CREDIT CARDS RE-IMAGINED

COULD CREDIT CARDS ACTUALLY PROMOTE FINANCIAL WELLNESS?

Master Research Project

Credit Cards Re-Imagined:
Could Credit Cards Actually Promote Financial Wellness?

By Joseph York

Submitted to OCAD University in partial fulfillment of the requirements for the degree of Master of Design in Inclusive Design

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Abstract

What parts of modern American life aren't influenced by money? It mediates the relationship between individuals and nearly every domain - to nature, health, education, art, social justice, religion. It is nearly inescapable within the context of everyday life.

Given its ubiquity, money is naturally complex. At its best, it can serve as a tool in the pursuit of life's greatest satisfactions. At its worst, it becomes a preoccupation that serves as an impediment to those same dreams.

Credit cards amplify the stakes further. The right loan can enable a business or individual to climb to previously unimaginable heights. If mismanaged, over-borrowing can lead to crippling debt.

The negative dimensions of modern financial life can be hard for individuals - especially members of the middle class - to articulate. Experienced first-hand, they seem abstract and hazy. People feel a vague sense of dissatisfaction, unable to attribute it to specific causes.

This paper explores the financial haze many Americans find themselves caught in. Based on a comprehensive review of secondary sources and a new body of primary research, the author argues that the haze is a result of a swirl of forces so large, they become difficult to contemplate. They operate at the level of economic, societal, and technological systems – with ripple effects that influence individual psychology.

It takes a holistic evaluation of the forces at play to plot an alternate course out of the money haze. A more holistic understanding illuminates a pathway from hazy unconsciousness to individual financial empowerment. Using credit cards as a representation of the system's most complex paradoxes, the author proposes a re-imagining – one that challenges some of the most basic assumptions that underlie a broken system.

Keywords:

Credit cards, lending, borrowing, financial wellness, money, money coaches, consumer, debt, financial inclusion, philosophy of money

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Setting the Table

Introduction

Somehow, between its birth in 1776 and the present, America became a place where money is nearly inescapable. At the beginning, it was not that way. In 1791, Alexander Hamilton, the acting Secretary of Treasury, sent requests to a range of American farmers, soliciting information on their moneymaking capacities as an input to his upcoming "Report on Manufactures" (Cook, 2017). The response he received was so underwhelming, he abandoned the idea of including price statistics in his analysis. Early Americans were apparently not as interested in his money-minded worldview as he was.

In the coming centuries, that would change. The American economy would slowly morph from simply market-oriented to a proper capitalist system. Within this system, even life's most basic elements – nature, art, religion, education – become commodities measured (at least in part) by their profitability (Leys, 2012). As the system evolved, money began to slither into every crevice of the public and private domains.

It even came to define the value of human life. In 1910, a New York Times article announced, "An eight-pound baby is worth, at birth, $362 a pound...If he lives out the normal term of years, he can produce $2,900 more wealth than it costs to rear him and maintain him as an adult" (New York Times, 1910). In 2020, in response to the outbreak of COVID-19, various public policy options were weighed by an age-adjusted assessment of the value of lives saved (Economist, 2020) – on average, estimated by the Environmental Protection Agency at $7.4 million per citizen ("Monetary Risk Valuation", 2018).

Today's America is a society mediated by money. The American philosopher Jacob Needleman writes:

> *"Certainly, money is the main, moving force of human life at the present stage of civilization. Our relationships to nature, to health and illness, to education, to art, to social justice, are all increasingly permeated by the money factor." (Needleman, p. 40)*

Author Lynn Twist says:

> *"...When it comes to money, we accept it not only as a measure of economic value but also as a way of assigning importance and worth to everyone and everything else in*

the world. When we talk about success in life, money is almost always the first, and sometimes the only, measure we use for it." (Twist, 2017, p. 9)

Given money's ubiquity, an individual's financial experience tends to be complex. When someone's relationship to their money is considered and well-regulated, money can serve as a tool in their pursuit of life's greatest satisfactions. At its worst, money can become a force unto itself. The drive to accumulate and hoard can overtake more meaningful pursuits.

It's these negative dimensions of money's essence that can be the most difficult for an individual to express. The majority of Americans age 18 to 34 find their finances to be a source of "stress" (63%) and "anxiety" (55%) (FINRA, 2019). Separately, 55% of all Americans say they feel "lost" when it comes to a long-term and stable financial plan (Guidevine, 2018). These sensations – stress, anxiety, a feeling of lostness – are amorphous and slippery. They point to a first-hand experience that's vague – even hazy.

The Money Haze

Life as a "consumer" – as Americans are often referred to – can feel like wandering in a disorienting haze. Individuals experience a vague sense of dissatisfaction, unable to attribute it to specific causes. It could come in a moment of comparison, feeling inadequate after noticing a passerby with a nicer bag or pair of shoes. It might appear after a bout of self-criticism, as an inner voice echoes the messages conveyed decades earlier by a fiscally-conservative parent. It may come after seeing a few highly-targeted ads on social media, as messages embedded in an Instagram or TikTok feed create a cloud of directionless frenetic desire. But regardless of the specific circumstances, it proves hard to self-diagnose – and therefore, difficult to directly address.

> **"Life as a 'consumer' - as Americans are often referred to - can feel like wandering in a disorienting haze."**

Counter-intuitively, these dynamics can function in inverse relation to affluence. People at the lower end of the income distribution experience their own financial anxieties, but the practical realities of needing to make ends meet can serve as a grounding force. For the affluent, the equation changes. A 2018 poll of more than 2,000 millionaires asked participants about their happiness level on a scale of one to 10, and then asked what increase in wealth would be necessary to achieve a 10 (Donnelly, Zheng, & Norton, 2018). The majority (51%) said they'd need five to 10 times their current wealth.

This dynamic is not specific to the ultra-wealthy. In fact, the haze can be especially familiar to the middle class. A 2019 study suggests that the middle of the income

distribution experiences the most dramatic consequences of social comparison, as a result of growing income inequality (Hastings, 2019). A 2015 analysis concluded that the middle class is under more financial pressure than normally recognized – in part due to the realization that, despite higher levels of education, the current middle class is relatively worse off than their generational predecessors (Emmons, Noeth, 2018). Predictably, advertising doesn't help; a 2018 study found that, despite several decades' worth of data proving that the American middle class is shrinking, advertising from the same period "greatly over represented" the upper middle and upper classes – increasing the pressure to keep up (O'Guinn, Paulson, 2018).

If life in a monied society can feel like a haze, credit – and specifically the consumer credit card – amplifies the stakes further. When the right amount is borrowed at the right time with the right terms, the loan can unlock future possibilities previously unattainable. But if mismanaged, over-borrowing can lead to crippling debt. The appeal of credit's extra spending power is especially attractive to the middle class, where the aforementioned pressures to keep up are higher. Want the new HD TV that several friends just purchased on Black Friday, but short on cash? Credit is there as a bridge; near-term gratification, as costs are deferred.

The Destination

"...The money haze is a result of swirling forces so large, they become difficult to contemplate."

Are there people who've found an alternate path – a way out of the haze?

There's a creative minority who resist the "consumer" label. They slowly exit the money haze by directing mindful attention to their finances. Through self-reflection, they're able to articulate the larger purposes they want their money to serve. Then, with a grounded understanding of the present and a clear-eyed view of their desired future, they're able to formulate a plan that bridges the distance between the two. The journey moves from hazy unconsciousness to awareness, and eventually financial empowerment.

This paper argues that the money haze is a result of swirling forces so large, they become difficult to contemplate. They operate at the level of economic, societal, and technological systems – with ripple effects that influence foundational parts of human psychology. It takes a holistic evaluation of the forces at play to contextualize the journey towards financial empowerment. Furthermore, the author argues that credit cards represent a unique distillation of the mismatch between system and consumer – and a ripe opportunity to disrupt dysfunctional dynamics. This research proposes a new type of consumer credit; one that is dynamic and adaptable, grounded in time and space, and fundamentally concerned with the protection of its user.

Research Methods

To achieve these ends, this analysis is based on three sets of inputs.

First, an exhaustive environmental scan and literature review was conducted to survey the existing body of research. This included a mix of journalism, academic writing, and relevant books.

Second, a complimentary body of original research was conducted by the author. In the second half of 2019, a series of semi-structured ethnographic interviews with five "money coaches" were completed. Money coaching is a relatively new field geared towards healing the individual money relationship. Its roots extend back several decades – at least to 1988 (McCall, 2020). It is primarily concerned with offering a holistic approach to money management, distinct from the services provided by accountants or financial planners in its consideration of destructive emotional and behavioral patterns. Similarly, it is differentiated from other non-financial varieties of counseling or psychotherapy by its exclusive focus on the money relationship. Put simply, money coaches help individuals understand their own relationship with money, and chart a behavioral course towards financial wellness. Their relevance has grown over the past three decades as money culture has become increasingly pervasive, and individuals looking for help have found a dearth of resources utilizing an integrated approach.

The interviews varied in duration from 60 to 90 minutes, and were primarily facilitated remotely (via video conferencing) – though one Oakland-based money coach was interviewed in-person. The conversations covered a range of topics relevant to their professional practices. Topics discussed included:

- The origins of their careers and interest in the money coaching profession
- A survey of their work with clients
- Observations regarding various points of intersection – including systemic forces and financial tools.

All interviews were recorded and transcribed. Transcriptions were coded by observation before being incrementally aggregated into a distinct set of thematic insights.

Third, using the insights derived from the preceding ethnography, along with information collected from the environmental scan and literature review, an in-person ideation workshop was conducted in San Francisco in March, 2020. Participants included a product innovation executive from a leading payment network, the founder and operator of a research insights consultancy, and one of the previously interviewed money coaches. Participants were immersed in the prior research before discussing a series of prompts designed to facilitate discussion. Written notes documented the

outputs of the session. Conversation with these subject-matter experts helped contextualize the results of the prior research (i.e. environmental scan, literature review, and ethnography) and provided several conceptual frameworks for positioning a design intervention. The results of this discussion are embedded throughout the course of this analysis.

The Systemic Forces at Play

Introduction

The money haze that Americans – especially members of the middle class – frequently experience can be difficult to understand because of the altitude from which it descends. It comes from a combination of forces that are complex on their own, let alone in confluence with each other. In order to chart the path out, a mapping of the designs that underlie each force is necessary.

Economic

Foundations

From its inception, the US economy was built upon the belief that the private vices of self-interested individuals create broader social benefits – and eventually, a flourishing society. The economy's design was a result of hundreds of years of public debate.

"...The US economy was upon the belief that the private vices of self-interested individuals create broader social benefits..."

Many voices participated in the discourse, hailing from diverse fields – including philosophy, economics, religion, and political theory. Scottish economist and philosopher Adam Smith is most widely recognized as the ideological predecessor to the American Founding Fathers, but his contributions were preceded by a long line of forerunners. In 1705, Dutch philosopher Bernard Mandeville penned "The Fable of the Bees", a satirical poem that explores the relationship between collective flourishing and private interests. While admitting that he believed sustainable happiness might be more likely in "...a small peaceable society, in which men neither envy'd nor esteem'd by neighbours, should be contented to live upon the natural product of the spot they inhabit..." (Mandeville, 1705, p. 58), Mandeville eventually wrote:

"...Vice nursed ingenuity,
Which join'd with time, and industry
Had carry'd life's conveniencies,
It's real pleasures, comforts, ease,
To such a height, the very poor
Lived better than the rich before;
And nothing could be added more"
(Mandeville, 1705, p. 69)

54 years later, Smith published "A Theory of Moral Sentiments". Similar to Mandeville before him, Smith asserts that individual affluence drives incremental collective social benefit. He wrote:

"[The rich] consume little more than the poor, and in spite of their natural selfishness and rapacity...they divide with the poor the produce of all their improvements. They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species." (Smith, 1759, p.127)

By 1776's "The Wealth of Nations", Smith's ideas about self-interest had expanded into the foundation for classic economic theory. When self-interested individuals, working in diversified industries (agriculture, manufacturing, services, for example), were organized into free markets, their interconnectivity created an "invisible hand" that mitigated the need for excessive governmental intervention. He theorized:

"Every individual...neither intends to promote the public interest, nor knows how much he is promoting it...he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention." (Smith, 1776, p. 572)

"...The elevation of self-interest became the economic translation of the Constitution's emphasis on personal freedom and liberty."

As the United States grew into a world power, the elevation of self-interest became the

economic translation of the Constitution's emphasis on personal freedom and liberty. To be American was to fight for protection of the individual right to "life, liberty, and the pursuit of happiness" – including as it related to one's economic interests. Over the 18th, 19th, and early 20th centuries, economic and political theory slowly became a part of the embodied American ethos. By the time of the World Wars in the first half of the 1900s, the merit of economic self-interest was such a deeply-held societal assumption that it could go unconsidered as the US economy underwent a series of dramatic transformations.

The Post-War Boom

Going into the World Wars, the US had failed to find its economic stride. "America was a byword for urban graft, mismanagement and greed-fueled politics, as much as for growth, production, and profit." (Tooze, 2015, p. 41) But by 1916, the European powers began to rely upon the American manufacturing industry to an unprecedented degree. In that year alone, the UK purchased more than a quarter of its air engines, more than half of its shell casings, and more than two-thirds of its grain from outside producers – with the US as the lead supplier. Despite the effects of the Great Depression, by the second World War, American economic supremacy had been cemented. In 1943, total American economic output was nearly four times that of their main global competitor, the Third Reich (Tooze, 2008). By 1945, the American gross domestic product (GDP) was 2.4x its size only 5 years earlier in 1939 (Allen, 2007). An economic giant had been born.

"[By the end of World War II] an economic giant had been born."

In the period that followed from the end of World War II through the 1970s, there was a resulting economic boom unparalleled at any other point in history (Levinson, 2017). Domestically, increased government spending, pent up demand from the World Wars for goods and infrastructure, various labor protections (ex. unions, pensions, insurances, etc.), and acceleration of productivity through technological advancements drove unprecedented periods of sustained economic growth. Internationally, the geo-political results of the War had left the US in a dominant position – with no shortage of rebuilding international markets looking to buy goods and services. Additionally, social programs instituted by Presidents Truman, Eisenhower, Kennedy, and Johnson ensured that benefits of the post-war economic growth were adequately conferred to laborers ("Post-World War II Economic Expansion", 2002).

The boom also fueled significant growth in the size of the American middle class. Between 1933 and 1950, real disposable personal income per capita in the US had

nearly doubled ("Real Disposable Personal Income: Per Capita", 2020). As disposable income grew, home buying (and building) expanded as well. Residential construction of homes jumped from 114,000 in 1944 to 1.7 million in 1950 (Suddath, 2009). By 1971, nearly two-thirds of all American adults were considered middle class (Kochhar, 2018).

Creating Needs Out of Wants

In the midst of raging post-war economic growth and the expansion of the middle class, a tension emerged. Economic capacity was increasing quickly, as was discretionary spending. There was a gap between supply of new consumer goods and corresponding demand. What would serve as the bridge? A rapidly expanding advertising industry.

Between 1944 and 1985, total advertising spending went from $2.7 billion to $94.9 billion – or an increase of 35x ("U.S. Annual Advertising Spending Since 1919"). Advertising agencies transformed the marketing of consumer goods into an art form. Owning a Maytag appliance, or a Ford automobile, or smoking Lucky Strike cigarettes became parts of the American dream. Advertising became the engine that could create consumer demand out of thin air.

"Advertising became the engine that could create consumer demand out of thin air."

The result was a market that evolved away from serving consumer needs, and instead stoked consumer desires. In 1975, economist Lewis Mandell wrote:

> *"The first and perhaps the primary objective of any economic system is to utilize resources to meet the needs and wants of its people. Complicating this problem, however, is the fact that these needs and wants are often considered to be unlimited. This is an axiom of economic theory and upon close examination proves to be true, even among the ecologically minded. The vast majority of American families would like to consume more material goods. If they don't have a color television set, they want one; if they have one, they would like to have two." (Mandell, 1975, p. 15)*

Consumption had become the economy's lifeblood. Victor Lebow, a retail analyst from the post-war era, wrote:

"Our enormously productive economy demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfactions, our ego satisfactions, in consumption. The measure of social status, of social acceptance, of prestige, is now to be found in our consumptive patterns. The very meaning and significance of our lives today is expressed in consumptive terms. The greater the pressures upon the individual to conform to safe and accepted social standards, the more does he tend to express his aspirations and his individuality in terms of what he wears, drives, eats, his home, his car, his pattern of food serving, his hobbies." (Lebow, 1955)

"Simple living, matching the provision of necessities to the level of need in order to minimize excess, was a religious imperative."

