

# Paulo Freire's Critical Pedagogy as a Foundation for a Reimagined Approach to Financial Education's Citizenship – A Practitioner's Guide

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## ABSTRACT

More macro in scope than financial literacy or financial capacity, financial citizenship is centered on democratizing and enhancing the availability and utility of financial goods and services, knowledge, and experience for the betterment of the larger community. It is centered on providing informed access to goods and services (i.e., financial capacity), knowledge, and experience, through political, societal, and business means to improve the global community's quality of economic life. Financial citizenship suggests that through the learning embedded in financial literacy (i.e., investment, debt, cash, etc. management) and the access achieved via financial capacity (i.e., access to products and services), individuals are equipped and empowered with the knowledge, confidence, and experience necessary to make informed, wealth enhancing decisions.

The seminal works of Freire, Mezirow, Gruenewald, and Rogers combine to address behavioral shortcomings in financial decision-making and focus on a pedagogy advancing a differentiated curriculum and instructional approach to financial citizenship. An experiential seminar emphasizing the curriculum centered on financial citizenship is developed.

**Keywords:** Freire Critical Pedagogy; Mezirow Transformative Learning; Gruenewald Critical Pedagogy of Place; Rogers Empathy; Financial Citizenship; Financial Education

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## 1 INTRODUCTION

Experiential-based financial citizenship is a reimagined response to address financial education's behavioral shortcomings (Fornero & Lo Prete, 2023; Willis, 2021; Wherry, Seefeld, & Alvarez, 2019). More macro in scope than financial literacy or financial capacity, financial citizenship is centered on democratizing and enhancing the availability and utility of financial goods and services, knowledge, and experience for the betterment of the larger community. It provides informed access to goods and services (i.e., financial capacity), knowledge, and experience, through political, societal, and business means to improve the global community's quality of economic life. Financial citizenship suggests that through the learning embedded in financial literacy (i.e., investment, debt, insurance, cash, etc. management) and the access achieved via financial capacity (i.e., access to financial products and services), community's members are better equipped and empowered with the knowledge, confidence, and experience necessary to make informed, wealth enhancing decisions.

Lacking a standard definition for financial education – of which financial citizenship, capacity, and literacy are building blocks - educators nonetheless agree the overall goals are to enhance behaviors and improve well-being (Willis, 2021; Wherry et al., 2019). To this end, financial citizenship should be a major component or as proposed in this paper, a first step in the financial education process. Beyond citizenship, perhaps additional questions suggest exploring whether these objectives need focus on creating wealth-maximizing consumers (a "micro" focus) or developing financially informed citizens (a "macro" focus); whether the best pedagogy (i.e., traditional "banking" or experiential) is being employed to build useful financial knowledge and experience; and finally, if the educational process should be tailored to the students' lived worlds and leverage existing knowledge, experience, and schema (Willis, 2021; Wherry, et al., 2019).

Theory from the seminal works of Freire, Mezirow, Gruenewald, and Rogers combine to address behavioral shortcomings in financial decision making and focus on a pedagogy advancing a differentiated curriculum and instructional approach to financial citizenship. Within the context of financial education, an experiential seminar emphasizing a curriculum of financial citizenship is developed.

## 2. Paulo Freire’s Critical Pedagogy as a Foundation for a Reimagined Approach to Financial Citizenship – A Rationale

Financial education, despite all the time, money, and effort, is not changing behaviors. (Fornero & Lo Prete, 2023; Kaiser, Lusardi, Menkhoff & Urban, 2021; Willis, 2021; Kaiser & Menkhoff, 2018; Fernandes, Lynch & Netemeyer, 2014). Access to financial products and services, and knowledge, experience, and confidence, especially in the important categories of lower income families and individuals, are falling short of achieving enhanced behavioral goals (Ogden, 2019). Because of missed opportunities, large segments of the global population of individuals, families, communities, and society are remaining financially disadvantaged. (Willis, 2021; Fearnley, 2012).

In addressing financial education’s objectives of useful learning, behavior, and its importance to improved well-being, Lindeman (1987) states that:

“True learning, that is learning which is associated with the problems of life, is a twofold process which consists of knowledge on one hand and the use of knowledge on the other. He who possesses knowledge but lacks the facility to render his knowledge ... is only partly educated” (p. 44).

Fearnley (2012) adds that financial education, especially as it pertains to citizenship as a starting point:

“Should not begin and end with the financial wellbeing of the individual. In an increasingly globalized (sic) society that has growing disparities between rich and poor ... financial education must also aim to enable people to challenge oppressive economic and political systems that exacerbate such inequalities.” (Fearnley, 2012)

Recognizing opportunities as well as challenges, this paper is motivated by the following questions that the author believes arise from the financial education’s citizenship literature and practice (Kaiser et al., 2021; Willis, 2021; Kaiser & Menkhoff, 2018; Fernandes et al., 2014). As with other experiential initiatives, elements of the student’s lived-worlds and existing schema, choice of the most effective educator role, among others, are necessarily focused on to build an effective financial citizenship learning event. See Table 1 for a representative sampling of the questions believed that should be considered in constructing a reconfigured financial education learning event that begins with citizenship. These questions arise from the works of Freire, Mezirow, Gruenewald, and Rogers.

