



# An insight into the lack of Financial Literacy

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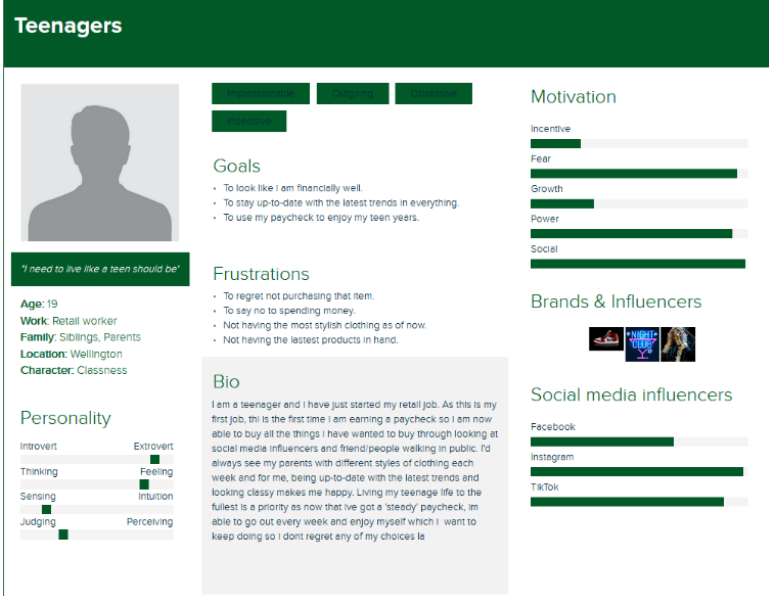
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# Research Methods

- Interviewing was the best way to get precise and deeper insights into the financial mindsets. Psychologically, I got the maximum focus out of my participant through minimising potential technological distractions like texting, social media, videos, etc, giving better quality answers. As the financial decisions made by people is very much a mindset factor, interviews are the best primary research tool to get inside people's head and dive into peoples' lived experience with money and problems which I haven't experienced.
- Desk research helps me to get a general idea of the ideas and insights into Financial literacy. With the internet having many resources like articles, case studies, blogs, etc, I was able to get hard evidence that could prove the statements and analysis I was making. This is also an important method as it got me thinking about the several different possibilities and ideas endorsed with this topic, engaging me to also think outside the box.

# Research methods used

- Autoethnography was a way of me being part of a financially literate environment where people with very different lived experiences came together to change the way they make their financial decisions mentally and physically. Being exposed to this culture and environment helped me to not only compare myself, but also observe the financial mindsets around me every week, verbally and non-verbally. (done last year)
- Doing a user persona helped me concise the important points of financial literacy whilst also adding context to my research in terms of establishing my main point. This further enhances my overall analysis and shows my understanding and empathy for this real-life issue. The other advantage of doing this was also so that I could provide a starting point for my journey map.



**Teenagers**

*"I need to live like a teen should be"*

**Age:** 19  
**Work:** Retail worker  
**Family:** Siblings, Parents  
**Location:** Wellington  
**Character:** Classiness

**Personality**

Introvert	Extrovert
Thinking	Feeling
Sensing	Intuition
Judging	Perceiving

**Goals**

- To look like I am financially well.
- To stay up-to-date with the latest trends in everything.
- To use my paycheck to enjoy my teen years.

**Frustrations**

- To regret not purchasing that item.
- To say no to spending money.
- Not having the most stylish clothing as of now.
- Not having the latest products in hand.

**Bio**

I am a teenager and I have just started my retail job. As this is my first job, this is the first time I am earning a paycheck so I am now able to buy all the things I have wanted to buy through looking at social media influencers and friend/people walking in public. I'd always see my parents with different styles of clothing each week and for me, being up-to-date with the latest trends and looking classy makes me happy. Living my teenage life to the fullest is a priority as now that I've got a 'steady' paycheck, I'm able to go out every week and enjoy myself which I want to keep doing so I don't regret any of my choices.

