

Applying Behavior Change Theory to Consumer Financial Education

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Core Message

The behavior change theory can be used to develop effective financial education programs that help consumers develop desirable financial behaviors and eliminate undesirable financial behaviors

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Presentation Outline

1. What is the behavior change theory?
2. How to apply it to consumer financial education?

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TTM: Introduction

- The theory is called the transtheoretical model of behavior change (TTM)
- It was developed by Professor James Prochaska at URI in 1970s
- TTM's purpose is to assist behavior change
- It has been applied to many health behaviors
- We have applied it to financial behaviors

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TTM: Introduction

- It is a framework integrating major psychological theories
- Its major concepts: stage of change, process of change, pros and cons (decisional balance), and confidence (self-efficacy).

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TTM: Stage of Change

- Previous theories consider that behavior change has only two stages, before the change and after the change
- TTM refined the behavior change to five stages

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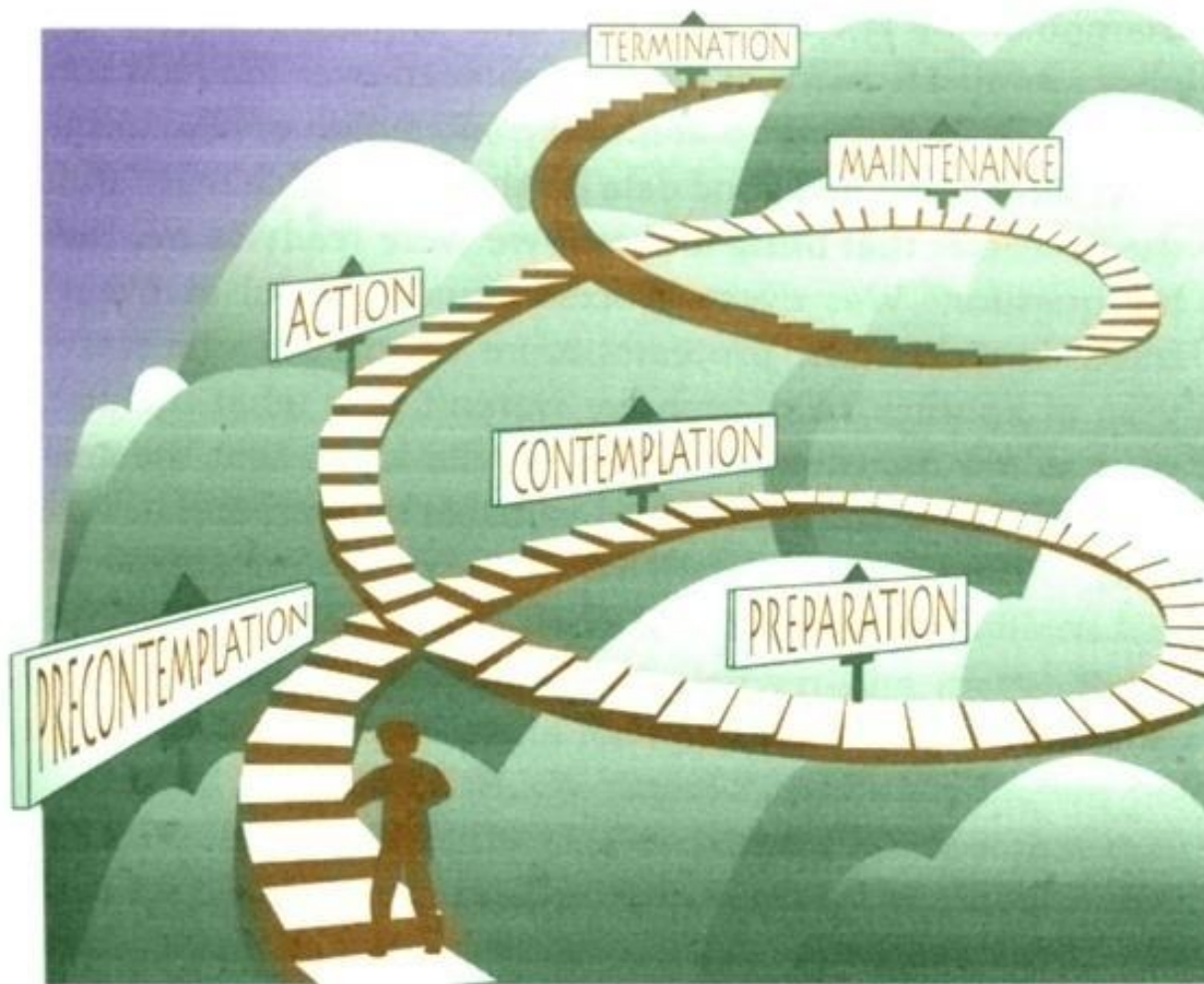
TTM: Stage of Change

