USE, PAYMENT, AND KNOWLEDGE OF RETAIL CREDIT
TRANSACTIONS BY A SELECTED GROUP OF
SINGLE HIGH SCHOOL SENIOR GIRLS

by
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A thesis submitted in partial fulfillment
of the requirements for the degree
of
MASTER OF SCIENCE
in
Household Economics and Management
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>Statement of the Problem</td>
<td>1</td>
</tr>
<tr>
<td>Definition of Terms</td>
<td>3</td>
</tr>
<tr>
<td>REVIEW OF LITERATURE</td>
<td>5</td>
</tr>
<tr>
<td>METHODS AND PROCEDURE</td>
<td>11</td>
</tr>
<tr>
<td>RESULTS AND DISCUSSION</td>
<td>13</td>
</tr>
<tr>
<td>Retail Credit Use</td>
<td>13</td>
</tr>
<tr>
<td>Student Weekly Income</td>
<td>15</td>
</tr>
<tr>
<td>Student Savings From Summer Employment</td>
<td>19</td>
</tr>
<tr>
<td>Parent's Annual Income</td>
<td>21</td>
</tr>
<tr>
<td>Hypotheses</td>
<td>22</td>
</tr>
<tr>
<td>Hypothesis 1</td>
<td>23</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>26</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>29</td>
</tr>
<tr>
<td>SUMMARY AND CONCLUSIONS</td>
<td>31</td>
</tr>
<tr>
<td>RECOMMENDATIONS</td>
<td>34</td>
</tr>
<tr>
<td>LITERATURE CITED</td>
<td>35</td>
</tr>
<tr>
<td>APPENDIX</td>
<td>37</td>
</tr>
</tbody>
</table>
**LIST OF TABLES**

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Comparative weekly income of C. U. and N. C. U. in two schools</td>
<td>18</td>
</tr>
<tr>
<td>2. Comparison of three levels of student weekly income in two schools</td>
<td>18</td>
</tr>
<tr>
<td>3. Number of C. U. and N. C. U. under three levels of income in two schools</td>
<td>19</td>
</tr>
<tr>
<td>4. Comparison of average student savings from summer employment reported by C. U. and N. C. U. in two schools</td>
<td>19</td>
</tr>
<tr>
<td>5. Comparative annual income of parents of C. U. and N. C. U. in two schools</td>
<td>22</td>
</tr>
<tr>
<td>6. Analysis of variance. Relationship of three levels of income on retail credit use by students of two schools under the student weekly income group</td>
<td>38</td>
</tr>
<tr>
<td>7. Analysis of variance. Relationship of three levels of income on retail credit use by students of two schools under parent’s annual income group</td>
<td>38</td>
</tr>
<tr>
<td>8. Duncan’s multiple range test. Individual comparison of means of levels of student weekly income</td>
<td>39</td>
</tr>
<tr>
<td>9. Analysis of variance relationship of three levels of income on payment of retail credit transactions by students of two schools under student weekly income group</td>
<td>39</td>
</tr>
<tr>
<td>10. Analysis of variance. Relationship of three levels of income on payment of retail credit transactions by students of two schools under parent’s annual income group</td>
<td>40</td>
</tr>
<tr>
<td>11. Duncan's multiple range test. Individual comparison of means of levels of student weekly income</td>
<td>40</td>
</tr>
<tr>
<td>12. Contingency table. Relationship of knowledge of retail credit transactions to the number of retail credit transactions</td>
<td>41</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Three levels of retail credit use by teen-agers in two schools</td>
<td>14</td>
</tr>
<tr>
<td>2.</td>
<td>Source of student spending money in two schools</td>
<td>17</td>
</tr>
<tr>
<td>3.</td>
<td>Student weekly income in two schools</td>
<td>17</td>
</tr>
<tr>
<td>4.</td>
<td>Amount of savings from summer employment in two schools</td>
<td>20</td>
</tr>
<tr>
<td>5.</td>
<td>Three levels of parent's annual income in two schools</td>
<td>21</td>
</tr>
<tr>
<td>6.</td>
<td>Relationship of parent's annual income and student weekly income to retail credit use in two schools</td>
<td>24</td>
</tr>
<tr>
<td>7.</td>
<td>Relationship of levels of income to use of retail credit transactions in both student weekly income and parent's annual income groups</td>
<td>24</td>
</tr>
<tr>
<td>8.</td>
<td>Payment of retail credit transactions to levels of income in both student weekly income and parent's annual income group</td>
<td>27</td>
</tr>
<tr>
<td>9.</td>
<td>Relationship of knowledge of retail credit transactions to the number of credit transactions during the seven month period among teen-agers</td>
<td>30</td>
</tr>
</tbody>
</table>
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Shirley Ann Lindsay
INTRODUCTION

Statement of the Problem

Since the end of World War II the importance of the teen-age market has steadily grown. An article by Grace and Fred Hechinger (10) in the 1961 New York Times Magazine substantiates this statement: "the young slowly are capturing an ever-growing share of the nation's market, both through their own purchasing power, and through effective dictation to parents."

