



Psychology of Money and a Theory of Change



Psychology of Money--Reflection on Group Exercise¹¹

- ❑ *What did you learn about yourself from this exercise? What, if any, was new information to you?*

- ❑ *How can you apply what you learned from this exercise?*

- ❑ *How would you describe the experience of answering these questions to someone else?*

- ❑ *How can these experiences impact you and your ability to facilitate financial education?*

- ❑ *How could you use this activity with your participants?*

¹¹ Based on an exercise developed by Carol Coren. Please cite when using. Thanks!



Psychology of Money--Questions from the Exercise

You can use any questions you think would help your participants begin to explore some of the roots of their beliefs or attitudes about money. Here are the questions we used:

1. *What was your first memory related to money or financial issues?*
2. *Think about the family that raised you. What did you see regarding money/financial issues?*
3. *How do your peers feel about/believe about money?*
4. *What messages did you receive about money from your faith based organization? School? Other social, service or educational institutions?*
5. *How would the person closest to you describe your relationship with money and financial issues?*

Attitudes About Money Self Assessment—Part 1

Without thinking about this too much, check each of the statements that you think apply to you. Be as honest as possible.¹²

- I am not good at math.
- I do not have enough money to worry about.
- I don't have enough money to save for my goals.
- I will take care of my finances later—there is plenty of time.
- Things will work out.
- Money and finance is too complicated for me.
- I don't have enough time to learn everything I need to know about money to manage my budget.
- I let my partner take care of everything related to money.
- Someone should be taking care of me.
- If I spend time on money matters, people will think I'm only out there for myself.
- I could never tell anyone how much money I make.
- When I'm feeling bad, I like to buy things. It makes me feel good.
- When bills come in the mail, I do not open them for several days.
- When I talk about money in my household, I end up in arguing with family members.

¹² Some of the questions are based on works of Olivia Mellan. Please cite when using. Thanks!



If you checked any of these statements, you may have attitudes about money that are holding you back. Try to think back to the time when you first had each of the thoughts or behaviors above. For example, did a teacher publicly criticize you in 2nd grade for doing a math exercise wrong? Did you continue to do poorly in math after that incident?

Once you identify some of the situations that led to your deep-rooted feelings about money, you can begin to let go of them and create new attitudes.

All of the statements above are related to:

- Fear about money and finances
- Denial about money and finances
- Depression about money and finances
- Shame about money and finances

By identifying these beliefs and attitudes about money and finances as well as their origins and augmenting that realization with new knowledge and skills about finance, you can begin to change feelings and attitudes that are holding your back.



What beliefs do you have about money that may be holding you back? How are they holding you back?

New Attitudes About Money

In the first column list an attitude about money that is holding you back. List up to three. Share these with your partner. With your partner, identify the new attitude you want to develop to replace the “old attitude” that is holding you back and two ways to develop the new attitude.

| Old Attitude | New Attitude |
|---------------------|---------------------|
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A Theory of Change¹³

When is someone financial literate?

Why is it important to address money attitudes or beliefs during financial literacy education?

How is attitude related to behavior?

What causes someone attitudes to change?

One of the hardest things to impact in a financial education course is people's deepest held beliefs and attitudes about money and financial issues. Often, it is participants' attitudes that keep them from permanently adopting behaviors or practices that they know will benefit them.

