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Financial Literacy, Financialisation and Neo-liberalism

Ana C. Santos

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Financial literacy, financialisation and neo-liberalism

Ana C. Santos

CES, University of Coimbra, Portugal

Abstract

This paper reviews recent arguments put forward by international and national agencies committed to the advancement of financial education programmes. It shows the extent to which this commitment is symptomatic of financialised contemporary capitalist societies that have promoted the steady integration of individuals and households into financial markets. It argues that, in the aftermath of the crisis, financial education is part and parcel of a wider strategy to further promote the deepening of finance into more areas of economic and social life. Present day welfare state reforms require individuals to be increasingly responsible for their future financial security through expanding demand for financial products and services that are to supplement or replace public provision. Financial education agenda is instrumental to this endeavour, exposing the dominance of neo-liberal ideology with its emphasis on the promotion of the self-reliant individual who provides for herself in the market and is willing to accept the responsibility for the consequences of her actions. This construed new financial subject is critical to legitimatise the expansion of markets in domains where collective forms of provision prevailed. Financial education is thus an important element in the analysis of the material culture of financialisation through its effects on the meanings of financialisation and how these interact with experiences of financialisation, both of its target population as well as of all those subject to its discourses.

Key words: Financial Literacy, Financialisation, Neo-liberalism

Journal of Economic Literature classification: D14, G28, P16, R2

Contact details: anacsantos@ces.uc.pt

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1. Introduction

In recent years, international and national agencies, such as the OECD and various governments and financial markets regulators, have had an active role in advancing, in a systematic and far-reaching way, national programmes of financial education (OECD, 2005a, 2005b; EC, 2007, 2009; FSA, 2007; CNSF, 2011). These initiatives are being put forward as individuals are perceived as requiring to make more complex financial decisions. Two main reasons are presented to justify the urgency of financial education. First, the on-going reconfiguration of the welfare states, implying the transfer of risk and responsibility from the collective to the individual. Second, the extraordinary expansion of the financial sector, supplying an ever wider range of complex financial products and services to individuals and households.

These recent initiatives contrast with previous endeavours in that financial education is not to be exclusively targeted to the most vulnerable groups, such as the over-indebted, since they are actually meant to cover all segments of the population. They are to prepare children to understand the value of money and teach them about budgeting and saving, to give students relevant skills to manage and repay student loans, to assist young adults planning for major life events like buying a house, and, last but certainly not least, to help middle-aged adults to plan for their retirement. And although this recent interest in financial education first arose in the Anglo-American world, where reform of the welfare states have started earlier and financial markets are most developed, the financial crisis has created a favourable environment for the implementation of financial education programmes elsewhere, namely in the European continental countries, as the resolution of the crisis through austerity has implied the weakening of public support. Financial education initiatives are thus becoming a rather generalised trend, covering ever wider segments of the population that are becoming increasingly involved with the financial sector, both in their borrowing and saving decisions.

This paper reviews recent arguments put forward by international and national agencies committed to the advancement of financial education programmes,

situating this interest in the wider context of the financialisation of the economy and society, as well as the underlying neo-liberal policies that have promoted it.

It aims at exposing the extent to which financial education is symptomatic of contemporary capitalist societies that have promoted the steady integration of individuals and households into financial markets. More than the logical corollary of the expansion and the innovation of the financial sector, supplying a myriad of more complex and hard to understand financial products and services, financial education is part and parcel of a wider strategy to further promote the deepening of finance. As will be made apparent, this requires state intervention, not only to promote the expansion of finance into various areas of economic and social life, such as pensions, education and health, but also to favour the greater involvement of finance in the resolution of the problems created by itself. Fiscal deficits, resulting from the support to the financial sector in the aftermath of the financial crisis, and ensuing fiscal austerity demand that people be prepared to accept the dismantlement of public support and supplement or replace public provision with private provisioning often through financial markets.

State intervention is also required to promote the self-reliant individual who provides for herself in the market and is willing to accept the responsibility for the consequences of her choices, perceived as critical to legitimatise the expansion of the financial sector into domains of social life where collective forms of provision prevailed. This construal of the financial subject conforms to neo-liberal conceptions of individual freedom, understood in the negative sense as the absence of coercion, and of free markets, implying the absence of direct state intervention in economic affairs. From this perspective, financial education initiatives are simply to help individuals make more adequate choices to their particular situation, which are theirs to make on the basis of their preferences and personal circumstances. Financial education thus appear to carry the advantage of helping people choose for themselves, avoiding other forms of intervention that would limit the range of options available. For example, through prohibition of potentially harmful financial

products, considered as an intrusive obstruction insofar as it would reduce the choice available to the rational decision makers who could benefit from them, impairing the efficient outcomes of free functioning of markets.

Even though financial education still conveys longstanding views of financial regulators on markets, conceived of as the most effective and efficient allocation mechanisms, even if prone to minor and marginal failures, and of human action, conceived of as utility maximizing behaviour, even if in need of occasional assistance, financial education initiatives are not merely to address traditional market failures and human error. They are of a quite distinctive nature of traditional consumer protection policies. They are part of a broader neo-liberal strategy that aims at introducing profound societal reforms that demand corresponding profound cultural changes, that is, changes on how people perceive extant structures and how they are to place themselves therein. Financial education is thus a relevant element in the analysis of the 'material culture of financialisation' through its effects on the meanings of financialisation and how these interact with actual experiences, both of its target population as well as of all those subject to its discourses (Fine, 2013).

The paper is organised as follows. Section 2 offers a brief presentation of the concepts of neo-liberalism and financialisation that are to organise the paper. Section 3 presents the financial education policy agenda as put forward by its most active advocator, the OECD, complemented by other international and national experiences. Section 4 discusses the neo-liberal elements that have been brought to the fore to expose the radical nature of on-going societal reforms underlying the making of a more responsible financial/financialised subject. Section 5 concludes the paper.

2. The close relations between neo-liberalism and financialisation

Closely following on Fine (2009, 2011), the view undertaken here is that financialisation is at the heart of three decades of neo-liberalism being a key defining characteristic of the world economy, deploying "the ideology of non-intervention and efficacy of market forces as a rationale for considerable

intervention by the state, especially to promote the interests of private capital in general and of finance (and financialisation) in particular" (Fine 2011: 9). Two distinctive phases are identified. In the first phase, state intervention to promote private capital consisted mainly on privatisation, deregulation, commercialisation and fiscal austerity, and it was concerned "to release the role of financial markets to the fullest extent" for "wherever there are markets, and payments, there is the opportunity for finance to prosper whether directly or indirectly" (Fine, 2009: 8). The second phase, located from the early 1990s onwards, has been mainly devoted to the management of these interventions, with "the imperative of sustaining and not just ameliorating the process of financialisation". In the aftermath of the crisis, this phase "has been more overtly extensively interventionist in order to sustain the process of financialisation both, and primarily, on its own terms and through soliciting a modicum of acceptability given the extreme inequalities and iniquities to which it has given rise" (Fine, 2009: 8). The most striking difference between the two phases is that "rather than the state withdrawing to allow for the expansion of private capital, it was increasingly required to intervene to promote private capital", diverting discourse from the old dichotomy between the state and market towards "the state making the market and globalisation work" (Fine, 2011: 9).

