



2008

annual report

IMPACT THROUGH INNOVATION

VISION

Vision

Networks Financial Institute at Indiana State University will improve the decision making of industry leaders and the success of consumers in the local, national and international financial marketplace through student programs, financial literacy and thought leadership.

Goals

Develop future financial services leaders by preparing selected high-potential students at ISU through scholarship, professional development and experiential learning

Improve the performance of consumers in the marketplace through creation and targeted implementation of effective financial education programs

Support progress in the financial services industry through objective, applied research and by facilitating informed dialogue among decision makers

GOALS

EXECUTIVE MESSAGE

Recent months have brought about significant changes in the way we see financial services. Newspapers and business magazines herald the dawn of a new age in banking, insurance, finance and accounting. From New York's Wall Street to Everytown's Main Street, uncertainty regarding our collective financial future is forcing Americans to ask tough questions.

At Networks Financial Institute, our work to strengthen the financial services industry not only seeks to answer today's questions; we're tackling issues that will help future consumers avoid financial trouble. We're also developing industry professionals capable of making sound decisions.

The following report serves to highlight NFI's core programs and accomplishments over the past year. I hope you'll agree this work is crucial to solving some of today's most complex financial challenges, both from the consumer and industry viewpoints.

From my own perspective, I am continually amazed by our constituent's demand for these services. Elementary school students and teachers are literally standing in line to participate in our *Kids Count*[™] curriculum for financial literacy education. Nearly 100 undergraduate students have taken part in our rigorous professional development program to become tomorrow's financial services leaders. And, policy makers and thought leaders across the nation are using NFI's research to form their own opinions about the financial direction we should take as a nation.

I would like to thank Indiana State University and Lilly Endowment, Inc. for their leadership and support of Networks Financial Institute, as well as the multitude of businesses, community organizations and educators whose collaboration is critical to the success of this initiative. I look forward to working with all of you in the coming year!

Best wishes,



Elizabeth A. Coit
Executive Director



STUDENT PROGRAMS IMPACTING OUR INDUSTRY

Our first point of impact – the inside out – starts with educating tomorrow’s financial industry leaders. Putting the best-prepared graduates into the most promising jobs has resulted in unprecedented industry creativity and responsibility. At the same time, building a top-quality educational program has attracted the brightest students and faculty to Indiana State.

The Networks Scholars program was developed and implemented through initial funding from Lilly Endowment, with the first class of 17 Scholars entering ISU as freshmen in 2003. Five subsequent classes have followed, admitting a total of 98 students. This program has enabled Indiana State University to attract and develop a world-class group of young professionals with the skills, knowledge, professional relationships and real-world experience to begin their post-college years with a competitive advantage in the financial services marketplace.

In May 2008, 14 Networks Scholars graduated from Indiana State University, many entering the financial services industry right here in Indiana. These young men and women have embarked on financial services careers equipped not just with specific knowledge, but with ethics training, professional experiences and a network of colleagues not typically achieved until several years into one’s career.

In addition, the model for professional development created for the Scholars is an example of the innovations generated by the Networks initiative whose benefits reach far beyond the program itself. Coupled with other programs, such as the student-led annual ethics conference, international travel, and classroom experiences enhanced by this exciting and talented group of students, the NFI initiative is an important component of the strategic transformation occurring on campus. Most recently both ISU’s Presidential Scholars program and the Honors Program have begun review and revision, in part to emulate the experience and success achieved for the Networks Scholars. As the catalyst for these improvements, NFI is redefining the student experience at Indiana State. Students have extraordinary opportunities to engage in experiential learning, and the Scholars program is enabling ISU to attract a larger number of high achieving students.



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This isn't the type of scholarship where you are handed the money and don't think twice about it. It requires a lot of time and dedication; but, in the end every minute you spend towards something Networks-related will benefit you either personally or professionally. – Casey Locke, Networks Scholar, Class of 2009

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A group of six people, three women and three men, are standing in a row. They are all wearing dark business suits. The women are wearing bright pink or blue collared shirts under their jackets. They are all smiling and looking towards the camera. In the background, there is a red banner with the text "You & Us" in white. The setting appears to be an indoor event or conference.

