

# National Financial Awareness Day: Why Financial Literacy is Beneficial For Everyone

By [Lucia Herrera](#) on August 11th, 2022 in [Industry Insights](#)



August 14 is [National Financial Awareness Day](#), making it an appropriate time to shine a spotlight on initiatives that can help improve consumer financial awareness in the collections space. Financial literacy is an essential life skill that benefits people throughout their lives, but is often overlooked when it comes to what happens if a payment is late or missed. Financial literacy during delinquency is just as important as planning for the future—and can even play a big part in financial future-planning.

Whether it's taking out a loan, buying a house, saving for

retirement or purchasing goods on a credit card,, people

are constantly being asked to make decisions that affect

their personal finances. As reported by the [Milken](#)

[Institute](#), only about 57% of the American population is

considered financially literate. In order to address this

gap, lenders are in a unique position to help provide

customers with educational content that not only

improves customers' financial literacy but helps with

their own retention and acquisition strategies by

building and maintaining customer trust and loyalty.

Providing consistent outreach—especially in early

delinquency—will give customers more opportunities to

engage, understand, and resolve debt.

Debt levels are on the rise again: according to the [New](#)

[York Federal Reserve](#), between the national student loan

debt topping \$1.6 trillion in 2022 and household credit

card debt also climbing, we're seeing the largest

quarterly increase in 22 years at \$860 billion. And

individuals become more susceptible to going further

into debt if they don't have a solid foundational

understanding of what happens when they first fall

behind. Overall, lower levels of financial literacy end up

contributing to increased rates of bankruptcy, defaults,

and foreclosures.

As financial services leaders know, maintaining

customer relationships—including accounts in early

delinquency—is more profitable than writing off bad

debt due to ongoing loan and credit losses, and then

having to start the acquisition process for a new

customer all over again. The [Receivables Management](#)

[Association International](#) (RMAI), a non-profit trade

association for businesses in the financial services

industry, understands this gap and the need for

increased literacy created a website with many useful

[literacy resources](#) for consumers offering free

education on topics like managing personal finance,

money, and investing. By sharing tools like this or taking

on an array of education initiatives and implementing

financial literacy as a component of your debt recovery

strategy, businesses can help their customers regain

their financial health.

TrueAccord is a certified business through RMAI's

[Certification Program](#) requiring an independent audit to

confirm compliance with a set of rigorous uniform

industry standards of best practice which focus on the

protection of the consumer. Interested in learning how

TrueAccord can help create a customizable user-

beneficial experience for your customers? [Schedule a](#)

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[can do for your debt recovery and education strategy»»](#)

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