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Community Developments

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Insights

School-Based Bank Savings Programs: Bringing Financial Education to Students

Abstract

National banks and federal savings associations (collectively, banks) may establish school-based bank savings programs as financial literacy and educational initiatives to help students learn about the importance of saving. School-based savings programs are linked to a diverse array of financial education efforts, including personal financial management and banking operations. To set up a program on school premises, bankers collaborate with school administrators and teachers and in some cases with government partners, who share an interest in administering savings and financial education programs to students.

This report discusses how school-based bank savings programs operate, explains their establishment in nonbank settings or as authorized bank branches, and describes the benefits and potential risks to participating in these programs.

The information presented in this report was obtained mainly from bankers active in school-based bank savings programs, nonprofit and trade associations, and state treasurers' offices.

I. Background

There continues to be a movement by educators, nonprofit organizations, and government at all levels to empower financial decision-making by individuals and families through every stage of life. This movement recognizes that childhood is a critical time to begin financial education. Young adults must make important financial decisions, for example, how much student debt to take on and how to handle credit cards responsibly. Further, starting retirement accounts early in life is essential for a financially secure retirement so that there is sufficient time for assets to accumulate and grow. Research shows that financially capable young people are more likely to become financially secure adults.

The goal of expanding young people's financial capability is founded on research and practice. For example, one study has shown that children with savings accounts are seven times more likely to attend college.[1] Other research sponsored by the U.S. Department of the Treasury and conducted by the Corporation for Enterprise Development (CFED), the University of Wisconsin-Madison, and Opportunity Texas concluded that students with access to savings accounts and financial education increased their financial capability.[2]

[1] Elliott, William and Sondra Beverly. "The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance," Center for Social Development, Washington University in St. Louis, 2010.

[2] CFED, *Financial Education and Account Access Among Elementary Students: Findings From the Assessing Financial Capability Outcomes (AFCO) Youth Pilot*, April 2014.

Finally, research from the Programme for International Student Assessment's financial literacy survey found that students in the United States who have a bank account are more knowledgeable about basic financial literacy concepts than those who do not have an account.[3]

One initiative supporting youth financial education is the Federal Deposit Insurance Corporation's (FDIC) Youth Savings Pilot Program. The goal of the Youth Savings Pilot Program is to identify and highlight promising approaches to offering financial education tied to the opening of safe, low-cost savings accounts to school-aged children and youth.

The U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund also supports youth savings accounts through its Bank Enterprise Award (BEA) Program.[4] Each year, FDIC-insured institutions apply for BEA grants from the CDFI Fund to use to deliver financial products and services in distressed communities. A bank may use its BEA award to provide financial literacy and education activities and youth savings accounts in schools.[5]

In addition, a number of states and municipalities have instituted savings programs for youth. For example, in 2011, the city of San Francisco opened college savings accounts for kindergarten students in an effort to set those students on the path to college. Every registered student is offered an account, though parents may opt out of the program. This "Kindergarten to College" program includes a classroom-based, culturally and developmentally appropriate financial education curriculum tied to the account. Students are automatically enrolled in the program and provided an opening deposit of $50 from the city. An additional $50 deposit is provided to the accounts of children who are eligible for free and reduced-price lunches. Parents may add to these accounts as the children age. Banks can play an important part in helping to create other such school-based savings programs across the country.

In February 2015, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the FDIC, the Treasury Department's Financial Crimes Enforcement Network, and the National Credit Union Administration (NCUA) issued "Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions" (interagency guidance). The purpose of the interagency guidance is to encourage financial institutions to develop and implement programs that expand the financial capability of youth and build opportunities for financial inclusion of more families. The guidance provides answers to frequently asked questions that may arise as financial institutions collaborate with schools, local and state governments, nonprofits, or corporate entities to facilitate youth savings programs.[6]

II. What Is a School-Based Bank Savings Program?

Banks collaborate with elementary, middle, and high school administrators and teachers, and in some cases with government, nonprofit, or private entity partners, to administer youth savings programs. These programs are often structured as in-school bank programs that offer students basic savings accounts. The programs may include more complex

[3] See Programme for International Student Assessment, *PISA 2012 Results: Students and Money Financial Literacy Skills for the 21st Century (Volume VI)*, OECD Publishing, 2014.