Since the 1960s and 70s, the substance of the dream has evolved repeatedly. It's less uniform, and more personalized. But the relationship between material goods, consumption, individual identity, and national identity persists.

Societal

From Citizens to Consumers

The expansion of the American economy naturally had ripple effects that spilled over into society and culture. Much discourse in the 17th, 18th, and early 19th century had focused on developing macroeconomic theory, based on the view that consumption must be finite in nature (Trentmann, 2016). Economists had not conceived of the possibility of sustained economic expansion, so unchecked individual consumption represented depletion of available resources. Simple living, matching the provision of necessities to the level of need in order to minimize excess, was a religious imperative.

By the middle of the 19th century, the range of offerings – services or products – targeting everyday people had rapidly expanded. Economists' interest in studying consumption as a singular dynamic was limited though, until closer to the turn of the century. In 1890, British economist Alfred Marshall wrote his "Principle of Economics", which laid the foundation for the modern study of microeconomics – and its focus on human behavior ("Alfred Marshall", 2002). Economist Frank Trentmann writes of Marshall, "For [him], the history of civilization resembled a ladder on which people climbed towards higher tastes and activities."

Similar ideas soon came to the shores of the U.S. The chair of the Wharton School of Business, Simon Patten, exclaimed in 1907, "The new morality does not consist in

saving, but in expanding consumption." (Patten, 1907) Individual Americans – their behaviors, their preferences, their beliefs – slowly became the focus of industry. The term "consumer" grew to ubiquity, used interchangeably with "citizen" or "American". In 1956, the journalist William Whyte wrote that "...thrift now is un-American" ("Is Thrift Un-American?", 1956). By the 1960s, consumers were increasingly empowered. President John F. Kennedy introduced the Consumer Bill of Rights in 1962, stipulating consumers' rights to safety, information, choice, and speech ("Consumer Bill of Rights", 2020). The blending of roles – both citizen and consumer – continues in the present.

In fact, spending is now a part of the fabric of patriotism. Since the Great Depression, the American-brand of recovery has involved spending. British economist John Maynard Keynes said in 1931, "Whenever you save five shillings, you put a man out of work for a day...O patriotic housewives, sally out tomorrow early into the street and go to the wonderful sales." (Keynes, 1931) Two weeks after the tragedy of September 11th, 2001, President George W. Bush implored Americans to "Get down to Disney World in Florida...Take your families and enjoy life, the way we want it to be enjoyed" (Shiller, 2012). During 2020's outbreak of the COVID-19 virus, spending – at local restaurants, grocery stores, favorite online retailers – was discussed in some privileged circles as a form of pseudo philanthropy. In America, spending is akin to civic contribution – as money has become the measurement of intention.

Other Relevant Factors

The results of ethnographic interviews with money coaches shine additional light on the intersection of society and the economy. Among many considerations that emerged, five demonstrate clear relevance.

"In fact, spending is now a part of the fabric of patriotism."

First, as the consumer sector has matured and consumer expectations have been elevated, convenience has become one of the primary vectors of competition. Companies compete to create frictionless experiences, where the payment moment is transparent; consumers may be completely unaware of the movement of money at all. A 2016 article by a Danish Member of Parliament speculated that, in the year 2030, she might ask:

> *"Shopping? I can't really remember what that is. For most of us, it has been turned into choosing things to use. Sometimes I find this fun, and sometimes I just want the algorithm to do it for me. It knows my taste better than I do by now." (Auken, 2016)*

But the results for individual well-being are mixed. Part of the work done by money

coaches and their clients is to increase mindfulness amidst the temptation of infinite convenience:

> *"The Amazon app is OVERLY convenient. We should be talking about that. I think part of my work is helping to slow down the momentum and magnetism of consumerism and indulgence and instant gratification." (P1)*

> *"There's also the digital evolution of the form money takes. There's some research that we've seen that suggests that it doesn't register when money is leaving our pockets as we spend electronically – even when we're holding a card in our hand. So how are people supposed to know the impact on their overall finances, when it feels like it's just the natural flow of life happening?" (P3)*

> *"I ask people. 'How much did you spend on Uber this month?' Nobody knows. No idea. It's just being charged in the background. 'What did you spend on Amazon?' They don't know. But it's all being charged. And there are things that they never would have bought on Amazon if they had to get up and go to Target or something. It just wouldn't happen. But now there's so much more discretionary spending happening, and there's nothing tangible to it. So people have no awareness that money is leaving their possession. And I think that's a really big problem." (P5)*

"...In a monied society, one of the most valuable courses of study for young students is financial education."

Second, in a monied society, one the most valuable courses of study for young students is financial education. While investment in this area has increased in recent years, it still proves insufficient for many:

> *"A lot of [the problem] is people who never learned finances as a kid; their parents never taught them. That's a common story I hear. And now they want to learn, but they want to learn because they've realized their habits can't continue. You know, they didn't come out at 22 recognizing they wanted to learn this stuff." (P5)*

Third, the aforementioned economic systems create complex dynamics that trickle down to localized communities. Class divisions have become sticky – reflecting historical inequities, often specific to a neighborhood or city, and creating barriers to upward mobility. When viewed by metropolitan area, an analysis of economic outcomes

by generation demonstrates the dramatic differences in economic mobility – with many of the worst performing communities mapping onto the geography of slavery from the 18th and 19th centuries (Chetty, Hendren, Kline, & Saez, 2014).

These social divisions create meaningful financial challenges, as the messages conveyed by communities become embodied by individuals. One money coach (P2) recounted an experience with a client who grew up with attention deficit/hyperactivity disorder (ADHD). The client struggled with math as a result – and, as a woman of color, received socialized messages that echoed and amplified that experience. It continued into college. She came to believe that finances were synonymous with math, meaning she couldn't be good at either one. She tried to budget, but eventually a slip-up triggered the emotional memories of the messages she'd previously received – so she stopped trying.

For those within a given social division, comparison can become a powerful financial motivation. Especially amongst those with economic privilege, observation of others informs their expectations about what they should be able to afford – which does not always square with reality:

"These social divisions create meaningful financial challenges, as the messages conveyed by communities become embodied by individuals."

> *"A lot of it is keeping up with their community. They want to go out. They want to have fun. They don't want to stay home. They work a lot. And they feel like this should be afforded to them. Even the high-earners and people who are making $150K are like, 'I make a lot of money, right? I should be able to do this.' There's an entitlement to it. I think, for a lot of them, while they may be starting to take responsibility when they come to me, they were happy to not have to deal with it and face it before. They were thinking they could just stick their head in the sand and everything would work itself out. They didn't want to deny themselves going out or going on vacation or things like that. And maybe they feel embarrassment also. A lot of people talk about not knowing how to publicly say 'No, we can't afford this' or 'I don't want to split the bill six ways because I only had one thing' or things like that. People just feel pressure to socially adapt." (P5)*

Fourth, traditional gender roles – men as breadwinners and women as stay-at-home mothers – create their own set of problems. For men who identify with traditional American conceptions of masculinity, that can mean a discomfort with asking for help that results in a sense of isolation:

> *"Men often hold even more of that shame, because there is such a societal expectation that they should know what to do, and they should be good at money. And if they don't know what they should be doing, or if they've been holding a lot of secrets, it can feel like they're alone on an island. From a gender perspective, culturally, it's also not just the expectation that a man should know what to do with money; it's also the expectation that they shouldn't ask for help. And that can play out as a general discomfort with therapy. Whether it's reaching out for support from a loved one, asking for help from a professional, or something else, it's widely acknowledged that showing vulnerability as a man in this culture hasn't always been celebrated." (P4)*

For women, historical exclusion from financial matters comes with its own cost. Even in situations where social progress has opened the door to higher-paying employment, women (specifically those in heterosexual relationships) can be forced to confront the legacy of historical inequities:

> *"I remember a conversation I had with my personal trainer – a white male – and his female partner. They both do well financially. She makes more than he does. They're both progressive. They don't – at least in their conscious minds – care about gender norms...who makes more, who stays home with a kid, etc. And I said, 'Look. Here's my advice. Spend some time with what comes up for you when you reflect on the fact that she makes more than you do. Okay?' His quick response was, 'Oh, no. It's fine. We're fine. I don't care about that at all.' And yet, I was like, 'I know...but spend some time with it, because it operates in ways we don't see.' He's not my client; he's my personal trainer, so I'm not going to push. But I always will bring up those dynamics. If I have a client where the woman makes more than the man, then I'll reference studies that show that many men in relationships with a woman who's the primary breadwinner exhibit resentment toward their partner – even in situations where they both had good salaries; even if they have more money than they need for their goals." (P1)*

"For women, historical exclusion from financial matters comes with its own cost."

Fifth, the differences in financial experience between generations can also contribute to problems. This effect is especially acute in situations where parents or grandparents ascended from one social class to another, leaving their offspring without the skills to

navigate a new economic stratosphere:

> *"We're in a really interesting generational spot – where so many people were raised in a kind of 'desert of truth' as it relates to emotions. It seems like past generations tended to sweep some things under the rug. Keep a stiff upper lip. It's almost a puritanical thing. Part of it is probably related to the fact that lots of people's parents or grandparents had some first-hand exposure to war or life as a soldier – and formed the expectation that you should be able to pull yourself up by your own bootstraps. And, you know, that can be part of the problem when that approach doesn't work for this generation." (P3)*

Rolled together, the sum force of these societal influences can make resisting consumer culture seem nearly impossible.

Technological

"Moore's Law", attributed to Intel co-founder Gordon Moore, dictates that approximately every two years, the number of transistors in a dense integrated circuit doubles – and the pattern has held for nearly 50 years. In 1971, the number of transistors that could be fit on a single microprocessor was 2,308; in 2017, it was 19.2 billion (Roser, & Ritchie, 2013). The growth in computing has paralleled the growth in the importance of consumer technology in daily life. In 2019, American consumers spent an estimated $412 billion on technology products (Soohoo, Goepfert, & Shirer, 2019). But ubiquity comes with unforeseen impacts. Three interconnected implications are highlighted here.

First, in the same way advertising sold a vision of the "American Dream" tied to acquiring new products in the post-World War period, the transition to digital spaces has allowed for the casting of a new "dream" – one tied to digital expression of self-identity. Gone is the aspiration of the white picket fence and the Ford motorcar. Instead, advertising in digital spaces – like Facebook, Instagram, and other social platforms – has addressed a new set of consumer ambitions. As surveys confirm millennial disinterest in religion, old brand names, and incumbent institutions, companies have found traction appealing to their customers' desire for self-expression

"...The transition to digital spaces has allowed for the casting of a new 'dream' - one tied to digital expression of self-identity."

(Deloitte Global Millennial Survey, 2019). In the digital world, a new pair of Nike sneakers, an Away suitcase, or pair of Outdoor Voices leggings can serve as external signals of internal identity – or the set of characteristics one chooses to distinguish themselves from others. Author Jia Tolentino writes:

> *"We have generated billions of dollars for social media platforms through our desire – and then through a subsequent, escalating economic and cultural requirement – to replicate for the internet who we know, who we think we are, who we want to be." (Tolentino, 2019, p. 15)*

> *"Capitalism has no land left to cultivate but the self. Everything is being cannibalized – not just goods and labor, but personality and relationships and attention." (Tolentino, 2019, p. 33)*

Second, platforms have become the primary mechanism for marketing and selling, and attention is the commodity they compete for. The viability of their business models depends upon the monetization of attention via advertising. Resultingly, consumers' attention has become increasingly fragmented, providing cover fire for a series of tectonic shifts below the market's surface. Consumers in the present moment, operating in digital spaces, experience a limitless number of stimuli vying for their attention. Attention foreruns the eventual flow of actual money. Tolentino writes:

> *"There is less time these days for anything other than economic survival. The internet has moved seamlessly into the interstices of this situation, redistributing our minimum free time into unsatisfying micro-installments, spread throughout the day." (Tolentino, 2019, p. 18)*

"Consumers in the present moment, operating in digital spaces, experience a limitless number of stimuli vying for their attention."

Stanford professor Jenny Odell introduces her book "How to Do Nothing: Resisting the Attention Economy" by saying:

> *"In a world where our value is determined by our productivity, many of us find our every last minute captured, optimized, or appropriated as a financial resource by the technologies we use daily." (Odell, 2019, p. ix)*

Third, why does all this matter? Because the growing role of everyday technology represents a distortion in some of the most fundamental building blocks of human existence – the relationship with time and space. Amazon can deliver millions of different items in two hours of less. Instagram enables users to view the travels and dining exploits of friends, celebrities, and anyone in between. Google allows access to incomprehensible amounts of information in milliseconds, and increasingly designs pathways between that information and buying opportunities.

This manipulation of time and space is perilous. If personal identity is at stake in the new digital consumption game, the roles of time and space play a significant part in traditional identity formation mechanisms. Canadian intellectual Ursula Franklin writes:

> *"Time is at the centre of people's personal and collective sense of identity, which in turn is based on a shared history, on a common knowledge of the sequence of relevant past events." (Franklin, 1990, p. 148)*

"...The growing role of everyday technology represents a distortion in some of the most fundamental building blocks of human existence - the relationship with time and space."

Indeed, Franklin asserts that time and space are fundamental to human construction of meaning:

> *"...Time is real and it patterns human existence as it structures our collective and personal memory. It is well to remember that Immanuel Kant saw time and space not as external media within which people move, but as ordering devices of the human mind." (Franklin, 1990, p. 149)*

Franklin describes the impact of technology on time and space in terms of a transition from synchronicity to asynchronicity. "...While synchronicity evokes the presence of sequences and patterns, fixed intervals or periodicities, coordination and synchronization, asynchronicity indicates the decoupling of activities from their functional time or space patterns" (Franklin, 1990, p. 150). To Franklin, modern technology has fueled this evolution:

> *"...The current widespread use of computer networks and related technologies has led to something different: the prevalence of asynchronicity, indicated by*

> *the loosening, if not the abandonment, of previously compulsory time and space patterns." (Franklin, 1990, p. 151)*

These technological considerations, when rolled together with the economic and societal forces previously described, create a powerful consumer vortex. The commercial messages that led to the creation of American consumer culture in the post-World War period mutated as society transitioned to digital spaces. Consumption became part of identity formation, enabled by platforms that compete for consumers' attention. As attention has become increasingly fragmented, the fundamental ways that technology changes humanity's relationship with time and space have gone unconsidered by many consumers. If time and space are building blocks of human meaning, the move towards asynchronicity destabilizes the same identity formation process that is now the focus of the consumer economic sector. It's a self-reinforcing cycle.

The impacts of these types of forces are normally measured in quantitative financial terms – like measures of inequality or the distribution of wealth. The emotional results, however, are under-explored.

