Chapter 9
Cognitive-Behavioral Financial Therapy

George Nabeshima and Bradley T. Klontz

Introduction

Cognition refers to the mental operations people utilize to process information. The result of these mental operations is the formulation of beliefs. In the field of cognitive-behavioral therapy (CBT), treatment is provided for modifying harmful and negative beliefs acquired by individuals that result in self-defeating behavior. Financial beliefs are core components that contribute to financial behavior outcomes and, hence, lessons learned from CBT regarding belief modification to offset negative behavior can provide both helpful and useful information for delivering financial therapy services and conducting financial therapy research. This chapter covers the application of CBT techniques in the area of financial therapy in three parts. First, concepts regarding how beliefs influence behavior from a CBT perspective are examined. Second, CBT techniques utilized to modify undesirable beliefs that cause self-defeating behavior are reviewed. Third, the use of CBT to treat money disorders is investigated.

The Connection Between Beliefs and Behavior

The heart of CBT is the view that unproductive beliefs are the source of self-defeating behavior (Ellis 1987; Chambless and Gillis 1993; Beck 2005; Longmore and Worrell 2007). The ABC framework proposed by Albert Ellis hypothesizes how beliefs are developed. Ellis's framework is reviewed and compared with common psychological theories utilized in financial planning relating beliefs and behavior.

G. Nabeshima (✉)
Family Studies and Human Services, Kansas State University,
Manhattan, Kansas, USA
e-mail: george7@ksu.edu

B. T. Klontz
Family Studies and Human Services, Kansas State University,
Manhattan, Kansas 66506, USA
e-mail: btklontz@aol.com

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In financial planning research, beliefs play a central role with influencing individual behavior.

The ABC model consists of three components, with each component represented by the letters A, B, and C (Ellis 1987). The first stage represented by the letter A is called an activating event. An activating event is an experience that an individual undergoes. The next stage represented by the letter B stands for belief. In this stage, a belief is developed from the activating event experience. The last letter C represents consequence. In this stage, the developed belief causes a cognitive, emotional, and behavioral consequence.

It should be noted that people can experience similar activating events but develop a variety of different beliefs and, as a result, create different types of individual consequences for themselves. An example of this in the context of financial planning is retirement saving and stock market volatility. Stock market volatility could potentially cause investment losses in people's retirement accounts. The activating event of market volatility and losses may result in different beliefs and behaviors regarding retirement savings. Some individuals may be unfazed by the volatility and continue to invest believing the investment losses are only temporary and investment markets will rebound. Others may take the experience of investment losses to create a belief that the stock market is a bad place for retirement savings and result in a behavioral change to only save in accumulation vehicles that provide lower fixed returns with no perceived potential for losses, such as time bank deposits. Still others may feel that saving for retirement is a bad idea since their saved money experienced losses. The ABC model does not provide an explanation for why people can create different beliefs from similar activating events. Instead, it only identifies what activating events are responsible for creating the beliefs.

In financial planning research, beliefs play a central role with influencing individual behavior. The theory of planned behavior is a widely used theoretical framework in financial planning research studies (Ozmete and Hira 2011). In this theory, intentions and behaviors are influenced by three belief constructs. These include behavior beliefs influencing attitudes, normative beliefs regarding social norms, and control beliefs involving task difficulty and self-efficacy (Ajzen 1991). Examples of research referencing this theory include studies on credit card use (Rutherford and DeVaney 2009) and individual savings (Rabinovich and Webley 2007). Another belief construct utilized in financial planning research is locus of control. Locus of control refers to people's perceptions regarding their beliefs in whether they control events that affect them (Rotter 1966). People with an internal locus believe they control events and those with an external view believe the events are outside of their control. Studies regarding perceived control have been completed in analyzing money management behavior (Perry and Morris 2005; Davis and Hustvedt 2012). Research in this area has found locus of control beliefs as being related to different types of money management behavior with stronger internal locus of control views corresponding with more desirable financial behavior.

Recent research on money scripts has also supported the link between financial beliefs and financial behaviors. Specific patterns of money beliefs have been associated with lower net worth, lower income, lower socioeconomic status in childhood, and higher revolving credit (Klontz et al. 2011). Klontz and Britt (2012) found that beliefs around money, including money avoidance, money status, and money worship scripts, were significant predictors of disordered money behaviors, including compulsive buying disorder, hoarding, pathological gambling, and others.

