

# Application Practice and Exploration of Financial Social Work

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**Abstract.** Financial social work is an emerging discipline and practice area of professional social work; it can help people to acquire more financial knowledge through the psychosocial intervention methods, improve financial management capabilities and improve financial conditions, and ultimately achieve personal and social development. Since the assets construction theory was proposed, after more than 20 years of development, financial capability and asset building has gradually formed the basic theoretical framework of financial social work. This paper analyzes the application practice and exploration of financial social work.

**Keywords:** financial social work, finance, society, psychology, practice.

## 1. Introduction

In recent years, a new branch of social work has emerged, namely financial social work, financial social work has been widely used by social workers and non-social workers around the world. Financial social work is a broader concept; it is the service and work which promotes economic stability and health for individuals, families and communities, especially for vulnerable groups. Financial social work is to use psychosocial intervention methods, take the advantages of the service target as the starting point, and continuously educate, motivate and support them, so that they can acquire more financial knowledge, improve financial management ability, and improve their financial conditions.

## 2. Theory of Financial Social Work

In the early 1990s, scholars in the United States proposed theoretical paradigm of assets construction when reflected on traditional income-based social welfare policies, its central idea: in order to get the poor out of poverty, it is not enough to rely on income subsidies, establishing stable asset account and promote long-term savings and resist fluctuant income risks is an effective way to eliminate poverty and achieve long-term development, then the United States had implemented a series of universal account systems for individuals and families. In the process of a series of policy practices, researchers have found that the importance of individual financial capabilities is an important step in the evolution of financial social work theory. In the past two decades, the policy practice of asset construction has gradually risen globally; many countries have formulated and implemented inclusive personal account systems[1].

The proposal of the financial capacity and assets construction two concepts marked the formation of the basic theoretical framework of financial social work. Financial capacity and asset construction are two basic concepts of financial social work. The concept of financial capacity in the financial social work is a state in which individual financial knowledge, skills, and concepts and the financial services and financial products they can enjoy are mutually promoted, therefore, from this perspective, financial capacity has two levels of meanings: at the micro level, it is the individual financial accomplishment, mainly including the financial knowledge and skills of individual and family, and at the macro level, it is inclusive financial opportunities, specifically, it is financial products and services that are easier to obtain than traditional financial services, among them, assets construction belongs to inclusive and socialized financial policies and services.

The formation of concept has promoted the development of financial social work practices. The financial development of modern society and the high mobility and marketization of financial society mean that financial ability is an essential part of financial social development, and it is also the basic accomplishment for individuals to achieve a good life under a specific lifestyle. But

financial capacity must be organically combined with available financial services, otherwise many social functions related to people will become inefficient or impossible to achieve, and will ultimately seriously affect the economic well-being of individuals and families. In the framework of financial social work, social workers can provide the financial service platform and financial-related services that are closest to life, and combine this financial service with the professional content of social work, so as to improve the welfare of service objects.

### **3. Characteristics of Financial Social Work**

Financial social work involves three major areas: finance, society, and social work, which directly points to the social work service system, the financial service system, and the world of daily life. Social work is an important professional helping cause in modern society, it has a complete knowledge system, including ideas, theories, methods, and skills, the essential characteristics of social work are welfare, socialization, and action orientation[2]. Financial service is an important part of the modern social system; its essential feature is the typical commercialization logic, it provides services for handling money for mid-and top-earners, it is a profit-oriented service mainly motivated by profit-seeking, and it is a private and commercial system.

From the perspective of financial services, social work, and daily life, we will find that financial social work is an overlapping part of the three elements, both social work and financial services have a close connection with people's daily lives, the difference is that the former provides socialized and public welfare services, while the latter provides private and commercial market services, moreover, social work and financial services also have a direct connection in practice, therefore, by examining the interaction between the three, we can see that financial and social work has its own characteristics.

