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CRITICAL FINANCIAL CAPABILITY

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INTRODUCTION

> *"… there is an official language of finance and economics which can be quite difficult and mystifying …. While it helps to have access to this language, it is important to recognise that it is not the only language that economic ideas can be spoken in"*
>
> (New Ways with Old Money, Action for World Development c.1989)

Financial capability is currently a topic of considerable interest in government, the financial services industry, and those community services that are concerned with financial education issues. In our highly monetarised society where banking is essential and having a credit card is becoming almost as mandatory, being able to 'read' the money system is as crucial as being able to read English. Paulo Freire revolutionised literacy education with his concept of critical literacy which recognises the power relations between reading and the 'language of the oppressors'. The taken-for-granted conceptions of *financial* literacy education can be similarly challenged with a critical analysis, especially when considering their relevance to people living on low incomes.

Lack of financial capability amongst people living on low incomes is commonly assumed to be an individual deficit, hence the frequent focus on 'budgeting for poor people' found in mainstream financial literacy material. The work of Good Shepherd Youth and Family Service and other agencies demonstrates that poor people are generally extremely good money managers although often particularly vulnerable to exploitation and to life transitions and crises. It is not usually budgeting skills that this group of people lacks: they are very familiar with the challenge of managing money. However, our consumerist culture with its endless new products, slick marketing, and 'buyer-beware' approach to exploitation, positions people living on low incomes at increasing disadvantage. This group experiences two main difficulties: insufficient income to participate successfully in a market-based society (financial exclusion), and lack of knowledge of the unfamiliar or obscured aspects of the money system, a product of this financial exclusion.

Yet the goal of 'financial literacy' is frequently pursued without regard to context and this creates definitions, goals and strategies that are unfair and ineffective when applied to people living on low incomes. There is both a genuine need for poor people to be offered assistance with learning to 'read the money system' that marginalises them, and an equally important need to dispel myths about people on low incomes. If we believe that some people do not have enough money and that the financial services industry does not always protect people from exploitation, then financial capability education needs to challenge mainstream market-driven assumptions, so supporting people to live both within and *against* the oppressive financial arrangements. People need to question the 'language of money' as well as to learn it. Further, assisting people to become critically financially literate requires the learners' own experiences and views to be the beginning point, with teachers as co-learners rather than experts.

Using elements of Freire's critical literacy approach, this paper addresses the issue of what 'financial literacy' is and what critical financial literacy education could look like for people living on low incomes. This structural, 'bottom-up' commitment to mastering the dominant language *and* critiquing it can contribute much to our own financial capability work[1]. Since its emergence in the 1960's, Freire's critical literacy work has sown innumerable seeds within community education, school-based education, and social movements throughout the world. Notwithstanding its Freiran foundations, there are several reasons for framing a critical approach to financial education as 'capability' rather than 'literacy'. The term 'capability' does not have the same connotations of very basic education as the term 'literacy'. Introduced into social policy language by Amartya Sen (1999), the concept of capability encompasses both the individual's ability to do something and the larger social context that enables or inhibits individual action. It is defined by Sen as a person's ability and freedom to lead the kind of life they value, and have reason to value. 'Financial capability' is also the term used by Elaine Kempson in her recent major research in the United Kingdom, which will be referred to later in this paper (Kempson, 2006a).

I will now briefly consider the various discourses, definitions, and sites of financial literacy in Australia today, before identifying two foundational approaches to financial literacy, the 'mainstream' and 'consumer advocacy' frameworks, and then proposing a 'critical financial capability ' model that builds on these two frameworks.

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[1] The concept of 'critical financial literacy' came to us originally from Ingrid Burkett, an Australian community worker and academic who has worked in, studied and written extensively about microfinance.

BACKGROUND

The proposed critical model sits within a range of discourses, definitions and sites of financial education, each with different implications for people living on low incomes.

