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Incorporating Subjective Measures of Problematic Money Issues in Extension Workshops

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Abstract. This study highlights the importance of incorporating subjective measures of identifiable problematic money issues in financial education workshops conducted by extension specialists. Addressing problematic money behaviors such as overspending, financial infidelity, and financial enabling empowers individuals to overcome harmful financial habits and improve basic money management practices such as paying bills on time and saving. The distinction between problematic money issues and money disorders, as well as overspending and compulsive buying, is clarified. The study uses empirical testing on problematic money behaviors and their association with fundamental money management practices to inform the development of comprehensive financial training and counseling programs.

INTRODUCTION

Just as it is crucial to incorporate measures of subjective financial risk tolerance in an investment course, it is equally important to incorporate subjective measures of identifiable problematic money issues in any financial management workshop offered by extension specialists. By addressing financial risk tolerance, participants can better understand their comfort levels and make investment decisions that align with their individual preferences. Likewise, identifying and addressing problematic money issues empowers individuals to recognize and overcome harmful financial behaviors, leading to improved economic well-being (Sages et al., 2015). For extension specialists, including these measures enhances the effectiveness of their workshops, as it allows for a more comprehensive and tailored approach to financial education. Participants benefit by gaining insights into their financial decision-making tendencies and receiving guidance on managing potential money problems, leading to better financial outcomes and increased financial literacy.

It is necessary to distinguish between problematic money behaviors and problematic money disorders. Problematic money behaviors are those that can adversely affect an individual's financial well-being (Klontz et al., 2016). These behaviors may involve excessive and unplanned spending without considering long-term consequences (overspending), engaging in secretive financial activities (financial infidelity), or consistently providing financial support or resources to another person (financial enabling). On the other hand, problematic money disorders are more severe and diagnosable psychological and even physiological conditions related to money and financial behaviors. These disorders are typically classified within the mental health domain and may necessitate professional diagnosis and treatment by financial therapists and mental health professionals (Klontz et al., 2016). Examples of problematic money disorders include gambling addiction, compulsive buying disorder, and compulsive hoarding.

There needs to be more evidence-based research regarding incorporating problematic money behaviors in initial assessments and intake forms employed by financial counselors, educators, or extension professionals. To address this gap, the current study empirically tested three specific problematic money behaviors and their association with basic money management practices, such as timely bill payment and saving. The outcomes of this study hold the potential to provide valuable insights for the formulation and delivery of financial educational and counseling programs.

LITERATURE REVIEW

The topic of problematic money behaviors that are not pathological has gained momentum in financial education due in part to advances in behavioral economics, experiences of financial crises, and the rise of fintech, or financial technology (Angner, 2020; Tenerelli et al., 2019; Despard, 2023). Advances in behavioral economics have shed light on the psychological and emotional factors that influence

our financial decisions. Traditional economics assumes that individuals are rational and solely driven by self-interest, but behavioral economics recognizes that emotions, biases, and cognitive limitations significantly impact our financial choices (Angner, 2020). The 2008 global financial crisis and subsequent economic challenges have heightened awareness of problematic money behaviors. For example, there may be a heightened prevalence or increased persistence of financial enabling during economic crises (Tenerelli et al., 2019). Financial enabling refers to consistently providing financial support or resources to another person, often to their detriment or without encouraging them to take responsibility for their financial well-being. Fintech is an umbrella term for various digital tools and platforms designed to improve financial services and transactions. Fintech can be a helpful tool in managing finances if used wisely and in line with personal financial goals (Johnson et al., 2023). However, fintech can also create an environment that facilitates overspending through targeted advertising or gamification of financial activities (Smith et al., 2020). While fintech is not inherently responsible for overspending, it can contribute to or encourage certain spending behaviors due to convenience and expedited accessibility. These advancements can make it easier for individuals to engage in impulsive or excessive spending due to features like one-click purchases, personalized recommendations, and seamless payment processes (Despard, 2023; Lee, 2020).

OVERSPENDING VERSUS COMPULSIVE BUYING

Buying is a daily, habitual activity, but compulsive buying differs from regular buying. Bullieux et al. (2008) defined compulsive buying (CB) as repetitive behaviors associated with adverse psychological and financial consequences. Faber (2011) explained that many people confuse CB with impulse buying, sporadic excessive buying, or other everyday activities. Faber (2011) clarified that while some behavioral characteristics of CB overlap with impulse buying, its causes, triggers, and outcomes differ in essential ways. CB is not about the items purchased but the desire to buy to relieve short-term tension or negative feelings. Similarly, Black (2007) claimed that compulsive buyers use buying binges to enhance mood or relieve stress. Although individuals can occasionally make impulse purchases to promote a positive spirit, compulsive buying frequently is associated with other underlying conditions such as anxiety, depression, and trauma.

