

AN ABSTRACT OF THE THESIS OF

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Title: USE OF CONSUMER CREDIT FOR PURCHASES MADE BY  
HIGH SCHOOL STUDENTS IN KLAMATH FALLS, OREGON

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The purpose of this study was to examine the use of consumer credit by teenagers in Klamath Falls, Oregon. Data for the study were obtained from a questionnaire administered to junior and senior students in Klamath Union and Henely High Schools. Of the 295 questionnaires administered, 285 were tabulated and analyzed.

The following hypotheses were tested:

1. There is no relationship between the use of teenage consumer credit and: (a) sex, (b) age of parents, (c) residence, (d) amount of weekly spending, and (e) income of parents. The following parts of hypothesis one: (a) sex, (b) age of parents, (c) residence were accepted; but parts: (d) amount of weekly spending, and (e) income of parents were rejected.

2. Items purchased with credit by male teenagers do not differ from those purchased with credit by female teenagers. This hypothesis was rejected.

Of the 285 teenagers, 157 were males and 128 were females. One hundred seven were credit users and 178 were noncredit users. Sixty-four males and 43 females reported using credit.

Seventy-one percent of the credit users and 88 percent of the noncredit users had \$10 or less to spend weekly. The primary source of their income was from earnings outside of the home.

Forty-four percent of the credit users and 26 percent of the noncredit users reported earning \$500 or more from summer employment. Fifty-five percent of the credit users and 43 percent of the noncredit users saved \$100 or more of their summer employment earnings.

Fifty-three percent of the 285 teenagers indicated the annual income of their parent ranged from \$5, 000 to \$14, 999. The credit users came from families with higher incomes than the noncredit users. Twenty-two percent of the credit users and only six percent of the noncredit users reported annual incomes of over \$15, 000.

Twenty-nine of the 107 credit users reported having a charge account in their own name. Seventeen of these 29 teenagers reported they had only one account. The main reason given for opening an account was to make buying easier.

The most common type of credit used by the teenagers was credit cards in their parents' name. Seventy-two percent of the teenage credit users reported using this type of credit. Oil company cards and department store cards were the kinds more often used.

Also under the parents' name, 28 percent had used 30-day charge accounts, 21 percent installment credit and 20 percent revolving credit. Under the teenagers' own name, both 30-day charge accounts and installment credit were used by 20 percent. Twenty males and nine females reported having charge accounts in their own name.

Gasoline and clothes were the main items purchased with credit. The males reported 73 percent purchasing gasoline, 52 percent purchasing clothes, and 23 percent making car purchases with credit. Clothing was the item most females purchased with credit. Eighty-eight percent purchased clothes and 63 percent purchased gasoline.

About one-half of the teenagers reported the largest amount they had charged at one time was \$50 or less. The males charged larger amounts than the females. Over 50 percent of the males and only 19 percent of the females had charged over \$76 at one time.

Only 37 percent of the teenage credit users were required by their parents to pay for all of their credit purchases. Twenty-three percent were not required to pay for any of their credit purchases. Thirty-two percent were required to pay part of the debt.

The teenagers enjoyed the convenience of using credit but they disliked paying for the interest and the purchase, and the danger of overspending.

Use of Consumer Credit for Purchases Made  
By High School Students in  
Klamath Falls, Oregon

by

Arlene Holyoak

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USE OF CONSUMER CREDIT FOR PURCHASES MADE  
BY HIGH SCHOOL STUDENTS IN  
KLAMATH FALLS, OREGON

INTRODUCTION

"Will this be charge?" "Here is an application blank for our credit card." "Wouldn't you like to open an account with us?" These familiar statements are made by retailers to consumers today. Margolius states, "...revolving charge accounts and installment plans are pushed at you today by virtually all types of sellers" (17, p. 54).

The use of credit has changed rapidly in the past few years. It was not too many decades ago when Americans used the adage, "Pay as you go or stay home". Today few of us follow the advice given in this statement (32, p. 142). Studies by the Survey Research Center of the University of Michigan revealed that 49 percent of all families in 1970 owed installment credit, with 59 percent of the families under 25 years of age owing installment credit (19, p. 53).

Recently much attention has been given to the teenager as an influential consumer. In 1967 there were 25 million teenagers between the ages of 13-19 (33, p. 4). The increase in the teen population has had a great impact on the retail sales level. The 25 million teenagers alone are estimated to spend \$18 billion a year or roughly \$600 per teen annually on goods and services. These figures

do not include the necessities such as food and shelter that parents normally spend for their children's support (18, p. 14) (33, p. 4).

Retailers realize the importance of teenage spending. They also recognize the importance of teenagers as future adult consumers.

Baer states:

Catch a teen-age girl and put her in your pocket now and you'll keep her forever. Now's the time to sew her up-- before the rice is in her hair, before the stork in on the roof, before the wolf is at the door. Set her textured stockings on the path to your product now--and she'll come back blindfolded, baby-strollered and one day bifocaled (18, p. 16).

Troelstrup says, "The rationale of the promoters is that teenage charge accounts help a youngster to manage his money. But most stores are more anxious to sell than to educate" (33, p. 163). In some cities at graduation time there is a direct assault upon teenagers by credit sellers. The salesmen sell diamond rings to boys to give to their girl friends and they pressure girls into buying equipment which is drastically overpriced for their not-yet-existent households (17, p. 62).

Such facts raise several questions: Are teenagers prepared to meet the pressures of the credit world? Are teenagers who are thinking about marriage prepared to use credit? Have they had experience using credit? What types of credit do they use? What items do they purchase with credit? What are their views about the use of credit?

These questions point out the need for research in the field of teenage consumer credit. The information gained from such research is needed for parents who use the recommendations of authorities in teaching their children money management practices, and for educators who teach money management in the classroom.

### Purpose of the Study

The purpose of the study was to examine the use of consumer credit by teenagers. The specific objectives of this study were:

1. To examine the use of credit by teenagers in Klamath Falls, Oregon.
2. To determine the kinds of credit used.
3. To determine the types of items purchased with credit.

### Hypotheses

The hypotheses developed for this study were:

1. There is no relationship between the use of teenage consumer credit and:
  - a. sex
  - b. age of parents
  - c. residence
  - d. amount of weekly spending
  - e. income of parents

2. Items purchased with credit by male teenagers do not differ from those purchased with credit by female teenagers.

### Definitions

1. Teenager. A single high school student in his junior or senior year not over 19 years of age.
2. Parent's age. Forty-five years and younger classified as younger parents and 46 years and older classified as older parents. The father's age was used for determining parents' age except in the case of a no father family, in which, the mother's age was used.
3. Consumer credit. A cash loan or purchase arrangement for goods or services with part or all payment made at a later time.
4. 30-day charge. The buyer promises to pay the full amount charged for purchases within 30 days.
5. Revolving credit. A credit account where new purchases can be made to bring the balance owed to a maximum amount if certain payment conditions are met. This plan requires either specific monthly payments or a percentage of the principal be paid each month.

6. Installment purchase. A type of credit purchase which generally provides for a down payment, with a specific payment due each week or month.
7. Loan. Receiving a sum of money with a promise to pay off in full on a specific day or paying a specific amount weekly or monthly.
8. Credit cards. A small card which gives the right of the holder to obtain goods or services on credit.
9. C. U. - Used in the tables to represent credit users.
10. N. C. U. -Used in the tables to represent noncredit users.

## REVIEW OF LITERATURE

For the purpose of this study the literature reviewed will be organized topically. The topics covered are: (1) credit use in the American economy, (2) influence of teenagers on the American economy, (3) stores and the use of teenage credit, (4) feelings of parents toward teenage credit, (5) kinds of credit used, (6) items purchased with credit, and (7) payment of credit purchases.

### Credit Use in the American Economy

Credit is playing an increasingly important role in the lives of all Americans. Beckman states, "Credit is so pervasive and so dominant a force that our economic system is often characterized as a credit economy"(3, p. 1). Thal and Holcombe states that, "No other nation operates on a credit economy to the extent that the United States does" (31, p. 124). Consumer credit is one of the factors that contributes to our high standard of living. Ours is a mass-producing, mass-distributing economy. Mass production is not possible without mass distribution and mass distribution tends to require consumer credit (13, p. 70).

In March 1970, the total consumer credit outstanding was \$119.6 billion of which \$96.6 billion was installment credit (34, p. 451). At the end of 1967, consumer credit totaled \$99.2 billion



of which \$77.9 billion was in installment loans (33, p. 148). Between the years 1950 and 1969 the total installment and noninstallment debt increased from \$21.4 billion to \$112 billion (2, p. 51) (33, p. 148). While the total consumer credit increased over five times, much of this rise is attributed to such factors as the growing population, rising incomes, inflation, and changing standards of living (13, p. 70, 72).

Today, credit has become part of everyday life. It has been estimated that over 70 percent of American families use consumer credit in one form or another (13, p. 70).

People use consumer credit for one of three basic reasons: (1) for convenience, (2) to increase standard of living, or (3) because of the pressure of necessity--its the only way some people can at times buy anything (11, p. 10) (13, p. 74).

Since consumer credit plays such a vital part in the American way of life, it is apparent that most young people of today will use credit in their adult lives. Cheyney states the account books and sales records of American business and industry support this fact (10, preface). Troelstrup reports that four out of five young married couples with growing children use installment credit for purchases of durable goods (33, p. 148).

By the time many of the young people have reached adulthood they will have had experience using credit. Two foresighted debt

merchants started credit plans for teenagers as early as 1954 and 1955. Seventeen magazine reported a survey that showed teenage credit was not only catching on with the stores but with the teenagers themselves (5, p. 101).

### Influence of Teenagers on the American Economy

There are approximately 25 million youths in America between the ages of 13 and 19 with more than \$18 billion a year to spend for a variety of goods and services. By 1970, according to Rand, Head of the Youth Research Institute of New York, approximately 30 million teenagers will have disposable incomes of about \$30 billion (33, p. 41) (24, p. 100).

