The Relationship Between Credit Card Use Behavior and Household Well-Being During the Great Recession: Implications for the Ethics of Credit Use

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This article uses a random digit dial probability sample (N = 328) to examine the relationship between credit card use behaviors and household well-being during a period of severe economic recession: The Great Recession. The ability to measure the role of credit card use during a period of recession provides unique insights to the study of credit behavior because of the knowledge that all respondents have the same macroeconomic constraint. Framed by the assumptions of the permanent income hypothesis and the life-cycle savings hypothesis, multinomial logistic regression was used to estimate the relationship between credit card use behaviors and three measures of household well-being: emotional well-being, financial well-being, and general household financial condition.

Keywords: credit card use, Great Recession, household well-being

The effects of the Great Recession are far-reaching. An economist can assess the extent of an economic recession on the state of the economy by using quantifiable measures, such as changes in gross national product, unemployment rate, and level of industrial production. However, it is much more challenging to measure the less quantifiable effects, that is, noneconomic measures, in a household such as emotional well-being, household condition, or coping strategies (Tausig & Fenwick, 1999). Recession literature is often criticized for failing to measure the more humanistic impacts. Recessionary studies of Cavan and Ranck (1938), Elder (1974), and Caplovitz (1981) focus on both how families are affected and the adjustment of families during a period of economic recession. Otherwise, the current state of scholarship regarding the household-based effects of an economic recession is very limited. This lack of information is unfortunate. Based on the business cycle, a recessionary economy is unavoidable. In addition, because of growth in both the acceptance and use of credit cards since the last period of severe economic recession prior to the Great Recession, an analysis regarding the impact of credit card use behaviors on consumers is warranted.

The cyclical nature of the U.S. economy makes it important to develop an understanding of the economy prior to the Great Recession. The 1990s were characterized by a favorable economic climate, distinguished by an extended period of economic expansion from 1991 to 2001. As usual, the period of expansion brought Americans many benefits, including low unemployment rates, relatively low interest rates, and increased income (Li, 2005). Furthermore, the 1990s continued the increased trend of consumer reliance on the use of credit cards. Today, a credit card is an acceptable financial product that is owned by the majority of households. Credit cards are used for convenience as well as a consumption smoothing strategy (Durkin, 2000).

During the period between 1970 and 2001, the percentage of households with at least one credit card went from 16% to 73% (Evans & Schmalensee, 2005). Annual credit card expenditures increased more than 16-fold from 1971 to 2002. Expenditures adjusted for 2002 dollars were $600 and $10,000, respectively. With more people using credit cards on a regular basis, the trend toward revolving debt also increased, the amount of outstanding revolving credit peaked in April 2008 at more than 1 trillion dollars (Board of

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Governors of the Federal Reserve System, 2017). During the time leading up to the Great Recession, 46% of families carried a monthly balance, with the mean balance for those households carrying a credit card balance in 2007 at $7,300 (Bucks, Kennickell, Mach, & Moore, 2009). American's reliance on consumer credit as a consumption smoothing tool has the potential of placing the household in a more vulnerable position during a period of economic shock. Chalise and Anong (2017) identified that families spending in excess of their income were more likely to be in financial distress. Similarly, high credit card debt loads have been linked with lower levels of subjective well-being (Bell et al., 2014). During the Great Recession and economic recovery that followed, revolving credit amounts fell for an extended period before rebounding (Canner & Elliehausen, 2013).

In addition, since 1970, technological change combined with business and consumer adaptation to changes in credit card use have positioned credit card use not only as convenient but also necessary for many types of transactions. Although there may be some substitutes for credit card use, such as PayPal, credit cards provide additional online consumer protections that encourage their use. Likewise, rewards tied to credit card use further promote and encourage their proliferation and use (Canner & Elliehausen, 2013).

The purpose of this study is to examine the relationship between credit card use behaviors and household well-being during the Great Recession. This research will add to the current void that exists in scholarly literature concerning household economic activities during a period of economic recession. Furthermore, the study provides a unique perspective on recessionary studies because the data was collected during the recessionary event as opposed to retrospectively.

