



HOW UNDERGRADUATE STUDENTS USE CREDIT CARDS

Sallie Mae's National Study of Usage Rates and Trends 2009



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KEY FINDINGS

In this time of credit crunch and economic downturn, college students are relying on credit cards more than ever before. Nearly every indicator measured in spring 2008 showed an increase in credit card usage since the last study was conducted in fall 2004.

- Eighty-four percent of undergraduates had at least one credit card, up from 76 percent in 2004, the last time the study was conducted. The average number of cards has grown to 4.6, and half of college students had four or more cards.
- Undergraduates are carrying record-high credit card balances. The average (mean) balance grew to \$3,173, the highest in the years the study has been conducted. Median debt grew from 2004's \$946 to \$1,645. Twenty-one percent of undergraduates had balances of between \$3,000 and \$7,000, also up from the last study.

By year in college, credit card usage and debt also is increasing across all categories—credit card ownership, average balance, median balance, those carrying any balance, and those carrying high balances.

- Since 2004, students who arrived on campus as freshmen with a credit card already in-hand have increased from 23 percent to 39 percent.
- In spring of 2008, only 15 percent of freshmen had a zero balance, down dramatically from 69 percent in the fall of 2004. The median debt freshmen carried was \$939, nearly triple the \$373 in 2004.
- Seniors graduated with an average credit card debt of more than \$4,100, up from \$2,900 almost four years ago. Close to one-fifth of seniors carried balances greater than \$7,000.

Nine in 10 undergraduates reported paying for direct education expenses with credit cards—and the average amount they charged more than doubled since the last study.

- Ninety-two percent of undergraduate credit cardholders charged textbooks, school supplies, or other direct education expenses, up from 85 percent when the study was last conducted, in 2004.
- Nearly one-third (30%) put tuition on their credit card, an increase from 24 percent in the previous study.
- Students who used credit cards to pay for direct education expenses estimated charging \$2,200, more than double 2004's average of \$942.
- The most common education expenses charged were textbooks (76%), school supplies (75%), and commuter costs (54%).
- Food (84%), clothing (70%), and cosmetics (69%) ranked at the top of other expenses charged.

Many college students seem to use credit cards to live beyond their means—not just for convenience—and more than three-quarters incurred finance charges by carrying a monthly balance.

- Sixty percent experienced surprise at how high their balance had reached, and 40 percent said they have charged items knowing they didn't have the money to pay the bill.
- Only 17 percent said they regularly paid off all cards each month, and another 1 percent had parents, a spouse, or other family members paying the bill. The remaining 82 percent carried balances and thus incurred finance charges each month.

One-third of students rarely or never discussed credit card use with parents, and nearly all undergraduates would like more information on financial management topics.

- Two-thirds of survey respondents said they had frequently or sometimes discussed credit card use with their parents. The remaining one-third who had never or only rarely discussed credit cards with parents were more likely to pay for tuition with a credit card and were more likely to be surprised at their credit card balance when they received the invoice.
- Eighty-four percent of undergraduates indicated they needed more education on financial management topics. In fact, 64 percent would have liked to receive information in high school and 40 percent as college freshmen.

INTRODUCTION

Sallie Mae, through its wholly owned subsidiary Nellie Mae, has published at regular intervals, since 1998, its analysis of credit card usage among college students at both the undergraduate and graduate levels. With today's economic environment, information in this study continues to be relevant to students, educators, lenders and families. Particularly because college students generally produce a modicum of income, it is important to understand how they use credit, how much they are using, and the factors—both attitudinal and situational—that contribute to their decisions to use credit.

The primary data used for the study to assess how much credit students are using comes from credit bureau reports of students who have applied for credit-based “alternative” or “private” student loans. In the early versions of the study, we analyzed only this credit bureau data for a randomly selected group of students at the start of the academic year. Beginning in 2004, we added a survey component to help uncover student attitudes about credit and the types of goods and services for which they are using credit.

Although we are continuing to provide information around the original core of the study, we have made additional variations in 2008. First, to boost the number of responses to the survey component, we sent the survey request to a larger pool of private loan applicants with similar selection criteria as the random sample, rather than restricting the survey to the credit bureau sample. Secondly, the core group was pulled from both Nellie Mae and Sallie Mae private loan applicants, rather than limiting the study pool to Nellie Mae private loan applicants. Thirdly, and perhaps the most significant change, is that we looked at students in the spring semester of the academic year rather than the fall semester. By doing so, we have a better picture of the credit card financial situation students are in after facing two semesters of college costs and living expenses.

A total of 1,200 students between the ages of 18 and 24 enrolled as undergraduate students in the spring of 2008 at public and private four-year colleges and universities was included in the credit bureau analysis. The survey was sent by mail and email in June and July to this group, resulting in an 8 percent response rate. The online survey was also sent to an additional 4,600 undergraduates enrolled in the spring at four-year colleges, ages 18 to 24, between August and September and received a 4 percent response rate.

Each table and figure included in the report identifies whether the data source is the credit bureau reports or the self-reported surveys. Reported frequencies may not add up to 100% due to rounding.

HOW UNDERGRADUATE STUDENTS USE CREDIT CARDS

Most college students continue to rely on credit. Only 2 percent of undergraduates had no credit history; and only 15 percent who had a credit history had no record of credit card ownership. Eighty-four percent of this student population overall have credit cards, an increase of approximately 11 percent since the fall of 2004, the last time the undergraduate study was conducted.

In this time of credit crunch and economic downturn, the rate of college students carrying at least one credit card has increased, and those who have cards are charging more than ever before. Of the measures we use to look at activity by card users, all have increased since 2004 and compared to 2002, the previous high in all categories, only the median debt level in 2008 is not at its highest, at approximately 7 percent less in 2008 than it was in 2002.

