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# The Role of Financial Education in Preventing Credit Card Debt: A Framework for Schools and Communities

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***Author's contribution***

*The sole author designed, analysed, interpreted and prepared the manuscript.*

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## ABSTRACT

Many individuals, particularly young adults and those in underserved communities, lack essential financial education, leaving them ill-equipped to manage credit cards and other financial products. The study examined the role of financial education in preventing credit card debt: a comprehensive framework for schools and communities. The study's specific objectives were to: examine the importance of financial education in mitigating credit card debt among young adults and underserved communities; develop a framework for incorporating credit card management education into school curricula and community initiatives; ascertain the long-term advantages of early financial education on responsible credit card usage and overall financial well-being, thereby supporting the broader strategy of promoting financial literacy and demonstrating expertise in creating targeted educational programs. Descriptive survey research design was adopted on a sample respondents of 100 credit card users in Mississippi, USA. Primary data were collected using

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structured questionnaire. After the descriptive analysis conducted through mean and frequency, the hypothesis were tested using one-sample t-test. The findings of the study revealed that: financial education is significantly important in mitigating credit card debt among young adults and underserved communities (t-value = 6.401; p = 0.000); the proposed framework will significantly help in incorporating credit card management education into school curricula and community initiatives (t-value = 6.653; p = 0.000); there are significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being (t-value of 8.646; p = 0.000). In conclusion, by equipping individuals with the knowledge and skills to manage credit responsibly, financial education can help reduce the risk of debt accumulation and foster healthier financial habits. The study recommends among others that financial education organizations and curriculum developers should prioritize early financial education initiatives to promote responsible credit card usage and long-term financial well-being.

*Keywords: Financial education; credit card debt; financial well-being; financial literacy.*

## 1. INTRODUCTION

### 1.1 Background to the Study

In an increasingly interconnected and consumer-driven world, financial literacy has become a fundamental life skill that impacts individuals' ability to make informed decisions about money (Jumady et al., 2024). With the rise of credit card usage, personal debt, and economic uncertainty, the need for effective financial education has never been more pressing. Credit cards, which provide a convenient means of purchasing goods and services, can also lead individuals down a dangerous path of debt if not used responsibly (Akinwande et al., 2024). In this context, financial education plays a critical role in helping individuals—especially young adults and underserved communities—develop the knowledge, skills, and behaviors necessary to manage credit effectively, avoid excessive debt, and make sound financial decisions (Motta et al., 2024). In the modern business environment, individuals are faced with an array of financial decisions, from budgeting and saving to investing and managing debt. Financial products, such as credit cards, are increasingly accessible, and their use has expanded to nearly every facet of life (Rishi et al., 2024). In the U.S. alone, over 82% of adults own at least one credit card, and credit card debt is one of the largest sources of personal debt, with total outstanding balances exceeding $1 trillion (U.S. Government Accountability Office, 2023). As such, the ability to understand how credit works, the implications of interest rates, and the long-term effects of borrowing is vital for making sound financial decisions. Financial education equips individuals with the tools to go through this domain and avoid the pitfalls that come with poor financial management (Saharan et al., 2024). The rapid pace of technological advancements, the increasing complexity of financial products, and the proliferation of digital payment platforms have further amplified the need for widespread financial education.

In essence, credit card debt serves as a critical indicator of financial mismanagement and could also be a barrier to long-term financial stability (Akinwande et al., 2024). Credit card debt is a form of unsecured debt, meaning it is not backed by collateral and often comes with high interest rates (Chen et al., 2024). While credit cards offer convenience and flexibility, they can easily become a burden if not managed properly. When individuals fail to pay off their credit card balances in full each month, they accrue interest on the outstanding balance, leading to a cycle of debt that can be difficult to break (Bhardwaj, 2024). The problem is particularly acute among young adults, who may lack the financial experience to manage credit effectively. Americans currently hold over $1.03 trillion in credit card debt, with more than one-third of adults stating that they are "just getting by financially" (Turner, 2024). This highlights the pressing need for the United States to prioritize financial literacy education for future generations. This demographic is particularly vulnerable to the allure of credit cards, often attracted by the promise of immediate gratification without fully understanding the long-term financial consequences. Moreover, underserved communities—whether due to socio-economic factors, limited access to financial services, or systemic inequities—are disproportionately affected by credit card debt. These individuals may lack the resources or knowledge to access more affordable credit options or navigate the complexities of personal finance, putting them at greater risk of falling into debt traps.

Financial education, particularly in the context of credit card management, is a powerful tool for preventing and alleviating credit card debt (Motta et al., 2024). By teaching individuals how credit works, how to use credit responsibly, and how to avoid common pitfalls such as accumulating high-interest debt or missing payments, financial education can empower individuals to make better financial choices. Financial education programs often cover topics such as budgeting, saving, understanding interest rates, and the importance of paying off credit card balances in full (Shanava & Vanishvili, 2021). In doing so, they help individuals understand the true cost of borrowing and the importance of living within their means. Research shows that individuals who receive financial education are more likely to engage in positive financial behaviors, such as budgeting, saving, and paying off debt (Akinwande et al., 2024). For instance, a study by Fong et al. (2021) found that individuals who are financially literate were less likely to carry credit card debt and more likely to make timely payments. Furthermore, financial education can help individuals avoid the common trap of relying on credit cards to cover daily expenses or emergencies, a behavior that often leads to accumulating debt. By learning about alternative sources of financing, such as building an emergency savings fund or using low-interest loans when necessary, individuals can reduce their reliance on credit cards. This is particularly important for young adults, who may be more susceptible to the temptation of credit cards as a quick solution to financial shortfalls (Birkeland & Vogt, 2024).

