



The Value of Thoughtful Financial Literacy

business customers customer experience

Summary: Financial literacy that is well thought out, touches on relevant topics, and is readily accessible can be a valuable tool to help you attract new customers and cement relationships with existing ones. We provide tips on how to revamp your financial literacy offerings for businesses and consumers.

Moving pictures first came onto the scene in Paris, France in December 1895, when photography equipment manufacturers, brothers Auguste Lumière and Louis Lumière, created a device called the [Cinématographe](#), an all-in-one camera, projector, and film printer that allowed them to animate sequential black and white photos. Though color production was available as early as 1908, the costs were prohibitively expensive. The first feature-length narrative film in natural color wasn't produced until 1914, and it took another 13Ys for sound to come into the mix.

The technology and capabilities used to create films have improved by leaps and bounds since, enabling filmmakers to produce everything from animated films to realistic-looking computer-generated images. Just as advancements in movies helped attract significant, ongoing audiences for the film industry, improvements to financial literacy offerings can be a good way for the banking industry to draw in new customers and deepen ties with existing clients.

Widespread Need

Financial illiteracy is the root of significant money problems, spurring many people to make questionable spending decisions that can land them in long-term debt. Despite widespread accessibility of financial education materials online, [52% of American adults](#) lack the necessary skills and knowledge to adequately manage their day-to-day finances and position themselves for future financial stability, according to the 2023 P-Fin Index.

Where small businesses are concerned, 97% of small-business owners say financial literacy is important, yet only 54% know their business' credit score. Vcita's 2022 survey of 326 small businesses revealed that [only 22% of small-business owners have enlisted the help of a financial advisor](#). More concerning is that, despite 78% of owners managing their business' finances alone, one-third have admitted to difficulties understanding their business' tax return. This knowledge gap can spell trouble for a company, if they make sizeable financial commitments like financing new equipment, remodeling their place of business, or hiring more staff without getting expert advice on what they can afford to spend.

Creating financial literacy programs that truly resonate with people — particularly younger generations, who are especially entrepreneurial — is a great opportunity for community financial institutions (CFIs). Financial literacy materials can both demonstrate a CFI's understanding of the financial challenges that many people face and highlight the expertise of their organization in helping consumers and business owners understand their finances.

An Intentional Approach

While many CFIs have created financial literacy programming in recent years — and there is no shortage of online content available — a lot of the content that exists has not made a noticeable impact on people's overall financial understanding.

Before setting out to rework financial literacy programs, CFIs need to be aware of the areas where people have the least understanding:

- Investing
- Risk comprehension
- Insurance

Gender and age are also prevalent factors in individual knowledge levels, with disproportionately higher levels of financial illiteracy among women, people of color, and younger people. The Wharton School of Business at the University of Pennsylvania published a study this year that asked participants three questions based on interest rates, inflation, and risk — just [29% of women answered all three correctly](#), compared to 48% of men.

Given that variation in education levels and comprehension exists between different demographics and geographics, the best way for CFIs to identify the greatest need within their communities is by conducting surveys and analyzing customer data. Making financial literacy offerings available where people are is equally important.

A New Way To Look at Financial Literacy

Here are a few things to consider when reworking your organization's financial literacy offerings:

- **Use social media.** While customers within older demographics may be more inclined to take advantage of in-person seminars and offerings, younger customers are more likely to seek out educational materials online. Don't overlook social media platforms like TikTok, where approximately [40% of its 755MM users](#) are between the ages of 18 and 24. Bite-sized videos with financial tidbits can show off your staff's expertise and gain credibility with followers.
- **Cover the bases.** Ensure that your educational efforts touch on all three of the main areas of money: spending, saving, and philanthropy. Provide general guidelines and reference ranges for both individuals and businesses to help them judge how much of their budget is being dedicated to certain necessities, like retirement accounts for consumers or savings for business operations.
- **Target by demographic.** Cater information offerings to specific groups and their greatest areas of interest — just keep in mind that the things each group is most interested in may not necessarily be what you would expect. While customers nearing the end of their careers tend to be hyper-focused on retirement savings, that doesn't mean that younger demographics aren't equally interested. In fact, [70% of Gen Z is already saving for retirement](#), according to the Transamerica Center for Retirement Studies.
- **Include children and teens.** Children and teens are tomorrow's customers. Educational content that extends to young people is a good way to impart important knowledge about finances before bad habits can develop. Youth-oriented programming is also a good way to attract new potential customers, cement ties with parents and grandparents, and potentially get parents and guardians to open accounts or debit cards with parental controls.
- **Have cross-platform availability.** Balance the availability of educational offerings between multiple places so that people can find resources in the areas that are most convenient for them — from your organization's own website to social media, email campaigns, and in-person offerings in your branch. You never know which method of outreach will resonate most with people, so make sure to go far and wide

when publicizing your financial literacy. For live events, you might want to schedule them around a noon lunch hour or in the evening, when workers and business owners have more availability. Offering the option to join the presentation virtually and sending recordings to all participants later will allow more customers to join as well as revisit any points they still have questions about.

Financial literacy is not only an important tool to help educate the public and help lower the risks of lending to consumers, but it can be a great way to showcase your organization's expertise and cross-sell products to new and existing customers. When done right, educational offerings can be a great way for CFIs to market themselves to new customers by demonstrating an understanding of their needs.

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ECONOMY & RATES

Rates As Of: 10/19/2023 11:29AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.61	0.06	1.19
6M	5.58	0.05	0.82
1Y	5.43	-0.01	0.72
2Y	5.17	0.12	0.74
5Y	4.96	0.35	0.96
10Y	4.99	0.41	1.11
30Y	5.09	0.39	1.12
FF Market	FF Disc	IORR	
5.33	5.50	5.40	
SOFR	Prime	ORER	
5.30	8.50	5.32	

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