

## Banking cards on students of bachelor's degree in Law in personal finance management

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**ABSTRACT:** Nowadays, for students to have a debit or credit card is financial support to cover their expenses during the school career, that is a medium which students can use economic resources financed or not by different financial institutions. This paper reflects the handling and use of debit and credit cards, what are used for, which the consequences of poor management are, and the cost of using them; the information obtained through in situ application.

**KEYWORDS:** *Debit card, personal finances, financial education.*

### I. INTRODUCTION

Exist diverse financial institutions that offer products to finance the user, such as banking cards, for this reason is highly important to know the responsible handling of them to prevent affecting the personal and familiar economy. The present research paper allows identifying the knowledge about management of banking cards of the bachelor's degree in law students from Los Altos University Center of the University of Guadalajara. Being a regional university center, there are enrolled students of various nearby towns and municipalities around the city of Tepatitlán therefore in some cases exist the necessity of using different financial services to avoid the use of cash.

### II. OBJECTIVE

Discover the behavior of the bachelor's degree in law students from Los Altos University Center of the University of Guadalajara on banking cards management.

### III. THEORETICAL FRAMEWORK

#### 3.1 Finance Education

On the digital gap, the Access to information about financial education is within reach of any person to accomplish proper handling of their economy, with the purpose to be a benefit on personal finances, due that every person has different necessities and interests that influence on management and use of money.

Some theorists and institutions make references about the financial education, that is a process in which person understand the best way to manage their economies. [1]It is also perceived this concept as a tool to develop new skills to make a positive financial choice on decision-making. [2]To CONDUSEF, it is a process that improves the knowledge about services and financial products that develop abilities in the proper use and avoid risks.[3] In terms of consumer and investment the Latin America development bank, train their users to develop skills and knowledge about investments risks. [4]The bank of Spain considers financial education highly important to prevent indebtedness.[5]According to Martínez, financial education allows people to understand and evaluate the opportunities, such as financial risks. [6]

### 3.2 Importance of financial education

Globally, exist many articles that identify a population of 33% who have understandings of accurate financial education, and 22% of the students from the different countries considered in the research, are under the basic knowledge level. [7]

Since early years, people have dreams and aspirations when they grow up, and to achieve them, it is necessary to have a balance between incomes, savings, and expenses.[8]

The learning education that is acquired from parents to children is significant since the positive family practices in money management can influence to know how to administrate and exercise expenses effectively[9], SURA Asset Management considers that mothers are the backbones and promoters of savings. [10]

## IV. METHODOLOGY

This paper is developed with quantitative variables analysis of financial behavior on the students of the Los Altos University Center and in particular the corresponding part, that belong to the bachelor's in Law during their academic career. About culture, habits, and personal finance administration through the use of banking cards; the type of study is descriptive-transversal applied in a determined time.

### 4.1 Instruments and techniques of data collection

A survey was applied in situ, to know the use habit and administration of their economic resources through debit and credit cards. The field trip was made between august to December 2018 to cover all the different bachelor programs offered by the Los Altos University Center, with active students presents in classrooms, considering a population of 3,367 students in total.

### 4.2 Sample design

To determinate the sample size was applied the formula shown below (1):

$$n = \frac{NZ^2pq}{(\pm)^2(N-1)+Z^2pq} \quad [11] \quad (1)$$

n= Sample size, N= Population size; Z= 1.64 (Standardized value that correspond to 90% of level of trust)  $\pm$  5% Margin of error; p q= Multiplication of probabilities of success and failure in their maximum combination (0.5) (0.5) = 0.25. Applying the method of substitution was determined that the sample size was 249.13 students as a minimum representative.

The Sample technique used was an *in situ* random samplings, which were covered the 13 bachelor programs included the bachelors in law which is the study objective of this research in such a way that meets the minimum representative for the sample size, as shown in the table 1.

