



From Reflection to Action

An Economic Analysis of Financial Agency: The Poverty
Stoplight in Higher Education

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Knowing ≠ doing

Students understand finance concepts but struggle to change behavior



They can compute compound interest...

...and still live paycheck to paycheck. The gap is behavior, motivation and structure.



Financial stress follows them to class

It competes for attention and decides which gigs and opportunities they can afford.



Assignments are cognitive, not behavioral

We test what students know, rarely what changes in their lives.

What if we moved from financial literacy to financial **agency?**



Who we are



Julia Corvalán, PhD

Poverty Stoplight · Fundación Paraguaya



- Founded in Paraguay in 1985: 40 years working to eliminate poverty
- Microfinance and entrepreneurship programs
- Self-sustaining agricultural schools
- Poverty Stoplight



Who we are

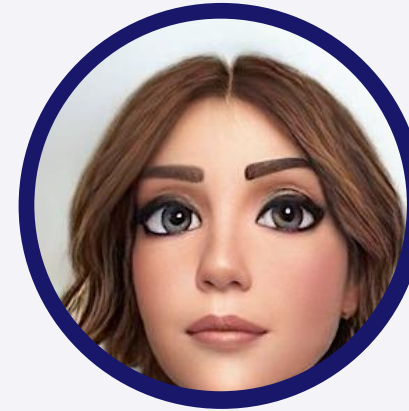
The partnership behind this work



Martín Burt, PhD



- Founder, Fundación Paraguaya
- Creator of the Poverty Stoplight
- Author, Who Owns Poverty? (¿Quién es dueño de la pobreza?)



**Florencia Gabriele,
PhD**



- Professor of Economics & Finance, Berklee College of Music
- Teaches personal finance to musicians

The Poverty Stoplight

A self-diagnosis tool, not an external evaluation



Self-diagnosis

Families, and now students, classify themselves: green, yellow or red.



Photo-based indicators

Each level is shown with a photo and a plain-language description.



Life Map

A visual map of reds and yellows that moves straight into action planning.

6

dimensions

50

indicators

Standard version. Used by NGOs,
companies, governments and
universities.



Methodology framework

Structured behavioral coaching through visualization and mentorship



This is not data collection. It is structured behavioral coaching.



Adapted for U.S. college students

Same logic, indicators rewritten for campus life

41

**indicators across finance,
health, housing and
education**



**Behavior-focused
framing**

“I cover all my expenses,” not “I
know what a budget is”



U.S. college context

Student loans, credit cards, part-
time and gig income, shared
housing

Statements about behavior, not knowledge questions: that is what turns an assessment into a plan.



What self-diagnosis looks like

Students pick the description that matches today, not the one they wish were true



Stable income



I cover all my expenses

Stable



I sometimes borrow

Vulnerable



I rely on debt or skip essentials

Critical



Savings



1–3 month emergency fund

Stable



Some savings

Vulnerable



No savings

Critical



Your turn: take the Stoplight



Online: link in the chat

1

Scan the code

Open the Stoplight on your phone. Online, use the link in the chat.

2

Choose your color

For each indicator, pick the photo or description that describes you today.

3

Look at your Life Map

Notice where your reds and yellows cluster.

4

Pick one

Circle the one indicator you would work on first. We'll use it in the next activity.



What did that feel like?

Debrief · · two or three volunteers



Which indicator was hardest to classify honestly, and why?



Did seeing your colors change what you want to do this week?



What would a 19-year-old musician feel doing this same exercise?

Self-diagnosis turns vague worry into a specific, nameable problem: the first step toward agency.