Remsberg reports:

In many cases, the teen-agers' spending far outweighs their numerical strength. Teen-age boys, for example, are only about 12 per cent of the male population but buy more than 40 per cent of all sportswear sold, while teen-age girls are smearing their faces with nearly a third of the nation's cosmetics output (24, p. 100).

In addition to having their own money to spend on everything from fun to furniture and clothes to cosmetics, teenagers influence at least \$35 billion of adults' disposable income. This is accomplished by padding shopping lists, or by personal persuasion (24, p. 100). A recent Seventeen magazine reported that teenage girls can persuade their dads to provide money for large items;

consequently, 925,000 drive their own automobiles (25, p. III).

No matter what other segments of American society--parents, teachers, sociologist, psychologists or policemen--may deplore the power of teen-agers, the American business community has no cause for complaint. The consumer market is steadily and constantly growing younger (15, p. 151).

The president of a department store in New York City stated that, "Instead of parents influencing children, it is vice versa. Mothers dress like daughters and fathers dress like sons" (30, p. 64).

Businessmen are realizing the tremendous purchasing power the teenagers have today. Petrilli, a research executive for an advertising agency said, "we're constantly trying to figure out what we can do to make teen-agers predisposed to our brands before they actually come into the market" (24, p. 100).

To persuade teenagers to use their brands and to patronize their stores, retailers are encouraging teenagers to open charge accounts. "Stores go after younger customers, but not particularly for what they can spend now. The idea is to get them used to credit and into the habit of dealing with a particular store" (8, p. 6). Corinth stated "Our favorite saying at Seventeen is that it's easier to start a habit than to stop one. So start the credit habit in your store with your young customers" (5, p. 104).

### Use of Credit by Teenagers

In a study of teenage credit in Massachusetts in 1960, 21 girls out of 52 stated they had charge accounts. Of the 31 who reported they did not have an account, seven stated they would like to establish one. Fourteen said they would not like to use credit and ten did not know. Thirty-seven felt it was "good" for teenagers to have charge accounts because it presented experience in learning to handle money. Twenty-eight reported it depends on the individual--"her judgement and willingness to accept responsibility" (14, p. 664).

Over 50 percent of the girls felt a teenager should think carefully about her earnings before opening an account and should understand the interest charges and when the payments are due. A third of the girls felt the teenager should have the parents' permission before opening an account (14, p. 664).

Sewalt conducted a study of 435 girls between ages of 14 and 18 in Texas. Use of credit by these girls was principally through the use of their parents' accounts. Sixty-seven percent of the girls used their parents' accounts to charge purchases. Only five percent of the girls had accounts in their own name. Both the use of parents' charge accounts and students' personal accounts increased with age. Seventy-five percent of the seniors used credit compared to 50 percent freshmen (26, p. 59).

In a Utah study, Lindsay reported 57 percent of the girls from a city school were involved in credit purchases, while 30 percent of the county school students were involved in credit purchases. Ninety-three percent of the credit users at the city school and 88 percent of the credit users at the county school indicated they were permitted to make purchases on their own and charge these purchases to parents' accounts. Thirty percent of the sample at the city school indicated they had charge accounts in their own names. Three reported they each had three accounts, one girl had two, and eight each had one. Twenty-five percent at the county school reported they had their own charge account. Three indicated they each had two and two indicated they each had one (16, p. 13-15).

In a 1967 Seventeen study 44 percent of the teenage age girls reported they used their mothers' charge accounts; whereas, seven percent had their own personal account. While the use of mother's charge account remained about the same for the 16-17 year olds the 18-19 year olds (51-52 percent), the use of personal accounts increased from five percent to 17 percent respectively (25, p. x).

Various studies have brought out some interesting facts about use of credit by sex. Bruner reported that girls are more extensive users of parents' credit than boys. Sixty percent of the girls used their parents' charge accounts as compared with 32 percent of the boys who used parents' charge accounts (7, p. 35).

Adams also noted that girls used slightly more credit than boys. Seventy-nine percent of the girls and seventy percent of the boys used some type of credit--either in the parents' name or their own name (1, p. 79).

In a study by Benedict, teenage boys and girls were asked if they used their parents' charge accounts. Forty-three percent answered yes, fifty-six percent answered no and one person gave no response. Approximately the same proportion of the boys and girls used their parents' accounts. Ten out of the 195 teenagers indicated that they had charge accounts in their own names (4, p. 55).

A study done by Powell and Grover reported that more boys than girls had their own charge accounts. Forty percent of the twelfth grade boys had their own charge accounts but only 20 percent of the girls had their own account. The percentages of the ninth grade boys and girls having charge accounts were 15 and 9 respectively (21, p. 361).

#### Stores and the Use of Teenage Credit

A survey of 183 department stores and specialty shops showed that 33 percent offer a credit plan to teenagers, and an additional 13 percent were thinking about including a credit plan for teenagers (23, p. 31).

In 1960, Seventeen magazine surveyed 217 stores and found

30 percent offered teenagers credit (14, p. 663). A third study involving 52 stores, showed that 42 percent offered teen accounts. (14, p. 665). Sewalt's study indicated that less than a third of the stores strongly encouraged teenage credit, 65 percent remained neutral, and four percent definitely disapproved of teenage credit. (26, p. 60).

The teenage credit account with certain limitations operates much the same way as credit for adults. The teenage applicant is usually screened by the credit manager of the store. He asks the applicant such questions as: how much allowance he receives, how much money he makes in his spare time, and how much he spends. He may be asked where his father works and how long the family has lived at their current address. Generally, no questions are asked about the father's income (23, p. 31).

Eastwood and Smith found that the ages most often specified as a minimum age required to open an account were 16 to 18 (14, p. 665) (28, p. 139).

Eastwood and Smith reported the ceiling that stores place on teenage accounts range from \$25 to \$50. Eastwood said the largest percentage of the stores limited the accounts to not more than \$25 to \$35 (14, p. 665). Smith reported the accounts had a carrying charge of 1-1/2 percent per month (28, p. 139).

Eastwood and Smith indicated that most of the stores required parental approval to open an account, but not all of them expected

parents to pay accounts not paid by the teenager (14, p. 665) (28, p. 139).

Eastwood (14, p. 665), Sewalt (26, p. 60) and Smith (28, p. 139) studies indicated stores reported very little difficulty in collecting teen accounts. It was the general consensus that teenagers were no poorer credit risks than adults. Some stores believed delinquent accounts were less prevalent in this group than in the adult group. An article in American Banking reported, "a bank in the southwest entered the teenage market with 'fear and trepidation'; but after seven months, its officers told a conference on bank credit cards that students are better credit risks than adults" (30, p. 64).

Nevertheless some businessmen have been burned. A mid-western chain of jewelry stores found that purchasers of engagement rings are apt to skip out on their payments if their fiancées break up with them. In Illinois, a drug store changed its credit policy because of the difficulty of collecting accounts as the end of the school year neared (32, p. 68).

Although some business men are still hesitant and flatly refuse to extend credit to anyone under 21, the number of those willing to take the risk is increasing. Times magazine reported that at stores across the United States nearly 1,500,000 teenagers have their own charge accounts. This was an increase of 36 percent in just 18 months (32, p. 68).



Reasons given by retailers for opening teenage accounts include: requests from teenagers, requests from parents, competition of other stores to obtain business and to educate the teenager to come to the stores (14, p. 665) (28, p. 140).

### Feelings of Parents Toward Teenage Credit

Eastwood stated that the parents' attitude toward teenage credit can best be summed up with the word caution. Reasons given by parents why teenagers should not have credit accounts are: not sufficient income, lacks the ability to discriminate between necessities and luxuries, a belief that parents should take care of the needs of a child, a charge account does not teach a child to save before buying, and credit is a bad habit to establish so early (14, p. 664).

Adams reported that three-fourths of her subjects felt their parents favored using credit themselves. However, a little more than half responded that their parents did not approve of credit for teenagers. Although a majority of parents did not approve of credit buying for teenagers, 79 percent of the girls and 70 percent of the boys had used some type of credit either in the parents' name or their own name (1, p. 74).

Benedict asked teenagers about parental attitude toward the teenager using credit. Twenty percent of the teenagers did not know

their parents' attitude toward their using credit. Thirty-two percent said their parents would not allow them to charge anything to the parents' account. Twenty-three percent stated they would need to obtain approval for all purchases charged while nine percent reported approval was only needed for large purchases and seven percent indicated their parents would allow them to make any charge purchases they desired (4, p. 56).

#### Kinds of Credit Used

Sewalt reported that in specialty stores lay-away accounts were used most by teenagers; whereas in department stores revolving accounts were used most frequently (26, p. 60).

Smith reported revolving accounts and thirty-day charge accounts as the most prevalent type of credit plans extended to teenagers (28, p. 139).

In the Bruner study the 12th grade teenagers reported 53 percent using their parents' charge accounts and 12 percent using their parents' credit cards. Twenty-three percent had personal charge accounts. Lay-away plans, installment plans and credit cards were the types of credit the teenagers reported using in their own name (7, p. 31).

The 1967 Seventeen study indicated 44 percent of all the teenage girls sampled used their mother's store charge account.

However, about 52 percent of the girls between the ages of 16 and 19 used their mother's accounts. Seven percent of the entire teenage girl sample reported they had personal accounts. Of the 16 to 17 year old group, five percent reported having personal accounts; but of the 18 to 19 year olds, 17 percent said they had their own accounts. Five percent of age 18 to 19 and three percent of the 16 to 17 year olds reported they had their own credit cards (25, p. x).

#### Items Purchased with Credit

In two studies researchers found clothes and cosmetics to be the two items purchased on credit most frequently by teenage girls (15, p. 664) (23, p. 59). Adams contends that "...girls tended to buy clothing and beauty aids, whereas, boys bought a few clothing items, but primarily spent their money on hobbies" (1, p. 66).

#### Payment of Credit Purchases

Lindsay's study showed that the levels of student weekly income had a significant relationship to payment of retail credit transactions by teenagers. Students with a high level weekly income assumed the most responsibility. The responsibility for payment increased as student weekly income increased (16, p. 32).