You & Us

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I have always been very goal-driven. Being involved in Networks has helped me to use the drive I have to help lead others into reaching their goals. I have learned that success is much sweeter when others are succeeding alongside you. – Racheal Titus, Networks Scholar, Class of 2009

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STUDENT PROGRAMS INNOVATION TOUCH POINTS

- ➔ Graduated second class of Networks Scholars from ISU, placing high-potential leaders in financial services companies across the United States, including Secura Insurance Companies, Edward Jones and BKD.
- ➔ Presented the 3rd Annual Collegiate Ethics and Corporate Responsibility Conference by Junior Networks, Gongaware and Presidential Scholars at Indiana State University, hosting more than 30 corporate and academic speakers. More than 400 students from Indiana State and other Indiana universities attended the conference furthering their understanding of ethical issues in today's business world.
- ➔ 19 corporate leaders participated in the mentor program for the Networks Scholars, connecting Scholars with several businesses and professionals.
- ➔ 19 Networks Scholars completed summer internships at financial services firms across the United States, including companies like State Farm Insurance, B & D Consulting, BKD and Defense Finance and Accounting Department.
- ➔ Almost 100 students will be reached through the Networks program when our 6th class of 17 Networks Scholars enters Indiana State University in Fall 2008.
- ➔ Networks Scholar honored with an Orr Fellowship, the first recipient from Indiana State University.
- ➔ Initiated a certificate program for Indiana State University students focused on developing their personal and inter-personal skills for effective problem-solving leadership.

"I have definitely noticed the impact of the Networks Scholars program within the classroom. In the last few years, I have typically had a majority of the sophomore scholars in my statistics classes, representing about 20% of my students. These students consistently perform at the top of the class. With the expansion of the "top group" of students, I have been able to deepen my coverage of some topics and I have come to expect more from student assignments. The Networks Scholars have definitely raised the bar for all of my students." – Dr. Concetta DePaolo, Indiana State University Accounting Professor

FINANCIAL LITERACY IMPACTING OUR NATION

Important impact on industry consumers – from the ground up – occurs through NFI’s robust financial literacy education programs. Innovation in financial literacy education has proven to be one of NFI’s most successful initiatives. From providing resources for teachers and directly educating kids to training state leaders about the fundamentals of financial services, these programs will have impact for years to come.

NFI sees its primary role in financial literacy education in terms of innovation and creation. While many quality organizations exist to deliver education programs, the need remains for development of national standards, professional development and evaluation of elementary, secondary and adult financial literacy solutions. NFI’s financial literacy objectives include completion of nationally adopted learning and educational standards in financial literacy for adults and K-12 students.

Based on extensive market and industry research, we’ve developed, tested and implemented the nation’s first mobile financial literacy classroom and accompanying full curriculum. Nearly 10,000 Indiana students have participated in *Kids Count on the Money Bus™*. These lessons and experiences extend into students’ homes through NFI’s *My Family Counts Activity Workbook®*.

NFI’s first priority in financial literacy moving forward is to deliver the Kids Count education model as broadly as possible throughout the U.S. This program has proven that it provides students, educators and teachers with an effective and engaging means of delivering financial literacy education. By offering the program through various scales of need, NFI can increase access to the valuable content.

Building on the national expansion of the Kids Count™ program, NFI will develop and launch a professional development program to better prepare educators to teach financial literacy. Time and time again, teachers participating in the Kids Count on the Money Bus™ program and NFI’s Indiana Teachers Financial Literacy Conference have shared their own concerns about managing money and their conviction that financial literacy is an important part of the education experience.



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The experience here at Miller Elementary was very positive. The students were actively involved and learned many life skills from the experience. They were also intrigued with the kiosks set up in the hallway and are anxious for the Money Bus to return again.
– Marjorie Miller, Principal, Miller Elementary School (IPS #114)

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Hammond ● ● Gary
Highland ●
St. John ● ● Valparaiso
Cedar Lake ●



The Money Bus has visited...



“The cornerstone of a sound financial future is financial literacy at a young age. When our youth understand the importance of saving, spending, investing and donating, they will carry that knowledge into their adulthood. The Money Bus has proven to be a sound investment in financial literacy for our children!
– Mike Schrage, President and CEO, Centier Bank

FINANCIAL LITERACY INNOVATION TOUCH POINTS

- Awarded Organization of the Year Award by the Institute of Financial Literacy. Criteria for selection as Organization of the Year includes offering a financial literacy program, earning the respect of peer organizations and communities served, inspiring program participants to learn, and utilization of quality financial literacy educational materials.
- The Money Bus completed its second full year of service visiting over 90 Indiana schools since its inception, and almost 10,000 students and their families have been reached with NFI's financial literacy curriculum, *Kids Count*.
- Actively engaged in educating and advising policy makers and leaders in financial literacy education, including participation in a national summit on Financial Literacy in Seattle, organized by the Financial Literacy and Education Caucus, and Financial Literacy Awareness Day on Capitol Hill.
- Completed three national market studies on financial literacy including an analysis of K-12 educator practices and attitudes around financial literacy, and a study of adult attitudes toward financial education.
- SMART (Student Mathematics AfteRschool Thinking) program partnered with *Kids Count on the Money Bus*[™] to give elementary education pre-service teachers the pedagogy and content knowledge necessary to teach and promote financial literacy in an authentic setting, and to provide free, quality financial literacy activities to high-needs schools.
- Poised for a national launch of *Kids Count* curriculum early in 2009.

