



COLLEGE STUDENT CREDIT CARD USAGE

**CREDIT RESEARCH CENTER
WORKING PAPER #65**

JUNE 2002

By

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ABOUT THE CENTER:

The Credit Research Center was founded in 1974 by Robert W. Johnson, Professor of Finance at Purdue University's Krannert Graduate School of Management. The Center's founding was an outgrowth of Dr. Johnson's services as presidential appointee to the National Commission on Consumer Finance in 1969. During its 3-year existence, the Commission coordinated a massive research program to study the operation of consumer credit markets in the United States. Delivered to Congress in 1972, the Commission's multi-volume report established the value of academic research for guiding public policy toward markets for financial services. With a combination of foundation and corporate grants, Dr. Johnson established the Credit Research Center at Purdue to provide an ongoing means of directing academic research expertise toward practical problems in consumer and mortgage credit markets.

Over the past quarter-century, the Center has gained a national reputation for its work in evaluating public policy toward credit markets. The Center's operations have been sustained by generous grants from both the public and private sectors. Over one hundred articles and monographs by distinguished scholars document its research product. The Center's senior research staff have frequently testified before Congress and state legislatures on such topics as Truth-in-Lending disclosures, the impact of interest rate ceilings on credit availability, equal credit opportunity regulations, personal bankruptcy, credit insurance, credit scoring, credit card usage, and the impact of privacy regulations. The value of these contributions to rational discourse stems from CRC's academic affiliation, rigorous external review of its research, and the years of research experience of its principal researchers and authors.

In July of 1997, the Center relocated its offices to Georgetown University in Washington, D.C. The Center is a non-profit unit of the McDonough School of Business where it continues its tradition of non-partisan research and education on economic issues relating to consumer credit and markets for retail financial services. For more information about the Center and its publications visit its website at www.msb.edu/prog/crc.

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College Student Credit Card Usage

By Michael E. Staten and John M. Barron

Executive Summary

Background

This report provides benchmark measures of prominent attributes of college student credit card usage by utilizing a pooled sample of credit card accounts randomly selected from the portfolios of five of the top 15 general-purpose credit card issuers in the U.S. Discussions of college student card usage in both the policy arena and the popular press have mostly been based on anecdotes and self-reported survey evidence. To our knowledge this project represents the first time account-level information has been pooled across major issuers to create a statistically reliable database for examining the actual usage and performance of credit cards marketed to college students. Consequently, the results should be helpful in grounding the subsequent debate on facts rather than anecdotes.

The analysis compares behavior across three types of accounts: those opened through college student card marketing programs, those opened by young adults aged 18–24 through normal marketing channels (i.e., *not* through dedicated student marketing programs), and those opened by older adults through normal marketing channels. All accounts analyzed in this study were opened during the period mid-1998 until early 2000 and observed over twelve-month periods during 2000-2001. The analysis follows a study plan that was originally proposed by the U.S. General Accounting Office in response to a request from members of Congress, but was never executed due to budget constraints. The study is similar to the GAO study plan in the range of cardholder behaviors to be examined and shares its focus on comparing the activity of recently-opened student accounts to the experience of accounts opened recently through conventional (non-student) marketing programs.

The full dataset has a substantial fraction of credit card accounts that indicate no activity during the observation period. Such accounts may reflect cards being held in reserve for emergency purposes, or cards that have been discarded or destroyed without the issuer being notified. We have no information to determine precisely why an account is inactive in the random samples of accounts provided by the companies. Thus, to maintain comparability across companies, the analysis in this report is restricted to active accounts. Active accounts are defined as accounts with charge activity, payment, positive balance or some other posting of activity at any point during the observation period.

Our sample of active accounts is quite large, consisting of over 300,000 active accounts, each of which is followed for a twelve-month period. Given this large sample size, the random sampling approach adopted by the participating companies, the market share and national scope of the companies providing the data, and the use of weights to reflect the relative number of cards issued across the various groups by each company, **the findings reported below can be considered representative of accounts opened at major credit card issuers during the period from mid-1998 through early 2000 that were active during the 2000-2001 period.**

Results

Credit Balances, Credit Limits, and Utilization Rates

- The average balance of an active student credit card account (\$552) is approximately one-third the size of the average balance of an active non-student account of a young adult (\$1,465), and one-fourth the size of the average balance for an active older adult account (\$2,342).
- The mean credit limit for student accounts (\$1,395) is less than 40% of the mean for non-student accounts of young adults (\$3,581) and less than 20% that of adult accounts (\$7,436).
- Lower credit limits for student accounts generally lead to higher utilization rates. However, among cardholders with credit limits above \$1,000, student accounts tend to have the lowest utilization rates.

Card Usage: Charges, Cash Advances, and Paying the Full Balance

- Among accounts with positive balances, student accounts are the most likely in any given month to pay the prior balance in full.
- Student accounts are substantially less likely to use the credit cards for cash advances. On the other hand, students accounts, like the non-student accounts of young adults, are more likely than older adult accounts to use the card to charge an item, with new charges occurring in a given month for approximately 48 percent of all active accounts.
- Student accounts have substantially smaller charges and cash advances.
- A student account is less likely to incur finance charges in a given month, but more likely to incur fees, either for being late or for being over the credit limit. Only 5 percent of student accounts incur a finance charge greater than \$26 in a given month.

Delinquency Rates, Charge-offs, Dollars at Risk, and Revenues

- Delinquency rates on both student accounts and young adult, non-student accounts are higher than for older adult account holders. However, student accounts that have large balances (e.g., accounts with an outstanding balance greater than \$1,000) have lower delinquency rates than young adult, not-student accounts.
- About 3.6% of student accounts charge-off annually, compared to 2.8% of young adult, non-student accounts and 1.6% of older adult accounts. However, large-dollar charge-offs are not common among student accounts given their substantially lower average balances. Considering only charge-offs that exceed \$5,000, student account losses are rare. For every 10,000 accounts of each type, the dataset indicates there would be 77 adult accounts with charge-offs exceeding \$5,000 over a one-year period, 58 such charge-offs for non-student accounts of young adults, but only 2 such charge-offs for student accounts.

- Over time, student accounts mature and performance converges to that of young adult, non-student accounts. More specifically, a student account approaching the end of its second year has a frequency of delinquency and a likelihood of charge-off quite similar to that of non-student accounts held by cardholders under the age of 25.

Conclusion

This study is the first to utilize random samples of account-level data from a number of large credit card issuers to compare the activity and performance of student-marketed credit card accounts to other types of accounts. All comparisons involve accounts that have been opened less than three years.

The data indicate that, in general, student-marketed accounts have smaller balances, lower credit limits, and lower utilization rates than accounts of similar age that were opened by young adults through issuers' conventional (non-student) marketing programs. Compared to older adult accounts, balances and limits are substantially lower on student accounts. 87.9% of student accounts are current (i.e., pay their accounts as agreed) in a given month, compared to 88.4% of young adult, non-student accounts and 91.9% of older adult accounts.

Although recently opened student accounts are more likely to be delinquent and have a higher likelihood of a charge-off compared to other groups, the dollar amounts at risk on delinquent accounts and the actual losses on charged-off accounts are substantially lower. Further, the delinquency and charge-off experience for student accounts becomes similar to non-student accounts of young adults for accounts open more than one and one-half years. These findings are consistent with issuers' statements that they establish student accounts with relatively low credit limits with the expectation that the large majority of new, young cardholders will learn how to manage a credit card, establish a credit history and become longer-term customers.

College Student Credit Card Usage

By Michael E. Staten and John M. Barron

I. Introduction

In the fall of 2000, the U.S. General Accounting Office (GAO) proposed a study of college student credit card usage behavior using samples of accounts from major card issuers with student credit card marketing programs. This account-level empirical study was to be part of the GAO's response to a request from members of Congress to examine a variety of issues pertaining to college students, credit card marketing and student credit card usage. Concern over credit card marketing practices used in soliciting college student accounts had led to proposed legislation at both the state and federal levels that would restrict card marketers. The study requestors in Congress specifically asked the GAO to gather information about whether students managed their cards and debt differently from other, non-student account holders.

In June, 2001 the GAO issued a preliminary report on college student card usage that reviewed existing surveys of student card usage and reported the results from the GAO's interviews with card issuers, campus administrators and others regarding card marketing practices.¹ In that report the GAO also noted that it was negotiating with eight major credit card issuers who had expressed willingness to participate in a study of account performance data that would compare college students with other groups.² However, after delivery of their preliminary report, the GAO indicated that government funding for an additional account-level study was not available and the project was tabled.

Nevertheless, a group of five card issuers continued discussions regarding the merits and logistics of a study of pooled, account-level data. These five issuers were among the top 15 general-purpose credit card issuers in the U.S. ranked by managed card receivables at the end of 2000.³ The participating issuers agreed to fund a research project conducted by a third party that would merge the datasets from the five participating firms and produce an analysis of the pooled account data that would mirror the GAO's proposed study plan. In the fall of 2001, five issuers provided large samples of recently opened accounts to the authors for analysis. The following report is the product of this analysis.

The analysis follows the GAO study plan in scope (range of cardholder behaviors to be examined) and shares its focus on comparing the activity of recently-opened college student accounts to the experience of cardholders with accounts opened recently through conventional (non-student) marketing programs.⁴

¹ *College Students and Credit Cards*, United States General Accounting Office, Report GAO-01-773, June 2001.

² *Id.*, p. 51.

³ *Card Industry Directory, 2002 Edition*, Faulkner and Gray, Inc. New York, NY. General-purpose credit cards are those that allow customers to revolve an unpaid balance from month to month and are accepted by a wide variety of merchants. Major general purpose brands in the U.S. include Visa, MasterCard, Discover and American Express (revolving card products).