No statistical significant relationship was observed between payment of retail credit transactions and parents' annual income; however, the

individual comparison of means showed that students assumed most responsibility for payment of credit purchases when parents' annual income was in the low income level. Teenagers with parents in the low level income group used credit to a limited extent. Least responsibility was assumed by teenagers whose parents' income was in the medium level (16, p. 28).

Benedict's study indicated that of the teenagers charging items on their parents' accounts 11 percent paid for the items themselves, in 18 percent of the cases their parents paid for the item, and 12 percent indicated that both they and their parents paid for the items. Approximately 58 percent of the sample did not respond to the question about who paid for items charged (4, p. 57).

## METHODOLOGY

This chapter describes the setting for the study, development of the questionnaire, distribution of questionnaire, and treatment of data.

### Setting of the Study

Klamath Falls, the county seat of Klamath County, is the largest Oregon city east of the Cascades. The metropolitan population, within five miles of downtown, is approximately 40,400 (29, p. 1)

Klamath Falls is a distributing and marketing point for forest products and agriculture. It is also the home of Oregon Technical Institute and Kingsley Air Force Base.

Klamath Falls has a city and a county school district. The city school district includes the Klamath Union High School. This school has a population of approximately 1,600 students in grades ten through twelve. The county school district contains the Henley High School. This school has a population of approximately 500 tenth through twelfth grade students. The sample for this study was drawn from these two schools.

### Development of Questionnaire

The researcher chose the questionnaire method for the collection of data. The first step in the construction of the instrument was to make a study of the traits of a good questionnaire. Other questionnaires were studied for ideas in content and format. A trial questionnaire was then developed to obtain the information listed under the purpose of the study. Effort was made to make the questionnaire short, to have it worded as simply and clearly as possible, and to place the questions in good psychological order.

The questionnaire was pretested with a group of 11 high school students. They were asked to criticize and offer suggestions for clarifying directions and the wording of the questions. Their suggestions were incorporated into a revised questionnaire. The revised questionnaire was then presented to the faculty of the Home Management Department of Oregon State University. From their suggestions the final questionnaire was developed. A copy of the questionnaire is included in the Appendix.

### Distribution of Questionnaire

Permission was received from the superintendents, principals, and teachers of Klamath Union High School and Henley High School to administer the questionnaire during class time. Two meetings were

held, one with the principal of Henley High School and one with the assistant principal and social studies department head of Klamath Union High. The purpose of the study and the administration of the questionnaire were discussed. The classes selected for administering the questionnaire were the 12th grade Modern Problems classes and 11th grade United States History classes of both schools.

The respondents for this study were selected from all of the junior and senior students of Klamath Union High School and Henley High School. At the time of the study the population for Klamath Union was 514 juniors and 495 seniors. The population for Henley was 160 juniors and 125 seniors.

The final questionnaire was administered to 295 junior and senior students. Of the total, 168 were completed at Henley High School and 127 were completed at Klamath Union High School.

The questionnaires were administered by the teachers of the classes. At Henley High there were two teachers involved in giving the questionnaire and at Klamath Union there were six teachers. The teachers selected classes where there were no special groupings.

The questionnaires were administered the week of May 18, 1970 prior to final examinations. A total of 285 questionnaires were used for analysis. Ten were eliminated since three were incomplete, three had inconsistent answers, three of the respondents were married, and one was 20 years of age.

### Treatment of Data

The completed questionnaires were categorized and coded by the researcher. The information was transferred to IBM code sheets which were used by the Oregon State University Computer Center for making analysis of frequencies. Tables were constructed for the data and the percentages on all tables were rounded. The chi-square test and contingency tables were used for testing and analyzing the hypotheses. A .005 level of significance was used as the basis for rejecting or accepting the hypotheses.



## FINDINGS

The findings of the study will be discussed in this chapter under the following topics: (1) characteristics of the sample, (2) charge accounts of teenage credit users, (3) teenagers use of credit, (4) parents use of credit and approval of teenage credit, and (5) teenage knowledge and views about credit.

### Characteristics of the Sample

Of the 285 teenagers participating in this study 157 were males and 128 were females. One hundred seven or 38 percent were credit users and 178 or 62 percent were noncredit users. The males reported using more credit than the females. Forty-one percent of the boys used credit compared with 34 percent of the girls. The results of the chi-square test indicated there was not a significant relationship at the .005 level between the sex of the teenager and the use of consumer credit. Therefore, the hypothesis 1 a: There is no relationship between the use of teenage consumer credit and sex was accepted (Table 1).



The students were asked to indicate if they lived in the urban, suburban or rural area. Of the total sample, 20 percent lived in the urban area which includes the city limits of Klamath Falls. Forty-four percent lived in the suburban area which includes the areas surrounding the city limits including such areas as: Pelican City, Falcon Heights, Stewart Lennox, Moyina Heights, Altamont, and Summers Lane. Thirty-six percent of the teenagers came from the rural area which was defined as open country of farm (Table 3). About one-half of the credit users lived in the suburban area, one-fourth were from the urban area, and 27 percent were from the rural area. Eight-three percent of the noncredit users lived in the suburban and rural areas, and 17 percent lived in the urban area. The chi-square test indicated no significant difference at the .005 level in teenage credit use by area of resident (Table 3). Therefore, hypothesis 1 c: There is no relationship between the use of teenage consumer credit and residence was accepted.

Table 3. Residence by credit and noncredit users.

Type of Area	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Urban	27	29	56	25	17	20
Suburban	51	75	126	48	42	44
Rural	<u>29</u>	<u>74</u>	<u>103</u>	<u>27</u>	<u>41</u>	<u>36</u>
Total	107	178	285	100	100	100
Chi-square 7.053** (d. f. = 2)						

\*\* Significant at the .05 level.

Sixty-nine percent of the teenagers had resided in Klamath Falls for over five years, 23 percent had lived there between one and five years and 8 percent had lived there for less than one year (Table 4).

Table 4. Length of residence by credit and noncredit users.

	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Over 5 years	76	121	197	71	68	69
1 to 5 years	23	42	65	21	24	23
Less than 1 year	7	15	22	7	8	8
No response	<u>1</u>	<u>--</u>	<u>1</u>	<u>1</u>	<u>--</u>	<u>--</u>
Total	107	178	285	100	100	100

The teenagers were asked to indicate the primary source of their money income; however, some teenagers indicated more than one source. Employment outside of the home was the most frequent source of obtaining money. Sixty-one percent of the students reported receiving money from this source. Sixty-five percent of the credit users and 58 percent of the noncredit users earned money from employment outside of the home. The second primary source of income was by asking the parents for money as it was needed or wanted. Thirty percent of the total group received money from this source. More credit users received an allowance than noncredit users. The percentages were 19 and 14 respectively. Of the total

group, 12 percent earned money from work for parents in or around the home; however, four percent reported receiving money for gifts. In the other category three teenagers reported receiving money from Social Security benefits. Other sources were: money from welfare, and money received from raising livestock and crops (Table 5).

Table 5. Source of income of credit and noncredit users.

	Number			Percent		
	C. U. n=107	N. C. U. n=178	Total n=285	C. U. n=107	N. C. U. n=178	Total n=285
Employment outside of home	70	103	173	65	58	61
Ask parents as needed or wanted money	33	53	86	31	30	30
Allowance from parents	20	25	45	19	14	16
Earned money from work for parents in or around home	14	20	34	13	11	12
Gifts of money	2	9	11	2	5	4
Other	2	7	9	2	3	3

Groups not totaled because some teenagers indicated more than one source of income.

The amount of money teenagers spent weekly ranged from none to \$80. Over 80 percent of the teenagers spent ten dollars or less. About one-half of the teenagers spent three to five dollars

weekly. The next largest amount spent was one to two dollars with 19 percent in this group. Eighteen percent spent from six to ten dollars.

The credit users reported higher weekly spending than the non-credit users. Forty-eight percent of the credit users spent six dollars or more a week as compared with 24 percent of the noncredit users. The data indicated a chi-square of 26.093 showing a significant difference at the .005 level in amount of weekly spending of the credit and noncredit users. Therefore, hypothesis 1 d: There is no relationship between the use of teenage consumer credit and amount of weekly spending was rejected (Table 6).

Table 6. Amount of weekly spending of money by credit and noncredit users.

Amount	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
\$ .00 to \$ 2	15	39	54	14	22	19
\$ 3 to \$ 5	36	91	127	34	51	45
\$ 6 to \$10	25	27	52	23	15	18
\$ 11 to \$15	7	5	12	6	3	4
\$ 16 to \$20	5	7	12	5	4	4
\$ 21 to \$30	8	3	11	7	1	4
\$ 31 to \$40	5	1	6	5	1	2
\$ 41 to \$80	2	-	2	2	-	1
No response	<u>4</u>	<u>5</u>	<u>9</u>	<u>4</u>	<u>3</u>	<u>3</u>
Total	107	178	285	100	100	100

Chi-square\* 26.09 (d. f. = 7)

\* Significant at the .005 level.

Table 7 shows the amount of money the teenagers reported they earned from summer employment. Twenty-three percent of the total group listed no earnings. Thirty percent earned under \$300, 29 percent earned \$300 to \$699. Eighteen percent reported earning \$700 or more.

The credit users earned more money from summer employment than the noncredit users. Seventy-seven percent of the credit users earned \$100 or more; however, over one-half or 57 percent of the noncredit users earned \$100 or more during the summer.

Table 7. Money earned from summer employment by credit and noncredit users.

Amount	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
None listed	17	48	65	16	27	23
\$ 1 to \$ 99	8	29	37	7	16	13
\$100 to \$ 299	21	27	48	20	15	17
\$300 to \$ 499	14	28	42	13	16	15
\$500 to \$ 699	19	22	41	18	12	14
\$700 to \$ 899	11	12	23	10	7	8
\$900 to \$1, 099	3	5	8	3	3	3
Over \$1, 100	<u>14</u>	<u>7</u>	<u>21</u>	<u>13</u>	<u>4</u>	<u>7</u>
Total	107	178	285	100	100	100

Table 8 shows that credit users also saved more of their summer earnings than the noncredit users. Fifty-five percent of the credit users and 43 percent of the noncredit users saved \$100 or more from summer employment.