Several factors account for the phenomenal growth of the teen market. One is the increased sums of money controlled by young people. In 1960, the National Consumer Finance Association (12) stated that the "youth market is rapidly attracting attention today as 16 million junior and senior high school boys and girls control $6 billion annual spendable income of their own." Comparable figures cited by the Small Business Administration (16) are $15 million and $10 billion, respectively. According to recent figures reported in Scholastic magazine (4), the pocket money of junior and senior high school students has increased 300 percent during the last 15 years, from $2.50 to $10.00 weekly. Troelstrup (14) suggests that by 1970, when the teen-age population expands from the present 18 million to an expected 28 million, youngsters may be spending $20 billion annually--twice as much as in 1962.
A second factor contributing to the growth of the teen-age market is the increased number of employed teen-agers. According to the 1960 census (15), a total of 4,181,093 individuals between the ages of 14 and 19 were employed on some sort of regular basis; since the entire employed population numbered some 64 million, teen-agers comprised almost 7 percent of the labor force.

A third contributing factor is the increased availability of charge accounts to teen-agers. Retailers interested in receiving a share of the teen-agers business have encouraged teen charge accounts. A. L. Trotta (14), manager of the Credit Managers Division of the National Retail Merchants Association has for several years encouraged the use of teen-age charge accounts. Witnesses at hearings of a Senate Banking Subcommittee (14) in 1961, reported that retail chains and some department stores are encouraging teen-agers to use revolving charge accounts. In 1960, a survey of 183 department stores and specialty shops in Massachusetts (7) showed that 60 were offering credit plans to teen-agers and 23 more were thinking of doing so. In the same year Sears Roebuck (14) announced the opening of teen-age credit accounts in several of their stores.

Due to the lack of information about many aspects of teen-age credit, and realizing the importance of teen-agers as consumers, the present study was undertaken. Teen-agers' use of retail credit, payment of retail credit transactions, and knowledge relating to an item purchased
on retail credit were investigated. The relationship of student weekly income, student savings from summer employment, and parent's annual income to teen-age credit use, payments, and knowledge was analyzed.

The following null hypotheses were formulated:

1. There is no relationship between retail credit use and (a) student weekly income; (b) student savings from summer employment; (c) parent's annual income.

2. There is no relationship between payment of credit transactions and (a) student weekly income; (b) student savings from summer employment; (c) parent's annual income.

3. Knowledge of retail credit transactions is not related to the number of retail credit transactions in the period of June 1, 1965, to December 31, 1965.

Definition of Terms

For the purpose of this study, the following definitions were imposed.

Retail Credit Transactions - (commonly known as charge account) The transaction of receiving goods with arrangements for deferred payment made at the time of purchase (9).

Seven month period - the period of June 1, 1965 - December 31, 1965.

Credit Users - (C. U.) Those teen-age girls that have been or were currently involved in retail credit.
Non-credit Users - (N. C. U.) those teen-age girls that were not involved in retail credit.

Sample School 1 - (SS 1) Logan High School, Logan, Utah. Includes students in Logan City limits.

Sample School 2 - (SS 2) Sky View High School, Smithfield, Utah. Serves all of the Cache County area outside the Logan City limits.
REVIEW OF LITERATURE

Concern and interest has been expressed in the past about teen-agers and their spending habits. While much has been written about both teen-agers and credit, in general, research dealing with the teen-age use of credit is limited.

One study which investigated teen-age charge accounts was completed in the fall of 1960 (7). Four members of the Massachusetts extension service developed and administered a short questionnaire to 52 teen-age students at a city girls' trade school. They also interviewed credit managers of 52 stores and twenty of the teen-agers' parents.

Of the 52 teen-age girls responding, 21 had charge accounts. Clothing was the item most often involved in the credit transaction. The next highest item was hair dressing equipment.

Seven of the 31 girls who did not have an account stated that they would like to establish one; 14 did not want to establish one, and 10 were uncertain.

Thirty-seven of the 52 girls indicated it was "good" for teen-agers to have charge accounts because a charge account offered experience in learning to handle money. Several girls indicated it was both "good" and "bad" for teen-agers to have accounts. Twenty-eight said it depended upon the individual--"her judgment and willingness to accept responsibility."
Over one-half of the girls indicated that a teen-ager should think carefully about her earnings before using a charge account and check carefully when payments were due and the amount of interest charged. One third of the group indicated that teen-agers should secure their parents' permission before opening an account.

Forty of the girls said that parents should not be responsible for payment of teen-agers charge accounts because teen-agers should assume the responsibility for their own obligations.

Of the 52 credit managers interviewed, twenty-three indicated that their store offered credit to teen-agers in their own name. Three of the 52 stores opened accounts only for teens 14 years or over; three stores for 16 years or over; three for 18 years or over.

The credit managers reported very little difficulty collecting teen accounts. One manager said "not as much difficulty as with adult accounts." Several credit managers said "the usual percentage, much like other accounts."

Sixteen of 23 stores did ask for a parent's or guardian's signature for teen accounts. Eight of 23 stores did not ask parents to pay for teen accounts if the teen-agers did not pay.

Reasons given for stores opening teen accounts were: request of teen-agers, to get business, educate the teen-ager to come to the store, practice of other stores, and parents' request.
A majority of credit managers indicated "some," "very little," or "nothing" when asked about teen-ager knowledge of credit when a teen account was opened. Only three credit managers said the teen-ager knew "much" or a "great deal." Two stores gave the teen-agers an educational leaflet on credit and the store policy regarding charge accounts.

