FINANCIAL EDUCATION AND CREDIT CARD USAGE BEHAVIOR AMONG UNDERGRADUATE STUDENTS

A Dissertation Submitted to, Office of the Dean, Faculty of Management, Tribhuvan University in partial fulfillment of the requirement for the Master's Degree of Business Studies (MBS)

By

Monika Thapa

Shankerdev Campus

Campus Roll No: 571/074

Symbol No: 5778/18

Registration No: 7-2-478-130-2013

Group: Finance

Putalisadak, Kathmandu

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **FINANCIAL EDUCATION AND CREDIT CARD USAGE BEHAVIOR AMONG UNDERGRADUATE STUDENTS**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

Monika Thapa

Signature:

Date of Submission:

Report of Research Committee

Ms. Monika Thapa has defended research proposal entitled **Financial Education and Credit Card Usage Behavior among Undergraduate Students** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asst. Prof. Joginder Goet submit the thesis for evaluation and viva voce examination.

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Asst. Prof. Joginder Goet

Dissertation Supervisor

Dissertation proposal defended date:

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Dissertation submitted date:

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Assoc. Prof. Dr. Sajeeb Kumar Shrestha

Head, Research Department

Dissertation viva voce date:

……

Approval Sheet

We have examined the dissertation entitled **FINANCIAL EDUCATION AND CREDIT CARD USAGE BEHAVIOR AMONG UNDERGRADUATE STUDENTS** presented by **Monika Thapa for** the degree of **Master of Business Studies** (MBS). We hereby certify that the dissertation is acceptable for the award of degree.

…….
Asst. Prof. Joginder Goet
Dissertation Supervisor

…….
Internal Examiner

……
Internal Expert

……
External Expert

…….
Assoc. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

…….
Assoc. Prof. Dr. Kapil Khanal
Campus Chief

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Monika Thapa
Shanker Dev Campus

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Abbreviations

ANOVA	: Analysis of Variance
COSO	: Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	: Coronavirus Disease 2019
CV	: Coefficient of Variation
ERM	: Enterprise Risk Management
ESG	: Environmental, Social, and Governance
FinTech	: Financial Technology
GDP	: Gross Domestic Product
N	: Sample Size (Number of Observations)
SD	: Standard Deviation
SMEs	: Small and Medium Enterprises
SPSS	: Statistical Package for the Social Sciences
Std. Error	: Standard Error

Abstract

This study explores the relationship between financial education and credit card usage behavior among undergraduates students, focusing on how financial knowledge influences responsible credit management. With the growing accessibility of credit cards to young adults, particularly students, concerns have emerged regarding impulsive spending, debt accumulation, and financial mismanagement. The research investigates whether exposure to financial education—through formal coursework, seminars, or financial literacy programs—leads to more prudent credit card usage, including timely repayments, budgeting, and avoidance of excessive debt. A quantitative research design was employed using structured questionnaires distributed to a sample of undergraduates students from various faculties. The collected data were analyzed through descriptive and inferential statistics to determine patterns in financial behavior and the impact of financial education. The findings reveal that students who have received some form of financial education demonstrate significantly more responsible credit card usage, showing greater awareness of interest rates, repayment schedules, and the consequences of debt. In contrast, students with limited or no financial education are more prone to impulsive purchases, minimum-only payments, and poor debt management. The study highlights the crucial role of financial education in fostering healthy financial habits among young adults. It recommends the integration of financial literacy modules into university curricula to equip students with essential skills for managing credit and achieving long-term financial well-being. These insights contribute to the broader discourse on youth financial behavior and support the need for proactive educational policies in the age of increasing financial independence and consumer access.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

In recent years, the financial landscape in Nepal has undergone significant transformation, marked by the proliferation of financial products and services, including credit cards. This evolution necessitates a corresponding enhancement in financial literacy, particularly among undergraduates students in Kathmandu Valley, who are poised to become active participants in the financial system (Thapa & Nepal, 2015; Shrestha et al., 2023; Chaulagain, 2018). Financial literacy, defined as the ability to understand and effectively use various Peer Influence including personal financial management, budgeting, and investing, is crucial for making informed financial decisions (Thapa & Jha, 2022; Chaulagain, 2018; Thapa, 2025). However, studies indicate that while students possess basic financial knowledge, they often lack understanding in critical areas such as credit management and insurance, underscoring the importance of targeted financial education (Shrestha et al., 2023; Thapa & Nepal, 2015; Thapa, 2025).

The surge in credit card usage among young adults in Kathmandu Valley is a testament to the changing financial behaviors influenced by globalization and technological advancements (KUSOM Finance Club, 2023; Thapa, 2025; Shrestha et al., 2023). Credit cards offer convenience but also pose risks of debt accumulation if not managed prudently. The interplay between financial literacy and credit card usage behavior is critical; students with higher financial literacy are more likely to use credit cards responsibly, avoiding pitfalls such as overspending and accruing high-interest debt (Chaulagain, 2018; Thapa & Nepal, 2015; Thapa, 2025). Conversely, a lack of financial knowledge can lead to detrimental financial behaviors, affecting students' long-term financial well-being (Shrestha et al., 2023; Thapa & Jha, 2022; KUSOM Finance Club, 2023). Therefore, understanding the dynamics of financial literacy and credit card usage among undergraduates students is essential for developing effective educational interventions.

Parental and peer influences significantly shape students' financial behaviors (Thapa & Jha, 2022; Shrestha et al., 2023; Chaulagain, 2018). In Nepal, family plays a pivotal role in imparting financial values and practices, and students often emulate their parents' financial

habits, which can impact their financial decisions either positively or negatively (Thapa & Nepal, 2015; KUSOM Finance Club, 2023; Shrestha et al., 2023). Similarly, peer influence can affect spending behaviors, with students sometimes engaging in conspicuous consumption to align with their social circles (Chaulagain, 2018; Thapa, 2025; Thapa & Jha, 2022). These social factors underscore the need for comprehensive financial education that not only imparts knowledge but also addresses behavioral aspects influenced by social interactions.

Despite the evident need, financial education in Nepal remains inadequate, with limited integration into the formal education system (Thapa, 2025; Shrestha et al., 2023; Thapa & Nepal, 2015). Initiatives like those by the KUSOM Finance Club, which conducts financial literacy workshops and competitions, are commendable but insufficient to reach the broader student population (KUSOM Finance Club, 2023; Thapa & Jha, 2022; Chaulagain, 2018). The absence of a standardized financial literacy curriculum in higher education institutions contributes to inconsistent financial knowledge among students (Shrestha et al., 2023; Thapa & Nepal, 2015; Thapa, 2025). This gap highlights the urgency for policy interventions to incorporate structured financial education programs within academic curricula to foster financial competence among students.

Furthermore, the digitalization of financial services presents both opportunities and challenges (Thapa, 2025; Shrestha et al., 2023; Chaulagain, 2018). While digital platforms can enhance access to financial information and services, they also require users to possess a certain level of digital and financial literacy to navigate effectively (Thapa & Nepal, 2015; Thapa & Jha, 2022; Shrestha et al., 2023). In Nepal, the adoption of digital payment systems is influenced by financial literacy levels, with more literate individuals more likely to embrace digital financial tools (Thapa, 2025; KUSOM Finance Club, 2023; Chaulagain, 2018). Therefore, financial education programs must also encompass digital financial literacy to prepare students for the evolving financial ecosystem.

The intersection of financial literacy and credit card usage behavior among undergraduates students in Kathmandu Valley is a critical area of study (Thapa & Nepal, 2015; Shrestha et al., 2023; Chaulagain, 2018). Addressing the existing gaps in financial knowledge through comprehensive education programs is imperative to equip students with the skills necessary for responsible financial management (Thapa, 2025; Thapa & Jha, 2022;

Shrestha et al., 2023). Such initiatives will not only benefit individual students but also contribute to the broader economic stability by fostering a financially literate population capable of making informed financial decisions (KUSOM Finance Club, 2023; Chaulagain, 2018; Thapa & Nepal, 2015).

Credit card is one the most widely used electronic payment methods in today's internet business. Card issuers spend a lot of money keeping their consumers happy in order to consolidate important customers. While there have been numerous studies on the motivations behind card usage, few of them focus on the analysis of credit card usage behavior over specific time periods. The knowledge and mindset needed to comprehend money and finance are imparted through financial education. Gaining a comprehension of finance provides us with the abilities and information required to handle money wisely. It supports financially prudent behavior and aids in our ability to make educated decisions. It helps children become more adept at handling money as they get older and provides them with the information and self-assurance needed to make critical financial decisions.

Financial education among undergraduates students is crucial, as it not only prepares them for the wider world but also helps improve their financial literacy. Being financially literate allows them to better understand how to organize finances and builds their confidence in managing money as an adult. Recent years have seen a rise in interest and concern from researchers, educators, and legislators around undergraduates students' use of credit cards. Making decisions at this phase can have long-term effects on young adults' financial well-being because the move to college is a critical turning point in their financial lives. It is noteworthy how many college students own credit cards; many of them got their first cards when they were still undergraduatess. So, increasing financial literacy and encouraging appropriate financial behaviors requires an understanding of the factors impacting undergraduates students' credit card usage.

As the percentage of undergraduates students with credit cards grew, the concern that credit card companies were taking unfair advantage of a vulnerable population also increased. In essence, the credit market among undergraduates students was considered imperfectly competitive. The signed credit contract was not seen as an agreement between equals. Rather, credit card companies were viewed as enticing inexperienced and unsuspecting students to sign agreements that they did not fully understand, placing them at risk of

overspending and developing financial difficulties. As a result, concerned groups encouraged university and college campuses to limit the access that credit card vendors had to their student population (Brobeck, 1992; Davies & Lea, 1995). Recent research findings suggest that college students may not be at risk to the extent initially feared, however. Although some students do have difficulty with credit, in general, college students are at least as responsible as their age peers in managing credit card use and credit card debt (Braunsberger, Lucas, & Roach, 2004; Draut & Silva, 2004).

The relationship between financial knowledge and cards usage behavior has been varied and conflicting. Results of the studies vary depending on the behaviors studied, methods of measuring financial knowledge, and the populations used in the study (Mandell, 2004 and Peng et al. (2007). Some studies have found that higher financial knowledge is associated with avoiding future financial problems (Shim et al. 2010; Norvilitis et al. 2006; Avard et al. 2005; Braunsberger et al. 2004). Liebermann and Flint-Goor (1996) found that past knowledge is one of the significant factors influencing information processing. Chen and Volpe's (1998) research also supported this view by suggesting that financial knowledge impacts decisions.

The aim of the proposed study is to analyze the relationship between financial education and credit card usage behavior among undergraduates students. The findings of the study will make a significant contributions to various stakeholders such as financial institutions, college administrations, faculty, students and parents.

1.2 Problem Statement

The rapid expansion of financial products and services in Nepal, particularly in urban centers like Kathmandu Valley, has significantly changed how individuals, especially the youth, interact with money and credit. Among these financial products, credit cards have become increasingly popular due to their convenience, flexibility, and accessibility (Thapa & Nepal, 2015; KUSOM Finance Club, 2023; Shrestha et al., 2023). However, this growing trend of credit card usage among undergraduates students raises concerns about whether these young consumers possess the necessary financial knowledge and skills to manage credit responsibly. Financial education, which aims to equip individuals with the ability to make informed and effective financial decisions, is seen as a key factor in

fostering responsible credit card usage behaviors (Chaulagain, 2018; Thapa, 2025; Shrestha et al., 2023).

Despite the recognized importance of financial literacy, several studies suggest that financial education levels among Nepalese undergraduates students are relatively low (Thapa & Nepal, 2015; Shrestha et al., 2023; Thapa & Jha, 2022). Many students demonstrate basic understanding of financial concepts but often lack deeper knowledge related to budgeting, credit management, interest rates, and the long-term consequences of financial mismanagement (Chaulagain, 2018; Thapa, 2025; KUSOM Finance Club, 2023). This gap in financial knowledge can lead to irresponsible credit card usage behaviors such as excessive spending, late payments, and accumulation of debt. Such behaviors not only affect students' immediate financial well-being but may also have long-lasting effects on their financial independence and security in the future (Shrestha et al., 2023; Thapa & Nepal, 2015; Thapa & Jha, 2022).

The influence of social factors further complicates the issue. In Nepalese society, family, peers, and cultural norms heavily impact individual behaviors, including financial practices (Thapa & Jha, 2022; Shrestha et al., 2023; Chaulagain, 2018). Undergraduates students often look to their social groups for cues on how to manage money, including how to use credit cards. Without proper financial education, students may replicate poor financial habits observed within their social networks, thus perpetuating cycles of financial instability (Thapa & Nepal, 2015; KUSOM Finance Club, 2023; Thapa, 2025). Moreover, the increasing exposure to consumer culture and digital marketing through social media platforms influences spending patterns, sometimes encouraging impulsive and unnecessary purchases (Shrestha et al., 2023; Thapa, 2025; Chaulagain, 2018). These behavioral trends underscore the importance of equipping students with critical financial knowledge and decision-making skills.

Currently, formal financial education initiatives within the higher education system in Kathmandu Valley are limited and fragmented (Thapa, 2025; Shrestha et al., 2023; Thapa & Nepal, 2015). Although some universities and private organizations offer financial literacy programs and workshops, these initiatives often fail to reach all students systematically (KUSOM Finance Club, 2023; Thapa & Jha, 2022; Chaulagain, 2018). Without a structured and mandatory financial literacy curriculum, many students graduate

with inadequate preparation to navigate the complexities of modern financial systems. As a result, students remain vulnerable to making poor credit decisions that could hinder their personal financial growth and economic contributions to society (Shrestha et al., 2023; Thapa & Nepal, 2015; Thapa, 2025).