2.1. Neoliberalism: making financial markets work

Financial education politics, as will be argued, is part of the second-phase of neo-liberalism, that is, as part of a broader strategy that reflects a commitment to use the state to support the role of finance, not only through its expansion into various areas of economic and social life, but also by involving finance in the resolution of the problems itself created, as rising public deficits resulting from both the support given to the banking sector and the general collapse of the economy and ensuing fiscal austerity that demand that people have increasingly recourse to commodified goods and services supplied by the financial sector.

Neo-liberalism is sometimes presented, by friends and foes alike, as a defence of a certain conception of individual freedom and free markets emerging spontaneously

out of the withdrawal of the state from direct intervention in economic affairs. On this view, the state should be exclusively devoted to the impartial setting of the legal rules and the correction, with the help of civil society, of localized market failures. Financial education agenda draws on this naïve reading of both individual freedom and markets, as we shall see below. And as hinted at above, this is contradicted by the actual neo-liberal practice of careful planning of the conditions for expanding market society, and the recognition of the need of a strong state in this endeavour (e.g. Amable, 2008; Fine, 2009, 2011; Mirowski, 2009, 2013; Rodrigues, 2012, 2013).

Notwithstanding the disparate contributions and the evolving nature of the neo-liberal thought, there is a set of ideas that may allow us to characterise it, and that underline, so it will be argued, various arguments that advocate the promotion of financial education. Mirowski (2013: 50-67) identifies what he calls the 'Thirteen Commandments' of the 'Neo-liberal Thought Collective', of which we retain, for our present purposes, the following:

1) Admission that the neo-liberal vision of the good society requires concerted political effort and organization to create the conditions for its existence;

2) Popularisation of the neo-liberal market society as a 'natural' and inexorable state of mankind;

3) Permanent concern with the redefinition of the shape and function of the state (not with its destruction);

4) Recognition of the persistent need of ensuring popular legitimacy for the neo-liberal market state;

5) Elaboration of a conception of the individual as the entrepreneur of himself, in incessant pursuit of advantage and the only to be responsible for the consequences of his endeavours;

6) Adoption of a negative concept of freedom associated with the autonomy of self-governed entities to improve their situation by engaging in market exchanges;

7) Exemption of corporations from responsibility for economic and social problems;

8) Faith that markets (suitably reengineered and promoted) can always provide solutions to problems, even those created by their own workings.[1]

2.2. Financialisation and households

Financialisation is deemed to be a defining characteristic of the world economy. One of the most popular and all-encompassing definitions of financialisation is that offered by Epstein (2005: 3) referring to the "increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operations of the economy and its governing institutions, both at the national and international levels". But, as Fine (2011: 6) underlines, rather than an "analytical tool from which outcomes can be readily and simply read off", financialisation is "a process that interacts with others that need to be identified in the context of specific economies".

The understanding of the roots of the new financialised configurations of modern capitalism has attracted the attention of critical political economists from various strands. Post-Keynesians have focused on the financial sphere itself and its inherent macroeconomic instability and enhanced volatility, seeing it mainly as the product of what Fine (2009, 2011) called the first-phase of neo-liberal policies, including: privatisation, which has led to the expansion of stock markets; liberalization, which opened markets, especially to international players; deregulation on the financial sphere enabling the emergence of new actors (such as hedge funds), products (the multitude of derivatives) and markets (e.g. subprime) (Epstein, 2005; Krippner, 2005; Palley, 2007; Van Treeck, 2009, 2012; Hein, 2009).

Marxist political economists, on the other hand, stress deeper economic mechanisms behind these new processes, perceiving finance as a escape route for capital in face of absorption problems, ranging from the longue durée of capitalism history with its periods of financial dominance and crisis (Arrighi, 1994) to the Monthly Review's approach on how post second world war surplus absorption

problems gave rise to financialisation, further enhanced by the supply-side financial liberalization and deregulation (Sweezy, 1994; Foster, 2007). But while financial speculation would provide new avenues for accumulation, the structures that supported it would become increasingly fragile. Fine (2010), instead, stresses that financialisation is marked by the extraordinary expansion of interest-bearing capital and its extension into ever more areas of economic and social reproduction, and at the expense of restructuring of industrial capital.

The "École de la Regulation" is another very influential theoretical approach having advanced the idea that a finance-led accumulation regime has replaced the former Fordist accumulation regime, notwithstanding the different scales and paces registered among developed countries (Boyer, 2000a, 2000b). In this view, internationalization of the economy and financial instability (due to the end of the Bretton Woods agreements) created pressure on the already strained wage-labour nexus of the Fordist regime undermining collective arrangements and labour protection laws, now perceived as "rigid". A new finance-led accumulation regime then emerged combining "labour-market flexibility, price stability, developing high tech sectors, booming stock market and credit to sustain the rapid growth of consumption, and permanent optimism of expectations in firms" (Boyer, 2000b: 116) (see also Stockhammer, 2007).

Most of these seminal theoretical accounts of financialisation have focused on major macroeconomic relations – on either the mechanisms of the financial sphere or on its causal links to the spheres of production, investment and social conditions – overlooking the relationships of individuals and households with the financial sector. These relations were considered only in a subsidiary way through the impact of financialisation on labour relations (resulting in high unemployment, precarious work conditions) and on the dismantlement of social provision (privatisation, regressive fiscal redistribution, etc.), resulting in stagnant wages and rising inequality.

At the intersection of strategy, political economy and cultural theory, an interdisciplinary strand has focused on the financial euphoria of the nineties, and on what has been then called the rise of shareholder value rhetoric and its variable impacts on major corporations more intertwined with capital markets. Based on particular case-studies of corporations and financial practices, a wide range of topics, from corporate restructurings to household finance, have been explored (e.g. Froud et al., 2006; Erturk et al., 2007). Because it lacks a comprehensive understanding on what financialisation is and how it came about, it falls short from offering an account of the role played by households in this new capitalist configuration.

More recently, through the associations explored between household indebtedness and the current financial crisis, a new interest emerged on the relation between households and finance. This literature has related rising levels of household debt to stagnant income, rising inequality and the retrenchment of the welfare state. Faced with new consumption norms and real income stagnation, low and medium-income households incurred in rising levels of debt in order to keep up with consumer demands emerging in an increasingly unequal society marked by the growing privatisation of public provision (Barba and Pivetti, 2009; Cynamon and Fazzari, 2009; Montgomerie, 2009). Such vulnerability, it has been argued, has forced households to engage with the financial sector in a disadvantageous position (dos Santos, 2009; Lapavitsas, 2009), entailing new forms of income extraction from workers.