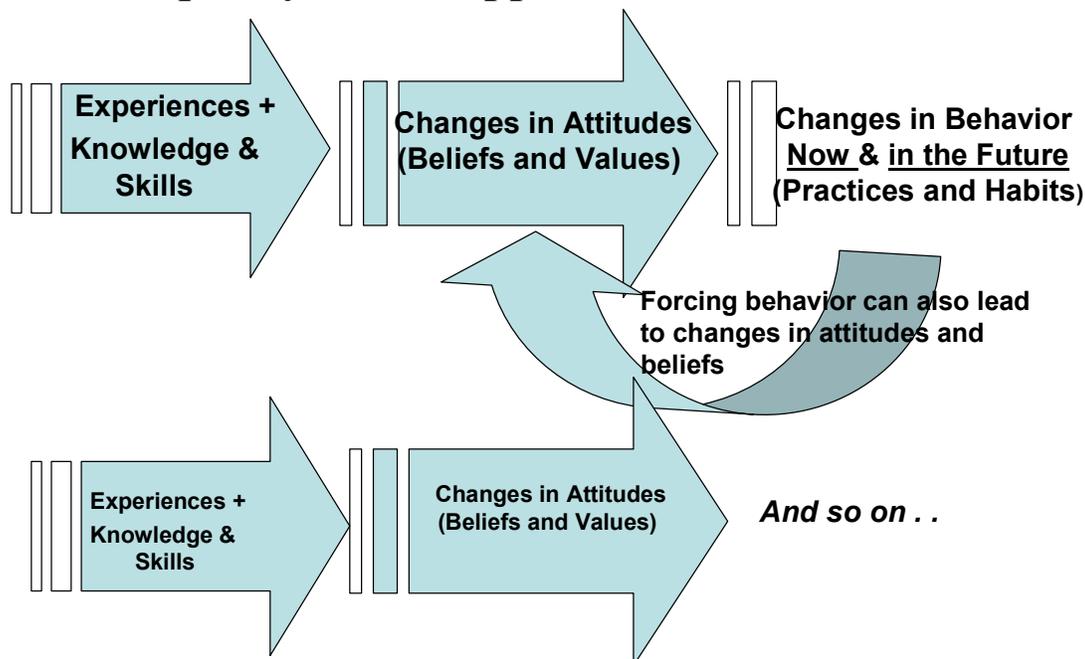
¹³ All pre-published material developed and owned by Inger Giuffrida, Financial Educator and Asset Building Strategies Consultant. Please cite when using. Thanks!

Until underlying attitudes and beliefs change, it is hard to make long lasting impact to behaviors or practice.

Impacting attitudes in an education context is tough especially if people have had certain attitudes or beliefs for a long time. By providing new information and new skills as well as new experiences, you can begin to help people change the attitudes and beliefs about financial issues that have been holding them back. This takes time, however, in most cases. Following is a depiction of this model.

Behavior Change

f: quality, time, support and reinforcement



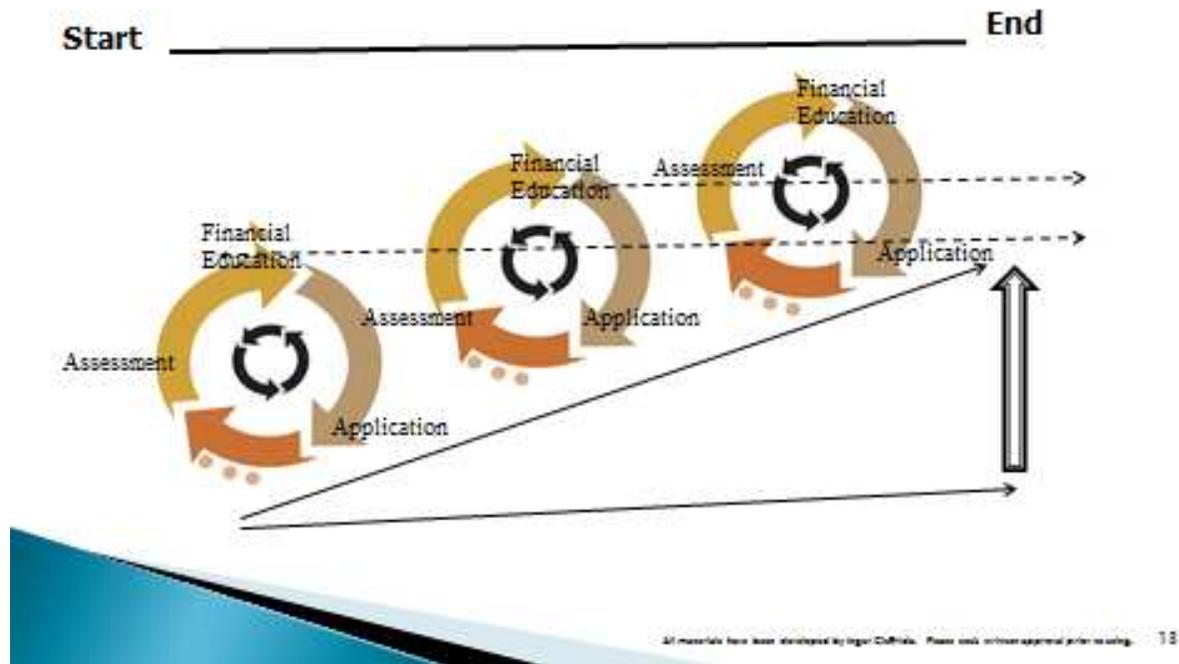
Often, pre and post tests are used to measure whether a financial education program has caused attitudes or beliefs as well as resulting behaviors or practices to change.