Given this background, the study seeks to address the critical gap between financial education and credit card usage behavior among undergraduates students in Kathmandu Valley. It aims to explore the extent of financial literacy among these students, how it influences their credit card usage patterns, and what social factors may moderate this relationship (Thapa & Nepal, 2015; Chaulagain, 2018; Shrestha et al., 2023). Understanding this linkage is essential to design more effective educational programs and policies that not only enhance financial knowledge but also promote responsible financial behaviors among young adults (Thapa, 2025; KUSOM Finance Club, 2023; Thapa & Jha, 2022). Ultimately, the study aspires to contribute to the broader discourse on youth financial empowerment, ensuring that students are better equipped to make sound financial decisions that support their personal and professional futures.

Despite the growing importance of financial literacy, there is a significant gap in understanding how financial education impacts credit card usage behavior among undergraduates students. Various researchers have examined the impact of financial education on financial behaviors, but few studies have specifically focused on the relationship between financial education and credit card usage among undergraduates students. The existing literature on financial education and credit card usage reveals inconsistent findings. Some studies suggest that higher financial knowledge is associated with better financial behaviors, while others indicate that the relationship is more complex and influenced by multiple factors. Furthermore, there is a scarcity of studies specifically examining this relationship among undergraduates students in Nepal. Most existing research focuses on general financial literacy or credit card usage patterns without delving into the specific context of undergraduates students. Given these gaps, this study aims to investigate the impact of financial education on credit card usage behavior among undergraduates students in Kathmandu Valley. In this regard, following will be the specific research questions.

i. What is the current status of financial education and credit card usage behavior among college students in Kathmandu valley?
ii. Is there is any relationship between financial knowledge, Financial Knowledge, parental influence, peer influence, income and employment status and credit card usage behavior?
iii. What is the effect of financial knowledge, Financial Knowledge, parental influence, peer influence, income and employment status on credit card usage behavior?

1.3 Objectives of the Study

The main objective of this study has been to investigate the relationship between financial education and credit card usage behavior among college students in Kathmandu Valley. Accordingly, the specific objectives will be as follows:

i. To assess the relationship between financial knowledge and overall credit card usage behavior among undergraduates students
ii. To examine the common purposes and frequency of credit card usage among undergraduate's students.
iii. To investigate the relationship between financial education and responsible credit card usage behavior among undergraduates students.

1.4 Research Hypothesis

The hypothesis formulated as follows:

H1: There is positive impact of financial knowledge on credit card usage behavior.

H2: There is positive impact of Financial awareness on credit card usage behavior.

H3: There is positive impact of parental influence on credit card usage behavior.

H4: There is positive impact of peer influence on credit card usage behavior.

H5: There is positive impact of income and employment status on credit card usage behavior.

1.5 Rationale of the Study

In recent years, the use of credit cards has increased rapidly among young people, including undergraduates students in Kathmandu Valley. Credit cards offer convenience, flexibility, and a sense of financial independence; however, they also present significant risks if not

used responsibly. Many students are now managing personal finances at an earlier stage in life, yet their exposure to formal financial education remains limited. As students transition into adulthood, their financial behaviors and habits have long-term implications for their future financial stability and security. Understanding the relationship between financial education and credit card usage behavior among undergraduates students is therefore crucial.

This study is important because it focuses on a critical period in students' lives when they are beginning to make independent financial decisions. Without sufficient financial knowledge, students may misuse credit cards, leading to overspending, debt accumulation, and poor credit scores. These financial mistakes can impact their ability to secure loans, purchase homes, or make important life investments in the future. By exploring how financial education influences their credit card usage behavior, the study aims to provide insights that can help students develop healthier financial habits early on.

The study is highly relevant in the context of Kathmandu Valley, where financial services are expanding and consumer culture is rapidly growing. Undergraduates students are increasingly exposed to marketing strategies that promote consumerism, which can encourage impulsive spending and irresponsible credit card use. Understanding the factors that drive students' credit behaviors is essential for designing educational interventions that promote responsible usage and protect young consumers from financial harm.

The findings of this study will also be valuable for policymakers, educational institutions, and financial organizations. By identifying gaps in financial literacy and its impact on credit behavior, stakeholders can develop targeted programs and policies aimed at improving financial education among youth. Educational institutions, in particular, can integrate financial literacy courses into their curricula, ensuring that students are equipped with practical knowledge about managing credit and personal finances.

This study seeks to contribute to the broader goal of fostering financial empowerment among young adults. By highlighting the importance of financial education and its role in shaping responsible credit card usage, the research aims to support students in building a strong financial foundation that benefits them throughout their lives. This understanding will not only help individual students but also contribute to a more financially responsible society in the long term.

Financial education has been recognized as a key factor in promoting sound financial decision-making. However, the extent to which it influences credit card usage behavior among young adults, who are still developing their financial habits, remains under-researched, particularly in the context of Nepal. With undergraduates students increasingly gaining access to credit cards without adequate financial literacy, it is important to assess whether financial education can bridge this knowledge gap and encourage responsible behavior. This study will provide valuable insights into whether financial education programs are effective in helping students understand the consequences of poor credit management and fostering healthy financial habits.

The findings from this research will contribute to the growing body of knowledge on financial literacy and behavior, offering practical recommendations for policymakers and educational institutions. By identifying the relationship between financial education and credit card usage, this study can help shape educational curricula, develop targeted interventions, and inform policy changes that promote better financial outcomes for students. Furthermore, it will address a gap in the literature regarding the specific credit behavior of undergraduates students in Kathmandu Valley, providing a localized understanding of the broader issue of financial literacy and its impact on personal financial management.

1.6 Limitations of the Study

This study has several limitations.

i. The correlational design limits the ability to establish causal relationships between financial education and credit card usage behavior, as data is collected at a single point in time, preventing observation of changes over time.
ii. The use of judgmental sampling may introduce selection bias, which can restrict the generalizability of the findings to student populations outside Kathmandu Valley or to those with different financial experiences.
iii. Focusing solely on Kathmandu Valley restricts the applicability of the results to other regions that may have differing socio-economic and cultural environments influencing financial behavior.
iv. The structured questionnaire format constrains participants' responses, limiting opportunities for detailed or nuanced feedback, while reliance on self-reported

data may introduce response biases that affect the accuracy and validity of the findings.

v. The exclusive use of quantitative data may overlook deeper qualitative insights into students' attitudes, motivations, and contextual factors that influence their financial behaviors and credit card usage.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

Theoretical framework: or the research topic Financial Education and Credit Card Usage Behavior among Undergraduates Students, an appropriate theoretical framework could integrate Financial Literacy Theory and Planned Behavior Theory (TPB). This combination provides a comprehensive understanding of how knowledge (financial education) and individual intentions influence behavior (credit card usage).

2.1.1 The Role of Financial Literacy in Credit Card Usage among College Students

Financial literacy is a critical determinant of how college students manage credit cards, influencing their ability to make informed financial decisions and avoid debt traps. Financially literate students understand key concepts such as interest rates, credit limits, and the consequences of late payments, enabling them to use credit cards responsibly. Research by Allgood and Walstad (2013) demonstrates that students with higher financial literacy exhibit fewer risky behaviors, such as carrying high balances or missing payments, compared to their less knowledgeable peers. This knowledge empowers students to prioritize timely repayments and avoid accumulating high-interest debt, which can have long-term financial repercussions.

Conversely, students lacking financial literacy often fall into detrimental habits, such as making only minimum payments or using credit cards for impulsive purchases. Chen and Volpe (1998) found that students with limited financial knowledge are more likely to misunderstand credit terms, leading to poor decision-making and increased debt. For instance, they may view credit cards as "free money," ignoring the compounding effects of interest. This lack of understanding can result in financial stress, damaged credit scores, and reduced financial independence post-graduation.

Financial education programs are instrumental in addressing these gaps. By teaching students about budgeting, debt management, and the long-term implications of credit misuse, such programs foster responsible behaviors. Lusardi and Mitchell (2014) emphasize that financial literacy equips individuals with the tools to navigate complex financial systems, reducing the likelihood of costly mistakes. For example, students who

participate in financial literacy workshops are more likely to pay off their credit card balances in full, avoiding interest charges.

Colleges can play a pivotal role by integrating financial literacy into their curricula. Courses or workshops on personal finance can provide practical skills, such as creating budgets or understanding credit reports, which are essential for managing credit cards effectively. These initiatives are particularly crucial for first-year students, who may be new to credit and vulnerable to marketing tactics from credit card companies. By equipping students with knowledge early in their academic careers, colleges can help them build a strong foundation for financial success.

2.1.2 Influence of Parental Financial Socialization on Student Credit Behavior

Parental financial socialization significantly shapes college students' credit card usage, as parents serve as primary role models for financial behavior. Through discussions, guidance, and example-setting, parents impart values and habits that influence how students manage credit. Palmer et al. (2001) found that students whose parents actively discuss financial matters, such as the importance of paying credit card balances in full, are more likely to adopt responsible credit behaviors. These students tend to avoid unnecessary debt and prioritize timely payments, reflecting the habits modeled by their parents.

Parental involvement begins early, often through everyday interactions like budgeting for household expenses or discussing the risks of overspending. Shim et al. (2010) highlight that students who receive such guidance develop higher financial self-efficacy, or confidence in their ability to manage money. This self-efficacy translates into better credit management, as students feel equipped to navigate credit card terms and resist impulsive spending. For example, a student whose parents emphasize the dangers of high-interest debt is less likely to use credit cards for non-essential purchases.

In contrast, students with limited parental financial socialization may struggle to manage credit effectively. Without guidance, they may view credit cards as a convenient spending tool, unaware of the long-term consequences of carrying balances. Clarke et al. (2005) noted that parents who fail to discuss financial responsibilities may inadvertently leave their children unprepared for the complexities of credit. This lack of preparation can lead to financial missteps, such as accumulating debt or missing payments, which harm credit scores and financial stability.

Cultural and socioeconomic factors also influence parental socialization. In families where financial discussions are taboo or parents themselves lack financial literacy, students may receive little guidance. Conversely, in households where parents model prudent habits like using credit cards sparingly and paying off balances monthly—students are more likely to emulate these behaviors. These differences underscore the need for targeted interventions to support students from diverse backgrounds.

Parental socialization extends beyond direct instruction to include indirect influences, such as attitudes toward money. For instance, parents who prioritize saving over spending may instill a cautious approach to credit in their children. This mindset can protect students from the aggressive marketing tactics of credit card companies, which often target young adults with limited financial experience. By fostering a healthy skepticism of easy credit, parents help students avoid common pitfalls.

2.1.3 Psychological Factors Affecting Credit Card Usage in College Students

Psychological factors, including self-control, self-esteem, and materialism, profoundly influence college students' credit card usage, shaping their financial decisions and debt levels. Self-control is a key determinant of responsible credit behavior. Students with high self-control are better equipped to resist impulsive purchases and adhere to budgets, leading to lower credit card debt. Tang et al. (2011) found that such students are more likely to pay off balances promptly and avoid using credit for non-essential items, reflecting disciplined financial management.

In contrast, students with low self-control often struggle to manage credit effectively, succumbing to the temptation of instant gratification. This impulsivity can result in high credit card balances and financial stress, particularly when coupled with high interest rates. For example, a student might use a credit card to purchase trendy clothing or electronics, ignoring the long-term cost of carrying a balance. Interventions that promote self-control, such as mindfulness training or budgeting apps, could help students make more deliberate financial choices.

Self-esteem also plays a significant role in credit card usage. Students with low self-esteem may engage in compensatory spending to boost their sense of worth, using credit cards to purchase status symbols or luxury goods. Noh and Cha (2018) suggest that this behavior is often driven by a need to cope with feelings of inadequacy, leading to credit card misuse

and debt accumulation. For instance, a student might overspend to keep up with peers, unaware of the financial consequences. Building self-esteem through counseling or peer support groups could mitigate these tendencies, encouraging healthier financial habits.

Materialism, or the prioritization of material possessions, further exacerbates credit card misuse. Students with materialistic values often view spending as a path to social status, using credit cards to fund lifestyles beyond their means. Pinto et al. (2000) found that materialistic students are more likely to accumulate debt in pursuit of brand-name products or extravagant experiences. This behavior is particularly prevalent in college settings, where social pressures to conform can be intense. Educational campaigns that challenge materialistic attitudes could help students prioritize financial stability over fleeting status.

These psychological factors interact with external influences, such as credit card marketing, which often targets young adults with promises of rewards or prestige. Students with low self-control or high materialism are particularly vulnerable to these tactics, as they may overestimate their ability to repay. Colleges can address these vulnerabilities by offering workshops on financial psychology, helping students recognize and manage their impulses. Peer mentoring programs could also provide positive role models, encouraging responsible credit use.

2.1.4 The Impact of Financial Education Programs on Student Credit Behavior

Financial education programs are vital tools for enhancing college students' financial literacy and promoting responsible credit card usage. These programs teach essential skills, such as budgeting, understanding interest rates, and recognizing the risks of debt, which empower students to navigate the complexities of credit. Mandell and Klein (2009) found that students who participate in financial education courses exhibit improved financial behaviors, including lower credit card balances and a higher likelihood of paying bills on time. These outcomes highlight the transformative potential of structured financial education.

The content of these programs typically covers practical topics, such as how to read credit card statements, calculate interest, and avoid common pitfalls like minimum payments. By demystifying financial jargon, education programs make credit management more accessible, particularly for students with limited prior exposure to personal finance. Fox et al. (2005) emphasize that integrating financial education into college curricula has a lasting

impact, equipping students with decision-making skills that extend beyond their academic years. For example, students who learn to create budgets are better prepared to allocate funds for credit card payments, reducing the risk of debt accumulation.