[4] See 12 USC 1834a, 12 CFR 1806.

[5] U.S. Department of the Treasury's Community Development Financial Institution Fund, Bank Enterprise Award Program.

[6] "Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions," February 24, 2015.

features, such as programs that offer career-oriented banker training and asset-building accounts, or school district-wide programs that offer universal savings accounts to large numbers of children.

Youth savings programs are intended to help students understand the value of saving by opening and managing savings accounts. These savings accounts generally have very low minimum balance requirements and low or no monthly maintenance fees. Material account terms and conditions are explained in an age-appropriate manner.

Financial education is an important component of many youth savings programs. Financial education is delivered to students through presentations, special classes, or part of a civics or mathematics curriculum in coordination with the school faculty and administration. The financial education information provides important money management lessons, such as developing budgets, savings, investing for college and the future, and using credit wisely. Such information can help develop students' work ethic as well as give students experience working with banks to open and make deposits in savings accounts. In some instances, these financial education activities are also made available to faculty, school administrative staff members, parents of students, and other community residents.

III. Why Are School-Based Bank Savings Programs of Interest to Banks?

Banks implement school-based bank savings programs to

- provide financial education and expand community service in their markets.
- enhance communication with community residents.
- identify potential bank employees.
- elevate visibility and reputation and promote goodwill.
- receive Community Reinvestment Act (CRA) consideration for these activities.

CRA Consideration

Banks may receive CRA consideration if they provide youth savings and financial education programs targeted primarily to low- or moderate-income students. The CRA's definition of "community development" includes "community services targeted to low- or moderate-income individuals."[7] To the extent that a bank's youth savings program has a primary purpose of community development, the program would receive CRA consideration as a community development service under the service test applicable to large banks or the community development tests applicable to intermediate small banks or wholesale or limited purpose banks, respectively. In addition, interagency CRA guidance provides examples of community development services that include establishing school savings programs, developing financial education or literacy curricula and teaching financial education to low- or moderate-income individuals.

Interagency CRA guidance provides examples illustrating how banks can determine whether community services are provided to low- or moderate-income individuals. One example is when a community service is provided to students or their families from a school at which the majority of students qualify for free or reduced-price meals under the U.S. Department of Agriculture's National School Lunch Program.

Banks are encouraged to discuss possible CRA consideration for school-based bank savings programs with their OCC supervisory office or community affairs officer.

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[7] See 12 CFR 25.12(g)(2) and 195.12(g)(2) and 81 Fed. Reg. 48506-56, July 25, 2016.

IV. How Are School-Based Banking Programs Established?

Banks may set up school-based bank savings programs in either nonbank settings or authorized bank branches.

Nonbank Settings

National banks may participate in financial literacy programs, such as school-based youth savings programs, on the premises of, or at a facility used by, a school.[8] A branch application is not required, and the school premises or facility would not be considered a branch when

- the bank does not establish and operate the school premises or facility in which the financial literacy program is conducted.
- bank employees work at the site only to participate in the program, such as by conducting or engaging in financial education activities.
- no services are provided to the general public.
- the principal purpose of the financial literacy program is educational and is not designed for the purpose of profit making.[9]

The rules are similar for federal savings associations (FSA or association).[10] Generally, a branch application is not required, and an FSA's school-based financial education program is not considered a branch of the FSA as long as the program meets the following criteria:

- The program is conducted on school premises and is not open to the general public.
- Association employees are not on the school's premises once the program is commenced.
- The association does not establish an office that is owned, leased, or operated by the association in connection with the program.
- The services provided on the school's premises are limited.
- Students' accounts are not established until the applications and funds are received and accepted at a home or branch office of the association.
- The association is not liable for any theft, loss, or embezzlement until the funds are deposited at a home or branch office of the association.

Authorized Bank Branches

A bank may decide to open school-based bank savings programs in authorized branches. To do so, the bank must submit an application to the OCC before establishing the new bank branch.[11] The OCC acts on bank applications to establish branches in compliance with the provisions of applicable law.

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[8] See OCC Interpretive Letter No. 839, November 1998, and OCC Advisory Letter 2001-1, "Financial Literacy," January 16, 2001.

[9] The FDIC has a similar exemption for state nonmember banks. See 12 CFR 303.46. See also 73 Fed. Reg. 35337 (June 23, 2008).

