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Understanding Individual Preferences for Saving vs. Investing: The Role of Personality and Demographics

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Abstract

Understanding the psychological and demographic determinants of individual financial behavior is increasingly important in a context where individuals are required to make complex financial decisions. This study investigates the factors that influence preferences between saving and investing, with a focus on personality traits, emotional reactivity, and social engagement, alongside traditional socio-demographic variables. Based on a nationally representative sample of 953 Romanian adults, we employ an ordered logistic regression model to analyze the impact of these variables on self-reported financial allocation

preferences. The results show that openness to experience, emotional responsiveness, and gender are significant predictors of a stronger orientation toward investment, while variables such as education, income, and age do not significantly influence financial preference. Social engagement shows a marginally positive effect, while prosocial disposition and relationship status are not significant. These findings highlight the dominant role of psychological traits over demographic factors in financial decision-making and suggest the need for more personalized, psychologically informed financial education and policy interventions.
Keywords: Investment, Saving, Personality Traits, Decision-Making, Survey

Introduction

In recent years, the landscape of personal finance has been transformed by increasing access to financial instruments, digital platforms, and information sources. Despite this democratization, individuals' financial decisions often remain inconsistent with classical economic assumptions of rationality. Behavioral finance research has revealed that psychological and emotional factors, rather than purely objective calculations, frequently guide choices between saving and investing (Syed & Bansal, 2018; Virlics, 2013). This shift from rational models toward behavioral and psychological determinants has prompted researchers to investigate how personality traits, cognitive biases, and socio-cultural variables shape financial behavior.

While a growing body of literature has emphasized biases such as overconfidence, availability heuristics, and emotional reactions (Bakar & Yi, 2016), as well as the moderating role of information-seeking in investment decision-making (Gill et al., 2018), relatively little is known about how integrated personality profiles—including openness, emotional responsiveness, and social engagement—correlate with preferences for either saving or investing. Moreover, although demographic and contextual factors such as gender, income, and urbanization have long been assumed to play a dominant role in financial decision-making, emerging evidence suggests their effects may be weaker or more nuanced than traditionally believed (Carr et al., 2010).

This study addresses a notable gap in literature: the underexplored interplay between psychological predispositions and socio-demographic variables in shaping individuals' allocation preferences between saving and investing. We contribute to this field by empirically testing a set of hypotheses derived from behavioral finance theory, using survey data and an ordered logistic regression model. Our objective is to assess the extent to which personality-driven constructs, emotional tendencies, and social behaviors influence the likelihood of preferring investment over saving, while controlling traditional demographic variables.

The article is structured as follows. We begin with a review of the relevant literature on behavioral determinants of financial decisions, identifying both established findings and research gaps. We then formulate our hypotheses based on theoretical causal mechanisms suggested by prior studies. Next, we detail the methodology, including data collection, measurement instruments, and analytical approach. This is followed by a presentation of the empirical results. Finally, we discuss the implications of our findings in relation to previous research and outline theoretical, practical, and policy directions for future inquiry.

Literature Review

To better capture the complex nature of individual financial decision-making, this literature review is organized into four thematic subtopics that reflect distinct yet interrelated explanatory domains. Grouping the findings into Behavioral Biases, Psychological Traits, Financial Literacy, and Socio-Cultural Influences allows for a more structured and insightful analysis of the diverse factors that shape preferences for saving versus investing.