Theoretical Perspectives

Economic theories can be used to explain consumer behavior concerning spending decisions as well as to provide insights to the ethical dilemma associated with debt accumulation. The permanent income hypothesis, as well as the life-cycle savings hypothesis, posits that consumer spending and saving decisions are made based on the prospect of a higher future income and a long-term horizon to repay debt (Ando & Modigliani, 1963; Friedman, 1957; Modigliani, 1966). Arguments may be made that these hypotheses only explain saving and spending decisions while people are young. In addition, it has been suggested that the permanent income

hypothesis does not address the estimated amount of future income changing over time and neglects the consideration of current income (Katona, 1968).

The life-cycle savings framework suggests that households will use credit to finance consumption today because they think they will be able to repay the debt with future income. The life-cycle model focuses on consumers maximizing their utility through a series of spending and saving decisions spread over a lifetime. Therefore, time preference as well as age and family composition will play a large role in the financial decision process and willingness to use credit as a means of consumption (Dilip & Cheema, 2002; Dunkelberg & Stafford, 1971; Kim & DeVaney, 2001).

Economic recession represents a disturbance in many household consumption models. Many households approached the most recent economic recession (December 2007–June 2009) as a shock rather than a natural decline in the economic cycle (Mian, Rao, & Sufi, 2013), thereby suggesting households would not have curbed consumption or paid down credit card debt in anticipation of the declining economy. This article will determine the relationship between credit card use behavior and household well-being during the most recent period of extended economic recession commonly referred to as the Great Recession. The factors influencing consumption including age, marital status, number of children, education, and income were considered.

Research Questions and Hypotheses

The goal of this research is to address the question: What is the relationship between credit card use behavior and three measures of household well-being during the Great Recession? Ultimately, given these results, what are the implications for the ethics of credit use?

The overall hypothesis of this research study is that during the period of a severe economic recession, households that have exhibited risky credit use behaviors will experience reduced levels of emotional and financial well-being as well as a low level of general household financial condition. A list of specific directional hypotheses is presented in Table 1.

Directional hypotheses for the independent and control variables of interest are consistent with life-cycle and permanent income hypotheses and the overall hypothesis of this study. Demographic measures of socioeconomic

TABLE 1. Summary of Hypotheses

Variables	Emotional Well-Being	Financial Well-Being	Financial Condition
Demographics fund			
Age	+	+	+
Marital status	+	+	+
Education	+	+	+
Gender	−/+	−/+	−/+
Income	+	+	+
Number of credit cards	−	−	−
Carry credit card balance	−	−	−
Credit reasons			
Necessities	−	−	−
Future income	−/+	−/+	−/+
Liquidity	+	+	+
Credit uses			
Necessities	−	−	−
Convenience	+	+	+
Items can't afford	−	−	−
Emergency	+	+	+
Pay day loan	−	−	−
Fuel pay	−	−	−
Grocery pay	−	−	−
Written budget	+	+	+
Mental budget	+	+	+
Emergency fund	+	+	+

Note. + = expect positive correlation; − = expect negative correlation; −/+ = expect uncertain correlation.

status—age, marital status, education, and income—are hypothesized to be positively correlated with emotional and financial well-being as well as a financial condition, whereas the relationships between gender and well-being and gender and financial condition are uncertain. Specific to this study, hypotheses regarding credit card use behavior and the three dependent variables—emotional well-being, financial well-being, and financial condition—are consistent across the three dependent variables. Number of active credit cards and consistently maintaining a credit card balance are hypothesized to be negatively associated with well-being and financial condition. Reasons for the use of credit cards for necessities, to buy items that cannot otherwise be afforded, and to pay for fuel and groceries are negatively related to well-being and financial condition, whereas the use

of credit cards for liquidity purposes is positively related to these same measures. Last, having a written or mental budget and use of credit cards for emergency fund purposes are hypothesized to be positively correlated with emotional and financial well-being as well as financial condition.

