Exploring the effects of financial socialization and trust as it relates to financial well-being and marital satisfaction through stress and communication privacy theories

by

Emily Koochel

B.S., Kansas State University, 2011
M.S., Texas Tech University, 2013
M.S., Kansas State University, 2017

AN ABSTRACT OF A DISSERTATION

submitted in partial fulfillment of the requirements for the degree

DOCTOR OF PHILOSOPHY

Department of Applied Human Sciences
College of Health and Human Sciences

KANSAS STATE UNIVERSITY
Manhattan, Kansas

2020

Abstract

Financial socialization, the formal and informal process of developing values, norms, knowledge, and financial behaviors (Danes, 1994), is an influential agent for how individuals interpret, compute, and communicate about finances. Using Lazarus and Folkman's (1987) Stress and Coping theory and data from the Consumer Financial Protection Bureau's (CFPB) National Financial Well-Being Survey, study one found evidence that stress mediates the relationship of financial skill and socialization on financial well-being, lessening the perceived threat during financial stress. Informed by Petronio's (1991), Communication Privacy Management (CPM) theory, study two collected data on 231 individuals to explore the role of financial socialization in the development of trust. The second study found that the relationship between financial socialization and trust was mediated by financial communication. Study three explored the effect of power and trust on marital satisfaction as individuals engage in financial transparency. Findings suggest that partners' engagement in positive financial behaviors had an effect on their perception of trust and power, which had a direct effect on marital satisfaction. Overall, these studies examined the relationship between financial socialization, communication, and finances. Findings suggest that financial socialization, a lifelong process, has an informative role when processing financial stress and attempting to harmonize financial communication. Further, findings contend that financial partnership plays a critical role in how individuals perceive power when engaging in financial transparency. Continued research to identify factors that influence communication dynamics related to finances will provide additional evidence to inform best practices for financial practitioners and educators.

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Financial socialization, the formal and informal process of developing values, norms, knowledge, and financial behaviors (Danes, 1994), is an influential agent for how individuals interpret, compute, and communicate about finances. Using Lazarus and Folkman's (1987) Stress and Coping theory and data from the Consumer Financial Protection Bureau's (CFPB) National Financial Well-Being Survey, study one found evidence that stress mediates the relationship of financial skill and socialization on financial well-being, lessening the perceived threat during financial stress. Informed by Petronio's (1991), Communication Privacy Management (CPM) theory, study two collected data on 231 individuals to explore the role of financial socialization in the development of trust. The second study found that the relationship between financial socialization and trust was mediated by financial communication. Study three explored the effect of power and trust on marital satisfaction as individuals engage in financial transparency. Findings suggest that as partners engage in positive financial behaviors it had an effect on their perception of trust and power and had a direct effect on marital satisfaction. Overall, these studies examined the relationship between financial socialization, communication, and finances. Findings suggest that financial socialization, a lifelong process, has an informative role when processing financial stress and attempting to harmonize financial communication. Further, findings contend that financial partnership plays a critical role in how individuals perceive power when engaging in financial transparency. Continued research to identify factors that influence communication dynamics related to finances will provide additional evidence to inform best practices for financial practitioners and educators.

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Chapter 1 - Introduction

Financial Socialization

Beginning in childhood, socialization is the process by which individuals acquire the knowledge, skills, and value dispositions that enable them to participate as a part of society, and to some extent, continues throughout the lifespan (Danes, 1994; Moschis, 1985). With the family acting as an important socialization agent for both factual and emotional uses of money, several researchers are now looking at how individuals acquire their knowledge, attitudes, and motives towards money, and how this informs their decisions later in life (Jorgensen & Salva, 2010; Lebaron et al., 2018; Shim et al., 2010).

Socialization is not a formalized system, rather much of it is attributed to incidental learning through behavior modeling and an implicit transfer of information (Danes, 1994). As such, parents have been considered the most influential agents of socialization (Gudmunson & Danes, 2011) who exert a positive influence on children's efforts to acquire financial knowledge and skills (Jorgensen & Salva, 2010; Moschis, 1987), which are necessary competencies for effective money management as an adult (Carswell, 2009; Haynes-Bordas et al., 2009; Van Campenhout, 2015). Efforts to increase individual financial literacy through financial educational programs and initiatives have generally reflected the notion that more financial knowledge will give way to improved financial behaviors (Gudmunson & Danes, 2011), ignoring the influence of the financial socialization process. It is now being argued, however, that cognitive financial knowledge may not be enough of a stimulus to produce financial behavior change (Gudmunson & Danes, 2011; NEFE, 2006).

Purpose and Justification of the Studies

The purpose of this dissertation was to better understand the role of financial socialization along with the constructs of trust and communication. Although much of the narrative regarding financial behavior change has aligned with the notion that more knowledge equates to improved financial decision making, socialization research cites that education alone is not enough to create sustained change (NEFE, 2006). Much of the research to support these findings focuses primarily on the parent-child relationship, including childhood financial socialization (Kim & Chatterjee, 2013), parents' perception of financial socialization (Danes, 1994), and the role of parents in financial socialization (Shim, Barber, Card, et al., 2010), with many of the studies using samples consisting of college students and young adults (Deenanth et al., 2019; Kim & Chatterjee, 2013; LeBaron et al., 2018; Shim et al., 2010). However, Danes (1994) and Moschis (1985) contended that socialization continues across the lifespan. It is for this reason that it is necessary to not only look at young adults, but also individuals later in life to further determine the influence of childhood financial socialization on adults throughout the developmental cycle.

Similar to the notion that greater financial education equates to better financial decision making, it has been suggested that greater frequency of communication between partners equals better relationships. However, communication regarding finances has frequently been cited as a topic that may cause distress and conflict (Dew, 2007; Papp et al., 2009), making this task more complex, and ultimately causing some couples to avoid the conversation all together. Avoiding the conversation is alarming because self-disclosure and the verbal sharing of private matters with another has widely been regarded as a critical component in the development of intimacy (Prager, 1986; Waring & Chelune, 1983), and in particular trust, each of which many would argue to be fundamental to a successful relationship. Another component that should be considered as couples discuss finances is the perception of power (Archuleta, 2013; Dew et al., 2012). Yet again, financial socialization should be acknowledged as a key component. Just as there appears to be limited research on older adult financial socialization, there is a paucity of research on the role of financial socialization with relationship dynamics.

Overall, the three studies in this dissertation view financial socialization as a key component for how individuals interpret, compute, and communicate about their finances. Financial literacy and best practices by financial practitioners do not always acknowledge the culturally relevant factors such as attitudes, beliefs, norms, and values that are deeply rooted in an individual's character. Further understanding of financial socialization, and the role it plays in both individuals and couples, will help further inform a more holistic approach for financial practitioners and researchers alike.

Study 1 - Financial Socialization and Well-Being

Informed by Lazarus and Folkman's (1987) stress and coping theory, the first study, *Financial Socialization and Well-Being* explored how an individual's socialization acts as a primary appraisal agent during a financial crisis. Financial socialization is hypothesized to have a mediating effect on individuals' perceived threat to their financial well-being, arguing that individuals will rely on what they already know (socialization) as a way to determine and evaluate the perceived outcome for their own well-being.

This study used data from the Consumer Financial Protection Bureau's (CFPB) National Financial Well-Being Survey Public Use File (PUF). The CFPB developed a financial wellness scale as a part of their strategy to improve financial capability through educating and empowering consumers. Four main themes emerged from the scale development including, having "control of day-to-day and month-to-month finances, having capacity to absorb a financial shock, being on track to meet financial goals, and having the freedom to make choices that allow enjoyment of life" (CFPB, 2017b, p. 6). If a goal of financial education is to increase consumers' financial knowledge, efforts should focus on meaningful engagement and understanding of financial behaviors that will then provide increased and sustained financial well-being.

In line with the CFPB's mission to further inform financial literacy and well-being, this study explored the mediating effects of financial socialization and skill for those who have reported experiencing a financial stress in the last 12 months, ultimately assessing its effect on financial well-being.

H1: Financial socialization will mediate the effect of financial stress on financial well-being.

H2: Financial skill will mediate the effect of financial stress on financial well-being.

H3: Financial stressors will have a direct effect on financial well-being.

Financial literacy agendas should include the opportunity for individuals to explore their financial socialization in addition to developing skill set and reducing stress. While also educating an individual on how to manage a financial stress through financial management practices, the educator should also aid the individual in developing an understanding of where their financial values, beliefs, etc. are rooted to better inform the prescribed financial management practices. If an individual reports experiencing food insecurity in the last 12 months, an understanding of the individual's financial socialization and skill may help to ultimately devise a financial management approach that is best suited for the individual, rather than only addressing proper budgeting to afford necessities such as food. As a result, the individual will be more prepared to adapt during a time of financial stress, ultimately lessening the effect on their overall financial well-being. Financial education programming that includes the larger family system (spouses/partners/children/etc.) will advance financial well-being quicker than individual approaches to financial education, and as such suggest focusing on financial socialization as individuals come together in a committed relationship.

Study 2 - Financial Socialization and Trust

Building on the understanding that an individual uses financial socialization to inform financial management and behaviors, the second study, *Financial Socialization and Trust,* addresses what happens when two individuals come together to communicate about finances, each informing their approach with their own financial socialization. Specifically, this study explores the role of the family of origin on financial communication in relationships, as well as how financial communication relates to the couple's trust.

An in-depth look at socialization as it relates to communication and trust gives way to greater understanding for researchers and practitioners. Over the years, researchers have suggested communication and self-disclosure helps build intimacy, and trust is a desired trait of most relationships (Prager, 1986; Waring & Chelune, 1983); however, as a couple comes together, each person is bringing their own personal financial socialization, rooted in their childhood and brought forward into their adult lives. As the couple comes together in a committed relationship, such as marriage, they will attempt to boundary coordinate for communication purposes (Petronio, 1991). As the couple attempts to coordinate communication boundaries, their personal socialization will mediate, thus having a direct effect on the development of intimacy and trust. To better inform research and practice it is necessary to understand to what extent socialization plays a role in financial communication and the development of trust. The following hypotheses were tested in study two:

H1: Financial socialization will mediate the effect of communication boundary coordination on partner trust.

H2: Financial communication will have a direct effect on partner trust.

This research will provide the opportunity to educate and inform researchers and practitioners working with couples, because although effective communication has been found to be positively correlated with marital satisfaction (Gottman & Notarius, 2000; Stanley et al., 2002), Koochel et al. (2020) posited that communication surrounding finances also needs to be transparent, with additional findings suggesting that although a couple may have effective communication, communication about finances uniquely predicts marital satisfaction after accounting for communication (Koochel, 2018).

Study 3 – Trust, Power, and Financial Transparency

Continuing in the interest of financial transparency and communication study three, *Trust, Power, and Financial Transparency,* examined the additional constructs of trust and power as it relates to marital satisfaction. In the theoretical lens of Communication Privacy Management (Petronio, 1991), as two individuals are attempting to coordinate their communication privacy boundaries (each informed by their personal socialization), through sharing private financial information, the perception of power may also play a role. It was hypothesized that trust and power would mediate financial transparency and the outcome of marital satisfaction. The following hypotheses were tested:

H1: Trust, will mediate the relationship between financial transparency and power, and marital satisfaction.

H2: Power will mediate the relationship between financial transparency and trust, and marital satisfaction.

H3: Financial transparency will have a direct effect on trust.

H4: Trust will have a direct effect on marital satisfaction.

As a result of this study, financial and family practitioners and researchers alike should further consider the role of trust and power in a relationship as it relates to marital partners and their finances. Several complexities exist in working with couples and finances, but how a couple self-discloses through financial transparency has been shown to be a potential point of contention. Rather than assuming a couple must be fully transparent at all times, perhaps the extent of the transparency is contingent on the perceived trust and power that exists in the relationship. For example, if a partner trusts in their partner's financial judgement, maybe it is not necessary to "fully disclose" at all times. This more *relaxed* approach may give way to a sense of autonomy in the relationship and help further balance the need to be both private and open at the same time, as suggested by CPM theory (Petronio, 2002). Ultimately, this may change our approach in how we educate couples, switching the focus to building intimacy and trust, to then inform financially transparent practices.

Chapter 2 - Financial Socialization and Well-Being

There has been a growing interest among researchers, educators, and policymakers alike to improve financial well-being among individuals and families, yet financial knowledge alone will not create behavioral changes (Gudmunson & Danes, 2011; NEFE, 2006). Family socialization research suggests that financial decision making, and financial behavior are rooted in an individual's upbringing and social exposure. This study used a structural equation mediation models to analyze data gathered by the Consumer Financial Protection Bureau (CFPB)'s National Financial Well-Being Survey to explore the mediating effect of financial socialization and financial skill on financial well-being during a time of financial stress to better inform best practices in financial literacy for researchers, educators, and policymakers.

Financial Behavior, Financial Knowledge, and Financial Well-Being

A study conducted by Abt's Associates through CFPB (2018) found that financial skill and self-efficacy are associated with financial behavior. Financial behavior is one of three key drivers associated with financial well-being, along with financial knowledge and personal traits (Consumer Financial Protection Bureau, 2017a). Individuals with more positive financial behaviors are associated with more stable financial situations, which is consequently associated with an improved sense of well-being (Qamar et al., 2016). Finding ways to improve financial skills and sense of confidence through financial education and counseling were, therefore, expected to contribute to financial well-being in a positive and meaningful way.

Financial Well-Being

Today, consumers are enticed to spend money through internet offers, social media, and mass marketing, and with the credit card companies making it easier than ever, adults face threats to their financial and economic well-being. Many studies have highlighted the damaging effects of high levels of debt and bad budgeting practices among college students, citing financial well-being to be negatively correlated with academic progress, health, and even dropping out (Kim & Chatterjee, 2013; Solheim, Zuiker, et al., 2011). Further, Shim and colleagues (2009) found that the misuse of credit cards and poor money management, in the long run, may negatively affect psychological well-being and interpersonal and family relationships. Amid growing concerns about financial literacy and in an effort to educate consumers, a common response to these issues has been the prescription of more financial knowledge and education.

Financial Knowledge

Conceptually, more knowledge should result in better decision making, and for decades financial literacy programs have been designed to enhance financial knowledge, reflecting the assumption that more knowledge will improve financial behavior and ultimately the financial condition. Although literature has generally supported the notion that well-developed financial skills are in fact necessary for better financial management, and the implicit assumption that increased information and knowledge will result in changes to financial practices (Haynes-Bordas et al., 2008), others began questioning the link between financial knowledge and financial behavior (Hilgert et al., 2003; Robb & Woodyard, 2011), proposing that financial decision making and financial behavior are rooted in an individual's upbringing and social exposure through financial socialization (Gudmunson & Danes, 2011).

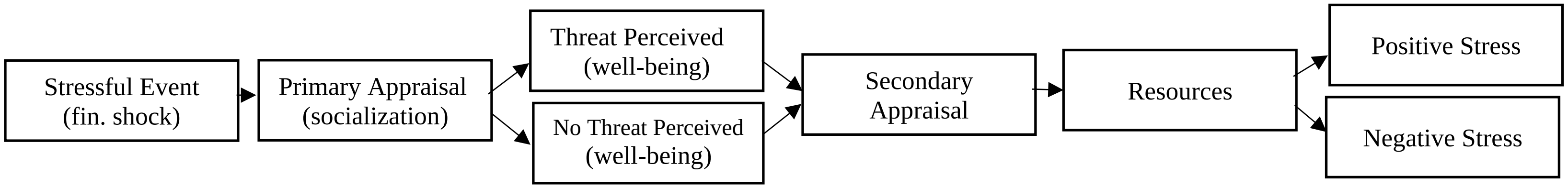
Financial Socialization

Financial socialization, "is the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviors that contribute to the financial viability and well-being of the individual" (Danes, 1994, p. 128). Through this process it is suggested that there is a bidirectional relationship between parents and children, and communication, whether overt or covert, plays a role in consumer learning influencing financial attitudes, knowledge transfer, and financial capability into adulthood (Gudmunson & Danes, 2011; Moschis, 1985).

