



Written Testimony of Marcia Z. Sullivan

On behalf of

Consumer Bankers Association

To the House Financial Services Committee

Hearing on

“Financial Literacy and Education: The Effectiveness of Governmental and
Private Sector Initiatives”

April 15, 2008

Consumer Bankers Association (“CBA”) is pleased to provide a written statement for the hearing today titled, “Financial Literacy and Education: The Effectiveness of Governmental and Private Sector Initiatives.” Financial education is as important a topic today, in a challenging economy, as it has been during more prosperous economic times. CBA is committed to the goal of expanding financial education and improving consumers' understanding of the complexities of consumer financial services - whether in mortgages, credit cards, student loans, deposit products, or the myriad ways in which consumers interact with financial services in this complex economy.

The CBA is the recognized voice on retail banking issues in the nation’s capital. Member institutions are the leaders in consumer, auto, home equity and education finance, electronic retail delivery systems, privacy, fair lending, bank sales of investment products, small business services and community development. The CBA was founded in 1919 to provide a progressive voice in the retail banking industry. The CBA represents over 750 federally insured financial institutions that collectively hold more than 70% of all consumer credit held by federally insured depository institutions in the United States.

We would like to highlight some of the recent initiatives that CBA has been involved with and wish to express our gratitude to all of our CBA members who have worked diligently to support these initiatives in addition to the extraordinary work they do through their own financial literacy initiatives.

"Credit Fairy" Campaign. The Consumer Bankers Foundation, the Leadership Conference on Civil Rights Education Fund, and the Ad Council have partnered to help educate consumers on how they can improve their credit scores. Credit scores impact a consumer's rate and loan terms, access to reputable financial services and access to credit. An individual's credit score is critical because it affects the interest rates one may be charged on virtually all loan products, including mortgages. In a humorous way, the campaign reminds people that "there is no such thing as a credit fairy" – they can improve their credit, but they have to take some simple but important steps to make that happen.

The campaign, which was funded by CBA along with Citicorp, HSBC, National City Bank, SunTrust, and Wachovia, highlights a few straightforward examples of things that can be done to improve your credit score, such as paying bills on time, keeping credit card balances as low as possible, and resisting the urge to open many credit cards in a short period of time. It also refers them to a web site for more information.

The services of the Mullen advertising firm, a AAA-accredited advertising agency have been used to produce the campaign spots, which are running on TV, radio, print, and Internet banner ads. The Ad Council is distributing the campaign to over 28,000 media outlets nationwide via specially designed kits. It will also perform tracking to understand shifts in relevant attitudes, behavior and awareness pre- and post-campaign.

The web site, www.creditfairy.org, is designed to be a reliable, one stop shop for information and resources related to credit history, credit scores, and credit goals. It has interactive tools, such as a literacy quiz; how to navigate a credit report, including samples of reports; credit myths and answers to common questions, success stories; and links to important sites.

"Hit the Books Running" - College Bound Aid Program. CBA has been working through its CBA Education Funding Committee and Washington Partners, LLC, its partner on higher education issues to create a resource for students who are considering going to college and need to borrow money to fund their education.

First announced in April, 2007, the program began as a consumer awareness program aimed at reducing student aid debt on graduation by raising awareness of the need to start early, plan ahead, study smart, and to carefully research all financial aid options before considering a loan. To date, CBA's College Bound Aid informational web site, its matte service radio spots and print articles have reached a combined audience in excess of 75 million. The program was also recently recognized by the North American Précis Syndicate with a certificate of excellence for a record 547 airings of one of the radio spots that helped students understand the availability of financial aid through federal loans such as the Federal Family Education Loan program.

The “Hit the Books Running” campaign addresses four major challenges to attending college: understanding the importance of college today, understanding college costs, understanding the need for academic preparation for college, and understanding the need for career and financial counseling. This program encourages early planning and initiatives that parents and students can take to avoid or lessen the burdens of student debt.

The website, www.collegeboundaid.com, is designed to provide student and parent borrowers with one-stop shopping information encouraging them to “Shop Wisely” and educating them how to responsibly borrow for financing higher education financial needs, including encouraging students to exhaust all grants, scholarships, and federal student loans before looking to non-federal student loan options.

Ultimately, CBA believes that an informed consumer is a good bank customer who can maintain responsible spending habits even through challenging financial times. CBA members individually reach out to communities with their own literacy programs, seminars, pamphlets, and on-line resources, and CBA members collectively have worked diligently to craft the national campaigns highlighted here today. We are very proud of our accomplishments and will continue in our efforts to educate consumers through our consumer financial literacy awareness programs. If you need any additional information or have any questions, please feel free to contact Marcia Sullivan, Steve Zeisel, or Darlene Rosenkoetter at (703) 276-1750.