

The Making of Homo Financius: Conventions, Emotions and Morality in Financial Education

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What is financialization?

Financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies

Epstein, G. A., Ed. (2005). *Financialization and the World Economy*. Cheltenham, Edward Elgar.

Financialization and Culture

Images and Texts of Financialization

Advertising Campaigns

Money Magazines

Investment Manuals

Financial Literacy Programs

Student Loans



The image shows a digital advertisement for MEFA (Massachusetts Educational Financing Authority). At the top left, the MEFA logo is displayed in a blue serif font, with the full name 'Massachusetts Educational Financing Authority' in a smaller, sans-serif font below it. The background of the ad features a photograph of a man and a woman sitting on a blue sofa, engaged in conversation. The man is wearing a blue button-down shirt and the woman is wearing an orange top. A semi-transparent dark blue box is overlaid on the left side of the image. Inside this box, the text reads: 'Refinance your student loans', 'Join those who have on average reduced their interest rate by 25%*', and 'It's easy, it's quick.' Below this text is a green button with the white text 'FIND MY RATE'. At the bottom of the box, in very small text, it says 'Find your rate in minutes without affecting your credit score'. A white downward-pointing arrow icon is located at the bottom right corner of the box.

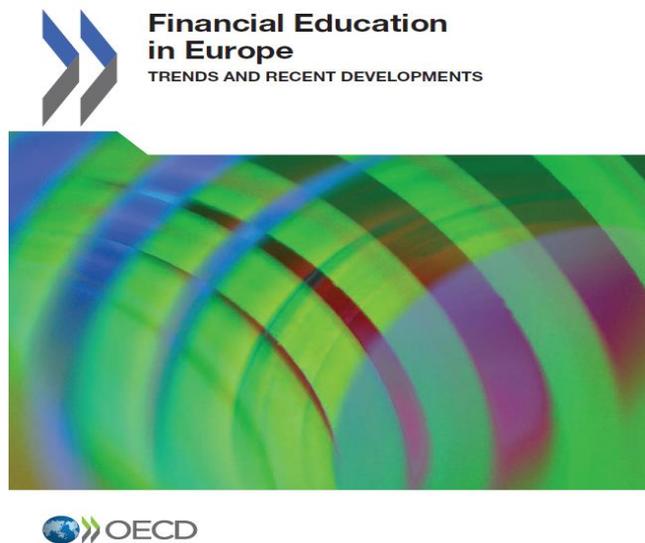
Free up money for other financial goals

With a MEFA REFI Loan, you can combine your existing student debt into one easy-to-manage loan.

Financial literacy and education

A way to impart information, knowledge and skills to individuals, enabling them to take responsibility for their financial wellbeing.

Europe



Spain



The Emergence of Transnational Financial Literacy Field

2002: OECD launched its financial education initiatives

2008: The establishment of International Network on Financial Education

2015: almost 60 countries design National Strategy for Financial literacy

2012 and 2015 – Inclusion of financial education in PISA tests

A Cultural Political Economy of Financial Education

Responsibilization of individuals as a constitutive component of the cultural political economy of financialization.

Imaginary of the desired financial subject as a calculative risk-manager, who is expected to engage with financial markets to ensure her economic wellbeing.

Premised on the notion of a knowledgeable moral agent that has both the capacity and the duty to make autonomous and informed choices.

As technologies of governance, practices of financial education are geared towards the definition and constitution of a new ***homo financierius***: a putatively reliable financial actor who has the capabilities to manage individualized and marketized risks.

Definition, justification and promotion of particular cognitive, emotional and moral attributes that underpin proper financial conduct.

Financial literacy and education in Israel

- Analysis of programs of financial education conducted by state and non-state actors in Israel, focusing on the ways in which proper financial conduct and the basic attributes underpinning it are defined and justified.
- Three basic discursive devices: **conventions, emotions and moral imperatives.**
- These discursive devices help to connect individuals' subjectivities to the individualization and marketization of risk management, contributing to the normalization of the financialization of everyday life.

Converting Uncertainty into Risk through Conventions

Compelled to participate in the financial sphere as a key means to assure their economic security, individuals are exposed to the fundamental uncertainty of financial markets.

What are the mechanisms that prompt subjects to make choices and engage with financial markets and instruments, while imagining and experiencing the financial sphere not as a site of fundamental uncertainty but as a site of risk management?

Financial Conventions

Simple causal claims about how markets behave as well as formulas and rules of financial conduct, that impart the financial sphere with an aura of predictability.

They motivate individuals to make choices and take financial decisions, as if they inhabit a world of knowledgeable and manageable risks.

Insurance

“One way that helps to prepare yourself for unexpected events is to purchase insurance, like life insurance or loss of work capacity insurance, which will assist your family in case a tragedy occurs”.