[10] See Office of Thrift Supervision Opinion Letter, "Proposal to Create a School Partnership Program," November 20, 1992.

[11] See 12 CFR 5.30 for national banks and 12 CFR 5.31 for FSAs.

V. How Does a School-Based Bank Savings Program Work?

General Information

The primary component of a school-based bank savings program involves providing students with the opportunity to open and make deposits to savings accounts during the school year.[12] To set up a bank savings program on school premises, bankers work with school administrators and teachers who are interested in providing financial education to their students. In cooperation with school administration and faculty, a bank determines, for example,

- where the program is to be located on school premises.
- how the services will be secured on school premises.
- the days and hours the program will operate.
- the financial services the program will offer (such as savings account deposits and withdrawals).[13]
- information to obtain from a student when opening an account.
- account information that will be provided to the students.
- how students, faculty, school administration, and parents of students and other community residents will participate in the program.

National banks that seek to set up a school-based youth savings program in a non-branch setting must comply with 12 CFR 7.1021. National banks that have school-based youth savings programs that do not meet the conditions in 12 CFR 7.1021 must submit branch applications to the OCC.

Banks should be aware that there are banking laws and Customer Identification Program (CIP) rules that apply to the bank's customer relationships with students. See section VI of this report for more details.

Typical School-Based Savings Programs

School-based savings programs offer students an opportunity to open and make deposits to their savings accounts during the school year. "Banking center" tables are often set up by banks, school staff, or parents in common student-gathering areas, such as cafeterias. Depending on the program, banking centers may be open one or more days per week (or month) for several hours per day. The banking center generally is available to students outside of class time, such as before school or at lunchtime. Generally, with parental permission, students can apply to open savings accounts and make deposits to their accounts at the banking center. Banks typically mail monthly savings account statements to students' homes.

In nonbank settings, some programs may facilitate a "student-teller" role for students who collect savings deposits.[14] Other programs rely on school staff members, faculty, and occasionally parents to collect deposits from students.

Generally, bank staff members are responsible for program management and oversight. However, in nonbank settings, bank employees do not take deposits. The bank must not assume responsibility for any theft, loss, or embezzlement of funds until the funds are

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[12] Funds deposited into savings accounts, including student savings accounts, are FDIC-insured. More information about FDIC-insured deposit products is available at the FDIC website.

[13] If the account is a Uniform Gifts to Minors Act (UGMA) or a Uniform Transfers to Minors Act (UTMA) account, withdrawals may not be made without the permission of the account custodian.

[14] See OCC Interpretive Letter No. 839, November 1998.

delivered to the bank.[15]

Bank employees may be involved in helping to deliver classroom presentations on saving, personal money management, and other financial education topics. Additionally, programs sponsor field trips to banks so students can observe how banks operate. Typically, bank staff members are available to answer financial education and banking-related questions that students, faculty, parents, and school administrators ask. Bank staff members may provide marketing and program materials, including student participation gifts and prizes. These types of programs are typically offered to students in elementary and middle schools. (Appendix A describes an example of a hypothetical student savings program at an elementary school.)

Some banks establish authorized branches on the school premises when setting up school-based savings programs. These branches may be open to the public and would have a separate entrance for the non-school community. In addition, they may have bank staff members on the premises during the days and hours of operation and confine the branch activities to deposit services. Account holders and individuals interested in a wider array of financial products and services are given marketing materials and contact information for the other bank branches.

Student Bank Savings Programs

Student bank savings programs are typically integrated with high school career development programs and business curricula.[16] Bank staff members, assisted by faculty and school administrators, select and train student bankers to help run school-based bank savings programs. Under bank staff supervision, student bankers receive hands-on teller training and work experience by providing banking services, including helping to open savings accounts and collecting savings deposits from students, faculty, and school administrators during hours of operation. Student bankers gain work-related experience and may be paid by the bank for their services. Banks manage their student banker savings programs to ensure bank staff supervision, sufficient security features on school premises, and appropriate information technology to preserve account holder privacy and maintain sound banking practices.[17]

A student bank savings program is typically located on high school premises where student traffic is heaviest and can be monitored. A bank may

- rehabilitate and construct the space for the program's use.
- provide office equipment, information technology, facilitate security on the premises, and other bank-related program needs.
- manage day-to-day student banker training.
- supervise and monitor the overall program.[18]

Student bank savings programs operate when the school is open during the school year and summer months. The days and hours of operation range generally from three to five days per week and two to seven hours per day, depending on the school's schedule.

