Review of Literature

The general consensus among consumer educators and researchers is that women perceive risks differently than men (Jianakoplos & Bernasek, 1998; Schubert, Brown, Gysler, & Brachinger, 1999). Furthermore, several studies suggest that women are less willing to engage in risky behaviors than men (Arano, Parker, & Terry, 2010; Grable, 2008; Jianakoplos & Bernasek; Kohler, 1996; Neelakantan, 2010; West, Moskal, Dziuban, & Rumbough, 1996). This sex-risk relationship has been documented in a wide variety of situations.

Differences in risk tolerance between women and men may help account for “women’s lower levels of wealth compared to men’s” (Jianakoplos & Bernasek, p. 620). In other words, wealth dispersions between women and men may be attributable, in part, to the choices women make, vis-à-vis men, when faced with a risky financial decision. If women, on average, choose less risky alternatives (Hersch, 1996), then it is possible that this behavior will result in asset growth that lags that of men. Further, if it is found that married women systematically underestimate their risk tolerance in a biased fashion, this may explain wealth discrepancies observed at both the national and household levels.

Although not widely studied, an essential element in the examination of sex differences in financial risk tolerance is an individual’s risk tolerance estimation bias. Much of the literature suggests that individuals tend to be overconfident when making household financial predictions (e.g., the future of stock prices or the stability of employment) (Shefrin, 2000). Overconfidence appears to be a constant even when outcome probabilities are known beforehand (Griffin, Dunning, & Ross, 1990; Nowell & Alston, 2007; Sitkin & Pablo, 1992). What is less well known is whether estimation bias resembles overconfidence bias. It is known that men tend to be overconfident when making predictions. Camerer and Lovallo (1999) attributed men’s overconfidence to their tendency to be overly optimistic when making a prediction. One of the first tests of estimation bias

Telephonic Financial Education with Rural Low-Wage Earners

Sara Croymans, University of Minnesota
Debra Carpenter, Northern Connections, Inc.
Therese Perro, Northern Connections, Inc.

When the term “distance education” is mentioned, most people picture learning opportunities involving computers and the Internet. However, distance education can simply involve the telephone. Sometimes called “educational teleconferencing,” or “telephonic education,” it involves the use of telephone technologies to bring together two or more people for education about an issue (Epstein, 1999). Using telephonic education with rural low-wage earners is an inexpensive delivery approach that eliminates many barriers, including unreliable transportation, lack of child care, and limited access to a computer and the Internet. Also, the telephone is accessible to most participants and is a well-known technology (Gunawardena & McIsaac, 2004). The purpose of this paper is to describe a pilot telephonic financial education program for rural low-wage earners in a Midwestern state, to determine whether the telephone is still a viable educational intervention for financial literacy education, and to present recommendations for delivering financial education via teleconferencing.

Literature Review & Conceptual Framework

Moore and Kearsley’s (2005) Systems Model for Distance Education was the guiding conceptual framework for the program, ensuring that all pieces of the program were integrated. Components of the model include the following: (1) sources, (2) design, (3) delivery, (4) interaction, and (5) learning environment. All forms of distance education include these components.

In the systems model, program sources of knowledge require the organization to determine what content will be taught based
on the organization’s philosophy and history, and the learners’ needs (Moore & Kearsley, 2005). It is recommended to ask the participants about preferred program content.

The second and third components in the model, design and delivery, are closely related. Design requires giving close attention to instructional design, media, program, and evaluation, whereas delivery involves how the education is delivered (Moore & Kearsley, 2005). The selected delivery method must be conducive to the course content (Ely, 2003). Machtmes and Asher (2000) determined through a research literature review on telecourses that, “There does not appear to be a difference in [participant] achievement between distance and traditional learners.” However, one study reported that dropout rates are typically higher in distance education programs than in face-to-face programs due to “large financial commitments, care of children and other social obligations, changing work situations, limited academic support, dissatisfaction with teaching methods, low learner self-confidence and self-perception, and student feelings of isolation” (Rovai, 2002).

Interaction, the fourth component, involves contact among the instructor and students and among the students themselves (Moore & Kearsley, 2005). Interaction among group members is an essential piece of a distance educational experience (Burkhart-Kriesel & Caine, 2004). One institution found success with their telephonic education program due to the interactions between students and teachers, students and learning materials, and among the students themselves (Garrison, 1990).