**Motivation**

Incentive	
Fear	
Growth	
Power	
Social	

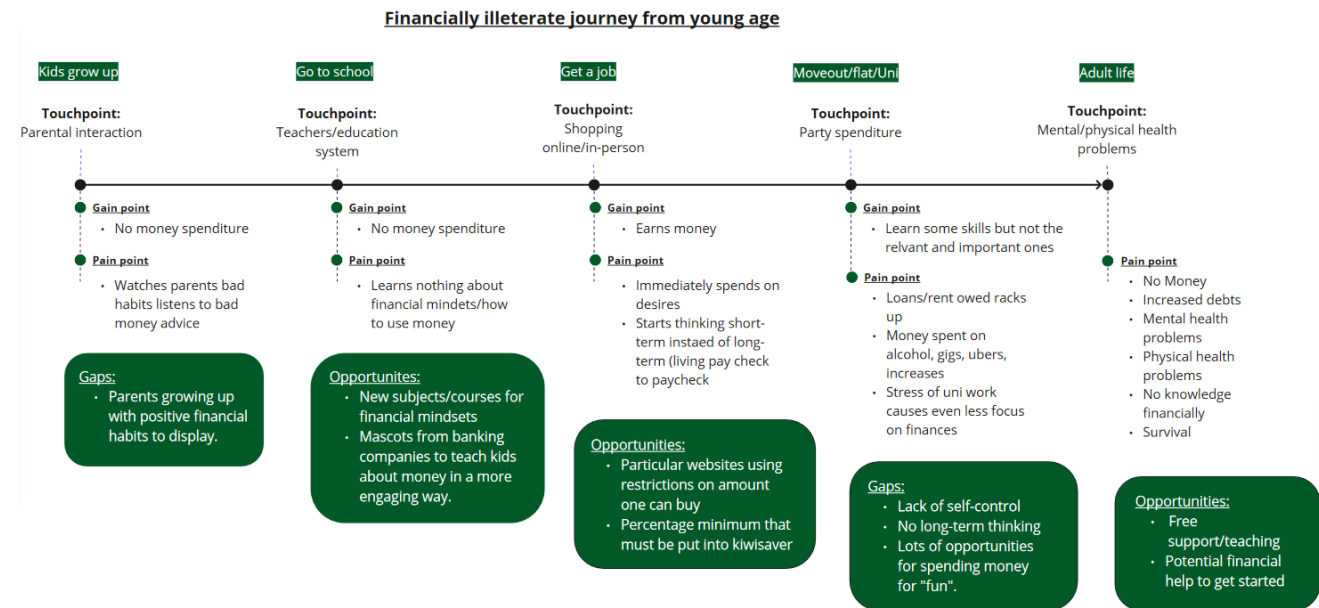
**Brands & Influencers**

**Social media influencers**

Facebook	
Instagram	
TikTok	

# Research methods used

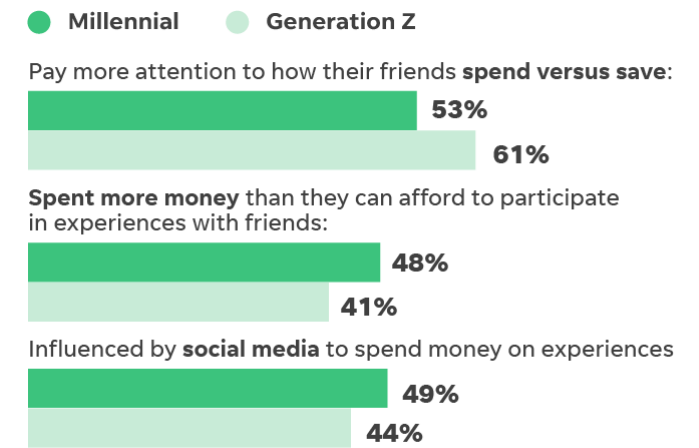
- Following my user persona, I did a journey map which helped me to understand more generally the background of the system that enables the lack of financial literacy within individuals. This helps me to visualize the situation better, pointing out the pain points, opportunities, and interactions within the system causing the issue which helps me in the later stage of my analysis when providing JTBD and HMW.



