

Money Attitudes and Personal Finances During the COVID-19

Magdalena Sadowska

Abstract: **Background:** Most of the research relates to previous major financial crises. The current coronavirus crisis is still ongoing, so the current analysis focuses primarily on people's current preferences based on surveys.

Research objectives: This work focuses on the analysis of the financial preferences of the group of people living and working in the Małopolskie Voivodeship in the last year. The choice of the form of making purchases, payments as well as savings and investments in the face of limitations caused by COVID-19 were analysed.

Research design and methods: The adopted analytical-synthetic method is calculated to signal specific areas raising ethical doubts. Their exemplification leads to an attempt to define the key problem of modern finance, which is breaking away from the foundation of ethical values and, consequently, abandoning the common good as the social goal of all human activity.

Results: The obtained results do not allow for the conclusion that in the analysed group, money attitudes significantly differentiate the financial choices of respondents during the restrictions related to COVID-19. The analysis of other factors related to the preferences of financial management allows for partial confirmation of hypothesis regarding the interest in online shopping and non-cash forms of payment has increased.

Conclusions: The papers proved that the restrictions related to the coronavirus resulted in a significant increase in interest in new technologies, online shopping and modern payment methods.

Keywords: money attitudes, personal finance, COVID-19, Money Attitudes Questionnaire

JEL Codes: D14, G41, G51

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1. Introduction

Coronavirus has become a universal subject for discussion in the last year because it affects many areas of life. This work focuses on the analysis of the financial preferences of the group of people living and working in the Małopolskie Voivodeship in the last year. The money attitudes and the preferences of respondents regarding the choice of the form of making purchases, payments as well as savings and investments in the face of limitations caused by COVID-19 were analysed. The conducted analyzes proved that the studied group does not show any correlation between money attitudes and financial preferences towards the crisis caused by the coronavirus. On the other hand, the epidemic situation changed people's preferences, regardless of their money attitudes. Many more people use online services and modern payment methods. Moreover, contrary to the general opinion, in the analyzed group of people there

was no feeling of a significant deterioration of the financial situation as a result of the restrictions related to the COVID-19 pandemic.

2. Literature review

The subject of this paper is the measurement tool developed by A. Gąsiorowska (2013a): Money Attitudes Questionnaire in a short version (SPP-25). The main assumption accompanying the construction of the initial version of the Money Attitudes Questionnaire was to define money attitudes as the total disposition to evaluate money and to react emotionally to it, as well as beliefs about the nature of money, which features are relatively permanent (*ibidem*). The questions included in the SPP were grouped into seven dimensions, but as a result of the research by the author of SPP on the abbreviated version of the scale, the “preference for cash” dimension was omitted as the least important (Gąsiorowska, 2013b). Therefore, SPP-25 focuses on the following six dimensions (Gąsiorowska, 2010):

- control and planning (KF): high results in this dimension are characteristic for people prudent in financial matters, budget planners and savers; low scores indicate a preference for spending money instead of saving,
- power (WP): high scores mean that money is a tool for influencing others as well as a measure of success,
- anxiety (NF): high results mean fear for their own financial situation, both now and in the future, people achieving high results in this dimension are afraid that they may not have enough money,
- debt aversion (AZ): it concerns the reluctance to incur financial liabilities, people with high results in this area avoid loans, and if they take them, they strive to repay them as soon as possible,
- occasion seeking (ŁO): high scores are characteristic for people who perceive and take advantage of opportunities related to the possibility of earning money,
- root of the evil (ZZ): high scores are a sign of aversion to money, such a person believes that money is unnecessary and is the source of evil in everyday life.