Financial literacy discourses
A range of financial literacy discourses can be identified in the plethora of material about financial capability that surrounds us. They may use very similar language, and some share similar assumptions and purposes, but distinguishing what interests they serve and how they position people living on low incomes is an important first step to positioning the critical discourse:

- the ***marketing*** discourse presents financial information that can appear educational but is actually designed to sell one product over its competitors
- the ***financial services*** discourse presents information to increase effective financial participation in the market, and while it comes from an apparently neutral position, it does not question the assumptions of that market
- the ***personal development*** discourse treats managing money as a living skill that we are variously equipped to manage and aims to increase individual well-being but often does not encompass the individual's social context
- the ***education*** discourse may apply to children and/or adults and assumes that money skills need to be taught in formal settings through a curriculum, although its content may be similar to that of other discourses
- the ***consumer advocacy*** discourse sees financial education as an aspect of consumer education about the rights and responsibilities of users of financial services and products; and
- the ***community development*** discourse is concerned with people joining together with others in similar situations to gain more agency or empowerment in dealing with the aspects of the money system that they find difficult and oppressive.

The ***critical*** discourse is closely aligned to the community development discourse but more explicitly stands outside the market-based system to critique its dehumanising effects, and in terms of financial capability this involves identifying the ways in which the concept of financial literacy itself can disempower and further oppress people. The financial services discourse is in many ways dominant at present, as will be demonstrated in the analysis below of the 'mainstream' view. The consumer advocacy discourse is a second important view considered in this paper, as it frequently guides financial support services for people on low incomes.

Defining financial literacy
The dominant definition of financial literacy seems to be a combination of the financial services and education discourses. According to the ASIC discussion paper on financial literacy in schools, financial literacy is *"the ability to make informed judgments and to take effective decisions regarding the use and management of money. In today's world of increasingly complex financial decisions, financial literacy may be considered a vital skill for all consumers"* (ASIC, 2003). ASIC defines the following skills and knowledge as constituting financial literacy:

- mathematical literacy and standard literacy
- financial understanding - an understanding of what money is and how it is exchanged, where it comes from and goes
- financial competence - understanding of basic financial services, financial records (and importance of reading and keeping them), attitudes to spending and saving, and an awareness of the risks associated with some financial products and the relationship between risk and return; and
- financial responsibility - the ability to make appropriate personal life choices about financial issues, understanding consumer rights and responsibilities, and the ability and confidence to access assistance when things go wrong.

Although these competencies may appear self-evident to many involved in financial literacy, they can actually mean very different things when applied to people in different social and financial contexts. Amongst other international activity in financial literacy, a major research study into financial capability in the United Kingdom conducted by a team led by Elaine Kempson included an extensive process of testing measures of financial capability which took into account peoples' diverse circumstances (Kempson, 2006a). This produced a conceptual model of financial capability with the following five discrete areas and a survey instrument that measures each taking into account cultural factors (e.g. family values about planning ahead) and socio-economic context (e.g. low knowledge of choosing financial products):

- making ends meet
- keeping track of your finances
- planning ahead
- choosing financial products; and
- staying informed about financial matters.

A critical approach needs to steer clear of simplistic assumptions and context-free generalisations by ensuring that where measures are used they are context-sensitive and that, 'on the ground', people are involved in defining their own knowledge and knowledge gaps.

Financial literacy education sites

If we only listened to the current discourses on financial literacy, we might forget that financial education has been around a long time, some of it based on Freiran or similar community development principles. The main source of education about money is experience: within a money-based culture this means in schools and banks as well as within families and communities. Therefore people with less opportunity to learn from experience (for example, having little money to save) often have lower financial capability and need additional learning opportunities. Adult and community education in neighbourhood houses and learning centres has filled some of these gaps by offering short courses, for example in budgeting for young adults with learning difficulties. The participatory processes of these courses often also provide opportunities for information-sharing amongst people living on low incomes.

Traditionally, savings and loans circles within mutual aid and friendly societies have also provided adult financial education for people living on low incomes. Although most friendly societies have chosen to become large bank-like organisations, a few (Foresters ANA in Queensland is an example) continue supporting these self-help groups where people pool and lend small amounts of money. These circles assist people on low incomes to achieve their financial goals while also learning new skills, reducing social isolation, being active citizens (through supporting others), and building self-relance and confidence[2]. Both community education and mutual aid circles frequently follow a Freiran approach.

Education about major changes in financial systems is sometimes provided to the general population through mass public awareness campaigns, such as for the introduction of decimal currency, the GST or changes to superannuation. While clearly warranted in some instances, these types of campaigns are expensive, not targeted to specific groups or needs, and generally more effective in raising awareness than in delivering education.

