The Importance of Financial Social Work
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Abstract

The social work profession uses many approaches to fulfill its mission of enhancing human well-being for all people (NASW, 2017). Financial social work is one approach that deserves greater attention in the field. It promotes the economic well-being of everyone through financial capability (Sherraden & Huang, 2019). Economic injustices, such as extreme income inequality, poverty, homelessness, unaffordable housing, and predatory financial practices, reveal a tremendous need for financial social work today. Despite these realities, many social workers find themselves unprepared to assist their clients with their financial circumstances and difficulties. This paper makes a case for increasing the inclusion of this approach in social work practice and education through analyzing its implications on social work theory and ethical principles.

Introduction

Social workers are committed to promoting human well-being and advocating for the basic needs of all people (NASW, 2017). There are many approaches that social workers can take to accomplish this mission, such as criminal justice, school social work, and mental health practice. Financial social work is one approach that is gaining more attention over the last twenty years. It is a discipline that is committed to building financial well-being and financial capability for everyone, particularly those within vulnerable and marginalized populations (Sherraden & Huang, 2019). Economic factors impact every individual and family in their lives, and the financial health of everyone in society is a significant part of human well-being. Many professionals in the social work field are not prepared to engage their clients regarding their financial problems, and merely refer them to financial practitioners. Part of this outsourcing is excluded from the common discourse among social work professionals (Engelbrecht & Ornellas, 2019). Yet, social workers are in front of people facing financial difficulties almost daily, and this position presents a tremendous opportunity to help clients build financial capability (Despard

& Chowa, 2010). The social work profession can gain from more practitioners being aware of the importance of financial social work.

The Theory Behind the Financial Social Work Approach

According to Sherraden et al. (2019), the goal of financial social work is financial well-being for all, and the means to that goal is financial capability. These concepts of financial well-being and capability make up a theoretical framework for financial social work practice. A unified theory for financial social work will potentially provide fruitful guidance for this approach to gain more speed in social work education (Sherraden et al., 2019).

An individual achieves financial capability through having the ability and opportunity to attain financial well-being and security (Sherraden et al., 2015). Financial capability can be broken down into the concepts of financial literacy and financial inclusion.

Financial counselors and planners often help clients increase their ability to act through financial literacy and education. Financial literacy is a person's ability to understand financial concepts, which leads them to make sound financial decisions for themselves and their families (Despard et al., 2010). Financial social workers have the skills to focus on increasing financial literacy among vulnerable and diverse populations in a culturally competent manner.

However, financial literacy only carries an individual so far until they encounter barriers to their economic opportunity. Financial inclusion addresses how much particular groups and individuals in society have access to financial systems, such as traditional financial services through banks and credit companies (McGarity & Caplan, 2018). Marginalized groups and individuals often face barriers to financial inclusion (McGarity & Caplan, 2018). Financial social workers are trained to create solutions that can increase their clients' opportunity to act towards their financial well-being. They can also advocate for marginalized populations by combating predatory financial policies and practices that reduce financial inclusion.

As individuals and families grow their financial capability, they can hopefully discover a path towards greater financial well-being. Sherraden et al. (2019) describe financial well-being as a combination of financial stability and development. Economic stability is an individual's capacity to make sound financial decisions and be better prepared to meet obligations and financial challenges (Sherraden et al., 2019). Financial development, then, is the work to build assets and achieve long-range goals. As more individuals attain financial capability and well-being, we can hope to see economic justice for all be realized.

Implications of Financial Social Work Theory on Social Work Practice

Humans are complex and cannot be fully understood from a single perspective, so social work practice requires multiple disciplines to strive for the well-being of all. Financial social work is one of these disciplines. One of the values of the financial social work theoretical framework is its eclecticism to adapt to other social work theories.

Systems/Ecological Theory

Financial capability leans on the systems theory and person-in-environment principle (Sherraden et al., 2019). Bronfenbrenner (1979) theorized that human behavior and development could be understood through a person's relationship with various systems in their environment. Individuals and families interact with and are impacted by the economy and financial systems daily.

Everyone has a relationship with money and financial systems, which can positively or negatively impact their lives. According to the Center for Financial Social Work (2020), understanding this relationship requires social workers to assess how finances affect emotions, values, thoughts, and other human behavior. Through financial capability, social workers can help their clients build a healthy relationship with their money by increasing their ability and opportunity to make sound financial decisions.

Many direct service organizations and community centers work with financially vulnerable populations. Financial literacy is a valuable resource of social capital for individuals and families from these populations to help alleviate poverty and other financial difficulties. Due to a lack of financial knowledge, millions of taxpayers do not utilize the earned income tax credit and child tax credit that entitle them to a possible refund (Drumbl, 2013). Missing these financial opportunities continues to put financially vulnerable individuals and families at a disadvantage economically. Therefore, financial capability programs and interventions can add considerable value to direct service agencies and community centers.

Development Theory

Social workers use developmental theory to evaluate human behavior over age-based life cycles through the biological, psychological, social, and spiritual dimensions (Hutchinson, 2019). In addition to the biopsychosocial aspects, it is crucial to consider an individual's life stage as social workers formulate financial well-being and financial capability interventions.

