

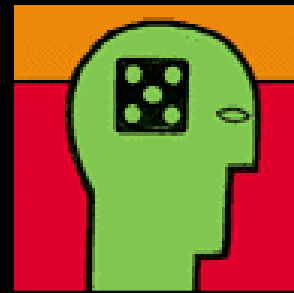
What the public think?

Chad Wollen
Associate Director

The Henley Centre

5th Annual Digital Money Forum

11th April 2002



A few thoughts on...

- Money
- Budgets
- Trust



What is money?



- Unit of account
- Common measure of value
- Medium of exchange
- Means of payment
- Standard for deferred payment
- Store of value

Source: The Henley Centre, Glyn Davies - A History of Money

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“Money is probably the most emotionally meaningful object in contemporary life: only food and sex are as common carriers of such strong and diverse feelings, significance, and strivings”

Dr David Krueger, 1986,
The Last Taboo: Money as Symbol and Reality in Psychoanalysis

Source: The Henley Centre

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“Money represents the things consumers are worried about, including personal inadequacy, shameful failure, moral evil, social unacceptability, suspicious behavior, and comfortable security.”

Robert Lane, 1991,
The Market Experience

Source: The Henley Centre

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ITEMS: Putting money in context



What is ITEMS?
A way of understanding the 5 main resources that all people draw on and spend so as to live

Source: The Henley Centre

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What do we think about money?



*You can't do nothing without money.
I think it is number 1 priority.*

*I don't have a lot, but what I've got I'll
hang on to.*

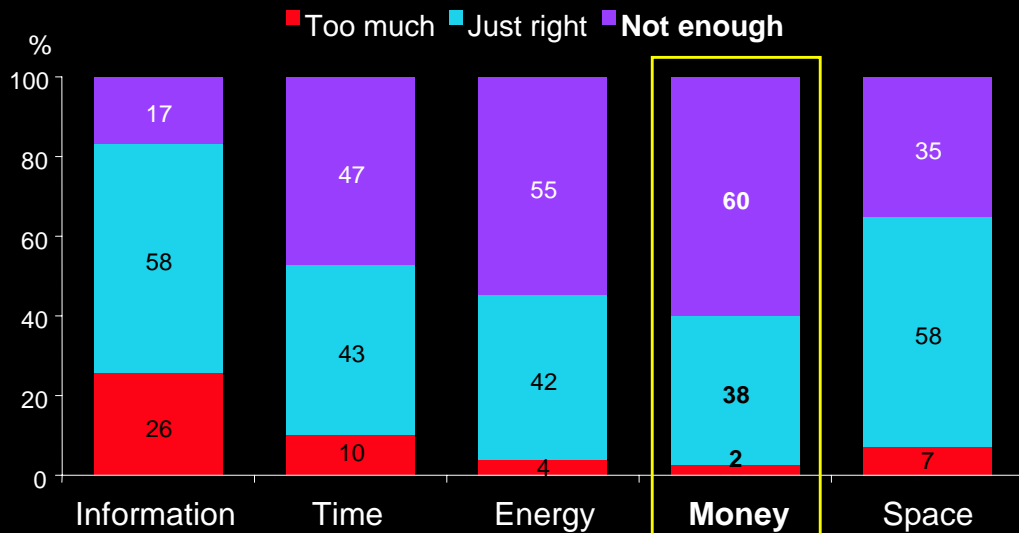


(M, C1, South)

Source: The Henley Centre

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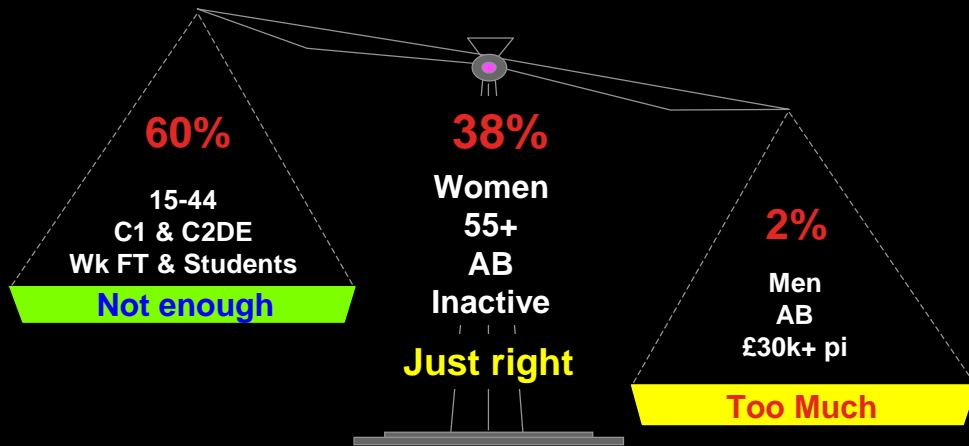
Money is the resource most of us feel we don't have enough of