Distance learning teachers using minimal technology may not have the cues available in a conventional classroom, such as body language, eye contact, head nods, or side conversation, because of which they may need to change how they assess students’ understanding of materials (Bower, 2001; Epstein, 1999). The telephonic distance education delivery method provides opportunities for interaction and collaboration among participants and the instructor through simple verbal exchanges. Distance education courses using more advanced technology have

**Risk-Tolerance Estimation Bias: Do Married Women And Men Differ?**

John Gilliam, Texas Tech University
John E. Grable, Kansas State University

A person’s estimation of their risk tolerance, defined as the willingness to engage in financial activity whose outcome is uncertain, plays an important role in nearly all household financial decisions (Duda, Bruhin, Epper, & Schubert, 2010). Fewer errors would be observed in financial decisions if consumers were accurate in the evaluation of their risk tolerance. However, this is not the case (Shefrin, 2000). The economics and household finance literature is replete with tests of consumer biases. Three generalizations emerge from the literature. First, when people are overconfident they establish guesses about an outcome that are too high. Conversely, consumers who exhibit underconfidence tend to guess too low. Second, consumers often estimate with overconfidence when faced with general knowledge assessments (Lichtenstein, Fischhoff, & Phillips, 1999). Third, men tend to exhibit overconfidence in most household consumer decisions that involve risk.

While a great deal has been written about consumer confidence biases, very little is known about a related cognitive predisposition known as estimation bias. Grable and Roszkowski (2007) defined risk tolerance estimation bias as the systematic over- or underestimation of a person’s financial risk tolerance compared to an independent criterion. The purpose of this paper is to report on a test that measured how well married men and women were able to estimate their financial risk tolerance. This paper adds to the body of literature on sex-based estimation bias as it relates to household decisions that involve financial risk.
many tools available to facilitate this interaction, such as whiteboards, chats, blogs, wikis, and social networking applications (Beldarrain, 2006). Instructors of low-tech programs need to purposely and creatively seek opportunities to encourage communication and sharing.

The fifth component of the model is the learning environment, because distractions and interruptions can make learning more difficult (Moore & Kearsley, 2005). It is important to recognize that the five components of the systems model are interconnected.

**Unique Partnership**

The state Council on Economic Education and the Extension Center for Family Development initiated the Community Educator Program in 2005 to empower individuals and families with the financial knowledge they need to survive and thrive. The program trained staff of grassroots agencies, who had access to underserved populations. After an initial 2-day training in financial management content and educational methods, the community agencies applied for funding to co-sponsor two 6-hour financial education courses. Extension professionals mentored community agency staff on teaching skills and content knowledge. In 2009, Northern Connections, a non-profit human service agency serving 12 rural counties in a Midwestern state, partnered with Extension. Northern Connections provides unique access to underserved populations by telephonically connecting low-wage families to resources in order to achieve financial independence.

**The Money Matters Telephonic Financial Education Program**

The “Money Matters” pilot telephonic financial education program was developed as a result of the Community Educator Program. The program is discussed below in terms of the five components of the systems model for distance education: sources,
design, delivery, interaction and learning environment (Moore & Kearsley, 2005).

Program Sources of Knowledge

Prior to designing the program, Northern Connections staff asked over 30 customers about their interest in a telephonic class and what problems they foresaw in participating. Input was also requested on preferred topics, length of calls, time of day, and days of week. Based on input, knowledge of clientele, and staff content knowledge, the curriculum was developed around eight topics: (1) Decision Making & Money Choices, (2) Savings & Spending Plans, (3) The ABC’s of Credit, (4) Using Credit Wisely, (5) Checking & Savings Accounts, (6) Paychecks & Tax Credits, (7) Avoiding Frauds & Scams, and (8) Investing in Yourself.

Program Design for Successful Implementation

Several factors were considered when designing the program. Transportation was an issue because many low-wage families lacked reliable vehicles, auto insurance, or gas money to attend classes in person. Due to the rural area, convening participants in a central physical location would have required up to two hours travel time for some participants. Availability and affordability of childcare was another common barrier to attending classes.

