

# Transitioning Toward Financial Literacy: A community engaged mixed-methods inquiry

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# Research Team

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# Investment & Support



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85% of Americans report that  
personal finances are causing stress

(National Endowment for Financial Education, 2021)

# Economic Situation

- Rates of poverty and financial instability are increasing in U. S.
- Financial insecurity is associated with emotional distress and family stress
- U.S. financial and economic structures are complicated
  - Proliferation of financial providers, services, and products
  - Predatory practices rapidly spread in early 2000s
- In the U.S., financial literacy is central to both survival and thriving
- Financial literacy programs expanded after 2010 Dodd-Frank Wall Street Reform & Consumer Protection Act





# Financial Literacy



- Educational programs providing knowledge and skills to manage finances, utilize financial services, and navigate the consumer market effectively (Reich & Berman, 2015)
- Provided by many sources/modes (e.g., for profit, nonprofit, governmental, single occurrence, long-term, tailored/customized) (Zhang et al., 2006)
- Assumptions that financial knowledge changes behavior
- Financial precarity constrain behaviors and decisions (Gist-Mackey & Guy, 2019)
- Obscures how financial systems and structures inherently contribute to wealth inequality, generational poverty, downward social mobility, etc.
- Lack of financial knowledge, poverty, and welfare are all highly stigmatized in society (Gilens, 1999)

# Social Class & Communication

- Social class is a complicated and nuanced phenomenon – sociomaterial (Gist-Mackey & Dougherty, 2021)
- Social class shapes communication behaviors:
  - Verbal and nonverbal norms culturally situated in class contexts (e.g., Gist-Mackey, 2018; Mills, 2004; Rushton & Young, 1975; Stuber, 2006)
  - Financial instability affects social support seeking and decision making (Gist-Mackey & Guy, 2019; Mullainathan & Shafir, 2014)





## Purpose:

To better understand the outcomes and participant experiences of a local financial literacy program

## More specifically:

- Explore how local programming is contributing and/or hindering family financial security
- Explore communication across the class divide in non-profit organizations
- Explore the emotion and memorable moments associated with money matters for low-income families



# Research Site: Nonprofit

- Local office of a nationwide non-profit
- Requested: mixed-methods approach
- Financial literacy model deployed across the U. S.
- Pseudonym: Family Economic Turning Points (FETP)
- Multi-phase Program
  - Phase 1: Case Management
  - Phase 2: Classes
  - Phase 3: Mentoring (ceased)



# Resilience

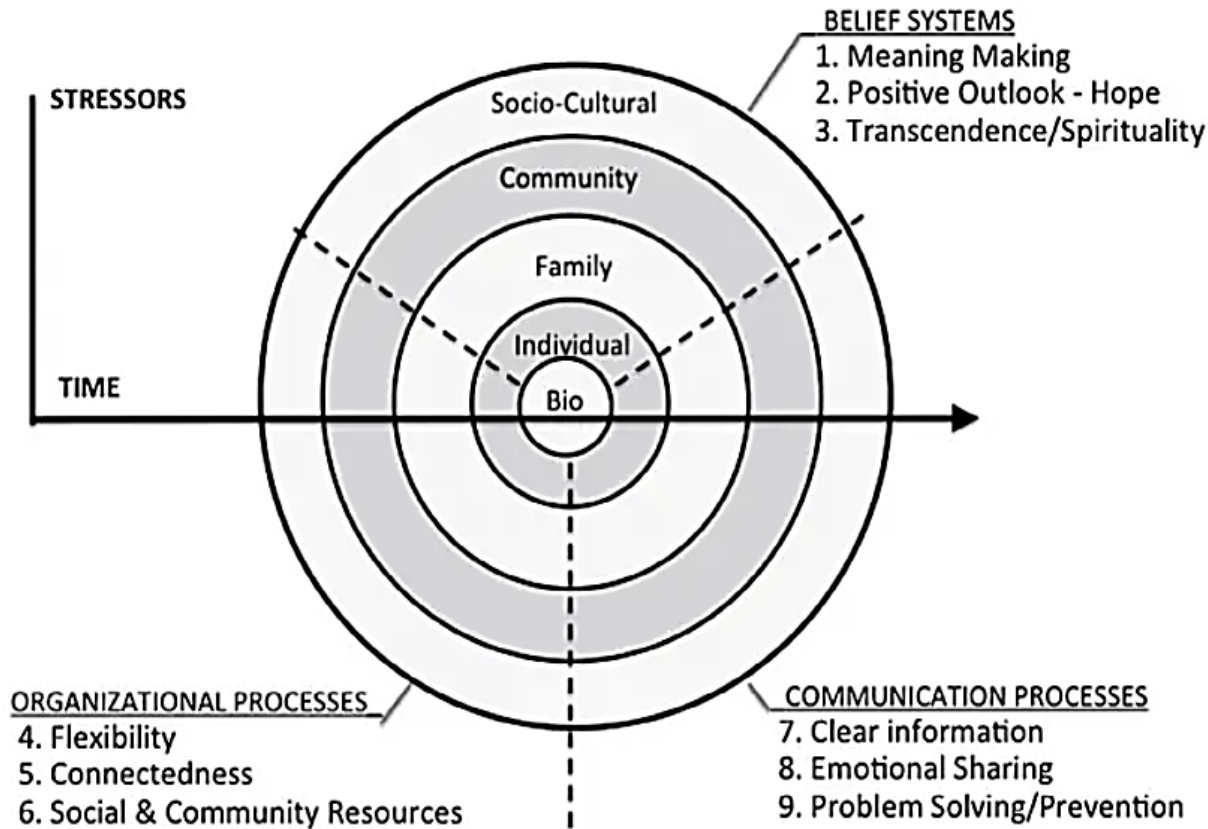
- A complex concept with various definitions
- “The capacity of a system to adapt successfully to significant challenges that threaten its function, viability, or development” (Masten, 2018, p. 1)
- People can be more resilient at different points in life (Southwick et al., 2014)
- Resilience and positive psychology are closely related
  - Positive emotions can promote and facilitate resilience (e.g., Cohn et al., 2009)



