



## The Influence of Spirituality and Religion on Financial Decision-Making: A Behavioural Analysis

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### Abstract

Numerous facets of mental health and decision-making processes are known to be impacted by spirituality and religion (S/R). The behavioural and cognitive underpinnings of S/R, especially when it comes to financial decisions, are still poorly understood despite their complexity and diversity. This study examines how spiritual beliefs, religious attitudes, and participation in religious rituals affect individuals' financial decision-making. Specifically, we explore whether S/R fosters greater behavioral consistency, helping individuals regulate impulsive reactions when faced with financial gains or losses, thereby promoting measured financial decision-making. We used the Sequential Investment Task, which examines how individuals modify their behaviour in response to hypothetical and actual financial outcomes, to look into this. A wide range of self-report measures were used to evaluate the spiritual and religious views of 280 participants in a community-based sample. We sought to understand how S/R affects behavioural consistency, risk tolerance, and impulsivity in financial decision-making by examining reactions to financial wins and losses.

**Keywords:** - Spirituality, Religion, Financial Decision-Making, Behavioral Consistency, Risk Tolerance, Impulsivity

## I. INTRODUCTION

Religion and spirituality (S/R) have a big impact on how people behave because they affect their values, attitudes, and ability to make decisions. S/R has been linked to a number of beneficial psychological effects, according to research, including enhanced self-regulation, emotional well-being, and resilience to stress (Koenig et al., 2012). However, the impact of S/R on financial decision-making, particularly on the regulation of impulsive behaviors and risk tolerance, remains relatively underexplored.

Making financial decisions requires sophisticated cognitive processes that are impacted by both emotional and logical considerations. A framework for handling financial decisions may be provided by spiritual beliefs, which give people consistency and a feeling of purpose that reduces impulsive behaviour (Griffith & Gronoff, 2015). By examining how S/R influences financial decision-making, particularly in terms of behavioural consistency, risk tolerance, and impulsivity, the current study seeks to close this gap.

## II. METHODS

### 2.1 Participants

We recruited 280 participants (Mean age = 35.2, SD = 12.4) from a diverse, community-based sample. Participants represented various religious affiliations, including Christianity, Islam, and others. A detailed breakdown of participant characteristics is represented in Table 1.

**Table 1:** Demographic Characteristics of Participants

Characteristic	Value (n = 280)
Age (Mean ± SD)	35.2 ± 12.4
Gender (%)	Male (48), Female (52)
Religious Affiliation (%)	Christian (40), Muslim (30), Other (30)
Spirituality Level (Mean ± SD)	4.2 ± 1.8

## 2.2 Measures

We utilized a comprehensive questionnaire that assessed participants' spiritual and religious beliefs, along with their financial decision-making behaviors. The survey added the following variables, each measured on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree):

- **Spiritual Commitment:** Measures the extent to which individuals engage in spiritual practices.
- **Religious Service Attendance:** Frequency of participation in religious rituals.
- **Personal Prayer:** Individual prayer frequency.
- **Spiritual Well-being:** Perception of spiritual satisfaction.
- **Religious Commitment:** Adherence to religious principles.
- **Ethical Decision-Making:** Importance of moral values in financial decisions.
- **Self-Regulation:** Ability to control impulses in financial decisions.
- **Risk Aversion:** Willingness to avoid financial risks.
- **Conservatism in Financial Decisions:** Tendency to adopt conservative financial strategies.
- **Behavioral Consistency:** Consistency in decision-making behavior across financial trials.
- **Impulsivity:** Tendency to make rapid, less considered decisions.
- **Perceived Financial Security:** How financially secure an individual feels.
- **Religious Identity:** Degree to which religious beliefs are integrated into identity.
- **Altruism in Financial Decision-Making:** Willingness to consider others' welfare in financial choices.
- **Sense of Purpose:** How much purpose S/R provides in financial decisions.
- **Spiritual Reflection on Decisions:** Extent to which spirituality influences post-decision reflection.
- **Tolerance of Financial Uncertainty:** Comfort with uncertainty in financial outcomes.
- **Post-Loss Reflection:** Reflection after financial losses.
- **Satisfaction with Financial Decisions:** Satisfaction level after making financial decisions.
- **Mindfulness in Financial Decisions:** Level of awareness in making financial choices.

## 2.3 Procedure

Participants completed the Sequential Investment Task (SIT) to assess how they adapted their behavior in response to both real and fictive financial outcomes. The task involved multiple rounds of decision-making, with real monetary gains and losses introduced at various intervals. Participants were also given fictive scenarios to simulate different financial conditions.

