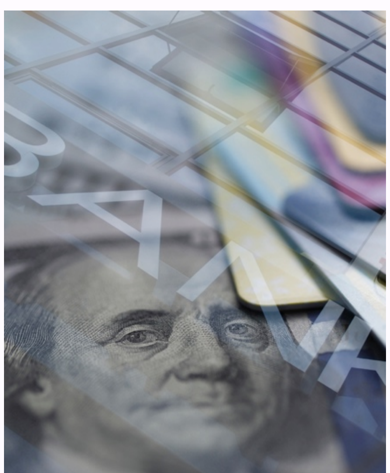
2019

MONEY SMART
For Small Business



NEW & IMPROVED

BANKING AND CREDIT MODULES

FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

SBA U.S. Small Business Administration

MONEY SMART for Small Business

Disclaimer

Reference to any specific organization does not constitute an endorsement, a recommendation, or a favoring by the FDIC or the United States government.

MONEY SMART
for Small Business

Presenters

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U.S. Small Business Administration

Module Improvements Team

- Federal Deposit Insurance Corporation (FDIC)
- U.S. Small Business Administration (SBA)
- Federal Trade Commission
- Consumer Financial Protection Bureau
- Credit Builders Alliance

MONEY SMART for Small Business

Agenda

- **MSSB Overview**
- **Summary of improvements to:**
  - Banking Services Module
  - Building Strong Business Credit Module
- **Resources to help organizations using MSSB**

MSSB Overview and Goals

- History
- Goals:
  - strengthening bank-community partnerships
  - increasing connections between small businesses and mainstream financial institutions
  - supporting entrepreneurs looking for unbiased, high quality educational resources.
- SBA collaboration
- An example of MSSB’s impact

Top Reasons to Use MSSB

- Free
- No requirements or certifications
- Taught by experts: bankers, insurance agents, etc.
- Flexible: Edit, combine, teach in any order
- Adaptable: Use with other curricula or counseling
- Online
- Money Smart Alliance members listed on FDIC website
- Available in English and Spanish

Download 10 Reasons to Use MSSB Flyer at: catalog.fdic.gov

Discussion:

- How have you seen or used MSSB in your community?

Product Development Timeline

2012

Launched 10 Modules in English

2015

Launched 3 new modules in English: Good Fit, Planning, and Cash Flow

2016

Launched 13 modules in Spanish, MSSB Train-the-Trainer tool; and online downloads

2017 - 2019

Banking and Credit Modules Re-Launched with summary PowerPoint (Q1-19)

Banker Resource (est. Q2-2019)

Download 13 Modules, MSSB TtT and this presentation at: catalog.fdic.gov

13 MSSB Modules

Is Owning a Business a Good Fit for You?
know your strengths

Planning for a Healthy Business
start-up: from plan to reality

Banking Services
designed for small businesses **Updated!**

Organizational Types
pros and cons of business structures

Time Management
tips to make you more efficient

Financial Management
understanding this critical practice

Recordkeeping
as a managerial tool

Credit Reporting
demystified **Updated!**

Risk Management
planning for what you can and cannot control

Insurance
choices for businesses

Tax Planning and Reporting
understanding taxes and your business

Selling Your Business and Succession Planning
developing an exit strategy for your business

Managing Cash Flow
practical problem-solving

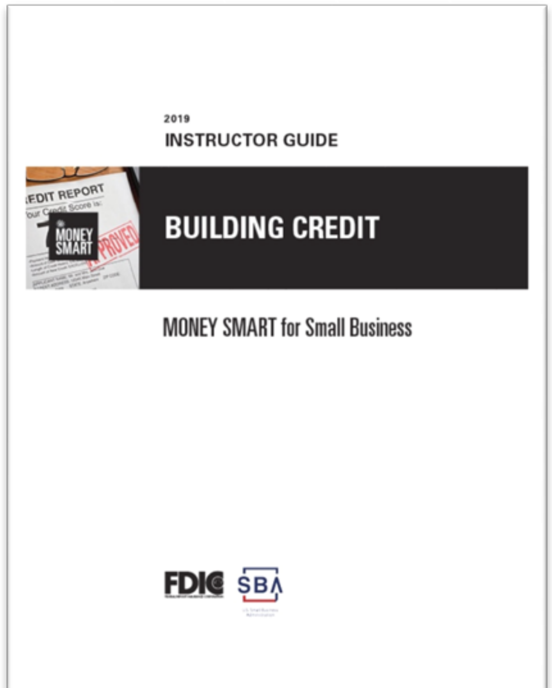
Plus: MSSB Train-the-Trainer to prepare your MSSB Instructors

