Kathryn M. Buder Center
for American Indian Studies

Brown School

Financial Capabilities in Indian Country

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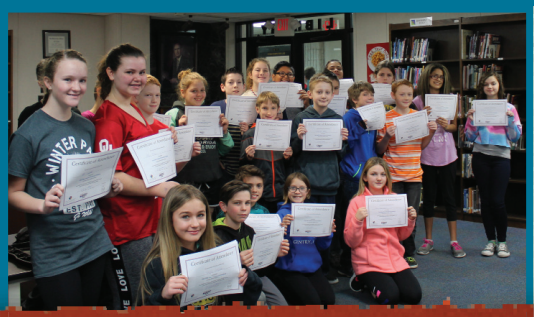
Molly Tovar, Ed.D; Lindsey Manshack, MPH

2018 | RESEARCH REPORT



Washington University in St. Louis

ON THE COVER:

Image 1
6th grade students at Sand Springs Public School

Image 2
8th grade students at Sand Springs Public School

Image 3
7th grade students at Sand Springs Public School

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SPRING 2018

Financial Capabilities in Indian Country

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Contents

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ABBREVIATIONS

AI/AN	American Indian/Alaska Native
JOM Program	Johnson-O'Malley Program
OSTFF	One Step Toward Financial Freedom

ACKNOWLEDGMENTS

The Kathryn M. Buder Center for American Indian Studies at Washington University in St. Louis expresses sincere thanks to our research partners in Sand Springs, Oklahoma: the Johnson O'Malley Indian Education Program, Clyde Boyd Middle School, and the American Heritage Bank. We send special thanks to Lissa Johnson and the Center for Social Development at Washington University in St. Louis for their staff's expertise in exploring methods to measure financial capability. A special acknowledgment is given to the Financial Capability and Asset Building project team members for inspiring this project. Without the skills and hard work of these excellent research partners, this report would not have been possible.

EXECUTIVE SUMMARY

Financial Capabilities in Indian Country

Comprehensive Report of Findings

By Molly Tovar, Ed.D. and
Lindsey Manshack, MPH

If offered an opportunity to save money via a formal financial education program, will young people participate in the programming and open a savings account? That was the key research question motivating this pilot study, which was implemented among youth aged 11 to 15 years who self-identified as American Indian. This pilot study was conducted in partnership with a local financial institution, a middle school (Grades 6, 7, and 8), and an Indian education program. It investigated the uptake of savings accounts as tools for youth development and financial inclusion among American Indians in Sand Springs, Oklahoma. Two staff members from the local bank presented a financial education program and hands-on learning experience about the importance of saving and the process of opening a savings account. The goal of the program was to increase awareness among American Indian middle-school students about the importance of saving and investing. The program sought to provide one step toward moving individuals from financial stress to financial independence. Preprogram questionnaires were utilized to gain a better understanding of the participants' habits and existing knowledge about the importance of saving, investing, and preparing for college. Postprogram questionnaires were utilized to find out what students learned and whether they opened savings accounts.

Data were collected on savings account uptake 1 month, 4 months, and approximately 12 months after program participation. Results show that, 1 month after the program, 32% of participants had opened a savings account with the bank. Four months after the program was delivered, all 19 participants still had their accounts open. Approximately 12 months after the program, 17 participants still had active savings accounts open and four had added money to their savings accounts. Only two withdrew all funds from their accounts.

These results sharpen understanding about the relationship between formal banking services and American Indian youth. The findings are used to identify leverage points at which action can be taken to support early financial education and financial capability with middle-school-level students.

INTRODUCTION

Earlier research has documented high levels of financial distress among American Indian/Alaska Native (AI/AN) people (Staveteig & Wigton, 2000). For example, the national median income of AI/AN households is just over $37,000 while that for all U.S. households is over $53,000 (American Community Survey, 2014). The poverty rate among AI/AN people is 28.3%—the highest of any racial or ethnic group—while the national poverty rate is just 15.5% (American Community Survey, 2014). AI/AN people are less likely than other populations to have intergenerational role models and, due to higher levels of intergenerational poverty, are less likely to be exposed to financial concepts (Saboe-Wounded Head, 2010). Early exposure to financial concepts could combat this by causing young people to develop a level of comfort and familiarity with financial matters (Bernheim, Garrett, and Maki, 2001). This report explores a financial education program designed to be culturally responsive to the needs of American Indian students and incorporate a collaboration with families and community, linking learning with culture.

The financial education program's goal is to increase among American Indian middle-school students awareness concerning the importance of saving and investing money and access to financial products that enable them to do so. It is designed to alleviate financial stress and open a clearer path to changing attitudes and perspectives about one's ability to save money using a formal banking service. National research shows that, compared with other groups in the United States, American Indians face higher disparities when it comes to finances (Staveteig & Wigton, 2000). For example, many Native children are not exposed to financial learning opportunities. In addition, the financial lessons that low-income parents can share with their children often are often not positive ones and many parents may try to shield young ones from financial distress (M.S. Sherraden & McBride, 2010). The result is that some children never have opportunities to cultivate financial knowledge. Since many AI/AN families do not share financial knowledge, schools play an integral role in developing the early financial capabilities of students (M. S. Sherraden, 2013; Johnson et al, 2018).

Creating opportunities to gain financial education early and within a school system will provide a foundation to build the attitudes, knowledge, and skills that AI/AN youth need as they progress into adulthood. Although some may argue that financial education programs are costly, the costs of financial illiteracy are likely higher. It can result in excessive debt; lack of an emergency fund; a poor credit rating; the inability to retire; and vulnerability to scams, bankruptcy, and repossessions (Gentry, 2012; Saboe-Wounded Head, 2010).

Financial literacy is one component of financial capability. According to Huston (2010), "a financially literate person has the knowledge, ability, skills, and confidence to make good financial decisions" (M.S. Sherraden, 2013, p. 3). To make use of the skills that financial literacy affords, one must also have access to sound financial products and services. This combination of financial literacy and financial access is called financial capability (M. S. Sherraden 2013, p. 3). This includes understanding of such concepts as banking, credit, insurance, taxes, saving, homeownership, and investments (Bowen & Jones, 2006; Braun, Kim, & Anderson, 2009; Saboe-Wounded Head, 2010).

According to the institutional theory of saving, institutional factors greatly influence an individual's ability to save by shaping opportunities and behaviors (Sherraden, 1991). This report posits that low-income populations, such as low-income AI/AN households, are not able to save and accumulate assets primarily because they do not have the same institutional opportunities afforded to higher income households. If afforded access to the institutional frameworks used by higher income counterparts, low-income households might be in a position to save and accumulate assets.