The SARS-CoV-2 virus pandemic is currently under discussion around the world. The limitations resulting from the epidemiological situation made it necessary not only to organize work and learning remotely, but also significantly influenced other aspects of life: social, economic and psychological. Studies regarding peoples’ assessment of financial situation in the United Kingdom and Sweden at the beginning of pandemic showed that most of surveyed people believed that their private financial situation will be better than average situation of national economy (Barrafrem, Västfjäll, Tinghögad, 2020). Changes in Poles’ financial management are also subject to analyzes. Many surveyed people claim that COVID-19 has not significantly contributed to changes in saving habits or incurring new financial liabilities (Consumer Federation, Fundacja Rozwoju Finansowego, 2020). On the other hand, other analyzes show that some Poles are concerned about their financial situation due to the pandemic, and the main factor influencing this is rising inflation and decreasing level of savings (aleBank, 2020).

According to the President of UOKiK, the pandemic situation also caused Poles to make financial decisions in a more rational manner. This is reflected in the fact that they do not take out as many loans as before, so as not to risk a possible loss of liquidity. More often, Poles limit their consumption to compensate for the negative effects that the restrictions caused by the

coronavirus have had on their household budgets. This theory was also confirmed by the president of the Financial Market Development Foundation (Rzeczpospolita, 2020).

Crises affect people's financial behavior, as proven by many scientific studies. Here can be cited analyzes proving that people experiencing the financial crisis of 1929–1933 showed then much higher financial risk aversion (Cogley & Sargent, 2008). During the 2014–2015 crisis in Russia, people accumulated more savings in cash and their consumer activity decreased significantly (Belekhova & Basova, 2019). In addition, the macroeconomic conditions in which people grow up also influence their risk-taking and financial management preferences. The experience of the financial crisis in adolescence evince in a greater aversion to risky financial decisions in later life (Janecki, 2020). The emotions that determine financial behavior are: fear and greed. They influence whether a person making investment decisions at a given moment will have greater or lesser risk aversion (Szyszka, 2009).

Most of the scientific research available in the literature relates to previous major financial crises. The current coronavirus crisis is still ongoing, so the current analysis focuses primarily on people's current preferences based on surveys. The aim of this study is therefore to examine preferences in the field of current finance and savings management in the COVID-19 era. The analysis also covers feelings related to their own financial situation and their relationship with the belonging of the respondents to their respective types of money attitudes.

Satisfaction with the income obtained depends on the one hand on what a given person has, and on the other hand on what they would like to have, because this difference determines how satisfied we are with our current material situation (Solberg et al., 2002). It is often the case that people who have a small but sufficient income for a long time are more satisfied than those who have large wealth and want to keep increasing it (see also CNN, 2018)

The dimensions analyzed through the Money Attitudes Questionnaire are related to financial anxiety, control or approach to financial liabilities. Different attitudes towards money should therefore influence decisions regarding the selected payment methods or forms of cash storage. Such a statement allows for the formulation of the first hypothesis: H1. Representing a certain money attitude significantly influences financial management choices during the limitations resulting from the coronavirus pandemic.

The current situation caused by the coronavirus and the resulting restrictions, in public discussion was a negative experience for those affected by the restrictions. This article also aims to illustrate how the crisis caused by the pandemic has affected our preferences regarding payment methods, shopping, saving and our perception of our financial situation. For this purpose, a second hypothesis was formulated: H2. The epidemiological situation has changed people's preferences regarding the preferred forms of purchasing, paying, keeping savings or investing.

Consequently, it is expected that restrictions on brick-and-mortar purchases will result in more interest in online purchases, which in turn will increase the percentage of non-cash payments. Moreover, some people in our country withdrew their savings from banks because of the fear of difficulties in accessing them later. In addition, the pandemic crisis caused a deterioration of satisfaction with Poles' financial situation. The questionnaire study was aimed at obtaining information whether such behaviors took place in the analyzed group of people and what was their scale.

3. Research Method and Material

The research tool was a questionnaire consisting of two parts. The first was about money attitudes. The second part focused on various questions in the field of purchasing, saving and investment preferences, i.e., broadly understood personal finance management. Efforts were made to obtain information on the growing role of the Internet in finance and commerce. Information was also obtained on the satisfaction of the respondents with their own financial situation, in the context of the realities caused by the restrictions resulting from the coronavirus pandemic in 2020.

