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Empowerment of Whom and for What? Financial Literacy Education and the New Regulation of Consumer Financial Services

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Abstract: Financial regulators in many states recently have obtained statutory mandates to enhance consumer financial literacy. This paper investigates the development of policy pursuant to such mandates in the UK and Canada to identify how national regulators in both countries represent financial market place. It finds that regulators in both countries represent financial education as empowerment and responsible consumer behaviour. The paper rekindles the tension between empowerment and responsabilization aspects of literacy enhancement to policy goals of expectations of protection. It raises questions about regulators' use of consumer education to responsabilize consumption of financial products and calls for further research on the international growth of financial literacy education as a regulatory project.

Keywords: n/a

Modernity cannot be comprehended without understanding regulation. . . .
The global perspective . . . reframes individuals as subjects as well as objects of regulation. . . . Understanding modernity . . . demands the study of plural webs of many kinds of actors which regulate while being regulated themselves.
(Braithwaite & Drahos 2000: 10–11)

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I. INTRODUCTION

Towards the end of the twentieth century, the combined forces of global economic integration processes and financial crises spurred restructuring of financial firms and stimulated reforms to international and domestic regulation of financial services markets. Changes to the regulatory architecture in many jurisdictions produced new agencies and novel statutory powers (Briault 1999; Ferran 2003). Regulatory reform may draw on distinct local histories, politics, and institutional imperatives, but changes in the global setting of these reforms have produced similarities. One notable similarity is the emergence

in several states of new mandates for national governments to educate, as well as protect, financial consumers (OECD 2005a). Acting on these mandates, regulators have begun to promote financial literacy education, intending to change how consumers behave.

Proponents often cast financial literacy education as a form of consumer empowerment, using empowerment to mean reducing barriers to participation in markets and improving the accessibility of relevant information (e.g., Cartwright 2004; Fox, Bartholomae & Lee 2005; Howells 2005). Seen from this perspective, financial education works in concert with consumer protection measures to improve decision-making skills and enable individuals to make use of remedies such as disclosure and reflection rights. More critical explanations view financial education as responding to the interests of states and firms in expanding consumer markets for financial products, and as facilitating a shift from the state to the individual of responsibility for personal economic security (Froud et al. 2006; Odih & Knights 1999). Financial literacy education features in these explanations not so much as consumer empowerment but rather as an instance of responsabilization, a form of regulation by which the state holds individuals accountable for aspects of market governance and social security that it used to provide.¹ Responsibilization has a more complicated relationship with standard consumer protection measures than does the notion of empowerment. Although sometimes promoted as strengthening autonomy, responsabilization increases individuals' exposure to risk and acts on individual consciousness in ways that may conflict with traditional conceptions of consumer sovereignty. Drawing on these themes of market expansion, consumer empowerment, and individual responsabilization, this article critically analyses UK and Canadian policy discourse on financial education. Descriptively, the analysis identifies how regulators in these states represent the behavior they seek to promote and their visions of the role of the literate consumer in the contemporary financial marketplace. More critically, I compare regulators' accounts of the goals of financial education with economic justifications for consumer protection measures and with findings from behavioral research on individual decisionmaking.

This analysis exposes contradictions related to the idea of consumer sovereignty and provides reasons to question the feasibility of deploying financial education to influence consumers and, through them, financial markets.

While the article refers to recent financial literacy initiatives and policy outputs in Canada and the UK, it concentrates on how regulators' texts represent consumer education. This focus on representations stems from the premise that policymakers do not simply observe problems that regulatory action purports to solve, but through their communications actively contribute to dominant understandings of perceived needs for regulatory action. How they interpret the problem of financial illiteracy and communicate the goals of financial education are therefore significant dimensions of their policy activities (Yeung 2005). Another reason to pay close attention to policy discourses is the pre-eminence of consumer empowerment claims in the financial education literature, which tends to orient its critical questions towards the efficacy of particular initiatives rather than the aspirations of the regulatory project (e.g., Brennan & Ritters 2004; Klemme 2002). This focus may obscure the extent to which financial literacy measures purport to advance other objectives, such as changing individual understandings about the appropriate role of the state in social welfare or modifying consumer expectations of firms and regulators. By examining policy makers' accounts of the purposes of financial literacy development, this article illuminates the complexity of regulatory goals and draws attention to potentially contradictory aspects of educational interventions (Gross 2003, 2005). Part II outlines the rise of financial literacy education as a Regulatory project, situates it in the context of decentered regulation and elaborates on

the key themes of market expansion, empowerment, and responsabilization. Part III describes the development of financial literacy education policies in Canada and the UK, and analyses the regulators' policy documents in the light of these themes. Part IV reflects on the findings and explores some of their implications for financial consumers and for regulation in this field. Part V is a short conclusion.

II. THE RISE OF FINANCIAL LITERACY EDUCATION AS A REGULATORY PROJECT

A. THE EMERGENCE OF FINANCIAL LITERACY ON THE PUBLIC POLICY AGENDA

Neither anxiety about consumer skills nor interest in consumer education is a new entrant on the terrain of public policy (Kyrk 1923; Mitchell 1950; Parr 1999). Consumer education has featured in debates about consumer protection policy since early in the twentieth century, while organizations providing quasi-educational services, such as debt counselling and financial advice, populate the nongovernmental sectors of several states (Braucher 2003; Gross 2003). Recent developments differ from these examples, however, insofar as regulators, who traditionally have focused on governing behavior on the supply side of financial markets, deploy education systematically to change consumer demand.

This approach to consumer education extends the work of securities regulators such as the U.S. Securities and Exchange Commission (SEC), which in 1993 established an Office of Investor Education and Assistance to provide advice on investing “wisely” and avoiding fraud (Fanto 1998). Subsequent initiatives of the SEC and other securities regulators produced investor education programs offering “tips and traps” advice and information about disclosure rights. Regulators may have based these programs on mandates to promote investor confidence in securities markets, but their educational activities tended to be ad hoc and responsive to scandals and scams (Fanto 1998). To the extent that there existed a nascent conception of a more general educational role for financial regulators, it emphasized helping investors to give effect to their established preferences through such measures as better access to information. Unlike financial firms who turned to financial education from the late 1980s to increase product sales, financial regulators engaged in relatively little “cheerleading” education to promote investment as good practice for everyone, nor did they otherwise seek to inculcate savings and investment norms amongst the general populations in their jurisdictions (Fanto 1998: 162).

By the beginning of the twenty-first century a discernable shift had occurred, establishing the main elements of current policy discourse. “Consumers” replaced “investors” as the focus of attention as concerns about individuals’ financial skills expanded to encompass consumption of products such as credit, insurance, savings, and general banking services; and financial consumers became positioned as targets, as well as beneficiaries, of states’ financial educational initiatives (OECD 2004, 2005a). Aspiring to do more than improve access to information, some financial regulators began to focus on consumers’ roles in financial markets, seeking to influence their thinking about financial circumstances and needs, to encourage development of a taste for financial property, and to support acquisition of the skills required to perform confidently in financial markets.

In addition, recent policy discourse often frames financial illiteracy as a problem that engages national interests in the performance of domestic financial markets and represents financial education as vital to the health of national economies. A recent OECD report, for example, asserts that higher levels of financial literacy will improve economic growth and help

to reduce poverty in all economies and potentially moderate the volatility of financial markets in so-called “emerging economies” (OECD 2005a: 35). Sometimes, the direct benefits to consumers appear almost as an afterthought, as in the mandate of an Australian taskforce, which describes the goals of a national financial literacy strategy as to: “reduce poverty, increase economic performance, bolster national savings and create well-informed consumers” (Australia. Consumer and Financial Literacy Task Force 2004).

