Journal of Marketing Research

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Abstract

Maintaining savings ... hould be spent, such as when peopl ... to avoid high interest rate debt. E ... etween savings and discretionary sp ... ese contexts. However, when spending is not discretionary, such interventions could risk exacerbating a pattern found in economic research in which people borrow high interest rate debt while maintaining savings that earn low levels of interest. To examine how mental accounting interacts with considerations of personal responsibility and guilt to contribute to this pattern, this article explores whether people spend their savings when they need money most: during emergencies. Six studies reveal that people's tendency to preserve savings by borrowing from a high interest rate credit option varies as a function of the savings' intended use. Paradoxically, people are most likely to turn to high interest rate credit with the belief that doing so is the responsible option.

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