

## Conscientiousness and Problematic Financial Behaviors of Emerging Adults

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### Abstract

The problematic financial behaviors of emerging adults (ages 23-29), such as late rent or mortgage payments, use of payday lenders, and credit card debt, are analyzed using the personality traits conscientiousness and neuroticism as key independent variables in an economic model. Both conscientiousness and neuroticism are found to be predictors of credit card debt and negative financial events. Results from the study indicate that while highly conscientious individuals are more likely to have a credit card, they have lower balances, with a one standard deviation increase in conscientiousness associated with a 14% decrease in credit card balance. Similarly, a one standard deviation increase in conscientiousness decreases the odds of experiencing more than one negative financial event by 18%. Conscientiousness is the strongest predictor of negative financial events; stronger than gender, income, or financial literacy. Neuroticism is positively correlated with both credit card debt and negative financial events. A one standard deviation increase in neuroticism is associated with a 20% increase in credit card debt and a 17% increase in odds of experiencing negative financial events. Implications for educators, financial planners, and policy makers are discussed.

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