There are no doubt other sites of financial literacy education (including community agencies such as Good Shepherd Youth and Family Service, which I will discuss later in this paper), as well as other discourses and definitions. The current interest is very recent and the field is still emerging, with tasks like mapping, measuring and conceptualising still in the early stages. However, there is an identifiably dominant view of financial literacy coming through from the most prominent spokespeople in government and the financial services industry, which I have called the 'mainstream' view.

[2] *eg Seeds newsletter, Foresters ANA*

MAINSTREAM VIEW OF FINANCIAL LITERACY

What can broadly be characterised as the 'mainstream view' is dominant in government and financial services industry publications, and reflects international trends[3]. This view urges continual improvement in the financial literacy of our society, spurred by social and economic changes such as:

- greater participation in investment markets
- increased expectations to manage our own finances in retirement and to pay for services such as education and health
- changes to working patterns, with less employment and income stability
- increasing complexity of financial products and services
- increased access to credit
- impact of technology on financial services; and
- increased volatility of markets.

The major banks are keen to see improved financial literacy in Australia, for reasons of both social responsibility and self-interest, and have adopted various projects and partnerships to that end. Peak bodies including the Financial Consumer Resource Centre in Victoria and the Australian Financial Counselling and Credit Reform Association are also actively engaged in the financial literacy sector, along with numerous large and small community and church-based organisations. A lot is expected from all this activity. *"Improved financial literacy has the potential to save Australia and Australian millions of dollars each year",* Assistant Treasurer Senator Helen Coonan introduces the Australian Government's 2004 discussion paper on financial literacy 'Australian Consumers and Money'. The mainstream model looks at embedding financial literacy in the whole culture, using examples like share investment to illustrate the value of financial knowledge.

This mainstream view has some shortcomings which need to be strengthened with the addition of two important perspectives: a holistic understanding and the perspective of the person living on a low income.

Holistic understanding

Like many aspects of contemporary western society, economics dominates the mainstream view of financial capability. It may seem illogical to propose that financial capability is a social rather than an economic phenomenon, but only if we accept that society is no more than a marketplace, and that citizenship equates to consumer rights. For those concerned with the social good and individuals' well-being, there are many relationships that exist outside the marketplace, and many others that have been intruded upon inappropriately by the market. As Sen argues, viewing development purely in terms of economic growth is a mistake because it is a means to an end not the end in itself: the end we seek is freedom to enhance our lives. Governments need to ensure both that the processes are in place for people to exercise their rights, and that the opportunities are available for all to do so. In financial affairs this means not only enshrining freedoms for the market, but also regulating financial services to ensure opportunities for financial participation by all.

The mainstream understandings can be useful if they are placed within, and subordinate to, a social paradigm in at least two ways. First, financial capability needs to be understood as linked to other capabilities: financial exclusion is frequently accompanied by social exclusion such as limited access to employment, education, housing, etc. Second, while some participants in debates about financial capability may be content to confine their concerns to 'consumer' interests, many of us are committed to a broader view of people as 'citizens', which includes their relationships with government and each other as well as with the markets[4].

Perspectives of people living on low incomes

Despite the obvious part that lack of money plays in the ability to stay on top of finances, it has been common to hear financial literacy proposed as a panacea for all manner of social ills, including financial difficulty. At the lower end of incomes, financial capability can minimise financial fees, ensure access to all income and

[3] See for example: OECD *Recommendation on Principles and Good Practices for Financial Education and Awareness* July 2005; Official G8 Finance Ministers Meeting (Russian Federation) *Statement by G8 Finance Ministers* Moscow Feb 11-12 2006; US Financial Literacy and Education Commission's *Taking Ownership of the Future,* The National Strategy for Financial Literacy, 2006

[4] See Field, C. p.7 for a brief discussion of this distinction in relation to consumer advocacy

concession entitlements, and where needed assist with tighter budget management. However, the typical themes of mainstream financial literacy carry implicit messages not supportive of people on low incomes. For example, low income people would be aided by knowing not that financial advisors exist, but that they are too costly for them to afford. The following table presents some of the implicit, if unintentional, messages carried by the mainstream view which research and practice experience show are false, unwarranted or insulting.

