

Mental Accounting in Wedding Budget: Perspective of Accounting Practitioner in Indonesia

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ABSTRACT

This study examines the application of mental accounting principles to the wedding budgeting behavior of accounting experts in Indonesia. Mental accounting, a concept in behavioral finance, explains how individuals mentally categorize funds, influencing budgeting, particularly in high-stakes emotional events like weddings. The research used informal semi-structured interviews with ten accounting practitioners (academics and public accountants) across Indonesia. The result showed unanimous budget deviation that 100% of the experts overspent their wedding budgets. The primary reasons were pressure to impress guests and the "once-in-a-lifetime" mindset. This indicates that emotional and social motivations, governed by mental accounting, dominate professional financial knowledge in emotionally charged contexts.

INTRODUCTION

Accounting plays a crucial role in an organization. There are many previous literatures that examined how accounting helps organizations achieve their goals. However, accounting goes beyond that, it can assist in achieving individual goals, even within the household. Behavioral finance plays an important role in individuals' decision-making process (Jain et al., 2022). Mental accounting provides an explanation for certain anomalies observed in how consumers behave, and it has a strong impact on behavioral finance (Silva et al., 2023) including budgeting behavior. Mental accounting leads individuals to process and value different sums of money inconsistently. This occurs because they mentally categorize these funds into distinct accounts based on criteria such as the source from which the money was acquired (e.g., earned income, lottery winnings, or an inheritance) or the purpose for which it will be used (e.g., spending on necessary, utilitarian items versus pleasurable, hedonic items). In wedding budget case, it is well known that weddings represent a major life event that involves significant, often emotional, spending, making them a prime context where mental accounting effects are highly visible.

A wedding is a profoundly important event in human life, often celebrated with a special party or reception. While many couples possess an ideal image of their wedding, this frequently results in disappointment when the event fails to meet their high expectations. Consequently, the families of the prospective bride and groom, alongside wedding practitioners, must provide support to the couple throughout the preparation process (Khodaparast et al., 2022). One essential aspect of this preparation involves managing the funds and budget, as the high cost of a wedding presents a significant financial challenge for marrying couples. Regarding Islamic marriages, Husin et al., (2016) clarify that the requisite cost involves the dowry (*mahr*), which is a mandatory gift presented by the husband to his wife. Furthermore, Islam encourages holding a *walimah al-urs* (a marriage reception) following the wedding ceremony, which serves the purpose of publicizing the marriage. (Francis-Tan & Mialon (2015) stated in their research that there is correlation between a high level of expenditure and the attainment of a positive, long-lasting marriage. Otherwise, marriages associated with a low amount of spending tended toward negative and non-lasting marriage. Despite these findings, the study ultimately concluded that couples should prioritize preparation for their married lives over focusing solely on expenditure to achieve marital happiness and satisfaction. From money point of view itself, money has different importance among people, nature of money's value across individuals consequently explains the diverse ways couples choose to allocate their money or financial resources (Ivers, 2024).

Mental accounting involves categorizing funds into different groups, which influences how individuals evaluate and make spending decisions (Zhang & Sussman, 2018). This categorization helps in processing information and making financial decisions more manageable. People often treat money differently based on its source and intended use, which can lead to varied spending behaviors. Weddings are significant life events that often involve substantial financial planning and budgeting. The principles of mental accounting suggest that

individuals might create specific mental budgets for wedding expenses, categorizing them separately from other financial obligations.

Early preparation is very important to determine the expenses of individuals involved in managing the expenses of the wedding party and ceremony because it can help smooth the classification of expenses for the wedding party and ceremony (Husin et al., 2016). Those involved in managing wedding expenses must identify resources to ensure that current and future finances are adequate and in line with estimated expenses. Emotional factors play a crucial role in mental accounting. Since weddings are emotionally charged events, individuals might allocate more funds to ensure the event meets their expectations, potentially leading to overspending (Zhang & Sussman, 2018). Lack of initiative in this area can lead to spending beyond an individual's means. It is certain that this is in line with mental accounting, a cognitive mechanism through which individuals internally record, compile, evaluate, and communicate financial transactions or occurrences. The fundamental purpose of this process is to monitor the movement of funds and to effectively manage expenditures. Especially for people who already have knowledge related to budgeting, like accountants practices or accounting academics, mental accounting in wedding budget may have strong relation related their financial decision. This due individuals' financial cognitions shape their mental accounting processes, which in turn influence their saving and spending behaviors (Mahapatra et al., 2019). Even though mental accounting has strong relation related to individual financial decision making, few studies had been doing within this topic.

