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To the Graduate Council:

I am submitting herewith a thesis written by Ethel Josephine Neas entitled "Factors Influencing Blount County, Tennessee Home Demonstration Club Members' Use of Consumer Credit." I recommend that it be accepted for nine quarter hours of credit in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Extension Education.

Major Professor

We have read this thesis
and recommend its acceptance:

Accepted for the Council:

Vice Chancellor for
Graduate Studies and Research

# FACTORS INFLUENCING BLOUNT COUNTY, TENNESSEE HOME DEMONSTRATION CLUB MEMBERS' USE OF CONSUMER CREDIT

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A Thesis

Presented to

the Graduate Council of

The University of Tennessee

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In Partial Fulfillment

of the Requirements for the Degree

Master of Science

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by

Ethel Josephine Neas

December 1972

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ABSTRACT

This study was concerned with the use of consumer credit by Home Demonstration Club members in Blount County, Tennessee, as a basis for planning educational programs. Data were secured by group interviews from 237 Home Demonstration Club members, representing 24 clubs, who were present at their regularly scheduled club meetings. For purpose of analysis, data from the 237 Home Demonstration Club members were classified according to HDC members use of consumer credit: (1) HDC members who were using consumer credit; and (2) HDC members who were not using consumer credit. Of the 237 Home Demonstration Club members 162 were using some form of consumer credit and 75 were not. The purpose was to compare Home Demonstration Club members' use of consumer credit to their personal and family characteristics and the characteristics of consumer credit used. Twenty-two variables were identified and used as a basis for comparing Home Demonstration Club members' use of consumer credit (loans and credit cards). Contingency tables were used to show the relationship between the dependent and the independent variables. Chi square statistical analysis was used to show the significance level of relations identified. Chi square values which achieved the .05 level were accepted as statistically significant. Computations were done by The University of Tennessee Computing Center.

Major Findings

Use of loans by Home Demonstration Club members was found to be significantly related to each of the following personal and/or family characteristic: age of respondents, marital status, place of residence, having one or more children, total number of children living at home, occupation of husband, total family income, use of credit cards, number of items purchased on credit, and feelings concerning overuse of credit.

The data indicated that the directions of observed relationships were as follows.

Home Demonstration Club members who had loans tended to:

1. Be younger than those who did not have loans;
2. Be married rather than widowed, single or divorced;
3. Live in Urban rather than farm areas;
4. Have one or more children;
5. Have a larger number of children than those who did not have loans;
6. Have a larger number of children living at home than those who did not have a loan;
7. Have husbands who were industrial workers or had a business or a profession other than farming;
8. Have higher family income than those who did not have a loan;
9. Make more use of credit cards than those who did not have a loan;

10. Purchase a larger number of items on credit than did those who did not have loans; and
11. Feel that their family overused rather than underused consumer credit.

The Home Demonstration Club members' personal and family characteristics which were not significantly related to HDC members' use of consumer credit were: number of years served as a HDC member; level of education; and frequency of family income.

Implications and recommendations were also made.

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# CHAPTER I

## THE PROBLEM AND ITS SETTING

### I. INTRODUCTION

Since the passage of the Smith-Lever Act providing for Agriculture Extension work in 1914, Extension's principal aim has been one of working with the people of the United States to the end that they may be able to think more critically and creatively and become better able to make decisions in relation to their own problems in the subject-matter areas for which Extension workers have been given specific legal educational and leadership responsibilities (36:9).*

Two years after the passage of the Smith-Lever Act Blount County became the fifth county in Tennessee to initiate an Extension home economics program. Since 1916, part of Blount County Extension's home economics educational program has been conducted through organized Home Demonstration Clubs (4:1).

### II. THE NEED FOR THE STUDY

At the time of the study, there was no known survey data concerning the characteristics of Home Demonstration Club members in Blount County, Tennessee, who were and were not using consumer credit.

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*Numbers in parentheses refer to similarly numbered items in the Bibliography; those numbers after the colon refer to page numbers.

Since money management seemed to be an increasingly important factor in family living, and if such a program was to be most effective, reliable information was needed concerning factors influencing Blount County HDC members' use of consumer credit.

It was felt that if some of the factors related to the use of consumer credit could be identified such information would be helpful to Extension agents planning and conducting work in home management.

## III. STATEMENT OF THE PROBLEM

Consumer credit is becoming an increasingly important instrument in finance as more families use it in larger amounts and in a greater number of forms. For some families credit is a useful tool; for others it becomes a burden and a source of worry (30:17). By the mid-1960's, one out of two American families was making time payments on goods of one kind or another, not including home mortgages. One family out of twenty was using one third of its income to pay its debts; and one family out of thirty-three had committed 40 percent or more of its income to deficit spending by buying on credit (29:28).

Carson noted that the number of bankruptcies between 1957 and 1967 per 100,000 population increased from 38 to 98. In the fiscal year ending June 30, 1967, Tennessee ranked third highest among the states with respect to the number of bankruptcies per 100,000 population (9:3).

According to a survey conducted June, 1969, by the Federal Reserve Board most consumers did not know the true annual rate of interest being charged on the credit they were using.

In the Federal Reserve Board survey interviews were conducted with 5,149 households throughout the nation, mainly by telephone. The man or woman heading the household was questioned about recent use of the major types of credit and about interest rates charged for this financing. More interviewees with first mortgage loans than with other types of credit thought they knew the interest rate they were being charged, as the following tabulations show the type of credit and percent of persons who thought they knew the interest rate, in respective order (10:17): First mortgage loan, 73 percent; Automobile loan, 66 percent; Home improvement loan, 65 percent; Personal loan, 58 percent; Retail charge account, 52 percent; Bank credit card, 52 percent; and Appliance and furniture loan, 46 percent.

Congress realized the need for change in laws regulating the use of consumer credit and passed the Federal Reserve Regulation Z Truth-in-Lending bill which went into effect July 1, 1969. This bill requires that all finance charges be stated plainly in dollars and as an annual percentage rate (38:3).

According to data from the Federal Reserve Board, the National Consumer Finance Association and others, the debt load in Blount County is $1,200 per family. However, since many have no debt, the amount owed by those that do is considerably higher. In general, more than one dollar out of every seven dollars that a family has left after paying its personal taxes goes to pay consumer debts.

In Blount County the average repayment rate in 1970 was approximately $100 per month per family (25:1). The foregoing suggests the relative importance of consumer credit for Extension educational attention.

## IV. PURPOSE OF THE STUDY

The overall purpose of this study was to secure information which would be helpful in planning Extension educational work with Blount County Tennessee's Home Demonstration Club (HDC) members. Specifically, objectives of the study were as follows:

1. To determine relationships between HDC members' use of loans and selected personal and family characteristics.
2. To determine relationships between HDC members' use of loans and characteristics of their use of consumer credit.
3. To determine relationships between HDC members' use of credit cards and selected personal and family characteristics.

## V. LIMITATIONS OF THE STUDY

Data for the study were secured from Home Demonstration Club members in Blount County, Tennessee.

The study was limited to two dependent and twenty-two independent variables. The dependent variables concerned Home Demonstration Club members' use of loans and their use of credit cards. Independent variables were classified into two major groups; namely: (1) personal and family characteristics (11 variables); and (2) characteristics of their use of consumer credit. These characteristics were as follows: age of respondents, level of education, number of years served as a HDC member, marital status, place of residence, whether or not the respondent had children, number of children, number of children living at home,

husband's major occupation, family income last year, and frequency of income.

Use of credit cards, who uses credit cards most frequently, used other short term non-interest credit--past 12 month, used credit past 60 months, number of designated items purchased on credit past 12 months, items purchased on credit, does the family overuse credit, advantages of using credit, disadvantages of using credit, respondent's ability to calculate interest, and respondents' husband calculate interest.

The interview schedule was limited in length so that it could be administered during a regular Home Demonstration Club meeting without prolonging the meeting.

## VI. METHOD OF INVESTIGATION

### The Population and Sample

The population of the study included 488 Blount County, Tennessee Home Demonstration Club members.

The sample included 265 members from 24 of the 25 clubs who were present at their regularly scheduled monthly meeting. Twenty-eight schedules were deleted from the analysis due to incompleteness or inaccuracy. The remaining 237 completed interview schedules were used in the analysis. One club meeting was cancelled; therefore, the members were not included in the sample. Of the 237 members thus included, 125 were using credit cards and/or 162 had loans within the past 60 months.

## Developing and Pre-Testing the Interview Schedules

The interview schedule used in this study was a revision of a schedule developed and used by Ester Hatcher to study the use of credit by low-income homemakers in Madison County, Tennessee. Revisions were made to meet the objectives of the present study.

## Collection of Data

Prior to the collection of the data, the purpose of the study, the use to be made of the data, and the procedure to be followed in collecting data were explained to the Blount County Council of Home Demonstration Clubs.

Group interviews were conducted in September and October, 1971, during regularly scheduled HDC meetings. Interviews were conducted by the Extension agent. Respondents' names were not recorded and interview schedules were placed in an enclosed box by each interviewee.

## Analysis of Data

A chi square statistical test of significance was used in the analysis of data. Chi square values which achieved the .05 level of significance were accepted as being statistically significant. Computations were made by The University of Tennessee Computing Center.

A contingency table analysis program was used in the analysis to determine relationships between Home Demonstration Club members' use of consumer credit and each of the 22 independent variables.

Output for this program included: (1) two-way frequency tables; (2) row, columns, and table percentages; and (3) chi square value and degrees of freedom.

Although research and null hypothesis were not stated, an assumed null hypothesis existed for each of the independent variables. The assumed null hypothesis for each independent variable was: there is not a significant relationship between homemakers' use of consumer credit and each independent variable.

The chi square test requires that the expected frequencies in each cell should not be too small. Cochran (1954) recommends that for chi square tests with degrees of freedom larger than one (that is, when either the column or row is larger than two), fewer than 20 percent of the cells should have an expected frequency of less than five (23:178).

## VII. DEFINITION OF TERMS

So that terms used in the study may be understood certain ones are defined below.

Consumer Credit--Purchasing power used to obtain goods and services with a promise to pay later.

Credit Cards--Includes charge accounts, charge cards, credit and retail charge are referred to in this study as a means of obtaining goods and services without the payment of interest when paid within 30 to 90 days.

HDC Members--Home Demonstration Club Members. Respondents included on the clubs' roll and have not missed three meetings in a sequence during the fiscal year.

Installment Credit--Form of consumer credit used to purchase goods and pay for them at specified times and in specified amounts over a period of time.