# Key insights

## Causes

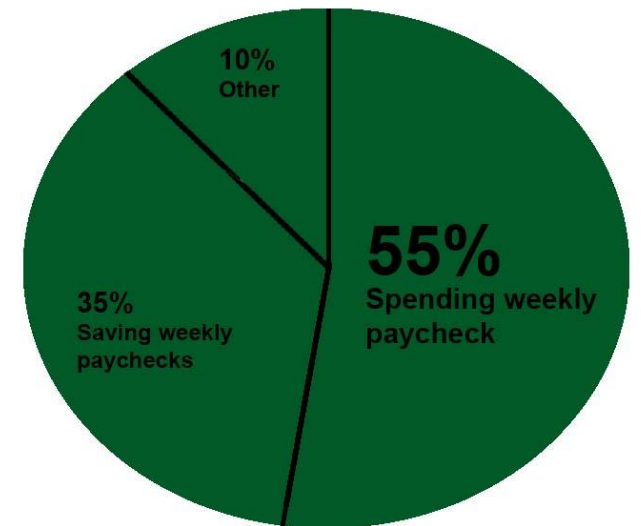
- Constantly spending money in places that don't give you any financial benefit – this wreck your income flow. (not investing in assets rather liabilities)
- Mindset as a cause of the obsession to look rich rather than be rich – this led onto the point of short-term thinking over long-term thinking. People are too influenced in trying to look well-settled like celebrities/afford the newest styles to never look outdated instead of how they can save for future needs. (living pay check to pay check)



SOURCE Schwab's 2019 modern wealth survey of 200 U.S. adults aged 18-22 conducted from Feb. 8-17, 2019.

# Key insights

- No budgeting having severe consequences on keeping on top off important payments like monthly bills, debts, etc. (spending more than what you earn weekly)
- Education systems teaching people the skills needed to earn money in a job, but don't have financial or budget classes to benefit their long-term financials.



Stats for my pie graph came from  
[https://nclnet.org/teens\\_spend\\_big\\_but\\_don\\_t\\_always\\_spend\\_smart/](https://nclnet.org/teens_spend_big_but_don_t_always_spend_smart/)

# Key insights

## Symptoms

- Constant need to borrow to make important payments
- No savings/emergency fund
- Financial stress – job vulnerability so start making desperate attempt to make money wherever you can including selling what you own
- You're mental state completely changes and consequently your physical state starts depreciating too.
- Delaying payments and/or doubts about certain payments



# Enablers/Supporters

- Some parents can support this behaviour as the teaching of bad habits from their youth years have been passed on through generations causing the illiteracy of financial decisions to be of no real concern to them or seeing their kids follow the same bad habits. Comments like “you’re not living if you are not in debt” or encouraging expenditure on luxuries “because you deserve it” (gallo, 2019) are then made to ‘support kids’ to live a dream which they feel like kids should feel but not what they should actually feel.
- Instead of finding solutions to help consumers, businesses feed of consumers’ mindsets to make more money with sales, bundles, giveaways, etc. The increase in purchasing power causes increased incentive to buy larger amounts, making consumers vulnerable. Online shopping is probably the biggest issue affecting consumers as this is the main addiction with lower prices and constant emails rushing decisions and “persuading us that we are missing out if we don’t make a purchase” (Bushi, 2020). Apps like Laybuy and Afterpay (with the promotion of “buy now, pay later”) further enable this behaviour as they promote the need to split payments into smaller amounts so it seems like they are spending less money at first.

# Who/How?

- This problem currently affects teens mostly, especially the university ones as already having student loans to pay and rent is piling onto their financial pressure with wasted money on online shopping, partying, and eating out only making it worse. As “financial literacy is rarely taught in schools” (Fontinelle, 2019), there are very little services in the outside world that are addressing this issue, rather looking at it from the opposite perspective of making money which seems to be the norm.

# Insight Focus

- With Budgeting being a real issue particularly for younger adults, I think I'll focus on this area. There are many apps and phone/email services with the objective of helping people budget however they sometimes lack effect especially on teens because – 1. They cost money often which teens would rather spend on wants like clothing, jewellery, etc. – 2. You can't change someone physically before changing them mentally first - These services offer techniques and how to implement them, but they don't explain the backgrounds behind budgeting influencing them into the mindset they need, just like universities/schools.

# HMW's/JTBD's

## How Might We's

- How might we get people to budget more often?
- How might we influence people into spending less than they earn?
- How might we encourage spending in different places (assets vs liabilities)

## Jobs To Be Done

- When I make payments, I want to be constantly reminded about how much money I've got left, so that I can budget appropriately.
- When walking into shops (online shopping), I don't want to be tempted with the lower prices so that I can learn to save more money.
- When getting my pay check, I want to be able to know the wiser options of where to put more money so that I can worry less about losing money (deficits).