

Financial Literacy and Credit Card Behavior in an Emerging Economy: Evidence from Urban China

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Abstract

The purpose of this study is to examine associations between financial literacy and credit card behavior in an emerging economy. Financial literacy is hypothesized to be positively associated with desirable credit card behaviors. Using preliminary data collected from a national survey in urban China, results provide evidence to support the hypothesis. The findings show that higher financial literacy levels are associated with desirable credit card behaviors such as making full payments, checking both expenditures and balances of statements, comparison shopping, and carefully reading the contract before signing it. The results have helpful information for consumer policy makers and educators interested in promoting financial capability and developing effective financial education programs for consumers.

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