

Credit card companies target college students, leaving them in debt

by ANNA C. BROOME

Staff Writer

Credit card companies target college students so often that many state legislatures are proposing laws to hinder credit card possession by financially dependent persons under the age of 21. Many college students fall into the habit of acquiring too many cards and cannot keep up with the payments.

Howard Dvorkin, president of Consolidated Credit Counseling Services, advises students to be weary of applying for a variety of credit cards and making purchases on these cards that they cannot pay for in full at the end of the month.

"Astonishingly, one in five college students accumulates a credit card debt of roughly \$10,000," Dvorkin said.

Dvorkin said credit card companies target college students because of two factors. First, freshmen and sophomores are away from home for the first time. Many are not educated in the ways of finance. Secondly, their parents are likely to pay off debts the student accumulates.

"I've sat down with various members

of credit card marketing groups from some of the largest banks in the country and posed the question, 'How can you offer credit cards to students that do not have a job and therefore no means to pay back the debt.' Their response was quit simple, for the money," Dvorkin said. "The balances they allow the student is quite a bit lower than their normal balances. And, if the student can't pay the bill, chances are mommy and daddy will jump in to help him out."

UNCW students say they are constantly confronted with credit card propaganda.

"I receive so many applications from credit card companies it is overwhelming. I applied for a Discover Card over the phone because I wanted them to stop calling me," said senior Jonathon Garris. "I still hear from MasterCard, Visa and Citibank almost everyday, yet I do not have any credit. I wondered why they wanted me as a customer. Now, I just hang up on them."

Sophomore Elizabeth Hullender said, "I have three credit cards. They would send me stuff in the mail all the time. They read, 'No co-signer needed' and 'Must apply by Mar 1, 2000.' It was

like they wanted me to keep it secret from my parents."

According to a study by abc.com, ten states have either proposed or enacted legislation that would limit access college students have to credit cards.

On February 11, 1999, Tennessee proposed legislation that would prohibit colleges from giving student data to credit card firms, prohibit the firms from recruiting potential student card holders on campus or through campus events, and prohibit the firms from giving away incentives to entice students into applying for credit.

Washington state has proposed two bills which were sent to the Senate Rules Committee early this month. Along with limiting credit card solicitation on college campuses, these measures would prohibit those under 21 from obtaining a credit card without either parental permission or proof of financial dependence.

UNCW has its own policy prohibiting credit card solicitation on campus. Section IV-6 of the Student Handbook and Code of Student Life reads, "No solicitation shall be conducted in any building or structure on the campus of the University of North Carolina at

Wilmington...except by the agents and or employees of the university acting in the official capacity of their agency or employment or by the student government and/or registered student organizations, in accordance with this section on the university policy."

Dvorkin said there are several basic rules students should follow in order to remain debt free and establish good credit.

"Before applying for a credit card, read all the fine print," Dvorkin said, emphasizing that students should find out the interest rates associated with the payment plans.

He also said students should avoid running balances by paying what they owe each month in full.

"The trap is minimum payments are designed to keep you in debt. They are not designed to help you. When doing a minimum payment, about 75 percent of that payment is going to pay interest," said Dvorkin.

Students who are interested in learning more about maintaining good credit and/or getting out of debt can go information from the Consolidated Credit Counseling Services web site at www.debtfree.org.

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