LITERATURE REVIEW

Mental Accounting

Mental Accounting can help with household financial budgeting by allocating income to more specific items and evaluating expenses periodically (Abdul Manan et al., 2025). The mental accounting theory was first introduced by Richard Thaler in 1985 as a model of consumer behavior developed based on psychological and microeconomic aspects (Thaler, 1999). According to this theory, human beings maintain internal mental accounts where expenditures are recorded and categorized, drawing an analogy to organizational bookkeeping. The mind thus performs cognitive accounting functions, such as managing these accounts and evaluating subsequent consumption decisions, similar to the processes conducted in a business context.

Mental accounting is primarily understood through three central components. The first component addresses the perception and experience of outcomes, the methodology of decision-making and subsequent evaluation, and the provision of inputs necessary for both ex ante and ex post cost-benefit analyses. The second involves the assignment of specific activities to dedicated accounts and their subsequent categorization. Finally, the third component pertains to the frequency of account evaluation and the concept of "choice between parentheses" (Thaler, 1999).

Based on first components, the double-entry mental accounting model proposes that consumers establish two distinct internal accounts when a

purchase is made. The first account registers the net utility derived from consumption after offsetting the disutility associated with payment. Otherwise, the second account records the disutility of the payment after subtracting the pleasure obtained from consumption (Hahn et al., 2012). Regarding the second component of the model, Shefrin & Thaler (1988) argue that households view the various parts of their wealth as non-fungible (not interchangeable). Consequently, they organize this wealth into three separate mental accounts like current income, current assets, and future income. In both actual and mental accounting systems, the sources and intended uses of funds are labeled, and spending may be constrained by either implicit or explicit budgets (Thaler, 1999). This internal categorization of resources into distinct mental accounts represents another key aspect of mental accounting as it pertains to expenditure that assumed the temptation to spend is greater for current income and lower for future income (Shefrin & Thaler (1988). The last component describes which financial decisions are evaluated, taking into account their periodicity, form, and choice brackets. A choice bracket is formally defined as the disposition to evaluate choices that are presented concurrently in a manner that differs from how they would be evaluated if presented in isolation (Read & Loewenstein, 1995).

Personal Finance and Budgeting

Effective budgeting is a key strategy for managing finances and reducing debt. It helps individuals and couples maintain control over their spending and savings, which is particularly important when planning for costly events like weddings (Syed Husin et al., 2022). Couples should adopt personalized budgeting strategies that align with their financial situation and goals. This includes setting realistic budgets for wedding expenses and prioritizing essential over extravagant costs.

Effective personal finance and budgeting practices are essential for managing the financial demands of wedding celebrations (Eprila & Yunike, 2022). Financial education, personalized budgeting strategies, and professional financial advice can help couples navigate the economic pressures of weddings while maintaining long-term financial stability. Balancing wedding expenses with broader financial goals is crucial for ensuring marital satisfaction and household well-being.

Self-control is another essential cognitive factor that impacts financial well-being. Individuals who exhibit higher self-regulation are more likely to engage in favorable financial behaviors, such as saving and investing wisely (Bai, 2023). This self-control is crucial when planning for significant life events like weddings, where the temptation to overspend can be high.

Financial literacy and mental budgeting are critical cognitive factors that significantly influence personal financial well-being. Individuals with higher financial literacy and those who practice mental budgeting tend to have better financial outcomes. Mental budgeting involves mentally categorizing and monitoring expenditures, which helps in maintaining financial control and achieving financial goals (Mahapatra et al., 2019).

