Personal Finance Ecosystem Overview Presentation

Facilitator's Guide and Speaking Notes

About This Resource

This facilitator's guide is designed to prepare you to deliver a brief presentation about NEFE's Personal Finance Ecosystem.

After hearing the presentation, the audience will:

- Understand the basic concepts and terms represented in the Ecosystem;
- Expand their skills to communicate about the complex, nuanced world of personal finance, and
- Reflect on how the work they do contributes to financial well-being.

How to Prepare

1. Familiarize yourself with this guide, including the *Speaker Notes* beginning on page two.
2. Assemble relevant presentation materials.
3. Review the PowerPoint presentation deck and customize it to fit your audience.
4. Test your internet connection in order to play the Ecosystem video tour.
5. Review the interactive summary of the Ecosystem at www.nefe.org/ecosystem.
6. To dig deeper, read through the full Ecosystem guide.

Presentation Materials

Plan to display the PowerPoint slides for your audience using a television, projector, webinar, or other presentation technology. If you would like to show the video overview of the Ecosystem, make sure you have a working internet connection.

Support and Feedback

NEFE is interested in hearing your feedback on this resource, the Personal Finance Ecosystem model, or anything else that helps champion effective financial education. Please share your comments with us directly via our website at https://www.nefe.org/initiatives/ecosystem/share-your-thoughts.

Speaker Notes

Review these notes prior to your presentation and adjust your presentation to reflect what your audience will be most interested in. Discussion opportunities are included, but make time for dialogue whenever it makes sense for you or your audience's needs.

1. Title Slide: An Introduction to the Personal Finance Ecosystem

Before presenting, make sure this slide is updated with the presentation date, time, and/or location, and the presenters' names. Set the stage as to why attendees are hearing this presentation.

Suggested language:

> *Today I will be giving an overview of the Personal Finance Ecosystem, a conceptual framework that helps people make sense of the many factors that influence financial wellbeing.*
>
> *In this session, you'll get a tour of both the individual and systemic factors that come together to influence individual financial wellness and explore a research-informed model, the NEFE Personal Finance Ecosystem, to help make sense of the many complex factors that make up financial well-being.*
>
> *You'll expand your ability to communicate about the complex, nuanced world of personal finance and see how the work you do shapes well-being.*

2. Activity: Tell Us What You Think

This activity is meant to be an icebreaker and a chance to prime the audience about some concepts in the presentation. Substitute your own prompts based on the audience. Leave time for a volunteer to share a story.

Suggested language:

> *To get us started, I would like to see how you all feel about a few statements. There aren't any right or wrong answers. I'm going to read a statement, and then if you agree, raise one hand. If you strongly agree, raise two hands. If you disagree, keep your hand down. And if you're unsure, wave or shake your hand.*

1. Growing up, I learned what to do with my money from my family or friends
2. Growing up, I learned what NOT to do with my money from my family or friends
3. I think about whether my values and my decisions align when I make financial choices
4. I can think of a time when I've been too intimidated, exhausted, or discouraged to decide what to do with my money
5. With the right tools and support, people in my community can reach their financial goals

> *I'm sure there's a story that jumped to mind for at least one of these prompts. Can I have a volunteer to share something that came to mind as I was going through the statements?*

Thank the volunteers for their input. Facilitate any discussion that emerges following this exercise.

3. Video Overview

This slide includes a video with a short, two-minute summary of the Personal Finance Ecosystem. This video is an introduction to the terms and concepts you will cover in this presentation.

4. About the Personal Finance Ecosystem

This slide is the first section of content about the Core Elements of the Ecosystem.

Suggested language:

> *The Personal Finance Ecosystem is a conceptual framework developed to help make sense of the factors that make up and influence financial wellbeing.*

It was created in 2019 by the nonprofit National Endowment for Financial Education, also known as NEFE (pronounced Nee-Fee).

During today's session, I'll guide you through the model and define the terms used throughout. We'll start at the center of the model and work outwards, defining as we go along.

At the end of this session, my goal is for you to have common language that you might be able to use with others working in financial well-being and a frame of reference as to where your work has the most impact.

5. Defining Individual Financial Well-Being

We begin this material by creating a shared understanding of financial well-being.

Suggested language:

Financial well-being is the heart of the Personal Finance Ecosystem. That is why it is placed at the center of the diagram.

Financial well-being is as an ever-present state, experienced by every person, that fluctuates over time. Every individual can self-define their personal financial wellbeing.

Because it's a fluid state that changes, a person does not "achieve" financial well-being. It does not start or end.

Financial well-being typically includes things like satisfaction with managing one's current financial situation, the ability to exercise choice, the feeling of some sense of control, and feelings about the future.

