

CS6460 Project Proposal: Does Online Financial Education Improve Financial Outcomes?

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Abstract—Financial literacy is the measure of personal finance best practices and actions. In this project proposal, the researcher will review the efficacy of Lampo Group, LLC's *Financial Peace University* online compared to the traditional classroom curriculum. The proposal encompasses related works, proposed work for the study, deliverables, and task list.

1 INTRODUCTION

Financial literacy is declining in the United States (Peng, Liu, Lu, Liao, Tang, & Zhu, 2018). Exiting the housing crisis and recession of 2007-2009, student debt is the next major threat to the American dream with 4 in 10 student debtors went through default or delinquency at some point after attending college (Cunningham & Kienzl, 2011).

To combat the potential financial destruction of America, the education and financial industries offer financial literacy courses to educate citizens and positively affect financial behaviors. One of the most prominent financial educators in the United States is Dave Ramsey. The financial expert's company, Lampo Group, LLC, produces financial literature, media, and curriculum, targeting young children, high school students, and adults. Ramsey's most popular product, *Financial Peace University* (or *FPU*) is a nine-lesson program taught over several weeks – either in classrooms or online – to educate adults on how to manage their personal finances effectively and pay off debt. Traditional classes meet at community centers and religious organizations at little or no cost to the student. At the time of writing, there are 111 classes available in Greater Atlanta. The online version of the course compares in price to one credit hour at a community college.

Financial Peace University covers each of the major topics required to become financially literate: budgeting, emergency funds, debt management, investing, insurance, retirement planning, real estate and mortgages, and avoiding poor

financial decisions. *FPU* uses mixed media to educate students via videos, worksheets, and interactive discussions. In recent years, *FPU* includes access to Ramsey's budgeting tool, *Every Dollar*, to implement the lessons learned in the course after the first lesson.

FPU touts thousands of graduates interviewing on Ramsey's radio show, explaining their journey to financial literacy and good financial health. However, no public research exists that shows the *best* way to take *Financial Peace University*. The aim of this project is to qualitatively and quantitatively analyze if the online version of *Financial Peace University* improves financial literacy and well-being better than the traditional classroom version or no course at all.

2 RELATED WORK

Since the turn of the century, the Internet enables educators to create virtual classrooms to reach otherwise unreachable students. In the case of financial literacy, students with busy work schedules, families, and otherwise limited means to access financial education may use technology to learn and improve their financial well-being.

Slaughter (2006) states digital programs, such as *Practical Money Skills for Life*, successfully improve financial literacy for African American high school students by as much as 21% based on qualitative analysis. Slaughter (2006) implemented a two-phase method: preliminary interviews to understand financial attitudes and pre/post-testing within a web-based personal finance course quite like *Financial Peace University*. Unlike Slaughter's work (2006), this project will survey former and current *FPU* students to measure their financial well-being before and after the course; this project will utilize quantitative analysis with an expected large sample size rather than a qualitative study to understand the phenomena of financial literacy. Slaughter's questions (2006), such as demographics and attitudes, will influence questions in this project's survey.

In *Outcomes of On-line Financial Education for Chronically Ill Rural Women* (Haynes, Haynes, & Weinert, 2011), the level of intervention in the course is a key focus to determine financial literacy improvements with online education. Haynes et al. (2011) studied three groups: intense intervention with support from other classmates and experts, moderate intervention without support, and a control group. Haynes et al.'s study (2011) featured larger groups than Slaughter's (183

participants in total with pre- and post-test data). Like *FPU*, the course was an extended intervention (22 weeks) (Haynes et al., 2011). 60% of the Haynes et al. (2011) study participants were middle-aged or senior adults; a direct foil comparison to Slaughter's participants (2006). This project's participants will feature participants between the ages of 20 and 45, covering a different demographic for online financial education.

Way & Wong (2010) investigated if technology improves financial well-being. They found the opportunities to target both general and special groups are possible with technology, but they also found we must apply specific teach strategies to implement the technology effectively. Way & Wong recommended a focus on decision-making, human motivation, and meaningful engagement to improve success. In addition, they concluded a direct approach to "learn with" instead of "learning from" technology (Way & Wong, 2010, p. 64). The research duo found social media and forums as a key part in learning through shared experiences. This is also a feature of *FPU*.