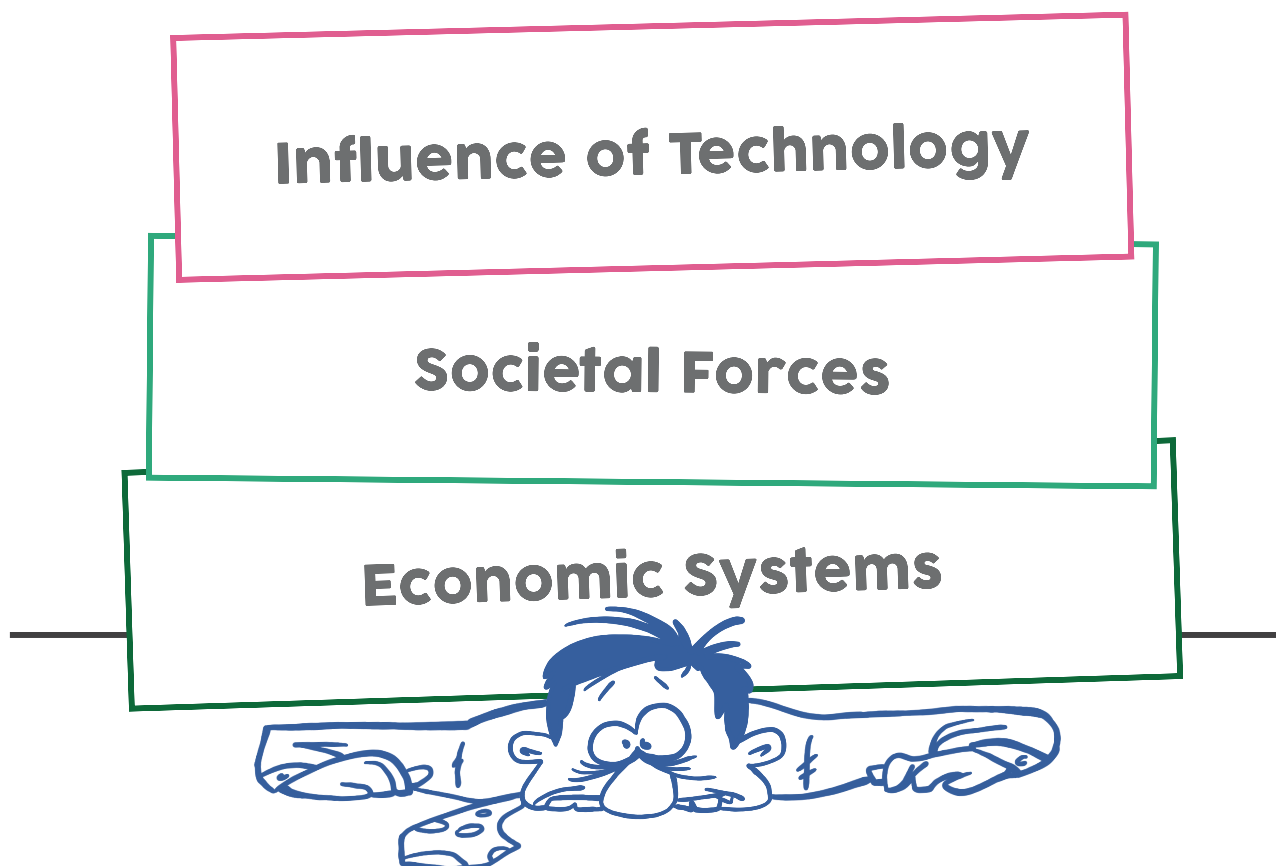


Figure 1: "The Consumer Experience"
Consumers experience the aggregate effect of economic, societal, and technological forces – which can leave them feeling crushed.
Source: Original artwork.

The Psychological Toll

This economic, societal, and technological landscape takes a heavy psychological toll on consumers. As alluded to earlier, the middle-class experience can feel like navigating a haze:

> *"[At the beginning of an engagement, clients are] feeling completely overwhelmed and not knowing where to even begin. They don't have any idea where their money is going, where it should be going. They feel completely overwhelmed and out of control. It's a persistent panic – not knowing what's going on." (P4)*

The experience of the haze can get cloudier still as money becomes enmeshed in an individual's psychology. The work of money coaches and therapists can begin to collide:

> *"We'll often touch on something big, like a past trauma or a relational issue with a parent. In those situations, I'll say, 'This is an area that I think you want to take to your therapist to continue working on.'" (P4)*

"The experience of the haze can get cloudier still as money becomes enmeshed in an individual's psychology."

Elements of psychological dysfunction influence the money relationship, and vice versa. For example, people with anxious attachment styles or individuals exhibiting patterns of co-dependence can see those dynamics play out financially:

> *"People who suffer from patterns of co-dependence generally have money problems, because they're prioritizing other peoples' needs in front of their own." (P1)*

No matter the specific circumstances, after spending years of their adult lives in the haze, a residual sense of fatigue begins to accumulate:

"I do think the pressure of consumer and social media culture has intense psychological ramifications. They're very modern and new spaces that our brains haven't fully adapted to. We haven't created the boundaries we need naturally. I think it impacts the way people manage their wallets, especially when they're super tired. They're already running on fumes.

It's hard to resist the machine that's so excited to receive our money.

That's just how it is now. And if the person is already feeling scared, frustrated, sad, hopeless, any of that stuff, it's even harder.

It's as if the machine is saying, 'Well, I have the thing that's going to make you feel better.'"

(P3)

Credit Cards: Money...on Steroids

Overview

Consumer credit cards represent a unique, and especially potent, combination of the forces previously explored. They are a distillation of the effects of the economic and societal forces influencing the money relationship, but amplified and obfuscated. For the purposes of this analysis, five specific observations are highlighted.

First, credit takes the already-blurry boundaries of electronic currency in a highly-developed commercial society, and adds another layer of abstraction. The electronic movement of money is a representation several times removed from the underlying exchange of value. Said another way, if a person working as a musician walks into their local Starbucks to buy a cup of coffee and pays with their debit card, that payment is at least four times removed from the actual exchange of value. In a more primitive world, the musician would trade their skill (music) for the coffee. Over time, gold or other precious materials were introduced as an intermediary representation to facilitate more seamless trade. Precious materials were eventually replaced by paper notes. When paper notes became inconvenient, they were replaced by the series of zeros and ones that are exchanged in milliseconds anytime a debit card is swiped, dipped, or tapped. It becomes difficult for the human mind to conceptualize value with each degree of abstraction that's added. Credit adds another layer. Not only is it an electronic form of currency, it is also no longer the borrower's money being digitally exchanged; it's someone else's. Maintaining a sense of control and an understanding of limits or boundaries gets incrementally harder:

"...Credit takes the already-blurry boundaries of electronic currency in a highly-developed commercial society, and adds another layer of abstraction."

> *"Have you seen this research on credit card use relative to other payment methods? This study suggests people overspend up to 23% simply by putting the purchase on a credit card versus a debit card or cash." (P1)*

Second, financial education could be an effective mitigation to the effects of growing abstraction, but credit's technical complexity can limit its accessibility:

> *"Most people have credit cards. They have no idea how they work. I don't just mean that they don't get debt. I mean they fundamentally don't understand how credit cards work. They don't understand what interest rates are. They don't know what fees they're being charged. They don't know how to actually take advantage of the points in an effective way. And they don't appreciate the impact credit card debt has on their bottom line." (P2)*

> *"One of my clients...actually listed a Line of Credit as a cash asset. She thought that, because she could spend it, it could be treated like a savings account. That touched me so deeply. Like, 'Okay. I can see how your mind went that way. That's not an intelligence issue, per se.' She could have taken some of that money and used it. But she had no comprehension of the impact it would've had on her financial situation if she were to use it as liquid cash. There are such fundamental misunderstandings about how many of these credit-related products work. It can be scary." (P3)*

Third, the incentives established by the current economic paradigm create problematic lender-borrower relationships. Specifically, credit-issuing banks are incentivized to prioritize relationships with balance-carrying customers, as those customers are among their most profitable. With misaligned incentives can come instances of abuse:

"...The credit score...has become a representation of reliability and stability for some consumers."

> *"Even something as simple as the online statement for a credit card can be problematic. Some of these lenders invert the color of a charge. At Chase, for example, a charge is black and the payment received for the balance is a negative red. In lots of cases like that, they're intentionally obscuring what the actual impact is...Another example: They'll often exclude the pending charges from the balance. It makes it really hard for people to anchor in the truth." (P4)*

Fourth, in a country where money can serve as a proxy for success or human worth, credit – specifically the credit score – has become a representation of reliability and stability for some consumers. They take pride in their ability to repay debts, and begin to see their history of repayment as a measure of their own credibility – even when it can mean eroding their actual financial health:

"People don't understand that the credit score is not actually a reflection of how healthy you are. It has nothing to do with financial safety. It doesn't have to do with your income; doesn't even know how much money you have. It's just your ability to repay debt. But people really see it as a self-reflection. As an example, my dad's wife was so emotionally attached to her credit score. And my dad was horrible with money. After he passed away, she was not legally responsible to pay his debts. But the people he owed would call her and read her their spiel; you know, 'We're looking to collect, but you are not legally responsible to pay…but would you like to?' And I told her repeatedly, 'Just keep saying NO, and in a couple of months, they'll stop.' She was like, 'Okay.' And then within four weeks, she paid it all off. For one, she couldn't handle the calls. And two, she was just convinced it was going to hurt her credit score. It was something like $40,000 that she paid even though she didn't have to." (P5)

Fifth, more so than other financial instruments, credit directly impacts its users' ability to understand the relationship between their consumption and time – that critical building block of human meaning. Credit clears a path for consumption that is chronologically divorced from its cost. It promises gratification in the present, and leaves reckoning with the eventual expense for later:

"...Credit directly impacts its users' ability to understand the relationship between their consumption and time - that critical building block of human meaning."

"The very nature of credit cards is completely distorted. When statements are due, you're paying for things that you've experienced or bought six weeks ago. It couldn't be more removed from the present moment. It really, really doesn't work for someone who wants to be conscious of their current financial situation – and has a budget where they need to pay for October's spending in October." (P1)

Where are the origins of consumer credit, and how does it work? A deeper understanding of its foundations provides a foothold for its revision.

A Brief History of Credit Cards

For much of US history, consumer credit cards held limited appeal because of the existence of state "usury" laws that traced their origins back to Biblical times. Usury, or the practice of lending money at unreasonably high rates of interest, was viewed as

at least immoral (in early Judaism, Islam, and Christianity) and often illegal (in ancient Greek and Roman societies). Those attitudes were echoed in U.S. legislation all the way up until the 1970s (Mercatante, 2008).

By that point, the concept of the credit card had been around for some time. The term first appeared in 1888 in the fictional book “Looking Backward”, by author Edward Bellamy. It initially referred to the concept of replacing cash with another means. By the early 20th century, the concept began coming to life – first in the form of plastic cards used to access a line of credit at a single merchant, like Sears Roebuck & Co. While the concept of the store card proved novel and laid the ground work for the later conception of electronic credit cards, its ultimate utility was limited by its narrow acceptance (i.e. it could only be used at a single retailer). By the late 1940s, credit cards that promised universal acceptance (i.e. acceptance not limited to a single retailer) entered the scene. The Diner’s Club Card appeared in 1949 with a line of credit provided by a third-party that could be utilized at any accepting merchant, with a balance that had to be paid off at the conclusion of each monthly payment cycle. Diner’s success prompted the entrance of American Express to the market soon after, followed by banking competitors – and eventually Visa and MasterCard established credit card networks that connected card-issuing banks to card-accepting merchants, allowing electronic payments to approach ubiquity (Mercatante, 2008).

“Credit, at its core, enables the borrower to cover present expenses with future income.”

Credit cards offer real utility. Credit, at its core, enables the borrower to cover present expenses with future income. In cases in which debt is utilized to acquire an asset that appreciates over time (preferably at a rate greater than that of the interest on the loan), credit is a highly useful financial instrument. Examples of types of “good debt” might include a loan to a business owner to purchase a new piece of equipment that will unlock new levels of growth, a student who finances their education in order to enable greater future earning potential, or a person who borrows to acquire the equipment (a laptop or professional clothing, for example) to qualify for a new higher-paying job. Alternatively, “bad debt” is the use of credit to purchase depreciating assets – such that credit is simply a mechanism for consuming more now than is possible given current income. Examples of that type of debt might include a person of limited means purchasing a new TV that they really want, but don’t presently have the money for.

The introduction of credit cards into the personal financial ecosystem of the 1950s was messy. Bank of America, operating in the state of California, indiscriminately “dropped” 2 million cards across a range of cities over a thirteen-month period – with little, if any, of the necessary supporting infrastructure in place (Nocera, 2013). Credit cards quickly acquired a poor reputation amongst consumers, even as Bank of American slowly

corrected their operational shortfalls. In an effort to rehabilitate their image, Bank of America wrote an open letter to their customers across the state of California. It read in part:

> *"As for its encouraging extravagance, it seems to us that this is a problem which every individual must resolve for himself. Only you can determine to what extent your income and circumstances permit you to buy on credit. It is not our intention to encourage 'easy money' or a 'free spending program'. In fact, we believe our job is to assist you in any way possible to maintain sound and sensible control of your finances" (Nocera, 2013).*

Bank of America's launch eventually course corrected, and they began to license their product to other financial institutions in other states. Similar competing products grew in popularity concurrently. Their growth, however, was limited by the aforementioned usury laws. Usury laws varied by state, making a national lending operation complex and costly to administer. Additionally, as inflation rose quickly in the 1970s, static usury caps meant that interest margins (and associated interest income) for lenders were compressed. The net result was reduced availability of credit (i.e. lenders only lending to the lowest risk borrowers where likelihood of loan default was small) and minimal overall profitability. Eventually, lending institutions pursued legal action, culminating in Marquette National Bank of Minneapolis vs. First Omaha Service Corp. The case's decision, handed down by the U.S. Supreme Court, greatly simplified lending regulation. Banks could now lend nationwide, and only needed to worry about the interest rate restrictions in place within the state where they were headquartered. States quickly adjusted, reducing or eliminating their restrictions on interest rates, with Delaware and South Dakota attracting major financial institutions as a result (Mercatante, 2008).

"As for [credit's] encouraging extravagance, it seems to us that this is a problem which every individual must resolve for himself."

- Open Letter: Bank of America

In 1996, the Supreme Court ruled that late payment fees were an extension of interest and therefore should be governed by similar rules, providing credit card issuers new flexibility in generating revenue. Subsequent legislative regulatory action has included a mix of policies that emphasize transparency on the part of the lender, and responsibility on the part of the borrower to effectively self-manage their debt.

Over the same period, consumer credit lending has grown steadily. For credit card-issuing banks, increased lending through credit cards offers new high-yield revenue streams relative to older types of lending like home and auto (FIS, CSCU, 2007). During the 1990s, risk-based pricing, or adjusting the interest rate based on the risk profile of the borrower, was made possible through advances in technology and quantitative modeling – and enhanced card issuers' ability to balance the relative increase in risk from lending to a lower income population with the additional revenue derived from increased interest and fee income (Mann, 2008). As a result, credit card-based debt accumulation grew in the 1990s and into the 2000s – specifically among middle-income families (Soederberg, 2013) (Figure 2). In fact, on a relative basis, individuals in the lowest quintile of the income distribution grew to carry the heaviest credit card debt burden (Mann, 2008) (Figure 3).

A broader macroeconomic shift towards "neoliberal" economic policy – or a bias towards allowing markets to self-regulate, versus utilizing government intervention – has provided a series of explanations for these shifts in the consumer credit market: 1) the "democratization of credit", and 2) "consumer protections" (Soederberg, 2013).

- The "democratization of credit" relates to the idea of reducing barriers to credit access for population segments traditionally excluded, and provides a more humanitarian, less pragmatic explanation for the extension of credit to higher risk, lower income populations. Instead of being driven by the push for revenue growth and increasing deregulation, this framing rationalizes issuance of credit cards to people further down the income distribution as a superior option to fringe loan products available from pay-day lenders or pawn shops. Credit cards can help bridge gaps in cash flow, account for unexpected expenses, and build a credit history that eventually enables more borrowing for larger appreciating assets – like a vehicle or a home.

"Using the neoliberal lens, borrowers are autonomous rationally-behaving consumers, and lenders' primary responsibilities are disclosure and equality."