[15] See OCC Interpretive letter No. 839, November 1998, and Office of Thrift Supervision Opinion Letter, "Proposal to Create a School Partnership Program," November 20, 1992.

[16] For example, the National Academy Foundation, a national network of career academics, has 667 academies located in high schools to support the professional development of students seeking careers in finance, hospitality and tourism, information technology, health services, or engineering. Several of the academies include student banker savings programs.

[17] For account holder privacy, computer systems used by student bankers typically do not allow them to view account holder information. See Children's Online Privacy Protection Act of 1998, 15 USC 6501 et seq.; and 16 CFR 312 (Children's Online Privacy Protection Rule).

[18] In some mature programs, a faculty member may manage the day-to-day work schedule for the student bankers. Under these circumstances, bank staff members remain responsible for supervising and monitoring the overall program.

Funds from noncustodial accounts may be withdrawn at the school program's teller window, at an off-site bank branch, or at an on- or off-site automated teller machine (ATM).[19] Typically, monthly savings account statements are mailed to students' homes. Some student banker savings programs use other career development and business program students to help create and launch programs. For example, marketing and advertising students may create and broadcast announcements over the school's public address system to promote student savings campaigns. In other programs students act as ambassadors and peer counselors teaching other students about the importance of managing their finances. Many programs offer student bankers summer internships and part- or full-time employment after graduation from high school. (Appendix B describes a hypothetical example of a student banker savings program.)

Student bank savings programs are often complemented by other financial education activities provided by bank staff members, such as classroom presentations, curriculum development, and seminars. In some instances, these activities are also available to faculty, school administrative staff, parents, and the larger community. Bank staff members may also serve as advisors to the students.

Municipal Youth Savings Programs

A number of states, counties, and cities have implemented youth savings programs that affect large groups of students and areas. In several programs, like San Francisco's "Kindergarten to College" program discussed previously, the municipality opens savings accounts on behalf of all students in the school district. Most municipalities open the accounts automatically when the child registers for school, requiring parents to opt the student out of participating. Others, like Mississippi, require parents to opt the student in to participate. In most instances, sub-accounts for the children are opened under a master savings account for the municipality.

CFED, the Pew Charitable Trusts, and the Center for Social Development at the George Warren Brown School of Social Work at Washington University in St. Louis have issued a number of publications discussing municipality-created youth savings accounts.

VI. What Key Risks and Regulatory Issues May Be Associated With a School-Based Bank Savings Program?

Banking Activity Issues

Banks that establish school-based bank savings programs are responsible for setting up, supervising, and monitoring procedures to ensure that the bank-related activities on school premises are conducted in a safe and sound manner and consistent with applicable law. Compliance with state labor laws also is important for bank programs that pay hourly wages to student tellers or student bankers.

Banks may want to consider whether there are restrictions on minors opening savings accounts. Generally, if a minor opens a savings account, the minor is the bank's customer. However, if the account is established as a UTMA or UGMA account, or other custodial arrangement, then the parent, guardian, or third party is the bank's customer.[20]

Banks should keep in mind that, although there is no federal law prohibiting minors from opening savings accounts, state laws govern deposit account relationships. In general,

[19] If the account is subject to the UTMA or UGMA, funds withdrawals are subject to the laws of the respective states. For custodial accounts generally, a custodian manages the funds in the account on behalf of a minor, meaning the minor would not be able to withdraw funds without the custodian's approval.

[20] See "Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions," February 24, 2015.

minors are deemed not to have the legal capacity to enter into a contract, including opening an account at a bank, meaning that a contract with a minor is potentially voidable. Some states allow minors to open savings accounts, and states differ on the legal definition of a minor. A bank should consult with its legal counsel to determine if it is legally permissible for the bank to open an account for a minor without requiring a responsible adult to be the custodian or co-owner.[21]

Another issue to consider is whether a minor with a custodial account can be issued an ATM or debit card. If the accounts are set up as UGMA or UTMA accounts, there may be restrictions on a student's ability to withdraw the funds. The UGMA and UTMA rules for each state govern custodial accounts for minors. Generally, the custodian manages the account on behalf of the minor, meaning the minor would not be able to withdraw funds without the custodian's consent. Therefore, a minor with a custodial account should not be provided with an ATM or debit card that permits withdrawals. Banks must ensure that they are complying with a state's UGMA, UTMA, or other custodial rules.[22]

