

**Youth Vulnerability and Susceptibility to Credit Card Misuse  
and Indebtedness: A Cross-Country Exploration**

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## Abstract

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Youth Vulnerability and Susceptibility to Credit Card Misuse and Indebtedness: A Cross-Country Exploration

Vulnerable consumers are likely to fall victim to negative marketplace outcomes due to the secondary effects of marketing practices. In particular, credit card targeting directed towards young people elicits ethical criticisms because of the perceived vulnerability of the target segment, the targeting efforts that are deemed more predatory than informative, and the stigmatising protectionist policies that limit the youths' financial freedom. Vulnerable consumers are often overlooked in marketing considerations, leaving it to the public policy to intervene. This thesis aims to show that vulnerability is a marketing problem as much as it is a public policy issue, by highlighting the social effects of unethical marketing directed towards vulnerable consumers. The study depicts how young people, supposedly representing the most educated segment of the population, come to experience vulnerability due to credit card misuse and indebtedness. In addition, the study introduces a new concept and measure of susceptibility to credit card misuse and indebtedness (SCCMI) to investigate the extent to which youths are influenced by credit card temptations, which affect their likelihood to experience negative credit card outcomes.

This study examines youth vulnerability and susceptibility to credit card misuse and indebtedness in a cross-country context, as the issue of vulnerability and power imbalance is arguably more pressing in the international market. The sampling involves young (18-25 years) credit card users in Singapore, Malaysia and the UK. These countries represent different degrees of credit card issuance and consumer protection regulations, which affect the youths' credit card attitude and behaviour.

The first study utilises qualitative methodology to examine youth vulnerability to credit card misuse. Baker et al.'s (2005) situational framework of actual consumer vulnerability helps to identify relevant themes pertained to the youths' experience of credit card misuse and indebtedness. The qualitative study also serves as an exploratory phase to the subsequent quantitative study. The qualitative results enhance the conceptualisation and measurement scale development of SCCMI measure. The study then tested the validity, reliability and parsimony of the SCCMI measure and its proposed antecedent and consequent factors across the Malaysian, Singaporean and UK country samples.

Vulnerability and susceptibility assessments in this study yield theoretical, methodological and practical implications. Vulnerability analysis draws upon the internal characteristics and external conditions that both facilitate and impede such vulnerability. Meanwhile, assessment of susceptibility provides an analytical tool to foresee and pre-empt future vulnerability. This study offers methodological contributions in its use of mixed methods, as a qualitative inquiry aids in understanding vulnerability while quantitative inquiry focuses on foreseeing potential vulnerability. A cross-country study analysis is valuable as it sheds light on the differences and similarities of consumer vulnerability and susceptibility across developing and developed countries. The study inform marketers that there are negative social consequences arising from unethical targeting practices, which leads to distrust and scepticism over credit card marketing directed towards youths. However, the youths' experience of vulnerability also varies across individuals, which indicate that protectionist policies that shield the entire youth population from credit card exposure are not always necessary. Both credit card marketers and policy makers have the capacities to redress and pre-empt vulnerability without sacrificing the youths' financial welfare and rights to harness the benefits that credit cards have to offer.

## **Declaration**

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I confirm that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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## **Dedication**

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This thesis is lovingly dedicated to my parents, Winarni and Nurhadibrata, for their  
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# Chapter 1

## Introduction

---

### 1.1 Background and Overview of the Thesis

Target marketing and market segmentation are regarded to be among the most established components of the marketing concept (Smith and Cooper-Martin 1997). However, tension arises when target marketing focuses on the consumer segment considered vulnerable to negative marketplace outcomes. In particular, macromarketers (the general marketing system and environment) face concerns about whether they should *target* or *exclude* such consumers, as both actions can have positive and negative consequences (Abela and Murphy 2007; Pechmann et al. 2011). On the one hand, encouraging marketers to target potentially vulnerable consumers can help better serve these consumers' needs and improve their well-being. However, societal criticisms arise when the product is believed to be taking advantage of their particular vulnerability instead of serving the distinct needs of the market (Abela and Murphy 2007). As such, opportunistic targeting can lead to negative ethical accusations culminating in boycotts by consumers and diminished corporate reputation (Smith and Cooper-Martin 1997). On the other hand, although encouraging marketers to exclude vulnerable consumers might mitigate ethical conflicts, such an action not only limits consumer choice, but can also constrain marketers to pursue inferior marketing strategies while creating feelings of exclusion and alienation among the already vulnerable consumers (Pechmann et al. 2011). Indeed, vulnerable consumers are more likely than others to be exploited in the marketplace (Shultz II and Holbrook 2009). In light of this situation, there is need for the marketing system to address this ethical tension in order to better serve the market needs of vulnerable consumers without exploiting their specific vulnerability.

The tension of targeting vulnerable consumers looms larger when a potentially harmful product is involved, as directing such a product to them invites more negative responses from the public than would be the case when targeting a broader consumer base (Smith and Cooper-Martin 1997; Jones and Middleton 2006). Marketing the harmful product also generates a potentially stronger public outcry, such as negative word of mouth and possible government intervention that can severely limit consumer choice and profitable marketing (Smith and Cooper-Martin 1997; Laczniak and Murphy 2006). Of particular interest to the social enhancement of the marketing system is product harm that arises from abuse. Harmful products are established based on the general public's perceptions and professional constitutions (e.g., Code of Ethics of the American Marketing Association outlines in Smith and Cooper-Martin 1997), yet these constitutions fail to capture product harmfulness that might occur due to abuse (Rittenburg and Parthasarathy 1997). Product harm that emerges from abusive behaviour is a controversial marketing issue, as the marketer's responsibility is less clear than when dealing with products that are inherently harmful when consumed (e.g., tobacco; Laczniak and Murphy 1993). Nevertheless, the effects of such a product on consumer welfare, marketing strategy and public policy reactions remain as powerful.

The targeting of credit cards directed to the youth market is an important illustration of an industry that experiences the tension of targeting vulnerable consumer with a potentially harmful product. A credit card itself does not constitute a harmful product, but it generates harmful effects when abused. Indeed, when used with caution and planning, credit cards can provide users with convenience and the smoothing of consumption over time. However, the nature of credit card marketing is more often described as predatory rather than informative, which contributes to its potential harm. According to Burton (2008), the major criticism of the credit card industry concerns its

promotion of overly positive images and metaphors of credit while obscuring the negative consequences of debt. Furthermore, this marketing message is often accompanied by persuasive rather than informative solicitation practices in addition to a lack of transparent credit-pricing structures.

Thus, the credit card industry reaps lucrative financial rewards from its efforts to target consumers who are vulnerable to credit card misuse and indebtedness, yet faces social and regulatory pressures to protect (i.e., avoid targeting) these consumer cohort. Young people represent a lucrative segment for the credit card industry due to the growing size of the market and their associated brand loyalty (Braunsberger et al. 2004; Szmigin and O'Loughlin 2010). However, they are considered a vulnerable population as they tend to exhibit risky credit card behaviour (Xiao et al. 2011) and are encircled by environmental conditions that weaken their capacity to use credit cards strategically and resourcefully while avoiding debt accumulation (SallieMae 2009; Szmigin and O'Loughlin 2010). Consequently, public policies tend to step in to protect youths from accumulating extensive credit card debt, which leaves credit card marketers with diminished profit margins and unable to target an important market segment. Recent examples of such protectionist regulations include the 2009 US Credit CARD Act, which requires any person under 21 years old who applied for a credit card to have an older adult co-signer (Xiao et al. 2011). In a more stringent policy, Brunei Darussalam in 2010 increased the minimum age of credit card issuance from 18 to 21 years old. However, regulatory restrictions placed on young people's access to credit cards face criticisms asserting that such restrictions might only delay, rather than solve, youthful misjudgements of credit card usage (Lucas 2001; Wood 2010). Therefore, targeting younger consumers for credit card marketing efforts constitutes both marketing and public policy agenda.

In brief, this thesis aims to approach consumer vulnerability and susceptibility—in the context of young consumers’ credit card misuse and indebtedness—as a marketing issue, as much as it is a public policy agenda. This is not to point to marketing actions as the sole cause of vulnerability, as vulnerability can arise from inherent characteristics or other external conditions that limit individuals’ capacity to avoid being harmed (Baker et al. 2005). However, the prevalent assumption is that public policy and government interventions are responsible for protecting vulnerable consumers from being harmed and exploited by the market and that the market’s role as a for-profit industry is focused exclusively on reaping financial gains from vulnerable consumers until such action becomes restricted by law. Recent studies demonstrated that marketing actions that exploit vulnerable groups fail to maximise quality of life and human potentials and would ultimately be unsustainable over time (Baker, 2009; Shultz II and Holbrook 2009). To add to this growing body of literature, this thesis shows that: 1) marketing opportunities arise when market research digs deeper into the factors that cause and follow from consumers’ experience of vulnerability and 2) marketers can take actions to reduce future vulnerability without forfeiting their future profit potentials. This exploratory study takes a consumer-driven approach to investigate their vulnerability and susceptibility to credit card misuse and indebtedness. Furthermore, the study adopts the principles of ethical marketing by echoing that marketers have a duty to address vulnerability that arises from negative marketplace outcomes because of the secondary effects (or beyond) of marketing practices (Laczniak and Murphy 2006). Ultimately, this study illustrates the potentially powerful role of marketing in addressing youth vulnerability and susceptibility to the negative effects of credit card consumption through the successful implementation of market research and engagement with vulnerable consumers.

## 1.2 Research Objectives

The present study seeks to develop a consumer behaviour framework that encapsulates both vulnerability and susceptibility assessments of youth credit card misuse and indebtedness. This study defines credit card misuse as credit card spending decisions that lack strategic planning to maximise utility and avoid the charging of interest rates or other payable fees. For example, a person is misusing credit cards when he charges his university tuition fees into their credit cards in the hope of prolonging the repayment period, without considering the interest that will be accrued for not making an immediate full repayment (SallieMae 2009). Meanwhile, credit card indebtedness illustrates a tendency to make less-than-full credit card repayment over an extended period of time, which may lead to financial difficulty and bankruptcy (Peñaloza and Barnhart 2011; Wang et al. 2011). Credit card misuse and indebtedness becomes a problem that threatens the youths' financial welfare and stability when these consumers make a continuous habit of failing to regulate their credit card spending and repayment behaviours. This study attempts to understand the vulnerability experience and susceptibility characteristics of youths who fall victims to their credit card misuse and indebtedness. In doing so, the objectives of this study are as follows.

The first objective of this thesis is to analyse youth experience of vulnerability due to credit card misuse and indebtedness. A vulnerability analysis constitutes an important marketing agenda to avoid being trapped within the tension of targeting vulnerable consumers, as it informs marketers of the social consequences of unethical target marketing. It also enlightens marketers regarding the needs of vulnerable consumers to facilitate their rehabilitation into capable consumers who are proficient in making optimal market transactions. Consequently, such an understanding equips marketers with the ability to address vulnerability experienced in the marketplace without sacrificing financial gains

or their competitive advantage. This study utilises Baker et al.'s (2005) framework of actual consumer vulnerability to assess youth experience of vulnerability due to credit card misuse and indebtedness.

Baker et al.'s (2005) theory argues that actual vulnerability arises in a situation where an individual's characteristics or states encounter external conditions, which trigger a sense of helplessness due to hindered goals and negatively affect personal and social perceptions of the self. This view advocates that one should move away from classifying a whole class of consumers as vulnerable and should instead qualify consumers as vulnerable in a certain situational context. For example, young people in general are not vulnerable. However, some young people with certain characteristics who are targeted with predatory and exploitative credit card marketing might consequently misuse credit card, develop extensive credit card debt, and experience marketplace vulnerability. Reports of youth experience of vulnerability as a result of credit card misuse and indebtedness include financial vulnerability such as long-term financial instability and bankruptcy (Palmer et al. 2001) as well as psychological vulnerability such as prolonged stress, (Brown et al. 2005), anxiety (Drentea 2000), diminished mental health and social functioning (Norvilitis et al. 2006), and—in rare cases—suicides (Mannings 1999). Based on Baker et al.'s (2005) framework of actual vulnerability, this study provides a consumer-driven lens of young consumers' struggles against the internal and external factors that are conducive to their experience of vulnerability to credit card misuse and indebtedness, the ensuing coping mechanisms they adopt to overcome such vulnerability, and their perceptions of what marketing actions could be taken to reduce their vulnerability.

The second research objective is to assess youth susceptibility to credit card misuse and indebtedness. One criticism of actual consumer vulnerability analysis concerns with its limited ability to prevent future vulnerability from occurring. In particular, the exclusive

focus on the situational needs of vulnerable consumers informs marketers and policy makers on how to address existing vulnerability. However, Commuri and Ekici (2008) asserted that “there is a danger that a state-based view (of vulnerability), if taken literally, may reduce the role of a policy maker to a responsive agent rather than one who plans for consumer welfare and foresees and pre-emptly threats to that welfare” (p. 184). Therefore, the current study extends the notion of consumer vulnerability analysis and incorporates an additional analysis of consumer susceptibility in the context of youths’ credit card misuse and indebtedness.

Brenkert (1998) differentiates vulnerability from susceptibility, in that the former describes an occurrence when one is subject to some substantial level of harm whereas the latter describes the characteristics that cause one to be easily affected by something or someone that might cause harm. Thus, vulnerable consumers are clearly susceptible, but susceptible consumers do not always experience vulnerability as susceptibility describes only a predisposition to experience future harm or any other negative consequences. Therefore, the investigation of consumer susceptibility constitutes a relevant construct to predict and prevent future vulnerability. Yet the current literary understanding of consumer susceptibility is particularly limited, with the exception of contextual susceptibility, such as Bearden et al.'s (1989) work on susceptibility to interpersonal influence and Pierce and colleagues' (1991; 1998) work on susceptibility to smoking among adolescents. Building on these findings, the current study introduces a new concept and measure of consumer susceptibility to capture individual propensity to experience harm and vulnerability due to credit card misuse and indebtedness.

Fundamentally, the assessment of susceptibility is distinct from vulnerability analysis and therefore offers different marketing implications. Consumer vulnerability analysis focuses on how marketing efforts can redress consumers’ experience of

vulnerability *as it happens*. For example, marketing might cater to the specialised needs of vulnerable consumers and facilitate tools to help them get back on their feet again following an experience of harm. On another hand, susceptibility analysis predicts the consumers' receptivity to marketplace persuasion (such as the temptation of credit card usage) that inclines them to misuse products (e.g., credit cards) and suffers their potentially harmful consequences. It is important to note that this analysis serves as an anticipatory tool that can potentially reduce the likelihood of consumers experiencing vulnerability *before it happens*.

A tertiary objective of this thesis is to apply the analysis of consumer vulnerability and susceptibility to credit card misuse and indebtedness in a cross-country study involving the Malaysia, Singapore and the UK. Governments across nations have made tremendous attempts to control the youths' credit card indebtedness. Such attempts include implementing minimum age, minimum income, taxation, guarantors or co-signers, banning direct solicitation to students, and many more (Wood 2010; Palmer et al. 2001; Braunsberger et al. 2004; Bank Negara 2011; Brunei Times 2011). However, the effectiveness of regulatory stringency on tackling the youths' vulnerability and susceptibility to credit card misuse and indebtedness remains unclear. Malaysia, Singapore and the UK implement various degrees of government interventions to prevent youths from accumulating extensive credit card debt. A cross-country comparison is useful to provide insight into the significance of government interventions in shaping the youths' vulnerability and susceptibility to credit card misuse and indebtedness.

The distinction between the countries' credit card regulation is clear. Specifically, Singapore applies strict credit card regulations, such as minimum income (SG\$30,000 or approximately £15,000) and age (minimum 21 years old) restrictions to own a credit card (Monetary Authority of Singapore 2004). In comparison, Malaysia imposed a much

smaller minimum income requirement (RM18,000 or approximately £3700)<sup>1</sup>. However, the Malaysian government charges an annual service tax (RM50 or approximately £9.50) on every credit card issued in an attempt to raise the salience of credit card spending (Bank Negara, 2011). Meanwhile, the UK puts more emphasis on individual responsibilities and expects consumers to behave responsibly towards their financial affairs (Szmigin and O'Loughlin 2010). Thus, the individual's credit history determines his/her eligibility to obtain a credit card (Office of Fair Trading 2010). However, the regulation for young adults is sparse, as those with no credit history are free to apply for student credit card (with small credit limit, usually £500) or poor-credit credit cards (with high interest rate, typically 35% and above).

This research conceptualises national identity as the status of belonging to a particular nation with distinct government regulations to protect the youth segment from taking on problematic credit card misuse and indebtedness. The study aims to conduct its qualitative phase in Malaysia, Singapore and the UK to shed light on the consumers' salient internal characteristics that make them vulnerable to experience the negative consequences of imprudent credit card usage. In the quantitative assessment, the study aims to examine the moderating role of various national identities on the youths' state of susceptibility credit card misuse and indebtedness.

Analysing consumer vulnerability and susceptibility in different countries has important implications for international marketing and public policy. Targeting vulnerable consumers with potentially harmful products invites substantially greater ethical implications in the international marketing context due to the imbalance of power between large multinational corporations and the government and consumers from developing

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<sup>1</sup> This minimum income is true at the time of data collection in March 2011. However, the Malaysian government increased the minimum income requirement to RM24,000 or approximately £4900 annually (Bank Negara, 2011).

countries (Carrigan et al. 2005). Yet studies have indicated that marketing practices aimed at vulnerable consumers in the international marketplace are still largely guided by profit maximisation rather than ethical marketing principles (Ringold 1995; Santos and Laczniak 2009). Similarly, credit card marketers operating globally tend to manoeuvre their targeting strategies around the edge of the local laws and regulations. For example, credit card banks in the United States, in opposition to new legislation requiring applicants under the age of 21 to have an adult co-signer, ran a counter-proposition to advocate bankruptcy reform. Once enacted, such an act would remove the “impulse buy” essence of credit card application among students (Palmer et al. 2001). Regardless, this opposition to legislations to protect vulnerable consumers indicates the industry’s unwillingness to self-regulate the marketing of credit cards to the youth segment, thereby opening the industry up to public criticisms and further policy restrictions. Thus, the industry needs to engage with vulnerable consumers in a proactive and conscientious, yet marketable manner in order to avoid ethical scrutiny and/or the loss of a profitable market segment. As such, vulnerability and susceptibility analyses should inform marketers of the risks and opportunities inherent when marketing to vulnerable consumers in international markets. Public policy can also learn from understanding vulnerability and susceptibility directly from the consumers themselves in order to develop non-marginalising and empowering policies for young credit card users.

The key aims of this thesis are summarised as follows:

1. To use the framework of consumer vulnerability to examine the youths’ experience of vulnerability to credit card misuse and indebtedness.
2. To conceptualise and introduce a new measurement scale to capture the consumers’ susceptibility to credit card misuse and indebtedness.

3. To conduct these vulnerability and susceptibility analyses in a cross-country setting, involving Malaysia, Singapore and the UK.

### **1.3 Research Questions**

Research questions refer to the specific operationalization of the research objectives. Based on the gaps in the literature, this thesis aims to add to the body of knowledge in marketing to vulnerable consumers by addressing the following questions:

1. To what extent do young people experience vulnerability due to credit card misuse and indebtedness?

The first question corresponds to the first research objective. In order to fulfil this research question, it is necessary to address the following sub-questions:

- 1.1. What are the different ways to identify vulnerable consumers?
- 1.2. Which type of consumer vulnerability analysis is deemed most suitable to examine the context of youths' credit card misuse and indebtedness, and why?
- 1.3. What is the takeaway that can be learned from analysing consumer vulnerability to credit card misuse and indebtedness?

The following research question corresponds to the second research objective.

2. What are the characteristics of consumers who are susceptible to credit card misuse and indebtedness?

More specific questions need to be addressed to fulfil this research question:

- 2.1. How is susceptibility to credit card misuse and indebtedness conceptualised?
- 2.2. What new information does the susceptibility analysis contribute to the extant literature on consumer vulnerability?

Finally, the third research question corresponds to the third objective.

3. Do national differences moderate the extent to which young people become susceptible and vulnerable to credit card misuse and indebtedness?

#### **1.4 Proposed Methodology**

The present study adopts a sequential mixed methods research design in which a qualitative study is followed by a quantitative methodology (QUAL→QUAN). Both the qualitative and quantitative enquiries are treated with equal importance, as each method focuses on assessing consumer vulnerability and consumer susceptibility respectively. This mixed methods approach is guided by the critical realism ontology (post-positivist epistemology), which posits that an external reality exists outside the researcher's subjective mind (Bhaskar 1978). This epistemological position views any attempt at representation of the truth as always partial (Johnson and Duberley 2000) and that 'reality' is only "imperfectly and probabilistically apprehensible" (Guba and Lincoln 1994, p. 109). Therefore, methodological triangulation from multiple sources is required to try to reduce researcher's subjectivity and get closer to the truth (Sobh and Perry 2005).

This research distinguishes between two studies. First, the assessment of consumer vulnerability utilises a qualitative approach to serve two purposes: 1) it describes and creates narratives for the youths' experience of vulnerability due to credit card misuse and indebtedness and 2) it supplements information about the youths' internal characteristics that intensify the experience of vulnerability, which is also symptomatic of their susceptibility to credit card misuse and indebtedness. This assessment lays the foundation for the second study—namely, the conceptualisation and measurement scale development of consumer susceptibility to credit card misuse and indebtedness (SCCMI). This section uses a series of quantitative tests, including exploratory factor analysis (EFA) and

confirmatory factor analysis (CFA) estimated using the covariance matrix in Lisrel 8.0 (Jöreskog and Sörbom 2006), to establish the validity and reliability of the new measure. Furthermore, a multigroup CFA was adopted to test the equivalence of the new measure across Malaysia, Singapore and the UK. Subsequently, structural equation modelling (SEM) was utilised to test the relationships between SCCMI and the proposed antecedents and consequent factors. Finally, multigroup SEM was used to analyse the moderating role of national differences on SCCMI and its proposed antecedents and consequents.

## **1.5 Research Contributions**

The proposed research makes a significant contribution to both academic and managerial audiences. Extant research on youths' risky credit card usage focuses predominantly on establishing characteristics associated with their young age, which positions them as a vulnerable market segment. However, young consumers might not see themselves as vulnerable, as they possess the coping skills to overcome their state of vulnerability (Baker et al. 2005). This study aims to demonstrate that marketing and policy development can benefit from an understanding of actual vulnerability, as it informs the extent to which youths differ in their experiences of vulnerability. In the light of the current economic climate, financial institutions are increasingly pressured to display socially responsible behaviour without posing harm to other stakeholders. An understanding of the youths' experience of vulnerability to credit card misuse and indebtedness can therefore advance the literature by illustrating how young people come to experience such vulnerability. Further, this study gives young consumers the voice to vocalise their concerns and anxiety surrounding credit card usage, and how they wish their external environments (marketers, policies) can facilitate their rehabilitation into capable consumers.

The credit card industry is likely to experience a heavy and long-term loss as a result of the regulatory restrictions established to protect the industry's lucrative yet

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vulnerable group of consumers. This trend will possibly continue without the industry producing counteractive measures to self-regulate its market. Credit card use is likely to produce harmful effects when used without financial management skills and prudence. However, the marketing of credit cards directed to young consumers is more often characterised as predatory rather than informative (Braunsberger et al. 2004; Szmigin and O’Loughlin 2010). This study draws upon the consumer susceptibility to credit card misuse and indebtedness (SCCMI) to capture consumers’ psychological and cognitive responses to the spending cues inherent in the payment system. SCCMI can be utilised as a diagnostic tool by marketers and consumers alike to review immunity to the credit card effect. Target marketing efforts that are conscious of the product/service harm due to abuse might support educational programmes alongside their marketing programmes, such as sponsoring financial management and financial socialisation efforts. Similarly, young consumers who understand their immunity to credit card effect can learn to make informed credit card transactions and conscious budgeting decisions.

## **1.6 Thesis Structure**

The purpose of **Chapter 1** is to familiarise the reader with the research topic. The theoretical background, main research objectives, research questions and methodologies are highlighted. As such, definitions of constructs, hypothesised relationships and measurement issues are not discussed until subsequent chapters. An excerpt of the overall study is offered to aid in continuity of thought and understanding.

**Chapter 2** provides a review of supporting literature on consumer vulnerability as a marketing issue. First, the research positioning describes the tension of targeting potentially vulnerable consumers, such as young people with a potentially harmful product like credit cards. Subsequently, three mainstream literature arenas are explored: youths’ credit card consumption, assessments of consumer vulnerability, and existing marketing

frameworks involving vulnerable consumers. The first section describes youths' attitudes and behaviours towards credit card, the observed nature of target marketing of credit cards directed towards this consumer segment and the public policy responses towards the segments' perceived vulnerability. The second section focuses on prior studies' various conceptualisations of consumer vulnerability, including perceived vulnerability (Ringold 1995; Smith and Cooper-Martin 1997), actual vulnerability (Baker et al. 2005; Baker and Mason 2012; Baker 2009) and dual view combining perceived and actual analyses of consumer vulnerability (Commuri and Ekici 2008; Shultz II and Holbrook 2009). Existing theoretical frameworks that claim to address consumer vulnerability are analysed in the next section. This chapter applies critical analysis to the aforementioned studies to identify gaps in the literature, thereby informing the research directions of the present research.

In light of the synthesised research directions formulated in the previous chapter, **Chapter 3** presents the current study's research strategies, followed by preliminary conceptualisations of consumer vulnerability and susceptibility assessments. This chapter begins by drawing upon the principles of ethical marketing (Austin and Phillips 2001; Laczniak 1993), and more specifically Rawls' (1971, 1999) normative ethical theory of justice, in order to clarify the current study's stance. The chapter then divides its conceptualisation of the youths' vulnerability and susceptibility to credit card misuse and indebtedness into two studies. The first study examines consumer vulnerability, adopting Baker et al.'s (2005) macromarketing conceptualisation of actual vulnerability to guide the current contextual study. The second study investigates consumer susceptibility, conceptualising its potential antecedent and consequent to provide a framework that offers a precise and thorough understanding of the phenomena. These assessments are studied in greater depth in the contextual formats of the youths' credit card misuse and indebtedness.

**Chapter 4** clarifies the research methodology and design of the multi-methods study, which are guided by the author's philosophical positioning. The first section details the characteristics and implications of the author's stance on critical realism. Next, the research design is presented, outlining the sample characteristics, population, data collection and analysis procedures for each qualitative and quantitative study.

**Chapter 5** details the results of the qualitative study, which sheds light on the factors that contribute to youths' experience of vulnerability to credit card misuse and indebtedness. In particular, the results distinguish between internal characteristics related to credit card usage that *facilitate* and *impede* vulnerability. The study also lends support to Adkins and Jae's (2009) proposition of *passive* and *active* consumer responses to vulnerability. The study theorises that, in the present case, the youths' responses to their vulnerability encase yielding to temptations (passive) and learning curve (active), which lead to enduring and transient states of vulnerability respectively. These consumer responses also provide marketing opportunities in response to consumers' experiences of vulnerability.

**Chapter 6** focuses on the assessment of consumer susceptibility to credit card misuse and indebtedness (SCCMI). In this first part of the consumer susceptibility assessment, the chapter expands the preliminary conceptual framework introduced in Chapter 3 through reflections on the qualitative study and further literature review. More specifically, it reflects on the findings about the youths' internal characteristics that facilitate vulnerability to conceptualise and measure SCCMI. It also draws from the qualitative findings to conceptualise expectations of future credit card utility as hypothesised antecedents of SCCMI. The tendency to become a revolving credit card debtor (RCCD) is hypothesised as the outcome variable for SCCMI. Finally, the chapter

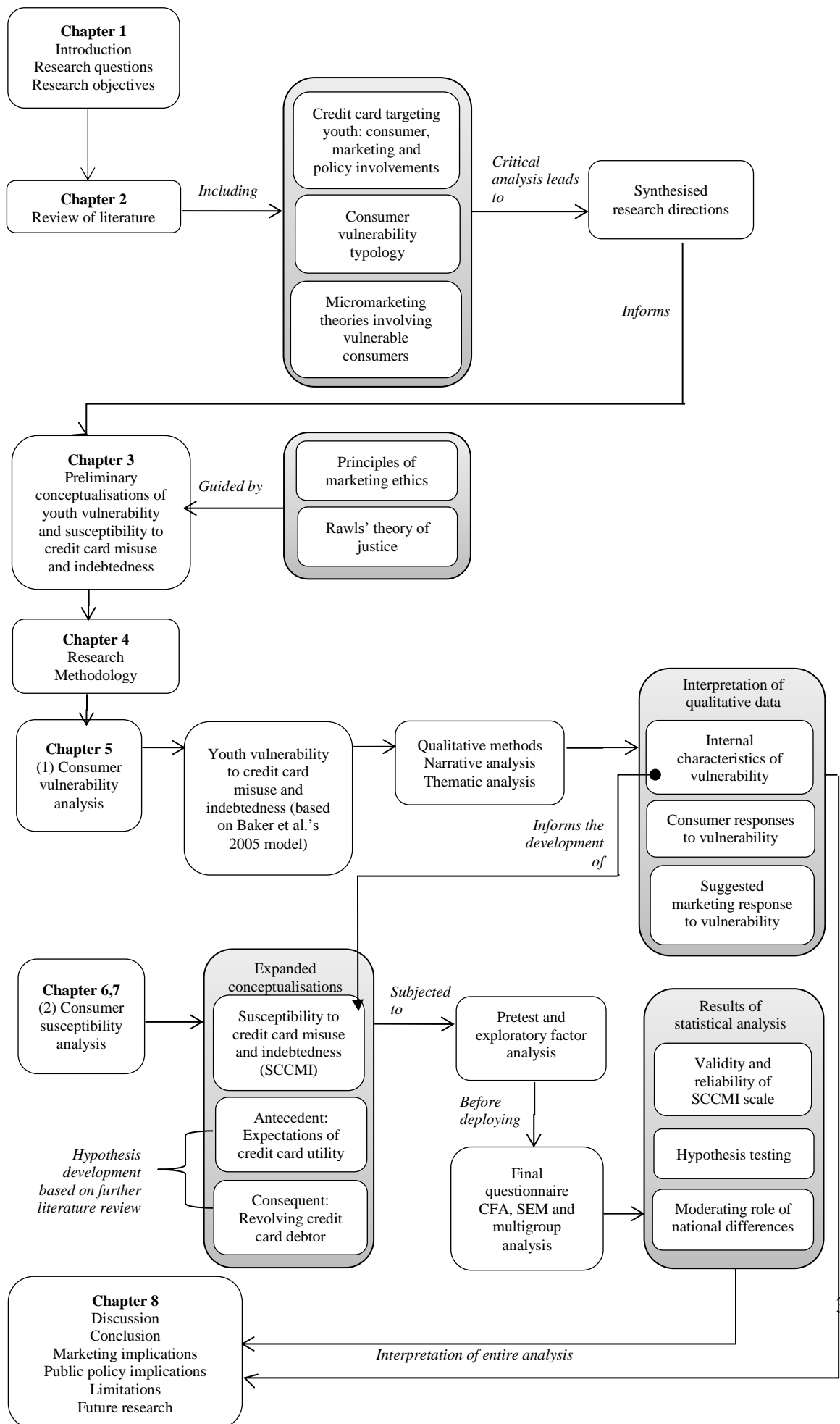
theorises the equivalence of the identified constructs and dependence relationships across Malaysia, Singapore and the UK.

**Chapter 7** reports the quantitative data analysis procedures to test the hypotheses set out in the previous chapter. First, the chapter analyses the results of the pre-test questionnaire distributed in Malaysia, Singapore and the UK using exploratory factor analysis (EFA) to develop and refine the proposed measurement scales. Second, the results of the final questionnaire are analysed individually in each country sample using confirmatory factor analysis (CFA) in order to establish the validity and reliability of the proposed measures. Third, the proposed measures are assessed individually using multigroup confirmatory factor analysis to determine if the measures have the same meaning for members of different countries. Fourth, multigroup structural equation modelling was utilised to assess the moderation effect of national identity on the relationships between SCCMI and its proposed antecedents and consequent factors. Finally, the chapter concludes with a discussion of the results and their implications for marketing efforts to reduce susceptibility to credit card misuse and indebtedness among young people.

**Chapter 8** provides an interpretation and general discussion of youth vulnerability to credit card effect and their susceptibility to credit card misuse and indebtedness. The chapter revisits the rationale of the study, clarifies the results of both the qualitative and quantitative studies, discusses the theoretical contributions and offers some practical implications for marketing practice, public policy and vulnerable consumers. Finally, the chapter reviews the study's limitations and provides some recommendations for future research.

A concept map of the thesis structure is depicted in Figure 1.1.

**Figure 1.1: Thesis structure**



# Chapter 2

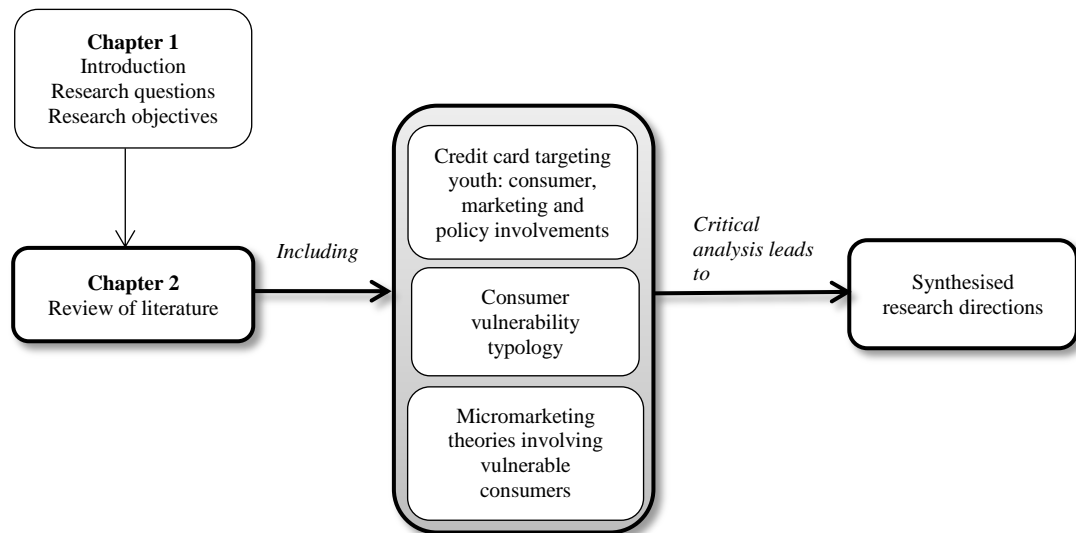
## Review of Literature

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### 2.1 Chapter Introduction

This chapter marks the following stage of the thesis structure (Figure 2.1).

**Figure 2.1: Chapter 2 Structure**



The aim of this chapter is to review prior work on marketing to vulnerable consumers, with a specific emphasis on the marketing of credit cards targeting young persons. The chapter begins with the positioning of this research, which encapsulates the tension of targeting vulnerable consumers. This discussion explores the costs and benefits associated with marketing directed towards the vulnerable consumer segment. The chapter then raises the need for marketers to engage with vulnerable consumers to improve these consumers' welfare in the marketplace.

The next section reviews extant work on the targeting young consumers for credit card marketing. In particular, this section probes the targeting practices of credit card marketers, the perceived vulnerability of the youth segment and the various regulatory responses designed to protect young people from accumulating extensive credit card debt.

Based on this review, the thesis describes the present condition of the youth credit card

market and identifies relevant theoretical disciplines that can further our current knowledge on credit card marketing for the youth market.

The thesis then explores the theory of consumer vulnerability and its various methods of assessments—namely, perceived vulnerability, actual vulnerability and “dual views” that combine perceived and actual perspectives of consumer vulnerability. The strengths and limitations of each vulnerability analysis are subsequently examined. This section concludes that actual consumer vulnerability represents a better-fitting framework for evaluating youths’ credit card misuse and indebtedness in comparison to other forms of consumer vulnerability analyses.

The chapter then moves on to examine existing marketing perspectives that address vulnerable consumers. This section focuses on three general frameworks: ethical targeting, consumer sovereignty and the service-dominant logic for marketing. Special attention is given to the ways in which these frameworks claim to address consumer vulnerability in the marketplace. This section concludes that the present marketing efforts to address vulnerability are highly limited and require a more proactive approach to redress and prevent consumer vulnerability. Finally, the chapter concludes with an overview of the gaps in the previously discussed literature as well as directions for the present research.

## **2.2 Background: Targeting Vulnerable Consumers**

Target marketing is among the most important and widely executed marketing concept. Targeting is generally defined as “the intentional pursuit of an exchange with a specific group through advertising or other marketing activities designed to be more appealing to that particular target market than to people in other segments” (Ringold 1995 p. 580). Prior to pursuing a targeted group, marketers engage in market segmentation whereby consumer

differences are categorised and marketers choose to serve a segment of the market with similar needs or common characteristics (Aaker et al. 2000; Smith and Cooper-Martin 1997). Market segmentation and targeting are important means for achieving efficiency and effectiveness in an increasingly competitive and fragmented consumer market. However, despite its reputed establishment, target marketing faces a strategic tension, particularly when it comes to targeting a *vulnerable* consumer segment (Smith and Cooper-Martin 1997; Jones and Middleton 2006).

By their very nature, vulnerable consumers are more likely than others to experience negative marketplace outcomes because of the secondary effects of marketing practices (Pechmann et al. 2011; Shultz II and Holbrook 2009). However, certain targeting practices increase consumer vulnerability, including the marketing of potentially harmful products, such as tobacco and alcohol (Smith and Cooper-Martin 1997; Jones and Middleton 2006); marketing with stigmatising messages, such as stereotyping minorities including gays, lesbians or people of colour (Aaker et al. 2000; Peñaloza 1995); and/or marketing efforts that invite marginalising interventions, such as the targeting of credit cards to young people (Pechmann et al. 2011). These practices often elicit physical, economic and psychological harm to the vulnerable consumers (Smith and Cooper-Martin 1997).

The tension of targeting vulnerable consumers refers to the dilemma of whether the marketing system should encourage the targeting or exclusion of vulnerable consumers, as both positive and negative consequences emerge from both actions (Abela and Murphy 2007; Pechmann et al., 2011; Smith and Quelch 1993). On the one hand, targeting potentially vulnerable consumers can help better serve their specific needs and improve their future well-being. However, targeting vulnerable consumers can also produce adverse outcomes, as opportunistic targeting can lead to negative ethical evaluations, consumer

boycotts and diminished corporate reputation (Abela and Murphy 2007; Pechmann et al. 2011). On the other hand, excluding vulnerable consumers can mitigate these risks for marketers, although it also limits consumer choices, constrains marketers with inferior marketing strategy and creates feelings of exclusion and alienation among the nontarget consumers (Pechmann et al. 2011). For example, D’Rozario and Williams (2005) observed the consequences of “retail redlining”, where retail companies decide to avoid serving unprofitable consumers, particularly those living in a poorer region. This strategic decision leads to a heightened sense of vulnerability among the already disadvantaged consumers because, being abandoned by larger chain stores, consumers are left to the mercy of smaller retailers who charge higher prices and/or offer fewer choices of goods and services.

Given the paradoxical consequences of targeting and excluding vulnerable consumers, the resolution of this tension constitutes a priority for the general marketing system. Indeed, resolving the tension is important for marketers wishing to establish a foothold in the lucrative vulnerable market without the risks of being subjected to negative ethical evaluation.

An additional dilemma of targeting vulnerable consumers concerns the different standards of ethical practice demanded across national borders. For instance, legislations such as the protection of vulnerable consumers might be regulated by law in one country, but left to the discretion of individual businesses in another country (Schlegelmilch 1998). The specific issue of targeting vulnerable consumers in cross-country marketing operations has received much attention due to the imbalance of power between large multi-national companies (MNCs) and the government and consumers from the developing countries. For example, Carrigan et al. (2005) observed that large MNCs often have greater bargaining power than that of national governments. They noted an example of ExxonMobil’s

estimated value-added of US\$63 billion (approximately £42 billion) in 2000, which was larger than the GDP of economies such as Pakistan or Peru. The trend continues to the present day, as the top 44 companies on the FTSE100 list generated revenues of US\$6.4 trillion (approximately £4.3 trillion) in 2009, which made up 11% of the global GDP and is larger than the combined economies of 155 countries below the top 40 countries with the highest GDP (Keys and Malnight 2010). Hence, MNCs tend to control access to information about the product, its use, likely effects of misuse, and the availability of safer alternatives. Similarly, Amine (1996) postulated that consumers in less developing countries (LDCs) might be more vulnerable to exploitation insofar as they lack, to a greater or lesser degree, the basic skills and knowledge that those in western markets have. In addition, a greater prevalence of poverty, illiteracy and lower levels of economic development are associated with the living conditions in less developed countries. Thus, consumers from LDCs might find themselves in a vulnerable position when dealing with a global corporation and unable to fully express, claim or defend their rights as consumers.

In general, the combined effects of the LDCs' economic/profit potential, low bargaining power, lack of legal framework and law enforcements to protect domestic consumers enhance LDC consumers' vulnerability and exposure to unethical marketing practices. In other words, the tension that arises from targeting vulnerable consumers is greater when targeting consumers from LDCs compared to consumers from developed nations. Its ethical consequence might be greater as it could potentially raise international outcry. However, the alternative option—namely, the exclusion of vulnerable consumers—can also lead to depriving consumers from basic necessities (Carrigan et al. 2005). Meanwhile, extant studies showed that engaging in the low-income market has provided large MNCs with the opportunity to help alleviate poverty. Prahalad (2010) noted the example of Grameen Bank Ltd., whose micro lending service targets low-income groups in

Bangladesh help to empower these consumers to elevate their economic misfortune. Through access to credit, vulnerable consumers are able to systematically build their equity and make major purchases, such as education, houses and cars. Indeed, vulnerable consumers from LDCs are more likely to be exploited by opportunistic global marketers. However, at the same time, consumer vulnerability provides international marketers with goodwill opportunities to alleviate their hardships and create a stronger market presence (Prahalad 2010; Laczniak and Santos 2011).

Despite the significance of the power imbalance between vulnerable consumers and marketers in the international marketing context, little attention has focused on how international marketers can address consumer vulnerability ethically across national borders. Indeed, the dominant business paradigm towards vulnerable consumers remains highly characterised by law-abidance and protection of self-interest rather than proactive enhancement of consumer welfare (Gaski 1999). This is particularly prevalent in the credit card industry's targeting of young consumers, as will be discussed in the next section. Such opportunistic patterns towards vulnerable consumers can arise as there might not be sufficient market pressure or incentives for marketers to refrain from capitalizing on vulnerability (Shultz II and Holbrook 2009; Smith 1995). Engaging with vulnerable consumers exposes marketers to greater moral responsibility (Laczniak and Murphy 2006). However, without sufficient research to understand vulnerable consumers, this population will remain underrepresented and exploited while the tension of targeting vulnerable consumers will remain unresolved. Therefore, this thesis aims to explore and investigate consumer vulnerability and susceptibility in a cross-country study to highlight the social consequences of unethical targeting in a greater international market.

### **2.3 Credit Card Targeting and the Youth Segment in the International Market**

As previously highlighted in the introduction, the targeting of credit cards directed towards young persons exemplifies the case whereby marketers face a tension between targeting and excluding a potentially vulnerable consumer segment. On the one hand, targeting young consumer segments for credit cards represents a lucrative marketing tactic that serves as a first mover advantage to capitalise on the youths' financial naivety and eagerness to participate in market consumption (Palmer et al. 2001; Wood 2010). However, youths are deemed likely to exhibit risky credit card behaviour (Xiao et al. 2011) and are encircled by environmental conditions that weaken their capacity to use credit cards strategically and resourcefully while avoiding debt accumulation (SallieMae 2009; Szmigin and O'Loughlin 2010). Thus, regulatory bodies across nations are increasingly restricting the marketing of credit cards towards youths in an attempt to protect youths from developing extensive credit card debt. On another hand, the exclusion of youth from the target marketing segment can leave marketers with inferior strategies and a loss of a lucrative target market. The following sections elaborate the existing literary discussions concerning the targeting of credit cards to the youth market.

### **2.3.1 Targeting practices**

As a payment mechanism, credit cards have grown in popularity as they allow for an intertemporal allocation of income. That is, credit cards enable consumers to borrow future income to use in the present time, thereby allowing them to balance their lifetime utility (Prelec and Loewenstein 1998; Soman and Cheema 2002). For example, young consumers who expect their future income to be higher than their current income can use credit cards to "borrow" from their future income to support their current lifestyle (Soman and Cheema, 2002). Indeed, when used with caution and planning, credit cards can provide the users with convenience and the smoothing of consumption over time. However, the nature of credit card marketing is more often described as predatory rather than informative,

which contributes to the potential harm. In particular, Burton (2008) observed that the major criticism of the credit card industry concerns its promotion of overly positive images and metaphors of credit while obscuring the negative consequences of debt. The marketing of credit cards has always stressed the aspirational approach that “you can afford to buy what you want; the card brings your dreams within reach” (Burton 2008, p. 96). This marketing message is often accompanied by persuasive rather than informative solicitation practices as well as a lack of transparent credit pricing structures.

Predatory lending is generally defined as “consumer loans with any or all of the following characteristics: aggressive and deceptive marketing, lack of concern for the borrower’s ability to pay, high interest rates and excessive fees, unnecessary provisions that do not benefit the borrower (e.g. single-premium credit life insurance), large prepayment penalties, or faulty underwriting” (Hill and Kozup 2007 p.29). Credit cards aimed at younger consumers are classified as predatory when the marketing, solicitation and product offers suspend the traditional criteria required when targeting mature consumers. Indeed, the literature observed that the marketing of student and graduate credit cards in the United States typically includes initiatives that (1) encourage frequent use of credit cards, including for groceries and other basic necessities; (2) suspend traditional criteria for credit card issuance (e.g., minimum income, prior credit rating); (3) lack information regarding the consequences of making minimum payments, and information concerning repayment structure (e.g., whether interest will be charged on the interest accrued from previous months); (4) offer premiums, discounts and promotions to sign up for a credit card; and (5) offer credit limits that are beyond the youths’ income or ability to pay (Austin and Phillips 2001; Braunsberger et al. 2004; Szmigin and O’Loughlin 2010).

However, there is a general lack of academic observations concerning predatory credit card targeting towards youths in other countries outside the United States, where

such targeting approach are less regulated. Thus, this study provides a brief review of real-life examples of predatory credit card targeting aimed at young adults in Malaysia, Singapore and the UK, which is displayed in Table 2.1. Screenshots of these youth-targeting credit card advertisements and promotions are available in Appendix 1 to 11.

**Table 2.1: Examples of predatory credit card targeting of youths**

Country	Examples of credit card advertising/ promotions targeting youths	Source	Type of predatory practice
Malaysia	<p><b>Citibank’s Clear Card</b> targets the youth market by using images of young people in the advertisements. The credit card comes with benefits including “exclusive access to Zouk Club KL” (nightclub), cinema tickets, and reward points at selected shops.</p>	<p><a href="http://www.citibank.com.my/clear/index.htm">http://www.citibank.com.my/clear/index.htm</a> (Appendix 1)</p>	<p>Advert conveys positive images of a materialistic lifestyle whilst undermining the potential consequences of debt accumulation (Burton 2008);</p> <p>There is a charge for annual membership fee of RM90 (£21), which is displayed in the terms and condition rather than in the promotional advertisement;</p> <p>Important repayment information such as APR, minimum payment option, penalty charges, etc. are missing in the advert.</p>
	<p><b>Alliance Bank’s “You:nique” card</b> targets younger audiences by allowing them to “make a statement” through personalised pictures on their credit cards. The card reward customers with a low interest rate of 9%, but only when customers “consistently make minimum payment every month”.</p>	<p><a href="http://youunique.alliancebank.com.my/credit_cards.php?page=credits">http://youunique.alliancebank.com.my/credit_cards.php?page=credits</a> (Appendix 2)</p>	<p>Encourages people to make minimum payment every month. The advert fails to warn against the consequences of making minimum payment in the long run. When consumers only make the minimum repayment, the debt decreases extremely slowly and the total interest charges become extremely high (Navarro-Martinez et al. 2011)</p>
	<p><b>BII Maybank’s “Angry Bird” credit card</b> targets the youth segment through association with the popular video game brand. The launch took to social media (Facebook, Twitter) to raise awareness. The bank also held promotional campaigns in major shopping centres to attract and solicit young shoppers. The benefits of the credit card include discounts at selected shops.</p>	<p><a href="http://maybank.listedcompany.com/misc/maybank_online_annual_report2012/event_highlights.html">http://maybank.listedcompany.com/misc/maybank_online_annual_report2012/event_highlights.html</a></p> <p><a href="https://www.facebook.com/photo.php?fbid=446264165394318&amp;set=a.446264142060987.95961.167613199926084&amp;type=3&amp;theater">https://www.facebook.com/photo.php?fbid=446264165394318&amp;set=a.446264142060987.95961.167613199926084&amp;type=3&amp;theater</a></p> <p><a href="https://twitter.com/MaybankCard">https://twitter.com/MaybankCard</a></p>	<p>The campaign does not highlight any important cost information. Rather, the ad focuses on the benefits of credit card-funded lifestyle and popular brand association;</p> <p>Advertising on social networking sites illustrates a highly targeted approach towards youths (Szmigin and O’Loughlin 2010);</p> <p>Solicitation in shopping centres directly reaches the young shoppers who are the prime target market.</p>

(Appendix 3)

However, it also rushes youths to make applications quickly, without taking the time to consider the suitability of the credit card offer and the future consequences of using such credit card.

**Maybank American Express' credit card promotion on tuition fee payment** offers double points when used to pay for tuition fees at selected colleges and universities.

<http://www.maybank2u.com.my/WebBank/americanEdu290713.pdf>  
(Appendix 4)

Encouraging students to pay a large amount of tuition fees on credit cards places them at a greater risk of accumulating credit card debt and experiencing financial difficulties (Robert and Jones 2001).

The rates charged by credit cards are much higher than conventional loans and require more immediate payment. For students who have no income, they may be enticed to pay minimum payments that further increase the cost of tuition fees (Roberts and Jones 2001).

**Singapore Citibank Clear Card** (Appendix 4) offers free entry into Zouk nightclub in Singapore, free movie tickets, discounts and points rebate at selected shops (similar to the Citibank Clear Card Malaysian offer). Students receive SGD20 voucher when they apply for the credit card. Alternatively, students receive a free camera when they sign up through facebook

[https://www.citibank.com.sg/gcb/landing\\_page/creditcard/citi-clear-card\\_q10.htm?eOfferCode=SGCLQOCB](https://www.citibank.com.sg/gcb/landing_page/creditcard/citi-clear-card_q10.htm?eOfferCode=SGCLQOCB)

Promotes materialistic lifestyle towards young people;

Important cost information is entirely absent within the promotional advert;

<https://www.facebook.com/CitibankSG>  
(Appendix 5)

Free gifts may encourage students to sign up for a credit card without careful deliberation and planning on how to use credit cards prudently.

**Maybank eVibes credit card** targets Singaporean college students who are "18 years and above, no income required". The promotion's slogan reads "Finally, a credit card that understands the way you live, party, dine, wine and deals that you love, from movie screening, coffee and treats". The card offers discounts and treats in places frequented by the students, including coffee shops, cinema, and restaurants. Applicants are rewarded with SGD30 cash credit upon first use of card.

<http://info.maybank2u.com.sg/evibes/credit-card-for-student.aspx>  
(Appendix 6)

Advertisement promotes materialistic lifestyle among young consumers;

Singapore's Banking Act clearly states that the minimum age of credit card ownership is 21 years old and the minimum income is SGD30,000 per annum. However, Maybank's eVibes classifies its product as "microlending" due to the small credit limit (SGD500), and considers its product offering free from age and income restrictions. In this case, the normal restrictions are put aside in order to aggressively target the youth market (Szmigin and O'Loughlin 2010);

Lack of measures to prevent young people from accumulating

	<p><b>Maybank’s “Roadshows” in major shopping centres</b> promote easy-access credit cards to shoppers and passer-by by giving out free gifts upon successful signing.</p>	<p><a href="https://www.facebook.com/events/583860338292381/">https://www.facebook.com/events/583860338292381/</a> (Appendix 7)</p>	<p>excessive credit card debt. E.g., not requiring guarantors means that more youths have free access to credit cards, without necessarily having the income to make the repayments.</p> <p>Roadshow is a form of credit card promotion booth in shopping centres. Marketers may rush young and inexperienced shoppers to make credit card applications, while discouraging them to consider the suitability of the credit card offer and the future consequences of using such credit card;</p> <p>Young and inexperienced credit users may be enticed by the free gifts rather than the financial benefits of having credit cards.</p>
	<p><b>VISA’s Justin Bieber credit card promotion</b> is designed to appeal to younger consumers due to this celebrity’s predominantly young fan base. Booking with VISA credit card allows customers to get “priority booking” into Justin Bieber’s concert in Singapore.</p>	<p><a href="http://singapore-promotions.com/happenings/justin-bieber-my-world-tour-concert-singapore-indoor-stadium-19-apr-2011-4657/attachment/visa-credit-card-special-28-feb-2011/">http://singapore-promotions.com/happenings/justin-bieber-my-world-tour-concert-singapore-indoor-stadium-19-apr-2011-4657/attachment/visa-credit-card-special-28-feb-2011/</a> (Appendix 8)</p>	<p>Use of celebrity endorsement to promote a credit card undermines the financial complexity underlying credit card borrowing;</p> <p>Advertisement fails to produce any important financial information, such as the price of attending the concert and any extra charges incurred for the booking in the promotional advert.</p>
<p><b>UK</b></p>	<p><b>RBS student credit card</b> displays the logo “Designed for student life”, which promotes the benefit of “£250 Cash advance each day”</p>	<p><a href="http://www.rbs.co.uk/personal/students/scotland/g4/other-student-products/student-credit-card.ashx#tabs=section2">http://www.rbs.co.uk/personal/students/scotland/g4/other-student-products/student-credit-card.ashx#tabs=section2</a> (Appendix 9)</p>	<p>Advert fails to draw attention to the small print in that cash advance means borrowing at a higher rate of interest (29.99% on student cards compared to the advertised representative APR of 18.9). Cash advance also incurs a handling fee of 3% or minimum £3.</p>
	<p><b>VISA’s Shout credit card</b> is advertised as a tool to help build credit rating and provide a short-term access to credit for people with no credit history. The website offers seemingly “simple” monthly repayment fee of £15 per £100 spent on credit card.</p>	<p><a href="https://www.shoutcreditcard.co.uk/?utm_source=google&amp;utm_medium=cpc&amp;utm_term=shout%20credit%20card&amp;utm_content=Site_Link_1&amp;utm_campaign=Shout+Credit+Card&amp;utm_group=SiteLink+1+-+Shout+Credit+Card&amp;utm_nooverride=1">https://www.shoutcreditcard.co.uk/?utm_source=google&amp;utm_medium=cpc&amp;utm_term=shout%20credit%20card&amp;utm_content=Site_Link_1&amp;utm_campaign=Shout+Credit+Card&amp;utm_group=SiteLink+1+-+Shout+Credit+Card&amp;utm_nooverride=1</a> (Appendix 10)</p>	<p>The print at the bottom of the advertisement explains that the APR representative is 627%. While not directly targeted to the youth population, credit-building credit cards tend to appeal to younger population since they are marketed to those who lack credit history. However, these credit cards are often accompanied by extremely high rates of interest, which takes advantage of consumers who have few or no other alternatives to build their credit ratings;</p>

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“Simplified” repayment plan

**Capital One's credit card promotion at online Fresher's Fair**  
(Studentbeans.com) targets students with generous credit limit (£1200) and high interest rate (34.94% APR)

<http://2013.freshersfields.com/capitalone>  
(Appendix 11)

undermines the high rates of interest. There is insufficient information to warn against balance accumulation using low fixed monthly payment.

Young and inexperienced credit card users tend to equate credit limit to their spendable income (Soman and Cheema 2002). Promoting a generous credit limit is likely to encourage students to spend on their credit card;

Students (particularly full-time students) are unlikely to have sufficient income to make credit card repayments, thereby encouraging debt accumulating amongst students;

Advertisement fails to produce crucial information on how to build a good credit history using a credit card.

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Notably, the examples in Table 2.1 show that credit card promotions targeting youths differ from the promotions directed towards more mature consumers (in Malaysia, Singapore and the UK), in three ways. First, youth-targeted marketing tend to promote materialistic lifestyle. Muncy and Eastman (1998) argued that encouraging materialism constitutes a socially irresponsible behaviour, particularly when materialism results in additional societal burden. In this case, the promotion of credit-card funded materialistic lifestyle is problematic as it encourages overspending while minimising the pain of repayment (Szmigin and O'Loughlin 2010). On the contrary, promotions targeting mature and experienced consumers tend to focus on the cost benefits and savings accrued from credit card usage. Appendix 12, 13 and 14 shows typical examples of mature credit card targeting that exemplify cost savings in Malaysia, Singapore and the UK respectively.

Second, important cost information (such as APR, annual fee, extra charges) tend to be absent or hidden within the terms and conditions, instead of being made explicit in

the promotional adverts targeting youths. As inexperienced credit card users, young people need to be educated to understand how credit card repayments works (e.g., the calculation of credit card interest rate, the consequences of making minimum payment) in order to be able to use their credit card strategically and make cost savings using their credit cards. On the contrary, marketing efforts to mature consumers tend to highlight the financial information necessary to achieve the cost benefits of using a credit card (see examples in Appendix 12-14).

Third, targeting efforts to the youth segment tend to suspend traditional criteria required for credit card ownership. For example, the promotions of student credit cards do not require any minimum income requirement or existing credit history. The benefit of such approach is its inclusive approach – i.e., they allow young consumers to reap the benefits of credit. However, such credit cards are typically accompanied by hefty drawbacks (e.g., high interest rates, costly compulsory charges) and lacks additional measures to prevent youths from developing overwhelming debt (e.g., through adult guarantor or co-signer). Overall, the above examples from Malaysia, Singapore and the UK support the view that predatory youth targeting is an issue that threaten the youths' financial welfare across a multitude of countries outside the United States.

In addition to the predatory credit card marketing towards youths, credit cards products tend to be highly complex for inexperienced users like the young persons. Table 2.2 provides examples of such complex credit card offers and enticements. In principle, credit card offers should provide value for money, lower consumers' switching costs and create a more competitive credit market. However, independent reports have shown that credit card users might not have reaped the benefits of these deals as much as they should have, as the offers are laden with complex credit terms and hidden charges that might not be made transparent to the consumers. In particular, deals such as balance transfers or a

“teaser” rate of interest can be misleading, as consumers often do not realise that any spending on a 0% balance transfer deal will be charged at a much higher interest than their normal rate (Money Advice Trust 2009). Hence, consumers who switch to a 0% balance transfer or low-rate cards with the intention of reducing their debts tend to find their plans go awry due to the lack of transparent information about the promotional rate (Department of Business Innovation and Skills 2010a). In addition, balance transfer deals are often accompanied by offers that encourage spending, such as “cashback” offers and reward points, which encourage balance accumulation when the promotional offer subsides. To make matters worse, Money Advice Trust’s (2009) study also reported that 15% of consumers who are unaware of the terms of 0% balance transfer also make the minimum payment on their purchases because they believe that they are on a promotional rate. These consumers ultimately risk accumulating a greater credit card balance than they would have previously expected.

**Table 2.2: Types of credit card offers and enticements**

Common credit card offers	Definition	Marketing enticement/“catch”
<b>Balance transfer deals or “teaser” rate of interest</b>	A balance transfer deal allows consumers to transfer some of their debts and pay the sum off interest-free for a set period (typically 6 to 12 months). After this period ends, the balance begins to generate interest.	Consumers are required to pay a one-off fee to transfer balance from another provider (typically 1.5% to 4%). Expenses made during the deal period will be charged at higher interest if a balance remains after the deal period ends.
<b>Reward points</b>	A credit card scheme that awards consumers with rebatable points for every transaction made on the credit card that can be exchanged into vouchers, household items, holidays, etc.	Lack of transparency in how much a “point” translates in monetary value. E.g., Tesco’s credit card offers 1p for each point, while British Airways Amex offers only 0.68p per point.
<b>“Cashback” offer</b>	A reward scheme that awards consumers with tax-free cash for every transaction made on the credit card.	A way to encourage consumers to spend with a higher APR credit card. Hence, the interest tends to dwarf the earned cashback.
<b>Higher credit limit than income</b>	Credit limit is the maximum expenditures a consumer can make on a credit or store card.	Unless prohibited by law, credit card issuers can change the credit limit without the consumer’s request.

In addition to misleading offers and enticements, credit cards also involve a complex pricing structure. For example, credit card providers tend to display their annual percentage rate (APR) as the sole basis for consumers to make calculations of repayment. However, APR information alone is insufficient to compute the total cost of repayment. Furthermore, the complete information on the price and terms of credit are often unavailable or are difficult to comprehend by a layman. Specifically, methods of calculating total repayments are based on the frequency of interest rates compounding (Bhandari 1997; Furletti 2003). Compounding interest rates means that the money earned in interest is added to the principal (the amount originally borrowed), which will also start to earn interest.<sup>2</sup> However, since the frequency of interest rate compounding is rarely advertised, a rate of 9.5% could in reality be more expensive than a rate of 15.5% depending on whether the credit balance is computed on a daily, weekly, monthly or continuous compounding basis (Richards et al. 2008). Indeed, prior research has suggested that increasing complexity reduces the likelihood of the information being used in decision making, thereby resulting in consumers making suboptimal choices (Soman et al. 2011). Thus, complex credit card information is likely to be detrimental to the consumers' optimal decision making.

The computation of repayments is also based on the risk-based pricing strategy of the individual credit provider. Risk-based pricing strategy refers to the decision to allocate different interest rates to each consumer based on their credit scores and the provider's attitude towards risks (Furletti 2003). Hence, the advertised APR might not be the rates charged to customers, as the awarded interest rate will depend on the consumer's credit

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<sup>2</sup> For example, a balance of £100 that accrues 10% interest compounded every month will be calculated as follows: End of first month: £100 + (£100 x 10%) = £110; End of second month: £110 + (£110 x 10%) = £121; End of third month: £121 + (£121 x 10%) = £133.10. Therefore, credit card debt tends to expand exponentially.

score, income and previous experience with credit (e.g., whether or not customers have missed repayments in the past). However, due to the provider's varying attitudes to risk, customers might receive different rates of interest for the same credit score. The difficulty of calculating the final cost of repayment is intensified by penalties, extra charges and the ability of providers to readjust a consumer's APR over time when his/her default risk increases, perhaps due to recent late payments or increasing levels of debt (Furletti 2003). These credit card attributes render the average consumers unequipped to anticipate the true costs of their repayments, thereby impeding their ability to shop effectively for credit.

### **2.3.2 Young people as a targeted market segment**

Young adults represent a lucrative target market for credit card issuers as they have greater average lifetime earnings than other age groups and a greater likelihood to develop long-term brand loyalty towards their first credit card (Warwick and Mansfield 2000). For example, Braunsberger et al. (2004) reported that 75% of undergraduate students tend to keep their first credit card brand for an average of 15 years. Furthermore, young credit card holders personify low credit risk consumers, as they tend to unknowingly borrow from their credit cards and pay penalty charges. For example, SallieMae, a student loan financing organisation, reported in its nationwide study that, in 2009, 82% of American undergraduate students carried balances on their credit cards that averaged \$3,173 (approximately £2100) per student. In addition, 60% of students experienced surprise at their increasing balance, while other 40% were aware of their accumulating balance knowing they did not have the funds to pay the bill. These data indicate the young persons' positive profit potentials for the credit card providers.

However, the targeting of young consumers raises ethical concerns due to their perceived likelihood to develop extensive credit card debt (Szmigin and O'Loughlin 2010; Wang 2009). Young adults might not be the biggest users of credit cards, nor do they

produce the largest credit card balance in comparison to other age groups.<sup>3</sup> However, the problem of credit card usage might still be more severe among younger debtors because of their lower income levels (Norvilitis et al. 2006). As can be seen in Appendix 3, the income levels among those between the ages of 15–19 and 20–24 are significantly and consistently lower than their more mature counterparts in Malaysia, Singapore, UK and the US (Euromonitor International 2011). Furthermore, young consumers persistently show higher levels of debt-to-income ratio. In the UK, the ratio of unsecured credit to income is the highest among young people aged 18–24 (45%) in comparison to those in the 25–39 (33%), 40–54 (23%), and 55 and above (19%) age groups (Department of Business Innovation and Skills 2010b). Hence, young consumers tend to develop extensive debts that are greater than their actual spending power. In Singapore, Members of Parliament disclosed that young adults aged 21 to 29 years represent 39% of new credit card holders who are frequent revolvers (Souza and Ho 2011). Defaulting on a credit card balance significantly increases the debt levels due to the credit card's compounding interest.

Hence, it is no surprise that young adults are likely to suffer the consequences of over-indebtedness. In the UK, the number of debt relief orders (a “light” version of bankruptcy for individuals who have a small amount of debt, but no prospects of paying it off) increased by 40% between 2010 and 2012, with 25% of the orders being granted to those between 16 and 24 years old (Daily Mail 2012). In comparison, those in older age groups—namely, 34–44, 45–54, 55–64 and 65 and above—accounted for lower percentages: 23%, 22%, 13% and 5.5%, respectively (The Insolvency Service 2011). Similarly, in Malaysia, according to its Department of Insolvency, a staggering 50% of

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<sup>3</sup> For instance, Credit Bureau Singapore and the US Census Bureau stated that, in 2012, the largest average monthly credit card balance in Singapore and the US, respectively, belonged to those between the ages of 45 to 54, while those aged below 35 in these countries produced the smallest credit card balance in comparison to other age groups (see Appendices 1 and 2). Similarly, in the UK, only 24% of young consumers aged 18 to 24 years obtain unsecured lending from credit cards, in comparison to the 25–39 (47%), 40–54 (42%) and 55 and above (30%) age groups (Department of Business Innovation and Skills 2010b).

those who declared bankruptcy due to credit card debt were 30 years old or younger (Ng 2009). As a result, indebtedness, despite in lesser amounts, might have larger negative consequences among young adults than among mature adults.

Possible factors that contribute to young adults' vulnerability to problematic credit card debt accumulation involve the environmental conditions that weaken their capacity to use credit cards responsibly. For example, the absence of financial management studies in national education curriculum might prevent young people from comparing competing credit offerings efficiently (SallieMae 2009) and making critical financial decisions (Szmigin and O'Loughlin, 2010). Full-time education can reduce the number of working hours necessary to earn the steady income needed to sustain lifestyle and education needs. In addition, negative economic conditions can have detrimental effects on young people's financial stability. For example, a study by Money Advice Trust showed that 19.5% of economically active 18- to 24-year-olds was unemployed, while the number of young people who are not in education, employment or training (NEET) totalled 875,000 (18.1%) in June 2012. Moreover, young people are also faced with an increasingly competitive job market offering and fewer vacancies (Clancy 2012).

Another factor attributable to youth vulnerability involves their inherent tendency to exhibit risky behaviour, which arises when credit cards are used for expenses without accounting for future consequences. Past studies have reported numerous findings concerning young people's risky use of credit. For instance, SallieMae's (2009) report found that students lack caution prior to making credit card purchases, as 32% admitted to using used credit cards to fund expenses even while knowing they did not have the money to make the repayment. Furthermore, 92% of students admitted to using credit cards to fund their education-related expenses (such as fees, computers and textbooks) rather than relying on safer financing options, such as student loans (SallieMae 2009). Young adults

also tend to display other unhealthy behaviours towards credit cards, such as shopping impulsiveness (Pirog and Roberts 2007), lack of self-control (Pinto et al. 2004) and an unrealistic overestimation of future income (Norvilitis et al. 2006). These behaviours reflect decisions that undermine the potential consequences of credit card misuse and indebtedness.

Indeed, young credit card users' tendency to engage in risky behaviour might be attributed their biological and psychological development. Pechmann et al. (2005) argued that youths are progressively experiencing a delayed period of adolescence as they pursue higher education and postpone careers, marriage and parenthood, ultimately remaining economically dependent on parents well after the age of 20. During such lengthened adolescent stage, youths tend to underestimate the harm of high-risk behaviours due to strong pubescent urges, weaker inhibitory control and inaccurate risk perceptions (Pechmann et al. 2011; Pechmann et al. 2005). Binge drinking, smoking, unsafe sex, drug and alcohol abuse and excessive consumption of unhealthy food are similar illustrative behaviours (Pechmann et al. 2011; Xiao et al. 2011). Thus, reckless behaviour is often regarded as a norm rather than the exception among youths.

Consequently, young people who develop extensive credit card debt are likely to experience significant financial, psychological and health damage. Financially, credit card indebtedness can lead to long-term financial instability, such as diminished credit rating, which leads to the denial of future credit for housing mortgage, automobile and other important credit purchases (Palmer et al. 2001). Credit card debt can also take a prolonged period to repay due to the compounded interest rate and additional burden from student loans and other debts. In severe cases, spiralling credit card debt can lead to bankruptcy. Although bankruptcy erases outstanding credit card debt, the status lasts for as long as ten

years on one's credit record, which only heightens the magnitude of the liabilities that young people have towards their credit card debt repayments (Palmer et al. 2001).

The psychological impacts of over-indebtedness are no less severe. Numerous studies have reported strong associations between debt and psychological and mental health. For example, Brown et al. (2005) found that debtors, particularly those who accumulated outstanding unsecured debt (i.e., non-mortgage), reported greater levels of psychological distress than those with secured debt (i.e., mortgage). Indeed, unsecured types of borrowing, such as credit card debt, have detrimental effects on psychological well-being, particularly self-esteem, due to the attached social stigma, which portrays such form of debt as "excessive" debt and the debtors as those with prodigal habits. Hence, the psychological effects of accumulating credit card debt is distinct from having secured forms of borrowing, such as home mortgage, which are associated with financial stability and responsibility (Drentea and Lavrakas 2000). More specifically, Drentea's (2000) findings suggest that a greater credit card debt-to-income ratio is associated with higher levels of stress and recurring anxiety. In extreme cases, such psychological distress can translate into diminished mental health, difficulties in social functioning (Norvilitis et al. 2006) and, in rare cases, suicides (Mannings 1999).

### **2.3.3 Public policy responses**

The ethical scrutiny directed towards credit card providers targeting young people as well as compelling evidence showing youth's vulnerability to debt accumulation is forcing regulators to take actions to protect young people from accumulating overwhelming credit card debt. Numerous cases are evident across countries, yet the patterns of new regulations reflect two mainstream approaches.

The first is a protectionist approach that aims to limit young people's access to credit card ownership. Different countries have adopted various ways to implement protectionist credit card regulation. For example, starting in 2009, the Monetary Authority of Brunei Darussalam increased the minimum age of principal credit card holder from 18 to 21 years (Monetary Authority of Brunei Darussalam 2009). This regulatory measure mimics Singapore's mandate that requires credit card providers to award credit cards only to those aged 21 or above.

While Singapore and Brunei Darussalam restricted youth credit card ownership through minimum age, others have placed restrictions based on income levels. For example, in March 2011, the Central Bank of Malaysia announced that all credit card applicants are required to have a minimum annual income of RM24,000 (approximately £4,900), an increase from the previous minimum annual level of RM18,000 (approximately £3,600). Furthermore, commencing from 2012, those who earn less than RM36,000 (approximately £7,300) annually are restricted to (1) a maximum of two credit card issuers and (2) a credit limit less than two times their monthly income per issuer (Bank Negara 2011). These regulations were directed to protect both young adults (who tend to earn less than mature adults due to their full-time education or recent start in employment) and those in lower income brackets who might develop extensive debt due to the temptations of high credit limits.

A similar protectionist approach is the US Credit Card Accountability, Responsibility and Disclosure (CARD) Act (The White House–Office of the Press Secretary, 2009). Signed by President Barack Obama in 2009, the act specifically placed a number of restrictions to the solicitation and marketing of credit cards to young people. Specifically, the act seeks to prohibit credit card issuance to those under the age of 21 unless their applications contain (1) the signature of a co-signer who will be jointly liable

for the young applicants' credit card repayments or (2) proof of young applicants' own capacity to repay the debts (e.g., salary, public assistance, or any independent means of income). Currently, no specific requirement exist for a minimum income required for credit card ownership in the United States (Wood 2010).

The discussed paternalistic regulations might have contributed to a rapid shrinkage of overall credit card debt among the youth group. For example, public records stated that the increase of the minimum age of credit card ownership in Brunei Darussalam led to a 30% reduction of overall credit card debt (Anon 2011; Brunei Times 2011). Similarly, Palmer et al. (2001) showed in their empirical study that students whose parents were cosignatories to their credit card applications had significantly lower average credit card balances than those whose parents did not co-sign their applications. This provides strong support for the 2009 Credit CARD Act. However, these results might be a result of the temporary reduction of the number of vulnerable young credit card holders in circulation due to regulatory restrictions rather than a reflection of the youth's reduced vulnerability to credit card debt accumulation. In other words, the regulations might only delay, rather than solve, youthful misjudgements of credit card usage (Wood 2010).

Moreover, protectionist regulations can be considered problematic for a number of reasons. For young people, these regulations represent an exclusionary measure which assumes that individuals under 21 years of age or who are in a lower income bracket are simply unfit to use credit cards responsibly. This creates a financial restriction for young individuals who intend to use credit cards to manage their finances or to build a credit rating from an early age. Increasingly, access to credit is seen as an essential means to access goods or services that society deems necessary for an individual's rights to be fully exercised. Hence, if denying credit excludes someone from claiming their basic rights to have an opportunity to get better credit deals in the future and subsequently achieve a

better prospect for financial stability, then access to credit should be an individual right (Finlay 2009).

Credit card providers have to bear the costs of implementing a new industry policy. For example, providers had to actively withdraw credit cards that were previously issued to those below the age of 21 in Brunei and those whose income was below RM24,000 in Malaysia. As such, the profitability of credit card companies is likely to diminish due to the elimination of and restrictions on targeting the youth market segment. For example, Standard Chartered in Brunei reported a 20% drop in operating income from 2009 to 2010 following implementation of the new regulation in Brunei Darussalam (Oxford Business Group 2011). In the US, monoline credit card issuers have been especially affected by the Credit CARD Act as their revenues depend entirely on credit card borrowings (Cox and Breslaw, 2009).

The second format of credit card regulation is informative based. Unlike protectionist legislations, informative-based regulations focus on empowering consumers to take greater control of their credit card spending, which is implemented through the provision of additional information that accompanies credit card advertising, bills and other forms of communication between the credit card providers and their consumers. Although this form of regulation does not target young adults specifically, the formulation is based on the consideration of vulnerable groups, generally defined as those who are more at risk of struggling with debt than others. These include the young, older people, those with low incomes, those in rented accommodations, single parents, and those with disabilities, learning difficulties and long-term health conditions (Department of Business Innovation and Skills 2009).

An example of an informative-based regulation is the 2001 US Truth in Lending Act Regulation Z, which requires that the annual percentage rate (APR) in credit card

advertisements be disclosed using 18-point type to make this information more conspicuous to the consumers (Federal Reserve 2001). This regulation is substantiated with the 2009 Credit CARD Act, which includes a mandate that requires creditors to provide clear disclosures to credit card terms prior to opening an account and to provide clear statements of the activity of the account afterwards (The White House–Office of the Press Secretary 2009). Among other things, this requires including a section in credit card bills to display how long it will take to pay off the existing balance as well as the total interest accrued if consumers opt to pay using the minimum payment option. The minimum payment option is an amount that a consumer must pay on the outstanding debt on their credit or store card. Typically, this is calculated as a small percentage of the outstanding balance or a small fixed amount, whichever is larger (e.g., Singapore’s minimum rate is 5% or SIN\$50 or approximately £33). The regulation to display the consequences of making the minimum payment has been replicated in the UK, based on the consultation with the Department of Business Innovation and Skills (2010a). In addition, the regulation requires credit providers to produce a separate communication to consumers facing an interest rate increase. Overall, these measures aim to promote better communication between credit providers and consumers while equipping the consumers with the necessary information to control their credit card purchases and repayments.

Despite its goodwill approach to help consumers make better credit card decisions, informative-based regulations overlook several important points. In particular, it misses the point by placing too much emphasis on the APR and minimum payment as anchors for consumer repayment decisions. By emphasising the APR in credit card advertisements, creditors are preventing people from considering other important cost information, such as the annual, late and penalty fees (Braunsberger et al. 2004). Furthermore, consumers can receive a different APR from the advertised rate, as the actual rate depends on individuals’

credit rating, the provider's advocated frequency of compounding interest and extra charges that might not be disclosed in advertisements. Therefore, APR information alone is not a reliable source of information for calculating future repayment costs and is an insufficient measure to endorse careful financial planning.

Similarly, by displaying the option about making the minimum payment, consumers might anchor their repayment decisions (i.e., how much of the loan to repay and when to make the payments) on the minimum required payment policy. Indeed, studies by Stewart (2009) and Navarro-Martinez et al. (2011) found that the mere presence of minimum payment information on monthly credit card statements led to consumers making a *lower* rate of repayments than when the information was not present. Hence, minimum payment information can create a strong appeal for consumers to borrow at the minimum rate. In addition, Navarro-Martinez et al. (2011) showed that disclosing the consequences of minimum payment rate—including the future costs of interest and time needed to pay a loan if using the minimum payment option—is unlikely to offset the strong negative effect of presenting minimum payment information. Both studies reported that only an increase of the minimum required payment could increase consumers' repayment levels.

