# FINANCIAL ATTITUDES AND SPENDING HABITS OF UNIVERSITY FRESHMEN

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## ABSTRACT

*Attitudes toward, and use of, money affects relationships, family stability, and even employment success. Recently, the effect of these issues on college students has been investigated. Eighty percent of undergraduates have credit cards with an average balance of $2,226 and 10 percent have outstanding balances of more than $7,000 (Kendrick as cited in Henry, Weber & Yarbrough, 2001). A survey by VISA found 8.7 percent of those filing for bankruptcy were below twenty-five years old (McBride as cited in Jones & Roberts, 2001).*

*Financial management capabilities are essential to students' personal success and their academic success. Students able to manage their finances are more likely to organize their lives and manage their time in a way conducive to good academic progress (Weaver, 1992). At Idaho State University, lack of financial management is a reason students do not graduate (Eskelson, 2005).*

*This study will evaluate the financial attitudes and perceptions, as well as the spending habits, of university freshmen. Implications are far-reaching and will provide valuable data for university administrators in enrollment management and student affairs, high school counselors, economic educators, and parents. Assisting students with information and strategies to improve their academic success and degree completion is vital.*

## INTRODUCTION

A person's ability to manage his money is essential to being successful in life. Effective financial management strategies are important for all members of society, including college students. It has been hypothesized that students' financial management capability is pivotal to their overall academic success and retention.

Views toward money have changed over time and students are now being raised in a society comfortable with debt. Instead of saving for emergencies, people are now turning to credit and credit cards to cover these expenses---and even to pay normal everyday bills! Staying out of debt is no longer valued as an important social norm. In fact, the debt-free lifestyle sought after by prior generations has been replaced with simply "paying bills on time"---and in many cases "only making minimum payments" (Diamond & O'Curry, 2003).

To complicate the issue, college students are being inundated with credit card offers. University campuses have become the perfect place for credit card companies to lure students into applying for credit cards. Students are offered candy, free t-shirts, and other trinkets in exchange for their credit card application (Jones & Roberts, 2001). Four out of five universities allow on-campus solicitations from credit card companies. In return, universities charge these vendors several hundred dollars each day they are on campus soliciting students (Jones & Roberts, 2001).

Students are caught up in the rush and excitement of starting college. Because of this, they are easily seduced and overwhelmed by these offers. For many, this is also a period in which they experience financial independence for the first time. These two variables (lifestyle change and financial freedom), coupled with being raised in a society comfortable with debt, can easily become a formula for a series of poor choices with money.

The attitude of Americans toward debt has changed dramatically. This change has resulted in a generation of students desensitized to debt and not completely prepared to handle the financial stresses of higher education. College students are exposed to credit card offers and other opportunities to incur debt around their college campuses. Many high school students take courses that include personal financial education. However, the enormous amount of debt incurred by college students raises questions as to whether or not this financial education in high school is effective.

College students need to be prepared before they are faced with important and mounting financial decisions. Current research indicates they in fact may not have the necessary financial background. A lack of financial management has actually been identified as one of the key reasons students do not complete a higher education degree.

## REVIEW OF LITERATURE

A person's ability to manage their money is essential to being successful. All members of society, including college students, will benefit from effective financial management. Students' financial management capabilities are pivotal to their academic and personal success.

### Changing Perceptions of Money

Americans' current views on money have a significant impact on the upcoming generation of consumers. A survey by University of California Los Angeles/American Council on Education Annual found that three out of every four students surveyed said a "very important" reason for going to college was to "make more money" (Jones & Roberts, 2001). In 1971, only one out of two (twenty-five percent fewer) students had this same response. Becoming "very well-off financially" was "very important or essential" to 74 percent of college students surveyed (Jones & Roberts, 2001). In 1971, only 39 percent of students said the same (Jones & Roberts, 2001). Having money is clearly becoming increasingly important to students.

The United States has evolved from cherishing savings to revering spending (Jones & Roberts, 2001). The ways in which Americans view and use credit are indicative of this perception. A recent study provided evidence that consumers now define 'fiscal responsibility' as making payments on time, rather than being debt-free (Diamond & O'Curry, 2003). Approximately 80 percent of undergraduate college students have an average of $2,226 in credit card debt; 10 percent of them have outstanding balances of more than $7,000 (Kendrick as cited in Henry, Weber, & Yarbrough, 2001). A survey by VISA found that 8.7 percent of those filing for bankruptcy were less than twenty-five years of age (McBride as cited in Jones & Roberts, 2001). This percentage is up from 1 percent just two years earlier.