PART 2

Inside a Berklee classroom

Personal Finance for musicians · results from 26 students





Seven financial indicators at the center

The indicators we tracked all semester



Stable income



Savings



Credit use



Budgeting



Loan understanding



Debt management



Financial confidence

Why musicians are different

Irregular income · gig work ·
equipment costs · few
employer benefits



The course assignment

Reflection turned into a structured, graded action plan

20%

of the grade



Select 3 red or yellow indicators to improve



Write SMART goals and an action plan



Build a detailed budget table



Reflect on one real financial decision



Optional: a one-on-one coaching session



A SMART goal, from red to plan

Example: emergency fund

INDICATOR	● No emergency fund
GOAL	Save \$300 by December 10
ACTION	Transfer \$25 every week
MILESTONE	Mid-semester review
OUTCOME	● An automated savings behavior

$$\begin{aligned} &\$25 \times 12 \text{ weeks} \\ &= \text{\textbf{\$300}} \end{aligned}$$

The real goal is not the \$300. It is a behavior that no longer needs willpower.



From red to plan in three questions

In pairs, with the indicator you circled (online: on your own, in the chat)



Why don't I have it?

Name the real constraint: income, habit, information or emotion.



What will I do?

One concrete, observable action, not an intention.



How long will it take?

A date, and one checkpoint halfway.

WRITE IT AS ONE SENTENCE

“By _____ I will _____ every _____, so that _____. I’ll check progress on _____.”

Example: By Dec 10 I will transfer \$25 every Friday, so that I have a \$300 cushion. I’ll check progress on Oct 31.



What I observed in class

Instructor observations: anecdotal, not survey data



Students opened savings accounts



Unnecessary subscriptions got cancelled



Sharper questions about student loans



Lower financial anxiety, in their words



More voluntary coaching requests



Why it works: the mechanism

Self-determination theory meets behavioral economics



Self-determination theory

Autonomy: students choose their own indicators

Competence: goals small enough to win

Relatedness: “I’m not the only one”

Behavioral economics

Salience: a red light is hard to ignore

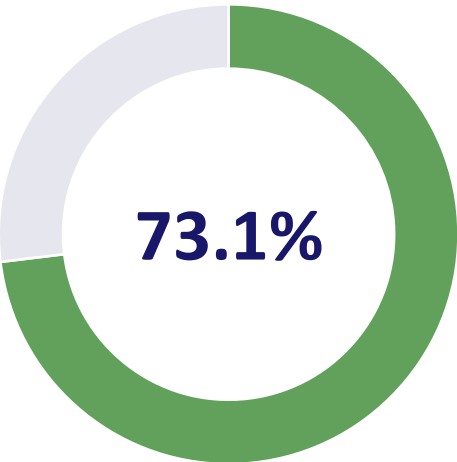
Commitment devices: automatic weekly transfers

Implementation intentions: “By ___, I will ___”



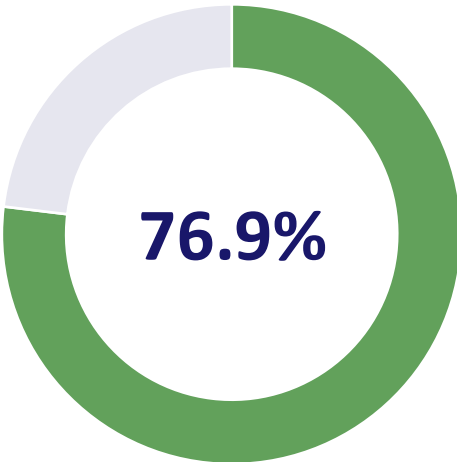
Useful, clarifying, and connected to their music

Post-assignment survey, n = 26



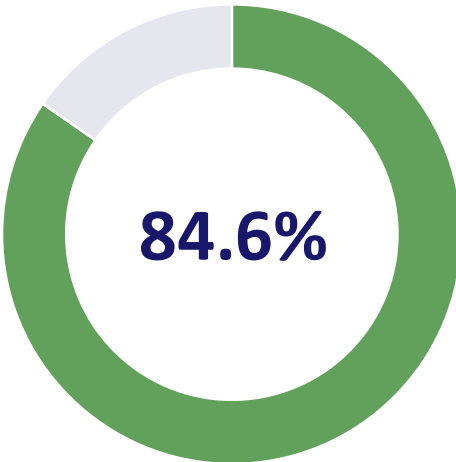
Very useful

19 of 26 for reflecting on their financial habits (6 more: somewhat)