Money attitudes were measured using the short version of Money Attitudes Questionnaire (Gąsiorowska, 2013a), consisting of 25 questions assigned to the six dimensions described previously. Information on purchasing habits, selected payment methods or assessment of one's own financial situation was obtained through questionnaire questions of various scales addressed to a diverse group of people. Each dimension was rated by respondents on a 5-point Likert scale (5 – I strongly agree, 4 – I tend to agree, 3 – it is difficult to say, 2 – I tend to disagree, 1 – I strongly disagree).

The assessment of personal finances in the COVID-19 era was measured on the basis of questions about their own feelings about changes in preferences in relation to the form of shopping (stationary, online), preferred forms of payment (cash, payment cards, BLIK, bank transfer). In addition, the respondents determined the impact of the COVID-19 crisis on their material standing and approach to risk.

The survey was conducted on a group of N = 130 people living and working in the Małopolskie Voivodeship. The data from N = 124 people who completed the questionnaire completely were used for the analysis. The gender structure shows a slight predominance of males (52.4%). Age was measured using 6 ranges 1) under 25 years old, 2) 26–35 years old, 3) 36–45 years old, 4) 46–55 years old, 5) 56–65 years old and 6) over 66 years old. The most numerous group of respondents represents the age group of 26–35 (36.3%), then 36–45 (25%), and 46–55 (21%). The remaining people represent the youngest group and the age category over 56. Moreover, it was found that 75% of the respondents do not have an economic education, and 58% of people do not work in the financial sector.

4. Results

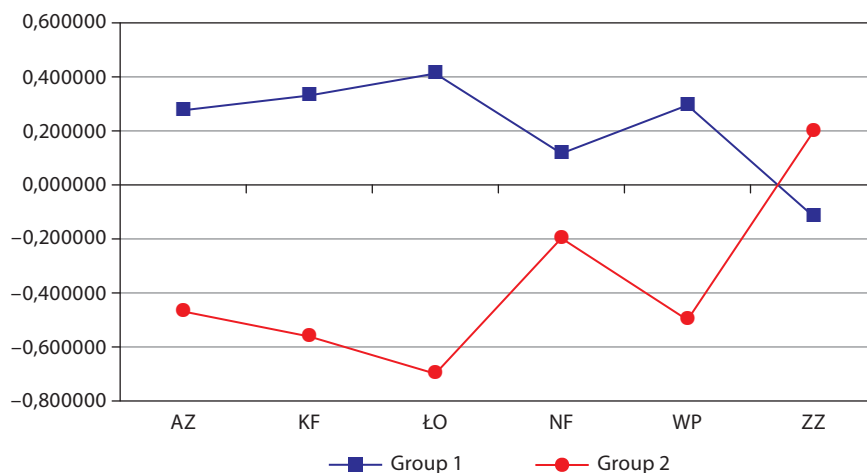
The first step was to perform a k-means cluster analysis on the averaged scores of each segment of the Money Attitude Questionnaire. Due to the small size of the group, in order to make further analyzes possible, two groups were distinguished in the study population, due to individual money attitudes. The first group includes N = 78 people (63.0% of cases), the second group consists of N = 46 people (37.0% of cases). This division allows to conclude that the respondents included in the study represent a symbolic approach to money (see Gąsiorowska 2012) and their behavior can be classified into one of two groups: anxious admirers (group 1) and money repellers (group 2).

In connection with the obtained classification results, the following characteristic features can be distinguished for the analyzed group of respondents:

- Group 1 (anxious admirers) – They avoid incurring financial liabilities to the greatest extent, and they also have good control of their finances. In addition, they tend to take advantage of opportunities to earn extra money, which makes them more resourceful in managing

personal finances. They do not see money as a source of evil, but they find it a basis for gaining power and socializing.

