

Financial Management Education past, present & future!

Tahira K. Hira, Professor
Iowa State University

*Member of President's Advisory Council on Financial
Literacy*

www.eng.iastate.edu/tkhira

Outline

- Historical perspective
- Personal finance – rich past
- Challenges and opportunities
- Current situation – brilliant future
- Where are we and where are we going?
- Where will you make your mark?

Historical Perspective Rich Past

Personal Finance

- It is not a new area of study being discovered as indicated by some (Campbell 2006)
- Can be traced back to 200 years, taught in Home Economics programs (Family Economics & Resource Mgt., Consumer Economics, HH Resource mgt.)
- An area of study now increasing in importance and getting more attention from mainstream finance and economics faculty (and others)

An interdisciplinary profession (Schuchardt et.al 2007)

Sharpening the focus

- The seeds were sown at BYU 1983
- AFCPE was born in 1984 at Iowa State University Campus in Ames Iowa
 - Annual conference
 - Journal, news letter
 - Certification
 - Accreditation
 - Continuing education
 - Practicum, internships

Academic Programs

- Brigham Young University
- University of Manitoba
- Iowa State University
- University of Kentucky
- Oklahoma State University
- Ohio State University
- Texas Tech University
- University of Missouri
- Utah State University
- San Francisco State University
- Purdue University
- San Diego State University
- College for Financial Planning
- University of Arizona
- Golden Gate University
- Kansas State University
- The American College
- University of Illinois
- Virginia Polytechnic Institute & State University

Journals

- Financial Counseling and Planning
- Financial Services Review
- Journal of the Institute of the Certified Financial Planners
- Journal of Financial Planning
- Family Perspective
- FCS Research Journal
- Journal of Family and Economic Issues
- International Journal of Family and Consumer Sciences
- Family Economics and Resource Mgt Biennial
- Journal of Behavioral Finance
- Journal of Investing
- Journal of Consumer Affairs

A profession takes shape

- Academic programs – preparing professionals
 - Courses, degrees, research, outreach
- Professionals – two specialties
 - Credit counselors
 - Financial planners
- Profession
 - Boards of Standards & Practices
 - Accreditation, certification, licenses, cont.edu

An Interdisciplinary field

- Human Ecological Model (Bronfenbrenner, 1979)
- Family Management Systems (Deacon and Firebaugh, 1975, 1981, 1988)
- Discounted Utility Model (Ando and Modigliani, 1963)
- Life Cycle Hypothesis of Savings (Thaler and Shefrin, 1981)
- Behavioral Lifecycle Hypothesis
- Theory of reasoned action and theory of planned behavior
- Transtheoretical Model of Change (Prochaska, 1979)

Schuchardt et.al., FCP 2007

Professional societies

- Family Economics and Home Management (a division of AHEA - 1946)
- National Foundation for Credit Counseling (1951)
- American Council on Consumer Interest (1953)
- Eastern Family Economics & Resource Mgt. Association (1971)
- Association of Financial Counseling and Planning Education (1984)
- Academy of Financial Services (1985)
- Financial Planning Association (2000)*

Many perspectives coming together

We must work together, cooperate and let our diversities blend together into the inherent positive potential we represent.

The financial uncertainties of our time and the myriad of professionals employed to work with people and their resources all point to the need for a strong core of financial educational professionals (1990, AFCPE).

Challenges & Opportunities

Where are We now?

- Who are we?
- What are we trying to accomplish?
- What is our focus (consumer, individual, family)
- What is good about the current situation?
- How are we strengthening or weakening the profession?
- How are we using the past to build the future?

So many names!

- Financial Management
- Personal Finance
- Family Finance
- Consumer Economics
- Family Economics
- Family Economics and Resource Management
- Economics
- Behavioral Economics
- Math
- Finance
- Household Finance
- Household Behavioral Finance
- Consumer Science
- Consumer affairs
- Financial Literacy

Our first challenge!

- So many names & so much confusion!
- Lack of clarity of the mission
- Expectations for financial education different from what we expect from others
 - information, education,
 - behavior change (are we teaching this?)
 - Approach to measuring the impact
- What does “financial literacy” say, mean, do?

What *Personal Finance* is not!!

Back to the future

- Who is building the profession
 - degree program, preparing professional
- Who is conducting much needed research?
- Who is teaching/advising Americans?
 - Are teachers qualified and are they using standard curriculum? Do advisors have appropriate skills and knowledge?
- How are teachers' and programs' quality being assured?

Many Opportunities

To strengthen the profession

- Clearly define (re define) the mission
- Agree on one name
- Determine the base content
- Identify core competencies
- Determine qualifications of those who will teach/advise
- Take steps to prepare future professionals (teachers, advisors)
- Set standards to evaluate the quality of the program
- Recognize the importance of developing practical implications of research for the benefit of Americans, educators and policy makers

The ultimate goal still is:

- Economic well being (long term financial security) of all Americans through:
 - Increasing understanding of correlates or predictors - (characteristics, knowledge, behaviors) leading to financial success
 - Providing education/information leading to increased competencies and behavior change
 - Preparing professionals
 - Conducting research to inform/influence individual behavior, government policies, business practices

President's Advisory Council on Financial Literacy

- Identify and promote a standardized set of skills and behaviors that a financial education program should teach an individual
- Identify and *standardize the specific skills* that a person should have upon completion of a comprehensive financial literacy program
- and explore the creation of a certification program for such programs and for instructors of programs that meet the criteria (President's Advisory Council on Financial Literacy Recommendations, 2008)

Where will you make your mark?

- Clear mission of the profession
- One name that means same thing to all involved
- Profession with clear content standards
- Profession with clear outcome expectations: knowledge, competencies (behavior change? Lets us talk about this one)
- Profession with standards for qualifications of educators and practitioners

**What will you do differently
to
strengthen the profession?**

Questions and Comments

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