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Credit CARD Act of 2009: The Impact on College Student Credit Card Responsibility

by

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Advisor: Dr. Tim Yeager

**An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of
Science in Business Administration in Finance.**

Sam M. Walton College of Business

University of Arkansas

Fayetteville, Arkansas

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Introduction

From the credit card companies' perspective, the most profitable borrowers are those who carry large monthly balances, yet they have the capacity to ultimately repay their debts. Many young college students fit this profile. Because of their lack of financial knowledge and limited life experience, college students often are not aware of the heavy financial burden credit cards can impose resulting from the high interest rates and penalties that the companies charge. So it makes sense that credit card companies would want to target this demographic, and until recently they did so aggressively.

College students have inherently high demand for credit cards because expenses are high while income is low. The majority of students enter college at the age of 18, and these students must find a way to pay tuition and living expenses. Even with financial help from a parent, the lure of credit cards is often difficult to resist. Until 2010, credit card companies went to college campuses to market directly to students. In May 2009 the Credit Card Accountability and Responsibility Disclosure Act (Credit CARD Act) was passed and went into effect on February 22, 2010. The overall goal of the Act was to prohibit those credit card company policies that encouraged certain consumers to incur large debts. Examples of general policies implemented by the Act are: 1) Limits on when credit card companies can increase interest rates on current balances (retroactive rate increases); 2) Credit card companies must give customers 45 days notice if they intend to make significant changes to the account; 3) Charges for late payments and going over the credit limit must be reasonable.

Although the Credit CARD Act created many new rules, I focus on the changes that restrict credit to college students. First, credit card companies are no longer allowed to give away "freebies" for applying for a card on or near college campuses. "On or near" has been defined by the Federal Reserve Board as within 1,000 feet of the campus border. In the past, credit card companies could entice students to sign up for cards by giving away pizza, t-shirts, key chains, and so on. Credit card companies are still technically allowed on campus if the University allows it, but they cannot give away items for free. Universities and credit card companies must file annual reports of any contracts they make with one another with the Federal Reserve Board. The credit card companies have to disclose the terms and conditions of the contract including the amount, if any, paid to the school. The university must also release this information in order to maintain transparency.

A second key change from the Act is that people under 21 are no longer able to sign up for a credit card without a cosigner unless they can prove that they are capable of paying off their debts (proof of income). The co-signer must be 21 or older and, by definition, (s)he must be willing to take on the debts of the applicant in the event that the applicant cannot pay. Third, anyone under 21 years of age who wishes to increase the credit limit on a joint account held with a parent, guardian or spouse must get permission from that person first. Fourth, credit card companies are banned from sending prescreened offers to people under 21. Fifth, credit scoring companies (Transunion, Equifax, etc) are no longer allowed to disclose the credit reports of anyone under 21 to credit card companies unless that person specifically requests it. The law also urges, but does not demand, that schools put their own restrictions on credit card marketing on campus. Congress also encourages schools to require incoming students to participate in a debt management course as part of new student orientation. In this study, I examine whether the Credit CARD Act has led students under the age of 21 to behave more responsibly with respect to credit card usage. Using the data gathered from the survey, I group the freshmen and sophomores together as the post-Act group, and I group juniors

and seniors together as the pre-Act group. I chose these groupings based on the implementation date (February 22, 2010) of the Act. On that date, today's juniors (seniors) were in the spring semester of their freshman (sophomore) year, and they would have been able to obtain credit cards without cosigners. In contrast, today's freshmen and sophomores have always been subject to the provision in the Act. I compare the credit card behavior of these two groups to find out if the post-Act group (freshmen and sophomores) handle their credit better than the pre-Act group (juniors and seniors). Specifically, I test five hypotheses.

Hypothesis 1: Fewer college freshmen and sophomores own credit cards than college juniors and seniors.

Hypothesis 2: The average number of cards owned by freshmen and sophomores is less than the number of cards owned by juniors and seniors, and more of the cards in the post-Act group will have a cosigner.

