EDUCATING THE NEXT GENERATION

Using KPIs to Assess the Impact of Student Financial Education Programs

The Financial Health Network and Michigan State University Credit Union (MSUFCU) tracked KPIs for the **Reality Fair program**, a one-day financial education experience for high school and college students. Results from a six-month evaluation period showed reductions in the dollar amount of fees and size of credit card balances for these students. While some of the findings were positive, more research is needed to prove a causal link between Reality Fair education and changes in KPIs. Furthermore, the program was an effective recruitment tool for the credit union, particularly at the college level.

THE NATION'S LARGEST UNIVERSITY-BASED CREDIT UNION

Headquartered in East Lansing, Michigan, Michigan State University Federal Credit Union is the largest university-based credit union based on asset size and membership. MSUFCU has over 270,000 members, and has been named over the past several years as a Great Place to Work®. MSUFCU's mission is to provide superior service while helping members and employees to achieve the financial security they need to pursue their goals and dreams.

270,000 MEMBERS

SETTING THE STAGE FOR FINANCIAL HEALTH

The National Credit Union Foundation selected MSUFCU and two other credit unions to receive consulting and evaluation support from the Financial Health Network, with the goal of helping credit unions take action by:

1 Leveraging quantitative data to measure components of financial health

2 Using those metrics to understand the financial health and business impacts of specific products, services, or campaigns

MSUFCU selected the Reality Fair program to evaluate its impact on the financial health of students, as well as potential business outcomes. MSUFCU works in partnership with local high schools (Eastern, Everett, and Sexton) and two large colleges (Oakland University and Michigan State University) to deliver the program to their students. The program consists of an experiential learning day where students learn about their finances through a series of real-life scenarios that they might encounter in their future financial lives. High school students visit 13 stations that focus on different areas, including career, daily expenses, housing, and transportation. University students can stop at booths in public areas to learn about different aspects of their finances. Students receive a financial knowledge survey before and after the Reality Fair to capture changes in financial knowledge. During the KPI tracking evaluation period, MSUFCU delivered Reality Fairs for 186 high school students.

FINDING THE RIGHT KPIs

The Financial Health Network and MSUFCU designed a list of 21 potential key performance indicators (KPIs) to track over six months. **The final selected KPIs were:**

Financial Health KPIs
■ Average number of fees
■ Average amount of fees
■ Percentage of students using special purpose savings accounts
■ Percentage of students with CDs
■ Average dollar amount of credit card spending per month

Business KPIs
■ Customer retention
■ Percentage of students using Visa
■ Customer acquisition

The remaining KPIs were not as relevant for the student population or difficult to track for the MSUFCU business intelligence team. For example, metrics like loan-to-savings ratio were deemed lower priority, considering that students in the age range of the study have thin credit profiles.

MSUFCU compared the results of the Reality Fair participants by creating comparable control groups. The control groups were constructed of MSUFCU account holders that did not attend the Reality Fair but who had characteristics similar to the Reality Fair participants. For example, for the high school control group, MSUFCU looked at members who were between the ages of 16 and 18, lived in Michigan, had opened an account within a year, didn't have a specialty account, and did not attend a Reality Fair. For college students, the criteria were the same, except their ages ranged from 18 to 19.

ANALYZING THE RESULTS

The KPI tracking results showed some differences between the control and treatment group. It was unclear if participating in Reality Fairs contributed to these differences, however. Key findings included:

High School Students

- **High school students had slightly higher monthly average fees than the control group,** with particularly high peaks between April and June. This trend remained stable throughout the evaluation period for the control group. High school students also had a lower average number of fees on a monthly basis. While high school students had one fee on average per month, the control group had two. Hypothetically, MSUFCU might expect to see a reduction in fees after a student participates in a Reality Fair; however, the results are not conclusive, considering the fluctuation in the amount of fees paid during the period.

- **MSUFCU observed slightly lower monthly average credit card spending for high school students compared with the control group.** Spending between the control and treatment groups was almost identical, however, and increased slightly over time.

- **Participation in special purpose savings accounts increased at a higher rate for high school Reality Fair participants.** The percentage of special purpose savings account users increased by 6.6% for high school students, while those in the control group only showed an increase of 1.8%. Participation in CDs remained almost identical for both groups.

