

# GEORG SIMMEL'S PHILOSOPHY OF MONEY, A THEORETICAL FOUNDATION FOR FINANCIAL EDUCATION AND INCLUSION

Isabelle OPREA<sup>1</sup>, Liviu-Gelu DRĂGHICI<sup>2\*</sup>

<sup>1</sup> Romanian Academy, School of Advanced Studies of the Romanian Academy, Doctoral School of Economic Sciences, National Institute for Economic Research “Costin C. Kirițescu”, Institute for Mondial Economy

<sup>2</sup>Romanian Academy, School of Advanced Studies of the Romanian Academy, Doctoral School of Economic Sciences, National Institute for Economic Research “Costin C. Kirițescu”, Institute of National Economy.

\*Corresponding author: liviu-gelu.draghici@ince.ro

## Abstract

This paper analyzes the contribution of Georg Simmel's theory in *The Philosophy of Money* to financial education and economic inclusion, demonstrating its relevance in the contemporary context. Simmel explores money not only as an economic tool, but also as a social, psychological and cultural phenomenon, influencing inter-human relations, economic structures and perceptions of value. The paper highlights how his concepts of value, exchange, trust and deferred gratification provide a fundamental theoretical framework for the development of modern financial literacy. The relationship between desire and subjective value is central to understanding individual and collective economic behaviour.

Even though it was written in 1900, the work also anticipates the implications of technology on the perception of value and money management, predicting modern trends such as the digitization of payments, behavioral economics, and the impact of trust on the financial system. Another aspect addressed is the interplay between money and freedom, analyzing both the autonomy that money can provide and the limitations imposed by economic dependence. It also explores economic inequality and the role of financial education in reducing social disparities.

In conclusion, the study reaffirms the importance of Simmel's work in understanding financial education and economic inclusion, providing an interdisciplinary perspective on the social and economic impact of money. His concepts can be applied in modern financial education programs to improve access to resources and support the development of a more economically equitable society.

**Keywords:** *financial education, financial inclusion, value and exchange, social impact of money.*

## 1. INTRODUCTION

Georg Simmel's “*Philosophy of Money*,” originally published in 1900, is a seminal work that examines the complex role of money in society, combining perspectives from sociology, philosophy, and social psychology. It is one of the most influential philosophical, sociological, and economic analyses of the concept of money. This book is not just a treatise on economics, but an interdisciplinary exploration of the value, exchange, and influence of money on modern societies. Simmel approaches the problem of money from a complex perspective, analyzing not only its economic functions but also its social, psychological, and cultural implications. Simmel establishes a connection between money and inter-human relations, demonstrating how money contributes to the transformation of social structures and the redefinition of collective values.

The aim of this paper is to analyze the impact of Georg Simmel's *The Philosophy of Money* on modern financial education and understanding of economic value, and its relevance in promoting financial inclusion. Although published in the early twentieth century, the book remains highly topical, providing a profound philosophical perspective on money as an instrument of exchange, value and social influence. In the context of the modern world, where financial education and financial inclusion are important for individual and collective economic well-being, this book provides a valuable theoretical framework for understanding financial mechanisms and their social implications.

The importance of Simmel's work derives from his ability to transcend disciplinary boundaries, combining sociology, economics and philosophy into a coherent analysis of the value of money and its impact on social life. Nowadays, financial education is becoming an increasingly evident necessity, and Simmel's theories of value, exchange, trust and economic behaviour are necessary for understanding how individuals interact with the financial system. Financial inclusion, defined as equal and efficient access to financial services (Cerchia et al. 2022), is a global challenge, and Simmel's analysis provides understanding into how money influences social dynamics and individuals' access to economic resources.

Simmel's work aligns with and contributes to the academic literature on financial education and inclusion through an innovative approach to the concept of economic value. In the context of financial education, his ideas about the perception of value and how individuals attribute importance to money are fundamental to the development of financial literacy. For example, his theory on the relationship between desire and the subjective value of a good is relevant in explaining the concept of deferred gratification, a fundamental tenet of modern financial education (Ariely 2018). In addition, his perspective on money as a symbol of collective trust and social relations is supported by recent research on exchange mechanisms and the role of money in society (Jackson 2022).

The main thrust of this research is that Georg Simmel's *The Philosophy of Money* provides a valuable theoretical basis for understanding financial literacy and modern financial inclusion. Through its detailed analysis of economic value, consumption behaviour, and how money shapes social relations, the work remains a point of reference in academic debates about economics and society. The paper highlights how Simmel's ideas can be applied in contemporary financial education and financial inclusion initiatives, demonstrating its continued relevance in the global economic landscape.

