

The Impact of Self-Regulation on Over-Indebtedness Amid the Pandemic

Yasmina El Fassi

NOVA IMS

Diego Costa Pinto

NOVA Information Management School

Leonardo Vanneschi

NOVA IMS

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Abstract

Understanding the psychological factors dictating consumer spending and borrowing behavior is of utmost importance, as it interferes with one's subjective well-being and overall life satisfaction. Prior research suggests that regulatory focus guides consumers' decision making when it comes to personal finances management, but the research on whether it impacts indebtedness propensity is rather scant. This study aims to test how key debt-related variables (risk, impulsivity, provider trust, locus of control) impact indebtedness in the context of COVID-19. The final sample of 498 Portuguese consumers shows that the participants have an internal locus of control when it comes to financial hardship; a locus of control positively impacted by the trustworthiness. The article concludes with a discussion of theoretical implications for researchers investigating the impact of personality on debt perception, as well as practical implications discussing how to prevent indebtedness.

Keywords: *impulsivity; over-indebtedness; regulatory-focus*

Track: Consumer Behaviour