Table 1: Mainstream view: implicit messages for people living on low incomes

Theme of mainstream financial literacy	**Implicit message for people living on low income**	**Facts[5]**
Planning and budgeting	"People living on low incomes do not care about planning ahead and are not good budgeters"	People living on low incomes are generally good money managers, and also value savings equally with other groups
Saving and investment	"People on low incomes should manage better so they can save and invest"	11% of people do not believe they have enough money to save; sometimes people give up planning ahead because they feel helpless or because appropriate financial products are not available
Credit and debt	"Only people on low incomes get into financial difficulty and financial stress"	Approx 66% of us experience financial stress at some time and about 20% experience financial difficulty, showing there is a problem is the 'new credit values' promoted by the financial services industry
Superannuation	"Having a low income is no excuse for not saving for retirement"	Not everyone can save for superannuation; plus tax breaks for high income superannuation arguably cost government as much as aged pensions
Shopping around when choosing financial products	"Its up to everyone to learn how to choose financial products, no matter how complex they are, how often they change, and how little experience you have of financial products"	Better regulation of the financial services industry would be more effective as it will ensure risky choices are not available to people unable to afford them
Consumer rights and responsibilities	"Its up to everyone to know their consumer rights and responsibilities, no matter how few resources they have"	Consumer rights need better protection as there is still major exploitation of peoples' vulnerability, such as unsolicited marketing of credit cards

The mainstream view tends to leave out consideration of how highly dependent financial capability is on context. The way financial literacy is presented by government is primarily as wealth creation, but wealth creation is based on credit (such as mortgages) and formal savings (such as superannuation and bank accounts) which some people cannot access. Even though this is being increasingly recognised by banks and is the subject of current debate and innovation, mainstream descriptions of 'financial literacy' still generally fail to take into account the lived experience of people on low incomes.

There seems to be a double standard implicit in this version of financial literacy: wealth creation for the middle classes and above, and money management/budgeting for those on low incomes. It is easy to imagine how views about 'personal life choices' (see ASIC definition) could lead to financial literacy educators making discriminatory judgments about food or recreation choices. Poor people are already scrutinised more than

[5] These facts are gathered from both recent the recent ANZ &ACNeilsen research, the practice experience of Good Shepherd Youth and Family Service, and policy sources

people on higher incomes: because they can be, because their problems are presumed to be of their own doing, and because much professional power is based on this scrutiny and control.

The mainstream view is flawed, but without accepting all its assumptions, its themes do provide some useful starting points precisely because they are normative. They can be both a foundation and a counterpoint for a more targeted and empowering approach. The other well-established view of financial capability, the consumer advocacy view, adds a much-needed structural analysis to this mainstream foundation.

THE CONSUMER ADVOCACY VIEW OF FINANCIAL LITERACY

The major critique of the mainstream view of financial literacy has come from consumer advocates. The financial services industry is one of the dominant concerns of consumer advocate bodies, with five out of the seven specialist Victorian consumer advocacy organisations including financial services within their brief (Field, 2006). In addition, many other generalist community organisations, including Good Shepherd Youth and Family Service, are engaged in consumer advocacy as part of their work for social justice.

The consumer advocacy sector undertakes consumer education, public policy advocacy and individual advocacy to provide a voice for consumers, especially those on a low income or otherwise disadvantaged, and to enable them to effectively participate in the market. Consumer education in financial services assists consumers to make informed and appropriate choices and seeks to protect them from risk by informing them of their rights and the availability of redress (Hajaj, 2001). Consumer advocates stand apart from 'the market' with its competition-based assumptions, and comment on how it sometimes fails and excludes people (Tennant, 2006). Its critique includes the following points:

- financial exclusion is not limited to low income groups but they are definitely more vulnerable to financial exclusion if they cannot keep up with changing financial concepts and arrangements
- mainstream approaches seeking to increase financial inclusion seem to be motivated primarily by concern for a healthy economic system rather than equitable social relations
- suitable products are not available for all because there is not sufficient profit in serving some consumers
- financial education materials are often either too hard to understand or worse, disguised forms of marketing
- there is a lack of real competition in some markets because producers are effective in swaying government regulation in their interests; and
- many people are unable to be effective consumers because they are not receiving a fair allocation of the economic resources created through the market economy: distributive justice is one of the foundations of long term economic and social health in society (Field, 2006).