# Boosting Resilience (Greene et al., 2004)

- Providing reassurance
- Listening, being present and honest, and learning from people's stories while acknowledging their pain
- Encouraging people to see themselves as valuable
- Promoting interpersonal relationships and connections between people in a community or society
- Modeling resilient behaviors

# Family Resilience Theory



1. Making sense of adversity
2. Having a positive outlook
3. Spirituality and transcendence
4. Flexibility
5. Connectedness\*
6. Mobilizing economic/social resources\*
7. Clarity\*
8. Sharing emotions openly\*
9. Solving problems collaboratively\*

(Walsh, 2016, p. 10)



# Research Questions

- Does FETP produce resilient outcomes related to the finances, personal wellbeing, stress, satisfaction, and coping skills?
- How do participants cope with financial stressors before and after the FETP program?
- How do individuals from varying socioeconomic backgrounds communicate about financial topics together during FETP?
- How do participants communicate about financial security before and after the program?





# Quantitative Approach



# Quantitative Methods

- First Survey: During Phase 1 of FETP (100+ responses)
- Second Survey: 6+ months after FETP completion (75 responses)
  - Data collection for second survey remains in progress
- Variables Measured: Financial Security, Financial Planning, Hopefulness, Self-efficacy, Perceived Stress, Coping Efforts, Life Satisfaction



# Demographics

N=75

Demographics	
<b>Sex</b>	63 female, 12 male
<b>Age</b>	19-78 age range ( $M = 42.6$ years)
<b>Race/Ethnicity</b>	White (48%), African American/Black (37%), Hispanic (7%), American Indian/Alaskan Native (4%), Unreported (4%)
<b>Relational Status</b>	Single (61%), Married (21%), Committed (17%) – range 1-30 years
<b>Children</b>	Yes (75%; range 1-12, $M = 2.8$ , $SD = 1.92$ ), No (25%)
<b>Currently Employed</b>	Yes (65%), No (35%)
<b>Education Level</b>	Some high school (9%), high school diploma/GED (16%), some college (40%), Associates (11%), Bachelor's (23%), Master's (1%)
<b>Responsible for financial decisions</b>	Self (64%), joint decision making with partner (27%), other family members (4%), solely partner (1%)

# Correlation Matrix

	PS	CISS	CAC	CSES	CP	SWL	SE	Hope	FSEC	FPLAN
PS	.58***	-.31**	-.30**	-.17	-.33**	-.47***	-.53***	-.45***	-.54***	-.17
CISS	-.16	.52***	.50***	.69***	.41***	.29*	.40***	.46***	.29*	.13
CAC	-.32**	.18	.47***	.31**	.76***	.31**	.60***	.53***	.33**	.37**
CSES	-.11	.58***	.21	.61***	.40***	.29*	.25*	.33**	.23*	.23*
CP	-.44***	.32**	.70***	.33**	.56***	.38***	.59***	.59***	.42***	.55***
SWL	-.60***	.21	.18	.06	.19	.71***	.56***	.70***	.60***	.23*
SE	-.65***	.15	.36**	.11	.46***	.51***	.60***	.85***	.57***	.33**
Hope	-.65***	.28*	.45***	.16	.58***	.59***	.79***	.50***	.58***	.32**
FSEC	-.62***	.24*	.27*	.113	.29*	.60***	.50***	.61***	.68***	.34**
FPLAN	-.37**	.05	.48***	.01	.54***	.21	.24*	.39***	.22	.54***

Note: N = 75. \* =  $p < .05$ . \*\* =  $p < .01$ . \*\*\* =  $p < .001$ .

Correlations for T1 are below the diagonal (in light blue). Correlations for T2 are above the diagonal (in white). Intercorrelations for T1 and T2 appear down the diagonal (in yellow).

KEY:

PSS = Perceived Stress

CIS = Coping: Instrumental Social Support

CAC = Coping: Active Coping

CES = Coping: Seeking Emotional Support

CP = Coping: Planning

SWL = Satisfaction with Life

SE = Self-efficacy

FSEC = Financial Security

FPLAN = Financial Planning



## Key Findings

### Variables that significantly changed from Time 1 to Time 2:

- Instrumental Social Support (+)
- Seeking Emotional Support (+)
- Planning (+)
- Financial Security (+)
- Financial Planning (+)
- Self-efficacy\* ( $p=.06$ ) (+)
- Perceived Stress\* ( $p=.09$ ) (-)