Financial education also addresses behavioral tendencies that lead to credit misuse. For instance, students often overestimate their ability to repay or underestimate the cost of interest, leading to high balances. Programs that simulate real-world financial scenarios can help students internalize the consequences of poor choices, fostering caution. Braunstein and Welch (2002) note that well-designed programs not only impart knowledge but also build confidence, enabling students to approach credit with greater competence and less anxiety.

The delivery of financial education varies, ranging from standalone workshops to integrated courses. Peer-led initiatives or online modules can also be effective, particularly for reaching diverse student populations. However, the timing of these programs is critical. First-year students, who are often new to credit, benefit most from early intervention, as they are vulnerable to aggressive credit card marketing. By providing education before students establish poor habits, colleges can set a foundation for lifelong financial responsibility.

2.1.5 The Theory of Planned Behavior and Credit Card Usage among College Students

The Theory of Planned Behavior (TPB) offers a robust framework for understanding and predicting college students' credit card usage by focusing on three core components: attitudes, subjective norms, and perceived behavioral control. Developed by Ajzen (1991), TPB posits that individuals' intentions to perform a behavior, such as using credit cards responsibly, are shaped by their beliefs about the behavior, the influence of significant others, and their confidence in their ability to execute it. Applied to credit card usage, TPB provides insights into why some students manage credit effectively while others accumulate debt.

Attitudes toward credit card use significantly influence students' behaviors. Students who view credit cards as tools for convenience or emergencies, rather than sources of unlimited spending, are more likely to use them responsibly. Xiao et al. (2011) found that positive attitudes toward credit management, such as valuing timely payments, correlate with lower

debt levels. Conversely, students who perceive credit cards as status symbols may develop risky habits, such as overspending to impress peers. Educational campaigns can reshape these attitudes by highlighting the benefits of prudent credit use and the risks of misuse.

Subjective norms, or the perceived expectations of others, also play a critical role. Students are influenced by the financial behaviors and advice of parents, peers, and mentors. For instance, if a student's social circle prioritizes paying off credit card balances, they are more likely to adopt similar habits. Kidwell and Turrisi (2004) suggest that interventions leveraging peer influence, such as group discussions on financial responsibility, can reinforce positive norms. Conversely, students in environments where credit misuse is normalized may feel pressure to overspend, underscoring the need for counteracting negative influences.

Perceived behavioral control, or confidence in managing credit, is a key predictor of responsible behavior. Students who feel capable of budgeting, tracking expenses, and resisting impulsive purchases are more likely to maintain low credit card balances. TPB-based interventions can enhance this control by teaching practical skills, such as setting spending limits or using financial apps. Xiao et al. (2011) found that students with high perceived control are less likely to engage in risky behaviors, such as making minimum payments, which perpetuate debt.

TPB's strength lies in its applicability to intervention design. Programs targeting attitudes, norms, and control can shift students' intentions toward responsible credit use. For example, workshops that simulate credit card scenarios can build confidence, while testimonials from financially savvy peers can establish positive norms. Colleges can also integrate TPB into financial literacy curricula, encouraging students to reflect on their beliefs and social influences. By addressing all three components, such interventions create a holistic approach to behavior change.

2.1.6 Government policy and regulations

In Nepal, government policies and regulations aimed at enhancing financial education and shaping credit card usage behavior among college students are evolving, driven by the need to address financial inclusion and literacy gaps. The Nepal Rastra Bank (NRB) has been instrumental in promoting financial literacy through initiatives like the "NRB with Students" program, launched under the NRB Strategic Plan 2012-2016, which targets

students to improve their understanding of financial products, including credit cards (Bhatta & Bhattarai, 2021). This program emphasizes basic financial knowledge, as studies reveal that Nepalese college students possess limited awareness of credit and debt management, often relying on parental guidance for financial decisions (Bhatta & Bhattarai, 2021; Xiao et al., 2011). However, specific regulations targeting credit card usage among students are minimal, with broader policies focusing on financial inclusion rather than student-specific credit behavior. The absence of mandatory financial education in college curricula further limits structured learning, leaving students vulnerable to risky credit practices, such as accumulating high-interest debt (Xiao et al., 2011; Lyons, 2008). Despite these efforts, the regulatory framework lacks enforceable guidelines to curb aggressive credit card marketing on campuses, a concern highlighted in global studies that could apply to Nepal's growing credit market (Lyons, 2008).

To address these gaps, Nepal could adopt policies inspired by international models, such as the U.S. Credit Card Act of 2009, which restricts credit card marketing to young adults and mandates financial education (Nguyen, 2024). Integrating financial literacy into higher education curricula could enhance students' financial self-efficacy, reducing risky credit behaviors like defaulting on payments (Zainudin et al., 2019; Nguyen, 2024). Additionally, partnerships between the NRB, educational institutions, and NGOs could facilitate workshops and digital platforms to educate students on responsible credit card use, aligning with Nepal's digital payment growth, as seen in mobile wallet adoption (Karki & Dahal, 2024). However, challenges remain, including regional disparities in access to financial services and low awareness among rural students, necessitating targeted interventions (Karki & Dahal, 2024; Zainudin et al., 2019). By strengthening regulations and embedding financial education in academic systems, Nepal can foster responsible credit card usage among college students, enhancing their financial well-being.

2.1.7 Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) developed by Ajzen (1991) is one of the most widely used frameworks to understand decision-making processes, including financial behavior. According to TPB, an individual's behavior is directly influenced by their behavioral intentions, which are shaped by three factors: attitude toward the behavior, subjective norms, and perceived behavioral control (Ajzen, 1991; Armitage & Conner,

2001; Fishbein & Ajzen, 2010). In the context of financial education and credit card usage among undergraduates students, this theory suggests that students' use of credit cards is influenced not only by their knowledge and attitudes about credit but also by social pressure from peers and family, and by their belief in their ability to manage credit responsibly (Lusardi & Mitchell, 2014; Potrich, Vieira, & Kirch, 2017).

Attitude towards credit card use is shaped by the individual's evaluation of the outcomes associated with credit usage, such as ease of purchase, rewards, debt, or financial stress. Students who perceive positive outcomes from credit card usage are more likely to develop favorable attitudes, increasing the likelihood of responsible or irresponsible use depending on their financial literacy levels (Ajzen, 1991; Lusardi, 2019; Potrich et al., 2017). Financial education plays a crucial role here by informing students about the potential risks and benefits of credit card usage, helping to shape more cautious and responsible attitudes (Lusardi & Mitchell, 2014; Atkinson & Messy, 2012).

Subjective norms refer to perceived social pressures to perform or not perform a behavior. In the case of undergraduates students, family expectations, peer behaviors, and societal attitudes toward debt can significantly influence credit card use behaviors (Shim et al., 2010; Lusardi & Mitchell, 2014; Xiao et al., 2011). If peers view credit card ownership as a symbol of independence or maturity, students may feel pressured to acquire and use credit cards, regardless of their financial education or preparedness (Xiao et al., 2011; Atkinson & Messy, 2012; Shim et al., 2010). Financial education initiatives can counteract negative peer influences by promoting critical thinking and personal responsibility in financial decision-making.

Perceived behavioral control refers to the individual's perception of their ability to perform a given behavior. In the context of credit card usage, this translates into students' confidence in their ability to manage credit responsibly, make timely payments, and avoid debt accumulation (Ajzen, 1991; Lusardi, 2019; Xiao et al., 2011). Students with higher financial knowledge and better Income and Employment Status skills are more likely to feel in control of their credit card usage (Lusardi & Mitchell, 2014; Potrich et al., 2017; Shim et al., 2010). Thus, improving financial education among students can significantly enhance their perceived behavioral control, encouraging more responsible credit card usage.

Moreover, TPB emphasizes that even when students have a positive attitude towards credit management and strong perceived control, actual behavior can still be influenced by unforeseen situational factors such as sudden expenses, peer pressure, or emotional spending (Shim et al., 2010; Lusardi, 2019; Xiao et al., 2011). Therefore, financial education should also focus on practical coping strategies, budgeting, emergency fund creation, and debt management techniques to prepare students for real-life financial challenges (Atkinson & Messy, 2012; Lusardi & Mitchell, 2014; Potrich et al., 2017).

The Theory of Planned Behavior offers a comprehensive lens to understand financial education and credit card usage behavior among undergraduates students. It highlights the complex interplay between attitudes, social influences, and perceived control in shaping credit behavior (Ajzen, 1991; Lusardi, 2019; Shim et al., 2010). A robust financial education program that addresses all three dimensions of TPB can significantly improve students' financial decision-making skills, leading to more responsible credit card use and better financial outcomes in the long term (Atkinson & Messy, 2012; Potrich et al., 2017; Lusardi & Mitchell, 2014).

2.1.8 Financial Socialization Theory

Financial Socialization Theory explains how individuals develop financial behaviors, attitudes, and competencies through interactions with various socializing agents such as family, peers, schools, and media (Gudmunson & Danes, 2011; Shim et al., 2010; Jorgensen & Savla, 2010). This framework is highly relevant when analyzing credit card usage behavior among undergraduates students because it highlights how early financial learning experiences influence later financial practices. For students in Kathmandu Valley, the exposure to financial norms and practices within their families and communities significantly shapes how they perceive and use credit cards (Gudmunson & Danes, 2011; Shim et al., 2010; Lusardi, 2019).

Parents are often considered the primary socializing agents in financial matters. Studies have shown that children who discuss financial topics with their parents are more likely to develop responsible credit card behaviors later in life (Shim et al., 2010; Jorgensen & Savla, 2010; Lusardi & Mitchell, 2014). Parental modeling of good financial habits, such as budgeting, saving, and responsible credit use, directly influences students' financial behaviors and attitudes (Gudmunson & Danes, 2011; Lusardi, 2019; Potrich et al., 2017).

In Kathmandu, where family ties are strong, students who observe their parents managing credit wisely are more likely to mirror these responsible behaviors with their own credit cards.

Peers also play an important role in financial socialization, especially during the undergraduates years when peer influence is at its peak (Shim et al., 2010; Jorgensen & Savla, 2010; Xiao et al., 2011). Peer discussions and behaviors around credit card usage, spending, and debt accumulation can either positively or negatively impact a student's financial habits. Students surrounded by peers who frequently use credit irresponsibly may be more inclined to engage in similar behaviors unless they have received strong financial education and guidance (Gudmunson & Danes, 2011; Shim et al., 2010; Lusardi, 2019). This dynamic highlights the critical need for financial literacy programs that counteract negative peer influences and promote independent, informed decision-making.

Schools and educational institutions are another important socialization context for financial behavior (Lusardi, 2019; Jorgensen & Savla, 2010; Atkinson & Messy, 2012). The integration of financial education into the undergraduates curriculum can significantly enhance students' knowledge and skills, making them more capable of managing credit cards responsibly. When schools provide structured financial education, students are better equipped to make informed decisions, resist negative peer influences, and develop habits that lead to long-term financial stability (Shim et al., 2010; Lusardi & Mitchell, 2014; Potrich et al., 2017).

Mass media, including television, internet, and social media, also acts as a powerful agent of financial socialization (Xiao et al., 2011; Jorgensen & Savla, 2010; Lusardi, 2019). Media often glamorizes consumerism and credit card usage without adequately highlighting the risks of debt. Undergraduates students who are heavily influenced by such media portrayals may adopt risky financial behaviors unless they are equipped with the critical thinking skills and financial literacy necessary to navigate such messages responsibly (Shim et al., 2010; Gudmunson & Danes, 2011; Lusardi & Mitchell, 2014). Thus, media literacy should be an integral part of financial education programs.

Financial Socialization Theory provides a comprehensive understanding of how various social agents shape students' credit card usage behaviors (Gudmunson & Danes, 2011; Shim et al., 2010; Jorgensen & Savla, 2010). Enhancing financial education among

undergraduates students can strengthen the positive impact of socialization while mitigating the risks associated with negative influences. By addressing these socializing factors, institutions and policymakers can better equip students with the financial competencies needed to manage credit cards wisely and build a secure financial future (Lusardi, 2019; Xiao et al., 2011; Lusardi & Mitchell, 2014).

2.1.9 Self-Control Theory

Self-Control Theory, originally proposed by Gottfredson and Hirschi (1990), suggests that individuals with higher levels of self-control are more likely to engage in responsible behavior, including prudent financial management. This theory is particularly useful in examining the financial education and credit card usage behavior among undergraduates students, as it highlights the critical role of individual self-regulation in managing financial resources effectively (Gottfredson & Hirschi, 1990; Pirog & Roberts, 2007; Lusardi, 2019). Students with low self-control may be more prone to impulsive spending and credit card debt, while those with high self-control are more likely to practice budgeting, saving, and timely repayment (Pirog & Roberts, 2007; Norvilitis et al., 2006; Lusardi, 2019).

The application of self-control theory in financial behavior research has shown that self-regulation skills significantly impact credit card usage patterns (Pirog & Roberts, 2007; Norvilitis et al., 2006; Robb & Sharpe, 2009). Undergraduates students often face numerous temptations such as shopping, eating out, and entertainment expenses. Those with strong self-control can resist these temptations and prioritize long-term financial well-being over short-term gratification (Gottfredson & Hirschi, 1990; Lusardi & Mitchell, 2014; Norvilitis et al., 2006). Financial education programs can strengthen self-control by teaching students goal-setting, delayed gratification, and budgeting strategies (Lusardi, 2019; Robb & Sharpe, 2009; Norvilitis et al., 2006).