Atalay and Meloy (2011) pointed out that sometimes people buy more things than they can afford to make them feel better. This practice is sometimes called "retail therapy." Retail therapy and compulsive buying are related concepts but have distinct differences in intention, motivation, and frequency. Retail therapy refers to the act of shopping or making purchases as a means of seeking emotional satisfaction or comfort. It is often viewed as a way to alleviate stress, improve mood, or boost one's spirits. Engagement in retail therapy is typically driven by the desire for temporary emotional gratification or viewed as a form of self-care. It is often seen as a sporadic and occasional behavior rather than a persistent and compulsive pattern (Kaur & Kaur, 2019).

FINANCIAL INFIDELITY

Financial infidelity refers to hiding, lying about, or engaging in financial behaviors that betray the trust and expectations of a partner in a committed relationship. It involves the concealment or misrepresentation of financial information, such as income, expenses, debts, or assets, and engaging in economic activities without the knowledge or consent of the partner. Examples of financial infidelity include secretly maintaining separate bank accounts, incurring significant debts without disclosure, making major purchases without consultation, or engaging in financial activities that may jeopardize the financial stability or goals of the relationship. Financial infidelity can strain the relationship's trust, communication, and overall financial well-being (Jeanfreau et al., 2018; Junare & Patel, 2012; NEFE, 2018).

Financial infidelity was first measured with just one item from the KMBI inventory (Klontz et al., 2011), but a later publication by Klontz et al. (2016) included a 3-item scale. On the other hand, a National Endowment for Financial Education (NEFE) study included 10 items (NEFE, 2018), and Jeanfreau et al. (2018) created a 14-item scale. Junare and Patel's study (2012) revealed that 27% of the participants said they had kept a financial secret from their partner. The NEFE reported that among those partners who combine finances, two in five (41%) had committed a financial deception listed in its financial infidelity survey.

FINANCIAL ENABLING

Financial enabling refers to a behavior in which an individual consistently provides financial support or resources to another person, often to the detriment of the recipient's financial independence and responsibility. According to Klontz et al. (2016), financial enabling is the most common and hurtful behavior financial counselors and planners see among clients. The authors claim that the United States lacks norms regarding appropriate ways to respond to requests for money from adult children. Klontz et al. (2011) said that financial enabling behaviors affect both the recipient and the enabler (the giver of money). The recipient may develop a sense of entitlement, financial irresponsibility, and a lack of motivation to improve their financial situation. They may need help to develop essential financial skills and may face long-term financial dependency.

On the other hand, the enabler may experience financial strain and stress as they bear the burden of continuously supporting the recipient. This issue can lead to emotional exhaustion, resentment, strained relationships, and a sense

of powerlessness. The enabler may also perpetuate the recipient's financial difficulties by preventing them from learning and growing independently.

In summary, while compulsive buying and overspending involve excessive spending, compulsive buying is driven by uncontrollable urges and emotional factors. In contrast, overspending refers to spending beyond one's financial means or budget without the same underlying psychological components. Financial infidelity involves hiding or lying about financial behaviors in committed relationships, damaging trust and well-being. Examples include concealing information or making financial decisions without consent. Financial enabling occurs when individuals continuously provide financial support, leading to dependency and irresponsibility in the recipient and strain and exhaustion in the enabler.

Within that context, the main purpose of this exploratory study was to investigate the relationship between three problematic money behaviors (overspending, financial infidelity, and financial enabling) and basic financial practices such as timely bill payments and regular saving. I aimed to achieve the following objectives with this study: 1) to establish the correlation between these problematic behaviors and the ability to pay bills on time and save money consistently, and 2) to suggest practical implications of considering problematic money behaviors for inclusion in client assessment and in financial programs.

METHODS

SAMPLE SELECTION

The study focused on adults residing in a specific western state as the population of interest. Our decision to survey this population instead of collecting a nationally representative sample was driven by the objective of gaining direct insights into the target audience served by Utah State University's financial management clinic and financial extension programs in three counties.

We used G-Power version 3.1.97 to determine the minimum sample size for the desired effect size. We employed the following parameters: an alpha level 0.05, a beta power ($1 - \beta$) of 0.90, and a medium effect size (0.30) for nonparametric tests. A random sample of 183 individuals was required to satisfy the specified parameters and achieve adequate statistical power. We used quantitative, nonexperimental cross-sectional survey design to gather data and examine relationships among variables.

