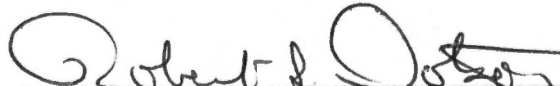
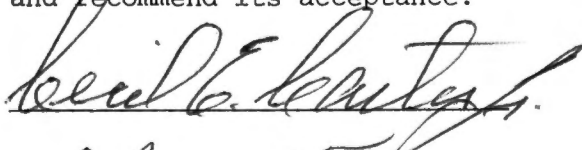
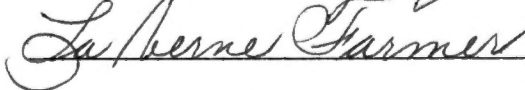


To the Graduate Council:

I am submitting herewith a thesis written by Marjorie Wattenbarger Phillips entitled "Factors Influencing Use of Consumer Credit by Selected Anderson County, Tennessee Home Demonstration Club Members and Nonmembers." I recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Science, with a major in Agricultural Extension.

  
Robert S. Dotson, Major Professor

We have read this thesis  
and recommend its acceptance:

Accepted for the Council:

  
Vice Chancellor  
Graduate Studies and Research

Ag-VetMed

Thesis

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FACTORS INFLUENCING USE OF CONSUMER CREDIT  
BY SELECTED ANDERSON COUNTY, TENNESSEE  
HOME DEMONSTRATION CLUB MEMBERS AND NONMEMBERS

A Thesis

Presented for the

Master of Science

Degree

The University of Tennessee, Knoxville

Marjorie Wattenbarger Phillips

August 1976

1288032

## ACKNOWLEDGMENTS

The writer wishes to express her sincere appreciation to Dr. Robert S. Dotson, Professor and Head of the Department of Agricultural Extension, for his encouragement, guidance, and assistance throughout this study. She also wishes to express her appreciation to the other members of her graduate committee, Dr. Cecil E. Carter, Jr., and Miss LaVerne Farmer, for their interest and constructive suggestions.

Gratitude also is expressed to the Anderson County Home Demonstration Club members who assisted in providing the basic information for the study.

Grateful acknowledgment is made to Mr. E. F. Ivens, Anderson County Extension Leader, and Mr. Jesse E. Francis, District V Supervisor, and other University of Tennessee Agricultural Extension Service staff members who made the opportunity for graduate study available.

## ABSTRACT

The purpose of this study was to secure information which would be helpful in planning Extension educational programs on consumer credit for Anderson County Home Demonstration Club members and nonmembers. Home demonstration club members and nonmembers were compared for the purpose of (1) characterizing them; (2) determining which recommended consumer credit practices they were using; and (3) identifying some of the factors that influenced them to adopt or reject the practices.

The population included 471 Anderson County, Tennessee Home Demonstration Club members and their friends who were nonmembers. Data were secured from 30 Anderson County Home Demonstration Club Council members who were present at their regularly scheduled quarterly meeting and 30 of their nonmember friends. Each member participating in the survey listed the name and address of a friend who does not belong to a Home Demonstration Club. Comparisons were made between Home Demonstration Club members and nonmembers in an effort to identify group differences. Findings related to the total group interviewed also were studied.

Major findings of the study were:

1. The majority of all interviewees (88 percent) were homeowners. A larger percent of the HDC members (97 percent) than the nonmembers (80 percent) owned their homes.
2. Twenty-eight percent of all interviewees worked outside the home including one-half of the nonmembers (50 percent) and 6 percent of the HDC members.

3. Approximately two-thirds of all interviewees (70 percent) owned credit cards. A slightly larger percentage of HDC members (73 percent) than the nonmembers (67 percent) owned credit cards. Most respondents who owned credit cards had only one (28 percent) and those with two (18 percent) ranked second.
4. Sixty-three percent of the total interviewees had used credit in the past 60 months; while 75 percent of all respondents had used credit in the past 12 months.
5. Three-fourths of all the interviewees (75 percent) had secured a loan from an agency or individual. Fewer of the respondents (57 percent) had secured a loan from an agency or individual in the past 60 months.
6. Most of the interviewees (87 percent) indicated that their family was not overusing credit; however, most of the respondents (83 percent) considered overuse of credit to be a problem among families in Anderson County.
7. The average diffusion ratings of the HDC members exceeded those of the nonmembers on all of the 17 recommended consumer credit practices.
8. University bulletins (48 percent), commercial bulletins (42 percent), and magazines (42 percent) were the major sources used by all respondents to secure information on consumer credit.
9. Almost one-half of all interviewees (48 percent) were not

seeking advice from anyone concerning the wise use of credit. When respondents did seek advice about credit, it was most frequently from a friend or neighbor (28 percent).

10. Three-fourths of all interviewees (75 percent) felt that most families in Anderson County were not informed on the wise use of credit.
11. The majority of all interviewees (70 percent) were interested in attending one or more meetings on consumer credit.

Implications and recommendations also were made.

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## CHAPTER I

### INTRODUCTION

The Smith-Lever Act passed by Congress in 1914 established the Cooperative Extension Service in Agriculture and Home Economics. This service is a publicly supported, informal, out-of-school educational cooperative organization of the United States Department of Agriculture and the land grant university system in each state. The purpose of Extension has been one of working with the people of the United States in order that they may be able to learn 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 (60:9)\*.

An Extension home economics program was initiated in Anderson County, Tennessee, in 1916. Since 1916, a major part of Anderson County Extension's home economics educational program has been conducted through organized Home Demonstration Clubs (4:1).

#### I. THE NEED FOR THE STUDY

Family financial management is an area of program emphasis outlined in a publication entitled Focus II, issued by the Federal Extension Service to provide guidelines for program development. One of the subjects of

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

national concern relating to family financial management is the use of credit (25:10).

An informal survey was conducted by the writer in Anderson County during 1972 to determine needs for program development of consumer education for adult homemakers. Of the twenty homemakers, including ten Home Demonstration Club members, interviewed ninety percent indicated an interest in credit buying as a topic for future educational emphasis. Paying off all the family's debts was the most frequent response in regard to degree of importance when the homemakers were asked to rank eight financial goals (5:5).

At the time of the study, there were no known survey data of Home Demonstration Club members or other homemakers in Anderson County, Tennessee, who were and were not using consumer credit. An increasingly important aspect of family living is money management. Consumer credit is a financial tool used in family money management. To develop an effective program, reliable information was needed concerning factors influencing Anderson County Home Demonstration Club members and nonmembers use of consumer credit.

To aid Extension agents in planning and conducting work in home management, it was felt that factors relating to the use of consumer credit needed to be identified. Since the clientele of Extension home economics program includes Home Demonstration Club members and homemakers, it seemed that it would be helpful to study the characteristics related to the use of consumer credit by both groups.

## II. STATEMENT OF THE PROBLEM

As more families use consumer credit in larger amounts and in a greater number of forms, it is being recognized as a very important instrument in finance. Although credit is a useful tool for many families, it becomes a burden and source of worry for others (52:17). Someone wisely said, "Credit, like fire, is a most useful servant--when it is used wisely. However, like fire, credit can be quite destructive when used carelessly." Credit has to be managed (36:2). With credit becoming increasingly important in the lives of most citizens today, it is essential for the users of credit to have a real understanding of the role of consumer credit in our economy: what it is, what it does, and what it can do (15:9).

During 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 approximately one third of its income to pay its debts while one family out of thirty-three had committed 40 percent or more of its income to deficit spending by buying on credit (51:28). Americans were in debt at the end of 1973 to the tune of more than 821 billion dollars from home mortgages, installment buying, credit cards, and personal loans. To meet these financial obligations, families paid out an average of 23 percent of their disposable income (24:77).

According to a report of a study, "The American Family and Money" made by The General Mills in 1974, two thirds of American families use credit to pay for many day-to-day expenses, including gasoline, household

goods, clothing, drugs, and in 7 percent of families, even food. Charge accounts, credit cards, and deferred payment plans are considered by these families as a mixed blessing. Some families regard them as a convenience which frees them from having to carry large amounts of money; however, 42 percent of adult family members also recognize that credit cards often tempt them to buy things they cannot afford (61:21).

The Board of Governors of the Federal Reserve System published figures which indicated that all major types of installment and noninstallment consumer credit outstanding increased substantially between the end of 1971 and the end of 1973. Total consumer credit outstanding rose more than \$42 billion or by 30 percent during this period (31:22). Federal Reserve Board Chairman Arthur F. Burns alarmed the public in 1974 with a statement that if inflation continued at the present rate for a long period of time, the foundations of our society could be threatened. The economic habits that have served American families so well in the past were not equal to the recent high inflation rates. As household savings and income decreased, it seemed that debt increased. Due to inflation, the typical United States family lost savings even while seeming to save more and lost income even while seeming to earn more. The same family got deeper and deeper in debt--at higher and higher interest rates. Burns suggested that Americans could combat inflation by the rediscovery of the art of careful budgeting of family expenditures (42:26-28).

Robert Gibson, the president of the National Foundation for Consumer Credit, figured in 1974 that 5 or 6 out of every 100 American families are

in serious trouble. One of the reasons for this situation was that people in recent years bought items on credit which they could realistically afford at the time. But the rapid rise in inflation forced them to reduce their credit payments in order to buy basic necessities. Stan Benson, a member of the Foundation, stated the problem was not so much that people were careless with credit, but that they have never learned to use it.

The Mortgage Bankers Association's 1974 survey of the overall delinquency rate on homes showed that 1 out of every 25 homeowners was behind on mortgage payments (24:77).

Carson noted that the number of bankruptcies between 1957 and 1967 increased from 38 to 98 per 100,000 population. In 1967, Tennessee ranked third highest among the states with respect to the number of bankruptcies per 100,000 population (11:3). The National Consumer Finance Association Yearbook for 1971 reported that 182,851 personal bankruptcy petitions were filed in the United States as of June 30, 1971. This number of personal bankruptcies was an increase of 45 percent over 1962 (63:190).

The results of a survey conducted by the Federal Reserve Board in June, 1969, showed that 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. The person heading the household was questioned about recent use of the major types of credit and about interest rates charged for this financing. More survey participants with first mortgage loans than with other types of credit thought they knew the

interest rate they were being charged. The type of credit and percent of persons who thought they knew the interest rate, in respective order, was as follows: 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 (14:17).

Consumers had alleged that it was difficult to act rationally in their purchase of credit goods or services because they did not know or understand the true costs of borrowing or buying on credit (23:253). To remedy this situation Congress, realizing the need for change in laws regulating the use of consumer credit, passed the Federal Reserve Regulation Z Truth-In-Lending bill which went into effect July 1, 1969. This law requires that all finance charges be stated plainly in dollars and as an annual percentage rate (64:3).

According to economist Lewis Mandell, American consumers suffer from little knowledge of credit economics (63:169). Mandell used data collected by the Survey Research Center at the University of Michigan to study consumer knowledge of installment credit. It was concluded that although awareness of true annual percentage rates charged on automobile credit increased following Truth-In-Lending, borrowers were still largely unaware of the rate they were paying (23:253).

Brandt, Day, and Deutscher studied data collected from interviews of 643 California heads of households in October 1970 to analyze consumer credit knowledge. The results of the study suggested that a firm under-

standing of credit rates and charges is a consequence of a lengthy and complex process for most consumers. It was emphasized that learning accumulates over time with continued exposure to relevant information. The simple act of using credit is not a sufficient stimulus for the improvement of knowledge. This tends to come from educational campaigns directed at specific segments of the population (8:30-31).

Griffin stated that ignorance is still at the root of most credit troubles. The circulation of magazines such as Changing Times, Consumers Digest, and Buyers Guide is dismayingly small. Millions of Americans never read a daily newspaper, much less a book or magazine. Some community organizations such as women's councils and church groups have consumer education programs. Unfortunately, many of these groups concentrate in the area of remedial guidance when what is needed more is preventive guidance (29:220-221).

The preceding studies and trends suggest the relative importance of consumer credit for Extension educational attention.

### III. PURPOSE OF THE STUDY

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

1. To characterize selected personal and family characteristics of the HDC members and nonmembers.

2. To determine which recommended consumer credit practices were being used and which ones were not being used by HDC members and nonmembers.
3. To identify some of the factors that influenced HDC members and nonmembers to adopt or reject recommended consumer credit practices.

#### IV. DEFINITION OF TERMS

The following definitions indicate how these terms were used in the study.

Consumer Credit--Purchasing power used by individuals to obtain goods or services for personal or family consumption with a promise to pay at a future date.

Credit Cards--Includes charge accounts and charge cards which are issued by a retail store, specific company, or bank as a means of obtaining goods and services without the payment of interest when paid within 30 to 90 days.

HDC Members--Individuals whose names appear on Home Demonstration Club rolls and who have not missed three consecutive meetings 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.

Nonmembers--Homemakers who are not enrolled in a Home Demonstration

Club.

## CHAPTER II

### REVIEW OF LITERATURE

As indicated in the 1958 Scope Report, home management has traditionally been one of the nine program areas which should receive priority attention by the Extension service (1:10). In 1974 a publication entitled Focus II also issued by the Federal Extension Service included consumer concerns as one of the six areas of national concerns (25:3).

As Boulding stated to a delegation of American Home Economics Association members in 1970, the household sector of the total economy is the largest single item, yet it has been surprisingly neglected by the economists. Although the household sector of the national economy runs 60 and 70 percent, the proportion of articles written by economists during the past 80 years that were devoted to consumer economics has been only 1.28 percent (7:447).

The study of consumer credit has been assigned a secondary position in most texts on the subject of credit while commercial credit occupies the top position. Such an approach does not seem practical since almost every person in America will at some time in his life come into contact with some phase of consumer credit (13:17).

A study of data from the Federal Reserve Board, the National Consumer Finance and others in 1970 revealed that consumers accounted for 17 percent of the consumer debt outstanding in the United States (6:40). In 1970 more than half of all families in our country were making installment

payments of some kind not including mortgages. (37:354)

It seems logical that today's widespread use of financial credit will continue. Credit is generally accepted, needed, and used. In a Survey of Consumer Expenditures, Helen Lamale states the case for credit as follows:

Through the widespread use of credit, families have acquired financial resources with which to supplement current money income and to build an equity for the future. It has enabled them to acquire consumption goods, particularly houses and heavy durables, sooner than would be possible with current income and to spread their costs over a longer period of time. It also has an important stabilizing effect on consumer demand and hence the overall level of economic activity (27:16).

