

RETHINKING FINANCIAL EDUCATION TO SUPPORT DIVERSE CULTURES

A synopsis of the policy convening discussion held on February 11, 2021

FOREWORD

In early 2021, the National Endowment for Financial Education® (NEFE®) and the Council for Economic Education (CEE) convened a series of virtual policy discussions to explore issues surrounding the state of financial education.

Stakeholders across the country gathered to discuss challenging aspects of the financial education field, with the goals of:

- › Encouraging intentional approaches to financial education policy and practice that focus on evidence-based strategies, are informed by the right stakeholders and drive toward meaningful impact.
- › Developing research questions that, if answered, could inform and advance the field.
- › Facilitating spaces for individuals to network across agency and organizational sectors, making financial education conversations more connected.

Each convening consisted of presentations from industry leaders, large-form discussions and small group brainstorming sessions. This summary captures the major discussion points and themes we heard during this event.

NEFE and CEE acknowledge that we don't have a complete view of the challenges discussed in any of the convenings because of the limits of participant perspectives. These conversations are simply a start.

RETHINKING FINANCIAL EDUCATION TO SUPPORT DIVERSE CULTURES: EVENT OVERVIEW

This convening, the last of the series, provided an overview of inherent biases that exist in financial education, with specific references to Black and Latino communities. Anne Price, president of the Insight Center for Community Economic Development, moderated this conversation centered around the ways financial educators adjust financial education content in real time to be more culturally relevant, especially financial education concepts that are less resonant in Black and Latino communities.

Price began by urging that a new “compass” is needed to help families build wealth and pass it on to the next generation. It is important, Price contended, that the current focus of individualistic responsibilities in the financial education sector be shifted—the notion of people “pulling themselves up by their bootstraps” is not a realistic paradigm. Financial educators need to take a hard look at the traditional markers of financial success and acknowledge that the content of financial education curricula is predominantly written and taught by white people. Price wondered if marginalized students see themselves in this content as currently constructed.

WHAT WE HEARD

Stronger efforts must be made to check the implicit assumptions we bring to financial education.

The event began with a foundational conversation of the shared passion attendees have for financial education and its potential to effect change. Session participants spoke about how financial literacy can transform lives and how this outcome inspires their work. They also cited their own identities in the context of the communities in which they work, expressing pride in providing resources to people who look like them.

Equally important to the ability to transform lives was the expressed desire to expand these resources to meet the needs of a more diverse audience. A noted challenge noted was meeting people where they are rather than imposing outcomes or solutions not organic to that individual, family or community. One approach mentioned was to craft partnerships with community leaders to devise solutions that deal with complex financial challenges from the ground up.

Our brains are wired to find patterns that can define our perceptions of financial opportunities and goals.

Katie King, strategic foresight engagement director for KnowledgeWorks, presented on "mental models" and personal narratives. She explained that, born from our experiences, mental models are the beliefs that serve as filters for how each of us understands, acts and makes sense of the world. They are not inherently bad—they are necessary to keep us from being perpetually overwhelmed by what we see and experience. For example, "supply and demand" is a mental model for understanding how the economy works. A more personal mental model could be, "For things to go well, I have to do them myself."

Because our mental models reflect the learning and wisdom we have acquired over time, they also can cause us to become stuck in our thinking unless we notice, examine and sometimes challenge them.¹ For example, some believe that knowing how to make savvy financial decisions will lead to improved financial behaviors; however, being well-informed on budgeting will not necessarily stop someone from making an impulse buy. Understanding the benefits of a bank account does not always translate into access if the nearest bank is more than 12 miles away in an area with no public transportation.² A common way to surface and challenge mental models is to intentionally engage in learning by talking to people with different sets of experiences.

“They want trustworthy teachers who’ve gone through what they’ve gone through.”

“How do individuals define success? Would their definitions correlate with finances or wealth? How would they define ‘failure’?”

¹KnowledgeWorks (www.knowledgeworks.org) (July 29, 2020) [Mental Models and Transformation from the Inside Out](#)

²University of Arizona’s Native Nations Institute (www.nni.arizona.edu) (2017) [Access to Capital and Credit in Native Communities: A Data Review](#)

Signals of financial well-being are not universal.

Participants identified common markers of financial health, including maintaining financial stability, protecting oneself from economic emergency, ability to access and afford quality health care, having savings, building assets, and simply showing adequacy of income. One interesting marker was described as the ability to say “no”—not buying something if one doesn’t have the cash to afford it can be a sign of financial well-being. A number of participants pointed to nonfinancial markers, such as having a sense of community, being able to age in place and being able to see their children succeed. While these general signals of financial well-being are commonplace among the financial education community, the concept of mental models adds a new dynamic to their legitimacy.