# Qualitative Approach

# nodes

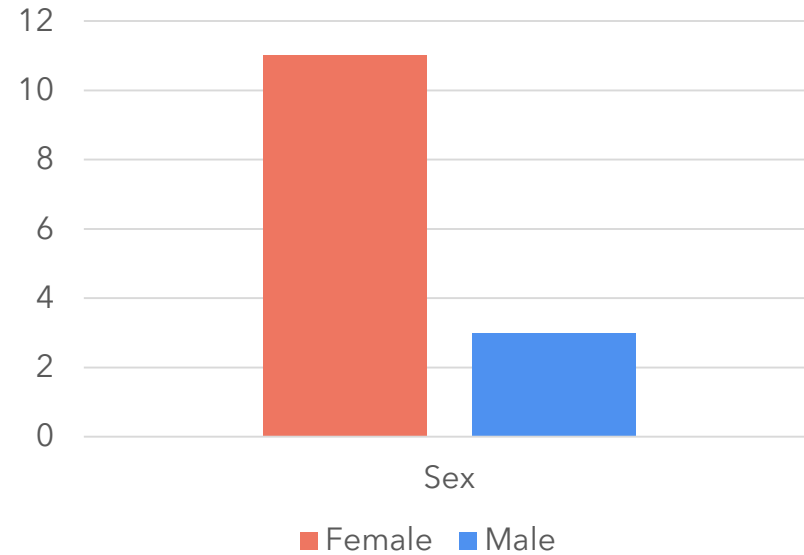


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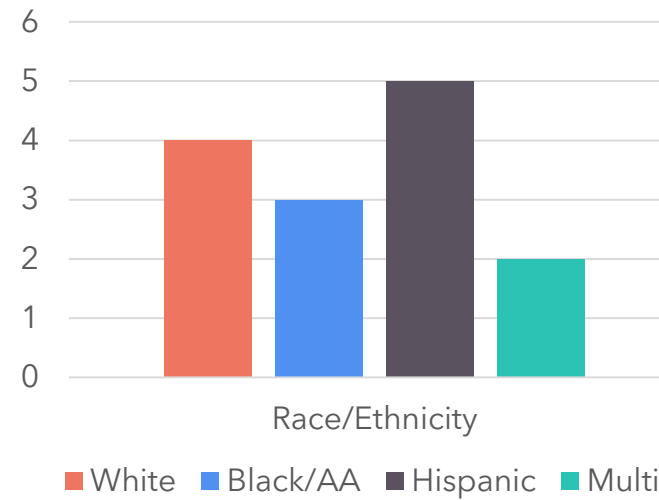


