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**Remarks of Susan C. Keating  
Interagency Consumer Complaint Conference  
Financial Education: What's New in Outreach and Education  
Kansas City, Missouri  
April 16, 2009**

**I'm pleased to be here today along with Dubis and Evan to discuss the challenges facing consumers and how financial education and outreach can help particularly during these difficult economic times. As everybody in this room knows, now more than ever, consumers need help with money management. I don't need to recap the numbers showing the continuing rise in home foreclosures or bankruptcies, or cite how job losses have added to unemployment levels where unemployment now equals the combined populations of every man, woman and child in our 12 smallest states.**

**We know that money management problems affect the stability of families and that financial discord is one of the main causes of divorce. I know that NFCC agencies have been seriously concerned for sometime, and in fact, a couple of years ago created a new vision for the organization—to create a national culture for financial responsibility. What NFCC agencies do day in and day out is work with people who need help managing their money whether it is to intervene in the midst of a serious financial crisis or provide preventative financial education to people who serve to benefit from the knowledge over the long term. Not surprisingly, the NFCC agency locator line that we publish to link a consumer with an agency counselor actually had to be replaced a couple of months ago because of the high volume of calls. The bad news is that people need help. The good news is that they are reaching out to a trusted and legitimate consumer advocate and resource through the NFCC.**

**For those of you who do not know, the NFCC is the nation's oldest and largest network of non-profit financial counseling agencies. We've been in operation for almost six decades and we now**

have 107 members who provide counseling and education services at 842 locations in all 50 states, the District of Columbia and Puerto Rico. In good times and in bad, our doors are open to every consumer who wants help. Counselors tailor financial counseling and education services to fit the individual's specific circumstances; and provide services whether or not the consumer is able to pay. That's what being a non-profit is all about.

Historically, NFCC Agencies focused primarily on helping consumers who were struggling with unsecured credit card debt. But as our economy has evolved, so have our services. Today, NFCC agencies also are the largest providers of housing counseling—especially foreclosure prevention-- and bankruptcy counseling as well as more traditional financial education and credit counseling.

Five years ago, NFCC member agencies provided 700,000 counseling sessions. Last year, NFCC counselors helped 3.2 million people. I expect that they will provide even more service this year given the current economic environment, high levels of consumer unsecured debt, increasing home foreclosures and unemployment

In recent months, there has been a lot of talk about “taking financial responsibility” at every level, from the government to businesses and corporations to individuals and families. At the NFCC, that's been our mission for a long time – to help consumers learn to manage their money, to use credit responsibly, and to address potential trouble before it's a crisis.

What we've found is that most consumers have a deep sense of personal responsibility, and they want to do the right things. But, we've also found that large numbers of Americans don't have the financial know-how they need to manage their money effectively.

**To be sure, many of the people NFCC Agencies work with need help for reasons beyond their control. More than one-third of our clients report they've lost a job, suffered a cut in income or have been overwhelmed by medical expenses. But an equal number say their problems stem from poor money management and excessive spending.**

**A year ago, in response to an NFCC Financial Literacy Survey conducted by Princeton and Associates, we learned that only 40 percent of Americans set up a budget and keep close track of their spending. In fact, 20 percent of those surveyed told us they had no idea how they spend their money. Perhaps most worrisome, more than 40 percent of young Americans say they do not pay their bills on time. That tells us that bad financial habits are forming early. As alarming as these numbers are, we will be releasing the results of the 2009 Survey during a Congressional Briefing at the end April-- financial literacy month. Unfortunately, the numbers are even more concerning.**

**Numbers like that scream of a need for better financial education – starting as a regular part of school curriculum. At the NFCC, expanding financial literacy has been one of our highest priorities for a long time. We hope that our national leaders' growing calls for financial responsibility translates into broad support for financial education within schools, in the workplace and throughout our communities. The NFCC and its members are reaching out to community groups and government leaders at every level to try to make these things happen.**

**In our ideal world, we want to give consumers the skills to stay out of financial trouble in the first place. To that end, we've developed a publication called “Better Fortunes: Control Your Money, Control Your Life” to provide basic training in financial management. Like all of our publications, it's available in both English and Spanish through NFCC's website.**