"I will watch how I spend my money from now on." – Student, Cumberland Elementary School

THOUGHT LEADERSHIP IMPACTING OUR FUTURE

The final point of impact – from the top down – lies in NFI’s industry research. Gathering the best financial and economic minds from around the country to form a “mini think tank,” we have addressed some of today’s most pressing financial services issues, including insurance regulation, mortgage foreclosure crisis and financial literacy. We provide this work to legislators and policymakers for use in defining the issues and outlining possible solutions.

NFI as part of ISU has become a thought leader in Washington serving in a unique role assembling academics, public policy leaders at the state and national level, industry leaders and consumers to shape the discussion of the changing post- Gramm-Leach-Bliley marketplace. NFI has developed a substantial body of work on timely and complex industry topics and financial services best practices. A network of prominent research fellows along with NFI’s own staff researchers have produced policy briefs, working papers and related research publications. Industry leaders and policymakers have contributed to the knowledge base and dialogue facilitated by NFI events and publications.

NFI has had a healthy – for both sides – interaction with the Administration and the executive branch of the federal government. Representatives from the Treasury Department or the White House have participated in each Annual Summit. NFI leaders have met privately with the Treasury team looking at how the insurance sector should be regulated in the 21st Century global marketplace, as well as ways the public sector can forward the financial literacy cause.

“The success of the Financial Forum Series in particular, has brought the Networks Financial Institute at Indiana State University to the forefront of the policy debate. Their insistence on an even handed approach to each issue has definitely been a factor in this success.” – Thomas Saving, Director of Jeff Montgomery Professor of Economics, Private Enterprise Research Center, Texas A&M University



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Already within a short time, NFI has served as a catalyst for bringing together experts to discuss financial literacy and the potential for great federal involvement in insurance regulation. I am aware of no other institution in Indiana spearheading analyses of these important topics. – David Van Hoose, Professor of Economics and Herman W. Lay Professor of Private Enterprise, Baylor University

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SENIOR FELLOWS

- Alton Gilbert, Former Vice President and Banking Economics Advisor at the Federal Reserve Bank of St. Louis
- Joel M. Guttman, Associate Professor in the Department of Economics at Bar-Ilan University
- Edward J. Kane, James F. Cleary Chair in Finance in the Carroll School of Management at Boston College
- George G. Kaufman, John F. Smith Professor of Finance and Economics and Director of the Center for Financial and Policy Studies in the School of Business Administration at Loyola University, Chicago.
- Ronnie J. Phillips, Professor of Economics at Colorado State University
- Thomas R. Saving, Director of the Private Enterprise Research Center at Texas A&M University
- David VanHoose, Herman W. Lay Professor of Private Enterprise in the Hankamer School of Business at Baylor University

FELLOWS

- Yigit Aydede, Assistant Professor of Economics in the Sobey School of Business at Saint Mary's University in Halifax.
- Mehdi Ben Braham, University Paris Dauphine
- Aruna Chandra, Associate Professor of Management at the College of Business, Indiana State University,
- Kurt Dew, Griffith University, Australia
- Malay K. Dey, Associate Professor of Finance at the Cotsakos School of Business, William Paterson University, New Jersey
- M. Kabir Hassan, Associate Professor of Finance at the University of New Orleans
- W. Jean Kwon, Associate Professor at School of Risk Management of St. John's University
- Angela Lyons, Professor at the University of Illinois at Urbana-Champaign
- Una Okonkwo Osili, Associate Professor of Economics at Indiana University-Purdue University at Indianapolis
- David Robinson, Assistant Professor of Management at Indiana State University
- Art Sherwood, Associate Professor of Management in the College of Business at Indiana State University
- Sharon Tennyson, Associate Professor in the Department of Policy Analysis and Management at Cornell University
- R. Christopher Whalen, Co-founder and Managing Director of Institutional Risk Analytics
- Tarek Zaher, Professor of Finance and the Finance Program Coordinator in the Analytical Department at Indiana State University's School of Business

2008 INSURANCE REFORM

SUMMIT SPEAKERS

- Debra T. Ballen, Executive Vice President, Public Policy Management, American Insurance Association
- Robert R. Detlefsen, Vice President, Public Policy, National Association of Mutual Insurance Companies
- Dr. Howard Frumkin, Director of the National Center for Environmental Health, Agency for Toxic Substances and Disease Registry, of the Centers for Disease Control
- Morton M. Kondracke, Editor of Roll Call and Journalist with Fox News, Co-Host of The Beltway Boys
- Thomas C. Koonce, Assistant Vice President, Federal Government Affairs, Independent Insurance Agents and Brokers of America
- J. Kevin A. McKechnie, Executive Director, American Bankers Insurance Association
- Michael T. McRaith, Illinois Director of Insurance, for the National Association of Insurance Commissioners
- Kathleen L. Mellody, Counsel, Majority Staff, House Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises
- Andrew J. Olmem, Counsel, Minority Staff, Senate Committee on Banking, Housing and Urban Affairs
- Stephen E. Rahn, Vice President & Associate General Counsel, Lincoln Financial Group
- Prof. Sharon Tennyson, Cornell University
- Prof. Therese M. Vaughan, Distinguished Professor of Insurance and Risk Management, Drake University; former President NAIC
- Gregory D. Wren, Executive Director, Coalition Opposed to a Federal Insurance Regulator

