

COLLEGE STUDENTS AND CREDIT CARD USE: THE EFFECT OF PERSONAL FINANCIAL KNOWLEDGE ON DEBT BEHAVIOR

Cliff A. Robb

Dr. Deanna Sharpe, Dissertation Supervisor

ABSTRACT

Analysis of survey data from 6,520 students at a large Midwestern University affirmed that financial knowledge is a significant factor in the credit card decisions of college students, though the relationship between the two does not behave entirely as expected. Contrary to expectations, results of a double hurdle analysis indicate that students with higher levels of financial knowledge had significantly higher credit card balances. While the present analysis develops a clear link between financial knowledge and financial behaviors, questions remain as to the direction of the relationship. The present analysis provides further insight into the determinants of personal financial knowledge. Specifically, improved scores are noted among white males who are financially independent, receive financial aid, are married, have had at least one course in personal finance, and are business majors.