

Should College Students Have Credit Cards Essay (Critical Writing)

One great vice of college students today is the accumulation of credit card debts. This problem has been given far less attention by college administrators because the latter are silent partners in the credit card business (Sylves, 506).

It is common among universities and colleges to have multi-million dollar agreements with credit card providers such as the embossment of school logos in their students' MasterCards or Visas and/ or financial incentives provided by credit card companies which are evident in school buildings named after the latter in exchange for student information.

Credit card debts are accumulated because of students' lack of financial literacy, their need for instant gratification and their broad definition on what constitutes an "emergency". Credit card companies take advantage of these factors to gain more from students who could not even afford to pay thus resulting to massive number of debts leading to bad credit status and eventually the filing of bankruptcy.

This paper aims to discuss the causes of credit card debts among students and the effects such debts may bring about to students' lives. The first factor for excessive credit card debt is the lack of financial literacy among students. Students are tempted to open credit card accounts even before they understand what they are getting into with all the hyped up campaign of credit card providers.

Temptations such as credit card agents in campus giving out freebies and promos on sign ups, pre-approved application forms sent to students' mailing addresses and the consistent phone calls of agents offering credit card memberships can lead to the premature acquisition of credit cards by students.

The rush decisions by students is an outcome of them giving in to temptations. This usually results to students' negligence to carefully read terms and conditions and thoroughly discuss such applications with adults who are fully aware of credit card schemes.

Credit card marketers depend on students' lack of knowledge on credit cards to earn from annual fees, interest rates and the like. In our world today where everyone is connected via internet and cellphones, no one wants to wait in line anymore especially when purchases can be done at the tip of your fingers with just typing on a keyboard or keypad and clicking on a mouse. Orders today can be done via text messages or internet.

Goods can be paid with credit cards and delivery will follow upon payment. Like everyone else students are more likely to buy now and pay later than to save and afford purchases (Sylves,508). The second factor for the accumulation of debt is the notion of instant gratification which is a

problem because students no longer have the patience to contain themselves to save then purchase.

The buy now pay later syndrome which came together with the information age results to the dangers of credit card debt among students. Lastly problems of debt may rise among students who justify owning a credit card “for emergency use only”. This can be a major contributor for high credit card debt because most students have a broad definition of what constitutes an emergency.

Sylves pointed out that among the so called emergencies students consider in purchasing with their credit cards are late night pizza deliveries, spring break packages and DVDs (Sylves, 508). Steve Bucci’s rule of thumb is that if the item can be consumed or worn it doesn’t constitute an emergency (Lazarony). Bucci is a debt advisor for Bankrate.com and president of Consumer Credit Counselling Service of Southern New England.

Credit card companies recognize teenagers especially college students as the group with the largest disposable income thus being the target crowd for credit card accounts (Sylves, 508). Reasons behind credit card debts may vary among students, they may be caused by lack of financial literacy, urge for instant gratification, broad definition on what constitutes an emergency or a combination of all three.

Just as reasons vary, penalties also vary from one case to another. Lucky students with well-off or well-to-do parents and/ or guardians may have their debts paid by the latter and receive scolding and punishments such lectures on credit cards and debts, be grounded for a few weeks or months and be enforced to adopt strict budgeting. For the less fortunate ones the path is much more difficult.

They may be forced to cut back on studying by being part time students in order for them to get a job or a second job to pay their debts. The disadvantage in students’ decrease in class time is their chance of attaining financial aid is lessened.

This may translate to less money to pay the rent, bills and even credit card debts. Most students perceive that once they have graduated and got a job money will keep flowing in their bank accounts and all their financial troubles will go away. This is a misconception because instead of them building credit they have actually accumulated bad credit from all the credit card debts they have acquired as students (Sylves, 509).

Students as young professionals cannot get loans from banks and agencies because of their poor credit standings. They cannot buy cars, houses or even rent apartments because most companies run credit checks on potential clients. Around 800,000 Americans file for bankruptcy every year and a growing number of them are under the age of twenty-five (Sylves, 511).

It is difficult to build good credit among students when they file for bankruptcy because the report may remain as long as ten years. Credit card debts are easy to acquire. Students who jump

into signing up for credit cards without being knowledgeable on penalties, interest rates and annual fees may fall victim to agents' hyped up marketing schemes.

By being irresponsible with credit, neglecting information and failing to educate oneself on credit cards and finances lead people into making mistakes that they may pay for the rest of their adult lives. Parents and educators are advised by consumer credit experts to educate teenagers about safe credit and proper management of finances. Before considering to apply for a credit card Bankrate.com suggests prospects to consider studying basic procedures, penalties, and service charges of credit cards.

Students must first consult and review credit card applications with their parents or guardians before getting a credit card. They must also be financially aware of the pros and cons of credit cards by reading books, articles or online reviews on the matter. By taking these steps students increases their chance of getting a financially secure future with good credit status.

The choice to open credit accounts still lies in the decision of students though legislators, parents and educators may influence such decisions by educating the former. The problem with regards to credit card debts cannot be eradicated over night but it can be lessened in the near future.

The amount of credit card debts accumulated and the increasing number of people below 25 who file for bankruptcy annually is alarming. The government should take action in the adjustment of credit card companies' requirements for credit card sign ups. Students who do not earn a living or do not have a part time job will not be allowed to have a credit card.

The maximum credit limit must be adjusted accordingly to the person's monthly income to avoid excessive debts. Exams should be conducted for credit card applicants on their understanding of credit card company rules and regulations on card usages. By doing these measure credit card debts may be minimize if not eradicated.

Works Cited

Lazarony, Lucy. "Credit Cards Teaching Students a Costly Lesson." *Bankrate.com Achieves*. 5 Jun. 1998. Web.