Data collected in March 2008 show that the average (mean) amount of debt carried by undergraduate student cardholders increased from 2004 by 46 percent to \$3,173. During the same time period, median debt increased by 74 percent to \$1,645. The average number of cards carried per cardholder, those carrying four or more cards, and those with balances in the \$3,000 to \$7,000 range also increased.

	1998	2000	2002	2004	2008
Percentage who have credit cards	67%	78%	83%	76%	84%
Average number of credit cards	3.50	3.00	4.25	4.09	4.60
Percentage who have 4 or more cards	27%	32%	47%	43%	50%
Average credit card debt	\$1,879	\$2,748	\$2,327	\$2,169	\$3,173
Median credit card debt	\$1,222	\$1,236	\$1,770	\$946	\$1,645
Percentage with balances \$3,000–\$7,000	14%	13%	21%	16%	21%

Table 1: Percentage of students with credit cards, average number of cards and average and median balances by study year; source: credit bureau data

The difference in collecting data in the spring rather than the fall has likely had an impact on both the percentage of freshmen who have cards as well as the increased average outstanding balance among all students—more time to accumulate charges during the year and more time for freshmen who acquire cards in their first year actually to obtain them and use them.

It is also important to note that upperclassmen represent two-thirds of the 2008 study population while underclassmen represent only one-third; whereas in the 2004 study, 56 percent were upperclassmen and 44 percent were underclassmen. The combination of a lower inclusion rate of underclassmen and the higher credit card ownership of freshmen in the spring of 2008 help contribute to the overall card ownership increase to 84 percent from 76 percent in 2004.

OBTAINING CREDIT CARDS AND CARD OWNERSHIP, BY GRADE LEVEL

Although freshmen were less likely to carry cards compared to other grade levels, in spring 2008 there was a 60 percent increase in the percentage of freshmen carrying cards compared to the fall of 2004—67 percent of freshmen in spring 2008 carried credit cards vs. 42 percent in fall 2004.

Card ownership, by grade level	2004	2008
Freshman	42%	67%
Sophomore	72%	76%
Junior	83%	90%
Senior/5 th Year	91%	88%

Table 2: Percentage of students in 2004 vs. 2008 with credit cards by grade level; source: credit bureau data

When students with credit cards obtained first card	2004	2008
Before entering college	23%	39%
During freshman year	43%	36%
While enrolled later than freshman year	33%	12%

Table 3: Percentage of students in 2004 vs. 2008 reporting when they obtained first credit card; source: self-reported survey

Those carrying four or more cards, by grade level	2004	2008
Freshman	15%	23%
Sophomore	34%	41%
Junior	41%	50%
Senior/5 th Year	56%	62%

Table 4: Percentage of students in 2004 vs. 2008 with four or more credit cards, by grade level; source: credit bureau data

their college careers as well. Twenty-three percent of freshmen in spring 2008 who have credit cards carry four or more cards compared to 15 percent in fall 2004.

Despite the change in timing of the study, the variations in card ownership are not significant among upperclassmen.

However, based on survey responses provided by students, time of academic year is not the only factor influencing the freshman increase. Since 2004, students who arrived on campus as freshmen with a credit card already in hand have increased by almost 70 percent, from 23 percent of the population who carry cards to 39 percent.

The increase among freshmen carrying four or more cards was more than twice the rate than the increase of the upperclass students who carry four or more cards. By obtaining first cards earlier, students—particularly freshmen—may be accelerating the acquisition of additional cards early in

Students continue to respond to sales solicitations for credit cards, with 58 percent (similar to the 57 percent in 2004) identifying a direct solicitation method as a source for obtaining their first card. Direct postal mail continues to dominate as a solicitation channel and is the No. 1 overall source for students to obtain cards. In-store solicitations and e-mail solicitations increased their reach to students compared to 2004 when only 1 percent reported an e-mail solicitation and less than 1 percent cited an in-store solicitation as the source for their first card. A much lower percentage of students—only 5 percent compared to 18 percent in 2004—identified on-campus vendors as the channel through which they obtained their first card.

How Students Chose First Credit Card Vendor

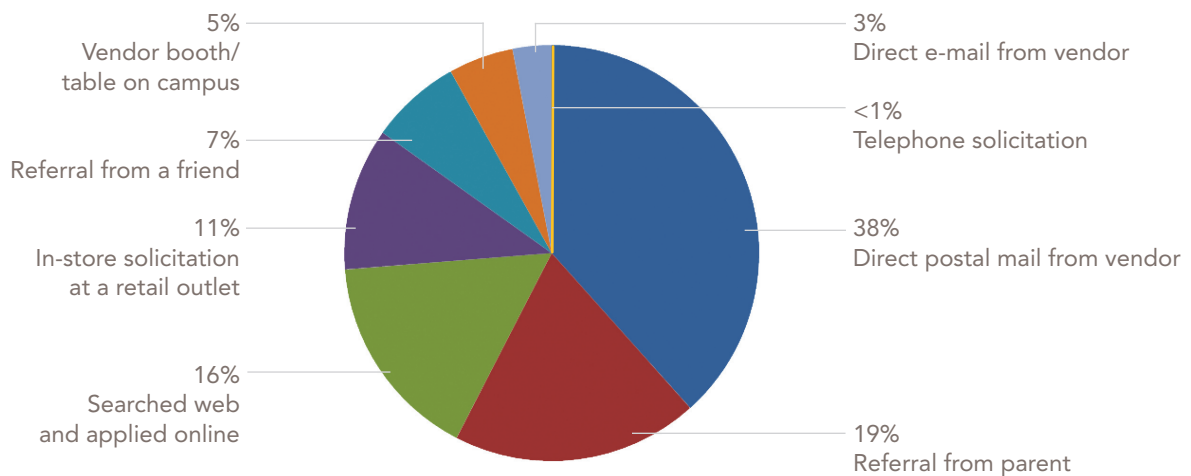


Figure 1: Percentage of students in 2008 that obtained first credit card through the identified channel; source: self-reported survey

If an increasing number of students are indeed obtaining cards prior to arriving on campus, then it is not surprising to see that on-campus vendor booths have decreased as a source for college students to apply for their first credit card. On-campus vendors, however, may play a more significant role in students acquiring additional cards compared to acquiring their first card.

