ЭКОНОМИЧЕСКАЯ ПСИХОЛОГИЯ

CONSUMER SAVINGS-RELATED FINANCIAL DECISION-MAKING THROUGH ECONOMIC-PSYCHOLOGICAL THEORIES

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Summary. Consumer savings-related financial decision-making plays a crucial role in individual well-being and the broader economy. This paper examines the significance of consumer financial decisions, particularly in Russia, where economic volatility and low saving rates have led to financial instability and reliance on social welfare. Despite efforts to stimulate long-term savings, many Russians struggle to accumulate sufficient resources for retirement or emergencies. This article aims to provide a systematic review of existing literature on the theories influencing consumer long-term savings-related financial decision-making, focusing on psychological and economic determinants. Economic theories on consumer long-term saving behaviour include the life-cycle theory and discounting models. Economic-psychological theories on consumer long-term saving behaviour consider approach by G. Katona as well as prospect theory. Consumer socialization theories on consumer long-term saving behaviour describes A. Bandura's theory to the social learning and the role of parents and social environment in learning kids to save. Psychological behavioral theories on consumer long-term saving behaviour are represented by the behavioral life-cycle theory. The theoretical analysis reveals several factors that may predict long-term consumer savings decisions, categorized into subjective economic, socio-demographic, psychological, and socio-cultural factors. Understanding these factors can help policymakers and individuals make informed decisions to improve long-term financial well-being.

Keywords: consumer savings, financial decision-making, psychological factors, long-term savings, financial well-being.

In the complex landscape of consumer welfare, consumer household financial decisions exert significant influence over individual well-being and the broader global economy. Choices related to housing, mortgages, education, retirement planning, saving, and investments resonate deeply across personal and societal realms, shaping economic well-being at micro and macro levels (Greenberg, Hershfield, 2019). Consequently, the term «Consumer Financial Decisions» has been used in Western literature to characterize the process through which individuals make choices regarding various financial aspects that impact their financial well-being, including saving for education or retirement, investing in human capital development and using credit cards for consumption. These decisions can significantly affect both personal and societal welfare (Verma, 2017).

Savings, identified as one of the most important predictors of financial well-being, exerts influence over daily purchases, debt mitigation, and long-term investments (Greenberg, Hershfield, 2019). The consequences of inadequate savings extend far beyond the individual, manifesting in real-world outcomes such as heightened financial instability, high debt levels, and an increased reliance on social welfare (Greenberg, Hershfield, 2019; Song et al., 2023; Verma, 2017). Consumer savings-related financial decision-making in Russia is a particularly significant topic due to a variety of factors connected to the country's history of economic volatility (ROMIR, 2024) and the number of crises experienced in recent decades (Bank of Russia, 2024). It becomes evident that these turbulent times urge for calculated and rational long-term savings decisions.

According to a large body of foreign research, individuals frequently fall short in accumulating sufficient resources for retirement or addressing short-term emergencies (Greenberg, Hershfield, 2019; Lusardi, Mitchell, 2011). Currently, Russia has programs under implementation aimed at stimulating the economy and developing the domestic financial market, including increasing long-term savings

among citizens (TASS, 2024). Further, according to statistics, the percentage of the population that has savings is very low (ROMIR, 2024). According to the results of the all-Russian survey conducted by ROMIR in 2023, more than half of Russian families (52%) did not have savings. In four out of ten families (40%), savings are kept in rubles, while in 7% of households, savings consist of a mix of domestic and foreign currency. Only 1% of Russians keep all their savings in dollars or euros (ROMIR, 2024). Furthermore, a preference was found for traditional forms of saving, such as holding cash or investing in tangible assets like real estate or gold in Russia (Bank of Russia, 2024). Further, the problem of long-term consumer savings is also linked to pension reforms. Changes in pension regulations, for instance, have heightened the need for individuals to independently plan and save for retirement. According to the research by WCIOM, despite the gradual increase in society's understanding of their own responsibility for the pension period, 73% of working Russians do not save money for retirement (WCIOM, 2022).