CBT has a variety of techniques that are used to address self-defeating thoughts that can be applied in financial planning and financial therapy encounters.

Positive beliefs can lead to productive behavior, and undesirable behavioral consequences can occur when beliefs are dysfunctional. One goal of CBT is to modify dysfunctional beliefs by changing the cognitive thought processes that created these undesirable beliefs (Longmore and Worrell 2007). The techniques used in CBT could yield significant benefits for the financial planning field since it also understands the important role beliefs have with influencing behavior.

Cognitive-Behavioral Techniques

CBT has a variety of techniques that are used to address self-defeating thoughts that can be applied in financial planning and financial therapy encounters. Techniques introduced by early CBT pioneers, such as Aaron Beck and Albert Ellis, were aimed to restructure dysfunctional cognitive distortions (Beck 1970; Ellis 1987; Young and Beck 1980; DeRubeis et al. 2010; Dobson and Dozois 2010; Dryden et al. 2010). These techniques can be used by advisors and financial therapists to help people reassess self-defeating beliefs that hinder or impede positive financial behavior. In other techniques, no attempt is made at changing negative cognitive beliefs, but rather these beliefs are acknowledged as real, and coping strategies are used to deal with them (Hayes et al. 2006; Siev and Chambless 2007; Gaudiano 2008; Hofmann and Asmundson 2008; Singh et al. 2008; Hofmann et al. 2010). These types of techniques can help people experiencing adverse financial conditions, create a mental mindset to cope with their challenging situations, and develop proactive strategies and behaviors to address, resolve, and improve their circumstances. Both types of strategies, restructuring cognitive beliefs and coping strategies, have a potential for use by individuals and their advisors in the financial planning arena.

In laymen's terms, dysfunctional cognitive distortions represent thinking that is generally not true to reality and adversely encourages a behavior that prevents people from succeeding. For example, in a financial context, a dysfunctional cognitive distortion may be a belief by an individual that he or she is too dumb and will not be able to understand the retirement plan offered by their employer and, as a result, not participate in the retirement plan offered at work and hence not save for retirement. In this case, the dysfunctional thought is the belief of being dumb, and the resulting self-defeating financial behavior is not saving for retirement.

The process to restructured dysfunctional beliefs is generally completed in a series of steps which include (a) identifying irrational beliefs, (b) challenging irrational beliefs, (c) testing the validity of irrational beliefs, (d) creating replacement beliefs, and (e) modifying behavior (Young and Beck 1980; Hofmann and Asmundson 2008; Beck 2011). The overall process is problem focused and generally deals with the present rather than the past. Although a past event may have activated a belief, the focus is not on changing the past, but instead focuses to reinterpret the past event to develop a positive attitude in the present (Ellis 1987; Longmore and Worrell 2007). Also, the process is generally a proactive and collaborative experience with people self-assessing their own thought processes with the help of a therapist.

To identify potential dysfunctional irrational thoughts, a self-monitored record of automatic thoughts, or an automatic thought diary designed as a homework assignment, can be useful to track both good and bad thoughts that a person may encounter throughout the day (Young and Beck 1980). In financial therapy, the automatic thought record has been adapted from CBT for use in identifying, challenging, and changing problematic money scripts, which has been called a money script log (Klontz et al. 2006, 2008; Klontz 2011). In essence, the money script log is a tool to help clients examine their thoughts, feelings, and unconscious thinking patterns around money. Clients are asked to identify specific financial situations, in which they feel some distress, identify the emotion, and then ask themselves, "What money-related thought is going through my head right now?" (Klontz et al. 2008, p. 87). After recording the situation and emotion, clients are asked to identify the automatic money script underlying the emotion. They are then asked to create an alternative, more accurate money script, and identify an adaptive behavioral response. This process could include: (a) challenging oneself to identify alternative truths that would make the money script more accurate, helpful, or functional; (b) considering possibilities that are the opposite of or are in opposition to the money script; (c) considering beliefs that broaden or redefine the money script; or (d) consulting with a financial planner or therapist to help identify alternative, more accurate, beliefs (Klontz et al. 2008).