Loans--Long time consumer credit for which interest will be charged.

## CHAPTER II

## REVIEW OF RELATED LITERATURE

According to the 1958 Scope Report, home management has traditionally been one of the nine program areas which should receive priority attention by the Extension service (2:10). In 1966 a publication entitled Focus also issued by the Federal Extension Service included consumer competence as one of the five major areas of emphasis (14:12).

Boulding in a presentation during the American Home Economics Association's 61st annual meeting at Cleveland, Ohio, June, 1970, stated that the household sector of the total economy is the largest single item, yet it has been surprisingly neglected by the economists. While the household sector of the national economy runs 60 and 70 percent, the proportion of articles written by the economists devoted to consumer economics over the past 80 years has been only 1.28 percent (7:447).

According to data from the Federal Reserve Board the National Consumer Finance and others in 1970, consumers accounted for 17 percent of the consumer debt outstanding in the United States (5:40). This is equivalent to about $1,600 per family or more than $1 out of every $7 that a family has left after paying its personal taxes, goes toward the repayment of installment debt (25:1). However, since some families have no debt (51 percent), the amount owed by those that do is considerably higher (5:49).

Studies were found which indicated that families were more concerned with income earning than income-spending or income-managing.

A 1969 study of 184 Negro families residing in Fayette and Haywood Counties in West Tennessee included the question, "What help do you think you need in order to improve management of resources?" Fifty-one percent said they did not need help, approximately 20 percent indicated they needed more money, while the answers from the remaining were varied (19:14).

During recent years various studies have been made relating to the use of consumer credit. A review of available literature indicated the problem to be of major interest and importance to Extension workers. Available studies judged to be related to the independent variables in this study were reported in the review of literature. Findings will be reported under the topics of personal and family characteristics and the characteristics of consumer credit.

## I. RELATIONSHIPS BETWEEN HOME DEMONSTRATION CLUB MEMBERS' USE OF CONSUMER CREDIT AND THEIR SELECTED PERSONAL AND FAMILY CHARACTERISTICS

### Age

Younger consumers tend to make the greatest use of consumer credit. A study conducted by the Consumer and Food Economics Division and the College of Home Economics of Oklahoma State University in 1969 in which all husbands were less than 45 years of age found that about 4 out of 5 of the 365 families were making payments on consumer debts. The older families (husband 35 to 44 years old) were less likely to be making payments (30:17). Information based on surveys made by Government agencies in 1966 found that three-fourths of all homes in which the

head was under 35 years were mortgaged (31:8). Staffney in a study of 60 low-income Negro families in Knoxville, Tennessee, reported that 95 percent of the persons under 30 years of age had some indebtedness as compared with 80 percent of those 30 to 44 years of age and 75 percent of those 45 years of age and over (34:54).

Grosboll, who did a similar study with 60 low-income white families in Knoxville obtained similar findings. Seventy percent of the younger families were in debt compared with only 40 percent of the families headed by persons 45 years or over (16:41).

Caplovitz' study of 464 New York low-income families indicated that families headed by persons between 30 and 39 years of age had most often taken out loans (8:100). Three studies, two of which were conducted in Knoxville, Tennessee, and the other in Portland, Oregon, showed that petitioners who turned to bankruptcy or participated in the Wage Earner's Plan to solve financial crisis were more frequently younger people. Matsen's composite description of the findings conducted in 1966 in Oregon was that the age range for such petitioners was from 28 to 30 years old (24:33). Carson, in her study of 100 Knoxville petitioners in 1968, found that 40 percent were less than 31 years old: almost as many were between the age of 31 and 40; and only one-fourth were over 40 (9:17). Hamdorf also concluded there was a significant relationship between age and the use of loans (17:15). The 1971 Survey of Consumer Finances, Survey Research Center, University of Michigan, found that the level of commitment of debt repayment was highest (39 percent) for the families under 25 years of age, 27 percent were in the 25 to 35 age group with a steady decline thereafter (5:51).

However, credit cards tended to be used more by a different age group. The 1970 Survey of Consumer Awareness conducted by the Federal Reserve Board showed that the proportion of households owning bank credit cards and retail charge accounts was greatest when the head was between 35 and 50 years old (32:8).

Education

Formal education appears to have little effect on the use of loans. When the author of The Affluent Society, J. K. Galbraith, said in a Washington speech that he had never met a "truly educated person who was poor," the remark was hailed as a brillant insight into the heart of the poverty problem. Although lack of education is not the only reason for poverty, it appears to be one of the major causes. In the 1967 Economic Report of the President, the statement was made that "many of the underprivileged, particularly members of ethnic and racial minorities have received less than their share of education" (16:9).

Studies by Caplovitz, Denton, and Washington showed that the poor in their areas knew little about the use, cost, and obligation of credit (8:14).

Carson listed as one of her findings that more than 50 percent of the bankruptcy petitioners in her study had less than a ninth grade education (9:17). Nevertheless, in the Hamdorf and Matsen studies over one-half of the petitioners had graduated from high school (17:15; 24:33). Five of the 30 petitioners in the Hamdorf study had completed college (17:15). Studies conducted in Knoxville, Tennessee, by Staffney and Grosboll involving 60 low-income Negro families and 60 low-income white

families found that over 80 percent of the Negro respondents with eight years or less of education and almost as large a proportion of those with more education were in debt (34:56). Grosboll did not find a significant relationship between education and the use of loans, though somewhat fewer of those with 9 to 11 years of schooling than of the better educated group, 12 years or more, had debts (16:41).

Marital Status

Marital status would seem to influence the use of consumer credit, although adequate information was not found to verify this assumption. In a study by Carson of 100 bankruptcy petitioners, 73 percent were married at the time of the court hearing. Twenty-two percent were divorced, separated, or widowed, while single persons comprised 5 percent of the sample (9:20). Twenty-four of the 30 petitioners in the Hamdorf study and all of those included in the Matsen study were married (17:18; 24:33).

Weaver, in a study of 46 University of Tennessee undergraduate married students, found that 90 percent of the families were using some form of consumer credit with credit charge accounts being the most common type. Forty-six percent of the families had borrowed money. Only one-sixth of those married one to two years had some form of loan, as compared to 43 percent of those married three to four years (40:45). Eighty-two percent of the 70 respondents in the Madison County, Tennessee, survey of HDC members conducted by Hatcher were married (18:32). Her findings indicated that about one-third of the respondents owned credit cards and 61 percent used loans (18:67). Weaver also found that

the amount of debt increased with the length of marriage. Half of the couples married less than three years had debts of less than $100, compared to 70 percent of those married five to nine years who had debts of $1,000 and over (40:49).

Number of Children

The U. S. Department of Agriculture and Labor, in a survey conducted in the early 1960's found that having dependent children influenced the use of loans. Young families (head under 35), with an average family size of 3.7 persons, had expenditures slightly higher than their income. The debt averaged 81 percent of current income, of which three-fourths was home mortgage debt. Growing families (head 35 to 54 years old), with an average of 4.1 persons, had income averaging a little higher and also their debt was higher than the younger families. Contrasting families (head 55 to 64 years) were smaller (family size 2.6) and had higher incomes and expenditures than the young families but less income and expenditures than the growing families.

Retired families (head 65 years and over) had relatively low income, expenditures and debt (31:8).

Caplovitz and Matsen found that family size was closely related to dependence on credit. Larger families used consumer credit more than smaller ones and found it harder to get out of debt. "They move from one debt to another on the installment plan" (8:104). These studies indicated that as children left home, the pressure to assume debt declined.

Occupation

Occupation has been found to be associated with the use of loans. The three studies conducted individually by Carson, Hamdorf, and Matsen of persons filing bankruptcy petition found that almost three-fourths were unskilled or semi-skilled workers. Caplovitz stated that a study conducted in Washington, D. C., of customers who used credit in a low-income market found that the largest proportion, 28 percent, were service workers or 75 percent of the customer sample were unskilled or semi-skilled workers (1:93).

Income

Socio-economic level has bearing on the use of consumer credit. A 1971 study by the Survey Research Center at the University of Michigan found that of families with income levels under $3,000, some 71 percent had no installment payments and another 5 percent had payments under 10 percent of their disposable income. Among persons with disposable income of $10,000 to $14,999, 60 percent of these families owed some installment credit (5:49).

Matsen listed as one of his findings that users of installment credit are concentrated most heavily among young, middle-income families, especially those with children. This is the period in the family cycle when the need and desire for consumer goods and services may be growing faster than income (24:33). Staffney found that the respondents with the greatest amount of debt had the highest income: $4,000 and over (34:35). The largest proportion of the petitioners studied by Carson (40 percent) had family monthly income between $250 and $399 in 1967;

almost one-third had received under $250 and approximately one-fourth $400 or more per month (9:17). According to studies by the Survey Research Center at Ann Arbor, Michigan, overall more consumer debt incurred as total income increased or decreased than when it stayed the same (12:195). Katona states that, "The ratio of debt to annual income is considerably higher for the poor than for others--about twice as high as the ratio among better-off families" (16:8).

Deacon stated that lower income families and those with a smaller amount of installment debt tended to get behind on payments (12:195).

Ownership of credit cards tend to increase as household income increases. The proportion of interviewees in the Staffney study having credit cards rose from 15 percent to 70 percent as income level increased. Seventy-five percent of the families with incomes from $3,000 to $3,999 owned credit cards, while approximately 90 percent of all families with incomes of $4,000 or more owned credit cards (34:31). The Federal Reserve Board also indicated that ownership of bank credit cards and retail charge accounts increased as household income increased (34:35). The findings indicated that among households with incomes under $5,000, 13 percent owned bank credit cards and 33 percent had retail charge accounts; among the $5,000 to $7,999 income group, 21 percent owned bank credit cards and 52 percent retail charge accounts; among the $8,000 to $9,999 group, 27 percent had bank credit cards, while 62 percent had retail charge accounts; among the $10,000 and over group 40 percent had bank credit cards and 74 percent had retail charge accounts. Also, one-third of the households classified as below the poverty level owned retail charge accounts (32:9). The study conducted by Hatcher also

found that about one-third of the interviewees owned some form of credit card. A higher proportion of the interviewees in the $5,000 or more income level indicated that they owned credit cards than those with incomes of less than $3,000. A comparison of interviewees with less than $3,000 income and those with $5,000 or more indicated that 9 percent of the former and 21 percent of the latter owned two or more credit cards (18:40).