The Federal Reserve Bank (FRB) of St. Louis measured the effectiveness of a single course, *Soar to Savings* (Wolla, 2017). Like Wolla's study (2017), this study will determine the efficacy of a specific course. The FRB concluded online courses have similar, positive effects to traditional courses. It is worth noting the government does not give Community Reinvestment Act (CRA) credits to banks for teaching courses online; the act requires an in-person class for banks to earn CRA credits. This affects current pedagogy used by financial institutions.

Other researchers found behavior and psychology plays a significant role in financial wellness (Fernandes, Lynch, & Netemeyer, 2014). Confidence has a positive correlation with financial independence (Farrell, Fry, & Risse, 2016). Media on the subject also influences behavior and moods on personal finance, targeting middle-to-upper income families and shifting Americans towards neoliberalism (Davidson, 2012). *Financial Peace University* and Dave Ramsey/Lampo Group, LLC materials follow this pattern, encouraging students to win financially and become self-reliant.

3 PROPOSED WORK

3.1 Hypothesis

The average student achieves better financial health when completing *Financial Peace University* online compared to the traditional course or not taking the formal course but consuming Dave Ramsey/Lampo Group, LLC materials.

3.2 Methodology

3.2.1 Data Gathering

The project will conduct initial need finding through perform interviews with a small population of financial education students to gather qualitative information about their experiences. The interviews will be multi-modal (telephone, email, and in-person). The project will record transcripts of the interviews for future analysis.

The project will perform added need finding with a preliminary survey to find high-level themes and to show previously unknown phenomena prior to conducting a large-scale survey. Interviewees will take the survey in addition to conversations to supply context. The need finding part of the project will detect biases within the population and the researcher and connect moods to behaviors as well as determine if *FPU* responds to the needs of its students. The subjects will effectively be a focus group prior to large-scale research.

The project will use survey research to gather information from *FPU* students and graduates. This second survey will dive deeper into the details to find pedagogy successes and failures within *FPU*.

The survey will gather demographic information, use semantic differential scaling to measure financial attitudes and behavior, ask situational questions to assess financial literacy, and ask participants before-and-after financial health questions related to their time in *Financial Peace University* or consuming related materials created by Lampo Group, LLC.

By applying stratified random sampling, the project will split participants into five groups:

1. Traditional graduates
2. Traditional current students

3. Online graduates
4. Online current students
5. Non-student consumers of Dave Ramsey/Lampo Group, LLC materials (video, audio, or literature)

Google Forms or a similar solution will host the survey for participants. The project will advertise the survey across three channels: the CS6460 discussion board, the [Ramsey Baby Steps Community](#) on Facebook, and Twitter.

3.2.2 Analysis

The need finding part of the project will focus on qualitative analysis. The output will include graphics such as word maps and distributions of participants prioritized needs within the scope of financial literacy. This part of the project will also find oddities and extrema from the focus groups.

The project will perform cross tabulation analysis to find patterns and trends in survey responses. The project may apply Chi square testing to verify relationships are statistically relevant. Following the first data analysis, the project will perform a SWOT analysis to make recommendations for program improvement and conclude how the study relates to the financial education technology industry.

3.2.3 Fall Back Plan

Given the blessing from Lampo Group, LLC's social media team in advance of the proposal, the project assumes the Facebook algorithm will display the survey to 20% of active participants within the Facebook group. In the event the participant count is lower than expected (e.g. less than 100 respondents), the project will request a special featured post from the Lampo Group, LLC social media team in exchange for sharing the research results and data with the organization. Additionally, the project may buy Facebook and Twitter advertisements to target specific populations. Finally, the project may conduct in-person recruitment at *FPU* classes in Georgia.

4 DELIVERABLES

4.1 Intermediate Milestones

The first intermediate milestone will be a video presentation overview of the research method, focus group results, preliminary survey data, preliminary interview data, and initial analysis.

The second intermediate milestone will be a video presentation overview of the survey response data to date, observations, and further analysis.