The range of credit choices is something to behold. Clark and Fonseca describe today's consumer credit offerings in the following examples:

A consumer may seek an unsecured "signature" loan from his bank or credit union to pay for a trip or a doctor's bill; he may obtain a secured loan from a finance company to pay for a major appliance; he will probably undertake a real estate mortgage or FHA home improvement loan from his savings and loan association; he will purchase his new car on time (normally over 36 months) from a dealer who will probably sell the installment contract to a sales finance company or other third party financing agency; he will opt to defer payment for 12 or 24 months on his new electric dryer or television set under an installment sales contract; he will carry at least two or three revolving charge accounts with national retailers or local department stores, repaying 5 or 10 percent of his outstanding balance each month; he can reach into his pocket for five or six gasoline credit cards; and almost everywhere he goes, he will pay a multitude of general bills with his Bank Americard or Master Charge, finding himself in the forefront of the "plastic revolution" at a cost of 18 percent per year.

Against such a background, the economists argue that consumer credit stimulates the gross national product, while sociologists say that easy avail-

ability of credit is the devil in disguise, beckoning the consumer to fall in over his head. Right or wrong, a new ethic has emerged by which the "necessitous borrower" has become almost every consumer. Consumer credit is here to stay (12:2).

Studies were found which suggest that families were more concerned with income earning than income-spending or income-managing. A 1969 survey 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 responded that they did not need help, approximately 20 percent indicated they needed more money, while the answers from the remaining were varied (38:14).

A 1971 survey of 237 Home Demonstration Club members in Blount County, Tennessee, found that 125 were using credit cards and/or 162 had had or acquired loans within the past 60 months (44:5). The use of loans by home demonstration club members was significantly related to their use of credit in the previous 60 months. The greatest proportion of those obtaining a loan was members who had used credit in the previous 60 months (44:83).

During recent years various studies have been conducted relating to the use of consumer credit. A review of available literature indicated this area of money management was of major interest and importance to Extension workers. Consideration was given to available literature as it related to the characteristics of home demonstration club members and nonmembers, the adoption of recommended consumer credit practices, and the factors influencing the adoption of practices.

I. RESEARCH RELATED TO SELECTED PERSONAL AND FAMILY  
CHARACTERISTICS OF HOME DEMONSTRATION CLUB  
MEMBERS AND NONMEMBERS AND THEIR USE  
OF LOANS, CONSUMER CREDIT,  
AND CREDIT CARDS

Age

Figures included in the 1965 Finance Facts Yearbook showed that 64 percent of the families with the head of household between the ages of 25 to 34 had installment debt outstanding in 1964 (20:89).

Younger consumers comprise the age group which makes 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 found that about 4 out of 5 of the 365 families were making payments on consumer debts. The age of all the husbands included in this sample was under 45 years. The older families in which the husband was 35 to 44 years old were less likely to be making payments (52:17).

Information based on surveys made by Government agencies in 1966 revealed that three-fourths of all homes in which the head was under 35 years were mortgaged (53:8).

In a study of 60 low-income Negro families in Knoxville, Tennessee, Staffney indicated 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 (56:54).

Grosboll, who conducted a similar study with 60 low-income white families in Knoxville, Tennessee, obtained similar findings. Seventy percent of the younger families were in debt as compared with only 40 percent of the families headed by persons 45 years or over (30:41).

Caplovitz's study of 464 New York low-income families found that families headed by persons between 30 and 39 years of age had most frequently taken out loans (10:100). Carson, in her study of 100 Knoxville petitioners in 1968, reported 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 (11:17).

Hamdorf stated there was a significant relationship between age and the use of loans (32:15). It has been estimated by some finance counselors that about three-fourths of all young families make installment payments for goods they have purchased (37:354).

The 1971 Survey of Consumer Finances, Survey Research Center, University of Michigan, reported that the level of commitment of debt repayment was highest (39 percent) for the families under 25 years of age while 27 percent were in the 25 to 35 age group. A steady decline in commitment of debt repayment followed as age advanced (6:51).

An analysis of the usage of credit cards showed that they were used more by a different age group. The 1970 Survey of Consumer Awareness conducted by the Federal Reserve Board found 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 (54:8).

### Education

Mandell found in a 1971 Survey of Consumer Finances in Michigan that educational background has no bearing on knowledge of consumer credit. For example, college graduates were no more knowledgeable about consumer credit information than those who never attended college. The main thing that distinguished college graduates was their reluctance to admit ignorance (63:170). Plummer's 1968 study of 1,842 persons showed that credit card usage was greater among persons with better educations (48:622).

Formal education seems to have little effect on the use of loans. When the author of The Affluent Society, J. K. Galbraith, commented in a Washington speech that he had never met a "truly educated person who was poor," the remark was considered as a brilliant 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. The 1967 Economic Report of the President included the statement that "many of the underprivileged, particularly members of ethnic and radical minorities have received less than their share of education (30:9)."

It was shown in studies by Caplovitz, Denton, and Washington that the poor in their areas knew little about the use, cost, and obligation of credit (10:14).

The typical consumer who became bankrupt in 1971 had a tenth grade

education (3:31). In the Hamdorf and Matsen studies over one-half of the petitioners had graduated from high school (32:15; 15:74). Five of the 30 petitioners in the Hamdorf study were college graduates (32:15). Carson indicated in her findings that more than 50 percent of the petitioners in her study had less than a ninth grade education (11:17). The Staffney and Grosboll studies that included 60 low-income Negro families and 60 low-income white families showed 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 (56:56). Even though fewer whites in the 9 to 11 years school group had debts, than did those in the 12 years or more, Grosboll did not find a significant relationship (30:41).

Swagler, author of Caveat Emptor, states that consumer education is tremendously important in consumer choices. Despite the fact that all American children are consumers, few of them get any real instruction in school in how to be a better consumer. Although we do not allow people to drive without instruction, we expect individuals to take on the far more complex role of consumer without any training. Rationality cannot be taught, but an awareness of alternatives, establishing goals and steps in making choices or decisions can be taught (59:44).

#### Marital Status

Hearings on the availability of credit to women in all marital situations were held in May 1972 by the National Commission on Consumer

Finance. Numerous documented accounts of difficulties that women face in obtaining consumer and mortgage credit were presented during the hearings (62:17). At that time no Federal legislation specifically prohibited discrimination solely on the basis of sex or marital status in the granting of credit (62:19).

In 1974, the Federal Home Loan Bank Board (FHLBB) amended its rules for member institutions to protect women from discrimination in home mortgage loans. These new rules require FHLBB member institutions to consider the combined income of both husband and wife in the extension of mortgage credit and require that loan applicants be evaluated for credit worthiness regardless of sex (26:13).

The Equal Credit Opportunity Act was passed on October 28, 1974. This law requires that financial institutions and other firms engaged in the extension of credit make that credit equally available to all credit worthy customers without discrimination as to marital status or sex (46:22). Under this act which became effective October 28, 1975, the creditor cannot view people who are married as more credit worthy than unmarried or separated persons. The creditor cannot terminate a consumer's credit because of a change in marital status. Also, the creditor may not discount any part of a consumer's income because of marital status or sex (69:45).

In Carson's study of 100 bankruptcy petitioners, 73 percent were married at the time of the court hearing. Single persons comprised 5 percent of the sample while twenty-two percent were divorced,

separated, or widowed (11:20). In Hamdorf's study twenty-four of the 30 petitioners were married, and all of those included in the Matsen study were married (32:18; 40:33).

Ninety percent of the 46 University of Tennessee undergraduate married students included in a study by Weaver were using some form of consumer credit. Forty-six percent of the couples had borrowed money. Of these married one to two years, only one-sixth had some form of loan as compared to 43 percent of those married three to four years (66:45). It was also found by Weaver 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 as compared to 70 percent of those married five to nine years who had debts of \$1,000 and over (66:49).

Hatcher's survey of HDC members in Madison County, Tennessee, indicated 82 percent of the 70 respondents were married (33:32). Her findings showed that about one-third of the respondents owned credit cards and 61 percent used loans (33:67).

#### Number of Children

Statistics compiled by the Survey Research Center at the University of Michigan showed that the debt varies considerably according to the family makeup which includes the number and age of the children. For instance, couples with young children typically carry a heavier debt load than do older people whose children are also older or have left home (19:6). Families with young children frequently use consumer

credit to handle large expenditures and emergency needs. Expenses for these families may include additional medical attention, insurance premiums, and clothing, equipment and furnishings for the children. This also is the stage of the life cycle in which most families buy a home or move to acquire additional living space (17:12).

The U. S. Department of Agriculture and Labor, in a survey conducted in the early 1960's concluded 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 exceeding their income. Of the debt which averaged 81 percent of current income, three-fourths was home mortgage debt. Growing families (head 35 to 54 years old), with an average of 4.1 persons, had income averaging slightly higher, and 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 expenses than the young families but less income and expenses than the growing families.

Retired families (head 65 years and over) had relatively low income, expenses and debt (53:8).

Caplovitz and Matsen reported that family size was closely related to dependence on credit. Larger families used consumer credit more than smaller ones and found it to be more difficult to get out of debt. "They move from one debt to another on the installment plan" (10:104). The average family size of the bankruptcy petitioner in Matsen's study included four members, two of whom were young children

(15:74). These studies found that as children left home, the pressure to assume debt declined.

### Occupation

In regard to rating one's credit, some lending establishments consider favorable employment as a job representing skill or education and a record of having been with a firm two years or more. On the other hand, a job representing unskilled labor or seasonal industry and a record of shifting jobs frequently may be considered as unfavorable employment (63:182).

Occupation has been reported to be associated with the use of loans. The three studies conducted individually by Carson, Hamdorf, and Matsen of persons filing bankruptcy petition indicated 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 revealed that the largest proportion, 28 percent, were service workers or 75 percent of the customer sample were unskilled or semi-skilled workers (2:93).

### Income

Socio-economic level seems to influence the use of consumer credit. A 1971 study by the Survey Research Center at the University of Michigan indicated that of families with incomes under \$3,000, some 71 percent had no installment payments, and another 5 percent had payments under 10 percent of their disposable income. Of the persons with disposable income

of \$10,000 to \$14,999, 60 percent of these families owed some installment credit (6:49). This study also found the middle-income (\$7,500 - \$9,999) people carried the highest debt (approximately 12 percent) as a percentage of their income after federal taxes (19:6). Dunkelberg reported that over one third of the debtors with incomes under \$5,000 are committed to pay 20 percent or more of their disposable incomes in the form of installment payments (22:15).

Usage of debt is highly related to income. Whether low usage in the lower income groups is a result of lower demand or rationing is not made clear from available data (22:9). Katona found that installment buying was more frequent among middle income consumers than those with very low incomes (39:100). In an analysis of the awareness of the annual percentage rates (APR) in consumer installment credit transactions, Parker and Shay stated it was significant to the income group. Only 18.3 percent of the lower income group displayed APR awareness as compared to 60.1 percent of the group with incomes over \$10,000 (47:224).

According to Matsen's findings, users of installment credit are concentrated most heavily among young, middle-income families, especially those with children (40:33). Staffney indicated that the respondents with the greatest amount of debt had the highest income: \$4,000 and over (56:35). In 1971 the typical consumer who became bankrupt had a monthly disposable income of approximately \$340 (3:31).

Studies by the Survey Research Center at Ann Arbor, Michigan, indicated that overall more consumer debt incurred as total income

increased or decreased than when it stayed the same (18:195). Katona expressed 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" (30:8).

Dunkelberg concluded that lower income families tended to get behind in their credit payment commitments more frequently than other income groups. Rescheduling of obligations was most frequent in the middle-upper income groups (22:9).

The use of credit cards is highly related to family income (22:15). The Federal Reserve Board also reported that ownership of bank credit cards and retail charge accounts increased as household income increased (56:35).

Neas' study found that HDC members' use of loans was significantly related to their annual family income. Forty-one percent of those using loans earned \$5,000 to \$10,000 yearly (44:41).

Morgan, Program Director, Survey Research Center, University of Michigan, stated the relationship between income and the use of credit as follows:

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 (43:211).

## II. RESEARCH RELATED TO PRACTICE ADOPTION

One of the major activities of Extension is to encourage change in a person's behavior. Brereton examined the conventional Extension program planning model and illustrated the need for a different model. He proposed a client behavior-oriented program development model (9:19).

The conventional model deals with the Extension personnel going through a process of need determination, objective setting, program design, implementation, and evaluation. It identifies key stages in program development. The conventional model also suggests an ongoing process; the final step, evaluation, should produce new needs that regenerate the cycle to produce new programs. The disadvantage of this model is that it emphasized the steps the program developer should take rather than the steps of human behavior in the adoption process (9:19-20). This model is shown in Figure 1 (9:20).

To avoid educational programs which fail to cause client change, Brereton suggested a new model. Roger's theory of human behavior in the diffusion process and Lewin's disequilibrium theory are combined in Brereton's client behavior-oriented program development model (9:19).

According to Lewin, a state of disequilibrium must exist before change can take place--a situation where current behavior is unfrozen.