**Table 1. Minimum representative by program of sample size.**

No.	Bachelor Program	Total -Students classroom assets	Sample size
1	Agroinsutrial Engineering	153	11.3
2	Computer Engineering	150	11.1
3	Public Accounting	315	23.3
4	Dental Surgeon	380	28.1
5	<b>Law</b>	<b>280</b>	<b>20.7</b>
6	Management	306	22.6
7	Nursing	196	14.5
8	Livestock System Enggineering	137	10.1
9	VeterinaryMedicine and Zootechnics	228	16.9
10	Internacional Business	303	22.4
11	Nutrition	232	17.2
12	Surgeon and Midwife	336	24.9
13	Psychology	351	26.0
	<b>TOTAL</b>	<b>3,367</b>	<b>249.13</b>

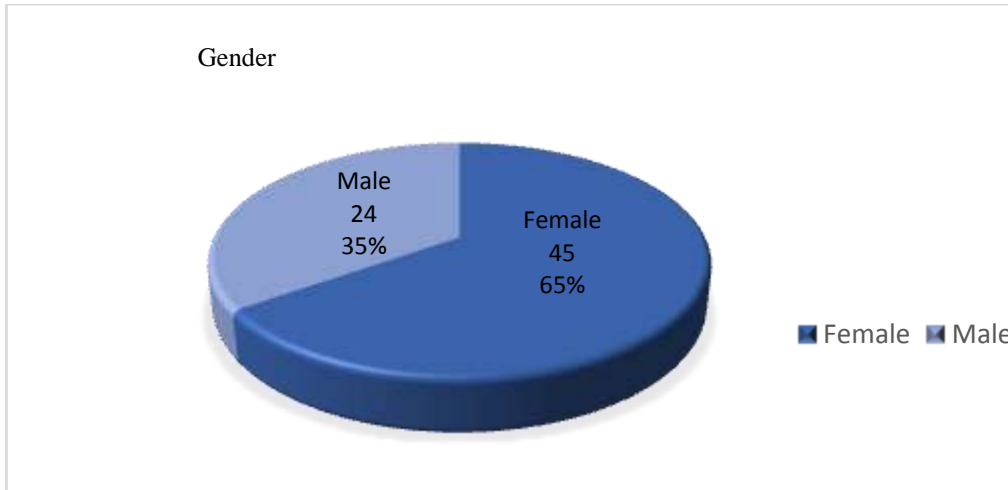
**Source: Own elaboration**

The field trip was developed for 85 groups, applying 10 surveys per each. In particular case for the bachelors in law, was obtained 69 answered surveys, exceeding the minimum representative calculated of 21 students according to the sample size table 1.

## V. RESULTS

The results represent the management and use of banking cards on students.

For students of Bachelors in Law from Los Altos University Center, provides information about the gender, as is shown in the next Fig 1.

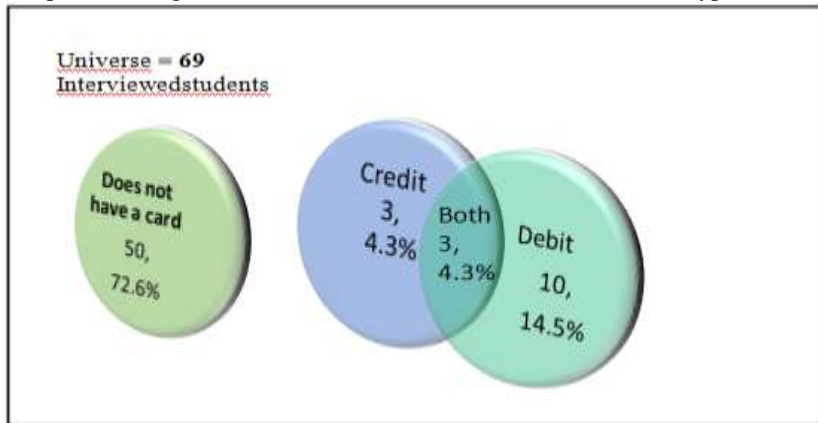


**Figure 1. Gender of students of Bachelors in Law.**

Source: Own elaboration.

In Fig.1, it is observed that of the 69 students that were taken for the sample of the law career for this research, 35% are males and 65% are females.