Methods
Procedure
This study was conducted to determine the relationship between credit card use behaviors and the well-being of households located within Kentucky, during the Great Recession. A probability sample was collected in late 2008, using random digit dialing, to give every household in the state an equal probability to be included in the study. The Family Science Survey Research Center, located at the

University of Kentucky, was used to conduct the survey. The survey instrument consisted of 116 questions. Survey questions included a mix of closed-ended and open-ended responses.

The telephone survey was conducted from November 13, 2008, to December 20, 2008. This period immediately followed the 2008 United States presidential election, coincided with the official announcement of the recession by the National Bureau of Economic Research, and marked the 12th month of the recession (National Bureau of Economic Research, 2008). Calls were made in the evenings Monday through Friday from 5:00 pm to 9:00 pm and on Saturdays from 11:00 am to 3:00 pm to maximize the potential of a respondent being available to complete the survey. WinQuery interviewing software was used to assist in the data collection. Each residential working telephone number had a maximum of 12 attempts prior to being removed from the number database. All participants were a minimum of 18 years of age or older.

Variable Selection

Table 2 identifies all retained variables and response categories. Variables which were retained in one or more of the analyses included carrying credit card balance, several credit cards, the primary reason for using a credit card, description of credit card use, maintaining an emergency fund, and having a written or mental budget. Although the inclusion of financially responsible behaviors (maintaining an emergency fund and having a written or mental budget) may appear counterintuitive to understand the impact of credit card use behaviors on well-being during a recessionary period. The literature identified both liquidity preference and the conscious decision to use credit for ease of transactions or to improve one's credit score as reasons to use credit.

A series of simple regressions were run to test the identified factors influencing consumption, including age, marital status, the number of children in the household, education, and income. A forward multinomial logistic regression was conducted to determine which independent variables (age, gender, education, income category, number of credit cards, primary reason for credit cards, use of credit cards, fuel pay, groceries pay, use payday loan service, education, income category, emergency fund, written budget, and mental budget) were predictors for each well-being measure.

Based on the nature of the research question, the analysis was exploratory, using the forward stepping option, which resulted in only the independent variables that were statistically related to the dependent variable being retained. The forward-stepping approach results in a different set of retained independent variables for each outcome variable of interest.

Outcome Variables of Interest

Emotional Well-Being. The dependent variable asked the respondent regarding the impact of current economic circumstances, "How are you feeling personally about the effect on you and your family?" The four levels of emotional well-being were measured as "sad, blue, or worried," "unhappy and concerned," "okay but don't like it," and last, the reference category was "think about it but know things are fine."

Financial Well-Being. The dependent variable asked the respondent, "How are you feeling regarding the effects of current economic circumstances on the state of financial well-being for you and your family?" The four levels of financial well-being were measured as "desperate and not sure what to do," "at risk for big financial problems," "okay for now but concerned," and, as the reference category, "we'll be fine because the economy will work out okay."

Household Financial Condition. The dependent variable asked the respondent, "Would you say your general household financial condition is . . ." The five levels of general household condition were measured as "in crisis, without enough money for food or housing," "at risk and just getting by right now," "stable, no big concerns because income and expenses are predictable," "safe with sufficient savings or other income for unexpected events," and the reference category as "thriving with no income problems and enough money."

Sample

The sample consists of 328 respondents from across Kentucky, including 109 males and 219 females. The population of Kentucky's households is 1,590,647 (United States Census Bureau, 2009). The reference population for the initial sample was all of Kentucky's households. Therefore, sample household characteristics are compared to Kentucky's household demographic parameters. The demographic characteristics of respondents and a comparison