Morgan, Program Director, Survey Research Center, University of Michigan, in a 1967 presentation at the AREA workshop on consumer credit in Family Financial Management stated the following:

> Credit is a middle income phenomenon. High-income people use it more rarely but for longer period commitments, as when they buy cars. The lowest income people rarely use credit; whether from their own "won't power" or the unwillingness of lenders to lend to them is difficult to say. They are even less likely to use revolving credit accounts, charge accounts, and gasoline credit cards, even though the last two provide free credit for short periods. It is only at incomes above $7,500 where as many as a third of the people use gas credit cards, and about $10,000 where more than half do. For charge accounts one reaches a point where about half the people use them at $7,500, and at $10,000 some two-thirds are using one or more (26:211).

Gordon's 1961 findings also indicated that the middle-income group was the largest users of credit (15:281).

## II. RELATIONSHIPS BETWEEN HOME DEMONSTRATION CLUB MEMBERS' USE OF CONSUMER CREDIT AND THE CHARACTERISTICS OF THEIR USE OF CONSUMER CREDIT

### Advantages and Disadvantages

The studies reviewed indicated that there are both favorable and unfavorable opinions with respect to the use of installment credit.

Favorable ones included: (1) it would be impossible to buy things at times without it; (2) it is good to be able to use goods while you are paying for them; (3) it provides for a more desirable standard of living (13:74; 41:3).

Arguments against the use of installment credit included: (1) one should never go into debt; (2) installment buying costs too much money (20:100; 41:3).

A study conducted in 1956 of 80 middle class families by Whyte found that approximately one-half of the people held that buying on installment was "good" while one out of every three thought it was "bad" (20:167). Caplovitz found that 15 percent of those interviewed said that buying on credit was a good idea; 59 percent believed it was a bad idea; 26 percent gave qualified answers. However, their attitude and behavior did not coincide. Seventy-five percent of the families were using credit. These low-income families did not differ greatly from the population at large in their use of credit (8:95). Morgan stated in 1968 that over the past thirteen years of conducting the national sample to determine whether it was a good or bad idea to buy things on the installment plan, the overall predominately favorable attitude toward credit financing has not changed (26:21).

It was estimated that over 70 percent of the American families enjoyed consumer credit in one form or another (13:70). Records also showed that "having made the plunge consumers in debt were better sales prospects--that is they bought more than nondebt families" (15:282). Studies have also indicated that there was a lot more consumer spending when a consumer could say, "Put it on my account" (6:189). Troelstrup

states that credit selling is generally recognized as the core of present-day profitable retailing operations for four reasons. The consumer buying on credit: (1) tends to buy higher-priced merchandise, to buy more in volume, and to buy more frequently than the cash customer; (2) does not shop around; (3) amount of purchase per credit sale is more than enough to compensate for the overhead of credit selling; and (4) earnings on credit extension frequently equal or exceed the net return from markups on merchandise (37:88).

A national sample conducted in 1967 ask: "Suppose you'd like to make some large purchases--would it be easy or a hardship for you to take care of larger payments than you make now?" Nearly two-thirds of the families reported that it would be difficult or very difficult to take on more (26:21). An article in the U. S. News and World Report on "Who's Going Bankrupt and Why," concludes: "Most people manage reasonably well on their expected or planned debt. What gets them into trouble is the unexpected" (42:83). Deacon states that a number of factors appear to be related to credit problems, such as divorce, loss of spouse, low income, little education, youth or old age, having low savings, not owning a home, or experiencing an income change. No one of these conditions directly relate to credit problems, but are conditions that may make it difficult to meet obligations, particularly if a number of them occur at the same time (12:195).

Studies tend to indicate that convenience is the predominate reason for using credit cards or charge accounts. Wood's findings indicate that people prefer department stores where they have charge accounts by almost a four to one ratio (6:189). Other studies conducted

by Donaldson, Pfahl, Smith, Pratt, and the Federal Reserve Board indicate similar findings (13:24; 29:29; 32:8).

Use

A survey taken in 1971 by the USDA and Oklahoma State University showed that approximately 56 percent of the survey families owning cards used them as 30-day accounts, while 44 percent used their cards part of the time as a revolving charge (32:8).

The proportion of households using installment credit to purchase durable goods tended to be influenced by personal characteristics. A 1970 Survey of Consumer Awareness found that 23 percent of the families in which the head was under 35 years of age, 17 percent of the 35 to 49 year age group and only 9 percent of those 50 or older used credit to purchase cars. Twenty percent of the under 35; 14 percent of those 35 to 49, and 7 percent of the 50 or over age group used credit for furniture and appliances (32:8). A national survey 1969 by Consumer Finance, University of Michigan, showed that Negro families were more likely to owe installment debt than white families, although the average amount owed was less. The portion of Negro households using credit for furniture and appliance was twice that of white households (24 and 11 percent, respectively); but the proportion using credit for cars and personal loans was about the same; 15 percent for Negro and 12 percent for white households (32:9). Of all the installment credit outstanding at the end of 1971, 35 percent was for the purchase of automobiles (5:43). Eighty percent of the expenditure for autos and 76 percent for other durable consumer goods was financed by installment in 1971 (5:46).

However, the Federal Reserve Board Survey found that households with higher incomes were as likely to buy cars on credit as were middle income families and that one-tenth of the households classified as below the poverty level bought cars on credit. These cars were usually used rather than new. A greater proportion of poverty than nonpoverty households used credit for furniture and appliance (32:8).

Interest

Many individuals do not consider the additional charges for the use of installment payments and/or loan plans. Staffney found that one-half of the respondents listed the price of the items as their first consideration; a fourth the amount of the periodic payment; about 20 percent the extra charge for credit; and 5 percent the number of payments (34:38). Hatcher found that 95 percent of the HDC respondents were unaware of the amount of interest they paid the year prior to the survey. This was true for 96 percent of the high income and all of the low income respondents (18:112). Troelstrup in a research survey in 1964 found that two out of five people questioned had no idea what it cost them to buy using an installment plan and the others guessed from 6 to 13 percent. The research center at the University of Michigan also reported that college graduates were as misinformed as the rest of the public (37:93).

Surveys made in June, 1969 and 1970 indicate consumers' awareness of the cost of credit has improved since the Truth-in-Lending Law became effective on July 1, 1969, from 13 to 42 percent of the respondents, depending on the type of loan, were not aware of the interest rate which

they were paying (35:26). Even though the Truth-in-Lending law which requires all finance charges to be stated plainly in dollars and as an "annual percentage rate" is in effect, complaints from shoppers about revolving charge accounts keep coming to congressmen, the Federal Trade Commission, President's Consumer Advisers, and to Kiplingers' Changing Times.

A survey by Dr. Richard L. L. Morse and Mrs. Marilyn M. Max, Kansas State University Department of Family Economics indicated the majority of credit officials employed in retail stores and central offices are unable to explain the credit systems used by their chains. "Any information obtained from credit personnel either before or after passage of the Truth-in-Lending Law is likely to conflict with actual billing practices." The study found that credit people within the same chain "generally were not in agreement as to the dollar cost" of finance charges (39:9).

Findings from the preceding studies indicate that age, the number of children in a family, occupation, and income are factors which influence the use of consumer credit.

# CHAPTER III

## FINDINGS OF THE STUDY

The purpose of this chapter is to present the findings of the study. This will be done under the following purpose-related topics:

1. Relationships between Home Demonstration Club members' use of loans and selected personal and family characteristics.
2. Relationships between Home Demonstration Club members' use of loans and characteristics of their use of consumer credit.
3. Relationships between Home Demonstration Club members' use of credit cards and selected personal and family characteristics.

## I. RELATIONSHIPS BETWEEN HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND SELECTED PERSONAL AND FAMILY CHARACTERISTICS

### Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Ages

Table I shows the percents of HDC members who were and were not using loans in each of four age groups. Almost one-half of all the HDC members (47 percent) were 55 years of age or older, while 38 percent were 35 to 54 years old. A higher proportion of the HDC members who used loans (43 percent) than of those who did not use loans (27 percent) were from 35 to 54 years old. Sixty-four percent of the respondents who did not use loans and 40 percent of those who did use loans were 55 years old or older. These observed differences achieved the .01 level

TABLE I

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR AGES

| | Use of Loans[a] | | |
|---|---|---|---|
| Ages of Respondents | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Under 35 Years | 15 | 17 | 9 |
| 35 - 54 Years | 38 | 43 | 27 |
| 55 - 64 Years | 24 | 21 | 32 |
| 65 Years and Over | 23 | 19 | 32 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 12.4, significant at .01 level. Critical $X^2$ value for 3df = 11.3 at the .01 level.

of probability when tested by the chi square test of significance. This showed a significant relationship existed between the age of the HDC member and their use of loans. Those using loans tended to be younger than the respondents who were not using loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Level of Education

Table II shows the percents of Home Demonstration Club members in each of four educational levels who were and were not using loans. Almost one-half of all HDC members (44 percent) had completed from two to four years of high school; while 28 percent of the HDC members had completed one or more years of college. Comparison of homemakers who were using loans with those who were not revealed that a higher percentage of the former (46 percent) than of the latter (39 percent) had completed from two to four years of high school. Fifteen percent of the interviewees who did not use loans and 6 percent who did use loans did not respond as to their educational level. A slightly higher proportion of the HDC members who did use loans (9 percent) than of those who did not use loans (6 percent) had completed from one to two years of high school. Thirteen percent of the respondents who did not use loans and 11 percent who did, had completed the eighth grade or less. About the same proportion of HDC members who were (28 percent) and were not using loans (27 percent) had completed one or more years of college. These differences did not achieve .05 significance level when tested by the chi square test of significance. These data indicated there was not a significant relationship between the members' level of education and

TABLE II

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR LEVEL OF EDUCATION

| | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) | YES (N=162) | NO (N=75) |
| Levels of Education | % | % | % |
| Eighth Grade or Less | 11 | 11 | 13 |
| 1 to 2 Years High School | 8 | 9 | 6 |
| 2 to 4 Years High School | 44 | 46 | 39 |
| One - More Years College | 28 | 28 | 27 |
| No Response | 9 | 6 | 15 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 5.5, not significant at .05 level. Critical $X^2$ value for 4df = 9.5 at the .05 level.

use of loans. Therefore, number of school grades completed by the HDC members did not significantly influence their use of loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and the Number of Years Respondents Had Belonged To a Club

Table III shows the percents of HDC members who were and were not using loans and their tenure in Home Demonstration Clubs. Of all the HDC members interviewed, 42 percent had been members less than five years. More than one-third of the respondents (38 percent) had remained in a Home Demonstration Club ten or more years, as compared to 20 percent from five to nine years. A higher percentage of the HDC members who were using loans (44 percent) than of those who were not using loans (37 percent), had been members under five years. Almost one-fourth of the HDC members who were not using loans (24 percent) and 18 percent of those who were using loans had been members from five to nine years. About the same proportion of HDC members who were not using loans (39 percent) and those who were using loans (38 percent) indicated that they had been members ten years or more. These observed differences did not achieve the .05 level of significance when tested by the chi square test. Therefore, use of loans by HDC members was not significantly influenced by the number of years served as a HDC member.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Marital Status

The percents of Home Demonstration Club members who were and were not using loans are given in Table IV by their marital status. Of those HDC members interviewed most (85 percent) were married. The next

TABLE III

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THE NUMBER OF YEARS RESPONDENTS HAD BELONGED TO A CLUB

| | Use of Loans[a] | | |
|---|---|---|---|
| Years HDC Member | Total (N237) % | YES (N=162) % | NO (N=75) % |
| Under 5 Years | 42 | 44 | 37 |
| 5 - 9 Years | 20 | 18 | 24 |
| 10 Years and Over | 38 | 38 | 39 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 1.6, not significant at .05 level. Critical $X^2$ value for 2 df = 6.0 at the .05 level.