The average age of interviewees is 21 years old, all indicated to be singles, and only 10% mentioned to be economically independents. Fig 2. shows the students that own a card and what type

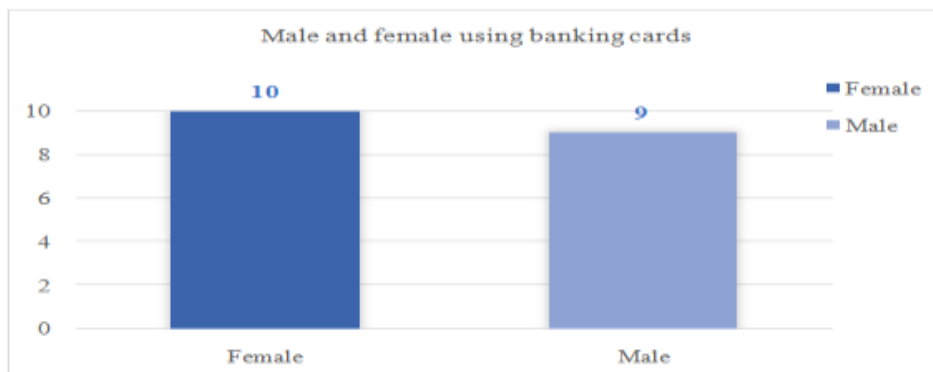


**Figure 2. Students that own a card and what type**

Source: Own elaboration.

According to 69 interviewed students observing Fig. 2, 72.6% mentioned not having any type of card, 4.3% owns a credit card, 14.5% has a debit card, and only 4.3% has both types of cards.

Fig 3, shows the male and female interviewed students that indicated using a banking card.



**Figure 3, shows the male and female that use a banking card**

Source: Own elaboration.

Of the students that confirmed to have any type of card, 55% of them are females and the resting 45% correspond to be male.

Table 2 displays a contingency table containing about gender and if possess a banking card of students of bachelors in law.

**Table 2. Contingency table of men and women that owns a banking card.**

Gender \* Do you have a bank card? Crosstabulation

		Do you have a bank card?		Total
		Yes	No	
Females	Count	10	35	45
	% within Gender	22.2%	77.8%	100.0%
Males	Count	9	15	24
	% within Gender	37.5%	62.5%	100.0%
Total	Count	19	50	69
	% within Gender	27.5%	72.5%	100.0%

Source: Own elaboration, (SPSS statistical software).

Table 2 shows a contingency table analyzed through statistical software (SPSS), where 22% of women own a bankcard and 37.5% of males indicated having one, for a total of 27.5% students with a card.

The type of banking card that uses the students of bachelors in law is indicated in the table below.

**Table 3. Contingency table of men and women related to the type of card they use.**

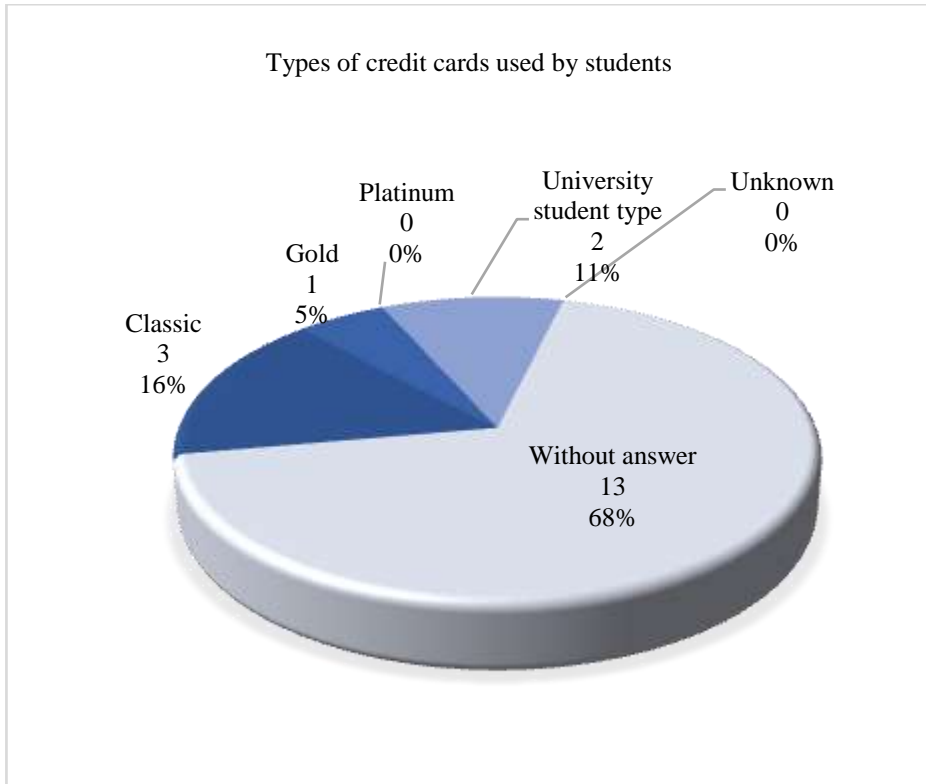
Gender \* What type of card? Crosstabulation