# Interview Demographics

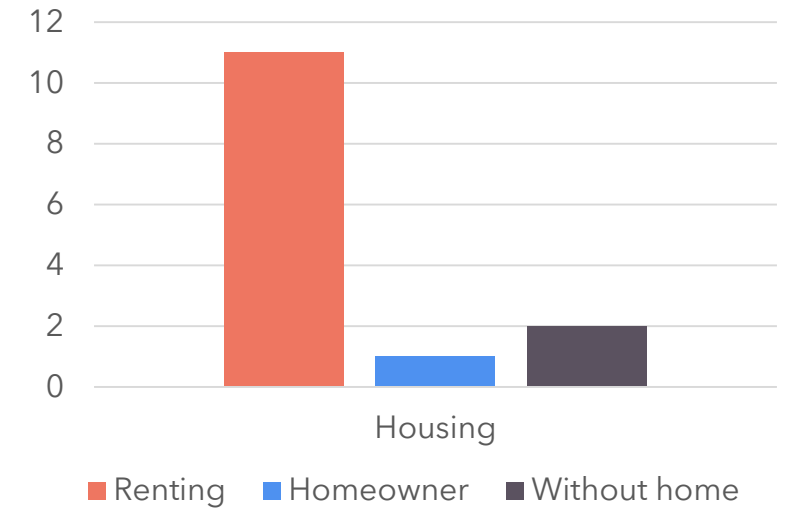
FETP Family Member Sex



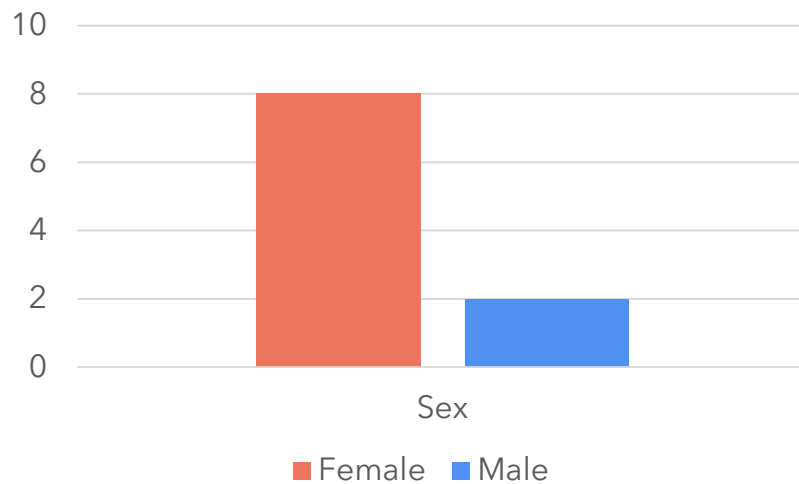
FETP Family Member Race/Ethnicity



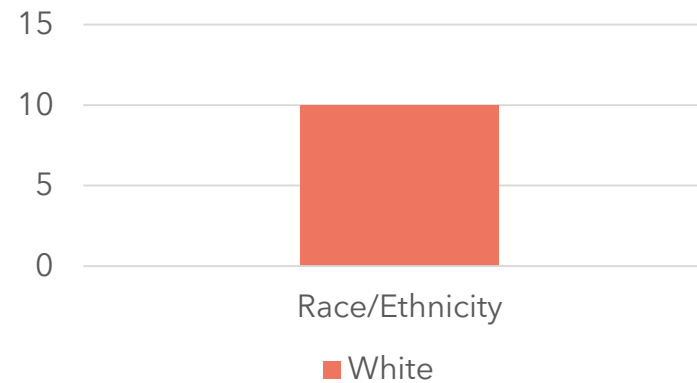
FETP Family Member Housing



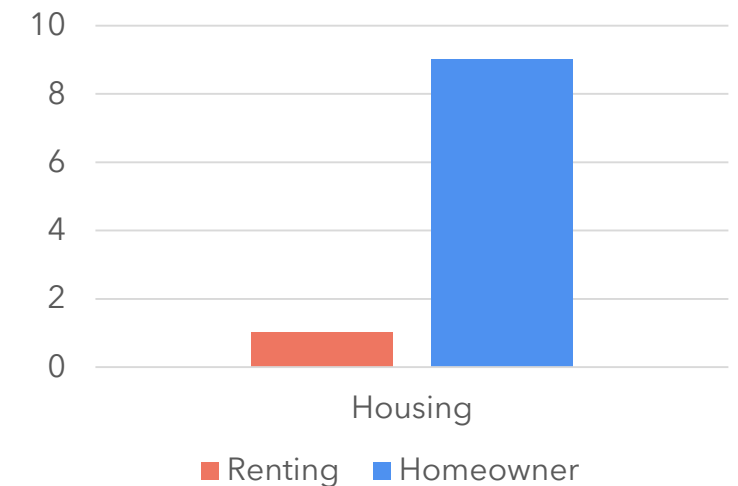
Staff/Volunteer Sex



Staff/Volunteer Race/Ethnicity

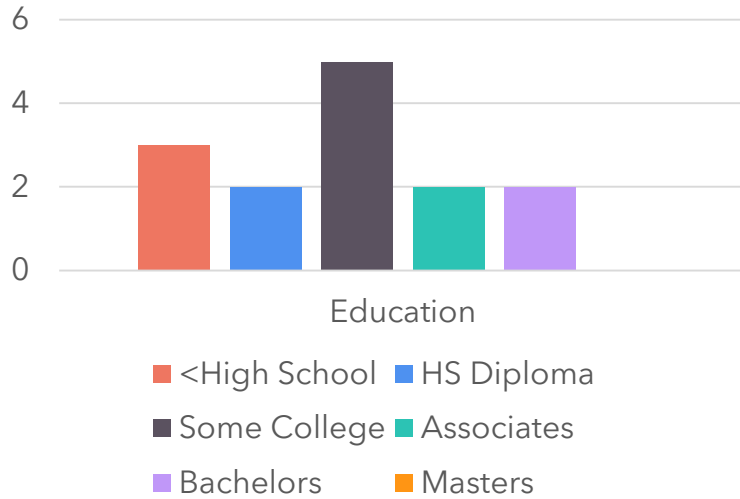


Staff/Volunteer Housing

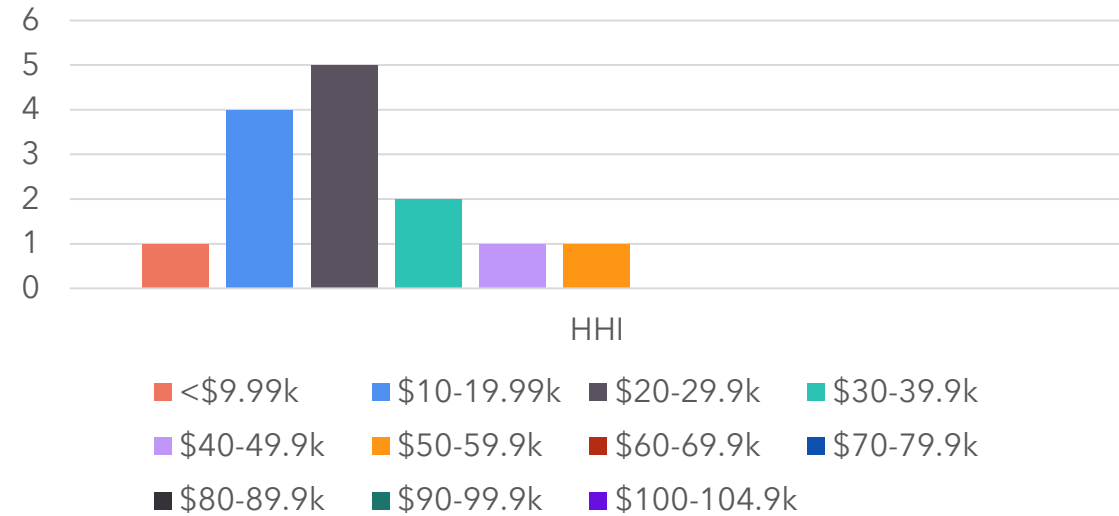


# Interview Demographics (continued)

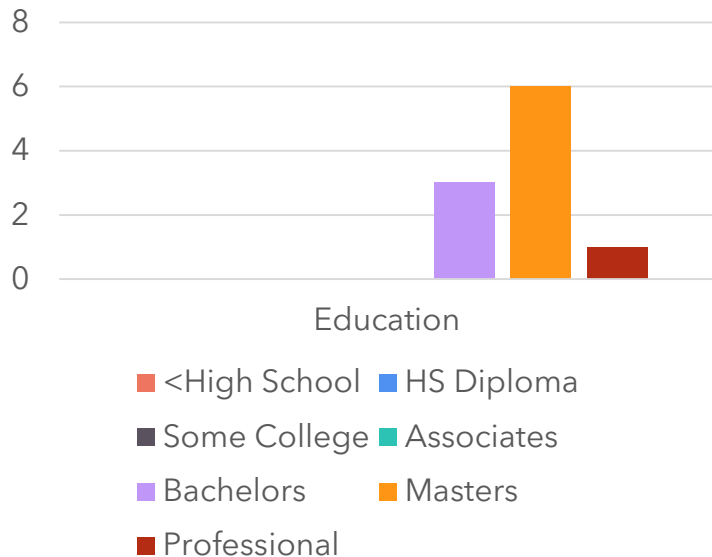
## FETP Family Member Education



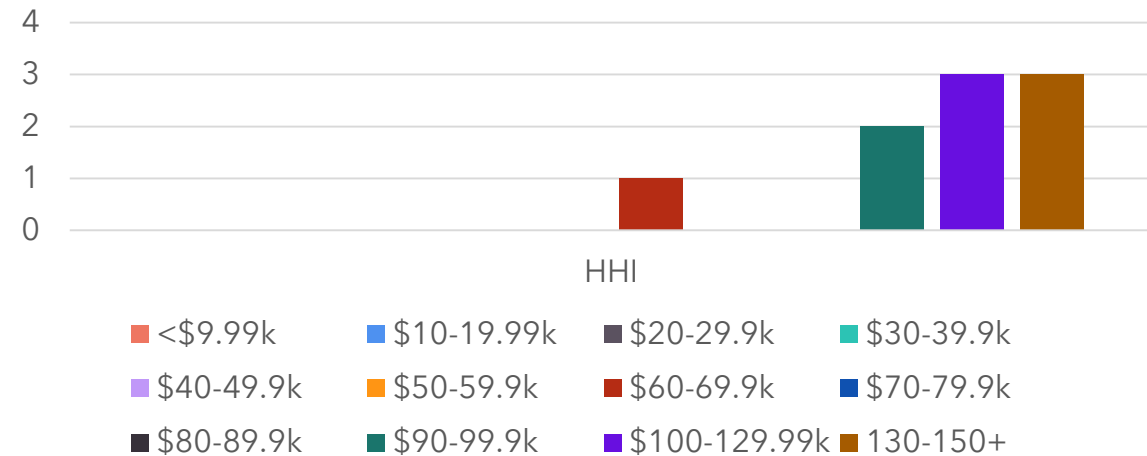
## FETP Family Annual Household Income



## Staff/Volunteer Education



## Staff/Volunteer Annual Household Income



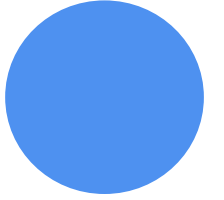


# Qualitative Findings

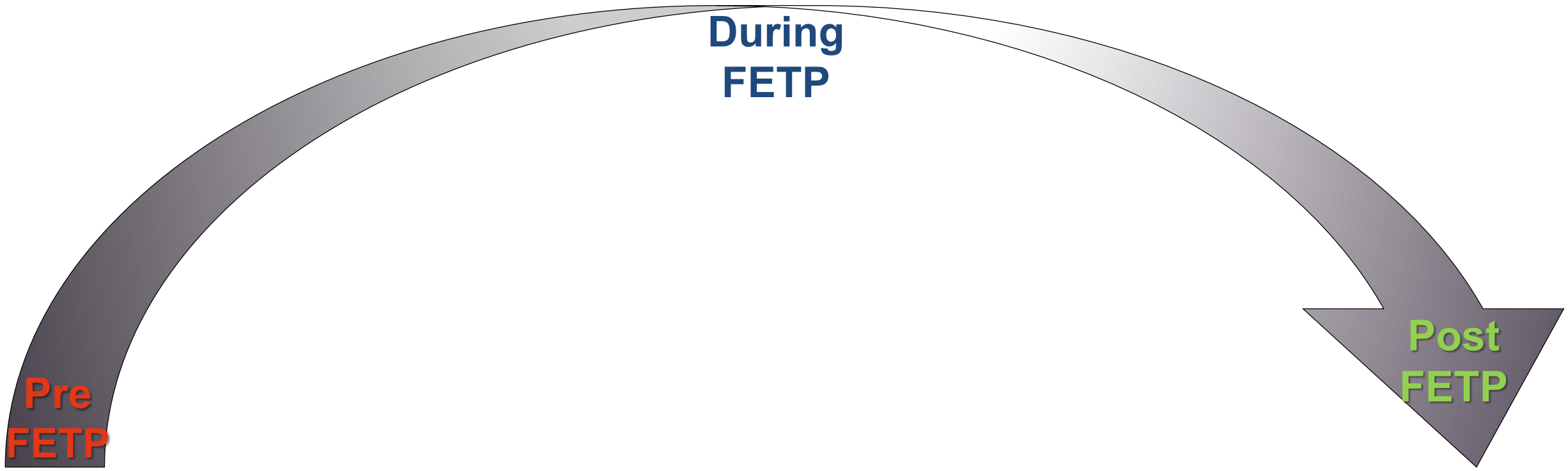
## Transformational Process

- Findings of a transformation were based on interviews with FETP participants conducted as they entered the program and then approximately 6 months after completing the program
- Transformation is slow yet profound
- Comparative analysis demonstrates the transformation
- We conceptualized the transformation as an arc (see figure 1)

# Transformational Process



*Figure 1*



# Pre-FETP Starting the Program

- Financial Insecurity
- Money History
- Money and Emotions\*
- Feelings about Finances & Family\*
  - Past Family History
  - Future Generations





# Money and Emotions

- Narratives characterized by “lack”
- Negative emotional state around money matters

*George: “Irritation, hopelessness, despair.”*

*Melissa: “Anxiety, [short pause] being scared sometimes, worrisome, stressful, sometimes depressing. So, just like I said, every time that I seem to get a couple hundred dollars and here something comes along and I just hate not having a backup. My goal out of this program is to walk away at least having \$500 to \$1,000 put away in case of something happening.”*

*Maria: “Right now, when I feel like, oh my God, I just have \$100 dollars and I have a whole week and it’s like \$25 for gas, 20 for this, 20 for that, oh no, I can’t make it. It make me the whole week like, oh man, I have to be very careful and it stress me a lot. It stress me a lot.”*

