

OKLAHOMA WOMEN'S USE AND KNOWLEDGE
OF CONSUMER CREDIT

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CHAPTER I

INTRODUCTION

Following World War II and continuing through the 1950s and 1960s, buying on credit grew to be synonymous with the American way. In the 10-year period between 1965 and 1975, outstanding consumer installment credit nearly tripled from \$68.6 billion (Booth, 1968, p. 40) to \$161.8 billion (Booth, 1976, p. 45). This figure continued to rise during the present decade, thus illustrating consumers' increased willingness to incur debt to attain immediate satisfaction of wants.

Though the positive attitude toward bolstering current or immediate purchasing power with credit gained universality among consumers, men and women did not enjoy equal treatment in the credit-extending process. Discrimination in credit surfaced as an issue in May, 1972, during hearings before the National Commission on Consumer Finance (1972, pp. 152-153). In their assessment of the emergence of women's battle for equal credit, Gelb and Palley (1977) wrote:

Many women became aware of the fact that the discrimination they had faced was not simply a personal experience but, rather, represented part of a pattern of discrimination against over half of the American population (p. 337).

Awareness led to political action among women's groups and a potential remedy in the form of the Equal Credit Opportunity Act (ECOA). The law, enacted by Congress in 1974 and activated October 28, 1975,

prohibited discrimination "against any applicant on the basis of sex or marital status with respect to any aspect of a credit transaction" (Public Law 93-495, 1974, p. 1750). The Federal Reserve Board, charged with the duty of writing the statute regulations, called the ECOA a "hybrid law" blending consumer protection and civil rights (Division of Consumer Affairs, 1977, p. 101).

Among other points, the act prohibited creditors from requiring information about birth control practices, requesting reapplication for credit after a change in name or marital status, discounting all or part of a spouse's income, withholding reasons for denial of credit, and assigning a value to the existence of a telephone listing in one's own name. The ECOA was amended in 1976 to include anti-discrimination measures associated with race, national origin, religion, age, and receipt of public assistance.

Gelb and Palley (1977) noted a positive effect of the ECOA for businessmen, who could ultimately benefit from the extension of credit to more women (p. 350). Yet, the question remained regarding how effective the ECOA would be in extending credit equally among credit-worthy men and women.

Effectiveness of a law relates directly to quality of enforcement and ability of educated consumers to take advantage of its provisions. In the case of the ECOA, no money was appropriated to the 12 federal agencies designated to enforce the law. Wohl (1977) suspected the result could be uneven justice since some of the agencies "are much more activist than others in defending consumer rights" (p. 97).

The Board of Governors of the Federal Reserve System (1977) described monitoring compliance with regulations of the Consumer Credit Protection Act of 1968 (of which ECOA is an amendment) as a challenge. They wrote that:

Although a commercial bank examiner receives training in consumer credit and other regulations and is expected to be alert to signs of non-compliance, the rapid increase in the number and scope of these consumer regulations--especially with the banking business itself in a period of rapid change--has made it extremely difficult, indeed almost impossible, for the examiner to do an adequate job (p. 770).

Further, in its report to Congress on ECOA enforcement in 1976, the Board acknowledged some progress in achieving compliance with the law but admitted the obstacle to full compliance was a lack of understanding of the law among credit grantors (Board of Governors, 1976, p. 20).

Garrison (1976) looked to the record of lax compliance with other Consumer Credit Protection Act stipulations and concluded, "Vigilance in monitoring compliance with the ECOA may be necessary" (p. 246).

Several authors suggested watchdog duties also are the responsibility of women themselves. Chapman (1975, p. 41), Jones (1976, p. 59), and members of the National Commission on the Observance of International Women's Year (1976, p. 55), all agreed that women must demand credit equality under the law. Stuppler (1976) summarized the challenge: "In less than a decade, women have achieved the power to control their own spending habits. To translate the power into reality women must know their rights" (p. 7).

There is a need for women as consumers to become totally aware of their protection against discrimination in credit transactions and the necessity for establishing their own credit ratings. At the

present time, there is a lack of information regarding women's general knowledge and use of credit and their knowledge and use of specific rights granted under the ECOA. This research is directed toward filling this information void for women in Oklahoma.

Purpose and Objectives

Women's groups most involved in lobbying tactics in favor of the ECOA included those most often associated with the women's movement--National Organization for Women, Women's Equity Action League, National Women's Political Caucus, and the Women's Lobby (Gelb et al., 1977, p. 340). Would it follow then that women with stronger attitudes toward equality for men and women are more informed about credit rights than women not rating equality between sexes as important? Are women with more egalitarian attitudes toward financial responsibility likely to take greater advantage of ECOA provisions?

A review of literature indicated education and income of the debtor (male or female) relate significantly to knowledge of credit rights and responsibilities. Age was a lesser determinant. Are women with more education, women of a certain socio-economic level, and women of a particular age group more knowledgeable about their credit rights? Further, do the variables of race and marital status relate to credit knowledge and use?

The purpose of this pilot study was to develop an instrument and to gain preliminary impressions regarding women's knowledge of ECOA provisions and to what extent his knowledge is being put to use in

the credit market. Additionally, the study explored women's attitudes toward equality in financial decisions, age, race, income, marital status, and education as they relate to knowledge and use of equal credit rights. The following objectives guided the study:

1. To determine the extent of women's knowledge and use of credit and the relationship between these stated variables;
2. To explore the relationships between women's age, education, race, income, marital status, and attitudes toward equality in financial decision-making and credit knowledge and use; and
3. To make recommendations for increased educational efforts by business, government, schools, and community groups regarding women's rights and responsibilities as debtors.

Hypotheses

Five hypotheses were developed for the study. They were:

- H₁: There is no significant relationship between women's knowledge of credit rights and the extent to which they personally use credit;
- H₂: There is no significant relationship between women's knowledge of consumer credit and selected demographic variables such as age, income, race, education, and marital status.
- H₃: There is no significant relationship between women's use of consumer credit and selected demographic variables such as age, income, race, education, and marital status.
- H₄: There is no significant relationship between women's knowledge of consumer credit and their attitudes toward equality between men and women in financial decision-making.
- H₅: There is no significant relationship between women's use of consumer credit and their attitudes toward equality between men and women in financial decision-making.

Assumptions and Limitations

The researcher assumed the survey respondent answered questions truthfully and to the best of her ability. In addition, it was assumed all women had at least limited exposure to the ECOA provisions and other consumer credit regulations through timely accounts in newspapers and women's magazines.

It was understood the conclusions of the study were limited to women comprising the sample and statewide or national population inferences were not possible. The participants were Oklahoma women leaders in a select number of the state's social, civic, professional, and church organizations. The size of the sample also presented a limitation for development of implications.

Definitions

The following definitions clarified terminology used in the study.

They were:

1. Applicant: Any person who requests or who has received an extension of credit from a creditor (Board of Governors, 1977, p. 5).
2. Credit: The right granted by a creditor to a debtor to defer payment, or purchase property or services and defer payment (P.L. 93-495, 1974, p. 1750).
3. Credit Worthiness: Creditor's evaluation of an applicant's ability and willingness to repay a credit extension (National Commission on the Observance of International Women's Year, 1977, p. 16).
4. Creditor: A person or agency that extends credit by lending money or selling goods and services on credit (Garman and Jeffrey, 1977, p. 63).
5. Debtor: A person who receives credit and promises to repay (Garman and Jeffrey, 1977, p. 63).

6. Discriminate Against an Applicant: To treat an applicant less favorably than other applicants (Board of Governors, 1977, p. 6).

Summary

It was evident a need exists to determine how much women know about and use consumer credit. By considering the variables of age, education, race, income, and education of the women as they relate to knowledge and use of credit, implications were made for educational programming, public policy decisions, and analyzing the effect of legislation currently in force. Determination of attitudes toward financial decision-making for women as they relate to knowledge and use of credit also provided information for legislative and teaching decisions.

CHAPTER II

REVIEW OF LITERATURE

Introduction

Effectiveness of the Equal Credit Opportunity Act (ECOA), especially in women's abilities to demand their rights under the law, was not documented with research. However, academicians and others interested in the equal rights of women outlined the discrimination by sex in the granting of credit, and to some extent, the status of women as credit risks. Assessments of consumers' knowledge of the ECOA were not available; however, research relating to the Truth in Lending provisions was extensive. Included in this review was a substantiation of credit granting discrimination by sex prior to the ECOA, an evaluation of women as credit risks and a synopsis of major research related to consumers' knowledge, and use of consumer credit.

Credit Granting Discrimination by Sex

Evidence of credit discrimination was primarily documented in testimony, rather than research bearing statistical inferences. From women's personal accounts, the National Commission on Consumer Finance (1972) drew five conclusions:

1. Single women have more trouble obtaining credit than single men . . .

2. Creditors generally require a woman upon marriage to reapply for credit, usually in her husband's name. Similar reapplication is not asked of men when they marry . . .
3. Creditors are often unwilling to extend credit to a married woman in her own name . . .
4. Creditors are often unwilling to count the wife's income when a married couple applies for credit . . .
5. Women who are divorced or widowed have trouble reestablishing credit. Women who are separated have a particularly difficult time, since the accounts may still be in the husband's name (pp. 152-153).

Smith, in a cost-benefit analysis of the ECOA, suggested discrimination takes two forms: denial of credit with no regard for economic status and the inability to attain credit in one's own name (1977, pp. 610-611).