DATA COLLECTION

After we received Institutional Review Board (IRB) approval for the research project of which this study is part, an online pilot survey was created and evaluated in January 2020. The pilot involved about 10 participants, who provided critical feedback on the questions' validity. A national survey company served as the distributor of the Qualtrics survey and obtained about 200 female and 200 male adult respondents (18–75 years old) from Utah. The sample represented the state in terms of racial and ethnic demographics. The survey was open for 4 weeks, from mid-February to mid-March 2020. The final sample included 391 responses, more than double the recommended sample size yielded from G-power ($n = 183$). The original survey included questions on both money biases and problematic financial behaviors. Nevertheless, this study reports only on three problematic financial behaviors.

VARIABLE MEASUREMENT

DEPENDENT VARIABLES

The analysis focused on two key outcomes: paying bills on time and saving regularly. The item used to measure paying bills was "I paid my bills on time every month," while the item for saving was "I add to my savings regularly." Participants could choose from four response options: 1 = *Never*, 2 = *Sometimes*, 3 = *Most of the time*, and 4 = *Always*.

INDEPENDENT VARIABLES

The three problematic money behaviors were derived from questionnaires developed by Klontz et al. (2016). The overspending questionnaire (Klontz et al., 2016) and the financial enabling questionnaire (Klontz, et al., 2016) provided the basis for these behaviors. Additionally, we sourced the item concerning financial infidelity from Jeanfreau et al. (2018). To assess these behaviors, we employed a 4-point Likert-type scale. The ordinal variables were 1 (*Strongly disagree*), 2 (*Somewhat disagree*), 3 (*Somewhat agree*), and 4 (*Strongly agree*).

DEMOGRAPHIC VARIABLES

We collected demographic variables to verify that the sample represented the population of Utah. The variables included employment status, age, race, and ethnicity. Questionnaire data were analyzed using the quantitative Statistical Package for Social Sciences software version 28.

RESEARCH QUESTION AND HYPOTHESIS

The primary research questions addressed in this study were whether there is a statistically significant relationship between three specific factors—overspending, financial enabling, and financial infidelity—and what their influence on the likelihood of paying bills on time every month and saving on regular basis was. We formulated a single general null hypothesis to examine these relationships. We made this decision due to the lack of robust literature that could guide the formulation of specific

directional hypotheses for each behavior. Therefore, the null hypothesis was stated as follows: There is no statistically significant associations between problematic money behaviors and paying bills on time and saving. We employed a non-parametric correlation test to evaluate this null hypothesis because the data did not meet the normality assumption. Field (2013) has recommended using the Spearman's coefficient to quantify the association between ordinal variables. Like the Pearson correlation coefficient, Spearman's rho provides the magnitude and direction of the association. It ranges between -1 and 1. A value of -1 indicates a perfect negative relationship, 0 represents a monotonic function, and 1 signifies a perfect positive correlation. A monotonic function is one that either never increases or never decreases as its independent variable increases. Faul (2008) has suggested that a Spearman's coefficient can be categorized as having a small effect size (.1 to .3), a moderate effect size (.3 to .5), or a large effect size (>.5).

RESULTS

The first step in the analysis was to develop a summary of the sample demographics with a comparison to Utah (Table 1). At the state level, there was nearly a 50/50 split between male and female participants. The median age was 27 years. More than three-fourths of the participants (82.4%) reported themselves as non-Hispanic White, and (76.6%) were employed full time.

The next step was to explore the statistically significant relationships between overspending, financial enabling, and financial infidelity and their influence on the likelihood of paying bills on time every month and saving on a regular basis. We used the Spearman's rho coefficient (rs) to assess the correlations. The null hypothesis of no association between problematic money behaviors and "paying bills" and "saving" was rejected for overspending, financial infidelity, and enabling. Table 2 shows that a negative statistically significant association was found between overspending and paying bills (rs -.282, n = 387, p =< 0.01) and overspending and saving (rs -.421, n = 387, p =< 0.01). Financial infidelity was also negatively associated with paying bills (rs -.222, n = 387, p =< 0.01) and saving (rs -.293, n = 387, p =< 0.01). The results also showed that the null hypothesis was rejected in the case of financial enabling and paying bills (rs -.240, n = 387, p =< 0.01) and saving (rs -.241, n = 387, p =< 0.01). Further analysis of intercorrelations showed that overspending was moderately positively correlated with financial infidelity (rs .348) and enabling (rs .321). Likewise, infidelity and enabling were also positively correlated (rs .293).