## 2.4 Data Analysis

To examine the connections between S/R variables and the results of financial decision-making, we used structural equation modelling, or SEM. Risk tolerance, impulsivity, and behavioural consistency were the main dependent variables in the model, which looked at the direct and indirect impacts of S/R on financial behaviour.

## 2.5 Hypotheses

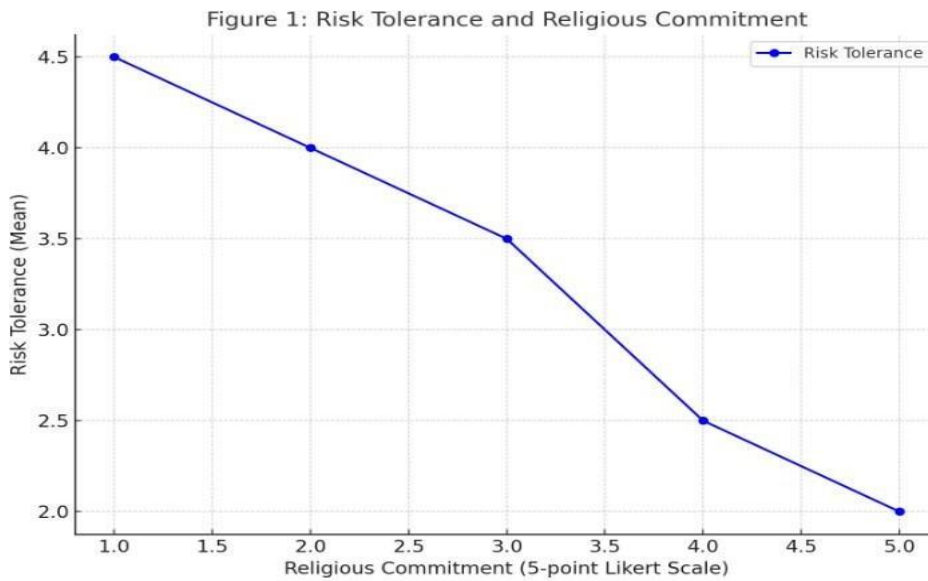
- H1:** Higher levels of spirituality are positively associated with greater behavioral consistency in financial decision-making.  
**H2:** Religious commitment is negatively associated with risk tolerance, leading to more conservative financial decisions.  
**H3:** Individuals with stronger spiritual beliefs exhibit lower impulsivity in financial decision-making.  
**H4:** Higher religious identity leads to greater satisfaction with financial decisions.

### III. RESULTS

#### 3.1. Behavioral Consistency and Spirituality

Investigating if increased spirituality was linked to more consistent financial decision-making behaviour was the first goal. The degree to which individuals made comparable investment choices throughout multiple trials, independent of prior financial results, was operationalised as behavioural consistency. The findings showed that participants' consistent financial actions and their spiritual views were significantly positively correlated ( $r = 0.35, p < 0.01$ ).

**Figure 1:** Risk Tolerance and Religious Commitment



#### 3.2. Impulsivity and Financial Decision-Making

One of the main theories was that those who are more spiritual and involved in religion will be less impulsive while making financial decisions. The frequency of sudden or erratic investing decisions after profits or losses was used to gauge impulsivity. Stronger spiritual beliefs were associated with less impulsivity, as shown by more consistent investment patterns across trials (Table 2).

**Table 2:** Impulsivity Scores by Spiritual and Religious Engagement

Group	Impulsivity Score (Mean ± SD)
High Spirituality	2.8 ± 0.6
Low Spirituality	4.1 ± 1.0
High Religious Commitment	3.2 ± 0.7
Low Religious Commitment	4.0 ± 1.2

##### 3.2.1. Risk Tolerance and Religious Attitudes

It was discovered that participants' tolerance for financial risk was influenced by their religious beliefs. In particular, those who were more religiously devoted showed a lower tolerance for risk and tended to make more cautious investing decisions after experiencing both actual and hypothetical losses. Participants with higher religious convictions were less inclined to take financial risks after suffering losses, according to Figure 1, which depicts the link between religious commitment and risk tolerance.

##### 3.2.2. Structural Equation Modeling (SEM)

SEM analysis was conducted using AMOS. Figure 1 presents the path model used in this analysis.

### Figure 1: Structural Equation Model

The model fit indices were satisfactory ( $\chi^2 = 105.8$ ,  $df = 86$ ,  $CFI = 0.97$ ,  $RMSEA = 0.04$ ), indicating an acceptable fit to the data. The paths between S/R variables and financial decision-making outcomes were significant, supporting our hypotheses.

