

Trying to save money? Ask for crisp new bills at the bank

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Consumers will spend more to get rid of worn bills because they evoke feelings of disgust but are more likely to hold on to crisp new currency, according to a new study in the *Journal of Consumer Research*.

"The [physical appearance](#) of money can alter spending behavior. Consumers tend to infer that worn bills are used and contaminated, whereas crisp bills give them a sense of pride in owning bills that can be spent around others," write authors Fabrizio Di Muro (University of Winnipeg) and Theodore J. Noseworthy (University of Guelph).

Does the physical appearance of money matter more than we think? Money is said to be interchangeable. If we lend someone a \$20 bill, it shouldn't matter if they pay us back with the same \$20 bill or a different one. This is why diamonds, real estate, and art are not suitable as currency. But money may not be as interchangeable as consumers think.

In several studies, consumers were given either crisp or worn bills, and asked to complete a series of tasks related to shopping. Consumers tended to spend more with worn bills than with crisp bills. They were also more likely to break a worn larger bill than pay the exact amount in crisp lower denominations.

However, when consumers thought they were being socially monitored, they tended to spend crisp bills more than worn bills. When testing the well-known finding that people spend more when given the equivalent amount in lower denominations (four \$5 bills) than when holding a large

single denomination (a \$20 bill), the authors found that the physical appearance of money can enhance, attenuate, or even reverse this effect.

"Money may be as much a vehicle for social utility as it is for economic utility. We tend to regard [currency](#) as a means to [consumption](#) and not as a product itself, but money is actually subject to the same inferences and [biases](#) as the products it can buy," the authors conclude.

More information: Fabrizio Di Muro and Theodore J. Noseworthy. "Money Isn't Everything, but It Helps If It Doesn't Look Used: How the Physical Appearance of Money Influences Spending." *Journal of Consumer Research*: April 2013.

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