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Financial Knowledge and Credit Card Behavior of College Students

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Abstract

This study examined the relationship between financial knowledge and credit card behavior of college students. The widespread availability of credit cards has raised concerns over how college students might use those cards given the negative consequences (both immediate and long-term) associated with credit abuse and mismanagement. Using a sample of 1,354 students from a major southeastern university, results suggest that financial knowledge is a significant factor in the credit card decisions of college students. Students with higher scores on a measure of personal financial knowledge are more likely to engage in more responsible credit card use. Specific behaviors chosen have been associated with greater costs of borrowing and adverse economic consequences in the past.

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