

**FINANCIAL INFIDELITY - A FINANCIAL CHEATING OF COUPLES:
AN EXPLORATORY REVIEW**

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ABSTRACT

Couples are said to commit financial infidelity when either one or both of them hide purchases from each other and lie about money. Financial cheating of couples is widespread where arguments on financial matters can have a negative effect on marital relationship. Managing finances can cause difficulties for individuals, couples and families especially when they commit financial infidelity. Communication is important to nurture loyalty towards each other for better relationship. The purpose of this paper is to explore the existence of financial infidelity based on the current literature and to those who are interested in this subject area may take initial steps to conduct empirical researches.

Keywords: *financial infidelity, money arguments, relationship*

INTRODUCTION

Do you ever lie to your spouse about money? Do you have a secret credit card or a bank account? Do you have a lavish hobby that you do not want your spouse to know about it? Do you lie to your husband about the cost of new high heels you just bought for full price? Do you play the stock market without your wife’s knowledge? When either person in a couple starts using money and manipulates his or her partner, which brings to the deceit, secrecy, and sometimes behaviors that conspire to destroy trust and intimacy, these individuals are committing financial infidelity (Weil, 2009).

The purpose of this paper is to explore the existence of financial infidelity based on the current literature. This paper starts with an understanding of financial infidelity, then a topic called Money Arguments in Marriage follows it, and the last topic is Communicate for Better Financial Practices.

UNDERSTANDING FINANCIAL INFIDELITY

Financial infidelity can be referred as the cheating that the spouse makes regarding financial matters (Junare & Patel, 2012) and then lying about it (Boyd, 2010). It happens when one or both persons in a relationship lie or withhold such information from the other (Holmes, 2008) such as hide credit statements, bank statements and receipts, lie outright they have spent at all and hide the purchased items (Boyd, 2010; Weil, 2009). It can be even more devastating than sexual infidelity for reason that it is often so damaging and the loss of trust it can cause. Like sexual infidelity, it causes a profound loss of trust. That can take a lot of time and work to rebuild but with financial infidelity, there is the added component of having spent away your future (Katzeff, 2009).

Financial cheating of couples is widespread (Katzeff, 2009). In US, a survey conducted by the National Endowment for Financial Education in 2010 found that 31 percent of people admitted to hiding information about debt, purchases or bank balances from their spouses (Miller, 2012). The survey by CESI Debt Solutions in the same year on Americans revealed that spouses are buying in secret mostly on clothing and accessories, followed by food or dining, beauty or personal care items, gifts and alcohol (Lanning, 2010). An online poll conducted by Harris Interactive in 2010 to 2,019 US adults showed a third of the population admits to not being honest with their spouse by hiding major purchases, keeping secret bank accounts and lying about their debt or earnings (Goudreau, 2011).

Couples frequently make secretive purchases if a spouse gets angry with the other spouse. The feelings of self-sufficiency and autonomy held meanings of money are manifested in individuals’ financial behavior (Jenkins, Stanley, Bailey, & Markman, 2002). A spouse might retaliate by secretly buying expensive jewelry or personal entertainment with friends. Money could be used for “covert paybacks” (Weil, 2009; Winslow, 2008). A husband may take off for the weekend to play golf with his buddies, and the wife decides to do something for herself and buy something at the mall (Winslow, 2008). The National Endowment for Financial Education found in a survey that 31 percent

of people who combined finances with their significant other have committed some type of financial deception – from hiding purchases to lying about the amount of debt they owned. Of those who practice deception, 58 percent say they hid cash from their partner or spouse (Singletary, 2011). 80 percent of spouses spend money their partners don't know about, according to a survey last year (2010) by CESI Debt Solutions, a not-for-profit credit counseling organization (Singletary, 2011).

Men and women approach money differently. For women it is all about security, as they tend to stick with safe investment where they won't lose money. Men are about opportunity where they are looking for hot stock and trade frequently (Anonymous, 2008). Women are slightly more inclined to practice financial deception, with 33 percent of them admitting they often withhold information about spending secretly for “frivolous” things like clothes, shoes, or electronics or saving money, while 26 percent of all men surveyed admit they do the same according to a 2005 survey conducted by Redbook magazine and Lawyers.com (Weil, 2009). In relationships, men want to merge the money, yet maintain the decision making around spending it. Women want to keep at least some of the money separate while men are trained to believe that money equals power (Atwood, 2012).

Experiments have also shown that money causes feelings of self-sufficiency and autonomy (Vohs, Mead, & Goode, 2006). Couples struggling with issues of commitment, trust, power and intimacy that have somehow become entangled with their early attempts to discuss money and finances (Weil, 2009). One spouse's tendency to hide purchases may stem from childhood (Winslow, 2008). 91 percent of 2,000 people polled by American Express said they avoid discussing money with their spouses or partners, half made a purchase that their spouse was against and 20 percent admitted to actually hiding what they bought (Tillotson, 2010). Arguments on financial matters and high debt such as credit card debt can have a negative effect on marital relationship and require adjustment especially for newlyweds (Skogrand, Schramm, Marshall, & Lee, 2005).