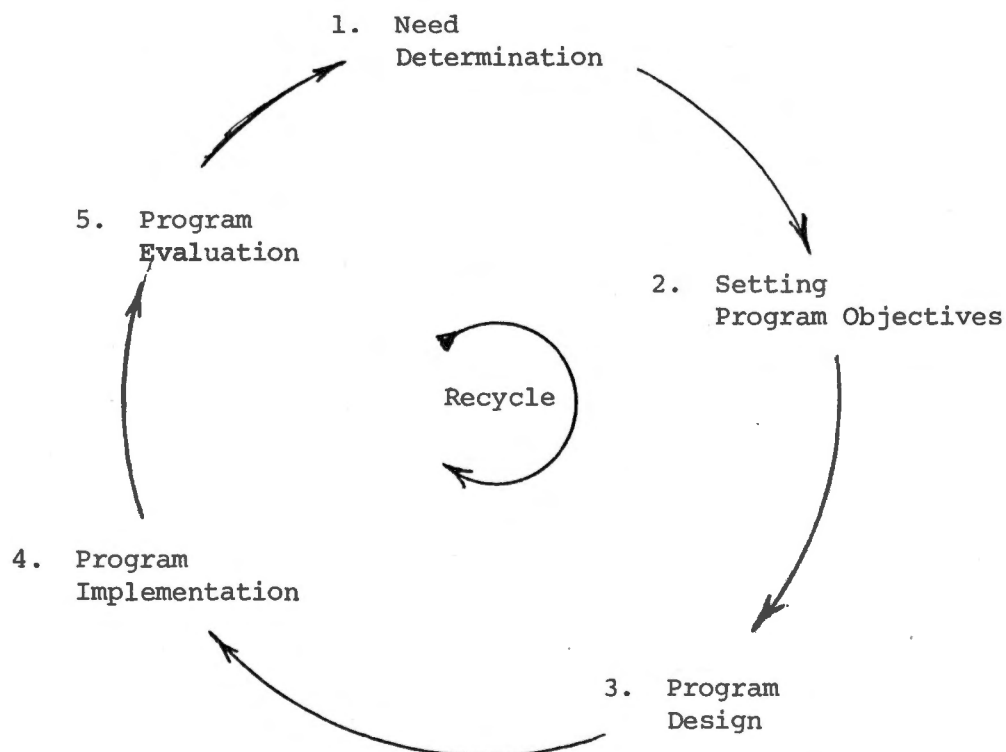


Figure 1 - Conventional Program Planning Model

(Source: Brereton, Philip R. "New Model for Effecting Change," Journal of Extension, 10:1, Spring 1972)

Lewin's second stage moves the person toward new behavior that resolves the disequilibrium. After the change the refreezing stage stabilizes the new behavior to gain a state of equilibrium.

Roger's diffusion process includes five stages: (1) awareness (referred to in this study as "read or heard of"); (2) interest; (3) evaluation (referred to in this study as "plans to try"); (4) trial (referred to in this study as "has tried"); and (5) adoption (referred to in this study as "is using"). In addition to these steps, Brereton states that the diffusion process takes place within a setting of a social system. Thus, it is essential to analyze the individual and

social system characteristics (9:21).

By combining Roger's diffusion process and Lewin's disequilibrium theory into a single model, Brereton produced a useful description of the way people functioning in a social system adopt new behaviors. The final product of the model suggests three program stages: readiness, action, and follow-up.

Each stage has a specific role to play in a change program. The objective of the readiness stage is to prepare for change by developing awareness of the innovation or the need for change. The action stage has a double objective: to develop commitment to the innovation, and to provide knowledge and skills necessary to implement the innovation. The major objectives of the follow-up stage are to stabilize new behavior and continue the diffusion process to reach those who have not moved to this stage. Another purpose of this stage should be to develop a base for continuing innovation by the clients (9:23). Brereton's model for effecting change is illustrated in Figure 2 (9:22).

Mass media ranks number one in the awareness and interest stages in regard to the adoption of new ideas (50:218). Booklets are used as a strong teaching tool during the evaluation and trial stages of the adoption process. Extension booklets provide specific information to readers who are considering or experimenting with a new idea. Booklets using the new programmed instruction (PI) technique may be suited to self-instruction in homemaking (50:211).

As an approved Extension procedure, meetings rank high in the

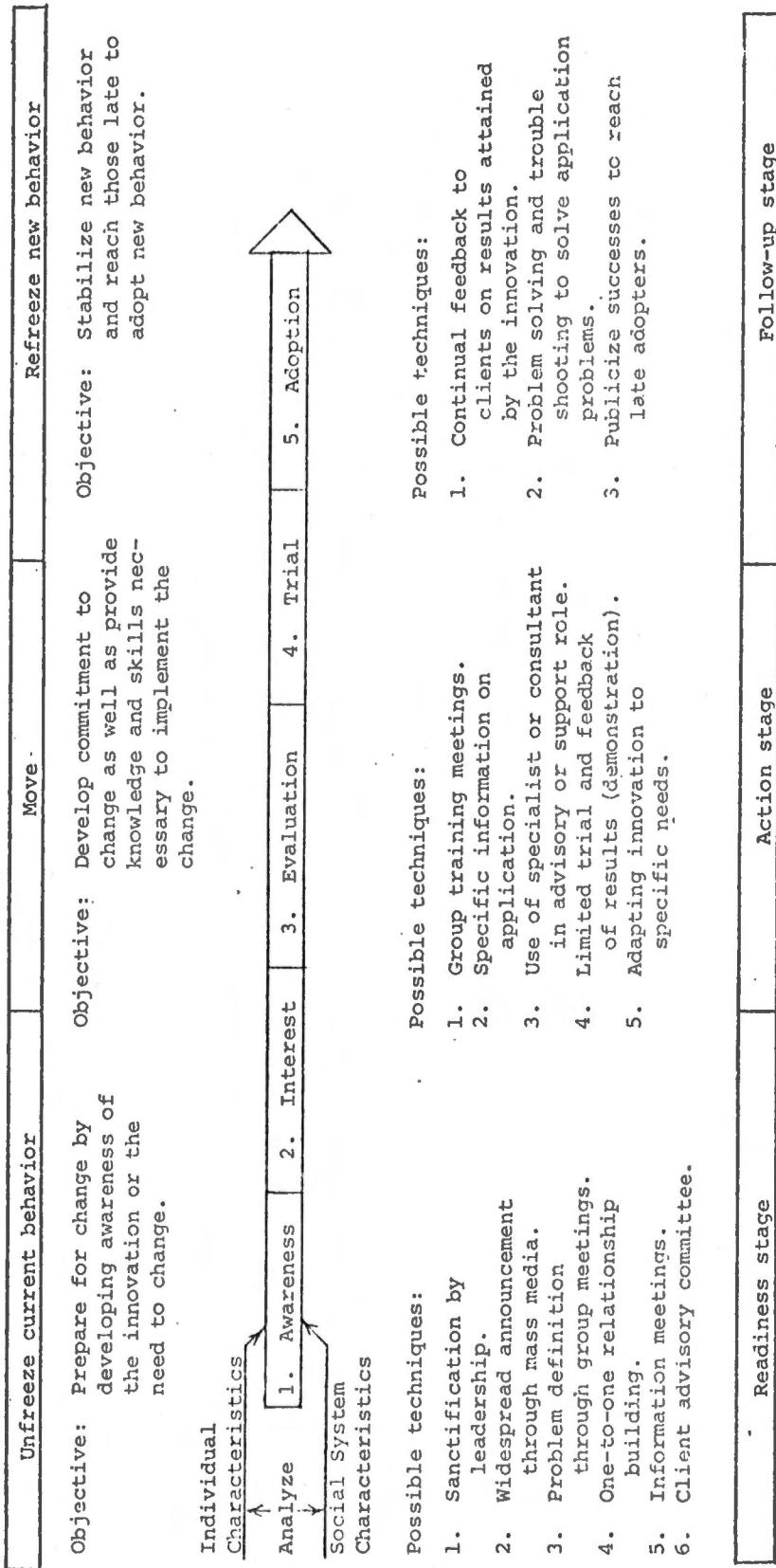


Figure 2 - A Client Behavior-Oriented Program Development Model

(Source: Brereton, Phillip R. "New Model for Effecting Change, Journal of Extension, 10:1, Spring 1972)

percentage of improved practices which can be credited to them. In comparison to the ratio of practices adopted to the cost of the method, Extension meetings rate above average (50:145).

Wilson and Gallup reported that local leaders presenting home economics subject matter by method demonstrations accounted for 47 percent of the practices adopted as contrasted by 8 percent of agricultural practices associated with this method of teaching (50:258).

Extension research indicated that general meetings of the lecture or panel-discussion type account for an additional 12 percent of home economics practices adopted (50:258).

Over 500,000 home demonstration club members are serving as voluntary local leaders and giving approximately eleven days per year and influencing an average of twelve persons to make twenty-five changes in home practices (50:260).

Rural sociology studies revealed that friends and neighbors rank first at the evaluation, trial, and adoption stages as a source of information. This high ranking of friends and neighbors reflects the value of volunteer leaders in introducing a new practice (41:114-a).

Wilson and Gallup conducted field studies involving interviews with 10,733 farm families representing 16 states. According to their results, it was found that the extent to which farmers and homemakers made personal contacts with members of the Extension staff largely determined the adoption of recommended practices (68:24).

According to Nancy H. Steorts, Special Assistant to the Secretary

for Consumer Affairs, the Extension Service probably has more direct contact with consumers than any other agency. Extension programs help consumers adjust to the problems of rising living costs, new technology, and the changing availability of goods and services. A National Extension Consumer Education Committee was appointed in April 1973 to focus attention on consumer problems (57:3).

Swagler expressed the need for better information flow and more consumer education on credit. One of the problems is that public awareness simply has not kept pace with expanding credit availability. Although many people have access to credit today, there are too many who do not know how to use it (59:74). As noted by Swagler, county extension services are being offered in store-front offices in some low income areas. This form of education brings information and expertise to the people. As the workers become an accepted part of the community, they can work with the people more effectively (59:96).

Innovative methods of teaching money management have been used by the Extension Service. Seat, a food marketing specialist with the Cooperative Extension Service in Oregon enrolled 20,000 consumers in participating counties in a correspondence course consisting of five lessons (3:38). Cole, extension agent in Maury County, Tennessee, conducted a similar "study-by-mail" series of five lessons on consumerism (58:1). The University of Connecticut Cooperative Extension Service conducted closed circuit and public television programs to provide training in consumer credit counseling and state consumer legislation to 200 community

leaders who work with low-income families (3:41).

Wilson and Gallup conducted studies concerning age, education, and the socio-economic level of homemakers in relation to the adoption of practices. According to their findings, women over 50 years of age adopted as many practices due to extension teaching as those 30 years and under. Respondents with some college training adopted more practices than those with only a high school education. Similarly, the high school group adopted more practices than those with no educational training beyond the eight grade. Those who were high on the socio-economic scale seemed to make greater use of extension information (68:22-24).

### III. RESEARCH RELATED TO FACTORS

#### INFLUENCING PRACTICE ADOPTION

Cole explained that the individual consumer uses credit basically for reasons of improving his standard of living, convenience, or necessity (13:10). Other studies revealed these favorable opinions for buying on credit: (1) it aids in bookkeeping and budgeting; (2) goods may be used while paying for them; (3) it is a type of forced savings; (4) it enables consumers to meet financial emergencies (37:358-359).

Arguments against the use of credit included: (1) it cost money; (2) it may tempt people to overbuy; (3) it may create worry and tension; (4) credit agreements are often difficult for people to understand, and consequently there may be misunderstanding (49:6-S).

A study conducted by Blackwell, Talarzyk, and Hawes at Ohio State

University showed that two out of three consumers believe charge cards promote impulse buying and convenience is credit cards' most popular virtue. Over two-thirds of those surveyed agreed with the statement: "Credit cards make it too easy to buy the things I may not really need." However, almost three-fourths disagreed with the statement: "Our family is too heavily in debt today." This latter finding contrasts with 1975 Federal Reserve Board statistics which indicated that consumer credit accounted for 61 percent of disposable personal income. Comparing that with 1950, when only 31 percent of the aggregate consumer's take-home pay was already spent because of credit accounts, provides a good indication of credit spending's acceptance (16:79-80).

During a 1967 national survey, families were asked: "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 indicated that it would be difficult or very difficult to take on more (43:21). An article in the U. S. News and World Report on "Who's Going Bankrupt and Why," suggests: "Most people manage reasonably well on their expected or planned debt. What gets them into trouble is the unexpected" (67:83). Deacon cites a number of factors which appear to be related to credit problems, such as divorce, loss of spouse, low income, little education, youth or old age, having little savings, not owning a home, or experiencing an income change. No single condition directly relates to credit problems, but these are conditions that may make it difficult to meet obligations, especially if a number

of them occur at the same time (18:195).

Gordon stated that the average buyer on the installment plan is concerned about the number of dollars he will have to pay per week or month in order to acquire an article desired. If previous commitments allow enough dollars to make an additional purchase, the purchase will be made irrespective of interest rate and finance charges (28:295). Staffney reported 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 additional charge for credit; and 5 percent the number of payments (56:38). Ninety-five percent of the HDC respondents in Hatcher's study were unaware of the amount of interest they paid the year prior to the survey (33:112). Neas found that 57 percent of all interviewees indicated they could calculate interest, while 34 percent stated they could not figure interest (44:59).

In 1970 Congress passed the Fair Credit Reporting Act, which helps clear away the mystery of credit files and protects the consumer against errors and unwarranted invasion of the individual's privacy (55:43). An Associated Credit Bureaus survey of its nearly 2,000 member bureaus in 1972 revealed that 1,713,000 persons reviewed their files, most of them because they had been turned down for credit. Approximately 74,000, or 4 percent, placed statements in their files disputing an entry (55:44).

The Fair Credit Billing Act, which became effective on October 28, 1975, is aimed at preventing "foul-ups" on credit bills and helping consumers straighten them out when they do occur. This act also protects a

consumer's right to refuse to pay for unsatisfactory merchandise bought with a credit card and removes obstacles to granting discounts for cash purchases (45:29).

Six out of every 10 commercial banks in the United States in 1972 provided credit card services to their customers (65:18). One or both of the two major bank cards--BankAmericard and Master Charge--can be found in approximately one-third of all households. Seven out of 10 bank card holders utilize the card's minimum-payment feature. Studies also show that they spend more. As shown by one study of ten medium-sized department stores, the average cash sale was \$8.25, the average store credit card sale was \$15.93, and the average bank card sale was \$20.47 (21:15).

Banks are revising policies and adding services to attract more credit customers. For example, some banks are switching from the "add-on" or "discount" forms of calculating installment loans to the simple interest installment loans. The savings to the consumer may be small, but it is worth noticing (35:43).

In 1971 the cashless and checkless society became a reality in Upper Arlington, Ohio, when City National Bank and Trust Company and National BankAmericard, Inc. sponsored a six-month experiment in the electronic transfer of funds among consumers, merchants, and the bank (34:106).