Behavioral Biases in Financial Decision-Making. Behavioral biases are among the most persistent and influential factors distorting rational financial decision-making, with overconfidence, mental accounting, and herding consistently identified as key determinants of investment behavior across diverse contexts (Syed & Bansal, 2018). In a study on Malaysian investors, overconfidence and availability bias showed strong positive effects on investment decisions, with a multiple regression model (R^2 = 0.696) confirming their statistical significance, while conservatism had a significant negative effect (Bakar & Yi, 2016). Similarly, Gill et al. (2018) found that overconfidence retained a positive effect even after introducing information search as a mediating variable, using structured questionnaires and multiple regression on a sample of 229 investors in Pakistan. The study also utilized Cronbach's alpha (0.894) and exploratory factor analysis (EFA) to validate the measurement instruments, providing methodological robustness to the behavioral bias framework. Behavioral biases are not limited to emerging markets—Barrafrem et al. (2024), using ordinal logistic regression on a nationally representative Swedish sample of 2,168 individuals, showed that impulsivity and avoidance of financial difficulties play a distinct role at each stage of saving behavior. The concept of "risk-as-feelings" has also gained empirical backing, highlighting how affective reactions, rather than objective probabilities, guide responses to investment uncertainty (Virlics, 2013). Even when controlling for income and education, psychological biases such as emotional framing and loss aversion were found to persistently influence decision outcomes (Morgan & Long, 2020), underscoring their independent explanatory power. Studies based on broader panels, such as Holte (2004), show that despite financial information availability, nearly half of U.S. adults lacked a consistent investment plan—often due to present bias and inertia. Moreover, Bakar & Yi (2016) and Syed & Bansal (2018) argue that herding behavior, while not always statistically significant, emerges in specific market conditions or under peer pressure, indicating a contextual dependency. Lastly, evidence from Jappelli & Padula (2013) suggests that even financial literacy decisions are influenced by implicit behavioral heuristics, with their model showing that people often opt out of investing in financial knowledge due to perceived cognitive costs, thereby reinforcing their own bias-driven behavior over time.

Psychological Traits and Personality Factors. Individual differences in psychological traits—particularly those captured by the Big Five model—have emerged as powerful predictors of financial decision-making behavior, often surpassing traditional demographic indicators. Barrafrem et al. (2024), using logistic and linear regressions on a representative Swedish sample, demonstrated that traits such as self-control, habit formation, and autonomous motivation distinctly influence the intention, initiation, and maintenance of saving behaviors. Emotional stability and conscientiousness have been consistently linked to more structured financial planning, while impulsivity undermines saving consistency and investment caution (Virlics, 2013; Bakar & Yi, 2016). Empirical findings from Bakar & Yi (2016), based on 200 investors surveyed in Malaysia with Likert-scale questionnaires and multiple regression analysis, confirm that behavioral outcomes are shaped not just by information, but by

cognitive disposition—e.g., availability bias and overconfidence. Furthermore, studies like that of Brounen et al. (2016), which applied OLS and logit models to cross-country survey data from 5,381 respondents, show that personality-driven planners save significantly more than reactive individuals, reinforcing the link between disposition and action. Personality effects extend into culturally embedded contexts, as Costa-Font et al. (2018) found in their longitudinal UK study, where saving behavior was significantly influenced by persistent intergenerational norms, reflecting deep-seated psychological orientations. Morgan & Long (2020) also observed that financial attitudes—part of broader psychological profiles—had significant explanatory value for formal saving behavior in Laos, even after controlling for income and education. These findings are complemented by the results of Brown & Taylor (2016), who used British panel data to show that early-life experiences of saving shape adult financial habits through personality-mediated pathways. Syed & Bansal (2018) emphasized that personality-linked biases like overconfidence and emotional framing operate across diverse investor types, from institutional to retail, highlighting their robustness. Finally, the evidence from Yeo et al. (2024), which synthesized 98 studies in a systematic review, suggests that psychological factors—especially motivation, perceived control, and self-efficacy—are central to understanding not just who plans financially, but how and why they do so.

Financial Literacy and Information Processing. Financial literacy has consistently been identified as a foundational driver of effective financial behavior, enabling individuals to process information, evaluate risks, and make sound saving and investment decisions. Morgan & Long (2020), using probit and tobit models on a representative sample of 1,364 adults in Laos, found that higher financial literacy scores—especially in behavioral and attitudinal components—significantly increased both the likelihood and magnitude of formal saving. Similarly, Jappelli & Padula (2013) developed a theoretical lifecycle model showing that individuals strategically invest in financial knowledge during youth to optimize saving over time, with the model calibrated using cross-national literacy and savings data. In a Pakistani sample, Gill et al. (2018) demonstrated through multiple regression and mediation analysis (including Sobel tests) that information search acts as a key mediator between economic expectations and investment behavior, revealing that even accurate perceptions require cognitive activation through informed inquiry. Bakar & Yi (2016) further validated this perspective by showing that the explanatory power of behavioral biases such as availability bias is strongly enhanced when paired with low financial awareness, using structured surveys and SPSS-based regression models. Brounen et al. (2016), based on data from 5,381 respondents across five countries, found that individuals who engage in financial planning—closely linked to literacy—save on average $10,000 more than non-planners, even after controlling for socioeconomic status. In the U.S., Holte (2004) revealed that lack of financial knowledge and clarity in available tools was one of the main self-reported barriers to both saving and investing, especially among low-income and young adults. Yeo et al. (2024), through a systematic review of 98 studies, argue that while financial knowledge is a strong predictor of planning behavior, its effect is mediated by motivational and contextual variables, including confidence in information usage. Barrafrem et al. (2024) also emphasized that financial behaviors depend not only on factual knowledge but on the ability to operationalize it through habitual routines and perceived ease of execution. Finally, Virlics (2013) pointed out that information has both instrumental and psychological value, as individuals often pay for financial information not solely for optimization, but also to manage uncertainty and emotional stress.