The ADD¹⁴ data suggests that more than 8 to 10 hours of financial education has no positive affect on savings in an IDA program.

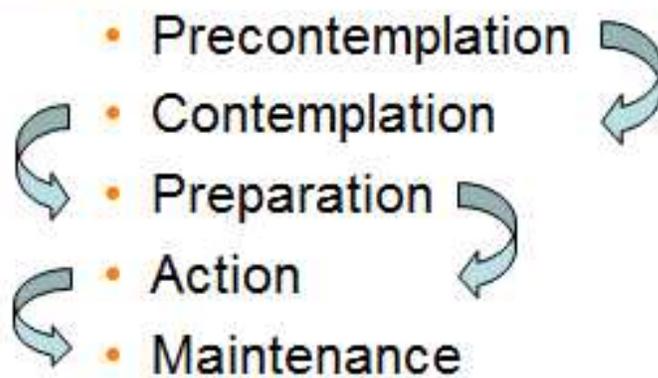
¹⁴ ADD stands for American Dream Demonstration. This was the first test of IDAs. It lasted from 1997 to 2001, involved 13 organizations and 14 IDA programs throughout the country.

How many hours of financial literacy education does it take to lead to permanent behavior change?

Reinforcement



Transtheoretical Model for Change

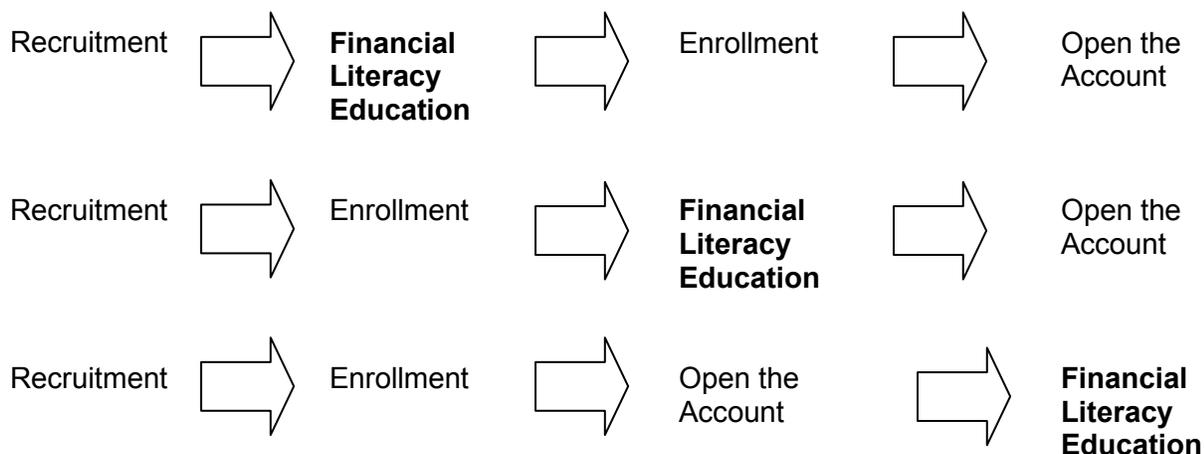




The Link Between Financial Literacy Education and IDAs

What are the reasons IDA Programs include Financial Literacy Education?

Where does financial literacy education fit in the flow of IDA program services?



Building the Bridge □ Questions for Reflection and Action

How does this section of information on the *theory of change* help you build a financial education bridge for your clients? Specifically, how does it help you:

1. Choose topics
2. Develop an approach
3. Provide support
4. Create an environment that helps clients succeed