

Personality Traits, Attitude, and Households' Borrowing

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This is an interdisciplinary research that analyzes psychological and individual factors theorized to influence households' borrowing behavior. Unlike extant literature, we employ a wide spectrum of borrowing options identified by the Survey of Consumer Finance (SCF) and we adopt a comprehensive personality profiling approach. We show that borrowing behavior is positively associated with materialism and the need for arousal. Neuroticism strongly effect impulsive borrowing decisions but not long-term ones. Our analyses do not reveal a meaningful association between borrowing intentions and openness, agreeability, and extroversion. Another contribution of this paper lies in making a distinction between intentions and attitudes. For instance, conscientiousness negatively influences the attitude towards borrowing but not the actual behavior. In contrast, neuroticism affects the behavior but not the attitude. We also report strong evidence that personal attitude towards money, risk, financial planning, and borrowing influence households' borrowing behavior. Our findings have several academic and practical implications for social planners, lending institutions and other financial services providers.

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