




A. Intro: The Need for Trauma-informed Financial Education



Let's introduce the training by talking about the need for trauma-informed financial education. We'll start by saying a little about who we are and how our project originated.



Economic Empowerment Project



Major Obstacle:
Financial dependence/
Financial insecurity




Our Economic Empowerment Project originated in the context of Domestic Violence. The motivating factor was of course, to help victims and survivors achieve financial independence. One of the major obstacles that survivors of domestic violence confront when trying to leave their abusers, is that they will very likely end up experiencing financial insecurity, as many have been economically abused and/or are financially dependent on their abusers.

Our project was a response to this, as there is an unmet need for support for survivors with respect to economic empowerment training, education, and services.



Economic Empowerment Project



Empowering Survivors \$
=
Financial Literacy?



Our initial approach consisted in prioritizing financial literacy, as we originally believed that this was the most important pathway for survivors in the pursuit of financial independence.

When you hear the words "financial literacy" or "financial education", what comes to mind?



Economic Empowerment Project



Lessons learned:

- Not useful for people experiencing trauma.
- No acknowledgment of role of trauma in victims' relationship to \$.
- No acknowledgement of trauma undercutting financial wellness.




In developing the curriculum for our project, we researched various existing models of financial education.

However, through our research and several conversations with partner organizations, we realized there were many lessons to be learned.

We learned that although there are many financial education tools out there, these seldomly approach the topic in a way that is truly useful for people who have experienced trauma.

We found that there is often little acknowledgement of the role trauma plays in the way that victims relate to money, and how it may undercut the effort to become financially empowered.

In short, the recurring trend is that the available financial literacy programs out there would not prove very useful to helping domestic violence survivors.



What's the problem with (non-TI) Financial Literacy?

"For decades now, the pervasive mindset across the country has been that, if poor people just had the knowledge to make sound financial decisions, they could lift themselves out of their financial despair. The idea was that, with knowledge, low-income people and people of color would be motivated, have an "a-ha" moment about how to change their 'destructive' behaviors."

Prosperity Now's [Financial Coaching Program Design Guide: A Participant-Centered Approach](#)



What's the problem with non-trauma informed financial literacy? Isn't

Prosperity Now explains:

"For decades now, the pervasive mindset across the country has been that, if poor people just had the knowledge to make sound financial decisions, they could lift themselves out of their financial despair. The idea was that, with knowledge, low-income people and people of color would be motivated, have an "a-ha" moment about how to change their 'destructive' behaviors."

However, time and time again, research has shown that financial literacy by itself has little effect on changing people's financial behavior.

“Even if someone attends all the financial literacy courses in town...

- *if they are living below the minimum wage,*
- *if they are unable to afford safe housing,*
- *if they are unseen by financial institutions, and*
- *if larger structural barriers – such as policies that deter saving, lack of affordable housing stock, discriminatory practices in lending and neighborhood segregation – continue to be at play...*

... They will not be able to overcome barriers that impede their ability to thrive financially and accumulate wealth.”

Prosperity Now's [Financial Coaching Program Design Guide: A Participant-Centered Approach](#)



However, time and time again, research has shown that financial literacy by itself has little effect on changing people's financial behavior.

As Prosperity Now tells us: [read]

Source:

Financial Coaching Program Design Guide: A Participant-Centered Approach – *Prosperity Now* (19-31)

What's the problem
with (non-TI) Financial
Literacy?

EMBEDDED LEGACIES

Denies the impact of systems of oppression.

.....

Emphasizes *individual behavior*
over *oppressive systems*.

.....

Normalizes economic violence.



Other research in the field of Economic Justice recognizes 3 embedded legacies in financial literacy practices that in fact **hurt** the capacity for building wealth:

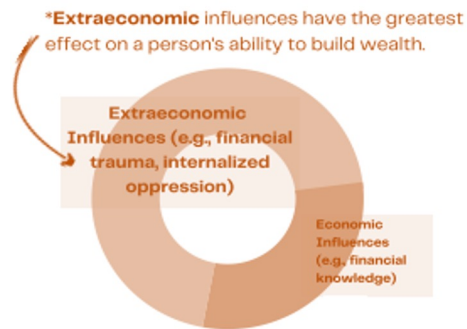
The first embedded legacy is that “financial literacy too often denies the impact of the systems of oppressions that create the conditions for our lives.”

The second says that “financial literacy deceptively emphasizes that wealth-building capability is most influenced by individual behavior, not the impact that oppressive systems have on our relationships with money.” We're talking about the "pull yourself by your own bootstraps" mentality and the myth of the "self-made" person.

The third tells us that financial literacy too often normalizes economic violence. (e.g., unsafe work conditions, wage gaps, classifying workers as 1099s rather than W-2, unpaid parental leave).

Source: FACTSHEET: THE EMBEDDED LEGACY OF WHITE SUPREMACY IN FINANCIAL LITERACY
https://www.canva.com/design/DAEbX02WFEI/view?utm_content=DAEbX02WFEI&utm_campaign=designshare&utm_medium=embeds&utm_source=link#4

Why Does this Matter?



McKenzie, C (in press) Broadening our understanding of wealth-building capability: A briefing paper. The Center for Financial Trauma and Wealth Justice.



Why does this matter?

Research behind this provides “evidence that basic financial knowledge has the smallest impact on a person’s wealth-building capability,” and that “in fact, the greatest influence on wealth-building capability is financial trauma.”

SOURCE: McKenzie, C (in press) Broadening our understanding of wealth-building capability: A briefing paper. The Center for Financial Trauma and Wealth Justice.

