

Fighting Fiscal Awkwardness: How Relationship Strength Changes Consumers' Approach to Resolving Interpersonal Debt

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Background and Hypotheses

- Requesting owed money from peers can be uncomfortable.
- Relationship closeness has potential to play an important role.
- H1:** When requesting owed money from weak social ties, consumers prefer media low in social richness (e.g., digital apps). However, they prefer media high in social richness (e.g., in person requests) when requesting from strong social ties.
- H2:** Consumers anticipate greater discomfort requesting in person from distant acquaintances, driving them away from in-person requests and toward digital apps.
- H3:** Consumers are more averse to appearing impersonal with close friends, driving them away from digital apps and toward in-person requests.

Study 3: Mechanisms

2 Conditions (Close friend vs. Distant acquaintance) x 3 (Scenarios)*

N = 401, MTurk, fully between-subjects design

<https://aspredicted.org/blind.php?x=f6wk7a>
*preregistered to collapse across scenarios

Participants imagined requesting money that was owed from a [close friend/distant acquaintance].

DV: Choice of request via Venmo

Mediators:

- Discomfort of asking in person** ($\alpha = 0.89$)
 - Uncomfortable, awkward, confrontational
- Aversion to appearing impersonal** ($\alpha = 0.95$)
 - Cold, impersonal, insincere

Study 4a: Discomfort Moderation

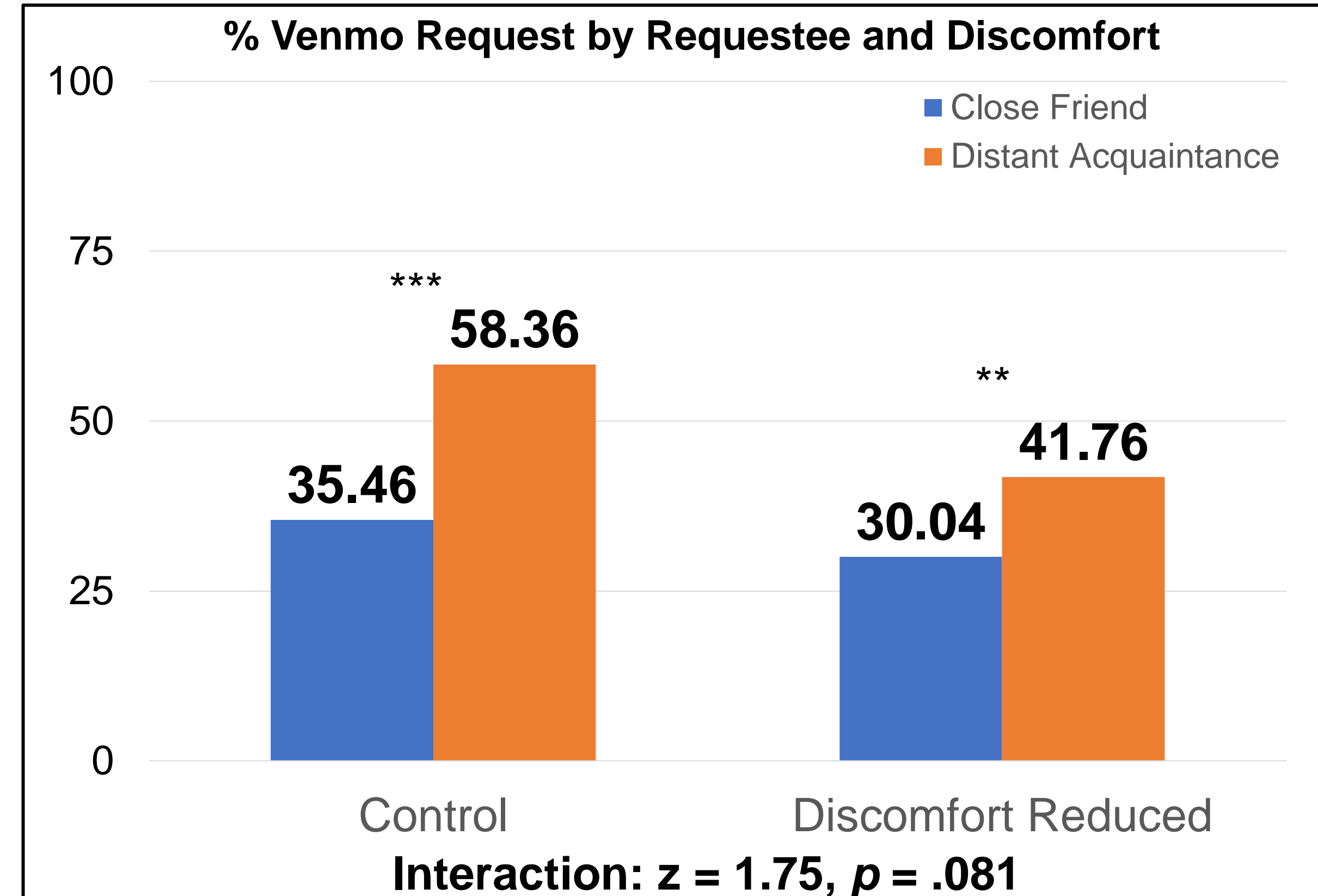
2 (Requestee: Close friend vs. Distant acquaintance) x 2 (Discomfort: Control vs. Reduced)

