Greetings,

A few months ago you participated in a study about student’s financial decision-making and said that you would be interested in hearing about the results. We appreciate your help with our research, and we are happy to tell you about the findings. The study was administered by Anna Cooke under the supervision of Dr. Winnifred Louis. If you would like to ask questions, to comment on what you read, or to find out more, you can contact project staff by phoning (07) 3346 9515, by emailing w.louis@psy.uq.edu.au, or by writing to Dr. Winnifred Louis, School of Psychology, McElwain Building / University of Queensland / St. Lucia, QLD 4072. You can also read about other studies that we’ve done on social factors and decision-making at http://www.psy.uq.edu.au/~wlouis/.

SUMMARY OF RESULTS: STUDENTS’ FINANCIAL DECISION-MAKING
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WHAT WE WERE LOOKING FOR.
The primary goal of this study was to investigate students’ financial decision-making in relation to variables identified in past research, such as attitudes to money management, perceived control/difficulty of the task, and perceptions of how other students manage their money. This last variable was the primary focus of our research.

The theoretical concern is that campaigns to address problem behaviours often target populations in which the problem is common. However, if people believe that a problem behaviour is common among people like them, this perception (a descriptive norm in favour of the behaviour) can sometimes promote a backlash against the intervention. For example, if students feel like they’re being targeted for a campaign because other students usually mismanage their money, then we would expect this to work against the effectiveness of the campaign and possibly even result in worse financial decision-making after receiving the campaign message. We ran two longitudinal studies to look at this possibility.

In Semester 1, 2007, we ran a simple version of the study. First we gave half the participants a message saying that students were being targeted because they have terrible financial decision-making (spend too much on consumables, etc.), and we gave the other half a message say students were being targeted because students have the qualities of successful money managers (e.g., likely to earn more, willing to invest for the long term). Then everyone was given a booklet associated with an ongoing campaign called Understanding Your Money, and two weeks later we checked out whether they had read the booklet and if it had any effects on their attitudes and intentions.

In Semester 2, 2007, we ran a more elaborate version of the study, in which one third of the participants were given a positive message about student money management, one third a negative message, and one third no information. Following this manipulation, half of the participants got the government booklet, and half didn’t, and again everyone came back two weeks later and we looked at whether any differences were observed.

SOME DEMOGRAPHIC INFORMATION ABOUT PARTICIPANTS
From March to June 2007, 149 students completed the first study (along with other surveys on health and political decision-making). Participants ranged in age from 17 to 45 (but the majority were less than 20). Most were women (74%), born in Australia (85%), and of White/European heritage (82%), and most were recruited from a first year class in psychology. Then from August to October 2007, 143 students completed the second study. Again, participants were mostly less than 20 (ages ranged from 17 to 53), born in Australia
(78%), female (59%), and White/European (78%). This study was run by recruiting participants with compensation from other courses at the University of Queensland.

WHAT WE FOUND

1. STUDENTS’ ATTITUDES, KNOWLEDGE AND ACTIONS. In both studies, students had strong positive attitudes towards wise money management (95%+ thought it was important and positive to manage money well). They also knew a fair bit about it: in our ‘pop quiz’ on money terms, most students scored above 80%. However, students tended to have a patchier record on action. Only minorities were budgeting regularly (11% in Study 1, and 21% in Study 2) and saving regularly (31% and 36%); few students reported that they were investing (9% and 11%). Most students had avoided credit cards (66% and 66%) and personal loans (88% and 89%), however among those who were carrying credit cards, only around half were paying it off each bill (47% and 59%). All this is somewhat worrying, but as many students noted in the qualitative comments, just being at uni is a positive investment in future financial security, and many students expected to adopt more disciplined money management strategies once they graduate and find employment.

2. PERCEPTIONS OF MONEY NORMS OVERALL. The norms, or standards or rules for behaviour, were very different across different sources, as you would expect. While 95%+ of respondents reported their parents valued, expected and encouraged wise money management, only around 60% of friends and 23% of uni students were reported as supporting the same. It was also interesting that only around 70% of respondents reported positive support from their bank for these practices, and around 50% from the media. When you looked at which messages about money were associated with student intentions to manage their finances responsibly, friends’ views were the most important.

3. EFFECTS OF THE NORMATIVE MESSAGES AND BOOKLET. As noted above, we were worried that telling students that other students are poor money managers could create a backlash against the intervention. In Study 1 we found that when students were told that students were targeted because they were bad money managers, they did perceive money management as more difficult and this perception of difficulty vs. ease of controlling their money was associated with lower intentions to act. The effects were quite small, but a similar finding occurred in Study 2, when we found that if students were told they were bad money managers, this was associated with worse money management two weeks’ later. We also were able to compare people who did and didn’t get the booklet: getting the booklet led people to report higher perceived control over money management and lower anxiety. Again the effects were small, however.

WHERE NEXT?

These money studies are a sideline of our research on decision-making in health and political contexts, but it’s an interesting one for two reasons. One is that it’s in everyone’s interest to manage their money well, and so it’s important to look at what helps that to happen. Consistent with our other research, these studies show the importance of social norms – especially those of your friends and peers. A second reason is that these 2 studies show the importance of pitching an intervention in a positive light where possible, and the dangers of highlighting the fact that a problem behaviour is common in a target population. This is a line of work that we’ll be focusing quite a lot on in the next couple of years, with many other studies testing the same processes in politics and health contexts.
THANKS AGAIN…

So that’s a description of what we found in this study. If you have any questions, or would like a copy of the longer write-up when we get that done (in several months) please get in touch. And thank you again for your participation and interest!