



Chapter One

FINANCIAL LITERACY

“FAMILY SCRIPTS”

LEARNING OUTCOME

Understand the concept of “family scripts” and how sociocultural and familial influences shape financial behaviors and attitudes. Reflect on your own financial scripts to identify patterns that may help or hinder your financial wellbeing.

Cultural and Familial Influences

In this lesson, we will explore how personal beliefs and values shape financial behaviors, with a particular focus on Cultural and Familial Influences. Educators and interviewees in various studies have highlighted the significant role of sociocultural factors and family legacies in shaping attitudes toward money.

These influences, often passed down through generations, create "family scripts" about money that can affect how individuals perceive and manage their financial situations.

By reflecting on these deeply rooted beliefs, you will better understand how they impact your financial decisions, helping you develop healthier habits around budgeting, saving, and managing expenses.

THE INFLUENCES OF “FAMILY SCRIPTS” ON FINANCIAL BEHAVIOR

WHAT ARE FAMILY SCRIPTS? FAMILY SCRIPTS REFER TO THE BELIEFS, VALUES, AND BEHAVIORS SURROUNDING MONEY THAT ARE PASSED DOWN THROUGH GENERATIONS. THESE UNWRITTEN “RULES” ABOUT FINANCES ARE OFTEN INGRAINED FROM CHILDHOOD AND CAN DEEPLY INFLUENCE HOW INDIVIDUALS APPROACH MONEY MANAGEMENT. FOR INSTANCE, SOME FAMILIES EMPHASIZE SAVING AND FRUGALITY, WHILE OTHERS MAY PROMOTE SPENDING ON EXPERIENCES OR STATUS.

CULTURAL AND FAMILIAL INFLUENCES: SOCIOCULTURAL FACTORS ALSO PLAY A CRITICAL ROLE IN SHAPING FINANCIAL ATTITUDES. DIFFERENT CULTURES HAVE UNIQUE PERSPECTIVES ON WEALTH, DEBT, AND FINANCIAL SUCCESS. IN MANY CASES, FAMILY LEGACIES REGARDING MONEY ARE INTERTWINED WITH CULTURAL VALUES, SHAPING FINANCIAL BEHAVIORS IN WAYS THAT PERSIST THROUGHOUT LIFE.

FAMILY SCRIPTS MIGHT DICTATE WHETHER SOMEONE SEES DEBT AS A NORMAL PART OF LIFE OR SOMETHING TO AVOID, OR WHETHER THEY PERCEIVE FINANCIAL SUCCESS AS ACHIEVABLE OR OUT OF REACH.



My name is Maria, and I'm a school teacher from Lima, Peru.

Growing up, money was always tight in my family. My parents worked multiple jobs just to make ends meet, and we never spent money unless it was absolutely necessary. I remember my mother always saying, “You never know when the next crisis will come, so don’t spend what you don’t need.”

This belief was so ingrained in me that even now, as an adult with a stable job, I struggle with spending money on things that aren’t essentials.

Despite being financially secure, I constantly feel anxious about money. I rarely allow myself to spend on things like vacations or professional development courses, even though they could improve my wellbeing or career.

It’s hard for me to shake the feeling that no matter how much I save, it’s never enough. While this cautious approach has kept me from financial trouble, I sometimes wonder if it’s holding me back from living a fuller, more balanced life.



My name is Elisio, and I'm a Registered Nurse from Lagos, Nigeria.

In my family, appearances mattered a lot. My parents were successful business owners, and they believed that spending money on luxury items was a way to show others that you'd made it. Whether it was driving the newest car or wearing designer clothes, we always made sure to look successful. The idea was, "If you look like you have money, people will respect you."

Now, as an adult, I've carried this belief with me. I like having the latest gadgets, wearing high-end brands, and hosting big parties, even though my salary doesn't always cover those expenses. I often use credit to maintain this lifestyle, believing that it's worth it to keep up appearances.

While this boosts my social standing, I know that it's affecting my long-term financial stability. I struggle to save for bigger goals like buying a home because I'm constantly spending to maintain this image of success. My family's script around status and spending has definitely shaped the way I handle money, and I'm finding it hard to break the cycle of debt.



My name is Akiko, and I'm a graphic designer from Kyoto, Japan.

In my family, debt was something we were taught to avoid at all costs. My parents were always very cautious with money and believed that borrowing was a risky, irresponsible choice. They would often say, “If you can’t afford it outright, you don’t need it.” This belief became deeply ingrained in me, and I’ve carried it into my own life.

Even though I’m financially stable, I refuse to take on any debt. For example, I’ve been renting a small apartment for years instead of buying a home, even though I could probably afford a mortgage. I always pay for things in cash, and while this gives me a sense of security, I sometimes wonder if it’s holding me back from bigger financial opportunities.