Most pointedly, an individual may rely on their experience (socialization) in a time of financial stress. Financial stress, such as that brought on by the Great Recession of 2008 and the more recent recession of 2020, left families trying to pick up the pieces amid job loss and insecurities with basic needs. Many would agree that the 2008 recession did not discriminate, as most families experienced some form of economic stress or change in financial status because of the altering economic environment (Dew et al., 2012). However, Falconier (2015) suggested experiencing concerns about one's finances is not only limited to those who are facing objective economic hardship, but it extends to any individual that perceives that his or her resources are insufficient or inadequate to meet his or her financial needs.

Theoretical Framework

Figure 2.1 Lazarus and Folkman (1987) Stress and Coping Theoretical Framework



Lazarus and Folkman's (1987) stress and coping theory serves as a theoretical lens for understanding an individual's assessment of sufficient resources and stress during a time of a financial stress. Lazarus and Folkman viewed stress and coping from a transactional perspective, suggesting that "the person environment is mediated by two key processes: cognitive appraisal and coping" (Lazarus & Folkman, 1987, p. 141). Beginning with the cognitive appraisal, when an individual endures stress, they will strive to change that which is undesirable or distressing; therefore, humans are constantly evaluating what is happening from their own perspective and its significance for their well-being (Lazarus & Folkman, 1987). During the appraisal process the individual will use their *own information* "what we think we know or think we know about the world and how it works" (Lazarus & Folkman, 1987, p. 145), socialization. The primary appraisal process is concerned with what is happening and whether something relevant to our well-being is involved. There are three types of primary appraisals of stress: "*harm*, already experienced; *threat*, which is harm that is anticipated; and *challenge*, which is the potential for mastery or gain" (Lazarus & Folkman, 1987, p. 145). The focus of this study is what the individual has *already experienced*.

Klontz and Klontz (2009) coined the term, *money scripts*, referring to the beliefs an individual unconsciously develops in response to an emotionally charged, dramatic, or traumatic financial flashpoint (e.g., the Great Recession, parental divorce, etc.,). These unconscious beliefs and behaviors are typically developed in childhood and passed down through generations (Klontz & Britt, 2012). As such, these core beliefs drive the individual's financial behavior. Theorists of financial socialization draw upon the social learning perspective to further explain the affect it has on one's family of origin, indicating parental behaviors and emotional responses to financial situations predict the financial outcomes of adult children (Conger et al., 2000). A study of 420 college students found that perceived parental influence had a direct effect on financial attitude, and an indirect effect on financial behavior, mediated through financial attitude (Jorgensen & Salva, 2010).

After the initial appraisal process, drawing on one's own perception of ability and the perceived effect the stressful event has on well-being, the stressful event will either be perceived as a threat or not a threat. Upon the conclusion of a perceived threat, the secondary appraisal process will follow. The secondary appraisal is a crucial supplement to the primary appraisal, as it is the cognitive process when an individual evaluates his or her confidence in taking action to improve the stressful event (Lazarus & Folkman, 1987). For example, if an individual reports experiencing food insecurity in the last 12 months, an understanding of the individual's financial socialization and skill may help to ultimately devise a financial management approach that is best suited for the individual, rather than only addressing proper budgeting to afford necessities such as food. As a result, the individual will be more prepared to adapt during a time of financial stress, ultimately lessening the effect on their overall financial well-being. This is in line with Perry and Morris (2005) who suggest individuals with a reported higher level of internal locus of control also report improved financial behaviors.

Lazarus and Folkman's (1987) stress and coping theory suggests that when an individual experiences a stressful event (e.g., financial stress) they will first determine if there is a perceived threat during the primary appraisal process. This primary appraisal consists of the individual's perception of the threat. An individual's socialization will play a role in the threat perceived as the individual will rely on their experience as a means to evaluate their financial ability to manage a crisis. Therefore, those who had acquired greater financial knowledge by way of financial socialization will ultimately experience greater financial well-being.

The Present Study

To further inform financial literacy, this study looked further into financial behavior, a key driver of financial well-being, as well as financial skill. To address an individual's financial behavior, we must look at financial socialization, what is ultimately informing their behavior. As financial educators look to increase consumers' financial knowledge and sustain change, it is not enough to only address financial skill, rather educational efforts should also be informed by understanding an individual's financial beliefs.

The purpose of this study was to explore the mediating effects of financial socialization and financial skills on financial well-being during a time of financial stress to better inform best practices in financial literacy for researchers, educators, and policymakers.

Three hypotheses will be tested:

H1: Financial socialization will mediate the effect of financial stress on financial well-being.

H2: Financial skill will mediate the effect of financial stress on financial well-being.

H3: Financial stressors will have a direct effect on financial well-being.

Methods

Data

This study used data from the CFPB's National Financial Well-Being Survey Public Use File (PUF), which includes the financial wellness scale. The CFPB designed the financial wellness scale based on extensive interviews, which emerged with four main themes including, having "control of day-to-day and month-to-month finances, having capacity to absorb a financial shock, being on track to meet financial goals, and having the freedom to make choices that allow enjoyment of life" (CFPB, 2017b, p. 6)

Sample

All of the measures and variables used in this study were gathered from the CFPB Public Use File (PUF) published in September 2017. The sampling strategy for this study was designed to ensure adequate representation across populations, as well as an oversample of adults over the age of 62. "Specifically, the sample design called for 5,000 completed surveys of adults in proportion to the U.S. population with respect to age, race, ethnicity, and the percentage below 200 percent of the federal poverty level (FPL), plus an additional oversample of 1,000 completed surveys of adults age 62 and older" (CFPB 2017b, p.17). The general sample (5,000 surveys) was used for this study. Sixteen surveys in the general sample were 60% incomplete and therefore removed from the sample, for a total sample size of 4,984 (Table 2.1).

According to the CFPB (2017b), the data were weighted for age, race/ethnicity, sex, education, household income, census region, home ownership status, and metropolitan area. The general sample generally consisted of 2,261 males (53.4%) and 2,323 females (46.6%). The most represented groups were the 25 – 34-year old (20.9%), white, non-Hispanics (73.4%), full-time employees (45.1%), and married respondents (58.9%).

Table 2.1 CFPB Descriptive Statistics

CFPB Participant Descriptive Statistics (*N* = 4,984)

Variables	*N*	*Frequency*
Gender		
Male	2261	53.4%
Female	2323	46.6%
Age Category		
18-24	389	7.8%
25-34	1040	20.9%
35-44	733	14.7%
45-54	1014	20.3%
55-61	630	12.6%
62-69	522	10.5%
70-74	258	5.2%
75+	398	8.0%
Education		

Less than high school	349	7.0%
High school / GED	1235	24.8%
Some college / Associate	1500	30.1%
Bachelor's degree	1055	21.2%
Graduate / professional degree	845	17%
Race / Ethnicity		
White, Non-Hispanic	3656	73.4%
Black, Non-Hispanic	432	8.7%
Other, Non-Hispanic	274	5.5%
Hispanic	622	12.5%
Employment		
Self-employed	347	7.0%
Full-time work/military	2249	45.1%
Part-time work/military	348	7.0%
Homemaker	386	7.7%
Full-time student	207	4.2%
Disable or unable to work	223	4.5%
Unemployed or laid off	218	4.4%
Retired	1006	20.2%
Individual Income		
Less than $20,000	533	10.7%
$20,000 - $29,999	358	7.2%
$30,000 - $39,999	462	9.3%
$40,000 - $49,999	339	6.8%
$50,000 - $59,999	381	7.6%
$60,000 - $74,999	501	10.1%
$75,000 - $99,999	753	15.1%
$100,000 - $149,999	919	18.4%
$150,000 – or more	738	14.8%
Marital Status		
Married	2936	58.9%
Widowed	202	4.1%
Divorced/Separated	516	10.4%
Never Married	998	20.0%
Living with partner	332	6.7%

Measures and Scale Characteristics

Control Variable – Marriage. The marital status of the participants was dummy coded for married (1) 59% and not married (0) 41% and controlled for in the full analysis. Family finance research has frequently reported financial stress and financial strain to be related to how couples make financial decisions, as well as marital satisfaction and marital dissolution (Skogrand et al., 2011; Britt & Huston, 2012).

Dependent Variable – Financial Well-Being. The dependent variable was a measure of participants' financial well-being, using the CFPB's Financial Well-Being Scale (see Appendix A for all measures used). The measure consists of 10 items assessing an individual's current financial situation, financial obligations, and how securely respondents feel about their financial future. Items 1 – 6, ask "how well does this statement describe you and your situation" and the corresponding responses range from 1 to 5 on a Likert scale, with 1 being "not at all" to 5 being "completely." Items 6 – 10 ask "how often does this statement apply to you," with corresponding responses ranging from 1 to 5 on a Likert scale, with 1 being "never" to 5 being "always." The CFPB reported good internal consistency ($\alpha = .80$).

Mediator Variable – Financial Skill. The CFPB financial skill scale is a 10-item IRT-based scale that was developed in a prior phase of the CFPB financial well-being project. This scale assesses the individual's ability to identify, find, process, and act on information. Sample items from the scale include: "I know how to get myself to follow through on my financial intentions," "I am able to make good financial decisions that are new to me," and "I am able to recognize a good financial investment." The scale has been reported to have good internal consistency ($\alpha = .88$; Patel & Wolfe, 2019).

Mediator Variable – Financial Socialization. Financial socialization was assessed by a 7-item measure asking respondents if their family did any of the following items while growing up at home including "discussed family financial matters with me," "spoke to me about saving," and "discussed how to establish a good credit rating," with response options of 1, "yes," 2, "no," or 3, "no answer was given."

Exogenous Variable – Financial Stressors. To identify the factor structure of the Financial Stressors, an exploratory factor analysis was conducted using the 6-items believed to be related to financial stress. The 6-items asked participants to indicate if the statements about financial stress were often, sometimes, or never true for them in the past 12 months. Examples of the items assessing stress include food insecurity, affording a place to live, affordability and access to healthcare, and ability to pay utilities. An example scale item was "I worried whether our food would run out before I got money to buy more." A principal components extraction with Direct Oblimin rotation revealed a single factor accounting for 61% of the variance in the model, with factor loadings ranging from .84 to .70 (see Table 2.2). Due to only one component being extracted the solution was not rotated. Additionally, reliability testing for the scale reported good internal consistency (α = .82).

Table 2.2 Factor Loadings for Principal Component Analysis with Direct Oblimin Rotation of Financial Stressors

Scale Item	*Factor Loading*
Worried food would run out before more money	**.84**
Worried food and money wouldn't last	**.84**
Can't afford place to live	**.75**
Couldn't afford to see doctor	**.77**
Stopped taking medication due to cost	**.76**
Utilities shut off due to non-payment	**.73**

Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) was used to assess the quality of the measures and provide information needed to meaningfully interpret the reliability coefficient and confirm the expectation of how the items factored (Levine, 2005; see Table 2.3). The data from the variables above were then used to develop a measurement model that was evaluated using the goodness of fit indices recommended by (Hu & Bentler, 1998); x^2, CFI, TLI, and RMSEA. The measurement model revealed marginally well-fitting data, χ^2 = 7620 (293), (p < .01), *CFI* = .894, *TLI* = .873 and *RSMEA* = .071.

Table 2.3 Beta Weights and Squared Multiple Correlations of Measurement Model

Item	β	R^2
Financial well-being (α = .90)		
I could handle a major unexpected expense	.805	.648
I am securing my financial future	.783	.613
Because of my money situation, I feel I will never have the things I want in life*	.707	.500
I can enjoy life because of the way I am managing my money	.798	.637
I am just getting by financially*	.592	.351
I am concerned that the money I have or will save won't last*	.645	.416
I have money left over at the end of the month	.777	.604
I am behind with my finances*	.673	.453
My finances control my life*	.654	.428
Financial Socialization (α = .77)		
Spoke to me about the importance of saving	.759	.575
Discussed how to establish a good credit rating	.561	.315
Taught me how to be a smart shopper	.702	.492
Taught me that actions determine my success in life	.677	.459
Financial Skill (α = .91)		
I know how to get myself to follow through on my financial intentions	.826	.683
I know where to find the advice I need to make decisions involving my money	.696	.485
I know how to make complex financial decisions	.763	.582
I am able to make good financial decisions that are new to me	.812	.659
I am able to recognize a goof financial investment	.734	.539
I know how to keep myself from spending too much money	.720	.519
I know how to make myself save	.780	.609
Financial Stress (α = .82)		
I worried whether our food would run out before I got money to buy more	.880	.775
The food that I bought just didn't last and I didn't have money to get more	.879	.773
I couldn't afford a place to live	.647	.418
I or someone in my household needed to see a doctor or go to the hospital but did not go because we couldn't afford it	.661	.437

One or more of my utilities was shut off due to non-payment	.635	.403

Note: * reverse coded

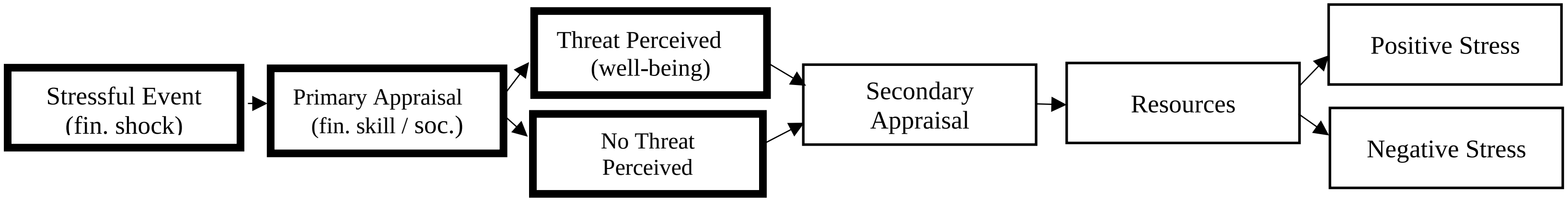
Data Analysis

For this study, scores of -4 (response not written to database) and -1 (refused to answer) were deemed missing data. Minimal missing data were identified, less than 1% (<5% is inconsequential; Graham, 2009), and were replaced using the substitution of the variable mean; the maximum number of replaced missing values on a single item was 15 (0.3%).

A structural equation mediation model was used to analyze the mediating effect of financial socialization and skill on financial well-being (Figure 2.1). "Mediation analysis decomposes the total effect that an input variable (X) has on an outcome variable (Y) into an indirect effect that is transferred via a mediator (M) and a conditional direct effect" (Pieters, 2017, p. 692). Oftentimes, the mediating variable framework is used to inform intervention research that is designed to target the mediating variables that were hypothesized to then affect the outcome variable (MacKinnon et al., 2007).