Socio-Cultural and Contextual Influences. Socio-cultural and contextual factors play a significant role in shaping financial behaviors, often exerting effects that surpass or moderate traditional economic predictors like income or education. Costa-Font et al. (2018), analyzing data from over 11,000 individuals across three immigrant generations in the UK, found that national saving norms persist intergenerationally, with saving behavior significantly predicted by the cultural background of origin, even when controlling for institutional and economic conditions. Similarly, Lössbroek & Van Tubergen (2024) used logit and OLS models on Dutch youth panel data to show that differences in saving between immigrant and native youth are largely explained by financial socialization and structural integration rather than ethnicity itself. Brown & Taylor (2016), drawing on 16 years of British panel data and using probit/logit models, demonstrated that early exposure to saving norms within families strongly predicts adult saving behavior, emphasizing the long-term impact of informal socio-cultural learning. In an international context, Carr et al. (2010) highlighted that strategic investment decision-making is deeply influenced by organizational culture and industry norms, with qualitative case studies from 12 firms in the UK and Germany revealing different approaches to formalization, risk, and peer influence. Holte (2004) reported that regional differences in attitudes toward saving and planning are pronounced in the U.S., with younger and lower-income groups facing greater psychological and informational barriers, shaped in part by local economic pressures and media narratives. Barrafrem et al. (2024) observed that contextual ease in managing money—such as digital access and institutional trust—was key to long-term saving adherence, particularly in advanced economies like Sweden. Gill et al. (2018) found that economic expectations influenced Pakistani investors' behavior only when filtered through active information search, suggesting that context shapes how macro-level beliefs are translated into action. Brounen et al. (2016), using international survey data and OLS/logit estimations, noted that country-level differences in financial planning and saving rates remain even after controlling for demographics, underlining the embeddedness of behavior in broader institutional settings. Morgan & Long (2020) observed stark urban-rural disparities in Laos regarding both financial literacy and inclusion, driven by differences in infrastructure and social networks. Finally, Syed & Bansal (2018) emphasized that many behavioral biases manifest differently across cultures and economic systems, reinforcing the need for localized models that account for context-specific drivers of financial decisions.

Building on the theoretical insights and empirical findings discussed in the literature review, the following hypotheses are formulated to explore how psychological traits, behavioral tendencies, and socio-demographic factors may jointly shape individual preferences between saving and investing.

H1: Individuals with higher levels of openness to experience are more likely to prefer investing over saving. Openness to experience reflects a tendency toward novelty-seeking, curiosity, and tolerance for ambiguity, which are all characteristics associated with financial risk-taking. Prior research suggests that such individuals are more inclined to explore new opportunities, including investment vehicles, rather than adhere to conservative saving habits (Barrafrem et al., 2024).

H2: Individuals with higher emotional instability are less likely to prefer investing over saving. Emotional instability is often linked to heightened sensitivity to uncertainty and stress, which may amplify risk aversion and a preference for more secure financial behaviors. As

Virlics (2013) notes, emotionally reactive individuals may perceive investment volatility as threatening and therefore favor saving as a safer, more controllable alternative.

H3: Men are more likely than women to allocate a higher proportion of financial resources to investment. Gender differences in financial behavior have been widely documented, with men generally displaying higher risk tolerance and confidence in investment decisions. These tendencies are partly explained by behavioral finance literature, which associates men with greater overconfidence and a higher likelihood to engage in active investment (Syed & Bansal, 2018).