# Feelings about Finances and Family

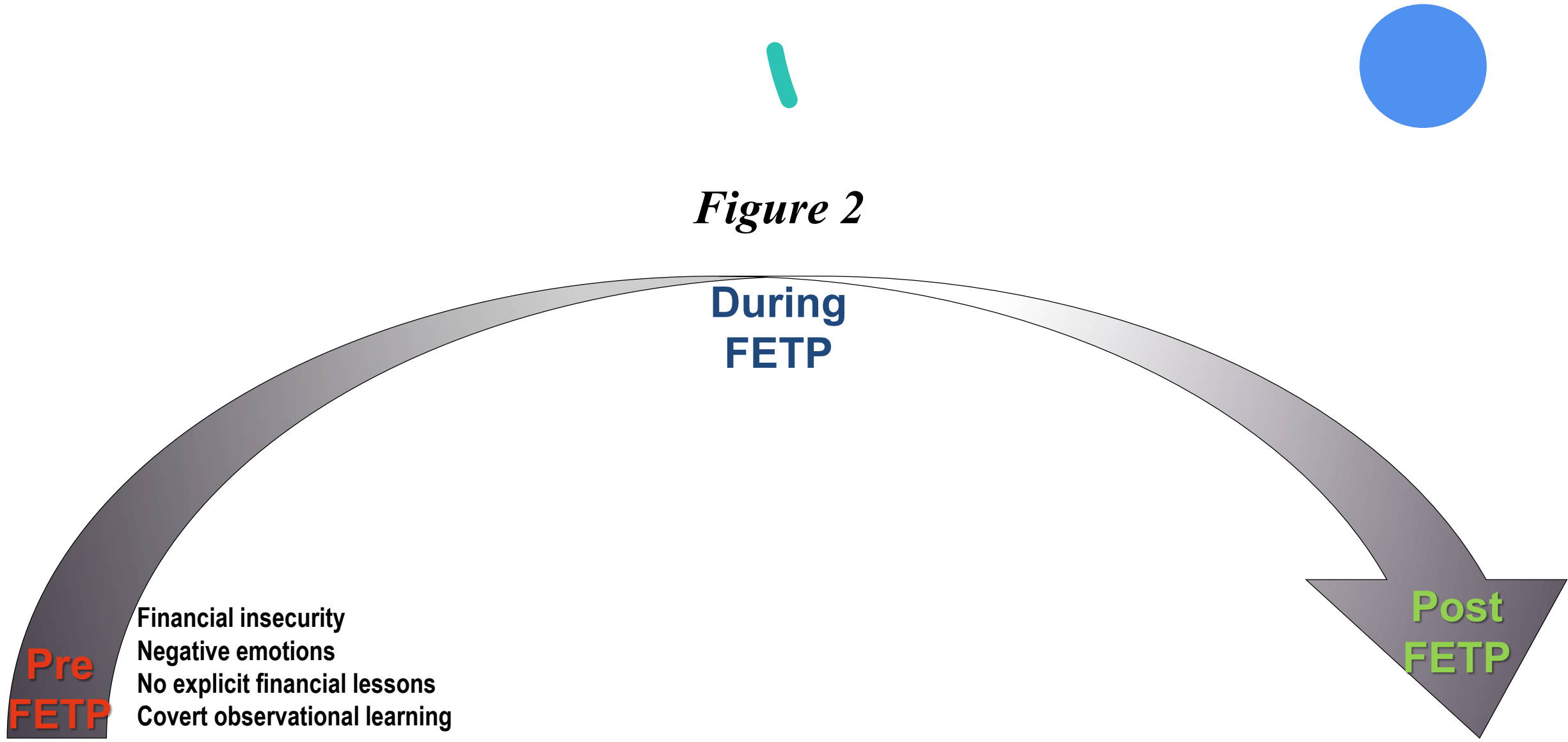
- Connection between finances and family
  - Negative past experiences with family
  - Hope for future generations

*Maria: "So, my mom is a single mom, so it's the same [as me]. Always, she just working. All the time, I never see my mom. So far have money, she really don't let us suffer for not have food or clothes or anything. But we suffer a lot, we not have her around."*

*Peaches: "Oh (pause) none. That's why I want to teach my daughter. I think the only thing that I was taught was how to allocate your money, but it wasn't, it was more so basically living paycheck to paycheck. It wasn't to build a savings. It wasn't the notion that you pay yourself first. No one said that."*

# Transformational Process

*Figure 2*



# During the Program

- Awareness Followed by Action
- Destigmatizing Financial Insecurity\*
- Cross-class Communication\*
  - (Dis)connecting Narratives



# Destigmatizing Financial Insecurity

- Individual guidance
- Non-judgmental support
- Practical information and action
- More robust than anticipated

*Peaches: "I've never felt like I had a stupid question. I always felt like they were willing to help and understanding. I feel like the [nonprofit] staff don't necessarily see you as a person that doesn't know how to spend money or that you're a bad person because you're in debt. I've never felt that way. I've always felt like they were just, 'Hey, we understand. It's hard. I understand what you're facing. How can we help?'"*

*Interviewer: "What do you think is the most important lesson that you took out of the program?"*

*Sydney: "Oh my God. They taught to me this deeper meaning of love, it's not like they... How do I put it? .... because those people didn't even know me and they took me in, and they really helped me. So they really instilled a new kind of dimension, new meaning of love, to me. And I would also want to pass it forward to somebody else, without really having any kind of strings attached or they know you. I just want to give it...to somebody else who really needs it. I don't even have to know who they are. That's something I learned."*

# Cross Class Communication: Distancing & Connecting Narratives

- Well intentioned efforts to build identification
- Efforts are successful when language is relatable
- Status markers or inaccessible language distance volunteers across social class divide