- "Consumer protections" corresponds to legislative efforts to provide checks against potentially predatory lending practices. The implementation of various "watchdog" policies all attempt to protect consumers from nefarious lending behavior through principles of transparency, fairness, and accountability. Using the neoliberal lens, borrowers are autonomous rationally-behaving consumers, and lenders' primary responsibilities are disclosure and equality. Lenders have the right to structure loan products as they see fit, so long as those products clearly disclose the terms of the

% of Families Holding Credit Card Balances

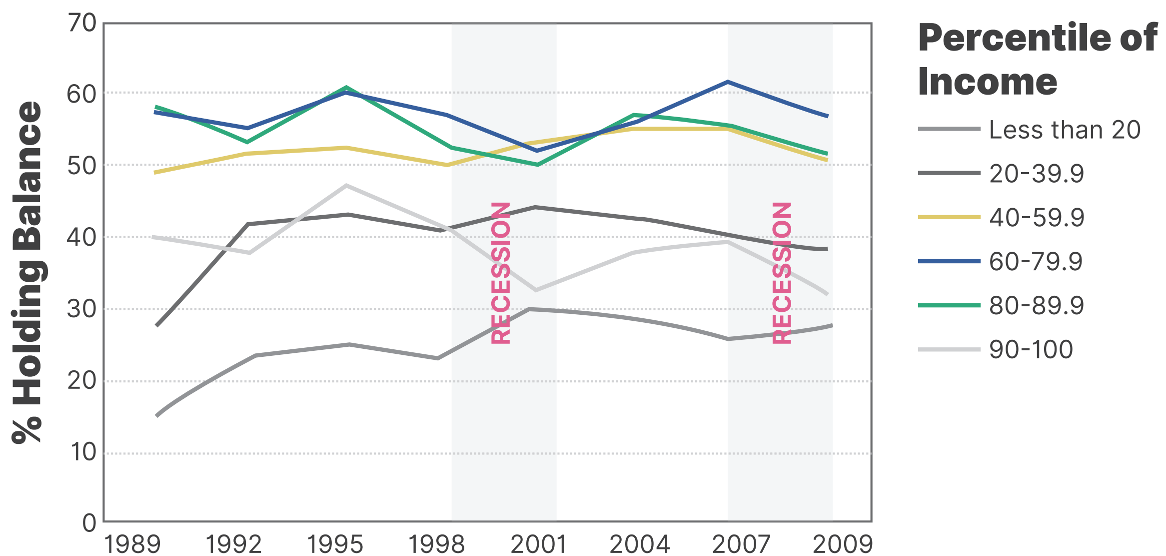


Figure 2: “Percentage of Families Holding Credit Card Balances”
Historically, middle-income families (or those in the 40th to 90th percentile of earners) are most likely to carry larger credit card balances.
Source: Soederberg, 2013

Credit Card Debt as a % of Income

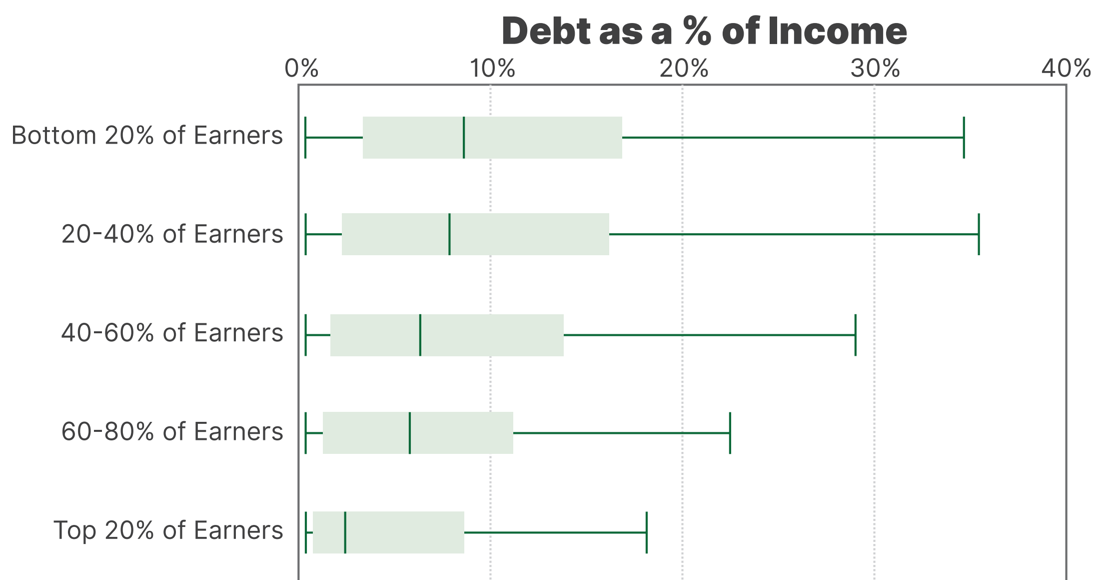


Figure 3: “Credit Card Debt as a Percentage of Income; 2004”
The lower earning the individual, the more likely they are to carry heavier debt burdens. This boxplot graph notes the minimum, first quartile, median, third quartile, and maximum values associated with each distribution.
Source: Mann, 2008

loan and are not discriminatory in nature. Furthermore, borrowers own the burden of responsibility to repay their debts and, in the event of failure to repay, the lender has liberal authority to hold them accountable.

How They Work

Anchored in the historical point of view, analysis of credit card fundamentals illuminates opportunities for disruption. Today, credit cards are a complex business. Credit card profitability is highly dependent upon the balances cardholders carry and the ancillary fees they are assessed – including membership-style "annual fees", cash advance fees, and fees for late payments (Figure 4). The net result is a misaligned set of bank incentives, where customers that generate and maintain large balances are also the most profitable (Figure 5).

As a result, bank customers may fall broadly into one of two categories:

- Cardholders managing their credit effectively pay most or all of their balance at the end of each month, to minimize exposure to unnecessary interest expense – which in turn means their value to their bank is reduced. Those cardholders, with high levels of financial expertise, are also more likely to have high incomes and good or excellent credit scores. Banks develop specific premium credit cards for that segment, with loyalty reward programs and travel benefits. These products are costly to launch and maintain, meaning that the cardholders generating little interest revenue (from small or nonexistent revolving balances) are also the ones utilizing the highest cost (and lowest margin) product. Product profitability is derived from the bank's ability to "cross-sell" other financial services to the customer. In other words, the credit card is not the destination; it's a gateway to other types of business (debit cards, savings accounts, investment accounts, insurances, home or auto loan – for example) with an affluent customer.

"...Customers that generate and maintain large balances are also the most profitable."

- Cardholders managing their credit ineffectively pay a minimum or reduced payment each month and carry a revolving balance – generating significant interest revenue for the card issuing bank. These cardholders are less likely to have high incomes or excellent credit histories; banks typically target these customers with lower-cost, higher-interest entry-level or mid-tier cards. These become the highest-margin customers for banks, earning increased interest income with minimal operating expense. These customers are also at the highest risk of over-borrowing.

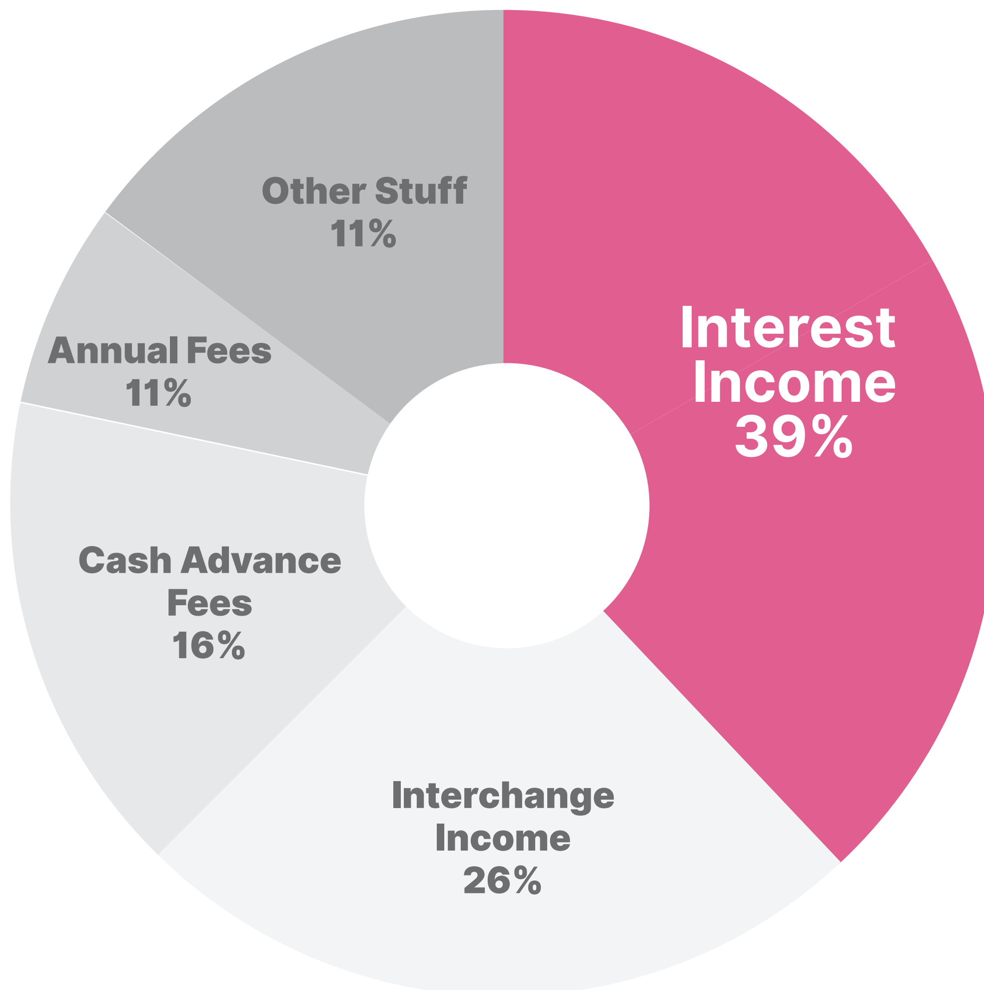


Figure 4: “Credit Card Revenues for U.S. Banks; 2016”
39% of all revenues for U.S. credit card issuers in 2016 came from interest income, or the charges assessed on balances carried month-over-month.
Source: The Ascent, 2018

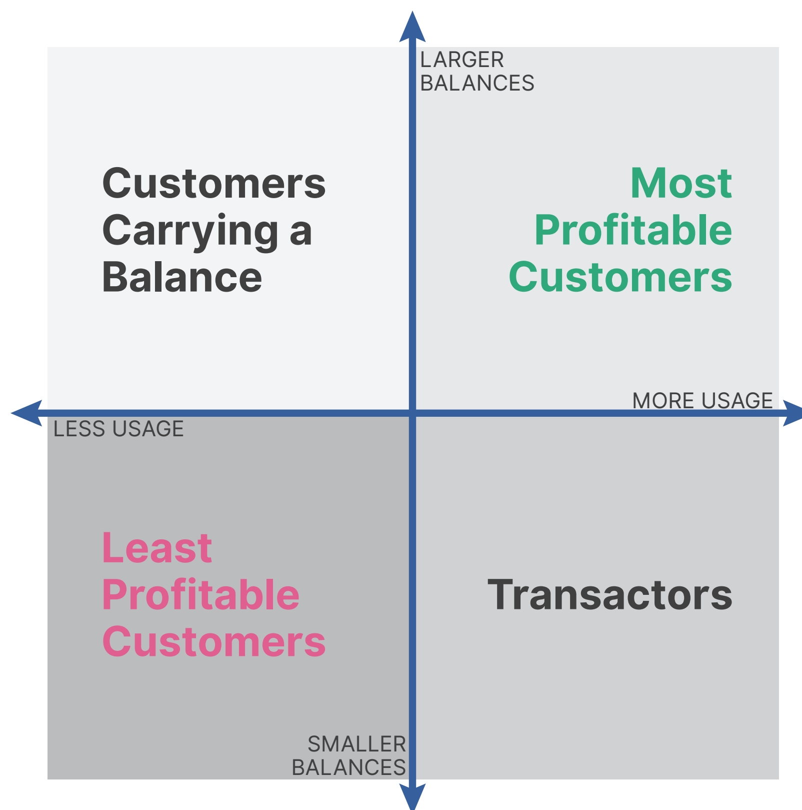


Figure 5: “Credit Cardholder Segmentation by Profitability”
The most profitable customers for credit card issuing banks are those that carry larger balances each month – meaning incentives are mismatched between bank profitability and borrower well-being.
Source: Author’s subject-matter expertise.

To recap, consumer credit cards emerged in the 1950s – but grew to their current ubiquity as a byproduct of regulatory developments in the intervening decades. The flexibility enabled by these structural changes in the economy (along with advances in technology and revenue growth that outweighed corresponding risk) allowed credit card issuers to rapidly expand their lending. After growth stagnated in higher income up-market segments, credit card issuers began "democratizing credit" and lending to a new population of lower- and middle-income borrowers. As currently constituted, there are limited economic incentives for credit card issuers to reassess the status quo – meaning the onus falls on the cardholder to manage their debt effectively.

Where's All This Leading?

Where does all of this – the economic, societal, and technological forces; the intersections with individual psychology; the ubiquity of consumer credit – lead? One could argue they are the primary drivers behind some of society's biggest problems.

First, they've led to increasingly unequal economic outcomes. A 2019 Congressional Research Service report shows that since 1979, real wage growth for the 90th percentile of earners has been 37%. For the bottom 10% of the same distribution, the growth rate is just 1.6% (Donovan & Bradley, 2019).

Second, inequality begets volatility. When consumer consumption began to stagnate in the 1970s, President Reagan responded with a platform of deregulation and globalization in the 1980s (Amadeo, 2019). It led to an expansion of aggregate American economic output, but also increased the proportion of output derived from purely financial activity (Epstein, 2005). That shift fueled both increases in income inequality (as previously established) and the risk of financial volatility (an example: the 2008 recession). Economists Richard Kroszner and Philip Strahan write:

> *"...The increasing development, depth, and efficiency [of the financial market] can enhance growth but can also increase the volatility of the financial sector..." (Kroszner & Strahan, 2014, p. 518)*

Third, and most threateningly, the distinctly American myth of unlimited consumption is rapidly paving the way towards an ecological crisis. An estimated 200 species per day are going extinct. "Earth Overshoot Day", the day each calendar year when humans

have consumed more natural resources from nature than the planet can renew in 365 days, moves earlier and earlier with each passing year – to July 29th in 2019 (Green & Cato, 2018).

The Path Out of the Haze

Clearly, there's reason to take a closer look at the current paradigm – and challenge some of its underlying assumptions. Many of the systemic forces at play should, at minimum, be re-examined and curbed. Regulatory interventions could provide additional incentivizes for companies to take longer views of their relationships with their customers and the environment. Labor protections and social welfare programs, similar to those implemented directly following World War II, could provide a boost to the working class – and curb the influence of capital. Tech companies, and the venture capital firms behind them, could take an alternate view of their responsibilities; they could swap user growth for holistic customer well-being in their list of strategic priorities.

But in a neoliberal environment where responsibility is placed on the consumer to self-regulate and engineer their own satisfaction, those changes will be hard-fought and won over an elongated timeline. In the intermediate term, where is the war against the consumerist ideology being waged? Who is equipping individuals to cut through the headwinds of advertising, social media, and frictionless commerce? The work of money coaches with their clients illuminates an alternate path. By deconstructing each individual's relationship with money, and then putting it back together with a clearer articulation of purpose, they're able to lay the groundwork for more peaceful financial futures.