Of the 20 parents interviewed only two had heard of teen-age credit accounts; one of these had two daughters with accounts. "Caution" was the word parents used to best describe their attitude toward teen-age use of credit. Of the 20 parents, 15 were not in favor of their teen-agers opening charge accounts. Reasons given were: not sufficient income, a teen-ager lacks the ability to discriminate between necessities and luxuries, a belief that parents should take care of the needs of a child, a charge account does not teach a child to save before buying, and credit is a bad habit to establish so early.

Adams (1), in a Survey of Money Management Knowledge and Practices of Teen-agers in Three Northern Idaho High Schools, found that three-fourths of the 264 subjects surveyed reported that their parents favored buying on credit. A little more than half responded that their parents did not approve of credit for teen-agers. Responses from the teen-agers indicated that the privilege of teen-agers use of credit should depend on the type of individual involved. Although in this study Idaho parents and youth did not approve of credit buying for
teen-agers, 79 percent of the girls and 70 percent of the boys had used some type of credit—either in the parents' or their own name.

Cateora (3) in a questionnaire administered to 189 junior and senior high school students to determine their opinions on the use of installment credit found:

Students had a somewhat puritanical approach to the use of credit, their reservations were limited more to the possible misuse of credit than to the future avoidance of its use as a means of acquiring anticipated material goods. They displayed a mature awareness of the limitations and pitfalls of credit although it appeared that they would not hesitate to use it if they could not otherwise acquire what they wanted. (3, p. 106)

Because research is so limited concerning teen-agers use of credit, current magazine and newspaper articles pertaining to this subject will be discussed.

Changing Times (11) states "today's teen-agers are more mature and reliable than the publicity about them would have you believe. Teen accounts show as good a record of payment as those of adults, according to the National Retail Merchants Association."

Precautions for parents and teen-agers to consider when opening a teen account were listed in a 1961 Journal of Home Economics (7).

1. Co-signing with the parent or guardian seems the sounder program.

2. A reasonable limit on the amount which can be charged.

3. Have all the provisions of the account quite clear, preferably in writing.

4. Permit the teen-ager to have the educational contact of the person in charge of teen accounts. (7, p. 666)
This same article listed two ways that would assist teen-agers better prepare for credit decisions.

1. Help them to apply the facts and principles from text books to differing family situations; to investigate and analyze, even though in theory for them, what kind and how much credit may be wise under various circumstances.

2. Help and encourage teen-agers to become acquainted with the commercial world in their own town and locality. (7, p. 666)

_Better Homes and Gardens_ (2) compiled a list of the advantages and disadvantages of teen-age charge accounts as reported by various authors:

**Advantages**

1. It can offer a teen-ager a valuable lesson in modern living.

2. Gains experience in managing a budget.

3. Learns how to discipline himself to meet financial responsibilities.

4. Teen-agers actually spend more carefully when they can't charge to their parents, but must pay the bill themselves.

**Disadvantages**

1. Teaching kids to resort to costly credit hardly constitutes sound money management.

2. Easy credit creates the temptation to spend, and teen-agers are less able to resist the impulse to buy than adults.

3. Teen-agers are likely to go out and buy things just because friends have them.
4. Youngsters need lessons in how to save, not how to spend.

5. They don't have too much pocket money to begin with, and credit charges eat into their resources.

6. Teen-agers have enough problems without having to take on extra worry of budgeting to meet payments.

7. Teen-agers don't learn what they really ought to know about credit; for example, that when they make their "easy payments," including a carrying charge of 1-1/2 percent on the unpaid balance, they are actually paying 18 percent interest. (2, p. 10)

Because research is so limited, and current articles indicate that today's teen-ager has capital and the opportunity to become involved with credit, the need for additional research in the area under consideration is apparent.
METHODS AND PROCEDURE

A preliminary survey was conducted to assess the suitability of this area for the research. Credit managers of four stores were first interviewed to ascertain the availability of credit to teen-agers.

Department store A did not issue credit cards to teen-agers; however, teen-agers could use their parent's credit cards with parental approval.

The manager of store B, a sports store, indicated that he was trying to eliminate all credit transactions and particularly discouraged teen-agers from using retail credit.

Store C, a ladies clothing store, had been successfully involved with teen accounts. Charge accounts were available to teen-agers and they were also allowed to use their parent's charge accounts.

Teen-agers were also allowed to use their parent's credit cards at Department store D with parental consent. However, teen-agers were not allowed to have independent charge accounts.

To ascertain the use of retail credit by teen-agers, the home economics teacher at Logan High School was contacted and she agreed to obtain credit use information from the teen-agers in her classes. Sixty-five percent of the students indicated by show of hand that they had been involved in retail credit transactions.
Since the above information indicated the availability of teen accounts and the actual use of credit by teen-agers in this area, the researcher proceeded with the study.

A four part questionnaire (see Appendix) used for data collection was designed for the study. Part I included the purpose of the study and directions pertaining to the questionnaire. Part II contained 12 questions pertaining to retail credit use, student weekly income, parent's annual income, and student savings from summer employment. The table in part III was developed so students could indicate the number of retail credit transactions used during the seven month period. The final page, part IV, included specific questions pertaining to the students knowledge of the retail credit transaction involving the most expensive item purchased during the seven month period.

With the principal's permission, the questionnaire was administered to single high school senior girls in the two high schools in Cache County. Logan High School (SS 1) includes students in the Logan City limits which indicated a more urban area. Sky View High School (SS2) serves all of the Cache County area outside the Logan City limits. The student population is largely drawn from a rural area.