Twenty-two percent of the teenagers who had summer employment had no savings. Thirty percent saved up to \$99, 38 percent saved from \$100 to \$499, and 10 percent saved over \$500 (Table 8).

Table 8. Money saved from summer employment by credit and noncredit users.

Amount	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
No Savings	16	32	48	18	25	22
\$ 1 to \$ 99	24	41	65	27	31	30
\$100 to \$299	25	27	52	28	21	24
\$300 to \$499	14	18	32	15	14	14
Over \$500	11	11	22	12	8	10
No Response	--	<u>1</u>	<u>1</u>	--	<u>1</u>	--
Total	90	130	220	100	100	100

Twenty-nine percent of the teenagers' parents in this study had an annual income of \$5,000 to \$9,999; 24 percent had incomes between \$10,000 and \$14,999. However, 12 percent were earning over \$15,000 but only five percent earning less than \$5,000 a year.



Thirty percent of the teenagers reported they did not know how much income their parents earned yearly (Table 9).

Fifty-six percent of the credit users reported their families had annual incomes of less than \$15,000. Twenty-two percent of the credit users and only six percent of the noncredit users reported their parents had annual incomes over \$15,000. The data indicated a chi-square of 15.17 showing a significant difference at the .005 level between annual income of parents of teenage credit users and noncredit users. The over \$15,000 annual income group accounted for the greatest difference. Therefore, hypothesis 1 e: There is no relationship between the use of teenage consumer credit and income of parents was rejected (Table 9).

Table 9. Annual income of parents by credit and noncredit users.

Amount	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Less than \$ 5,000	8	6	14	8	3	5
\$ 5,000 to \$ 9,999	27	55	82	25	31	29
\$10,000 to \$14,999	25	44	69	23	25	24
\$15,000 or over	24	11	35	22	6	12
Do not know	22	62	84	21	35	30
No response	<u>1</u>	<u>--</u>	<u>1</u>	<u>1</u>	<u>--</u>	<u>--</u>
Total	107	178	285	100	100	100

Chi-square\* 15.17 (d.f. = 3)

\* Significant at the .005 level

To gain some understanding of the teenagers' money management practices, they were asked if they kept written records of the money they spent. Only five percent of the teenagers reported they always kept records; and 41 percent reported they sometimes kept records. However, 54 percent reported they never kept written records of how they spent their money (Table 10).

Table 10. Written record keeping practices by credit users and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Always	9	5	14	8	4	5
Sometimes	45	71	116	42	40	41
Never	52	102	154	49	56	54
No response	<u>1</u>	<u>--</u>	<u>1</u>	<u>1</u>	<u>--</u>	<u>--</u>
Total	107	178	285	100	100	100

#### Charge Accounts of Teenage Credit Users

All of the teenagers were asked if they had ever applied for credit. Thirty-nine credit users and three noncredit users said they had applied for credit. Of the other teenagers, 235 reported they had not applied and eight students did not respond to the question (Table 11).

Table 11. Application for credit by credit and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Yes - applied for credit	39	3	42	36	2	15
No - have not applied for credit	64	171	235	60	96	82
No response	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>	<u>2</u>	<u>3</u>
Total	107	178	285	100	100	100

Twenty-nine or 27 percent of the credit users reported they had a charge account in their own name (Table 12). Of these 29, 20 were males and 9 were females. Seventeen teenagers reported they had only one account in their own name. Four teenagers had two accounts, two had three accounts, and one teenager reported having four personal accounts. Five teenagers did not answer this question (Table 13).

Table 12. Charge account in own name of teenager credit users.

Response	Number	Percent
Yes	29	27
No	75	71
No response	<u>3</u>	<u>2</u>
Total	107	100

Table 13. Number of personal accounts of teenage credit users.

Number of Accounts	Number	Percent
1	17	59
2	4	14
3	2	7
4	1	3
No response	<u>5</u>	<u>17</u>
Total	29	100

In response to the question, why did you open a charge account in your own name, 17 or 59 percent of the 29 teenagers with charge accounts stated that it was to make buying easier. Six teenagers indicated they opened a charge account to establish a credit rating. Two teenagers reported they opened an account because parents suggested it and one teenager opened the account because friends had them (Table 14).

The teenagers were asked the length of time they had had their charge account. Of the 29 teenagers having an account, 10 reported having an account for one year, six had accounts for two years, and five teenagers had accounts for six months or less. Of the remaining eight teenagers, two indicated having an account for three years, and one teenager reported having an account for six

to 12 months. One teenager reported having an account for four years. Four teenagers did not respond to this question (Table 15).

Table 14. Reasons teenage credit users opened charge accounts in their own names.

Response	Number	Percent
To make buying easier	17	59
To establish credit rating	6	21
Parents' suggestions	2	7
Friends had them	1	3
Other	1	3
No response	<u>2</u>	<u>7</u>
Total	29	100

Table 15. Length of time teenage credit users had charge accounts in their own names.

Time length	Number	Percent
0 to 6 months	5	17
6 to 12 months	1	3
1 year	10	35
2 years	6	21
3 years	2	7
4 years	1	3
No response	<u>4</u>	<u>14</u>
Total	29	100

Teenage credit users were asked five yes and no questions about their charge accounts. Of the 29 credit users who had opened charge accounts, 23 indicated a time limit has been set for payment of the charges. The parents of thirteen teenage credit users had signed for them to open a charge account. Thirteen teenagers stated the credit manager explained the cost of credit to them, and 11 teenagers reported they had a conference with the credit manager when they opened their account. Ten teenagers had a limit set on the amount that could be charged (Table 16).

Table 16. Information about opening a credit account by teenage credit users.

Response	Number (n=29)			Percent		
	Yes	No	No Response	Yes	No	No Response
Credit manager had a conference with you	11	17	1	38	59	3
Credit manager explained the cost to you	13	15	1	45	52	3
Limit set on amount charge	10	18	1	35	62	3
Parents signed for you	13	15	1	45	52	3
Time limit set	23	5	1	80	17	3

### Teenagers Use of Credit

Table 17 indicates the type of credit teenagers used in the past 12 months in their own name. Teenage credit users used thirty-day charge accounts and installment credit the most in their own name. Twenty-one reported using each of these types of credit. The next most common type of credit used was loans from parents with 12 reporting they received loans from this source. Ten teenage credit users received loans from other sources such as banks and finance companies. Eight teenagers reported using credit cards in their own name and six teenagers had used revolving credit in their own name.

A higher percentage of males used credit in their own name than the females. The greatest difference was in the installment purchases. Of the 107 credit users, 17 males but only four females had used installment credit in their own name. The 30-day charge accounts were used by 14 males and seven females. Seventeen males and five females had received a loan from either their parents, banks, finance companies, or other lending agencies. Of the credit card users, five females and three males had used this type of credit in their own name (Table 17).

Table 18 gives the type of credit the teenage credit users had used in their parents' name. Credit cards were the most common

Table 17. Types of credit used by teenage credit users in their own name.

Type of Credit	Male n=64	Number		Total n=107	Male	Percent		Total
		Female n=43				Female		
30-Day charge	14	7		21	22	16		20
Revolving credit	5	1		6	8	2		6
Installment credit	17	4		21	27	9		20
Loan (Parents)	9	3		12	14	7		11
Loan (Bank)	3	1		4	5	2		4
Loan (Finance Company)	2	--		2	3	--		2
Loan (Other)	3	1		4	5	2		4
Credit Cards								
Gasoline	2	--		2	3	--		2
Department Store	1	2		3	2	5		2
American Express	--	--		--	--	--		--
Carte Blanche	--	--		--	--	--		--
Bank Americard	--	1		1	--	2		1
Master Charge	--	--		--	--	--		--
Other	--	2		2	--	5		2
No Response	3	1		4	5	4		4



type of credit used by teenagers under their parents' name. Of the 107 credit users, 60 had used gasoline credit cards; 47 had used department store credit cards; 19 had used Bank Americard; six had used Master Charge; and two had used American Express.

Thirty-day charge accounts were used by 26 teenage credit users, installment credit by 20, and revolving credit by 19 under their parents' name. Only eight teenage credit users received loans under their parents' name (Table 18).

Gasoline credit cards were used by more males than any other type of credit cards; however, females used department store credit cards more than other types of credit cards. There was little difference between the males and females in the percentage of use of 30-day charge accounts and installment credit under their parents' name. However, for revolving credit, 30 percent of the girls and only 11 percent of the boys had used this type of credit under their parents' name (Table 18).

Of the 107 teenage credit users, 77 used their parents' credit cards. Twenty-eight credit users stated they did not use parents' credit cards and two did not answer the question (Table 19).

The number of parents' credit cards used by the 77 teenage credit users ranged from one to 20 cards. However, 68 percent used from one to three credit cards; 23 percent reported using four or more; and nine percent did not answer the question (Table 20).

Table 18. Types of credit used by teenage credit users in parents' name.

Type of Credit	Male n=64	Number Female n=43	Total n=107	Male	Percent Female	Total
30-Day charge	18	10	26	28	23	28
Revolving credit	7	13	19	11	30	20
Installment credit	13	8	20	20	19	21
Loan (Parents)	3	1	4	5	2	4
Loan (Bank)	1	--	1	1	--	1
Loan (Finance Company)	2	1	2	3	2	3
Loan (Other)	--	1	1	--	2	1
Credit Cards						
Gasoline	41	23	60	64	53	64
Department Store	24	26	47	38	60	50
American Express	--	3	2	--	7	3
Carte Blanche	--	--	--	--	--	--
Bank Americard	11	9	19	17	21	20
Master Charge	6	--	6	9	--	6
Other	3	1	4	5	2	4
No response	3	1	4	5	4	4

Table 19. Use of parents' credit cards by teenage credit users.