Moreover, empirical studies have found a significant relationship between self-control and credit card debt among young adults (Pirog & Roberts, 2007; Norvilitis et al., 2006; Robb & Sharpe, 2009). Students with lower self-control tend to accumulate more credit card debt because they are less likely to monitor their spending, make minimum payments, and avoid overspending (Pirog & Roberts, 2007; Norvilitis et al., 2006; Lusardi, 2019). Financial education that focuses on enhancing self-regulatory behaviors can help students develop habits such as tracking expenses, planning for future needs, and understanding the

consequences of debt accumulation (Robb & Sharpe, 2009; Lusardi & Mitchell, 2014; Norvilitis et al., 2006).

Another important aspect of self-control theory is the idea that external factors, such as credit card marketing and easy credit access, can exacerbate the difficulties faced by individuals with low self-control (Gottfredson & Hirschi, 1990; Lusardi, 2019; Pirog & Roberts, 2007). Undergraduates students are frequently targeted by credit card companies offering attractive incentives, which can make resisting impulsive credit usage even more challenging. Educating students about marketing tactics and encouraging critical thinking can help mitigate these risks (Robb & Sharpe, 2009; Norvilitis et al., 2006; Lusardi & Mitchell, 2014).

In conclusion, Self-Control Theory provides a powerful framework to understand the individual differences in credit card usage behavior among undergraduates students (Gottfredson & Hirschi, 1990; Lusardi, 2019; Norvilitis et al., 2006). By integrating self-control training into financial education programs, universities can significantly reduce risky credit behaviors and promote financial stability among their students (Pirog & Roberts, 2007; Robb & Sharpe, 2009; Lusardi & Mitchell, 2014). Helping students build strong self-regulation skills early in life lays the foundation for responsible financial management throughout adulthood.

2.1.10 Life-Cycle Hypothesis (LCH)

The Life-Cycle Hypothesis (LCH), developed by Modigliani and Brumberg (1954), explains individuals' financial behaviors over their lifetime, proposing that people plan their consumption and savings behavior based on their expected lifetime income. This theory is crucial for understanding financial education and credit card usage behavior among undergraduates students, as it provides insights into how young individuals manage their resources when their current income is low but future income is expected to be higher (Modigliani & Brumberg, 1954; Lusardi, 2019; Browning & Crossley, 2001). Students often justify current borrowing, including credit card usage, with the expectation of higher future earnings after graduation (Lusardi & Mitchell, 2014; Browning & Crossley, 2001; Modigliani & Brumberg, 1954).

According to LCH, individuals aim to smooth their consumption over time, borrowing when young and repaying when they have higher earnings (Modigliani & Brumberg, 1954;

Lusardi, 2019; Browning & Crossley, 2001). Undergraduates students, facing limited income, may use credit cards as a way to maintain consumption levels, leading to the accumulation of debt (Lusardi & Mitchell, 2014; Modigliani & Brumberg, 1954; Browning & Crossley, 2001). Without sufficient financial education, students may underestimate the cost of borrowing, including interest rates and fees, resulting in long-term financial difficulties (Lusardi, 2019; Browning & Crossley, 2001; Lusardi & Mitchell, 2014).

The role of financial education in the context of LCH is critical because it equips students with the knowledge needed to understand concepts such as compound interest, debt repayment schedules, and future income uncertainty (Lusardi & Mitchell, 2014; Browning & Crossley, 2001; Modigliani & Brumberg, 1954). Students who are financially literate are more likely to make informed borrowing decisions, use credit cards responsibly, and prepare for future repayment (Lusardi, 2019; Browning & Crossley, 2001; Lusardi & Mitchell, 2014). Teaching students to project their future income and expenses realistically can help them avoid excessive debt accumulation during their university years.

LCH emphasizes that unforeseen life events such as unemployment, illness, or economic downturns can disrupt expected income streams, making reliance on future earnings risky (Modigliani & Brumberg, 1954; Browning & Crossley, 2001; Lusardi & Mitchell, 2014). For undergraduates students in Kathmandu Valley, where job markets can be competitive and uncertain, relying solely on future income to repay credit card debt can be particularly hazardous (Lusardi, 2019; Browning & Crossley, 2001; Lusardi & Mitchell, 2014). Financial education programs that emphasize risk management, emergency savings, and prudent debt usage can help students prepare for these uncertainties.

The Life-Cycle Hypothesis offers valuable insights into why undergraduates students use credit cards and how financial education can guide better financial decision-making (Modigliani & Brumberg, 1954; Lusardi, 2019; Browning & Crossley, 2001). By understanding the principles of lifetime financial planning, students can make more informed choices about credit usage and avoid the pitfalls of excessive borrowing. Financial literacy initiatives based on the LCH framework can thus promote long-term financial security and responsible behavior among young consumers (Lusardi & Mitchell, 2014; Browning & Crossley, 2001; Modigliani & Brumberg, 1954).

2.2 Empirical Review

2.2.1 Review of International Journals and Articles

Chen et al. (2025) examined the relationship between consumer financial knowledge and credit card use behaviors was examined using data from the U.S. National Financial Capability Study (NFCS) across the years 2009, 2012, 2015, and 2018. The research, conducted at the University of International Business and Economics in Beijing, utilized ordered logit regression to analyze how financial knowledge influences credit card ownership and behaviors. The findings revealed that higher financial knowledge was positively associated with credit card ownership and desirable credit card behaviors, such as timely payments and responsible usage, while it was negatively correlated with undesirable behaviors, like carrying high balances or missing payments. These results remained consistent across different regression methods and after excluding income outliers. However, a heterogeneity test indicated that financial knowledge had limited impact on promoting desirable credit card behaviors among low-income groups due to income constraints.

Paul et al. (2025) investigated with a particular focus on their credit card usage and financially at-risk (FAR) status. This issue drew significant attention during the Great Recession, when high unemployment and limited access to financial resources exacerbated students' financial challenges. The research explored five dimensions: budget habits, personality traits, demographics, credit card-related information, and academic performance. FAR status was characterized by criteria such as maintaining a credit card balance of $1,000 or more, being two or more months delinquent on payments, reaching credit card limits, or rarely paying off balances. Unlike traditional financial support like parental contributions or grants, the study emphasized reliance on burdensome sources such as bank loans and credit cards, which heightened students' financial distress. These findings aligned with prior research (Archuleta et al., 2013; Joireman et al., 2010).

Liu and Zhang (2021) analyzed the relationship between financial literacy, self-efficacy, and risky credit behavior among college students was examined, using a sample of 539 students from the Pearl River Delta in China. Published online on September 1, 2021, the research explored how financial literacy influences risky credit behaviors, particularly in the context of online consumer credit. The findings revealed that higher financial literacy,

especially subjective financial literacy, significantly reduced risky credit behaviors, such as excessive borrowing or missed payments. The study also identified financial self-efficacy as a partial mediator in this relationship, indicating that students with greater confidence in their financial abilities were less likely to engage in risky behaviors. Additionally, the negative impact of financial literacy on risky credit behavior was stronger when students experienced high levels of finance-related stress, highlighting the role of contextual factors.

Limbu and Sato (2019) conducted a study to examine the mediating role of credit card self-efficacy in the relationship between credit card literacy and financial well-being among college students, with the number of credit cards as a moderating factor. Utilizing a quantitative approach, data were collected from 427 college students and analyzed using PROCESS macros in IBM SPSS Statistics 23. The findings confirmed that credit card literacy positively influenced financial well-being through self-efficacy, with stronger effects observed among students with fewer credit cards. The study highlighted the importance of credit card literacy programs to enhance students' understanding and confidence in managing credit cards effectively. Despite its novel exploration of self-efficacy as a mediator, the study's focus on a single demographic limits generalizability. Future research could explore additional mediators or broader populations. This study provides valuable insights for policymakers and educators aiming to improve financial well-being among college students.

Barboza et al. (2019) investigated the determinants of financial anxiety and its impact on consumers' credit card repayment behavior. Using exploratory estimates, the study identified that poor mental accounting, impatience, and present-bias behavior significantly contributed to heightened financial anxiety. The analysis revealed that higher financial literacy did not reduce anxiety but improved credit card repayment rates. Additionally, parental-driven financial education positively influenced repayment behavior but unexpectedly increased anxiety levels. A key finding was that higher financial anxiety correlated with a greater likelihood of carrying month-to-month credit card balances. While the study provided robust insights into the interplay of psychological and financial factors, its focus on U.S. consumers may limit generalizability. Future research could explore cross-cultural contexts or additional psychological variables. These findings offer valuable

implications for designing financial education programs to mitigate anxiety and enhance repayment behaviors.

Wagner and Walstad (2018) examined the impact of financial education on short-term and long-term financial behaviors of adults was examined using data from the 2015 National Financial Capability Study (NFCS). Published in *The Journal of Consumer Affairs*, the research found that financial education delivered in high school, college, or the workplace had generally insignificant effects on short-term financial behaviors, such as credit card management, where regular feedback (e.g., monthly statements showing interest and penalties) facilitates learning by doing. In contrast, financial education had stronger, more positive effects on long-term behaviors, such as retirement savings, where feedback is less immediate and consequences are realized later in life, limiting the effectiveness of experiential learning. These findings highlight a temporal dichotomy in the efficacy of financial education, suggesting that its benefits are more pronounced for long-term financial planning than for short-term credit management.

Singh et al. (2018) explored to address the gap in understanding how students manage credit card payments, particularly following the Credit Card Act of 2009. Published in 2018, the research utilized an online survey to collect data on students' credit card payment activities and demographic characteristics. The study segmented college students into four distinct behavioral groups based on their payment behaviors, distinguishing between those exhibiting responsible behaviors, such as timely payments, and those engaging in risky behaviors, such as late or missed payments. Building on Lyons' (2004) framework for identifying financially at-risk (FAR) students, the findings highlighted clear differences in payment behaviors and their implications. These results provide valuable insights for policymakers, credit card companies, and college administrators to better address the risks associated with targeted credit card marketing to college students.

Xiao et al. (2014) examined the relationship between earlier financial literacy and later financial behaviors among college students was investigated using longitudinal data collected at two time points from a panel of students at a major U.S. state university. Published in the International Journal of Consumer Studies, the research examined financial literacy through subjective and objective knowledge measures and categorized financial behaviors into risky paying and borrowing behaviors. The findings indicated that

subjective financial knowledge had a stronger association with reduced risky behaviors compared to objective knowledge, impacting both composite and individual measures of risky borrowing and paying behaviors. Only subjective knowledge consistently correlated with a reduction in both types of risky behaviors. Additionally, higher GPA was linked to fewer risky paying behaviors, while male students exhibited more risky behaviors than female students, highlighting the influence of academic performance and gender on financial decision-making.

Xiao et al. (2012) explored the relationship between financial education, financial knowledge, and risky credit behavior among first-year college students at a Southwest U.S. university. The study highlighted the critical need for young adults (aged 18–25) to develop financial competence during their transition to adulthood, emphasizing that responsible financial behaviors correlate with positive life outcomes. Using data from a sample of first-year students, the authors examined how financial education programs contribute to financial knowledge and, subsequently, influence responsible financial behaviors. The findings indicated mixed evidence on the effectiveness of financial education, consistent with prior research. While financial education aimed to reduce risky credit behaviors, the study suggested that its impact varied. The focus on a single university limits generalizability, and further research could explore diverse populations. This study underscores the importance of tailored financial education to mitigate risky credit behaviors among young adults.

Hancock et al. (2012) investigated the influence of parental interactions, work experience, financial knowledge, credit card attitudes, and personal characteristics on college students' credit card behaviors, specifically the number of cards held and debt levels. Using data from 413 students across seven universities, the study found that students with parents who argued about finances, those in their junior or senior years, and those comfortable with minimum payments were more likely to have $500 or more in credit card debt and hold two or more cards. Gender and fear of credit cards also influenced the number of cards held. The findings emphasized the role of parental influence and early financial education in shaping credit card behavior. However, the study's reliance on a limited sample may restrict generalizability. Future research could explore longitudinal effects or broader demographics to enhance understanding.

Robb (2011) investigated the relationship between financial knowledge and credit card behavior among college students at a major southeastern U.S. university, using a sample of 1,354 students. The study found that higher levels of financial knowledge were significantly associated with more responsible credit card use, reducing the likelihood of costly borrowing behaviors with adverse economic consequences. The research highlighted the widespread availability of credit cards among college students, with 84% owning a card and an average debt exceeding $3,000, reflecting a growing trend of credit card ownership and debt. While the study provided valuable insights into the role of financial knowledge in mitigating credit card misuse, its focus on a single university limits generalizability. Future research could explore diverse institutions or longitudinal effects. These findings underscore the need for targeted financial education to promote responsible credit card use among college students.

Robb (2011) analyzed the relationship between financial knowledge and credit card behavior among college students was investigated, focusing on a sample of 1,354 students from a major southeastern university. Published online on May 8, 2011, the research highlighted concerns about the widespread availability of credit cards and the potential for misuse among college students, given the immediate and long-term negative consequences of credit abuse and mismanagement. Using a measure of personal financial knowledge, the study found that students with higher financial knowledge scores were significantly more likely to engage in responsible credit card behaviors, such as timely payments and prudent usage. Conversely, less knowledgeable students were more prone to behaviors associated with higher borrowing costs and adverse economic outcomes. These findings underscore the importance of financial education in promoting responsible credit card use among college students.

Xiao et al. (2011) investigated extending the Theory of Planned Behavior to address public concerns highlighted by the Credit Card Act of 2009. Using data from first-year students at a major public university, the research proposed a conceptual model examining psychological processes influencing risky credit card behaviors, with a focus on parental influence and financial knowledge. The findings revealed that parental norms and socioeconomic status significantly impacted students' risky credit behaviors. Notably, subjective financial knowledge was more effective in preventing risky behaviors than

objective financial knowledge. Behavioral intention emerged as the most critical factor in reducing risky credit behaviors and preventing credit card debt accumulation. These results underscore the importance of parental guidance and perceived financial knowledge in fostering responsible financial behaviors, offering implications for public policy to support young adults' financial decision-making.

