

# research snapshot

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## Advancing Critical Financial Literacy With Marginalized Youth

### What is this research about?

Financial Literacy (FL) refers to the understanding of financial concepts and banking practices. Some FL workshops use a top-down education model where authoritative experts lecture students on FL concepts. This top-down approach to FL education precludes active engagement and can cause some students to stop engaging with the topic altogether. Other, youth-focused workshops adopt a more active learning approach, but still rely on financial experts to define the learning objects. Neither approach encourages thinking critically about basic finance.

The researchers studied different ways to promote a basic financial education that encouraged thinking critically about the nature and determination of financial choices. They looked for learning models that worked well with marginalized youth and experimented with ways to make transparent the judgments inherent in the construction of a financial situation or definition of a financial constraint. They chose experiential learning, which builds on a person's life experience, and combined this approach with exercises that included role playing in the construction of typical financial scenarios.

Critical thinking skills are skills that enable one to look beyond the "what" to ask "who," "why," and "how". Youth were encouraged to think about who uses their credit score or how their credit score is constructed, for example. The researchers believe that FL and critical thinking skills will help youth see that behind

### What you need to know:

Thinking critically about finance and financial literacy helps people to make genuine financial choices. To be effective, FL teaching methods need to engage youth and value their knowledge. Creative teaching tools that build on a person's lived experience help to empower marginalized youth.

the rules lies human judgment. The researchers believe that by understanding the "why" and "how" of financial rules, youth can make genuine financial choices, may begin to see how finance affects society, and may begin to see how they might design better rules.

### What did the researchers do?

Working with a community partner (PEACH – Promoting Education and Community Health), four FL workshops were developed with marginalized youth for marginalized youth. The FL workshops were constructed around designing and testing "a FL workshop". Both the process of developing the workshops and the FL workshops designed employed experiential learning tools used to empower and encourage analysis and problem solving. A key design enhancement in these workshops over the more typical FL workshop is that youth were always situated as advisors rather than as students learning from an expert. The workshops in Phase 1 involved two groups of youth. Youth were hired as research assistants to help create four FL workshops to be

used in Phase 2. They had access to a financial researcher and literature on FL to do so. Coaching by the lead researcher helped youth develop skills like problem solving and critical thinking in addition to encouraging their own learning about basic financial concepts as they focused on designing and assessing a FL workshop.

Phase I workshop research assistants became group leaders in Phase II. Youth participants in Phase 2 were recruited as consultants providing feedback on the information provided in the workshops.

### What did the researchers find?

Changes to the regular setup for FL workshops led the researchers to find that:

- Valuing the knowledge of youth and the experience they bring into a FL workshop enabled their effective engagement.
- The closer a FL concept to the financial goals of youth, the more the youth engaged with the material.
- Facilitated workshops focused on designing and assessing “a FL workshop” were effective in promoting a sense of agency and critical thinking about FL.
- Positioning youth as developers and advisors stimulated self-learning about basic FL concepts.
- Youth facilitators struggled against a tendency to move themselves into a position of authority.
- Youth found it difficult to act as consultants as they were unsure about their financial knowledge and the value of their financial experience.

### How can you use this research?

Educators of FL who want to improve their classes will be interested in diverse teaching tools such as experiential learning. Situating youth as advisors in the development and assessment of FL workshops

is one creative way in which to engage youth. The research also outlines the challenges that come with using new teaching tools for FL effectively.

### About the Researchers

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