**Table 1: Roadmap to a Refocused Critical Pedagogical Approach to Financial Education’s Citizenship**

Does the financial education process take in account the lived worlds of the students?
Does the process recognize the underlying knowledge and experience of the students?
Does the financial education approach have financial consumerism or financial citizenship as its goal?
Does the process seek to provide knowledge or construct knowledge and experience with the student?
Are the educators empathetic to and familiar with the lived worlds of the students?
Are the educators seeking dialogue, partnership, curricular development, etc. with the students?
Are the educators seeking affective development and recognition?
Are educators employing a bottom-up or top-down approach?

## 3. The Experiential Critical Pedagogy Roadmap’s Question

To address these questions and provide practical recommendations for a financial citizenship learning event, this paper leverages the empowered experiential rationale underlying Freire’s Critical Pedagogy (CP). CP forms the basis for the refocused financial education’s citizen knowledge and instructional approach proposed. Augmenting Freire’s CP is Mezirow’s Transformation Learning Theory (TL). TL provides complementary elements to CP, most particularly the cognitive and affective realizations to support the transformations of students into more informed, emboldened, and empowered financial citizens. Next, Gruenewald’s Critical Pedagogy of Place recognizes and emphasizes the situational setting of the student (i.e., rural vs. urban, etc.) while finally, Roger’s Critical Empathy explains why a personal link “of a deeper understanding” between the student and the educator proves beneficial.

#### 4. The “Traditional” Learning Pedagogy Falls Short of the Intended Goals

When addressing financial education, the literature suggests that the traditional “banking” approach to learning appears to fall short of its goal of improving outcomes. Studies suggest that traditional financial education – at least in its current form(s) - does not work as well as hoped (See Table below for a comparison of Experiential / Critical Pedagogy and Banking / Traditional Pedagogies). (Kaiser et al., 2021; Willis, 2021; Kaiser & Menkhoff, 2018; Fernandes et al., 2014). Unfortunately, these study’s outcomes also suggest that behavior is oftentimes least impactful in populations where financial education is most needed, specifically lower-income individuals and families. (Kaiser et al., 2021; Willis, 2021).

**Table 2: Traditional “Banking” versus Experiential Learning - Education’s Broad Pedagogical Approaches (Timura 2021)**

<b>Banking / Traditional</b>	<b>Critical Pedagogy / Experiential</b>
Knowledge transfer	Knowledge creation
Learn by knowledge transfer	Learn by doing (experience)
Recall facts unnaturally	Knowledge created, theory formed, theory applied
Outcomes based	Process based
Instructor centered	Student centered and responsible
Little interaction	Discussion debate encouraged
Standardized tests	Open-ended questions
Passive	Active
Environment, society stagnate	Environment, society dynamic
Present contrived issues (+ solutions)	Problematize issues
Oppresses critical thinking	Encourages critical thinking
Memorization	Reflection
Learning in abstract classroom	Learning takes place in lived world
Themes emerge in contrived curriculum	Generative themes emerge from learner
Teacher empowered	Student gradually empowered
Teacher is Expert	Educator is Facilitator, Expert, etc.
Confidence, self-esteem not a focal point	Confidence, self-esteem enhanced
Classroom	Lived world, society
Not multidisciplinary focused	Multidisciplinary focus
Learning in the past	Learning in the present
Unnecessary knowledge not limited	Unnecessary knowledge limited
Not always real world applicable	Instrumentalism
Faith	Truth learned by knowing how it works
Practice into theory	Theory into practice

#### 5. Financial Education with an “Experiential” – not “Traditional” - Learning Pedagogy

This financial citizenship essay, recommended here as financial education’s first step, proposes an alternative to address the behavioral shortcomings of traditional “banking” educational approaches that focus on financial consumerism. Freire (1970) describes the traditional “banking” method in which education becomes:

“An act of depositing, in which the students are the depositories and the teacher is the depositor. Instead of communicating, the teacher issues communiques and makes deposits which the students patiently receive, memorize, and repeat. In the banking concept of education, knowledge is a gift bestowed by those who consider themselves knowledgeable upon those whom they consider to know nothing.” (Freire, pp. 58- 60)

Recognizing the limitations of traditional education curricula and instruction on low-income Brazilian farmers in the 1960s, Freire presented CP as a radical alternative. Other disciplines have explored CP’s application including mathematics (Frankenstein, 1983), accounting (Burchell et al., 1980), and marketing (Stonebraker et al., 2016).

#### 6. Motivation Derived from Financial Literacy’s Behavioral Shortfalls

Financial literacy is often solely emphasized. In a Washington Post article that sums the leading academic studies on behavior, Ogden (2019) suggests that financial literacy education appears to be unsuccessful in changing longer-term financial behaviors and may in fact, from their design and application, be missing a pedagogical mark: “The curriculums of most financial-literacy programs don’t match up with the economic realities and actual financial choices many Americans face. Financial literacy is often measured by whether you can correctly answer a question like, “You have \$100 in a savings account paying 10 percent interest, compounded annually. After two years, will you have a) \$100, b) more than \$120, or c) \$120?” (Ogden 2019)

Ogden (2019) goes on to contend that the results are consistent in their behavioral impact:

“It’s easy to boost financial knowledge: Lots of programs show positive outcomes when you ask people a few questions before and after a financial-ed course. Unfortunately, the impact disappears when you measure what people who take the courses *actually do*.” (Ogden 2019)

The evidence is disheartening. A meta-analysis of financial-literacy program evaluations published in *Management Science* in 2013, examined 168 papers covering more than 200 studies. It found that financial literacy was responsible for only a 0.1 percent change in behaviors. Another meta-analysis of 37 studies suggests more-promising effects; however, if you dig into the details of the German Institute for Economic Research study, Ogden (2019) contends that “you find that with careful controls, the estimated effect on actual financial choices is also vanishingly small (with zero being in the range of possible effects).

