Research to Practice Seminar

Financial Literacy as a Client Empowerment Model

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What is Financial Literacy

- Financial Literacy is the ability to make informed judgements and to take effective decisions regarding the use and management of money.
- Financial literacy is therefore a combination of a person’s skills, knowledge attitudes and ultimately their behaviours in relation to money.
Attitudes to Finances

- People’s financial attitudes to money have an association, be it negative or positive.
- Financial self efficacy – is more about self confidence and belief in their own ability to make a difference to the financial situation. Its strongest association is with staying informed in turn suggesting an active engagement in managing their finances.
- Finding money dealings stressful has a negative association. In many cases there is no association with or to planning a head. Therefore suggesting a lack of interest or willingness to engage with their finances.
Why is Financial Literacy Important

- The importance of attitudes as discussed above highlights the need for support in the form of advice, coaching and the development of tools amongst problem gamblers.
- People affected by gambling problems are likely to contact the financial sector well before seeking therapeutic counselling for a gambling problem.
- They may be asking for help to consolidate or relieve debts in order to continue gambling.
- Despite the enormity of their financial and social losses, these clients may still see gambling as the solution to their current problems and not the cause.
The Gambler’s view of money

- As gamblers increase their bets, and gamblers move from stage to stage along the gambling continuum their view of money begins to change.
- It no longer holds its traditional value!
- It’s new value is to enable the gambler to keep gambling.
- This corrupted view of the value of money is why problem gamblers may do anything to obtain money to keep gambling – lying, borrowing, even stealing.
- This irrational view of money is why financial literacy is so important in assisting the gambler to relearn the value of money.
Gamblers Financial Timeline

- Income
- Savings
- Lump Sum
- Payments
- Existing Credit

- New credit cards
- New loans
- Sale of capital items

- Increased credit limits
- Borrow from family and friends
- Less liquid assets

- Joint bank accounts
- Home loans
- Non-bank lenders
- Criminal activity

THE SOUTH AUSTRALIAN CENTRE FOR ECONOMIC STUDIES
Link to Financial Counselling

- Clients who gamble often need specialist financial counselling.
- Generally speaking, financial counsellors recommend clients pay off debts as quickly as possible. This can be achieved through debt consolidation or by borrowing money.
- When gambling is an issue, this approach should be considered with caution.
- People who are caught up in gambling are often accustomed to operating in the short-term, financially and otherwise. They are likely to access services when financial pressures are most intense.
- If those pressures are relieved, even temporarily, their motivation to work on their gambling problem may suffer and they may feel free to return to gambling.
Manageable repayment of gambling debts, not immediate debt relief, should be the key priority.

Working towards reducing debt can help reduce a trigger to gamble. The burden of gambling debt and the lack of money to continue to gamble can help clients accept responsibility for the problems their gambling has caused—and reinforce the need for future control.

The most successful outcomes are achieved when clients work through their debts, in tandem with therapeutic counselling.
The Changing Landscape of Gambling Financial Counsellors

- Due to the complexities associated with working long term to address financial issues with problem gamblers, the Diploma of Financial Counselling is seeking to include two new modules relating directly to working with Problem Gamblers.

- At first glance, the notion of addressing a gambling client’s often complex and disordered financial life may strike financial counsellors as an inappropriate and overwhelming task.

- Moreover, a gambler’s financial issues present unique challenges because many traditional money management tools employed by financial counsellors don’t work well—indeed, may actually be counterproductive—when applied to the household finances of a problem gambler.
Benefits of Financial Literacy when working with Problems Gamblers

- By helping the gambler face and cope with the financial pressures and find long-term solutions to money problems
  - You allow the gambler to better concentrate on a holistic healing program.
  - You provide the gambler with an immediate sense of hope, especially if financial problems have reached a crisis stage, such as impending bankruptcy.
  - You offer the gambler viable financial options. Problem gamblers fail to see other options to their gambling; many believe that the only way out of the financial hole that gambling puts them in is to gamble their way out.
  - You can help reduce suicidal tendencies, help the gambler relearn the true value of money, and lessen the chance of a relapse into gambling behaviours.
Anglicare’s Relapse Prevention

- We developed a 4 session Relapse Prevention Program based on the MoneyMinded Financial Literacy program.
- While attending these workshops clients explored:
  - How to set up a Budget
  - Financial Goal Setting – why do it?
  - Coping with the unexpected bills
  - Identifying spending patterns through exploring individual “Wants vs Needs”
  - Analysing “Spending Leaks”
Client Stories

- Helping clients to address their finances and give them a new hope and purpose is a great way to change their lives and their financial position.

- Client “John”
  - After discussing his goal in the workshop, he admitted he wanted to be sure he had enough money to leave to his new grandson.

- Client “Jenny”
  - When we met Jenny she had already lost all the money her husband had left her in his will. Their house was on the market to be sold as she was no longer able to make the mortgage payments. The money her husband had left her would have cleared the mortgage had she used it as her husband had intended. She was suffering significant compounded grief.
Future Opportunities

- Anglicare believes financial counsellors do play an important role in community education through delivering financial capability and effectiveness workshops that begin the discussion about gambling and money in the context of making the most of your money.

- Anglicare believes there is an opportunity for a lead Financial Counselling (gambling help) Agency whose focus is to consolidate what we know about gamblers and money from a behaviour and attitude perspective, and also liaise at the national level with financial institutions, legal profession, researchers, and develop appropriate resources etc.