



STORYTELLING FOR FINANCIAL LITERACY

1. Introduction

Very often, the economic literature agrees that raising the minimum level of knowledge in financial field of the whole population, you could reach the generation of behaviors financial correct.

One of the biggest responsibilities of a financial institution is to be a source of education for customers. In fact, the financial education is very important because various studies report who knows the financial sector, plans its future better, saves more, invest its savings better, owes less and manages its debt better.

But financial education can be dry, complex, and (let's be honest) boring to the average consumer. To solve this issue, more and more institutions use stories in order to make finance easier to understand. The purpose of storytelling for financial literacy is not only to make difficult concepts and data more comprehensible for everyone, but also to help either executives or people concerned by finance to understand explanations and evolutions in the field of finance.

This essay will point out the importance of storytelling for financial literacy as a tool for corporate storytelling, starting from the simple definition of storytelling. It is very useful to understand step by step how storytelling can be adapted to multiple fields, as well as financial education.

2. Definition of storytelling

The National Storytelling Network states that “storytelling is the interactive art of using words and actions to reveal the elements and images of a story while encouraging the listener’s imagination”, that is to say storytelling always presents a narrative where the listener becomes a co-creator of the story as experienced. The aim of stories is to engage your audience and/or to make something as clear as possible by stimulating your imagination. Using storytelling will increase the attention of people who read your story, and consequently these people will not forget the message of your post, your speech or even your brand. That also explains why student’s interest and recollection of a lecture increase when teachers use storytelling¹. In addition, it is interesting how

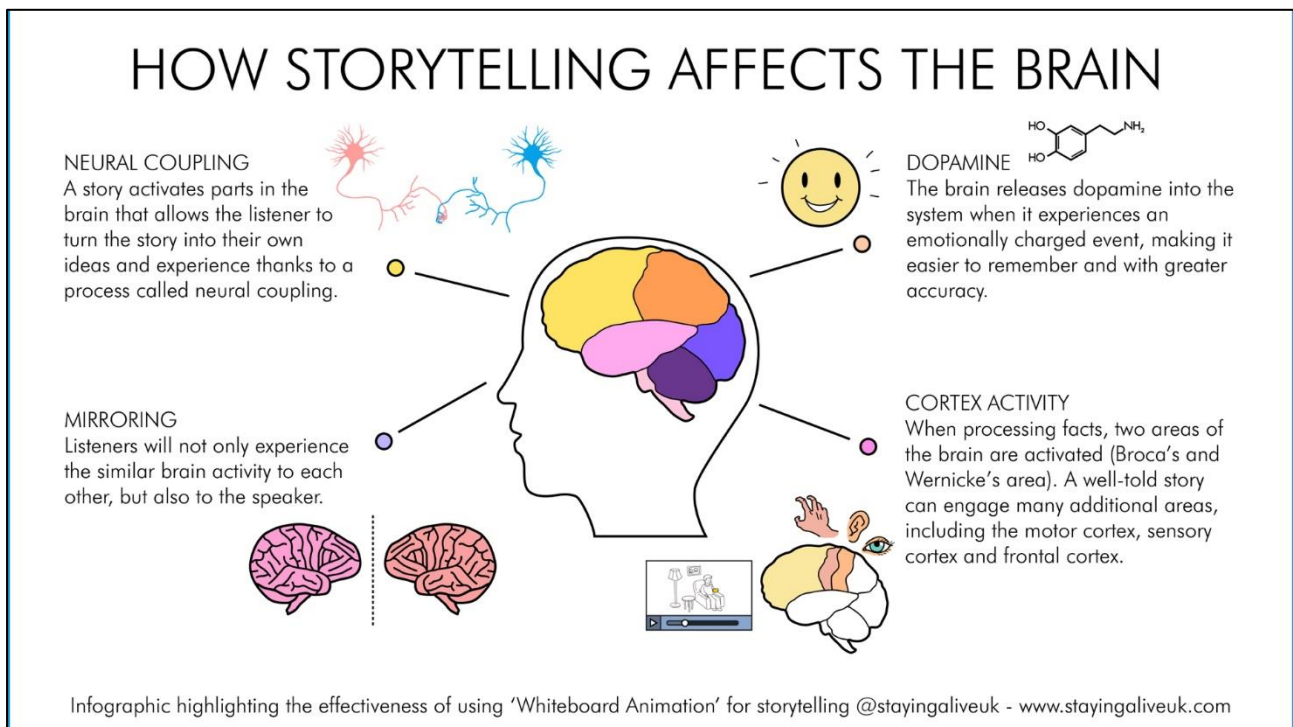
¹ Bryant, L.L., & Harris, R. (2011). Using Storytelling to Increase Interest and Recollection in Finance Concepts. *Journal of Instructional Pedagogies*, 6.



the art of using stories can help students to improve their comprehension and to think more and more critically as well as creatively.

Storytelling might take place in all sorts of situations, from the more informal ones to others that are extremely formal. For instance, storytelling can be used during a conversation between two friends, but also to promote the new product of your business. However, the key to create a good story is to adapt it to your audience in order to make it as captivating as possible.