In another paper authored at Goethe University in Frankfurt, Germany, it states that any positive results might be overstated. The authors analyze 14 papers focused on students, low-income earners, or migrants — populations you might think would benefit from a financial course — and “conclude that there is some increase in short-term knowledge about financial matters but ‘no proven evidence on long-term behavior.’” (Ogden, 2019)

Ogden is not alone in his observations and critiques found in the literature. While noting selected elements of the traditional approach that are necessary, the University of Chicago’s Financial Education Initiative adds:

“... the current approach ... facts and figures about money — isn’t a great approach. It’s a necessary component ... but not enough. At the heart of great financial education is a deep attention to behavior.” (Financial Education Initiative blog dated June 24, 2020, titled “*Behavior Change: The Missing Piece in Financial Education*).

### **7. Is One Course in Financial Literacy Even Enough?**

Many academics and professionals consider one course in financial planning as enough. Rebecca Maxcy, director of the Financial Education Initiative at the University of Chicago, said many financial planning courses focused mainly on skills, like writing a check or filing taxes. While those lessons can be helpful, she said, it’s important for courses to include discussions of how personal values and attitudes about money influence behavior, as well as an examination of the financial systems and potential barriers that students will encounter in the world of money. (Shannon Dunn, April 2021, *New York Times*).

Karen Gross, a legal scholar writing with yet a different lens on the challenges of financial education suggests that the approaches employed are fundamentally flawed, leading to “a ‘blame the victim’ type mentality by erroneously assuming individual knowledge acquisition alone will produce fundamental change ...” (Gross, 2005). Gross goes on to contend that as beneficial as financial literacy education is, it “serves to mask the root causes ... good education is reciprocal and dialogic ... and if done well, can embolden and empower students.”

### **8. A Reimagined Approach to Financial Education that begins with Financial Citizenship and ends with Financial Literacy**

Lauren Willis (2021) seeks to explain the results of the recent meta-analysis of Kaiser et al., (2021), yet another meta study seeking to justify the behavioral outcomes of financial education. After reviewing each of the studies, Willis concludes that “Kaiser et al.’s (2020) demonstration that financial education improves knowledge is more robust, but it is not clear that the ‘knowledge’ measured would have any effect on behavior or well-being.”

Change appears suggested. Willis continues that financial education will require:

“Citizens who understand the current economic order and can envisage, support, and vote for change ... it is education that fosters the knowledge and mindset necessary for civic engagement with issues of economic policies and financial regulation. Financial citizenship education must help students understand how the current economic order is constructed, but also that we, as a society, have constructed it and have the power and responsibility to reconstruct it as we want it to be.” (Willis, 2021)

A learning event reconstruction requires understanding economic systems “as answers to the problems arising in different historical periods” and, within a single period, as reflecting “different, competing perspectives on ... the role of the state” (Berti, 2016, p. 521). Although no pedagogy is neutral, Berti’s anthropological approach encourages students to develop their own views about how their economic system ought to be structured and regulated. “Financial citizenship pedagogy should help people understand which values are supported by particular policy choices, so they can take political action consonant with their values.” (Willis, 2021)

Willis (2021) concludes that traditional financial education proposes messages are at odds with financial citizenship-based education:

“First, current programs locate financial problems and their solutions in individual behavior. In so doing, they erase the effects of individual pre-existing financial, human, and social capital ... (McIntosh et al., 2020). Second, traditional financial education’s focus on changing individual behavior implicitly socializes people to accept the financial marketplace as it currently operates. Third, traditional financial education teaches falsehoods -- that credit prices reflect creditworthiness, that wages reflect what labor is worth, that the formal banking system is trustworthy, etc. Collectively, these messages are likely to lead to political complacency in the face of structural barriers to broadly shared financial well-being, barriers that cannot be overcome by individual action.” (Willis, 2021)

Linking it to recent studies, Fearnley (2012) confirms that, “Financial literacy is not approached from a critical perspective in the majority of the current literature. Rather, financial education is usually treated as a traditional school subject is—a drill and skill, outcomes based, measurable and consequently bounded object.” (Fearnley, 2012)

### **9. Emboldening and Empowering the Student through an Experiential Critical Citizenship Curriculum**

In pursuit of empowerment, the Freirean pedagogy encourages students to think critically about the subject matter, learning process, and society itself. His approach – designed as experiences with important social consequences - allows students to question existing knowledge as part of the habits appropriate for informed financial citizens in a democratic and global marketplace. Students, Freire contends, should not be lectured into “sleepy silence” and if so, Shor states, institutions of higher learning “die as intellectual centers when they become delivery systems for lifeless bodies of knowledge.” (Shor, 1987; Freire, 1970)

### **10. Freire’s Critical Pedagogy’s (CP) Important Elements That Need to be Integrated**

The Freirean educator has a non-traditional, lived-world approach that is problem posing in nature, bottom-up oriented in design, and transformative in purpose. Freire in *Pedagogy of the Oppressed* (Freire, 1970) describes important elements that distinguish Critical Pedagogy from traditional “banking” approaches. These important elements are consciously integrated into the proposed Financial Citizenship learning event.