Summary of Key Improvements

TO MSSB BANKING SERVICES AND BUILDING STRONG BUSINESS CREDIT MODULES

Standard Money Smart Curriculum Components

Participant Guide



Instructor Guide

PowerPoint Slides

Summary of Improvements Banking & Credit Modules

Key Improvements:
GENERAL

- **Greater applicability** to different businesses depending on size, stage, etc.
- Complex information **explained quickly and simply.**
- **New Checklists and Exercises.**
- **Actionable items** for use after the training.
- **Most important information** highlighted**.**

Module Content: Banking Services

2019 Version

Section I: Banking Services (includes Deposit Accounts)

Section II: Financing Options and Sources (includes non bank)

Section III: Avoiding Fraud and Scams

2012 Version

- **Banking Services** (Reorganized and Streamlined)
- **Deposit Accounts** (Deposit Insurance section simplified in Section I)
- **Getting a Loan** (Enhanced in new version in Section II)
- **Fraud** (Enhanced in new version as stand alone Section III)
- **Wealth Management and Retirement** (Removed)

Key Improvements:
BANKING MODULE

- Tools to evaluate banking and financing options.
- Greater variety of financing options, lender sources, and government loan guarantee programs.
- Role of personal and business credit history better explained.
- Enhanced information on Fraud and Scams.

Module Content: Building Business Credit

2019 Version

Section I: The Big Picture: Credit Reporting and My Business

Section II: The Impact of Personal Credit on My Business

Section III: Business Credit Reporting

Section IV: How Lenders Evaluate Your Creditworthiness

Section V: Credit Reporting and Business Operations

2012 Version

- **Credit Reporting** (Enhanced focus on the spectrum of personal and business credit in Sections I and II)
- **Business Credit Reporting** (Updated landscape of agencies, reports and scores in Section III)
- **Ability to Get Credit** (Enhanced in new version in Section IV)
- **Reporting and Business Operations** (Simplified and streamlined in new version as stand alone Section V)
- **Fair Credit Billing Act and Risks and Responsibilities of Handling Personal Information** (Removed)

Key Improvements:
CREDIT MODULE

- Expanded impact of personal credit history, reports and scores in the business.
- Deeper exploration of business reporting, credit scores, and scoring landscape.
- More on how lenders evaluate the creditworthiness of small businesses.
- Tips and tactics for establishing and improving personal and business credit.

Exercises and Activities that Support Practical Application of Content

- Transformed focus from *comprehension* to *actionable skills* through exercises and activities.

Explore key concepts

Practice applying concepts through case studies and exercises

Apply new skills to real-life business development activities

Practical Exercises and Activities- Banking

Financing Options Checklist

1. Business Financing Opportunities

a. Is your small business eligible for a **federal, state, or local government loan guarantee** or other small business program?	**Yes ☐ No ☐ N/A ☐** **Explanation/Plan of Action:**
b. Which lenders offer such programs?*	**Yes ☐ No ☐ N/A ☐** **Explanation/Plan of Action:**
c. Have you conducted a **reputational search** of the lenders from which you are seeking financing, or have they been recommended by trusted advisors? *Note: Seek expert advice to evaluate all financing options.*	**Yes ☐ No ☐ N/A ☐** **Explanation/Plan of Action:**

Practical Exercises and Activities- Credit

PERSONAL CREDIT

I have viewed my personal credit report in the past 12 months.

☐ Yes ☐ No

My personal credit is:

- ☐ excellent.
- ☐ fair.
- ☐ poor.
- ☐ I have no personal credit.
- ☐ I am not sure.

ACTION ITEM

Visit www.annualcreditreport.com to obtain your free annual credit report from one or more of the three major consumer credit reporting agencies.