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The automatic thought record can be used to identify potential schemas. In CBT, schemas are defined as thought patterns that individuals use to organize their experiences (DeRubeis et al. 2010). Schemas can be viewed as the core beliefs people acquire to guide their interpretation of events they experience and their behavioral reaction to these events. When schemas or core beliefs are dysfunctional, then irrational automatic thought distortions can occur. These irrational thoughts can lead to emotional distress and problematic behaviors (Sheppard and Teasdale 2000). Examples of irrational automatic thought distortions include negative filtering, harmful exaggerations, adverse personalization, and other faulty logic reasoning processes or illogical rules (Weems et al. 2001; DeRubeis et al. 2010; Drapeau 2014).

Negative filtering refers to focusing only on the negative aspects of a situation and discounting the potential positive elements that are related to the same situation. Negative filtering can occur when individuals review their investment statements. An investment account typically contains a number of investments. Some of the investments may have experienced losses while others show gains and positive returns. Negative filtering can occur, if individuals focus only on the losses, and do not properly acknowledge the investments with gains when evaluating the account in its entirety. Such negative filtering could lead to a pattern of self-destructive investment decisions, wherein the individual is predisposed to sell investments at a loss, when the more prudent response might be to hold or even add to the position.

Harmful exaggerations can occur through overgeneralizations, magnifying or minimizing importance, and labeling. Overgeneralizations refer to making conclusions with overextended inferences. For example, a person may have made a poor choice in a particular purchase and, thus, overextend this experience to the rest of their buying decisions and feel that they always make bad purchase decisions. This can also occur when individuals magnify negative elements or experiences and minimize positive aspects, similar to negative filtering discussed previously. Harmful labeling occurs when people apply a global negative label to exaggerate all the negative qualities that the label confers. For example, a person who generally pays his or her bills on time may pay one bill late and label himself or herself as being "bad with money." The "bad with money" label is an exaggeration based on one event. A series of harmful exaggerations can lead to catastrophic thinking that future outcomes will always be bad. This thought distortion could lead to avoidant behaviors, including ignoring one's financial reality or excessive risk avoidance.

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Adverse personalization involves blaming oneself for failure due to events outside of one's control. This could be due to mitigating factors or due to the actions of others. Adverse personalization can also be characterized with faulty personalized hindsight or unreasonable "should have known" expectations, even if a person behaves the best he or she could have in a given situation. For example, consider the individual who purchases a particular gadget and a month later a new product is announced for sale that is better than the gadget previously purchased. In this situation, a person may take individual blame for not waiting for the new product release, when in reality he or she could not have reasonably known about the new product being released. If a person can identify incorrect instances of adverse personalization, then blame and fault can be reattributed away from him or her.

Other types of faulty logic and illogical rules include all-or-nothing thinking, mind reading, and fortune telling. All-or-nothing thinking refers to creating dichotomous opposing characterizations of situations, behaviors, or people, rather than characterizing along a more realistic continuum. For example, all-or-nothing, anti-money, and anti-rich beliefs (e.g., “money corrupts people,” “rich people are greedy,” “people get rich by taking advantage of others,” “good people shouldn’t care about money”) are associated with poor financial outcomes and can lead to a host of self-destructive financial behaviors (Klontz and Britt 2012). Mind reading from a CBT perspective refers to believing to know what others are thinking without sufficient supporting evidence. Fortune telling refers to believing to know about the future without adequate information. The downside of mind reading and fortune telling include ignoring alternative possibilities and making unwarranted conclusions.