#### *10.1 Problem Poser*

A Freirean educator is a “problem poser” who asks thought-provoking questions and encourages students to devise their own questions by seeking and constructing knowledge. Freire states, “students learn to question answers rather than answer questions” and that “experience education is something they do, not something that is done to them.” Importantly, knowledge is constructed by the student to advance their knowledge, experience, and literacy and in the process, advance democracy, and social equality in the process. (Shor, 1987; Freire, 1970)

#### *10.2 Co-Intentionality*

Co-intentionality contends that the learning event is mutually owned by both groups of participants, not the sole domain of the educator. This mutuality of ownership “helps students and teachers overcome the alienation from each other developed in tradition banking classrooms, where a one-way monologue of teacher- talk silences students ... begins when the teacher articulates a problem for inquiry related to a key aspect of the student experience, so that the students see their thoughts, lived world, and language in the study’s discussions. (Shor, 1987; Freire, 1970)

#### *10.3 Bottom-Up*

Freire believed that much of education is orchestrated from the top-down by administrators, curriculum developers, policy makers, and educators. With this he disagrees. The material that Freire advocates is not presented as “academic jargon, theoretical lectures, or as standardized facts to memorize.” Unfortunately, the top-down “banking” approach rewards conformity and unanimity of thinking whereas the experiential bottom-up approach – critical pedagogy – seeks to construct knowledge from the lived-worlds of the participants who are questioning habits, prior realities, the status quo, etc. (Shor, 1987; Freire, 1970).

#### *10.4 Transformative*

Transformative education finds its challenge in the creation of a universal “can do” attitude – one positioned in dialogue that Freire referred to as “instilled certainty” (Freire, 1970, p.52). Oftentimes when CP was challenged by others for questions of rigor, Freire rebuts, “suggesting that in a rigorous classroom, the teacher and the students pose problems and questions and that by doing so, allow the knowledge and experience created to transform students who call upon their epistemological relationship to reality – being a critical examiner of your own experience, questioning and interpreting your life and education rather than passively accepting them - into a higher literate citizen.” (Shor, 1987; Freire, 1970)

#### *10.5 Anthropological*

Finally, the “anthropological definition of culture” - situated in the experiences of every life, discovered by observing the community and life of students – democratized pedagogy because the shared curriculum is built around the themes and conditions of people’s lives. Freirean educators study the language, challenges, ideas, conditions, and habits of the students – in short, their lived-world knowledge and experience. (Shor, 1987). Shor contends that “from this material, they identify ‘generative words and themes’ which represent the highest profile issues in speech and in the community, as the subject matter for a critical curriculum. These generative subjects are familiar words, experiences, situations, and relationships.” (Shor, 1987) Next, these issues are ‘problematized’ and re-posed back to the students as their issues, problems, challenges, and hurdles to overcome. By doing so, the possibility of “critical distancing” on their issues provides constructions on how to begin to transform them. (Shor, 1987; Freire, 1970)

## **11. Freire's Critical Pedagogy (CP) Applied to Financial Citizenship; Shor's Constructive Approach**

Ira Shor further recognizes CP as having qualities that include student ownership, lived- world situations, and dialogic interactions, among others. Specifically, Shor outlines the qualities of CP that can be readily used in financial citizenship as follows:

### *11.1 Participatory*

Interactive and cooperative by design, the students begin participating in their financial studies by addressing foundational problems and challenges in their lived worlds. Encouraged from the start of the learning event, the students can experience a forum in which they discuss and communicate financial challenges – with each other and the educator - instead of listening to “teacher talk” (Shor, 1987)

### *11.2 Situated*

The materials are linked to the student's existing financial knowledge and experiences, finding therein a foundation for building new knowledge and experience from their lived worlds. (Shor, 1987)

### *11.3 Critical*

Seeking self and social reflections, the discussions are designed to address known financial challenges and how or why the financial learning process is working or not working for the participants. The students reflect openly - and critically - on their own financial knowledge and experiences, acknowledging their challenges as well as those of others. (Shor, 1987)

### *11.4 Democratic*

Freire defines democratic learning as one where the discussion is constructed and orchestrated mutually by the students and the educators. In short, there is shared ownership of the financial citizenship learning event. The learners are asked to suggest means to evaluate and develop curricula and simply not to rely on the decisions of the educators, curriculum designers, policy makers or administrators. Curriculum, knowledge, problem posing, etc. are co-developed. (Shor, 1987)

### *11.5 Dialogic*

The learning event revolves around lived-world questions, challenges, or problems and the dialog around financial issues. Importantly, the educator may help initiate the process and then, acting as an expert in Kolb's Experiential Learning Theory construct (Kolb, Kolb, Passellla, and Sharma, 2014), guides the students into deeper and deeper conversations. In this way, Freire, Shor, Kolb et al., suggest that the educator begins the process by using the students' own language within their own lived world to set the stage to create new knowledge and experiences. (Shor, 1987)

