

Book Review

Mind Over Money: The Psychology of Money and How to Use It Better

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Hammond, C. (2016). *Mind Over Money: The Psychology of Money and How to Use It Better*. 384 pp., \$15.99, ISBN: 9780062317001.

Mind Over Money: The Psychology of Money and How to Use It Better, by Claudia Hammond, is an engaging synopsis of multiple research studies from research literature around the world centered on the psychology of money. Hammond is a British author and broadcaster with the BBC. In *Mind Over Money: The Psychology of Money and How to Use It Better*, Hammond explains numerous studies by economists, sociologists, and psychologists while marrying these findings with personal interviews that add further context to the money topics she covers. The book concludes with money tips aimed at helping readers to overcome money hurdles and traps, ultimately achieving 'mind over money'. In essence, this book provided a bridge between research and practical advice through the use of stories to make the information more digestible for the audience.

This article will review the book's organization, content and usefulness to its intended audience. The digital version was reviewed so page numbers may differ from the hard copy version. Each chapter includes topics and subtopics that are intertwined with the chapter's core message. The summary statements included at the beginning of the chapters help to prepare the reader for what to expect on the journey each chapter takes you through. But the topics covered are not necessarily sequential in nature. The final chapter closes with a list of money tips aimed at helping readers to have a healthier relationship with money.

Hammond (2016) uses engaging stories to introduce concepts such as budget fallacy—we will do better at saving in the future (p. 301), confirmation bias—we look for information to confirm what we already think (p. 86), and compromise effect—avoid extremes (p. 96). Personal stories, like that of the author's house hunting experience to demonstrate the compromise effect, make the book memorable and easily digestible for the non-academic reader. In the house hunting example, Hammond (2016) describes her

realtor's strategy of showing her a home above her target price as an effort to influence her perception of the homes under consideration, helping to frame the homes under consideration as the greater value or a bargain option (p. 96).

Throughout the book, Hammond (2016) uses experiments and anecdotes to put forth strategies for overcoming money hurdles and improving financial outcomes. For example, chapter 12 addresses charitable giving and contrasts classic research on giving with research from Boston College to point out potentially skewed results in studies on trends in charitable giving. Classic research on charitable giving showed that the poorest and richest give the highest proportion of their income compared with the folks in the middle. The Boston College researchers concluded that previous studies missed including the poorest who gave no money at all. It further noted that the people in the middle were consistent in their giving, trending at just over 2% (p. 282). The author also highlighted less obvious factors, like well-being rather than income, as the driver that leads people to behave more altruistically. Taken together, the chapter culminates in a recommendation that charities consider strategies that incorporate these findings to maximize their donations.

Similarly, chapter 13 discusses savings along with attributes that should be considered to improve success at savings patterns. Interesting highlights were the influence of time perspective on a person's willingness to save—the closer in time the reward, the easier it is to save. The chapter also noted that the language you speak can influence your perspective and savings rates. The author states, "it's argued that people who speak languages where the future tense is emphasized tend to feel the future is further away. Languages such as English and French fall into this category of 'strong future-time languages' (p. 305). Awareness of this influence could prompt a person to seek out strategies that overcome this influence on perspective and help the individual to begin saving sooner. In the same way, personality traits such as frugality can play a role in savings behavior, with studies showing that those with fewer accounts saved more, as well as noting that the geographical distance of the money can create a psychological barrier that helps an individual leave it in the account longer. Each of these are factors the book's readers can easily consider when looking to improve savings rates.

Chapter topics are varied and cover a wide range of research even within each chapter. For example, the book's opening chapter is titled 'From Cradle to Grave' which touches on early concepts of money, but also include discussions around money as a drug, money as a tool, as well as why we hate to see money destroyed. The chapter on mental accounts—chapter 3—seemed more tightly focused than the others, in this case on the topic of budgeting. Highlights included Hammond's interview with Daniel Kahneman to discuss his thought experiment (p. 61), supported by Richard Thaler's nudge theory and research around 'mental accounts' and 'psychological moneybags' (p. 61). But this was the exception rather than the rule, the overall structure of the book did not follow such a succinct pattern.

Chapter 2 is another example of how the messaging of the book would have benefited from a better focus and organization. The chapter begins with a discussion of forms of

money, including money in an historical context, then introduces and includes theories by psychologists Lea and Webley who conclude that we are “particularly attached to physical forms of money” (p.37), and that “the form money takes can change our sense of its value” (p. 44). Other studies cited within the chapter include interesting findings like, “as notes get older and dirtier we actually spend them faster” (p.37), or “paying with cash always feels that much more real somehow; and parting with it, that much more painful” (p.55) but the author doesn’t specifically link back to how each is related to the chapter’s title, ‘Holding Folding’.

The book does a good job of introducing concepts and theories to the intended audience in an easy-to-read fashion with supporting detail of experiments conducted or examples for illustration. However, it is important to note that Hammond (2016) does not always include the theory’s author, instead it is left to the reader to review an extensive reference list at the end of the book. This may cause the reader to lose their place or distract from the story when they need to validate or source the theories mentioned. For example, General Evaluability Theory was credited to behavioral scientists Hsee & Zhang and Unscrupulous Diner’s Dilemma was credited to economist Gneezy (p.118), yet you would need to go to the citation section to find that you were referred to the author’s previous book, *Time Warped*, for details on the research by Trope & Liberman relating to Construal Level Theory (p. 193). In addition, Chapter 7 is titled ‘Just Rewards’ and references a third psychological theory to explain why the promise of a ‘big prize’ can throw us off mentally, however the author never explicitly states what that theory is, even after citing three examples of money increasing your motivation “without necessarily increasing your chances of success” (p.167). This style may be appropriate, or even preferred, for a non-academic audience but it introduced an inconsistent format to the book.

The book is packed with examples of studies and stories so, at times, it can be challenging to identify the underlying theme because the reader can get lost in the story or details of the study. Some sections included stories and studies that ranged from fake wine and energy drinks to branded painkillers compared to generic versions, price working as a placebo effect demonstrated in an all-you-can-eat-buffet study, emotional manipulation demonstrated with examples from India and San Francisco—all within the same chapter. The book would be strengthened if the author made clearer connections between the topics.

Since the book is written by a British author, at times the text includes terms not immediately familiar to the American reader. This can disrupt the flow of the material for the American audience. For example, the story about a fraudulent wine connoisseur, Rudy Kurniawan, reads, “Perhaps you recall an advert not for wine but for beer...” (p. 86). Another is her mention of ‘loo rolls’. An American reader would need to proceed further to garner enough contextual clues or wait until Hammond says, “luxury, quilted toilet tissue”, to figure out that she is discussing a supermarket’s placement of high-end toilet paper to manipulate consumers into buying the mid-price option.

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Mind Over Money: The Psychology of Money and How to Use It Better is written for a broad audience and Hammond (2016) maintains a conversational tone throughout the book. The content was comprehensive, more than 250 experiments were discussed with detailed illustrations, and counter experiments were included, along with critiques when necessary and commentary on real world implications. The book closes with a useful list of money tips which brings the stories and numerous topics together, leaving the reader with tangible steps they can take to achieve 'mind over money'.