In addition, in circumstances involving accounts for minors established by a custodian, banks should be aware of the requirements for the individual deposits to be eligible for deposit insurance coverage by the FDIC.[23]

Banks should also address the consumer protection laws and regulations that apply to accounts held by, or for the benefit of, minors. As with other deposit accounts, various federal and state consumer financial protection laws and regulations apply to youth savings accounts. Applicable federal consumer financial protection laws and regulations include, but are not limited to, the Children's Online Privacy Protection Act (Children's Online Privacy Protection Rule),[24] the Electronic Fund Transfer Act (Regulation E),[25] the Expedited Funds Availability Act (Regulation CC),[26] the Truth in Savings Act (Regulation DD),[27] and prohibitions against unfair or deceptive acts or practices.[28]

Customer Identification Program

Financial institutions should consider the requirements under the CIP rule when minors or their representatives (that is, parents, guardians, or third parties) open accounts connected with school-based youth savings programs. For example, the CIP rule does not prevent a minor from opening a savings account. When a bank opens a savings account without the involvement of a parent or guardian as part of a program to promote financial education, the student opening an account is the bank's customer. If a parent, guardian, or third party opens an account on behalf of a minor, however, the bank's customer is the parent, guardian, or third party. The CIP rule states that the bank's customer is the person who opens the account for a person who lacks legal capacity, such as a minor.[29]

The CIP rule also includes requirements regarding the information a bank must collect about a minor and how to verify the identity of the minor. Under the CIP rule, a bank

[21] Ibid.

[22] Ibid.

[23] 12 CFR 330.5.

[24] Children's Online Privacy Protection Act of 1998, 15 USC 6501 et seq.; 16 CFR 312 (Children's Online Privacy Protection Rule).

[25] Electronic Fund Transfer Act, 15 USC 1693 et seq.; 12 CFR 1005 (Regulation E).

[26] Expedited Funds Availability Act, 12 USC 4001 et seq.; 12 CFR 229 (Regulation CC).

[27] Truth in Savings Act, 12 USC 4301 et seq.; 12 CFR 1030 (Regulation DD).

[28] Federal Trade Commission Act, section 5, 15 USC 45(a).

[29] See 31 CFR 1020.100(c)(1)(i)-(ii)(A) and *Interagency Interpretive Guidance on Customer Identification Program Requirements under Section 326 of the USA PATRIOT Act, FAQs: Final CIP Rule*, "Definition of 'customer,'" FAQ #6, April 28, 2005.

must obtain, at a minimum, the following information from the customer before opening an account:[30]

- Name
- Date of birth
- Address
- Identification number

An address for an individual can be a residential or business street address, or, if the individual does not have such an address, an Army Post Office (APO) or Fleet Post Office (FPO) box number, or the residential or business street address of next of kin or another contact individual.[31] Further, the CIP rule provides that the identification number for a U.S. person must be a taxpayer identification number. For a non-U.S. person, the identification number must be one or more of the following: a taxpayer identification number, passport number and country of issuance, alien identification card number, or number and country of issuance of any other unexpired government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.[32]

Since verification procedures are risk-based, institutions may use reasonable documentary or non-documentary methods to verify a minor's identity. The procedures must describe when the bank will use documents, non-documentary methods, or a combination of both. The bank's CIP[33] must contain procedures for verifying the identity of the minor within a reasonable time after the account is opened.[34]

For a bank relying on documents to verify a minor's identity, the CIP must include procedures that set forth the documents that the bank will use.[35] For example, the bank might verify a minor's identity using a student identification card.

For a bank relying on non-documentary methods, the CIP must contain procedures that describe the non-documentary methods that the bank will use to verify a minor's identity.[36] These methods may include contacting a customer or independently verifying the minor's identity through the comparison of information provided by the minor with information obtained from a consumer reporting agency, public database, or other source. For example, the bank might verify a minor's identity in an in-school program by having a teacher confirm the minor's identity.[37]

As previously mentioned, municipalities around the country have implemented school-based bank and youth savings programs. The CIP rule has requirements for banks when a third party, such as a school district or other government unit, educational institution, nonprofit organization, or corporate sponsor, opens an account for multiple minors.[38]

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[30] See 31 CFR 1020.220(a)(2)(i).