These changing attitudes concerning money, and the acceptance of debt as a part of life, are having a tremendous effect on teenagers and, in turn, college students. Boyce and Danes (as cited in Norvilitis & Santa Maria, 2002), argued that teenagers experience "premature affluence" because of their high amounts of discretionary funds with a concurrent small amount of bills. These teens are becoming accustomed to the standard of living they have while they are with their parents, and expect the same for themselves when they move out and go to college (Norvilitis & Santa Maria, 2002).

## College Students and Credit Card Debt

Recent studies concerning college students and debt found the following: approximately 70 percent of college students have at least one credit card; between 6 percent and 14 percent have four or more credit cards; more than 40 percent of those with credit cards do not repay their balances in full each month; 14 to 16 percent report balances over $1000, while about 5 percent report balances over $3000; and the vast majority of these students obtain credit cards prior to college or during their freshman year (Lyons, 2004).

It is becoming increasingly easy for college students to obtain credit cards on their college campuses. Credit card vendors are invited to set up booths on campus at the beginning of the academic year. In addition, credit card applications accompany the materials given to students when they purchase their books at the bookstore (Jones & Roberts, 2001). Credit card companies also solicit university alumni offices for names and addresses of students. These companies send applications for special affinity credit cards that include the university logo or a university landmark printed on them (Hirt & Munro, 1998). Four out of five universities allow on-campus solicitations for credit cards and charge these vendors up to $400 dollars each day they are on campus soliciting students. Universities are actually benefiting financially from credit card companies being on their campuses (Jones & Roberts, 2001).

## Impact of Financial Management on Student Success

The ability to manage finances impacts students both personally and academically. Students who are able to manage their money are also more likely to be able to manage their time wisely (Weaver, 1992). These same students will outperform their peers academically because they are also the students who go to class and allow plenty of time to study. Ray Edwards, an admissions consultant and former East Carolina University Financial Aid Director stated, “As a rule, the more a freshman student has access to credit card accounts, the harder it is to get good grades” (Weaver, 1992).

According to a study released by the National Center on Public Policy and Education, tuition at public, four-year institutions rose by an average of 10 percent from 2001-02 to 2002-03 (Cavanaugh, 2003). Average student loan debt has grown to $17,000 and about 20 percent of college students work 35 or more hours a week (Cavanaugh, 2003). Some students may choose to decrease their course load to part-time, or drop out of school completely, to pay bills. As students take fewer credits per semester, they extend the amount of time it takes them to complete their college education, resulting in an increase in total student loan debt.

Some researchers suggest that the rising costs of higher education play a key role in the increasing use of credit on college campuses (Asinof & Chaker, 2002; The Education Resources Institute and The Institute for Higher Education Policy, 1998; Lyons, 2003; Shenk, 1997; Rohrke, 2002; United States General Accounting Office as cited in Lyons, 2004). Nearly 50 percent of students receiving financial aid do not feel the aid they receive is enough to cover the costs of a college education (Lyons, 2003). These students have turned to other forms of debt, including credit card debt, to cover the balance of their college costs (Lyons, 2004).

Debt can have devastating effects on college students. John Simpson, an Indiana State administrator, was quoted, "This is a terrible thing. We lose more students to credit and debt than academic failure" (Commercial Law Bulletin, 1998, p. 6). There have been at least two cases of college students who took their lives, in part, because of their credit card debt. Sean Moyer was a 22-year old student with $10,000 of debt and Mitzi Pool was a 19-year old student with $2500 in debt. Prior to their deaths, both of these students had talked to others about feeling overwhelmed by the amount of debt they had acquired (Norvilitis & Santa Maria, 2002).

## Economic Education

Many researchers believe programs that teach financial management and proper use of credit must begin in junior high and high school (Hayhoe et al., 2000; Munro & Hirt, 1998; Smith, 1999; Souccar, 1998). By the time a student is on their own in college, social pressure and advertising, combined with a lack of financial literacy, can result in disturbing outcomes. Parents and educators must be proactive and teach these young adults how to manage their personal finances before they are seduced by credit cards and then faced with increasing amounts of debt. When educated, students will then be prepared to handle the financial situations common to university student life (Jones & Roberts, 2001).