From Unconsciousness to Awareness

The first stage in the money coach's journey with their clients is about promoting awareness, prying the client's eyes open so they're able to clearly see the present reality. In a society saturated with money, this can be difficult. As money flows through every part of American life, its influence can become transparent. This dynamic comes with affordances however. Money's ubiquity means that financially-focused forms of therapy can have holistic benefits:

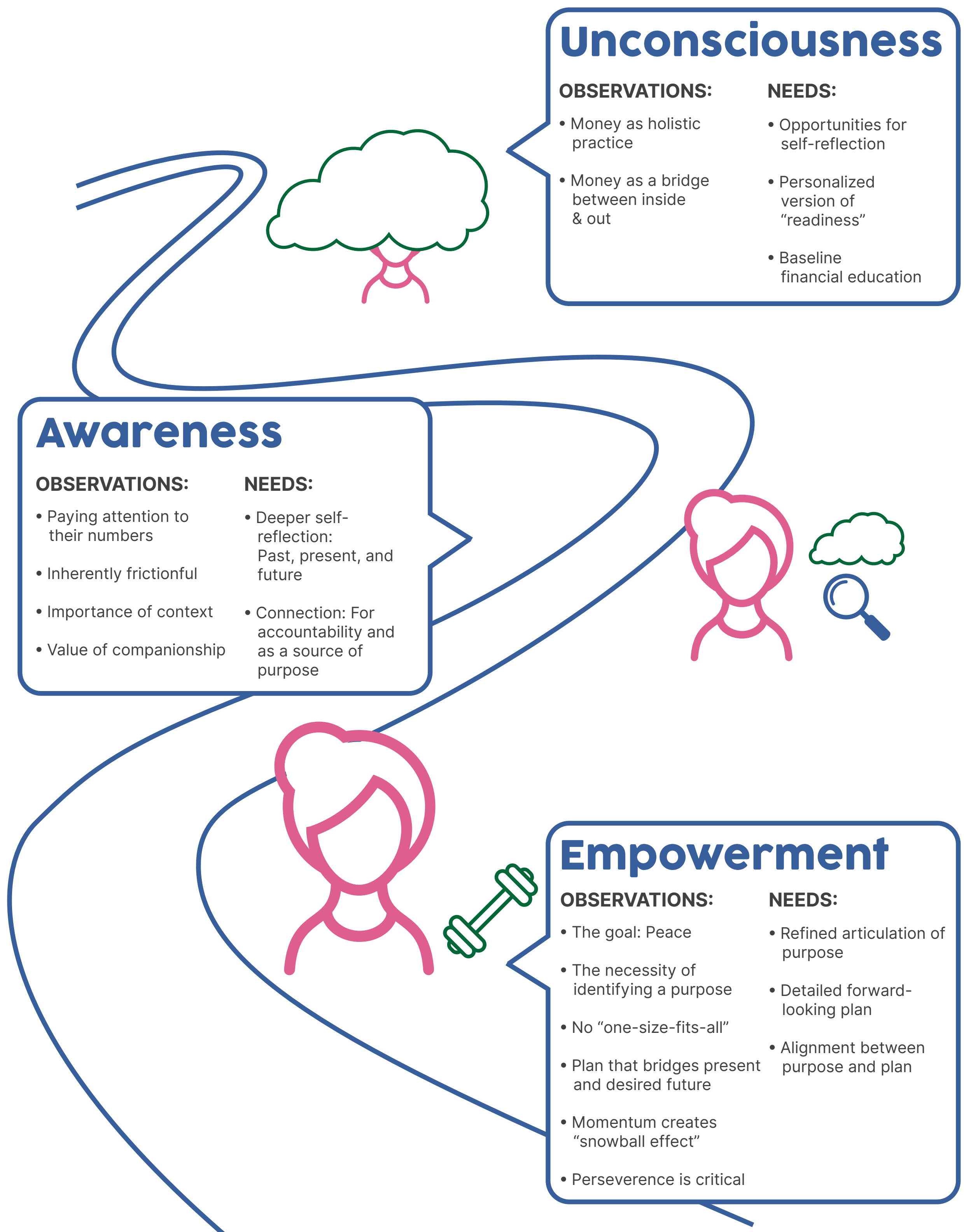


Figure 6: "The Journey Towards Financial Empowerment"
Individuals endeavoring to experience a sense of empowerment first emerge from the haze of unconsciousness into a sense of new awareness – before, through self-reflection, they identify goals and formulate a plan that bridges the distance between the current reality and their desired future.
Source: Original research

"When people start to put their attention on their money and really look at it and take care of it, then these healthy habits have a ripple effect into other areas of their life. It can be as simple as not going out as much because they know they can't swipe the card every night for expensive meals, which then means they're cooking more, which means they're then eating healthier or drinking less. The cycle tends to self-reinforce." (P1)

"I tend to work holistically. I want to know how the person is loving themselves. That's really hard work. There needs to be an acknowledgment that, 'I'm sick and tired of being sick and tired of this'." (P3)

The work of bringing awareness to something that was previously operating at the level of unconsciousness can feel abstract and overly emotional for some. The money coach's solution: The "numbers". Even in emotionally-charged holistically-oriented engagements, the numbers – shorthand for the quantitative reality of a person's financial present – provide a grounding influence. Much of the decoupling between money and any unhelpful emotional attachments happens through a repeating process of directing sober-minded attention to records of money inflows and outflows. Tracking inflows and outflows further paves the way to eventual financial empowerment by providing concrete feedback on an individual's financial behavior. It can shine light on destructive patterns or opportunities for growth, without the noise of ungrounded self-reflection. Tracking one's finances is different, however, from complying with a budget, in that tracking precedes the formation of a plan. In this way, the awareness phase of the journey is primarily about mindfulness.

"Much of the decoupling between money and any unhelpful emotional attachments happens through a repeating process of directing sober-minded attention to records of money inflows and outflows."

"It's basically a reflection of the human condition. We feel pain, so we avoid it by seeking out pleasure. So our work is often about being sober around money. Really looking at the numbers. Allowing them to tell the truth to ourselves or our family members or children or partners." (P1)

"The numbers can start to tell a very different story. Observing your money through that lens, you can begin to see the fantasies we entertain. So looking directly at the numbers, that's the method. It allows people to see things in new ways, because

they're able to take a clear look at reality. It's not this distorted fantasy that things are better than they are, or would be better than they are, or worse than they are. It's tangible and clear. So while my work can deal with very heavy abstract parts of peoples' stories, we always have this very practical thing to return our attention to." (P4)

A client's numbers may not always take on such a central role in their work with a money coach; no two individual situations are the same. But **money's pervasiveness makes it a highly flexible bridge for understanding connections between the interior (i.e. beliefs, attitudes, emotions) and exterior worlds.**

"Money is kind of a bridge between these things. If you're not ready to go all the way to the deepest thing – or maybe that's just not who you are, or what you're interested in – you can still work on money...And, eventually, it'll probably lead you to the root cause one way or another. On the other hand, if you want to go straight to the bottom and dig out your soul, money flows that way as well." (P3)

Building awareness out of unconsciousness is inherently effortful. There is no circumvention of friction in the development of financial discipline. Financial tools that automate cumbersome repetitive processes frequently short-circuit the effectiveness of this method.

"Clients will sometimes say, 'Is there a way to automate this?' No! I mean, probably... but also, NO. That's not the point of this. You work hard for your money. Give it the one to two hours a month it deserves. Watch it. Pay attention to it. But people don't like that. They're like, 'Oh, I use Mint.' Then after a couple of weeks, they come back and say, 'Well, I never look at it.' I'm just like, 'Yeah, then what's the point?!' If you're not going to look at it, what good can it do for you?" (P5)

One of the primary goals of this phase of the journey is to build a sense of financial context. This context ideally extends both forward and backward across time, reflecting past spending as well as a view of anticipated upcoming expenses. Without it, major financial decisions can come unmoored from financial reality.

"You know when people buy a home, there are some checks – right? A bank won't just give you $2 million. They're looking at the whole situation. But the problem is I have clients who will go and ask, 'How big of a home loan can I qualify for?" And the bank says, "Oh, $800K." To which my client says, 'Okay. Great!' Then they buy from there.

What they don't actually understand is what that payment does to every other aspect of their life. They bought just because the bank decided that they could put 40% of their income towards a mortgage – with no conversation about how they want to go on vacation, how they need to pay their taxes and insurance premiums, and how they have all these other life goals that now maybe can't be funded. And nobody realizes that until they make that payment, and they're like, 'Oh no...Hold on. What about everything else?' ...Yeah, you're not going on a vacation. Are you okay with that?" (P5)

In part, the value of a money coach comes from their companionship, because the process can feel intimidating – and depending on the individual client's financial story, even basic tracking can trigger emotional responses.

"They're just looking to have somebody hold them through it. And that's what I can do. By the time they leave after two hours, they'll often say, 'I feel so much better. This makes so much sense. I don't know why I couldn't figure this out before.'" (P1)

"It's hard to transcend a lot of this by yourself in isolation. Very few people (if any) can really do that. It's helpful to have somebody as a witness, to co-regulate, to make sure you feel okay and safe, that you're not going to die or be abandoned or be humiliated. Nothing bad is going to happen. It helps pre-empt a nervous system response to the perception of danger, which could lead to a shut down." (P4)

From Awareness to Empowerment

What's the specific goal in engaging a money coach for help? **Money coaches intend to support their clients as they restore their relationship with money to health.** A healthy money relationship is peaceful and calm, with money divorced from the emotional baggage that can obscure its utility in achieving higher personal objectives.

"The goal is this kind of happy, peaceful, willingness and confidence that comes from knowing what to do. They've become the masters of their own finances...and they feel like they can do it on their own. They feel like they've turned over every rock, and now they understand what's going on with their money." (P1)

"A healthy relationship with money is really peaceful. You can feel neutral or even positive about the money that you do spend. You feel clear about your savings, and you're able to save without it burning a hole in your pocket or needing to clamp down and hoard it. You can recognize that money is there to support you. You're clear about when and how to use it. If you have debt, there's peace there too. It's either clearly being paid down or it isn't there anymore at all – and you don't feel the need to worry about it in your future, because you have systems in place that protect you. And then

there's a comfort in general with wealth. Having wealth, having the resources, being around other people who are wealthier than you as well as being around people who have less than you. Being okay with where you fall in that equation. When a person has a healthy relationship with money, contemplating financial topics doesn't stir up a nervous system response...or a debilitating sense of envy or a desire to hoard or a sense of fear or anxiety. It's more neutral. Money can actually move into the background a little bit more." (P4)

Once they've emerged from unconsciousness to a baseline level of awareness, the requisite next step is identification of a direction. **Clients define their "North Stars" – the goals they want their money to serve.** The client's level of self-reflection can determine the quality of the goal definition. Some, like saving for a down-payment or investing for retirement, are societally expected – and therefore more easily accessed for most. For others, existential grappling can create a higher-minded and more nuanced view of what ends financial empowerment should serve.

"If I could give anything to my clients, it'd be a personal understanding of what is truly valuable to them as people. As in, 'What do I really want? What are my values? What do I really value? What do I want to spend money on?' To me, it's really important to get clear on those answers. They'll change over the course of your life. But understanding how to self-reflect and know yourself deeply, and using your own values to discern between the subjective nuance of what's a 'need' and what's a 'want'. It's so valuable to be able to discern that for yourself and not default to someone else's definition. If you're using your own definition of what's valuable, you're set up to make better choices about how you spend your money." (P4)

Given the particularities of an individual's financial circumstances and their aspirations, **"success" can look dramatically different from one situation to another.** While there are consistent markers of financial health – a base of financial education, a regular discipline of tracking the numbers, a feeling of peace and calm – there are a wide range of shapes that health can take. This diversity necessitates engagements and solutions that are "one-size-fits-one" in nature; off-the-shelf "one-size-fits-all" approaches are inadequate.

"I had a couple as a client, and as kids neither of them had much money. They weren't born in the U.S., and they grew up with another cultural experience. So for them, going out to dinner was so important and fun and valuable. It was really interesting because when they approached me, they said, 'We spend a lot of money on going out. From reading general personal finance guidance, we assume we shouldn't go out to dinner so much. They say it's the biggest money suck.' But we started worked on their emotional stuff – their communication, their finances, their values. I don't use

a prescriptive approach, so I said, 'Look. If you want to go out to dinner, that's great. Here's your assignment for the week. Explore what it means to you to be able to go out to dinner, and why it has that meaning.' And when they did that, they discovered that when they were growing up, it was such a treat. It gave them so much joy. They came back to our next session, and said, 'You know...We thought about it. We just really love going out to eat, and we're going to keep doing it. And we might even increase our budget for doing it.' And I was like, 'Amazing! Go for it.' So for them, empowerment meant just being intentional – not going to that crappy place on the corner that we don't really like just because we didn't want to heat something up at home. If they're going to eat out, they try and make sure it's a place they know they really love. Right? And I was like, 'Brilliant!' Because that's exactly what we're looking for. Intentionality with your money. How you're earning it and where it's going." (P2)

Once a set of goals have been identified – personalized to the individual – the next step is formulation of a plan. The plan should be forward-looking, bridging the gap between their present reality and their desired future. When financial behavior aligns with a defined set of objectives, they experience a sense of peace that represents the antithesis of the consumerist cloud described previously.

As individuals follow this path, from unconsciousness to awareness through tracking to formulation and execution of a purposeful plan, they slowly build a sense of confidence and agency. **They begin to feel "empowered" to dictate and control their own financial outcomes.**

"The most important piece is getting out of denial, by seeing numbers on paper. Just looking directly at numbers. And recognizing their own sense of power, their own sense of agency to influence their situation. Recognizing they're not powerless. Recognizing that they can make empowered decisions." (P4)

In order to access this sense of empowerment, perseverance is key. The journey is long, lasting the full lifetime, so their clients need the tools to self-manage and the commitment to endure challenges.

"At the end of the day, especially with the technology we have, budgeting is easy. Relatively easy. The reasons people don't do it are shame, avoidance, fear, a sense of being overwhelmed, lack of knowledge, and limiting beliefs about themselves. But, if I Google 'Budget Template', I'm sure I'd get a million hits. And probably any one of them would work fine for starting to track my expenses. But the reason people don't [track and budget], in my view, is because of all the other emotional baggage. So my job is to help them lay the foundation – so they have the skills to work through that baggage.

And it'll be a struggle they fight for the rest of their lives. But if they stick with it, and have the tools they need, they can be successful." (P2)

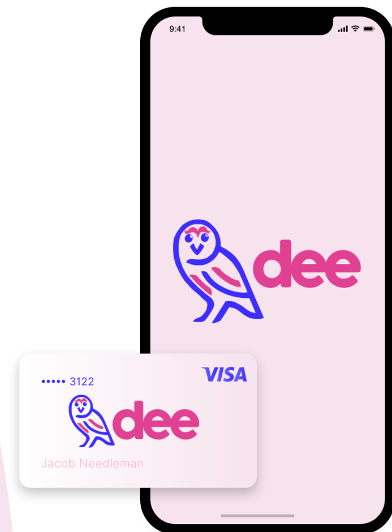
With commitment to their plan of action driving alignment between long-term goals and everyday decision making, individuals begin to experience changes to their money relationship. The financial haze dissipates, and a sense of clarity can emerge. Individuals begin to feel empowered and in-control, instead of anxious or nervous.

But amidst the new clarity, there exists a paradox. The people who embark on the journey towards financial empowerment often employ the same financial tools in their liberation that were designed to keep them trapped in the money haze. A need exists for an alternate set of instruments that are specially designed for users who choose this alternate path. As described previously, consumer credit cards are a unique example of the convergence of the surveyed forces – where policy, economic theory, private industry, and societal pressures swirl together to encourage incremental consumption.

What happens when the fundamental assumptions of the current system are challenged – through a new re-imagined version of the credit card?

Say Hi to "Dee"!

Ready for a new kind of credit?



Visit **dee.com** today to experience a friendlier, healthier credit card.

Figure 7: "Fictional Advertisement"
This fictional add asks, "Ready for a new kind of credit?" It then directs viewers to "Visit dee.com today to experience a friendlier, healthier credit card."

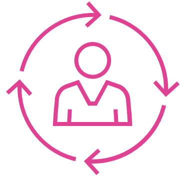
Introduction

What would it look like if credit cards were a tool that assisted their users along their path from financial unconsciousness to empowerment? What shape would they take? What features would differentiate them from what's available today?

A framework that leverages a series of three design principles across all three phases of the financial awakening journey (i.e. from unconsciousness to awareness to empowerment) exposes a series of opportunities for incremental user benefit.

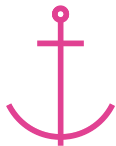
Design Principles

Based on the ideas surveyed in this research, credit-related financial tools that assist their users in their journey towards financial enlightenment should abide by a series of design principles that are rooted in the consumer experience. Such tools should be:



Dynamic

Financial tools cannot be one-size-fits-all solutions. Based on the user's specific needs, which may quickly evolve based on their progress towards financial empowerment, the tool must shape-shift in order to meet the moment. It needs to process a set of inputs related to the user's present, to adapt itself accordingly. Those inputs must also be dynamic, so that with each interaction, the tool evolves further.



Grounded

Credit has the potential to distort its users' relationship with time and place as it relates to consumption. As Ursula Franklin wrote, time and place are fundamental components of the human construction of meaning and therefore identity. Credit that promotes wellness must be mindful of those relationships, creating innovative ways to connect the moment of gratification with the future expense to be incurred. Additionally, spatial relationships – between the user and the things they purchase, their community, and the natural world – can be levers to promote wellness. A more useful form of credit treads these territories carefully.

Protective

The current neoliberal economic paradigm places the onus on its participants to ensure their own financial wellness, despite the fact that the playing field is tilted in such a way to predictably and reliably produce a sub-optimal set of outcomes for large populations of people. There is an alternate vision for credit that rejects the neoliberal assumption of complete autonomy, and instead is designed with concern for the protection of its users. The product can be constructed with checks and limits that equip the user to more effectively self-regulate, and assists them in defining for themselves what constitutes "enough" consumption.