1. Precontemplation: not intend to change in 6 months
2. Contemplation: intend to change in 6 months
3. Preparation: intend to change in 30 days
4. Action: changing behavior within 6 months
5. Maintenance: changing behavior for 6-18 months

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TTM: Stage of Change



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TTM: Process of Change

- Processes of change refer to strategies people use when they change behaviors
- 10 processes of change are specified that are based on major psychological theories

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TTM: Process of Change

Consciousness Raising	Means: provide behavior change related information
Dramatic Relief	Means: let experience emotional shocks
Environmental Reevaluation	Means: let realize impacts on one's environment after behavior change
Self-reevaluation	Means: let imagine the new identity after behavior change
Self-liberation	Means: let make a firm commitment to behavior change

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TTM: Process of Change

Helping Relationships	Means: provide social support for behavior change
Stimulus Control	Means: remove negative cues and provide positive cues
Reinforcement Management	Means: increase (decrease) rewards for positive (negative) behavior change
Counterconditioning	Means: substitute good behavior for bad behavior
Social liberation	Means: let realize available social supporting mechanisms

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TTM: Stage & Process

- The most unique feature of TTM is that processes should match stages to achieve the optimal effect
- How?

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TTM: Stage & Process

Precontemplation Contemplation Preparation Action Maintenance

Consciousness Raising
Dramatic Relief
Environmental Reevaluation

Self-reevaluation

Self-liberation

Helping Relationships
Stimulus Control
Reinforcement Management
Counterconditioning

Social

liberation

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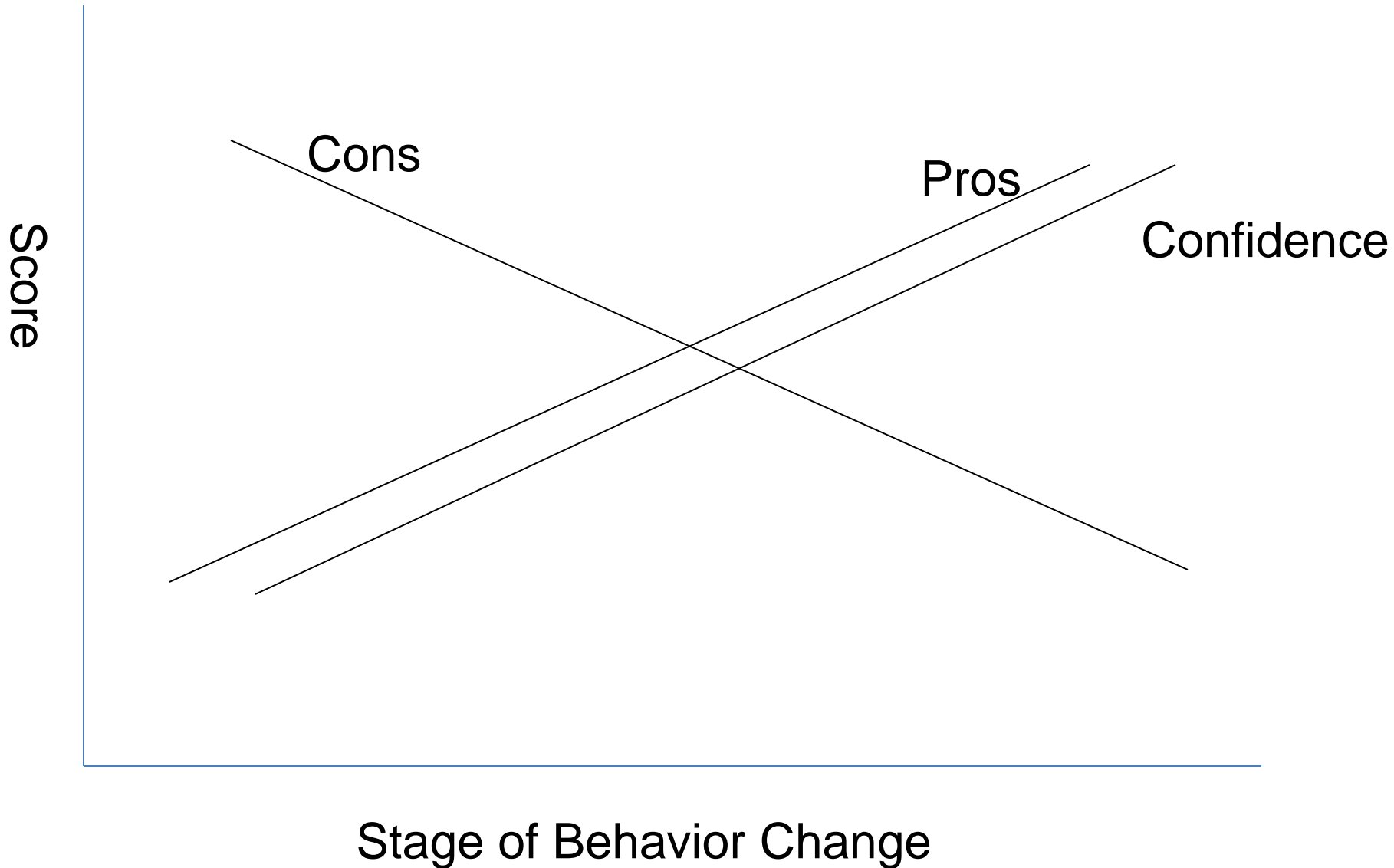
TTM: Success Measures

