

SCHOOL CREDITS OF A DIFFERENT KIND: THE MOSAIK MASTERCARD BACK TO SCHOOL STUDENT SURVEY ON CREDIT CARD KNOWLEDGE



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SCHOOL CREDITS OF A DIFFERENT KIND: THE MOSAIK MasterCard BACK TO SCHOOL STUDENT SURVEY ON CREDIT CARD KNOWLEDGE

Toronto, ON – A new Ipsos-Reid survey conducted on behalf of Mosaik MasterCard finds that three-quarters (77%) of Canadian postsecondary students have at least one credit card. Of these students, 72% are currently carrying a balance, and 53% plan to pay it off entirely by their next statement due date.

So why do college and university students get credit cards? The reasons are varied: in case of emergencies (65%), for school expenses (45%), and to make travel reservations (33%) are just a few of the reasons cited.

Only half (51%) of students with a credit card say they understand the purpose and role of a credit history “very well,” and most (72%) students don’t know that their credit history will stay with them for 2-7 years. Moreover, many students do not understand that a credit history can affect them in various ways in the future, such as when buying a house (25%) or applying for employment opportunities (61%).

Most students go to various sources such as parents, banks, friends, and the media for financial/budgeting advice, whereas one in five (19%) do not seek out any financial advice.

These are the findings of an Ipsos-Reid/Mosaik MasterCard poll conducted from August 11th to 17th 2005. For the survey, a representative randomly selected sample of 1008 Canadian college/university students 18 years of age or older was interviewed online. With a sample of this size, the results are considered accurate to within ± 3.1 percentage points, 19 times out of 20, of what they would have been

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had the entire adult college/university student population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population. These data were weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 2001 Census data.

A Majority Of Canadian Students Have At Least One Credit Card & Most Currently Have A Balance That They Intend To Pay Off Soon

Three-quarters (77%) of adult Canadian college/university students have at least one credit card. Specifically, 43% have one, 19% have two, 8% have three, and 7% have four or more. Just 23% say they have none. Of these students, 72% are currently carrying a balance.

Approximately half (53%) of students carrying a balance expect to pay it off entirely by their next statement due date, 22% “in the next 2-6 months,” and 11% expect to pay it off “in the next 7-12 months.” Others expect to pay it off “sometime before I graduate” (3%) or “sometime after I graduate” (8%). Another 4% don’t know when they’ll pay it off.

So Why Do College And University Students Get Credit Cards?

The reasons why students got their credit card(s) are varied: In case of emergencies (65%), for school expenses (45%), to use when they’re short on cash (41%), for everyday expenses (35%), to make travel reservations (33%), so they don’t have to carry cash (32%), to earn rewards/points (30%), to build credit (11%), to shop online (4%), because they’re friends recommended it (3%).



Students' Understanding Of Credit History And Where They Go For Advice

Only half (51%) of students with a credit card say they understand the purpose and role of a credit history "very well." Four in ten (38%) say they understand it "fairly well" and only 10% say they understand it "not very well," and 1% says "not at all".

When asked how long their credit history can stay with you, 72% did not know that the correct answer is 2-7 years. In contrast, 27% of students mentioned a number between two and seven. Two in ten (19%) students simply said they "don't know".

Asked which of a series of six statements explains why a credit history is important, 93% said "it can affect future credit card applications," 75% said "it can affect my ability to buy a house," 52% said "it can affect my student loan," 39% said "it can affect employment opportunities," 2% said "it does not affect me because I am under 25 years old," and 1% said "it does not affect me because of my student status." A further 2% said "none of the above."

Students find advice on finances and budgeting from a variety of sources: 55% say they get advice from their parents, 49% from their bank, 28% from friends and/or colleagues, 18% from websites, 12% from newspapers and/or magazines, 7% from their teacher or professor, 5% from their school advisor, 3% from their financial advisor/planner, and 2% go to extended family members for financial/budgeting advice. One in five (19%) students says they do not seek financial and/or budgeting advice.



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