Source: PCC W4 2001

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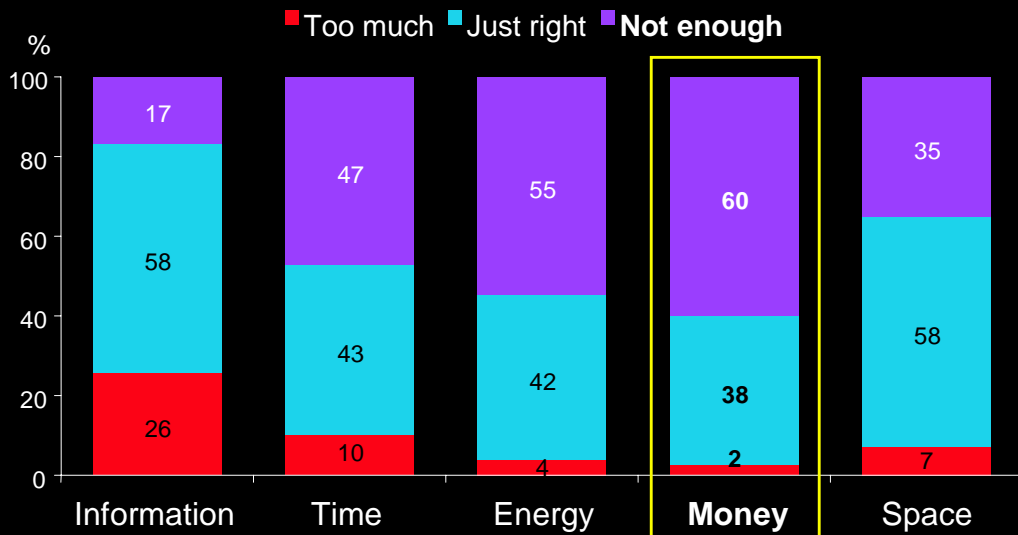
Who has enough money?