Specific discriminatory practices were capsulized in a 1973 report of the Senate Committee on Banking, Housing, and Urban Affairs.

The practices were:

1. Refusing to issue to a working wife an account for which she would be eligible were she not married.
2. Requesting information about her husband's credit-worthiness before issuing an account to an employed wife.
3. Considering an employed wife a "dependent" of her husband when determining his eligibility for credit.
4. Applying stricter standards when the wife rather than the husband is the primary wage earner.
5. Altering the credit rating of an employed wife on the basis of her husband's credit performance.
6. Refusing to consider alimony and child support as income for credit purposes when the reliability of the source may be verified.
7. Requesting information concerning birth control practices when evaluating a credit application.

8. Using credit scoring systems that apply different numerical values depending on the sex and marital status of the applicant (pp. 16-17).

Numerous women's action groups and governmental commission substantiated blatant discrimination toward women in credit granting practices in studies and reports. Among them was the U.S. Commission on Civil Rights, which assessed credit availability to women in Connecticut (limited to mortgage lending), Kansas, and Utah.

Testimony in Kansas resulted in the conclusion: "It is generally more difficult for credit-worthy women to receive credit from retail stores and interbank credit cards than for their male counterparts" (Kansas Advisory Committee, 1975, p. 65). Additionally, it was found members of the consumer credit industry exhibited limited familiarity with the ECOA.

In Utah, findings were summarized: "Policies of lenders and credit grantors reflect disparate treatment" between men and women (Utah Advisory Committee, 1975, p. 97). In the report of mortgage lending discrimination in Hartford, Connecticut, it was found "women will not get fair treatment . . . the mortgage finance system is a stacked deck" (U.S. Commission on Civil Rights, 1974, p. 33).

Though discrimination against women in credit granting ran rampant prior to the passage of the ECOA, traditional attitudes toward women's "place" were the only reasons lenders gave for denying credit to a credit-worthy woman. Considering women as greater risks than men could not be substantiated with fact.

Women as Credit Risks

Most research seeking to associate risk with specific variables

paid little attention to the relevance of sex and marital status. Those few that did, suggested women were better credit risks than men; no evidence could be found indicating they were worse.

In one of the earliest accounts of credit risk, Durand (1941) said women's superior abilities to prevent default on a credit transaction compared to men's "appears to be statistically significant" (p. 74) and "puzzling to a number of credit executives" (p. 81). Additionally, he concluded, sex of the borrower along with other factors such as possession of life insurance, sex of borrower, cash price in sales finance, and amount of note were factors least relevant to lending decisions.

Little research regarding women as credit risks was undertaken following Durand's work until the mid-1960s, when Smith measured risk on installment credit. The study by Smith (1964) of 106,000 loan accounts placed "bad account probability for single males at .02 compared to .0075 for single females, and .0105 for married males compared to .0056 for married females" (p. 335). Bad accounts were defined as those sent to the collection department.

A more recent study of risk in credit granting among 76 low-income borrowers gave similar results. Tabor and Bowers (1977) reported:

Three independent variables, sex, debt ratio, and total monthly income, were not useful in predicting variation of the dependent variables [time lapse frequency, delinquency frequency, default frequency and charge-off frequency]"(p. 49).

Fifty-four percent of the sample were women.

Related to the discriminatory practice of discounting a wife's income in a credit risk evaluation, a study by Herzog and Earley (1970) indicated the steadiness of income of a working wife had no relationship to delinquency and foreclosure rates on home mortgages. Further, the researchers concluded, "Marital status did not contribute significantly to the foreclosure risk" (p. 59). Since there was no available substantiation of women as poor credit risks, Garrison (1976) concluded credit discrimination can only be attributed to the "historic position of women as adjuncts of men" (p. 241).

Consumer Knowledge and Use of Credit

To alleviate myths about women as credit risks and to enjoy full benefits under the ECOA, women must exhibit a knowledge of credit terminology and transactions (National Commission on the Observance of International Women's Year, 1976, p. 55). Adequate time has not elapsed since the implementation of the ECOA to provide for empirical research on women's knowledge of the law's provisions.

However, one recent report from the Federal Reserve Board indicated only 11 percent of married women requested maintenance of separate credit histories after the ECOA demanded creditors send notices to that effect (Federal Reserve Bulletin, 1978). Further, in regard to the ECOA requirement that persons denied credit be given adequate reasons, the study results indicated an average of only 12 percent of rejected applicants made requests for an explanation.

Other research on consumer credit knowledge and use either takes a general approach or deals with provisions of Truth in Lending. Few

studies singled out women in knowledge assessments; rather, consumers in general were studied.

Hull's (1978) research promised to provide the most significant insight into women's knowledge of credit regulations and factors that affect knowledge and use. Preliminary results from a survey of 1,759 women, one-fourth of which were selected from women's rights groups, indicated credit experience and education were the best predictors of knowledge of credit regulations. The women's rights sample had a greater knowledge of credit than the random sample. Family income and age were the strongest predictors of credit experience. In another assessment of knowledge and use of consumer credit, Blair (1975) reported no statistically significant relationship between the two variables.

Most prominent research in the credit area deals with knowledge of Truth in Lending provisions. The most recent results of a consumer awareness survey conducted for the Federal Reserve Board (1977) indicated 55 percent of consumers were aware of annual percentage rates charged for closed-end credit; 65 percent were aware of rates charged for retail revolving credit; and 71 percent were aware of rates charged for bank credit cards.

In two separate studies, Mandell (1971) and Brandt, Day, and Deutscher (1975) researched the effect of interest rate disclosure required by the Truth in Lending statute on consumers' awareness of the annual percentage rate. All researchers concluded the law improved consumer perception of interest rates overall, but the majority of consumers remained uninformed. Mandell (1971) reported:

Only one-tenth of borrowers can estimate the rate of interest they are paying on a car loan with a 10 percent margin of error and nearly half of all borrowers miss the mark by 50 percent or more (p. 1153).

In an appraisal of the effects of credit experience on learning, Brandt et al. (1975), summarized:

A firm understanding of credit rates and charges is a consequence of a lengthy and complex process for most consumers; learning accumulates over time with continued exposure to relevant information (p. 30).

Thompson (1965) studied high school seniors and found a void of knowledge regarding consumer credit charges. In another survey of 1,229 households, "serious gaps in their [consumers'] knowledge of the credit market" were noted (Mandell, 1973, p. 23). The study by Mandell in 1973 also revealed a lack of awareness of current rates of interest being charged and an inability to distinguish typically more expensive lenders from those less expensive. Multivariate analysis showed "education and income are key determinants of knowledge and understanding of consumer credit" (p. 23).

When 150 consumers were asked by researchers Dauten and Dauten (1976) to evaluate the credit worthiness of 25 fictitious loan applications, a clear misperception of bank and finance company standards was revealed. It was concluded that "consumers overestimate the difficulty of obtaining bank loans while they underestimate the difficulty of obtaining finance company loans" (p. 71).

Further substantiation of consumer's misconceptions of lenders' standards was shown by Day and Brandt (1973), who found little price comparison shopping for loan money among respondents in 650 California households. The research showed only 27 percent of credit consumers

recalled a single search for credit information prior to purchase of a financed item. Only 20 percent of consumers considered a credit source other than the one chosen (p. 67). In assessing the effectiveness of Truth in Lending, the researchers used a multiple regression analysis to show level of education was the most important influence on interest rate awareness (p. 45).

All researchers recommended consumer education for potential debtors. Mandell (1973) summarized by stating the need to:

inform and educate the consumer concerning the importance of knowledge about the credit market and also equip him with the basic facts and insights that he must know in order to function efficiently in that market (p. 35).

Summary

As evidenced by a review of literature, a void existed in the measurement of credit knowledge possessed by women. Yet, there was a need for women to understand the credit-oriented marketplace, especially as it related to rights granted under the ECOA rulings. Women aware of their rights could dispel discrimination and foster confidence among lenders in extending them credit. If proposed research on women's knowledge and use of consumer credit provided results similar to previous research, implications for education efforts, public policy changes, and assessment of current legislative impact could emerge.

CHAPTER III

RESEARCH DESIGN

Introduction

The following research design offered an outline for obtaining information about women's knowledge and use of credit. Additionally, it provided a method for relating these phenomena to selected characteristics such as women's age, education, income, race, marital status, and attitudes toward equality in financial decision-making. This chapter explained the kind of research employed, the data collection instruments, the population and survey sample, the research procedures, and a data analysis plan.

Kind of Research

The proposed research sought to investigate the relationship of credit knowledge among women (criterion or dependent variable) to use of credit (variate or independent variable). A second goal was to investigate the relationships of specified variates or independent variables (i.e., attitudes toward equality between men and women in financial decision-making, age, income, education, marital status, and race) with the criterion or dependent variables of knowledge and use of consumer credit.

The survey, a method of descriptive research, best met the objectives of the study. As Compton and Hall (1972) explained: The

major benefit of survey research is "in describing current practices or beliefs with the intent of making intelligent plans for improving conditions or processes" (p. 139). The survey method also provided a means of exploration defined by Babbie (1973) as a "'search' device when the researcher is only beginning his inquiry into a particular topic" (p. 59).

Data Collection Instrument

Instrumentation for this descriptive study was a questionnaire developed by the researcher. It consisted of four main parts, all of which were self-administered by the respondent (see Appendix A). The first section of the questionnaire gave the participant the opportunity to respond with true, false, or don't know to 20 statements about provisions of the Equal Credit Opportunity Act, Fair Credit Billing Act, Truth in Lending Act, and Fair Credit Reporting Act. The ECOA was given most attention with 14 questions regarding equal credit rights included. Two questions pertained to Fair Credit Billing, three to Truth in Lending, and one to Fair Credit Reporting.

