

An Assessment on the Probability of Credit Card Default Based on Select Demographic and Socio-Economic Variables

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Abstract

This study empirically examines the effects of credit card users' demographic and socio-economic characteristics on the probability of credit card default in the Philippines. By taking into account demographic and socio-economic data, the model determines factors that significantly influence a credit card holder's probability of default. Using a set of randomly selected accounts drawn from a leading Philippine foreign bank's credit card database, this paper analyzes the diversities of card holders for better and efficient credit card market regulations. Theoretical, managerial, and public policy implications of the findings are also discussed.