

Public Libraries and Financial Literacy Education: Challenges and Opportunities



Introduction

Financial literacy is the ability to understand and manage one's personal finances effectively. It is a critical skill that helps individuals make informed decisions about spending, saving and investing money as well as managing debt and credit cards. In today's complex and highly sophisticated financial world, strong personal finance skills are essential to supporting life goals, such as saving for education or retirement and running a business.

However, many people lack the necessary knowledge and skills to manage their money and make informed financial decisions. These include setting up bank accounts, monthly budgeting, planning for emergencies, understanding how credit scores work — 4 in 10 Americans “have no idea” (Blumberg, 2019) — managing debt, paying taxes and much more.

According to Standard & Poor, only 57 percent of U.S. adults are financially literate (Klapper, L., Lusardi, A., & van Oudheusden, 2016). Similarly, *Fortune* magazine reported that two-thirds of Americans cannot pass a basic financial literacy test (Farber, 2016). Additional studies have shown that 63 percent of Americans live paycheck to paycheck (Dickler, 2022), and 32 percent lack enough savings to cover a \$400 emergency (Adamczyk, 2022). According to FINRA's National Financial Capability Study, 56 percent of Americans feel anxious about their finances (FINRA Investor Education Foundation, 2022). Saving

for the future, knowing how to invest money, and sticking to a budget were the top three financial stressors for 20- to 36-year-olds (Desjardins, 2018).



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In recent years, public libraries — trusted institutions traditionally known for providing free access to books and research materials — have expanded their role to include financial literacy education. Libraries are providers of high-quality, objective and reliable information sources that can guide individuals in making decisions — including financial decisions. Moreover, public libraries offer free internet access to card holders through public computers and/or Wi-Fi, ensuring that even those who do not have home internet access can still visit a physical branch to learn about personal finance.

This white paper explores some of the unique challenges public libraries face in providing financial literacy education. It also identifies several opportunities for libraries to positively impact the financial well-being of individuals in their communities.

Background

Credit card debt and student loan debt, two of the most widely held types of debt, are among the most significant challenges to an individual's financial well-being because they are two of the most difficult types of debt to repay. Both are a type of unsecured debt, which means there is no collateral tied to them like with a mortgage or car loan. If a borrower falls behind on payments, there is no house or car for creditors to repossess. Instead, non-payment of unsecured debt hurts the borrower's credit score, leading to higher interest rates and insurance premiums.

The use of credit cards is ubiquitous in the United States. Approximately 191 million American adults (91 percent) have at least one credit card, half of all Americans have at least two credit cards, and 13 percent have at least five credit cards (Pokora, 2023). However, managing credit cards has proven to be difficult for many people: 14 million have more than \$10,000 in credit card debt. In fact, a 2021 survey of credit card users reported that 15 percent of respondents have been carrying a monthly credit card balance since 2006 (Brock, 2023). Approximately 55 percent of working Americans say they are behind on retirement savings (Royal, 2022), and 49 percent say debt is what is interfering with their ability to save (Shilling, 2022).

Also posing a threat to financial security is student loan debt, which has grown in the United States during the last decade. As of 2022, 45.3 million Americans carry student loan debt; 92 percent have federal loan debt. The average federal student loan debt is \$37,574 per borrower, while private student loan debt averages \$54,921 per borrower. Twenty years after borrowing federal money to attend school, half of students still owe \$20,000 each on their outstanding loan balances (Hanson, 2023a). Furthermore, Black and African American borrowers are most likely to struggle financially because of student loan debt. Black college graduates owe on average \$25,000 more in student loan debt than White college graduates. Four years after graduation, 48 percent of Black students owe on average 6 percent more than they borrowed (Hanson, 2023b).

Personal finance education can provide people with the practical strategies they need to pay down their credit card debt. These include talking to credit card companies and requesting lower interest rates (Bortz, p. 53), applying for a balance-transfer credit card with a 0% introductory rate (Block), and getting creative with everyday expenses — such as using gas apps to find the lowest prices (Harris & Rezulli). In addition, research suggests that “focusing on paying down the account with the smallest balance tends to have the most powerful effect on people's sense of progress — and therefore their motivation to continue paying down their debts” (Trudel, 2016, p. 4).

