

Appendix 1. Debit Use Variable Survey Question

Question wording and interviewer instruction is identical across the 1995, 1998, 2001, and 2004 surveys, and goes as follows:

x7582 A debit card is a card that you can present when you buy things that automatically deducts the amount of the purchase from the money in an account that you have.

Do you use any debit cards?

Does your family use any debit cards?

INTERVIEWER: WE CARE ABOUT USE, NOT WHETHER R HAS A DEBIT CARD

1. *YES
5. *NO

Source: *Codebook for 2001 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System

Question wording and interviewer instructions differ in 1992, producing less emphasis on debit *use*:

7582 B4. Do you (or anyone in your family living here) have any debit cards?
(A debit card is a card that you can present when you buy things that automatically deducts the amount of the purchase from the money in an account that you have).

1. YES
5. NO

Source: *Codebook for 1992 Survey of Consumer Finances*, Board of Governors of the Federal Reserve System

Appendix 2. Data Definitions

| Variable | Definition and SCF variable number(s) |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Uses a debit card | x7582=1 |
| Revolver | Total general purpose credit card balances after last payments made were greater than zero (from x413) |
| Has a credit card | x7973 = 1 (question asks about general purpose credit cards; i.e., Visa, MasterCard, Discover, Optima) |
| Number of credit cards | x411 (general purpose credit cards) |
| Reports carrying a credit card balance regularly (“habitual” measure) | Doesn’t always pay off balances each month on general purpose cards and store cards; (x432=3 or x432=5) |
| Credit limit utilization and available credit* | Utilization = (Total general purpose credit card balances after last bills were paid)/(total credit card credit limit), censored at 1. Available credit = (limit-balances)/income, binned into quartiles. Total credit card credit limit = x414. |
| Has one credit card | x411= 1 (general purpose credit cards) |
| Credit card interest rate | x7132 (interest rate on new balances); missing for those without general purpose credit cards |
| Credit card charges; recent charges | x412 (general purpose credit cards) = new charges on last bills |
| Age categories | From x14 (respondent’s age) |
| Married | Married and living together; x8023=1 |
| White | Respondent is white; x6809=1 |
| Female | Respondent is female; x8021=2 |
| Highest Education | Maximum of spouses’ attainment where |

| | |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | relevant (from x5901 and x6101) |
| n-person household categories | From x101 |
| Housing type categories | Ranch/farm, mobile home/RV, and other; from x501. |
| Owns home | (x508=1 or x601=1 or x701=1) |
| Industry, occupation | x7402, x7401 (public use data provides only seven industry and six occupation categories). Omitted category is “not doing any work for pay”. |
| Self-employed | x4106 = 2 |
| Ever in Military | x5906 = 1 |
| Region (9-level Census Division) | x30074 (not available in 2001 or 2004 public use data) |
| Income: total last year | x5729; most specifications divide into four categories (approximately quartiles) |
| Unusually high/low income last year | from x7650 |
| Has an ATM card | x306 = 1 |
| Debt attitude, general: good idea... for people to buy things on installment plan | x401 == 1 |
| Debt attitude: o.k. to borrow for vacation | From x402: “whether you feel it is all right for someone like yourself to borrow money... to cover the expenses of a vacation trip” |
| Debt attitude: o.k. to borrow for fur coat/jewelry | From x404: see directly above for question scripting |
| Planning horizon for saving & spending | From x3008 |
| Financial risk attitude | From x3014: “Which of the statements on this page comes closest to the amount of financial risk that you and your (husband/wife/partner) are willing to take when you save or make investments?” |

| | |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| | There are four statements, ranging from “Take substantial risks expecting to earn substantial returns”, to “Not willing to take any financial risks”. |
| Net worth | Counts all non-retirement plan assets, and all debts, reported in the SCF. |
| spending = or < income last year | From x7510 |
| Uses other electronic payments (direct deposit, auto billpay, and/or smart card) | (x7122 = 1 or x7126 = 1 or x7130 = 1) |
| Uses computer banking | x6600 = 12, or any other “institution” variable = 12; see Stata code below** |
| Any late loan payments | Behind schedule paying back any loan, sometimes got behind in past year, turned down due to bad credit, or committed bankruptcy in past 10 years.*** |
| Years in current residence | From x713 |
| Job tenure | Max of respondent and spouse’s years at current job (from x4115, x4715) |
| Sample weight | x42001 |