[31] See 31 CFR 1020.220(a)(2)(i)(A)(3)(i)-(ii).

[32] See 31 CFR 1020.220(a)(2)(i)(A)(4).

[33] See 31 CFR 1020.220(a)(2)(ii)(A)-(B) and *Interagency Interpretive Guidance on Customer Identification Program Requirements under Section 326 of the USA PATRIOT Act*, *FAQs: Final CIP Rule*, "Definition of 'customer,'" FAQ #6, April 28, 2005.

[34] See 31 CFR 1020.220(a)(2)(ii).

[35] Ibid.

[36] Ibid.

[37] Ibid.

[38] See question #10 on third-party deposit relationships in the "Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions," February 24, 2015.

VII. Who Is Involved in School-Based Bank Savings Programs Today?

A school-based bank savings program is a financial education initiative that banks can undertake to promote financial literacy. It is a cooperative effort between bankers and school faculty members, administrators, school board members, school district officials, and, in some cases, government partners. Several large banks and midsize and community banks have established school-based bank savings programs. Banks also enter into cooperative efforts with state, county, and city governments to provide school-based and non-school-based youth savings programs.

VIII. What Expenses Do Banks Consider When Structuring a School-Based Bank Savings Program?

Banks wishing to establish and operate a school-based bank savings program consider a variety of expenses that depend on the program's complexity; size, and design of the space used on school grounds; number of students participating; whether a school will contribute to the finances of the program; and number of bank staff needed to supervise and manage the program. Start-up costs for the program may include, but are not limited to,

- construction or rehabilitation of the program space, architectural, and design costs;
- information technology (for example, setting up data-processing systems);
- security systems;
- furnishings;
- equipment;
- building permit; and
- legal services.

Additionally, the program's structure may include monthly expenses for ongoing operations that include, but are not limited to,

- providing for bank staff compensation for supervising and managing the program;
- costs associated with data processing, account monitoring, insurance, supplies, and marketing materials; and
- whether to incur monthly student banker wage costs and uniform expenses.

School-based bank savings programs that use modestly designed smaller spaces, manage fewer student savings accounts, and require a smaller number of staff hours to supervise and manage have lower start-up and monthly operating costs than larger, more complex student banker savings programs. According to interviews with bankers whose institutions offer smaller, less complex student savings programs, the start-up costs are minimal, and the monthly operating costs are driven primarily by staff compensation.

More complex student banker savings programs tend to incur higher start-up and monthly operating costs. These programs typically train and staff student bankers, use space constructed to mimic a bank lobby, handle a greater number of student savings accounts, and require a larger number of staff hours to supervise and operate the program.

IX. Conclusion

Banks establish school-based bank savings programs as financial education initiatives to help students understand the importance of saving. These programs help banks to expand their community service and broaden their customer base. Enhancing communications with community residents may help provide banks with a greater understanding of local credit needs and market information. Bank management should monitor the quality and appropriateness of these programs to assess any possible reputation risk. Banks that set up school-based bank savings programs targeted to low- to moderate-income individuals also may receive CRA consideration for their activities.

Appendix A

Sagebrush Elementary School Banking Program: A Hypothetical Example

Background: Bank X is a community bank with $750 million in assets in the Southwest. Several years ago, the bank began a Kid's Bank program and has expanded the program to nine communities encompassing 51 elementary schools in the region. The program highlighted here is located in a small city at an elementary school in which a majority of the students qualify for free or reduced-price lunches. The students receive weekly 45-minute financial education lessons from the regular classroom teacher over a six-week period.

Student Savings Program Operation: Students are offered an interest-bearing savings account with no monthly fees, no minimum balance, and no minimum opening deposit amount. The accounts are jointly owned by the student and a parent or responsible party. Accounts can be opened online, or parents can fill out an application and return it to the savings program at the school.