Once automatic thoughts are inventoried, a number of strategies can be used to test and identify which ones are incorrect, unhelpful, or self-defeating (Young and Beck 1980; Hofmann and Asmundson 2008; Beck 2011). First, it is important to sufficiently define or quantify belief terms. For example, “financial success” needs to be sufficiently understood so that it can be objectively evaluated. How the term is defined can provide a basis for its measurement. For example, with the term “financial success,” it may be determined that the objective of financial success need not be an all-or-nothing reality but, instead, an objective that is experienced along a continuum. Next, evidence supporting a belief and evidence contradicting a belief can be examined. In the case of a dysfunctional money script, an individual can self-assess the validity of the belief through both deductive and inductive reasoning regarding the assumptions of the false belief and provide his or her own rationale for why the belief may not be true. Deductive reasoning looks at absolute factual evidence, and inductive reasoning looks at probable evidence. Representations of inductive reasoning include generalizations, extrapolations, and inferences. For example, a person may think that the worst outcome regarding a financial transaction will occur to him or her, but, the probability of the worst-case scenario is actually quite small. Inductive reasoning would conclude that because the probability is small, the worst-case scenario outcome is unlikely. In addition, a list of pros and cons regarding the particular belief can be created to identify if the belief is helpful or harmful to an individual. Another strategy to identify the validity of a belief is to test it in a real-life situation. For example, a person with limited financial means may think that financial planners only work with wealthy people. To test this assumption, an experiment could be set up by the individual, whereby he or she calls a list of planners and advisors, and asks them if this is a true or an incorrect assumption.

When irrational automatic thoughts are identified as being invalid, alternative replacement beliefs can be created to promote supportive and positive behavior (Ellis 1987; Gaudiano 2008; Beck 2011).

When irrational automatic thoughts are identified as being invalid, alternative replacement beliefs can be created to promote supportive and positive behavior (Ellis 1987; Gaudiano 2008; Beck 2011). Alternative replacement beliefs can be alternative interpretations of the events people experienced. For example, consider a situation in which two acquaintances pass each other on the street and neither greets the other person. A potential invalid automatic thought might be that the lack of greeting is evidence of dislike. An alternative interpretation could be that one or both of the individuals are shy, are mentally preoccupied with other thoughts, or just did not notice each other as they passed. Alternative replacement beliefs can also include alternative perspectives for people's own individual qualities and capabilities. In these situations, people may be able to decrease negative self-talk and redefine themselves in a more positive way that promotes more supportive behavior for success (Verplanken et al. 2007).

In other circumstances, alternative beliefs regarding how to respond to the situations in a more proactive way can be developed. Methods for these types of coping responses include relaxation techniques and mindfulness strategies (Hayes et al. 2006; Siev and Chambless 2007; Hofmann and Asmundson 2008; Singh et al. 2008; Hofmann et al. 2010). Relaxation techniques incorporate strategies that change mental anxiousness and anxiety by changing an individual's physical state. This could be achieved by consciously relaxing tense muscles and by using breathing exercises. Imagery is another relaxation technique whereby people mentally think of a calm or relaxing image or experience to improve their existing moods. In mindfulness strategies, effort is concentrated on decreasing rumination and focusing on solutions. Rumination involves continually thinking about an adverse situation without focusing on strategies to address or improve upon the current situation, obstacles, or setbacks. Diversion strategies to mentally preoccupy and redirect attention away from uncomfortable conditions that cannot be changed can also be considered.

Eventually, it is desirable for positive behavior to take the place of self-defeating behavior after irrational thoughts are replaced by more supportive alternative beliefs (Young and Beck 1980; Ellis 1987). Changing behavior is at times simple. However, sometimes behavior change may put people outside of their comfort zones. In these instances, techniques dealing with the process of change can be incorporated utilizing techniques such as exposure strategies (Tryon 2005). Exposure strategies can be designed as gradual steps or a process of intense emersion. Examples of strategies utilizing gradual steps could involve tasks, such as scheduling activities and breaking down larger tasks into smaller more achievable components (Young and Beck). Furthermore, exposure strategies can use real or imagined stimuli. Imagined stimuli techniques could involve role playing, mental imagination, and acting "as if" (Anderson et al. 2005; Beck 2011). For example, a wealthy money hoarder with significant anxiety around spending may be given the task of indulging in a massage or buying an item that would be normally seen as an anxiety-provoking extravagance. This exposure task could at first be imagined and as anxiety wanes in the face of the imagined stimuli, the experiment could then be real, resulting in an actual behavior trial. Exposure strategies can desensitize anxiety and counter condition uncomfortable tasks to develop behavior that is more supportive for improving people's overall quality of life. To measure progress with improving the level of comfort with new behavior, a rating scale from 1 to 10 could be used to evaluate uneasiness. Relaxation techniques would be practiced and applied in imaginary and real scenarios to reduce levels of anxiety. Ideally, the rating scale will show improvement with comfort levels for new behaviors over time after repeated, imagined, and real-exposure trials.

