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Message from the FDIC



As many families across the nation are struggling to cope with rising unemployment and strained budgets, financial security is more important than ever. That's why now is a particularly critical time for financial educators to encourage people to find ways to make sound financial decisions such as saving more money and paying off debt. This edition of *Money Smart News* provides news you can use to help people of all income levels make informed financial decisions.

Inside you'll find numerous examples of how financial educators are making a difference in the lives of others. Start by reading about the six recipients of the FDIC's new award for excellence and innovation in financial education. Then, look at the new FDIC White Paper that summarizes insights and opinions on money management and asset building from leaders around the country who participated in Chairman Sheila C. Bair's five-city "road show."

And, we urge you to read about the FDIC's survey of unbanked and underbanked households in America. Conducted by the U.S. Census Bureau, the survey results provide the most comprehensive data available to date on unbanked and underbanked households, including how many there are, their demographic profile, and where they are located.

Financial educators may find the survey results useful to help identify populations and communities that could potentially benefit from financial education efforts that teach the benefits associated with having and responsibly using a mainstream bank account. Also of interest are the reasons provided by unbanked respondents for not having a bank account.

As financial educators, you help people understand how bank accounts work, explain how to comparison shop for mainstream banking products and services, dispel misconceptions or misunderstandings, and highlight the importance of savings. In addition to providing education, you can also link or refer students to affordable mainstream bank products, such as entry-level deposit accounts that feature nominal minimum balance requirements and free or low-cost accounts specifically intended for recipients of government benefits such as Social Security.

Elsewhere in this issue you'll find a link to our newly redesigned, renamed Web page -- "Spotlight On..." -- that is calling attention to strategies and successes for *Money Smart* partners that have agreed to be part of a financial education "idea bank."

We hope that this latest issue of our newsletter will help you develop new ideas and new inspiration for the vital work you do. We also invite you to participate in *America Saves Week*, from February 21-28, 2010, when government agencies (including the FDIC), private companies and non-profit organizations join together to raise awareness of the importance of spending less and saving more. Likewise, be sure to think about ways to encourage people to "build wealth, not debt" even after *America Saves Week* is over. And, as always, if you're interested in learning more about the FDIC's education programs or if you'd like to offer a suggestion, please contact your [FDIC Regional Community Affairs Officer](#).

Sandra L. Thompson

Director

FDIC Division of Supervision and Consumer Protection

FDIC Announces Winners of Award for Innovation in Financial Education

As the final component of the FDIC's 75th anniversary observance, the agency on December 3, 2009, announced six recipients of the Chairman's Award for Innovation in Financial Education. The awards were intended to recognize excellence and innovation in financial education, and highlight potentially replicable best practices. To learn more about the awards and to see pictures of the recipients, visit <http://www.fdic.gov/anniversary/awards.html>.

FDIC Report Summarizes Insights About Financial Education in the Future

The FDIC released a White Paper summarizing discussions about strategies for integrating the underserved into the financial mainstream and providing the financial education to help ensure consumers use banking services in a responsible way. The panel discussions occurred at FDIC Chairman Sheila C. Bair's "Face Your Finances" road show held in five cities during 2008 and 2009 as part of the agency's 75th anniversary celebration. The panelists addressed efforts to help consumers build assets and access mainstream credit services. Read the White Paper, entitled "Financial Education and the Future: The Banking Industry's Role in Helping Consumers Manage Money and Build Assets," at http://www.fdic.gov/anniversary/FDIC_White_Paper_11_18_09v21.pdf. ([PDF Help](#))

New FDIC Survey Offers Insights Into Why People Don't Use Banks for Financial Services

On December 2, 2009, the FDIC released the results of the most comprehensive survey of the unbanked and underbanked in the U.S., providing new insights into their demographic characteristics and why they are outside of the banking system. The FDIC's 2009 National Survey of Unbanked and Underbanked Households was conducted on behalf of the agency by the U.S. Bureau of the Census. An estimated 7.7 percent of U.S. households, approximately 9 million, are unbanked, and an estimated 17.9 percent, roughly 21 million, are underbanked. Among the key findings was that, for unbanked households, the most common reason given for not participating in the mainstream financial system is that they don't have enough money to believe they need an account. Underbanked households were defined as those that have a checking or savings account but rely on alternative financial services, such as nonbank check cashing and payday loans. Results of the study broken down regionally, by state and by large metropolitan statistical area are available online at a new FDIC Web site at www.economicinclusion.gov.