Hypothesis 3: Those freshmen and sophomores who own credit cards are more likely to make payments on time than the juniors and seniors.

Hypothesis 4: Those freshmen and sophomores who own credit cards are more likely to pay off their entire monthly balance each month than juniors and seniors.

Hypothesis 5: Those freshmen and sophomores who own credit cards will hold lower average unpaid monthly balances than juniors and seniors.

This study makes the assumption that the way the juniors and seniors handle their credit now is the same way they would have handled it when they were freshmen and sophomores. Although I recognize that several juniors and seniors may not have obtained their cards until they were 21 or older I make the above assumption because these students had the option to obtain a card prior to turning 21, hence they were not kept from getting a card due to their age.

Related Literature

In a study titled "How Undergraduate Students Use Credit Cards," conducted by Sallie Mae in 2009, the average credit card balance for undergraduate students was found to be \$3,173. It was also found that 21% of undergraduates held balances between \$3,000 and \$7,000. According to this study, seniors graduated with an average credit card debt of \$4,100, up from \$2,900 just four years earlier. The study also found that 84% of the overall student population owned credit cards, up 11% since the fall of 2004.

According to a report written by the Federal Reserve Board (FRB) of Governors in July of 2011, the Act seems to be having its intended effect of reducing credit card access to college students. The number of issuers of college credit card agreements (contracts between issuers and universities) increased by 16% from 2009 to 2010 but the number of agreements, total open accounts, payments by issuers and number of new accounts opened all decreased during this time period. The number of agreements made by 21 card issuers entered into in 2010 was 1,004, a 4% decrease from 2009. These agreements resulted in payments (from issuers to educational institutions) of \$73,261,906, a decrease of 13% from 2009. Over 46,000 new accounts were

created in 2010, a decrease of 17% from the previous year. The number of total open accounts also decreased by 17%. For a more detailed account of the report’s results, see Table 1 below.

Table 1

Item	2009	2010	Net change from 2009 to 2010	Percentage change from 2009 to 2010
Number of Issuers	18	21	3	16
Agreements in Effect	1,045	1,004	-41	-4
Total open accounts as of 12/31	2,045,194	1,704,785	-340,409	-17
Payments by Issuers	\$84,462,765	\$73,261,906	-\$11,200,859	-13
New Accounts Opened	55,747	46,360	-9,387	-17

Source: FRB of Governors Report to Congress on College Credit Card Agreements

Despite the Federal Reserve report, an article titled “The CARD Act and Young Consumer Protection” by Eboni S. Nelson discusses several problems with the Act’s rules pertaining to people under 21. This article discusses how the policies implemented by the Act, while made with good intentions, leave too many opportunities for credit card companies to exploit young Americans.

First, Nelson argues that the proof of income rule is lax. One would assume that a potential borrower would have to prove that his or her *current* income was sufficient to cover any expenses incurred on the card, but according to the law this is not true. Instead the regulation says that, “resources can be current or *expected* income or *assets*, such as a savings account.” Some card issuers are allowing students to state student loans as a part of their income. The article says of Citibank that they “admit that ‘allowances, stipends, grants or scholarships’ can be considered as income for eligibility purposes.” It also says that borrowers need only prove that they can pay the minimum balance. Finally, credit card issuers can take a potential borrower’s stated income as truth, without needing to verify it. Nelson writes of the Federal Reserve Board, “the Board refused to require issuers to independently verify the financial resources information reported on a young consumer’s application.”

Credit card companies have found another loophole regarding the ban on sending prescreened offers to young consumers. According to the Act, card issuers are not allowed to send prescreened offers to people under 21 with personal information obtained from any “credit reporting agency.” The Act says nothing about information obtained by issuers from other sources, such as educational institutions. In addition, “the provision does not apply to non-preapproved credit offers (often referred to as ‘invitations to apply’)”.