In schools and communities, financial education programs are crucial in promoting responsible credit card use and overall financial well-being (Motta et al., 2024). For young adults, the transition from adolescence to adulthood often involves new financial responsibilities, such as managing a checking account, applying for a credit card, or paying off student loans. Without a solid foundation in financial literacy, many individuals may struggle to navigate these challenges effectively. By incorporating credit card management education into school curricula, educators can help students build the skills and knowledge they need to make informed financial decisions. Similarly, community-based initiatives can offer financial literacy workshops and resources for underserved populations, helping them to understand credit and avoid falling into debt traps. These programs can also address broader financial issues, such as managing student loans, building credit, and investing for the future. This study aims to explore the role of financial education in preventing credit card debt, with a particular focus on young adults and underserved communities. By developing a comprehensive framework for incorporating credit card management education into school curricula and community initiatives, the study seeks to support broader efforts to promote financial literacy and improve the financial health of individuals and communities. The findings of this study will not only contribute to the academic understanding of financial education but also provide practical hints for policymakers, educators, and community leaders working to create targeted educational programs that can reduce credit card debt and promote financial well-being for all.

## 1.2 Statement of Problem

Many individuals, particularly young adults and those in underserved communities, lack essential financial education, leaving them ill-equipped to manage credit cards and other financial products. Ludlum et al. (2012) decried that in the United States, the presence of credit cards on college campuses has led to significant challenges, with many students accumulating substantial debt before completing their studies, often struggling to repay it as high fees and interest rates rapidly increase the total owed. More recently, Akinwande et al. (2024) argued that credit card debt has become a major financial issue for numerous Americans, driven by factors such as economic pressures, consumer habits, rising healthcare expenses, and a lack of financial education. Thus, when school and community organizations fail to provide comprehensive financial literacy education, young people enter adulthood with limited understanding of how credit works or how to use it responsibly. This gap in financial knowledge is compounded by a broader societal shift toward instant gratification, where credit cards are often viewed as an easy solution to immediate financial needs, without a full understanding of the long-term consequences (Akinwande et al., 2024). Many young adults, particularly those from low-income or marginalized communities, are unaware of how interest rates, late fees, and minimum payments can quickly spiral into unmanageable debt. Additionally, financial services tailored to these groups often come with higher fees and more restrictive terms, exacerbating their financial vulnerabilities.

Consequently, credit card debt, often compounded by high interest rates, has become a major source of financial strain for many individuals, especially young adults and those from low-income communities. As individuals accumulate debt, they may struggle to meet basic living expenses, face damaged credit scores, and experience increased stress and anxiety (Motta et al., 2024). The cycle of debt can lead to a diminished sense of financial security, preventing individuals from pursuing long-term goals such as homeownership, higher education, or retirement savings. Moreover, this debt burden can perpetuate economic inequality, as individuals from underserved communities are more likely to experience financial instability due to limited access to affordable credit and financial services. Ultimately, the lack of financial education perpetuates a cycle of financial hardship, preventing individuals from achieving financial independence and contributing to broader socio-economic disparities. The need for effective financial education to prevent credit card debt is therefore critical, not only for improving individual financial outcomes (Fong et al., 2021) but also for fostering more equitable and resilient communities.

## 1.3 Objectives of the Study

The main aim of this study is to examine the role of financial education in preventing credit card debt: a comprehensive framework for schools and communities. However, to achieve this, the study's specific objectives are:

1) To examine the importance of financial education in mitigating credit card debt among young adults and underserved communities.
2) To develop a framework for incorporating credit card management education into school curricula and community initiatives.
3) To ascertain the long-term advantages of early financial education on responsible credit card usage and overall financial well-being, thereby supporting the broader strategy of promoting financial literacy and demonstrating expertise in creating targeted educational programs.

## 1.4 Research Questions

1) In what ways is financial education important in mitigating credit card debt among young adults and underserved communities?
2) How can credit card management education be incorporated into school curricula and community initiatives?
3) What are the long-term advantages of early financial education on responsible credit card usage and overall financial well-being?

## 1.5 Hypotheses

The study validates the under-listed alternate hypotheses:

Ha1) Financial education is significantly important in mitigating credit card debt among young adults and underserved communities.
Ha2) The proposed framework will significantly help in incorporating credit card management education into school curricula and community initiatives.
H03) There are significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being.

## 2. REVIEW OF LITERATURE

## 2.1 Conceptual Issues

### 2.1.1 Importance of financial education in mitigating credit card debt among young adults and underserved communities

Financial education is critical in helping young adults and underserved communities mitigate credit card debt, which is increasingly becoming a major financial concern. Credit cards, while a convenient tool for making purchases, can also lead to significant financial challenges when not used responsibly (Akinwande et al., 2024). Many young adults, especially those just entering the workforce, are exposed to credit cards without a full understanding of how interest rates, fees, and minimum payments can quickly turn manageable purchases into long-term debt. In underserved communities, where financial resources and access to education may be limited, the lack of financial knowledge is even more pronounced. Without the necessary tools to understand and manage credit, these individuals are more susceptible to falling into debt traps. Financial education programs can address these gaps by teaching essential concepts such as budgeting, the importance of paying off balances in full, and how to use credit cards responsibly to build a positive credit history (Fong et al., 2021).

The importance of financial education in mitigating credit card debt is particularly evident when we consider the consequences of financial mismanagement (Motta et al., 2024). High-interest rates on unpaid credit card balances can quickly escalate debt, making it difficult for individuals to pay off their outstanding balances. For young adults, this can have a lasting impact on their financial stability, as poor credit scores can affect future borrowing opportunities, such as securing loans for a car or a home. In underserved communities, the problem is compounded by a lack of access to alternative, more affordable financial products. Financial education helps these individuals understand how credit works, the risks of over-borrowing, and the strategies to avoid accumulating debt (Jumady et al., 2024). This knowledge empowers them to make better choices, such as avoiding unnecessary purchases or setting up payment plans that allow them to manage their debt responsibly.

Moreover, financial education instills habits that extend beyond just managing credit card debt. It fosters an understanding of the broader financial domain, including saving, investing, and planning for future financial needs (Shanava & Vanishvili, 2021). Young adults who are taught to prioritize financial goals, such as building an emergency fund or saving for retirement, are less likely to rely on credit cards as a means of managing short-term financial needs. Similarly, underserved communities that gain financial literacy through education can avoid predatory lending practices and navigate the complexities of the financial system more effectively. In this way, financial education serves as a preventive measure, reducing the likelihood of credit card debt becoming a long-term financial burden.

