

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.