Recent credit card regulations were initially implemented with the aim to protect vulnerable consumers from developing extensive credit card debt. However, these regulations have produced unintended consequences that might be detrimental towards young people's financial independence and the credit card providers' financial performance. Indeed, Deloitte, a professional financial services organisation, predicted that the overall loss rate for the credit card industry as a result of the US Credit CARD Act ranges from 18% to 38% depending on the financial institutions' reliance on credit card revenues (Cox and Breslaw, 2009). Furthermore, most changes in regulations were

implemented during or shortly after the 2008–2009 financial turmoil, thereby creating further challenges to the industry’s profitability. Indeed, the worldwide credit card industry experienced a significant decline in revenues, from \$163.9 billion (approximately £110 billion) in 2011 to \$154.9 billion (approximately £103 billion) in 2012—a trend that has continued since the creation of new credit card regulations.

In summary, the previous section identified three general patterns. First, credit cards can generate harmful consequences when used imprudently. However, the marketing of credit cards towards youths, in particular, tends to promote the positive images of credit card spending while downplaying the negative consequences of debt. Thus, the likelihood of harmful credit card effects occurring (i.e., overspending, indebtedness) is heightened with the presence of a capitalising targeting effort. Second, young credit card users are perceived to be a vulnerable consumer segment of exploitative credit card marketing because their young age is associated with risky credit behaviour, unsupportive environmental conditions, and underdeveloped biological and psychological traits—all of which contribute to reported financial, psychological and health damages following credit card indebtedness. Finally, regulatory responses have been predominantly introduced to protect and limit youth credit card usage. However, these protectionist measures have overlooked significant issues. In particular, removing youths’ rights to obtain credit cards might have negative implications on their future financial stability, and it is more likely to delay rather than solve youthful misjudgements of credit card use. Similarly, studies have raised questions of whether the information highlighted in informative-based legislation is truly effective in deterring people from accumulating problematic credit card debt.

## **2.4 Youths’ Credit Card Misuse and Indebtedness from the Consumer**

### **Vulnerability Theory Lens**

Overall, the previous section indicates a growing concern in the literature regarding the exploitation of youths' weaknesses by the credit card marketers and the (in)effectiveness of the resulting public policy. However, relatively little is known in the field of marketing about what brings about the youths' vulnerability and susceptibility to credit card misuse and indebtedness, as indicated by previous studies (e.g., Braunsberger et al., 2004; Palmer et al. 2001; Pirog and Roberts 2007; Hayhoe et al. 1999). By drawing on the consumer vulnerability theory, it is possible to explain the process through which youths become vulnerable to credit card misuse and indebtedness. The theoretical lens of consumer vulnerability also offers an insight into the young consumers' viewpoint of their credit card consumption in comparison to how others perceive them to be. This section therefore aims to provide a comprehensive review of the consumer vulnerability theory and its main literature sources.

One of the mainstreams of the consumer vulnerability theories can be traced to Ringold's (1995, 2005) studies on social criticism of target marketing. In these studies, the author referred to several distinctions between the competent and vulnerable consumers. Compared to a competent consumer, a vulnerable consumer has a diminished capacity in navigating the marketplace (Ringold 1995; Ringold 2005). Consumers who are competent in navigating the marketplace demonstrates purposeful, goal-directed behaviours; they understand what they want to achieve (i.e., their preferences) and have the wherewithal (i.e., knowledge, skills and freedom) to do so. On the other hand, vulnerable consumers fail to understand their preferences and/or lack the personal prerogatives and marketplace options to act on them (Ringold 2005). Such experiences of being incapacitated by personal or marketplace conditions ultimately lead to a state of powerlessness that creates a dependence on external factors to create fairness in the marketplace (Baker et al. 2005).

Another stream of studies concerned with consumer vulnerability is focused on the various typology of consumer vulnerability assessment (i.e., how vulnerable consumers are identified). Predominantly, these studies have distinguished between *actual* and *perceived* assessments of vulnerability. Actual vulnerability occurs when consumers experience the ordeal of being harmed as a result of consumption or interactions with marketing messages and products. For example, a consumer is vulnerable when he/she is unable to achieve a goal, experiences powerlessness and/or is out of control in a consumption situation (Baker et al. 2005). Advocates of actual vulnerability argue that the vulnerability of a person can be either a permanent (enduring) or temporary (transient) condition (Brenkert 1998). Hence, vulnerability can only be grasped by listening to and observing the experiences of consumers (Baker et al. 2005).

Perceived vulnerability occurs when others (such as academics and policy makers) project onto others their own view of what it is like to be harmed by marketing messages and products. Defining vulnerability on behalf of the affected consumers helps establish boundary conditions that make up the appropriateness of targeting some products and markets (Ringold 1995). Thus, consumers are perceived to be vulnerable when others believe that a certain group of consumers suffers the economic, physical or psychological harm as a result of their limiting characteristics that prevent them from maximising their utility and well-being (Smith and Cooper-Martin 1997). Unlike actual vulnerability, perceived vulnerability identifies vulnerable consumers based on what is perceived to be limiting characteristics, such as a low level of education, limited income, ethnicity and domicile (Smith and Cooper-Martin 1997). Thus, all members of a particular homogenous group are given a permanent vulnerable status (i.e., people in a particular group will always be vulnerable). For policy makers in particular, perceived vulnerability helps create a preventive rather than remedial regulation to protect vulnerable consumers (Commuri

and Ekici 2008). For example, regulators consider that all children face the online threat of exploitation by paedophiles. Thus, stringent policies are in place to protect child Internet users and to deter paedophiliac activities. Thus, strengths and limitations are associated with each consumer vulnerability analysis. Furthermore, more recent studies, particularly Commuri and Ekici (2008) and Shultz II and Holbrook (2009), have introduced a “dual” view that combines the analyses of perceived and actual vulnerability, although these analyses have not been successfully tested empirically.

Indeed, the literature offers an extensive variety and sub-variety of consumer vulnerability analysis. It is important to review these varieties to determine which type of analysis most benefits the assessment of youths’ credit card misuse and indebtedness and drives the current knowledge forward. Therefore, the subsequent sections of the literature analyse in detail the various theorisations of consumer vulnerability, as outlined in Table 2.3. The section then critically assesses the strengths and limitations of each vulnerability analysis to identify the most suitable framework for assessing youths’ credit card misuse and indebtedness.

**Table 1.3: Summary of Consumer Vulnerability Typologies**

	<b>Author(s)</b>	<b>Perspective on vulnerability</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>Perceived vulnerability</b>	Smith and Cooper-Martin (1997)	Vulnerability established by third-party perception of what it might be like to be harmed by marketing messages and products	Helps to succinctly establish the ethicality of targeting a market with a certain product or service; facilitates instant identification of who should receive assistance, especially during an emergency situation	Individuals with characteristics that place them in a protected class are not necessarily vulnerable at all times; analyses fail to consider the vulnerable persons’ experiences and perceptions of how their vulnerability can be reduced
Demographic	Smith and Cooper-Martin (1997)	Vulnerability is a status based on particular social categories (e.g., race, gender)		
Environmental	Hill (2001)	Vulnerability is a status based on environmental factors as perceived causal agents (e.g., exploitative marketing practices, natural disasters)		

<b>Actual vulnerability</b>	Baker et al. (2005); Baker (2007); Baker et al. (2009); Baker and Mason (2012)	Vulnerability is established by listening to and observing individuals' and communities' experiences	Sensitive to the person's and community's construction of vulnerability; considers the multiple internal and external factors that influence vulnerability; empowers individuals to manage and learn from their vulnerability	Too subjective and not versatile enough for marketing and policy development; reduces the role of regulators to a reactive rather than proactive preventers of vulnerability
Dynamic/situational	Baker et al. (2005)	Vulnerability is a dynamic state that considers a person embedded in a particular situation		
Community/contextual	Baker (2007); Baker (2009)	Vulnerability is a dynamic state that considers the local community's intrinsic knowledge and processes		
<b>Integrated vulnerability</b>	Commuri and Ekici (2008); Shultz II and Holbrook (2009)	Vulnerability is established by combining the strengths of perceived and actual analyses of vulnerability	Provides wider classifications of vulnerable consumers which are accessible for marketing and regulatory assessment of targeting strategies; distinguishes non-vulnerable consumers, which provide guidance of who the target markets should be	Method of analysing vulnerability insufficient for conducting a proactive approach of preventing vulnerability; Shultz II and Holbrook (2009): Cause of vulnerability emphasises individual characteristics rather than external conditions (e.g., product harm or exploitative marketing practices)
Systemic and transient vulnerability	Commuri and Ekici (2008)	Vulnerability is a sum of systemic (demographic-based) component and transient (situation-based) component		
Cultural and economic vulnerability	Shultz II and Holbrook (2009)	Vulnerability is characterised by knowledge of beneficial means-end relationship (cultural capital) and access to beneficial means (economic capital)		

## 2.5 Typology of Consumer Vulnerability Analyses

### 2.5.1 Perceived consumer vulnerability

Early research on consumer vulnerability largely incorporated demographic and environmental characteristics to describe vulnerable or disadvantaged consumers (Baker et al. 2005; Smith and Cooper-Martin 1997). For example, the US courts describe vulnerable consumers as “small groups of consumers who have idiosyncratic reactions to products that are otherwise harmless when used by most people” (Morgan et al. 1995, p. 267).

Similarly, Smith and Cooper-Martin (1997) defined vulnerable consumers as “those who are more susceptible to economic, physical, or psychological harm in, or as a result of, economic transactions because of their characteristics that limit their ability to maximize their utility and well-being” (p. 4). This system of determining *who* is vulnerable constitutes the determinant of perceived vulnerability based on the third-party perspectives, rather than the victims’ own account of experiencing vulnerability. Hence, perceived vulnerability takes place when people (e.g., academic studies, public policy developers) project onto others their own accounts of what it might be like to be harmed by marketing messages and products (Baker et al. 2005). This stream of literature proposes two ways to systematically establish consumer vulnerability from a third-party perspective: demographic and environmental approaches. The following sections explore these vulnerability assessments in greater depth.

#### ***2.5.1.1 Vulnerability defined by demographic profiles***

The demographic approach of consumer vulnerability assessment defines vulnerability as a status and assumes that people within a particular social category (e.g., race, gender, age, income level) possess similar characteristics that make them vulnerable (Baker and Mason 2012). Hence, this approach assumes that all individuals within a particular group are homogenous in their orientations and result in helplessness towards a marketing message due to a shared personal characteristic. Typically, this vulnerability assessment is operationalized by analysing objective historical data that have exhibited inequities to predict the likelihood of future injustices being committed to a specific group of consumers (Commuri and Ekici 2008). Smith and Cooper-Martin’s (1997) definition of vulnerable consumers highly reflects this classification scheme. They argued that vulnerable consumers are identified based on their characteristics that suggest them to be susceptible to economic, physical or psychological harm. Such limiting characteristics include a low

level of education or income, ethnicity and domicile, low cognitive ability, asymmetry of information and restricted mobility. Their research focused on race and education as the determinants of vulnerability.

As the focal point of analysis is the demographic description of the consumers, proponents of the demographic approach tend to focus on altering the person's conditions as a solution to reduce vulnerability (Baker and Mason 2012). For example, Klein and Huang's (2007) study observed that adolescent survivors in the aftermath of the 2004 Southeast Asian tsunami were potentially vulnerable to the psychological effects of the disaster due to needs being unmet during the relief efforts. Following a vulnerability analysis of this demographic group, the authors recommended that disaster management should focus on addressing the adolescents' material needs (e.g., toys, sport equipment, books) after their basic needs (e.g., rebuilding housing and infrastructure) are fulfilled.

#### ***2.5.1.2 Vulnerability defined by the environments***

Perceived vulnerability can also be established based on the environments in which people live. An individual is considered to be vulnerable when his/her surrounding environments create barriers for people to fully participate in society (Baker and Mason 2012). Examples of environmental conditions that contribute to individual vulnerability include living in disaster-prone areas, poor living conditions and a lack of access to education or healthcare. Expert knowledge, such as government, humanitarian and scientific research, can be utilised to systematically identify the environmental agents that contribute to vulnerability (Baker and Mason 2012). For example, the International Federation of Red Cross and Red Crescent Societies, through their strong network of volunteers, provide community-based expertise about disasters and health emergencies that contribute significantly to addressing the needs of vulnerable consumers.

The environmental approach represents an advancement of the demographic view of vulnerability by emphasising the perceived causal agents (i.e., environmental factors) rather than the person's individual characteristics (e.g., income, age) as the cause of vulnerability. Therefore, the proponents of the environmental approach to vulnerability analysis tend to focus on altering the environment to reduce vulnerability. For example, Hill (2001) examined vulnerability for impoverished consumers and suggested that external conditions such as high levels of unemployment, decaying neighbourhoods and a lack of affordable goods and services exacerbate their vulnerability to drug abuse, crime and homelessness. To reduce vulnerability among the impoverished, the author called for an improvement in the environmental conditions through a shift in perspective concerning how the impoverished are viewed by the ruling elite. In particular, the author proposed a public policy that endorses the poor's economic rights to material well-being, especially the right to basic goods and services.

#### ***2.5.1.3 Strengths and limitations of perceived vulnerability***

Analysing perceived vulnerability on the basis of demographic and environmental characteristics serves as a useful tool for marketing and policy development. In marketing, these approaches can help establish fairly quickly the boundary conditions that determine ethical appropriateness when targeting a market with a certain product or service. In particular, marketers can avoid advertising products that can produce obvious harm (physical, economic or psychological harm) to consumer segments that are clearly deemed to be vulnerable due to demographic and environmental standards. For example, Smith and Cooper-Martin (1997) demonstrated that targeting tobacco and strong liquor to entice low-income and inner-city neighbourhoods results in public outcry, consumer boycotts and dismissal from consumer protection groups. Similarly, tobacco promotions directed towards youth were shown to increase the likelihood of young people taking up smoking

(Pierce et al. 1991; Pierce et al. 1998). Thus, marketers avoid targeting to these segments to avoid future ethical scrutiny.

From a policy development perspective, the demographic and environmental views of vulnerability are useful due to their ability to facilitate an instant identification of who should receive assistance (Baker 2009). This is particularly useful in a state of emergency. For example, men who engage in domestic violence contribute to the physical, financial and psychological vulnerability of their partners (Stephens, Hill, and Gentry 2005). Therefore, protectionist regulations tend to start with demographic and/or environmental profiles to identify vulnerable victims of domestic violence. Indeed, the UK regulators have defined vulnerable adults prevalent to abuse as those “with physical, sensory and mental impairments, and learning disabilities ... (and) unable to protect themselves from significant harm” (Association of Directors of Social Services 2005). This vulnerability assessment approach enables social workers and agencies to quickly assign monitoring systems or protective actions to adults vulnerable to abuse, which can escalate immediately in terms of endangerment. The approach of categorising individuals into homogenous groups is therefore beneficial as they help determine individuals who are eligible for immediate community care services.

However, the system of determining vulnerability through the demographic and environmental perspectives faces important criticisms. Baker and her associates argued that demographic and environmental approaches to vulnerability could be flawed as these approaches assume that vulnerability is a one-dimensional, enduring label (Baker et al. 2005; Baker and Mason 2012; Baker 2009). In other words, it assumes that all individuals exposed to a specific demographic or environmental condition will always be vulnerable. However, just because a consumer has a characteristic that places him/her in a protected class (e.g., youth, people with disabilities, ethnic minorities, gays and lesbians) does not

mean that he or she is necessarily vulnerable in all situations (Baker et al. 2005). Furthermore, consumers perceived to be vulnerable might not, in fact, consider themselves vulnerable or might not experience vulnerability (Baker et al. 2005; Pechmann et al. 2011). In this case, where perceived vulnerability does not capture the consumers' real experience, a misconception can occur and public response to remedy the perceived vulnerability (i.e., policy development, actions by consumer protection group) might unnecessarily alienate the non-vulnerable consumers.

#### ***2.5.1.4 Applicability to youths' credit card misuse and indebtedness***

Investigations into youths' credit card misuse and indebtedness indicate that this consumer segment is perceived by the general public to be vulnerable to exploitative credit card marketing. This is evidenced by their protected status in credit card marketing regulations and the strong public and academic distrust of credit card targeting directed towards young people, as discussed in the previous section. However, analysing the youths' perceived vulnerability to credit card misuse and indebtedness is unlikely to be fruitful for marketing and public policy development. In marketing, understanding perceived vulnerability helps establish fairly quickly the boundary conditions that determine the ethical appropriateness when targeting a market with a certain product or service. Given youths' perceived vulnerability to credit card misuse and indebtedness, marketers might wish to avoid targeting youths with credit cards to avoid ethical scrutiny that is likely to follow. However, marketers might risk losing such a lucrative target market. Therefore, excluding youths from credit card targeting is unlikely to be a financially viable option.

Similarly, policy development based on perceived vulnerability might not be constructive because regulations to protect youths from developing extensive credit card debt are applied indiscriminately to the entire youth segment. However, as previously discussed, such regulation is likely to result in the long-term limitation of young people's

financial freedom (Wood 2010) and lead to a damaging effect on the credit card industry's future profitability and sustainability.

Thus, perceived vulnerability provides little contribution to the current knowledge of what makes young people experience vulnerability to credit card misuse and indebtedness. It is important to note that little is known about youths' own accounts of their credit card consumption and whether or not they experience vulnerability as a result of credit card misuse and indebtedness, as indicated by previous studies. Hence, an assessment of actual consumer vulnerability is necessary to investigate this issue.

### **2.5.2 Actual consumer vulnerability**

Actual consumer vulnerability constitutes a more contemporary approach to defining vulnerability, which is established by listening to and observing the experiences of the consumer (Baker et al. 2005). Hence, rather than focusing on *who* are vulnerable, the actual assessment of vulnerability concentrates on *what* characteristics and situations constitute vulnerability in the marketplace (Baker et al. 2005). Understanding consumers' experiences of vulnerability enables researchers to take into consideration the individuals' own accord of their vulnerability and their own perception of how their vulnerability can be addressed. Actual vulnerability can be established from the situational perspective and the community perspective. The following sections explore these typologies in greater depth.

#### ***2.5.2.1 Vulnerability defined by the situation***

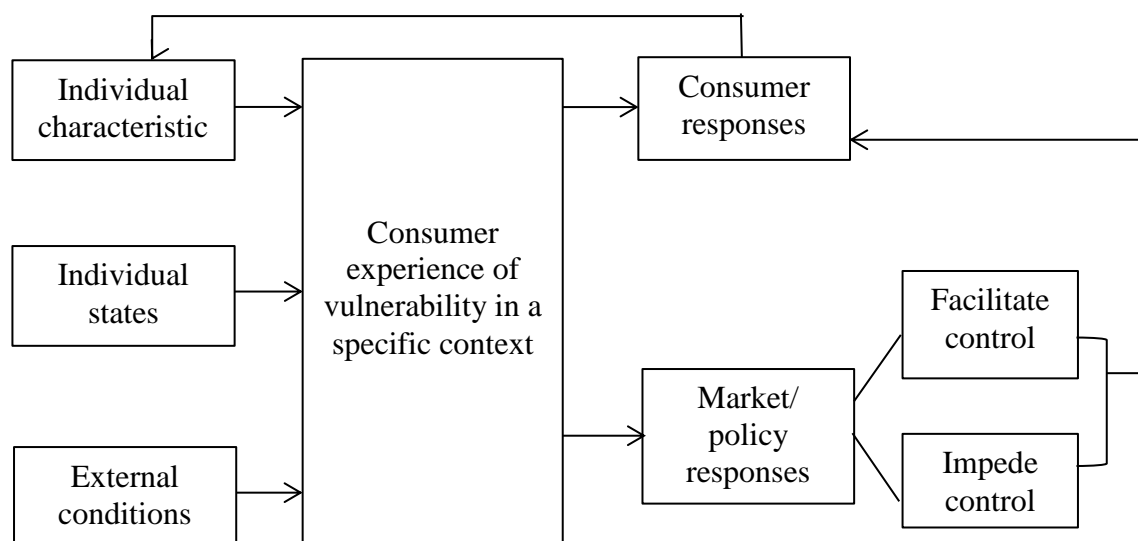
Baker et al. (2005) introduced the notion of the situational assessment of vulnerability, defining vulnerability as:

*“A state of powerlessness that arises from an imbalance in the marketplace interactions or from the consumption of marketing messages and products. It occurs when control is not in*

*an individual's hands, creating a dependence on external factors (e.g., marketers) to create fairness in the marketplace. The actual vulnerability arises from the interaction of personal states, personal characteristics, and external conditions within a context where consumption goals may be hindered and the experience affects personal and social perceptions of self" (p. 134).*

This approach of defining vulnerability constitutes the consumer-driven concept of vulnerability. Figure 2.2 depicts consumers' experiences of vulnerability defined by the situation. The model identifies that individual characteristics, individual states, and external conditions contribute to a consumer's experience in a consumption context.

**Figure 2.2: Baker et al.'s (2005) conceptualisation of consumer vulnerability defined by the situation**



More specifically, the model argues that consumers' experiences of vulnerability entail a state of helplessness that arises from multiple internal and external factors. Internal factors include personal attributes that limit individuals from recognizing harm and protecting themselves from it (e.g., physical disability), characteristics that affect the way they frame experiences (e.g., fear of being discriminated against), and the individuals' current emotional state (e.g., depression, bereavement). External factors include circumstances that create imbalances of power that disfavour the consumers (Baker et al. 2005). For example, Peñaloza (1995) observed that vulnerability for Mexican immigrants in the United States comes from both internal factors (language ability, literacy, experience in the marketplace, and consumer goals) and external factors (stigmatisation, subordination and segregation in the US marketplace).

However, vulnerability does not arise solely based on the existence of the individual characteristics, individual state and external factors alone. Indeed, the state of vulnerability emerges only when there is an *interaction* among these internal and external

conditions. In other words, vulnerability occurs only when a person's limiting characteristics are met in a situational context by some marketplace conditions that purposely take advantage of such limitations. Hence, a number of factors (e.g., personal, social, contextual) work simultaneously to disempower consumers and create vulnerability (Baker and Mason 2012). Therefore, in order to determine whether or not a type of vulnerability is experienced, there is a need to analyse the heterogeneity in daily life and actual situation, including the specific hazard, the characteristics of the person and the characteristics of the specific situation external to the individual's realm of control (Baker and Mason 2012; Baker 2009). For example, Adkins and Jae (2009) analysed the vulnerability of consumers with limited English proficiency in the United States through an understanding of the plurality of the situation. Specifically, they argued that immigrant consumers with limited English proficiency face a vulnerability to market imbalance in a way that prevents them from accessing equal career, medical and educational opportunities. These result from numerous internal and external factors that enhance the consumers' powerlessness to "(1) effectively communicate needs and wants; (2) access and accurately comprehend product information, consumer responsibilities and/or financial obligations; and/or (3) effectively engage in active stigma management orientations to transform the situation" (Adkins and Jae 2009 p. 96).

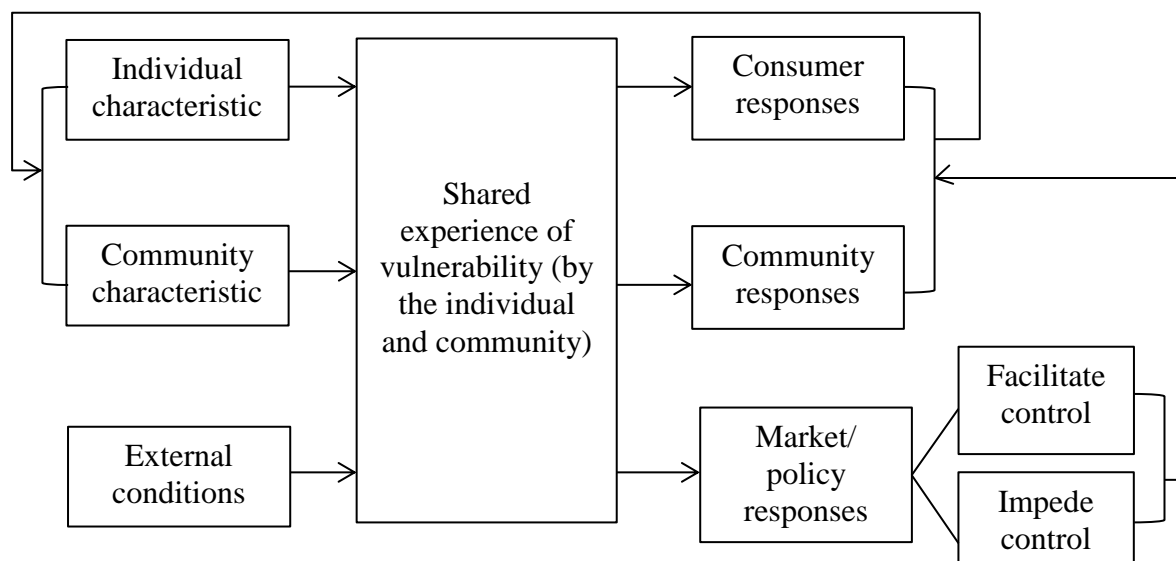
The situational analysis of vulnerability emphasises understanding the multifarious causes to an individual's vulnerability. Therefore, the solution offered through this lens tends to focus on an understanding of the complexity of vulnerability. In particular, the dynamic/situational view of vulnerability recognises that consumers are "amazingly resilient" (Baker et al. 2005, p. 7), as they are often able to cope with experiences of vulnerability and regain their sense of self. Thus, policy implications tend to offer consumer empowerment and include time factors that allow vulnerable consumers to work

through their vulnerability (Baker et al. 2005). For example, Kaufman-Scarborough and Childers (2009) observed that consumer vulnerability occurred when shoppers with disabilities experience a state of powerlessness during online shopping, especially when shopping information was unobtainable or transactions could not be completed. However, they also found that people also devised various strategies to anticipate, reduce or manage situations of online market inaccessibility. Moreover, these methods were shared through online networks of people with disabilities to help others overcome website problems and recommend accessible retail websites.

#### ***2.5.2.2 Vulnerability defined by the community***

The community approach to vulnerability analysis enables community members to voice their perceived strengths and weaknesses when facing a specific hazard and, together as a community, decide which risks they can manage and which need to be addressed (Baker 2009). Hence, this view postulates that vulnerability is observed only from multiple stakeholder perspectives. That is, the community members, rather than outsiders, define their strengths and weaknesses and decide which risks they can manage and which need to be addressed (Baker 2009; Baker and Mason 2012). The framework for analysing vulnerability based on the community perspective is highly similar to the framework for analysing situational vulnerability, the only difference being the unit of analysis (see Figure 2.3).

**Figure 2.3: Baker et al.'s (2009) conceptualisation of consumer vulnerability defined by the community**



The community approach works under the assumption that a specific group of individuals is sharing the same experience involving a hazardous event, such as a natural disaster or an economic crisis. For example, Baker et al. (2007) observed the local community's shared experience of a destructive tornado in Wyoming in the United States in 2005, which led to two fatalities and left one-quarter of the town's population homeless. The authors discerned that the vulnerability of the community members was influenced by external conditions (e.g., harsh weather, lack of an early warning system), community characteristics (e.g., economic base of community, community history), and individual members' characteristics (e.g., insurance status, role within the community). Combined, these factors were perceived by the community as threats to their health and safety that resulted in the loss of lives, possessions and other valued assets.

With the community as the focal point of analysis, proponents of the community view tend to propose a solution in the forms of community participation and activism (Baker and Mason 2012). For example, Baker et al.'s (2007) study proposed that disaster relief agencies should view their roles as facilitators rather than managers of the recovery

efforts. This is operationalized by giving volunteers the autonomy to manage the community's recovery process and/or provide volunteers with the necessary information about the recovery process, rather than prescribing volunteers with specific roles to play in the community. This approach empowers the community to decide for themselves how to best reduce their experience of vulnerability.

### ***2.5.2.3 Strengths and limitations of actual vulnerability***

Both the situational and community views of vulnerability represent systemic ways to establish actual vulnerability. They also both have strengths and weaknesses with regards to their marketing and regulatory applications. The strength of these actual vulnerability analyses is that they allow for an understanding of the multitude of factors that contribute to vulnerability (Baker and Mason 2012; Shultz II and Holbrook 2009). By understanding actual vulnerability, marketers and regulators are discouraged from classifying the entire class of consumers (e.g., youths) as vulnerable and are encouraged to address vulnerability as and when consumers experience it (Commuri and Ekici 2008). These approaches are also particularly beneficial for consumers, especially those from under-represented groups, as they are empowered to voice their concerns and suggest ways in which their vulnerability can be managed. By understanding actual vulnerability, the consumers themselves can learn from their own (and others') experience of vulnerability to avoid harm in the future, rather than facing regulatory restrictions or solutions that might not necessarily meet their needs (Baker et al. 2007) or lead to a reduction of vulnerability (Baker et al. 2005).

On the other hand, the situational and community analyses of vulnerability can only be conducted by listening to and observing the experiences of both consumers and the community (Baker al. 2005; Baker and Mason 2012), which might not be versatile enough for marketing and policy development. Commuri and Ekici (2008) argued that the

complexity and subjectivity of the situational analysis of vulnerability can reduce the role of a policy maker to a responsive agent rather than one who plans for consumer welfare and prevent threats to that welfare.

Similarly, the community approach to vulnerability analysis has an inherent weakness in that it can produce conflicts among the community (Baker and Mason 2012). Indeed, communities are rarely univocal, and different aspects of the community (e.g., residents, council, volunteers) can have different ideological stances, individual problems that might not be shared by the rest of the community, and competing views of how resource allocation should be prioritised and distributed (Baker and Mason 2012). Such conflicting views can create complexities and increase the time required to provide a solution to reduce vulnerability, which in turn can exacerbate consumers' experiences of vulnerability.

#### ***2.5.2.4 Applicability to youths' credit card misuse and indebtedness***

An actual assessment of consumer vulnerability benefits the present study's focus on youths' credit card misuse and indebtedness as it provides a lens into the youths' own view of their vulnerability and how they wish their vulnerability to be managed. However, the question remains in terms of which actual vulnerability analysis would be most suited to the present context.

Using the community perspective of vulnerability, youth vulnerability to credit card misuse and indebtedness is subject to the collective recognition of multiple stakeholders (i.e., credit card issuers, policy makers, consumers and retailers). Although this approach demands a collective-view-based recognition of vulnerability, conflicting views can arise among the different stakeholders. For example, in an attempt to preserve their market share and profitability, credit card issuers might dismiss the notion of youth vulnerability to credit card misuse and indebtedness, as their products have substantial benefits when used

responsibly. On another hand, policy makers might defend the notion of youth vulnerability to credit card misuse and indebtedness and stress the need to protect young people from opportunistic marketing approaches. Therefore, this approach to understanding youth vulnerability to credit card risks is somewhat implausible.

The use of situational analysis is suitable for the present research due to its focus on the consumers' own vulnerability. Its focus on the interaction between internal and external conditions means that vulnerability occurs in various degrees when a person's limiting characteristics are met in a situational context by some marketplace conditions that purposely take advantage of such limitations. In the present context, credit card targeting directed towards young people implies a condition external to the individual's realm of control, which has been suggested to cause vulnerability to credit card misuse and indebtedness (Braunsberger et al. 2004; Burton, Knights, Leyshon, Alferoff, and Signoretta 2004; Warwick and Mansfield 2000). However, the internal characteristics that contribute to youths' experience of vulnerability, their responses to their vulnerability, and how they wish marketers to respond to their vulnerability are less understood in the literature. Thus, the exploration of these avenues is likely to inform marketers, public policy and the consumers themselves regarding how youths come to experience vulnerability due to credit card misuse and indebtedness.

However, as previously discussed, the actual analysis of youths' experience of vulnerability to credit card misuse and indebtedness faces an important limitation—namely, its operationalization focuses on vulnerability *after* it has been experienced. Thus, its knowledge contribution is strictly limited to vulnerability redress, rather than vulnerability prevention. This issue is echoed by the proponents of dual perspectives of vulnerability analysis, as discussed in the next section.

### **2.5.3 Combining perceived and actual consumer vulnerability**

Due to the inherent strengths and weaknesses of analysing both perceived and actual vulnerability, subsequent studies have attempted to conceptualise dual perspectives that integrate perceived and actual analyses of consumer vulnerability. Specifically, Commuri and Ekici's (2008) work showed that consumer vulnerability could be determined using both components from demographic and/or environmental factors as well as situational factors. They argued that such an approach will enable macromarketers and regulators to systematically integrate multiple factors for proactive rather than reactive policy development. Similarly, Shultz II and Holbrook's (2009) work provides supplementary information to assess vulnerability by evaluating consumers' knowledge and access to resources. This assessment points to new typologies of consumer vulnerability, including economically, culturally and doubly vulnerable consumers. These new typologies are particularly useful for marketers seeking to assess the vulnerability of their target market and regulators reviewing the marketing system to reassess its contribution to the quality of life of the consumers (Layton 2007). Moreover, both Commuri and Ekici's (2008) and Shultz II and Holbrook's (2009) models also distinguish the non-vulnerable consumers amongst the vulnerable, which has not been previously explored in the individual perceived or actual analyses of vulnerability. This assessment is beneficial as it provides marketers with information of who their target markets should be, which enables marketers to avoid criticisms of exploitative marketing practices.

However, the dual perspectives of vulnerability also bear some conceptual and practical limitations. In particular, they have not been established empirically, and the validity of the proposed frameworks is relatively unknown. Furthermore, the proposed frameworks offer only typologies of consumer vulnerability, and it is unclear as to how they can be applied to micromarketing and contextual studies. Therefore, the actual analysis of consumer vulnerability remains the best prospect for analysing youths'

vulnerability to credit card misuse and indebtedness. That aside, the notion of dual perspectives of vulnerability serves as a reminder that it is insufficient to redress vulnerability only as it happens. As Commuri and Ekici (2009) explained, “the usefulness of a construct such as consumer vulnerability ... lies in its capacity as a pre-emptive tool as much as, if not more than, its usefulness in redress” (p. 184). Thus, marketers and public policy developers should be aware of ways in which vulnerability can be addressed and prevented before it manifests at a problematic stage. However, there remains a literature gap concerning how vulnerability can be predicted and subsequently prevented. Thus, in the present study, the concern focuses on how youths’ vulnerability to credit card misuse and indebtedness can be predicted and prevented from spreading further.

#### **2.5.4 Summary of consumer vulnerability typology**

The literature on consumer vulnerability identifies several research gaps. First, the theory of consumer vulnerability provides a useful insight into the process through which youths become vulnerable to credit card misuse and indebtedness. The theoretical lens of actual consumer vulnerability also offers insights into young consumers’ perspective of their credit card consumption, compared to how others perceive them to be. The investigation of the literature suggests that youths are generally perceived as a vulnerable segment of the credit card market, which has led to a generalisation that all youths are vulnerable to credit card risks. Yet little research has examined youths’ actual experience of vulnerability. Hence, it remains unclear as to whether all youths experience vulnerability to credit card misuse and indebtedness. An assessment of situational vulnerability (Baker et al. 2005) will not only address this gap, but will also address which factors facilitate youths’ vulnerability to credit card misuse and indebtedness, which coping actions youths adopt following such experiences of vulnerability and how they wish their vulnerability to be addressed by the market.

Second, the use of the situational analysis of vulnerability faces an important limitation in its sole contribution to redress, rather than prevent, vulnerability. Thus, a research gap exists concerning how consumer vulnerability can be predicted and prevented from reaching a problematic stage. Investigations into different typologies of consumer vulnerability analyses (i.e., perceived vulnerability, dual perspectives of vulnerability) also indicate that there is insufficient research to aid in vulnerability prediction, which can be particularly useful for knowledge enhancement in this literature.

Insofar, this section has explored the various macromarketing conceptualisations of consumer vulnerability. Thus, the focus of these researches is on how consumers in general come to experience vulnerability and how vulnerable consumers can be identified, so that their well-being can be addressed (and possibly prevented) by the whole marketing system. However, consumer vulnerability has not been negated in micromarketing, which is concerned with how marketing is undertaken and managed within firms. To understand how vulnerability is addressed in the micromarketing literature, the next section reviews the key micromarketing theories on vulnerable consumers. These theories' implications on the current study's examination youth vulnerability to credit card misuse and indebtedness are subsequently analysed.

## **2.6 Micromarketing Theories on Vulnerable Consumers**

### **2.6.1 Ethical targeting**

Smith and Cooper-Martin's (1997) ethical evaluation of the targeting strategy can be used to inform our understanding of ethical concerns and controversy related to targeting as well as shed light on the conditions under which criticisms could arise. The authors proposed that the criticism of targeting is related to two key factors: the perceived harmfulness of the product and the perceived vulnerability of the target market. Products perceived to be

harmful are those unsafe or unfit for intended use or not based on a professional code of conduct. To reiterate, Smith and Cooper-Martin (1997) defined perceived vulnerable consumers as “those who are more susceptible to economic, physical, or psychological harm in, or as a result of, economic transactions because of characteristics that limit their ability to maximize their utility and well-being” (p. 4). In a series of empirical studies, the authors established that targeting strategies with a more harmful product (Strategy 2 in Figure 2.4) is evaluated as being less ethical than when targeting them with a less harmful product (Strategy 1). Similarly, targeting them with a high-vulnerability target (Strategy 3) is evaluated as being less ethical than when targeting them with a low-vulnerability target (Strategy 1). Congruently, the high-vulnerability/more harmful targeting is perceived to be unethical by the general public.

**Figure 2.4: Smith and Cooper-Martin’s (1997) conceptualisation of product harm and consumer vulnerability**

		<b>PRODUCT</b>	
		Less Harmful	More harmful
<b>TARGET</b>	Low vulnerability	e.g., Low-fat hamburger to above-average income consumer target  <b>Strategy 1</b>	e.g., High-interest rate credit card to suburban consumer target  <b>Strategy 2</b>
	High vulnerability	e.g., Low-nicotine cigarette to black consumer target  <b>Strategy 3</b>	e.g., High-alcohol content malt liquor to less than high-school educated consumer target  <b>Strategy 4</b>

Smith and Cooper-Martin's (1997) conceptualisation relies on perceived vulnerability, which—as has been previously discussed—faces a limitation due its one-dimensional, over-generalisation approach to identify vulnerable consumers (Baker et al. 2005). Nevertheless, the study's conceptualisation offers an additional analysis of perceived product harm, which has been overlooked in the general consumer vulnerability theory. The analysis of product harm serves as an important factor to consider in vulnerability prevention, particularly when vulnerability is experienced because of the harmful effects of a product (e.g., people might suffer vulnerability from life-threatening diseases as a result of their tobacco consumption). Hence, an understanding of the characteristics of those likely to experience product harmfulness (e.g., addictive personality) might predict the likelihood of future vulnerability occurring.

However, Smith and Cooper-Martin's (1997) conceptualisation of perceived product harm is limited for the purposes of the current research to predict vulnerability, as it is unclear as to whether credit cards can be perceived as a harmful product. Credit cards can produce significant benefits for consumers when used prudently and with careful considerations towards future repayment capability. However, harmful credit card effects can manifest when credit card marketing towards youths downplays the significance of debt and when youths fail to use credit cards cautiously. Thus, credit cards might only elicit harmful effects when abused.

In sum, Smith and Cooper-Martin's (1997) theory of ethical targeting generates a useful insight into the significance of analysing product harm alongside consumer vulnerability analysis to provide a comprehensive view on vulnerability redress and prevention. However, the notion of product harm, particularly in the credit card context, is elusive. Therefore, there remains a gap in the literature in terms of how product harm due

to abuse is conceptualised; this gap must be addressed for the conceptualisation to be useful in predicting the occurrence of future vulnerability.

### **2.6.2 Service-dominant logic for marketing**

Another marketing theory addressing consumer vulnerability is the service-dominant (S-D) logic (Abela and Murphy 2007). The S-D logic introduced by Vargo and Lusch (2004) represents an inherently consumer-centric theoretical framework based on eight foundational premises (FPs), as detailed below.

FP<sub>1</sub>: The application of specialised skills and knowledge is the fundamental unit of exchange.

FP<sub>2</sub>: Indirect exchange masks the fundamental unit of exchange.

FP<sub>3</sub>: Goods are distribution mechanisms for service provisions.

FP<sub>4</sub>: Knowledge is the fundamental source of competitive advantage.

FP<sub>5</sub>: All economies are services economies.

FP<sub>6</sub>: The customer is always the co-producer.

FP<sub>7</sub>: The enterprise can only make value propositions.

FP<sub>8</sub>: A service-centred view is customer oriented and relational.

A recent advancement in S-D logic by Abela and Murphy (2007) argued that the S-D logic solves the ethical controversy of targeting vulnerable consumers, by encouraging marketers to shift their primary unit of exchange from goods to the acquisition “benefits of specialised skills and competences” (Vargo and Lusch 2004, p. 7). By focusing on the benefits arising from a skill or competence, a product or service offering is coerced to think about how they can be seen as “specialising” in addressing a vulnerable consumers’ distinct needs. Thus, product and service offerings operated under the S-D logic assumption are oriented to the specific needs of the vulnerable consumers. Meanwhile, goods-oriented marketing focuses solely on the characterisation of the product, which can be used (or misused) for many different purposes and thus, does not cater to the needs of

any particular vulnerable consumer. Congruent with FP1, this shift in the unit of exchange requires marketers to be clear about the benefits they are offering and accept responsibility for them. Hence, when offering a potentially harmful product to an inherently vulnerable segment, marketers must ask themselves what benefits are being offered. If few or no benefits are present from the marketing of the product/service, marketers risk the prospect of being portrayed as preying on vulnerable consumers.

In essence, Abela and Murphy's (2007) priority on the product benefits offered to vulnerable consumers echoes Smith and Cooper-Martin's (1997) recommendation that marketers should focus on addressing a potentially harmful product to prevent vulnerability from arising. From the S-D logic perspective, credit cards as a sole product offering can be misused, leading to overspending and indebtedness. However, credit cards can be repositioned or accompanied with additional services in ways that meet the needs of young people, without exploiting their deficiencies. For example, the advertising of a credit card to entice youths might focus on the credit card's capacity to help build a credit history from a young age. The S-D logic, therefore, provides an insight into how marketers should consider vulnerability that arises from the abuse of a potentially harmful product like credit cards and reposition the marketing of the product away from opportunistic to a helpful image. Thus, meeting the specialised needs of youths' vulnerability, rather than the marketer's financial gains, becomes the primary unit of exchange in the S-D logic marketing of credit cards towards youth.

Despite the insightfulness of the S-D logic in the present research, Abela and Murphy's (2007) concept does not clarify what information is needed to reposition a potentially harmful product into a service package that meets the needs of vulnerable consumers. For example, what part of our understanding of youth vulnerability to credit card misuse and indebtedness can be used to help marketers alter their product offering?

Furthermore, the S-D logic completely overlooks the marketer's role in vulnerability prevention, which is the most prominent gap in consumer vulnerability analysis. Thus, it remains elusive how one can predict and prevent youth vulnerability to credit card risks from expanding and becoming too problematic. Given this persistent gap in the literature, it is important for the present study to focus on the specific information that informs the proactive prevention and redress of youths' vulnerability to credit card misuse and indebtedness. The implication of such information can, in turn, benefit credit card marketers in designing the service credit card package to suit youths' skills and competencies while preventing their vulnerability to credit card risks.

### **2.6.3 Consumer sovereignty test**

Consumer sovereignty is an underlying and unifying concept that refers to the degrees of consumer authority in markets (Smith 1993). It reflects an ideology based on the purview of ethical marketing that places a measure of responsibility for product/service usage on the consumers rather than the sellers. Hence, the major objective of ethical marketing practice is to avoid the negative consequences of unethical marketing practices (e.g., consumer boycott, diminished reputation).

Smith (1995) introduced the consumer sovereignty test (CST) as a tool for marketers to examine the ethicality of their business conduct. CST claims to aid managerial ethical decisions by providing a measure of the degree of power imbalance between the buyer and the seller. This is important as businesses are increasingly shifting away from the *caveat emptor* business conduct that prioritised the producers' rather than the consumer's interest (Smith 1995). CST requires marketers to assess that their target market (1) is fully capable of understanding the risks of a particular product, (2) has sufficient information to make informed judgement, and (3) has access to inexpensive opportunities to switch to other sellers (Figure 2.5).

**Figure 2.5: Smith's (1995) Consumer Sovereignty Test**

<b>Dimension</b>	<b>Establishing Adequacy</b>
<b>Consumer capability</b> (Is the target market vulnerable in ways that limit consumer decision making?)	Vulnerability factors (age, education, income, etc.)
<b>Information</b> Availability and quality (Are consumers' expectations at purchase likely to be realized? Do consumers have sufficient information to judge?)	Sufficient to judge whether expectations at time of purchase will be fulfilled
<b>Choice</b> Opportunity to switch (Can consumers go elsewhere? Would they incur substantial costs or inconvenience in transferring their loyalty?)	Level of competition Switching costs

Similar to the Smith and Cooper-Martin's (1997) evaluation of ethical targeting, CST advocates the identification of vulnerable consumers based on the consumers' demographic and environmental factors (perceived vulnerability), which is limited for the purpose of the present research. In addition, CST's treatment of vulnerable consumers recommends a paternalistic (i.e., protectionist) approach to avoid targeting vulnerable consumers as vulnerable consumers are perceived to suffer from diminished capacity and thus are likely to "act in ignorance and harming themselves or others" (Smith 1995, p. 95). Therefore, based on CST, marketers are obligated to ensure that consumers are capable of exercising informed choice—namely, that the target market is non-vulnerable (Smith and Goldstein 2007). The intent of CST might be for marketers to ascertain that vulnerable consumers are aided and provided greater levels of information to help them emerge from their state of vulnerability. However, this can be doubly translated as the avoidance of vulnerable consumers to elude the consequences of negative ethical evaluation. As Smith (1995) observed, "enhancing consumer sovereignty may be difficult to advocate in an organisation when there is no market pressure to do so or when it may even be to the firm's economic disadvantage" (p. 95). However, as previously discussed in this chapter, the

exclusion of vulnerable consumers can further alienate their needs and intensify or prolong their experience of vulnerability (Pechmann et al. 2011). It is important to note that the concept of consumer sovereignty fails to address how vulnerability among consumers can be addressed or prevented by marketers. Therefore, the research gap concerning how youth vulnerability to credit card misuse and indebtedness can be predicted and prevented remains prevalent in the marketing literature.

## **2.7 Chapter Summary and Synthesised Research Direction**

This review of the literature related to credit card targeting directed towards young people, the theory of consumer vulnerability and additional micromarketing theories involving vulnerable consumers concludes with two research gaps. The first research gap concerns a lack of systematic, theoretical application of consumer vulnerability to assess how youths come to experience vulnerability to credit card misuse and indebtedness. Prior research suggests that young credit card users are perceived to be a vulnerable consumer segment in the credit card industry as young age in credit card ownership is associated with risky credit behaviour, unsupportive environmental conditions, and underdeveloped biological and psychological traits—all of which contribute to reported financial, psychological and health damages following credit card indebtedness. Thus, there is an imminent distrust among the general public and academic studies related to credit card targeting directed towards young people and among regulators who protect this vulnerable consumer segment.

However, little is known about youths' own accounts of their credit card consumption and whether or not they experience vulnerability as a result of credit card misuse and indebtedness. The analysis of actual consumer vulnerability not only addressed these questions, but also shed light on the internal characteristics that contribute to youths' experience of vulnerability, their responses to their vulnerability, and how they wish

marketers to respond to their vulnerability. The analysis of youths' actual experience with vulnerability due to credit card misuse and indebtedness also shed light on the social consequences of unethical target marketing. This context is best represented by the situational analysis, rather than the community analysis of vulnerability as the latter is likely to invite conflicts among the various stakeholders in credit card targeting of the youth market, particularly among credit card marketers and public policy developers.

The second gap in the literature is concerned with the limitation of the situational analysis of vulnerability, which can only be construed by listening to and observing the experiences of the consumers as they happen (Baker et al. 2005). Thus, its contribution is strictly limited to vulnerability redress, rather than vulnerability prevention. Without an understanding of how consumer vulnerability can be predicted and prevented, the role of policy makers is significantly reduced to a "responsive agent rather than one who plans for consumer welfare and foresees and pre-empts threats to that welfare" (Commuri and Ekici 2008, p. 184). In the present research, understanding how youth vulnerability to credit card misuse and indebtedness can be addressed and prevented is important for suggesting ways to ameliorate such vulnerability. Moreover, such an understanding will equip credit card marketers and policy makers to facilitate rehabilitation for youths to become capable consumers who are proficient in making optimal market transactions.

In addition, as previously discussed at the beginning of this chapter, the problem of marketing to vulnerable consumers is heightened in the context of international marketing, particularly in this case, as it juxtaposes the powerful credit card multinationals against youths, who are mostly inexperienced and credulous credit card users. Thus, the ethical controversy is likely to be more significant as it is likely to invite more public dismissal and more government actions to protect vulnerable youths. Therefore, it is hoped that a cross-country analysis will provide exploratory insights into how youth vulnerability to

credit card misuse and indebtedness can be addressed and prevented across countries with various levels of government protection schemes.

In summary, the research gaps and issues raised in the literature are as follows:

1. The issue surrounding targeting young people for credit cards lacks a systematic theoretical assessment to investigate what brings about youths' vulnerability and susceptibility to credit card misuse and indebtedness, as indicated by previous studies. The theoretical lens of situational consumer vulnerability offers insights into young consumers' perspective of their credit card consumption, compared to how others perceive them to be.
2. The situational analysis of vulnerability faces an on-going criticism in its sole focus to redress, rather than prevent, consumer vulnerability. Further research is needed to conceptualise how consumer vulnerability, particularly youth vulnerability to credit card misuse and indebtedness, can be predicted and prevented to yield greater implications for consumer welfare.
3. The issue of consumer vulnerability, particularly in the context of credit card targeting directed towards youth, yields greater significance when applied in international marketing conditions. However, a cross-country analysis of consumer vulnerability is notably absent from the literature, markedly in youths' credit card misuse and indebtedness.

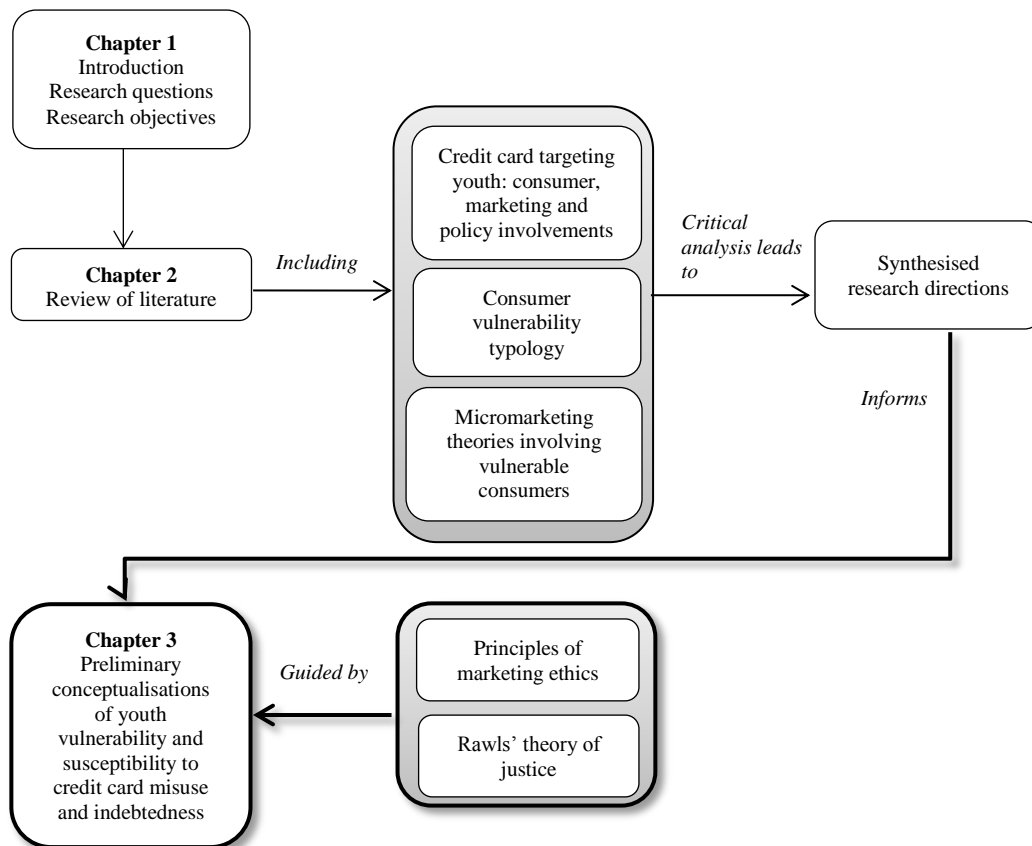
# Chapter 3

## Preliminary Conceptualisation

### 3.1 Chapter Introduction

This chapter marks the following part of the overall thesis structure (Figure 3.1).

**Figure 3.1: Chapter 3 Structure**



The aim of this chapter is to introduce the preliminary conceptualisation of youth vulnerability and susceptibility to credit card misuse and indebtedness. The preliminary nature of these conceptualisations means that only the bases of research models are presented, as they will be extended and enriched by the exploratory qualitative research. More specifically, the preliminary conceptualisation of youth vulnerability to credit card misuse and indebtedness is based on Baker et al.'s (2005) situational framework of consumer vulnerability, and how it applies to the context of young people's credit card

usage. Meanwhile, the preliminary conceptualisation of youth susceptibility to credit card misuse and indebtedness focuses on the usefulness of developing a new concept and measurement instrument to contribute to the literature on consumer vulnerability prevention. The subsequent qualitative research provides both the contextual depth to expand the first model of vulnerability, and the information necessary to help strengthen the hypotheses and measures of susceptibility to credit card misuse and indebtedness (SCCMI) and its proposed antecedent consequent factors.

In line with this objective, the first section clarifies the focal stance of the present study, which are constructed in response to the literature gaps and research directions identified in the literature review. The chapter then clarifies the focal stance of the present study, which places youth vulnerability to credit card misuse and indebtedness as both marketing and public policy issues. This section draws upon ethical marketing principles, particularly the normative theory of justice, to rationalise the need for both marketers and regulators to address the needs of youths while generating efforts to pre-empt such vulnerability for future generations.

The subsequent section delineates the plan to analyse consumer vulnerability and susceptibility of youths' credit card misuse and indebtedness, discussing its usefulness in vulnerability redress and prevention. The following section moves on to discuss the first part of the research plan, which is the assessment of youths' vulnerability to credit card misuse and indebtedness. This study applies Baker et al.'s (2005) framework of situational vulnerability analysis to guide the current contextual study. Based on this guiding framework, a series of research tasks are introduced that will be undertaken in the subsequent empirical work.

The next section focuses on the conceptualisation of consumer susceptibility to credit card misuse and indebtedness (SCCMI), which corresponds to the second part of the

research plan. The conceptualisation of the SCCMI measure presented in this section is at a preliminary stage, as more empirical information is needed to ascertain youths' internal characteristics that facilitate their likelihood to suffer vulnerability to credit card misuse and indebtedness. Thus, the first assessment of youth vulnerability to credit card risks requires the investigation of youths' susceptibility to credit card misuse and indebtedness. This section also offers an exploratory conceptual framework involving the antecedent and consequent factors of the SCCMI measure. Such a framework offers an exploratory nomological network of the new measure to facilitate a thorough understanding of the phenomena. Consequently, a series of research tasks are introduced to examine susceptibility to credit card misuse and indebtedness. The chapter concludes with a summary of preliminary propositions and hypotheses for the empirical qualitative and quantitative studies.

### **3.2 Rationale for the Present Research**

The present study ultimately approaches consumer vulnerability and susceptibility as marketing issues, as much as they are public policy issues. This study claims that marketers and policy makers should pay attention to vulnerability that arises from negative marketplace outcomes because of the secondary effects of marketing practices (Laczniak and Murphy 2006). In particular, the rise in youths' credit card overspending and indebtedness can be traced to credit cards marketers' predatory targeting directed towards young people. However, as vulnerability is inherently a social issue, the prevalent assumption is that it is only up to public policy and government interventions to protect vulnerable consumers from being harmed and exploited by the market. Meanwhile, the market's role as a for-profit industry is solely to reap financial gains from vulnerable consumers until such action becomes restricted by law.

The justification for analysing vulnerability and susceptibility in marketing research is based on marketers' ethical duty towards vulnerable consumers. As such, the focus of the present study is located within the scope of marketing ethics. Marketing ethics is defined as "the systematic study of how moral standards are applied to marketing decision, behaviours and institutions" (Murphy et al. 2005, p. 17). Indeed, the term *ethics* relates closely to the notion of morality (Tsalikis and Fritzsche 1989). Morality is a slippery term due to its subjectivity, but it can be generally understood as follows:

*"Morality is a term used to cover those practices and activities that are considered importantly right and wrong, the rules which govern those activities, and the values that are imbedded, fostered, or pursued by those activities and practices. The morality of a society is related to its mores or the customs accepted by a society or group as being the right and wrong ways to act, as well as to the laws of a society which add legal prohibitions and sanctions to many activities considered to be immoral"* (De George 1982, pp. 13–15).

The notion of consumer vulnerability is largely rooted in the study of marketing ethics. Indeed, a major reason for analysing consumer vulnerability is the assumption that the opportunistic exploitation of vulnerable consumers is immoral (Shultz II and Holbrook 2009). In the context of the present study, it is therefore an ethical duty of both credit card marketers and public policies to address the needs of young people who experience vulnerability due to credit card misuse and indebtedness. It is equally important to ensure that such an experience of vulnerability is prevented from affecting future generations of young people. For these reasons, an understanding of the youths' vulnerability and susceptibility due to credit card misuse and indebtedness is useful for policy development and marketers who aspire to operate on a higher ethical plane.

Central to this discussion concerning the marketers' role to improve vulnerable consumers' welfare is the ethical theory of justice pioneered by the Harvard philosopher Rawls (1971), whose theory of ethics is deemed to be most compatible to the present research, compared to other major contemporary normative theories of ethics, as a justification for understanding youths' vulnerability to credit card misuse and indebtedness. Table 3.1. analyses the various normative ethical theories and compares their perceptions on vulnerability. Specifically, Rawls' theory of justice is based on a thought experiment called the "original position" and conceptualises a form of justice that is acceptable and fair to all. In this conceptualisation, it is assumed that we are all self-interested rational persons and we stand behind a "veil of ignorance", which means that we do not know in advance our future social status (i.e., class, status, wealth, intelligence, strength). Under this original condition, free and rational people who wish to further their own interests and simultaneously minimise their social risks (because they are unaware of what their future status will be) will arrive at two moral principles:

1. *Principal of equal liberty*: Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.
2. *Difference principle*: Social and economic equalities should be arranged so that they are both (a) to the greatest benefit of the least advantaged persons and (b) attached to offices and positions open to all under conditions of fair equality and opportunity.

Rawls' (1971; 1999) theory of justice recognises that the vulnerable consumer is the least-advantaged stakeholder, which offers a criterion by which the fairness of a marketing exchange can be evaluated. As specified in the difference principle, the theory provides an affirmative action principle that finds "marketing practices as unethical if, over time, they

contribute to the further disadvantage of those segments of the market that are least well off in terms of information, economic resources, access to supply, market literacy, and other factor essential to marketplace transactions” (Laczniak and Murphy 2006, p. 166). Likewise, the unethical targeting of young people for credit cards has, over time, taken advantage of youths’ inexperience and resulted in diminishing their financial powers Santos and Laczniak (2009) further implied that marketing actions should optimise the interests of all stakeholders, but especially with an eye to the least advantaged consumers.

**Table 2.1: Ethical Theories and Perspectives on Vulnerability**

<b>Ethical theory</b>	<b>Principle of theory</b>	<b>Perspective on vulnerability</b>
<b>Justice theory (Rawls’ theory of justice)</b>	Each person has equal rights to opportunities, wealth and burden. However, social and economic inequalities should be arranged so that they provide the greatest benefit to the least advantaged and create fair equality of opportunity. Moral justice is achieved when the advantages of the more fortunate are used to promote the well-being of the least fortunate.	Marketing practices are unethical if they continuously contribute to the further disadvantage of the vulnerable market segment, which represents the most disadvantaged in terms of their capacity to protect their self-interests in the marketplace. Therefore, marketing approaches should aim to improve or at least be neutral to vulnerable consumers.
<b>Egoism</b>	Morality is based on the goodness of self-interest, where pursuing one’s best interest is considered moral to the extent that other people have the same interest or receive no harm.	Serving vulnerable consumers is a risk for corporate welfare and therefore should be avoided.
<b>Utilitarianism</b>	An action is morally permissible if it produces the greatest good or the least harm for the greatest number of people affected by the action.	Vulnerable consumers represent a minority segment of the market. Therefore, marketers have no ethical responsibility to maximise the utility of these consumers and should instead focus on providing the most benefits to the non-vulnerable consumers.
<b>Universalism (Kantian or duty-based theory)</b>	Moral authority is determined by the extent to which the intention of a decision is to treat all persons with respect. Being ethical is having ethical intentions without considering the consequences because the results are influenced by uncontrollable externalities.	Marketers should equally strive to meet the needs of both vulnerable and non-vulnerable consumers, regardless of the financial hurdles doing so might entail.
<b>Relativism</b>	Morality cannot be judged based on a universal standard as one culture evaluates decisions differently from another.	The need for marketers to address consumer vulnerability depends on the social norm and/or law governing the protection of vulnerability in a specific country.

<b>Virtue ethics</b>	Morality cultivated from the virtuous character—namely, persons who perform actions and make decisions with the intention of being a good character.	Addressing vulnerability advocates personal self-actualisation through aspiration to the highest ideals and should be a part of managerial duties.
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Sceptics of this view may question the marketers' responsibility to address consumers' vulnerability instead of leaving the issue to government interventions. As consumer vulnerability constitutes a social problem, correcting this issue might seem to be beyond the marketers' capability and responsibility. However, to reiterate the view of leading studies in business and marketing ethics, this thesis postulates that firms and marketers bear responsibility for the society that allowed them to prosper in the first place (Donaldson and Dunfee 1999; Donaldson and Dunfee 1994; Robin and Reidenbach 1987; Laczniaak and Murphy 2012). Businesses are allowed to exist because they are deemed to have a pivotal role in the betterment of society (i.e., by fulfilling their needs), while the law serves only to ensure that the expectations of society are met (Svensson and Wood 2007). This doctrine is especially pertinent to credit card marketers' targeting of young consumers, as the benefits of using credit cards have not been effectively communicated to young consumers. Instead, the marketing of credit cards towards youth focuses more on the joy and convenience of credit cards, while undermining the complexity and risks associated with debt (Burton 2008). Thus, the marketing of credit cards towards youth fails to contribute to the betterment of this consumer segment's financial well-being. According to the perspective of ethical marketing duty to vulnerable consumers, marketers have a moral obligation to meet the needs of those who experience harm or helplessness as a result of marketing efforts and/or messages (Smith and Quelch 1993). Thus, if the marketing of credit cards to youths is to be permitted, companies are expected to direct their marketing efforts ethically and in a socially considerate and effective way.

In addition, marketers might question their accountability and ethical responsibility to protect consumers from product harm that arises from abusive behaviour. In this case, Laczniak and Murphy (1993) suggested that businesses are accountable for (1) investigating the consequences and complications caused by their products and (2) informing product users of potential risks. The failure to address product abuse harm is likely to invite interdiction from public policy, which can further limit marketing efforts (Laczniak and Murphy 1993). Consider the marketing of Sunny Delight (or Sunny D), which was directed to children and juice-drinkers in the early 2000s. The advertising slogan was “The great stuff kids go for”, and the product was cleverly placed in the chilled cabinets next to fresh fruit juices to reinforce the impression that they share a similar health qualities (The Guardian 2001). Although the product was not inherently harmful, its health benefit was severely limited due to the lack of fresh ingredients (apart from the 5% citric juice). Furthermore, in 1999, numerous health reports were published criticizing the brand following the case of a 5-year-old girl whose skin turned yellow due to overconsumption of the drink (The Guardian 2001). Subsequent negative ramifications followed, including a damaged reputation and the manufacturer having to issue warnings to consume the product in moderation. Hence, the resulting backlash of harm that arises from product abuse can be considered as equally powerful as public responses that arise from the targeting of inherently harmful products. Therefore, it is in the interest of businesses to investigate and mitigate the distribution of products that generate harm due to abusive behaviour.

Similarly, others might question the profitability of engaging with the vulnerable consumer segment. However, numerous analyses have demonstrated the emerging profit potentials from addressing the needs of vulnerable consumers (Laczniak and Murphy 2006). For example, a discount retailer in the United States, Dollar General, targets low-income families; its mission is to create “A Better Life for Everyone” (Hill 2002, p. 217).

Such marketing effort embodies an explicit attempt to identify with and satisfy the needs of vulnerable consumers without taking advantage of their specific disadvantages. Meeting the distinct needs of vulnerable market segments has also provided marketers with the opportunity to alleviate poverty by providing microlending opportunities to the poor (Prahalad 2010; Yunus and Weber 2007), aiding disaster-struck communities' recovery process (Baker 2009) and facilitating access and participation of consumers with limited English proficiency in the marketplace (Adkins and Jae 2009). Furthermore, it is conceivable that such goodwill attempts at vulnerability redress lead to improved corporate image and public trust (Santos and Laczniak 2009). Businesses that follow the principle of ethical engagement with vulnerable consumers can also distinguish themselves from the "unscrupulous sellers" who are in a position to manipulate transactions from market segments susceptible to exploitation (Laczniak and Murphy 2006, p. 166).

However, it is important to note that meeting the distinct needs of vulnerable consumers in a way that leads to successful marketing implementation requires a precise and in-depth understanding of how vulnerability is experienced. This study corresponds to this viewpoint by providing both descriptive and prescriptive information on youth vulnerability and susceptibility to credit card misuse and indebtedness.

### **3.3 Vulnerability and Susceptibility Assessments of Youths' Credit Card**

#### **Misuse and Indebtedness**

Consistent with previous studies, this thesis regards credit card misuse and indebtedness as the major consequences of imprudent credit card practices amongst young consumers (Pirog and Roberts 2007; Palan et al. 2011; Palmer et al. 2001; Norvilitis et al. 2006; Xiao et al. 2011). Individuals who misuse their credit cards are unsuccessful credit users who cannot use credit card effectively and lead themselves to develop credit-related problems (Tokunaga 1993). Past researches refers to credit card misuse as an umbrella term to

describe various credit card spending behaviours, including impulsiveness (Pirog and Roberts 2007), lack of self-control (Palan et al. 2011), and having poor habits of credit card management (Roberts and Jones 2001). Thus, this study defines credit card misuse as credit card spending decisions that lacks strategic planning to maximise utility and avoid the charging of interest rates or other payable fees. For example, a person is misusing credit cards when he charges his university tuition fees into their credit cards in the hope of prolonging the repayment period, without considering the interest that will be accrued for not making an immediate full repayment (SallieMae 2009). Meanwhile, credit card indebtedness illustrates a tendency to make less-than-full credit card repayment over an extended period of time, which may lead to financial difficulty and bankruptcy. Revolving debt is a widely cited form of problematic credit card debt in the extant literature, as it refers to accumulated balance that individuals cannot pay back each month (Wang et al. 2011; Peñaloza and Barnhart 2011). Instead, credit card revolvers tend to make the minimum or higher-than-minimum repayments that exponentially increase their balance and the interests accrued on such balance<sup>4</sup>.

It is conceivable from extant research that credit card misuse and indebtedness becomes a problem when youths make a habit of failing to regulate their credit card spending and repayment behaviour. Indeed, a one-time occurrence of overspending or forgetting a repayment is unlikely to cause financial and psychological worry. However, it is equally important to note that individuals do not have to develop a significant amount of debt in order to experience the negative repercussions of credit. As discussed in Chapter 2, young credit card users still feel severe psychological and financial constraints despite having accumulated less debt than the other age groups because of their lower income levels and higher debt-to-income ratio (Szmigin and O'Loughlin 2010; Norvilitis et al.

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<sup>4</sup> By using a credit card, individuals are allowed to repay any amount above the minimum required payment without committing to a date for paying off all the debt

2006). Furthermore, when credit card misuse is not kept in check, it can develop into lifelong buying behaviour among the youth population (Palan et al. 2011). Thus, prolonged and repeated credit card misuse indicates future likelihood of debt accumulation that threatens the consumers' financial welfare and stability. Palan et al. (2011) further added that unlike personality traits, credit card misuse is more malleable and subject to intervention, such as awareness and educational efforts. Therefore, the experiences of credit card misuse and indebtedness indicate important issues among young credit card users that need to be redressed and prevented.

The redress and prevention of youths' vulnerability to credit card misuse and indebtedness requires two distinct assessments to provide descriptive and predictive accounts, respectively. First, the situational assessment of consumer vulnerability is essential for illustrating the internal and external factors that contribute to youths' experience of being harmed by their credit card consumption, their responses regarding the state of their vulnerability, and how they wish the market to facilitate their rehabilitation to normalcy (Baker 2006; Baker et al. 2005). Overall, these factors represent the manifestations of vulnerability in a specific consumption context and grasp the way in which consumers manage their vulnerability (Baker et al. 2005). In essence, capturing the situational vulnerability provides a descriptive understanding of the extent to which young consumers come to experience vulnerability due to credit card misuse and indebtedness.

Second, the assessment of consumers' susceptibility to experiencing harm due to product abuse is essential for foreseeing the likelihood that young people will experience harm as a result of credit card misuse and indebtedness. Prior studies have often attributed target marketing failure to the distribution of harmful products directed towards vulnerable consumers (Smith and Cooper-Martin 1997; Ringold 2005; Jones and Middleton 2006). The correction of product harm also constitutes the central focus of marketing strategies

directed towards vulnerable consumers (Smith and Cooper-Martin 1997; Abela and Murphy 2007; Smith 1995). However, previous investigations focused primarily on establishing product harm based on the public's general perception and professional codes of conduct (e.g., Code of Ethics of the American Marketing Association). These constitutions enable layman to identify products that cause physical, economic and psychological harm in accordance to the law and the industry codes of conduct (Smith and Cooper-Martin 1997). However, they do not capture product harmfulness that occurs due to abuse (Rittenburg and Parthasarathy 1997). This typology of product harm is more controversial as the marketer's responsibility is less clear than when dealing with products that are inherently harmful (Laczniak and Murphy 1993). Nevertheless, its impacts on consumer welfare, marketing strategy and public policy reactions remain as powerful.

Product abuse might or might not be consciously carried out. On one hand, consumers can build credit card indebtedness due to greediness, laziness to manage finances, materialistic pursuits, or even based on malicious intent to accumulate indebtedness knowing that there are existing structures that enable them to claim bankruptcy and wipe out their debts. As Shultz II and Holbrook (2009, p. 126) observed, "victims of credit card abuse selfishly and often surreptitiously acquire mountains of plastic-financed merchandise that they do not really need. Clearly, just because people are vulnerable does not necessarily imply that they are virtuous." However, consumer indebtedness can also be attributed to uncontrollable conditions, such as a lack of education in financial management, insufficient income and unsupportive environment, such as unemployment and economic hardships due to recession. In particular, young credit card users are typically less experienced in using credit cards and therefore might disregard the risks inherent in imprudent use (Szmigin and O'Loughlin 2010). Indeed, whether consumers are victims of their own abuse of credit cards depends on the

complicity of its victims (Shultz II and Holbrook 2009). Due to its focus on the social, economic and psychological debate, the issue of consumer victimisation through product abuse is beyond the scope of this study. This research is concerned only with the predictive impacts of youths' conscious or unconscious abuse of credit cards on their future state of vulnerability. However, a more detailed discussion on victimisation due to abuse can be found in Shultz II and Holbrook (2009).

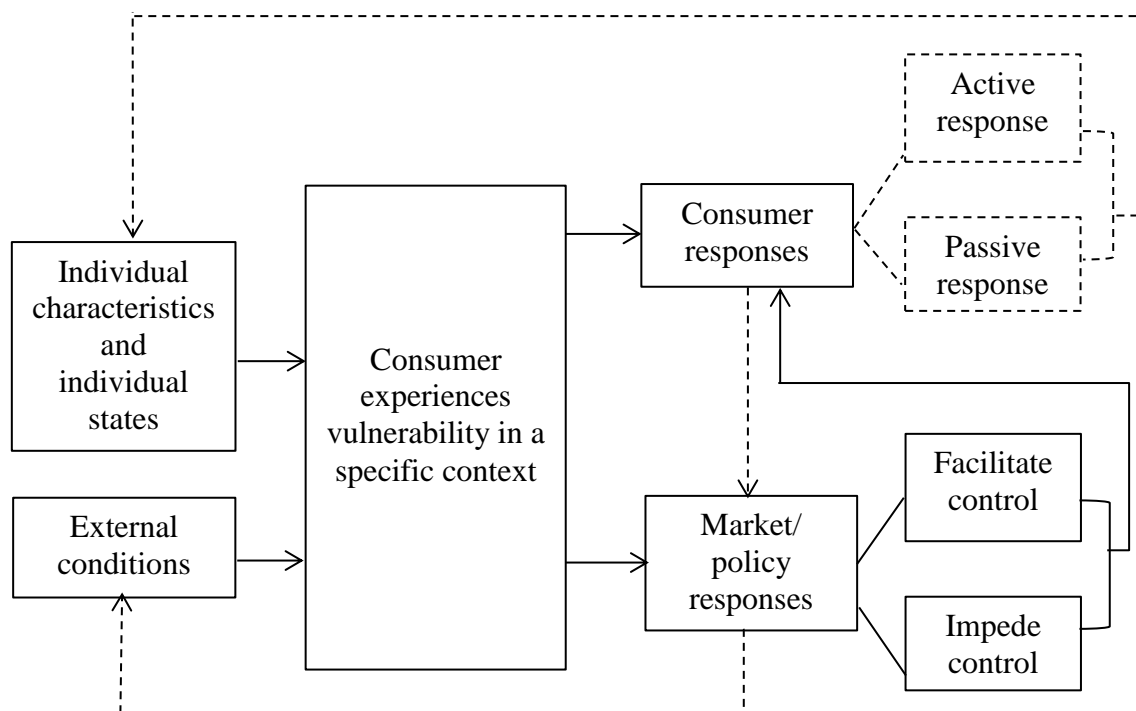
Consumer vulnerability is conceptually distinct from susceptibility in that the former is experienced once the harm has already occurred whereas the latter constitutes the likelihood to be influenced or harmed. The focus of consumer vulnerability analysis is consumers' characterisation of their a loss of control or accounts of imbalance in the exchange process followed by their coping skills to overcome their vulnerability (Baker et al. 2005). Hence, vulnerability analysis emphasises the effects of consumption on the consumer's post-purchase well-being. On the other hand, the examination of susceptibility to product harm focuses on the consumers' pre-purchase subjective evaluation and capacities to use potentially harmful products without incurring damages. The subsequent sections in this study explore these assessments, their theoretical justifications, and their application to the context of youth vulnerability to credit card misuse and indebtedness.

### **3.4 Vulnerability Assessment**

This research utilises Baker et al.'s (2005) situational analysis of consumer vulnerability to explore the extent to which young people experience vulnerability to credit card misuse and indebtedness as well as how youths come to experience such vulnerability. This study also takes into account Adkins and Jae's (2009) expanded version of Baker et al.'s (2005) model, which proposes new relationships among the existing factors (Figure 3.2). Determining the youths' experience of vulnerability using a situational vulnerability assessment requires an understanding of several factors, including (1) the interplay

between internal and external factors that increase the likelihood of vulnerability, (2) consumers' responses (coping mechanism) to their vulnerability, and (3) the marketers' policy responses to vulnerability.

**Figure 3.2: Baker et al.'s (2005) and Adkins and Jae's (2009) conceptualisation of consumer vulnerability defined by the situation**



Note:

———— Relationships and constructs proposed by the literature  
Baker et al. (2005)

----- Relationships and constructs proposed by Adkins and Jae (2009)

### 3.4.1 Internal and external contributors of vulnerability

Consumer vulnerability in a specific consumption context is established through an understanding of the internal and external factors that lead to a state of helplessness and a reliance on the external factors to create fairness in the marketplace (Baker et al. 2005). Internal factors that increase the likelihood to experience vulnerability include individuals' biophysical and psychosocial characteristics as well as individual states. Biophysical

characteristics, such as addiction and disability, heighten the likelihood of vulnerability as they affect consumers' ability to recognise and protect themselves from marketing's persuasion attempts and the ability to understand the meaning or implications of marketing messages. Psychosocial characteristics, such as low self-esteem, can also cause vulnerability because they affect the way in which consumers frame their marketplace experiences and how they subsequently respond to and interpret marketing messages and contexts. Similarly, individual states, such as bereavement or grief, intensify vulnerability as it creates a state of disorientation that affects people's ability to act in their best interest. On the other hand, external factors (e.g., marketplace discrimination) contribute to vulnerability in ways that remove the consumers' control and create an imbalance of power in exchange relationships that disfavour the consumers (Baker et al. 2005). These factors can be understood by listening to or observing individuals' experiences of vulnerability (Baker et al. 2005).

Understanding the interplay between internal and external factors is essential for determining the extent to which young people experience vulnerability to credit card misuse and indebtedness. Thus, it is important to explore the internal characteristics and external conditions to understand what factors contribute to youths' state of vulnerability to credit card misuse and indebtedness, as perceived by consumers. Hence, to analyse youth vulnerability to credit card misuse and indebtedness, the first research task of the thesis is outlined:

*Task 1: To explore youths' perception of internal and external factors that contribute to their state of vulnerability.*

### **3.4.2 Consumers' response to vulnerability**

The assessment of the actual analysis of vulnerability also factors in the consumer and marketing responses to vulnerability. Adkins and Jae (2009) suggested that consumers' response styles to their own vulnerability encompass active or passive orientations. Active responses encapsulate positive and emotional coping strategies to prepare the consumers for future marketplace interactions. For example, consumers who experience vulnerability in an English-speaking marketplace due to their limited English language capability might adopt a proactive stance by enrolling in an English language course. Conversely, passive responses to vulnerability confine consumers to their feelings of inadequacy and devaluation, which increase the likelihood of a future imbalance. For example, consumers who are limited in their English proficiency might limit their market exchanges to stores in which their native language is utilised (Adkins and Jae 2009). Active and passive orientations indicate whether or not consumers' state of vulnerability is transient or chronic (Commuri and Ekici 2008). Individuals with active orientation are more likely to overcome their vulnerability in a shorter period of time whereas those who are passive in overcoming their vulnerability are likely to endure a prolonged state of helplessness.

