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Review

"You spent how much?" Toward an understanding of how romantic partners respond to each other's financial decisions

Jenny G. Olson[1] and Scott I. Rick[2]

Abstract

How people choose to spend money is often observable to others (e.g. based on their clothes, accessories, and social media pages), but there is a whole universe of financial decisions that are essentially unobservable (e.g. how people handle their debts, taxes, and retirement planning). We explore one context where people have an up-close-and-personal view of someone else's financial decision-making process: romantic relationships. We discuss how the endless opportunities for financial observation in romantic relationships influence a range of behaviors, including spending habits, decisions about bank account structure, and financial infidelity. Our review highlights the need for more research on the ways in which financial decisions are made, communicated, and observed within romantic relationships.

Addresses

[1]Department of Marketing, Indiana University, 1309 East Tenth Street, Room 2100, Bloomington, IN 47405, USA

[2]Department of Marketing, University of Michigan, 701 Tappan Avenue, Room 5486, Ann Arbor, MI 48109, USA

Corresponding author: Olson, Jenny G (jgolson@iu.edu)

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> Money stirs up fierce and deeply uncomfortable emotions, emotions like resentment, envy, guilt, self-righteousness, anxiety. It is a source of conflict; we war with ourselves and with others about it. And we feel a peculiar pleasure in judging what other people do with their money—how they spend it, how they save it, how and what they consume.
>
> —Lauren Weber, *In CHEAP We Trust* [1]

A central theme of consumer research is that people are tuned in to the spending decisions of others (e.g. [2–5]). We are quick to form impressions of others based on a wide range of consumption cues, from the type of car that appears in the background of their office photos [6], to the type of groceries they put in their cart [7], to the type of beverage they order at dinner [8]. Judgment is particularly swift when lower-income people are seen buying non-necessities [9] or items we ourselves would not buy [10]. Importantly, we are not simply forming temporary impressions and then going about our business as if nothing happened. These impressions shape our own spending behavior. For instance, people who believe that others' lavish spending reliably signals success or wealth are likely to start spending lavishly themselves [11,12].

Of course, our window into others' financial decisions is blurry. Sometimes, people will spontaneously offer insights into their financial decision-making process (as when humblebraggers complain that "it is so hard to choose between Lexus and BMW" [13]), but often observers are left with many questions. Did that passenger sitting in 1A buy their own first-class seat or use their corporate card? Do our neighbors who hardly ever spend money have amazing self-control, or do they just not have a lot of material desires [14]? Is my colleague as charitable as they appear on social media, or are they engaging in slacktivism [15]? And how on earth did they afford that fabulous vacation that has made their Instagram page unbearable [16]? Do any of my friends have a gambling problem, owe back taxes, or forget to pay credit card bills? Which parents are making big contributions to their young child's 529 plan, and who will just try to handle college expenses when the time comes? There is a whole universe of financial decisions that are unobservable to outsiders.

However, there is one context where we frequently have an up-close-and-personal view of someone else's financial decision-making process: romantic relationships. This sometimes happens in the context of joint purchasing decisions (e.g. [17–19]). (See Simpson, Griskevicius, and Rothman [20] for a review of the small literature examining how romantic partners jointly navigate purchasing decisions.) But for better or worse, romantic relationships also allow people to observe how their partner individually approaches financial decisions, like how they handle student loan debt, how they assist a financially strapped parent, or how much they prioritize earning money over spending time with family. Given the interdependence inherent to serious romantic relationships (e.g. Partner A's well-being partly depends on Partner B's individual decisions, especially when resources are pooled), it comes as no surprise that people often keep a close eye on how their partner makes financial decisions (cf. [21]).

So how does observing a romantic partner's financial decisions, and having a partner observe your own financial decisions, influence behavior? In what follows, we review what is known about the consequences of these observation opportunities. We also highlight several open questions.

Observing spending habits

People often complain that their romantic partner "spends money foolishly" [22], leading to arguments that undermine relationship quality [23]. Disagreements may stem from the fact that romantic partners often have different approaches toward spending and saving money. Rick, Small, and Finkel [24] found that "tightwads" (who find spending money very painful) and "spendthrifts" (who do not find spending painful enough) tend to attract. Given this pattern, it is unsurprising that people are often aghast at their relationship partner's financial decisions. Indeed, Rick et al. [24] found that the more spouses differed on the tightwad–spendthrift (TW–ST) dimension, the more intensely they argued over money (see also [25]).