* I use general purpose credit card balances rather than total credit card balances in the numerator of the utilization variable in part for conceptual reasons, and in part because a) the credit limit variable (x414) is always >0 for those with general purpose credit cards (but sometimes zero for those with other credit cards but no general purpose credit card), and b) total credit card balances exceed the credit limit variable far more frequently than general purpose credit card balances do.

```
** gen computerbank=0; for var x6600 x6601 x6602 x6603 x6604 x6605 x6606 x6607
x6870 x6871 x6872 x6873 x6608 x6609 x6610 x6611 x6612 x6613 x6614 x6615 x6874
x6875 x6876 x6877 x6616 x6617 x6618 x6619 x6620 x6621 x6622 x6623 x6878 x6879
x6880 x6881 x6624 x6625 x6626 x6627 x6628 x6629 x6630 x6631 x6882 x6883 x6884
x6885 x6632 x6633 x6634 x6635 x6636 x6637 x6638 x6639 x6886 x6887 x6888 x6889
x6640 x6641 x6642 x6643 x6644 x6645 x6646 x6647 x6890 x6891 x6892 x6893: replace
computerbank=1 if x==12
```

*** Code available upon request. No bankruptcy questions in 1995.

Appendix Table 1. Debit Use and the Price of a Marginal Credit Card Charge: Results on Control Variables

| | weighted sample proportion of debit users = 0.47 | | 0.65 | |
|-------------------------------------------|--------------------------------------------------|----------------------|----------------------|----------------------|
| | (1) | (2) | (3) | (4) |
| revolver | 0.098*** (0.013) | 0.078*** (0.023) | 0.173*** (0.026) | 0.104** (0.044) |
| 2 person household | 0.035* (0.021) | 0.038* (0.021) | 0.084** (0.042) | 0.088** (0.041) |
| 3 person household | 0.052** (0.025) | 0.052** (0.025) | 0.133*** (0.044) | 0.124*** (0.044) |
| 4 person household | 0.056** (0.027) | 0.055** (0.027) | 0.096* (0.049) | 0.092* (0.049) |
| 5+ person household | 0.061** (0.030) | 0.062** (0.030) | 0.129** (0.052) | 0.126** (0.053) |
| age 35-54 | -0.109*** (0.017) | -0.100*** (0.017) | -0.148*** (0.038) | -0.125*** (0.039) |
| age 55-64 | -0.143*** (0.021) | -0.127*** (0.022) | -0.196*** (0.049) | -0.150*** (0.050) |
| age 65+ | -0.217*** (0.024) | -0.210*** (0.024) | -0.375*** (0.053) | -0.348*** (0.056) |
| married | 0.012 (0.020) | 0.009 (0.020) | 0.034 (0.042) | 0.027 (0.042) |
| white | -0.010 (0.018) | -0.015 (0.018) | -0.043 (0.034) | -0.055 (0.034) |
| female | 0.028 (0.021) | 0.020 (0.021) | 0.125*** (0.038) | 0.106*** (0.038) |
| highest education = high school | 0.000 (0.041) | -0.001 (0.040) | 0.074 (0.075) | 0.068 (0.073) |
| highest education = some college | 0.056 (0.043) | 0.047 (0.042) | 0.143** (0.070) | 0.120* (0.070) |
| highest education >= college degree | 0.030 (0.041) | 0.020 (0.040) | 0.064 (0.079) | 0.051 (0.077) |
| income quartile 2 | 0.037 (0.026) | 0.033 (0.026) | 0.011 (0.050) | 0.010 (0.050) |
| income quartile 3 | 0.034 (0.027) | 0.026 (0.026) | 0.019 (0.051) | 0.024 (0.050) |
| income quartile 4 | 0.061** (0.029) | 0.060** (0.029) | 0.018 (0.057) | 0.036 (0.056) |
| owns home | -0.047*** (0.016) | -0.049*** (0.016) | -0.047 (0.032) | -0.045 (0.032) |
| unusually high income last year | 0.024 (0.020) | 0.026 (0.021) | 0.038 (0.038) | 0.043 (0.039) |
| unusually low income last year | 0.015 (0.018) | 0.011 (0.018) | -0.012 (0.033) | -0.031 (0.033) |
| [more variables reported on next page] | | | | |
| pseudo-R-squared | 0.286 | 0.296 | 0.373 | 0.392 |
| observations | 13084 | 13084 | 3405 | 3405 |
| <u>Sample</u> | | | | |
| 1995-2004 pooled? | yes | yes | no | no |
| 2004 only? | no | no | yes | yes |
| General purpose credit card holders only? | yes | yes | yes | yes |

* p<0.10, ** p<0.05, *** p<0.01.