The theory recognizes the important role played by formal banking services and other financial institutions. This pilot study focused primarily on four institutional constructs of the theory in order to increase access to opportunity for financially vulnerable households: access, information, incentives, and facilitation (Sherraden, 1991). The piloted education program broadened financial access by enabling students to make use of a financial institution's services within the classroom. In doing so, the program diminished one of the common financial barriers that many young people face—access—and provided a means of opening a savings account. Information, the second institutional construct, is imperative in this study because the project assumed that greater awareness of saving options would result in higher savings and

interest in saving. Incentives, the third institutional construct, were designed to shape the piloted program by motivating students to open a savings account and make deposits. Finally, the institutional construct of facilitation is evident in the opportunity given to the financial institution by the middle school's administration. This facilitation made saving manageable and convenient by enabling students to learn from professional bank officials about opening bank accounts within the classroom.

Context of the Study

Beginning financial education early reinforces the concept that financial planning occurs throughout life and results in a proper awareness of balanced spending and saving (Saboe-Wounded Head, 2010). Bernheim, Garrett, and Maki (2001) conclude that early exposure to financial concepts could cause young people to develop a level of comfort and familiarity with financial matters. Such ease and awareness could improve financial decision making. Their research also suggests that increasing exposure to financial information and education may increase rates of saving and be a powerful tool for prompting personal saving. Working with young Native students could enable them to develop the skills needed to avoid financial problems, empower them to take control of their financial future, and improve their overall quality of life (Bowen & Jones, 2006; Saboe-Wounded Head, 2010).

The First Nations Development Institute (Malkin, 2003) has identified three key reasons why American Indians may lack financial literacy skills. These reasons include "lack of positive interaction with mainstream financial institutions, inexperience in managing credit among older generations, and limited access to sources of financial information" (Saboe-Wounded Head, 2010, p. 46).

Among many Natives, expectations concerning mainstream systems are low and banks are avoided because of mistrust. Additionally, cultural factors, such as language differences, impose barriers to banking and banking services. For example, confusing and unfamiliar terminology may evoke frustration or create misunderstandings about finances. In addition, discussions with strangers about personal money matters are generally deemed inappropriate in Native cultures (Gentry, 2012). Native youth who live in poverty may observe adults who struggle with motivation to set financial goals because of poor experiences in the past and because of feelings of hopelessness. Ultimately, children are at a disadvantage when older generations lack financial acumen (Saboe-Wounded Head, 2010). Herein lies the importance of culturally responsive early financial education within schools for this population.

When educating American Indian youth, it is essential to use a culturally responsive curriculum that incorporates a collaboration with families and community and that links financial education with cultural practices (Love, Kallam, & Price, 2010). For example, in Native culture, giving to others is more valued than saving. This practice of giving contradicts the Westernized concept of success, which emphasizes accumulation of personal wealth. Children who listen to the values of their elders will no doubt struggle with this tension (Saboe-Wounded Head, 2010). Therefore, conflict may arise if mainstream financial-education practices are not consistent with the cultural beliefs and practices in students' communities (Love, Kallam, & Price, 2010).

The key, then, is to proactively engage students and give them the support they require to develop both education and access within institutions (Bowen & Jones, 2006; Saboe-Wounded Head, 2010). The best way to support students and keep them from feeling overwhelmed is to use a narrowly focused financial-education offering, such as savings accounts, that is relevant and age appropriate (Bowen & Jones, 2006; Saboe-Wounded Head, 2010). It is imperative that Native youth be given opportunities to take on more responsibility as well as tools to help their families and tribes improve quality of life (First Nations Oweesta Corporation, 2008; Saboe-Wounded Head, 2010).

The One Step Toward Financial Freedom Pilot Study

A pilot study was conducted with the goal of increasing financial education and access to formal financial services within a middle school environment. In pursuing this goal, it sought to enhance financial capability among students. The participants involved in this study were students enrolled in a middle school that qualified for American Indian Johnson-O'Malley (JOM) assistance. Johnson-O'Malley programs are state subsidized educational services that assist schools in meeting the unique educational needs of federally enrolled American Indian students in the period from prekindergarten through 12th grade (Love, Kallam & Price, 2010). School districts secure funding

by establishing an Indian Education committee, formulating an educational plan, and identifying eligible students. The plan is required to outline goals that adequately address the educational needs of the students in the particular school system. One need identified by the JOM Indian Education director for the Sand Springs, Oklahoma, school system was to increase financial literacy. The One Step Toward Financial Freedom (OSTFF) program was developed and piloted at the Clyde Boyd Middle School in Sand Springs.

The JOM Program and Sand Springs Public Schools partnered with the American Heritage Bank to develop the OSTFF program, which was designed to be age appropriate, accessible, and culturally responsive for increasing financial capabilities. The OSTFF program was intended to give JOM Program students the opportunity to learn how the banking process works and access to banking services. The program covered the importance of saving, the steps to open a savings account, interest rates, credit ratings, debit and credit cards, certificates of deposit, and check writing. The program was delivered on March 2, 2017, to JOM Program students whose parents had consented to their participation. At the conclusion of the program, students were given a certificate of attendance and informed that they were eligible to open a savings account at the American Heritage Bank branch in Sand Springs.

Students who brought their certificate of attendance to the bank, gave their name, address, date of birth, and Social Security number, and were accompanied by a parent or guardian with a driver's license, state ID, or U.S. passport, were given a $50.00 voucher from American Heritage Bank to open a savings account. To be eligible for a $50.00 voucher, students were required to attend the OSTFF program.

RESEARCH METHODS

The study investigated the following hypothesis: ***After participants are informed of the importance of saving, taught how to save money for future goals, and given access to banking services, they will open a savings account.***

The OSTFF program was launched in March 2017. Within Clyde Boyd Middle School, American Heritage Bank offered students the opportunity to participate in the financial education program. This report is based on questionnaire data from the education program offered between March 2, 2017, and April 3, 2017. The last report on account opening data occurred approximately 12 months after the program.

Students submitted self-reported responses to individual-level demographic questions. The American Heritage Bank associate shared with the research team the number of accounts opened, whether participants had added or withdrew money to the account, and whether the account was closed. Follow-up with the bank associate was made 1 month, 4 months, and approximately 12 months after the program.

Participants

This study focused on enhancing research around financial capability among American Indian populations; therefore, only American Indian students were eligible to participate. Participation was voluntary and contingent upon consent from a parent or guardian. Participants were recruited from the Sand Springs Public Schools JOM Program. Officials with Sand Springs Public Schools indicated that 169 students at Clyde Boyd Middle School were registered with the JOM Program in 2017. Information about the study, consent forms, and an invitation to participate were sent to all 169 students in Grades 6, 7, and 8. Of the 169 invitees, 59 returned the consent forms to participate in the March 2, 2017, program.