It is important to create an interesting story since the brain is affected by storytelling. There are different parts in our brain that are involved when we are told a story. So, it is easier to draw someone's attention if there is an emotional connection because the brain activates and remembers stories easier. That explains why storytelling can make people feel emotions that strengthen the bond between the person who is telling the story and the one who is listening to.



Stories are very useful also to explain difficult subjects because they add clarity and they get listener's attention more easily. One example is the case of corporate storytelling, which tells stories about business outcomes.

3. Definition of corporate storytelling

A good narrative can help people better understand what you're saying and remember the information more clearly. It is also more likely to lead to a favorable response, which is particularly desirable if you are proposing an investment or are seeking approval of a business case. Stories also reach the parts that facts and analyses don't: our hearts. That's why they can inspire and motivate



us so much. In short, your presentation, presentation or relationship is much more likely to succeed if you can trigger the right emotional response in your audience at the right time. But corporate storytelling in particular is the way companies tell who they are as a business, the missions they want to accomplish, what they want to represent, also in terms of values.

Usually, businesses communicate through facts and figures which is not always comprehensible by people, but thanks to storytelling they are now able to understand these data. This useful aspect of telling stories helps companies to build a community because interaction and dialogue make people think they are part of a shared achievement.

In addition, thanks to corporate storytelling employees too are involved in the organization because they have the possibility to speak out about their personal experiences and their connection with the company, which contribute to create a deeper emotional connection with people. In order to develop a successful corporate storytelling, companies need to be more vulnerable and real, just like people, and tell stories through real people.

The keywords of a great story are 'simple' and 'honest': companies need to go beyond rational and economic value because audiences are looking for businesses with the same human needs, they want to know how their personal lives will change thanks to a specific product.

Thus, companies which want to attract people using storytelling need to be more emotional and closer to their customers, while it is a little harder when storytelling is introduced in the field of finance. This field includes also sustainable finance which refers to those institutions that, before making investment decisions in the financial sector, take environmental, social and governance considerations into account.

4. Storytelling in finance

The aim of storytelling in finance is mainly to make people understand the language of numbers. Nowadays, storytelling is considered as an essential skill among financial professionals, in particular for Chief Financial Officers (CFOs). As explained in *The Evolution of the CFO into the Chief Data Storyteller: Turning Numbers into Narrative* eBook, the role of CFOs has evolved, and they are now asked to take on broader responsibilities in data analysis and business models². So, CFOs are no longer concerned only with bookkeeping, financial planning, financial risk management and financial reporting, but, thanks to data storytelling, they help to support strategic insight.

This more strategic role needs to be implemented with backgrounds in business and strategy in order to develop specific skills, such as understanding, investigating and sharing stories behind numbers as well as balancing books and reporting the numbers.

² *The Evolution of the CFO into the Chief Data Storyteller: Turning Numbers into Narrative*. InsightSoftware.
<https://www.bkd.com/media/evolution-cfo-chief-data-storyteller-turning-numbers-narrative>



The rise of this new trend of financial storytelling has led to an increasing number of responsibilities that has left CFOs less time for data and analysis. A solution to this issue could be to provide CFOs with right, accurate, up to date and real-time data. Thus, better and faster reporting, increased data visibility, and implementing new financial software will allow CFOs to build the narrative of the business' future depending on certain circumstances and to establish the necessary means in order to achieve the expected results.

Once access to more sophisticated data collection, reporting and modeling tools is achieved, CFOs have now enough time to develop a story starting from numbers. After some research, almost every source agrees that there are a few common steps to follow in order to make a story about financial performance more engaging and attractive to audiences.

First of all, it is important to identify a target group because every audience has different need, skills and interests. When companies have established the target group to whom they are going to tell the story, they will be able to think about the information they want to include in their narrative as well as the metrics they will share with the audience. Another aspect to keep in mind is that the language adopted to inform people has to be clear and simple devoid of technical jargon and gobbledygook. The financial story must be as comprehensible as possible.

Afterwards, as stated in *The 5-Step Guide to Effective Financial Storytelling*, financial storytellers' goal is to turn dense, impenetrable financial data into something decision-makers can actually use³. So, in other words, companies have to give short and appropriate information to audiences to keep their attention and interest, and make information relevant by creating salience and anchoring effects that might push the decision making of consumers in a desirable way⁴.

Since the main subject is finance, for financial storytelling metrics must not be neglected, but, at the same time, the finance storyteller must identify just a few key metrics in order to write a clear and concise story. This is a really important step because adding irrelevant metrics will cause confusion and lack of attention by your audience.

Eventually, financial storytelling has the possibility to use a wide range of design and display tools in order to build a story that will be interesting to the audience. Financial storytellers, with the aim of telling the company's story, can choose among several tools, such as apps, interactive games, spreadsheets, data visualizations, sections of written explanation, strategically highlighted information and so on. Another important element is the 'framing' which can determine the decision making of consumers depending on the way the story is presented.