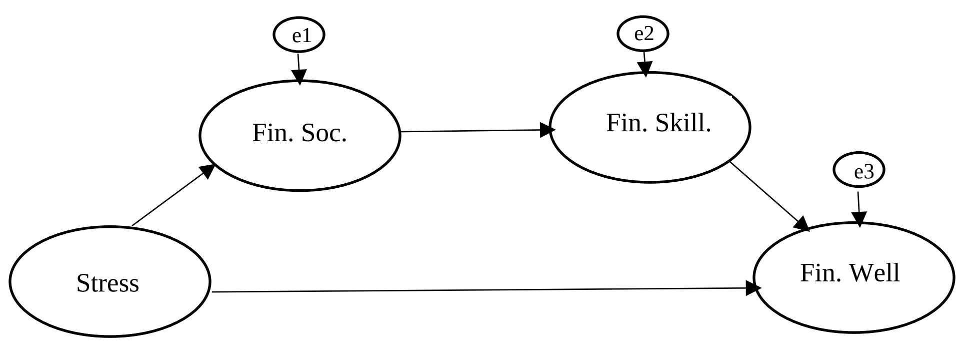
The primary appraisal of Lazarus and Folkman (1987) stress and coping theory served as the conceptual model for the structural equation model (see Figure 2.2).

Figure 2.2 Lazarus and Folkman (1987) Stress and Coping Theory Conceptual Model



A structural equation mediation model was used to test the hypotheses (see Figure 2.3). The use of path analyses was used to allow for simultaneous regressions, and the use of bootstrapping allows for generating the mediating effects and test for statistical significance (Hayes, 2009). CFI, TLI, RMSEA, and χ^2, the fit indices recommended by (Hu & Bentler, 1998) were adopted to evaluate the quality of the model. The second stage of the formal testing of the structural equation model implemented the use of bootstrapped confidence intervals to examine the hypothesized indirect mediated pathways between financial stress and financial socialization and the outcome on financial well-being. Ten thousand bootstrapping samples (resamples) were implemented to ascertain the confidence interval and significance of the indirect effect. Additionally, the indirect mediated pathways between financial stress and financial skill and the outcome on financial well-being were analyzed. Finally, the direct path of financial stress and financial well-being were examined. This structural framework was used to help inform financial education programs as we learn more about the mediating effects of the variables on financial well-being during the time of financial stress.

Figure 2.3 Hypothesized Structural Equation Mediation Model of Financial Well-Being



Results

Two structural equation models were estimated separately, and utilized the fit indices recommended by Hu and Bentler (1999) to evaluate and qualify the models. In the case of Figure 2.4 where less than optimal fit indices were identified, new paths were added to the mediation model. New paths were only added where the bivariate relationship between variables was supported by previous literature and was considered to be theoretically appropriate. Further, to determine whether the hypothesized model (Model 1) or the revised model (Model 2) was a better fitting model, a x^2 difference test was calculated. Generally, if the chi-square "is statistically significant, then one rejects the null hypothesis and concludes that the baseline model fits the data better than the comparison model" (Bryant & Satorra, 2012 p. 4). However, in the interest of goodness-of-fit, the revised model is appropriate because it demonstrates a significantly better fit to the data than the hypothesized model (Table 2.4). For this reason, Model 2 was accepted as the final model.

Table 2.4 Goodness-of-Fit Indicators for Structural Models

Model	x^2	df	x^2/df	CFI	TLI	RMSEA	$x2_{\text{diff}}$
Model 1	126.94**	2	63.468	0.955	0.866	.112	–
Model 2	11.4**	1	11.406	0.997	0.982	.046	115.54***

Note. CFI, comparative fit index; TLI Tucker-Lewis Index; RMSEA, root mean square error of approximation. ***, p<.001, **p <.01

Analysis of the Hypothesized Model

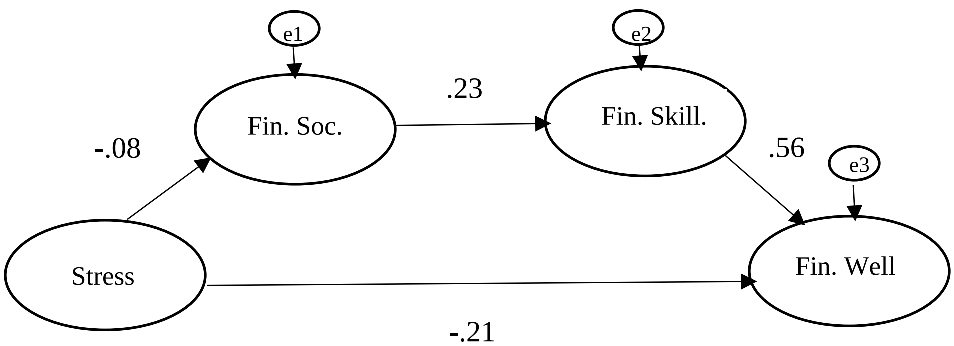
The initial fit indices of the hypothesized model were found to be marginal, $\chi^2(2)$ = 126.94 (p < .01), *CFI* = .955, *TLI* = .866, and *RSMEA* = .112 (Figure 2.4). Examination of the standardized regression weights revealed that the model preformed as hypothesized and all the paths were statistically significant (Table 2.5). Specifically, participants' reports of financial stress (β = -.08, p < .001) was negatively associated with their reports of financial socialization. However, financial socialization (β=.23, p < .001) was positively related to financial skill, and financial skill positively affected financial well-being (β = .56, p < .001). Financial stress was confirmed to have a negative direct effect on financial well-being (β = -.21, p < .001). Further, the model explained 36% of the variance in reports of financial well-being, 1% in the variance of financial socialization, and 5% of the variance in financial skill.

Table 2.5 Bivariate Correlations, Means, and Standard Deviations of Model Variables

	Fin. Soc.	Fin. Well	Skill	Stress
Fin. Soc.	–			
Fin. Well	.214**	–		
Skill	.233**	.580**	–	
Stress	-.075**	-.285**	-.144**	–
M	2.39	3.33	3.45	1.17
SD	1.44	.87	.79	.36

Note. Fin. Soc., Financial socialization, Fin. Well., Financial well-being, Skill, Financial skill, Stress, Financial stress. **p < .01. ***p < .001.

Figure 2.4 Hypothesized Mediation Analysis of Financial Stress on Financial Well-Being



Note: All standardized beta coefficients are shown, all paths in the model are significant at the *p* < .001*** level. Model fit: $\chi^2(2) = 126.94$ ($p < .01$), *CFI* = .955, *TLI* = .866, and *RSMEA* = .112

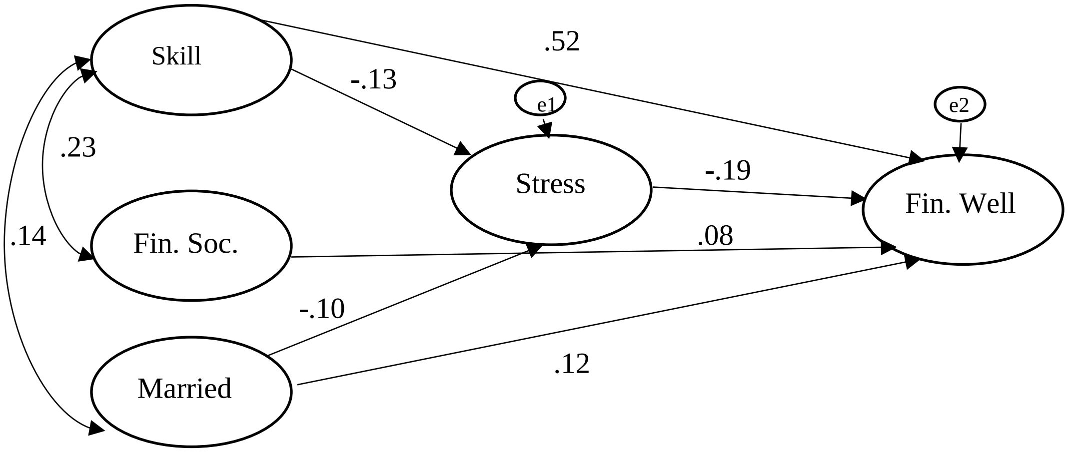
Analysis of Revised Model

From a goodness-of-fit-perspective, the revised mediation model was found to fit to the data, χ^2=11.4 (1), $p < .01$, CFI = .997, TLI .982, RMSEA = .04. While a significant chi-square was reported, according to Barret (2007), because the *exact* fit is measured by chi-square the model may fail. “The chi-square exact-fit test is the only substantive test of fit for structural equation modeling (SEM), but, its sensitivity to discrepancies from expected values at increasing sample sizes can be highly problematic if those discrepancies are considered trivial from an explanatory-theory perspective" (Barret, 2007, p. 815). When chi-square fails, other indices are used to recognize the closeness of fit, such as RMSEA, regarded as one of the most informative fit indices (Diamantopoulos & Siguaw, 2000). RMSEA is relatively independent of sample size, favors parsimonious models (Browne & Cudeck, 1993), and helps provide a more holistic view of goodness of fit. These fit indices "indicate the degree to which the model may be 'discrepant,' rather than a binary null" (Barrett, 2007, p. 816).

All paths were statistically significant. Figure 2.5 contains a diagram of the revised model showing its standardized beta coefficients. Participants' reports of financial skill (β = -.06, p < .001) maintained statistically significant negative associations with stress, and a statistically significant positive association with financial well-being (β = .57, p < .001). Further, financial socialization and financial well-being reported a statistically significant relationship (β = .05, p < .001).

In addition to the hypothesized parallel model, the second model controlled for relationship status (married or not married). Marriage was found to have a statistically significant relationship with financial wellness, and a statistically significant negative relationship with financial stress. It should be noted that marriage had an insignificant covariance with financial socialization (β = -.08, *n/s*). The final model was trimmed of this nonsignificant pathway. Finally, the model explained 40% of the variance in reports of financial well-being and 3% in the variance of financial stress.

Figure 2.5 Revised Mediation Model of Financial Well-Being



Note: Note: All standardized beta coefficients are shown, all paths in the model are significant at the p < .001*** level. Model fit: χ^2=11.4 (1), p < .01, CFI = .997, TLI .982, RMSEA = .04

Discussion

Informed by Lazarus and Folkman's (1987) stress and coping theory, it was hypothesized that during the primary appraisal process, one would draw on their own perception of their ability (financial socialization and financial skill) and the perceived effect of the stressful event on their well-being to determine if a threat exists (H1, H2). If a threat were identified, additional resources would be considered. Although the associations between financial skill and well-being are well established (H3), there is a paucity of research on the underlying mechanisms of financial socialization that impact financial well-being, specifically with respect to relationship dynamics. In this respect, the current study looked to address this limitation by examining the extent to which financial stress was mediated by financial socialization (Model 1). The hypothesized model was found to have marginal fit to the data. Informed by previous research and theory, a revised model was tested. The revised model moved financial skill and socialization to the exogenous variables, and stress to the mediating variable, suggesting that it is not skill and socialization that directly affect well-being, but that stress mediates the relationship of skill and socialization. The x^2 difference test and model fit indices confirmed the revised model had statistically better fit to the data.

The findings of the final model are interpreted to suggest that stress mediates the relationship of skill and socialization. When an individual has financial skill and has experienced financial socialization, they are more likely to report greater financial well-being. Thus, the more financial skill one has, the less stress they feel, and the less stress they feel, the greater their financial well-being. Aligning with the theoretical perspective of Lazarus and Folkman (1987), when an individual endures stress they will strive to change that which is distressing, the individual may then use their financial socialization and skill to then act as buffer to help prepare or endure the financial stress. Findings also suggest that financial socialization and skill may raise an individual's threshold for financial stress, as they draw on their own ability to assess the threat on their well-being (Lazarus & Folkman, 1987).

Further implications were found for married individuals. Marriage was significantly negatively correlated with stress, and significantly positively correlated with skill and financial well-being. Interestingly, there was no relationship between marriage and financial socialization, but perhaps individuals who get married are more likely to gain financial skill, as one partner may have more experience or expertise in the area, and marital decisions regarding finances encourage financial communication (Skogrand et al., 2011).

Given the known associations with financial skill and financial well-being (Haynes-Bordas et al., 2008), the findings in this study were consistent with previous research. However, it was determined that rather than suggesting financial skill and financial socialization mediate the relationship between stress and financial well-being, it is stress that mediates the relationship between financial skill and financial well-being. Importantly, these associations were found in adult-aged participants supporting the notion that socialization, the process by which individuals acquire the knowledge, skills, and value dispositions, prepares individuals during a time of financial stress. Further, these finding suggest that financial socialization continues through the lifespan as suggested by Danes (1994) and Moschis (1985).

In line with the CFPB's mission and the growing interest among researchers, educators, and policymakers to improve the financial well-being among individuals and families, financial skill alone should not be addressed (Gudmunson & Danes, 2011; NEFE, 2006). Rather, the individual's unconscious beliefs and behaviors about money will also help sustain financial well-being during times of financial stress. This study provides evidence for the implementation of financial socialization in financial literacy and suggests to not only address financial skill but to address the individual's key drivers of their financial beliefs, both of which significantly impact their financial well-being, and may serve key buffers during times of financial stress.

Limitations and Implications

Although the findings of this study are meaningful, it is not without limitation. The financial socialization scale and financial stress scale were dichotomous scales, only offering the answers of "yes" or "no," limiting the ability to interpret the frequency of socialized interactions or financially stressful situations. Further, financial socialization occurs implicitly and explicitly making it challenging to capture all observed interactions and addressing all explicit interactions of individuals. Nonetheless, the findings of this study provide support for financial practitioners and educators to engage in more holistic and personalized financial conversations informed by financial socialization research.

As financial practitioners and educators engage with clients about their financial past, the client may discover patterns and behaviors that were previously unknown to them (positive or negative). Such discoveries may serve as motivators for the client, thus encouraging the client to further invest in the financial education. Additionally, the financial practitioner may use these personal self-discoveries to highlight the potential benefit of changing (or continuing) to make sound financial management decisions even when this may be difficult due to financial stress, and because it may be a less familiar approach. As the client challenges their financial norms, developed through financial socialization, the financial practitioner/educator may play a critical role in the client's financial behavior during stress. However, as socialization suggests, the financial change that comes a result may begin a socialized norm for future generations.

Conclusion

Although financial researchers have acknowledged that financial behaviors are transferred directly and indirectly through financial socialization (Kim & Chatterjee, 2013), financial practitioners and educators often focus on the client's current money management practices to inform their financial evaluation. Generally, the client will be assigned tasks that will help improve their financial skill, supporting the notion that greater financial knowledge will result in improved financial behavior, and continued progress down this path will lead to greater benefits in the future. Although improved financial knowledge is sure to have implications for financial management and financial well-being, sustainability of these behaviors, especially during a time of stress, is still of concern. Findings of this study validate that financial socialization should not be ignored. Further, addressing a client's financial past may lead to personal discoveries for the client and serve as a motivating factor for them to continue working with a financial practitioner, or engaging in financial education, ultimately impacting the financial socialization of the greater family unit.

Chapter 3 - Financial Socialization and Trust

Although informal communication processes occur in several types of social settings (e.g., with peers, siblings, parents), it is the family context that is believed to have the greatest influence, playing a significant role in how young people acquire their values, attitudes, and behaviors (Moschis, 1985), specifically about money (Kim & Chatterjee, 2013). Although communication about money and finances is considered taboo, researchers agree that financial acumen is needed for the future financial well-being of the child (Beverly & Burkhalter, 2005; Romo & Vangelisti, 2014). As such, "money attitudes and behavior have been a common reason of concern among financial experts, psychologists, academicians, strategy makers, sociologists, and anthropologists for more than three decades" (Qamar et al., 2016, p. 297). Accordingly, researchers have acknowledged that financial behaviors may be transferred directly and indirectly through financial socialization (Kim & Chatterjee, 2013), with the majority of the attention focused on teens and college-aged students (Deenanth et al., 2019; Solheim et al., 2011), but there is limited research on how financial socialization affects couples. Understanding that money is a taboo topic, and that an individual's values and attitudes are significantly influenced by socialization, this study explores the role of the family of origin on financial communication in marriage, and further how financial communication relates to the couple's trust.