Response	Number	Percent
Used parents' credit cards	77	72
Did not use parents' credit cards	28	26
No response	<u>2</u>	<u>2</u>
Total	107	100

Table 20. Number of parents' credit cards used by teenage credit users.

Number of Cards	Number	Percent
1 to 3	52	68
4 to 6	13	17
7 to 9	1	1
Over 10	4	5
No Response	<u>7</u>	<u>9</u>
Total	77	100

Table 21 indicates that most parents had control over the charges teenage credit users made to the parents' accounts. Sixty-eight percent of the teenage credit users had to have permission from their parents each time they wanted to make a charge on their

parents' accounts. Eight percent could charge up to a maximum amount set by parents; and one percent was able to charge up to a maximum amount set by the store. Only 13 percent reported they could charge at any time for any amount. Ten percent did not answer the question.

Table 21. Control by parents' over charges made to charge accounts in parents' name by teenage credit users.

	Number	Percent
Only with permission from parents for each time charge made	73	68
At any time for any amount	14	13
Up to maximum amount set by parents	8	8
Up to maximum amount set by store	1	1
No response	<u>11</u>	<u>10</u>
Total	107	100

The teenage credit users were asked to indicate the items purchased and the number of times credit was used in the past 12 months for these purchases. Gasoline and clothing were the main items the teenage credit users bought with credit. Sixty-nine percent used credit for purchasing gasoline, and 66 percent used credit for clothing. Music, 18 percent; car purchase, 16 percent; and food, 16 percent were the next items most often purchased with credit.

Other items purchased with credit included; motorcycles, hobby items, cosmetics and travel; however, each of these items had ten percent or less of the teenagers purchasing them with credit. In the other category students listed the following items purchased with credit: furniture, machinery, tires, rings, skis, colored television, contact lenses, car parts, sewing material, flowers, and a paint job on a car (Table 22).

The males used credit most frequently for purchasing gasoline. About three-fourths of them used credit to purchase gasoline. Fifty-two percent of the males used credit for clothing. These items reversed rank of importance with the girls. When using credit, clothing was the item most frequently purchased by the females and gasoline was the second most frequently purchased item. Eighty-eight percent of the females used credit to purchase clothing and 63 percent used credit to purchase gasoline. Based on the Chi-square test the following hypothesis was rejected: Items purchased with credit by male teenagers did not differ from those purchased with credit by female teenagers (Table 22).

With the exception of gasoline and clothing most of the items purchased on credit by the teenage credit users were not purchased more than five times during the past 12 months. Of the 74 teenage credit users charging gasoline, 17 did not state how many times they had charged it. Thirty-eight of the teenage credit users reported

Table 22. Items purchased with credit by teenage credit users.

Item	Number			Percent		
	Male n=64	Female n=43	Total n=107	Male n=64	Female n=43	Total n=107
Gasoline	47	27	74	73	63	69
Clothes	33	38	71	52	88	66
Music	13	6	19	20	14	18
Car Purchase	15	2	17	23	5	16
Food	8	9	17	13	21	16
Motorcycle	10	1	11	16	2	10
Cosmetics	--	9	9	--	21	8
Hobby Items	6	1	7	9	2	7
Travel	1	2	3	2	5	3
Other	7	4	11	11	9	10
No Response	4	--	4	6	--	4

Chi-square\* 33.193 (d. f.=8)

\*Significant at the .005 level.

charging gasoline 20 times or less per year but 19 of them reported charging it over 21 times during the past year. Fifty of the 71 teenage credit users charging clothing reported charging clothing items ten times or less per year; however, nine teenagers reported charging clothing over 11 times during the year (Table 23).

The teenage credit users were asked to indicate the largest amount they had charged at one time and give the frequency of the payments. The largest amount of credit used ranged from five dollars to \$3,000. Of the 107 teenage credit users, one-fourth or 27 teenagers said the largest amount they had charged was \$25 or less. Thirty percent or 31 teenagers had charged from \$26 to \$100. Twenty-seven percent or 30 teenagers reported charging amounts from \$101 to \$1,000. Only six percent or six teenage credit users had charged over \$1,001. Twelve percent did not indicate the largest amount they had charged (Table 24).

The males charged larger amounts than the females. Fifty-seven percent of the males had charged \$76 or more, but only 19 percent of the females had charged over \$76.

When asked how frequently credit payments were made for the largest amount charged, 47 percent or 51 students listed monthly payments. Seven percent listed lump sum or one payment and six percent reported weekly payments. Four percent reported they did not have regular payments (Table 25).

Table 23. Number and percentage of times items were purchased with credit during year by teenage credit users.

Number of times	Gasoline N	Clothes N	Music N	Car N	Food N	Motorcycle N	Cosmetics N	Hobby N	Travel N	Other N
1 to 5	16	37	14	10	7	9	8	5	3	6
6 to 10	11	13	3	1	-	-	-	-	-	-
11 to 20	11	7	1	1	-	-	-	1	-	1
Over 21	19	2	1	-	2	-	-	1	-	1
No response	<u>17</u>	<u>12</u>	<u>-</u>	<u>5</u>	<u>8</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total	74	71	19	17	17	11	9	7	3	11

Table 23 (Cont. ) Number and percentage of times items were purchased with credit during year by teenage credit users.

Number of times	Gasoline %	Clothes %	Music %	Car %	Food %	Motorcycle %	Cosmetics %	Hobby %	Travel %	Other %
1 to 5	22	52	74	59	41	82	89	72	100	55
6 to 10	15	18	16	5	--	--	--	--	--	--
11 to 20	15	10	5	5	--	--	--	14	--	9
Over 21	26	3	5	--	12	--	--	14	--	9
No response	<u>22</u>	<u>17</u>	<u>--</u>	<u>31</u>	<u>47</u>	<u>18</u>	<u>11</u>	<u>--</u>	<u>--</u>	<u>27</u>
Total	100	100	100	100	100	100	100	100	100	100



Table 24. Largest amount charged at one time by teenage credit users.

Amount	Number			Percent		
	Male	Female	Total	Male	Female	Total
\$ 25 and under	14	13	27	21	30	25
\$ 26 to \$ 50	8	13	21	13	30	21
\$ 51 to \$ 75	--	2	2	--	5	2
\$ 76 to \$ 100	5	3	8	8	7	7
\$ 101 to \$ 200	8	4	12	13	10	11
\$ 201 to \$ 300	3	--	3	5	--	2
\$ 301 to \$ 400	4	--	4	6	--	4
\$ 401 to \$ 500	3	--	3	5	--	2
\$ 501 to \$1000	7	1	8	11	2	8
\$1001 to \$ 3000	6	--	6	9	--	6
No response	<u>6</u>	<u>7</u>	<u>13</u>	<u>9</u>	<u>16</u>	<u>12</u>
Total	64	43	107	100	100	100

Table 25. Frequency of payment for largest amount charged by teenage credit users.

Frequency	Number	Percent
Weekly	6	6
Twice weekly	3	2
Monthly	51	47
Twice monthly	2	2
One payment	7	7
Every six weeks	1	1
2 payments	1	1
No regular payment	4	4
No response	<u>32</u>	<u>30</u>
Total	107	100

The answers ranged from one dollar to \$457 for the smallest amount charged. Sixty-one percent of the teenage credit users said the smallest amount charged was five dollars or less. Fourteen percent said the smallest amount they had charged was over six dollars. One fourth of the students did not answer this question (Table 26).

Table 26 indicates that a higher percentage of the females charged smaller amounts than the males. Only one female but eight males reported the smallest credit purchase was over \$11. For the remainder of males and females answering the question, the smallest amount charged was \$10 or under.

Table 26. Smallest amount charged at one time by teenage credit users.

Response	Number			Percent		
	Male	Female	Total	Male	Female	Total
\$ 1 to \$ 5	37	28	65	58	65	61
\$ 6 to \$10	4	2	6	6	5	5
\$11 to \$20	1	1	2	2	2	2
\$21 to \$30	2	--	2	3	--	2
Over \$31	5	--	5	8	--	5
No response	<u>15</u>	<u>12</u>	<u>27</u>	<u>23</u>	<u>28</u>	<u>25</u>
Total	64	43	107	100	100	100

One-half of the teenage credit users did not answer the question, "How frequent were the payments?" Results from those who did respond to the question indicated that monthly payments were the most frequently used. Twenty-seven percent of the teenage credit users listed monthly payment; 10 percent reported one time payment (Table 27).

Table 27. Frequency of payments for the smallest amount charged by teenage credit users.

Response	Number	Total
Weekly	6	6
Twice weekly	1	1
Monthly	29	27
Twice monthly	2	2
One payment	11	10
Every 6 weeks	1	1
2 payments	-	-
No regular payment	4	4
No response	<u>53</u>	<u>49</u>
Total	107	100

The teenage credit users were asked how much they were required to pay for the items they purchased on credit. Thirty-seven percent of the teenage credit users were required to pay for all of

their credit purchases. However, fifty-five percent of the teenage credit users were not required by their parents to pay for all of their purchases. Thirty-two percent were required to pay for part of their charges, but 23 percent were not required to pay for any of their credit purchases. Eight percent did not respond to the question (Table 28).

Table 28. Amount parents require teenage credit users to pay on credit purchase.

Response	Number	Total
All	39	37
More than half	14	13
Less than half	20	19
None	25	23
No response	<u>9</u>	<u>8</u>
Total	107	100

#### Parents' Use of Credit and Approval of Teenage Credit

The teenagers were asked if their parents used credit. Eighty-four percent indicated their parents did use it. The teenage credit users had a higher percentage of parents using credit than the teenage noncredit users. Interestingly, 90 percent of the credit users' parents used credit, however, 80 percent of the noncredit users' parents used it (Table 29).

Table 29. Parents' use of credit by credit users and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Yes	96	143	239	90	80	84
No	7	22	29	6	12	10
Do not know	--	8	8	--	5	3
No response	<u>4</u>	<u>5</u>	<u>9</u>	<u>4</u>	<u>3</u>	<u>3</u>
Total	107	178	285	100	100	100

Table 30 gives data about how all 285 teenagers thought their parents felt about their own use of credit. Forty-four percent of the teenagers reported their parents approved of using credit for only large purchases. Eighteen percent reported their parents used credit for most purchases and 15 percent reported their parents did not believe in using credit. Twenty percent of the students did not know how their parents felt and three percent did not answer the question.