## KEY

Distancing Language in Orange and Underlined  
Connecting Language in Purple

### Distancing Narrative

*Volunteer Instructor: "Just a quick note about myself and what led me to volunteer with [FETP] in this fashion. I had some school loans after I finished my education and that just felt really overwhelming to me. I remember graduating. I went to graduate school and I had probably \$5,000 in school loans that I had to repay. And as a person who had just graduated did not yet have a job, I felt and found it to be extremely stressful. I started educating myself about personal finance. I don't claim to know the secret sauce here, but I did learn some relatively easy things. Once I incorporated those into my habits, really helped me to get a handle on managing my money so I could chip away slowly, it took me many years but I slowly chipped away at those graduate school loans. I learned about this class and I thought that perhaps I might be able to share some information that would be helpful. With that said, let's get started this evening."*



# Cross Class Communication: Distancing & Connecting Narratives

- Well intentioned efforts to build rapport
- Efforts are successful when language is relatable
- Status markers or inaccessible language distance volunteers across social class divide

## KEY

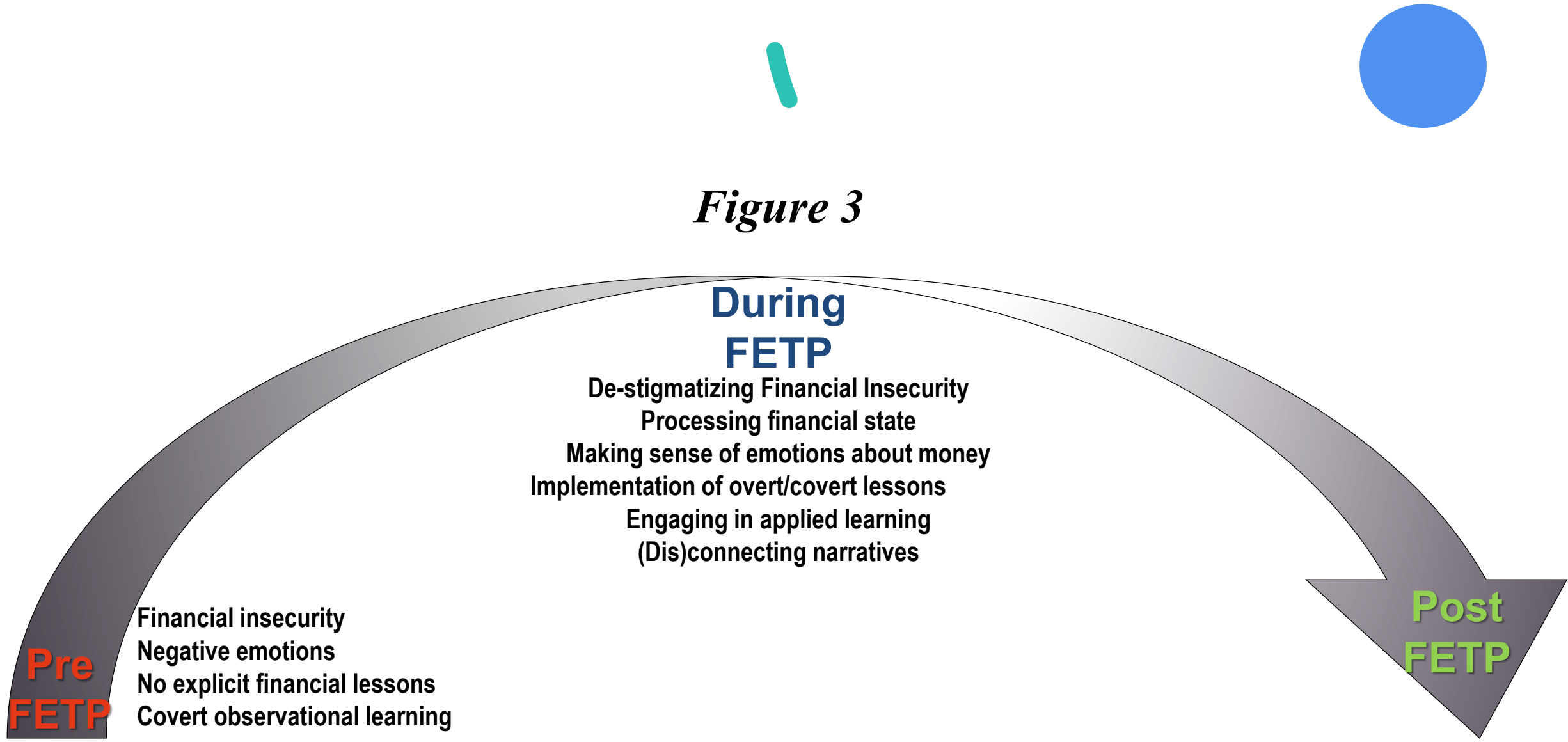
- Distancing Language in Orange and Underlined
- Connecting Language in Purple

## Connecting Narrative

*Volunteer Instructor: "Just last week I was thinking I had to go to Target to get a new shower curtain and of course Target, I mean there's just a plethora of stuff. And I grabbed my shower curtains, but then I noticed I was just kind of wandering the aisles. And you would think after years of teaching this class I would do better, but nope. And my teacher brain kicked on and said, '[Why] you are wandering these aisles and you tell people not to do the very thing you're doing.' So, thankfully I got out of there with only my shower curtains. It takes just a couple minutes off track and who knows what you might end up leaving the store with."*

# Transformational Process

*Figure 3*





## Post-FETP After the Program

- Revelation in Money Management
- Empowerment & Efficacy\*
- Closing the Gap to Financial Security\*

# Empowerment & Efficacy

- Feelings of empowerment and self-efficacy due to internal sense of control
- Addressed knowledge gap about personal finance

*Sarah: "I think that knowledge is power, and the more I learn to stay on track with budgeting... Like when you know where to go to get the help that you need. And usually you can get them for a lower price. Or since I'm in this class, I can go to the pantry every week, so that helps me on money, with food. And then toiletries... which is a big blessing....And I think it's given me, it's empowered me. Because I know if I fall or something extreme happens to me, I have something to fall back on...I know I don't have to worry about my electric bill because I have resources....I'm just really independent and I like to not ask people for help. But I have grown to know that if I need help to ask for it."*