All these efforts in creating a great storytelling will be appreciated by audiences because they will be able to finally understand hard financial concepts and they will no longer procrastinate since

³ InsightSoftware (2020, April 15). *The 5-Step Guide to Effective Financial Storytelling*. <https://insightsoftware.com/blog/5-step-guide-to-financial-storytelling/>

⁴ OECD (2019). *Smarter financial education: key lessons from behavioral insights for financial literacy initiatives*. <https://www.oecd.org/financial/education/smarter-financial-education-behavioural-insights.pdf>



all the relevant information are now easily accessible and highlighted. In addition, all the interest that institutions show to the audience will make them feel part of the outcomes achieved because they will be the main character of the success accomplished.

5. Storytelling for financial literacy

The OECD defines financial literacy as “a combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being”. A fundamental element in financial education is to make programmes as personalized as possible in order to improve deeper commitment and loyalty as the learners will recognize their personal needs and goals. It is evident that a unique approach that works for all target groups does not exist, that is the reason why storytelling is essential in a smarter financial education, especially when the audience is composed by students.

There is also an essay that shares this idea called ‘Using Storytelling to Increase Interest and Recollection in Finance Concepts’⁵ which examines the effectiveness of storytelling as a means of increasing student intrigue and recollection. It follows that stories can connect financial concepts to student’s experiences who will feel more involved and finally, they will reprioritize their value of economics.

Apparently, using stories as an explaining method of financial theory and terminology determines an increase in interest in material. And in fact, the above-mentioned study concludes that storytelling is useful to educate students about financial literacy because it helps to create a sense of anticipation or curiosity in students who are then able to improve their performance.

Since storytelling is related to emotions, it personalizes financial concepts in order to make students develop an inner connection which will help them to better recollect these difficult financial notions.

In addition, the role of lecturers is essential too because they must have a good knowledge of financial principles so that they will include these principles into a storytelling presentation. So, they are required to pick only those concepts which are suitable to tell a story. To sum up, lecturers’ work should not be underestimated because it requires a huge effort in order to develop those skills that characterize a good storyteller.

6. Storytelling for financial literacy as a tool for corporate storytelling

⁵ Bryant, L.L., & Harris, R. (2011). Using Storytelling to Increase Interest and Recollection in Finance Concepts. Journal of Instructional Pedagogies, 6. <http://aabri.com/manuscripts/11777.pdf>



There are different institutions engaged in financial education through storytelling with the aim of empowering younger generations and providing people with precious skills to manage finances. It is the case of HSBC UK and Santander.

HSBC UK is very concerned with the education of children in terms of understanding money and building financial confidence. Thus, in order to help children's parents, they created a book which twists some of the traditional fairy tales to set a positive example for children about the potential of boys and girls to achieve their financial goals themselves. Thanks to this book it will be easier for parents to talk to their children about money and its importance. It is a captivating and interesting way to introduce young boys and girls to more difficult financial concepts.

Santander too is an example of institution which is concerned with financial education because it wants to share stories that will help people to develop those skills which are needed to manage people's finances. So, in their website there are stories about basic financial concepts that usually are not well explained, such as electronic signatures, bank fees, investment funds, and so on. These stories will help everyone to deepen concepts that are usually ignored because of procrastination and lack of interest.

There are many other banks which stand out for their implication in financial education as a tool for corporate storytelling. An interesting example is the case of BDO Unibank which created the BDO Foundation, the corporate social responsibility arm of this bank. This foundation has developed several tools, such as videos, with the aim to draw students' attention and enable them to learn about personal finance at the same time. Thanks to its website, young people can explore financial concepts to learn more about essential skills to manage their own finances.

As proven by the examples above, the use of storytelling increases the interest in difficult concepts, such as financial notions, and help people to keep all the information in mind because stories make people feel emotions that remind them of experiences they may have lived. They feel more interested about those concepts and they develop a connection with an institution that cares so much about them.

7. Storytelling for sustainable finance as a tool for corporate storytelling

The European Commission states that sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects⁶. So, sustainable finance is a field that stands out for its importance and it is not always that easy to communicate its value to investors.

⁶ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance_en



Storytelling is a fundamental tool to share a company's sustainability story because it helps companies to share their interest in sustainability and how it is related to the company, but it is not as easy as it might look because it needs to be adapted to the company's audience.

For example, if you consider institutional investors who are usually more interested in data on sustainability performance, while retail investors prefer by far stories.

Even if it most people might not be interested in numbers, a company always must provide strong data to prove its real involvement in sustainability. It is also necessary and useful for investors who still lack the data they need to integrate sustainability into investment information. Providing strong and correct data will make a company look more reliable than the others.

As the audience is the most important part of a company, it is necessary to create a connection which is difficult because not everyone is interested in these topics. But if companies give people information that they can use, people will be more curious about these complicated concepts. So, people need to be engaged on a human level otherwise they will not care about information they believe to be boring.

A great example of storytelling for sustainable finance is The Conservation Fund and Goldman Sachs which worked together to issue the nation's first green bond solely dedicated to conserving and protecting working forests in the United States. The website dedicated to their work shows with pictures and tells their readers why their collaboration is a great example of progress.

It follows that sustainability is more and more important, and storytelling will help companies to gain their costumers' and investors' trust by sharing their sustainability story.



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