One possible solution is for one or both partners to change how they approach financial decisions. We see some potential for this kind of flexibility in prior research. For example, when spouses differ in their chronic levels of self-control (and they both presumably understand this based on years of observation; cf. study 2 in [26]), the higher self-control spouse often accommodates their partner's wishes in joint consumption decisions [27]. In other words, the dyad's joint decision (e.g. how much money to spend on a vacation) primarily reflects the preferences of the partner with lower self-control.

Beyond situational accommodation, there are anecdotal reports of enduring change. For example, when discussing a couple who clashed over money as newlyweds, reporter Benedict Carey [28] observed:

> One reason they're still married after 13 years and four children is that he's learned to open his wallet a little more. She has accepted that when it comes to her husband, a cheap dinner out is not a reflection of romantic indifference.

Of course, if there is long-term change, one important question is whether the movement tends to be in one direction (e.g. whether spendthrifts start to behave like their tightwad partner over time, or vice versa). Alternatively, partners may each move toward some middle ground, through some combination of learning from each other (e.g. about better ways to spend and save money) and learning how to avoid arguments. The existing evidence on whether romantic partners become more similar over time (e.g. in terms of personality and emotional experience) is certainly mixed (e.g. [29–31]).

Evading observation

One way romantic partners might sidestep anticipated arguments over money is to engage in "financial infidelity"—hiding or lying about financial behavior that, if revealed, might lead to fights or unwanted judgment. Garbinsky, Gladstone, Nikolova, and Olson [32] document several acts of financial infidelity that married people privately admit to, such as hiding purchases, receipts, and bills, and lying about how much money they have saved. Their dispositional financial infidelity scale suggests that these behaviors are largely motivated by a desire to "avoid upsetting" one's partner and to "avoid confrontation." In other words, because people often get upset when they observe how their romantic partner handles money, many people try to limit those observation opportunities.

The extent to which evading observation via financial infidelity is bad for romantic relationships is an open question. Much like sexual and emotional infidelity, financial infidelity has the potential to create distance between partners, feelings of betrayal, and other dysfunctional relationship processes. Plus, depending on what exactly is hidden, financial infidelity could potentially compromise the couple's financial well-being. Certainly, secretive debt accumulation has ruined many relationships [33,34].

Moreover, how couples structure their bank accounts may either provide endless opportunities to observe each other's financial decisions (e.g. joint accounts) or afford opportunities for concealment (e.g. separate accounts). Indeed, when romantic partners pool money in a joint account, they tend to opt for utilitarian options over more hedonic options because the former are easier to justify to a potentially disapproving partner [35]. This is not necessarily good or bad for relationships, so the question of how joint accounts influence relationship well-being remains. Certainly, some nonexperimental research demonstrates a positive correlation between having joint accounts and relationship quality (e.g. [36,37], Garbinsky, Gladstone, and Mogilner, unpublished). In a recent longitudinal experiment, we found that newlyweds randomly assigned to open and use joint accounts experienced better relationship quality two years later than newlyweds randomly assigned to keep their accounts separate or to choose their own account structure (Olson, Rick, Small, and Finkel, unpublished). Couples assigned to use joint accounts also became more likely to see eye to eye on financial matters and less likely to fight over money. These results offer some indirect evidence that observation opportunities, and the financial transparency that comes with them, can be beneficial.

Still, it is worth considering whether financial discretion can ever be good for relationships. Imagine that Partner A incorrectly believes that cutting out everyday luxuries (e.g. by bringing lunch to work instead of going out to buy something) is essential for financial success—the well-known "latte factor" myth [38]. Partner B loves taking breaks at work to buy coffee, lunch, and other treats and feels it is essential for their productivity and mental health. If Partner B proactively discloses all their workplace purchases, is anyone really better off? Occasional discretion can be good for relationships [39]. Of course, it is also possible that repeated discussion and argument over these types of purchases could lead to mutual agreement about how both partners should spend their money. Future research should more fully investigate the costs and benefits of financial discretion.