Based on these and other accounts, Fine (2009, 2011, 2013) synthesises extant accounts as defining financialisation around the following set of issues:

1) The extraordinary expansion of financial assets and financial activity relative to the rest of the economy;

2) The proliferation of different types of assets, from derivatives to future markets;

3) The absolute and relative expansion of speculative as opposed to or at the expense of real investment;

4) A shift in the balance of productive to financial imperatives within the private sector (e.g. the maximisation of shareholder value);

5) Increasing income inequality arising out of weight of financial rewards;

6) Consumer-led booms based on credit;

7) The penetration of finance into ever more areas of economic and social life such as pensions, education, health, and provision of economic and social infrastructure;

8) The emergence of a culture of reliance upon markets and private capital and corresponding anti-statism, though the state has been a key player in promoting financialisation.

These accounts are mainly based on the US and the UK cases, where financial markets are more relevant and the embroiling of households with finance is more salient and historically rooted. Though at a lesser pace and scale, other countries have undergone processes of financialisation, which have also involved individuals and households (Santos and Teles, 2013). And contrary to what could be expected, the financial crisis is leading to an intensification of the penetration of finance into more areas of economic and social life, making financial education a more ideological and political salient issue.

And even though the characterisation presented above might more aptly describe the trends observed in the US and the UK, and granted that other accounts need to take into consideration the context of specific economies, some general, if not uniform, outcomes are being observed which might be relevant elsewhere. Among those Fine (2011), highlights:

i. Reductions in overall levels and efficacy of real investments, as financial instruments and activities expand at its expense;

ii. Prioritising shareholder value, or financial worth, over other economic and social values;

iii. Pushing policies towards conservatism and commercialisation in all respects;

iv. Extending influence of finance more broadly, both directly and indirectly, over economic and social policy;

v. Placing more aspects of economic and social life at the risk of volatility from financial instability, and, conversely, placing the economy and social life at risk of crisis from triggers within particular markets.

While the worldwide attention to financial education is, in itself, eloquent on the extent to which we are all living in financialised worlds, demanding from everyone more financial knowledge and decision-making skills, financial education initiatives further expand financialisation processes (cf. 7) and 8) above). In so doing it extends the influence of finance more broadly, placing more aspects of economic and social life at the risk of volatility from financial instability (cf. iv. and v. above). The interest in financial education thus brings to the fore that household relationships with the financial sector is a widespread phenomenon that extends far beyond the high levels of indebtedness of the low and middle classes, acquiring very heterogeneous forms and outcomes which reproduce and magnify extant inequality (Churchill, 2013; Fine, 2013; Karacimen, 2013). And it also includes household financial wealth, which is a non-negligible part of the new engagements of households with contemporary finance (Santos and Teles, 2013). This is likely to create pressure on the state, requiring intervention to ensure popular legitimacy for the neo-liberal market society, namely to promote the belief that the results obtained are the outcome of individual choices and thus the sole responsibility of individuals. And as will be argued below, financial education is part of this agenda.

3. Praising financial education

The OECD is the international organisation that has been most active and effective in placing financial education on the political agenda, especially in the developed world, and it has done so in a concerted manner well before the financial crisis of 2007/08.[2] The OECD recognised its importance already in 2002 by launching an ambitious project on financial education under the aegis of the Committee on Financial Markets and, very revealingly, the Insurance and Private Pensions Committee, in

coordination with other relevant bodies including the Education Policy Committee. In 2005 it set its Recommendation on Principles and Good Practices for Financial Education and Awareness (OECD, 2005a) and published Improving Financial Literacy: Analysis of Issues and Policies (OECD, 2005b: 20), what was then characterized as "the first major study of financial education at the international level", which aimed at contributing "to the development of consumer financial literacy by providing information to policymakers on effective financial education programmes and by facilitating the exchange of views and the sharing of experience in the field of financial education and awareness".[3]

In 2008 it established the International Network on Financial Education (INFE), a forum for exchanging ideas and information on financial education across OECD and non-OECD countries. By 2013 more than 220 public institutions from more than 100 countries had already joined it, encouraging and guiding the launching of financial education programmes among its members, considered an ever more pressing issue in the aftermath of the financial and economic crises (OECD, 2008a, 2008b, 2009a, 2009b; Atkinson and Messy, 2012). Its influence is very marked in both the European Commission and among EU member states that are now starting to implement country-wide strategies on financial education (EC, 2011; CNSF, 2011).

Both international and national agencies that advocate financial education establish an association between the importance of financial literacy and worldwide structural changes, in particular, the reform of the welfare states, in a context marked by relevant demographic challenges, such as the ageing of population, which would require that citizens take increasing responsibility for their financial well-being, in particular that they have a more active role in planning for their retirement, and by the growing complexity of financial products, making it urgent the need to improve their levels of financial of literacy (OECD, 2005a; FSA, 2007; CNSF, 2011).

3.1. The reconfiguration of the welfare states: shifting financial responsibility and decisions onto the individual

As will be documented below, the, actual and foreseeable, reconfiguration of the welfare states is taken as the point of departure of financial education policy agenda promoted by the OECD, the EC, governmental agencies and financial market regulators. Indeed, the main impetus for concerted, international and national, efforts to promote financial literacy is attributed to recent developments whose consequence is that "risk is being shifted, at least in part, from governments and financial institutions to households", and this is a trend that is seen "most clearly in the switch from defined benefit to defined contribution pension plans" (OECD, 2005a: 28). Notwithstanding its being the result of deliberate state action, this trend is presented as an irreversible matter of fact, being instrumental to the presentation of the problem to be tackled as one pertaining to the mismatch between what is required for responsible financial decision-making and actual individual financial knowledge and capabilities, thus placing financial education as the most obvious solution. However, the policies shifting financial decision-making onto the individual endow governments with the obligation of helping households manage these risks, based on the diagnosis that many consumers in many countries do not have an adequate financial background or understanding (see, for example, Lusardi and Mitchell, 2011).

The relevance of financial education is magnified by on-going financial market developments, namely the increasing number and complexity of financial products provided by a growing number of heterogeneous financial institutions. Despite the challenges these developments pose to consumer understanding, this is, too, taken as an irreversible matter of fact, being praised for its contribution to consumer welfare, as the expansion of choice, through quasi tailored-made financial products, is deemed to meet more specific needs.