Source: PCC W4 2001

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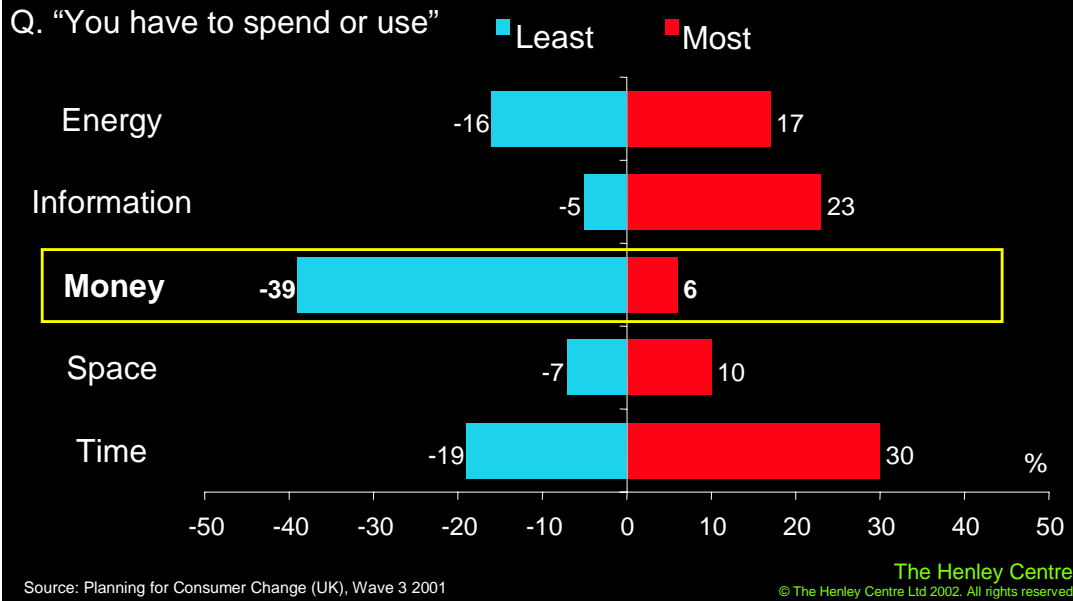
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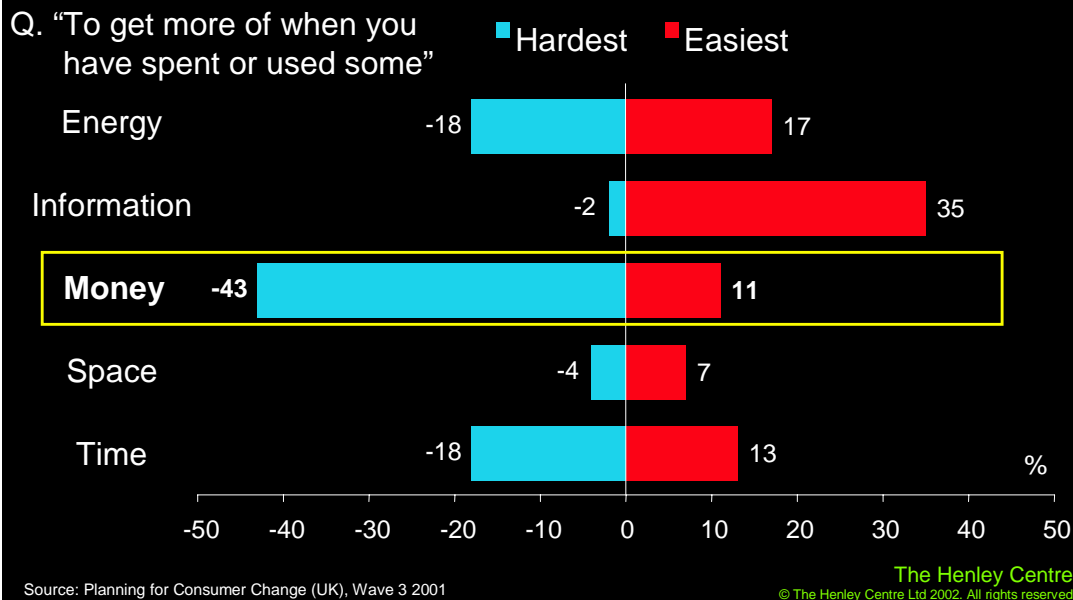
Source: PCC W4 2001

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Money is the most scarce of resources



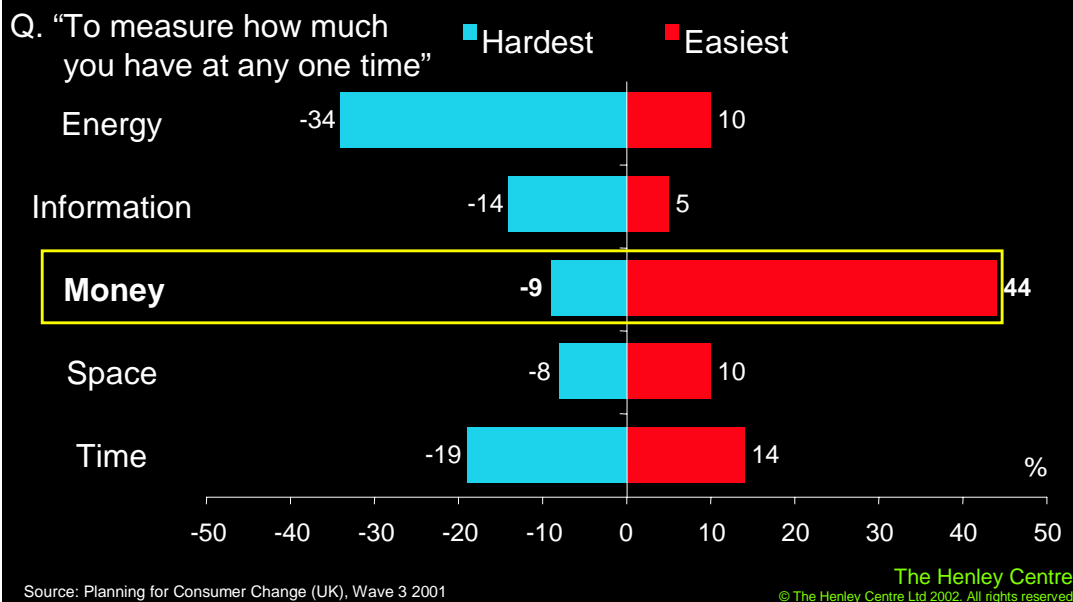
Especially as we don't find it easy to get more