Financial experts also warn consumers not to count on federal student loan forgiveness. Instead, they recommend consolidating federal student loans into one new loan, refinancing loans through private lenders offering lower interest rates, and directing extra cash toward student loan payments to retire the debt early (Cross & Esswein, 2019, p. 30-31).

Although many states are now requiring personal finance courses be offered in schools, a disparity in access to financial literacy education remains. With more than 16,500 branches across the country (American Library Association), public libraries are perfectly positioned to help fill the gaps. However, several barriers can interfere with these efforts.

Challenges

Public libraries are free institutions that connect individuals with the information they need to lead happy and productive lives. As such, they are well-positioned to help increase financial literacy in their communities. Though several challenges can interfere with a library's ability to deliver personal finance education — limited staff expertise, patron privacy laws, the vast range of financial situations among patrons, their varying degrees of prior knowledge about financial topics, and competing priorities and missions — public libraries can be known as a primary resource for helping users achieve and maintain financial security and independence.

Limited Staff Expertise

Libraries have many competing priorities and missions. Though some libraries employ a dedicated business librarian to support financial literacy education efforts, many lack staff members with expertise in personal finance or related fields. This dearth of knowledge can limit a library's ability to design and deliver effective programs.



Lack of expertise in personal finance topics, coupled with uneasiness about discussing these topics with patrons, presents professional and ethical concerns for many librarians.

In addition, some librarians might be uncomfortable talking about money with library users or leading programs on personal finance topics. In their research, Smith and Eschenfelder (2013) describe two reference librarians from Wisconsin who “perceived their personal inability to empathize with certain financial situations as a barrier” in assisting both higher-income and lower-income patrons. One librarian from “modest means” said she found it difficult to help homeowners with questions about amortization and refinancing because, as a renter, she is unfamiliar with these situations.

The other librarian admitted that her economic privilege made it harder to relate to those who struggle to save money and rely on social programs to get by (p. 307). Lack of expertise in personal finance topics, coupled with uneasiness about discussing these topics with patrons, presents professional and ethical concerns for many librarians. However, with the right resources and connections, libraries can become a primary resource for helping users achieve and maintain financial security and independence.

Patron Privacy

Librarians cite patron privacy as another barrier to providing financial literacy education. Smith and Eschenfelder emphasize the distinctions between information provision, education and counseling, pointing to RUSA guidelines that instruct reference librarians to “identify the issue,” address the patron’s request “without intruding on the user’s privacy,” advise users on the “merits” of various sources and “make recommendations regarding library materials when appropriate” (p. 300-301).

However, confidentiality guidelines can also be the source of anxiety and tension for librarians. Those in Smith and Eschenfelder’s study expressed apprehension about dealing with patrons’ personal information during reference encounters. “[They] talked about the difficulty of acquiring enough of the backstory to help the person with the question while acknowledging that that backstory is highly personal and perhaps stigmatizing



To ensure patron privacy, libraries can provide access to resources that empower individuals to define their personal finance needs and explore strategies for managing debt on their own.

(bankruptcy, health issues, legal problems).” In addition, one reference librarian explained that “because the librarian does not have the full personal story behind the person’s information request, it is sometimes challenging to try to understand what the patron really needs the information for” (Smith and Eschenfelder, 2013, p. 308). Librarians also do not want to risk compromising a patrons’ sensitive information, such as bank account, social security, or credit card numbers.

To ensure patron privacy, libraries can provide access to resources that empower individuals to define their personal finance needs and explore strategies for managing debt on their own. Such a tool would be especially valuable at times when library staff are not trained to answer personal finance questions or need time to connect patrons with external financial experts.

Varying Financial Situations and Degrees of Prior Knowledge Among Patrons

Librarians are not the only ones who come to the world of personal finance with varying degrees of expertise. Library users from diverse communities and socioeconomic backgrounds could also have varying levels of prior knowledge and information needs that the average personal finance books and magazines might not be able to fully meet.



Public libraries can position themselves to support each phase of an individual's financial journey — no matter their current financial situation — by providing access to educational resources that assume no prior knowledge or understanding of personal finance.