In the credit knowledge section of the questionnaire, score possibilities could range from 100 for 100 percent correct to a low of 20 for 100 percent incorrect. Respondents were given five points for every correct answer, one point for every incorrect answer, and two points for admitting they did not know the answer. (Asterisks in Appendix A denoted correct answers of false.)

In the second part of the questionnaire, participants were asked to respond with one of five choices (strongly agree, agree, no opinion,

disagree, strongly disagree) to eight statements. These Likert-type sentences dealt with responsibility for financial decisions. Four were worded in the traditional, non-egalitarian form. Four were worded in the non-traditional, egalitarian form. (Asterisks in Appendix A denoted those statements considered traditional.)

The third part of the questionnaire asked the typical demographic questions of the women and was followed by a series of closed and open-ended questions to determine how much experience respondents had with consumer and home mortgage credit. Three final questions asked the participants to describe their attitudes toward credit, recall the name "Equal Credit Opportunity Act," and recount any alleged discrimination in obtaining consumer credit.

The questionnaire was tested for content validity by a panel of six professionals at Oklahoma State University, Stillwater, Oklahoma, who had studied credit legislation in detail. They were Dr. Carl Hall, professor and head of the Department of Housing, Design and Consumer Resources; Dr. William J. Johnston, director of the Center for Consumer Services; and Mr. Patrick Fitzgerald, visiting assisting professor in the Division of Home Economics. Others were Dr. Herbert Jelley, professor of business education; Dr. Brenda Roberts, extension specialist; and Mr. Stan Mitchell, graduate teaching assistant, all in the College of Business Administration. A pre-test to determine understandability of the instrument was conducted with the cooperation of 27 students in a freshman home economics orientation class at Oklahoma State University during the fall semester of 1978.

To insure reliability and internal consistency of the instrument, two questions were repeated in the consumer credit knowledge section.

Questions 5 and 15 and questions 10 and 20 dealt with the same subject matter, but one in each set was worded as a correct statement and one as an incorrect statement. The survey instrument was revised to improve understandability, conciseness, and clarity following this preliminary test.

Population and Sample

Participants in the study were Oklahoma women age 18 and older who were leaders in selected women's professional, social, civic, and church groups in the state. An invited sample of 200 was chosen from a list of 698 presidents and directors of such organizations as Church Women United, American Association of University Women, League of Women Voters, and the Oklahoma State Federation of Women's Clubs. (See Appendix B for a complete list of organizations represented.) Names in the available population were numbered in alphabetical order. By entering a random numbers table (Babbie, 1973, pp. 373-375), women's names associated with the numbers were chosen for the invited sample.

Due to time and financial restrictions, sampling from the ideal population of all women in Oklahoma age 18 and older was not possible. This population is described by the U.S. Bureau of the Census (1970, Vol. 1, Part 38) as numbering 903,648 with a median age of 31.1 and a median education level of 12.1 school years completed. The majority of the population was married, with the remainder being widowed (14 percent), single (18 percent), divorced (5 percent), and separated (1 percent).

At the time of the 1970 Census, 38.6 percent of the population was working outside the home for pay. The median family income was \$7,725, with 21 percent of the families living on a yearly income of \$10,000 to \$14,999, 10 percent with an income of \$15,000 to \$24,999 and 3 percent with an income of \$25,000 or more.

In general, the sample was more highly educated, older, and of a higher socio-economic level than the general population of women 18 years and older. The sample also had more women working outside the home for pay and more white women than the general population. A more complete description of the sample can be found in Chapter IV.

Research Procedures

Each questionnaire was addressed to one of the 200 selected participants and mailed in November, 1978. After the initial mailing and a single follow-up phone call, 103 women responded. Due to the death of one respondent, the total invited sample dropped to 199, thus resulting in a 52 percent response rate. Table I gives a complete summary of the data collection results.

Following a January 5, 1979, cut-off date, the usable questionnaires were coded for computer use. Statistical analysis followed.

Analysis of Data

Conclusions about the data were drawn from descriptive statistics indicating specific responses to credit knowledge and attitude questions. Race was dropped as a variable because of sample characteristics. Further treatment of the data was approached using the stated

TABLE I
SUMMARY OF RESPONSE RATE

Procedural Explanation	Subtotals	Totals and Percentages
<u>Response to First Mailing</u>		
Questionnaire mailed Nov. 20, 1978		200
Not included in sample		
Deceased	1	
Questionnaire not deliverable	0	
Total invited sample		199
Completed questionnaires		73
No response		126
Response rate as of Dec. 12, 1978		37%
<u>Telephone Reminder</u>		
Respondents to be telephoned (Dec. 13-14, 1978)		126
Results of telephoning		
No number available	36	
Reached by telephone	79	
Sent second questionnaire by request	27	
No answer after two attempts	11	
<u>Responses Following Telephone Reminder</u>		
Total possible responses		126
Completed questionnaires	32	
Returned unusable questionnaires	2	
Total usable responses		30
<u>Final Sample Summary</u>		
Total invited sample		199
Total usable responses		103
Response rate as of Jan. 5, 1979		52%

hypotheses as guidelines. The following discussion gave a framework for the statistical analysis procedures.

Hypothesis 1 was stated as follows:

There is no significant relationship between women's knowledge of credit rights and the extent to which they personally use credit.

Analysis of variance, a parametric test of significance, was used to determine any relationship beyond that attributable to chance between the dependent variable of knowledge and four separate independent variables measuring use. Measurement of the dependent variable of credit knowledge allowed for a range of scores from 20 to 100. The four separate indicators of use were frequency of credit use, current amount of consumer credit debt, request for personal credit reports (in the case of joint accounts), and experience with credit in the respondent's own name. (See questions H, I, L, and M of the survey questionnaire.) The F test and corresponding probability level of each of the four analyses of variance were compared and a conclusion was made regarding the acceptance or rejection of the null hypothesis.

Hypothesis 2 was stated as follows:

There is no significant relationship between women's knowledge of consumer credit and selected demographic variables such as age, income, education, and marital status.

An analysis of variance was computed between the knowledge score (dependent variable) and each of the demographic, independent variables as stated in the hypothesis. The test for significance was considered in each case and an overall conclusion made regarding the acceptance or rejection of the null hypothesis.

Hypothesis 3 was stated as follows:

There is no significant relationship between women's use of consumer credit and selected demographic variables such as age, income, race, education, and marital status.

Due to the discrete nature of the dependent variable, the chi-square statistic was implemented to determine any relationship not attributable to chance between use of consumer credit (dependent variable) and the selected demographic independent variables. To quantify responses related to consumer credit use, an index was devised combining responses to questions H (frequency of consumer credit use) and I (amount of consumer credit debt). Respondents received a score of zero if they indicated no current consumer credit debt and one if they indicated any amount of debt. Scores for frequency of consumer credit use were as follows: all of the time--4; most of the time--3; sometimes--2; hardly ever--1; and never--0. A combination of the two scores resulted in a quantitative measure ranging from 0 to 5 for the dependent variable of use. The chi-square test for significance was considered in each of the demographic variable cases and a conclusion drawn regarding the acceptance or rejection of the null hypothesis.

Hypothesis 4 was stated as follows:

There is no significant relationship between women's knowledge of consumer credit and their attitudes toward equality between men and women in financial decision-making.

An analysis of variance between the dependent variable knowledge and the independent variable of attitude was used to make a judgment about the accuracy of the null hypothesis. Knowledge was quantified in the same manner as described in H_1 . A score for attitude was obtained by first, assigning an exactly opposite score to all responses

to the non-equalitarian questions in the attitude section of the questionnaire. Secondly, the numbers corresponding to the responses strongly agree through strongly disagree were added. A respondent with totally equalitarian attitudes could receive a score of eight. A respondent with totally non-equalitarian attitudes could receive a score of 40. Attitude scores were distributed such that three types of attitudes emerged. They were named very equalitarian, somewhat equalitarian, and mixed opinion.

Hypothesis 5 was stated as follows:

There is no significant relationship between women's use of consumer credit and their attitudes toward equality between men and women in financial decision-making.

Again, the use index as described in H_3 was employed for the dependent variable. The independent variable of attitudes was measured exactly as explained in H_4 . The chi-square statistical test offered an indication if differences between the two variables could be attributed to more than mere chance.

Summary

By employing the method of survey research, information about women's credit knowledge and use as related to specified variables was obtained. A mailed questionnaire allowed a selected sample of women to participate in the project. Conclusions about the data resulted from statistical analysis and are presented in the following chapter.

CHAPTER IV

FINDINGS AND ANALYSIS

Introduction

Presented in this chapter were results provided by descriptive statistics such as the characteristics of the sample, knowledge of credit laws, and attitudes toward financial management. Also explained were the findings from hypothesis testing by the use of analysis of variance to show significant differences among sample means and the chi-square test for significant dependence between variables.

Characteristics of the Sample

The socio-economic characteristics of this sample of Oklahoma women leaders are presented in Table II. Sixty-nine percent of the women were married at the time of the survey. Less than one-tenth had never married, almost eight percent were divorced, and about 15 percent were widowed. The majority of women were white. Four percent were American Indian. One percent identified themselves as black and one percent identified themselves as belonging in the "other" category of race.