I know that taking on reasonable debt could help me achieve long-term goals like buying a home or investing, but my family’s strong belief in avoiding debt has made it hard for me to consider these options. My cautious approach to money gives me peace of mind, but I also feel like I might be missing out on opportunities for growth.

Here are some of the most common family scripts—deeply rooted beliefs and behaviors about money that are often passed down through generations.

- **Scarcity Mindset:** In families where money has always been tight, individuals may develop a scarcity mindset. This can lead to anxiety around finances and a reluctance to spend money, even when it's reasonable or necessary.
- **Spending for Status:** In some families, money is seen as a way to signal success. Individuals raised in these environments may be encouraged to spend on luxury items or experiences to demonstrate wealth, sometimes at the expense of long-term financial stability.
- **Avoidance of Debt:** Some families have strong beliefs about avoiding debt, seeing it as something negative to be avoided at all costs. This can lead to very conservative financial behaviors, even when taking on reasonable debt might help achieve larger goals, like buying a home.

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Workbook

KNOWLEDGE CHECK:

1. WHAT BELIEF SHAPED MARIA'S FINANCIAL DECISIONS, AND HOW HAS IT IMPACTED HER SPENDING HABITS?

- A) SHE AVOIDS DEBT AND HAS NEVER BORROWED MONEY.
- B) SHE HAS A SCARCITY MINDSET, WHICH LEADS HER TO FEEL ANXIOUS ABOUT SPENDING, EVEN WHEN IT'S REASONABLE.
- C) SHE SPENDS MONEY ON LUXURY ITEMS TO SIGNAL SUCCESS.

2. HOW DID ELISIO'S FAMILY SCRIPT ABOUT MONEY AFFECT HIS FINANCIAL BEHAVIOR AS AN ADULT?

- A) HE AVOIDS DEBT AT ALL COSTS, EVEN IF IT COULD HELP HIM ACHIEVE LONG-TERM GOALS.
- B) HE IS OVERLY CAUTIOUS ABOUT SPENDING AND RARELY MAKES LARGE PURCHASES.
- C) HE SPENDS ON LUXURY ITEMS TO MAINTAIN A CERTAIN IMAGE OF SUCCESS, OFTEN USING CREDIT TO DO SO.

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3. WHAT IS AKIKO'S MAIN FINANCIAL BELIEF, AND HOW HAS IT INFLUENCED HER APPROACH TO MAJOR FINANCIAL DECISIONS?

- A) SHE HAS A SCARCITY MINDSET AND RARELY SPENDS MONEY, EVEN WHEN NECESSARY.
- B) SHE BELIEVES IN SPENDING MONEY ON EXPERIENCES TO DEMONSTRATE SUCCESS.
- C) SHE AVOIDS TAKING ON DEBT, EVEN WHEN IT MIGHT HELP HER ACHIEVE LONG-TERM FINANCIAL GOALS, SUCH AS BUYING A HOME.

4. WHICH FAMILY SCRIPT IS ASSOCIATED WITH A RELUCTANCE TO TAKE ON DEBT, EVEN WHEN IT MIGHT BE REASONABLE?

- A) SCARCITY MINDSET.
- B) SPENDING FOR STATUS.
- C) AVOIDANCE OF DEBT.

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5. IN ELISIO'S CASE, WHAT IS ONE POTENTIAL CONSEQUENCE OF HIS FAMILY SCRIPT THAT ENCOURAGES SPENDING FOR STATUS?

- A) HE MAY NEVER BE ABLE TO SAVE ENOUGH FOR LONG-TERM GOALS, LIKE BUYING A HOME OR RETIRING.
- B) HE MAY FEEL ANXIOUS ABOUT SPENDING MONEY, EVEN FOR ESSENTIAL ITEMS.
- C) HE MAY AVOID USING CREDIT CARDS, EVEN IN EMERGENCIES.

6. HOW DOES MARIA'S SCARCITY MINDSET AFFECT HER FINANCIAL WELLBEING, EVEN THOUGH SHE HAS A STABLE INCOME?

- A) IT LEADS HER TO SAVE AGGRESSIVELY, BUT SHE MISSES OPPORTUNITIES TO INVEST IN HER PERSONAL GROWTH OR ENJOY HER FINANCIAL SUCCESS.
- B) SHE SPENDS FREELY BECAUSE SHE KNOWS SHE CAN AFFORD IT.
- C) SHE OFTEN USES CREDIT TO BUY LUXURY ITEMS THAT MAINTAIN HER SOCIAL STANDING.