Participants agreed that, in general, these signals are not universal. Class, race, gender, age and cultural background all play a role in determining which markers resonate with an individual. Many people live in multigenerational households, as a further example. In Native communities, people can struggle with saving because of a strong cultural norm toward communality and sharing. Also, homeownership as a financial marker is simply not realistic in many of these communities. In short, the breakout discussions emphasized that different communities have different ideas about what is important. We sometimes mistakenly believe that we have all the solutions, but real solutions are found in an acknowledgment of diversity.

We need to think beyond the traditional American Dream to find common ground.

Participants were surprised by some of the diversity of thought around how financial goals can differ among, and within, communities. Some participants felt that financial signals should be referred to differently to ensure culturally-aligned delivery. In comparing personal perspectives of financial goals, convening participants were able to identify opportunities for alignment. Robust discussions led to the identification of financial goals that they felt were more universal across diverse communities. The following are among the financial goals that resonated more broadly among participants:

- › Providing consistent or improved quality of life for ourselves and those we care for;
- › Making the most of your resources to build financial resilience for yourself, your family and/or your community;
- › Leaving a legacy of stability and ensuring that families or communities will be okay after them;
- › Building human capital through education and training;
- › Being comfortable with how and why you spend your money; and
- › Having the ability to access capital if needed to invest in assets, access education or training, to build business or to help weather financial shocks.

“[In our culture] there’s a guilt and shame to saving money because it is viewed as selfish. We teach saving differently by calling it a bill you’re paying your grandchildren.”

Ultimately, participants agreed that wise financial decisions and markers of financial well-being are deeply personal and do not need to be defined by society. Individuals should have a financial plan tailored to their goals and resources. As one participant stated, “If it doesn’t include homeownership, that’s OK.” Throughout this event, it became clear that financial planning and education requires different approaches in different locations. One attendee observed that those in the financial education field haven’t asked the communities they are serving what financial success looks like, which is an essential first step in financial education programs.

It’s time to reframe legacy financial goals.

Several examples of common financial goals or signals of financial health could be reframed for more culturally-aligned delivery across communities. For example, homeownership may not be a universal goal due to challenges like lack of quality housing, inventory, affordability or due to choices, such as having more freedom to relocate as needed. Yet many agreed that housing stability is a common goal with home ownership being one path toward it.

The concept of “retirement” and what that might look like in different communities was also discussed. Multigenerational households or cultures that collectively revere their elders may choose different paths to traditional retirement products. Ultimately, there is a shared goal of ensuring quality of life that allows one to live out their later years with dignity and respect.

Finally, it is helpful to know if financial goals should be framed as “I” goals or “we” goals. Sometimes the core values of individual financial independence and self-reliance are at odds with a community’s or family’s value of shared prosperity and resilience. Some participants noted that simply framing financial goals from a more collective rather than individual approach could help financial education land more authentically in more diverse communities.

“We need a new compass if we’re going to help families build wealth and pass it to the next generation.”

“As goes the financial well-being of the individual, so goes the health of the community.”

ADDENDUM

OVERARCHING POLICY CONSIDERATIONS

For Practitioners

- › Utilize the most effective resources for learners or clients based on their community's knowledge, resources and what effective engagement looks like.
- › Find natural contexts for financial education, potentially pairing with business education skills.
- › Focus on teaching skills instead of principles (e.g., decision making and critical thinking instead of topics like budgeting or compound interest).

For State Policymakers and Stakeholders

- › Learn what works best for a community by listening to community representatives, practitioners and intermediaries.
- › Develop programs through the state to start or incentivize savings accounts for immigrants and families new to the U.S. so they can become more familiar with the American banking system.

For National Consideration

- › Determine how to manage U.S. Housing and Urban Development certification policies to make them work with audiences in Native communities.
- › Consider reframing traditional financial concepts, goals and financial health markers to acknowledge values held by, and systemic challenges experienced by, a broader array of communities.
- › Craft and vet consistent, universal definitions for financial products and financial education.

Questions for Researchers

We heard diverse perspectives on what next steps for the financial education field should look like, but these questions surfaced as the next thing the community of practice should answer to move the field forward. These questions are relevant to the topics from all five events:

- › Where is financial education the right tool to improve financial well-being and where could choices and behaviors be the driver for influencing financial well-being?
- › What is the cost of not offering financial education?
- › Is there research from other education disciplines that could help inform the effectiveness of financial education?
- › Is there research from other disciplines outside of education we could use to make the case for financial education?
- › What is the business case for financial education? Can we quantify the economic return? What is the public benefit?