TABLE 2. Summary of Variables

Question	Response Categories
Demographic characteristics	
Age	Reported age in years
Marital status	1 = Currently married 0 = Not currently married
Highest level education	1 = Less than high school 2 = High school 3 = Bachelor's degree 4 = Master's/doctorate/professional degree
Gender	1 = Male 0 = Female
Income	1 = $0–$20,000 2 = $20,001–$40,000 3 = $40,001–$60,000 4 = $60,001–$100,000 5 = $100,001 or more
Reason for credit use	
What is the primary reason for using a credit card to make a purchase?	1 = To supply basic necessities 2 = I feel like I will have additional income in the future. 3 = I prefer to pay with credit and keep cash in the bank. 4 = Current income will not support my family's wants/needs.
Written budget	
Do you have a monthly written budget?	1 = Yes 0 = No
Mental budget	
Do you have a monthly mental budget?	1 = Yes 0 = No
Do you have a savings fund for emergencies?	1 = Yes 0 = No
Emotional well-being	
Regarding the impact of current economic circumstances, how are you feeling personally about the effect on you and your family?	1 = Sad, blue, or worried 2 = Unhappy and concerned 3 = Okay but don't like it 4 = Think about it but know things are fine
Financial well-being	
Regarding the impact of current economic circumstances, how are you feeling regarding the effects of current economic circumstances on the state of financial well-being for you and your family?	1 = Desperate and not sure what to do 2 = At risk for big financial problems 3 = Okay for now but concerned 4 = We'll be fine because the economy will work out okay.
Household financial condition	
Would you say your general household financial condition is:	1 = In crisis, without enough money for food or housing 2 = At risk and just getting by right now 3 = Stable, no big concerns because income and expenses are predictable 4 = Safe with sufficient savings or other income for unexpected events 5 = Thriving with no income problems and enough money

TABLE 3. Respondent and Household Characteristics Compared to State Population

Measure and Variable	Sample		Kentucky[1]
	N	**%**	**%**
Gender			
Male	109	33	49
Female	219	67	51
Households by type			
Married couple households	217	67	51
Households with children	126	36	34
Households with one or more people 65 years or older	67	22	23
Race			
White	300	92	90
Other	25	8	10
Income and benefits			
Median household income	$40,001–$60,000	$40,138	
$100,000 or more	45	15	12
Social security income	98	30	31
Retirement income	77	24	19
Supplemental security income	25	8	7

[1]United States Census Bureau, 2008.

between the state population and the sample are presented in Table 3. The sample overrepresents married couple households and female respondents; however, most other social and economic characteristics of the sample adequately reflect the population.

Results

Multivariate Analysis

Credit Card Use Behaviors and Emotional Well-Being. Multinomial logistic regression results for emotional well-being indicated an overall model with three independent variables including emergency fund, carrying credit card balance, and income as statistically significant in distinguishing between emotional well-being categories, $\chi^2(21) = 56.304$, $\rho \leq .05$. The reference category was "think about it but know things are fine." Results are presented in Table 4. Respondents in households that never carry a credit card balance were 79% less likely, compared to respondents in households that carry a credit card balance most of the time, to be "sad, blue, or worried" relative to those who "know things are fine." Respondents in households that only occasionally carried a credit card balance were 86% less likely,

compared to respondents in households that carried a credit card balance most of the time to be "sad, blue, or worried" relative to those who "know things are fine." Respondents in households that only occasionally carried a credit card balance were 76% less likely, compared to households who carried a balance most of the time to indicate that "they feel okay but don't like it" relative to those who "know things are fine." Respondents in households that did not have an emergency fund, compared to households that did have an emergency fund, were more than four times more likely to be "unhappy and concerned" relative to those who "know things are fine." These findings indicate households with more responsible credit card use behaviors and, in the case of financial management behavior (emergency fund), were associated with positive emotional well-being, whereas negative financial management behavior (no emergency fund) was negatively associated with well-being.

Credit Card Use Behaviors and Financial Well-Being. Multinomial regression results for financial well-being indicated an overall model with three predictor variables including mental budget, gender, and income as statistically