## **2. SIMMEL'S MAIN IDEAS, A CONCEPTUAL ANALYSIS**

### **2.1. Value**

Simmel proposes an original theory of value, arguing that objects acquire value through distancing themselves from the subject, a process fueled by desire. Thus, value is not an intrinsic quality of things, but results from the relationship between the individual and the desired object. In this context, money becomes “the pinnacle and purest expression of economic value”, facilitating the exchange and interaction between various spheres of social life and values. Georg Simmel deals with the concept of value in the first two chapters of *The Philosophy of Money*, giving it special attention. In Chapter I - *Value and Money*, the author argues that value is not an intrinsic characteristic of objects, but is a subjective construct, determined by individuals' perception of them (Simmel 1900). This position significantly distinguishes him from the Marxist view that the value of a good derives from the amount of labor embodied in its production.

Moreover, Simmel emphasizes that the value of an object is determined both by its usefulness and rarity and by the intensity of the desire it generates. Thus, he argues that the mere refusal of a desired object can increase its value in comparison to the satisfaction obtained after its possession. In this sense, value is the result of a perceived distance between the individual and the object (Simmel 1900). This relationship between value and desire is reiterated throughout the paper, concluding that “the value of an object is determined by the desire which the individual manifests for it” (Simmel 1900).

In the field of financial education, the relationship between value and desire is particularly relevant, especially in the context of the concept of delayed gratification. The ability to control impulses and delay gratification can lead to more efficient management of financial resources and better long-term economic planning. In other words, individuals who develop the ability to forgo immediate consumption in favor of future accumulation are more likely to secure financial stability.

In opposition to theories that argue that value is determined by the costs of production, Simmel argues that “an object acquires value according to the sacrifice required to obtain it” (Simmel 1900). In certain circumstances, the sacrifice made not only amplifies the value of an end, but can itself become the generator of value. For example, in the case of mountain climbing, the ascent of a mountain does not have an objective value, but becomes valuable because of the effort and sacrifice involved.

However, Simmel makes a clear distinction between economic goods and those that cannot be so categorized. For example, he states that “a wild fruit, effortlessly picked and immediately consumed, does not constitute an economic good” (Simmel 1900). This differentiation emphasizes the fact that economic value is manifested not only in utility, but also in the existence of significant effort associated with obtaining that good.

An important contribution of Simmel to value theory is the correlation he establishes between value, expectations and reality. He argues that the perceived value of a good is determined by the discrepancy between the individual's expectations before obtaining the good and the satisfaction experienced afterwards (Simmel 1900). This observation is also supported by recent research in the field of behavioural economics, such as by Ariely (2018), who examines the influence of perception and expectation on financial decisions.

Simmel also states that “without an associated cost - whether it is patience, physical effort, consumption of resources, or giving up other goods - value cannot exist” (Simmel 1900). Moreover, he believes that the scarcity of a good is not a consequence of the difficulty of obtaining it, but, on the contrary, the difficulty in procuring a good is what generates its scarcity (Simmel 1900). This idea reinforces the importance of financial education in managing resources and understanding economic mechanisms.

A significant statement of Simmel, which emphasizes the importance of value in relation to the economic functions of money, is that “a measure for length must be long, one for weight must be heavy, and one for value must have value” (Simmel 1900). This observation emphasizes two of the fundamental functions of money: as a unit of account and as a store of value.

Although the book was written at a time when money was still being referred to the gold standard, Simmel anticipates future transformations of the monetary system. He argues that “in the measurement of value the nature or substance of money is irrelevant” (Simmel 1900), and that “money, as a means of storing and transporting value, has evolved from a material to a conceptual form” (Simmel 1900). Furthermore, he argues that “the growth of intellectual capacities for abstraction leads to the transformation of money into a pure symbol, independent of its intrinsic value” (Simmel 1900). These observations foreshadow the development of scriptural money and cryptocurrencies, which clearly

demonstrates the German philosopher's forward-looking vision of the global financial system.

Although Simmel extensively analyzes the concept of value, he does not directly address the issue of price as an expression of value. However, in the second part of his work, he makes a statement that seems to contradict the law of price elasticity of demand: 'an increase in the price of an object can stimulate the desire for it' (Simmel 1900). This perspective is in line with contemporary behavioural economics theories, which argue that, in the absence of objective benchmarks, price becomes a determining factor in the subjective evaluation of a good (Ariely 2018).

The link between value and price is most clearly highlighted in Simmel's analysis of the concept of gift. He argues that "a gift is truly valued only when the giver has made a significant financial sacrifice to give it" (Simmel 1900). In the concluding section of the paper, the author reaffirms this idea, concluding that "value does not reside in the outward success of an action, but in the psychological effort and the involvement of will required to accomplish it" (Simmel 1900). Finally, Simmel suggests a profound relationship between value and emotion. He asserts that "the whole meaning of the possession of an object lies in the feelings which it generates in the individual" (Simmel 1900). He also observes that "a sum of money finds meaning only in relation to other values" (Simmel 1900). This perspective emphasizes that money does not have value absolutely, but only to the extent that it is recognized as a medium of exchange and economic instrument in a society.

## 2.2. Exchange

Georg Simmel approaches exchange as a fundamental process of economics and social interactions, emphasizing that it "presupposes an objective measure of subjective evaluations" (Simmel 1900). With this statement, he emphasizes that economic exchange is not merely a transaction, but a mechanism through which value is determined on the basis of individual perceptions and preferences. Furthermore, he defines exchange as "the sacrifice of a good that could have been used for another purpose" (Simmel 1900), an idea that reflects the concept of opportunity cost found in modern political economy.