When romantic partners choose not to observe

While many observation opportunities are unavoidable, people are not actively seizing every possible opportunity to observe their romantic partner's financial decision-making. There are many household-level financial tasks and decisions that one partner is happy to let the other handle, without any oversight or input. Many couples seem to assign a "chief financial officer" (CFO) role to one partner early in the relationship (cf. [19]). Ward and Lynch [40] found that this assignment does not seem to be driven by which partner has greater financial literacy or relevant experience. Instead, the assignment is largely a function of which partner has fewer time constraints. In other words, the CFO and non-CFO have roughly similar levels of financial literacy at the time of role assignment. However, as they accumulate experience handling a range of financial matters, the partner who initially had more time available for the household CFO role develops greater financial literacy over time. In contrast, the person who lets their CFO partner quietly handle household financial matters sees their financial literacy decay over time. As Ward and Lynch point out, one danger of such a system is that the non-CFO partner may, due to divorce, illness, or widowhood, be suddenly forced to deal with a range of financial decisions they are not well equipped to navigate.

Ward and Lynch's research was innovative and convincing. Future research could attempt to establish even greater confidence in some of these findings by taking a prospective, longitudinal approach. Ward and Lynch took a retrospective approach to understanding the factors that led to CFO role assignment (e.g. asking one partner per couple to "think back to when you and your partner first started sharing responsibility for financial decision-making" and recall their financial confidence at the time). Following early-stage couples (and surveying both partners) over time could offer new insights.

Open questions regarding financial observation in relationships

How do people integrate countless money-related observations to form and update impressions of their romantic partner? There are seemingly many opportunities for imperfect inferences. Rick et al. (study 2 in [24]) asked married heterosexual respondents to complete the TW–ST scale [41] and to estimate where they thought their spouse was on the TW-ST dimension (using the first item from the scale). Both husbands' perceptions of wives (r (108) = .60, $p < .001$) and wives' perceptions of husbands (r (108) = .61, $p < .001$) were positively correlated with how their partner saw themselves (These data were not a focus of the study by Rick et al. [24] and were not analyzed in that article). The results suggest that spouses had a good, but imperfect, understanding of their partner's TW–ST orientation.

What might account for such imperfections? One possible explanation is that financial decisions are more observable than underlying decision processes. For example, if Partner A consistently spends conservatively, Partner B might think that pattern is driven by a strong pain of paying, thus viewing Partner A as a tightwad. However, Partner A might understand that their conservative spending stems more from frugality (pleasure from saving and taking care of existing possessions; [42]) than any pain associated with spending. Alternatively, atypical purchases might loom larger in the minds of observers (e.g. "she can't be a tightwad—she bought me such a fancy birthday gift!"). Of course, financial infidelity might also produce some misperceptions (e.g. by allowing spendthrifts to hide the extent to which they are a spendthrift). Understanding the cues that people use to infer their partner's TW–ST orientation, as well as other important financial characteristics (e.g. their partner's financial literacy or confidence in navigating financial matters), would be an interesting direction for future research.

Conclusion

Hamilton et al. ([43], p. 68) recently observed that "when customers journey from a need to a purchase decision and beyond, they rarely do so alone." They examined the diverse, important roles of "traveling companions," such as "friends, neighbors, and coworkers," among others (Liu, Dallas, and Fitzsimons [44] also offer a valuable perspective on how people think about others when shopping.). This kind of research is essential. That said, it is worth highlighting just how much time people in romantic relationships spend with their partner. For example, if a married person is spending time with another adult, that other adult is probably their spouse (e.g. table 1 in [45]). In the context of financial decision-making, romantic partners are observing each other, learning from each other, and shaping each other's behavior in ways that consumer researchers and social psychologists have only begun to explore (cf. [46]). Given the central roles of romantic relationship satisfaction and subjective financial well-being in overall well-being [47], the ways in which financial decisions (not just spending decisions, but the full gamut) are made, communicated, and observed within romantic relationships warrant more attention.

Conflict of interest statement

Nothing declared.

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