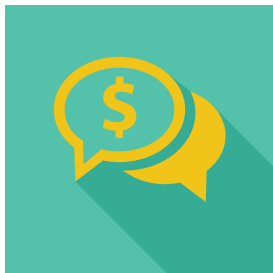


STRATEGY #12

Offer Financial Management and Literacy Tools Outside the Classroom

According to the Filene Research Institute, young adults' financial literacy knowledge is typically low—even amongst those with high levels of education and income. Although they might not admit it, they could use assistance with debt management.⁸ With relatively little financial service experience, most young adults could also benefit from advice on how to establish credit, compare loan offers and save for their goals. However, cost and time to learn are major constraints to reaching high attendance at credit unions' financial literacy classes.

The response is to bring financial education and advice to where young adults are—on social media, online and mobile devices. Social media offers virtual consulting and financial advice. In online forums, young adults post questions about financial matters. On mobile devices, credit unions provide personal financial management (PFM) tools for members to see and manage all their



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Lee Wetherington, keynote speaker at the 2014 World Credit Union Conference, explained credit unions could give their members the financial decision-making tools they need, based on the data they already have.

financial accounts and transactions in one place. This online/mobile software details how members spend, save and manage debts, which helps credit unions advise in members' best interests.

Lee Wetherington, strategist in technology, banking and payments, encourages credit unions to tap into their members' data on spending, savings, etc.—which no other institution has access to—to give the members peace of mind when they check their finances before making a purchase. By understanding their data, credit unions can help members decide in real time via PFM tools whether, when and where to spend.

As online shopping increases, so does demand for mobile PFM tools that help consumers decide when not to buy, especially the Generation Y. “Mobile PFM is the segue from mobile banking to mobile finance and loans...and mobile shopping. What everyone wants in mobile PFM is privacy, ease and simplicity,” says Wetherington.

The branchless bank Tangerine in Canada encourages its customers saving habits via a mobile banking app called Small Sacrifices. The app graphically shows consumers the short-term and long-term financial gains they can make by forgoing daily, weekly and monthly spending on nonessential items and depositing that money into a savings account. The app creates bar charts that display how the money saved would grow over the next 5–25 years. Unitus Community Credit Union in Portland, Ore., has reported members who use online PFM are among the most profitable and most engaged members.⁹

⁸ Carlo de Bassa Scheresberg, Annamaria Lusardi. *Gen Y Personal Finances: A Crisis of Confidence and Capability*. Filene Research Institute, 2014.

⁹ *The Future of PFM and Mobile Strategies*, Credit Union Times, 2013.