Despite access to savings programs and financial knowledge, consumers often struggle to plan and make optimal financial decisions, as evidenced by a significant body of literature (Lusardi, Mitchell, 2011; Verma, 2017). Behavioral finance research (Verma, 2017) suggests that financial decisions are influenced more by psychological and emotional factors than by rational calculations (Greenberg, Hershfield, 2019; Lusardi, Mitchell, 2011; Song et al., 2023). As such, research shows that two individuals with the same level of knowledge still make different financial decisions (Lusardi, Mitchell, 2011). This suggests that psychological factors also play a significant role in consumer financial decision-making. In fact, personal factors, including attitudes towards risk, levels of self-control, and psychological biases, have shown to influence financial decision-making (Song et al., 2023). In connection with it, there is an increasing need to study the factors that contribute to the growth of long-term savings and, consequently, influence consumer financial

decision-making regarding savings. While existing studies have touched upon savings in their research, there remains a notable absence of comprehensive overviews on the mechanisms behind consumer savings decision-making, including the reasons that may contribute to observed mistakes and lack of long-term savings (Song et al., 2023).

The aim of this article is to conduct a systematic review and synthesis of existing literature on the theories influencing consumer long-term savings-related financial decision-making. By analyzing and summarizing the current research, this study aims to provide insights into the factors that drive or hinder individuals' ability to save for the future, with a focus on psychological and economic determinants.

Economic theories on consumer long-term saving behaviour

The issue of decision-making and its determining factors was originally addressed in economic theories. At the core of these theories lies the principle of rationality, which signifies the maximization of utility and the minimization of costs in economic behavior. Savings behavior has been described within the framework of life cycle theories.

The essence of the life-cycle theory is rooted in the assumption that consumers, armed with full information about their life-cycle income and wealth, seek to maximize intertemporal utilities over their lifespan (Friedman, 1957). M. Friedman developed the permanent income model. The model assumes that consumers act as if they know what their permanent income level will be over their life-cycle. Thus, they consume mainly from their permanent income (normal or average income) and save primarily from their transitory income (Friedman, 1957).

Consequently, consumer decisions will depend on the total amount of resources (current and future income as well as current wealth), on preferences over the different commodities (present and future consumption, and possibly bequests),

and on relative prices (interest rates and intertemporal trade opportunities) (Attanasio, Weber, 2010). Consumers are cognizant of their life-cycle wealth, saving during working years and dis-saving during retirement, with the primary goal being the smoothing of consumption over the life-cycle (ibid).

Inconsistent patterns with the theory's predictions, such as the hump-shaped age profile of consumption, drop in consumption at retirement, and the sensitivity of consumption growth to predictable income changes, have spurred ongoing critique (Attanasio, Weber, 2010). Despite the primarily economic rationale underpinning saving behavior in the life-cycle theory, psychological facets of decision-making, such as the motivation for saving and maintaining a constant level of funds over the course of one's lifetime, were also incorporated. The life-cycle model serves as a broad framework, spawning various specific models that delve into diverse aspects of consumer behavior and savings motives (Song et al., 2023). One such extension is the precautionary saving model, acknowledging consumers' tendencies to be both «prudent» and «impatient» when facing income uncertainty (Carroll, 1997). The buffer-stock saving model, for instance, addresses the majority of consumers who report saving for emergencies, offering explanations for empirical puzzles in consumption patterns (Carroll, 1997).

Discounting models – another theory which is widely considered in terms of the long-saving decisions. In traditional economic discounting utility model, the discounting of future rewards has been conceptualized as exponential, as proposed by P.A. Samuelson (Samuelson, 1937). However, recent behavioral research suggests that this discounting pattern is better described by hyperbolic or quasi-hyperbolic functions in certain contexts (Thaler, Benartzi, 2004). Situations involving immediate gains versus long-term benefits often exhibit steep discounting, leading to decisions that may not align with long-term goals (Greenberg, Hershfield, 2019). Time discounting, where consumers assign varying values to future rewards compared to

present ones, holds significant sway over diverse financial behaviors (Greenberg, Hershfield, 2019). In the realm of savings, consumers' tendency to discount the value of future rewards can shape their approach to financial planning.

