

# Determinants of knowledge of personal loans' total costs: How price consciousness, financial literacy, purchase recency and frequency work together

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© 2018 Elsevier Inc. Politicians and analysts frequently call for stricter regulation of personal loans.

Two variables that are easy to measure, and therefore easy to include in regulations and public policy, are purchase recency and purchase frequency. Politicians and analysts also regularly demand an increase in price consciousness and financial literacy among customers. This paper aims to analyze how these four factors work together to generate perceived and actual knowledge of the personal loans' total costs. An empirical study employing a survey administered through personal in-home interviews was carried out. This paper shows how perceived and actual knowledge of personal loans' total costs are affected differently by these four factors. The results are discussed, and implications for regulators, managers, and researchers are presented.