H4: Higher educational attainment is associated with a stronger preference for investing over saving. Education is believed to enhance financial literacy and analytical capacity, enabling individuals to understand investment products and manage associated risks more effectively. Studies such as Morgan & Long (2020) suggest that formal education increases access to and comprehension of complex financial instruments, thus encouraging a shift from passive saving to active investment.

H5: Individuals with higher levels of social engagement are more likely to prefer investing due to increased exposure to financial information and peer influence. Socially active individuals may participate more frequently in discussions about financial products, trends, and strategies, which can shape their investment behavior. As shown by Brounen et al. (2016), interpersonal networks often function as informal channels of financial education, making investment appear more accessible and desirable.

Data and Methodology

Data

The empirical component of our study is based on a cross-sectional survey carried out over a six-week interval in the autumn of 2023. Data were gathered from a national sample of 953 adult participants, aged between 18 and 65, covering all regions of Romania. The data collection was coordinated by the Center for Interdisciplinary Data Science at Babeș-Bolyai University in Cluj-Napoca and employed a mixed-method approach: respondents completed the questionnaire either online or via Computer-Assisted Telephone Interviews (CATI). To ensure robust geographic and demographic representation, the sample design used stratified random sampling anchored in national identity number registries, which enabled proportional inclusion across both age categories and regions. Within each stratum, respondents were selected randomly to minimize sampling bias. Out of approximately 1,250 individuals contacted, 953 completed the survey, yielding a response rate of around 76%.

The resulting sample shows a slight overrepresentation of urban residents, roughly 69% of participants lived in urban areas, compared to a national urbanization rate of about 59%. Women also comprised a modest majority of respondents (around 54%), exceeding their share in the general population. Educational attainment in the sample skewed higher than the national norm: approximately 47% held a university-level qualification, nearly double the Romanian average. These skews are common in voluntary survey participation, particularly in formats involving digital or phone-based access. The average respondent age was approximately 41 years, with a standard deviation close to 14 years, and the full range of educational backgrounds was represented—from primary school graduates (around 5%) to

individuals with doctoral degrees (just over 3%). Income data was collected across four income brackets: around 28% of respondents reported monthly net earnings below 3500 RON, while roughly 22% reported earnings exceeding 6000 RON. Regarding residence, about 31% of the sample came from rural areas, reinforcing the observed tendency of urban respondents to be more willing to engage in research of this kind.

Variables

This study examines how individuals allocate personal funds between saving and investing, using an ordinal variable named INV_SAV_DEC to represent the self-reported proportion invested. The variable is structured in 5% increments from 0% (all saved) to 100% (all invested), allowing for a nuanced understanding of financial preferences along a continuum. On average, respondents allocated around 46% to investment, with wide variability across the sample. This approach captures both cautious and risk-tolerant financial behavior and enables the analysis of factors that shape these choices. The explanatory variables cover both psychological traits and socio-demographic characteristics. Five core personality traits are included, each measured through a three-item ordinal scale: EXP_ORIENT reflects openness to novelty and imagination; DUTY_ORIENT captures self-discipline and responsibility; SOC_ACTIV measures social energy and assertiveness; KIND_DISP relates to empathy and cooperativeness; and EMO_RESP reflects emotional reactivity and instability. These traits are theoretically linked to risk tolerance, planning, and financial decision-making. The model also includes socio-demographic factors: AGE in years, GENDER (1 = male), SINGLE (1 = not in a couple), ED_LEVEL (education level), INC_LEVEL (monthly income bracket), and RES_AREA (1 = urban). Including both personality and demographic dimensions allows us to test whether psychological traits contribute uniquely to explaining financial preferences. This combined perspective helps clarify the roles of internal dispositions and external circumstances in shaping the balance between saving and investment. All variables are presented and explained extensively in Table 1.

