**University of Chicago and University of Maryland Study Details Peer Pressure’s Positive Effects at Curbing Spending and Saving Money**

***Personal Finance Management Platform Status Money Saves Users $600/Month***

**NEW YORK - MAY 3, 2018 -** Concerned you’re overspending? A team of professors at the University of Chicago and the University of Maryland are too, and they set out to discover if peer pressure can help.

Professor Michael Weber at the University of Chicago Booth School of Business and Professors Alberto Rossi and Francesco D'Acunto at the Smith School of Business of the University of Maryland today revealed the results of an independent study on the effects of peer pressure on spending, with very positive, significant findings. This news is significant because when people using the website Status Money ([www.statusmoney.com](http://www.statusmoney.com)) found out they were spending more than their peers, they reduced their spending by an average of $600/month. Currently, more than half of Americans have less than $1,000 in savings and 17% have negative net worth. Peer pressure could combat what some experts are calling a debt epidemic.

The team of professors approached Status Money and analyzed the spending habits of more than 6,000 users of Status Money’s personal finance platform from September 2017 to April 2018. They wanted to determine how behavior changed when users realized they were spending more or less than their peers. Status Money helps people make smarter financial decisions by tracking all their accounts and showing them how their finances compare with anonymous peers. Its free service, Status, is the first to enable users to benchmark and manage their spending and saving versus peers – in categories ranging from shopping and gas to groceries and restaurants. Its algorithms also continuously analyze users’ accounts and provide personalized recommendations in natural language to help users save money.

The results of the study were startling. When people realized their spending was above that of their peers (those who have a similar age, income, location, and credit score), they reduced their spending by a whopping $600/month on average. The study found that Status users whose spending was furthest from their peer groups changed their consumption significantly more than those whose spending patterns closely mirrored their peers.

The team concluded that the observed behavior changes were directly caused by the Status peer comparisons. To determine causality, they examined near-identical groups of users who were matched to different Status peer groups only because their income was slightly above or below one of the thresholds that define the peer groups. While the near-identical groups of users had similar spending behaviors before seeing their Status comparisons, their behavior diverged subsequently; users grouped with the lower spending peer group reduced their spending as a percent of monthly income by a massive 25% (2.5x more than the users grouped with the higher spending peer group).

**Those Who Need It Most, Benefit the Most**

The lowest income groups on Status changed their behaviors the most, confirming that access to data about peer spending and opportunities for saving have the biggest effect on those who may be least sophisticated about money matters. Those in the lowest income group (earning $40,000/year on average) reduced their spending as a percent of monthly income by 19%, while those in the highest income group reduced their spending by 10%.

**Findings**

The average Status Money user reduced their spending as a percent of monthly income by a seasonally adjusted 7% after joining. Users who learned they were spending more than their peer group drastically reduced their spending by an average of 23%.

* The change in spending behavior was caused by the perceived difference between the user and their Status peer group – so users who were spending a lot more than their peers reduced their spending most aggressively.
* Regardless of their income level, users who found out they were spending more than their peers reduced their spending. That said, lower income users were able to reduce their spending more aggressively.
* Users who were spending more than their peers reduced their spending in discretionary categories (such as restaurants, entertainment, shopping, and travel) by a seasonally adjusted average of 19%, and in non-discretionary categories (such as housing and loans) by 1%.
* Those who were underspending their peers modestly increased their spending by a seasonally adjusted average of 1%.

To read a detailed summary of the study, please visit: <https://statusmoney.box.com/s/u88n61o9rhb57s6aiybt29g03syl1php>

**About Status Money**

Status Money is the first company that gives everyone the power to understand and improve their financial lives using anonymous peer comparisons. The platform enables everyone to easily track all their finances and uses advanced algorithms to help every person make smarter financial decisions every day. Status Money was founded in 2016 by two data scientists in New York City. [www.statusmoney.com](http://www.statusmoney.com)

**About Michael Weber at the University of Chicago Booth School of Business**  
Michael Weber joined Chicago Booth in 2014 as an Assistant Professor of Finance. His research interests include asset pricing, macroeconomics, international finance, and household finance. He has published in leading economics and finance journals such as the American Economic Review, the Review of Economic Studies, and the Journal of Financial Economics. His research was awarded several prestigious prizes, including the 2013 AQR Insight Award and the Top Finance Graduate Award 2014. Weber earned his Ph.D. in Finance from the Haas School of Business at the University of California, Berkeley.

**About Alberto Rossi at the R.H. Smith School of Business at the University of Maryland**  
Alberto Rossi specializes in asset management and household finance. He has worked extensively in analyzing big data, has collaborated with major US and Indian brokerage houses and has studied individual investor performance data. His work has been published in leading academic journals such as the Journal of Finance, the Review of Financial Studies, the Journal of Financial Economics and Management Science. He was awarded several prizes, including the 2016 Crowell Prize by PanAgora Asset Management and the 2015 CFA Institute Asia Pacific Capital Markets Research Award. Rossi earned his Ph.D. in Economics from the University of California, San Diego.  
  
**About Francesco D’Acunto at the R.H. Smith School of Business at the University of Maryland**   
Francesco D’Acunto specializes in robo-advising, experimental methods, and cultural finance. His recent work studies the effects of robo-advising on investors’ decisions and the lingering effects of deep-rooted cultural norms on financial decision-making. His work has been published in leading academic journals such as the Review of Economic Studies, the Review of Financial Studies, the Journal of Financial Economics, and the American Economic Review P&P. He was awarded several prizes, including the 2015 Cubist Systematic Strategy award. D’Acunto earned a Ph.D. in Finance from the Haas School of Business at the University of California, Berkeley.

**About University of Chicago Booth School of Business**

The University of Chicago Booth School of Business is a graduate business school located in Chicago, Illinois, at the University of Chicago. The school has produced more Nobel Laureates in the Economic Sciences than any other school and is second only to the University of Cambridge in total. Chicago Booth is the second-oldest business school in the U.S.

**About Smith School of Business of the University of Maryland**

The Robert H. Smith School of Business is a school of business management within the University of Maryland, College Park. The Smith School is an internationally recognized leader in management education and research -- the Financial Times ranked their master of finance program 4th in 2017. The school offers programs at both the graduate and undergraduate levels.

**Media Contact**

Spark for Status Money

Cristina Dunning

[statusmoney@sparkpr.com](mailto:statusmoney@sparkpr.com)

503-507-4758

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