

A necessity or a danger? Why we love and hate our credit cards

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A new University of Sydney study has revealed the full extent of Australia's love-hate relationship with credit cards and those who use them.

While 56 percent of us feel sorry for people who get into [credit card debt](#), more than half of us also believe that people in [credit card](#) debt have only themselves to blame.

The survey of 584 credit card users conducted by Associate Professor Paul Henry, Professor Ellen Garbarino and Dr Ranjit Voola at the University of Sydney Business School, which will be published in the *Journal of Public Policy and Marketing*, also found that while more than 80 percent of respondents agreed that credit card marketers should be much more tightly regulated, 52 percent thought that individual responsibility would work better than tighter regulations.

"Consumers like their credit cards, they are a necessity, but at the same time they are seen as something to be wary of," says Professor Paul Henry, who believes the ambivalent relationship has important implications for both public policymakers and credit card marketers.

"The results indicate that we should be adhering to protective regulations more tightly, but there is also a role for public policy interventions that aim to improve individual responsibility."

Improving people's sense of financial control by, for example, making it

easier for them to understand terms and conditions and information on their credit card statements, is an important step. By making individuals more financially responsible, people's relationships with their credit cards would improve significantly.

"[Financial responsibility](#) is good for both credit card marketers and consumers. When people have [negative experiences](#) of credit card debt, they are more likely to distrust and blame the credit card provider.

"So if you improve consumers' [financial literacy](#), you also take away the excuse that debt is the fault of unscrupulous marketers," says Professor Henry.

"If customers make better decisions about choosing and using a credit card, they will have less negative experiences of credit cards and the level of blame attributed to card marketers will decrease," he says.

The study also found that while consumers are distrustful of credit card marketers, they are apathetic when it comes to tightening regulations.

The bulk of pressure for regulatory change doesn't come from mainstream consumers, but is driven by advocacy groups and public policymakers.

However, according to Professor Henry, a more active and supportive public in this area would be in everybody's best interest.

"If the public were more active in supporting and encouraging government policy for tighter regulations, there would be fewer negative experiences of credit card use, which would again be in the interest of credit card companies, [public policy](#) groups and consumers."

Provided by University of Sydney

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