State leaders and educators are recognizing the need to have economic education in high schools. According to a study by the National Council on Economic Education (NCEE), 31 states have standards for personal finance and economic education in high schools. Of those 31 states, 16 require these standards be implemented. This same study found that only four states (Idaho, Illinois, Kentucky, and New York) require students to complete a course in economics that includes personal finance, before they graduate from high school (NCEE Survey, April 2003).

## METHODOLOGY

The purpose of this study was to evaluate the financial attitudes, perceptions, and spending habits of freshmen students at Idaho State University (ISU). The population was students enrolled in First Year Seminar (FYS), a one-credit semester orientation class taken by freshman students. The sample for this study enrolled in the course during the fall 2004 academic semester. They were asked to complete a written survey addressing financial perceptions and money management issues.

### Data Collection

This study was conducted as a pilot study for further research and data collection. In cooperation with the Coordinator of FYS Program at ISU, all FYS instructors during fall 2004 were solicited for their class' participation in this research project. This was a total of 32 sections of the course. Completion of the survey was voluntary and confidential for the participants. The researcher collected the data from each section of the class utilizing a standardized procedure and set of instructions. Eight classes of FYS agreed to participate in the study. Within those classes, the number of useable surveys completed was n = 117.

The purpose of FYS is to expose freshmen to the academic resources available to them and provide these students with the tools and information essential to their success while attending Idaho State University. The instructors of FYS design their syllabus with this purpose in mind. One of the topics that is becoming a standard toward meeting these goals is "money management."

The survey was given to students in each of the 8 sections of the FYS course, prior to a money management workshop presented in that course by the field director of the Center for Economic Education (CEE). The primary function of the CEE at ISU is to improve the quality/and expand the reach of consumer and economic education to students (elementary, secondary, and university) and the general public. The CEE provides money management workshops for first year students as one of the services they provide at Idaho State University. This workshop includes a discussion and activities geared toward an introduction to financial basics.

The "Money Management and Spending Habits of University Freshmen" survey is brief and designed to be completed in five minutes. Students were read the following uniform set of instructions:

> "The Center for Economic Education is performing a study to evaluate the financial literacy of Idaho State University freshmen. This survey will be used to assess your understanding, habits, and attitudes about money management. It will take you approximately five minutes to complete this pre-workshop survey. Your participation in this study is voluntary and will in no way affect your grade in this course. There are no apparent risks to you. Thank you for your participation."

(Disclaimer from Money Management and Spending Habits Survey, Haskell and Cummins, 2004.)

After these instructions were read, the students were asked to complete the survey.

**Survey Instrument**

The survey included a variety of questions concerning attitudes and perceptions related to money. It also asked questions that directly focused on how students spend and manage their money. Questions included topics regarding credit card use, personal spending habits, financial education, demographic characteristics, and other personal attitudes about finances.

The survey included 16 questions. Open-ended, select-from, and Likert scale questions were utilized. In the first three questions, participants were asked to check all statements that applied to their current situation. The next three questions were open-ended, short answer questions. The last ten questions were answered using a Likert scale. Participants were asked to mark "always," "often," "sometimes," "seldom," or "never" to answer these questions.

"Credit card usage" was measured using two questions. One question measured credit card usage using a five-point Likert scale. Participants used 1 = "always," 2 = "often," 3 = "sometimes," 4 = "seldom," or 5 = "never" to respond to the following statement: "Using credit is a mistake." The second question measuring "credit card usage" asked the participants to check whether or not the following statement described their situation: "I use a credit card(s)."

"Personal spending habits" were measured using six questions. One question determined "personal spending habits" using a five-point Likert scale. Participants used 1 = "always," 2 = "often," 3 = "sometimes," 4 = "seldom," or 5 = "never" to respond to the following statement: "I plan ahead for spending my money." Four questions analyzing "personal spending habits" asked the participants to check whether or not the following statements described their situation: "I have a savings account"; "I spend more than I earn"; and "I never have enough money." The final two questions about the participants' "personal spending habits" asked the participants to answer the following open-ended questions: "My most important purchase in the past three years has been _________" and "If I had $500 to spend any way that pleased me, I would _________."

The "financial education" of participants was determined using one question. Participants were asked to identify where they received their "financial education." Participants indicated where they learned about money management by checking all categories that applied from the following: "parents/family," "friends," "magazines/books," "clubs/organizations," "classes or workshops," and "other." If the participant checked "classes or workshops" or "other" they were asked to give a specific name.