CBT has been utilized to help individuals with problematic money behaviors, including hoarding disorder, gambling disorder, and compulsive buying disorder.

CBT techniques can be useful for financial planners and financial therapists in counseling and planning engagements. These techniques provide a structured framework for those advising individuals with financial challenges that are the result of dysfunctional belief patterns. Irrational automatic thoughts can be addressed, challenged, and potentially replaced with more supportive beliefs, promoting more positive financial behaviors, through a collaborative and proactive process between the helper and client, via a process of self-assessment and individual change.

The Use of CBT in the Treatment of Money Disorders

CBT has been shown to be effective in improving behaviors of individuals hindered with self-defeating core beliefs (Beck 2005; Longmore and Worrell 2007; Hofmann et al. 2012). In the area of money disorders, CBT has been utilized to help individuals with problematic money behaviors, including hoarding disorder, gambling disorder, and compulsive buying disorder. Each of these disorders can be traced to irrational beliefs, and research has shown that CBT can be an effective intervention for replacing inaccurate thoughts with more supportive beliefs to reduce disordered money behaviors and improve an individual's overall quality of life.

Dysfunctional and irrational thoughts related to hoarding disorder are the result of core beliefs that people incorrectly associate with items and objects.

Hoarding Disorder

Acquisition of goods makes sense to ensure adequate resources are available when needed and, from an evolutionary perspective, the act of accumulating objects has developed as a basic human instinct. However, when saving behavior turns extreme and unrelated to any physical utility or purpose, then this type of conduct can create adverse and undesirable consequences (Grisham and Barlow 2005). Hoarding disorder can be described as the accumulation of belongings and the inability to discard possessions that are useless or of limited value to the extent that living spaces are sufficiently cluttered, impairing the functional use of space, and causing distress (Steketee and Frost 2003; Grisham and Barlow 2005).

Dysfunctional and irrational thoughts related to hoarding disorder are the result of core beliefs that people incorrectly associate with items and objects. Steketee and Frost (2003) identified some potential cognitive errors related to compulsive hoarding behavior. Examples of these include the emotional belief that objects provide comfort, the belief that the loss of objects will result in the loss of identity and self, the belief that objects are needed to maintain memory, the belief that accumulation of objects creates more control, and the belief that an obligation or responsibility exists to accumulate possessions for oneself and for others. Klontz and Britt (2012) found money avoidance and money worship beliefs to be predictive of hoarding disorder symptoms. Another aspect of hoarding disorder includes the avoidance of anxiety related to discarding objects and the avoidance of decision making for determining which objects to discard (Steketee and Frost 2003; Grisham and Barlow 2005).

CBT provides the means for individuals to question and challenge dysfunctional thoughts related to hoarding disorder (e.g., Do I have enough time to use all my possessions? Have I used this item recently? Do I need this object to maintain my identity?). Questions can be used to test the validity of irrational thoughts regarding excessive accumulation and provide the basis for cognitive restructuring of thoughts related to hoarding (Grisham and Barlow 2005). Potential behavioral change strategies developed from cognitive therapy include organizing possession based upon a hierarchical list based on value and exposure to the act of discarding less valuable and unneeded items.

Examples regarding the effective use of CBT in treating hoarding disorder have been documented in the research literature. A study by Tolin et al. (2007) followed 14 adults with the hoarding disorder and treated them with 26 CBT sessions over a 7–12-month period. Comparison of pretest and posttest results showed a significant decrease in hoarding behavior. Another study randomly assigned subjects to receive CBT over 12- and 26-session periods or to be waitlisted (Steketee et al. 2010). After the 12-week session, people receiving CBT saw significant improvement with moderate effect sizes in hoarding severity and mood improvement compared to those who were waitlisted. People completing the 26 sessions reported improvements with a large effect size. CBT has also been used with success in treating symptoms of hoarding disorder in group therapy (Gilliam et al. 2011; Muroff et al. 2009). Group CBT provides the added benefit of increasing access to therapy since treatment costs are typically lower in a group setting compared to that of individual therapy sessions.

