



Directed By The Members We Serve

To: House Committee on Education

From: Shawn Mitchell, President and CEO
Community Bankers Association of Kansas

Date: February 15, 2012

RE: Support for House Bill No. 2645 (Personal Financial Literacy Education)

Chairman Aurand and Members of the House Committee on Education:

I am Shawn Mitchell, President and Chief Executive Officer of the Community Bankers Association of Kansas (CBA) and I want to thank you for the opportunity to appear before the committee today in support of House Bill No. 2645.

Community bankers live, work and serve in their communities and are continually involved in improving the day-to-day life of the people in those communities. CBA is the statewide trade association for those locally owned and operated banks in the state of Kansas. As a community banker for more than 15 years, and CEO for the Community Bankers Association for the last 3 years, I've seen firsthand the important role local community banks play throughout Kansas communities.

Managing money wisely and making effective financial decisions is critical to excelling in life and enjoying a secure financial future. Unfortunately, too many Americans lack the skills and knowledge to make appropriate financial decisions. Our nation's mounting consumer debt, falling savings rates, skyrocketing personal bankruptcies and the proliferation of high-cost nonbank "fringe" providers (even before the recent financial crisis) point to a need for better financial education. Moreover, millions of Americans do not have a relationship with a depository institution, simply because they do not understand the system. Building a relationship with the individual is how a community financial institution finds out how to best serve that individual and how the consumer discovers what products or services are appropriate for them.

Community banks engage in a wide range of financial education efforts, many in conjunction with local schools and civic groups, but we strongly believe that there is more that needs to be done. Whether showing students how to save and invest, use and balance a checking account or manage credit responsibly, financial literacy programs build a stronger financial future for all.

Financial literacy is a complex issue with many variables. We are constantly bombarded with the message that we deserve... no we are entitled to have that new car, new house, new clothing, newest electronic gadget, etc. What we do not hear is that those “things” have to be paid for from what we earn.

We have a responsibility to teach prudent money management skills to our children so that they will create good financial habits early and carry them into their adult life. We see too many examples of good people who have made themselves victims of poor financial management simply because they did not understand what they could truly afford. They have confused their needs with their wants.

One banker I spoke with serves on several committees for their local school district. This banker has observed that our students are extremely technologically literate, but very financially illiterate when it comes to dealing with real world financial concepts. Due to the structure of current curriculums, which are geared for preparing students for college and passing assessment tests, our educational system is neglecting to teach our young people real life skills. The importance of these “life skills” classes is being overlooked and undervalued. We are sending our children out into the world with a PC and the latest checkbook software and assuming that they are smart enough to become financially literate on their own. The current curriculums have great relativity, but if we do not also teach our children how to live within their means we haven’t taught them how to live well.

Community bankers support and promote many financial literacy programs, especially those programs that help the underserved, disadvantaged and youth of our nation, but there is much more that needs to be done. To truly be effective we need to start financial literacy in the early years of a child’s education and continue that education throughout all their school years.

If we want to protect our youth and give them the necessary tools they need to live well, implementing financial literacy programs throughout our schools is not just necessary, it is vital.

Thank you for your consideration. I would be happy to stand for questions at the appropriate time.

Shawn P. Mitchell, President & Chief Executive Officer
Community Bankers Association of Kansas
1414 SW Ashworth Place, Suite 200
Topeka, KS 66604
shawn@cbak.com