B. THE ECONOMIC SETTING: GLOBALIZATION AND THE EXPANSION OF FINANCIAL MARKETS

These shifts in policy discourse occurred in the shadow of global economic restructuring processes that have expanded markets for consumer financial products and stimulated the rise of a neoliberal model of economic development (Harvey 2005; Soederberg, Menz & Cerny 2005). Social change wrought by this model has affected both the demand for and supply of consumer financial products. Flexibilization of labor markets has made employment more insecure, while interstate competition to attract or keep capital investment has led to policies that limit states’ capacities to deliver economic security and provide social services.²

Together these effects have transformed workercitizenship entitlements to social welfare into privatized needs for products to finance personal care and development, smooth incomes over time, and manage risk. Nowhere is this transformation more apparent than in relation to pension provision, which is frequently cited as one of the main reasons for states’ burgeoning interests in financial literacy (e.g., FSA 2002b; OECD 2004). At the same time, technological change and deregulatory policies have speeded up the pace at which money circulates and capital flows into and out of national economies and spawned large financial firms in search of ways to increase demand for their products (Briault 1999; Strange 1998). Firms have found it easier to grow demand for some products than for others. Unlike revolving consumer credit, for example, which firms may promote as a means to enjoy a desirable consumer lifestyle, savings and investment products appear have been more difficult to mass-market within a system of tax-funded public services. Just as cuts to such services may create new financial needs, so too may public education policies stimulate consumer demand by heightening individuals’ consciousness of such needs and the capacity of different financial products to meet them. Capitalizing on this aspect of consumer education, financial firms have supplemented traditional product marketing with programs to increase public awareness and usage of financial products. Citigroup, for example, expanded the educational work of its pre-merger firms with the launch of a ten-year program to spend at least US\$200 million on promoting financial literacy throughout the world (Citigroup 1998–2006) while Visa, active in U.S. schools since 1995, has created financial education programs for adults and children in Europe and North America, South American states, the Middle East, Africa, and the Asia Pacific region (Visa 2006). Financial firms market products to adults through quasi-educational activities such as investment exhibitions and clubs; they fund young investor competitions, promote financial skills training for children, and sponsor awards for youth organizations (Girl Scouts 2005; Harmes 2001; Stanford 2002). Complementing direct delivery of their financial educational schemes, some firms have sought also to “place financial education firmly on the public policy agenda” (Citizens Advice Bureau & Prudential plc 2005: 2), sponsoring research and lobbying for the inclusion of financial education in the work of state regulators and educational authorities.³

One ambitious initiative is the OECD financial education project, described by its sponsor, Prudential plc, as “a significant three-year international research programme [to] guide policymakers and regulators around the world who have the task of implementing financial education strategies” (Prudential plc 2005: 10).

This project has published a substantial report on the state of financial literacy around the world and a policy statement on best practices for the promotion of financial education. Its policy statement urges countries to improve the financial skills of their populations and to heighten consumer awareness of how financial assets protect individuals against risk: it encourages regulators to embark on this task early in people's lives and to intervene when individuals are economically vulnerable (OECD 2005b: II.A.8–10).

C. REGULATION OF CONSUMER FINANCIAL SERVICES

1. *Decentered Regulation*

Financial firms' support for state initiatives to enhance financial literacy responds to and reinforces changes in regulatory goals and techniques that have accompanied the rise of neoliberalism. Much contemporary re-regulation is decentered in the sense that governments do not monopolize regulatory power, but rather share it with international and regional organizations, independent agencies, industry and cross industry groups, nongovernmental organizations, and individuals (Black 2001, 2002, 2003; Levi-Faur 2005; Scott 2004). States may enlist new regulatory subjects, delegating governance powers and responsibilities for the performance of markets to firms and individuals that formerly were viewed as objects or beneficiaries of regulation. To use a popular metaphor, decentered regulation positions the state as "steering" rather than "rowing" (Osborne & Gaebler 1992: 25–48). It disperses governance capacity through meta-regulatory practices that constitute market actors as at once regulators and regulated. ⁴

As Julia Black notes:

"the normative aspect of the new understanding of regulation is that intervention in the self-regulation of social actors . . . has to be indirect" (Black 2001: 126).

This perspective on regulation opens up new possibilities for understanding how regulators view their work in relation to consumer interests (Ramsay 2006). In particular it allows for them to position consumers not as passive recipients of regulatory protection but as subjects who actively contribute to regulatory practice. Both the empowerment rationale for the new financial literacy education mandates and the responsabilization thesis provide justifications for decentered regulation. Each depicts the financial consumer as a potentially influential market actor, with the former emphasizing spontaneous ordering through the invisible hand of privately held preferences, while responsabilization conceives of the consumer's ordering role as strategic and deliberately constructed by the state.

2. *Financial Education as Consumer Empowerment*

According to the economic model of financial education as consumer empowerment, increased supply of financial products potentially has the effect of widening and deepening consumer markets. At the same time, substantial growth in the number and range of financial offerings may create problems for consumers since it increases complexity and the risk of the market circulating poor-quality or unusable information. Reliance on inadequate information threatens consumers' interests, especially their interests in financial products supplied under long-term contracts or which require individuals to cede management of their assets to decision makers whom they do not directly control. Uncertainty and asymmetry may impede entry to financial markets for some consumers, through self-selection, or because financial firms selectively market their products (Devlin 2005; Ford & Rowlingson 1996; Leyshon & Thrift 1995). Among consumers who do enter financial markets, the adverse consequences of inadequate information

range from buyers' remorse, through significant economic loss from unsuitable products, to financial ruin for some victims of exploitative marketing or fraud. Disclosure and reflection rights appear as initial responses to such risks, whereas financial literacy education purports to strengthen the capacity of these rights to protect consumers (Reifner & Herwig 2003).

These regulatory responses assume a strong notion of consumer sovereignty, in which the consumer appears as a rational actor whose unique and robust preferences about personal welfare policymakers respect and seek to facilitate. More than a simple claim about human agency, this notion of consumer sovereignty also informs the understanding that consumer demand directs producers as to how much of which products to supply. According to this model, poor-quality and inaccessible information jeopardizes the reign of the sovereign consumer because it impairs her ability to realize her preferences. Knowing that inadequate information may have such consequences, producers have incentives to obfuscate or withhold relevant facts when so doing shifts control to them. As long as other critical assumptions of strong consumer sovereignty remain intact, however, this model offers little scope for regulatory intervention to influence the substance of consumers' tastes; its central concern is how consumers decide. Educational measures that attempt to modify consumer preferences for financial products, by contrast, depart from standard economic rationales for regulating consumer markets, rendering consumer sovereignty a questionable justification for policy.⁵

3. Responsibilization of the Financial Consumer

Responsibilization features in contemporary scholarship as a characteristic strategy of regulation in "late modern" societies, a strategy by which the state reconstructs its role from one of direct action on social welfare and personal security to that of "governance-at-a-distance" (Garland 1996: 454; Rose 1999).