Seventy senior girls at Logan High School and seventy-nine senior girls at Sky View High School comprised the sample.

The factors under investigation were analyzed statistically by analysis of variance, Duncan's multiple range test, and the independent $X^2$ test of significance.
RESULTS AND DISCUSSION

The present investigation was concerned with teen-agers' use of retail credit, payment of the retail credit transactions, and knowledge concerning the most expensive item purchased on retail credit transactions. The relationship of student weekly income, student savings from summer employment, and parent's annual income to teen-age credit use, payment, and knowledge was analyzed.

Retail Credit Use

The sample consisted of 149 students, seventy at SS 1 and seventy-nine at SS 2. Fifty-seven percent of the girls at SS 1 were involved in 281 credit transactions, while thirty percent at SS 2 were involved in 101 credit transactions. A total of 64 girls were involved in 382 credit transactions during the seven month period. It was reported in the Massachusetts study (7) that 42 percent of the teen-agers were involved with charge accounts.

The number of student retail credit transactions were classified in three levels: one to six credit transactions as low, seven to twelve as medium, and thirteen or more as high.

Figure 1 shows three levels of retail credit use by students of two schools.
Figure 1. Three levels of retail credit use by teen-agers in two schools.
Thirty-seven of 40 C. U. at SS 1 indicated they were permitted to make purchases on their own and charge these purchases to parent's accounts. At SS 2, 21 of 24 C. U. indicated they were permitted to make purchases on their own and charge these to parent's accounts. Fifteen of the 30 N. C. U. at SS 1, and 35 of the 55 N. C. U. at SS 2 reported their parents did not have charge accounts. Approximately half of the N. C. U. in both SS reported parents did not have accounts.

Twelve of 40 C. U., or thirty percent, at SS 1 indicated they had charge accounts in their own names. Three answered they each had three accounts, one girl had two, and eight each had one.

Five of 24 C. U., or 25 percent, at SS 2 reported they had their own charge account. Three indicated they each had two, and two indicated they each had one. Slightly over 25 percent of the C. U. in each school had a charge account in her own name.

Eighty-one percent of the C. U. at SS 1, and sixty-nine percent at SS 2 indicated the most expensive purchase during the seven month period was clothing. Other items listed were jewelry, sewing machine, car stereo, watch, gas, cosmetics, and skis.

**Student Weekly Income**

The seven categories listed in the questionnaire as primary sources of student weekly income were: allowance, amount earned from parents, money given by parents, earnings from outside employment,
gifts of money, no income, and other. A student might obtain money from any or all of the seven sources.

Figure 2 indicates that outside employment was the most frequent source of obtaining spending money at both sample schools. Dunsing (6) also found that half of the students in her study obtained earnings from outside employment.

Twenty-six girls from SS 1 indicated they receive spending money from allowance while only five at SS 2 receive money from this source. Nineteen girls at SS 1 indicated spending money is given to them by parents, while twenty-nine at SS 2 receive money from this source. The two categories "allowance" and "money given by parents" may have had the same meaning to some students.

Figure 3 shows a student weekly income range of no income, reported by five girls, to income of $15 or more reported by ten girls. The average student weekly income at SS 1 was $5.83, and $4.84 at SS 2, a difference of 99 cents. This is lower than the $9.53 reported by Seventeen Magazine (4), and $7.88 of Adam's study (1). Look (16) researchers found 18 year olds controlling $15 weekly.
Figure 2. Source of student spending money in two schools.

- Allowance
- Amt. earned from parents
- Money given by parents
- Earnings from outside employment
- Gifts of money
- No income
- Other

Figure 3. Student weekly income in two schools.
The average weekly income for the C. U. at both schools was higher than that of the N. C. U. (Table 1).

Table 1. Comparative weekly income of C. U. and N. C. U. in two schools.

<table>
<thead>
<tr>
<th>School</th>
<th>C. U.</th>
<th>N. C. U.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1</td>
<td>$6.12</td>
<td>$5.30</td>
</tr>
<tr>
<td>SS 2</td>
<td>$6.75</td>
<td>$3.98</td>
</tr>
</tbody>
</table>

For the purpose of statistical analysis the student weekly incomes were categorized as: $4.99 or less as low, $5.00 to $10.99 as medium, and $11.00 to $15.00 or more as high. The majority of the students were in the low and medium income group (Table 2).

Table 2. Comparison of three levels of student weekly income in two schools.

<table>
<thead>
<tr>
<th>School</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1</td>
<td>36</td>
<td>24</td>
<td>10</td>
</tr>
<tr>
<td>SS 2</td>
<td>48</td>
<td>16</td>
<td>12</td>
</tr>
</tbody>
</table>

In SS 1 over 50 percent of the students in low, medium, and high income levels were C. U. This was only true in SS 2 with the high income level. The highest percent of C. U. was in the high income level in both sample schools (Table 3).
Table 3. Number of C. U. and N. C. U. under three levels of income in two schools.

<table>
<thead>
<tr>
<th>School</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1</td>
<td>20</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>SS 2</td>
<td>12</td>
<td>36</td>
<td>3</td>
</tr>
</tbody>
</table>

Student Savings From Summer Employment

The average savings at SS 1 was $85.70, and $85.32 at SS 2, with a difference of 38¢. The C. U. at both SS 1 and SS 2 had larger savings accounts from summer employment than the N. C. U. (Table 4).

Table 4. Comparison of average student savings from summer employment reported by C. U. and N. C. U. in two schools.