Of those 59 students who returned their signed consent forms, all completed the preprogram questionnaire and participated in the OSTFF program, and 41 completed the postprogram questionnaire, which was sent by mail to every student whose parent/guardian consented to their participation in the study. The postprogram questionnaire was mailed approximately two weeks after the education program and returned to the JOM Indian Education director. Participants who completed the postprogram questionnaire and returned it to the JOM Indian Education director received a small gift in compensation.

Data Collection

Data for this study come from responses to questions posed in surveys administered before and after the program, and from the bank's information about accounts opened. The preprogram questionnaire, which was administered after the instructions were

given to participants, gathered information on college preparedness, saving practices, financial knowledge, and goals for participating in the program. The college preparedness questions assessed whether participants planned to go to college, understood the cost of college, and had a plan to pay for college. The questions in the saving practices section explored whether participants were familiar with banking, saved, and had a bank account, as well as how they spent their money. The financial knowledge section included five questions that used a Likert-type range. Scale values included "really agree," "sort of agree," "sort of disagree," "really disagree," and "don't know." Four of the Likert-type questions evaluated the respondents' confidence in their ability to get and save money; the fifth evaluated their attitude toward college.

Questions in the section on the goals for participating in the program measured respondents' attitudes toward opening a bank account, interest in the OSTFF program (what they wanted to learn during the program), and confidence in their ability to access the $25 required to open a bank account. Respondents were also asked to identify one or more things they would like to learn about through the program. The response options included budgeting, how to open a bank account, how to save, how to open CDs, how to write a check, and how to plan for college or other.

The postprogram questionnaire gathered information about participants' saving practices. Questions assessed whether, since participating in the OSTFF program, they had opened a bank account, deposited money in the account, or saved toward the $25 account-opening fee. Another question assessed whether any of the youth's family members had opened an account since the program. In addition, the questionnaire asked respondents to identify one or more skills they learned as a result of participation. The response options included how to budget, how to open a bank account, how to save, how to write a check, and how to plan for college. Participants could choose multiple answers.

This pilot used cultural terms and phrases in an effort to incorporate cultural responsiveness to the questionnaires. Culturally responsive questions in this program included key terms such as "special places to keep money," "tribes" (as an option for how to fund college), "gifts" (as an option for what they spend their money on; as giving is often valued more than saving), and "guardian" (instead of only referring to mothers and/or fathers).

Program Implementation

Marketing for the OSTFF program began 2 months prior to the program date. Emails and flyers were sent to advertise the program to students. Additionally, the JOM Indian Education director conducted a phone call reminder to each American Indian student enrolled in the JOM Program. Two weeks prior to the program, team members from American Heritage Bank received an agenda outlining the steps that were to be taken during the program and the time allocated for each.

At each program session, a script was read verbatim to ensure that each grade level received the same information and to avoid omitting any part of the instructions. The project director introduced herself, explained the purpose of the project, gave instructions for completing the pre- and postprogram questionnaires, and distributed the preprogram questionnaires. The preprogram questionnaire took approximately eight minutes to complete. The questions and the associated response categories were read aloud for clarity. After all preprogram questionnaires were completed and collected, two team members from American Heritage Bank conducted the financial education program, which lasted approximately 40 minutes. During the program, participants were encouraged to ask questions about the material. Separate sessions were conducted for each grade level (for a total of three sessions) in the middle school library during participants' study hall period.

After completing the program, students were given the certificate of attendance, reminded that they were eligible to open a savings account with $50 provided by American Heritage Bank, and told that they could open a savings account with American Heritage Bank at various locations in Sand Springs. The deadline for opening a savings account was 30 days after the program, April 3, 2017. Approximately two weeks after the program, a postprogram questionnaire was sent by mail to all 59 participants. Participants were instructed to complete the postprogram questionnaire and to return it by mail or hand deliver it to the Sand Springs Public Schools JOM Indian Education director. When the participant returned the postprogram questionnaire, they were given a small notebook as compensation.

RESULTS

The preprogram questionnaire was completed by 41% sixth-grade respondents, 27% seventh-grade respondents, and 32% eighth-grade respondents. The postprogram questionnaire was completed by 37% sixth-grade respondents, 29% seventh-grade respondents, and 34% eighth-grade respondents.

Savings Account Opening

Account-opening data were tracked by an American Heritage Bank associate and reported to the research team at three points: 1 month, 4 months, and approximately 12 months after the program. The bank official collected data on all students who opened an account. In the postprogram questionnaire, 18 students indicated that they opened an account, and bank records indicated that 19 actually opened an account. The discrepancy stemmed from responses to the question, "I went to the bank and opened a savings account"; some students turned in their postprogram questionnaire before the 30-day deadline and may have opened accounts after returning it. Bank data capturing accounts at the 1-month and 4-month marks after the program, showed that all 19 accounts were still open. Approximately 12 months after the program, 17 of the 19 students still had active savings accounts open, four had taken withdrawals, eight had not added to or withdrawn from their accounts, two withdrew all funds in their savings accounts, and five students added to their savings accounts. After approximately 12 months, the average balance of accounts still open was $123.47, the highest account balance was $510.40, and the lowest account balance was $1.12.

Program Questionaire Results

College Preparedness

The results concerning familiarity with and access to college are illustrated in Figure 1. Among the preprogram questionnaire respondents, 90% (n = 53) reported knowing someone who went to college. Figure 1b shows that 76% of respondents (n = 45) reported having a parent or guardian who had been to college, and 88% (n = 52) reported that they thought they would go to college. Among respondents, 71% (n = 42) reported that they were very sure, 22% (n = 13) said they were a little sure, and 5% (n = 3) reported they were not sure at all that they would go to college (missing= 2%, n = 1). Participants were asked whether there was some reason they might not go to college. Slightly over half of them (n = 30, 50.9%) reported that they could not afford college, and 24% (n = 14) reported that they might not be interested in attending college.

One respondent indicated that both affordability and lack of interest might prevent attendance. Nearly one quarter of respondents (n = 14, or 24%) did not answer this question. Most respondents (n = 55 or 93%) agreed that their teacher believed they would go to college.