The alleged pressure the ageing of the population is creating on pay-as-you-go public retirement programmes, which are being funded by ever-smaller cohorts of workers through taxation income, is the main factor justifying the reconfiguration of the welfare states, requiring reform of pension systems, and thereby increased

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individual financial responsibility (OECD, 2005a: 28-35). It is therefore no coincidence that the OECD has been a key player in advancing both the reform of pensions systems and financial education (e.g. OECD, 2011). The reform of pension systems, which is reducing state/firm-supported pensions and introducing private pre-funded schemes, imply that workers have increasingly the responsibility to save for their retirement, which means an increased decisional overload and the transfer of investment risks to individuals. For example, while in traditional defined benefit plans the pension is automatically calculated based on salary history and length of employment, in defined contribution plans retirement income is to be determined by the saving and investment decisions made during the work life of the individual:

> Many defined contribution plans require that workers make decisions about whether to contribute, how much to contribute, and how to allocate contributions across investment options. Workers also need to consider the different types of commissions that providers charge for investment and retirement. Additionally, defined contribution plans often require employees to choose among a range of financial products at retirement [...] Consequently, workers need to consider not only investment risks and returns but also uncertainty regarding their life expectancy as well as attitudes toward risk, current and future earning potential, and likely changes in personal circumstances (OECD, 2005a: 31-2).[4]

This is not to say that financial education initiatives are to be confined to investment and retirement saving decisions. While framed in the context of on-going reforms of pension systems, requiring from citizens greater financial literacy capability, the relevance of financial education has been easily extended to other domains of household/family life. It is deemed to carry the potential to improve the well-being of people from every walk of life and at every stage of their lives. It can benefit those on low incomes to "avoid the [high] cost charged for financial transactions" as well as those with money to invest by supplying them with "more specific information about the advantages and disadvantages of particular types of investments", and from the

very start of individuals' working lives, helping them to "acquire the discipline to save for a home of their own and/or for their children's education" (OECD, 2005a: 13). The comprehensiveness of the targeted public and the wide scope of intended outcomes of financial education policy make it clear the extent to which we are all living in financialised worlds. Here is an EC list of the potential beneficiaries of financial education:

> Financial education can help children to understand the value of money and teach them about budgeting and saving. It can give students and young people important skills for independent living, for example in managing and repaying student loans. It can assist adults in planning for major events like buying a home or becoming parents. It can help citizens make better financial provision for unforeseen situations, invest wisely and save for their retirement (EC, 2007: 4).

In 2008, the OECD (2008) started to prepare the extension of financial education to schools and, in 2012, it launched the first large-scale international test to assess financial literacy among 15-year-olds, which was included in its renowned Programme for International Students Assessment (PISA). One of its main goals was to assess the extent to which young people are "prepared for the new financial systems that are becoming more global and more complex" so as to better inform financial education strategies and the implementation of financial education programmes (OECD, 2013: 143). Based on the impact of the release of previous rankings, e.g. mathematics rankings, it is expected that this action will indeed result in further political attention to the issue where it has been absent.

The new focus on financial education for youth and its extension to schools testifies for the long lasting nature of on-going transformations, expected substantially to alter the circumstances of future generations: "Younger generations are not only likely to face ever-increasing complexity in financial products, services and markets, but they are more likely to have to bear more financial risks in adulthood than their parents", in particular, "they are likely to bear more responsibility for the planning of

their own retirement savings and investments, and the coverage of their healthcare needs”. This means that they need to be educated about financial matters as early as possible because “current generations are unlikely to be able to learn from past generations” and efforts to improve financial knowledge in adulthood “can be severely limited by a lack of early exposure to financial education and by a lack of awareness of the benefits of continuing financial education” (OECD, 2013: 142). But the focus on the need for saving for retirement remains.

In the new idealised financialised worlds, where individuals need to interact with increasing numbers of financial providers in order to access to a wide range of goods and services, financial literacy is part and parcel of the conditions required for ensuring ‘equality of opportunity’. Schools have a particular responsibility and are especially well-positioned in this endeavour in that they can easily implement and “advance financial literacy among all demographic groups and reduce financial literacy gaps and inequalities” (OECD, 2013: 142). A survey of individual financial literacy schemes supported by the European Commission found that most initiatives are indeed directed at children and young people, a result confirmed by the INFE subgroup on financial education in schools (OECD, 2013). Considering that the prospects for voluntary participation in financial education initiatives are reduced, providing financial education in schools is in fact the most effective way of reaching various socio strata of the younger population, who are also more receptive to learning (Bruhn et al., 2013). This once again confirms the ambition of this policy agenda that targets the whole population rather than vulnerable groups in need of assistance to manage their meagre budgets.

3.2 Financial education, markets and consumers

Financial education is also praised for its contribution to the improvement of the functioning of financial markets and the economy, more generally. The overall line of argumentation is that financially-educated consumers, by demanding products more responsive to their needs, encourage providers to develop new products and services, thus increasing competition, innovation and quality in financial markets.

Improved financial decision-making is also deemed to have a positive impact on the economy by increasing overall savings and the efficient allocation of resources which "should have positive effects on both investment levels and economic growth" (OECD, 2005a: 12-3), betraying the typical supply-side economics that dominate these institutions. Finally, because "financially educated consumers are in a better position to protect themselves on their own and to report possible misconducts by financial intermediaries to the authorities", they may also "facilitate supervisory activity" which, in turn, "might in principle allow for lower levels of regulatory intervention". This would not only reduce the "regulatory burden on firms", but it would also allow governments "to spend fewer resources on enforcement of regulations and on the investigation and prosecution of fraud" (OECD, 2005a: 35).

The neo-liberal inspiration of financial education initiatives becomes clearer. Not only are financial education programmes part of on-going processes that transfer the responsibility for financial well-being to the individual, preparing and fostering the reconfiguration of the welfare states, while at the same time expanding markets of financial products, they also shift attention away from systemic problems pertaining to the financial sector. Thus, "the empowerment discourse of financial education may mask a more complicated regulatory project in which education of the consumer serves also to protect regulators and financial firms" (Williams, 2007: 248). In so doing this discourse places additional burden on the consumers who become also responsible for the functioning of the financial markets: "[c]harged with managing her present consumption to provide for future needs and with driving out of the market firms that are dishonest, incompetent, or indifferent to consumers' interests, the literate or capable financial consumer becomes responsibilized as a regulatory subject" (Williams, 2007: 248). But as it should be apparent by now, this discourse based on free-functioning markets is simultaneously a call for governments to reform their respective welfare states and embrace financial education, which is part of the same policy agenda.

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The nature of on-going transformations is also very clearly exposed in the contrast between financial education and traditional consumer protection policy. Even though both consumer protection and financial education are often perceived as part of a broader policy that aims at empowering financial consumers, it is bluntly stated that while "consumer protection puts the burden on the financial institutions and the legal system", "… with financial education the burden is on the individual" (OECD, 2005a: 21). Indeed, where "consumer protection emphasises legislation and regulation designed to enforce minimum standards, require financial institutions to provide clients with appropriate information, strengthen the legal protection of consumers when something goes wrong, and provide for systems of redress", financial education provides information, instruction and advice for individual responsible decision-making (OECD, 2005a: 26).