<table>
<thead>
<tr>
<th>School</th>
<th>C. U.</th>
<th>N. C. U.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1</td>
<td>$106.25</td>
<td>$58.33</td>
</tr>
<tr>
<td>SS 2</td>
<td>$104.17</td>
<td>$77.27</td>
</tr>
</tbody>
</table>

Although the student savings accounts ranged from zero to $500 and over, approximately three-fourths of the students reported savings of $99 or less. This distribution was such that no statistical analysis was made concerning student savings (Figure 4).
Figure 4. Amount of savings from summer employment in two schools.
Parent's Annual Income

For the purpose of statistical analysis, parent's annual income was categorized: $4,999 and below as low, $5,000 to $9,999 as medium, and $10,000 or more as high. The parent's average annual income at SS 1 was $7,992.86, and $6,569.62 at SS 2, with a difference of $1,432.24.

Figure 5. Three levels of parent's annual income in two schools.
The average parent's annual income for the C. U. at both schools was higher than that of the N. C. U. (Table 5).

Table 5. Comparative annual income of parents of C. U. and N. C. U. in two schools.

<table>
<thead>
<tr>
<th>School</th>
<th>C. U.</th>
<th>N. C. U.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS 1</td>
<td>$8,737.50</td>
<td>$7,000.00</td>
</tr>
<tr>
<td>SS 2</td>
<td>$7,520.83</td>
<td>$6,154.54</td>
</tr>
</tbody>
</table>

Hypotheses

As this study was concerned with the relationship between (a) credit, (b) payment of retail credit transactions, and (c) knowledge of retail credit, only the C. U. were included in the statistical analysis.

The data were analyzed statistically by the F-test for analysis of variance (13), Duncan's multiple range test (5), and the $\chi^2$ test of significance (13). The mean values of various attributes were computed statistically for individual comparison.
Hypothesis 1

There is no relationship between retail credit use and: (a) student weekly income, (b) student savings from summer employment, and (c) parent's annual income.

Results related to retail credit use are presented in Tables 6, 7, and 8 (see Appendix), and Figures 6 and 7. Analysis was based on the number of times students were involved in retail credit transactions during the seven month period.

Student weekly income. There was no significant difference between use of retail credit at SS 1 and SS 2. (Table 6). It was observed by individual comparison of means that students at SS 1 use credit to a greater extent than SS 2 students (Figure 6).

The relationship of levels of student weekly income on retail credit use was statistically significant at the 5 percent level (Table 6). Retail credit was used most extensively by the medium level income and used least by the high level student weekly income (Table 8 and Figure 7). Although there was a larger percent of C. U. in the high student weekly income level (Table 3), retail credit was used most extensively by the medium level. This could be attributed to the limited income these students control and their desire to maintain teen-age standards as suggested by Cateora (3).

The relationship of the interaction between schools, levels of income, and retail credit use was not statistically significant (Table 6).
Figure 6. Relationship of parent's annual income and student weekly income to retail credit use in two schools.

Figure 7. Relationship of levels of income to use of retail credit transactions in both student weekly and parent's annual income groups.
Student savings from summer employment. In analyzing savings from summer employment seventy-four percent of SS1 and seventy percent of SS2 indicated savings to be $99 or less. Because nearly three-fourths of the students reported savings in this category, the distribution was not analyzed statistically. Part (b) of hypothesis 1 was disregarded.

Parent's annual income. The F-test for analysis of variance between use of retail credit at two sample schools, the three levels of parent's annual income, and the interaction between school and level of income showed no significant difference (Table 7). A positive relationship between retail credit use by teen-agers and parent's annual income was observed in the individual comparison of means (Figure 7). As the parent's annual income increased the teen-ager's use of credit also increased.

A parallel relationship was observed between student weekly and parent's annual income with respect to retail credit use in the two sample schools (Figure 6).

The findings indicate that the levels of student weekly income had a significant effect on teen-age retail credit use. The relationship of parent's annual income to retail credit use had no effect. Therefore, hypothesis 1 (a) that there is no relationship between retail credit use and student weekly income was rejected; in as much as savings from summer employment was not analyzed (b) was disregarded; no significant relationship was observed between retail credit use and parent's annual income, consequently (c) was not rejected.
Hypothesis 2

There is no relationship between payment of retail credit transactions and: (a) student weekly income, (b) student savings from summer employment, and (c) parent's annual income.

Results related to payment of credit transactions are presented in Tables 9, 10, and 11 (see Appendix), and Figure 8. Hypothesis 2 was primarily concerned with the percent of retail credit transactions for which students assumed responsibility for payment.

Student weekly income. The relationship of payment of retail credit transactions and SS 1 and SS 2 was not significant (Table 9).

The influence of levels of income on payment of retail credit transactions was statistically significant at the 1 percent level (Table 9). Students with high level weekly income assumed the most responsibility for payment (Table 11 and Figure 8). A positive relationship was observed between payment of credit transactions and student weekly income. Responsibility for payment increased as student weekly income level increased. This suggests that responsibility of payment could be more dependent on level of student weekly income than any other factor.

The relationship between the interaction of schools and levels of income was not significant (Table 9).

