

WANTED: PROFIT

It's a competitive world and profit is king, whether you work in a multi-national corporation or a community based organization.

Shareholders hunger for continuous growth, so companies trim the fat and optimize processes. Executives are finding that to increase profits when operations are already lean, they need to become creative in their identification of new markets.

Within the financial services industry, it seems that new markets for some means encouraging customers to take more risk than their financial situation should dictate. Times have certainly changed.

Recently, the PBS series Frontline (pbs.org/frontline: "Secret History of the Credit Card"), in cooperation with the New York Times, took a behind the scenes look at credit card use in the U.S. One of the interesting nuggets they uncovered is the term that the banking industry uses to describe those customers who use credit cards but pay off their balances every month. Those customers, who represent about 30 percent of all credit card users, are labeled as "dead-beats" because they do not provide banks with the same level of profit as the majority of credit card users do. Banks call those customers "revolvers," and they are considered to be the "sweet spot" of credit card users.

Does this seem like a strange way to view those who pay off their bills versus

those who roll their balances forward?

Like credit card companies, nonprofits and higher education are competing for profit in the form of high numbers. Community-based agencies need more people to utilize services and universities need more enrolled students to show growth, obtain more funding and flourish.

NFI finds itself uniquely at the center of all three groups. NFI is in a strategic position to be of assistance to each sector as each comes under increasing pressure to show continuous growth — or profit.

NFI is dedicated to reaching a broad audience, including the hardest to serve, through its outreach initiatives. We are taking a customer-centric approach as we develop our programming with an eye on reaching new, underserved markets both in the financial services industry and in higher education.

Demonstrating this approach, our financial literacy initiative is deeply rooted in the premise that all stakeholders should be involved in its conception, design and implementation. This will help to ensure a higher quality product that appeals to the broadest possible audience.

The youth audiences we have in mind are all students, including those who are ignored by many other financial literacy materials that have been offered to the educational marketplace, notably kindergarten through fourth-

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▲ THE BOTTOM LINE

graders and Hispanics. Down the road, we'll seek to reach the parents of those children, adults who perhaps due to cultural differences or a lack of educational opportunities when they were young do not have access to high quality, appropriate financial literacy assistance.

How will these populations benefit from increased financial literacy? In the coming months and years, NFI will answer this question through qualitative and quantitative research.

We predict that their incomes will increase, and collectively, this will positively impact Indiana's gross domestic product. People will earn more and with a better understanding of their finances will save and consume more.

As there are already proven correlations between income levels and educational attainment levels, Indiana could see increased enrollment in higher education as they and their children age.



NFI IS TAKING THE BROADEST APPROACH POSSIBLE, SAYS DAVID GODSTED, AS IT DESIGNS OUTREACH INITIATIVES. CASTING A WIDE NET IS GOOD FOR INDIANA AND GOOD FOR BUSINESS — BUT NOT NECESSARILY FOR THE SAME REASONS.

Continued next page

Indiana should benefit and those benefits will be far easier to sustain than if we were to continue down the path of tapping easily reached markets until they run dry. For the financial services industry, that means continuing to develop products and services that

rely on an undereducated, less savvy consumer as opposed to the opposite. For higher education, it means robbing Peter to pay Paul as Indiana's universities attack each other in

their quest for high school graduates and more out-of-state students. And for nonprofits, it means a higher level of cooperation and leveraging of scarce resources than has ever before been attempted.

Raising the bar for all consumers and reaching the hardest to serve demands ingenuity, patience, insight and a vision for seeing what's possible. These markets exist and they are waiting to be tapped.

NFI feels privileged to have the opportunity to work with the financial services industry, higher education and nonprofit organizations. We also feel privileged to be able to offer the services of all to those who have yet to be served by any and ask you to join us down this path.

Godsted is director of outreach for Networks Financial Institute: david.godsted@isunetworks.org.



The Moonjar

SAVE, SPEND, SHARE

NFI endorses 3 S's concept

NFI endorses the Moonjar (moonjar.com), created in 2001 as a tool for children, families and educators to incorporate strong financial values and practices into their daily lives. The Moonjar consists of three separate bank modules that when

integrated into one with a single band stress the importance of spending, saving and sharing. NFI has utilized the Moonjar at numerous recent events to promote its outreach mission and the importance of personal financial literacy. "The Moonjar

RECIPIENTS

These teachers received NFI grants for financial literacy curriculum implementation:

Kathryn Brandau, Ray Schebler and Krista Bowlby, Blue River Career Programs, Shelbyville, Ind.; Judith Lowery, Warren Central High School-Walker Career Center, Indianapolis; Diana Nichols, Owen Valley High School, Spencer, Ind.; Joan Zuerner and Rebecca Sedgwick, Terre Haute South Vigo High School, Terre Haute, Ind.; Anita Royko, Terre Haute North Vigo High School, Terre Haute, Ind.; Janet Rattazzi, Crown Point High School, Crown Point, Ind.; Terry Davidson, Brownstown Central Middle School, Brownstown, Ind.; and Katherine Burch, South Vermillion High School, Clinton, Ind.

OUTREACH NEWS

NFI awards 11 grants to teachers

Allocations enable Indiana K-12 educators to buy essential materials to implement financial literacy curricula in classes

In December, NFI awarded 11 financial literacy implementation grants to teachers throughout Indiana to help them obtain, implement and develop financial literacy education curricula in their individual classrooms. Each grant, which averaged \$500, will help teachers buy items including lesson plans and teacher guides, text books

and workbooks, videotapes and interactive CD-ROMs, board games that promote financial literacy, calculators and more needed by kindergarten through grade 12 teachers to teach youth the value of money in their everyday lives, how to spend and save wisely and how to invest and plan for future financial security.

