Procrastination

Why we feel unsure, and what we can do about it

By Dr Briony Pulford
Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Too much choice</td>
<td>3</td>
</tr>
<tr>
<td>Ambiguity and risk</td>
<td>3</td>
</tr>
<tr>
<td>Financial decisions and financial wellbeing</td>
<td>4</td>
</tr>
<tr>
<td>The big question</td>
<td>7</td>
</tr>
<tr>
<td>Language of certainty</td>
<td>8</td>
</tr>
<tr>
<td>Overconfidence</td>
<td>8</td>
</tr>
<tr>
<td>How anxiety and stress can interfere with decision making</td>
<td>9</td>
</tr>
<tr>
<td>The aftermath of decision making</td>
<td>10</td>
</tr>
<tr>
<td>Seeking guidance</td>
<td>11</td>
</tr>
<tr>
<td>Four ways to feel more sure</td>
<td>12</td>
</tr>
<tr>
<td>Three top tips on feeling financially sure</td>
<td>13</td>
</tr>
</tbody>
</table>
Introduction

We make many decisions every single day but the more we are asked to make, the more pressure we feel, and this impacts our ability to juggle and process choices – both big and small.

It’s not only when we are trying to decide what to do that we feel stress and uncertainty. The time after making a decision can also be uncertain. We might have regrets and low confidence in our choice. In fact, research has shown that having too many options (even good ones) to choose between can make us feel less certain and happy after choosing one.

This report explores decision making in the context of life and our finances, why we might be feeling the pressure more than ever and, most importantly, what we can do to build our confidence and feel sure in our choices.

Too much choice

An experiment published by Sheena Lyengar and Mark Lepper in 2000 showed that shoppers at a food market were interested in a large display of 24 varieties of jam, but they were far less likely to buy the jam compared with shoppers who only saw a display of six types of jam.

Too many options can make us uncertain, and as a response we either don’t choose at all (we run away from the decision), or we do choose but we feel less sure that we made the right choice and less satisfied in the chosen product.

Ambiguity and risk

Sometimes we need to make decisions when we don’t have all the facts. This might be because we can’t get the information in time, or it doesn’t exist. Other times, we might have to accept risk. We know what is most or least likely to happen, and we make decisions based on those odds. In these situations, the best thing to do can be setting a timescale. Having a deadline helps us move forwards even when we’re feeling unsure.

The important thing to remember is that things change. Sometimes we must decide even when we are still unsure – but we can also take other decisions later, to correct what no longer works for us. Accepting when there isn’t a perfect choice to be made, but that we can revisit it in other ways, can be freeing.
Financial decisions and financial wellbeing

Financial decisions can be important and life-shaping decisions. Psychologists and economists have been studying financial decision making for years, developing a whole research area called behavioural economics. Understanding concepts such as interest and inflation are important, but studies have shown that basic financial literacy is low in the 18-24 year age group (43% for men and 32% for women), rising over the years until the late 60s, after which it declines (Lusardi & Mitchell, 2014). In the US study, even at peak levels, 14% of men and 27% women were financially illiterate, and there is a tendency for women of all ages to be less financially literate.

New research by ClearScore suggests that one in five UK adults (17%) consider decisions about money more stressful than changing jobs or even planning a big event like a wedding.

The decisions UK adults find most stressful

- Personal finances (17%)
- Breaking up with someone (15%)
- Changing jobs (15%)
- Making a large purchase e.g. a car (12%)
- Planning a big event (11%)

Feeling unsure also means people often delay action – or take none at all. While most of the survey respondents stated that they typically take a few hours to make a small financial decision (such as switching energy provider or choosing a bank account), around one in four people reported taking days or even weeks. For making very large financial decisions (like a buying a house), this only increased. Over a quarter of UK adults (27%) take weeks to decide and nearly one in three (31%) take months.
When they feel unsure about something

- 43% of UK adults tend to delay action
- 10% of UK adults tend to take no action at all
- 48% of UK adults ask a family member or friend for guidance
- 35% of UK adults make a list of pros and cons

When asked what type of decision they’re most likely to avoid or put off

- 18% of UK adults said money related
- 23% of UK adults said health related (e.g. going to the GP)
- 22% of UK adults said home related (e.g. decorating)
How do you feel when you are trying to make a financial decision?