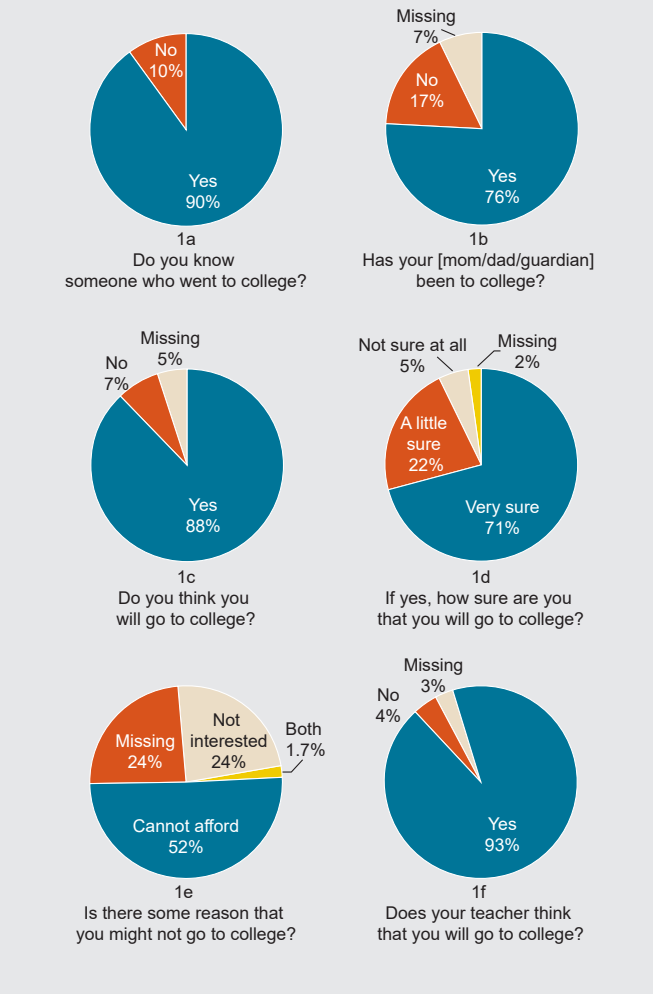

Figure 1. Familiarity with and access to college

Figures 2a and 2b illustrate responses to questions about perceived costs of 2- and 4-year colleges. When asked how much it would cost to go to a 2-year college, 20% (n = 12) reported $5,000, 29% (n = 17) reported $10,000, 25% (n = 15) reported $15,000, and 25% (n = 15) reported $20,000 (Figure 2a). When asked how much it would cost to go to a 4-year college, 14% (n = 8) reported $10,000, 29% (n = 17) reported $20,000, 24% (n = 14) reported $30,000, and 34% (n = 20) reported $40,000 (Figure 2b).

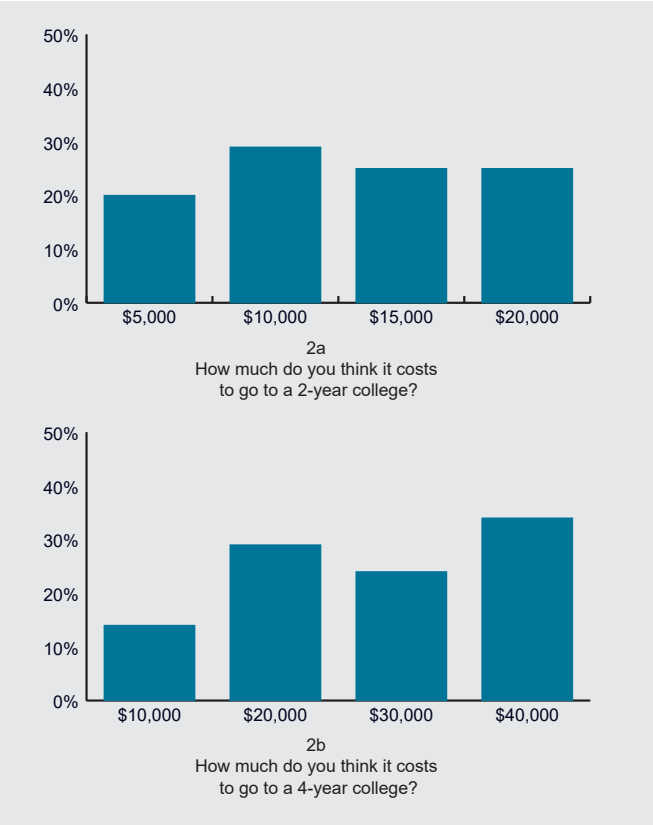

Figure 2. Perceived costs of 2- and 4-year colleges

Participants were asked who they thought would pay for college. More than half (n = 35, or 59%) reported that their parents or guardians would pay, 14% (n = 8) reported that other family members would pay, 14% (n = 8) reported that their tribe would pay, 37% (n = 22) reported that scholarships would pay, and 9% (n = 5) reported that loans would pay (Figure 3).

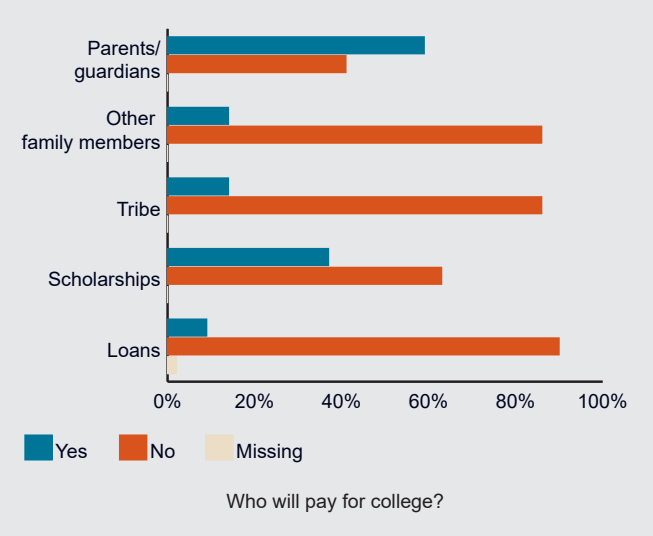

Figure 3. Financial support for college

Saving Behaviors and Knowlege

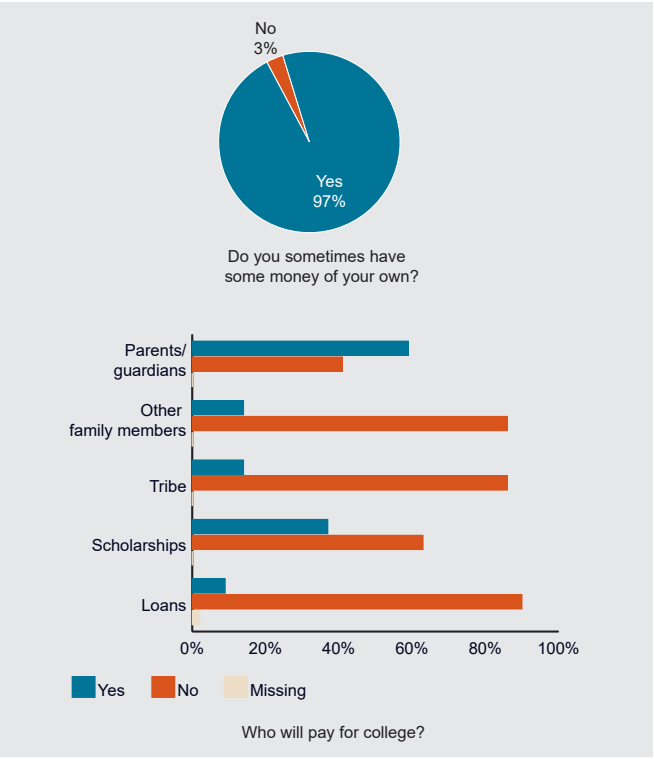

Figure 4 and 5. Acquiring money/sources

In response to questions about resources and saving behaviors, 97% of respondents (n = 57) reported that they sometimes have money of their own (Figure 4). Figure 5 shows responses to the question on how they get their money, and respondents could choose multiple answers: gifts (61%, n = 36), allowance (32%, n = 19), as a reward for good grades (27%, n = 16), and the tribe (10%, n = 6).

