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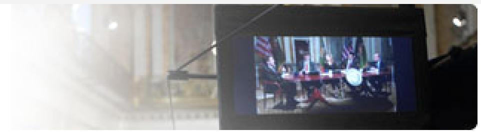

Remarks by Treasury Deputy Secretary Neal Wolin before the President’s Advisory Council on Financial Capability

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As Prepared for Delivery

WASHINGTON - We're very pleased to have all of you here for today’s open meeting of the President’s Advisory Council on Financial Capability.

I want to thank John and the other members of the Council for their deep commitment to improving financial education across the country. I also want to welcome Eldar Shafir and Marc Morial as new Council members.

Here at Treasury, I want to thank everyone at the Department who made today’s event possible—including Assistant Secretary Cyrus Amir-Mokri; Melissa Koide, our new Deputy Assistant Secretary for Financial Education, Access, and Consumer Policy; and Louisa Quittman, the Director of Financial Education.

We're also pleased to be joined by our colleague from the White House, Racquel Russell.

Finally, I want to acknowledge the business, government, and financial education leaders who have joined us. As we consider ways to strengthen financial capability across the country, we're going to need your continued commitment.

This is National Financial Capability month, and we're here because financial capability is a cornerstone of a competitive economy. Today, we want to explore how we can help all Americans gain more control of their finances.

To put this discussion into context, let me talk a little bit about the state of the economy and how we got here.

When President Obama came into office a little more than three years ago, the recession was well underway. We were losing 750,000 jobs a month. Businesses were failing at a record rate. House prices were falling. Capital markets were in a state of shock.

The President, working with Congress and the Federal Reserve, took a series of swift and bold actions to stop our economy from falling off a cliff and to jumpstart growth.

Today, thanks to the force of those actions, our economy is gradually getting stronger. Over the past two and a half years, the economy has grown at an average annual rate of 2.5 percent. Businesses have added nearly 4 million new jobs in the last two years—including more than 400,000 manufacturing jobs.

The economy is regaining momentum. But we still have more work to do to repair the damage caused by the worst financial crisis in our lifetimes.

So it’s important for us to remember what set this crisis into motion. Businesses took on too much risk. Washington let those risks grow unchecked. And in communities across the country, Americans made dangerous financial decisions that they did not fully understand.

We are in a much better place today, but there’s still more to do. As the President has said, we must “promote a financial system that is fair and sound for all.”

That means we must knock down barriers that keep consumers from successfully navigating today’s complicated financial world.

The first thing we have to do is put strong consumer protections in place.

That is why the President fought to make sure financial reform included the strongest set of consumer financial protections in history, and created an independent watchdog to enforce those protections.

Today, consumers are already relying on the Consumer Financial Protection Bureau to help settle disputes with financial companies. The CFPB is also working to improve disclosure on mortgages, credit cards, and student loans. And it is also examining payday lenders to help protect the 19 million American households borrowing money through payday loans.

So we have to make sure strong, common-sense consumer protections are in place. But we also have to increase financial capability.

The President has made helping Americans get the financial skills and know-how they need in today's economy a critical imperative.

Last year, the Administration released the National Strategy for Financial Literacy—a comprehensive plan to improve financial education across the country.

The President also created this Council to maximize the effectiveness of current financial education and access programs while identifying new strategies to foster financial capability.

And in 2009, the Administration started the National Financial Capability Challenge to boost the financial literacy of high school students. This awards program, which is underway right now, is run by the Treasury Department with the Department of Education. The Challenge is encouraging teachers across the country to give students the skills they need to make better financial choices. And we know this program is having a powerful impact on the students who have taken part.

As Bob Mantell, the director of financial literacy for the school district in Treynor, Iowa, explains: "The Challenge allows students to recognize those things that they don't know and delivers a 'reality check' to those who feel they are already prepared to tackle the complexity of the real world."

The fact is, when teenagers graduate from high school, they shouldn't only have a basic understanding of how our economy works—they should also be armed with a basic understanding of how to make wise financial decisions.

Students should understand how to successfully take on student loans, save for long term goals, apply for credit, and avoid unnecessary fees and charges.

And while we're doing our part to help increase financial literacy in the classroom, parents have a role to play too. Teaching kids basic money management skills is something that can start at home and have lasting results.

But financial capability is about more than improving education. It is also about improving the ways consumers interact with the financial system. Right now, too many Americans don't have access to basic financial services. In fact, more than one out of every four U.S. households is "unbanked" or "under-banked." The under-banked often have to rely on high-cost financial service providers to get their basic needs met. They are regularly hit with overdraft fees and stuck with low credit scores.

Today you're going to hear about some of the latest community-based programs that are helping Americans tap into better financial options and improve their financial circumstances.

For example, across the country, "Bank On" programs are helping under-banked individuals get affordable accounts, financial services, and financial education.

And in 23 states, Ways-to-Work is offering borrowers financial counseling alongside low-cost car loans so that they not only have dependable transportation but a better understanding of their finances. This program was developed with the help of Treasury's CDFI Fund, and is rooted in the basic principle that having a reliable car helps people to get jobs and to keep them.

Government is also making a difference by helping government workers cut through the fog of financial decision-making. In New York, for instance, the city established a program with a local bank so that municipal employees can get free financial counseling when they open a bank account. This program, which could potentially be replicated across the nation, is consistent with the recommendations made by this Council in January to position government as a model employer in promoting financial capability.

And technology is giving Americans new tools to make better financial decisions. Mobile phones are providing consumers with daily bank balance alerts – helping consumers avoid expensive fees – and encouraging them to make deposits in their savings accounts. ATMs alert customers when they're about to withdraw over a budget limit. And employers are using specialized video games to teach workers about the importance of saving for retirement. These technology-based tools are promising areas that we will be examining more closely in the coming months.

This is an important opportunity to come together to help more Americans take control of their financial future and to promote a financial system that works for everyone.

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