Table 1
Description of variables and summary descriptive statistics

Set of variables	**Code**	**Description**	**Details**
Dependent variable	INV_SAV_DEC	The variable (short for *Investment vs Saving Decision*) reflects an individual's preference for allocating available financial resources along a continuum between saving and investing.	It is constructed as an ordinal measure, capturing the proportion directed toward investing in 5% increments, from 0% (fully saved) to 100% (fully invested). Mean: 45.8(%) St.dev.: 28.6(%)
Personality dimensions	EXP_ORIENT	Experience Orientation. This trait reflects an individual's openness to novelty, creativity, and imaginative experiences, as measured using a shortened version of the Soto & John (2014) assessment.	Constructed as the mean of 3 ordinal items rated from 1 to 5. Scale reliability (α): 0.84 Average: 3.31 Standard deviation: 1.1

	DUTY_ORIENT	Duty Orientation. This trait describes a person's tendency to be orderly, dependable, and self-disciplined in fulfilling tasks and responsibilities, based on the reduced scale by Soto & John (2014).	Constructed by averaging 3 items with ordinal responses (1–5). Scale reliability (α): 0.83 Average: 3.59 Standard deviation: 1.1
	SOC_ACTIV	Social Activity. This trait captures the individual's sociability, enthusiasm, and preference for active engagement with others, assessed via a brief version of the Soto & John (2014) instrument.	Based on the average of three 1–5 rated ordinal items. Scale reliability (α): 0.85 Average: 3.27 Standard deviation: 1.1
	KIND_DISP	Kindness Disposition. This trait represents a predisposition toward empathy, trust, and cooperative behavior, measured using the shortened framework developed by Soto & John (2014).	Computed as a mean score from three ordinal indicators (1 to 5). Scale reliability (α): 0.82 Average: 3.49 Standard deviation: 1.0
	EMO_RESP	Emotional Responsiveness. This trait refers to the individual's sensitivity to stress, mood fluctuations, and emotional reactivity, evaluated using a condensed form of the Soto & John (2014) scale.	Score derived from the average of 3 items rated on a 1–5 ordinal scale. Scale reliability (α): 0.89 Average: 2.90 Standard deviation: 1.1
Socio-demographic variables	INC_LEVEL	Self-assessed net monthly income classified into approximate quartile brackets.	Categorical variable indicating approximate income quartile based on self-report: 1 = under 3500 RON (28.4%) 2 = 3501–4500 RON (23.1%) 3 = 4501–6000 RON (26.5%) 4 = over 6000 RON (22.0%)
	GENDER	Indicates the respondent's gender identity as reported.	Binary variable representing gender identification: 0 = female (53.4%) 1 = male (46.6%)
	SINGLE	Indicates whether the respondent is single or in a relationship/cohabiting.	Binary variable for relationship status: 0 = in a couple or cohabiting (70.7%) 1 = single (29.3%)
	AGE	Respondent's chronological age, expressed in years.	Continuous variable capturing the respondent's age in years. Average: 40.6 Standard deviation: 14.0

	ED_LEVEL	Denotes the highest level of education the respondent has completed.	Ordinal variable indicating highest level of education attained: 1 = primary (5.3%) 2 = secondary (32.4%) 3 = post-secondary (18.0%) 4 = bachelor's (29.5%) 5 = master's (11.6%) 6 = doctorate (3.2%)
	RES_AREA	Residence Area. Identifies whether the respondent lives in an urban or rural area.	Binary variable identifying place of residence: 0 = rural (31.0%) 1 = urban (69.0%)

Authors' own estimations using STATA version 18.

Methodology

The study applies an Ordered Logit Model (OLM) to examine the influence of psychological and socio-demographic variables on INV_SAV_DEC, an ordinal variable reflecting the proportion of financial resources allocated to investment. The model assumes a latent continuous variable y_i^* underlying the observed ordinal outcome y_i.

$y_i^* = \boldsymbol{X}_i\beta + \varepsilon_i$

The observed outcome y_i falls into category j if the latent variable crosses a set of estimated thresholds:

$y_i = j$ if $\mu_{j-1} < y_i^* \leq \mu_j$, $j = 1, 2, \ldots, J$

The error term ε_i is assumed to follow a logistic distribution, with cumulative distribution function:

$F(\varepsilon) = \frac{1}{1 + e^{-\varepsilon}}$

This assumption implies a symmetric distribution of unobserved influences around zero and ensures computational tractability under maximum likelihood estimation. The use of the logistic CDF distinguishes this model from the ordered probit and supports the proportional odds assumption embedded in the ordered logit framework.

