

# Money Smart *Starts* at Home

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# Autonomy and Young Adults

- Individual ability to make – and assume personal responsibility for – everyday life choices and the increasing demands of more complex social roles.

Otto & Serido (2018)



# Young Adult Consumers

- Making choices with long-term financial consequences (e.g., student loans, credit cards; investing);
- Balancing the need to become economically self-sufficient with the desire to consume.





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# Today

- Describe a framework for understanding how people develop financial capability
- Identify factors that contribute to financial capability over time
- Implications for promoting financial autonomy



**Spring 2008: Pre-college/early college financial socialization?**  
(N=2,098; Ages 18-21)

**Spring 2009: Impact of economic shock** (N=748; Ages 19-22)

**Fall 2011: College to career transition** (N=1,511; Ages 21-24)

**Spring 2013: Early career**  
(N=1,010; Ages 23-26)

**Spring 2016: Career stabilization** (N=855; Ages 26-29)

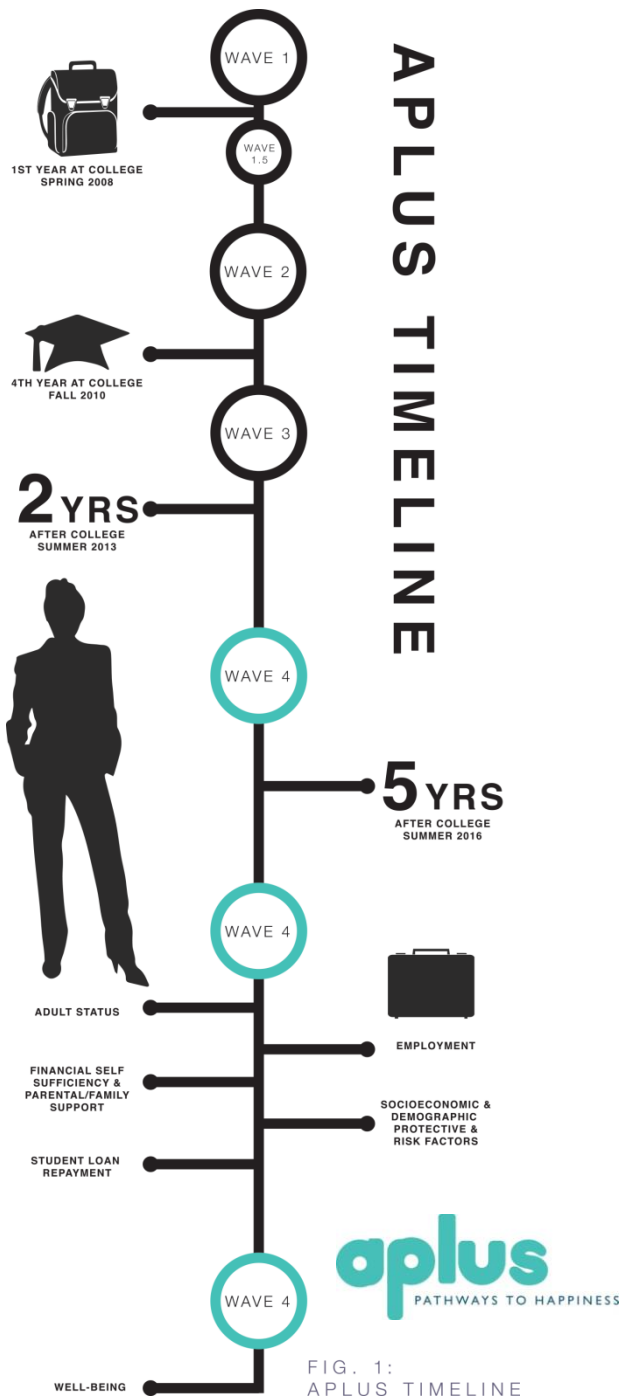
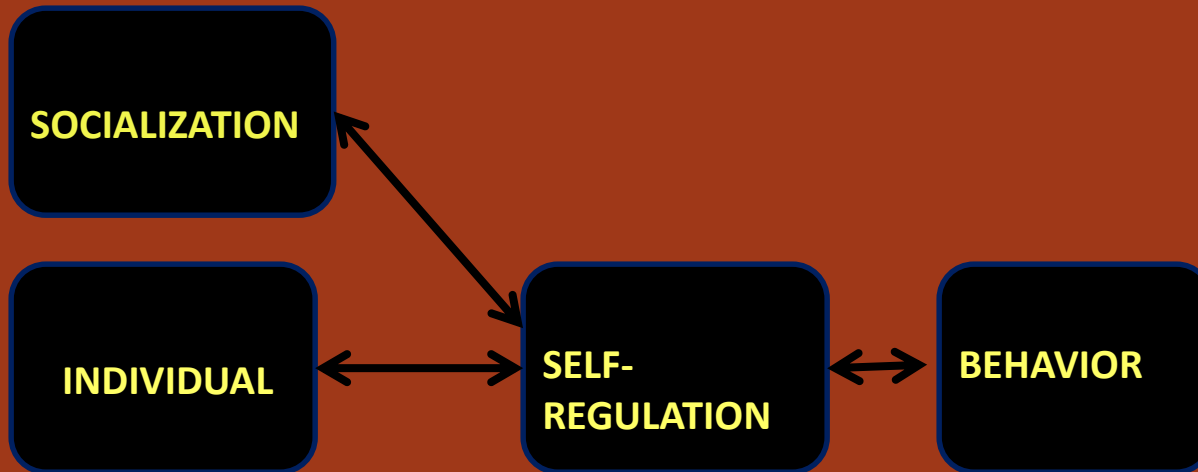