Advisory Committee Meets to Discuss Strategies for Increasing Access to the Financial Mainstream

The FDIC's Advisory Committee on Economic Inclusion met on December 2, 2009, to discuss the results of the new survey of unbanked and underbanked households (see above), recent developments involving overdraft programs, and plans for the Committee's strategic focus in the future. See the agenda, copies of presentations and a video of the meeting by starting at <http://www.fdic.gov/about/comein/meetingDec22009.html>.

Success Stories: Reaching Households Struggling to Survive a Job Loss or Wage Reduction

With job losses and cutbacks affecting so many households, this issue of *Money Smart News* features success stories and tips financial educators can use to help people who have less income to pay the same stack of bills. ([Read the stories and tips.](#))

Money Smart Partners Highlighted on New, Improved Web Site

In 2006, the FDIC's "Model Sites" Web page began providing periodic updates on programs and outreach efforts by several Money Smart Alliance Partners that agreed to serve as case studies and sources of ideas for other financial educators. Now that Web site has a new name ("Spotlight On...") and is organized by theme so that educators can, for example, click on the *Employment Services* link to learn how these organizations are integrating *Money Smart* into training for job preparedness and workplace education. Find the new Web page at <http://www.fdic.gov/consumers/consumer/moneysmart/regions/index.html>.

Helping Consumers Understand How They Can Avoid ATM Fees

One way people can cut back on expenses is by avoiding ATM fees. Financial educators are reminded that, under federal rules, a teller machine operator may charge a fee only if the consumer is provided a notice on screen or on paper before the transaction is completed. The notice helps consumers know that they will be charged a fee and provides an opportunity to cancel the transaction rather than pay the fee. Educators may wish to incorporate a quiz question or a quick tip about ATM fees and the required disclosures that can help consumers avoid paying unnecessary fees. Find out more about the notice requirements in a November letter to FDIC-supervised institutions at <http://www.fdic.gov/news/news/financial/2009/fil09066.html>.

Latest *FDIC Consumer News* Discusses Deposit Insurance, Paying With Plastic and Using Safe Deposit Boxes

As bank failures are in the news, the FDIC is helping consumers understand why, as Chairman Sheila C. Bair has said, "there's no safer place in the world for their checking, savings or retirement money" than insured banks. The Fall 2009 issue of *FDIC Consumer News* gives facts and figures explaining the agency's financial resources run deep and that insured deposits are fully protected. Also in this issue are articles on debit cards, credit cards and prepaid cards. Another article offers five things to know about safe deposit boxes and home safes. The FDIC encourages financial institutions, financial educators and others to distribute the information in *FDIC Consumer News* by reprinting, linking to the material, or making copies and affixing their name or logo. Subscriptions are free. See the latest newsletter and subscription information at at www.fdic.gov/consumers/consumer/news/cnfall09/.

Reminders

Send Us Your Success Stories

The FDIC wants to hear how *Money Smart* is making a difference. We're interested in finding out about your programs and procedures, tips and other information that *Money Smart* educators and partners might find useful. The best contributions may appear in a future issue of *Money Smart News*. [See our previously published success stories](#). [Submit your stories](#) today!

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For More Help or Information

If you need additional assistance, [contact your regional Community Affairs Officer](#); or if you would like additional information on the *Money Smart* program, visit our [overview](#).

Past Issues

See other issues of the quarterly [Money Smart News](#) dating back to 2003.