Financial factors and psychological distress in first wave of COVID-19 pandemic

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Many studies to date have assessed the psychological impact of COVID-19 pandemic and have found high levels of psychological distress (PD) among individuals, characterized by symptoms of depression and anxiety.

During the COVID-19 pandemic, many variables can simultaneously affect the psychological distress of individuals. The most obvious and the most common studied groups of variables are those describing health risk related to infection with the COVID-19 virus (e.g. higher COVID-19 infection risk, i.e. chronic conditions, confirmed cases) and sociodemographic variables (e.g. gender, age, education). However, in response to the developing COVID-19 pandemic governments introduced numerous restrictions which have significant impact on the economy and the workforce (e.g., personal income, job insecurity). Changes in the financial situation at the household, national and global level that affect individuals' personal finances may also translate into anxiety and depression. A number of studies conducted so far have shown that various types of financial factors can be associated with individuals' psychological distress. It has already been shown that mental health may be associated with both objective financial situation (income, savings level, liabilities level e.g. debt) as well as subjective perception of the financial situation (perceived income, sense of financial security, job security). Earlier studies have also shown that psychological distress may be associated with individual financial dispositions such as materialism, economic optimism and propensity to take financial risks.

One of the main goals of the present study was to show the specific contribution of financial variables to explaining psychological distress (PD) variance, over the role of sociodemographic and COVID-19 health related variables. The second aim of the study was to show which financial factors are the most important predictors of PD during COVID-19 pandemic. Previous studies have established links between various financial factors and PD. However, these studies tended to analyze each financial variable in isolation, without analyzing simultaneous relationships of financial status (both objective and perceived subjectively) and various financial dispositions with the level of anxiety and depression. Therefore, so far it has not been possible to determine which financial factors are more and which are less important in the prediction of PD. Thus, in the present study we analyzed a wide spectrum of financial factors as predictors of PD during COVID-19 pandemic.

The correlation study on 1,135 working adults in Poland was conducted. The role of financial factors has been analyzed on three levels, to answer three research questions: 1) do financial variables taken together explain the variance of PD (symptoms of depression and anxiety) over the variance explained by sociodemographic and COVID-19 health related factors?; 2) which category of financial factors (objective financial situation, subjective financial situation, individual financial dispositions) explains the largest proportion of PD symptoms variance? 3) which specific financial variables are the strongest predictors of PD symptoms variance?

The results obtained showed that for both PD variables (depression symptoms and anxiety symptoms), financial variables made a statistically significant contribution to explaining the variance over the sociodemographic and COVID-19 health related variables. All three categories of financial variables: objective financial situation, subjective financial situation and individual financial dispositions play important role in explaining people’s depressive and anxiety symptoms, however, the role of individual financial dispositions seems to be the most important. Apart from the sociodemographic and COVID-19 health related variables, objective and subjective financial situation, individual financial dispositions account for about 10% of the variability of the results for depressive and anxiety symptoms, while the specific contribution to explaining the variance of both indicators of PD for the other financial variable categories (when they were placed in the last block in hierarchical regression) was nonsignificant for objective financial situation and relatively little for subjective financial situation (2.5% for anxiety symptoms and 2.4% for depressive symptoms).

It is worth underlying that lists of significant predictors of depressive and anxiety symptoms are almost the same. Higher level of materialism, general propensity to take financial risks, economic optimism for country level in short period promotes depressive and anxiety symptoms, while the levels of financial security and economic optimism on household level for long period decrease depression and anxiety symptoms, thus seem to be protective factors. Perceived job security (being sure of keeping job) was the only one predictor that was specific only for anxiety (protective factor) and was not significant in terms of explaining depression. Also the role of sociodemographic and COVID-19 health related variables in explaining people's depression and anxiety symptoms was similar, with age being a negative predictor (protective factor) and female gender and belonging to the risk group of severe COVID-19 being positive predictors.