⁴ One major departure from the GAO's proposed study plan was to limit the observation period on each account to a twelve-month period rather than the original twenty-four month period suggested by the GAO. This compromise was a direct consequence of limitations in the data retention systems for several issuers and would likely have placed a similar constraint on the GAO's study had it moved forward.

The study achieves several objectives. First, the pooled account experience provides benchmark measures of prominent attributes of card usage such as average student credit card balances (per card) and delinquency experience. Discussions of college student card usage in both the policy arena and the popular press have mostly been based on anecdotes and self-reported survey evidence. To our knowledge this project represents the first time account-level information has been pooled across major issuers to create a statistically reliable database for examining actual (as opposed to self-reported) account performance. Consequently, the results should be helpful in grounding the subsequent debate on facts rather than anecdotes.⁵

Second, the created dataset allows the examination of a variety of hypotheses regarding the experience of young people learning to use credit cards. For example, one view of college student credit card programs is that they help young people learn to handle a credit card that provides an open line of credit and hundreds or even thousands of dollars of purchasing power. To extent the “learning” hypothesis is true, it implies certain predictions about payment performance over time that can be tested with the database.

In the following sections we describe the dataset and variables available for analysis. A series of charts displays the trends in accounts acquired by college students through student marketing programs versus accounts opened by two specific comparison groups: (1) young adult cardholders (aged 18-24) whose accounts did not originate through a college student program (hereafter referred to as “young adult” accounts) and (2) adult cardholders aged 25 and older whose accounts did not originate through a college student program.⁶

The charts and tables display statistics on usage, balances and payment performance on a per-account basis. The analysis offers important insights into the relative differences in usage and performance of general-purpose card accounts opened through college student marketing programs, compared to the accounts of both younger and older adults opened through conventional marketing channels.

Two caveats about the database should be noted. First, because the underlying data derive from specific accounts sampled by the participating issuers, the dataset does not provide a comprehensive picture of the total credit card debt or number of credit cards held by each accountholder represented in the sample.⁷ Second, because the data represents the pooled

⁵ Indeed, the GAO recognized these merits to an account-level empirical study. In its October, 2000 invitations asking issuers to participate, it noted “In recent years the media have presented anecdotal reports of college students who have mismanaged their credit cards. Although sound surveys of college student credit card use have been conducted, we think that an analysis of card data maintained by card issuers would help determine whether or not college students manage their cards any differently than other card users and the extent to which college student credit card debt may or may not be a problem. Such information would help inform any public debate about college students and their credit cards.” Letter to issuer dated October 12, 2000, from Thomas J. McCool, Managing Director, Financial Markets and Community Investment, GAO, on file with authors.

⁶ Note that classification of an account as belonging to a “non-student young adult” does not necessarily mean that the cardholder was not a student at the time the account was opened. It simply indicates that the account was generated through the issuer’s general marketing programs and not through its college student program. This may or may not have implications for the account terms (finance charge; late payment fees) and handling during delinquency, depending upon the issuer. All account information was “depersonalized” by each issuer prior to shipment to the authors. That is, all personally identifiable information was stripped from the account, in compliance with applicable privacy laws.

⁷ For example, for some cardholders in the sample this sampled account may be their only general-purpose credit card. For others, the account sampled may be one of several owned.

accounts of several large issuers, the resulting statistics do not represent the portfolio characteristics or performance of any single issuer.

II. Identifying a Representative Sample of Active Accounts

As indicated above, we obtained random samples of credit card accounts from five major credit card issuers, each of which had a college student credit card program as part of their total card portfolio. These five companies will be denoted companies A through E. Due to differences in the data processing systems across companies, the exact nature of the random sampling of accounts differed by company, as described below. However, there are important common features of the random samples drawn by each of the companies.

At the outset of discussions with the participating issuers, it was clear that a simple comparison of student vs. non-student accounts could be misleading given that accounts identified as originating through student marketing programs (and subsequently tracked while the cardholder was still a student) necessarily were of recent vintage and that holders of student accounts are typically young adults. Consequently, several issuers chose a sampling design that constrained the random selection to accounts that had been recently opened and stratified the sample by student accounts, non-student accounts of young adults, and accounts of older adults. Others provided a sample randomly drawn from all accounts in the issuer's portfolio, but included identification of student accounts, the date the account was opened and the birth date of the account holder, allowing us to identify recently opened accounts by type of account. To obtain comparability, our pooled sample is restricted to accounts less than 3 years old at the start of the observation period.⁸

For each sample, we obtained a record of the activity on each account over a 12 to 14 month "observation period." A common feature of the samples is the existence of accounts with no recorded activity during the 12 to 14 month observation period. Such dormant or "inactive" accounts may reflect a credit card being held in reserve by the individual for an emergency, or a credit card that has been discarded or destroyed by the individual without the company being notified. The instances of such "emergency/destroyed" cards varies substantially across companies, suggesting differences in company policies underlying the retention of an open account.

We have no information to determine precisely why an account is inactive in the samples provided by the companies. However, it is clear that, given the significant presence of inactive accounts, any discussions or projections of student credit card usage based solely on the number of credit cards held (i.e., number of open accounts) will likely overstate (perhaps substantially) the actual use of credit cards. To maintain comparability across companies and account types and thus avoid potential bias in the statistics developed below, ***we restrict the analysis in this report to active accounts. Active accounts are defined as accounts with charge activity, payment, positive balance or some other posting of activity at some point during the observation period.***

⁸ This approach had the additional advantage of narrowing the variance in the prevailing economic climate and credit market conditions during the period in which all the sampled accounts were opened.

A. Company Random Samples

Company A provided a random sample of approximately 60,000 accounts from each of three categories: students, young adults (aged 25 and under) whose accounts did not originate through student programs, and older adults. These accounts were drawn from the population of accounts opened between April 1998 and January 2000 that were not more than 120 days delinquent as of February 2000. The issuer provided monthly summary information for each of these accounts for the thirteen-month period from February 2000 to February 2001. For this sample of recently opened accounts, 22.7% of the older adult accounts, 11.2% of the young adult accounts, and 31.1% of the student accounts, were inactive accounts during the 13-month observation period. Recall that inactive accounts have no recorded activity (e.g., positive balance, charge activity, monthly payment, or a cash advance) at any time during the observation period, and were excluded from the analysis.

Company B provided information for a random sample of approximately 50,000 accounts for each of three account categories: students, young adults, and older adults. These accounts were drawn from the population of accounts opened between June 1999 and April 2000. To make this sample comparable to samples from the other companies, our analysis was restricted to accounts that were not greater than 120 days delinquent as of May 2000. The issuer provided monthly summary data for each of these accounts for the fourteen-month observation period from May 2000 to June 2001. For this sample of recently opened accounts, 16.9% of the older adult accounts, 14.8% of young adult accounts and 46.5% of the student accounts were inactive accounts during the observation period and were excluded from the analysis.

Company C provided information that allowed us to construct a 1% random sample of accounts opened between January 1998 and March 2000. To make this sample comparable to other samples, we restricted the analysis to accounts that were not greater than 120 days delinquent as of April 2000. The issuer provided monthly summary data for each of these accounts for the fourteen-month period from April 2000 to May 2001, and identified the accounts opened through student marketing programs. For this sample of recently opened accounts, 49.5% of the older adult accounts, 37.6% of young adult accounts and 43.2% of the student accounts were inactive accounts during the observation period and were excluded from the analysis.

Company D provided information that allowed us to construct a 1% random sample of all accounts opened between January 1998 and April 2000 that were not greater than 120 days delinquent as of May 2000. The issuer provided monthly summary data for each of these accounts for the twelve months from May 2000 to April 2001 and identified student accounts. For this sample of recently opened accounts, 30.3% of the older adult accounts, 12.6% of young adult accounts and 2.7% of the student accounts were inactive accounts during the observation period and were excluded from the analysis.

Company E provided information for a random sample of approximately 5,000 accounts for two categories, student and non-student accounts, that existed as of May 2000. To make the sample from this company comparable to those from other companies, we limited the analysis to accounts that were opened between January 1998 and May 2000 and divided the non-student accounts into older adult and young adult accounts. The issuer provided monthly summary data for each of these accounts for the twelve months from June 2000 to June 2001. For this restricted sample of recently opened accounts, 24.1% of the older adult accounts, 20.2% of the

young adult accounts and 9.5% of the student accounts were inactive accounts during the observation period and were excluded from the analysis.

B. Sample Restrictions and Weights

Pooling the samples for the five companies created a dataset on credit card activity over a 12 to 14 month period for approximately 336,000 accounts, for a total of close to 4.5 million monthly observations. These monthly observations represented accounts that had been open from one to forty-one months. However, the different sampling frameworks adopted by the various companies resulted in differences across companies in the distribution of accounts by account age (months since initial opening), as well as the initial month and subsequent duration of the observation period.

To obtain a more uniform dataset for analysis, the observation period for each account was restricted to the first 12 months of monthly statement data provided by each issuer. Further, the sample was restricted to accounts that had been open 32 or fewer months as of the end of the twelve-month observation period for each account. This restricted sample contains approximately 316,000 accounts. Given monthly data on each account's activity and delinquency status for up to 12 months, the resulting dataset contains approximately 3.8 million monthly observations.⁹

Weights were then calculated to reflect the relative size of each issuer's portfolio in the pooled group. Given varying intervals over which the accounts were sampled across the five companies and different levels of specificity across companies in reporting the underlying population from the different categories of accounts, we could not construct ideal weights. However, the weights we utilized can be considered to provide a database *of the twelve-month experience of over 300,000 accounts that is representative of accounts that were opened at major credit card issuers during the period from mid-1998 through early 2000 and were active during 2000-2001*. Finally, for purposes of the analysis in the following sections, the sample was further restricted to those accounts that provided information on the date of birth of the account holder. This step eliminated 1.3 percent of the accounts, the vast majority of which were adult accounts.