TABLE IV

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR MARITAL STATUS

| Marital Status | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Married | 85 | 90 | 74 |
| Widowed | 12 | 8 | 17 |
| Single | 3 | 0 | 9 |
| Divorced | 0 | 1 | 0 |
| No Response | 0 | 1 | 0 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 21.2, significant at .001 level. Critical $X^2$ value for 4 df = 18.5 at the .001 level.

highest percent (12 percent) were widowed. When HDC members who were and were not using loans were compared, 90 percent of the former and 74 percent of the latter were married. A higher percentage of the HDC members who were not using loans (17 percent) were widowed as compared to only 8 percent who did have a loan. None of the HDC members who were using loans were single, while 9 percent of those who were not using loans were single. When tested by the chi square test these differences achieved the .001 level of significance. Use of loans by HDC members was significantly related to their marital status. The proportion of those using loans was greater among those who were married than among the widowed, single, or divorced members.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Place of Residence

Place of residence of HDC members who were and were not using loans is shown in Table V. The largest percent of all the HDC members (38 percent) lived in rural non-farm areas, while about one-third (31 percent) lived on farms. When HDC members who were and were not using loans were compared, 48 percent of the former and 22 percent of the latter resided on farms. More than twice as many of the urban residents used loans (38 percent), as those who did not (17 percent) used loans. Of the HDC members who were non-farm residents, 40 percent used loans and 35 percent did not.

These observed differences in the HDC members' place of residence achieved the .001 level of significance when tested by the chi square test. A significant relationship existed between HDC members' place of

TABLE V

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR PLACE OF RESIDENCE

| Place of Residence | Total (N=237) % | Use of Loans[a] YES (N=162) % | NO (N=75) % |
|---|---|---|---|
| Farm | 31 | 22 | 48 |
| Non-Farm | 38 | 40 | 35 |
| Urban | 31 | 38 | 17 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 17.4, significant at .001 level. Critical $X^2$ value for 3 df = 16.2 at the .001 level.

residence and use of loans. Respondents who lived on a farm were the least likely to use loans, while urban residents were the most likely to use loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Whether or Not They Had Children

Table VI shows the percents of Home Demonstration Club members who were and were not using loans and whether or not they had children. Of those HDC members interviewed most (85 percent) had children. A large proportion of the HDC members who used loans (90 percent) had children, while 75 percent of the HDC members who did not use loans had children. Almost one-fourth of the HDC members who did not use loans (24 percent) and 10 percent of the interviewees who did use loans had no children. These data did achieve the .01 level of significance when tested by the chi square test.

Whether or not HDC members had children was a significant factor influencing their use of loans. A higher proportion of the HDC members who used loans had children than of those who did not use loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Number of Children in Their Families

Home Demonstration Club members who were and were not using loans are shown by percents and by number of children in Table VII. Forty-one percent of all the HDC members had one or two children, while one-third (32 percent) had three or four children. Seventeen percent of the HDC members had no children and 10 percent had four or more.

TABLE VI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND WHETHER OR NOT THEY HAD CHILDREN

| | Use of Loans[a] | | |
|---|---|---|---|
| Had Children | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 85 | 90 | 75 |
| No | 15 | 10 | 24 |
| No Response | 0 | 0 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 9.8, significant at .01 level. Critical $X^2$ value for 2 df = 9.2 at the .01 level.

TABLE VII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND NUMBER OF CHILDREN IN THEIR FAMILIES

| Number of Children | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| None | 17 | 13 | 26 |
| 1 - 2 | 41 | 42 | 40 |
| 3 - 4 | 32 | 36 | 21 |
| Over 4 | 10 | 9 | 13 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 9.2, significant at .05 level. Critical $X^2$ value for 3 df = 7.8 at the .05 level.

More than one-third of the HDC members who used loans (36 percent) had three or four children, while 21 percent of those who did not use loans had this many children. Twice as large a percentage of the HDC members who did not use loans (26 percent) as those who did use loans (13 percent) had no children. Thirteen percent of the respondents with four or more children did not use loans as compared to 9 percent who did use loans.

A relatively small percentage difference was indicated between the HDC member with one or two children who used loans (42 percent) and those who did not use loans (40 percent). These observed differences did achieve the .05 level of significance when tested by the chi square test.

Use of loans was influenced by the number of children in the families. Families with from one to four children in their families tended to have loans while families without children tended not to have loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and the Number of Children Living at Home

Table VIII gives the percents of Home Demonstration Club members who were and were not using loans and the number of children who were living at home.

Over one-half of all interviewees (57 percent) had no children living at home. The next highest percent of HDC members (20 percent) had one child living at home, while 14 percent had two children living in the home.

TABLE VIII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THE NUMBER OF CHILDREN LIVING AT HOME

| Number Children Living at Home | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| None | 57 | 50 | 72 |
| One | 20 | 21 | 19 |
| Two | 14 | 17 | 5 |
| Three | 7 | 9 | 3 |
| Four | 2 | 3 | 0 |
| Over Four | 0 | 0 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 17.4, significant at .01 level. Critical $X^2$ value 5 df = 15.1 at the .01 level.

A higher percentage of the HDC members who were not using loans (72 percent) as compared with those who were using loans (50 percent) had no children living in the home. Seventeen percent of the HDC members who were using loans had two children at home, while 5 percent of the HDC members who were not using loans had this number of children at home. Almost one-tenth of the interviewees who were using loans (9 percent) had three children in the home. However, a very small proportion of those not using loans (3 percent) had this many children living at home. A slightly higher percent of the HDC members who were using loans (21 percent) than those who were not using loans (19 percent) had one child living at home.

When tested by the chi square, these differences achieved the .01 level of significance. Therefore, the number of children living at home was a significant factor influencing the use of loans by HDC members in Blount County. Respondents without children living at home tended to not use loans.

## Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Husbands' Major Occupation

The percents of HDC members who were and were not using loans are shown in Table IX by occupations of their husbands. The largest proportion of all the interviewees' husbands (34 percent) were industrial workers. The next highest percent (19 percent) were retired, while 16 percent were business and/or professional and a small percent (8 percent) of the husbands were farmers. Four out of ten of the interviewees who used loans (40 percent) and 20 percent who did not use loans had husbands

TABLE IX

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR HUSBANDS' MAJOR OCCUPATION

| | Use of Loans[a] | | |
|---|---|---|---|
| Husbands' Major Occupation | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Farmer | 8 | 5 | 16 |
| Industrial Worker | 34 | 40 | 20 |
| Business or Professional | 16 | 21 | 5 |
| Retired | 19 | 18 | 23 |
| Other | 23 | 16 | 36 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 31.1, significant at .001 level. Critical $X^2$ value for 4 df = 18.5 at the .001 level.

who were industrial workers. Over one-fifth (21 percent) of the interviewees who used loans had husbands employed in business and/or professional occupations as compared to 5 percent of those who did not use loans. However, a larger proportion of the interviewees who did not use loans (16 percent) had husbands who were farmers than did those who used loans (5 percent). Almost one-fourth of the respondents who did not use loans (23 percent) had husbands who were retired, compared to 18 percent of those who did use loans. These observed differences in the use of loans and HDC members husbands' major occupation achieved the .001 level of significance when tested by the chi square test. There was a significant relationship between the husbands' major occupation and use of loans by the family. Respondents who had loans tended to have husbands who were industrial workers or to be in business and/or professional occupations. A smaller proportion of the farmers had loans than any other occupational classification studied.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Annual Family Income Last Year

The annual family income of HDC members who were and were not using loans is shown by percents in Table X. Almost one-half of all the interviewees (44 percent) indicated their family had an annual income between $5,000 and $10,000. More than one-fourth of the HDC members (29 percent) indicated $10,000 to $15,000 annually, while less than one-fifth (17 percent) indicated less than $5,000 annually. A larger percent of the HDC members who were using loans (33 percent) than the respondents who were not using loans (19 percent), income was from $10,000 to

TABLE X

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR ANNUAL FAMILY INCOME LAST YEAR

| Family Income Last Year | Total (N=237) % | Use of Loans[a] YES (N=162) % | NO (N=75) % |
|---|---|---|---|
| Less Than $5,000 | 17 | 14 | 25 |
| $5,000 to $10,000 | 44 | 41 | 50 |
| $10,000 to $15,000 | 29 | 33 | 19 |
| $15,000 and Over | 6 | 7 | 5 |
| No Response | 4 | 5 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 10.8, significant at .05 level. Critical $X^2$ value for 4 df = 9.5 at the .05 level.

$15,000. One-half of all respondents who were not using loans (50 percent) and 41 percent of those who were using loans earned $5,000 to $10,000 yearly. Twenty-five percent of the families who did not use loans and 14 percent of the respondents who did use loans, had a family income of less than $5,000 annually. These data did achieve the .05 level of significance when tested by the chi square test. The annual income was a significant factor influencing HDC members' use of loans. Low income (under $10,000) was associated with low relative use of loans. Likewise, high income ($10,000 and over) was associated with high relative use of loans.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Frequency of Their Income

Table XI gives the percents of HDC members who were and were not using loans and their frequency of income. Nearly one-half of all the HDC members (47 percent) received their income monthly, while one-third (33 percent) were paid weekly. When HDC members who were and were not using loans were compared, a higher percent of the former (35 percent) than of the latter (27 percent) received their income weekly.

