



School-Based Bank Savings Programs

What are school-based bank savings programs?

Banks establish school-based bank savings programs as financial education initiatives to help students learn about the importance of saving and other personal financial management topics. To set up a program on school premises, banks collaborate with schools that share an interest in providing financial education programs to their students. These programs vary from “mini banks” that offer student savings accounts to more complex programs that offer career-oriented banker training as well as savings accounts to students.

Banks set up school-based bank savings programs in either “non-bank branches” or authorized bank branches.

“Non-Bank Branch” Setting

National banks may participate in financial literacy programs, such as school-based bank savings programs, on the premises of, or at a facility used by, a school. The school premises or facility is not considered a branch when:

- The bank does not establish and operate the school premises or facility on which the financial literacy program is conducted.
- Bank employees work at the site only to participate in the program.

- No services are provided to the general public.
- The principal purpose of the financial literacy program is educational.

A program is educational if it is designed to teach students the principles of personal economics or the benefits of saving for the future, and is not designed for the purpose of profit-making (See 12 CFR 7.1021 [66 FR 34791(July 2001)]; OCC Advisory Letter (AL 2001-1), January 16, 2001; and OCC Interpretive Letter #839, November 1998).

Authorized Bank Branch

Banks may make a business decision to have school-based bank savings programs in authorized bank branches. Under these circumstances, a national bank would submit an application to the Office of the Comptroller of the Currency (OCC) to establish a bank branch. (See OCC Corporate Applications - Comptroller’s Licensing Manual, Branches and Relocations)

How do school-based bank savings programs work?

School-based bank savings programs offer students an opportunity to open and make deposits to savings accounts. In cooperation with school administration and faculty, bank staff determine where the program is to be located on the school premises, what the days and hours of

operation will be, which financial services are to be offered (e.g., savings account deposits and withdrawals), and how students, faculty, school administration, and parents will participate in the program.

“Mini Bank” Student Savings Programs

“Mini bank” student savings programs offer youngsters an opportunity to open and make deposits to their savings accounts during the school year. Bank staff are responsible for program management and oversight. “Banking center” tables are often set up in common student gathering areas such as cafeterias by bank staff. Depending on the program, banking centers may be open one or more days per week (or month) for several hours per day. The banking center is available to students during non-class time such as before school or at lunchtime. With parental permission, students can open savings accounts and make deposits to their accounts at the banking center. Typically, monthly savings account statements are mailed to the student’s residence. Some programs create a “student teller” role for students who assist bank staff with taking savings deposits, while other programs rely on bank staff, faculty, and, occasionally, parents to collect savings deposits from students. “Mini Bank” programs are typically offered to students in elementary and middle schools.

Student Banker Savings Programs

Student banker savings programs are typically integrated with a high school’s career development program and business curriculum. With the assistance of faculty and school administrators, bank staff select and train student bankers to help run this school-based bank savings program.

Under the supervision of bank staff, student bankers receive “hands-on” teller training and work experience by providing banking services, including opening savings accounts and collecting savings deposits, from students, faculty, and school administrative staff during the hours of operation. A bank manages its student banker program so that there is adequate bank staff supervision, sufficient security on school premises, and appropriate information technology to preserve accountholder privacy and maintain sound banking practices.

These school-based bank savings programs operate during the school year, including summer months when the school is open. The days and hours of operation range from three to five days per week and two to seven hours per day, respectively. Savings accounts are opened and deposits taken by student bankers from students, faculty, and school administrative staff. Student bankers gain work-related experience and may be paid for their services by the bank. Typically, monthly savings account statements are mailed to the student’s residence. Some student banker savings programs also engage other career development and business program students to create and launch program marketing and advertising activities. Many programs offer student bankers summer internships and part- or full-time employment after graduation from high school.

Why are school-based bank savings programs of interest to banks?

Banks have chosen to establish school-based bank savings programs for a number of reasons. Among them are:

- Providing financial education and expanding community service.
- Receiving favorable CRA consideration.
- Identifying potential bank employees.
- Elevating company visibility, reputation, and goodwill.

CRA Consideration

Banks may receive positive CRA consideration for providing community development service if the school-based bank savings programs are primarily directed toward low- and moderate-income (LMI) students. How such activities would be considered, however, would depend on whether the bank is subject to the CRA Service Test or the Community Development Test, and if the school program is considered an authorized branch.

Programs in Authorized Bank Branches or “Non-Bank Branches”

For a bank that is evaluated as a large bank (under the Lending, Investment, and Service Tests), qualifying school-based bank savings programs would be considered under the Community Development Service portion of the CRA Service Test. For an intermediate small bank, the qualifying activity would be considered under the Community Development Test.