Determining what time of day to schedule the class was another consideration. Many low-wage earners worked in entry-level jobs and had a different schedule each week, or hours that varied from day to day. Customers indicated late morning or evening classes were best. For customers with varied work schedules, the flexibility of being able to participate in an evening class one day and a morning class another was important.

Trainers considered webinars as a delivery method, but estimated that less than 10% of Northern Connections’ customers had a working computer and Internet access. To facilitate the telephonic delivery method, the agency contracted with a telephone conferencing service provider. Class participants


Program Delivery

A blended delivery method was used as the telephonic approach, which was enhanced by print materials. Resources were compiled in a 3-ring binder with handouts, worksheets, activities, calculator, pencils, and novelty items. The manual, class schedule, and call-in information were mailed to participants by U.S. Mail prior to the first class with delivery confirmation. Staff called participants the day before each class to remind them of the class and of any homework.

Two rounds of classes were held. In the first round, one topic was covered for an hour each week for eight weeks, for a total of eight hours. Participants could participate in the morning session one week and the evening session the following week depending on their schedules. Based on participant feedback and retention rates, it was determined that eight weeks was too long. Participation was interrupted by many life events including getting or changing a job, a shift in work hours, or a family illness. For the second round of classes, the curriculum was modified so the eight topics were delivered in four 1½ hour sessions over a 2-week time period, for a total of six hours of instruction. The shorter time commitment made recruitment easier and increased the completion rate due to the occurrence of fewer life events.

called a toll-free conference line to join the class, eliminating personal long distance phone charges. An unlimited number of individuals could be on the conferencing line at one time. The teleconferencing cost for a 90-minute class with five participants and one instructor was less than $25, which was relatively low compared to providing gas vouchers for participants to drive to a centrally located class. Staff promoted the class and recruited participants during normally scheduled calls with customers. In lieu of paying for childcare or gas vouchers, a $50 cash incentive was offered for completion of at least six hours of course work. Due to funding requirements, a minimum of 15 participants were recruited for each round of training. This purposive sample was representative of Northern Connection’s customer base.
Program Interaction

Classes were taught by Northern Connections staff with assistance from an Extension Educator. The number of participants per call varied. The instructors noted that four to five participants was ideal for interaction. Participants introduced themselves by first name at the beginning of each call to get acquainted. The instructor introduced the day’s topic and directed participants to the appropriate materials in their manuals. Participants discovered and practiced financial concepts using interactive exercises and games. Due to the confidential nature of some topics, participants appreciated being able to complete some exercises privately, such as a spending plan.

In normal day-to-day interaction, Northern Connections staff members encourage problem solving, coach customers, and provide resources telephonically. Staff members have learned to be focused listeners and are attuned to verbal cues of participants such as tone of voice, pauses and hesitations. This allowed them to probe and question as needed to ensure participants grasped concepts.

Staff intentionally provided opportunities during the calls for participants to interact with the content and one another. Discussions on the calls were lively and participatory. For example, during a discussion on cutting expenses, one individual expressed surprise about how much she spent on energy drinks and committed to buying fewer drinks. Another individual expressed similar sentiments about eating lunch out, while another discussed money spent on cigarettes. Many learners shared difficulties they had encountered and offered suggestions of how they handled the situations. Two individuals told of their experiences as victims of identity theft. Another individual shared her experience with using expensive payday loans.

Learning Environment

Staff encouraged participants who had children at home to engage the children in a quiet activity, such as reading a book, to minimize distractions. Most participants were able to use the are trusted intermediaries between families and traditional organizations.

Organizations considering the implementation of a promotores model must take into account the unique circumstances of the communities they serve, as well as the program goals and objectives they seek to accomplish.

In the program presented in this research, promotoras received a monthly stipend of $500 for a caseload of an average of 5 to 6 families. Although promotoras did not operate on a fixed schedule and were not required to log working hours, monthly trainings and team meetings were obligatory. Most promotoras had other employment and viewed their position in the program as a type of paid volunteer work for their community.

Although the study shows that the use of promotoras is a promising approach, there are drawbacks that warrant brief attention. First, promotores turnover and participant disengagement from the program were two recurring issues, which might be addressed through effective strategies for recruitment and retention. Second, some promotoras felt inadequately trained to address the financial issues presented by their families. Comprehensive initial and ongoing training would better prepare promotoras for their work. Third, many of the program participants (families) had basic needs that extended beyond the explicit focus of financial education. This issue might be addressed through a flexible financial curriculum that can serve to focus on the objectives and desired outcomes of the promotores model.