Two broad types of remedies have been proposed to address excessive discounting and promote saving behavior. The first type focuses on reducing the allure of immediate gratification through pre-commitment strategies, where individuals constrain present actions to limit undesirable behaviors in the future (Thaler, Benartzi, 2004). For instance, programs allowing employees to commit future income to retirement plans serve as effective pre-commitment strategies (ibid). The second type of remedy aims to enhance the appeal of delayed gratification by directing individuals' imagination towards future uses for money (ibid). Research suggests that people often fail to fully appreciate how present consumption limits future spending opportunities (Verma, 2017). Interventions encouraging individuals to contemplate future outcomes and consider long-term benefits of saving have been shown to increase patience in intertemporal choice tasks (Attanasio, Weber, 2010). Further, research indicates that higher discount rates observed in youth correlate with lower income levels in adulthood, emphasizing the enduring influence of temporal discounting on savings accumulation (Lusardi, Mitchell, 2011).

Economic-psychological theories on consumer long-term saving behaviour

In subsequent economic-psychological theories, the focus shifted entirely to psychological factors.

G. Katona (Katona, 1975) has posited that saving is a function of two factors – ability to save and willingness to save. The emphasis on ability to save acknowledges that some individuals, because of limited economic resources or special consumption needs, find it more difficult to defer consumption than others (ibid). At the same time, those individuals who can postpone consumption still must choose to do so, a

decision that requires some degree of willpower. In particular, Katona claims that consumer expectations and sentiment determine households' willingness to save. A major contribution of Katona's theory is the empirical discovery that the consumer's conception of savings diverges from the classical economic understanding. Furthermore, Katona identified six savings motives, as outlined including necessities, emergencies, children, house, vacations, and retirement (ibid). Further, Katona proposed three categories of saving habits among average persons: (a) contractual saving, where one makes routine installment payments for an asset like a home mortgage, which is forced or obligatory saving; (b) discretionary saving, where one deliberately saves; and (c) residual saving, where one does not spend all of in-come and therefore saves by default. Researchers note that these habits significantly influence the process of savings behavior.

Contemporary studies emphasize that the attainment of personal savings goals often occurs through a series of iterative decisions, with savings habits playing a decisive role in determining the extent of financial accumulation (Greenberg, Hershfield, 2019). L. Tam and U. Dholakia (Tam, Dholakia 2014) underscored the significance of habit formation in an intervention targeting improved savings behavior. Participants were encouraged to view time cyclically, perceiving savings as a regular, habitual behavior, leading to reported increases in savings compared to those who conceptualized time linearly. Supporting this, a separate study affirmed that a linear perception of time tends to delay saving decisions (Tam, Dholakia, 2014).

The development of Katona's (Katona, 1975) ideas can be found in contemporary research where perceptions of wealth play a pivotal role in shaping financial decisions, particularly in the realm of savings. A. Gasiorowska (Gasiorowska, 2014) defines subjective wealth as a combination of income adequacy and the ability to make ends meet, highlighting the subjective nature of financial

well-being. The impact of wealth perceptions on savings-related decision making is multifaceted. Perceived financial control, a positive predictor of subjective wealth, influences individuals' attitudes toward savings (ibid). Those who feel more in control of their finances may be more inclined to engage in strategic savings planning, emphasizing the importance of financial empowerment in fostering responsible saving behaviors (ibid). The scarcity mindset, influenced by perceptions of resource inadequacy may influence present-oriented financial choices by driving focus on immediate needs, thereby, affecting savings priorities and long-term financial planning (Song et al., 2023).

Feelings of wealth or poverty also influence temporal discounting and risk-taking behaviors in the context of savings. Individuals made to feel less wealthy may exhibit more present bias, potentially impacting their ability to allocate resources for future savings (Greenberg, Hershfield, 2019). Imagining future wealth increases risk-seeking behavior, suggesting a connection between wealth perceptions and risk attitudes in the context of savings-related decisions (ibid).

Importantly, the way individuals weigh assets and debts based on their net worth has implications for savings choices. Positive net worth may lead to a heightened aversion to debt, encouraging individuals to prioritize savings over-borrowing (Gasiorowska, 2014). Early-life objective socioeconomic status contributes to wealth perceptions, impacting impulsivity and risk aversion (Song et al., 2023). Another prominent theory applicable to the analysis of long-term consumer savings is Prospect Theory.

