

2019



# MONEY SMART

For Small Business

## NEW & IMPROVED BANKING AND CREDIT MODULES





# 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

# MONEY SMART for Small Business

## Presenters

**Paola Diaz**

Senior Community  
Affairs Specialist  
FDIC HQ  
(Washington D.C.)

**Carol Maria**

Community Affairs  
Specialist  
FDIC Chicago  
Region

**David Ramos**

Community Affairs  
Specialist  
FDIC HQ, MSSB  
National Point of  
Contact

And: Vicky Mundt, Director of Entrepreneurship Education  
Office of Entrepreneurial Development  
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  
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# 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](http://catalog.fdic.gov)

## Discussion:

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



## Product Development Timeline

Launched 10  
Modules in  
English

2012

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

2015

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

2016

Banking and  
Credit Modules  
Re-Launched  
with summary  
PowerPoint  
(Q1-19)  
Banker  
Resource (est.  
Q2-2019)

2017 - 2019

Download 13 Modules, MSSB TtT and this presentation at: [catalog.fdic.gov](http://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



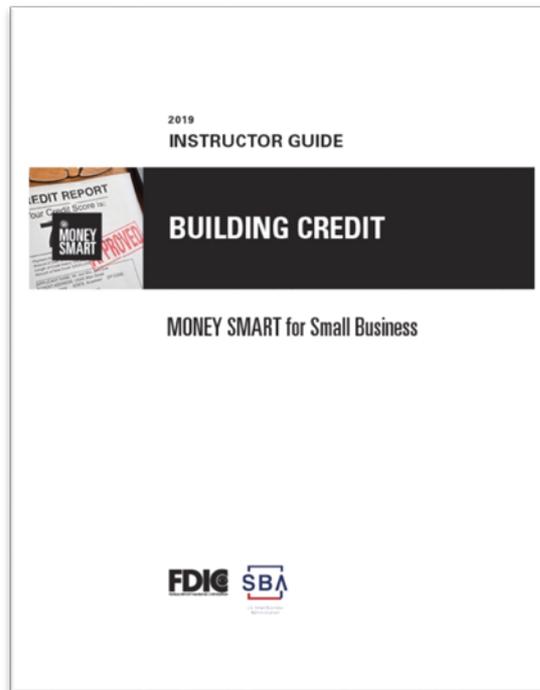
# Summary of Key Improvements

**TO MSSB BANKING SERVICES AND BUILDING  
STRONG BUSINESS CREDIT MODULES**

## Standard Money Smart Curriculum Components



Participant Guide



Instructor Guide



PowerPoint Slides

## 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.



## 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? Yes  No  N/A   
Explanation/Plan of Action:

*Note: Seek expert advice to evaluate all financing options.*

## 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](http://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...

<b>For More Information.....</b>	<b>74</b>
National Resources.....	74
Local Resources .....	75

## 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

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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?

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# 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



# 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:**

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

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**Has Albert applied for credit recently?**

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**Does Albert have any public records?**

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## 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

The image shows a screenshot of the Money Smart website. At the top, there is a navigation menu with items like Home, Deposit Insurance, Consumer Protection, Industry Analysis, Regulations & Examinations, Institution & Asset Sales, and News & Events. Below the menu, the breadcrumb trail reads: Home > Consumer Protection > Financial Education > Money Smart – A Financial Education Program. The main heading is "Money Smart – A Financial Education Program" with a link to "Vea esta página en español". The "MONEY SMART" logo is prominently displayed. A green arrow points to the "Teach" link, which offers "Free resources to teach financial management." Below this, there are two images: one of a woman presenting to a group and another of a woman holding a sign that says "Open". A second green arrow points to the "Learn More" button in the "Money Smart for Small Business" section. This section describes the MSSB program and includes a link to the Business Administration (SBA). At the bottom, there are four icons with labels: "Contacts", "Money Smart Alliance", "Money Smart News", and "Order".

## 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](#).

#### Quick Links

-  [Contacts](#)
-  [Money Smart Alliance](#)
-  [Money Smart News](#)
-  [Order](#)
-  [Teacher Online Resource Center](#)
-  [Train-the-Trainer Program](#)
-  [Training & Events](#)

### Why join the Money Smart Alliance?

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

#### Contact Us

FDIC staff is available to provide technical assistance and to help facilitate participating organizations.

## 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?



## 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](http://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**