

Money Scripts and Financial Behaviour Among Millennials in India

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Keywords: Money Scripts, Financial Behaviour, Millennials, Money Avoidance, Money Worship, Money Status, Money Vigilance.

Abstract: The purpose of this paper is to understand the concept, of “Money Scripts” and evaluate the different types of financial behaviour by measuring the relationship strength among the factors contributing to Money Scripts/ Beliefs among Millennials in India. The primary data was collected based on the standardised Klontz’s Money Script Inventory; based on a set of seventy-two questions categorised under four independent factorial heads- Avoidance, Adoration, Status, and Constant Money Monitoring; obtained from two hundred and thirty-five respondents approximately. The common space between the variables was examined based on Multidimensional Scaling. Among the factors considered contributing to the Money Scripts of Millennials, ‘Money Scripts’ were highly and positively correlated with ‘Money Status’. There were no significant associations identified between Money Scripts and the demographic variables (age, gender, income level and occupation) of millennials in India. ‘Money Avoiders’ were found moving too far distances, experiencing high levels of financial happiness and moderate frugality in savings. Both ‘Money Status’ and ‘Money Vigilance’ type millennials were found very strange in their approach toward money actions. Persons with high ‘status’ type behaviour were longing not to save more, but looking for comforting themselves in the present moment. They were found deriving ‘financial happiness’ from their spending pattern and savings made, which was much better than those of ‘Vigilant’ Millennials. Those with ‘Money Worship’ thoughts, though good at saving high; were found the least to derive financial happiness.

1 INTRODUCTION

Financial decisions form an integral part of an individual’s life, which is considered to be an outcome of one’s own perceptions (belief system, values, culture), attitudes, personality, readiness to learn, and drive towards innovation. The Millennials are those who were born between 1981 and 1996, falling into the age group of 26-41 years at present. “Money Scripts” are unconscious or unwritten rules dictating our financial well-being. It demonstrates an individual’s belief system about money; illuminating both good and bad financial habits nurtured in life. Klontz (2011) classified the term, “Money Scripts” into four different belief systems, namely- (a) Money Avoidance is a fascinating paradox where someone assumes that money is tainted, but can also solve their problems. Clinging on to this script brings no thinking about money, ignoring financial statements and struggling to stick to their budget. Millennials with a “Money Avoidance”- script type tends to give away

more money than they have (whether for family, friends or charities); unconsciously decreasing their worth. (b) The next category includes Money Worship, in which people of such a mindset believe that Money is the end goal. Questing to accumulate wealth as rapidly as possible, they do find not enough money to meet their ever-changing needs. Millennials of this script type buy new things to bring a sense of happiness, purpose and meaning to life. Sometimes, this trait could prove fatal if unobserved because of which millennials’ life could be indebted and turn miserable. (c) Money Status means exactly the money script epitomizing the “Keeping Up with the Joneses” mentality. Millennials of such type lavishly overspend; maintaining a lifestyle which they cannot afford to impress others surrounding them. They face situations of “Lifestyle-Inflation” crisis, compromising their ability to save for their future. People with the intention of ‘Money Status’ believe to live a good life to impress others and make others feel that they are good. (d) Money Vigilance refers to thoughts where, Millennials with such scripts tend to