Dempere et al. (2010) examined the relationship between student credit card usage and the perceived importance of financial literacy education was explored. Conducted at Metropolitan State College of Denver, the study analyzed how college students' credit card behaviors correlated with their views on the necessity of financial education. The findings indicated that students with higher credit card usage, particularly those engaging in risky behaviors such as carrying balances or making late payments, recognized a greater need for financial literacy education. The research highlighted the critical role of financial education in addressing irresponsible credit card use, suggesting that awareness of financial literacy's importance is heightened among students facing credit-related challenges. These insights contribute to understanding the linkage between credit card misuse and the demand for educational interventions to improve financial decision-making among college students.

Robb and Sharpe (2009) studied the impact of personal financial knowledge on the credit card behavior of college students was examined using survey data from 6,520 students at a large Midwestern university. Published in the Journal of Financial Counseling and Planning, the research employed a double hurdle analysis to explore how financial knowledge influences credit card decisions. Contrary to expectations, the findings revealed that students with higher financial knowledge were not significantly more likely to avoid carrying a credit card balance compared to those with lower knowledge. Surprisingly, students with greater financial knowledge had significantly higher credit card balances. These results underscore the complex relationship between financial knowledge and credit card behavior, suggesting that knowledge alone may not lead to more responsible financial decisions. The study highlights the need for further exploration of factors influencing college students' credit card use.

Norvilitis et al. (2006) examined the predictors of credit-card debt among 448 college students across five U.S. campuses, reporting an average debt of $1,035. The study

explored personality factors, money attitudes, and financial knowledge as contributors to credit-card debt. Results indicated that lack of financial knowledge, younger age, owning multiple credit cards, difficulty delaying gratification, and positive attitudes toward credit-card use were significantly associated with higher debt levels. Conversely, sensation seeking, materialism, gender, grade point average, and the Student Attitude Toward Debt scale did not uniquely predict debt. Higher debt levels correlated with increased stress and reduced financial well-being. The study's multi-campus approach enhanced its robustness, but its focus on U.S. students may limit generalizability. These findings underscore the need for targeted financial literacy programs to address credit-card debt among college students.

Table 1

Summary table of empirical studies

Author and Date	**Objective**	**Methodology**	**Key Findings**
Chen et al. (2025)	Examine link between financial knowledge and credit card use behaviors	Ordered logit regression using NFCS data (2009–2018)	Higher knowledge improves responsible use; less impact among low-income groups due to constraints
Paul et al. (2025)	Assess financial vulnerability and FAR status of college students	Analysis of budget habits, traits, demographics, credit data, GPA	Reliance on bank loans and cards linked to higher FAR risk; grants/parental aid less impactful
Liu and Zhang (2021)	Examine financial literacy, self-efficacy, and risky credit behavior	Survey of 539 Chinese students in Pearl River Delta	Subjective literacy reduces risky behavior; self-efficacy mediates effect; finance-related stress increases risk
Limbu and Sato (2019)	Test role of credit card self-efficacy as mediator	PROCESS macro in SPSS using data from 427 students	Literacy enhances well-being via self-efficacy;

			stronger effects with fewer cards
Barboza et al. (2019)	Identify causes of financial anxiety and repayment behaviors	Exploratory estimates using behavioral traits	Literacy boosts repayment but not anxiety relief; parental education helps repayment but raises anxiety
Wagner and Walstad (2018)	Analyze financial education's effect on short- vs long-term behavior	NFCS 2015; adult behavior analysis	Education effective for long-term behaviors (e.g., retirement); limited impact on short-term credit habits
Singh et al. (2018)	Understand student credit card behaviors post Credit Card Act	Online survey; behavioral segmentation	Four behavioral groups identified; timely payers vs risky users; useful for targeting support
Xiao et al. (2014)	Study early literacy effects on later behavior	Longitudinal study; objective vs subjective knowledge	Subjective knowledge reduces risky behavior more than objective; GPA and gender influence decisions
Xiao et al. (2012)	Evaluate financial education's effect on risky credit behavior	Survey of first-year college students	Mixed results; effectiveness varies; tailored education programs recommended
Hancock et al. (2012)	Examine effects of parental influence and traits on credit card behavior	Data from 413 students across 7 universities	Conflict with parents and comfort with debt raise debt risk; gender differences noted
Robb (2011)	Link between financial knowledge	Survey of 1,354 students	Higher knowledge linked to responsible use; prevalent

	and responsible credit use		card ownership and debt among students
Xiao et al. (2011)	Apply Theory of Planned Behavior to student credit use	Survey of first-year college students	Behavioral intent and subjective knowledge reduce risky behavior; parental influence significant
Dempere et al. (2010)	Assess perceived need for financial literacy education	Survey at Metro State College of Denver	Risky users show greater recognition of financial literacy importance
Robb and Sharpe (2009)	Analyze knowledge's impact using double hurdle model	Survey of 6,520 students at a Midwestern university	More knowledge didn't reduce balances; knowledgeable students held more debt
Norvilitis et al. (2006)	Identify predictors of credit card debt among students	Survey of 448 students across 5 U.S. campuses	Poor knowledge, poor delay of gratification, positive credit attitudes increase debt; stress and low well-being linked

2.3 Research Gap

Despite a growing body of literature examining the influence of financial education on credit card usage behavior among undergraduates students, several gaps remain unaddressed. Numerous studies affirm that financial literacy positively influences responsible credit card usage (Chen et al., 2025; Robb, 2011; Xiao et al., 2011), yet there is inconsistency in the extent of its impact. For instance, while Chen et al. (2025) found that financial knowledge improves responsible usage, the effect was notably weaker among low-income groups due to structural constraints, suggesting that knowledge alone may not suffice in altering behavior without accompanying resources.

Similarly, the work of Liu and Zhang (2021) and Limbu and Sato (2019) highlights the mediating role of financial self-efficacy, indicating that even with adequate literacy, students' confidence in managing finances is essential for reducing risky behavior.

However, not all research agrees on the effectiveness of financial education; Wagner and Walstad (2018) found it had more influence on long-term financial habits rather than short-term credit behavior, while Robb & Sharpe (2009) noted that more financially knowledgeable students held higher debt levels, implying a complex and perhaps counterintuitive relationship.

The psychological dimensions of credit behavior are also explored, with Barboza et al. (2019) showing that while literacy aids repayment, it does not alleviate financial anxiety, and Hancock et al. (2012) revealing that parental conflict and comfort with debt increase credit risks. These studies suggest that emotional and familial contexts may moderate the effect of financial education.

Moreover, cultural and regional contexts are underexplored. Liu and Zhang's (2021) Chinese sample indicates that findings from Western contexts may not generalize globally. Additionally, the longitudinal effects of early education (Xiao et al., 2014) show the importance of when and how financial knowledge is imparted, yet few studies address sustained educational interventions across college years.

Therefore, a key research gap lies in integrating financial education with behavioral, psychological, and contextual variables to understand how knowledge translates into responsible credit use.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

This study employs a correlational and explannatory research design to examine the relationship between financial education and credit card usage behavior among undergraduates students in Kathmandu Valley. A combination of descriptive and causal research design is used. Descriptive design helps identify the characteristics and behavior patterns related to credit card use, while causal design investigates the potential impact of financial literacy on such behaviors. The quantitative approach allows for the systematic collection of numerical data, enabling statistical interpretation of trends and associations. A cross-sectional framework captures data at one point in time, making it resource-effective and suitable for evaluating the current state of financial knowledge and behavior among students. This design supports the use of statistical techniques such as correlation and regression to assess relationships and draw valid conclusions. By focusing on quantifiable variables, the research ensures objectivity, reliability, and replicability, contributing valuable insights into financial behavior in the student population.

3.2 Population and Sample

Population

The population of this study comprises undergraduates students enrolled in business-related programs, specifically those pursuing Master of Business Studies (MBS), Master of Business Administration (MBA), Master of Business Management (MBM), and MBA in Finance across various colleges and universities within Kathmandu Valley. These students form an educated and financially engaged demographic, making them particularly relevant for a study on financial literacy and credit card usage behavior. Given their academic background in business and finance, they are more likely to have exposure to personal finance concepts and to utilize financial services such as credit cards. The total estimated population of these undergraduates business students is approximately 1,500,

providing a diverse yet focused group for understanding the relationship between financial education and credit behavior.

Sampling Unit

The sampling unit consists of individual undergraduates students. Each student represents a single source of data, providing information on financial education exposure and credit card usage behavior.

Sampling Area

The study is geographically confined to Kathmandu Valley, which encompasses major academic institutions and a diverse student base. The area is selected for its accessibility and concentration of undergraduates students.

Sample Size

Using the Cochran formula for finite populations, the calculated sample size is 486 students. However, 403 valid responses were collected, exceeding the minimum requirement and increasing the statistical power of the findings.

The formula to determine the sample size is:

$$n0 = \frac{z^2 pq}{e^2} \qquad \text{(i)}$$

Where,

$n0$ = Cochran's sample size recommendation

e = Desire level of precision = 5%

p = Estimated proportion of population which has the attribute = 0.5 q = (1-p)

z = value from table (depend upon confidence level = 95%) = 1.96

$$n0 = \frac{(2.01)^2 * (0.5) * (0.5)}{(0.05)^2} = 403.1 \qquad \text{(ii)}$$

Source: (Cochran, 1977)

Sampling Technique

A judgmental (purposive) sampling method was used to select students who possess or are familiar with credit cards. This approach ensures the inclusion of respondents with relevant financial experience, directly aligned with the study objectives.

3.3 Nature and Sources of Data

The study is based on primary data, which is collected directly from undergraduates students in Kathmandu Valley through structured questionnaires. This data is specifically tailored to assess students' levels of financial literacy and their patterns of credit card usage. Primary data offers the advantage of being both current and highly relevant to the specific research objectives. The focus on quantifiable indicators such as budgeting habits, credit card awareness, repayment behavior, and financial decision-making enables precise measurement and statistical analysis. While the study primarily depends on primary data, secondary sources such as financial reports, scholarly articles, and previous research are also reviewed to strengthen the theoretical background and contextual understanding. This mixed approach enhances the overall reliability and depth of the study. By relying heavily on firsthand responses, the research captures real-time insights into student behavior, allowing for accurate conclusions regarding the influence of financial education on credit card usage.

3.4 Instrument of Data Collection

The main instrument for data collection in this study is a structured questionnaire, designed to obtain quantifiable information on students' financial literacy and credit card usage behavior. The questionnaire includes items measured on a five-point Likert scale, ranging from "strongly disagree" to "strongly agree," allowing respondents to express their financial attitudes, knowledge, and habits consistently. It is divided into several sections, including demographic information, financial education background, budgeting skills, and credit card management practices. The structure ensures uniformity in data collection, minimizing bias and enhancing the validity and reliability of the results. The questionnaire was distributed to 403 undergraduates students in Kathmandu Valley, using both online and offline channels to ensure maximum participation. Ethical considerations, such as informed consent and anonymity, were strictly followed throughout the data collection

process. The structured format facilitates efficient analysis, enabling the identification of patterns and relationships between financial knowledge and credit card behavior.

Descriptive Statistical Analysis

Descriptive statistical analysis is utilized to summarize and describe the basic characteristics of data related to financial education and credit card usage behavior among college students in Kathmandu Valley. This approach transforms raw data into meaningful patterns, facilitating interpretation and understanding. It provides quantitative summaries, including frequency distributions and percentages, to outline the sample characteristics and key measures. For this study, descriptive statistical methods were applied to analyze variables associated with financial education levels and credit card usage patterns.

The following statistical tools were employed, with brief descriptions provided below:

i) Arithmetic Mean

The arithmetic mean, or simple average, is calculated by dividing the sum of all observations by the number of observations. It serves as the most representative value for the dataset, summarizing the central tendency of variables such as financial literacy scores or credit card expenditure. The formula for the arithmetic mean is:

Mean ($\bar{X}$) = $\Sigma x / n$

Where:

Σx = Sum of all observations of variable 'x'

n = Number of observations

ii) Standard Deviation

Standard deviation measures the dispersion of data points from the arithmetic mean, calculated as the positive square root of the average of squared deviations. It indicates the extent of variability in financial education levels or credit card usage behaviors among students. A higher standard deviation reflects greater variability, while a lower value suggests more consistency. This tool helps assess the reliability and spread of the data.

iii) Coefficient of Variation

The coefficient of variation (CV) is a relative measure of dispersion, derived by dividing the standard deviation by the mean and expressing it as a percentage. Unlike standard deviation, which is an absolute measure, CV allows comparison of variability across

different variables, such as financial literacy scores and credit card spending, regardless of their units. It provides insight into the relative consistency of data, enabling standardized comparisons.

