A STUDY ON CUSTOMER SATISFACTION AND PROBLEMS FACED TOWARDS CREDIT CARDS BY CREDIT CARD USERS

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Abstract: In this paper the researcher attempted empirical investigation of how credit card consumers respond to and reveal their satisfaction and problem towards credit cards by credit card users. The objectives of this study are threefold: To examine the reasons for using credit card. To analyze the factors influencing satisfaction level of credit card users of different banks and to find out different problems faced by credit card users. The stratified convenient sampling technique was used to determine the size of sample. The sample size was 127. Primary data was used. The tools like simple percentage, Chi Square and weighted average methods were applied and the results were found to be statistically significant. Customers appeared to be generally satisfied with the use of their credit cards even though they have different views regarding other users.

INDEX TERMS - **Customers, Credit cards, Banks, Satisfaction and Problems**

Introduction

A credit card is a popular payment medium used by many people in this modern day. Credit card generally issued by a financial institution to give its holder a soft loan without collateral to be pledged. Credit cards have been portrayed as a modern customer lifestyle and show an increase in the standards of living. India is the fastest growing economies in Asia. However, the credit cards used remains limited. In the modern business, credit cards serve as a payment device for millions of regulation purchases as well as for many transactions that would be otherwise inconvenient. Credit cards normally charge interest and are one type of popular short-term debt financing among the public. Credit card has also become the primary sources of unsecured open-end revolving credit; they have replaced the installment purchase plans that were important to the sales volumes at many retail stores in earlier decades. The uses of credit cards have already become a convenient way to expand purchasing power.

STATEMENT OF THE PROBLEM

The present study is undertaken to know how far this service reaches the customers, their responses towards the using Credit Cards, their attitude towards the usage of the Cards and the various problem faced

by them in using the Card. This study made to know the extent of credit facilities available to the customers in various activities and their satisfaction towards such facilities.

OBJECTIVES OF THE STUDY

- To examine the reasons for using credit card.
- To analyze the factors influencing satisfaction level of credit card users of different banks.
- To find out different problems faced by credit card users.

METHODOLOGY

The data for this study have been collected from the primary source by using questionnaire. Owing to the location advantages, respondents belonging to Pollachi Taluk, Coimbatore District, and Tamilnadu state alone have been selected.

- ❖ Sample procedure
- ❖ Collection of data
- ❖ Analysis of data

SAMPLING PROCEDURE

Pollachi Taluk is the study area. A total of 127 respondents are taken as sample for this study. On the random basis, questionnaires were distributed to get the required data for this study.

COLLECTION OF DATA

The primary data required for the study have been collected through well designed questionnaire. Questionnaire was framed to collect information regarding personal details and impact of credit card usage among the respondents. A total of 150 responses were collected under convenient sampling technique from the entire Pollachi Taluk. Out of these 150 samples, 23 questionnaires were identified with irrelevant and unfilled responses and the final sample size for this research fixed to 127.

ANALYSIS OF DATA

The collected information were reviewed and considered and consolidated into a master table for the purpose of analysis. The data was further processed by doing statistical tools namely Simple Percentage, Chi-square Test and Weighted average rank method.

SIGNIFICANCE OF THE STUDY

The present study focuses on the perception of cardholders towards credit cards. The study was designed to gain a better understanding of the factors influencing possession of credit cards and cardholders satisfaction. The results of the study will be helpful to the bankers to analyses the extent of utilization of credit cards by cardholders and the level of awareness of bank customers about credit cards.

LIMITATIONS OF THE STUDY

- The data collected for the study is primary data, which is based on the questionnaire and hence the result would bear all the limitations of primary data.
- Due to time and cost factor only 127 customers were surveyed.
- Sometimes respondents did not cooperate and reluctant to answer the questions.

REVIEW OF LITERATURE

Merlin Ferrao, Amir Ansari (2011),in their study entitled "A Comparative Study on Credit card usage behavior across leading private sector banks". The main objective of the study is to know about the customer spending design towards financial institution credit cards. A sample of 150 respondents has been contacted for data collection by adopting convenient sampling method. Tools used for analysis are percentage analysis and chi-square analysis. The findings of the study recommended that banks should find ways to influence customer to use credit card on daily bases and work on it so that more and more customer will be using their credit card. They should try cover all expenses which occurs on daily bases.