The other 42 percent of the survey respondents identified non-solicitation methods—personal referrals and independent research—as the avenues used to obtain a first card. Although parent referral continues as the primary non-solicitation method, only 19 percent of students reported this as their source in 2008 compared to 26 percent in 2004. Students report a greater level of independence in applying for a first card with 16 percent searching the web and applying online compared to 11 percent four years ago.

CREDIT CARD DEBT, BY GRADE LEVEL

The outstanding debt college students owe on credit cards increased across all categories for all grade levels—average balance, median balance, those carrying any balance and those carrying high balances.

Credit card debt increases with grade level, doubling from freshman year to senior year. Seniors who carry credit cards are graduating with an average credit card debt of more than \$4,100, up 41 percent from \$2,900 in 2004. Close to one-fifth of final year students with credit cards (19%) carry balances greater than \$7,000.

While freshmen continue to carry lower balances than students in the upper grades, the median debt they are carrying nearly tripled to \$939 from \$373 in 2004.

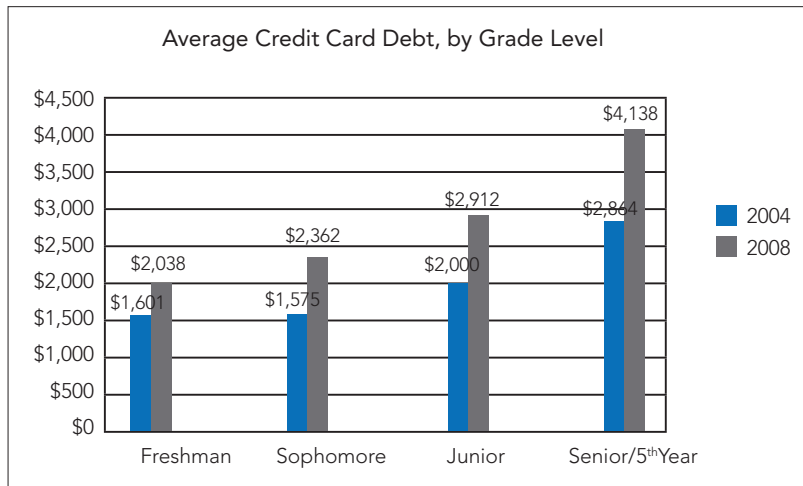


Figure 2: Comparison of average credit card debt, by grade level, 2004 vs. 2008; source: credit bureau data

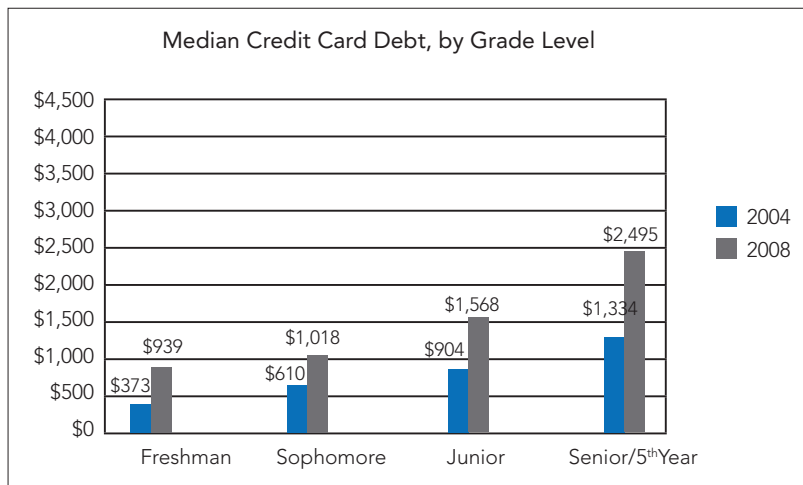


Figure 3: Comparison of median credit card debt, by grade level, 2004 vs. 2008; source: credit bureau data

Across all grades, those carrying zero balances decreased dramatically in the spring of 2008 compared to the fall of 2004. This is especially striking in second semester freshmen in 2008. In the fall of 2004, 69 percent of freshmen had a zero balance on their credit cards while in the spring of 2008, the percentage of freshmen with a zero balance dropped to only 15 percent. The percentage of students carrying more than \$7,000 in outstanding credit card balances increased across all grade levels with the percentage among final year students almost doubling from 10 percent to 19 percent.

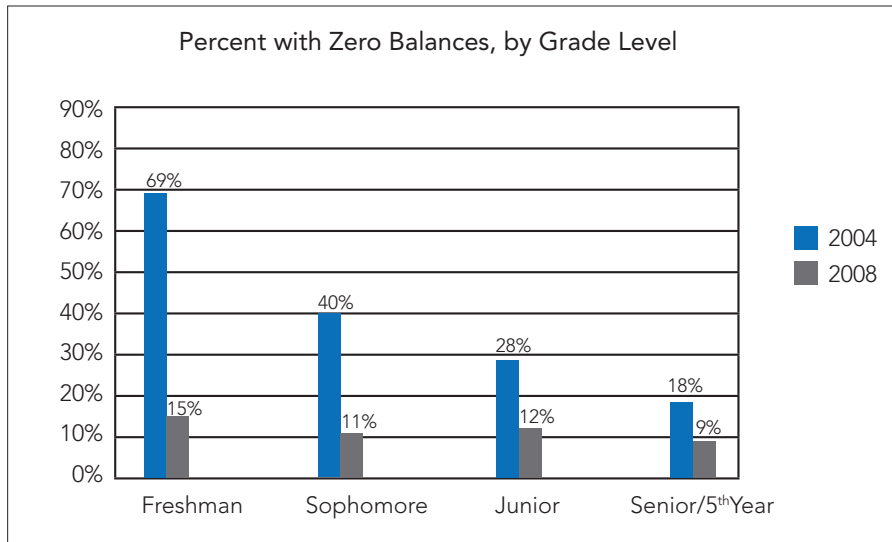


Figure 4: Comparison of percentage of students with credit card balance of zero, 2004 vs. 2008, by grade level; source: credit bureau data