#### 2.1.2 Framework for incorporating credit card management education into school curricula and community initiatives


**Fig. 1. Framework for incorporating credit card management education into school curricula and community initiatives**
*Source: Researcher's Concept (2024)*

Based on the proposed framework shown in Fig. 1 above, the study proposes the following:

- **Integration into School Curricula**: Basic financial literacy, including credit card management, should be incorporated into high school curricula. Topics such as credit card functionality, interest rates, late payment consequences, budgeting, financial goal setting, and credit scores should be covered to build foundational knowledge before students enter the workforce or use credit cards.
- **Interactive and Practical Learning**: The curriculum should engage students through simulations and case studies, allowing them to practice decision-making in real-world financial scenarios. For instance, students can work with hypothetical budgets to learn how to allocate funds and manage credit card balances effectively.
- **Community-Based Education Programs**: Workshops and seminars hosted by community centers, nonprofits, and financial institutions can target underserved populations. These programs should address practical strategies like on-time payments, avoiding high-interest debt, and interpreting credit reports, while also catering to specific community challenges.
- **Ongoing Support and Resources**: Continuous access to financial advisors, mentors, and digital tools (e.g., apps or websites) should be provided to help individuals apply their knowledge. These resources could track spending, offer financial tips, and send reminders for upcoming payments, ensuring sustained financial management.
- **Comprehensive and Inclusive Approach**: By combining classroom education, community initiatives, and digital resources, the framework aims to make financial literacy accessible, interactive, and practical. This holistic strategy equips individuals with the knowledge and tools necessary to manage credit responsibly and reduce debt risks.

Incorporating credit card management education into school curricula and community initiatives is a strategic approach to addressing the growing issue of credit card debt, especially among young adults and underserved populations (Ogunola & Amaka, 2024; Akhiar, 2024; Das, 2024). The ideal framework for such an educational program would involve a combination of classroom learning, real-world applications, and community engagement to ensure that individuals understand how to manage credit effectively and avoid accumulating unnecessary debt. The first step in developing this framework is to integrate basic financial literacy, including credit card management, into the educational curriculum at the high school level. This provides students with the foundational knowledge they need before they enter the workforce or start using credit cards.

The curriculum should cover key topics such as the function of credit cards, the implications of interest rates, and the consequences of late payments. Students should also learn about budgeting, setting financial goals, and understanding the importance of credit scores. The curriculum should be designed in an interactive way that encourages students to actively engage with the material, such as through simulations or case studies that allow them to practice decision-making in real-world scenarios. For example, students could be given a hypothetical budget with various expenses, and they could be asked to decide how they would allocate funds while managing a credit card balance. This hands-on approach helps students develop practical skills that they can apply in their own lives.

In addition to school-based education, community initiatives can play a crucial role in reinforcing credit card management skills. Community centers, nonprofit organizations, and local financial institutions can offer workshops and seminars aimed at underserved populations who may not have access to formal financial education. These programs could focus on practical strategies for managing credit cards, such as how to make on-time payments, avoid high-interest debt, and understand credit reports. Offering these workshops in community settings allows for broader accessibility, ensuring that individuals from different backgrounds have the opportunity to gain financial literacy. Moreover, these programs can be tailored to address the specific challenges faced by underserved communities, such as limited access to financial services or higher rates of predatory lending (Das, 2024).

Finally, ongoing support and resources are essential to help individuals apply what they have learned about credit card management. Schools and community initiatives should provide continuous access to financial advisors or mentors who can offer personalized guidance. Digital platforms, such as apps or websites, could also be created to track spending habits, provide financial tips, and offer reminders about upcoming payments. This comprehensive framework ensures that individuals not only receive financial education but also have the tools and support necessary to make informed decisions and manage their credit responsibly.

#### 2.1.3 Long-term advantages of early financial education on responsible credit card usage and overall financial well-being

The long-term advantages of early financial education, particularly in relation to responsible credit card usage, are profound and far-reaching (Fong et al., 2021). Teaching financial literacy at an early age equips individuals with the knowledge and skills they need to make informed financial decisions that can positively impact their overall financial well-being. When young adults learn about credit card management, including the importance of paying off balances in full, the effects of interest rates, and how to maintain a good credit score, they are more likely to use credit responsibly throughout their lives (Nugraha et al., 2023). This early education lays the groundwork for developing lifelong financial habits that prioritize saving, budgeting, and debt management.

One of the most significant long-term benefits of early financial education is the development of a positive credit history (Xiao et al., 2011). Credit scores are essential for accessing favorable financial products, such as mortgages, car loans, and personal loans, and they are a reflection of how responsibly an individual has managed their credit over time. By learning the principles of credit card management at an early age, individuals are more likely to avoid behaviors that could negatively impact their credit scores, such as missing payments or carrying high balances. As a result, they are better positioned to take advantage of financial opportunities, such as lower interest rates and more favorable loan terms, which can lead to greater financial stability in the future (Gilbert et al., 2022).

Moreover, early financial education promotes a mindset of financial independence, encouraging individuals to take control of their financial futures (Albeerdy & Gharleghi, 2015). Those who are taught to manage credit cards responsibly are less likely to rely on credit as a means of covering everyday expenses or emergencies. Instead, they are more likely to prioritize saving, building emergency funds, and seeking out low-cost financial products that align with their long-term goals. This can lead to better overall financial health, as individuals with financial security are less likely to experience the stress and anxiety associated with high levels of debt. In underserved communities, where access to affordable credit and financial resources may be limited (Advance the Seed, 2024), early financial education helps break the cycle of financial instability and empowers individuals to make more informed decisions about their financial futures. Also, the benefits of early financial education extend beyond individual financial well-being to broader societal advantages. Individuals who are financially literate are more likely to contribute to the economy through responsible spending, saving, and investing. As more people become financially independent and capable of managing their debts, the overall level of consumer debt may decrease, leading to greater economic stability. Ultimately, early financial education not only benefits individuals by fostering responsible credit card use and improved financial health but also contributes to the creation of more financially secure and resilient communities.

