

**May 22, 2012 FLEC Public Meeting Recap, US Department of the Treasury, Cash Room,
10:30 am–12:00 pm**

Welcome and Remarks from the Chair and Vice Chair

Opening Remarks: Cyrus Amir-Mokri, Melissa Koide & Richard Cordray

Cyrus Amir-Mokri, Assistant Secretary for Financial Institutions, US Department of the Treasury, welcomed Commission members and the general public to the quarterly meeting of the Financial Literacy and Education Commission (FLEC). Amir-Mokri began the meeting by emphasizing the importance of the Commission's work for financial education during a time of economic recovery. He congratulated the Commission agencies for increasing the financial capability of Americans throughout the nation. Amir-Mokri continued by introducing the idea that the Commission could serve as a vehicle to focus the different agencies' efforts and work in a time of limited resources. He then introduced Melissa Koide as the lead Treasury representative for the Commission.

Melissa Koide, Deputy Assistant Secretary for Financial Education, Financial Access and Consumer Protection, US Department of the Treasury, expressed her pleasure in joining FLEC. Koide spoke about the diversity of the Commission as well as the Commission's innovative approaches to financial education in the past. She stated that the Commission could now work on making its efforts more efficient and effective.

Koide recognized the work of the Research and Evaluation Working Group with respect to the Research Priorities and Research Questions materials and emphasized the importance of collaboration between agencies in reducing overlap and duplication. She continued by proposing that the Commission pinpoint specific target areas to focus its efforts. Koide emphasized that the Commission must emphasize financial education in homes and schools, the potential of new technology to deliver information to Americans, and the importance of Smart Disclosure. Koide also spoke about recommendations for emphasis from the President's Advisory Council on Financial Capability in areas such as schools, workplaces, and underserved communities.

In conclusion, Koide spoke of the upcoming update to MyMoney.gov and emphasized the importance of working together to tackle financial education challenges in the future.

Richard Cordray, Director, Consumer Financial Protection Bureau (CFPB) spoke about the mission of functioning as one government and stressed the notion that all agencies and departments are fundamentally part of a broader team. Cordray raised the tactical questions of addressing what government is doing and how it plans to bridge the widening gap between the need for financial literacy and people's financial decision-making abilities. Cordray emphasized that in order to close the gap there needs to be better-informed consumers and more accessible data to consumers.

In addition, Cordray highlighted CFPB's new online tool, "Ask CFPB." He stressed that this site is meant to be interactive and that suggestions are welcome. Likewise, while answers to consumer questions are produced by experts within CFPB, Cordray noted that the agency is willing and open to feedback as this resource meant to be an interactive and evolving system. The goal of such online tools is to create more transparency and accountability. Cordray

highlighted the Bureau's "Know Before You Owe" initiatives as an example of the Bureau's emphasis on simplifying choices and diminishing the abundance of dense, fine print documents that often go hand-and-hand with many consumer choices.

Lastly, Cordray spoke about CFPB's consumer response line and its efforts to coordinate its the online tools.

Financial Literacy and Education Commission Updates

Working Group Updates:

Research and Evaluation:

Jeanne Hogarth, Consumer Research Section, Division of Consumer and Community Affairs, Federal Reserve Board of Governors, Chair of the Research and Evaluation Working Group, noted the research priorities as included in the Commission materials. Hogarth highlighted the need to target research funders, staff in agencies and researchers to adopt these top priorities. She also spoke about the establishment of a research clearinghouse, focusing in FLEC Member research areas and public datasets.

Core Competencies and Financial Access:

Luke Reynolds, Acting Associate Director, Community Affairs Federal Deposit Insurance Corporation, Chair of the Core Competencies and Financial Access Working Groups, provided updates to MyMoney.gov and related web issues. Reynolds spoke with respect to correct categorization of core concepts on the site, webinar capabilities and strategies for the new MyMoney.gov upon its launch.

Outreach:

Jacqueline Snee, Financial Literacy Communications Manager, Federal Citizen Information Center, Office of Citizen Services and Innovative Technologies, U.S. General Services Administration, representing the Outreach Working Group, contributed information regarding the webinar and its overview and summary. Snee also spoke about developing a framework for the future of financial literacy tactics and strategies.

National Strategy:

Debra Golding, Deputy Director of Education and Outreach, Employee Benefits Security Administration, US Department of Labor, co-Chair of the National Strategy Working Group, spoke about developing talking points, example "elevator" messages, webcasts and other marketing tactics that would allow the work of the Commission to be distributed to a wider audience outside of Washington. Golding spoke about trying to identify events throughout the year to promote financial literacy and the necessity to fine tune definitions surrounding this financial concept. Lastly, Golding emphasized collaborative efforts in the future through identifying new opportunities and capitalizing on existing ones.