Accounts were categorized into one of three groups. The first group, "students", contains individuals identified by the various companies as opening an account through the issuer's college student marketing program.¹⁰ The second group, "young adults" contains individuals who were 18 to 24 years old at the start of the observation period and had not opened their account through a college-student marketing program. The third group, "older adults", contains individuals who were 25 years old and older at the start of the observation period. The result is an analysis dataset containing over 310,000 unique credit card accounts with monthly observations on each for a twelve-month period, yielding over 3.7 million total monthly observations. The weighted distribution of accounts by type is 75.9% older adult accounts, 7.1% young adult accounts, and 17.0% student accounts.

Table 1 displays the mean and median ages of individuals in the three groups at two points in time. The first two columns of Table 1 indicate mean and median ages calculated at the time

⁹ Some accounts in the restricted sample have fewer than 12 months in the observation period because they charge off or close.

¹⁰ These programs generate new student accounts either on campus, in a branch of a financial institution, or through various marketing channels, depending upon the issuer.

individuals opened their accounts. The average age of student account holders *at the time they opened their accounts* was 21.2 years, but 50 percent of student account holders were under the age of 19.9 years. The next two columns report mean and median ages calculated at the start of the observation period. The first and third columns in Table 1 indicate that, at least with respect to average age, we were successful in our attempt to create a similarly-aged group of young adults who did not acquire accounts through student marketing programs as a comparison group to those cardholders whose accounts originated through student card marketing programs.¹¹

Table 1
Mean and Median Ages of Account Holders by Account Type

Account Type	Mean age of account holders when account opened	Median age of account holders when account opened	Mean age of account holders at start of observation period	Median age of account holders at start of observation period
Student	21.2	19.9	22.1	20.9
Young adult, Non-student accounts	21.3	21.4	22.1	22.3
Older Adult	42.6	40.8	43.4	41.7

III. Analysis

A common set of variables provided by all issuers regarding the monthly activity and status of accounts included the following:

- current monthly balance,
- credit line,
- monthly payment,
- monthly fee charges,
- monthly finance charges,
- monthly cash advances
- current delinquency status (30+ days past due),
- current delinquency status (90+ days past due),
- account holder’s date of birth (month and year), and
- date account opened (month and year).

¹¹ Notice that, unlike young, non-student account holders, the median age of student accounts holders is lower than the mean. A median below the mean for the student category arises because there is no upper bound on the age of the account holder for accounts identified as opened through student card marketing programs. In contrast, we constrained the young adult group who did not open accounts through student marketing programs to be aged 24 or under.

This information supported the calculation of eight additional variables for use in the tables and charts to follow:

- individual account utilization rate (current balance divided by credit line),
- proportion of individuals with a positive balance in the current month,
- proportion of individuals with a positive cash advance in the current month,
- monthly charge activity (current balance minus prior month's balance plus the monthly payment minus monthly cash advances, finance charges, and fees),
- proportion of individuals who pay off balance each month,
- dollars delinquent (90+ days) as a percent of total balances,
- number of months since account was opened (current date minus date account opened), and
- age of individual at start of observation period (starting date minus date of birth).

Throughout the remainder of this section the analysis compares attributes across three groups of cardholders: older adults, young adults, and students. The sample contains accounts that had been open from one to 21 months *at the beginning* of the observation period, and for which monthly activity is tracked for a subsequent 12-month period. We consider differences in account balances, credit lines, utilization rates, delinquency and charge-off rates, the percent of total balances at risk, and the revenues generated (fees and finance charges) as a percent of total balances.

A. Account Balances, Limits, and Utilization Rates

One important feature of student credit accounts is that they are substantially smaller in terms of current balances and credit limits.¹² Figure 1 illustrates that ***the average balance of an active student credit card account is approximately one-fourth the size of the average balance for active older adult account, and one-third the size of an active account for a non-student young adult account.*** Interestingly, the relatively small size of student account balances is accentuated if we focus on accounts with balances at the 90th and 95th percentiles in the distribution of all balances for each group. While the balance of an adult account in the 95th percentile is over \$8,300, the balance of a student account in the 95th percentile is slightly over \$1,800.

The substantially smaller balances for student accounts reflects, in part, dramatically lower credit limits for such accounts. Figure 2 indicates ***the mean credit limit for student accounts is less than 20% of the mean for adult accounts, and less than 40% of the mean for non-student accounts of young adults.*** Such a difference holds even for accounts with relatively high limits in each group. For instance, adult accounts in the 95th percentile in terms of credit limits have a limit of \$15,800, while student accounts in the 95th percentile in terms of credit limits have a limit of \$3,500.

Even though credit limits are substantially lower for student accounts than for either older adults or young, non-student adult accounts, the student account mean utilization rate is still below 50%. Figure 3 indicates that the mean utilization rate is 45% for student accounts, compared to 36% for older adults and 46% for non-student accounts of young adults. Further, as Figure 4

¹² Tables A1 and A2 in the appendix provides more complete details regarding the variables discussed in this section.

indicates, *on accounts with credit limits above \$1,000, student account utilization rates are the lowest of the three groups.*

Given the combined factors of substantially lower credit limits and the relative inexperience handling credit cards among college student account holders, it is not particularly surprising that *a higher proportion of student accounts have balances that exceed their limits, compared to the other groups.* Figure 3 indicates that about 12% of student accounts are fully utilizing their credit lines (at or over the account limit), as compared to about 11% of young, non-student accounts and slightly fewer than 5% of older adult accounts. Additional evidence suggests that this is largely attributable to the low credit limits for student accounts. Figure 5 indicates that, *for accounts with credit limits above \$1,000, student accounts are less likely to be at or over their credit limits than the other account groups.* Further, note that even for those student accounts that are fully utilized, the balance size is relatively small. For instance, the mean balance among student accounts that are fully utilized is \$1,160, as compared to over \$5,390 for adult accounts that are fully utilized and \$2,917 for young adult, non-student accounts that are fully utilized (see Table A2).

B. Card Usage: Charges, Cash Advances, and Paying the Full Balance

There are a number of ways one can measure differences in monthly credit card usage across the different categories of active accounts (student, older adult, and young adult, non-student). At the outset, it should be noted that in any given month, 77.1% of student accounts have a positive balance.¹³ This figure is similar to the 75.4% of older adult accounts with balances and 81.2% for young adult, non-student accounts.

One reason for an active account to have a zero balance in a given month is if the account holder pays off a prior balance in full (prior to the due date) and does not use the card in the subsequent month for charges or cash advances. In fact, *among accounts with positive balances, students are the most likely to make a subsequent payment that equals the outstanding balance, thus paying off the prior balance in full.* As Figure 6 illustrates, over 22% of the student accounts with positive balances in the prior month have a payment that essentially equals the prior balance, compared to less than 19% for older adult accounts and about 17% for young adult, non-student accounts.

Further, *students are substantially less likely to use the credit card for cash advances.* Only 6.4% of student accounts report a cash advance in a given month, compared to over 11% for other types of accounts. On the other hand, Figure 6 illustrates that *student accounts, like young adult, non-student accounts, are more likely than older adult accounts to use the card to make a purchase in a given month.* Close to half of the student accounts have a new charge each month, which is slightly higher than the rate for young adult, non-student accounts and significantly higher than the 42% charge rate for older adult accounts.

Although a higher percentage of students use their cards in a given month, relative to the other two groups, *the dollar amounts of monthly charges and cash advances on student accounts are significantly smaller.* On average, student account holders charge \$111 per month, compared to \$182 for young adult, non-student accounts and \$324 for older adult accounts. For the heaviest users in each account category, the difference is even larger. For instance, the 95th percentile of monthly charges across student accounts is \$594; that is, 95% of students charge less than \$594

¹³ Table A3 in the appendix provides more complete details regarding the variables discussed in this section.

in a given month while 5% charge this amount or more (Table A3). In contrast, the 95th percentiles of charge amounts for older adult and young adult, non-student accounts are \$1,974 and \$1,044, respectively.

Figure 7 reveals that ***a student account is less likely to incur finance charges in a given month, but more likely to incur fees, either for being late or being over the credit limit.*** Specifically, only 55.5% of student accounts incur finance charges in a given month, as compared to 57.8% for older adult accounts and 64.5% for young adult, non-student accounts. On the other hand, 18.4% of student accounts are assessed fees in a given month, similar to 18.1% of young adult, non-student accounts but significantly higher than the 12.5% of older adult accounts. Much of the difference results from both student and young adult, non-student accounts being twice as likely as older adult accounts to have a balance exceed the credit limit in a given month.

As with charge volume and cash advances, the dollar amount of finance charges for student accounts is substantially below that for other types of accounts. For instance, the 95th percentile of finance charge amounts across student accounts in a given month is \$26. In other words, ***95% of students incur finance charges less than or equal to \$26 in a given month.*** On the other hand, the 95th percentiles of finance charge amounts for older adult and young adult, non-student accounts are \$111 and \$74, respectively.

C. Delinquency Rates, Charge-offs, Dollars at Risk, and Revenues

Delinquency rates on both student accounts and young adult, non-student accounts are substantially higher than for older adult account holders. Figure 8 reveals that the percent of student accounts delinquent 30 days or more is 12.1%, compared to 11.6% for young adult, non-student accounts and 8.1% for older adults. However, Figures 8 and 9 indicate that ***student accounts that have large balances, (e.g., accounts with an outstanding balance greater than \$1,000) tend to have lower delinquency rates than other types of accounts.***¹⁴ Considering only delinquent accounts with balances above \$1,000, the 30+ day delinquency rate for students is below a similar rate for other types of accounts. Put another way, 40% of all delinquent student accounts involve an outstanding balance greater than \$1,000.¹⁵ By comparison, 78% of delinquent young, non-student accounts and 79% of delinquent adult accounts involve an outstanding balance greater than \$1,000.