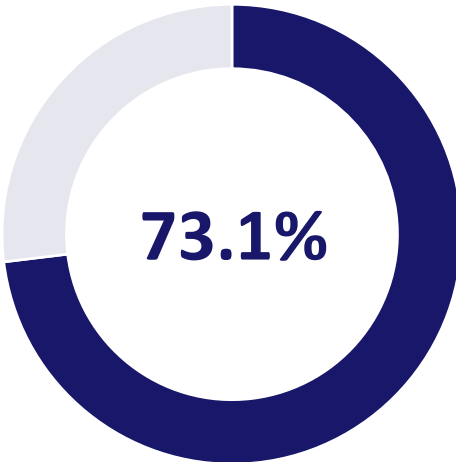
More prepared

20 of 26 to manage money this semester; the other 6: somewhat



Clear priorities

22 of 26: the Stoplight clearly showed what to work on



Money ↔ music

19 of 26: reflecting on how money stress affects their music was very helpful

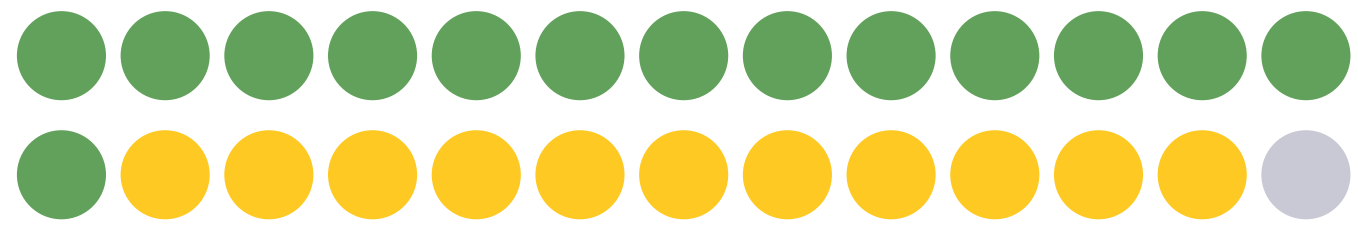


Confidence to set achievable goals

Each dot is one student (n = 26)

25 of 26

feel more confident (96.2%)