We often use the example of a pain scale in the doctor's office. Two people experiencing a very similar affliction might score themselves differently based on pain tolerance and any other number of factors. The important thing is that the individual gets to decide how they feel about it. It's the same with financial well-being—each person gets to say how they feel about their situation and may feel OK despite significant challenges.

6. Zooming Out: Ecosystem Core Elements

This slide shows the Ecosystem Core Elements. These three areas articulate the factors and processes that contribute to financial well-being.

Suggested language:

> *Financial well-being is influenced by many factors. In the Personal Finance Ecosystem, these are organized into three areas:*
>
> - *Foundational Factors, which are internal and external factors such as general skills and competencies, values and beliefs, and a range of cultural, familial, and socioeconomic factors.*
> - *Financial Knowledge and Access, which is the current level of financial knowledge or skill and access to financial products and services.*
> - *Financial Actions and Outcomes, which are the actions taken (including inaction), decisions made, and the resulting outcomes. Unexpected events also play into this cycle.*
>
> *None of these components are things that you either have or you lack. Each person possesses these to some degree or another, which you'll see as we dive in more deeply. For example, your financial knowledge and skills are housed within Financial Knowledge and Access. Your knowledge level could be high, low, or somewhere in between, but you possess a level of knowledge nonetheless.*
>
> *What stands out to you as you look at the visual displayed here?*

7. Foundational Factors

The first segment to cover is Foundational Factors. The presentation gives a summary of this area, and the following slide provides more detail.

Suggested language:

> *Foundational Factors influence every part of the framework and are present for every individual. The particular influence they have depends on a person's unique*

lived experience. Foundational Factors are not explicitly financial in nature, but they contribute to a person's financial life.

8. Foundational Factors (continued)

This slide provides additional terms and concepts that are considered Foundational Factors.

Suggested language:

Here's a look at what is included in each grouping of Foundational Factors. Note that these factors are broadly categorized for ease of information sharing, but the groupings are not consequential if we agree that they are foundational.

We have General Skills and Competencies, which include things like basic literacy and numeracy, problem-solving skills, and executive function.

Values and Beliefs include important mental constructs like motivation, attitudes, cognitive bias, time discounting, risk preference, and stress. These are considered foundational because many of these impact a person's willingness to learn. We also include trust in the financial system here, which often affects a person's willingness to engage with other parts of the Ecosystem.

Family and Culture is a huge contributor to someone's financial life. This includes family socialization, or how people learn about things from their families. This also includes family composition. For example, is someone living in a mutigenerational household? Are they a single person living on their own? Do they have caretaking responsibilities?

And finally, Socioeconomics and Geography touches on economic disparities and systemic inequities that people experience. It also acknowledges that many economic opportunities and challenges are place-based and can vary widely by region and even zip code.

9. Financial Knowledge and Access

The next two slides cover Financial Knowledge and Access. This is where financial education lives within this framework.

Suggested language:

> *Financial Knowledge and Access summarizes the ability for an individual to act in their own financial best interest, which again is self-defined by the individual. This element includes Financial Knowledge and Skills, and Access and Inclusion. We'll go into more detail on the next slide.*

10. Financial Knowledge and Access (continued)

This slide gives further details on Knowledge and Access.

Suggested language:

> *Financial Knowledge and Skills can be built through formal or informal education and training. Financial Knowledge is the mastery of financial terms and concepts, and Financial Skills are a person's ability to make decisions with that knowledge.*
>
> *For example, you may know that a credit score of 800 is good but at the same time not have the skills needed to increase your own score. Skills are what put that knowledge into action.*
>
> *Access and Inclusion is the opportunity to fully participate and make choices within financial society, which includes financial markets, the financial services industry, and all aspects of financial life.*
>
> *We acknowledge that individuals face numerous barriers to full inclusion, most of which are systemic. People lack Access and Inclusion in financial society in many ways. For example, people who live in very rural areas often lack access to financial institutions.*

11. Financial Actions and Outcomes

This slide gives an overview of the Financial Actions and Outcomes cycle.

Suggested language:

> *The Financial Actions and Outcomes Cycle is a feedback loop made up of mindset and available choice set, decisions and actions, and the resulting outcomes from those decisions. These outcomes in turn affect mindset and choice set, and so on.*
>
> *This is where financial decision-making lives within this framework. While Financial Well-Being is something you define for yourself, the financial actions that you take and the results of those actions play a large part in that well-being. People make financial decisions all the time, from daily purchasing decisions to big-picture choices like whether to go to college, where to live, or what job to take.*

12. Financial Actions and Outcomes (continued)

This slide shows more details about each component of the cycle.