Applying this logic to the present context, youths' experience of vulnerability to credit card misuse and indebtedness might not always be an enduring status, as has been implied by previous studies and government policies. Thus, youths who are actively involved in overcoming their bad credit card habits and accumulated debts might require a different type of help compared to those who respond passively to their vulnerability. Therefore, it is imperative that the subsequent analysis questions the style of responses that young people have towards their state of vulnerability in order to determine the extent to which their vulnerability is enduring or merely a transient phase. Hence, the second research task to analyse youth vulnerability to credit card misuse and indebtedness is:

*Task 2: To explore how young people actively and passively react to overcome their state of vulnerability.*

### **3.4.3 Market and policy response to vulnerability**

Another type of response to consumer vulnerability comes from market or policy actions. Public policy and market responses often arise from emerging consumer reports and feedback regarding their vulnerability (Adkins and Jae 2009). These external responses can facilitate or impede control reverting back to the individuals, feeding back into the experience of consumer vulnerability (Baker et al. 2005). For example, public policy that prevents young people under 21 years of age from getting credit cards also impedes the youths' financial freedom and rights to build a credit history from an early age (Wood 2010). Such exclusionary measures might lead to further stigmatising effects on the youths and only delay rather than solve their misjudgements towards credit cards. However, Adkins and Jae (2009) specifically observed that policy and marketing should instead take into account the consumers' responses to vulnerability (passive and active response styles) in policy and marketing considerations. Therefore, the proposed empirical study will examine how young people perceive marketers and how public policy should address their vulnerability. Hence, the third research task to analyse youth vulnerability to credit card misuse and indebtedness is:

*Task 3: To explore youths' perceptions of how marketing and policy can facilitate their rehabilitation into capable consumers.*

### **3.5 Susceptibility Assessment**

Although assessment of consumer vulnerability equips marketers to *respond* to the consumers' needs, assessment of susceptibility to product harm provides marketers with predictive capabilities to *proactively avoid* harming consumers' welfare. Indeed, critics of

Baker et al.'s model of actual consumer vulnerability stated that the model's emphasis on the situational experiences of vulnerability (whereby vulnerability is seen as a product of situational factors) means that marketers must address vulnerability as and when a consumer experiences it (Commuri and Ekici 2008). This has two practical implications for marketers. First, such an analysis of vulnerability might not be versatile enough for macromarketers to accommodate transient consumer needs. Second, it does not provide sufficient information for marketers and policy marketers to foresee and pre-empt threats to consumer welfare (Commuri and Ekici 2008). A marketing system that is fully conscious of vulnerable consumers' welfare should adopt both reactive and proactive stances against exploiting their incapacities. Therefore, assessing consumer susceptibility to experience harm should complement the analysis of consumers' vulnerability resulting from being harmed.

For clarity, it is worth distinguishing the notions of "vulnerability" and "susceptibility". This study adopts Brenkert's (1998) line of differentiation:

*"Vulnerability is distinct from susceptibility in that a person might be susceptible to something or someone and still not be vulnerable to that thing or person. 'Susceptibility' merely implies that one is 'capable of being affected, especially easily' by something or someone. It is true that one who is susceptible may also be vulnerable. Clearly, one who is vulnerable is susceptible. But one need not be vulnerable if one is susceptible, since one's susceptibility may not be to some harm or other"* (p. 298).

Vulnerability is distinct from susceptibility in that the former describes an occurrence when one is subject to some substantial level of harm whereas the latter describes the characteristics that cause one to be easily affected by something or someone that can cause harm (Brenkert 1998). Thus, vulnerable consumers are clearly susceptible, but susceptible consumers do not always experience vulnerability as susceptibility describes only a

predisposition to experience future harm or any other negative consequences. Therefore, an investigation into consumer susceptibility constitutes a relevant construct to predict and prevent future vulnerability. The assessment of consumer susceptibility also warrants an understanding of how consumers come to experience such harm. In the present study, the conceptualisation of youths' susceptibility to credit card misuse and indebtedness requires a preliminary understanding of the internal characteristics of vulnerability, which will be investigated in the qualitative empirical study.

However, the current literary understanding of consumer susceptibility is particularly limited, with the exception of contextual susceptibility, such as Bearden et al.'s (1989) work on susceptibility to interpersonal influence and Pierce and colleagues' (1991; 1998) work on susceptibility to smoking among adolescents. Another stream of studies distinguished credit card from other payment mechanisms as it elicits a greater willingness to spend, prompts weaker recollections of past credit expenses, and leads to the overvaluation of available funds—a phenomenon known as the “credit card effect”. However, less is known about individuals' relative influenceability and persuability to the credit card effect. Building on these findings, the current study introduces a new concept and measure of consumer susceptibility to credit card misuse and indebtedness in order to capture individuals' propensity to experience harm due to the assimilation of the credit card effect. The subsequent subsections provide in-depth analyses of the notions of credit card effect and consumer susceptibility to facilitate understanding of youth susceptibility to credit card misuse and indebtedness. The subsequent subsections provide in-depth analyses of the notions of credit card effect and consumer susceptibility to facilitate understanding of youths' susceptibility to credit card misuse and indebtedness.

### **3.5.1 Credit card effect**

The major benefit of a credit card is its provision of an intertemporal allocation of income, which allows consumers to borrow future income to use in the present time (Soman and Cheema 2002; Prelec and Loewenstein 1998). When used strategically, a credit card also serves as a budgeting tool (Pirog and Roberts 2007) and can provide users with added values, such in the case of affinity cards (Worthington and Home 1996) and rewards-based credit cards (Kumar and D. Shah 2004). However, credit cards have also been regarded as a spending stimulus that allows for greater ease of spending than other modes of payment. Consequently, credit card abuse has been positively associated with harmful effects, such as overspending, indebtedness and bankruptcy, particularly among the younger population.

Indeed, prior research has demonstrated that the psychological effect of credit card usage manifests in (1) a greater spending level when using credit cards rather than other payment mechanisms (known as credit card premium), (2) the difficulty to recall past credit card expenses, (3) the tendency to overestimate available income when deliberating a credit card purchase, or (4) all of these jointly. Specifically, credit card premium occurs when the use of a credit card heightens an individual's propensity to spend more in comparison with other payment mechanisms in otherwise identical purchase situations (Chatterjee and Rose 2012; Feinberg 1986; Hirschman 1979; Soman 2001). For example, Prelec and Simester (2001) reported that respondents who were told to pay with credit cards bid a significantly greater amount for tickets to a sporting event than other respondents instructed to pay with cash. Likewise, Raghubir and Srivastava (2008) showed that the mere presence of a credit card logo during an experimental setting increased the price that participants were willing to pay for a hypothetical set-meal.

**Credit card premium** is mainly attributed to payment decoupling during credit card purchases. Payment decoupling arises when the decision to spend by credit card is temporally separated from the actual parting with money (Prelec and Loewenstein 1998;

Raghubir and Srivastava 2008). Cash payments are tightly coupled with the immediate parting of money, thereby evoking the “pain of paying” (arising from thoughts about financial sacrifice) which subsequently stimulates a sense of self-control and deters spending (Prelec and Loewenstein 1998). However, this “pain” is absent or reduced during credit card transactions because the outflow of money is deferred to a later date (Chatterjee and Rose 2012). Hence, payments by credit card become less psychologically punishing and their role to deter spending becomes considerably weaker (Rick et al. 2008; Loewenstein and O’Donoghue 2006).

The credit card effect also results in the **trivialization of past credit card payments**. Soman's (2001) experimental studies showed that writing down the total amount of payment in words and figures on checks left a vivid memory trace of the total payments and a stronger association with the act of paying, similar to the feelings experienced with cash payments. In contrast, credit card payments were only rehearsed through signatures or PIN codes. Therefore, the participants who charged expenses to their credit cards tended to show low memorability of past card payments and were more likely to purchase discretionary (unplanned) goods. Hence, it is suggested that consumers might experience the trivialization of past credit card payments because they are deficient in accounting for past credit card expenses and incorporating them into future spending decisions (Soman 2001).

**Overvaluation of available income** signifies another characteristic of the credit card effect. Consumers who charge their expenses to their credit cards tend to incorrectly estimate their available income, which further undermines their purchase evaluations. Indeed, consumers who undervalue their past expenses tend to overvalue their available funds (Soman 2001). The misjudgement of available income is further compounded by the fact that credit cards and credit card limits also foster the illusion that they are equitable

with having greater purchasing power. For instance, Soman and Cheema (2002) demonstrated that young consumers and those with less experience with credit card use treated their credit limit as a signal of their future income. Hence, young consumers who are awarded greater credit limits tend to infer a larger future income and accordingly spend a greater amount than those awarded with a lower credit limit.

### **3.5.2 Consumer susceptibility**

The susceptibility concept has been studied exclusively in contextual studies, such as in the case of Bearden et al.'s (1989) consumer susceptibility to interpersonal influences and Pierce et al.'s (1998) work on susceptibility to tobacco consumption among young people. In Bearden et al.'s (1989) work, susceptibility to interpersonal influences highlights individuals' tendency to be persuaded to conform to others' expectations. Meanwhile, Pierce et al.'s (1991) work utilises susceptibility to identify non-smoker individuals who do not adamantly rule out the possibility of smoking a cigarette in the near future. Their longitudinal empirical work posits that tobacco advertising and promotional activities precede the development of susceptibility to smoking, which is a predominant trend among young people.

In these studies, the notion of susceptibility reflects an individual's traits of influenceability and persuasibility by external stimuli (e.g., cigarettes, opinions of significant others) that vary across persons (Bearden et al. 1989). Hence, consumers with different cognitive capabilities and psychological characteristics construe an external stimulus differently and therefore have varying degrees of receptivity of being affected by such stimulus. In the present case, credit card serves as a spending stimulus that, when exposed to those with a higher degree of receptivity to credit card persuasions or temptations, manifest in behaviours pertaining to the credit card effect. Meanwhile, those who are less receptive to credit card persuasions are unlikely to commit behaviours

associated with the credit card effect. Although not all susceptible individuals will go on to experience a harmful effect of persuasion (e.g., becoming addictive smokers), an understanding of early signs of receptivity to a potentially harmful persuasion is necessary to predict future harm. Likewise, an understanding of how susceptible young people are to influences from the credit card effect is necessary to warrant further understanding on how to prevent future vulnerability to credit card misuse and indebtedness.

### **3.5.3 A new concept: Susceptibility to credit card misuse and indebtedness**

Overall, the previously discussed theories and empirical work shed light on the typical manifestations of the credit card effect. They lend strong support to the view that consumers are often unable to objectively value money in light of different payment systems. Yet little is known about how some consumers become more susceptible to credit card temptations than others and how credit card bearers can strive to address their potential susceptibility. In addition, information on how to identify individuals who are susceptible to credit card effect is lacking. A real-life observational study conducted by Soman (2001) showed that only 35% of students who had just paid by credit card could recall the exact amount they had spent, in comparison to 66% who paid by cash. This suggests that some of the youth population are more likely than others to experience credit card effect. Overall, this warrants further investigations of consumers who are susceptible to credit card effect and what might need to be done to help them.

This study therefore conceptualises susceptibility to credit card misuse and indebtedness (SCCMI) as *an individual's propensity to yield to the behavioural outcomes pertaining to the credit card effect by deviating from the rational credit card usage*. Decisions that deviate from rational norms are those attributed to impaired cognitive function, such as short-term memory, pattern recognition or lack of self-regulation, rather than those guided by self-reflective determinants of that person's intentions (Kuhl 1992).

Thus, for example, a person is not susceptible to credit card misuse and indebtedness when he/she intends to over-borrow on credit cards to take advantage of the financial system which frees debtors from most personal liabilities following their bankruptcy claims (Wiener et al. 2007). The conceptualisation of SCCMI is distinct from previous research in that SCCMI focuses exclusively on the *state* of likelihood to commit credit card abuse rather than the behavioural *manifestations* of credit card misuse. Indeed, previous studies have focused largely on the theoretical mechanisms underlying the credit card effect, without probing into the consumer's degree of sensitivity and influenceability towards the persuasions of credit card marketing stimuli. The SCCMI construct illustrates such a cognitive state towards credit card usage.

Individuals are likely to vary in their susceptibility to credit card misuse and indebtedness because of the various levels of receptivity towards credit card effect, self-regulation, and degree of financial sophistication. A rational and strategic use of credit cards requires a consumer's full awareness of available income and conscious planning to make credit card repayment (including how much to repay and when to make repayments) in order to achieve maximum utility and minimum financial charges. However, consumers tend to make computational or planning errors during credit card usage, which leads to overspending or accumulating interest on credit card balance. This can occur because consumers are receptive towards credit card temptations or persuasions, which are marketed as "benefits" to the consumers, but in actuality might incur further charges or serve to entice consumers to make greater credit card charges/smaller repayments. To illustrate how consumers become receptive to credit card cues, Stewart (2009) and Navarro-Martinez et al. (2011) showed that the presence of a minimum payment option at the end of credit card statements led people to "anchor" their decision frame to this minimum amount. As a result, they tended to make smaller repayments towards their credit

card balance. Therefore, it is conceivable that such credit card enticements can influence consumers' decisions in a way that favours greater spending while minimising savings. Consumers who fully internalise these credit card enticements are rendered susceptible to assimilate behaviours associated with credit card effect.

The degree of self-regulatory capacity is also a likely determinant to an individual's susceptibility to credit card misuse and indebtedness. Individuals might be aware of the negative consequences that arise from credit card misuse and indebtedness. However, they might still end up accumulating credit card charges because of low self-regulatory capabilities. Low self-regulation consumers experience dissociation between intentions and their original goals, which expose them to competing with contextually derived action tendencies that interfere with their original intentions (Babin and Darden 1995; Kuhl 1981; Kuhl 1992). Conversely, high self-regulatory consumers are action oriented: They have firmer intentions and display readiness to act, making them less susceptible to interferences during a process of action (Babin and Darden 1995). Here, credit card users with high regulatory capabilities might be aware of the potential negative consequences of indebtedness and be able to regulate their credit card usage in such a way as to avoid being charged interest or accumulating unpaid balances. Consumers with low self-regulatory capabilities are therefore more likely to succumb to credit card effect behaviours than those with stronger self-regulation capacities.

Similarly, a consumer's financial sophistication acquired from experiences of credit card use is reflective of one's inclination towards credit-card-effect outcomes. Extant studies posited that financial sophistication can be accrued through financial education or training (Norvilitis et al. 2006; Compton and Pfau 2004), past experiences of dealing with credit (Szmigin and O'Loughlin 2010), and parental guidance (Palmer et al. 2001). These factors help consumers recognise the risks associated with the imprudent use of credit

cards, which are likely to confer attitudinal and behavioural resistance to tactical targeting strategies (Compton and Pfau 2004). Indeed, aggressive solicitation techniques that are more persuasive (and sometimes arguably deceptive) than informative techniques are common in the credit card industry. This presents a challenge, particularly for inexperienced credit card users. Correspondingly, extant studies have associated financial naivety with compulsive spending, lower locus on control, lower self-efficacy and lower self-rating in money management capacities (Roberts and Jones 2001; Lea et al. 1995; Tokunaga 1993). Therefore, the degree of financial sophistication should determine the extent to which credit card users are equipped to avoid the ensnaring traps of credit card effect.

A plethora of extant studies indicate that individuals vary in their cognitive capacity to succumb to the temptation of credit card effect, yet there is a lack of concepts that directly capture the aforementioned essences of SCCMI. Understanding susceptibility to credit card misuse and indebtedness pose important implications for marketing education, practice and public policy development to avoid the exploitation of youths by the lucrative credit card industry. Earlier, this thesis reiterated previous studies' findings that credit cues elicit greater spending levels, the trivialisation of past credit card payments and overestimation of available income. However, such knowledge has not been passed on to consumers via financial education, as we witness a rise in predatory credit card targeting directed towards youths across countries (Szmigin and O'Loughlin 2010; Burton et al. 2004) and marginalising policy intervention that limits their choice and rights to financial freedom (Wood 2010; Pechmann et al. 2011; Braunsberger et al. 2004). Thus, SCCMI measure can potentially provide a sound device for credit card providers and regulators in their market research and business auditory to identify the most vulnerable credit card users without obstructing financial freedom for young consumers. Furthermore, by

understanding their own susceptibility, young consumers can improve their immunity to the credit card effect and improve knowledge and skills to make better credit card purchase and budgeting decisions. Based on the importance of understanding susceptibility to credit card misuse and indebtedness and its potential contribution, the fourth research task of the thesis is:

*Task 4: To develop a valid and reliable measure of consumer susceptibility to credit card misuse and indebtedness (SCCMI).*

### **3.5.4 Antecedents and consequences of youth susceptibility to credit card misuse and indebtedness**

#### ***3.5.4.1 Proposed antecedent: Expectations of credit card utility***

This thesis adopts the theory of consumer expectations (Oliver and Winer 1987) to explain the consumer decision-making process that leads to their susceptibility to experience credit card misuse and indebtedness. The basic rationale for analysing consumers' expectation is that any objective evidence can be interpreted very differently depending on these expectations (Oliver and Winer 1987; Dawar and Pillutla 2000). Expectations capture the consumers' existing attitudes or beliefs regarding the current and future levels of product outcomes (Oliver and Winer 1987; Johnson et al. 1995; Kopalle et al. 2010). Extant research on consumer expectations examines how such information-selection heuristics can lead to subjective and biased judgements (Darley and Gross 1983). In consumer behaviour and psychology, expectations are framed as cognitive beliefs. For example, Fishbein and Ajzen (1975) conceptualised expectation as a belief about an object (e.g., medical treatment) and an attribute of what object is supposed to perform (e.g., reduce pain) .

This study proposes that a consumer's expectation of credit card utility logically precedes his/her susceptibility to credit card misuse and indebtedness. In particular, when one expects a credit card to provide short-term utility (e.g., self-enhancement), the individual is likely to be receptive to credit card spending persuasions, which emphasise the credit card's ability to yield immediate gratification. Conversely, the expectation of long-term credit card utility (e.g., a credit history to enable future mortgages and loans) is likely to prevent susceptibility. Prior to making purchases, consumers form their expectations based on the sources that frame their evaluative judgements (Levin and Gaeth 1988). This includes past experiences, word of mouth, expert opinion and advertising (Santos and Boote 2003; Boulding et al. 1999; Levin and Gaeth 1988; Boulding et al. 1993). Boulding et al.'s (1993) observed that individuals vary in their expectations about future service experience because such expectations are not only based on objective past experience, but also on subjective expectations held just prior to the service contact. In other words, individuals can hold different expectations even when their prior experiences are identical (Boulding et al. 1993). Hence, based on experience and prior expectations, consumers are likely to have multiple expectations of credit card utility.

Prior research indicates that consumers have multifarious expectations about the benefits of credit card usage. In one of the earliest studies on credit card user profiling, Mathews and Slocum (1969) argued that credit card users were classified into instalment- and convenience-oriented users. Instalment users use their credit card to incur balance and interest charges, whereas convenience users pay their balances within the billing cycle (Mathews and Slocum 1969). Although this classification has been useful to distinguish debtors from non-debtors (Wang et al. 2011), it is unclear if consumers establish expectations about instalment and convenience prior to credit card usage.

Bernthal et al.'s (2005) study, on the other hand, sought to understand the role of credit cards as a lifestyle facilitator in the postmodern consumption culture among middle-class consumers. The authors' findings indicated that the tendency towards controlled or uncontrolled use of credit cards was shaped by the internalisation of the ideology of credit card use. This is categorised into *frugal ideology* and *entitlement ideology*. These ideologies signify the varying degrees of beliefs regarding the general consumption purposes of their credit cards.

Bernthal et al. (2005) conceptualised entitlement ideology as a belief based on the rationale for self-gratification and characterised the use of credit cards to construct lifestyles to which people feel entitled to (or worth). Furthermore, Bernthal et al. (2005) observed that individuals with entitlement ideology exhibit their beliefs through “the employment of commodity consumption directly in the service of attaining or maintaining status, as well as altering mood” (p. 142). Such practices place a myopic short-term emphasis on need-gratification or mood repair (Mick and DeMoss 1990). This self-gratified prioritisation, in turn, obscures the prospect of long-term consequences deliberation during credit card usage. Hence, entitlement ideology of credit card practice is likely to have a positive influence on susceptibility to credit card misuse and indebtedness.

On the other hand, frugality ideology views credit cards as convenient and useful for emergencies, but also potentially dangerous and imprudent (Bernthal et al. 2005). The authors further observed that individuals with the ideological underpinnings of frugality tend to exercise more control and restraint in their use of credit cards. Indeed, Bernthal et al. (2005) noted that the ideology of frugality was often associated with the successful use of credit cards, whereby individuals display little or no credit card debt. Therefore, it is likely that those who display the frugal ideology of credit card use will not be susceptible

to credit card effects due to the associated notions of control and self-awareness inherent in their beliefs about credit card practice.

Despite these insightful studies, there remains an insufficient understanding of the typology of credit card expectations and how they influence subsequent credit evaluations. Therefore, this thesis aims to explore and test the multifarious expectations of credit card usage and their influence on susceptibility to credit card misuse and indebtedness. The fifth and sixth research objectives are therefore:

*Task 5: To explore the multifarious kinds of consumer expectations of credit card utility.*

*Task 6: To test the effect of the multifarious credit card utility expectations on SCCMI.*

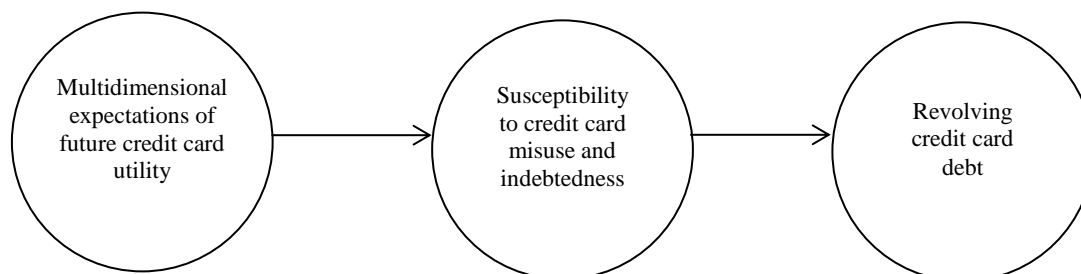
#### **3.4.2.2 Proposed outcome: Revolving credit card debtor**

The theoretical explanatory power of SCCMI is embedded in its ability to explain a consumer's tendency to meet harmful consequences as a result of credit card usage. There is good reason to believe that credit card users who are more susceptible to credit card effects will be more likely to experience problematic indebtedness that arises from the failure to resist or control credit card effects. On account of this proposition, the theoretical explanatory power of SCCMI would be evident if those who are more susceptible to credit card effects have a greater tendency to become revolving credit card debtors (RCCD). RCCD is defined as those who accumulate monthly credit card balances and pay interest on their outstanding credit card balances over an extended period of time (Wang et al. 2011). At this problematic stage of indebtedness, credit card interest compounds at an accelerated rate while the debtors are frequently unable to meet full monthly repayments. Therefore, the seventh research task that correspond to susceptibility analysis is:

*Task 7: To test the effect of SCCMI on the tendency to develop revolving credit card debt.*

The preliminary theoretical application of susceptibility to product harm analysis in the context of credit card abuse is illustrated in Figure 3.3.

**Figure 3.3: Preliminary conceptual framework of the antecedent and consequent of consumer susceptibility to credit card misuse and indebtedness**



### **3.6 Cross-Country Evaluation of Consumer Vulnerability and Susceptibility to Credit Card Misuse and Indebtedness**

Governments across nations have made numerous attempts to control the youths' credit card indebtedness, including implementing minimum age, minimum income, taxation, guarantors or co-signers, banning direct solicitation to students, and many more (e.g., Wood 2010; Palmer et al. 2001; Braunsberger et al. 2004; Bank Negara 2011; Brunei Times 2011). However, the effectiveness of regulatory stringency on tackling the youths' vulnerability and susceptibility to credit card misuse and indebtedness remains unclear. Malaysia, Singapore and the UK are countries that implement various degrees of government interventions to prevent youths from accumulating extensive credit card debt. Therefore, this study incorporates these countries to examine the effectiveness of regulatory tightness on controlling the youths' vulnerability and susceptibility to credit card misuse and indebtedness. The multi-country study is especially beneficial for an exploratory research, as it allows the study to access a richer context than a single-country study, and allows the researcher to develop new theories and research agendas (Cadogan 2010).

Specifically, Singapore applies strict credit card regulation, which requires an annual minimum income requirement of SG\$30,000 (approximately £15,000), a minimum age of 21 years old and full-time employment (Monetary Authority of Singapore 2004). At the time of data collection in March 2011, Malaysia enforced a relatively low minimum required income at RM18,000 (or approximately £3700) per annum (now RM24,000 or approximately £4900 annually; Bank Negara 2011). However, the Malaysian government also implements an annual service tax of RM50 (approximately £9.50) in an effort to increase the salience of credit card spending among consumers. The UK does not impose a minimum income restriction. Rather, credit card issuers are required to review an applicant's credit history to determine the eligibility of credit card ownership (Office of Fair Trading 2010). For young adults whose credit history is non-existent, a student credit card is an option as a credit history is not a prerequisite, although only a small credit limit is given (usually £500). Alternatively, youths are free to apply for a credit-builder credit card, which charges high interest rates (usually 35% APR and above).

This study, therefore, defines national identity as the status of belonging to a particular nation with distinct government regulations to protect the youth segment from taking on problematic credit card misuse and indebtedness. The three distinct national identities, Malaysian, Singaporean and British, are proxies of the respective countries' degree of regulatory involvement in the youths' credit card ownership and usage. The present research aims to test the effect of national identity (i.e., regulatory stringency) on youth susceptibility to credit card misuse and indebtedness. Therefore, national identity is tested as a moderator of the relationships between the SCCMI and its proposed antecedents and consequent factors.

The multi-country study is especially beneficial for this study' exploratory objective, as it allows the study to access a richer context than a single-country study, and

allows the researcher to develop new theories and research agendas (Cadogan 2010). Thus, the multi-country analysis provides a lens into the different countries' social norms of credit card usage, which enriches the conceptualisation of the youths' credit card utility expectations. Due to their limited experience of using credit cards, youths are likely to turn to the social norms to build their expectations of how credit cards should be used, rather than relying their own ideals and knowledge (Soman and Cheema 2002).

Past studies provide limited, yet insightful indication that Malaysia, Singapore and the UK have distinct social norms of credit card usage. Specifically, previous accounts describe Singaporean consumers' credit card spending as frugal (Gan et al. 2008) and oriented towards cost-savings and promotions (Devlin et al. 2007). In contrast, Malaysian consumers' credit card spending is status-oriented. Past studies indicate that Malaysian credit card users tend to use credit cards to fund their taste for brands and products that enhance their lifestyles (Ahmed et al. 2010; Heaney et al. 2005), as well as to reflect higher social standing and financial soundness (Ramayah et al. 2002). On the other hand, British consumers, who face an unprecedented high availability of credit since the 1990s, are adopting a more tolerant attitude towards debt (Davies and Lea 1995) and "a self-sustaining 'culture of indebtedness'" (Lea et al. 1993 p.118). Regardless, there is still insufficient information about whether these social norms affect the youths' vulnerability and susceptibility to credit card misuse and indebtedness. This study proposes that social norms will be reflected on the youths' expectations of credit card utility and idealism about what credit cards should be used for. Thus, the qualitative phase of this study incorporates the three countries for the purpose of understanding the multifarious consumer expectations of credit card utility

Another benefit of a multi-country analysis is to address the inconsistency in the literature concerning the role of national differences in explaining young people's

behaviour and attitude. On one hand, there is a strong theoretical basis to view the youth segment as the prototype exemplar of a global segment that displays homogenous behaviour and attitude across countries (Hassan and Katsanis 1991; Solomon et al. 2009). This perspective views youth culture as a manifestation of modernity and globalised spread of the Western influence, which unifies the consumption styles, tastes and habits of young people all over the world (Kjeldgaard and Askegaard 2006; Solomon et al. 2009). Thus, young age consumers has been shown to signify a universal market segment alongside the mobile, affluent, and educated consumers (Dawar and Parker 1994). For example, Chu and Huang (2010) showed in an empirical investigation that young consumers from China and USA held similar motivational values and attitudes towards global brands. Similarly, credit card can be seen as a global brand of service, due to the multinational operations of credit card operators such as VISA, MasterCard and American Express, and the their affiliations with other global corporations and partners (Worthington and Home 1996; Schlegelmilch and Woodruffe 1995). Therefore, from this perspective, it is reasonable to suspect that youths across countries will display similar credit card related behaviours and attitudes.

On the other hand, recent studies have contested the idea of homogenous youth consumption culture. For example, Kjeldgaard and Askegaard (2006) argued that the global youth culture is a “myth” and a direct product of marketer’s own ideologically framed cultural constructions which only feed the youths’ search for identity. This is because young people are viewed in this context as those with unsettled identity who are at the stage of transition between childhood and adulthood. Marketing responds to these culture of rebelliousness and experimentation and offer it a commodified entities in the forms of advertisements, practitioner-oriented literature, and other forms of cultural productions (Kjeldgaard and Askegaard 2006). Thus, it is also likely that youths have

different underlying attitudes and behaviour towards credit cards across countries.

Therefore, the final research task is as follows:

*Task 8: To evaluate the assessment of youth vulnerability and susceptibility to credit card misuse and indebtedness in Malaysia, Singapore and the UK.*

### **3.7 Chapter Summary**

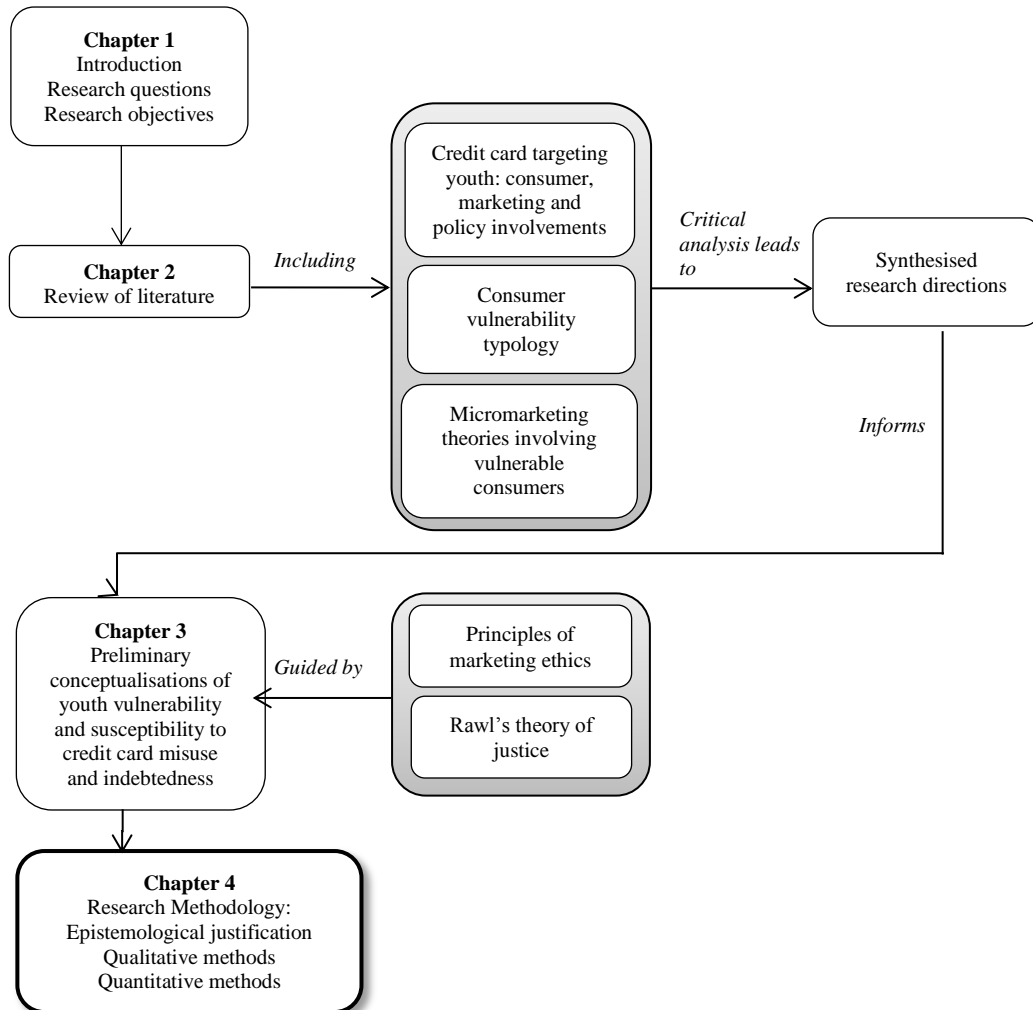
The overarching aim of this chapter was to introduce a conceptual framework that depicts youth vulnerability and susceptibility to credit card misuse and indebtedness. Drawing upon the viewpoints of marketing ethics and social justice, this study proposes that marketers have the duties to meet the needs of vulnerable consumers and prevent such vulnerability from affecting future generations of young people. Vulnerability redress and prevention reflects the marketers' obligations to the society that enabled them to flourish in the first place. This study proposes two-step assessments of consumer vulnerability and susceptibility, whereby marketers are conscious of the consumers' actual experience of vulnerability and susceptibility to product harm. In the context of the widely discussed theme of young people's risks of credit card use, this study aims to analyse youths' vulnerability and susceptibility to credit card misuse. To examine consumer vulnerability, this study adopts Baker et al.'s (2005) macromarketing conceptualisation of actual vulnerability to guide the current contextual study. To investigate susceptibility, this study conceptualises a new concept and measurement of susceptibility to credit card misuse and indebtedness (SCCMI). The study also offers antecedent and consequent factors of the SCCMI measure to provide a framework that offers a precise and thorough understanding of the phenomena. The next chapter discusses the operationalization of these vulnerability and susceptibility assessments.

# Chapter 4 Research Methodology

## 4.1 Chapter Introduction

The fourth chapter marks the following section of the thesis (Figure 4.1):

**Figure 4.1: Chapter 4 structure**



This chapter presents the methodological approach used to examine youth vulnerability and susceptibility to credit card misuse and indebtedness. The chapter begins with an outline of the mixed-methods research design and the study's positioning within the post-positivist paradigm. Subsequently, the chapter moves on to detail the methodology of the

current qualitative study employed to assess youth vulnerability to credit card misuse and indebtedness. This section discusses the data collection method and interview strategies, followed by the data analysis procedures and precautionary steps taken to ensure that the results are both grounded and trustworthy. The next section explains the quantitative methodology utilised to assess susceptibility to credit card misuse and indebtedness. This section elaborates on the SCCMI scale development procedures, which involve reflection on the previous qualitative study results, the cross-country data collection, and the strategy applied to analyse the statistical data. Similar to the qualitative study, the quantitative study also implements specific steps to avoid method bias and ascertain the validity and reliability of the proposed scale.

## **4.2 Research Objectives and the Mixed Method Approach**

As delineated in the conceptual framework (Chapter 3), the present research tasks that correspond to the analysis of youth vulnerability to credit card misuse and indebtedness are as follow:

*Task 1: To explore the youths' perceptions of internal and external factors that contributes to their state of vulnerability.*

*Task 2: To explore how young people actively and passively react to overcome their state of vulnerability.*

*Task 3: To explore youths' perceptions of how marketing and policy can facilitate their rehabilitation to become capable consumers.*

*Task 4: To develop a valid and reliable measure of consumer susceptibility to credit card misuse and indebtedness (SCCMI).*

*Task 5: To explore the multifarious types of consumer expectations of credit card utility.*

**Task 6:** *To test the effect of multifarious credit card utility expectations on SCCMI.*

**Task 7:** *To test the effect of SCCMI on the tendency of youth to develop revolving credit card debt.*

**Task 8:** *To evaluate youth vulnerability and susceptibility to credit card misuse and indebtedness in Malaysia, Singapore, and the UK.*

The first three research tasks seek to explore the extent to which young consumers experience vulnerability to credit card misuse and indebtedness. A qualitative approach is deemed the most suitable to investigate this issue, as it enables young people themselves to voice their perceptions and concerns over their credit card ownership based on their own experiences. Conversely, a quantitative method would mean that the researcher implies only her own view to construct understanding of how youths come to experience vulnerability to credit card misuse and indebtedness. This approach constitutes a form of perceived vulnerability, and is therefore unfit for the purpose of this study. On the other hand, a qualitative methodology allows an examination of actual consumer vulnerability, which follows Baker et al.'s (2005) argument that "actual vulnerability occurs when vulnerability is in fact experienced, and only can be understood by listening to and observing the experiences of consumers" (p.128). Baker et al.'s (2005) model advocates that an assessment of actual vulnerability should incorporate an understanding of: 1) the internal and external factors that heighten the likelihood of vulnerability; 2) the way in which consumers respond to cope with their vulnerability; and 3) the way in which marketing and policies respond to either facilitate or impede vulnerability rehabilitation. A series of qualitative interviews that give young credit card users the opportunity to voice their experience of credit card usage, misuse, and indebtedness can advance our understanding of the factors surrounding their vulnerability. Following from that focus, the

researcher attempts to grasp the extent to which youths are vulnerable to credit card misuse and indebtedness.

Research tasks four to seven aim to assess youths' susceptibility to credit card misuse and indebtedness and thus develop a measure of susceptibility of credit card effect (SCCMI) and its corresponding potential antecedent (expectations of credit card utility) and consequent (revolving credit card debtor) factors. A quantitative scale development procedure is important to investigate these tasks. Hence, a new measure of SCCMI will be a useful tool for initial vulnerability prevention since any qualitative analysis of vulnerability is limited in its usefulness as vulnerability redress. However, any measure of susceptibility to credit card misuse and indebtedness should be concerned with a *consumer-driven* account of how consumers come to be harmed by credit card usage. Thus, the SCCMI measure needs to be constructed based on the youths' *own* accounts of credit card abuse and their *own* perception of using a credit card as a payment system, insofar as the literature has not yet produced a measurement scale to reflect this research objective. This study utilises the same qualitative procedure outlined above to shed light on the potential reflections of SCCMI. The results of a qualitative analysis are subsequently used to facilitate the quantitative research. Numerous statistical techniques are also used to purify, confirm, and validate the scale.

The final research objective seeks to investigate the vulnerability and susceptibility assessments in the light of a cross-country analysis. This cross-country assessment is considered important, as it will shed light on consumers' potential differences in vulnerability and product harm experiences in different countries. Therefore, both studies were conducted in Malaysia, Singapore, and the UK, which represent the different levels of regulations regarding credit card marketing to young people. The qualitative study incorporates a data analysis procedure to investigate youth vulnerability to credit card

misuse and indebtedness across the three Malaysia, Singapore and the UK. Similarly, the quantitative study will incorporate an analysis of multigroup analyses to test the validity of the SCCMI measure and its proposed antecedent and consequent across the same country locales.

The present research carries out a mixed method design to achieve the above research tasks and investigate youths' experiences of vulnerability and susceptibility to credit card misuse and indebtedness. Creswell et al. (2003) present a definition of mixed method study that is a combination of the various definitions of mixed-methodology found in the literature:

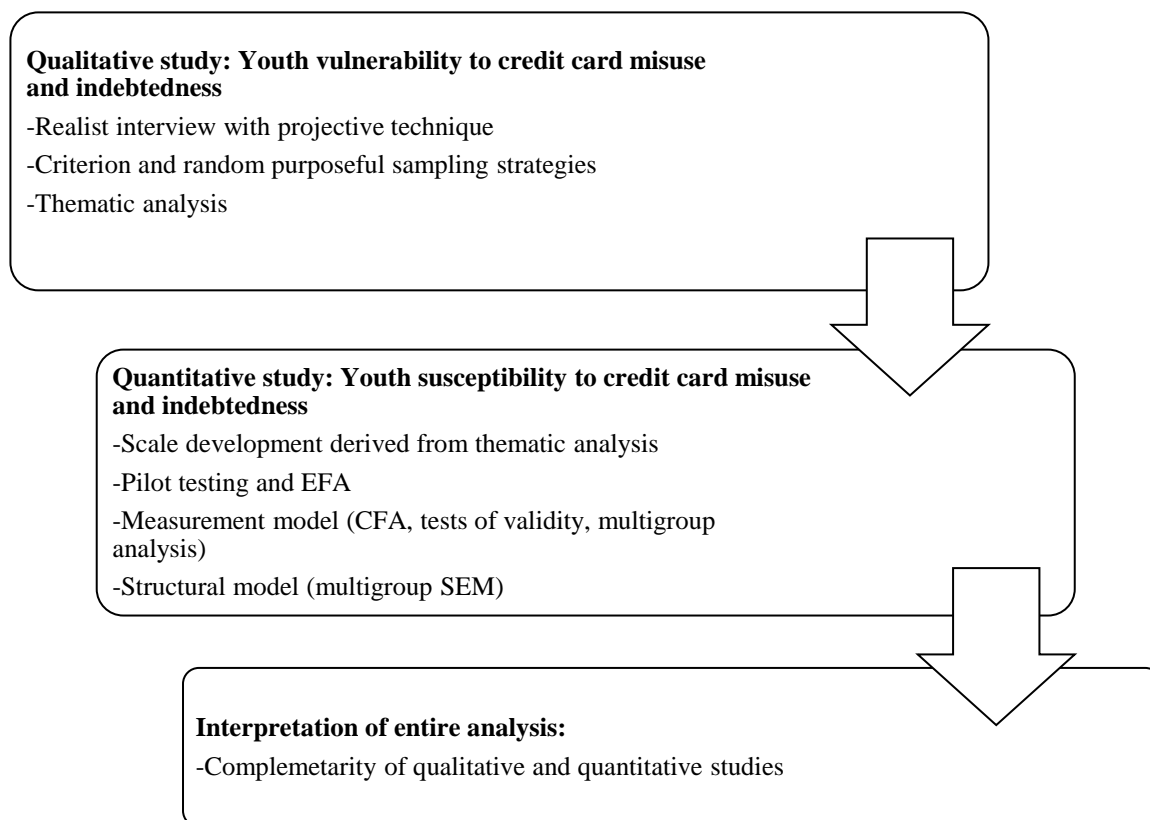
*“A mixed methods study involves the collection or analysis of both quantitative and/or qualitative data in a single study in which the data are collected concurrently or sequentially, are given the priority, and involve the integration of the data at one or more stages in the process of research”.* (p.212)

The present study adopts a sequential, mixed methods research design in which at least two strands of research occur chronologically so to accommodate a qualitative focus followed by a quantitative methodology (QUAL→QUAN). The benefit of such a design is that it enables the researcher to combine the dual strengths of qualitative and quantitative methods in a pre-specified order, especially when one approach is necessary for planning or conceptualising the next methodology (Johnson et al. 2007). The qualitative study is prioritised in this study to enable the researcher to explore the elements of Baker et al.'s (2005) model in the context of youth vulnerability to credit card misuse and indebtedness. At the same time, the qualitative study represents an exploratory stage for SCCMI scale development and its nomological network. A quantitative study is conducted after the qualitative data collection identifies the possible variables in SCCMI and its potential

antecedent and output variables. At this stage, the relationships between SCCMI and its nomological network are then determined using a variety of statistical analyses.

The findings of the two phases of sequential qualitative and quantitative research are discussed jointly at the end of the empirical analyses of the two studies. Morgan (1998 in Brannen 2005, p.176) argue that the results of a mixed methods study can be generally classified as corroboration (the “same results” are derived from both a qualitative and a quantitative study); elaboration (the qualitative data analysis exemplifies how the quantitative findings apply in particular cases); complementarity (the qualitative and quantitative results differ but together they generate insights); and contradiction (where qualitative data and quantitative findings do conflict). In the present research, the qualitative and quantitative studies are treated as distinct, and yet the conceptualisations of SCCMI and its antecedent and consequent factors are also dependent on the knowledge and inference acquired from the preceding qualitative research. Hence, the qualitative and quantitative study results become complementary, as jointly, they generate new insights into how youths’ vulnerability to credit card misuse and indebtedness can be addressed and prevented. Figure 4.2 shows the methodological framework for the present study.

**Figure 4.2: Methodological Framework of the Present Research**



The use of the mixed-methods approach for this study reflects on the investigator's research paradigm, which encapsulates post-positivistic epistemology and critical realist ontology. The following section reports on the epistemological and ontological considerations when utilising such a dual methodological approach.

### **4.3 Epistemological Justification**

The use of a mixed methods approach in this thesis is indicative of a critical realism ontology pertaining to a post-positivist paradigm. Guba and Lincoln (1994) defined a paradigm as:

*“A set of basic beliefs (or metaphysics) that deals with ultimate or first principles. It represents a worldview that defines, for its holder, the nature of the ‘world’, the*

*individual's place in it, and the range of possible relationship to that world and its parts, as for example, cosmologies and theologies do.” (p.107)*

The post-positivist paradigm is founded on critical realist ontology (Guba and Lincoln 1994), which posits that there exists an external reality outside the researcher's subjective mind (Bhaskar 1978). This external reality is viewed as having structures that in and of them contain interrelated objects and the mechanisms in which those objects interact (Sobh and Perry 2005). Therefore, unlike social constructivists, critical realists believe that an external reality does exist. However, the underlying structures and objects in a social phenomenon can only be investigated based on the researcher's experience in the field. In other words, social reality consists of a single reality that resides within each researcher's subjectivity (Sobh and Perry 2005), rather than the multiple, incommensurable realities proclaimed by social constructivists. At the same time, causal impacts are not as 'true' as the positivists asserted, as critical realists recognise that they are contingent on contexts and different reflective participants.

Consequently, the critical realist view is distinct from other paradigms since special emphasis is placed on the awareness of the difference between the researcher's subjective reality and the real world and the way in which this 'real' world can be understood through various views of this reality and the relative contextual boundaries that define it (Riege 2003). Indeed, critical realist ontology is increasingly becoming a useful worldview in marketing due to its dual focus on the internal system and an external environment to construct a view of the 'real' world. This paradigm thus offers a realistic representation of young consumers' vulnerability and their susceptibility due to credit card misuse and indebtedness.

The epistemological (nature of knowledge) essence of the post-positivist paradigm ascribes that knowledge is contextually bound, which is consequential in the

acknowledgement of researcher and theoretical bias (Clark 1998). Hence, research findings deemed to be 'truthful' under post-positivistic inquiry cannot be universally generalizable to all cases and all situations. Instead, findings are contextual and can only be inductively applied using a reference of probability to similar cases (Clark 1998). To a certain extent, post-positivist research is similar to a positivist view in that science still requires logical reasoning and attention to evidence (Popper 1959). However, post-positivist research does not constrain its view solely to the observable. Rather, it claims that theoretical explanations have the greater predictive value of explaining the observable<sup>5</sup>. Hence, the epistemology that follows this paradigm reflects on the "modified objectivist", whereby the findings of a study are deemed "probably true" (Healy and Perry 2000), meaning that truth can never be final and always remains incomplete and indeterminate. Any attempt at representation is always partial (Johnson and Duberley 2000), and such 'reality' is only "imperfectly and probabilistically apprehensible" (Guba and Lincoln 1994 p.109). Congruent to this perspective, the present study research aims at making the utmost efforts and in all possible theoretical and methodological rigour towards the investigation of and findings about the research population's behavioural characteristics with an "imperfectly and probabilistically apprehensible" degree of truth.

Post-positivist/critical realist research leaves the theoretical and methodological apparatus to substantive social science (e.g., marketing, economics or geography) in order to find the most appropriate methods that provide the most constructive information and understanding of the 'real' world. Hence, triangulation represents one of the most widely recognised avenues of research design for the post-positivist/ critical realist paradigm (Yeung 1997; Healy and Perry 2000; Sobh and Perry 2005; McEvoy and Richards 2006).

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<sup>5</sup>Under positivist inquiry, theories have limited explanatory power since it is believed that "that which could not be seen could not make claims to existence" (Clark 1998 p.1244). Thus, the role of theories is limited so as to control and generate predictions relating to reality, but these theories cannot explain occurrences because they are not held to exist.

In this sense, triangulation refers to the use of multiple research sources (i.e., multiple research methods, investigators and theoretical references) in order to assess the consistency of findings. Results are substantiated whereby different perspectives converge, so that triangulation becomes a process of mutual confirmation of the ‘real’ phenomena (Madill et al. 2000). Hence, the more research sources that are collected, the more improvement can be made on the degree of validity and the reliability of the conceptualisation. At the same time, the use of multiple research methods enables post-positivist researchers to reduce their subjectivity by shedding light on the multiple perspectives of a single phenomenon. Still, recent advances in post-positivist/critical realist have advocated new ways to establish a research design that adheres to this research paradigm. Table 4.1 highlights some of the main approaches of the present study based on post-positivist epistemology and critical realist ontology methodological recommendations.

**Table 4.1: Post-positivist research design and the current research approach**

<b>Attributes of post-positivist epistemology and critical realist ontology research</b>	<b>Recommended methodological approach</b>	<b>Author</b>	<b>Approach of the present study</b>
Post-positivistic inquiry is similar to a positivist view in that research originates from observable (empirical) rather than a unobservable (theoretical) problem. However, post-positivist studies regard theories in a higher sense as predictors of the observable phenomenon.	Originates with an empirical problem or conceptualisation through an immanent critique of the existing work.	Bhaskar (2009)	Literature highlights that young people are generally perceived as a vulnerable segment of the credit card industry. However, past studies have not applied a systematic review of consumer vulnerability to assess whether young people indeed perceive themselves as vulnerable to credit card misuse and indebtedness. In addition, the literature on consumer vulnerability assessment is limited in its ability to explain how vulnerability can be prevented. The current study approaches these observable, practical gaps by first analysing youths’ vulnerability to credit card misuse and indebtedness, using the existing framework to analyse that vulnerability.

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<p>Critical realist ontology ascribes causal power to human reasoning and social structures because the external reality is viewed as consisting of structures that are in themselves contain interrelated objects and the mechanisms through which those objects interact.</p>	<ul style="list-style-type: none"> <li>• Abstraction of causal powers – defined as the necessary relation between the concrete phenomenon and deeper causal structures – to form generative mechanisms that explain the relationships between objects in social science.</li> </ul>	<p>Sobh and Perry (2006); Yeung (1997)</p>	<p>Additionally, it conceptualises an analysis of consumer susceptibility to provide understanding of vulnerability prevention.</p>
	<ul style="list-style-type: none"> <li>• Continuously reconstruct causal structures and their properties on the basis of constant reflection and an immanent/critique. This process is referred to as “iterative abstraction”</li> </ul>	<p>Yeung (1997)</p>	<p>The researcher and four academics (including the research supervisors and fellow PhD students) evaluate and audit the data analysis at several stages of the research process. This repeated procedure aids the researcher in forming better reflections, interpretations, and critiques of the gathered data.</p>
	<ul style="list-style-type: none"> <li>• End the process of abstraction when a point of “theoretical saturation” is achieved</li> </ul>	<p>Yeung (1997)</p>	<p>Throughout the analytical and interpretive processes, memos were maintained to keep track of emerging categories, theories, cases and surfacing research questions. Theoretical saturation was considered fulfilled when no new categories emerged from the additional data and each conclusion was supported within the sample with a solid theoretical foundation.</p>
<p>Stipulation of contextual circumstances</p>	<p>Soliciting emic viewpoints to assist in determining the meanings and purposes that people ascribe to their actions.</p>	<p>Guba and Lincoln (1994)</p>	<p>As stipulated in the literature, this study adopts a <i>contextual</i> review of actual experiences of vulnerability, which are expected to provide <i>specific</i> recommendations for social</p>

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<p>The findings of a study are “probably true”; hence meaning can never be final and is always incomplete since it is always accompanied by each researcher’s subjective interpretation.</p>	<p>Use of data, investigator, theoretical and/or methodological triangulation to reduce researcher subjectivity and get closer to the truth</p>	<p>Yeung (1997); Sobh and Perry (2006); Healy and Perry (2000); McEvoy and Richards (2006); (Johnson and Duberley 2000)</p>	<p>change in credit card marketing and consumption.</p> <p>This study utilises two forms of triangulation: Methodological triangulation in a mixed methods study and investigator triangulation utilized to aid in establishing trustworthiness in qualitative research and item purification for quantitative scale development.</p>
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#### **4.4 Qualitative Study**

The first phase of the present research utilises a qualitative method to investigate the issue pertaining youth vulnerability to credit card misuse and indebtedness. Indeed, a qualitative inquiry is a useful way to study consumer vulnerability since vulnerability is inherently a personal experience. Vulnerability encapsulates idiosyncratic feelings of helplessness and anxiety that cannot be sufficiently conveyed by people other than the self. A qualitative method surpasses other means of inquiry in that it emphasises the importance of understanding the meaning of experience, actions, and events based on the interpretation of participants, researchers, and (sub) cultures (Richardson 1996). Qualitative methods address the problem where there are inappropriately fixed meanings, when in reality these are variable based to their contexts of use. Conversely, adopting a quantitative procedure to investigate vulnerability would mean that the researcher projects onto others of what it is like to experience vulnerability (Baker et al. 2005). The following subsections discuss the detailed operationalization of the qualitative methodology in this research.

##### **4.4.1 Data collection method**

This thesis utilises a combination of realist interview and projective technique. A realist interview treats interviewees' accounts as providing insight into their psychological and social lives that exist outside the interview situation (King 2004). Realist interviews are semi-structured to allow the researcher to compare the views of several respondents and generalise the findings. Indeed, generalisation can only be achieved when all of the interviews follow the same structure and discuss similar issues.

The present study employed semi-structured interviews that allowed key topics adopted from a review of the literature to be explored, while devoting a scope of openness to follow the answers given and the stories told by the participants through probing questions (Kvale 1996). At the start of the interview, participants were informed about the academic nature of the interview and that the data collected would not be shared with any third parties. Participants were encouraged to talk openly and honestly about their credit card usage and experiences and their perceptions and concerns regarding credit card debt. To ease participants into responding very freely to these potentially sensitive topics, the interview began with general questions related to the participants' credit card consumption patterns. Following that focus, the researcher then asked the interviewees about their motivations for applying for and using credit cards, to give insights into why they used credit cards the way they did.

Subsequently, the interviewer moved on to ask questions that assessed the extent to which the participants perceive themselves vulnerable to credit card misuse and indebtedness. Questions about credit card misuse were asked to have participants elaborate on the negative experiences that arise from using credit cards (e.g., failure to make repayments, overspending). Meanwhile, questions related to credit card indebtedness asked the participants to describe their experience dealing with credit card debt (if they had any), and any control mechanisms they had in place to regulate their credit card spending or

prevent debt accumulation. The researcher was careful not to prompt responses with framing words, such as “vulnerable”, which could bias the discussions. Instead, the interviewees were questioned about the state of their vulnerability on the basis of the extremity of their negative experience with credit card misuse and indebtedness, such as feelings of anxiety, stress, or worry.

The interviewees were then asked about their learning experiences throughout their period of credit card ownership in order to construct insights into the participants’ coping mechanisms following their experience of vulnerability. In addition, participants were asked to describe their perceptions of social norms that are associated with credit cards and credit card debt to construe their expectations on credit card utility. An interview guide (Appendix 1) was prepared and used to loosely structure each interview session. After each interview question, the researcher encouraged the participants to elaborate on their thoughts and expand on their reasons and actions through further probing questions.

Overall, the interview questions are relatively indirect in nature due to the taboo nature of discussing topics related to money and indebtedness (Trachtman 1999). The purpose of indirect questioning is to elicit the participants’ reflections on their perceptions, motivations, and purchase behaviours related to credit card, which can shed light into their overall experience of vulnerability to credit card misuse and indebtedness. Indirect questioning has also been demonstrated empirically as an effective means to use for reducing social desirability response bias (Fisher 1993). Socially desirable responses reflect a tendency for individuals to provide responses that align with norms or practices so as to avoid embarrassment and to project a favourable image to others (including the interviewer) (Netemeyer et al. 2003). Indirect questioning is also beneficial to minimise the researcher effect on the participants (Miles and Huberman 1994). Particularly, a bias can occur when the researcher is perceived as a social or institutional threat, nuisance, or

adversary (Miles and Huberman 1994). More importantly, unobtrusive measure like the indirect questioning helps to ease the discussion of certain personal issues (Onwuegbuzie and Leech 2006). Hence, the interview questions avoided direct questioning on vulnerability, debt and imprudent credit card usage. For example, the interviewer did not directly ask if the participants regard themselves as vulnerable to credit card debt accumulation, since the negative connotation of the wording may invite social desirability bias. Rather, participants conveyed their states of vulnerability through their perception of emotional and financial hardship due to credit card misuse and indebtedness.

However, the use of such indirect questioning also meant that participants tended to answer the questions indirectly. In particular, a research observation regarding the informants' manner of explaining their indebtedness was that the interviewee tended to avoid referring to first person terminologies (i.e., I, me) when justifying their reasons for building credit card debt or using credit cards irresponsibly, so as to avoid being perceived as insensitive by the interviewer. This reference to the general other (i.e., using the phrase "you") was also noted by Peñaloza and Barnhart (2011), whose qualitative research also focused on sensitive financial issues, such as credit and debt.

#### **4.4.2 Interviewee selection process**

Sampling procedure refers to the selection of a research unit of observation/analysis (i.e., who or what is being studied) (Tashakkori and Teddlie 1998). A qualitative sampling procedure generally differs from a quantitative sampling procedure in that the former involves decisions not only about which people to interview, but also about the settings, events and social processes (Miles and Huberman 1994). For example, in this qualitative study, it was imperative that the selection of young people be representative of the general youth credit card user population. This criterion was needed to assess whether indeed *all* youths experience vulnerability to credit card misuse and indebtedness, as implied by

previous studies and public policies that seek to protect the entire youth segment from excessive debt accumulation. Thus, qualitative study sampling calls for continuous refocusing and redrawing of study parameters during fieldwork, whereas quantitative study sampling relies only on the initial selection of participants before the fieldwork commences.

The sampling operation utilised for the present qualitative study incorporates a combination of criteria (or a complete collection) and purposeful sampling strategies (Miles and Huberman 1994). The criterion sampling strategy suggests that all informants meet certain criteria to ensure quality assurance because these cases are likely to be information-rich and thus valuable for true in-depth evaluation (Miles and Huberman 1994; Patton 2002). In this study, it is imperative that the research participants were between 18 and 25 in age and owned at least one credit card in their names. These criteria ensured that the research participants would be members of the targeted age group and have some existing experience with credit card usage to enable a viable assessment of their experience of vulnerability. Hence, the sampling frame for this research encompassed student and non-student cardholders aged 18 to 25.

These student participants were recruited from individuals who responded to e-mails asking for volunteers that were distributed to universities in Manchester and London in the UK, Kuching and Kuala Lumpur in Malaysia, and in Singapore. The non-student participants were obtained from a convenience sample, whereby the existing participants were asked to recommend someone they know who fit the participant criteria (18-25 years, owns at least a credit card), but who are not currently a student. A total of 18 participants (6 from each country) were selected progressively based on a further purposeful sampling procedure that ensured that the selected participants fulfilled the required criteria (Miles and Huberman 1994). To establish this fit, a brief communication was set up with each

participant to ask about his or her age, nationality, and credit card ownership. When the criteria were deemed to fit the existing pool of participants, the interview time and place was negotiated.

The interviews took place during fall 2011 in various locations that the participants feel comfortable and convenient (mostly in university areas or in a quiet park). The author conducted all of the interviews in Malaysia, Singapore, and the UK. The interview sessions ranged from 40 to 90 minutes in length. Prior to the session, the participants signed a consent form that assured them of the confidentiality of the interview and that the data collected would be used solely for academic purposes. In this consent form, participants were informed that the objective of the interview was to investigate how young people use and experience credit cards. Participation in the research was voluntary, but all respondents were offered a small snack of their choice in return for their time. The interviews were digitally recorded and subsequently transcribed by the author and a professional transcription service that was recommended by the university.

Table 4.2 reports the names (pseudonyms used to protect identities), ages, nationalities, professions, number of credit cards owned, types of credit cards owned, and the type of credit card debtor. This study has a particular interest in the stories and experiences of three types of credit card debtors: petty, revolving, and recovering debtor. Petty debtors are those who use a credit card to purchase goods and services believing that they can repay before the next payment due date (Wang et al. 2011). The petty debtors in this study represent those who are careful and strategic in their credit card use, in a way that they actively avoid incurring interest and other extra charges. Thus, they are likely to inform the study about the consumer characteristics that protect and strengthen oneself from vulnerability to credit card misuse and indebtedness.

Meanwhile, revolving debtors are those who accumulated credit card balance that they cannot pay back each month (Wang et al. 2011). These problematic debtors are expected to enlighten the study about what it is like to experience vulnerability to credit card misuse and indebtedness, and their distinct characteristics that facilitate such vulnerability. Additionally, these debtors may inform the study about what coping responses they adopt to overcome or manage their vulnerability.

Finally, the research is interested in the participants' stories and experiences of overcoming past habits of credit card misuse and indebtedness (labelled "recovering" in Table 4.2). These five individuals have developed revolving debt in the past, but have successfully, or in the process of, gaining control over their credit card spending and repayment. Thus, they are on the track of becoming a regular petty credit card debtor. They are expected to inform the study about how they actively cope and manage their state of vulnerability.

**Table 4.2: Demographic Profiles of Research Participants**

Name	Age	Country	Profession	Number of credit cards owned	Credit card type	Type of credit card debtor
Kai	24	Malaysia	Civil engineer	1	Normal	Petty
Siobhan	24	Malaysia	Lawyer	3	Normal	Petty
Zhao	22	Malaysia	Student	2	Supplementary	Petty
Phoebe	21	Malaysia	Student	4	Normal	Petty
Sandy	20	Malaysia	Student	1	Supplementary	Revolving
Frances	24	Malaysia	Marketing executive	1	Joint	Recovering
Jenny	21	Singapore	Unemployed	2	Supplementary	Recovering
Jackson	25	Singapore	Consultant	2	Normal	Petty
Nicole	20	Singapore	Student	1	Student	Petty
Rachel	22	Singapore	Master degree Student	2	Supplementary	Recovering
Eileen	21	Singapore	Student	1	Supplementary	Petty
Carrie	21	Singapore	Student	1	Supplementary	Revolving
Catherine	21	UK	Student	1	Student	Recovering
Damien	25	UK	Waiter	2	Normal and store card	Revolving
Mohammed	18	UK	Student	2	Normal	Petty
Andy	24	UK	Accounts officer	1	Normal	Petty

Tonie	19	UK	Student	1	Student	Revolving
Tom	20	UK	Student	2	Student and Supplementary	Recovering

**Note**

**Normal credit card:** Issued by the same financial institution that supplies the cardholder's bank accounts

**Student credit card:** Issued by the financial institution that supplies the cardholder's student account.

Normally issued to persons over 18 years old.

**Store credit card:** Issued by a high-street store.

**Joint credit card:** Issued when the credit card is linked to a bank account co-owned by more than one person.

**Supplementary credit card:** when a primary cardholder allows another person to use an additional credit card linked to his or her account (typically issued by parents for their children's use).

**Petty debtors:** those who use a credit card to purchase goods and services believing that they can repay before the next payment due date

**Revolving debtors:** those who accumulated credit card balance that they cannot pay back each month

**Recovering debtors:** those who used to accumulate revolving debt, but have successfully, or in the process of, gaining control over their credit card spending and repayment to become a regular petty credit card debtor.

Taking a theory-development approach to qualitative data collection, the recruiting of participants continued until theoretical rigour was achieved (Spiggle 1994; Yeung 1997). This rigour occurs when further abstraction during the analysis of interview data brings forward no significant additional information and when the empirical evidence from the interview data is strong enough to support the theoretical conceptualization for the study to explain a concrete phenomenon (Yeung 1997).

#### 4.4.3 Narrative analysis

The present study adopted a narrative inquiry to capture the accounts of vulnerable consumers, how they perceived their vulnerability and how they wished to address that vulnerability. Chase (2005 p.652) describes a narrative as an "oral or written and may be elicited or heard during fieldwork, an interview, or a naturally occurring conversation". Narrative inquiry is an acknowledged method to utilise for researching vulnerability as it gives opportunities to the vulnerable individuals – those who have been traditionally absent from consumer studies – to *voice* their stories and their opinions on how their consumption experiences can be improved (Baker and Gentry 2006). By transforming this interview data into a series of research narratives, the research is able to represent vulnerable consumers in a way that voices their real concerns (Baker et al. 2005; Baker and Gentry

2006). Hence, this study designed its questions to invite youths to tell the personal stories of their experiences using credit cards.

The analysis of such narration involves two forms of interpretations (Chase 2005). First, the researcher treats narration as a distinct form of discourse within textual data. Specifically, a narrative provides a way of understanding one's actions or organising events, and objects into a meaningful whole and connecting and seeing the consequences of those actions and events over time. Second, narratives are viewed as verbal action (doing or accomplishing something). The narrator's *voice* becomes the focal point of the interpretation, as each person explains, entertains, informs, defends, complains, confirms, or challenges the status quo (Chase 2005). Indeed, the focus of interpretation is to explain *how* the narrator experiences vulnerability rather than to profile *who* is vulnerable. The narrators' stories and accounts were, therefore, used as a necessary and important guide to help frame this study's depiction of youth vulnerability to credit card misuse and indebtedness. In this way, the study avoided committing the fallacy of misrepresenting vulnerability simply because of the subjects' young age. Throughout the results section (found in Chapter 5), the youths' narratives and statements are presented to offer insights into the informants' experiences of vulnerability regarding credit card use.

#### **4.4.4 Thematic analysis**

The textual data derived from the interviews were subsequently analysed with the NVivo software for a variety of themes using a coding scheme. This process uses a thematic analysis procedure that involves the identification of prominent or recurrent themes in the literature, and summarises the findings of different studies under their thematic headings (Dixon-Woods et al. 2005). Braun and Clarke (2006) describes a theme as offering something important about a text in relation to the research question, which represents a certain level of patterned response or meaning within the gathered data set. Thematic

analysis allows for clear identification of the emerging theme within the contextual data and permits organised and structured ways of dealing with the literature applying these themes. Braun and Clarke (2006) particularly note that analysing themes found in textual data allows for social as well as psychological interpretations of data and can be useful for producing information that can be useful for informing on policy development. It has also been promoted as a useful means to use for integrating qualitative and quantitative data (Dixon-Woods et al. 2005; Castro et al. 2010). Thematic analysis can be utilised to organise the qualitative data in the first study (analysis of consumer vulnerability) and the second study (analysis of susceptibility to product harm) and ensure that the final results can be meaningfully combined and/or compared to the results of a quantitative analysis (Brannen 2005).

A “theoretical” thematic analysis (Braun and Clarke 2006) was used in the present research, which is guided by Baker et al.’s (2005) theoretical framework. Hence, the researcher analysed the textual data by keeping a lookout for themes that relate to Baker et al.’s (2005) proposed factors that influence and follow from a vulnerability experience. In other words, the main themes generated for this study are deductively inferred from the data. However, the author also kept a lookout for emerging themes that arose from the data and allowed for themes to be assessed inductively when deemed necessary (Spiggle 1994). This is particularly necessary, as Baker et al.’s (2005) framework represents a macromarketing framework that aims to illustrate the involvements of numerous parties (i.e., consumers, marketers, policy makers) in influencing an individual’s vulnerability experience. As the current study focuses on a context of vulnerability to credit card misuse and indebtedness, the study anticipates some contextual depth that will give insights into the specific internal and external factors that influence the youths’ experience of vulnerability.

#### **4.4.5 Trustworthiness**

The trustworthiness of qualitative research indicates to both readers and evaluators that they can have confidence in the findings, and the findings can be applied to new situations or experiences (Bowen 2008). Qualitative research relies on trustworthiness to indicate the validity and reliability of the studies (Onwuegbuzie and Leech 2006; Bowen 2008; Miles and Huberman 1994).

The present study utilises negative case analysis and member-checking procedures to ascertain the trustworthiness of the research and quality assurance for it. These two procedures are considered adequate for establishing trustworthiness in research that adopts a post-positivist paradigm (Creswell and Miller 2000). Negative case analysis involves a process of expanding and revising one's interpretations until all possible outliers are explained (Onwuegbuzie and Leech 2006). This process was used to determine whether any cases (i.e., themes) contradicted the findings in this study. In particular, the author looked for evidence of youths who did not experience any vulnerability to misuse and indebtedness. This analysis helped drive the theory development, as it is expected that not all youths can be perceived as vulnerable due to their various psychological and attitudes toward credit card usage and their coping mechanisms. When negative cases can be theoretically explained, then the problem associated with contradictions and rival explanations is minimised, and the data analysis becomes that much more credible.

Member-checking involves a systematic feedback collection of one's data, analytic categories, interpretations, and conclusions derived from the study (Onwuegbuzie and Leech 2006; Guba and Lincoln 1994). As a form of researcher triangulation (Denzin 1970), member checking has been seen as the most effective and critical technique for establishing credibility and trustworthiness (Maxwell 1996; Lincoln and Guba 1985). Each stage of data analysis in the present study was subjected to a review by two senior

academics (the authors' academic supervisors) and two fellow doctoral students, both of whom looked for omissions and inconsistencies and offered recommendations to enhance the robustness of the research. Based on numerous researchers' perspectives on the data, it is conceivable that the credibility of the resulting theme was indeed satisfied.

#### **4.5 Quantitative Study**

The present study adopts the conventional multivariate analysis and scaling procedures (Netemeyer et al. 2003; Hair et al. 2006) to explore the overall schema of consumer susceptibility to credit card misuse and indebtedness (SCCMI). Developing a new SCCMI measurement scale is important, since a scale allows us to measure phenomena that we believe to exist because of our theoretical understanding of the world but cannot access directly (DeVellis 2011). Previous studies suggested that credit cards are imbued with cues that affect purchase evaluation. For example, credit card's lack of transparency contribute to greater willingness to pay (Soman 2003), while the temporal separation between payment and consumption has been shown to affect future purchase behaviour (Gourville and Soman 1998; Soman 2001).

Although there is substantial evidence to support the negative impacts of credit card cues on purchase evaluation, little has been done to transform such knowledge into informative tools for people to assess their likelihood to submit to the psychological effects of payment mechanism. Thus, a new SCCMI measure is expected to help marketers, educators and consumers themselves to diagnose and prevent their likelihood to experience future vulnerability. As previously discussed in the conceptual framework for this study, the assessment of consumer experience of vulnerability provides marketers with precise opportunities to *respond* to consumer-driven needs and welfare enhancement. However, it does not equip marketers on how to foresee and pre-empts threats to welfare (Commuri

and Ekici 2008). Therefore, an assessment of SCCMI should complement the assessment of consumer vulnerability to help conduct ethical target marketing.

#### **4.5.1 Scale development**

##### ***4.5.1.1 Integrative Mixed Method (IMM) approach of item generation***

The present study uses the qualitative method to generate evidence (textual data) and support the scale development process. The study followed the Castro et al.'s (2010) recommendation to use integrative mixed methods (IMM) to establish a multi-item measurement scale of SCCMI and consumer expectations of credit card utility. IMM helps establish a measurement scale that offers a rich, “deep structure” that embodies individual as well as structural differences in credit card use. Specifically, the scale development procedure involves (Castro et al. 2010 p.347):

1. Eliciting verbal response relevant to the focus question
2. Identifying response codes
3. Creating thematic categories
4. Converting these categories into thematic variables

In the present study, verbal responses were taken during the qualitative stage of the study. In particular, the researcher paid attention to the participants’ responses to focus questions that pertained to the motivation/perception of credit card usage and credit card debt and misuse. The questions related to motivation/perception of credit card usage were useful for gathering verbal responses for expectations for credit card utility, while the latter set of questions was relevant for SCCMI. Subsequently, the researcher used NVivo to code the responses. Next, the response codes with functionally equivalent meaning were combined to form a higher order thematic category (Castro et al. 2010). To ensure trustworthiness and validity, the results of the thematic analysis were then passed to the

research supervisors and two fellow PhD students to ensure that all relevant themes expressed by the participants were precisely captured.

Next, the thematic categories were transformed into thematic variables (equivalent to measurement items). The current study offers examples of both high and low levels of each thematic category to demonstrate the various degrees of intensity of the proposed SCCMI and the expectations of credit card utility scale. This process of dimensionalisation represents a reliable way to create a thematic variable that can be subsequently measured using the Likert scale (Castro et al. 2010).

The item generation procedure carried out in the qualitative phase of the research produced a total of 54 statements in the initial item pool (44 items for consumer expectations of credit card utility and 10 items for SCCMI). Measures for the long- and short-term expectations of credit card utility and SCCMI were measured using a seven-point Likert-scale format ranging from 1= “strongly disagree” to 7= “strongly agree”. Meanwhile, the revolving credit card debtor (RCCD) was measured using five-point Likert-scale that range from 1= “never” to 5= “very often”.

#### ***4.5.1.2 Face and content validity***

This study adopts several approaches to improve the proposed measurement scales and avoid method bias. First, all the measurements in the item pool, the response formats, and the instructions given to participants were judged for face and content validity. The researcher judged for face validity after a measure was developed, by ensuring that the measurement instruments exhibited ease of use, proper reading level, clarity, and appropriate response format (Netemeyer et al. 2003). However, face validity represents only a limited aspect of content validity, as the process is largely based on the researcher’s own judgments. Therefore, the researcher recruited the help of expert judges to ascertain content validity of the proposed measures.

Multiple experts comprised of two faculty members and two PhD students in Manchester Business School were asked to judge the representativeness of the new questionnaire on the basis of the conceptual definition of the constructs. Representativeness refers to the degree to which elements of a measurement instrument are proportional to the aspects of a targeted construct and the degree to which the entire domain of the targeted construct has been sampled (Netemeyer et al. 2003). In this research, a qualitative judging procedure was adopted, where the judges verbally commented about the representativeness of the items and pointed to any possible ambiguity, vagueness and any double-barrelled, or complicated statements (Netemeyer et al. 2003; Podsakoff et al. 2012). Based on the judges' recommendations, the researcher was able to assess content validity better and the wordings of certain items were adjusted accordingly (e.g., to avoid item wording that is contains positive or negative connotations).

#### ***4.5.1.3 Social desirability bias***

In a quantitative study, social desirability bias may occur when the item wording in a measurement instrument potentially undermines the accuracy of the responses by causing participants to edit their responses in accordance to social expectations of how they should answer (Podsakoff et al. 2012). Socially desirable response can affect the validity of the measurement items, the relationships between constructs and worse yet, affect the overall conclusions of the research (Netemeyer et al. 2003; Mick 1996). Preventing the issue of social desirability or is particularly relevant in this study, due to its focal concern with the "dark side" of research, which focuses on the negative behavioural aspects of credit card misuse and indebtedness. A bias may occur if respondents are unwilling to report accurately on what they perceive to be a sensitive personal topic (Mick 1996). Thus, this study could potentially face social desirability bias since the participants may feel uneasy or ashamed to be completely truthful about their credit card misuse and indebtedness.

To hinder the potential problems of social desirability bias, this study adopted certain preventative measures. The first approach involves the use of neutral statements in the measurement instrument (Netemeyer et al. 2003). Here, the researcher limits the use of overly positive and negative worded measures of each construct to ease participants into answering the questionnaire truthfully. Participants are also fully informed about the academic purpose of the study, and an ethical verification reference for the researcher was made explicit in the surveys to further ascertain and assure participants of the ethical credibility of the study. The second approach involves the help of the judges in assessing the perceived social desirability of the items in the measurement instrument (Podsakoff et al. 2012). Following that input, the researcher then modified or deleted any items that are deemed high in social desirability.

An alternative method that can be used to address social desirability bias involves the calculation of the correlation between the subjects' responses to each item and their responses to a recognised social desirability scale. However, previous studies have indicated that the expected correlation between the proposed measures and the social desirability scale is not always linear and can vary across individual items. Thus, the social desirability scale does not offer sufficiently valid indication of the items to represent all socially desirable responses accurately (Paulhus 1992; Podsakoff et al. 2012). Therefore, the use of a social desirability scale was excluded from the present study.

#### **4.5.2 Data collection and sampling procedures**

The quantitative study's sample population of interest involves young (18-25 years old) credit card users from Malaysia, Singapore and the UK. The data collection process was conducted in two phases in accordance with the scale development validation procedure proposed by Netemeyer et al. (2003). When constructing a new scale, researchers must ensure that the determined measure uses clear and appropriate language, has no obvious

errors or omissions, and displays adequate psychometric properties before it is used to obtain responses (Netemeyer et al. 2003; Johanson and Brooks 2009). A pilot study is, therefore, recommended to address these circumstances. In the present research, pilot tests were administered in the summer of 2011 to undergraduate students enrolled in the Undergraduate Management programme at Manchester Business School in the UK (Manchester;  $n=46$ ), Singapore ( $n=105$ ), and Malaysia (Kuala Lumpur;  $n=76$ ) campuses. The researcher attended several classes on campuses and with the permission of the lecturers, distributed the questionnaire to students (who fit the specified criterion) during their break period. The questionnaire was returned when the break period between classes ended, and the students were thanked for their co-operation.