Responsibilization imposes new demands on individuals to regulate their conduct—and often that of other people—to maintain their well-being. It thereby reproduces a distinct conception of the human actor as "an entrepreneur of his or her self" (Rose 1999: 144) whose lifelong work is "to make adequate provision for the preservation, reproduction and reconstruction of one's human capital" (Rose 1999: 142 fn 13, quoting Gordon 1991: 44). Off-loading obligations for social provisioning does not detach the state from social ordering but rather creates opportunities for it to exercise power differently, to function as coordinator and catalyst, deploying distinctive knowledge, objectives, and governance techniques (Garland 1996: 454). Responsibilization thus demands an activist stance on the part of the state, which recasts its role from one of directly providing services and protection to fostering the institutional, social, and cultural conditions that support "entrepreneurship of the self." Responsibilization may be linked to the growth of regulators' financial literacy mandates in several ways. With the shift in the role of the state from "rowing" to "steering" on matters of social welfare, financial consumption may serve a site for responsabilization of individuals. Education orienting financial consumers towards self-reliance complements other policies such as incentives to make financial choices favored by the state, cutting collective services, and creating liability regimes that limit the protection consumers receive against mis-selling. In this way, financial literacy education may help to sustain a conception of the financial consumer as a responsible self-regulating subject who does not look to the state for more help than it is willing to provide. Beyond managing the business of her own life, the work of the responsabilized consumer extends to regulating the behavior of firms and the performance of markets. Literate, skilled consumers are expected to search the market effectively, monitor firms attentively, switch providers efficiently, and exercise their consumer power to drive out of the market firms that are dishonest, incompetent, or indifferent to consumers' needs. Through making choices that reward or

punish firms appropriately, the educated and responsible consumer may become a resource available for regulators to enlist in the project of improving the competitive health of financial markets, nationally and in the global arena.⁶

Lastly, financial education that purports to enhance the responsible consumer's capacities to regulate herself and other market actors may provide a justification for the state to reduce its investment in patrolling financial markets and monitoring financial firms, in effect relieving regulators of some of their responsibility for the state of the market.

III. FINANCIAL LITERACY POLICY DEVELOPMENT IN THE UK AND CANADA

A. THE FINANCIAL SERVICES AUTHORITY

In the UK, the regulatory mandate to promote financial literacy stems from a comprehensive overhaul of financial market governance that began in 1997. Reforms to the regulatory architecture of the markets developed in response to financial industry restructuring processes that had blurred distinctions between different kinds of financial services businesses (Great Britain. Treasury 1998: 8). Mergers and acquisitions as well as internal firm growth produced multi-sector financial firms. Industry restructuring also brought new entrants into the market as supermarkets and other non-financial retailers began to offer financial products (Briault 1999; Great Britain. Treasury 1998).

These developments created intractable problems of “communication, coordination, co-operation and consistency” that the regulators failed to solve (Briault 1999: 15). After a ten-year period that witnessed spectacular disasters in financial markets, including bank failures and widespread mis-selling of financial products, the government concluded that its regulatory model could not adequately protect investors (Great Britain. Treasury 1998: 8). Breaking with its past system of sectoral regulation, the government constituted the Financial Services Authority (FSA) as the “single” statutory regulator for the financial services industry.⁷ Its regulatory powers cover business practices and prudential regulation, and it governs a wide range of financial products and markets.

The combination of prudential regulation and market conduct regulation makes the FSA's jurisdiction distinctive even among the emerging breed of “single market” regulators (Black 2005), but it does not regulate all financial services. In particular, much of the consumer credit market remains under the jurisdictions of the Department of Trade and Industry (DTI) and the Office of Fair Trading (OFT) (FSA & OFT 2006). Moreover the FSA's consumer educational remit is not exclusive but overlaps with the educational mandates of several other agencies and government departments, including the OFT, the Department for Education and Skills (DfES), the Department for Work and Pensions, and the Treasury. For most financial products and markets, however, the FSA plays the lead role in stimulating and sponsoring the development of financial literacy initiatives, although it may devolve delivery to other agencies.

Promotion of “public understanding of the financial system” is one of four regulatory objectives of the FSA established in the *Financial Services and Markets Act 2000* (FSMA), which came into force at the end of 2001. This objective includes heightening awareness of the risks and benefits of financial products and providing appropriate information and advice. (FSMA: s4) Another statutory objective, consumer protection, defined in terms of “securing the appropriate degree of protection for consumers” (FSMA: s5(1)), also has significantly influenced the agency's policy on financial literacy education.⁸

Elaborating on factors relevant to determining an “appropriate degree” of consumer protection, the Act directs the FSA to consider variations in consumers’ experience and expertise and the “*caveat emptor*” principle, that “consumers should take responsibility for their decisions” (FSMA: s5(2)(d)). During committee hearings on the draft Bill, members questioned representatives of the government and FSA about the rationale for defining consumer protection goals in terms of *caveat emptor* n markets for complex and unfamiliar products such as financial services (Joint Committee 1999: q24 & q101). Its inclusion was defended by the government, however, on the basis that: “we do not want . . . consumers [to] believe that wherever they put their money and whatever decisions they make they will always be protected. They will need to have that responsibility for the decisions they make” (Great Britain. Joint Committee 1999: q101). This perspective on consumer protection reappears in the FSA’s subsequent positioning of consumer responsibility at the heart of its financial literacy strategy. Conceiving of its statutory education mandate as a new departure for a UK financial market regulator, the FSA embarked on a policy-development process early in the transition to the new regulatory regime (Great Britain. FSA 1998, 1999). Initially, it conceptualized financial illiteracy primarily in terms of ineffective consumer decision making. A 1998 consultation paper, for example, quotes a Treasury minister’s description of the purposes of financial education as to “ensure that consumers have the ability to understand and question the advice and literature they are given . . . help empower consumers and enable them to use their ‘buying power’ more effectively” (Great Britain. FSA 1998: 1). The consultation paper links financial literacy education to the FSA’s market governance powers with the proposition that consumer education “could also, over time, reduce the need for detailed intervention”⁹ but dismisses the possibility with the assertion that regulatory action remains necessary to maintain “adequate standards of consumer protection” (Great Britain. FSA 1998: 1.3).

This model of financial literacy education as helping consumers more effectively to act on their preferences survived the initial consultations. While a 1999 report makes reference to themes consistent with responsabilization of consumers—such as improving national competitiveness and the need for consumers to inform themselves and understand their responsibilities as well as their rights (Great Britain. FSA 1999: 3.5 & 3.7)—it does not advocate financial literacy education to reduce market regulation. Moreover, it explicitly rejects notions of consumer education being used to expand financial markets (Great Britain. FSA 1999: 3.21) and of the agency “being prescriptive . . . or telling people to save” (Great Britain. FSA 1999: 3.8), characterizing financial literacy education instead as a resource that enables financial consumers to achieve whatever they choose as their goals. In the words of the report: “the high level aim of consumer education is to help consumers make informed financial choices” (Great Britain. FSA 1999: 3.5). To this end, the 1999 strategy consisted of two main prongs: (a) skills development to enhance individuals’ abilities to manage their finances; and (b) better access to impartial information and advice (Great Britain. FSA 1999: 3.7 & 3.8). The model of consumer education empowering individuals to make effective financial choices sufficed to launch the FSA’s financial literacy project, which in its first few years commissioned several research studies, established an extensive network of consumer education partners in public and private sectors, and published a vast number of documents proffering information and advice. Policy development continued, however, not only on financial literacy education, where the FSA has collaborated with other agencies to refine its conception of consumer education, but also in relation to the agency’s other statutory objectives and its approach to market regulation (Great Britain. FSA 2000). Since 1999, the FSA has integrated its public awareness objective into its risk-based regulatory model (Great Britain. FSA 2000, 2002a, 2003b), a framework for regulatory action in which regulators “attempt to

define what, to their minds, are the acceptable limits of their responsibility and hence accountability” (Black 2005: 514). With the development of this model, the FSA’s view of the objectives of consumer education has come to conform more closely to the responsabilization thesis.