NEW AT NFI

Coordinator joins outreach staff

Shauna Roberts brings not-for-profit experience to financial literacy initiatives



Roberts

Shauna Roberts has joined the NFI team as outreach coordinator. She's charged with coordinating and managing NFI's infrastructure and processes in support of a broad financial literacy outreach agenda, working with Director of Outreach David Godsted. A native Hoosier, Roberts was formerly the

outreach coordinator of the Indianapolis Art Center where she connected disadvantaged youth to art programs in the greater Indianapolis community and implemented programs, exhibitions and events within the center's outreach division. She began her career in the not-for-profit world for PBS-

affiliate KERA Unlimited in Dallas, Texas, as a fund-raising research coordinator, providing foundation and government fund-raising research that resulted in more than \$600,000 in financial support. Roberts graduated from Southern Methodist University with degrees in international studies and public relations. In 2001, she was awarded a fellowship from CUNY Baruch College in partnership with the National Urban Fellows in New York City for curriculum focusing on both the social and economic problems of urban environments.

is a very efficient learning model to teach youth the three components of individual finance," says NFI Director of Outreach David Godsted. NFI distributed the Moonjar at events like the fall Teachers Summit to share the message about how important personal financial literacy is to children to help them grow into financially literate adults.

Inaugural Teachers Summit showcases today's leading models of financial literacy education curricula

TARGET: INDIANA CLASSROOMS



More than 250 Indiana teachers of grades kindergarten through 12 attended an inaugural Teachers Summit in November, presented on behalf of Indiana Jumpstart Coalition by Networks Financial Institute and honor roll sponsors State Farm Insurance, Bank One and Indiana Department of Financial Institutions.

Staged at NCAA headquarters in Indianapolis, the event featured five sessions throughout the day that prompted teacher participation and interaction.

Sessions showcased many of today's leading models of financial literacy education curricula and how each might be integrated into Indiana's classrooms at all grade levels.

Teachers from across Indiana (above) take part in a workshop at the inaugural Teachers Summit, a free event to promote financial literacy education curricula presented by NFI. More than 250 teachers listen to opening remarks by Laura Levine (right), executive director of the national Jumpstart Coalition for Personal Financial Literacy based in Washington, D.C.

NFI photos/Duane Brodt

Models were demonstrated by organizations including Indiana Department of Education, Junior Achievement, Indiana Council for Economic Education, Metropolitan School District of Washington Township (Indianapolis) and Purdue University.

A Resource Fair offering free materials that teachers could use to implement their individual financial literacy models in their classrooms was a popular draw throughout the day.

"The Summit illustrated that personal finance lessons can be easily interwoven into today's core curricula, such as within language arts, reading, mathematics, economics and business education," said David Godsted, director of outreach for NFI. "Our main goals were to raise awareness of the importance of financial literacy and provide Indiana teachers with several valuable resources they could implement immediately and successfully as

part of their everyday curriculum."

Keynote speakers sparked teachers' interest before sessions began with each emphasizing how critical teaching the basics of financial literacy is to combat today's mounting consumer debt, personal bankruptcies and individual deficit spending.

Laura Levine, executive director of the national Jumpstart Coalition for Personal Financial Literacy, challenged Indiana teachers to include financial literacy education in their individual classrooms.

"A few generations ago, coffee was the No. 1 drink across our nation," she said. "Today, a soft drink is the most-consumed drink by both youth and adults. The soft drink companies realized that to change consumption behavior for their future, they needed to intervene at an early age with heavy commercial exposure."

Levine urged teachers — and parents — to follow that model in regard to teaching financial literacy: teach youth early about saving and spending wisely, careful financial planning and personal debt management then sustain those messages throughout their development into adulthood.

Indiana's top teacher, state Superintendent of Public Instruction Dr. SuelLEN Reed, lashed out at



Continued next page

credit card companies and their marketing efforts toward young adults — especially college students. “Even as I’ve enrolled in various college courses, I’ve seen an increase in the student credit cards being offered to me,” Reed said. She then applauded action taken by some Indiana colleges to ban on-campus credit card marketing, one way she says to combat the trend of young

adults being consumed by too much debt.

Reed stressed to teachers the importance of teaching children — of all ages, grade levels and of all races, backgrounds and economic circumstances — how to manage things like their allowance, earnings from a summer or part-time job, financial aid and more.



The inaugural Summit featured five unique sessions during which various models of financial literacy education curricula were showcased (top). During sessions, teachers had their own homework to do (below) as session leaders guided them through each model and ways to implement a desired curriculum in their own classrooms. Indiana State University’s Dr. Barbara Claus (bottom photo, at right), assistant professor of Family and Consumer Sciences, speaks during a panel on issues surrounding the need for financial literacy education in Indiana’s elementary, middle and high schools.



State Treasurer Tim Berry stressed the important role parents have in developing their children’s ability to manage their own finances.

“It’s important to talk with children at the youngest ages about the need to manage their money responsibly,” he said. “When a child sees a parent simply insert a card into a machine and receive cash, it’s impossible for that child to understand the concept behind that cash availability.” Something as trivial as using an ATM machine, Berry said, can develop into a meaningful, relevant and enlightening conversation between a parent and child about money management.

Joining the inaugural event’s honor roll sponsors were USA Funds, Old National Bank, Patriot



Dr. Suellen Reed (above), Indiana Superintendent of Public Instruction, chats one-on-one with teachers after remarks at the inaugural Teachers Summit. Indiana Treasurer Tim Berry (left) emphasizes the importance of teaching the value of a dollar to youth of all ages during comments at the event.

Investments LLC, Junior Achievement of Central Indiana, Charles T. Richardson of Baker and Daniels, Terre Haute Savings and Loan, ISU Federal Credit Union and Indiana Council for Economic Education. In-kind sponsors included American Trans Air, Indianapolis Indians, Indianapolis Zoo and White River Gardens, The Children’s Museum of Indianapolis, Marriott Hotel Downtown Indianapolis,



United Arts and Education, NCAA, the Indianapolis Colts and Indiana Pacers and Staples. “Our incredible sponsors and corporate partners made it possible to offer the event free to teachers and provide stipends to pay for attendees’ substitute teachers and travel expenses,” said David Ballard, president of Indiana Jumpstart Coalition. “We successfully created a forum to bring teachers together, present valuable information and reveal that there are free models available to facilitate financial literacy education curriculum in all grade levels throughout Indiana.”