Finally, this study relied heavily on qualitative research methods. Given the research objectives of the original program evaluation, the use of in-depth interviewing and focus groups was appropriate and justified. Future research on peer-to-peer models of delivering financial education should use quantitative approaches to capture program outputs. Research that is able to assess measurable outcomes in keeping with promotores program objectives is needed to evaluate the efficacy of such a model and establish best practices.
She notes that: “I would say that the companionship that I have there and the support of knowing that I can do it...it makes me feel that I can do it. It boosts my confidence more. I usually say, 'Thanks, I don't know what I would have done if you had not been here.' I really need that confidence sometimes, because there are times I say that I don't think I am going to make it. I never thought I was going to do that. People can say, 'Hey, she’s a single mom with four kids, would you ever say that she would be able to make it?'.

Juanita’s comments suggest that personal empowerment was one of the first steps in the direction of positive behavior change.

In a similar conversation with Dora, a program participant, she shared about how her promotora provided the encouragement to keep going toward her financial goals: “Sometimes I am so tired and worn out, and then she comes to ask how I am doing. I tell her that I am frustrated, but she tells me that I am actually doing all right. She reminds me of where I came from. Sometimes she is like a counselor. It helps me because I leave the meeting saying, 'I am actually doing it.'

For these participants, an ongoing relationship with someone who cared about their situation, provided emotional support and offered financial coaching was what they needed to get over the emotional hurdles and get their lives on the right track.

Conclusions

The experiences described by participants in this exploratory study suggest that the promotora model represents an alternative and novel approach to delivering financial education in low-income communities. This model has three main advantages that may serve to complement existing traditional financial literacy programs. First, the promotora model is flexible and can be tailored to the financial needs of families. Second, the ongoing relationship with a promotora helps families to stick to financial resolutions and sustain them over time. Promotoras are a source of accountability on the path towards meeting financial goals. Third, families trust promotoras because they reside in the same communities and share similar cultural backgrounds. Promotoras phone mute button as needed to decrease background noise.

During regular calls with customers, staff followed up on goals, responded to questions, and asked how they felt the classes were going.

Program Outcomes

The program participants mirrored Northern Connections typical customer base. Of those completing one of the two rounds of training, 86% were female and 14% male. Forty-four percent were age 21-30; 24% were age 31-40; 24% were age 41-50; and 8% were age 51-70.

To collect impact data, a multi-method evaluation was used, which included participation rates, feedback during the calls, a mailed post-workshop evaluation, and a 10-12 month follow-up phone survey. Roberts, Irani, Telg and Lundy (2005) recommend that to evaluate the distinctive elements of distance education, the evaluation tool should assess the educators, the usefulness of the program, and the technical components of the distance education program.

Participation Rates

Twenty-one individuals were recruited for the initial training. Of these, 1/3 completed the required six hours (n=7), 1/3 dropped out due to unforeseen events (start of a new job, health reasons, etc.) (n=7) and 1/3 dropped out for unknown reasons (n=7). For the second training, 20 individuals were recruited. Of this group, 70% completed the required six hours (n=14) and 30% participated in only one or no sessions (n=6). Thus, in total, 21 individuals completed either the first training (n=7) or the second training (n=14). Retention improved for the second training due to fewer sessions over a shorter time frame, the greater eagerness of the participants to learn about personal finance, and better recruitment efforts. The first time, staff targeted those they thought would benefit from the training. The
second time, staff targeted those who wanted to participate and who were committed to working on financial goals.

**Feedback during the Calls**

Feedback during the calls was also utilized as an evaluation tool and was noted by instructors while the class was in session. For example, during the conversation on saving money, almost all participants identified at least one area in which they could cut expenses and realized that those savings over time could offset other expenses.

**Post-workshop Evaluation**

A post-workshop evaluation was mailed to participants who had completed either of the two trainings (N=21). Evaluations were returned by 24% of the participants (n=5). All respondents rated the financial training sessions useful, the training manual and telephonic method very useful, the amount of information just right, and the times of day convenient. Sixty percent indicated they made some or a lot of changes as a result of the training - mostly related to how they were spending money and identifying ways to save money. Learners shared: “I gained knowledge of credit card laws,” “I quit spending money on things that I shouldn’t buy,” and “I’m now able to save money better than before.”