Other Questions Raised for Policy and Sector Leadership

- › Who should be accountable for ensuring financial education policies work for diverse communities?
- › What might more inclusive financial well-being markers look like? What is an inclusive definition of “financial success?”
- › With the many players in the field, how can you know the right organization to work with?
- › Are there other potential vehicles for program delivery that may be overlooked (e.g., municipal-led initiatives)?
- › What does the next level of leadership in financial education look like?
- › What else other than funding might incentivize implementing financial education programming in schools?
- › What are the possible gains or challenges of a national approach to financial education?

“I think this is a key to making this country a better place. Addressing diverse views on money is one of the lagging things that has kept the country behind.”

APPENDIX A—PROGRAMS REFERENCED DURING POLICY CONVENING³

- › [Betterinvesting.org](#)
- › [Boston Ujima Project](#)
- › [Building Native Communities: Financial Empowerment for Teens & Young Adults](#)
- › [CFPB Financial Well-Being Scale](#)
- › [Cliff effect blog post, Mitigating the Benefits Cliff: A Linchpin for Economic Recovery](#)
- › [Oweesta Corp, Inc.](#)
- › [University of Wisconsin-Madison Center for Financial Security Retirement and Disability Research Center \(CFS RDRC\)](#)

³Please note that this is a list meant to describe programming referenced during these conversations by event participants and does not represent an endorsement by the National Endowment for Financial Education nor the Council for Economic Education.

APPENDIX B—EVENT PARTICIPANT ORGANIZATIONS AND STATE

Organization	State
AARP	Montana
Alpaugh Family Economics Center	Ohio
Ariel Investments	Illinois
Asset Builders / CLIMB USA	Wisconsin
Bank of America	North Carolina
Bank of America	Massachusetts
Brookings	Washington D.C.
Community Economic Development Association of Michigan	Michigan
City of Detroit	Michigan
Cleveland Metropolitan School District	Ohio
Columbus City Schools	Ohio
Consumer Financial Protection Bureau	Washington D.C.
Council for Economic Education	New York
Exodus Lending	Minnesota
FDIC	Washington D.C.
Federal Reserve Bank	Montana
Federal Reserve Bank of Cleveland	Ohio
Federal Reserve Bank of St. Louis	Missouri
Federal Student Aid	Washington D.C.
FINRA / FINRA Foundation	Washington D.C.
First Nations Community Financial	Wisconsin
Greenwood Project	Illinois
Illinois State Treasurer's Office	Illinois
Indiana Council for Economic Education	Indiana
Indiana State Treasurer's Office	Indiana

Insight Center for Community Economic Development	California
KnowledgeWorks	Ohio
M&T Bank	Maryland
Michigan Council on Economic Education & National Association of Economic Educators	Michigan
Michigan State Treasurer's Office	Michigan
Minnesota Council on Economic Education	Minnesota
Montana Bankers Association	Montana
Montana Native Growth Fund	Montana
National Association of State Treasurers	Washington D.C.
National Academy of Social Insurance	Washington D.C.
National Endowment for Financial Education	Colorado
NeighborWorks Great Falls	Montana
NextGen Personal Finance	California
Office of Illinois State Treasurer	Illinois
Office of the Rhode Island General Treasurer	Rhode Island
Ohio State Treasurer's Office	Ohio
Oweesta Corporation, Inc.	Colorado
Sandra Grace, LLC	Louisiana
Society for Financial Education and Professional Development, Inc.	Virginia
St. Cloud State University/MCEE	Minnesota
Thunder Valley CDC	South Dakota
UChicago Financial Education Initiative	Illinois
UMass Boston Center for Social Policy	Massachusetts
US Department of Education/National Center for Education Statistics	D.C.
US Dept of the Treasury	D.C.
Voya Financial	New York
Wells Fargo	California

World Education Services	Ohio
White Mountain Apache Tribe/TANF	Arizona
Wisconsin Department of Financial Institutions	Wisconsin

APPENDIX C—HELPFUL DEFINITIONS AND RESOURCES

February 11, 2021 Convening—Building Consensus to Support Financial Well-being of Diverse Communities Convening

Helpful definitions

Community: a geographic area with a population size between 1,200 and 8,000 people, covering a contiguous area with boundaries that generally follow visible and identifiable features. A community can also be described as a town, village or neighborhood depending on its size and characteristic. (Census Bureau) Note: Although this technical definition is accurate, we would like to add this definition from Wikipedia as it is more inclusive of the communities we will be discussing: A community is a social unit (a group of living things) with commonality such as norms, religion, values, customs, or identity. Communities may share a sense of place situated in a given geographical area (e.g., a country, village, town, or neighborhood) or in virtual space through communication platforms.

