

“Reframing Financial Literacy” in sociology of education

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Finance and education are disciplines that have been forced to interact more frequently nowadays than in the past. In fact, to overcome the economic downturn of 2008, several international – the European Commission, the Organisation for Economic Co-operation and Development (OECD), the Federal Reserve Bank to name but a few – and Italian institutions – the Ministry of Education, University and Research (MIUR), Bank of Italy, Agenzia delle Entrate – have promoted financial education activities aimed at improving the *financial literacy* of new generations, *i.e.* “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being” (OECD, 2005, p. 4). Although seldom a mainstream topic in either sociology or social welfare, the financial functioning of individuals and families plays a central role in well-being. As pointed out by a leading scholar in the field, Margaret Sherraden, the continuing financial crisis requires that welfare policies and programmes pay greater attention to financial life, especially that of the poor. The increasing number of articles that have appeared in the Journal of

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Sociology and Social Welfare on this issue, alongside those in the Journal of Economic Education and Journal of Economic Psychology, is testimony to the growing interest of the scientific community in these topics.

The book edited by Thomas A. Lucey and James D. Laney “Reframing Financial Literacy: Exploring the Value of Social Currency” (2012, IAP-Information Age Publishing, Charlotte, North Carolina – ISBN 978-1-61735-719-0) is one of the first to attempt to give an interdisciplinary introduction to the topic. While most discourse on individual financial literacy tends to be framed within a choice-based, profit-driven context, this book focuses on the factors that shape and guide the *biases*, choices, control and decision-making of different subgroups, with a detailed examination of the moral context. That’s why it appeals to different readers: university researchers from various academic disciplines (pedagogy, sociology, psychology, economics, personal finance), as well as primary and secondary school teachers who wish to gain better knowledge of conceptual models of financial literacy and find examples of lessons that might be useful in the classroom. While other books focus on methods of financial communication and influences (*E.g.* Xiao, J.J., ed., 2009, Handbook of consumer finance research. New York, NY: Springer), Lucey and Laney’s book researches more ethical issues related to personal finance and classroom application, highlighting socio-historic connections and moral elements in financial literacy. Financial literacy, in fact, is not merely the process of acquiring and accumulating money for oneself, one’s family or one’s business, but has a more sophisticated core. It is a citizenship issue. It deals with the justice and social structures that justify wealth distribution through merit-founded argumentations. This is a key-point in the sociology of education. Especially for scholars adopting a conflictualistic approach that focuses on the role of economic, social, and cultural capital (we can view financial knowledge as a specific set of cultural capital) in inequalities. Using Pierre Bourdieu’s perspective, we may that diverse participation in financial education projects contribute to the creation of different economic *habitus* for children, which in turn leads to social disparities. “Reframing financial literacy” is divided into two sections. The first conceptualizes financial literacy, citizenship and identity and defines its relationship with morality and citizenship. The approach, as mentioned above, is pedagogical, and some chapters could have benefited from a more explicit connection with theoretical framework, but the book has a well-organised structure. The first chapter, written by Paul Carr,

argues that systemic processes shape patterns of individual financial choices, points out the threat of militarisation of democratic practices and offers suggestions for education policy and practice. Wellenreiters' chapter depicts the curricular disconnection between decision-makers and ostracized communities, such as the black community in South Africa, and shows how some national economic curricula are inappropriate for students living in poor scenarios. The following chapter deals with the financial literacy of underrepresented groups. Like in Green's study of Canadian women who have specific needs and might benefit from peer-support group, Andrea Johnson provides information about family influences on African-Americans' financial learning and misconception, with particular insight into the intergenerational influence of family decision. This is a particularly promising section, especially if the information is used to create financial education projects which involve both parents and children². The chapter by Alan Bates and Tom Lucey describes college students' conception of financial morality. It illustrates the abstractness of the concept and the difficulties encountered by students in articulating its meaning, which might also be a limit for non-expert readers of the book.

The second part of the text is dedicated to "Educational Issues" and contains works that explore basic curricular issues related to financial literacy, giving examples from financial education application, discussion questions and model lesson plans. This second section is of slightly less interest to sociologists, as it takes on a more practical approach, and we perhaps expected exercises that took results from previous research on financial literacy and economic socialization into account. In Fagan's chapter, the author discusses two issues that have a significant impact on the development of financial ability in young people: the first is teachers' own levels of financial literacy and their abilities to develop a realistic and relevant context for learning. The second is the global financial crisis that has exposed a morally dubious framework within financial institutions works, while paving the way for reflection and debate in schools and universities on aspects of financial morality. The ascent of financial

² There are some interesting pilot projects dedicated to this intergenerational approach. In Italy, for example, one such initiative is "Fiabe e denaro" ("Fairy tales and money"), funded by Consorzio Pattichiari, it consists of reading fairy tales to children and doing related exercises at home with parents. Another example is "Torta dell'economia" ("Economy cake"), which is based on the use of a special piggy-bank at home with parents and at school with schoolmates.

education in various forms and methods of implementation carries with it the responsibility of providing it in the most effective way possible. For those providing this education, knowledge of factors that can ameliorate the efficacy of financial education is critical. Results suggest that the efficacy of financial education can be enhanced by training teachers who have higher levels of education (some institutions in Italy, the Lombardy Region for example, have organised specific training-sessions on financial education theory and technique for teachers who, on a voluntary basis, participated in the course) as well as teachers who “buy in” to the importance of the topics (see Chen and Heath’ chapter). The financial socialisation of teachers is definitely a topic that, at least in Italy, has received very little attention so far from sociology of education, and Lucey and Laney’s book suggests interesting patterns of research that could be developed in the future.

Useful insights into financial education from a sociological perspective may also be found in the PISA survey on financial literacy, implemented by the OECD in spring 2012 with results to be delivered in April 2014 (OCSE, PISA 2012 Financial literacy assessment framework, 2012 <http://www.oecd.org/pisa/pisaproducts/46962580.pdf>). The official OECD document introducing the survey states that “PISA 2012 is the first large-scale international study to assess the financial literacy of young people (...) in particular their capacity to use knowledge and skills, by collecting and analysing cognitive and other information from 15-year-olds in many countries and economies. It is thus able to provide a rich set of comparative data that policy makers and other stakeholders can use to make evidence-based decisions”. The survey is expected to reliably measure international financial literacy amongst young people and help identify issues that need to be addressed through schools, extra-curricular activities or programmes that will ensure young people are properly equipped to make financial decisions in adulthood. This dataset will definitely be a challenging resource for sociologists of education to work on and will enable them to develop new frameworks for understanding financial literacy in different countries.