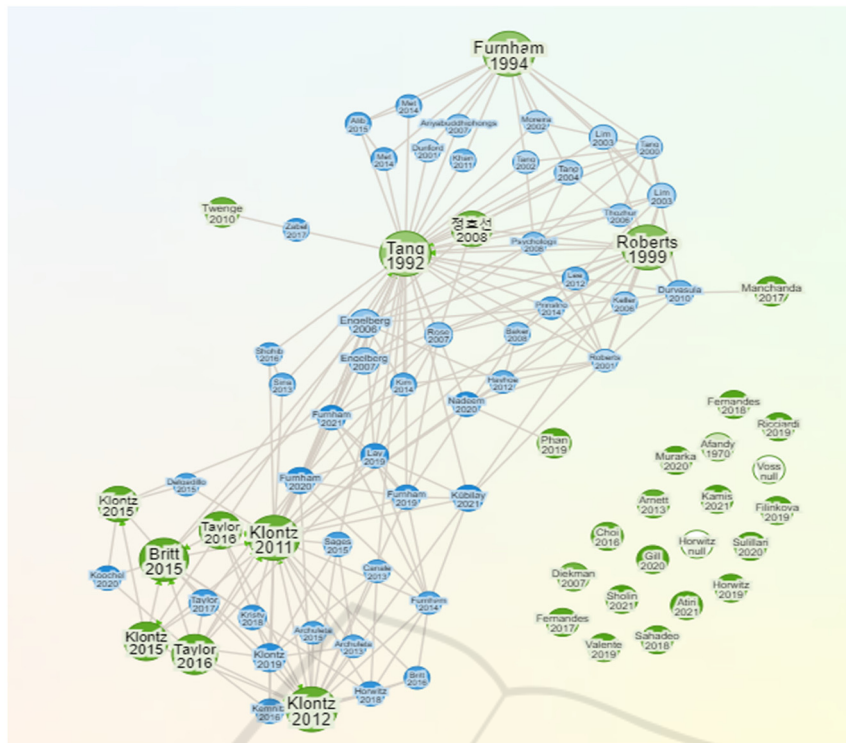


Figure 1: Literature mapping.

approach their financial lives more practically, logically and thoughtfully. Such people view money as a by-product of their hard work, discipline and frugality. Neil Howe and William Strauss coined the word "Millennial" in their landmark book "Generations" in 1991. The following hypotheses were developed in light of the study's aims:

- H₁: Money Scripts of millennial investors are dependent on their demographic variables.
- H₂: Factors contributing to Money Scripts are significantly correlated.

1.1 Review of Literature

Conforming to the social learning hypothesis (Bandura, 1977), people's attitudes towards money are formed from childhood and persist into adulthood (Furnham, 1996; Kirkcaldy & Furnham, 1994). Money scripts, which Klontz and Klontz (2009) define as people's beliefs about money, (a) are formed during early development, (b) are commonly transmitted within families, (c) are typically unconscious, (d) are bound to specific contexts, and (e) are a major motivator of various financial behaviours. Children's attempts to understand the role that money plays in their own lives, the lives of their families, and the lives of their communities and the

world at large may be dramatically impacted by emotionally charged "financial flashpoint" events, as proposed by the authors. Money difficulties, as we've seen, often have their roots in money scripts, and when those scripts are tied to emotionally charged or traumatic events, they can be very difficult to change (Klontz & Klontz). Using Research Rabbit software, the literature discussed above was mapped in the form of a network diagram with nodes representing the related cited and co-cited works of different authors. The nodes separated aside with no nodes represent the research gap being depicted for this study. This is shown below figure.

2 METHODOLOGY OF THE STUDY

Population: According to the news article written by Sharms (2021) in the Times of India, Millennials account for nearly thirty-four per cent of the total Indian population (nearly 460 million). The study population included Millennials from North, South, East and Western parts of India.

Sample and Sample Unit: Samples selected for the study included only 235 respondents; who were in the

age group between 21-40 years (called Millennials). Sample selection was made on the basis of Multi-stage random sampling; wherein the top 7 metro and smart cities (Delhi, Bengaluru, Kolkata, Chennai, Hyderabad, Mysuru and Kochi) were identified on the basis of employment prospects, cost of living and quality of life of the Millennials.

Scope of the Study. This study focuses on Indian members of the Millennial age. All money belief items were coded on a six-point Likert-type scale, and in this study, we analyse Millennials' money scripts by examining their responses to the Money Script Inventory. The statements were organised into four categories based on the 72 money ideas that were identified for the study: Avoidance (a), Adoration (b),

Status (c), and Suspicion (d) all pertain to one's relationship with money.

Tools for Data Collection. The study was conducted by Klontz, Britt, Mentzer, and Klontz (2011) on the basis of seventy-two statements framed in the standardised questionnaire developed by Klontz's Money Script Inventory (KMSI); which was further revised by Taylor, Klontz and Britt (2015) and the scale was renamed as "KMSI-Revised".

The data in this study was analysed and interpreted by using a number of different SPSS statistical analysis methods. The sample data was analysed using mean value, variance, standard deviation, and reliability analysis, and several tables were created to display the results. Analysing the factors that contribute to the consistency of a measurement scale is the focus of reliability analysis.