		What type of card do they use?			Total
		Credit	Debit	Both	
Females	Count	1	8	1	10
	% within Gender	10.0%	80.0%	10.0%	100.0%
Males	Count	2	5	2	9
	% within Gender	22.2%	55.6%	22.2%	100.0%
Total	Count	3	13	3	19
	% within Gender	15.8%	68.4%	15.8%	100.0%

Source: Own elaboration, (SPSS statistical software).

Table 3, table analyzed through statistical software (SPSS), shows that: from the woman that has a banking card, 10% is credit, 80% is debit, and 10% mentioned to have both. On the other hand, from the men that answered positively to have a card, 22.2% mentioned having credit, 55.6% debit, and 22% mentioned having both. Across the board, show that students of bachelors in law that have a banking card, 15.8% has a credit one, 68.4% owns a debit one, and 15.8% mentioned to have both.

The banking institutions currently offer on the market and their customers a large variety of financial products according to their level of income and for the students of bachelors in law indicated the following information shown in Fig. 4.



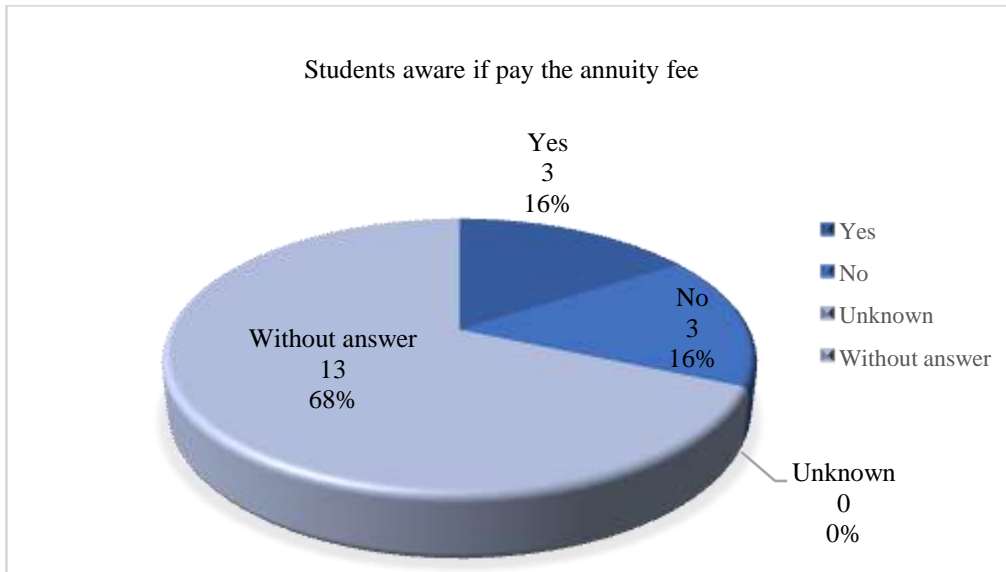
**Figure 4. Credit Banking products used by bachelors in law students**

**Source: Own elaboration.**

Fig.4 shows students that own a credit card, 5% of students have a gold card, 11% mentioned having a university student type, 16% have a classic credit card and 68% without answer.