With respect to 90+ day delinquency rates, similar patterns emerge. Figure 9 indicates that the student 90+-day delinquency rate of 3.1% is nearly triple that of older adults and 29% higher than that of non-student young adults. However, if we restrict our attention to delinquencies for accounts with outstanding balances above \$1,000, the 90+ day delinquency rate for students drops to just 1.6%, which is a bit less than twice the rate for older adults, and actually below the rate for young, non-student adult accounts.

The frequency of charge-offs exhibits a similar pattern to that of delinquencies. Over the twelve-month observation period, charge-offs occurred for 2% of all accounts. By account category, charge-offs occurred for 1.6% of older adult accounts, 2.8% of young adult, non-student accounts, and 3.6% of student accounts. Figure 9 displays these data in terms of monthly rates.

¹⁴ Table A4 in the appendix provides more complete details regarding the variables discussed in this section.

¹⁵ This calculation is derived from the data in Figure 8. If 12.1% of student accounts are delinquent 30+ days and 4.8% of student accounts are delinquent 30+ days *and* have a balance above \$1,000, then the proportion of all delinquent student accounts that also have a balance greater than \$1,000 is $4.8/12.1 = .40 = 40\%$.

However, ***given the substantially lower balances of student accounts, large charge-offs are not common among student accounts.*** As Figure 10 illustrates, the median charge-off for student accounts is less than \$1,200, which is only 23% of charge-offs for older adult accounts and 51% of the median charge-offs for young adult, non-student accounts. Even at the 95th percentile, student account charge-offs are just over \$2,000, which is less than one-fifth the size of older adult charge-offs in the 95th percentile, and 28% of the 95th percentile of charge-offs for young adult, non-student accounts.

Focusing only on charge-offs over \$2,000, we find that such charge-offs occurred for 1.2% of adult accounts, 1.6% for young adult, non-student accounts, but for only 0.2% of student accounts over a one year observation period. If we consider charge-offs that exceed \$5,000, student account losses are even more rare. For every 10,000 accounts of each type, the dataset indicates there would be 77 adult accounts with charge-offs exceeding \$5,000 during a one-year period, 58 such charge-offs for non-student accounts of young adults, but only 2 such charge-offs for student accounts.

Among student accounts, the higher delinquency rates result in a greater percentage of total outstanding balances at risk. As Figure 11 indicates, while 2.6% of all outstanding balances are in accounts that are 90+ days delinquent among adult accounts, the comparable figures are 5.9% for young adult, non-student accounts and 7.7% for student accounts. In terms of actual losses, charge-offs for students represent 0.8% of total balances per month, while comparable figures are 0.5% and 0.3% for young, non-student adult accounts and older adult accounts, respectively.¹⁶

Credit card issuers are partially compensated for the additional risk through fees. In particular, student cardholders incur fees (e.g., late and over-limit fees) more frequently than non-students, and these fees represent a larger percentage of the outstanding balance, as compared to non-student accounts that have much higher average balances. As indicated in Figure 11, the sum of monthly fees and finance charges as a percent of total balances is 3.0% for student accounts as compared to 1.9% for young adult, non-student accounts and 1.4% for older adult accounts.

Over time, student accounts mature and performance converges to that of young adult, non-student accounts. Figure 12 illustrates the 90+ delinquency rates for the three types of accounts by the age of the account (in months since the account was opened). Note that the high delinquency rates for student accounts relative to other young adult accounts appear during the first year or so that the account is open. However, ***student accounts more than one and one-half years old have a delinquency rate and likelihood of a charge-off similar to other accounts opened by cardholders under the age of 25*** (See Figure 13).

¹⁶ Annualized charge-off rates (as a percent of outstanding balances) during the observation period were 9.6% for student accounts, 6.0% for young adult, non-student accounts, 3.6% for older adult accounts and 4.8% across all accounts.

IV. Comparison of Results to Prior Studies of Student Cardholders

To our knowledge, the results reported above are unique in that they represent actual account experience from a representative sample of accounts from major card issuers. In its June 2001 report, the GAO examined evidence from two prior survey-based studies that had utilized representative national samples of college students and their credit card experience.¹⁷ One study was conducted in 1998 by The Education Resources Institute (TERI), a unit of the non-profit Institute for Higher Education Policy. The other was the most recent (2001) in a series of annual marketing research surveys conducted by Student Monitor, a market research firm. How do the results in the preceding section compare to the findings of those studies?

Both studies drew statistically valid samples that were representative of a broad college student population in the United States, but were based on interviews with students. Consequently, all data on card holdings, balances, usage, and payment history are based on self-reported answers to the survey questions. Such data can be useful, but should be treated with some caution. On the one hand, survey responses are a unique source of information on such questions as how and when students first receive their credit cards, and their general attitudes toward card usage. On the other hand, self-reported data, especially on sensitive questions such as amount of debt owed or incidence of late payments, is subject to well-known limitations arising from respondents' memory lapses, poor estimates and under-reporting. Neither study reported the response rates on interview requests, so it is not possible to gauge the degree of self-selection bias. Furthermore, neither of the studies collected detailed data on the delinquency experience for student cardholders, or credit card usage for a comparison group of non-student borrowers.

Despite these limitations, these two surveys remain the best reference points for comparing our results on student card balances, credit limits, charge activity and payment behavior. Because the TERI study was based on interviews conducted in 1998, the responses are somewhat dated for purposes of comparing dollar balances and charge activity. The 2001 Student Monitor survey most closely matches the observation period of our sample. The Student Monitor respondent base consisted of 1,200 full-time undergraduate students (600 men, 600 women) enrolled at four-year colleges and universities throughout the United States. Table A5 compares values on selected variables from our sample to the student responses from the March, 2001 Student Monitor interview period.

One advantage of the Student Monitor survey over our pooled sample of accounts is that the former can measure how many cards students held and how they acquired those cards. The 2001 Student Monitor survey found that 57% of undergraduates had a general-purpose credit card in their own name. Of these, about 60% had exactly one such card. The median number of cards held (across all students) was .84; the mean number held was 1.55. Of all general-purpose cards in the students' own name, only 9.8% were cosigned.

¹⁷See *Credit Risk or Credit Worthy? College Students and Credit Cards*, The Education Resources Institute and the Institute for Higher Education Policy, Boston, MA June 1998; *Financial Services*, Student Monitor, Ridgewood, NJ Spring, 2001. In its report, the GAO cited a third study conducted by Nellie Mae, a subsidiary of student loan marketer Sallie Mae, but noted that it did not utilize a representative sample of students. Although the Nellie Mae study was based on actual credit report data for its sample of students, the sample itself was biased. Students in the sample were applying for a special type of student loan because they did not qualify for more conventional student loans due to either excessive debt or incomes that exceeded qualifying thresholds. For the GAO's discussion of all three studies, see GAO (2001), pp 15-25.

As for the source of the cards, the largest single source was direct mail offers, accounting for 39.3% of all general-purpose cards owned by students in their own name. Other sources, in descending frequency, were an application in person at a bank (16.2%); take-one display on campus (11.9%); company representative or event on campus (6.9%); Internet (5.4%); Telephone solicitation (3.4%); take-one display off campus (2.7%); calling an “800” number (1.9%); application in college newspaper or a magazine (1.6%); application in bag received at a college bookstore (1.3%); other sources/don’t know (9.6%). Given that a ban on campus credit marketing has been frequently proposed to curb college student abuse of credit cards, it is interesting to note that less than one quarter of all general-purpose cards held by students were acquired as a result of marketing on the campus itself.

Of those students who had a general-purpose card in their own name, about 41% in the 2001 Student Monitor survey said they acquired their first one either during high school or the summer after high school graduation but before the start of their freshman year. Another 41% acquired their first card in their own name during their freshman year. About 96% of students who had a general-purpose card in their own name said they also received the bill. Eighty-five percent of students with cards in their own name said they paid the bill themselves.

Turning to attributes for which our pooled sample offers some comparison values, the mean, self-reported balance per card (for those cards with a balance) in the 2001 Student Monitor study was \$531, compared to \$718 in our pooled sample. Sixty five percent of student respondents told Student Monitor that they typically paid their balance in full each month; by comparison, the pooled-sample experience indicated that 44.5% of active student accounts do not incur a finance charge in an average month. Students reported credit limits in the Student Monitor survey that were substantially higher than those found in the pooled sample. The mean self-reported limit per card was \$2,322, compared to the pooled-sample experience of \$1,395. A difference in the opposite direction appears with respect to reported monthly charge activity: the Student Monitor respondents reported \$169 per card while the pooled-sample experience revealed \$231 per card.¹⁸

Although the pooled sample database has extensive information on student account delinquencies, the Student Monitor survey contains only a very limited set of questions related to late payments. When Student Monitor asked students if they had ever been charged a late payment fee, 31.8% of students said yes; of these respondents, 56.4% said they had been charged a late fee more than once.¹⁹ Unfortunately for comparative purposes, our pooled-sample database records fees paid by account holders, but does not distinguish between late fees and over-limit fees. About 54% of students paid some type of fee during the 12-month observation period.

V. Conclusion

This study is the first to utilize random samples of account-level data from a number of large credit card issuers to compare the activity and performance of student-marketed credit card

¹⁸ See Table A3. Among student account holders, 48.1% charged in a given month; 51.9% had no charge activity. The mean charge activity per account across all student accounts was \$111. Consequently, the mean charge activity for those accounts that had any charge activity was $111/.481 = \$231$.