- Group 2 (money repellers) – These people are characterized by a lack of excessive aversion to incurring financial liabilities and behaviour aimed at saving as much money as possible. These people do not worry excessively about their financial situation, they do not believe that money is a necessity to gain respect in the eyes of other people. Moreover, they are characterized by the belief that money is the source of evil.



Where: AZ – debt aversion, KF – control and planning, ŁO – occasion seeking, NF – anxiety, WP – power, ZZ – root of the evil.

Figure 1. Groups of money attitudes

Source: Own study based on survey data.

In the first group, there is a slightly higher percentage of people working in the financial sector and with a specialized education than in the second group (Figure 2), which may result in their more cautious approach to issues related to financial control or aversion to liabilities.

The second stage of the analyses was to examine whether the resulting affiliation to a given group of money attitudes influences the financial decisions of respondents during the coronavirus pandemic. The following issues were analysed:

- the impact of pandemic restrictions on the frequency of online ordering,
- the impact of COVID-19 on payment habits,
- the impact of the pandemic on savings storage preferences,
- withdrawal of cash from the bank during a pandemic,
- the impact of the crisis on the proclivity to take risks,
- assessment of own financial situation.

For this purpose, the chi-square test was performed to establish the relationship between the variables and the resulting classification into one of two groups of money attitudes. Due to the small size of the group, the chi-square test was not applicable to all variables (the assumption of minimal observation in the group was not met). Therefore, for some variables that do not meet this assumption, a continuity correction was applied – the Fisher, Yates, McNemar exact test.

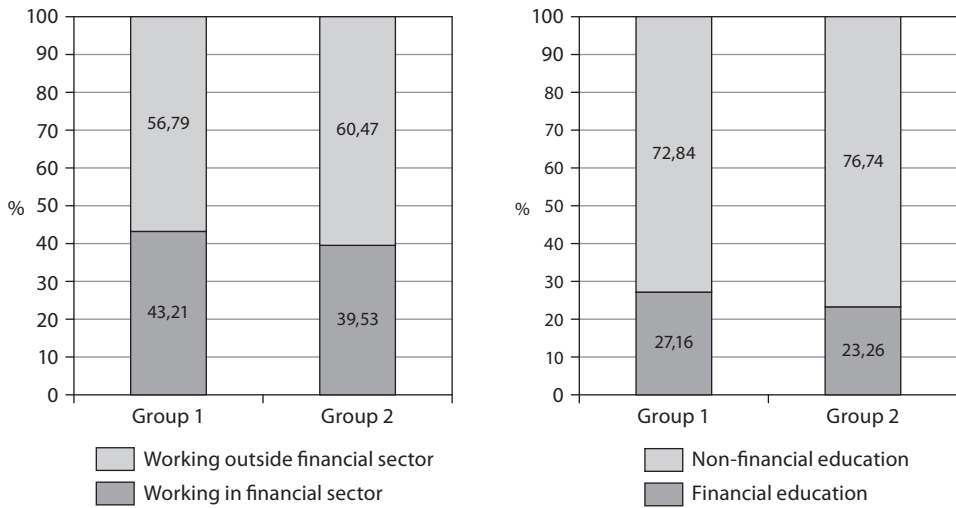


Figure 2. Structure of the professional work and education sector

Source: own study based on survey data.

The results of the analyzes in none of the cases showed a statistically significant correlation between the classification of money attitudes into a given type and the analyzed variables ($p > .05$), which means that the money attitudes represented by the respondents do not affect their financial and purchasing choices in the face of the epidemiological situation. Thus, for the analyzed group of people, hypothesis 1 was not confirmed.

The next step to illustrate the situation regarding financial behavior during the coronavirus pandemic was to analyze the structure of responses to individual issues. For this purpose, an analysis of the number of people was performed, which allowed to visualize the results for each of the analyzed areas. These results do not show significant differences in the preferences of the representatives of group 1 and group 2.