### *11.6 Desocialization*

Shor describes this attribute of CP as where the financial dialogue “desocializes students from passivity in the classroom ... challenging their ... authority dependence (passively waiting to be told what to do and what something means)” and addresses their learned classroom silence. Students are encouraged to be fully engaged participants in the event.” (Shor, 1987). In sum, active learning is sought. (Shor, 1987)

### *11.7 Multicultural*

Freirean pedagogy recognizes diversity in the classroom, taking a critical stance against any form of discrimination or inequality. With all being citizens of a global marketplace, the multicultural lived lives of the students are viewed as an expansive positive, therein opening the discussion to hear others' financial challenges, issues, experiences, etc., in lived worlds outside their own. (Shor, 1987)

### *11.8 Research Oriented*

A deeper understanding of the student is sought. Shor (1987) contends that “critical pedagogy is based in classroom and community research by the teacher into the speech, behaviors, habits, and conditions of the students. In addition, a view inside the level of cognitive and affective development is sought with a focus on financial problem-posing and problem-solving challenges in daily, societal, and academic lived worlds.” (Shor, 1987)

### *11.9 Activist*

Shor writes that “the classroom itself is active and interactive thanks to problem-posing, co-operative learning, and participatory formats.” The construction seeks to develop actionable outcomes and questions how learners can act on that financial knowledge as well as gain economic power from that knowledge - in short, to empower the student. With the activist role, the passive, traditional “banking” construct gives way to the active, engaged, critical thinking financial citizen who is not disengaged. (Shor, 1987)

### *11.10 Affective*

Shor contends that the critical financial pedagogy classroom is interested in the broadest recognition and development of human emotions – from happiness and joy to anger and disgust - as well as the development of social inquiry and conceptual habits of the mind. Learning and experience are not about “one act magic shows” (Hawk and Shah, 2007) but about accessing what Kolb, Shor, Freire, among others, describe as the recursive nature of learning where new knowledge and experiences are used as the next cycle's foundational knowledge. (Shor, 1987)

## 12. Mezirow's Transformative Learning (LT) Theory

Mezirow's Transformative Learning Theory (Mezirow, 1997) is aligned with Freire's CP in that it goes beyond simply acquiring deposited knowledge to extending into the manner that learners find meaning in their lives and through new knowledge and experience comprehension. Mezirow provides an augmented means toward financial education's citizenship. According to Mezirow (1997), this learning experience involves a fundamental change in perceptions which in turn, leads to a true freedom of thought and understanding through empowerment. Mezirow's initiative encompasses a set of proposals, focused on humanitarian and social concerns, individual empowerment, social emancipation, and the pursuit of freedom (Cabraal, 2011). Improvements are achieved by strengthening individual capabilities or simply empowering them to act (Sen, 1999).

Elements of TL complement the learning construct derived from CP. The phases or pathways of transformative learning help students to transform their prior knowledge and experiences as they acquire new knowledge and experiences. (Mezirow, 1997). Borrowing from Western Governor's University (2020) website that answers the question of "What is transformative learning?", the following definitions are outlined.

*12.1 A Disorienting Dilemma* – an experience where a learner finds that what they thought or believed in the past may not be accurate - talk about past experiences and how they connect to this dilemma.

*12.2 Self-Examination* – after the disorienting dilemma, students will do a self-examination of their beliefs and understanding ... they can create a perspective transformation roadmap.

*12.3 Critical Assessment of Assumptions* – the learners can look at past assumptions and view them critically, understanding that past contentions, thoughts, judgments, etc. may have been wrong.

*12.4 Planning a Course of Action* – after the self-examination, critical assessment, and perspective transformation, they are ready to plan a new course of action.

*12.5 Acquisition of Knowledge or Skills to Carry Out New Plan* – the students learn new habits, strategies, etc. and consider different perspectives.

*12.6 Exploring and Trying New Roles* – transforming learners need to act by exploring and trying to understand changes – it goes beyond learning new knowledge to understanding and experiencing new things for oneself (in short, Kolb's experiential learning theory's learning cycle)

*12.7 Building Self Efficacy in New Roles and Relationships* – emboldened, empowered, involves making the student's own decisions and having one's own beliefs .... Build confidence and continue with cycle again. (Western Governor's University, 2020)