¹⁹ Unlike the questions summarized above, this question was asked of the 65% of all students who had any type of credit card, general purpose or otherwise and regardless of whether the card was in their own name.

accounts to other types of accounts. All comparisons involve accounts that have been opened less than three years. The data indicate that, in general, student-marketed accounts have smaller balances, lower credit limits, and lower utilization rates than accounts of similar age that were opened by young adults through issuers' conventional (non-student) marketing programs. Compared to older adult accounts, balances and limits are substantially lower on student accounts. 87.9% of student accounts are current (i.e., pay their accounts as agreed) in a given month, compared to 88.4% of young adult, non-student accounts and 91.9% of older adult accounts.

Although recently opened student accounts are more likely to be delinquent and have a higher likelihood of a charge-off compared to other groups, the dollar amounts at risk on delinquent accounts and the actual losses on charged-off accounts are substantially lower. Further, the delinquency and charge-off experience for student accounts becomes quite similar to non-student accounts of young adults for accounts open more than one and one-half years. These findings are consistent with issuers' statements that they establish student accounts with relatively low credit limits with the expectation that the large majority of new, young cardholders will learn how to manage a credit card, establish a credit history and become longer-term customers over time.²⁰

References

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College Students and Credit Cards, United States General Accounting Office, Report GAO-01-773, June 2001.

Credit Risk or Credit Worthy? College Students and Credit Cards, The Education Resources Institute and the Institute for Higher Education Policy, Boston, MA June 1998.

Financial Services, Student Monitor, Ridgewood, NJ Spring, 2001.

²⁰ GAO (2002), pp 35-40.

Figure 1
Mean, Median, and 95th Percentile Balances by Type of Account
(all months)

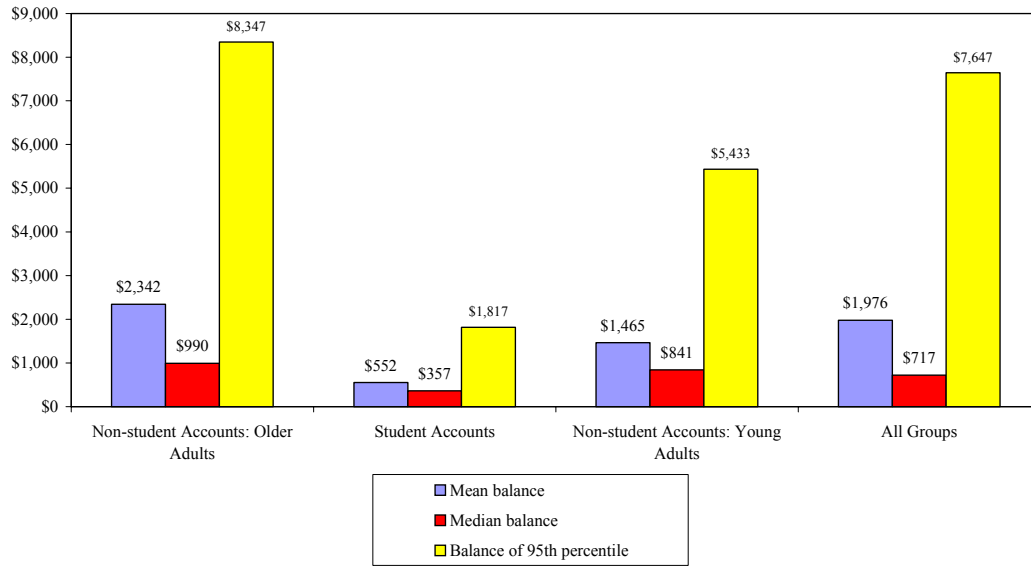


Figure 2
Mean and Median Credit Limits by Type of Account
(all months)

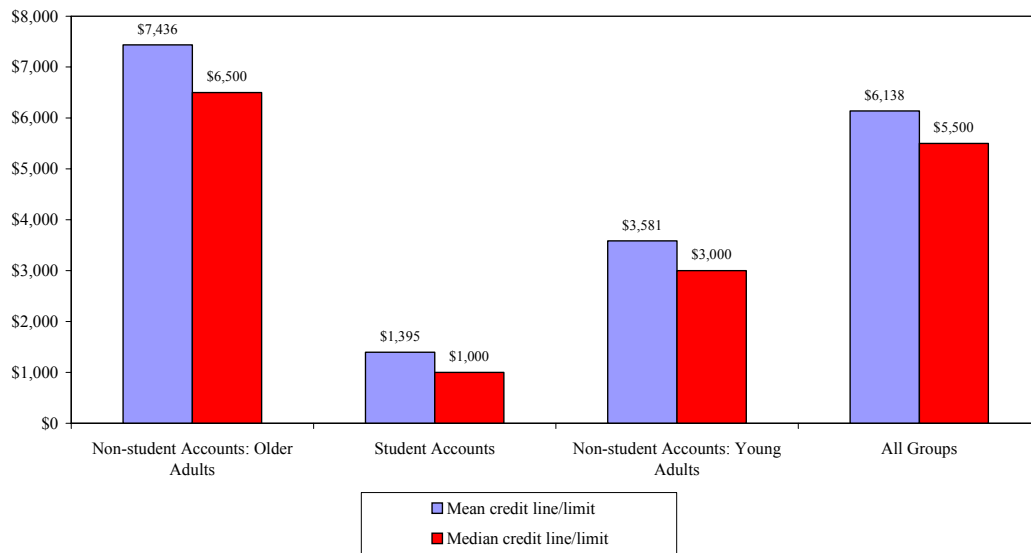


Figure 3
Mean Utilization Rates and Percent Fully Utilizing Credit Limit by Type of Account
(all months)

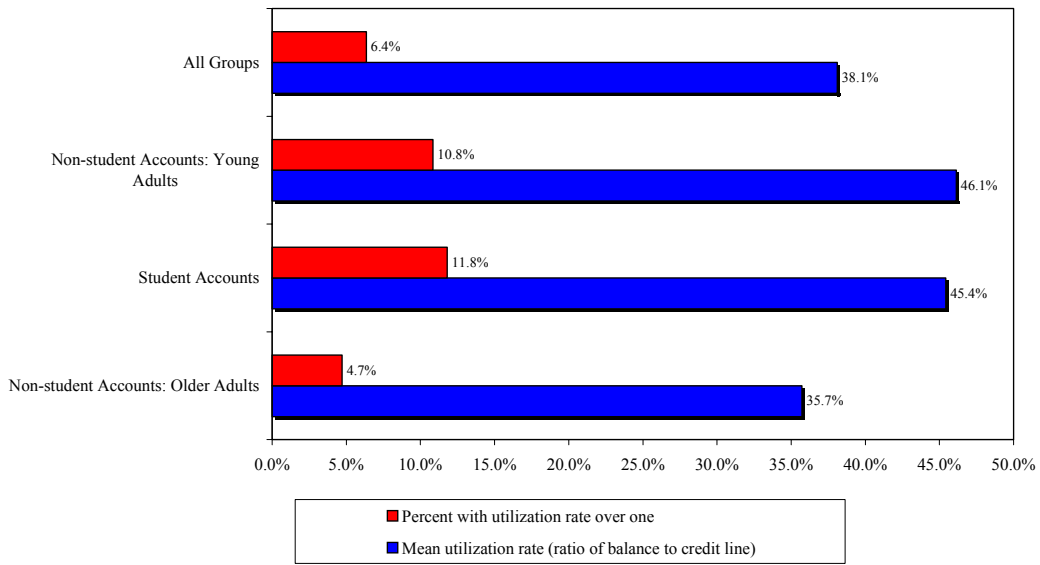


Figure 4
Mean Utilization Rates By Credit Limit and Type of Account
(all months)

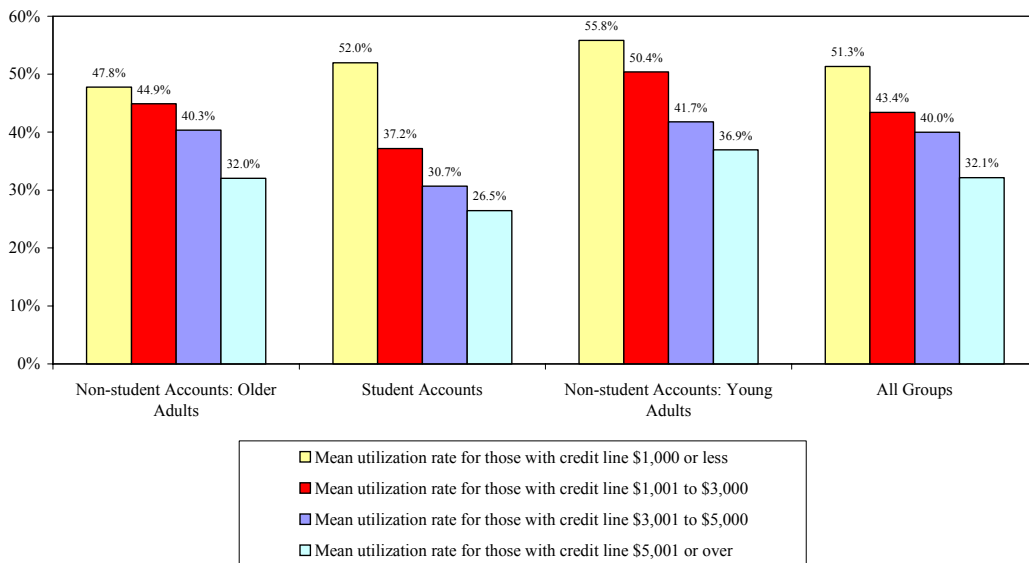


Figure 5
Percent with Utilization Rates Above One By Credit Limit by Type of Account
(all months)

