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Financial Literacy: Key to Native American Economic Development

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Rebecca Seib of First Nations Development Institute training tribal members to be financial literacy instructors

Access to credit has long been a major barrier to economic development on Indian reservations. The reasons are several, including the simple fact that the reservations are often located far from banking centers.

But there are other factors as well, including the separate legal and court systems reservations operate under, the trust status of tribal lands, the endemic poverty, and the low-level of participation in the formal economy by tribal members. Limited financial literacy of reservation residents has also played a key role, both as a cause and as an effect. In a recent survey of financial services, banking, and lending needs in Native American communities, First Nations Development Institute found that the top three expressed needs were (1) housing, (2) access to credit, and (3) financial education. Despite gradual improvements in the provision of housing and credit to Native Americans, the often limited knowledge of personal finance among this population remains a serious economic barrier.

Tribal leaders have been working to address the problem. Many tribes have added financial management components to their efforts to increase homeownership among tribal members. Most of these curricula, however, have been borrowed from non-native sources, with some adaptation to local cultural needs. Despite the usefulness of these programs, there is no one program to which observers can point as an unqualified success in Indian country.

Building on Native American traditions

Because of this, First Nations Development Institute — a Native American nonprofit whose primary mission is to promote culturally appropriate economic development by and for native peoples — began pressing for a native-specific financial literacy curriculum that could be used throughout Indian country. What was needed was a culturally oriented course of study that would combine Native traditions and modern financial tools.

We collaborated with the Fannie Mae Foundation to develop a financial literacy curriculum for Native American families. Called *Building Native Communities: Financial Skills for Families*, the curriculum is designed to help native people build on their own knowledge and develop personal financial skills within a framework of native values that embrace traditional resource management. (To

obtain a copy, contact the Fannie Mae Foundation at (800) 659-7557.)

Because of the strong demand for financial literacy education, no one organization can provide the training necessary to meet that demand. So First Nations and the Fannie Mae Foundation are working to create a pool of trainers who will be available to teach the curriculum in their communities. To expedite the process, First Nations and Fannie Mae are holding sessions to greatly expand the corps of individuals whose principal work would be to train other trainers. Since January, nearly 300 people have received instruction.

Other national organizations that have embraced the curriculum are also sponsoring training-the-trainer sessions. For example, the Neighborhood Reinvestment Corporation has scheduled sessions in Minneapolis and San Francisco (visit www.nw.org for more information). First Nations has also scheduled a training-the-trainer session in Billings at the annual meeting of the National Indian Education Association, providing access to tribal colleges. In addition, the Federal Reserve Banks of San Francisco, Minneapolis, and Kansas City are vigorously promoting the curriculum.

Reaching out

There are many other efforts to enhance consumer financial literacy in Indian country. HUD's One-Stop Mortgage Center programs on the Navajo and Pine Ridge Reservations build financial literacy education into their homeownership counseling (visit www.codetalk.fed.us/ONE_STOPCTR_main.html for more information). And there are many excellent homeownership and housing programs across Native communities — such as the work being done by Cielo Gibson, Executive Director of the Nez Perce Housing Authority; by Washington Mutual across the Northwest through its own curricula and homebuyer fairs; and by an association of credit bureaus in the Navajo Nation. Through the efforts of the American Indian College Fund in partnership with the National Endowment for Financial Education, a four-pamphlet guide to financial management for college students has been developed and widely circulated among the estimated 25,000 tribal college students.

Focusing more on small business financial management are the efforts of the 18 Tribal Business Information Centers located throughout the West and initiated through the Small Business Administration and the Department of Commerce's Native American Business Development Centers (visit www.sba.gov/naa/tribes/ for more information). In addition, small business assistance centers and an ever-increasing number of Native Community Development Financial Institutions such as loan funds, credit unions and banks are offering training courses, workshops, technical assistance and counseling in business financial management, some in partnership with tribal colleges and local banks. Over the next year, First Nations will be targeting financial literacy training-of-trainers workshops to the Native CDFIs with whom we are working through our subsidiary, First Nations Oweesta Corporation.

What banks can do

There are several specific steps that national banks and other financial institutions can take to support the financial literacy efforts of the growing Native American market:

- Participate in financial literacy workshops, providing the banker's perspective. (We can provide you a list of individuals who have been trained to teach this curriculum.)
- Underwrite and support financial literacy programs, especially for youth.
- Provide matching funds and administrative support for Individual Development Account programs.

- Review your bank's policies to reduce unnecessary barriers to lending to Native communities, and learn about the federal and other programs that are available to mitigate risks and facilitate lending to tribes and their members.
- And, perhaps most important of all, become more knowledgeable about Indian country. Go to Native communities and learn, patiently developing the foundation, commitment and trust needed to initiate and sustain a mutually beneficial relationship with tribal governments. Bear in mind that the cultural differences among Indian tribes are real, and that one size does not fit all when dealing with tribal governments and members. Investing the time to understand and appreciate tribal customs, traditions, and legal structures, mainstream financial institutions will yield long-term dividends.

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