DISCUSSION

Incorporating formal research-based assessment of problematic money behaviors can be an invaluable tool for financial extension specialists and educators seeking a comprehensive understanding of their clients' financial lives (Klontz & Klontz, 2011). Financial professionals can quickly identify potential hurdles hindering a client's progress by conducting an assessment that includes data on

Table 1. Descriptive Statistics for Sample (n = 397)

Demographic	Variables	Sample	Utah
Employment	Employed full time	76.6%	68.9%
Age	Median age	27	31
Gender	Male (0)	52.6%	50.79%
	Female (1)	47.40%	49.2%
Race/Ethnicity	White	82.4%	84.3%
	Non-White race or ethnicity	14.80%	15%
	Prefer not to answer	2.8%	-
Variables	Measurement (range 1–4)		Mean (S.D.)
Paying bills	I pay my bills every month		3.73 (0.59)
Savings	I add to my savings on a regular basis		2.88 (1.08)
Overspending	I buy more things than I can afford		1.84 (.901)
Infidelity	I hide my spending from my family or partner		1.54 (.833)
Enabling	I give money to others even though I can't afford it		1.97 (.921)

Note. State information from U.S. Census Bureau, 2022. All demographic variables are nominal except age.

Table 2. Spearman's Statistic for Problematic Money Behaviors and Financial Practices

	Paying Bills	Saving	Over-spending	Infidelity	Enabling
Overspending	-.272**	-.421**	--	.348**	.321**
Infidelity	-.222**	-.293**	.348**	--	.293**
Enabling	-.240**	-.241**	.321**	.293**	--

Note. Significance levels: **p ≤ .01.

demographics, requested assistance, assets, liabilities, and problematic money behaviors.

The tested items in this study represent common problematic money behaviors that can negatively impact bill payments and saving, as evinced by the negative associations found in the non-parametric test. Spearman's coefficient results revealed statistically significant negative associations between spending beyond one's means, concealing spending from partners or family members, providing financial assistance to others, and the ability to pay bills on time and save. While these findings were expected, the moderate effect sizes were somewhat surprising.

The crux is that clients may only disclose such money behaviors if explicitly asked about them. For instance, giving money to others might not be mentioned as an official expenditure item in a spending plan or budget, unlike donations to charities, which are more likely to be accounted for. Financial counselors rarely encounter a budget line item for "helping Junior," meaning such expenses might not surface in educational, counseling, or coaching sessions. Therefore, it becomes imperative for financial educators and extension professionals to proactively inquire about the occurrence of these behaviors.

Moreover, the positive correlations observed in the intercorrelations were unexpected, indicating that clients who exhibit one problematic behavior are also more likely to display other money problems. Research on financial infidelity and financial enabling has highlighted various forms of concealing spending to provide financial assistance to others (Jeanfreau et al., 2018; Junare & Patel, 2012). Although each client has unique preferences for spending, underlying financially enabling issues could be the driving force of overspending and infidelity. Clients may benefit from engaging in candid conversations with trusted professionals who can help explore the implications of these and related behaviors (Collins et al., 2013).

RECOMMENDATIONS

Including the three items on problematic financial behaviors is recommended in any assessment or educational program to capture information about a client's financial habits in addition to demographics, assets, liabilities, and positive financial behaviors such as setting financial goals and responsible credit card use. It is critical to remember that every client has a unique perspective on spending their money because personal financial goals, priorities, values, and circumstances vary from person to person. Recognizing and respecting individual perspectives on spending helps create personalized and effective financial plans. Clients have different values and priorities when it comes to money. Some may prioritize experiences, retail therapy, or helping others, while others may prioritize financial security and well-being.

When clients feel understood and their perspectives are valued, they are more likely to actively participate and follow through with recommended strategies, increasing the likelihood of finding short-term solutions and facilitating long-term sustainable changes. Contemporary theories and approaches in financial counseling, including solution-focused interventions, motivational interviewing, appreciative inquiry, positive psychology, and the transtheoretical model of change, could be used by financial extension educators and counselors to address problematic financial behaviors that are not pathological (Delgadillo & Britt, 2015).

In conclusion, integrating formal research-based assessments of problematic money behaviors can offer financial professionals a more comprehensive understanding of their clients' financial situations. Professionals can help clients overcome potential hurdles, achieve their financial goals, and foster healthier financial habits by addressing these behaviors.

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