

Reaching the next generation with financial wellness

INTRODUCTION

U.S. Bank is committed to helping individuals and families reach their financial goals and build wealth. In 2012, we launched the U.S. Bank Student Scholarship program, providing college and college-bound students access to financial education through short online lessons, with a focus on diverse and low-to-moderate-income populations where the racial wealth gap is the largest. At the time, the program was one of a kind.

Today, financial literacy (or lack thereof) among both students and the general population has come into sharper focus. In the last two years, more than 100 financial literacy bills have been introduced across 40 states, yet many states still do not provide students at public high schools access to financial literacy education.¹ This may be a top reason why the majority of bank customers today feel financially vulnerable, overextended or stressed.² Consumers want their banks to be a source of advice and guidance—with 59% reporting they expect their financial institutions to help them improve their financial health.² It is our hope that the Scholarship program can fill some of those gaps.

In an effort to better understand the impact of the Scholarship program and find ways to improve it, in 2022 U.S. Bank commissioned a study of students who registered for the



program, evaluating them before and after completing the online modules to discover whether they felt more financially prepared as a result of participating in the program. Concentrix designed and executed the study and provided the analysis contained within this paper.³

This report summarizes the findings of the research, including comparing students' financial literacy and future plans among those who had completed the courses and those who had registered but not taken any lessons. Through this research, we were able to determine the effectiveness of the program and areas of opportunity. One of our goals with the Scholarship is to model an effective financial literacy program that other institutions, if they choose, may emulate.

1. CNBC, Apr 2022 (<https://www.cnbc.com/2022/04/04/op-ed-what-millennials-gen-z-need-to-succeed-against-economic-odds.html>)

2. J.D. Power Press Release, June 2022 (Retail Banks Miss the Mark on Financial Advice as Customer Expectations Grow)

3. This report was prepared by Concentrix with input from U.S. Bank.

Key Findings

“The last few years have shown all of us the value of understanding how to manage our money, as well as the tools and resources that are available to both get through and take advantage of the unexpected. We’re delighted to support more than 50,000 students this past year with financial education and help them feel increased confidence in managing their personal finances.”

Kaori Yamada, U.S. Bank senior vice president of financial education



Incentives and scholarships entice students to engage with financial education.

The financial incentive attached to the Scholarship program has proved very attractive to students, with almost two in three participants citing this as the main reason they decided to register for the program. The potential to win scholarship money motivated students to enroll in the online modules, exposing them to financial lessons and planning tools they may have otherwise not sought out.



Financial confidence and knowledge increase significantly with even a small amount of financial education training.

Less than 10% of respondents indicated being confident or knowledgeable about finances

before completing any learning modules. This number increased to more than 40% after students completed financial education modules.



The Scholarship program is effective in driving financial wellness in addition to improving financial knowledge.

After completing a module, students were asked how likely they were to take action to better their financial wellness. 97% of participants indicated being likely or very likely to take action based on the information they learned. After participating in the program, more participants indicated they either currently do or plan to engage in financially healthy behaviors such as having a savings account, building emergency savings, following a budget and building their credit score.

In addition, 73% of survey respondents in spring 2022 reported that they would participate in the program again, indicating a willingness to continue their financial education—especially when an incentive is involved.



Students of color who engaged in the program experienced a bigger confidence boost than white students.

Upon completion of the lessons, almost half of students of color reported feeling confident about managing their finances—a 350% increase over students of color who had not yet completed any of the modules. Financial confidence among students of color exceeds what white students indicate following completion of the lessons.

STUDENT SCHOLARSHIP OVERVIEW

The U.S. Bank Student Scholarship program, offered annually, gives students the chance to win up to \$14,000 toward college tuition in exchange for completing free online lessons. Currently enrolled students are eligible, as are college-bound students. The online lessons cover topics such as budgeting, saving and investing, and are aimed at helping students develop an understanding of basic financial principles. After completing the required number of lessons, students are entered into a sweepstakes to win scholarship money.

