

Testimony of

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Institutions and Consumer Credit**

**Hearing on
“Examining How Technology Can Promote Consumer Financial
Literacy”**

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Washington, D.C.**

Chairman Capito, Ranking Member Meeks, and Members of the Subcommittee.

I am honored and excited for the opportunity to speak before the Subcommittee today.

My name is Gabriel Krajicek. I am CEO of a company called BancVue.

BancVue is a professional services company based in Austin, TX serving the financial industry. We provide market research, product development, consulting, technology, rewards-management and marketing services to more than 700 community banks and credit unions across the United States.

As the following awards demonstrate we are widely regarded as one our industry's top innovators:

- 2012: Instructional Game of the Year - Excellence in Financial Literacy Education
- 2011: Entrepreneur of the Year - Ernst & Young
- 2011: One of the 10 Most Innovative Companies In Finance - Fast Company
- 2011: Best of Show - Finovate
- 2010: One of 8 Companies That Give Hope To The Finance Industry - Fast Company
- 2009: Best Money Saving Tool Award - Wise Bread

I mention these awards not to brag but to emphasize two essential components of any financial literacy solution - innovation and receiving sound financial advice from trusted sources.

Why We Care So Passionately About Financial Literacy

I'm excited to tell you about the success of our mobile and web-based financial literacy products - MoneyIsland™, PiggyBot™ and Kasasa 360® - but first, I'd like to take a moment to explain why we care so much about this subject.

I personally saw the dire need for financial literacy in 2009 when I was teaching a class on entrepreneurship through Citizens Schools. I spent hours upon hours developing lesson plans, activities and homework assignments for my young students.

In one of our "real life" activities, we participated in national Lemonade Day. I was excited. My students were excited. Especially one little girl who just couldn't wait to run the cash register! She was going to handle the money and serve our customers!

Seeing her enthusiasm and motivation, of course I gave her the opportunity.

Sadly, I soon realized that she could not make change properly.... even with the assistance of a calculator.

Our customers were patient and understanding and politely helped correct her mistakes but her excitement quickly turned into despair. Her self-confidence sank into self-doubt and her enthusiasm vanished.

Managing money should not do that to any child....nor to any adult!

At that moment, I realized financial literacy was a major issue in our country, and BancVue had to do something about it.

Our financial literacy products are not big money makers for us nor for our clients but helping people with their financial future is vitally important to all of us.

That's why MoneyIsland, PiggyBot and Kasasa 360 are supported exclusively through community banks and credit unions. These institutions provide knowledgeable financial advice and serve their communities - one household, one parent, one child, one teacher, one business at a time - so all of us can achieve our financial goals.

The Depth Of The Problem

How bad is the problem? Let me share some figures:

- **81%** of parents feel it's their duty to teach their kids about money,² yet
- **74%** of parents are reluctant to talk to their kids about finances.²

Why? Because they lack confidence in their own understanding and thus,

- **87%** of parents think financial matters should be taught in school.²

Our Philosophy - "Edutainment" - Educate By Entertaining

Perhaps it goes without saying, but kids learn by doing. And it surely goes without saying that kids like games.

Just for good measure though, it's worth noting that **83%** of parents agree that games are a good way to teach kids about money.³

All of this is why BancVue's financial literacy materials are extremely fun for kids. We like to call it "edutainment."

It is among the most satisfying moments in my career when I watch kids having so much fun testing our products, likely not even realizing they're gaining a serious leg up on what they need to know to be successful in life as adults.

Let me describe each of our products.

MoneyIsland™ - Online Financial Education

Launched in 2011, MoneyIsland is a multi-level online video game geared toward boys and girls ages eight (8) to fourteen (14).