Socialization

Generally, people will build their attitudes and perceptions of money through their experiences and circumstances throughout their lifetime. Gurney (1988) coined the term "money self," the notion that peoples' attitudes towards money differ from person to person based on different variables, such as adolescent experiences, education, and economic and social status.

These attitudes begin to develop as children observe their parents and peers, in turn, this will affect their financial management behavior (Roberts & Jones, 2001). In a study of 500 university students, Qamar, Khemta, and Jamil (2016) found that 20.9% of personal financial management behavior is explained through attitudes about money, pushing researchers to continue exploring the influence of attitudes and emotions regarding money, and how it motivates behavior.

Although responsible money management and financial behaviors have been strongly related to financial knowledge and financial education (Carswell, 2009; Robb & Woodyard, 2011; Scott, 2010), in addition to explicit financial teachings, family members may consciously or unconsciously communicate norms and expectations. As a result, these observations may lead to behavior modeling, an important mechanism of socialization (Gudmunson & Danes, 2011; Moschis, 1985). Drawing on the fundamentals of social learning theory, children learn through experiences and observations, deliberate instruction, as well as reinforcement (Bowen, 1996). Danes (1994) suggested that parents create purposive learning experiences once they identify the child is ready to become involved. The parent should then use this time as a window of opportunity to explicitly teach them. It is important to note, however, that parents will teach children according to their values, beliefs, and knowledge (Bandura, 1986), thus relying on their own socialization and passing down their values and beliefs regarding money. Klontz and Klontz (2009) referred to these core beliefs that drive money behaviors as "money scripts," typically developed unconsciously during childhood and passed down from generation to generation.

Looking further into how parents may explicitly socialize, studies suggest that parents are generally upfront with their children about consumer socialization concepts such as spending, saving, borrowing, etc. However, it has also been found that children are keenly aware of what topics should not be discussed in an open forum. Romo and Vangelisti (2014) found that children had a perception of what information should be concealed, “finding that confidants may be aware not only of disclosure information, but topics that are off-limits,” the most common being family finances (p. 206). Solheim and colleagues (2011) asked college students what they felt their parents’ reasoning was for concealing financial information; the students suggested the belief that money should be private and talking about money leads to conflict. Thus, if a child is socialized to believe money should be private, or talking about money causes conflict, how can social scientists and financial practitioners expect that people will naturally be comfortable discussing money with their partner when joining together in a committed relationship? We must draw our attention to how we address this socialization and help partners build a relationship that supports self-disclosure. Self-disclosure, and the verbal sharing of private matters with another, is widely regarded as critical in the development of, and expression of, intimacy (Prager, 1986; Waring & Chelune, 1983), and in particular trust.

Trust

Few would argue the importance of trust in a marriage, but there must be an environment that fosters its development. Trust can be established through one partner risking personal vulnerability through expressing their inner thoughts, but the response of the receiving partner is critical. If the partner who is taking the risk is met with contention, they may then begin to govern their contributions (Rempel et al., 1985). For instance, the partner may now avoid contentious issues and be selective in their disclosure, in turn, this eliminates the opportunity for learning about dispositional qualities that are related to trust (Rempel et al., 1985). In understanding that trust is built over time and through recurring interactions, Rempel and colleagues (1985) charged researchers to put an emphasis on experiences that involve personal risk, citing that it is essential for understanding the growth of feelings in security and trust.

Self-disclosure, associated with trust and intimacy (Larzelere & Huston, 1980), does not go without risk. There must be some degree of trust that the receiver of the private information will not belittle or demean, hence, self-disclosure must be reciprocal, and through this process intimacy is developed and maintained (Dowd, Means, Pope, & Humphries, 2005). Further, as means of establishing trust, partners rely on elements of predictability and dependability, processing information, and creating causal links whereby they can predict the implications for their personal and relational well-being, along with the reliability of previous evidence (Rempel & Holmes, 1985; Rempel et al., 2001), thus gradually building trust through repeated encounters.

These repeated encounters, along with personal socialization, will give way to a lifelong process of coordinating personal communication. The individuals will attempt to harmonize himself or herself with their partner while each bringing their own relationship to money, as well as their own interpersonal communication skills, that have been influenced by their personal socialization process (Koochel et al., 2020). As such the individuals will attempt to coordinate their communication boundaries as suggested by Petronio's (1991) communication privacy management theory.

Theoretical Framework

Communication privacy management (CPM) theory suggests, "a couple's successful boundary management of private information may contribute to the quality of their marital relationship. Management is critical because it is the process through which the partners balance giving up autonomy by disclosing and increasing intimacy by sharing private information" (Petronio, 1991, p. 312). Thus, boundaries are regulated strategically according to individual criteria, and may be loosely or tightly controlled. The severity of the control is associated with the perceived risk associated with the private information; therefore, the more private the information, the more perceived risk is associated with the disclosure, and the more tightly a boundary may be held. “When boundaries are tightly controlled, access to information about the person is limited, autonomy is achieved, and vulnerability is at a minimum” (Petronio, 1991, p. 314). Should an individual choose to share private information about themselves, however, they must have some degree of trust in the receiving individual, assumedly that they will not use the intimate information in a negative manner (Dowd et al., 2005). As reciprocal self-disclosure occurs, the individuals develop a level of intimacy, and as this process continues, the individuals will begin trusting that they can share private information, and the depth of the self-disclosure will increase. “It is through this process that intimacy develops and is maintained” (Dowd et al., 2005, p. 22).

The Present Study

As a couple coordinates their communication and privacy boundaries, it is expected that they will further develop trust. As the two individuals attempt to coordinate their communication and privacy boundaries, however, they will be influenced by their personal socialization. With this theoretical grounding and related literature, the purpose of this study was to explore the mediating effects of financial socialization on the development of trust while individuals are attempting to coordinate their communication boundaries. The findings of this research will be used to better inform communication research and best practices for financial practitioners.

To better understand the role of the family of origin in the development of trust and communication the following hypotheses were developed:

H1: Financial socialization will mediate the effect of communication boundary coordination on partner trust.

H2: Financial communication will have a direct effect on partner trust.

Methods

Sample

Participants were recruited through the crowdsourcing site, Prolific, a web-based service that financially incentivizes study participants. Participants were provided the Qualtrics survey via their Prolific login. Prolific sets clear guidelines for the survey submissions and defines a fixed payment per unit of time that is required to complete the survey. The payment, $2.00 per completed survey, was communicated to the participant when they signed up for the platform.

A sample of 231 participants were used in this study (Table 3.1). Ninety percent of the participants were married for the first time, ages ranged from 19 – 75 years (*M* = 37, *SD* = 10.23) and their partner's ages ranged from 19 – 79 years (*M* = 39, *SD* = 11.17). First time marriage is noted because existing studies indicate "that the cognition and behaviors of remarried individuals can change from an earlier marriage, such behavioral change might occur as a function of experience in a previous marriage followed by divorce, singlehood, or remarriage" (Allen, Baucom, Epstein, & Rankin-Esquer, 2001, p. 326). Sixty-two percent of the participants were female and 38% were male. The majority of the participants were White (74%), had a bachelor's degree (42%), were employed full-time (46%), and reported an individual income of less than $25,000. It should be noted that these data were collected during the 2020 COVID-19 global pandemic.

Table 3.1 Descriptive Statistics

Participant Descriptive Statistics (N = 231)

Variables	*Range*	*Mean (SD)*
Participant's Age	19 - 75	37 (10.22)
Partner's Age	19 – 79	39 (11.14)

Variables	*N*	*Frequency*
Gender		

Male	88	38.0%
Female	143	62.0%
First Marriage		
Yes	209	90.0%
No	22	9.5%
Ethnicity		
White	171	74.0%
Hispanic or Latino	17	7.4%
Black or African American	9	3.9%
Asian	24	10.4%
Other	10	4.3%
Education		
Some high school, no diploma	1	0.5%
High school graduate, diploma, equiv.	44	19.0%
Trade/technical/vocational training	14	6.0%
Associates degree	23	10.0%
Bachelor's degree	97	42.0%
Graduate education	52	22.5%
Individual Income		
Less than $25,000	15	6.5%
$25,000 - $34,999	19	8.2%
$35,0000 - $49,999	28	12.1%
$50,000 - $74,999	61	26.4
$75,000 - $99,999	40	17.3%
$100,000 - $149,999	39	16.9%
$150,000 - $199,999	22	9.5%
$200,000 or more	7	3.0%
Employment		
Part-time	44	19%
Full-time	107	46.3%
Student	7	3.0%
Military	2	1%
Unable to work	8	3.5%
Stay-at-home parent/person	38	16.5%
Out of work and looking for work	17	7.4%
Out of work and not looking	8	3.3%

Measures

The survey was comprised of four instruments: The *Financial Socialization Scale* (FSS), *Financial Partnership Scale, Parent Financial Behavior Scale, and the Dyadic Trust Scale* (DTS). In addition, demographic questions assessing participants' eligibility and background, as well as questions regarding views of assets and debts, money management, household and individual earnings, and prenuptial agreements were included. Two eligibility questions were provided: 1) are you legally married? 2) is this your first marriage. Answering “yes” to both of these questions provided participants access to the survey (see Appendix B for the full survey).

Exogenous Variable – Financial Communication. Financial communication was measure by *Financial Partnership* (Koochel, 2020). *Financial Partnership* is a subscale within the Financial Transparency Scale (Koochel et al., 2020). The financial partnership scale is an 18-item scale designed to assess the likelihood and occurrence of discussing financial management practices with one another. Items reflect assessment of discussion regarding goals, spending habits, purchases, budgeting, saving, and credit reports. The FTD had an internal reliability of 0.83 (Koochel et al., 2020). The FTD reported excellent internal consistency for this sample, α = .94.

Mediator Variable – Parent Financial Behaviors. *Parent Financial Behaviors*. This scale is derived from a study by Shim and colleagues (2009) and is designed to assess the role of parents and financial socialization in first–year college students. The five-question scale asked students to report their perceptions of their parents’ financial behaviors (tracking monthly expenses, saving money for the future, etc.) prior to leaving for college on a 5-point scale of 1 (*never*) to 5 (*always*). Cronbach alpha for this scale was .88 (Shim et al., 2009). The current study used this scale to assess implicit financial socialization. The scale reported excellent internal consistency (α = .90).

Mediator Variable – Financial Socialization. Financial socialization is comprised of the *Financial Socialization Scale*, which is a part of the CFPB’s National Financial Well-Being Survey public use file codebook. A 7-item scale was used to assess respondents’ financial socialization by asking respondents if their family did any of the following items while growing up at home, including discussing family financial matters, savings, credit ratings, allowances, etc., with response options of 1, "yes," or 2, "no." The current study used this scale to assess explicit financial socialization. The scale reported good internal consistency (α = .86).

Dependent Variable – Trust. The *Dyadic Trust Scale* (DTS) comprised the dependent variable, trust. The *Dyadic Trust Scale* is an 8-item scale that was developed purposefully to be consistent with conceptualizations of trust from various perspectives, and to measure "the extent that a person believes another person (or persons) to be benevolent and honest" (Larzelere & Huston, 1980, p. 596). Associations and correlations for this scale (e.g., love) were the same regardless of whether individual or couples scores (the sum of the partners) were used. Thus, allowing for both couple and individual use. The DTS appears to have excellent internal consistency with a reported alpha of 0.93 (Larzelere & Huston, 1980). For this study, the DTS reported a good internal consistency (α = .93).

Confirmatory Factor Analysis

Using the theoretical conceptual foundation, a confirmatory factor analysis (CFA; see Table 3.2) was used to evaluate the existing measures and asses the quality of the data collected. "The CFA provides and more parsimonious understanding of the covariation among a set of indicators because the number of factors is less than the number of measured variables" (Brown, 2006, p. 2), thus providing information needed to meaningfully interpret the reliability coefficient (Levine, 2005). As a result, the measurement model was evaluated using the goodness of fit indices recommended by (Hu & Bentler, 1998); x^2, CFI, TLI, and RMSEA. The measurement model revealed marginally well-fitting data x^2 = 811.18 (344), p <.01, CFI = .885, TLI .864, RMSEA = .07.

Table 3.2 Beta Weights and Squared Multiple Correlations of Measurement Mode

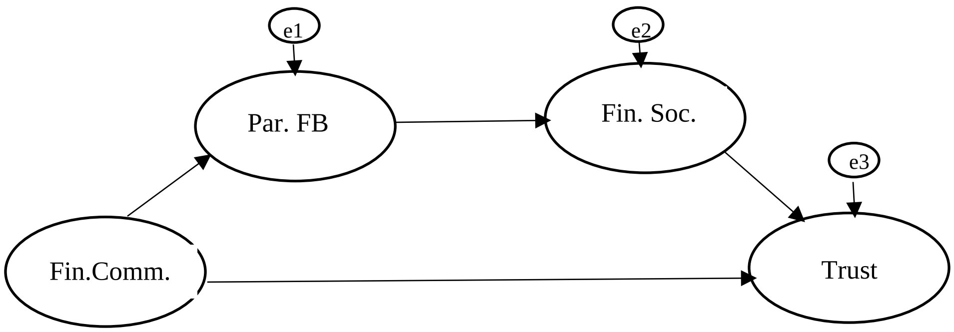
Item	β	R^2
Trust (α = .93)		
My partner is perfectly honest and truthful with me	.866	.751
I feel I can trust my partner completely	.949	.901
My partner is truly sincere in his (her) promises	.874	.763
My partner treats me fairly and justly	.809	.655
Financial Socialization (α = .86)		
Spoke to me about the importance of saving	.877	.769
Discussed how to establish a good credit rating	.755	.570
Taught me how to be a smart shopper	.713	.508
Taught me that actions determine my success in life	.752	.566
Provided me with a savings account	.669	448
Parent Financial Behavior (α = .90)		
Tracked monthly expenses	.695	.484
Spent money within the budget	.741	.549
Payed credit card balances in full each month	.804	.647
Saved money each month for the future	.840	.706
Financial Partnership (α = .94)		
Discussed finances openly and honestly	.663	.440
Review financial statements together (credit card statements, investment statements, etc.)	.691	.477
Discuss how money should be spent	.766	.586
Make savings goals for the future together	.796	.634
Review credit reports together	.755	.570
Discuss outstanding debts	.677	.458
Review a current budget	.690	.476
Discuss spending habits	.751	.564
Set long-term (more than 5 years) financial goals together	.701	.492
Discuss family expenses	.688	.473
Pay bills together	.798	.637
Plan ahead for large purchases	.685	.470
Keep records of expenditures and income	.762	.581
Discuss repayment of outstanding debt	.647	.418

Data Analysis

To further explore the research questions, a structural equation model was used to analyze the mediating effect of financial socialization on trust. Generally speaking, “a mediator can be thought of as the carrier or transporter of information along the causal chain of effects” (Little et al., 2007, p. 207), and be used to conceptualize the mediated influences of contextual information deemed to be a distal influence. The exogenous causal influencer is communication (*X*), financial socialization is the endogenous influencer, or mediator (*M*), and trust is the dependent or outcome variable (see Figure 3.1). This suggests that *X* is significantly related to *M*, *M* is significantly related to *Y*, and that the relationship of *X* and *Y* to one another weakens or diminishes when *M* is in the model (Little et al., 2007).