CHECKITOUT

GAUGE OF SUCCESS: Teachers evaluate inaugural Summit: What’d they think? [21](#)

NFI photos/Duane Brodt

WHAT THEY SAID

The more than 250 teachers who attended the inaugural Teachers Summit presented by NFI (Target: Indiana Classrooms, page 19) were asked to evaluate the November event at its conclusion.



- 91 percent of attendees rated the event highly interesting
- 88 percent called the event highly useful
- 91 percent found the event presentations engaging and relevant
- Attendees rated the event curriculum models and handout materials, speakers, sessions and its Resource Fair as its top features
- 84 percent of attendees said they would try to implement event materials in their classrooms this school year
- 99 percent said they would attend again

NFI REACHES OUT TO CHILDREN, PARENTS DURING FAMILY NIGHT AT CHILDREN'S MUSEUM



NFI's Director of Outreach David Godsted (right) speaks to children and their parents in November at The Children's Museum in Indianapolis during its annual Family Night. Focusing on the value of money and the importance of saving and spending wisely throughout life, Godsted reached out to more than 200 families attending the free event to promote financial literacy for all ages.

> TEAMING UP

NFI PARTNERS WITH INQUISITIVE KIDS



NFI has partnered with Inquisitive Kids Inc. (inquisitivekids.com), the Indianapolis-based publisher of a 41,000-circulation, free monthly newspaper that promotes financial literacy education both to third-, fourth- and fifth-grade students and their teachers. Inquisitive Kids is delivered to Hoosier classrooms

throughout the state. As a result of the partnership, NFI Executive Director Liz Georgakopoulos and Director of Outreach David Godsted join the publication's board of directors. NFI also directs content modules appearing each month on its sponsor page. "Together we'll bring much-needed knowledge on the basics of

financial issues to elementary students each month," said Brian Kelly, president and COO of Inquisitive Kids. NFI content for the publication is also included in the Inquisitive Kids Teachers Guide, a guide that instructs teachers on how to implement financial literacy education curriculum in their classrooms.

> PARTNERS

NFI ALIGNS WITH MONEY SAVVY GENERATION FOR FINANCIAL LITERACY EDUCATION CURRICULUM DEVELOPMENT

NFI has partnered with Money Savvy Generation, creator of the Money Savvy Pig and other financial literacy education products targeting youth. Based in Lake Bluff, Ill., Money Savvy Generation develops and brings to market innovative products to help parents and educators teach children the skills of basic personal

finance. The company sells the Money Savvy Pig, a segmented piggy bank with save, spend, donate and invest components, and other products to consumers, teachers, school districts, financial institutions and service organizations. The company also provides consulting on financial literacy initiatives and community reinvestment



The Money Savvy Pig (msgen.com)

efforts and specializes in public economic literacy and basic personal finance. NFI and Money Savvy Generation will jointly develop innovative financial literacy products and curricula designed to help fill gaps that NFI has identified in financial literacy materials, targeting kindergarten through sixth-grade classrooms.

From page 4

solvency of any institution serving the insurance consumer;

■ Dramatically simplified business processes through simplification, streamlining and/or elimination of currently duplicative, paper intensive structures;

■ Improved regulatory effectiveness in the form of consistency and completeness in oversight; and

■ Parity and convergence across the newly defined playing field for insurance that includes not only insurance companies but also banks and securities firms.

Notwithstanding current and recent scandals within the insurance industry and their many implications, current proposals to revise the regulatory framework of the insurance sector do individually address some of these concerns.

Current proposals for insurance regulation

As 2004 entered its final quarter, we might have been bold enough to predict some level of reform in insurance regulation in 2005 or — if not the ultimate solution — at least a fathomable intermediate compromise.

On the table at this time are three primary reform approaches and proposals, including continued evolution of the NAIC Statement of Intent, consideration of the State Modernization and Regulatory Transparency Act proposal and the creation of an optional federal charter for insurance companies.

In 2000, the NAIC issued its “Statement of Intent – The Future of Insurance Regulation.” The document promised, as stated on www.naic.org, “... the creation of an efficient, market-oriented regulation of the business of insurance.”

The specific initiatives being pursued are intended to promote “uniformity and greater efficiency for agent and company licensing while speeding up the process for bringing new products to market.”

This work preserves the integrity of the state insurance regulatory framework and attempts to eliminate some of its inherent inefficiencies and inadequacies. It would be difficult to argue with the benefits of such change. It is also difficult, however, to imagine significant progress being achieved in a timely manner.

In August 2004, U.S. Reps. Michael G. Oxley, R-Ohio, chair of the House Financial Services Committee, and Richard H. Baker, R-La., a member of the House Financial Services Committee and chair of the House Financial Services Subcommittee on Capital Markets, Insurance and Government-Sponsored Enterprises, proposed the State Modernization and Regulatory Transparency Act (SMART). SMART upholds the 1945 McCarran Ferguson Act and gives states authority to regulate insurance — unless federal law specifically spells

out a pre-emption and creates a seven-member group “state-national insurance coordination partnership” that will have narrowly defined powers to resolve conflicts but no regulatory authority.

SMART outlines a number of areas, primarily those of central focus in NAIC’s intent statement, when the group would apply pressure for quick reform within the state system.

The proposal was an important attempt to bridge the concerns of various important factions and to create some momentum for reform. However, while recognized as an important step in the debate, the proposal was met with mixed reaction by various sectors of the industry. Most notably, those seeking a clear and definitive role for a federal regulator have denounced SMART as too limited.

In response to GLB and an accumulation of frustrations by insurance industry participants, many, including the American Council for Life Insurers, are advocating for the creation of an optional federal charter for insurance companies. The concept comes, of course, from

the banking sector where such a dual system has been in place for decades.

The benefits promoted by advocates focus on the ability to level the playing field between nationally oriented insurance companies and banks entering their markets.

Assuming that a practical plan for creating such a mechanism could be executed, this should be achievable. However, since the charter is optional, it is not clear how consumer protection issues or issues of uniform enforcement would be addressed.