Working with real students in real classrooms, we created an interactive game with exciting adventures and financial quests to teach children the following eight (8) key financial principles:

- Spending & Saving
- Understanding Interest
- Understanding Wants vs. Needs
- Understanding Assets & Liabilities
- Earning & Investing
- Identity Protection
- Using Credit Wisely
- Risk Management

These students helped craft our storyline, name our characters and determine where our adventures might lead. They helped us develop the concept of each player becoming a Financial Guru to save our main character “Stone Broke” from his island. To do so, each child must learn how to earn, save and invest enough smackers to return Stone Broke to the mainland by helicopter. Not surprisingly, it is the storyline that engages the kids from start to finish!

We didn't stop there. I know how hard it is to develop effective and compelling lesson plans. So, we made it easy for teachers to communicate these concepts by including seventeen (17) pre-planned financial lessons in a one hundred and twenty-four (124) page Teacher's Guide. This is important because:

- less than **30%** of teachers say they've taught financial topics before,⁴ and
- less than **20%** of teachers feel competent in doing so.⁴

Teachers love MoneyIsland because it is a turnkey solution and our curriculum meets both the Jump\$tart Coalition for Personal Financial Literacy and the Common Core math standards. (Some sample letters we've received from educators are included at the end of this testimony.)

Offered by more than 100 community financial institutions, MoneyIsland is now used in approximately 2000 classrooms and more than 70,000 children have completed their financial journey!

(You can get a sense of the fun and excitement kids experience by visiting the online demo of MoneyIsland at <https://Demo.MoneyIsland.com/>. Just hit “Play” then select the “Demo Version” option.)

PiggyBot™ - Mobile “Allowance” App

PiggyBot is a groundbreaking free mobile app that transforms the age-old practice of distributing kids’ “allowances” into an interactive collaboration between Mom, Dad and each child.

- **77%** of parents believe allowance is a prime opportunity to teach kids about money.³

Using PiggyBot, kids establish goals (like wanting a new doll or a new bike) and Mom and Dad place portions of that child’s allowance or what we call “virtual IOUs”, into three (3) buckets - spending, saving, and sharing. Kids learn the value of planning and how money can and should be used for multiple purposes.

Virtual IOUs become redeemable and are made available to the child as certain milestones are achieved.

Launched on April 1st, PiggyBot has already had an immediate impact:

- It’s been the **#1** free app for children in the iTunes App Store (beating the likes of Barbie® and Mickey Mouse®)
- We’ve had over **50,000** downloads
- And over **9,000** goals have already been established & achieved

Kasasa 360® - Money Management Made Easier

Adults need help managing their money too. And they want help from someone they trust.

- **93%** of community banking customers trust their financial institution¹

Compare that to:

- **66%** of Americans who feel flat out anger toward the big banks¹
- Even **31%** of megabank customers don’t trust their own bank¹

People want assistance from people they are familiar with too.

- **75%** of consumers say they want personal finance management (PFM) services from their primary financial institution, rather than from a third-party.⁵

That’s why we launched Kasasa 360 earlier this month.

Kasasa 360 is an easy-to-use PFM system that enables an individual to view, organize, budget and manage all of their bank accounts, credit cards, car loans, mortgages, investments, retirement savings - you name it - all through their mobile or web-based device.

And financial “alerts” can also be sent to the individual’s mobile device to let them know of any unusual account activity or if they are approaching a specific spending limit that they’ve established for themselves

Kasasa 360 brings our financial literacy offerings full circle as it gives parents “hands on” control over their own finances. After all, as financial guru Dave Ramsey says “Your children are watching you, and more is caught than taught.”

Kasasa U™ - The Future Of Financial Literacy

We’re not stopping there. As innovators, we’re constantly developing and delivering new games, new tools and new products and services all of the time.

As such, we’ve recently created Kasasa U to serve as a new online hub for financial information, tools and resources. It’s an interactive site where individuals of all ages can research questions and develop new financial skills in a fun and non-threatening environment.

Just launched in April, we intend to add several exciting stand-alone video games that are full of teachable moments on specific money management topics.

What Can Congress Do To Help? Reduce The Regulatory Burden

What can Congress do to help?

As I mentioned earlier, financial literacy is not a moneymaking venture for community banks and credit unions. It’s an expense.