### 2.2 Theoretical Framework

This study is anchored on Nudge Theory which was first introduced by behavioral economists Richard Thaler and Cass Sunstein in their 2008 book *Nudge: Improving Decisions About Health, Wealth, and Happiness* (Thaler & Sunstein, 2008). The theory draws from the field of behavioral economics and challenges the traditional assumption of rational decision-making, which assumes that individuals will always make choices that maximize their welfare when provided with all the necessary information. Instead, Nudge Theory proposes that human behavior is often influenced by subtle contextual factors or "nudges" that alter how options are presented to individuals, ultimately guiding them toward better decisions without limiting their freedom of choice (Richard et al., 2022). By understanding the psychological mechanisms behind decision-making, Nudge Theory aims to improve policy design, enhance individual decision-making, and encourage socially desirable behaviors through simple, low-cost interventions.

The main postulation of Nudge Theory is that people’s choices are often shaped by cognitive biases, emotions, and the framing of decisions, rather than by rational deliberation alone (Bento, 2023). Thaler and Sunstein argue that small "nudges" can significantly influence individuals' behavior in a predictable way, without coercion or restricting freedom of choice (Thaler & Sunstein, 2008). These nudges typically involve changes in the way options are presented, known as "choice architecture." For example, defaults (e.g., enrolling employees in retirement savings plans unless they opt out), social norms (e.g., telling people that most of their peers are engaging in a particular behavior), and simple reminders (e.g., sending timely prompts or alerts) are all examples of nudges that can influence decision-making. The theory is built on the premise that these small, non-intrusive interventions can lead to better outcomes (Bento, 2023) by leveraging how individuals process information and make choices, often improving public policy, health outcomes, and financial behaviors (Thaler & Sunstein, 2008).

Nudge Theory is highly relevant to the topic of financial education and the prevention of credit card debt because it offers a practical approach to influencing financial behaviors without requiring individuals to have deep financial knowledge or making them feel forced into particular decisions. Credit card use, especially among young adults and underserved communities, is often marked by impulsive decisions, procrastination, or a lack of understanding of long-term financial consequences. Nudge Theory can be applied to promote responsible credit card use by changing the environment in which financial decisions are made. For instance, financial institutions or schools can implement nudges that encourage individuals to pay off credit card balances on time by sending reminders of upcoming payments or presenting users with clear, simple information about interest rates and payment due dates. Additionally, by framing the consequences of high credit card debt in a more immediate, relatable way (e.g., highlighting how much interest accumulates if only minimum payments are made), financial educators can nudge individuals towards more responsible borrowing and saving behaviors. In essence, Nudge Theory can be an effective tool for guiding individuals toward better financial habits, without overwhelming them with complex financial concepts, and in turn, preventing the accumulation of credit card debt.

## 2.3 Empirical Review

Akinwande et al. (2024) explored the evolution of credit cards in the U.S., examining their historical development, the factors contributing to their widespread use, and their financial and economic consequences. Regression analysis demonstrated that personal consumption and GDP have a positive effect on credit card debt, underscoring the importance of responsible credit management. The study revealed that credit card debt has become a significant financial issue for many Americans, driven by economic challenges, changing consumer behaviors, increasing healthcare costs, and a lack of financial education. These factors highlight the necessity for better financial literacy to manage credit card debt and avoid long-term financial instability.

Motta et al. (2024) conducted an analysis of credit card use and financial knowledge among students at the State University of Maringá (UEM) in Brazil. The study found that while credit cards were a common payment method, student debt levels and delinquency rates were relatively low compared to national averages. Despite this, nearly half of the students did not engage in financial planning, a concerning finding as it suggests a lack of preparedness for managing credit responsibly. The research also emphasized the importance of financial education in shaping responsible financial behaviors, such as avoiding debt accumulation and making informed financial decisions. The study highlights the need for financial literacy programs to foster better financial habits among young adults, particularly in university settings.

Khan et al. (2024) examined the impact of financial literacy on behaviors related to materialism, compulsive buying, and debt accumulation. The study, involving 233 students from Omani universities, employed various analytical methods such as Structural Equation Modeling (SEM) to assess the relationships between these variables. The findings revealed that financial literacy had a significant impact on reducing compulsive buying behaviors and the tendency to incur debt. This suggests that improving financial literacy can help individuals avoid detrimental spending habits and make more informed financial choices. The study’s results underline the importance of financial education in managing consumer behavior, particularly regarding debt and materialism.

Chen et al. (2024) explored the link between financial knowledge and responsible credit card usage in China using data from the 2019 China Household Finance Survey. The study defined irresponsible credit card use as accruing debt to purchase assets like homes and cars when lower-interest loans are available. By employing probit regressions and addressing potential endogeneity through advanced estimation techniques, the researchers found that financial knowledge significantly increased the likelihood of responsible credit card behavior. They also identified mediators, such as heightened concern for financial information and a greater tendency to plan financially, which helped improve credit card usage. The study concluded that financial knowledge is essential for encouraging responsible credit card use, particularly for risk-averse consumers and those with better access to digital financial tools.

Ferrill and Curtin (2024) reviewed existing literature on financial literacy and education, with a focus on Massachusetts' financial education policy. The study examined how financial literacy influences various aspects of economic well-being, including wealth accumulation, financial stability, retirement savings, and credit behavior. They found that financial education is beneficial in promoting financial inclusion and reducing gender disparities. However, challenges such as self-selection into courses and inadequate support for financial education programs hinder their effectiveness. The study recommended policy improvements to enhance financial education initiatives and increase their reach, particularly in addressing debt management behaviors.

Chen et al. (2023) studied the relationship between financial knowledge and credit card behaviors using data from the U.S. National Financial Capability Study. The results indicated that greater financial knowledge was positively associated with responsible credit card ownership and healthy credit card behaviors, while negatively correlated with risky financial behaviors. The study also found that low-income individuals faced barriers to improving their credit card usage despite their financial knowledge, suggesting the need for targeted interventions for this group. These findings highlight the importance of financial education in cultivating proper credit card habits and the potential role of financial literacy in reducing credit-related risks, particularly among low-income populations.