Not on the table in any formal way is a formal proposal for a single federal regulator for insurance. Recent discoveries by Connecticut Attorney General Richard Blumenthal and New York Attorney General Eliot Spitzer may lead to such a proposal being drafted that would at a minimum create a more clear enforcement mechanism for the industry.

But, that remains to be seen. Stay tuned.

Georgakopoulos is executive director of Networks Financial Institute: liz.georgakopoulos@isunetworks.org.



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EYEING BIOTECH

In November, the first Midwest Life Sciences Meeting — a gathering of life sciences professionals — was held in Indianapolis. Sponsored by Burrill and Co., a Life Sciences Merchant Bank, those with both research and financial interests in the workings of the biotechnology industry assembled to discuss and examine industry issues.

Biotech has grown in the U.S. exponentially from about a \$10 billion industry in 1993 to an industry approaching \$50 billion in 2003. Life sciences is considered one of the great potential growth industries in coming years.

A central concern in several conference sessions was the topic of funding models. Keynote speaker G. Steven Burrill, CEO of Burrill and Co., mined the topic in remarks and again as moderator of a panel discussion during a session on the volatile capital markets. The topic was also the focus of a panel session on competition for funding when seemingly every state in the U.S. is pursuing some aspect of life sciences economic development.

In a post-ImClone world, current markets are risk-averse.

But life sciences is by its nature an industry with a long research and development road ahead before profits can be realized.

It is an industry requiring a massive research and development investment. If about 15 percent of profits are redirected into research



A PLAN OF ACTION IS NEEDED, SAYS **MARTHA HENN MCCORMICK**, TO ALIGN INDIANA'S FINANCIAL SERVICES COMMUNITY WITH ITS LIFE SCIENCES INDUSTRY. THE END RESULT? A WIN-WIN SITUATION.

and development in Silicone Valley, in biotech it is about 20 to 25 percent, Burrill said. He described funding models for life sciences development including tax credits and Indiana's community-based approach of bringing together universities, corporations and pension funds to chase early opportunities.

Indiana plans to assemble the money and opportunity first in belief that the entrepreneurs and solid business models will follow.

That's a tricky strategy.

For life sciences to succeed as an industry, it has to be about return on investment first and foremost.

Economic development must proceed from financial viability. Indiana's current challenge is to highlight the visibility of opportunities here to catch the eye of investors, Burrill said. Then biotech in Indiana can grow beyond the level of the 11 or so current venture capital funds invested in Indiana life sciences, he said.

Those future investors must consist of both local and national groups, Burrill insisted.

NFI's interest resides specifically in the question of how Indiana can effectively connect its financial services community to the state's economic growth agenda in the life sciences industry.

NFI's approach is to create a common knowledge set and interest among corporate, not-for-profit, academic and public leaders in Indiana

RESEARCH OBJECTIVES

NFI's research in examining how Indiana's financial services industry may benefit from life sciences will describe:

- Indiana's existing investor tax incentives with actual participation rates;
- How life sciences as an industry is funded in Indiana and regionally in comparison to funding sources for life sciences in other states;
- Whether financial services as an industry may be underinvested in the development and success of the life sciences community in Indiana and what impedes financial services industry engagement in Indiana biotech; and
- How Indiana's financial services community stands to benefit from investment in the life sciences industry

regarding the nature of financing solutions that will work for the state.

NFI hopes to broker a more formal collaboration among relevant leaders to generate a plan of action to engage Indiana's financial services community more actively to support the state's economic development initiatives in life sciences.

NFI will help define the challenge for Indiana in the context of other state and national models and data so the state can optimize the operation of existing markets and create alternative development finance institutions.

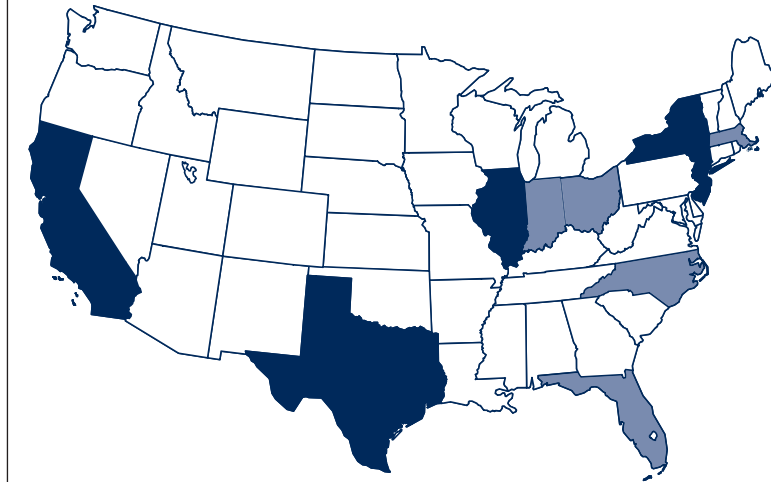
Continued next page

NFI is planning a series of roundtable events in 2005 to achieve this collaboration among state leaders. NFI is sponsoring research centered on local financial institutions to understand their current capital supply to the state's biotech industry and the nature of that investment strategy by both market and product focus and risk profiles.

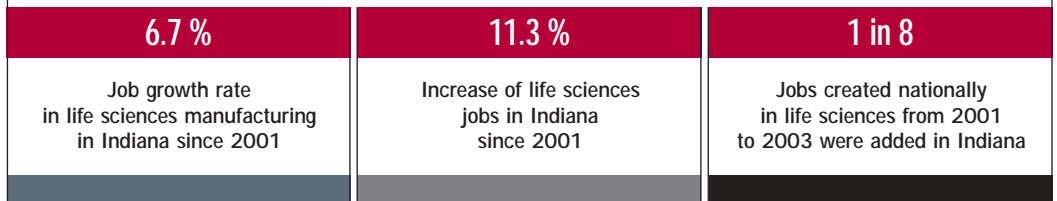
Hoosiers can have confidence that the life sciences industry in Indiana is already doing several things right.