The first analyzed aspect was to examine whether there was an increase in interest in online shopping. According to the survey data, as a result of the restrictions related to the pandemic, and hence the closure of some trade, the vast majority of people shop online more often. 90% of people in group 1 and 93% in group 2 declare a greater frequency of using online stores. This result is consistent with the commonly available analyzes of this phenomenon (KPMG, 2020; Dziennik Gazeta Prawna, 2020; DSSmith, 2020). The most-bought items include: clothing, footwear and haberdashery, electronic equipment, cosmetics and jewelry (Figure 3). There were also statements that the respondents now order online everything they can buy in this form.

The choice of payment methods is directly related to purchases. The vast majority of people prefer cashless payments. A significant number of people opted for this type of payment before the pandemic, and it can be noticed that slightly more people with traditional payments come from group 1 (Figure 4). This is related to the approach to security, because among the first group as many as 40% believe that modern payment methods are less secure than cash. In the second group, 25% share this belief. The relationship between considering electronic money as less secure and the choice of payment methods when shopping online is statistically significant (Chi-square 11.34522, $df = 2$, $p = .00344$), while the relationship between belonging

to group 1 or 2 and the opinion about the risk resulting from modern payment methods is at the limit of statistical significance. Therefore, there is a clear difference in the structure of the responses of both groups representing money attitudes.

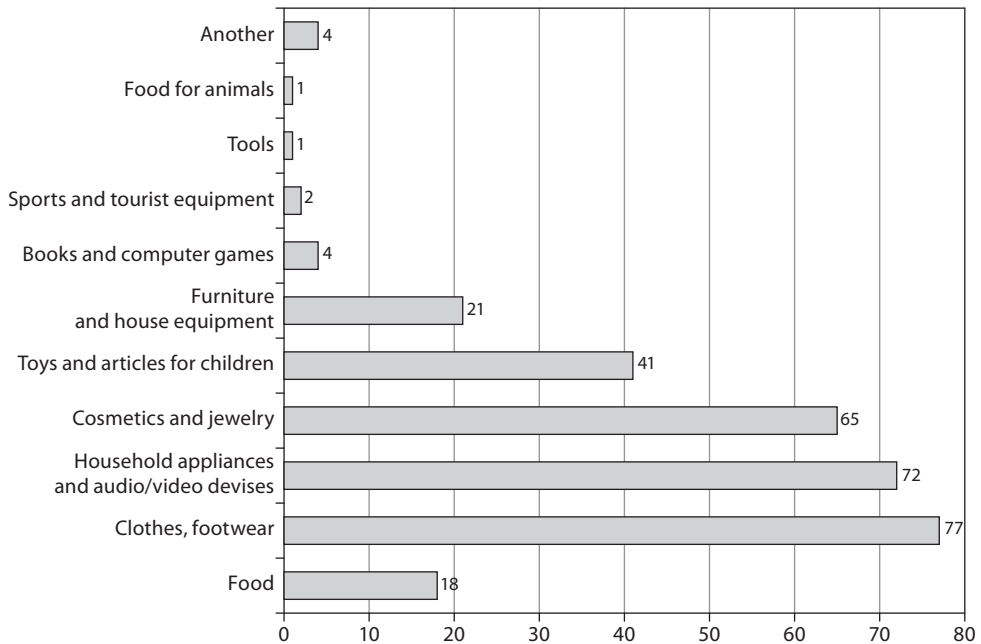


Figure 3. Online shopping

Source: Own study based on survey data.

With regard to keeping savings and withdrawing them from the bank as a result of the mass panic caused by the initial phase of the epidemic in Poland, no differences can be distinguished between the first and second groups of money attitudes. The vast majority of people in the analyzed group believe that the coronavirus has not changed their saving habits (group 1: 90%, group 2: 86%), and also declare that they have not withdrawn funds from their bank account in order to keep them in cash (group 1: 94%, group 2: 95%). A similar situation occurs for the analysis of the proclivity to undertake risky investments. Both in the first and the second group, the epidemic situation did not change these habits for the majority of people (73%). About 27% of people believe that they are now avoiding risky investments more than before.