Prospect theory comprises two phases, beginning with editing where decision-makers frame savings alternatives based on a reference point. Framing in prospect theory is influenced by how savings prospects are presented, shaping choices with an eye on potential gains or losses from a neutral reference outcome (Tversky, Kahneman, 1989). The second phase involves evaluation and choice, with savings

prospects assessed through a value function marked by reference dependence, diminishing sensitivity, and loss aversion (ibid). Central to understanding savings behavior is the concept of loss aversion, where individuals exhibit a strong preference for avoiding losses over acquiring equivalent gains (Bowman et al., 1999). Loss aversion, a fundamental principle in behavioral economics, refers to the tendency for individuals to feel the pain of losses more acutely than the pleasure of gains (ibid). This psychological bias, extensively studied by subsequent researchers (ibid), plays a pivotal role in shaping individuals' decisions regarding saving and investment.

Loss aversion affects savings behavior through several mechanisms. Firstly, individuals are more inclined to prioritize safeguarding their existing assets and adopting conservative investment strategies in response to heightened uncertainty or the prospect of potential losses (Bowman et al., 1999). This risk-averse behavior manifests as a reluctance to take on investment opportunities that may entail significant risks, leading individuals to favor safer options even if they offer lower returns. Secondly, loss aversion influences individuals' response to market fluctuations and economic downturns (Tversky, Kahneman, 1989). When faced with adverse market conditions, individuals often exhibit a reluctance to realize losses, leading them to hold onto investments rather than selling at a loss (Bowman et al., 1999). This behavior, known as the disposition effect, can hinder individuals' ability to adapt their investment strategies to changing market conditions and may result in missed opportunities for portfolio diversification and growth (Bowman et al., 1999).

Applications of prospect theory in long-term savings decision-making highlight the pervasive impact of loss aversion on individuals' choices, influencing their risk preferences and the trajectory of their savings journey. Successful savers, often deviating from predicted behaviors, may exhibit a tendency to let savings grow and be cautious in adjusting their strategy, challenging the disposition effect foreseen by prospect theory (Tversky, Kahneman, 1989). As prospect theory posits that

individuals are more sensitive to losses than to gains, researchers have explored scenarios of myopic loss aversion where risk taking in contexts that offer attractive reward. One such context is retirement accounts, where asset allocations that avoid risky asset classes such as stocks are sometimes viewed as overly conservative in light of stocks' historically superior returns (Thaler, Benartzi, 2004).

Savings behavior is a complex interplay of various factors, with one significant hurdle being the perceived lack of discretionary income among consumers (Greenberg, Hershfield, 2019). To address this, a novel approach called «just-in-time savings» has been proposed. This strategy leverages insights from prospect theory, encouraging consumers to view their income as a gain and promoting timely savings behaviors (ibid). An intriguing avenue for promoting just-in-time savings involves interventions coinciding with expected income changes, such as tax return seasons. While incentive programs offering matching contributions for saving tax refunds have shown effectiveness, they come with considerable costs (Verma, 2017). Interestingly, framing these incentives as matching contributions rather than tax credits has proven more successful (ibid). However, the challenge lies in translating estimated refund plans into actual savings, requiring nuanced interventions.

Research experiments using TurboTax software have explored the impact of choice architecture on savings decisions (Grinstein-Weiss et al., 2017). Those exposed to savings-salient choice architecture demonstrated a greater allocation of their refunds to savings accounts, particularly when emphasizing the need for emergency savings (ibid). While messaging alone showed promise, the choice architecture and reframing of savings decisions emerged as critical components influencing savings choices during tax time. The potential of just-in-time savings introduces a dynamic element to the discourse on consumer financial behavior. By strategically intervening during crucial income events and reshaping the choice

architecture, there is promise in revolutionizing how individuals approach savings for promoting financial well-being.

Subsequent research within the framework of prospect theory has begun to explore goal behavior as well as goals and frames, which influence behavior. The establishment of tangible and achievable savings goals is acknowledged as a powerful motivator for individuals (Greenberg, Hershfield, 2019). Building on established theories regarding goals as reference points (Colby, Chapman, 2013), the practice of framing extensive savings objectives as smaller, manageable subgoals exerts a motivational influence on both saving intentions and behavior. H. Colby and G. Chapman (2013) demonstrated in hypothetical scenarios that individuals are more inclined to forgo modest discretionary expenditures in favor of substantial savings goals when these goals are segmented into smaller, weekly savings subgoals. The ability to reframe overarching objectives into more manageable subgoals enhances individuals' perceived attainability of their savings targets, consequently fostering greater accumulations in the long term (Greenberg, Hershfield, 2019).

