIAL INSTITUTION DEMOGRAPHICS

- Population is any program open prior to the 2019-2020 school year (N=20)
- Fifteen financial partners participated, n=15
  - 75% response rate
  - 14 interviews and 1 email submission
- Median time in program operation is 5.5 years



## RESULTS – PERSPECTIVE OF FINANCIAL INSTITUTION PARTNERS

- **Why do financial institutions partner and what do they think they get out of it?**
  - Actualize core values:
    - increase financial literacy
    - give back to the community
    - create strong partnerships
  - Program that effectively teaches the habit of savings; good student outcomes.
  - Universally valued and **100% recommend that others should take on a school savings program.**

## WHAT DO FINANCIAL INSTITUTIONS GET OUT IT?

Potential Benefits	Ranked 1st	Ranked 2nd	Ranked 3rd	Ranked 4th	Did Not Consider
Helping local community/giving back	15	0	0	0	0
Brand/Marketing	0	9	5	1	0
Company Morale Booster/Employee Involvement	0	7	5	0	3
CRA requirements	0	0	2	4	9

## REPORTED COSTS AND BENEFITS TO FINANCIAL INSTITUTIONS

- **Is it worthwhile for financial institutions, given the cost and time involved? YES!**
  - Benefits: helping the local community and giving back; branding and getting name out; employee involvement
  - Costs: employee time; average start up \$2300, median start up \$1260; average annual \$563, median annual \$500
  - Challenges: commitment from school and desire to increase participation

## STUDENT IMPACT IN TERMS OF SAVINGS?

- Average annual student savings is \$54.76
- Continue saving just \$55 a year from age 15 to 65 at 8% return =  
**\$381,000 !!**

School Year	# of Programs	Aggregate Savings	Total # of Students	Average savings Per Student
2010-2011	2	\$7,200.79	104	\$69.24
2011-2012	3	\$13,001.22	200	\$65.01
2012-2013	6	\$21,577.28	412	\$52.37
2013-2014	7	\$24,014.89	476	\$50.45
2014-2015	8	\$34,095.31	652	\$52.29
2015-2016	9	\$31,429.59	755	\$41.63
2016-2017	10	\$51,255.80	869	\$58.98
2017-2018	15	\$74,940.77	1179	\$63.56
2018-2019	18	\$71,587.36	1366	\$52.41
2019-2020*	18	\$56,273.96	1351	\$41.65
		<b>\$385,376.97</b>	<b>7364</b>	<b>\$54.76</b>

\*Covid-19 pandemic closed schools and shorted savings opportunities by roughly 7 weeks

# QUESTIONS?

- Thank you for listening!!!
- Questions in the chat
- I'm here for the duration of the event
- Slides will be sent to you

# Banking the Unbanked – A Banker’s Perspective



## Moderator:

**Eric Hallman,**  
President and CEO,  
Nebraska Independent Community Bankers



**Rosenda Ovalle,**  
Director of Multicultural Banking,  
First National Bank of Omaha



**Raul Sarmiento,**  
Branch Manager,  
Union Bank and Trust

# Invitation to Take Action

# Invitation to Take Action

## **ACTION Step 1**

**Review resources promoting economic inclusion and mobility**

## **ACTION Step 2**

**Develop a action plan with specific outcomes.**

## **ACTION Step 3**

**Call or meet with banks, community based organizations or schools to discuss partnership opportunities.**

## **ACTION Step 4**

**Contact your local FDIC Community Affairs Specialist if you need assistance.**



# ECONOMIC INCLUSION – RECENT UPDATES

- **Economic Inclusion (EI) is integral to the FDIC’s mission of maintaining stability and public confidence in the nation’s financial system.**
- **Invitation to Action: Explore affordable and sustainable accounts today!**
- **FDIC Resources for Expanding Account Access:**
  - 2019 FDIC [Survey: How America Banks: Household Use of Banking and Financial Services](#)
  - FDIC’s New [#GetBanked Webpage](#)
  - Interagency [Q&A](#) Regarding Community Reinvestment

