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RESEARCH BRIEF
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The Revolving Door of Credit: College Students' Credit Card Use and Behavior

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Overview of Credit Card Usage

The Student Financial Wellness Survey (SFWS) has been fielded annually by Trellis Strategies since 2018 to track trends in student financial wellbeing and behaviors, including credit card use. The 2025 administration included more than 65,000 responses from postsecondary students at 153 institutions across 23 states.

When the survey was first administered in 2018, 43 percent of undergraduate respondents reported using a credit card. By 2025, that share had increased to 54 percent. More than half of surveyed students now report using credit cards to cover basic needs, education-related expenses, or other costs. While credit cards can be a useful financial tool, greater reliance on revolving credit may expose students to high interest charges, particularly when balances are carried over time.

SFWS data suggest that many student credit card users are navigating these financial obligations while also facing limited cash resources and other financial challenges. This brief examines patterns of credit card use, revolving debt, and repayment behavior among postsecondary students to better understand the potential implications for student financial wellness and academic success.

Revolving Credit Card Debt

Nationally in 2025, about 60 percent of active credit card accounts had balances that were carried over month-to-month and the average interest rate was around 22 percent, which could rise to as high as 29 percent for those with subprime or lower credit scores.[1, 2,3] Revolving balances are particularly prone to accumulating interest over time, and as this debt compounds month over month, it becomes increasingly difficult to manage. This is especially concerning given that the average cardholder carries a revolving balance of approximately $6,618, while balances often exceed $5,000 among individuals using credit cards to cover basic needs.[4,5]

These broader credit card trends are often reflected in the experiences of modern learners, many of whom face similar challenges managing debt and affording monthly expenses. The impact of financial instability goes beyond a student's financial situation and creates feelings of doubt and increased stress that may influence the time and attention spent on academics. Understanding the utilization and repayment behavior of students gives postsecondary institutions the opportunity to intervene and support students' financial wellness.

Repayment Behavior

A core component of healthy credit utilization is making payments on time. Among credit card users in the 2025 SFWS sample (n = 32,467), most students reported paying their credit card bills on time (75 percent). However, a meaningful share of credit card users still struggled to do so (14 percent), and this increases substantially among those who do not pay their balances in full (31 percent). In fact, fewer than half (47 percent) reported paying their full balance each month. Financial instability can undermine academic engagement and outcomes, especially when students are unable to keep up with accruing debt.

High interest charges can accumulate quickly when students are unable to pay off their balances, potentially adding significant strain for those already facing financial challenges. Eighty-eight percent of students who don't fully pay off their balance worry about covering basic monthly expenses, compared to 61 percent of those who pay in full. This gap extends to academic experiences as well. Sixty percent of students carrying unpaid balances report difficulty concentrating on schoolwork due to financial stress, versus 43 percent of those who pay their balance in full.

Basic Needs Utilization

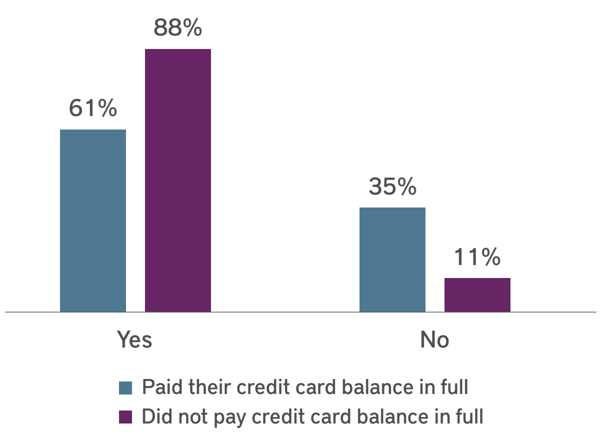
Credit cards are a common and convenient form of payment for many Americans (approximately 74 percent), and more than a third report using them to cover basic needs (38 percent).[1,6] However, without consistent repayment, relying on credit cards for essential expenses can quickly lead to accumulating debt.