Twenty-eight percent of the credit users but only 13 percent of the noncredit users reported their parents used credit for most purchases. About four times as many teenage noncredit users as credit users did not know how their parents felt about the use of credit for purchases (Table 30).

Table 30. Parents use of credit for purchases by credit and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Use it for most purchases	30	23	53	28	13	18
Approve for only large purchases	48	76	124	44	43	44
Parents do not believe in credit	15	28	43	14	16	15
I do not know how parents feel	7	49	56	7	27	20
No response	<u>7</u>	<u>2</u>	<u>9</u>	<u>7</u>	<u>1</u>	<u>3</u>
Total	107	178	285	100	100	100

Apparently many of the students had not discussed the possibility of them using credit with their parents. Thirty-nine percent stated they did not know if their parents approved of their teenager using credit. One third said their parents did not approve of the teenager using credit; however, 25 percent reported their parents did approve. Three percent did not answer this question (Table 31).

Table 31 indicates that of the teenage credit users, 55 percent of their parents approved of them using credit; however, 20 percent had parents who disapproved of the teenager using credit. Of the

teenage noncredit users, about one-half reported they did not know if their parents approved of the teenager using credit. Another 42 percent said their parents disapproved of the teenager using credit.

Table 31. Parents' approval of teenager using credit by credit users and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Approved	59	13	72	55	7	25
Disapproved	21	74	95	20	42	33
Do not know	24	86	110	22	48	39
No response	<u>3</u>	<u>5</u>	<u>8</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total	107	178	285	100	100	100

#### Teenage Knowledge and Views About Credit

Both teenage credit users and noncredit users were asked to check four statements about their knowledge of credit. Interestingly, 39 percent said they knew enough about credit to use it, but 35 percent reported they did not know enough about credit to use it. Only 14 percent reported they knew in dollars and cents the interest they paid. Thirty percent reported they would like more information about credit buying (Table 32).

Table 32. Knowledge about use of credit by credit users and noncredit users.

Response	Number			Percent <sup>*</sup>		
	C. U. n=107	N. C. U. n=178	Total n=285	C. U. n=107	N. C. U. n=178	Total n=285
Know enough about credit to use it	66	44	110	62	25	39
Do not know enough about credit to use it	23	78	101	21	44	35
Would like more information about credit buying	31	54	85	29	30	30
Know in dollars and cents the interest paid	21	18	39	20	10	14

\* Percent will exceed 100 because respondents gave more than one answer.

Teenagers were asked to check the following statements which applied to them:

- (a) I enjoy using credit,
- (b) I wish I could use credit,
- (c) I wish I did not use credit.

About one-third indicated they wished they did not use credit while one-fourth stated they wished they could. Seventeen percent said they enjoyed using credit. Eight percent added a statement to the question stating they did not use credit. Eighteen percent gave no response to this question.



When analyzing the responses of the credit users and noncredit users there were discrepancies. One teenage credit user reported he did not use credit and 16 teenage credit users stated they wished they could use credit. Of these teenagers all but one reported the only type of credit they had used was under their parents' name. The writer thinks possibly these teenagers were thinking of using credit only in terms of their own name. This question was asked prior to the statement, "If you have not used credit it will not be necessary for you to complete the remainder of the questionnaire." Interestingly, 12 percent of the noncredit users added to the question, "I do not use credit." As the question was worded it was difficult for the teenagers to answer accurately. The question should have included I do not use credit. Since a number of the teenagers did not check any of the statements, apparently it was confusing to answer.

Of the noncredit users, nine reported they enjoyed using credit; however, they did not give any indication of having used credit. Fifty-one teenage noncredit users said they wished they did not use credit. It appeared that the question was checked because there was not a statement on the question saying, I do not use credit.

Table 33. Teenage views about using credit by credit users and noncredit users.

Response	Number			Percent		
	C. U.	N. C. U.	Total	C. U.	N. C. U.	Total
Wish I did not use credit	39	51	90	37	29	32
Wish I could use credit	16	56	72	15	31	25
Enjoy using credit	40	9	49	37	5	17
Do not use credit	1	21	22	1	12	8
No response	<u>11</u>	<u>41</u>	<u>52</u>	<u>10</u>	<u>23</u>	<u>18</u>
Total	107	178	285	100	100	100

The 107 teenage credit users were asked open-end questions about what they enjoyed most and least about using credit. Of the teenage credit users who responded to these questions, convenience would sum up their feelings for what they enjoyed the most about credit (Table 34). Some of the teenagers' comments were:

It allows me to purchase what I want at the time instead of having to wait.

If I don't have money at the time, then I can charge it and pay when I get the money.

It enables me to get a first hand understanding of economics.

It is a good way of saving for what you want.

Table 34. What the teenage credit users enjoyed most about using credit.

Response	Number	Percent
Convenience	83	78
Nothing	10	9
Practical experience	2	2
No response	<u>12</u>	<u>11</u>
Total	107	100

Table 35 summarizes the teenage credit users replies to the question, "What do you enjoy least about using credit?" Thirty-eight percent of the 107 credit users reported the least enjoyed aspect of using credit was paying bills. Also disliked by teenage credit users were: paying cost of interest, overspending, being in debt, record keeping, worry, and parental conflict. A few of the comments made by the teenagers were:

Bills come in at the same time.

I'm always worrying about when I'm going to pay.

It puts too much pressure on a person's financial status thinking he can buy now and pay later.

Bills build up so that you end up owing a lot of money, sometimes more than you can pay.

Parents' griping.

Table 35. What teenage credit users enjoyed least about using credit.

Response	Number n=107	Percent
Paying bills	41	38
Cost increased by interest payment	19	18
Ease of overspending	14	13
Being in debt	8	7
Record keeping	5	5
Worry	3	2
Parental conflict	2	2
No response	19	18

\* Percent will exceed 100 because respondents gave more than one answer.

Table 36 summarizes the recommendations teenage credit users would make to other teenagers thinking about using consumer credit. Of the 107 teenage credit users, 20 responded to use credit with caution, 18 said not to use it, and 17 cautioned teenagers not to use credit without future income for payments. A few of their comments were:

Use it carefully and wisely and don't charge more than you can pay for.

Have parents advice.

Use only when you absolutely have to.

Don't have too many [accounts] .

Don't get it if you're a compulsive spender.

Keep an accurate record of how much money you have and keep a record of what you spend so you won't get into hot water with finances.

Use it, it is a good experience.

Table 36. Recommendations made by teenage credit users to prospective credit users.

Response	Number n=107	Percent <sup>*</sup>
Use with caution	20	24
Do not use it	18	21
Do not use it without future income to pay	17	20
Stay away from credit as long as possible	10	12
Learn all you can before using credit	8	10
Use credit	5	6
Limit accounts	5	6
Take responsibility for paying bills	3	4
Use only with parents' consent	3	4
Know service charge	2	2
Keep accurate records	2	2
Do have to pay sooner or later	2	2
No response	23	21

\* Percent will exceed 100 because respondents gave more than one answer.

Suggestions teenage credit users made about what should be taught about the use of credit are summarized in table 37. The teenage credit users listed cost of credit and avoid overspending as their main suggestions. Other suggestions included teaching about: procedures and methods of using credit, different types of credit, problems encountered with using credit, the responsibility involved with credit use, and the importance of good credit ratings.

Table 37. Suggestions made by teenage credit users of what should be taught about credit.

Response	Number	Percent <sup>*</sup>
Cost of credit	30	28
Danger of overspending income	19	18
Complete education on the use of credit	11	10
Meaning of responsibility for credit	11	10
Problems encountered with credit use	8	7
Procedures and methods for using credit	8	7
Meaning of credit rating	3	2
Different types of credit	2	2
How to use credit	1	1
No response	26	24

\* Percent will exceed 100 because respondents gave more than one answer.

The teenage credit users were asked to indicate how they learned to use credit. As a result, 74 percent reported learning about credit from their parents. Twenty-three percent said they taught themselves; six percent learned from school; and five percent from retailers. Seven percent reported they had not learned how to use credit (Table 38).

Table 38. Sources of learning about credit by teenage credit users.

Source	Number	Percent <sup>*</sup>
Parents	79	74
Self taught	25	23
Have not learned	7	7
School	6	6
Retailer	5	5
Other	2	2
No response	1	1

\* Percent will exceed 100 because respondents gave more than one answer.

In response to the question, "Where can you presently obtain information about credit?", 31 or 29 percent listed their parents. Seventeen percent listed retailers and 12 percent listed banks. Only eight percent listed school as a source for obtaining information; however, seven percent said they did not know where they could

obtain information. Other sources listed were libraries, credit bureaus and unions, work experience and lawyers. Thirty-six per cent did not answer the question (Table 39).

Table 39. Sources given by teenage credit users for presently obtaining more information about credit.

Source of receiving information	Number n=107	Percent*
Parents	31	29
Retailers	18	17
Bank	13	12
School	9	8
Do not know of source	7	7
Credit bureau and unions	6	4
Library	4	4
Work experience	1	1
Lawyers	1	1
No response	39	36

\* Percent will exceed 100 because respondents gave more than one answer.

Table 40 summarizes the answers to the question, "If you would like to know more about credit, how would you like to receive the information?" School was mentioned by the highest number of students as a source for receiving information. Of the 107 teenage



credit users, 26 listed school as a source for receiving information. Other sources listed were: printed matter by 10, retailers by 9, mail by 6, parent by 5, credit unions and credit bureaus by 2, insurance companies, libraries and banks by one each. Forty percent did not respond to this question.

Table 40. Sources suggested for obtaining more information about credit by teenage credit users.