Participants identified several positive program outcomes. The anonymous nature of the calls allowed them to share life experiences that may not have been shared in person. The flexible class times allowed individuals with changing work schedules to participate or make up a missed call. The telephonic delivery method eliminated transportation, travel time, and child care concerns. One participant indicated on the post-workshop evaluation, “Due to the cost of gas and my health conditions, I wouldn’t have been able to participate in a face-to-face training.”

**Follow-up Phone Survey**

A follow-up phone interview was conducted 10 to 12 months after the telephonic program with participants who had they will be able to respond and I will be able to ask....I do feel like a partner, not just a worker trying to do a job.”

Program participants also testified to the importance of developing a trust with their promotoras. In a conversation with Mr. Howard, a program participant, he expressed the importance of feeling comfortable with his promotora. He stated that: “[It’s] definitely less intimidating. You know who (sic) you’re talking to; you’re dealing with someone you know and associate with. Because if you get the person, that’s there in the neighborhood, to explain what they’re doing, come across with clear and concise manner, that’s what he did. We sat on the porch and talked about things. I never sit on the porch. He asked me what I wanted for my family and that kind of thing. And you wouldn’t do that with just anybody. If you walked into the office downtown and someone says, ‘What do you want for your family?’ You wouldn’t be as open as you would with somebody, who’s literally become part of the family.”

Mr. Howard’s experience suggests that he was more willing to discuss personal financial matters with someone he viewed as a peer. His comments also suggest that the peer-to-peer approach at the center of a promotora model may be an effective approach to break down distrust and discomfort often times associated with the formality and bureaucracy of institutions.

**Empowering Financial Planning: “I never thought I was going to do that”**

Putting decision-making in the hands of the participants can foster a greater degree of responsibility for positive program outcomes. For many low-income families, marginalization, negative life experiences, and low self-confidence become impediments to making sound financial decisions. Negative experiences managing money can also lead to feelings of disempowerment and learned helplessness. The promotora model of financial education may help people overcome their feeling of disempowerment. Juanita again reveals that the relationship with her promotora empowered her to not only “just make it” but also keep going and accomplish goals she never thought were possible.
The experiences presented above suggest that a *promotora* model may be an effective approach to help families develop financial planning skills and habits. Because *promotoras* are not restricted by specific goals or objectives, they can provide financial education that is flexible and tailored to the needs of their families.

**Building Relationships: “It’s important that someone’s out there caring”**

Social networks are an important resource of financial information for low-income individuals (Chang, 2005). Moreover, the development of trusting relationships in social networks can create stronger social ties, which people can use to obtain a range of information (Putnam, 2000). A *promotora* model seems to promote social capital, trust, and ultimately access to resources. In the following comments Christina underscores the point that the relationships are indispensable for successful outcomes: “If they don’t see that we’re trying to help them, they’re going to be a little unresponsive, and they will say ‘well, you know what, they’re not helping me, I don’t see the need.’ If you get them going, if you’re a constant part of their life, that’s important. It’s important that someone’s out there caring...then you get a better response.”

Christina’s comments suggest that a trusting relationship can be important for some people who otherwise are suspicious of mainstream financial literacy programs because they are perceived as too formal or bureaucratic. Her comments also suggest that people might be receptive to information when it comes from someone with whom they share a common background and cultural identity.

Vivian, a *promotora*, suggested that her role with the family extended beyond just ‘doing a job.’ She notes below that: “I don’t only go to the families to do my job, but I get involved with them. I like to see their changes, to congratulate them and support them, to motivate them and push them. And for sure, we have all become friends...You start becoming involved with them and there has to be a certain tuning so that completed either of the trainings (N=21). Northern Connections staff made contact with 8 of the 21 participants. Staff indicated they were not able to connect with the other individuals due to disconnected telephones, health issues, and messages not being returned.

Seventy-five percent of those contacted in the follow-up phone call indicated that they participated in the program because they had a desire to learn more, including how to save, budget, obtain a credit report, and stretch existing resources (n=6). Participants overwhelmingly (100%) indicated they liked participating using the telephone. Convenience was a common response. One individual indicated she didn’t have a car so she appreciated being able to participate from home. Two individuals indicated they appreciated participating from home due to the need to care for children. Two more participants identified a few distractions during the sessions, including others reprimanding children, occasional disruptive background noise, and the sound of someone doing dishes. All of the participants indicated that the number of sessions, timing, and length of calls were acceptable and did not need to change.