The introduction of financial education programmes thus entails a profound transformation of consumer protection policy by diverting attention from the functioning of financial markets to individual decisions and in so doing "regulators appear to reverse the idea of market failure posing a risk to consumer welfare, focusing instead on the risk of consumer 'failure' jeopardizing the health of financial markets" (Williams, 2007: 243). As will be further discussed in the next section, but already anticipated in the Thirteen Commandments, this conforms with the neo-liberal view of the market society as a 'natural' and inexorable state of the mankind, of market as the source of solutions to all sorts of problems, including those they themselves create, which exempt financial institutions from responsibility for economic and social problems while transferring it to the individual.

3.3 The financial crisis: from a teaching moment to a state of permanent economic emergency

The financial crisis has been taken as an opportunity to further push the financial education policy agenda. This was facilitated by the role the subprime crisis had in its unfolding, on the basis of which associations were established between deficient financial literacy and the development of the crisis. Even though it was

acknowledged that "the lack of consumer education and awareness cannot be identified as the main cause of the crisis", financial education advocators were keen to stress that "it played a major role in aggravating its effects", in particular, that it exposed the "array of vulnerabilities where many households have been brought to purchase unsuitable financial products, which played a key role in setting off the crisis". They were also ready to notice that its "direct, stressful and potentially significant long-lasting consequences on individuals' wealth and well-being" may "have incited households to become more concerned and interested in financial issues". This is considered "one of the few positive aspects of the current financial crisis", providing one of these "teachable moments" when "households are willing to be taught about long-term complex risks and financial issues they are generally reluctant to consider and spend time on" (OECD, 2009b: 7-8).

Similarly, the expert group on financial education set up by the EC seized the chance to advance this policy agenda, stating that "the financial crisis opened a window of opportunity to promote financial education in the EU and deliver it to the citizens", urging policy makers to "[s]trengthening education of consumer now, when they are willing to receive it" and "... treat financial education as one of the post-crisis top priorities" (EC, 2009: 3-4).

The financial crisis has, however, brought a new emphasis on credit markets:

> In light of the financial crisis, a particular area where improving consumer financial literacy and awareness has become a critical policy objective in OECD and non-OECD countries relates to the credit sector. Innovations and increasing complexity in the credit markets are transferring additional financial risks to individuals, who have difficulty in evaluating credit options available to them and understanding the terms and conditions of their credit products [...] The consequences of uninformed credit decisions can be disastrous, especially if the credit in question concerns a mortgage loan, which may be the most important financial commitment an individual or household makes (OECD, 2009: 3).

The financial crisis could have also opened the opportunity for demands for better regulatory standards and the definition of international codes of conduct in marketing financial services, since uneducated consumers could also be perceived as easy targets for mis-selling and fraudulent practices. But the focus on financial education contributes to maintaining the attention of consumer protection policy on traditional information disclosure problems, reinforcing the responsibility of the individual. Financial education is simply to complement traditional consumer policy, helping individuals understand financial risks and products and make decisions better adapted to their personal circumstances. But while financial education seems to be akin to conventional consumer protection policy, based on a disclosure model grounded on the idea that information can empower consumers and enable them to make their own assessment of the risks that they are taking, it marks a profound change in consumer protection policy, as has been argued, by shifting the burden and the blame onto the individual, removing it further away from the financial sector and governments.

The severity and endurance of the present crisis has contributed to reinforce the idea that the welfare states are unsustainable and that individuals need to become more self-reliant. This has been noted by other critical analyses, underlining that support for financial education has grown as the crisis is no longer perceived as a 'passing moment of hardship' and individuals are being convinced that they have to pay for their education, save for periods of unemployment and plan for their retirement (Arthur, 2012).

To summarize, not only has the crisis made citizens more receptive to financial education, by making more vivid the consequences of insufficient financial skills and unawareness of financial risks, but it has also contributed to further establish the inevitability of reforms that imply a greater transfer of responsibility and risk to individuals, making financial literacy a more relevant and necessary life skill. A favourable climate for the promotion of financial education has thus been created, as individuals need to achieve greater autonomy, financial security and become

financially responsible. It is therefore not surprising that "[i]n the aftermath of the global financial crisis, financial education issues have reached a momentum" and "more and more countries are developing tailored financial education strategies and programmes, introducing financial education into the school curriculum" (OECD, 2011: 2).

3.4 Financial education, a generalized trend

In 2007 the EC set the role of financial education in the EU, the principles that were to guide financial education programmes, and the launch of the first initiatives (EC 2007). Since then various financial education initiatives have been taken up in various countries, even if with a lag among them. In 2012, 6 countries had already designed and implemented country-wide strategies on financial education – Czech Republic (2010), Netherlands (2008), Portugal (2011), Slovenia (2011), Spain (2008) and United Kingdom (2003) – 5 countries started considering or designing a national strategy – Estonia, Latvia, Poland, Romania and Sweden (EC, 2011; Atkinson and Messy, 2012).[5]

The UK is one of the leading countries in financial education. In 2000, the Financial Services Authority (FSA) was set up "as an independent regulator with consumer protection and consumer awareness objectives at the heart of its retail agenda". It was endowed with the mandate to lead the National Strategy for Financial Capability. The overall guiding principle was that "better informed, educated and more confident citizens, [are] able to take greater responsibility for their financial affairs and play a more active role in the market for financial services" (HM Treasury 2007: 7). In the UK, the motive for setting up the national strategy also followed from the forecast of demographic and social challenges, in particular, the ageing of the population and the anticipation of major policy reforms that would increase the need for individuals to take responsibility for providing for their retirement.

Once again, improvements in financial literacy were to bring the advantages of rational decision-making to personal finances, not only promoting welfare-enhancing behaviour and, reducing welfare dependence "at the margin", but also contributing to market efficiency and thereby saving on regulatory intervention since

"active consumers drive competition, helping UK financial services firms to become more efficient, innovative and globally competitive; and in time, higher levels of financial capability could mean lower business acquisition costs for firms, greater persistency and less need for regulatory intervention". And, at a more general level, financial literacy could also contribute to the making of a more self-reliant and entrepreneurial individual and "the advance of an enterprise culture" (HM Treasury 2007: 7).

The same rhetoric has trickled down to other EU countries which are now, too, designing their own national plans to foster financial literacy. Following closely the lead of the OECD, EC recommendations, and with the hindsight of the financial and economic crises, the Portuguese National Council of Financial Supervisors (CNSF) presents the plan for financial literacy thus:

> As recognised by the OECD in its Recommendation of July 2005, financial education is a process which endows consumers with a greater understanding of the financial products and promotes the adoption of appropriate financial behavior. The simple provision of financial information does not necessarily lead to a better perception of the concepts and to an improvement of the decision-making process. Financial education arises as a complement to consumer protection measures and financial regulation, contributing directly to the greater value added of the instruments regulating transparency and the duties of information of credit institutions and, consequently, to the more efficient functioning of the financial markets. Indeed, well informed citizens, through the choice of financial products suited to their risk profile and needs, help to monitor the markets, thus contributing to the greater stability of the financial system (CNSF, 2011: 5-6).