A structural equation mediation model with bootstrapping was used to test the hypotheses (see Figure 3.1). In a mediation model, *a* is the coefficient for communication boundary coordination predicting *M*, financial socialization, from communication boundary, *X,* and *b* and *c’* are the coefficients in the model predicting trust, *Y*, from both *M* and *X*. The initial model fit was evaluated based upon model fit indices of CFI, TLI, RMSEA, and χ^2 recommended by Hu and Bentler (1998). After identifying model fit, the use of bootstrapping, taking multiple random samples with replacement from the data, was implemented to estimate the size of the direct and indirect effects of the model (Hayes, 2009). Ten thousand bootstrapping samples (resamples) was implemented to ascertain the confidence intervals and the indirect mediated pathway between financial communication and financial socialization and parent financial behaviors on the outcome of trust. Finally, the direct path of financial communication and trust were examined. This structural equation model and conceptual framework were used to inform researchers, financial practitioners, and financial education as we learn more about the mediating effects of financial socialization (implicit, parent financial behavior; explicit, financial socialization) on the development of trust as couples are attempting boundary coordination when engaging in financial communication.

Figure 3.1 Hypothesized Structural Equation Mediation Model of Trust



Results

Two structural equation models were estimated separately, and utilized the fit indices recommended by Hu and Bentler (1999) to evaluate and qualify the models. In the hypothesized model (Figure 3.2) two paths were identified as being insignificant. Informed by previous literature and the theory, new paths were added and tested in the revised model.

The revised model resulted in moving the exogenous variable to the mediator, and the mediators to the exogenous, with the understanding that trust can be established through partners risking personal vulnerability through financial communication, and that this interaction would be informed by their socialization, both implicit and explicit (e.g. parent financial behavior and financial socialization), rather than disrupted or mediated by their socialization. "However, frequently differences in model fit are more subtle, and an objective criterion for a decision between competing models may be desired" (Werner & Schermellah-Engel, 2010, p. 2). To further determine if the hypothesized model (Model 1) or the revised model (Model 2) was a better fit to the data a x^2 difference test was calculated.

Table 3.3 Goodness-of-Fit Indicators for Structural Models

Model	x^2	df	x^2/df	CFI	TLI	RMSEA	$x2_{diff}$
Model 1	6.88*	2	3.439	0.963	0.888	.103	–
Model 2	.005	1	005	1.00	1.046	.00	6.88**

Note. CFI, comparative fit index; TLI Tucker-Lewis Index; RMSEA, root mean square error of approximation. *p < .05, **p < .01

Given the previous literature, theoretical ground, and in the interest of goodness-of-fit, the revised model was determined to be appropriate as it demonstrated a significantly better fit to the data than the hypothesized model (Table 3.3). For this reason, Model 2 was accepted as the final model.

Analysis of the Initial Model

The initial fit indices of the hypothesized model were found to be good, $\chi^2(2) = 93$ (p >.05), *CFI* = .987, *TLI* = .962, and *RSMEA* = .07. Figure 3.2 contains a diagram of the initial model showing its standardized beta coefficients and p-value significance. Examination of the standardized regression weights revealed the model did not perform as hypothesized, and not all the paths were significant. Notably, the direct effect of financial communication (β = .40, p < .001) was significantly associated with trust, and the indirect effect of parent financial behaviors with financial socialization (β =.55, p <.001). The effect of financial communication on parent financial behavior was insignificant (β = .11, p = n/s) and the effect of financial socialization on trust was insignificant (β = .40, *n/s*). Further, the model explained 1% of the variance in parent financial behavior, 30% of the variance in financial socialization, and 17% of the variance in trust. Correlations, means, and standard deviations can be found in Table 3.4.

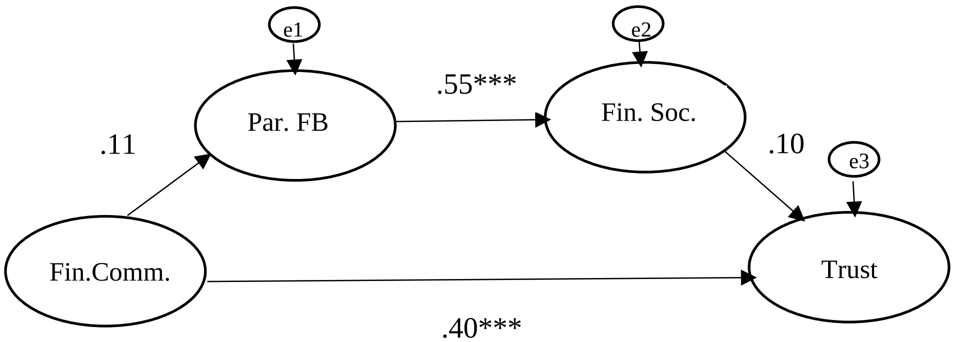
Table 3.4 Bivariate Correlations, Means, and Standard Deviations of Model Variables

	Fin. Soc.	DTS	Par. FB	Comm.
Fin. Soc	–			
DTS	.144*	–		
Par. FB	.554**	.221**	–	
Comm.	.110	.409**	.119	–

M	2.89	5.50	3.34	3.79
SD	1.14	1.35	1.14	0.78

Note. Fin. Soc., financial socialization; DTS, dyadic trust scale; Comm., financial communication. **p < .01. ***p < .001.

Figure 3.2 Hypothesized Mediation Model of Trust

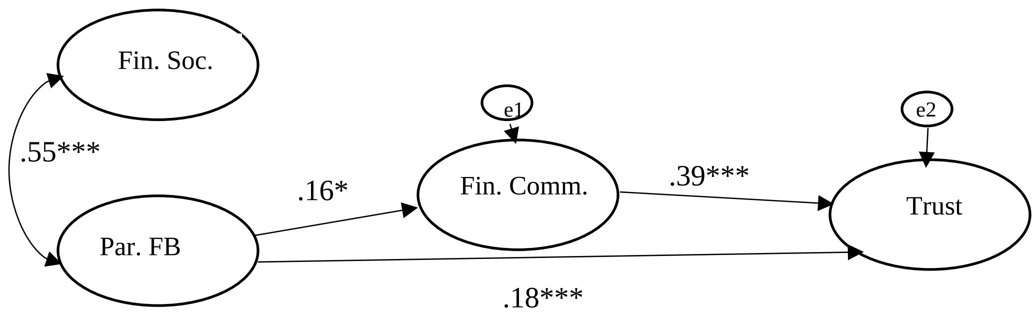


Note: All standardized beta coefficients are shown, paths in the model are significant at the *p* < .001*** level. Model fit: $\chi^2(2) = 4.29$ ($p > .05$), *CFI* = .987, *TLI* = .962, and *RSMEA* = .07

Analysis of the Revised Model

From a goodness-of-fit and theoretical perspective, the revised model was found to have good statistical fit to the data, $\chi^2(1) = .009$ ($p > .05$), *CFI* = 1.00, *TLI* = 1.03, and *RSMEA* = .00. Figure 3.3 contains the diagram of the revised mediation model; financial socialization and parent financial behaviors were assigned as the exogenous variable and financial communication was assigned as the mediator. Specifically, financial communication maintained a statistically significantly association with trust ($\beta = .39$, $p < .001$). Parent financial behavior was also found to be statistically significant with ($\beta = .18$, $p < .01$) trust and financial communication ($\beta = .16$, $p < .05$). It should be noted that effect of financial socialization was tested, and it was found to have a nonsignificant effect on financial communication and nonsignificant direct effect on trust. The final model was trimmed of these insignificant pathways. The final model explained 2% of the variance in financial communication and 20% of the variance in trust.

Figure 3.3 Revised Mediation Model of Trust



Note: All standardized beta coefficients are shown, paths in the model are significant at the $p <$ .05, $p < .001$*** level. Model fit: $\chi^2(1) = .009$ ($p > .05$), $CFI = 1.00$, $TLI = 1.03$, and $RSMEA =$ .00

Discussion

Quality relationships have been characterized by trust and mutual reciprocity, often working as a product of one another (Du Plooy, 2018; Rempel et al., 1985). Trust is widely considered to be an essential component of a satisfying interpersonal relationship, and self-disclosure is central to its development and maintenance, as intimate bonds are believed to remain strong to the extent that partners respond with sensitivity to one another (Dowd et al., 2005; Sternberg & Barnes, 1988). Regrettably, research has discounted the importance of the financial socialization process brought into the relationship dynamic and exchange in financial communication. In seeking to understand this shortcoming, this study investigated the role of financial socialization in financial communication of married individuals.

Informed by CPM theory, it was hypothesized that as a couple attempts to coordinate their communication and privacy boundaries through financial communication, they will further develop trust; however, the role of socialization was still unclear. Initially, it was hypothesized that as individuals engage in financial communication with their partner their implicit and explicit socialization would mediate their development of trust (H1), suggesting that an individual's socialization would ultimately interfere with the boundary coordination and disrupt (or decompose) the outcome on trust. It was also hypothesized that financial socialization would have a direct effect on trust (H2). This hypothesized model resulted in nonsignificant pathways. Upon further consideration of the theory and confirmation of the x^2 difference test, a revised model was examined and accepted as the final model.

Financial socialization is inevitable. The results of this study suggest that the implicit socialization, what one observed from their parents, and the explicit socialization (direct communication regarding finances) may be similar, as noted by a high correlation ($\beta = .55$, $p < .001$) between parent financial behaviors and financial socialization. Thus, as an individual is being socialized, and watching their parents, this will directly influence how they communicate about their finances, and in turn this communication will influence trust.

The revised model helps substantiate that while individuals have been influenced by their own personal socialization process, as they attempt to harmonize themselves with their partner through reciprocal self-disclosure about finances, trust and intimacy is developed. This suggests that although an individual may have had differing financial socialization experiences, proper expression of vulnerable topics, such as finances, can be established to help foster an environment of trust.

Implications

There must be some degree of trust when exchanging intimate information, assumedly that it is appropriate and that it will not be used in a negative manner. Referring back to the previous example, if an individual is socialized to believe money should be private, or talking about money causes conflict, how can social scientists and financial practitioners expect that people will naturally be comfortable discussing money with their partner when joining together in a committed relationship? We must draw our attention to how we address this socialization and help partners build a relationship that supports self-disclosure. Studies, such as this, and communication privacy management can help guide future research by highlighting the importance of communication and the underlying effects of socialization and encourages practitioners to consider the underlying constructs of trust and disclosure, acknowledging the importance of couples creating privacy management boundaries between one another and individually. Future research is encouraged to continue looking to understand how perception and normative attitudes about finances transition as individuals join in to committed relationships and form family units.

Limitations

Although findings in this study are meaningful and provide future direction for researchers and practitioners, it is not without its limitations. Participants in this study were individuals who were asked to report on their perceived relationship, therefore the data are only representative of one partner. The requirements for this study asked that participants be married for the first time.

This data was collected during the COVID-19 global pandemic. Given that the data were collected during a pandemic, financial and relationship issues might be stronger for these participants than if the data were collected at a different period. Future research should include couples, married and unmarried, as well as couples who had subsequent marriages offering a comparative analysis. Additionally, a longitudinal study could be conducted to determine if there were changes or trends that occurred throughout the marriage. Additional research should be conducted with a larger sample.

Conclusion

Although it may seem intuitive that participating in intimate conversations may help build trust, the vulnerability and risk of engaging in financial self-disclosure cannot be understated. The current study suggests that a greater understanding of one's influential financial socialization has important implications for developing trust. The development of trust invokes feelings of security and believing that each partners needs will be considered. Without the confident expectation of a shared willingness to mutually satisfy, a partner may begin protecting their own interests and seek to protect their own well-being (Rempel et al., 2001). Findings in this study suggest that as partners increase intimacy by sharing privately held financial information and work to establish communication boundaries, they move away from being largely concerned about securing protection of self and restricting access to others, and allow for the tension of revealing or concealing to consider the role of others (Petronio, 2010). Repeated success in this private exchange may be essential for growth and feelings of security in a relationship that will help sustain a trusting relationship. Additionally, future research is encouraged to continue examining how perception and normative attitudes about finances influence the exchange of privately held financial information, and the impact on the individual, couple, and family unit.

Chapter 4 - Trust, Power, and Financial Transparency

Introduction

Disclosure serves as a key communicative act between partners and plays a central role in relationship maintenance (Kennedy-Lightsey et al., 2012), creating bonds that are nearly impossible without it (Petronio, 2002). However, with self-disclosure comes risks (e.g., creating a negative impression, losing autonomy, and/or losing influence in a relationship; Kennedy et al., 2012), which may result in an individual avoiding self-disclosure altogether. For this reason, there must be a degree of trust that the other person will not use this information negatively (Dowd et al., 2005). With regard to finances, this may be particularly challenging as couples have sometimes had very different ideas about how family income should be spent and managed (Britt et al., 2008). Financial disclosure and discussion of financial management practices may be particularly challenging if a power differential exists (e.g., imbalance of resources, earning power, etc.). A power differential allows one partner greater control within the relationship, which may lead to greater potential decreased marital satisfaction (Sabatelli & Shehan, 1993). To further understand the role of financial communication in marital satisfaction, Koochel, Markham, Crawford, and Archuleta (2020) suggested financial transparency "the open and honest disclosure of one's finances," (p. 14) finding that those who had greater financial transparency reported increased marital satisfaction. To further our understanding of financial communication and financial transparency between marital partners, the purpose of this study is to explore the underlying constructs of trust, power, and disclosure and the role it plays in marital satisfaction.

Financial Transparency and Socialization

Financial transparency, defined as the open and honest disclosure of one's finances (Koochel et al., 2020), focuses on a couple's communication about finances, drawing specific attention to an individual's likelihood to be secretive about a transaction, and how much an individual trusts their partner's financial judgement and management. With regard to finances, self-disclosure may be a particularly challenging task. Research has shown that "financial matters are closely related to family discord, marital problems, and even divorce" (Kerkmann et al., 2000, p. 55). Although some researchers have tied this to financial management (Kerkmann et al., 2000; Pahl, 1995), others have suggested that this may be attributed, in part, to an individual's financial socialization (Kim & Chatterjee, 2013).

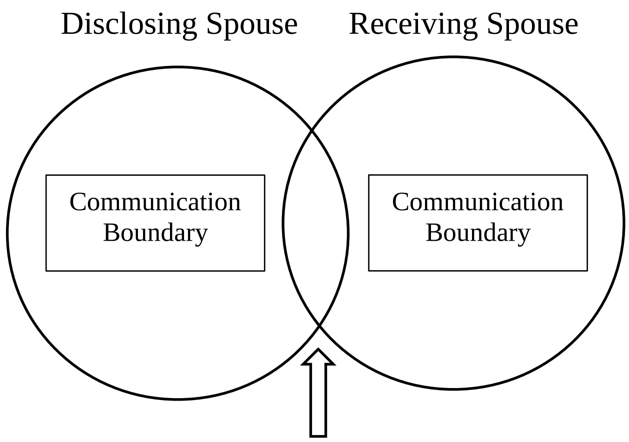
"When partners are joining into a committed relationship, they are each bringing in their own relationship to money, as well as their own interpersonal communication skills, that have been influenced by their personal socialization process" (Koochel et al., 2020). Through this process, environmental and family influences from an individual's childhood, have been carried forward to adulthood and created what may be perceived as "normative expectancies" (Kidwell & Turrisi, 2004; Koochel et al., 2020). Although the immediate solution may be to simply 'talk more,' communication theorists suggest that "regulating the disclosure of private information may be a more productive route to a successful marriage than practicing complete openness" (Petronio, 1991, p. 312). Rather, it is about coordinating communication boundaries about the private information that is critical to the marital relationship as partners are going through the process of giving up autonomy through disclosure, and increasing intimacy by sharing private information (Petronio, 1991).