Product Overview

Say hello to “Dee” – a different kind of credit. Dee is designed to assist its users in each phase of their journey towards financial awakening – from unconsciousness to empowerment.

Figure 8: “Dee Logo”
Logo for Dee credit concept, featuring an owl – as a representation of financial wisdom.

Lender-Borrower Relationship

The most fundamental problem with the current state of consumer credit is the nature of the relationship between lender and borrower. Banks profit when their cardholders pay interest. Dee addresses those asymmetric incentives from the beginning.

Dee is a configurable lending platform, licensed for use by localized communities. Inspired by the co-operative platform movement (“About Platform Co-Ops”, 2019), Dee’s code is open source, and the members of each Dee community co-operatively own and democratically manage their own instance of the platform. Dee centralizes management of many of the most burdensome logistical components of lending (i.e. securing access to a banking license, oversight of the platform’s technical infrastructure, lending expertise for the purposes of educating each participating Dee community), freeing up each community to focus on the health of their local instance. Each Dee community pays a nominal licensing fee each year they use the platform (which funds the centrally-managed administrative functions), while the members of each Dee community co-design the financial structure of their local instance based on their specific circumstances. Members of each Dee community are intended to be tied together by geographic proximity at minimum, but may also have other varieties of shared affinity (ex. religious affiliation, shared organizational associations, ties to a common professional interest) – similar to the original charters of credit unions in the U.S. and Canada in the early 20th century (“Historical Timeline”, 2020).

Implication: The distributed organizational and technological architecture addresses some of the most fundamental issues in the existing lending paradigm. An emphasis on relationality and place is intended to protect against the temptation to profiteer. Physical proximity and human connection continue to be effective mitigations against such exploitation, in addition to the distributed ownership model that delegates control to each community of borrowers.

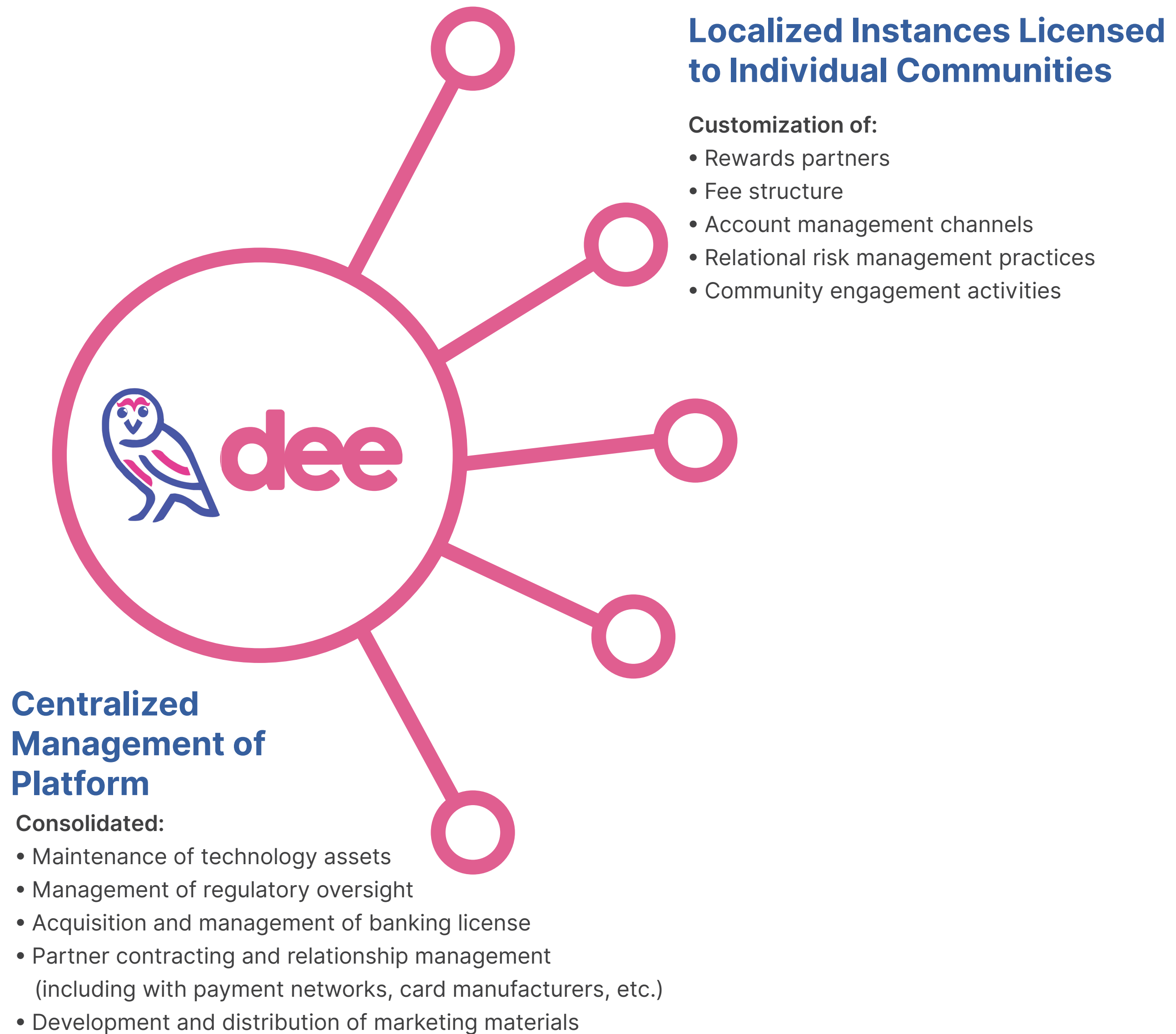


Figure 9: “A New Lender-Borrower Relationship”
Dee is a platform that’s centrally managed, but licensed locally. A centralized set of resources focus on the logistics of operating a lending practice, while local communities can tailor the program to their specific needs.

Unconsciousness

Dee is designed to meet the needs of its users - no matter where they find themselves on their financial journey. Different features are embedded in the product based on each phase in the user journey - from financial unconsciousness to awareness and eventually empowerment.

This framework (i.e. categorizing the user journey into three different phases) is derived from the results of the aforementioned interviews with money coaches, but it's hardly unique. It roughly parallels other conceptual models for learning (Armstrong, 2020) - moving from initial unfamiliarity to basic understanding, practical application, and (ultimately) the ability to analyze and create based on synthesized knowledge.

"...Can a financial tool appeal to the needs of a user who may not recognize the need for change (unconsciousness)...

...while slowly introducing an alternate perspective rooted in financial reality (awareness)...

...such that the user develops an organic desire to exert purposeful intention on their money (empowerment)?"

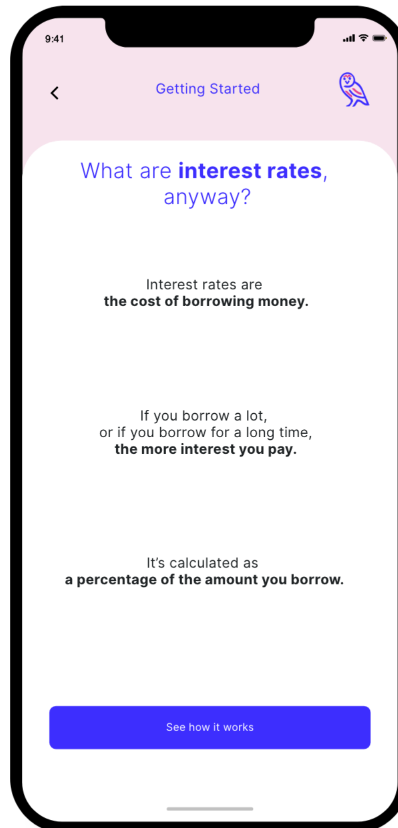
Regardless of the specific framework, the question remains the same: Can a financial tool appeal to a user who may not recognize a need for change (unconsciousness) while slowly introducing an alternate perspective rooted in financial reality (awareness), such that the user develops an organic desire to exert purposeful intention on their money (empowerment)?

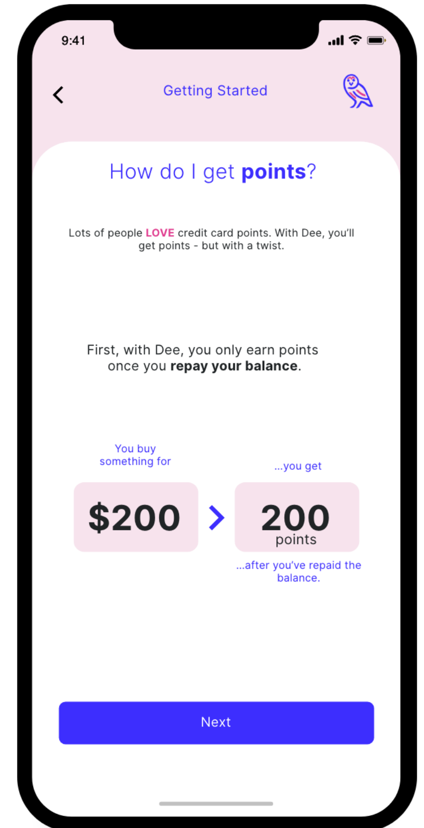
A person operating within a financial haze, unaware of what "empowerment" might entail, is unlikely to know they'd want a financial product like Dee - therefore, the starting value proposition is tailored to their needs. First, enhanced financial education helps mitigate gaps in knowledge that can lead to destructive behaviors. Second, protective mechanisms safe-guard against the risk of blind over-spending. Third, the product provides intermittent opportunities for users to understand the value of self-reflection and more mindful financial management practices.

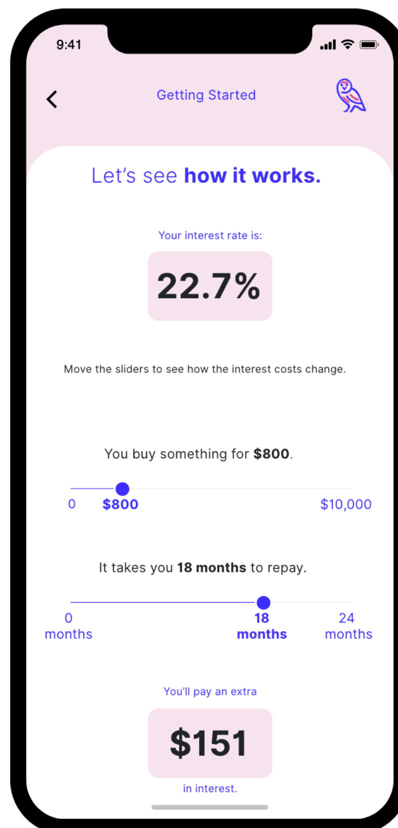
Financial Education - From the Beginning

Every person comes from their own unique set of past experiences, and Dee represents a new (and unfamiliar) form of credit. To set the table for members' success, joining a Dee community starts with education. The long and overwhelming set of "Terms & Conditions" normally associated with a new credit card are replaced by a dynamic on-boarding process. New members take a brief quiz as part of their application, and the results determine the educational content that they interact with before they're able to start using Dee.

Implication: Many well-meaning consumers end up in financial ruins because of basic misunderstandings born out of the inaccessibility of financial education. Instead of being thrown into the deep-end to fend for themselves, Dee is designed to give its members the skills they need to grow.







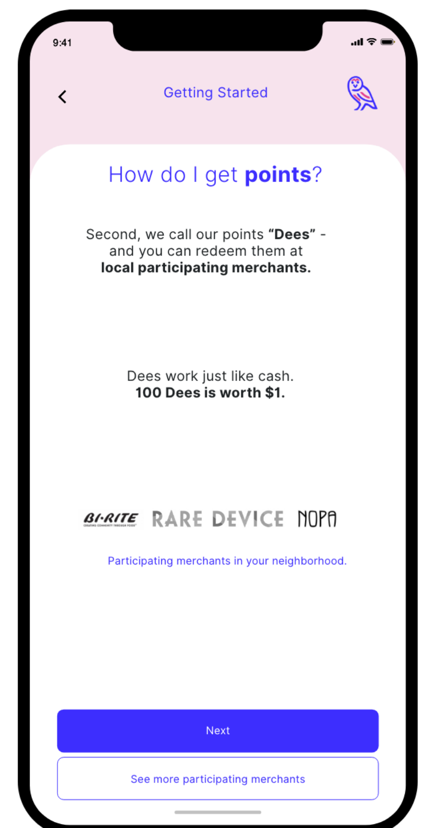
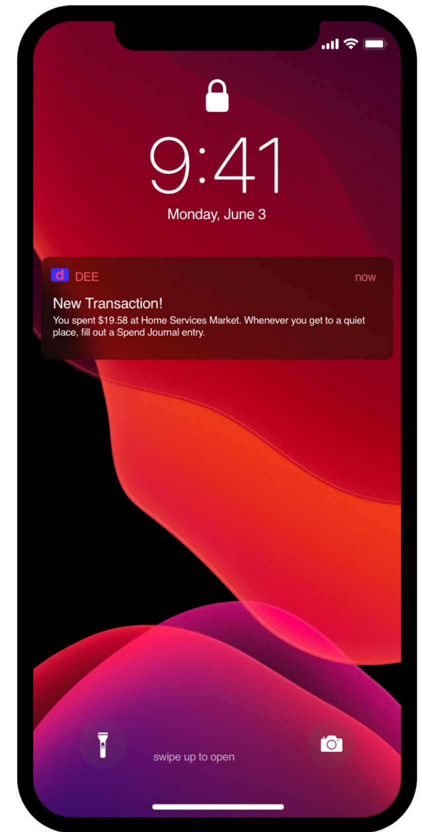


Figure 10: "Education from the Beginning"
Dee replaces the old credit card terms & conditions with dynamic educational content that gives users a leg-up in plotting their path to financial well-being.

Spend Journaling

Once members begin using Dee, they'll receive mobile notifications presenting opportunities to utilize the Spend Journal feature. After each time they use Dee, a notification from the mobile app will appear – asking them to reflect on their spend. What kind of purchase was it – a necessity or a splurge? Which emoji would they use to describe their emotional experience? Dee tracks the inputs from each Spend Journal entry and learns over time which types of spending – at certain stores, certain times of day, certain categories of spending – tend to lead to different emotional results.

Implication: Individuals who may not have had previous exposure to the value of reflection or mindfulness in their consumption need opportunities for gradual introduction. Basic spend journaling provides a low-friction way of allowing users to direct their attention to their money and their spending, without being excessively burdensome. Over time, Dee can become a reflective companion for its users, shining light on financial behaviors worth further consideration.



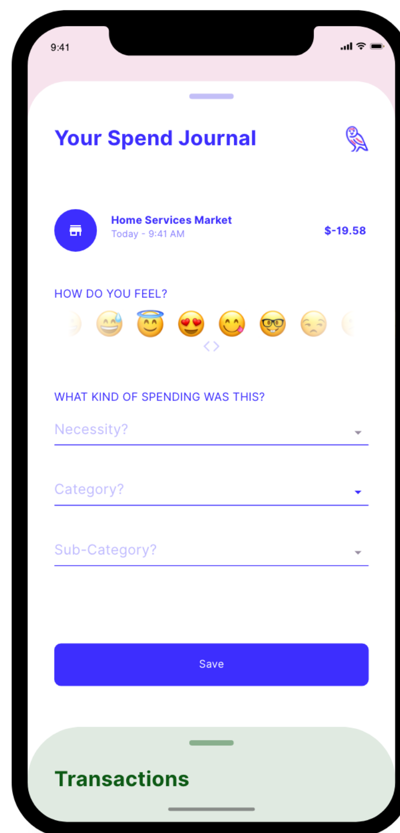


Figure 11: "Spend Journaling"
Dee allows users to journal about their spending, going beyond simple categorization to reflect on their emotional experience.

Flexible Credit

Dee is flexible by design, providing different types of credit for different types of spending. Alternate types of loans ensure the solution matches the situation. For normal everyday spend, the total goes into a non-revolving balance that's paid on a monthly basis. For larger purchases, either planned or unexpected, the transaction can be broken apart into an installment plan that ensures the borrower repays on a defined schedule. Users are required to provide contextual information, and view the true long-term costs of their spending from the beginning.

