

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks of Assistant Secretary for Financial Institutions Cyrus Amir-Mokri to the FINRA Investor Education Foundation

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As prepared for delivery

WASHINGTON - Thank you, Rick, for inviting me to be here and for leading FINRA's efforts in the important area of financial capability. I am privileged to stand here on behalf of Treasury with Chairman White, Director Cordray, and others across the government, academia, and the private sector who share Treasury's commitment to promoting the financial well-being of Americans. Secretary Lew also sends his congratulations and thanks.

I commend the FINRA Investor Education Foundation for conducting the 2012 National Financial Capability Study. We are pleased to have consulted with the Foundation in designing the underlying research, as we also did when the project first launched in 2009. I believe this study, like its predecessor, contains critical insights into the financial practices and attitudes of Americans and its results will certainly inform our policy work. I urge policymakers and practitioners around the country to carefully consider this study as they work to improve the financial capability of Americans.

Education helps create new businesses and jobs, supports the middle class, and spurs productivity and growth. That is why the Obama Administration is committed to helping young people gain the skills and knowledge they will need to pursue successful careers and to contribute to our economy. We want to expand access to education beyond high school, for example, because workers with post-secondary training are more likely to be employed, earn higher wages, and rise up the economic ladder.

But as we work to equip our young people with improved job skills and earning potential, we must not forget that how to manage money is as important to economic well-being as how to make money. Financial capability is a critical skill for success in our complex economy. Americans who understand their personal finances will be better able to make sound choices about paying for education, taking out mortgages, handling credit card debt, purchasing insurance, setting aside savings, and planning for retirement, that is, all of the familiar yet complex decisions we make to live our present lives, secure our future, and weather unexpected events.

These insights are supported by the study, and the results show some encouraging signs. More Americans now report that they can cover their monthly expenses as compared with 2009, and more Americans state that they have set side "rainy day" funds. At the same time, the study indicates that too many Americans feel that they have too much debt, too few Americans are setting money aside for their children's education, and too many Americans have not planned for retirement at all.

When asked whether their school curriculum, college, or employer had offered financial education, only 29 percent of respondents said that it did, and only 19 percent actually participated in a financial education course. Overwhelmingly, 89 percent of the study's respondents stated that financial education should be offered in schools.

Consistent with the study, experience and scholarly research indicate that, like most education, building financial skills should begin early in life. Underscoring the importance of this matter, the President's Advisory Council on Financial Capability and many others have recommended that financial education be integrated into the school day.

The Department of the Treasury is working with other Federal agencies through the Financial Literacy and Education Commission, to focus our combined efforts on building the financial knowledge and skills of young people through an initiative we call Starting Early for Financial Success. The Commission has set clear outcomes to better assess the impact of our efforts. They include:

- Increasing the number of students who get the information they need to make informed decisions about how to pay for higher education;
- Increasing the number of working young adults who plan for the future and save for retirement and other long term goals; and
- Increasing the number of youth who have access to savings accounts as a way to encourage a lifetime of financial empowerment.

Through all of our efforts, we will be mindful to assess evidence that our work is having an impact. We believe that there is still more to be learned through objective, rigorous research about effective strategies for increasing financial capability. The Commission believes this research is important and we have encouraged the Journal of Consumer Affairs to dedicate a research volume to this topic in 2014. A call for papers for the volume is available on the mymoney.gov website.

To complement this work on financial education for young people, the Administration is working to enhance the affordability of higher education, and expand the tools and resources available to help students make sound choices about college and how to finance that education. For example, the Administration's efforts to empower families with more information on the cost of college through the College Scorecard is helping young adults make better decisions about what type of school to choose, what to study, and how to pay for it.

Treasury is also reaching out to our state and local government and private sector partners to take advantage of opportunities to help more Americans build financial capability. Federal government efforts to improve financial capability can and should be complemented by action in other sectors. State and local policymakers, educators, and private sector service providers can use data and other resources to provide consumers with the financial education and access to appropriate financial products and services that they need to manage their money, avoid pitfalls, recover from unexpected income shocks, and plan for the future.

We all, therefore, have an obligation to promote financial education, whether it be to help working Americans wisely manage their hard-earned money or to provide opportunity to young Americans without burdening their future. I once again thank FINRA for their important work, and I look forward to a sustained and serious collaboration on this subject.

Thank you.

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