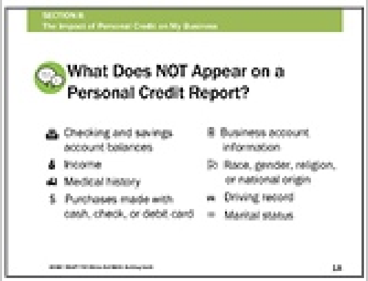
My personal credit is important to my business because:

One Case Study for both modules

- Practical application of Banking and Credit topics
- Intersections between Banking and Credit Module

Instructor Guides Expanded to Serve a Wider Range of Participant Needs

Call out "Notes" for Instructors…



Note: If a lender requests information about any type of obligations, borrowers should provide the details, whether they appear on a credit report or not; otherwise, these may be discovered near or on the loan closing date and could be the basis for a loan denial. For example, unpaid parking tickets could lead to a loan denial.

Additional information to help inform Instructors on specific topics…

Instructor: The following information is for future reference and will not be discussed during the training.

*A Note on Public Records
To enhance consumer protections in credit reporting through the National Consumer Assistance Plan, the three major consumer credit reporting agencies must adhere to stricter standards when reporting certain transactions. Specifically, civil judgments, fines that do not arise from a contract for payment, and tax liens no longer show up on personal credit reports. Thus, while the majority of bankruptcy and foreclosure records will continue to appear, public records reported on personal credit reports are likely to be much more limited than in the past. It is critical for entrepreneurs to understand that even if a tax lien or civil judgment does not show up on their credit report, this does not mean that the debt is no longer owed. In addition, such items may still appear in other databases and reports beyond the ones generated by the three major consumer credit reporting agencies.

Resources that Instructors can point to…

Discussion

- How do these two modules fulfill **your organization**'s small business goals, especially access to capital for small businesses?

Structural Enhancements

- Formatting and layout improvements
- Presentation time 120 minutes
- Glossary of terms

Next: preview the “look” of the new modules!

Instructor Guide

Slide 8, Participant Guide page 9

The Definition of Credit

What is credit? Credit is the ability to borrow money based on the promise that you will pay it back. Car loans, credit cards, small business loans, and mortgages are all examples of credit—i.e., financing or lending—products. While using too much credit can lead to large debt loads, being able to use credit responsibly can be critical to your personal and business financial stability and success. For example, having access to financing products can help a business take advantage of investments or manage unexpected cash flow challenges.

When we use the word **credit** in this module, we are generally referring to business or personal credit history—not capital, financing, or lending. The **Money Smart for Small Business Banking Services** module provides an overview of the different types of financing options, sources, and products and services provided by banks and others.

Slide 9, Participant Guide page 9

Personal Credit History Versus Business Credit History

Today, we are going to talk about personal credit history and business credit history. Let me explain what I mean by each of these terms.

- **Personal credit history.** Also called consumer credit history, your personal credit history is a record of your use of credit now and in the past that is reported to consumer credit reporting agencies.
- **Business credit history.** Also called commercial credit history, your business credit history refers to your business's record of handling debts and financial obligations that are reported to business credit reporting agencies, including supplier accounts that provide trade credit.

Participant Guide

The Definition of Credit

What is credit? Credit is the ability to borrow money based on a promise that you will pay it back. Car loans, credit cards, small business loans, and mortgages are all types of credit—i.e., financing or lending—products. Using credit responsibly can be critical to your personal and business financial success.

When we use the word **credit** in this module, we are generally referring to **business or personal credit history**—not **capital, financing,** or **lending.** The **Money Smart for Small Business Banking Services** module summarizes the different types of financing options, sources, and other products and services provided by banks and others.

Personal Credit Versus Business Credit History

Next, we are going to discuss personal and business credit histories:

Personal Credit History	Business Credit History
A record of your use of credit reported to consumer credit reporting agencies.	Your business's record of handling debts and financial obligations reported to business credit reporting agencies.

The Importance of Credit for a Business

Reflect and share: Why do you think that personal credit and business credit are important to small businesses ?

Participant Guide

Exercise 1: Review a Sample Personal Credit Report

Instructions: Review the four key sections of the **Sample Personal Credit Report** on the next page, then answer the questions below.

Is Albert current on all of his accounts? Explain your answer:

____

____

Does Albert have any open accounts that are in good standing? If yes, which ones?

____

____

Has Albert applied for credit recently?

____

____

Does Albert have any public records?

____

____

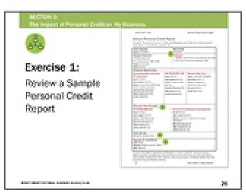
____

Instructor Guide

the credit reporting agency, the creditor must investigate unless your dispute is frivolous. A dispute may be considered frivolous if you are disputing everything on your credit report whether it is incorrect or not. Beware of credit repair organizations that tell you to dispute everything on your report. Also, sometimes loan documents contain language that gives lenders the right to obtain your credit report at their discretion, which is common in an existing credit relationship. If so specified in your loan agreement, you may give them permission to do so by signing the loan documentation.