The current Scholarship program includes 27 short modules, with topics ranging from basic money management (credit cards, savings accounts, taxes) to setting yourself up financially (budgeting, investing, retirement) to financing college (529 plans, budgeting in college, paying loans).

In order to encourage students to complete the lessons and increase their financial literacy, we structured the program to pay out greater rewards to winners who completed more modules. During each of the two eligible periods throughout the year, between two and six winners are selected at random. Once a winner is chosen, his or her winnings are determined by the number of lessons completed.

Early in the program's tenure, we discovered that offering higher rewards for completing more modules increases engagement. We wanted to provide access for students to learn about topics of their choosing, but also make sure they have opportunities to gain breadth of knowledge in areas beyond what they may have initially sought information about. Thus, we revised the program: the more modules registrants complete, the more money they are eligible to win.

This evolution drove participants to finish more lessons, with completed lessons going from an average of about one to two per participant during the early years to an average of five in 2021 and six so far in 2022. Respondents of the 2022 survey averaged 18 lessons.

NUMBER OF MODULES TAKEN	DISTRIBUTION SPRING 2022
5 or fewer	13%
6-11	18%
12-19	16%
20+	54%

Since 2014, students have cumulatively completed nearly two million modules, with the most popular ones being topics on paying for college, 529 plans, budget tips, financial decisions for your career path and savings accounts. Overall, we have awarded about \$45,000 in scholarships each year for the last decade.



2M

financial education modules completed by students at the end of 2022



\$360K

scholarship dollars awarded since 2014



53k

program participants in 2022



TARGET AUDIENCE

To be eligible for the U.S. Bank Student Scholarship program, participants must be at least 17 years old and taking undergraduate post-secondary courses or ready to enroll in college. There is no cap on how old a college student can be to participate, but most participants are in the traditional college-age range of 18 to 22.

Ensuring this demographic has access to financial education resources is vital. Currently, members of Generation Z (those born in the late 1990s through the early 2000s) have the lowest levels of financial literacy based on the P-fin Index,¹ 54% of teenagers feel unprepared to finance their future² and 61% of Gen Z and millennial respondents reported a lack of confidence about affording what they want most.³ But despite being less financially confident, this group does appear to be driven to increase their financial acumen: 52% of Gen

Z participants indicated being motivated to focus on and improve their personal financial knowledge,¹ 43% said they want to learn to save, 38% want to learn to manage their expenses and 36% want a class that teaches them how to file taxes.⁴

Members of Gen Z are likely to report learning about finances from their parents or friends, a practice that can be problematic and limiting.² In the current study, more than 70% of participants who registered for the Scholarship program and responded to the current research indicated that the financial knowledge they currently possess came from parents or friends.

Family/friends



Banking blogs/classes/apps



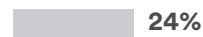
Primary banking sources



Social media



Google



According to a recent Mintel report, Gen Z adults' interest in increasing their financial knowledge will remain only if brands can make this process easily digestible and nonjudgmental, and quickly connect with members of this segment before they lose interest.⁵ Utilizing a scholarship program to encourage students to further their financial education is one effective example of connecting in a positive way.

1. TIAA, Oct 2021 (<https://www.tiaainstitute.org/about/news/gen-z-has-lowest-financial-literacy-study-reveals>)

2. American Banker, Aug 2022 (<https://www.americanbanker.com/news/for-teens-struggling-to-understand-money-banks-try-to-teach-financial-education>)

3. Fortune, Jul 2022 (<https://fortune.com/2022/07/12/gen-z-millennials-say-cant-afford-ideal-life-inflation/>)

4. Forbes, Feb 2021 (<https://www.forbes.com/sites/forbescommunicationscouncil/2021/02/03/how-millennials-and-gen-z-could-reinvent-the-banking-industry/?sh=1c3cbeda4e14>)