In regards to the policy implemented preventing card issuers from giving away “freebies” on campus, Nelson points out that the Act states that issuers cannot give away *tangible* items. The article states, “However, according to the accompanying regulations, the Act does not prohibit issuers from offering intangible items, ‘such as discounts, reward points, or promotional credit terms,’ as inducements when marketing on-campus.” Nelson also states that this rule cannot prevent card issuers from offering gifts, both tangible and intangible, to young consumers through the internet (e-mail and social media sources).

As proof that the Act may not be fulfilling its intended purpose, Nelson cites a study conducted by Professor Jim Hawkins of the University of Houston. Hawkins surveyed 338

University of Houston undergraduates for his study. Regarding credit card solicitation he found, “76% of students surveyed reported having received a credit card offer in the mail since the beginning of 2010. Only 24% had not.”

According to the article “Students use of credit cards decreasing” by Cornelius Frolik, in 2004 at Wright State University, a survey was given to undergraduates that found that 43% of incoming freshmen owned a credit card and 84% of outgoing seniors owned a card. That same survey at Wright State has not been conducted again recently but those results are compared to those of a Student Monitor study conducted in 2011 stating that 31% of freshmen nationwide owned cards and 52% of seniors nationwide owned cards. This article also references a Student Monitor Financial Services Study conducted in 2011 that found, “About 40 percent of college students had a credit card in their own name in spring 2011, down from 57 percent a decade earlier.”

The literature I found on college students and credit card statistics before the CARD Act was implemented made it clear that college student debt was an epidemic sweeping the nation. Congress knew that this was a problem that needed to be addressed and in attempting to alleviate the heavy burden of debt weighing on college students they came up with the Credit CARD Act. Since the Act was implemented several issues with these provisions have been brought to light that Congress did not predict. Even so, according to the FRB of Governors Report to Congress on College Credit Card Agreements the Act is having an effect on card issuers marketing on campus. The post-act literature makes it seem that while the Act has had some impact on the issue of college students and credit cards, that impact has not been significant enough to make any waves.

Methodology

The information gathered comes from a survey which I distributed through e-mail to all of the undergraduate students in the Walton College of Business (WCOB) at the University of Arkansas – Fayetteville campus. The survey was first sent out on March 20, 2012 and was sent out again on April 10th to gather additional responses. The initial distribution yielded 109 responses, the second yielded an additional 111. Of the approximately 3800 undergraduates in the WCOB I received a total of 221 responses. Of this sample, 15.5% were freshmen, 13.6% were sophomores, 37.3% were juniors and 33.6% were seniors. A limitation of this study is that this is not an accurate representation of the academic class population in the Walton College. According to The Office of Institutional Research, as of Fall 2011 the WCOB undergraduate body is made up of 1,295 freshmen (34.4%), 820 sophomores (21.8%), 679 juniors (18.0%), and 970 seniors (25.8%). See Chart 1 and Chart 2 for a visual depiction of these statistics.