About half of the respondents believe that their financial situation is good or very good. Most declare that their financial situation has not changed in the last year. Moreover, group 1 is slightly more satisfied with their financial situation than group 2. However, it is the representatives of the first group that more often believe that their situation has worsened as a result of the coronavirus crisis (Figure 5). This is probably due to the fact that these people have better control of their personal finances, and therefore it is easier for them to see the difference in the financial situation between previous years and 2020, when the coronavirus was already present.

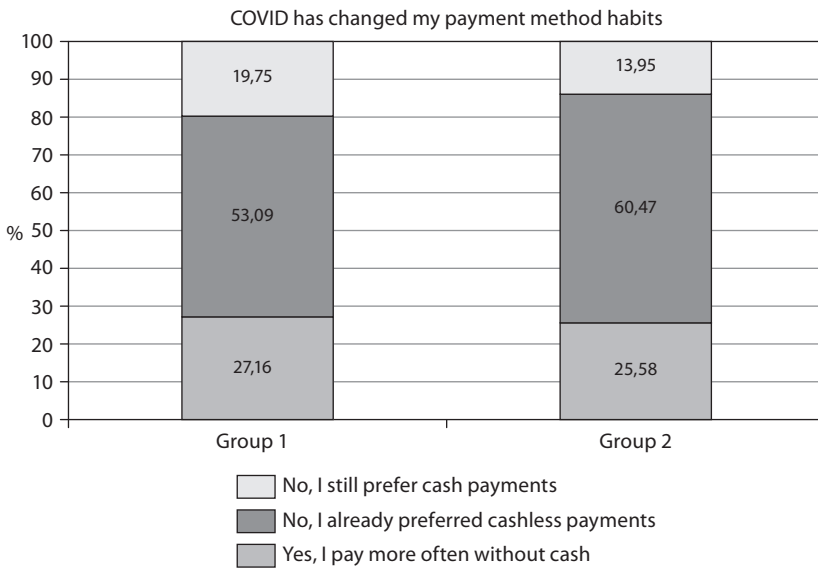


Figure 4. The impact of COVID-19 on the choice of payment methods

Source: Own study based on survey data.

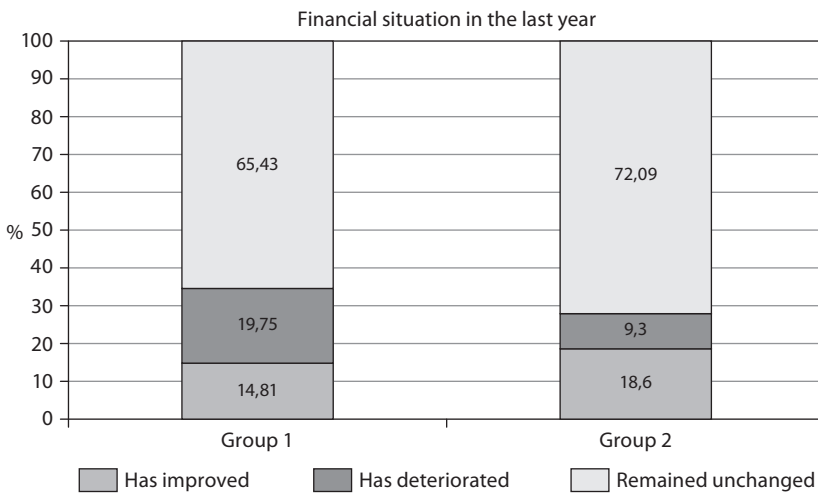


Figure 5. Assessment of the financial situation in the last year

Source: Own study based on survey data.