Nugraha et al. (2023) focused on improving financial literacy through digital teaching materials for millennials, particularly college students. The study employed quantitative techniques, including surveys, to assess financial literacy levels and the effectiveness of digital resources in promoting financial knowledge. The materials, designed to address the financial needs of students, covered topics such as financial management, savings, and investment. The research demonstrated that digital resources are an effective way to engage younger audiences and help them understand essential financial concepts, thereby improving their financial decision-making and preparing them for responsible credit management.

Gilbert et al. (2022) investigated the effectiveness of financial education in managing debt among young adults, specifically regarding the use of "buy now, pay later" (BNPL) services. Their study, involving 705 young adults aged 18-34, revealed that financial education had limited efficacy in improving debt management behaviors, especially when it came to newer financial products like BNPL. The study's findings raised concerns about the adequacy of current financial education programs in addressing the complex financial decisions faced by young adults. It emphasized the need for updated financial education that includes emerging payment methods and better equips young people to manage various types of credit responsibly.

Hamid and Loke (2021) analyzed the factors influencing credit card repayment decisions in Malaysia, focusing on socio-economic variables, financial literacy, and money management skills. The study found that factors such as education, income, ethnicity, and marital status influenced repayment behavior. More importantly, financial literacy and money management skills were positively associated with better credit card repayment decisions. However, personality traits such as impulsiveness and overspending did not significantly affect repayment behavior. The findings underscored the importance of financial education and behavioral interventions in helping individuals develop good money management practices, which are crucial for responsible credit card use and repayment.

Tahir et al. (2020) explored the relationship between financial literacy, attitudes toward spending and saving, and credit card debt-taking behavior in Australia using data from the HILDA

Survey. The study found that higher financial literacy was linked to lower levels of credit card debt. However, when considering additional factors such as attitudes toward saving, the relationship between financial literacy and debt-taking was less pronounced. The study suggested that financial literacy curricula should not only focus on debt management but also encourage saving behaviors to help individuals make more balanced financial decisions and avoid falling into credit card debt.

Brown et al. (2016) studied the effects of financial education on debt outcomes among young Americans. The research found that exposure to financial education, particularly in high school, decreased reliance on non-student debt and improved repayment behaviors in early adulthood. However, exposure to economics training appeared to increase both the likelihood of holding debt and the prevalence of repayment difficulties. The study emphasized the importance of financial education in shaping responsible borrowing and repayment habits, highlighting the need for comprehensive programs that teach not only financial management skills but also the psychological aspects of debt.

Kennedy (2013) examined the role of financial literacy in predicting credit card debt among college students. The study found that while financial literacy was not directly related to students' intention to use credit cards, it was positively correlated with the amount of credit card debt. This finding suggests that attitudes toward credit and subjective norms played a stronger role in shaping credit card use than financial knowledge alone. The study's results indicated that financial literacy programs should focus not only on providing information about credit cards but also on changing students' attitudes and behaviors toward credit, particularly in the context of avoiding debt accumulation.

Ludlum et al. (2012) conducted a multi-campus survey on financial literacy and credit card use among college students in the U.S. The study found significant differences in students' knowledge of credit cards, with many students lacking a solid understanding of how credit works. The research highlighted the problematic nature of credit card use on college campuses, where many students are accumulating debt that they struggle to repay after graduation. The study called for more effective financial literacy programs that address the specific challenges faced by college students, such as managing credit card debt and understanding the long-term consequences of poor financial decisions.

Xiao et al. (2011) examined the relationship between financial education, financial knowledge, and risky credit behaviors among college students. The study found that financial education in high school and college was associated with better financial knowledge and a reduction in risky credit behaviors. Specifically, students with greater financial knowledge were less likely to engage in risky borrowing and paying behaviors. The research highlighted the importance of early financial education in promoting responsible credit card use and reducing the likelihood of students falling into debt traps.

## 2.4 Gap in Literature

Despite the growing body of research emphasizing the importance of financial education in managing credit card debt, there remains a significant gap in understanding how targeted educational frameworks for schools and communities can effectively prevent credit card misuse among young adults and underserved populations. While studies by Akinwande et al. (2024), Motta et al. (2024), and Chen et al. (2023) highlight the positive effects of financial literacy on reducing irresponsible credit card usage, they focus primarily on general financial behaviors without providing a comprehensive framework for integrating credit card management education into school curricula and community initiatives. Further, research by Khan et al. (2024) and Gilbert et al. (2022) underscores the importance of addressing complex consumer behaviors, such as materialism and compulsive buying, yet the implementation of practical, scalable educational programs to curb these behaviors remains underexplored. Although studies such as those by Ferrill and Curtin (2024) and Hamid and Loke (2021) emphasize the role of financial literacy in influencing repayment decisions, there is a lack of detailed exploration on how early financial education, specifically in credit card management, can be incorporated into educational systems to yield long-term benefits. Additionally, while Chen et al. (2024) and Xiao et al. (2011) found that financial knowledge correlates with responsible credit card behaviors, these studies do not offer specific models for community-based interventions that can reduce financial vulnerabilities in underserved groups. Therefore, there is a need for more targeted research that provides a structured framework for incorporating financial education into both school curricula and community outreach programs, with a specific focus on preventing credit card debt among young adults and marginalized populations.

## 3. METHODOLOGY

This study employed a descriptive survey design to explore the role of financial education in preventing credit card debt, with a specific focus on developing a comprehensive framework for incorporating credit card management education into schools and community initiatives. A descriptive survey design was chosen as it allows for the systematic collection of data from a targeted sample (Nworie & Oguejiofor, 2023), providing a clear overview of the attitudes, behaviors, and experiences of credit card users. This approach is ideal for understanding how financial education can mitigate credit card misuse, particularly among young adults and underserved communities in Mississippi. The participants in the study were made up of 100 credit card users selected for the study using a purposive sampling technique to ensure that the participants included in the study are those that have met the criterion set. The criterion for being selected was that the respondent must have at least a credit card in use.