Chart 1

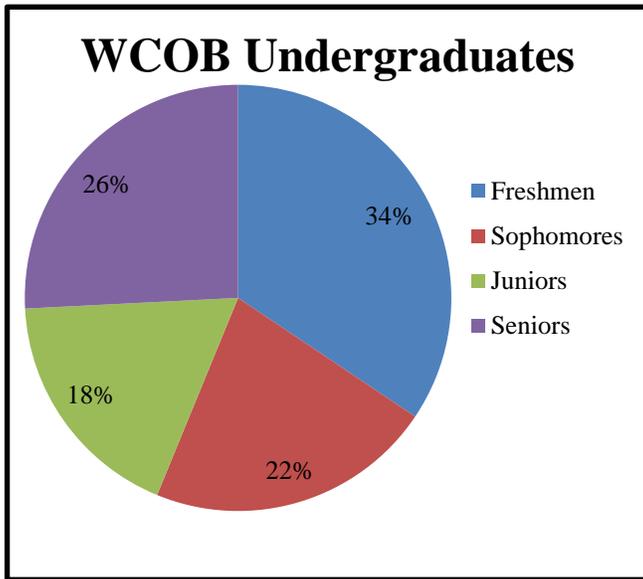
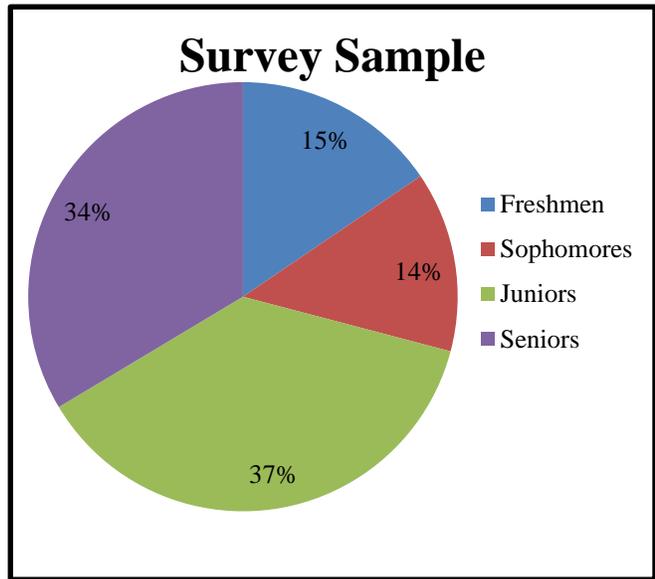


Chart 2



The survey itself was made up of multiple choice and fill in the blank questions. The questions had to do with when and where the respondent got his/her card and his/her credit card behavior. I first asked if the student had any credit cards that (s)he was personally responsible for and then asked which type of card (s)he owned and how many, if any, cards (s)he owned. I broke the types of cards into two groups. Primary cards are made up of Visa, MasterCard, Discover and American Express. Secondary cards are made up of gas, retail and “other” types of cards. An additional caveat to my study is that none of the student responses are subject to verification. By this I mean that the student could have put down any answer (s)he wanted to and I would have no way of knowing if it is the truth. For example, on the question about making payments on time the respondent could have put “almost always” when in reality (s)he makes payments on time “rarely.”

The survey was made and distributed to students using Qualtrics. Qualtrics is an online survey software that allows the user to build and customize his or her own survey and then distribute it, all one has to do is create a login username and password. To analyze the data gathered from this survey Statistical Analysis System (SAS) software was used, along with Microsoft Excel and Statistical Package for Social Sciences (SPSS). The survey is attached in the appendix.

Analysis

Table 2 lists the general information gathered from the survey about credit cards. The total number of respondents registered 221, and 75 (33.9%) of those reported owning at least one credit card. “Owning” means that the student is personally responsible for payments, either with or without a cosigner. Of the 75 students that own a card, 17 were freshmen or sophomores (22.7%) and 58 were junior or seniors (77.3%). None of the p-values for the variables shown are significant at the .05 level. At times throughout this analysis I will refer to the freshmen and sophomores as Group 1, and the juniors and seniors as Group 2. For the remainder of this paper I will focus on those respondents who own credit cards.

Survey questions about cosigners, making timely payments, and paying off the entire balance each month gauge the credit card responsibility of each group. I refer to these questions as responsibility variables. In my survey, the questions asked about making payments on time and paying off the entire balance each month were answerable on a likert-type scale. The options were: always, almost always, sometimes, rarely or never. I converted these to binary variables with the following rule. If the respondent answered “always” or “almost always” I converted his/her response to “yes” and if the respondent answered with one of the other choices I converted his/her response to “no.”

Table 2

All Cards	Fr/Soph	Jr/Sr	P-Values
Number of respondents	64	157	
Number who own cards	17	58	
Total number of cards	21	104	
Percent who own cards	22.7	77.3	0.139
Percent of cards with cosigners	38.1	26.0	0.201
Percent making timely payments	90.5	91.4	0.583
Percent pay off entire balance	71.4	65.4	0.403

Not included in the above table is the information gathered about the number of cards individuals from each group own. Of those freshmen and sophomores who own cards, 82.4% own one card, 11.8% own two cards and 5.9% own three cards. Of those juniors and seniors who own cards, 56.9% own one card, 22.4% own two cards, 12.1% own three cards, 5.2% own four cards and 3.4% own six cards.