Programs in Authorized Bank Branches

In those instances where the bank’s presence is considered an authorized branch, the bank would have to ensure that the geography where the branch is located has been included in the bank’s

assessment area (12 CFR 25.41(c)(2)). For a bank that is evaluated as a large bank (under the Lending, Investment, and Service Tests), the bank would receive positive consideration under the branch distribution portion of the Service Test if the branch is located in a LMI geography. In addition, the OCC would evaluate the bank’s record of lending, investing, and providing services in the assessment area (12 CFR 25.21(a)(1)).

If the bank is evaluated as a small bank, however, the OCC could consider the branch and the services provided at management’s option (12 CFR 25 Appendix A (d)(3)(B)). Such activity, though, could only be used to enhance an overall “satisfactory” rating. National banks are encouraged to discuss the possible CRA consideration of school-based bank savings programs with their OCC supervisory office.

What are the risks/regulatory requirements?

Setting up a school-based bank savings program is a longer-term financial education initiative. A potential risk for a bank is that the program may lose support from the school board, administration or faculty because of influences unrelated to the school-based bank savings program. For example, greater budget pressures affecting school space allocations, program or curriculum decisions, and staffing needs may result in a school having to disengage from a school-based bank savings program.

Banks that establish school-based bank savings programs are responsible for setting up, supervising, and monitoring procedures to ensure that the bank-related

activities on school premises are conducted in a safe and sound manner and consistent with applicable law. Federal banking statutes and regulations that may be applicable to school-based bank savings programs include the Truth in Savings Act (12 USC 4301 *et seq.*; 12 C.F.R. Part 230 (Regulation DD)), which requires certain deposit account disclosures; Electronic Funds Transfers (15 USC 1693b; 12 C.F.R. Part 205 (Regulation E)), which requires certain ATM disclosures; the Availability of Funds and the Collection of Checks (12 USC 4001 *et seq.*; 12 CFR Part 229 (Regulation CC)), which governs the availability of funds deposited in checking accounts and the collection and return of checks; the Bank Secrecy Act (31 USC 5311 *et seq.*), which requires program, recordkeeping and reporting requirements; and the USA PATRIOT Act (31 CFR Section 103.121(a)(3) FAQs: Final CIP Rule question 6, p.6 (April 28, 2005)), which describes the Customer Identification Program (CIP) rule for deposit accounts opened by or on behalf of minors and specifically addresses school based programs.

Deposits taken at the school must be secure while on premises and safely transported to the bank's processing location. Bank staff also must establish adequate account management and processing procedures for deposits taken and withdrawals made (when applicable). Moreover, bank staff must provide sufficient oversight of the transactions made by student tellers and student bankers who handle and process funds.

National banks that seek to set up school-based bank savings programs in "non-bank branch" settings must meet the conditions in 12 CFR 7.1021. National banks that have student banker school-based

savings programs that do not meet the conditions in 12 CFR 7.1021 must submit branch applications to the OCC.

Most states require financial institutions to obtain parental consent before students under the age of 18 are allowed to open savings accounts. Compliance with the state's labor laws also will be important for bank programs that pay hourly wages to student tellers or student bankers.

For more information

Office of the Comptroller of the Currency

- Financial Literacy Resource Directory
www.occ.treas.gov/cdd/finlitresdir.htm
- Financial Literacy Update Newsletter
www.occ.treas.gov/cdd/finlitresdir.htm
[#OCCFinancialLiteracy](https://twitter.com/OCCFinancialLiteracy)
- OCC Interpretive Letter #839, November 1998
www.occ.treas.gov/interp/nov98/int839.pdf
- OCC Advisory Letter (AL 2001-1), January 16, 2001
www.occ.treas.gov/ftp/advisory/2001-1.doc
- OCC Corporate Applications - Comptroller's Licensing Manual, Branches and Relocations
www.occ.treas.gov/corpapps/corpapplic.htm

A sampling of organizations that provide additional information are listed below.

- **National Academy Foundation**
<http://naf.org/about-naf>

- **American Bankers Association
Education Foundation**
www.aba.com/ABAEF/default.htm
- **Sargent Shriver National Center on
Poverty**
*A Guide to Establishing Bank
Branches in High Schools*, July, 2006
www.povertylaw.org//advocacy/community-investment/a-guide-to-establishing-bank-branches-in-high-schools-final.pdf
- **Michigan Credit Union League
(MCUL) Family Involvement
Council**
*A How-to Guide for Establishing a
Student Credit Union Branch*, August
2003
www.mcul.org/files/cucorp/744/file/CU%20Community/Financial%20Literacy/Student_Credit_Union_Branch_Handbook.pdf