Diversity: the representation of a range of groups in a given setting, including but not limited to age, disability, ethnicity, gender, gender identity, marital status, national origin, race, religion, sexual orientation, or veteran status. (PolicyLink)

Equality: uniform distribution based on the expectation that every citizen deserves the same opportunity to influence the course of democracy, and to benefit from the fruits of a good society. (American Library Association)

Equity: just and fair inclusion into a society in which all can participate, prosper and reach their full potential. (PolicyLink) Note: Equity, in many regards, are the norms, fundamentals, and/or policies in places that ensures everyone accesses to the same opportunities.

Fair Access: evolution of support beyond equal access that provides different supports to address different needs of a stratified society. (American Library Association)

Financial Capability: the individual’s ability to act in their own self-defined best interested. This includes having the knowledge and skill to decide or act and the ability to exercise choice or take action. (National Endowment for Financial Education)

Financial Education: a systematic approach to cultivating financial knowledge and financial decision-making skills. It implies the use of appropriate pedagogy, learning objectives and assessment techniques, as well as being of adequate duration to allow the learner to incorporate new knowledge into their existing schema. (National Endowment for Financial Education)

Financial Information: a variety of tools, resources and activities that inform the individual about a topic or decision. (National Endowment for Financial Education)

Financial Literacy: the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. (President’s Advisory Council on Financial Literacy)

Financial Well-being: self-defined by the individual and typically includes factors such as satisfaction with ability to manage current situation, ability to exercise choice and feel in control, and future prospects. (National Endowment for Financial Education)

Inclusion: creating environments and cultures in which people can work together in ways that honor diverse backgrounds and perspectives and that call out power imbalances and biases. (PolicyLink)

Institutional Racism: policies, practices, and procedures that work better for white people than for people of color, often unintentionally. (Racial Equity Alliance)

Power: traditionally accumulated and wielded through expertise; access to information; charisma, networks, reputation, and legitimacy; and resources and money (French and Raven 1959). Those with power set the rules and control access to resources, information, social networks, and decision-making, all of which in turn can be used to influence outcomes (National Committee for Responsive Philanthropy 2018).

Racial Equity: race can no longer be used to predict life outcomes and outcomes for all groups are improved. (Racial Equity Alliance)

Structural Racism: a history and current reality of institutional racism across all institutions, combining to create a system that negatively impacts communities of color. (Racial Equity Alliance)

Systems: the set of actors, activities, and settings that are directly or indirectly perceived to have influence in or be affected by a given problem situation (Foster-Fishman, Nowell, and Yang 2007). Systems can function at multiple geographic levels (neighborhood, city, state, region, nation). Examples include the stakeholders, policies, processes, strategies, markets, and political environments that shape an issue area like health, transportation, or education. (The Equality of Opportunity Project)

Systems Change: shifting the fundamental conditions that produce many of the entrenched problems in society to result in explicit changes to policies, practices, and resource flows; semi-explicit changes to relationships and connections, and power dynamics; and implicit changes to mental models. (Kania, Kramer, and Senge 2018) Subheading: Helpful resources

“ People were trying to get ahead but continued facing hard walls, like the Cliff Effect—as people grow their status and wealth, they begin to lose their social welfare benefits, ending up with less opportunities overall. ”

Helpful resources

The Color of Wealth in Boston (Federal Reserve Bank of Boston)

Driving Systems Change Forward: Leveraging Multisite, Cross-Sector Initiatives to Change Systems, Advance Racial Equity, and Shift Power (Urban Institute)

The Economic Impact of Closing the Racial Wealth Gap (McKinsey)

The Education Changemaker's Guidebook to Systems Thinking (KnowledgeWorks)

The Perils and Promise of America's Legacy Cities in the Pandemic Era (Brookings Institution)

Race and Economic Opportunity in the United States (The Equality of Opportunity Project)

Racial Equity Toolkit: An Opportunity to Operationalize Equity (Racial Equity Alliance)

State of the Dream 2017: Mourning in America (United for a Fair Economy)

Turning the Floodlights on the Root Causes of Today's Racialized Economic Disparities: Community Development Work at the Boston Fed Post-2020 (Federal Reserve Bank of Boston)

What We Get Wrong About Closing the Racial Wealth Gap (Samuel DuBois Cook Center on Social Equity, Insight Center for Community Economic Development)

“Poor people are financially literate; they just don't have the money for the things they need to do.”

About NEFE

NEFE is a nonprofit, nonpartisan, independent leader that provides guidance, research, resources and thought-leadership for the national community of financial well-being advocates. We envision a nation where everyone has the knowledge, confidence and opportunity to live their best financial lives. Learn more at www.nefe.org.