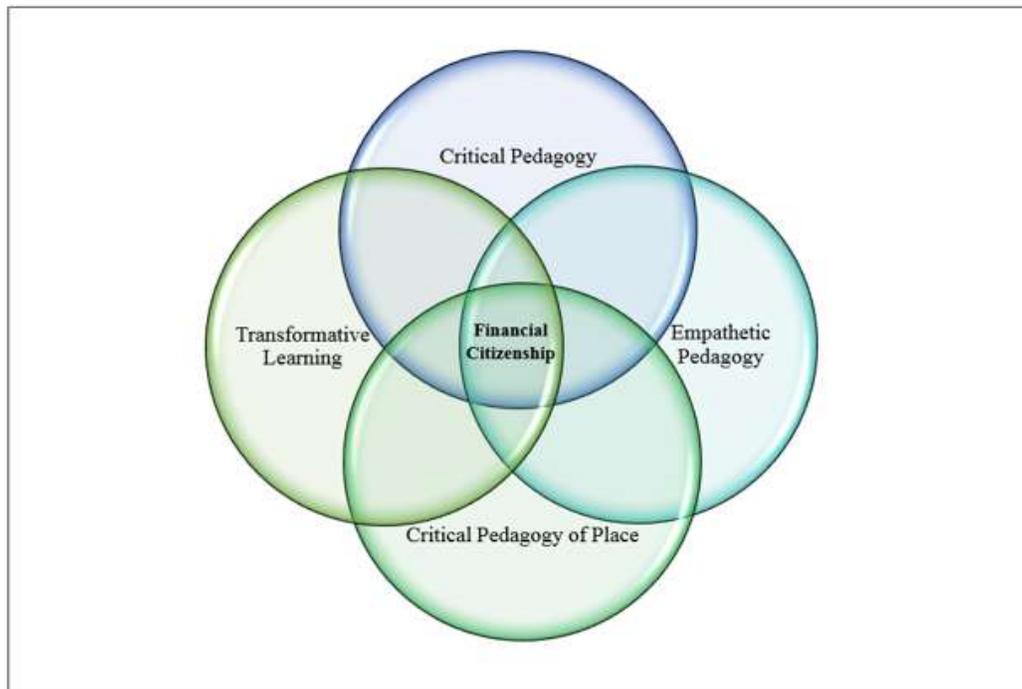
## 13. Gruenewald's Critical Pedagogy of Place

Merging the elements of two distinct literatures – critical pedagogy and place-based education - David Gruenewald (Gruenewald, 2003, 2002) argues that education needs to acknowledge the lived worlds the students inhabit and oftentimes "unlearn dominant narratives." While critical pedagogies impact the social places students live by challenging the assumptions, practices, and outcomes taken as a given, the "place-based education focuses on the contextual, geographical conditions" – including experiences, ideas, habits, problems, languages, histories, rural versus urban, etc. - that shape the actions people take. "Places are social constructs filled with ideologies and experiences." (Gruenewald, 2003, 2002)

## 14. Rogers' Critical Empathy

Occupying a central role in how we come to understand ourselves and others, and complementary to place-based education, Rogers' (1961) critical empathic curriculum focuses initially on the home and school, then the neighborhood, the community, the region, and beyond. In defining empathy, DeStigter (1999, p.240) "refers to the process of establishing informed and affective connections with other human beings, of thinking and feeling with them at some emotionally, intellectually, and socially significant level." Lobb (2017) suggests that critical empathy describes "a particular kind of attention paid to social suffering, or more precisely, to that sufferings affective, non-verbal, and embodied communication." Empathy opens a transmission of knowledge and experiences between the educator and student that otherwise, may not be communicated, enabling one to better question and acknowledge difference in economic, political, social, and cultural positions. In all, Rogers (1961), Matravers (2011), and Elbow (2009) focus on empathy as a means of a deeper understanding of the students, and potentially as transformative in how it can change people and their relationships.

### A Reimagined Approach to Financial Education – Critical Financial Pedagogy with a Focus on Citizenship (please refer to Figure 1)



**Figure 1: Critical Financial Pedagogy's Citizenship Building Blocks**

#### 15. Discussion of the Theory behind the American University's Responsible Financial Citizens Seminar Design

Believed to be unique in the literature and classroom, this paper combines elements of Freire's Critical Pedagogy, Mezirow's Transformative Learning, Gruenewald's Critical Pedagogy of Place, and Roger's Critical Empathetic Pedagogy into a refocused, reimagined approach to financial education at American University that begins by establishing the working elements of financial citizenship. As noted in Figure 1, each theory intersects and augments the others in pursuit of American University's approach. For example, Rogers' Critical Empathetic Pedagogy recognizes the importance of place (Gruenewald), the effectiveness of learning content and approach (Freire), and the importance of transformative empowerment (Mezirow). That multifaceted focus alone, the author believes based on the noted successes of the four components, may be an effective first step to resolving the behavioral challenges of the current traditional "banking" approaches to financial consumerism.

American University's Responsible Financial Citizens seminar has reconfigured a financial education process that first establishes a foundation of financial citizenship - as opposed to consumerism - that holds much promise as a response to the financial inequalities being witnessed in the global marketplace. To this end, American University's seminar leverages the work of Khalil (2021) who contends that, "Financial citizenship is underpinned by the education of future generations so that they can understand both their local and global economies to make the best financial decisions concerning their lives" while consumerism-oriented financial literacy on the other hand, focuses on the trends associated with personal financial behavior as it relates to retirement, wealth, credit card debt, insurance, and taxes, among others. At its heart, financial citizenship must establish itself as the foundational knowledge and experience that then opens the world of constructive application of financial literacy. The focus of educating financial citizens should be to develop the capability to understand and apply change strategies that promote better equality in one's lived world by addressing the underlying causes and not the symptoms of society's problems. In this way, financial citizens should recognize, understand, and positively influence the interaction of social, economic, and political forces. (Khalil, 2021)

In addition to a financial citizenship focus and any distancing from a curriculum and syllabus separated from the student's lived world, American University's seminar begins the process of citizen-based financial learning with reflective discussions based in the real, lived-worlds of the students. The instructor, functioning as a partner in the knowledge construction, comes via dialogue to better understand the ideas, experiences, challenges, knowledge,

habits, biases, and language of the students. Over the course of discussion and recurring problem-posing, the instructor introduces elements aligned with the transformative nature of their goals, promotes new knowledge and experiences, and encourages constructive activities that resonate with the students and that can be employed as building blocks.

