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National Association of Federally-Insured Credit Unions

July 9, 2018

Monica Jackson
Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552

RE: Request for Information Regarding Bureau Financial Education Programs (Docket No. CFPB-2018-0015)

Dear Ms. Jackson:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), the only national trade association focusing exclusively on federal issues affecting the nation's federally-insured credit unions, I am writing in regard to the Bureau of Consumer Financial Protection's (Bureau) Request for Information (RFI) on its financial education programs. NAFCU commends the Bureau for its commitment to financial education, and has several recommendations for improving its existing strategies to promote financial literacy. Above all, NAFCU recommends that the Bureau work with the National Credit Union Administration (NCUA) to partner with credit unions so that its financial resources can be more effectively distributed to communities across the country. The Bureau should also expand its resources on payday loans to better educate consumers on the costs as well as consumer-friendly alternatives, including the NCUA's payday alternative loans (PAL) program. Furthermore, NAFCU suggests that the Bureau improve its guide to "Planning for Retirement," expand its Spanish and other foreign language materials, conduct more in-person financial education events, and continue to collaborate with other federal agencies to maximize the effectiveness of its programming.

General Comments

Credit unions are not-for-profit, member-focused financial institutions, uniquely dedicated to improving the financial lives of their members and communities. Providing financial literacy and education is paramount to improving credit union members' financial lives, and NAFCU is proud that so many in the industry provide this valuable service. In fact, according to NAFCU's March 2018 *Economic and CU Monitor* survey, approximately 94 percent of respondents indicated that they offer some form of financial literacy programming to their members. Credit union training programs cover a wide array of traditional financial management topics, including buying a home (93 percent of respondents), online financial tips (73 percent of respondents), and saving for retirement (67 percent of respondents). Moreover, credit unions pursue innovative methods for promoting greater fiscal responsibility, such as new services or technology for aiding members' financial management (50 percent of respondents). Credit unions also offer creative incentives to help members save, including tiered savings accounts (75 percent of respondents),

high yield accounts (25 percent of respondents), and "second chance" accounts (25 percent of respondents).

NAFCU appreciates the Bureau's efforts to evaluate the efficiency and effectiveness of its financial education programs. Although the Bureau offers a variety of quality financial education resources, the state of Americans' financial health is still less than ideal. Recent studies suggest that close to 80 percent of Americans live paycheck to paycheck. According to the Federal Reserve, four in ten Americans cannot cover a \$400 unanticipated expense without borrowing money; and only half of those with a credit card always or almost always pay their credit card bill in full each month. In regard to retirement, less than two-fifths of non-retired Americans think their retirement savings are on track, and a quarter of non-retired Americans have no retirement savings whatsoever.¹ Clearly, work remains to be done to ensure that all Americans are on the road to financial health.

Credit unions are deeply invested in the financial well-being of their communities and, therefore, provide the best avenue to disseminate financial education resources. NAFCU encourages the Bureau to establish a strong, sustainable partnership with credit unions to distribute its financial education resources. This approach would ensure that important information actually ends up in the hands of consumers instead of lingering online for only those consumers who know what to look for. Local outreach and efforts are most likely to make a meaningful impact and begin to effectuate improvements in Americans' financial health. In terms of partnering with credit unions, NAFCU suggests the Bureau work with the NCUA to establish credit union contacts and begin the process of coordinating its financial education efforts.

In addition, NAFCU has several specific recommendations for how the Bureau could improve and expand its existing strategies for financial education. As a threshold matter, although financial education resources are crucial to sustaining and improving the nation's financial health and it is important to provide materials covering a wide-range of topics, NAFCU encourages the Bureau to consider including legal disclaimers on more of its guides and webpages. For example, the Bureau's page entitled "What is a home equity loan?" provides a disclaimer at the bottom beginning with "The content on this page provides general consumer information. It is not legal advice or regulatory guidance..." This type of disclaimer should be included on more financial education resources to ensure that consumers are not confused and no additional liabilities or requirements are inadvertently placed on credit unions.

Even though the Bureau covers an appropriate range of financial education topics, NAFCU encourages the Bureau to expand its resources covering payday loans and saving for retirement. NAFCU also recommends that the Bureau more effectively leverage its video resources by directly linking to all relevant videos on its money topic pages. Furthermore, the Bureau should conduct in-person meetings on financial education topics, in addition to webinars, on at least a quarterly basis. NAFCU also suggests that the Bureau continue to expand its Spanish and other foreign language resources so that all Americans can benefit from its financial education

¹ Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2017* (2018).

programming, without imposing new burdens on credit unions. Finally, NAFCU recommends that the Bureau continue to collaborate on financial literacy with other federal regulators through the Financial Literacy Education Commission (FLEC), and work to include links to relevant resources from other federal regulators on the Bureau's website.

NAFCU's Recommendations

Financial Education Topics (RFI Questions 1a, 1b)

NAFCU commends the Bureau for building extensive materials through its website and printed publications to educate consumers on a variety of financial topics, such as mortgages, auto loans, and student loans. NAFCU also applauds the Bureau for creating guides to support consumers through important financial decisions, including "Buying a House," "Getting an Auto Loan," and "Paying for College." As the Bureau's educational materials cover a breadth of financial topics, NAFCU does not have any recommendations for new topics that need to be addressed. However, NAFCU is concerned that the resources for several key issues are underdeveloped. In particular, the Bureau should consider building out more comprehensive materials for payday loans, as well as expanding the guide entitled "Planning for Retirement."