FIG. 1:  
APLUS TIMELINE

# FINANCIAL CAPABILITY DEVELOPMENT



MACRO SOCIAL & ECONOMIC LANDSCAPE





# Socialization

- **Behavior learned through social interactions, including observation, imitation, and instruction by influential others (Danes & Haberman, 2007)**
  - **Direct communication and lessons about finances (Gutter, Garrison, & Copur, 2010; Lyons, Scherpf, & Roberts, 2006).**
  - **Role modeling financial behavior (Clarke et al., 2005)**
  - **Monitoring use of money (Erskine et al., 2006; Maccoby, 2007; Wood, 1998)**



# Individual

- **Mixed findings by sex: higher in men** (e.g., Lusardi, Mitchell, & Curto, 2010) **vs. no difference** (e.g., Jorgensen & Salva, 2010)
- **Racial/ethnic differences: higher in White compared to ethnic minority** (e.g., Hogarth, Beverly & Hilgert, 2003; Lusardi et al., 2010)
- **Social class differences: Education, income, assets associated with higher financial well-being** (e.g., Lusardi et al., 2010; Mandell, 2009; Murphy, 2005)

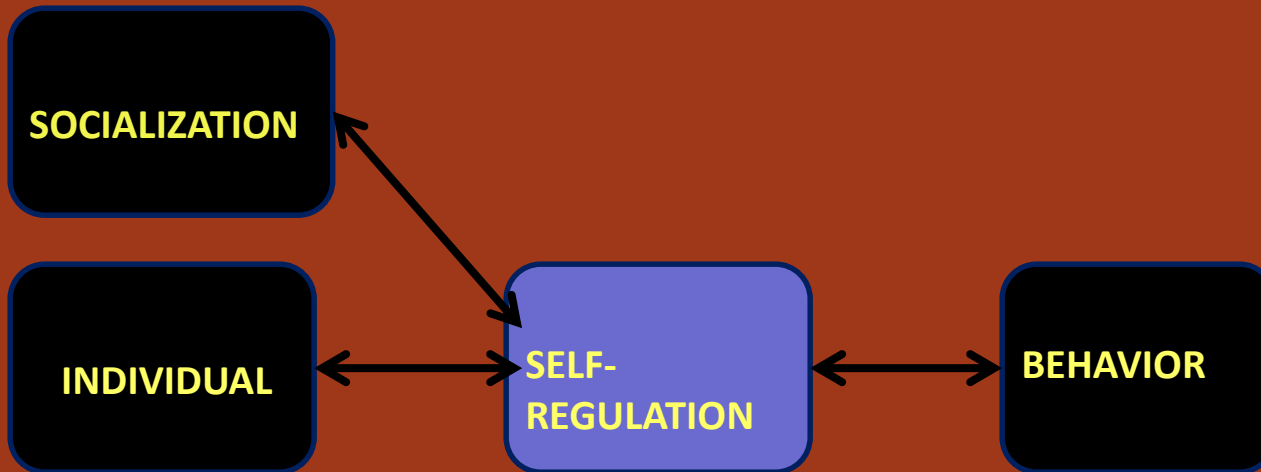


# Behavior

- **Healthy financial behavior and academic achievement** (e.g., Hogan, Bryant, Overmyer-Day, 2013; Letkiewicz et al., 2014)
- **Health and well-being** (e.g., Britt et al., 2015; Bemel et al., 2016)
- **Life and financial satisfaction** (e.g., Serido et al., 2013, Norvilitis & Maclean, 2010)



# FINANCIAL CAPABILITY DEVELOPMENT



MACRO SOCIAL & ECONOMIC LANDSCAPE



# Self-Regulation

- **Executive Functioning (Drever et al., 2015)**
  - Subjective knowledge - “I understand how this works and when it applies”
  - Behavioral control – “I understand that what I do now has later consequences”  
what
  - Self-efficacy - “I can figure it out”





