

IS YOUR INNER CHILD IN CHARGE?



Our financial behaviour doesn't start in adulthood. By age seven, most people have already formed their basic money beliefs, which later shape how they save, invest, and view financial success. These deep-seated money "personalities" can influence you in powerful ways. That's why understanding and addressing your behavioural biases is vital for any financial plan to succeed.

A 2018 study from the Journal of Consumer Affairs found that childhood memories strongly predict adult financial literacy and behaviour.

We look at a few key factors below.



The example your parents set

If your parents were overspending, or perhaps stingy or secretive about money, you might have grown up to be uncomfortable talking about money or budgeting. Or you might have become an impulsive spender, or an overly cautious saver.



Your earliest money memories and experiences

Did you get pocket money each month or week? Were you told to save this money up if you wanted something expensive? This might have made you more disciplined and given you good budgeting skills. A 2020 study by the University of Arizona showed that early financial education correlates with lower debt and better savings habits in adulthood. Remember to thank your parents!



Your childhood attitude towards money

Childhood beliefs, like "money is evil" or "wealth equals success" often stem from family or cultural narratives. These beliefs can lead to guilt, overspending, fear of financial failure, or an unhealthy obsession with wealth. Research from the American Psychological Association (2015) links scarcity mindsets to risk-averse financial decisions in adulthood.



Money as a carrot... or withholding it as a stick

If money was used as a reward or punishment (perhaps as a reward for good grades or withholding your allowance when you did something wrong) you might tie your self-worth to financial success. You may even have developed anxiety around earning, leading to workaholicism or overspending to validate your identity.



How much money your family had

Growing up in poverty or affluence shapes money perceptions. Kids in low-income households may prioritise immediate needs, while affluent kids might expect financial security. On the other end of the spectrum, people from low-income backgrounds may hoard money or avoid investing due to fear, while those from wealthier families might underestimate financial risks.

Wherever you may see yourself, remember that, when it comes to finances, it might be a good idea to listen to your adult self rather than your inner child.