A slightly higher percent of the HDC members who used loans (47 percent) than did not use loans (44 percent) receive their income monthly, while less than one-fifth of the HDC members did not use loans (17 percent) and 14 percent of those who did use loans received their income bi-monthly. About one-tenth (9 percent) of the respondents who did not use loans and 3 percent who did use loans received their income seasonally. These differences did not achieve the .05 significance

TABLE XI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND FREQUENCY OF THEIR INCOME

| Frequency of Income | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Weekly | 33 | 35 | 27 |
| Bi-Monthly | 15 | 14 | 17 |
| Monthly | 47 | 47 | 44 |
| Seasonal | 5 | 3 | 9 |
| Other | 0 | 1 | 3 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 7.2, not significant at .05 level. Critical $X^2$ value for 4 df = 9.5 at the .05 level.

level when tested by chi square. Therefore, the frequency of income of the HDC members was not a significant factor in their use of loans.

## II. RELATIONSHIPS BETWEEN HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND CHARACTERISTICS OF THEIR USE OF CONSUMER CREDIT

### Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Use of Credit Cards

The percents of HDC members who were and were not using loans are shown by their use of credit cards in Table XII. A slightly larger percentage of all the HDC members used credit cards (53 percent) than did not use credit cards (47 percent). Over 60 percent of the HDC members who used loans (64 percent) also used credit cards and 28 percent of the interviewees who did not use loans used credit cards. Almost three-fourths of the respondents who did not use loans (72 percent) also did not use credit cards, while 36 percent of the interviewees who did use credit cards. These data were significant at the .001 level when tested by the chi square test. There was a significant relationship between the HDC members use of credit cards and their use of loans. A higher proportion of the respondents who used loans also used credit cards.

### Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Family Members Who Use Credit Cards Most Frequently

Table XIII gives the percents of HDC members who were and were not using loans classified by family members who used credit cards most frequently. Almost one-half of all the HDC members interviewed (47 percent) did not use credit cards. However, of all the HDC families who

TABLE XII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR USE OF CREDIT CARDS

| | Use of Loans[a] | | |
|---|---|---|---|
| Use of Credit Cards | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 53 | 64 | 28 |
| No | 47 | 36 | 72 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 25.5, significant at .001 level. Critical $X^2$ value for 1 df = 10.8 at the .001 level.

TABLE XIII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND FAMILY MEMBERS WHO USE CREDIT CARDS MOST FREQUENTLY

| Who Uses Credit Cards Most Frequently | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Homemaker | 32 | 40 | 15 |
| Husband | 18 | 21 | 12 |
| Children | 3 | 3 | 1 |
| Did Not Use | 47 | 36 | 72 |
| Total | 100 | 100 | 100 |

[a]The chi square test of significance was not computed because much of the observed difference was due to the category "did not use credit cards."

used credit cards, the interviewee used them more frequently (32 percent) than either their husband (18 percent) or children (3 percent). Four out of ten of the HDC members who used loans (40 percent) and 15 percent of those who did not use loans used credit cards said they (the homemaker) made the most frequent use of credit cards. Twenty-one percent of the HDC members who used loans and 12 percent of those who did not use loans said their husband made the most frequent use of credit cards.

The chi square test of significance was not computed because almost half of the HDC members did not use credit cards. However, the data indicated that use of credit cards by homemakers was associated with use of loans by the family.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Use of Credit in the Past Twelve Months

Table XIV shows the percents of the HDC members who were and were not using loans and their use of credit in the past 12 months. Over one-half of all the HDC members (56 percent) had used credit in the past 12 months while slightly less than one-half (43 percent) had not used credit during this time. Approximately two-thirds of all the HDC members who had used loans (67 percent) and 33 percent of those who had not used loans had used credit in the past 12 months, while 66 percent of the HDC members who had not used loans and 32 percent who had used loans had not used credit in the past 12 months. These data achieved the .001 level of significance when tested by the chi square. The use of credit in the past 12 months was a significant factor influencing

TABLE XIV

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR USE OF CREDIT IN THE PAST TWELVE MONTHS

| Used Other Short Term Non-Interest Credit-- Past 12 Months | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 56 | 67 | 33 |
| No | 43 | 32 | 66 |
| No Response | 1 | 1 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 23.1, significant at .001 level. Critical $X^2$ value 2 df = 13.8 at the .001 level.

Blount County HDC members' use of loans. The proportion of those using loans was greatest among those using credit in the past 12 months.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Use of Credit in the Past Sixty Months

Table XV gives the percents of HDC members who were and were not using loans and their use of credit in the past 60 months. About two-thirds of all the HDC members (68 percent) had used credit, while 30 percent had not used credit in the past 60 months. A large percent of the HDC members who used loans (81 percent) and over one-third of the interviewees who did not use loans (39 percent) had used credit in the past 60 months. As might be expected, a larger percent of the HDC members who did not use loans (59 percent) than those who did use loans (17 percent) did not use credit. When tested by the chi square test these observed differences did achieve the .001 level of significance. The use of credit in the past 60 months was a significant factor influencing HDC members' use of loans. The proportion of those using loans was greatest among the respondents who had used credit in the past 60 months.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Number of Designated Items Purchased on Credit in Past Twelve Months

The number of designated items purchased on credit by HDC members who were and were not using loans is shown by percents in Table XVI. Items included in this list were: car, home improvement or repair, real estate, home furnishings, food, medical care, and farm machinery.

TABLE XV

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR USE OF CREDIT IN THE PAST SIXTY MONTHS

| Used Credit Past Sixty Months | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 68 | 81 | 39 |
| No | 30 | 17 | 59 |
| No Response | 2 | 2 | 2 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 44.2, significant at .001 level. Critical $X^2$ value for 2 df = 13.8 at the .001 level.

TABLE XVI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND NUMBER OF DESIGNATED ITEMS PURCHASED ON CREDIT IN PAST TWELVE MONTHS

| Number of Designated Items Purchased on Credit Past 12 Months | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| None | 31 | 17 | 62 |
| One | 33 | 37 | 24 |
| Two | 18 | 23 | 7 |
| Three and Over | 18 | 23 | 7 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 52.9, significant at .001 level. Critical $X^2$ value for 3 df = 16.3 at the .001 level.

About one-third of all the interviewees (33 percent) had purchased one item on credit, while 31 percent had not purchased any items on credit. An equal proportion of the respondents (36 percent) had purchased two or more items on credit. A relatively high percentage of the HDC members who were not using loans (62 percent) indicated that they had not purchased any items on credit, while 17 percent of the HDC members who were using loans had not purchased any items on credit.

A larger proportion of the HDC members who were using loans (37 percent) than those who were not using loans (24 percent) had purchased one item on credit. The same percentage of HDC members who were (46 percent) and were not (14 percent) using loans had purchased two or more items on credit. These data did achieve the .001 level of significance when tested by chi square. The number of items purchased on credit were significant factors influencing HDC members' use of loans. The greatest proportion of the respondents who were using loans had purchased more than one item on credit.

## Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Specific Items Purchased on Credit

Table XVII gives in rank order, the percents of HDC members who were and were not using loans for the purchase of seven specific items.

The largest percent (35 percent) of all the HDC members had used credit to purchase a car, while a slightly smaller percent (33 percent) had purchased personal items on credit. One-fourth (25 percent) had bought household items on credit, while slightly less than one-fifth (19 percent) had used credit to purchase real property. The same

TABLE XVII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND SPECIFIC ITEMS PURCHASED ON CREDIT

| Item Purchased on Credit | Use of Loans | | | Calculated $X^2$ Value df = 1 |
|---|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % | |
| Car | 35 | 44 | 13 | 52.9a |
| Personal Items | 33 | 39 | 20 | 50.4a |
| Household Items | 25 | 32 | 9 | 51.9a |
| Real Property | 19 | 24 | 8 | 51.5a |
| Home Improvements | 9 | 12 | 8 | 51.1a |
| Medicine | 9 | 11 | 3 | 51.0a |
| Farm Equipment | 6 | 7 | 4 | 50.0a |

[a]Significant at .001 level. Critical $X^2$ value for 1 df = 10.8 at .001 level.

proportion (9 percent each) had secured home improvements and medicine on credit, while 6 percent had used credit to obtain farm equipment.

Almost one-half of all the HDC members who had used loans (44 percent) and 13 percent of those who had not used loans had purchased a car on credit. Of those who had purchased personal items on credit, 39 percent were using loans as compared to 20 percent who were not using loans. Less than one-third of the respondents who were using loans (32 percent) and 9 percent of those who were not, had purchased household items on credit. Twenty-four percent of those who were using loans and 8 percent who were not, had bought real property on credit. About the same proportion of HDC members who had and had not used loans (12 percent) and 8 percent had secured home improvements through the use of credit. Over one-tenth of the HDC members used loans (11 percent) and 3 percent of those who had not, obtained medicine on credit. Only 7 percent of the HDC members who used loans and 4 percent of those who did not had bought farm equipment on credit.

The .001 level of significance was achieved for each item when tested by the chi square test. There was a significant relationship between HDC members' use of loans and specific items purchased on credit. Of the seven items listed, HDC members who used loans had bought these items on credit more frequently than club members who did not use loans.

## Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Their Opinion Concerning Their Families' Overuse of Credit

Table XVIII gives the percents of HDC members who were and were not using loans and their opinions on whether or not their family overused credit. A large percentage of all the HDC members (68 percent)

TABLE XVIII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND THEIR OPINION CONCERNING THEIR FAMILIES' OVERUSE OF CREDIT

| Does the Family Overuse Credit? | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 14 | 17 | 8 |
| No | 68 | 69 | 65 |
| No Response | 18 | 14 | 27 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 7.3, significant at .05 level. Critical $X^2$ value for 2 df = 6.0 at the .05 level.

indicated that their family was not overusing credit, while 14 percent felt that their family was overusing credit. A higher proportion of the HDC families who were using loans (17 percent) than the interviewees who were not using loans (8 percent) indicated that their families were overusing credit. More than two-thirds of the HDC members who used loans (69 percent) and 65 percent who did not use loans indicated that their families did not overuse credit. These observed differences in the HDC members families' use of credit did achieve the .05 level of significance when tested by the chi square test. Therefore, there was a significant relationship between HDC members' opinion concerning whether their family overused credit and their use of loans. Those who were using loans felt their family overused credit.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Advantages Given for Using Credit

Advantages of using credit, as stated by the HDC members who were and were not using loans, are shown by percents in Table XIX.