Subsequently, the final questionnaire was distributed in summer-fall of 2011 once again in Malaysia ( $n=204$ ), Singapore ( $n=249$ ) and the UK ( $n=203$ ). The final questionnaire containing measures of SCCMI, consumer expectations of credit card utility and revolving credit card debt was deployed to samples of young credit card users (18-25 years old) in Singapore, Malaysia, and the UK. This sample selection was cohesive with the standard of criterion sampling, where all informants are required to meet certain criteria to ensure quality assurance across countries. Participants were recruited by convenience sampling from a list of students and alumni from both state and private universities in Manchester, London, Singapore, Kuching, and Kuala Lumpur.

The questionnaires were delivered and collected directly in person. Prior to asking the respondents to fill in the questionnaire, the researcher enquired about their age and whether they owned credit cards to ascertain their suitability for the sampling criteria. Enclosed with the survey was a short covering that explained the researcher's background and the purpose of the data collection. The letter also assured the participants that their details would be used anonymously and used solely for academic purposes.

### **4.5.3 Data analysis procedures**

The researcher conducted four stages of analysis to develop precise measurement scales for SCCMI and consumer expectations of credit card utility. The goal was to identify a final set of measurement items that fulfilled discriminant and convergent validity, internal consistency reliability, as well as parsimony in cross-cultural metric equivalence. First, exploratory factor analysis (EFA) was used to analyse the pilot test results. EFA provided a preliminary insight into the scales' hypothesised structures and was used to purify the items in the initial item pool (Netemeyer et al. 2003).

The data from the final survey data were analysed using latent variable structural equation modelling (LVSEM; Bentler 1980; Bagozzi 1980) and then analysed using LISREL 8.0 (Jöreskog and Sörbom 2006). LVSEM is considered to be more powerful and useful than other multivariate data analysis techniques, particularly in the field of marketing and consumer behaviour research (Mackenzie 2001; Baumgartner and Homburg 1996). The first advantage of using LVSEM is its ability to account for measurement error in an analysis. Measurement error incorporates both random and systematic error. Random error is due to the inherent difficulties found in accurately measuring an abstract construct. Systematic error is due to contaminating factors, such as the previously discussed social desirability bias. On the whole, measurement errors threaten the validity of consumer research findings (Mackenzie 2001). Thus, understanding which items are subject to measurement errors will aid the researcher in purifying the initial item pool at the scale development stage. The second advantage of LVSEM is it accommodates advanced testing of the theoretical structure (Mackenzie 2001). Among the objectives of this study is the desire to test the equivalence of the relationships between SCCMI and its proposed antecedent and consequent factors across Malaysia, Singapore, and the UK. LVSEM allows a comparison of such a complex multi-group model by involving the whole systems

of conceptual relationships simultaneously. Thus, the researcher can utilise these functions to test for the country effect of the proposed hypothesised relationships.

Using the principles of LVSEM, the data was first subjected to individual confirmatory factor analyses (CFA) to determine the dimensionality, reliability, and validity (content, construct and convergent validity) of the proposed measures. CFA produces a measurement model to investigate whether the relationship between a set of measurement items and their proposed latent factors is according supports its theoretical proposal (Netemeyer et al. 2003). Secondly, a multi-group analysis was conducted to examine the measurement invariance of the items selected in the previous individual analyses. This test of measurement invariance involves four levels of evaluations: Configural, metric, scalar, and factor variance/covariance invariance (Steenkamp and Baumgartner 1998; Byrne 2008). Multigroup invariance is advocated as a powerful test of CFA across samples (in this case, country samples). When evidence for invariance does exist, the generalizability of the scale is significantly enhanced (Netemeyer et al. 2003). Fourth, a multigroup SEM model was estimated so as to review the proposed relationship between consumer expectations of credit card utility and SCCMI and also between SCCMI and a revolving credit card debtor across different country data. The structural model provided for a test of potential antecedent and consequent variables of SCCMI, which offered insights into the nomological network of the new scale.

#### **4.6 Chapter Summary**

The specific research tasks outlined in Chapter 3 are utilised in this chapter to guide the development of a unifying methodological framework for the research. Specifically, the present research utilises a sequential mixed methods approach, whereby the qualitative and quantitative studies undertaken are conceptually and empirically distinct. Yet, the results of these studies still do complement each other to provide a comprehensive understanding of

vulnerability redress and prevention. This chapter discusses the researcher's worldview on post-positivist epistemology and critical realist ontology to help guide the methodological design of the current research effort.

The first phase incorporates a qualitative inquiry that enables the researcher to uncover the attributing factors that surround youth vulnerability to credit card misuse and indebtedness, and to assess both consumers and marketers' responses to that vulnerability. This method provides a rich understanding of the actual, lived experience of vulnerability as related by the consumers themselves, rather than projected by others. In addition, the qualitative study serves as an exploratory phase for developing a measurement scale for SCCMI and its proposed antecedent and consequent factors. Therefore, the design of the qualitative method utilises a semi-structured interview that incorporates a realist interview (King 2004) and projective techniques (Rook 2006).

Narrative inquiry (Chase 2005) was used to frame the interpretation of textual data and represent the vulnerable consumers, whose voices were traditionally silenced in consumer studies (Baker and Gentry 2006). Thematic analysis was also used to discern generalizable patterns of vulnerability attributes and responses for the three country samples. Additionally, thematic analysis was used to inform SCCMI item generation in accordance with Castro et al.'s (2010) integrated mixed methods approach for scale development.

A second phase encapsulated a quantitative study to focus on a scale development procedure to test the validity, reliability, and parsimony of the SCCMI measure across Malaysia, Singapore, and the UK. To do so, the study conducted a set of pilot tests in Malaysia, Singapore, and the UK and analysed the results, using EFA as an item-trimming procedure. Subsequently, the final questionnaires were deployed to the same countries, and those results were analysed to test its psychometric properties, including CFA ( tests of

dimensionality, reliability, and validity), multi-group invariance, and the nomological network. In this final stage of analysis, the study assessed the proposed relationships between SCCMI, its antecedent, consumer expectations of credit card utility, and its consequences, revolving credit debtors.

# Chapter 5

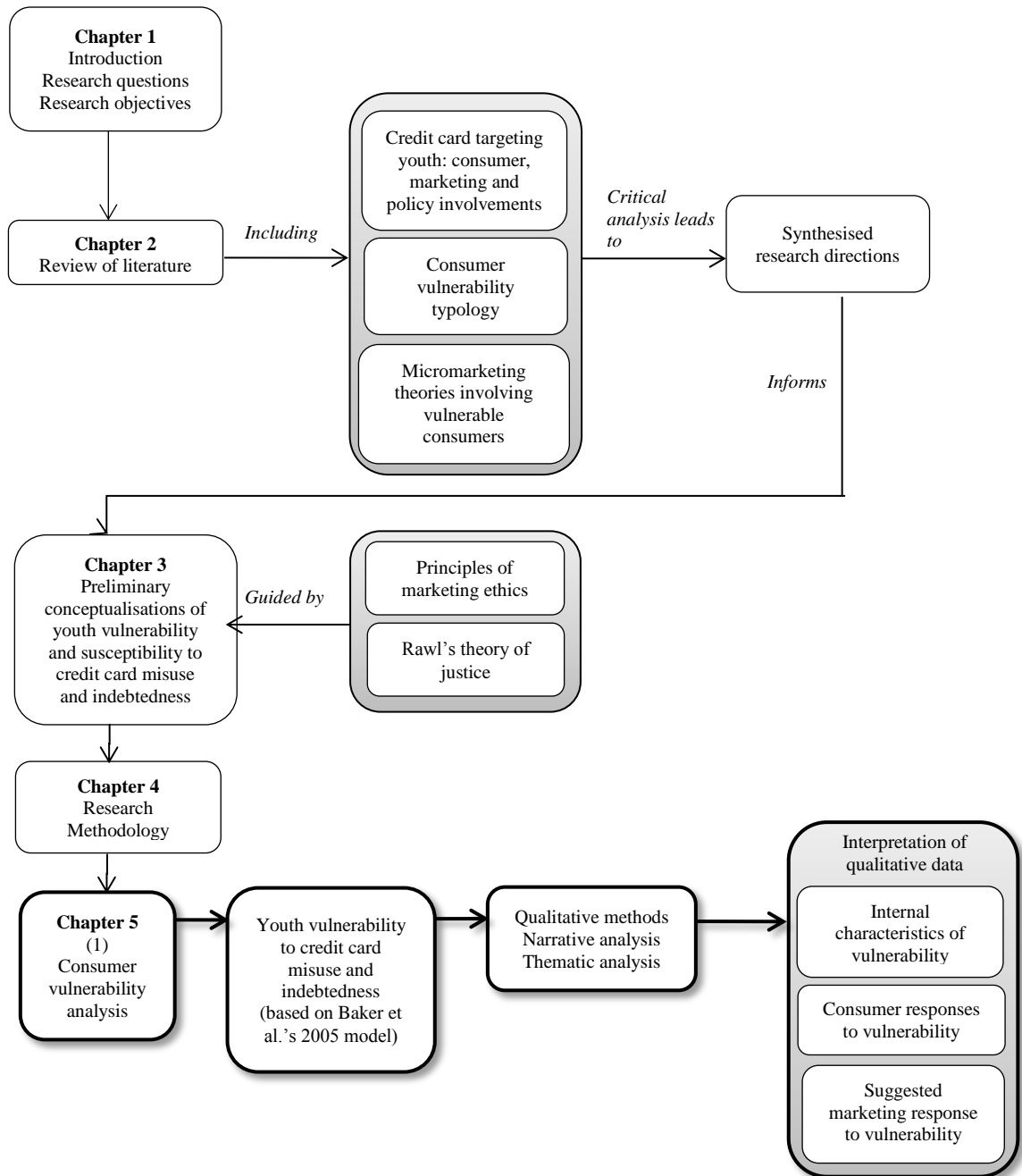
## A Qualitative Study: Assessment of Youth Vulnerability to Credit Card Misuse and Indebtedness

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### 5.1 Chapter Introduction

This chapter marks the following stage in this thesis structure (Figure 5.1).

**Figure 5.1: Chapter 5 structure**



The goal of this chapter is to assess the youth experience of vulnerability due to credit card misuse and indebtedness, based on the guiding framework provided by Baker et al. (2005). Thus, this section carries out the first three research tasks outlined in Chapters 3 and 4 that assess the youths' experience of vulnerability to credit card misuse and indebtedness:

***Task 1:** To explore the youths' perceptions of internal and external factors that contributes to their state of vulnerability.*

***Task 2:** To explore how young people actively and passively react to overcome their state of vulnerability.*

***Task 3:** To explore youths' perceptions of how marketing and policy can facilitate their rehabilitation to become capable consumers.*

To address these three tasks, the first section clarifies the role of the Baker et al. situational model of consumer vulnerability as the guiding framework for thematic development in the current study. Subsequently, the next sections elaborate on these themes individually and display the corresponding narratives from the study informants to substantiate and illustrate the themes. The major themes inferred in this study includes: 1) youth experience of vulnerability that arises from credit card misuse and indebtedness, 2) the external condition of vulnerability, 3) internal characteristics of vulnerability, 4) consumer response to vulnerability, and 5) marketing responses to vulnerability (from the consumer's perspective). Each theme is supplemented and expanded by supporting literatures. Finally, the chapter draws from the youths' narratives of their credit card usage experience to infer the actual state of their vulnerability to credit card misuse and indebtedness.

## **5.2 The Guiding Theoretical Framework**

Baker et al. (2005) theoretical model of consumer vulnerability is used in the current study as a guide for the interpretation of data analysis. Specifically, this framework provides a

general macro explanation for how consumers come to experience vulnerability, how consumers and their environment (marketers and policies) respond to their vulnerability state, and how such responses further contribute to the consumer experience of vulnerability. The current study, on the other hand, takes a micro approach to analysing vulnerability in a specific consumption context, namely, how young consumers experience vulnerability that arises from credit card misuse and indebtedness. Thus, the components and principles in the Baker et al. (2005) model are used to guide the development of themes in the current study.

### **5.3 Findings**

The results of thematic analysis first distinguish between internal characteristics related to credit card usage that can facilitate and impede vulnerability. Internal facilitators of vulnerability include: 1) alleviation of the “pain of paying” during credit card purchases, 2) the “habit of forgetting,” and 3) a “no-worries” attitude. On the contrary, impediments of vulnerability include: 1) *feeling the “pain of paying,”* 2) abidance to self-imposed financial regulation, and 3) regard of debt as a problem.

Data analysis also points to different consumer responses to a state of vulnerability: The learning curve and yielding to temptation. The former constitutes a repentant, active consumer response toward eliminating personal feelings of vulnerability. This process depicts how individuals cope by regaining their sense of control over their credit card usage after suffering its negative consequences. On the other hand, yielding to temptation signifies a more passive response to vulnerability. Despite their negative experiences, youths infer that the temptations of credit card use outweigh their sense of control over the actual act of using the card. In this sense, a state of power asymmetry remains advantageous for marketers. This analysis is consistent with Adkins and Jae's (2009) proposition that consumer responses encapsulate both passive and active styles, which can

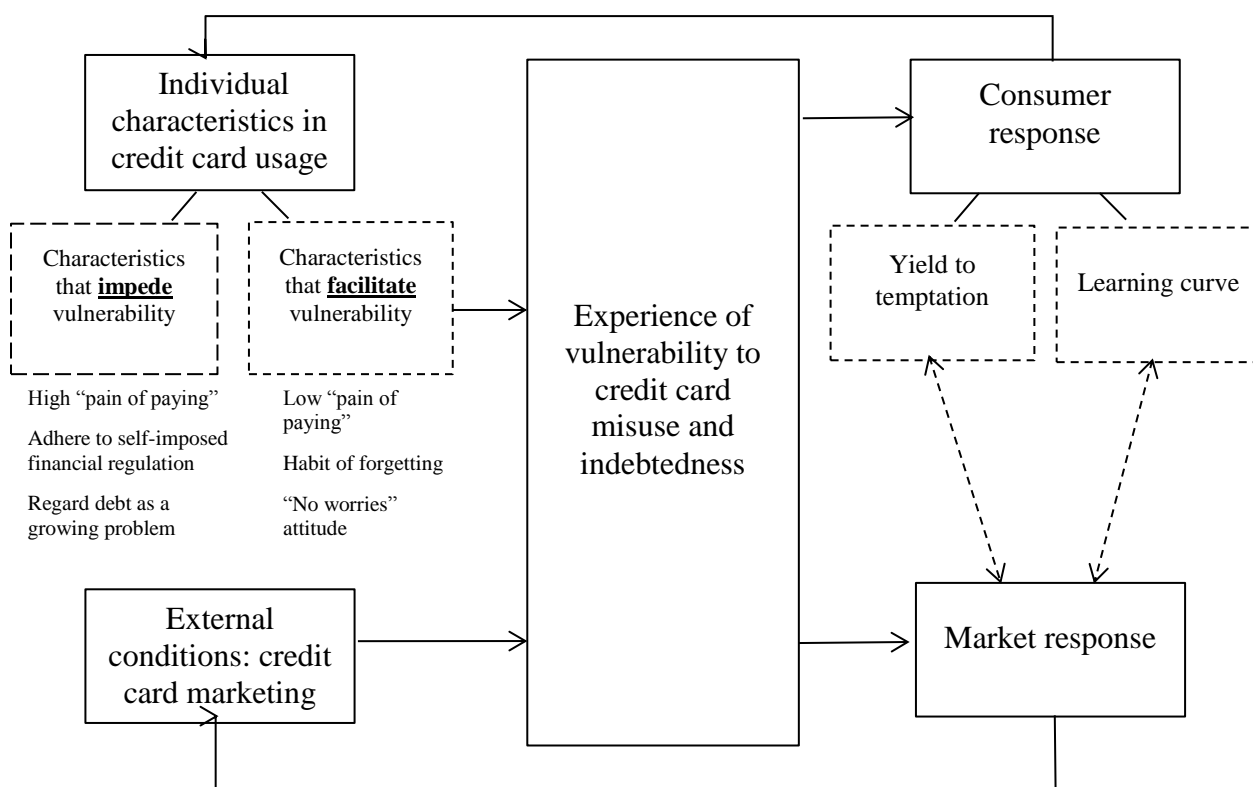
then determine their future marketplace interactions. Hence, youths who respond to their vulnerability in an active fashion (learning curve) will develop internal characteristics that impede future vulnerability. Similarly, passive responses (yielding to temptation) will lead to youths' retaining those internal characteristics that facilitate vulnerability. The vicious circle of vulnerability is thus likely to repeat.

Baker et al. (2005) proposed that market response to vulnerability has the capacity to exaggerate or hinder further vulnerability, as actions taken by the market is likely to affect the consumers' sense of control. In the present study, this means that the youths' active (learning curve) and passive (yielding to temptation) coping styles are highly influenced by marketing efforts. For example, social marketing campaigns that promote awareness of the negative consequences of debt may stimulate realisations among young people. Meanwhile, promotional "deals" with hidden costs may influence youths to yield to temptations of spending, despite having accumulated credit card debt.

In addition, the findings of this study also highlight the youths' perception of how credit card marketers should address their consumers' vulnerability to credit card misuse and indebtedness. Specifically, this study displays the youths' perceptions of how they wish their vulnerability to be addressed by the credit card marketers. Here, youths communicated different ways of how they believe credit card marketers can do better. In particular, it is suggested that vulnerability redress efforts directed to those with active response style (learning curve) can focus on facilitating their strengths, while those who responses with passive styles (yield to temptation) may be redressed by efforts that focus on their limitations and challenges (Pechmann et al. 2011). This suggests that marketers may grasp inspirations from understanding the consumers' response styles towards their vulnerability. Therefore, the relationship between consumer response styles and marketing opportunities is illustrated via a double-sided arrow in Figure 5.2.

Now that the themes in the study are identified and listed, the next section elaborates on these themes in greater depth. Specifically, the next section presents the informants' narratives that exemplify each theme and supporting literature that justified the inferred conceptualisation of these themes.

**Figure 5.2: Model of youth vulnerability to credit card misuse and indebtedness**



*Note:*

———— Relationship and construct proposed by the literature  
(Baker et al. 2005; Adkins and Jae 2009)

----- Relationship and construct derived from qualitative interview

## 5.4 The Youths' Experience of Vulnerability

The experience of vulnerability is ultimately an experience of loss of control and helplessness. Consumption adds meaning to life when individuals can control the meaning (Belk 1988), but when consumers are vulnerable, they are no longer in control of their life meaning (Baker and Gentry 2006). The interview participants in this study described

different experiences of vulnerability as an outcome of their credit card usage, also consistent with Baker and Mason's (2012) view that vulnerability is fluid and socially constructed, rather than being fixed and objective.

As an illustration, Damien's salary as a waiter did not give him the luxury to fully repay his loans and credit card balance that he accumulated while travelling in New Zealand for a gap year. His vulnerability manifested in a state of anxiety, worry, and panic, as he experienced financial difficulties upon his return to Edinburgh. Damien views his state of vulnerability as enduring, as his goals to return to college and travel were severely limited by the accumulation of this credit card debt,

*"I worry about it [my debt] all the time. When I came back from New Zealand, I consolidated all my debt into a loan because I have an overdraft and my credit card. And I'd just come back and I couldn't find a job for the first two months. So I put it all into a loan, and I actually had nothing on my credit card. And I should have cancelled it then, but I moved down here, and that's when I started using it again. And now I've racked up my credit card again. Not only am I paying off my loan now, but now my credit card just keeps increasing. So that's even more money. So I am starting to panic. Because I still want to go back to college and travelling, but I'm not going to be able to go while I'm paying off all this debt. So yes, I worry about it."* (Damien, 26)

On the other hand, Catherine described her state of vulnerability as a transient episode. Indeed, her feeling of powerlessness was stronger than ever as she was in her final year of university, where her full-time education prevented her from getting a stable income.

***"Interviewer: Does your credit card debt worry you?"***

*Catherine: Yes. Especially in the final year [of university] because I've got so little money. So to start with, when I first had it, I never thought about it because I did pay it off straight away. Whereas now, when I've got very little money, it's a way of delaying actually leaving money."* (Catherine, 21)

## **5.5 External Condition of Vulnerability**

Baker et al. (2005) proposed that external conditions are among the major factors that increase the incidence of vulnerability. External factors related to vulnerability will occur beyond the control of the individuals and contribute to power imbalance in exchange relationships that then disfavour the consumers. Understanding the interplay between internal and external factors is essential to determine the extent to which young people experience vulnerability to credit card misuse and indebtedness. Past studies regarded credit card marketing to young people as predatory rather than informative, as the solicitation and marketing practices accentuate the positive image of credit card purchases, while undermining the negative effects of debt (Burton 2008; Warwick and Mansfield 2000; Palmer et al. 2001). Such predatory tactics suggest a market power imbalance and an environment that aggravates a consumers' likelihood to experience vulnerability. For example, a lack of clear credit card terms and accurate price information can contribute to unconscious overspending and debt accumulation.

Informants in the present study tend to blame the credit card marketing and service offering as sources of their negative experience with credit cards. Catherine, for example, explained that the increase in her credit limit (without her permission) gave her the "opportunity" to undertake greater spending despite her lack of income while a full-time student and accumulating overdrafts:

***Interviewer: Do you remember what the credit limit is on your credit card?***

*Catherine: Yes. When I first got it, it was about £300 or £400. Then it went up to £700 without me asking, then it went up to £900 without me asking, and then they dropped it down to £300 without telling me. So it's currently at £300.*

***Interviewer: Why did they change the credit limit on your card?***

*Catherine: I think because I was a good customer, they just kept giving me more money. But they'd increase it, and then a week later I'd get a letter saying your credit limit is now £700. And then they increased it to £900. But I didn't want £900, I never reached the £900 point. I always kept it within about £400. They gave me that opportunity. I had a huge overdraft as well. So it was almost like, "here's more money, now let's see how many*

*charges we can get off of you". And then when my balance was £500 they dropped the credit limit to £300, and so I got in trouble there, even though they made the error."*

Catherine's narrative illustrates the struggle to resist the temptation of spending in accordance with the increase in a credit limit. Similarly, Soman and Cheema's (2002) study argued that credit limit as a signal of potential spending power has been documented in. The authors provided empirical evidence that inexperienced users of credit card (including youths) have a greater propensity to spend when given a higher credit limit. Thus, increasing a credit limit is deemed a lucrative scheme of credit card marketing (Soman and Cheema 2002; Navarro-Martinez et al. 2011). Recently, The UK Cards Association (2011) responded by announcing that consumers should be offered a 30-day notice period to "opt-out" from any unsolicited credit limit increase. This policy change was designed to protect young consumers from overbearing targeting strategies that urged them to spend in accordance with their credit limits.

Regardless, the young credit card users in this study continued to express distrust and concern over targeted credit card marketing, which further implicated credit card marketing as the source of youth vulnerability to credit card misuse and indebtedness. As an illustration, Sandy (20) and Jackson (25) described their scepticism over credit card targeting to the youth market:

*"There's a lot of grey areas in like the credit card industry. Like, when they're pitching it to youth, they want people to have credit cards, and they don't really tell them the effects or [what will happen] if you don't pay on time. Basically, all the detailed information they don't tell, and then people wind up having debts, or not having enough money to clear their debts or just not knowing fully about how to use credit cards. I think we get caught up in having a credit card, and so we spend more money than we should be. I think that they [credit card companies] realise that young people are naive and they spend money like water. I think that they know, and they want to pitch their credit cards to young people because they know that everyone my age is looking to have a credit card. So, they kind of preyed on us".*

(Sandy, 20)

*“Well, I think what they’re generally trying to do is targeting university students [to sign for a credit card]. For me, I think it’s unethical. Crossing the line of unethical, you know, trying to cross the line. Because getting consumers like students to sign a credit card is something like conditional training. When banks give university students a credit card before they start working, when they grow up, when they go into the workforce, naturally they will want a credit card as well. And if that’s a trend, like “hey, I used to have a student credit card and I didn’t have any money coming in. Why can’t I get a gold one [credit card] now”, so everyone will go and get a higher interest credit card. So if more people get credit cards, then the chances of someone falling into the trap of those interest traps will be higher. And of course if someone falls into the trap, the banks make money. That’s what they’re aiming for I think”.*

(Jackson, 25)

Importantly, this scepticism toward credit card targeting of young consumers indicates that not all youths are vulnerable to credit card misuse and indebtedness. This finding is consistent with Baker et al.’s (2005) conception of perceived vulnerability that derives from the assumption that all members of a specific demographic group (i.e., youths) are misleading and inaccurate. However, such resistance to credit card targeting of youths is symptomatic of stronger cognitive functions among the young informants, rather than an outcome of their environmental/societal conditions. Thus, the following qualitative analysis not only addresses the characteristics that facilitate vulnerability, but also acknowledges youth attributes that may have impeded their state of vulnerability to credit card misuse and indebtedness.

## **5.6 The Internal Characteristics of Vulnerability**

Shultz II and Holbrook (2009) argue that vulnerability is not always synonymous with moral rectitude. Indeed, just because people are vulnerable does not necessarily imply that they are innocent victims of the credit card industries. The researcher’s interpretation of these young informants’ narratives suggests that their credit card misuse and indebtedness stem largely from a lack of caution regarding credit card usage. Thus, internal personal characteristics play an important role in heightening the likelihood of young people experiencing vulnerability to credit card misuse and indebtedness. Specifically, these

internal factors that contribute to vulnerability can be further divided into: 1) alleviated “pain of paying” during credit card transactions, 2) having a “habit of forgetting” to manage finances, and 2) having a “no worries” attitude toward debt. Antithetically, the factors that impede vulnerability include the tendency to: i) experience the high pain of paying during credit card transactions, ii) adherence to self-imposed financial regulation, and iii) regarding debt as a growing problem. The subsections below elaborate on these personal internal characteristics regarding vulnerability.

### **5.6.1 “Pain of paying” during credit cards transactions**

*“When you spend with a credit card, it doesn’t feel like cash at all. You don’t feel a pain like, when you see cash; you just give somebody that cash. Rather, you just sign a card; just put the PIN number in and wow! Things get delivered to your doorsteps! It feels like absolutely free, right! I know how it feels like and it’s very scary, ‘cause if you get addicted to it, it can really be very bad.”* (Frances, 24)

Most of the study’s informants indicated that youths attributed their experience of vulnerability to credit card misuse and indebtedness to their own tendency to feel less “pain of paying” during credit cards purchases. This psychological “pain” is predominantly associated with cash payments when consumers are separated from their cash. Specifically, the informants claimed that this sensation was absent when they used a credit card because there was no physical loss of money being experienced. When using cash, the transfer of money is more transparent and very visible. On the contrary, credit card transaction only requires a simple signature or a pin number.

Indeed, prior studies suggested that a lessened “pain of paying” during credit card transactions is due to payment coupling, which is the extent to which the act of payment is separated temporally from the actual parting of money (Prelec and Loewenstein 1998; Raghurir and Srivastava 2008). With credit cards, the parting with money is deferred to a later time when a repayment is due. Thus, the act of payment feels less punishing

(Chatterjee and Rose 2012). As a result, consumers tend to associate credit cards with a greater ease of spending than when using cash payments. Catherine explained this difference between her cash and credit card purchase behaviours:

*“There’s a definite distinction in my mind. Credit card money is borrowed and it’s never really yours. And even though you pay it off, it’s never really your money. And because it’s not your money, it’s a lot easier to spend. Whereas I think actual, real money, invested, or the assets you’ve got, that you’ve bought with your money is far more important and more personal as well.”* (Catherine, 21)

Indeed, the greater willingness to spend that is associated with a credit card tendency to diminish the “pain of paying” means that consumers are likely to be more at risk of overspending and accumulating credit debt (Prelec and Loewenstein 1998; Wiener et al. 2007). Rick et al. (2008) formulised the notion of “pain of paying” as an individual-difference trait. On the one side, individuals who feel less “pain of paying,” as in the credit card case, behave as if the costs incurred in the present time will require nothing to forego at the end of the month (i.e., when a repayment is due) (Rick et al. 2008). Hence, they tend to reach greater purchase levels than what their deliberative selves would undertake. On the contrary, individuals who experience a higher “pain of paying” behave as if an expense incurred at present will incur a greater foregone pleasure in the future, leading to these individuals’ spending less than their deliberative selves would suggest. Hence, they tend to spend more than their deliberative selves would do. Indeed, an interpretation of this study’s informants who displayed greater awareness of the credit card effect indicates that they treat credit card purchases as they would treat cash purchases.

***Interviewer: The essence of credit cards is making payment at a later date. Do you ever think about debt when you make purchases on your credit cards?***

*Jenny (21): I didn’t at first. But later on I did, yes. For me, it stopped me from just using it anyhow. Because it is still money, you know. You tend to forget it’s [just like] cash. It’s just too easy to swipe it. As you use it and then you realise, “Oh, it’s real money” and money has to come from somewhere. So I do think about that, definitely.*

Therefore, it is conceivable that individuals would be *less* vulnerable to overspending and debt accumulation when they do get past the illusion of the credit card effect. Hence, credit card purchases are then treated as actual money that needs to be paid back (hence, they feel greater pain when paying even when using credit cards). Correspondingly, people will be more vulnerable if they treat credit cards just like “play money” (Raghubir and Srivastava 2008) and fail to foresee the clear and inescapable association of credit cards with future costs owed in repayments and the possible foregone pleasure derived from overspending.

### **5.6.2 The “no worries” attitude**

The second psychological element that characterises the study participants’ credit card use is the low risk perception often associated with debt, which is termed the “no worries” attitude toward debt. Notably, these informants inclined to rationalize their credit card spending as a means to maintain their current lifestyle, while de-prioritizing the negative consequences of debt, as explained by Rachel below:

*“I think debt is something that a lot of people don’t think about when they have a credit card. They just think about “Oh, I’ll think about it later.” I think that’s one of the pitfalls, “invisible debt.” Like, you’re accumulating debt as you spend, but you don’t know about it because you don’t really think about it. And then only think about it at the end of the month when you get the bill.”*  
(Rachel, 22)

This viewpoint is principally attributed to the minimum payment option, which allows users to pay their credit card expenses in instalments, which provides comfort when paying. At the same time, paying only the minimum gives rise to revolving credit card users who pay interest on balances over an extended period of time (Palmer et al. 2001; Wiener et al. 2007). A dialogue with Tonie (19), who has used the minimum payment

option since she first obtained her credit card at the age of 18, is an example of this attitude:

*“Tonie: Sometimes I think, “Oh I’ll just pay it back later” because, you know, I’ll just pay it back the minimum anyway. Because it’s sort of like, like what you’re buying is really expensive. Most times, when I pay with it [credit card], I’m like, I can pay it back later.” I don’t know. It’s always like an option because the money sort of goes away minimally.*

***Interviewer: Does your debt worry you?***

*Tonie: No, not really. No. Because as soon as I start working I’ll just pay it back again. So yeah.”*

A greater debt tolerance among young adults is also attributed to the growing social support for debt, which helps form a “culture of indebtedness” (Lea et al. 1995; Lea et al. 1993). Indeed, critiques of credit cards regard the payment mechanism as a key contributor that enables people to spend more than what they have, thus inducing a cultural genre of overspending and undersaving at private and public levels (Bernthal et al. 2005; Ritzer 1995). A study by Lea et al. (1993) claims that such a culture of debt manifests, as debtors describe themselves as being surrounded by a community where debt is common and tolerated. Hence, the prospect of seeing others’ acceptance of debt serves as a reassurance to them that debt is a norm that is no longer associated with any social stigma. As an illustration, Andy’s (24) case illustrates how debt can be socially justified when others are sharing the same experience.

***“Interviewer: Do you think it’s important to have zero level of debt on your credit card?”***

*Andy: No. Well, I don’t think anybody’s going to have zero debt. At all. There’s always going to be people owing something anyway. Besides, I know I’ve got financial support outside. In terms of family. So if I get into any troubles, then they can help out, [in the] short term. The long term I might worry about it.*

On the contrary, other informants in this study expressed resilience to social influences, and as a consequence, they regarded debt more objectively as a problem. For

example, the youngest informant in this study, Mohammed (18), explained the cost of debt as a deterrent to viewing debt and credit cards as lifestyle facilitator.

***“Interviewer: Do you think it’s important to have a zero level of debt on your credit card?”***

*Mohammed: Yeah, because interest is expensive. Why pay the interest when you can just pay for it straight away? If you have the mentality of "oh well I can always pay it in five, ten years time instead of now", but if you’re going to do that, you’re going to pay probably more than double of how much money you spent in the first place, so I don’t see the point of that. If there was no interest, if debt was free, then I’d have no problem with it because you’re not going to lose anything. But it doesn’t work that way. That’s why I don’t mind having a student loan because the interest is just inflation, so that’s okay. And you need it if you want to go to university, so that’s fine. And you only pay it back when you can. Whereas credit card, even if you don’t have enough money to pay it back, there’s still a deadline you need to give your money in.”*

### **5.6.3 Self-imposed financial regulation: “habit to forget”**

The final characteristic of using a credit card experienced by the informants relates to their inability to consciously manage their credit card expenses and avoid accumulating debt, which is termed the “habit of forgetting.” Hence, vulnerability to debt intensifies when consumers neglect to commit to some disciplined actions to fulfil regular monthly credit card payments, spend within a pre-set budget and/or consciously avoid producing a bill that is more than what one is capable of paying. Without such conscious efforts, individuals are likely to meet with unprecedented extra charges that are likely to build up quickly due to the considerable size of credit card interest rates. The following statements from some interview informants illustrate this forgetful tendency:

*“Once you start using [credit cards], it’s too easy to use it. I think that’s the downside. Because it doesn’t come out of your bank account and then you see your statement and you still think you have money, and you forget that you still need to pay off all of this. So I think you can get in a habit of forgetting about it. And then all of a sudden you know you’ve got to pay off £4,000.”* (Damian, 25)

*“There was a time I didn’t like make a payment and they charged me like quite a bit so that was, I would say that’s the only bad experience I had [with credit card] and it wasn’t like I didn’t have enough money to pay I just forgot, you know, to make that minimum payment for it.”* (Tonie, 19)

This “habit of forgetting” to manage credit card expenses reflects a lack of self-control or a self-regulation problem, which often occurs when the rewards of consumption take place earlier than the actual payment (Baumeister 2002; Hoch and Loewenstein 1991; Oaten and Cheng 2007). Self-control problems often occur due to a psychological conflict between a person’s desire for hedonic force/pleasure and the willpower to overcome temptation (Hoch and Loewenstein 1991). Self-control is often undermined during credit card payments/use because the situation lacks any prompting elements that will interrupt and alert consumers to the need for cognitive deliberation (Hoch and Loewenstein 1991) as the following dialogue with Kai (24) clearly demonstrates:

*“Well, the credit card is like a ticket, you see, you just tap in or swipe it and then you can go, or basically purchase some goods. You can just use it freely. Because it doesn’t tell you how much balance you have there, does it? So whenever you use it, you don’t know how much you have left, and then if your transaction is approved, then you think, yes I still got huge balances left that I can use.”* (Kai, 24)

In cash situations, cognitive deliberation is activated by a realization of the “pain of paying” that will deter and control spending (Prelec and Loewenstein 1998; Rick, Cryder and Loewenstein 2008), which is too often absent in credit card payment situations. As a result, the willpower and intention to avoid spending dissipates, and individuals face a greater susceptibility to perform behaviour without prior justification (Babin and Darden 1995). This deterioration in self-realisation and self-regulation for credit card habits thus leads to an undeterred use of credit cards, which can then further lead to dangerous pathways, such as over-indebtedness and even bankruptcy (Mannings 1999).

On the other hand, young informants in this study expressed a conscious effort to set up self-control mechanisms that would regulate their credit card habits. Some informants, like Siobhan (25), use technological aid, such as Internet banking, to monitor her expenses and avoid overspending.

***Interviewer: do you control or keep track of the use of your credit cards?***

*Siobhan: Yes. I subscribe to Internet banking, so I can view my unbilled transactions – I can even view my transactions even before the bill is due to come out. Cause then, I can actually know how much I've spent, cause like, you know, credit card is just swipe, swipe and you don't know at the end of the month how much you've spent unless you take the initiative to go online and check the transactions and stuff.*

Meanwhile, other informants like Eileen (21) and Nicole (20) relied on social deterrents to control their credit card expenditures. Indeed, past studies have indicated that parental involvement in credit card acquisitions and spending processes can have positive effects on their youths' financial attitudes and behaviours (Braunsberger et al. 2004; Xiao et al. 2011). Interestingly, this study suggests that other social factors other than parents also play an important role in inducing self-regulation in the credit card use of young adults.

*"Because it's a supplementary card, right, I actually try to control myself from using this supplementary credit card. Because my mother would be mad at me if I go over the limit! Yeah, so I don't normally spend a lot on the credit card and I actually do control myself. Keep within a limit. Yeah."* (Eileen, 21)

*"Some of my friends, they had to declare ... like, because some of them are like working, so they are twenty-four and over, so they have to declare bankruptcy, and all. Because they keep signing on the credit card like and then they keep like overspending and all, to the point that they can't afford to pay back. I think they don't plan enough, like they don't plan like how much they have to ... how much they can spend. And if they spend freely, like very rushed, yeah. Like they buy on impulse. I think like they don't think properly before they spend. So, I've been quite careful since. I really don't want to end up like them."*

(Nicole, 21)

Regardless, it is important to note that effective self-regulation in credit card usage does not always come easily to young adults. Indeed, many of this study's informants expressed difficulty in keeping track of their credit card expenses. Thus, they often rely on superficial methods of self-regulation like mental tracking, which might expose them further to the marketer-intended credit card effect. As previously discussed in Chapter 3, past studies have demonstrated that credit card cues affect the memorability of past payments, leading to poorer purchase evaluation and decisions (Soman 2001; Srivastava and Raghurir 2002). Hence, even though informants implied that they tried to control their credit card spending through memory of past payments, it may not always be as successful as they intended due to the culmination of the credit card effect. Dialogues with Rachel (22) and Tom (20) illustrate this potential self-control failure:

***“Interviewer: Do you control or keep track of the use of your credit card?”***

*Rachel: When I first got my credit card, I didn't. Not at all. I did not control. And that's how I got scolded by my Dad. But now, I do try to keep track now. Although it is hard, because like I said you don't see how much money you're spending. You just use it and figure it in mind, like “oh, fifty dollars there”. So, you know, I just keep track of it mentally, yeah. I just think what did I spend it on today, and then I total it up in my head. Then I think about how much is it on average in a month.”*

***“Interviewer: do you keep track of the use of your own credit cards?”***

*Tom: I keep track of them by reading my statements, but I don't keep track of them every single time I spend them. I don't write down how much I've spent. I just kind of mentally think, “Oh, I've spent so much yesterday, I can't spend today.” I don't keep track too much. When I get my bill I'll read through all of it. So I would say, like moderately.”*

## **5.7 Consumer Response to Vulnerability**

The youths' responses to vulnerability encapsulates coping mechanism, which is an ego-defence against threats to one's psychological integrity (Lazarus 1993). Indeed, the experience of vulnerability to credit card misuse and indebtedness entails the feelings of anxiety and stress over financial constraints. Consumer who face such threat emotions, are

in need to psychologically cope with consumption stress (Duhachek 2010). However, individuals vary in their coping mechanisms; some consumers may be inclined to express their feelings outwardly and search for way to improve their conditions, others may reconstruct the stress-inducing event in a positive way so that it seems less stressful (Duhachek 2010). Likewise, young consumers vary in their coping mechanisms towards their vulnerability experience. Adkins and Jae (2009), in particular, made their contribution to enlarge Baker et al.'s (2005) model of consumer vulnerability by introducing two forms of vulnerability coping styles. They argued that consumers who actively practice and enhance their participation in market exchanges will successfully mitigate future occurrences of imbalance and reduces vulnerability. In contract, consumers who succumb to their feelings of inadequacy and devaluation are likely to increase future imbalance and perpetuate their vulnerability.

The youths' coping styles toward their vulnerability indicates whether or not their experience will be a transient or an enduring state (Baker et al. 2005; Adkins and Jae 2009). Vulnerability is likely to be enduring when consumers adopt a passive response style. Adkins and Jae's (2009) illustration of passive responses among consumers with limited English proficiency (LEP) included limiting themselves to stores and service providers where the consumers' native language was utilised. On the other hand, consumers who adopt active responses are likely to overcome their vulnerability. Adkins and Jae's (2009) example of an active response for LEP consumers includes learning so as to improve English language proficiency and developing marketplace routines. Such positive actions help prepare vulnerable consumers for future marketplace interactions and thereby develop a sense of accomplishment and an eagerness to participate in market exchanges. The following sub-sections show how the study's informants adopt various coping styles towards their vulnerability experiences.

### 5.7.1 Passive response: yielding to temptations

The study's informants indicated enduring vulnerability when they continued to yield to temptation despite having already experienced the negative outcomes of credit card use. Temptations provide consumers with importuning cues that momentarily entice them into spending without thinking about their long-term monetary objectives (Baumeister 2002; Leander et al. 2009). A dialogue with Frances (25) described this phenomenon.

***“Interviewer: Do you think there are any dangers in using credit cards?”***

*Frances: Watch out for the benefits because there's always promotions, 10% off, 'buy one free one', stuff like that, which are so damn cool.*

***Interviewer: Do you think these promotions are dangerous?”***

*Frances: Yeah, cause it's very appealing. You can go to Starbucks and get 10% off. Starbucks here in Malaysia are so expensive, so 10% off is really rare. You can go to a body shop, you can get 'buy one free one' stuff, so it's quite good I think. And restaurants, a lot of restaurants have 10% off for particular cards. I could easily just overspend. Food, clothes, being here and there. Then you realize the bill is really bad at the end of the month.”*

Despite knowing the consequences of overspending, Frances' temptation to use her credit cards to purchase items with discounts shows a greater desire to fulfil her short-term goals. This goal, along with the notion of myopic self-control failure can arise from a struggle between willpower and desire (Baumeister 2002; Bearden and Haws 2012; Hoch and Loewenstein 1991; Wertenbroch 1998). Consumers make a suboptimal consumption decision that occurs when an indulgent object is chosen at the expense of global or long-term goals. A situational force can result in self-control failure when that force causes an individual to reconsider the importance of their set standards or goals (Baumeister 2002; Bearden and Haws 2012). In the above case, Frances' love of the products and brands that make her feel good, combined with the reduced prices, provided her with instant gratification at a good value for the money. However, these temptations also make any

consideration of financial consequences harder to construe, as emotional drivers too often take over. Rachel provides a similar example:

*“...Because we have a credit card, we really don't know how much we're spending. Like for example when I go out with friends and when we see a nice dress in Topshop, we're like, “oh no, I've spent so much money on my credit card already this month,” but then the dress is so nice. If I don't get it now I'll never get it. Someone else will get it or no sizes left. So, just take it and buy it anyway. And at that moment I'll say, “I will worry about how I'm gonna pay it off at the end of the month. I don't even want to worry about it now.” Sometimes we want instant gratification now and worry about the payments later.”*

(Rachel, 22)

As this dialogue illustrates, seeing a desirable product or brand can throw all financial considerations out of one's mind to make oneself feel better temporarily. In this case, Rachel came up with several different justifications for making the purchase right away.

### **5.7.2 Active response: learning curve**

Although vulnerability is associated with a state of powerlessness, consumers do not always passively accept their circumstances. Instead, people often negotiate and fight for their identities in an effort to reduce their personal vulnerability (Baker and Gentry 2006). Hence, vulnerability does not have to last. Adkins and Jae (2009) suggest that vulnerability is transient when consumers adopt an active response style, which encompasses positive behavioural and emotional coping strategies that help consumers prepare for future marketplace interactions. In the present case, informants showed that they are equipped with the skills to overcome their vulnerability. We describe this knowledge as the “learning curve.” Tom (20) experienced this curve through his realization of the economic consequences of credit card payments. The real economic cost of credit card purchases is often difficult to determine at the point of purchase due to the lack of transparency found in the payment system. By the time Tom received his credit card bills, the charges had

accumulated significantly. This illustration indicates that youths have the capacity to escape their vulnerability through experience and learning.

*“Tom: I would never take cash out from the bank machine using the credit card because the bill is too high when you do that. Or if I did I’d take a large amount of cash and not just ten or twenty pounds.”*

***Interviewer: How much did they charge when you withdrew cash (from your credit card)?***

*Tom: I know one of my banks – I haven’t tried taking out cash with the other two – but Halifax charged me about ... something like £5 a day until I put the money back into the account. It was a lot [of money] ‘cause I didn’t realize until about a week, two weeks; then it was like, sixty quid by the time I sort of realized. So I don’t take money out of them anymore.”*

When talking about their behaviour, few participants shared their individual debt problems; yet they did share current behaviours’ suggesting that they had made proactive changes in their lives. For example, Andy suggests in his advice to new credit card holders:

*“I would say just to check on a regular basis in terms of your spending. Or with my credit card online, you can check your history on spending as well. So I tend to see - am I spending more and more and more over time? Or is it just seasonal? Or just one of purchases and stuff? So then I would just say keep an eye on your balance and make sure that you can have enough to pay it. And not to apply for more than - I don’t know, how many credit cards. Sometimes you might need the extra, to give you some flexibility. But don’t go overboard; otherwise you can just end up losing control.” (Andy, 24)*

It’s not clear whether or not Andy ever “lost control.” However, it is clear that he has learned how to manage credit card debt, both by tracking his financial transactions and understanding the negative consequences of debt accumulation. Two other participants, Siobhan (25) and Mohammed (18) provided examples of how they learned to manage their finances in different ways.

***“Interviewer: Why do you prefer to carry cash?”***

*Siobhan: Cause then I can actually know how much I’ve spent, cause like, you know, credit card is just swipe, swipe, and you don’t know at the end of the month how much you’ve*

*spent unless you take the initiative to go online and check the transactions and stuff. But not everybody have access to Internet banking anyway.”*

**“Interviewer: Why do you think it’s important to have a credit card?”**

*Mohammed: For me personally, it helps me manage my money. I always pay off whatever I’ve spent when it’s due. I never have any outstanding balance. But it helps me to save because I’m not worried about having the right amount of money in the current account. I can just use the credit card, and then at the end of the month, it’ll just get a direct debit from the current, so I know when to transfer from the savings account to the current account.”*

These two examples differ in that Siobhan uses only cash now, and her comment suggests she may have had difficulty with credit card debt in the past; Mohammed suggests that he is well versed in using credit cards, even as a method of managing his spending and the associated debt. All these examples and other participant comments show that these young people can and do learn from their experiences with credit cards, but often over time.

## **5.8 Market Response to Vulnerability (from the Consumer’s Perspective)**

The informants in this study also shared their perspectives on how the marketing system can address their vulnerability to credit card misuse and indebtedness. In essence, the youths in this study acknowledge that they are likely to yield to the temptations of credit card spending. At the same time, they perceive that marketing messages play a subversive and subliminal role in creating temptations to lure them into an enduring state of credit card misuse and indebtedness. This is because they believe that the credit card industry profits from interest and financial charges accrued from unpaid balances. To restore the consumers’ trust in the industry, both for-profit and social marketing can endeavour to avoid actions that exaggerate enduring vulnerability. The following narratives illustrate some of the informants’ views of how marketers can facilitate that control back to vulnerable consumers. For example, Mohammed (18) called for credit card marketers to

take action and improve the transparency of their marketing messages to ensure that young people are fully aware of their own financial responsibilities.

*“I think they [credit card companies] are very manipulative. They communicate in two ways. When they’re trying to attract consumers, they communicate in just normal English that everyone understands. And then when we signed in, they communicate in the financial numbers that no one understands. So I think they’re obliged to say both, but they say that the advantages in the words that people get and perhaps the high interest that no one has a benchmark to set it against, like 35 percent AER or something. People are just like, “yeah, okay. It says that everywhere, probably it’s just normal. I don’t know what it means, but I’ll do that anyway.” But there’s no easy guides to tell you what this actually means.”*

(Mohammed, 18)

Meanwhile, others advocated more interventions from others to stop young people from accumulating problematic debts and subsequently fall into a state of vulnerability. For example, Jenny (21) recommended that youths should obtain their credit cards from their parents (in the form of supplementary credit cards) to help them control their debt loads.

*“From my own personal experience, I think the ideal case would be [getting a credit card] through your parents. [Parents] can ask the credit card company itself to create a supplementary card and then they give it to their children. Rather than the credit card company promoting to the young people themselves. Ideally it would be like that. Because people who are young and don’t really know how to use money, they might just be attracted to the status of the credit card. And just have the wrong idea about it. So I think ideally it would be through the parents.”*

(Jenny, 21)

This recommendation is consistent with the Palmer et al. (2001) study, which showed that college students whose parents are involved in credit card acquisition as co-signers have significantly lower credit card balances compared to students with no parental involvement. Indeed, youths who experience enduring vulnerability to credit card misuse and indebtedness might perceive themselves in terms of strengths while discounting the real and potential serious risks (Pechmann et al. 2011). Such a state of vulnerability is

likely to continue and worsen youths' financial woes without the presence of any intervention programs that are specifically designed to protect or remedy the limitations and challenges. Therefore, one way to address vulnerability among youths who misuse and accumulate problematic debts may be to enforce intervention from a reference group, such as enlisting parental or guardian involvement in youth credit card accounts.

However, not all youths require the same level of intervention or protectionist measures. This is because some of youths' experience of vulnerability is transient. Thus, they only experience it in a certain limiting situation. To address such a transient state of vulnerability, consumers can benefit from being more empowered. As an illustration, recall the narrative of Catherine (21), who felt most vulnerable in her final year of higher education, as she had little money left and had to rely on her credit card to get through each month's expenses. At a time when money is scarce and highly valued, the credit card issuer decision to raise and reduce Catherine's credit limit without her consent heightened her vulnerability even further. Herein, she called for credit card marketers to facilitate young credit card consumers with a choice to use their credit cards to accommodate their individual needs.

*"I think we should have the option. But I think they [credit card companies] should be perhaps more picky when they lend to people. I think everything should be considered. Like how much income you get, so how much university loan you get, and also your overdraft on your account. Because I think some people can play it where they've got a huge credit card and also a huge overdraft, and the banks are lending more than they really should be. But I think it's important that we have the choice. But I think that it should be a choice that we make ourselves and that it's not pushed on us. So if we go into the bank and say, I'd like a credit card please, then they'll do it for us. But we shouldn't walk up to the counter and say, hi - can I pay in this money, and they'll be - oh, would you like a credit card as well. I think that's wrong. Because I worked at one of the banks in my gap year, and every customer I spoke to I had to try and sell them a credit card. I think that was wrong.*

(Catherine, 21)

Consistent with the Pechmann et al. (2011) argument, this study's informants suggested that transient consumer vulnerability should be met with marketing actions that emphasize their strengths. Hence, marketing efforts to redress transient vulnerability may wish to reach out to youths who actively wish to reduce their state of vulnerability by promoting learning curves in their credit card messages and promotion. For example, highlighting credit card information during credit card marketing or sales promotions may remind consumers of their longer-term objectives and deter impulsive credit card transactions and avoid debt accumulation. An active reminder of economic consequences, derived from memory or situational cues, makes people more conscious of the effects of their behaviour and the standards to use to compare the potential outcomes (Nenkov, Inman and Hulland 2008). This information restores self-control and gives control back to the individuals and, further, empowers their marketplace interaction. For example, the NatWest bank in the UK introduced mobile text alerts to notify consumers of balances and the limits on their current accounts that the consumers can set online. The introduction of this service for credit card accounts can also be a unique interactive marketing offer that can benefit the consumers' self-control process as without sacrificing the marketer's competitiveness.

## **5.9 Chapter Summary**

In summary, the qualitative study results unveil the following themes surrounding youth vulnerability to credit card misuse and indebtedness, which are substantiated by the informants' narratives:

1. **The youths' experience of vulnerability**, which depicts the youths' feelings of anxiety, stress and helplessness following their credit card misuse and indebtedness. However, not all of these vulnerability experiences are enduring, as

the informants also expressed what seemed to be transient episode of credit card difficulties.

2. **External condition of vulnerability**, which portray the youths' perception of how credit card marketing contributes to their poor credit card spending decisions. Overall, the youths conveyed a sense of distrust and scepticism over the marketing of credit cards towards youth and the profit-oriented nature of the credit card services.
3. **Internal characteristics of vulnerability**, which illustrates the extent to which young consumers experience vulnerability to credit card misuse and indebtedness. This theme is further divided into characteristics that facilitate and impede vulnerability. Consumer attributes that facilitate vulnerability include: 1) alleviation of "pain of paying" during credit card transactions, 2) having a "no-worries attitude" towards credit card debt accumulation, and 3) having a "habit to forget" to manage credit card account. Conversely, attributes that hinder vulnerability are 1) feeling "pain of paying" during credit card purchases, 2) showing good financial sophistication, and 3) adherence to self-imposed financial regulation.
4. **Consumer responses to vulnerability**, which depicts the youths' coping mechanisms to manage their sense of balance and control following their experience of vulnerability. Following Adkins and Jae's (2009) recommendation, the youths' responses are further divided into passive and active response styles. Passive responses indicate a continuing adherence to be influenced by the temptations of credit card spending, as it makes youths feel temporarily better about themselves. Active responses indicate the youths' willingness to help themselves to escape from their vulnerability, and learn from their negative credit card experiences. As such, passive and active responses to vulnerability are indicative of enduring and transient experiences of vulnerability respectively.

**5. Consumer's perception of how marketing should respond to vulnerability,** which conveys the youths' views of how they wish their vulnerability can be addressed in the marketplace. It follows that vulnerability redress should be catered on the basis of consumer response typology. Hence, those who experience enduring vulnerability may be intervened to stop these consumers from accumulating extensive credit card debts, as these consumers fail to recognise their vulnerability and to learn to overcome it by themselves. On the other hand, those who experience transient vulnerability may be addressed by providing them the tools to facilitate their marketplace empowerment.

These themes are extensions from Baker et al.'s (2005) situational model of actual consumer vulnerability, which serve as a guiding framework in this study. In addition, the study also builds from Adkins and Jae's (2009) extension of this model, by outlining the distinctions between passive and active consumer coping styles. Overall, the resulting framework (Figure 5.2) showcases a way to understand how young people vary in their experiences of vulnerability to credit card misuse and indebtedness. Importantly, it shows that the experience of vulnerability is dependent on the interactions of numerous internal and external factors, which indicates that vulnerability is a fluid and dynamic experience (Baker et al. 2005). Thus, it is too simplistic to generalise all youths as equally vulnerable to credit card misuse and indebtedness, as not all youths experience such vulnerability. Moreover, even when youths have experienced such vulnerability, they possess varying levels of coping mechanisms that distinguish their ability to escape the threats to their financial welfare.

## Chapter 6

# Hypothesis and Scale Development: Assessment of Susceptibility to Credit Card Misuse and Indebtedness

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### 6.1 Chapter Introduction

This chapter marks the section of this thesis structure as outlined in Figure 6.1. It corresponds to the fourth to eighth research tasks outlined in chapter 4 to explore the youths' susceptibility to credit card misuse and indebtedness:

***Task 4:** To develop a valid and reliable measure of consumer susceptibility to credit card misuse and indebtedness (SCCMI).*

***Task 5:** To explore the multifarious types of consumer expectations of credit card utility.*

***Task 6:** To test the effect of multifarious credit card utility expectations on SCCMI.*

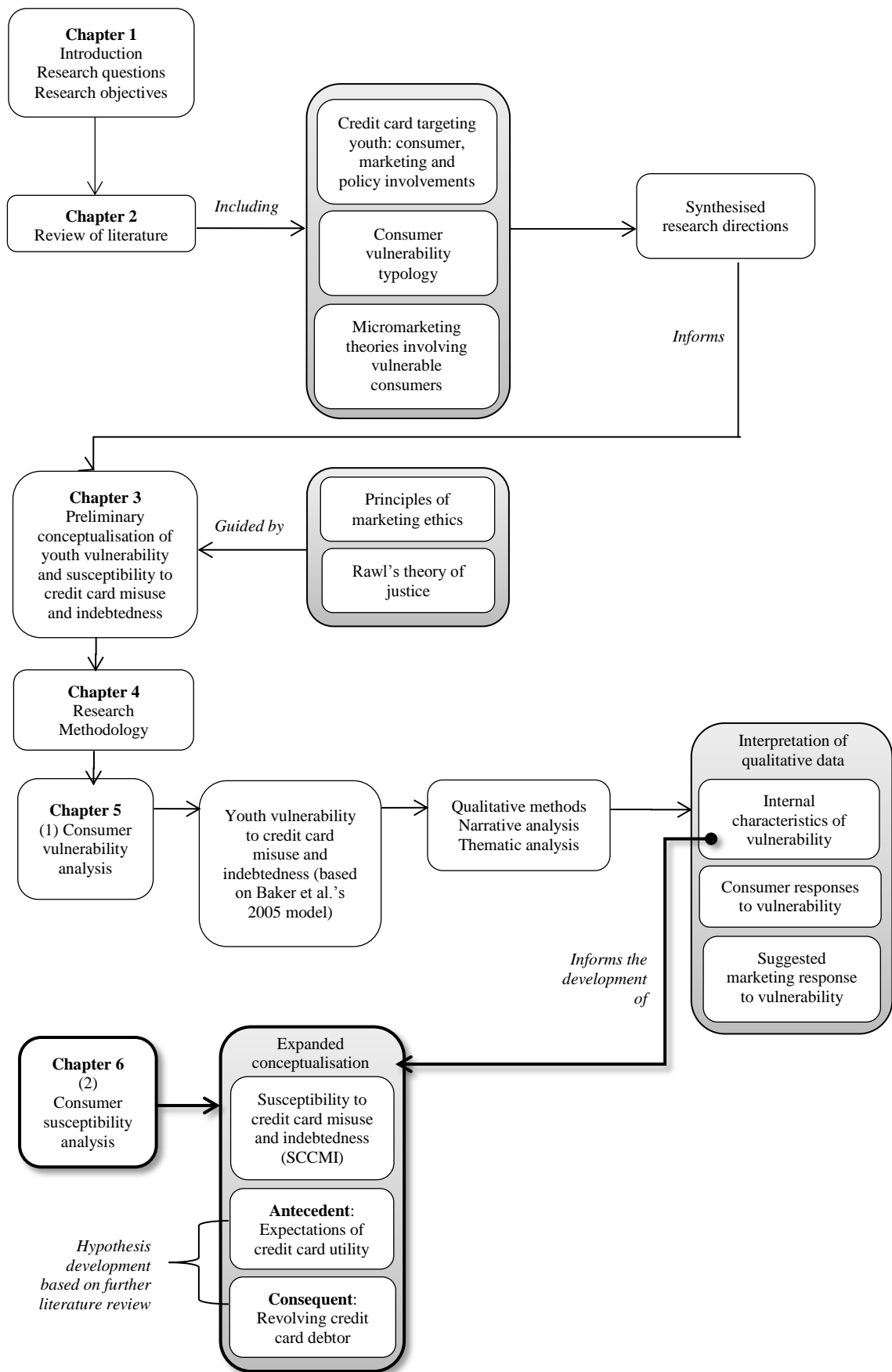
***Task 7:** To test the effect of SCCMI on the tendency of youth to develop revolving credit card debt.*

***Task 8:** To evaluate youth vulnerability and susceptibility to credit card misuse and indebtedness in Malaysia, Singapore, and the UK.*

To undertake these research tasks, this chapter sets forth three objectives. First, it expands the preliminary conceptual framework concerning the assessment of consumer susceptibility to credit card misuse and indebtedness presented in Chapter 3. Thus, the first section of this chapter reflects on the qualitative study results and a further literature review to strengthen the offered conceptualisations of susceptibility to credit card misuse and indebtedness (SCCMI), the multifarious expectations of credit card utility, and revolving credit card debt (RCCD). Following that discussion, the next section

hypothesises the dependent relationships between these factors in the conceptual framework on the basis of literature review.

**Figure 6.1: Chapter 6 structure**



Secondly, this chapter develops measurement scales to assess SCCMI, the multifarious aspects of consumer expectations regarding future credit card utility, and RCCD. In particular, SCCMI is conceptualised as a unidimensional construct. Expectations of credit card utility is conceptualised in two parts, namely long-term expectations (LTE) and short-term expectations (STE). LTE is conceptualised as having a four-factor structure, which incorporates the expectations of frugality, credibility, convenience, and security. Meanwhile, STE is conceptualised as a three-factor construct that encapsulates the expectations of credit cards as short-term financial support, an entitlement, and a status symbol. The measurement scales for these constructs are developed based on reflection on both the themes and narratives of the qualitative study results and the supporting literature.

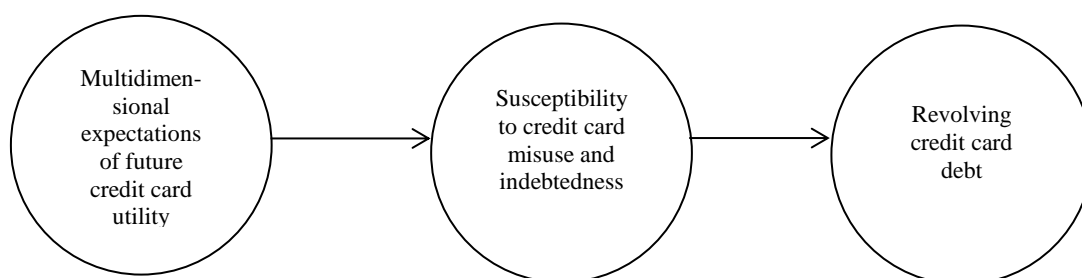
Finally, this chapter reflects on the cross-country elements of this research to theorise the applicability of the above constructs and dependence relationships across Malaysia, Singapore, and the UK. The chapter concludes with a summary of measurement instruments and hypotheses that will be tested in the next chapter.

## **6.2 The Expanded Conceptual Framework**

This section reflects on the preliminary conceptual framework that depicts the antecedents and consequences of consumer susceptibility to credit card misuse and indebtedness (SCCMI) introduced in Chapter 3. This preliminary framework is also depicted in Figure 6.2. Subsequently, the discussion expands the conceptualisation of each concept in the framework and presents a hypothesised relationship between these concepts. In the preliminary framework, the main concept of SCCMI is introduced as a measure of the degree to which young consumers yield to the behavioural manifestations of the credit card

effect. Multifarious consumer expectations of credit card utility are presented as antecedents to SCCMI, while revolving credit card debtors are presented as the outcome factor. However, the preliminary conceptual framework faces a conceptual shortcoming due to its novelty and contextual focus on youth credit card usage. Thus, it benefits from a qualitative inquiry that enriches its propositions and sheds light on the real-world contexts that this study researches. Furthermore, such a reconnection with ecological contexts prevents the risk of the proposed measurement instrument relying on information that is detached from reality, a phenomenon termed as “decontextualisation” (Castro et al. 2010). Each factor in the preliminary conceptual framework is analysed in greater depth in the following subsections.

**Figure 6.2: Preliminary conceptual framework of the antecedent and consequent of consumer susceptibility to credit card misuse and indebtedness**



### **6.3 Susceptibility to credit card misuse and indebtedness**

Consumers who are susceptible to credit card misuse and indebtedness are those who display a greater propensity than others to yield to the behavioural outcomes’ pertaining to the credit card effects by deviating from rational credit card usage. As has been previously discussed in Chapter 3, typology of general credit card effect that has been examined in the

literature include: 1) a greater spending level when using credit cards than in other payment mechanisms (also known as “credit card premium”) (Raghubir and Srivastava 2008; Prelec and Loewenstein 1998; Rick et al. 2008); 2) difficulty in recalling past credit card expenses (Srivastava and Raghubir 2002; Soman 2003); and 3) a tendency to overestimate available income when deliberating on a credit card purchase (Soman and Cheema 2002), or all these effects jointly (Chatterjee and Rose 2012; Thomas et al. 2011). Thus, SCCMI assesses the consumer’s degree of sensitivity and his or her capability to respond to or reject the above- noted credit card temptations. Researches on these credit card effects do not focus on a particular age, which means that a mature adult and a young person may be equally influenced by such effects. However, given the youths’ inexperience with credit card usage, they are likely to be influenced by credit card temptations than those who are more established credit card users (Soman and Cheema 2002).

The qualitative study results presented in Chapter 5 lend support to the view that consumers’ inherent characteristics do play a major role in shaping their state of vulnerability to credit card misuse and indebtedness. These internal characteristics include: 1) low “pain of paying”, 2) habit of forgetting, and 3) having a “no-worries” attitude. These characteristics suggest deviation from the rational credit usage (i.e., one that results in maximised utility without imposing long-term harm in the form of problematic debt accumulation), indeed especially informative to the formulation of SCCMI. Therefore, this section expands on these internal individual characteristics to strengthen the conceptualisation of SCCMI.

The preliminary conceptual framework (presented in Chapter 3) postulates that susceptibility to the credit card effect may differ across individuals due to differences in their partiality toward credit card effects, self-regulatory capacity, and degree of financial sophistication. Based on the researcher’s reflections on the qualitative study and a further

literature review, this section elaborates on these aspects further and proposes that the theoretical concept of SCCMI reflects: 1) a lack of awareness of credit card effect, 2) psychological normalisation of credit card debt and 3) a lack of financial sophistication. These properties of SCCMI represent its “derived concepts”, which serve to provide more detailed abstraction or theoretical meaning for the focal concept (Bagozzi 1994). Consistent with Bagozzi's (1994) guideline for orthodox conceptualisation of scientific theory, these derived concepts provide access and form “empirical concepts” that are observable and can be subjected to inter-subjective verification (Bagozzi 1994).

In other words, the three derived concepts are the foundation to use to form the measurement instrument of the SCCMI construct. Concurrently, SCCMI is hypothesised as a unidimensional construct, which means that all items included in an instrument will measure one single trait in common (Gerbing and Anderson 1988). The derived concepts (awareness of credit card effect, normalisation of credit card debt and financial sophistication) are theoretically assessing the same characteristics of credit card usage, which reflect the degree of consumers' impaired cognitive functions that result from the temptations of credit card effect. Therefore, it is important to note that the aforementioned-derived concepts are not conceptualised as separate dimensions due to the inadequate uniqueness that distinguish each derived concept from another. However, the data analysis procedure here also tests the viability of a three-factor model of SCCMI as a competing alternative to the unidimensional model. Regardless, the derived concepts can serve an important role model in the conceptualisation and measurement scale development of SCCMI. The following sections elaborate on these claims.

### **6.3.1 Unawareness of credit card effect**

The preliminary conceptual framework presented earlier in this thesis hypothesizes that SCCMI is reflected in consumer receptivity to cognitive biases already inherent in credit

card effect. The researcher's reflections on the qualitative study interpretation indicate that young credit card users indeed vary in their attentiveness or awareness of this credit card effect. The study's informants expressed various degrees of cognizance toward credit card premiums, memorability of past payments, and disregard of their actual ability to pay during credit card transactions. In terms of credit card premiums, many of the study informants expressed greater freedom of spending during credit card transactions compared to cash purchases. Sandy (20) provided an exemplary case of how credit card influences her greater willingness to spend and her greater magnitude of spending.

*"I spend more with credit card than with cash because I think that if you have cash, you have it on you, and you know that it's that fixed amount. And if you're using (cash), you see it diminish. But if you have a credit card you think, "Oh well, I'll pay it back. I have my credit card. I can buy it now." Or if you see something you want, you can buy it at that moment."*

(Sandy, 20)

Similarly, the study informants reported weak memorability of past credit card payments particularly due to the lack of payment transparency present during transactions. In one case, Rachel (24) explained that her difficulty in keeping track of her credit card expenses was largely due to the insufficient attention paid to her past credit card receipts. However, receipts are indicative of payment transactions and could re-instil the "pain of paying" back into credit card transactions when they are utilised to monitor or keep track of credit card expenses.

*"With a credit card, you don't see how much you're spending, so you tend to spend more than you can afford. All you get is basically a receipt, and nobody look at receipts. Well, most people don't look at their receipts, and I have to say I'm one of them. So I get my receipt, I don't look at it and I just fold it up, put it in my wallet. And then if I want to return an item, I just look for that receipt."*

(Rachel, 24)

Finally, the study informants also indicated a lack of attention paid to available income during credit card transactions. Phoebe (21), who had the most credit cards out of

all the informants in this study, described the nature of her credit card purchases, which reflected an attitude that prioritises immediate reward without any justification for future consequences:

*“Spending with a credit card is like spending money that doesn’t exist. [It’s not] like, cash. You earn it, you get it, it’s in front of you when you spend it. A credit card is like, you know you don’t have that amount of money, but I mean, who cares, I’ll think about it later, that kind of thing.”*  
(Phoebe, 21)

The informants’ lack of attentiveness to the credit card effect means that they were less likely to anticipate the cognitive biases associated with credit card usage and, therefore, less able to prepare themselves mentally to resist its temptations. This sense is consistent with the proposition outlined in the preliminary conceptual framework (Chapter 3, Section 3.4.3.2). Earlier, the study advanced the concept that the credit card effect produces cognitive biases that tempt consumers into underestimating the negative consequences of credit card use. The less awareness a consumer has regarding the credit card effect and the less proactive they are at avoiding these temptations, the greater their susceptibility will be to succumb to the temptations of having a credit card. Hence, it is plausible that unawareness of the credit card effect can generate a state where one becomes more susceptible to make less- than- utility-maximising purchases and repayment decisions.

### **6.3.2 Normalisation of credit card debt**

The preliminary conceptual framework for this study also proposes that susceptibility to credit card misuse and indebtedness reflects the societal normalisation of credit card debt, which arises from a tendency to display a “no worries” attitude towards debt accumulation in the qualitative study result. Previous studies contended that credit debt is increasingly becoming part of the cultural phenomena, which is a steep departure from what used to be associated with guilt and social stigma regarding money and buying (Lea et al. 1995;

Peñaloza and Barnhart 2011). In general terms, normalisation of credit card debt is seen as a cumulative opinion that places debt as something that one is expected to have to partake fully in the society (Bernthal et al. 2005; Peñaloza and Barnhart 2011). However, in this study, normalisation of credit card debt posed a risk of financial harm when youths use it to rationalise their debt accumulation. This view is indeed consistent with the “no-worries” attitude conveyed in the previous chapter (Section 5.4.3), which highlights youths’ greater tolerance towards debt today. An example narrative offered by Carrie (21) illustrates how failure to control credit card spending and its repayments are justified in the light of the similar behaviour by others:

*“I think it [a credit card] makes me more open to having debt. ‘Cause like my friend, she couldn’t pay the full amount but still uses the card to make purchases when she doesn’t have any money. Then, I think it makes us ... it makes it very normal to not be able to pay off the whole amount, like not [being] able to pay off the amount that we spent for that month. And maybe just wait for the next month, when we have extra cash to pay. But you know, I think we will never have extra cash [laugh] because you know, we keep spending [and] the amount of debt is more than what we have and what will be coming in, so there’s no way that the full amount can be paid off.”* (Carrie, 21)

Seeing her friend’s overspending lifestyle signalled a temptation for Carrie herself to normalise credit card debt on her part. It was only after she experienced a credit-funded spending lifestyle that she realised that paying off the full amount of her debt is difficult to achieve. Such behaviour can be linked to the technique of neutralization, which individuals employ to protect themselves from self-blame and the blame of others after the act (Sykes and Matza 1957; Costello 2000). Neutralization enables individuals to engage in dysfunctional consumer behaviour by reducing guilt, rationalising their behaviour and mentally reduce the consequences of their act (Harris and Dumas 2009).

Two particular techniques of neutralization that are apparent in this case is the denial of responsibility and injury. Denial of responsibility enables individuals to cast the

responsibility of their aberrant behaviour on someone else or on the circumstance (Sykes and Matza 1957). Likewise, the young informants in this study blame their debt accumulation as a social norm and in Carrie's case, a close friend's influence. Hence, they view themselves as not guilty since their misbehaviour is caused by factors beyond their control. Meanwhile, denial of injury takes place when people lessen the consequences of their misconducts by emphasizing the lack of direct harm (Sykes and Matza 1957). Likewise, there are young informants in this study who fail to regard their credit card debt accumulation as harmful, because the negative consequences only take place in the future. Thus, they view their present misbehaviour as acceptable.

### **6.3.3 Lack of financial sophistication**

Another proposition outlined in the preliminary conceptual framework is that susceptibility to credit card misuse and indebtedness emerges from a lack of financial sophistication. Financial sophistication refers to the knowledge of basic, but important financial concepts which determine how equipped people are in making financial decisions (Lusardi et al. 2010). The lack of financial sophistication in credit card usage reflects the tendency to "forget" to manage finances, which is conveyed from the qualitative study results. This forgetfulness indicates a repetitive orientation to overspend and negate making full repayments on the credit card balances, which subsequently result in debt accumulation. Therefore, it is comprehensible to view a tendency to forget to manage finances as a manifestation of the lack of financial sophistication, i.e., credit card naivety. For example, Jenny (22) admitted that her financial monitoring accrument was a result from a previous experience of overspending as an undergraduate student in the UK, which she did not wish to repeat.

***"Interviewer: Do you control or keep track of the use of your credit card?"***

*Jenny: Yes. It's part of my general finances, so I keep track of it, my personal finances. Whenever I buy something with my credit card ... I have an Excel sheet for all my finances. When I was in England, at the beginning, I tended to overspend. It's so easy to overspend in England. And then I came to a point where I really have to stop, I really have to be careful [with] what I'm spending. At that point I started keeping track of my finances. I them put in tables, and I put them in categories, and credit cards [expenses] is one of them"*

The study's informants conveyed different sources for their financial sophistication. Specifically, those who display stronger financial sophistication appear to be less susceptible to credit card misuse and indebtedness. In the qualitative study, informants who displayed an understanding of how credit card works, and the financial, social or psychological consequences of credit card debt also displayed a degree of readiness to overcome temptations. For example, the youngest informant in this study, Mohammed (18), conveyed a thorough knowledge of credit card, which equipped him to use credit card strategically without charging interest rates:

*"For me personally it helps me manage my money. I always pay off whatever I've spent when it's due. I never have any outstanding balance. But it helps me to save because I'm not worried about having the right amount of money in the current account. I can just use the credit card and then at the end of the month it'll just get a direct debit from the current, so I know when to transfer from the savings account to the current account."*

(Mohammed, 18)

However, the preliminary conceptual framework also highlighted that the credit card market is filled with aggressive solicitation techniques that are more persuasive than informative in nature. Thus, it may be difficult for inexperienced credit card users to maximise utility and avoid credit card temptations. Indeed, the study informants who indicated a lower financial sophistication implied they experienced less readiness to be able to face the consequences of credit card temptations. For example, Tonie's (19) case clearly captured a "not-bothered" attitude towards the credit card charges that she built up.

Further, she did not display concern over the consequences of using the minimum payment option, despite it being the most expensive form of payment (Navarro-Martinez et al. 2011). Her case reflects the convenient “habit of forgetting” to fulfil regular monthly credit card payments, spend within a pre-set budget, and/or to consciously avoid producing a bill that is more than what one is capable of paying (discussed in more depth in Chapter 5, Section 5.4.2). On reflection, this “habit of forgetting” signifies a financial naivety that can lead one to be more susceptible to making non-rational credit card purchase or repayment decisions.

***“Interviewer: Have you ever experienced a time when you went over the limit of your credit card?”***

*Tonie: Yeah.*

***Interviewer: Can you tell me more about this experience?***

*Tonie: Oh wow, it [the charges] just gets building up, building and they charge you loads of interest as well. So I just didn't have any money and then when I did I just spent it all. And then I just couldn't be bothered to make any [re]payments on the credit card... but then unfortunately I had to make some payments because they sent me notices. So I just sort of transferred money from my debit card to pay off my credit card, like pay off a little bit.”*

Based on these reflections of the qualitative study results and their theoretical relevance to the preliminary conceptual framework, SCCMI is proposed as a construct that reflects an unawareness of credit card effect, normalisation of debt, and lack of financial sophistication about many youth or those who are relatively inexperienced with credit cards.

#### **6.4 Antecedent: Expectations of Credit Card Utility**

The earlier proposition submits that consumers have multifarious expectations for credit card utility. Further analysis and interpretation of the textual qualitative data indeed suggest that young credit card users showed great variation in their expectations of credit

card utility. These expectations are grouped in accordance with their theoretical relevance and are conceptualised as part of two independent higher-order factors: Long-term expectations (LTE) and short-term expectations (STE) of credit card utility. LTE is conceptualised as a four-dimensional construct, which consists of the “frugality”, “credibility”, “convenience” and “security” expectations of credit card use.

Similarly, STE encompasses three dimensions, including “short-term financial support”, “entitlement”, and “status symbol” expectations for credit card utility. This segregation between instant and long-term- oriented expectations is important and in line with other consumer behaviour studies that recognise that people are influenced both by long-term rational concerns *and* by more short-term emotional factors (Hoch and Loewenstein 1991). The following sub-sections elaborate on these themes in greater detail.

#### **6.4.1 Long-Term Expectations**

##### ***6.4.1.1 Frugality***

Berntal et al. (2005) argued that a variation in consumers’ abilities to control their credit card practices is due to the underlying tension between two ideologies, one of frugality and the other, entitlement. In their study, the ideology of frugality characterises those individuals who carry little or no debt and espouse strong beliefs in the value of long-term. More specifically, frugality ideology is seen to embody the Protestant ethic, which prioritises hard work, savings, reinvestment, modesty, prudence and discipline as the essence of material success and ultimately spiritual salvation (Berntal et al. 2005). This thinking is consistent with the more general view of frugality as a basic value, which is defined as a consumer lifestyle trait characterised by the degree to which consumers remains both restrained in acquiring and also resourcefully using economic goods and services to achieve long-term financial goals (Lastovicka et al. 1999 p.88). Informants in this qualitative study indeed expressed such an appreciation for long-term rewards in their

financial ideology. Particularly, informants like Siobhan and Eileen professed the use of their credit cards to spend less than the full-price for products and services.