In the aftermath of the financial crisis, the idea that financial education somehow fixes the revealed deficiencies of a traditional model of regulation based on information-disclosure has now been made explicit. Besides access to relevant information, consumers are deemed to need to understand and act on a correct

understanding of available information. Financial education is to do just that, to ensure that individuals acquire the skills and ability to understand relevant financial information so that they can make welfare enhancing financial decisions. This is presented as an ever more pressing issue with technological innovations producing more complex and hard-to-understand products. However, as will be further argued below, financial education is more than a corollary to the disclosure model stemming from increasing complexity and the potential severity of the consequences of financial decisions. It is part and parcel of on-going processes that are introducing profound societal transformations.[6]

3.5 Living in increasingly financialised worlds

The worldwide interest in financial education is strictly associated with the extraordinary expansion of the financial sector over the last three decades, i.e. with financialisation. The above mentioned reconfiguration of the welfare states, implying the widespread transfer of risk from both governments and employers to individuals, has not only meant increasing private provision at the expense of the public sector, but also that this provision is more dependent on the financial sector, either directly (e.g. private insurance and pensions) or through greater reliance upon credit to afford particular services (e.g. student loans). The relevance of financial education is thus partly an outcome of processes of financialisation that make finance increasingly more present in ever more areas of economic and social life, most visibly through the extraordinary expansion of credit fostered by deregulation and innovation in the sector (e.g. securitization of mortgage debt and originate and distribute strategies of commercial banks). These processes, in and of themselves, tend to promote the ethos of the self-governing and responsible individual, who constantly pursuits advantage and is the sole accountable for the consequences of his/her actions, in line with the neo-liberal view of the individual.

This greater involvement with the financial sector not only means that individual and household welfare depends on financial decisions (credit to finance education or buy a house, save for retirement), it also means that more aspects of individual and

household lives have become prone to volatility from financial instability (evolution of interest rates, profitability of pension funds). It also means that these effects will be varied, and thus new sources of inequality, stemming from the differentiated relations of individuals and households with the financial markets. Indeed, the way households engage with the financial sector differs according to their socio-economic position, potentially benefiting high-income groups that have access to financial products in more favourable terms (e.g. low interest rate mortgages with a potential for benefiting from capital gains vs. high interest rate of credit cards to finance basic consumer goods), and are more immune to adverse outcomes stemming from highly volatile financial markets (Churchill, 2013; Karacimen, 2013). The inequality produced and reproduced by finance is likely to be a generalised trend in the EU as individuals and households have become increasingly dependent on financial markets in most European countries, though at different levels and paces.[7]

4. Neo-liberal elements in financial education

The advocates of financial education present a de-politicised view of a socioeconomic problem that needs to be tackled – the need of improving consumers' financial knowledge – framing financial education as the most obvious solution, though complementary to traditional consumer protection policy. Financial education simply aims at helping people make more informed financial decisions given increased individual responsibility resulting from the transfer of risk from both governments and employers onto the individual through expanding demand for financial products and services in increasingly complex financial markets.

The irreversibility of the constraints leading to raising levels of individual responsibility – the retrenchment of the welfare states – and the disregard of alternatives that may attenuate the implications of those constraints – such as controlling the complexity and opacity of financial products – naturalizes the set of constraints individuals face, as well as the preferred policy solution, contributing to the de-legitimation of collective, politic civic action aimed at transforming those constraints (Arthur, 2012; Pinto, 2013).

Despite its apparent neutral, de-politicised, appearance, the argument advanced in this section is that financial education initiatives are part of a wider strategy to change individual and collective values, perceptions, aspirations and attitudes in a direction favourable to market expansion. Thus, while financial education is presented as a solution that aims at addressing informational problems inherent to financial markets, along the neoclassical lines, the arguments put forward betray its not-so hidden agenda of cultivating the moral values necessary for the legitimation of the expansion of markets in domains where collective forms of provision have prevailed. Financial education initiatives are thus a relevant vantage point from which to assess changes of contemporary capitalist societies that are engendering a transformation of citizens into consumers where collectively earned individual rights are being replaced by increased access to wider panoply of commodified products and services.

4.1. Financial literacy and the construction of a market society

Even though neo-liberals concede that the realisation of their vision of the market society requires concerted political effort and organization, their discourse often rely on a certain conception of individual freedom and of free markets that obfuscate both the constraints under which individual decisions are made and the very demanding conditions for the emergence and maintenance of markets (Amable, 2011; Mirowski, 2009, 2013; Rodrigues, 2012, 2013).

As we have seen, the arguments put forward in defence of financial education evoke neo-liberal conceptions of individual freedom, understood in the negative sense as the absence of coercion, and of free markets, implying the absence of direct state intervention in economic affairs. Financial education initiatives are simply to help individuals make more adequate choices to his/her own situation, which it's theirs to make on the basis of their preferences and personal circumstances. Financial education thus appear to carry the advantage of helping people to choose for themselves, avoiding other forms of intervention that would limit the range of options available, say through prohibition of potentially harmful financial products,

considered as an intrusive obstruction insofar as it would reduce the choice available to the rational decision makers who could benefit from them, impairing the efficient outcomes of free functioning of markets.

Through improved choice, financial education also contributes to the better functioning of markets, being more competitive and responsive to consumers' needs, allowing in the end to 'economise' on regulation. This reverses the philosophy orienting standard consumer protection policy, focused on the problems the asymmetry information pose to consumers' welfare, to one that focuses on the problems deficient decision-making pose to the good functioning of markets. Such shift moves away attention from systemic problems, especially from those pertaining to the functioning of financial markets themselves. Financial education agenda, in fact, assumes the good workings of financial markets by reducing the problems to be tackled to deficient financial literacy, considering that consumers need only be financially literate to make welfare improving decisions. It moreover contributes to further promote market solutions to pressing societal problems, namely the alleged unsustainability of the welfare states, by empowering financial consumers. It thereby obfuscates the role of socioeconomic structures, namely of financial institutions, that both influence individual decisions and how they are to translate into individual and aggregate outcomes. This confidence on 'the market', which is not discussed, and on individual decision-making, if properly instructed, thus serves the technical and the de-politicised discussion of the issues at stake. Financial literacy can then be unquestionably and "globally acknowledged as a key life skill", as well as "an important element of economic and financial stability and development" (Grifoni and Messy, 2012: 9).

However, the faith on both 'the market' and individual decisions stand in sharp contrast with the large scale of concerted action undertaken by international organisations and their efforts at guiding and assisting (now more than 100) governments, on the one hand, and the large-scale and synchronic design and implementation of national strategies of financial education in various parts of the

globe, on the other hand, betraying a far more serious and wide spread extension of the problems to be tackled than those entailed by poor household financial decisions.