In a few weeks, it appears that the students begin to critically question past assumptions about their financial lived worlds and to construct actionable plans – through reflective papers - to work toward their new citizen futures. Classroom conversations witnessed suggest that students feel increasingly empowered and enthused to act. In turn, self-efficacy is built through problem posing, self-reflection, discussions, new experiences, actionable plans, knowledge creation, and emoting, and in doing so, Boyatzis’ (2006) concept of the “ideal self” – the empowered financial citizen - takes shape.

Until now, at no time was life insurance, credit card debt, stocks versus bonds, tax strategies, and compound interest discussed, or memorization, textbooks, lectures, or standardized outcomes articulated. Instead, what was highlighted was the importance of first establishing the central tenants of financial citizenship, lived world acknowledgements, flexible curricula, empathetic instructors, and transformative learning pathways. Elements of finance literacy issues arise later in the course.

## 16. Challenges

Indeed, there are challenges for a participatory process-oriented approach that seeks meaningful, transformative change in the knowledge, experience, and behaviors of the participants. There is no one-size-fits-all process or curriculum in financial citizenship because the issues with urban versus rural youth, low-income families, immigrants, or recently unemployed mid-life factory workers may necessitate discussions of issues, experiences, knowledge, actionable plans, emotions, and challenges. Acknowledging this, the instructor’s approach is to understand these issues through bottom-up discussions and proceeding through the weekly topical areas outlined below to develop a dialogue of knowledge, experiences, and empowerment.

## 17. American University’s Responsible Financial Citizens Complex Problems Seminar

The following outlines the American University Complex Problems seminar developed with the guiding principles of Freire’s Critical Pedagogy; Mezirow’s Transformative Learning; Gruenewald’s Critical Pedagogy of Place; and Rogers’ Empathy. With AU’s learning goals of critical reading, diverse perspectives, and self-reflection, the Responsible Financial Citizens seminar is experiential-based and premised on no specific lectures or standardized exams. Before each meeting, topical readings and videos are recommended that seek to provide foundational insights; present varied (often conflicting) opinions and experiences; originate from diverse sources; and promote classroom dialogue. In class, with their colleagues, the learners are encouraged to problem-pose; be constructively critical of themselves and each other; situate their dialogues in their real, lived- worlds; research new multi-disciplinary ideas and perspectives; and ultimately, seek “can do” active solutions that enhance their lives as well as those of others.

Each topical area is developed from a bottom-up perspective so to provide a deeper context of the evolution of the material. Opportunity and challenge commentary are solicited from the students. Over the semester, a series of four open-ended problem-posing papers – viewed as progressive building blocks - are assigned which seek to develop the benefits and challenges of financial citizenship through topics such as monetary and fiscal policy; regulation; economic growth, etc. During the topical development discussions, the instructors employ Kolb’s experiential educator’s roles - facilitator, expert, evaluator, and coach - at the appropriate times to enable the learner to complete the experiential learning cycle. (Timura 2021; Kolb et al., 2014)

The Final Project is a culmination of the financial citizenship and literacy topics developed throughout the course. Unique to each learner, the Final Project’s focus is to take important elements of financial citizenship and develop a policy initiative or actionable recommendation that serves to benefit the student as well as their and others’ family, community, and society.

The following outlines the seminar’s approximate progression.

### 17.1 Part 1: Introduction to Financial Citizenship

#### *Week 0: Introduction*

Introduce the seminar and guiding principles (a comprehensive curricular and pedagogical transparency is important)

Introduce basic definitions and concepts: scarcity, opportunity cost, competitive advantage, individual vs. societal resources, and financial markets, etc.,

Introduce Argumentation / Debate / Discussion

#### *Week 1: Monetary and Fiscal Policy*

The levers of interest rates, taxes, and government spending – opportunities and challenges

Key phrases/words:

Keynesian/Monetarist/Austrian, Policy Objectives, Interest Rates, Currency, Money Supply, Fed Funds, Quantitative Easing/Tapering, Open Market Operations, Taxes, Spending, Federal State Local, Economic Impact, Department of Treasury, Federal Reserve System, Central Banks, Government Spending

*Week 2: The Real Economy and the Financial Sector (Domestic & International)*

Economic and financial management levers – challenges, advantages, and ongoing debates

Key phrases/words:

Market Structure, Supply/Demand, Goods/Services, Real Assets, Financial Assets, Free Cash Flow, Profits, Return on Capital, Economic Value-Added, Capital Structure, Financial Institutions/Intermediaries, Ownership, Debt, Trade, Shareholders, Stakeholders, Entrepreneurship

*Week 3: Economic Relationships*

Levers of global GDP growth – trade, government spending, consumer spending, etc.

Key phrases/words:

Inflation, Interest Rates, GDP, GDP Growth, Price Stability, Exchange Rate, Federal Debt, Supply Side Policy, Trade, Unemployment/Employment, Tariffs, Real vs Nominal, Capital Spending, Research & Development

*Week 4: General Operations of and Opportunities in the Active Political System*

The workings of political levers – one means to a constructive financial citizenry (this section is critically important).