Similarly, the psychological phenomenon of construal level plays a significant role in shaping individuals' perceptions of specific savings goals. G. Ülkümen and A. Cheema (Ülkümen, Cheema, 2011) demonstrated that high construal levels, indicative of an abstract perspective, enhance confidence in achieving specific savings goals within a six-month timeframe. In contrast, low construal levels, reflecting a concrete perspective, diminish individuals' confidence in their ability to achieve specific savings goals (Greenberg, Hershfield, 2019). This reversal in the impact of goal specificity on anticipated savings success is attributed to high construal levels bolstering the perceived importance of goals, while low construal levels amplify the perceived difficulty of goal attainment (Greenberg, Hershfield, 2019; Ülkümen, Cheema,2011).

Earmarking, the practice of segregating funds for savings, has demonstrated efficacy in promoting savings behavior. G. Soman and A. Cheema's (Soman, Cheema, 2011) field experiment in India revealed that visual reminders and earmarking funds into a separate account contribute to increased savings over a 14-week period. Notably, visual reminders not only curtailed spending but also prompted individuals to save more. Additionally, savings reminders have proven effective, particularly when individuals are prompted to consider future expenditures for which the saved funds could be allocated (ibid).

Despite the positive impact of earmarking and goal-setting, caution is warranted, as both strategies may backfire under certain conditions. Individuals, recognizing the significance of savings, may exhibit a tendency to retain earmarked savings even at the cost of accruing high-interest debt (ibid). Furthermore, the effectiveness of goal frames may diminish in the presence of goal conflict. Research suggests that contemplating multiple savings goals concurrently may lead to demotivation and lower overall savings rates compared to having a singular savings objective (ibid).

Consumer socialization theories on consumer long-term saving behaviour

Next group of theories considering the societies' impact on consumer financial decisions is Consumer Socialisation Theory. A considerable body of research has focused on understanding how children acquire economic concepts such as the value of money and saving. Social learning theories, particularly A. Bandura's (Bandura, 1986) theory, have been utilized to understand how parents socialize children, young adults, and adults across the lifespan in financial matters. According to Bandura (ibid), social learning, particularly through observation, modelling, practice, and processing information, shapes individuals' financial attitudes and behaviors.

Building on the foundation of social learning theories, consumer socialization theory examines long-term consumer-savings decisions, including phenomena rooted in childhood, motivation for maintaining stable income and expenses throughout life, and the role of prejudices, including attitudes towards risk and loss (Moschis, 1987). This exploration underscores the importance of understanding psychological factors in consumer savings-related financial decision-making. Moreover, consumer socialization theory posits that children and adolescents develop consumer attitudes, knowledge, and behaviors from various socialization agents such as parents, peers, and schools (ibid), with parents being the most influential agent. Parents, as primary socializing agents, play a crucial role in the consumer socialization process, influencing children's financial attitudes, knowledge, and behaviors, including investment practices and savings habits (Song et al., 2023; Moschis, 1987). Financial socialization, a broader concept introduced by S.M. Danes (Danes, 1994), encompasses the acquisition of knowledge, beliefs, and norms influencing subsequent financial practices, with a focus on savings.

Data from consumer socialization theory suggests that social norms play a significant role in behavioral change, especially in retirement savings behavior (Wiener, Doescher, 2008). Expanding on the influence of social norms, studies have specifically highlighted the impact of injunctive norms on long term savings. As such, injunctive social norms, indicating what others should do, have a greater influence on retirement savings intentions than descriptive norms, which indicate what others actually do (ibid). In contrast, the effects of descriptive norms, which indicate what others actually do, have been found to vary among different demographic groups. For example, low-savings individuals exposed to peer information displayed divergent responses, with some subgroups increasing savings and others showing reduced motivation, possibly due to the demotivating effects of upward social comparison (ibid).