NAFCU suggests the Bureau expand its consumer tools to help Americans make informed, responsible decisions regarding payday loans. According to The Pew Charitable Trusts, 12 million Americans use payday loans every year, "spending an average of \$520 in interest to repeatedly borrow an average of \$375 in credit."² Despite widespread use of these products, the Bureau's online resources to help consumers understand payday loans are limited to a list of frequently asked questions. Although a consumer looking for a payday loan to cover a utility bill or an unexpected emergency may not have the same luxury of time and choices as a consumer shopping around for a mortgage or auto loan, the Bureau should provide the same level of information to ensure that users of payday loans understand the terms of their obligation.

Additionally, the Bureau should ensure that consumers looking for short term, small dollar credit are aware of the consumer-friendly alternatives to traditional payday loans. For example, as the Bureau referenced in a press release regarding its payday lending rule, credit unions offer low-cost, short term, small dollar loans through the PAL program, which is authorized by the NCUA.³ NAFCU strongly encourages the Bureau to work with the NCUA to not only disseminate financial education resources generally, but also particularly with respect to potential resources regarding the PAL program. Considering that the underbanked often turn to payday loans, and the Bureau is statutorily obligated to provide guidance for traditionally underserved and underbanked communities, it is the Bureau's responsibility to expand its educational resources on payday loans and predatory lenders.

² *Payday Lending in America: Policy Solutions*, The Pew Charitable Trusts (Oct. 2013), available at <http://www.pewtrusts.org/en/research-and-analysis/reports/2013/10/29/payday-lending-in-america-policy-solutions>.

³ *CFPB Finalizes Rule To Stop Payday Debt Traps*, Consumer Financial Protection Bureau (Oct. 5, 2017), available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-stop-payday-debt-traps/>.

NAFCU also recommends that the Bureau expand its guide entitled "Planning for Retirement" to include basic information on retirement savings accounts. Currently, the guide limits its discussion on retirement income to Social Security and pensions. Even though this information is relevant for some current retirees and government employees, most in the work force no longer have a pension plan. Educating consumers on the options available for retirement savings accounts and providing some basic guidance on the types of decisions a consumer will have to make when choosing to participate in a retirement savings account would be helpful. To avoid duplicating work done by other federal agencies, the Bureau could avoid going into too much depth here and link to outside sources, such as the U.S. Securities and Exchange Commission's Investor.gov website.

Financial Education Delivery Channels (RFI Questions 1c, 1d)

NAFCU recommends that the Bureau continue to make its financial education resources available online, as well as continue to provide the option for people to order free paper copies, as this ensures that the Bureau's materials are available to all Americans. To improve its online and video delivery channels, NAFCU suggests that the Bureau more clearly link to the videos it has available within each consumer education topic. Often there is only one featured video on a money topic or guide page. The Bureau should consider including a link to all videos relevant to that topic. NAFCU also recommends that, in addition to webinars, the Bureau conduct field hearings and roundtables on financial education topics on a quarterly basis, at the least, to maximize stakeholder engagement.

Programs to Serve Specific Populations (RFI Question 1f)

NAFCU applauds the Bureau for its work in developing financial education programs targeted at specific populations. For example, the Bureau has a variety of resources specifically for servicemembers and veterans, including a guide to "Navigating the Military Financial Lifecycle," a financial education tool for new servicemembers, and resources on the *Servicemembers Civil Relief Act* and *Military Lending Act*. A number of credit unions specifically serve servicemembers, veterans, and their families, and these kinds of materials are especially helpful for them to provide their members with exceptional service. Unfortunately, NAFCU has found the Bureau's resources for certain other specific populations to be less comprehensive.

NAFCU encourages the Bureau to continue to work on expanding its resources for non-English speakers, especially Spanish-speaking Americans. Some of the Bureau's resources are available in Spanish, and a few select topic matters are covered in other foreign languages, but this is not sufficient. All financial education materials should be available in Spanish, at the least, and ideally available in more languages. NAFCU appreciates that the Bureau is working toward expanding its Spanish-language resources through efforts such as the Prepararse campaign, and NAFCU encourages the Bureau to continue these efforts so that all Americans can benefit from the Bureau's financial education work. However, NAFCU discourages the Bureau from requiring credit unions to make all of their materials available in foreign languages. Credit unions have distinct fields of membership (FOMs) and are committed to providing exceptional service to

those in their FOM. As such, credit unions and their member-owners should be allowed to determine for themselves if there is a need to provide resources in a foreign language.

Measuring the Effectiveness of Bureau Programs (RFI Question 2)

NAFCU does not have specific recommendations for how the Bureau could improve its manner of measuring the effectiveness of its financial education programs, but encourages the Bureau to frequently solicit feedback from consumers, financial educators and financial institutions on the helpfulness of the Bureau's resources and suggestions for improvements.

Overlap with Other Federal Agencies (RFI Question 3)

Federal regulator collaboration is essential for designing maximally effective financial education programs. As such, NAFCU strongly supports the work of FLEC. NAFCU encourages the Bureau to continue to work with other federal agencies through FLEC and on an independent basis to promote financial literacy. Although the Bureau's financial education resources overlap somewhat with FLEC and other federal regulators, this overlap does not reduce the importance of the Bureau's financial education efforts. The Bureau fills the critical role of providing consumers with the top-level information they need to make responsible choices about various financial products, whereas other federal agencies do not provide a comprehensive equivalent. NAFCU urges the Bureau to leverage the existing financial education resources developed by other federal agencies by linking to pertinent resources on the Bureau's financial topic pages.

Conclusion

NAFCU appreciates the opportunity to provide comments on this RFI regarding the Bureau's financial education programs. If you have any questions or concerns, please do not hesitate to contact me or Sarah Jacobs, NAFCU's Regulatory and Legislative Assistant, at sjacobs@nafcu.org or (703) 842-2231.

Sincerely,



Ann Kossachev
Senior Regulatory Affairs Counsel