While consumer rights are relevant to the whole population (forty percent of people are not confident to make a formal complaint about a financial service) those with lower financial literacy are over-represented in this group (ANZ & ACNielsen, 2005a). The mainstream approach does include knowledge of rights but it is not as proactive in addressing these as the consumer advocacy approach. Consumer advocates identify the groups most vulnerable to low financial capability through lack of 'hands-on' experience, as households and individuals who have never had a secure job, elderly people who are part of a cash-only generation, young people who have not yet made use of financial services, people on low incomes, women who become single mothers at an early age, and people from non English-speaking backgrounds (Hajaj, 2001). These traditional concerns of consumer advocates have been largely validated by the recent research into financial literacy in Australia and the United Kingdom (ANZ & AC Nielsen, 2005; Financial Services Authority, March 2006).

In summary, the consumer advocacy and the mainstream financial literacy approaches share some themes for financial literacy education, although they differ markedly in the emphasis put on the structural reasons for financial exclusion, and on the emphasis on consumer rights. These two views can form the starting point for a critical approach but before turning to the additional ingredients required, I will set the scene with a survey the financial education provided currently through Good Shepherd Youth and Family Service.

FINANCIAL CAPABILITY EDUCATION IN GOOD SHEPHERD YOUTH AND FAMILY SERVICE

Assisting people in financial crisis or stress is a significant aspect of Good Shepherd Youth and Family Service work, and it frequently involves some financial capability education. The typology presented in Table 2 captures some of these dimensions.

Table 2: Current Good Shepherd financial support and financial capability education

Type of activity	Role of worker	Goal of intervention & support	Context of financial capability education	Examples of financial capability knowledge & skills
Financial crisis counselling	Financial counsellor, negotiator, mediator	Crisis intervention focused on financial situation	Problem-solving, negotiation, advocacy regarding debt	Awareness of financial dangers Awareness of complaint options re financial services
Ongoing financial counselling and support	Financial counsellor, support person, family worker, youth worker	Establish and maintain stable financial situation, within person's social context	Individual support and strength-based casework	Structural causes of financial difficulties Tools/strategies for balancing income and expenditure Understanding of credit records
Expand options and referrals including microcredit	Financial counsellor, microcredit worker, family worker, youth worker	Address underlying or linked issues to prevent future difficulties	Proactive identification of issues impacting on financial difficulties & exclusion Individual information-giving, personal planning, maximise income by ensuring entitlements etc, and referral	Ability to check accuracy of financial records Knowledge and comparison of pros and cons of credit alternatives
Mentoring	Support worker, youth mentor, community worker	Expand life opportunities through informal supportive relationship	Role modelling Shared activities Guidance and coaching Shared learning	Ability to understand basic maths eg %'s Ability to use cheaper alternative payment methods Understanding of 'shopping around' for financial services
Groupwork	Financial counsellor, community developer, microcredit worker family worker, youth worker	Sharing knowledge and receiving information in group setting, empowerment	Community house or learning centre groups Resourcing pre-existing groups eg young people, parents Workshops, short courses & self-help groups (Example topics include negotiating with Centrelink, keeping bank fees low, utility payments, phone contracts, rights and responsibilities, NILS)	Knowledge of income security entitlements Understanding range of economic choices & inequality Ability to assess financial options for long and short term Shared knowledge of strategies, products, etc Shared resources eg cooperatives, saving circles

Type of activity	Role of worker	Goal of intervention & support	Context of financial capability education	Examples of financial capability knowledge & skills
Social action, media action, advocacy	Any of above, social policy worker, manager	Joint action to politicise or publicise issues, social change	Working groups, action groups, committees Forums, conferences, public speaking, publications	Understanding the ‘money system’, markets, and the way they position people Awareness of own (alternative) ways of saving, insurance, etc Lobbying to increase consumer protection etc

This financial capability work is guided by the principles of:

- an empowering relationship between worker and service-user
- sharing information and knowledge rather than ‘training’
- standing *with* people not ‘blaming the victim’
- reflecting the range of capacities and needs of people we work with in our public advocacy
- focussing on context (not individual deficit) and therefore normalising financial difficulties; and
- sharing a structural/political analysis with the service-user, which contradicts false assumptions and redefines assumptions about financial capability.

These principles are informed by key assumptions:

- financial capability is always secondary to lack of money for people with low incomes
- lack of success with financial affairs or in self-advocacy is not usually an indicator of competence but of lack of money and power; and
- the people we assist have varying capacities to save and to borrow money, reflecting the diversity of the general population.