Furthermore, parenting styles can significantly impact the development of financial literacy and numeracy skills in children. Consumer socialization theory incorporates a domain-specific socialization approach, recognizing specific interactions and mechanisms within various domains. These domains, including warmth and trust, rules and behavioral monitoring, and communication, significantly influence children's savings behaviors and attitudes toward financial planning, specifically, the practice of savings (Kim et al., 2011). Communication about money and finances guides children's values and attitudes toward savings, while allowances teach money management and instill confidence in saving responsibly (ibid). Parental monitoring, achieved through rules, expectations, and consequences, shapes children's attitudes toward saving and their commitment to long-term financial planning (ibid).

Parenting aspects, including warmth and monitoring, extend their influence to key psychological traits such as time preference and future orientation, impacting savings behaviors (Verma, 2017). This highlights the importance of parental involvement in fostering responsible financial behaviors from an early age. As such, permissive parenting, characterized by a lack of monitoring and rules, may hinder the development of disciplined savings habits. The absence of monitoring and guidance inhibits children's internalization of financially prudent savings behaviors, contributing to potential financial anxiety and challenges in long-term savings planning (Kim et al., 2011). Importantly, parents' ability to provide warmth and comfort during financial difficulties significantly influences the development of positive savings attitudes and behaviors, with implications for long-term financial well-being, especially in the context of college students' savings practices (ibid).

Within the framework of consumer socialisation theory, financial literacy emerges as a critical component, representing an individual's capacity to understand and navigate financial concepts and products within their social environment

(Moschis, 1987; Verma, 2017). As such, it is essential for consumers to possess proficient financial skills encompassing a comprehensive understanding of fundamental financial concepts, financial products, and adept numerical competence to make decisions aligned with their financial well-being (Lusardi, Mitchell, 2011). Empirical evidence substantiates the association between financial literacy and consequential financial outcomes including retirement savings, wealth augmentation, and prevention of over-indebtedness (Lusardi, Mitchell, 2011; Verma, 2017).

Numeracy, a subset of financial literacy, relates to the capacity to comprehend and manipulate numerical information (Lusardi, Mitchell, 2011), impacting consumer savings - related financial decision making. Research shows that numeracy is associated with effective retirement planning, wealth accumulation, and informed choices in financial domains such as stock ownership and mutual fund selection (ibid). Moreover, proficiency in comprehending interest rates and executing fundamental calculations is crucial for successful financial decision-making. Furthermore, research by A. Lusardi and O.S. Mitchell (Lusardi, Mitchell, 2011) emphasizes the centrality of numeracy in strategic retirement planning. The general notion is that improved literacy leads to more optimal financial decision-making; however, this relationship is more complicated. Studies show that consumers may display responsible financial behavior regardless of their level of financial literacy and numeracy (ibid). For example, R. Verma (Verma, 2017 examined the role of self-deception, overconfidence, and financial aliteracy in household financial decision making. They found that self-assessed financial competence had a negative impact, while real financial knowledge had a positive impact on financial behavior. This suggests that individuals who accurately assess their financial knowledge are more likely to make prudent financial decisions, including saving regularly and making informed investment choices. The study also found that financial competence is driven by both real financial knowledge and irrational biases. Some component of

financial competence represents self-deceptive financial knowledge, where individuals may overestimate or underestimate their financial knowledge due to biases. This can lead to imprudent financial behavior, such as inadequate savings or inappropriate investment choices (Verma, 2017). Overconfidence, or financial illusion, and financial aliteracy have significant negative impacts on prudent financial behavior, with overconfidence having a higher impact than financial aliteracy. These biases can lead individuals to engage in risky investment behavior or be overly cautious, both of which can have negative effects on savings behavior (ibid). Despite the acknowledged significance of financial literacy and accessibility to financial markets, a large number of consumers, specifically young adults, exhibit significant gaps in financial literacy and therefore, in savings (Lusardi, Mitchell, 2011; Verma, 2017). As they grapple with decisions about mortgages, college funds, and retirement savings, their financial knowledge appears inadequate (Verma, 2017). Consequently, it becomes evident that consumer's financial wellbeing is defined by the level of one's financial literacy stemming from early socialization practices.

