MARIA JUDY SEE-SAN JUAN. Credit Card Delinquency: A Sociological Inquiry. M.A. Sociology (November 2009)

This thesis is an exploration on the phenomenon of credit card delinquency in the Philippines, which attempts to uncover relevant factors that entice consumers into credit card spending, and factors that tend to push credit card holders into delinquency. Emerging with industrialization and the development of financial markets leading to the growth of the middle classes in developed (and later in developing) countries, the credit card becomes the concrete symbol of the development of the credit card market. But while the democratization and expansion of the credit card market may have facilitated trade and commercial activities, the continuous increase in delinquency also poses an imminent threat that may exacerbate the financial crises experienced by many societies today.

The study delves into the dynamics of the credit card industry and the “journeys” of debtors from the acquisition of the credit card to their delinquent status. It identified three clusters of determinants which resonate with the experiences of “delinquent” debtors: (1) structural factors which include liberal issuance of credit cards to those without steady income, loose issuance of credit cards to defaulting cardholders, and extending of credit limits to entice cardholders to further spend beyond their means; (2) household and individual characteristics and propensities to consume beyond their means as a way of making ends meet; and (3) the increasingly consumerist culture in the developed world and urban centers of the developing world.

In view of the complex structural factors underlying the relationship between credit card companies and their clients, the findings of this study point to the need for proper and effective legislation of a credit reform bill and the timeliness of awareness-raising and grassroots advocacy for the proper implementation of these policies.