- **After attending the Reality Fair program, 14% of high school participants became Visa users, compared with 9% before the Reality Fair.** The control group showed 3% growth post-Reality Fair.

- **MSUFCU acquired new student accounts after the Reality Fair and retained the majority of them within the six-month period.** Seventeen high school students became members after attending the program. By the end of the evaluation period, MSUFCU was able to retain 92% of those participants.

College Students

- **College students had lower monthly average fees compared with the control group.** The dollar amount of fees seemed to increase over time (except for a dip in July for the participants) across the control and Reality Fair participants. Additionally, college participants had a lower number of fees during the six-month period compared with the control group. While participants had between one and two fees, the control group had two to three fees during an average month.

- **College Reality Fair attendees had slightly higher monthly credit card spending than the control group.** Both control and Reality Fair groups had the highest spending during August and showed a decline over the following two months.

- **There was a noticeable increase of the percentage of college students using a Visa credit card.** Before the Reality Fair, only 8% of the participants had Visa cards. After the Fair, 29% of college students who attended had a Visa card. This could be due to an opportunity to sign up for the product during the fairs. The Visa penetration in the control group did not increase significantly (from 34% to 36%), although the original product penetration was higher.

- **The participation in special purpose savings accounts increased 3% after the Reality Fair, compared with a 1% increase in the control group.** Participation in CDs remained nearly the same for control and treatment groups after the Reality Fairs.

- **The Reality Fairs appear to be a successful tool to recruit and retain additional student members.** After the Reality Fairs, 219 college students became MSUFCU members. By the end of the evaluation period, 99% of the participants remained part of the credit union.

While these findings suggest slightly higher financial health indicators for Reality Fair participants, we cannot determine if the Reality Fair program caused these results. Students who opted to participate might have a higher interest to learn and improve their finances compared with those who did not participate, creating a self-selection bias. Additionally, fluctuations in the changes in the dollar amount of fees and size of credit card balances may be attributed to the inability to isolate participants' behavior from other factors outside of the Reality Fair within the six-month period. Some examples include access to additional education, a product, or coaching. Given the constraints of the evaluation, it is not possible to establish causality without conducting additional research.

CONCLUSIONS

- **Changes in KPIs (including lower average fees in high school and college students, and lower credit card spend for high school students) could be related to short-term knowledge gain.** Fluctuations in KPIs should be considered carefully because of possible effects shortly after a student participates in the Reality Fair. Increased knowledge does not necessarily mean that behavior will change over time.

- **Reality Fairs can be an effective tool for credit unions to attract new student members.** MSUFCU saw some early success in recruiting new high school and college students. Its constant presence on campus beyond the Fairs represents a real opportunity for the credit union to build trust and brand reputation with students.

- **The ability to track transactional indicators easily is key to a smooth program evaluation.** The MSUFCU's business intelligence team easily created dashboard reports with the KPIs, which reduced the burden of collecting data on a monthly basis. Easy access for reporting allows for continuous tracking and presents an opportunity to evaluate this and other programs on an ongoing basis.

- **Beyond the Reality Fairs, credit unions have an opportunity to have a direct impact on students' financial health.** Although these kinds of programs are a great way to create awareness and serve as an interactive piece of financial education, credit unions have an opportunity to explore beyond educating their students and providing them with tools that directly contribute to their financial health improvement. Credit unions can partner with universities to provide assistance in assessing factors and metrics associated with student financial health.

Evaluating the Impact of Student Financial Education Programs

1. **Clearly define program metrics and identify what success looks like.** If there are direct products and services that the credit union can offer to students to support their financial health, consider adding the use of these as part of your evaluation.

2. **Consider using survey data to assess students' view on the program.** Conducting surveys after 6 to 12 months of the Reality Fairs can help gather evidence of students' perspective of the impact of the program. Change in knowledge is innately hard to measure via transactional data. Surveys over time would show if knowledge change is (or isn't) lasting. A survey can also serve as a knowledge check compared with the KPIs captured in the transactional data.

3. **Partner closely with academic institutions to continue evaluations.** Academic institutions have a greater number of touchpoints with students and can provide timely resources, including Free Application for Federal Student Aid (FAFSA) information and personalized guidance, to help students evaluate their options.