Inferential Statistical Analysis

Inferential statistical methods were used to examine relationships and make predictions about financial education and credit card usage behavior among college students in Kathmandu Valley. These methods allow generalizations from the sample to the broader population.

i) Correlation Coefficient

The correlation coefficient measures the strength and direction of the relationship between an independent variable (e.g., financial education level) and a dependent variable (e.g., credit card usage behavior). It quantifies how changes in the independent variable are associated with changes in the dependent variable. The formula for the correlation coefficient is:

Correlation Coefficient (r) = $[n\Sigma xy - \Sigma x\Sigma y] / \sqrt{[(n\Sigma x^2 - (\Sigma x)^2)(n\Sigma y^2 - (\Sigma y)^2)]}$

Where:

r = Correlation coefficient

Σxy = Sum of the product of paired observations

Σx^2 = Sum of squared values of the independent variable

Σy^2 = Sum of squared values of the dependent variable

n = Number of observations

The value of r ranges from -1 to +1. A positive r indicates a positive relationship (e.g., higher financial education linked to responsible credit card use), while a negative r suggests an inverse relationship. A value of 0 indicates no relationship, and values of -1 or +1 denote a perfect relationship.

ii) Multiple Regression Analysis

Multiple regression analysis extends simple linear regression by modeling the relationship between one dependent variable (e.g., credit card debt) and two or more independent variables (e.g., financial education level, income, and spending habits). This method predicts the dependent variable based on the independent variables and quantifies the impact of each independent variable on the dependent variable. The regression coefficient

indicates the average change in the dependent variable for a one-unit change in an independent variable, holding other variables constant (Hair et al., 2007). The R-squared value, or coefficient of determination, represents the proportion of variance in the dependent variable explained by the independent variables, providing insight into the model's explanatory power.

Model Summary

To analyze the impact of financial education and related factors on credit card usage behavior among college students in Kathmandu Valley , a multiple linear regression model is specified as follows:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_t} \text{ ---------- (i)}$$

Where:

Y = Credit Card Usage Behavior (dependent variable,)

α = Constant (intercept term)

β_1 = Coefficient of Financial Literacy

X_1 = Financial Literacy (e)

β_2 = Coefficient of Spending Habits

X_2 = Spending Habits

β_3 = Coefficient of Income Level

X_3 = Income Level

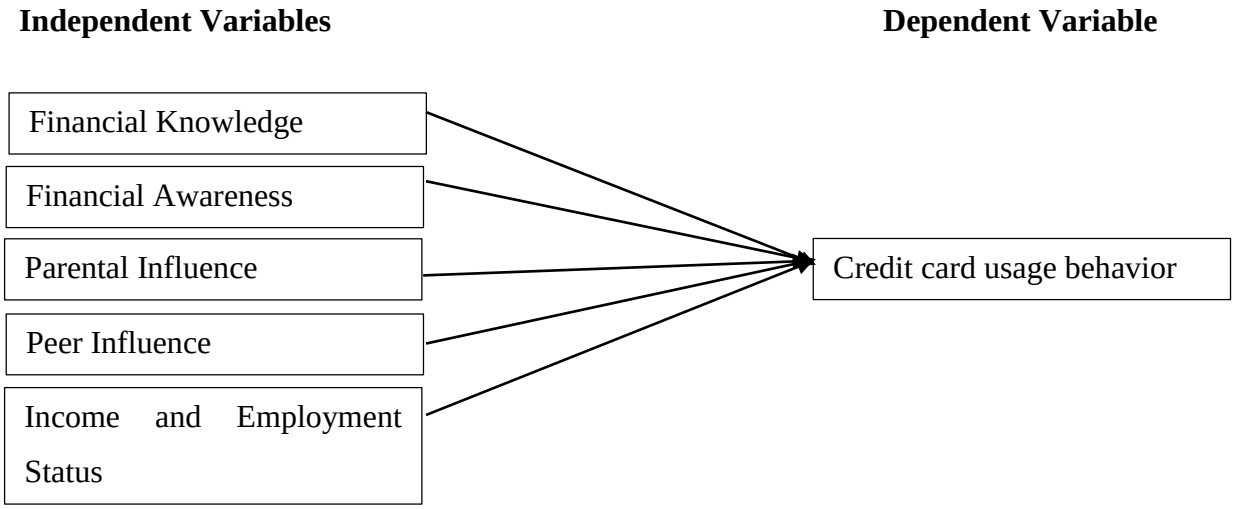
β_4 = Coefficient of Financial Awareness Programs

X_4 = Financial Awareness Programs

e_t = Error Term (captures unexplained variation in the model) This regression model quantifies the relationship between credit card usage behavior and the independent variables, with each coefficient (β_1, β_2, β_3, β_4) indicating the average change in **Y** for a one-unit change in the respective independent variable, holding other variables constant.

3.6 Research Framework

The framework portrays the relationship between financial literacy dimensions knowledge of financial products, access to financial products, awareness of investment options, Income and Employment Status, and selection of investment options and their impact on Credit Card Usage Behavior. It is adapted from Kumari (2020) and supported by studies like Atkinson and Messy (2016) and Moore (2017).



(Source: Liu & Zhang, 2021 and Robb, 2011)

Figure 1 *Research Framework*

Definition of Variables

Financial Knowledge

Financial knowledge refers to a student's understanding of basic financial concepts such as budgeting, interest rates, saving, investing, and debt management. This knowledge is essential for making informed financial decisions, including the use of credit cards.

Students with higher levels of financial knowledge are more likely to make better credit card usage decisions. They can understand the terms and conditions of their credit card, the impact of interest rates, and how to avoid accumulating debt. A lack of financial knowledge, on the other hand, may lead to poor financial decisions such as carrying high balances or missing payments (Lusardi & Mitchell, 2014).

Financial Awareness

Financial Awareness refers to an individual's general understanding and consciousness of personal and economic financial matters. It includes awareness of financial products (such as savings, loans, and insurance), services offered by banks and cooperatives, and key economic concepts like interest rates, inflation, budgeting, and financial planning. Financial awareness enables individuals to recognize the importance of managing money wisely, avoiding debt traps, and making informed financial choices. It is foundational to developing financial literacy and is influenced by education, media exposure, family, and

social interactions. Enhanced financial awareness empowers individuals to take proactive steps toward financial stability and security. (Mandell & Klein, 2009).

Parental Influence

Parental influence refers to the financial behaviors, values, and education imparted by parents to their children, especially regarding financial management and credit card use. Parental behaviors and attitudes toward credit cards often shape the financial habits of their children. Students whose parents model good financial behavior, such as responsible credit card usage and timely bill payments, are more likely to adopt similar habits. Conversely, students with parents who exhibit poor financial habits may develop negative attitudes toward managing credit and debt (Jorgensen & Savla, 2010).

Peer Influence

Peer influence refers to the financial behaviors and attitudes of a student's friends or social circle, which can impact their credit card usage behavior. Undergraduates students often imitate the financial behaviors of their peers, especially when it comes to credit card usage. If a student's peers frequently use credit cards and talk about the benefits of having one, the student might feel compelled to adopt similar behaviors. Peer pressure can drive students to spend irresponsibly or misuse credit cards, potentially leading to financial difficulties (Shim et al., 2010).

Income and Employment Status

Income and employment status refer to the student’s ability to earn money, whether through part-time jobs, allowances, or other sources of income. Students with higher income or those who are employed may be more likely to use credit cards because they have the perception that they can manage repayments. However, the availability of income can also lead to irresponsible behavior if students don’t manage their finances effectively. Those without income may use credit cards to meet financial needs, potentially leading to debt accumulation. Furthermore, the ability to repay credit card balances affects students’ behavior, with employed students likely being better at managing their credit (Norvilitis et al., 2006).

Credit card usage behavior

Credit card usage behavior refers to the patterns, habits, and decisions individuals exhibit when using credit cards, including frequency of use, payment practices, spending tendencies, and debt management. It encompasses how users balance convenience, credit limits, and financial responsibility, influenced by factors like financial literacy, income, and attitudes toward debt. Understanding this behavior is crucial for assessing financial decision-making and its impact on personal finances. For instance, responsible usage involves timely payments and controlled spending, while risky behavior may lead to debt accumulation (Xiao & Dew 2011).

CHAPTER IV
RESULTS AND DISCUSSION

4.1 Results

The presentation of results refers to the structured display of research findings on the impact of financial literacy on Credit Card Usage Behavior. This section organizes data through tables, graphs, and narratives, highlighting key trends and relationships. A well-organized presentation ensures clarity, allowing investors and policymakers to interpret the significance of financial knowledge in shaping investment behaviors. The results are presented objectively, providing an empirical basis for further discussion and policy recommendations.

4.1.1 Demographic Status of Respondents

Gender

This analysis categorizes individuals based on their gender to understand differences in financial literacy and Credit Card Usage Behavior. Gender-based financial behavior may vary due to social, economic, and psychological factors. Assessing gender differences helps in designing targeted financial education programs to promote equal financial opportunities.

Table 2

Gender of Respondents

Gender	Frequency (n)	Percentage (%)
Male	230	56.2
Female	170	41.6
Others	9	2.2
Total	403	100

Source: Field survey 2025.

Table 2 presents the distribution of gender among the 403 respondents. The majority, 230 respondents (56.2%), identified as male, while 170 respondents (41.6%) identified as female. A smaller proportion, 9 respondents (2.2%), identified as "Others," which could refer to non-binary or other gender identities. This distribution shows a slightly higher representation of male respondents compared to female respondents. The total number of respondents adds up to 403, accounting for 100% of the sample. This breakdown helps in

understanding the gender composition of the survey population, providing insights into demographic diversity.

Age Group

Age influences financial decision-making, investment preferences, and risk tolerance. Younger individuals may focus on high-risk, high-return investments, while older individuals prioritize stable, low-risk options. This analysis helps identify financial literacy gaps among different age groups, guiding tailored financial planning strategies for diverse demographics.

Table 3

Age of Respondents

Age Group	Frequency (n)	Percentage (%)
18-20 years	50	12.2
21-30 years	180	44.0
31-40 years	90	22.0
41-50 years	60	14.7
51 years and above	29	7.1
Total	403	100

Source: Field survey 2025.

Table 3 presents the age distribution of the 403 respondents. The largest group, 180 respondents (44.0%), falls within the 21-30 years age range. This is followed by 90 respondents (22.0%) in the 31-40 years age group, and 60 respondents (14.7%) in the 41-50 years range. The 18-20 years group includes 50 respondents (12.2%), while the 51 years and above category consists of 29 respondents (7.1%). This age distribution indicates a predominance of younger respondents, particularly in the 21-30 years group, highlighting the focus of the survey on a relatively young population.

Education Level

Education plays a crucial role in shaping financial literacy and Credit Card Usage Behavior. Higher education levels often correlate with better financial knowledge, risk assessment, and investment management. Analyzing education levels helps understand how financial awareness varies across different academic backgrounds and its impact on investment behavior.

Table 4

Education Level of Respondents

Education Level	Frequency (n)	Percentage (%)
Below +2	45	11.0
Bachelor	230	56.2
Master's and Above	134	32.8
Total	403	100

Source: Field survey 2025.

Table 4 illustrates the educational background of the 403 respondents. A majority, 230 respondents (56.2%), hold a Bachelor's degree, making it the largest group. The second-largest group, 134 respondents (32.8%), have attained a Master's degree or higher. A smaller portion, 45 respondents (11.0%), have an education level below +2. This distribution indicates that the survey population is predominantly well-educated, with a significant proportion holding Bachelor's and Master's degrees, reflecting a highly educated sample overall.

Income per Month

Income level affects financial literacy, savings capacity, and Credit Card Usage Behavior. Higher-income individuals may have greater access to financial products and investment opportunities, while lower-income groups may struggle with financial planning. This analysis highlights how income influences financial behavior and the need for targeted financial education.

Table 5

Income per Month of Respondents

Income Range (NPR)	Frequency (n)	Percentage (%)
Below 20,000	140	34.2
20,001 to 50,000	160	39.1
50,001 to 80,000	70	17.1
80,001 and Above	39	9.5
Total	403	100

Source: Field survey 2025.

Table 5presents the monthly income distribution of the 403 respondents. The largest group, 160 respondents (39.1%), earn between 20,001 to 50,000 NPR per month. The second-largest group, 140 respondents (34.2%), earn below 20,000 NPR. Smaller proportions of respondents earn between 50,001 to 80,000 NPR (70 respondents, 17.1%) and 80,001 NPR and above (39 respondents, 9.5%). This distribution indicates that most respondents fall within the lower to middle-income categories, with a significant portion earning between 20,001 to 50,000 NPR per month.

Descriptive Analysis

Descriptive analysis summarizes data related to financial literacy and Credit Card Usage Behavior using measures such as mean, median, standard deviation, and frequency distributions. It provides insights into the level of financial knowledge among respondents and its influence on their investment choices. This analysis helps identify trends in risk preferences, asset allocation, and financial planning behavior among different demographic groups, ensuring a comprehensive understanding of investment decision patterns.

Descriptive Analysis of Financial Knowledge

This analysis examines individuals' understanding of financial products such as savings accounts, loans, insurance, and mutual funds. It assesses awareness levels, sources of financial knowledge, and familiarity with product features. Higher financial knowledge enables individuals to compare options effectively, select suitable products, and make informed financial decisions.

Table 6

Descriptive Analysis of Financial Knowledge

Statement	Mean	Standard Deviation	Coefficient of Variation
I understand how interest is calculated on credit card balances.	3.72	0.97	25.19%
I am confident in managing a monthly budget.	3.65	1.05	28.23%
I know the consequences of late credit card payments.	3.57	1.12	30.43%
I can explain the difference between minimum payment and full payment on a credit card.	3.689	1.20	34.29%
I am aware of how credit card usage affects my credit score.	3.64	0.92	23.59%

Source: Field survey 2025.

Table 6 presents the descriptive analysis of financial knowledge among 403 respondents. The statement "I understand how interest is calculated on credit card balances" has the highest mean score of 3.72 with a relatively low standard deviation (0.97) and a coefficient of variation (CV) of 25.19%, indicating moderate agreement and consistency in responses. Confidence in managing a monthly budget has a slightly lower mean (3.65) and a higher CV of 28.23%, suggesting slightly more variability in responses. Awareness of the consequences of late credit card payments (mean = 3.57, CV = 30.43%) and the ability to differentiate between minimum and full credit card payments (mean = 3.689, CV = 34.29%) both show relatively high variation, indicating differing levels of understanding among respondents. The lowest CV (23.59%) is seen for awareness of how credit card usage impacts credit scores, implying higher consensus. Overall, respondents demonstrate moderate financial knowledge, though variability indicates areas for improvement.