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...important work done by NFI in its educational and research activities ...will yield significant benefits to the American financial system and the world economy. – Joel Guttman, Associate Professor of Economics, Bar Ilan University

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THOUGHT LEADERSHIP INNOVATION TOUCH POINTS

- NFI hosted the 5th Annual Insurance Reform Summit in Washington, D.C. in March 2008. The Summit, which features legislative, regulatory, research and industry perspectives, is a unique opportunity for policy makers, regulators, business leaders and researchers to come together to educate, debate and discuss issues of efficiency and effectiveness.
- Partnered with the Federal Reserve Bank of Chicago to host the National Mortgage Foreclosure Crisis Forum which drew over 250 attendees.
- Awarded “Published Paper of the Year” by the Institute for Financial Literacy for “Assessing Adult Financial Literacy and Why It Matters.” The paper is a compilation of work done by leading scholars and presented at an NFI forum.
- Co-sponsored a two day international conference in Rabat, Morocco with ISU and Université Hassan II Mohammedia – Casablanca focusing on “Globalizing the Moroccan Economy: Lessons for Growth and Employment.” The conference was aimed at addressing some of the issues affecting Moroccan economic growth, and how to enable it to compete effectively in the global market.



PROGRAM SUPPORT

Through partnerships and collaborations, NFI is able to extend our program reach and **impact** further than we ever could alone. Gifts of financial resources and support in-kind help to ensure the ongoing success of **innovative** initiatives and projects – bringing everyone one step closer to a transformed financial services industry.

NFI is pleased to acknowledge the support of the following organizations:



Comprehensive Operating Support

B&D CONSULTING LLC
Insurance Reform Summit



Kids Count on
the Money Bus™



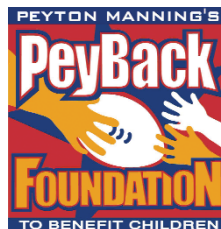
**FEDERAL RESERVE BANK
OF CHICAGO**

The Nation's Foreclosure Epidemic



Hoover Family Foundation

Kids Count on
the Money Bus™



Kids Count on
the Money Bus™



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Kids CountTM
on the money bus

A financial literacy traveling classroom brought to you by...

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NFI TEAM



Elizabeth Coit
Executive Director



Alison Palmer
Director of Marketing
and Communications



Joe Zachery
Director of Operations



Andrea Bordenkecher
Director of Corporate
Development



Kristina Uland
Director of Grant
Development



Mechele Hodge
Marketing Associate



Marlene English
Budget Coordinator

Student Programs



Livia Scott
Director of Networks
Professional Development
Program



Kathleen Parrish
Career Development
Specialist



Priscilla Wolfe
Director of Education



Sandra Brigando
Financial Literacy
Coordinator



Corrie Scaringe
Events Coordinator

Thought Leadership



John Tatom
Director of Research



Martha Henn McCormick
Research Coordinator



Nick Ochieng
Research Associate

ABOUT NETWORKS FINANCIAL INSTITUTE

Networks Financial Institute at Indiana State University was founded in 2003 through a grant from Lilly Endowment Inc. and facilitates broad, collaborative thinking, dialogue and progress in the evolving financial services marketplace through student programs, financial literacy and thought leadership. NFI is a leader in preparing students for careers in the financial services industry. NFI connects Indiana State's financial, business and educational expertise and resources with today's needs in the financial services marketplace. NFI is a primary source for objective and applied research within the financial services industry. To learn more, visit NFI online at networksfinancialinstitute.org.



ABOUT INDIANA STATE UNIVERSITY

Indiana State University, established in 1865, is a four-year public university that embraces its mission to educate the leaders of tomorrow with focus on research, experiential learning and civic engagement. It's five colleges and the School of Graduate Studies offer courses leading to undergraduate and graduate degrees and certificates in arts and sciences, business, education, health and human performance, nursing and technology. Financial services is one of many distinctive programs, you'll find at Indiana State. It was one of two programs designated Programs of National Distinction for achieving a national reputation for the quality of their work and reflecting the values of Indiana State while meeting state and national needs. To learn more, visit www.indstate.edu or call (800) GO-TO-ISU.

