

# Contents

<b>1</b>	<b>The Psychological Perspective in Financial Behaviour</b> . . . . .	1
1.1	Changes in Looking at the Human Being and Its Consequences for Understanding Financial Behaviour. . . . .	1
1.1.1	From Full Rationality to Biased Decisions: Behavioural Economics . . . . .	2
1.1.2	From Rational to Nonrational, from Controlled to Automatic Reactions: The Psychology of Social Cognition . . . . .	4
1.2	Individual Differences in Financial Behaviour . . . . .	7
1.2.1	Psychological Non-specific Traits: Big Five . . . . .	8
1.2.2	Psychological Non-specific Traits: Individual Traits Outside of the Big Five . . . . .	13
1.2.3	Psychological Specific Traits (connected to finances). . . . .	22
1.3	Financial Typology: From Banking Leaders to the Financially Withdrawn . . . . .	25
	References. . . . .	39
<b>2</b>	<b>Richness: How Much Money Do We Have and How Do We Think About It?</b> . . . . .	51
2.1	Three Dimensions of Financial Situation: Objective (Income), Subjective (Perception), and Relative (Effect of Social Comparisons). . . . .	51
2.2	The Power of Perception: Financial Optimists Versus Pessimists . . . . .	54
2.3	Does Money Bring Happiness? . . . . .	56
2.4	Financial Situation Versus Satisfaction with Life: Own Study . . . . .	59
2.5	The Psychological Background of Financial Satisfaction: Which Psychological Factors Influence the Perception of Financial Satisfaction?. . . . .	62

2.6	Through Money to Happiness or Through Happiness to Money? .....	67
	References.....	69
<b>3</b>	<b>Spending Money: Pleasure or Pain? Why Some People Spend Money Easily While Others Have a Problem with It?.....</b>	<b>73</b>
3.1	Functional Versus Emotional Role of Money .....	73
3.2	Subjective Value of Money and Prices.....	75
3.3	Mental and Emotional Accounting .....	77
3.3.1	Mental Accounting: The Drawers and Compartments of the Brain .....	77
3.3.2	Emotional Accounting: The Meaning of the Source of Money .....	78
3.4	Psychological Factors Influencing Spending: Non-specific Factors (Not Connected to Financial Behaviour) .....	81
3.5	Psychological Factors Influencing Spending: Specific Factors (Connected to Financial Behaviour).....	84
3.6	Money Spending Style (Own Concept): Individual Factors Determining Spending Differences .....	86
3.6.1	Money Spending Style Versus Emotions and Satisfaction with Life and Finances .....	89
3.6.2	Money Spending Style and Non-specific Psychological Variables.....	90
3.6.3	Money Spending Style and Materialism .....	92
3.6.4	Qualitative Exploration of MSS.....	92
	References.....	100
<b>4</b>	<b>Saving and Investing .....</b>	<b>105</b>
4.1	Why Is Saving Important?.....	105
4.2	Why Do People Save: Different Approaches to Saving Mechanisms .....	108
4.2.1	LCH: Life-Cycle Hypothesis.....	108
4.2.2	The Behavioural Life-Cycle Hypothesis .....	109
4.2.3	The Typology of Saving According to George Katona ....	111
4.3	Saving Strategies .....	111
4.4	Saving Motives and Goals: Why Do People Save and What Do People Save for? .....	113
4.5	Individual Determinants of Saving .....	117
4.6	Having Savings and the Amount of Savings Held (Own Study).....	121
4.7	Investing: A Higher Level of Saving .....	126
4.8	Cultural Determinants of Saving and Investing .....	132
	References.....	136

<b>5</b>	<b>Loan: Needed or Wanted?</b> .....	143
5.1	Indebtedness and Everyday Functioning .....	143
5.2	External Factors Determining Borrowing .....	146
5.3	Knowledge, Skills, and Attitudes as the Determinants of Consumer Debt .....	148
5.4	Impact of Psychological Non-specific (Not Related to Finances) Characteristics on Taking on Debt and Paying It Off .....	153
5.5	Impact of Psychological Characteristics (Specific, Connected to Finances) on Taking on Debt and Paying It Off .....	156
5.6	Borrowing Money and Saving .....	159
5.7	Segmentation of Debtors: Own Study .....	164
5.7.1	Segment 1: Forgetful (24%) .....	167
5.7.2	Segment 2: Indebted for Others (24%) .....	169
5.7.3	Segment 3: Carefree (19%) .....	171
5.7.4	Segment 4: Lost in Finances (18%) .....	172
5.7.5	Segment 5: Avoiders (12%) .....	174
5.8	Individual Predictors of Debt and Debt Repayment .....	176
	References .....	179
<b>6</b>	<b>Banking, Unbanking, and New Banking.</b> .....	185
6.1	Why Do Some People Not Have Bank Accounts? .....	185
6.1.1	How to Increase the Level of Banking – A Diagnosis of Barriers to Having a Bank Account (Own Study) .....	189
6.2	Love for Cash: Psychological Barriers to Cashless Transactions .....	194
6.3	Levels of Banking: From Cash to Full Cashless Societies .....	200
	References .....	206
	<b>Appendix 1: Demographic Structure of Sample of FinBehTrack 2016</b> ...	209
	<b>Appendix 2: FinBehTrack 2016 – Questionnaire</b> .....	211
	<b>Index</b> .....	231