Exercise 1: Review a Sample Personal Credit Report

Slide 26, Participant Guide pages 19–20



Sample Personal Credit Report

Instructor: Refer participants to the **Sample Personal Credit Report** on page 20 of the **Participant Guide**. As a group, have the participants identify the key sections of the credit report.

We are about to discuss the different sections of a credit report using a sample designed specifically for this course. The sample credit report does not include everything that you would find in an actual personal credit report (for example, the credit reports that lenders use include 24 months of payment history per account).

A personal credit report has four main sections:

1. Personal or consumer information (e.g., name, addresses, and employment)
2. Credit account summary, including creditor information, account status, amounts owed, account type, and history
3. Public record information (e.g., bankruptcy or foreclosure)
4. Inquiries that have been made to review your credit history

Pop Quiz

The new versions of the Banking Services and Building Strong Credit modules include the following improvements:

a) Significant structural reorganization

b) Enhanced content

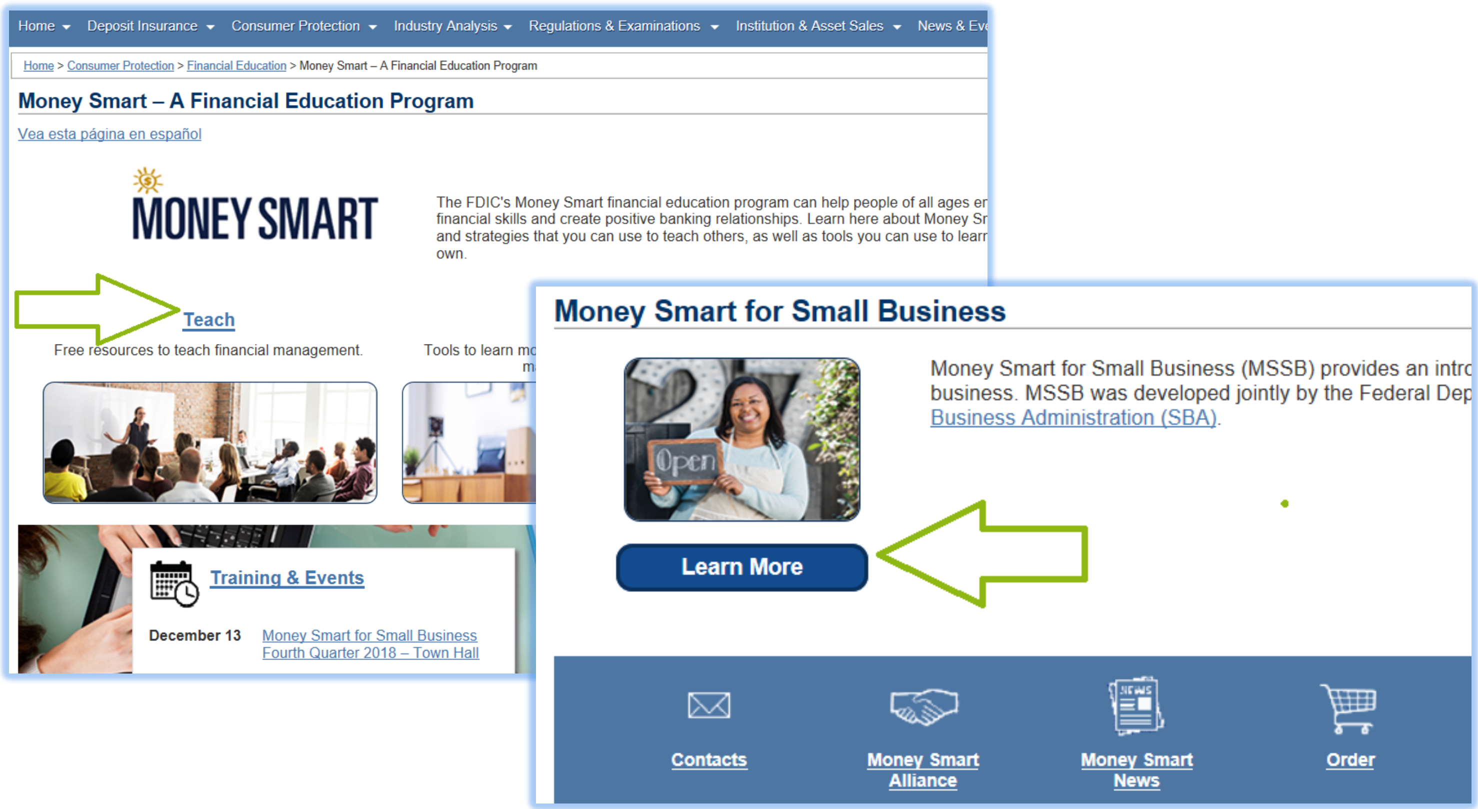
c) Actionable tools

d) b and c

e) a, b, c and so much more!

Resources to help organizations using MSSB

Accessing the new modules and other MSSB Curriculum



www.fdic.gov/moneysmart

Accessing other Money Smart resources

Home > Consumer Protection > Financial Education > Money Smart – A Financial Education Program > Money Smart – Implement > Money Smart Alliance

Money Smart Alliance

Vea esta página en español

Join the FDIC Money Smart Alliance

The FDIC recognizes organizations that contribute to the delivery of the Money Smart curriculum to consumers and small businesses through the Money Smart Alliance Program.

Alliance members agree to use or promote the Money Smart curriculum by teaching Money Smart or training others to teach it. Alliance members also provide feedback, and successful uses of the program, to the FDIC to help improve the Money Smart program.

> "Through the use of Money Smart for Adults, [our] workshops are helping participants increase their ability to take control of their finances and future."
> —Susan Colbert, Program Director, Ohio State University Extension
>
> Read more in Money Smart News Success Stories – Winter 2018.

Why join the Money Smart Alliance?

The FDIC shares updates and other information with Alliance members that can strengthen their financial education

Quick Links

- Contacts