Recent policy documents restate the FSA’s public awareness objective as making financial consumers more “confident and capable” of participating in financial markets (e.g., Great Britain. FSA 2003c, 2006d). While the difference between “capable” and “effective” consumers may seem more semantic than material, the new model represents the rationales for financial literacy in ways that correspond more closely than before to a construction of the responsabilized consumer as a regulatory subject. Noting that “the comforting arms of the state, and of employers, are steadily being withdrawn” and that “the responsibilities that individuals face are significant and growing” (Great Britain. FSA 2006b: 2), the FSA envisages “confident and capable” consumers understanding their financial needs in new ways, a change that should manifest itself in different attitudes and preferences as well as behaviours (Great Britain. Basic Skills Agency & FSA 2003; FSA 2003a, 2003c, 2006b, 2006c, 2006d).

Accordingly, educational interventions should not only influence how individuals make decisions but also alter consumers’ consciousness of their interests, particularly their interests in financial planning (Great Britain. FSA 2005c, 2006b, 2006c, 2006d). Once convinced of the need to plan ahead and equipped to “exercise a stronger influence in markets; to take greater responsibility for their own actions; and to protect themselves through less mis-buying and being less susceptible to mis-selling” (Great Britain. FSA 2005a: 29, 2005b: 23), financially capable consumers should lessen the need for regulatory intervention and “possibly reduce the burden on firms” (Great Britain. FSA 2003c: 9, 2006c: 22). They also should lower the social costs of what the FSA regards as irresponsible individual decision making, especially the social costs of failure to plan for retirement, and of diverting resources away from more productive uses into managing individuals’ financial crises (Great Britain. FSA 2006c: 22).

Responsibilization of the consumer mirrors another FSA strategy to encourage financial firms to act responsibly when dealing with consumers. (e.g., FSA 2001, 2006e). Sometimes the agency represents itself as calibrating interactions between these normative frameworks as when it states that:

“we are aware of the importance of maintaining a balance between customers’ needs and their responsibilities, firms’ duties and their reasonable expectations of customers” (Great Britain. FSA 2005b: 25). Taken as a whole, the FSA’s model financial consumer comports well with its regulatory preference “to work with the grain of the market and facilitate market-led solutions” (Great Britain. FSA 2005a: 17).

After almost three years of research, strategic planning, and experimentation through pilot studies and piecemeal initiatives, the FSA launched the implementation stage of its National Strategy for Financial Capability in March 2006, budgeting £10 million for the first year of work (Great Britain. FSA 2006b). Responding to findings from its first large-scale survey of financial literacy skills in the UK population, the FSA identifies poor financial planning habits, inadequate knowledge of financial matters, and weak decision-making skills when choosing financial products as significant consumer flaws that have potentially damaging consequences for the economy, as well as the affected individuals (Great Britain. FSA 2006c: 22). It finds also that after reallocating responsibility for economic security among individuals, the state, and employers, contemporary society now demands the most sophisticated financial decision making from its least experienced and capable

financial consumers—the under-40s (Great Britain. FSA 2006c). Young adults, students, and children therefore feature prominently among those targeted for capability enhancement under the Strategy's seven major projects.

These projects include

Learning Money Matters, a joint initiative of the FSA and the industry-sponsored Personal Finance Education Group, which will receive more than £15 million over five years to provide financial education to 1.8 million students in 4,000 primary and secondary schools. This scheme builds on earlier work with education policy makers to increase the prominence of personal financial education within schools, through strategies such as its integration into national curricula (Great Britain. FSA 2006a, 2006b). *Helping Young Adults make sense of money*, a new FSA sponsored program to be delivered through higher education institutions and by voluntary organizations working with NEET youth (not in education, employment, or training), anticipates take-up by 3.4 million young adults (Great Britain. FSA 2006b). At least 1.5 million new parents will receive *Money Box*, which combines financial information and tools for adults with materials to “reinforce the financial capability message” in young children (Great Britain. FSA 2006b: 17): four million workers will learn to *Make the most of your money* by participating in FSA sponsored workplace seminars on topics such as budgeting, debt, and financial planning.

Other elements of the Strategy involve promoting the FSA's online financial management tools, which purport to “build consumer confidence and motivate them into taking action” (Great Britain. FSA 2006b: 14), and implementing an engaging communications strategy “to position the FSA . . . as *the* place to turn for impartial, general information on financial products and services” (Great Britain. FSA 2006b: 12). Having spent £2 million on consumer communications during 2005–06, including its high profile “laid bare” campaigns on money and mortgages,¹⁰ the FSA plans to spend a similar amount in 2006–07 on a new consumer website and materials and it has set a three-year goal of doubling annual web visits from two to four million (Great Britain. FSA 2006b: 12). The FSA also finances small-scale, experimental activities to enhance financial capability through an innovation fund that last year split £200,000 among twelve voluntary organizations (Great Britain. FSA 2006d: 26).

The FSA intends the Strategy to reach at least ten million people in the UK (Great Britain. FSA 2006d: 26). As well as monitoring and evaluating specific programs, the agency plans to assess progress towards improving consumers' financial capability by repeating its large-scale survey at regular intervals (Great Britain. FSA 2006c). It expects that “sustained and relentless implementation” of its program will produce a measurable “step change” in consumers' financial skills within five years (Great Britain. FSA 2006c: 5). Over the last eight years of policy development the FSA has developed its public awareness mandate as a means to communicate expectations that “consumers should take responsibility for their decisions,” the *caveat emptor* principle.¹¹ This communicative process orients financial market regulation towards changing how consumers understand and respond to the risks of consuming some types of financial products and of failing to consume others. Consumer vulnerability to mis-selling becomes a matter of consumer imprudence, a risk that is most effectively controlled by consumers acquiring “the basic knowledge and confidence to ask the right questions and to seek out the best products or the ones which suit them best” (Cruickshank 2000: 4.127). Through enhancement of consumer financial capability, the FSA may help individuals to identify needs and learn how to seize opportunities and manage risks, but it locates responsibility for meeting needs and avoiding unwanted risks in the self-regulating regulatory subject of the confident and capable consumer.

B. THE FINANCIAL CONSUMER AGENCY OF CANADA

The Financial Consumer Agency of Canada (FCAC) is a much smaller organization than the FSA, created to close a perceived gap in the governance of financial services market rather than to replace institutions perceived to have failed. If the UK's regulatory system is characterized by an appearance of convergence, Canada's is highly fragmented, splitting regulation of financial markets and firms between federal and provincial/territorial levels of government, and delegating governance authority according to regulatory task and market sector. Recent years have witnessed calls for consolidation of financial market regulation, but the fragmentation that spurred such demands also hinders reform (Wise Persons' Committee 2003; Canada. Senate Committee on Banking 2006). Because critical financial markets and services lie outside federal jurisdiction, changes to their governance nationally may entail lengthy and complex negotiations among federal, provincial and territorial governments, regulators, and nongovernmental "stakeholders," and require brokering by expert actors positioned as standing above the political fray (e.g., Stromberg 1995, 1998; Wise Persons' Committee 2003). One such expert body, The Task Force on the Future of the Canadian Financial Services Sector, functioned as a catalyst for the creation of the FCAC. Its research showed that consumer protection in Canada's financial markets significantly lagged behind comparable jurisdictions in its substantive norms, particularly those concerning transparency and disclosure, and provisions for consumer redress (Canada. Department of Finance 1998; Kerton 1998). Concluding, somewhat complacently, that the regulation of Canada's financial services markets is basically sound,¹² except for some minor shortcomings in consumer rights and remedies, the task force nevertheless recommended the appointment of a single regulator responsible for enforcing the consumer protection obligations of federally regulated financial firms (Canada. Department of Finance 1998).

