

Factors Influencing Consumer Credit Usage: Students and Their Parents—Abstract

Elizabeth C. Alexander, Marshall University
Angela V. Hausman, Marshall University

Building on extant research, this study investigates a broad range of variables affecting average credit balance and attitudes toward credit balances among consumers. Given the negative potentiality of high credit card balances and perceptions regarding the appropriateness of using credit, it would be interesting to examine differences in two types of credit card users: those with reported high balances in respect to their monthly income versus those with reported low balances. The purpose of this study was to examine the reported high and low balance users and their respective personal characteristics which may partially explain differences and attitudes toward carrying a balance and the size of the balance, including demographic and attitudinal variables. Specifically, the research addressed the following questions:

- 1) Do respondents reporting a high balance relative to their monthly income differ significantly from those reporting a low balance?
- 2) Do respondents perceiving their balance to be high differ significantly from respondents perceiving their balance to be low?
- 3) Do respondents perceiving a high balance relative to their monthly income but describing their balance to be low (classified as negatively mis-aligned) differ significantly from respondents reporting a high balance and perceiving that balance as high?

Results indicate that individuals reporting a high credit card balance are more likely to be female, younger, more impulsive, and less satisfied. Individuals perceiving their balance to be high were younger, more materialistic, more impulsive, and less satisfied. The group of respondents that reported a high credit card balance, but perceived that balance to be low were more materialistic. Further analysis suggests that age, education, impulsiveness, and satisfaction also contribute to group membership.

Further research exploring differences between the negatively mis-aligned and the positively mis-aligned groups in attitudes and usage of credit would be beneficial to marketers, educators, and the credit industry. Research could also continue to explore differences in credit card usage and attitudes related to developmental stages between the young (college age) and older users.