

**CONSUMER CREDIT COUNSELING:
CURRENT PRACTICES
AND CAREER OPPORTUNITIES**

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The amount of consumer credit outstanding in the United States has soared, growing from \$24.95 billion in December, 1950 to \$467.08 billion in November, 1984 [2]. The extensive use of credit by American consumers may be related to an increase in overindebtedness and delinquency in the repayment of debts. To assist consumers with credit problems, a wide range of individuals and agencies provide financial counseling to consumers. In the 1960s the National Foundation for Consumer credit became involved in consumer credit counseling and debt management through the creation of Consumer Credit Counseling Services (CCCS), nonprofit organizations to help consumers handle credit/debt problems. The CCCS has over 150 affiliated agencies. Little formal research has been conducted on the competencies required for effective credit counseling. Simmons [3] developed a competency-based consumer credit counseling certification examination in which some competencies dealt with knowledges, abilities, and understandings required of professional counselors. Among the competencies identified and accepted were (1) skill in counseling techniques, (2) understanding of causes of credit problems, (3) knowledge about credit and family financial management, (4) knowledge of policies and procedures of creditors with which s/he deals, (5) knowledge of other community agencies available for referral, (6) capability to work with businesses and other professionals, and (7) awareness of changes in legislation affecting consumerism.

Purposes of the Study

The purposes of this study were to: (1) determine the types of credit problems experienced by clients served by the National Foundation for Consumer Credit as perceived by credit counselors, and (2) determine the professional and personal qualifications of credit counselors required and desired by agency administrators in order that counselors meet the perceived needs of clients.

Procedure

The population of this study was all consumer credit counselors employed by the National Foundation for Consumer Credit (NFCC). The sample was representative NFCC consumer credit counselors employed full-time at main offices. One person (administrator) in each of the main offices was sampled. The latest **NFCC Directory** was used to identify the sampling frame and a total of 154 agencies were identified. Mail questionnaires were used and were addressed to the director or administrator of each main office. Completed usable questionnaires were returned by 83 consumer credit counselors, a response rate of fifty-four percent. Distribution of the responses by geographic region and size of office did not differ significantly ($p < .05$). Nearly three-fourths of the respondents (74%) worked in agencies which did not have branch offices. There were no differences between those who returned questionnaires and those who did not based on agency size or number of clients served. The number of clients the agencies served in 1983 are reported in Table 1. Over one-third (35%) of the respondents reported their organization served under 500 clients in 1983 while nearly two-thirds (65%) reported their organization served 500 - 4,500 clients.

**TABLE 1
NUMBER OF CLIENTS SERVED BY AGENCIES IN 1983**

Clients	No.	%
1 to 99	3	4
100 to 499	24	31
500 to 999	20	26
1000 to 1499	9	12
1500 to 2999	13	17
3000 to 4499	8	10
Total	77	100

Results

When respondents were asked to identify the crises experienced most frequently by their agency's 1983 clients, more than one-third (35%) identified unexpected automotive or household expenses (Table 2). Loss of job and extended unemployment were cited by nearly one-third (31%) of the total respondents. Loss of a family member through death, divorce, or separation was cited by nearly one-fourth (22%) of the respondents as the most frequently experienced crisis of 1983 clients.

TABLE 2

MOST FREQUENT CRISES OF 1983 AGENCY CLIENTS

Crisis	No.	%
Unexpected automotive or household expenses	26	35
Death of a family member	13	17
Loss of job	12	16
Extended unemployment	11	15
Irregular income	8	11
Marital separation or divorce	4	5
Medical crisis	1	1
Total	75	100

Respondents were asked to estimate the percentage of their 1983 clients who exhibited a lack of financial budgeting expertise. Three-fourths (77%) of the 67 who responded estimated that more than eighty percent of all clients lacked budgeting expertise.

Since the questionnaires were directed to the director or administrator of each agency, only one person from each agency responded. However, a total of 233 counselors were employed in the 83 agencies represented in the sample. Nearly all of the agencies employed five or fewer counselors. These counselors had been employed an average of about five years each. Only a small percentage (5%) had been employed with another agency or agencies before employment with their current credit counseling agencies. Only 40% of these counselors had a bachelor's degree. The remaining 60% had a variety of professional backgrounds including some college, no college, and, less frequently, a master's degree. Of the college-educated counselors, the majority had an academic background in business, followed by those with degrees in liberal arts, social work, and home economics. Less than one-fourth of the 233 counselors (52) had formal training in finance or money management.

The agency administrators were asked to identify the criteria they would require and desire if they could hire a new counselor or counselors. Only twenty-eight agencies (23%) would require previous credit counseling experience, although 51 agencies (42%) would desire it. Fifty-seven responses were given to the question of required academic background (if college educated) and 53 percent of the 83 indicated a requirement for business background and forty-two per-

cent of the 83, a desire for it. Slightly over one-fifth of the 83 agencies responding would require academic background in social work and slightly under one-fifth of the 83 would require background in home economics.

Of the 83 organizations who responded, 74 (87%) said they offer some type of on-the-job training for counselors, with working with more experienced counselors being the most frequently used (one-third of agencies). Training sessions (27%) and reading and study (23%) were the next two most frequently used methods.

Conclusions

Respondents to the survey were asked to describe the types of credit problems experienced by their clients as they (respondents) perceive these. In this study, most respondents reported that an increase or decrease in income was a major cause of the client's credit problems. Unemployment, however, was not a problem for the majority of clients. Lack of financial budgeting expertise, lack of understanding about credit, and voluntary overextension of spending were major client problems. Fraud or deception was a problem for only a small percentage of clients according to the respondents.

Nearly one-half of the agencies represented indicated they needed to hire additional counselors. Results indicated that a bachelor's degree would be desired for persons seeking employment as a counselor with a NFCC counseling agency. A high school degree or some college would be the only requirement of many of the agencies, however. Although an academic background in business is judged as highly desirable for counseling positions by many of the 83 agencies, other academic backgrounds such as social work or home economics also can lead to a credit counseling career, according to respondents.

REFERENCES

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