INContext, an Indiana workforce and economy publication of the Indiana Business Research Center, alerted Hoosiers in its July-August 2004 edition to the good news — Indiana has enjoyed a 6.7 percent job growth rate since 2001 in life sciences manufacturing while the national rate has declined.

Indiana also outpaces the nation overall in pharmaceutical and medicine manufactur-



California, Texas, Illinois, New York and New Jersey are leaders in the life sciences industry in the U.S. Indiana, Massachusetts, Ohio, North Carolina and Florida play a major role in life sciences manufacturing.



SOURCE: INContext

NFI

ing and in medical equipment and supplies manufacturing.

Since 2001, Indiana has experienced an 11.3 percent increase in jobs in these areas and from 2001 through 2003,

one in eight jobs created nationally in these industries were added in Indiana.

NFI is part of the effort to grow that momentum and spur economic development in

Indiana through the promotion of its vibrant and diverse life sciences sector.

McCormick is research coordinator for Networks Financial Institute: martha.mccormick@isunetworks.org

GLOBAL REACH

NFI researches Moroccan financial services sector

Staff joins Indiana State University President Lloyd W. Benjamin on recent trip to meet university faculty, discuss study's goals

NFI is working with Professor Fouzi Mourji, a professor of econometrics at Université Hassan II Ain Chock in Casablanca, to define and potentially undertake a study of the relationship of the financial services sector in Morocco to its economic development.

The research project is to determine current status and make recommendations for future direction.

Professor Mourji is considered an expert on competitive forces shaping the marketplace — specifically in the area of Moroccan microfinance. He

has been commissioned previously for international scholarly projects, including Consulting Assistance on Economic Reform reports sponsored jointly by the Agency for International Development and the Harvard Institute for International Development.

A goal of this study is to analyze the current state of Morocco's financial sector, identify the principal challenges it will face in the next decade and map its progress for government and private agencies and international donors.

Another goal is to provide guidelines for future implementation of reform measures to help Morocco's financial services sector.

In October, NFI Research Coordinator Martha Henn McCormick, Director of Operations Joe Zachery and a contingent of Indiana State University faculty and staff members traveled to Morocco.

The group, including Indiana State President Dr. Lloyd W. Benjamin, visited extensively with faculty from Université Hassan II Mohammed in support of its two-year collabora-

tion with Indiana State. Together, Indiana State and the Moroccan university have focused on higher education administration and projects including business incubators, economic globalization and rural health.

Also during the 10-day Moroccan trip, the NFI and Indiana State group met with Mouaad Jamaï, director of the Centre régional d'investissement de la Région du Grand Casablanca, and Mohamed Aref Hassani, head of the Division of Industry and Agriculture for the Moroccan Ministry of Economic Affairs.



McCormick



Zachery



Benjamin

Focus to be on financial literacy, financing economic development and industry structure and regulation

NFI has identified three major research agenda topics as a result of its broad study of the marketplace, emerging issues and a review of independent, corporate and academic research centers studying aspects of financial services.

NFI undertook a careful analysis of possible topics that have explicit implications on the financial services industry in the next decade. Determined to find topics that are compatible with NFI's mission, have a five- to 10-year horizon of relevancy but have fallen through the cracks and don't currently receive significant research attention, NFI has narrowed its focus on three core areas — financial literacy, financing economic development and industry structure and regulation.

Each of NFI's topic areas will be thoroughly covered to provide a robust source of information, education and analysis to NFI's priority audiences, including decision-makers, policy-makers and scholars at the state, national and international levels.

NFI is holding a place in its research agenda for critical issues that will arise following President George W. Bush's re-elec-

NFI OUTLINES ITS RESEARCH AGENDA

RESEARCH AGENDA

NFI's three major research agenda topics:

FINANCIAL LITERACY

NFI will focus on creating an understanding of the nature and scope of poor personal financial literacy as a primary contributor to key economic challenges in the U.S. and support development and measure of effective educational curricula

FINANCING ECONOMIC DEVELOPMENT

NFI will create a data set and common focus for developing financing solutions and explore model solutions based on clear and supported problem definitions

INDUSTRY STRUCTURE, REGULATION

NFI will serve federal and state legislators and regulators, financial services providers and financial services consumer groups with meaningful, objective and unduplicated research focusing on industry regulation and reform

tion. With President Bush remaining in office, the issue considered most likely to dominate his domestic agenda regarding financial services is social security reform — including some level of privatization.

Financial Literacy

A lack of basic money-management skills is widespread among Americans and yet we continue to debate the need for a coordinated solution. Only a quarter of Americans feel well-informed about managing household finances. And between 25 and 56 million Americans don't even utilize the services of a bank.

America's teenagers as a group score a failing grade in basic financial literacy knowledge. They're active consumers despite their ignorance, spending \$175 billion in 2003 as 21 percent used their own credit cards or access to a parent's credit card and 16 percent used their own ATM cards.

NFI's research in the area of financial literacy will focus on creating an understanding of the nature and scope of poor personal financial literacy as a primary contributor to the nation's key economic chal-

lenges. Clear connections between an individual's level of financial management skill and the nation's broader financial challenges should serve to educate and inform decision-makers and policy-makers at both the state and national levels leading to the development of effective solutions.

Additionally, NFI's research in financial literacy will support the development of a platform for building and measuring effective financial literacy educational programs. NFI is creating a comprehensive program of education to serve kindergarten through grade 12 students and eventually the adult community. This program is being designed around a core of educational theory and content experience but overall, there exists a lack of research into the implications of current financial illiteracy for society and how best to address and rectify this widespread dilemma. NFI's research will serve as both input into and validation of its success with this educational program.

NFI's research in the area of financial literacy will serve a broad audience of school educators, state and federal legislators, financial service providers and consumer organizations. These groups are involved either in developing financial literacy programs or address-

Continued next page

ing issues that arise at the micro- and macro-economic levels as a result of low financial literacy skills the majority of Americans possess.