**H1** was supported: Spiritual commitment had a significant positive effect on behavioral consistency ( $\beta = 0.41$ ,  $p < 0.01$ ).

**H2** was supported: Religious commitment negatively influenced risk tolerance, leading to more conservative financial decisions ( $\beta = -0.32$ ,  $p < 0.05$ ).

**H3** was supported: Spiritual reflection was negatively associated with impulsivity ( $\beta = -0.38$ ,  $p < 0.01$ ).

**H4** was supported: Higher religious identity predicted greater satisfaction with financial decisions ( $\beta = 0.29$ ,  $p < 0.05$ ).

### 3.3. Descriptive Statistics

Descriptive statistics for the key variables are presented in Table 3.

**Table 3:** Descriptive Statistics

Variable	Mean (SD)
Spiritual Commitment	4.3 (0.8)
Religious Service Attendance	3.8 (1.1)
Personal Prayer	4.1 (0.9)
Self-Regulation	4.2 (0.7)
Risk Aversion	3.9 (1.0)
Behavioral Consistency	4.0 (0.9)
Impulsivity	2.8 (1.2)
Satisfaction with Financial Decisions	4.1 (0.8)

### 3.4. Mediation Analysis

We further tested whether impulsivity mediated the relationship between spiritual beliefs and behavioral consistency. Results indicated that impulsivity partially mediated this relationship (indirect effect:  $\beta = 0.15$ ,  $p < 0.05$ ), indicating that a portion of the relationship between consistent decision-making and spiritual beliefs can be explained by decreased impulsivity.

### 3.5. Hypothesis Testing

The results of the hypothesis tests are summarized in Table 4.

**Table 4:** Hypothesis Test Results

Hypothesis	Path Coefficient	p-value	Supported?
H1: Spirituality → Consistency	$\beta = 0.41$	<0.01	Yes
H2: Religion → Risk Tolerance	$\beta = -0.32$	<0.05	Yes
H3: Spirituality → Impulsivity	$\beta = -0.38$	<0.01	Yes
H4: Religion → Satisfaction	$\beta = 0.29$	<0.05	Yes

#### IV. DISCUSSION

The findings of this study reveal significant relationships between spirituality, religion, and financial decision-making. Individuals with higher spiritual commitment demonstrated greater behavioral consistency in their investment decisions, likely due to a stronger sense of purpose and reduced impulsivity. This supports previous research suggesting that spirituality enhances self-regulation (Koenig et al., 2012).

Religious commitment was associated with lower risk tolerance, leading to more conservative financial strategies, especially after losses. This could be attributed to religious doctrines that emphasize prudence and caution in financial matters. Moreover, spiritual reflection on financial decisions was found to reduce impulsivity, highlighting the role of reflective practices in fostering more deliberate and thoughtful decision-making processes.

Our SEM results support the hypothesis that spirituality and religion provide cognitive frameworks that promote measured and consistent financial decisions, lowering the possibility of rash decisions being made in reaction to temporary gains or losses in money.

The results of this study suggest that spirituality and religion significantly influence financial decision-making. Specifically, individuals with higher levels of spiritual beliefs and religious commitment exhibited greater behavioral consistency, lower impulsivity, and reduced risk tolerance in their financial decisions. These findings align with previous research indicating that spiritual and religious frameworks provide individuals with a sense of purpose and self-regulation, helping them navigate complex decision-making processes (Sasaki et al., 2016).

The association between spirituality and behavioral consistency suggests that spiritual beliefs may foster a long-term perspective in financial decision-making, reducing the likelihood of impulsive actions in response to short-term financial outcomes. Similarly, the link between religious attitudes and risk tolerance indicates that religious individuals may adopt more conservative financial strategies, particularly after experiencing losses.

These findings have important implications for understanding the cognitive and behavioral mechanisms underlying financial decisions. Future research should explore the neurocognitive processes that mediate the relationship between S/R and financial behavior, as well as how these factors vary across different cultural and religious contexts.

#### V. CONCLUSION

This study provides fresh perspectives on how religion and spirituality affect financial judgement. This study offers fresh perspectives on how religion and spirituality affect financial judgement. By fostering behavioral consistency, reducing impulsivity, and promoting more conservative financial strategies, S/R appears to play a significant role in shaping how individuals navigate financial gains and losses. These findings highlight the potential of S/R to influence not only individual well-being but also broader economic behaviors.

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