To elicit a more detailed understanding of college student credit card behavior, I asked respondents about the specific types of cards they hold. Again, the options were the primary cards of Visa, MasterCard, Discover, and American Express; and the secondary cards including gas, retail and “other” cards. Tables 3 and 4 list survey responses separated into primary and secondary cards.

Table 3

Primary Cards	Fr/Soph	Jr/Sr	P-Values
Number of cards	20	72	
Percent of total	95.2	69.2	
Percent cosigned	40.0	31.9	0.500
Percent making timely payments	90.0	93.1	0.648
Percent pay off entire balance	70.0	65.2	0.692

Table 4

Secondary Cards	Fr/Soph	Jr/Sr	P-Values
Number of cards	1	32	
Percent of total	4.8	30.8	
Percent cosigned	0.0	12.5	0.706
Percent making timely payments	100.0	87.5	0.706
Percent pay off entire balance	100.0	65.6	0.472

The tables show that the primary cards are more popular with both groups than the secondary cards. This is especially true for the freshmen/sophomore group who owned a total of one secondary card between all 17 students who own cards. A chi-square test shows that there was no significant statistical difference at the 0.05 level between Group 1 and Group 2 when it came to the number of cards that had cosigners, the number of cards that made timely payments or the number of cards that paid off the entire monthly balance for both primary and secondary cards.

For further analysis I look at each card type individually. I do not analyze differences in behavior with the gasoline or “other” types of cards because of the lack of respondents from both groups. However, tables with information on those two types of cards (Table 10 and Table 11) are inserted at the end of this analysis.

Table 5 reports results from Visa cards. Visa was the most commonly owned card of any of the card types I gave as an option. A total of seven freshmen/sophomores owned nine Visa cards and a total of 35 junior/seniors owned 45 Visa cards. That is, 42.9% of all the cards owned by freshmen/sophomores were Visas, and 43.3% of all the cards owned by junior/seniors were Visas. While none of the responsibility variables are statistically different at the 0.05 level, it is important to point out the difference in percentages between the two groups in the “percent making timely payments” category. Only 78% of the freshmen/sophomores report making timely payments on their Visas, while 93% of junior/seniors report making timely payments on theirs. This evidence refutes my hypothesis that freshmen/sophomores are more likely to make timely payments than junior/seniors.

Table 5

Visa	Fr/Soph	Jr/Sr	P-Values
Number that own	7	35	
Number of cards	9	45	
Percent who own	41.2	60.3	
Percent with cosigners	44.4	35.6	0.614
Percent making timely payments	78.0	93.3	0.141
Percent pay off entire balance	55.6	66.7	0.523

Table 6 summarizes the data on MasterCard. Three respondents from Group 1 reported owning three MasterCards, and 14 respondents from Group 2 reported owning 14 MasterCards. The freshmen/sophomores own fewer MasterCards than the junior/seniors. More of the

freshmen/sophomore's cards have cosigners, they make more timely payments, and they are more likely to pay off the entire balance each month than the junior/seniors. Although these results are consistent with my hypotheses, none of the ratio differences between the groups are statistically significant at the 0.05 level.

Table 6

MasterCard (MC)	Fr/Soph	Jr/Sr	P-Values
Number who own	3	14	
Number of cards	3	14	
Percent who own	17.7	24.1	
Percent with cosigners	33.3	28.6	0.869
Percent making timely payments	100.0	92.9	0.633
Percent pay off entire balance	66.7	57.1	0.761

Table 7 shows that Group 1 respondents owned five Discover cards and Group 2 respondents owned 10 Discover cards. Interestingly, 29.4% of Group 1 own Discover while 17.24% of Group 2 own Discover. The behavior of Discover card owners again is consistent with my hypotheses regarding number of cards owned, cosigners, timely payments, and paying off the balance in full, even though none of the variables are statistically significant at the 0.05 level.

