



The Critical Need for **Financial Literacy**



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The past few years have been filled with unusual challenges – challenges that revealed a great deal about ourselves and about the institutions we rely on. Our financial wellness was no exception.

The health crisis led to economic upheaval, leaving many in dire straits. Especially hard hit, were those whose fiscal houses were not in order. With compounding debt and little cash safety nets, many lacked knowledge of how to right the ship or where to turn for help.

Credit unions and higher education institutions have traditionally been proactive in providing this essential financial education to their members. These efforts not only help improve financial literacy in the fundamental sense, but can also help change behavior – driving positive, real-world outcomes for those who participate.

However, the financial landscape is growing more complex and challenging. With changing tax laws, the regulatory environment is dramatically different from just a few short years ago. All the while, financial wellness programs need to consider issues that have been trending for some time now, like data security, mobile accessibility, privacy, and online banking.

Educational efforts are being further complicated by societal and demographic changes. How we work, play, and interact have all been altered by the pandemic, and many of these changes are likely with us to stay. Meanwhile, younger Millennial and Gen Z audiences bring their own

unique attitudes and expectations to the table, which can place significant new demands on those who design and run such programs to make them “current.”

To address these issues, financial literacy trainers are seeking to move beyond in-person, PowerPoint-driven lectures and into agile educational programs that successfully blend proven instructional principles with new content, new techniques, and new technologies.

If you’re looking to improve your financial literacy program, here are the top 5 areas you should consider.



1 Focus on the Audience

In an era of increasing personalization, we can no longer expect financial literacy programs based on generic one-size-fits-all curricula to meet the varied needs of a diverse set of audiences.

Further, as a result of an increasingly digitalized lifestyle, most people generally lose concentration after eight seconds. Therefore, presentation content must be concise and compelling.

Towards that goal, multiple programs that are focused on specific audiences and their specific learning objectives will be effective and engaging.

These can vary across several parameters. The first grouping will likely be demographic in nature, basing your content on the target audience's

age and life experience. For instance, students who are managing loans vs. seniors who are managing retirement portfolios. Each will have very different expectations for a credit union financial literacy program.

You can also present selected content based on audience knowledge and expertise. There will be consumers, regardless of age or background, who need a foundational program focused on the basics of financial wellness. Likewise, there will be more experienced consumers who are seeking advanced

techniques to further improve their financial situation.

The first step in creating a more effective financial literacy program is to create different options for engaging relevant content, organized around these different audience-based groupings. Just as important is how you present and name these packages. Be straightforward and descriptive. This will help audiences self-select the appropriate content, leading to better results and more satisfied consumers.



2 Balance Theory & Application

As professional trainers, we know there are critical financial concepts that underlie any sound financial literacy program – the long-term power of compounding interest, understanding when and how to leverage debt, the meaning behind a credit score, the inverse relationship between principal and interest in an amortization table, and so on.

However, these higher-level concepts must be tied to real-world applications, real-world objectives, and real-world examples to make them relatable. Otherwise, they will remain purely theoretical in the minds of your students, with no clear link as to how to put them into practice.

For instance, if you are discussing the shifting weights between principle and interest in an amortization table, tie this concept to a student loan or mortgage payment (depending on the demographics of your audience). Show

how this ratio changes over time and demonstrate how much of your consumer's money is going to one versus the other to help bring the concept to life.

Also, don't hesitate to include challenging topics. People are engaging with a financial literacy program because they are craving knowledge. While it is nice to talk about a growing retirement nest egg, the reality is that many of those seeking financial wellness have encountered (especially in light of recent events) some serious

challenges and obstacles. Case in point and top of mind for many consumers today: The flip side of good credit is the issue of debt, and more specifically the issue of missed payments that may hurt a credit score. Consumers need to know the difference between loan defaults, delinquencies, deferments, and forbearance, as these are all components of debt management and overall financial wellness. These issues need to be addressed, at least at a basic level.



3 Personalize Your Content

Another great way to improve outcomes for your consumers is to tie different areas of your financial wellness program to specific member objectives. The easiest way to do this is with personalized exercises and applications.

Managing a budget, applying for a mortgage, car, and other loan payments, paying down a student loan or credit card debt, saving for a trip or other significant purchase – these are all real-world examples that can be integrated directly into the appropriate sections of your training program.

Possible options include demonstrating scenarios and outcomes for the entire class, or setting aside some one-on-one working time, where individuals

can go through these exercises personally and privately.

In the past, these types of personal exercises involved printed workbooks and paper hand-outs. While these tools may still have their place, depending upon your audience, today's era of interactive digital tools and calculators are widely accessible and can be used in both online programs and local seminars.

The move to online has only been accelerated by the "Zoom meeting" era caused by the pandemic. Digital programs have the added advantage of being "bookmarkable" destinations on your website that members can visit even after the program ends. By doing so, it can enhance your institution's brand recognition, website traffic and loyalty.



4 Offer Multiple Consumption Opportunities

It is widely accepted that different individuals consume and process information in different ways. This realization can also be broadly generalized demographically, with a majority of Millennials and Gen Z preferring to consume their content via video, while most baby boomers still prefer to read written text.

To reach your target audience in the form they most readily embrace, and to help ensure more positive outcomes for more consumers, it is recommended that content is delivered through a variety of different media across a variety of different consumption channels.

Institutions with the most successful financial wellness programs make their topics available via articles, webinars, videos, and gamified interactive experiences. Then they deliver these

various pieces of content via online on-demand avenues, as well as the eventual return to in-person training sessions and seminars.

Recognizing the challenge of being all things to all people, pilot programs with detailed reporting of participation and engagement can help identify the best media vehicles and delivery channels for your priority audiences.

Adopting a long-term perspective will enable you to fill out your content and channels, while establishing a goal of running a “maintain and refine” program versus building everything all at once.



5 Drive Active, Positive Engagement

Traditional content-heavy slide presentations filled with rows of bullet points are obsolete and fail to engage an audience. Instead, strive to combine dynamic and relevant subject matter with varied and exciting modes of delivery to keep audiences participating and interested.

It starts with your content. This needs to be dynamic on every level. Sounds, graphics, imagery, and video should all be leveraged over the course of the program. Not only will these stimulate the senses and keep participants engaged, but captivating visuals have been shown to help improve reception and retention, which will help drive better outcomes.

When possible, an expert facilitator and/or subject matter expert should

be brought in to run the training – someone who knows how to keep participants engaged, solicit questions, and maintain a high level of energy and positivity. Audiences will always prefer a personable, well-prepared host versus a lackluster subject matter expert who falls flat when it comes to presentation (especially when they're prepared to elevate important questions).

In addition to following up on personal questions, automated post-event campaigns with supporting materials and relevant communications will ingrain the importance of your program. These can help ensure ongoing awareness and engagement, with the financial wellness program and with your institution.



Conclusion

Institutions that establish financial literacy programs for their consumers and support financial wellness efforts within their communities simultaneously establish a relationship of trust with both prospects and stakeholders. This connection has never been more important than it is today in a world forever changed by the pandemic.

Remember that even the best, most important information will fall on deaf ears if it is not relevant and valuable. It must be organized, prepared, and presented in a way that lends itself to the appropriate target audience.

To ensure the best results of a targeted financial wellness program, it is critical that a comprehensive approach be

designed to deliver the content your audiences need to manage their challenges while empowering them to achieve their goals.

By becoming a trusted advisor throughout life's biggest financial milestones, institutions can position themselves as a long-term partner for their consumers. A partner who will work

with them and their families as they work through unusual challenges and transition through the many different phases and chapters of their lives.

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