Money on the brain: we think about it regularly in everyday life...



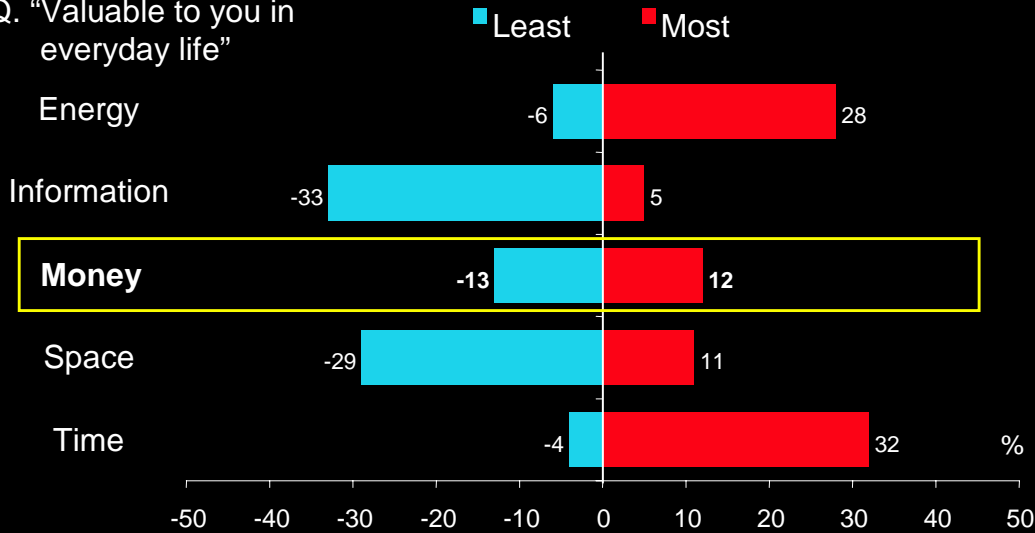
Money is tangible and controllable: we find it the easiest resource to measure



But money is not the most valuable resource in everyday life



Q. "Valuable to you in everyday life"



Source: PCC W4 2001

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Summary



- Money is the most scarce of the resources
- It is difficult to get more of it
- We think about it the most
- We understand how much we have

BUT - It is not the most valuable

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Budgets

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When I get a cheque for my birthday I know I am not supposed to buy groceries with it

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“Both sources of incomes and uses of funds are judge according to their seriousness - say pay or tax is serious but office sweepstake or eating out is frivolous...

...People have a tendency to match the seriousness of the source of income to the use to which it is put.”

*Richard Thaler, 1999,
Mental Accounting Matters*

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Four broad types of money - each fit for purpose



- Domestic Money
- Gift Money
- Institutional Money
- Moral Money

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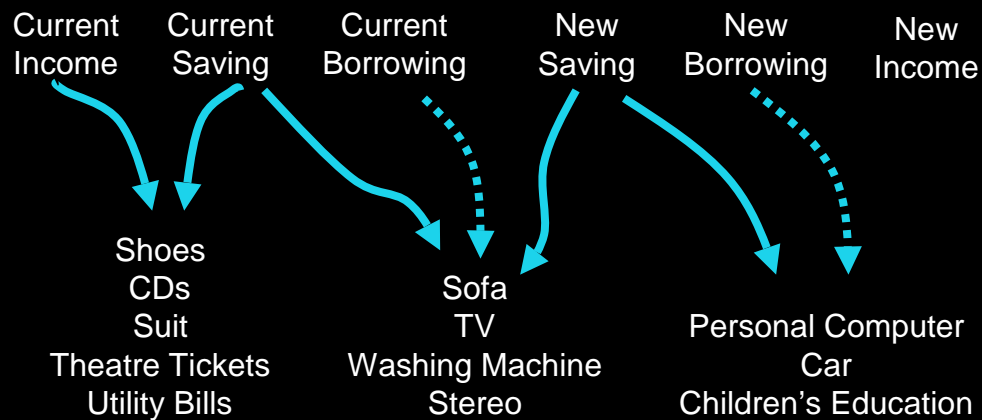
Money is like lots of lakes - not a single sea