Table 7

Discover	Fr/Soph	Jr/Sr	P-Values
Number who own Discover	5	10	
Number of Discover	5	10	
Percent who own	29.4	17.2	
Percent with cosigners	20.0	10.0	0.591
Percent making timely payments	100.0	90.0	0.464
Percent pay off entire balance	80.0	60.0	0.438

American Express cards are notoriously difficult to obtain, so it makes sense that very few respondents from either group reported owning an American Express card. As Table 8 shows, only two students of the freshmen/sophomores own three American Express cards, and three students of the juniors/seniors own three American Express Cards. Two out of the three cards owned by each group have cosigners. Both groups reported making payments on time and paying off the entire balance each month for all three cards.

Table 8

American Express (Amex)	Fr/Soph	Jr/Sr	P-Values
Number who own	2	3	
Number of cards	3	3	
Percent who own	11.8	5.2	
Percent with cosigners	66.7	66.7	1.000
Percent making timely payments	100.0	100.0	1.000
Percent pay off entire balance	100.0	100.0	1.000

Finally, I examine retail credit cards in Table 9. These are cards issued by individual retailers such as a Macy's, Home Depot, and so on. While only one respondent from the freshmen/sophomore group owned one retail card, 19 junior/seniors reported owning 30 retail cards, making these cards the second most owned type of card for this group behind Visa. None of the responsibility variables were significant and it is difficult to compare percentages between the groups because of the lack of respondents from Group 1.

Table 9

Retail Cards	Fr/Soph	Jr/Sr	P-Values
Number who own	1	19	
Number of cards	1	30	
Percent who own	5.9	32.8	
Percent with cosigners	0.0	10.0	0.739
Percent making timely payments	100.0	86.7	0.696
Percent pay off entire balance	100.0	66.7	0.483

For the statistics on gasoline and "other" types of credit cards see Table 10 and Table 11 below. N/A stands for "not applicable" and is used when the information provided was not sufficient to calculate the desired statistic.

Table 10

Gas Cards	Fr/Soph	Jr/Sr	P-Values
Number who own	0	1	
Number of cards	0	1	
Percent who own	0.0	1.7	
Percent with cosigners	n/a	100.0	n/a
Percent making timely payments	n/a	100.0	n/a
Percent pay off entire balance	n/a	100.0	n/a

Table 11

Other Cards	Fr/Soph	Jr/Sr	P-Values
Number who own	0	1	
Number of cards	0	1	
Percent who own	0%	1.72%	
Percent with cosigners	n/a	0%	n/a
Percent making timely payments	n/a	100%	n/a
Percent pay off entire balance	n/a	0%	n/a

In addition to the information given above I found that of the 58 junior/seniors who owned cards, two reported having applied for those cards on a college campus. None of the freshmen/sophomore group applied for their cards on campus, which is consistent with the Act's guidelines.

I also asked each respondent whether or not (s)he knew the interest rate on his/her card. The survey found that of the 21 cards owned by freshmen/sophomores interest rates were known for six of them (29%). Of the 104 cards owned by the junior/senior group interest rates were known for 38 of them (37%).

Further, I asked each respondent for each card (s)he holds, "What is the average unpaid monthly balance on the card?" I found that the freshmen/sophomore group holds higher average unpaid monthly balances than the junior/senior group. Across all cards, the freshmen/sophomores had an average unpaid monthly balance of about \$187 while the junior/seniors was only about \$120. This is not a large enough difference to be statistically significant, but it is not consistent with my hypothesis that freshmen and sophomores will hold lower average unpaid monthly balances than juniors and seniors.

Summary

Overall, this study does not show any significant statistical difference between freshmen/sophomores and junior/seniors with regard to the responsibility variables that I tested. This could likely be due to the small sample size used, or there really may be no statistical difference between the two groups' behavior. As Nelson pointed out, many of the regulations put in place by the CARD Act have loopholes that card issuers may have found and exploited. Consequently, the Act may not be accomplishing its goals with respect to college students and credit cards.