Implication: Many of the most dangerous aspects of credit usage stem from a lack of transparency. When transparency is embedded in the spending experience, it supports the creation of a holistic sense of context. With context, credit's utility - cash flow flexibility and the ability to adjust to unforeseen circumstances - can come to the fore.

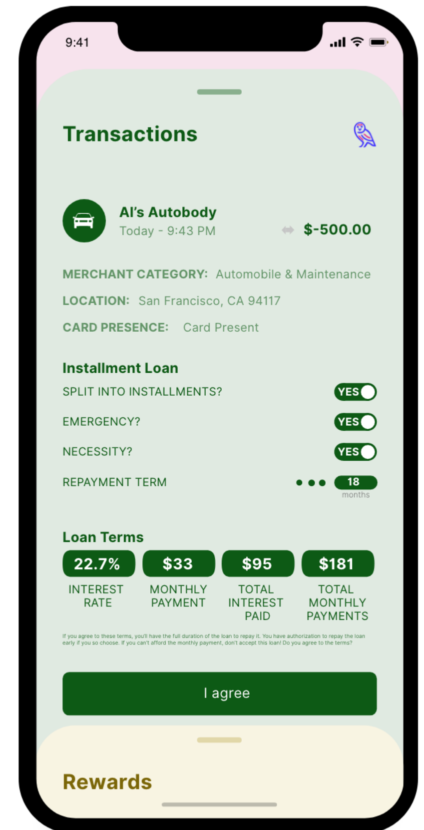


Figure 12: "Flexible Credit"
Dee provides flexibility for users to manage unexpected expenses by splitting them into revolving monthly installment loans, while providing transparency into the real costs of borrowing.

Spend Guardrails

Dee also comes with a checking account. As members use the account, Dee learns about the cadence of recurring cash outflows (ex. gas and electric always comes out on the 15th) and helps members plan accordingly. Members allocate a portion of the balance in their checking account for bills, and the rest is reserved for everyday spending – and therefore becomes the limit on their Dee credit card. Combining the smart debit account with credit protects members from overspending on credit, ensuring they pay off their balance each month – while providing the flexibility (through the installment loan capability) to adjust to unforeseen events.

Implication: Many credit users begin by using their card for everyday expenses to maximize their accumulation of rewards - but quickly overspend their way into debt that carries over from

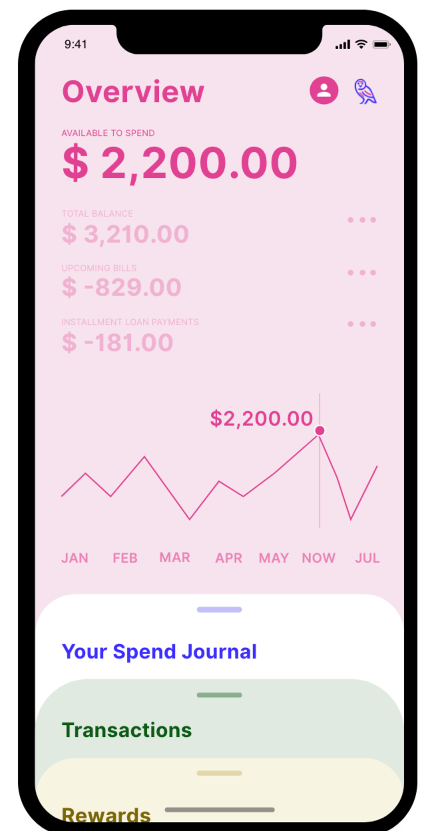


Figure 13: "Spend Guardrails"
Dee comes with a checking account that sits behind the credit card. Dee anticipates upcoming bills and knows your existing installment loans, and then dynamically alters your credit limit to ensure you don't borrow more than you can afford.

month to month. While installment loans allow for more intentional borrowing (with the necessary transparency embedded), tying a checking account to a line of credit ensures that normal spending is paid off every month - minimizing the user's exposure to interest expense.

Awareness

As Dee members begin to reflect on their relationship with money, they may begin to see the financial haze more clearly. As a clarified sense of dissatisfaction with the status quo emerges, Dee is designed to evolve to meet their needs. Members can use Dee to develop a sharpened awareness of their financial present, helping them get their bearings amidst the fog.

"It is (in part) through the iterative process of organizing and re-organizing spending that users develop a more nuanced awareness of their own financial behaviors and, eventually, their goals."

Easier Spend Categorization

In conjunction with Dee's Spend Journal, each transaction can be tagged with a member-defined set of categorization labels. Dee members choose their own data taxonomy for categorizing their spending, and then attach the relevant tags to each transaction as they appear as notifications on their mobile phone. A few taps and Dee members are able to bring new levels of understanding to their financial present.

Implication: Part of laying the foundation for a robust financial plan is experimentation. Users need the ability to categorize their spending in the ways they find most meaningful, tailored to their specific needs. It is (in part) through the iterative process of organizing and re-organizing spending that users develop a more nuanced awareness of their own financial behaviors and, eventually, their goals.

Flexible Data Exporting

Dee supports exportation of spend data in flexible ways that ensure usability, no matter what tools or methods its members use for increasing financial awareness. Financial data can be dynamically structured, and members choose which data elements to include in their reporting. Want to sort spend activity by emotional response? Need to view a breakdown of spending by time of day, or specific band of transaction size?

Utilize budgeting software that can only interact with financial data that's specially formatted? Dee's data platform gives its users the tools they need to see their financial information on their terms.

Implication: In the current financial services landscape, many individuals opt for multiple banking relationships - one financial institution for their checking account, another for their savings account, and perhaps multiple credit cards from different lenders. It becomes difficult to get a comprehensive view of the total financial position without reliance on third-party budgeting software - like Mint, You Need a Budget (YNAB), or Quickbooks (for business users). Inflexible data exportation capabilities make the process more difficult than necessary.

Enhanced Spend Journaling

Beyond spend categorization, the Spend Journal evolves with Dee members as they progress on their journey towards empowerment. The Journal scales over time from simple tagging with emojis into a more robust tool for emotional reflection. Members can append video diaries of specific memories that a transaction prompts, or use more nuanced menus of feelings/emotions to reflect different spending experiences. They can revisit transactions 24 and 72 hours after the fact to plot the way emotional responses develop over time. Spend Journal content is exportable, to facilitate sharing with a money coach or other accountability partner. Dynamically evolving, Dee's Spend Journal grows alongside its members.

Implication: Reflection is a capacity that's cultivated over time. Individuals develop an awareness and a corresponding vocabulary as they refine their practice. Dee is designed to support its members growth, allowing them to paint higher-fidelity pictures of their emotional worlds over time.

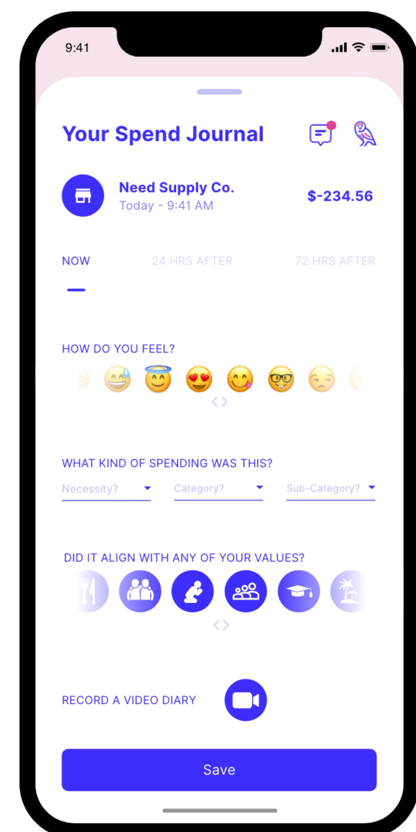
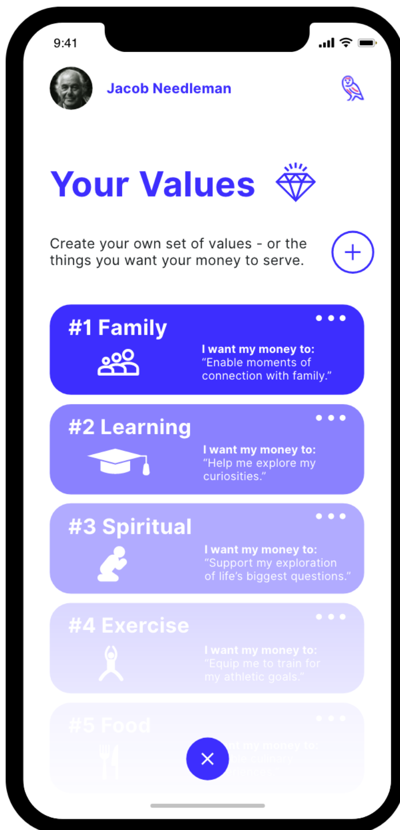


Figure 14: "Enhanced Spend Journaling"
Dee evolves with its users as they become more self-reflective. Spend Journaling eventually enables reflection over time (at the time of purchase, 24 hours later, and 72 hours later), an assessment of a purchase's alignment with a defined value set, and video diaries.

Empowerment

As Dee members move from unconsciousness to awareness, they begin to formulate an understanding of their own financial values. They move from a basic understanding to a deeper grasp of their relationship with money - with emerging answers to questions about the purposes they want money to serve. Having mastered the practice of directing their attention to their financial present, they now begin to see their desired financial future with more clarity - and can formulate a plan that bridges the gap between the current moment and their aspirations.



Values Tracking

With more and more self-reflection, Dee allows its members to begin defining their set of financial values. What are the things they truly value? How is their money supporting or inhibiting the role of those things in their lives? Dee allows members to define an initial set of values, categorize spend based on its alignment with that system, and then dynamically revise their defined selections over time – as their sense of self-awareness evolves. Dee provides a structure for its members to begin aligning their financial behavior with the things they believe most deeply in.

Implication: A highly useful companion to emerging clarity is a structure that allows users to track the evolution of their beliefs and ideas. Similar to the Spend Journal (providing a structure for reflection on each transaction), the Values Tracker establishes a structure for users to experiment with the values hierarchy that fits them best. Over time, through an iterative process, they're able to understand which higher-order desires they want their money to serve.

Figure 15: "Values Tracking"
Dee allows users to define a hierarchy of values – the ends they want their money to serve – and then categorize spending accordingly.

Rewards with Purpose

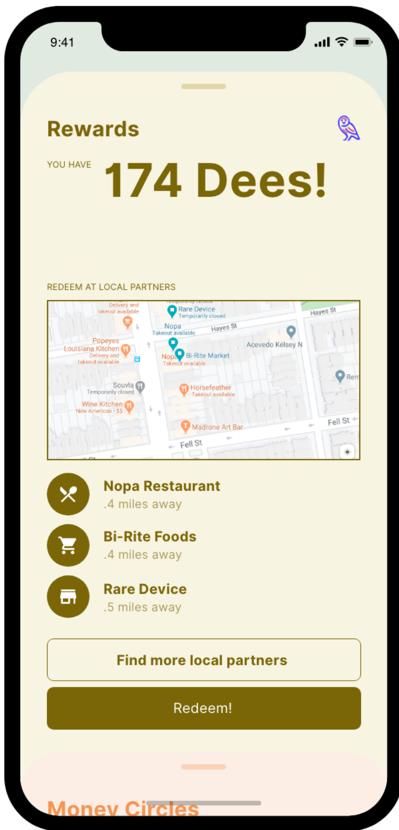
Like other credit cards, Dee provides rewards based on usage – but its rewards value proposition is structured with care.

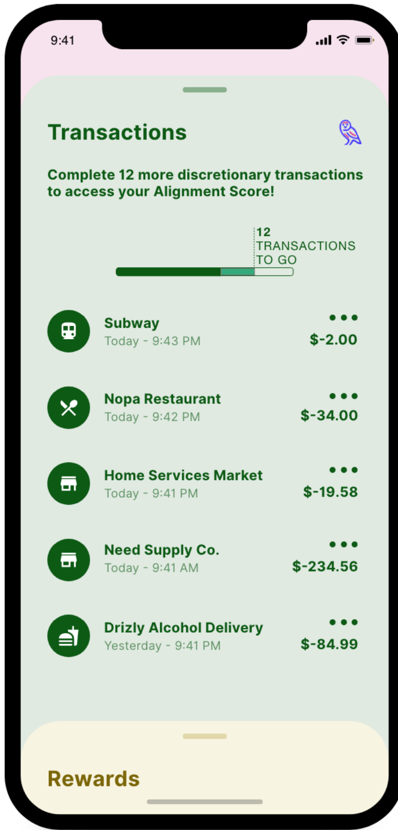
First, rewards aren't provided until money is repaid. Members aren't incentivized to spend beyond what they have the capability to pay back.

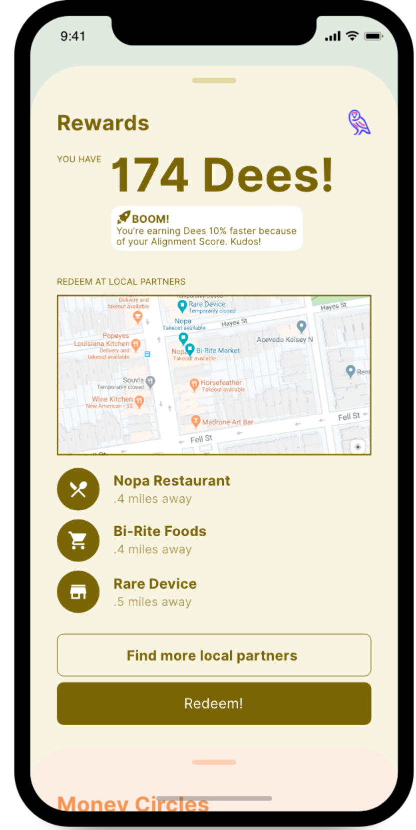
Second, rewards are another way Dee works to re-ground its members in their community. Each Dee community, during their initial implementation of the platform, is able to configure localized rewards tied to community businesses. In the same vein of localized currency programs previously established (Ithaca HOURs, BerkShares), rewards are paid as localized dividends called "Dees". Dees are only redeemable at the specific local businesses that've agreed to participate, and the value of each Dee to a member is equivalent to $1 USD. Local businesses are incentivized to participate by the promise of additional engagement with local citizens, and their ability to redeem an individual Dee in return for $1.05 USD.

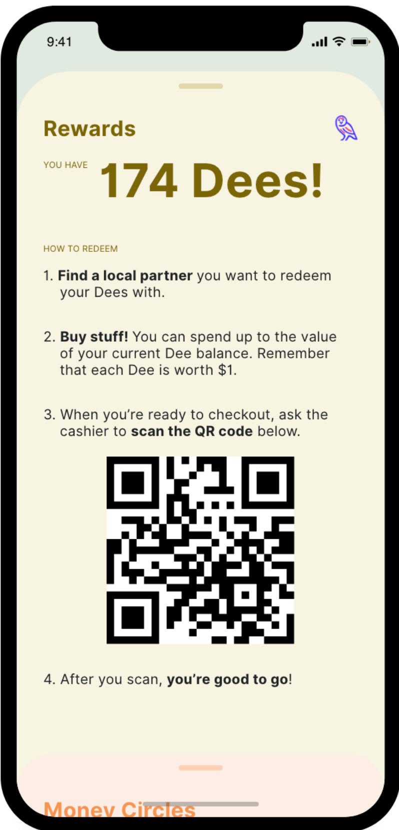
Third, the rate at which members earn rewards can vary by the degree to which their spending aligns with their values. Based on reflections captured in the Spend Journal, Dee calculates an Alignment Score. The lower the score, the more misalignment between financial behavior and values. A member whose money is well-aligned with their stated values can improve their Alignment Score and become eligible for a rewards boost. Dee is designed to align member incentives with the behaviors that promote their long-term wellbeing.

Implication: Too often, credit cards serve as mechanisms of distortion - twisting the importance or availability of points, divorcing gratification from time and place, and enabling misalignment between values and behaviors. Dee's reward structure is intended to present a series of mitigations. Points are better aligned with beneficial behavior - balance repayment instead of spending. They're tied to the local community of small businesses, which - while likely less convenient - reattaches interpersonal and spatial relationships to consumption. The Alignment Score adds another layer of incentives, providing financial impetus to spend in ways that are aligned with the user's defined set of values.