Sudhagar.Dr (2012), in their study entitled "A Study on Perception and Awareness on Credit Cards among Bank Customers in Krishnagiri District". The study aims to examine the extent of usage of credit cards by card holders. The study decided to collect the data through multi stage sampling. Thus 300 bank customers were selected as the sample for analyzing customer awareness about credit cards. Statistical tools such as Chi-square Test, Multiple Regression, Discriminate Function Analysis, Analysis of Variance (ANOVA) and T test were used in the study. He found that extent of usage of credit cards is smaller among higher proportion of the card holders. Customers' satisfaction is found to be less because of high rate of interest. Customers perceived core services and facilitating services at higher level.

Phylis M. Mansfield, Mary Beth Pinto, Cliff A. Robb (2012), in this study on "Consumers and credit cards: A review of the empirical literature". The main objective of the study is to understanding consumer attitude towards credit cards and the determinants of credit card usage. Sample of 50 respondents using have been contacted by qualitative and quantitative research method. The statistical techniques like Chi-square and ANOVA have been used for the analysis. The outcomes of the study suggest that 80% of the people are satisfied with the services rendered by SBI with respect to Credit Card Service.

ANALYSIS AND INTERPRETATIONS

I. SOCIO-ECONOMIC PROFILE OF RESPONDENTS

To understand the customer satisfaction on credit card, first the socio economic status of the customers was studied and have been explained as follows by using Simple percentage.

TABLE NO: 1

DEMOGRAPHIC PROFILE

S.No	Determinants	No of Respondents (N=127)	Percentage (%)
1	**Age** Up to 20 years 21 - 30 years 31 - 40 years Above 40 years	15 51 37 24	11.8 40.2 29.1 18.9
2	**Place of residence** Rural Semi-urban Urban	56 25 46	44.1 19.7 36.2
3	**Gender** Male Female	75 52	59.1 40.9
4	**Educational Qualification** Illiterate Up to SSLC Up to higher secondary Graduate Post Graduate Others	5 7 10 52 50 3	3.9 5.5 7.9 40.9 39.4 2.4
5	**Marital Status** Married Unmarried	84 43	66.1 33.9
6	**Occupation** Public Sector Employee Private Sector Employee Business Professional Agriculturist Others	9 33 34 34 13 4	7.1 26.0 26.8 26.8 10.2 3.1
7	**Monthly Income** Below Rs.10,000 Rs.10,001 - Rs.20,000 Rs.20,001 - Rs.30,000 Rs.30,001 - Rs.40,000 Above Rs.40,000	14 42 30 23 18	11.0 33.1 23.6 18.1 14.2
8	**Family Income Per month** Up to Rs.20,000 Rs.20,001 - Rs.40,000 Rs.40,001 to Rs.60,000 Above Rs.60,000	39 33 34 21	30.7 26.0 26.8 16.5
9	**Number of Earning members** Below 2 members 2 - 3 members Above 3 members	41 85 1	32.3 66.9 0.8

10	**Number of Non- Earning members**		
	Below 2 members	43	33.9
	2 - 3 members	82	64.6
	Above 3 members	2	1.6
	Total	**127**	**100.0**

Most of the respondent are belong to the age group between 21 -30 years. The majority of 56 (44.1%) respondents residing in rural area. Majority 75 (59.1%) of the respondents are male .Majority of 52 (40.9%) of the respondents are Graduates. The majority of 84 (66.1%) respondents are married. The majority of 34 (26.8%) respondents are doing a business and professionals. The most 42 (33.1%) respondents monthly income is Rs.10,001 - Rs.20,000. The majority 39 (30.7%) respondents family income is up to Rs.20,000, Majority 85 (66.9%) respondents having 2-3 earning members are earning in their family and the majority of the 82 (64.6%) respondents family belong 2-3 members are non- earning category.

II. CREDIT CARD USAGE

A credit card is a payment card issued to users to enable the cardholder to pay a merchant for goods and services based on the cardholder's promise to the card issuer to pay them for the amounts so paid plus the other agreed charges.