“Doubting myself”
“Should I ask my financial advisor?”
“Wonder if I’m making the right decision”
“Stressed”
“worried I’m making the wrong decision and not getting the best deal”

“unsure”
“I want to make sure it is the right decision for me”

“Nervous”
“Reasonably confident, assuming I’ve got the information I need”

“Alone”
“Under pressure. Unsure whether I believe myself or my research”

“Anxious”
“I feel like there is a lot of information and it can be quite overwhelming to first understand said information and secondly to feel like you know how to make the right choice. Then I fret about the choice I have made being the wrong one”

“Undecided”

“OK”
“Calm, I research and know what I’m looking for”

“In control, decisive”

“Confused”
“Overwhelmed”
“Apprehensive if it involves a lot of money or is irreversible”
The big question

Are you sure? Am I sure? These are the questions we regularly ask other people and ourselves when we try to work out just how confident they (or we) are in our judgments and decisions. We need to know if people are sure, because if they are not then we can’t trust the guidance they are giving or decisions they are taking. This is important, because if we don’t receive that assurance, it prompts our internal uncertainty to drive us to carry on seeking information that will ultimately benefit us more.

This is why being asked “Are you sure?” can feel so triggering.

Being sure and confident is like pressing on the accelerator of a car to make us move forward, whilst feeling unsure and having doubts is like pushing or slamming on the brakes. We weigh up the information we have, and our confidence depends on how this evidence stacks up in support of each choice we can make. A decision that is supported with lots of evidence will make us feel confident and sure. One that has little or conflicting evidence will make us feel unsure.

How do you feel when someone asks you “are you sure”?

“not bothered” “questioning” “fine” “anxious” “worried” “unsure”

“OK” “I feel secure” “doubting” “in my decision” “it’s a good thing because it makes me review my thinking”

“annoyed” “worried that there are things I have not thought about” “irritated” “confused”

A lot of people find this question really annoys them and some feel insulted or patronised!
Language of certainty

When we ask other people if they’re sure they can respond in many different ways. For example, we may say that we are “absolutely positive” about something, or that we’re not certain. We might say we are 100% sure, or that something is “pretty unlikely”. Interestingly, we all use different words or phrases to indicate the same level of certainty or doubt, and when we interpret other people’s words, we can misunderstand just how confident or not they are.

There are also gender differences in communicating certainty. Women can be more influenced by verbal expressions and men by numerical ones (paper by Lee, 2005). So, if you’re trying to persuade a man then saying, “I’m 100% sure” may be more persuasive than saying “I’m absolutely sure”.

In addition, when we listen to other people giving us information or guidance, we not only interpret the meaning of what people say but we also interpret how confident they appear to be in what they say. Research has shown that people use a confidence heuristic (Pulford et al. 2018) – a rule of thumb that assumes that people who appear confident are more likely to be correct. Communicating with high confidence and not expressing doubts can be persuasive but being overconfident can also have its drawbacks.

Overconfidence

Nobody can be an expert in everything. Recognising where the gaps in our knowledge lie is key. Sometimes we can be too confident versus how accurate we are, psychologists call this overconfidence. Overconfidence can be dangerous when it combines with optimism to result in wishful thinking and overestimating the likelihood of positive outcomes happening (Heger & Papageorge, 2018).

This can also create interesting patterns. As we learn more about a topic our confidence rises, but it can decrease again as we realise how much more there is to understand and how little we know. So it can be the case that somebody who understands a topic really well displays lower confidence than somebody who is far less experienced. As expertise increases, confidence tends to rise again, but sometimes not even to the level of a less experienced person. The problem is that we tend to believe and trust the people who exhibit high confidence – but it can be hard to determine if confidence is justified or not. So it’s a good idea to ask people about their qualifications or expertise in an area when deciding whether to take their guidance.