Part (b) of Hypothesis 2 was disregarded.
Figure 8. Payment of retail credit transactions to levels of income in both student weekly and parent's annual income group.
Parent's annual income. The F-test for analysis of variance between payment of retail credit transactions and the two sample schools, levels of parent's annual income, and the interaction of schools and levels of income was not significant (Table 10). However, the individual comparison of means shows that students assumed most responsibility for payment of retail credit transactions when parent's annual income was in the low income level. Teen-agers whose parents were in the low level income group used credit to a limited extent (Figure 7). Perhaps these teen-agers could assume responsibility for payment of retail credit transactions because credit transactions were limited. Least responsibility was assumed when parent's annual income was in the medium level (Table 11 and Figure 8).

The present study yielded evidence that the levels of student weekly income had a significant relationship to payment of retail credit transactions by teen-agers. The relationship of parent's annual income to payment of retail credit was not significant. Therefore, Hypothesis 2 (a) that there was no relationship between payment of retail credit transactions and student weekly income was rejected; part (b) of Hypothesis 2 was disregarded; no relationship was observed between payment of retail credit transactions and parent's annual income, consequently (c) was not rejected.
Hypothesis 3

The knowledge of retail credit transactions is not related to the number of retail credit transactions in the period of June 1, 1965 to December 31, 1965.

The results related to the knowledge of credit transactions are presented in Table 12 (see Appendix) and Figure 9. The knowledge concerning the most expensive item purchased on a retail credit transaction during the seven month period was the basis for the analysis (Questions 13-18). There was no way of evaluating the quantitative knowledge possessed by teen-agers in regard to retail credit transactions. The $X^2$ test of significance using the $2 \times 3$ contingency table (13) was used to analyze the data (Table 9).

The relationship between the number of retail credit transactions during the seven month period and knowledge of retail credit transactions was not statistically significant (Table 12). It was observed that knowledge of retail credit transactions was proportionally higher with students involved in 7 to 12 transactions. Students with the lowest number of transactions (1 to 6) indicated a limited knowledge (Figure 9).

The results of the present study indicated the null hypothesis stated above was not rejected.

Because 48 of 64 C. U. made no attempt to answer questions pertaining to knowledge of retail credit transactions it was assumed that student knowledge was very limited. This is consistent with a statement by the N. E. A. (17) "kids don't know enough about credit."
Figure 9. Relationship of the knowledge of retail credit transactions to the number of credit transactions during the seven month period among teen-agers.

L = Students with 1 to 6 credit transactions.
M = Students with 7 to 12 credit transactions.
H = Students with 13 or more credit transactions.
SUMMARY AND CONCLUSIONS

The relationship of teen-age use and payment of retail credit transactions to (a) student weekly income, (b) student savings from summer employment, and (c) parent's annual income was investigated. The relationship between the use of retail credit and knowledge of retail credit transactions was also investigated.

A preliminary survey was conducted and confirmed the availability of retail credit and the use of retail credit by teen-agers in this area.

A four part questionnaire pertaining to use, payment, and knowledge of retail credit was formulated for the study. Seventy single senior girls at Logan High School and 79 single senior girls at Sky View High School completed the questionnaire. Information obtained from the 64 credit users (40 at Logan and 24 at Sky View) was analyzed statistically.

Three null hypotheses were formulated for testing:

1. There is no relationship between retail credit use and (a) student weekly income; (b) student savings from summer employment; (c) parent's annual income.

2. There is no relationship between payment of credit transactions and (a) student weekly income; (b) student savings from summer employment; (c) parent's annual income.
3. Knowledge of retail credit transactions is not related to the number of retail credit transactions in the period of June 1, 1965 to December 31, 1965.

Because approximately three-fourths of the students reported savings from summer employment to be in the category of $99 or less the distribution was not analyzed statistically. Student savings from summer employment was disregarded in Hypotheses 1 and 2.

The F-test for analysis of variance was used to analyze the data pertaining to use, payment of retail credit transactions, and student weekly and parent's annual income.

Statistical analysis indicated a significant difference between teen-agers use and payment of retail credit transactions and the level of student weekly income. Retail credit was used most by students with medium level weekly income, and used least by students with a high level weekly income. Students with high level weekly income assumed most responsibility for payment of their retail credit transactions and students with a low level weekly income assumed least responsibility. Part (a) of Hypotheses 1 and 2 was rejected.

Parent's annual income had no significant effect on use and payment of retail credit transactions by teen-agers. Part (c) of Hypothesis 1 and 2 was not rejected.

The relationship between the number of retail credit transactions during the seven month period and knowledge of information concerning the most expensive item purchased on a retail credit
transaction during this period was not significant. Hypothesis 3 was not rejected.

Several conclusions can be drawn from this investigation.

1. Student credit users had (a) higher weekly income, (b) more in savings accounts from summer employment, and (c) parents with a higher level income than did the non-credit users.

2. Use and payment of retail credit transactions by teen-agers was influenced by the level of their weekly income.

3. Parent's annual income had no statistically significant relationship to teen-age use of retail credit and teen-agers' responsibility for payment of their retail credit transactions.

4. Charge accounts were available and used by teen-agers in this area.

5. Knowledge of retail credit transactions by teen-agers was limited.
RECOMMENDATIONS

1. Development of a test to measure teen-agers knowledge of retail credit.

2. Research concerning teen-agers use of credit in terms of specific ages of respondees.

3. Similar research to include both teen-age males and females.

4. Research to identify items for which teen-agers use credit.

5. Research to determine actual interest rates and dollar costs of teen-age credit transactions.

6. For future teen-age credit research include an open-end question to determine if students would purchase an item on retail credit if credit charges were known.