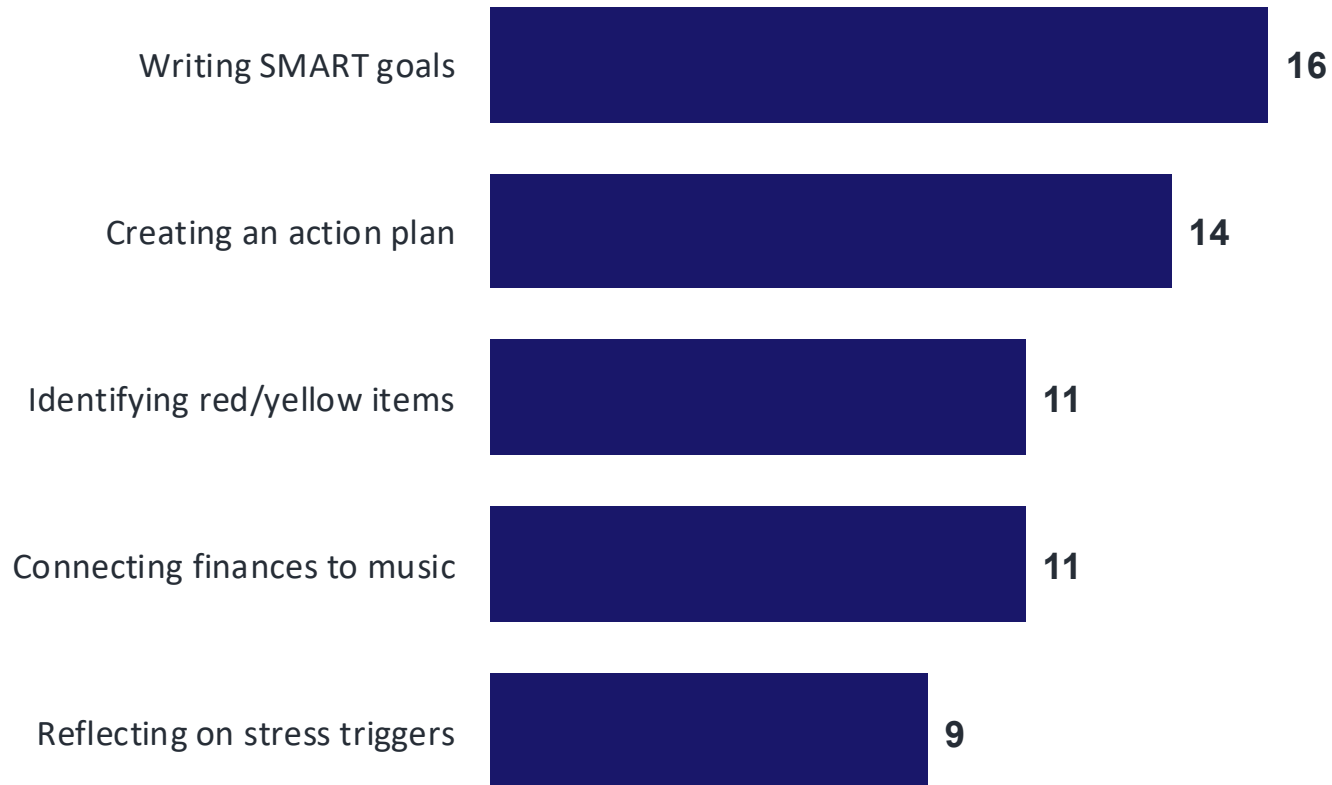
- 14 much more confident (53.8%)
- 11 a little more confident (42.3%)
- 1 no change (3.8%)
- 0 less confident

Self-efficacy is not a soft outcome. It is the precondition for everything else we want students to do.



What helped most: the highest marginal product

Which part of the assignment helped you the most? (select all that apply; number of students, n = 26)