Descriptive Analysis of Financial Awareness

This analysis explores the ease with which individuals access financial products, including banking services, credit facilities, and investment platforms. Factors such as financial

literacy, technological adoption, and institutional support influence access. Improved accessibility enhances financial inclusion, enabling individuals to participate in economic activities and secure their financial well-being.

Table 7

Descriptive Analysis of Financial Awareness

Statement	Mean	Standard Deviation	Coefficient of Variation
I believe it is important to pay my credit card bill in full each month.	3.65	1.00	26.32%
I feel comfortable discussing financial matters with others.	3.67	0.85	20.73%
I prefer saving money rather than spending it on non-essentials.	3.50	1.10	30.14%
Using a credit card responsibly reflects financial maturity.	3.56	0.95	25.33%
I avoid using credit cards unless absolutely necessary.	3.55	0.90	23.08%

Source: Field survey 2025.

Table 7 presents the descriptive analysis of attitudes and perceptions related to financial knowledge among 403 respondents. The highest mean score (3.67) is associated with the statement "I feel comfortable discussing financial matters with others," and it also has the lowest coefficient of variation (20.73%), indicating strong agreement and consistency among participants. The belief in paying credit card bills in full each month (mean = 3.65, CV = 26.32%) and viewing responsible credit card use as a sign of financial maturity (mean = 3.56, CV = 25.33%) also reflect moderately positive attitudes with acceptable consistency. The statement "I avoid using credit cards unless absolutely necessary" (mean = 3.55, CV = 23.08%) suggests a cautious approach to credit usage. In contrast, the preference for saving over spending (mean = 3.50) shows the highest variation (CV = 30.14%), indicating mixed opinions. Overall, respondents generally exhibit responsible financial attitudes, though some variability exists in saving preferences.

Descriptive Analysis of Parental Influence

This section assesses awareness of investment alternatives, including stocks, bonds, mutual funds, and real estate. It examines individuals' understanding of risk-return trade-offs, diversification strategies, and long-term financial planning. Higher investment knowledge enables individuals to allocate resources effectively, manage financial risks, and maximize returns.

Table 8

Descriptive Analysis of Parental Influence

Statement	Mean	Standard Deviation	Coefficient of Variation
My parents taught me how to manage money effectively.	3.59	1.05	28.38%
I learned about credit card usage from observing my parents.	3.47	0.95	24.68%
My parents discuss financial planning with me regularly.	3.61	0.90	22.50%
I rely on my parents for financial advice.	3.58	1.00	26.67%
My parents influence my attitude towards debt and credit usage.	3.63	1.15	31.94%

Source: Field survey 2025.

Table 8 provides a descriptive analysis of parental influence on financial behavior among 403 respondents. The highest mean score (3.63) is associated with the statement "My parents influence my attitude towards debt and credit usage," indicating that parental perspectives play a significant role in shaping young individuals' financial attitudes. However, this statement also has the highest coefficient of variation (31.94%), suggesting considerable variation in responses. Regular discussions on financial planning with parents (mean = 3.61, CV = 22.50%) show both a high mean and the lowest variability, implying a relatively strong and consistent parental role in financial communication. Learning money management skills directly from parents (mean = 3.59) and relying on them for financial advice (mean = 3.58) also reflect moderate influence, with CVs of 28.38% and

26.67%, respectively. Observing parental credit card use (mean = 3.47, CV = 24.68%) reveals a slightly lower influence. Overall, the data indicates that parents significantly impact financial knowledge, though individual experiences vary.

Descriptive Analysis of Peer Influence

Peer Influence include budgeting, saving, debt management, and investment planning. This analysis evaluates individuals' ability to apply financial knowledge in real-life situations. Strong Peer Influence enhance wealth accumulation, reduce financial stress, and promote responsible financial behaviors, leading to better financial security and long-term stability.

Table 9

Descriptive Analysis of Peer Influence

Statement	Mean	Standard Deviation	Coefficient of Variation
I often discuss credit card usage with my friends.	3.54	0.90	21.95%
My friends' financial habits influence how I use credit cards.	3.57	1.05	27.63%
I feel pressure to spend money like my peers.	3.48	1.10	30.14%
I tend to follow my friends' advice regarding financial matters.	3.87	0.95	23.75%
Seeing my peers use credit cards makes me more likely to do the same.	3.70	1.00	25.64%

Source: Field survey 2025.

Table 9 presents a descriptive analysis of peer influence on financial behavior among 403 respondents. The highest mean score (3.87) corresponds to the statement "I tend to follow my friends' advice regarding financial matters," indicating a strong tendency among respondents to rely on peer input in financial decisions, with a relatively low coefficient of variation (23.75%), suggesting consistency in responses. The statement "Seeing my peers use credit cards makes me more likely to do the same" also reflects notable peer influence (mean = 3.70, CV = 25.64%). Discussing credit card usage with friends (mean = 3.54, CV = 21.95%) is common and shows low variability, highlighting openness in financial

discussions among peers. Meanwhile, “My friends’ financial habits influence how I use credit cards” (mean = 3.57, CV = 27.63%) and “I feel pressure to spend money like my peers” (mean = 3.48, CV = 30.14%) suggest that peer habits and social pressure moderately affect financial behavior. Overall, peer influence plays a considerable role, especially through advice and observed behavior.

Descriptive Analysis of Income and Employment Status

This analysis focuses on individuals’ ability to manage income, expenses, savings, and debt. Effective Income and Employment Status involves creating budgets, setting financial goals, and avoiding excessive debt. Well-developed Income and Employment Status skills help individuals achieve financial independence, reduce financial risks, and make informed spending and Credit Card Usage Behavior.

Table 10

Descriptive Analysis of Income and Employment Status

Statement	Mean	Standard Deviation	Coefficient of Variation
I have a regular source of income (job, allowance, etc.).	3.71	0.90	21.95%
My income allows me to manage my credit card payments effectively.	3.76	1.05	27.63%
I feel financially stable enough to own and use a credit card.	3.76	0.88	21.14%
I consider my income before making purchases with a credit card.	3.82	0.95	23.75%
Having a job influences how I manage credit and spending.	3.88	1.00	25.38%

Source: Field survey 2025.

Table 10 presents a descriptive analysis of income and employment status in relation to credit card use among 403 respondents. The highest mean score (3.88) is associated with the statement “Having a job influences how I manage credit and spending,” indicating that employment significantly affects financial behavior. This is followed by “I consider my income before making purchases with a credit card” (mean = 3.82, CV = 23.75%),

reflecting responsible spending habits. Statements such as “I feel financially stable enough to own and use a credit card” and “I have a regular source of income” show relatively high mean values of 3.76 and 3.71 respectively, with low coefficients of variation (21.14% and 21.95%), suggesting consistent agreement among respondents. While “My income allows me to manage my credit card payments effectively” also has a mean of 3.76, its higher variation (CV = 27.63%) indicates differing financial capacities. Overall, respondents demonstrate a strong connection between income stability and responsible credit use.

Descriptive Analysis of Credit Card Usage Behavior

This section examines factors influencing individuals' investment choices, including financial literacy, risk tolerance, and market awareness. It evaluates decision-making processes, investment preferences, and long-term financial goals. Understanding investment decision-making helps identify behavioral patterns and areas for financial education improvement to enhance investment success.

Table 11

Descriptive Analysis of Credit Card Usage Behavior

Statement	Mean	Standard Deviation	Coefficient of Variation
I regularly use my credit card for everyday purchases.	3.77	0.95	22.62%
I always pay my credit card bill on time.	3.78	1.05	26.25%
I use my credit card only when necessary.	3.63	1.10	28.57%
I carry a credit card balance from month to month.	3.75	0.90	21.95%
I have used a credit card to make purchases I couldn’t afford otherwise.	3.62	1.00	25.38%

Source: Field survey 2025.

Table 11 presents a descriptive analysis of credit card usage behavior among 403 respondents. The highest mean score (3.78) is for the statement “I always pay my credit

card bill on time," reflecting a generally responsible attitude toward credit management, though the coefficient of variation (26.25%) suggests some variability in behavior. Similarly, regular use of credit cards for everyday purchases (mean = 3.77, CV = 22.62%) and carrying a balance month to month (mean = 3.75, CV = 21.95%) indicate common usage patterns with relatively consistent responses. The statement "I use my credit card only when necessary" (mean = 3.63, CV = 28.57%) and "I have used a credit card to make purchases I couldn't afford otherwise" (mean = 3.62, CV = 25.38%) show slightly lower means and higher variation, suggesting that while some individuals are cautious, others may use credit cards beyond their means. Overall, the data reveals a mix of responsible credit behavior and potential financial risk-taking.

Table 12

Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
FK	1.0	5.0	3.386	.6604
FA	2.80	4.80	4.1896	.40212
PRI	2.2	4.8	3.558	.5168
PI	1.6	4.6	3.460	.5877
IES	2.00	5.00	3.9975	.54914
CCUB	1.00	4.60	3.6767	.71174
Valid N (listwise)				

Table 12 presents the overall descriptive statistics for the main variables of the study, based on responses from 404 participants. The mean score for Financial Awareness is the highest at 4.19 (SD = 0.40), indicating that respondents generally exhibit strong awareness regarding financial matters. Income and Employment Status also shows a relatively high mean of 3.99 (SD = 0.55), suggesting that most participants have a stable financial background or employment situation.

Credit Card Usage Behavior has a mean of 3.68 with the highest standard deviation (0.71), indicating varied credit card usage habits among respondents. Parental Influence and Peer Influence have moderate mean scores of 3.56 and 3.46, respectively, with peer influence (SD = 0.59) showing slightly more variability than parental influence (SD = 0.52). Financial Knowledge has the lowest mean (3.39, SD = 0.66), highlighting an area where

educational efforts could be strengthened. Overall, the data indicates relatively high financial awareness and responsible behavior, with some variability in knowledge and peer-driven practices.

Table 13

Correlations

	FK	FA	PRI	PI	IES	CCBU
FK	1					
FA	.257**	1				
PRI	.365**	.371**	1			
PI	.364**	.177**	.455**	1		
IES	.542**	.453**	.410**	.334**	1	
CCUB	.591**	.303**	.413**	.490**	.543**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output.

The correlation matrix presents the strength and direction of relationships among six variables using Pearson correlation coefficients. All correlations are significant at the 0.01 level (2-tailed), indicating strong statistical relationships between the variables. Financial Knowledge shows moderate to strong positive correlations with all other variables, particularly with Income and Employment Status (r = .542) and Credit Card Usage Behavior (r = .591), suggesting that individuals with higher financial knowledge tend to have better financial stability and more informed credit card behaviors.

Financial Awareness also correlates positively with other variables, most notably with Income and Employment Status (r = .453) and Parental Influence (r = .371), indicating that greater financial awareness is associated with supportive parental influence and better income-related outcomes. Parental and Peer Influences are strongly related (r = .455), highlighting the joint impact of social factors on financial behavior. Peer Influence shows a strong correlation with Credit Card Usage Behavior (r = .490), implying that peer groups significantly affect credit card use.

Finally, Credit Card Usage Behavior is highly associated with Financial Knowledge (r = .591) and Income and Employment Status (r = .543), indicating that better financial understanding and economic stability lead to more responsible credit card use. Overall, the

data reflects an interconnected relationship between financial literacy, social influence, and financial behavior.

Table 14

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.700a	.490	.483	.51171	.490	76.330	5	398	.000

a. Predictors: (Constant), Income and Employment Status , Peer Influence, Financial Awareness, Parental Influence, Financial Knowledge

Source: SPSS output.

The model summary indicates that the regression model explains 49% of the variance in Credit Card Usage Behavior (R Square = 0.490). The Adjusted R Square of 0.483 accounts for the number of predictors, showing a good fit. The R value of 0.700 suggests a strong positive correlation between the predictors and the dependent variable. The Standard Error of the Estimate (0.51171) reflects the average distance between the observed and predicted values. The F Change value of 76.330 with a significance level (Sig. F Change) of 0.000 confirms that the overall model is statistically significant and the predictors jointly influence credit card usage behavior.

Table 15

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.935	5	19.987	76.330	.000b
	Residual	104.216	398	.262		
	Total	204.151	403			

a. Dependent Variable: Credit Card Usage Behavior

Source: SPSS output.

b. Predictors: (Constant), Income and Employment Status, Peer Influence, Financial Awareness, Parental Influence, Financial Knowledge

The ANOVA table evaluates the overall significance of the regression model predicting Credit Card Usage Behavior. The Regression Sum of Squares is 99.935, indicating the portion of variance explained by the model, while the Residual Sum of Squares is 104.216, representing unexplained variance. The Total Sum of Squares is 204.151, combining both explained and unexplained variance. With 5 degrees of freedom (df) for regression and 398 for residual, the Mean Square for regression is 19.987. The F-value of 76.330 and a significance level (Sig.) of .000 indicate the model is statistically significant. This means that the predictors—Financial Knowledge, Financial Awareness, Parental Influence, Peer Influence, and Income and Employment Status—together significantly explain variation in credit card usage behavior among respondents.

Table 16

Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.446	.292		-1.526	.128
	FK	.367	.048	.341	7.732	.000
	FA	.076	.073	.043	1.038	.300
	PRI	.088	.060	.064	1.469	.143
	PI	.307	.050	.254	6.093	.000
	IES	.296	.061	.228	4.846	.000

a. Dependent Variable: Credit Card Usage Behavior

Source: SPSS output.