TABLE 4. Multinomial Logistic Results for Emotional Well-Being

Predictor	β	Wald	Odds Ratio
Sad, blue, worried			
No emergency fund	0.231	0.082	1.256
Emergency fund[a]			
Carry credit card balance: never	−1.568*	4.459	0.209
Carry credit card balance: occasionally	−1.955**	6.786	0.142
Carry credit card balance: most time[a]			
Income $0–$20,000	2.414[†]	3.409	11.181
Income $20,001–$40,000	1.458	2.625	4.295
Income $40,001–$60,000	−0.166	0.03	0.847
Income $60,001–$100,000	−0.227	0.077	0.797
Income > $100,000[a]			
Unhappy and concerned			
No emergency fund	1.435*	3.681	4.201
Emergency fund[a]			
Carry credit card balance: never	−1.348[†]	3.310	0.260
Carry credit card balance: occasionally	−0.559	0.677	0.572
Carry credit card balance: most time[a]			
Income $0–$20,000	0.102	0.006	1.108
Income $20,001–$40,000	−0.033	0.002	0.967
Income $40,001–$60,000	−1.007	1.435	0.365
Income $60,001–$100,000	−1.018	2.191	0.361
Income > $100,000[a]			
Okay but don't like it			
No emergency fund	−0.166	0.78	0.847
Emergency fund[a]			
Carry credit card balance: never	−0.614	0.893	0.541
Carry credit card balance: occasionally	−1.423*	4.354	0.241
Carry credit card balance: most time[a]			
Income $0–$20,000	1.592	1.675	4.913
Income $20,001–$40,000	−0.200	0.064	0.802
Income $40,001–$60,000	0.451	0.358	1.570
Income $60,001–$100,000	0.219	0.116	1.244
Income > $100,000[a]			

Note. Reference category: Think about it but know things will be fine.

[a]Reference group.

[†]$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

significant in distinguishing between financial well-being categories, $\chi^2(12) = 46.972$, $\rho \leq .05$, where the reference category is "we'll be fine because the economy will work out okay." Results are presented in Table 5. Men, compared to women, were 74% less likely to consider their household's financial well-being as "desperate/at risk" relative to "we'll be fine because the economy will work out okay" and 76% less likely to be "okay for now but concerned" relative to "we'll be fine because the economy will work out okay." Households with an income of $20,001–$40,000, compared to households with income greater than $100,000, were 40 times more likely to be "desperate/at risk" relative to households who were "fine because the economy will work out okay" and 10 times more likely to be "okay for now but concerned" relative to "fine because the economy will work out okay." Households with an income of $40,001–$60,000, compared to the highest income category

of greater than $100,000, were more than 11 times more likely to be "desperate/at risk" relative to "fine because the economy will work out." Finally, households with an income of $60,000–$100,000, compared to households with income greater than $100,000, were more than 4 times more likely to be "okay for now but concerned" relative to "we'll be fine because the economy will work out." Not surprisingly, the lower the household income, the lower the level of reported financial well-being. Households without a mental budget, compared to households with a mental budget, were 73% less likely to report "being okay for now but concerned" relative to "we'll be fine because the economy will work out okay." Based on the findings, the "no mental budget" variable is interpreted, that respondents who report their households do not use a mental budget are in a less vulnerable state of financial well-being than those who used a mental budget.

TABLE 5. Multinomial Logistic Results for Financial Well-Being

Predictor	β	Wald	Odds Ratio
Desperate/at risk			
No mental budget	−0.695	1.362	0.499
Mental budget[a]			
Gender—male	−1.338*	4.820	0.262
Gender—female[a]			
Income $0–$20,000	0.939	0.970	2.559
Income $20,001–$40,000	3.657**	8.672	38.753
Income $40,001–$60,000	2.448*	6.301	11.567
Income $60,001–$100,000	1.459[†]	2.795	4.301
Income > $100,000[a]			
Okay for now but concerned			
No mental budget	−1.321**	6.755	0.267
Mental budget[a]			
Gender—male	−1.433**	7.442	0.239
Gender—female[a]			
Income $0–$20,000	−0.594	0.582	0.552
Income $20,001–$40,000	2.311*	4.252	10.083
Income $40,001–$60,000	1.414[†]	3.178	4.114
Income $60,001–$100,000	1.539*	6.171	4.662
Income > $100,000[a]			

Note. Reference category: We'll be fine because the economy will work out okay.

[a]Reference group.

[†]$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

Credit Card Use Behaviors and General Household Financial Condition. Multinomial logistic regression results for the general household financial condition indicated an overall model with four predictor variables including several credit cards used, emergency fund, income category, and carrying a credit card balance as statistically significant in distinguishing between general household financial condition categories, $\chi^2(18) = 99.218$, $\rho \le .05$. The reference category is "thriving with no income problems and enough money." Results are presented in Table 6.