*“If there’s any payments I’ll pay it with cash if I can. Unless there’s some discounts given out at the restaurants or supermarkets. For example, for my HSBC MasterCard, I use it in restaurants because they always have this promotion where if you use credit card you get discounts for food. So yeah it’s for instances like that.”* (Siobhan, 24)

*“... I’m studying in SIM, Singapore Institute of Management, a private school in Singapore, so the cost fee itself is actually around \$6000 and because I was holding a OCBC credit card, it actually allows me to pay monthly instalments, say split it into 12 months instalments without paying interest. So I normally choose to pay by credit card in this kind of circumstances. Maybe for electronic products, that’s also interest-free instalment plan. So it actually makes more sense to use credit cards to pay for these things so that you pay instalments every month to the credit card company, cause from a finance point of view, money today is worth more than money tomorrow. So, I choose to pay by credit card.”*

(Eileen, 21)

Based on these narratives, it is conceivable that young people hold a certain expectation that credit card will facilitate savings and control over one’s expenses. Thus, frugality expectation is a viable classification of long-term expectations of credit card utility.

#### **6.4.1.2 Credibility**

Another far-sighted expectation of future credit card utility is concerned with its ability to provide future financial credibility in the form of credit rating and credit scores. With sufficiently high credit scores, consumers are granted access to additional credit, such as mortgages and car loans. Thus, consumers who wish to build a credit report from a young age will need to display prudent repayment behaviour (i.e., pay balances on time) to obtain a higher score. Consumers who never have had a credit card or have failed to pay balances on time will be unlikely to be approved for further loans or are likely to be charged a higher interest rate on a loan (Cohen-Cole 2011). Indeed, a number of informants in the current study displayed an awareness of the importance of credit history

and using credit cards to build a strong credit rating. Sandy's narrative illustrates that awareness of the importance of a credit history.

*I think the best benefit [of having a credit card] is just it gives you a credit background. So if you were going to go apply for like a bank loan or whatever it is, you have that credit background. If it's good then you're more likely to get it, but...yeah and I think it's also convenient. Because everything nowadays is online and it's all through credit cards. I think even debit cards are kind of going out of the picture. So yeah, I think it's really convenient and I think it's good [for] credit background.* (Sandy, 20)

Thus, youths do show anticipation to use credit card as a tool to build a good credit rating, which indicates a long-term plan of credit card utilisation. Therefore, credibility expectation is a viable representation of long-term expectations of credit card utility.

#### **6.4.1.3 Convenience**

Early studies that attempted to profile credit card users tended to distinguish between convenience users and instalment users (Mathews and Slocum 1969; Slocum and Mathews 1970) to discriminate between debtors and non-debtors. Thus, convenience users typified those who pay their balances in full every month, while instalment users carried a balance month to month and pay finance charges (Mathews and Slocum 1969; Pinto et al. 2004). However, Hirschman (1979) argues that such a distinction may not be valid, as consumers may actually be using credit cards to take advantage of the free-interest period to protect their cash assets sitting in interest-earning saving accounts or short-term investments. In this way, purchases on credit generate greater volume and dollar value than those made with cash, *ceteris paribus* (Hirschman 1979). Thus, it stands to reason that instalment users do not necessarily become debt-ridden, imprudent credit users, and convenience users may also make instalment payments without piling up financial charges.

Since then, however, the conceptual definition of a convenience user has evolved. In an earlier study, Plummer (1971) noted from a lifestyle theory perspective that

convenience credit card users include those whose perceive credit cards as a satisfactory substitute for cash. This view is due to the physical form of the payment mechanism, which complements the typical active, urban-suburban lifestyle of the majority of consumers. This view still holds today, as reflected by informants' accounts in this current study:

*“It’s definitely not convenient to carry around RM500 in your wallet all the time. And debit cards are not that common here in Malaysia. So credit cards are definitely preferred. So having it in my wallet is like easy payment choice.”*

(Zhao, 22)

Other informants extend this view of convenience in terms of the credit cards' flexibility to provide access to new purchase avenues, such as online and overseas shops. Jenny's case delivers a useful and important view of the new type of convenience:

*“Convenience I would think is definitely a big factor [for getting a credit card]. Especially in a world where everything is international, we’re not just local consumers. We’re not just buying stuff in Singapore, we’re buying stuff in Asia, we’re buying stuff internationally. I think that’s where a credit card is very useful. I mean, you can talk about discounts, but that’s quite a small bit of it. I think mainly it’s convenience ... Plus there’s the internet and everything. I think it’s important especially when you do online transactions, it’s very, very helpful. Because [with] online purchases, a lot of websites they tend to ask for credit cards nowadays, especially internationally. Recently I ordered two books from a UK website and I couldn’t use my Singapore debit card and I don’t have a PayPal account, so I had to use a credit card.”*

(Jenny, 21)

This view is congruent with Kaufman-Scarborough and Childers' (2009) view that says convenience in the online marketplace is characterised by efforts that reduce the effort, time or other resources that people must spend when shopping online. Thus, it is reasonable to conceive that youths anticipate convenience from their credit card usage in ways that do provide long-term cash substitute and greater ease of access into local, international and online marketplaces. Hence, convenience viably represents an expectation of long-term credit card benefit

#### 6.4.1.4 Security

The final long-term outlook of credit card function expectations is concerned with the ability of the payment mechanism to shield consumers from fraudulent activities and other safety aspects related to not carrying cash. Indeed, past studies suggest that Internet shoppers emphasise credit card security in online transactions as the dominant issue for their purchase deliberation and satisfaction assessment (Szymanski and Hise 2000). Further, concern over credit card security is reported as a major deterrent to on-line shopping for young consumers. Overall, these issues signify many youths' strong consideration of safety issues related to their credit cards.

In the present study, the informants conveyed a great deal of trust in the use of credit cards as a primary payment mechanism due to its secure systems compared to the risks involved when using cash. Eileen's and Tom's stories illustrate this sense of security felt by having a credit card:

*"... Most importantly, the best thing about credit card is you do not actually need to take cash off your pocket. Because my wallet had just got stolen yesterday, and I did not have any cash inside the wallet at all. Not even like \$5. Not even a cent. So, it can actually reduce the damages to the lowest with a credit card. Because when my wallet got stolen, the thief actually tried to withdraw money using my cards. They tried it on two of the cards, the OCBC one and the Lloyds one, but they were unsuccessful. So, it was actually quite lucky that I had these cards, so I need not bring so much cash around."*

(Eileen, 21)

*"The main appeal [of a credit card] is literally, I can spend a large amount of money regardless or not if I have the money at the moment. So if I ever have to, I don't know, get a taxi for a long time or say if I crash my car and want to get it fixed while I was up here but I couldn't because my Dad's back home, and he has the money and it's just easier to have it, it kind of takes a load off you back when you know that when you're in trouble, you needed to get something, you can and it's fine. So I'd still say that emergency is the main thing that I'd say it's useful for."*

(Tom, 20)

These narratives indicate that youths hold high expectations that credit cards will provide security against thievery and to protect against future emergencies. Based on the

long-term precautionary nature of this expectation, security expectation suitably depicts long-term expectations of credit card benefit.

## **6.4.2 Short-Term Expectations**

### ***6.4.2.1 Short-term financial support***

An important appeal of credit cards is their use as a temporary source of income when actual income is insufficient to fulfil immediate needs, referred to in this thesis as short-term financial support. Indeed, credit cards have been advertised as an open-ended, easily available credit source to use to purchase goods and services (Wickramasinghe and Gurugamage 2012; Ritzer 1995). However, consumers tend to mistake their credit card limit as an alternative source of income. From a mental accounting perspective, Cheema and Soman (2006) theorised and demonstrated through experimental studies that consumers classify expenses flexibly or construct their accounts to justify spending. Indeed, the informants in this study expressed their ability to construct transaction-specific mental accounts (Thaler 2004; Cheema and Soman 2006), in terms of monies on their debit card (signifies actual income earned or allowance from parents) and credit card (signified credit limit) accounts.

However, they also expressed an inadequate capacity to manage these accounts. Hence, instead of using these debit and credit mental accounts to monitor expenses and achieve overall gains (e.g., smooth out cash flow), they treat their credit account as being *supplementary* to their debit account. Thus, when monies in the debit card accounts run out, they then justify spending on their credit card accounts, as they viewed them as an additional source of funds.

Several narratives from the informants described these mental accounting problems. On the one hand, Catherine realised the distinction between her debit and credit

accounts, yet she still treated her credit as a supplement to her debit account due to her having insufficient income as a full-time student. Meanwhile, Tom viewed his credit card account as an emergency supplement to his debit account, but yet was careful not to overdo it as his friends did:

*“Your debit card will stop working when you run out of money, but your credit card will keep working up until your credit limit, regardless of whether you’ve got enough money to pay off or not. So I think the debit card is like the bank’s way of stopping you. Whereas the credit card is the bank’s way of encouraging you to spend money ... I would happily get rid of my credit card. The second I’ve got a secure job, I’d get rid of it. It’s just right now I need that borrowed money to keep going. Because I’m a student and don’t have any money. But if I was in a situation where I didn’t need that extra leeway of a few weeks each month I’d happily get rid of it.”*

(Catherine, 21)

***“Interviewer: Now, do you think it’s important to have a credit card?”***

*Tom: yeah, I think so because if your debit card does run out and you have no more money available but you need money, credit card is pretty perfect cause you can get money that you don’t necessarily have but will pay back in the future. So, I think it’s important. But I’m careful not to use it in a bad way the way students normally use it ... like they’ll use all the money that they actually have on their debit card. Say they have like a month’s spending, they’ll use that amount of money within the first two weeks, and then the remaining two weeks it will just go on credit. So when new money is coming in at the end of the next month, it’s just used to pay off the credit, and then they’ll run out of money in the first week. So it kind of just gets worse and worse and worse”*

(Tom, 20)

Based on these narratives, it is conceivable that youths hold an expectation of credit card as a tool to provide short-term financial support. Based on the immediacy of this feature, short-term financial support can be viably classified as a form of short-term expectations of credit card utility.

#### ***6.4.2.2 Entitlement***

The entitlement expectation of credit-card outcomes is derived from Bernthal et al.'s work (2005) , which describes entitlement as an ideology of credit card practices that prioritises

self-gratification as a reward for having endured various hardships. There is a degree of congruency between Bernthal et al.'s (2005) conception of entitlement ideology and Boyd III and Helms' (2005) general notion of consumer entitlement. In a study of service marketing recovery, Boyd III and Helms (2005) defined entitlement as the extent to which an individual expects special treatment and automatic compliance with expectations, as they perceive themselves to be a special customer of the firm. These concepts suggest that consumers who feel an elevated sense of entitlement place higher importance on self-gratification than the financial cost of their consumption practices, special services, or other actions.

Thus, one can say that credit card practices that are guided by the entitlement ideology illustrate consumption practices that are focused on short-term, need-gratification and mood repair (Bernthal et al. 2005), instead of the costs of consumption. Such prioritisation of emotional over financial well-being is consistent with the failure to anticipate the emotional consequences of actions correctly, which often misleads consumers and allows them to emotionally downplay the potential high costs of repayment at the actual time of purchase (Wiener et al. 2007). Tom's (20) and Zhao's (23) accounts illustrate their sense of entitlement toward their own credit card ownership and purchases:

*“Tom: Credit cards kind of are there for you to buy something slightly extravagant that you wouldn't get on a debit card, you'd get it on your credit card, and you can pay it off in smaller instalments. So I guess it's to buy luxury goods, yeah ... that's mainly what you'd use it for.”*

***Interviewer: Would you say that you use credit card to buy things that you would not be able to afford otherwise?***

*Tom: Yeah, you're more likely to spend when you have a credit card. I'd say definitely everyone who has a credit card would be spending more than people who don't have a credit card. Obviously a card allows you to spend more money, so everyone just takes advantage of that. At some point I know that you will use your credit cards to spend money that you do not have. It's as simple as that. You will.*

*“I guess it’s [getting a credit card] sort of like a turning point in my life. I got it when I started working, and once you start having a disposable income, you can apply for a credit card. You can get one. And it’s like a milestone in your life, isn’t it? It’s like I have my own money to spend now, I can afford this, I don’t have to rely on anyone else. And sometimes you want to spend a bit more and you don’t have enough and you really need something and you want to buy it. But you can always pay in advance with a credit card and deal with the payment later.”*

(Zhao, 23)

Consequently, many youths anticipate a sense of entitlement by using their credit cards to reward themselves or when they have reached a perceived milestone in their lives. Therefore, it is conceivable to regard entitlement as an immediate reward expectation for credit card usage.

#### **6.4.2.3 Status symbol**

A credit card is often perceived as a status symbol, as it communicates certain aspects of an individual’s identity to others through social display. The notion of credit card symbolism is not new. Solomon (1983) proposed that people view products in terms of their symbolic and functional utility, and consumers rely on the symbolic social meanings as a guide to determine a product’s performance of social roles, especially when the role demands are considered novel. For example, Feinberg et al. (1992) drew an analogy between credit card cues and the semiotics of clothing. Their studies suggest that individuals form impressions of others based on credit card cues, and indeed, there is a relationship between the meaning of these credit card cues and the identity of the individual. Interestingly, the authors established that others’ semiotic perceptions of credit card cues do not reflect actual differences in identity. For the current study, this finding indicates that expectations of credit cards as a status symbol does not reflect the true representation of the user’s actual identity. Thus, individuals with these expectations may

have an inaccurate expectation of the outcome experience or feeling certain emotions related to their credit card consumption.

The informants in the current study expressed various aspects of credit card symbolism that are shaped by their respective social meanings. Jenny, for example, expressed credit card ownership as a symbol of success and attainment, equal to having bought a house or a car from the perspective of the Singaporean society. On the other hand, Tom described his “gold” credit card as a representation of individuality and distinctness from others:

*“It [credit card] has become one of the necessities in Singapore society. It’s one of the – we call it the five Cs. Condo, car, cash, credit card and country club membership. But these five Cs are the things that when you have them, that means you’ve hit a certain level. You are affluent, you live a good life in Singapore. For the credit card to be considered as one of them, I think that the reliance on credit cards is really huge.”* (Jenny, 21)

*“Tom: I’d like to say ‘no’, the look of the credit card isn’t important. But, yeah, it really is! Like, if you use a gold American Express or gold NatWest they just look really cool and you kind of want one. So yeah, I’d definitely say it plays a part.”*

**Interviewer: In what way do you think the aesthetic bit is important?**

*Tom: I suppose ... it can give you some individuality. Not everyone will have that card. And obviously, as you get more rewarded by your bank, they might offer you a better card, which looks even cooler or sleeker. So yeah, I’d say that’s quite important.”*

These narratives indicate that youths anticipate credit card ownership to convey a positive status or image to others around them. Based on the immediacy of such rewards, it is conceivable to regard status symbol expectation as a form of short-term expectations of credit card utility.

## **6.5 Consequent: Revolving Credit Card Debtor**

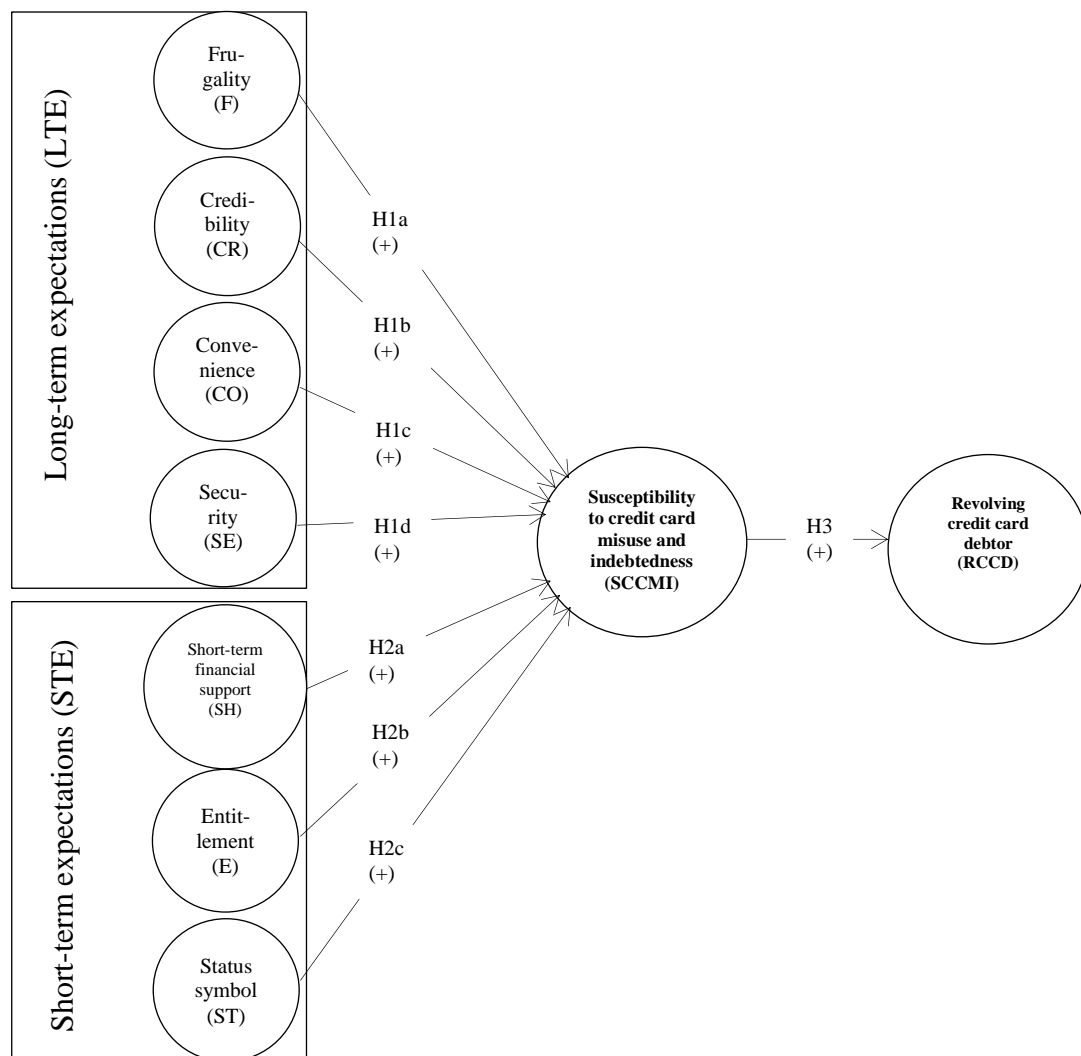
An assessment of consumer susceptibility is deemed useful to aid in the understanding of how vulnerability can be prevented. Thus, this study conceptualises revolving debt as an

indicator of vulnerability experienced from credit card misuse and indebtedness. As previously discussed in Chapter 5, participants in the qualitative study conveyed their state of vulnerability in terms of anxiety, stress and feelings of helplessness when dealing with credit card debt. Similarly, individuals who developed revolving debt also reported daily financial stress and decline in psychological well-being, as they realised the severity and chronic nature of their situations (Norvilitis et al. 2003; Wang et al. 2011). Therefore, to assess the predictive capacity of SCCMI on youth vulnerability to credit card misuse and indebtedness, it is important to analyse the link to SCCMI for the revolving credit card debtor.

## **6.6 Hypothesis Development**

Now that the conceptualisations of the constructs in the conceptual framework are clarified, the chapter now moves on to theorise the dependent relationships between these constructs. This section utilises extant literature on credit card cognition and psychology to aid in configuring the relationships between the proposed constructs. Figure 6.3 illustrates the expanded conceptual framework and the hypothesised relationships between concepts.

**Figure 6.3: Expanded conceptual framework of the antecedent and consequent factors of susceptibility to credit card misuse and indebtedness**



*Note:* for clarity, arrows in the figure do not represent H4 and H5, which hypothesise the moderating influences of national identities. However, this moderator is theorised to influence all relationships in this figure

### 6.6.1 Expectations of credit card utility and SCCMI relationship

This study posits that both long- and short-term expectations of credit card utility have *equally positive effects* on SCCMI because extant theories posit that in the light of credit card usage deliberation, consumers are often incapable of having accurate expectations regarding their post-consumption experiences. Specifically, Wiener et al. (2007)

highlighted three psychological issues that affect consumers' ability to make rational credit card decisions in a way that favours immediate over long-term rewards. First, consumers may accurately anticipate the resulting experience of their action (e.g., high costs of overusing credit card). However, they may still perceive an immediate payoff more favourably than any long-term effects, even when the cost of the distant outcomes is greater than the value of the immediate payoff (Wiener et al. 2007). That cognitive failure to direct behaviour can be explained by time-inconsistent preferences, which implies that consumers struggle to maintain self-control due to the two opposing psychological forces of desire and willpower (Hoch and Loewenstein 1991).

Particularly, time-inconsistent preferences occur when the desire for a short-term reward is greater than the consumer's willpower to forego the behaviour in the short term for a longer-term goal. In the current analysis, this inconsistency of preference translates to the likelihood that consumers may still opt for short-term reward associated with credit card usage (e.g., impulse buying, overspending, making minimum repayment), despite knowing that in doing so they are foregoing a larger and more important long-term goal (e.g., avoiding charges and debt accumulation).

The second psychological issue relevant to instant versus long-term in credit card deliberation is that consumers are not always accurate in predicting how they will experience outcomes (Wiener et al. 2007). Indeed, the credit card system allows consumers to put off paying for transactions until a later date, which, therefore, eliminate or at least delays the psychological "pain of paying" at the time of the transaction (Prelec and Loewenstein 1998; Soman et al. 2011). Thus, when balancing the immediate gratification against the expectation of feeling the "pain of paying" in the future, people are likely to underestimate that pain and "choose" to ignore the long-term costs of credit card use in favour of its short-term rewards (Wiener et al. 2007; Raghurir and Srivastava 2008).

Finally, consumers might inaccurately predict the emotional consequences of their actions, choices that misled them to emotionally downplay the potential high costs of repayment at the time of purchase (Wiener et al. 2007). Also termed as “miswanting”, such phenomena mean that people make errors in anticipating the likelihood that they will have a positive experience because of their consumption decision. Applying this logic to consumer credit card use, Weiner et al. (2007) demonstrated that people were more likely to engage in credit card purchases when they anticipated positive feelings would ensue from making purchases and negative moods would ensue from not making those purchases. This feeling was true regardless of the accuracy of the expected emotional experience (Wiener et al. 2007). Similarly, credit card purchases have been positively linked to compulsive buying (Roberts and E. Jones 2001; Park and Burns 2005; Pirog and Roberts 2007; Lo and Harvey 2011), and compulsive buying has been identified and characterised as chronic, repetitive purchasing that becomes a primary response to repair a negative mood or address a negative event (Faber and O’Guinn 1992).

As such, spending via a credit card is often accompanied by positive emotions at the time of purchase, but later experience negative emotions (e.g., regret, guilt) when the bill arrives (Pirog and Roberts 2007). The psychological biases associated with credit card expectations indicate that consumers are likely to favour immediate over future rewards during their credit card transaction deliberations. Thus, it is hypothesised here that consumers with long-term expectations of credit card outcomes remain susceptible to the credit card effect, regardless the accuracy of their expectations. It further follows that those with short-term expectations of credit card usage outcomes are also susceptible to credit card effect. Thus, the first two hypotheses are presented as follows:

**H1:** Long-term expectations of credit card benefits will have significant and positive effect on susceptibility to credit card misuse and indebtedness.

**H2:** Short-term expectations will have significant and positive effect on susceptibility to credit card misuse and indebtedness.

Since LTE and STE are second-order factors, their relationship to SCCMI will not be assessed here directly. Thus, it is very important to examine the relationship of each sub-factor of LTE and STE and their (testable) hypothesised relationships with SCCMI.

First, it is proposed that there is a positive relationship between the frugality expectation of credit card utility and SCCMI. In normal payment circumstances, consumers who expect to achieve savings through frugal spending should not be susceptible to the temptations of credit card spending. However, consumers are likely to be biased toward the immediate rather than the longer-term rewards when using credit cards as a payment mechanism. Thus, it is comprehensible that even those who expect to make economical use of credit cards remain susceptible to credit card misuse and indebtedness. Based on this view, a testable hypothesis is presented as follows:

**H1a:** Frugality expectations of credit card utility will have a significant and positive relationship with SCCMI.

Similarly, the predisposition toward the immediate rather than the long-term reward benefit of credit card usage means that the intention to use a credit card to build good credit rating may be disrupted by the credit card spending temptation. Similarly, youths may simply fail to account for the amount of effort required to ensure or monitor how their credit ratings are enhanced, rather than hindered, as a result of their credit card usage. Thus, youths are likely to remain susceptible to credit card misuse and indebtedness despite having a long-term credibility expectation. It is therefore hypothesised that:

**H1b:** Credibility expectation of credit card utility will have a significant and positive relationship to SCCMI.

Convenience expectation refers to the anticipation that credit card usage will provide long-term cash substitute and greater ease of access to local, international, and online marketplaces. Regardless, inaccurate expectations of future credit card consumption experiences may still distort the consumers' preference so as to favour immediate over future rewards. For instance, youths may "forget" that the main reason for applying for a credit card in the first place was for certain online transactions, which loosens the restrictions of credit card usage and allows these users to utilize it freely. Thus, it stands to reason that consumers who expect to gain convenience through credit card usage may still be exposed to the temptations of credit card effect. Therefore, it is hypothesised that:

**H1c:** Convenience expectation of credit card utility will have a significant and positive relationship to the susceptibility for credit card misuse and indebtedness.

Similarly, consumers who expect to utilise credit cards as a security measure against thievery and emergency events, in the end, may be biased toward the immediate rewards of credit card use. Hence, youths may simply forget their security reasons for having a credit card and let themselves fall for the ease and instant rewards of credit card usage. Thus, they may remain susceptible to the temptations of the credit card effect. Therefore, it is hypothesised that:

**H1d:** Security expectation of credit card use utility has a significant and positive relationship with susceptibility to credit card misuse and indebtedness.

In a similar way, the anticipation of using credit cards as short-term financial support is likely to expose individuals to the temptations of more credit card spending. Indeed, viewing credit cards as a supplementary account can be a mental accounting problem, as youths fail to differentiate between savings accounts (or current accounts from debit cards) and credit card accounts. Thus, their capacity for mental accounting is limited

inasmuch to an identification of mental accounts without using them to control or monitor expenses. This identification can be referred to as partial mental accounting because their information processing focuses solely on categorising money into different accounts; however, there is insufficient mental control or budgetary restrictions placed within these accounts to regulate the spending.

Without such a self-control mechanism in place, consumers may undermine the budgets that were supposed to accompany these mental accounts. In this state of mind, young consumers are likely to make incorrect predictions of how they will experience the outcome (e.g., they may assume that they can use credit cards as income replacement without significant consequences). Thus, youths will be in an even more challenging position to resist the temptations of credit card usage, particularly as they offer a painless way to spend that enables young people to negate future repayment at the point of transaction. Therefore:

**H2a:** Short-term financial support expectations of credit card utility will have a significant and positive relationship to susceptibility to credit card misuse and indebtedness.

The entitlement expectation of credit card utility signifies a preoccupation with the capability of credit cards to allow self-gratification immediately. Thus, consumers may be making an inaccurate prediction by anticipating that they will have a positive experience (e.g., satisfaction, good mood) as a result of their credit card consumption; it also leads them to downplay the long-term effect of credit card purchases (Wiener et al. 2007). Thus, they will be in a difficult position to resist the temptations of the credit card effect. Therefore, it is hypothesised that:

**H2b:** Entitlement expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.

Similarly, those who expect that credit cards communicate affluence and individuality are likely to be more susceptible to credit card misuse and indebtedness. Indeed, the status symbol expectation of credit card utility may not confer a true representation of the actual outcome of that consumption experience. Particularly, this representation occurs because a better-looking credit card (e.g., gold, platinum, titanium) often comes with greater temptations to overspend (e.g., higher credit limit, points rewards) and higher charges (e.g., annual fees). Hence, those who anticipate that credit cards will give them a status symbol are expecting a positive emotional reward because of their perceived exclusivity of having a credit card. Therefore, it is hypothesised that consumers with greater expectations of using a credit card as a status symbol are susceptible to the credit card effect and its temptations:

**H2c:** Status symbol expectations of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.

### **6.6.2 Revolving Credit Card Debtors and the SCCMI relationship**

The preliminary conceptual framework proposes that revolving credit card debtor (RCCD) signifies the outcome variable of SCCMI. This argument is intensified since the derived concepts underlying SCCMI strongly indicate the tendency to accumulate problematic credit card debt. Hence, individuals who display an unawareness of credit card effect, normalisation of credit card debt, and a lack of financial sophistication are more likely to be revolving credit card debtors than those who display the opposing or alternative cognitive patterns. Therefore:

**H3:** Susceptibility to credit card misuse and indebtedness will have a significant and positive relationship to becoming a revolving credit card debtor.

## **6.7 Measurement Scale Development**

Measurement scales in this study were developed based on the conceptualisations of the constructs that are supported by the themes gathered from the qualitative study and the supporting literature. This procedure exemplifies Castro et al.'s (2010) integrative mixed methods (IMM) procedure, which involves the creation of measurement items from qualitative data through thematic analysis. Table 6.1 outlines the definitions and the corresponding measurement items of these constructs within the conceptual framework. Thus, ten measurement items of SCCMI reflect its three derived concepts. The first three items of the SCCMI construct (SCCMI1-SCCMI3 in Table 6.1) reflect an unawareness of the credit card effect; the next three items (SCCMI4-SCCMI7) reflect a normalisation of debt, and the final four items (SCCMI8-SCCMI10) reflect a lack of financial sophistication. Appendix 17 illustrates briefly the process of generating the SCCMI measurement items, which involves three stages. First, the researcher assigned the informants' narratives/dialogues into the prespecified themes. The next task involves the creation of measurement items that are in line with the construct's definition and the key words that were uttered by the informants.

The researcher utilised the same method to develop the measures for LTE (frugality, credibility, convenience, and security) and STE (short-term financial support, entitlement, and status symbol). The initial item pool for each factor consisted of four to eight items, which are displayed in Table 6.1.

To measure revolving debt, past studies tend to calculate the accumulating credit card balance that individuals cannot afford to pay back, which subsequently incur financial charges (Wang et al. 2011). However, measuring the absolute values of revolving debt has certain important limitations. First, absolute values do not measure the level, intensity, or severity of debt because these depend on income levels (Wang et al. 2011; Lea et al. 1993; Lea et al. 1995). Second, there is a complexity associated with obtaining the data

concerning the absolute values of revolving credit card debt in a primary type of data collection because there is a high chance that people will avoid answering the questionnaire or worse still fabricate their answers to protect their privacy or feel discomfort in revealing such personal financial information. For example, the questionnaires distributed by Lea et al. (1993) to investigate consumer attitude to credit and debt in Wales, England, had a mere 21% response rate due to the sensitivity of that subject. Indeed, studies indicate that the issue of money remains a taboo topic in the modern consumer culture (Trachtman 1999; Lea et al. 1993). Therefore, the risks of having a low response rate and data falsification remain high.

This thesis adhered to the practice found in previous studies, which adopted proxies as a way of measuring revolving credit card debt. In particular, Wang et al. (2011) specified that revolving credit use is reflected by three particular outcomes and behaviours: 1) repaying over time, 2) paying equal to or greater than minimum required payments, and 3) using up a revolving credit limit (p.183). Thus, five statements of RCCD were introduced to evaluate the frequency in which individuals are inclined to display the above credit card behaviours.

**Table 6.1: Definitions of constructs in the expanded conceptual framework and their related measurement items**

Factor/ Definition	Dimension/ Definition	Item ref #	Measurement item
<b>Susceptibility to credit card misuse and indebtedness</b> – individuals who display greater propensity than others to yield to the behavioural outcomes pertaining to the credit card effect by deviating from the rational credit card usage. It reflects such cognitive tendencies	-	SCCMI1	Shopping with a credit card does not feel like spending my own money.
		SCCMI2	I feel a sense of freedom when shopping with my credit card.
		SCCMI3	When using my credit card, I do not feel the ‘pain of paying’ in comparison to when I am paying with cash.
		SCCMI4	I find it hard to keep track of my credit card spending on a regular basis.
		SCCMI5	I think it is unnecessary to monitor my credit card expenses frequently.
		SCCMI6	I tend not to think about my income (e.g., from work or pocket money) when I shop with my

as 1) unawareness of credit card effect, 2) normalisation of credit card debt, and 3) lack of financial sophistication

**Long-term expectations** – Consumers' prediction of what future benefits they will experience following their credit card ownership and consumption. Such expectation may be shaped by the marketing promise, social norm or the consumers' own idealism.

**Frugality** – The expectation that credit card will help one to resourcefully achieve longer-term financial goals by generate saving, smoothen cash-flow and ultimately spend less than they would otherwise do without a credit card.

**Credibility** – The expectation that credit card will generate benefits in the form of credit rating in the long run, which will enable the user to obtain financing for life necessities such as mortgage and car loans.

**Convenience** – The expectation that credit card will provide easy and secure access to the online in addition to brick-and-mortar

credit card.

- SCCMI7 I am less cautious about money when I am shopping with a credit card.
- SCCMI8 I leave the worry of paying my credit card purchases to when the bill arrives.
- SCCMI9 I worry about debt when I spend with my credit card (*reversed*)
- SCCMI10 I do not consider borrowing money from credit card as particularly harmful
- F1 I believe in using my credit card to manage my money.
- F2 I believe that credit card is there to help me make substantial savings on my day-to-day purchases.
- F3 I regard my credit card as a tool to manage my cash flow.
- F4 I believe that credit card helps me to budget my expenses.
- F5 I always strive to make use of the loyalty programmes (e.g., discounts, rewards points, air miles) offered by my credit card company in order to economise the costs of my expenses.
- F6 I believe in disciplining myself when using my credit card to avoid overspending
- F7 I avoid from being charged extra (including interest rates, annual fee, etc) by my credit card company.
- CR1 I believe in using my credit card to build up a good credit score from a young age.
- CR2 I understand how my use of credit card influences my credit rating.
- CR3 I believe that a good credit rating is important for my future credibility.
- CR4 Using a credit card from a young age is important in order to have a credit background.
- CR5 I believe achieving a good credit score will enable me to gain more benefits in life, than without a credit score.
- CR6 A good credit record from my use of credit card could help me obtain financing for my future life necessities (e.g., car loans or mortgage).
- CO1 I believe in using my credit card as a replacement for cash for everyday purchases.
- CO2 I use my credit card to make my day-to-day purchasing activities easier.
- CO3 Without a credit card, my access to shopping (both on-line and off-line) would be significantly

	transactions without the need to produce cash.				reduced.
		CO4			I believe that by having a credit card, I will be able to resolve any inconveniences or emergency situations if they occur.
	<b>Security</b> – The expectation that a credit card will protect oneself from incidental events that threaten the consumer’s safety and well-being.		S1		I believe that credit card gives me a better purchase protection than any other alternative methods of payment.
			S2		By using credit card, I believe that I am protecting myself against theft or robbery that may occur.
			S3		I believe in making purchases with my credit card because of its security procedures involved when making a payment (e.g., PIN number).
			S4		Carrying a credit card instead of other means of payment makes me feel secure.
<b>Short-term expectations</b> - Consumers’ prediction of what – immediate benefits they will experience following credit card ownership and consumption. Such expectation may be shaped by the marketing promise, social norm or the consumers’ own idealism.	<b>Short-term financial support</b> – The expectation that credit cards will provide a temporary source of income to help meet basic necessities when actual income is insufficient to do so.		SH1		My credit card helps me make ends meet when I run out of money.
			SH2		My credit card serves as a temporary financial support until I get my next income (e.g., from work or pocket money).
			SH3		I rely on my credit card during difficult times when I run out of money.
			SH4		My credit card’s facility to delay payments is important to me.
			SH5		I use my credit card to buy basic necessities when I am running out of money.
			SH6		My credit card serves as a quick access to loan when I need it the most.
			SH7		The borrowed money from my credit card allows me to sustain my day-to-day necessities.
			SH8		I use my credit card as an advance to my income (e.g., from work or pocket money).
	<b>Entitlement</b> – The expectation that credit card will allow the consumers to indulge in hedonic-based purchases for self-gratifying purposes.		E1		A lot of good things in my life are made possible with the help of my credit card.
			E2		My credit card has given me opportunities to enhance my lifestyle.
			E3		My credit card has given me the privilege to spend on things that I want, without having to worry about paying the full amount in cash.
			E4		My credit card has given me the freedom to treat myself when I need it most.
			E5		My credit card allows me to buy luxury goods and services that I would not otherwise be able to afford with my current income.
			E6		My credit card allows to me to indulge myself with expensive goods or services from time to time.

		E7	I like to treat myself by going shopping with my credit card.
		E8	My credit card gives me access to experience new and better things in life.
	<b>Status symbol</b> – the expectation that having a credit card with pleasing aesthetic characteristics (e.g., a gold card) symbolises a greater degree of prestige, which communicates the cardholder’s higher social standing	ST1	I believe that owning a credit card is a sign of prestige.
		ST2	Using a credit card to make payments makes me look better in the eyes of others, in comparison to other means of payment.
		ST3	The type of my credit card is a symbol of my financial status.
		ST4	I use my credit card to impress others.
		ST5	The look of my credit card is important to me.
		ST6	I strive to get a better premium credit card (e.g., gold or platinum card).
		ST7	A premium credit card is a sign of greater purchasing power.
		ST8	Owning a better-looking credit card would make me look different from others.
<b>Revolving credit card debtor</b> - accumulates monthly credit card balances and pay interests on their outstanding credit card balances over an extended period of time	-	RCCD1	I can only afford to pay my credit card bills in instalments (not the full balance)
		RCCD2	I can only afford to pay the minimum balance on my credit card(s)
		RCCD3	My credit card balance has increased over time.
		RCCD4	My credit card balance is more than my income (e.g., from work or pocket money)
		RCCD5	I use my credit card to its limits.

All the measures introduced in this study were specified as reflective measurement models, where the direction of inferred causality flows from the latent construct to the measures. Reflective model is a differentiation from a formative model where the direction of inferred causality flows from the measures to the construct. The reflective attributes of these measures are justified on the basis of MacKenzie et al.'s (2005) recommended criteria for distinguishing between a reflective and a formative model. First, the measurement items are regarded as manifestations of the construct, rather than the opposite scenario. For example, the tendency not to sense the “pain of paying” during a credit card purchase is a manifestation of susceptibility to credit card misuse and indebtedness, not vice versa.

Second, the measurement items share a strong common theme, as they were picked from the same conceptual domain. Indeed, the proposed measures were derived from the definitions and characterisations of their respective underlying constructs. On the other hand, indicators of formative measures may vary, as they each do capture a unique aspect of the construct. Finally, all the indicators for a reflective model are expected to have the same antecedents and/or consequences. In this study, these measures are theoretically expected to share similar antecedents and consequences because they all reflect the same underlying construct and are, therefore, conceptually interchangeable (MacKenzie et al. 2005).

## **6.8 Cross-Country Evaluation**

### **6.8.1 Equality of measurement scales**

Overall, the qualitative study indicated that informants from different national backgrounds displayed similar variety of credit card usage experience (see Table 6.2). Particularly, youths from Malaysia, Singapore, and the UK had various interpretations of credit card benefits, costs, knowledge and consequences, which together influenced their overall credit card experience. However, the interviews did not indicate any cultural bias that affected their perceptions or interpretations of a credit card. This indicates that the proposed measurement instruments can be understood in a similar way by youths across Malaysia, Singapore, and the UK. However, it is also acknowledged that any inference based on a qualitative study is insufficient to claim that there is no systematic cultural bias in such cross-national research. Thus, the subsequent quantitative study is obliged to assess the equivalence of the proposed measures across the countries included in the qualitative study. It is thus proposed that the measures for SCCMI, LTE, STE and RCCD are at least partially invariant across Malaysia, Singapore, and the UK.

In accordance with the conventional standards, this study regards measurement invariance as fulfilled when it meets the demands for at least partial configural, metric, scalar and factorial invariances. These tests of measurement invariance are described and discussed in greater detail in Chapter 7.

**Table 6.2: Sample characteristics in Malaysia, Singapore and the UK**

<b>Interviewee</b>	<b>Gender, Age</b>	<b>Consumer Characterisation</b>
<b><u>Malaysia</u></b>		
Kai	Male, 24	This civil engineer still retained his student credit card despite having graduated two years ago. He refused to upgrade his credit limit and was happy with a basic service, as he intended to control himself from overspending. He found it easy to overspend, but viewed credit card debt as financial and emotional baggage which he tried to avoid.
Siobhan	Female, 24	This lawyer applied for her three credit cards when she landed her new job. She preferred to use cash and used credit cards mostly during travel and to take advantage of points and promotions in affiliated shops and restaurants. In her line of work, Siobhan dealt with debt collection, most of which were credit card debt. She cautiously monitors her credit card expenses and pays balances on time to avoid financial charges.
Zhao	Male, 23	Zhao was an undergraduate student who had previously worked full-time when he obtained his first credit card. At the time of his interview, Zhao needed financial support from his parents to repay his credit card balances, as he had no income. He understood the mechanism of credit card charges well and expressed an aversion to debt accumulation.
Phoebe	Female, 20	Phoebe had four supplementary credit cards from her parents. She did not use her cards often, unless to treat herself to branded goods and holiday trips, as she believed using credit cards with large value purchases would help her parents to pay for these expenses in instalments. She displayed little understanding of the financial costs of her credit card, including how high her credit limits and interest rates were.
Sandy	Female, 20	This mathematics undergraduate student used her credit card for most expenses. However, she expressed distrust toward the way credit cards were marketed to young people and disliked how easy it was for her to overspend with her credit card. Nevertheless, she needed a credit card since she had little income and wanted to build a credit history to apply for future loans. She wishes to dispose of her card when she gets a stable income in the future.
Frances	Female, 25	This marketing executive owned a supplementary credit card, but paid her own bills every month. She had overspent on her credit card during her university years and felt guilty for not being able to repay her balances in full. She used her credit cards mainly to get discounts from affiliated retailers, but found it difficult to control her spending when she came across tempting promotions.
<b><u>Singapore</u></b>		
Jenny	Female, 22	Jenny obtained her credit card while being a student at 18 and used it to shop beyond her means. However, she came to realise that she needed to save money as she became unemployed. She now uses a credit card cautiously and monitors her spending meticulously.

Jackson	Male, 25	This auditor majored in accounting in university and displayed a thorough understanding of credit card charges. He avoided incurring interest charges and viewed debt as expensive.
Nicole	Female, 20	Nicole held a student credit card and used it on a daily basis. She expressed little awareness of how credit card charges were calculated and did not monitor her expenses. She considered it fine to have a small balance on her credit card.
Rachel	Female, 24	This postgraduate student found it easy to overspend and admitted that she loved to treat herself on her credit card. At the same time, she felt guilty when she overspent, as her father would sternly remind her to be financially vigilant.
Eileen	Female, 21	Eileen held a supplementary card that she paid herself and used it with great care. She planned her credit card purchases and set aside the relative amount from her savings. She was well versed in credit card temptations and knew how to control her spending well.
Carrie	Female, 21	Carrie held a supplementary card that she was financially responsible for. She had her card for two years before she started using it daily, as she had little money left in her final year of university. She monitored her spending occasionally, but regarded credit card debt as a norm.
<u>UK</u> Catherine	Female, 21	Catherine held a student card that she relied on to fund her daily expenses. She occasionally spent up to her credit limit, as she needed it as a lifeline due to her low income as a final year undergraduate student. She had incurred a large balance before, and she was worried about paying her debts.
Damien	Male, 25	This restaurant waiter used his credit card to fund his gap year travels and ended up with a large balance and a low-paying job. He had consolidated most of his credit card debt into a loan, but was still paying the minimum payment on his current balance. Damien was worried that he would never be able to clear his debts.
Mohammed	Male, 18	This undergraduate student was financially responsible for his two credit cards. He had a part-time job, which was his main source of income. He used his credit cards to build a credit history and controlled his expenses meticulously.
Andy	Male, 24	Andy worked as a trainee management accountant and used his credit card on a daily basis to maintain his cash flow. He cleared his balance monthly, but on rare occasions he built up a small balance. He regarded having credit card debt as a norm and did not view it as dangerous.
Tonie	Female, 19	This second- year undergraduate student had a student credit card that she relied on to fund her daily expenses. She opted to pay the minimum amount every month, but displayed little knowledge of its consequences. She felt confident that she would be able to clear her debts when she gets a job after her studies. Tonie had not secured a job offer at the time of the interview.
Tom	Male, 20	This undergraduate student made mistakes with his credit card that led to excessive charges that he struggled to repay. From then on, he tried to avoid incurring charges on his credit card, but he remained dependent on his card as an income substitute when he ran out money at the end of the month.

### **6.8.2 Equality of structural paths: Hypotheses on the moderating role of national differences**

As previously discussed in the preliminary conceptualisation (Chapter 3), there is an inconsistency in the literature concerning the role of national differences in explaining young people's behaviour and attitude. Indeed, a further review of the Malaysian, Singaporean, and UK consumer studies suggest a diverse pattern of credit card-related behaviours and attitudes. In particular, past studies have indicated that Singaporean consumers display stronger expectations toward delayed rewards than Malaysian and UK youths due to its credit card market regulation and a social norm that is more oriented towards frugality.

In particular, Gan et al. (2008) indicate that Singapore's financial market is heavily regulated and its population is customarily frugal in their credit spending. Similarly, Devlin et al. (2007) showed that Singaporean consumers were more likely to display behavioural loyalty to one credit card over another when it offers superior discounts and promotions. Thus, Singaporean consumers tend to exhibit a strong willingness to save by purchasing goods or services at prices below those normally advertised (Devlin et al. 2007). Meanwhile, Ahmed et al. (2010) observed that Malaysian consumers have experienced a recent major improvement in their standard of living across the country, which entails a proliferated exposure to branded products. Thus, consumers across Malaysia are becoming more brand-conscious and seeking products and services that enhance their lifestyle and satisfaction (Ahmed et al. 2010). On the other hand, the existing research suggests that the British use credit cards to a greater extent than any European communities, and this use is accompanied by an increasing level of financial sophistication among the British population (Worthington 1988). More recently, Lo and Harvey's (2011) work on Taiwanese and British compulsive shoppers showed that credit card availability

reduced these Taiwanese shoppers' consciousness of their budget constraints to a greater degree than it did for British consumers. These results thus indicate that British compulsive shoppers seek better strategies to counteract their cravings to buy. Therefore, based on this perspective, it is reasonable to suspect that consumers from Malaysia, Singapore, and the UK display quite different credit card related behaviours and attitudes.

In the light of the prevalent arguments for a variance in consumer credit card behaviour, this thesis postulates that national identity moderates the relationship between credit card expectations and susceptibility to credit card misuse and indebtedness. National identity is the status of belonging to a particular country with a distinct credit card regulatory market and credit card usage styles. Specific to this study, national identities comprise of youths from Malaysia, Singapore and UK nationals who are also residents of their respective countries. National identity is likely to affect the relationships between the antecedents and consequents of SCCMI because different credit card regulations and different social norms are likely to affect each consumer's realistic or idealistic expectations of what credit card usage will bring. Subsequently, this represents a credit card acculturation that should, in turn, affect their apprehension toward/comprehension of/emotional reaction to credit card- related information. Therefore, it is hypothesised that:

**H4:** National identity moderates the relationship between long- and short-term expectations and SCCMI.

Or more specifically:

**H4a:** *National identity moderates the relationship between frugality expectation of credit card utility and SCCMI.*

**H4b:** *National identity moderates the relationship between credibility expectation of credit card utility and SCCMI.*

***H4c:** National identity moderates the relationship between convenience expectation of credit card utility and SCCMI.*

***H4d:** National identity moderates the relationship between security expectation of credit card utility and SCCMI.*

***H4e:** National identity moderates the relationship between short-term financial support expectation of credit card utility and SCCMI.*

***H4f:** National identity moderates the relationship between entitlement expectation of credit card utility and SCCMI.*

***H4g:** National identity moderates the relationship between status symbol expectation of credit card utility and SCCMI.*

Similarly, it is likely that national identity affects the relationship between susceptibility to credit card misuse and indebtedness and revolving credit card indebtedness. Financial regulations across countries are designed to interrupt the process of consumers becoming heavy debtors and declaring bankruptcy. For example, credit card regulation that requires institutions to display the costs of various repayment options may prevent even those who are most susceptible to credit card effect from accumulating overwhelming balances and becoming revolving debtors. Therefore, it is hypothesised that:

**H5:** National identity moderates the relationship between SCCMI and revolving credit card debtor.

However, this thesis does not eliminate the possibility that some young consumers will display homogenous credit card- related behaviours and attitudes, due to its strong theoretical foundation. Therefore, the tests for Hypotheses 4 and 5 will incorporate structural equation modelling invariance to determine if youths display convergent or

divergent credit card related behaviour across Malaysia, Singapore, and the UK. Further details on SEM invariance are discussed in Chapter 7.

## **6.9 Chapter Summary**

The primary aim of this chapter has been to expand the preliminary conceptual framework regarding SCCMI and its proposed antecedents and consequent into testable hypotheses that will then be examined in the subsequent quantitative study. The expanded conceptual framework offers conceptualisations and measures of the constructs for SCCMI; its proposed antecedents, long-term expectations (frugality, credibility, convenience, and security), and short-term expectations (short-term financial support, entitlement, and status symbol) of credit card utility; and revolving credit card debt.

The chapter subsequently introduces five general hypotheses. The first hypothesis (and its sub-hypotheses) proposes a significant and positive relationship between LTE and SCCMI, based on extant studies that posit that in the light of most credit card usage deliberation, youthful consumers are often incapable of making accurate expectations regarding their post-consumption experience. Thus, credit card usage affects the ability of consumers to make rational credit card decisions in a way that favours immediate over long-term. The second hypothesis (and its sub-hypotheses) proposes that there is a significant and positive relationship between STE and SCCMI. By opening their expectations to earn immediate rewards from their credit card use, young people expose themselves to credit card temptations, which therefore make them susceptible to credit card risks. The third hypothesis argues that susceptibility to credit card misuse and indebtedness will positively result in revolving credit card debt. Moving on to cross-country analysis, it is proposed that the measurement instruments introduced in this chapter will be understood equally across consumers from Malaysia, Singapore and the UK. This is a necessary condition to test the subsequent hypotheses.

Consequently, the fourth and fifth hypotheses posit that the structural relations introduced in the conceptual framework will vary across countries because a variance in credit card- related regulations and social norms are expected to influence different consumers' behaviour and attitude toward credit card.

Overall, the introduction of new measurement scales and the involvement of different country samples call for sophisticated statistical techniques to govern and evaluate the quantitative data analysis in this study. In the following chapter, the techniques of exploratory and confirmatory factor analysis, as well as the measurement and structural model invariances, are explained and utilised to assess the proposed measures and the hypotheses.

# Chapter 7

## Quantitative Data Analysis: Assessment of Susceptibility to credit card misuse and indebtedness

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### 7.1 Chapter Introduction

This chapter marks the following section of the thesis structure (Figure 7.1). The objective of this chapter is to carry out four stages of quantitative data analysis. The first three stages are concerned with the scale development and measurement properties of the proposed psychometric scales across countries. Meanwhile, the final stage focuses on the structural properties to test the proposed hypotheses in this thesis. The hypotheses proposed for this study are as follows.

***H1:** Long-term credit card benefit expectations will have significant and positive effects on susceptibility to credit card misuse and indebtedness.*

***H1a:** Frugality expectation of credit card use will have a significant and positive relationship with SCCMI.*

***H1b:** Credibility expectation of credit card use will have a significant and positive relationship with SCCMI.*

***H1c:** Convenience expectation of credit card use will have a significant and positive relationship to susceptibility to credit card misuse and indebtedness.*

***H1d:** Security expectation of credit card use utility have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.*

***H2:** Short-term credit card benefit expectations will have significant and positive effect on susceptibility to credit card misuse and indebtedness.*

***H2a:** Short-term financial support expectation of credit card utility will have a significant and positive relationship to susceptibility to credit card misuse and indebtedness.*

**H2b:** *Entitlement expectation of credit card utility will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.*

**H2c:** *Status symbol expectation of credit card utility will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.*

**H3:** *Susceptibility to credit card misuse and indebtedness will have a significant and positive relationship with revolving credit card debtor.*

**H4:** *National identity moderates the relationship between long- and short-term expectations and SCCMI.*

**H4a:** *National identity moderates the relationship between frugality expectation of credit card utility and SCCMI.*

**H4b:** *National identity moderates the relationship between credibility expectation of credit card utility and SCCMI.*

**H4c:** *National identity moderates the relationship between convenience expectation of credit card utility and SCCMI.*

**H4d:** *national identity moderates the relationship between security expectation of credit card utility and SCCMI.*

**H4e:** *National identity moderates the relationship between short-term financial support expectation of credit card utility and SCCMI.*

**H4f:** *National identity moderates the relationship between entitlement expectation of credit card utility and SCCMI.*

**H4g:** *National identity moderates the relationship between status symbol expectation of credit card utility and SCCMI.*

**H5:** *National identity moderates the relationship between SCCMI and revolving credit card debtor.*

The first section of this chapter begins with an analysis of the pilot test data, which was obtained in Malaysia, Singapore and the UK. This stage of analysis utilises exploratory factor analysis (EFA) to develop and refine the proposed measurement scales.

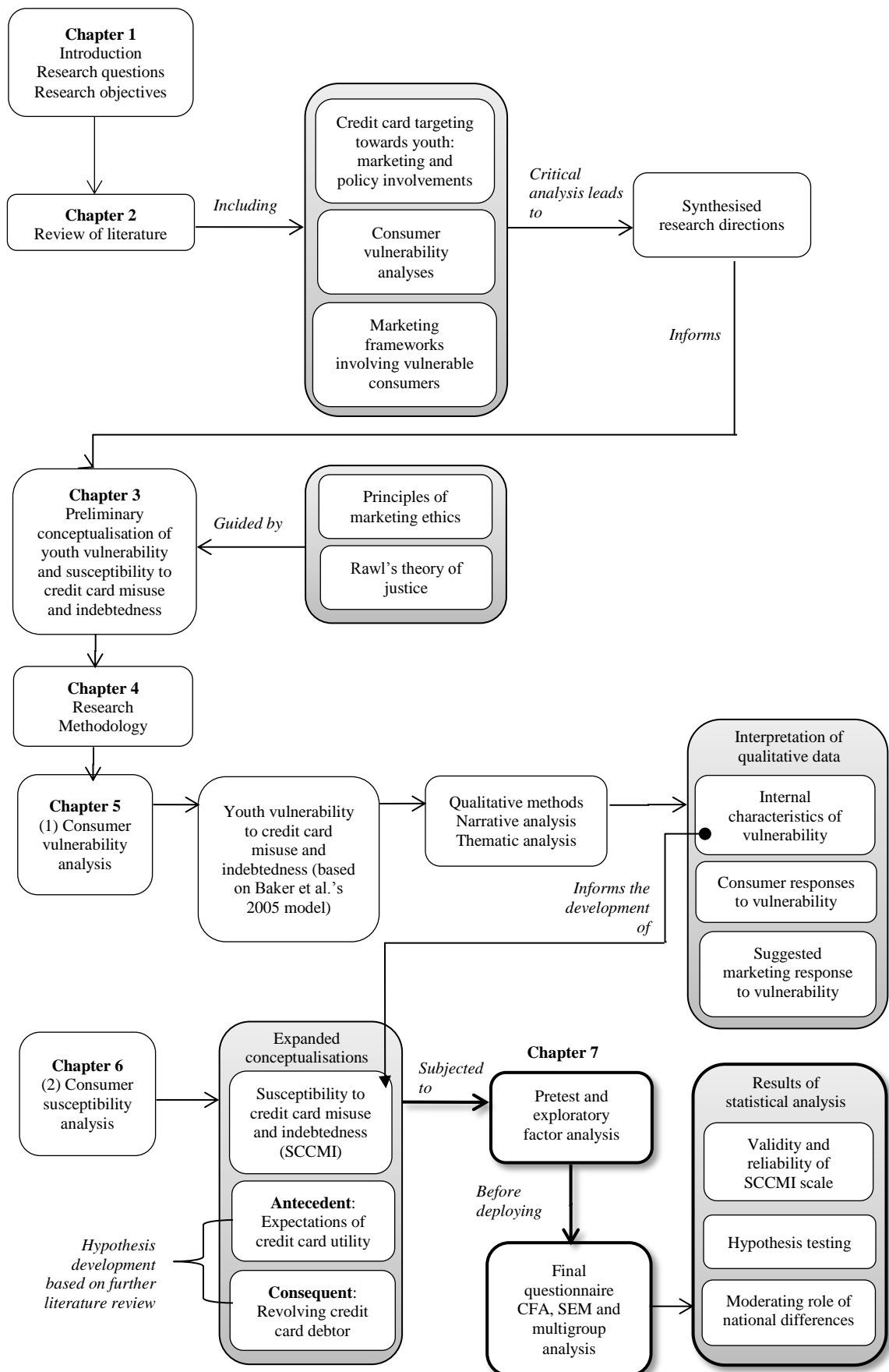
The second part of this chapter analyses the results of the final survey, which were also collected in Malaysia Singapore and the UK. This study adopts the two-step modelling of SEM (Kline 2011), which consists of measurement and structural model components. In the measurement model, all measurement items are allowed to load to its hypothesised construct, while the errors terms are not allowed to relate to any other measured variables (Hair et al. 2006). However, since the measures introduced in this study are new, each measures need to be analysed individually within each country sample. At this stage of investigation, the proposed measures are assessed using confirmatory factor analysis (CFA) to examine the validity and reliability of the proposed measures.

Subsequently, the next section utilises multigroup confirmatory factor analysis (MCFA) to determine if the measures can be invariantly applied (mean the same thing) to members of different countries. Tests of configural, metric, scalar and factor variance/covariance invariance were used to examine cross-country parsimony of the proposed measures. This approach is a necessary precursor to enable the tests of hypothesis across different country samples.

The following section generates a grand measurement model that combines all of the measurement items and its proposed constructs in a single model. The validity of this grand measurement model is tested using MCFA, which examines if the grand model shows configural, metric and scalar invariance. Only when at least partial invariance is achieved that the next to assess structural model can be taken.

The final section corresponds to the second part of the two-step modelling (Kline 2011), which provides tests of the structural model. This section aims to test the hypotheses introduced in the previous chapter by compiling all the proposed constructs and items into a grand structural model that also specifies its dependence relationships. The structural model is then assessed using multigroup structural equation modelling (MSEM). MSEM also enables the assessment of the moderation effect of national identity on the relationships between SCCMI and its antecedents and consequent factors.

**Figure 7.1: Chapter 7 structure**



## 7.2 Pilot Testing and Exploratory Factor Analysis

The data for the pre-test is obtained from a convenience sample of undergraduate students studying at Manchester Business School classes in Manchester, Singapore and Kuala Lumpur. The sample characteristics for this study are young people between the ages of 18 to 25 years, are UK, Singaporean and Malaysian nationalities, and in possession of one or more credit cards under their names. Descriptive analysis showed that female participants for the pilot study accounted for 39%, 55.2% and 38% in Malaysia, Singapore and the UK respectively. The highest age in the sample groups was 23 years old in Singapore, 25 years old in Malaysia and 20 years old in the UK. The pilot survey contained all 60 measurement items outlined in the previous chapter and 10 demographic questions.

The researcher administered exploratory factor analyses (EFA) using SPSS 20 in each of the Malaysian ( $n=46$ ), Singaporean ( $n=105$ ) and UK ( $n=76$ ) samples to examine if the proposed measures display similar patterns of internal consistency and dimensionality. EFA consists of factor analysis and test of reliability. Factor analysis is a statistical approach that can be used to analyse the interrelationships among large number of variables and to explain these variables in terms of their common underlying dimensions or factors (Hair et al. 2006). In the present study, the usefulness of EFA is utilised as preliminary scale development tool to identify any problematic items and to determine preliminary internal consistency of the proposed measurement instruments. Particularly, the susceptibility to credit card misuse and indebtedness (SCCMI) scale is expected to yield a unidimensional factor, while long- and short-term expectations of credit card benefits would yield four and three factors respectively. Revolving credit card debtor (RCCD) is expected to yield a unidimensional factor.

The author then conducted a test of reliability after establishing each factors. Reliability test assesses the degree of consistency between multiple measurements of a

variable (Hair et al. 2006). The value of Cronbach's alpha measures the degree of reliability, with .70 representing a minimum requirement for a reliable measurement scale (Cortina 1993; Peter 1979).

The author conducted EFA in each country's dataset, which contains all the initial pool of items for SCCMI, LTE, STE and RCCD. The EFA test utilised principal axis factoring method and Varimax rotation technique. Principal axis derives factors from a dataset using a component analysis with iterated communalities in the diagonal. Meanwhile, Varimax rotation assumes that factors are uncorrelated. The combination of principal axis factor analysis and Varimax rotation is proven to yield accurate and provide useful heuristic tool for constructing multiple-indicator measurement models as precursor to CFA procedure (Gerbing and Hamilton 1996). Further tests of Kaiser-Meyer-Olkin sampling adequacy (KMO) and Bartlett sphericity were included to examine if the data were appropriate for factor analysis.

Overall, factor analysis suggested a unidimensional model of SCCMI, which was consistent across the all country samples (Table 7.1). However, the reverse-worded item "SCCMI9" did not yield a consistent pattern of items across samples due to low loadings in all three countries. Therefore, "SCCMI9" had to be removed from the analysis to yield a better factor structure. Indeed, reverse-worded measurement scales tend to be less effective when analysed in a multi-country setting (Wong et al. 2003). The EFA result in Malaysia also indicated that the item "SCCMI10" was low in factor loading. However, since this item showed acceptable loadings in Singapore and the UK sample. Therefore, "SCCMI10" was kept for the final questionnaire. KMO and Bartlett's test of sphericity also yielded significant results ( $p < .05$ ) in Singapore (KMO=.765), Malaysia (KMO=.888), and the UK (KMO=.767), which indicate that the data showed good fit for factor analysis (Hutcheson and Sofroniou 1999; Field 2009). Subsequently, the results of reliability analysis yielded

Cronbach's alpha that ranged from .857 to .893, which indicate strong reliability of the 9-items SCCMI scale across the three countries.

**Table 7.1: EFA Results for SCCMI**

Item Ref.	Measurement Items for SCCMI	EFA Factor Loading		
		UK (n=76)	Malaysia (n=46)	Singapore (n=105)
	<b>Cronbach's <math>\alpha</math></b>	<b>.857</b>	<b>.895</b>	<b>.893</b>
SCCMI1	Shopping with a credit card does not feel like spending my own money.	.620	.820	.783
SCCMI2	I feel a sense of freedom when shopping with my credit card	.797	.756	.724
SCCMI3	When using my credit card, I do not feel the 'pain of paying' in comparison to when I am paying with cash.	.790	.769	.706
SCCMI4	I find it hard to keep track of my credit card spending on a regular basis.	.388	.747	.683
SCCMI5	I think it is unnecessary to monitor my credit card expenses frequently.	.663	.693	.661
SCCMI6	I tend not to think about my income (e.g., from work or pocket money) when I shop with my credit card.	.711	.719	.681
SCCMI7	I am less cautious about money when I am shopping with a credit card.	.697	.813	.781
SCCMI8	I leave the worry of paying my credit card purchases to when the bill arrives.	.476	.757	.735
SCCMI10	I do not consider credit card debt as potentially harmful.	.583	N/A	.498

The EFA also suggested four-factor and three-factor models of long- and short-term expectations respectively (Table 7.2). The factors for long-term expectations (LTE) are: frugality (F), credibility (CR), convenience (CO), and security (S). Meanwhile, short-term expectations (STE) include: short-term financial support (SH), entitlement (E), and status symbol (ST). Results of EFA indicated that four items in the "frugality" factor were low in loading across all country samples. Therefore, they were eliminated from the final questionnaire. Further, one item from the "short-term financial support" factor in Malaysia computed a low loading. However, the same item yielded good loadings in UK and Singapore. Therefore, the item is deemed adequate for the final questionnaire. KMO and

Bartlett's test of sphericity yielded significant results ( $p < .05$ ) that ranged from .716 to .864, which also indicate that the data is appropriate for factor analysis.

**Table 7.2: EFA results for consumer expectations of credit card utility**

Item Ref.	Measurement Items	EFA Factor Loading			
		Malaysia (n=46)	UK (n=76)	Singapore (n=105)	
<i>Long-term expectations</i>					
	<b>Frugality</b>	<b>Cronbach's <math>\alpha</math></b>	<b>.921</b>	<b>.916</b>	<b>.842</b>
F1	I believe in using my credit card to manage my money.		.898	.873	.831
F2	I believe that credit card is there to help me make substantial savings on my day-to-day purchases.		.868	.871	.776
F3	I regard my credit card as a tool to manage my cash flow.		.892	.852	.811
F4	I believe that credit card helps me to budget my expenses.		.795	.843	.737
	<b>Credibility</b>	<b>Cronbach's <math>\alpha</math></b>	<b>.814</b>	<b>.891</b>	<b>.864</b>
CR1	I believe in using my credit card to build up a good credit score from a young age.		.700	.836	.605
CR2	I understand how my use of credit card influences my credit rating.		.627	.789	.703
CR3	I believe that a good credit rating is important for my future credibility.		.911	.667	.695
CR4	Using a credit card from a young age is important in order to have a credit background.		.650	.806	.730
CR5	I believe achieving a good credit score will enable me to gain more benefits in life, than without a credit score.		.520	.813	.862
CR6	A good credit record from my use of credit card could help me obtain financing for my future life necessities (e.g., car loans or mortgage).		.485	.674	.741
	<b>Convenience</b>	<b>Cronbach's <math>\alpha</math></b>	<b>.749</b>	<b>.808</b>	<b>.751</b>
CO1	I believe in using my credit card as a replacement for cash for everyday purchases.		.510	.778	.750
CO2	I use my credit card to make my day-to-day purchasing activities easier.		.657	.962	.939
CO3	Without a credit card, my access to shopping (both on-line and off-line) would be significantly reduced.		.737	.644	.459
CO4	I believe that by having a credit card, I will be able to resolve any inconveniences if they occur.		.722	.493	.486
	<b>Security</b>	<b>Cronbach's <math>\alpha</math></b>	<b>.763</b>	<b>.848</b>	<b>.859</b>
S1	I believe that credit card gives me a better purchase protection than any other alternative methods of payment.		.508	.751	.737
S2	By using credit card, I believe that I am protecting myself against theft or robbery that may occur.		.748	.688	.735
S3	I believe in making purchases with my credit card because of its security procedures involved when making a payment (e.g., PIN number).		.683	.65	.858
S4	Carrying a credit card instead of other means of payment makes me feel secure.		.742	.762	.781
<i>Short-term expectations</i>					
	<b>Short-term financial support</b>	<b>Cronbach's <math>\alpha</math></b>	<b>.908</b>	<b>.956</b>	<b>.903</b>

SH1	My credit card helps me make ends meet when I run out of money.	.767	.904	.750
SH2	My credit card serves as a temporary financial support until I get my next income (e.g., from work or pocket money).	N/A	.912	.771
SH3	I rely on my credit card during difficult times when I run out of money.	.851	.937	.841
SH4	My credit card's facility to delay payments is important to me.	.782	.809	.631
SH5	I use my credit card to buy basic necessities when I am running out of money.	.771	.874	.806
SH6	My credit card serves as a quick access to loan when I need it the most.	.835	.739	.685
SH7	The borrowed money from my credit card allows me to sustain my day-to-day necessities.	.723	.879	.689
SH8	I use my credit card as an advance to my income (e.g., from work or pocket money).	.625	.775	.697
	<b>Entitlement</b>		<b>Cronbach's <math>\alpha</math></b>	<b>.924</b>
E1	A lot of good things in my life are made possible with the help of my credit card.	.680	.781	.776
E2	My credit card has given me opportunities to enhance my lifestyle.	.789	.762	.848
E3	My credit card has given me the privilege to spend on things that I want, without having to worry about paying the full amount in cash.	.751	.748	.714
E4	My credit card has given me the freedom to treat myself when I need it most.	.846	.787	.824
E5	My credit card allows me to buy luxury goods and services that I would not otherwise be able to afford with my current income.	.864	.747	.771
E6	My credit card allows to me to indulge myself with expensive goods or services from time to time.	.846	.775	.793
E7	I like to treat myself by going shopping with my credit card.	.719	.830	.743
E8	My credit card gives me access to experience new and better things in life.	.728	.881	.849
	<b>Status symbol</b>		<b>Cronbach's <math>\alpha</math></b>	<b>.891</b>
ST1	I believe that owning a credit card is a sign of prestige.	.722	.832	.587
ST2	Using a credit card to make payments makes me look better in the eyes of others, in comparison to other means of payment.	.743	.767	.839
ST3	The type of my credit card is a symbol of my financial status.	.720	.860	.805
ST4	I use my credit card to impress others.	.786	.724	.859
ST5	The look of my credit card is important to me.	.846	.812	.826
ST6	I strive to get a better premium credit card (e.g., gold or platinum card).	.629	.782	.840
ST7	A premium credit card is a sign of greater purchasing power.	.708	.881	.765
ST8	Owning a better-looking credit card would make me look different from others.	.545	.824	.882

The EFA results for RCCD indicated a one-factor model that was consistently found across all country samples (Table 7.3). Values of Cronbach's alpha showed

acceptable levels of reliability. Tests of Bartlett’s sphericity was significant in all countries, with KMO ranging from .619 to .726, indicative of acceptable to good appropriation for factor analysis.

**Table 7.3: EFA results for RCCD**

Item Ref.	Measurement Items	EFA Factor Loading		
		Malaysia ( <i>n</i> =46)	UK ( <i>n</i> =76)	Singapore ( <i>n</i> =105)
	<b>Cronbach’s <math>\alpha</math></b>	<b>.811</b>	<b>.734</b>	<b>.766</b>
RCCD1	I can only afford to pay my credit card bills in instalments (not the full balance)	.870	.682	.862
RCCD2	I can only afford to pay for the minimum balance on my credit card(s)	.831	.762	.790
RCCD3	My credit card balance has increased over time.	.703	.849	.708
RCCD4	My credit card balance is more than my income (e.g., from work or pocket money)	.693	.567	.639
RCCD5	I use my credit card to its limits.	.674	.620	.625

Overall, the results of the EFA indicate a consistency with the theoretical conceptualisation of the constructs across different country samples. Specifically, the SCCMI construct shows a good internal consistency as a unidimensional construct, the LTE and STE construct shows good reliability as four- and three-factor structures respectively, and RCCD fares well as a one-factor construct. However, several measurement items are inconsistent with the rest of the measurement instruments and had to be removed from the scales. These measurement instruments are therefore ready to be deployed in a final survey

## 7.3 Final Survey

### 7.3.1 Sampling and data collection

The final questionnaire containing measures of SCCMI, consumer expectations of credit card utility, and revolving credit card debt was deployed to samples of young credit card users (18-25 years old) in Singapore (*n*=242), Malaysia (*n*=204) and UK (*n*=203). Participants were recruited by convenience sampling from a list of students and alumni

from state and private universities in Manchester, London, Singapore, Kuching and Kuala Lumpur. The questionnaires were delivered and collected directly in-person. Prior to asking the respondents to fill in the questionnaire, the researcher enquired about their age and whether they owned credit cards to ascertain their suitability for the sampling criteria. Enclosed with the survey was a cover letter that explained the researcher's background and purpose for data collection. The letter also assured the participants that their details will be used anonymously and will only be used solely for academic purpose. The sample characteristics of the participants are displayed in Table 7.4. Based on the diversity of the sample profiles indicated in this study, the respondents are deemed suitable for the purpose of this research.

**Table 7.4: Demographic profiles**

Characteristics		Malaysia (n=204)	Singapore (n=242)	UK (n=203)
<b>Age</b>	18 years	2.5	2.9	5.9
	19 years	2.9	3.7	11.8
	20 years	4.9	12.0	28.1
	21 years	3.9	14.9	19.7
	22 years	6.4	17.8	7.4
	23 years	12.3	25.2	8.9
	24 years	22.1	14.0	11.3
	25 years	42.6	9.5	6.9
<b>Number of credit card held</b>	1	61.8	51.7	72.9
	2	22.5	31.8	24.1
	3	12.7	12.4	1.5
	4 or more	2.9	4.1	1.5
<b>Type of credit card held.</b>	Student	11.3	39.3	53.2
	Normal	71.1	34.7	53.7
	Supplementary	27.5	45.5	.5
	Other	1.5	.4	.5
<b>Period of ownership</b>	less than 1 year	29.4	33.9	21.7
	1-2 years	22.5	24.8	29.6
	2-3 years	18.6	21.1	23.2
	3-4 years	7.8	12.4	13.8
	4-5 years	8.8	3.3	7.9

	5-6 years	4.4	2.5	2.5
	6 years or more	8.3	2.1	1.5
<b>Payer of credit card bills</b>	Myself	76.5	59.5	65.0
	Parents	23.0	27.3	33.0
	Partner	.5	0	1.5
	Other	0	13.2	.5
<b>Occupation</b>	Student	29.4	84.3	92.6
	Non-student	70.6	15.7	7.4
<b>Field</b>	Business/ management	27.0	64.9	50.7
	Education	14.2	6.6	10.8
	Arts	4.4	7.0	12.3
	Sciences or engineering	27.5	7.9	16.3
	Other	27.0	13.6	9.9
<b>Gender</b>	Male	40.7	56.6	55.2
	Female	59.3	43.0	44.3

*Note: Supplementary credit card = when a primary cardholder allows another person to use an additional credit card linked to his or her account (typically issued by parents for their children's use).*

### **7.3.2 Data preparation**

Initial data screening and analysis were performed in SPSS 20 and PRELIS programme which is a part of the LISREL 8.80 (Jöreskog and Sörbom 2001) software. These tests are necessary to establish that the restrictive assumptions behind structural equation modelling (SEM) are not violated (Baumgartner and Homburg 1996).

#### ***7.3.2.1 Missing data***

Assessment of missing values indicates no missing data, since the in-person data collection process involved the researcher checking for missing data before the responses are taken away from the respondents. Therefore, the problem of missing data is not applicable to the present research.

#### ***7.3.2.2 Normality***

Subsequently, tests of univariate and multivariate normality were performed to determine if the data support the assumption of multivariate analysis. This assumption requires that

the shape of data distribution correspond to the normal distribution, which is the benchmark for statistical testing (Hair et al. 2010). Testing for normality is crucial as skewness tends to impact tests of means while kurtosis severely affects tests of variances and covariances (Baumgartner and Homburg 1996; Micceri 1989; Ory and Mokhtarian 2009). Given that SEM is based on the analysis of covariance structures, non-normal multivariate kurtosis can be exceptionally detrimental to parameter estimation in SEM analysis (Byrne 2008).

The results of univariate normality in Table 7.5 indicate that all the variables have non-significant skewness and kurtosis since  $z$  value  $< 1.96$  ( $p > .05$ ), which suggest a potential departure from normality (Field 2009). However, the small scores of relative multivariate normality (the combination of all variables in the data) in Malaysia (1.074), Singapore (1.096) and the UK (1.154) indicate that the data was within the range of moderately non-normal value (between 1 to 3.5, as indicated by Ory and Mokhtarian [2009]). Research suggests that the use of Maximum Likelihood (ML) is relatively robust in the face of moderate non-normality (Ory and Mokhtarian 2009; Byrne 2008). Therefore, the use of ML is deemed appropriate for the present study.

Subsequently, the researcher tested for outliers and found two cases in the UK sample and one case was detected in Malaysia for the item "CR6". Outliers are generally identified that scores that are more than three standard deviations beyond the mean (Kline 2011). Due to the small number of outliers (less than 0.5% of total sample size), it is believed that these cases are random and the respondents belongs to the population that the study intends to sample (Kline 2011). Therefore, they were retained for further analysis.

**Table 7.5: Tests of univariate normality in Malaysia, Singapore and UK**

Variable (Malaysia)	Skewness			Kurtosis		
	Score	Z-score	P-value	Score	Z-score	P-value
Frugality	.009	.052	.958	-.141	-.312	.755
Credibility	-.008	-.048	.962	-.092	-.146	.884
Security	-.008	-.050	.960	-.069	-.069	.945
Short-term financial support	.020	.117	.907	-.140	-.309	.757
Entitlement	.006	.038	.970	-.090	-.139	.889
Status symbol	.052	.309	.757	-.202	-.530	.596
SCCMI	.023	.138	.890	-.109	-.203	.839
RCCD	.218	1.290	.197	-.500	-1.844	.065

Variable (Singapore)	Skewness			Kurtosis		
	Score	Z-score	P-value	Score	Z-score	P-value
Frugality	.012	.076	.939	-.103	-.218	.827
Credibility	-.010	-.063	.950	-.059	-.061	.951
Security	-.017	-.113	.979	-.063	-.076	.939
Short-term financial support	.004	.027	.710	-.208	-.621	.535
Entitlement	.014	.090	.928	-.079	-.133	.894
Status symbol	.027	.178	.859	-.177	-.498	.618
SCCMI	.023	.147	.883	-.136	-.342	.732
RCCD	.257	1.648	.099	-.596	-2.623	.009

Variable (UK)	Skewness			Kurtosis		
	Score	Z-score	P-value	Score	Z-score	P-value
Frugality	.008	.045	.964	-.142	-.313	.754
Credibility	-.011	-.067	.946	-.221	-.600	.548
Security	-.027	-.163	.870	-.101	-.175	.861
Short-term financial support	.023	.138	.890	-.171	-.417	.677
Entitlement	.013	.075	.940	-.216	-.581	.561
Status symbol	.079	.468	.639	-.270	-.790	.430
SCCMI	.030	.178	.859	-.142	-.314	.753
RCCD	.060	.360	.719	-.263	-.761	.447

## 7.4 Confirmatory Factor Analysis

SCCMI and the long- and short-term credit card benefit expectation scales were specified in a measurement model and estimated by confirmatory factor analysis (CFA) using covariance matrix and maximum likelihood estimation with LISREL 8.80 (Jöreskog and Sörbom 2006). CFA is rigorous approach to measure a theoretical variable, where a set of indicators are formally tested to determine if they share enough common variance to be considered measures of a single factor (Bagozzi and Yi 2011). CFA provides an efficient and robust estimation technique that assess a series of separate multiple regression equations simultaneously (Hair et al. 2006).