Over 76% (n = 45) of respondents indicated some parental involvement in or supervision of their saving and spending choices (Figure 6).

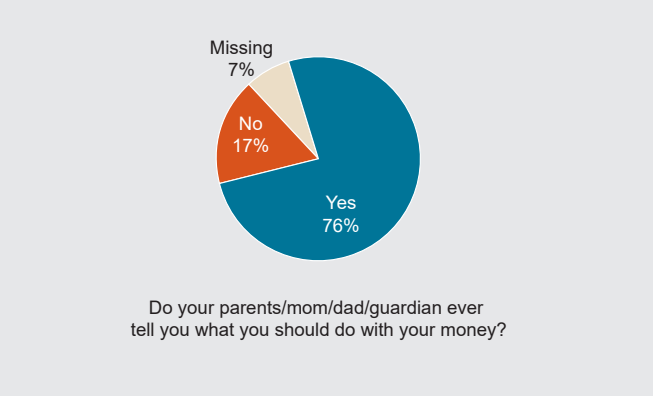

Figure 6. Spending choices

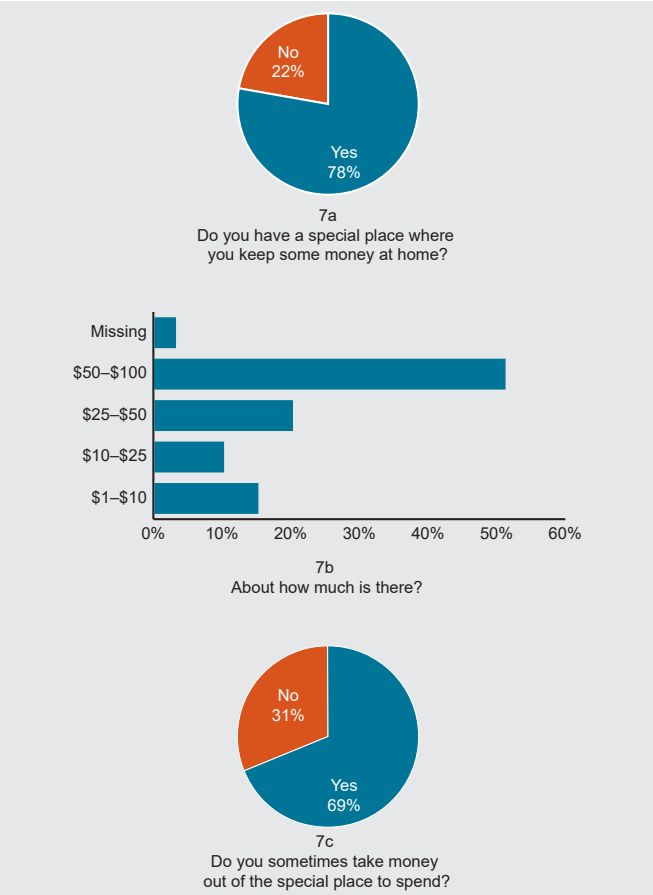

Figure 7. Saving and spending

The three panels in Figure 7 illustrate responses to the query about informal saving. Approximately 78% of respondents (n = 46) reported keeping money in a special place at home. Over two thirds (70%, n = 41) reported that they sometimes take that money out to spend. There was some variation in the reported amounts saved at home: 15% (n = 9) reported saving between $1 and $10, 10% (n = 6) reported between $10 and $25, 20% (n = 12) reported between $25 and $50, and 51% (n = 30) reported between $50 and $100. Responses were missing for 3% of participants (n = 2).

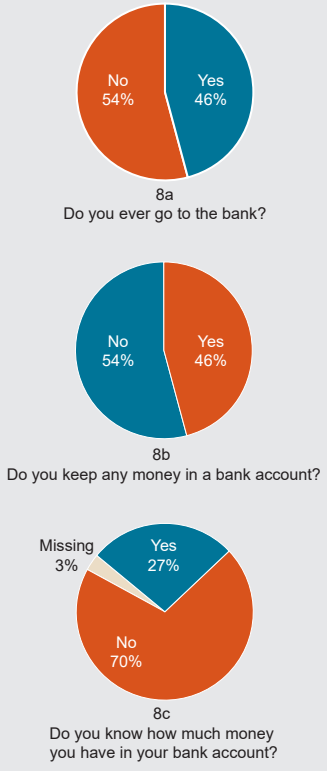

Figure 8. Banking

Figure 8 summarizes responses to the queries on formal banking. Only 46% (n = 27) of respondents reported that they had ever gone to the bank (Figure 8a). Slightly fewer respondents reported keeping money in a bank account (n = 27, or 46%; Figure 8b). Only 27% (n = 16) of respondents reported knowing how much money they had in their bank account.

Figure 9. Withdrawing and using money

Many respondents reported withdrawing money (even if they didn't have a formal bank account) for a variety of purposes (Figure 9), and respondents could choose more than one response to the question about what they use their money for: games (22%, n = 13), food/snacks (24%, n = 14), gifts (32%, n = 19), and other (68%, n = 40).

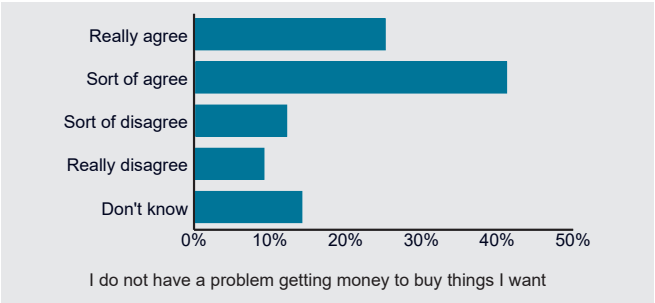

Figure 10. Getting money for immediate wants

In response to the statement that they do not have a problem getting money to buy things they want, 25% (n = 15) reported that they "really agree" with the statement, 41% (n = 24) reported that they "sort of agree," 12% (n = 7) reported that they "sort of disagree," 9% (n = 5) reported that they "really disagree," and 14% (n = 8) reported that they "don't know" (Figure 10).

In response to the statement that they "will probably not have enough money to go to college," 10% (n = 6) reported that they "really agree" with the statement, 19% (n = 11) reported that they "sort of agree," 14% (n = 8) reported that they "sort of disagree," 32% (n = 19) reported that they "really disagree," and 25% (n = 15) reported that they "don't know" (Figure 11).

