The Benefits of Social-Digital Platforms on Peer Debt Repayments

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Introduction

- People often lend and borrow money from peers.
- The discussion of money among peers can be uncomfortable (Krueger, 1986; Belk and Wallendorf, 1990; Rose and Orr, 2007), and accordingly, requesting and repaying money can evoke discomfort and negatively affect relationships.
- Social-digital payment methods such as Venmo may ameliorate these concerns.

Study 1: Basic Effect

2 Conditions (Venmo vs. In-person requests) N=246, Mturk
Participants asked to imagine requesting money from a roommate [via Venmo/in person]
DV: Discomfort (α = 0.85)
- How uncomfortable do you feel requesting...
- How nervous do you feel requesting...
- How much tension between you and roommate...
- How would your roommate feel...

Anticipated Discomfort by Payment Method

Study 2: Other Mobile Payments

3 Conditions (Venmo, In Person, Bank app requests) N = 617, Mturk
http://aspredicted.org/blind.php?x=f6wk7a
Same scenario as Study 1, however, participants in the “Bank app” condition requested money via standard mobile bank app.
DV:
- Discomfort (α = 0.91)
  - Uncomfortable
  - Nervous
  - Unpleasant
- Relationship Quality (α = 0.93; reverse coded)
  - How much tension would there be...
  - How negatively would this affect...

Anticipated Discomfort by Payment Method

Study 3: Moderation by Requestee Relationship

3 (Payment Type: Venmo, In-person, Bank) x 2 (Relationship: Acquaintance vs. Friend) N = 950, Mturk
http://aspredicted.org/blind.php?x=cj4gu5
Participants were asked to imagine requesting money [via Venmo/in person/via bank app] from a(n) [acquaintance/close friend].
DV:
- Discomfort (α = 0.92)
- Relationship Quality (α = 0.93)

Discomfort by Payment Method and Relationship

Relationship Quality by Payment Method

Study 3 Summary

- Results show that when requesting money from an acquaintance, people anticipate less discomfort using digital methods, however, this effect reverses when requesting money from a close friend.
- Venmo and in-person requests outperform standard bank apps when measuring overall relationship quality, regardless of relationship type.

General Discussion

- Our results suggest that the use of social-digital payment methods lessens the expected discomfort associated with peer transactions and promotes relationship quality in many instances.
- A boundary condition exists, however, that in-person requests improve relationship quality among the closest of friends.

Study 2 Summary

- People anticipate less discomfort requesting money via Venmo (vs. in person).
- Venmo matches in-person requests and outperforms bank app when it comes to overall relationship harmony.

References