CFA constructs a measurement model, which assesses the contribution of each indicator for each construct, and examines how well the scale measures the concept (Hair et al. 2006). A measurement model is assessed using the following criteria: chi-square statistics, fit indices and significance of parameter estimates. Chi-square and ( $\chi^2$ ) and degrees of freedom (*df*) assess the magnitude of discrepancy between the sample and fitted covariance matrices (Hu and Bentler 1999). Chi-square statistics represents a fundamental absolute fit measure, which assess how well the researcher's model fits the sample data (Hair et al. 2006; Hu and Bentler 1999). However, chi-square statistics are open to bias against large samples and increased model complexity, which make the interpretation less meaningful (Hair et al. 2006). Therefore, this study investigates additional indices to make educated judgement of model fit. The fit indices reported in this study follows Hu and Bentler's (1999) recommended combination of absolute and incremental (assesses how well a model fits relative to some alternative baseline model) fit indexes and their prescribed cut-off points: RMSEA<.08, NNFI>.90; CFI>.90 and SRMR<.08. Finally, significant parameter estimates are established when t-values are greater than 1.96, which indicates that the coefficient is significant at the .05 level (Field 2009).

In addition, CFA incorporates a series of validity and reliability analyses. This study reports convergent, discriminant and nomological validity. Convergent validity occurs when the indicators of a specific construct share a high proportion of variance in common. It is estimated by high standardised loading ( $\geq .5$ ) and composite reliability ( $\geq .7$ ) (Hair et al. 2006). Composite reliability is calculated using the following formulae (Fornell and Larcker 1981):

$$\rho_c = \frac{(\sum \lambda_i)^2}{(\sum \lambda_i)^2 + \sum \theta_{ii}} =$$

Here,  $\lambda_i$  represents the standardised factor loading for item  $i$  and  $\theta_i$  is the error variance term.

Discriminant validity is established when a construct is truly unique and captures some phenomena other measures do not. Discriminant validity is assessed in three alternative ways: 1) by setting the scale of measurement for each construct by fixing its variance at 1.0, and then performing a chi-square difference test on the values obtained for the constrained and unconstrained models (Campbell and Fiske 1959); 2) by analysing whether the construct intercorrelation is less than .71 (Mackenzie et al. 2011), and 3) by examining whether the average variance extracted (AVE) for each scale is greater than the square of the correlation between the constructs (Fornell and Larcker 1981). AVE is calculated using the following formulae (Fornell and Larcker 1981):

$$\rho_{ave} = \frac{\sum \lambda_i^2}{\sum \lambda_i^2 + \sum \theta_{ii}} =$$

where  $\lambda_i$  represents the standardised factor loading for item  $i$  and  $\theta_i$  is the error variance term.

Finally, nomological validity is used to test if the proposed scale is significantly related to other constructs hypothesised to be in its nomological network. To identify the nomological network of SCCMI it is necessary to analyse theoretically related constructs. Due to the study's focus on the young people and the measure's specificity on the credit card, it may not be conclusive to establish the theoretical meaning of the SCCMI construct through a nomological network that involve general consumer behaviour attitudes. In particular, the relationship between the context-specific SCCMI and general consumer behaviour scale says little about the focal scale's validity, i.e., what does the construct of interest predict, and/or what predicts the latent construct (Netemeyer et al. 2003). Hence, construct validity should be established by the closest theoretically relevant measures. For example, Haws et al.'s (2011) tested their proposed consumer spending self-control scale with the general self-control scale. Insofar, review of literature did not yield a valid and reliable consumer behaviour scale that is specific to credit card usage. This study offers an initial nomological network of SCCMI that is specifically related to credit card consumption decisions. Hence, based on theoretical relevance, the multidimensional measures of consumer expectations of credit card utility and revolving credit card debt are proposed as the initial antecedents and consequences of SCCMI. Additionally, the study performed known-group validity of SCCMI, which is the main construct of this study, by comparing the scale among groups known to score high or low on the trait (Mackenzie et al. 2011). The following subsections examine the measurement models for the proposed constructs: SCCMI, long- and short-term expectations of credit card use, and RCCD.

#### **7.4.1 SCCMI**

##### ***7.4.1.1 Item purification***

The initial CFA estimations of the nine-item SCCMI measurement model yielded unsatisfactory model fit as a unidimensional factor structure as specified in its

conceptualisation. This was a consistent pattern across Malaysia ( $\chi^2=118.67$ ,  $df=27$ ,  $p<.01$ , RMSEA=.130, NNFI=.92, CFI=.94, SRMR=.06), Singapore ( $\chi^2=137.26$ ,  $df=27$ ,  $p<.01$ , RMSEA=.143, NNFI=.91, CFI=.93, SRMR=.06) and the UK ( $\chi^2=309.91$ ,  $df=27$ ,  $p<.01$ , RMSEA=.164, NNFI=.89, CFI=.91, SRMR=.10). The next step is to review and eliminate problematic indicators. Mackenzie et al. (2011) suggested that indicators could be considered for removal when they have non-significant or weak loadings, which indicate a lack of validity, and significant measurement error covariance, which may be a sign of multidimensionality. Therefore, modification indices (MI) and expected parameter change (EPC) were examined. MI estimates the amount by which the chi-square statistics would decrease if a particular fixed-to-zero parameters were freely estimated (Kline 2011). The greater the value of MI, the better the predicted improvement in overall fit if that path were added to the model. As a rule, MI greater than 3.84 were considered for removal from the scale. In addition, EPC is considered during the item elimination process, as it indicates the magnitude of the change in the coefficient for the parameter if it is allowed to be freely estimated (Kline 2011). This study follows a step-wise procedure to remove a single indicator and then reassess the measurement model fit (Netemeyer et al. 2003). Overall, MI suggested elimination of four items (item SCCMI2, SCCMI3, SCCMI7 and SCCMI10) to improve the chi-square statistics of the factor structure in the UK sample. Since factorial pattern consistency is a necessary condition for the subsequent cross-country measurement invariance analysis, these three items were removed in all three samples. After this purification process, the five-item model estimations showed good results of model fit across the country samples (Table 7.6).

**Table 7.6: CFA Results for Individual Country SCCMI**

Measurement items	Standardised Factor Loadings		
	Malaysia ( <i>n</i> = 203)	Singapore ( <i>n</i> = 242)	UK ( <i>n</i> = 204)
SCCMI 1: Shopping with a credit card does not feel like spending my own money.	.75 (5.23)	.62 (8.82)	.49 (5.22)
SCCMI 4: I find it hard to keep track of my credit card spending on a regular basis.	.64 (9.56)	.49 (6.38)	.66 (9.54)
SCCMI 5: I think it is unnecessary to monitor my credit card expenses frequently.	.58 (11.58)	.66 (9.56)	.77 (11.56)
SCCMI 6: I tend not to think about my income (e.g., from work or pocket money) when I shop with my credit card.	.75 (9.41)	.78 (11.58)	.65 (9.38)
SCCMI 8: I leave the worry of paying my credit card purchases to when the bill arrives.	.71 (11.35)	.70 (10.18)	0.76 (11.33)
<b>Chi-square statistics and goodness of fit indices</b>			
$X^2$ ( <i>df</i> , <i>p</i> )	3.69 ( <i>df</i> = 5, <i>p</i> = 0.59)	7.54 ( <i>df</i> = 5, <i>p</i> = 0.18)	12.45 ( <i>df</i> = 5, <i>p</i> = 0.03)
Root Mean Square Error of Approximation (RMSEA)	0.03	0.05	0.08
Non-Normed Fit Index (NNFI)	0.99	0.98	0.96
Comparative Fit Index (CFI)	1.00	0.99	0.98
Standardized Root Mean Residual (SRMR)	0.02	0.03	0.04
Composite reliability $\alpha$	0.81	0.78	0.78
Average variance extracted (AVE)	0.60	0.56	0.45

Note: t-values are displayed in parentheses

As explained in Chapter 6, the original measurement scale conceptualisation of SCCMI consists of ten measurement items, which reflect its three derived concepts. The items SCCMI1, 2 and 3 reflect an “unawareness of the credit card effect”, items SCCMI4, 5, 6, and 7 reflect a “normalisation of debt”, and items SCCMI8, 9 and 10 reflect a “lack of financial sophistication”. Empirical analysis indicates that three items prevail from the “normalisation of debt” derived concept. Meanwhile, only one item is left from each of the “unawareness of credit card effect” and “financial sophistication” concepts. Regardless, the results supported the proposition that the SCCMI measure is unidimensional. Thus, the

measurement items are interdependent and measure a single trait rather than three distinct traits. Furthermore, the measure indicates a valid reflective measure. In formative measure, indicators must all be present in the scale because they are the defining attributes of the construct. Meanwhile, reflective measures share a strong common theme, and each of them captures the essence of the domain of the construct. Therefore, reflective measurement items are conceptually interchangeable to the extent that the measure is valid within the specific sample (MacKenzie et al. 2005; Diamantopoulos and Winklhofer 2011; Rossiter 2002). Thus, the deleted items do not affect the integrity of SCCMI'S derived conceptual meanings.

#### ***7.4.1.2 Discriminant validity***

Due to the three underpinning conceptual sources of the measure items (i.e., cognitive biases, psychological aptitude towards immediate or future consequences and the degree of financial sophistication), one may suspect that SCCMI can be a multidimensional construct. Hence, we tested a three-factor model as a competing model to the proposed one-factor model. The results from the three-factor model displayed poor model fit indices across Malaysia ( $\chi^2=121.50$ ,  $df=24$ ,  $p<0.05$ , RMSEA=.130, NNFI=.93, CFI=.94, SRMR=.05), Singapore ( $\chi^2=162.35$ ,  $df=24$ ,  $p<0.05$ , RMSEA=.15, NNFI=.91, CFI=.94, SRMR=.06) and the UK ( $\chi^2=204.85$ ,  $df=24$ ,  $p<0.05$ , RMSEA=.17, NNFI=.84, CFI=.89, SRMR=.09). Furthermore, a test of discriminant validity showed that the squared factor correlations in each country (which ranged from 0.48 to 0.88) exceeded the average variance extracted (which ranged from 0.45 to 0.60) due to high correlations between the dimensions (Fornell and Larcker 1981). This result disconfirmed the plausibility of the three-factor rival model. Hence, the SCCMI measurement model is best represented as a unidimensional structure.

#### ***7.4.1.3 Convergent validity***

As can be seen in Table 7.7, the individual-country CFA analysis showed non-significant chi-square statistics and satisfactory overall goodness of fit in accordance to the recommended cut-off points (Hu and Bentler 1999). In addition, *t*-values for all indicators (shown in parentheses) were significant (*t*-values >1.96), and composite reliability (>.70) were within acceptable values. The standardised factor loadings were all above the .50 standard, apart from SCCMI4 in Singapore, which scored .49, which is just below the required standard. However, given the acceptable levels of the item in other country samples and the remaining validity of the scale, the factor loading should not be immediately dismissed. Thus, the overall results indicate a convergent validity of the SCCMI measure.

#### ***7.4.1.4 Construct validity***

To further establish construct validity, the present study used the known-groups comparison technique recommended by Mackenzie et al. (2011). This assessment involves a comparison of the groups known to have high or low scores on susceptibility to credit card misuse and indebtedness. To test for known-group-difference validity, SCCMI levels were compared among groups of credit card users with different payer of credit card bills. Palmer et al.'s (2001) empirical findings showed that young adults whose parents assist with monthly credit card bills do not perceive the negative consequences of excessive spending and are therefore more likely to accumulate higher levels of credit card spending. Their findings also show that young adults who are financially responsible for their own debts are reluctant to use their credit card recklessly. Therefore, it is expected that those who pay their own credit card expenses are less susceptible to credit card effects than those who are sponsored by parents, partners or other sponsors. ANOVA was used to compare the means from the 5-items SCCMI scale between various typologies of credit card bill

payers in a pooled-sample analysis. The results showed a significant difference in SCCMI ( $F=8.45$ ;  $df=3, 645$ ;  $p<.001$ ) among those who were responsible for their own credit card bills ( $M=3.18$ ,  $SD=1.20$ ) in comparison to those who relied on parents ( $M=3.76$ ,  $SD=1.30$ ), partners ( $M=3.83$ ,  $SD=1.20$ ) or other family members ( $M=3.37$ ,  $SD=1.30$ ). Therefore, the validity of the construct is implied through the known-group comparison analysis.

Appendix 21 shows more results of means comparison between SCCMI and other demographic variables included in the questionnaire. These demographic variables include national identity, gender, field of study/work, student status, period of ownership, the number of credit cards owned, and age. The results showed that the strongest significant difference in SCCMI ( $F=6.58$ ;  $df=2, 646$ ;  $p<.001$ ) is between those from Malaysia ( $M=3.25$ ,  $SD=1.30$ ), Singapore ( $M=3.26$ ,  $SD=1.22$ ) and the UK ( $M=3.64$ ,  $SD=1.31$ ). Such significant differences provide the grounds to take further tests of multigroup CFA and SEM to compare the measurement and structural models of SCCMI across the Malaysian, Singaporean and UK samples.

Another significant differences in SCCMI are found among those who consider themselves studying/working in the education sector ( $F=3.20$ ;  $df=4, 644$ ;  $p<.05$ ) compared to other fields, and those who hold student status ( $F=5.15$ ;  $df=1, 647$ ;  $p<.05$ ) compared to the non-students (Appendix 21). These patterns are logical, since those who study/work in the education sector and those who hold student status are likely to live, work, or study in college or university environments. Thus, they are more exposed than the general public to the predatory credit card targeting directed to students and/or young people, which often take place in campus grounds or other student-populated venues (e.g., nightclubs, student-related websites). Table 2.10 in Chapter 2 and Appendix 1 to 10 illustrate predatory promotions directed to students and the young adults in Malaysia, Singapore and the UK.

#### **7.4.2 Long-term expectations**

#### **7.4.2.1 Item purification**

The four-factor measure of long-term expectations (LTE) was analysed in a similar manner using CFA. The initial result yielded poor results across Malaysia ( $\chi^2=384.05$ ,  $df=129$ ,  $p<.01$ , RMSEA=.10, NNFI=.94, CFI=.95, SRMR=.08), Singapore ( $\chi^2=300.43$ ,  $df=129$ ,  $p<.01$ , RMSEA=.08, NNFI=.93, CFI=.94, SRMR=.07) and the UK ( $\chi^2=489.08$ ,  $df=129$ ,  $p<.01$ , RMSEA=.12, NNFI=.93, CFI=.94, SRMR=.07). The subsequent process of item purification suggested the elimination of two items within the “credibility” dimension (CR1, CR2) and two items within the “convenience” dimension (CO3 and CO4). Therefore, these items were removed from further analysis. The resulting four-factor model yielded better results in Malaysia, Singapore and the UK (Table 7.7).

#### **7.4.2.2 Convergent validity**

Results in Table 7.7 shows that the chi-square statistics are significant. However, the rest of the fit indices indicate an acceptable four-factor model. Standardised factor loadings were within the range of .58 to .94 and the minimum  $t$ -value was 9.08. Further, the composite reliability of each dimension exceeds the minimum standard of .7, which demonstrated convergent validity.

#### **7.4.2.3 Discriminant validity**

Discriminant validity was investigated in three ways. The first test showed that the models where factor covariances were constrained to 1 yielded significantly worse results than the unconstrained models. This was consistent across Malaysia ( $\Delta\chi^2=788.98$ ,  $\Delta df=6$ ,  $p<.01$ ), Singapore ( $\Delta\chi^2=499.01$ ,  $\Delta df=3$ ,  $p<.01$ ), and the UK ( $\Delta\chi^2=720.01$ ,  $\Delta df=6$ ,  $p<.01$ ). The second test of discriminant validity showed that the factor covariances were less than .71 across all country samples apart from Frugality-Convenience covariance in the UK sample, which was precisely at .71 (Table 7.7). The final test of discriminant validity showed that the scores of squared factor covariances were lower than the AVE. In this case, the scores

of AVE (which ranged from .50 to .80) were higher than the scores of  $\phi^2$  in Malaysia ( $\phi^2$  ranging from .08 to .42), Singapore ( $\phi^2$  ranging from .06 to .36) and the UK ( $\phi^2$  ranging from .20 to .50). These results indicate that the four-factor measure of LTE represent a valid and unique construct.

**Table 7.7: CFA results of LTE**

Item Ref.	Measurement Items	Standardised Factor Loading		
		Malaysia (n=204)	UK (n=242)	Singapore (n=203)
<b>Frugality</b>				
F1	I believe in using my credit card to manage my money.	.84 (13.96)	.75 (11.48)	.88 (15.35)
F2	I believe that credit card is there to help me make substantial savings on my day-to-day purchases.	.71 (11.57)	.59 (8.60)	.81 (13.63)
F3	I regard my credit card as a tool to manage my cash flow.	.78 (12.54)	.83 (13.29)	.86 (14.97)
F4	I believe that credit card helps me to budget my expenses.	.78 (12.52)	.77 (12.35)	.88 (15.30)
	<i>Composite reliability <math>\alpha</math></i>	.86	.83	.92
	<i>Average variance extracted (AVE)</i>	.60	.55	.73
<b>Credibility</b>				
CR3	I believe that a good credit rating is important for my future credibility.	.69 (10.80)	.68 (10.12)	.68 (10.77)
CR4	Using a credit card from a young age is important in order to have a credit background.	.78 (12.56)	.58 (8.26)	.81 (13.64)
CR5	I believe achieving a good credit score will enable me to gain more benefits in life, than without a credit score.	.87 (14.95)	.86 (13.43)	.94 (17.14)
CR6	A good credit record from my use of credit card could help me obtain financing for my future life necessities (e.g., car loans or mortgage).	.79 (12.88)	.68 (10.04)	.80 (13.49)
	<i>Composite reliability <math>\alpha</math></i>	.86	.80	.89
	<i>Average variance extracted (AVE)</i>	.62	.50	.66
<b>Convenience</b>				
CO1	I believe in using my credit card as a replacement for cash for everyday purchases.	.87 (13.50)	.84 (13.65)	.90 (15.59)
CO2	I use my credit card to make my day-to-day purchasing activities easier.	.83 (12.89)	.86 (14.06)	.88 (15.05)
	<i>Composite reliability <math>\alpha</math></i>	.84	.84	.89
	<i>Average variance extracted (AVE)</i>	.72	.72	.80
<b>Security</b>				
S1	I believe that credit card gives me a better purchase protection than any other alternative methods of payment.	.68 (10.32)	.65 (9.43)	.66 (9.93)

S2	By using credit card, I believe that I am protecting myself against theft or robbery that may occur.	.76 (11.95)	.69 (10.55)	.62 (9.08)
S3	I believe in making purchases with my credit card because of its security procedures involved when making a payment (e.g., PIN number).	.82 (13.36)	.79 (12.22)	.85 (14.01)
S4	Carrying a credit card instead of other means of payment makes me feel secure.	.80 (12.80)	.78 (11.98)	.84 (13.79)
	<i>Composite reliability <math>\alpha</math></i>	.85	.82	.83
	<i>Average variance extracted (AVE)</i>	.59	.53	.56
<b>Factor covariances</b>	$\phi$ Frugality-Credibility	.65	.35	.57
	$\phi$ Frugality-Convenience	.59	.46	.71
	$\phi$ Frugality-Security	.43	.44	.64
	$\phi$ Credibility-Convenience	.39	.24	.51
	$\phi$ Credibility-Security	.29	.29	.45
	$\phi$ Convenience-Security	.59	.60	.64
<b>Model fit indices</b>	$\chi^2 (df, p)$	158.70/71 ( $p < .01$ )	104.43/71 ( $p < .01$ )	177.58/71 ( $p < .01$ )
	Root Mean Square Error of Approximation (RMSEA)	.08	.04	.09
	Non-Normed Fit Index (NNFI)	.96	.98	.96
	Comparative Fit Index (CFI)	.97	.98	.97
	Standardized Root Mean Residual (SRMR)	.06	.04	.06

### 7.4.3 Short-term expectations

#### 7.4.3.1 Item purification

The three-factor measure for short-term expectations (STE) did not initially yield a satisfactory fit across Malaysia ( $\chi^2=1028.78$ ,  $df=249$ ,  $p < .01$ , RMSEA=.12, NNFI=.91, CFI=.92, SRMR=.08), Singapore ( $\chi^2=937.81$ ,  $df=249$ ,  $p < .01$ , RMSEA=.10, NNFI=.94, CFI=.94, SRMR=.07) and the UK ( $\chi^2=1224.71$ ,  $df=249$ ,  $p < .01$ , RMSEA=.13, NNFI=.94, CFI=.94, SRMR=.07). Therefore, an item purification process was essential to eliminate problematic indicators. The procedure suggested the removal of three items in “short-term financial support” (SH1, SH6, SH7) dimension and four items each in “entitlement” (E2, E6, E7, E8) and “status-symbol” (ST1, ST2, ST3, ST6) dimension. Upon their elimination, the three-factor model yielded good model fit across all the country samples (Table 7.8).

### 7.4.3.2 Convergent validity

Convergent validity of the three-factor EID scale was supported based on the high levels of factor loadings, which ranged between .56 to .93, and the significant *t*-values, in which the lowest value was 9.16. Furthermore, the scores of composite reliability exceed .7 for all of the proposed dimensions. Since these values adhere to the accepted standards, convergent validity is deemed

### 7.4.3.3 Discriminant validity

Discriminant validity of the three dimensional measure was investigated in three ways. First, the constrained model of STE were significantly worse than the unconstrained model in Malaysia ( $\Delta\chi^2=854.83$ ,  $\Delta df=3$ ,  $p<.01$ ), Singapore ( $\Delta\chi^2=610.6$ ,  $\Delta df=3$ ,  $p<.01$ ) and the UK ( $\Delta\chi^2=1008.23$ ,  $\Delta df=3$ ,  $p<.01$ ). Second, the covariances within the three-factor model were within the acceptable range across Malaysia ( $\phi_{SH-E}=.68$ ,  $\phi_{SH-ST}=.13$ ,  $\phi_{E-ST}=.49$ ), Singapore ( $\phi_{SH-E}=.62$ ,  $\phi_{SH-ST}=.28$ ,  $\phi_{E-ST}=.37$ ) and the UK ( $\phi_{SH-E}=.71$ ,  $\phi_{SH-ST}=.17$ ,  $\phi_{E-ST}=.48$ ). Third, values of AVE (which ranged from .51 to .75) were higher than the squared factor covariances in Malaysia ( $\phi^2 =.46$ , .02, .24), Singapore ( $\phi^2 =.38$ , .08, .14) and the UK ( $\phi^2 =.50$ , .03, .23). Thus, the three-factor measure of STE can be regarded as a valid and unique construct.

**Table 7.8: CFA results of STE**

Item Ref.	Measurement Items	Standardised Factor Loading		
		Malaysia ( <i>n</i> =204)	UK ( <i>n</i> =242)	Singapore ( <i>n</i> =203)
<b>Short-term financial support</b>				
SH2	My credit card serves as a temporary financial support until I get my next income (e.g., from work or pocket money).	.78 (12.34)	.87 (15.32)	.85 (14.81)
SH3	I rely on my credit card during difficult times when I run out of money.	.77 (12.05)	.87 (15.34)	.91 (16.73)
SH4	My credit card's facility to delay payments is important to me.	.67 (10.06)	.78 (12.85)	.81 (13.83)
SH5	I use my credit card to buy basic necessities when I am running out of money.	.63 (9.16)	.81 (13.63)	.91 (16.75)
SH8	I use my credit card as an advance to my income (e.g.,	.70	.78	.85

	from work or pocket money).	(10.60)	(12.90)	(14.80)
	<i>Composite reliability <math>\alpha</math></i>	.84	.91	.94
	<i>Average variance extracted (AVE)</i>	.51	.68	.75
<b>Entitlement</b>				
E1	A lot of good things in my life are made possible with the help of my credit card.	.68 (10.50)	.66 (10.09)	.75 (12.19)
E3	My credit card has given me the privilege to spend on things that I want, without having to worry about paying the full amount in cash.	.78 (12.67)	.85 (14.33)	.81 (13.66)
E4	My credit card has given me the freedom to treat myself when I need it most.	.83 (13.93)	.88 (15.07)	.85 (14.54)
E5	My credit card allows me to buy luxury goods and services that I would not otherwise be able to afford with my current income.	.73 (11.51)	.67 (10.37)	.85 (14.60)
	<i>Composite reliability <math>\alpha</math></i>	.84	.85	.89
	<i>Average variance extracted (AVE)</i>	.57	.59	.67
<b>Status Symbol</b>				
ST4	I use my credit card to impress others.	.79 (13.26)	.56 (8.18)	.73 (11.74)
ST5	The look of my credit card is important to me.	.86 (14.90)	.72 (11.12)	.76 (12.37)
ST7	A premium credit card is a sign of greater purchasing power.	.79 (13.07)	.78 (12.38)	.80 (13.32)
ST8	Owning a better-looking credit card would make me look different from others.	.93 (16.99)	.90 (15.05)	.91 (16.49)
	<i>Composite reliability <math>\alpha</math></i>	.91	.83	.88
	<i>Average variance extracted (AVE)</i>	.71	.56	.64
<b>Factor covariances</b>				
	$\phi$ SH financial support-Entitlement	.70	.62	.71
	$\phi$ SH financial support- Status symbol	.20	.28	.23
	$\phi$ Entitlement- Status symbol	.49	.37	.47
<b>Model fit indices</b>				
	$\chi^2 (df, p)$	139.94/62 ( $p < .01$ )	102.90/62 ( $p < .01$ )	177.77/62 ( $p < .01$ )
	Root Mean Square Error of Approximation (RMSEA)	.08	.05	.09
	Non-Normed Fit Index (NNFI)	.96	.98	.96
	Comparative Fit Index (CFI)	.97	.98	.97
	Standardized Root Mean Residual (SRMR)	.06	.06	.06

## 7.4.4 RCCD

### 7.4.4.1 Item purification

RCCD is originally proposed as a unidimensional measure of problematic credit card debt accumulation. However, the results of CFA yielded poor model fit across Malaysia

( $\chi^2=67.52$ ,  $df=5$ ,  $p<.01$ , RMSEA=.25, NNFI=.69, CFI=.85, SRMR=.11), Singapore ( $\chi^2=37.69$ ,  $df=5$ ,  $p<.01$ , RMSEA=.16, NNFI=.78, CFI=.89, SRMR=.07), and the UK ( $\chi^2=54.20$ ,  $df=5$ ,  $p<.01$ , RMSEA=.22, NNFI=.77, CFI=.88, SRMR=.08). Upon further inspection, item RCCD5 displayed low factor loadings (<.5) and high standard errors (>.70) across countries. Upon deletion of this item, the four-item model produced a better fit in the Malaysian, Singaporean and UK samples (Table 7.9).

#### 7.4.4.2 Convergent validity

The convergent validity for the RCCD measure is supported as the standardised factor loadings exceed .05 and  $t$ -values exceed 2. Further, the composite reliability of the measure is within the required standard of .7 or greater.

**Table 7.9: CFA results of RCCD**

Measurement items	Standardised Factor Loadings		
	Malaysia ( $n=203$ )	Singapore ( $n=242$ )	UK ( $n=204$ )
RCCD 1: I can only afford to pay my credit card bills in instalments (not the full balance)	.92 (13.60)	.75 (9.81)	.76 (10.92)
RCCD 2: I can only afford to pay for the minimum balance on my credit card(s)	.87 (12.69)	.90 (11.32)	.88 (12.71)
RCCD 3: My credit card balance has increased over time.	.90 (10.50)	.78 (8.25)	.98 (10.85)
RCCD 4: My credit card balance is more than my income (e.g., from work or pocket money)	.59 (8.56)	.58 (6.89)	.56 (7.27)
<i>Composite reliability <math>\alpha</math></i>	.77	.70	.76
<i>Average variance extracted (AVE)</i>	.63	.49	.64
<b>Chi-square statistics and goodness of fit indices</b>			
$X^2$ ( $df$ , $p$ )	.67 ( $df=2$ , $p=.80$ )	.50 ( $df=2$ , $p=.48$ )	1.60 ( $df=2$ , $p=0.20$ )
Root Mean Square Error of Approximation (RMSEA)	0.01	0.01	0.05
Non-Normed Fit Index (NNFI)	1.00	1.00	0.99
Comparative Fit Index (CFI)	1.00	1.00	1.00
Standardized Root Mean Residual (SRMR)	0.01	0.01	0.01

## 7.5 Multigroup Confirmatory Factor Analysis

A series of invariance tests were subsequently performed to examine the equivalence of the proposed measurement models across the country samples. Invariance tests involve a hierarchical set of steps in which a well-fitting multigroup baseline model is developed and compared to subsequent tests with increasingly restricted parameters (Byrne 2008). To develop a baseline model, a test of configural invariance was conducted to examine whether the measurement items exhibit the same factor structure (i.e., same number of constructs and the associated observed variables) across different groups of respondents. Configural equivalence is supported if: (1) the specified parameters of the model fits the data well in all countries, (2) all the salient factor loading are significantly and substantially different from zero, and the correlation between factors and significantly below unity (Steenkamp and Baumgartner 1998). At this stage, the value of the parameters in this model are allowed to vary across groups (Schmitt and Kuljanin 2008). When configural invariance does not exist, cross-group comparisons become problematic because the constructs are deemed to be substantially different across groups (Cheung 2007). However, when configural equivalence can be established, the next step is to test for metric invariance to examine whether the values of the factors loadings of each variable are the same across groups. Equivalence of the factor loadings across countries indicates that the measurement items can be meaningfully compared across countries. When metric equivalence is substantiated, a more restrictive test of scalar invariance is used to examine if the intercepts of the regression equations of the measurement items are equivalent across groups. This test is important to identify systematic response bias that may cause item scores to be systematically upward or downward biased caused by group differences. An affirmation of scalar invariance means that there is consistency between cross-country differences in latent means and cross-country differences in observed means (Steenkamp and Baumgartner 1998). Finally, the multidimensional constructs (LTE and STE) are subjected to a test of factor variance/covariance invariance to examine the degree to which

the proposed dimensionality is equivalent across countries. This represents the most restrictive test for examining a measurement model in a multigroup setting (Byrne 1998).

Assessment of full invariance is traditionally determined by the changes in chi-square and degrees of freedom statistics (Steenkamp and Baumgartner 1998; Byrne 1998). However, Cheung and Rensvold (2002) argued that chi-square statistics may be unreliable when used to test models with greater complexity (e.g., large numbers of factors) and large sample size. These authors further suggested the use of  $\Delta$ CFI,  $\Delta$ Gamma-hat (Steiger 1989) and  $\Delta$ McDonald's Non-centrality Index (McDonald 1989) to assess invariance, as these indices are the least sensitive to sample size and model complexity. Since the LISREL programme does not yield the Gamma-hat and McDonald's Non-centrality Index, these indicators were calculated by researcher. The equations for these indices are as follow.

$$\text{Gamma-hat (GH)} = \frac{P}{P + 2 \left( \frac{X^2 - df}{n - 1} \right)}$$

Where  $P$  is the number of parameters,  $n$  is the sample size, and  $X^2$  and  $df$  are the chi-square and degrees of freedom of a given model.

$$\text{McDonald's Noncentrality Index (NCI)} = \frac{(X_{null}^2 - df_{null}) - (X^2 - df)}{(X_{null}^2 - df_{null})}$$

Where  $X_{null}^2$  and  $X^2$  are chi-squares for the null model and the given model, and  $df_{null}$  and  $df$  are the corresponding degrees of freedom.

The recommended cut-off points are: CFI>.90,  $\Delta$ CFI<-.01; Gamma-hat>.95,  $\Delta$ Gamma-hat<-.01; and McDonald's NCI>.90,  $\Delta$ McDonald's NCI<-0.2 (Cheung and Rensvold 2002). The present study's model complexity may arise due to the high number of parameters being assessed and its combined sample size ( $n=649$ ), which warrant assessments of more fit indices to determine invariance.

This study conducted partial measurement invariance when the condition for full invariance cannot be attained. Indeed, reports indicate that full measurement invariance frequently does not hold, particularly for the more stringent forms of invariance following configural invariance (Van Lieshout et al. 2011). For example, full invariance is has been considered as a “reasonable ideal” rather than “a condition to be striven for” (Horn 1991 in Steenkamp and Baumgartner 1998 p.81), as partial equivalence still allows meaningful comparison of the proposed construct. Essentially, partial measurement invariance allows some but not all measurement parameters to be constrained equal across groups in testing for structural equivalence (Byrne et al. 1989). Ideally, priory knowledge of group differences were required to examine the source of measurement inequality (Byrne 2008). However, such detailed knowledge is not always available in a cross-national consumer research (Steenkamp and Baumgartner 1998). Thus, studies in this arena advocate the use of empirical criteria in respecifying the model (Steenkamp and Baumgartner 1998; De Jong et al. 2007; He et al. 2008). Particularly, modification indices (MI) and expected parameter change (EPC) can be used as guides to relax measurement constraints, provided that their values are highly significant and substantial in magnitude. In addition, the number of model respecification should be kept low and the changes in alternative fit indices should be monitored to minimise capitalisation of chance (Steenkamp and Baumgartner 1998).

The results of individual constructs’ multigroup models are specified in Table 7.10. Congruent to proposed conceptualisation, the results of model comparison in multigroup confirmatory factor analysis showed that SCCMI, LTE, EID and RCCD are at least partially invariant across the Malaysian, Singaporean and UK sample. Therefore, these measures can be at least partially understood across members of these country samples.

**Table 7.10: Model comparison in individual constructs' multigroup analysis**

Tests of Invariance	$\chi^2/df$	$\Delta \chi^2/\Delta df$	GH	NCP	CFI
<b><u>SCCMI</u></b>					
Configural	25.03/15*	-	1.00	.99	.99
Full metric	40.47/23*	15.44/8**	1.00	.99	.99
Full scalar	171.44/33	146.41/18	.98	.89	.88
Partial scalar	45.54/31	20.51/16**	1.00	.99	.99
<b><u>Long-term expectations</u></b>					
Configural	513.32/213	-	.99	.97	.96
Full metric	531.22/233	17.9/20**	.99	.97	.96
Full scalar	654.80/261	141.48/48	.99	.95	.95
Partial scalar	608.61/258	92.29/45	.99	.96	.96
Partial factor variance/covariance	644.24/278	130.92/65	.99	.96	.96
<b><u>Short-term expectations</u></b>					
Configural	454.04/183	-	.99	.97	.97
Full metric	482.73/203	28.69/20**	.99	.97	.97
Full scalar	589.23/229	135.19/46	.99	.96	.96
Full factor variance	639.90/241	185.86/58	.99	.96	.96
Partial factor variance/covariance	617.82/240	163.78/57	.99	.97	.97
<b><u>RCCD</u></b>					
Configural	3.06/3**	-	1.00	1.00	1.00
Full metric	11.81/7**	8.75/4**	1.00	.99	.99
Full Scalar	66.93/15	63.87/12	.99	.94	.94
Partial scalar	22.83/13*	19.77/10*	1.00	.99	.99

\* $p < .05$ \*\*  $p < .01$ 

## 7.5.1 Multigroup SCCMI

### 7.5.1.1 Configural invariance

The assessment of multigroup SCCMI began with the test of configural invariance, of which the subsequent restrictive models would be compared. The results of measurement invariance for SCCMI are displayed in Table 7.11. The fit of the baseline model was satisfactory. Although the chi-square was significant at .05 level, ( $\chi^2=25.03$ ,  $df=15$ ,  $p=.05$ ), other fit indices (RMSEA=.05, NNFI=0.98, SRMR=0.04) fulfilled the recommended

levels of fitness as suggested by Hu and Bentler (1999). Furthermore, scores of Gamma-hat (GH), McDonald's NCI and CFI were higher than the recommended values, which overall signify a well-fitted baseline model.

#### ***7.5.1.2 Metric invariance***

Metric invariance was subsequently analysed by constraining all the factor loadings for each of the group, apart from one item in each factor which must be fixed to 1.00 as a referent indicator (Schmitt and Kuljanin 2008). This test yielded a non-significant change in chi-square ( $\Delta\chi^2=15.44$ ,  $\Delta df=8$ ,  $p>.05$ ) and a slight change in fit indices (RMSEA=.06, NNFI=.98, SRMR=.08) in comparison to the baseline model. Further, the metric invariance model did not show any changes in GH, NCI and CFI values. Therefore, the hypothesis of full metric invariance cannot be rejected.

#### ***7.5.1.3 Scalar invariance***

Next, partial scalar invariance was tested by constraining the intercepts of model to be equal across countries. This test yielded a significant change in chi-square ( $\Delta\chi^2=55.11$ ,  $\Delta df=18$ ,  $p<.01$ ) and worse fit indices (RMSEA=0.14, NNFI=0.89, SRMR=0.06) than the baseline model. Further, the changes in GH, NCI and CFI greatly surpassed the recommended cut-off points. Therefore, the hypothesis of full scalar invariance is rejected.

The researcher then analysed partial scalar invariance to locate the source of inequality within the specified model. Steenkamp and Baumgartner (1998) recommended that it is acceptable to relax invariance constraints when modification indices (MIs) and expected parameter changes (EPC) are highly significant and EPCs are substantial in absolute magnitude and in comparison to other MIs. In the present case, the lack of scalar invariance was attributed to item intercepts SCCMI1 (MI=99.41, EPC=-.93) and SCCMI6 (MI=18.33, EPC=-.33) in the Malaysian sample. As these parameters were relaxed, the fit statistics improved immensely. Specifically, chi-square statistics yielded a non-significant

change ( $\Delta\chi^2=20.51$ ,  $\Delta df=16$ ,  $p=.20$ ,  $p>.05$ ) and other fit indices showed positive improvements (RMSEA=.05, NNFI=1.00, SRMR=.08). Furthermore, the test indicated no changes in CFI, GH and NCI indices from the values specified in the baseline model. Hence, the hypothesis for partial scalar invariance cannot be rejected. Table 7.11 showed the results of partial scalar invariance on the SCCMI model across Malaysia, Singapore and the UK.

**Table 7.11: Results of multigroup SCCMI**

Items	<u>Standardised Factor Loadings</u>			<u>Intercepts</u>		
	Malaysia	Singapore	UK	Malaysia	Singapore	UK
<b>SCCMI1</b>	.51 -	.51 -	.51 -	.99 (18.46)	1.79 (38.05)	1.79 (38.05)
<b>SCCMI4</b>	.61 (13.24)	.61 (13.24)	.61 (13.24)	1.52 (26.55)	1.52 (26.55)	1.52 (26.55)
<b>SCCMI5</b>	.68 (14.38)	.68 (14.38)	.68 (14.38)	1.06 (18.09)	1.06 (18.09)	1.06 (18.09)
<b>SCCMI6</b>	.72 (14.60)	.72 (14.60)	.72 (14.60)	.97 (13.12)	1.26 (19.91)	1.26 (19.93)
<b>SCCMI8</b>	.72 (14.80)	.72 (14.80)	.72 (14.80)	1.26 (21.14)	1.26 (21.14)	1.26 (21.14)

### 7.5.2 Multigroup long-term expectations

Multigroup assessments were conducted for each long- and short-term expectation construct. Multigroup CFA on the LTE measure began with a configural invariance examination of the 14-item, four-factor model. This test yielded a highly significant change in chi-square statistics ( $\chi^2=513.32$ ,  $df=213$ ,  $p<.01$ ), but acceptable fit indices as a baseline model (RMSEA=.08, NNFI=.95, SRMR=.06). Further, as displayed previously in Table 7.10, the results of GH, NCP and CFI were above the acceptable standards. Subsequently,

the researcher tested for full metric invariance by constraining all the factor loadings to equality. This produced a non-significant change in chi-square statistics ( $\Delta\chi^2=17.90$ ,  $\Delta df=20$ ,  $p=.59$ ) and a slight improvement in fit indices at the .05 level (RMSEA=.08, NNFI=.96, SRMR=.06). Further, GH, NCI and CFI indices indicated not change in values. Therefore, the hypothesis for full metric invariance cannot be rejected. Next, the researcher tested for full scalar invariance by constraining the intercepts of regression equations of the items to equality across groups. This yielded a highly significant change in chi-square statistics ( $\Delta\chi^2=141.48$ ,  $\Delta df=48$ ,  $p<.01$ ) and worse fit indices (RMSEA=.09, NNFI=.95, SRMR=.07). Although there is no change in GH, the changes in NCP and CFI were on the borderline of the accepted standards ( $\Delta NCP=.02$ ;  $\Delta CFI=.01$ ). Therefore, the hypothesis for full scalar invariance is rejected. Hence, the study moved to test for partial scalar invariance. Observation of MI and EPC showed that item intercepts CR4 (MI=20.58, EPC=.38) and F4 (MI=10.73, EPC=.33) in the UK and F2 in Singapore (MI=12.82, EPC=.55) were significantly higher than the rest of intercepts. As they were sequentially relaxed, the multigroup model yielded a significant change in chi-square statistics ( $\Delta\chi^2=92.29$ ,  $\Delta df=45$ ,  $p<.01$ ), but fit statistics has improved (RMSEA=.08, NNFI=.95, SRMR=.07) and the changes in GH, NCP and CFI indices were within acceptable levels. Therefore, the hypothesis for partial scalar invariance cannot be rejected. Finally, the study conducted a test of partial factor variance/covariance invariance, in which the three item intercepts were also relaxed. The results displayed a significant change in chi-square statistics ( $\Delta\chi^2=130.92$ ,  $\Delta df=66$ ,  $p<.01$ ). However, fit indices (RMSEA=.08, NNFI=.96, SRMR=.07) and the changes in SG, NCP and CFI were remain within acceptable levels. Hence, the hypothesis for partial factor variance/covariance invariance cannot be rejected. Table 7.12 below shows the results of multigroup LTE.

**Table 7.12: Results of multigroup LTE**

Standardised Factor Loadings	Intercepts
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Items	Malaysia	Singapore	UK	Malaysia	Singapore	UK
F1	.83 -	.83 -	.83 -	1.03 (25.32)	1.03 (25.32)	1.03 (25.32)
F2	.70 (18.38)	.70 (18.38)	.70 (18.38)	1.00 (21.48)	1.24 (18.37)	1.00 (21.48)
F3	.79 (21.73)	.79 (21.73)	.79 (21.73)	1.20 (28.37)	1.20 (28.37)	1.20 (28.37)
F4	.80 (21.58)	.80 (21.58)	.80 (21.58)	.97 (20.48)	.97 (20.48)	1.16 (38.03)
CR3	.68 -	.68 -	.68 -	2.67 (66.26)	2.67 (66.26)	2.67 (66.26)
CR4	.73 (16.38)	.73 (16.38)	.73 (16.38)	1.73 (37.66)	1.73 (37.66)	2.01 (38.03)
CR5	.88 (18.55)	.88 (18.55)	.88 (18.55)	2.20 (54.79)	2.20 (54.79)	2.20 (54.79)
CR6	.77 (16.80)	.77 (16.80)	.77 (16.80)	2.11 (52.32)	2.11 (52.32)	2.11 (52.32)
CO1	.88 -	.88 -	.88 -	1.32 (33.11)	1.32 (33.11)	1.32 (33.11)
CO1	.85 (19.90)	.85 (19.90)	.85 (19.90)	1.45 (36.20)	1.45 (36.20)	1.45 (36.20)
SE1	.66 -	.66 -	.66 -	2.19 (55.65)	2.19 (55.65)	2.19 (55.65)
SE2	.71 (15.03)	.71 (15.03)	.71 (15.03)	1.81 (45.14)	1.81 (45.14)	1.81 (45.14)
SE3	.82 (16.75)	.82 (16.75)	.82 (16.75)	2.00 (49.81)	2.00 (49.81)	2.00 (49.81)
SE4	.80 (16.45)	.80 (16.45)	.80 (16.45)	1.78 (44.25)	1.78 (44.25)	1.78 (44.25)
		<b>Malaysia</b>		<b>Singapore</b>		<b>UK</b>
φ Frugality-Credibility		.56 (9.46)		.56 (9.46)		.56 (9.46)
φ Frugality-Convenience		.61 (10.76)		.61 (10.76)		.61 (10.76)
φ Frugality-Security		.52 (8.94)		.52 (8.94)		.52 (8.94)
φ Credibility-Convenience		.37 (7.21)		.38 (7.21)		.38 (7.21)
φ Credibility-Security		.36 (6.68)		.36 (6.68)		.36 (6.68)
φ Convenience-Security		.59		.59		.59

### 7.5.3 Multigroup short-term expectations

In the multigroup assessment, the 13-item, three-factor model of STE was first assessed for configural equivalence. This test yielded a highly significant chi-square statistics ( $\chi^2=454.04$ ,  $df=183$ ,  $p<.01$ ), but fit indices (RMSEA=.08, NNFI=.96, SRMR=.06) was deemed acceptable. Further, as displayed in Table 7.10, the results of GH, NCP and CFI were above the acceptable standards. Subsequently, full metric invariance was tested, which produced a non-significant change in chi-square statistics at the .05 level ( $\Delta\chi^2=28.69$ ,  $\Delta df=20$ ,  $p=.09$ ) and good fit indices (RMSEA=.08, NNFI=.96, SRMR=.07). Further, there were no changes in GH, NCI and CFI indices. Therefore, the hypothesis for full metric invariance cannot be rejected. Next, the model was examined for full scalar invariance. This yielded a highly significant change in chi-square statistics ( $\Delta\chi^2=135.16$ ,  $\Delta df=46$ ,  $p<.01$ ). However, fit indices (RMSEA=.08, NNFI=.96, SRMR=.07) remained at acceptable standards and there is a lack of changes in GH, NCP and CFI values. Therefore, the hypothesis for full scalar invariance cannot be rejected. Finally, the study tested for partial factor variance/covariance invariance. The results displayed a significant change in chi-square statistics ( $\Delta\chi^2=185.86$ ,  $\Delta df=58$ ,  $p<.01$ ) and worse fit indices (RMSEA=.09, NNFI=.96, SRMR=.16). Further the changes in GH, NCP and CFI were nearly outside the acceptable standards. Hence, the hypothesis for partial factor variance/covariance invariance is rejected. Inspection of MI and EPC showed that the “short-term financial support” factor variance was significantly higher in the UK than others (MI=15.70, EPC=1.88). The results yielded a significant change in chi-square statistics ( $\Delta\chi^2=185.86$ ,  $\Delta df=58$ ,  $p<.01$ ). However, the model fit showed improvements (RMSEA=.08, NNFI=.96, SRMR=.09) and the changes in GH, NCP and CFI were within the recommended

standards. Therefore, the hypothesis for partial factor invariance cannot be rejected. The results of the multigroup STE is displayed in Table 7.13

**Table 7.13: Results of multigroup STE**

Items	Standardised Factor Loadings			Malaysia	Intercepts Singapore	UK
	Malaysia	Singapore	UK			
SH2	.84 -	.84 -	.84 -	4.18 (31.02)	4.18 (31.02)	4.18 (31.02)
SH3	.88 (33.70)	.88 (33.70)	.88 (33.70)	4.03 (31.01)	4.03 (31.01)	4.03 (31.01)
SH4	.74 (22.31)	.74 (22.31)	.74 (22.31)	3.94 (34.66)	3.94 (34.66)	3.94 (34.66)
SH5	.82 (26.93)	.82 (26.93)	.82 (26.93)	3.93 (32.26)	3.93 (32.26)	3.93 (32.26)
SH8	.77 (23.63)	.77 (23.63)	.77 (23.63)	3.54 (30.16)	3.54 (30.16)	3.54 (30.16)
E1	.70 -	.70 -	.70 -	4.19 (40.04)	4.19 (40.04)	4.19 (40.04)
E3	.81 (18.85)	.81 (18.85)	.81 (18.85)	4.08 (32.60)	4.08 (32.60)	4.08 (32.60)
E4	.85 (19.51)	.85 (19.51)	.85 (19.51)	4.18 (35.07)	4.18 (35.07)	4.18 (35.07)
E5	.77 (17.64)	.77 (17.64)	.77 (17.64)	3.40 (29.31)	3.40 (29.31)	3.40 (29.31)
ST4	.71 -	.71 -	.71 -	2.77 (28.76)	2.77 (28.76)	2.77 (28.76)
ST5	.77 (18.89)	.77 (18.89)	.77 (18.89)	3.50 (26.19)	3.50 (26.19)	3.50 (26.19)
ST7	.79 (18.91)	.79 (18.91)	.79 (18.91)	3.98 (30.56)	3.98 (30.56)	3.98 (30.56)
ST8	.91 (21.25)	.91 (21.25)	.91 (21.25)	3.44 (26.71)	3.44 (26.71)	3.44 (26.71)
		<b>Malaysia</b>		<b>Singapore</b>		<b>UK</b>
φ Short-term financial support-Entitlement		.71 (11.51)		.71 (11.51)		.71 (11.51)
φ Short-term financial support-Status symbol		.20 (4.42)		.20 (4.42)		.20 (4.42)
φ Entitlement-Status symbol		.42 (8.02)		.42 (8.02)		.42 (8.02)

### 7.5.3 Multigroup RCCD

The results of multigroup assessment of RCCD are exhibited in Table 7.10. The baseline model displayed non-significant chi-square statistics ( $\chi^2=3.06$ ,  $df=3$ ,  $p=.38$ ) and good indicators of model fit (RMSEA=.01, NNFI=1.00, SRMR=.02), which permits the assessment of more restrictive models. The test of full metric invariance also showed non-significant chi-square statistics ( $\Delta\chi^2=8.75$ ,  $\Delta df=4$ ,  $p=.07$ ) and good fit indices (RMSEA=.05, NNFI=.99, SRMR=.04). Further, the changes in GH, NCP and CFI were within the required standards, which overall indicate that the full metric hypothesised model cannot be rejected. However, the test for full scalar invariance showed a significant increase in chi-square statistics ( $\Delta\chi^2=63.87$ ,  $\Delta df=12$ ,  $p<.01$ ) and a deterioration of fit indices (RMSEA=.13, NNFI=.92, SRMR=.05). Further the changes in GH, NCP and CFI were greater than the required standards. Thus, the hypothesis for full scalar invariance is rejected. During the assessment of partial scalar invariance, the latent factor intercept in the UK (MI=18.35, EPC=.55) and in Singapore (MI=24.30, EPC=-.44) were substantially higher than other modification indices. Upon sequentially relaxing these constraints, the chi-square statistics showed non-significant improvement at the .01 level ( $\Delta\chi^2=19.77$ ,  $\Delta df=10$ ,  $p<.01$ ), improved fit indices (RMSEA=.05, NNFI=.99, SRMR=.08), and acceptable changes in GH, NCP and CFI indices. Thus, the hypothesis for partial scalar invariance cannot be rejected. The results of the multigroup RCCD CFA are displayed in Table 7.14.

**Table 7.14: Results of Multigroup RCCD**

Items	Standardised Factor loadings			Intercepts		
	Malaysia	Singapore	UK	Malaysia	Singapore	UK
RCCD 1	.83	.83	.83	.94	.94	.94
	-	-	-	(19.30)	(19.30)	(19.30)

RCCD 2	.87 (16.28)	.87 (16.28)	.87 (16.28)	.95 (14.77)	.95 (14.77)	.95 (14.77)
RCCD 3	0.87 -	0.87 -	0.87 -	1.98 (44.75)	1.98 (44.75)	1.98 (44.75)
RCCD 4	0.59 (10.57)	0.59 (10.57)	0.59 (10.57)	1.39 (31.68)	1.39 (31.68)	1.39 (31.68)

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The tests of multigroup invariance indicate that each construct proposed in the theoretical framework is at least partially equivalent across countries. This indicates that all the measures proposed in this study are valid, at least partially, for cross-national comparison. Now that the individual measurement scales of all the research constructs were tested for their reliability, validity and cross-country equivalence, they are now ready to be tested in a grand measurement model in the next section.

## 7.6 Grand Measurement Model

This section utilises multigroup confirmatory factor analysis (MCFA) and multigroup structural equation modelling (MSEM) to test the proposed hypotheses. In the grand measurement model, all measurement items are allowed to load to its hypothesised construct, while the errors terms are not allowed to relate to any other measured variables (Hair et al. 2006). If the fit of this model is poor, then the proposed hypotheses about measurement have to be rejected. However, if the measurement model shows a good fit with the data, the next step to assess structural model can be taken.

This section begins by testing for multigroup measurement model using CFA before testing for multigroup structural model using SEM. In the first stage, the procedure to test for multigroup measurement model involves the test of measurement invariance, including configural, metric and scalar invariance. At this stage of analysis, factor variance-covariance equivalence is not a necessary condition, as the main objectives here

are to establish equality of the basic structure of the constructs (configural), relationships between constructs to indicators (metric), and latent construct means (scalar). Thus, in this case, the assessment for factor variance/covariance falls beyond the objective of this study. Partial invariance are also acceptable, particularly since the model becomes more complex with all the constructs and indicators included in this model (Hair et al. 2010).

### **7.6.1 Individual country analysis**

Prior to testing for multigroup aggregated measurement model, the individual country assessment of the model was analysed in order to ascertain that the same factor structure could be parsimoniously applied across groups. The assessment of measurement model analysed nine first-order constructs (frugality, credibility, convenience, security, short-term financial support, entitlement, status symbol, SCCMI and RCCD) and their respective item indicators. All constructs were allowed to freely inter-correlate. The chi-square statistics are highly significant across Malaysia ( $\chi^2=1169.60$ ,  $df=549$ ,  $p<.00$ ), Singapore ( $\chi^2=788.43$ ,  $df=549$ ,  $p<.00$ ), and the UK ( $\chi^2=1285.47$ ,  $df=549$ ,  $p<.00$ ) which is not surprising due to the complexity of the aggregated model. However, the results of fit indices are acceptable and within Hu and Bentler's (1999) recommended cut-off points. This is similar across the Malaysian (RMSEA=.07, NNFI=.93, CFI=.94, SRMR=.07), Singaporean (RMSEA=.04, NNFI=.97, CFI=.97, SRMR=.05), and the UK groups (RMSEA=.08, NNFI=.91, CFI=.93, SRMR=.08). The standardised factor loadings in the Malaysian, Singaporean and UK measurement models ranged from .49 (which is just slightly below the recommended value of .5; Hair et al. 2006) to .95. Further, composite reliability in Malaysia, Singapore and the UK suggest adequate reliability (>.7) for all constructs. Taken together, these evaluations provide sufficient evidence that the individual country measurement models yielded a similar factor structure.

### **7.6.2 Multigroup analysis using measurement invariance**

The subsequent multigroup tests began with an assessment of **configural invariance**. The results yielded significant chi-square statistics ( $\chi^2=3562.13$ ,  $df=1647$ ,  $p=.00$ ) but acceptable model fit indices (RMSEA=.07, NNFI=.93, SRMR=.08), which warrants the assessment of more restrictive models. Thus, the study proceeded to test for **metric invariance** by constraining the factor loadings to equality across groups. The results yielded a non-significant change in chi-square statistics ( $\Delta\chi^2=68.29$ ,  $\Delta df=52$ ,  $p=.06$ ) and the model fit indices were unchanged (RMSEA=.07, NNFI=.93, SRMR=.08). Further, there are no changes in the values of GH, NCP and CFI. Thus, the hypothesis for full metric invariance cannot be rejected. To test for **scalar invariance**, the item intercepts were constrained to equality across groups. The results yielded a significant change in chi-square statistics ( $\Delta\chi^2=375.10$ ,  $\Delta df=124$ ,  $p<.00$ ). However, the model fit indices remain the same as the baseline model (RMSEA=.07, NNFI=.93, SRMR=.08) and the changes in GH, NCP and CFI indices are within the acceptable standards. Therefore the hypothesis for full scalar invariance cannot be rejected. The results of the full multigroup measurement model are displayed in Table 7.15.

**Table 7.15: Model comparison in a grand multigroup measurement model**

<b>Tests of Invariance</b>	$\chi^2/df$	$\Delta\chi^2/\Delta df$	<b>GH</b>	<b>NCP</b>	<b>CFI</b>
Configural	3562.13/1647	-	.97	.95	.94
Full metric	3630.42/1699	68.29/52**	.97	.95	.94
Full Scalar	3937.23/1771	375.10/124	.97	.94	.93

## 7.7 Structural Equation Modelling

A structural model specifies the relationships between constructs as outlined in the hypotheses (Anderson 1987; Hair et al. 2006). This section begins by testing the proposed dependence model using structural equation modelling (SEM) individually in the Malaysian, Singaporean and the UK samples. The results yielded significant chi-square

statistics, yet good model fits in Malaysia ( $\chi^2=1296.40$ ,  $df=581$ ,  $p<.00$ ,  $RMSEA=.07$ ), Singapore ( $\chi^2=918.34$ ,  $df=581$ ,  $p<.00$ ,  $RMSEA=.05$ ), and the UK ( $\chi^2=1334.71$ ,  $df=581$ ,  $p<.00$ ,  $RMSEA=.08$ ). Detailed results of these structural models can be found in Appendix 3. Although there are observed variances of structural paths in these country-specific models (see Appendix 3), it does not warrant that the hypothesis concerning the moderating role of national differences is automatically supported. To test for the moderator effect, it is necessary to perform multigroup SEM (MSEM). Specifically, MSEM enables the researcher to calculate the strengths of the structural paths across different groups (Hair et al. 2010; Kline 2011), which therefore allows for a meaningful comparison of hypotheses across the Malaysian, Singaporean and UK samples. In an effort to ensure that the data analysis process is systematic and rigorous, the next part focuses on the use of MSEM to test the hypothesised dependence relationships and the moderating effect of national differences.

MSEM procedure involves a comparison between the unconstrained and constrained models (Kline 2011; Hair et al. 2006; Byrne 1998). First, a restrictive model is created by imposing equality constraints on structural paths across groups. This model produces the chi-square  $\chi^2_H$ . Then, the model is run without these equality constraints, resulting in another chi-square,  $\chi^2_N$ . The moderator effect is tested by examining the difference in the two chi-square values ( $\chi^2_H - \chi^2_N = \chi^2_\Delta$ ). If the value of  $\chi^2_\Delta$  is less than 1.96 ( $p>.05$ ), the constrained and unconstrained models are not significantly different. Therefore, the hypothesis for the moderated effect does not hold. However, if the value of  $\chi^2_\Delta$  is equal or greater than 1.96 ( $p<.05$ ), the hypothesis for a moderator effect holds. The researcher then notes the strengths of structural paths within these

### **7.7.1 Moderation analysis using multigroup structural equation modelling**

Moderation analysis using multigroup SEM model involves the comparison between the fully constrained and unconstrained SEM models. First, the study tests for the fully constrained model. The fully constrained model sets the factor loadings, factor variance and covariance, and the hypothesised structural paths to equality across the Malaysian, Singaporean and UK data. Unexpectedly, the results yielded a significant chi-square statistics due to model complexity ( $\chi^2=4279.26$ ,  $df=1821$ ,  $p<.01$ ,  $p=1.00$ ) but good fit indices (RMSEA=.08, NNFI=.92, CFI=.92, SRMR=.10). A moderation effect exists when the model fit significantly decrease (i.e., an increase in chi-square) when the estimates are constrained to equality. If the models are not significantly better, then there is no support for moderation because the path estimates are not different between groups (Hair et al. 2010). As can be seen in Table 7.17, the significant change in model fit indicates that national identity moderates most of the relationships between SCCMI and its antecedent and consequent factors. A singular exception is the relationship between short-term financial support and SCCMI, which is not moderated by the differences in national identity ( $p=.92$ ). Thus, hypothesis 4, which proposes that national identity moderates all of the hypothesised relationships between SCEE and its antecedents, is partially rejected. Meanwhile, hypothesis 5, which proposes that national identity moderates the relationship between SCCMI and RCCD, cannot be rejected.

**Table 7.16: Difference in structural paths between Malaysian, Singaporean and UK youths**

Hypothesis	Structural paths	Standardised loading and t-values			Moderation analysis results (Chi-square difference)	Hypothesis on moderation analysis
		Malaysia (n=204)	Singapore (n=242)	UK (n=203)		
H1a	Frugality → SCCMI	-.02 (-.21)	-.22 ** (-3.13)	-.22 ** (-2.92)	78.69 **	H4a not rejected
H1b	Credibility → SCCMI	-.25** (-3.76)	-.25 ** (-3.52)	.03 (.39)	10.96 **	H4b not rejected
H1c	Convenience → SCCMI	.04 (.57)	-.16 ** (-2.10)	.34 ** (3.38)	23.15 **	H4c not rejected

H1d	Security → SCCMI	.12 (1.56)	-.04 (-.47)	.19 ** (2.19)	5.93 **	H4d not rejected
H2a	Financial support → SCCMI	.17 ** (2.18)	.17 ** (2.55)	.35 ** (4.46)	.18 ( <i>p</i> =.92)	H4e rejected
H2b	Entitlement → SCCMI	.32 ** (3.86)	.19 ** (2.42)	.32 ** (3.78)	9.08 **	H4f not rejected
H2c	Status symbol → SCCMI	.41 ** (6.07)	.25 ** (3.72)	.31 ** (4.53)	8.36 **	H4g not rejected
H3	SCCMI → RCCD	.31 ** (4.75)	.30 ** (4.39)	.48 ** (7.06)	71.77 **	H5 not rejected

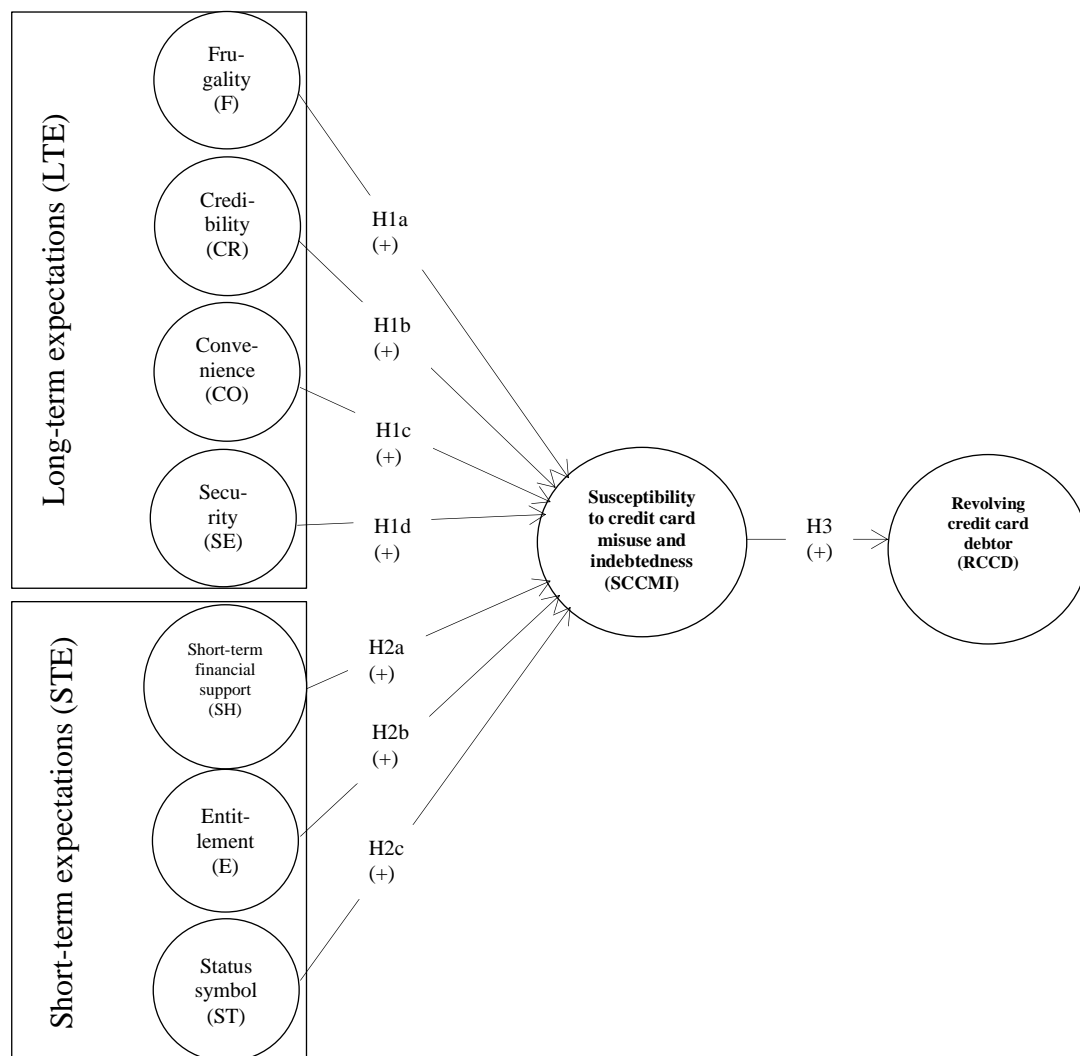
\*\* (*p*<.05)

*t*-values displayed in parentheses

### 7.7.2 Examination of the hypotheses

The hypotheses are examined based on the values of the structural paths in the multigroup SEM, which are displayed in Figure 7.2. The results are conveyed in Table 7.17 above.

**Figure 7.2: Expanded conceptual framework of the antecedent and consequent factors of susceptibility to credit card misuse and indebtedness**



***Note:** for clarity, arrows in the figure do not represent H4 and H5, which hypothesise the moderating influences of national culture. However, they are theorised to influence all relationships in this figure*

The first hypothesis submits that long-term expectations of credit card usage have positive effect on susceptibility to credit card misuse and indebtedness, which is due to consumer tendency to make inaccurate predictions regarding their future credit card consumption experience. Four sub-hypotheses are introduced under this proposition. First, **hypothesis 1a** proposes that frugality expectation of credit card usage has a significant and positive influence on SCCMI. Initially in the constrained structural model, this path indicates a lack

of invariance, since the Malaysian data shows non-significant relation between frugality and SCCMI ( $\gamma=-.02$ ,  $t=-.21$ ,  $p>.05$ ). Upon relaxing this path, the results yielded a significant and *negative* relation with SCCMI in Singapore ( $\gamma=-.22$ ,  $t=-3.13$ ,  $p<.01$ ) and the UK ( $\gamma=-.22$ ,  $t=-2.92$ ,  $p<.01$ ). Meanwhile, the Malaysian data remain to show non-significant effect between frugality and SCCMI. The results also showed better chi-square statistics ( $\chi^2=4217.67$ ,  $df=1818$ ,  $p=.00$ ) and fit indices (RMSEA=.07, NNFI=.92, CFI=.93, SRMR=.09) in the unconstrained structural model, in comparison to the constrained model. Directionally, it is noted that frugality has higher degrees of impact on the youths' susceptibility to credit card temptations in Singapore and the UK, than in Malaysia. A possible explanation is that there is a stronger culture of frugality in Singapore, which is promoted by government campaigns and regulations as well as a social norm that favour thrifts and savings (Gan et al. 2008). Similarly, the UK has been noted to be higher on financial sophistication than its European counterparts (Worthington 1988), which could explain why a principal of thrift looms larger than the temptations of credit card usage among UK youths. On the other hand, Malaysian consumers' credit card usage has been characterised as highly centred around purchases that enhance their lifestyle and satisfaction (Ahmed et al. 2010). Overall, contrary to the hypothesis, youths' expectation that credit card use will help one to be more frugal in spending either have a reverse or no effect on their susceptibility to credit card misuse and indebtedness. Based on this result, hypothesis 1a is rejected.

**Hypothesis 1b** proposes that credibility expectation of credit card usage has a significant and positive effect on SCCMI. This hypothesised structural path between credibility and SCCMI is significantly different across the country groups, which infers that national identity moderates the credibility-SCCMI relationship. However, contrary to the hypothesis, the result yielded a significant negative effect in Malaysia ( $\gamma=-.25$ ,  $t=-3.76$ ,

$p < .01$ ) and Singapore ( $\gamma = -.25$ ,  $t = -3.52$ ,  $p < .01$ ). However, this relationship was not identified in the UK sample ( $\gamma = .03$ ,  $t = .39$ ,  $p > .05$ ). Thus, it can be inferred that youths' expectation that credit card use will result in future financial credibility has a negative effect on susceptibility to credit card misuse and indebtedness in Malaysia and Singapore. Importantly, the results are contrary to the literature developments that suggest that consumers tend to be drawn to the immediate effect of credit card rewards, despite anticipating its long-term rewards (Wiener et al. 2007). Hypothesis 1b is therefore rejected.

**Hypothesis 1c** proposes that convenience expectation of credit card usage has a significant and positive effect on SCCMI. The results indicate various degrees of impacts in different country samples. In the Malaysian sample, the convenience-SCCMI relationship was not supported ( $\gamma = .04$ ,  $t = .57$ ,  $p > .05$ ). Meanwhile, there was a negative relationship inferred in the Singaporean sample ( $\gamma = -.16$ ,  $t = -2.10$ ,  $p < .01$ ) and a positive relationship inferred in the UK sample ( $\gamma = .34$ ,  $t = 3.38$ ,  $p < .01$ ). Therefore, the youths' expectation that credit card result in convenience of payment in the online and offline realms is deemed to have different effects on their susceptibility to credit card misuse and indebtedness across Malaysia, Singapore and the UK. The result in the UK sample is consistent with the hypothesis, in that a convenience expectation of credit card utility positively influences young credit card users to yield to the temptations of credit card effect. However, result of the analysis in the Singaporean sample infers significant negative relationship between convenience and SCCMI. Again, this may be attributed to the strong social norm that prioritises thrift and the tightly regulated credit card market in Singapore, which strengthens the youths' understanding of the long-term objectives associated with credit card convenience. Based on these results, Hypothesis 1c cannot be rejected in the UK sample, but it is rejected in the Malaysian and Singaporean sample.

**Hypothesis 1d** proposes that a security expectation of credit card usage has a significant and positive effect on SCCMI. However, the results showed a lack of dependent relationship between the security and SCCMI constructs in both Malaysia ( $\gamma=.12$ ,  $t=1.56$ ,  $p>.05$ ) and Singapore ( $\gamma=-.04$ ,  $t=-.47$ ,  $p>.05$ ). However, there is indeed a significant and positive relationship between security and SCCMI in the UK ( $\gamma=.19$ ,  $t=2.19$ ,  $p<.01$ ). The results in the UK sample is in support for the theoretical view that youths often make inaccurate predictions concerning their credit card consumption experience. Thus, the result in the UK sample supports the hypothesised positive relationship between security expectation and susceptibility to credit card effects. Hence, hypothesis 1d cannot be rejected in the UK sample, but the same hypothesis is rejected in the Malaysian and Singaporean samples.

Hypothesis 2 makes a general proposition that short-term expectations of credit card usage will have strong and positive effect on susceptibility to credit card. More specifically, **hypothesis 2a** submits that the expectation that credit card usage will provide short-term financial support will significantly and positively affect susceptibility to credit card misuse and indebtedness. Indeed, the structural path corresponding to this hypothesis is significant and positive across Malaysia, Singapore and the UK. However, this structural path is also invariant across all country groups, which indicate that national identity does not moderate the dependence relationship between short-term financial support and SCCMI. Directionally, however, this relationship notably stronger in the UK ( $\gamma=.35$ ,  $t=4.46$ ,  $p<.01$ ) than in Malaysian ( $\gamma=.17$ ,  $t=2.18$ ,  $p<.01$ ) and Singaporean ( $\gamma=.17$ ,  $t=2.55$ ,  $p<.01$ ) data. Based on these results, hypothesis 2a cannot be rejected in all country samples.

**Hypothesis 2b** postulates that entitlement expectation of credit card use will have a strong and positive effect on susceptibility to credit card use. In support of this hypothesis,

the corresponding structural path shows a significant and positive effect in Malaysia ( $\gamma=.32, t=3.86, p<.01$ ), Singapore ( $\gamma=.19, t=2.42, p<.01$ ) and the UK ( $\gamma=.32, t=3.78, p<.01$ ) data. Thus, hypothesis 3b cannot be rejected in all country data.

**Hypothesis 2c** also proposes a strong and positive effect of expectation of a credit card usage as a status symbol on susceptibility to credit card misuse and indebtedness. The corresponding structural path indeed yields strong positive effects across Malaysia ( $\gamma=.41, t=6.07, p<.01$ ), Singapore ( $\gamma=.25, t=3.72, p<.01$ ) and the UK ( $\gamma=.31, t=4.53, p<.01$ ). Directionally, the proposed relationship yields the strongest effect in Malaysian sample, which indicates that the expectation of a credit card as a status symbol is the major contributor to the youths' susceptibility to credit card misuse and indebtedness. All in all, given the above consistent results, hypothesis 3c cannot be rejected in all country data.

**Hypothesis 3** postulates that SCCMI significantly and positively predicts the tendency to become revolving credit card debtor. Indeed, the result yields a strong positive effect across the Malaysian ( $\beta=.31, t=4.75, p<.01$ ), Singaporean ( $\gamma=.30, t=4.39, p<.01$ ) and UK ( $\gamma=.48, t=7.06, p<.01$ ) samples. This shows that the measure of SCCMI is a valid and reliable predictor of the youths' tendency to accumulate revolving debt. Therefore, hypothesis 3 cannot be rejected.

**Hypothesis 4** proposes that national identity difference moderates the relationships between long- and short-term credit card benefits expectations and SCCMI. As can be seen in Table 7.17, nearly all of the relationships in the conceptual framework vary in magnitude and strength across the Malaysia, Singaporean, and UK samples, apart from the relationship between short-term financial support expectation and SCCMI. In particular, it is notable that the chi-square differences between the constrained and unconstrained models are significant for the frugality-SCCMI ( $\chi^2\Delta=78.69, p<.05$ ), credibility-SCCMI ( $\chi^2\Delta=10.96, p<.05$ ), convenience-SCCMI ( $\chi^2\Delta=23.15, p<.05$ ), security-SCCMI ( $\chi^2\Delta=5.93,$

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$p < .05$ ), entitlement-SCCMI ( $\chi^2\Delta = 9.08$ ,  $p < .05$ ), and status symbol-SCCMI ( $\chi^2\Delta = 8.36$ ,  $p < .05$ ) relationships. These significant changes in model comparison indicate the presence of moderation effect for these relationships. On the other hand, the non-significant chi-square difference in the short-term financial support-SCCMI relationship ( $\chi^2\Delta = .18$ ,  $p > .05$ ) indicates a lack of moderation effect. Therefore, H4a, H4b, H4c, H4d, H4f, and H4g cannot be rejected, while H4e is rejected.

**Hypothesis 5** postulates that national identity difference moderates the relationship between SCCMI and RCCD. As can be seen in Table 7.17, there is a clear distinction between this proposed relationship across the Malaysian, Singaporean and UK samples. The significant chi-square difference between the constrained and unconstrained models ( $\chi^2\Delta = 71.77$ ,  $p < .05$ ) means that a national difference strongly moderates this proposed relationship. Based on this result, hypothesis 5 cannot be rejected.

### 7.7.3 Validity of the SEM model

The two-step approach requires that the factor loadings and model fit are similar between the measurement and structural model to assess the validity of the structural model (Kline 2011). In this case, the present study compares the factor loadings and model fit indices of the most constrained multigroup measurement and structural models. As can be seen in Table 7.18, there is little difference between the loadings and fit indices. The substantial difference in chi-square is more pronounced due to the high number of equality constraints that are examined in the structural model. Based on the examination of the measurement and structural models, the multigroup SEM model is regarded as valid in the present study.

**Table 7.17: Comparison of factor loadings and model fits in the multigroup CFA and SEM models**

Construct	Measurement items	Standardised factor loading in multigroup model	
		Measurement	Structural

		<b>model</b>	<b>model</b>
Frugality	F1	.83	.82
	F2	.69	.69
	F3	.79	.81
	F4	.79	.80
Credibility	CR3	.68	.68
	CR4	.73	.73
	CR5	.88	.88
	CR6	.76	.77
Convenience	CO1	.88	.87
	CO2	.85	.86
Security	S1	.65	.67
	S2	.71	.70
	S3	.82	.82
	S4	.81	.79
Short-term financial support	SH2	.86	.85
	SH3	.91	.90
	SH4	.72	.74
	SH5	.83	.83
	SH8	.75	.75
Entitlement	E1	.72	.70
	E3	.81	.81
	E4	.85	.85
	E5	.75	.76
Status symbol	ST4	.71	.71
	ST5	.77	.77
	ST7	.79	.78
	ST8	.91	.91
Susceptibility to credit card misuse and indebtedness	SCCMI1	.57	.67
	SCCMI4	.57	.59
	SCCMI5	.65	.66
	SCCMI6	.74	.74
	SCCMI8	.71	.75
Revolving credit card debtor	RCCD1	.84	.86
	RCCD2	.86	.87
	RCCD3	.81	.94
	RCCD4	.66	.58
<b>Model fit comparison</b>	$\chi^2 / df$	3937.23/1771 ( <i>p</i> <.01)	4279.26/1821, ( <i>p</i> <.01)
	RMSEA	.07	.08

NNFI	.93	.92
CFI	.93	.92
SRMR	.08	.10

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## 7.8 Chapter Summary

This chapter sets out to develop, refine and statistically validate the measure of susceptibility to credit card misuse and indebtedness and its hypothesised antecedent and consequent factors. The conclusive results of the hypotheses testing are summarised in Table 7.16. As can be seen from the table, several hypotheses are rejected and these have important theoretical and practical implications. First, frugality and credibility expectations of credit card use have significant negative effects on SCCMI. These findings provide contrary evidence against the current psychological theories that in the light of credit card usage deliberation, consumers are often incapable to make accurate expectations regarding their post-consumption experience. In other words, they might be able to accurately anticipate the resulting experience of their action (in this case, credit cards can be expected to help achieve frugal spending and provide future financial credibility). However, they may still perceive the immediate payoff more favourably than any long-term effects (Wiener et al. 2007). The contradicting statistical results suggest that consumers who frame their expectations in terms of frugality and credibility outcomes of credit card use are unlikely to be susceptible to credit card effects. Therefore, marketers who wish to reduce youth susceptibility to credit card misuse and indebtedness may formulate their targeting or educational strategies to enhance the consumers' awareness of how credit cards can be used to make frugal spending and to achieve future financial credibility.