Psychological behavioral theories on consumer long-term saving behaviour

The behavioral life-cycle theory integrates psychological concepts into the model, incorporating self-control, mental accounting, and framing (Shefrin, Thaler, 1988). Additionally, studies on saving motives have gone beyond the implications of major economic life-cycle models. Multiple saving motives have been identified through direct consumer inquiries, suggesting a hierarchical pattern in which consumers seek higher saving goals when lower financial needs are met (Lusardi, Mitchell, 2011). In synthesizing these extensions and applications, the life-cycle theory provides a versatile lens through which to explore and understand the intricacies of consumer financial decision-making.

Present bias, originating from the theory of self-control within behavioral finance, plays a pivotal role in influencing individuals' decisions related to savings and financial well-being (Shefrin, Thaler, 1988). Present bias and time discounting, while closely related, are often examined separately in research due to their distinct implications for decision-making (ibid). Present bias focuses on individuals' tendency to prioritize immediate rewards over future benefits, emphasizing cognitive and emotional aspects (ibid). In contrast, time discounting considers a broader range of factors, including risk preferences and uncertainty (Thaler, Benartzi, 2004). Analyzing these biases separately allows for a more nuanced understanding of their unique influences on savings behavior, facilitating targeted interventions to address them effectively.

Empirical research underscores the significant effects of present bias on financial behavior. Individuals characterized by present bias often exhibit tendencies towards overspending, excessive borrowing, and insufficient saving (Meier, Sprenger, 2010). Moreover, these behaviors are compounded by fewer beneficial health practices, further exacerbating the issue (ibid). Understanding the interplay between present bias and financial behavior is paramount for financial planners, as present-biased consumers frequently engage in less desirable financial behaviors, favoring immediate consumption over future savings (ibid).

Present bias is closely intertwined with self-control theory, where individuals are characterized as both farsighted planners and myopic doers, as exemplified in models such as the hyperbolic model of consumption (Greenberg, Hershfield, 2019; Verma, 2017). This preference for instant gratification often translates into lower savings rates and higher levels of debt among present-biased individuals (Meier, Sprenger, 2010). Moreover, this impulsive behavior extends to reluctance to save for long-term goals, contributing to diminished financial security, particularly evident in contexts such as retirement savings (ibid). Initiatives like the Save More Tomorrow

program aim to mitigate the adverse effects of present bias by promoting long-term saving behaviors (Thaler, Benartzi, 2004).

Considering psychological determinants of consumer financial decision-making it is crucial to study the individuals' sense of psychological connection to their future selves (Parfit, 1971). This sense of connectedness varies with the perceived age difference between present and future selves, influencing individuals' willingness to save for the future (ibid). Traditionally, individuals making financial tradeoffs between the present and the future may perceive their distant future selves as strangers, potentially deterring them from saving for the future. Recent theorizing, however, suggests that the key factor lies in the emotional connection and perceived similarity to the future self (ibid). When individuals view their future selves as emotionally connected and similar to their present selves, they are more inclined to make present-day sacrifices for the benefit of their future selves, akin to the sacrifices made for family members (Greenberg, Hershfield, 2019; Ersner-Hershfield et al., 2009).

Research findings affirm that a greater sense of connection to the future self correlates with a reduced tendency to discount future rewards, both behaviorally and neurally (Ersner-Hershfield et al., 2009). As such, individuals who report higher levels of future self-continuity tend to have greater financial assets and exhibit more patient decision-making behavior (ibid). Neural imaging studies have further revealed that individuals showing greater neural activation differences between thoughts about the current self and thoughts about the future self-exhibit steeper discount rates (Ersner-Hershfield et al., 2009). Furthermore, neglecting the future self may result from a failure of imagination or a lack of vividness in envisioning future scenarios (Parfit, 1971). Research suggests that individuals may suffer from «empathy gaps», underestimating future emotions and consequences of present decisions (Ersner-Hershfield et al., 2009).