When judging the percentages alone, without looking at p-values, it seems plausible that if there had been more respondents significant p-values could have resulted. Looking at the overall responses from the two groups the only hypothesis that, percentage-wise, did not prove true was the one regarding making timely payments. 90.48% of freshmen/sophomores reported making payments on time, which was .87% less than the number of junior/seniors who reported making payments on time. But, when broken down by individual card Visa was the only one that did not support my hypotheses. According to the Visa responses, only 78% of group 1 make timely payments in comparison with 93.33% of group 2, and only 55.56% of group 1 pay off the entire monthly balance compared to 66.67% of group 2. So it follows that the discrepancy in the timely payments hypothesis stems mainly from the Visa responses.

On the whole, it is important to note that the percentage of freshmen/sophomore respondents who own credit cards (22.67%) was much less than the percentage of junior/senior respondents who own credit cards (77.33%). Also, of the 125 cards owned, only 21, or 16.80%, belonged to the freshmen/sophomore group, while 104, or 83.20%, belonged to the junior/seniors. These two variables show major differences, not in the card behavior of the two groups, but in the amount of ownership of cards. Judging by the statistics reported by Sallie Mae in 2009 on undergraduates owning cards discussed earlier (84% of students owned cards) it seems as though the Act has had an impact on ownership. The provisions pertaining to college students and credit cards in the Credit CARD Act of 2009 were made with the intention of reducing excessive student credit card debt. While thus far effects of the Act have been difficult to judge, I am sure that more evidence of the impact the Act has made will be seen in the next five years.

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Appendix. Credit CARD Survey

Beginning with Q11 each question was repeated up to 3 times for each type of card, but for efficiency purposes I have included only the first Visa example.

Overview and Purpose of the Survey

In 2010 the Credit Card Accountability Responsibility and Disclosure (CARD) Act implemented policies aimed at reducing the debt levels of young Americans. The Act prevents credit card marketers from targeting consumers under 21 years of age, including college students who are under the specified age barrier. The purpose of this study is to determine if the Credit Card Act has accomplished its goal of reducing the credit card debt that young Americans incur. Several questions are provided that seek to categorize your responses with other college-aged respondents to our survey. The information that we gather in this study is confidential and your responses will be anonymous if you choose not to enter into the prize drawing described below. Your responses will not be analyzed individually. Rather, they will be grouped with others like you and will be analyzed as a sample of University of Arkansas students. There are no dangers or threats from your completing this survey. If at any time you may feel uncomfortable with any of the questions, you are free to terminate the survey at any point. If you have any questions, you may contact the principal researcher, Siobhan Costello, at scostell@uark.edu or the faculty adviser, Tim Yeager, at tyeager@walton.uark.edu (479-575-2992) for any clarifications, explanations, or comments. For questions or concerns about your rights as a research participant, please contact Ro Windwalker, the University's IRB Coordinator, at (479) 575-2208 or by e-mail at irb@uark.edu. For most participants, this survey will require less than five minutes to complete. You will be able to navigate back and forth to change answers if necessary. Thank you for contributing to our research efforts on the impact of The Credit Card Act on University of Arkansas students.

Q1 What is your current Academic classification?

- Freshman (1)
- Sophomore (2)
- Junior (3)
- Senior (4)
- Graduate Student (5)
- Other academic classification (6)

Q2 From the following academic years, in which academic year were you a freshman?

- Before Fall 2008 (1)
- Fall 2008 - Spring 2009 (2)
- Fall 2009 - Spring 2010 (3)
- Fall 2010 - Spring 2011 (4)
- Fall 2011 - Spring 2012 (5)
- Do not recall (6)

Q3 What is your current age?

- 17 or under (1)
- 18 (2)
- 19 (3)
- 20 (4)
- 21 (5)
- 22 (6)
- 23 (7)
- 24 (8)
- 25 and above (9)
- Prefer not to answer (10)

Q4 What is your gender?