Caplovitz found that the knowledge of available sources of professional help in the area of consumer credit increased sharply with

formal education. Although more than one-third could name a source of help, only 9 percent of those with financial problems actually sought such assistance (10:177-178).

Mueller noted that more than one-half of the consumers sought advice from acquaintances when purchasing large household appliances (television sets, refrigerators, washing machines, range). Information gained by shopping around in stores appeared to be of lesser importance than that of relatives, friends, and neighbors (39:157).

A review of the 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

### METHODS OF PROCEDURES

This benchmark study was designed to characterize Home Demonstration Club members and nonmembers to determine which of the consumer credit practices they were using and investigate the factors influencing practice adoption.

#### I. THE POPULATION

The population of the study included 471 Anderson County, Tennessee Home Demonstration Club members and their friends who were nonmembers.

#### II. THE SAMPLE

The sample consisted of 30 Anderson County Home Demonstration Club Council members who were present at their regularly scheduled quarterly meeting and 30 of their nonmember friends. Each member participating in the survey listed the name and address of a friend who does not belong to a Home Demonstration Club. The Anderson County Home Demonstration Club Council is composed of 2 representatives from each of the 22 clubs throughout the county and county-wide officers.

#### III. INTERVIEW SCHEDULE

The interview schedule used in this study was a revision of schedules developed and used by Ester Hatcher and Ethel Neas to study the use

of credit by Home Demonstration Club members in Madison County, Tennessee, and Blount County, Tennessee, respectively. Revisions were made to achieve the objectives of the present study. The schedule was pre-tested by 3 Home Demonstration Club members and 3 of their nonmember friends. A copy of the interview schedule used in this study may be found in the Appendix.

#### IV. RATING EXPLANATIONS

Seventeen recommended consumer credit practices were included in the interview in an effort to find differences in the practice adoption level of home demonstration club members and nonmembers.

The following scale was utilized to determine the levels of adoption of interviewees concerning their use of 17 consumer credit practices: (1) no points were given if the individual had not heard of a specific practice; (2) one point was given if the individual had only read or heard of the practice; (3) two points were given if the individual was only interested in it; (4) three points were given if an individual planned to try the practice; (5) four points were given if the individual had tried the practice, but not presently using; and (6) five points were given if the individual had tried the practice and was still using it at the time of the interview.

The practice diffusion process was considered according to the following stages: 0 (0.00 - 0.49) = "unaware," 1 (0.50 - 1.49) = "aware", 2 (1.50 - 2.49) = "interested," 3 (2.50 - 3.49) = "planning to try," 4 (3.50 - 4.49) = "tried," and 5 (4.50 - 5.00) = "using."

An average diffusion rating was calculated for each respondent by adding up the total score and dividing by 17 (the number of recommended practices). Group total average ratings were determined for the purpose of comparing the member and nonmember groups.

The following plan was used for rating each interviewee's opinion regarding their family credit situation: (1) no points were given for a "poor" rating, (2) one point was given for a "fair" rating, (3) two points were given for a "good" rating, and (4) three points were given for an "excellent" rating.

#### V. COLLECTION OF DATA

A group interview was conducted in September 1975, during the regularly scheduled Anderson County Home Demonstration Club Council meeting. The thirty Home Demonstration Club members present completed interview schedules. Respondents' names were not recorded. The group interview was conducted by the Extension agent.

Interviews were held with 30 nonmember friends of the home demonstration club members in a home visit during the fall of 1975. Appointments were made for all of the interviews. Each interview took an average of one hour.

#### VI. DATA ANALYSIS

The information derived from the completed interview schedules was tabulated by hand.

Percents, averages, and medians were given as deemed appropriate.

## CHAPTER IV

### 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. Personal and family characteristics of selected Home Demonstration Club members and nonmembers.
2. Practice adoption by selected Home Demonstration Club members and nonmembers.
3. Factors influencing practice adoption by selected Home Demonstration Club members and nonmembers.

Comparisons will be made between Home Demonstration Club members and nonmembers in an effort to identify group differences. Discussion also will be in terms of the total group interviewed.

#### I. PERSONAL AND FAMILY CHARACTERISTICS OF SELECTED HOME DEMONSTRATION CLUB MEMBERS AND NONMEMBERS

##### Age of Respondents

Table I shows that approximately two-thirds of the respondents (63 people) were 45 years of age or older. Sixty-seven percent of the HDC members and 60 percent of the nonmembers were 45 years of age or older.

Thus, the distribution of all respondents by age groups tended to be similar.

TABLE I

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals According to Age Groups

Age Groups (in years)	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
Under 35	25		23		27	
35 - 44	12		10		13	
45 - 54	27		30		23	
55 - 64	20		20		20	
65 and over	16		17		17	
Total	100		100		100	

### Educational Level of Respondents

Table II shows the percents of the respondents in each of the six educational levels. Thirty-five percent of those interviewed had received a high school degree; while 17 percent of the total respondents had completed from one to three years of high school. Twenty-four percent of both HDC members and nonmembers had received a college degree. Eleven percent of all the interviewees had completed one or more years of college. Eight percent of the total respondents had completed the eighth grade or less, while five percent of those interviewed had completed a master's degree. Comparison of HDC members with nonmembers revealed a lower percentage of the former (30 percent) than of the latter (40 percent) had received a high school degree. A slightly lower proportion of the HDC members (13 percent) than the nonmembers (20 percent) had completed from one to three years of high school. About the same proportion of HDC members (10 percent) and nonmembers (13 percent) had completed one or more years of college. Ten percent of the HDC members had received a master's degree; while none of the nonmembers had received a master's degree. Thirteen percent of the HDC members and 3 percent of the nonmembers had completed the eighth grade or less.

### Marital Status

The percents of the HDC members and nonmembers are given in Table III by their marital status. Of all interviewees most (83 percent) were married. The next highest percent (10 percent) were widowed. When HDC

TABLE II

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals According to Levels of Education

Level of Education	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
Eighth Grade or Less	8	13	3			
1 to 3 Years High School	17	13	20			
High School Degree	35	30	40			
1 or More Years College	11	10	13			
College Degree	24	24	24			
Master's Degree	5	10	0			
Total	100	100	100			

TABLE III

Marital Statuses of Anderson County Home Demonstration Club  
Members, Nonmembers, and Totals by Percents

Marital Status	All Interviewees (N = 60) Percent	Home Demonstration	
		Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Married	83	97	70
Widowed	10	3	17
Single	5	0	10
Divorced	2	0	3
Total	100	100	100

members and nonmembers were compared, 97 percent of the former and 70 percent of the latter were married. A higher percentage of the nonmembers (17 percent) were widowed as compared to only 3 percent of the HDC members. None of the HDC members were single, while 10 percent of the nonmembers were single. None of the HDC members were divorced, while 3 percent of the nonmembers were divorced.

#### Whether or Not Respondents Had Children

Table IV shows the percents of HDC members and nonmembers and whether or not they had children. Of those interviewed most (87 percent) had children. A large proportion of the HDC members (90 percent) had children, while 83 percent of the nonmembers had children. Ten percent of the HDC members and 17 percent of the nonmembers had no children.

#### Number of Children Living at Home

Table V gives the percents of HDC members and nonmembers and the number of children who were living at home.

Fifty percent of all interviewees did not have any children living at home. Twenty percent of all the respondents had one child living at home, while 18 percent had two children living at home. Ten percent of all the interviewees had three children living at home, while 2 percent had four children living at home.

A higher percentage of the nonmembers (54 percent) had no children living at home as compared to 47 percent of the HDC members. Twenty-three percent of the nonmembers had one child at home, while 17 percent of the

TABLE IV

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Whether or Not They Had Children

Had Children	All Interviewees (N = 60) Percent	Home Demonstration	
		Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Yes	87	90	83
No	13	10	17
Total	100	100	100

TABLE V

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals According to the Number of Children Living at Home

Number Children Living at Home	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Percent	Percent	Percent	Percent	Percent	Percent
None	50	47	54			
One	20	17	23			
Two	18	27	10			
Three	10	6	13			
Four	2	3	0			
Total	100	100	100			
Average for those with children living at home	1.87	1.94	1.79			

HDC members had one child at home. A major difference occurred between the HDC members (27 percent) and nonmembers (10 percent) who had two children living at home. Thirteen percent of the nonmembers had three children living at home, while 6 percent of the HDC members had this number of children at home. A small proportion of the HDC members (3 percent) had four children living at home.

Interviewees with children living at home had an average of 1.87 per family. The HDC members (1.94) had a slightly higher average of children living at home than the nonmembers (1.79).

#### Major Occupations of Husbands of Respondents

The percents of HDC members and nonmembers are shown in Table VI by major occupations of their husbands. Industrial workers (23 percent) and professionals (23 percent) represented the most frequent occupations of all the interviewees' husbands. Seventeen percent of the total interviewees did not answer this question. The next highest percent (15 percent) of the total respondents were business, while 12 percent were retired. Seven percent of the total were part-time farmers, while three percent were full-time farmers.

Thirty percent of the nonmembers gave no response concerning the husband's occupation as compared to 3 percent of the HDC members. Twenty-four percent of the nonmembers' husbands and 23 percent of the HDC members' husbands were professional. Twenty-three percent of both the HDC members' and nonmembers' husbands were industrial workers. One-fifth of the HDC

TABLE VI

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals According to Their Husbands'  
Major Occupation

Husband's Major Occupation	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Percent	Percent	Percent	Percent	Percent	Percent
No Response	17	3	30	0	3	0
Full-time Farmer	3	7	10	23	17	24
Part-time Farmer	7	10	23	14	20	3
Industrial Worker	23	23	15	23	23	24
Business	15	14	12	20	3	3
Professional	23	23	100	100	100	100
Retired	12	20				
Total	100	100	100	100	100	100

members (20 percent) had husbands who were retired as compared to 3 percent of the nonmembers' husbands. Seventeen percent of the nonmembers' husbands were business as compared to 14 percent of the HDC members' husbands. A larger proportion of the HDC members (17 percent) had husbands who were either full-time or part-time farmers than did the nonmembers (3 percent).

#### Employment of Respondents

Table VII shows that the majority of all the respondents (72 percent) did not work outside the home. However, fewer nonmembers (50 percent) were unemployed than the HDC members (94 percent). Almost one-third of the nonmembers (33 percent) were employed full-time as compared to 3 percent of the HDC members. Seventeen percent of the nonmembers were part-time employees as compared to only 3 percent of the HDC members.

#### Annual Family Income in Recent Years

The annual family income of HDC members and nonmembers is shown by percents in Table VIII. More than one-third of all the interviewees (36 percent) indicated their family had an annual income between \$10,000 and \$15,000. The next highest percent (30 percent) indicated \$5,000 to \$10,000 annually. Twelve percent of all respondents indicated less than \$5,000 annually, while 12 percent indicated \$15,000 to \$20,000 annually. Ten percent were in the over \$20,000 income category. A larger percent of the nonmembers (43 percent) than the HDC members (30 percent), income was from \$10,000 to \$15,000. One-third of the nonmembers and 27 percent of the HDC

TABLE VII

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals and Whether or Not  
They Worked Outside of the Home

Respondents Work Outside of Home	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Full-Time	18		3		33
Part-Time	10		3		17	
None	72		94		50	
Total	100		100		100	

TABLE VIII

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals According to Annual Family  
 Income in Recent Years

Family Income In Recent Years	All Interviewees (N = 60) Percent	Home Demonstration	
		Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Less than \$5,000	12	13	10
\$5,000 to \$10,000	30	27	33
\$10,000 to \$15,000	36	30	43
\$15,000 to \$20,000	12	17	7
Over \$20,000	10	13	7
Total	100	100	100

members earned \$5,000 to \$10,000 annually. Seventeen percent of the HDC members and 7 percent of the nonmembers had a family income from \$15,000 to \$20,000. Thirteen percent of the HDC members indicated less than \$5,000 annually as compared to 10 percent of the nonmembers. When HDC members and nonmembers were compared, 13 percent of the former and 7 percent of the latter earned over \$20,000 yearly.

#### Frequency of Family Income

Table IX gives the percents of HDC members and nonmembers by the frequency of their income. One-half of all the interviewees (50 percent) received their income monthly, while nearly one-third (32 percent) were paid bi-weekly. When nonmembers and HDC members were compared, a higher percent of the former (47 percent) than of the latter (17 percent) received their income bi-weekly.

A slightly higher percent of the HDC members (53 percent) in comparison with nonmembers (47 percent) received their income monthly, while less than one-fourth of the HDC members (23 percent) and 6 percent of the nonmembers received their income weekly. None of the nonmembers received their income seasonally, while 7 percent of the HDC members received their income seasonally.

#### Place of Residence

Data in Table X show that 42 percent of all the respondents lived in rural non-farm areas, while 27 percent lived on farms. Twenty-three percent lived in a subdivision as compared to 8 percent who were urban

TABLE IX

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals According to Frequency  
of Their Income

Frequency of Income	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
	Weekly	15	23
Bi-Weekly	32	17	47
Monthly	50	53	47
Seasonally	3	7	0
Total	100	100	100

TABLE X

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals According to  
Their Place of Residence

Place of Residence	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
Farm	27		37		17	
Rural Non-Farm	42		40		43	
Urban	8		0		17	
Subdivision	23		23		23	
Total	100		100		100	

residents. When HDC members and nonmembers were compared, 40 percent of the former and 43 percent of the latter were rural non-farm residents. More of the HDC members (37 percent) lived on the farm in comparison with nonmembers (17 percent). None of the HDC members were urban residents, while 17 percent of the nonmembers were urban residents.

#### Tenure Status

Table XI shows that the majority of all interviewees (88 percent) were home owners, including 97 percent of the HDC members as compared to 80 percent of the nonmembers. One-fifth of the nonmembers (20 percent) and 3 percent of the HDC members rented their homes.

#### Number of Different Types of Credit Cards Owned

As indicated in Table XII, approximately two-thirds (70 percent) of all interviewees owned credit cards. A slightly larger percentage of HDC members (73 percent) than the nonmembers (67 percent) owned credit cards. Most respondents who owned credit cards had only one (28 percent) and those with two (18 percent) ranked second. Thirty percent of the HDC members and 27 percent of the nonmembers owned one credit card. None of the nonmembers owned five credit cards, while 3 percent of the HDC members owned five credit cards.