In her research, Faulkner (2021) identified the 10 most popular personal finance books in the catalogs of large U.S. public libraries. She found a variety of titles in several formats that offered “competing and complimentary viewpoints”; however, many skewed toward middle-class audiences. Faulkner writes, “The general assumption that readers have been steadily employed, have retirement investment options and the extra income to devote to them, and aren’t regularly facing high-interest credit options like payday loans, rent-to-own purchase options and cash advances assumes a moderate level of financial stability that may or may not be the case with some library patrons” (p. 64). Public libraries can position themselves to support each phase of an individual's financial journey — no matter their current financial situation — by providing access to educational resources that assume no prior knowledge or understanding of personal finance.

Opportunities

Overcoming the challenges described in this white paper will require libraries to invest in financial literacy initiatives. This includes collaborating with financial experts and community organizations, engaging with their local communities to understand patron needs and preferences, broadening their collections and developing a financial literacy programming strategy.

Partnerships

As civic institutions, public libraries have access to an entire network of subject matter experts. Therefore, librarians should be empowered to form partnerships with financial professionals and community organizations in their ecosystem, which can include contacts at the local, regional, state, and national levels.

Given that some libraries may be challenged by limited staff knowledge, working with partners can be an effective way to learn about local needs and identify resources for library programming. Partners can include:



Local banks and credit unions: Many banks and credit unions have financial education programs and resources that they can provide to libraries and their patrons.



Financial planners or accountants: Local financial professionals might welcome the opportunity to provide workshops or seminars on financial literacy topics. In addition to helping library patrons, events such as these give financial professionals an opportunity to expand their own professional networks.



Nonprofit organizations: Many nonprofit organizations specialize in financial literacy education, including the National Endowment for Financial Education, the Financial Planning Association and the National Foundation for Credit Counseling.



Community-based organizations: Local community-based organizations can include community development corporations, neighborhood associations, faith-based groups, and organizations that exclusively work with low-income families, immigrants or other underserved communities.



Government agencies: The Consumer Financial Protection Bureau and the Federal Deposit Insurance Corporation are two government agencies that offer financial education resources.



Other libraries: Public libraries can work with local schools and colleges to support financial literacy education efforts. They can also contact other public library systems to learn what they are doing to promote financial literacy in their communities. The American Library Association (ALA) provides [Guidelines and Best Practices](#) for providing financial literacy education, and librarians can also join ALA's Reference and User Services Association (RUSA) Financial Literacy Interest Group. The group is focused on sharing ideas and building a community around those already engaged in or interested in exploring the topic of financial literacy and libraries.

By working with a variety of people and organizations, libraries can offer a comprehensive range of financial literacy services to their patrons.

Community Engagement

Public libraries that actively collaborate with members of their community — including partner organizations — will be better able to understand and support patron needs and preferences. To identify the range of financial literacy needs in their communities, libraries can take the following steps:



Conduct a community needs assessment. The library can conduct a survey or hold focus groups with members of the community to understand their financial literacy needs, concerns and goals. This will help the library tailor its financial literacy resources and programming to better meet the specific needs of its community. Partner organizations may be willing to assist in these efforts.



Analyze demographic data. The library can analyze demographic data to identify groups within the community that might need financial literacy resources, such as senior citizens, young adults or recent immigrants.



Monitor financial trends. The library can monitor financial trends and news in the community and offer programming or resources on trending topics such as saving for college, saving for retirement, managing debt or preparing for emergencies.



Seek ongoing feedback from patrons. Through informal polls and surveys (both in print and online), the library can regularly seek feedback from patrons on its financial literacy resources and programming to understand how it can better meet the community's needs.

By taking these steps, public libraries can gain a clearer understanding of the financial literacy needs in their communities and develop tailored resources and programming to support their users. In addition, by engaging the community in the process, libraries can increase patron awareness of their resources, programs, and services.

Diverse Collections

Financial literacy is an essential life skill that everyone needs to learn regardless of their background, race, ethnicity or income level. Including diverse resources on financial literacy topics ensures library patrons have access to information relevant to their specific circumstances and needs. Different communities may have unique financial challenges and concerns. By offering a variety of resources, libraries can help address these issues and provide targeted support.