**We've also developed a special program directed at college students, which we present on college campuses across the country. As I noted earlier, young people are getting into financial trouble at younger and younger ages. On most college campuses, credit card solicitations are a big part of orientation week. NFCC's college program aims to balance those pitches by informing students about the pluses and minuses of credit, how to use it responsibly, and what can go wrong if they make mistakes with credit.**

**Although we at the NFCC believe our education products are top notch, I must be honest in saying that I don't think the financial problems we are all concerned about is an inability to develop substantive and relevant education tools. The real issues are developing a national delivery system, providing incentives to consumers to attend classes and ongoing education, securing funding to support the outreach and education services and then measuring outcomes to know whether what people are learning about really sticks. At the NFCC, we are prepared to be part of the larger longer term solution, and as many in the government and private sector have noted, have the experience and delivery system. I look forward to working with many of you in the future to consider how to address financial education and outreach in a way that gets embedded in the fabric of our national culture and economic life.**

**As you know, bankruptcies have climbed significantly in the past two years as the economy has worsened. As a result, counseling related to bankruptcy accounted for almost 1.2 million sessions last year, more than one-third of all counseling provided by NFCC Agencies.**

**This counseling is designed to help consumers understand the implications of bankruptcy before they file and also how get back on their feet after bankruptcy. The counseling is built around two**

NFCC publications -- “More Than One Way Out,” which helps consumers consider their options before filing for bankruptcy, and “Live a Richer Life,” a guide to help develop good financial strategies post-bankruptcy. “Live a Richer Life” can also be a valuable resource for consumers who are not facing bankruptcy, but want to improve their financial management skills.

Housing-related counseling is our fastest growing service, climbing 70 percent last year as foreclosures soared to record levels and millions more struggled to avoid it. More than a year and a half ago, we created an online Homeowner Crisis Resource Center, including a Mortgage Reality Check to help **consumers assess their situation. This year, we’ve built on that effort with new tip sheets on how to find** foreclosure assistance and other housing-related resources including information to help consumers avoid scams related to housing. Further, we created a DVD with advice on how to avoid foreclosure. It’s available free to consumers.

Happily, we also provide substantial housing counseling that is not related to foreclosure. We help, and have education products we use to help, consumers understand the home buying process and whether or not they are ready for the step of homeownership.

And, of course, we continue to provide general financial counseling – both to help consumers who are struggling to keep up with credit card bills and also to educate consumers who want to improve their money management skills even though they are not in financial jeopardy.

**And, on a more global scale, we are working hard to strengthen consumer protection. We think it's time for expanded and plain-English disclosure for financial services and products, and we are actively seeking tougher regulation of organizations that offer debt-related services to consumers.**

**Strong regulation has become more important as the recession deepens. Faced with debts they can't repay, a growing number of Americans are looking for help. Many consumers are turning to nonprofit credit counseling agencies. I think the non-profit sector is the best place to go. We have a long-track record of effective service and an ironclad commitment to put consumers' interest first. In addition, non-profit counselors are covered by very stringent consumer protection regulations that include rules for the types of services they offer, the fees charged, and even how agencies are funded. These rules, enacted by Congress just a few years ago with strong support from the NFCC, makes the nonprofit status a safe starting point for consumers who need help.**

**But, thanks in part to advertisements that promise quick fixes and easy solutions, many consumers are turning to an emerging group of "for-profit" services that, ironically, are less regulated than the non-profit sector. While some of these businesses do good work, way too many of them seem to put their own bottom line ahead of the consumers. That's a big difference between non-profit agencies and for-profit businesses.**

**Some of you may be familiar with these groups through your own work. I know Evan's organization, the FTC, has initiated a number of actions against so-called "debt- settlement companies" for defrauding consumers. In fact, at a recent FTC workshop, an executive for one of these companies conceded: "there are problems with the industry and fraudulent practices are more common than not." So, I think one of the things we need to do is enact some new rules to**

**protect consumers who work with these “for-profit” organizations. At a minimum, we must apply the same federal rules to the “for-profits” that apply to nonprofit credit counseling.**

**The recession did not create all of the problems related to consumer debt, and the end of the recession won’t solve all of those problems. But it *has* compounded those problems. I also like to think that by raising awareness of money management issues, the recession has also created a new opportunity to advance financial education for consumers. That’s a top goal for us at the NFCC, and I hope you will all join us in that cause.**

**Thank you.**