The Importance of Financial Capability

CSBS Case Study
Competition Update

Five Ways to Improve Financial Capability

Elder Financial Exploitation Prevention
Personal financial capability and independence should be essential goals for all Pennsylvanians. Financial capability is more than having the knowledge necessary to make sound financial decisions; it is the ability to use knowledge, skill, and access to understand and exercise financial skills such as budgeting, investing, and building long-term financial security.

So where do Pennsylvanians stand in terms of financial capability?

According to a 2018 FINRA National Financial Capability Study:
- 19% of individuals in Pennsylvania reported their households outspent their income
- 47% lack a rainy day fund
- 38% paid only the minimum on credit cards during at least some months during the previous year

In 2020, the department published its own study that evaluated investment habits, stereotypes and obstacles facing Pennsylvania women and their finances. As part of our Investing in Women initiative, the department aims to provide essential education on banking, credit, saving, and investing and resources to women as they navigate their finances.

The study uncovered some barriers to women:
- Only 53% of women surveyed reported having an emergency fund of some type in place
- Many feel they excel at day-to-day financial matters, but only 36% are confident in their ability to manage and invest money
- Only 14% of all women in Pennsylvania are confident in their financial capabilities and actively seek ways to invest and manage their portfolios.
One person’s response reveals why improving financial capability among all consumers is so important:

The lack of education with regard to student loans, credit and financial management during my early years caused debt to escalate. The lack of this knowledge inhibits my present ability to plan and manage my financial affairs.

So too are there undeniable disparities in the financial literacy of Black Americans. A 2019 TIAA Institute-GFLEC report showed that personal financial knowledge among African American adults lags behind their white counterparts. And though increasing financial literacy and capability is not a panacea for closing the racial wealth gap, it can help to improve the financial well-being of individuals and families.

Financial Capability Month is an opportunity to recognize the importance of high-quality resources and education that improve our financial capability and find ways to improve the financial capability of ourselves, our loved ones, and our communities. The department is committed to helping all Pennsylvanians make strong financial decisions in their everyday lives, reach financial independence, and build strong financial futures.

### Congratulations to the PA Students Competing in National Community Bank Case Study Competition

Students from 16 teams representing 13 Pennsylvania colleges and universities are competing in the 2021 Conference of State Bank Supervisors (CSBS) Community Bank Case Study Competition.

The Community Bank Case Study Competition offers undergraduate students an opportunity to gain valuable first-hand knowledge of the banking industry. Student teams partner with local community banks to conduct original case studies. For the 2021 competition, each team will examine how community banks have responded to two major forces that impacted the nation this year: (1) the COVID-19 pandemic, and (2) a renewed commitment to diversity and inclusion.

Of the 53 student teams competing nationwide, Pennsylvania tops the list of participants with the following schools and bank partners:

1. Bloomsburg University (Columbia County) – First Keystone Community Bank
2. Grove City College (Mercer County) – Mars Bank
3. Juniata College (Huntingdon County) – Kish Bank
4. Kutztown University (Berks County) - New Tripoli Bank, Fleetwood Bank, and The Neffs National Bank (3 teams)
5. La Salle University (Philadelphia) – QNB Bank
6. Lincoln University (Chester County/Philadelphia) – Fulton Bank
7. Mansfield University (Tioga County) – Citizens & Northern Bank
8. Messiah University (Cumberland County) – LINKBANK
9. Muhlenberg College (Lehigh County) – QNB Bank
10. Rosemont College (Montgomery County) – Asian Bank and The Bryn Mawr Trust Company (2 teams)
11. Temple University (Philadelphia) – The Victory Bank
12. University of Pittsburgh at Johnstown (Cambria County) – Somerset Trust Company
13. York College of Pennsylvania (York County) – York Traditions Bank

The student teams are competing for an academic scholarship, an opportunity to present their case study at the annual CSBS-Federal Reserve Community Banking in the 21st Century Research and Policy Conference, and publication in a journal of academic research.
Each April during Financial Capability Month, Pennsylvania recognizes the importance of accessible, high-quality education and resources to improve personal financial capability and the many state agencies and private partners that uphold that mission. Financial capability empowers individuals to make confident decisions about their money. This skillset is critical to help ensure you are making the soundest decisions when it comes to managing debt, investing, saving, and building towards your future.

Here are five ways to brush up on your financial capability skills:

1. **Protect your personal and financial information.** Guarding your personal information is one of the best steps you can take to protect against identity theft and financial scams. The commonwealth’s cybersecurity guide provides practical tips and resources to protect your information online.

2. **Keep a close eye on your credit report.** Information on your credit report can impact your ability to rent an apartment, get hired for a job, or whether you can obtain insurance or a loan. You are entitled to a free copy annually of your credit report, weekly during the duration of the COVID-19 national emergency declaration, from each of the three main credit reporting companies – Experian, Equifax, and Transunion – through annualcreditreport.com. Understanding Credit Reports and Scores can help you find where to start and what to do if you find misinformation on your report.

3. **Research and verify your financial professional.** Before agreeing to working with any investment professional, take the time to research them. There are a number of free online tools available to you, but you can also contact the department at any time if you are unsure where to start.