ACTIVE INGREDIENTS

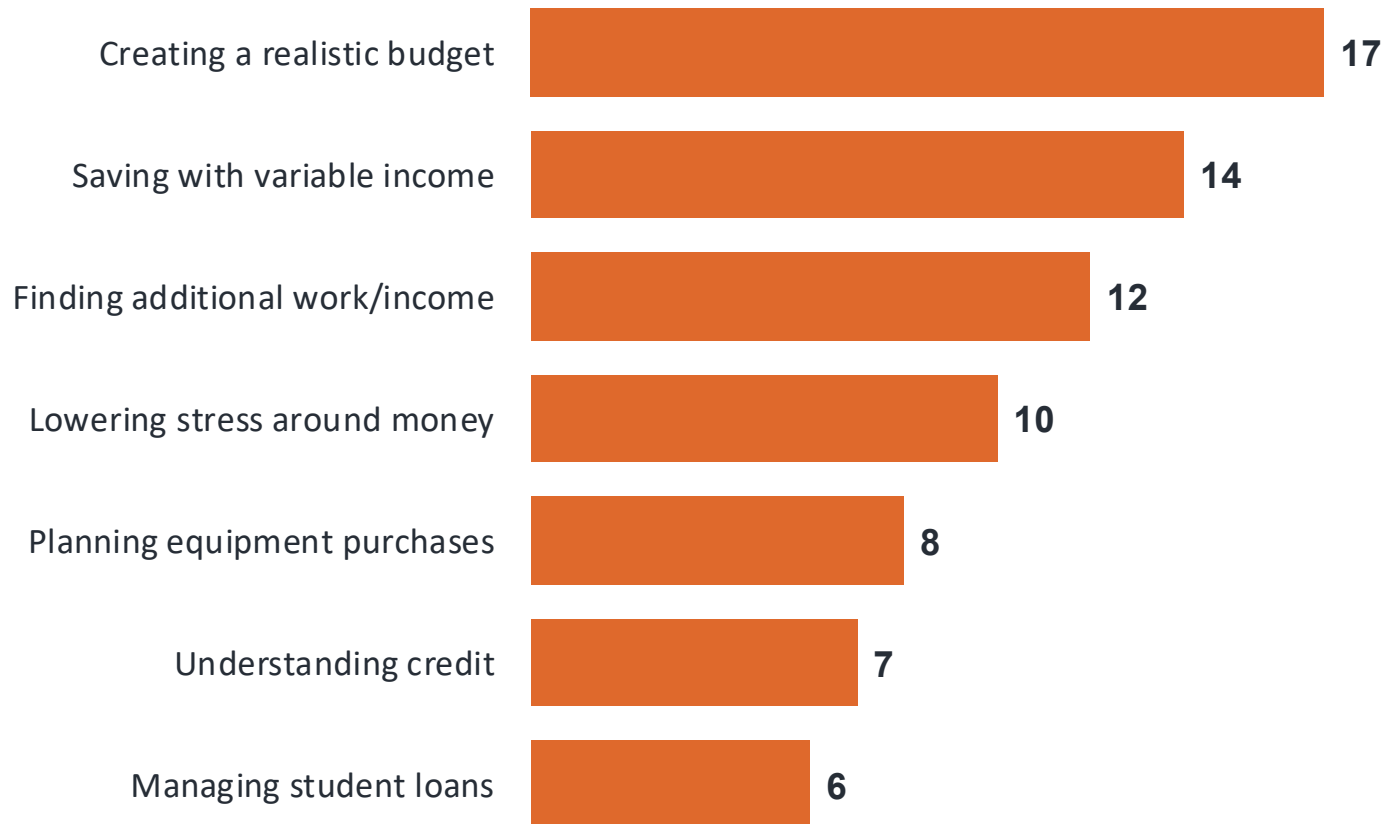
- 1 Goal formalization
- 2 Actionable planning
- 3 Domain relevance (music)

The diagnosis matters, but the plan is what students value most.



What students still need

What resources or support would help you most right now? (select all that apply; n = 26)



ECONOMIST'S TRANSLATION

These are the constraints of volatile-income households:

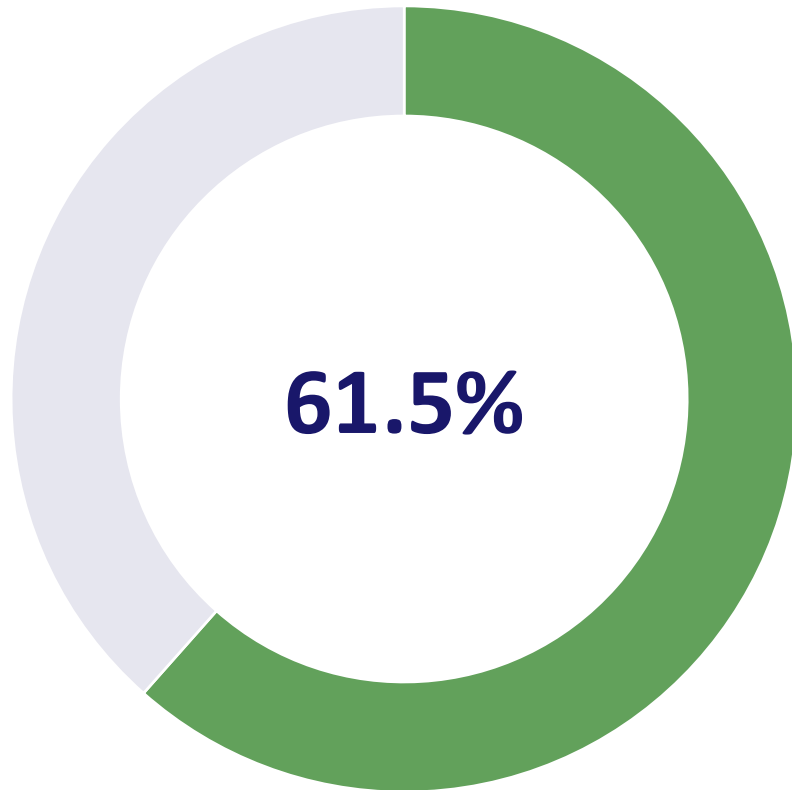
- **Income smoothing**
- **Precautionary saving**
- **Liquidity management**