Suggested language:

> *The starting point of this cycle is mindset and available choice set, which is how you feel about the decision going into it and what choices are actually on the table for you to make. Financial Knowledge and Skill have a big part to play here, including your confidence, your objective knowledge, and how you apply that knowledge to the choice at hand. If you can act in your own best financial interest, your mindset and available choices will likely shift.*
>
> *Once a financial decision or action is made, an outcome happens. These are both objective (like having a new bank account) and subjective (like feelings of satisfaction).*
>
> *Outcomes also happen from unexpected events, like getting a flat tire and having to pay to replace it. Or maybe it's a positive unexpected event, like a raise at work. It's*

important to note that not all financial disruptions can be prepared for, or are an outflow of, financial decisions and actions. Like several other components of the Ecosystem, there are some things that an individual cannot change or control, but they still impact the outcomes that a person experiences.

How you feel about this ongoing relationship between mindset, actions, and outcomes—or the subjective impact they have on your situation—feeds into well-being.

13. Review: Core Elements

Recap what was covered in the previous slides. Ask if the audience has any questions following this slide.

Suggested language:

To review, everyone:

- *Has a current level of financial well-being,*
- *Is making financial decisions and experiencing outcomes,*
- *Has a current level of financial skill and access,*
- *And is impacted by their Foundational Factors.*

Financial Well-Being shifts based on a complex combination of all the other elements in the Ecosystem. It's not a perfect science where we can exactly predict the impact of a change to any of these factors because people's lived experiences are so varied. But you can try a thought experiment. For example, we can imagine that what a person values most highly might shift as life circumstances change.

14. Discussion

For this activity, prompt your audience to discuss the questions in groups of two or three. Give them a few minutes for conversation, then invite a few groups to share what they discussed. Facilitate any conversation in the room from other attendees.

15. Catalysts for Change

The second half of the presentation covers the Catalysts for Change, which exert influence over the Core Elements.

Suggested language:

> *The next layer of the Personal Finance Ecosystem is the Catalysts for Change. Catalysts for Change seek to impact individuals' financial well-being by influencing different aspects of the Personal Finance Ecosystem. They are the interventions, organizations, and movements— and the people power—that comprise the financial well-being field.*
>
> *NEFE groups these into four leverage points, each acting on a different part of the Personal Finance Ecosystem. These "Catalysts for Change" are noted in the bold, burgundy text on this layer of the model.*

[When you click the mouse, an arrow will appear to point to each Catalyst.]

> *These Catalysts for Change are: Knowledge Influencers, Structural Policy Changes, Behavioral Influencers, and Social and Material Supports.*
>
> *I'll describe each of these in more detail on the following slide.*
>
> *You might notice that Foundational Factors does not have a Catalyst for Change. Policies and interventions aimed at components of Foundational Factors are beyond the scope of this framework because they typically do not have the primary end goal of influencing financial well-being, though it can be a byproduct.*
>
> *Catalysts for Change, as defined in this model, tend to be explicitly focused on financial well-being.*
>
> *One additional note—you'll notice that Research and Evaluation have a role to play throughout the Ecosystem. We won't spend time on that today, but put simply, we are acknowledging that research and evaluation are key to influencing wellbeing, as they can explore how aspects of the ecosystem work together or evaluate how various catalysts for change impact people's wellbeing.*

16. Catalysts for Change (continued)

This slide provides more detail on each Catalyst for Change.

Suggested language:

> *The model also identifies where we can see the impact of various Catalysts for Change.*
>
> *Knowledge Influencers are a variety of engagements implemented to increase an individual's financial knowledge and decision-making skills or inform them about a specific, narrow topic. Knowledge influencers primarily act on financial knowledge or skill; this is where many financial educators spend their time.*
>
> *Structural Policy Changes improve access and inclusion in financial markets and services. While policies can impact each aspect of the Ecosystem, Structural Policy Changes have strong leverage on access and inclusion. The goal of using structural changes to influence financial well-being is to remove systemic barriers to full participation in the formal financial system and all aspects of financial society.*
>
> *Behavior Influencers directly impact individual decisions and actions. Behavior influencers provide informational nudges, expert advice, guidance, financial coaching, counseling or therapy. Their main goal is to influence behavior rather than check for knowledge, though deeper knowledge may build as a result.*
>
> *Social and Material Supports change individual outcomes within the Financial Actions and Outcomes cycle. Social and Materials Supports aim to change the outcome an individual would otherwise experience in a specific situation. They often act as a safety net and can dampen the effect of financial shocks by providing direct assistance to meet basic needs, often through public benefits or community assistance programs.*

17. Discussion

For this activity, prompt your audience to discuss the questions in groups of two or three. Give them a few minutes for conversation, then invite a few groups to share what they discussed. Facilitate any conversation in the room from other attendees.

18. Conclusion & Takeaways

Conclude the presentation by emphasizing what aspects of the Personal Finance Ecosystem may be most interesting or useful to your audience. Recap any interesting themes from the group discussion and ask for any final questions or discussion.

19. and 20. Optional

No remarks are needed for slides 19 and 20.