Moreover, it is striking that financial education programmes have been persistently pursued notwithstanding the frank recognition by its most enthusiastic advocates that its efficacy is not as yet demonstrated since "there have been relatively few evaluations of financial education programmes to determine what has worked well and what has not" (OECD 2005a: 15). And "the overall picture, confirmed by other commentators", as Alison O'Connell (2008: 17), an OECD consultant, summarizes "is that the evaluations so far have shown mixed and inconclusive results". As a result, "[a] positive impact from financial education has not been unambiguously proven in all cases; nor has a clear picture emerged of what works best and why" (O'Connell, 2008: 19).[8]

Studies commissioned by the OECD, the European Commission or the FSA to study the application of the trendy behavioural economics research to financial education raise non-negligible doubts about the potential effectiveness of financial education (e.g. de Meza et al., 2008; Chater et al., 2010). This research challenges the view that people may effectively improve their financial decision-making by learning how to do it, having identified many, varied, reasons for people making poor choices other than their lack of knowledge and understanding of financial concepts and terms. Instead, it suggests that "low financial capability is more to do with psychology than with knowledge" (de Meza et al., 2008, 4). Indeed, behavioural economics research has inspired various versions of so-called 'soft paternalistic' approaches to individual decision-making which aim at helping people make choices more in line with maximizing behaviour by 'nudging' people into what the decision maker takes to be welfare-improving directions (Jolls et al. 1998; Camerer et al., 2003; Thaler and Sunstein, 2003, 2008). Rather than focusing on the provision of better information and training and let people choose for themselves, behavioural economics suggest policy proposals that in fact attempt to circumvent the aversion people seem to

manifest to performing particular tasks, including planning for retirement.[9] In this context, the insistence on financial education suggests that "ideology rather than evidence is driving the support for financial regulation through education" (Willis, 2008b: 211).

In our view, financial education is part of a vaster project of societal engineering that aims to further extend processes of commodification, changing forms and levels of provision favourable to the financial sector, which require deliberate intervention to ensure suitable conformity (Fine, 2013). In the present neo-liberal financialised era, it requires 'extending deeper into individual life' so as to change individual and collective values in the direction of greater individual responsibility. As Finlayson (2009: 407) aptly summarises the process in the UK context:

> Liability is transferred from the collective via the state to individuals and as responsibilities that once fell primarily on the state are shifted to individuals the state takes up the task of ensuring that those individuals will be capable of carrying out their responsibilities. Just as the state seems to withdraw from one area of social life it extends deeper into individual life seeking to engender within people what are believed to be the appropriate aspirations. In this sense the interventionist welfare state, having been delegitimated and 'rolled back', finds a way to reinvent itself, intervening into and acting upon new objects in new domains.

4.2. Financial literacy and the construction of the self-reliant individual

Notwithstanding the insistent contention that a market society can be neutral among different values, neo-liberal thought is deeply concerned with the interaction between market and non-market institutions and the values they nurture, and specifically with their impact on the advancement of the market society (Amable, 2011; Mirowski, 2009, 2013; Rodrigues, 2012, 2013). Neo-liberals are thus very well aware of the need constantly to ensure a certain degree of legitimation of the neo-liberal market state, requiring a permanent attention to individual and collective perceptions and aspirations.

The market society not only requires a set of motivational and moral background conditions to emerge, but it also requires the sustenance of particular values and ends to ensure their further development. These include the values of independence, self-reliance, and the willingness to bear risks, considered integral to the more or less tacit acceptance by individuals of the rules of the game that frame markets and underlying 'discipline'. The expansion of markets moreover goes hand in hand with a virtuous process of depuration of the content of morality, precisely suited to the needs of commercial relations, reducing the specific obligations towards others, and to an unspecified extent, the reduction of the range of politically recognised positive rights (Rodrigues, 2012, 2013). A crucial value that needs to become hegemonic is individual freedom, and the associated idea that people should be held responsible for the consequences of their own conduct. But this demands deliberate and careful intervention by the state.

A pessimistic intuition is pivotal to the concern with ensuring the legitimacy of the neo-liberal market state: the expectation that most people would reject the neo-liberal version of the state. It is this worry that makes it imperative the "conscious intervention to change a culture in a direction more favourable to the neo-liberals" (Mirowski, 2013: 57-8), constituting a fundamental tension in neo-liberal thought. For the pretence of freedom as the absence of coercion ultimately must come to terms with the likely democratic rejection of the neo-liberal society. This might partly explain why, as Mirowski (2013: 58) suggests, "[n]eoliberals seek to transcend the intolerable contradiction of democratic rejection of the neo-liberal state by treating politics as if it were a market, and promoting an economic theory of democracy". On Mirowski's view, this conflation of politics and economics finds its most clear expression precisely in the replacement of the notion of citizenship by that of consumer of state services.

This "pessimistic" neo-liberal intuition thus offers an additional vantage point from which to assess financial education initiatives, one that envisages strong resistance to the withdrawal of collective forms of provision, which may lead to the re-

emergence of deliberate efforts to reorganize the provisioning process in non-commodified ways, and based on a different range of principles, such as the satisfaction of certain human needs and the observation of substantive conceptions of equality.

The challenge for the neo-liberal is then to conceive social policy such that it cultivates the required values for the sustenance of the neo-liberal market society, namely the values of independence, self-reliance, and the willingness to bear risks, considered integral to the more or less tacit acceptance by individuals of the rules of the game that frame markets and underlying 'discipline'. As Amable (2011: 6) put it:

> Public intervention is far from being prohibited but must be justified by reference to the promotion of individual competition, not as a way to alter the results of a supposedly free and fair process. As a consequence, redistribution, i.e. ex post change in income distribution, or social protection, i.e. an attempt to limit the rigour of competition, is considered illegitimate. The individual is left exposed to economic risks and should not expect any guarantee of unconditional support, nor, of course, be granted any collective rights, because this would be morally reprehensible, provided that public intervention ensures that competition is fair, which means that every individual is exposed to it and no protection against competition is granted by the state.

To summarize, and based on this brief incursion into the moral conditions of the neo-liberal market society, this paper argues that the growing dominance of finance promoted by three decades of neo-liberalism is producing radical societal transformations that require matching moral values. Financial education is part of a broader strategy that aims at promoting the expansion of financial markets at the expense of collective forms of provision sustained on ingrained contrasting values. The rhetoric underlying financial education, based on the need for individuals to take on increased individual responsibility, is instrumental to ensure conformity to the ongoing transformations, and most crucially, to build the belief that the consequences of individual financial actions are just and, thus, the sole

responsibility of the individual and thereby divert attention from the systemic problems created by the financial system. Younger generations, less experienced in alternative societal configurations and thus more predisposed to live in the new financialised worlds, are the most evident targets to be initiated in the culture of individual responsibility.