According to the income level required to request a credit card is the type of card that offers the financial institution, the increase on the credit line not only depends on the good management but also, on the payable capacity and benefits for having them. Some of them have an annual cost.

The following Fig. 5 shows the knowledge or understanding that students have about the annual payment in certain credit cards.



**Figure 5. The number of students that pay an annual commission for using a credit card.**

**Source: Own elaboration.**

16% of students answered to be aware of annuity fee regarding the use of credit card they own and 68% without answer, as it is shown on Fig.5.

On Table 4 appears if students are aware and conscious about their credit card statement cut-off date

**Table 4. Knowledge of the cut-off date of your credit card statement**

¿Do you have a bank card? \* ¿Are you conscious about their credit card statement cut-off date? Crosstabulation

		¿Are you conscious about their credit card statement cut-off date?			Total
		Without answer	Yes	No	
¿ Do you have a bank card?	Count	13	5	1	19
	Yes % within ¿ Do you have a bank card?	68.4%	26.3%	5.3%	100.0%
Total	Count	13	5	1	19
	% within ¿ Do you have a bank card?	68.4%	26.3%	5.3%	100.0%

**Source: Own elaboration, (SPSS statistical software).**

Students were questioned if they were informed about their cutoff date on their bank statement, where 5.3% of students answered mentioning not to know the date, 26.3% answered to be conscious of their cutoff date and 68.4% without answer as is shown in table 4.

Turned to be transcendental as users, must know their cutoff date, due that is the responsibility of the user to maintain a good credit card record and avoid to accumulate interests on arrears and losing the capability to pay.

In Table 5, it is possible to observe the student's credit card frequency of use per month.

**Table 5. Frequency of use of credit card by month.**

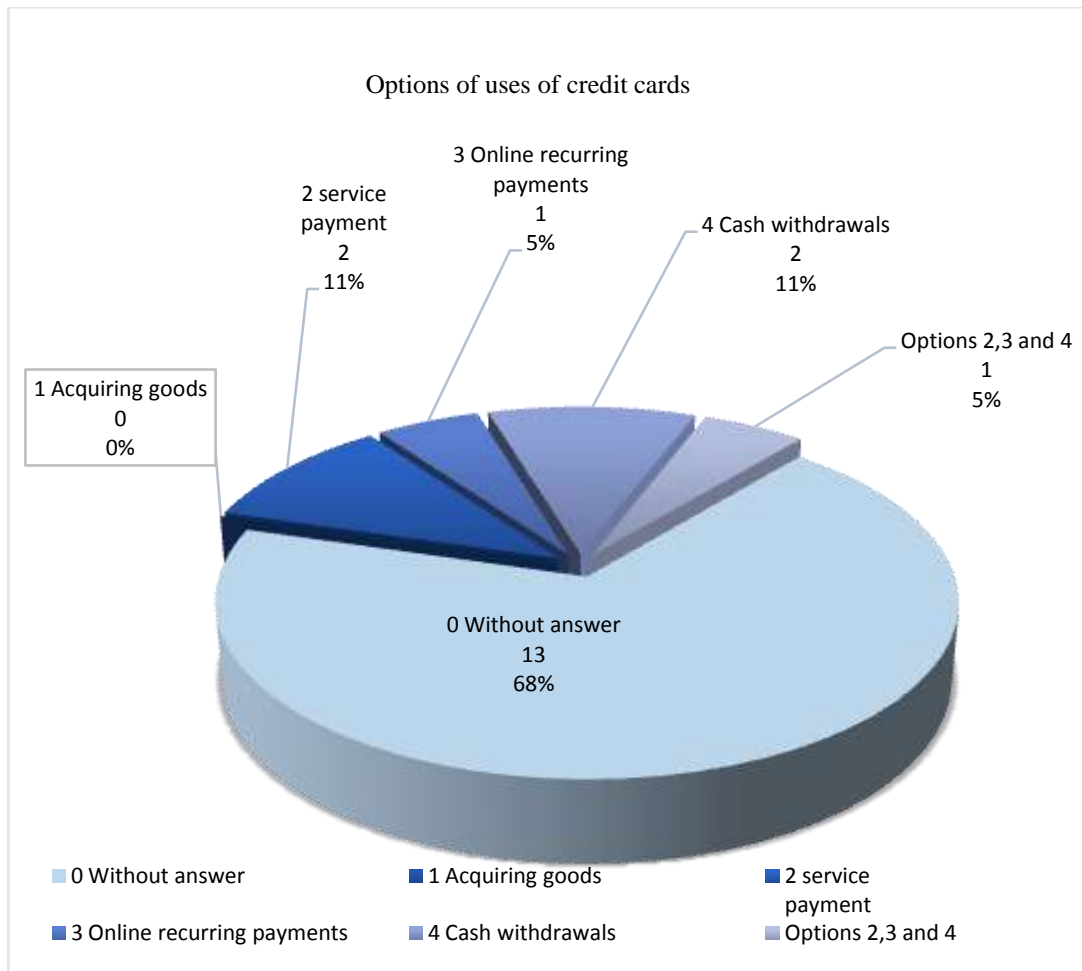
¿Do you have a bank card? \* ¿How oftendo you use your credit card? Crosstabulation