Psagot Information Center for Financial Education, The World of Financial Knowledge, Managing my Money, Five Tips for Correct Budget Management.

“All of us want to protect what is dear to us, our health and our property. One way to do this is to purchase insurance, enabling us to cope with catastrophes such as serious illness and accidents. Insurance appropriate to your needs will enable you to deal with dramatic events of this kind. **The insurance will liberate you from the financial burden and give you peace of mind over time**”.

Ministry of Finance, My Treasure: My Money, What you Should Know about Insurance

Saving:

Saving for retirement from an early age

“Even if you think it’s still a long way off and that you’ll be forever young, it’s important to plan today for your retirement years. Pension savings will allow you to live in dignity after retirement”.

Ministry of Finance, My Treasure: My Money, Saving for pension, How to choose financial savings

Investment:

Calculable tradeoff between returns and risk

“Everyone would like to make a profit. However, the level of risk is directly linked to future profits: low risk is associated with small profits, and high risk is associated with high returns, but the potential losses could also be heavy”.

Israel Securities Authority, “Your Money Needs to Know More, Investing Cheerfully”.

“If you still have many years before you retire, you could choose investments with a higher risk but with the probability of high returns. But as you approach retirement age, consider changing your investments in order to minimize the risk of losses just before retirement”.

Ministry of Finance, “My Treasure: My Money, How to Choose Pension Savings”.

Emotions, Expectations and Economic Action

Both positive and negative emotions are construed and mobilized in order to shape individuals' imaginaries of the future and to prompt them to take particular financial actions.

Why it is important to worry about your future? If there is one thing we can be certain about, it is that the future will come... Along the way we will encounter many surprises, not all of them pleasant... In order to be prepared for any event, expected or unexpected, and to be able to fulfill goals and dreams, think about what you will need for this, plan for the future, save, buy insurance, consider to take loans. This is the way to build a brighter future for you and you loved ones... Proper financial conduct today will help you to build a better tomorrow.



Ministry of Finance, "My Treasure: My Situation, How to Prepare for the Expected and Unexpected Future."

Your dreams are your future – don't you want to determine how it will look?...

All of us have dreams. Some people dream of buying a new apartment, others of buying a car, or having a luxurious vacation. To achieve your dream, you need to define what you want – and then the sky's the limit. Even though it seems a long way, step by step you can realize your dream.



“When we dream everything look enchanting and wonderful, but to fulfill your dreams you need to define focused targets. The first step is to define what you want... 1) Define your dreams... 2) Differentiate between short-term and long-term dreams... 3) Evaluate how much it will cost to achieve your dream... 4) Try to prioritize your dreams...”

Ministry of Finance, “My Treasure: My Situation, How to Finance Dreams?”

“Smart Purchase: Need or Want”

Stop! What is this mountain? Why did you enter this shop? ... These aren't things you need, they're things you just want.



So how do you feel now?
Wow, what a relief!



“An investment is giving up spending money today in the hope that the sum of money will increase in the future. Instead of wasting the money today, we invest it in various assets and hope their value will increase and we make a profit”.



Moralizing Finance

Notions of individual responsibility, planning ahead and rational risk management are presented not merely as valued instrumental resources, but as key moral imperatives.

The character attributes of the literate financial actor constitute the person not only as financially adept, but also, and primarily, as morally virtuous.

Individual Responsivity

Responsible consumer:

An individual who controls her expenses, plan them in advance, does not borrow money to fulfil superfluous desires, and constantly saves money

Self-discipline and self-control

“Financial education is about everybody's self-regulation”

Farkash, R. 2012 ‘Sarig on the Program for Financial Education: We Plan to Begin at Early Age’, *Calcalist*, 3 July (in Hebrew).

Planning Ahead

“Conducting yourself according to a planned budget contributes to your sense of taking a firm stand against social pressure (I’m not part of the herd), a feeling of power and a strong character, a sense of independence and maturity”.

Ministry of Education, “Financial Education for the Advancement of Financial Literacy: Unit 1 - Personal and Family Budget”.

“Saving requires us to be strong and avoid the temptation of squandering in a moment of weakness and careless purchases”.

ORT Israel, “Understanding Money, Subject G: Saving is Safety”.

Rational Risk Management

“Investing in securities without learning and without consulting experts can be linked to gambling in a casino”

Ministry of Education, ‘Financial Education for the Advancement of Financial Literacy: Unit 6 – Investments’

Conclusions

- Financial education is a project that implicitly recognizes that the desired rational and responsible *homo financierus* is not natural, but needs to be created through specific ideational and institutional practices.
- The mobilization of conventions, emotions and morality plays a prominent role as a means to define and promote the model of proper financial subject. They contribute to the normalization of financial logics of marketized risk management in everyday life.

Thank you

Journal of Consumer Culture, forthcoming

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**Facing future uncertainties and risks through personal finance:
conventions in financial education**

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