

Exploring the antecedents of financial well-being: where we are and where we go from here

Many consumers are living on the brink of financial meltdown, living paycheck to paycheck hoping to meet monthly and even daily financial needs (Morduch and Schneider, 2017). News reports continue to highlight the trend of consumers living on the financial edge – with many consumers having no means to survive if faced with a financial crisis. Even so, consumers are generally feeling better about their finances and feel financially secure (Magni *et al.*, 2018). This apparent paradox illustrates a disconnect between consumers' actual financial state and their perceived financial state, and highlights how little we really know about consumers' financial status. Not surprisingly, significant attention has been given to understanding and improving financial well-being (CFPB, 2015; Shim *et al.*, 2009).

An extensive body of literature on financial well-being exists across different domains (e.g. economics (Gutter and Copur, 2011), finance (Greninger *et al.*, 1996), psychology (Shim *et al.*, 2009) and marketing (Brüggen *et al.*, 2017). Some research works consider only objective measures when predicting an individual's financial well-being (e.g. Schmeiser and Seligman, 2013), while others conceptualize financial well-being by using both subjective and objective measures (Shim *et al.*, 2009). However, more recent research streams consider financial well-being to be purely subjective, as the perception of being able to sustain current anticipated desired living standards and financial freedom (Brüggen *et al.*, 2017). Recognizing that aspects of consumer financial well-being are still largely misunderstood, the goal of this special issue is not to choose one operationalization over the other, but rather to study consumer financial well-being by applying an intersectional approach from various disciplines and diverse research methodologies. Here, we hope to shed light on consumer financial well-being by identifying and mapping its likely causes (e.g. individual and environmental factors). Though there have been an increasing number of articles related to financial well-being, a well-developed framework dedicated to antecedents of financial well-being is lacking and is therefore addressed in this special issue of *IJBM*.

Where we are: this special issue

This special issue provides further confirmation for the academic interest in understanding factors that contribute to financial well-being. The eight articles selected for this special issue explore a range of variables as antecedents of financial well-being in different countries. These antecedent variables range from personal factors such as objective and subjective knowledge, financial literacy and credit card self-efficacy, to institutional factors such as bank information transparency. Table I provides a summary of antecedents along with the country used as a study context in each article.

Specifically, Riitsalu and Murakas's research studies the effects of individuals' subjective and objective knowledge and individuals' financial behavior on personal finance management as well as the effect of individuals' socio-economic status on their financial well-being in Estonia. Their results indicate that subjective knowledge and sound financial behavior are better predictors of financial well-being than objective knowledge. Similarly, Bayuk and Altobello find that subjective financial knowledge, financial self-efficacy and long-term financial literacy predict financial well-being better than objective financial knowledge or short-term financial literacy; in their article that integrates financial literacy and financial well-being fields with gamification research. In fact, financial literacy seems to be a popular antecedent included in



Table I.

List of antecedents of financial well-being explored in this special issue

Articles	Antecedents of financial well-being	Country
Riitsalu and Murakas (2019)	Subjective financial knowledge Objective financial knowledge Financial behavior	Estonia
Ponchio <i>et al.</i> (2019)	Socio-economic status Consumer spending self-control Personal saving orientation Materialism	Brazil
Limbu and Sato (2019)	Credit card literacy Credit card self-efficacy	USA
Bayuk and Altobello (2019)	Subjective financial knowledge Financial self-efficacy Long-term financial literacy	USA
Losada-Otalora and Alkire (2019)	Bank information transparency Financial self-efficacy	Colombia
Chatterjee <i>et al.</i> (2019)	Desire for income security Socially driven aspirations Materialism	India
Abrantes-Braga and Veludo-de-Oliveira (2019)	Financial preparedness for emergency Credit limit beliefs Risky indebtedness behavior	Brazil
Kuntze <i>et al.</i> (2019)	Financial literacy	USA

multiple articles in this special issue. Kuntze and his colleagues discuss how financial literacy can be improved by modernizing its delivery and measurement, while Limbu and Sato investigate the role of a specific type of financial literacy, i.e., credit card literacy on the financial well-being of college students. Their results offer greater insight into credit card consumption by showing how credit card literacy has a stronger effect on financial well-being when students own fewer credit cards. Ponchio, Cordeiro and Goncalves investigate other personal factors as antecedents in their study conducted in Brazil. Their findings suggest that the role financial knowledge plays in predicting financial well-being weakens in the presence of other personal factors such as consumer' spending self-control and saving orientation. Personal factors related to individual characteristics of consumers (i.e. financial preparedness for emergencies, credit limit beliefs and risky indebtedness behavior) are also shown to influence financial well-being in Abrantes-Braga and Veludo-de-Oliveira's research. Similarly, other behaviors such as individuals' desires for income security, socially driven aspirations and level of materialism are found to influence individuals' subjective financial well-being in Chatterjee, Kumar and Dayma's research on consumers in India. Finally, unlike the other articles in this special issue, Losado-Otalora and Alkire investigate an institutional variable, rather than individual factors, as an antecedent of financial well-being. Here, they investigate bank information transparency as a factor that contributes to bank customers' financial well-being.

Where to go from here: topics for future research

While this special issue contributes to the growing literature on financial well-being, especially pertaining to a deeper understanding of its antecedents, financial well-being is still a fertile area of investigation with many more research questions that other studies may examine in the future. Here, we identify four areas of future research that can be readily studied.

One research stream that warrants more research is the conceptualization of the financial well-being construct. While there seems to be a growing consensus to treat financial well-being as a subjective measure, and thus use perceived financial well-being

as its assessment, other researchers still prefer to treat financial well-being using solely objective measures or a combination of both subjective and objective measures. It would be interesting for future studies to compare both objective and subjective measures of financial well-being and investigate the reasons for a possible inconsistency between these different conceptualizations.

Another area for future research is to broaden the scope of financial well-being. To date, many studies limit their subject pool to include college students and young consumers when investigating different financial well-being related topics. Future studies may want to include different age cohorts in their analyses to assess generalizability of existing findings while also providing new insights for the literature.

The relationship between financial well-being and consumer well-being is another area of future research that needs greater attention. While many papers in this special issue focus on understanding the antecedents of financial well-being, more empirical research on how financial well-being relates to overall consumer well-being is necessary. In this context, we believe that research is needed in the area of financial education and awareness. We urge future researchers to consider the role of financial education, financial products, financial services and other initiatives dedicated to improving financial capability as a means of improving financial well-being and in turn overall consumer well-being.

Finally, we advocate for more research on how consumer financial well-being relates to financial vulnerability and in turn financial hardship. Using the transformative service research framework that suggests services can create uplifting and positive changes for consumers, companies and society (Anderson and Ostrom, 2015), we believe future studies should investigate which interventions are needed in financial service companies (e.g. banks, financial advisors, etc.) to improve consumer financial well-being. Finding holistic solutions to improve financial well-being would entail innovative financial products, adaptive policies and creative community programs with systematic evaluations of their effectiveness. Such research would not only provide interesting and relevant academic and managerial implications, but also public-policy insights to enhance overall well-being of consumers and society.

Sertan Kabadayi

*Department of Marketing, Gabelli School of Business, Fordham University, New York,
New York, USA, and*

Genevieve Elizabeth O'Connor

Gabelli School of Business, Fordham University, New York, New York, USA

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Further reading

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