Households that did not have an emergency fund, compared to households with an emergency fund, were 11 times more likely to be "in crisis or at risk" relative to "safe and thriving." Households that never carry a credit card balance or only occasionally carry a credit card balance, compared to

TABLE 6. Multinomial Logistic Regression Results for General Household Financial Condition

Predictor	β	Wald	Odds Ratio
In crisis/at risk			
Number of credit cards = 1	−1.515	6.903	0.685
Number of credit cards = 2	−0.138	0.082	1.465
Number of credit cards = 3 or more[a]			
No emergency fund	1.274**	2.250	11.239
Emergency fund[a]			
Carry credit card balance: never	−2.138**	9.199	0.118
Carry credit card balance: occasionally	−1.748*	5.485	0.174
Carry credit card balance: most time[a]			
Income $0–$20,000	3.860**	11.072	47.477
Income $20,001–$40,000	4.333***	15.282	76.165
Income $40,001–$60,000	1.291	1.486	3.636
Income $60,001–$100,000	1.697[†]	3.098	5.459
Income > $100,000[a]			
Stable			
Number of credit cards = 1	−1.515**	6.903	0.220
Number of credit cards = 2	−0.138	0.082	0.871
Number of credit cards = 3 or more[a]			
No emergency fund	1.274	2.250	3.574
Emergency fund[a]			
Carry credit card balance: never	−0.707	1.758	0.493
Carry credit card balance: occasionally	0.172	0.082	1.188
Carry credit card balance: most time[a]			
Income $0–$20,000	0.417	0.209	1.517
Income $20,001–$40,000	1.468[†]	3.426	4.431
Income $40,001–$60,000	0.149	0.062	1.160
Income $60,001–$100,000	0.872[†]	2.882	2.392
Income > $100,000[a]			

Note. Reference category: safe and thriving.
[a]Reference group.
[†]$p < .10$. *$p < .05$. **$p < .01$. ***$p < .001$.

households that carry a balance most of the time, were 92% and 83%, respectively, less likely to be "in crisis or at risk" relative to "safe or thriving." Households in the bottom two income categories $0–$20,000 and $20,001–$40,000, compared to households with an income greater than $100,000, were 47 and 76 times, respectively, more likely to be "in crisis or at risk" relative to "safe or thriving" households. Households that have one credit card, compared to households that have three or more credit cards, were 78% less likely to have a "stable" household financial condition relative to households that are "safe or thriving." The findings, similar to those for emotional well-being, indicate risky credit card use behaviors, such as carrying a balance most of the time, negatively affects the household financial condition. Not surprisingly, risky financial behavior (no emergency fund) and lower income categories were associated with lower levels of household financial condition.

Conclusions, Implications, and Future Research

The purpose of this research has been to evaluate the relationship between credit card use behaviors and household well-being during a period of economic recession. Research has identified the use of credit cards as a means of promoting consumption in light of income and saving constraints (Bernthal, Crockett, & Rose, 2005). However, the use of credit to support lifestyle attainment or to smooth consumption over the life cycle can increase the likelihood of a household experiencing a decreased sense of well-being, especially during a period of economic uncertainty such as during a major economic recession. The unplanned constraints of economic recession can further compound the already risky behavior of debt accumulation. Conversely, households that use credit simply for convenience or liquidity preference are better able to manage the shock of a major economic recession.

Conclusions

A large body of literature exists studying credit card use behaviors; however, the ability to measure the role of credit use behaviors during a period of economic recession provides unique insights to the study of credit behavior because of the knowledge that all respondents have the same macroeconomic constraint (the economic recession). The literature establishes changing consumer attitudes regarding the use and acceptance of credit card use since the extended economic recession in the 1970s (Cohen, 2007; Godwin, 1997; Li, 2005). Therefore, the Great Recession provides

the first opportunity to measure the relationship between consumer credit card use behaviors and three measures of household well-being: emotional well-being, financial well-being, and general household financial condition.