Probit marginal effects with implicate-corrected standard errors. Dependent variable = 1 if household reports using debit.

Some variables are not shown to conserve space: work status and industry; military experience; house type; year effects.

Results on other variables shown on next page.

All credit card variables refer to general purpose cards.

Appendix Table 1. Debit Use and the Price of a Marginal Credit Card Charge: Results on Control Variables (continued)

| | weighted sample proportion of debit users = 0.47 | | 0.65 | |
|-------------------------------------------------------------------------------|--------------------------------------------------|----------------------|---------------------|----------------------|
| | (1) | (2) | (3) | (4) |
| borrowing attitude: thinks okay to borrow for vacation | 0.013 (0.017) | 0.011 (0.018) | 0.020 (0.036) | 0.020 (0.036) |
| borrowing attitude: thinks okay to borrow for jewelry/fur coat | 0.026 (0.025) | 0.024 (0.025) | 0.008 (0.052) | -0.006 (0.052) |
| borrowing attitude: thinks good idea to buy things on installment plan | -0.029** (0.014) | -0.025* (0.014) | -0.002 (0.027) | 0.003 (0.028) |
| financial risk attitude: > average (omitted = takes substantial risks) | -0.075** (0.031) | -0.077** (0.031) | -0.112 (0.072) | -0.131* (0.076) |
| financial risk attitude = average | -0.060** (0.030) | -0.053* (0.031) | -0.038 (0.066) | -0.051 (0.071) |
| financial risk attitude: not willing to take any risks | -0.097*** (0.031) | -0.084*** (0.032) | -0.108 (0.070) | -0.110 (0.075) |
| planning horizon for saving & spending = next year (omitted= next few months) | 0.017 (0.025) | 0.015 (0.025) | 0.033 (0.047) | 0.017 (0.047) |
| planning horizon for saving & spending = next few years | 0.026 (0.021) | 0.027 (0.021) | 0.090** (0.041) | 0.083** (0.041) |
| planning horizon for saving & spending = next 5-10 years | 0.018 (0.021) | 0.019 (0.021) | 0.068* (0.041) | 0.066 (0.041) |
| planning horizon for saving & spending > 10 years | 0.017 (0.023) | 0.017 (0.023) | 0.065 (0.046) | 0.067 (0.046) |
| has an ATM card | 0.517*** (0.009) | 0.514*** (0.009) | 0.717*** (0.019) | 0.718*** (0.020) |
| net worth, in \$000s | | -0.000*** (0.000) | | -0.000*** (0.000) |
| net worth squared | | 0.000*** (0.000) | | 0.000*** (0.000) |
| spending = income last year | | -0.007 (0.018) | | -0.034 (0.037) |
| spending < income last year | | -0.049*** (0.018) | | -0.131*** (0.037) |
| uses other electronic payments | | 0.086*** (0.016) | | 0.098** (0.042) |
| uses computer banking | | 0.115*** (0.017) | | 0.111*** (0.026) |
| recent credit card charges, in \$000s | | -0.015*** (0.004) | | -0.012*** (0.004) |
| number of credit cards | | -0.000 (0.006) | | -0.024** (0.010) |
| credit card interest rate in pp (e.g., 14.4) | | -0.000 (0.001) | | -0.001 (0.002) |
| # of credit cards*revolver | | 0.001 (0.008) | | 0.016 (0.013) |
| pseudo-R-squared | 0.286 | 0.296 | 0.373 | 0.392 |
| observations | 13084 | 13084 | 3405 | 3405 |
| <u>Sample</u> | | | | |
| 1995-2004 pooled? | yes | yes | no | no |
| 2004 only? | no | no | yes | yes |
| General purpose credit card holders only? | yes | yes | yes | yes |

* p<0.10, ** p<0.05, *** p<0.01.

Probit marginal effects with imprecise-corrected standard errors. Dependent variable = 1 if household reports using debit.

Some variables are not shown to conserve space: work status and industry; military experience; house type; year effects.

All credit card variables refer to general purpose cards.