It’s also worth asking yourself, “Am I an overconfident person?” Have a lot of your decisions that you felt sure of turned out badly or not as you expected? If this describes you then even when you feel that you are sure it may be wise to get a second opinion and keep gathering more information.
How anxiety and stress can interfere with decision making

We should not underestimate quite how stressful 2020 and 2021 have been with the pandemic raging across the world. People have had to change their lifestyles dramatically. Adults have had to work from home and children have had to learn from home. Many have reported finding it difficult to concentrate and having a kind of ‘brain fog’. This is a normal response to the traumatic events that our society has been through. In a stressful situation things become less predictable and therefore our certainty becomes eroded. We can no longer predict the future with high confidence. There has been so much more to worry about and many people are feeling mentally exhausted.

As well as impacting people’s sleeping patterns, the pandemic may also have shaken our belief in the predictability of our world, making people more frightened to take decisions because of the unexpected things that might happen. In life there will always be ‘unknown unknowns’ - risks that come from situations that are so unexpected that they would not be considered. The pandemic has shaken up our beliefs in the certainties of our world – that we can travel on public transport safely, that we can go to work, that children can go to school. Suddenly the world has become a lot more uncertain and we are much more alert to potential dangers in our environment. Heightened anxiety takes its toll on us psychologically and physically over time.

Psychologists have found that people’s approaches to decision-making tend to fit into one of two categories: ‘satisficers’ and ‘maximisers’. Satisficers will search for a solution and then stop as soon as they reach an acceptable satisfactory answer. Maximisers carry on comparing and gathering information to seek the very best possible solution. However maximisers aren’t always happy as a result of this long process, because even after they’ve taken a decision they may continue to doubt if it was the right one.
The aftermath of decision making

In our survey we asked people about their thoughts and feelings after making financial decisions, and we found a wide range of responses, ranging from highly confident and happy to anxious and unsure.

Our survey also highlighted gender differences with women half as likely than men to say that they never feel ‘unsure’ about making decisions (only 5% of women and 12% of men). So decisions can have emotional consequences as well as actual outcomes.

When you have made a financial decision, what kinds of thoughts and feelings do you have afterwards?

“satisfied”  “Not always sure. Afraid of consequences of wrong decision”

“Unsure”  “I tend to wish that I had done it earlier”

“relaxed”  “Sometimes still unsure”

“nervous”  “Usually relief mixed with some anxiety”

“anxious”  “Have I made the right decision?”

“sure”  “I always feel unsure to start with even though I have done lots of research beforehand”

“worry”  “apprehensive”

“doubt”  “Not always sure. Afraid of consequences of wrong decision”

“Fine”  “certain”  “hopeful”

“confident”  “happy”

“I question whether it’s the right decision and ‘replay’ the details in my mind”
When it comes to how we feel about getting a big decision wrong, 55% of people felt anxious and 22% reported being irritable whilst 26% were distracted during the day with worry. The research also found that 34% feel the idea of making the ‘wrong choice’ for a big decision would keep them awake at night, and this was more true for women (40%) than for men (28%). Women were also more likely to be anxious about the thought of getting a big decision wrong (63% of women versus 46% of men).

Around 17% of the sample reported not being bothered by the thought of getting a big decision wrong, but this was only 2% in young people under 24 rising steadily up to 27% in the over 55 age group. This may reflect the fact that older people may have more resources to be able to compensate for decisions that don’t work out well. For example, if a person in their 50s with a decent salary and savings chooses the wrong car to buy, or wrong investment decision, it will be less damaging than for a younger person who has fewer assets to fall back on. So older people may have the luxury of worrying less – from a wealth of knowledge, as well as financial wealth.

Seeking guidance

Sometimes people need support to get to the point where they feel sure, and other people’s guidance can help. Guidance comes in different forms - people may recommend a specific option, or they may recommend that you avoid a specific option. People can also give you information without any personal recommendation. You may never have really considered the difference between information and guidance but it is worth thinking about what each one is. Information is factual and not specifically tailored to your situation, whereas guidance should be tailored to your unique situation and give you guidance or recommendations about several different options.