When asked about the packet of materials mailed prior to the first call, all participants responded positively. One individual indicated, “They were more than I expected” while another indicated, “They were cool.” Three individuals shared that they had reviewed the materials prior to the classes to prepare themselves. Two additional participants stated they planned to go back to the materials as needed.

Participants were asked what important lessons they took away from the calls. Thirty-eight percent of the participants indicated that ‘everything’ was valuable (n=3). One individual commented that the course “made me more aware of my money situation. I started to ask myself important questions about my money situation.” The majority of the participants shared an example of how they had used the information they had learned, including reviewing a credit report, making a decision not to get a credit card, keeping track of expenses, and trying to stay on top of bills. Frustrations
were also shared as one individual indicated she unsuccessfully tried to get her husband involved in helping manage the finances while another commented, “Budgeting is important, but I still struggle and it is hard work to live within your means.”

Table 1
Responses From a Follow-up Survey of Participants in a Telephonic Financial Education Program (n=8)

Table:  
<table>
<thead>
<tr>
<th>Which of the following actions/strategies have you done after participating in the calls?</th>
<th>% participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented strategies to be thriftier?</td>
<td>100%</td>
</tr>
<tr>
<td>Tracked spending?</td>
<td>88%</td>
</tr>
<tr>
<td>Developed a spending plan or budget?</td>
<td>88%</td>
</tr>
<tr>
<td>Developed a method for paying bills and keeping track of receipts?</td>
<td>75%</td>
</tr>
<tr>
<td>Took steps to start, build, improve or maintain your credit?</td>
<td>63%</td>
</tr>
<tr>
<td>Took steps to avoid frauds and scams?</td>
<td>88%</td>
</tr>
<tr>
<td>Talked to others about what they learned?</td>
<td>75%</td>
</tr>
<tr>
<td>Looked up more information about the topics?</td>
<td>38%</td>
</tr>
<tr>
<td>Participated in other classes about money issues?</td>
<td>0%</td>
</tr>
<tr>
<td>Shared Money Matters materials with others?</td>
<td>88%</td>
</tr>
<tr>
<td>Recommended the program to others?</td>
<td>75%</td>
</tr>
</tbody>
</table>

Participants were asked if they had taken any action on several class concepts after participating in the program, as shown in Table 1. All of the participants (100%) indicated that they had implemented strategies to be thriftier. All but two of the actions were completed by more than 60% of the participants and often more than 80% of participants within a year of program completion. Only two actions were reportedly taken by few participants—only 38% of participants indicated they had looked up more information about topics, and no participants reported that they had participated in other classes about money issues.

Recommendations for Implementing a Telephonic Consumer Education Program

The authors suggest the following six recommendations for conducting a telephonic consumer education program:

motivations for entering the program: “We started off planning the budget, taking everything out, and she asked me what I wanted to do? I said: ‘I just want to be able to make it. I want to be stabilized for the kids, for myself, I don’t want to depend on anyone.’ So she got my budget going, with what I was earning and everything, and it helped a lot because actually now I can say that I have a budget, and I can take care of what I have. I am not much of a spending person anyway, but now I don’t overspend.”

Juanita’s experience is revealing because it illuminates the basic challenges that impede low-income persons from establishing financial stability, and for many people learning basic financial management skills like budgeting and saving money are the stepping-stones to a more stable financial situation. For Juanita, her initial successes were attributed to working with a knowledgeable person who cared about her financial struggles, helped her to put some basic financial planning pieces in place, and enabled her to finally “make it.”

As individuals move beyond basic financial management practices, there are competencies that are required to ensure that resources can be successfully acquired. For George, a participant in the program, navigating the bureaucracy of financial organizations represented a special challenge. Below he notes how working with a promotora helped him to successfully manage the paperwork requirements for accessing resources and enrolling in a training course: “We go to all these places and they give me and my wife all these things to fill out, and we’re like, ‘well we don’t understand.’ I never knew there was somebody like that [promotora] to help us to fill out what we needed to fill out. We went to a lot of courses, and people would say ‘Well, here’s the paperwork.’ I mean if you don’t understand what you’re filling out, then you get stuck….you need somebody that knows what’s going on.”