Source of Information	Number n=107	Percent <sup>*</sup>
School	26	24
Printed matter such as newspapers, pamphlets, books	10	9
Retailers	9	8
Through the mail	6	6
Parents	5	5
Credit union or bureaus	2	2
Insurance companies	1	1
Libraries	1	1
Banks	1	1
No response	43	40

\* Percent will exceed 100 because respondents gave more than one answer.

## SUMMARY AND CONCLUSIONS

This chapter includes a summary of the study, conclusions, implications, and the limitations of the study and recommendations for further research.

### Summary

The purposes of this study were (1) to examine the use of consumer credit by teenagers in Klamath Falls, Oregon; (2) to determine the kinds of credit used; and (3) to determine the types of items purchased with credit.

Data for the study were obtained from a questionnaire administered in 1970 to junior and senior high school students in Klamath Union High School and Henley High School. Of the 295 questionnaires administered, only 285 were completed and usable. Data on questionnaires were coded for computer analysis.

Of the 285 teenagers in this study, 157 were males and 128 were females. One hundred seven were credit users and 178 were noncredit users. Sixty-four males and 43 females reported using credit.

Based on the results of the chi-square tests, there was not a significant relationship between sex and teenage credit use. There

was also no significant relationship between the age of parents and teenage credit use.

Forty-four percent of the teenagers lived in the suburban area, 36 percent in the rural areas, and 20 percent in the urban area. About one-half of the credit users lived in the suburbs with the other half divided about equally between the urban and rural areas. Eighty-three percent of the noncredit users were from the suburbs and rural areas in about equal proportion. Seventeen percent lived in the urban area. There was no statistical difference between the use of teenage credit and the place of residence at the .005 level.

Seventy-one percent of the credit users and 88 percent of the noncredit users had \$10 or less to spend weekly. Statistically there was a significant relationship between the amount of money teenagers spent weekly and the use of credit.

The primary source of income for teenagers was from earnings outside of the home. Sixty-one percent of the students reported receiving money from this source.

There were 220 teenagers earning money from summer employment. The credit users reported earning more money than the noncredit users. Forty-four percent of the credit users and only 26 percent of the noncredit users reported earning \$500 or more during the past summer. Credit users also saved more money from their summer employment than the noncredit users. Fifty-five percent of

the credit users and 43 percent of the noncredit users saved \$100 or more.

Fifty-three percent of the teenagers indicated the annual income of their parents ranged from \$5,000 to \$14,999. The credit users' parents had higher incomes than the noncredit users. Twenty-two percent of the credit users and only six percent of the noncredit users reported annual incomes of over \$15,000. Statistically there was a significant relationship between the amount of parents' annual income and teenage use of credit.

Twenty-nine of the 107 credit users reported having a charge account in their own name. Seventeen teenagers reported they had only one account. The main reason given for opening an account was because it made buying easier. Fifty-five percent had had their accounts for one year or less.

The most common type of credit used by the teenagers was credit cards in their parents' name. Seventy-seven teenagers or 72 percent reported using this type of credit. Oil company and department store cards were used more often than other credit cards. Under the parents' name, 28 percent had used 30-day charge accounts, 21 percent installment credit, and 20 percent revolving credit. Under the teenagers' own name both 30-day charge accounts and installment credit were used by 20 percent. Installment credit, 30-day charge, and loans from parents in the order listed were the

types of credit mainly used by the males in their own name. Thirty-day charge accounts, credit cards, and loans from parents or other lending agencies in the order listed were the types of credit mainly used by the females in their own name.

Gasoline and clothes were the main items purchased with credit. Seventy-three percent of the males reported purchasing gasoline, 52 percent reported purchasing clothes, and 23 percent reported purchasing cars with credit. Clothing was the item most females purchased with credit. Eighty-eight percent purchased clothes, 63 percent purchased gasoline and 21 percent reported purchasing both cosmetics and food with credit. Statistically there was a significant difference at the .005 level in the items purchased and the sex of the teenagers.

About one-half of the teenagers reported the largest amount they had charged at one time was \$50 or less. The males charged larger amounts than the females. Over fifty percent of the males and only 19 percent of the females had charged over \$76 at one time.

Only 37 percent of the teenage credit users said their parents required them to pay for all of their credit purchases. About one-fourth of the teenagers were not required to pay for any of their credit purchases. Thirty-two percent were required to pay part of the debt.

Eighty-four percent of the 285 teenagers reported their parents used credit; however, forty-four percent said their parents approved

of using credit for only large purchases. Eighteen percent reported their parents used credit for most purchases; 15 percent said their parents did not believe in using credit; and 20 percent did not know how their parents felt about using credit.

One-fourth of the 285 teenagers said their parents approved of the teenager using credit; however, one-third said their parents did not approve. Thirty-nine percent reported they did not know how their parents felt about the teenager using credit.

The teenagers enjoyed the convenience of using credit but they disliked paying for purchases, interest, and the problem of overspending. Recommendations to other teenagers about using consumer credit included: to use with caution, do not use it, and be sure you will have money to pay for bills when they are due.

The following is a summary of the acceptance and rejection of the hypotheses. The hypotheses were accepted if chi-square tests were at a .005 level or above.

1. There is no relationship between the use of teenage consumer credit and:
  - a. sex accepted
  - b. age of parents accepted
  - c. residence accepted
  - d. amount of weekly spending rejected
  - e. income of parents rejected

2. Items purchased with credit by male teenagers do not differ from those purchased with credit by female teenagers. This hypothesis was rejected.

### Conclusions

This study indicates that teenage credit users have access to more money resources than noncredit users. The credit users spend more money weekly, but also make more money from employment outside the home, earn more income from summer employment, and have parents with higher incomes than the noncredit users.

The type of credit most teenagers use was the credit card in their parents' name. About three-fourths of the teenage credit users used parents' credit cards with 68 percent having access to three cards or less. Oil company cards and department store cards were the kinds that were used most often. Sixty-eight percent of the teenagers were required to have permission from parents before they used the parents' credit card.

Gasoline and clothing were the main items purchased with credit. About one-half of the teenagers did not charge any items over \$50. Most payments were paid monthly.

Ten percent of the 285 in the sample or 27 percent of the teenage credit users had a charge account in their own name. Over twice as many males had charge accounts as females.

Twenty males and nine females had personal accounts. About three-fourths of the teenagers with personal accounts had no more than two accounts and about one-half of the teenagers had their account for less than a year. The main reason for opening an account was to make buying easier. Thirty-day charge accounts and installment credit were the types of credit most often used by teenage credit users in their own name.

Teenagers enjoy using credit because of convenience, but they dislike the bills, cost of interest, and the danger of overspending.

Ninety percent of the teenage credit users had families that used credit. However, about one-half of the teenagers' parents approved of using credit for large purchases only. About one-third of the parents required their teenagers to pay for all of the teenage credit purchases. About one-fourth of the teenagers were not required to pay for any of their credit purchases.

Teenage credit users indicated the main source for learning about credit was from parents. However, teenagers indicated they would like to receive information about credit through the schools.

### Implications

Although the teenage credit users enjoyed using credit because it was convenient they also recognized many pitfalls of its use. Their main dislikes about using credit were: the bills, cost of



interest, and the ease of overspending.

The teenagers seemed to have a mature attitude about the use of credit. When they were asked what recommendations they would make to other teenagers about using consumer credit they generally expressed a conservative opinion. They indicated awareness of the problems of credit use and their advice ranged from a simple "Forget it" to various degrees of caution. Some of their comments were: "Don't get it unless necessary"; "Know amount charged for service"; and "Don't charge things every time you want something". The teenagers cautioned future credit users about meeting payments. Some of their comments were: "Be careful and don't over charge so you can't pay it off"; "Don't unless you are sure you can pay the bills and unless you actually have to"; "Don't buy something that will have more than 12 payments"; and "Don't unless it is a large amount and you have a reliable job".

From their suggestions of what should be taught about credit, the money cost of using credit received the largest number of responses from the teenage credit users. Troelstrup said, "...American consumers pay around \$16 billion each year in pure interest to buy on credit goods and services that, on May 31, 1968 were worth over \$100.3 billion" (33, p. 142). This is almost as much as the Federal Government pays each year for interest on the

national debt which was estimated to be approximately \$18 billion in 1970 (34, p. 378).

Of the 285 teenagers, 85 students expressed a desire to have more information about using credit and 101 said they did not feel they knew enough about credit to use it. When the credit users were asked where they would like to receive information about credit, the source receiving the greatest response was school. Yet when asked where they could presently obtain information about credit, school received a small percentage of responses.

One wonders if the schools are teaching consumer education. Are students getting information needed to prepare them for living in a credit society? Schoenfeld says "Consumer education must become an integral part of education in order to prepare young people and adults for competent and effective utilization of their incomes" (27, p. 27).

Schoenfeld goes on to say,

Consumer education is vital not only for the individual but also for the economy as a whole. If we are to enjoy an economy in which the consumer may truly be king, he should be able to cast his economic vote intelligently for those producers who can best satisfy his want and needs. Producers, in response, would have to upgrade their products and services. As a consequence the entire economy would be uplifted and competition would increase (27, p. 27).

In this study about one-third of the teenagers said they did not know the annual income of their parents. Paolucci and Thal state,

"Evidence does reveal that families tend not to share money experiences with their children..."(20, p. 6). In a study of families in a rural-town community in Iowa by Lyle, 158 high school students were asked to check problems that troubled them the most. Out of 330 problems on the check list, the problems mentioned the most were: "learning how to spend money wisely, " "having to ask parents for money, " and "having no regular allowance or regular income." About one-half of the teenagers felt they were definitely not getting intellectual stimulation in money management. The teenagers also indicated that the planning for the total use of the family income by all members old enough to understand the situation was rather rare (33, 1. 89).

In Troelstrup's list of suggestions on teaching children money management he states, "Let each child be responsible for his own money matters" (33, p. 88). In this writer's study 55 percent of the teenager credit users indicated they were not required to pay for all of their credit purchases, of which 23 percent said they were not required to pay for any. Only 37 percent indicated they were required to pay for all of their credit purchases.

### Limitations of the Study and Recommendations for Further Research

The sample for this study was confined to single students in their junior or senior year of high school.