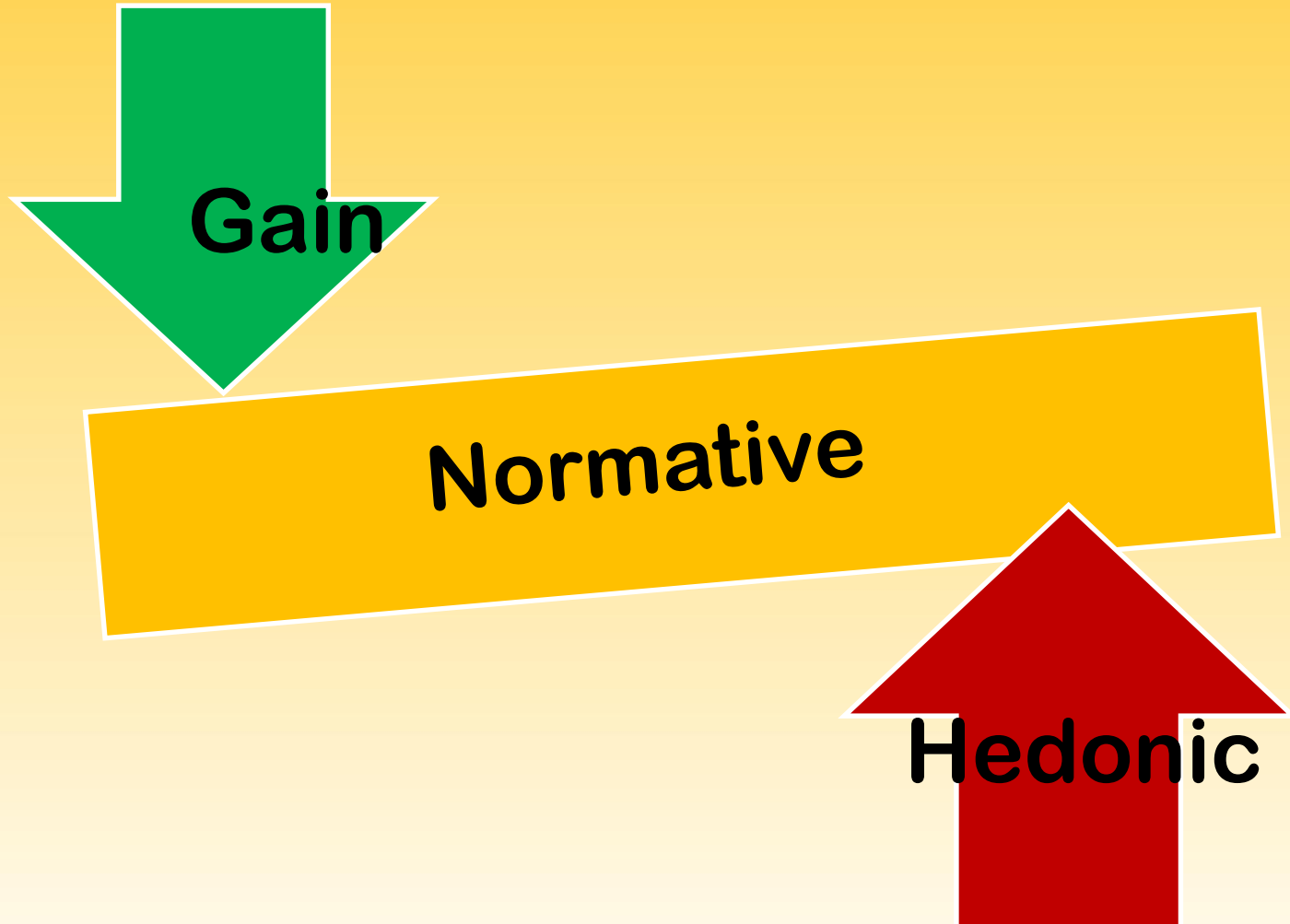
**Financial Behavior → Autonomy?**

# Goal Frame Theory

- **Normative - “proscriptive” behavior**
  - Ought to do
- **Gain - planful behavior**
  - Conservation of resources
  - Increasing income
- **Hedonic - present-focus**
  - If it feels good now...



# What Made the Difference?





## Gain

+ Perceived control

+ Financial attitude

+ Parental financial expectations

+ Financial education

## Hedonic

- Perceived control

- Financial understanding

- Parental role modeling

- Financial education

White

# Conclusions

- **Prevention Programs**
  - Early and ongoing education
  - Focus on developing executive function skills
  - Introduce positive and rational problem solving scenarios



# Conclusions (con't)

- **Family Intervention Programs**
  - **Coaching and mentoring in addition to education**
  - **Set specific attainable goals**
  - **Monitor and support to achieve goals**



*Thank you!*

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