- Money Smart Alliance
- Money Smart News
- Order
- Teacher Online Resource Center
- Train-the-Trainer Program
- Training & Events

Contact Us

FDIC staff is available to provide technical assistance and to help

www.fdic.gov/communityaffairs

Preparing for the Training

- Review **MSSB Train-the-Trainer**

Materials and Equipment

You will need the following materials and equipment to present this training:

- ☐ Instructor Guide
- ☐ Participant Guide
- ☐ PowerPoint presentation
- ☐ Audiovisual equipment (computer with software to run the slides, projector, and microphone, if appropriate)
- ☐ Board or easel pad

When preparing your materials and resources, be sure to address the needs of participants who request accommodations.

- Update **For More Information Section** with local resources and add notes based on personal experience
- Prepare for discussions, exercises, and case study analysis.

Promoting the Training

- Seek out Money Smart Alliance members in your community
- Advertise with:
  - Financial institutions
  - SBA and other small business development organizations
  - Community based organizations
  - Community colleges and universities

Training Instruction

- Introductions
- Participant Needs
- Agenda
- Materials
- Ground Rules
- Learning Objectives
- Icons
- Handouts
- Questions
- Expectations
- Parking Lot
- Breaks
- Pre-Post Survey/Before and After
- Evaluation Form
- Adjust timing as needed

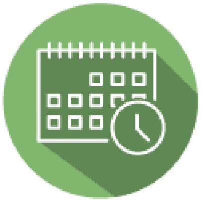
Discussion: Using and engaging with MSSB Resources

- How do you plan to use MSSB to support entrepreneurs in your work?

Resources to help organizations using MSSB

Stay Connected!

- Participate in MSSB Town Halls and other Money Smart Events
- Sign up to Money Smart News
- Connect with:
  - Money Smart Alliance Members near you or in the same national program (SBDC, WBC)
  - FDIC Community Affairs Staff



FDIC Small Business Initiatives

- FDIC Community Affairs staff:
  - Connect banks with community leaders to work on shared goals (financial capability, affordable housing and small business development).
  - Support small business stakeholders by helping to strengthen their relationships with banks, resource and government partners: Federal Reserve Bank, the Office of the Comptroller of the Currency, the SBA, or others.
- More on FDIC small business resources at:

www.fdic.gov/smallbusiness

FDIC Small Business Hotline: 1-855-FDIC-BIZ
(1-855-334-2249)

Question and Answer

- What additional questions do you have?

All questions or comments please direct to:
David Ramos at 202-898-6950 or
daramos@fdic.gov