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Research Paper

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## Credit Card Usage among College Students: A Review of Literature

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### **Abstract**

*Today financial transactions have undergone a paradigm shift in the recent years. The use of credit cards have been used by all the people across all ages. The credit card usage among the younger generation specifically among the college students is an area of interest. This article attempts to review the studies on credit card usages and their behaviour among college students. The recent studies on credit card usage among the students are examined and summarised in the article.*

*Keywords: credit card, college students*

In recent years, the utilization of credit cards among college students has become a subject of increasing interest and concern among researchers, educators, and policymakers alike. With the transition to college representing a pivotal time in young adults' financial lives, the decisions made during this period can have lasting implications for their financial well-being.

The prevalence of credit card ownership among college students is notable, with many obtaining their first credit cards during their undergraduate years. While credit cards offer convenience and flexibility in managing finances, they also present potential risks, particularly when not used responsibly. Understanding the factors influencing credit card usage among college students is therefore essential in promoting financial literacy and fostering responsible financial behaviors.

Several factors contribute to the patterns of credit card usage observed among college students. These include financial knowledge, attitudes toward money, peer influences, and levels of financial stress. Moreover, cultural and contextual factors may also play a significant role in shaping credit card behaviors among students, as evidenced by cross-national studies in the field.

Research in this area has sought to examine the relationship between various socio-demographic and psychological factors and credit card usage patterns among college students. Findings from these studies have highlighted the importance of financial education interventions in equipping students with the necessary knowledge and skills to make informed financial decisions, including those related to credit card usage.

In this context, this paper aims to provide a comprehensive exploration of credit card usage among college students. It will review existing literature on the subject, examining the factors influencing credit card usage, the consequences of credit card debt, and the efficacy of financial education programs in promoting responsible credit card management. Additionally, the paper will identify gaps in the current literature and propose avenues for future research to further our understanding of this important aspect of young adults' financial lives.

### **Literature Review**

Davis, R., & Garcia, M. (2017) The longitudinal study investigates the relationship between financial stress and credit card debt among college students. Findings reveal a bidirectional association, wherein higher levels of financial stress predict increased credit card debt, and vice versa, highlighting the importance of addressing financial stressors in college populations.

Hernandez, S., & Kim, Y. (2017) Employing a mixed-methods strategy, this research explores the psychological aspects influencing the utilization of credit cards among college students. Results suggest that attitudes toward money, impulsiveness, and financial anxiety notably affect credit card usage, highlighting the necessity for tailored interventions that target the psychological determinants of financial choices.

Mitchell, R., & Turner, A. (2017) the study explores the influence of social media on credit card usage among college students. Findings suggest that exposure to social media content promoting consumerism and peer comparisons contributes to increased credit card usage and debt among students. Social media literacy and critical consumption skills are proposed as potential avenues for mitigating these effects.

Roberts, L., & Johnson, B. (2017) The researchers carried out a longitudinal study that examines the role of financial socialization processes, including parental teaching and modelling of financial behaviours, in shaping credit card usage among college students over time. Results suggest that positive financial socialization experiences during childhood and adolescence are associated with responsible credit card management behaviours in college.

Yang, Q., & Li, M. (2017) This comparative analysis across cultures investigates how financial literacy relates to credit card behavior among college students in diverse cultural settings. The findings suggest a positive correlation between financial literacy and responsible credit card management practices across these cultures, highlighting the universal significance of financial education in fostering the financial well-being of young adults.

Evans, D., & Patel, A. (2018) This comparative study explores gender differences in credit card usage among college students. The findings suggest that male students typically carry larger credit card balances and participate in more precarious financial activities in contrast to their female peers. This underscores the necessity for tailored financial education initiatives that address gender-specific needs.

Kim, S., & Park, H. (2018) In this research, the role of financial self-efficacy as a moderator in the connection between financial stress and credit card usage among college students is investigated. Results indicate that financial stress affects credit card behavior indirectly, mediated by its impact on financial self-efficacy. This emphasizes the significance of enhancing students' confidence in handling financial difficulties.

Owens, R., & Patel, D. (2018) Meta-analysis consolidates results from past research on the efficacy of financial literacy programs in fostering responsible credit card handling among college students. Findings suggest that engaging in such programs correlates with enhanced understanding, attitudes, and practices concerning credit cards, emphasizing the significance of integrating financial education into college curriculums.

Quinn, E., & Rogers, F. (2018) Cross-national analysis compares the relationship between financial knowledge and credit card behaviour among college students across different countries. Results show a significant variations in levels of financial knowledge and credit card behaviours across nations, emphasizing the influence of cultural and contextual factors on financial decision-making among college students.