George’s comments suggest that a knowledgeable person can serve an important role in helping families develop the competencies necessary to further their financial planning, such as opening bank accounts, enrolling in community-based programs, and accessing resources.
project, the program, I kind of felt that I was pretty much on my own, but since I now have the feeling that there’s something else there, somebody out there that’s maybe able to help me with situation.”

Melody, a program participant, noted how her promotora has helped her to become aware of community resources essential for successful financial planning. She stated: “She [promotora] sometimes just calls me when there are different opportunities available, as far as, if I need help with getting food, or if I need help with daycare. She has let me know that there are resources out there that can help me….helping me with the IDA [Individual Development Account] program. It has been helpful. I mean, I appreciate the program....She will keep me on track.”

The experiences presented above of both promotoras and program participants demonstrate that a promotora model can effectively serve to both raise awareness of and connect families to community resources that can assist families achieve successful financial planning.

Teaching Basic Financial Management Skills: “I just wanted to make it”

Low-income households are less likely to save, invest, and use a monthly budget than higher income households. Although these basic financial behaviors are essential building blocks to successful financial planning, limited education prevents many low-income households from acquiring these skills. The promotora model of providing financial education may be an effective tool to help low-income families develop basic financial management skills.

Several of the families interviewed found themselves in challenging financial straits without the skills to alleviate their financial distress. Juanita, a young Latina woman who was divorced and raising four children on her own, found herself in a financial situation characterized by overspending, living paycheck to paycheck, and struggling to pay the bills every month. Since becoming aware of the program and developing a relationship with a promotora, she started implementing small steps to establish financial stability for her family. Juanita describes her initial

1. **Prepare before the course begins.** It is vital to recruit participants who are committed to working on financial goals. If possible, provide incentives for participation and to increase retention. Seek participant input on program content. Encourage learners to join the call in a quiet place to minimize background noise. Also, ensure that instructors have thorough knowledge of the concepts and materials and are skilled in telephonic education.

2. **Provide flexible scheduling.** Identify and eliminate any barriers to participation. Offer the sessions at different times of the day and at more than one time to accommodate participants’ schedules. Schedule the series over a short period of time to increase retention. We found a 2-week series more successful than an 8-week series.

3. **Supplement class time with printed materials.** Enhance telephonic delivery with printed materials mailed to participants prior to the first class. Assign participants homework or assignments throughout the course. Call participants a day before each class to remind them about the class and of any homework.

4. **Foster interaction among participants.** Interaction among participants, the instructor, and the material must be strategically planned. Incorporate get-acquainted activities for participants to become familiar with one another and the instructor at the beginning of each call. Intentionally provide additional opportunities for participants to interact with the content, instructor, and one another.

5. **Develop ground rules for the class.** These rules might include the following: one person talks at a time, all participants must be respectful of other participants, and shared information must be kept confidential.

6. **Ensure that participants understand the materials.** Use questions and probes to evaluate participants’ understanding of course concepts. Follow up with participants outside of class time to respond to any questions or to provide clarification about the materials.
Conclusion

The authors found that the telephonic delivery approach to financial education is still an effective, viable educational strategy to reach low-wage individuals in rural areas. This delivery method eliminated barriers including transportation, childcare, and job-related issues that made it difficult for participation in a face-to-face training. Despite the popularity of using computer and Internet technologies in distance education courses, the simple telephonic delivery method removed the obstacles of limited availability of adequate, affordable computer and Internet access. The telephonic delivery method allowed for effective interaction among the learners, instructor, and materials. A unique contribution of this pilot program was that long-term behavior change occurred with a 6-hour educational program conducted over the telephone. Given the wide array of technology delivery options available, the authors believe that the telephone is still a valid choice for delivering education. Although some have been dismissive of the telephone, with Finger and Rotolo (2001) calling it “a second generation technology,” it is still an effective way to reach rural communities. In this case, success was found using the telephone—a simple technology—to effectively provide rural low-wage earners with financial education.

References


Burkhart-Kriesel, C., & Caine, B. (2004). From potluck suppers to on-line seminars: The evolving "face" of social interaction. That they hear it from someone else….I didn’t know there was a resource [program] like this if it weren’t for my sister.”

