

A study on factors behind use of credit cards among working women in Mumbai

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ABSTRACT

It is an obvious fact that today people are using more 'plastic money' as compared to 'carrying cash'. This 'plastic money' is available in the form of credit cards (and debit cards too). The main advantage of 'plastic money' is its easy availability, convenience and with increasing disposable income of people, the demand for the same has grown significantly. Credit cards are now used by all people irrespective of their occupation business or service. 'Understanding the usage pattern of credit cards by working women in Mumbai' is the topic of interest to this research paper. The demographic factors play a prominent role here as the use of credit cards is dependent on them. Some of these factors are age, education, occupation, monthly income and so on. For this research study, 105 sample respondents were chosen from selected area in Mumbai suburbs. All the respondents are between the age group from 18 years to 60 years. For the primary data researcher has used the questionnaire. Author has also formulated few hypotheses and used Chi Square test, to test them. It is concluded that demographic factors have influence on use of credit cards by working women.

KEYWORDS

Credit Card usage, Working Women, Plastic Money, Credit and Debit Cards.

DESCRIPTION OF RESEARCH PAPER (MAIN BODY)

Objective:

The main objective of this paper is to highlight findings of the study in the context of various factors behind use of credit cards among working women in Mumbai.

Methodology:

This paper is mainly based on primary data collected by the author. The articles which are published on various factors behind use of credit cards by people, about their usage and experiences have been studied for the study.

1. Introduction

A credit card is a monetary instrument that enables the cardholder to obtain goods and service without actual payment at the time of purchase. It is also popularly known as plastic money. (Dr. Subramanian S., 2018) [1] It can be said that a credit card is basically "Buy Now" "Pay Later" card provided to the customer. Now –a – days, in view of global business, the individual is not the icing. This will take the customer and banks edging their way towards cyberspace with innovative services taken to retain these customers. Today, banks offer

various financial services like 'internet banking', 'mobile-banking', 'payment of bills' on credit cards, ATM withdrawals which have had major impact on the economic growth besides leading to the reduction of transaction time and increased reach of banking and financial sector to sections of people previously not exposed to banking and financial services. Growing Popularity of Credit Card (*Singh and Iyer, 2016*)^[2] There is growing popularity of credit cards being used as a mode of payment as opposed to other modes of payment like cash and cheques. The credit card offers the users the benefit of acquiring goods and services without having the burden of carrying cash. It also offers access to credit without having to go through the elaborate paperwork involved in case of a loan.

As the credit card ownership and use has expanded around the world, credit cards have become a major source of financing consumer purchases as well as a method of money transmission. Credit cards serve two important functions for the consumers:

- A means of payment and
- A source of credit.

The popularity of credit cards as a payment medium has been attributed to convenience of not carrying cash, thus credit card usage particularly has been increasing in developing countries. At the beginning usage of credit cards had been very limited. However, later significant changes occurred in Indian credit card market. Credit card use and ownership have expanded very rapidly in India -mostly in upscale hotels and restaurants and retail stores, more so in major urban Centre's.

Number of debit and credit cards issued (*RBI, 2019*)^[3] According to RBI publication, India is second only to China in terms of number of debit cards issued and is a leader in growth. For credit cards, while the growth levels are good and better than all the benchmarked countries, the number of credit cards issued is not very significant when compared to the group.

Some of the findings as mentioned in the report are as listed below:

- During the year 2012, India had 331.60 million and 19.55 million debit cards and credit cards, respectively; which grew to 861.70 million and 37.49 million, respectively at the end of the year 2017.
- As on March 31, 2019 the number of debit cards and credit cards issued were 925 million and 47 million, respectively.
- In respect of debit cards, India is the second largest. An interesting fact is that while the debit cards issued were 861.70 million, as per the socio-economic profile, only 33% of the population reported having a debit card in 2017. This could be because of some persons having multiple cards and others none.
- In credit cards, while the growth is strong and better than all the benchmarked countries, there is still a lot of catching up to do so far as total number of cards is concerned.
- The reasons for low credit card usage in India are, (a) demand – where Indian households are traditionally oriented towards savings; (b) supply – with a majority of the labour force occupied in the

unorganized sector with the card issuers in all probability unwilling to take higher credit risks and (c) the Indian ethos to pay for goods and services on purchase instead of running up credit lines.

