

## Helping Consumers Make Better Financial Decisions

*Since the early 1980s, the Community Affairs Department has helped financial institutions understand the credit needs of low- and moderate-income people and communities. As a result, these people and communities have experienced a significant increase in their ability to build wealth and access credit, particularly for homeownership or home repair.*

In 2005, the Community Affairs Department offered a variety of programs to help students and adult consumers become more knowledgeable about personal finance and the U.S. economy. One major project was creating a video about lending abuses. In “Buried by Debt: The Dangers of Borrowing,” people tell true stories about how they were taken in by unscrupulous lenders and contractors.

### Why a Video?

The idea for the video first surfaced in November 2003 when 11 ministers from large congregations throughout Philadelphia were meeting at the Bank to launch a financial education program for their congregants. “We asked the ministers what we could do to help them reach their communities,” says Dede Myers, vice president and community affairs officer. “They told us that many of their congregants were victims of unscrupulous lenders and asked if we could produce a video that would help educate people about lending practices.”

Myers and Marvin M. Smith, community development research advisor, set the process in motion. According to



Dede Myers, Vice President and Community Affairs Officer

Smith, “The challenge was to make a video that would still be useful five years from now. We started by doing background research to discover the most

common problems people encountered. We focused on balloon loans, unreasonably high interest rates, loan flipping, prepayment penalties, and contractor schemes.”

To make the video, Community Affairs enlisted the help of Irv Ackelsberg and Brian Mildenberg, two attorneys who have had a lot of experience handling consumer credit cases. In fact, they asked several of their clients to be in the video. Smith recalls that it took a lot of convincing to get the local residents to appear. But, finally, they understood that by participating in the video, they could help others avoid some of the problems they had experienced.

### How the Video Was Used

The resulting 14-minute tape has been in great demand by various audiences. More than 3,000 copies were distributed in 2005, including a Spanish version. The department posted information about the video and an order form on its website, which resulted in many requests. Furthermore, other Federal Reserve Banks have asked for copies to distribute to their constituencies, as well.

To help the Bank’s staff, Community Affairs also offered employees on all shifts a chance to see the video. Smith and a cred-

it or housing counselor attended all the showings and encouraged employees to ask questions. The sessions were very popular and lasted nearly 90 minutes.

### Other Efforts

To further help employees, Community Affairs also offered a five-week homeownership program, and several of the participants have since bought houses. Other consumer education projects included offering a training session for faith-based organizations and providing space and staff support for quarterly meetings of the Financial Education Support Network of Southeastern Pennsylvania.

Additional endeavors by the department’s economic education unit involved enhancing the curriculum of an existing financial literacy program, which had met with great success in Delaware, and promoting it to teachers in Pennsylvania and New Jersey. The unit also held a number of financial education seminars for teachers around the Third District.



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