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Rescaling and reframing poverty: Financial coaching and the pedagogical spaces of financial inclusion in Boston, Massachusetts

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ABSTRACT

After the financial crisis, concerns about consumer financial protection and financial security in the United States (US) resulted in a renewed interest in promoting financial education. Targeting primarily low and moderate-income (LMI) participants, financial literacy and capability programs have been supported by national nonprofit organizations, as well as by city, state and federal agencies. While these programs have grown exponentially and now appear in major cities across the US, little is known about their everyday implementation. This article focuses on financial literacy and capability programs in the greater metropolitan area of Boston, Massachusetts to offer a close read of these under-examined nonprofit spaces of financial empowerment and inclusion in the US context.

Based on over 180 hours of participant observation and 45 semi-structured interviews during 14 months of in-depth qualitative research, this article identifies and analyzes a recent change in financial education from group-based workshops to a model of one-on-one financial coaching. In documenting the "coaching turn", this article offers a novel focus on the nonprofit spaces of financial inclusion and empowerment. As part of this, I examine how these programs shape personal financial habits and expand access to financial products and services for their LMI clients. By focusing on the spaces where the financial practices of populations at the margins of the financial economy are actively being shaped, this research reveals how the active growth of the financial sector is contingent upon the disciplining of making previously unfit market actors into viable debtors in the pedagogical spaces of financial inclusion. This research therefore shows how financial literacy and capability programs are expanding the reach of finance, especially into the lives of LMI populations. As such, this article offers insights into the evolving geographies of financial inclusion and exclusion and is an important complement to literature in geography on the social and scalar relations of financialization.

1. Introduction

Since the 2008 financial crisis, there has been a growing concern that Americans are ill-equipped to navigate an increasingly complex and opaque financial landscape. Indeed, research has shown that only 37% of Americans are able to answer basic questions about economics and finance (Lin et al., 2016), and only 42% of Americans have saved enough money to cover three months of expenses, a common indicator of financial security (Ratcliffe et al., 2015). In this context, regulators, policy advocates, and the financial services industry have championed financial literacy and capability initiatives as empowering individuals to survive and prosper in a financialized economy. Indeed, immediately following the financial crash, Federal Reserve Board Governor Frederic Mishkin (2008) suggested that

> There can hardly be a better time to make the case for economic and financial literacy than right now... [W]e face a downturn... fueled, at least in part, by unwise mortgage borrowing... [A] better informed citizenry would likely have resulted in more-prudent decision making and, consequently, less harm to the economy.

Following concerns that the financial literacy of the citizenry is tied to the economic stability of the state, in 2010 President Obama established The President's Advisory Council on Financial Capability and by 2013 governors and mayors across the country were creating offices promoting the financial security of residents, including in Boston where the newly elected mayor Marty Walsh created the Office of Financial Empowerment in 2014. These programs, and related initiatives of financial consumer education and protection, now appear in major cities across the United States (US) and are funded, supported and implemented by an array of private, non-profit, and governmental organizations.

Despite growing support for these initiatives, research up until this point has primarily sought to quantify financial knowledge acquisition

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without attending to *how* or *why* these programs influence the financial behaviors and habits of their target population, low and moderate-income (LMI)[1] adults. Except for Clark's (2013, 2014a, 2014b) scholarship examining global disparities in financial literacy rates, and Lai's (2017) and Morris's (2018) more recent writings, financial education has scarcely appeared as the object of geographical inquiry. Yet, the spaces of financial education are meaningful sites where financial practices are cultivated and where the logics of financial inclusion and empowerment are manifesting in the Anglo-American context.

This article offers an empirical focus on the under-examined spaces of financial empowerment and inclusion in the US context by focusing on the implementation of financial literacy and capability initiatives by nonprofit organizations in the greater metropolitan area of Boston, Massachusetts. The Boston region has received significant funding for financial empowerment programs from the financial services industry as well as national nonprofit organizations, and has a growing cadre of financial education professionals, known as financial coaches, who are employed by the city or local nonprofit organizations. Drawing on 14 months of qualitative research, I examine how financial coaches at nonprofit organizations in Boston promote financial empowerment by shaping personal financial habits and expanding access to financial markets for their LMI adult clients.

This article makes two contributions to the scholarship on the everyday geographies of financialization by analyzing how financial literacy and capability programs shape the financial practices of their clients. First, this article documents recent changes in US financial education practices, including a marked shift from group-based workshops to a model of one-on-one financial coaching. While scholars studying financial subject formation allude to the role of financial education in reconfiguring risk and responsibility, up until this point critical literature in the social sciences has not closely examined or theorized the role of nonprofit programs in shaping the financial practices of their client populations. By focusing on how financial coaches understand their everyday work with LMI adult clients, I document this recent transformative "coaching turn," and reveal the modus operandi and multiple effects of this model of financial education. Through a focus on the mundane shaping of financial practices, this research shows how the financial empowerment philosophy and the everyday work of financial inclusion are being carried out by nonprofit actors.