The Coefficients table provides detailed insights into how each independent variable contributes to predicting Credit Card Usage Behavior. The Unstandardized Coefficients (B) indicate the actual impact of each predictor on the dependent variable, while the

Standardized Coefficients (Beta) show the relative importance of each variable in standardized units.

The constant (intercept) is -0.446 and not statistically significant (p = .128), meaning it does not contribute significantly when all predictors are zero. Among the predictors, Financial Knowledge has the strongest positive influence (B = 0.367, Beta = 0.341, p = .000), indicating that an increase in financial knowledge significantly improves responsible credit card usage. Peer Influence (B = 0.307, Beta = 0.254, p = .000) and Income and Employment Status (B = 0.296, Beta = 0.228, p = .000) also show significant positive effects, suggesting that peer groups and financial stability play major roles in influencing credit card behavior.

However, Financial Awareness (p = .300) and Parental Influence (p = .143) are not statistically significant, indicating they do not have a meaningful direct effect in the presence of other variables. Overall, the model highlights that financial knowledge, peer influence, and income status are key drivers of credit card usage behavior.

4.2 Discussion

This study's findings on the determinants of credit card usage behavior align closely with existing literature, highlighting the critical role of financial knowledge, peer influence, and income status in shaping responsible credit card use. The regression analysis showed that financial knowledge is the strongest predictor of credit card usage behavior, with a significant positive impact. This result is consistent with studies such as Chen et al. (2025), Robb (2011), and Limbu & Sato (2019), which also found that greater financial literacy enhances responsible credit behaviors among students and young adults. For instance, Chen et al. (2025) emphasized that higher financial knowledge leads to better credit card use, although its effect is less pronounced among low-income groups due to financial constraints. Similarly, Limbu & Sato (2019) demonstrated that financial literacy improves well-being and financial behaviors via increased self-efficacy, reinforcing the mediating role of confidence in managing credit.

The positive influence of peer influence in this study corresponds with findings from Hancock et al. (2012) and Xiao et al. (2011), who identified social circles as significant contributors to financial attitudes and credit use behaviors. Peer groups often serve as informal sources of financial information and norms, shaping individuals' spending and

repayment habits. The significant positive coefficient for peer influence in our model underscores the importance of social environments in fostering or deterring risky credit behaviors, corroborating previous research that peer pressure can either encourage responsible use or lead to financial risk-taking, as discussed by Singh et al. (2018).

The role of income and employment status as a significant predictor further supports findings by Chen et al. (2025) and Paul et al. (2025), who noted that financial stability affects the ability to manage credit effectively. A steady income not only facilitates timely bill payments but also reduces the financial stress that often leads to risky borrowing. This aligns with the observation that low-income respondents exhibit less responsible credit card behavior, as their constrained resources limit effective credit management. The positive relationship between income and credit behavior in this study confirms that economic factors are fundamental in shaping financial decision-making.

Interestingly, this study found financial awareness and parental influence to be statistically insignificant in predicting credit card usage when controlling for other variables. This contrasts somewhat with earlier studies such as Hancock et al. (2012) and Xiao et al. (2011), which highlighted parental influence as a key factor in financial attitudes and behaviors. The insignificance of parental influence in this context could be attributed to the greater autonomy of the study's predominantly young adult population, who may rely more on peers and personal knowledge than parental guidance. Similarly, financial awareness, which refers to general understanding rather than specific actionable knowledge, may exert an indirect effect mediated by financial knowledge and peer influence, explaining its nonsignificant direct effect here. This nuance resonates with Wagner & Walstad (2018), who noted that education and awareness might influence long-term behaviors more than immediate credit use patterns.

Additionally, the study's findings regarding the prominence of financial knowledge and peer influence are supported by Norvilitis et al. (2006) and Liu & Zhang (2021), who emphasized how poor knowledge and social pressures increase risky credit behavior, while self-efficacy and subjective literacy reduce it. This dynamic interplay suggests that improving financial literacy and fostering positive peer environments can be effective strategies to promote responsible credit card use among youth.

CHAPTER V
SUMMARY AND CONCLUSION

5.1 Summary

This study aimed to investigate the factors influencing credit card usage behavior among young adults, focusing specifically on five key areas: financial knowledge, financial awareness, parental influence, peer influence, and income and employment status. The objectives were to (1) assess the levels of financial knowledge and awareness among respondents, (2) examine the influence of parental and peer groups on financial attitudes and behaviors, (3) explore the impact of income and employment status on credit card use, (4) analyze the relationships among financial variables and credit card usage behavior, and (5) provide actionable recommendations to promote responsible credit card use within the young adult population.

Data was collected through a structured survey administered to 404 young adult respondents. The questionnaire measured key variables including financial knowledge, financial awareness, parental influence, peer influence, income and employment status, and credit card usage behavior, using Likert-scale items. Descriptive statistics summarized the overall levels of knowledge, awareness, and influences. Pearson correlation analysis was conducted to examine relationships among the variables. A multiple linear regression model was used to identify the significant predictors of credit card usage behavior and determine the relative contribution of each independent variable while controlling for the others. This mixed analytical approach allowed for a comprehensive understanding of both descriptive trends and inferential relationships influencing credit card behavior.

The study revealed that respondents exhibit moderate financial knowledge (mean = 3.39) but report relatively high financial awareness (mean = 4.19). This indicates that while participants generally recognize the importance of financial concepts, their practical understanding related to credit card use is less developed. These findings align with previous research highlighting the distinction between financial awareness and actionable financial literacy needed for responsible credit management.

Regarding social influences, both parental and peer influences showed moderate correlations with financial attitudes. However, regression analysis demonstrated that peer influence is a significant predictor of credit card usage behavior, while parental influence

does not directly predict behavior when other variables are accounted for. This suggests that as young adults gain financial independence, peer groups increasingly shape their financial decisions and norms, overshadowing parental guidance.

Income and employment status emerged as another significant predictor. Respondents with a steady income or employment were more likely to manage their credit card use responsibly, indicating that financial stability plays a crucial role in supporting effective credit behavior. This underscores the challenges faced by individuals with limited income, who may struggle with credit management due to financial constraints.

The correlation and regression analyses confirmed strong positive relationships among financial knowledge, peer influence, income status, and credit card usage behavior. Financial knowledge exhibited the strongest predictive power, emphasizing the need for targeted educational programs that enhance practical financial literacy. Although financial awareness and parental influence were correlated with credit card behavior, their predictive effects were not significant in the regression model, indicating their influence may be indirect or overshadowed by stronger predictors.

Based on these insights, the study recommends strengthening financial literacy programs tailored to young adults, with a focus on practical credit management skills. Additionally, incorporating peer network engagement in educational initiatives could amplify positive behavior changes. Addressing economic barriers through financial support or employment opportunities could further enable responsible credit use.

Overall, the findings confirm that credit card usage behavior is multidimensional, shaped primarily by knowledge, social influences, and economic factors. Effective interventions should therefore combine education, social support, and financial empowerment to foster responsible credit card practices among young adults.

5.2 Conclusion

This study concludes that financial knowledge, peer influence, and income and employment status are the most significant determinants of credit card usage behavior among young adults. Financial knowledge, in particular, plays a pivotal role in promoting responsible credit card management, emphasizing the importance of educational programs that enhance understanding of credit terms, interest calculations, and repayment strategies. The strong influence of peer groups indicates that social environments shape financial

attitudes and behaviors, underscoring the value of incorporating peer-based learning and support in financial education efforts.

Income and employment stability further support responsible credit card use by providing the necessary financial resources to meet payment obligations and avoid risky borrowing. Conversely, financial awareness and parental influence, while relevant, do not directly predict credit card behavior once other variables are considered. This finding reflects the evolving financial independence of young adults, who increasingly rely on personal knowledge and peer input over parental guidance.

The data collectively suggest that credit card usage is a complex behavior influenced by cognitive, social, and economic factors. Efforts to improve responsible credit use should prioritize actionable financial knowledge and harness positive peer influence, particularly within the demographic of young adults navigating financial independence. Policymakers and educators should focus on developing tailored financial literacy programs that address real-world credit scenarios and foster peer engagement.

Moreover, addressing economic constraints through income support or employment opportunities could further enhance individuals' ability to manage credit responsibly. While parental influence may play a foundational role earlier in life, it is less directly impactful during adulthood, indicating a need to adjust educational approaches accordingly.

In summary, the study highlights the interconnectedness of knowledge, social context, and economic status in shaping credit card usage behavior. It contributes to the understanding of financial behavior by clarifying which factors are most influential in young adult populations, providing a basis for targeted interventions aimed at promoting financial well-being and reducing risky credit practices.

5.3 Implications

Practical Implications

The study offers actionable insights for financial educators, policymakers, and financial institutions. Emphasizing financial knowledge development among young adults can lead to more responsible credit card usage and reduced financial risk. Educational programs should focus on practical skills such as budgeting, understanding credit terms, and repayment strategies. Peer influence's significant role suggests that peer-led workshops or

group learning activities could be effective. Financial institutions might also consider tailoring credit products and educational outreach to young adults with varying income levels, offering support services that encourage prudent use. Additionally, economic empowerment through job creation and income support can help alleviate financial constraints that undermine credit management.

Theoretical Implications

The study contributes to the financial behavior literature by empirically validating the dominant role of financial knowledge and peer influence in predicting credit card use, while highlighting the diminished direct role of parental influence in young adulthood. This challenges some earlier assumptions about the continued primacy of parental socialization during this life stage. The findings support a multidimensional framework where cognitive (knowledge), social (peer influence), and economic (income status) factors interact to shape financial behavior. Future research could further explore the mediating or moderating effects among these factors, refining theoretical models of financial literacy and behavior. The results also underscore the importance of distinguishing between financial knowledge and financial awareness in behavioral models.

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APPENDIX

Survey Questionnaire

Dear Sir/Madam,

I am an MBS student at Shankar Dev Campus , Tribhuvan University. A research is being conducted on the **"FINANCIAL EDUCATION AND CREDIT CARD USAGE BEHAVIOR AMONG UNDERGRADUATES STUDENTS"** for the partial fulfillment of Master of Business Studies.

In this context, I have prepared a set of questionnaires to seek your valuable opinion. I would also like to assure you that the information provided by you will be kept confidential and will only be utilized for the study purpose.

I shall feel highly obliged if you kindly cooperate with me in filling the questionnaire.

Thank you and best regards,

Monika Thapa

Researcher

Section I. Demographic Information

Gender (Tick your gender group):

☐ Male ☐ Female ☐ Others

Age Group (Tick your age group):

☐ 18- 20 years ☐ 21 to 30 years ☐ 31 to 40 years ☐ 41 to 50 years ☐ 51 years and above

Education Level (Tick your education group):

☐ Below +2 ☐ Bachelor ☐ Master's and Above

Income per Month (Tick your income range):

☐ Below 20,000 ☐ 20,001 to 50,000 ☐ 50,001 to 80,000 ☐ 80,001 and Above

Section II. Information Regarding Independent Variables

(Please indicate your agreement with each item by placing the tick mark (√) in the rating value column.) 1= Strongly Agree, 2 = Agree, 3= Neutral, 4 = Disagree, 5= Strongly Disagree

S. N.	Heading \ Statement	Rating value				
2.1	**Financial Knowledge**	**1**	**2**	**3**	**4**	**5**
a)	I understand how interest is calculated on credit card balances.					
b)	I am confident in managing a monthly budget.					
c)	I know the consequences of late credit card payments.					
d)	I can explain the difference between minimum payment and full payment on a credit card.					
e)	I am aware of how credit card usage affects my credit score.					
2.2	**Financial Awareness**	**1**	**2**	**3**	**4**	**5**
a)	I believe it is important to pay my credit card bill in full each month.					
b)	I feel comfortable discussing financial matters with others.					
c)	I prefer saving money rather than spending it on non-essentials.					
d)	Using a credit card responsibly reflects financial maturity.					
e)	I avoid using credit cards unless absolutely necessary.					
2.3	**Parental Influence**					
a)	My parents taught me how to manage money effectively.					
b)	I learned about credit card usage from observing my parents.					
c)	My parents discuss financial planning with me regularly.					
d)	I rely on my parents for financial advice.					
e)	My parents influence my attitude towards debt and credit usage.					
2.4	**Peer Influence**	**1**	**2**	**3**	**4**	**5**
a)	I often discuss credit card usage with my friends.					
b)	My friends' financial habits influence how I use credit cards.					

c)	I feel pressure to spend money like my peers.					
d)	I tend to follow my friends' advice regarding financial matters.					
e)	Seeing my peers use credit cards makes me more likely to do the same.					
2.5	**Income and Employment Status**	**1**	**2**	**3**	**4**	**5**
a)	I have a regular source of income (job, allowance, etc.).					
b)	My income allows me to manage my credit card payments effectively.					
c)	I feel financially stable enough to own and use a credit card.					
d)	I consider my income before making purchases with a credit card.					
e)	Having a job influences how I manage credit and spending.					

Section III. Information Regarding Dependent Variables

(Please indicate your agreement with each item by placing the tick mark (√) in the rating value column.) 1= Strongly Agree, 2 = Agree, 3= Neutral, 4 = Disagree, 5= Strongly Disagree

S. N.	**Heading \ Statement**	**Rating value**				
3.1	**Credit Card Usage Behavior**	**1**	**2**	**3**	**4**	**5**
a)	I regularly use my credit card for everyday purchases.					
b)	I always pay my credit card bill on time.					
c)	I use my credit card only when necessary.					
d)	I carry a credit card balance from month to month.					
e)	I have used a credit card to make purchases I couldn't afford otherwise.					

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