Slightly less than one-fifth of all HDC members (19 percent) indicated that the greatest advantage of credit was that it could be used to buy items without money, while 17 percent listed convenience as the greatest advantage. Over one-tenth of the HDC members (11 percent) felt that the greatest advantage of using credit was to establish a credit rating.

More than one-fifth of the HDC members who used loans (22 percent) and 12 percent of the interviewees who do not use loans indicated the greatest advantage to the use of credit was that credit could be used

TABLE XIX

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND ADVANTAGES GIVEN FOR USING CREDIT

| | Use of Loans[a] | | |
|---|---|---|---|
| Advantage of Using Credit | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Convenience | 17 | 19 | 13 |
| Buy items without money (cash) | 19 | 22 | 12 |
| No advantages | 3 | 3 | 4 |
| Establish credit reference | 11 | 11 | 11 |
| Emergency | 3 | 3 | 1 |
| Record keeping | 5 | 7 | 0 |
| Buy items on sale | 6 | 7 | 3 |
| Assures service | 1 | 1 | 3 |
| No response | 35 | 27 | 53 |
| Total | 100 | 100 | 100 |

[a]Chi square values were not computed due to the large number of no responses.

to obtain items without money, while 7 percent of those who use loans listed record keeping as the main advantage of using credit. A slightly higher percentage of HDC members who used loans (19 percent) than those who did not use loans (13 percent) felt that convenience was the greatest advantage. A relatively small percentage of the respondents who used loans (7 percent) and 3 percent of those who did not use loans indicated that buying items on sale was the advantage of using credit. However, more than one-half (53 percent) of the HDC members who were not using loans and 27 percent who were using loans did not respond. Chi square values were not computed due to the large number of no responses. However, a higher proportion of those using loans than those not using loans felt that buying items without money, record keeping, and convenience were the main advantages of credit.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Disadvantages Given for Using Credit

Percents of HDC members who were and were not using loans are shown by disadvantages of using credit in Table XX.

The majority of all the interviewees (52 percent) felt that overuse of credit was the greatest disadvantage, while 37 percent did not respond. The next largest percentage of the HDC members (8 percent) listed high interest rates as a disadvantage. A high percentage of both those who were and were not using loans (57 percent and 42 percent, respectively) indicated that overuse was the greatest disadvantage to using credit. One-tenth of the interviewees who used loans (10 percent) and 4 percent who were not using loans listed high interest rates as the

TABLE XX

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND DISADVANTAGES GIVEN FOR USING CREDIT

| Disadvantages of Using Credit | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Overuse | 52 | 57 | 42 |
| High Interest Rate | 8 | 10 | 4 |
| Money Gone Before Paid | 2 | 2 | 1 |
| Billing Mistakes | 1 | 1 | 1 |
| No Response | 37 | 30 | 52 |
| Total | 100 | 100 | 100 |

[a]Chi square values were not computed due to the large number of no responses.

greatest disadvantage. More than one-half (52 percent) of those who did not use loans and almost one-third (30 percent) of the respondents who used loans did not reply.

The chi square value was not computed due to the large number of no responses to this question. However, a greater proportion of respondents who used loans than of those who did not felt that overuse of credit was the greatest disadvantage of using credit.

## Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Ability to Calculate Interest Rates

Table XXI gives the percents of HDC members who used loans by those who could and could not figure interest rates. Of all interviewees, 57 percent indicated that they could calculate interest, while 34 percent of the respondents indicated that they could not figure interest. A larger proportion of the HDC members who used loans (61 percent) than those who did not use loans (48 percent) could figure interest. As might be expected, a higher proportion of the interviewees who did not use loans (40 percent) than did use loans (31 percent) could not figure interest. However, these observed differences did not achieve the .05 significance level when tested by the chi square test. The data indicated that respondents knowledge of how to figure interest did not significantly influence their use of loans.

TABLE XXI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND ABILITY TO CALCULATE INTEREST RATES

| Respondent's Ability to Calculate Interest | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 57 | 61 | 48 |
| No | 34 | 31 | 40 |
| No Response | 9 | 8 | 12 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 2.3, not significant at .05 level. Critical $X^2$ value for 2 df = 6.0 at the .05 level.

Relationship Between Blount County Home Demonstration Club Members' Use of Loans and Whether Their Husbands Could or Could Not Figure Interest Rates

Table XXII shows the percents of HDC members who did and did not use loans by their feelings concerning whether or not their husbands could figure interest. More than two-thirds (67 percent) of all the respondents felt that their husbands could calculate interest, while 9 percent felt that their husbands could not. Almost three-fourths of the respondents who used loans (73 percent) and more than one-half of those who did not use loans (55 percent) felt that their husbands could figure interest. While the same percent of the HDC members who did and did not have a loan (9 percent) felt that their husbands could not figure interest.

The chi square value was not computed due to the no responses and does not apply categories. However, there was a tendency for respondents who felt their husbands understood how to figure interest to be greater among those who were using loans.

## III. RELATIONSHIPS BETWEEN HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND SELECTED PERSONAL AND FAMILY CHARACTERISTICS

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Ages

Table XXIII shows the percents of HDC members who were and were not using credit cards in each of the four age groups. More than one-third of all the HDC members (38 percent) were 35 to 54 years of age,

TABLE XXII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF LOANS AND WHETHER THEIR HUSBANDS COULD OR COULD NOT FIGURE INTEREST RATES

| Respondents' Husband Calculate Interest | Use of Loans[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=162) % | NO (N=75) % |
| Yes | 67 | 73 | 55 |
| No | 9 | 9 | 9 |
| No Response | 9 | 9 | 9 |
| Does Not Apply | 15 | 9 | 27 |
| Total | 100 | 100 | 100 |

[a]Chi square value was not computed due to no responses and does not apply categories.

TABLE XXIII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR AGES

| Ages of Respondents | Use of Credit Cards[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Under 35 years | 15 | 21 | 8 |
| 35 - 54 years | 38 | 45 | 30 |
| 55 - 64 years | 24 | 23 | 25 |
| 65 years and over | 23 | 11 | 37 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 26.3, significant at .001 level. Critical $X^2$ value for 3 df = 16.3 at the .001 level.

while almost one-fourth (24 percent) were from 55 to 65 years old and 23 percent were 65 years or older. A higher percentage of the HDC members who were not using credit cards (37 percent) were 65 years or older as compared to only 11 percent who did use credit cards. A higher proportion of the HDC members who used credit cards (45 percent) than of those who did not use credit cards (30 percent) were from 35 to 54 years old. Twenty-one percent of the respondents who used credit cards were under 35 years old and 8 percent of those who did not use credit cards were in this age group. Almost the same percentage of the HDC members who were and were not using credit cards were in the 55 to 65 year age group (23 and 25 percent, respectively). These observed differences achieved the .001 level of significance when tested by the chi square test. A significant relationship existed between HDC members' age and use of credit cards. Home Demonstration Club members who used credit cards tended to be younger than those who did not.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Level of Education

Table XXIV shows the percents of Home Demonstration Club members who were and were not using credit cards in each of four educational levels. Almost one-half of all HDC members (44 percent) had completed from two to four years of high school; while 28 percent of the HDC members had completed one or more years of college. Comparison of homemakers who were using credit cards with those who were not indicated that a higher percentage of the latter (17 percent) than of the former (7 percent) had completed eight grades or less. Almost one-half of the HDC

TABLE XXIV

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR EDUCATIONAL LEVEL

| | Use of Credit Cards[a] | | |
|---|---|---|---|
| Levels of Education | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Eighth Grade or Less | 11 | 7 | 17 |
| 1 to 2 Years High School | 8 | 8 | 8 |
| 2 to 4 Years High School | 44 | 47 | 40 |
| One or More Years College | 28 | 31 | 24 |
| No Response | 9 | 7 | 11 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 8.3, not significant at .05 level. Critical $X^2$ value for 4 df = 9.5 at the .05 level.

members who used credit cards (47 percent) and 40 percent who did not had completed from two to four years of high school, while slightly less than one-third of the interviewees (31 percent) who had completed one or more years of college used credit cards and 24 percent did not. These data did not achieve the .05 level of significance when tested by the chi square. The number of years of formal education did not have a significant effect on the HDC members' use of credit cards.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and the Number of Years Respondents Had Belonged to a Club

Table XXV shows the percents of HDC members who were and were not using credit cards and their tenure in Home Demonstration Clubs. Of all the HDC members interviewed, 42 percent had been members less than five years. More than one-third of the respondents (38 percent) had remained in a Home Demonstration Club ten or more years, as compared to 20 percent from five to nine years. A higher percentage of the HDC members who were using credit cards (45 percent) than of those who were not using credit cards (39 percent) had been members under five years.

Four out of ten of the respondents who were not using credit cards (40 percent) and 36 percent who were using credit cards had been HDC members ten years and over. About the same proportion of the HDC members who were not using credit cards (21 percent) and those who were using credit cards (19 percent) had been members from five to nine years. The observed differences did not achieve the .05 level of significance when tested by the chi square test. Therefore, use of credit cards by

TABLE XXV

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THE NUMBER OF YEARS RESPONDENTS HAD BELONGED TO A CLUB

| | Use of Credit Cards[a] | | |
|---|---|---|---|
| Years HDC Member | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Under 5 Years | 42 | 45 | 39 |
| 5 - 9 Years | 20 | 19 | 21 |
| 10 Years and Over | 38 | 36 | 40 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 0.7, not significant at .05 level. Critical $X^2$ value for 2 df = 6.0 at the .05 level.

HDC members was not significantly influenced by number of years involved in the HDC program.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Marital Status

The percents of Home Demonstration Club Members who were and were not using credit cards are given in Table XXVI by their marital status.

Of those HDC members interviewed most (85 percent) were married. The next highest percent (12 percent) were widowed. When HDC members who were and were not using credit cards were compared 95 percent of the former and 73 percent of the latter were married. A higher percentage of the HDC members who were not using credit cards (19 percent) were widowed as compared to only 5 percent who did not use credit cards. None of the HDC members who were using credit cards were single, while 6 percent of those who were not using credit cards were single. When tested by the chi square test these differences achieved the .001 level of significance. Use of credit cards by HDC members was significantly related to their marital status. The proportion of those using credit cards was greater among those who were married than among the widowed, single, or divorced members.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Place of Residence

Place of residence of HDC members who were and were not using credit cards is shown in Table XXVII.

