MARYLAND BANKERS ASSOCIATION

SB 238 - Public High Schools – Financial Literacy – Curriculum, Graduation Requirement, and Professional Development

Committee: Senate Education, Energy, and the Environment Committee

Date: February 8, 2023

Position: Support

The Maryland Bankers Association (MBA) **SUPPORTS** HB 238, which would require the State Board of Education (the Board), with assistance from the Maryland Council on Economic Education, to develop curriculum content for a semester-long course in financial literacy. Beginning in 2030, every Maryland public high school student would have to complete this course, or an equivalent course offered by a community college, to graduate.

MBA and its members recognize the critical importance of financial literacy skills and have long viewed this as a key priority. SB 238 is important legislation that aims to provide a strong foundation in financial education for young Marylanders.

Maryland banks have worked consistently to help provide financial education programs and resources that make communities better. It is more important than ever that young Marylanders understand that creating and maintaining a banking relationship, and having a good credit history, is essential to their futures. On the following page is an article written by MBA's Chairman, Kevin Cashen, the President and CEO of Queenstown Bank of Maryland, sharing insights and information on the importance of financial education.

Bankers know that it is never too early to get Marylanders thinking critically about smart financial habits and support a strong financial education for all Maryland students. Accordingly, MBA urges issue a FAVORABLE report on SB 238.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 30,000 Marylanders and holding more than $181 billion in deposits in over 1,000 branches across our State. The Maryland banking industry serves about 4 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

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Financial education is fundamental education

By: Commentary: September 2, 2022

Within our ever-evolving financial landscape, financial education should be treated as a fundamental aspect of K-12 education for students in Maryland and beyond. As investment opportunities, wealth management practices, and banking as a whole continue to shift and evolve with technology, it is more important than ever for our students to become financially literate or risk facing consequences that not only impact their personal finances, but the economy as a whole.

In 2021, Americans reported losing an average of $1,389 due to a lack of personal finance knowledge. By the end of May 2022, student loan debt in the United States totaled $1.762 trillion; the total residential mortgage debt was $11.18 trillion as of the first quarter of 2022; and credit card debt in the United States reached $841 billion in the first three months of 2022.

A study by the Federal Reserve Bank of New York found that financial education programs had a significant impact on the financial decision-making abilities of young people – meaning the common denominator of the persistent debt and financial management issues in the United States could very well be a lack of education.

When individuals lack the tools and knowledge to understand the financial marketplace, they are much more likely to make poor decisions related to money management, debt, investing, and other facets of their finances. Moreover, it can quickly become a generational matter. If individuals are financially undereducated, it will be much more difficult for them to teach their own children conventional financial practices.

That is why early financial education is essential to break this dangerous cycle. An effective financial education program includes topics such as the basics of saving and savings accounts, the definition and significance of interest, what an overdraft fee is and how to avoid it, the importance of credit scores, the process of getting a mortgage, and much more. Early education can mean the difference between drowning in debt or enjoying financial wellness and stability.

While some students may receive financial education during college, those who must take out student loans — or may not be attending traditional college programs — will not have the same opportunities to educate themselves before encountering significant financial decisions. Wealth management matters for people of all walks of life, and beginning financial education before high school graduation can level the playing field.

When done effectively, early financial education can also make a significant impact in the greater community. Those who practice healthy financial habits may have greater food security, the capacity to donate more to charity, and the ability to contribute more purchasing power to the economy. All of this can foster positive economic change in local communities and beyond.

When assessing the value of mandated financial education in schools, legislators should consider not only the negative consequences of a lack of financial knowledge, but also how the educated and financially competent consumer could benefit their local, regional, and even national economies.

Legislating the core causes of national issues like rising debt could lead to a much more effective long-term solution than continually mitigating the negative results. When financial education is treated as fundamental education, everyone wins.

Kevin B. Cashen is the chairman of the Maryland Bankers Association and president and CEO of Queenstown Bank of Maryland.