

Credit Story by Erin Grigsby

“If you’re responsible, yes,” Dr. Ken Johnston, associate professor of finance, said.

The question which Johnston was responding to was if he thought students should have credit cards. Credit cards can be either beneficial or detrimental to anyone who has one, and college students are no exception.

Having a credit card means a person is building their credit history, according to Johnston. A credit history is examined to give out loans, like a mortgage loan, as well as renting an apartment and applying for a job.

In a survey e-mailed to Berry students, 56 percent of respondents said they had a credit card. The two most common uses for credit cards were either for emergencies or to pay for everything, and each answer got a 21 percent response. Fourteen percent of respondents use their credit card for big purchases, while eight percent use it for small purchases only. Another reason ten students said they use their credit card is to pay for gas.

Freshman Ashley Jones said that she only uses her credit card for gas, but after she learned a lesson on credit card debt first.

“I used it for everything, but I just paid off that debt,” Jones said. “I was 700 dollars under...but then paid it off slowly but surely. Now it only gets used for gas.”

Jones said that she realized putting more money on a card than can be paid off is the biggest potential danger of having credit. Junior Austin Wolff agreed.

“[The danger of credit is] overspending on things that you don’t have money for,” Wolff said. “It would be really easy to do if you don’t pay attention to what you’re spending and get over your head, because the interest will really add up.”

Johnston said that he read a study that originally thought college students had excessive credit card debt because of impulse buying, but it was actually because of students’ false long-term assumptions.

“The biggest issue for students is their unrealistic expectation of their future income,” Johnston said. “[They think] it’ll end up better than what actually happens.”

Sallie Mae, a college financing company, found that in 2008, the average undergraduate student had \$3,173 in credit card debt, according to an article from USA Today. Four years earlier, in 2004, students had an average of \$2,169 in credit debt.

But having a credit card does not always mean a student will end up in debt. There are advantages to having a credit card, which Johnston says are building a credit history and learning lessons about responsibility, independence, security and emergencies. For example, a student may get a flat tire and cannot afford to fix it, but they can use a credit card and pay it off later. Sophomore Will Corley also recognizes this advantage of credit.

“It really helps if you want to buy a more expensive item because you can pay it off over time,” Corley said.

Wolff agreed when he said a credit card can be used to “build credit so if I want to buy a car or scooter, I can.” Other advantages of credit are not having to carry cash, as well as quick recovery if your card is stolen.

“Some people have it to not need cash, but I prefer cash,” sophomore Hillary Anderton said. She also said a risk of a credit card is “potentially having it stolen, but that’s easily taken care of.”

Anderton is one of a couple students who say they are responsible when it comes to their credit cards. “Once I get the bill, I pay it off a few days later. I always make sure I have enough money in my checking account to pay it off,” Anderton said.

“I don’t ever use it for more than what I have,” Wolff said. “I don’t let the debt compile and more than what’s in my account.”

Corley also said he considers himself responsible with credit. “I won’t put more than 200 dollars at a time [on my card] unless if I know I’m making a big purchase or its an emergency.”

However, when Johnston was asked if college students with credit are generally responsible about it, he replied with a laugh, “No. To be honest with you, no.”

But if any students need advice on their credit, Johnston said he constantly gives helps students and he is happy to help them. Johnston said he has helped students get out of debt problems, including one student at another university he previously taught at whose identity was being stolen by her parents.

It is obvious that have a credit card has multiple advantages, but students always need to be aware of the possibility of debt, which can be avoided if they only use their credit card to the extent that it can be paid off.