7. Research to clarify student savings from summer employment. Have students indicate their current balance in savings from summer employment so that it could be categorized for statistical analysis.
LITERATURE CITED


(3) Cateora, P. R. An analysis of teen-age market. Bureau of business research, University of Texas, Austin, Texas. 1963.


Table 6. Analysis of variance relationship of three levels of income on retail credit use by students of two schools under the student weekly income group.

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Degrees of freedom</th>
<th>Sum of squares</th>
<th>Mean squares</th>
<th>F_cal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>5</td>
<td>399.93</td>
<td>79.986</td>
<td>1.82</td>
</tr>
<tr>
<td>Schools</td>
<td>1</td>
<td>100.28</td>
<td>100.28</td>
<td>2.83</td>
</tr>
<tr>
<td>Level of income</td>
<td>2</td>
<td>299.45</td>
<td>114.72</td>
<td>3.24*</td>
</tr>
<tr>
<td>S x L</td>
<td>2</td>
<td>70.20</td>
<td>35.10</td>
<td>.993</td>
</tr>
<tr>
<td>Error</td>
<td>45</td>
<td>1592.82</td>
<td>35.39</td>
<td></td>
</tr>
</tbody>
</table>

* Significant beyond the 5% level
S Schools
L Level of income

Table 7. Analysis of variance relationship of three levels of income on retail credit use by students of two schools under parent's annual income group.

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Degrees of freedom</th>
<th>Sum of squares</th>
<th>Mean squares</th>
<th>F_cal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>5</td>
<td>282.00</td>
<td>56.4</td>
<td>1.42</td>
</tr>
<tr>
<td>Schools</td>
<td>1</td>
<td>87.6</td>
<td>87.6</td>
<td>2.20</td>
</tr>
<tr>
<td>Level of income</td>
<td>2</td>
<td>40.9</td>
<td>20.45</td>
<td>.51</td>
</tr>
<tr>
<td>S x L</td>
<td>2</td>
<td>153.5</td>
<td>76.75</td>
<td>1.932</td>
</tr>
<tr>
<td>Error</td>
<td>39</td>
<td>1548.8</td>
<td>39.71</td>
<td></td>
</tr>
</tbody>
</table>

S Schools
L Level of income
Table 8. Duncan's multiple range test. Individual comparison of means of levels of student weekly income.

<table>
<thead>
<tr>
<th></th>
<th>$\bar{X}$</th>
<th>$\bar{X}-C$</th>
<th>$\bar{X}-B$</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Medium</td>
<td>10.33</td>
<td>5.62**</td>
<td>2.34**</td>
</tr>
<tr>
<td>b. Low</td>
<td>7.409</td>
<td>2.699**</td>
<td></td>
</tr>
<tr>
<td>c. High</td>
<td>4.71</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Significant beyond the 1% level

Table 9. Analysis of variance relationship of three levels of income on payment of retail credit transactions by students of two schools under student weekly income group.

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Degrees of freedom</th>
<th>Sum of squares</th>
<th>Mean squares</th>
<th>$F_{cal}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>5</td>
<td>2.2187</td>
<td>.443</td>
<td>3.72</td>
</tr>
<tr>
<td>School</td>
<td>1</td>
<td>.01</td>
<td>.01</td>
<td>.084</td>
</tr>
<tr>
<td>Level</td>
<td>2</td>
<td>2.155</td>
<td>1.0775</td>
<td>9.06**</td>
</tr>
<tr>
<td>S x L</td>
<td>2</td>
<td>.0537</td>
<td>.0268</td>
<td>.225</td>
</tr>
<tr>
<td>Error</td>
<td>58</td>
<td>6.897</td>
<td>.1189</td>
<td></td>
</tr>
</tbody>
</table>

** Significant beyond the 1% level
S School
L Level of income
Table 10. Analysis of variance relationship of three levels of income on payment of retail credit transactions by students of two schools under parent's annual income group.

<table>
<thead>
<tr>
<th>Source of variation</th>
<th>Degrees of freedom</th>
<th>Sum of squares</th>
<th>Mean squares</th>
<th>F calc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment</td>
<td>5</td>
<td>.6097</td>
<td>.1219</td>
<td>.0939</td>
</tr>
<tr>
<td>School</td>
<td>1</td>
<td>.0013</td>
<td>.0013</td>
<td>.0001</td>
</tr>
<tr>
<td>Level</td>
<td>2</td>
<td>.4541</td>
<td>.2270</td>
<td>.1748</td>
</tr>
<tr>
<td>S x L</td>
<td>2</td>
<td>.1543</td>
<td>.0772</td>
<td>.0059</td>
</tr>
<tr>
<td>Error</td>
<td>52</td>
<td>6.7535</td>
<td>1.298</td>
<td></td>
</tr>
</tbody>
</table>

S School
L Level of income

Table 11. Duncan's multiple range test. Individual comparison of means of levels of student weekly income.

<table>
<thead>
<tr>
<th></th>
<th>( \bar{X} )</th>
<th>( \bar{X} - C )</th>
<th>( \bar{X} - B )</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. High</td>
<td>.604</td>
<td>.455*</td>
<td>.329*</td>
</tr>
<tr>
<td>b. Medium</td>
<td>.275</td>
<td>.126</td>
<td></td>
</tr>
<tr>
<td>c. Low</td>
<td>.149</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Significant beyond the 5% level
Table 12. Contingency table. Relationship of knowledge of retail credit transactions to the number of retail credit transactions.