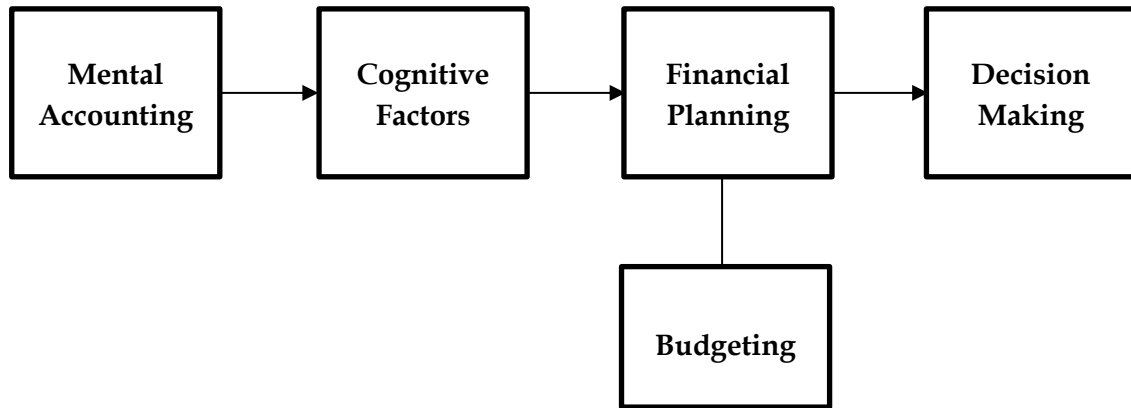


Figure 1. Conceptual Framework

METHODOLOGY

This research gathered data through interviews with accounting practitioner and academics. These interviewees provided insights into several key areas, how they construct budgeting systems, how they interpret and apply those systems, and their perspectives of mental accounting in their budgeting. Backgrounds and accounting knowledge of the interviewees in their general budgeting are considered about their accounting uses to be applied at wedding budgeting. As Indonesia is a culturally diverse country, the selection does consider the cultural diversity that might influence their decision making of wedding budget.

The interviewees were selected based on the following criteria:

- a. Have a knowledge of budgeting.
- b. Had a wedding celebration.
- c. Do budget in their wedding preparation.
- d. Practicing accountants as well as academic accountants.

Ten accounting practitioners were selected as interviewees. All of them are married women and men that live in several province in Indonesia, such as Special Region of Jakarta, West Java, Banten, Special Region of Yogyakarta, East Java, North Sumatera, West Sumatera, North Kalimantan and North Nusa Tenggara. They have different characteristics that may represent the diversity in Indonesia, and all of them represent the Indonesian society. In detail, the interviewees can be classified as follow:

1. Public accounting firm practitioner, consist of 2 men and 4 women (Y1, Y2, X1, X2, X3, X4)
2. Accounting academics, consist of 2 men and 2 women (Y3, Y4, X5, X6)

All interviewees are colleagues of the researcher who's focus on the accounting discipline. The study used informal semi-structured interview. This method was selected due to its capacity to facilitate the development of questions designed to elicit more comprehensive information. Each interview was lasting between 60 to 120 minutes. During the interview sessions, the interviewer focused specifically on probing each component of mental accounting as it pertains to spending decisions. This process served to revalidate the informants' initial awareness, which had been established in the preliminary phase

(Wahyudi, 2021). Subsequently, the interview transitioned to how the interviewee spending their money in wedding. This enabled the researcher to ascertain the participants' individual conceptualizations of mental accounting in wedding budget. To confirm and support the primary interview data, researchers also gathered data from secondary sources such as wedding expenditure lists and wedding preparations budgets.

In order to enhance methodological rigor, the study using triangulation, which entails systematically comparing outcomes from interviews, observations, and document analysis (Neuman, 2011). The application of this technique is important for establishing data reliability across distinct sources and for clarifying critical issues. Researchers organized the data gathered from interviews and secondary document analysis based on the key issues identified. This arrangement was important for examining the implications of budgeting perceptions for mental accounting in three specific areas: participants' financial transaction behaviors, the underlying rationales for their spending choices, and their resultant post-acquisition satisfaction or sentiment after spending the money. Provide clear and concise versions of your methods of conducting research, population and samples, and data analysis tools.

DISCUSSION

Findings

The finding of this study is unanimity. 100% or 10 out of 10 of the respondents confirmed they went over their self-prepared wedding budgets. Please see Table 1 for the detail of interview result. This result is particularly striking given the cohort's composition. The sample included 6 practicing public accountants (2 men, 4 women) and 4 accounting academics (2 men, 2 women), all of whom possess expert-level financial literacy. The participants' professional failure to adhere to their own financial plans demonstrates a disconnect between expert rational knowledge and its application in a personal. This universal budget deviation among experts provides a robust foundation for analyzing the powerful role of behavioral heuristics in personal financial management.

The self-reported reasons for the budget overruns overwhelmingly point to psychological factors rather than technical budgeting errors. There are several factors. First, the most reason was pressure to overspend for impress guests. At least five respondents (Y1, Y2, X4, Y4, X5) have this motive, it demonstrates a classic form of social mental accounting. Here, the wedding budget is not just a financial tool but also a social one. Funds are allocated to a guest experience and social perception mental account, which is highly elastic and prioritized over the rigid, pre-defined budget. Second, the "once-in-a-lifetime" mindset (X4, Y3) and the desire to meet an expectation of wedding dream (X3, Y4, X5) are explicit admissions of emotional-event framing. This cognitively isolates the wedding from all other personal financial events, creating a unique mental accounting exempt from ordinary rules of financial prudence. Respondents effectively gave themselves permission to overspend by framing the expenditure as a non-repeatable, emotionally critical investment. Last is the influence of social media (X6), it is external pressures targeted on the emotional and social frames, making

it easier for participants to justify overspending as necessary to meet a socially-mandated standard.