Financing Economic Development

Sustained growth and success of any region depends on its economic development. Whether at the state, regional, national or international level, effective financing strategies are a critical component of a successful economic development plan. Decision-makers and policy-makers need a deep understanding of these financial strategies to effectively select the best choices for their region's immediate and future economic development.

NFI's research in the area of financing economic development is defined in the context of national and model-state experiences. NFI's intent is to create a data set and common focus for developing financing solutions and explore model solutions based on clear and supported problem definitions. This research will serve as a basis for NFI-facilitated collaboration among experts and stakeholders to develop model programs and solutions to financing issues that arise in economic development initiatives.

NFI's audience for research in this area is academic experts, financial industry leaders, public leaders and leaders of economic development initiatives. NFI's broader research in this area will stem from its initial work in two areas: Indiana's economic development challenges — especially in relationship to its growing life sciences and biotechnology initiatives — and the development of a financing strategy to support economic development initiatives in the country of Morocco (NFI researches Moroccan financial services sector, page 24).

Industry Structure and Regulation

Gramm-Leach-Bliley, Sarbanes Oxley and the evolution of a global financial services marketplace are creating complex challenges for the existing structure and regulation of the financial services industry. Understanding the nature of emerging challenges and subsequently designing and implementing effective solutions requires a new level of knowledge and thinking for decision-makers

and policy-makers. Recent research conducted for NFI by Washington, D.C.-based B&D Sagamore identified a lack of sources for meaningful, objective research to serve corporate leaders and policy-makers. Initially identified as a primary issue among government relations leaders and trade associations, NFI's research has been focused on insurance regulation and its reform.

NFI's research activity will evolve to cover other areas of industry structure and regulation as they emerge as well.

NFI's research in this area is designed to serve federal and state legislators and regulators, financial services providers and financial services consumer groups. NFI will host its second annual Regulatory Reform Summit in Washington, D.C., in March (Milestones, page 5) and likely to take center-stage is the report, "Financial Regulation: Industry changes prompt need to reconsider U.S. regulatory structure," issued by the Government Accountability Office in November, and specific proposals relating to changes in the regulation of the insurance industry.

NFI's future as a research center

NFI is creating, organizing and staffing a far-reaching research center focused on the needs of the financial services industry and targeting its three top agenda topics.

Through fellowships, conferences and dialogue, NFI will connect with highly respected and recognized financial leaders from industry, academia and government. Through the appointment of research fellows from across academia and industry, NFI will develop a source of unbiased research expertise to study the challenges facing the financial services industry and seek innovative solutions to challenges. Through seminars, conferences and print and electronic media, NFI will educate and inform its audiences to improve knowledge and understanding of financial services.

Associate joins research staff

Ozer Erdem earned master's degree from Indiana State

Ozer Erdem, 26, has joined NFI as a research associate. In the role, he'll help shape NFI's research agenda and play a critical role in various research projects.

With the research team, Erdem will assist in developing a comprehensive research resource library and help disseminate research analysis and conclusions. Originally from Ankara, Turkey, Erdem earned a master's degree in business administration from Indiana State University. While at Indiana State, he worked as a research assistant for the College of Business when he led an extensive research project analyzing the impact of the Sept. 11, 2001, terrorist attacks in the U.S. on both the nation's economy and the global financial services industry.

Prior, he worked as a deputy auditor for VakifBank and as a financial analyst for Siemens, both in Ankara, Turkey.

He is a member of Indiana State University MBA Association.

His wife, Doga Kayalar Erdem, is attending Indiana University in Bloomington, Ind., and pursuing doctorate degrees in both public affairs and political science.



Erdem

NFI seeks qualified candidates to fill 2 key positions

Search is on for director of research, grant coordinator

NFI continues its search to fill two key positions and continues to accept applications for both.

Director of Research

The director of research will lead the research and scholarly programs that will support NFI's vision, strategic direction and goals to extend the knowledge and awareness of present and developing issues among the various segments of the financial services community. The director of research will create a research agenda congruent with NFI's vision and strategic direction and will identify, develop, market and assess research opportunities and services to meet the needs of the constituencies that NFI serves. Working with Indiana State University's College of Business, the director of research will develop research opportunities for Indiana State students and promote scholarly and professional faculty development.

Further, the director of research will:

- Develop scholarly and applied programs and services for the financial services industry;
- Work with NFI staff to ensure the research department supports NFI's outreach and education departments;
- Host financial services research seminars and conferences for stakeholders;
- Build relationships with

leaders of the financial services community; local, state and international agencies; community and business leaders; the academic community; and media sources;

- Coordinate interactive partnerships with all stakeholders to develop strategic research opportunities and outreach sources; and
- Promote scholarly programs through grants, conferences, publications and faculty development.

The director of research will possess high managerial experience, preferably in both industry and academia, and possess a proven record of leading theoretical and applied research projects and publications. The director of research must also possess experience in developing and directing state, regional, national and international agendas.

A Ph.D. is preferred. An academic, tenure track or distinguished chair appointment will be considered, depending upon a candidate's history of research and scholarship. Some travel is required.

Grant Coordinator

NFI is also seeking an experienced grant coordinator to join its team. The grant coordinator will be responsible for working with NFI staff and affiliated professionals to meet annual external grant fund-raising goals for NFI and its initiatives with emphasis on securing large dollar

grants totaling more than \$2 million a year.

The grant coordinator will work in coordination with Indiana State University Foundation and the development officer of Indiana State's College of Business and will be responsible for all activities related to NFI grant funding, including project conceptualization, funding, research, budget development, proposal writing and review, information dissemination and reporting.

Qualified candidates must possess a bachelor's degree — preferably a master's degree — in liberal arts; have three or more years experience in non-profit development and grant writing; be familiar with grant proposal writing techniques and provide samples of successful major grants that have been secured; possess excellent research, writing and verbal communication skills; be able to establish and maintain development databases; possess strong organizational skills and be able to multi-task and follow-up appropriately; be able to work with a diverse group; be highly detail oriented and adept at writing and editing; and be able to work both independently and in a team environment. Some travel is required. Qualified candidates should be proficient in Micro-soft Word, Excel, Access and other database software; a familiarity with Microsoft Project and Project Management certification are pluses.

