

# A Mid-shore Financial Capability Focus Group Study Summary

December 2017

The Mid-shore Financial Capability Focus Group Study was conducted to explore the perceptions and personal financial experiences of individuals residing in Caroline, Kent and Queen Anne's counties. Focus group sessions were conducted at county Extension offices in Caroline, Kent and Queen Anne's counties. A series of questions reflecting the elements of financial capability (knowledge, skills attitude, and self-efficacy) were used to guide the focus group discussion.

The major questions were:

1. Please think back to when you saved your first amount of money, describe that moment?
2. Describe how you have learned how to manage money (saving and spending).
3. Tell me about the process you use to select a financial resource (bank, mortgage lender, payday loans, friend, etc)?
4. Thinking about the Eastern Shore region only, explain the ease or difficulty of obtaining financial resources?
5. Is there anything else about financial experiences you would like to share?

Additional probing questions were utilized to seek further details about their perceived financial capability. Upon arriving at the focus group nights, a total of 27 participants first

enjoyed a family style meal to become acclimated to each other prior to the 90 minute (max) discussion sessions. The IRB protocol was shared at this time with any individuals declining to participate the opportunity to leave during the causal meal time. There were 20 females and 7 males. There were 9 individuals aged 8-17, 1 aged 18-25, 4 aged 26-35, 6 aged 36-45, 4 aged 46-55 and 3 aged 56 and older. Participants were predominantly white (21) with a few identifying as African American/Black (5) and one individual expressed Hispanic background. Varying degrees of education were reported by participants: 10 less than high school (recall 9 are under age of 17), 3 high school graduates, 3 with some college, 1 with a 2 year degree, 6 with 4 year degrees and 4 with a master's degree or more. The participants' incomes also varied with 7 self-designating as middle income, 5 as low income, and 5 as upper/middle. The original four themes for analysis were expanded to six as "feelings" and "resources & programs" were referenced numerous times by participants.

## **Knowledge**

Applied knowledge of financial skills was expressed by participants as the strongest impact on their behaviors or decisions for behavior change. Financial learning experiences that lasted longer than a single experience were also

detailed as more meaningful to their current financial behaviors. The youth only recalled single day special financial events when prompted by their parents. Extrinsic motivations such as a family member encouraging, awarding or forcing the participant to save money at a young age was reinforced positively by explaining and demonstrating the positive outcome of this action. Adults and youth described their confusion about how banks and financial institutions operate and the associated fees. Adults described their younger selves not understanding how interest increased their saving accounts. Youth in these groups spoke more about the challenges they faced with differing financial values (needs/wants) due to social pressures and the lack of autonomy to make financial decisions. Adults were familiar and rejected the notion of using predatory loan services such as payday or title loans. Adults in the groups varied with their understanding of how online accounts functioned and the safety of using this service. Few adults used or understood the role of a financial advisor or service.

### **Skills**

Early saving skill development was described through the actions of using a piggy bank, savings passport book and rolling coins saved in various household containers. Early acquisition of money included: tooth fairy, birthday, household or farm chores and summer jobs. Money management skills varied with youth noting the lack of autonomy from their parent's management style. Modified versions of the envelope system were described at each session. Adults described school classes in financial education as their source of gaining knowledge and skill development. Youth described 4-H record book and Girl Scout cookie experiences

as building their financial skills. There were debates within each group as to the use of cards versus checks or cash. Primarily the challenges of not overspending with using cards or misjudging the balance in their accounts and the resulting fees. Similarly the confusion and utilization of online banking was debated by participants. The middle aged individuals of the group described experiences of learning informally about money from bank tellers, friends and business encounters. Half of the participants recalled parents and relatives providing guidance with basic money management skills or selecting a financial institution; often describing the on-demand learning of financial skills. Adults describing early personal struggles to manage money expressed the steps they were taking to teach their children basic money management skills. Additionally, they planned to direct their children to financial specialists for advanced learning (investments). A few individuals expressed uncertainty of social skills to use at financial institutions.

### **Attitude**

Attitude of participants was examined as their description of positive or negative value of managing money proactively. Adults expressed the positive feedback they received (as a youth) by bank personnel for successfully completing financial habits as encouraging toward continuing the same habits. These adults also spoke of the sustained relationship with those same financial institutions later in life. Several youth detailed the pride they developed through earning money and reaching goals, while one youth stated no reason to manage money due to the ability to acquire it upon demand from other family sources. Negative attitudes toward using online or mobile financial services were

expressed strongly in two sessions with mixed responses in the third. Youth spoke of the interest to try online or mobile technology, but defaulted to their parental concerns of security in the news. In general those expressing self-perceived good financial management skills were also positive about the “spending power” or “thrifty” nature they advised other group members to work on achieving through self-financial control.