It is worth adding that the structure of responses to change the financial situation may be influenced by the type of employment that the respondents have (Figure 6). The vast majority of people work full-time on the basis of an employment contract, contract of mandate or contract for specific work. A small part of the analyzed group of people run their own business, who, according to general analyzes, were most affected by the crisis (see Kalemli-Ozcan, Gourinchas, Penciakova, Sander, 2020).

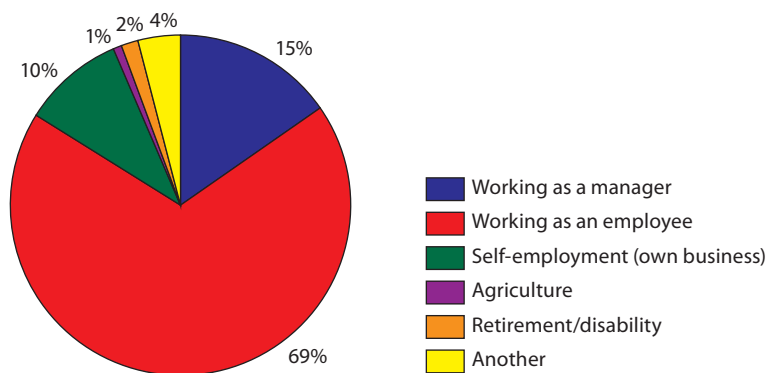


Figure 6. Structure of employment forms

Source: Own study based on survey data.

5. Conclusions

The first goal of this study was to analyze preferences regarding current finance and savings management in the COVID-19 era, as well as feelings related to Poles' own financial situation and their relationship with the affiliation of the respondents to one of the two types of money attitudes. The obtained results do not allow for the conclusion that in the analyzed group, money attitudes significantly differentiate the financial choices of respondents during the restrictions related to COVID-19. Therefore, the first hypothesis posed: *Representing a certain money attitude significantly influences financial management choices during the limitations resulting from the coronavirus pandemic* should be rejected. The analysis of other factors related to the preferences of financial management allows for partial confirmation of hypothesis 2, as the interest in online shopping and non-cash forms of payment has increased.

Moreover, the crisis triggered by the pandemic left half of those polled unhappy with their economic situation. The general analysis of the survey allows for the following conclusions:

- Due to the pandemic, the majority of people (over 90%) buy online more often than before.
- More than 80% of people choose non-cash payments, including 26.6% choose them more often than before the pandemic, and 55.6% of people also used cashless payments earlier.
- The epidemiological situation did not change preferences regarding the storage of savings, and did not cause a massive withdrawal of cash from banks (only 5.7% of respondents did it).
- In the analysed group of people, the preferences regarding the proclivity to take investment risk did not change either. 75% of respondents declare that their habits have not changed, while 25% claim that they avoid risk more than before.
- When it comes to satisfaction with one's own material situation, the answers are even. 49% believe that it is worse than average, while 51% consider it to be good or very good.
- Most people (68%) declare that the pandemic has not changed their financial situation. 16% of people believe that it has worsened, while another 16% declare an improvement in their financial situation.

In connection with the presented regularities, the second hypothesis: *The epidemiological situation has changed people's preferences regarding the preferred forms of purchasing, paying, keeping savings or investing* has been partially confirmed. More people are using the internet

to make purchases and pay for them. In terms of saving as well as investing and approaching risk, it was not noticed that the coronavirus significantly changed these habits in the analyzed group of people.

The conducted analyzes proved that the restrictions related to the coronavirus resulted in a significant increase in interest in new technologies, online shopping and modern payment methods. Moreover, as presented earlier, the majority of people in the analyzed group did not succumb to the mass panic of withdrawing cash from bank accounts. This may be influenced by the fact that about 40% of people work in the financial sector, and 25% have a specialized education, so they are aware of the current situation and do not succumb to mass panics related to finances. In addition, in the surveyed group COVID-19 did not significantly affect the satisfaction with their own financial situation, which may also be reflected in the type of employment that the respondents have, as the vast majority of them have stable employment in the company under an employment contract.

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