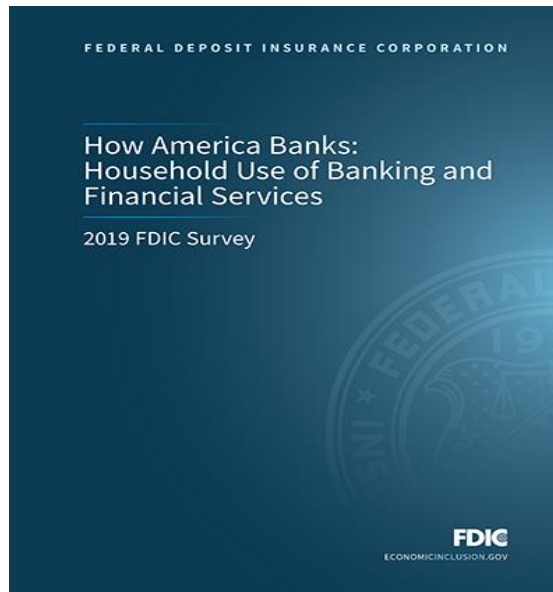


## Help Expand Banking Access Through Bank On

ABA encourages all banks to join the Bank On movement to help reduce the number of unbanked and underbanked in the country. In support of this effort, the nation's core providers are making it easier for banks to offer low-cost accounts that meet Bank On National Account Standards.

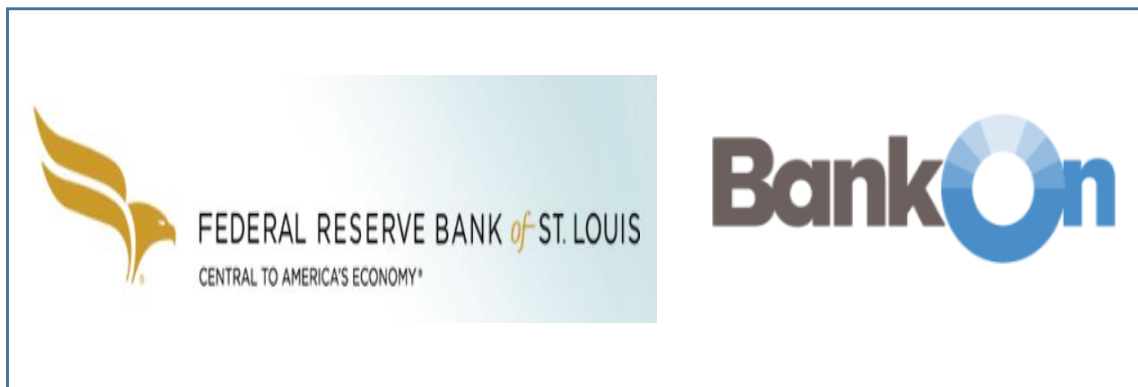


[Click here: ABA Press Release](#)



# ECONOMIC INCLUSION – RECENT UPDATES

- **Expanding account access to Low-to-Moderate Income (LMI) communities is a top priority for the FDIC and is encouraged by the Chairman.**
- **Support within the banking industry is available:**
  - Research performed by the Federal Reserve Bank of St. Louis of Bank On account activity
  - [Bank On Coalitions](#) connect banks with consumers
  - Twenty technical service providers have committed to support affordable accounts



## Core Providers Join ABA in Support of Financial Inclusion Initiative

Banks of all sizes can help expand access to banking services by offering low-cost, Bank On-certified accounts. Core providers want to help.

[Click here: Research on Bank On National Data Hub](#)

[Click here: List of core technical service providers](#)

# Upcoming Events



## Nebraska

### Nebraska Small Businesses are Preparing for a Transformational Recovery in 2021

**May 12, 2021**

Time: 1:30-3:00pm (CT)

Webinar

# Thank You For Participating, Speaker Contact Information Below

**Greg Housel**, Community Affairs Specialist, Kansas City Region, FDIC - [Grhousel@fdic.gov](mailto:Grhousel@fdic.gov)

**Richard Baier**, President and CEO, Nebraska Bankers Association - [richard.baier@nebankers.org](mailto:richard.baier@nebankers.org)

**Jennifer Davidson**, President, Nebraska Council on Economic Education - [jdavidson2@unl.edu](mailto:jdavidson2@unl.edu)

**Eric Hallman**, President and CEO, Nebraska Independent Community Bankers - [eric@nicbonline.com](mailto:eric@nicbonline.com)

**Rosenda Ovalle**, Director of Multicultural Banking, First National Bank of Omaha - [rovalle@fnni.com](mailto:rovalle@fnni.com)

**Raul Sarmiento**, Branch Manager, Union Bank and Trust - [raul.sarmiento@ubt.com](mailto:raul.sarmiento@ubt.com)