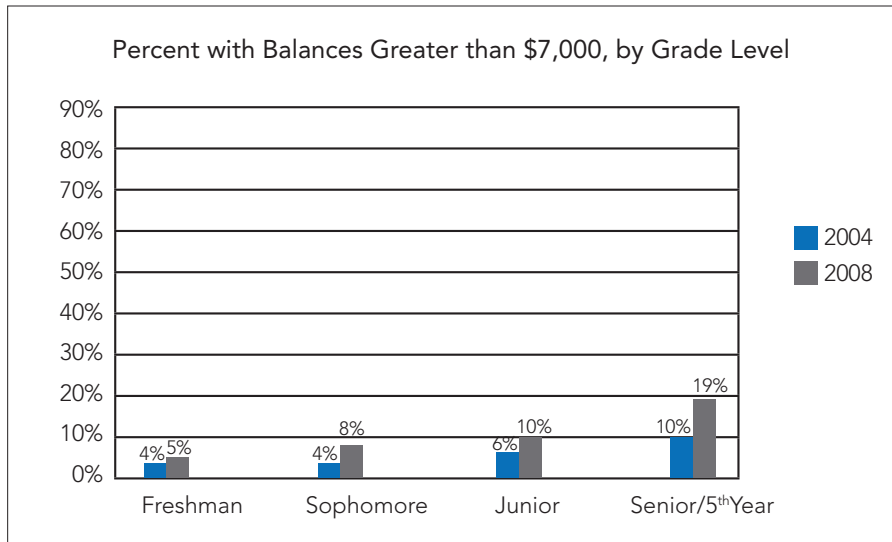


Figure 5: Comparison of percentage of students with credit card balances greater than \$7,000, 2004 vs. 2008, by grade level; source: credit bureau data

CREDIT CARD OWNERSHIP AND BALANCES, BY REGION

Region	Northeast	South	Midwest	West	National
Percent with cards	79%	84%	86%	91%	84%
Average number of cards	4.3	4.5	4.9	4.6	4.6
4 or more cards	49%	49%	54%	49%	50%
Average credit card debt	\$2,976	\$3,067	\$3,260	\$3,817	\$3,173
Median credit card debt	\$1,589	\$1,453	\$1,718	\$2,080	\$1,645
Percentage with zero balance	8%	13%	11%	7%	11%
Percentage with balances \$3,000–\$7,000	18%	20%	24%	24%	21%
Percentage with balances greater than \$7,000	11%	12%	12%	16%	12%

Table 5: Average debt, percentage of card ownership and students in specified balance segments, by region in 2008; source: credit bureau data

Students attending college in the West region of the country have the highest percentage of card ownership and the highest debt levels on their cards. This is a change from the past two studies (2004 and 2002) when Midwesterners carried the highest balances. Ninety-one percent of undergraduate students in the West region have cards, carrying an average balance above \$3,800 and a median balance close to \$2,100. Only 7 percent of students in the West have a zero balance, while 24 percent carry balances between \$3,000 and \$7,000, and 16 percent carry balances greater than \$7,000. Midwesterners still carry the highest average number of cards, and the Midwest encompasses the highest percentage of students with four or more cards.

Students attending college in the Northeast are more likely not to carry any cards (21% without cards, 79% with cards) than students in other regions. Also, students in the Northeast carry the lowest average debt, just under \$3,000, and the Northeast has the lowest percentage of students carrying debt above \$3,000. Students in the South, however, have the lowest median debt—less than \$1,500, and they are the most likely to pay off their cards in full with 13 percent carrying a zero balance.

SPENDING BEHAVIOR

The survey portion of the study provides directional information about some of the purchasing trends and spending behavior college students adopt with the use of credit cards.

One indicator of whether students are cautious or thoughtful in their credit purchasing decisions is how strongly they correlate the immediate purchase with having to pay the future bill. When asked the following question, “Upon receiving your monthly statement, have you been surprised to see how high your balance had reached?” almost one-quarter of the respondents (22%) said they were frequently surprised and an additional two-fifths (38%) said they were sometimes surprised.

	Ever experienced surprise at how high credit card balance reached?	Ever charged items knowing you didn't have money to pay the bill?
Frequently	22%	8%
Sometimes	38%	32%
Rarely	20%	28%
Never	19%	31%

Table 6: Percentage of students in 2008 surprised by card statement and who charged items knowing couldn't pay bill; source: self-reported survey

Further, 8 percent of the respondents said they had frequently used a credit card to buy items knowing they didn't have the money to pay the bill when it arrived; another 32 percent admitted sometimes using credit cards to buy items knowing they didn't have the money to pay for the items.

using credit cards to pay for college expenses. If so, why are they choosing credit cards instead of more practical financing options? If not, what are they charging on their credit cards?