5. Mintel Group Ltd., May 2021 (Marketing to Generation Z)

The U.S. Bank Scholarship program has historically drawn many of its participants from non-white groups: In 2022, 59% of those who registered reported being from a non-white group. For students and families from ethnically diverse backgrounds seeking to build wealth, the Scholarship program provides opportunities for students to further their financial knowledge in addition to potentially creating savings and wealth, helping to narrow existing wealth gaps between white and non-white populations.⁶

DRIVING AWARENESS

Throughout the history of the Scholarship program, U.S. Bank has continually evolved the program's approach to best reach our target audience. Currently, we use multiple channels to increase awareness of and engagement with its financial education tools to ensure the bank's "pursuit of financial knowledge" message

reaches its audience. Our primary strategy has been to utilize direct marketing (direct mail, monthly e-newsletters, etc.) by tapping into our customer database for students or parents of students with an existing account. In-branch signage and paid media ads/influencers were other areas of investment. In an effort to reach an audience beyond our existing customer base, we have expanded marketing efforts toward all students, with more paid media and social marketing. Based on the spring 2022 Scholarship participants who responded to the survey, about 50% of registrants were not current U.S. Bank customers, which means marketing efforts to engage non-customers have been effective. Our TikTok campaign was particularly successful, garnering more than 6 million impressions. Of 2022 participants, 63% learned about the program from an online advertisement or internet search.



6. Federal Reserve, Sep 2020 (<https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>)

2022 Scholarship Research Results

ABOUT THE 2022 RESEARCH STUDY

In May of 2022, our partner Concentrix conducted a study to survey students who registered for the Scholarship program prior to completing any financial lessons. About 11,000 registrants responded, providing information about how confident and knowledgeable they felt about managing their finances. They also shared future financial goals.

In July of 2022, Concentrix conducted a follow-up survey to connect with registrants who had completed at least one of the lessons/modules to understand how their confidence and perception of their financial knowledge had changed after participating in the financial education program. Nearly 390 program participants responded to the survey, with half of respondents being from a non-white segment group and 41% being first-generation college students.

JULY 2022 SURVEY DISTRIBUTION	
Non-white segments	51%
Female	64%
Age 18 to 20	70%
First-generation college student	41%
Current U.S. Bank customer	30%



Key Research Findings

Incentives and scholarships entice students to engage with financial education.

Prior to completing any of the lessons, surveyed registrants indicated that their biggest concerns around finances included becoming financially independent, paying off student loans and saving money—confirming what we know to be primary concerns to the Gen Z population.

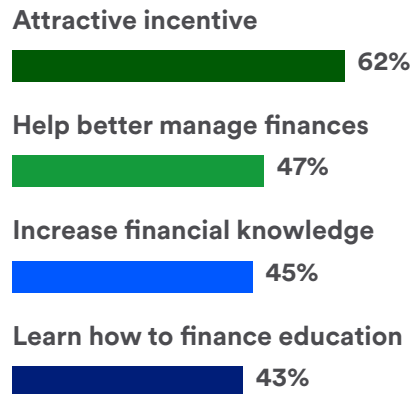
What are your biggest financial concerns (select up to 3)?

BIGGEST CONCERNS	% MENTIONING
Becoming financially independent	49%
Paying off student loans	36%
Saving money	34%
Building credit	27%
Starting a career/getting a job	24%

Despite having financial concerns and recognizing there is a lot of information to learn around finances, students still often choose not to seek out financial education, making it important to incentivize them to do so. The financial incentive attached to the U.S. Bank Scholarship program has proved very attractive to students, with almost two in three mentioning this as the main reason they decided to register for the program. Students are clearly more willing to engage in furthering education if there is a monetary award associated with it, which supports the innovative approach we have taken to facilitate educational opportunities and increase financial literacy. In addition to mentioning the incentive, nearly half of participants also noted that they believe the

program will help them better manage their finances, increase their financial knowledge and learn how to finance their education.