BankAmericard credit cards - Fifteen percent of all respondents owned a BankAmericard as indicated in Table XIII. One-fifth of the HDC members (20 percent) and one-tenth of the nonmembers (10 percent) owned a BankAmericard credit card.

TABLE XI  
 Tenure Statuses of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals by Percents

Tenure Status	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Rent	12	3	20
Own	88	97	80
Total	100	100	100

TABLE XII

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals According to Number of Different Types of Credit Cards Owned

Number of Different Types of Credit Cards Owned	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
None	30		27		33	
One	28		30		27	
Two	18		20		17	
Three	15		13		17	
Four	7		7		6	
Five	2		3		0	
Total	100		100		100	

TABLE XIII

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals and Whether or Not  
Respondent Owned BankAmericard Credit Card

Respondent Owned BankAmericard	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent
		Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	
Yes	15	20	10	
No	85	80	90	
Total	100	100	100	

Master Charge credit cards. Slightly more than one-fifth of all interviewees (22 percent) owned a Master Charge credit card as shown in Table XIV. Twenty-three percent of the nonmembers owned a Master Charge credit card as compared to 20 percent of the HDC members.

American Express credit cards. A mere 5 percent of all interviewees owned an American Express credit card as seen in Table XV. Only seven percent of the HDC members owned an American Express credit card, while 3 percent of the nonmembers owned an American Express credit card.

Gasoline credit cards. Almost one-half of all respondents (47 percent) owned gasoline credit cards as seen in Table XVI. Fifty-three percent of the nonmembers as compared to 40 percent of the HDC members owned at least one gasoline credit card.

Department Store credit cards. A majority of all interviewees (57 percent) reported owning department store credit cards as indicated in Table XVII. More HDC members (67 percent) than nonmembers (47 percent) owned at least one department store credit card.

#### Use of Credit in the Past Sixty Months

The percents of HDC members and nonmembers are shown by their use of credit in the past 60 months in Table XVIII. Over 60 percent of the total interviewees (63 percent) had used credit in the past 60 months, while 37 percent had not used credit in the past 60 months. A slightly larger percent of the HDC members (67 percent) than the nonmembers (60

TABLE XIV

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Whether or Not Respondent Owned Master Charge Credit Card

Respondent Owned Master Charge Credit Card	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	22	20	23	No	77
No	78	80	77	Total	100	100
Total	100	100	100			

TABLE XV

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Whether or Not Respondent Owned American Express Credit Card

Respondent Owned American Express Credit Card	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	No	Yes	No	Yes	No
Yes	5		7		3	
No		95		93		97
Total	100		100		100	

TABLE XVI

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether or Not  
 Respondent Owned Gasoline Credit Cards

Respondent Owned Gasoline Credit Cards	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent
		Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	
Yes	47	40	53	
No	53	60	47	
Total	100	100	100	

TABLE XVII

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether or Not Respondent  
 Owned Department Store Credit Cards

Respondent Owned Department Store Credit Cards	All Interviewees (N = 60) Percent	Home Demonstration Club Members		Nonmembers (N = 30) Percent
		(N = 30) Percent	(N = 30) Percent	
Yes	57	67	47	
No	43	33	53	
Total	100	100	100	

TABLE XVIII

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals According to Their Use of  
Credit in the Past Sixty Months

Used Credit Past Sixty Months	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	63	67	60		
No	37	33	40			
Total	100	100	100			

percent) used credit in the past 60 months.

#### Use of Credit in the Past Thirty-six Months

Table XIX gives the percents of HDC members and nonmembers and their use of credit in the past 36 months. Three-fourths of all the interviewees (75 percent) had used credit in the past 36 months, while 25 percent had not used credit in the past 36 months. Eighty percent of the nonmembers as compared to 70 percent of the HDC members had used credit in the past 36 months.

#### Use of Credit in the Past Twelve Months

Table XX shows the percents of HDC members and nonmembers according to their use of credit in the past 12 months. Three-fourths of all the respondents (75 percent) had used credit in the past 12 months, while 25 percent had not used credit in the past 12 months. Eighty percent of the nonmembers had used credit in the past 12 months, while 70 percent of the HDC members had used credit in the past 12 months.

#### Specific Items Purchased on Credit in the Past Thirty-Six Months

Table XXI gives in rank order, the percents of HDC members and nonmembers for the purchase of nine specific items in the past 36 months.

The largest percent (48 percent) of all respondents had used credit to purchase gasoline, while a slightly smaller percent (43 percent) had purchased personal items on credit. Thirty-eight percent had bought a car on credit, while a slightly smaller percent (37 percent) had bought household items on credit. Over one-third (35 percent) had secured medical care

TABLE XIX

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals According to Their Use of Credit in the Past Thirty-six Months

Used Credit Past Thirty-Six Months	All Interviewees (N = 60) Percent	Home Demonstration		Nonmembers (N = 30) Percent
		Club Members (N = 30) Percent	Club Members (N = 30) Percent	
Yes	75	70	80	
No	25	30	20	
Total	100	100	100	

TABLE XX

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals According to Their Use of Credit  
 in the Past Twelve Months

Used Credit Past Twelve Months	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent
		Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	
Yes	75	70	80	
No	25	30	20	
Total	100	100	100	100

TABLE XXI

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals by Specific Items Purchased  
on Credit in the Past Thirty-Six Months\*

Items Purchased on Credit Past Thirty-Six Months	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Gasoline	48	40	57
Personal Items	43	40	47
Car	38	40	37
Household Items	37	30	43
Medical Care	35	20	50
Home Improvements	22	27	17
Real Property	18	20	17
Farm Equipment	7	7	7
Food	5	0	10

\*Since most respondents reported buying more than one item, percents do not total 100.

on credit. Twenty-two percent had secured home improvements on credit, while slightly less than one-fifth (18 percent) had used credit to purchase real property. Seven percent had used credit to obtain farm equipment, while 5 percent had purchased food on credit.

Over one-half of the nonmembers (57 percent) and 40 percent of the members had used credit to purchase gasoline. Of those who purchased personal items on credit, 47 percent were nonmembers as compared to 40 percent who were HDC members. About the same proportion of HDC members (40 percent) and nonmembers (37 percent) had bought a car on credit. Forty-three percent of the nonmembers and 30 percent of the HDC members had purchased household items on credit. One-half (50 percent) of the nonmembers and one-fifth (20 percent) of the HDC members had obtained medical care on credit. Twenty-seven percent of the HDC members and 17 percent of the nonmembers secured home improvements through the use of credit. About the same proportion of HDC members (20 percent) and nonmembers (17 percent) had bought real property on credit. The same proportion (7 percent each) of HDC members and nonmembers had purchased farm equipment on credit. None of the HDC members used credit to buy food, while 10 percent of the nonmembers bought food on credit.

#### Family Members Who Use Credit Cards Most Frequently

Table XXII gives the percents of HDC members and nonmembers classified by family members who used credit cards most frequently. Almost one-third of all interviewees (32 percent) did not use credit cards regularly. However, of all the respondents' families who used credit cards, the

TABLE XXII

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Family Members Who Use Credit Cards Most Frequently

Who Uses Credit Cards Most Frequently	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
Homemaker	43		54		33	
Husband	20		13		27	
Children	5		3		7	
Did Not Use Regularly	32		30		33	
Total	100		100		100	

interviewees used them more frequently (43 percent) than either their husband (20 percent) or children (5 percent). Over one-half of the HDC members (54 percent) and 33 percent of the nonmembers said they (the homemaker) made the most frequent use of credit cards. Twenty-seven percent of the nonmembers and 13 percent of the HDC members said their husband made the most frequent use of credit cards.

Whether or Not Respondent Had Ever Secured  
a Loan from an Agency or Individual

Table XXIII shows the percents of the HDC members and nonmembers and whether or not they had ever secured a loan either from an agency or an individual. Three-fourths of all the interviewees (75 percent) had secured a loan while 25 percent had not secured a loan. A vast majority of the HDC members (93 percent) had secured a loan, while 73 percent of the nonmembers had secured a loan.

Whether or Not Respondent Had Secured a Loan from  
an Agency or Individual in Past Sixty Months

Table XXIV gives the percents of the HDC members and nonmembers and whether or not they had secured a loan either from an agency or individual in the past 60 months. Over one-half of all the respondents (57 percent) had secured a loan in the past 60 months, while 27 percent had not secured a loan in the past 60 months. Slightly less than two-thirds of the HDC members (63 percent) had secured a loan in the past 60 months as compared to 50 percent of the nonmembers. A slightly larger percent of the HDC members (30 percent) than the nonmembers (23 percent) had not

TABLE XXIII

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Whether or Not Respondent Had Ever Secured a Loan from an Agency or Individual

Had Ever Secured Loan	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
		Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Yes	75	93	73	7	27
No	25	7	27	93	73
Total	100	100	100	100	100

TABLE XXIV

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals and Whether or Not Respondent Had  
Secured a Loan from an Agency or Individual  
in Past Sixty Months

Secured a Loan Past Sixty Months	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
		Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
Yes	57	63	50	30	23
No	27	30	27	7	27
No Response	16	7	23	7	27
Total	100	100	100	100	100

secured a loan in the past 60 months.

Whether or Not Respondent Knew Amount of  
Interest Paid the Previous Year on a Loan

Table XXV shows that over one-third of all interviewees (35 percent) were aware of the amount of interest paid the previous year on a loan, while one-fifth (20 percent) were not aware of the amount of interest paid the previous year on a loan. Forty percent of the HDC members knew the amount of interest paid the previous year on a loan, while 30 percent of the nonmembers so indicated. The same proportion (20 percent each) of HDC members and nonmembers did not know how much interest they had paid the previous year on a loan.

Whether or Not Respondent's Husband Knew How  
Much Interest Was Paid the Previous Year on a Loan

Table XXVI shows the percents of HDC members and nonmembers by their feelings concerning whether or not their husbands knew the amount of interest paid the previous year on a loan. Thirty-nine percent of all the respondents felt that their husbands did know the amount of interest paid the previous year on a loan, while 8 percent felt that their husbands did not know. Over one-half of the HDC members (53 percent) and 23 percent of the nonmembers felt that their husbands did know the amount of interest paid the previous year on a loan. About the same proportion of nonmembers (10 percent) and HDC members (7 percent) felt that their husbands did not know how much interest was paid the previous year on a loan.

TABLE XXV

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether or Not Respondent Knew  
 How Much Interest Was Paid the Previous Year on a Loan

Respondent Knew How Much Interest Paid Previous Year	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	No	Yes	No	Yes	No
Yes	35		40		30	
No		20		20		20
Does Not Apply		45		40		50
Total	100		100		100	

TABLE XXVI  
 Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether or Not Husband Knew  
 How Much Interest Was Paid the  
 Previous Year on a Loan

Respondent's Husband Knew How Much Interest Paid Previous Year	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Count	Percent	Count	Percent	Count	Percent
Yes	39	65	53	177	23	77
No	8	13	7	23	10	33
Does Not Apply	53	88	40	133	67	223
Total	100	100	100	333	100	333

#### Respondent's Ability to Calculate Interest Rates

Table XXVII gives the percents of HDC members and nonmembers by those who could and could not figure interest rates. Of all interviewees, one-half (50 percent) indicated that they could calculate interest, while 50 percent of the respondents indicated that they could not figure interest. A larger proportion of the HDC members (67 percent) than the nonmembers (33 percent) could figure interest. Sixty-seven percent of the nonmembers and 33 percent of the HDC members could not figure interest.

#### Whether Respondents' Husbands Could or Could Not Figure Interest Rates

Table XXVIII shows the percents of HDC members and nonmembers by their feelings concerning whether or not their husbands could figure interest. A majority of all the respondents (57 percent) felt that their husbands could calculate interest, while 27 percent felt that their husbands could not. Almost three-fourths of the HDC members (74 percent) and 40 percent of the nonmembers felt that their husbands could figure interest. Thirty percent of the nonmembers and 23 percent of the HDC members felt that their husbands could not figure interest.

#### Respondents' Opinions Concerning Their Families' Overuse of Credit

Table XXIX gives the percents of HDC members and nonmembers and their opinions on whether or not their family overused credit. A large percentage of all the respondents (87 percent) indicated that their family was not overusing credit, while 13 percent felt that their family

TABLE XXVII

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Their Ability  
 to Calculate Interest Rates

Respondent's Ability to Calculate Interest Rates	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	50	67	33		
No	50	33	67			
Total	100	100	100			100

TABLE XXVIII

Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether Their Husbands  
 Could or Could Not Figure Interest Rates

Respondents' Husbands Calculate Interest	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	57	74	40		
No	27	23	30			
Does Not Apply	16	3	30			
Total	100	100	100			

TABLE XXIX

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals and Their Opinions Concerning  
Their Families' Overuse of Credit

Does Your Family Overuse Credit?	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		NonMembers (N = 30) Percent	
	Yes	13	7	20		
No	87	93	80			
Total	100	100	100			100

was overusing credit. A higher proportion of the nonmembers (20 percent) than the HDC members (7 percent) indicated that their families were overusing credit. Ninety-three percent of the HDC members and 80 percent of the nonmembers indicated that their families did not overuse credit.

Respondents' Opinions Concerning Whether or Not  
Overuse of Credit Is a Problem Among Families  
in Anderson County

Table XXX shows the percents of HDC members and nonmembers and their opinions on whether or not overuse of credit is a problem among families in Anderson County. A vast majority of all the respondents (83 percent) indicated that overuse of credit is a problem among families in Anderson County, while 17 percent felt that overuse of credit is not a problem. A slightly larger proportion of the HDC members (87 percent) than the nonmembers (80 percent) expressed that overuse of credit is a problem among families in Anderson County. However, 20 percent of the nonmembers and 13 percent of the HDC members indicated that the overuse of credit is not a problem among families in Anderson County.