Concern is often expressed around whether students are

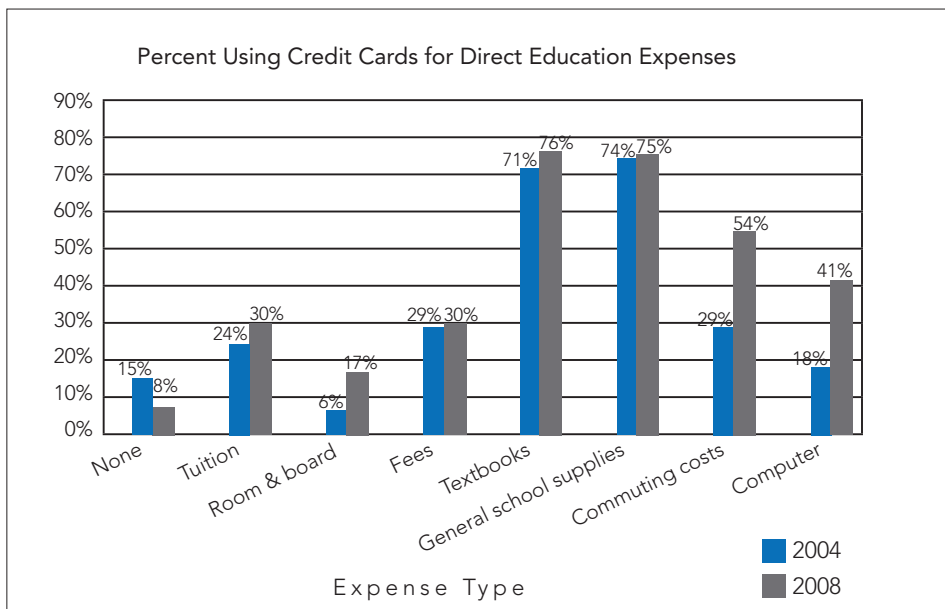


Figure 6: Percentage of students who used credit cards to pay for direct education costs by expense type, 2004 vs. 2008; source: self-reported survey

Ninety-two percent of undergraduates who have credit cards said they used their cards to pay for some type of college expense. This usage rate is up from 85 percent who said they used cards for direct education expenses in 2004. Of those who used credit cards for direct education expenses, the most common items charged were textbooks (76%) and general school supplies (75%), followed by commuter costs (54%) and computers (41%).

Thirty percent said they used credit cards for some portion of their tuition, up from 24 percent who charged tuition in 2004. The estimated average direct education costs charged were \$2,200, more than double 2004's average of \$942.

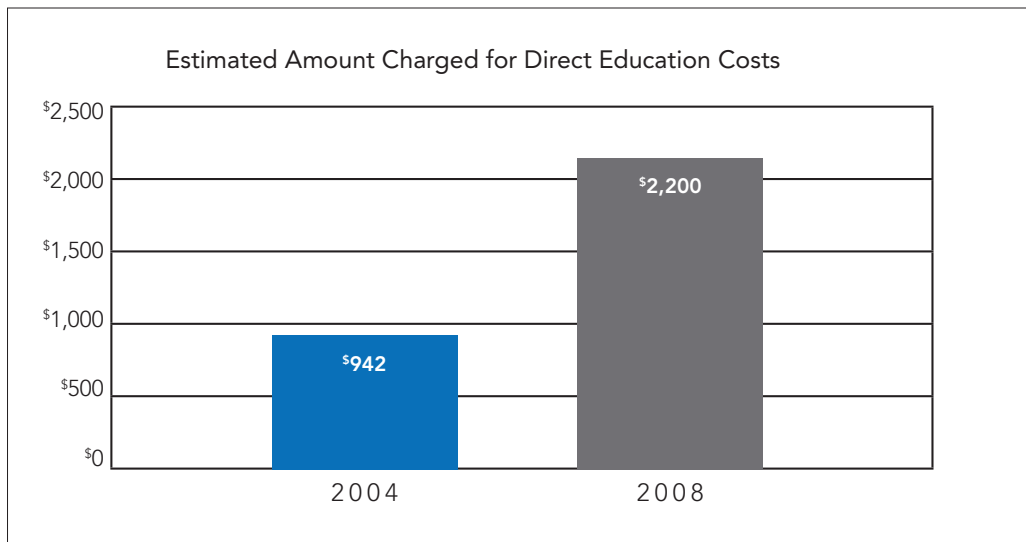


Figure 7: Amount students estimated they charged for direct education expenses in prior 12-month period, 2004 vs. 2008; source: self-reported survey

When asked why they chose to pay by credit card for these direct education expenses, the No. 1 response was “Didn’t have enough savings and financial aid to cover all the costs.” Thirty-one percent of respondents ranked this as their primary reason and 58 percent of respondents ranked this in their top three. “Convenience” was the second most common reason given with 24 percent ranking this first and 56 percent ranking it in their top three reasons. The third most selected reason given was “I underestimated the total cost of attendance and used my card to cover expenses I hadn’t planned for” with 8 percent ranking this as their primary reason and 34 percent ranking it in their top three reasons.

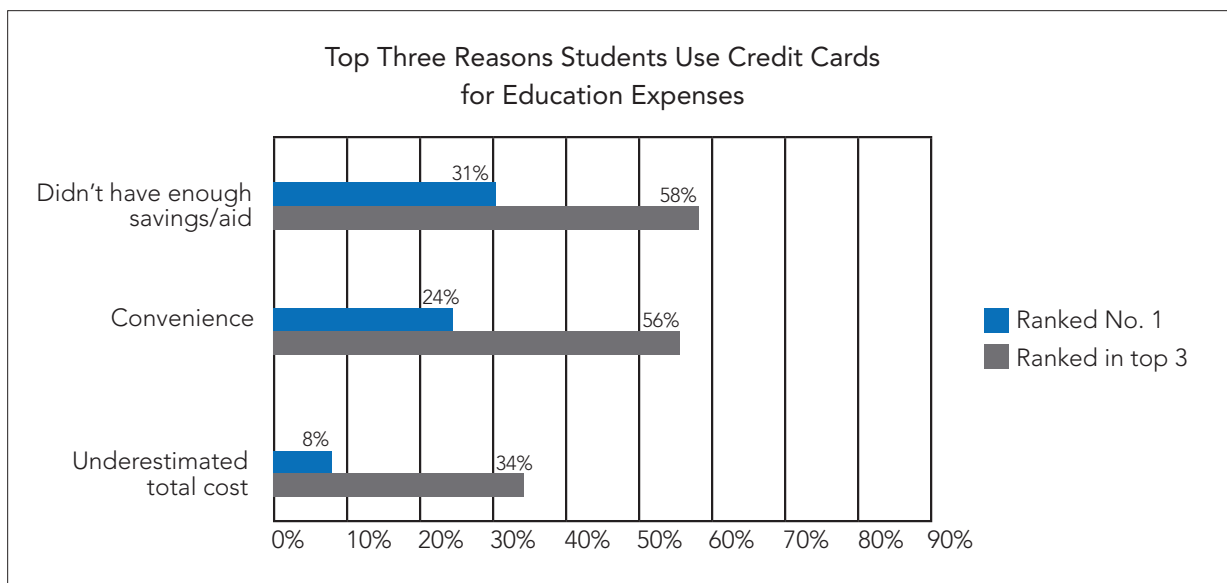


Figure 8: Top three reasons students identified for paying direct education expenses with a credit card; source: self-reported survey