The Financial Consumer Agency of Canada Act established the agency in 2001, giving it an unequivocal remit to advance the interests of financial consumers, but granting limited regulatory powers. Unable to make conduct-of-business rules for federally regulated firms, the FCAC's consumer protection mandate consists of overseeing such firms' compliance with federal, voluntary, and self-regulatory consumer protection measures (FCAC Act: s3(2)(a)–(c)). Its consumer education powers appear in two statutory objects: one focused specifically on consumer awareness of financial firms' duties under federal law (FCAC Act: s3(2)(d)), the other creating a mandate to "foster an understanding of financial services and issues" in collaboration with public and private sector organizations (FCAC Act: s3(2)(e)). Unlike the FSA, the FCAC does not regulate securities and investment markets, which are under provincial/territorial jurisdiction, but its consumer educational remit under s3(2)(e) extends to all financial markets, including those regulated by provinces and territories.

Although its educational mandate is worded as broadly as that of the FSA, the FCAC operates on a much smaller scale. Its 2005 budget of Can\$7.7 million for the entire agency, for example, amounts to little more than one-third of the £10 million that the FSA will spend in 2006–07 solely on financial capability (FCAC 2005c; FSA 2006b). Unsurprisingly given its poor funding, development of the FCAC's consumer education policy has proceeded in a low-key fashion. While the agency reports some interesting initiatives, such as founding an international forum on consumer protection and education (FCAC 2003: 17; Fowlie 2003), it has not comprehensively surveyed consumers' financial literacy needs (OECD 2005a),¹³ or published consultation documents or position papers articulating its policy goals. Directions for its work appear to have been set through discussion with selected stakeholders and analysis of problems reported through consumer contacts with the agency (FCAC 2004, 2005b).

Corporate documents and educational resources shed some light on the FCAC's interpretation of the role and objectives of consumer education, illuminating the pursuit of both facilitative and more overtly normative goals, with the former featuring more prominently than the latter. Annual reports equate the agency's educational activities with the delivery of reliable information, and to a lesser extent objective advice, to consumers seen as capable of making wise choices (FCAC 2005b: 3). Only vulnerable and disadvantaged consumers are thought likely to benefit from more intensive interventions to modify their preferences or upgrade skills and such "special needs" are framed largely in terms of general, rather than specifically financial, literacy skills (FCAC 2003: 9, 2004: 15, 2005a: 9). Other financial consumers, by contrast, are represented as ready and willing to be responsible but lacking relevant facts (FCAC 2003: 5; FCAC 2004: 7). Educating consumers thus consists of supplying useful, timely, and accurate information, which "empower[s] them to make the right decisions" (FCAC 2002: 9).

This conception of consumer education represents the FCAC as an enabler of choice for individuals who know generally what they want to accomplish—and how to achieve it, positioning the agency as direct supplier of credible information that firms do not reliably provide. When facilitating consumer choice in this way, the FCAC sees itself as empowering people to participate in important decisions about their financial well-being and by this means "contributing strongly to widespread citizen engagement" (FCAC 2003: 5). In addition to supplying missing information, the FCAC engages in a more normative project of consumer regulation when its educational materials instruct consumers on their responsibilities to "make sure you get the best deal possible,"¹⁴ "talk to your financial institution," "[s]tay up to date by reading articles, publications and on-line information," and comparison shop.¹⁵

Such materials represent the responsible financial consumer as "a smart, safe user of financial services,"¹⁶ whose informed financial decisions improve competitive discipline (FCAC 2003: 11). The FCAC's "smart, safe user" resembles the FSA's "confident and capable consumer," in being well-informed, able to discipline firms who supply shoddy financial products, and willing to embrace responsibility for her own financial choices. Assumption of risk features far less prominently in the decisions of the Canadian "smart safe user," however, whose expectations of the regulator are not explicitly limited by the *caveat emptor* norm or by attempts to manage the risk of blame for regulatory failure.¹⁷ As a supplier of educational materials, the FCAC is but one of many

Canadian organizations that target financial literacy skills. Banks, mutual funds, and industry groups offer their own educational programming, while provincial/territorial regulators publish extensive websites featuring consumer information and advice and promoting responsible financial consumption (e.g., CBA 2006; CSA 2006; Investor Education Fund 2006). Federal government departments and agencies other than the FCAC produce educational material, as do nongovernmental organizations working in the areas of individual asset-building and debt-management (Canada. Senate Committee on Banking 2006: 55–58). Market expansion themes and anxieties about consumer attitudes towards investment feature prominently in descriptions of public and private financial education programs, especially those directed at retirement planning and at women (Condon 2006; Harnes 2001; Stromberg 1998).

Many of these programs pre-date the FCAC and are delivered without its assistance, raising questions about the purpose of the agency's educational mandate and more generally about the role of the Canadian state in fostering financial literacy. Policy makers recently discussed the latter question at a National Symposium on "financial capability," which was co-sponsored by the FCAC and attended by internationally prominent advocates of financial

literacy education as regulatory project, including the OECD, the FSA, and the US Federal Reserve Board. Reports of the event illustrate differing views. Some continue to claim that the financial literacy needs of most Canadian consumers currently are well served by firms and existing institutional supports, with only a minority of disadvantaged individuals needing support from the state to improve their financial literacy skills (Sykes 2005: 62). Others reject the bifurcated model claiming that most consumers—not only the socially disadvantaged or financially excluded—lack the skills to manage their financial affairs effectively, especially in the wake of social policies that have substantially individualized responsibility for economic security (Canada & SEDI 2006).

A 2006 report on the symposium and its implications for policy recommends that the government respond to consumers' skills deficiencies by creating "an enabling environment" for consumer financial capability (Canada & SEDI 2006: 1). Defining financial capability as consisting of "knowledge and understanding," "skills and competence," and "financial responsibility" (Canada & SEDI 2006: 4), the report envisages regulatory agencies including the FCAC, playing an important role in fostering an enabling environment, but mostly through "steering" rather than "rowing." Specifically, it proposes that government agencies should facilitate "stakeholder dialogue," fund research and innovation and integrate financial capability into their policies and programming while responsibility for program design and direct delivery of knowledge, skills, and responsible attitudes should remain with the private for-profit and non-profit sectors (Canada & SEDI 2006: 2).

Additional support for increased state involvement in promoting financial education appears in a June 2006 Senate committee report, which recommends increased funding for the FCAC, development of model financial skills curricula for all phases of lifelong learning, more research into consumers' financial literacy needs and better monitoring and evaluation of program effectiveness (Canada. Senate Committee on Banking 2006). Proposals such as these may heighten expectations that Canadian policymakers will increase the national government's role in financial literacy education to conform to the direction set by the OECD and perceived comparator states such as the UK, the US, and Australia (e.g., Sykes 2005: 63). Large financial firms are very powerful actors in Canadian politics, however; and having marketed their own investor and consumer educational programs for years, they may not be convinced that FCAC's educational activities significantly further their interests. Moreover, the centrifugal tendencies of Canada's federal-provincial/territorial arrangements remain strong in the financial services sector so that proposals to strengthen a national regulator may be contested. Under these conditions, substantial growth of the FCAC's educational project may not occur unless firms believe that public financial education advances their interests in expanding demand for their products or in forestalling less palatable forms of consumer protection regulation.

