

How Children Feel About Spending Money: Insights from Behavioural Research

We like to imagine childhood as a time free from thoughts about money. However, [the vast majority](#) of 6-to-12-year-olds in the UK are involved in spending decisions. It is worth asking how these children feel when they decide to buy, or refrain from buying, something. After all, refraining from some purchases in order to save for others is a cornerstone of [financial wellbeing](#).

Recently, I [published an investigation](#) into this question. Rather than having children buy something, I asked them to imagine a situation where they, or another child, bought something or refrained. I asked how they would feel, or what they would think about the other child.

Children's answers tell us about the kinds of outcomes they associate with decisions to buy or refrain. These associations are likely to shape children's decisions – adults, for instance, [often make choices to minimise the regret](#) they believe they would feel in the future.

So, what *do* children associate with buying versus refraining?

When I told 9-to-12-year-olds at our [Behavioural Lab](#) about someone who went to a shop to get a gift for a friend, they thought this child would be much happier if they bought something than if they didn't. This isn't surprising, and by itself isn't necessarily about buying things, since the person who bought something was able to achieve their goal of getting a gift. Two other results were more intriguing, though.

First, the participants thought the child who bought something would be happier even compared to a child whose "mum told them they had the exact same thing at home already, brand new, and could give that one to their friend." This suggests there may be something about buying, above and beyond achieving a goal, that children associate with happiness.

Second, I asked children how much money they thought the imagined person had. They saw the one who bought something at the shop as the richest, followed by the one who was able to give the new item from home. Interestingly, they gave the lowest ‘wealth-rating’ to a person who didn’t buy anything at the shop. Despite not being told that refraining from buying was because of a lack of money, the young participants apparently assumed this was the case.

How does buying versus refraining shape children’s self-perception?

Having seen that decisions to buy or refrain affected the conclusions children drew about others, I next looked at whether these decisions would shape children’s feelings about themselves. In a separate online sample of UK and US 5-to-12-year-olds, I had children imagine visiting a shop with lots of “good toys and games and books,” and seeing something “that looks really good.” Half were told that they bought this item, and the other half that they didn’t.

Unsurprisingly, those who imagined making the purchase reported they’d feel much happier – this will come as no surprise to anyone who has visited a shop with a child!

I also asked children this question: “In this situation, do you feel like you have a lot of money (like you’re rich), or little money (like you’re poor)?” They chose one of five answers illustrated with stacks of banknotes. Those who were told they had made a purchase reported that they felt like they had more money.

Strictly speaking, of course, after making a purchase people have less money than they did before. [Research with adults](#), however, has shown only a moderate correlation between actual economic resources and feelings of status or wealth – having money isn’t the same as feeling rich. For children, it seems that one thing that contributes to feeling rich is buying things, compared to seeing something they like and *not* buying it.

(Of course, an equally valid interpretation is that children feel poorer when they are faced with something desirable and don’t buy it. My studies had no “baseline” condition, only a comparison of buying versus refraining.)

With a final in-person sample of 4-to-12-year-olds, I described a similar scenario of a visit to a shop. This time, children were asked whether they would buy something they

saw at the store that they “kind-of liked but weren’t sure about.” Just under half of them said they would make the purchase. And again, these children reported that they’d feel both happier and richer than those who said they would refrain.

This last result suggests that the findings are not due to [researcher demand](#). That is, potentially when children were *told* to imagine that they bought or refrained, they had reported their happiness and feelings of wealth in the way they thought the researcher expected them to. Since I saw the same results when children themselves decided whether they would buy or refrain, this alternative explanation is unlikely.

How can we use these results to build financial resilience?

My work addresses just a small piece of the puzzle of children’s financial decisions. There is ample room for more research in this area, especially given how active and engaged young people already are as consumers. If adults want to help them learn how to make good decisions, we need to understand how children themselves expect to feel as a result of those decisions.

Specifically, if children expect to feel not just less happy but also poor when they refrain from buying something they like—then refraining will be hard! Adults may be able to help by [framing](#) this decision as “waiting to buy later” or “building up wealth.”

In fact, in [earlier research](#), colleagues and I found that many adults believe that spending money is a sign of having money, and these adults also tend to be financially vulnerable (e.g., have less saved for emergencies). Potentially, learning to re-frame spending in childhood could have beneficial consequences years later.