According to Simmel, exchange involves three stages: giving, receiving and establishing value (Simmel 1900). He argues that an object or service acquires an economic value only when it is involved in a process of exchange, thus becoming part of a system of economic valuation. Thus, if a good A and a good B were considered independently valuable, their economic value only becomes relevant when one of them is traded in favor of obtaining the other (Simmel 1900). This perspective emphasizes that economic value is not intrinsic to the object, but results from the relationship between subjects and their willingness to give up one good in order to obtain another.

Although economic exchange existed before the advent of money, Simmel emphasizes that money has the ability to "level any inequality which barter cannot eliminate" (Simmel 1900). This observation reflects the role of money in abstracting exchange and eliminating the problems associated with barter, such as the need for a double coincidence of wants. Furthermore, he emphasizes that the introduction of money led to the development of the deferred payment mechanism, which became one of the important functions of the monetary system.

Simmel's perspective on exchange is deeply rooted in the social dimension of economic relations. He states that "money is the medium and expression of the reciprocal relation and dependence between people, of that relativity by virtue of which the fulfillment of one person's desires is always bound up with the other and vice versa" (Simmel 1900). This observation suggests that money is not only an economic instrument but also a symbol of social interdependence, facilitating exchange and generating economic

connections between individuals. Furthermore, he emphasizes that “money possesses no value if there is nothing to exchange” (Simmel 1900), thus reinforcing the idea that monetary value derives from the function of money to facilitate economic exchange.

In this vein, Simmel believes that “the supreme purpose of money is to facilitate the exchange of goods” (Simmel 1900), and this function is amplified by money’s ability to measure and store economic value. This argument is reaffirmed by the assertion that “money enables exchange and measures value” (Simmel 1900), which emphasizes its importance in establishing a reference system for the value of goods and services in an economy.

Simmel sees exchange as a process of bargaining over advantages between participants, where money and desire determine the balance between these advantages. He emphasizes that “he who owns the money has the power to impose the most advantageous interpretation of freedom of choice. The advantage remains with the buyer” (Simmel 1900), suggesting that the possession of money confers a greater degree of flexibility and autonomy in economic decision-making. At the same time, he argues that “he who has the greater desire grants an advantage beyond the objective equivalence of the values exchanged” (Simmel 1900), reflecting the idea that the value of a good is influenced by the intensity of the buyer’s desire.

An important conclusion drawn from Simmel’s analysis is that “the exchange and measurement function proper to all money is related to a certain limitation of its quantity” (Simmel 1900). In other words, in order for money to fulfill its economic function, it must be available in a limited quantity, which emphasizes the importance of controlling the money supply in maintaining economic stability. This observation is also supported by contemporary research on the role of scarcity in defining the value of money. For example, Jackson (2022) emphasizes that any form of money must meet certain conditions, and scarcity is one of the fundamental characteristics that ensure the functionality and value of money (Jackson 2022).

Thus, Simmel’s analysis of exchange highlights the interdependence between value, money and social interactions. By conceptualizing exchange as a mechanism for the subjective valuation of economic advantage, he provides a theoretical framework for understanding the dynamics of markets and the workings of the modern economy. Moreover, his observations on the relationship between money and economic power remain relevant for the analysis of contemporary financial structures, demonstrating the enduring influence of his theories on modern economics and sociology.

### **2.3. Money and social trust**

Another important concept Simmel puts forward is that money operates on a social contract based on trust. For money to have value, individuals must trust that it can be used for future purchases. This perspective is important for understanding modern economies, where fiat currencies and cryptocurrencies operate on the basis of a collective trust rather than the material value of money itself (Simmel 1900).

Simmel argues that as societies evolve, trust in cash is gradually replaced by trust in complex financial systems such as banks and capital markets. This idea is confirmed by modern research on the digital economy and cryptocurrencies, which emphasizes trust in financial institutions and new forms of money (Demirguc-Kunt et al. 2018).

### **2.4. The relationship between money, individualism and alienation**

Georg Simmel analyzes in depth the concepts of wealth, poverty and avarice, highlighting not only their economic implications, but also their social and psychological

dimensions. An illustrative example used by the author is that of the two-class tram of his time, which, although offering similar transportation conditions, differentiated passengers on the basis of social status, as those who paid a higher fare benefited from the company of people of a similar socio-economic level. Based on this observation, Simmel concludes that “the rich get relatively less for their money than the poor” (Simmel 1900), suggesting that economic differences influence not only access to goods and services, but also the way they are perceived and valued.

Differences between rich and poor are also analyzed in terms of the social treatment of these categories. Simmel states that “the poor are treated as guilty. Unpaid work will be regarded with more respect if it is done by a rich man than by a poor man’ (Simmel 1900). This observation reflects cultural perceptions of work and economic status, highlighting how society tends to give more recognition to unprofitable activities when they are performed by people from the upper classes. In this context, the author introduces the idea that the rich are defined not only by their actions, but also by the possibilities they possess, stating that “the rich act not only by what they do, but also by what they could do” (Simmel 1900).