4. **Become a well-informed consumer and investor.** Protecting and growing your money is an essential part of financial capability. Attend free, virtual programs or presentations on a variety of financial topics. From budgeting to cybersecurity to saving and investing, the department carries a full slate of programming that can be found on its events calendar. Groups interested in scheduling a presentation can email informed@pa.gov.

5. **Know the Red Flags of Financial Scams.** Consumers lost more than $3.3 billion to fraud in 2020. Taking a few simple precautions can help you detect a scam or fraud and prevent you from becoming the victim of one. Is the a “deal” that requires you to act quickly? Are you being contacted out of the blue or only online? Does it all sound too good to be true? Learn to recognize the red flags common scams.
Expanded Elder Financial Exploitation Prevention Efforts

In March, DoBS partnered with the Pennsylvania Food Merchants Association (PFMA) to provide voluntary training for convenience and grocery store employees to help identify and prevent seniors from being victims of gift card scams.

The training is part of an ongoing initiative by the department to partner with professionals and professional organizations to recognize and report elder financial exploitation.

Gift card scams are a common tactic used by scammers and have grown in frequency over the past several years. Scammers will often instruct victims to make payment for a fictitious debt or fee via payment by gift card because the funds are difficult to trace once the card number and pin are provided to a third party.

Anyone who has been instructed to make payment via gift card should immediately cease contact with the caller and alert local law enforcement using a non-emergency number or report the activity to the Pennsylvania State Police by emailing tips@pa.gov.

The department uses its innovative, research-based programs to train medical doctors, lawyers, social workers, senior service providers, and other professionals who have contact with older Pennsylvanians to recognize and report financial abuse.

Interested in tailoring a program specifically to your group’s needs? Email us at informed@pa.gov.

Follow us on social media for latest news, information, and events: Facebook, Twitter, LinkedIn.

Contact us today at informed@pa.gov to schedule an outreach event. We would love to hear from you.

Virtual Programs for Veterans During Military Appreciation Month

The PA Military Finance Alliance will be hosting a series of financial education webinars for veterans in May to recognize and celebrate Military Appreciation Month. The webinars will take place every Tuesday at 12 noon and 6 pm, and Wednesdays at 10 am and 6 pm, throughout the month of May. Register here.
The Pennsylvania Emergency Management Agency (PEMA), Pennsylvania Treasury, and the Department of Banking and Securities (DoBS) have compiled tips and resources to help Pennsylvanians be better financially prepared in the face of disasters or emergencies. Recovering from a disaster can be daunting, but taking steps to improve your financial capability before a disaster occurs can help alleviate some of the stress.

Join the department, PEMA, and Treasury for a conversation about putting together your own Financial First Aid Kit on Wednesday, April 28 at 12:00PM.

Visit the Are You Ready PA? blog to learn more about financial capability and disaster recovery.

In today’s globalized economy, businesses are facing new challenges. Challenges to meet demand, retain quality staff, and meet unique logistical needs.

The PA Department of Labor & Industry’s no-cost, integrated business services can help businesses overcome a variety of challenges, whether it’s hiring a skilled workforce, preventing a closure, or increasing global competitiveness when facing foreign trade.

The Rapid Response Service Team provides a proactive, customized approach in addressing specific business needs or challenges as they arise. You don’t need to face hard times alone; Rapid Response is here to help you navigate opportunities and partnerships to grow. Let us help your business thrive.

Rapid Response can also be there on a business’ worst day. When a layoff or closure is announced, the Rapid Response team can help with layoff aversion plans or assist with getting affected workers reemployed.

If foreign trade is involved, then the team can assist businesses in filing for the federal Trade Adjustment Assistance (TAA) program. Administered by L&I, TAA assists workers who lose their jobs or whose work hours or wages are reduced as a result of foreign competition or increased imports through funded training, cash income support, job search and relocation assistance, and more.

Learn about the integrated services available to you at www.dli.pa.gov/rapidresponse.

Contact DoBS...

Call 1.800.PA.BANKS or 800.600.0007 or online to ask questions or file complaints about financial transactions, companies, or products.

If you believe you have fallen victim to a scam, contact local law enforcement through a non-emergency number.
Department Reminds Firms to Contact Regulators with Issues Related to SolarWinds Breach

DoBS is reminding financial service registrants, state-registered investment advisers and intrastate broker-dealers, to report any known issues or concerns related to the SolarWinds cybersecurity incident to their primary securities regulator.

In December 2020, the federal government reported that SolarWinds, a vendor that provides updating and monitoring software to numerous government agencies and private companies, was the victim of a breach that caused SolarWinds Orion Network Management Products to transmit malware to many of its clients, including federal, state, and local governments, as well as other private sector entities.

The U.S. Department of Homeland Security’s Cybersecurity & Infrastructure Security Agency (CISA) has issued an alert that describes the threat and provides guidance on how to address it. Any firm with known malicious versions of the SolarWinds Orion software should contact its primary regulator. State-registered investment advisers and intrastate broker-dealers in Pennsylvania should contact the department at RA-BNSECURITIESLIC1@pa.gov.