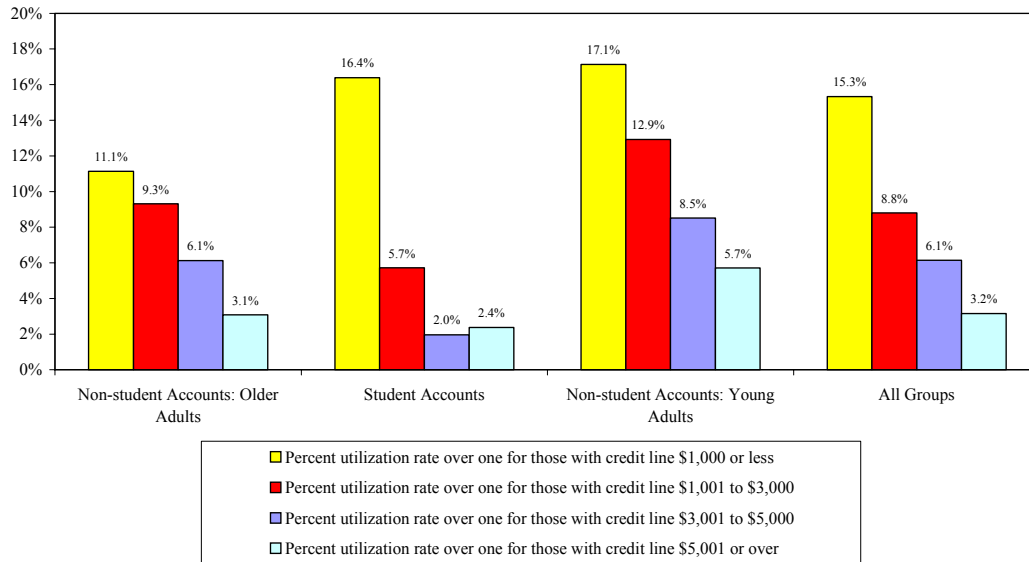


Figure 6
In Given Month, Percent Charging, Taking Cash Advance, and Paying Off Prior Balance in Full by
Type of Account
(all months)

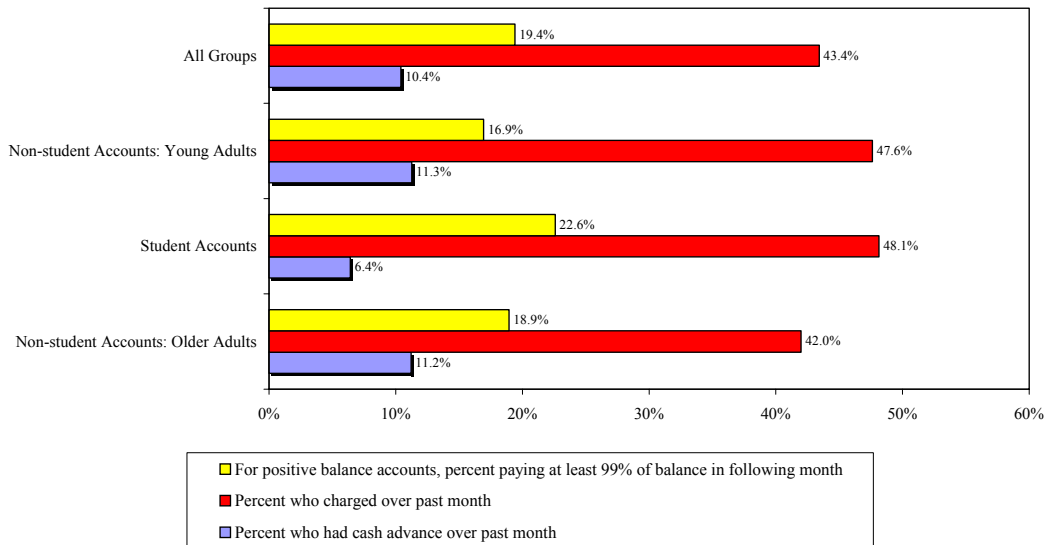


Figure 7
In Given Month, Percent Incuring Finance Charges and Fees by Type of Account
(all months)

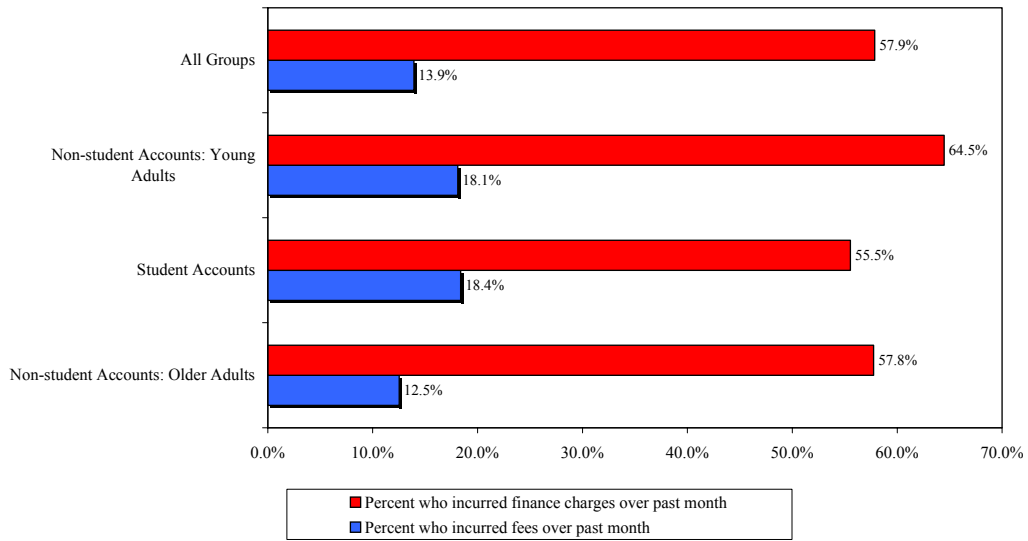


Figure 8
Delinquency Rates (30+) by Type of Account
(all months)

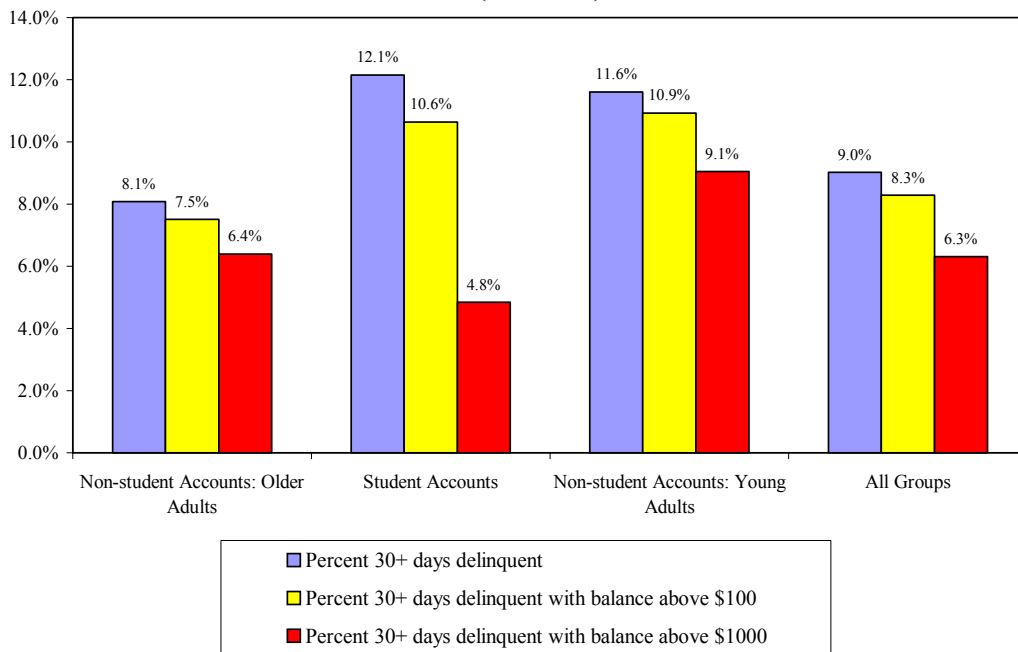


Figure 9
Delinquency Rates (90+) and Charge-offs by Type of Account
(all months)

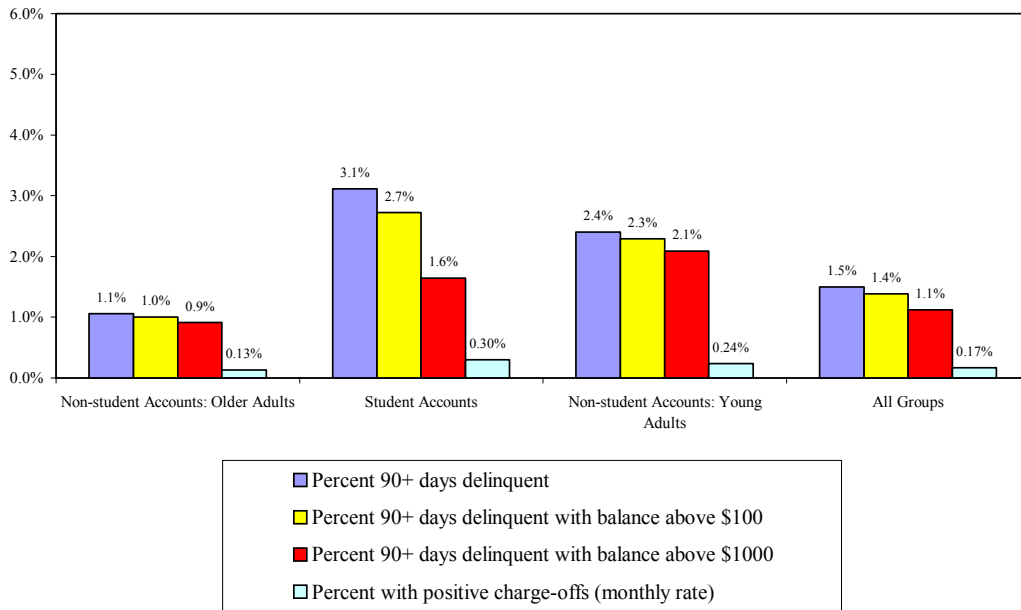


Figure 10
Mean, Median, and 95th Percentile Size of Charge-offs by Type of Account
(all months)

