

## On-Time Student Loan Repayment: The Role of Consumer Financial Behavior, Financial Education, and Financial Knowledge

Gloria Preece, Indiana University Kokomo<sup>1</sup>  
Steve Cox, Indiana University Kokomo<sup>2</sup>

### Abstract

This study investigated the role of consumer financial behaviors, financial knowledge, and receiving financial education on an individuals' propensity to make on-time payments towards their student loans. Using data acquired from the 2018 National Financial Capability Study dataset, we estimated the odds of making on-time student loan payments as compared to paying late once and paying late more than once. A series of Multinomial Logistic regression models yielded consistent results for consumer financial behaviors measured by the responsible financial actions index (Preece, 2023). Findings indicate respondents reporting higher index scores were more likely to make on-time student loan payments. Similar results indicate that individuals who correctly answered financial knowledge questions in the areas of compound interest, inflation, and diversification were more likely to make on-time payments. Conversely, a decrease in the likelihood of on-time payments was identified for those respondents who reported being required to take financial education. These results contribute to the body of research in consumer financial behavior and student loan repayment providing new insights and strengthening understanding for how student loan repayment outcomes can be improved.

### References

Preece, G. L., Kiss, D. E., & MacDonald, M. (2023). Development of a Responsible Financial Behaviors Index. *Journal of Financial Counseling and Planning*.

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<sup>1</sup> Gloria Preece (gpreece@iu.edu), Assistant Professor, School of Business

<sup>2</sup> Steve Cox (scox@iu.edu), Professor, School of Business