<table>
<thead>
<tr>
<th>Number of credit transactions</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
<td>3</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>4</td>
<td>7</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>7</td>
<td>11</td>
<td>50</td>
</tr>
</tbody>
</table>

Total proportion of Yes: .312 .428 .363 .34

$\chi^2 = 0.33$ with 2 d.f.

L = Students with 1 to 6 credit transactions
M = Students with 7 to 12 credit transactions
H = Students with 13 and above credit transactions

Yes = Students who consistently answered questions 13-18 in the questionnaire
No = Students who did not consistently answer questions 13-18 in the questionnaire
DESCRIPTION AND PURPOSE OF THE STUDY

Teen-agers have become important consumers because of the sizeable sums of money they control and the charge accounts that have been available to them in recent years.

We are interested in the present use of charge accounts by teen-age girls in the Cache Valley area, and the teen-ager's knowledge of the charge account transaction.

You can help us with our study by completing the following questionnaire to the best of your knowledge, and as accurately as possible. We will not need your name on the questionnaire, and in no way will you be identified as an individual in this study.

Your willingness to help us with the study is sincerely appreciated.
Instructions: These questions can be answered by one of the following ways: 1. Place an x at answer or answers, 2. Complete the statements with a sentence or sentences, 3. Fill in the blanks.

1. On my last birthday I was _____ years old.
2. Amount of weekly income or allowance
   - 99¢ or less
   - $1.00 - $2.99
   - $3.00 - $4.99
   - $5.00 - $6.99
   - $7.00 - $8.99
   - $9.00 - $10.99
   - $11.00 - $12.99
   - $13.00 - $14.99
   - $15.00 or more

3. Primary source of income
   - Allowance
   - Amount earned from parents
   - Money given by parents
   - Earnings from outside employment
   - Gifts of money
   - No income
   - Other

4. Amount of savings from summer employment
   - $ 0 - $ 99
   - $100 - $199
   - $200 - $299
   - $300 - $399
   - $400 - $499
   - $500 or over
   - No savings account

5. Annual income of parents
   - Father
     - Father does not work
     - Under $1,000
     - $1,000 - $2,999
     - $3,000 - $4,999
     - $5,000 - $6,999
     - $7,000 - $8,999
     - $9,000 - $10,999
     - $11,000 or more
   - Mother
     - Mother does not work
     - Under $1,000
     - $1,000 - $2,999
     - $3,000 - $4,999
     - $5,000 - $6,999
     - $7,000 - $8,999
     - $9,000 - $10,999
     - $11,000 or more
6. Do you currently have your own charge account?
   Yes _____ No _____

7. Are you allowed to make purchases on your own and charge them to your parents' charge account?
   Yes _____ No _____ Don't have charge accounts _____

8. Do you think it is good to have a charge account?
   Yes _____ No _____ Don't know _____

9. Justify your answer to question No. 8.

IF YOU HAVE CHECKED NO FOR QUESTIONS 6 & 7 IT WILL NOT BE NECESSARY FOR YOU TO COMPLETE THE REMAINDER OF THE QUESTIONNAIRE. PLEASE RETURN YOUR COPY TO ADMINISTRATOR IN CHARGE. IF YOUR ANSWER IS YES TO QUESTIONS 6 or 7 CONTINUE ON WITH THE QUESTIONNAIRE.

10. How many credit cards or charge accounts do you have in your name?
    1 2 3 4 5 6
    How many of these are you responsible for making the payments?
    1 2 3 4 5 6
    How many of these are your parents responsible for making the payments?
    1 2 3 4 5 6

11. How many credit cards or charge accounts do you use that are in your parents' name?
    1 2 3 4 5 6
    How many of these are you responsible for making the payments?
    1 2 3 4 5 6
    How many of these are your parents responsible for making the payments?
    1 2 3 4 5 6
12. As completely as possible, list the cost of all the items you have charged since June 1, 1965. If you do not remember the cost, please put an x mark to indicate a charge purchase.

<table>
<thead>
<tr>
<th>Item</th>
<th>Cash Price</th>
<th>Down Payment</th>
<th>Number of Payments to be made</th>
<th>Amount of each Payment</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLOTHING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skirt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jumper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweater</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dress</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nylons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergarments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COSMETICS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JEWELRY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GIFTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christmas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birthday</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. Using the most expensive item you charged during the period since June 1, 1965, complete the chart below as completely as possible.

14. Did the items you purchased on the charge account transaction cost you more than if you had paid cash?
   _____ Yes (specify amount)
   _____ No
   _____ Don't know

15. Was an interest rate quoted to you?
   _____ Yes (specify amount)
   _____ No
   _____ Don't know
16. If an interest rate was quoted to you, what interest are you paying?

- [ ] 1 percent per month
- [ ] 1 percent on the unpaid balance
- [ ] 1-1/2 percent per month
- [ ] 1-1/2 percent on the unpaid balance
- [ ] Other
- [ ] Don't know

17. Was any other carrying or service charge stated at the time of the credit transaction?

- [ ] Yes (specify amount)
- [ ] No
- [ ] Don't know

18. If any other carrying or service charge was stated, what charge are you paying?

- [ ] A monthly charge
- [ ] A flat rate per purchase
- [ ] Don't know