Although the price of a good is, in absolute terms, the same for all buyers, Simmel argues that the economic impact of a purchase differs according to the material status of the individual. Thus, “the most indispensable goods are available to the rich man at much lower prices than he would pay if the price were demanded from him alone”. For basic commodities, the need to be affordable to the poor reduces the price for the rich. The rich cover their basic needs with a smaller percentage of their income than the poor. The surplus leaves him a freedom of choice which the poor does not have’ (Simmel 1900). This economic asymmetry emphasizes the inherent inequality of the market system, where the relative advantages of consumption are disproportionately distributed across social classes.

Furthermore, Simmel emphasizes that the pleasure experienced from consuming a good varies according to the economic status of the individual. According to the author, “when the poor and the rich buy the same object, the rich enjoy an easy, direct and complete pleasure, which for the poor is overshadowed by monetary sacrifice” (Simmel 1900). Thus, financial pressure and the need to prioritize spending can diminish the subjective satisfaction associated with consumption for the economically disadvantaged.

In some cultures and societies, wealth and poverty are perceived not only as economic realities but also as moral values. Simmel observes that “where the salvation of the soul is felt to be the finality, poverty appears in many doctrines as a positive and indispensable means to it” (Simmel 1900). This religious perspective on poverty influences collective attitudes towards social welfare and the distribution of resources. For example, Simmel observes that “pious people are more willing to help the poor with food and clothing than with money, because they condemn the possession of money as a moral ideal” (Simmel 1900). This phenomenon is relevant for financial education, as many of the limiting beliefs about money have their origins in moral interpretations of wealth and poverty transmitted through tradition and religion. These perceptions are often difficult to change, as they are deeply rooted in the collective mind.

Although Simmel discusses the social and economic implications of wealth and poverty, he does not provide a clear definition of these concepts, nor does he establish whether they are mathematically measurable or purely subjective constructs. This ambiguity raises the question of whether an objective comparison between rich and poor is possible, given the variability of individual perceptions of material prosperity and deprivation. This omission is surprising given the author's emphasis on value as a subjective element derived from desires, impulses and needs.

In terms of the relationship between money and financial behaviour, Simmel approaches the concepts of generosity and avarice through the prism of access to monetary resources. He argues that “the possession of perishable goods, which cannot be converted into money, also comes with a certain generosity towards guests and the needy. But turning them into money incites avarice” (Simmel 1900). This observation suggests that when a resource cannot be stored in the long term, individuals are more likely to share it, while the accumulation of wealth in monetary form favors more restrictive and conservation-oriented behaviours.

From this perspective, Simmel defines two typologies of financial behaviour: avarice and profligacy. He states that “the miser values money for possessing, the spendthrift for spending. For the miser, the sense of value arises on the occasion of hoarding, for the squanderer it arises when money passes into other forms of value” (Simmel 1900). Thus, while the miser finds satisfaction in the accumulation of money as an end in itself, the spendthrift derives pleasure from its consumption. However, both behaviours are characterized by a distortion of the relationship between money and value, since “both avarice and profligacy refuse to measure the value that would bring the ultimate pleasure of objects” (Simmel 1900).

Finally, Simmel concludes that “avarice is opposed to both waste and poverty as the ultimate value, as the finality of existence, satisfactory in itself” (Simmel 1900). This observation emphasizes that, beyond economic aspects, attitudes to money are profoundly influenced by cultural and individual perceptions of the accumulation, consumption and distribution of resources. Through his analysis, Simmel highlights the complexity of the relationship between money, economic status and social norms, providing valuable information about psychological and cultural factors shape individuals' financial behaviours.

## **2.5. The relationship between money and happiness**

Many philosophers have addressed the concept of happiness, but Georg Simmel examines it through the prism of money, emphasizing its influence on human perceptions of satisfaction and well-being. In the opening chapters of his *The Philosophy of Money*, Simmel states that “eternal happiness would turn into boredom. Only with the contribution of its opposite (care, suffering, etc.) can it retain its meaning” (Simmel 1900). This observation suggests that the value of happiness cannot be absolute, but must be contextualized in contrast to hardship and deprivation. In this perspective, it validates the idea that value - including that associated with well-being and personal satisfaction - is determined by the existence of a reference system that encompasses both positive and negative aspects.

A central aspect of Simmel's analysis is the clear distinction between means and ends, as he states that “money is the greatest and most perfect example of the promotion of means to the level of ends” (Simmel 1900). This conceptual confusion, in which the accumulation of money is perceived as an ultimate goal, often leads to dissatisfaction and unhappiness. Simmel emphasizes that, being devoid of intrinsic qualities, money cannot provide the emotional experiences that the objects or activities it facilitates offer: 'emptied of quality altogether, money cannot do what the most insignificant object can do: hide within itself surprises or deceptions' (Simmel 1900). This line of reasoning explains why individuals who pursue the accumulation of money as an end in itself may experience a state of continuous dissatisfaction.