The primary method of data collection was used by administering structured questionnaires on the 100 selected credit card users in Mississippi. The e-questionnaire consisted of questions related to credit card usage, financial education, and money management practices. The questions were designed to capture respondents' attitudes toward financial education, their knowledge of credit card management, and their current behaviors related to credit card debt. The Likert scale was used to measure respondents' level of agreement with statements about financial education and credit card management, ranging from "Strongly Agree" to "Strongly Disagree." The research instrument was validated using face and content validity administered by two experts on the field. This helped to ensure that the research instrument truly measures the construct it is deemed to measure. In addition, Cronbach's Alpha Reliability Coefficnet was estimated which yielded an alpha value that exceeded 0.7. On this basis, the research instrument was considered reliable (Nworie & Onwuka, 2023).

The data collected from the questionnaires were analyzed using descriptive statistics, which allowed for the summarization and interpretation of responses. The analysis included calculating frequencies and means to assess respondents' financial knowledge, credit card management practices, and attitudes toward financial education. Additionally, inferential statistics (one sample t-test) was used to test the hypotheses. The Statistical Package for Social Sciences (SPSS) version 26.0 was used for data entry and analysis.

## 4. DATA ANALYSIS

### 4.1 Descriptive Test for Analysis of Research Questions

The analysis of Table 1 provides hints into participants' responses to research questions on the importance of financial education in mitigating credit card debt, the framework for incorporating credit card management education, and the long-term advantages of early financial education. The responses are interpreted using the mean scores and their corresponding decisions, alongside frequencies of participants who strongly agree (SA), agree (A), are neutral (N), disagree (D), or strongly disagree (SD).

For Research Question 1, which focuses on the importance of financial education in mitigating credit card debt, the first item reveals that the majority of respondents (65) either strongly agree or agree that financial education helps young adults understand the risks of credit card debt, reflected in a mean of 3.51. Similarly, the second item demonstrates that 58 respondents agree that awareness of interest rates through financial education reduces debt, with a slightly lower mean of 3.48. Regarding financial literacy for underserved communities, 58 participants agree or strongly agree that it promotes better decision-making, though the mean is slightly lower at 3.39. The fourth item shows robust support (67 positive responses) for the idea that financial education helps avoid late payment penalties, resulting in a higher mean of 3.64. Lastly, 55 participants agree or strongly agree that financial education equips individuals to manage credit card usage responsibly, yielding a mean of 3.29. Each of these items was accepted, underscoring the perceived importance of financial education in this domain.

**Table 1. Analysis of research questions**

| | Research Question 1: Importance of Financial Education in Mitigating Credit Card Debt | SA | A | N | D | SD | Mean | Decision |
|---|---|---|---|---|---|---|---|---|
| 1 | Financial education is essential in helping young adults understand the risks associated with credit card debt. | 22 | 43 | 9 | 16 | 10 | 3.51 | Accepted |
| 2 | Awareness of credit card interest rates through financial education reduces the likelihood of incurring debt. | 31 | 27 | 16 | 11 | 15 | 3.48 | Accepted |
| 3 | Teaching financial literacy to underserved communities promotes better financial decision-making. | 21 | 37 | 14 | 16 | 12 | 3.39 | Accepted |
| 4. | Financial education provides the knowledge required to avoid late payment penalties on credit cards. | 33 | 34 | 10 | 10 | 13 | 3.64 | Accepted |
| 5 | Individuals with financial education are better equipped to manage credit card usage responsibly. | 22 | 33 | 10 | 22 | 13 | 3.29 | Accepted |
| | **Research Question 2: Framework for Incorporating Credit Card Management Education** | **SA** | **A** | **N** | **D** | **SD** | **Mean** | **Decision** |
| 6 | Integrating credit card management into school curricula will improve financial literacy among students. | 52 | 15 | 14 | 5 | 14 | 3.86 | Accepted |
| 7 | Hands-on activities like budgeting simulations can enhance understanding of credit card management. | 20 | 46 | 16 | 12 | 6 | 3.62 | Accepted |
| 8 | Community-based workshops are effective in addressing financial challenges specific to underserved populations. | 18 | 35 | 13 | 19 | 15 | 3.22 | Accepted |
| 9 | Digital tools and resources, such as apps, are valuable in reinforcing financial education. | 30 | 33 | 18 | 9 | 10 | 3.64 | Accepted |
| 10 | A comprehensive and inclusive approach ensures all individuals have equal access to financial education. | 32 | 31 | 14 | 15 | 8 | 3.64 | Accepted |
| | **Research Question 3: Long-Term Advantages of Early Financial Education** | **SA** | **A** | **N** | **D** | **SD** | **Mean** | **Decision** |
| 11 | Early financial education fosters responsible credit card usage throughout life. | 24 | 41 | 18 | 11 | 6 | 3.66 | Accepted |
| 12 | Learning credit management in school contributes to long-term financial stability. | 31 | 24 | 19 | 18 | 8 | 3.52 | Accepted |
| 13 | Individuals with early financial education are less likely to accumulate credit card debt. | 28 | 46 | 6 | 13 | 7 | 3.75 | Accepted |
| 14 | Early exposure to financial literacy leads to improved credit scores in adulthood. | 54 | 17 | 12 | 5 | 12 | 3.96 | Accepted |
| 15 | Financial education during youth supports overall financial well-being in later years. | 30 | 30 | 10 | 17 | 13 | 3.47 | Accepted |

*Source: Survey Findings (2024)*

Turning to Research Question 2, which examines the framework for incorporating credit card management education, the integration of credit card education into school curricula stands out with 67 respondents agreeing or strongly agreeing and a mean of 3.86, reflecting broad consensus. Hands-on activities like budgeting simulations were similarly well-supported, with 66 positive responses and a mean of 3.62, highlighting their effectiveness. Community-based workshops received more varied responses, with 53 participants expressing agreement but also notable disagreement, leading to a mean of 3.22. Digital tools, such as apps, were positively received by 63 respondents, with a mean of 3.64. Finally, a comprehensive and inclusive approach to financial education garnered 63 positive responses and a mean of 3.64, indicating strong support for this holistic strategy. All items under this research question were also accepted.