4.2 Final Deliverable

The final deliverable for the project will include:

- Consent forms from participants to publicize anonymized responses
- Focus group responses (preliminary survey and interview data)
- Survey questions
- Survey response data
- Analysis and research design documentation
- A narrated video presentation reviewing the project, including methods and results
- A final paper describing the project implementation, data, and analysis

5 TASK LIST

Week #	Task #	Task Description	Estimated Time (Hours)	Member Responsible
8	1	Confirm consent to advertise project on Dave Ramsey Facebook group	0.5	Zack
8	2	Review project proposal with mentor	1	Zack
8	3	Write consent form	2	Zack

Week #	Task #	Task Description	Estimated Time (Hours)	Member Responsible
8	4	Get social media advertising quotes from Facebook and Twitter; report expected advertisement reach	2	Zack
8	5	Draft preliminary survey questions	3	Zack
8	6	Draft interview questions	3	Zack
8	7	Write draft survey questions	6	Zack
8	8	Write weekly status update	0.5	Zack
9	9	Draft survey advertisement	2	Zack
9	10	Review consent form, draft survey, and advertisement with mentor	2	Zack
9	11	Execute need finding surveys and focus group interviews	12	Zack
9	12	Refine deliverables based on mentor feedback	4	Zack

Week #	Task #	Task Description	Estimated Time (Hours)	Member Responsible
9	13	Write weekly status update	0.5	Zack
10	14	Write intermediate milestone presentation with preliminary analysis and need finding data	8	Zack
10	15	Rehearse presentation	1	Zack
10	16	Record presentation	1	Zack
INTERMEDIATE MILESTONE 1 DUE				
11	18	Review peer and mentor feedback from intermediate milestone	1	Zack
11	19	Incorporate feedback into project	2	Zack
11	20	Review revised survey with mentor	1	Zack
11	21	Write weekly status update	0.5	Zack
12	22	Publish survey	1	Zack
12	23	Advertise survey / recruit participants	6	Zack

Week #	Task #	Task Description	Estimated Time (Hours)	Member Responsible
12	24	Write weekly status update	0.5	Zack
13	25	Analyze preliminary data	4	Zack
13	26	Write intermediate milestone presentation	8	Zack
13	27	Rehearse presentation	1	Zack
13	28	Record presentation	1	Zack
13	29	Write weekly status update	0.5	Zack
INTERMEDIATE MILESTONE 2 DUE				
14	30	Make go/no-go decision on fall back plan with mentor	1	Zack
14	31	Implement fall back plan (optional)	2	Zack
14	32	Incorporate feedback into project	2	Zack
14	33	Advertise survey / recruit participants	6	Zack
14	34	Analyze data	2	Zack

Week #	Task #	Task Description	Estimated Time (Hours)	Member Responsible
14	36	Write weekly status update	0.5	Zack
15	37	Advertise survey / recruit participants	6	Zack
15	38	Analyze data	2	Zack
15	39	Draft final paper	6	Zack
15	40	Draft final presentation	6	Zack
15	41	Write weekly status update	0.5	Zack
16	42	Finalize final paper and presentation	4	Zack
16	43	Rehearse presentation	1	Zack
16	44	Record presentation	1	Zack
16	45	Gather and send deliverables	1	Zack

FINAL PROJECT DUE

Total Hours	116
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Zack	116
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6 REFERENCES

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7 APPENDIX

7.1 About the Author

Zack White is a senior software engineer at Synovus, the largest financial institution based in the state of Georgia, United States. During his career, Zack worked in many engineering roles at Synovus as well as local government and other financial companies. His passions in technology include innovative culture, artificial intelligence, consumer privacy, DevOps, and financial systems architecture.

Zack graduated with special honors and a Bachelor of Science degree in Computer Information Systems – Information Assurance and a minor in Business Administration from Jacksonville State University in 2014. He is currently pursuing

a Master of Science degree in Computer Science – Machine Learning from the Georgia Institute of Technology.

Zack married his high school sweetheart, Jessica Martin, in 2014. They and their son, Parker, live in Phenix City, Alabama – a mafia town turned military retirement community on the Chattahoochee River. In their free time, the family enjoys performing in church orchestra, traveling, and college football.