

## **New York City Students Ahead of the National Financial Literacy Curve *Financial Literacy Certification Final Test Results Announced***

---

**NEW YORK, December 6, 2004** – More than 4,600 high school seniors from 27 New York City schools participated in a Financial Literacy Coalition pilot and scored significantly higher than the national rate on a test of basic personal finance concepts, according to final results released today.

Measured against a national rate in which students answered 52 percent of financial literacy test questions correctly, New York City youth produced an average rate of correct answers of 70 percent.

“These results indicate that our students are ahead of the curve versus the rest of the nation when it comes to understanding basic financial concepts,” said Phyllis Frankfort Perillo, Chair of the Coalition and President of W!SE, a Manhattan-based not-for-profit focused on financial education.

JPMorgan Chase sponsored the 2004 Certification Test, which was administered to 4,614 senior students at 27 high schools involved in the Coalition’s program last May. “We are pleased with the results, which show a high level of financial literacy among our New York City high school students,” said Deborah A. Smith, JPMorgan Chase Vice President and Coalition member.

The test, designed by W!SE on behalf of the Financial Literacy Coalition, evaluated students’ knowledge of money, savings, credit, banking, investing, insurance and money management, and gauged their ability to manage their own finances. The test content reflected the New York State Education Department’s economics curriculum.

Results also show 73 percent of all students involved in the pilot passed and 12 of the 27 schools received the “Blue Star School” award from the Coalition for having more than 75 percent of their students pass. Those schools include DeWitt Clinton of the Bronx; Aviation, Benjamin N. Cardozo, Forest Hills, Business, Computer Applications and Entrepreneurship High Schools of Queens; Fontbonne hall Academy of Brooklyn; and Glen Cove, H. Frank Carey, Island Trees, Manhasset and Plainedge High Schools of Long Island.

### **Specific Findings**

#### **Among “positive” findings:**

Students performed best in the areas of Banks/Banking and Credit.

93 percent of students understood that having a good credit rating was important in obtaining a favorable bank loan interest rate. Similarly, 89 percent of the seniors correctly identified that making late payments on an education loan would lower a person’s credit rating.

89 percent of students realized that making purchases with a credit card found in the street would be an unauthorized use of a credit card.

89 percent of those tested also realized that check-cashing stores charge higher fees than banks to cash checks.

### **Findings that identified “challenges” include:**

Students had the most difficulty in the area of Insurance/Investing.

Only 56 percent recognized that speculative stocks posed a greater risk to investors than blue chip stocks, money market funds, or certificates of deposit.

Only 24 percent of students realized that a stock portfolio is likely to have a higher value over time than a savings account of the same cash value today.

30 percent of the students understood term versus whole-life insurance, or the effect of raising the deductible for collision on an automobile.

Students also had difficulty with questions about “Interest & the Cost of Money.”

Only 27 percent of students understood that finance companies usually charge higher interest rates than banks or credit unions, while just 38 percent correctly answered that interest compounded daily would have greater yield than interest compounded monthly, quarterly, or yearly.

### **Student Profile**

Of the students tested:

71 percent were minority students.

There was virtually no difference by gender. The pass rate for females was 72.8 percent; for males 73.4 percent.

Nearly half (48 percent), or worse than the national average of 28 percent, reported no bank account.

10 percent reported having their own credit card, while twice as many (20 percent) reported using their parents’ or guardians’ cards.

10 percent reported using their ATM or debit card for getting cash from an ATM only, and 15 percent reported using the ATM/debit card both for getting cash and buying items directly.

90 percent reported gaining “many” or “some” useful skills from the personal finance unit taught in economics that were directly applicable to their lives.

“Educators throughout the country are making a significant effort to address the alarming lack of basic knowledge about personal finance among our young people,” said Daria Sheehan of Citigroup, a Coalition member and sponsor. “We are dedicated to advancing the cause of financial literacy among graduates of New York State schools, specifically.”

Members of The Financial Literacy include: JPMorgan Chase, Citigroup, Deutsche Bank, The McGraw-Hill Companies, Allstate, American Express, Muriel Siebert Foundation, Federal Reserve Bank of New York, Financial Planning Association of New York, New York City Department of Education, New York State Department of

Education, and the New York State Banking Department. The goal of the Coalition is to create a groundswell of demand for financial education and a demonstrably high level of financial literacy among young adults. The Coalition also strives to work with instructors and provide them with the tools and materials to teach effectively.

Ms. Perillo noted that in the 2005 academic year, 50 high schools will administer the Certification Test, up from 27 this year, and seven in 2003.