For Research Question 3, addressing the long-term advantages of early financial education, the responses were particularly strong. The first item, on fostering lifelong responsible credit card usage, saw 65 positive responses and a mean of 3.66. The second item highlighted the contribution of credit management education to long-term stability, with 55 positive responses and a mean of 3.52. The third item emphasized that early education reduces credit card debt accumulation, receiving 74 positive responses and a mean of 3.75. The fourth item saw the highest mean (3.96), with 71 respondents agreeing that early financial literacy improves credit scores in adulthood. Finally, the idea that youth financial education supports overall well-being received 60 positive responses and a mean of 3.47. All these items were accepted, showcasing the recognized value of early financial education for long-term financial health.

In summary, the table illustrates strong agreement among respondents on the importance of financial education, the practical strategies for its implementation, and its long-term benefits, as reflected in the consistent acceptance of all items. The varying frequencies and mean scores further highlight the nuances in perception across different aspects of the research questions.

## 4.2 Test of Hypotheses

The results of the one-sample t-tests in Tables 2 to 4 highlight significant findings related to the role of financial education in mitigating credit card debt, the proposed framework for its incorporation, and its long-term benefits. Each hypothesis was tested at a mean value and analyzed through the t-statistic, significance level, and mean difference to assess the validity of the null hypotheses.

### 4.2.1 Test of Hypothesis I

Ha1) Financial education is not significantly important in mitigating credit card debt among young adults and underserved communities.

For **Hypothesis I**, which posited that financial education is not significantly important in mitigating credit card debt among young adults and underserved communities, the mean score of 3.46 exceeds the test value threshold (often 3.0 for neutral). The t-value of 6.401 and the p-value of 0.000 indicate a statistically significant result, as the significance is well below the 0.05 threshold. This finding leads to the rejection of the null hypothesis since the p-value is less than 0.05, supporting the conclusion that financial education plays a crucial role in reducing credit card debt. The mean difference of 0.462 further emphasizes that respondents recognize financial education as a vital tool for debt prevention. Having accepted the alternate hypothesis, Financial education is significantly important in mitigating credit card debt among young adults and underserved communities (t-value = 6.401; p = 0.000).

### 4.2.2 Test of Hypothesis II

Ha2) The proposed framework will not significantly help in incorporating credit card management education into school curricula and community initiatives.

For **Hypothesis II**, which suggested that the proposed framework would not significantly aid in incorporating credit card management education into school curricula and community initiatives, the results demonstrate a mean of 3.60, a t-value of 6.653, and a p-value of 0.000. These results are statistically significant since the p-value is less than 0.05, indicating strong agreement among respondents regarding the effectiveness of the proposed framework. The mean difference of 0.596 reinforces the notion that the framework, which integrates educational strategies such as curriculum design and community-based learning, is perceived as a significant solution for equipping students and underserved populations

**Table 2 Test of hypothesis I using one-sample T-test**

| | N | | Mean | Std. Deviation |
|---|---|---|---|---|
| Financial education is not significantly important in mitigating credit card debt among young adults and underserved communities | 100 | | 3.46 | .722 |
| | **t** | **df** | **Sig. (2-tailed)** | **Mean Difference** |
| Financial education is not significantly important in mitigating credit card debt among young adults and underserved communities | 6.401 | 99 | .000 | .462 |

*Source: Computation Using SPSS Version 26 (2024)*

**Table 3. Test of hypothesis II using one-sample t-test**

| | | | | N | Mean | Std. Deviation |
|---|---|---|---|---|---|---|
| The proposed framework will not significantly help in incorporating credit card management education into school curricula and community initiatives | | | | 100 | 3.60 | .896 |
| | **t** | **df** | **Sig. (2-tailed)** | **Mean Difference** | | |
| The proposed framework will not significantly help in incorporating credit card management education into school curricula and community initiatives | 6.653 | 99 | .000 | .596 | | |

*Source: Computation Using SPSS Version 26 (2024)*

**Table 4. Test of hypothesis III using one-sample t-test**

| | | | N | Mean | Std. Deviation |
|---|---|---|---|---|---|
| There are significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being | | | 100 | 3.67 | .777 |
| | **t** | **df** | **Sig. (2-tailed)** | | **Mean Difference** |
| There are significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being | 8.646 | 99 | .000 | | .672 |

*Source: Computation Using SPSS Version 26 (2024)* with credit management skills. Having accepted the alternate hypothesis, the proposed framework will significantly help in incorporating credit card management education into school curricula and community initiatives (t-value = 6.653; p = 0.000).

#### 4.2.3 Test of Hypothesis III

H03) There are no significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being.

Lastly, for **Hypothesis III**, which argued that there are no significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being, the findings reveal a mean of 3.67, a t-value of 8.646, and a p-value of 0.000 which led to the acceptance of the alternate hypothesis. These results firmly reject the null hypothesis since the p-value is less than 0.05, affirming that early financial education contributes significantly to fostering responsible credit behavior and enhancing long-term financial health. The mean difference of 0.672 suggests a robust perception of the sustained benefits of financial education in shaping positive financial outcomes over time. Having accepted the alternate hypothesis, there are significant long-term advantages of early financial education on responsible credit card usage and overall financial well-being (t-value of 8.646; p = 0.000), thereby supporting the broader strategy of promoting financial literacy and demonstrating expertise in creating targeted educational programs.

