

Acting Comptroller Michael J. Hsu
Remarks to Financial Literacy and Education Commission’s Public Meeting
“Crypto Literacy and My Money Five”
March 8, 2022

I’m honored to be with you. I appreciate the Financial Literacy and Education Commission’s (FLEC) efforts to educate American consumers and to focus on their financial wellbeing and health. I’m pleased the Department of Treasury has asked FLEC agencies to work together to educate consumers about cryptocurrencies, which have exploded in popularity. I’ll focus my remarks on why there is an urgent need for improved crypto literacy and education.

First, the crypto-owning population is younger, more financially vulnerable, and more diverse than the general population. Of all crypto owners, 70 percent were born after 1980 and 56 percent earn under \$50,000.¹ One survey found Asian, Black and Hispanic adults are more likely than White adults to say they have ever invested in, traded, or used a cryptocurrency.² Of underbanked consumers, 37 percent own cryptocurrency, compared to 12 percent of the unbanked, and 10 percent of the fully banked.³

Second, the risk of scams and hacks is high and growing. In 2021, crypto theft hit \$3.2 billion, a 516 percent increase over 2020.⁴ Scammers pose the greatest risk, defrauding people using romance ploys, blackmail scams, and high-profile hacking schemes⁵. The biggest threat in 2021 was so-called rug pulls, whereby legitimate-looking crypto projects were used to attract then steal \$2.8 billion.⁶

Third, it is hard to find neutral, trusted sources of information on crypto. Marketing materials and misinformation dominate. All of the major crypto exchanges and platforms have slick so-called educational materials, which are geared towards onboarding new customers. PayPal, CashApp, VISA, Robinhood, and a host of other financial service firms now offer and actively market crypto “access” to their users (who would be well-served to read the fine print).

¹ See “The State of Consumer Banking & Payments,” Q1, 2022, Morning Consult.

² See “16% of Americans say they have ever invested in, traded or used cryptocurrency,” Pew Research, November 11, 2021.

³ See “Banking the Unbanked Requires Raising Trust and Awareness. For the Underbanked, Better Service Means Payments Innovation,” Morning Consult, August 17, 2021.

⁴ See “The 2022 Crypto Crime Report,” Chainalysis, February 2022.

⁵ See Wall Street Journal, “A Crucial Clue in the \$.5 Billion Bitcoin Heist: a \$500 Walmart Gift Card,” February 15, 2022.

⁶ See “The 2022 Crypto Crime Report,” Chainalysis, February 2022.

It's nearly impossible to find neutral information about something as simple as fees. Consumers are left with an information landscape dominated by a lot of hype, jargon, attractive yields, and only boilerplate disclaimers about the risks they could face.

Enter FLEC. For 17 years, the MyMoney.gov website⁷ has been a trusted resource for consumers and consumer groups looking for financial literacy information and education. Since its creation in 2003 by Congress, FLEC and its member agencies have supported the financial literacy efforts of community groups, consumer advocates, and educators. In 2020, nearly 700,000 users turned to MyMoney.gov for information.⁸ MyMoney.gov fields questions from and posts consumer information on education planning, savings bonds, taxes, and more.

Today, the MyMoney.gov does not feature information about cryptocurrencies. Treasury is asking FLEC agencies to improve crypto literacy and education. I am a strong supporter of this initiative and believe a good place to start would be adding neutral, trusted materials to MyMoney.gov that consumers, educators, and others can use to learn about crypto in an unbiased way and improves their awareness of the risks.

Like any risky investment, crypto is not for everyone. It is also not going away. One in five adults now has exposure to crypto – as many as have exposure to fixed income investments.⁹ We must move quickly to improve the crypto literacy of consumers.

As FLEC builds out crypto information on MyMoney.gov, the My Money Five principles can serve as a guide and useful starting point. The My Money Five principles are simple and grounded in a clear goal: *how to make the most of your money*. Earn, save/invest, protect, spend, and borrow. Consumers thinking about crypto use should ask themselves: How will an investment in crypto *help or hurt* my financial health and well-being considering each of these dimensions?

On social media, there are countless stories of people contemplating going “all in” on crypto. They seem driven by the hope of capturing more of the upside; fear of missing out on the next rally; the belief in the promise of democratizing finance; and embrace of a new technology and community. These powerful drivers have strong emotional appeal. The My Money Five

⁷ See FLEC was established under the Fair and Accurate Credit Transactions Act of 2003 and tasked with developing a national financial education web site and strategy on financial education. MyMoney.gov launched in 2004.

⁸ See FLEC Annual Report to Congress, FY 2020.

⁹ See “Crypto fans are revolutionizing online investing,” The Harris Poll, April 2021.

principles provide an excellent framework for consumers to think objectively and holistically about what crypto can and can't do to improve their financial situation.

In conclusion, I am grateful to Treasury for asking the FLEC agencies to work together to educate consumers about cryptocurrencies. The OCC looks forward to supporting this important effort on behalf of consumers.