Gambling Disorder

Gambling disorder is characterized by a lack of impulse control in cases where people risk items of value on games of chance (Petry et al. 2006). Games of chance refer to contests, wherein the odds of the game are determined by probability, and not by a player's skill (Wulfert et al. 2006). Generally, games of chance cannot be controlled by a player and are sometimes confused by a player as games of skill whereby the outcome can be influenced by a player's knowledge and effort. Two core distorted beliefs associated with gambling disorder include the ideas of primary illusory control and secondary illusory control (Toneatto and Gunaratne 2009). Primary illusory control refers to a gambler's belief that he or she is in control of gambling outcomes. Secondary illusory control refers to a gambler's belief that he or she is able to predict gambling outcomes. Klontz and Britt (2012) found that money status beliefs predict gambling disorder behaviors, wherein pathological gamblers cannot separate their net worth from their self-worth, and "may gamble in an attempt to win large sums of money to prove their worth to themselves and others" (p. 40).

Examples of techniques used in CBT to provide alternative and healthier viewpoints regarding gambling include awareness-raising and rational evaluation to create the basis for new beliefs that are more supportive of positive behavior (Toneatto and Gunaratne 2009). A key element of CBT also includes the identification of gambling triggers and coping strategies when triggers are encountered (Petry 2005; Wulfert et al. 2006). Gambling triggers are circumstances that tempt, promote, or fuel the desire to gamble. Examples include being in the presence of other gamblers or, simply, receiving a paycheck and feeling bored. Coping strategies include removing oneself from gambling environments, seeking the help of others, developing diversion activities, and using mindfulness meditation strategies.

Petry et al. (2006) conducted a CBT study for gambling disorder with a large number of participants. In this study, 231 individuals were randomly assigned to one of three categories. These included (a) a Gamblers Anonymous participation category, (b) a Gamblers Anonymous participation category with the use of a CBT workbook, and (c) a combined category of Gamblers Anonymous with eight individual CBT treatment sessions. The findings of this study revealed that those exposed to CBT had reduced gambling behavior over a month, 6-month, and 12-month period after the CBT intervention was provided. This is consistent with other smaller studies that have also shown that CBT works in reducing gambling behavior by people months after receiving treatment (Wulfert et al. 2006; Marceaux and Melville 2011).

Compulsive Buying Disorder

Compulsive buying disorder involves obsessive shopping fueled with high emotion and psychological involvement to acquire goods without contemplation or regard to financial costs (Kellett and Bolton 2009). In addition to financial costs, compulsive buying disorder can also involve significant time consumption and personal mental involvement. The obsessive nature of compulsive buying disorder is generally an experience involving uncontrollable urges and lack of self-control. It is not uncommon for people's views regarding their self-image to drive their purchase decision. However, in the case of compulsive buying disorder, an overrepresentation of self is made by material purchases and a belief that the purchase of material goods is a prime source of self-worth, social rank, and personal well-being (Kellett and Bolton; Kearney and Stevens 2012).

Dysfunctional beliefs that predict compulsive buying disorder include: (a) the belief that more money and more things will create happiness and give life meaning, (b) the belief that more money and things will improve one's social status, and (c) a conflicting feeling that money is a source of fear, anxiety, and disgust (Klontz and Britt 2012). With compulsive buying disorder, there is an underlying belief that buying objects will create happiness and act as a vehicle for improving one's moods. Although moods can improve during the shopping experience and briefly exist after acquiring a product, the feeling is often short-lived and may be followed by negative feelings of guilt, depression, and lower self-esteem (Hanley and Wilhelm 1992; Kellett and Bolton 2009; Muller et al. 2013). Another potentially faulty belief is that of image spending which reflects the view that the acquisition of a material good will automatically bring oneself closer to one's view of an ideal self (Kearney and Stevens 2012).

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Alternative beliefs regarding the desire for compulsive buying can be developed through CBT. Research regarding the use of CBT for compulsive buying disorder is limited (Mitchell et al. 2006). However, a report by Kellett and Bolton (2009) provided a few examples of questions that can be used to disrupt irrational compulsive buying beliefs. Questions to self-assess the purchase need, purchase motivation, the level of happiness the purchase will bring long term, and how one will feel after the purchase is completed can be asked of oneself to self-assess the legitimacy of buying new items.