Theoretical Framework

Communication Privacy Management theory (CPM: Petronio, 2002) is a lens in which we can further develop our understanding of couple's financial communication. CPM was developed to address the ways people manage and share their private information (Petronio, 2007, 2010). In a marriage, partners need to be both private and open at the same time. CPM presumes that this creates a dialectical tension at the core of privacy management; people struggle with the tension to reveal or conceal private information (Petronio, 2010). Individuals develop privacy rules to then determine with whom and how they share private information (Petronio, 2002), including financial information. This is important to consider because self-disclosure is one the most important factors when predicting marital satisfaction (Dowd et al., 2005).

The basic thesis of CPM research assumes that revealing private information is risky because there is the potential for vulnerability when revealing aspects of self (Petronio, 1991). For some, revealing private information about their finances may be something they have never done before, making it particularly intimate. As a partner chooses to self-disclose this information, they are assuming the risk of vulnerability, and as a result, they may feel the need to protect themselves. To manage the process of disclosing private information, the individual will erect a metaphoric boundary (see Figure 4.1), and set rules, or criteria, to control the boundary and regulate the flow of private information to others (Petronio, 1991). As the self-disclosure actions are reciprocated, there is a recognition of mutual obligations, providing a foundation of moral conduct (Dowd et al., 2005), and the extent to which a partner's reaction to receiving the information is satisfactory will determine boundary coordination. "Thus, managing the demand-response relationship produces a perceived outcome that results from coordinating respective boundaries" (Petronio, 1991, p. 135), and may lead to increased or decreased relational quality.

Figure 4.1 Boundary Coordination



Boundary Coordination (Petronio, 1991)

Power

Along with perceived outcomes of disclosure, perceptions of unfairness or inequality and decision-making power have been common issues for partners, causing financial conflict, and putting couples at a greater risk for divorce (Archuleta, 2013; Dew et al., 2012). One aspect of this perception of inequality lies in financial decision making, and who has the final say. When a partner feels he or she has less influence over the spending than the other, it leads to one of the major sources on conflict between couples (Bluestein & Schwartz, 1983; Kirchler et al., 2001). Cromwell and Olsen (1975) suggested that power in a relationship can be conceptualized in three aspects: (a) power base, resources used to gain control (e.g., finances); (b) power process, tactics used to gain control (e.g., intimidation); and (c) power outcome, who makes the final decision. It is when there is an imbalance that power originates.

These are also important considerations as we look to gender differences that may exist. Blumstein and Schwartz (1983) found that when couples made 'joint' decisions, it did not always mean 50/50 because the breadwinner role still provided more power (traditionally the husband), and even when this power was delegated to the 'receiving' partner (traditionally the wife) they still wanted more autonomy. This aligns with Zargosky's (2003) findings suggesting that marital partners do not share the same view of family financial situations, and even in relationships when men may want to merge money, they still want to maintain the decision-making power around how it is spent (Atwood, 2012). This combination of power and control are likely not compatible with intimacy.

Trust

The manner in which these perceptions are addressed will vary as a function of trust. *Trust* refers to the confidence an individual has in their partner's willingness to be responsive to their needs, security in caring for the partner, and strength in the relationship (Remple & Holmes, 1985). "As relationships progress there is an inevitable shift in focus away from assessments involving specific behaviors, to an evaluation of qualities and characteristics attributed to the partner. Thus, trust is placed in the person, not their specific actions. For example, is the partner a reliable person, someone who is honest and can be counted on?" (Rempel & Holmes, 1985, p. 96). Accordingly, partners tend to make attributions about their partner on the basis of beliefs about their partner's character (McNulty & Karney, 2001). If a partner believes that the other is generally a kind and caring person (benevolent), she or he will tend to make positive attributions, even about negative behaviors. However, if much of the relationship is characterized by negative behaviors it is likely to lose positive affect or trust. (Dowd et al., 2005).

The Present Study

As a result of previous and current research, and with the consideration of CPM theory, the construct of trust and the role it plays in financial transparency as it relates to marital satisfaction needs to be explored. As two partners come together in a marriage, they are each bringing their own personal financial socialization and communication expectations. These expectations can be managed through boundary coordination, as suggested by CPM theory. Negative perceptions of the relationship, such as an imbalance of power, should also be considered; however, it is suggested that trust will mediate the outcome of marital satisfaction.

H1: Trust will mediate the relationship between financial transparency and marital satisfaction between married partners.

H2: Power will mediate the relationship between financial transparency and trust between married partners.

H3: Financial secrecy will mediate the relationship between financial transparency and trust.

H4: Financial transparency will have a direct effect on marital satisfaction.

Methods

Sample

The crowdsourcing platform, Prolific, was used as the participant recruitment method. Prolific pre-screens their participants and offers the researcher the ability to use pre-screening questions. After inputting the delimitation (an individual who is married), Prolific will define the fixed minimum payment per unit of the time that is required to complete the study. The expected payment was communicated to the study participant at the beginning of the study by the platform, $2.00 per completed survey.

A total of 231 surveys were used in this study (Table 4.1). Ninety percent of the participants were married for the first time, ages ranged from 19 – 75 years (M = 37, SD = 10.23) and their partner's ages ranged from 19 – 79 years (M = 39, SD = 11.17). First time marriage is noted because existing studies indicate "that the cognition and behaviors of remarried individuals can change from an earlier marriage, such behavioral change might occur as a function of experience in a previous marriage followed by divorce, singlehood, or remarriage" (Allen et al., 2001, p. 326). Sixty-two percent of the participants were female and 38% were male. The majority of the participants were White (74%), had a bachelor's degree (42%), were employed full-time (46%), and reported an individual income of less than $25,000. It should be noted that the datum was collected during the COVID-19 global pandemic.

Table 4.1 Descriptive Statistics

Participant Descriptive Statistics (N = 231)

Variables	*Range*	*Mean (SD)*
Participant's Age	19 - 75	37 (10.22)
Partner's Age	19 – 79	39 (11.14)

Variables	*N*	*Frequency*
Gender		
Male	88	38.0%
Female	143	62.0%
First Marriage		
Yes	209	90.0%
No	22	9.5%
Ethnicity		
White	171	74.0%
Hispanic or Latino	17	7.4%
Black or African American	9	3.9%
Asian	24	10.4%
Other	10	4.3
Education		
Some high school, graduate, diploma, or equiv.	45	19.5%
Trade/technical/vocational training	14	6.0%
Associates degree	23	10.0%
Bachelor's degree	97	42.0%
Graduate education	52	22.5%
Individual Income		
Less than $25,000	15	6.5%
$25,000 - $34,999	19	8.2%
$35,0000 - $49,999	28	12.1%
$50,000 - $74,999	61	26.4
$75,000 - $99,999	40	17.3%
$100,000 - $149,999	39	16.9%
$150,000 - $199,999	22	9.5%

$200,000 or more	7	3.0%
Employment		
Part-time	44	19%
Full-time	107	46.3%
Student	7	3.0%
Military	2	1%
Unable to work	8	3.5%
Stay-at-home parent/person	38	16.5%
Out of work and looking for work	17	7.4%
Out of work and not looking	8	3.3%

Measurements

The survey was composed of five instruments: The *Financial Partnership Scale*, *Financial Secrecy,* the *Dyadic Trust Scale* (DTS), the *Kansas Marital Satisfaction* scale (KMS), and *Relationship Power Inventory*. In addition, demographic questions assessing participant's eligibility and background, as well as questions regarding views of assets and debts, money management, household and individual earnings, and prenuptial agreements were included. Two eligibility questions were provided: (1) are you legally married? (2) is this your first marriage. Answering "yes" to both of these questions provided participants access to the survey (see Appendix B for full survey).

Exogenous Variable – Financial Transparency – Financial Partnership. The financial transparency scale (FTS) is a 26-item self-administered questionnaire intended to measure individual financial transparency (Koochel et al., 2020). The FTS is composed of three subscales: financial partnership, financial trust and disclosure, and financial secrecy. This scale was designed to assess three separate interactions relating to financial transparency: (a) how often a person and his or her partner engage in financially transparent behavior, (b) how likely a person and his or her partner are to engage in financially transparent behavior, and (c) how likely one person within the marriage is to engage in financially transparent behavior. Internal reliability is excellent, α = .94 (Koochel et al., 2020). This study utilized two of the three subscales: financial partnership and financial secrecy.

Financial Partnership. Financial partnership is an 18-item subscale of the financial transparency scale designed to assess the likelihood and occurrence of discussing financial management practices with one another. Items reflect assessment of discussion regarding goals, spending habits, purchases, budgeting, saving, and credit reports. The financial partnership scale had an internal reliability of 0.95 (Koochel et al., 2020). The scale reported excellent internal consistency for this sample, α = .94.

Mediator Variable$_1$ – Financial Secrecy. Financial secrecy is a 3-item subscale of the Financial Transparency Scale (Koochel et al., 2020) designed to assess the likelihood of a partner to keep a secret or lie about a financial transaction, spending, or purchase. Financial secrecy reported excellent internal consistency, α = .93 (Koochel et al., 2020) and α = .94 for this sample.

Mediator Variable$_2$ – Power. The Relationship Power Inventory (Farrell et al., 2015), is a 20-item measure built to assess general power in the romantic relationship (e.g., “When my partner and I make decision in our relationship, I tend to structure and lead the discussion”). Items for this measure are assessed on a 7–point Likert-type scale ranging from 1 (never) to 7 (always). Internal consistency with this sample was good (α = .90).

Mediator Variable$_3$ – Trust. The Dyadic Trust Scale (DTS) is designed to measure trust, “the extent that a person believes another person (or persons) to be benevolent and honest” (Larzelere & Huston, 1980, p. 596). Reports for this scale show that associations and correlations for this scale (e.g., love) were the same regardless of use of the individual or couples scores (the sum of the partners). As a result, this scale was deemed appropriate for both individual and couple use. The DTS appears to have excellent internal consistency (α = .93; Larzelere & Huston, 1980). The DTS reported good internal consistency with this sample (α = .81).

Dependent Variable – Marital Satisfaction. The Kansas Marital Satisfaction (KMS) scale is a three-item scale that uses a 7-point Likert scale designed to assess marital satisfaction (Schumm et al., 1986). The KMS has reported excellent internal consistency, α = .93, with reliability ranging from 0.75 to 0.95 (Grable, Archuleta, & Nazarinia, 2011). The KMS reported excellent internal consistency with this sample (α = .96).

Confirmatory Factor Analysis

To assess the quality of the measures, a confirmatory factor analysis (CFA; see Table 4.2) was conducted. The CFA "provided information on the number of constructs measured and tested which items measure the same construct and which items measured different constructs" (Levine, 2005, p. 336), such information is used to meaningfully interpret the reliability coefficient and construct the measurement model. The goodness of fit indices recommended by (Hu & Bentler, 1998) were used to evaluate the measurement model. The measurement model revealed marginally well-fitting data, χ^2 = 1527 (655), (p < .01), *CFI* = .886, *TLI* = .871 and *RSMEA* = .076.

Table 4.2 Beta Weights and Squared Multiple Correlations of Measurement Model

Item	β	R^2
Trust (α = .93)		
My partner is primarily interested in his (her) own welfare*	.664	.440
There are times when my partner cannot be trusted*	.836	.699
My partner is perfectly honest and truthful with me	.832	.693
I feel I can trust my partner completely	.917	.840
My partner is truly sincere in his (her) promises	.883	.780
I feel that my partner does not show me enough consideration*	.646	.418
My partner treats me fairly and justly	.838	.702
I feel that my partner can be counted on to help me		

Power (α = .96)		
My partner has more say than I do when we make decisions in our relationship	.915	.837
My partner has more control over decision making than I do in our relationship	.942	.887
When we make decisions in our relationship, my partner gets the final say	.857	.735
My partner has more influence than I do on my decisions in our relationship	.912	.831
My partner has more influence than me when deciding about issues in our relationship	.924	.854
My partner is more likely to get his/her way than me when we disagree about issues in our relationship	.815	.664
Financial Secrecy (α = .94)		
Lie to your partner about a financial decision*	.895	.802
Lie about a purchase to your partner*	.947	.896
Keep a secret from your partner regarding spending*	.908	.825
Financial Partnership (α = .94)		
Discussed finances openly and honestly	.656	.430
Review financial statements together (credit card statements, investment statements, etc.)	.690	.476
Discuss how money should be spent	.744	.554
Discuss how money should be saved	.786	.617
Make savings goals for the future together	.765	.585
Review credit reports together	.696	.485
Discuss outstanding debts	.679	.461
Review a current budget	.749	.560
Discuss spending habits	.686	.470
Set long-term (more than 5 years) financial goals together	.706	.498
Set short-term goals (less than 1 year) financial goals together	.790	.624
Discuss family expenses	.676	.458
Pay bills together	.520	.270
Plan ahead for large purchases	.766	.586
Keep records of expenditures and income	.649	.421
Prepare estate documents together (will, trusts, power of attorney, etc.)	.573	.329
Discuss repayment of outstanding debt	.661	.437
Discuss savings plan for retirement	.730	.533
Kansas Marital Satisfaction (α = .96)		
How satisfied are you with your marriage	.974	.826

How satisfied are you with your husband/wife as a spouse	.964	.929
How satisfied are you with your relationship with your husband/wife	.909	.949

Note: * indicates reverse coding

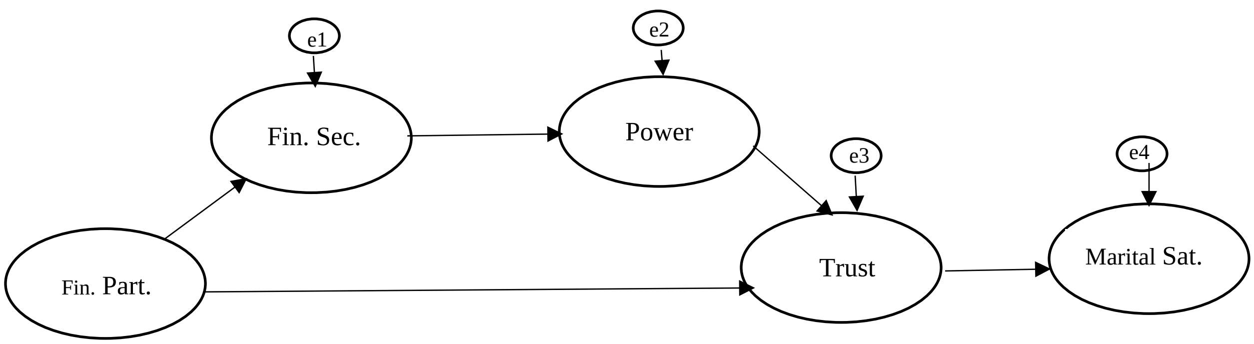
Data Analysis

To further explore the hypotheses, structural equation models were used to analyze the mediating effects of financial secrecy, power, and trust, on marital satisfaction (see Figure 4.2). In general, a mediation analysis is used to decompose the total effect of the model into two parts, the direct and indirect effect (Cheung, 2009). It is often used to explain *how* or *why* such effects occur, whereas a moderator variable will specify when certain effects will hold (Baron & Kenny, 1986). Put simply, "the independent variable causes the mediator, which then causes the outcome" (Shadish & Sweeney, 1991, p. 883); therefore, this is best suited for variables that have a strong relationship between the predictor and the criterion variable (Holmbeck, 1997).