In 2024, we began asking students whether they use credit cards to pay for basic needs such as food, housing, and transportation. Findings from the 2024 and 2025 SFWS show that a large majority of these students relied on credit cards for these expenses (89 percent and 88 percent, respectively). Many of these students are already facing financial challenges. While most respondents who used their credit card for basic needs reported making their payments on time (75 percent), fewer than half (46 percent) reported paying their full balance each month, leaving them vulnerable to high interest charges. As a result, students who use credit cards for basic needs may face increasing financial pressure as interest charges add to the cost of essential expenses.

More than half of students using credit cards for basic needs (58 percent) expressed concern about their ability to cover monthly expenses, and roughly one third reported that their overall debt felt unmanageable.

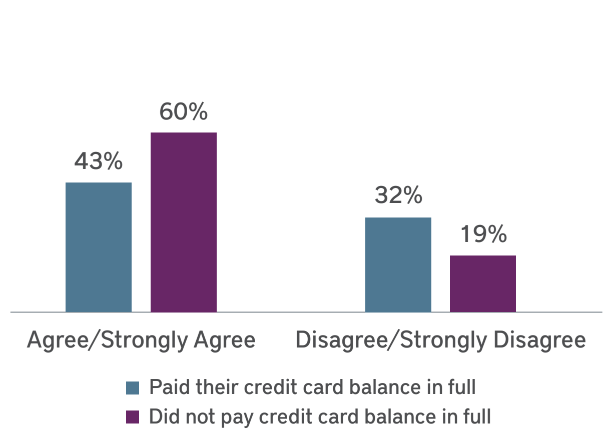
The impact of this debt is significant. More than half of students using credit cards for basic needs (58 percent) expressed concern about their ability to cover monthly expenses, and roughly one third reported that their overall debt felt unmanageable. Financial strain of this kind may divert attention away from academics, particularly for students already navigating basic needs insecurity.

Q1: While in college, have you experienced financial difficulties or challenges?*



*Responses indicating 'I don't know' are not shown

Q4: I have difficulty concentrating on my schoolwork because of my financial situation.**



**Responses indicating 'Neutral' are not shown

Overall, these findings highlight the financial strain experienced by students relying on credit cards for essential needs and illustrate the importance of non-tuition supports that promote long-term financial stability.

Implications for Financing and Campus Support

While credit cards can provide students with additional flexibility, they can quickly become a source of financial strain without consistent repayment. Helping students better understand how consumer credit works, including responsible use and repayment expectations, can reduce the risk of debt accumulating to unmanageable levels. This is especially important given that some students report using credit cards to pay for college expenses despite high interest rates. Fourteen percent of all undergraduates say they do so, along with 26 percent of those who used a credit card to pay for basic needs and 36 percent of those who do not pay off their credit card in full.

The use of credit cards to cover educational expenses highlights the importance of accessible financing alternatives for students facing affordability challenges. Institutional payment plans may help mitigate dependence on high-interest credit by offering structured, predictable pathways for managing tuition and fee obligations. Expanding awareness of these plans, especially among students who rely on credit cards to cover basic needs, could help shift that spending toward a lower-cost option than high-interest credit.

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Expanding access to supports that address students' basic needs is critical. Public benefit screening and assistance with programs such as SNAP, housing supports, and childcare subsidies can help students meet essential expenses without relying on high-cost borrowing. However, access alone is not sufficient. Data from the 2025 SFWS indicate that a meaningful share of students are unaware of available campus resources, including 45 percent who did not know their campus had a food pantry. Increasing awareness and simplifying pathways to these supports is essential.

Efforts to strengthen financial literacy can further support student success. The Financial Literacy and Education Commission highlights the importance of evidence-based approaches, including integrating financial education into the college experience.[7] Its National Strategy emphasizes providing clear information about college financing, building practical financial management skills, connecting learning to real financial decisions, and offering ongoing support through services such as financial counseling. Together, these strategies can help institutions equip students with the knowledge and resources needed to manage credit effectively and build long-term financial stability.

Participating in the 2026 Student Financial Wellness Survey is free and provides institutions with a customized report, benchmarking insights, and de-identified student data. Contact surveys@trellisstrategies.org to learn more.

Endnotes

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