ONLINE

For more information about the director of research and grant coordinator positions and to apply, visit NFI online at networksfinancialinstitute.org or Indiana State University at indstate.edu.

Fellowship opportunity for graduate students

NFI's Networks Graduate Studies Fellowship Program for Academic Excellence seeks to attract research-oriented graduate students to Indiana State University to conduct research into the financial services industry. Students interested in pursuing a Master of Business Administration or a master's degree in mathematics, computer science, technology, public administration and more that may lead to a career in financial services are eligible for consideration.

Through the program, NFI provides research and internship opportunities to new graduate students and those returning to Indiana State to earn a second master's degree. Special consideration will be given to Indiana residents who plan on careers in financial services. Each fellowship lasts two academic years and two summers.

Fellowship recipients with a clearly defined research agenda — in an area of financial services — may conduct independent research with either the approval of Indiana State faculty or NFI. Fellowship recipients without a clearly defined research agenda will be expected to devote up to 20 hours a week to assigned research projects.

Recipients receive a \$7,500 stipend plus a tuition waiver per academic year. Additional support for research, internships, courses, international experience and professional development is also available.

For qualifying standards, visit NFI online. To apply to Indiana State's School of Graduate Studies, visit web.indstate.edu/sogs.

Questions? Contact Martha Henn McCormick at 800.603.7113 or martha.mccormick@isunetworks.org.

The deadline to apply for the fellowship for the 2005-06 academic year is June 1.

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In fact, in April one of the Regulatory Reform Summit's keynote speakers, U.S. Sen. John Sununu, R-N.H., a member of both the Senate Banking and Commerce committees, introduced that legislation during the 108th Congress, legislation that called for the creation of a new and independent regulator to oversee GSEs.

"The Banking Committee's legislation is essential to ensuring the safety and soundness of these significant financial institutions and (is) absolutely necessary to guarantee the continued strength of our nation's mortgage markets," Sununu said.



MILESTONES

“ THE BANKING COMMITTEE’S LEGISLATION IS ESSENTIAL TO ENSURING THE SAFETY AND SOUNDNESS OF THESE SIGNIFICANT FINANCIAL INSTITUTIONS AND (IS) ABSOLUTELY NECESSARY TO GUARANTEE THE CONTINUED STRENGTH OF OUR NATION’S MORTGAGE MARKETS,” SUNUNU SAID.

“By transferring the regulatory authority to a stronger, independent agency, we take a major step toward bringing confidence and credibility to the oversight of the GSEs.”

U.S. Rep. Baker also led critical discussions among the nearly 100 people who attended the two-day summit last year.

NFI Executive Director Liz Georgakopoulos said March's summit will indeed mark a major milestone — for both NFI and Indiana State University.



Georgakopoulos

“It is critically important to feature both Indiana State and NFI on the national level while continuing to enhance our presence in Washington,” Georgakopoulos said,

“thus continuing to position ourselves to be highly involved in regulatory reform of the financial services industry. Our first summit featured individual sessions and both thoughtful and relevant discussion.”



Charles T. Richardson (top photo, at right), a partner at Baker and Daniels law firm and member of NFI's Advisory Council, interviews Wayne Abernathy, assistant secretary for financial institutions with the federal Department of the Treasury, during NFI's 2004 Regulatory Reform Summit. U.S. Sen. John Sununu (above), R-N.H., addresses mutual fund regulation during the event.

ISU PHOTOS/Tony Campbell

Dustin Newlin



Photo courtesy Ronald Reagan Building and International Trade Center



THE VENUE ▶

The Ronald Reagan Building and International Trade Center promotes world trade. Its mission is to create and promote opportunities for world trade, commerce, communications and international cultural exchanges.

The center spans 3.1 million square feet and is the largest building in Washington, D.C. The center is mandated by Congress to bring together the nation's best public and private resources to create a national forum for the advancement of trade. The center houses a premier conference and event center, executive office space, dining facilities and venues for entertainment and programming.

In 1987, Congress passed the Federal Triangle Development Act, authorizing a federal building complex and international cultural and trade center to complete the redevelopment of Pennsylvania Avenue. The act mandated that the building "reflect the symbolic importance and historic character of Pennsylvania Avenue and the nation's capital" and "represent the dignity and stability of federal government." The law realized President John F. Kennedy's dream to revitalize Pennsylvania Avenue.

Construction began in 1990 and the building was named after President Ronald Reagan — who signed legislation authorizing construction. The center was officially dedicated in 1998.

Revisiting last year's event, Georgakopoulos said NFI accomplished its goal of bringing together lawmakers, regulators, industry leaders and academia to discuss the issues and focus on future solutions.

"We had meaningful and very insightful dialogue about the state of mutual fund regulatory reform," Georgakopoulos said. "Perhaps the No. 1 need I took away from the event was the continued need for objective insurance regulation through education-oriented analysis that ultimately will lead industry to proposed solutions."

An opening reception and dinner will be held from 6-9 p.m. on March 2 and the 2005 Regulatory Reform Summit will be from 8 a.m. to 2 p.m. on March 3. For more information, visit NFI online.

REGISTER TODAY

A tentative schedule for the 2005 Regulatory Reform Summit is available on NFI's website. Registration is required to attend the event and space is limited.

ONLINE
NETWORKSFINANCIALINSTITUTE.ORG

CALL
 800.603.7113

From page 15

Q: So far, what has been your most relevant College of Business class in regard to your intended major and career choice?

A: Business 201: Principles of Accounting. The class has been the only class in my field of study that I was able to take.

Q: So far, what's been your most challenging class?

A: My toughest class was Business Law. I struggled with it because it was totally new to me.

Q: What has been the most grueling part of your overall Indiana State University experience so far?

A: The most grueling part of my college experience would have to be managing my time well. I have never been the greatest at time management and with my busy schedule, it has been hard trying to find the time to get everything done. It has led to a few late nights here and there but as my parents would say, that is nothing new when it comes to me.