IV. REFLECTIONS ON THE FINDINGS

A. CONSUMER SOVEREIGNTY AND THE POLITICS OF FINANCIAL LITERACY EDUCATION

As they have developed policy pursuant to their statutory mandates to improve financial literacy skills, both the UK and Canadian regulators have consistently represented financial education as empowering consumers to become more effective decision makers. Neither agency, however, perceives its role as confined to supplying information that the market fails to generate. More evidence to support this finding appears in the FSA's policy texts than in those of the FCAC. Even the latter's limited program of work, however, embodies an implicit normative ordering of responsible behaviour by the "smart, safe" financial consumer.

Through the elaboration of its public education mandate, the FSA has sketched a bold vision of the purposes of financial literacy skills and the relative responsibilities of consumers, firms, and the statutory regulator for the performance of financial markets and the protection of consumers. Acknowledging the limitations of unskilled consumer decision-making as a regulatory tool, the FSA nonetheless imagines the possibility of equipping consumers with the necessary confidence, habits and skills to expand their usage of financial products, navigate financial markets successfully and perform as a self-regulating regulatory actor. It also values financial capability enhancement as potentially dampening consumer expectations about the FSA's capacity to regulate the market, expectations that the agency has tried to control by limiting its own responsibility for the risks that consumers encounter. With the deployment of consumer education as a form of consumer meta-regulation, the FSA positions the "confident and capable consumer" as a market actor whose decisions pressuring firms to innovate, compete, and "treat consumers fairly", help to decenter the statutory regulator. As noted above, however, a decentered regulator is not necessarily disempowered. Financial literacy projects such as that of the FSA rest, at least in part, on the premise that without its intervention, consumers' preferences may be as flawed as the information on which they often rely. Wrong or misguided preferences do not advance what regulators conceive to be consumers' material interests in the "business of life." Moreover, faulty consumer preferences send the wrong signals to markets, distorting firms' incentives to innovate and compete. Left uncorrected, flawed preferences may become political demands for the state to resume responsibility for individuals' social and economic welfare, in effect, to return to "rowing" rather than "steering" (Great Britain. FSA 2006c: 22).

When using education to mold consumer preferences, regulators appear to reverse the idea of market failure posing a risk to consumer welfare, focussing instead on the risk of consumer "failure" jeopardizing the health of financial markets. Responding to this latter risk, regulators may exercise power in ways that conflict with standard descriptive and normative economic claims about the exogeneity of consumer preferences. Responsibilized consumers may be intended to regulate themselves and govern the market, but they are not wholly sovereign in the sense of possessing autonomous preferences reflective of a unique, private conception of personal welfare. Instead, their goals as well as their behavior are to be fashioned by reference to states' interests in economic development and in the competitiveness of domestic economies in global financial markets (e.g., Great Britain. DTI 2002, 2005).

Although a range of scholarly literatures dispute claims of the liberal state's indifference towards consumer preferences (e.g., Benería 1999; Hodgson 1999; Polanyi 2001) assumptions that the state does not interfere with individuals' choices continue to influence policy on the regulation of consumer markets (Howells 2005). Indications that regulators treat preferences as malleable therefore raise questions about the policy and politics of financial education as a regulatory practice. One question concerns the ideological dimension of using individual educated choice in place of direct delivery of social welfare. In terms of relationships between the individual and the state, liberalism offers no clear justification for why a state willing to persuade individuals to embrace responsibility for their own financial security rejects collective provision funded through compulsory social insurance. The first instrument purports to mold individual choices, the second to override them. Neither treats consumers as wholly autonomous and the former is more intrusive. Moreover, vigorous promotion of entrepreneurialism of the self may contribute to the erosion of solidarity as an animating principle of social policy. Impressed from their earliest days at home and in school with beliefs that individuals should manage their financial affairs responsibly,

relying on private wealth for protection against risk and to fund personal development, future generations may find it difficult to comprehend arguments for the pooling of resources to support those perceived to have failed in the “business of life.”

Conversely, financial literacy education may potentially offer opportunities to challenge conventional understandings of the goals that consumers ought to pursue. Some regulators incorporate broad notions of consumer citizenship into their financial literacy activities and differing priorities appear in states that have already embarked on financial literacy education. Regulators in countries of the North, for example, promote responsible usage of consumer credit, but typically do not use financial literacy education to counteract credit-fuelled spending, presumably because of the prominent role such spending plays in how those states measure economic performance. In this context, education about the management of debt may serve to preserve individuals’ consumer spending once employment income has stopped. South Africa’s financial regulator, by contrast, describes “negat[ing] the social status attached to consumption” as a central element of its consumer education strategy (South Africa. Financial Services Board 2001: 11), an approach that potentially may undermine contemporary consumption-driven economic indicators.

Nor should one overlook the capacity of financial education to provide a setting in which to articulate alternative visions of financial justice and thus potentially open up new ways to participate in action for social and economic change. Although in some respects emblematic of the pursuit of individual self-interest, money matters are also indelibly social (Zelizer 1994). Financial consumption is deeply embedded in social relations of care and dependence, and the standardization of money as the medium of exchange creates a vocabulary for shared understandings of how local, national, and global conditions make manifest the risks and vulnerabilities of economic inequality. Financial literacy provides a language and a focus for engagement with financial markets and as such potentially may offer “model mongers” of civil society a means to stimulate consumer expressions of solidarity and ethical commitments around financial justice and economic relations (Braithwaite & Drahos 2000; Barnett et al. 2005).

B. CONSUMER BEHAVIOR AND THE LIMITS OF LEARNING

Another set of questions posed by financial literacy education concerns the feasibility of its regulatory aspects, no matter how contests over consumer sovereignty may unfold. Research on the limits of human rationality, and on literacies and learning exposes some of the challenges of trying to inculcate in consumers the habits, skills, and tastes of the responsible financial shopper. Consumer learning may be even more difficult to accomplish than regulators acknowledge because of firms’ interests in exploiting ways in which consumer behavior routinely departs from the assumptions of rationality assumptions of economic theory. Moreover, learning is a reconstitutive process that engages individual agency and as such, its results may be highly unpredictable. Attempts to responsabilize financial consumers as self-regulating regulatory subjects equipped to govern the market thus may founder on the unwillingness of firms to subordinate their interests to those of consumers and the sheer ungovernability of consumer decision making.

Behavioral research identifies several reasoning biases that generally prevent consumers from giving effect rationally to their preferences even when they have access to relevant information. Of most significance to the regulatory project of financial literacy education are those biases that cause consumer behavior to conflict with the assumption that individuals possess stable, transitive preferences that do not vary with the circumstances in which consumers make their decisions. Experimental studies have shown, repeatedly,

that individuals select differently from among the same options depending on the context of their choice and how it is “framed” (Bowles 1998; Hanson & Kysar 1999; Rabin 1998).

Studies document inconsistent preferences in a wide range of different settings from voting to healthcare decisions to financial services and some show the persistence of inconsistencies even after individuals have been alerted to them (e.g., Benartzi & Thaler 1999; Kahneman & Tversky 2000). These robust findings indicate that framing effects taken alone may powerfully influence consumer decisions and they may, in addition, interact with other cognitive limitations to influence consumer choices and responses to information remedies (Hanson & Kysar 1999: 685). Anchoring effects or “confirmatory biases,” for example, imbue individuals with unwarranted confidence in their judgments such that they fail rationally to interpret conflicting evidence while the availability bias leads individuals to give disproportionate weight to vivid information, in effect to find it more meaningful than abstract information of higher quality and greater accuracy.¹⁸

One predictable effect of anchoring is to dilute the protective effects of reflection rights, since consumers who are already convinced of the suitability and quality of financial products they have acquired are unlikely to devote reflection time to rethinking their choice. The availability bias similarly may reduce the impact of statutory disclosure rights when firms remain free to circulate their own promotional messages in more vivid and memorable form than the facts that law requires them to supply.