About three-fifths of the sample were over 45 years of age. One-fifth were between 26 and 35 years of age. The sample was somewhat older than the population of all Oklahoma women, which could be expected, since respondents were established community leaders.

TABLE II
 CHARACTERISTICS OF THE SAMPLE
 (N=103)

Characteristics	Distribution as Percentage ^a
<u>Marital Status</u>	
Never married	8.7
Married	68.9
Divorced	7.8
Widowed	14.6
Separated	0.0
<u>Race</u>	
White	94.1
Black	1.0
American Indian	4.0
Other	1.0
<u>Age</u>	
25 or under	2.0
26-35	20.6
36-45	16.7
46-55	25.5
56-65	17.6
66 and over	17.6
<u>Education</u>	
0-11 grades	3.9
High school graduate	10.7
Non-college training	1.0
Some college	26.2
Bachelor's degree	19.4
Graduate work	38.8
<u>Employment Outside Home for Pay</u>	
Employed	60.8
Not employed	39.2
<u>Total Family Income</u>	
Less than \$5,000	5.0
\$5,000 - \$9,999	5.9
\$10,000 - \$14,999	32.7
\$15,000 - \$19,999	23.8
\$20,000 or more	32.7

TABLE II (Continued)

Characteristics	Distribution as Percentage ^a
<u>Income Earned by Respondent Alone</u>	
No income of own	19.8
Less than \$5,000	18.8
\$5,000 - \$9,999	14.9
\$10,000 - \$14,999	30.7
\$15,000 - \$19,999	10.9
\$20,000 or more	5.0

^aPercentages in a category may not add to 100 due to rounding.

The sample was composed of women who were well educated. Less than four percent had not completed high school. Slightly more than one-tenth were high school graduates only. More than one-fourth had some college education, while about one-fifth had received a bachelor's degree. Nearly two-fifths had achieved education beyond college graduation.

Sixty-one percent of the respondents indicated they were employed outside the home for pay, while about two-fifths were not employed. The majority of the respondents indicated that their total family income was above \$20,000 in 1977. Only 11 percent had incomes below \$10,000. Five percent of the women reported they earned \$20,000 or more of their total family income. Thirty percent of the women earned between \$10,000 and \$14,999.

Figure 1 shows the distribution of the sample (N=103) by counties in Oklahoma. Eighteen percent of the respondents lived in the

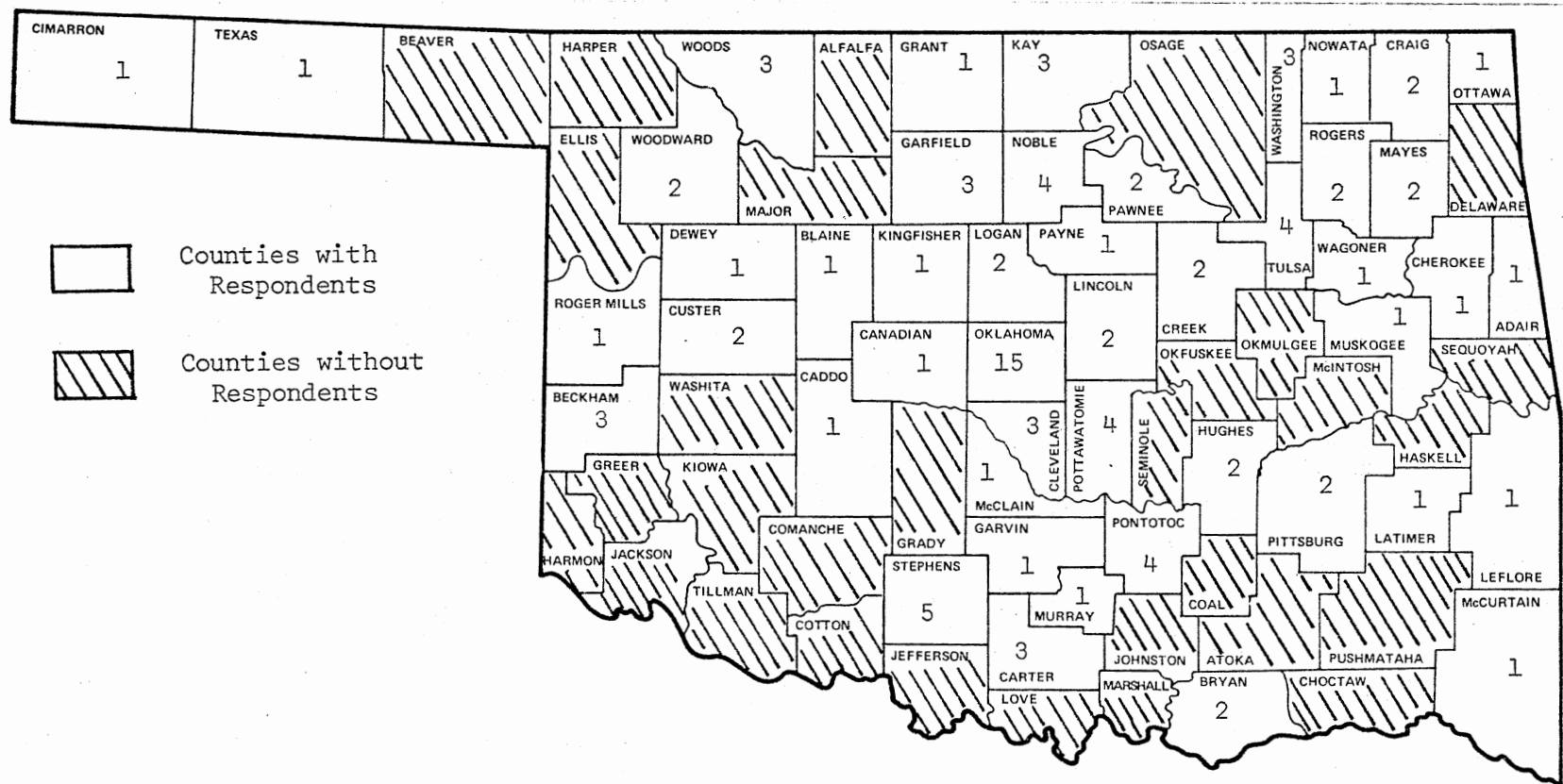


Figure 1. Distribution of Sample by Oklahoma Counties (N=103)

highly populated counties of Oklahoma and Tulsa. The map indicates a fairly even distribution of survey participants across the state.

Knowledge of Credit Laws

Scores on the credit knowledge section of the questionnaire ranged from 53 to 97. The possible range was from 20 to 100 points. The median score was 74.

Of the four major pieces of credit legislation covered in the credit knowledge section--Equal Credit Opportunity Act (ECOA), Fair Credit Billing Act, Truth in Lending Act, and Fair Credit Reporting Act--respondents exhibited the most comprehensive knowledge of Truth in Lending provisions. An overwhelming 98 percent knew that an unsolicited credit card need not be accepted. Slightly more than nine-tenths of the women accurately answered the question pertaining to the disclosure requirements of Truth in Lending.

Knowledge of the Fair Credit Billing Act and the Fair Credit Reporting Act fell somewhat lower compared to Truth in Lending questions, although the number of correct responses still were quite high. About three-quarters of the respondents knew they could request information regarding the contents of their personal credit file. Almost 70 percent were aware of the Fair Credit Billing provisions which permit contesting of an incorrect credit bill. Fewer accurate responses were given to the question of discounts for paying cash instead of charging merchandise. Almost 25 percent incorrectly answered the question, while 32 percent responded "don't know."

Respondents exhibited least knowledge of rights allowed under the ECOA, the primary focus of this study. The ECOA questions also drew considerably heavier use of the response "don't know."

Well over three-quarters of respondents knew credit could not be denied a credit-worthy woman on the basis of sex or marital status. Almost that many were aware that a woman is not entitled to her former husband's credit rating following a death or divorce. However, almost 50 percent incorrectly answered the question designed to determine if they knew reapplication for credit is not necessary following a change in marital status.

More than one-quarter of the respondents did not know if a lender could ask about plans for having children; did not know a complaint about credit granting discrimination could be filed with the Federal Trade Commission; did not know a lender could not refuse to consider regularly-paid alimony and child support payments in a credit application; and did not know a lender could not use the way a telephone number is listed to determine credit worthiness. Only about half of the respondents realized a lender must count the income of both the husband and wife when a couple applies for a home loan. Frequency as a percentage of correct, incorrect, and did not know responses to the credit legislation questions are shown in Table III. The questions have been regrouped according to the credit legislation to which they relate.