TABLE NO: 2
CREDIT CARD USAGE

S.No	Determinants	No of Respondents (N=127)	Percentage (%)
1	**Name of the Bank**		
	Axis bank	14	11.0
	Bank of Baroda	8	5.6
	Canara Bank	9	7.1
	HDFC Bank	27	21.3
	ICICI Bank	8	7
	Indian Overseas Bank	21	16.5
	State Bank of India	40	31.5
2	**Type of Account**		
	Saving Account	90	70.9
	Current Account	26	20.5
	Fixed Account	9	7.1
	Recurring	2	1.6
3	**Know about Credit Card**		
	Bank Employees	71	55.9
	Friends	36	28.3
	Relatives	13	10.2
	Advertisements	7	5.5

4	**Types of Credit Card**		
	Visa	85	66.9
	Master Card	42	33.1
5	**Category of Credit Card**		
	Silver	63	49.6
	Gold	32	25.2
	Platinum	16	12.6
	Classic	15	11.8
	Others	1	0.8
6	**Duration of using Credit Card Services**		
	Less than one year	39	30.7
	1-2 years	55	43.3
	3-4 years	31	24.4
	More than 4 years	2	1.6
7	**Frequency of using the Credit Card**		
	Daily	15	11.8
	Weekly once	34	26.8
	Monthly once	75	59.1
	Others	3	2.4
8	**Basis of get Credit Card**		
	Saving account	53	41.7
	Current Account	28	22.0
	Fixed Deposit	21	16.5
	Income basis	25	19.7
9	**Place of Utilization of Credit Card**		
	Local	47	37.0
	Out Station	22	17.3
	Both	58	45.7
10	**Period of Repayment**		
	Below 20 days	67	52.8
	Above 20 days	41	32.3
	Installment	19	15.0
11	**Limit of the Credit Card Fund Usage**		
	Below Rs.20,000	46	36.2
	Rs.20,001 - Rs.35,000	56	44.1
	Rs.35,001 - Rs.50,000	22	17.3
	Above Rs.50,000	3	2.4
	Total	**127**	**100.0**

It could be seen from the table that the most of the customers, 40 (31.5%) of the respondents have preferred State bank of India. The most 90 (70.9%) of the respondents having saving account. Most of71

(55.9%) respondents know about credit card through their bank employees. The most 85 (66.9%) of the respondents have use Visa Card. The majority 63 (49.6%) of the respondents have using silver card. 55 (43.3%) of the respondents have 1-2 years using the credit card and 75 (59.1%) of the respondents are monthly once using credit card services. 53 (41.7%) of the respondents based on saving account to get credit card. The most 58 (45.7%) of the respondents have utilization of credit card through local area and our station. The most 67 (52.8%) of the respondents have paid payment in below 20 days. The most 56 (44.1%) of the respondents have used credit card limit as Rs.20,001 to Rs.35,000.

III.RANK THE PLACE OF USING CREDIT CARD FREQUENTLY

The researcher has gathered the information regarding the place of using credit card frequently like Airlines, Hotels , Restaurants , Buying durables, Retail outlets, Petrol bunks, Hospitalization / Medical emergencies, Holidays / Tourism, Payment of utility bills and Online shopping. In order to find out the most dominant factor which places of using credit card frequently, weighted arithmetic mean is computed.

It is clear that among the eleven factors, that Hotels has secured first rank, Restaurants has secured second rank, Petrol Banks has secured third rank, Retails Outlets has secured fourth rank, Airlines has secured fifth rank, Buying durables has secured sixth rank, Hospitalization / Medical Emergencies has secured seventh rank, Online Shopping has secured eighth rank, Holiday / Tourism has secured ninth rank, Payment of Utility bills has secured tenth rank and Others has secured last rank. It is inferred that, "Hotels" has score the first rank. In this analysis most of the respondents have using credit card in Hotels.

IV. LEVEL OF SATISFACTION ON USAGE OF CREDIT CARD

Customer's level of satisfaction on usage of credit card has been measured by assigning the scores to questions relating to credit card. These are the factors influencing satisfaction towards credit cards. Such as Wide acceptance of credit card, Convenient mode of payment, Reduce the risk of carrying cash, Annual percentage of rates / finance charge, Amount of annual / membership fee, Balance amount transfer facility, Credit card billing statements are accurate, Transaction processing is faster than Cheque, Easily track purchase record through monthly statement, Length of grace period, Late / penalty fee, Fixed / variable rate of interest for delay payment, Amount of credit limit allowed, Rewards using the credit card. Answers to the questions have been rated on five-point scale. The customers have been divided into three group as customers with low, moderate and high level of satisfaction. Of the 127 customers, 53 (41.7%) customers are with low level of satisfaction; 56 (44.1%) are with moderate level of satisfaction and the rest 18 (14.2%) customers are with high level of satisfaction.