- Decision balance:
 - Pros
 - Cons
- Confidence (self-efficacy)
- Based on TTM, at a later stage of behavior change, more pros, fewer cons and more confidence

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TTM: Success Measures by Stage



Application to Financial Education

- Goal: Provide action-oriented financial education
- Identify target behavior
- Identify behavior change stage
- Develop appropriate processes of change
- Provide stage-matched interventions
- Measure progress of changes

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Application: Identify Key Behaviors

- When work for a specific population, focus on key behaviors that need to be changed
- The theory can be used to develop good behaviors and eliminate bad behaviors

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Application: Identify Key Behaviors

- For example, consumers in credit counseling should get rid of credit card debt
- To encourage that, we should encourage following specific behaviors:
 - Make more than minimum payment
 - Stop unnecessary purchasing
 - Stop using credit card

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Application: Identify Stage of Change

- To prepare interventions, you may assess the stage of change among the population
- Assessment can be done with a short survey by asking following questions:
 - Are you going to reduce debts in 6 months?
 - Are you going to reduce debts in 30 days?
 - If you are reducing debts, has it been for 6 months?

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Application: Develop Processes of Change

- Many approaches can be used to develop processes of change
- The following are strategies people use when they are acting to reduce debts

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TTM: Process of Change

Consciousness Raising	Ways: provide debt reduction related information, stories
Dramatic Relief	Ways: mention horrible stories of debt collection, bankruptcy
Environmental Reevaluation	Ways: mention effects of reducing debt on family, friends, and society
Self-reevaluation	Ways: mention effects of reducing debt on self image
Self-liberation	Ways: mention personal goal and commitment on debt reduction

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TTM: Process of Change

Helping Relationships	Ways: mention supportive family, friends, colleagues
Stimulus Control	Ways: avoid going to mall or online shopping
Reinforcement Management	Ways: mention non-financial ways to reward debt reducing behavior
Counterconditioning	Ways: use nonmonetary or cheap activities to substitute for expensive activities
Social liberation	Ways: mention credit counseling agencies and other organizations



Application: Provide Stage-Matched Interventions

Precontemplation Contemplation Preparation Action Maintenance

Consciousness Raising
Dramatic Relief
Environmental Reevaluation

Self-reevaluation

Self-liberation

Helping Relationships
Stimulus Control
Reinforcement Management
Counterconditioning

Social

liberation

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Application: Measure Successes

- Successes can be measured by pros and cons of the behavior change
- Also can be measured by confidence levels when difficult situations present
- The following are examples for people who are acting to reduce debts

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Table 4.**Decisional Balance Final Items****Factor
Loading****Item**

PROS*.793*

Getting rid of credit card debt would increase your self-esteem.

.699

You would increase your family's security.

.640

You would have less stress.

.597

You would set a good example for others.

CONS*.577*

Getting rid of credit card debt may not allow you to keep up with "the neighbors" on status purchases.

.645

Getting rid of credit card debt may create more tension in your home.

.790

Getting rid of credit card debt may make family members unhappy.

*.717*Getting rid of credit card debt could limit family activities.

Table 5.**Confidence Final Items**

Factor Loading	Item
.610	Your car breaks down.
.648	You become ill.
.745	It's the holidays.
.730	You are feeling stressed.
.707	Your financial situation changes.
.684	It is taking longer than expected to get rid of your credit card debt.

Take Away Messages

- TTM can be used to help consumers develop desirable financial behaviors and eliminate undesirable financial behaviors
- Financial educators can use TTM to develop action-oriented education programs
- To make the education program effective, educators need to plan and document well the interventions and outcomes

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Thanks for your attention

- Questions?
- For more information, write to me at: xiao@uri.edu

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