

Did Pre-pandemic Financial Behaviors Matter to Financial Well-being?

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Research shows that positive financial behaviors improve the financial well-being of consumers. In this study, we explored how financial behaviors prior to the COVID-19 pandemic were associated with current financial well-being during the pandemic. Data were gathered as part of an experimental study about goal setting and overall well-being that included a pre-test, online exercise, and post-test. Only the initial survey data were included in the current study as the focus of this study was not to test the outcome of the online exercise. A total of 145 respondents completed the initial survey. The outcome variable was financial well-being. Our findings showed that objective financial status and positive pre-pandemic financial behaviors increased financial well-being during the pandemic. Additionally, full-time employment was observed to negatively impact financial well-being.

Multiple implications can be drawn from this study to aid with the pursuit of improved consumer financial well-being. First, future research should further examine the relationship between full-time employment and financial well-being during the COVID-19 pandemic. This may assist researchers with a better understanding of why this unintuitive relationship was observed. Second, the federal government should explore the impact of their stimulus policies—such as enhanced unemployment benefits—on consumer financial well-being to minimize any negative effects for implementing similar policies in the future. Finally, financial advisors should continue striving to increase their clients' objective financial measures, positive financial behaviors, confidence surrounding financial matters, and financial satisfaction.

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