This perspective is of paramount importance in financial education, as many people ascribe a moral value to money, seeing it as either beneficial or harmful, without considering that it is essentially an economic convention. Simmel clarifies this point by

stating that “money is simply money, with no immediately consumable value of its own (as cattle or salt were)” (Simmel 1900). This explanation emphasizes the abstract nature of money and the need to manage it rationally, without ascribing to it qualities that go beyond its economic functions.

After rejecting the idea of poverty as a value or attitude, Simmel also criticizes wealth when it becomes an absolute goal. He argues that “financial wealth passionately desired turns out, in the end, to be merely a means to disappointment. All the things we wish to possess must give us something with their possession” (Simmel 1900). This statement indicates that the accumulation of financial resources does not automatically guarantee personal satisfaction, but that the meaning of wealth depends on how it is used.

In this vein, Simmel argues that neither wealth nor poverty are direct determinants of happiness, emphasizing that “it is not only the goal that determines the way, but the way determines the goal” (Simmel 1900). This observation highlights that the process by which financial resources are obtained significantly influences the perception of them. Simmel explains this phenomenon by the idea that objects or goods obtained without effort are perceived as having a lower value: “all the individualizations of effort, the complications of the journey, the special demands connected with the acquisition of an object are transferred to it. The more mechanically and indifferently an object is obtained in itself, the more worthless it seems” (Simmel 1900). This perspective is fundamental to financial education because it emphasizes the importance of work and planning in establishing a healthy relationship with money.

Another important element in Simmel's analysis is the differentiation between the process of earning money and spending it. He states that “the rate at which we access money is totally independent of the rate at which we give it up. Money, when it remains to be earned, awakens different feelings of value than when we give it up to various objects” (Simmel 1900). This observation anticipates the modern concept of loss aversion, which explains the tendency of individuals to assign a higher value to the resources they own than to those they could gain.

Simmel also analyzes the psychological mechanisms underlying speculative behaviour, stating that “when speculative value is offered in small parts, their insignificance in relation to the overall potential sum easily obscures their subjective importance in relation to the buyer's wealth. If a small amount allows a large speculative gain, the buyer will forget that his situation does not allow him to risk the amount in question” (Simmel 1900). This perspective explains why individuals are prone to overestimate potential short-term gains and underestimate the importance of time in long-term wealth accumulation. This tendency is being strategically exploited by the gambling industry and speculative markets and is a major concern in financial education.

In terms of income growth, Simmel notes that it does not always lead to an improvement in one's financial situation, as “a small increase in income will lead to experiencing the same pleasures, but more often. A significant increase in income will shift the demands for pleasure into a quite different sphere” (Simmel 1900). This observation anticipates the phenomenon known as lifestyle inflation, which explains the tendency of individuals to adjust their spending in line with their income, thereby reducing the beneficial effects of saving and investing.

Simmel also identifies the influence of the social environment on this behaviour, stating that “the middle classes want to imitate the upper classes in food, clothing, comforts, pleasures, and are imitated by the lower classes” (Simmel 1900). This tendency towards social imitation explains why many individuals adjust their standard of living according to the standards of the social group to which they belong, often without regard to long-term financial sustainability.

## 2.6. On money and freedom

Simmel devotes an extensive chapter to the concept of individual freedom, but he shocks us from the very beginning when he defines freedom as “in fact a change of obligations” (Simmel 1900). This definition is of significant importance for financial literacy because it debunks the myth that more money means more freedom, “Possession of a thing is equivalent to the sum total of its uses”. What, in commercial law, is known as the forms of ownership “usus”, “fructus” and “abusus”, concepts that financial literacy has also borrowed to distinguish between possession and use. Any possession, with the exception of money, will impose much clearer demands on the individual. Land gives the right to cultivate it, the forest gives the right to exploit it. Money can be used for any good in any way” (Simmel 1900). This quotation is an indirect expression of the concept of “liquidity”, which is frequently used in financial education, especially when it comes to investments and assets and the ease and speed with which they can be turned into cash. “Converting property into cash can feel like a liberation. With cash, the value of the object can take any form, whereas before it was trapped in the form of the asset owned. With money in our pocket we are free, while the object makes us dependent (Simmel 1900). Although unlikely to have read Simmel's work, many financial professionals preach the importance of cash and the freedom it engenders (n.n.).

“The action at a distance of money allows possession and possessor to separate possession and possessor quite far apart without direct interaction” (Simmel 1900). The best example of this is the case of the shareholder who is not involved in the actual management of the firm. Going along the same line, Simmel also anticipates the concept of limited liability by stating that “the action of money made it possible to associate with others without having to give up any fragment of one's personal freedom and savings (Simmel 1900). Even though entrepreneurship was more developed in Western Europe with a longer history, by 1900 the idea is quite well founded and argued or rephrased in academic language.