In the hypothesized structural model (Figure 4.2) the exogenous causal influencer is financial transparency (X), power and trust are the endogenous influencers, or mediators (M), along with trust, and marital satisfaction is the dependent, or outcome variable (Y). This suggests that the effect of variable X on variable Y is mediated by M. If M is situated between X and Y, this will then cause a change in X, causing changes in M, and in turn will cause change in Y (Hayes et al., 2011), thus decomposing financial transparency's effect on marital satisfaction when full mediation is obtained.

Structural equation mediation models with bootstrapping were used to test the hypothesized model (see Figure 4.2). The use of path analyses was used to allow for simultaneous regressions, and the use of bootstrapping allows for generating the size of indirect (or mediating) effects and tests them for statistical significance (Hayes, 2009). Model fit indices of CFI, TLI, RMSEA, and χ^2 recommended by (Hu & Bentler, 1998) were adopted to evaluate the quality of the model. To test the indirect effects, 10,000 bootstrapping samples (resamples) were implemented to estimate the upper and lower limits of confidence interval of the indirect effect, confidence interval of 95% (Danner et al., 2015). Finally, the direct path of financial transparency on marital satisfaction was examined.

Figure 4.2 Hypothesized Structural Equation Mediation Model of Marital Satisfaction



Results

Two structural equation models were estimated separately. The fit indices recommended by Hu and Bentler (1999) were utilized to evaluate and qualify the models. Findings revealed support for both formulations. Careful consideration of the models, however, suggest that from a theoretical perspective the revised model may be the more tenable of the two. New paths were added to the revised mediation model, including correlating financial partnership and financial secrecy, both subscales of the financial transparency scale, and adding a direct path from financial secrecy to trust. To further determine the final model, both the hypothesized model (Module 1) and the revised model (Model 2) were assessed using the x^2 difference test to determine the best fit to the data (Table 4.4). Generally, the x^2 difference suggests that if the difference is statistically significant, then the null hypothesis is rejected and it is concluded that the baseline model fits the data better than the comparison model (Bryant & Satorra, 2012).

However, after reviewing the goodness-of-fit, the revised model was deemed appropriate as it demonstrates a better fit to the data and aligns with previous research.

Table 4.3 Goodness-of-Fit Indicators for Structural Models

Model	x^2	df	x^2/df	CFI	TLI	RMSEA	$x2_{diff}$
Model 1	28.120**	5	5.624	0.925	0.850	.142	–
Model 2	6.934	4	1.733	0.990	0.976	.057	21.19***

Note. CFI, comparative fit index; TLI Tucker-Lewis Index; RMSEA, root mean square error of approximation. *p <.05 **p<.01, *** p <.001

It was hypothesized that as individuals engage in financial partnership, perceptions of unfairness or inequality may arise and decision-making power, a common issue for partners, may cause financial conflict (Archuleta, 2013; Dew et al., 2012). Suggesting that *trust*, the confidence an individual has in their partner's willingness to be responsive to their needs, security in caring for the partner, and strength in the relationship (Remple & Holmes, 1985), would work together to mediate the effect on marital satisfaction.

Analysis of the Hypothesized Model

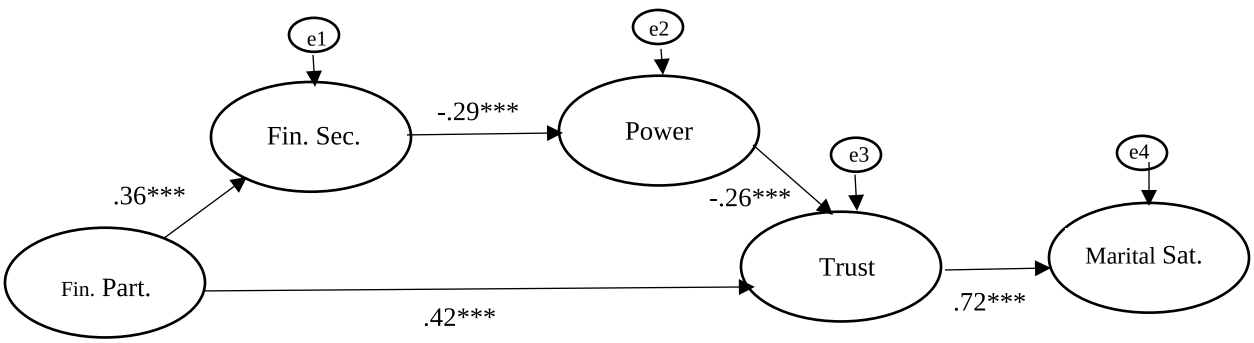
The initial fit indices of the hypothesized model were found to be marginal, $\chi^2(5) = 28$ ($p < .01$), $CFI = .925$, $TLI = .850$ and $RSMEA = .142$. All the paths were significant. Figure 4.3 contains a diagram of the parallel model showing its standardized beta coefficients and p-value significance. In the hypothesized model, the specific indirect effect of financial partnership was statistically significant ($\beta = .36$, $p <.001$) with financial secrecy, while financial secrecy had a negative statistically significant effect with power ($\beta = -.29$, $p < .001$). Power was also found to have a statistically negative effect with trust as well ($\beta = -.26$, $p < .001$). Trust preformed as expected and was significantly associated with marital satisfaction ($\beta = .72$, $p < .001$), and financial partnership ($\beta = .42$, $p < .001$). Further, the model explained 52% of the variance in marital satisfaction, 27% of the variance in trust, 9% of the variance in power, and 13% of the variance in financial secrecy. Correlations, means, and standard deviations can be found in Table 4.3.

Table 4.4 Bivariate Correlations, Means, and Standard Deviations of Model Variables

	Power	DTS	KMS	Fin. Part.	Fin. Sec.
Power	–				
DTS	-.309**	–			
KMS	-.231**	.718**	–		
Fin Part.	-.116	.451**	.409**	–	
Fin. Sec.	-.294**	.455**	.285**	.359**	–
M	3.21	5.40	5.78	3.79	4.27
SD	1.30	1.28	1.29	.78	.92

Note. Power, Relationship power scale; DTS, dyadic trust scale; KMS, Kansas Marital Satisfaction, Fin. Part., Financial partnership, Fin. Sec., Financial secrecy. **p < .01. ***p < .001.

Figure 4.3 Hypothesized Mediation Analysis of Marital Satisfaction



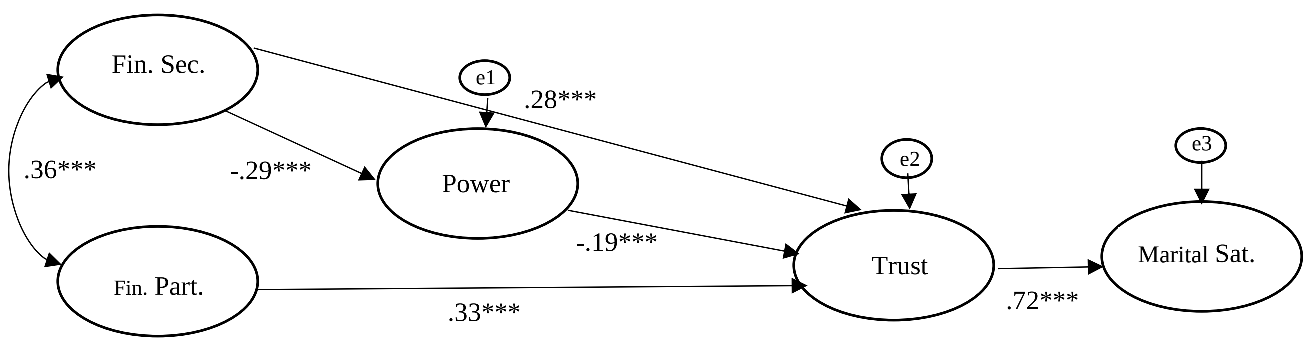
Note: All standardized beta coefficients are shown, paths in the model are significant at the *p* < .001*** level. Model fit: $\chi^2(5) = 28.12$ ($p < .01$), *CFI* = .925, *TLI* = .850, and *RSMEA* = .14

Analysis of Revised Model

From a goodness-of-fit-perspective, the revised mediation model was found to have good statistical fit to the data, $X^2(4) = 6.93$ ($p < .05$), *CFI* = .990, *TLI* = 976, and *RSMEA* = .057. Figure 4.4 contains a diagram of the revised model showing its standardized beta coefficients and p-value significance. Changes to the revised model include: correlating financial partnership and financial secrecy, both subscales of the financial transparency scale, and adding a direct path from financial secrecy to trust. As expected, financial partnership and financial secrecy had a significant correlation (β = .36, p <.001).

Participants' reports of financial partnership maintained a statistically significant association with trust (β = .33, p < .001), and trust was statistically significant with marital satisfaction (β = .72, p < .001). Financial secrecy had a significant negative effect with power (β = -.29, p < .001) and trust (β = .28, p < .001). It should be noted that the financial secrecy scale was reverse coded. Thus, partners who are less likely to keep a financial secret reported a decreased perception of one partner having more decision-making power than the other, as measured by the relationship power inventory. Further, power had a significant negative effect on trust (β = -.19, p < .001). However, power had a negative nonsignificant association with financial partnership (β= -.01, *n/s*), and power had a negative nonsignificant association with marital satisfaction (β = -.01, *n/s*), for this reason the model was trimmed accordingly and these paths were removed from the final model. The final model explained 52% of the variance in reports of marital satisfaction, and 33% of the variance in trust, and 9% of the variance in power.

Figure 4.4 Revised Mediation Model of Marital Satisfaction



Note: All standardized beta coefficients are shown, paths in the model are significant at the p < .001*** level. Model fit: $\chi^2(4) = 6.934$ (p > .05), *CFI* = .990, *TLI* = .976, and *RSMEA* = .057

Discussion

Open communication about finances is often regarded as best practice; however, communication theorists suggest that "regulating the disclosure of private information may be a more productive route to a successful marriage than practicing complete openness" (Petronio, 1991, p. 312). This theory shifts the focus to how couples coordinate their communication during the process of self-disclosure, asserting that partners are giving up autonomy through this intimate transaction, but it does not go without risk (Petronio, 1991). More specifically, the disclosure of finances may lead to a perception of inequality (e.g. power), a potentially conflictual difference, closely related to family and relationship discord (Archuleta, 2013; Dew et al., 2012).

Accordingly, two structural equation mediation models were informed by communication privacy management theory (CPM). The rule-based management theory presumes that there is a dialectical tension at the core of privacy management (Petronio, 2010); suggesting that individuals struggle to reveal or conceal private information. To manage this conflict, individuals develop personal boundaries for their private information. CPM advises to use caution and recognizes the challenges that come with sharing and receiving private information that may potentially put relationship satisfaction at risk (Petronio, 2010).

It was hypothesized that couples' perceptions of financial secrecy, power, and trust in their relationship would mediate their experience of marital satisfaction (H1, H2, & H3) when engaging in financially transparent communication (e.g. financial partnership), suggesting that financial secrecy, power, and trust would have an intervening effect on marital satisfaction. It was also hypothesized that financial transparency would have a direct effect on marital satisfaction (H4). Upon consideration of CPM, previous research, and x^2 difference test, the revised model (Model 2) was accepted as the final model. The revised model addresses both power and trust as mediators of marital satisfaction and suggests that financial behaviors essentially drive the perception of power and trust and marital satisfaction.

The results of this study highlight the importance of financial transparency and trust. As individuals engage in financial partnership (e.g. review financial statements together, discuss spending habits and expenses, set financial goals, etc.) this may reduce the likelihood, or the opportunity, to keep financial secrets. These positive financial behaviors have a direct effect on the perception of trust, but more interestingly, the perception of power. This is important to understand as Farrell and colleagues (2015) found that power and "influence tactics can have both immediate and long-term effects on both the partners and their relationship (e.g., the resulting decision on the issues vs. generating greater relationship stability or instability over time)" (p. 2). More pointedly, this study helps to understand that as partners engage in financial transparency and self-disclosure, this may help to breakdown the perception that one individual has more power than the other. Thus, as partners engage in communication boundary coordination, and attempt to harmonize, they can create casual links whereby they can predict the implications for their personal and relational well-being, building trust (Rempel & Holmes, 1985; Rempel et al., 2001) and mediate the effects on marital satisfaction. This now begs the question for future studies, to what extent does marital satisfaction, trust, and power influence financial behaviors?

Implications

Findings of this study support previous research citing that communication and transparency regrading finances have implications for the marital relationship (Koochel et al., 2020). However, fundamental constructs of the relationship, such as trust and power, still require further understanding. More specifically, power is an impactful dynamic in intimate relationships, yet it is still relatively understudied as little theoretical or empirical work has focused on the beliefs, development, and maintenance of power (Farrell et al., 2015), specifically related to finances, and the outcomes this may have on the relationship through the perception of unfairness or inequality. Given the unidirectional findings of this study, future studies should explore if each of these variables only work unidirectionally or if they exist as a greater system, looking to answer the question; are those who are more satisfied in their marriage more likely to engage in financial partnership behavior, and to what extent does marital satisfaction, trust, and power influence an individual's financial decision making? Future research should also consider qualitative inquiry to better understand the complex constructs of power and how this relates to the financial relationship between partners.

Financial practitioners should be informed that as partners are engaging in financial transparency, as recommended by most, it does not go without risk. Through these conversations about intimately held thoughts and values regarding finances, partners are potentially exposing power constructs. It is valuable to understand that issues that may arise can be mediated by well-established trust. Qualified financial practitioners should help guide the couple through discussions of trust and finances or refer them to a more specialized practitioner.

Limitations

Although this study's findings are meaningful and provide future direction for researchers and practitioners, this study is not without its limitations. Participants in this study were individuals who were asked to report on their perceived relationship, therefore the data are only representative of one partner. The requirements for this study asked that participants be married for the first time. It is also important to note that the data were collected during the

COVID-19 global pandemic. Given that the data was collected during this time, financial and relationship issues may present themselves more significantly for these participants than if the data were collected during another time period. To expand on these findings, future research should consider including couples, both married and unmarried, as well as couples who had subsequent marriages to conduct a comparative analysis. Additionally, to determine if trends or patterns related to power dynamics, power development, and trust occur across intimate relationships, a longitudinal study is advised. Finally, to continue supporting this research, the study should be replicated with a larger sample.

Conclusion

The results of this study both support and expand the results of previous studies on finances and communication related to intimate relationships. The findings of this study indicate there is a significant relationship between financial transparency and marital satisfaction, when mediated by power and trust. Although the connection between communication and marital satisfaction is firmly established, this study pushed for greater understanding of communication regarding finances, and addressed two prominent components of marital relationships, trust and power. Future research should consider related areas, such as understanding couple's beliefs regarding power, how the power dynamic is developed in the relationship, and how this relates specifically to finances. As researchers are able to define and identify the factors that influence, and are related to, the financial power dynamic, this understanding will provide more informed research to support best practices for financial practitioners and educators working with couples.