The savings program is set up in the cafeteria, which is a public area. Typically, bank operations at the school occur every two to three weeks. The savings program opens before and after school to encourage parent participation. Bank X uses students to staff the bank and one bank employee to oversee operations. Students can make deposits at the school, but withdrawals must be made at any Bank X location. The school uses its public address system to remind the students about bank days. To promote the program, students create posters and hang them around the school, editors include information about the program in the school's weekly newsletter, and the school's website has a link to the program's website. Teachers place a sticker listing bank days on the students' take-home folder, and administrators place large yard signs in the front of the school to remind students and families about upcoming bank days.

Students receive a prize out of a treasure chest each time they make a deposit, which generates excitement and encourages students to save.

The start-up and monthly operating costs for the bank are minimal. The bank may incur additional costs, however, to produce statements and offset costs to the school for marketing the program.

Appendix B

New High School Student Banker Savings Program: A Hypothetical Example

Background: Spring School District officials approached their bank, Bank Y, about setting up a student banker savings program at New High School. The school is in a community where the majority of students are from low- and moderate-income households. Bank Y, a bank with $2 billion in assets, has a longstanding business relationship with the school district and has co-sponsored numerous financial education projects in the past. Establishing a student banker savings program at New High School benefits the bank because this program supports the bank's business relationship with the school district, provides financial education to students who are also considered potential longer-term customers, and helps identify potential future bank employees. The school district is committed to New High's Business and Career Development Center and views a student banker savings program on campus as a way to provide job training to its business and career development students. The school district also believes the student body of 1,500 students would benefit substantially from receiving financial education through a savings program.

Establishing a Student Banker Savings Program: Bank Y personnel met with school board members, the high school's principal, and the director of the Business and Career Development Center to discuss the establishment of a school-based bank savings program and branch in the school. These organizational meetings resulted in a decision that Bank Y would begin its program at New High School in the fall of 2003. The school provided 400 square feet of space adjacent to and accessible from the school cafeteria at no cost to the bank. The bank was responsible for the design and construction of the space as well as installation of the security system, information technology, equipment, and furniture.

To defray some of the start-up costs, the bank used older furniture and equipment it held in storage. Other operating costs included the salaries of the bank's program manager and the student bankers, as well as costs associated with data processing, account monitoring, information technology, insurance, materials, supplies, marketing, and advertising.

Each year since the facility has been in operation, the bank's program manager, with cooperation from the director of the Business and Career Development Center, interviews students for student banker positions. Eight students are selected to participate in the program annually, four juniors and four seniors. The bank manager trains the student bankers during the summer before the program begins in the fall. To help maintain student banker continuity, juniors are retained in the program for their senior year. To foster leadership skills, the bank program manager selects one of the seniors as the student banker "manager."

Program Operation: The bank program manager, with cooperation from school administrators, determined that the savings program would be open Monday through Friday for four hours each day from September, the beginning of the school year, through July (the end of the summer term). Under the bank program manager's supervision, the student bankers open savings accounts and accept savings deposits from students, faculty, and school administrators. The student banker "manager" assists the bank program manager with supervision and oversight of the program activities.

Monthly savings account statements are mailed to students' homes. Student bankers are eligible to participate in the bank's summer internship program and to interview for part- and full-time teller positions at bank branches after graduation.

The school's director of the Business and Career Development Center, business faculty members, and the bank program manager organize financial education classroom presentations for students and after-school financial education classes for parents and the public.

Program Performance: Since the student banker savings program opened in 2003, students have opened more than 1,000 student savings accounts. Each year, an average of 10 financial education classes have been offered to students and five after-school classes are available to parents and residents in the community. Each year, the bank has hired three students as summer interns and eight high school graduates as full- or part-time employees.

Appendix C

Resource Directory

OCC

Advisory Letter 2001-1, "Financial Literacy," January 16, 2001

Financial Literacy Update Newsletters

Financial Literacy Web Resource Directory

"Guidance to Encourage Financial Institutions' Youth Savings Programs and Address Related Frequently Asked Questions" (February 24, 2015)

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Denise Murray is the primary author of this updated *Insights* report. Sherrie L.W. Rhine was the primary author of the original report. Also contributing to the update were Karen Bellesi and Barry Wides. *Community Developments Insights* reports differ from OCC bulletins and regulations in that *Insights* reports do not reflect OCC policy and should not be considered as definitive regulatory or supervisory guidance. Some of the information used in the preparation of this paper was obtained from publicly available sources that are considered reliable and were believed current as of March 2017. The use of this information, however, does not constitute an endorsement of its accuracy by the OCC.