

From the perspective of a discount brokerage veteran, CERTIFIED FINANCIAL PLANNER™ Professional and Adjunct Instructor of Personal Finance:

The current level of financial literacy is a direct function of investor behavior, which is affected by:

1. Lack of confidence in financial matters
2. Distrust of the financial services industry

Many times, consumers feel intimidated by financial professionals who are seemingly all knowing and aloof. Consumers often feel “talked-down” to regarding their lack of knowledge about financial topics. This exacerbates the “financial literacy” problem because it is a challenge for people to learn when they feel intimidated, anxious or scared. What makes the problem even worse is all of the wrongdoing that takes place in the financial services industry (especially in recent years).

Because information is not explained in a straightforward and clear manner, consumers are ill equipped to make informed financial decisions. Combined with the non-empathic attitude of some financial professionals and the underlying current of distrust toward the financial services industry, how we can improve investor behavior?

Having created many financial education seminars and workshops – in addition to teaching college level courses on personal finance, here are some strategies that I have found to be effective:

1. Pre- and post-tests of financial concepts so that consumers can measure their knowledge
2. Interactive activities throughout the learning process so that consumers are actively engaged
3. Actionable steps to help consumers apply newly acquired skills to their own financial situations

Financial education should be clear, engaging and objective in nature. In addition, it is especially critical to find creative ways to reach out to the underserved groups in our society.

Thank you for the opportunity to offer comments on the subject of financial literacy.