N = 1085, MTurk, fully between-subjects design

<https://aspredicted.org/blind.php?x=7if7ep>
*preregistered to collapse across scenarios

Participants imagined requesting money that was owed from a [close friend/distant acquaintance] [no information/that was easy to talk to].

DV: Choice of request via Venmo



Study 1: Retrospective Behavior Study

N = 803, MTurk

https://aspredicted.org/SRV_FPX

Participants answered how they requested money back from a roommate (DV).

Either:

- In person (coded as "0")
- Over a phone call
- Via text message
- Via a payment app (coded as "1")
- Email
- Other.

Then, participants indicated how close they were to their roommate (IV).

Logistic Regression Results (1 = Digital app, 0 = In-person)

Closeness: -.23* (.10)

Study 1 Summary: Weaker social connections between participants and their roommates predict a greater likelihood of requesting money using digital apps and a lower likelihood of requesting in person.

Study 2: Stimulus Sampling

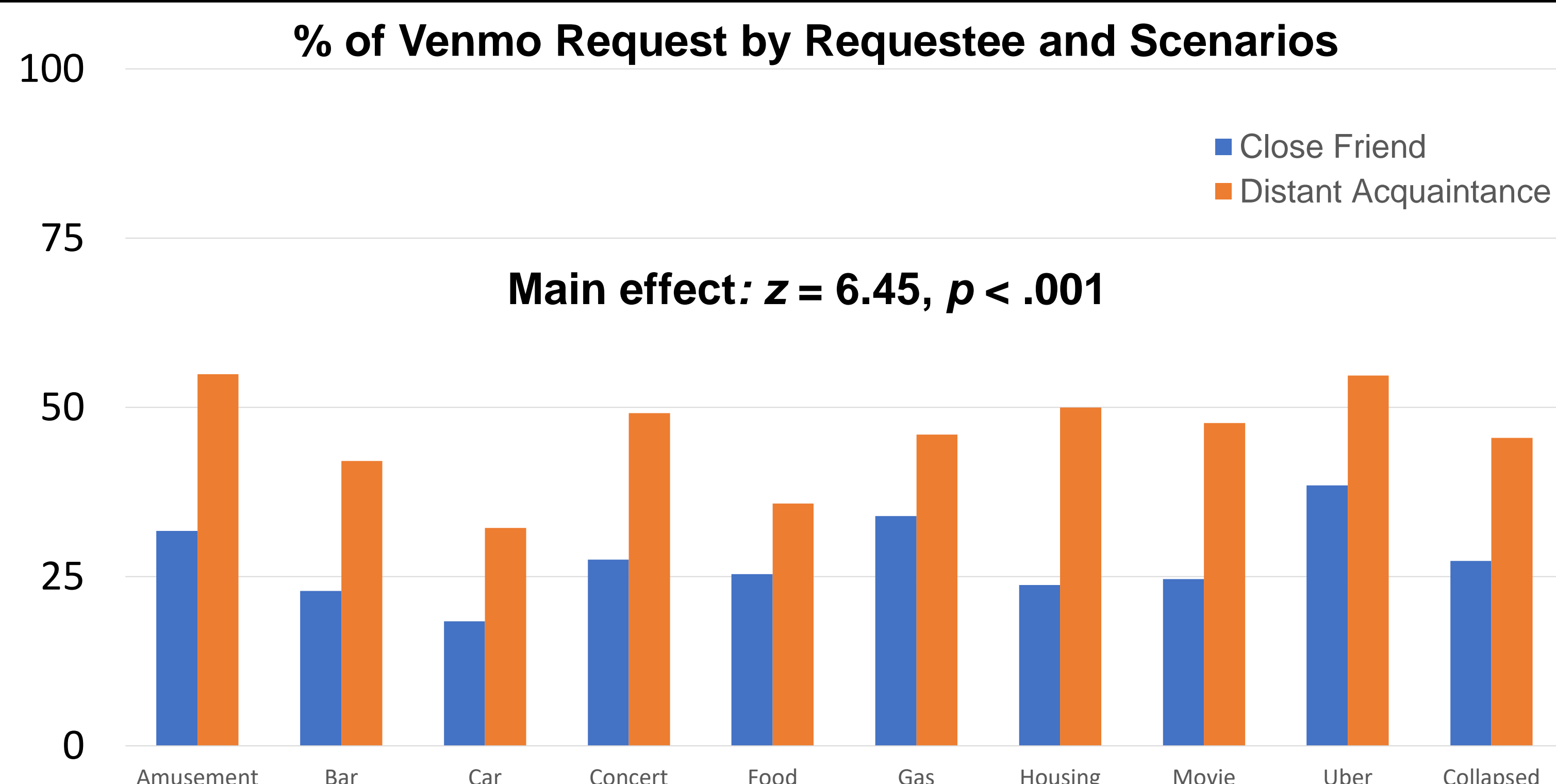
2 (Requestee: Close friend vs. Distant acquaintance) x 9 (Scenarios)

