

October 29, 2004

Department of the Treasury  
Financial Literacy and Education Commission  
Room 5001B  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Re: Comment Request for Financial Literacy and Education Commission National Strategy

I am writing on behalf of the North Carolina Credit Union League and North Carolina's 139 credit unions. As an organization that serves as an advocate for credit unions, we appreciate the opportunity to provide comments to the Financial Literacy and Education Commission to evaluate when developing a strategy to promote basic financial literacy and education among all American consumers.

The Commission has requested comments in three specific areas:

**What are the three most important issues that the national strategy should address, and why?**

1. *Public awareness in an honest, frank and forthcoming way.* Check cashers, payday lenders and credit card companies have done a fantastic job telling consumers how easy it is to obtain credit. They have great jingles and make debt seem like such a normal part of the American dream, so much so, that many consumers have no realistic plans to ever pay off their debt. All of the media messages tell consumers to obtain credit and spend, rarely do we hear about budgeting or saving for the future. We recommend that the Commission develop a nationwide public awareness campaign designed to help Americans achieve financial independence. Perhaps the use of a individual widely recognized in pop culture as financially successful and independent, such as Robin Leach or Donald Trump. A national strategy that can be communicated to consumers through media about how to obtain the new American dream – *being debt free*.
2. *Financial education in the classroom.* Recently the back to school survey from Capital One found that 90% of high school students stated they relied on their parents for financial guidance, however 80% of parents stated that they believed that schools provided classes on money management and budgeting. Currently financial education in the classroom is mandated in only four states. We recommend that the Commission consider a strategy to require financial education in the classroom nationwide.
3. *Promote Responsible Lending.* Our first two recommendations focus on the responsibilities of the borrower. We believe the lender also plays a critical role in the financial well being of consumers. Unsolicited credit card approvals and

payday lenders are being used without any awareness of the financial consequences involved. Targeted populations (youth, single mothers, the elderly, and immigrants) are building ruinous debt that they cannot possibly satisfy. Responsible lending will go a long way to promote responsible borrowing. We encourage the Commission to ask Congress to pass legislation to eliminate abusive lending practices.

**What existing resources may be used to address those issues, and how could they be best employed?**

We recommend the NEFE High School Financial Planning Program materials. The materials are free and available nationwide. Many organizations offer materials to teach financial education at no cost to teachers and volunteers. The materials, even though free, are underutilized because educators and volunteers who desire to teach the class must compete with curriculum requirements and state mandated testing. Additionally, we recommend utilizing the communication structures in place at the agencies and trade associations to communicate the message of the need for financial education.

**What are the best ways to improve financial literacy and financial education in the United States?**

Communicate, communicate, and communicate. For example: “*The new American dream – to be debt free*”. American consumers are very secretive about our financial condition. We want others to believe we can afford or live up to a certain lifestyle whether we can pay for it or not. The message we see from celebrities and retailers is that we deserve to have everything. I think we are overlooking an important point – if American consumers have never learned basic money management skills how can we expect them to be financially successful?

We appreciate the work the members of this Commission are undertaking on behalf of American consumers. Credit unions were founded on the basis of “People Helping People”; nothing could be closer to our mission than educating American consumers on the importance of basic financial education.

Respectfully submitted,

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