Financial education is thus an important element to be taken into account in the analysis of the 'material culture of financialisation' (Fine, 2013) since it directly aims at shaping the meanings of financialisation, both of its target population as well as to all those subject to its discourses. However, the effectiveness of financial education narratives in conveying the intended view of finance is likely to differ across subjects depending on "how these subjects both interact with, and reflect upon, the various dimensions of financialisation as they experience them" (Fine, 2013: 6). That is, the experiences and meanings of financialisation depend not only on how "the financial system is [c]onstructed (and reconstructed) through its material practices", but also on the meanings created or adopted by the financial subject since "[w]hatever the sources of experience and knowledge, these are reflected upon to a greater or lesser extent, and reacted to, or against, rather than simply received passively" (Fine, 2013: 7). That is, the financial systems are construed by the subject, depending both on the workings of the financial system itself, as these evolve and impact, and on his/her subjective characteristics.

5. Final remarks

The recent interest in financial education as a far-reaching policy intended for wide segments of the population is symptomatic of the political dominance of neo-liberal policies that have led to new forms of state intervention that promoted the expansion of finance into both the market economy and in systems of social provision. This has resulted in a shift of responsibility that once fell primarily on the state onto the individual, while reducing overall levels of social protection notwithstanding the general deterioration of living conditions with the rise of unemployment, the deterioration of labour protection laws, stagnating income and growing inequality.

Governments were then endowed with the obligation of assisting individuals with the required knowledge and skills to provide for themselves in the market. But as individuals intensify their relationships with the financial sector, governments will likely to be further called upon to deal with inequalities and inequities generated by the disproportionate growth of finance, if they are to continue to sustain the process of financialisation.

Financial education, it has been argued, aims to convey a favourable view of financial markets and of how individuals are to position themselves in their relationship with the financial sector, persuading for the need of individuals to take on increased individual responsibility and accept the consequences of this added responsibility. This reflects the hegemony of the neo-liberal discourse that aims at inculcating the values needed for the expansion of financial markets, namely the virtue of self-reliance, implying not only the responsibility for planning a wider range of aspects of one's life, but also the uptake of its consequences, while diverting attention from systemic problems and responsibility from financial institutions. However, while financial education, as well as other means of shaping individuals' moral views, tend to predispose subjects towards a particular understanding of finance, the way subjects construe their engagements with the financial system depends also on these particular engagements, as well as on the diversity of social arrangements based on other organizing principles.

From this it does not follow that financial education is a bad idea in itself, as the promotion of any other kind of literacy is not for that matter. The paper aim is instead to expose the ideological nature of recent initiatives, which are focused on expanding the demand for financial products and services rather than on individual and collective welfare. A financial education agenda committed to the improvement of people's lives would have to consider the role of other systems of provision or at least adopt a more critical stance towards the actual purposes of the proliferation of highly complex and opaque financial products and services and the consequences of

placing ever more aspects of individual and social life at the risk of vulnerability from highly volatile financial markets.

Footnotes

[1] The other commandments are: 9) Co-existence of conflicting and vague definitions of 'the market', contributing to its conception as a monolithic and a-historical entity, being instrumental to its widespread usage; 10) Advocacy of freedom of capital flows associated with strong opposition to capital controls; 11) Acceptance of inequality of economic resources and political rights on the basis of its functional role to the neo-liberal market system; 12) Belief that while economic competition imposes 'natural' order on the rich, the poor are kept in line by a strong state, entailing the expansion of the penal sector; 13) Ambiguous relation with religion.

[2] The World Bank is also becoming an active actor in promoting financial education in developing countries (see, for example, Rutledge et al., 2010 and Rutledge, 2010).

[3] Many different definitions of financial education coexist in the literature (See, for example, Remund, 2010). We will follow here OECD's definition, targeted to the retail consumer/investor, understood as "the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice develop skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection (OECD, 2005a: 26).

[4] For a more detailed account of both the context and the main reforms in pension systems in the EU see Churchill (2013).

[5] Other OECD countries that have already designed and implemented national strategies for financial education are: Australia (2011), Brazil (2010), Ghana (2009), India (2006, 2010), Ireland (2009), Japan (2005), Malaysia (2003), New Zealand (2008, 2010) and United States (2006, 2011).

[6] The same trends and observations have been made relative to other contexts. See Arthur (2012) and Pinto (2013) for an account of the Canadian experience.

[7] Total debt in percentage of household disposable income has increased in the Euro Area countries, from 68%, in 1995, to 88%, in 2011, with the highest value registered in Denmark (where total debt grew from 136% to 265% in the same period). Total financial assets holdings grew for the Euro Area – from 220% of disposable income, in 1995, to 290%, in 2011. Netherlands is the country where households' holdings of financial assets is the highest, growing from 470% to 636% in the same period. Eastern European countries have in general the slowest rates of household participation in financial markets, Southern and Central European countries range somewhere in between the Nordic and the Eastern European countries (Santos and Teles, 2013).

[8] Admittedly, this state of affairs has to do with the still incipient state of research and policy in financial education. Many different concepts and indicators coexist, resulting not only in diverse financial education initiatives, with various goals and targeted populations, but also in inconclusive results about their effectiveness. But it may also be explained by more unsurmountable methodological difficulties to establish causal relations between financial education and financial behaviour given the multidimensional nature of personal finances. See Willis (2008b) and O'Connell (2008).

[9] *Save More Tomorrow* is the most celebrated soft paternalistic proposal that aimed at increasing the American 401(k) employee saving plans. It stands in stark contrast with financial education as it is intended to promote the automatic escalation of contributions thus circumventing people's aversion to income reduction and inertia. In the words of its proponents: "By synchronizing pay raises and savings increases, participants never see their take-home amounts go down, and they don't view their increased retirement contributions as a loss. Once someone joins the program, the saving increases are automatic, using inertia to increase savings rather than prevent savings. When combined with automatic enrollment, this design can achieve both high participation rates and increased saving rates" (Benartzi and Thaler, 2007: 100).

This is not to say that behavioural economics is antagonistic to neo-liberal policy agenda. Quite the contrary (see Santos and Rodrigues, 2013). The point here is simply that it does not offer empirical support to financial education.

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SEVENTH FRAMEWORK PROGRAMME

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THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation? ; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?'

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THE PARTNERS IN THE CONSORTIUM ARE:

Participant Number	Participant organisation name	Country
1 (Coordinator)	University of Leeds	UK
2	University of Siena	Italy
3	School of Oriental and African Studies	UK
4	Fondation Nationale des Sciences Politiques	France
5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
7	Tallin University of Technology	Estonia
8	Berlin School of Economics and Law	Germany
9	Centre for Social Studies, University of Coimbra	Portugal
10	University of Pannonia, Veszprem	Hungary
11	National and Kapodistrian University of Athens	Greece
12	Middle East Technical University, Ankara	Turkey
13	Lund University	Sweden
14	University of Witwatersrand	South Africa
15	University of the Basque Country, Bilbao	Spain

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