As the pace and the costs associated with compliance and regulatory oversight continues to grow, community banks and credit unions are forced to cut services that don’t generate revenue.

Without sacrificing Safety & Soundness, if there were a way to reduce the regulatory burden on community financial institutions, more organizations would be able to afford to provide financial literacy services across every small town in America.

Thank You For This Opportunity

I sincerely appreciate the opportunity to testify today and am grateful to the Members of this Subcommittee for their focus on this subject.

I know I speak on behalf of all 300 BancVue employees when I say we are passionate about financial literacy, and extremely passionate about community banking.

BancVue will continue to innovate new products and services.

Our community banks and credit unions will continue to provide the trusted knowledgeable advice that our fellow citizens need and deserve.

Individually and collectively, we stand ready to help you in any way we can.

I hope my testimony has helped your efforts, and would be more than happy to provide further insight or address any questions.

¹BancVue, “Consumer Banking Insights Study,” conducted by Harris Poll, December 2013

²Touchstone Research, DoughMain national survey, February 2012

³T. Rowe Price, “Parents, Kids & Money Survey,” March 2014

⁴National Endowment for Financial Education, “Teacher’s Background & Capacity to Teach Personal Finance,” 2010

⁵Pertter Wannemacher, senior analyst at Forrester Research, quoted in ABA Bank Marketing article “Track My Money!” September 2012.

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Barbie is a registered trademark of Mattel.

Mickey Mouse is a registered trademark of The Walt Disney Company.

Excerpts From A Small Sampling Of Letters By Parents, Kids, And Teachers

“Particularly with the many budget cuts faced by school districts, it feels great to be able to provide this free, unique, and fun educational resource.”

— Dianna Huff, St. Helens Community Federal Credit Union, OR

“This semester we have had the privilege of using MoneyIsland with my 6-8th graders. My students loved using the program. They loved playing the game on Fridays (which was not surprising) but they also really enjoyed the lessons that we did before we played. I used the teachers guide and the ideas in there to complete the lessons with my students.

I was surprised at how much they were learning about money. One of my standards is to teach money management. This can be difficult with middle schoolers because a lot of it can be confusing or over their heads at this point in their lives. However, with MoneyIsland, I was able to teach them in a fun and different way. The students really enjoyed playing the various games and it was fun for me to watch as a teacher because they were learning, but were not necessarily aware of all the knowledge they were gaining as they were having fun.

I think Money Island is an excellent learning tool for today's students because they are accustomed to being on the computer or playing games in their free time. When we can include that and have the students learning at the same time, it is a win/win! We loved the program and hope to use it in the future!”

— Brittany DuMont, Station Camp Middle School, TN

“It is the mission of First National Bank to enhance the communities in which we serve, and by providing MoneyIsland to the children, it can positively impact their future and fill a distinct social need that is especially relevant right now. When the children become “Financial Gurus” and want to tell you everything they have learned, it makes your day. Since September 2013, First National Bank of McMinnville has educated 1,100 kids. MoneyIsland is truly a small investment with a positive impact for our communities.”

— Shannon Gulick, First National Bank of McMinnville, TN

“Thank you so much for introducing me to MoneyIsland! I’ve played it for a long time and I enjoyed every second of it...Thank you so much for the prizes! I’ve never played such a fun game on the computer in my life!”

— M.P. XX grader

“My name is _____. I have really enjoyed MoneyIsland. I have really enjoyed my t-shirt and backpack too! I thank you also for coming to our school to show us this wonderful game!”

(P.S. I’ve learned a sum of ways to tilt the ‘Scales of Success.’ I’ve also learned that you have to pay your bills and credit or you really pay!)

Your guru, “

— E.P. XX grader

“Thank you for listing me in MoneyIsland. MoneyIsland could be improved if you could dress your character more. Who created MoneyIsland? Please write back!

P.S. I loved the stories and tests and SMACKERS! I learned that saving and spending are very different. “

— W.S. XXX grader