



Playing An Important Role In Spreading Financial Literacy

business customers Gen Z

Summary: Financial literacy is crucial for banking customers' financial well-being and it is an ongoing issue that community bankers are tackling head-on. Most recently, community bankers, together with state businesses and political leaders, spearheaded successful financial literacy legislation in Nebraska. We review how they did it along with the current situation in other areas to inspire other community bankers.

Apparently, around 2K thunderstorms hit Earth every minute. Some of these storms are more powerful than others, with some causing 100 mph winds while others raining hailstones as big as baseballs. In 1995, TX experienced the most damage from a thunderstorm when those baseball-like hailstones fell from the sky. Let's hope we don't see any of that anytime soon!

Financial literacy instruction is a little like the weather — everyone talks about it, but few do anything about it. Included in those few, however, are community bankers. Most recently, in Nebraska, community bankers helped spearhead financial literacy in schools. They led a drive to make it mandatory to pass a personal finance course before graduating from high school. Legislation arising from that initiative passed in 2021.

What happened in Nebraska showcases what can be accomplished when community financial institutions (CFIs) join together for a cause that provides a win-win for the industry, their institution, and the broader communities they serve. But, the path is not always straightforward or easy.

The complexity of financial literacy in high schools

When it comes to school curriculum, it can be difficult to find consensus. Parents, educators, and the school district all have input into school curriculum. It can take a lot of time to change the current classes and educational requirements. Still, many parents tend to agree that their kids need and deserve solid instruction in the basics of personal finance. Many parents assume that their children understand financial literacy basics, but oftentimes don't explain it to them. This is especially true in underserved areas, where parents may also lack financial literacy.

Some school districts have added these classes to their curriculum. Yet, they are often optional, so many students aren't rushing to sign up. Some school districts don't even offer optional classes. So, where does that leave our young adults?

The current situation

According to the Council for Economic Education, only 25 states require completion of a personal finance course to graduate. The good news is that the number represents two more states than in 2020 (Nebraska and New Mexico are the newbies). As of March, Florida was considering a law to add it. But that still leaves about half the states without required financial literacy instruction.

Financial literacy has been a challenge for Americans for a long time. But the problem is getting worse. A financial literacy survey posed a series of relevant questions and found that Gen Z had the worst grasp of basic concepts. About [two-thirds of Gen Z respondents correctly answered only 50% or less of the questions](#) they completed. By comparison, 40% of boomers fell into that category.

The benefits of financial literacy

With their close connections to their communities, CFIs know firsthand how financial illiteracy can cause problems for students later on, as they go out into the world, get jobs, and start earning money. Young adults who don’t know how to balance a checkbook, manage a credit card, or develop a household budget can find themselves at a distinct disadvantage, particularly if they hope to start their own businesses one day.

A financially-educated customer is more likely to invest wisely and manage debt better than someone lacking personal finance knowledge. According to a Finra Investor Education Foundation study, [3Ys after implementing mandatory personal finance courses in the schools](#), Texas, Georgia, and Idaho experienced decreased delinquency rates and increased credit scores.

How Nebraska did it

Nebraska’s journey to student financial literacy was a decade in the making. After years of discussion and debate about the topic, the Nebraska Council on Economic Education published a study in 2018 on financial education in the state’s schools. It found that 210 of the state’s 244 school districts offered a personal finance course. That sounds good, but only 95 required the course for graduation.

Armed with data on the big gap in required financial literacy instruction, the Nebraska Independent Community Bankers and the Nebraska Bankers Association joined with state businesses and political leaders to get the new financial literacy law approved. Nebraska demonstrates how fact-based lobbying for a well-supported cause like financial literacy can succeed. It also highlights the important role CFIs can play in the process.

By advocating for better financial education in high school, CFIs are helping students, who are potential future customers, to become better managers of their finances. If you would like to read about the work some CFIs are doing on financial literacy in their communities, read our article, [Special Issue 2 - Community Bankers Keep Making A Big Impact](#).

OUTSOURCE ALM SERVICES AND REST EASY

Regulators have raised the bar on [interest rate risk and liquidity analysis](#). We can help you effectively manage your ALM and give you back some preciousy needed time. To see how easy it can be & get expert help, contact us today.

ECONOMY & RATES

Rates As Of: 04/28/2022 09:34AM (GMT-0700)			
Treasury	Yields	MTD Chg	YTD Chg
3M	0.82	0.30	0.76
6M	1.39	0.33	1.20
1Y	2.01	0.39	1.63
2Y	2.66	0.33	1.93

5Y	2.89	0.43	1.63
10Y	2.87	0.54	1.36
30Y	2.94	0.49	1.04
FF Market		FF Disc	LOBB
0.33		0.50	0.40
SOFR		Prime	QBFR
0.28		3.50	0.32

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.