First, from the perspective of interactive relationship between social work and the living world, on the one hand, social work is involved in the non-monetary aspects of the client's daily life, and on the other hand, it is involved in money-related issues in the life of the client, such as poverty, education, retirement and financial protection. As far as these two parts are concerned, the former is not the category of financial social work, and only the latter belongs to the field of financial social work. Second, from the perspective of the interaction between social work and financial services, on the one hand, professional services for social work need the support of the financial system, such as project financing, charitable trusts, and financial management; on the other hand, when professional social work intervenes in the financial affairs of service objects it also needs to cooperate with financial institutions, such as some public welfare lectures to prevent financial fraud, the provision of inclusive financial opportunities, and financial poverty alleviation activities. As far as these two parts are concerned, the former is not the category of financial social work, and only the latter belongs to the field of financial social work. Third, from the perspective of the interactive relationship between financial services and daily life, in modern society, financial services have become an indispensable service in people's daily lives, from traditional financial services such as savings, wealth management, and investment to Internet payments, financial service methods are increasingly diversified, and their status in people's daily lives is also increasingly prominent, on the one hand, fully commercialized financial service, including savings, wealth management, insurance, investment and other businesses, it is profit-seeking, follows the rules of fair market transactions, and mainly serve mid-and top-earners, on the other hand, under the influence of enterprise social responsibility and inclusive financial policies, many financial institutions cooperate with non-profit organizations and social worker service agencies to carry out non-profit and inclusive financial services, which belong to the field of financial social work[3].

The characteristics of financial social work are mainly three points, namely the nature of welfare, social intervention, and money-related. Specifically, one is to adhere to the welfare attributes of social work, it is different from commercial financial services that follow the rules of market-oriented operation; the other is to reflect the socialization of social work, namely facing the public and integrating resources, this is fundamentally different from other areas of practice in

social work, finally, it involves financial issues, which is fundamentally different from other practical areas of social work. Financial social work not only adheres to the professional characteristics of social work, but also actively intervenes in the issues related to the service target's wealth, through professional services, it cares about the financial well-being of individual and families, coordinates and promotes good relationships between individuals and the financial environment in which they live. It can be said that financial social work uses professional means of social work to involve individuals, families, groups and communities in issues related to money, it is a welfare social action involving financial issues.

#### **4. Causes of Individual Financial Problems and Financial Social Work**

The financial problems faced by financial social work are related to the individual consciousness and ability, resource allocation and other factors. Social workers often face the financial problems of many service objects in their work; the first is due to the limited financial management knowledge and skills of the service object. Second, factors such as unemployment, lack of medical insurance, lower income from work, and household consumption can also lead to personal and family financial problems, third, the lack of consumer protection regulations and bills at the policy level is another factor that may cause individuals and families to fall into the financial crisis after abusing loans and financial services.

In recent years, financial social work has helped the individual and families to develop and change their financial needs, its core principles have remained unchanged, in the field of work practice and research, staff need to adhere to the following three core principles: first, education, motivation, support, mentoring, understanding, and skills are combined with the choices most people make in order to personal and financial change, second, individual have control over money and a sense of control over the life they own, it is a unique, personal and emotional choice. This requires educating, motivating and supporting to attract the participation of service objects. Third, in order to achieve sustainable and long-term changes in financial management behaviors, financial social work must assist service object make such changes and maintain their determination to change.

#### **5. The Role of Financial Social Work**

Social work can effectively prevent and alleviate various social problems; financial social work can more effectively promote the good development of service objects, stimulate the internal financial and economic vitality of service objects, achieve sustainable development of service objects, and finally achieve financial inclusion. Social organizations and social work, guided by the values of altruism, have multiple advantages in participating in inclusive financial work and can better achieve financial inclusion[4]. First, social organizations and social work are rooted in communities, enterprises, hospitals, and schools. Second, due to its non-profit nature, social work can effectively reduce the cost of obtaining financial services for service objects. Third, due to cost and benefit considerations, financial institutions have narrowed the coverage of financial services in rural areas, small and micro enterprises, schools, and the elderly, and social organizations can effectively fill these gaps in financial services due to the nature of their work, from this perspective, social organizations is also a complement to financial institutions. Fourth, social work is a activity that focuses on interpersonal communication, it can solve the lack of financial services and financial risks caused by information asymmetry to some extent.