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Furthermore, diverse financial literacy resources can help promote financial inclusion and equity. Financial literacy is a critical tool for economic empowerment. By providing diverse resources on this topic, public libraries can help to reduce disparities in financial education and access to financial services.

These are just a few steps libraries can take:



Assess financial literacy resources currently offered. Libraries should evaluate the content, authors and formats to determine whether they represent a diverse range of perspectives.



Identify gaps. Based on the assessment, libraries can then identify topics, authors and viewpoints that are missing or underrepresented and make a list of areas that need improvement.



Seek out diverse resources. Collections should include financial literacy resources written by authors from diverse backgrounds, including people of color, women and members of other marginalized communities. One notable resource, produced in collaboration with the FINRA Investor Education Foundation, is **Thinking Money for All Kids: Diverse and Inclusive Reads to Teach Young People About Money**. In addition, EBSCO's **Nonfiction Core Collection** can guide libraries in selecting titles on personal finance.



Consider multiple formats. Libraries should offer financial literacy resources in a variety of formats, including books, e-books, audiobooks, videos and online courses. This will help ensure that people with different learning styles and abilities can access the information.

Programming

Libraries can develop a programming strategy for supporting financial literacy education in their communities. Leveraging partnerships to support in-person programming is one option. The other is passive programming, which refers to informal and interactive programs that allow patrons to participate with minimal to no staff direction. Passive programs can target adults of all ages, as well as children, teens and/or college students. Here are a few examples:



Book displays: Libraries can create displays of books and other resources related to personal finance, investing, budgeting and saving. This will make it easier for patrons to find information on these topics and encourage them to check out these materials.



Curated pathfinders. Librarians can curate links to relevant websites, financial tools (such as budgeting spreadsheets and retirement calculators), and other resources such as **Thinking Money** games and quizzes.



Board games. Patrons of all ages can learn finance basics by playing board games such as Cashflow, Money Bags, The Game of Life, Payday and Monopoly.



Webinars. Leverage subject matter experts to present live or pre-recorded webinar sessions on financial literacy topics such as managing debt, improving credit scores and retirement planning. Patrons can watch these webinars at their own pace or attend them live and ask questions.



Events: Even though libraries may not have business librarians on staff, they can still host low-lift events that promote financial literacy, such as tax preparation assistance, financial planning seminars or investment clubs. These can be led by subject matter experts; libraries simply provide the space and promote.



Self-paced financial literacy courses: EBSCO offers **FinancialFit**, a collection of short, easy-to-understand personal finance lessons, videos and interactive tools that empower all members of a community — no matter their current financial situation — to make informed financial decisions and achieve their financial goals. FinancialFit allows libraries to offer passive financial literacy programming without risking patron confidentiality or requiring librarians to possess personal finance expertise.

Overall, libraries can help improve financial literacy among their patrons by offering a variety of programming options that are accessible and engaging.

Conclusion

Financial illiteracy is a problem in the United States. It is the reason many parents are unable to pay for their child's college education, and why many college graduates begin their professional lives beneath a mountain of debt. It is the reason many older adults are forced to delay retirement: because mounting credit card interest payments made it impossible to save.

As trusted civic institutions that connect people to reliable information, public libraries are perfectly positioned to help increase financial literacy in their communities, if they can overcome a few key barriers. These barriers include the reluctance many librarians feel about providing personal finance education to others — due to lack of expertise, a perceived lack of empathy, and genuine concerns over patron privacy. In addition, library users from diverse communities and socioeconomic backgrounds will inevitably have different financial literacy needs and varying levels of prior knowledge, making it difficult for library staff to design effective programs and services.

Despite these challenges, libraries can positively impact the financial well-being of individuals in their communities by actively assessing users' ongoing needs and preferences, ensuring financial literacy collections are equitable and diverse, developing a financial literacy programming strategy, and partnering with financial experts and community organizations to deliver meaningful and effective educational experiences.

**Increase financial literacy in your library community.
Add FinancialFit to your e-learning collection.**

[Learn More](#)



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