Table 1 shows Chi-Square test summary results for the Association between Demographic Variables and Money Scripts of Millennials.

Chi-Square Tests				
Demographic Variables	Pearson Chi-Square Value	df	Asymp. Sig. (2-sided)	Result
Age	103.187	97	.315	Not Significant (more than 5% level of significance)
Gender	191.639	194	.534	Not Significant (more than 5% level of significance)
Income	332.058	388	.982	Not Significant (more than 5% level of significance)
Occupation	276.808	291	.716	Not Significant (more than 5% level of significance)

Test of Correlation between factors contributing to Money Scripts among Millennials

Table 2 shows Correlation Matrix studying the Relationship Strength of factors contributing to Money Scripts

	Money Avoidance	Money Worship	Money Status	Money Vigilance	Money Scripts
Money Avoidance Pearson Correlation Sig. (2-tailed)					
Money Worship Pearson Correlation Sig. (2-tailed)	.387 .000**				
Money Status Pearson Correlation Sig. (2-tailed)	.553 .000**	.832 .000**			
Money Vigilance Pearson Correlation Sig. (2-tailed)	.511 .000**	.782 .000**	.946 .000**		
Money Scripts Pearson Correlation Sig. (2-tailed)	.687 .000**	.864 .000**	.969 .000**	.945 .000**	

2.1 Data Analysis and Interpretation- Reliability of the Scale

Cronbach's alpha revealed an impressively high level of reliability and internal consistency for the approximated test, with a total value of 0.890. If the value is greater than 0.70, then the latent variables being measured by the selected items are indeed being measured by those items. (Nunnally, 1978).

3 FINDINGS FROM THE STUDY

Based on the four demographic variables, none of them stand to be significantly associated with the money scripts of the respondents since, their p-values are respectively more than 5% level of significance. Among the four Money Scripts being studied, 'Money Avoidance' is an independent factor positively correlated with a higher score. The relative higher scores in Money Status prioritize outward displays of wealth. The Millennials' tendencies towards money for status, and prestige value are directly proportional to their Money scripts/ beliefs. There is a slight difference in the positive correlation among the relationship between 'Money Scripts and Money Status' and 'Money Scripts and Money Vigilance'. Not many millennials are looking forward to sacrificing their benefits in mere future at the cost of huge expenditures. They believe to be known for their spending rather than savings or social services. Perhaps, the persons opting for status may sometimes avoid their unnecessary spending; rather focussing on their uncertain future. The correlation between 'Money Worship and Money Scripts' is on par with the relation between 'Money Worship and Money Status'. Millennials' attitude towards 'keeping money sacred and for a worthy future' decides their long-term financial security. The strong relationship is expressed between them since millennials value 'becoming more mindful' in their spending style; which is in part to their thoughts on scaling life with social status.

3.1 Implications and Scope for Future Research

This study highlights the money beliefs and script patterns of Millennials in India. If anyone has been identified with one financial archetype, it does not mean that such a personality could not be changed. Rather, efforts when taken to keep track of one's thoughts could help to rewrite their script and

establish a healthy relationship with money. In the future, the research gap lies in chunking these four main independent variables with new concepts and decluttering unnecessary statements in the questionnaire and improvising in the Indian present context. Besides this, the research gap paving way for future research in this area lies in understanding the fact that such money scripts when once understood and efforts taken to correct them; could lead to financial well-being. Such an 'Alpha' framework needs to be modelled for behavioural changes that could practically help financial advisors sort out the financial problems of their investor clients. This is the need of the next hour.

4 CONCLUSION

Individuals' spending and saving habits are often guided by "Money Scripts," which are often unconscious and passed down from previous generations. Millennials' wealth, income, occupation, gender, and revolving credit balances are all linked to these script patterns. Financial adultery, compulsive buying and hoarding, excessive gambling, and so on are only some of the money disorders that can be predicted with their guidance. Once the script is identified, then it can be challenged and changed to interrupt their destructive financial patterns by promoting financial soundness and thereby, financial well-being. When Money Scripts are camouflaged by intense emotions, then it leads to resistance towards change. Being able to diagnose one's own cognitive or emotional biases is the key to identifying the money scripts; helping financial advisors to schedule a financial plan for review and developing treatments and financial interventions leading to the well-being of Millennials.

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