# Closing the Gap to Financial Security

- All indicated they were making progress toward financial goals
- Transformation is ongoing
- Hope and optimism overall

*Melissa: "I don't think I'll ever feel financially secure, completely one hundred, but I feel more financially secure than I did a year ago, that's for sure."*

*Interviewer: "...What do you think it would take for you to feel financially secure?"*

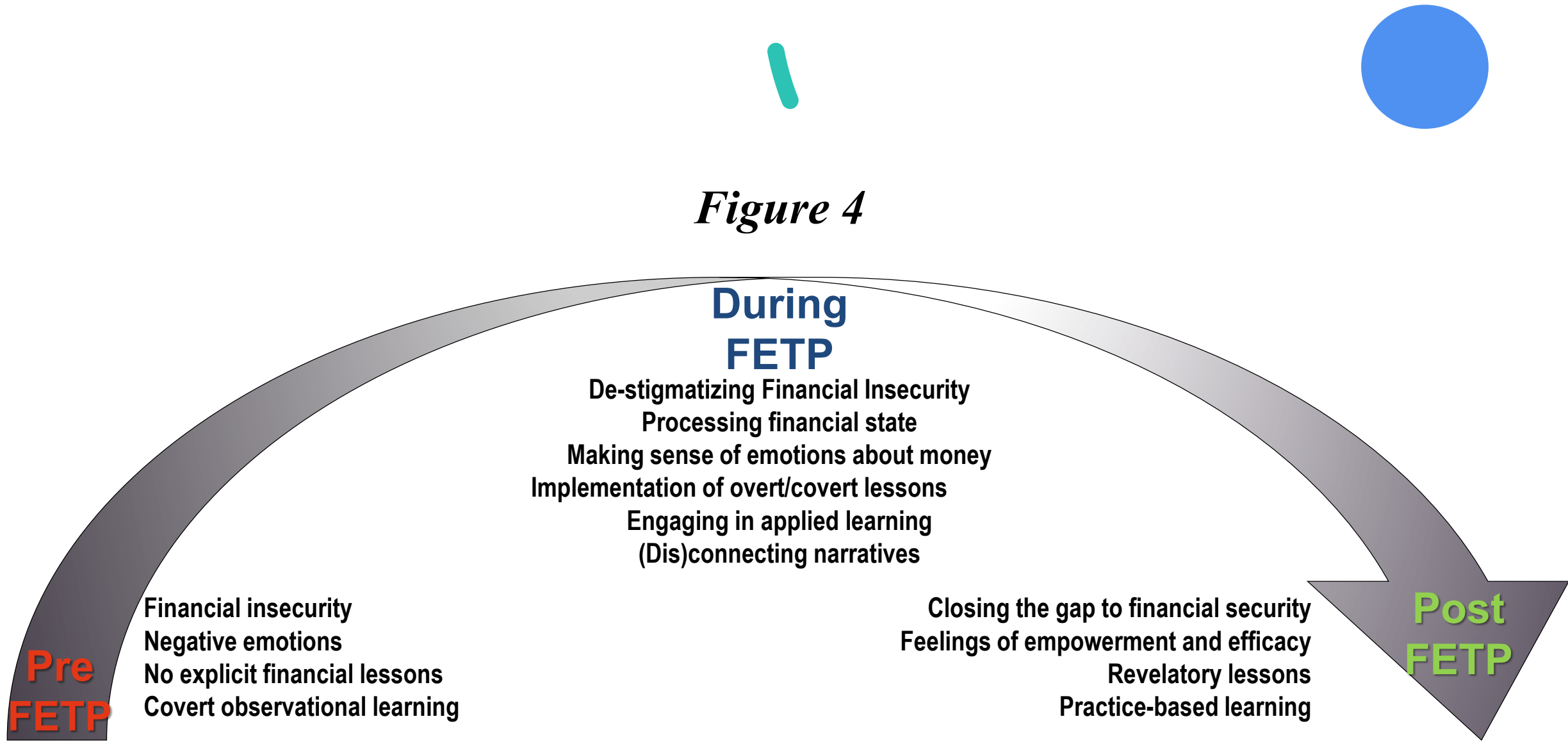
*Melissa: "To have like, let's see \$10,000 plus in savings."*

*Interviewer: "...What about your life makes it feel more financially stable now?"*

*Melissa: "Just the fact that, if I was fired or I got hurt or something happened, I could actually afford to live for a while, instead of instantly freaking out of how I'm going to pay bills...Yeah, that's a huge difference....That's the part I hated the most [before] was like, Am I not going to be able to pay an extra bill if I don't go to work or if I feel sick and I don't feel good, so [inaudible], it's not that type of financial situation now."*

# Transformational Process

*Figure 4*




# Contributions to Literature

- Emotion work and money matters (Miller et al., 2007)
- Collective sensemaking (Weick, 1995)
  - Sense breaking and sense giving
  - Financial reflexivity and literacy
- Suspending stigma (Goffman, 1963; Tyler, 2021; Dougherty et al., 2017)
- Class based microaggressions (Gray et al., 2018)
- Neoliberal ideologies (de Souza, 2019)
- Reifies racial wealth divide
- Cultivating financial resilience



# Practical Applications

- Diversifying FETP staff and volunteers (i.e., race/ethnicity, age, gender, socioeconomic upbringing)
  - Spanish Language Content/Materials
  - Better training for volunteers about social class divide
  - Hiring FETP alumni to serve as mentors
  - Explicitly addressing emotions associated with money matters
- 





Thank you!

Questions &  
Comments?