Students are telling us exactly what to teach next.



Evidence of demand for coaching

Would you consider meeting one-on-one to create a Financial Success Plan?



16 of 26 would consider a one-on-one plan

9 said not right now · 1 unclear response

Stated intent, not revealed preference. It is a proxy for take-up. This semester we track the real thing: who books, who shows up, who comes back.



What changed in them: five themes

Coded from open-ended answers, most frequent first

- 1 Budgeting & organization**
"I just need a little organization."
- 2 Awareness of stress triggers**
"Getting to know my stress triggers..."
- 3 Proactivity about income & gigs**
"Getting more gigs for myself is very attainable."
- 4 Self-efficacy**
"More financially responsible than I would've given myself credit for."
- 5 Time, health & creativity routines**
"Dedicate time blocks to creativity and mental/physical health."



I knew more than I thought, less than I wanted to.

Student reflection



In their own words

Student reflections: “What was the most helpful thing you learned about yourself?”



I learned my money triggers and even how I grew up internalizing concepts around money based on the generations that raised me.



I am the only one stopping myself from getting more work... getting more gigs for myself is very attainable if I just start being proactive.



Writing them down actually helped me streamline the process and make it feel that my plans/goals are reasonable and achievable.



My financial situation is not as anxiety inducing as I had anticipated!



PART 3

Closing the loop

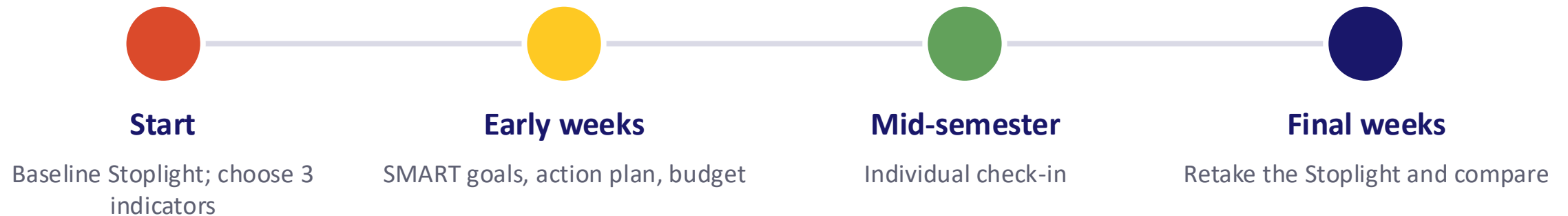
What students asked us to change, and what we are doing this semester





This semester: at the start and at the end

Fall 2026: the Stoplight becomes a pre/post measure



What we will measure

- Color changes per indicator: red → yellow → green
- Goals reached vs. goals set
- Confidence: first survey vs. last
- Actual coaching take-up, not just intent

Also planned, from student feedback

- Music-specific indicators
- Document format for the reflection
- Income & expense tracker template
- Individual check-ins