To determine if respondents were conscientiously filling out the questionnaire and whether the instrument displayed internal consistency, two questions were asked twice, once in the form of a true statement

TABLE III
 KNOWLEDGE OF CREDIT LAWS
 (N=103)

Statements	Percent of 103 Respondents ^a		
	Correct	Incorrect	Did Not Know
<u>Equal Credit Opportunity Act</u>			
When deciding whether to give you credit, a lender can consider if you have a telephone listing in your own name.	37.8	23.5	38.8
When evaluating your income, a lender must not refuse to consider alimony or child support you get regularly.	46.1	9.8	44.1
A lender must not ask about your plans for having or raising children when you apply for credit.	57.4	13.9	28.7
If your marital status changes, a lender may require you to apply for credit again.	27.3	47.5	25.3
When a couple applies for a home loan, the lender need not count the wife's income.	58.0	19.0	23.0
If you are willing and able to repay a debt, you can get credit without the signature of your husband.	70.6	9.8	19.6
In case a divorce or death of a spouse, a woman is automatically entitled to her former husband's credit.	80.4	5.9	13.7
You cannot be refused credit because of your marital status.	76.2	15.8	7.9
When you apply for credit, a lender has a right to ask about your plans for having or raising children.	65.7	15.7	18.6
When applying for credit, you do not have to choose a courtesy title such as Miss or Mrs. on the credit form.	70.6	12.7	16.7

TABLE III (Continued)

Statements	Percent of 103 Respondents ^a		
	Correct	Incorrect	Did Not Know
If you are willing and able to repay a debt, you can have credit in your own name regardless of your sex or marital status.	83.2	5.0	11.9
A woman who believes she was discriminated against when applying for credit should file a complaint with the Federal Trade Commission.	56.8	8.8	34.3
A lender is required by law to count the income of both the husband and the wife when a couple applies for a home loan.	48.5	17.2	34.3
After you apply for credit, you have a right to know within 30 days if you'll be given credit.	76.0	4.0	20.0
It is legal for stores to give discounts to customers who pay cash instead of charging merchandise.	43.7	24.3	32.0
If a credit bill appears to have the wrong amount due, you should notify the lender in writing within 60 days.	68.6	13.7	17.6
If you have not applied for a credit card but one comes in the mail, you do not have to accept or use it.	98.1	1.0	1.0
If a credit card is stolen, the owner must pay for all charges until the card is recovered or cancelled.	60.0	27.2	12.6
Lenders are required by law to tell you how much credit will cost before any contract is signed.	92.2	3.9	3.9
The office which keeps a record of your credit history is not required by law to tell you what is in your file.	73.8	16.5	9.7

^aPercentages pertaining to a single statement may not add to 100 due to rounding.

and once in the form of a false statement. On questions 5 and 15 of the credit knowledge section of the questionnaire which dealt with a lender being prohibited from asking a prospective creditor about child rearing plans, 76.7 percent of the respondents were consistent with their response. A consistent response occurred 75.7 percent of the time between questions 10 and 20, which tested participants' knowledge of the fact that a lender can not discount a wife's income when a couple applies for a home loan.

As a further check to determine knowledge levels of the ECOA, respondents were asked to indicate if they had heard of the law. If so, they were asked to name the law. Table IV reports responses to the question.

Though 81 percent of the women indicated they had heard of the ECOA, only 41 percent could correctly name the law. An equal number gave an incorrect answer. Examples of incorrect responses were "Privacy Act," "Uniform Credit Law," "13th Amendment," "Fair Trade Law," and "Truth in Lending." Nineteen percent of the respondents indicated no exposure to the ECOA. Five women did not answer the question.

In summary, this group of highly-educated community leaders exhibited a limited understanding of credit provisions, especially those provided by the ECOA. The women relied heavily on the use of "don't know" in responding to credit knowledge questions. In the case of incorrect answers, survey participants more often missed ECOA questions than those related to any other credit law considered.

TABLE IV
 AWARENESS OF EQUAL CREDIT OPPORTUNITY ACT
 (N=98)

Category ^a	Responses	Percent ^b
Respondent had heard of law; could name law	14	14.3
Respondent had heard of law; named law incorrectly	14	14.3
Respondent had heard of law; did not attempt naming of law	29	29.6
Respondents had heard of law; did not know name of law	22	22.5
Respondents had not heard of law	19	19.4

^aRespondents were asked if they had heard of the law banning discrimination in credit granting on the basis of sex or marital status. If the answer was "yes," respondents were asked to name the law.

^bPercentages do not add to 100 due to rounding.

Attitudes Toward Financial Management and Credit Use

As indicated by response to the financial management attitude statements outlined in Table V, the majority of women agreed or strongly agreed to non-traditional attitudes toward financial management decisions. An overwhelming 81 percent of the women strongly agreed to the statement "it is important for girls as well as boys to learn about managing money." On the more traditional end of the scale, about 25 percent agreed or strongly agreed with the statement

TABLE V
 ATTITUDES TOWARD FINANCIAL MANAGEMENT
 (N=103)

Statement ^a	Percent Respondents Answering ^b				
	SA	A	NO	D	SD
A husband should be responsible for making major family financial decisions such as buying a house or opening a charge account.*	5.1	19.4	0.0	40.8	35.0
Marriage is a partnership in which husband and wife should share equally in managing the family finances.	51.5	39.8	1.9	6.7	0.0
It is important for any woman to establish a credit rating in her own name regardless of her marital status.	50.0	41.2	6.9	1.0	1.0
A banker should be cautious about making a loan to a single woman since she could get married and quit work.*	1.0	5.9	7.8	49.0	36.3
It is important for girls as well as boys to learn about managing money.	81.4	16.7	0.0	0.0	2.0
A reliable credit record is not as important for a woman as for a man.*	2.9	1.0	2.0	33.3	60.8
The old saying that "a woman's place is in the home" is still basically true and should remain true.*	3.0	5.9	3.0	40.6	47.5
A husband should not feel uncomfortable if his wife earns a larger salary than he does.	26.2	56.3	8.7	7.8	1.0

^aStatements followed by an asterisk were worded to reflect traditional attitudes toward women's role in financial decisions.

^bRespondents were asked to choose one response abbreviated as follows: SA--strongly agree; A--agree; NO--no opinion; D--disagree; and SD--strongly disagree.

saying a husband should be the major financial decision-maker in the home. As indicated in Chapter III, responses to financial management attitude questions clustered around three categories. They are outlined in Table VI.

TABLE VI
CATEGORIZATION OF ATTITUDES TOWARD
FINANCIAL DECISION-MAKING
(N=89)

Attitude Category	Frequency of Response	Percent
Very equalitarian	48	53.9
Somewhat equalitarian	8	9.0
Mixed attitude ^a	33	37.1

^aThe researcher elected to assign scores in the "no opinion" range" the category of "mixed attitude," since no respondents had no opinion on a statement.

Response to the open-ended question, "briefly describe your attitude toward the use of credit" was heavily weighted with a double answer as indicated by summary Table VII. Slightly more than 48 percent of the sample gave responses which indicated they recognized the need for a good credit rating in today's economy and were appreciative of its availability. But they qualified this attitude with comments about the necessity to use good judgment with credit purchases, not to abuse the privilege, and to pay debts in a reasonable amount of time.

TABLE VII
 ATTITUDES TOWARD CONSUMER CREDIT
 (N=95)

Response ^a	Number Responses	Percent
Positive	26	27.4
Double answer	46	48.4
Negative	21	22.1
No Opinion	2	2.1

^aThe question was open-ended and the researcher categorized responses.

Twenty-seven percent of the sample exhibited an unqualified positive attitude toward the use of credit. Repeated responses lauded credit for its convenience, its availability in an emergency, and its ability to provide a safe substitute for cash. Many women listed major purchases such as a car or furniture, which would not have been available to them without credit. As one respondent wrote, "Just saving alone no longer works. By the time you've saved enough, inflation has put it [a consumer good] out of reach again."

Slightly fewer of the responses (22 percent) were clearly negative. Many of the respondents in this category said they paid cash for everything except a house and a car. Negative responses criticized credit as a temptation to overspend, as a money tool which is too costly for what it is worth, and as a disadvantage to families because it is used for the wrong purposes. One respondent blamed "easy credit" as the producer of most of "our economic ills." Eight women in the sample did not answer the question and two had no opinion.

Consumer Credit Knowledge and Use Comparison

It was hypothesized there is no significant difference between women's knowledge of credit rights and the extent to which they personally use credit. Accuracy of this was tested by computing the analysis of variance among mean scores on the knowledge test with responses to four individual questions measuring respondent's use of credit. These four questions related to frequency of credit use, current amount of consumer credit debt, request for personal credit reports (in the case of joing accounts), and experience with credit in the respondent's own name. When significance levels resulting from comparison of consumer credit knowledge and use exceeded 15 percent, tables were omitted from the discussion.

Two questions, which had originally been planned as a part of the measurement, were deleted from the analysis due to the limited number of responses. Both questions were directed toward single, divorced, or widowed respondents, which comprised only 31.1 percent of the sample. Question J asked if the participant had a home mortgage in her own name. Nine women said they did; 22 women said they did not. Question K asked the widowed and divorced women who had answered yes to Question J if they had obtained the mortgage jointly with their former husbands. Four women said they had; five women said they had not.

Frequency of Credit Use

In assessing the relationship between knowledge of credit rights and frequency of credit use, each respondent was asked to assess how much of the time she had been making payments on credit accounts since

reaching age 18. The five possible responses to this credit use question and corresponding means of scores from the knowledge section of the questionnaire are shown in Table VIII. The analysis of variance among means resulted in a 0.14 level of significance ($F=1.8$, d.f. 4, 82). Thus, at the 0.05 threshold level of significance, differences in means could only be attributed to sampling error.

TABLE VIII
KNOWLEDGE SCORES RELATED TO FREQUENCY OF
CONSUMER CREDIT PAYMENT
(N=87)

Frequency of Payment ^a	Responses	Knowledge Score Mean ^b
1. All of the time	14	78.8
2. Most of the time	36	77.5
3. Sometimes	23	75.1
4. Hardly ever	9	72.8
5. Never	5	65.0
Overall mean	87	75.9

^aParticipants were asked to select one response.

^bHighest possible score was 100; lowest was 20.