Tabel 1. Interview result

Participants	Budget outcome	Cost area (if over budget)	Reasons (if over budget)
Y1	Over budget	Decoration, Catering	Pressure to overspend for impress guests
Y2	Over budget	Entertainment	Pressure to overspend for impress guests
X1	Over budget	Catering	A high guest count
X2	Over budget	Catering	A high guest count, vendors charge a premium services
X3	Over budget	Decoration	Desired expectation of wedding dream
X4	Over budget	Decoration, Attire, Photography	Pressure to overspend for impress guests and "once-in-a-lifetime" mindset
Y3	Over budget	Catering, Photography	"once-in-a-lifetime" mindset
Y4	Over budget	Catering, Entertainment	Pressure to overspend for impress guests and there is a expectation of wedding dream
X5	Over budget	Catering, Decoration, Attire	Pressure to overspend for impress guests and there is a expectation of wedding dream
X6	Over budget	Entertainment	Social Media Influence

The specific areas where participants overspent are also revealing. The Catering category was the most common area of overspending (Y1, X1, X2, Y3, Y4, X5) , followed by Decoration (Y1, X3, X4, X5). This is not coincidental. These two categories (Catering and Decoration) are the most visible and public-facing elements of the event. They are directly tied to the primary justifications for overspending by impressing guests and fulfilling a visual dream. In contrast, less visible, logistical costs are not mentioned, such as transportation or other miscellaneous things. This suggests participants mentally partitioned their budget into sacred (highly visible, emotionally significant) and secular (logistical, negotiable) accounts. The Catering and Decoration accounts were deemed sacred, making them susceptible to overspending that was rationalized by social and emotional goals.

Mental Accounting in Practice

The uniform overspend cannot be attributed to a lack of knowledge or skill. Rather, it strongly suggests that the respondents' professional, rational-actor models were cognitively bypassed by behavioral heuristics. Their expertise was not ignored; it was re-purposed to justify, rather than control, spending. The "once-in-a-lifetime" mindset appears to function as a master heuristic, framing the event as unique and non-repeatable (Eprila & Yunike, 2022). This frame isolates the wedding into a master mental account separate from all other personal finance categories (e.g., mortgage, savings). This master account is not governed by rules of parsimony but by the goal of emotional optimization. This frame provides a priori permission to overspend, as the event is deemed exceptional and its budget exempt from ordinary rules (Wahyudi, 2021).

While respondents had a physical budget report, they likely operated from multiple mental budgets, partitioning expenses based on emotional salience. They have two account categories, secular and sacred account. Secular accounts represented commodity-like, negotiable items like administrative fees, postage. In these areas, respondents likely applied their professional skills, seeking efficiency and cost-savings. While sacred accounts represented items perceived as central to the event's emotional success or the couple's identity like the venue, the photographer, and the wedding dress.

When a sacred accounts item exceeded its budget, it did not trigger a rational to find savings elsewhere response. Instead, it was framed as a necessary expenditure to preserve the event's sacred value. This allows the respondents to feel rational and in control, maybe by saving on secular items, while simultaneously justifying the large overspends on sacred items that ultimately break the budget (Khodaparast et al., 2022).

Accountants are professionally trained to mitigate financial risk. In this personal context, however, the data suggest respondents intuitively reprioritized risk, defining it not as financial loss but as future emotional regret. The implicit calculus shifted from "Can we afford this?" to "Will we regret not doing this?". The anticipated pain of a future ruined memory was weighted far more heavily than the present, tangible pain of financial overspending. The budget overage can thus be interpreted as a premium paid to insure against future regret.

CONCLUSIONS AND RECOMMENDATIONS

The universal budget deviation among the financial experts demonstrates that theoretical and professional knowledge of financial controls does not grant immunity to behavioral biases. In the context of an emotionally-charged event, mental accounting dominate rational-actor models.

The budget for these experts ceased to be a control mechanism and became a flexible anchoring point from which deviations were justified. This research implies that financial advisory, even for sophisticated clients, must evolve. For significant life events, standard budgeting advice is insufficient. It must be supplemented with behavioral strategies that explicitly acknowledge and plan for the non-rational, emotional heuristics that govern high-stakes personal spending.

In conclusion, this study provides clear evidence that for highly salient, identity-relevant life events, spending behavior is governed by the principles of mental accounting, not traditional economic rationality. Even among financial experts, the context of the event dictates the financial behavior, proving that emotional and social motivations are a more powerful determinant of spending than professional expertise alone.

ADVANCED RESEARCH

This study has limitations, namely in a short time. Suggestions for further research is to exploring the "sacred" and "secular" accounts. Systematically investigate how individuals define and quantify expenses in their "sacred" (e.g., catering, decoration, venue) and "secular" (e.g., administrative fees, postage) mental accounts. Research could track initial budgets versus final spending in these defined categories to validate the model.

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