- Male (1)
- Female (2)
- Prefer not to answer (3)

Q5 Would you classify your ethnicity as:

- Caucasian (1)
- African-American (2)
- Latino (3)
- Asian-American (4)
- Native American (5)
- Other (6)
- Prefer not to answer (7)

Q6 Would you describe your parents' household income as:

- Higher Income (1)
- Middle income (2)
- Lower Income (3)
- I do not know how to judge my parents' household income (4)
- Prefer not to answer (5)

Q7 Do you own any credit cards? Exclude credit cards given to you by your parent or guardian. Include only those credit cards for which you yourself applied (with or without a cosigner) and are legally responsible for making payments. Exclude debit cards including those with the Master Card or Visa logo where the money is drawn directly from a checking account.

- Yes (1)
- No (2)
- Do not recall (3)

Q8 Choose the statement that best reflects reasons for your credit card purchases.

- I use my credit card(s) mostly for nonessential items (such as shopping, dining out, entertainment, etc.) (1)
- I use my credit card(s) mostly for essential items (books, tuition, rent, utilities) (2)
- I use my credit card(s) about equally both for nonessential and essential items (3)

Q9 What is your average monthly income from any job you may hold? Include only income from a job, not any scholarships or other financial assistance.

- \$0 (I do not have a job.) (1)
- \$1 - \$150 (2)
- \$151-\$300 (3)
- \$301-\$600 (4)
- more than \$600 (5)

Q10 Please input the number of each type of card (maximum of 3 per type) you have. Again, include only those credit cards for which you are legally responsible for making payments. If you do not have a certain type of card leave it as zero.

- _____ Visa (1)
- _____ Master Card (2)
- _____ Discover (3)
- _____ American Express (4)
- _____ Gasoline credit card (used only to make gas purchases) (5)
- _____ Retail credit cards (e.g., Sears, J.C. Penney, Dillards, etc.) (6)
- _____ Other types of credit cards (7)

Q11 For the (first) Visa credit card, did you obtain this credit card:

- Personally without a cosigner (1)
- With a cosigner (2)
- Do not recall how I obtained this card (3)

Q12 What is the credit limit on the (first) Visa card?

- Under \$1000 (1)
- \$1000 to \$2000 (2)
- Over \$2000 (3)
- Do not recall (4)

Q13 How frequently do you make payments on time for your (first) Visa monthly billing?

- Always (1)
- Almost always (2)
- Sometimes (3)
- Rarely (4)
- Never (5)
- Do not recall (6)

Q14 For the monthly payments on your (first) Visa card, how often do you pay the entire balance?

- Always (1)
- Almost always (2)
- Sometimes (3)
- Rarely (4)
- Never (5)
- Do not recall (6)

Q15 What is the average unpaid monthly balance on the (first) Visa card?

- Under \$100 (1)
- \$100 to \$499 (2)
- \$500 to \$999 (3)
- \$1000 to \$1499 (4)
- \$1500 to \$2000 (5)
- over \$2000 (6)
- Do not recall (7)

Q16 In what year did you first obtain this (first) Visa card?

Q17 At what time of year did you obtain this (first) Visa card?

- Winter (1)
- Spring (2)
- Summer (3)
- Fall (4)
- Do not recall (5)

Q18 Where did you apply for this (first) Visa card?

- At my bank (1)
- At a booth on campus (2)
- At a booth off campus (3)
- On the internet (4)
- Other (5)
- Do not recall (6)

Q19 For your (first) Visa card, do you know what the interest rate is?

- Yes (1)
- No (2)

Prize Entry

You have reached the end of the survey. Please enter in the space below your e-mail address. Your e-mail address will be used to assign participation credit if this survey is a class assignment. The email address will not be used to pair the responses with the email, and it will not be shared with any other party. In addition, the survey responses will be deleted no later than June 30, 2012.

Uark email address (include @uark.edu) (1)

For class credit, please type in your professor's name. (2)

Submit Survey

Thank you for taking this survey. By hitting the Next button you will submit the survey and will no longer have access to it. If you need to go back for any reason, please hit the Back button.