Results and Discussion

Descriptive Statistics

The descriptive statistics in Table 1 offer several insights into the sample characteristics and raise interesting points about potential biases. The dependent variable, INV_SAV_DEC, has a mean of 45.8%, indicating that respondents are fairly evenly split in their financial preferences between saving and investing. However, the high standard deviation of 28.6% suggests significant variation in behavior, implying diverse attitudes toward financial decision-making. Among personality traits, DUTY_ORIENT has the highest average score at 3.59, suggesting a generally responsible and organized respondent group. In contrast, SOC_ACTIV has a slightly lower mean of 3.27, which may indicate that the sample leans toward introversion or limited social engagement. The trait KIND_DISP is relatively high (mean 3.49), pointing to widespread cooperative and empathetic tendencies. Notably, EMO_RESP has the lowest mean score of 2.90, suggesting respondents are relatively emotionally stable, which could reflect a bias toward psychologically resilient individuals. The income variable is fairly balanced, but 28.4% fall into the lowest bracket, indicating a notable portion of the sample has modest earnings. Gender is skewed slightly toward females, at 53.4%, a common

occurrence in voluntary surveys. Only 29.3% of participants are single, meaning the sample mostly includes people in partnerships or cohabitation, which may influence their financial strategies. Age is well-distributed with a mean of 40.6 years and a standard deviation of 14.0, offering coverage across a broad adult population. Educational attainment is high, with nearly half of respondents having completed university-level education, suggesting a possible overrepresentation of more educated individuals. Only a small proportion (5.3%) report primary education as their highest level, indicating that lower educational backgrounds may be underrepresented. The variable RES_AREA shows that 69% of participants live in urban areas, reflecting a common sampling bias where rural populations are less likely to be reached. These patterns collectively suggest that, while the dataset includes substantial diversity, it also reflects moderate skewness in education, residential background, and emotional characteristics, which may affect generalizability.

Table 2
Correlation matrix of the explanatory variables

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
EXP_ORIENT (1)	**1.00**									
DUTY_ORIENT (2)	**0.42**	**1.00**								
SOC_ACTIV (3)	**0.13**	**0.27**	**1.00**							
KIND_DISP (4)	**0.23**	**-0.05**	**0.07**	**1.00**						
EMO_RESP (5)	**0.53**	**0.22**	**0.02**	**0.05**	**1.00**					
INC_LEVEL (6)	**0.03**	**0.03**	**0.02**	**0.06**	**-0.05**	**1.00**				
GENDER (7)	**0.05**	**0.00**	**0.05**	**0.04**	**0.10**	**-0.03**	**1.00**			
SINGLE (8)	**0.02**	**0.01**	**0.04**	**0.01**	**0.05**	**-0.02**	**0.19**	**1.00**		
AGE (9)	**0.09**	**0.02**	**0.02**	**0.08**	**0.10**	**-0.04**	**0.11**	**0.33**	**1.00**	
ED_LEVEL (10)	**0.17**	**-0.19**	**0.04**	**0.05**	**-0.16**	**-0.37**	**0.01**	**0.07**	**0.04**	**1.00**
RES_AREA (11)	**0.04**	**0.03**	**0.06**	**0.05**	**-0.02**	**-0.03**	**0.04**	**0.22**	**0.25**	**-0.03**

The correlation matrix in Table 2 displays both parametric (Pearson) and non-parametric correlation coefficients calculated between all pairs of explanatory variables, capturing the strength and direction of their linear or monotonic associations. Among the observed values, the five largest absolute correlations stand out as theoretically meaningful and expected. The strongest is between EXP_ORIENT and EMO_RESP (0.53), which makes sense since openness to experience is often linked to higher emotional awareness and sensitivity. The second-highest correlation, 0.42, occurs between EXP_ORIENT and DUTY_ORIENT, possibly reflecting a shared underlying dimension of conscientious engagement or self-directed personality functioning. A third notable correlation is between AGE and SINGLE (0.33), which is intuitive given that marital status tends to vary predictably with age. The correlation between ED_LEVEL and INC_LEVEL is also relatively high (-0.37, although the sign may result from coding direction), aligning with the general expectation that income and education are positively associated. Lastly, SOC_ACTIV and EXP_ORIENT show a moderate positive correlation (0.13), consistent with the idea that openness to new experiences often includes social exploration. Overall, the correlations are theoretically consistent, and their magnitudes remain moderate or low. None of the values exceed the typical threshold (e.g., ±0.70) that would indicate serious multicollinearity. This absence of high intercorrelations is beneficial, as it suggests the model estimates in the regression (Table 3) are unlikely to be distorted by redundant predictors or unstable coefficients.