However, a comparison of the mean knowledge scores did indicate a positive relationship between frequency of credit use and knowledge. As would be expected, the mean knowledge scores increased as the amount of credit use increased.

Current Amount of Consumer Credit Debt

The second question measuring the independent variable of consumer credit use asked respondents to give the dollar amount of their current debt, not including a home mortgage. The five possible responses to the consumer debt question and corresponding means of scores from the knowledge section of the questionnaire are shown in Table IX. The analysis of variance among sample means resulted in a 0.02 probability level ($F=3.0$, d.f. 4, 82), which proved significant using the 0.05 criterion.

TABLE IX
KNOWLEDGE SCORES RELATED TO AMOUNT
OF OUTSTANDING DEBT
(N=87)

Amount of Debt ^a	Responses	Knowledge Score Mean ^b
1. None	29	74.2
2. Less than \$250	8	68.8
3. \$250 - \$999	8	78.6
4. \$1,000 - \$1,999	8	69.0
5. \$2,000 and over	34	79.8
Overall mean	87	75.8

^aParticipants were asked to select one response.

^bHighest possible score was 100; lowest was 20.

This significant relationship between amount of outstanding consumer credit debt and knowledge of consumer credit was further studied by comparing individual sample means. Using the Least Significant Difference test at the 0.05 threshold level of significance, the means related to responses 2 and 4 were significantly different from the other three. The researcher could not offer any logical explanation for the sporadic nature of the knowledge score means as they relate to amount of outstanding debt. Respondents having no debt had almost as much knowledge of consumer credit laws as respondents with debt of \$2,000 or over. Perhaps the small sample size influenced the outcome of the analysis.

Request for Personal Credit Report

The third measure of the independent variable was directed toward married respondents, which comprised 68.9 percent of the total sample. In the case of joint credit accounts, it asked if the respondent had requested credit information be reported in both her husband's and her name. The three possible responses to this question and corresponding means of scores from the knowledge section of the questionnaire are shown in Table X. The analysis of variance among means resulted in a 0.09 level of significance ($F=2.5$, d.f. 2, 57); thus, at the 0.05 threshold level of significance, differences in means could only be attributed to sampling error.

A closer inspection of the individual means showed the knowledge scores for women who did request a personal credit report were somewhat higher than for those women who did not request the report.

Though the knowledge means score for the "don't know" category seemed quite high, it must be noted there was only one respondent in this category.

TABLE X
 KNOWLEDGE SCORES RELATED TO REQUEST
 FOR PERSONAL CREDIT REPORT
 (N=60)

Request for Report ^a	Responses	Knowledge Score Mean ^b
1. Yes	26	79.5
2. No	33	72.9
3. Don't know	1	83.0
Overall Mean	60	75.9

^aParticipants were asked to select one response.

^bHighest possible score was 100; lowest was 20.

Credit in Respondent's Own Name

The final variable considered in the test of Hypothesis 1 asked respondents to list the companies where they had applied for and received credit in their own name in the last three years. Table XI shows the sources of credit the respondents indicated they had received in their own names. The analysis of variance among means resulted in a 0.51 level of significance ($F=0.90$, d.f. 7, 65); thus at

the 0.05 threshold level of significance, differences in means could only be attributed to sampling error.

TABLE XI
SOURCES OF CONSUMER CREDIT
(N=82)

Source of Credit	Respondents Listing This Source ^a
Department Store	41
Bank, Travel, and Entertainment Cards	29
Bank	20
Gas Company	14
Clothing Store	11
Auto Dealer (Repair and Purchase)	7
Jewelry Store	5
Furniture Store	4
Credit Union	4
Appliance Repair	2
Savings and Loan	1
Finance Company	1

^aRespondents were asked to list all sources of credit they had received in their own names. Twenty-six women answered with "none."

Summary

In summary, only the amount of outstanding consumer credit debt proved to be significantly related to knowledge of consumer credit laws. Of the other three use measures, differences in sample means could only be attributed to sampling error. Table XII gives the

complete details. Thus, on the basis of the analysis of variance findings, it is not possible to reject the null hypothesis that women's knowledge of credit rights and the extent to which they personally use credit are not related.

TABLE XII
CONSUMER CREDIT KNOWLEDGE AND
USE COMPARISON

Use Variable	Mean Square Residual	F Value	D.F.	Prob > F ^a
Frequency of credit use	126.2	1.8	4, 82	0.14
Outstanding consumer credit debt	119.9	3.0	4, 82	0.02 ^a
Request for credit report	135.9	2.5	2, 57	0.09
Credit in respondent's own name	131.7	.9	7, 65	0.51

^aDenotes F levels which could be judged significant at the 0.05 level.

Knowledge Related to Demographic Variables

In a second hypothesis, it was stated there was no significant difference between women's knowledge of consumer credit and selected demographic variables. The demographic measures considered were age, total family income, respondent's own income, education, and marital

status. Accuracy of the null hypothesis stating no difference between women's knowledge of consumer credit and specified demographic variables was tested by computing the analysis of variance between mean scores on the knowledge test with responses to demographic questions. Tables were omitted from the discussion when significance levels resulting from comparison of knowledge and demographic variables exceeded 11 percent.

In the case of age, the first two classifications (25 and under and 26-35) were collapsed into one category of 35 and under. This was necessary since only two percent of the sample were in the 25 and under age category. The analysis of variance among means resulted in a 0.57 level of significance ($F=0.73$, d.f. 4, 84); thus, at the 0.05 level of significance, differences in means could only be attributed to sampling error.

As an approximate measure of socio-economic status, the respondents were asked to consider all sources of income and indicate an amount of total family income before taxes in 1977. Since only five percent of the sample had an income of less than \$5,000 and 5.9 percent had an income falling in the \$5,000 - \$9,999 bracket, these two categories were combined. The analysis of variance among means resulted in a 0.39 level of significance ($F=1.01$, d.f. 3, 83), which showed a non-significant relationship between income and knowledge at the 0.05 level.

Women were asked to indicate how much of the total family income they earned in 1977. The income categories of \$15,000 - \$19,999 and \$20,000 or more were combined due to the small representation in each

category. The remaining five possible responses to the own income question and corresponding means of knowledge scores are shown in Table XIII.

TABLE XIII
CONSUMER CREDIT KNOWLEDGE RELATED
TO OWN INCOME
(N=87)

Own Income ^a	Responses	Knowledge Score Mean ^b
1. No income of own	17	69.8
2. Less than \$5,000	13	73.8
3. \$5,000 - \$9,999	15	78.8
4. \$10,000 - \$14,999	27	77.6
5. \$15,000 or more	15	78.5
Overall mean	87	75.9

^aParticipants were asked to select one response.

^bHighest possible score was 100; lowest was 20.

The analysis of variance between means yielded a 0.1051 level of significance ($F=2.0$, d.f. 4, 82); thus, at the 0.05 threshold level of significance, differences in means could only be attributed to sampling error. Further inspection of the individual sample means showed a generally positive relationship between knowledge of consumer credit and own income. In other words, as own income became higher, knowledge score means increased.

The next demographic variable considered was education. Due to a lack of representation across all educational levels, the education category of 0-11 grades was combined with high school graduate and the category of non-college training was combined with some college. This resulted in four education classifications, which are shown in Table XIV, with the corresponding means of scores of consumer credit knowledge.

TABLE XIV
CONSUMER CREDIT KNOWLEDGE RELATED
TO EDUCATION
(N=89)

Education ^a	Responses	Knowledge Score Mean ^b
1. 0-11 grades or high school graduate	13	75.5
2. Non-college training or some college	22	79.4
3. Bachelor's degree	18	70.0
4. Graduate study	36	76.7
Overall mean	89	75.8

^aParticipants were asked to select one response.

^bHighest possible score was 100; lowest was 20.

The analysis of variance among means yielded a 0.06 level of significance ($F=2.52$, d.f. 3, 85), just enough to make the difference in means not significant at the 0.05 level.

The final demographic variable considered was marital status. No respondents indicated they were separated; thus, that category was deleted from the analysis. Analysis of variance indicated a non-significant relationship among means ($F=1.18$, d.f. 3, 85, $\text{Prob} > F=0.32$).

In summary, none of the demographic variables of age, family income, respondent's income, education, or marital status were significantly related to knowledge of consumer credit. However, those women who had higher incomes of their own tended to exhibit more knowledge of consumer credit laws than other respondents. Table XV gives the statistical information related to the hypothesis test.

TABLE XV
CONSUMER CREDIT KNOWLEDGE RELATED
TO DEMOGRAPHIC VARIABLES

Demographic Variables	Mean Square Residual	F Value	d.f.	Prob > F
Age	129.6	0.73	4, 84	0.57
Family income	131.0	1.01	3, 83	0.39
Own income	1.8	0.83	4, 96	0.11
Education	121.8	2.52	3, 85	0.06
Marital status	127.3	1.18	3, 85	0.32

Consumer Credit Use Related to
Demographic Variables

A second hypothesis related to demographic variables stated there

was no significant difference between a woman's use of consumer credit and her age, income, race, education, and marital status. A use index, as described earlier, comprised the dependent variable. It combined responses from questions H (frequency of consumer credit use) and I (amount of consumer credit debt). The chi-square test for significance was used to determine any dependence among classifications of data being studied. The first two possible scores in the use index were collapsed into one, due to the sparse representation of each in the chi-square contingency table.

The statistical test showed there was no significant dependence between use of consumer credit and any one of the demographic variables considered. The specific chi-square probability levels are shown in Table XVI.

