

House Financial Services Subcommittee on Financial Institutions and Consumer Credit Hearing

Improving Consumer Financial Literacy Under the New Regulatory system

Thursday, June 25, 2009
2:00 PM

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Witness List & Prepared Testimony:

- [Ms. Laura Levine](#), Executive Director, Jump\$art Coalition for Personal Financial Literacy
- [Mr. Lot Diaz](#), Vice President, Community Development, National Council of La Raza
- [Mr. Dallas Salisbury](#), President and CEO, Employee Benefit Research Institute
- [Ms. Stephanie J. Jones](#), Executive Director, National Urban League Policy Institute
- [Dr. Gerald Lauber](#), Chief Senior Advisor, National Urban Alliance
- [Mr. John Gannon](#), Senior Vice President, Office of Investor Education and President of the FINRA Investor Education Foundation, The Financial Industry Regulatory Authority
- [Mr. Brent Neiser](#), Director of Strategic Programs and Alliances, National Endowment for Financial Education

The panel and subcommittee quickly gathered a consensus that the current Treasury Department's Financial Literacy Education Commission (FLEC) ineffectively educates consumers about financial products. However, there appeared to be consensus that a federal agency, even FLEC, could soon become the hub that coordinates future consumer financial literacy initiatives. The hearing divided into three categories. First, how to increase financial literacy among the nation's youth. Second, how to provide financial literacy programs for adults. Finally, how to structure an effective federal financial literacy program.

Jump\$art's Laura Levine offered the first testimony which quickly separated student and adult literacy initiatives. The NCLR's Lot Diaz, NUA's Gerald Lauber, and Jump\$art's Laura Lavine, stressed the importance of integration into current curriculum, rather than addition – financial literacy education needs to relate to normal students, instead of being a new course in an already loaded curriculum. The witnesses emphasized the need for federal funding and coordination with the Federal Department of Education and the state education agencies.

Congress and the public, however, seem more interested in immediate adult training. FINRA's John Gannon, EBRI's Dallas Salisbury, and the OIE's Stephanie Jones emphasized the importance of working with consumers at the local level to ensure that

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current consumers understand the financial products they use. Salisbury went further, supporting clearly-worded one-two page credit card and loan contracts. When asked by Rep. Al Green, EBRI's Salisbury unequivocally advocated allowing consumers to take home closing contracts to review before signing them. NCLR's Lot Diaz suggested the most direct form of financial literacy training when he requested one-on-one training, referencing statistical data supporting its effectiveness.

As the panel discussed the structure of an effective federal agency, three key points were made. First, all witnesses stressed the importance of streamlining federal initiatives with regional, state, and community programs. Consumers trust people, not agencies – so federal initiatives should use the resources that exist to channel funds effectively. Second, NCLR's Lot Diaz, OIE's John Gannon, and NUA's Gerald Lauber explained that financial literacy programs would be ineffective if they are not funded robustly. Finally, EBRI's Salisbury offered the most insightful suggestion for the structure of the new agency. He hopes to see a governing board that consists of consumers, not career financial industry workers. With consumers actively engaged in the governance of the new agency, it will not lose focus or succumb to self-defeating practices.