### **Self-Efficacy**

Self-efficacy of participants was examined as their perceived belief or confidence in their ability to manage money. Adults described how they were very confident to save money as children but that changed to confusion as an adult. The requirement to save for specific life goals and the complexity of financial decisions were cited examples (for example, investments). A few adults with self-described middle to high income also described being nervous about making successful financial decisions. Each session group further described their personal challenges to feel confident about using online and mobile technology services with their limited knowledge of the services and the continued news of fraud and security issues. Youth in the sessions expressed 4-H, Girl Scouts and Biztown as youth learning experiences linked to building their confidence in their ability to manage money. Several adults mentioned the desire to hire someone to make financial decisions for them as a way of lessening the stress of financial decisions and feeling more confident about managing the money.

### **Feelings**

Participants predominately expressed their feelings about managing money, making

financial decisions and interacting with financial intuitions in regards to trust issues. Youth described trusting their parents and relatives for good financial advice. A few youth expanded their adviser list to include the bank personnel they have encountered on a regular basis. When pressed for further details, the adults described the numerous fraud and security issues in the news as sources for their concerns with trusting financial institutions and the government groups providing oversight. No participants were familiar with the Consumer Financial Protection Bureau (CFPB). Participants described numerous banking visits as being similar to talking to a car salesman. The participants expressed feeling the lack of true concern for bank patrons by financial personnel. More so it was described as “banks don’t care about us”. Participants were sentimental and happy when describing their initial moments with acquiring money (tooth fairy, birthday’s, family events and receiving their first paycheck). Sadness was often described during memories of paying bills, parents forcing youth to put money into an account they couldn’t see (no passport books) and making large financial decisions. Adults debated the feeling of losing money when paying in cash (the physical feeling of giving your money to someone else) versus the swiping of a card (delayed feeling by seeing account balance/bill later). Some felt the physical loss of the money helped them stay on budget and self-question the initial purchase at the time of the transaction. Parents in the sessions spoke of the mixed feelings derived from moments of youth struggling with needs versus wants and their lack of preparation to help youth understand. Similar stressful feelings were debated among participants in regards to selecting financial institutions and services. Navigating financial

institution environments, advertisements and media sources was described as overwhelming and confusing at times. Individuals with limited income expressed disheartening social pressures and unspoken discrimination when visiting financial institutions. Many participants described avoiding making financial plans and decisions to limit feeling so sad. The fear of making a poor financial decision was detailed as paralyzing at times. A few youth described the advertisements for financial institutions as an influence on their potential interest to seek services at that site. For example, “a bank that hands out very nice table giveaways at community events must be good with their business to give away such nice items.” Youth and adults expressed the current lack of stable and impactful financial education to be a hindrance to their feeling more confident with financial institutions’ functions and the individuals’ ability to make financial decisions.

### **Resources and Programs**

Resources and programs were often mentioned as follow-up discussion points by fellow session participants. Participants expressed the enjoyment of the atmosphere in small town banks and the numerous services available at larger financial institutions. The desire for a local public credit union was expressed by several participants in addition to more accessible services for low income individuals and families. Many mentioned the need for education on using new technology based services and the lack of access for all citizens on the shore. Participants described patient, caring and encouraging as the most desired social qualities in individuals offering financial education or advice. Some mentioned the need for financial institutions to review their

customer services skills. The programs described as highly desirable would encompass up to date financial knowledge taught in a practical setting with opportunities for both youth and adults to register in advance due to multiple modes of advertisements across the region. Cited resources in the area included: 4-H and University of Maryland Extension, Dave Ramsey, Edward Jones and Maryland Tomorrow. Participants noted the need for an easily accessible and advertised list of qualified financial advisors and speakers available to the public and non-profit groups. Participants expressed the desire for schools to incorporate more life-based financial education experiences, career oriented financial advice for post-secondary education and grant and scholarship awareness education events.

### **Public review event**

A follow-up public review event was held to detail the research steps within the study, the process of data analysis and summary of the study’s findings. The public provided the following thoughts to be added to the study’s discussion. More educational sharing needs to be implemented across the mid-shore. Practical learning experiences may include a family directed financial education program that incentivizes youth to participate in a local bank sponsored savings account with family learning events in addition to school site based learning at multiple levels. A collaborative effort to increase services to all residents with training opportunities for business and non-profit employees with the goal to increase informal financial education at pivotal learning opportunities and promote modeling good social/cultural skills with clients.

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