TABLE XVI

CREDIT USE RELATED TO DEMOGRAPHIC VARIABLES

Demographic Variables	Responses	d.f.	Chi-square Level of Significance
Age	100	16	0.08
Family income	101	12	0.57
Respondent's own income	101	16	0.59
Education	101	12	0.37
Marital status	101	12	0.66

In summary, the null hypothesis stating no relationship between consumer credit use and demographic characteristics of respondents could not be rejected in favor of the alternative.

Consumer Credit Knowledge Related to Financial Management Attitudes

In the fourth hypothesis, it was stated there was no significant difference between women's knowledge of consumer credit and their attitudes toward equality in financial decision-making between men and women. Consumer credit knowledge was measured by a score from the knowledge section of the questionnaire as described earlier.

The variable which measured attitude was derived by assigning numbers to responses on the attitude statements and arriving at a total score for each respondent. The scores were grouped into the categories of very equalitarian, somewhat equalitarian, and mixed response.

To test the accuracy of this hypothesis, an analysis of variance among mean scores on the knowledge test as related to attitude categories was computed. The mean knowledge scores as they corresponded to attitudes toward financial decision-making are shown in Table XVII. The analysis of variance among sample means yielded a 0.02 level of significance ($F=4.22$, d.f. 2, 86), thus indicating a significant relationship between attitude and knowledge at the 0.05 criteria level. By applying the Least Significant Difference test for comparing two sample means, no single mean was found to be significantly different from another. The researcher could offer no reasoning for the sporadic nature of the mean knowledge scores as related to attitude categories.

TABLE XVII
 CONSUMER CREDIT KNOWLEDGE RELATED TO ATTITUDE

Attitude Category	Responses	Knowledge Score Mean ^a
Very equalitarian	48	73.9
Somewhat equalitarian	8	70.3
Mixed attitude	33	80.0
Overall Mean	89	75.8

^aHighest possible score was 100; lowest was 20.

Use of Consumer Credit Related to
 Financial Management Attitudes

Another hypothesis related to attitude maintained there is no significant difference between use of consumer credit and attitudes toward equality between men and women in financial decision-making. The variable measuring consumer credit use was a use index as described in the statistical analysis section of Chapter III.

The chi-square test for significance, which was used to give an indication of the accuracy of the hypothesis, resulted in a 0.07 level of significance (chi-square value=14.317, d.f. 8). The hypothesis could not be rejected when the 0.05 criteria was used. It was concluded that any indication of dependence between variables could only be attributed to sampling error.

Personal Accounts of Alleged Discrimination

While it was not the purpose of this study to note discriminatory practices in credit granting, one open-ended question was included to allow participants an opportunity to voice any concerns about alleged unfair credit granting. The respondents were asked to briefly describe any incident they could remember in which they experienced difficulty obtaining credit.

Of the 49 women who answered the question, many of them reported never having experienced difficulty in getting credit. However, many shared the experience of one respondent who said, "Never had trouble, but I have sure heard horror stories from various female friends."

Summary

The purpose of this research was to determine Oklahoma women's knowledge of legislation regulating credit and their use of consumer credit. Additional variables related to knowledge and use were age, income, education, marital status, and attitude toward financial decision-making.

The participants showed a general lack of knowledge of credit regulation provisions, especially those related to the ECOA. Out of the possible score of 100 on the knowledge section of the questionnaire, the median score was 74. The fact that the median score appears relative high is largely attributable to the frequent use of the "don't know" response. Almost 20 percent of the women said they had never heard of the ECOA.

Hypothesis testing indicated a relationship between equalitarian attitudes and knowledge of consumer credit laws. Relationships between knowledge and use, knowledge and demographic variables, use and demographic variables, and use and attitude were not found to be significant after applying statistical tests of analysis of variance and chi-square.

However, more specific analysis showed women with higher incomes of their own tended to show a greater knowledge of consumer credit provisions than other respondents. The research also showed a positive and significant relationship between amount of outstanding debt and knowledge of consumer credit.

CHAPTER V

CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

Introduction

To guide the research "Oklahoma Women's Use and Knowledge of Consumer Credit" toward meeting its purpose, three objectives were outlined. They were: (1) to determine the extent of women's knowledge and use of credit and the relationship between these stated variables; (2) to explore the relationships between women's age, education, race, income, marital status, and attitudes toward equality in financial decision-making and credit knowledge and use; and (3) to make recommendations for increased educational efforts by business, government, schools, and community groups regarding women's rights and responsibilities as debtors.

Null hypotheses served as guidelines to group data for computer-programmed statistical analysis. In addition to using descriptive statistics for the presentation of data, statistical tests of analysis of variance and chi-square were implemented to determine relationships among sample means.

The sample of 200 was selected at random from a list of 698 women who served as leaders in civic, social, professional, and church groups in the state. One hundred three women, or 52 percent, participated in the project by returning a self-administered questionnaire distributed in November of 1978.

The women had a higher rate of employment, were more highly educated, showed a higher socio-economic level, and were older than the general population in Oklahoma. About 69 percent of the respondents were married, 60.8 percent worked outside the home for pay, and 38.8 percent had done graduate work. All but six percent of the women were white.

Conclusions

The following conclusions can be drawn from this pilot study:

1. Respondents showed an overall lack of knowledge regarding major consumer credit legislation.
 - a. Women exhibited little understanding of specific provisions of the Equal Credit Opportunity Act.
 - b. Highest knowledge level was shown in the area of Truth in Lending disclosure rules. A lesser knowledge level was shown with other Truth in Lending regulations and provisions of the Fair Credit Billing Act and the Fair Credit Reporting Act.
2. The majority of respondents showed a mixed attitude toward the use of credit, indicating it had its advantages, but could become a financial hindrance if not used properly.
3. Overall, there was no significant relationship between women's knowledge of credit rights and the extent to which they personally use credit.
 - a. A positive relationship was shown between frequency of credit use and knowledge, though there was no significant difference between the two variables.

b. Amount of outstanding consumer credit debt and knowledge of consumer credit were significantly related variables.

c. There was no significant relationship between knowledge of consumer credit and requests by married women to have joint accounts reported in both the husband and wife's name.

d. There was no significant relationship between knowledge and number of credit sources named by the women. However, a positive relationship was indicated between the two variables.

4. Overall, there was no significant relationship between women's knowledge of consumer credit and selected demographic variables. None of the variables of age, family income, respondent's income, education, or marital status could be significantly related to consumer credit knowledge. However, women with higher incomes of their own tended to have higher knowledge scores.

5. Overall, there was no significant relationship between women's use of consumer credit and selected demographic variables. Differences between use and the variable of family income, respondent's income, age, education, and marital status were not found to be significant.

6. The relationship between women's knowledge of consumer credit and their attitudes toward financial decision-making were shown to be significant.

7. There was no significant relationship between women's use of consumer credit and their attitudes toward financial decision-making.

Summary of Implications

Based on the findings of this study, implications were drawn for four separate, yet oftentimes overlapping, sectors of society: business men and women; government officials, especially legislators; educators; and women themselves. Each can do a part in insuring increased knowledge of consumer credit provisions, especially those offered under the Equal Credit Opportunity Act. Education leads to competency in financial decisions. The end result could be improved quality of life for individual women and their families.

The foremost implication from this study is pointed toward educators. It is their responsibility, whether they be in schools, the community, in organized groups, in government, or in business circles, to repeatedly expose women to their rights and responsibilities as debtors.

Creditors also are faced with the charge to insure that employees know and make known the rights afforded debtors. Especially in the case of the ECOA, it is imperative credit grantors follow the rules and not allow false stereotyping of women to taint their evaluation of credit worthiness.

Unfortunately, there is a limitation to what education can accomplish and to what extent consumers must be their own protectors in the marketplace. Legislators need to determine if the laws they devised are effective, if they are truly meeting the needs of consumer protection, and if enforcement is adequate. If not, implications for public policy decisions must be in the offing immediately.

Finally, women themselves need to recognize the need to speak out in their behalf. They are the final judge of their financial future. It is up to them to know and exercise their rights and responsibilities in credit granting, to realize the need for establishing a credit rating in their own names, and to build a reputation for financial management competency.

Recommendations

Due to the non-representativeness of the survey sample, inferences cannot be made about the entire population of women in Oklahoma. Consequently, the following research is recommended:

1. Repeat the study by drawing a sample at random from all the women 18 years of age and older in the State of Oklahoma. Again, concentrate on the variables of attitudes toward financial decision-making, age, race, family income, respondent's own income, education, and marital status as they relate to consumer credit knowledge and use. This would provide more concrete information for target audiences in educational efforts.

2. Add the variable of location to future studies of women's knowledge and use of consumer credit. What difference does a rural or urban background have on a woman's credit knowledge and practices? Again, educational implications would result.

3. Include other areas of financial management competencies for women in the questionnaire. This would offer an overall indication of the effectiveness of women as money managers.

4. Repeat the study on a state-by-state or regional basis and make comparisons.

5. Conduct a longitudinal study to note changing knowledge levels as credit laws, especially the ECOA, become more ingrained in the minds of the debtors and creditors involved in the money industry.

Concluding Statement

Women need to develop a confidence and competence as financial managers. Through studies such as this, researchers can identify weaknesses of women not only in the area of credit, but in all facets of consumer functioning in the marketplace as well. Once these shortcomings are pinpointed, educational and public policy decisions can be made in an effort to help American women become more informed consumers of goods and services.