What are the main reasons you registered for the U.S. Bank Student Scholarship program (select all)?



“I just wanted to express my gratitude for the educational training. The [U.S. Bank] training taught me more than I anticipated I would learn. I went in assuming the information wouldn’t be truly valuable, but as a result of it, I learned about my credit score and the amount of student loan debt I have to pay back. I really gained knowledge about personal finances as a result of this. Being able to manage your finances is a necessary skill for survival. So from a 19-year-old [and new] adult, thank you for the opportunity to participate in the sweepstakes and for the knowledge you have given me.”

Scholarship participant

“The information in the financial modules was interesting. I work part-time as a waitress, so I’ve been learning to budget.”

Feb 2022 scholarship winner

Financial confidence and knowledge increase significantly with even a small amount of financial education training.

The possibility of winning scholarship money for college is the main driver for students who participate in the program, but there are other positive outcomes. One goal of the U.S. Bank Scholarship program is to see students grow in their financial knowledge and confidence after completing the financial education lessons. Our study asked those who registered for the program prior to completing any modules how knowledgeable they were about basic financial topics and how confident they were managing finances. Very few rated their knowledge/confidence a nine or 10 on a 10-point scale. However, upon completion of the modules, students reported confidence levels that were more than four times higher—and knowledge that was almost six times higher. These findings confirm that the topics included were indeed relevant to increasing financial confidence.

Of the 27 modules that students can choose to take, almost all survey respondents took Creating a Budget (90%), while the majority also took Credit Scores & Reports (86%), Identity Protection (82%), and Mindful Living (80%). By carefully considering how information is presented, U.S. Bank can effectively both offer topics students have interest in as well as incent students to review topics known to have considerable impact on their future ability to build wealth. When asked, participants reported finding the highest value in information and learning related to budgeting, paying for college, credit scores and 401(K) plans. We believe in

empowering people to achieve their financial goals, including building wealth, and helping participants understand the financial principles contained within the modules is one step along that path.

How knowledgeable are you about basic financial topics today? (9 or 10 on scale of 1 to 10; Not at all to Extremely)

PRIOR TO PROGRAM	POST-PROGRAM	INCREASE
8%	43%	+438%

How confident are you managing your finances? (9 or 10 on scale of 1 to 10; Not at all to Extremely)

PRIOR TO PROGRAM	POST-PROGRAM	INCREASE
10%	41%	+310%

“It helped me take a step back and gain a better understanding of what income I have, how I spend it, and how I want to spend it.”

Scholarship participant, after completing “Creating a Budget” lesson

The Scholarship program drives better financial wellness in addition to improving financial knowledge.

Students who participate in the U.S. Bank Scholarship program not only report improved financial knowledge and confidence, but they also come away motivated to take action to better their financial wellness. When asked upon completion of a module how likely they are to take action, 71% reported that they are Very Likely, with another 26% reporting themselves as Likely. Very few indicated they won’t take some sort of action, which is ultimately what this

program wants to accomplish: people enacting healthier financial behaviors.

How likely are you to take action to better your financial wellness? (Everfi, April through July, 2022)

Very Likely



Likely



Neutral



Unlikely



Very Unlikely



“It was nice to get a more in-depth rundown of some of these topics, because in a year or two I’m really going to need it.”

August 2022 scholarship winner



On completion of the modules, there are some financial behaviors that students are more likely to engage in or plan to engage in soon. Overall, the average number of current financial behaviors related to things like savings, credit and investment increased from a score of 3.7 out of 10 prior to the program to 4.3 after lessons were completed. When asked what currently applies to them, students more often mentioned doing activities around budgeting and savings following the program compared with prior to participation.

Which of the following apply to you?