Creating vivid mental images of future selves engaging in specific actions may intensify emotions associated with future outcomes, leading to more informed decision-making (Ersner-Hershfield et al., 2009). In a seminal study conducted by A.E. Greenberg and H.E. Hershfield (Greenberg, Hershfield, 2019) across four distinct studies involving undergraduate and community participants, manipulating exposure to visual representations of one's future self-led to reduced discounting of future rewards and increased contributions to saving accounts. The results from the studies demonstrate consistent effects of visual interventions on saving behavior, with medium to large effect sizes observed across the experiments. Importantly, the findings indicate that exposure to renderings of the future self directly influences individuals' propensity to make future-oriented choices, independent of mere contemplation of aging or demand effects.

CONCLUSION

All the theories discussed contribute to understanding the characteristics and factors of saving decisions, but from different angles. Life cycle economic theories emphasize existing permanent income, which motivates individuals to save. The Discounting Utility Model explains how individuals discount future rewards, often exhibiting present bias and preferring immediate gratification over long-term benefits. Remedies to address excessive discounting include pre-commitment strategies and interventions that enhance the appeal of delayed gratification. Economic and psychological models of savings consider the motives and goals of savings, which in turn are also important factors in making decisions about long-term savings. Consumer Socialization Theory highlights the role of social learning in shaping individuals' financial attitudes and behaviors from childhood, with parents as primary socializing agents. Social norms, particularly injunctive norms, influence retirement savings behavior, indicating what others should do. Parenting styles,

including warmth and monitoring, impact the development of financial literacy and numeracy skills in children, affecting their savings habits and attitudes toward financial planning. Financial literacy, a critical component of consumer socialization, influences individuals' ability to make informed financial decisions and impacts various financial outcomes, including retirement savings and wealth accumulation. The Behavioral Theory integrates psychological concepts into savings behavior, incorporating self-control, mental accounting, and framing. Mental accounting influences how consumers prioritize savings goals and allocate resources, while the concept of identity and self-concept affects individuals' willingness to save for their future selves.

The theoretical analysis reveals several factors that may predict long-term consumer savings decisions, categorized into subjective economic, socio-demographic, psychological, and socio-cultural factors. Economic factors, such as loss aversion and wealth perception, influence individuals' attitudes toward savings and risk-taking behavior. Socio-demographic factors, including age and the position in the life cycle, level of financial literacy, education, and income, play a crucial role in shaping savings habits. Psychological factors, such as emotions, emotional intelligence, and optimism, impact individuals' motivation to save and their ability to withstand present temptations for future benefits. Finally, socio-cultural factors, encompassing cultural norms and social influences, shape individuals' savings behaviors through social learning and socialization processes. These factors collectively contribute to the complex interplay of influences on long-term consumer savings decisions.

A nuanced understanding of these factors is crucial for designing effective interventions and policies to promote long-term consumer savings. Future research could explore the interaction of these factors and their differential impact across

diverse demographic groups, providing further insights into the complexities of consumer savings decisions.

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CONSUMER SAVINGS-RELATED FINANCIAL DECISION-MAKING THROUGH ECONOMIC-PSYCHOLOGICAL THEORIES

ПРИНЯТИЕ ФИНАНСОВЫХ РЕШЕНИЙ, СВЯЗАННЫХ С ПОТРЕБИТЕЛЬСКИМИ СБЕРЕЖЕНИЯМИ С ПОЗИЦИЙ ЭКОНОМИКО-ПСИХОЛОГИЧЕСКИХ ТЕОРИЙ

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Аннотация. Принятие финансовых решений, связанных с потребительскими сбережениями, играет ключевую роль в благополучии индивидов и экономике. Данная статья рассматривает значимость этих решений в России, где экономическая нестабильность и низкий уровень сбережений ведут к финансовым трудностям и зависимости от социальной помощи. Несмотря на усилия по стимулированию долгосрочных сбережений, многие россияне сталкиваются с трудностями в накоплении достаточных ресурсов для выхода на пенсию или на случай чрезвычайных ситуаций. Цель данной статьи - провести критический анализ существующих теорий, описывающих принятие финансовых решений, связанных с долгосрочными потребительскими сбережениями, а также рассмотреть результаты исследований, выполненных в рамках данных теорий, и выделить психологические и экономические детерминанты сбережений. Понимание этих факторов может помочь индивидам принимать более обоснованные решения для улучшения долгосрочного финансового благополучия.

Ключевые слова: потребительские сбережения, принятие финансовых решений, психологические факторы, долгосрочные сбережения, финансовое благополучие.