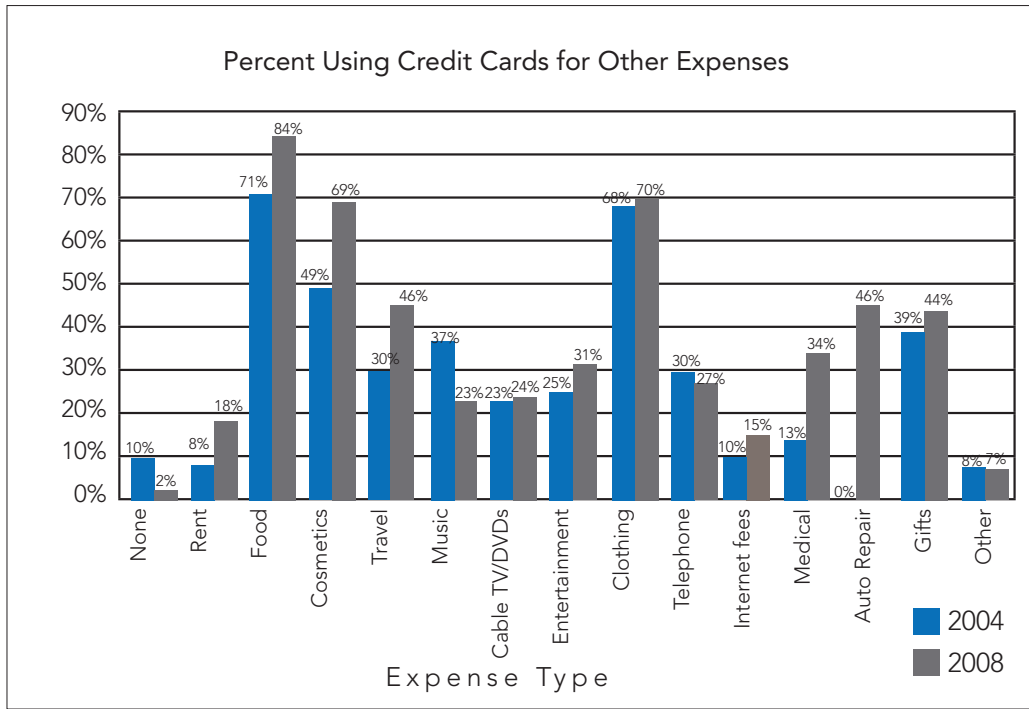


Figure 9: Percentage of students who used credit cards to pay for non-direct education or other costs by expense type, 2004 vs. 2008; source: self-reported survey

Of the other types of goods and services purchased for which students use credit cards, food was chosen by 84 percent of undergraduates. Food was followed by clothing (70%) and cosmetics (69%), then by automobile repair expenses and non-commuting travel (both 46%).

When asked about frequency of purchases, of those who used their cards for non-direct education expenses, the No. 1 response, which was given by 34 percent of students, was that they used their cards most frequently on transportation costs (including gas); 23 percent identified food as the most frequent type of item charged.

PAYMENT BEHAVIOR AND ANXIETY

Most college students follow credit card bill payment guidelines that will keep their credit records clean and not endanger their credit scores. Only 7 percent admit to paying less than the minimum required some of the time when their credit card bill comes due. However, maintaining a good credit history is only part of the story when managing credit. Reducing finance charges is an important part of debt reduction and frees up more funds for other expenses, helping consumers to balance budgets. Yet, only 17 percent of college students say they regularly pay off all cards each month, and less than 1 percent say someone else pays the bill for them. Thus, while they are making at least the required payments each month, more than three-quarters of college students are incurring finance charges by carrying over credit card debt month to month.

