# The Financial Self Regulation Index (FSRI)

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Meeting link: [https://meet.google.com/goo-madp-ude](https://meet.google.com/goo-madp-ude)

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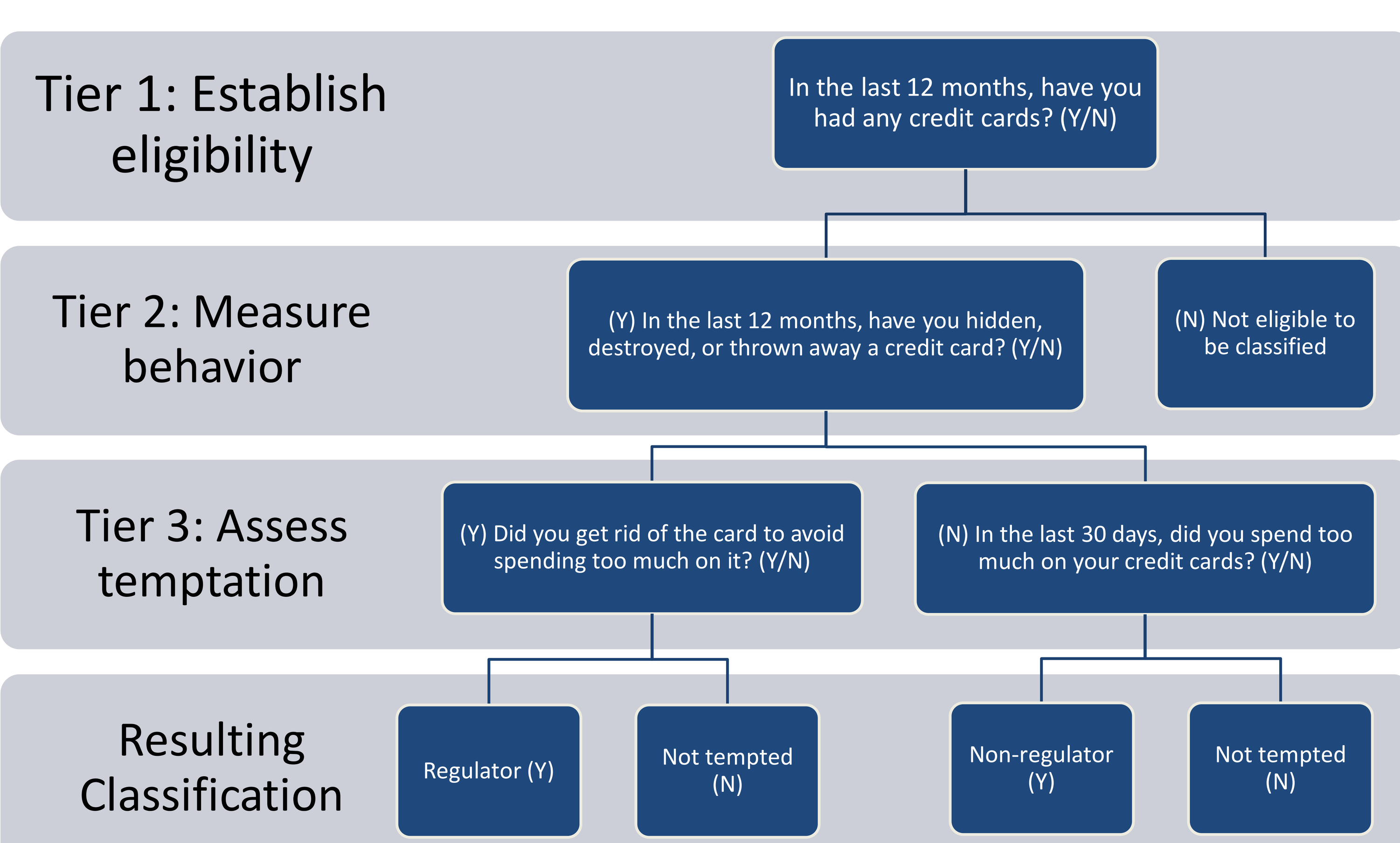
## Background

**The most novel aspect of the FSRI is that it uses behavior-motivation pairs to understand whether regulatory behaviors are occurring and whether they are intended to curb temptation.** The FSRI therefore yields more information than similar measures of financial behavior (e.g., financial money management) or temptation (e.g., self-control, present bias), where it is not clear whether a behavior occurs for a regulatory purpose, for convenience, or for another reason.

**16 items,** both "hard" regulatory actions like cutting up a credit card or automating savings and "soft" actions like using a grocery list or consulting with others prior to large purchases.

**Items-tiers determine** (1) eligibility for a behavior, (2) whether they've engaged in the behavior (3) whether the main reason was to curb undesired over-spending. An example of one item (and related item-tiers) is below:

### FSRI ITEM STRUCTURE




## Sample and Methods

- Three online studies between November 2019 and June 2020
- Qualtrics panel, quota-based sampling for race, gender, education, income
- ~800 per study  (Total N = ~2,400)

The FSRI produces 3 proportions representing the times a participant was tempted and regulated their behavior, was tempted and did not regulate,, and was not tempted.

## Tests of Validity

- **High eligibility across behaviors**, with small variations by income and age. Eligibility was unrelated to proportions.
- **Theoretically consistent results** for convergent, discriminant, and criterion validity.

| Validity Type | Measure | Consistent findings? (yes, no, partial) | | |
|---|---|---|---|---|
| | | Study 1 | Study 2 | Study 3 |
| Convergent-Regulation | Self-control | **Y** | **Y** | **Y** |
| | Money Management | . | . | **Y** |
| Convergent-Temptation | Present-bias | . | **Y** | N |
| | Time horizon | . | . | **Y** |
| Discriminant | Financial skill | P | P | P |
| | Numeracy | . | . | **Y** |
| Criterion | Weather shock | . | . | **Y** |
| | Financial wellbeing | . | **Y** | **Y** |
| | Covid shocks | . | **Y** | . |

## Regulation and COVID-19 Financial Shocks

More shocks since COVID-19, e.g., late bill payments, applying for SNAP benefits, predicted higher proportions for regulating behavior, suggesting consumers may be regulating in response to changes in their financial situation.

| | Not Tempted | Not Regulating | Regulating |
|---|---|---|---|
| **Shocks (vs. 0)** | | | |
| **Between 1-4 shocks** | -0.15*** | 0.05*** | 0.10*** |
| **More than 4 shocks** | -0.41*** | 0.04** | 0.36*** |
| **Constant** | 0.60*** | 0.20*** | 0.20* |
| **N** | 828 | 828 | 828 |
| **Adjusted R2** | 0.23 | 0.03 | 0.2 |

Note: Regression includes controls for age, gender, and log 2019 income. Omitted category is 0 shocks.

## Conclusions

- The FSRI is a validated measurement tool for distinguishing consumers who regulate temptations from those who do not.
- To the extent a consumer regulates temptation, they may be interested in additional regulatory behaviors. Policy makers and program managers looking to calibrate the scope of an interventions.

## References

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