The biggest difference between financial social work and traditional social work is that the time period and the service target are not fixed. The service objects of financial social work are not limited to vulnerable groups and low-income groups, and its service objects can be further expanded to groups with relatively lack financial awareness and financial capabilities, including individuals, families, enterprises, etc., but also communities, enterprise parks, schools, hospitals and

other organizations and groups. The financial service demand for financial social work is continuous, and financial economic work itself demands sustainability.

## **6. Contents and Service Objects of Financial Social Work**

In order to make service objects achieve sustainable and long-term healthy money management behavior, we must understand the concept of financial social work from four aspects: first, money at the psychosocial level, how to treat money from a personal perspective is the core which reflects connection between people and money. Generally speaking, people's sub-consciousness for money can better reflect their financial choices when conducting consumption and saving behaviors, so it is necessary to understand people's financial management behaviors from the psychology. Second, the relationship between people and money, everyone has a variety of relationships with money, and this relationship can be disappointing, pessimistic, or tolerable, optimistic. When this relationship is healthy, people's financial environment is healthy and vice versa. Third, people's money management behavior, the relationship between people and money affects individual financial management behavior, and then affects the financial environment. How people control their money and life is affected by the process of growth[5]. Everyone's views, beliefs, and behaviors on finance are closely related to their growth background, for example, family members' sense of money, the family's economic status, and their awareness of financial security and protection all have an impact on personal financial management behaviors and habits. Fourth, money management knowledge and information, lack of financial management information and knowledge is one of the reasons why people are afraid of finance. Financial social workers should respect individual differences and encourage individuals to choose the money management method that suits them in accordance with their own life experiences and realities.

Financial social work is divided into five parts: first, the understanding of finance, it includes improving the financial environment, personal financial awareness and other basic knowledge and skills. The second is to understand the basic knowledge of loans and debt, understand the financial debt, know the good and bad of debt, the ratio of debt to asset income, and the impact on personal bankruptcy. The third is to make personal savings and consumption plans, understand personal consumption patterns, incentives and habits, and understand why personal savings and consumption plans are the basis of financial insurance, and formulate plans to achieve financial goals. The fourth is to understand basic savings and investment, including understanding and selection of the basic content of the investment project, such as portfolio, insurance, property planning, risk tolerance and other aspects. The fifth is the establishment of financial and social work system, formulates ethics, professional responsibilities and standards for financial social work, and applies them to the service work of financial social work institutions, tasks, and projects[6].

As social workers, financial social workers provide not only economic assistance to the service objects, but also empower them to control their financial lives. Financial social workers use their own knowledge and tools to help resolve behavioral and financial issues that affect individual basic needs, safety needs, social needs, and self-fulfillment needs, help them change their current behavior, improve their financial situation, and realize their financial vision. For managers working in government departments, workers working in community agencies, social service departments, non-governmental organizations and other social service departments, financial social work can provide financial education skills and practical tools to help them achieve sustainable development behavior, which is better than the traditional economic assistance model.

Moreover, financial social workers can teach them the skills to improve their financial situation, help them change those destructive saving and consumption behaviors, actively solve various money management problems, and prevent them from falling into financial difficulties, help people change their lives through financial management, it can also benefit them and their families and the entire community; individuals and families can get financial social work services to solve financial problems and get rid of financial insecurity. We know that families and children can feel hopeless and helpless if their financial situation is unsafe. By using the knowledge and skills of financial

social work, financial social workers can provide education and help families for individuals and families, financial social workers can help individuals and families change their behaviors, properly handle financial issues, and make them and their families to live financially stable life.

## 7. Conclusion

Financial social work is an emerging social work discipline; which has its unique knowledge, ideas, theory and working method; and it can also learn from other social work knowledge skills and methods. Through education, encouragement and support of money management for the service objects, the change of the service objects' consciousness and actions is realized, and finally their financial situation is improved, and financial self-sufficiency is achieved.

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