N = 1140, MTurk, fully between-subjects design

https://aspredicted.org/K9M_Q6D

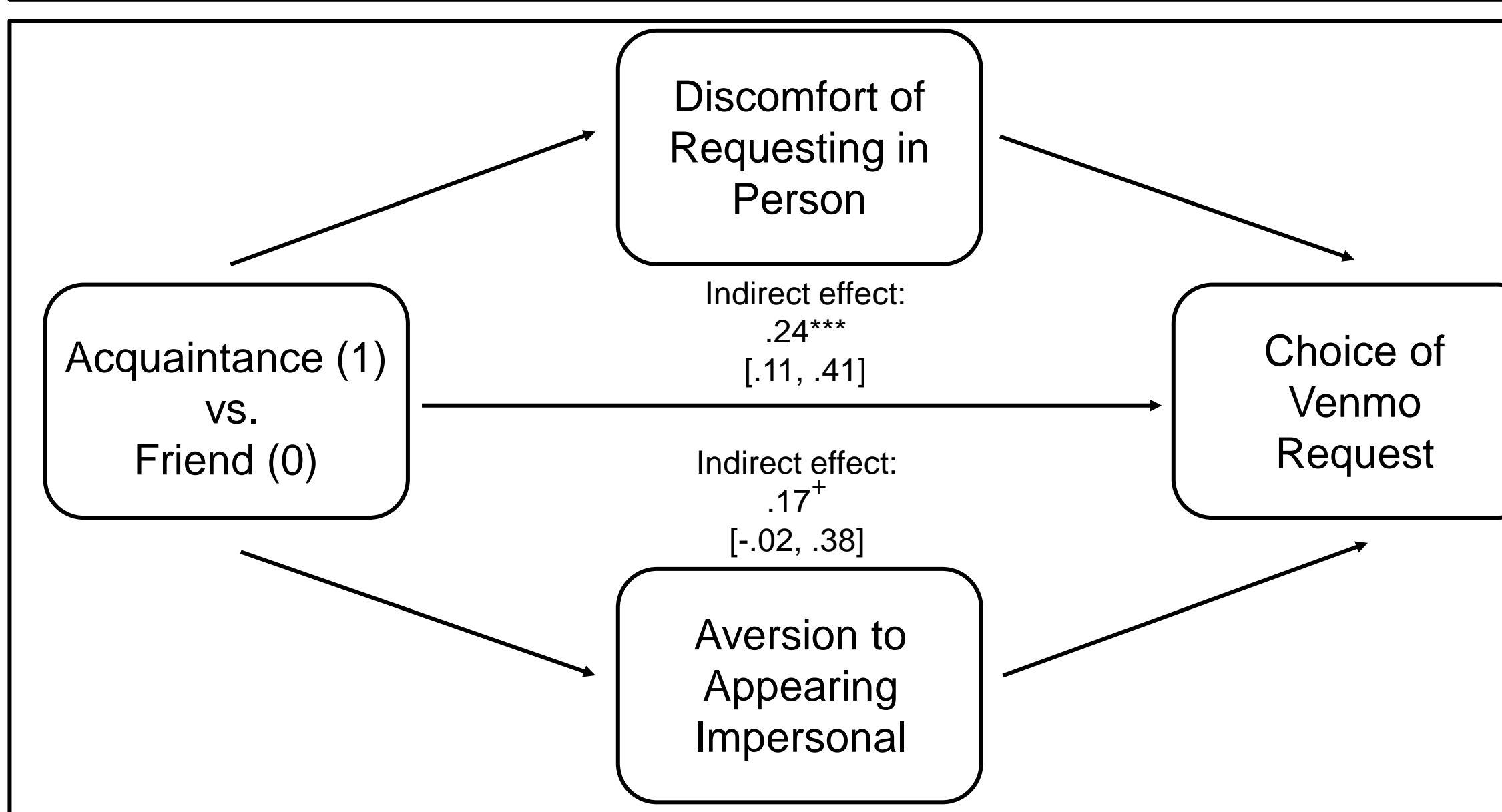
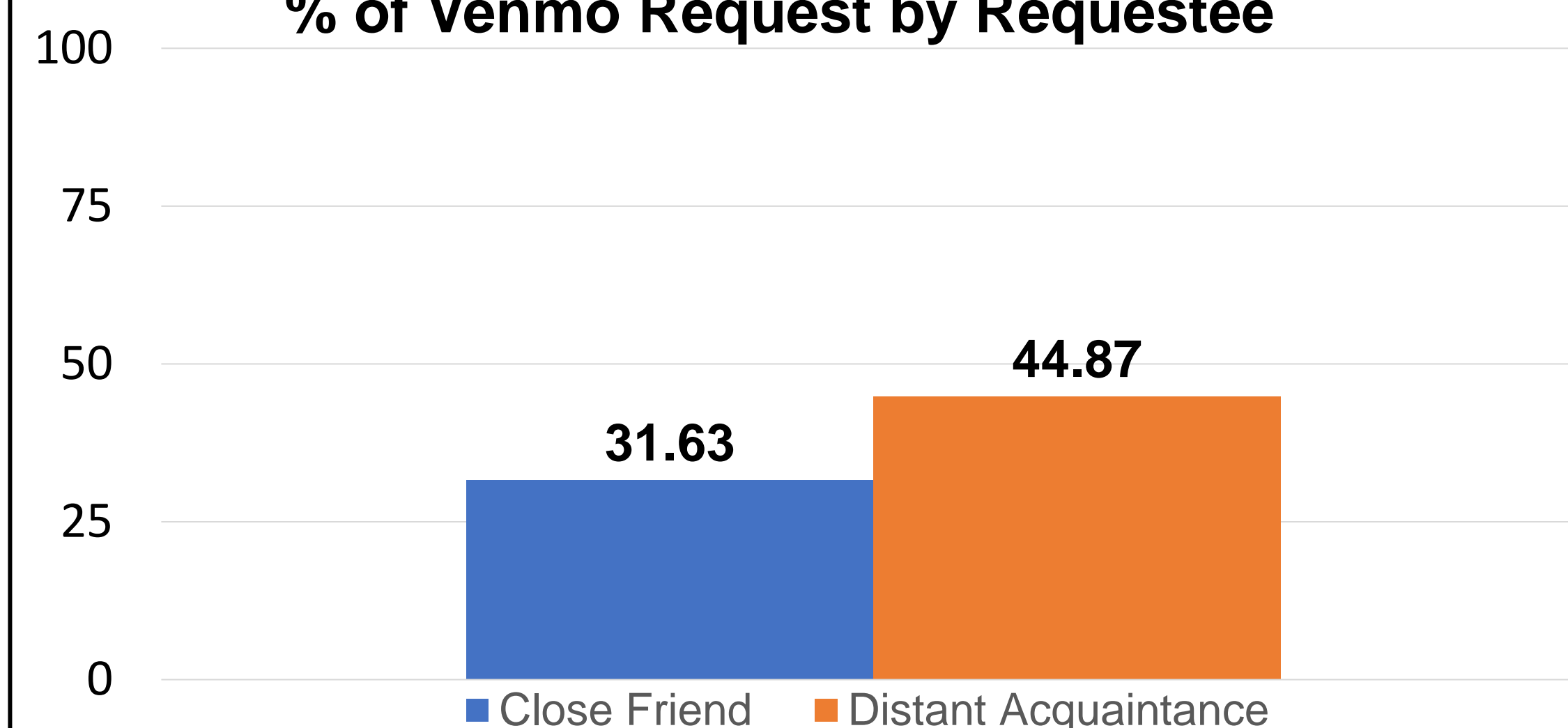
Participants imagined requesting money that was owed from a close friend vs. distant acquaintance across nine different consumption scenarios.