		¿Con que frecuencia usas tu tarjeta de crédito?				Total
		Without answer	1 to 3 times	4 to 7 times	8 or more times	
¿Do you have a bank card	Count	13	2	2	2	19
	Yes % within ¿ Do you have a bank card?	68.4%	10.5%	10.5%	10.5%	100.0%
Total	Count	13	2	2	2	19
	% within ¿ Do you have a bank card?	68.4%	10.5%	10.5%	10.5%	100.0%

**Source: Own elaboration, (SPSS statistical software).**

The table allows us to identify the monthly use of credit cards that belong to students of bachelors in law. Some students use it minimally between one and three times per month representing 10.5% of the sample, in an equal way. Between four and seven times per month equivalent to 10.5%, in the other hand, some other students use their card a considerable times, between eight or more per month to 10.5% and 68.4% without answer as observed in Table 5.

The Fig. 6 below describes the main uses given to credit cards and their distribution.



**Figure 6. Different uses given to credit cards by students of Law bachelors.**

**Source: Own elaboration**

In Fig. 6 are indicated the uses given by students of Law bachelors to their credit cards, as observed in smaller percentage is used to cover online recurring payments with 5%, of equal percentage options 2,3 and 4. In a similar way with 11%, are used for payment of services, so as the cash withdrawals 11%, considering a student that answered to use it in more than one option and 68.4% without answer.

For these cases must be considered that cash withdrawals from a credit card generate charges (interests) plus the amount of the cash-out, which should be covered totally in cutoff date, otherwise, due to the improper handling, will exist a deterioration in personal finances.

The acquisition of goods, goods payments, and services do not generate moratorium interests when covering the amount entirely.

## VI. CONCLUSIONS

The behavior on the personal finances of students of bachelors in law shows that 29% of interviewees use credit cards as a source of economic support, 3% of students manifested to have credit and debit, this 3% reflect to know banking terms and conditions: such as cutoff dates, balances, minimum payments, and payments not to generate interest. 20% handle exclusively debit cards, 6% manage only credit card and 71% of students do not have any card. It is worth mentioning that students that do own any banking card are 54% are male and 46% are females.

At present, all banking institutions offer virtual services with the implementation of technology that allows them to do any type of transaction with applications known as "Apps", to make it fast, efficient and secure.

Knowing all these technological virtues and apply them help to control and administrate the economic resources avoiding wrong management in credit and debit cards that involve lack of knowledge about charges, surcharges, and unnecessary banking payments and as a consequence, a reduction in personal and family economy affecting significantly the quality of life.

If the young generation learns and understands the bounties of caring sane management in personal finances will not only contribute to personal development but also can influence and advise in the family circle

about handling financial resources correctly, the stability can be a simple administration with significant results along with school career and life.

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