## 2.7. Monetary equivalent of personal values

In *The Philosophy of Money*, Georg Simmel devotes extensive space to the relationship between money and personal values, analyzing how society perceives and assigns economic value to aspects of social and individual life. In Chapter V, the author examines the historical attitudes and behaviours associated with this relationship, many of which may seem outdated today, but which persist in some traditional communities, such as isolated rural communities or groups with conservative social structures.

Simmel points out that in the past, the theft of material goods was more socially acceptable than the theft of an equivalent amount of money (Simmel 1900). This distinction between goods and money as forms of value reflects a deeply ingrained perception that money, having an abstract value convertible into any good, is more than mere objects of exchange. The author also points to various historical practices that ascribed a monetary value to human beings, such as “the payment of compensation for a murdered man, the slave trade, marriages for money, and prostitution” (Simmel 1900). Simmel argues that such practices diminished significantly over time because they involved a fundamental imbalance: ‘the obligor invested personal energy in the relationship and received impersonal rights’ (Simmel 1900).

Although his work consistently supports the idea of value as a subjective phenomenon, Simmel reaffirms this perspective with a concrete example related to the evaluation of the price of a good. He states that “cheap is an empty word unless it means a low price for a fairly high quality, and high quality has no attraction except in relation to a

somewhat adapted price” (Simmel 1900). This observation is applicable in contemporary financial education, where the principle of value for money is paramount in consumer decision making and the efficient management of financial resources.

On the freedom conferred by money, Simmel adopts a nuanced perspective, arguing that it is “potential, formal, negative because it involves the sale of values inherent in personality” (Simmel 1900). He thus emphasizes that while money offers individuals choice and flexibility, it can also impose constraints through the economic and social mechanisms associated with monetary exchange. Furthermore, Simmel observes that from the moment money becomes a central factor in the economy, individuals are more inclined to sell than to buy, in a constant attempt to gain an additional benefit: “from the moment money exists, everyone is inclined to sell rather than to buy” (Simmel 1900).

A significant aspect of Simmel’s analysis is the distinction between different types of money according to the nature of the relationship they create. In financial education, a clear distinction is made between money as payment (which is obtained through a negotiated consideration), money as an entitlement (which confers economic autonomy on the individual) and money as a gift (which can create dependent relationships). This categorization finds a correspondence in Simmel’s observation that “where money is exchanged for benefits, the giver of money claims only the benefit, but the provider wants something in addition to money: a personal recognition, a subjective proof of the buyer” (Simmel 1900).

This dynamic explains why certain professions, such as those in education or the arts, are perceived as socially undervalued, despite the financial remuneration. Teachers and artists, for example, seek not only monetary compensation for their work, but also symbolic recognition of the social value they bring. Thus, “accepting only a monetary equivalent seems to degrade the performance and even the person. Remuneration devoid of any esteem passes as a debasement of the person” (Simmel 1900). This observation is particularly relevant in analyzing how economic relations influence perceptions of individuals’ work and social status.

Further, Simmel redefines work not only as a means of obtaining financial resources, but also as a process involving a consumption of psychic energy and an effort to overcome inertia. He states that “nobody usually takes on the burden of work without getting anything in return. The very object of the retribution that allows the claim of compensation is nothing other than the consumption of psychic energy necessary to accept and overcome the inferior feelings of inhibition and displeasure” (Simmel 1900). This perspective emphasizes that work is not only an economic process but also a psychological one, influenced by individual perceptions of effort and reward.

Thus, Simmel’s analysis of the monetary equivalent of personal values highlights the complexity of the interplay between money, work and social recognition. By exploring the different ways in which society assigns value to goods, services and human relationships, he provides a theoretical framework that remains relevant for understanding economic behaviour and labor market dynamics in contemporary society. This approach is important for financial education as it contributes to a clearer understanding of the role of money in individual and collective life, going beyond its mere function as a medium of exchange.

## **2.8. Money and lifestyle**

In the field of financial education, a clear distinction is made between active income, which involves the direct involvement of the individual in providing a service, producing or selling a good, and passive income, which is generated through past investments without the owner’s continuous and meaningful participation. Georg Simmel addresses this issue by stating that “the way in which money earns profits and rents has the effect that it grows

by itself without the owner having to fructify it by proportionate labor” (Simmel 1900). This observation reflects the fundamental difference between the accumulation of capital through labor and the accumulation of capital through investment, a distinction relevant in contemporary economics.

Simmel also explores the relationship between money and the distribution of economic inequality. He argues that “the calculating nature of money has introduced into the relations between the elements of life a precision and a certainty in the determination of equalities and inequalities” (Simmel 1900). This principle explains the mechanism by which money, as a universally accepted unit of measurement, can both equalize economic opportunities and accentuate social disparities. This duality is particularly relevant in modern financial literacy, where access to and management of capital significantly influences social mobility.

Another central issue in Simmel's analysis is how money influences consumption behaviour, especially in the context of non-cash payments. This topic is highly topical given the accelerated growth of electronic transactions globally. In Romania, approximately 30% of all transactions are made by card which reflects a cultural hesitancy in fully adopting digital payments (Bursa 2024). The preference for cash is often criticized, especially because of the negative impact on the economy, such as facilitating tax evasion.