Multinomial logistic regression results indicate that carrying a credit card balance was statistically significant in determining both emotional well-being and general household financial condition, where lower levels of emotional well-being and household financial condition were associated with carrying a credit card balance more often. In addition, a number of credit cards had a negative statistically significant relationship with the general household financial condition. However, income level and a measure of responsible financial management rather than credit card use behaviors were identified as statistically significantly related to higher levels of financial well-being of the household. The findings support the literature that risky credit card use behaviors place the consumer at a higher level of risk (Benton, Meier, & Sprenger, 2007; Guidolin & La Jeunesse, 2007) and a reduced level of emotional well-being and overall household financial condition.

Implications for the Ethics of Credit Use

The introduction to this article established that there is now a widely held acceptance of credit card use, especially for convenience and expeditious transactions. The economy has moved from cash-based to technology-based market transactions. Operationally, there is a need for a credit card as a method of payment for communication-based telephone and Internet purchases. Market transactions that require the use of a credit card; the ever-growing acceptance of credit card use; and benefits from convenience, consumer protections, and rewards tied to card use all make credit use in the form of credit cards a rational choice. However, Emerson (1976) posed the belief that pure rational choice does not exist in the real world. Rarely is a consumer provided with perfect or full information during the decision-making process. The possibility of misinformation or misjudgment of potential risk could lead to undesirable decisions (Benton et al., 2007). An individual choosing to use credit as their preferred payment method may not clearly understand the true cost of credit in terms of interest and fees. Recognition of these conditions are evident in the provisions of the Credit CARD Act of 2009 that requires disclosure in the consumer's monthly statement regarding the total amount of interest charges that result and the length of time required

to pay off the existing balance if only the minimum payment is paid each month.

Excessively high profits resulting from questionable marketing strategies such as "teaser" interest rates, targeting vulnerable segments of the population, and current business management practices, such as late fees, over limit fees, excessively high default interest rates, and low minimum monthly payments, combined with no limits on interest rates are evidence that the ethical standards of credit card lenders are not consistent with generally held ethical standards of society as a whole. Given that there are no substitutes for credit cards' convenience, protections, and rewards, choice of alternative market transaction instruments are, at best, extremely limited. So the argument of card lenders that consumers have a choice not to use credit cards is very weak and illustrates the unequal balance of power between the credit industry and consumers. The Credit CARD Act of 2009 is also evidence that the business practices of the credit industry are not in keeping with society's ethical standards. This legislation is a step toward addressing some of the discrepancies between the ethical standards and practices of the credit card industry and consumer financial well-being. A major discrepancy continues to exist and is evidenced by Mercatante's (2008) ultimate advocacy effort directed toward reinstatement of usury laws which, as he documents, are a historical standard of "fairness and justice . . . defining our society" (p. 51).

Implications for Practitioners
In addition to its contribution to literature, this study has several practical implications. First, understanding the impact of credit card use on household well-being during a period of economic recession can assist financial educators and planners in providing a complete information to clientele regarding the cost/benefit decision to accumulate debt. The greater the knowledge financial educators and planners have regarding the impact of the use of credit, the better they can serve their clientele. Second, the establishment of an emergency fund is a common financial practice recommended by practitioners. The research findings clearly support this recommendation—households adopting protective financial management behaviors, such as an emergency fund, to function as a buffer in maintaining high levels of financial condition and emotional well-being. Finally, given the marketing and business practices of lenders and the increased use and ease of credit, financial educators and planners need to serve as a countervailing force to inform and educate clientele regarding the full ramifications of credit use on household well-being and condition.

Future Research
The life course perspective is commonly used to study the effects of recessionary events (Elder, 1974). Although this theoretical model is not applicable for this study, based on the severity and length of the Great Recession as well as the extended period of slow economic recovery that followed, this may present an option for future research. A longitudinal study measuring multiple points in time (such as the 12-month and a postrecovery data point) would allow the researcher to measure a household's adaptation to economic crisis, especially the household's change in credit card use behaviors based on their lived experience of the Great Recession.

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