

# Financial interventions don't work

By [Linsy Hunsaker](#), Deseret News

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Financial interventions create lasting change only about 0.1 percent of the time, according to a study to be published in Management Science.

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### Summary

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R. Joseph Ritter, Jr., founder of Zacchaeus Financial Counseling

Over half of American adults don't have a budget, and almost a quarter don't know how much they spend, according to a 2012 survey by The National Foundation for Credit Counseling.

Such a crisis in money management has caused some, such as NBC News' Herb Weisbaum, to call for an increased effort to teach children and adults about the finer points of finance. Unfortunately, financial interventions create lasting change only about 0.1 percent of the time, according to a study to be published in Management Science, and cost companies and governments billions of dollars each year worldwide. Which makes the fight against financial foolery appear to be a lot of effort for little return.

So how can Americans learn to improve their financial situation if teaching them doesn't work?

R. Joseph Ritter, Jr., former Presbyterian pastor and founder of Zacchaeus Financial Counseling, says that financial education is pointless if the client isn't motivated for change.

“(People) who have been beaten down by their circumstances ... will have a greater difficulty seeing over the horizon to a better tomorrow,” he told the Deseret News in an email. “They cannot envision what it will look like to have an improved financial situation or that it is even possible.”

Ritter believes that “mass media education” — or, impersonal financial advice — is too generic and cannot possibly address individual needs. He gets to know his clients intimately before setting up a financial plan and collaborates with spiritual advisors and mental health professionals for an all-encompassing change.

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“A one-on-one approach in providing financial education takes longer and is not as profitable as the mass media education,” he admits, “(but) it does prove much more effective.”

Elena Dixon, financial advisor for Jean Leonard Wealth Management, agrees that the conventional approach is lacking, but thinks that there’s a silver lining on the horizon.

“I believe that we are on the verge of a paradigm shift,” she told the Deseret News in an email. “It’s not so much that we can’t understand the words and processes involved in our daily money management, but we are laden with so many counterproductive habits of mind and fallacies, that it keeps us behind the curve.”

People still follow their biases when given the facts, something “unaccounted for by traditional economic models,” [Melissa A. Z. Knoll says in her 2010 research for the U.S. Social Security Administration.](#)

It’s not so much that financial interventions don’t work, according to Ritter and Dixon, but that Americans have been going about them in the wrong way. Maybe it’s time to consider seeking out something closer to a financial therapist than a teacher who understands the stock market.

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