Upon conclusion of the updates, there was discussion surrounding the rationale for obtaining widespread clarity around the various financial concepts and definitions. Commission members stressed the importance of achieving consistency in communication and long-term action plans.

Members also discussed the challenges faced in smaller agencies when incorporating FLEC initiatives into regulatory practices. In other words, members highlighted that while agency educational and internal research components are often strong and effective, complexities arise when these agencies embrace increased responsibilities that require dedicated regulatory efforts on a regular basis. Likewise, this discussion reaffirmed the need for creating financial literacy terms with consistent definitions. Looking long-term, members hypothesized that evaluating how the regulatory and educational aspects intertwine will be beneficial to all member agencies. Members concluded this portion of the discussion with comments touching upon research methods, recent goals and continued participation in a global effort to define what exactly comprises financial capability.

Financial Education Approaches – Mobile Communications as a Tool

Presentations: Jeanne Hogarth, Manager, Consumer Research Section, Division of Consumer and Community Affairs, Federal Reserve Board of Governors

Dr. Audie Atienza, Senior Health Technology Advisor at the US Department of Health and Human Services, National Cancer Institute, National Institutes of Health

Jeanne Hogarth opened her presentation entitled “Consumer and Mobile Financial Services” with general statistics concerning mobile users. She noted that 21% of mobile users had used mobile banking in the past 12 months compared to only 12% who had used mobile payments. The study showed that smart phone users were two times more likely to use mobile banking and mobile payments. Hogarth defined mobile banking as using a mobile phone to access a bank account, credit card account or other financial account. She stated that 80% of mobile users using mobile banking were under the age of 45. Similarly, she spoke of the disproportional likelihood of minorities to be mobile bankers. Hogarth’s research showed that two thirds of people received text alerts for a low balance warning, while less than 3% had reminders to save. Her research also found that 48% of consumers were concerned about their security when using mobile banking and a surprising third of Americans did not know if mobile banking was safe. Hogarth defined mobile payments as the use of mobile phone to make purchases, bill payments, payments to another person and other payments. Hogarth’s research showed that the majority of consumers responded “other” when asked how they make mobile payments. Her findings also showed that consumers were interested in using their phones when shopping, with 48% interested in a function to compare prices while shopping and 33% interested in a function to receive promotions and coupons for their current location. Similar to mobile banking, consumers are concerned about their safety when making mobile payments as well. Hogarth’s study concluded that there is a traceable link between the use of smart phones and mobile banking and payments, that mobile payments are used less than mobile banking and that the issue of mobile security needs to be addressed.

Dr. Audie Atienza spoke about the use of Mobile Health to educate the public and address unhealthy behaviors. Dr. Atienza stated that there are currently more mobile phones than people in the United States and added that African Americans and Hispanics are more likely to own a mobile phone than whites. He emphasized the importance of collaboration in the creation of effective campaigns and apps. Dr. Atienza spoke of the success of the National Cancer Institute’s two-way text program to teenagers and young adults called “SmokeFreeTXT.”

Similarly, he spoke of “text4baby” which is a one-way text program to pregnant women and new mothers. Dr. Atienza attributed the success of “text4baby” to the numerous founding, governmental, and media partners involved. In addition, he noted apps to address obesity such as the BMI app. He stated that app development challenges had proved success in the health fields, such as the Department of Health and Human Services, the White House Office of Science and Technology Policy, and the Office of the Vice President’s Apps Against Abuse Developer Challenge. Dr. Atienza proposed that apps could prove just as successful in the scope of financial capability.

Question & Answer Session:

Members of the Commission and panelists discussed the increasing use of mobile apps among the population. The conversation explored contemporary research design and the notion that it is hard to know what technology will work today and why. For instance, just because a consumer changes his or her mind with respect to a purchase, it does not mean that this behavioral change is the best decision for him or her and consequently, the sources of decision-making influence are often convoluted. In addition, the discussion emphasized the potential role of the government in helping consumers find apps for everyday use and decision-making. In this sense, partnerships could be very beneficial, especially from a budget perspective. Comments were also made with respect to technology that focuses on youth development in studies. While there has been some investigation into this area, evaluation on the youth sector remain sparse. In many cases, the extent of research versus the pace of technology development is quite different. Lastly, the Commission discussed various contemporary economic concepts, such as whether the supply side of these technological tools and products has been well-researched and the appropriate role of government in addressing market behavior and consumer choices.

Conclusion and Next Steps

Louisa Quittman, Director of the Office of Financial Education at the US Department of the Treasury, concluded the meeting by speaking about the Commission’s work in improving the government’s engagement in promoting financial education. Quittman emphasized the importance of future efforts to define key areas of focus and specific efforts in each agency. She spoke of the creation of a new, secure on-line portal for the Financial Education and Literacy Commission to facilitate information sharing and the drafting of the SAFE Report in the near future.

Next Public Meeting Tentatively Scheduled: October 4, 2012