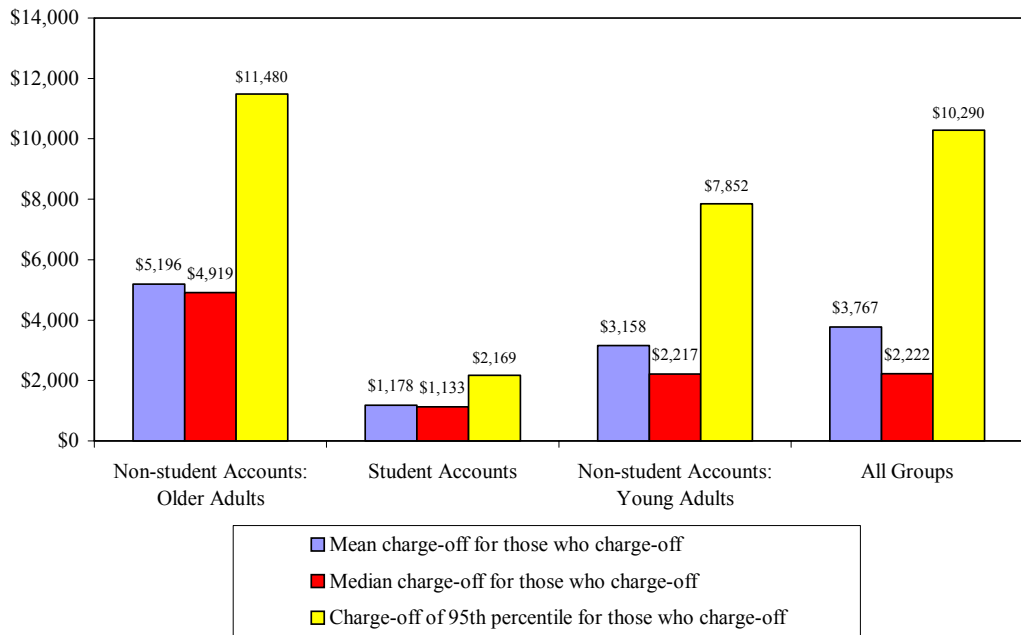


Figure 11
Balances at Risk, Fees plus Finance Charges, and Total Charge-offs as Percent of Total Outstanding Balances by Type of Account (all months)

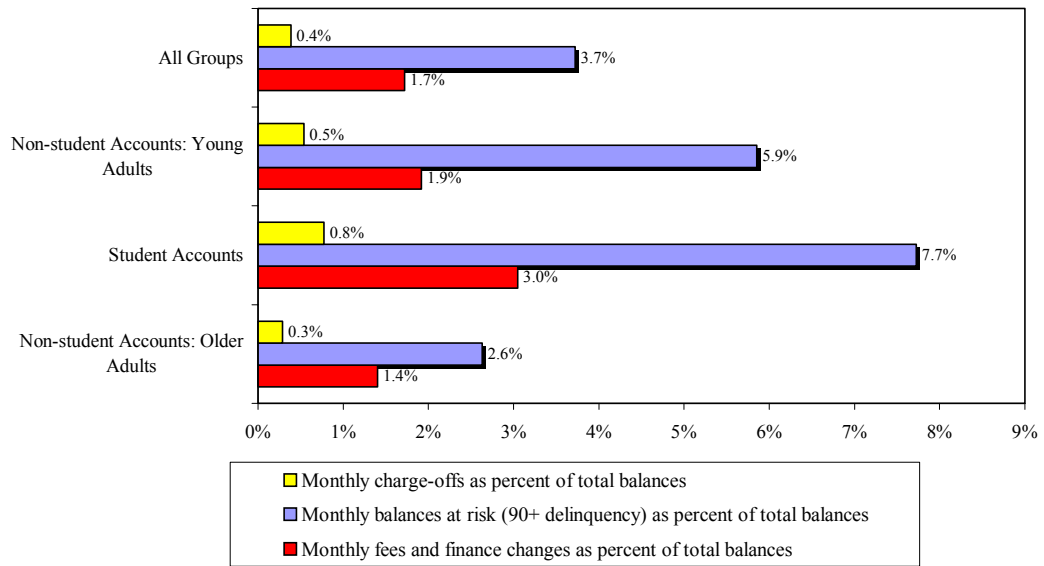


Figure 12
Delinquency Rates (90+) on Active Accounts By Number of Months Since the Account Opened and Type of Account (all months)

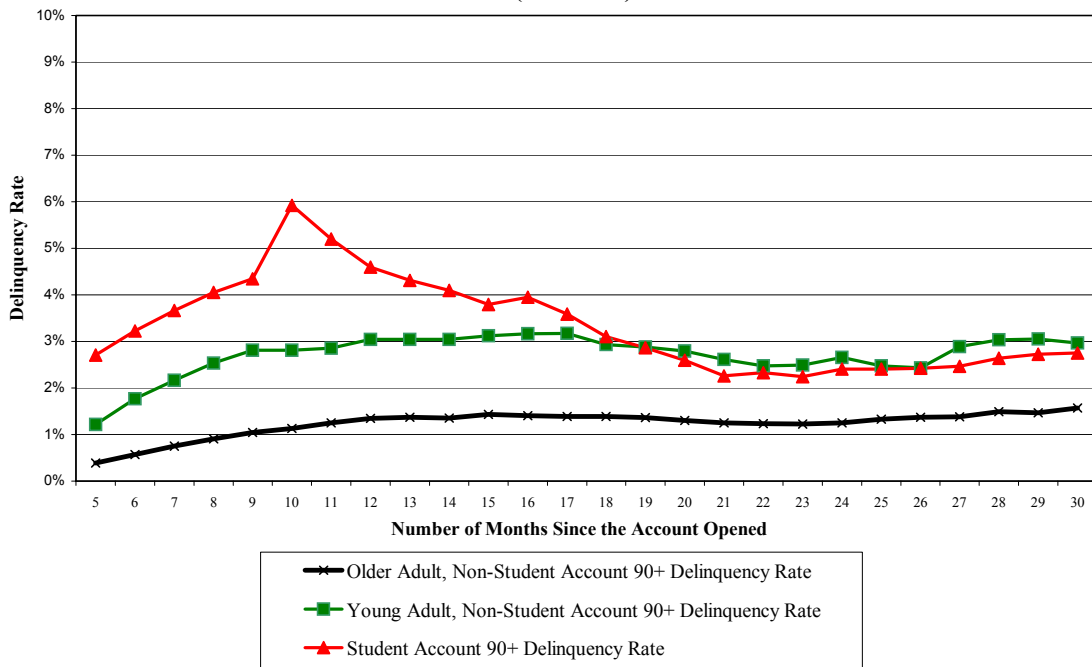
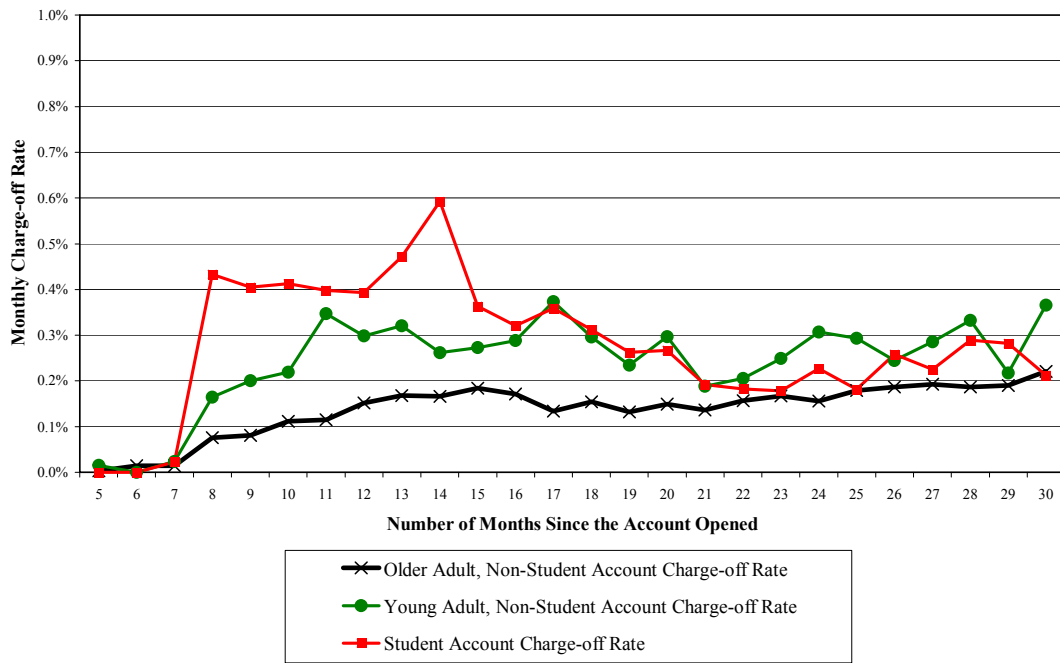


Figure 13
Charge-off Rates on Active Accounts By Number of Months Since the Account Opened
(all months)



Appendix

Table A1
Average Account Balances, Credit Lines and Utilization Rates for the Active Account Sample
(Average over 12-month sample period)