Critical literacy offers an approach consistent with these principles and assumptions, and much of Good Shepherd Youth and Family Service’s financial education already reflects it. I will now develop the proposed framework for critical financial capability which could be used both to extend existing financial capability work in settings such as Good Shepherd, and to initiate new ‘financial literacy’ projects for people living on low incomes.

THE CRITICAL FINANCIAL CAPABILITY FRAMEWORK

> *"The task is not to teach students to think – they can already think, but to exchange our ways of thinking with each other and look together for better ways"*
>
> (Freire quoted in Frankenstein, 2005)

Critical literacy

Paulo Freire's critical literacy education involved people getting together in groups where they lived and worked, to discuss the conditions affecting their lives. It was the beginning of the consciousness-raising movement in which people who are marginalised validate and analyse their understanding of the social and economic world through sharing experiences. Although these ideas were developed by Freire about teaching reading to adults, they have been used in many other contexts. However, these ideas are not perfect: some say that critical literacy has been used to mean too many things, that it has become a rigid orthodoxy, and that it is very difficult to achieve in reality. The concept of critical literacy should be a beginning not an end-point, as Ingrid Burkett warns in a more general context: "Examining the experiences of others is helpful *if* those experiences are used to frame questions for local practices rather than to find answers to local concerns or to provide solid models upon which to build local practices" (Burkett, 2003 p.15). Nor is it up to us to impose our opinions on service-users, but rather to give facts and to question assumptions so that people can confront the contradictions between what they believe or are taught to believe, and their daily life realities.

Notwithstanding any limitations, Freiran methods have been usefully adapted to many other settings. We need to learn to 'read', or interpret, the world around us in many ways, and this is a more difficult task for those whose experiences are largely marginal and not reflected in the dominant ways of describing the world. Critical literacy changes the definition of what is worth learning, shifting what is valued to peoples' own culture and understandings. It provides a learner-centred process that is missing in the descriptions of mainstream and even consumer advocacy approaches to financial literacy. Freire breaks down the learning of 'reading' into a series of component elements which can be readily adapted to financial capability (see Table 3).

Table 3: Elements of critical literacy applied to financial capability

Elements of Freiran critical literacy	**Application to financial capability**
Teaching and learning are part of the same process; teachers are students and students are teachers	Financial counsellors, microcredit workers, etc are facilitators not experts, and are themselves learning from the people they work with
Illiteracy is a concrete example of an unjust social reality therefore it is political to learn to read	Financial exclusion is due to an unjust social reality, therefore it is political to become financially literate
The way reading is taught should enable students to see the world as a limiting situation which they can transform through identifying social, political, and economic contradictions	Financial education should identify economic contradictions and how they are socially constructed so people can see how change is possible
Learners can see their everyday world afresh through 'codifications': these are familiar realities, essential problems or contradictions in everyday lives which are presented in educational media that are not associated with prior experience of failure	A codification of 'savings', for example, would identify strategies used by people living on a low income (and proportional to income, they may save more this way than other people do in banks)
Learners reflect on these codifications by describing them fully, then problematising them (analysing their deep political structure or 'decodifying' them) until they see their own lives in that new context	1-1 or group discussions about essential problems (the who? what? why? of everyday realities) to identify the positives in peoples' financial management and the problems in society's financial arrangements
Dialogue is the essential type of discussion, a synthesis between the educator's and the learners' different types of knowledge	Service-users have knowledge of their own financial reality, workers have 'meta knowledge' (concepts *about* financial knowledge), and these are shared in dialogue
Dialogue investigating the world of the students leads to identifying 'generative concepts' which are selected words or phrases that have emotional	Fresh, respectful ways of presenting and dialoguing about financial issues and information will produce the generative

power and leverage to change the way people see the world	concepts: workers cannot determine them alone
Generative concepts are the focus of further dialogue, broken down and used to create new concepts	Financial education workers continue to use dialogue and learner-based process throughout
Seeing that culture is created by humans and so can be changed, leads to conscientisation, which is the ability to act on the world as subjects not just be acted upon as objects	Consciousness of current financial capability knowledge and skills leads to an increase in conscious strategies and self-advocacy

It is now time to bring together the different threads of a critical financial capability approach, combining mainstream themes, the consumer advocates' concern with a financially inclusive environment, and a holistic, relationship-based, learner-centred education process.

