

# College students and credit card debt—parents at fault?

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Parents need to be good role models to help their children make sensible financial decisions, according to Adam Hancock and his team, from East Carolina University in the US. Their work highlights that parents who argue about finances contribute to increasing credit card debt among their children during their student years. Their work is published online in Springer's *Journal of Family and Economic Issues*.

[Credit card debt](#) among college students has been a growing concern for researchers and policymakers over the last decade. In addition, there is growing concern among educators that more students are dropping out of school, not because of academic failure, but because of financial reasons, and credit card debt especially. Hancock and colleagues' study is the first to examine how parental interactions, years of work experience, and [financial knowledge](#) and attitudes may have a cumulative effect on the number of credit cards students own and their level of credit card debt.

The researchers analysed data for 413 undergraduate students from seven different [American universities](#), who took part in the College Student [Financial Literacy](#) Survey. Through an [online survey](#), the authors examined credit card debt and number of credit cards owned; students' interactions with their parents when discussing finances as a family; years of work experience; financial knowledge of credit cards, loans, insurance, and [personal finance](#); as well as attitudes to credit cards i.e. are they safe, scary, too costly? How comfortable are students with only making the minimum payment each month?

Overall, nearly two-thirds of students had a credit card, and nearly a third had more than one. Gender and class year were the top predictors of the number of credit cards students had, followed by parents who argued about finances.

Specifically, juniors and seniors were nearly four times more likely to report having two or more cards, and females were more than twice as likely as males to have two or more cards. Students who reported that their parents argued about finances were also twice as likely to have more than two cards than those who reported having parents who did not argue about finances. In addition, those comfortable with minimum payments were also more likely to have more cards.

In terms of debt, those students who had two or more credit cards were nearly three times more likely to report having credit card debt over \$500. Parental influence, and parental arguments about finances specifically, was also one of the top predictors of a student having a credit card debt over \$500.

The authors conclude: "It is clear that the influence of parents cannot be underplayed. Researchers, educators and policymakers should work with, and include, parents in finding effective ways to increase the positive financial behaviors of college students, particularly those behaviors related to credit card use. We need to help students and parents learn financial skills and establish healthy financial attitudes at earlier ages to prevent poor financial habits from taking root."

**More information:** Hancock AM et al (2012). College students and credit card use: the role of parents, work experience, financial knowledge, and credit card attitudes. *Journal of Family and Economic Issues*; [DOI 10.1007/s10834-012-9338-8](https://doi.org/10.1007/s10834-012-9338-8)

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