Respondents' Opinions Concerning Whether or Not  
Underuse of Credit Is a Problem Among Families  
in Anderson County

As indicated in Table XXXI, three-fourths of all the respondents (75 percent) felt that underuse of credit is not a problem among families in Anderson County, while 25 percent expressed the concern that underuse of credit is a problem. A slightly larger proportion of the nonmembers (77 percent) than the HDC members (73 percent) considered that underuse

TABLE XXX  
 Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals and Whether or Not They Considered  
 Overuse of Credit to be a Problem Among Families  
 in Anderson County

Overuse of Credit Is Problem Among Families in County	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	83	87	80	No	17
Total	100	100	100			100

TABLE XXXI

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Whether or Not They Considered Underuse of Credit to be a Problem Among Families in Anderson County

Underuse of Credit is Problem Among Families in County	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	25	27	23	No	77
Total	100	100	100	Total	100	100

of credit is not a problem among families in Anderson. However, 27 percent of the HDC members and 23 percent of the nonmembers indicated that underuse of credit is a problem.

Whether Respondents Had Inquired About Their  
Credit Rating at a Local Credit Bureau, Bank,  
or Department Store

Table XXXII show the percents of HDC members and nonmembers and whether or not they had inquired about their credit rating at a local credit bureau, bank, or department store. Over one-third of all interviewees (35 percent) had inquired about their credit rating at a local credit bureau, bank, or department store. The majority of all respondents (65 percent) had not asked about their credit rating. More nonmembers (43 percent) than HDC members (27 percent) had inquired about their credit rating. Seventy-three percent of the HDC members and 57 percent of the nonmembers had not inquired about their credit rating at a local credit bureau, bank, or department store.

How Respondent Would Rate Family Credit Situation

Table XXXIII shows how the HDC members and nonmembers rated their own families' credit situation. Based on the respondents' ratings of their family credit situation, scores ranging from 0 for "poor" to 3 for "excellent" were given to obtain the average rating. For all interviewees, the average rating was 2.4 or "good." Both HDC members and nonmembers had a "good" rating, but the former (2.5) had a higher score than the latter (2.3).

TABLE XXXII

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals Who Had Inquired About  
Their Credit Rating at a Local Credit  
Bureau, Bank, or Department Store

Have Inquired About Credit Rating	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	35	27	43		
No	65	73	57			
Total	100	100	100			100

TABLE XXXIII

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and How Respondent Would Rate Family Credit Situation

Respondent's Rating of Family Credit Situation	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Percent		Percent		Percent	
Excellent	55		57		54	
Good	31		33		30	
Fair	12		10		13	
Poor	2		0		3	
Total	100		100		100	
Average Rating*	2.4		2.5		2.3	

\*The following plan was used for rating each interviewee's opinion regarding their family credit situation: 0 = "poor," 1 = "fair," 2 = "good," and 3 = "excellent."

More than one-half of the respondents (55 percent) indicated that they would rate their family credit situation as "excellent." More HDC members (57 percent) than nonmembers (54 percent) had an "excellent" rating. One-third of the HDC members (33 percent) and 30 percent of the nonmembers indicated a "good" rating. About the same proportion of nonmembers (13 percent) and HDC members (10 percent) selected the "fair" rating. None of the HDC members felt that their family credit situation was "poor", while 3 percent of the nonmembers indicated a "poor" rating.

II. PRACTICE ADOPTION BY SELECTED  
HOME DEMONSTRATION CLUB  
MEMBERS AND NONMEMBERS

All interviewees were questioned concerning their use of 17 recommended consumer credit practices. The practices were arranged in descending order according to the average ratings for all interviewees.

The seventeen consumer credit practices are presented in Tables XXXIV through XXXVII.

A review of data concerning Practice 1, "Considered the amount and number of payments" disclosed that all interviewees had "tried" this practice. The average rating was 4.32. The rating for the HDC members (4.43) was higher than the nonmembers (4.20). Forty-six percent of all interviewees were "using" the practice and 2 percent were "unaware." When the homemaker groups were compared, it was found that more HDC members (57 percent) than nonmembers (37 percent) were "using" the practice.

A study of Practice 2, "Arranged the payment dates," on the average,

TABLE XXXIV

Average Consumer Credit Practice Diffusion Ratings and Total  
Average Ratings of Anderson County Home Demonstration  
Club Members, Nonmembers, and Totals\*

Consumer Credit Practice	All Interviewees (N = 60) Average Rating	Home Demonstration Club Members (N = 30) Average Rating	Nonmembers (N = 30) Average Rating
1. Consider the amount and number of payments	4.32	4.43	4.20
2. Arranged the payment dates	4.19	4.30	4.07
3. Examined the contract to know exactly what was purchased	4.05	4.47	3.63
4. Made the down payment as large as possible in most cases	4.02	4.13	3.90
5. Inquired concerning to whom payments would be made	3.97	4.07	3.87
6. Planned to repay loans with money not assigned for other purposes	3.92	4.17	3.67

TABLE XXXIV (continued)

Consumer Credit Practice	All Interviewees (N = 60) Average Rating	Home Demonstration Club Members (N = 30) Average Rating	Nonmembers (N = 30) Average Rating
7. Consider the total amount due by keeping a record of purchases	3.85	4.10	3.60
8. Paid balance in full on credit card charges before deadline to avoid finance charges	3.72	4.20	3.23
9. Checked the amount of interest and service charges in dollars and simple annual interest rate	3.72	3.80	3.63
10. Kept a copy of the completed contract of credit purchases and loans	3.64	4.10	3.17
11. Considered the total amount to be repaid when obtaining a loan	3.64	3.80	3.47
12. Kept a record of number and amount of payments	3.60	4.23	2.97

TABLE XXXIV (continued)

Consumer Credit Practice	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Average Rating		Average Rating		Average Rating	
13. Regarded the amount of interest in dollars when obtaining a loan	3.59		3.77		3.40	
14. Shopped for the lowest interest rates when credit purchases and loans were made	3.52		4.03		3.00	
15. Investigated the honesty and reputation of the lender before obtaining a loan	3.42		3.93		2.90	
16. Inquired concerning what would happen if a payment were missed	2.83		3.23		2.43	
17. Inquired whether a loan could be paid off early without a penalty	2.75		3.30		2.20	
Average Rating	3.69		4.00		3.37	

\*The practice diffusion ratings were considered according to the following stages: 0 (0.00 - 0.49) = "unaware," 1 (0.50 - 1.49) = "aware," 2 (1.50 - 2.49) = "interested," 3 (2.50 - 3.49) = "planning to try," 4 (3.50 - 4.49) = "tried," and 5 (4.50 - 5.00) = "using."

TABLE XXXV

Total Average Percents of All Anderson County Home Demonstration Club Members and Nonmembers Interviewed With Regard to Consumer Credit Practices

Consumer Credit Practice	Total Percent		Unaware Percent		Read or Heard of Percent		Interested Percent		Plans to Try Percent		Has Tried Percent		Is Using Percent	
1. Considered the amount and number of payments	100		2		0		3		2		47		46	
2. Arranged the payment dates	100		3		3		2		0		47		45	
3. Examined the contract to know exactly what was purchased	100		0		7		6		2		45		40	
4. Made the down payment as large as possible in most cases	100		0		5		5		12		40		38	
5. Inquired concerning to whom payments would be made	100		0		5		12		3		42		38	
6. Planned to repay loans with money not assigned for other purposes	100		0		5		15		3		37		40	

TABLE XXXV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
7. Consider the total amount due by keeping a record of purchases	100	0	3	13	17	29	38
8. Paid balance in full on credit card charges before deadline to avoid finance charges	100	2	10	10	10	30	38
9. Checked the amount of interest and service charges in dollars and simple annual interest rate	100	2	7	15	7	35	35
10. Kept a copy of the completed contract of credit purchases and loans	100	7	10	8	3	32	40
11. Considered the total amount to be repaid when obtaining a loan	100	2	6	20	2	38	32
12. Kept a record of number and amount of payments	100	0	10	18	10	25	37

TABLE XXXV (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
13. Regarded the amount of interest in dollars when obtaining a loan	100	2	8	18	0	45	27
14. Shopped for the lowest interest rates when credit purchases and loans were made	100	3	13	8	10	34	32
15. Investigated the honesty and reputation of the lender before obtaining a loan	100	2	13	15	0	37	33
16. Inquired concerning what would happen if a payment were missed	100	5	20	20	13	25	17
17. Inquired whether a loan could be paid off early without a penalty	100	8	27	8	12	28	17
Average Percent	100	2	9	12	6	36	35

TABLE XXXVI

Percents of Anderson County Home Demonstration Club Members  
Interviewed With Regard to Consumer Credit Practices

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
1. Considered the amount and number of payments	100	3	0	0	0	40	57
2. Arranged the payment dates	100	3	3	0	0	40	54
3. Examined the contract to know exactly what was purchased	100	0	3	0	0	40	57
4. Made the down payment as large as possible in most cases	100	0	7	0	10	40	43
5. Inquired concerning to whom payments would be made	100	0	7	10	3	30	50
6. Planned to repay loans with money not assigned for other purposes	100	0	7	3	3	40	47

TABLE XXXVI (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
7. Considered the total amount due by keeping a record of purchases	100	0	3	7	10	37	43
8. Paid balance in full on credit card charges before deadline to avoid finance charges	100	0	3	7	3	40	47
9. Checked the amount of interest and service charges in dollars and simple annual interest rate	100	3	10	10	0	33	44
10. Kept a copy of the completed contract of credit purchases and loans	100	7	3	3	0	33	54
11. Considered the total amount to be repaid when obtaining a loan	100	3	3	17	0	40	37
12. Kept a record of number and amount of payments	100	0	0	13	0	37	50

TABLE XXXVI (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
13. Regarded the amount of interest in dollars when obtaining a loan	100	3	7	13	0	40	37
14. Shopped for the lowest interest rates when credit purchases and loans were made	100	0	7	7	7	36	43
15. Investigated the honesty and reputation of the lender before obtaining a loan	100	3	3	7	7	43	37
16. Inquired concerning what would happen if a payment were missed	100	3	20	10	13	24	30
17. Inquired whether a loan could be paid off early without a penalty	100	3	20	3	17	30	27
Average Percent	100	2	6	7	4	37	44

TABLE XXXVII

Percents of Anderson County Nonmembers Interviewed  
With Regard to Consumer Credit Practices

Consumer Credit Practice	Total		Unaware		Read or		Interested		Plans		Has		Is	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1. Considered the amount and number of payments	100	0	0	0	7	3	7	3	53	37				
2. Arranged the payment dates	100	3	3	3	3	0	3	54	37					
3. Examined the contract to know exactly what was purchased	100	0	0	10	13	0	0	50	24					
4. Made the down payment as large as possible in most cases	100	0	0	3	10	14	40	33						
5. Inquired concerning to whom payments would be made	100	0	0	3	13	3	54	27						
6. Planned to repay loans with money not assigned for other purposes	100	0	0	3	27	3	34	33						

TABLE XXXVII (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
7. Considered the total amount due by keeping a record of purchases	100	0	3	20	24	20	33
8. Paid balance in full on credit card charges before deadline to avoid finance charges	100	3	17	13	17	20	30
9. Checked the amount of interest and service charges in dollars and simple annual interest rate	100	0	3	20	13	37	27
10. Kept a copy of the completed contract of credit purchases and loans	100	7	16	13	7	30	27
11. Considered the total amount to be repaid when obtaining a loan	100	0	10	23	3	37	27
12. Kept a record of number and amount of payments	100	0	20	23	20	14	23

TABLE XXXVII (continued)

Consumer Credit Practice	Total Percent	Unaware Percent	Read or Heard of Percent	Interested Percent	Plans to Try Percent	Has Tried Percent	Is Using Percent
13. Regarded the amount of interest in dollars when obtaining a loan	100	0	10	23	0	50	17
14. Shopped for the lowest interest rates when credit purchases and loans were made	100	7	20	10	13	30	20
15. Investigated the honesty and reputation of the lender before obtaining a loan	100	3	26	17	0	37	17
16. Inquired concerning what would happen if a payment were missed	100	7	20	30	13	27	3
17. Inquired whether a loan could be paid off early without a penalty	100	13	33	13	7	27	7
Average Percent	100	2	13	16	8	36	25

revealed that all interviewees had "tried" the practice (4.19). This was true for both HDC members and nonmembers, although the former (4.30) had a higher rating than the latter (4.07). Forty-five of all interviewees were "using" this practice and 3 percent were "unaware." When the homemaker groups were compared, it was found that 54 percent of the HDC members and 37 percent of the nonmembers were "using" this practice.

With regard to Practice 3, "Examined the contract to know exactly what was purchased" it was found that all interviewees, on the average, had "tried" the practice (4.05). The HDC members (4.47) had a higher rating than the nonmembers (3.63). Forty percent of all interviewees were "using" the practice and none were "unaware." More HDC members (57 percent) than nonmembers (24 percent) were "using" the practice.

All interviewees, on the average, had "tried" Practice 4, "Made the down payment as large as possible in most cases" (4.02). The average rating was slightly higher for the HDC members (4.13) than the nonmembers (3.90). Thirty-eight percent of all interviewees were "using" the practice and none were "unaware." When the homemaker groups were compared, it was disclosed that fewer nonmembers (33 percent) were "using" this practice than HDC members (43 percent).

A review of data concerning Practice 5, "Inquired concerning to whom payments would be made," on the average, found all interviewees had "tried" the practice (3.97). The rating of the HDC members (4.07) was slightly higher than that of the nonmembers (3.87). Thirty-eight percent of all interviewees were "using" the practice and none were "unaware."

Almost twice as many HDC members (50 percent) as nonmembers (27 percent) were "using" this practice.

A study of Practice 6, "Planned to repay loans with money not assigned for other purposes, on the average, found that all interviewees had "tried" the practice (3.92). This was true for both the HDC members (4.17) and the nonmembers (3.67). Forty percent of all interviewees were "using" the practice, and none were "unaware." When the homemaker groups were compared, it was disclosed that more HDC members (47 percent) were "using" the practice than nonmembers (33 percent).

All interviewees had "tried" Practice 7, "Considered the total amount due by keeping a record of purchases." The average rating was 3.85. The HDC members (4.10) had a higher rating than the nonmembers (3.60). Thirty-eight percent of all interviewees were "using" the practice, and none were "unaware." More HDC members (43 percent) than nonmembers (33 percent) were "using" the practice.