Kellet and Bolton (2009) provided a single case study to document the successful application of CBT in treating compulsive buying. After ten sessions, one individual who had described herself as having a lifelong preoccupation with shopping reported herself as no longer dependent on compulsive buying. Two other studies using cognitive behavior therapy to treat compulsive buying also shared positive results. One study exposed 28 subjects to individual CBT treatment (Mitchell et al. 2006) and the other study compared the effectiveness of group face-to-face cognitive therapy for 22 subjects with telephone-guided self-help therapy that was provided to 20 other participants (Muller et al. 2013). Both studies also had waitlist control groups and reported CBT treatment as being significantly effective when compared to the other groups.

Case Study

Background Information

Tyler is a 55-year-old, divorced, mental health professional who recently transitioned from working for a social service agency to starting his own private psychotherapy practice. Tyler grew up in a small town. His father was a physician, mother a nurse, and his family was considered wealthy in their town. Tyler recalls growing up with a tremendous amount of guilt and shame around his family's socioeconomic status. He felt like he could not fully relate to the other kids, who looked at him as being different. This was devastating for Tyler, who wanted to fit in with his peers. To make matters worse, Tyler's parents employed some of his friends' parents in various professional and household helping roles, which added to his sense of guilt and estrangement. Tyler's feelings about the financial disparities he observed, led to a passion for advocating for economic equality wherever he could. He pursued a career in social work, in part, to try to help and empower economically and otherwise disadvantaged individuals. Tyler came to financial therapy at the encouragement of a financial planner after the development of a rather dismal financial plan. Tyler was inspired to seek a financial plan because he realized he lacked knowledge about how to operate a business. He also realized that he was approaching retirement age and had little saved. While he knew that saving was important, he acknowledged that it seems like he has gone out of his way to not accumulate money. In looking back on his career choices, he consistently chose jobs in which he was overworked and underpaid; letting others determine his worth, and never asking for a raise or seeking opportunities for advancement. He realized he had shunned higher paying careers and professional opportunities, not out of a lack of interest but out of a desire to avoid being considered wealthy.

When used in the treatment of money-related mental disorders, CBT should only be used by qualified mental health professionals.

Case Conceptualization

From a CBT perspective, Tyler's chronic neglect of his financial health is the result of his cognitions, with his current thinking of maintaining his financial avoidance and unwanted feelings. In CBT, three time frames are taken into consideration, including current thinking, precipitating factors, and developmental events and chronic patterns of interpreting those events (Beck 2011). As such, Tyler's cognitive–behavioral financial therapist assumed that Tyler's current thinking patterns based on his developmental history and interpretation of his history, were the primary causes and solutions to his stated problem of chronic financial self-sabotage.

Interventions

In CBT, there is an emphasis on (a) establishing a strong therapeutic alliance, (b) collaboration between therapist and client, (c) a focus on the present, (d) a focus on problems and goals, (e) a time-limited engagement, (f) structured therapy sessions, and (g) an emphasis on education and relapse prevention (Beck 2011). In general, cognitive-behavioral financial therapy was focused on helping Tyler identify, evaluate, and change his dysfunctional money beliefs to bring about emotional and behavioral changes.

Tyler's financial therapy consisted of approximately 3 months of weekly therapy sessions. The initial focus of therapy was the establishment of a strong therapeutic alliance, wherein the therapist sought to express caring, warmth, empathy, positive regard, and a sense of competence. The therapist's case conceptualization of Tyler's problem was shared with Tyler in the first few sessions, with room for Tyler to accept and/or modify the conceptualization in a collaborative fashion. At the beginning of each session, the therapist shared the agenda of the session, inviting Tyler to add his own agenda items. In addition, an emphasis was placed on homework assignments between sessions, which involved a variety of experiential exercises.