DV: Choice of request via Venmo or in person



Study 2 Summary: Participants are more likely to request via a digital app and less likely to request in person when requesting from acquaintances (vs. friends).

% of Venmo Request by Requestee



Study 3 Summary: The (1) discomfort of requesting in person and (2) aversion to appearing impersonal simultaneously mediate the relationship between requestee and choice of request method.

General Discussion and Summary

- Relationship strength affects how consumers resolve peer debt.
- We find that when consumers request owed money from acquaintances (vs. friends), they are more likely to request using digital apps and less likely to request in person (**Studies 1, 2, & 3**).
- This pattern emerges because with acquaintances, consumers 1) anticipate greater discomfort requesting in person and 2) are less averse to appearing impersonal (**Studies 3, 4A, & 4B**).
- The current research contributes to the literature on social financial decision-making in an expanding digital landscape.
- Moreover, our findings highlight how marketers can emphasize an important advantage of digital payment options (comfort) while also addressing a potential disadvantage (impersonality) to increase their usage.

Study 4b: Impersonal Moderation

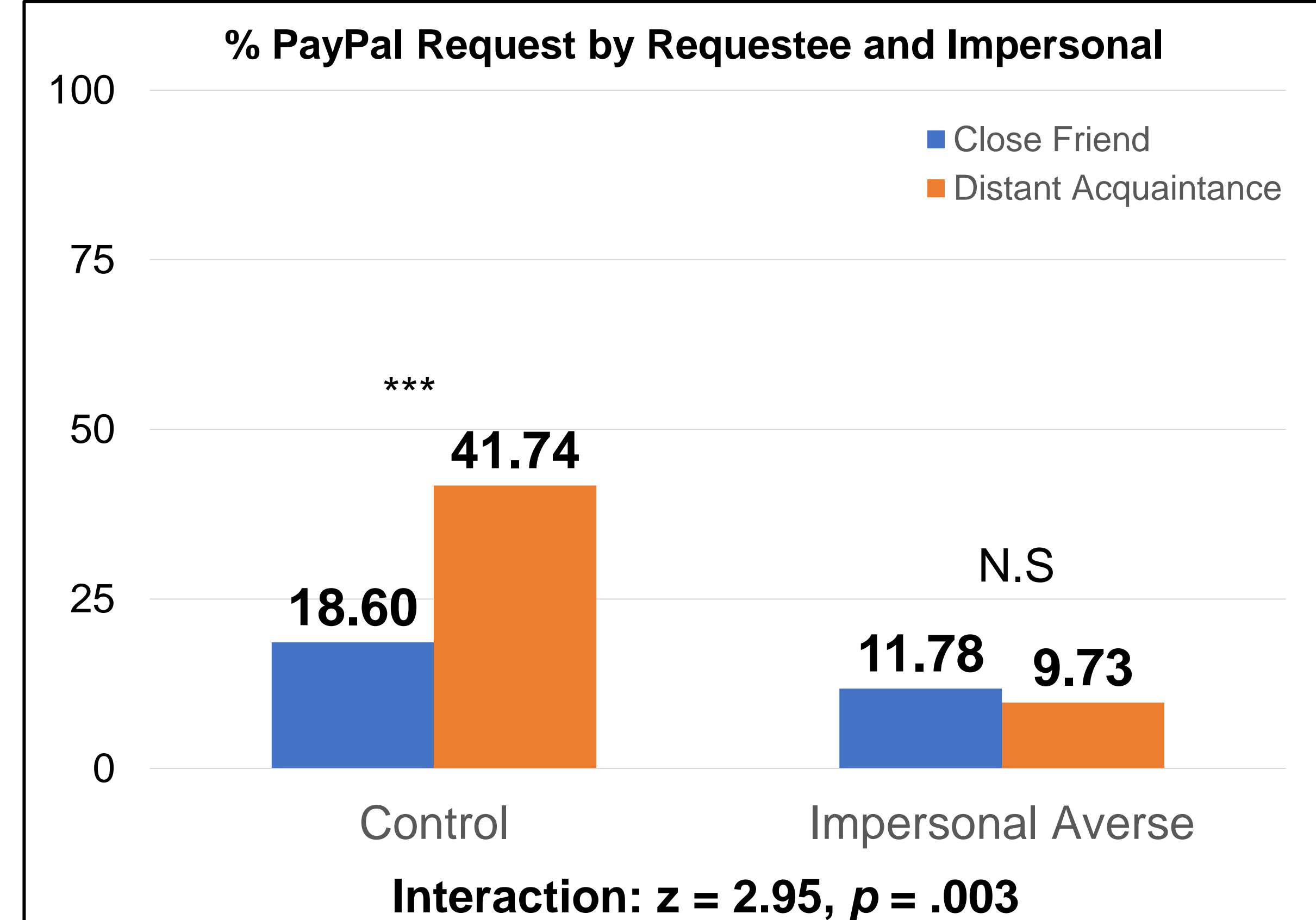
2 (Requestee: Close friend vs. Distant acquaintance) x 2 (Impersonal: Control vs. Reduced)

N = 1291, Prolific, fully between-subjects design

<https://aspredicted.org/blind.php?x=7if7ep>
*preregistered to collapse across scenarios

Participants imagined requesting money that was owed from a [close friend/distant acquaintance] [no information/who values warm interactions, so it is critical for them not to appear impersonal when requesting the money].

DV: Choice of request via PayPal



Studies 4a & 4b summary: 1) Reducing in-person discomfort and 2) increasing aversion to appearing impersonal moderate the effect.