CISA: CHIRP IOC Detection Tool

CISA has announced its CISA Hunt and Incident Response Program (CHIRP) tool. The tool helps network defenders detect activity related to the supply chain compromises affecting SolarWinds and Active Directory/Microsoft 365. CHIRP is freely available on the CISA GitHub Repository. Organizations can use CHIRP to:

• Examine Windows event logs for artifacts associated with this activity;
• Examine Windows Registry for evidence of intrusion;
• Query Windows network artifacts; and
• Apply YARA rules to detect malware, backdoors, or implants.

Microsoft Exchange Cyber Attack

On March 2, Microsoft announced hackers had gained access to email accounts through vulnerabilities in its Exchange Server email and calendar software.

Microsoft has issued security patches for the vulnerabilities dating back 10 years, with attackers exploiting those vulnerabilities since January.

According to the Wall Street Journal, tens of thousands of businesses, government offices and schools are potentially impacted.

CISA has issued an alert on mitigating the Microsoft Exchange Server vulnerabilities.

Ransomware Self-Assessment Tool

The Bankers Electronic Crimes Taskforce (BECTF), State Bank Regulators and the United States Secret Service has developed a Ransomware Self-Assessment Tool. The tool was developed to help financial institutions assess their efforts to mitigate risks associated with ransomware and identify gaps for increasing security. This tool provides executive management and the board of directors with an overview of the institution’s preparedness towards identifying, protecting, detecting, responding, and recovering from a ransomware attack.

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The department protects consumers through the following laws:

• Check Casher Licensing Act
• Consumer Credit Code
• Consumer Discount Company Act
• Credit Services Act
• Debt Management Services Act
• Debt Settlement Services Act
• Loan Interest and Protection Law
• Money Transmitter Act
• Mortgage Licensing Act
• Pawnbrokers Licensing Act
• Pennsylvania Securities Act of 1972

The Department of Banking and Securities issued 14 enforcement orders during the first quarter of 2021 from January to March 2021. Fines and assessments for these orders totaled $93,292.67 with an additional $29,029.99 in restitution to be paid to Pennsylvania consumers. To see details on these enforcements, visit the Enforcement Orders section of the department’s website.

Pistilli to Oversee Securities Supervision

Eric Pistilli has been appointed Acting Deputy Secretary of Securities, overseeing the department’s regulation of broker-dealers, broker-dealer agents, investment advisers, investment adviser representatives, and notice filers who conduct securities-related business in Pennsylvania, as well as the department’s work reviewing securities offerings made in Pennsylvania.

In his thirteen years with the department and Pennsylvania Securities Commission, Pistilli has worked in all aspects of securities compliance, including registration, investigations, and exams. He most recently served as the Chief of Securities Licensing.

Pistilli is a member of the NASAA Investment Adviser Training Program and the Continuing Education Committee. He is a Certified Public Accountant and has worked as an auditor in public accounting prior to joining state government service. He is a graduate of The College of Staten Island where he earned a bachelor’s degree in accounting.

It’s Time to Get Your Shot!

Pennsylvania has moved into Phase 2 of Pennsylvania’s COVID-19 vaccination plan. That means all residents over 16 are now eligible to schedule their vaccine appointment.

To find an appointment near you, use the DOH vaccine provider map. If you need help call the PA Department of Health Hotline at 1-877-724-3258.

• Once you get your vaccine, tell people about it! Research shows that word of mouth is a great way to encourage others to get their vaccine as friends and family are often thought of as a trusted messenger.

• Social media is a great way to show others that you are doing your part to defeat the virus and get back to life. Inspire others to do the same by using #GotMyShotPA to proudly share your selfie!
REMINDER: Personal Income Tax Filing Deadline is...

The filing deadline for both federal and Pennsylvania 2020 personal income tax returns is **May 17**.

The Pennsylvania Department of Revenue is strongly encouraging taxpayers to file returns online and make payments electronically to help streamline the processing of returns.

Here are a few of the tools and resources available to you:

- The PA Department of Revenue’s new, state-only filing system is available at [mypath.pa.gov](http://mypath.pa.gov)
- Securely access information about your federal taxes
- Request an extension to file your Pennsylvania personal income tax return
- Access the latest information about Economic Income Payments (EIP) and how to claim the 2020 recovery rebate credit
- Find answers to your tax questions
  - Pennsylvania: [Online Customer Service Center](http://www.revenue.pa.gov)
  - IRS: [Interactive Tax Assistant](https://www.irs.gov)
- Track your refund

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**Tips About Your Finances and Your Credit**

- Contact your creditor if are unable to pay your credit card bill by using the phone number on the back of your card.
- Explain how your financial situation has been affected by the pandemic.
- Remember to check your credit report to check the status of your accounts.
  - 35% of your credit score is based on payment history
  - 30% of your credit score is amount of debt so pay it down

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**For more information on credit reports,**

[1.800.PA.BANKS](tel:+18007262585)  
[doebs.pa.gov/COVID19info](http://doebs.pa.gov/COVID19info)

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