Cognitive limitations create incentives for financial firms to pursue increased profits by systematically attempting to manipulate consumer behavior. Firms adopting such strategies need not attempt to change consumer preferences since they can achieve their goals through product marketing that elicits and exploits inconsistencies in consumers’ decisions and communications that deflect information remedies. Once some firms deploy practices that take advantage of cognitive frailties, then competitive pressures likely will encourage others to follow, resulting in the structuring of market relations that subordinate the “money pump” consumer to the sovereign producer.¹⁹ Proponents of financial literacy education may assume that if firms can influence consumer decision-making processes so powerfully then financial educators also should be able to do so with well-designed interventions that are effectively delivered. Regulators’ educational initiatives, however, must contend with problems that do not trouble firms marketing their products, including the timing of feedback and a multiplicity of objectives that may produce ambiguous or contradictory lessons. According to Tversky and Kahneman, education neutralizes behavioral biases when the learner receives “accurate and immediate feedback about the relation between situational conditions and the appropriate response” (Tversky & Kahneman 1987: 90). Neither formal educational activities nor informal learning experiences such as reading popular money advice literature, speaking with acquaintances, or shopping readily benefit from such conditions. Regulators’ attempts to enhance knowledge and decision-making skills may offer consumers valuable resources, but typically do not provide immediate and salient feedback on the relationship between a financial consumers’ decision and its consequences. Even successful financial education may have difficulty in demonstrating to consumers what they have gained. Better decision making skills and improved knowledge may reduce the risk of a consumer obtaining unsuitable financial products, for example, but a consumer who steers clear of such products may scarcely notice the benefits of her new skill because she never encounters the costs of obtaining an unsuitable product. Educators also face the challenge of attempting to teach relatively complex lessons. Whereas firms may wish simply to entice individuals to consume their products, financial educators purport to impart a mix of skills, personal attributes, and information that together will produce responsible, “confident and

capable” consumption.

In sum, behavioral scholarship shows that departures from the assumptions of rational decision-making are common, persistent, and difficult for education to correct. This literature suggests that in fast-changing markets that offer unlimited opportunities for manipulative marketing and rarely exhibit the conditions of effective learning, even the most intrusive consumer education programs may have difficulty changing *how* consumers decide.

With respect to changing the preferences that consumers hold, scholarship on literacies, learning, and cultural meanings of the consumer highlights a need to interrogate assumptions about how consumers interact with learning whether the lessons derive from firms, regulators, or other interested actors. Besides its assumptions about consumer rationality, the regulatory project of financial literacy education generally assumes a level of predictability about what consumers learn. Equivalent assumptions about consumer manageability operate in other settings: As Gabriel and Lang point out, firms spend vast amounts of money in attempting to manage consumers through promotional communications and the collection and scrutiny of data on consumer behavior (Gabriel & Lang 1995). Consumer advocates worry about consumers’ vulnerability to monitoring and manipulation by firms and lobby for laws that will provide protection. Governments reporting economic performance in terms of consumer spending and anxious to reap the political benefits of popular enjoyment of consumption adopt macroeconomic policies designed to manage levels of consumer “confidence.” To some social critics the manageability of the consumer, together with the perceived triviality, emptiness, or destructiveness of consumption, compares unfavorably with the perceived resilience, commitments, and autonomy of their preferred sociopolitical identity of the citizen (Gabriel & Lang 1995).

That so much time, effort and energy is dedicated to the project of managing consumers speaks to the significance of the iconic figure of the consumer in contemporary economies but the apparently unending nature of that project perhaps reveals more about its limitations than its possibilities. Gabriel and Lang’s work documents the complex, fragmented, and unruly nature of the consumer, a figure whose behavior may exhibit a wide range of contradictory traits. The same consumer may act in very different ways in similar or different settings for reasons that may be opaque and hence ungovernable. Integral to contemporary consumption, the “fragmentation, volatility and confusion” of consumer behavior suggests that consumers may accept or reject attempts to manage them at times and in ways that would-be managers cannot even predict, still less control (Gabriel & Lang 1995: 4).

These characteristics of consumer behavior may influence the reception of financial literacy education, some aspects of which consumers may embrace even as they repudiate others. How consumers interpret the meanings of financial education and perceive its value depends on the social organization of consumption and the incentives or deterrents to exercising literacy skills in particular contexts: such interpretations and perceptions also may vary with different aspects of consumers’ identities. While some literacy initiatives by regulators respond to specific demographic (primarily age and gender) differences among financial consumers, their categories seem too limited and too rigid to contain the unruly complexity of consumer identities and the “vital unpredictability” of consumer behavior (Gabriel & Lang: 1995).

Consumer responses to financial literacy education may be unpredictable and ungovernable for reasons other than resistance or the volatility of consumer behavior. Learning is not a simple process of feeding fresh inputs

into an individual's intellectual database, modifying ingrained responses to stimuli, or adding new skills to an established cognitive foundation. Education is developmental and reconstitutive, centered less on what learners know or can do than on the remaking of the individual. This delicate and complex process may require shedding of old certainties and beliefs, development of a "capacity to unlearn and learn anew," and the making of mistakes from which new learning occurs (Hodgson 1999: 75). How the remaking unfolds, moreover, is conditioned by the distinctive values, assumptions, and interpretive repertoires by which individuals make sense of their worlds. The same teaching on financial literacy, then, may produce very different lessons for one consumer than another. Contingent and variable in these and other ways, learning may not be conducive to the disciplined channeling of individual behavior embodied in the model financial consumer responsabilized to act as self-regulating regulatory subject.

IV. CONCLUSION

To conclude that the consumer may not be governable in the ways that financial regulators envisage is not to deny that better financial literacy skills improve the experience of financial consumption or that some types of financial education may change some kinds of consumer behavior. This article has not sought to evaluate the effects of financial literacy education, but rather to investigate the purposes for which regulators may deploy it. Anxieties about levels of consumer spending and saving are not new, but the systematic expansion of financial literacy interventions by national regulators seems to be a distinctive contemporary development. Financial education, such as it is, traditionally has been delivered in private (familial, other personal, and commercial) settings, away from the state's gaze. Its entry onto regulatory agendas across the globe marks a shift in how states conceive of their interests in individuals' financial decisions.

This article's account of the development of the consumer education mandates of two financial regulators cautions against uncritical acceptance of claims that financial literacy education empowers consumers and advances their interests. Deficiencies in consumers' financial skills have attracted regulators' attention during an era when structural changes have greatly expanded the supply of financial products and made financial markets more volatile. In such a setting, the empowerment discourse of financial education may mask a more complicated regulatory project in which education of the consumer serves also to protect regulators and financial firms. Charged with managing her present consumption to provide for future needs and with driving out of the market firms that are dishonest, incompetent, or indifferent to consumer interests, the literate or capable financial consumer becomes responsabilized as a regulatory subject. This positioning of education as prophylactic against consumer incompetence assumes that financial consumers will embrace their new learning, modifying their behavior in positive and predictable ways. Studies documenting the unruliness and questionable rationality of consumer decision-making, however, suggest that this assumption may be quite unsafe.