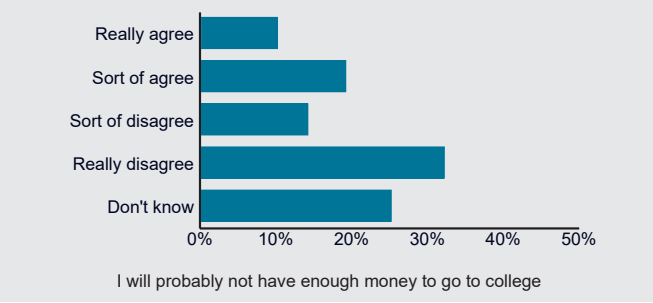

Figure 11. College funding

In response to the statement that "it is easy to save money for things I want to buy," 29% (n = 17) reported that they "really agree," 32% (n = 19) reported that they "sort of agree," 22% (n = 13) reported that they "sort of disagree," 10% (n = 6) reported that they "really disagree," and 7% (n = 4) reported that they "don't know" (Figure 12).

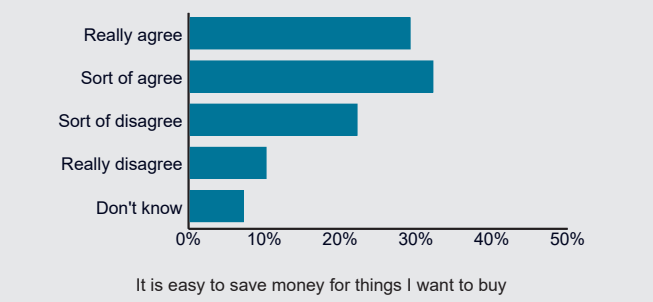

Figure 12. Saving money

Figure 13 illustrates responses about the relationship between money and success. In response to the statement "If I save a lot of money, I will be successful in life," 44% (n = 26) reported that they "really agree," 29% (n = 17) reported that they "sort of agree," 12% (n = 7) reported that they "sort of disagree," 9% (n = 5) reported that they "really disagree," and 7% (n = 4) reported that they "don't know."

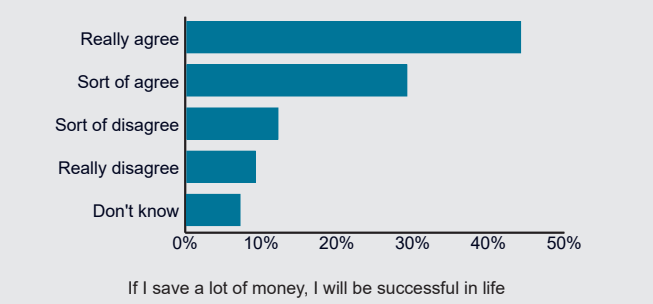

Figure 13. Money and success

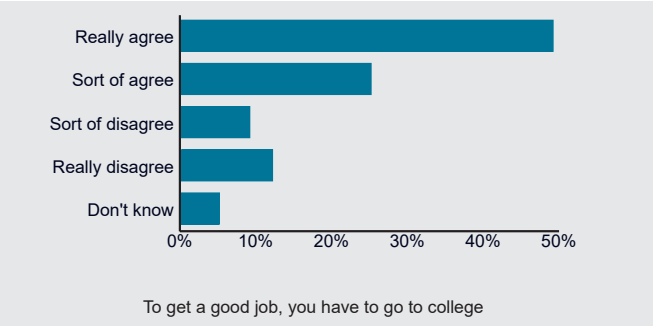

Figure 14. College and job

Figure 14 illustrates responses to the statement, "To get a good job, you have to go to college": 29% (n = 29) reported that they "really agree," 25% (n = 15) reported that they "sort of agree," 9% (n = 5) reported that they "sort of disagree," 12% (n = 7) reported that they "really disagree," and 5% (n = 3) reported that they "don't know."

Program Participation

As mentioned above, the preprogram questionnaires posed several questions related to participation in the OSTFF program, and respondents could choose multiple answers for interest in financial literacy.

Figure 15 illustrates responses: 61% (n = 36) reported interest in learning about planning for college, 42% (n = 25) reported interest in budgeting, 44% (n = 26) reported interest in learning how to save, 34% (n = 20) reported interest in learning how to open a bank account, 17% (n = 10) reported interest in learning how to write a check, and 17% (n = 10) reported interest in learning how to open CDs.

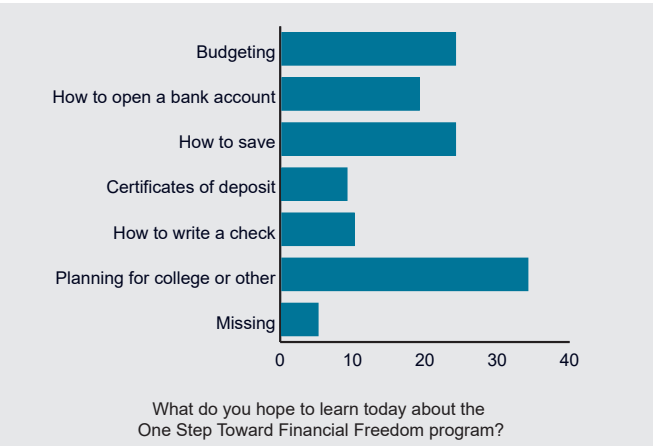

Figure 15. Learning goals

As Figure 16 (Panels a–d) illustrates, 86% (n = 51) indicated a willingness to go to the bank and open a savings account, and 29% (n = 17) indicated that they would probably not have the $25 to open a savings account. The majority of respondents (83%, n = 49)

reported that they would probably put money into a savings account when they had some, and 86% (n = 51) reported an interest in learning about the Native in the Bank program [1].

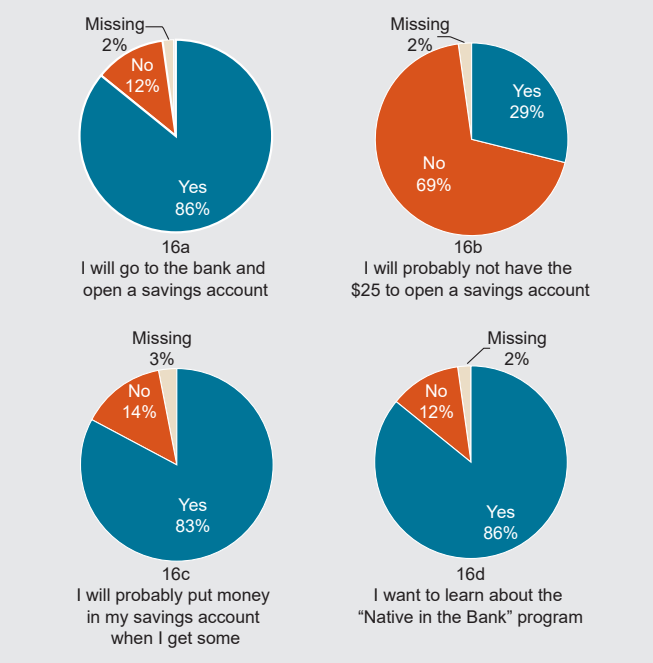

Figure 16. Interest in saving and account

Results From the Postprogram Questionnaire

As we indicated, the research team mailed a postprogram questionnaire to each participant approximately two weeks after the program, and 41 participants returned a completed questionnaire. As Figure 17 shows, 81% (n = 33) reported receiving direction from a parent or guardian concerning use of their money and how to spend it, and 78% (n = 32) reported that they had a special place where they keep some money at home.