The survey included two demographic questions. Participants were asked to give their gender and their age (using the month and year).

"Other personal attitudes about finances" were measured using 13 questions. Four questions analyzing "financial attitudes" asked the participants to check the statements that described their situation from the following: "I can buy most things I want"; "I earn most of my money"; "I have money in savings bonds, certificates, and other investments"; and "I have more money than I need." Participants were also asked to identify their source(s) of money. Participants reviewed a list and were asked to answer the question, "Where do you get your money?" by checking all categories that applied from the following list: "student loans, grants, scholarships," "parents (given as needed)," "regular allowance from parents," "regular job," "occasional job," "gifts," and "other." If the participants chose "other" they were asked to name that source.

A five-point Likert scale was used to answer the following seven questions: "I feel satisfied with how I spend my money"; "Lots of money is necessary to achieve financial security"; "Budgets take the fun out of spending"; "Parents should teach their children how to spend money"; "Saving money regularly is important"; "It is important to keep track of where money is spent"; and "Investing is an important part of financial planning."

Finally, an evaluation of participants' perceptions about money was determined using an open-ended question. Participants described their biggest money problem by answering the following question: "My biggest money problem is ________."

**Research Questions**

The research questions that lead this study were:

What are the attitudes of university freshmen toward spending money?
What are the attitudes of university freshmen toward saving money?
What are the attitudes of university freshmen toward debt?
How do university freshmen spend money?
How do university freshmen use credit card debt?

## DATA ANALYSIS AND RESULTS

The total number of usable student surveys was n = 117. The number of male participants was n = 36, which was 30.8 percent. The number of female participants was n = 81, which was 69.2 percent. The age distribution of survey respondents is listed in Table 1. Mean age was 22, median age was 19, while the mode age was 18. The majority of the participants, 67.9 percent, were traditional age (18-19 year old) first semester college students.

**Table 1: Age Distribution**

| Age | Frequency | Percentage |
|---|---|---|
| 18 | 44 | 38.3 |
| 19 | 34 | 29.6 |
| 20-29 | 19 | 16.5 |
| 30-39 | 11 | 9.6 |
| 40-49 | 6 | 5.2 |
| 50-59 | 0 | 0 |
| 60-69 | 1 | .9 |
| (n = 115) | | |

The responses to the question "I am satisfied with how I spend my money," as listed in Table 2, were as follows: n = 8 (6.8 percent) responded "always"; 62 (53.0 percent) responded "often"; 41 (35.0 percent) responded "sometimes"; 5 (4.3 percent) responded "seldom"; and 1 (.9 percent) responded "never." The mean response was that participants "often" feel "satisfied with how I spend my money."

**Table 2: I am satisfied with how I spend my money.**

| | Frequency | Percent |
|---|---|---|
| Always | 8 | 6.8 |
| Often | 62 | 53.0 |
| Sometimes | 41 | 35.0 |
| Seldom | 5 | 4.3 |
| Never | 1 | .9 |
| (n = 117) | | |

The responses to the question "I plan ahead for spending my money," as listed in Table 3, were as follows: n = 7 (6.0 percent) responded "always"; 54 (46.2 percent) responded "often"; 42 (35.9 percent) responded "sometimes"; 8 (6.8 percent) responded "seldom"; and 6 (5.1 percent) responded "never." The mean response was that survey respondents "often" "plan ahead for spending my money."

**Table 3: I plan ahead for spending my money.**

| | Frequency | Percent |
|---|---|---|
| Always | 7 | 6.0 |
| Often | 54 | 46.2 |
| Sometimes | 42 | 35.9 |
| Seldom | 8 | 6.8 |
| Never | 6 | 5.1 |
| (n = 117) | | |

The responses to the question "Saving money regularly is important," as listed in Table 4, were as follows: n = 95 (81.2 percent) responded "always"; 12 (10.3 percent) responded "often"; 6 (5.1 percent) responded "sometimes"; 2 (1.7 percent) responded "seldom"; and 1 (.9 percent) responded "never." The mean response was that students "always" feel "saving money regularly is important."