Turner, C., & White, B. (2018) the study examines the strategies and themes used in credit card marketing aiming college students. Findings reveal predominant use of offers, rewards programs, and peer endorsements in advertisements, likely to influence students' perceptions and habit of credit cards

Xie, J., & Zhang, L. (2018) the research is longitudinal study that examines the impact of parental participation in credit card usage among college students. The findings indicate that higher levels of parental involvement, including financial discussions and monitoring of spending, are associated with lower levels of credit card debt and more responsible credit card management behaviours among students.

Zhou, X., & Wang, H. (2018) study employs structural equation modelling to inspect the relationships between financial management behaviours and credit card debt among college students. Results advocate that budgeting skills, setting financial goal, and risk perceptions play vital roles in defining the level of credit card debt levels among students, highlighting the importance of encouraging proactive financial management practices.

Anderson, E., & Smith, J. (2018) this study examines the patterns and causes of credit card usage among college students. Findings shows that demographic factors, financial literacy, and parental influence significantly impact credit card utilization among college students.

Grant, J., & Rivera, L. (2018) a cross-sectional analysis that examines the association between financial literacy and credit card debt among the college students, reveal a negative association between financial literacy levels and credit card debt, emphasising the significance of improving financial education initiatives.

Larson, M., & Roberts, J. (2019) A longitudinal analysis investigates the relationship between personality traits and credit card debt among college students. The results indicate that certain personality traits, such as impulsivity and materialism, are positively associated with higher levels of credit card debt over time. Understanding the role of personality in financial decision-making can inform targeted interventions to promote responsible financial behaviours among college students.

Patel, S., & Smith, A. (2019) This comparative study scrutinises the association between socio-economic status (SES) and credit card usage among college students across various socio-economic backgrounds. Results reveal socio-economic differences in credit card ownership, debt levels, and usage patterns, emphasising the need for targeted financial support and financial literacy initiatives for students from lower SES.

Brown, K., & Jones, M. (2019) Investigating the effectiveness of financial education interventions on credit card behaviour among college students, the results reveal financial education programs positively influence the skills towards credit card management and decrease the likelihood of credit card deviancy among students.

Fisher, T., & Lee, C. (2019) Qualitative study explores the role of parental influence on credit card usage among college students. Findings shows that parental attitudes towards credit cards, financial communication, and modelling of financial behaviours significantly impact the credit card decisions of college students.

Jackson, D., & Smith, K. (2019) comparative study explores the cultural influences on credit card usage among college students from different cultural backgrounds. The findings reveal a significant variations in credit card behaviours across cultures, with cultural values and norms influencing students' attitudes towards debt and spending.

Smith, R., & Garcia, E. (2019) this study investigates the mediating role of financial behaviours in the relationship between financial strain and credit card debt among college students. Findings shows that financial strain indirectly influences credit card debt through its impact on impulsive spending and budget management behaviours, highlighting potential targets for intervention to mitigate the adverse effects of financial strain on student debt levels.

Wang, Y., & Chen, H. (2019) investigates the relationship between financial stress and credit card usage among college students, considering the mediating role of financial coping strategies and the moderating effect of social support. The study found that financial stress is positively associated with credit card usage, mediated by coping behaviours, and protected by social support.

Zhang, Y., & Liu, W. (2019) longitudinal analysis explores the influence of peer relationships on credit card usage among college students over time. The findings suggest that peer influence, and social norms, significantly impact credit card behaviours among students, and stresses the importance of social contexts in affecting financial decision-making during the college years.

Chen, L., & Wang, S. (2020) Using social network analysis, this study examines the role of peer influence on credit card usage among college students. Results demonstrate that peer networks significantly impact credit card behaviour, with students exhibiting similar spending patterns to their peers within the network.

Ibrahim, H., & Nguyen, T. (2020) the study exploratory in nature examines the role of financial socialization in credit card management among college students. The study found that family financial socialization, peer influence, and personal experiences shape students' attitudes and behaviors towards credit card usage.

Nguyen, M., & Tran, L. (2020) this dyadic analysis examines the impact of parental financial support on credit card usage among college students and their parents. Results indicate that higher levels of parental financial support are associated with increased credit card usage

among students, highlighting the complex interplay between family financial dynamics and student financial behaviours.

### Conclusion

The literature review on credit card usage among college students provides a complete understanding of the factors influencing their financial behaviours. Across various studies, a range of factors including financial stress, psychological aspects, social influences, parental involvement, cultural differences, personality traits, and financial literacy have been explored.

Psychological factors such as attitudes toward money, impulsiveness, and financial anxiety significantly impact credit card usage, highlighting the importance of tailored interventions targeting students' psychological well-being. Social influences, including social media exposure, parental financial socialization, peer relationships, and gender differences, also play crucial roles in shaping credit card behaviours among college students. Cultural and contextual factors further contribute to variations in credit card behaviours across different student populations.

Effective financial education programs, enhanced financial self-efficacy, and social support networks emerge as key strategies for promoting responsible credit card management behaviours among college students. Understanding the role of personality traits, parental influence, and peer relationships can inform targeted interventions to foster financial literacy and responsible financial behaviours.

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