A look at Practice 8, "Paid balance in full on credit card charges before deadline to avoid finance charges," found that all interviewees, on the average, had "tried" the practice (3.72). This was true for the HDC members (4.20) but the nonmembers (3.23) were "planning to try" the practice. Thirty-eight of all interviewees were "using" the practice, and 2 percent were "unaware." Forty-seven of the HDC members and 30 percent of the nonmembers were "using" the practice. Only the nonmembers (3 percent) were "unaware" of this practice.

A study of Practice 9, "Checked the amount of interest and service

charges in dollars and simple annual interest rate," found that all interviewees, on the average, had "tried" the practice (3.72). This was true for both HDC members (3.80) and nonmembers (3.63). Thirty-five percent of all interviewees were "using" the practice, and 2 percent were "unaware." When the homemaker groups were compared, it was disclosed that more HDC members (44 percent) than nonmembers (27 percent) were "using" this practice. Only HDC members (3 percent) were "unaware" of this practice.

All interviewees, on the average, had "tried" Practice 10, "Kept a copy of the completed contract of credit purchases and loans" (3.64). The HDC members (4.10) had "tried" the practice, but the nonmembers (3.17) were "planning to try" the practice. Forty percent of all interviewees were "using" the practice, and 7 percent were "unaware." When comparing the homemaker groups, it was found that twice as many HDC members (54 percent) as nonmembers (27 percent) were "using" this practice. The same proportion (7 percent each) of HDC members and nonmembers were "unaware" of the practice.

A review of data concerning Practice 11, "Considered the total amount to be repaid when obtaining a loan," found that all interviewees, on the average, had "tried" the practice (3.64). This was true of the HDC members (3.80), but the nonmembers (3.47) were "planning to try" the practice. Thirty-two percent of all respondents were "using" the practice, and only 2 percent scored "unaware." More HDC members (37 percent) than nonmembers (27 percent) were "using" the practice. Only HDC members (3 percent) were "unaware" of this practice.

With regard to Practice 12, "Kept a record of number and amount of payments," it was revealed that all interviewees, on the average, had "tried" the practice (3.60). The HDC members (4.23) had "tried" the practice, but the nonmembers (2.97) were "planning to try." Thirty-seven percent of all interviewees were "using" the practice, and none were "unaware." When the homemaker groups were compared, it was disclosed that 50 percent of the HDC members and 23 percent of the nonmembers were "using" the practice.

A study of Practice 13, "Regarded the amount of interest in dollars when obtaining a loan," disclosed that all interviewees, on the average, had "tried" the practice (3.59). This was true of the HDC members (3.77), but the nonmembers (3.40) were "planning to try" the practice. Twenty-seven percent of all interviewees were "using" the practice, and 2 percent were "unaware." More HDC members (37 percent) than nonmembers (17 percent) were "using" the practice. Only HDC members (3 percent) were "unaware" of this practice.

All interviewees, on the average, had "tried" Practice 14, "Shopped for the lowest interest rates when credit purchases and loans were made" (3.52). The HDC members (4.03) had "tried" the practice, but the nonmembers (3.00) were "planning to try." Thirty-two percent of interviewees were "using" the practice, and 3 percent were "unaware." When the homemaker groups were compared, it was disclosed that 43 percent of the HDC members and 20 percent of the nonmembers were "using" the practice. Only nonmembers (7 percent) were "unaware" of this practice.

With regard to Practice 15, "Investigated the honesty and reputation of the lender before obtaining a loan," it was revealed that all interviewees, on the average, had "planned to try" the practice (3.42). The HDC members had "tried" the practice, but the nonmembers (2.90) were "planning to try." Thirty-three percent of all interviewees were "using" the practice, and 2 percent were "unaware." More HDC members (37 percent) than nonmembers (17 percent) were "using" the practice. The same proportion (3 percent each) of HDC members and nonmembers were "unaware" of this practice.

A review of data concerning Practice 16, "Inquired concerning what would happen if a payment were missed," found that all interviewees, on the average, had "planned to try" the practice (2.83). This was true for the HDC members (3.23), but the nonmembers (2.43) were "interested." Only 17 percent of all respondents were "using" the practice, and 5 percent were "unaware." When the homemaker groups were compared, it was found that 30 percent of the HDC members and only 3 percent of the nonmembers were "using" the practice. Fewer HDC members (3 percent) than nonmembers (7 percent) were "unaware" of the practice.

A look at Practice 17, "Inquired whether a loan could be paid off early without a penalty," revealed that all interviewees, on the average, had "planned to try" the practice (2.75). The HDC members (3.30) had "planned to try" the practice, but the nonmembers (2.20) were "interested." Only 17 percent of all respondents were "using" the practice, and 8 percent were "unaware." When the homemaker groups were compared, it was

revealed that the average rating for the HDC members (4.00) was higher than the nonmembers (3.37). Thus, the HDC members, on the average, had "tried" the 17 consumer credit practices, while the nonmembers had "planned to try."

III. FACTORS INFLUENCING PRACTICE ADOPTION  
BY SELECTED HOME DEMONSTRATION  
CLUB MEMBERS AND NONMEMBERS

Things Liked Most About Credit

Table XXXVIII shows what the respondents "liked most" about credit.

One-fourth of all interviewees (25 percent) indicated that the greatest advantage of credit was "convenience." Twenty-seven percent of the nonmembers and 23 percent of the HDC members mentioned "convenience" as being an advantage of credit.

"Being able to buy items without money" was the second largest response (15 percent) of the total respondents. More HDC members (20 percent) than nonmembers (10 percent) so indicated.

Twelve percent of all interviewees reported the greatest advantage of credit was for "emergencies." A slightly higher percentage of HDC members (14 percent) than nonmembers (10 percent) felt that "emergency use" was the greatest advantage.

"Using goods while paying for them" was stated as an advantage of credit by 12 percent of all interviewees. It was surprising to note that fewer HDC members (3 percent) liked "using goods while paying for them" than the nonmembers (20 percent).

TABLE XXXVIII

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals Stating What They  
Liked Most About Credit

What Respondent Likes About Credit	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Percent	Percent	Percent	Percent	Percent	Percent
Convenience	25	23	27			
Buy Items Without Money	15	20	10			
Emergency	12	14	10			
Use Goods While Paying	12	3	20			
Assures Service	10	14	7			
Record Keeping	8	7	10			
Establish Credit Reference	7	10	3			
Type of Forced Savings	5	3	7			
Nothing	3	3	3			
No Response	3	3	3			
Total	100	100	100			

### Things Disliked About Credit

As indicated in Table XXXIX, 28 percent of all the interviewees felt that "overuse of credit" was the greatest disadvantage. Slightly more nonmembers (30 percent) disliked the "overuse of credit" as compared to HDC members (26 percent). The same proportion (27 percent each) of HDC members and nonmembers disliked the "high interest rates" charged. The disadvantage of "money being gone before paid" was indicated by equal percents (10) of the HDC members and nonmembers.

### Selected Sources of Information

Data in Table XL show that almost one-half of all respondents received information on how to use consumer credit from university bulletins (48 percent), commercial bulletins (42 percent), and magazines (42 percent). The major sources of information among the HDC members were university bulletins (50 percent), home demonstration club meetings (50 percent), and commercial bulletins (43 percent). The major sources of information among the nonmembers in order were university bulletins (47 percent), magazines (43 percent), and commercial bulletins (40 percent).

### Persons From Whom Advice Was Sought

As shown in Table XLI, almost one-half of all interviewees (48 percent) did not seek advice from anyone concerning the wise use of credit. One-half of the HDC members (50 percent) and 47 percent of the nonmembers were in this category. Of all the respondents (52 percent) who sought advice from one or more persons, the major sources were neighbor or friend

TABLE XXXIX

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals Stating What They Disliked Most About Credit

What Respondent Disliked Most About Credit	All Interviewees (N = 60)		Home Demonstration Club Members (N = 30)		Nonmembers (N = 30)	
	Percent		Percent		Percent	
Overuse	28		26		30	
High Interest Rate	27		27		27	
Money Gone Before Paid	10		10		10	
Time Spent Paying Bills	8		7		10	
Creates Worry & Tension	8		7		10	
Billing Mistakes	7		10		3	
No Response	12		13		10	
Total	100		100		100	

TABLE XL

Percents of Anderson County Home Demonstration Club Members  
Nonmembers, and Totals Who Received Information  
on How to Use Consumer Credit From  
Selected Sources Other  
Than Individuals\*

Suggested Sources	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
University Bulletins	48	50	47
Commercial Bulletins	42	43	40
Magazines	42	40	43
Newspapers	28	40	17
Radio	18	3	33
Television	7	7	7
Home Demonstration Club Meetings	27	50	3
Other	3	7	0
None	0	0	0

\*Since some respondents reported more than one source, percents do not total 100.

TABLE XLI

Percents of Anderson County Home Demonstration Club Members,  
Nonmembers, and Totals Who Sought Advice  
on the Wise Use of Credit\*

Persons from Whom Respondent Sought Advice	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent
No One	48	50	47
Neighbor or Friend	28	30	27
Home Agent	18	10	27
Relatives	13	17	10
Banker	12	7	17
Home Economics Teacher	5	0	10

\*Since some respondents reported more than one source, percents do not total 100.

(28 percent), home agent (18 percent), relatives (13 percent), banker (12 percent), and home economics teacher (5 percent).

The studies reviewed indicated that most consumers do not seek advice, but when they do it is most frequently from a friend.

Respondents' Opinions Concerning Whether  
or Not Most Families in Anderson County  
Are Informed on the Wise Use of Credit

As seen in Table XLII, three-fourths of all interviewees (75 percent) felt that most families in Anderson County were not informed on the wise use of credit. More HDC members (87 percent) than nonmembers (63 percent) felt that most families in Anderson County were not informed on the wise use of credit.

Interest in Attending Consumer Credit Meetings

The vast majority of all the interviewees (70 percent) were interested in attending one or more meetings on consumer credit as seen in Table XLIII. Seventy-three of the HDC members indicated an interest in attending one or more meetings as compared to 67 percent of the nonmembers.

TABLE XLII

Percents of Anderson County Home Demonstration Club Members, Nonmembers, and Totals and Their Opinions Concerning Whether or Not Most Families in Anderson County Are Informed on Wise Use of Credit

Most Families in County Are Informed on Wise Use of Credit	All Interviewees (N = 60) Percent		Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent	
	Yes	25	13	37		
No	75	87	63			
Total	100	100	100			100

TABLE XLIII  
 Percents of Anderson County Home Demonstration Club Members,  
 Nonmembers, and Totals Who Would Be Interested in  
 Attending One or More Consumer Credit Meetings

Would be Interested in Attending One or More Credit Meetings	All Interviewees (N = 60) Percent	Home Demonstration Club Members (N = 30) Percent		Nonmembers (N = 30) Percent
		Home Demonstration Club Members (N = 30) Percent	Nonmembers (N = 30) Percent	
Yes	70	73	67	
No	30	27	33	
Total	100	100	100	

## CHAPTER V

### SUMMARY OF MAJOR FINDINGS, IMPLICATIONS, AND RECOMMENDATIONS

#### I. PURPOSE AND SPECIFIC OBJECTIVES

The overall purpose of this study was to secure information which would be helpful in planning Extension educational programs on consumer credit for Anderson County Home Demonstration Club members and nonmembers.

#### Specific Objectives

Specific objectives of the study were as follows:

1. To characterize selected personal and family characteristics of the HDC members and nonmembers.
2. To determine which recommended consumer credit practices were being used and which ones were not being used by HDC members and nonmembers.
3. To identify some of the factors that influenced HDC members and nonmembers to adopt or reject recommended consumer credit practices.

The study was undertaken because consumer credit has become an increasingly important financial tool used in family money management. It was believed that data from such a study would be helpful in planning and conducting educational programs to better meet the needs of Home Demonstration Club members and nonmembers in Anderson County, Tennessee.

## II. METHOD OF INVESTIGATION

The population included 471 Anderson County, Tennessee Home Demonstration Club members and their friends who were nonmembers. Data were secured from 30 Anderson County Home Demonstration Club Council members who were present at their regularly scheduled quarterly meeting and 30 of their nonmember friends. Each member participating in the survey listed the name and address of a friend who does not belong to a Home Demonstration Club. The Anderson County Home Demonstration Club Council is composed of 2 representatives from each of the 22 clubs throughout the county and county-wide officers.

The interview schedule used in this study was a revision of schedules developed and used by Hatcher and Neas to study the use of consumer credit by Home Demonstration Club members in Madison County, Tennessee, and Blount County, Tennessee, respectively. Revisions were made to achieve the objectives of the present study. The schedule was pre-tested by 3 Home Demonstration Club members and 3 of their nonmember friends.

A review of related literature revealed that age, the number of children in a family, occupation, and income are factors which influence the use of consumer credit.

## III. METHOD OF ANALYSIS

The information derived from the completed interview schedules was tabulated by hand. Percents, averages, and medians were given as deemed appropriate.

All interviewees were questioned concerning their adoption of 17 recommended consumer credit practices. Practice diffusion ratings were given to answers of all respondents for each practice ranging from zero for "unaware" to five for "using." Average diffusion ratings were used in comparing the adoption levels of all interviewees, HDC members, and nonmembers in relation to the recommended practices.

Each interviewee's opinion regarding their family credit situation was rated from zero for "poor" to three for "excellent."

#### IV. MAJOR FINDINGS

Major findings of the study were classified and presented under purpose-related headings.

##### The Characteristics of Respondents

A summary of some of the characteristics of those studied includes the following findings:

1. Sixty-three percent of all interviewees were 45 years of age or older. The distribution of HDC members and nonmembers by age groups tended to be similar.
2. Thirty-five percent of those interviewed had received a high school degree. Slightly more nonmembers (40 percent) than HDC members (30) had received a high school degree. The same percentage (24 percent each) of HDC members and nonmembers had received a college degree.
3. More than four-fifths (83 percent) of all respondents were

married, almost all of the HDC members (97 percent) and more than two-thirds (70 percent) of the nonmembers. Most of the remainder in both groups being widowed.