Further research in this area should investigate the spread of financial education mandates across different states, documenting differences as well as similarities in how regulators interpret and implement these mandates and the roles played by consumer groups and other non-state actors in both interpretation and implementation. Such a project might draw on and contribute to critical comparative scholarship on regulatory innovation and on the diffusion of regulatory technique under globalization (Braithwaite & Drahos 2000; Levi-Faur 2005; Moran 2003; Scott 2004). Other useful studies might interrogate the roles played by financial firms in advancing the financial literacy mandates of different states. This research might relate firms' support for financial education to scholarship on the role of industry in regulatory

design and on changing conceptions of corporate social virtue (Vogel 2005).

It also should compare large financial firms' embrace of financial education with their responses to explicitly redistributive measures such as legal duties to serve the excluded or to reinvest in economically marginalized communities. Lastly, the use of financial literacy skills to differentiate consumers as warranting varying levels of intervention raises important questions about relationships between different forms of inequality and choice of regulatory technique. Policy makers—and financial firms—frequently target specific educational initiatives to consumers identified in terms of class or social/financial exclusion, age, gender, race, and ethnicity, but there is little critical inquiry into how groups become constituted as in special need of financial education or the implications of such designation for consumers, regulators, and firms. Investigation of these questions may further illuminate the distributional aspects of the new regulation of consumer financial services. The novelty of consumer financial education, its recent and rapid dispersion among regulators in states differently placed in the global economy, and the unruly agency of its object/subject complicates analysis of these questions even as these same factors open up a rich agenda for critical research on financial literacy education as a regulatory practice.

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NOTES

1. The responsabilization literature cited in this article draws on the work of Michel Foucault, see generally, Rose (1999).
2. Social policy scholarship features debate about whether these changes are properly characterized as “retrenchment” of the welfare state and about the influence of globalization on domestic social welfare policies of wealthy states (Guillén 2001; Pierson 2001).
3. Another firm that is prominent in advancing financial literacy is ANZ Bank in Australia, which has sponsored two large-scale adult financial literacy surveys and supported the work of the Australian Financial Literacy Task force. ANZ also runs extensive literacy programs inside and outside Australia and it recently commissioned a global benchmarking assessment of its financial literacy efforts (ANZ Bank 2006).
4. Meta-regulation expresses the idea of regulating consumers by acting on their consciousness and of regulators using this governance of the consumer as a technique to regulate the market. This idea is analogous to Parker's account of meta-regulation of firms (Parker 2002). For other models of meta-regulation, see Morgan (2003) and Scott (2003).
5. There is long-standing tension between “freedom of consumption” and policy makers' concerns about “wise spending and saving” (Zelizer 1994). On the role of consumer sovereignty in contemporary consumer protection policy, see Cranston, Scott & Black (2000), and Ramsay (1989).
6. On the enlisting of non-state actors into the regulatory process, see Black (2003); on international competitiveness as driving contemporary national economic development, see Porter (1990).
7. The Financial Services Authority (FSA) acquired its statutory powers on 30 November 2001, upon the coming into force of the Financial Services and Markets Act 2000 (FSMA). It began operating in October 1997, however, when one of the sectoral Self-Regulating Organisations (SROs) was renamed the Financial Services Authority and began supplying regulatory services to the other SROs (which retained their statutory powers until 2001) (Briault 1999). The FSA has a staff of more than 2000 and its annual budget, funded by levies on regulated firms, exceeds £270 million (FSA 2006d: 65).
8. In addition to its consumer protection and public awareness objectives, the FSA is charged with maintaining market confidence (s3), and financial crime reduction (s6). When developing policy the FSA must take into account the views of Consumer and Practitioner panels (ss9–11). It also must consider seven statutory

decision-making factors, of which three explicitly reference competition or competitiveness: (FSMA: s2(3)(e)–(g)) while other factors concern efficient usage of FSA resources, responsibilities of firms, proportionality in regulation, and market innovation: (FSMA: s2(3)(a)–(d))

9. (FSA 1998: 1.3) Note that Odih and Knights suggest that responsabilization is a fully realized theme of the FSA's work even at this early stage of policy development (Odih & Knights 1999).

10. "Mortgages laid bare" and "money laid bare" are the first of a new breed of sustained, co-ordinated consumer campaigns through which the FSA seeks to increase consumer engagement with financial markets and confidence about money matters. (On public communications as regulatory technique, see generally Yeung (2005).) These campaigns target "anxious aspirants"—viewed by the FSA as "financially aware enough to know they need to do something about their finances, but they don't know where to start" (Everitt 2006). Their imagery, in which naked cartoon figures hold coyly placed financial literacy messages, cries out for critical analysis by someone with the appropriate skills: <http://www.moneylaidbare.info/>, and <http://www.mortgageslaidbare.info/>, accessed 20 July 2006. Note, by 31 January 2007, the FSA had replaced the 'laid bare' sites with a single site for consumer information titled 'Money Made Clear', www.moneymadeclear.fsa.gov.uk, accessed 31 January 2007."

11. This view has been challenged repeatedly by the Financial Services Consumer Panel (e.g., Great Britain. Financial Services Consumer Panel 2005: 1.26–1.27 & 2.26).

12. Compare the Wise Persons' Committee report, which claims that perceived inadequacies in enforcement may have affected confidence in capital markets" (Wise Persons' Committee 2003: 7). At the end of 2004, the Governor of the Bank of Canada described Canada's financial markets "as more of a Wild West up here in terms of the degree to which rules and regulations are enforced" (Prashad 2005; Theobald & Flavelle 2004).

13. See OECD 2005a. In 2003 and 2005, the FCAC surveyed consumers on their experiences of the agency, but neither instrument provides comprehensive data on financial literacy levels. (see Fowlie 2003: appendix B); available at http://www.fcac-acfc.gc.ca/eng/media/PDFs/PublicExpFinServAwareRpt_e.pdf (accessed 27 February 2006).

14. See <http://www.fcac-cfc.gc.ca/eng/consumers/Protection/default.asp>, accessed 27 February 2006. Note that this communication opens with the consumer's responsibilities although the FCAC's statutory objective is to promote consumer understanding of the obligations of financial firms.

15. See <http://www.fcac-acfc.gc.ca/eng/consumers/resource/default.asp>. The FCAC's business plan describes its promotion of the idea of the consumer's responsibility to shop comparatively as one of its significant consumer messages (FCAC 2005a: 4).

16. See <http://www.fcac-acfc.gc.ca/eng/consumers/resource/default.asp>, accessed 1 November 2005.

17. Risk-based approaches to regulation inform the work of some Canadian financial regulators. According to the BC Securities Commission, for example: "A regulator cannot prevent all risks to investors and markets (nor should it). The regulator therefore needs some framework to decide when and how to apply its resources. At the BCSC we use a risk-based approach" (Canada. BC Securities Commission 2005: 11).

18. Other cognitive limitations may affect financial decision making, including over-optimism, loss aversion, and representativeness, see generally Bowles (1998), Hanson & Kysar (1999), and Rabin (1998), but framing, anchoring, and salience seem particularly significant to understanding the potential effects of the financial literacy education.

19. Coleman (1990: 633) defines money pump as "any deviation by an actor from rational action that would lead to the possibility of that actor's being economically exploited by another actor who makes use of that deviation." For an earlier critique of the unrealistic nature of consumer sovereignty theory in economics, see Robinson (1966).

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