CURRENT BEHAVIORS: PERCENT MENTIONING	PRIOR TO PROGRAM	POST-PROGRAM	PERCENT CHANGE (POST-PROGRAM)
Actively building emergency savings	23%	39%	+70%
Following a budget	28%	42%	+50%
Have a savings account	59%	67%	+14%
Know your credit score	28%	34%	+21%

In addition to current behavioral changes, students who go through the program give more thought and attention to their future plans, thinking specifically about what they plan to do in the next three months. Even though 69% of registrants mentioned planning to open a savings account within the next three months prior to taking the modules, this high rate increased further as a result of participation. And understanding the importance of having an emergency savings was something participants took to heart, with large increases in the number reporting they have done or will do this.

Do you plan to do any of the following in the next 3 months?

FUTURE PLANS PERCENT MENTIONING	PRIOR TO PROGRAM	POST-PROGRAM	PERCENT CHANGE (POST)
Actively work to build emergency savings	39%	55%	+41%
Following a budget	59%	68%	+15%
Research your credit score	40%	49%	+22.5%
Open a savings account	69%	75%	+9%

In addition, 73% of spring 2022 respondents reported that they would participate in the program again if they were eligible, indicating a willingness to continue their financial education, especially when an incentive is involved.

Students of color who engaged in the program experienced a bigger confidence boost than white students.

Given that an important goal of the U.S. Bank Scholarship program is to help reach underserved populations, it is encouraging that 59% of 2022 registrants were students of color. Also interestingly, students of color reported higher levels of knowledge and confidence prior to taking any lessons compared with white students. After going through the program, almost 50% of respondents of color indicated feeling confident about managing their finances—a four-fold increase over the number of students of color reporting confidence prior to taking any courses. Although the gain in financial confidence from pre- to post-program is comparable to that of white students, financial



confidence among students of color exceeds what their non-white counterparts indicate post-program.

How knowledgeable are you about basic financial topics today? (9 or 10 on a scale of 1 to 10; Not at all to Extremely)

SEGMENT	PRIOR TO PROGRAM	POST-PROGRAM	PERCENT INCREASE
Non-white	9%	45%	+400%
White	6%	43%	+617%

How confident are you managing your finances? (9 or 10 on a scale of 1 to 10; Not at all to Extremely)

SEGMENT	PRIOR TO PROGRAM	POST-PROGRAM	PERCENT INCREASE
Non-white	11%	47%	+327%
White	8%	38%	+375%

WHAT'S NEXT

Financial challenges faced by younger generations—coupled with a lack of standardized financial education in high schools—have provided U.S. Bank an opportunity to help fill the gaps in financial education among young adults. Students may report wanting to enhance their financial knowledge, but many do not take the necessary steps to do so until there is an external incentive to motivate them. In recognizing and acting on this fact, U.S. Bank has created an opportunity—the Scholarship program—that has had a positive impact on students' financial literacy and confidence. As a result of the program, more students are now learning important financial principles, and report taking positive steps toward long-term financial well-being. Following success of the Scholarship program, we continue to seek ways to improve it and engage even more students to take part in this important education.

Based on these findings and what we know about this population, we will continue to evolve the Scholarship program to make it more relevant and engaging. Starting in 2023, the program will utilize a gamified content provider in order to offer shorter, even more digestible lessons. In addition, a wider variety of topics will be available. We also will continue to offer a large scholarship opportunity at the program's conclusion and will begin to offer smaller monetary rewards throughout the program as further incentive for students to take even more financial education lessons.

Check back in 2023 for more details about how U.S. Bank is improving the scholarship: usbank.com/scholarship.



“As a bank, we are focused on using our core competencies to help close the racial wealth gap. We know there are gaps when it comes to financial education, and this scholarship program is one way we are working to reach and incentivize students to increase their financial wellness. It’s critical that we help increase confidence and knowledge in students of color. We have so much more work to do, but we are encouraged by some of these early results.”

Greg Cunningham, U.S. Bank senior executive vice president and chief diversity officer