What we are building next

Straight from the needs assessment

17 of 26 asked

Realistic budget buildout

14 of 26 asked

**Variable-income
strategies for artists**

12 of 26 asked

**Income expansion in
music**



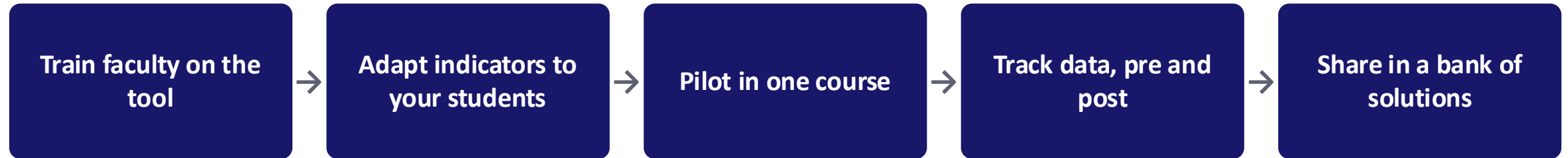
The thread through all three: opportunity cost

Plan money together with time for creativity and health, and treat debt and confusion as common hurdles, not personal failures.



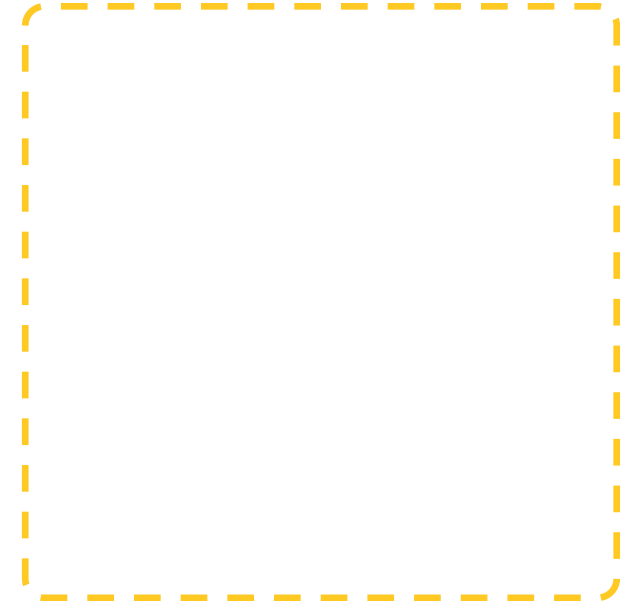
Bring the Stoplight to your school

A path for faculty and institutions



TOOLKIT (IN PREPARATION)

- Assignment instructions and rubric
- Student Stoplight indicators, adapted for U.S. college students
- AI prompt library: SMART goals, floor budget, loan comparison
- Income & expense tracker template
- Student feedback survey (the instrument behind our results)
- Sign-up form to join the multi-site pilot





FROM REFLECTION TO ACTION

Every student leaves with a documented behavioral change.

Emergency fund · Loan literacy · Budget discipline · Financial confidence

Questions?

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Appendix: full survey results

Post-assignment survey, n = 26 (multi-select questions show counts)

Question	Responses
Useful for reflecting on habits and challenges?	Very 19 (73.1%) · Somewhat 6 (23.1%) · Neutral 1 (3.8%)
More prepared to manage money this semester?	Yes 20 (76.9%) · Somewhat 6 (23.1%)
Reflection on money stress and music life helpful?	Very 19 (73.1%) · Somewhat 5 (19.2%) · Did not relate 2 (7.7%)
Stoplight clearly identified areas to work on?	Yes, clearly 22 (84.6%) · Somewhat 2 (7.7%) · Not really 2 (7.7%)
Confidence creating achievable goals	Much more 14 (53.8%) · A little more 11 (42.3%) · No change 1 (3.8%)
Most helpful part (multi-select)	SMART goals 16 · Action plan 14 · Red/yellow 11 · Music 11 · Stress triggers 9 · Podcast 1 · Professor feedback 1
Support needed now (multi-select)	Budget 17 · Variable-income saving 14 · Extra income 12 · Stress 10 · Equipment 8 · Credit 7 · Loans 6 · Other 1
Would consider a 1-on-1 Financial Success Plan	Yes 16 (61.5%) · Not right now 9 (34.6%) · Unclear 1 (3.8%)