5 Things to Know About Our Feelings Toward Finances

As told to Melissa Russell

Brent Smith (https://emerson.edu/faculty-staff-directory/brent-smith) (Dean, School of Communication at Emerson College), (https://emerson.edu/faculty-staff-directory/sereikhuoch-eng) (Assistant Professor, Marketing Communication) have a theory: Our early-life experiences impact our future notions of income security and financial well-being, and those notions are not necessarily framed by how much money we have.

Let's explain.

Brent Smith

In their article, "Psychosocial linkages of consumers' income security, financial well-being and social loneliness," published in the ***International Journal of Bank Marketing*** ***(https://www.emerald.com/insight/content/doi/10.1108/IJBM-03-2023-0176/full/html)***, Smith and Eng examine adults' relationships toward money and finances through the psychosocial lens of attachment theory.

Smith and Eng argue that the influence of early attachments—relationships with parents, early educators, and playground friends—can have deep and of income security, financial well-being, and even social loneliness later in life. Their findings have implications not only for consumers, but also for banks and other marketers in the financial sector.


Sereikhuoch Eng

In an interview for Emerson Today's "Five Things to Know…" series, we asked Smith, whose research has appeared in numerous consumer marketing and business publications, to share some insights about how and why people feel what they do relative to finances, and why marketers care.

1. Attachment matters.

Attachment theory explains the bonding and relationships between people, particularly between parents and children or romantic partners. Smith calls our sense of attachments part of a human "operating system that we're going to use the rest of our life."

"You'll do updates here and there, but much of what you download in that going to use in making sense of your relationships with people, products, services, consumption, and so on," he said. Your early relationships with parents, family, educators, and childhood friends can affect how you cultivate–reap and sow–these *other relationships* for better and for worse, he tells his students.

Generally speaking, attachments can be understood as 'secure' or 'insecure,' such that individuals could be described as more 'securely attached' or 'insecurely attached'. When a person has secure attachment, they cultivate relationships through trust, stability, cooperation, strong social skills and likability. On the other hand, people with insecure attachment are more likely to exhibit emotional distance, inconsistent reactions to intimacy, self-doubt, suspicion, and fear of abandonment. Insecure attachment can lead to difficulties forming close, robust, and lasting bonds with others. It can interfere with forming healthy achievement. Smith says, “Insecurely attached individuals can tend to doubt themselves, even if they are highly successful in life. Even if they meet friends and have a lot of them, they’re still going to be questioning their own value.”

2. Financial wealth does not fully drive a positive sense of financial well-being.

Smith and Eng find that people with secure attachment, even if they aren’t holders of great financial wealth, can still have a positive sense of financial well-being. They know they have a solid support network around, should they need one, so they are willing to take calculated risk and sometimes bet on themselves. The insecurely attached person, on the other hand, might actually have wealth, but they are afraid to fail, afraid to lose what they have.

According to Smith, “They might imagine fearfully, ‘Something’s going to probably don't deserve it. It won't last that long.' So much of their mental activity and conversation is around this anticipation of lacking or losing."

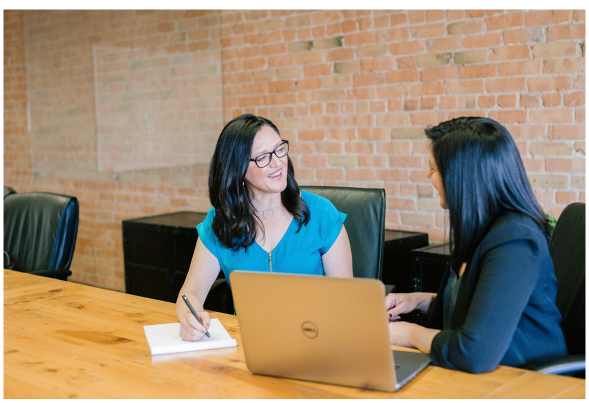
They could be like the squirrel that continues to hoard acorns, even after gathering enough for the winter. "Tomorrow is not promised. I could lose this any day," is how Smith characterizes their thinking. The securely attached person believes s/he has enough acorns to get through the cold season and maybe even the next one.

3. Income security and financial well-being are good, but not entirely so.

Consider the phrase "More money, more problems." While income security and financial well-being are obviously desirable, they can contribute to feelings of social loneliness. For instance, people's relationships with their peers can change if everyone is not moving up to the same degree or at the same pace.

financial well-being matters to marketers.

What to do with all of this information? For businesses that market financial services, it is important to meet the consumers where they are. Back to earlier points about attachments and relationships, marketers key in to how people value the pursuit and the protection of income security and financial well-being. Understanding the impact of different attachment styles can provide a way to market services to those with a strong sense of financial well-being who are considering retirement savings or a big real estate purchase differently than to someone with a weak sense of financial well-being.



"We can engage individuals not merely as account holders, but more holistically as people, because we know more about them, not just their money. Sales become more personal and relationship-based." Smith suggested.

that show people, 'Hey, there are other income secure people like you out there. You're not alone and you don't have to be.'"

5. It is in the finance and banking industry's interest to understand psychosocial factors and outcomes of being wealthy, such as mental health considerations.

With an understanding of factors that influence consumers' financial well-being, banks are poised to sell not only products, but also what products mean to people—"It's less about selling stuff, and really selling what it means," Smith says. Understanding that, in consumer psychology, people have a relationship with their things.

"Banks can say, 'So, we see you've got this much saved in your retirement account. Tell me how you are feeling these days? What's your family and friend situation like?'" Smith suggests, "Whatever it is, it can come to the surface, and now you might have a better idea of who that account holder is as a human being. For example, it's important to understand the HENRYs (high earners, not rich yet) one or more steps beyond their income security and financial well-being."

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