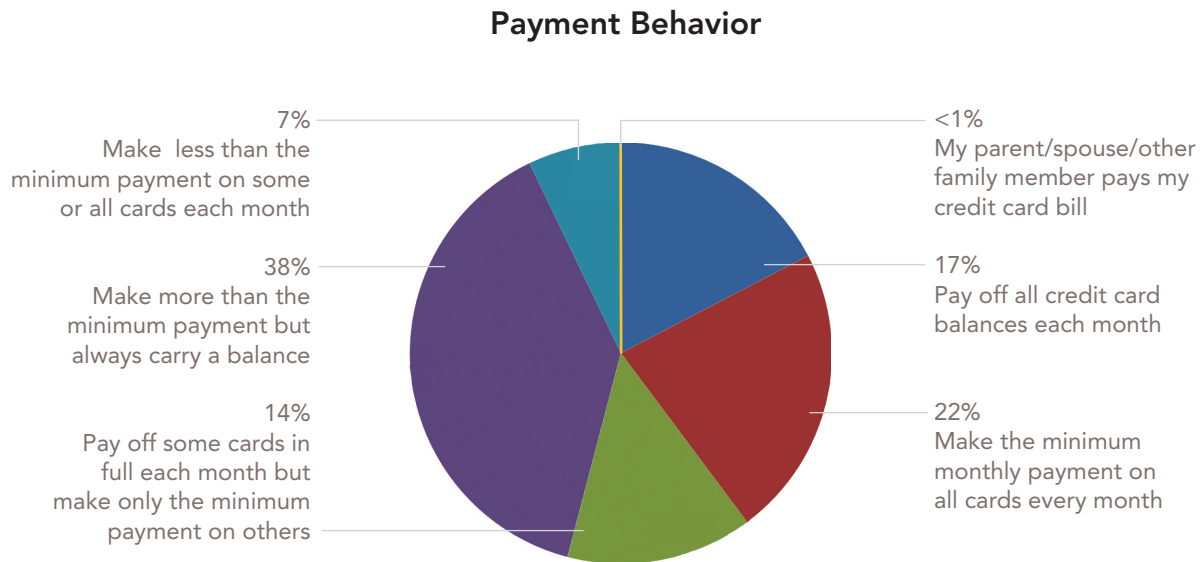


Figure 10: Percentage of students who say their credit card payment behavior most typically resembles that described; source: self-reported survey

Students were asked to rate to what extent they felt anxious about their ability to pay their monthly credit card bills. They were given a rating scale of one through five, with one defined as “extremely anxious” and five defined as “not at all anxious.” Nearly half (45%) say they experience high levels of anxiety about paying their credit card bills (when combining one and two response ratings), with almost one-quarter (24%) saying they feel extremely anxious. Approximately one-third of college students (28%) experience little to no anxiety over the payment of their credit card bills (combining response ratings four and five).

Payment Anxiety

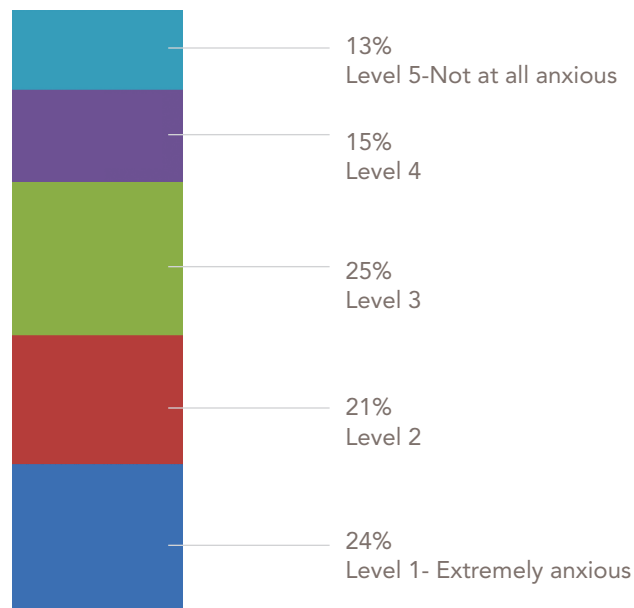


Figure 11: Percentage of students rating their corresponding anxiety level with their ability to pay their monthly credit card bill; source: self-reported survey

Although the sample sizes are very small when we break out payment behavior by anxiety level, generally those who feel not at all anxious are those who pay more than the minimum required on their combined card balances each month. On the other hand, those who feel extremely anxious are more likely to say that they make only the minimum payment or less than the minimum payment than those who feel less anxiety.

CREDIT EDUCATION

When students were asked whether they would like more information now on various financial management topics, 84 percent said they were interested in pursuing some areas of education to increase financial literacy while only 16 percent were not.

- Of those interested in learning more about financial management, debt management seemed to be top-of-mind. Two-thirds wanted information about student loan repayment and half wanted information on debt reduction strategies.
- General money management was also of interest with 46 percent choosing budgeting and 45 percent savings strategies.
- Many enrolled students are still interested in finding ways to pay for school with 42 percent identifying financial aid resources and 35 percent paying-for-college planning and options.
- Less than one-third of undergraduates were interested in retirement and future financial planning and only one-quarter in understanding the benefits and pitfalls of using credit.

When asked when they would prefer to receive financial management information, 64 percent would have liked to receive information in high school and 40 percent as a college freshman. Thirty-eight percent would like to receive information on an ongoing basis as an undergraduate while 28 percent said receiving information prior to borrowing was desirable, and 20 percent said receiving it prior to college graduation was desirable.

Only 5 percent said they were not interested in receiving financial management information at any time. Finally, when asked the best way to deliver financial management information, undergraduates opted for in-person education sessions over self-directed or passive methods.

- On a scale of one through five with one defined as the most preferred method and five defined as the least preferred, “in the classroom” and “through a one-on-one meeting” tied as the most preferred methods of having financial management information delivered. When looking only at the one response rating, 35 percent chose “in the classroom” and 35 percent chose “through a one-on-one meeting.” When combining one and two response ratings, 55 percent of the respondents chose “in the classroom” and 55 percent chose “through a one-on-one meeting.”
- The next most selected one response rating was “from parents” with 28 percent choosing that as their most preferred method and 49 percent ranking it as either their first or second choice. Though only 19 percent chose “informal group setting” as their first choice, when combining the first and second response ratings it closely ranks with parents at 46 percent.
- On the other hand, 35 percent chose “workbook” as their least preferred method (five on the scale of one through five). When the fours and fives are combined, 54 percent rank workbook at the bottom of their list.
- Reminder e-mail tips and posted tips on campus are the next least preferred with 27 and 26 percent of students, respectively, ranking them in the fifth slot and 44 percent ranking them as either a four or five.
- Of the education methods that do not involve direct human interaction, online tutorial fared the best. Twenty-three percent selected it as least preferred and 37 percent chose it in the fourth or fifth slot; conversely, 18 percent chose it as their most preferred method and 37 percent also chose it in the combined first and second slots.

PARENT INVOLVEMENT

Students were asked whether they had ever discussed with their parents how and how not to use credit cards. Almost two-thirds (65%) said they had frequently or sometimes discussed this topic. However, about one-third (35%) had rarely or never discussed credit card use with parents.

A higher frequency of discussion with parents may influence credit card spending choices in a positive way.