Re-imagining the Meaning of Financial Empowerment


- Survivor-centered
- No more victim-blaming frameworks
- Prioritize healing



Our realization was that this was the gap we needed to fill to maximize our project's impact.

The trauma-informed component needs to be at the heart of the project. In short, we realized our project should pivot.

What we need is to re-imagine the meaning of financial empowerment so that we could make it more survivor-centered, get rid of victim-blaming frameworks and prioritize a kind of healing that can truly open the doors to sustainable financial wellbeing.




Becoming Trauma-Informed

Understanding role of trauma
in client's recovery.

.....
Promotes safety, trust, and
compassion.

.....
Knowledge about trauma
belongs to everyone.



To achieve this, we need the tools of trauma-informed care,
and not just the tools of financial education.

So, how do we become trauma-informed? What does that mean?

Let's see what experts on trauma-informed organizations and services tell us:

They say that "Becoming trauma informed is not about becoming a trauma specialist. Rather it understands the role that each person can play in supporting a person's recovery, from the first person to greet someone as they enter a building for the first time, the building engineer to the CEO or Executive Director."

This is "based on an understanding of the particular vulnerabilities and/or triggers that people affected by trauma experience (that traditional service delivery approaches may make worse), so that services can be more supportive, compassionate, effective and avoid re-traumatisation. (SAMHSA)"

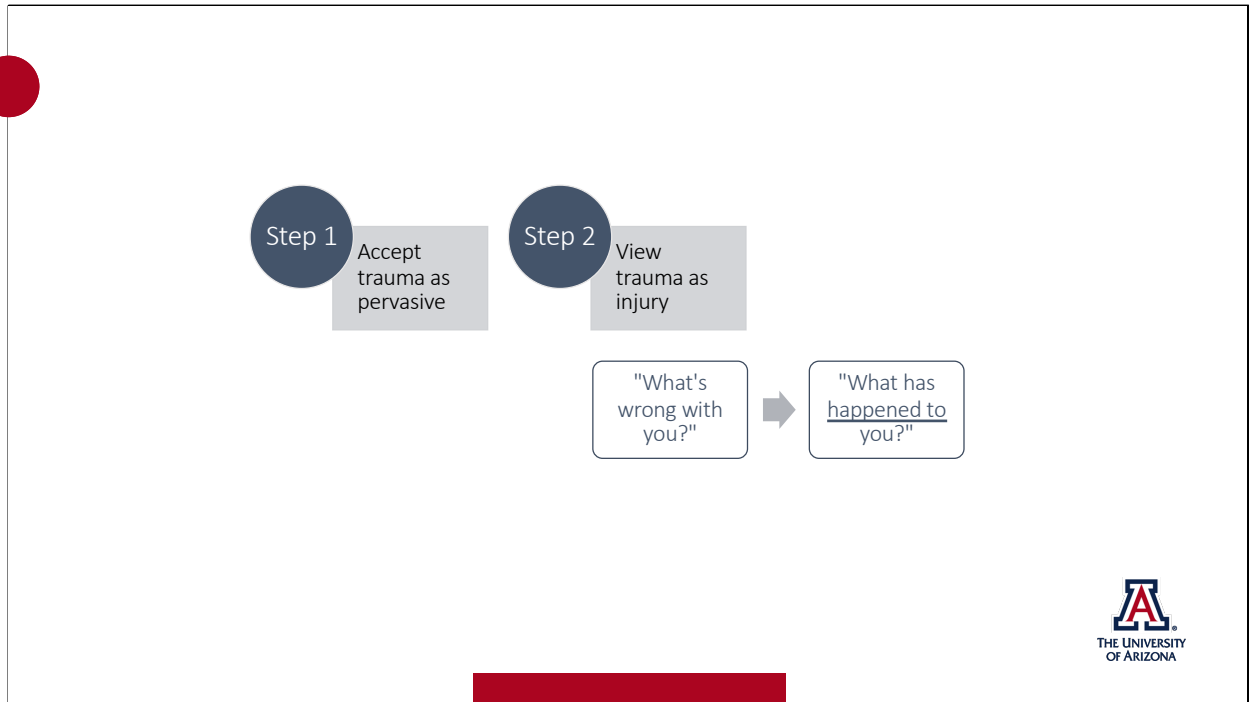
They tell us that "Everyone (...) can make a difference in creating a culture and climate that promotes safety, trust and compassion. These are the hallmarks of being

trauma informed. Remember the smallest acts of kindness and understanding can be the most powerful."

They also say that "knowledge about trauma is not limited to a privileged few within an organization but belongs to everyone. Not everyone within an organization or system may have all the same knowledge and information, some may have more than others, everyone however should have a basic understanding of trauma and the principles of trauma informed care."

Source:

<https://trauma-informed.ca/about-us/mtiec-trainings-and-webinars/trauma-informed-organizations-and-systems/becoming-trauma-informed/>



Experts on trauma-informed organizations and systems tell us that "the **first step** towards becoming trauma informed is **accepting that trauma is pervasive**, assuming that all the people you are helping have experienced a trauma and understanding that trauma is a defining and organizing experience that shapes the core of a person's identify."


"The second step is to **view trauma as an injury**. Trauma is viewed as an injury and not an illness, sickness, weakness or character flaw. This shifts the focus from asking people "What is wrong with you" to "**What has happened to you**".

Source:
<https://trauma-informed.ca/about-us/mtiec-trainings-and-webinars/trauma-informed-organizations-and-systems/becoming-trauma-informed/>

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- B. Defining Trauma and Economic Abuse

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This is an overview of the contents of this training.