Regression Results

The ordered logit regression model (Table 3) reveals ten relevant findings, providing empirical grounding for evaluating the five proposed hypotheses. Overall, the results suggest that psychological variables play a more consistent role than socio-demographic ones in explaining individual preferences between saving and investing. First, the trait reflecting *openness to experience* is strongly associated with a greater preference for investing over saving. The coefficient is positive (0.2190) and statistically significant at the 1% level (p = 0.001), supporting H1. This confirms the theoretical expectation that individuals with higher cognitive openness are more inclined to explore investment opportunities, consistent with findings from Barrafrem et al. (2024). Second, *emotional instability*, typically linked to risk aversion, surprisingly shows a positive and significant effect (coefficient = 0.1195; p = 0.024). While this finding contradicts the expected negative relationship in H2, it may indicate that individuals with higher emotional responsiveness are more engaged in proactive financial planning, possibly due to heightened concern about future uncertainty. This unexpected result invites reconsideration of traditional assumptions regarding the link between emotionality and financial conservatism. Third, *gender* has a clear effect: being male significantly increases the likelihood of choosing investment over saving (coefficient = 0.3277; p = 0.005), thus supporting H3. This aligns with well-established behavioral finance research suggesting that men tend to exhibit higher financial risk tolerance (Syed & Bansal, 2018). Fourth, *social engagement* shows a positive but only marginally significant effect on investment preference (coefficient = 0.1149; p = 0.096). While this partially supports H5, the relatively weak statistical evidence suggests that the influence of social networks on financial decision-making, although present, may not be strong or consistent across individuals. Fifth, *educational attainment* does not have a statistically significant effect (coefficient = 0.0133; p = 0.790), leading to a rejection of H4. This outcome is notable in light of literature suggesting that formal education enhances financial literacy (Morgan & Long, 2020); however, the current results imply that education alone may not translate into active investment behavior in the absence of other enabling psychological traits or contextual factors. Other variables such as kindness disposition, age, income level, relationship status, and residential area do not reach significance thresholds, suggesting a limited role in explaining the variation in financial preferences within this sample. These non-significant results reinforce the broader conclusion that psychological traits provide more robust and consistent explanatory power than demographic indicators in the context of individual financial allocation decisions.

Table 3
Ordered Logistic Regression Results

Variable	Coefficient	Std. Error	z	p-value
SOC_ACTIV	0.1149	0.0691	1.66	*0.096
KIND_DISP	0.0216	0.0650	0.33	0.740
CONSTANT	-0.1533	0.0538	-2.85	***0.004
EMO_RESP	0.1195	0.0529	2.26	**0.024
EXP_ORIENT	0.2190	0.0641	3.42	***0.001
AGE	0.0000	0.0044	0.00	1.000
GENDER	0.3277	0.1165	2.81	***0.005
INC_LEVEL	0.0713	0.0547	1.30	0.192
ED_LEVEL	0.0133	0.0499	0.27	0.790
SINGLE	0.1379	0.1377	1.00	0.317
RES_AREA	-0.1081	0.1281	-0.84	0.399

Discussion

The results of our model reinforce the idea that psychological traits exert a stronger influence on individual financial allocation preferences than socio-demographic variables, a conclusion consistent with emerging patterns in behavioral finance research. The positive association between openness to experience and investment preference supports theories emphasizing cognitive curiosity and tolerance for ambiguity as drivers of risk-taking behavior, as demonstrated in Barrafrem et al. (2024). Our findings also align with Brounen et al. (2016), who link forward-planning personality types with higher savings and investment engagement across international samples. Contrary to traditional expectations, emotional instability was positively associated with investment behavior, which stands in contrast to studies like Virlics (2013), where emotional volatility was linked to aversion to financial risk. This unexpected result may reflect a compensatory mechanism whereby emotionally reactive individuals engage more actively in investment to gain perceived control over financial uncertainty. The observed gender difference—where men display a significantly higher preference for investment—is consistent with long-standing empirical evidence (e.g., Syed & Bansal, 2018) linking male investors to greater financial confidence and risk tolerance.