- Fit for purpose money becomes a mental account
 - The accounts are not substitutable
 - The accounts act as self-control devices
- Is money really that fungible?

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The accounts people draw on for different types of purchase



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Half the population likes to pay cash for everything they buy*



“I like the feel of cash in my pockets.
I feel naked if I haven’t got any”

“I keep 20 or 30 quid with me in cash. I use credit cards where I can but cash is for emergencies”

“I like to go to the cash machine and see money in my hand”

“I like using cash ‘cos then I feel I’m only spending what I have got”.



Source: TGI, 2001

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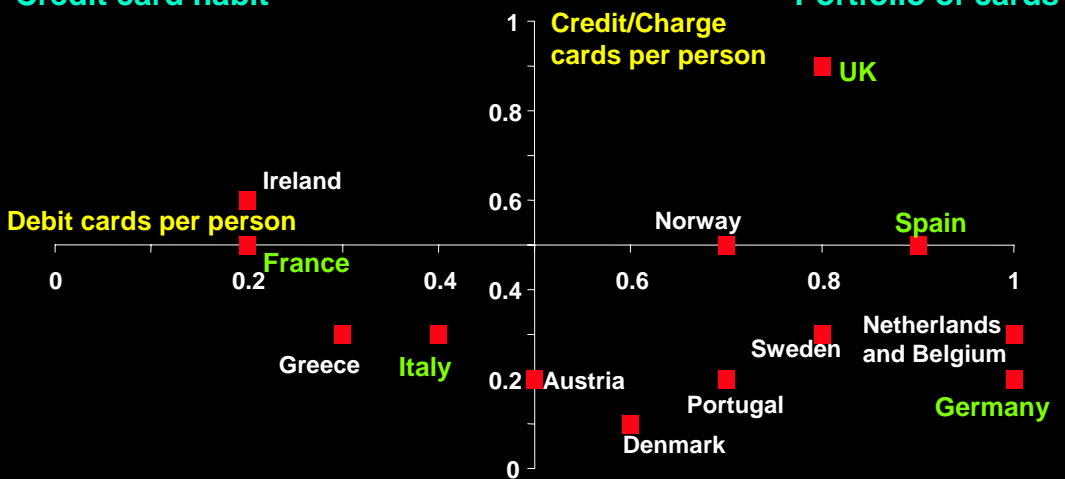
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Becoming portfolio people



Credit card habit

Portfolio of cards



Cash happy consumers

Debit card habit

Source: Datamonitor, Western European Plastic Cards, 2001

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Wallets are getting more cluttered



“You just seem to accumulate them”

“Sometimes I can’t be bothered using them, to be honest. I’ve got that many, I don’t think I want any more”

“It’s a bit irritating everyone trying to push their own card”

“I’ve got Tesco’s, Safeway’s and Sainsbury’s and I go to all three. I am not loyal”



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A crowded wallet means having options



“One Visa for shopping, one for petrol, another Visa for mail order and Access for everything else”

“I’d like a choice of options, not having to use any one”

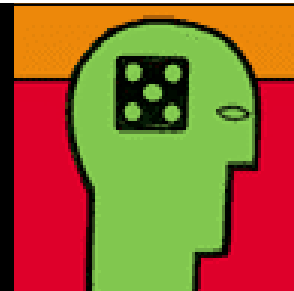
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Summary



- People have different qualities of money
- The different qualities are put to different purposes
- The different qualities are organised and managed in mental budgets
- The different qualities become embedded in different payment mechanisms
- Digital money must reflect these sorts of behaviours and needs

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