The largest percent of all the HDC members (38 percent) lived in rural non-farm areas, while about one-third (31 percent) lived on farms.

TABLE XXVI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR MARITAL STATUS

| Marital Status | Use of Credit Cards[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Married | 85 | 95 | 73 |
| Widowed | 12 | 5 | 19 |
| Single | 3 | 0 | 6 |
| Divorced | 0 | 0 | 1 |
| No Response | 0 | 0 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 23.5, significant at .001 level. Critical $X^2$ value for 4 df = 18.5 at the .001 level.

TABLE XXVII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR PLACE OF RESIDENCE

| Place of Residence | Total (N=237) % | Use of Credit Cards[a] YES (N=125) % | NO (N=112) % |
|---|---|---|---|
| Farm | 31 | 22 | 41 |
| Non-Farm | 38 | 37 | 40 |
| Urban | 31 | 41 | 19 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 18.7, significant at .001 level. Critical $X^2$ value for 3 df = 16.3 at the .001 level.

When HDC members who were and were not using credit cards were compared, 22 percent of the former and 41 percent of the latter resided on farms. About one-half of the interviewees who were using credit cards (41 percent) resided in urban areas compared to 19 percent who were not using credit cards.

These observed differences in the HDC members' place of residence achieved the .001 level of significance when tested by the chi square test. A significant relationship existed between HDC members' place of residence and use of credit cards. Residents who lived on farms were the least likely to use credit cards, while urban residents were the most likely to use credit cards.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Whether or Not They Had Children

Table XXVIII shows the percents of Home Demonstration Club members who were and were not using credit cards and whether or not they had children. A larger proportion of the HDC members interviewed (85 percent) had children.

Eighty-nine percent of the respondents who had children used credit cards, while 80 percent of the HDC members who did not use credit cards had children. Almost one-fifth of the HDC members who did not use credit cards (19 percent) and 11 percent of the respondents who did use credit cards had no children.

These differences did not achieve the .05 level of significance when tested by the chi square test. The use of credit cards was not significantly related to whether or not the HDC member had children.

TABLE XXVIII

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND WHETHER OR NOT THEY HAD CHILDREN

| | Use of Credit Cards[a] | | |
|---|---|---|---|
| Had Children | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Yes | 85 | 89 | 80 |
| No | 15 | 11 | 19 |
| No Response | 0 | 0 | 1 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 3.9, not significant at .05 level. Critical $X^2$ value for 2 df = 6.0 at the .05 level.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and the Number of Children Living at Home

Table XXIX gives the percents of Home Demonstration Club members who were and were not using credit cards by the number of children who were living at home. Fifty-seven percent of all the respondents had no children living at home. The next highest percentage of HDC members (20 percent) had one child living at home, while 14 percent had two children residing in the home. When the HDC members who were and who were not using credit cards were compared it was found that 50 percent of the former and 65 percent of the latter did not have any children living at home. Seventeen percent of the respondents who were using credit cards and 10 percent of those who were not using credit cards had two children living in the home. The same percentage (20 percent) of respondents who were and were not using credit cards had one child residing at home. When tested by the chi square test, these differences achieved the .05 level of significance. The number of children living at home influenced the use of credit cards by HDC members in Blount County. Home Demonstration Club members who used credit cards tended to have a larger number of children than did those who did not use credit cards.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Husbands' Major Occupation

The percents of Home Demonstration Club members who were and were not using credit cards are shown in Table XXX by occupation of their husbands. The largest proportion of all the interviewees (34 percent)

TABLE XXIX

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THE NUMBER OF CHILDREN LIVING AT HOME

| Number of Children Living at Home | Use of Credit Cards[a] | | |
|---|---|---|---|
| | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| None | 57 | 50 | 65 |
| One | 20 | 20 | 20 |
| Two | 14 | 17 | 10 |
| Three | 7 | 9 | 5 |
| Four | 2 | 4 | 0 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 12.4, significant at .05 level. Critical $X^2$ value for 5 df = 11.0 at the .05 level.

TABLE XXX

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR HUSBANDS' MAJOR OCCUPATION

| | Use of Credit Cards[a] | | |
|---|---|---|---|
| Husbands' Major Occupation | Total (N=237) % | YES (N=125) % | NO (N=112) % |
| Farmer | 8 | 10 | 7 |
| Industrial Worker | 34 | 39 | 28 |
| Business or Professional | 16 | 24 | 7 |
| Retired | 19 | 16 | 23 |
| Other | 23 | 11 | 35 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 29.5, significant at .001 level. Critical $X^2$ value for 4 df = 18.5 at the .001 level.

had husbands who were industrial workers. Almost one-fifth of the respondents (19 percent) had husbands who were retired, while 16 percent were business and/or professional and a small percent (8 percent) were farmers. Almost one-fourth of the interviewees who used credit cards had husbands who were employed in business and/or professional occupations, as compared to 7 percent of those who did not use credit cards. Almost four out of ten of the interviewees who used credit cards (39 percent) and 28 percent who did not use credit cards had husbands who were industrial workers. However, a larger proportion of the respondents who did not use credit cards (23 percent) had husbands who were retired than did those who used credit cards (16 percent). Only 10 percent of the respondents who used credit cards were married to full-time farmers, compared to 7 percent who did not use credit cards. These observed differences in the use of credit cards and HDC members husbands' major occupation achieved the .001 level of significance when tested by the chi square test. There was a significant relationship between the husbands' major occupation and the families' use of credit cards. Interviewees who used credit cards tended to have husbands who were in business and/or professional occupations or industrial workers. A smaller percentage of the farm families used credit cards than any other group.

Relationship Between Blount County Home Demonstration Club Members' Use of Credit Cards and Their Annual Family Income Last Year

The annual family income of HDC members who were and were not using credit cards is shown by percents in Table XXXI. Almost one-half of all the respondents (44 percent) indicated their family had an annual

TABLE XXXI

RELATIONSHIP BETWEEN BLOUNT COUNTY HOME DEMONSTRATION CLUB MEMBERS' USE OF CREDIT CARDS AND THEIR ANNUAL FAMILY INCOME LAST YEAR

| Family Income Last Year | Total (N=237) % | Use of Credit Cards[a] YES (N=125) % | NO (N=112) % |
|---|---|---|---|
| Less than $5,000 | 17 | 9 | 26 |
| $5,000 to $10,000 | 44 | 42 | 46 |
| $10,000 to $15,000 | 29 | 37 | 18 |
| $15,000 and Over | 6 | 8 | 5 |
| No Response | 4 | 4 | 5 |
| Total | 100 | 100 | 100 |

[a]Calculated $X^2$ value = 20.7, significant at .001 level. Critical $X^2$ value for 4 df = 18.5 at the .001 level.

income of between $5,000 and $10,000. More than one-fourth of the HDC members (29 percent) indicated $10,000 to $15,000 income annually, while less than one-fifth (17 percent) indicated less than $5,000 income annually. A larger percent of the respondents who were using credit cards (37 percent) than respondents who were not using credit cards (18 percent), had an income between $10,000 to $15,000. More than one-fourth of the respondents who were not using credit cards (26 percent) and 9 percent of those who were, received less than $5,000 annually. Almost one-half of all the HDC members who were not using credit cards (46 percent) and 42 percent who were using credit cards earned $5,000 to $10,000 yearly. These data did achieve the .001 level of significance when tested by the chi square test. The annual income was a significant factor influencing HDC members' use of credit cards. Families earning less than $10,000 used credit cards less frequently than families with incomes of $10,000 or more.

# CHAPTER IV

## SUMMARY OF MAJOR FINDINGS, IMPLICATIONS, AND RECOMMENDATIONS

## I. PURPOSE AND SPECIFIC OBJECTIVES

The major purpose of this study was to determine the influence of selected personal and family characteristics of Blount County Home Demonstration Club members on their use of consumer credit.

### Specific Objectives

Specific objectives of the study were as follows:

1. To determine relationships between HDC members' use of loans and selected personal and family characteristics.

2. To determine relationships between HDC members' use of loans and characteristics of their use of consumer credit.

3. To determine relationships between HDC members' use of credit cards and selected personal and family characteristics.

The study was undertaken because of the rapid growth of consumer credit and the apparent lack of homemaker competence in money management. It was believed that data from such a study would be helpful in planning educational programs to better meet the needs of Home Demonstration Club members in Blount County, Tennessee.

## II. METHOD OF INVESTIGATION

The population included all Home Demonstration Club members in Blount County, Tennessee. Data were secured from a total of 265 members who were present on days group interviews schedules were administered.

Twenty-eight of the schedules were discarded because of incompleteness or inaccuracy. Of the 237 members who provided data used in the analysis, 125 were using credit cards and/or 162 had used loans within the previous 60 months.

## III. METHOD OF ANALYSIS

The completed interview schedules were coded and responses recorded on data sheets. Data were punched on data processing cards. Twenty-two independent variables were identified and used in the analysis of factors related to two dependent variables the use of loans and the use of credit cards by Home Demonstration Club members. Computations were made by The University of Tennessee Computing Center. A contingency table analysis program was used. This program computed two-way frequency and percentage tables, chi square and contingency coefficients. Output for this program included: (1) frequency tables; (2) row, column, and table percentages; and (3) chi square and degrees of freedom. Chi square values which achieved the .05 level of confidence were accepted as significant. Although research and null hypotheses were not stated, an assumed null hypothesis existed for each of the 22 independent variables.

# IV. MAJOR FINDINGS

Major findings were classified and presented under headings related to the objective of the study.

## Relationships Between Home Demonstration Club Members' Use of Loans and Selected Personal and Family Characteristics

1. Home Demonstration Club members' use of loans was significantly related to their ages. Those having loans tended to be younger than the respondents who did not have loans.

2. Home Demonstration Club members' use of loans was significantly related to their marital status. The proportion of those having loans was greater among those who were married than among the widowed, single, or divorced members.

3. Home Demonstration Club members' use of loans was significantly related to their place of residence. Respondents who lived on farms were the least likely to use loans, while urban residents were the most likely to have loans.

4. Home Demonstration Club members' use of loans and whether or not they had children was significantly related. A significantly higher proportion of the HDC members who used loans had children than those who did not have loans.

5. Home Demonstration Club members' use of loans was influenced by the number of children in their families. A significantly higher proportion of families with from one to four children had loans than did families without children.