Additionally, the results showed inconsistent effect between convenience and security expectations of credit card usage and SCCMI in different country samples. Particularly, a pattern emerged whereby the UK sample consistently displayed significant

positive relationships, as proposed by the hypothesis. Meanwhile the effects of convenience and security expectations on SCCMI were positive but non-significant in Malaysia, which is insufficient to support the hypothesis. On the contrary, the same proposed relationships were negative in the Singaporean data. These patterns may be due to the stronger social norms towards thrift and tighter credit card regulation in Singapore, which deters the youths' susceptibility to credit card misuse and indebtedness when the expectations for convenience and security are kept in mind. In Singapore and Malaysia, however, the results suggest that youths may have correctly expected that credit card use will bring future convenience and security. However, they remain susceptible to credit card effect. Interestingly, convenience and security features of credit card are prominently marketed during credit card marketing and solicitation efforts. While they do provide long-term benefits to the users, these appeals may be simplistic as the consumers may be unclear on how they can make financial gains from the convenience and security features of credit card. Thus, they may undermine the long-term rewards of the convenience and security features of credit card in favour of the immediate benefits. This is consistent with Wiener et al.'s (2007) observation that consumers may incorrectly anticipate their future credit card consumption experience, as the system allows them to temporarily diminish the "pain of paying" during purchase. Thus, convenience can mean greater access to the online and offline shops, but it also means that it becomes easier for consumers to shop on a greater number of outlets. Similarly, security can mean payment protection from theft, but it also means a heightened sense of freedom to shop while carrying a great deal of purchasing power in one's purse. To this end, marketers who wish to reduce youth susceptibility to credit card use may display friendly explanations about the convenience and security features of credit cards and forewarn them to keep in mind the financial consequences of using credit cards impulsively.

On the other hand, the study does not reject the hypotheses that all short-term expectations of credit card use (i.e., short-term financial support, entitlement, and status symbol) have significant and positive impact on susceptibility to credit card misuse and indebtedness. This is consistent with the earlier proposition that the preoccupation with the immediate rewards of credit card purchases leads them to downplay the long-term effects. Therefore, marketers who wish to reduce youths' susceptibility to the temptations of credit card use may highlight the higher costs of these short-term expectations to reduce susceptibility to credit card misuse and indebtedness. For example, exemplifying the "do's and don'ts" of credit card usage in a marketing campaigns may help to increase their awareness of credit card effect, enhance their financial sophistication and improve their understanding of the costs of debt.

Another interesting outcome is the moderating effect of national identity on the relationships between SCCMI and its antecedent and consequent factors, which are mostly consistent with the proposed hypothesis. The result in this study suggests that in the particular case of credit card consumption, the youths display different psychological, cognitive and behavioural processing of credit card information across Malaysia, Singapore and the UK. One exception is the relationship between short-term financial support and susceptibility to credit card misuse and indebtedness, where the result indicates that national identity does not moderate this relationship. This indicates that on the whole, youths place a strong importance on credit card as a short-term financial support, which consequently and universally leads to susceptibility to credit card misuse and indebtedness. However, this also means that efforts to reduce youths' reliance of credit card as a temporary financial support may be applied in a similar way across Malaysia, Singapore and the UK. However, ethical marketing may need to be differentiated across these countries to redress the other expectations of credit card utility. For example, the

view of credit card as a status symbol has the greatest impact on the youths' susceptibility to credit card misuse and indebtedness in Malaysia and Singapore. Meanwhile, the expectations of credit cards as status symbol and short-term financial support are almost equally problematic in the UK. Therefore, marketing efforts to reduce susceptibility to credit card misuse and indebtedness can be tailored accordingly in each country.

**Table 7.18: Summary of hypotheses and results**

<b>Hypothesis</b>	<b>Supported?</b>	<b>Corresponding statistical results</b>
<b>H1a:</b> Frugality expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	No	Frugality has a significant negative effect on SCCMI in Singapore and the UK, and no effect in Malaysia.
<b>H1b:</b> Credibility expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	No	Credibility has a significant negative effect on SCCMI in Malaysia and Singapore. No significant effect in UK.
<b>H1c:</b> Convenience expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	Partially supported	Convenience has no effect on SCCMI in Malaysia, significant negative effect in Singapore, significant positive effect in UK.
<b>H1d:</b> Security expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	Partially supported	Security has no significant effect on SCCMI in Malaysia and Singapore, and significant positive effect in UK.
<b>H2a:</b> Short-term financial support expectation of credit card use will have a significant and positive relationship to susceptibility to credit card misuse and indebtedness.	Yes	Short-term financial support has a significant positive effect on SCCMI across all country samples.
<b>H2b:</b> Entitlement expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	Yes	Entitlement has a significant positive effect on SCCMI across all country samples.
<b>H2c:</b> Status symbol expectation of credit card use will have a significant and positive relationship with susceptibility to credit card misuse and indebtedness.	Yes	Status symbol has a significant positive effect on SCCMI across all country samples.
<b>H3:</b> Susceptibility to credit card misuse and indebtedness will have a significant and positive relationship with revolving credit card debtor.	Yes	SCCMI has a significant positive effect on RCCD across all country samples.
<b>H4a:</b> National identity moderates the relationship between frugality expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative to the frugality-SCCMI relationship.
<b>H4b:</b> National identity moderates the relationship between credibility expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative to the credibility-SCCMI relationship.
<b>H4c:</b> National identity moderates the relationship between convenience expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative to the convenience-SCCMI relationship.
<b>H4d:</b> national identity moderates the relationship between security expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative

		to the security-SCCMI relationship.
<b>H4e:</b> National identity moderates the relationship between short-term financial support expectation of credit card utility and SCCMI.	No	There is a non-significant chi-square difference between the constrained and unconstrained models relative to the short-term financial support-SCCMI relationship.
<b>H4f:</b> National identity moderates the relationship between entitlement expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative to the entitlement-SCCMI relationship.
<b>H4g:</b> National identity moderates the relationship between status symbol expectation of credit card utility and SCCMI.	Yes	There is a significant chi-square difference between the constrained and unconstrained models relative to the status symbol-SCCMI relationship.
<b>H5:</b> National identity moderates the relationship between susceptibility to credit card misuse and indebtedness and revolving credit card debtor.	Yes	National identity moderates the relationships between SCCMI and its consequent factors.

# Chapter 8

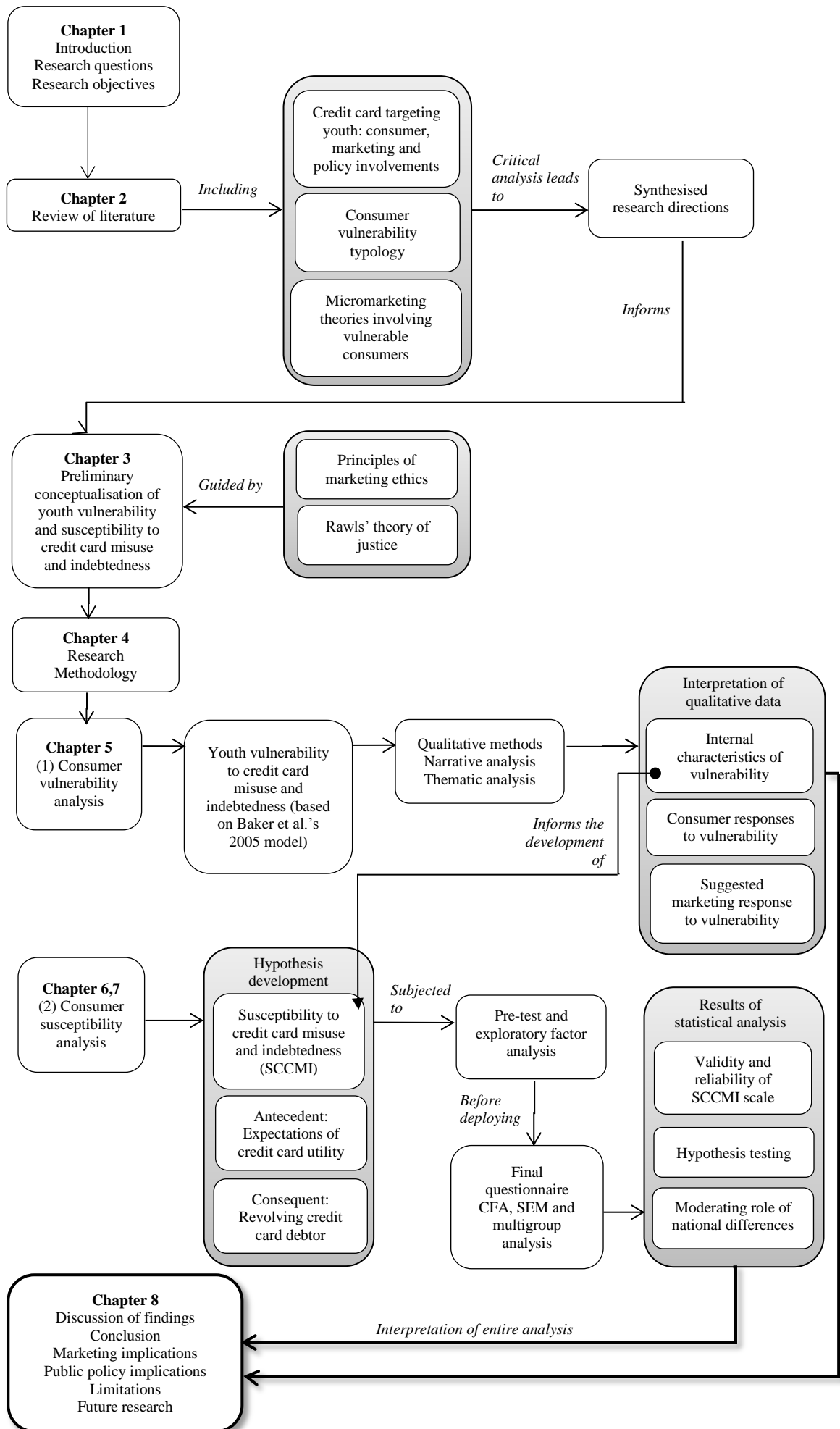
## Conclusion

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### 8.1 Chapter Introduction

The final part of this thesis marks the following segment of the thesis structure (Figure 8.1). The objective of this chapter is five-fold. First, the chapter aims to revisit the rationale for the present research and provide a review of the research questions. This chapter then presents a summary of the qualitative and quantitative research findings in light of the objectives established in this research. The third objective is to present the key contributions of the thesis. Thus, this chapter also explores the knowledge, methodological, and practical contributions and implications of analysing youths' vulnerability and susceptibility to credit card misuse and indebtedness. The chapter then discusses the limitations of the present research and concludes with recommendations for future studies and some final remarks.

**Figure 8.1: Chapter 8 structure**



## 8.2 Thesis Summary and Research Questions

Vulnerable consumers are likely to fall victim to negative marketplace outcomes due to the secondary effects of marketing practices (Shultz II and Holbrook 2009; Pechmann et al. 2011). In particular, credit card targeting directed towards young people elicits ethical criticisms because of the perceived vulnerability of the target segment, the targeting efforts that are deemed more predatory than informative, and the stigmatising protectionist policies that severely limit youths' financial freedom. Vulnerable consumers indeed represent a segment of society often overlooked in marketing considerations, leaving the matter to the public policy to intervene. This thesis, therefore, aims to show that vulnerability is a marketing problem as much as it is a public policy issue by highlighting the social effects of unethical marketing directed towards vulnerable consumers. Specifically, this thesis studies how young people, supposedly representing the most educated segment of the population, come to experience vulnerability due to credit card misuse and indebtedness. In addition, the present research introduces a new concept and measure of susceptibility to credit card misuse and indebtedness (SCCMI) to investigate the extent to which youths will experience negative credit card outcomes.

The rationale of the present research reflects the rise of ethicality as one of the most prominent pillars in marketing (Vaaland et al. 2008; Schlegelmilch 1998; Laczniaak 1993; Laczniaak and Murphy 2006). Specifically, the normative theory of marketing ethics is increasingly calling for marketers to meet their moral obligations and fulfil the needs of vulnerable consumers. Rawls' theory of justice is particularly supportive of the central thesis of this study, as it recognises that the vulnerable consumer is the least-advantaged stakeholder (Rawls 1971). Thus, social justice advocates a normative rule that marketing should actively avoid contributing to the further disadvantage of the segments of the market which are the least well-off in terms of information, economic resources, access to

supply, market literacy and other factor essential to marketplace transactions (Laczniak and Murphy 2006).

This study examines youth vulnerability and susceptibility to credit card misuse and indebtedness in a cross-country context, as the issue of consumer vulnerability and market imbalance is arguably more pressing in the international marketplace. The current study focuses on young credit card users in Singapore, Malaysia and the UK, as these countries represent different degrees of credit card issuance and consumer protection regulations. In light of the research focus and objectives of the thesis, the following research questions are presented:

1. *To what extent do young people experience vulnerability due to credit card misuse and indebtedness?*
  - 1.1. *What are the different ways to identify vulnerable consumers?*
  - 1.2. *Which type of consumer vulnerability analysis is deemed most suitable to examine the context of youths' credit card misuse and indebtedness, and why?*
  - 1.3. *What is the takeaway that can be learned from analysing consumer vulnerability to credit card misuse and indebtedness?*
2. *What are the characteristics of consumers who are susceptible to credit card misuse and indebtedness?*
  - 2.1. *How is susceptibility to credit card misuse and indebtedness conceptualised?*
  - 2.2. *What new information does the susceptibility analysis contribute to the extant literature on consumer vulnerability?*
3. *Do national differences moderate the extent to which young people become susceptible and vulnerable to credit card misuse and indebtedness?*

The next sections in this chapter discuss how the thesis addressed the above research questions.

## **8.3 Conceptualisations**

### **8.3.1 Vulnerability conceptualisation**

The literature review on consumer vulnerability typology indicates three general ways to identify vulnerable consumers. The first stream of studies identifies vulnerable consumers on the basis of shared homogenous characteristics, such as demographic (e.g., race, gender) and taxonomic (e.g., living in areas where natural disasters often strike) profiles. This assessment of vulnerability relies on others' perceptions of what it is like for others to experience vulnerability (Smith and Cooper-Martin 1997; Hill 2001). Perceived vulnerability represents the predominant practice to identify vulnerable consumers in micromarketing studies, as such an approach is evident in numerous marketing theories on vulnerability, including ethical targeting (Smith and Cooper-Martin 1997), service-dominant logic for marketing (Abela and Murphy 2007; Vargo and Lusch 2004) and consumer sovereignty test (Smith 1995; Smith 1993).

The second way to distinguish vulnerability is by examining the internal and external factors that contribute to a person's or the whole community's experience of vulnerability. This assessment of actual vulnerability involves listening to and observing the individual's and community's experience (Baker et al. 2005; Baker 2009; Baker and Mason 2012; Adkins and Jae 2009). Recent advances in the literature indicate the need for a new vulnerability assessment that combines the flexibility of perceived vulnerability and the sensitivity of actual vulnerability towards the dynamic nature of consumption. In particular, Commuri and Ekici (2008) and Shultz II and Holbrook (2009) proposed models that combine the use of perceived and actual analyses of vulnerability. However, these models have not been established empirically, and the validity of the proposed frameworks remains relatively unknown.

Youth vulnerability to credit card misuse and indebtedness is a phenomenon that stems from the general perception that young people constitute a vulnerable market segment who are widely exploited by the credit card marketers. In addition, protectionist policies designed to prevent young people from accumulating extensive credit card debt face criticisms due to their marginalising repercussions on the youths' financial freedom (Wood 2010). Youths' credit card misuse and indebtedness have been widely discussed and debated in the literature (e.g., Szmigin and O'Loughlin 2010; Pinto et al. 2004; Hayhoe et al. 2000; Palan et al. 2011; Palmer et al. 2001). However, a dearth of literature remains on whether all youths are imprudent credit card users and, as a result, experience vulnerability due to their credit card misuse and indebtedness.

This phenomenon can particularly benefit from a systematic review of actual vulnerability, as it gives young people the opportunity to voice their stories, perceptions and concerns about their credit card use. Youths might not always experience vulnerability, and such vulnerability might be transient (situational) rather than enduring. Thus, actual vulnerability assessment focuses on identifying the factors that work dynamically to facilitate vulnerability.

Conversely, perceived vulnerability concerns solely with identifying who experiences vulnerability (Baker et al. 2005). Past studies argued that young are likely to develop risky credit card behaviour (e.g., impulsiveness), are surrounded by environmental factors that weaken their financial planning capabilities (e.g., lack of financial training in school curriculum) and are linked to experiencing substantial psychological and social outcomes of debt (anxiety, stress, and in some extreme cases, suicides). Based on such generalisations, youths would always be treated as a vulnerable group, regardless of whether they agree or might not be vulnerable. Thus, the literature can benefit from a

consumer-driven theorisation of how youths come to experience vulnerability to credit card misuse and indebtedness.

However, analysing actual experience of vulnerability provides only a descriptive account of how youths experience such vulnerability. Such an assessment does not address the on-going debate in the literature concerning the limitation of actual consumer vulnerability analysis, which overly focuses on vulnerability redress and negates the prospect of vulnerability prevention (Commuri and Ekici 2008).

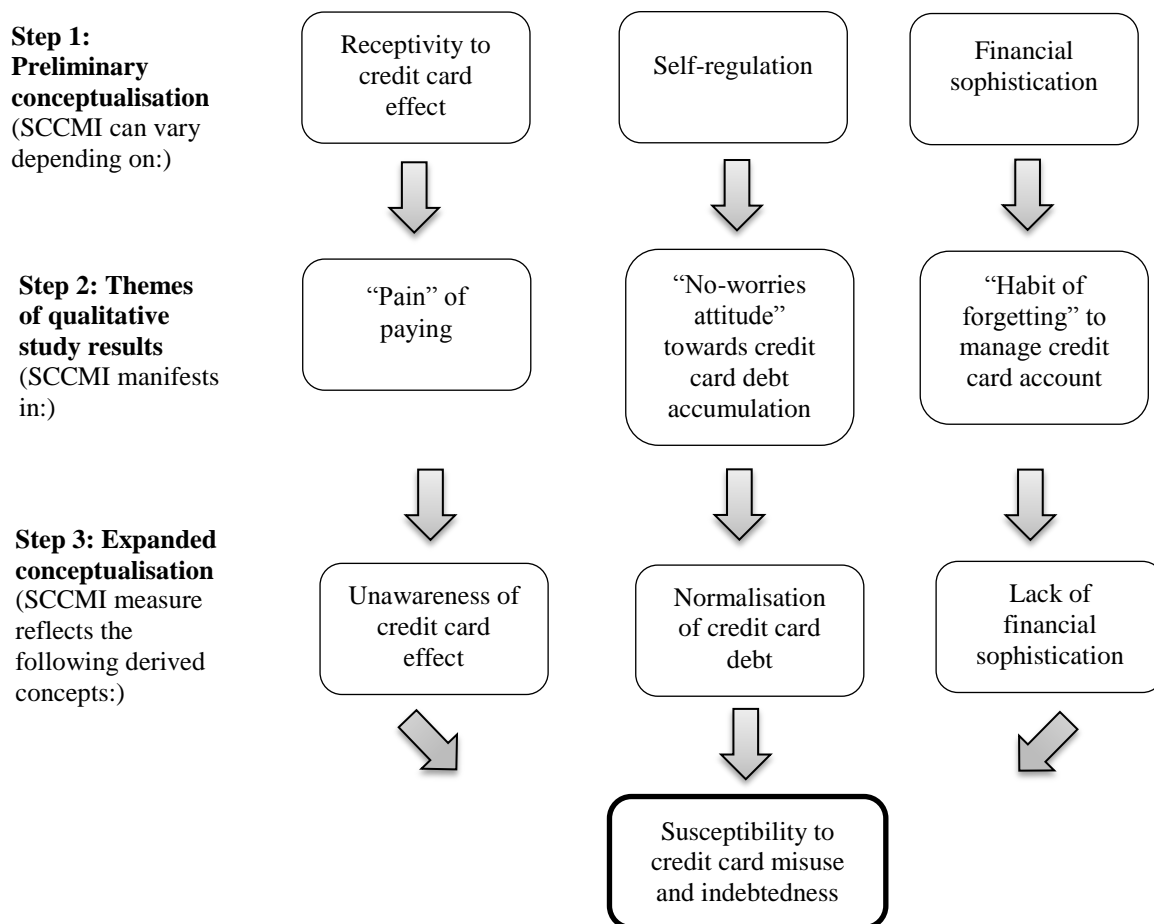
### **8.3.2 Susceptibility conceptualisation**

This study conceptualises susceptibility to credit card misuse and indebtedness as a response to the theoretical gap that postulates that the current consumer vulnerability assessment is limited in its power to predict and prevent vulnerability. SCCMI refers to those who display greater propensity than others to yield to the behavioural outcomes pertaining to the credit card effect by deviating from the rational credit card usage. Thus, SCCMI assesses the consumer's degree of sensitivity and capability to respond to the identified temptations during credit card usage. The CFA test of discriminant validity indicated that items corresponding to these characteristics are highly correlated; thereby suggesting that SCCMI is a one-factor construct.

SCCMI originates from a base model developed from the literature review, which is subsequently extended and enriched by exploratory qualitative research. Consequently, the results of the qualitative study support the preliminary conceptualisation of SCCMI by providing insights into its attitudinal and behavioural manifestations in credit card usage. Thus, the study postulates that SCCMI reflects the individual states of: 1) being unaware of the psychological effects of spending with a credit card, 2) normalising credit card debt, and 3) lacking financial sophistication. Figure 8.2 describes the process in which the

SCCMI construct is conceptualised from a base preliminary model and qualitative study results, onto its final conceptual model.

**Figure 8.2: Conceptualisation of susceptibility to credit card misuse and indebtedness**



## 8.4 Discussion of Research Findings

The findings from the present research are presented in two parts. The first part corresponds to the qualitative study findings, which aimed to investigate youth vulnerability to credit card misuse and indebtedness (presented in Chapter 5). This particular study adopts Baker et al.'s (2005) situational framework of consumer vulnerability as a guide to explore the extent to which youths experience vulnerability due to credit card use and indebtedness. Through this lens, the qualitative study was able to

construe the process and the influential factors that affect vulnerability to credit card risks. The second part corresponds to the quantitative study results, which aimed to assess youths' susceptibility to credit card misuse and indebtedness. The conceptualisation of SCCMI is built upon the preliminary conceptual model and the qualitative study results that expand and enrich such a model. Essentially, the quantitative study provides statistical evidence of validity, reliability and parsimony of the SCCMI measure across Malaysia, Singapore and the UK. The study also tests the relationships between SCCMI and its antecedents (the long- and short-term expectations of credit card utility) as well as its consequent (revolving credit card debtor) factors, providing an exploratory nomological network of the new measure. Further, the study conducted a multigroup assessment involving the Malaysia, Singapore and the UK samples to investigate if national identity differences moderate the proposed dependence relationships. The following subsections elaborate on the key findings of the qualitative and quantitative studies with respect to analyses of youth vulnerability and susceptibility to credit card risks.

#### **8.4.1 Qualitative study findings**

The qualitative study corresponds to the following research tasks presented in Chapter 3.

*Task 1: To explore youths' perceptions of internal and external factors that contribute to their state of vulnerability.*

*Task 2: To explore how young people actively and passively react to overcome their state of vulnerability.*

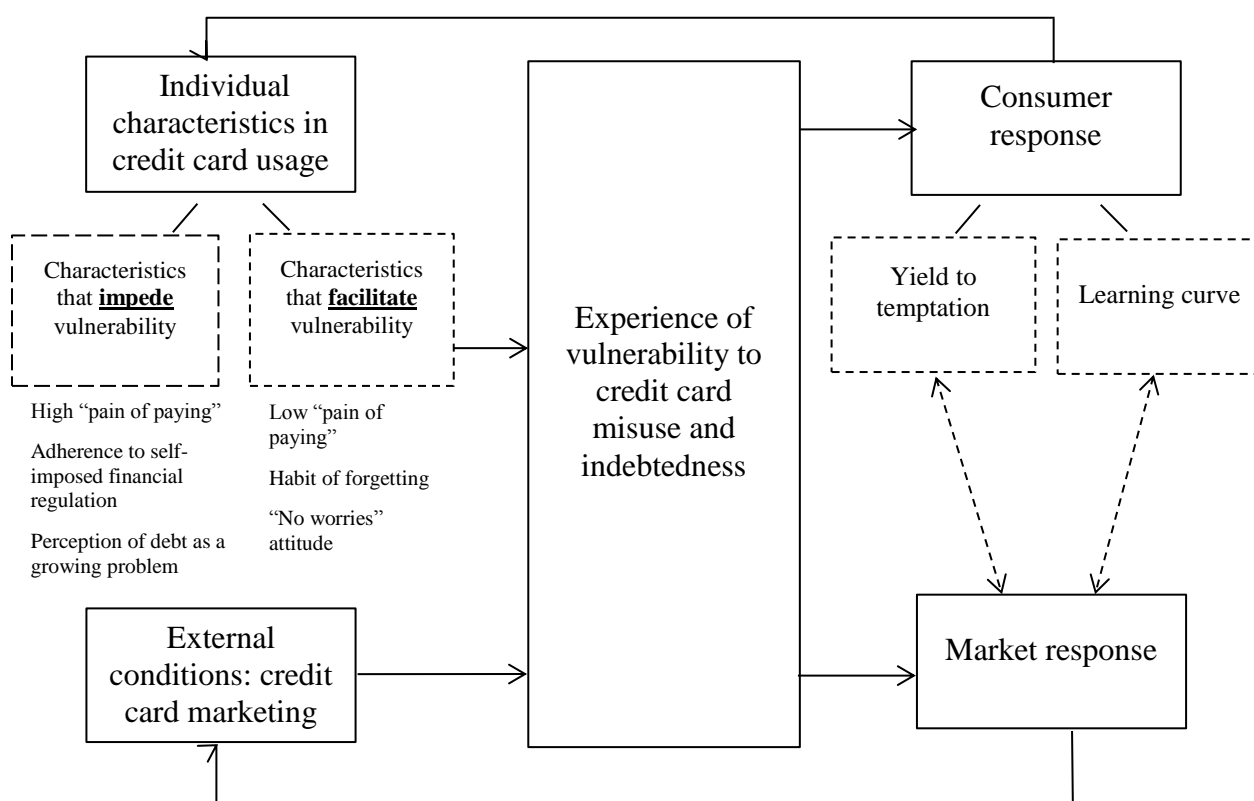
*Task 3: To explore youths' perceptions of how marketing and policy could facilitate their rehabilitation into capable consumers.*

These research tasks are concerned with providing descriptive narratives of youths' experiences of vulnerability to credit card misuse and indebtedness. This qualitative

methodology utilised semi-structured interviews (Kvale 1996; King 2004) to gain insights into the youths' experiences of credit card use, abuse and debt accumulation. The textual data were subsequently analysed using narrative procedures (Chase 2005; Baker and Gentry 2006) and thematic (Braun and Clarke 2006; Boyatzis 1998) .

The qualitative study was guided by Baker et al.'s (2005) situational framework of consumer vulnerability to provide rich and in-depth accounts of the internal and external factors that contribute to vulnerability, followed by consumer responses to their state of vulnerability as well as consumers' perceptions of how marketers should address their vulnerability. The results of the qualitative data analysis are displayed in Figure 8.3 and are further elaborated upon in the following subsections.

**Figure 8.3: Conceptual model of youth vulnerability to credit card misuse and indebtedness**



*Note:*

———— Relationship and construct proposed by the literature (Baker et al. 2005; Adkins and Jae 2009)

- - - - - Relationship and construct derived from qualitative interviews

#### ***8.4.1.1 Internal characteristics of vulnerability***

The qualitative analysis unveils important issues that contributed to these youths’ experiences of vulnerability to credit card misuse and indebtedness. In particular, the study distinguished between internal and external characteristics related to credit card usage that facilitate and impede vulnerability. Internal facilitators of vulnerability include (1) alleviating the “pain of paying” during credit card purchases, (2) having a “no-worries” attitude towards debt, and (3) having a “habit of forgetting” to manage finances. Conversely, impediments of vulnerability include (1) feeling the “pain of paying” during

credit card transactions, (2) regarding debt as a problem, and (3) abiding self-imposed financial regulations.

Based on the qualitative study interpretation and supporting literature, the study proposed that feeling the “pain of paying” during credit card transactions is a prominent facilitator of vulnerability to credit card misuse and indebtedness. The psychological “pain of paying” is due to payment coupling, which occurs when the act of payment separates temporally from the actual parting of money (Prelec and Loewenstein 1998; Raghurir and Srivastava 2008). With credit cards, the parting from money defers to a later date and, therefore, the act of payment feels less punishing (Chatterjee and Rose 2012). As a result, consumers tend to associate credit cards with a greater ease of spending than with cash payments. On the contrary, the feeling of “pain of paying” during credit card purchases serves as a realisation and a deterrent to spending, which stops consumers from over-consuming beyond their financial means (Raghurir and Srivastava 2008; Soman et al. 2011). Thus, this study proposes that feeling a greater “pain of paying” during credit card transactions impedes overspending and indebtedness and prevents subsequent experiences of vulnerability.

This study further proposes that having a “no-worries” attitude contributes to a state of vulnerability due to debt accumulation. Such an attitude is an inclination to rationalize credit card spending as a means to maintain a certain lifestyle while de-prioritizing the negative consequences of debt. Similar to the previous characterisation, the “no-worries” attitude is also enabled by the fact that consumers can delay repayments and the subsequent “pain of paying” to future dates (Wiener et al. 2007), which can stretch the pay-off out longer due to the minimum payment facility. Similarly, such an attitude is facilitated by the rise in the culture of indebtedness within the consumption culture (Lea et al. 1993). Conversely, regarding debt as a problem conveys a negative attitude towards

debt and an awareness of the negative consequences of credit card indebtedness. Thus, people who regard debt as a problem are able to build resilience against the temptations of easy credit and the social influence that undermines the consequences of debt. Therefore, it can be proposed that regarding debt as a problem impedes vulnerability to credit card misuse and indebtedness.

Finally, the interpretation of youths' narratives and supporting literature indicates that the "habit of forgetting" to manage finances is among individual characteristics that influence vulnerability. Such forgetfulness in this study reflects low self-imposed financial regulation and a failure to control one's spending through budgets or other forms of financial planning (Baumeister 2002; Haws et al. 2012). However, credit card usage requires a certain degree of conscience and financial planning to avoid costly interests, fees and penalties. Thus, it is proposed that the repetitive habit of forgetfulness leads to vulnerability through a diminished ability to actively negate credit card debt accumulation. Conversely, having stronger financial regulations embedded during one's credit card usage is proposed to generate conscience and awareness of ways to avoid unnecessary credit card expenses. Therefore, self-imposed financial regulation is submitted as an impediment to vulnerability.

Understanding the internal characteristics that facilitate and impede vulnerability to credit card misuse and indebtedness yields important implications. First, it provides insights into the extent to which individuals differ in their vulnerability experiences, which is highly dependent on youths' inherent characteristics of credit card attitudes and behaviour. Second, it yields important information on how vulnerability can be redressed, which is a particular interest of socially responsible credit card marketers and policy developers. Specifically, consumer vulnerability can be possibly ameliorated by reminding payers of the "pain of paying" associated with credit card transactions. For example,

payers might be given a choice to receive reminders of spent credit card limit or remaining balance to improve their sensitivity and sensibility when making credit card payments. Vulnerability might also be addressed by promoting awareness of how one can regulate his/her credit card spending and repayments. For example, financial literacy classes could be included as part of the earlier scholarly curriculum rather than presented as an extracurricular training. In addition, familiarising the public with the negative consequences of debt accumulation should prevent future vulnerability, as such promotion raises awareness of underlying credit card temptations and social influences to normalise debt are unjustified due to the high costs of indebtedness.

#### **8.4.1.2 External influence of vulnerability**

The study's interpretation of the qualitative data showed that credit card marketers' predatory targeting towards youths and the lack of informative guides to use credit cards prudently also facilitate the youths' experience of vulnerability. Predatory targeting practices are perceived as temptations for young people, particularly as they lack experience and hold incorrect assumptions about credit cards, such as regarding their credit limit as a sign of greater purchasing power that can be spent accordingly (Soman and Cheema 2002). This study recognises that vulnerability is largely attributed to individual characteristics, as credit cards provide immense benefits when used sensibly. Regardless, this does not stop youths from blaming a portion of their vulnerability on the marketing of credit cards, which they consider to be exploitative towards their inexperience and, at times, naivety. Accordingly, a looming sense of distrust towards credit card marketing exists among young people, especially after they have experienced themselves or know others who have experienced vulnerability.

Such an understanding of credit card marketing as a facilitator of vulnerability is particularly useful for vulnerability redress, as it sheds light on the negative social

consequences of targeting a potentially vulnerable consumer segment. As previously mentioned, consumer vulnerability is often undermined in marketing considerations. On the contrary, this study shows that negative evaluations and distrust towards credit card marketing arise when young people are exploited for their relative financial incapacities, which depicts a poor image of the credit card market. As previously discussed in Chapter 2, young people represent an important market segment to the credit card industry as they have greater than average lifetime earnings than other age groups and have a greater likelihood of developing long-term brand loyalty towards their first credit card (Warwick and Mansfield 2000). For example, Braunsberger, Lucas, and Roach (2004) reported that 75% of undergraduate students in the United States tend to keep their first credit card brand for an average of 15 years. As such, losing the trust of young people over predatory targeting practices is risky and unsustainable for credit card marketers. This situation provides justification for marketers to avoid exploitative marketing or practices that “hide” informative guides that users can utilise to make informed credit card decisions. For example, credit card marketers can avoid promoting positive images of a credit card-funded lifestyle that undermines the negative consequences of debt. Instead, credit card marketers might compete in terms of the transparency and reliability of their services.

#### ***8.4.1.3 Enduring and transient vulnerability***

In addition to exploring the factors that facilitate/impede vulnerability, the qualitative study also analysed what happens after youths experience vulnerability. This part of the study was guided by Adkins and Jae’s (2009) work, which distinguished between passive and active styles of consumer responses towards their state of vulnerability. The interpretation of the data leads to the proposition that the youths respond to their vulnerability by continuously yielding to temptations (passive response) or by going through a learning curve (active response). Adkins and Jae (2009) argued that vulnerability becomes enduring

when consumers respond with passive strategies that increase the likelihood of a future market imbalance. Meanwhile, vulnerability is transient when consumers adopt an active response style that helps consumers prepare for future marketplace interactions.

The present study shows that youths experience enduring vulnerability when they continue to yield to the temptations of credit card facilities, despite having accumulated debt. This is due to the credit card's facilities that make spending—albeit temporarily—less punishing (due to the lack of “pain” in transactions) and more rewarding (due to discounts and other shopping enticements). In addition, credit cards' ability to prolong repayments through the minimum payment option facilitates enduring vulnerability, as it gives youths the opportunity to undermine the long-term consequences of debt. Therefore, it is postulated that credit card temptations enable youths to continue to rationalise their spending, despite accumulating debt, as shopping with credit cards makes them feel temporarily better. Due to such a passive response, youths will persistently display internal characteristics that facilitate vulnerability.

Conversely, vulnerability is transient when youths go through a learning phase following an experience of vulnerability. Such a learning phase incorporates the proactive determination to make a change in their credit card usage by consciously avoiding being victimised by credit card temptations and its costly charges. Examples taken from the study range from vowing not to use credit cards to withdraw cash to using credit cards to manage cash flow. Thus, it is clear that youth people can and do learn from their negative experiences with credit cards. After going through such a learning phase, it becomes less likely that youths will continue to display the internal characteristics that facilitate vulnerability.

A comprehension of youths' enduring and transient vulnerability shows that protectionist policy measures are not always the answer to help youths escape vulnerability

to credit card misuse and indebtedness. As previously discussed, protectionist measures risk the credit card marketers' profitability, while only delaying rather than solving the youths' credit card misjudgements (Wood 2010). By showing that youths vary in their experiences of vulnerability, it is conceivable that vulnerability redress should cater to the differing needs of individuals. Extant studies argue that, indeed, enduring vulnerability requires intervention to interrupt the process by which individuals become helplessly vulnerable. However, those who experience transient vulnerability show a greater potential to help themselves escape their vulnerability and, therefore, need to be empowered instead of protected in the marketplace. Thus, it is logical and more beneficial to the consumer's well-being that policy development avoids involving the whole youth segment. For instance, those who have been accumulating credit card debt for a period longer than three months, for example, might need an intervention and require the involvement of their parents/guardians to co-sign for their credit card purchases. At the same time, consumers can be empowered by giving them the choices to decide how they wish to use their credit cards, such as by setting their own credit limit within an acceptable range, having a choice to receive updates on balances that need to be repaid and exercising their rights to repay their most expensive debts faster. Overall, this distinction of vulnerability experiences challenges the existing policy development principle that young credit card users are equally victimised by credit cards and that regulatory responses should be equally applied to the entire youth segment. Rather, vulnerability redress should vary across individuals' enduring and transient typology of vulnerability.

#### ***8.4.1.4 Consumers' aspirations of marketing responses to vulnerability***

The interpretation of the qualitative study views that young people perceive credit card marketing as having a subversive role in their vulnerability to credit card misuse and indebtedness. Therefore, it is conceivable that the youths anticipate that credit card

marketers respond to their vulnerability and restore balance in the marketplace. Importantly, this shows youths' continuing desire to internalise credit card as part of their consumption lifestyle. At the same time, they also aspire to avoid costly credit card traps, which lead to credit card misuse such as overspending, poor financial management and debt accumulation (i.e., the internal characteristics that facilitate vulnerability). Without credit card marketers taking such actions to raise awareness of consumers' cognitive and psychological characteristics that influence vulnerability and the negative consequences of debt, they will remain, in the eyes of the young consumers, a profit- rather than consumer-oriented industry. Thus, vulnerability redress should aim to improve consumers' perception of the credit card industry by actively improving youths' financial well-being.

#### **8.4.2 Quantitative study findings**

The following quantitative analysis focuses on youths' susceptibility to credit card misuse and indebtedness, which aimed to address these research tasks:

***Task 4:** To develop a valid and reliable measure of consumer susceptibility to credit card misuse and indebtedness (SCCMI).*

***Task 5:** To explore the multifarious kinds of consumer expectations of credit card utility.*

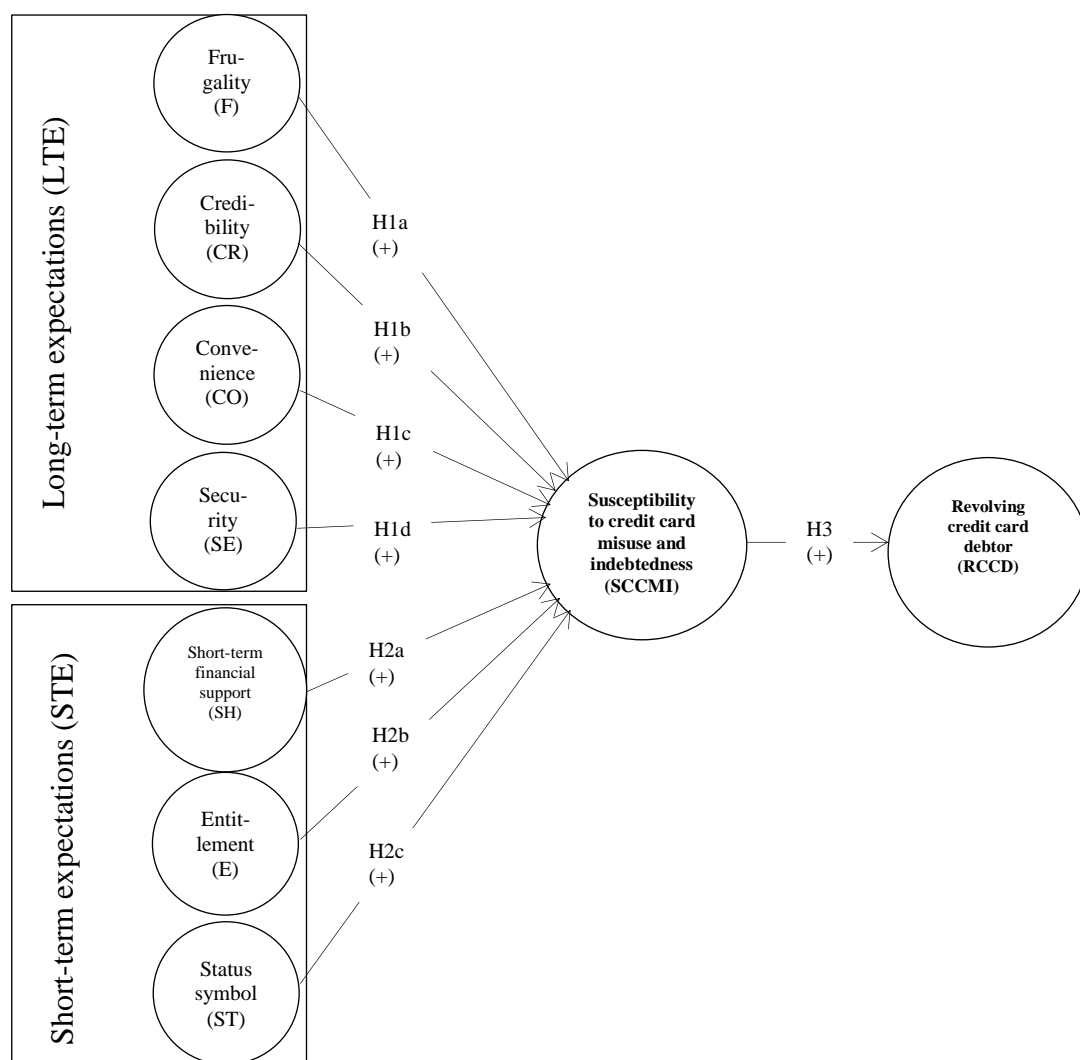
***Task 6:** To test the effect of the multifarious credit card utility expectations on SCCMI.*

***Task 7:** To test the effect of SCCMI on the tendency to develop revolving credit card debt.*

These four objectives seek to develop a measure of SCCMI and its proposed antecedent and consequent factors. New measurement scales are considered important to investigate these objectives, as the study is concerned with a *consumer-driven* account of how consumers come to be harmed by credit card usage. Meanwhile, there is currently a lack of instruments in the literature that specifically investigate the extent of consumers' future

likelihood to experience marketplace vulnerability. The study utilised the information derived from the qualitative study and further literature review to conceptualise and establish the measures for SCCMI, long-term expectations (LTE) and short-term expectations (STE) of future credit card utility, as well as the tendency to become a revolving credit card debtor (RCCD). The hypotheses depicting the dependence relationships between these constructs and their corresponding statistical results are displayed in Figure 8.4.

**Figure 8.4: Conceptual framework and hypotheses for the antecedents and consequent of susceptibility to credit card misuse and indebtedness.**



**Note:** For clarity, moderating influences of national identities are not represented by arrows in the figure.

However, they are hypothesised to influence all relationships in this figure.

#### ***8.4.2.1 Validity and reliability of SCCMI***

Results of the confirmatory factor analysis (CFA) indicate strong validity and reliability as a SCCMI measurement scale. Discriminant validity is demonstrated that the five-item unidimensional measure of SCCMI fared better than the competing three-factor model. The convergent validity of the measure was established based on the model fit statistics as well as the high values of factor loadings (apart from SCCMI4 in Singapore, which at .49 is just below the required standard of .50), *t*-values and composite reliability. Construct validity was established using known-group comparison, whereby SCCMI levels were compared among groups of credit card users with different payers of credit card bills. Palmer et al.'s (2001) empirical findings showed that young adults whose parents assist with monthly credit card bills do not perceive the negative consequences of excessive spending and are therefore more likely to accumulate higher levels of credit card spending. The results showed a significant difference in SCCMI among those who were responsible for their own credit card bills in comparison to those who relied on parents, partners or other family members. Further evidence of validity was demonstrated using multigroup analysis (Netemeyer et al. 2003), which showed that the 5-item unidimensional measure was invariant at the configural, full metric and partial scalar levels across the Malaysian, Singaporean and UK samples. Furthermore, this study presented exploratory nomological validity of the new SCCMI scale, which provides evidence that the construct is significantly related to the other constructs hypothesized in its nomological network (Mackenzie et al. 2011). Overall, the evidence of validity, reliability and parsimony of the SCCMI scale across different country samples indicates that the measure is a credible instrument based on a well-grounded theoretical conceptualisation.

#### ***8.4.2.2 Long-term expectations and SCCMI***

The structural model analysis shows partial support of the hypothesised positive effect of LTE on SCCMI. Notably, these results suggest that frugality and credibility expectations have significant negative effects on SCCMI, implying that consumers who frame their expectations in terms of frugality and credibility outcomes of credit card use are unlikely to be susceptible to credit card effects. Thus, marketers who wish to reduce youths' susceptibility to credit card misuse and indebtedness might wish to formulate their targeting strategies to promote frugal utilities of credit card use and the benefits associated with using credit cards to build future financial credibility.

The results of the structural model also indicated various effects of the convenience and security expectations of future credit card utility on SCCMI across different countries. Positive relationships between the two constructs were observed in the Malaysian and UK samples, while negative relationships were discerned in the Singaporean sample. Such inconsistencies might arise because youths might have misinterpreted the long-term benefits of credit cards' convenience and security features (Wiener et al. 2007). This is possible because the credit card system allows consumers to eliminate or at least delay the psychological "pain of paying" to a future date when the repayment is due (Prelec and Loewenstein 1998; Soman et al. 2011). Thus, in balancing the immediate gratification against the expectation of pain of paying in the future, people are likely to underestimate the pain and "choose" to ignore the long-term costs of credit cards in favour of their short-term rewards (Wiener et al. 2007; Raghurir and Srivastava 2008). Thus, convenience can mean greater access to the online and offline shops, but youths might also interpret it as greater ease and access to shop on a greater number of outlets. Similarly, security can mean payment protection from theft, but it also means a heightened sense of freedom to shop while carrying a great deal of purchasing power in one's pocket. Therefore, marketers

need to refine the definitions of their credit cards' convenience and security features or forewarn consumers about the financial consequences of using credit cards impulsively.

#### ***8.4.2.3 Short-term expectations and SCCMI***

Statistical results indicate that expectations of credit card usage for short-term financial support, entitlement and status symbols have significant positive effects on SCCMI across all the countries involved in this study. Again, such patterns of favouring the immediate rewards of using credit cards over their long-term rewards can be attributed to consumers' psychological and mental bias towards credit card information processing and consumption rewards (Wiener et al. 2007). Earlier in this thesis, the researcher conceptualised that youths who regard credit cards as short-term financial support adopt partial mental accounting. This means that youths allocate their funds into separate accounts, such as debit and credit card accounts. However, their information processing is limited inasmuch to the identification of mental accounts without using them to budget or monitor expenses. Without such a control mechanism in place, consumers are susceptible to making incorrect predictions of how they will experience outcomes (e.g., they might assume that they can use credit cards as income replacement without significant consequences). Thus, they will be in an even more challenging position to resist the temptations of credit card usage.

Similarly, the positive effect of entitlement and status symbol expectations on SCCMI illustrates the consumers' inaccurate anticipation of their feelings following their credit card consumptions. Earlier, this study conceptualised that consumers make inaccurate predictions by anticipating that they will have a positive experience (e.g., satisfaction, good mood) following their self-gratification credit card consumption to achieve entitlement and status symbols. This is because such preoccupation with the immediate rewards of credit card purchases leads them to downplay the long-term effect. Thus, they will be in a difficult position to resist the temptations of credit card effect.

#### ***8.4.2.4 SCCMI and revolving credit card debtor***

Finally, the results indicate the strong and positive dependence relationship between SCCMI and the tendency to become a revolving credit card debtor. The result provides important support for the predictive power of SCCMI on problematic credit card debt accumulation. Previous studies have associated revolving credit card debt with psychological and financial states of vulnerabilities, such as bankruptcy (Palmer et al. 2001) and bad credit history, which affects future financial stability (Lee and Kwon 2002). Therefore, it is justifiable to infer that understanding susceptibility to credit card misuse and indebtedness is an effective means for preventing the rise of future consumer vulnerability due to credit card misuse and indebtedness.

#### **8.4.3 Cross-country evaluation**

The final research task corresponds to the cross-country emphasis of this thesis:

***Task 8:*** *To evaluate the assessment of youth vulnerability and susceptibility to credit card misuse and indebtedness in Malaysia, Singapore and the UK.*

This task is concerned with the application of cross-cultural study in the evaluation of youth vulnerability to credit card misuse and indebtedness and the assessment of susceptibility to credit card misuse and indebtedness. Due to the limited number of participants in the qualitative study, the results did not indicate any noteworthy difference in credit card consumption experience among the youths in Malaysia, Singapore and the UK. However, this prediction was carried out through to the hypothesis development for the subsequent quantitative study.

The result of the statistical analysis, however, indicates that national identity moderates most of the relationships between SCCMI and its proposed antecedent and consequent factors. In particular, national identity was shown to moderate all of the

proposed antecedent relationships, apart from the dependence relationship between short-term financial support and SCCMI. This indicates that, on the whole, youths place a strong emphasis on credit cards as short-term financial support, which consequently and universally leads to susceptibility to credit card misuse and indebtedness.

Overall, a discernable pattern emerges from the results of the moderation analysis. In particular, the effect of long-term expectations on susceptibility to credit card misuse and indebtedness exhibit mixed results across countries. The frugality–SCCMI relationship appears to be stronger and negative in Singapore and the UK, while the credibility–SCCMI relationship appears to be significant and negative in Malaysia and Singapore. However, the convenience–SCCMI and security–SCCMI relationships appear to be inconsistent across countries, with only the UK sample corresponding with the anticipated positive relationship. In fact, the Singaporean sample exhibits a significant negative effect on the convenience–SCCMI relationship.

These inconsistencies might be due to the differences in institutional and cultural norms in these countries. Earlier, the study postulated that Singaporean consumers display strong expectations towards delayed rewards due to the country's credit card market regulation and social norm oriented towards frugality (Gan et al. 2008; Devlin et al. 2007). This might explain why, in most cases, Singaporean youths' long-term expectations of credit card utility appear to deter temptations of credit card effect. Meanwhile, Malaysian consumers are undergoing a recent major improvement in the standard of living across the country, which entails shifting from a traditional ideology of thrift to a spending-oriented culture (Ahmed et al. 2010). This might explain why, in most cases, Malaysian youths' long-term expectations of credit card utility seem inadequate for deterring them from the temptations of credit card effect. Finally, this study expected that British youths would display financial sophistication and seek strategies to counteract their cravings to shop

(Worthington 1988; Lo and Harvey 2011). The results infer that, in most cases, British youths are indeed aware of the long-term payoffs of their credit card usage, but in the end regard the immediate payoffs more favourably. Thus, they remain significantly susceptible to credit card effect.

## **8.5 Theoretical Contributions**

The qualitative and quantitative studies yield theoretical insights in their own rights and as a unified project. First, the qualitative assessment of vulnerability contributes to theoretical knowledge in four ways. This study's consumer vulnerability assessment adds to the body of knowledge in the credit card marketing literature by providing a systematic, consumer-driven conceptualisation of vulnerability in the context of youths' credit card misuse and indebtedness. By shedding light on the different factors that constitute vulnerability experience, the study illustrates why young people experience vulnerability differently in the light of omnipresent predatory credit card marketing practices. The present research shows that young people carry with them characteristics that either facilitate or impede the likelihood of vulnerability. Thus, not all youths are vulnerable to credit card misuse and indebtedness, and not all youths require protectionist interventions to stop them from accumulating extensive credit card debt. Rather, youths' vulnerability is attributed to the interplay between internal characteristics that underestimate credit card temptations and the predatory credit card marketing environment. In addition, the research shows that vulnerability due to credit card misuse and indebtedness can be enduring or transient, depending on the youths' passive or active coping styles, respectively. Furthermore, it has been proposed that youths have established a sense of distrust and scepticism over predatory credit card marketing and wish for marketers to step in to promote ways for youths to make informed credit card decisions. Thus, young credit card users are not as helpless as conceived by the previous studies. Just like other participants in the

marketplace, they yearn to have their voices heard and their feedback internalised into the marketing system.

In addition, vulnerability analysis also marks a shift from the predominant approach of using perceived vulnerability to associate youths as a vulnerable consumer segment. Indeed, young people have generally been perceived by the general public and policy makers as vulnerable due to the inherent incapacities associated with their young age and limited credit card or financial experiences (e.g., Braunsberger et al. 2004; Adams and Moore, 2007; Warwick and Mansfield 2000; Palmer et al. 2001; Pirog and Roberts 2007). Hence, public perceptions, rather than the youths themselves, imply that young consumers are *always* disadvantaged and likely to be taken opportunistically in the marketplace. The analysis of the youths' vulnerability to credit card misuse and indebtedness empower young consumers to define the boundaries of their own vulnerability and raise awareness of how credit card marketers can facilitate such empowerment without obstructing their financial freedom.

Third, vulnerability assessment advances the current knowledge in the literature by providing a contextual depth in the macro-marketing framework of actual consumer vulnerability. In particular, Baker et al.'s (2005) situational model of actual consumer vulnerability encapsulates a general framework that applies to the whole marketing system (i.e., marketers, policy makers, consumers). Despite being well received in the literature as a base model to describe contextual vulnerability (e.g., Adkins and Jae's [2009] work on limited English proficient consumers and the VOICE group's [2010] work on the vulnerability experience of new mothers), Baker et al.'s (2005) situational vulnerability framework has received little attention in the fieldwork (with the exception of Baker's [2009] work on vulnerability caused by natural disasters). The present study demonstrates the usefulness of the framework to guide the conceptualisation of consumer vulnerability

in a specific context, particularly when there is insufficient literature to support such a concept. In the present research, there is a lack of a consumer-driven perspective of whether youths indeed experience vulnerability to credit card misuse and indebtedness. Thus, it is useful to adopt the actual vulnerability framework as a guiding framework to depict such an issue.

Furthermore, the results of the qualitative vulnerability assessment enhance our knowledge on the situational consumer vulnerability framework (Baker et al. 2005) by proposing a theoretical connection between passive and active vulnerability-response styles and marketing response to vulnerability. Baker et al.'s (2005) original conceptualisation proposes that the marketing response to vulnerability can either facilitate or impede control over to the consumers. However, this study adds that marketing response to vulnerability can be driven by an understanding of the consumers' passive or active response styles. Thus, market responses can try to cater to the distinct needs of vulnerable consumers in accordance to their vulnerability typology. Thus, those who experience enduring vulnerability as a result of their passive coping style might be redressed by intervention methods, which tackle the consumers' incapacities or challenges. On the other hand, those who experience transient vulnerability due to their active coping mechanism might be redressed by methods that promote empowerment and facilitate more informed decision making. Therefore, this study proposed that consumers' and marketers' responses to vulnerability are interlinked in such ways that these factors affect each other. This link is illustrated in Figure 8.3 using the double-sided, dashed arrows.

The quantitative assessment of susceptibility also yields important theoretical contributions. In particular, the conceptualisation and measurement of SCCMI are developed in response to the strong limitation of Baker et al.'s (2005) situational vulnerability model. Such a limitation undermines the model's capacity for vulnerability

prevention by focusing solely on vulnerability redress (Commuri and Ekici 2008). Extant studies, like Brenkert (1998), have distinguished the notion of susceptibility as a precursor characterisation of future vulnerability. Yet such conceptualisation has not been formally introduced in the literature. This study carries this idea forward, postulating that consumer susceptibility reflects an individual trait of influenceability and persuasibility by external stimuli that vary across persons. This inspires the new SCCMI construct, which captures individual propensity to be influenced by credit card temptations and yields to the behavioural outcomes pertaining to the credit card effect by deviating from rational credit card usage. This concept signals youths' predisposition to experience future vulnerability that can arise from credit card misuse and debt. Thus, SCCMI adds to the literature on consumer vulnerability by offering an additional consideration when examining consumer vulnerability, particularly when the study aims to pre-empt such vulnerability.

Furthermore, SCCMI advances the theoretical knowledge on credit card effect on consumer behaviour. Indeed, extant literature has thus far explicated various behavioural outcomes from the credit card effect, including (1) a greater spending level when using credit cards rather than other payment mechanisms (also known as credit card premium), (2) difficulty recalling past credit card expenses, (3) a tendency to overestimate available income when deliberating a credit card purchase, or (4) all these jointly. Yet little is known about how some consumers become more susceptible to credit card temptations than others and how consumers can strive to address their potential susceptibility. There is also insufficient information on how to identify individuals who are susceptible to credit card effect. Therefore, SCCMI offers an original concept that is distinct from previous research in that SCCMI focuses solely on the *state* of likelihood to commit credit card abuse rather than the behavioural *manifestations* of credit card misuse.

Overall, the unified vulnerability and susceptibility assessments offered in this study provide a unique contribution to our understanding of the intricacy of vulnerability redress and prevention. The study highlights that generating a descriptive account of consumer vulnerability in a specific consumption context only tells one half of the story. Part of the appeal of vulnerability study relates to its capacity to explain how such vulnerability can be anticipated and subsequently prevented. In the pursuit of enhancing consumers' financial well-being, an understanding of susceptibility to credit card misuse and indebtedness is expected to complement the current literary focus on vulnerability prevention.

## **8.6 Methodological contributions**

The methodological contributions of this thesis relate to the use of mixed methods involving the qualitative and quantitative approaches to assess vulnerability and susceptibility, respectively. Indeed, qualitative inquiry is a logical choice for examining consumer vulnerability, as it allows the consumers to voice and express their experiences. However, qualitative study is less versatile for marketers and subsequent studies to replicate. In contrast, quantitative methodology in consumer vulnerability literature is much scarcer (e.g., Walsh and Mitchell 2005; Dutta 2011), yet a quantitative analysis of vulnerability offers an anticipatory tool that might be useful for vulnerability prevention. Thus, the use of mixed methods, whereby a qualitative inquiry aids in understanding vulnerability and quantitative inquiry focuses on foreseeing potential vulnerability, can be beneficial in expanding the scope of vulnerability analysis.

In addition, the quantitative assessment of susceptibility makes a methodological contribution through its cross-country comparison study. This study adopts the use of multigroup analyses—namely, multigroup CFA and SEM—to analyse the equivalence of the measures and hypothesised relationships between SCCMI and its antecedent and

consequent factors across the Malaysian, Singaporean and UK youths. Cross-country and multigroup analyses are particularly scarce in the study of consumer vulnerability, which is predominantly filled with conceptual and qualitative inquiries. However, a cross-country study is regarded as valuable as it sheds light upon the differences and similarities of consumer vulnerability and susceptibility across developing and developed countries. The key statistical results inferred that national identity indeed shapes consumers' susceptibility to credit card misuse and indebtedness. Therefore, a cross-country comparison allows researchers to identify the various sources of vulnerability given the different institutional and cultural contexts.

## **8.7 Practical Implications**

### **8.7.1 Implications for marketing**

This section elaborates on the principal findings of this study with respect to ethical marketing considerations. This includes marketing responses to consumer vulnerability, prevention of vulnerability, and the principle of self-regulation.

#### ***8.7.1.1 Vulnerability redress***

First, the results of the qualitative analysis of youth vulnerability to credit card misuse and indebtedness suggest that vulnerability might be experienced as a transient or enduring state. Transient vulnerability is experienced when youths adopt the learning curve as a coping response to their vulnerability. Meanwhile, enduring vulnerability is experienced when youths continue to succumb to the temptations of credit card usage to temporarily relieve their vulnerability.

It is proposed that marketing efforts can help reduce both transient and enduring types of vulnerabilities. For example, marketers can facilitate returning control to the consumers as a way to empower those who experience transient vulnerability. This can

include giving youths the option to refuse promotions that encourage them to spend more than they are able to pay back (such as higher credit limit or credit card upgrades) and communicating the credit terms in languages to which youths can relate. The results of this study indeed suggest that young people who experience vulnerability due to credit card misuse and indebtedness express distrust towards the marketing of credit cards directed to their market segment. To retain loyalty, it is therefore valuable for marketers to reach the youth segment in a way that is informative and accessible, rather than lucrative and exploitative, in order to sustain the young consumers' trust and confidence in the credit card industry.

Meanwhile, marketers can address enduring vulnerability to credit card misuse and indebtedness by implementing protectionist approaches. For example, credit card issuers can provide guidance for novice credit card users on how to maintain self-control by setting budgets and making use of credit card services (e.g., balance transfers, interest-free periods) without overspending or accumulating unexpected credit card charges. Marketing directed towards highly vulnerable youths (i.e., those who continue to overuse credit cards and/or revolving debtors) can focus on restricting credit card access, such as limiting credit limits or assigning control to guarantors to aid in monitoring the youths' credit card expenses. While these services might already be available in the UK, where the credit card marketing regulation is highly sophisticated, similar services are scarce in less regulated countries. For example, Ahmed et al. (2010) observed that the Malaysian regulators enabled greater credit card accessibility by eliminating annual fees to help increase national expenditures without increasing wages. Therefore, proactive strategies to offer protections to vulnerable young credit card users should offer a competitive edge that sets marketers apart from competitors who simply adhere to the local rules and regulations.

### ***8.7.1.2 Vulnerability prevention***

On the other hand, the subsequent quantitative study suggests that marketers can take proactive actions to prevent future vulnerability by focusing on youths' susceptibility to credit card misuse and indebtedness. In particular, results of the statistical analyses infer that frugality and credibility expectations of credit card use can potentially deter susceptibility to credit card misuse and indebtedness. Therefore, marketing campaigns to prevent credit card abuse might frame their messages to reflect these ideologies. As such, marketers can offer financial consultation to advise youths about the practicalities of various banking services to generate the greatest financial benefit and raise awareness about how to use credit card frugally. For example, credit cards can be utilised to pay for daily expenses while savings earn interest in a bank account. Similarly, youths might be consulted on how to build a credit history from a young age and the financial benefits they can achieve in the future.

Another implication that can be drawn from the quantitative results is to promote localised target marketing approaches to cater to different youth markets. As previously discussed, the key statistical outcomes infer that youths from various national backgrounds have different expectations of credit card utility, which in turn shape their susceptibility to credit card misuse and indebtedness. Thus, ethical marketing that aims to reduce susceptibility to credit card misuse and indebtedness might need to be differentiated across countries to redress expectations of credit card utility. In particular, this study observes that the youths' expectation of credit cards as a status symbol has the greatest impact on their susceptibility to credit card misuse and indebtedness in Malaysia and Singapore. Meanwhile, the expectations of credit cards as status symbols and short-term financial support are almost equally problematic in the UK. Thus, marketers who wish to reduce

youths' susceptibility to credit card misuse and indebtedness might wish to avoid implicating these messages in targeting strategies in these countries.

An exception is the youths' expectation of credit cards as a temporary financial support, which was not moderated by a national identity. Therefore, ethical marketing's response to redress such short-term expectations and reduce susceptibility to credit card misuse and indebtedness among youths can be similarly applied across Malaysia, Singapore and the UK.

### *8.7.1.3 Self-governance*

Finally, the key message that this study wishes to convey is the importance of self-governance in the credit card marketing industry. We are increasingly witnessing a rise in predatory credit card targeting youths across countries (Szmigin and O'Loughlin 2010; Burton et al. 2004) and, in response, policy developers introduce marginalising policy interventions that limit the young consumers' choice and rights to financial freedom (Wood 2010; Pechmann et al. 2011; Braunsberger et al. 2004). Importantly, these policies have the harder impact on the credit card industry, as they have to bear the costs of implementing a new industry policy and bear losses due to the elimination of a lucrative target market segment (Anon 2011; Cox and Breslaw 2009).

The credit card industry is likely to experience a heavy and long-term loss as a result of the regulatory restrictions enacted to protect the industry's lucrative yet vulnerable group of consumers. This trend will possibly continue without the credit card industry producing counteractive measures to self-regulate its market. In order to grasp the potential aftermath of exploitative credit card practice, it is necessary to view the credit card industry in light of similar globally operational, high-risk industries, such as the tobacco, alcohol and fast food industries that are faced with increasingly restrictive regulations. The tobacco industry received strong government legislations and consumer protections due to

the harmful nature of their products and the vulnerable target market, which has recently included young adults in developing countries (Saloojee and Dagli 2000). In response, the tobacco industry adopted relentless resistance to any forms of government regulations in an effort to defend itself and restore the declining social acceptability of smoking in public.<sup>6</sup> Such resistance to government regulations has resulted in bad press, additional legislations and lawsuits that had enormous impacts on the industry's long-term viability (Palmer et al. 2001).

The alcohol industry faced similar legislative and protectionist treatments from the government. However, unlike the tobacco industry, the alcohol industry complied by voluntarily imposing restrictions on its market (Palmer et al. 2001). For example, the US Federal Trade Commission's system for monitoring the advertising of alcohol requires the industry to ensure that at least 70% of their marketing audience consists of adults over 21 years of age (Federal Trade Commission 2008). The 12 major players in the alcohol industry accepted and complied with the advertising standard, which improved credibility and reduced likelihood of further regulations in the industry's practices.

Like the tobacco industry, the credit card industry is showing signs of resistance towards government regulations to protect the vulnerable market segments. For example, in response to the implementation of an interest rate ceiling to prevent usury and protect impoverished consumers, credit card companies tend to increase financial charges (e.g., penalties, annual fees) in order to maintain a desirable level of profit (Burton 2008). Similarly, Finlay (2009) observed in his detailed account of the credit industry that lenders tend to make great efforts to disguise the true costs of credit within the bounds of the law,

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<sup>6</sup> In particular, the industry's resistance involved creating controversy around the science relevant to tobacco use and control, including passive smoking, addiction, the medical and social costs of smoking and the use of advertising to encourage smoking (Saloojee and Dagli 2000; Barnoya 2002).

making it difficult for consumers, particularly those with less experience using credit cards, to make an objective assessment of credit card-related offers.

Self-regulation in the credit card industry incorporates proactive appreciation for preventing and empowering vulnerable consumers rather than exploiting their vulnerability. Self-regulation also means that marketers should seek to enhance vulnerable consumers' welfare instead of ignoring them. As such, this "put people first" principle has to begin and end with the managerial and corporate culture in the credit card industry to ensure its long-term prospects.

### **8.7.2 Implications for public policy**

This thesis recognises that the widespread development of protectionist policies to protect youths from accumulating problematic credit card debt is a rational response towards the overwhelming evidence that youths are incapable of making prudent credit card decisions. However, as the qualitative and quantitative results of this study indicate, the youths' state of vulnerability due to credit card misuse and indebtedness is not always enduring, and there are ways for the market to correct these tribulations, without the need for government regulation to close the market completely.

This study calls for policy developers and regulators to reconsider excluding youths from the credit card market. A number of countries, such as Singapore, the United States, and Brunei Darussalam, have adopted this stance by increasing the minimum age of credit card ownership from 18 to 21. However, youths' financial freedom consequently becomes a risk, and they might be losing the opportunity to build a credit rating from a young age. In an age where prices continue to rise higher than wages, having good financial credibility is an invaluable asset and investment for the future. Some critical analyses of the current protectionist regulations advocate that policy developments should (1) not marginalise the

life quality of vulnerable consumers (Pechmann et al. 2011) or (2) be accompanied by additional behavioural interventions to empower vulnerable consumers to reduce their risky credit behaviour and make optimum purchase decisions with their credit cards (Soman et al. 2011; Burton 2008).

To achieve these ideals, policy makers should work side by side with the credit card industry to redress and pre-empt consumer vulnerability. For example, policies can be used to incentivise marketers to address consumer vulnerability by rewarding financial institutions that proactively reduce the number of their revolving credit card debtors. Alternatively, government intervention programmes can focus on educating consumers about the hidden costs of using credit cards, such as the costs of paying with the minimum payment option or using the interest-free period. This financial training can be introduced into the national curriculum or as an elective at lower-level education to ensure that it reaches the widest possible audience.

### **8.7.3 Implications for vulnerable consumers**

This study also hoped to reach those who might have experienced vulnerability due to credit card misuse and indebtedness or who feel that they might be susceptible to credit card effect. By understanding their own vulnerability and susceptibility, young consumers should be able improve their immunity to the credit card temptations and improve knowledge and skills to make better credit card purchase and budgeting decisions. Notably, those who are vulnerable or are experiencing vulnerability due to credit card abuse or debt should seek to overcome their vulnerability, rather than looking for an “instant fix” to temporarily relieve their vulnerability. As the results of this study suggest, the only way for one to overcome a state of vulnerability is to have a proactive mentality and aim for a solution. For example, non-profit counselling services can help with accumulating credit card debt in the UK (StepChange or known formerly as Consumer Credit Counselling

Service; [www.stepchange.org](http://www.stepchange.org)), Singapore (Credit Counselling Singapore; [www.ccs.org.sg](http://www.ccs.org.sg)), and Malaysia (Credit Counselling and Debt Management Agency; <http://www.akpk.org.my>).

Similarly, understanding one's susceptibility to credit card misuse and indebtedness can help reduce the likelihood of future vulnerability. As such, individuals can familiarise themselves with the essences of credit card effect, learn to improve financial sophistication and learn to avoid regarding credit card debt (or any high-interest debt) as a social norm to reduce their susceptibility. In addition, individuals can learn to identify the temptations of using credit cards as a tool for convenience, security, short-term financial support, entitlement and status symbols. Instead, credit card goals should be oriented towards frugality and financial credibility, where the long-term rewards are truly worth the self-control.

## **8.8 Research Limitations**

Despite its extensive research contributions on theoretical and practical implications, this thesis has some inevitable limitations. The first limitation relates to the sole focus on consumers as the unit of analysis throughout this study. The study concentrates intensively on youths' perceptions of vulnerability without taking into account the perspectives of other stakeholders involved in credit cards targeting youths, such as the marketers, policy makers and parents. Baker and Mason (2012) agreed that this approach might be the optimal way for constructing a truly reflective account of consumer vulnerability. However, it is also agreed that the approach is challenging as disagreements and conflicting objectives between stakeholders are not unlikely. Therefore, although it is tempting to explore other discourses in this research, the decision was made to avoid the obvious conflicts that emerge from various credit card stakeholders.

The second limitation in this study stems from the use of convenience sampling in both interview and survey deployment. Random sampling offers the best assurance against sampling bias (Randall and Gibson 1990). Convenience sampling does not offer assurances of representativeness or permit generalisations to a larger population. In the present study, random sampling was not feasible due to the specificity of the target participants (between 18-25 years, own at least one credit card in their own names, citizens of selected countries) as well as time and financial constraints. Thus, results of this study cannot be generalised from a convenience sample to a larger population.

The third limitation relates to the small number of qualitative study participants with significant credit card debt, in comparison to the petty instalment debtors (i.e., those who use credit cards to purchase goods and service believing that they can repay before the next payment due date [Wang et al. 2011]). Thus, the sample population did not equally represent the revolving and petty debtors. It is important to note that the qualitative sampling criteria does not necessitate that participants have to bear a significant amount of debt in order to partake in this research. This is because the study treats both credit card misuse and debt accumulation as equally problematic threats to the youths' financial stability and welfare. Extant literatures showed that young people still experience the negative financial and psychological constraints despite having accumulated less debt than the other age groups because of their lower income levels and higher debt-to-income ratio (Szmigin and O'Loughlin 2010; Norvilitis et al. 2006). Without intervention, credit card misuse can also develop into lifelong buying behaviour that damages the youths' prospects for economic independence (Palan et al. 2011). In addition, the present research seeks to explore how young people cope or react to their state of vulnerability (Research Task 2). Five informants in the present study used to accumulate credit card debt that they could not afford, but were able to escape such indebtedness over time (labelled "Recovering debtor

in Table 4.2). Therefore, some participants were selected based on their experiences and the potential stories they were able to share, instead of the level of debt they accumulated. Nonetheless, the unequal number of revolving/petty debtors in the sample remains as a limitation of this study. Thus, this study encourages further work that embarks on a qualitative analysis of consumer vulnerability to achieve a balance in fulfilling the demographic criteria and obtaining rich and diverse experiences during the participant selection process.

Fourth, this study recognises a limitation that vulnerable youths are not necessarily innocent victims of credit card marketers. In fact, consumers might build credit card indebtedness due to greediness, laziness to manage finances, materialistic pursuits, or even malicious intent to accumulate indebtedness knowing that existing structures enable them to claim bankruptcy and wipe out their debts. As Shultz II and Holbrook (2009, p. 126) observed, “victims of credit card abuse selfishly and often surreptitiously acquire mountains of plastic-financed merchandise that they do not really need. Clearly, just because people are vulnerable does not necessarily imply that they are virtuous”. However, the extent to which consumers are victims of their own abuse of credit cards depends on the complicity of their circumstances. For instance, consumer indebtedness can also be attributed to uncontrollable conditions, such as a lack of education in financial management, insufficient income and unsupportive environment, including unemployment and economic hardships due to recession. Given its place in the social, economic and psychological debate, the issue of consumer victimisation of product abuse is beyond the scope of this study. However, a more detailed discussion on victimisation due to abuse can be found in Shultz II and Holbrook (2009).

Finally, this study recognises that credit card marketers might be unwilling to change their predatory marketing approach towards young people. Hence, the assessment

of susceptibility outlined in this study can possibly be abused in ways that exploit youths' incapacities even further. However, this research has also emphasised the negative social consequences of exploiting vulnerable consumers' welfare, which encapsulates consumer distrust, scepticism and low repute of credit card marketing. Without credit card marketers taking proactive and socially responsible actions to redress or prevent future vulnerability, they will remain a profit-driven rather than a consumer-driven industry in the eyes of consumers. Therefore, it is more important for credit card marketers to reposition their strategies to attract or retain young consumers in the long run, rather than continuing to exploit their limitations. Furthermore, credit card marketers need to demonstrate to policy makers across countries that they are not threats to the young consumers' welfare in order to avoid being affected by further protectionist policies. It is particularly noteworthy that the United States credit card industry experienced a 6% fall in profitability from 2010 to 2011 (Fitzgerald 2012), reflecting a downward trend of credit card consumption that follows from the introduction of the 2009 CARD Act. Thus, predatory credit card marketing is unlikely to be profitable and sustainable over time.

## **8.9 Future Studies**

This study offers six possibilities for future research. First, future studies can review actual consumer vulnerability in different consumption contexts. As this research has demonstrated, research on contextual vulnerability can be based on Baker et al.'s (2005) situational framework of actual vulnerability to provide guidance on the relevant issues that facilitate and result from an individual's experience of marketplace helplessness. Given that vulnerable consumers in the marketplace are varied and diverse, research in marketing should benefit from understanding the variety of vulnerabilities in the marketplace. Of particular interest are studies that focus on analysing a certain consumer segment that has been widely perceived as vulnerable in a certain consumption context,

which is similar to the present research. For example, future research could examine the perceived vulnerability of elderly consumers during online-based purchases. Another interesting avenue is to analyse consumer segments not normally associated with vulnerability, but in actuality withhold some levels of unexpected hardship, are treated unfairly, or are withdrawn from normality. For example, Tuncay and Otnes (2008) recently reviewed the identity-vulnerability of urban “metrosexual” males in shopping for grooming and fashion products. These research avenues will contribute to enhancing the current body of knowledge in consumer vulnerability.

Second, future research could also extend the present research by analysing the different stakeholders’ view in relation to the targeting of credit cards towards the youth market. In particular, it would be valuable to understand the marketers’ understanding of consumer vulnerability and future outlook in terms of targeting the youth segment and compare the results with the current research. Similarly, the views of other credit card stakeholders, such as policy developers and parents, are likely to provide insights into the current literary understanding of youth vulnerability to credit card misuse and indebtedness.

Following from the development of the SCCMI concept and measurement scale, further studies could analyse the comparability of the new scale across genders, age groups or taxonomic factors such as education level to test for its validity and reliability in different contexts. SCCMI can also be related in predictable ways to other consumer-related phenomena; hence, it can be treated as an antecedent or moderator of certain consumer behavioural frameworks in future studies.

Fourth, the conceptualisation of SCCMI can be extended to address new issues arising from the provision of new payment methods, such as electronic payments (e.g., PayPal) and mobile payments (e.g., Barclay’s “PayTag” stickers for smart phones available

in the UK since April 2012). These new payment methods seem to display similar or greater negative effects as credit cards in removing the salience (or “pain”) of spending during a purchase deliberation. For instance, Soman et al. (2011) showed that consumers tend to make spending decision with less deliberative time using electronic payment than any other payment mechanisms. Therefore, elements of SCCMI may be used to investigate the consumers’ susceptibility to experience the negative consequences of new technologically enhanced and novel payment systems. For example, future studies may examine if: 1) consumers are aware of the liberating psychological effects of shopping with electronic and mobile payment systems; 2) consumers normalise (or in denial of) their tendency to overspend with electronic and mobile payment systems; and 3) consumers possess the financial sophistication to counter the temptations of spending freely with electronic or mobile payment systems. These elements of SCCMI can be used as a starting point for future studies who want to explore the effects of new payment mechanisms on consumption behaviour.