Social engagement showed only a marginally significant influence, suggesting that while interpersonal networks may facilitate access to financial knowledge (as suggested by Gill et al., 2018 and Brounen et al., 2016), they do not strongly or uniformly alter investment decisions. The absence of a significant relationship between kindness-related traits and financial preference is in line with existing findings, which show that prosocial tendencies such as empathy do not necessarily predict economic risk-taking behavior. Surprisingly, education level had no discernible effect on investment preference, diverging from studies like Morgan & Long (2020), which underscore the role of financial literacy in promoting saving behavior; this suggests that formal education may not be a sufficient proxy for practical investment competence. Similarly, the lack of influence from income level contrasts with research such as Jappelli & Padula (2013), where financial capacity was expected to facilitate investment—possibly reflecting the limited income variation in our sample or the growing accessibility of investment tools regardless of wealth. The null effect for age challenges classic lifecycle models, indicating a potential generational shift in how financial preferences are formed, as also implied by Holte (2004) and Brown & Taylor (2016).

Moreover, relationship status and urban vs. rural residence showed no statistical significance, suggesting that structural and contextual differences are becoming less decisive, perhaps due to increasing digital inclusion and standardization of financial services. These results collectively confirm the idea proposed in Yeo et al. (2024) that psychological and motivational factors offer a deeper understanding of financial planning than demographic categorizations alone. Our findings contribute to a broader reevaluation of conventional economic predictors, suggesting that personality-centered frameworks are better suited to capture behavioral variation in saving versus investing. As such, policy interventions or financial education programs may benefit from segmentation based on psychological profiles rather than purely socio-demographic criteria.

Conclusion

This study examined how individual preferences between saving and investing are shaped by both psychological traits and socio-demographic characteristics, using data from a

nationally representative Romanian sample. Our findings indicate that personality traits—particularly openness to experience, emotional reactivity, and, to a lesser extent, social engagement—have a stronger explanatory power than traditional demographic factors. Among these, openness emerged as the most consistent predictor of investment preference, highlighting the role of cognitive flexibility and exploratory tendencies in financial decision-making. Interestingly, emotional instability was also positively associated with investment orientation, suggesting that emotionally reactive individuals may be more proactive in managing financial uncertainty.

In contrast, education, income, age, and residential background did not significantly influence investment preferences, challenging assumptions commonly held in both classical economic theory and policy design. These results underscore the originality of the study in integrating psychological dimensions within an econometric framework, particularly in the underexplored Eastern European context. However, several limitations must be acknowledged. First, the cross-sectional design precludes causal inference and limits the ability to observe temporal dynamics in financial behavior. Second, self-reported measures of personality and financial allocation may be subject to social desirability bias or perceptual inaccuracies.

Future research could benefit from longitudinal designs or experimental approaches to test the stability and causal direction of the identified relationships. It would also be valuable to expand the model by incorporating additional psychological constructs such as risk perception, financial anxiety, or decision-making styles. From a policy perspective, the findings suggest that financial education programs might be more effective if tailored to personality profiles rather than delivered uniformly across demographic groups. Interventions could be designed to increase financial engagement among individuals who score low on traits associated with investment behavior. Moreover, personalized digital tools that adapt to psychological profiles could enhance user participation in long-term financial planning. Overall, the study advances our understanding of the psychological underpinnings of financial preferences and highlights the potential of behavioral segmentation in improving financial decision-making at the individual and societal levels.

Theoretical and Contextual Contribution

This study offers a dual contribution to the literature on financial behavior. Theoretically, it expands the scope of behavioral finance by empirically integrating personality dimensions - specifically openness to experience, emotional reactivity, and social engagement - into the analysis of financial allocation preferences. Unlike many prior models that treat psychological traits and demographic variables in isolation, this research highlights the relative weight of personality factors within an econometric framework, thereby advancing a more holistic understanding of individual decision-making. Contextually, the study provides novel insights from an Eastern European perspective, addressing a substantial gap in the literature dominated by Western-centric findings. By using a nationally representative Romanian sample, it enhances the generalizability of behavioral finance theories and offers evidence that such models remain robust across diverse socio-economic and cultural settings. In doing so, it lays a foundation for future comparative studies and localized financial education interventions that are sensitive to both psychological and contextual realities.

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