## 5. RESULTS AND DISCUSSION

The results indicate that financial education plays a significant role in mitigating credit card debt among young adults and underserved communities, as demonstrated by a t-value of 6.401 and a statistically significant p-value of 0.000. This finding suggests that individuals who receive financial education are better equipped to make informed decisions about credit card use, avoiding impulsive behaviors that lead to debt accumulation. The significance of this result lies in the growing prevalence of credit card usage among younger demographics, often accompanied by a lack of understanding of interest rates and repayment terms, which can exacerbate financial strain. This outcome emphasizes the need for structured financial education programs targeting these vulnerable groups to foster responsible credit card use. Empirical studies align with this finding. For example, Khan et al. (2024) demonstrated that financial literacy significantly reduces compulsive buying and debt accumulation behaviors, underscoring the transformative impact of financial education on responsible spending. Similarly, Akinwande et al. (2024) highlighted the importance of financial literacy in addressing the widespread issue of credit card debt in the U.S., attributing much of the problem to economic challenges and inadequate financial education. Chen et al. (2024) supported this by showing how financial knowledge improves responsible credit card use and financial planning. In contrast, Gilbert et al. (2022) noted limitations in financial education's ability to address modern financial products, suggesting an evolution in curricula to maintain relevance.

The proposed framework for incorporating credit card management education into school curricula and community initiatives is effective, as evidenced by a t-value of 6.653 and a p-value of 0.000. This indicates broad support for structured frameworks in enhancing financial literacy through educational and community platforms. The effectiveness of the framework can be attributed to its potential for systematic implementation, which ensures that essential financial concepts are taught consistently and accessibly, ultimately reducing the knowledge gap and fostering better credit habits across diverse populations. Supporting evidence includes Nugraha et al. (2023), who demonstrated the effectiveness of digital teaching materials in improving financial literacy among millennials, highlighting how structured frameworks can target specific demographics. Ferrill and Curtin (2024) advocated for policy improvements to enhance financial education, emphasizing the role of comprehensive frameworks in addressing debt management. Chen et al. (2023) further validated the need for targeted interventions to improve credit behavior among low-income populations, illustrating the framework's potential impact. Ludlum et al. (2012) also stressed the importance of tailored financial education programs to address student credit card challenges, underscoring the value of frameworks.

The results show that early financial education has significant long-term benefits for responsible credit card use and overall financial well-being, as reflected in a t-value of 8.646 and a p-value of 0.000. This finding highlights that instilling financial knowledge at an early age builds a foundation for sustainable financial habits, reduces the likelihood of debt-related issues, and promotes overall economic stability. The long-term impact is particularly important in today's credit-driven economy, where early education can prevent lifelong financial struggles. Numerous studies corroborate this finding. Xiao et al. (2011) found that early financial education reduced risky credit behaviors among college students, confirming its critical role in shaping lifelong habits. Brown et al. (2016) demonstrated that high school financial education reduced reliance on non-student debt, showcasing its preventive effects. Tahir et al. (2020) emphasized the role of financial literacy in reducing credit card debt, highlighting the need for early intervention to foster saving behaviors. Additionally, Hamid and Loke (2021) showed how financial literacy and money management skills improve credit repayment decisions, reinforcing the enduring benefits of early education.

## 6. CONCLUSION AND RECOMMENDATIONS

Ideally, all individuals are supposed to possess a solid foundation of financial literacy, allowing them to make informed decisions about their money, manage debt responsibly, and build long-term financial security. Financial education, integrated into school curricula and community programs, would equip individuals, especially young adults, with the knowledge and skills necessary to understand complex financial products like credit cards. This would result in individuals using credit cards responsibly, paying off balances on time, avoiding excessive debt, and understanding the full implications of interest rates and fees. As a result, financial well-being would improve across society, contributing to stronger economic outcomes for individuals, families, and communities. Financial literacy would not only reduce the risk of credit card debt but also foster habits of saving, budgeting, and investing, enabling individuals to achieve financial independence and stability. The one-sample t-test results across all hypotheses confirm the critical role of financial education in mitigating credit card debt, the effectiveness of the proposed framework, and the substantial long-term advantages of early financial education. The significant p-values and positive mean differences underscore the importance of integrating financial literacy initiatives into educational and community settings. The study found that financial education is a critical tool in preventing credit card debt and promoting long-term financial well-being. In conclusion, by equipping individuals with the knowledge and skills to manage credit responsibly, financial education can help reduce the risk of debt accumulation and foster healthier financial habits.

The findings underscore the pivotal role of financial education in shaping financial behaviors, highlighting its capacity to address credit card debt challenges among vulnerable populations and improve long-term financial well-being. They demonstrate that structured and early financial education programs significantly enhance financial literacy, fostering responsible credit usage and reducing impulsive financial decisions. Moreover, the demonstrated effectiveness of comprehensive frameworks for integrating financial education into schools and communities suggests the potential for systemic transformation in addressing financial literacy gaps. These results collectively emphasize the importance of equipping individuals with the knowledge and skills necessary for navigating complex financial environments, ultimately contributing to broader financial stability and inclusion.

In the light of the findings, we recommend the following:

1. Governments and educational policymakers should implement mandatory financial education programs in schools to mitigate credit card debt among young adults and underserved communities.
2. Community leaders and educators should adopt and incorporate the proposed framework for credit card management education into community outreach programs and school curricula.
3. Financial education organizations and curriculum developers should prioritize early financial education initiatives to promote responsible credit card usage and long-term financial well-being.

### 6.1 Limitation of the study and Suggestion for Further Studies

This study was limited by its focus on a specific geographic location, Mississippi, USA, which may restrict the generalizability of its findings to other regions with different socio-economic and cultural contexts. The relatively small sample size of 100 respondents might not fully capture the diversity of perspectives and experiences related to credit card use and financial education across broader populations. Additionally, reliance on self-reported data via structured questionnaires could introduce biases such as social desirability or inaccurate recall, potentially affecting the validity of the findings. Finally, the study did not account for external factors like economic conditions or regulatory policies that might influence credit card debt and financial education outcomes.

Future research could expand the scope of this study by including a larger and more diverse sample across multiple regions to enhance the generalizability of the findings. Comparative studies between urban and rural populations or different age groups could provide deeper insights into the effectiveness of financial education in diverse contexts. Additionally, longitudinal studies tracking participants over time could help ascertain the sustained impact of financial education on credit card usage and financial well-being. Further research could also explore the role of digital tools and gamification in enhancing the delivery and effectiveness of financial education programs in schools and communities.

## DISCLAIMER (ARTIFICIAL INTELLIGENCE)

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

## COMPETING INTERESTS

Author has declared that no competing interests exist.

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