TABLE NO: 4
LEVEL OF SATISFACTION ON USAGE OF CREDIT CARDS

S.No	Variables	D.f	Calculated $\chi\chi^2$ Value	Table value	Result
1	Name of the Bank	18	26.640	28.869	Not Significant
2	Type of Account	6	25.140	12.592	Significant
3	Know about Credit Card	6	17.915	12.592	Significant
4	Type of Credit Card	2	6.257	5.991	Significant
5	Category of Credit card	8	22.096	15.507	Significant
6	Frequency of using the Credit Card	6	3.802	12.592	Not Significant
7	Duration of using Credit Card Services	6	16.800	12.592	Significant
8	Basis of get Credit Card	6	20.590	12.592	Significant
9	Place of Utilization of Credit Card	4	4.386	9.488	Not Significant
10	Period of Repayment	4	3.232	9.488	Not Significant
11	Limit of the Credit Card Fund Usage	6	7.618	12.592	Not Significant

However, as the calculated χ^2 value is greater than the table at five per cent level, the null hypothesis is rejected. Therefore it is concluded that there is a significant association among type of account, know about credit card, type of credit card, category of credit card, duration of using credit card services, basis of get credit card and level of satisfaction on usage of credit card.

V.LEVEL OF PROBLEMS FACED BY CREDIT CARD HOLDERS IN THEIR CREDIT CARD USAGE

Customer's level of problems on usage of credit card has been measured by assigning the scores to questions relating to credit card. These are the factors influencing problems towards credit cards. Such as Activation Problems, Verification calls during activations of cards, Delay in issuing new card in place of lost card, Secret Passwords get smudge in the sheet, Poor response for the balance enquiry, Fraud in credit cards use, Helpline waiting time more (Consultancy Service), Refund is not provided, High Service Charge and Fake Calls Problems. Answers to the questions have been rated on five-point scale. The customers have been divided into three group as customers with low, moderate and high level of problems. Of the 127 customers, 61 (48.0%) customers are with low level of problems; 39 (30.7%) are with moderate level of problems and the rest 27 (21.3%) customers are with high level of problems.

TABLE NO: 5

LEVEL OF PROBLEMS ON USAGE OF CREDIT CARDS

S.No	Variables	D.f	Calculated $_\chi\chi^2$ Value	Table value	Result
1	Name of the Bank	18	23.655	28.869	Not Significant
2	Type of Account	6	23.053	12.592	Significant
3	Know about Credit Card	6	12.502	12.592	Not Significant
4	Type of Credit Card	2	10.837	5.991	Significant
5	Category of Credit card	8	12.998	15.507	Not Significant
6	Frequency of using the Credit Card	6	5.037	12.592	Not Significant
7	Duration of using Credit Card Services	6	13.975	12.592	Significant
8	Basis of get Credit Card	6	12.177	12.592	Not Significant
9	Place of Utilization of Credit Card	4	2.389	9.488	Not Significant
10	Period of Repayment	4	13.203	9.488	Significant
11	Limit of the Credit Card Fund Usage	6	13.717	12.592	Significant

However, as the calculated χ^2 value is greater than the table at five per cent level, the null hypothesis is rejected. Therefore it is concluded that there is a significant association between type of account, type of credit card, duration of using credit card services, period of repayment, limit of the credit card fund usage and level of problems faced by credit card holders in their credit card usage.

SUGGESTIONS

- The bank should minimize the verification call on the activation period of credit cards.
- The bank should reduce on credit card cost in order to allow clients acquire much of the cards for their business transaction.
- Banks should satisfy the expectations of card holders regarding the repayment to be done through net banking due to avoid service charges.

CONCLUSION

The growth of credit card culture in India has been predominant in the last few years. At the time of introduction the people does not welcome it, but today it is boon to all the mankind. This is mainly due to the card fee and interest charges to build a strong and sustained relationship with customers. The increased use of credit cards increases the purchasing and spending behavior of customers and would create a positive impact on the growth of business. So the immediate need is to take more effective measures so as to make Credit Card attractive.

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