	Non-student Accounts:		Non-student Accounts:		Ratio of Student to Older Adult	Ratio of Student to Non-student Young Adult
	Older Adults	Student Accounts	Young Adults	All Groups		
<i>Balances</i>						
Mean balance	\$2,342	\$552	\$1,465	\$1,976	0.24	0.38
Mean balance for those with a positive balance	\$3,111	\$718	\$1,807	\$2,601	0.23	0.40
Median balance	\$990	\$357	\$841	\$717	0.36	0.42
Balance of 90th percentile	\$6,471	\$1,342	\$4,099	\$5,837	0.21	0.33
Balance of 95th percentile	\$8,347	\$1,817	\$5,433	\$7,647	0.22	0.33
Percent with positive balance in a given month	75.4%	77.1%	81.2%	76.1%	1.02	0.95
Percent with positive balance below \$1,000 in a given month	25.6%	59.7%	35.9%	32.1%	2.33	1.66
Percent with balance between \$1,001 and \$2,000 in a given month	11.4%	13.5%	20.1%	12.4%	1.19	0.67
Percent with balance between \$2,001 and \$3,000 in a given month	8.2%	2.7%	9.4%	7.3%	0.33	0.29
Percent with balance over \$3,001 in a given month	30.3%	1.2%	15.8%	24.3%	0.04	0.07
<i>Credit Lines</i>						
Mean credit line/limit	\$7,436	\$1,395	\$3,581	\$6,138	0.19	0.39
Median credit line/limit	\$6,500	\$1,000	\$3,000	\$5,500	0.15	0.33
Credit line of 90th percentile	\$13,300	\$2,700	\$7,000	\$12,000	0.20	0.39
Credit line of 95th percentile	\$15,800	\$3,500	\$9,000	\$15,000	0.22	0.39
<i>Utilization Rates</i>						
Mean utilization rate (ratio of balance to credit line)	35.7%	45.4%	46.1%	38.1%	1.27	0.98
Median utilization rate	18.4%	30.6%	36.3%	21.3%	1.67	0.84
Utilization rate of 90th percentile	96.3%	102.3%	100.5%	97.7%	1.06	1.02
Utilization rate of 95th percentile	99.8%	118.2%	107.6%	101.4%	1.18	1.10

Table A2
The Relationship Between Utilization Rates and Credit Lines for the Active Account Sample
(Average over 12-month sample period)

	Non- student Accounts: Older Adults	Student Accounts	Non- student Accounts: Young Adults	All Groups	Ratio of Student to Older Adult	Ratio of Student to Non-student Young Adult
Percent with utilization rate over one	4.7%	11.8%	10.8%	6.4%	2.50	1.09
Mean balance for those with utilization rate over one	\$5,390	\$1,160	\$2,917	\$3,758	0.22	0.40
Median balance for those with utilization rate over one	\$5,116	\$1,041	\$2,065	\$2,431	0.20	0.50
Mean credit line for those with utilization rate above one	\$5,104	\$966	\$2,684	\$3,508	0.19	0.36
Median credit line for those with utilization rate above one	\$5,000	\$900	\$2,000	\$2,100	0.18	0.45
Mean utilization rate for those with credit line \$1,000 or less	47.8%	52.0%	55.8%	51.3%	1.09	0.93
Median utilization rate for those with credit line \$1,000 or less	39.1%	43.7%	56.2%	43.4%	1.12	0.78
Percent utilization rate over one for those with credit line \$1,000 or less	11.1%	16.4%	17.1%	15.3%	1.47	0.96
Mean utilization rate for those with credit line \$1,001 to \$3,000	44.9%	37.2%	50.4%	43.4%	0.83	0.74
Median utilization rate for those with credit line \$1,001 to \$3,000	35.2%	23.3%	46.4%	31.7%	0.66	0.50
Percent utilization rate over one for those with credit line \$1,001 to \$3,000	9.3%	5.7%	12.9%	8.8%	0.62	0.44
Mean utilization rate for those with credit line \$3,001 to \$5,000	40.3%	30.7%	41.7%	40.0%	0.76	0.73
Median utilization rate for those with credit line \$3,001 to \$5,000	26.4%	18.3%	28.3%	25.9%	0.69	0.65
Percent utilization rate over one for those with credit line \$3,001 to \$5,000	6.1%	2.0%	8.5%	6.1%	0.32	0.23
Mean utilization rate for those with credit line \$5,001 or over	32.0%	26.5%	36.9%	32.1%	0.83	0.72
Median utilization rate for those with credit line \$5,001 or over	14.1%	10.0%	20.4%	14.2%	0.71	0.49
Percent utilization rate over one for those with credit line \$5,001 or over	3.1%	2.4%	5.7%	3.2%	0.77	0.42

Table A3
Frequency of Non-Revolving and Size of Monthly Charges, Cash Advances, Fees, and Finance Charges For the Active Account Sample
(Average over 12-month sample period)

	Non-student Accounts:		Non-student Accounts:		Ratio of Student to	Ratio of Student to Non-student
	Older Adults	Student Accounts	Young Adults	All Groups	Older Adult	Student Young Adult
Percent with positive balance in a given month	75.4%	77.1%	81.2%	76.1%	1.02	0.95
For positive balance accounts, percent paying at least 99% of balance in following month	18.9%	22.6%	16.9%	19.4%	1.19	1.33
Charges						
Percent who charged over past month	42.0%	48.1%	47.6%	43.4%	1.15	1.01
Mean amount charged over past month	\$324	\$111	\$182	\$278	0.34	0.61
Amount charged over past month of 90th percentile	\$967	\$380	\$600	\$778	0.39	0.63
Amount charged over past month of 95th percentile	\$1,974	\$594	\$1,044	\$1,612	0.30	0.57
Cash Advances						
Percent who had cash advance over past month	11.2%	6.4%	11.3%	10.4%	0.57	0.57
Mean cash advance over past month	\$74	\$13	\$40	\$61	0.18	0.34
Cash advance over past month of 90th percentile	\$35	\$0	\$24	\$16	0.00	0.00
Cash advance over past month of 95th percentile	\$312	\$29	\$205	\$241	0.09	0.14
Finance Charges						
Percent who incurred finance charges over past month	57.8%	55.5%	64.5%	57.9%	0.96	0.86
Mean finance charge over past month	\$26	\$7	\$19	\$23	0.28	0.39
Finance charge over past month of 90th percentile	\$80	\$20	\$52	\$70	0.25	0.37
Finance charge over past month of 95th percentile	\$111	\$26	\$74	\$100	0.24	0.36
Fees						
Percent who incurred fees over past month	12.5%	18.4%	18.1%	13.9%	1.47	1.02
Mean fees over past month	\$5	\$10	\$9	\$6	1.74	1.04
Fees over past month of 90th percentile	\$29	\$29	\$29	\$29	1.00	1.00
Fees over past month of 95th percentile	\$29	\$58	\$58	\$30	2.00	1.00

Table A4

Delinquency Rates, Charge-offs, and Balances at Risk, Finance/Fee Charges and Charge-offs as a Percent of Total Balances for the Active Account Sample

(Average over 12-month sample period)

	Non- student Accounts: Older Adults	Student Accounts	Non- student Accounts: Young Adults	All Groups
<i>Delinquency Rates</i>				
Percent 30+ days delinquent	8.1%	12.1%	11.6%	9.0%
Percent 30+ days delinquent with balance above \$100	7.5%	10.6%	10.9%	8.3%
Percent 30+ days delinquent with balance above \$1000	6.4%	4.8%	9.1%	6.3%
Percent 90+ days delinquent	1.1%	3.1%	2.4%	1.5%
Percent 90+ days delinquent with balance above \$100	1.0%	2.7%	2.3%	1.4%
Percent 90+ days delinquent with balance above \$1000	0.9%	1.6%	2.1%	1.1%
<i>Charge-offs</i>				
Percent with positive charge-offs (monthly rate)	0.13%	0.30%	0.24%	0.17%
Percent with positive charge-offs (over 12 months)	1.56%	3.59%	2.80%	1.99%
Percent with charge-off greater than \$2,000 (over 12 months)	1.19%	0.24%	1.60%	1.06%
Percent with charge-off greater than \$5,000 (over 12 months)	0.77%	0.02%	0.58%	0.63%
Mean charge-off for those who charge-off	\$5,196	\$1,178	\$3,158	\$3,767
Median charge-off for those who charge-off	\$4,919	\$1,133	\$2,217	\$2,222
Charge-off of 90th percentile for those who charge-off	\$9,401	\$1,828	\$6,539	\$8,146
Charge-off of 95th percentile for those who charge-off	\$11,480	\$2,169	\$7,852	\$10,290
<i>Risk, Revenues, and Losses as Percent of Balances</i>				
Monthly balances at risk (90+ delinquency) as percent of total balances	2.6%	7.7%	5.9%	3.7%
Monthly fees and finance charges as percent of total balances	1.4%	3.0%	1.9%	1.7%
Monthly charge-offs as percent of total balances	0.3%	0.8%	0.5%	0.4%

Table A5

Comparison of selected results with Student Monitor survey, Spring 2001

	Student Monitor, undergraduates, self- reported	Staten and Barron, accounts opened through college student marketing programs
Median number cards in own name	0.84	NA
Mean number cards in own name	1.55	NA
Percent for which student receives bill	96%	NA
Percent for which student pays bill	85%	NA
Mean balance (per card), for those with a balance	\$531	\$718
Median balance (per card)	\$242	\$357
Mean credit limit (per card)	\$2,322	\$1,395
Median credit limit (per card)	\$1,639	\$1,000
Mean amount charged/month, for those with any charge activity (per card)	\$169	\$231
Percent who don't incur a finance charge (Student Monitor: % who say they typically pay in full)	65.0%	44.5%