Chapter 5 - Conclusion

From the early stages of life, individuals experience socialization, much of which is attributed to incidental learning through behavior modeling and information transfer (Danes, 1994), establishing standards and norms of operation that are carried into adulthood and influence attitudes and capabilities (Gudmonson & Danes, 2011; Moschis, 1985). To further inform financial practices and education, study one validated that when an individual has financial skill and has experienced financial socialization, they are more likely to report greater financial well-being. Additionally, stress mediates the relationship of skill and socialization. Therefore, the more financial skill one has, the less stress they feel, and the less stress they feel, the greater the financial well-being. In an effort to maintain and sustain financial change, financial practitioners and educators should address a client's financial past to help advise their financial future. In addition, it is suggested that the path of financial self-discovery could help serve as personal motivation.

With the understanding that financial socialization affects an individual's perspective on financial stress, study two looked to better understand the role of the family of origin in the development of trust and financial communication between partners. Findings in this study suggest that as partners risk vulnerability through the exchange of privately held financial information, they may develop feelings of security and trust through proper communication boundary coordination. In line with previous research, as the partners find repeated success in their exchange this will lead to feelings of security that may help sustain a trusting relationship.

To expand on these findings, study three explored the underlying constructs of trust and power on marital satisfaction during financial transparency. Financial transparency, the open and honest disclosure of one's finances (Koochel et al., 2020, p. 14), may reveal underlying power dynamics. Study three found that as partners engage in financial partnership, a modality of financial transparency, this may reduce the likelihood for partners to keep financial secrets. These positive financial behaviors were found to have an effect on the perception of trust and power, and a direct effect on marital satisfaction. These findings support previous findings that financial communication has implications for the marital relationship (Koochel et al., 2020). As partners engage in financial transparency financial practitioners and educators should be keenly aware that this may be mediated by well-established trust.

Overall, this dissertation identified domains of interpersonal development and communication that should be considered by financial researchers, practitioners, and educators alike, when working with individuals and partners. Findings suggest that financial socialization, a lifelong process, has an informative role when processing financial stress and attempting to harmonize financial communication. Further, these findings contend that trust plays a critical role in how individuals perceive power when engaging in financial transparency. Continued research to identify the factors that influence communication dynamics related to finances will provide evidence to inform best practices for financial practitioners and educators.

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Appendix A - CFPB Measures

Financial Well-Being Scale

How well does this statement describe you or your situation? (Completely, Very Well, Somewhat, Very Little, Not at all)

Questions

1. I could handle a major unexpected expense
2. I am securing my financial future
3. Because of my money situation, I feel like I will never have the thing I want in life*
4. I can enjoy life because of the way I am managing my money
5. I am just getting by financially*
6. I am concerned that the money I have or will save won't last*

How often does this statement apply to you? (Always, Often, Sometimes, Rarely, Never)

Questions

7. Giving a gift for a wedding, birthday, or other occasion, would put a financial strain on my finances for the month*
8. I have money left over at the end of the month
9. I am behind with my finances*
10. My finances control my life*

*Denotes items for which the response options are "reverse coded"

Financial Stress

Please indicate whether each of the following statements were often, sometimes, or never true for you in the past 12 months.

Statements

1. I worried whether our food would run out before I got money to buy more
2. The food that I bought just didn't last and I didn't have money to get more
3. I couldn't afford a place to live
4. I or someone in my household needed to see a doctor or go to the hospital but did not go because we couldn't afford it
5. I or someone in my household stopped taking a medication or took less than directed due to the costs
6. One or more of my utilities was shut off due to non-payment

Financial Socialization

My family of origin did the following: (Yes/No)

Questions

1. Discussed family financial matters with me
2. Spoke to me about the importance of saving
3. Discussed how to establish a good credit rating
4. Taught me how to be a smart shopper
5. Taught me that actions determine my success in life
6. Provided me with a regular allowance
7. Provided me with a savings account

Financial Skill Scale

How well does this statement describe you or your situation?

Questions	Responses
1. I know how to get myself to follow through on my financial intentions	Completely
2. I know where to find the advice I need to make decisions involving money	Very Well
3. I know how to make complex financial decisions	Somewhat
4. I am able to make good financial decisions that are new to me	Very Little
5. I am able to recognize a good financial investment	Not at all
6. I know how to keep myself from spending too much	
7. I know how to make myself save	

Appendix B – Survey

1. Are you married?
   a. Yes
   b. No

2. Is this your first marriage?
   a. Yes
   b. No

3. How long have you been married?
   a. Less than one year
   b. 1 – 4 years
   c. 5 – 9 years
   d. 10 years or more

4. Did you live with your partner before getting married?
   a. Yes
   b. No

5. If yes, how long did you live together?
   a. Less than 1 year
   b. 1 year
   c. 2 years
   d. 3 years
   e. 4 years
   f. More than 5 years

Kansas Marital Satisfaction

Select the response that best indicates how much you agree with each statement.

<table>
<tr><td>How satisfied are you with your marriage?</td><td rowspan="3">1. Extremely dissatisfied
2. Very dissatisfied
3. Somewhat dissatisfied
4. Mixed
5. Somewhat satisfied
6. Very satisfied
7. Extremely satisfied</td></tr>
<tr><td>How satisfied are you with your husband/wife as a spouse?</td></tr>
<tr><td>How satisfied are you with your relationship with your husband/wife?</td></tr>
</table>

Parent Financial Behaviors

Please indicate the extent to which your parents engaged in these financial behaviors

	Never	Seldom	Occasionally	Usually	Always
Tracked monthly expenses					
Spent money within the budget					

Payed credit card balances in full each month					
Saved money each month for the future					
Invest for long-term financial goals regularly					

Financial Partnership Subscale

Please indicate how often the following occur between **you and your partner**.

	Never	Seldom	Occasionally	Usually	Always
Discuss finances openly and honestly.					
Review financial statements together (credit card statements, investment statements, etc.).					
Discuss how money should be spent.					
Discuss how money should be saved.					
Make savings goals for the future together.					
Review credit reports together.					
Discuss outstanding debts.					

Please indicate how likely the following are to occur between **you and your partner**.

	Not at All Likely	Not Likely	Somewhat Likely	Likely	Very likely
Review a current budget together.					
Discuss spending habits.					
Set long-term (more than 5 years) financial goals together					
Set short-term (less than 1 year) financial goals together.					
Discuss family expenses.					
Pay bills together.					

Plan ahead for large purchases together.					
Keep records of expenditures and income.					
Prepare estate documents together (will, trusts, power of attorney, etc.).					
Discuss repayment of outstanding debt.					
Discuss savings plans for retirement.					

(α = .95)

Financial Secrecy Subscale

Please indicate how likely **you** are to do the following.

	Not at All Likely	Not Likely	Somewhat Likely	Likely	Very likely
Lie to your partner about a financial transaction.					
Lie about a purchase to your partner.					
Keep a secret from your partner regarding spending.					

(α = .93)

Financial Trust and Disclosure Subscale

Please indicate how likely **you** are to do the following.

	Not at All Likely	Not Likely	Somewhat Likely	Likely	Very Likely
Disclose all of your purchases to your partner.					
Trust your partner's financial judgement.					
Trust your partner's financial management.					
Disclose your earnings to your partner.					
Disclose a bonus to your partner.					

(α = .83)

6. Who has the most total income in your marriage?
   a. You
   b. Your partner
   c. Both
   d. Do not know

7. Regardless of who incurred the debt prior to getting married, how do you view debts now?

a. Yours / Mine
b. Ours

8. Regardless of who incurred the assets prior to getting married, how do you view assets now?
    a. Yours / Mine
    b. Ours

9. Did you and your partner have a prenuptial agreement?
    a. Yes
    b. No

10. Who is the primary money manager in your marriage?
    a. You
    b. Your partner
    c. Both
    d. Other (open text box)

11. If you paid off all of your debts and sold all of your assets, would you:
    a. Still owe money
    b. Break even
    c. Have money leftover

12. What type of spending accounts (not savings or investment accounts) do you and your partner utilize?
    a. Individual and joint accounts
    b. Individual accounts only
    c. All accounts are joint

The Relationship Power Inventory

For each statement, rate how true it is of you and your partner generally in your relationship.

1	2	3	4	5	6	7
Never			Sometimes			Always

1. I have more say than my partner does when we make decisions in our relationship.
2. I have more control over decision making than my partner does in our relationship.
3. When we make decisions in our relationship, I get the final say.
4. I have more influence than my partner does on decisions in our relationship.
5. I have more power than my partner when deciding about issues in our relationship.
6. I am more likely than my partner to get my way we disagree about issues in our relationship.
7. My partner has more say than I do when we make decisions in our relationship.
8. My partner has more control over decision making than I do in our relationship.
9. When we make decisions in our relationship, my partner gets the final say.
10. My partner has more influence than id on my decisions in our relationship.
11. My partner has more than me when deciding about issues in our relationship.

12. My partner is more likely to get his/her way than me when we disagree about issues in our relationship.
13. I am more likely than my partner to start discussions about issues in our relationship.
14. When my partner and I make decisions in our relationship, I tend to structure and lead the discussion.
15. I lay out the options more than my partner does when we discuss decisions in our relationship.
16. I tend to bring up issues in our relationship more often than my partner does.
17. My partner is more likely than me to start discussions about issues in our relationship.
18. When my partner and I make decisions in our relationship, my partner tends to structure and lead the discussion.
19. My partners lays out the options more than I do when we discuss decisions in our relationship.
20. My partner tends to bring up issues in our relationship more often than I do.

Dyadic Trust Scale

Please indicate your level of agreement with the following statements.

	Very Strongly Disagree	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Very Strongly Agree
My partner is primarily interested in his (her) own welfare							
There are times when my partner cannot be trusted							
My partner is perfectly honest and truthful with me							
I feel I can trust my partner completely							
My partner is truly sincere in his (her) promises							
I feel that my partner does not show me enough consideration							
My partner treats me fairly and justly							
I feel that my partner can be counted on to help me							

Please indicate how likely you are to do the following.
When an issue or problem arise, how likely is it that…

	Very likely	**Likely**	**Somewhat likely**	**Almost never**	**Never**
Both my partner and I avoid discussing the problem					

Both my partner and I try to discuss the problem					
My partner tries to start a discussion while I try to avoid a discussion					
I try to start a discussion while my partner tries to avoid a discussion					
During a discussion of issues or problems, how likely is it that…	**Very likely**	**Likely**	**Somewhat likely**	**Almost never**	**Never**
Both partners express feelings to each other					
Both partners blame, accuse, or criticize each other					
Both partners suggest possible solutions or compromises					
My partner pressures, nags, or demands while I withdraw, become silent, or refuse to discuss the matter further					
I pressure, nag, or demand while my partner withdraws, becomes silent, or refuses to discuss the matter further					
My partner criticizes while I defend myself					
I criticize while my partner defends themselves					

Financial Socialization Scale

Please answer the following questions regarding if your parents spoke to you about these financial matters.

	Yes	No
Discussed family financial matters with me		
Spoke to me about the importance of saving		
Discussed how to establish a good credit rating		
Taught me how to be a smart shopper		
Taught me that my actions determine my success in life		

Provided me with a regular allowance		
Provided me with a savings account		

13. What is your age?
    a. 18 – 29
    b. 30 – 40
    c. 41 – 50
    d. 51 – 60
    e. 61-70
    f. 71-80
    g. 81 +

14. What is your partner's age? (open ended)
    a. 18 – 29
    b. 30 – 44
    c. 45 – 59
    d. 60 – 74
    e. 75 +

15. What is your gender:
    a. Male
    b. Female
    c. Transgender female
    d. Transgender male
    e. Gender variant / non-conforming
    f. Not listed (text box)
    g. Prefer not to answer

16. What is your partner's gender?
    a. Male
    b. Female
    c. Transgender female
    d. Transgender male
    e. Gender variant / non-conforming
    f. Not listed (text box)
    g. Prefer not to answer

17. Please specify your race (select all that apply):
    a. White
    b. Hispanic or Latino
    c. Black or African American
    d. Native American or American Indian
    e. Asian / Pacific Islander
    f. Other

18. How many children do you have?
    a. 0
    b. 1
    c. 2
    d. 3
    e. 4
    f. 5 or more

19. What is your approximate household income?
    a. Less than $25,000
    b. $25,000 to $34,999
    c. $35,000 to $49,999
    d. $50,000 to $74,999
    e. $75,000 to $99,999
    f. $100,000 to $149,999
    g. $150,000 to $200,000
    h. $200,000 or more

20. What is your approximate individual income?
    a. Less than $25,000
    b. $25,000 to $34,999
    c. $35,000 to $49,999
    d. $50,000 to $74,999
    e. $75,000 to $99,999
    f. $100,000 to $149,999
    g. $150,000 to $200,000
    h. $200,000 or more

21. What is the highest level of education you completed?
    a. Some high school, no diploma
    b. High school graduate, diploma or equivalent
    c. Trade/technical/vocational training
    d. Associate degree
    e. Bachelor’s degree
    f. Master’s degree
    g. Doctorate degree or Professional degree

22. What is your current employment status?
    a. Part-time
    b. Full-time
    c. Student
    d. Military
    e. Unable to work
    f. Stay at home parent / person
    g. Out of work and looking for work
    h. Out of work but not currently looking for work

23. What is the highest level of education your partner completed?

h. Some high school, no diploma
i. High school graduate, diploma or equivalent
j. Trade/technical/vocational training
k. Associate degree
l. Bachelor’s degree
m. Master’s degree
n. Doctorate degree or Professional degree

24. What is your partner’s current employment status?
    i. Part-time
    j. Full-time
    k. Student
    l. Military
    m. Unable to work
    n. Stay at home parent / person
    o. Out of work and looking for work
    p. Out of work but not currently looking for work

Appendix C – Informed Consent

Consent to be a Research Subject

Project Title: Exploring the Effect of Financial Socialization on Communication, Transparency, and Trust

Approval Date of Project:

Expiration Date of Project:

Principal Investigator and Co-Investigators:
Dr. Mindy Markham (PI)
Emily Koochel (Co-Investigator)

IRB Chair Contact Information:
Rick Scheidt, Chair, Committee on Research Involving Human Subjects, 203 Fairchild Hall, Kansas State University, Manhattan, KS 66506, (785) 532-3224.
Cheryl Doerr, Associate Vice President for Research Compliance, 203 Fairchild Hall, Kansas State University, Manhattan, KS 66506, (785) 532-3224.

Purpose of the Research:
The purpose of this study is to better understand the role of financial socialization in couples, along with the constructs of trust and communication.

Procedures or Methods to be Used:
After reading the informed consent form and agreeing to participate, you will complete the online survey via Qualtrics. The survey will take approximately 15-20 minutes to complete. At the end of the survey you will be compensated according to the Prolific stated rate.

Risks or Discomforts Anticipated:
There are minimal risks for participating in this study. You may experience mild discomfort from the inconvenience of participating in this study and answering questions about personal relationships. At any point in time, you may withdraw from the study without penalty.

Benefits Anticipated:
Participating in the survey will give you an opportunity to share your experiences and perceptions. These data will be used to advance the fields and personal finance and family science. Findings from this study will be used to help family and financial practitioners better understand the affects communication and socialization between married partners.

Extent of Confidentiality:
All information provided will remain confidential and will only be reported as group data. Only select research members have access to the data for technical support and maintenance.

Participation:

Participation is voluntary. You have the right to withdraw at any time or refuse to participate entirely. Accessing the online survey will serve as your consent to participate in this research study.