Those who had never discussed credit cards with their parents were more likely to pay some portion of their tuition bill using a credit card. Thirty-six percent of those who responded “never” talking with parents about credit cards indicated using a credit card for tuition. Of those who responded “rarely,” 28 percent indicated using a card for tuition. Of students who indicated talking to their parents about credit cards, smaller percentages used cards to pay for education: 25 percent of those who responded “sometimes” and 23 percent of those who responded “frequently” reported using credit cards for some portion of tuition.

Those who had never discussed credit cards with their parents were more likely to be frequently surprised at how high their credit card bill had gotten when it arrived in the mail. Twenty-seven percent of students who said they never discussed credit cards with their parents indicated they were frequently surprised at how high their balance had reached compared to 17–18 percent of the students who gave one of the other three responses.

Students who do not discuss credit cards with their parents may be choosing not to do so. Of the students who said they have never or rarely discussed with parents, 45 percent and 32 percent, respectively, indicated that receiving financial education information from their parents was their least preferred method. Students who said they sometimes or frequently discuss credit card use with parents were much less likely to say parents were their least preferred source (9% and 12%, respectively).

Percent of Students Who Discuss Credit Card Use with Parents

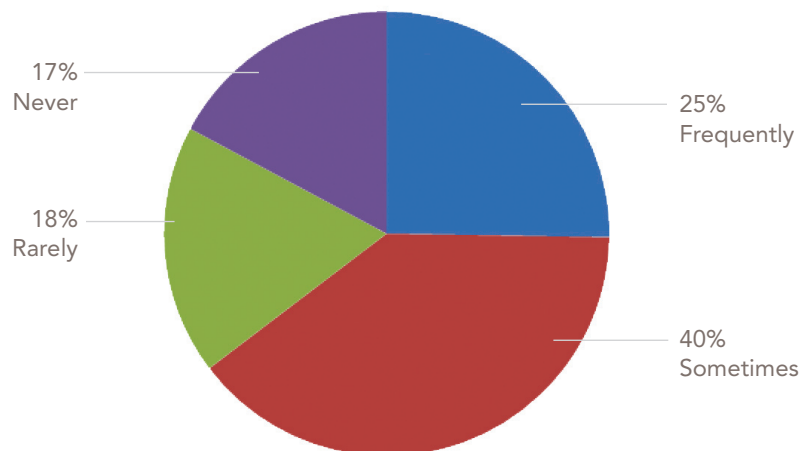


Figure 12: Percentage of students who identified frequency of discussion of credit card use with parents; source: self-reported survey

CONCLUSION

Using credit is an accepted practice, and some students likely view credit as a necessity for purchasing goods and services.

Additionally, the use of debit cards, paycheck direct deposits, and paying bills online or through automatic debit have helped to make “real” money a thing-of-the-past.

Despite the credit crunch and economic downturn, the study reveals record highs in the percentage of students with credit cards, the number of cards they carry, and their average balance. At the same time, more than half of college students express surprise over how high their credit card bills have reached. One-third of students aren’t talking to their parents about responsible credit card use. Three-quarters of students are paying finance charges on a regular basis by borrowing against their credit cards and not paying off their bills in full each month. Others are not budgeting appropriately, thus are paying for some direct education expenses, including tuition, with credit cards instead of using federal student loans and private education loans which are typically less expensive forms of credit.

When used responsibly, credit cards can be an asset by saving the user time and enabling access to goods that might not otherwise be available. College students need access to financial options that combine financial education and parental involvement. Responsible credit options for college students include those offerings that tie to checking accounts or to parents’ credit cards, enable families to earn cash back that can be used for college expenses, and come with information about how to use credit wisely.

Developing, then following, a financial plan of which credit cards are only one component will benefit students more in the long run than the simple extension of credit. Parents, educators, and financial institutions can together take action to respond to college students’ need for responsible credit options. College can be a time not only for academic study and exploring future careers but also for learning smart money skills that prepare the way for a lifetime of effective household financial management.

BACKGROUND AND METHODOLOGY

The Sallie Mae 2008 credit card usage study is the fifth in a series conducted since 1998, when the first study was released by Nellie Mae. For this study, we selected a random pool of undergraduate alternative loan applicants in March 2008, ages 18 to 24, attending four-year public or private colleges and universities. This resulted in a sample population of 1,200 students. Credit bureau data pulled in the loan application process was analyzed for the study. Of the population sample, 2 percent had no credit history and 15 percent had a credit history but no credit cards.

Of the total population, 12 percent were freshmen, 19 percent sophomores, 33 percent juniors, and 35 percent seniors (fourth- and fifth-year students). The breakout by age was: 5 percent were 18 years old; 11 percent were 19; 19 percent were 20; 25 percent were 21; 22 percent were 22; 12 percent were 23; and 6 percent were 24. The breakout by region of the country showed 22 percent residing in the Northeast, 41 percent in the South, 27 percent in the Midwest, and 10 percent in the West.

In contrast from earlier studies, the samples were pulled from an application submission date of March (spring, or second semester) rather than August through October (fall, or first semester).

The analysis also includes findings from a self-reported survey. For the 2008 study, students from an expanded sample of both Nellie Mae and Sallie Mae private loan applicants were surveyed in two groups. The first group, which included the credit bureau sample population, received surveys three to four months after the credit bureau data was pulled with an 8 percent response rate; the second group, which had similar selection criteria as the credit bureau sample population, received surveys five to six months after credit bureau data was pulled with a 4 percent response rate.

Total survey responses received were 292 and completed surveys were 249. Of the completed survey population, 9 percent were freshmen, 23 percent sophomores, 30 percent juniors, and 37 percent seniors (fourth and fifth-year students). The breakout by age was: 2 percent were 18 years old; 8 percent were 19; 16 percent were 20; 25 percent were 21; 22 percent were 22; 12 percent were 23; 12 percent were 24 and 2 percent were 25. The breakout by gender was 26 percent male and 74 percent female.