Second, this research offers an important complement to previous scholarship on the everyday life of finance and the geographies of financial inclusion by showing how nonprofit financial literacy and capability programs are expanding the reach of mainstream finance, especially into the lives of LMI populations. In so doing, this research shifts the empirical focus on everyday financial actors from middle and upper-income financial consumers (Beaverstock et al., 2013; French and Kneale, 2009; Langley, 2007) to low and moderate-income populations (Barinaga, 2014; Kear, 2013), and importantly, expands the traditional sites where financialization is studied to the nonprofit spaces of financial inclusion. A focus on the everyday practices of financial coaching reveals how the boundary between financial exclusion and inclusion is remade as financial coaches shape the financial habits and behaviors of their LMI clients. Based on this research, I argue that the active growth of the financial sector is contingent upon making previously unfit market actors into viable debtors in the pedagogical spaces of financial inclusion.

This article proceeds as follows: first, I situate financial education within the context of poverty alleviation programs and discuss how financial illiteracy became a concern of the state after the financial crisis. I then discuss the recent expansion of credit to low and moderate-income populations and consider how financial literacy and capability programs are spaces in which an under-examined population of financial actors are learning how to be 'good financial citizens'. Next, I turn to interviews I conducted with financial education professionals, and draw on extensive participant observation in Boston, to examine the broader theory of change that orients financial coaches' work with their LMI clients. I do this by discussing three key themes of financial coaching practice that emerged during my research: (a) motivating and empowering, rather than offering advice or expertise (b) achieving financial goals and disciplining spending and (c) expanding the use of credit and improving credit scores. Finally, I conclude by discussing how the financial coaching model rescales poverty from a collective to an individual problem, and reframes financial instability as something to be solved by market inclusion.

2. Shaping financial practices, making responsible financial citizens

In the US, contemporary financial literacy and capability initiatives are part of a long history in which the state and social service actors intervene in the lives of low-income populations (Cruikshank, 1999; Zelizer, 1997). For example, during the late 19th and throughout the 20th century, economic education efforts targeted poor and immigrant women and attempted to teach household budgeting and thrift practices (Witkowski, 2010). The shaping of economic practices has long been intertwined with gendered notions of morality and respectability (Joseph, 2013; Skeggs, 1997) and undertaken as part of state efforts to promote American values and social norms (Hohnen, 2007; Mitchell, 2003). While women remain the primary target population and comprise the majority of program participants, the scope and intentions of contemporary programs has shifted to emphasize not only economic behaviors, such as budgeting and saving, but financial practices as well. Now financial literacy and capability initiatives encourage participants to repay their debt, monitor their credit scores, avoid 'fringe' alternative financial services (AFS), and save and invest using mainstream financial products (The Federal Reserve Bank of Boston, 2013). These programs aim to provide *literacy* in the form of consumer education and are also newly concerned with promoting *capability* (Nussbaum, 2000; Sen, 1985), which includes a financial consumer's ability to "translate financial knowledge and guidance into better financial behavior in their everyday lives" (Sledge et al., 2011, p.3). One-on-one financial coaching has gained prominence as the preferred program model as financial *capability* has been prioritized over *literacy*.

Financial coaching seeks to empower clients to become more self-sufficient and financially stable through fastidious attention to one's personal finances. These programs invite clients to work on themselves to reap the benefits of the financial economy; rather than passively saving money, economic subjects are now expected to exhibit financial acumen and use credit at rates that indicate an engagement with financial systems, but not at levels that are deemed irresponsible (Marron, 2014). The shift in expectations from a passive saver subject to an active investor or debtor subject—whereby financial consumers are now expected to speculate, calculate and accumulate assets—has been well documented in the literature on financial subjectivity (Hall, 2012; Langley and Leyshon, 2012; Lazzarato, 2012), and is also reflected in the program design and pedagogical strategies of contemporary financial literacy and capability programs (Davies and Saltmarsh, 2007; Williams, 2007). These programs promote a form of financial self-governance in which the not-yet good enough financial subject is encouraged to exhibit the capacities of *homo economicus*, a necessarily fraught project (Foucault et al., 2008; Langley, 2007). As they encourage individuals to change their own behaviors (Jones et al., 2011; Pykett, 2012), these programs work through the neoliberal impetus to govern through freedom (Rose, 1999) and can be read as pedagogical tools of power.

[1] LMI in the US context is a household whose income does not exceed 115% of the median income for the area, adjusted for family size. According to the US Bureau of the Census, the median household income in the US is US$59,039 (2017a), while the median income for Suffolk County, where Boston is located, is US$56,530 (2017b). These figures hide significant income and wealth inequality in the Boston area (see Meschede et al., 2016).