Research has shown that people tend to over rely on their own judgement, and this can lead to ignoring even well qualified advisors. Other sources can, however, offer informed support in your decision-making, helping you to understand the sorts of things you should bear in mind. For example, a young person who’s never owned a car before may not know to consider things like road tax cost or fuel efficiency, but the more experienced car driver can tell them about the things that they need to consider other than the style and colour of the car, which will have implications they might not have thought of!

It is important to recognise when we should seek help and guidance with our decisions. Getting an outside perspective can help us avoid our own psychological prejudices and biases. Interestingly, research published in 2012 by Ilan Yaniv and Shoham Choshen-Hillel shows that when we try to generate guidance from another person’s perspective to give to ourselves, we can be remarkably less biased and produce superior judgements.
Four ways to feel more sure

1. Reduce decisions. If decision making causes you stress, then try to reduce the number that you have to make. For example, you could set up direct debits rather than having to remember and organise the payment of utility bills. Remember that a direct debit that hasn’t been used for 13 months becomes dormant and elapses, so if you only use a credit card when you’re on holiday and you haven’t been away for a long time because of the pandemic, make sure that you pay your next instalment. If you are unsure if your credit score has been affected by a non-payment then use ClearScore to check and also to get tips for how to improve your credit rating.

2. Get guidance. Don’t assume that your knowledge is perfect. Get a second (or third) opinion. Other perspectives, other people with different life experience and knowledge, they can help you to understand a situation more fully and take more confident decisions.

3. Make a list. Sometimes information can sound like guidance if the person offering it is very enthusiastic about one option. In these instances, it can help to make a list about your potential choices and then try to gather as much information about each. This works whether it’s a simple decision based on a list on a piece of paper or a more complex spreadsheet exploring more difficult decisions such as purchasing a house. This helps combat bias. It is all too easy to forget bits of information especially when we have partly decided which option we like most and want to forget the positives of other options.

4. Be open minded to new information. You may initially feel less sure, but “confusion precedes enlightenment”. Big decisions may need you to “sleep on it” to process information. Lots of new information can feel confusing, but the jigsaw will fit together as you add new pieces and you’ll see how it all connects eventually. The best decisions, that you will feel most sure about, will come when you understand the possible outcomes of your decisions.
Three top tips on feeling financially sure, when it comes to your credit score, from Justin Basini, CEO of ClearScore

1. Use an eligibility checker. Avoid getting rejected for credit by using an eligibility check or a ‘soft search’ before you apply. ClearScore’s ‘Offers’ section shows you financial products alongside your eligibility percentage (e.g. 90%) so you can weigh up the risks and know how likely you are to get a credit product before you apply.

2. Fix mistakes on your report. Your credit score is based on the information held in your credit report. If this information isn’t correct (e.g. an account appearing as ‘open’ when it is ‘closed’) then your credit score won’t be either. Checking your report regularly and fixing any mistakes can help you feel sure your credit score is accurate.

3. Boost your score. Simple steps like getting your name on bills if it isn’t already and making sure you’re on the electoral roll can help improve the way you’re viewed by lenders, and boost your chances of getting accepted for credit.
About Dr Briony Pulford

Briony has worked as an Associate Professor of psychology at the University of Leicester for the last 10 years, where she was the head of the Judgement and Decision Making Research Group. She has published many academic papers in international journals over the last 25 years while studying confidence and uncertainty and how people communicate their confidence. Her PhD research looked at the psychological factors that influence how overconfident or underconfident people are in their judgments. Recently she has ventured out to set up her own research consultancy firm, BDP Research Ltd, specialising in behavioural science, decision making and psychology.

About ClearScore

ClearScore is the UK’s number one free credit score and financial product marketplace. Founded in 2015 with the mission to help users take control of their financial health, ClearScore is the industry leader in giving everybody access to their credit score and report for free, forever.

References

Research conducted by Fly Research, on behalf of ClearScore. Fly Research surveyed a nationally representative sample of 2,000 UK residents. The survey was carried out between 20th August and 23rd August 2021. Fly Research abide by and employ members of the Market Research Society which is based on the ESOMAR principles.