6. Home Demonstration Club members' use of loans was significantly influenced by the number of children living at home. Respondents without children living at home tended not to have loans.

7. Home Demonstration Club members' use of loans was significantly related to their husbands' major occupation. Respondents who had loans tended to have husbands who were industrial workers or to be in business and/or professional occupations. A smaller proportion of farmers had loans than any other occupational classification studied.

8. Home Demonstration Club members' use of loans was significantly related to their annual family income. The proportion of those using loans was greater among respondents having high income.

9. Home Demonstration Club members' use of loans was significantly related to their use of credit cards. Respondents who used loans tended to use credit cards.

10. Home Demonstration Club members' use of loans was not significantly influenced by their educational level.

11. Home Demonstration Club members' use of loans was not significantly influenced by the number of years served as a HDC member.

12. Home Demonstration Club members' use of loans was not significantly influenced by the frequency of income.

Relationships Between Home Demonstration Club Members' Use of Loans and Characteristics of Consumer Credit

1. Home Demonstration Club members' use of loans was significantly related to their use of credit in the previous 12 months. The proportion of those using loans was greatest among those using credit in the previous 12 months.

2. Home Demonstration Club members' use of loans was significantly related to their use of credit in the previous 60 months. The proportion of those using loans was greatest among the respondents who had used credit in the previous 60 months.

3. Home Demonstration Club members' use of loans was significantly related to the number of items purchased. The greatest proportion of the respondents who were using loans had purchased more than one item on credit.

4. Home Demonstration Club members' use of loans was significantly related to specific items purchased on credit. Of the seven items listed, HDC members who used loans had bought these items on credit more frequently than club members who did not use loans.

5. Home Demonstration Club members' use of loans was significantly related to their opinions concerning whether their family overused credit. Those who were using loans felt that their family overused credit.

6. Home Demonstration Club members' use of loans was not significantly influenced by their ability to calculate interest rates.

Relationships Between Home Demonstration Club Members' Use of Credit Cards and Selected Personal and Family Characteristics

1. Home Demonstration Club members' use of credit cards was significantly related to their age. Home Demonstration members who used credit cards tended to be younger than those who did not.

2. Home Demonstration Club members' use of credit cards was significantly related to their marital status. The porportion of those

using credit cards was greater among those who were married than among the widowed, single, or divorced members.

3. Home Demonstration Club members' use of credit cards was significantly related to their place of residence. Homemakers who lived on farms were the least likely to use credit cards, while urban residents were the most likely to use credit cards.

4. Home Demonstration Club members' use of credit cards was significantly related to the number of children living at home. Home Demonstration Club members who used credit cards tended to have a larger number of children than did those not using credit cards.

5. Home Demonstration Club members' use of credit cards was significantly related to their husbands' major occupation. Interviewees who used credit cards tended to have husbands who were in business and/or professional occupations or industrial workers. A smaller percentage of the farm families used credit cards than any other group.

6. Home Demonstration Club members' use of credit cards was significantly influenced by their annual family income. Families using credit cards had higher incomes.

7. Home Demonstration Club members' use of credit cards was not significantly influenced by their level of education.

8. Home Demonstration Club members' use of credit cards was not significantly influenced by the number of years involved in the HDC program.

9. Home Demonstration Club members' use of credit cards was not significantly influenced by whether or not the HDC member had children.

# V. IMPLICATIONS AND RECOMMENDATIONS

Based on the results of the study and the writer's experience and views, the following implications were drawn and recommendations made:

1. Use of loans and credit cards was significantly influenced by selected personal and family characteristics of Home Demonstration Club members. This indicates that consumer credit education needs of HDC members could be met by planning programs for specific audiences of HDC members.

2. Since more of the urban residents were using consumer credit an educational effort should be made to plan and conduct consumer credit programs for homemakers living in these areas. Blount County Extension agents could do this by training home management leaders in consumer credit to plan, organize, and teach special interest groups in the urban areas of the county.

3. Since Home Demonstration Club members who used consumer credit tended to be younger, additional consideration should be given toward planning programs to better meet the needs and interests of these members. Blount County Extension agents could mail circular letters on consumer credit geared toward the needs of the younger homemakers. New Home Demonstration Club members, Young Farmers and Homemakers, and Senior 4-H Club members could benefit from this type of information. Special interest group meetings could be conducted during the evening hours through the cooperation of the Extension Service and local lending agencies. Consumer Credit publications could be included in a kit which could be provided to couples who apply for marriage license.

4. Married Home Demonstration Club members tended to make greater use of consumer credit than single, divorced, or widowed members. Also, married homemakers with larger families tended to use consumer credit more than those with smaller families. In view of these findings and since the married homemaker has joint management responsibilities with her spouse, Blount County Extension agents could develop and implement an educational effort geared to meet the needs of the total family. News articles containing consumer credit information could be used to provide information, to stimulate interest and to announce special interest meetings. Blount County Community Club audiences could be used for special programs in money management.

5. The use of consumer credit increased with an increase of family income. This could indicate that low income Home Demonstration Club members are considered low risk by lending agencies, fear indebtedness or they might have insufficient knowledge regarding consumer credit appropriate for their income. Since no Home Demonstration Clubs are organized in the low income areas, Blount County Extension agents could make a concerted effort to organize Home Demonstration Clubs and/or special interest groups in these areas.

Recommendations for Further Study

1. Additional studies should be conducted to determine ways to motivate young homemakers into becoming involved in programs designed toward coping with today's money management problems.

2. Further research is needed to determine the most effective approaches and methods for teaching consumer credit to individuals of different age groups and income levels.

3. Studies should be conducted to further determine needs and interests of urban and farm women.

4. A study should be done with non-club members to compare the findings.

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# APPENDIX

TENNESSEE AGRICULTURAL EXTENSION SERVICE

CONSUMER CREDIT SURVEY

This survey is being made to obtain information which may help us to do a better job of planning the county Extension program. The purpose is to help get a more complete understanding of the consumer credit situation in your county so Extension may be more helpful to you. No one will know your individual responses. The answers you will give will be added to those given by other Home Demonstration Club Members in your county who complete the questionnaire.

1. How many years have you been a Home Demonstration Club Member?
_____ years.

2. In which age group are you? (Check one)

_____ 20-24
_____ 25-34
_____ 35-44
_____ 45-54
_____ 55-64
_____ 65 or above

3. What is the highest grade you completed in school? _____ grade.

4. What is your marital status? (Check one)

_____ Married
_____ Widowed
_____ Single
_____ Divorced
_____ Husband lives away from home

5. If married, what is your husband's major occupation? (Check one)

_____ Full-time farmer
_____ Part-time farmer
_____ Industrial worker
_____ Business
_____ Professional
_____ Retired
_____ Other (Specify)
_____

6. Do you work regularly for pay outside the home? _____ Yes, _____ No.
If Yes, how many hours per week do you work? _____ hours.

7. Is your family income received primarily

_____ Weekly
_____ Bi-monthly
_____ Monthly
_____ Seasonally

8. In recent years, which of the following is nearest to your annual total family income? (Check one)

_____ Less than $5,000
_____ Between $5,000 and $10,000
_____ Between $10,000 and $15,000
_____ Between $15,000 and $20,000
_____ Over $20,000

9. Do you own or rent your home? _____ Rent, _____ Own.

10. Where is your home located? (Check one)

_____ Farm
_____ Rural non-farm
_____ Urban
_____ Sub-division

11. If your husband's major occupation is farming, do you own or rent a farm? _____ Own, _____ Rent. How many acres of land is in the farm you operate? _____ acres.

12. Do you have any children? _____ Yes, _____ No. If yes, how many? _____. How many of your children live at home? _____.

13. Have either you or your husband bought anything on credit in the last 12 months? _____ Yes, _____ No. Within the last 3 years? _____ Yes, _____ No. Within the last 5 years? _____ Yes, _____ No.

14. If you have used credit, which of the following things have you bought on credit? (Check all that apply)

_____ Car (payments; repair; operation)
_____ Home improvement or repairs
_____ Real estate
_____ Personal items for the family
_____ Household furnishings
_____ Food
_____ Medical care
_____ Farm machinery; supplies; livestock; etc.

15. Does anyone in your family use a credit card regularly? _____ Yes, _____ No. If yes, who in your family uses a credit card <u>most</u> frequently? (Check one)

_____ I do _____ My husband _____ My children

16. Do you feel that someone in your family makes too much use of credit? _____ Yes, _____ No. If yes, is it _____ you, _____ your husband, or _____ your children?

17. What do you feel is the greatest <u>advantage</u> of using credit?

_____

18. What do you feel is the greatest <u>disadvantage</u> of using credit?

_____

19. Do you feel that over-use of credit is a problem for a large number of families in your county? _____ Yes, _____ No.

20. Do you feel that under-use of credit is a problem for a large number of families in your county? _____ Yes, _____ No.

21. Do you feel that most families in your county are informed on how to use credit wisely? _____ Yes, _____ No.

22. Do you feel that an educational program is needed to help inform the public on the wise use of credit? _____ Yes, _____ No. If yes, how could Extension help in this educational effort? _____

_____

23. Disregarding "lay-away plans," installment credit, credit cards, etc., have either you and/or your husband ever secured a loan (either short or long term) from a bank, or any other lending agency? _____ Yes, _____ No. If yes, was it within the past 5 years? ___ Yes, ___ No.

24. Have either you and/or your husband ever secured a loan from another person (i.e., someone other than a lending agency)? _____ Yes, _____ No. If yes, was it within the past 5 years? ____ Yes, ____ No.

25. Has a lending agency ever refused to make a loan to either you and/or your husband? ____ Yes, ____ No. If yes, what reason was given?

_____

26. Do you know how to figure the amount of interest you would have to pay annually on a loan? ____ Yes, ____ No. Does your husband? ____ Yes, ____ No.

27. If you have a loan, do you know the total amount of interest you paid last year on that loan? ____ Yes, ____ No. Does your husband? ____ Yes, ____ No.

28. Have you talked to anyone within the past year about the wise use of credit? ____ Yes, ____ No. If yes, with whom did you talk?

_____

# VITA

Ethel Josephine Neas, daughter of Mr. and Mrs. Charles C. Neas, was born in Greeneville, Tennessee, on December 26, 1932. She attended Greene County schools and was graduated from The University of Tennessee College of Home Economics in 1954.

She was employed by the Greene County Board of Education before becoming employed by The University of Tennessee Agriculture Extension Service as a Home Agent in Blount County, Tennessee. She became Associate Extension Agent in December, 1970.