For testing such a large group the questionnaire was practical and convenient. However, it might have been more effective if the researcher could have interviewed the students.

Improvements could be made in the instrument in the wording of some questions. The question on the kinds of credit used and the number of times used; and the question on the items purchased on credit and the number of times purchased needs to be stated more clearly. Question eight on how the teenager views using credit should be reworded or eliminated.

Some of the answers were dependent on the memories of the students; therefore, the research is limited to the accuracy of their recall.

Recommendations for further study are:

1. To do a similar study with a wider age range of teenagers.
2. To do a similar study in other areas of Oregon.
3. To develop an instrument for testing knowledge teenagers have about credit purchases.

4. To make a study to determine what money management principles are being taught at various levels of learning-- elementary, junior high school, and high school.

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## APPENDIX

## APPENDIX

## Questionnaire Cover

The purpose of this questionnaire is to make a study of the use of credit by teenagers in Klamath Falls, Oregon.

You can help with this study by completing the following questions as accurately as possible.

The information given will be kept strictly confidential. The data that are compiled will be used in a Master's thesis.

Your cooperation and willingness to help with this study is sincerely appreciated.

## QUESTIONNAIRE

Please put a check ( ) mark or, fill in all blanks that apply to you.

Male \_\_\_\_\_ Female \_\_\_\_\_ Age last birthday \_\_\_\_\_

Sophomore \_\_\_\_\_ Junior \_\_\_\_\_ Senior \_\_\_\_\_

Single \_\_\_\_\_ Married \_\_\_\_\_ Divorced \_\_\_\_\_ Separated \_\_\_\_\_

Age of father \_\_\_\_\_ Occupation of father \_\_\_\_\_

Age of mother \_\_\_\_\_ Occupation of mother \_\_\_\_\_

Do you live in the:

- \_\_\_\_\_ Urban area ... city limits of Klamath Falls  
 \_\_\_\_\_ Suburban area ... residence in the area surrounding  
 the city limits ... e. g. Stewart Lennox, Moyina Heights,  
 Altamont, Summers Lane, Wocus, etc.  
 \_\_\_\_\_ Rural area ... Open country or farm e. g. Henley, Merrill  
 Highway, etc.

Length of residence in Klamath Falls:

- \_\_\_\_\_ Over five years  
 \_\_\_\_\_ One year to five years  
 \_\_\_\_\_ If less than one year, how many months?

1. What is the primary source of your money:

- \_\_\_\_\_ Regular weekly allowance from parents  
 \_\_\_\_\_ Earned from work for parents in or around the home  
 \_\_\_\_\_ Earnings from employment outside of your home  
 \_\_\_\_\_ Ask parents for it as needed or wanted  
 \_\_\_\_\_ Gifts of money  
 \_\_\_\_\_ Other \_\_\_\_\_

2. What is the average amount of money you have to spend weekly?

3. If you had summer employment, how much money did you earn?

- |                     |                        |
|---------------------|------------------------|
| _____ \$ 1 - \$ 99  | _____ \$ 500 - \$ 699  |
| _____ \$100 - \$299 | _____ \$ 700 - \$ 899  |
| _____ \$300 - \$499 | _____ \$ 900 - \$1,099 |
|                     | _____ Over 1,100       |

4. If you had summer employment, how much money did you save from it?

- |                     |                       |
|---------------------|-----------------------|
| _____ \$ 1 - \$ 99  | _____ \$ 300 - \$ 499 |
| _____ \$100 - \$299 | _____ Over \$500      |
| _____ No savings    |                       |

5. What is the approximate annual income of your family?  
 \_\_\_\_\_ Less than \$5,000 \_\_\_\_\_ \$10,000 - \$14,999  
 \_\_\_\_\_ \$5,000 - \$9,999 \_\_\_\_\_ \$15,000 or over  
 \_\_\_\_\_ I Don't know
6. Do you keep a written record of the money you spend?  
 \_\_\_\_\_ Always \_\_\_\_\_ Sometimes \_\_\_\_\_ Never
7. Check ANY of the following that apply to you.  
 \_\_\_\_\_ I know enough about credit buying to use it.  
 \_\_\_\_\_ I would like more information about credit buying.  
 \_\_\_\_\_ I know in dollars and cents the interest I pay on credit purchases.  
 \_\_\_\_\_ I don't know enough about credit to use it.
8. Which of the following apply to you?  
 \_\_\_\_\_ I enjoy using credit  
 \_\_\_\_\_ I wish I could use credit  
 \_\_\_\_\_ I wish I did not use credit
9. Do your parents use credit? \_\_\_\_\_ Yes \_\_\_\_\_ No.  
 \_\_\_\_\_ I don't know
10. How do you think your parents feel about their using credit?  
 \_\_\_\_\_ They use it for most purchases  
 \_\_\_\_\_ They approve for only large purchases  
 \_\_\_\_\_ They don't believe in it  
 \_\_\_\_\_ I don't know
11. Do your parents approve of your using credit? \_\_\_\_\_ Yes \_\_\_\_\_ No  
 \_\_\_\_\_ I don't know
12. Have you ever applied for credit? \_\_\_\_\_ Yes \_\_\_\_\_ No
- IF YOU HAVE NOT USED CREDIT IT WILL NOT BE NECESSARY FOR YOU TO COMPLETE THE REMAINDER OF THE QUESTIONNAIRE.
13. Do you have use of credit card(s) issued in your parents' name?  
 \_\_\_\_\_ Yes \_\_\_\_\_ No. If answer is yes, how many charge accounts do you have? \_\_\_\_\_
14. Do you have a charge account in YOUR OWN name? \_\_\_\_\_ Yes  
 \_\_\_\_\_ No If answer is yes, how many charge accounts do you have? \_\_\_\_\_
15. If the answer to #14 is yes, why did you open a charge account?  
 \_\_\_\_\_ Friends had them  
 \_\_\_\_\_ Advertising of stores  
 \_\_\_\_\_ Suggestions from sales person

- ☐ Parents' suggestion  
☐ To establish credit rating  
☐ To make buying easier  
☐ Other, please specify \_\_\_\_\_

16. How long have you had a charge account in your name? \_\_\_\_\_

17. When you opened an account:

- a. Did the credit manager have a conference with you?  
    ☐ Yes   ☐ No   ☐ I don't know  
 b. Did the credit manager explain the cost of credit to you?  
    ☐ Yes   ☐ No  
 c. Was there a limit set on the amount you could charge?  
    ☐ Yes   ☐ No  
 d. Did your parents sign for you?   ☐ Yes   ☐ No  
 e. Was there a time limit set for when the account was to  
    be paid?  
    ☐ Yes   ☐ No

18. Check the types of credit you have used in the last 12 months.

# of times  
 used in last  
 12 months

Under own name	Under parents' name	
		a. Have you made purchases which you have charged and have made a promise to pay the full amount within 30 days?
		b. Have you used a revolving credit account where new purchases can be made to bring the balance owed to a maximum amount if certain payment conditions are met? This plan requires either specific monthly payments or a percentage of the principal be paid each month.
		c. Have you made an installment purchase where you made a down payment and promised to pay a specific amount each month for a definite number of months?

Under own name	Under parents' name	
		d. Have you received a loan in which you promised to pay a full amount on a specific day or so much per month from: <input type="checkbox"/> parents <input type="checkbox"/> bank <input type="checkbox"/> finance company <input type="checkbox"/> other
		e. Check the credit cards you have used in the last year. <input type="checkbox"/> gasoline <input type="checkbox"/> Bank Americard <input type="checkbox"/> department store <input type="checkbox"/> Master Charge <input type="checkbox"/> American Express <input type="checkbox"/> Other <input type="checkbox"/> Carte Blanche

19. Mark the items you have charged during the last 12 months. As accurately as possible list the number of times you have made charges in each category.

ITEM	HOW MANY TIMES ITEM PURCHASED ON CREDIT
<input type="checkbox"/> Clothes	<input type="checkbox"/>
<input type="checkbox"/> Hobby items	<input type="checkbox"/>
<input type="checkbox"/> Music	<input type="checkbox"/>
<input type="checkbox"/> Cosmetics	<input type="checkbox"/>
<input type="checkbox"/> Car Purchase	<input type="checkbox"/>
<input type="checkbox"/> Gasoline	<input type="checkbox"/>
<input type="checkbox"/> Motorcycle	<input type="checkbox"/>
<input type="checkbox"/> Food	<input type="checkbox"/>
<input type="checkbox"/> Travel	<input type="checkbox"/>
<input type="checkbox"/> Other (List)	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

20. What is the largest amount you have charged at one time? \_\_\_\_\_  
 How frequent were the payments? \_\_\_\_\_
21. What is the smallest amount you have charged at one time? \_\_\_\_\_  
 How frequent were the payments? \_\_\_\_\_

22. Where did you learn to use credit?  
\_\_\_\_\_ Parents \_\_\_\_\_ Self taught  
\_\_\_\_\_ School \_\_\_\_\_ Have not learned how to  
\_\_\_\_\_ Friends \_\_\_\_\_ use credit  
\_\_\_\_\_ Store \_\_\_\_\_ Other (Specify) \_\_\_\_\_
23. Do your parents require you to pay for your own credit purchases?  
\_\_\_\_\_ All \_\_\_\_\_ Less than half  
\_\_\_\_\_ More than half \_\_\_\_\_ None
24. Can you use your parents account  
\_\_\_\_\_ at any time for any amount  
\_\_\_\_\_ up to a maximum amount set by your parents  
\_\_\_\_\_ up to a maximum amount set by the store  
\_\_\_\_\_ only with permission from parents each time
25. What do you enjoy most about using credit? \_\_\_\_\_
26. What do you enjoy least about using credit? \_\_\_\_\_
27. What recommendations would you make to teenagers thinking about using consumer credit? \_\_\_\_\_
28. What do you suggest be taught about the use of credit? \_\_\_\_\_
29. If you would like to know more about credit, how would you like to receive the information? \_\_\_\_\_
30. Where could you presently obtain more information about credit? \_\_\_\_\_