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APPENDIXES

APPENDIX A

COVER LETTER AND QUESTIONNAIRE



Oklahoma State University

CENTER FOR CONSUMER SERVICES

STILLWATER, OKLAHOMA 74074
HOME ECONOMICS WEST
(405) 624-7084

Nov. 20, 1978

Dear Oklahoma Woman:

The Center for Consumer Services at Oklahoma State University is conducting a survey to determine how much Oklahoma women know about and use consumer credit. This information is needed to provide direction in organizing consumer education programs for women.

Your name has been selected at random from a list of women leaders in the state to assist in this project. Please take 15 minutes of your time to complete the following questionnaire. When finished, please fold the questionnaire in half lengthwise, staple or tape it together and mail by Nov. 30, 1978. Postage is not required.

Please note all personal information will be kept confidential. The three-digit code at the top of the questionnaire will be used to identify who has returned the form. After it has been returned, your name will not be associated with the code for any reason.

Thank you for your support and cooperation in this research effort.

Sincerely,

Dr. Sharon G. Nickols
Research Director
Assistant Professor

Dr. William L. Johnston
Director, Center for
Consumer Services

Jane Schuchardt
Research Assistant

OKLAHOMA WOMEN'S KNOWLEDGE
AND USE OF CONSUMER CREDIT

DIRECTIONS: These 20 questions are designed to determine what a select group of consumers know about credit. Read each question carefully. Circle T if the statement is true; F if it is false; and DK is you do not know. Please do not guess if you do not know the answer or are not sure.

- | | |
|--|-------------|
| 1. Lenders are required by law to tell you how much credit will cost before any contract is signed. | 1. T F DK |
| 2. When deciding whether to give you credit, a lender can consider if you have a telephone listing in your own name. | 2. T F DK* |
| 3. The office which keeps a record of your credit history IS NOT required by law to tell you what is in your file. | 3. T F DK* |
| 4. When evaluating your income, a lender MUST NOT refuse to consider alimony or child support you get regularly. | 4. T F DK |
| 5. A lender MUST NOT ask about your plans for having or raising children when you apply for credit. | 5. T F DK |
| 6. If your marital status changes, a lender may require you to apply for credit again. | 6. T F DK* |
| 7. If a credit bill appears to have the wrong amount due, you should notify the lender in writing within 60 days. | 7. T F DK |
| 8. After you apply for credit, you have a right to know within 30 days if you'll be given credit. | 8. T F DK |
| 9. If a credit card is stolen, the owner must pay for all charges until the card is recovered or cancelled. | 9. T F DK* |
| 10. When a couple applies for a home loan, the lender NEED NOT count the wife's income. | 10. T F DK* |
| 11. If you are willing and able to repay a debt, you can get credit without the signature of your husband. | 11. T F DK |
| 12. In case of divorce or death of a spouse, a woman is automatically entitled to her former husband's credit. | 12. T F DK* |
| 13. You cannot be refused credit because of your marital status. | 13. T F DK |
| 14. It is legal for stores to give discounts to customers who pay cash instead of charging merchandise. | 14. T F DK |
| 15. When you apply for credit, a lender has a right to ask about your plans for having or raising children. | 15. T F DK* |
| 16. When applying for credit, you DO NOT have to choose a courtesy title such as Miss or Mrs. on the credit form. | 16. T F DK |

Please turn to the next page.

*Denotes statements where false is a correct answer.

17. If you are willing and able to repay a debt, you can have credit in your own name regardless of your sex or marital status. 17. T F DK
18. A woman who believes she was discriminated against when applying for credit should file a complaint with the Federal Trade Commission. 18. T F DK
19. If you HAVE NOT applied for a credit card but one comes in the mail, you do not have to accept or use it. 19. T F DK
20. The lender is required by law to count the income of both the husband and the wife when a couple applies for a home loan. 20. T F DK

* * * * * * * * *

DIRECTIONS: The next section allows you to show how much you agree or disagree with a statement. Circle the one number on the righthand column which best describes how you feel about each sentence.

- | | Strongly Agree | Agree | No Opinion | Disagree | Strongly Disagree |
|--|----------------|-------|------------|----------|-------------------|
| * 1. A husband should be responsible for making major family financial decisions such as buying a house or opening a charge account. | 1 | 2 | 3 | 4 | 5 |
| 2. Marriage is a partnership in which husband and wife should share equally in managing the family finances. | 1 | 2 | 3 | 4 | 5 |
| 3. It is important for any woman to establish a credit rating in her own name regardless of her marital status. | 1 | 2 | 3 | 4 | 5 |
| * 4. A banker should be cautious about making a loan to a single woman since she could get married and quit work. | 1 | 2 | 3 | 4 | 5 |
| 5. It is important for girls as well as boys to learn about managing money. | 1 | 2 | 3 | 4 | 5 |
| * 6. A reliable credit record is not as important for a woman as for a man. | 1 | 2 | 3 | 4 | 5 |
| * 7. The old saying that "a woman's place is in the home" is still basically true and should remain true. | 1 | 2 | 3 | 4 | 5 |
| 8. A husband should not feel uncomfortable if his wife earns a larger salary than he does. | 1 | 2 | 3 | 4 | 5 |

* * * * * * * * *

*Denotes traditional wording of attitude statements.

DIRECTIONS: Please take special care in completing all the following questions. Please put a check in front of the appropriate response. Information will be kept confidential.

- A. What is your age?
1. 25 or under
 2. 26-35
 3. 36-45
 4. 46-55
 5. 56-65
 6. 66 and over
- B. What is your race?
1. white
 2. black
 3. American Indian
 4. other; please specify
-
- C. What is the highest level of education you have completed?
1. 0-11 grades
 2. high school graduate
 3. non-college training
 4. some college
 5. bachelor's degree
 6. graduate work
- D. What is your marital status?
1. never married
 2. married
 3. divorced
 4. widowed
 5. separated
- E. What was your total family income before taxes in 1977? (Take into consideration all sources of income.)
1. less than \$5,000
 2. \$5,000 - \$9,999
 3. \$10,000 - \$19,999
 4. \$20,000 - \$29,999
 5. \$30,000 or more
- F. How much of the total dollar amount in question E did you earn in 1977? (Take into consideration all sources of income.)
1. no income of my own
 2. less than \$5,000
 3. \$5,000 - \$9,999
 4. \$10,000 - \$14,999
 5. \$15,000 - \$19,999
 6. \$20,000 or more
- G. Do you work outside the home for pay?
1. yes
 2. no
- H. Since you were 18 years old, how much of the time have you been making payments on credit accounts.
1. all of the time
 2. most of the time
 3. sometimes
 4. hardly ever
 5. never
- I. What is your current amount of debt, not including the mortgage loan on your home? (If married, give family's debt.)
1. none
 2. less than \$250
 3. \$250 - \$999
 4. \$1,000 - \$1,999
 5. \$2,000 and over

Please turn to the next page.

- J. ONLY ANSWER if single, divorced or widowed. Do you have a home mortgage in your own name? 1. yes
2. no
- K. If you are widowed or divorced and answered yes to question J, did you obtain this mortgage jointly with your former husband? 1. yes
2. no
- L. If you are married and have a joint account with your husband, have you requested that the lender report credit information in both of your names. 1. yes
2. no
3. don't know
- M. List the companies where you applied for and got credit in your own name in the last three years.
- N. Briefly describe your attitude toward the use of credit.
- O. Have you ever heard of the federal law which bans discrimination in granting credit on the basis of sex or marital status? yes no
Please write in the name of the law.
-
- P. Please describe briefly any incident in which you can remember having difficulty obtaining credit. Include date of incidence.

Thank you for participating in this project.

APPENDIX B

SOURCE OF SAMPLE

SOURCE OF SAMPLE

Name of Organization	Number ^a
Oklahoma Federation of Republican Women	69
Church Women United	16
Oklahoma Federation of Business and Professional Women's Clubs	96
Oklahoma Federation of Democrat Women's Clubs	55
Pilot Club	18
Arts and Humanities Councils ^b	41
League of Women Voters of Oklahoma	11
Tribal Leaders of the Anadarko Area ^b	2
American Association of University Women	44
Junior League	2
Oklahoma Federation of Colored Women's Clubs	19
National Organization for Women	3
American Association of Retired Persons	18
International Toastmistress Clubs	21
Association of Desk and Derrick Clubs	9
Oklahoma Agri-Women	6
National Association of Social Workers, Inc.	1
Banking Professional Associations	5
American Institute of Banking	
Banking Administration Institute	
National Association of Bank Women	
Bank Administration Institute	
Oklahoma Bankers Association	
Women's Council of Realtors	5
Property Management Consultants	12
Oklahoma Education Association ^b	99
Oklahoma State Federation of Women's Clubs	139
Oklahoma Nurses Association	4
Oklahoma Women's Political Caucus	3
Total	698

^aOnly leaders, defined as presidents or members of boards of directors, were included in the sample.

^bOnly women were included in the sample.

VITA²

Jane Menninga Schuchardt

Candidate for the Degree of

Master of Science

Thesis: OKLAHOMA WOMEN'S USE AND KNOWLEDGE OF CONSUMER CREDIT

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Professional Experience: Editorial assistant, University of Nebraska Department of Agriculture Communications, 1972-73; reporter, copy editor, Omaha World-Herald, 1973-74; consumer reporter, Lincoln Evening Journal, 1974-75; reporter, Oklahoma Publishing Company, 1975-78; graduate research assistant, Oklahoma State University, 1978-79.

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