In this context, Simmel argues that non-cash payments change individuals' perception of spending. Although he refers to checks, his observations remain highly relevant in the age of digital transactions. He argues that “the impulse to recklessness seems more seductive when you don't have all this money to spend at hand and when you can dispose of it with a simple stroke of the pen” (Simmel 1900). This is perfectly applicable in the modern context, where technology has further simplified the process of making payments, with a simple click or by bringing the card close to a POS terminal.

The German philosopher reinforces this idea by stating that “the form in which cheques circulate distances us from money, but makes it easier to use them not only through technical convenience, but also psychologically, because cash puts its value concretely before our eyes, making it more difficult to separate ourselves from it” (Simmel 1900). This perspective anticipates findings in modern behavioural economics that digital payments reduce the psychological pain associated with spending money (Ariely 2018). This phenomenon has major implications for financial literacy, as individuals become more prone to impulsive spending when they do not directly perceive transactions as a loss of cash.

Another theme in Simmel's analysis is the transformation of moral values into economic values as the market expands into spheres of life previously governed by social and ethical norms. The author observes that although the practice of selling people or marrying for money is much rarer today than in the past, nevertheless, financial logic has infiltrated increasingly diverse areas of human existence. He asserts that “the prevalence of means over ends culminates in the fact that things situated on the periphery of life, that is, outside spirituality, have taken possession of its center” (Simmel 1900). This observation underscores a trend also identified in contemporary economic thinking, according to which monetary value tends to gradually replace social and cultural values.

Simmel also analyzes the emotional complexity of the relationship between individuals and money, arguing that money can generate strong and sometimes contradictory reactions. This is also supported by recent research in the field of financial psychology, which emphasizes that discussions about money can provoke anxiety and insecurity (Jackson 2022). In this sense, Simmel identifies a fundamental contradiction in the social perception of money: although it is desired and sought after by most people, it is at the same time viewed with skepticism and even disgust.

This ambivalence is reflected in the collective mentality, where money is often associated with individualism, selfishness and inauthenticity, even though, paradoxically, it cannot exist without inter-human relationships. In fact, the effective functioning of the monetary system presupposes a high level of trust and social cooperation. This observation confirms the idea that money is not only an economic tool but also a symbol of social interdependence.

### **3. DISCUSSIONS**

Georg Simmel's *Philosophy of Money* (1900) is one of the most influential socio-economic analyses of the 20th century, exploring the complex relationship between money, society and human behaviour. Through his interdisciplinary approach, Simmel offers a unique view regarding how money influences social structures, moral values and perceptions of freedom and happiness. Although the book is not an economics textbook in the traditional sense, it contributes significantly to our understanding of financial mechanisms and the impact of money on everyday life. The present analysis aims to highlight the relevance of Simmel's theory for financial education and inclusion, to emphasize its conceptual strengths and limitations, and to compare it with modern economic theories.

#### **3.1. The contribution of books to financial education**

Although not written with the explicit intention of contributing to financial education, *The Philosophy of Money* offers a number of fundamental insights into the economic behavior of individuals and societies, even if the results are presented only descriptively and there are no figures to analyze. One of the most important concepts developed by Simmel is the distinction between means and ends. The author emphasizes that money, initially a means of exchange, has gradually become an end in itself, which leads to confusion in the perception of value and can generate personal dissatisfaction (Simmel 1900). This observation is of significant relevance to financial education, as it emphasizes the importance of using money as a tool to achieve life goals, rather than an end goal.

Another relevant aspect is the analysis of the relationship between money and freedom. Simmel argues that money offers a “potential, formal, negative” form of freedom because, although it allows for the diversification of choices, it can also impose constraints on the individual (Simmel 1900). This perspective is valuable for financial education, as it demonstrates that proper management of financial resources is imperative for the maintenance of real autonomy.

In addition, Simmel's work provides an early explanation of speculative behaviour and people's tendency to overestimate short-term gains, underestimating the importance of long-term capital accumulation. He states that “when a speculative value is offered in small parts, their insignificance in relation to the aggregate potential sum easily obscures their subjective importance in relation to the wealth of the purchaser” (Simmel 1900). This idea is also supported in modern behavioural economics and is the foundation of the concept of loss aversion (Ariely 2018).

#### **3.2. The book's contribution to financial inclusion**

Georg Simmel's *The Philosophy of Money* (1900) does not explicitly deal with the concept of financial inclusion in the modern sense of the term, but it does presents how money influences access to resources, social relations and economic mechanisms. Given

that the book analyzed is a philosophical treatise and does not present data, figures, or quantitative studies, it could only be analyzed qualitatively through content analysis. However, the conclusions drawn from the book have proven their validity over time. His analysis of the social function of money, its role in modernization and its impact on individual freedom can be related to the principles underlying financial inclusion today.