Financial social work practice focuses on the economic needs of individuals and families across life stages (Sherraden et al., 2019). Examples of this are helping people achieve childcare, employment and higher education in young adulthood, homeownership in adulthood, and retirement in older adulthood. Within the financial social work theoretical framework, one aspect of financial well-being is financial development (Sherraden et al., 2019). Individuals have more potential to thrive when they have the opportunities to set long-term goals and build assets, such as education, homeownership, and retirement.

One solution is to see every state implement a Child Development Account (CDA) to be available immediately for every newborn so that every individual in the United States has the chance to accumulate assets and future financial resources (Sherraden et al., 2015). Many states already have versions of a CDA in place. It presents an effective solution for financial inclusion among economically vulnerable populations. It provides individuals with an entry into traditional financial services and a pathway out of the fringe economy.

Social Learning Theory

Albert Bandura's social learning theory teaches that individuals learn behavior through active cognitive processes, such as observing through direct experience (Bandura, 1971). Individuals can develop cognitive beliefs about money learned from childhood and passed down from generation to generation (Archuleta et al., 2016). For example, parents who are financially illiterate pass on behaviors about money that can turn into financial disorders, like compulsive spending and financial anxiety (Archuleta et al., 2016). Financial therapy is a specific intervention that financial social work practitioners can use to assess a client's beliefs about money and help formulate new cognitive patterns and financial practices in hopes of creating positive financial behaviors.

Economic Justice

At the heart of the social work profession are human rights, social justice, and economic justice (Davis & Reber, 2016). Yet, considering the lack of financial education in social work curriculum, aspects of economic justice are possibly overlooked generally. A quick search for articles regarding this topic on its own does not yield much. The pursuit of economic justice is one area that makes financial social work unique. Through practice and policy, financial social work seeks specific ways to take up the cause for economic justice.

More people in society continue to fall into the fringe economy where they are pressed to use alternative financial services. Low-income neighborhoods see an increasing number of pawn shops, payday advances, check cashers, car title loans, and rent-to-own stores (Karger, 2015). These services tend to participate in predatory financial practices towards vulnerable populations such as excessive charges and interest rates. Social work practitioners can help their clients understand the workings of alternative financial services and find ways to increase their financial inclusion. They work with clients daily within the fringe economy that face financial discrimination and predatory practices. Financial social work practice increases their effectiveness to help their clients move further towards economic justice.

Today, an extraordinary number of Americans are facing the financial crisis that has accompanied the COVID-19 pandemic. Social workers serve individuals and families dealing with the adverse effects of this crisis, such as mental health problems and financial stress. The United States' unemployment rate climbed to its highest since the Great Depression, and the world faced the risk of a global economic recession (Jackson et al., 2020). Disadvantaged populations, such as those experiencing homelessness, have been hit the hardest. Those social workers who are prepared to offer financial interventions have a tremendous opportunity to advance economic justice for individuals and families within vulnerable populations significantly impacted by the pandemic.

Financial social work practice also advances economic justice in the development of financial empowerment programs. A study by Okech et al. (2018) revealed that financial capability intervention for human trafficking survivors could be a critical factor in preventing the recurrence of trafficking and offering a resource that can lead to greater well-being and stability. Intimate partner violence programs have adopted financial empowerment interventions to help domestic abuse survivors achieve the ability and opportunity to find financial well-being out of their abusive relationships (Sherraden et al., 2019).

The financial social work approach can help develop programs and policies to alleviate widespread economic injustices. Lein et al. (2016) have presented policy strategies that are designed to reverse economic inequality through the Grand Challenges for Social Work initiative. Their strategies to reduce poverty and income inequality include expanding the Earned Income Tax Credit to workers who are non-custodial parents, extending support for childcare to be available for all working families, and progressively reforming tax rates that favor capital earnings over income and labor (Lein et al., 2016).

Financial Social Work Education

Studies reveal that social work students receive little or no education in financial literacy and generally feel unprepared to offer financial interventions to their clients (Gillen & Loeffler, 2012; Despard et al., 2012). These findings show a gap in social work education that potentially reduces overall effectiveness in social work practice. Schools of social work could add considerable value to their programs if financial literacy coursework could be included in their core curriculum.

Within the last 15 years, there have been efforts from schools of social work to incorporate financial content in their education program, including a team of schools in New York City, Columbia University, and the University of Maryland (Sherraden et al., 2017). Additionally, financial educational resources are already available for schools of social work to implement into their core curriculum at the undergraduate and graduate levels (Smith et al., 2018; Sherraden et al., 2017). There is incredible potential in the advancement of economic justice within the profession if more social work students were also educated in financial literacy.

Conclusion

Economic factors impact everyone in society, especially those who are financially vulnerable. Income and wealth inequality are at their highest levels after over 100 years (Lein et al., 2016). Individuals and families experience reduced mental and physical health considering financial stress and strain (Sweet et al., 2013). Neoliberalism and globalization continue to prioritize competition and financial gain over the value of human individuals and communities for the sake of "economic advancement" (Engelbrecht & Ornellas, 2019, p.1234). It is evident that financial social work deserves to be a more mainstream approach within the social work profession and taught within its core curriculum. Social workers advocate for vulnerable populations that encounter financial challenges and economic injustice every day. They have the responsibility to provide more assistance in these matters than merely referring clients to financial practitioners (Gillen & Loeffler, 2012). In a profession that extensively utilizes a multidimensional framework, it makes sense that the financial dimension could also be more closely considered while serving clients and advancing economic justice for all people.

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