



CRA AT FORTY

Building a Financial Education Culture at Your Bank

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If there is one rule I've learned in my 30 years as a banker, it's this: A bank can only be as strong as the communities it serves. When we do our part to lift up the most at-risk individuals and families within these communities – through a variety of tools, strategies and resources – our cities and towns become stronger, as do our organizations. As Community Development Banking Manager for Old National Bank, I'm proud that we have implemented a comprehensive approach to community development, including a strong emphasis on financial education.

FINANCIAL EDUCATION AS A CORE ORGANIZATIONAL FOCUS

To some extent, Old National has made financial education a core organizational focus because it's simply the right thing to do, and because doing so is consistent with our values. Yet our commitment to financial education also represents a dollars and cents calculation of the tremendous cost of financial *illiteracy* to our communities.

Consider the following statistics...

- In March of this year, the National Financial Educators Council¹ asked a cross-section of Americans a question: *Across your entire lifetime, about how much money do you think you have lost because you lacked knowledge about personal finances?* A full 33 percent of respondents reported lifetime losses over \$15,000, and another 25 percent said they've lost over \$30,000 due to a lack of financial knowledge!

¹ National Financial Educators Council, "Financial Illiteracy Costs: Over 3,000 People Estimate How Much," March 2017, available at <https://www.financialeducatorsCouncil.org/financial-illiteracy-costs/>

- A 2015 Study by the FINRA Foundation² (an organization that regulates brokers and Wall Street) found that nearly two-thirds of Americans couldn't pass a basic financial literacy test, while less than half are able to answer basic questions about financial risk!

By addressing this problem head-on, and making financial education an integral part of our approach to community development, Old National is empowering individuals to become successful money managers and budgeters, first-time homeowners and, in some cases, even business owners.

How committed is Old National to this process? So much so that we added a Financial Empowerment Director to our Community Development team in 2013, along with a second financial education focused associate in 2016. Additionally, Old National has over 60 associate volunteer financial trainers that continue to raise the bar on Old National's commitment to financial education.

A tremendous example of our unique and powerful approach to financial education is our *12 Steps to Financial Success* program, which earned Old National two American Bankers Association Community Commitment Awards in 2015. Born out of partnership between our Community Development team and the Henderson, Kentucky Detention Center, this first-of-its-kind program was designed to help incarcerated female inmates in Western Kentucky re-enter society as more qualified and financially responsible citizens. In the three years since its inception, we've expanded *12 Steps* into Indiana and Michigan, and it now includes courses geared toward the financial education needs of homeless veterans. Individuals who complete the program are far better equipped to open a bank account, save for college, create an emergency fund, start a business or purchase a home. Topics covered in these one- to two-hour classes include financial psychology, account management, budgeting, credit, ID theft, jobs and careers, entrepreneurship, taxes, investment and retirement.

For many of the incarcerated individuals who complete *12 Steps*, the program represents the first time they have graduated from *any* class or program in their lives, giving them tremendous self-confidence and the motivation they need to break the cycle of financial dependence and poor decision-making that may have contributed to their previous incarceration. For homeless veterans who complete the program, *12 Steps* provides the money management and budgeting skills they desperately need to better position themselves to become homeowners or home renters in the future.

A COMMITMENT TO COLLABORATION

Another critical part of the equation is the fact that our Community Development team partners very closely with the Old National Bank Foundation, which is committed to allocating 80 percent of its grant funds to CRA-eligible initiatives. Our Foundation and Community Development teams have been under the same Community & Social Responsibility Department umbrella since 2011, and members of the two teams share a common office environment, making it easy to share ideas and discuss goals.

Prior to 2011, Old National's Community Development team (which at that time did not focus heavily on financial education) was part of the bank's Compliance department and therefore lacked the close connection we now enjoy

² FINRA Investor Education Foundation, "National Financial Capability Study," 2015, available at <https://www.finrafoundation.org/programs/capability/index.html>

with the Foundation team. Today, Community Development and our Foundation work so closely together that it's inconsequential how a particular relationship gets started. What matters is that we collaborate to provide each business partner with multiple resources, including robust financial education resources.

A perfect illustration of this collaboration at work can be found in Old National's partnership with the Community Action Program of Evansville and Vanderburgh County (CAPE). Not only did CAPE receive Old National Bank Foundation funds to build three CRA-eligible rental homes in rural Oakland City, Indiana, our Community Development team also worked with CAPE to provide desperately needed financial education resources.

There are many other examples like this one, each of which helps to paint an overall picture of Community Development and Foundation synergy. Yet it's important to note that we did not arrive here overnight, and that we continue to search daily for better ways to work together for the benefit of our communities.

IT ALL COMES DOWN TO STRENGTHENING LIVES

While financial education is an incredibly strong focus at Old National, it's just one tool in our Community Development toolbox. We're equally committed to community investment, community lending and community outreach & service.

The end goal of all these efforts is simple: to strengthen lives and help create a brighter future for the most at-risk members of our communities. We believe our unique, aggressive approach to financial education is helping us achieve this critical goal.

ABOUT THE AUTHOR

GARY ROAN is a native of Columbus, Ohio and joined Old National Bank in 2012 to direct the bank's Community Development department. In his five years at the helm, Old National's Community Development team has earned multiple awards related to financial education as well as an Outstanding CRA Rating from the OCC. Gary began his career in banking in 1979 as a lender for Ohio National Bank in Columbus and has held multiple banking and lending positions in his esteemed career.

ABOUT THE BOOK

This article first appeared in **CRA at 40: Views on the Present and Future of Community Reinvestment**, published by findCRA in November 2017. The book was created in celebration of the 40th anniversary of the Community Reinvestment Act. It tells the stories of community development, from the perspective of those working in our communities who bring their knowledge and passion to bear every day in confronting the most critical problems facing communities in need. The book is about real-world experiences told in plain language by those who live them to provide a lens for readers to see CRA at work, ideas for its future and most importantly, what it means in people's lives. To access the full text or order copies of the book, please visit www.findCRA.com/CRAat40.