College Student Financial Literacy and Credit Card Usage: Have Either Knowledge or Behaviors Improved?

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Abstract
Concerns regarding the financial literacy of college students and their credit card behaviors are not new. Credit card companies aggressively marketed to college students, an untapped target market prior to the early 1990s (Stanford 1999), and concerns emerged shortly thereafter. In the late 1990s and early 2000s both popular and academic articles detailed educational efforts for responsible money management (e.g. Visa Introduces Financial Literacy…, 1999), as well as the rising number of college student credit card holders and the risks associated with unpaid credit card bills (Wyatt 2002). Other authors addressed college students' attitudes toward credit (e.g. So-Hyun, Grable & Bagwell 2003), low self-control (Mansfield, Pinto & Parente 2003), compulsivity (Roberts & Jones 2001), and credit card debt (Prime Numbers 2002).

Subsequent studies confirmed earlier concerns. Student Loan Marketing Association (2009) reported 84% of undergraduates had at least one credit card and most maintained a balance each month. In addition, an increasing number of college students were using credit cards to pay for college tuition and expenses. Robb and Pinto (2010) reported financially at-risk students used credit cards with greater frequency and engaged in riskier credit card use behaviors. A study by Bidwell (2015) showed college students did not have adequate financial knowledge to manage their money well. Other studies found similar results for credit card use and poor financial literacy (e.g. Dempere, Griffin & Camp 2010; Nellie Mae 2005, 2006; Tenaglia & Yobaccio 2010) and compulsivity (Joireman, Kees & Sprott 2010). Based on the low level of financial knowledge and increased use of credit cards among college students, Chatzky (2011) stated there was, in fact, a financial literacy crisis in the U.S.

Problems of low financial literacy and issues of poor financial management are not limited to U.S. college students. Findings similar to those for U.S. college students were reported for Austalia (Colman & Colman 2005), Turkey (Akben-Selcuk & Altiok-Yilmmaz 2014; Karaa & Kugu 2016), Tunisia (Amari & Jarboui 2015), and Italy (Bongini, Trivellato, & Zenga 2012.

Actions were, and are, attempted to combat the looming problem of poor financial literacy and accompanying risky credit card behaviors in the form of legislation and formal financial education (Chatzky 2011; Luck 2011; Piccioli 2011), but is it enough? The Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit CARD Act), initiated tougher application and marketing restrictions for credit card providers, but only encouraged financial literacy courses on college campuses, as opposed to mandating them.

The present longitudinal study compares the financial literacy, source of credit/personal finance knowledge, attitudes about credit cards, delayed gratification, and credit card usage of college students assessed in 2011 to those in 2017.

Methodology
In the current research, electronic surveys were made available via campus email to all account holders (students and staff) with 457 usable responses. Data from the previous survey conducted in 2011 was also obtained electronically. The 2011 survey was only made available to the student population and the resulting sample size was 181.

The survey assessed attitudes about credit cards and the use of credit cards, as well as perceptions and behaviors regarding general spending behaviors, credit knowledge, sources of credit/personal finance knowledge, and delayed gratification (Mader, Alexander, & Mader 2011).

Results

Between 2011 and 2017 measures of delayed gratification, sources of credit/personal finance knowledge, and credit card/financial behaviors have remained stable with very few significant differences found between individual scale items; the exception being writing a check with insufficient funds. This was significantly lower in 2017, possibly due to the wide use of debit cards and electronic payments taking the place of a paper check.

Differences, however, are apparent between the two samples with regards to the amount of debt being carried by students. In 2017, students reporting having at least one credit card is higher than in 2011, 38% versus 22%. More students have 2, 3, 4 and even 5 credit cards with a balance held by greater numbers than in 2011. Not surprisingly, the amount of debt reported is higher in 2017. The highest reported balance in 2011 was $15,000 while in 2017 the highest balance reported was $17,000.

Credit knowledge scores are slightly worse since 2011. Twenty-nine percent of the students taking the survey in 2011 scored at least a 70% on a credit knowledge quiz. In 2017, only 21% scored higher than 70%.

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Keywords: *financial literacy, credit cards, college students, university students*

Relevance to Marketing Educators, Researchers and Practitioners: The current study adds to the extant literature in financial literacy and credit card behaviors of college students. Poor financial literacy and risky credit behaviors have negative implications for students both short term and long term.

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