There was some variation in the reported amounts saved at home (Figure 18): 17% (n = 7) reported saving $1 to $10, 17% (n = 7) reported saving $10 to $25, 15% (n = 6) reported saving $25 to $50, and 37% (n = 15) reported saving $50 to $100.

[1] The Native in the Bank program is an initiative of the National Congress of American Indians and the Native Financial Education Coalition. The program's goal is to empower Native youth to build their financial futures by opening a bank account. For more information on the program and the Native Financial Education Coalition, see http://nfec.us.

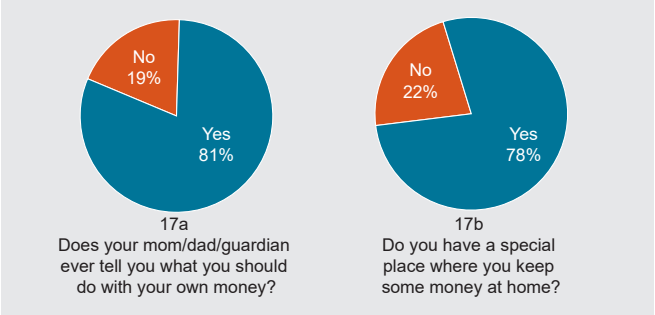

Figure 17. Posttest: Money and informal saving

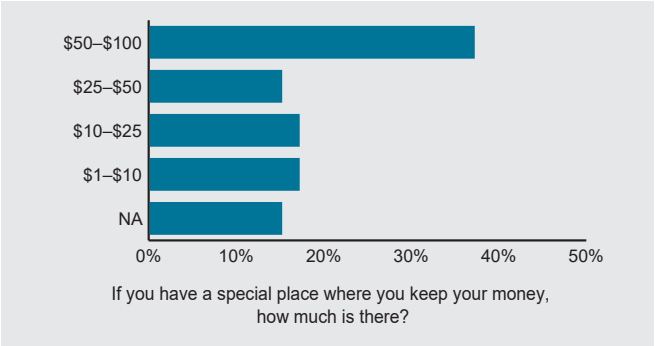

Figure 18. Posttest: Funds held in informal savings

As Figure 19a illustrates, nearly equal numbers of respondents reported keeping money in a bank account (n = 21, or 51%) and not keeping money in one (n = 20, or 49%). Only 37% of respondents (n = 15) reported knowing how much was in their bank account.

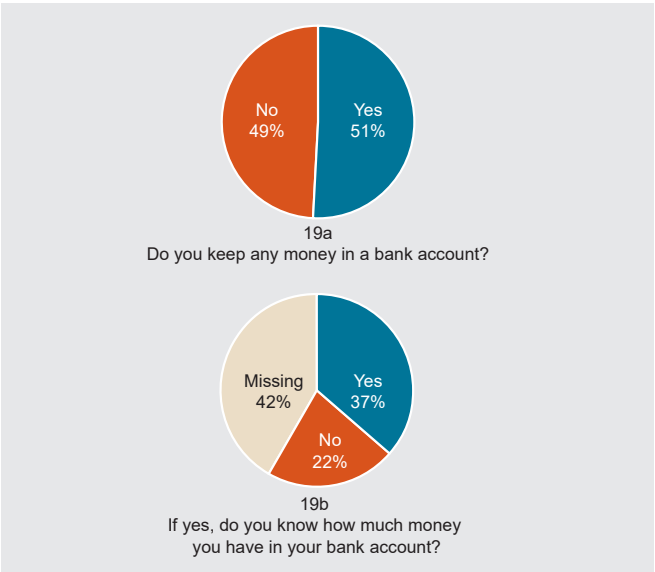

Figure 19. Posttest: Banking

The postprogram questionnaire surveyed respondents on what they had learned in the OSTFF program (Figure 20), and respondents could select multiple answers. The largest proportion, 73% (n = 30), reported learning how to open a bank account, 56% (n = 23) reported

learning how to write a check, 46% (n = 19) reported learning how to save, 42% (n = 17) reported learning how to plan for college or other, and 32% (n = 13) reported learning how to budget.

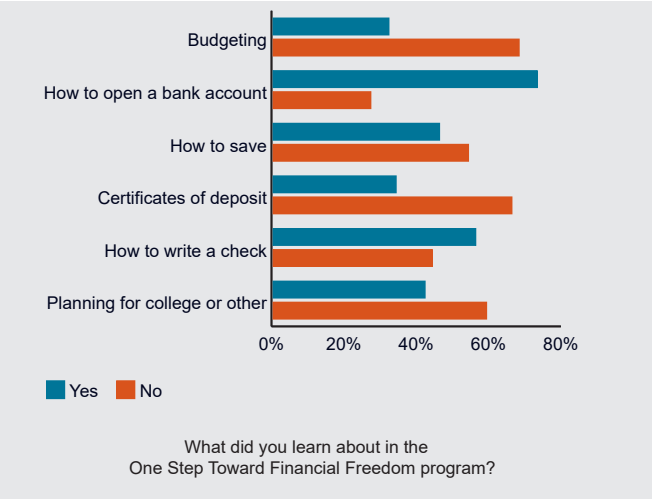

Figure 20. Posttest: Learning outcomes

The results concerning the number of accounts opened are illustrated in Figure 21. Of the postprogram questionnaire respondents, 44% (n = 18) reported going to the bank and opening a savings account. Figure 21b shows that 39% (n = 16) reported saving the $25 to open a savings account. Only 29% (n = 12) reported that they put money in their savings account when they have extra money (Figure 21c).

Among postprogram respondents, 27% (n = 11) reported that they have enrolled in the Native in the Bank program, and 22% (n = 9) reported having a family member who opened a savings account at American Heritage Bank. Of these, four reported that they did not open their own account.