MONEY ARGUMENTS IN MARRIAGE

Many individuals have problematic relationships with money and when they enter marriage, money matters can become a trigger for arguments (Atwood, 2012; Singletary, 2006). When couples are unable to reconcile disparate meanings of money or have competing goals for using their money (Dew, Britt, & Huston, 2012) such as financial infidelity, disagreement may arise. They will focus on and fight about actual financial issues (Jenkins et al., 2002; Shapiro, 2007). Because money often reflects deeply held values, both husbands and wives report that their financial disagreements last longer, are harder to resolve, and are more important to them than other types of disagreements (Papp, Cummings, & Goeke-Morey, 2009; Stanley, Markman, & Whitton, 2002). For example, Stanley et al. (2002) found that those who reported money as the top problem in their marriage had more negative interactions compared to those who reported fighting about their children as their top problem.

By not talking about money matters in marriage, one spouse may end up dealing with all the money related stress while the other spouse is left vulnerable if something catastrophic happens to the person who handles the money (Winslow, 2008). Couples might also hide purchases or money matters because they do not really trust their partner based on past behavior or other problems related to the relationship, with maybe plans on leaving the marriage (Winslow, 2008). Money problems can be the biggest source of friction, stress and arguments for couples (Anonymous, 2012). A survey conducted by the American Institute of CPAs revealed that 27 percent of respondents who are married or living with a partner said disagreements over money are most likely to prompt an argument (Anonymous, 2012).

Singletary (2006) points out that by ignoring major money differences and failing to communicate about finances are top reasons of money mistakes in relationships and most couples hate to talk about money (Katzeff, 2009). The crisis, arising from unwillingness or inability to feel safe about talking openly and honestly of expectations and emotions around money (Weil, 2009). Talking about money is taboo and people often become adults carrying irrational attitudes, beliefs and anxieties about money or not knowing how to handle money (Atwood, 2012). Financial preferences are so individualistic that they can prevent spouses from truly creating a joint sense of being a couple (Shapiro, 2007; Stanley & Einhorn, 2007).

Individuals may fight about money because of unmet financial expectations, for example, not saving enough or relationship expectations, for example money is being used in such a way that one spouse feels not trusted by his or her spouse in the case of financial infidelity (Jenkins et al., 2002). When couples perceive that money is being handled unfairly in the relationship, conflict may arise and lead couples toward divorce (Dew et al., 2012). As many as 30 percent of Americans commit ‘financial infidelity’ that sometimes leads to separation or divorce (Anonymous, 2011). A lack of compromise can doom the financial treaty from the start (Katzeff, 2009). A partner who cheats must accept that bruised trust takes time to heal (Katzeff, 2009).

Financial infidelity can wreck a couple’s finances and destroy trust (Holmes, 2008). It can have an insidious, damaging effect on a relationship at any stage – whether dating, living together, engaged or married (Weil, 2009). Financial misbehavior provokes emotional reactions and leads to the kind of “acting out” that destroys trust and undermines intimacy in all areas of their lives (Weil, 2009). A lack of compromise can doom this financial treaty from the start (Katzeff, 2009). Sometimes secrets are motivated by good intentions. One spouse may think that he or she is protecting the other from anxiety by not talking about money matters. Maybe that spouse grew up in a home where one parent was unaware to the family’s finances and one was in control (Winslow, 2008). Of all the above effects, couples who are committing financial infidelity shall be more aware that relationships value more than money and for that to materialize, communication is important to nurture trust among them.

COMMUNICATE FOR BETTER FINANCIAL PRACTICES

Managing finances can cause difficulties for individuals, couples and families (Dew, 2007; Grafova, 2007) but honesty is the best policy when it comes to discussing money matters in marriage. It has been noted that only a minority of couples actually implement financial practices that improve couple relationships (Muske & Winter, 2001). Research indicates that couples must be able to trust each other with money and be able to communicate effectively about financial matters such as checking account management, investment decisions, and planning for retirement (Stanley et al., 2002). You may set aside six months of living expenses instead of two months as both parties need to have some financial freedom as they can spend money without being judged (Anonymous, 2008). Talk about money and try to understand each other's concern, discuss financial goals, make financial plan and be honest about spending (Katzeff, 2009). Then, put joint needs first, set financial limits and file bank statement in mutual place (Holmes, 2008). Discuss individual spending styles and financial goals (Miller, 2012). Effective communication and trust help both partners be invested in the relationship as they work together in making decisions (Skogrand, Johnson, Horrocks, & DeFrain, 2010).

CONCLUSION

Research on financial issues in marriage is increasing (Dew, 2011), but it is still understudied relative to the impact that household finances have on family life (Daly, 2003). Although other topics of conflict are often linked to deeper relationship issues (e.g., housework and power), finances are linked to a wider range of problems (Jenkins et al., 2002; Shapiro, 2007) and financial infidelity is no exception. This paper hopes to stress on the importance of financial infidelity in our society and encourages empirical researches to be conducted related to this subject area.

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