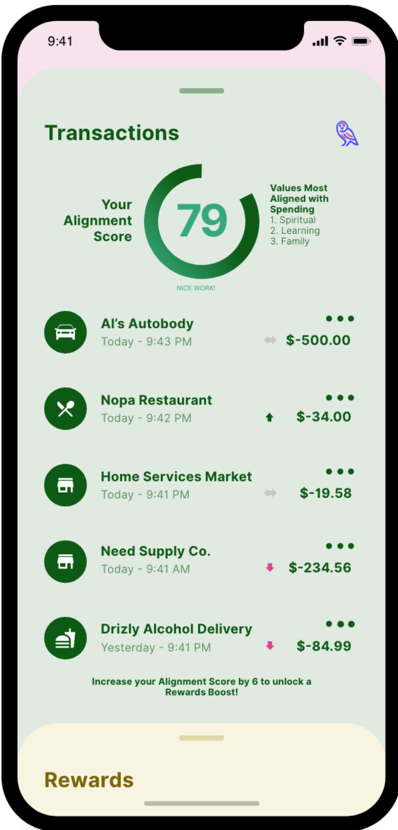
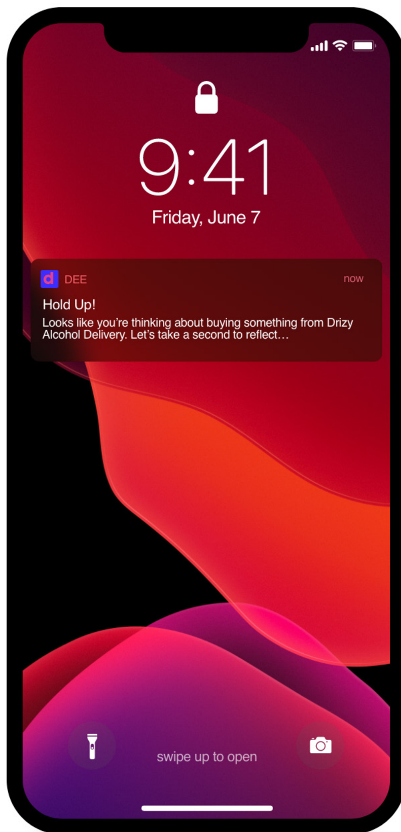


Figure 16: “Rewards with Purpose”
Dee provides rewards like other credit cards – but they’re structured with care. Rewards are not awarded until money is paid back, and points (called “Dees”) are exclusively redeemable at local partner merchants. As users get better alignment between their values and spending, the rate they earn rewards increases.

Dynamic Friction

As members utilize the Spend Journal feature over time, Dee learns about what types of spending are aligned with the member's values and positive emotional responses. Once it's accumulated a sufficient base of data, Dee can begin introducing friction into the payment process in situations where additional self-reflection seems likely to be useful. If a member appears poised to make a misstep (late-night shopping that's led to regret before, for example), Dee will add a step or two to the purchase process – via mobile notifications – to encourage extra reflection. Dee isn't intended to police its members' behavior, but it can help add checkpoints for mindfulness in situations that appear more likely to create future problems.



Implication: Advances in technology can admittedly introduce new complexity, but they can also create situationally-useful affordances. Machine learning-based algorithms can be trained to recognize potentially destructive financial behavior, and pro-actively prompt user reflection in moments where they may be slipping back into the consumerist haze. It's critical that these capabilities preserve user choice and agency (i.e. not making decisions on the user's behalf), but it's also possible for technology to help direct user attention towards the decisions that may benefit most from additional consideration.

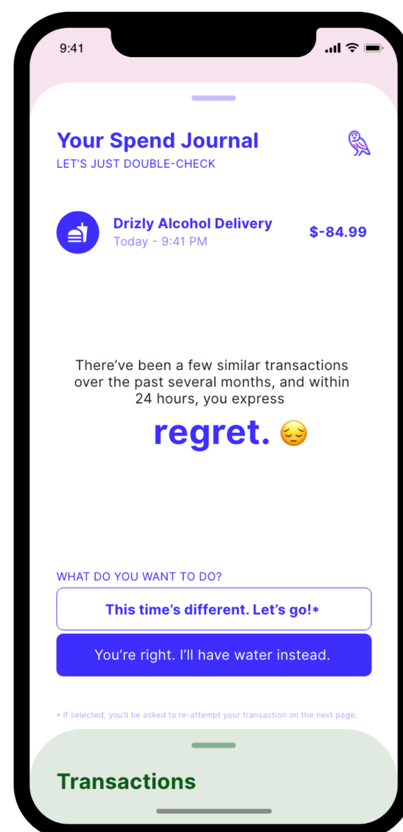


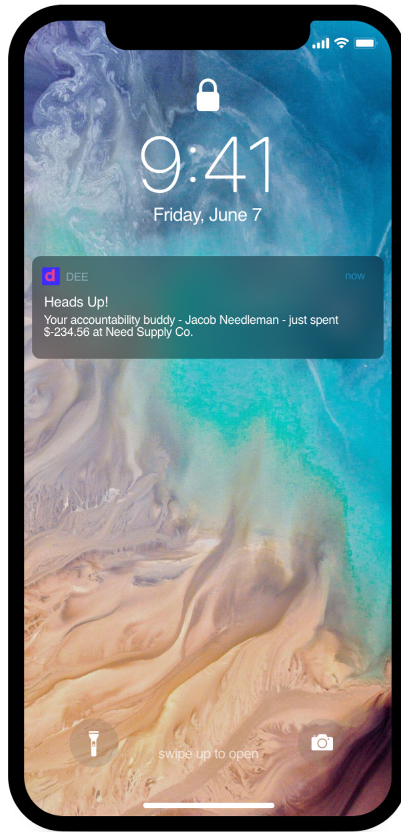
Figure 17: "Dynamic Friction"
Dee learns over time based on users' Spend Journaling. As it detects potentially detrimental spending activity, it adds checkpoints for reflection – to give users a second chance to make a better choice.

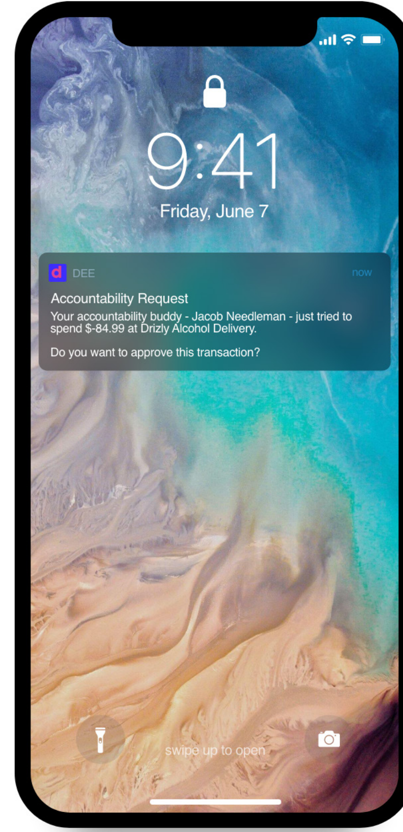
Social Money

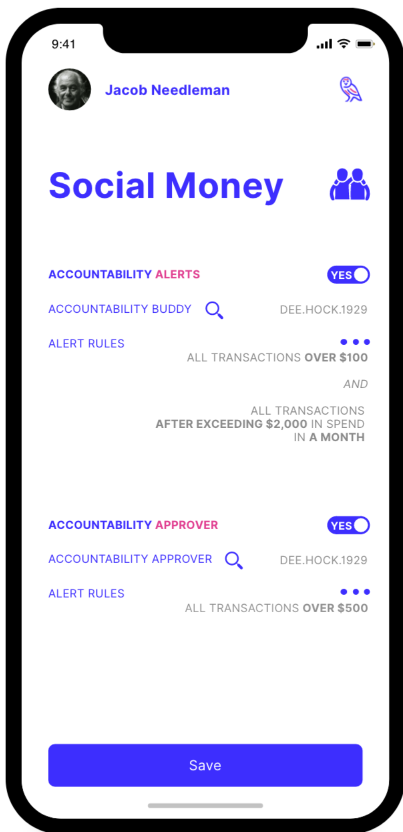
Lastly, Dee is built to blow up the money taboo and selectively bring financial life into conversation with others. Dee members can create Money Circles with other members, where they can save for a common goal, split shared expenses, and send money to each other. Dee also allows for Accountability Alerts, which enables members to set up notifications that go to their financial partners (a spouse, a money coach, or perhaps a trusted friend) in pre-defined circumstances (every transaction, for example, or only after certain velocity or amount thresholds have been eclipsed). For members looking for a more aggressive form of accountability, Dee also allows members to delegate account control to a trusted party. The trusted party can be set as an approver to large transactions, or can define specific spend controls that dictate when, where, and how much the member can spend. Dee does away with money isolation, and allows its member to access the benefits of human connection in self-regulation.

"When money, or any complex emotionally-charged consideration, is allowed to exist exclusively within the mind of an individual, it is at risk of distortion"

Implication: When money, or any complex emotionally-charged consideration, is allowed to exist exclusively within the mind of an individual, it is at risk of distortion. When it's brought into conversation with others, alternate points of view can help modulate. Money is deeply personal and sharing financial life in a society so concerned with money represents significant vulnerability, so these conversations need to be safe spaces with trusted loved ones. When done right, this type of collaboration and accountability can unlock new financial possibilities.







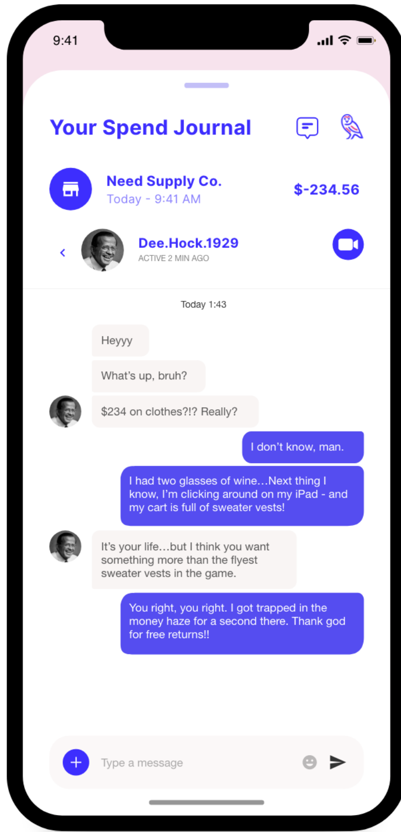


Figure 18: "Social Money" Dee challenges the traditional money taboo by opening the money relationship up to friends, family, and other trusted parties. Users can define Money Circles to send, split, and save together. It also allows for accountability relationships – either to notify an Accountability Buddy, or to delegate approval of certain types of transactions to another person.

Limits & Opportunities for Further Research

This exploration of systems, individuals, and their money is produced as a requirement of graduation from a course of study. As such, its scope is limited by the limits of the author's resources. These limits afford a long list of opportunities for additional research and exploration. These opportunities include, but are not limited to, the following:

- The early stages of this project were focused on a theoretical investigation of economic inequality, before it organically developed into its present state – a proposal for a new kind of credit card. Therefore, the elements of the proposal are inherently theoretical and require further development.
- Much time and consideration are necessary to build a viable business model for a credit product fitting Dee's description. Specifically, a deep understanding of co-operative platform structures must be combined with a technical understanding of the elements of credit profitability. This includes credit underwriting (specifically within a localized, pro-social context) and portfolio management.
- There is a large body of existing research specifically focused on the topics of financial education and the gamification of educational content. There is ample opportunity to utilize a more robust understanding of this literature to develop a tangible proposal for better credit-related financial education content, as described in Dee's product overview
- Similarly, the fascinating topic of localized currency programs has generated its own deep well of academic research. Further investigation of that subject would be necessary in order to develop feasible designs for the concept of "Dees", as well as the proposed community-based rewards redemption system.
- Briefly noted within this analysis, the concept of an "Alignment Score" – or a way of quantitatively measuring alignment between values and financial activity based on Spend Journal data – is admitted underdeveloped. More research, and applied testing, would assuredly be necessary in order to create a more specific and tangible proposal.

This brief list of additional opportunities is certainly incomplete. It is the intention of the author to create a preliminary theoretical vision for an alternate form of credit, in order to lay the groundwork for further discussion of beneficial intersections between the

world of financial services and holistic definitions of financial wellness. There is much ground to cover between the present and an enhanced future – where people have more advanced tools that assist them in their journey out of the money haze and into empowerment.

Conclusion

Since its inception, economic life in the U.S. has been designed based on the principle of self-interest. Self-interest is a complicated idea, however, and it can take many different forms depending on individual interpretation. Adam Smith was focused on a version of self-interest he called "enlightened". It's characterized by a "...natural desire to better one's condition and to look after one's own welfare" (Werhane, 1989, p. 670). It's balanced by an equal weighting for social passions, because "self-interest is both driven and restrained by the desire for approval, and economic self-interest makes sense only in the atmosphere of mutual cooperation". It clearly discriminates between self-interest and selfishness or greed. His self-interest thinks in the long-term, and is prudent and cooperative.

"The American variety of 'self-interest' has certainly become unenlightened."

Other characters from earlier in this analysis held similar ideas. Simon Patten, the chair of the Wharton School of Business, saw restraint as a necessary companion to increased consumption. He thought "education co-mingled with a new confidence in the abundance of goods would allow consumers to restrain 'primitive appetites and passions'" (LaJeunesse, 2014, p. 1032). John Maynard Keynes, the British economist, predicted in 1930 that capital investment and advancements in technology would raise the standard of living to levels previously unimaginable. The result would be a society so rich that people would work 15 hours per week, spending the rest of their time on leisure and non-economic activity. He assumed that:

> *"The love of money as a possession...will be recognized for what it is, a somewhat disgusting morbidity." (Keynes, 1932, p. 372)*

Over time, it's become clear that Smith, Patten, and Keynes – among many others – underestimated the human tendency to pursue short-term gratification. The American

variety of "self-interest" has certainly become unenlightened. More consumption is assumed to always be better, and a system has developed around that idea to defend its viability. Advertising and technology sell a consumption-fueled dream of enhanced personal identity. The label "consumer" has truly come to embody the essence of what it means to be an American. Princeton professor Sheldon Garon writes:

> *"[It has become} harder and harder to save, for that [means] resisting messages to borrow and spend that seemingly [come] from everywhere: from advertisers, bankers, business writers, economists, national leaders, and of course the neighbors. [In] the twenty-first century, the decision to live beyond one's means [appears] not reckless, but the mark of a good American." (Garon, 2011, p. 263)*

Credit has come alongside these broader developments as additional fuel for the fire. But its popularity has come with its own set of new problems. Canadian economist John Kenneth Galbraith wrote in 1958:

"Society needs more diverse ways of being, including models that radically adjust the collective relationship with consumption..."

> *"One wonders, inevitably, about the tensions associated with debt creation on such a massive scale. The legacy of wants, which are themselves inspired, are the bills which descend like the winter snow on those who are buying on the installment plan. By millions of hearths throughout the land, it is known that when these harbingers arrive, the repossession man cannot be far behind. Can the bill collector or the bankruptcy lawyer be the central figure in the good society?" (Galbraith, 2010, p. 491)*

Given the landscape, the burden falls on individuals to chart their own courses. These pathways are unique and specific to each person, but move from unconsciousness to empowerment through a discipline of mindfulness and self-reflection. Unconsciousness becomes awareness when individuals begin to see their money for what it is, and awareness becomes empowerment when they identify their "why" and chart a forward-looking plan of action. As their finances come into alignment with their higher-order desires, they experience a sense of control and peacefulness that runs contrary to the consumerist haze.

As they advance on their journey, their progress can be impeded by the financial tools they utilize. Credit cards specifically can prove problematic, as they amplify the effects of the broader system on individuals. By creating an alternative set of instruments that

are dynamic, grounded, and protective, people – especially those in today's shrinking middle class – can begin to carve out their own paths. Society needs more diverse ways of being, including models that radically adjust the collective relationship with consumption, or the ripple effects – like income inequality and ecological crisis – may threaten humanity's very existence.

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