Mainstream financial literacy themes

The mainstream approach is a mixture of helpful and unhelpful assumptions. Unhelpfully, it assumes firstly that individuals are responsible for looking after their own financial well-being regardless of their social and economic resources and secondly that financial literacy is a 'bank' of knowledge and skills which should be transferred to people with a context-free 'one-size fits all' approach. More helpfully, it recognises that financial literacy needs to increase as financial products and services become more complex, and also needs to address the market failures of banks. At the same time it supports banks expanding into new markets, a more ambiguous purpose.

By taking the mainstream approach we may avoid further 'clientising' the people we assist, because people can receive information, understanding and skills without having to be defined and engaged with as 'welfare clients'. Many of the topics or main content areas that are important to critical financial capability can be based on the mainstream approach. By using mainstream content areas and questioning their assumptions we are able to be simultaneously 'educational' in the expected way and 'critical' of those expectations. The Adult Financial Literacy Framework (ASIC definition) provides a useful list of measures of financial literacy that could become the topics for critical financial capability education, but it leaves unstated the principles, overarching concepts and learning processes that might guide the education process. As noted above, the Kempson framework could be a better starting point for financial capability education because it is more explicit about its underpinnings.

A financially inclusive environment

The consumer advocacy view provides a contemporary legal rights context and an analysis of financial exclusion which can highlight and fill gaps in the mainstream frameworks. It argues that the financial services industry often exploits peoples' financial stress and so it highlights the need for adequate regulation, consumer education and advocacy. It shows that financial literacy is only part of the picture and that financial exclusion is also crucial. Because it stands firmly with and for the consumer, the addition of the consumer advocacy approach removes ambiguity about whose interests are being served by increasing financial capability.

Critical financial capability

Critical literacy's learner-centred knowledge-building is familiar to many community practitioners. Its dialogue-based educational methods provide a conscious and structured process for both deciding *what* concepts are important to learn and *how* they will be approached. This ingredient can give financial capability education fresh relevance for people living on low incomes. With human dignity placed at the core, people are 'subjects' with personal agency to act on their own behalf not 'objects' for others to act on. The content of critical financial capability education is based on dialogue about the life experiences of participants. By sharing 'social secrets' about money and discovering common themes that indicate structural causes of individual difficulties, problems are externalised: participants realise how much their problems originate in external social causes not individual fault. Participants can see that they are being excluded and exploited by social and economic arrangements and can come to question the adequacy of financial services regulation and other policies. They find new ways to talk about money and financial participation that reflect their own experiences, and build new knowledge of market-based society from this perspective. In the process they may not only learn how the market-based system works, but also critique it. At best, this approach allows participants to develop both a new sense of self as 'financially capable' and sufficient agency to advocate for their rights.

There is no single way to put this approach into practice, and many aspects of it are already observed in the financial literacy work in Good Shepherd and other community-based sites of financial education.

CONCLUSION

> *"When people come to an awareness that language is being used to confound them and can be re-translated into language which is both their own and much more clearer-headed, you have a form of liberation"*
>
> (Herbert Kohl quoted in Brown,1975)

Critical financial capability education explores financial concepts and practices to understand their mainstream meaning, how they are used politically (that is, how they are used to reinforce some peoples' power and undermine others'), how they come to be created, and how they can be changed. This is not done as an end in itself but in order to give people the capabilities they need to be free to live in the way they value, and have reason to value. The question becomes how financial capability education can be delivered in a way that not only rejects the inaccurate assumptions about people living on low incomes, but *challenges* the actively exclusionary practices of many financial services.

Good Shepherd Youth and Family Service already integrates advocacy into financial capability work, usually in one-to-one work, helping people to understand that their financial exclusion is generally not about individual fault but about structural inequity and exploitation. A critical financial capability framework can strengthen this work by articulating its assumptions and encouraging a group focus. Furthermore, people living on low incomes should receive an adequate proportion of the government funding being devoted to financial literacy, given their vulnerability to the inadequacies and continual changes of financial services.

A critical approach can open up many possibilities in the growing field of financial capability education, firstly for people on the margins of our market-based society, but also perhaps for the rest of us. Just as women's consciousness-raising eventually spread through large parts of society, feminist or not, because it spoke a neglected truth, so financial consciousness-raising may be a timely next social movement, because we are all in some way dominated by the 'money system'.

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