Key phrases/words:

Active Political Citizenship, Separation of Powers, Congress, Bills and Laws, Executive Branch, Executive Order, Veto, Supreme Court, Constitution, Amendments, Political History, Voting, Federal, States, Lobbyists

*Week 5: Social Security*

The challenges and promises of social safety networks.

Key phrases/words:

Trust Fund, Retirement Program, Regressive/Progressive, History, Depleted, Age, Insurance, Retirement Income, Contribution, Employee, Employer

*Week 6: Tax System*

The tax levers – income distribution; federal, state, vs. local challenges and coordination

Key phrases/words:

Policy, Individual, Federal, State, Local, Property, Sales, Excise Taxes, Marginal, Average, Regressive, Deductions, Domestic, International, Economy, Corporate (Double)

*Week 7: Regulatory Structure*

Policemen of the markets – history, challenges, objectives, overlaps, shortfalls, etc.

Key phrases/words:

SEC, FRB, CFTC, FDIC, FDA, FCC, FTC, IRS, Department of Labor ERISA, Trade Policy

*Week 8: Environmental, Societal, and Governance (ESG Initiatives)*

Introduction to the Great Debate of the 2020's – ESG opportunities and challenges.

Key phrases/words:

Stewardship, Sustainability, ESG Factors, Measurement, Policy, History, Marketplace Players, etc.

**17.2 Part 2: Transition to Personal Financial Management (i.e., Literacy)**

*Week 9: Earnings and Income Management*

Employment, income, and transfer payments

Key phrases/words:

Gross Earnings, Net Earnings, Sources of Income, Expenses, Deductions, Inflation, Income Gap, Unemployment, Disability, Income vs. Wealth, Investments, Discretionary vs. Non-discretionary

*Week 10: Budgeting Management*

The challenges – and benefits - of working within a budget.

Key phrases/words:

Cash Flow, Income, Expenses, Savings, Checking Account, Income Statement, Savings, Wealth, Liquidity, Emergency, Retirement, House, College Tuitions, Major Expenditure, Donations, Vacations

*Week 11: Debt Management*

The challenges of debt management

Key phrases/words:

Credit Score, Principal, Interest, Bank, Savings-Account, Checking-Account, Credit Card, Mortgage, Points, Auto, Lease, School/Education, Percentages, APR, Interest Rates, Fees, Prepayment, Amortization

*Week 12: Retirement Preparation*

The later years – deferred consumption, budget limitations, and investment horizons

Key phrases/words:

Saving, Stocks, Fixed Income, Private Equity, Real Assets, Defined Benefit, Defined Contribution, Deferred Consumption, Medicare, Medicaid, History, 401K, 403B, IRA, Tax Deferred, Roth IRA, Annuity, Trust, Wealth Tax, Real Return, Investment Horizon, Compounding

*Week 13: Behavioral Decision Making*

Biases and heuristics which may negatively impact rational decision making.

Key phrases/words:

Greed, Fear, Myopic Loss Aversion, Prospect Theory, Disposition Effect, Confidence, Regret, Confirmation Bias, Money Illusion, Nonconsequential Thinking, Representativeness, Framing, Illusion of Control, Illusion of Validity

*Week 14: Insurance Decision Making*

The lever of insurance – opportunities and challenges of protection

Key phrases/words: Theory, Certainty Equivalence, Practice, Replacement Value, Term / Universal / Whole Life, Home, Life, Auto, Disability, Liability, Premiums, Warranty

*Week 15: Paper and Presentation on Actionable Recommendation for Financial Education's Citizen-Based Change*

The challenge is to build a policy or action recommendation that seeks to use the newfound empowerment potential to implement a change that seeks to broadly benefit others. Opportunities and challenges discussions are encouraged.

### 18. Additional Research Directions and Gathering Data

Students from the AU Responsible Financial Citizens seminar will expand its message via added venues and mediums. K-12 schools in the District of Columbia, Maryland, and Virginia metro area will be visited and a podcast (initially aimed at American University students) launched. The podcast will seek to partner with other Financial Education clubs in AU.

The next step beyond the current roadmap is to gather survey and interview data on whether the seminar, K-12 students, and podcast participants experienced any change in behavior owing to a sense of increased knowledge, experience, or empowerment.

### 19. CONCLUSION

Despite the vast resources expended, financial education's literacy initiatives in its current traditional "banking" form stressing financial consumerism does not seem to successfully alter behaviors, especially for those most in need of change (Willis, 2021; Odgen 2019). Oftentimes, neither the path toward nor the tools for enhancing a broader-based financial citizenship or financial transformation appear to be a stated goal. Perhaps we should first seek an alternative pedagogy and set of financial citizenship goals for the curricula, process, instructors, and students. Perhaps scholars and practitioners should rethink the traditional "banking" model and reconfigure a Critical Pedagogical financial citizen experience that seeks dis-orienting dilemmas (via dialogue challenges), multicultural perspectives, critical assessments and reflections of self and assumptions, and productive activism for students.

This essay proposes a change that focuses first on developing financial citizenship. At its heart, it seeks to promote a "can do" empowerment. Flexible, it develops an experiential process that links the salient elements of Freire's Critical Pedagogy, Mezirow's Transformative Learning, Gruenewald's Critical Pedagogy of Place, and Rogers' Critical Empathy together to forge a new initiative that may be an important step in the direction of an empowering, emboldening learning event that both encourages empowerment and affects behavioral changes.

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