Newlin

Q: If you gave yourself a score on the following, with a 5 being the best or exceptional and 1 the worst or poor, what would your scores be?

■ Adaptability to college life

A: I would give myself a 5. I felt the transition from high school to college was pretty easy and I have enjoyed living on my own.

■ Studying

A: 2. Studying has always been one of my weaknesses.

■ Executing on course work

A: 5. Despite the fact that it seems like I never have time to do anything, I always get my assignments done on time and correctly.

■ Eating properly and getting enough rest

A: I would give myself a 2 on the eating properly and a 4 on the getting enough rest. I occasionally will skip meals and I hardly ever eat breakfast. On the other hand, I usually do a good job of going to sleep at a decent hour.

■ Calling home

A: I would give myself a 3 but I am sure that if you asked my mom, she would give me a 1.

Joe Robles' career has taken him around the globe, behind a desk at the Pentagon and to the top of one of the leading financial institutions in the U.S. It's a career he's been able to build upon because of a foundation that was carefully constructed at Indiana State University.

Indiana State's College of Business helped Robles hone his communications skills. It helped him develop leadership skills. And, of course, along the way he learned much about financial management. Those are the keys, Robles says from his office in San Antonio, Texas, where more than 600 employees report to him.

"(Indiana State) prepared me well," says Robles, who graduated with a master's degree in 1979. The Ohio native earned his undergraduate degree from Kent State and headed to Terre Haute, Ind., for graduate work. Taking classes in the evening, he worked days teaching accounting and finance courses at the Finance Center at Fort Benjamin Harrison in Indianapolis, an assignment from the military.

That led to a string of military assignments in finance as he moved around the world, including a job in the Pentagon as the Army's budget director. Robles retired from the military in 1994 and headed west. Since, he's been chief financial officer for USAA. His successes have come not only because of his ability to manage a budget but because he's a strong and articulate leader.

Graduates heading into careers in the financial services industry "have to understand marketing very well," Robles says. "They need to have a good, solid understanding of both finance and accounting. They must understand how to get capital and how to sustain it. They have to have excellent communication skills and leadership skills."

Top financial services industry workers also understand the team concept, Robles says, something that helped him go from a job making less than \$8 an hour to where he is today. "You have to be part of the team to be successful, fit in with your team members and be a valuable team member," he says.



Joe Robles

Senior Vice President and Chief Financial Officer, USAA; 1979 graduate of Indiana State University with a master's degree in business administration

ANNUAL SALARY (range)
More than \$150,000

RESPONSIBILITIES
Handles all the finances of the Fortune 200 company that employs more than 21,000 people globally

NUMBER OF PEOPLE HE MANAGES
More than 600 people report directly to Robles

RESIDES IN
San Antonio, Texas

FIRST JOB
A lieutenant in the U.S. Army in Korea making about \$300 a year

FAMILY
Wife of 20 years, Patricia; a daughter; and two sons

PERSONALLY SPEAKING
A prolific reader, Robles sets and accomplishes his goal of reading a book a week, including fiction, nonfiction and everything in between.

Even though Robles is the top executive at a prestigious financial company, he still shows up at the office each day to make improvements in his own job and within the company. He has several philosophies about his job but he especially aspires to "be professional, a leader and take care of people."

— By Laura Musall
(Photo provided by USAA)

:: FEBRUARY

Indiana State University 2005 Risk Manager in Residence Reception

5:30-7:30 p.m. Feb. 24

Columbia Club, Indianapolis, Ind.



Vernor

A welcome reception hosted by Indiana State University's College of Business and the Insurance and Risk Management Program will be held at the Columbia Club to honor Jeffrey Vernor, the 2005 Risk Manager in Residence and executive director in the Enterprise Risk Management department at USAA in San Antonio, Texas. USAA provides insurance, banking and investment products to more than 5 million members of the U.S. military and their families. Vernor will spend three days at Indiana State, speaking to insurance students, at an open forum and at a Gamma Iota Sigma dinner affiliated with the College of Business. NFI, the Indiana Chapter of RIMS and Spencer Educational Foundation Inc. are sponsors of the reception.

:: MARCH

NFI's 2nd annual Regulatory Reform Summit

March 2-3

Ronald Reagan Building and International Trade Center
Washington, D.C.

NFI's inaugural Regulatory Reform Summit in 2004 launched as a key industry forum where leading policy-makers previewed the concepts that became the heart of the State Modernization and Regulatory Transparency (SMART) bill. This year's summit will once again be the place to learn the latest insurance legislative and regulatory developments as Congress and the Bush administration preview their agendas. Those attending the event will have the opportunity to listen and share key issues and perspectives on the impact and potential of insurance reform within the financial services industry. For more and to register, visit NFI online or call 800.603.7113.

:: APRIL

2005 Indiana Financial Literacy Conference

8 a.m. to 4:30 p.m.

April 26
Marriott Hotel
Downtown
Indianapolis, Ind.

NFI will present the Indiana Financial Literacy Conference to highlight financial literacy as a critically needed component of education in Indiana's kindergarten through grade 12 classrooms. Keynote speakers from state and federal government and the private sector will be invited to share their views with teachers from throughout Indiana. Teachers will have the opportunity to share new ideas, learn about best practices for financial activities in their classrooms, examine current and new initiatives by financial literacy organizations and examine many of today's leading models of financial literacy curricula that are available for implementation. For more and to register, visit NFI online.



OCTOBER

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NFI CAREER FAIR. 11 a.m.-7 p.m., Indiana Convention Center, Indianapolis, Ind. NFI will host a financial services career fair sponsored by universities from throughout Indiana. Students will have the opportunity to talk one-on-one with regional financial services employers regarding internships and career opportunities. **BOOTH SPACE FOR FINANCIAL SERVICES EMPLOYERS IS AVAILABLE.** To reserve booth space, call NFI at 800.603.7113. Visit NFI online as the event nears for more details.



**It's not what we say.
It's what we do.**



*Our hands-on education creates skilled, confident graduates.
Our applied research stimulates business start-ups
and economic growth.*

*Because economic development
runs on brainpower.*



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