**Table 4: Saving money regularly is important.**

| | Frequency | Percent |
|---|---|---|
| Always | 95 | 81.2 |
| Often | 12 | 10.3 |
| Sometimes | 6 | 5.1 |
| Seldom | 2 | 1.7 |
| Never | 1 | .9 |
| (n = 116) | | |

The responses to the question "Using credit is a mistake," as listed in Table 5, were as follows: n = 5 (4.3 percent) responded "always"; 15 (12.8 percent) responded "often"; 75 (64.1 percent) responded "sometimes"; 16 (13.7 percent) responded "seldom"; and 6 (5.1 percent) responded "never." The mean response was that survey respondents "sometimes" feel "using credit is a mistake."

**Table 5: Using credit is a mistake.**

| | Frequency | Percent |
|---|---|---|
| Always | 5 | 4.3 |
| Often | 15 | 12.8 |
| Sometimes | 75 | 64.1 |
| Seldom | 16 | 13.7 |
| Never | 6 | 5.1 |
| (n = 117) | | |

The responses to the question "Investing is an important part of financial planning," as listed in Table 6, were as follows: n = 25 (21.4 percent) responded "always"; 48 (41.0 percent) responded "often"; 37 (31.6 percent) responded "sometimes"; 7 (6.0 percent) responded "seldom"; and 0 responded "never." The mean response was that survey respondents "sometimes" feel "investing is an important part of financial planning."

**Table 6: Investing is an important part of financial planning.**

| | Frequency | Percent |
|---|---|---|
| Always | 25 | 21.4 |
| Often | 48 | 41.0 |
| Sometimes | 37 | 31.6 |
| Seldom | 7 | 6.0 |
| Never | 0 | 0 |
| (n = 117) | | |

The responses to the question asking students to check all those descriptors which are true for their "current financial situation," as listed in Table 7, were as follows: n = 41 (35.0 percent) responded "I can buy most things"; n = 18 (15.4 percent) responded "I use credit cards"; n = 39 (33.3 percent) responded "I never have enough money"; n = 72 (61.5 percent) responded "I earn most of my money"; n = 84 (71.8 percent) responded "I have money in investments"; n = 21 (17.9 percent) responded "I spend more than I earn"; n = 99 (84.6 percent) responded "I have a checking account"; n = 5 (4.3 percent) responded "I have more money than I need."

**Table 7: Current Financial Situation**

| | Frequency | Percent |
|---|---|---|
| I can buy most things | 41 | 35 |
| I use credit cards | 18 | 15.4 |
| I never have enough money | 39 | 33.3 |

| Table 7: Current Financial Situation | | |
|---|---|---|
| | Frequency | Percent |
| I earn most of my money | 72 | 61.5 |
| I have a savings account | 84 | 71.8 |
| I have money in investments | 24 | 20.5 |
| I spend more than I earn | 21 | 7.9 |
| I have a checking account | 99 | 84.6 |
| I have more money than I need | 5 | 4.3 |
| (n = 117) | | |

The responses to the question asking students to check all of the avenues through which they have "learned about money," as listed in Table 8, resulted in the following: n = 111 (94.9 percent) responded "parents or family"; n = 28 (23.9 percent) responded "friends"; n = 12 (10.3 percent) responded "magazines and books"; n = 11 (9.4 percent) responded "clubs and organizations"; n = 28 (23.9 percent) responded "classes or workshops"; n = 13 (11.2 percent) responded "other."

| Table 8: Where students learned about money | | |
|---|---|---|
| | Frequency | Percent |
| Parents or Family | 111 | 94.9 |
| Friends | 28 | 23.9 |
| Magazines and Books | 12 | 10.3 |
| Clubs and Organizations | 11 | 9.4 |
| Classes or Workshops | 28 | 23.9 |
| Other | 13 | 11.2 |
| (n = 117) | | |

Additional questions were included in the survey; however, to date the researcher chose to report only the data from the questions provided. Further analysis will be completed and conclusions formulated.

## CONCLUSIONS AND DISCUSSION

Results of this survey revealed that college freshmen appear to have some basic financial management strategies. This may be, in part, a result of the students completing the survey during their first two months at the university. These initial data indicated only 15 percent of the students used a credit card and nearly 72 percent of them had savings accounts. Students who "planned ahead" were concurrently "satisfied with their spending." Many of these same students' "friends consider them to be good money managers." Although these students are "satisfied with their spending," interesting they also say "budgeting takes the fun out of spending their money."

Of the students surveyed, n = 111 (94.9 percent) learned how to manage their money from their "parents." A small number of them identified a "high school economics course" as the source of their financial knowledge. This was a surprise considering that a significant number of ISU freshmen come from an Idaho high school in which completion of an economics course is a requirement in order to graduate.