Simmel argues that money functions as a social equalizer, providing individuals with access to goods and services regardless of their social status or origin. He states that “money is the medium and expression of the reciprocal relation and dependence between people, of that relativity by virtue of which the fulfillment of one person's desires is always bound up with the other and vice versa” (Simmel 1900). This idea is relevant to financial inclusion, as it emphasizes that access to money and stable financial systems can reduce social discrepancies and enable individuals to participate more widely in the economy. In this sense, modern digital payment systems, microfinance and mobile banking contribute to removing traditional barriers to access to financial resources, facilitating economic interactions for vulnerable groups (Poggi 2023).

Simmel places money at the heart of the modernization process, arguing that it contributes to the development of an interconnected economy, reducing dependence on direct exchange and increasing the efficiency of economic transactions. This is closely related to the phenomenon of financial inclusion, as access to modern financial infrastructures facilitates the economic integration of marginalized individuals and communities (Karalus 2018). In the local context, improving financial literacy and inclusion has far-reaching implications for Romania's economic and social development (Draghici et al. 2024).

Simmel also discusses the impact of the monetarization of social relations, arguing that money enables greater individual autonomy. For example, in a money-based economy, individuals are not constrained by personal dependencies or informal exchange relationships, but can trade freely based on a standardized unit of measurement (Frisby 2004). This principle is linked to financial inclusion as it shows that universal access to banking and credit services can increase social mobility and economic opportunities for disadvantaged population.

One of the most visionary aspects of Simmel's theory is his analysis of the abstraction of money and the impact of technology on the monetary economy. He observes that “the form in which checks circulate alienates us from money, but makes its use easier for us not only through technical convenience, but also psychologically” (Simmel 1900). This observation can be directly applied to the development of digital and mobile payment systems, which enable wider access to financial services for the unbanked (Coeckelbergh 2015).

Today, the digitization of financial services is facilitating access to bank accounts, microcredit and insurance for rural populations and low-income communities, increasing financial inclusion. Banks' digital platforms offer financial literacy programs to help customers accumulate the necessary knowledge to manage their own wealth, thus promoting financial inclusion (Oprea & Duță 2024).

Although Simmel argues that money can function as an element of economic equalization, he also recognizes its potential to amplify social inequalities. He asserts that “the rich get relatively less for their money than the poor” (Simmel 1900), referring to the fact that economic structures are not always conducive to the equitable distribution of resources.

This analysis is highly relevant for today's financial inclusion policies that seek to correct disparities in access to resources. For example, traditional credit systems are often inaccessible to people on low incomes or without a banking history. Modern initiatives,

such as microfinance and alternative lending schemes, seek to reduce these barriers and create economic opportunities for all (Di Lernia & Hazelton 2007).

## CONCLUSIONS

The depth and density of the author's treatment of concepts such as value and the way in which he deals with the link between money and exchange, trust, wealth, poverty, happiness, freedom and lifestyle make the book "The Philosophy of Money" an extremely useful work for financial education and inclusion, even though the book was published more than a century before these concepts were popularized. The work breaks down the relative, arbitrarily established boundaries between the social sciences, presenting money in a trans- and interdisciplinary way. Compared to contemporary economic theories, Simmel's work offers a more philosophical rather than analytical perspective. Unlike Adam Smith or Karl Marx, who analyzed economics through the prism of markets and class conflict, Simmel focuses on the psychological and social dimension of money. In relation to behavioural economics, Simmel's ideas are surprisingly visionary.

In terms of theorizing about economic inequality, Simmel has some common ground with Thomas Piketty (2013), who analyzes how capital tends to accumulate in favor of those who already own it. However, unlike Piketty, Simmel does not propose economic solutions to reduce inequality.

Although "The Philosophy of Money" is a seminal work in the field of economic sociology, it also has some limitations. One of the main criticisms of Simmel is the lack of a clear definition of wealth and poverty. Although he discusses economic discrepancies and their impact on the individual, he does not provide a rigorous conceptualization of these terms, which makes it difficult to apply his ideas to modern economic analysis.

Another limitation is the absence of an empirical methodology. Unlike contemporary economists who base their theories on mathematical models and statistical data, Simmel adopts a philosophical and speculative approach. This makes some of his observations difficult to test empirically, limiting the practical applicability of his theory in economics.

Also, although his analysis of the impact of money on social relations is profound, Simmel does not explore in detail the impact of financial institutions on the distribution of resources. For example, he does not directly analyze the role of banks, financial markets, or monetary policies, elements that are fundamental to modern economic theory.

Simmel's book remains a seminal work for understanding the socioeconomic dimensions of financial behaviour, providing a timeless perspective on value, exchange, and economic participation. His analysis of money as both a tool of autonomy and a potential source of inequality highlights the need for a balanced approach to financial inclusion. As digital finance continues to evolve, Simmel's ideas provide a theoretical framework for addressing emerging challenges in financial literacy and accessibility. By integrating his philosophical perspectives with modern economic realities, this study highlights the relevance of Simmel's work in shaping inclusive financial systems and equitable economic policies.

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