

# MoneyIsland and the Community Reinvestment Act

Financial literacy is the ability to understand money and how to manage it so that a person can make informed financial decisions. It is often the first step towards financial stability. When financial literacy is achieved, it helps consumers save, prepare for unexpected life events and plan for short-term or long-term goals. Instilling financial literacy through education initiatives should begin at an early age to ensure that children are equipped with the appropriate understanding of financial concepts.

Banks participate in financial literacy initiatives for numerous reasons. Through financial education, banks can equip their communities, especially underbanked and unbanked individuals, to understand the

bank's products and services. This outreach prepares bank customers to have a successful banking experience. Financial education initiatives are also an important way to support low- and moderate-income individuals within the bank's CRA assessment areas.

MoneyIsland is an award-winning online game that supports these efforts by providing an innovative financial literacy solution. Through the MoneyIsland experience, kids receive financial education in a fun way that also engages their parents and teachers. In this analysis, we discuss how implementing MoneyIsland at your financial institution can be beneficial to your overall CRA program.



## The Basics

The most basic requirement for determining if a financial literacy program will receive CRA consideration during an examination is identifying its community development purpose. When deciding which financial education program your bank will implement, it is important to select initiatives targeted to serving low- and moderate-income individuals within a particular assessment area. Ensuring that a program is available to a targeted population and demonstrating its effectiveness is necessary for positive CRA consideration.

MoneyIsland offers your bank a unique way to provide financial education, build community partnerships, and gain customer relationships. Your bank can select which schools or other nonprofit organizations to which you'd like to offer the program. Since your bank has the ability to choose where to offer MoneyIsland, you can target as many CRA-qualifying partners you'd like. For example, if you want to only offer the program to Title I schools, you can focus your MoneyIsland relationships on schools that meet this classification.

## CRA Service

As part of your bank's community development service, it's important to track the number of volunteer hours, education sessions offered, or other in-person support provided by bank employees. With MoneyIsland, there are a variety of ways your bank employees can engage with the community to receive CRA service credit.

MoneyIsland starts as an online game experience, but it's also supported by in-person training within the classroom. Your bankers can serve as the implementation liaison with chosen schools in their local communities, providing technical assistance to support a successful rollout.

Also, using a train-the-trainer approach, bankers can provide personalized training to the teachers who will use the prepared MoneyIsland lesson plans to deliver financial education training to their students. Finally, at the most personal level, bankers can visit schools participating in the bank's MoneyIsland program to directly teach the financial literacy classes and interact with students.

## CRA Investment

One of the key benefits of MoneyIsland for schools and nonprofits is the ability to offer the program at no direct cost to their organization. Your bank covers all MoneyIsland costs to ensure access for as many kids as possible.



### CRA Service Credit

MoneyIsland is supported by in-person training within the classroom. Your employees can provide CRA service by acting as the implementation liaison for MoneyIsland, by training teachers or by leading financial lessons directly with students in your partner schools.



### CRA Investment Credit

Your bank's monetary investment in providing MoneyIsland may receive CRA consideration during your examination. Target your school partnerships on those with a community development purpose to ensure you receive investment credit.



The good news for your bank is that your financial investment in MoneyIsland may receive positive CRA consideration during your examination. The OCC states that “investments in, or contributions to a program, activity, or organization that provides financial services education programs targeted to low- or moderate-income individuals”<sup>1</sup> is a qualifying example of bank support for financial literacy programs. In the same guidance, the OCC references their previous advisory letter that specifically outlines “...us[ing] characters and stories to introduce [financial literacy] concepts combined with on-line games and calculators that enable students to determine how long it would take to save enough money to purchase particular items” as an example of qualifying financial literacy programming.<sup>2</sup>

The federal banking agencies collectively shared a similar stance in an interpretive letter which states, that “...either making a financial contribution to the [community development financial literacy] Program or providing personnel who will offer services

and expertise that are related to banking and financial services”<sup>3</sup> can receive favorable consideration during a CRA examination. It's important to note that this guidance highlights that a bank's financial investments into a financial literacy program must meet the overall community development requirements outlined in the CRA. Also, the financial investment must be used to provide financial education targeted to low- and moderate-income schools.

### In Summary

As with any financial education program, receiving positive CRA consideration hinges on whether your bank maintains appropriate documentation of an activity's community development purpose. It's also critical to demonstrate the effectiveness of the financial education initiative. However, as is always the case, receiving credit is ultimately dependent on the CRA examiner's evaluation and independent determination of which activities to include as qualifying community development programs, in light of your performance context.

## CRA Documentation

MoneyIsland allows you to easily track and document its community impact. In a matter of minutes, you can have all the documentation you need for your next CRA examination. Your bank has access to MoneyIsland's online administrative tracking tools, which allow you to keep track of participation in the program. You can drill-down to specific communities and schools. Not only can you see who has registered, but you'll also be able to track each registered user's individual progress. This allows you to evaluate relationships real-time. It also provides important data on the effectiveness of the program for your CRA examiners at both the student and school/nonprofit level to illustrate the impact of offering MoneyIsland.



**This analysis was prepared by the team at findCRA.**

findCRA is an innovative, online platform that assists banks and nonprofits in building stronger communities. Founded in 2013 and headquartered in Louisville, KY, the company offers its unique services to its network of community banks throughout the United States. findCRA works to educate nonprofits and qualify their community needs under the Community Reinvestment Act to provide greater opportunities for bank support.

[www.findCRA.com](http://www.findCRA.com)

<sup>1</sup> Comptroller of the Currency | Administration of National Banks | Community Developments Fact Sheet | Financial Literacy | August 2012

<sup>2</sup> Comptroller of the Currency | Administration of National Banks | OCC Advisory Letter | AL-2001-1

<sup>3</sup> Interagency Interpretive Letter | September 17, 1997

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