4. Most respondents (87 percent) had children, HDC members and nonmembers being similar. Respondents with children living at home had an average of 1.87 per family, both groups being similar.
5. Industrial workers (23 percent) and professionals (23 percent) represented the most frequent occupations of all the interviewees' husbands, the same being true for both (23 percent) HDC members and nonmembers.
6. Twenty-eight percent of all interviewees worked outside the home; one-half of the nonmembers (50 percent) and only 6 percent of the HDC members so reported.
7. More than one-third of all the interviewees (36 percent) indicated their family had an annual income between \$10,000 and \$15,000; a slightly higher percent of nonmembers (43 percent) than the HDC members (30 percent) were in this income category.
8. The frequency of income for one-half of all the interviewees (50 percent) was monthly, the same being similar for both HDC and nonmembers.
9. Forty-two percent of the respondents were rural non-farm residents, HDC members and nonmembers being similar.
10. The majority (88 percent) of all interviewees were homeowners,

a higher percent (97 percent) of the HDC members than the nonmembers (80 percent) owning their homes.

11. Approximately two-thirds of all interviewees (70 percent) owned credit cards, HDC members and nonmembers being similar. Most respondents who owned credit cards had only one (28 percent) and those with two (18 percent) ranked second.
12. Sixty-three percent of the total interviewees had used credit in the past 60 months, HDC members and nonmembers being similar. More of the respondents (75 percent) had used credit in the past 36 months and the past 12 months, HDC members and nonmembers being similar for both time periods.
13. A significant percentage of all respondents made purchases of gasoline (48 percent), personal items (43 percent), car (38 percent), household items (37 percent), and medical care (35 percent). The top ranking credit purchases of the HDC members were gasoline (40 percent), personal items (40 percent), car (40 percent), household items (30 percent), and medical care (20 percent), as compared to the nonmembers major purchases of gasoline (57 percent), medical care (50 percent), personal items (47 percent), household items (43 percent), and car (37 percent).
14. Of the respondents' families who used credit cards, the interviewee used them more frequently (43 percent) than either their husband (20 percent) or children (5 percent). Home

Demonstration Club members tended to use credit cards more frequently (54 percent) than nonmembers (33 percent).

15. Three-fourths of all the interviewees (75 percent) had secured a loan from an agency or individual, 93 percent of the HDC members and 73 percent of the nonmembers so indicated. Fewer of the respondents (57 percent) had secured a loan from an agency or individual in the past 60 months, 63 percent of the HDC members and 50 percent of the nonmembers so reported.
16. Over one-third of all the interviewees (35 percent) knew the amount of interest paid the previous year on a loan, 40 percent of the HDC members and 30 percent of the nonmembers so indicated.
17. One-half of all interviewees (50 percent) indicated that they could calculate interest. A larger proportion of the HDC members (67 percent) than the nonmembers (33 percent) could figure interest.
18. Most of the interviewees (87 percent) indicated that their family was not overusing credit; however, most of the respondents (83 percent) considered overuse of credit to be a problem among families in Anderson County. One-fourth of all interviewees (25 percent) expressed the concern that underuse of credit is a problem among families in Anderson County.
19. The majority of all respondents (65 percent) had never inquired about their credit rating at a local credit bureau,

bank, or department store. More nonmembers (43 percent) than HDC members (27 percent) had inquired about their ratings.

20. Based on the respondents' ratings of their family credit situation, the average rating for all interviewees was "good" (2.4), both groups being similar.

#### The Consumer Credit Practices Followed by Respondents

A summary of major findings related to the adoption of recommended consumer credit practices includes the following:

1. When rating scale of 0 to 5 was applied to the 17 recommended consumer credit practices, the average diffusion score for all interviewees was 3.69, placing them in the "has tried, but not now using" stage of the diffusion process.
2. On the average, the HDC members (4.00) rated in the "has tried" stage of adoption, whereas, the nonmembers (3.37) were "planning to try" the practice.
3. The average diffusion ratings of the HDC members exceeded those of the nonmembers on all of the 17 recommended consumer credit practices.
4. On the average, the HDC members "had tried" more (15) recommended consumer credit practices than the nonmembers (8).
5. The HDC members, on the average, were found to be in the "planning to try" stage on two practices, including: (a) Practice 16, "inquired concerning what would happen if a payment were missed;" and (b) Practice 17, "inquired whether a

loan could be paid off early without a penalty. The non-members, on the average, were found to be in the "planning to try" stage on the following seven practices: (a) Practice 8, "paid balance in full on credit card charges before deadline to avoid finance charges;" (b) Practice 10, "kept a copy of the completed contract of credit purchases and loan;" (c) Practice 11, "considered the total amount to be repaid when obtaining a loan;" (d) Practice 12, "kept a record of number and amount of payments;" (e) Practice 13, "regarded the amount of interest in dollars when obtaining a loan;" (f) Practice 14, "shopped for the lowest interest rates when credit purchases and loans were made;" and (g) Practice 15, "investigated the honesty and reputation of the lender before obtaining a loan."

6. Nonmembers, on the average, were found to be only in the "interested" stage on the following two practices: (a) Practice 16, "inquired concerning what would happen if a payment were missed;" and (b) Practice 17, "inquired whether a loan could be paid off early without a penalty."

#### Factors Influencing Respondents in the Adoption of Consumer Credit Practices

Some of the factors which might have influenced interviewees to adopt or not to adopt recommended consumer credit practices are summarized as follows:

1. One-fourth of all interviewees (25 percent) indicated that

the greatest advantage of credit was "convenience," HDC members and nonmembers being similar.

2. More than one-fourth of all interviewees (28 percent) disliked the "overuse of credit," HDC members and nonmembers being similar.
3. University bulletins (48 percent), commercial bulletins (42 percent), and magazines (42 percent) were the major sources all respondents used in receiving information on consumer credit. The major sources for the HDC members included the university bulletins (50 percent), home demonstration club meetings (50 percent), and commercial bulletins (43 percent). The major sources of information among the nonmembers in order, were university bulletins (47 percent), magazines (43 percent), and commercial bulletins (40 percent).
4. Almost one-half of all interviewees (48 percent) were not seeking advice from anyone concerning the wise use of credit, HDC members and nonmembers being similar. When respondents did seek advice about credit, it was most frequently from a friend or neighbor (28 percent).
5. Three-fourths of all interviewees (75 percent) felt that most families in Anderson County were not informed on the wise use of credit, more HDC members (87 percent) than nonmembers (63 percent) being included.
6. The vast majority of all interviewees (70 percent) were interested in attending one or more meetings on consumer credit,

HDC members and nonmembers being similar.

#### V. IMPLICATIONS AND RECOMMENDATIONS

Based on the results of the study and the writers experience and views, the following implications were made and recommendations suggested:

1. Since Home Demonstration Club members and nonmembers indicated that university bulletins were the major source used in receiving information on consumer credit, Extension personnel should continue to promote the public's awareness of such available bulletins.
2. Since one-half of the nonmembers worked outside the home, educational efforts should focus on the special needs of these homemakers. Although Anderson County has several Home Demonstration Clubs which meet at night, many women working outside the home indicated that they do not have time to attend Home Demonstration Club meetings. Perhaps, greater emphasis should be placed on teaching methods for which the individual can control the time the message is received. Examples of such teaching methods include "study-by-mail" lessons, circular letters, publications, programmed instruction workbooks, and newspaper articles.
3. Since three-fourths all interviewees felt that most families in Anderson County were not informed on the wise use of credit and since the vast majority of all respondents expressed an interest in attending one or more meetings on consumer

credit, it was inferred that an educational effort designed to reach the general public would be justified.

4. Since the average diffusion ratings of the Home Demonstration Club members exceeded those of the nonmembers on all of the 17 recommended consumer credit practices, it was implied that Home Demonstration Club programs are effective in influencing the adoption of such practices.

#### Recommendations for Further Study

1. Further research is needed to determine the most effective approaches and methods for teaching consumer credit to individuals of different age groups.
2. The use of consumer credit should be further studied on an interdisciplinary approach. Economic, social, and psychological aspects of consumer credit should be studied.
3. Studies should be conducted to further determine the program development needs for adult consumer education in the community.
4. A study should be done to determine public awareness of consumer credit legislation which has been passed in recent years.
5. Appropriate statistical analysis of the available data from this study should be computed.

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APPENDIX



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

Less than \$5,000                       Between \$10,000 and \$15,000  
 Between \$5,000 and \$10,000                       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                                       Urban  
 Rural non-farm                       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 during the past 3 years? (Check all that apply)

Car (payments; repair; operation)  
 Gasoline  
 Home improvement or repairs  
 Real Estate  
 Personal items for the family  
 Household items  
 Food  
 Medical Care  
 Farm machinery; supplies; livestock; etc.

15. What type of credit cards do you own?

<u>Type</u>	<u>Number of different companies</u>
a. Gasoline _____	_____
b. Master Charge _____	_____
c. Bank Americard _____	_____
d. American Express _____	_____
e. Department Store _____	_____
f. Others _____	_____

16. Does anyone in your family use a credit card regularly? \_\_\_\_\_ Yes, \_\_\_\_\_ No. If yes, who in your family uses a credit card most frequently? (Check one)
- \_\_\_\_\_ I do                      \_\_\_\_\_ My husband                      \_\_\_\_\_ My children
17. 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?
18. What do you like most about using credit?
- 
19. What do you dislike most about using credit?
- 
20. Do you feel that over-use of credit is a problem for a large number of families in your county? \_\_\_\_\_ Yes, \_\_\_\_\_ No.
21. Do you feel that under-use of credit is a problem for a large number of families in your county? \_\_\_\_\_ Yes, \_\_\_\_\_ No.
22. Do you feel that most families in your county are informed on how to use credit wisely? \_\_\_\_\_ Yes, \_\_\_\_\_ No.
23. 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? \_\_\_\_\_
- 
24. 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.
25. 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.
26. 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?
-

27. 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.
28. 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.
29. Have you talked to anyone within the past year about the wise use of credit? \_\_\_\_\_ Yes, \_\_\_\_\_ No. If yes, with whom did you talk? (Check one or more of the following)
- \_\_\_\_\_ a. Neighbor or friend  
 \_\_\_\_\_ b. Home agent  
 \_\_\_\_\_ c. Banker  
 \_\_\_\_\_ d. Home Economics Teacher  
 \_\_\_\_\_ e. Other (Specify) \_\_\_\_\_
30. From which of the following other sources did you receive information on how to use credit?
- \_\_\_\_\_ a. University bulletins and publications  
 \_\_\_\_\_ b. Commercial bulletins  
 \_\_\_\_\_ c. Magazines  
 \_\_\_\_\_ d. Newspapers  
 \_\_\_\_\_ e. Radio  
 \_\_\_\_\_ f. Television  
 \_\_\_\_\_ g. Home Demonstration Club Meetings  
 \_\_\_\_\_ h. Other (Specify) \_\_\_\_\_
31. How would you rate your family credit situation?
- \_\_\_\_\_ a. Excellent  
 \_\_\_\_\_ b. Good  
 \_\_\_\_\_ c. Fair  
 \_\_\_\_\_ d. Poor
32. Have you ever inquired about your credit rating at a local credit bureau, bank, or department store? \_\_\_\_\_ Yes, \_\_\_\_\_ No.
33. Please suggest two friends who are not Home Demonstration Club Members. These names will be helpful in conducting additional surveys.
1. Name \_\_\_\_\_  
 Address \_\_\_\_\_
2. Name \_\_\_\_\_  
 Address \_\_\_\_\_

34. Please check the column which best describes your use of each of the following consumer credit practices during the past five years:

Consumer Credit Practice	I am unaware of practice	Read or heard of practice	Interested in practice	Plan to try practice	Have tried practice	Am using practice	Does not apply
1) Arranged the payment dates							
2) Considered the amount and number of payments							
3) Examined the contract to know exactly what was purchased							
4) Kept a copy of the completed contract of credit purchases and loans							
5) Inquired concerning to whom payments would be made							
6) Considered the total amount due by keeping a record of purchases							

Consumer Credit Practice	I am unaware of practice	Read or heard of practice	Interested in practice	Plan to try practice	Have tried practice	Am using practice	Does not apply
7) Made the down payment as large as possible in most cases							
8) Paid balance in full on credit card charges before deadline to avoid finance charges							
9) Inquired concerning what would happen if a payment was missed							
10) Checked the amount of interest and service charges in dollars and simple annual interest rate							
11) Regarded the amount of interest in dollars when obtaining a loan							

Consumer Credit Practice	I am unaware of practice	Read or heard of practice	Interested in practice	Plan to try practice	Have tried practice	Am using practice	Does not apply
12) Considered the total amount to be repaid when obtaining a loan							
13) Planned to repay loans with money not assigned for other purposes							
14) Kept a record of number and amount of payments							
15) Investigated the honesty and reputation of the lender before obtaining a loan							
16) Inquired whether a loan could be paid off early without a penalty							
17) Shopped for the lowest interest rates when credit purchases and loans were made							

35. Would you be interested in attending one or more Extension meetings to discuss any of the subjects here dealt with? \_\_\_\_\_ Yes, \_\_\_\_\_ No. If so, which subjects? \_\_\_\_\_  
\_\_\_\_\_
36. How would you like to get additional information? \_\_\_\_\_  
\_\_\_\_\_

## VITA

Marjorie Lourene Wattenbarger Phillips is one of three children born to Christine T. and Henry D. Wattenbarger in Roane County, Kingston, Tennessee. Her birthdate is October 5, 1948. She is married to Ronnie Ewing Phillips, a native of Rives, Tennessee.

She was educated in the public schools of Kingston, Tennessee. As a 1966 graduate of Roane County High School in Kingston, Tennessee, she was salutatorian of her class. In 1970, she was granted the Bachelor of Science degree in Home Economics, "with honors," from The University of Tennessee, Knoxville. She has continued studies at The University of Tennessee, Knoxville. She will complete work at The University of Tennessee for a Master of Science degree in August, 1976 with a major in Agricultural Extension.

She has been employed by the Tennessee Agricultural Extension Service for the past 6 years as an Assistant Extension Agent in Anderson County. She worked first as a 4-H and Youth agent. She is presently an Assistant Extension Agent working with the Adult Home Economics program in Anderson County.

National honorary fraternities of which she is a member include Omicron Nu, Gamma Sigma Delta, and Epsilon Sigma Phi. She is a member of the American Home Economics Association, the Tennessee Home Economics Association, and the District, State, and National Associations of Extension Home Economists.