The researcher hypothesized that there would be a difference in the way males and females view and spend money, but the research data proved otherwise. The percentage of females who use credit cards is n = 17 (14.8 percent), while the percentage of males who use credit cards is n = 20 (16.7 percent). This was not a statistically significant difference. There were no significant differences in perceptions and spending habits of males and females, with one exception. The average response on the Likert scale of females who felt "budgeting takes the fun out of spending" was "sometimes," while the average response of the males who felt "budgeting takes the fun out of spending" was "seldom."

A large percentage of those surveyed n = 73 (62.4 percent) indicated "investing is an important part of financial planning," while only n = 24 (20.5 percent) of them "actually have money in investments." The participants were not asked whether or not they personally invested their money, but rather if they simply had money in investments. The money may have been invested by parents or grandparents and not actually by those surveyed.

The percentage of ISU freshmen surveyed who have credit cards is much lower than the 70 percent reported in other studies (Lyons, 2004). This result, however, reflects the response to the statement "Using credit is a mistake." Only 18 percent answered that question using "seldom" or "never." These young students appear very cautious of using credit as a means to purchase goods and services.

Perhaps this is indicative of a strong religious influence in southeast Idaho that discourages debt.

It is interesting that while 18 percent of the participants indicated they "spend more than they earn," and 33 percent indicated they "never have enough money," only 15 percent "use credit cards." The researcher is interested to learn more about these answers. If students do not have enough money and spend more than they earn, one would assume a subsequent increase in use of credit. The source of these extra funds remains unknown. It is possible the extra money may come from savings accounts, considering 91.5 percent responded "always" or "often" to the statement, "Saving money regularly is important."

College freshmen need to learn money management. Only 52 percent of them answered "always" or "often" on a Likert scale to the statement, "I plan ahead for spending my money." This lack of budgeting may be part of the reason that only 60 percent of respondents indicated "always" or "often" to the subsequent question, "I am satisfied with how I spend my money."

## IMPLICATIONS AND RECOMMENDATIONS FOR FURTHER RESEARCH

The study of the financial attitudes and spending habits of college students is a research topic that deserves continued time and effort. The literature strongly supports the fact that financial management is a key factor in student academic success and retention. The findings of the study suggest students may not be prepared to handle the financial situations they face while in college. For example, half of the students surveyed do not make plans ahead of time for spending their money. This lack of planning is likely setting the stage for future financial disaster.

Understanding how college students view and spend money is important in determining the type of financial education they need, not only for success in higher education and degree completion, but for success in, and quality of, life. This information is vital to educators as they are developing curriculum for financial education.

It appears that while high school students in Idaho are required to complete an economics course that includes personal finance, they are still in need of basic financial education. A study utilizing a similar survey should be conducted with high school seniors. This data would be valuable in determining the effectiveness of the high school economic courses. This research would also help university administrators develop programs to prepare freshmen entering the university for the challenging financial decisions they will make throughout college.

More research is needed to determine the amount of credit card debt students at Idaho State University accumulate while they are in school. While only 15 percent of them were using credit cards when they completed the survey, other statistics suggest more of them will have multiple credit cards before they graduate. Research indicates that 70 percent of college students have at least one credit card. Further research will determine whether or not this same statistic is true for ISU students. This information will be beneficial to administrators as they are planning programs to help students manage their debt.

Future research is also needed to evaluate whether or not the attitudes and spending habits of university students change during the time they spend in the university setting. This same type of study should be conducted with college seniors just before graduation. Longitudinal studies, with data collection conducted at strategic points (e.g., 5-year intervals), would also be invaluable. For example, graduates who have been gone from the university for five years or more could provide valuable insights for designing freshman money management curriculum.

Additionally, university financial aid offices should conduct further research to evaluate students' financial knowledge as part of an exit interview prior to graduation. These students will soon be required to repay their student loans. If students know how to manage their finances, they will be less likely to default on their student loan debt.

Money management skills are essential for students' academic success. University officials have identified a lack of these crucial skills as one of the reasons students do not succeed in the university setting. Students with credit cards have lower grades because they have to work to pay off their debt instead of spending the time studying. Students may even choose to drop out of school in order to work full-time to pay their bills.

Students need financial training. Economic education is essential for students to be successful academically and personally. Money management should be a key part of orientation for college freshmen and all college students should take a course in basic personal finance. Providing students with strategies that will improve their academic success and degree completion is critical.

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