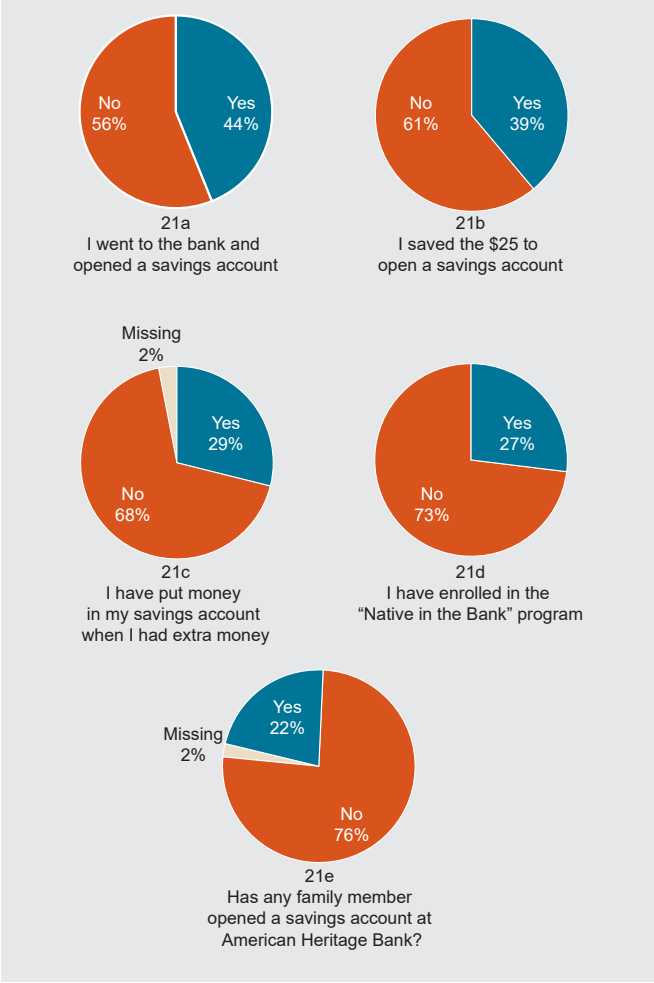

Figure 21. Posttest: Measuring formal steps

DISCUSSION

Earlier research has documented high levels of financial distress among AI/AN people (Staveteig & Wigton, 2000). They experience higher levels of intergenerational poverty and are less likely than other populations to be exposed to financial concepts (Saboe-Wounded Head, 2010). This report presents findings from a new education program to increase the financial capability practices of AI/AN people in the United States, and many of the findings parallel previous research that supports early financial education.

We measured whether participants would open a savings account after completing a financial education program. Through questionnaires, we found that 32% of participants opened a savings account, and many added and withdrew money after the account was opened. These results suggest that if participants are afforded access to early financial education, they may be in a position to save and accumulate assets. In addition, we found that participants have money they keep in a "special place" at home. Most who indicated this reported savings in the range between $50 and $100. Keeping money at home increases the risk that it will be stolen or lost, and the money does not accumulate interest. With over half of the participants indicating that they never go to the bank, we infer that both access and knowledge play key roles in this.

Some interesting and unexpected findings suggest that the perceived costs regarding college costs among participants may be exaggerated. Participants were asked to estimate the costs of 2- and 4-year colleges. They identified figures that were much higher than actual costs. Over 50% of participants believed that the cost of a 2-year college degree was more than $15,000. According to national data from the College Board (2017), a public 2-year college costs $3,570 per year, and a public 4-year (in-state) college costs $9,970 per year. Such misperceptions could deter AI/AN youth from considering college as an option in their future.

Our findings also suggest that participants believed college to be important. Over 75% agreed that, "to get a good job, you have to go to college." The most popular topic in the educational program was learning how to plan for college. This research suggests that participants see college as an option to enhance their futures, although 52% did not believe that they could afford college. The implications of this finding are interesting. Students may choose not to apply for college because they do not believe they can afford it.

This research also adds to the limited literature on culturally responsive approaches to increasing financial capability among American Indian populations, and specifically among youth. There is strong evidence that building trusting relationships in Indian country is critical when implementing new programs (Keown, 2010). The strong relationships between the JOM Indian Education director and the local bank allowed this culturally responsive education program to be implemented quickly and efficiently.

Although our results document that over 30% of participants opened a savings account, the actual account uptake rate may be higher because information was only collected from one bank and participants had only 30 days to open an account following workshop completion. In retrospect, increasing the length of time available to open an account after program completion may have increased the number of participants opening an account. Extending the window of time for participants to open an account from 30 days to 60 days may increase account uptake. Participants may have opened accounts with other financial institutions without the researchers' knowledge. Ideally, future research would follow participants more closely after their completion of the financial education program and should collect account uptake data from all financial institutions.

The pilot study's initial findings reveal new opportunities for research among minority populations and may provide directions for refining culturally responsive financial features and marketing strategies to look more closely at what barriers inhibit or deter opening bank accounts. Research could also look more deeply into using better methods that have been identified for increasing understandings of college costs. We recommend that future research interested in implementing financial education programs use mandatory financial education and mandatory financial-service programs featuring an "opt-out" project design. Recent studies showed that automatic enrollment in a savings account (i.e., an opt-out enrollment structure rather than a structure requiring participants to opt in) can increase participation and have beneficial effects on children as well as their parents (Clancy et al., 2018; Huang, Sherraden, &

Clancy, 2018). If provided both education and access, AI/AN students may be more likely to open a savings account and to understand the benefits of saving. Research should investigate barriers to financial capability among AI/AN participants to strengthen and develop financial capability programs.

Over the next few years, our research team will continue to develop innovative and efficient ways to increase the formal saving opportunities accessible to American Indian youth and, thereby, bring them closer to financial freedom. These plans include replicating this program with incoming sixth-grade students and current seventh and eighth grade students in the same school system. The goal will be to recruit new participants from the sixth grade and to reengage former participants, now in the seventh and eighth grades, who may have previous exposure to the program but did not open bank accounts. To meet the needs of participants wanting to learn more about planning for college, the next financial education program will include more details around college cost.

CONCLUSION

This project used a financial education program to examine financial capability among American Indian middle-school students. The findings suggest that completion of a school-based financial-education program involving a local banking institution encourages young AI/AN students to open savings accounts. The OSTFF program can influence AI/AN youth to take advantage of educational opportunities and can lead to increases in financial capability. Students came away with an understanding of the benefits of saving, how and where to open a savings account, and how financial knowledge positively affects a person's financial situation. Both the financial education program and the accessibility of financial services were critical to achieving savings account uptake, but the results reveal the need to increase facilitation of access to financial services. There is still much work to be done to increase the financial capability of AI/AN peoples, especially work within formal banking systems.

Johnson O'Malley 8th graders from the Clyde Boyd Middle school holding their "certificate of attendance" after participating in the OSTFF program.

> **If provided both education and access, AI/AN students may be more likely to open a savings account and to understand the benefits of saving.**

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