Fifth, this study recommends future vulnerability-conscious researchers to use both qualitative and quantitative methods to achieve a balance between consumer vulnerability redress and prevention. More specifically, a qualitative study allows researchers to understand the extent to which consumers experience vulnerability in the marketplace. Such descriptive vulnerability analysis also sheds light on whether consumers are able to aid themselves out of their state of vulnerability, or whether they require external assistance or social support. Thus, a qualitative approach determines what marketers, policy makers, and educators can do to redress the needs of vulnerable consumers. Meanwhile, an accompanying quantitative study allows the researcher to succinctly characterise vulnerable consumers in a specific consumption context. These characteristics can be used to measure the extent to which other consumers in a similar consumption

context are susceptible to experience future harm and vulnerability. Thus, a quantitative measurement scale development is crucial to help identify the common characteristics of vulnerable consumers in order to devise social marketing, policy and education/training that prevent vulnerability from spreading.

Finally, future research may wish to apply the new concept of susceptibility to more general areas of vulnerable consumption behaviour (e.g., drink-driving, tobacco and alcohol consumption, etc.). Thus, this study can offer suggestions to aid the general conceptualisation of susceptibility. First, it is important that susceptibility originates from a deviation of rational, utility maximising behaviour. Behaviours that deviate from rational norms are those attributed to impaired cognitive function, such as short-term memory, pattern recognition or lack of self-regulation, rather than those guided by self-reflective determinants of that person's intentions (Kuhl 1992). Thus, for example, a person is not susceptible when he/she intends to display irrational behaviour to take advantage of a certain structural system, or to appear irrational in order to deceive others.

Second, susceptibility in a consumption context relates to an individual's persuasibility and influenceability towards the temptation of an external stimulus (e.g. marketing enticement, social/peer pressure). Thus, the focal point of analysis of susceptibility analysis is the consumers' characterisation in relation to the external stimuli, instead of the internal or external factor alone.

Third, it is important to recognise that susceptibility is a state rather than a stable trait. Susceptibility is born from the consumer's unhealthy interaction with the external stimuli. Thus, a range of factors can affect the consumers' mind set towards the product, such as maturity, education, policy intervention, packaging of the product, social marketing that raise awareness. Susceptibility may be short-lived, such as in the case of naivety and inexperience, or it may be enduring, in which case it will lead to vulnerability

experience. Susceptibility is not a stable trait because consumers are not credulous and exploitable in all aspects of consumption. For example, a person may be susceptible to develop a dangerous habit of smoking but not for developing a credit card debt. Future studies need to consider these issues in order to conceptualise a general aspect of consumer susceptibility.

## **8.10 Chapter Summary**

In summary, this study has made several important contributions and implications. First, it makes a theoretical contribution by presenting a descriptive review of youths' actual experience of vulnerability and provides a valid and reliable new measure to assess consumers' susceptibility to credit card misuse and indebtedness. Second, it makes a methodological contribution through the use of a sequential mixed-methods design and multigroup invariance analysis to extend the scope of consumer vulnerability analysis. Third, the study sheds light on how credit card marketers in Malaysia, Singapore and the UK can respond to the needs of an existing vulnerable consumer segment, prevent future vulnerability and adopt a system of self-governance to avoid costly government interventions. Fourth, the study highlights the viability of public policy and regulators working side by side with marketers to redress and pre-empt consumer vulnerability, rather than restricting the whole consumer segment. Finally, the study draws upon some accessible learning implications for consumers to help them understand their conditions and avoid falling into the state of vulnerability due to credit card misuse and indebtedness.

In conclusion, vulnerability prevention is a tenable marketing and research proposition for two reasons. First, the size of the vulnerable market is larger than one anticipates. It does not merely incorporate the disabled, the elderly or the financially disadvantaged; vulnerability is also experienced as a transitional state and can be experienced by anyone who has felt helplessness in a marketplace situation (Baker et al.

2005). Furthermore, consumers might not be aware that they are in a vulnerable state (Shultz II and Holbrook 2009). Second, vulnerable consumers are always looking for market solutions to cope with their sense of vulnerability, as this study shows that young consumers are highly responsive towards marketing offerings to cope with their vulnerability. Therefore, both for-profit and social marketing can endeavour to avoid actions that exaggerate vulnerability and adopt opportunities to facilitate empowerment in the marketplace.

## Appendix 1: Citibank Malaysia's "Clear Card" promotional advertisement



Clear your schedule for life's pleasures.

 **Citibank Clear Card**

Get the best privileges at retail hotspots and nightspots.

[APPLY NOW](#)

- > ZOUK CLUB KL EXCLUSIVE ACCESS
- > TREATS AT CBTL
- > CINEMA PRIVILEGES
- > 3X REWARDS POINTS



Level up your social life.

 **Citibank Clear Card**

Get the best privileges at retail hotspots and nightspots.

[APPLY NOW](#)

- > ZOUK CLUB KL EXCLUSIVE ACCESS
- > TREATS AT CBTL
- > CINEMA PRIVILEGES
- > 3X REWARDS POINTS

**Rewards that add up.**



 **Citibank Clear Card**

Get the best privileges at retail hotspots and nightspots.

[APPLY NOW](#)

- > ZOUK CLUB KL EXCLUSIVE ACCESS
- > TREATS AT CBTL
- > CINEMA PRIVILEGES
- > 3X REWARDS POINTS

**Time to hang out.**



 **Citibank Clear Card**

Get the best privileges at retail hotspots and nightspots.

[APPLY NOW](#)

- > ZOUK CLUB KL EXCLUSIVE ACCESS
- > TREATS AT CBTL
- > CINEMA PRIVILEGES
- > 3X REWARDS POINTS

## Appendix 2: Alliance Malaysia's "You:nique" credit card promotional advertisement



Introducing the all-new Alliance Bank You:nique Picture Card Service

Malaysia's first and only credit card that lets you design your own card face and customise your own features - Be it Great Rebates, Great Rates or Great Rewards! Experience the power to choose now.



**GREAT REBATES**      **GREAT RATES**      **GREAT REWARDS**

### Great Rates

"I want a card that cuts my interest cost in half!"

#### Ultimate Cost-Cutter

Release yourself once and for all from the burden of high interest charges every month. With this no-frills card, your interest rate is cut drastically from 18% p.a. to only 9% p.a. for balances, giving you the savings where it matters most.

#### How it Works

Your finance charge is only 9% p.a. for the first 12 months, and thereafter it is subject to your payment behavior in accordance with Bank Negara tier interest guidelines. If you consistently make minimum payment every month, the finance charge remains at 9% throughout the tenure of the card.

#### Free Membership Option

Simply swipe 12 times for any amount within 12 months to enjoy automatic annual fee waiver.

#### Personalised Picture

Make a statement by putting an image of your choice on your Credit Card. With the all-new Alliance You:nique Picture Card service, we let you decide what your Card looks like.

## Appendix 3: BII Maybank Malaysia’s “Angry Bird” credit card promotional campaigns



### Tweets

 **MaybankCard** @MaybankCard 31 Mar 12  
 Our campaign for the New BII Maybank @Angrybirds Credit Cards...First in The World !!! [lockerz.com/s/197233262](http://lockerz.com/s/197233262)  
 Collapse Reply Retweet Favorite More

3 RETWEETS 

1:32 AM - 31 Mar 12 · Details

 **MaybankCard** @MaybankCard 30 Mar 12  
 Our AngryBirds land at Plaza Senayan for New BII Maybank @AngryBirds Credit Card..First in The World !!! [lockerz.com/s/197203566](http://lockerz.com/s/197203566)  
 Collapse Reply Retweet Favorite More

1 RETWEET 

10:42 PM - 30 Mar 12 · Details

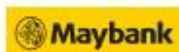
 **MaybankCard** @MaybankCard 30 Mar 12  
 Introducing Our New Family Member..BII Maybank MC2 AngryBirds .. Come n Join Our Event at Atrium Plaza Senayan Today !! [lockerz.com/s/197168164](http://lockerz.com/s/197168164)  
 Collapse Reply Retweet Favorite More

4 RETWEETS 

8:00 PM - 30 Mar 12 · Details



## Appendix 4: Maybank & American Express' (Malaysia) credit card promotion on tuition fees payment



Asia Pacific Smart School • Beaconhouse • Brickfields Asia College  
• Cempaka International Ladies' College • Cempaka Schools • INTI  
Education Group • KDU Education Group • Kolej Bandar Utama • Kolej  
Tuanku Ja'afar • Limkokwing University of Creative Technology • Monash  
University • Olympia College • R.E.A.L Education Group • Sekolah Sri Nobel •  
Sri Sedaya School • The British International School of Kuala Lumpur • UCSI  
Education Group • University of Nottingham • Universiti Tun Abdul Razak

### Earn 2X points with your American Express® Card issued by Maybank

**Earn reward points\*** when you pay school or tuition fees with your American Express Card issued by Maybank

For more information, visit [americanexpress.com.my](http://americanexpress.com.my) or call **1800 88 9559**

\* Earn 2X points for every RM1 spent on transactions on all other American Express Cards issued by Malayan Banking Berhad.  
Earn 1 KrisFlyer mile for every RM2 spent on The Singapore Airlines KrisFlyer American Express® Gold Credit Card.



American Express is a trademark of American Express. These Cards are issued by Malayan Banking Berhad pursuant to a license from American Express.


## Appendix 5: Citibank Singapore's Clear Card promotions

Apply Now

# Citi Clear Card

lets you get the most out of life. Work smart, play hard.

- Citi Clear Rewards ▶
- Look Stylish ▶
- Go Party ▶
- Eat Out ▶



### Introducing ▶

The 1st credit card with no minimum income required for students - The Citi Clear Card.

You know what you want out of life and you work hard to get there, but every now and then, you deserve some fun! That's why the Citi Clear Card is filled with privileges and benefits uniquely tailored for you.

Open to tertiary students and working adults earning between \$18,000-\$30,000 per annum.

▶ Enjoy 5X Rewards with Citi Clear Platinum Card. Upgrade Now!
ADDITIONAL BENEFITS ▶
USEFUL INFORMATION ▶



### Exclusively for Students.

Apply for Citibank Clear Card today and receive Q-Money worth \$20!\*



Register for Citibank Clear Card.



Once your Citibank Credit Card has been approved, a code will be sent to you via SMS.



Type in the code you've receive via SMS into the text box above.



Click the 'RECEIVE' button to get your Q-MONEY and start shopping!





### Clear Party privileges

at your favorite nightspots

- ▶ **ZOUK**  
Free entry\* on Wednesday, Friday and Saturday
- ▶ **Wine Bar**  
1-for-1 drinks from Tuesday to Saturday, all night long
- ▶ **Velvet Underground Dance**  
1-for-1 drinks on Wednesday and Friday till 1am  
Free entry\* on Wednesday, Friday and Saturday
- ▶ **Wala Wala Café Bar | KPQ | .BalacLays**  
10% off total bill^

\*Access through Velvet Underground - Dance before 12 am every Wednesday, Friday and Saturday. Access is limited to 1st 200 cardmembers only.  
^Offer valid with a minimum spend of \$100 after 9pm from Sunday to Thursday, till 31 December 2013.



**Citibank Singapore**

May 14

TERTIARY STUDENTS' SPECIAL: Lomography Fisheye Baby Camera worth \$95 is YOURS when you sign up for your Citi Clear Card here: [www.citibank.com.sg/clearlofob](http://www.citibank.com.sg/clearlofob), while stocks last!

# Yours, Free

## Lomography Fisheye Baby Camera (worth S\$95)

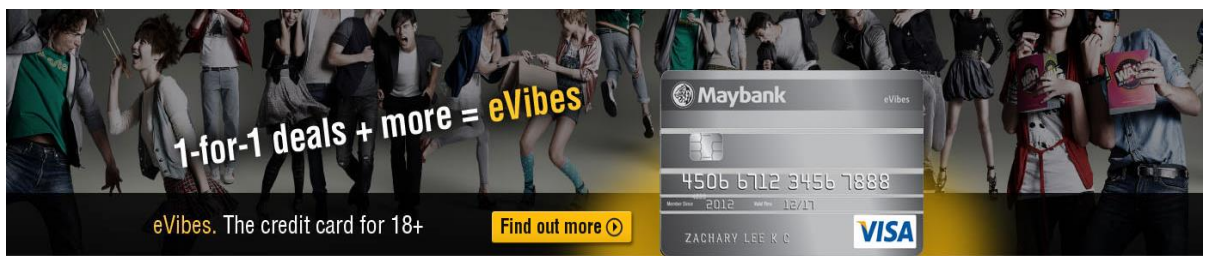




Like · Comment · Share
👍 1,332 🗨️ 45 📄 111

341


## Appendix 6: Maybank Singapore's eVibes credit card promotional advertisement




**1-for-1 deals + more = eVibes**

eVibes. The credit card for 18+ [Find out more](#)


Maybank eVibes  
4506 6112 3456 7888  
2012 18/11  
ZACHARY LEE K Q VISA




**1+1 Coffee**  
Starbucks



**1+1 Movies**  
Cathay Cineplexes




**1+1 food treats**  
Popeyes Louisiana Kitchen



**1+1 treats Point**  
Groupon, iTunes and Qoo10  
(new Gmarket)

- All the 1-for-1 and 1+1 deals just for you
- Receive S\$30 Cash Credit upon first use of card
- Earn tr'eats Point and enjoy Maybank tr'eats privileges
- Year-round surprises
- No income or guarantor required
- Get **S\$10 cash** per referral with eVibes Member Get Member promotion!  
Plus, additional bonus gifts when you refer more!



**Apply now and receive S\$30 cash credit! Find out more!** [APPLY NOW!](#)



**FAB 1-FOR-1 DEALS + MORE!** [TELL ME MORE](#)

Maybank eVibes  
4506 6112 3456 7888  
2012 18/11  
ZACHARY LEE K Q VISA

**eVibes**  
The credit card for 18+

## Appendix 7: Maybank Singapore's credit card promotions in various shopping centres

### Maybank Credit Card Roadshow @ Marina Square Shopping Centre

Page Events

Join

Maybe

Public · By Maybank Singapore

#### Going (4)



#### Invited (1)



Jane Tan

Export · Report

14 March at 10:00 until 17 March at 22:00 in UTC+08

Marina Square Shopping Centre, Level 2 (facing Charles & Keith)

Sign up at the roadshow booth for a Maybank Credit Card and/or CreditAble to receive complimentary movie ticket(s)!

Terms & Conditions apply.

#### RECENT POSTS



Maybank Singapore created the event.

Like · Comment · 13 March at 04:34

3 people like this.

View 2 more comments

hem...what is the A.P.R. interest charge? Where are the terms and Conditions?  
15 March at 08:16 via mobile · Like

Hi , the prevailing interest rate for all Maybank Credit Cards, except for the Platinum Visa Card, is 24% p.a. The prevailing interest rate for the Platinum Visa Card is 15% p.a., subject to good conduct of account. For full Terms and Conditions, please visit [www.maybank2u.com.sg](http://www.maybank2u.com.sg)

[maybank2u.com.sg](http://maybank2u.com.sg) [Maybank2u.com Singapore](http://Maybank2u.com Singapore)  
info.maybank2u.com.sg

Maybank, a leading bank in Singapore offers a wide spectrum of personal and corp...

See more

20 March at 03:06 · Like

### Maybank Credit Card Promotion @ The IT Show 2013

Page Events

Join

Maybe

Public · By Maybank Singapore

#### Going (22)



#### Maybe (5)



#### Invited (112)



Export · Report

7 March at 12:00 until 10 March at 21:00 in UTC+08

Marina Bay Sands Convention Centre, B2, Maybank Booth B011

Looking for the latest IT gadgets? Hurry down to the IT SHOW 2013 from 7 to 10 March 2013.

Redeem exciting gifts and/or win fantastic prizes in our Sure-Win Lucky Dip when you charge your purchases at IT SHOW 2013 to your Maybank Credit Card! Charge to 0% Instalment Payment Plan and redeem Cold Storage Vouchers. Visit Maybank booth B011 at Marina Bay Sands Convention Centre, Basement 2!

Not a Maybank Credit Cardmember yet? Sign up now at Booth B011 and receive movie voucher(s) plus a complimentary agnès b. leather cardholder worth S\$115 upon charging S\$50 to your Card within first month of Card receipt.

Terms and Conditions apply.

#### RECENT POSTS



Maybank Singapore created the event.

Like · Comment · 5 March at 10:36

10 people like this.

Appendix 8: VISA Singapore's Justin Bieber credit and debit card promotion



LAMC PRODUCTIONS  
www.lamcproductions.com

go.  
enjoy

Visa priority booking  
starting from  
28 february 2011  
for JUSTIN BIEBER  
MY WORLD TOUR  
SINGAPORE 2011

Singapore  
Promotions  
singapore-promotions.com

book now with your Visa Credit or Debit card before tickets are sold out.



catch Justin Bieber, 2011 Grammy Best New Artist and Best Pop Vocal Album nominee, live at Singapore Indoor Stadium on 19 april 2011 at 8pm. Visa Credit and Debit cardholders will enjoy priority booking from 28 february 2011 to 13 march 2011, so don't miss this exclusive one night only event. for more information, visit [www.lamcproductions.com](http://www.lamcproductions.com). to book, call SISTIC at 6348 5555 or visit [www.sistic.com.sg](http://www.sistic.com.sg)

more people around  
the world go with Visa. **VISA**

priority booking period is subject to change. terms & conditions apply

## Appendix 9: RBS UK's Student Credit Card's website promotion

### Student Credit Card Designed for student life

Want to keep a lid on your finances? A maximum credit limit of £500 could help.



**Representative 18.9% APR (variable)**

Overview

All the benefits

Manage online

Rates and fees

Legal

#### £ Financial benefits

- **Up to 56 days interest-free credits on purchases**  
If you pay the balance in full and on time and have paid the previous month's balance in full and on time.
- **Cash advance**  
Get up to £250 each day (depending on your credit limit) from cash machines worldwide.
- **No annual fee**

[▲ back to top](#)

#### Manage your card

- **Control your credit card online**  
Check your balance whenever it suits, from almost any computer - PC or Apple Mac.
- **Manageable credit limit**  
With a maximum credit limit of £500, you always know where you stand.

[▲ back to top](#)

#### More than just convenience

Stay safe online with our [internet shopping guide](#).

Protect your card from fraudsters, with our [credit card security guide](#).

## Appendix 10: VISA UK's "Shout" Credit Cards promotional advertisement



Say hello to simple credit

home
apply
faqs

 **SECURE APPLICATION**

### shout Visa Card benefits:


- Up to £300 Credit Limit
- No Interest Charges
- Pay a Simple Monthly Fee
- Affordable Minimum Payments (Based on your account balance)



## Introducing the NEW *shout* Visa Card

For people who want credit to be simple, clear and affordable

Apply Now

Stay connected 

shout Credit Card is great if you...

- ...If you have less than perfect credit
- ...If you want to get your credit rating back on track
- ...If you need a way to pay for purchases by credit card
- ...If you're on a budget and want to keep control of your spending
- ...If you need short-term access to credit

[Apply Now »](#)

### How the *shout* Credit Card Works

The *shout* Visa may be suitable for people who have less than perfect credit history. With *shout* there are no interest charges and no default fees. Monthly charges are tiered and based on the amount of your balance, so you know what to expect.

### Make predictable payments

Balance	Monthly Charge
£0.00	£3.50
£0.01 – £100.00	£15.00
£100.01 – £200.00	£30.00
£200.01 – £300.00	£45.00

- Shout visa credit card offers a monthly fee of £15 per £100 borrowed or part thereof.
- Pay down balance quickly to free up your credit limit
- No interest to calculate
- No penalty fees for paying late, going over limit or returned cheques
- You could even get your credit back on track with on time payments!
- If you withdraw cash on your card there is an additional Cash Transaction Fee of 2.5% of the transactions (£2.50 minimum).

### Representative Example:

If you spent £300 on a purchase transaction at the start of your agreement, incurred total monthly charges of £540 and 0% interest rate over a period of 20 months, and made repayments in accordance with your Terms & Conditions, your APR would be 627% APR representative (variable).

## Appendix 11: Capital One UK's credit card promotion at online Fresher's Fair

Freshersfields.com

MONEY, HOME & BILLS

apply for the CAPITAL ONE classic card

WIN £500 with O2 wallet

Win a £1000 Tesco Gift Card

### Apply for the Capital One Classic Card


This very popular credit card is **ideal for students** who haven't managed to build up a credit rating. There is also no Annual Fee, you can **get up to £1,500 in spending power**. You can get a decision within 1 minute which is much quicker than most of the other cards

Representative Example: 34.9% APR representative variable, 34.94% p.a. variable on all purchases, £1,200 credit limit

[Terms and conditions](#)

Get offer >

## Appendix 12: Credit card promotions targeting mature consumers in Malaysia



Enjoy Balance Transfer from **as low as 0.42%** per month for 6 months with your HSBC Credit Card

Transfer your balances from other bank's credit cards to HSBC Credit Card and enjoy lower interest rates with up to 73% savings when you apply online

**PLAN A** 0.42% per month for 6 months on Balance Transfer amount **73%** SAVINGS


Outstanding Balances	Normal Finance Charge at 18% p.a. for 6 months <sup>1</sup>	With this HSBC Plan, YOU PAY <sup>2</sup>	YOU SAVE
RM3,000	RM247.45	RM66.78	<b>RM180.67</b>
RM5,000	RM412.41	RM111.30	<b>RM301.11</b>
RM10,000	RM824.83	RM222.59	<b>RM602.24</b>

**PLAN B** 0.58% per month for 12 months on Balance Transfer amount **63%** SAVINGS

Outstanding Balances	Normal Finance Charge at 18% p.a. for 12 months <sup>1</sup>	With this HSBC Plan, YOU PAY <sup>2</sup>	YOU SAVE
RM3,000	RM447.27	RM165.56	<b>RM281.71</b>
RM5,000	RM745.46	RM275.93	<b>RM469.53</b>
RM10,000	RM1,490.91	RM551.86	<b>RM939.05</b>

**PLAN C** 3% upfront, 0% next 5 months on Balance Transfer amount **64%** SAVINGS

Outstanding Balances	Normal Finance Charge at 18% p.a. for 6 months <sup>1</sup>	With this HSBC Plan, YOU PAY <sup>2</sup>	YOU SAVE
RM3,000	RM247.45	RM90.00	<b>RM157.45</b>
RM5,000	RM412.41	RM150.00	<b>RM262.41</b>
RM10,000	RM824.83	RM300.00	<b>RM524.83</b>

 **Apply Now** Hurry! Promotion valid until 31 October 2013.

The calculation above is based on the following assumptions i.e. 1 month = 30 days; 1 year = 360 days

<sup>1</sup> Accumulated amount of interest charges incurred in total of 6 and 12 months based on 18% interest charge p.a. with minimum 5% monthly repayment.

<sup>2</sup> Accumulated amount of interest charges incurred in total of 6 months at 0.42% per month (4.99% p.a.) for Plan A, 12 months at 0.58% per month (6.99% p.a.) for Plan B and 6 months at 3% upfront interest charge, 0% next 5 months with 5% minimum monthly payment for Plan C.

Source: [http://www.hsbc.com.my/1/PA\\_ES\\_Content\\_Mgmt/content/website/images/personal/credit\\_cards/bal\\_transfer/bt\\_promo\\_top.jpg](http://www.hsbc.com.my/1/PA_ES_Content_Mgmt/content/website/images/personal/credit_cards/bal_transfer/bt_promo_top.jpg)

**Your dining privileges**

20% off total bill all year long.

Enjoy these sumptuous deals at  
**PARKROYAL Kuala Lumpur till year end**



**20% Off total bill\***  
(food & non-alcoholic beverages)

**Plus:** Complimentary bottle of selected pouring wine with min. spend of RM500 nett in a single receipt.

*\*For payment using Citibank Prestige, Premier Miles, Platinum, Rewards Platinum, Cash Back Platinum, Business Platinum & Air Asia Platinum credit cards only.*

**20% Off total bill\*\***  
(food & non-alcoholic beverages)

**\*\*For payment using all Citibank credit and debit cards.**



**Terms & Conditions:**

1. The offers are valid for dine-in only from now till 31 December 2013.
2. The offers are not valid on the eve of public holidays and public holidays.
3. The offers are not valid for the sale of tobacco and alcoholic beverages.
4. The offers are not valid with other promotional programs, offers, discounts, vouchers or privilege cards.
5. Prices are subject to 10% service charge and prevailing government tax.

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Source: [http://www.citibank.com.my/english/docs/pdf/promotions/PARKROYAL\\_Hotel\\_Promo.pdf](http://www.citibank.com.my/english/docs/pdf/promotions/PARKROYAL_Hotel_Promo.pdf)



Hong Leong Credit/Debit Card



# Your Kids Can Now Enjoy These Great Offers!



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Get 1 Child Pass with purchase of 1 Adult Ticket

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1 April – 30 September 2013



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1 April – 30 September 2013



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☎ 03-2272 1010

1 April – 30 September 2013



Get 1 Kid's Entry with a minimum RM200 spend

☎ 03-6101 1385

Valid Till 31 December 2013

Source: [http://www.hlb.com.my/promo/pfs/cc\\_kgif/index.jsp?s=promo](http://www.hlb.com.my/promo/pfs/cc_kgif/index.jsp?s=promo)

## Appendix 13: Examples of mature credit card targeting in Singapore

### HSBC turns all your spending into **free petrol** at Shell.



up to **19%**

Petrol Savings

**HSBC- Shell Escape Programme**

Introducing a brand new way to get free petrol that is unrivalled by any other credit card - you can now earn Shell Escape points with every purchase charged to your HSBC credit card.

[Enrol now ▶](#)

In partnership with

### Up to 19% petrol savings

Enjoy great savings at all Shell petrol stations in Singapore.

HSBC Card privileges at all Shell Stations	Prevailing site + Shell Escape card discount	HSBC Cash Rebate**	Total Savings	Effective savings
<b>HSBC Premier MasterCard® Credit Card</b> 	10%	10%	20%	<b>19%</b>
<b>HSBC Visa Infinite/ HSBC Advance Visa Platinum/ HSBC Visa Platinum</b> 	10%	9% <b>New!</b>	19% <b>New!</b>	<b>18.1% <b>New!</b></b>
<b>HSBC Revolution and all other HSBC credit/debit cards</b> 	10%	-	10%	<b>10%</b>



\*\*Subject to a minimum charge of \$600 (including purchases at Shell stations) to the respective HSBC credit card account, for 3 consecutive months in a calendar quarter. The maximum amount of HSBC cash rebate that can be enjoyed per card account is capped at \$150 per calendar quarter. Click [here](#) for full terms and conditions.

Source: <http://www.hsbc.com.sg/1/2/personal/cards/petrol-benefits-at-shell>



**Sign up for EZ-Reload and get up to S\$20 cash rebate\* with your HSBC's Revolution credit card!**

[Sign up now](#)

Cheaponana.com

Enjoy up to **S\$20 cash rebate\*** on your **first** EZ-Reload transaction charged to HSBC's Revolution credit card [between 6 May and 30 June 2013](#).

First EZ-Reload amount	Rewards
S\$20 EZ-Reload transaction	S\$5 cash rebate
S\$30 EZ-Reload transaction	S\$10 cash rebate
S\$40 EZ-Reload transaction	S\$15 cash rebate
S\$50 EZ-Reload transaction	S\$20 cash rebate

To enjoy the cash rebates, simply send an SMS using the format to **7HSBC (74722)**:  
**EZRELOAD <space> NAME <space> NRIC** by [30 June 2013](#) once the EZ-Reload transaction has been met.

**Charge your EZ-Reload to your HSBC's Revolution credit card, and enjoy the following:**


- **7% cash rebates#** on EZ-Reload transactions.
- **Automatic top-ups** when your ez-link has insufficient value for payment.

**To apply and activate your EZ-Reload**

- Step 1:** [Apply online](#) at EZ-Link with HSBC's Revolution credit card.
- Step 2:** Upon successful application, EZ-Link will send you an email notification and the Collection Slip Number via SMS within a week.
- Step 3:** Activate your EZ-Reload at any MRT station General Ticketing Machine with your EZ-Link card and Collection Slip Number. For more details, please visit [EZ-Link's website](#).

Source: Cheaponana.com (exclusive promotion for mail subscribers only)

## Appendix 14: Examples of mature credit card targeting in the UK



**Compare all credit cards**

**Good for:**

- ✓ **Saving** - 0% for the first 15 months\* on balances transferred in the first 90 days (with a 3% fee).<sup>1</sup>
- ✓ **Balance Transfer fee refund** - refunds part of a 3% fee so overall a 0.8% fee is payable.\*\*\*
- ✓ **Shopping** – 0% on purchases for the first 3 months.\*
- ✓ **Easy spending** – accepted worldwide.

\* To stay eligible for promotional rates, you must stay within your credit limit and make your payments on time each month.

Our banking guarantee ensures you're not out of pocket if you're the victim of online fraud.

[Apply now](#) 5 mins

**Representative example** ?

Purchase rate:  
**17.95% p.a.**  
(variable)

---

Representative  
**17.9% APR**  
(variable)

---

Based on borrowing  
**£1,200**  
over 12 months. Credit limits and interest rates will vary based on your individual circumstances.

### What you get with your Platinum 15 Month Balance Transfer Card

- 0% interest for the first 15 months\* on balances transferred in the first 90 days (with a 3% fee).<sup>1</sup>
- 0% on purchases for the first 3 months.\*
- Up to 56 days' interest-free period on purchases (from the date of transaction) if you pay your balance in full and on time each month.



How much could you save? Use the balance transfer calculator to find out

[Balance transfer calculator](#)



### Our best balance transfer card

Whether you're looking to save money straight away by transferring existing balances from other cards, looking to save money abroad, or wanting to pay no interest on purchases\*, the Saga Platinum credit card offers all this and more.



*0% Foreign Currency Fees*

Use your card to pay for goods and services world wide and benefit from no foreign currency fee on transactions



*0% on purchases and balances transfers (3% Fee) for the first 9 months\**

Spread the cost of spending over the first 9 months with our 0% introductory rate on purchases. Plus save money by transferring balances from other higher rate credit and store cards to your Saga Platinum Credit Card.



*Representative 11.9% APR variable*

Plus benefit from discounts on board Saga cruise ships, at Saga resorts and when booking Saga holidays.

\*Introductory Rate charged for the first 9 months on purchases and Balance Transfers from the date the account is opened. At the end of this period the Introductory Rate reverts to the Standard Interest Rate applicable to the product at the time. A Balance Transfer Fee of 3% applies.

APR stands for Annual Percentage Rate.

The Saga Platinum credit card and Saga Platinum online service are provided by Allied Irish Banks, p.l.c. Registered Office: Bankcentre, Ballsbridge, Dublin 4, Republic of Ireland. Registered in the Republic of Ireland: Registered No. 24173. Saga Personal Finance is a registered trading name of Acromas Financial Services Limited, which is registered in England and Wales (Company No. 3023493). Registered Office: Enbrook Park, Sandgate Fokestone, Kent CT20 3SE.



**Apply online today**

for a Saga Platinum credit card

**APPLY NOW**

**Representative Example:**

If you had a credit limit on your card of £1,200, you used your full limit to make a single card purchase immediately after receiving your card and you repaid in equal monthly payments over 12 months at an interest rate of **11.3%** variable, (Representative **11.9%** APR variable), the total amount you will pay back is £1,274.69.

## Appendix 15: Interview Guide

Topics	Questions
General credit-card consumption pattern	<ol style="list-style-type: none"> <li>1. How many credit cards do you own presently and what type of credit cards are they? <i>(Probe: how did you obtain your credit card(s))?</i></li> <li>2. How often do you use your credit card(s)? <i>(If possess more than one credit-card: do you use these cards equally or do you use one more than the other?)</i></li> <li>3. Do you think it is important to have a credit card? Why?</li> </ol>
Motivations/ perceptions of credit card usage	<ol style="list-style-type: none"> <li>4. What does your credit card mean to you?</li> <li>5. What are the main purposes of your credit card(s)? <i>(Probe: Please elaborate. Can you give an example of a recent credit-card purchase that reflects this?)</i> <i>(If possess more than one credit card: do you use these credit cards in the same manner, or do you feel that they have different purposes?)</i></li> <li>6. What (or who) motivated you to get credit card(s)? How?</li> </ol>
Credit card debt and misuse	<ol style="list-style-type: none"> <li>7. Have you ever had a negative experience with your credit card? <i>(probe: how did you deal with this negative experience?)</i></li> <li>8. Think about the last big purchase that you made with your credit card. Can you describe the situation (What did you buy? For whom? Where? How did it make you feel? Could you afford it?) <i>(Probe: What role does credit card play in this situation? Did you think about how you are going to pay it back?)</i></li> <li>9. Do you think it's important to make full credit card repayments every month? <i>(Probe: why/ why not?)</i></li> <li>10. Do you control or keep track of the use of your credit card? How?</li> <li>11. What sort of repayment scheme do you have when it comes to paying back your credit cards at the end of the month?</li> </ol>
Social norms and acceptance towards credit card debt	<ol style="list-style-type: none"> <li>12. Do you feel that you are living in a credit society (where everyone owns credit cards and a lot of purchases you observe are funded by credit)? <i>(Probe: Can you describe more about how people around you generally behave towards credit cards? Do you feel that this affects the way you use your credit card?)</i></li> <li>13. What benefit of using credit-card do you think is the most important? Why? <i>(Probe: Can you give examples of the time when you experience these benefits?)</i></li> <li>14. Do you think there are disadvantages of having a credit card? Do you feel that the benefits of having a credit-card exceeds the disadvantages, or vice versa? Why?</li> <li>15. What advice do you have for another young person who is new to a credit card? In your opinion and based on your experience, what is the best way of using a credit-card?</li> </ol>

Manchester Business  
School  
The University of  
Manchester  
Booth Street West  
Manchester M15 6PB

+44(0)161 306 1320  
www.mbs.ac.uk

Dear participant,

Thank you for your agreement to participate in this survey, which is conducted for the fulfilment of a PhD thesis in the University of Manchester, UK.

The purpose of this questionnaire is to investigate young adults' (18 to 25 years old) thoughts and experience of using credit cards (not debit card). The survey takes approximately 10 minutes to complete. Please answer all the questions specified in this survey honestly and truthfully. There are absolutely no right or wrong answers.

In keeping with the university regulations, your anonymity will be kept throughout the survey. Apart from the researchers, no one will have access to your answers. The information you give will be used for academic research purposes only.

Should you require further information about the questionnaire, please feel free to contact me at [sandra.awanis@postgrad.mbs.ac.uk](mailto:sandra.awanis@postgrad.mbs.ac.uk). I would like to assure you that this is an approved academic research that has been verified by the University of Manchester (Reference No. MBSPGR/P261).

Kind regards,  
Sandra Awanis

1. Please confirm your age \_\_\_\_\_

2. Please state your nationality \_\_\_\_\_

3. Please confirm the number of credit card(s) you currently have in your possession and have full rights to use.

1                       2                       3                       More than 3 (please state) \_\_\_\_\_

4. Please confirm the type of credit card(s) that you have. You may select more than one option if you have more than one credit card.

- Student credit card
- Normal credit card
- Supplementary credit card
- Other (Please state) \_\_\_\_\_

5. How long have you been using your credit card(s)?

1 year                       2 years                       3 years                       4 years

5 years                       6 years                       more than 6 years

6. Who pays for your credit card bills?

Myself                       Parents                       Partner

Other (please state) \_\_\_\_\_

7. Please state your occupation

Student                       Non-student (please state) \_\_\_\_\_

8. Please state your field of work or study

Business                       Education                       Arts                       Sciences or engineering

Other (please state) \_\_\_\_\_

9. Please state your gender.

Male                       Female

**10. Please state the degree to which you agree with the following statements about your credit card usage.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
I believe in using my credit card to manage my money.							
I believe that credit card is there to help me make substantial savings on my day-to-day purchases.							
I regard my credit card as a tool to manage my cash flow.							
I believe that credit card helps me to budget my expenses.							

**11. Please state the degree to which you agree with the following statements about the use of your credit card to build credit rating.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
I believe in using my credit card to build up a good credit score from a young age.							
I understand how my use of credit card influences my credit rating.							
I believe that a good credit rating is important for my future credibility.							
Using a credit card from a young age is important in order to have a credit background.							
I believe achieving a good credit score will enable me to gain more benefits in life, than without a credit score.							
A good credit record from my use of credit card could help me obtain financing for my future life necessities (e.g., car loans or mortgage).							

**12. Please state the degree to which you agree with the following statements about the everyday use of your credit card.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
I believe in using my credit card as a replacement for cash for everyday purchases.							
I use my credit card to make my day-to-day purchasing activities easier.							
Without a credit card, my access to shopping (both on-line and off-line) would be significantly reduced.							
I believe that by having a credit card, I will be able to resolve any inconveniences if they occur.							
I believe that credit card gives me a better purchase protection than any other alternative methods of payment.							
By using credit card, I believe that I am protecting myself against theft or robbery that may occur.							
I believe in making purchases with my credit card because of its security procedures involved when making a payment (e.g., PIN number).							
Carrying a credit card instead of other means of payment makes me feel secure.							

**13. Please state the degree to which you agree with the following statements about your credit card usage.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
My credit card helps me make ends meet when I run out of money.							
My credit card serves as a temporary financial support until I get my next income (e.g., from work or pocket money).							
I rely on my credit card during difficult times when I run out of money.							
My credit card's facility to delay payments is important to me.							
I use my credit card to buy basic necessities when I am running out of money.							
My credit card serves as a quick access to loan when I need it the most.							
The borrowed money from my credit card allows me to sustain my day-to-day necessities.							
I use my credit card as an advance to my income (e.g., from work or pocket money).							

**14. Please state the degree to which you agree with the following statements about the use of credit card for your own indulgence.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
A lot of good things in my life are made possible with the help of my credit card.							
My credit card has given me opportunities to enhance my lifestyle.							
My credit card has given me the privilege to spend on things that I want, without having to worry about paying the full amount in cash.							
My credit card has given me the freedom to treat myself when I need it most.							
My credit card allows me to buy luxury goods and services that I would not otherwise be able to afford with my current income.							
My credit card allows to me to indulge myself with expensive goods or services from time to time.							
I like to treat myself by going shopping with my credit card.							
My credit card gives me access to experience new and better things in life.							

**15. Please state the degree to which you agree with these statements about your perception of credit card.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
I believe that owning a credit card is a sign of prestige.							
Using a credit card to make payments makes me look better in the eyes of others, in comparison to other means of payment.							
The type of my credit card is a symbol of my financial status.							
I use my credit card to impress others.							
The look of my credit card is important to me.							
I strive to get a better premium credit card (e.g., gold or platinum card).							
A premium credit card is a sign of greater purchasing power.							
Owning a better-looking credit card would make me look different from others.							

**16. Please reflect on your thoughts and experience of using credit card, and select the degree to which you agree to the following statements.**

	Strongly Disagree	Disagree	Somewh at Disagree	Neither Agree nor Disagree	Somewh at Agree	Agree	Strongly Agree
Shopping with a credit card does not feel like spending my own money.							
When using my credit card, I do not feel the 'pain of paying' in comparison to when I am paying with cash.							
I find it hard to keep track of my credit card spending on a regular basis.							
I think it is unnecessary to monitor my credit card expenses frequently.							
I tend not to think about my income (e.g., from work or pocket money) when I shop with my credit card.							
I am less cautious about money when I am shopping with a credit card.							
I feel a sense of freedom when shopping with my credit card							
I leave the worry of paying my credit card purchases to when the bill arrives.							
I do not consider credit card debt as potentially harmful.							

**17. Please reflect on your routine and habits of paying for your credit card bills since you started using your credit cards, and state how frequent do you find yourself in the following situations.**

	Never	Rarely	Sometimes	Quite Often	Very Often
I can only afford to pay my credit card bills in instalments (not the full balance)					
I can only afford to pay for the minimum balance on my credit card(s)					
My credit card balance has increased over time.					
My credit card balance is more than my income (e.g., from work or pocket money)					
I use my credit card to its limits.					

Thank you for your participation. Your help is greatly appreciated

## Appendix 17: Summary SCCMI item generation using thematic analysis

Participant and Background*	Examples of verbal responses (key words are displayed in bold)	Thematic categories	Thematic variables (measurement items of SCCE)
Frances (Malaysian; 25; Marketing Executive)	When you spend with a credit card, it doesn't feel like cash at all. You don't feel a <b>pain</b> like, when you see cash, you just give somebody that cash. Rather, you just sign a card, just put the PIN number and wow! Things get delivered to your doorsteps! It feels like <b>absolutely free</b> , right! I know how it feels like and it's very scary, because if you get addicted to it, it can really be very bad.	<b>Unawareness of credit card effects</b>	SCCE1. Shopping with a credit card does not feel like spending my own money.  SCCE2. I feel a sense of freedom when shopping with my credit card.
Catherine (UK, 21, Student)	"There's a definite distinction in my mind. Credit card money is <b>borrowed</b> and it's <b>never really yours</b> . And even though you pay it off, it's <b>never really your money</b> . And because it's not your money, it's a lot <b>easier to spend</b> . Whereas I think actual, real money, invested, or the assets you've got, that you've bought with your money is far more important and more personal as well."		SCCE3. When using my credit card, I do not feel the 'pain of paying' in comparison to when I am paying with cash.
Kai, Malaysia, 24, Civil engineer	Well, the credit card is like a ticket, you see, you just tap in or swipe it and then you can go, or basically purchase some goods. You can just <b>use it freely</b> . Because it doesn't tell you how much balance you have there, does it? So whenever you use it, you don't know how much you have left, and then if your transaction is approved, then you think, yes I still got huge balances left that I can use.		
Damian (UK; 25; Waiter)	Once you start using it (credit card), it's <b>too easy to use</b> it. I think that's the downside. Because it doesn't come out of your bank account and then you see your statement and you still think you have money and you forget that you still need to pay off all of this. So I think you can get in a <b>habit of forgetting</b> about it. And then all of a sudden you know you've got to pay off £4,000.	<b>Financial sophistication</b>	SCCE4. I find it hard to keep track of my credit card spending on a regular basis.  SCCE5. I think it is unnecessary to monitor my credit card expenses frequently.
Tonie (UK, 19, Student)	Oh wow, it [the charges] just gets building up, building and they charge you loads of interest as well. So I just didn't have any money and then when I did I just spent it all. And then I just <b>couldn't be bothered</b> to make any [re]payments on the credit card... but then unfortunately I had to make some payments because they sent me notices. So I just sort of transferred money from my debit card to pay off my credit card, like pay off a little bit."		SCCE6. I tend not to think about my income (e.g. from work or pocket money) when I shop with my credit card.  SCCE7. I am less cautious about money when I am shopping with a credit card.

Rachel, Singapore, 22, Master degree student	When I first got my credit card, I didn't. Not at all. I <b>did not control</b> . And that's how I got scolded by my Dad. But now, I do try to keep track now. Although it is <b>hard</b> , because like I said you don't see how much money you're spending. You just use it and <b>figure it in mind</b> , like "oh, fifty dollars there".		
Carrie (Singaporean; 21; Student	I think (credit card) makes me more <b>open to</b> , like, <b>having debt</b> . Because like my friend, she couldn't pay the full amount but still uses the card to make purchases when she doesn't have any money ... it makes it <b>very normal to not be able to pay off the whole amount</b> , like not able to pay off the amount that we spent for that month. And maybe just wait for the next month, next month, when we have extra cash to pay.	<b>Debt normalization</b>	SCCE8. I leave the worry of paying my credit card purchases to when the bill arrives.  SCCE9. I worry about debt when I spend with my credit card ( <i>reversed</i> )  SCCE10. I do not consider borrowing money from credit card as particularly harmful
Rachel, Singapore, 22, Master degree student	I think debt is something that a lot of people don't think about when they have a credit card. They just think about "Oh, I'll think about it later." I think that's one of the pitfalls, " <b>invisible debt</b> ." Like, you're accumulating debt as you spend, but you don't know about it because you don't really think about it. And then only <b>think about it at the end of the month</b> when you get the bill.		
Tonie (UK, 19, Student)	Tonie: Sometimes I think, "Oh <b>I'll just pay it back later</b> " because, you know, I'll just pay it back the minimum anyway. Because it's sort of like, like what you're buying is really expensive. Most times, when I pay with it [credit card], I'm like, I can <b>pay it back later</b> ." I don't know. It's always like an option because the money sort of goes away minimally.  <b>Interviewer: Does your debt worry you?</b>  Tonie: No, not really. No. Because as soon as I start working I'll just pay it back again. So yeah.		

## Appendix 18: Univariate and bivariate results in Malaysia (N=204)

No		Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Age	7.62	1.88																
2	Nationality	1.57	.82	.24**															
3	Length of ownership	2.96	2.01	.27**	.27**														
4	Payer of credit card bills	1.24	.44	-.44**	-.11	.05													
5	Occupation	1.71	.46	.64**	.26**	.08	-.63**												
6	Field	3.13	1.60	.17*	-.00	.02	-.20**	.12											
7	Gender	1.59	.49	.07	.06	.10	-.00	.14*	-.08										
8	SCCMI	3.25	1.30	-.19**	-.03	-.08	.24**	-.17*	-.02	-.06									
9	Frugality	3.72	1.38	-.05	.07	.08	.14*	-.06	-.11	-.09	.26**								
10	Credibility	4.45	1.22	.08	.10	.21**	.08	-.02	-.21**	-.07	.23**	.55**							
11	Convenience	4.44	1.61	-.02	.11	.05	.05	-.04	-.08	-.00	.32**	.51**	.33**						
12	Security	4.63	1.23	-.01	.13	.05	.21**	-.06	-.02	-.01	.37**	.39**	.27**	.51**					
13	Short-term financial support	4.14	1.27	.01	-.08	-.13	.15*	-.12	-.16*	.03	.38**	.15*	.21**	.17*	.31**				
14	Entitlement	3.96	1.37	.03	.01	-.08	.14*	-.08	-.15*	.03	.56**	.31**	.47**	.27**	.39**	.65**			
15	Status	3.54	1.46	-.12	.05	-.00	.13	-.04	-.01	-.11	.53**	.27**	.35**	.33**	.37**	.17*	.46**		
16	RCCD	2.05	.89	-.06	.07	-.06	.02	-.07	-.06	.07	.37**	.00	.09	-.01	.08	.33**	.41**	.37**	

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

## Appendix 19: Univariate and bivariate results in Singapore (N=242)

No		Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Age	6.21	1.77																
2	Nationality	1.69	.84	.13*															
3	Length of ownership	2.42	1.44	.23**	.19**														
4	Payer of credit card bills	1.66	1.00	-.28**	.01	.09													
5	Occupation	1.15	.36	.29**	.17**	-.01	-.16*												
6	Field	1.98	1.50	.09	-.04	.07	-.03	.17**											
7	Gender	1.42	.49	-.41**	-.01	-.02	.13*	.06	.09										
8	SCCMI	3.26	1.21	-.02	-.04	-.01	.09	-.02	-.08	.06									
9	Frugality	3.71	1.35	.05	.13*	.00	-.08	.06	-.11	.00	.05								
10	Credibility	4.52	1.07	.12*	.15*	.06	-.02	-.03	-.07	-.15*	.08	.29**							
11	Convenience	4.18	1.59	-.01	.09	.20**	.14*	.01	-.13*	-.00	.23**	.39**	.20**						
12	Security	4.08	1.23	-.04	.04	.19**	-.02	-.00	-.09	.03	.26**	.38**	.24**	.50**					
13	Short-term financial support	3.41	1.50	-.11	.01	-.02	.06	-.01	-.10	.17**	.44**	.28**	.12	.26**	.30**				
14	Entitlement	3.69	1.30	-.03	.05	.01	.08	.02	-.07	.04	.48**	.31**	.29**	.43**	.37**	.59**			
15	Status	3.86	1.33	.10	.09	-.06	.13*	.10	-.12	-.01	.39**	.15*	.21**	.24**	.15*	.27**	.36**		
16	RCCD	1.86	.74	-.03	.01	-.05	-.02	.0	-.03	.05	.36**	.11	-.06	.12	.15*	.36**	.33**	.10	

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

## Appendix 20: Univariate and bivariate results in the UK (N=203)

No		Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Age	5.17	1.95																
2	Nationality	1.31	.57	.18*															
3	Length of ownership	2.69	1.41	.59**	.34**														
4	Payer of credit card bills	1.37	.54	-.20**	-.06	.03													
5	Occupation	1.07	.26	.08	.07	.01	-.09												
6	Field	2.23	1.45	.09	-.01	.12	.00	.12											
7	Gender	1.44	.49	.15*	-.02	.17*	.05	-.14*	.17*										
8	SCCMI	3.64	1.31	-.05	.03	-.03	.17*	.08	-.22**	-.12									
9	Frugality	4.30	1.48	.05	.14*	.27**	.25**	.08	-.24**	.07	.39**								
10	Credibility	5.05	1.27	-.00	-.07	.07	.06	.02	-.10	.14*	.15*	.53**							
11	Convenience	4.26	1.72	-.07	.11	.01	.16*	-.03	-.40**	.08	.48**	.66**	.44**						
12	Security	4.73	1.25	.11	.21**	.08	.13	.04	-.21**	-.03	.43**	.58**	.43**	.54**					
13	Short-term financial support	4.38	1.60	.08	-.03	.16*	.13	.11	-.06	.03	.58**	.58**	.32**	.45**	.51**				
14	Entitlement	4.17	1.55	.02	.14*	.11	.20**	.14*	-.20**	.01	.69**	.57**	.25**	.53**	.58**	.69**			
15	Status	3.02	1.44	-.02	.22**	.07	-.02	-.16*	-.07	-.06	.47**	.13	.03	.30**	.39**	.21**	.43**		
16	RCCD	2.46	.85	.02	.04	.06	.05	-.06	.02	-.08	.28**	.13	-.05	.13	.29**	.45**	.27**	.27**	

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

**Appendix 21: Results of mean comparison between SCCMI and demographic variables**

<b>Factor</b>	<b>Categories</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>df</b>	<b>F value</b>	<b>P value</b>
<b>National identity</b>	UK	203	3.64	1.31	2, 646	6.58	.001**
	Singapore	242	3.26	1.22			
	Malaysia	204	3.25	1.30			
<b>Gender</b>	Male	333	3.43	1.27	1, 647	1.28	1.28
	Female	316	3.21	1.29			
<b>Field</b>	Business	315	3.47	1.32	4, 644	3.20	.013*
	Education	67	3.71	1.37			
	Arts	51	3.21	1.23			
	Sciences or engineering	108	3.16	1.14			
	Other	108	3.18	1.23			
<b>Occupation</b>	Student	452	3.47	1.31	1, 647	5.15	.024*
	Non-student	197	3.22	1.21			
<b>Period of ownership</b>	Less than 1 year	186	3.31	1.33	7, 641	1.19	.306
	1 year	166	3.50	1.14			
	2 years	136	3.47	1.26			
	3 years	74	3.39	1.23			
	4 years	42	3.19	1.51			
	5 years	20	2.83	1.34			
	6 years	14	3.01	1.35			
	More than 6 years	11	3.38	1.81			
<b>No. of credit cards</b>	1	399	3.41	1.26	3, 645	.891	.445
	2	172	3.33	1.26			
	3	59	3.40	1.46			
	4 or more	19	2.93	1.41			
<b>Age</b>	18 years	24	3.33	1.54			
	19 years	39	3.75	1.14			
	20 years	96	3.68	1.19			
	21 years	84	3.44	1.33			
	22 years	71	3.42	1.46			
	23 years	104	3.29	1.17			
	24 years	102	3.18	1.30			
	25 years	129	3.20	1.21			

\* Group difference is significant at the 0.05 level (2-tailed).

## Appendix 22: Results of the structural model in individual country samples

Standardised factor loadings	Malaysia	Singapore	UK	Parameters	Malaysia	Singapore	UK
F1	.84	.75	.84	$\phi$ F-CR	.65**	.35**	.59**
F2	.71	.59	.77	$\phi$ F-CO	.59**	.46**	.71**
F3	.78	.83	.85	$\phi$ F-SE	.43**	.43**	.65**
F4	.78	.77	.85	$\phi$ CR-CO	.38**	.24**	.47**
CR3	.69	.68	.67	$\phi$ CR-SE	.29**	.29**	.48**
CR4	.77	.58	.82	$\phi$ CO-SE	.48**	.60**	.62**
CR5	.88	.86	.93	$\Psi$ RC-DA	.31**	.36**	.50**
CR6	.79	.68	.81	$\beta$ SCCE-RC	.46**	.35**	.33**
CO1	.87	.84	.92	$\beta$ SCCE-DA	.36**	.34**	.46**
CO2	.83	.86	.87	$\gamma$ F-SCCE	-	-.18**	-.52**
SE1	.68	.65	.70	$\gamma$ CR-SCCE	-.22**	-	-
SE2	.75	.69	.66	$\gamma$ CO-SCCE	-	-	.44**
SE3	.82	.79	.85	$\gamma$ SE-SCCE	.17**	-	-
SE4	.79	.78	.81	$\gamma$ SH-SCCE	-	.29**	.51**
SH2	.74	.87	.91	$\gamma$ E-SCCE	.45**	.30**	-
SH3	.88	.87	.95	$\gamma$ ST-SCCE	.36**	.24**	.35**
SH4	.64	.77	.79				
SH5	.78	.81	.89				
SH8	.62	.78	.82				
E1	.69	.66	.75				
E3	.78	.85	.81				
E4	.83	.88	.85				
E5	.74	.68	.85				
ST4	.80	.57	.74				
ST5	.85	.72	.74				
ST7	.79	.77	.80				
ST8	.93	.90	.92				
SCCE1	.79	.64	.41				
SCCE4	.66	.49	.63				
SCCE5	.59	.63	.82				
SCCE6	.76	.76	.72				
SCCE8	.72	.80	.77				
RCCD1	.92	.74	.74				
RCCD2	.87	.95	.91				
RCCD3	1.02	1.00	.97				
RCCD4	.61	.47	.58				
		<b>Malaysia</b>	<b>Singapore</b>	<b>UK</b>			
$\chi^2 (df, p)$		1296.40/581 ( $p < .01$ )	918.34/581 ( $p < .01$ )	1334.71/58 1 ( $p < .01$ )			
RMSEA		.07	.05	.08			
NNFI		.92	.95	.90			
CFI		.92	.96	.91			
SRMR		.09	.09	.08			

\*\*  $p < .05$

## Appendix 23: CFA LISREL Syntax (Configural Invariance/Baseline Model)

Malaysia

TI

DA NI=36 NO=204 NG=3 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\MYstructural3.cov' SY

MO NX=36 NK=9 TD=SY

LK

Frugality Credibility Convenience Security FinSupp Entitlement Status  
SCCE RCCD

DA

FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)

FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)

FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)

FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)

VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)

VA 1 LX(33,9)

PD

OU SC

Singapore

TI

DA NI=36 NO=242 NG=3 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\SGstructural3.cov' SY

MO NX=36 NK=9 TD=SY

LK

Frugality Credibility Convenience Security FinSupp Entitlement Status  
SCCE RC

DA

FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)

FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)

FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)

FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)

VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)

VA 1 LX(33,9)

PD

OU SC

UK

TI

DA NI=36 NO=203 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\UKstructural3.cov' SY

MO NX=36 NK=9 TD=SY

LK

Frugality Credibility Convenience Security FinSupp Entitlement Status  
SCCE RCCD

DA  
FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)  
FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)  
FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)  
FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)  
VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)  
VA 1 LX(33,9)  
PD  
OU SC

## Appendix 24: CFA LISREL Syntax (Metric Invariance)

Malaysia

TI

DA NI=36 NO=204 NG=3 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4

CM FI='\\psf\Home\Desktop\Main Quants data\MYstructural3.cov' SY

MO NX=36 NK=9 TD=SY

LK

Frugality Credibility Convenience Security FinSupp Entitlement Status  
SCCE RCCD

DA

FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)

FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)

FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)

FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)

VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)

VA 1 LX(33,9)

PD

OU SC

Singapore

TI

DA NI=36 NO=242 NG=3 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4

CM FI='\\psf\Home\Desktop\Main Quants data\SGstructural3.cov' SY

MO NX=36 NK=9 TD=SY

LK

Frugality Credibility Convenience Security FinSupp Entitlement Status  
SCCE RC

DA

FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)

FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)

FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)

FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)

VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)

VA 1 LX(33,9)

EQ LX(1,2,1) LX(2,1)

EQ LX(1,3,1) LX(3,1)

EQ LX(1,4,1) LX(4,1)

EQ LX(1,5,2) LX(5,2)

EQ LX(1,6,2) LX(6,2)

EQ LX(1,8,2) LX(8,2)

EQ LX(1,10,3) LX(10,3)

EQ LX(1,11,4) LX(11,4)

EQ LX(1,12,4) LX(12,4)

EQ LX(1,14,4) LX(14,4)

EQ LX(1,15,5) LX(15,5)

EQ LX(1,17,5) LX(17,5)

EQ LX(1,18,5) LX(18,5)

EQ LX(1,19,5) LX(19,5)

EQ LX(1,20,6) LX(20,6)

EQ LX(1,21,6) LX(21,6)

EQ LX(1,23,6) LX(23,6)  
 EQ LX(1,24,7) LX(24,7)  
 EQ LX(1,25,7) LX(25,7)  
 EQ LX(1,26,7) LX(26,7)  
 EQ LX(1,29,8) LX(29,8)  
 EQ LX(1,30,8) LX(30,8)  
 EQ LX(1,31,8) LX(31,8)  
 EQ LX(1,32,8) LX(32,8)  
 EQ LX(1,34,9) LX(34,9)  
 EQ LX(1,35,9) LX(35,9)  
 EQ LX(1,36,9) LX(36,9)  
 PD  
 OU SC  
  
 UK  
 TI  
 DA NI=36 NO=203 MA=CM  
 LA  
 SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
 SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
 SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
 SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
 CM FI='\\psf\Home\Desktop\Main Quants data\UKstructural13.cov' SY  
 MO NX=36 NK=9 TD=SY  
 LK  
 Frugality Credibility Convenience Security FinSupp Entitlement Status  
 SCCE RCCD  
 DA  
 FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)  
 FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)  
 FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)  
 FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)  
 VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)  
 VA 1 LX(33,9)  
 EQ LX(1,2,1) LX(2,1)  
 EQ LX(1,3,1) LX(3,1)  
 EQ LX(1,4,1) LX(4,1)  
 EQ LX(1,5,2) LX(5,2)  
 EQ LX(1,6,2) LX(6,2)  
 EQ LX(1,8,2) LX(8,2)  
 EQ LX(1,10,3) LX(10,3)  
 EQ LX(1,11,4) LX(11,4)  
 EQ LX(1,12,4) LX(12,4)  
 EQ LX(1,14,4) LX(14,4)  
 EQ LX(1,15,5) LX(15,5)  
 EQ LX(1,17,5) LX(17,5)  
 EQ LX(1,18,5) LX(18,5)  
 EQ LX(1,19,5) LX(19,5)  
 EQ LX(1,20,6) LX(20,6)  
 EQ LX(1,21,6) LX(21,6)  
 EQ LX(1,23,6) LX(23,6)  
 EQ LX(1,24,7) LX(24,7)  
 EQ LX(1,25,7) LX(25,7)  
 EQ LX(1,26,7) LX(26,7)  
 EQ LX(1,29,8) LX(29,8)  
 EQ LX(1,30,8) LX(30,8)  
 EQ LX(1,31,8) LX(31,8)  
 EQ LX(1,32,8) LX(32,8)  
 EQ LX(1,34,9) LX(34,9)  
 EQ LX(1,35,9) LX(35,9)  
 EQ LX(1,36,9) LX(36,9)  
 PD



## Appendix 25: CFA LISREL Syntax (Scalar Invariance Model)

```
Malaysia
TI
DA NI=36 NO=204 NG=3 MA=CM
LA
SAQ10_1 SAQ10_2 SAQ10_3 SAQ10_4 SAQ11_3 SAQ11_4 SAQ11_5 SAQ11_6 SAQ12_1
SAQ12_2 SAQ12_5 SAQ12_6 SAQ12_7 SAQ12_8 SAQ13_2 SAQ13_3 SAQ13_4 SAQ13_5
SAQ13_8 SAQ14_1 SAQ14_3 SAQ14_4 SAQ14_5 SAQ15_4 SAQ15_5 SAQ15_7 SAQ15_8
SAQ16_1 SAQ16_3 SAQ16_4 SAQ16_5 SAQ16_9 SAQ19_1 SAQ19_2 SAQ19_3 SAQ19_4
CM FI='\\psf\Home\Desktop\Main Quants data\MYstructural3.cov' SY
ME
3.936 3.686 3.980 3.279 5.132 3.892 4.451 4.866 4.299 4.578 4.495 4.691
4.632 4.686 4.520 4.480 3.836 4.588 3.397 4.270 4.039 4.235 3.436 2.917
3.475 3.877 3.515 3.039 3.755 2.848 2.809 3.368 2.255 2.039 2.098 1.892
SD
1.705 1.655 1.678 1.577 1.471 1.492 1.443 1.587 1.674 1.792 1.447 1.495
1.468 1.544 1.769 1.641 1.621 1.678 1.735 1.628 1.770 1.602 1.696 1.627
1.831 1.849 1.892 1.778 1.693 1.798 1.675 1.859 1.253 1.215 0.993 1.157
MO NX=36 NK=9 TD=SY TX=FR
LK
Frugality Credibility Convenience Security FinSupp Entitlement Status
SCCE RCCD
DA
FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)
FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)
FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)
FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)
VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)
VA 1 LX(33,9)
PD
OU SC

Singapore
TI
DA NI=36 NO=242 NG=3 MA=CM
LA
SAQ10_1 SAQ10_2 SAQ10_3 SAQ10_4 SAQ11_3 SAQ11_4 SAQ11_5 SAQ11_6 SAQ12_1
SAQ12_2 SAQ12_5 SAQ12_6 SAQ12_7 SAQ12_8 SAQ13_2 SAQ13_3 SAQ13_4 SAQ13_5
SAQ13_8 SAQ14_1 SAQ14_3 SAQ14_4 SAQ14_5 SAQ15_4 SAQ15_5 SAQ15_7 SAQ15_8
SAQ16_1 SAQ16_3 SAQ16_4 SAQ16_5 SAQ16_9 SAQ19_1 SAQ19_2 SAQ19_3 SAQ19_4
CM FI='\\psf\Home\Desktop\Main Quants data\SGstructural3.cov' SY
ME
3.736 4.112 3.744 3.256 5.277 3.926 4.372 4.843 3.901 4.467 4.360 3.810
4.223 3.946 3.649 3.391 3.562 3.431 2.938 4.041 3.846 3.966 2.934 2.748
4.021 4.318 3.818 4.443 3.473 2.773 3.142 3.118 1.801 1.767 2.100 1.785
SD
1.646 1.709 1.717 1.601 1.352 1.525 1.441 1.423 1.764 1.675 1.546 1.561
1.457 1.560 1.859 1.833 1.812 1.770 1.657 1.585 1.735 1.740 1.615 1.535
1.910 1.762 1.759 2.123 1.724 1.703 1.756 1.640 1.079 1.064 1.014 1.207
MO NX=36 NK=9 TD=SY TX=IN LX=IN
LK
Frugality Credibility Convenience Security FinSupp Entitlement Status
SCCE RC
DA
FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)
FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)
FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)
FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)
VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)
VA 1 LX(33,9)
```

EQ LX(1,2,1) LX(2,1)  
 EQ LX(1,3,1) LX(3,1)  
 EQ LX(1,4,1) LX(4,1)  
 EQ LX(1,5,2) LX(5,2)  
 EQ LX(1,6,2) LX(6,2)  
 EQ LX(1,8,2) LX(8,2)  
 EQ LX(1,10,3) LX(10,3)  
 EQ LX(1,11,4) LX(11,4)  
 EQ LX(1,12,4) LX(12,4)  
 EQ LX(1,14,4) LX(14,4)  
 EQ LX(1,15,5) LX(15,5)  
 EQ LX(1,17,5) LX(17,5)  
 EQ LX(1,18,5) LX(18,5)  
 EQ LX(1,19,5) LX(19,5)  
 EQ LX(1,20,6) LX(20,6)  
 EQ LX(1,21,6) LX(21,6)  
 EQ LX(1,23,6) LX(23,6)  
 EQ LX(1,24,7) LX(24,7)  
 EQ LX(1,25,7) LX(25,7)  
 EQ LX(1,26,7) LX(26,7)  
 EQ LX(1,29,8) LX(29,8)  
 EQ LX(1,30,8) LX(30,8)  
 EQ LX(1,31,8) LX(31,8)  
 EQ LX(1,32,8) LX(32,8)  
 EQ LX(1,34,9) LX(34,9)  
 EQ LX(1,35,9) LX(35,9)  
 EQ LX(1,36,9) LX(36,9)  
 PD  
 OU SC  
  
 UK  
 TI  
 DA NI=36 NO=203 MA=CM  
 LA  
 SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
 SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
 SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
 SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
 CM FI='\\psf\Home\Desktop\Main Quants data\UKstructural3.cov' SY  
 ME  
 4.567 3.847 4.527 4.246 5.429 4.876 4.867 5.123 4.212 4.325 5.039 4.567  
 4.695 4.635 4.483 4.453 4.404 4.163 4.296 4.296 4.394 4.394 3.916 2.567  
 3.030 3.670 2.951 4.443 3.473 2.773 3.142 3.118 2.379 2.285 2.665 2.355  
 SD  
 1.816 1.692 1.568 1.688 1.389 1.522 1.437 1.561 1.848 1.781 1.353 1.567  
 1.553 1.587 1.910 1.901 1.645 1.815 1.769 1.683 1.852 1.902 1.815 1.525  
 1.816 1.847 1.765 2.123 1.724 1.703 1.756 1.640 1.210 1.129 1.097 1.100  
 MO NX=36 NK=9 TD=SY TX=IN LX=IN  
 LK  
 Frugality Credibility Convenience Security FinSupp Entitlement Status  
 SCCE RCCD  
 DA  
 FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)  
 FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)  
 FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)  
 FR LX(29,8) LX(30,8) LX(31,8) LX(32,8) LX(34,9) LX(35,9) LX(36,9)  
 VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7) LX(28,8)  
 VA 1 LX(33,9)  
 EQ LX(1,2,1) LX(2,1)  
 EQ LX(1,3,1) LX(3,1)  
 EQ LX(1,4,1) LX(4,1)  
 EQ LX(1,5,2) LX(5,2)

EQ LX(1,6,2) LX(6,2)  
EQ LX(1,8,2) LX(8,2)  
EQ LX(1,10,3) LX(10,3)  
EQ LX(1,11,4) LX(11,4)  
EQ LX(1,12,4) LX(12,4)  
EQ LX(1,14,4) LX(14,4)  
EQ LX(1,15,5) LX(15,5)  
EQ LX(1,17,5) LX(17,5)  
EQ LX(1,18,5) LX(18,5)  
EQ LX(1,19,5) LX(19,5)  
EQ LX(1,20,6) LX(20,6)  
EQ LX(1,21,6) LX(21,6)  
EQ LX(1,23,6) LX(23,6)  
EQ LX(1,24,7) LX(24,7)  
EQ LX(1,25,7) LX(25,7)  
EQ LX(1,26,7) LX(26,7)  
EQ LX(1,29,8) LX(29,8)  
EQ LX(1,30,8) LX(30,8)  
EQ LX(1,31,8) LX(31,8)  
EQ LX(1,32,8) LX(32,8)  
EQ LX(1,34,9) LX(34,9)  
EQ LX(1,35,9) LX(35,9)  
EQ LX(1,36,9) LX(36,9)  
PD  
OU SC

## Appendix 26: Multigroup SEM LISREL Syntax (Constrained model)

MALAYSIA

DA NG=3 NI=36 NO=204 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\MYstructural3.cov' SY

SE

28 29 30 31 32 33 34 35 36 1 2 3 4 5 6 7 8 9  
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 /  
MO NX=27 NY=9 NK=7 NE=2 BE=FU GA=FI PS=SY TE=SY TD=SY

LE

SCCE RCCD

LK

Frugalit Credibil Convenie Security FinSupp Entitlem Status

FI PH(5,1) PH(5,2) PH(5,3) PH(5,4) PH(6,1) PH(6,2) PH(6,3) PH(6,4)  
PH(7,1)

FI PH(7,2) PH(7,3) PH(7,4) PS(1,1) PS(2,1) PS(2,2) PS(3,1) PS(3,3)

FR LY(2,1) LY(3,1) LY(4,1) LY(5,1) LY(7,2) LY(8,2) LY(9,2)

FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)

FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)

FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)

FR BE(2,1) BE(3,1)

FR GA(1,1) GA(1,2) GA(1,3) GA(1,4) GA(1,5) GA(1,6) GA(1,7)

FR PS(3,2)

VA 1 PS(1,1)

VA 1 PS(2,2)

VA 1 PS(3,3)

FI LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)

VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)

FI LY(1,1) LY(6,2)

VA 1 LY(1,1) LY(6,2)

PD

OU

SINGAPORE

DA NO=242

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\SGstructural3.cov' SY

SE

28 29 30 31 32 33 34 35 36 1 2 3 4 5 6 7 8 9  
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 /  
MO NX=27 NY=9 NK=7 NE=2 BE=FU,FI GA=FU,FI PH=SY PS=SY TE=SY TD=SY LX=IN  
LY=IN

LE

SCCE RCCD

LK  
 Frugalit Credibil Convenie Security FinSupp Entitlem Status  
 FI PH(5,1) PH(5,2) PH(5,3) PH(5,4) PH(6,1) PH(6,2) PH(6,3) PH(6,4)  
 PH(7,1)  
 FI PH(7,2) PH(7,3) PH(7,4) PS(1,1) PS(2,1) PS(2,2) PS(3,1) PS(3,3)  
 FR LY(2,1) LY(3,1) LY(4,1) LY(5,1) LY(7,2) LY(8,2) LY(9,2)  
 FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2) LX(10,3)  
 FR LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)  
 FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)  
 FR BE(2,1) BE(3,1)  
 FR GA(1,1) GA(1,2) GA(1,3) GA(1,4) GA(1,5) GA(1,6) GA(1,7)  
 FR PS(3,2)  
 VA 1 PS(1,1)  
 VA 1 PS(2,2)  
 VA 1 PS(3,3)  
 FI LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)  
 VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)  
 FI LY(1,1) LY(6,2)  
 VA 1 LY(1,1) LY(6,2)  
 EQ LX(1,2,1) LX(2,1)  
 EQ LX(1,3,1) LX(3,1)  
 EQ LX(1,4,1) LX(4,1)  
 EQ LX(1,5,2) LX(5,2)  
 EQ LX(1,6,2) LX(6,2)  
 EQ LX(1,8,2) LX(8,2)  
 EQ LX(1,10,3) LX(10,3)  
 EQ LX(1,11,4) LX(11,4)  
 EQ LX(1,12,4) LX(12,4)  
 EQ LX(1,14,4) LX(14,4)  
 EQ LX(1,15,5) LX(15,5)  
 EQ LX(1,17,5) LX(17,5)  
 EQ LX(1,18,5) LX(18,5)  
 EQ LX(1,19,5) LX(19,5)  
 EQ LX(1,20,6) LX(20,6)  
 EQ LX(1,21,6) LX(21,6)  
 EQ LX(1,23,6) LX(23,6)  
 EQ LX(1,24,7) LX(24,7)  
 EQ LX(1,25,7) LX(25,7)  
 EQ LX(1,26,7) LX(26,7)  
 EQ LY(1,2,1) LY(2,1)  
 EQ LY(1,3,1) LY(3,1)  
 EQ LY(1,4,1) LY(4,1)  
 EQ LY(1,5,1) LY(5,1)  
 EQ LY(1,7,2) LY(7,2)  
 EQ LY(1,8,2) LY(8,2)  
 EQ LY(1,9,2) LY(9,2)  
 EQ BE(1,2,1) BE(2,1)  
 EQ BE(1,3,1) BE(3,1)  
 EQ GA(1,1,1) GA(1,1)  
 EQ GA(1,1,2) GA(1,2)  
 EQ GA(1,1,3) GA(1,3)  
 EQ GA(1,1,4) GA(1,4)  
 EQ GA(1,1,5) GA(1,5)  
 EQ GA(1,1,6) GA(1,6)

EQ GA(1,1,7) GA(1,7)  
 PD  
 OU  
  
 UK  
 DA NO=203  
 LA  
 SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
 SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
 SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
 SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
 CM FI='\\psf\Home\Desktop\Main Quants data\UKstructural3.cov' SY  
 SE  
 28 29 30 31 32 33 34 35 36 1 2 3 4 5 6 7 8 9  
 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 /  
 MO NX=27 NY=9 NK=7 NE=2 BE=IN GA=IN PH=IN PS=SY TE=SY TD=SY  
 LE  
 SCCE RCCD  
 LK  
 Frugalit Credibil Convenie Security FinSupp Entitlem Status  
 FI PH(5,1) PH(5,2) PH(5,3) PH(5,4) PH(6,1) PH(6,2) PH(6,3) PH(6,4)  
 PH(7,1)  
 FI PH(7,2) PH(7,3) PH(7,4) PS(1,1) PS(2,1) PS(2,2) PS(3,1) PS(3,3)  
 FR LY(2,1) LY(4,1) LY(5,1) LY(7,2) LY(8,2) LY(9,2)  
 FR LX(2,1) LX(3,1) LX(4,1) LX(5,2) LX(6,2) LX(8,2)  
 FR LX(10,3) LX(11,4) LX(12,4) LX(14,4) LX(15,5) LX(17,5) LX(18,5)  
 FR LX(19,5) LX(20,6) LX(21,6) LX(23,6) LX(24,7) LX(25,7) LX(26,7)  
 FR BE(2,1) BE(3,1)  
 FR GA(1,1) GA(1,2) GA(1,3) GA(1,4) GA(1,5) GA(1,7)  
 FR PS(3,2)  
 VA 1 PS(1,1) PS(2,2) PS(3,3)  
 FI LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)  
 VA 1 LX(1,1) LX(7,2) LX(9,3) LX(13,4) LX(16,5) LX(22,6) LX(27,7)  
 FI LY(1,1) LY(6,2)  
 VA 1 LY(1,1) LY(6,2) LY(8,3)  
 EQ LX(1,2,1) LX(2,1)  
 EQ LX(1,3,1) LX(3,1)  
 EQ LX(1,4,1) LX(4,1)  
 EQ LX(1,5,2) LX(5,2)  
 EQ LX(1,6,2) LX(6,2)  
 EQ LX(1,8,2) LX(8,2)  
 EQ LX(1,10,3) LX(10,3)  
 EQ LX(1,11,4) LX(11,4)  
 EQ LX(1,12,4) LX(12,4)  
 EQ LX(1,14,4) LX(14,4)  
 EQ LX(1,15,5) LX(15,5)  
 EQ LX(1,17,5) LX(17,5)  
 EQ LX(1,18,5) LX(18,5)  
 EQ LX(1,19,5) LX(19,5)  
 EQ LX(1,20,6) LX(20,6)  
 EQ LX(1,21,6) LX(21,6)  
 EQ LX(1,23,6) LX(23,6)  
 EQ LX(1,24,7) LX(24,7)  
 EQ LX(1,25,7) LX(25,7)

EQ LX(1,26,7) LX(26,7)  
EQ LY(1,2,1) LY(2,1)  
EQ LY(1,3,1) LY(3,1)  
EQ LY(1,4,1) LY(4,1)  
EQ LY(1,5,1) LY(5,1)  
EQ LY(1,7,2) LY(7,2)  
EQ LY(1,8,2) LY(8,2)  
EQ LY(1,9,2) LY(9,2)  
EQ BE(1,2,1) BE(2,1)  
EQ BE(1,3,1) BE(3,1)  
EQ GA(1,1,1) GA(1,1)  
EQ GA(1,1,2) GA(1,2)  
EQ GA(1,1,3) GA(1,3)  
EQ GA(1,1,4) GA(1,4)  
EQ GA(1,1,5) GA(1,5)  
EQ GA(1,1,6) GA(1,6)  
EQ GA(1,1,7) GA(1,7)  
PD  
OU



## Appendix 27: Multigroup SEM LISREL Syntax (Unconstrained Model)

MALAYSIA

DA NG=3 NI=36 NO=204 MA=CM

LA

SAQ10\_1 SAQ10\_2 SAQ10\_3 SAQ10\_4 SAQ11\_3 SAQ11\_4 SAQ11\_5 SAQ11\_6 SAQ12\_1  
SAQ12\_2 SAQ12\_5 SAQ12\_6 SAQ12\_7 SAQ12\_8 SAQ13\_2 SAQ13\_3 SAQ13\_4 SAQ13\_5  
SAQ13\_8 SAQ14\_1 SAQ14\_3 SAQ14\_4 SAQ14\_5 SAQ15\_4 SAQ15\_5 SAQ15\_7 SAQ15\_8  
SAQ16\_1 SAQ16\_3 SAQ16\_4 SAQ16\_5 SAQ16\_9 SAQ19\_1 SAQ19\_2 SAQ19\_3 SAQ19\_4  
CM FI='\\psf\Home\Desktop\Main Quants data\MYstructural3.cov' SY

SE

28 29 30 31 32 33 34 35 36 1 2 3 4 5 6 7 8 9  
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 /  
MO NX=27 NY=9 NK=7 NE=2 BE=FU GA=FI PS=SY TE=SY TD=SY

LE

SCCE RCCD

LK

Frugalit Credibil Convenie Security FinSupp Entitlem Status

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