Early in therapy, Tyler was given an early version of the Klontz money script inventory (KMSI) (Klontz et al. 2011) to complete. Tyler was also asked to complete several money script logs between sessions. The money script log asked him to note: (a) money situations that triggered distress or concern; (b) his feeling; (c) his corresponding money script; and (d) an alternative, more accurate money script and/or adaptive behavior (Klontz et al. 2008). With the KMSI, Tyler identified a preponderance of money avoidance and anti-wealth beliefs, including "I don't deserve a lot of money when others have less than me," "there is virtue in living with less money," "being rich means you no longer fit in with old family and friends," and "rich people are greedy." These beliefs were confirmed as Tyler completed his money logs. Entries in the money log were often triggered when Tyler was faced with business decisions, such as whether or not to set up a retirement plan, how much to spend on setting up his office, etc.

With a clear pattern of dysfunctional thinking around money identified and linked to a logical origin in Tyler's developmental history, the cognitive-behavioral financial therapist focused on helping Tyler identify his errors in thinking, which included negative filtering (e.g., discounting the positive behaviors and personalities of many wealthy individuals), magnification (e.g., exaggeration of the preponderance of negative behaviors of wealthier individuals), and all-or-nothing thinking (e.g., having more money than others is bad and classifying people as being either rich or poor without regard to gradation and context).

The therapist then focused on cognitive restructuring of these beliefs, helping Tyler explore the evidence confirming or refuting these cognitions. The therapist helped Tyler develop alternative, more accurate, and more helpful money scripts (e.g., some wealthy individuals do harm, but many have dedicated their lives and their wealth to bettering humanity; it is important for me to take care of myself and my family, etc.). Tyler was also given homework assignments designed to expose him to previously avoided environments and social groups (e.g., expensive restaurants, meetings with successful business leaders in his community), where he was encouraged to observe and collect evidence either confirming or refuting his negative beliefs about wealthier individuals. These experiences were debriefed in therapy.

Tyler was also given a variety of cognitive and behavioral coping strategies to help him deescalate intense affect as he engaged in his homework assignments, including techniques such as thought stopping (e.g., interrupting his negative self-talk by visualizing a STOP sign and "yelling" internally, "STOP"), using a cue card to help him replace dysfunctional thoughts with more accurate money scripts (e.g., he had written several helpful statements on a card he kept in his wallet for reference), and deep diaphragmatic breathing to decrease anxiety.

Outcomes

Tyler came to financial therapy motivated to change his financial course. Rapport was established early in therapy, and Tyler was receptive to the therapist's case conceptualization of the etiology and maintenance of his financial self-sabotage and the therapeutic process. After 3 months of financial therapy, Tyler was able to make a significant shift in his underlying beliefs about money. He began contributing fully to his IRA, which he has sustained for the past 7 years. At last report, his financial planner stated that Tyler's money avoidance and anti-wealth thoughts emerge at times, but Tyler is able to notice them for what they are and replace them with more accurate and helpful beliefs. Five years after the cessation of therapy, Tyler's mother passed away, leaving him a relatively large sum of money. Tyler's financial planner reports that Tyler invested all of the money, which is setting him up for a comfortable retirement. Tyler is reportedly convinced that if he had not participated in financial therapy he would have squandered his inheritance.

Ethical Considerations

CBT concepts and techniques can be applied in a variety of settings. In the financial planning context, planners can help clients identify their money scripts and challenge distorted and inaccurate beliefs about a variety of financial planning topics, including the stock market, the need for insurance, etc. As mentioned above, CBT is also being used by mental health professionals to treat money disorders, such as gambling disorder, hoarding disorder, and compulsive buying disorder. When used in the treatment of money-related mental disorders, CBT should only be used by qualified mental health professionals.

Future Directions

The premise of CBT is that thoughts affect feelings and behavior, which in turn determines the choices people make, how they live their lives, and their social and emotional outcomes. When an individual's underlying beliefs are dysfunctional, distorted, inaccurate, and/or unhelpful, thoughts can promote self-defeating behavior that may hinder or impede one's ability to achieve success. Research has found that dysfunctional beliefs about money predict disordered money behaviors and are associated with poor financial health. CBT has been shown to be an effective framework for restructuring and creating alternative thoughts that are more supportive for positive behavior. The application of CBT theory and techniques in financial therapy is appropriate and promising to aid clients in challenging and changing self-limiting beliefs and developing beliefs supportive for financial success and achieving financial well-being.

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