Christina’s observations testify to the importance of raising awareness about financial resources in the community, and as a promotora she can provide valuable information to families.

Another promotora, Felicia, similarly emphasized her role in raising awareness about community resources. She notes: “It has been very effective for the families as far as education. Families don’t even know that they could open second-chance checking accounts. Things like that. Things that the family didn’t know or were afraid because of their status or how they would be characterized or what have you. We’re telling them about what’s going on in the VITA….there’s a lot of families that even didn’t know about it.”

Both Christina and Felicia’s comments demonstrate their roles in making families aware of basic financial resources such as Volunteer Income Tax Assistance (VITA) sites, Earned Income Tax Credit (EITC) benefits, and Individual Development Account (IDA) programs.

Promotoras in the program also viewed their role as being a link between community resources and families. For example, Rachel referred to her role as a “resource network.” She notes: “We go out in the community and recruit families that are looking to maybe build their financial capacity as far as opening up a checking account, buying a home, helping them with their credit, helping them access resources….I always call it a resource network, that’s what we are, that what we do, we give them the resources, and then it is up to the families to go and take advantage of those resources.”

Resources are often embedded in social networks, and through such networks families can engage financial institutions and community organizations to access available resources.

Interviews with program participants also suggest that the promotora initiative has played an important role in helping them become aware of resources. As he reflected on his own experience working with a promotora on his financial goals, Mr. Howard stated: “He has been very clear about the resources that are available. Just the knowledge that there are things out there….Before I got into the
Promotoras as Financial Coaches

The appropriation of the promotora model from a health care context to a financial literacy application appears to be an innovative channel of delivery for financial education. The promotoras act as financial coaches with the aim of providing financial education and promoting positive financial planning behaviors for residents in low-income communities. Promotoras were charged with recruiting community residents in neighborhoods around each of the three program sites and maintaining a relationship with these residents over a significant period of time (usually several months). The promotoras usually met weekly with 5 to 6 families on their caseload to discuss financial issues, develop financial plans, and supply information about financial resources in the community. Although there was no set curriculum to follow, the organizations (via the promotoras) tried to establish a general road map with benchmarks for the families to meet. The relationships operated on a voluntary basis and ended either when the families felt financially stable or disengaged for personal reasons.

Themes from the Field

Raising Awareness: “I can show them that there’s (sic) other resources out there”

Resources such as food stamps, childcare assistance, and Medicaid are often underused because eligible people do not know about them or cannot get to them (Anderson, 2002). Many of the promotoras mentioned that community resources are often available, yet underused, due to lack of access or awareness. Christina, a promotora in the program for seven months at the time of the interview, made this observation: “I think there are enough resources out there....They probably don’t know that there are resources to help them get back on their feet financially and set them straight. They probably would not know about that, and the only reason is...”
lowest income zip codes in this city. The participating organizations used a total of twenty-two promotoras over the course of two years to deliver financial education to marginalized or hard to reach families living below 200 percent of the poverty line. The target communities were predominantly Latino and African American.

Because the focus of the research was to assess the program satisfaction of participants, in-depth interviews were employed as the principal method of data collection. A total of 46 respondents participated in semi-structured individual and focus group interviews between February and June of 2009. The interviews, which were conducted at three different sites, included 26 families, 17 promotoras, and 3 community organization coordinators. With the exception of the three coordinators, all respondents were recruited for interviews using a snowball sampling technique. In the first stage of sampling, coordinators issued a notice to their promotoras to voluntarily participate in the research. In the second stage, participating promotora respondents in turn recruited program families to be interviewed. Finally, participating families encouraged other families to participate.

Three separate interview instruments were tailored to the three types of participants in the sample: promotoras, families, and coordinators. The same instrument was used in both focus groups and in-depth interviews. Often the study team planned a focus group, but only one or two participants showed up. Then the team conducted separate in-depth interviews with those participants who showed up. By the end of the study, the study team conducted a total of 5 focus groups and 33 individual interviews. The investigators transcribed the interviews and coded them for themes based on the original research questions and objectives of the program evaluation. All coding was done using the qualitative software program Atlas.ti. The data presented in this study were selected as typical examples of individuals involved in the promotora model.