Share of debit and credit cards in payment systems (*Volume*) (*RBII, 2019*)^[3]. Debit and Credit cards made up 30% of India's payment systems volume in the year 2017. Based on the mix of the countries benchmarked, India is in the lower rung and ranks higher than only Germany and Indonesia. In terms of volume, however, India was moderate with a strong growth. As per the data available with the Reserve Bank, India's debit and credit card share was 25% of the payment systems volume in the financial year 2018-19. Across the world, now people are using cards for making payments more frequently even for smaller transactions. Though India's credit and debit card transactions are much lower than most countries, it had a remarkable CAGR (compounded annual growth rate) of 40% between 2012 and 2017. India is slowly and steadily moving away from cash for making payments at retail outlets. The volume of card payments grew by a CAGR of 40% from 880 million transactions in 2012 to 4800 million transactions in 2017. The growth was driven, in part, by more people holding debit and credit cards and growth in the number of point of sale (POS) terminals. Women & Banking: India's financial inclusion suffers from a gender gap (*Kohli, 2018*) [4.] Indian women score disproportionately low on ordinary functions such as savings and borrowings: of more than three-fourths who have a bank account, less than a fifth (16.7%) save formally, i.e., at banks. The World Bank recently published the results of its Global Findex Survey (2017), the third in the series from 2011. Findex surveys provide valuable information on financial inclusion and behaviours across countries. For India, the acceleration in account ownership (Jan Dhan Yojana) has already been highlighted, as has the extremely low utilization: 80% Indian adults now have a bank account—27 points higher than the 53% estimated in Findex 2014 round, which showed 17 points addition to the 2011 measure (36%). Findex 2017 estimates that 77% of Indian women now own a bank account against respective 43% and 26% in 2014 and 2011. On this basic measure of financial inclusion, females are more financially included than before. The male-female difference, or the gender gap, in account ownership narrowed to 6.4 percentage points in 2017; it was 19.8 in 2014.

2. Review of Literature:

- *Dewri et al. (2016)*^[5] investigated behavioral usage patterns of credit card users in the emerging economics and how the external factors are influencing the credit card users to use credit cards in their day-to-day life. The study found that there is a significant relationship among – earnings and usage of credit limit; different age group has diverse tendency to use credit card and repayment attitudes; profession and usage behavior of credit card; e-repayment attitudes to pay bill by different age groups.
- *Sriyalatha, Kumudini. (2016)*^[6] showed that the most influential variable on attitude towards credit card usage is card used intention followed by perceived usefulness and availability of information.

- *Themba. G and Tumedi .B.G (2012)* ^[7] The study found that credit card ownership and usage in Botswana are relatively high and that these appear to be influenced by consumer demographics and in particular income, age, education, gender and marital status as well as attitude towards debt.
- *(Bhakta, 2019)* ^[8] Credit card usage rides on digital push, grows 27%. Users spent around Rs 6 lakh crore using credit cards in 2018-19, up 30% from a year ago. India has primarily been a debit card market, as per RBI data. Unified Payments Interface (UPI) and mobile wallets have grabbed the attention of policymakers, but the increase in the number of credit cards is not only an indication of growing digital payments but also the expansion of retail borrowers in the ecosystem. The total transaction value on credit cards has also gone up. In 2018-19, consumers spent around Rs 6 lakh crore using their credit cards, 30% higher from the Rs 4.6 lakh crore in 2017-18
- *(RBI, 2019)* ^[3]. In the context of credit cards scenario in India, while the growth is strong and better than all the benchmarked countries, there is still a lot of catching up to do so far as total number of cards is concerned. The reasons for low credit card usage in India are, (a) demand – where Indian households are traditionally oriented towards savings; (b) supply – with a majority of the labour force occupied in the unorganized sector with the card issuers in all probability unwilling to take higher credit risks and, (c) the Indian ethos to pay for goods and services on purchase instead of running up credit lines.

3. Need of the Study

Statement of the Problem: The problem of this research is to find out any relation between the respondent and their usage of credit card. The purpose of this study is to develop a better understanding of the respondent usage of credit cards and the usage pattern.

4. Objectives of the Study

- To assess the awareness or use of credit cards by the working women in Mumbai.
- To study the usage pattern of credit cards by the working women in Mumbai.

5. Data Collection Method: This empirical research is basically based on Primary data collected by the author from various respondents. The respondents to this study are working women in Mumbai.

Methods and Materials:

- **Primary Data:** A structured questionnaire was prepared and distributed among youth people. Data collected from 105 respondents by online method (using questionnaire in Google Forms format).

- Secondary Data: The researcher gathered required information from various books, journals and published articles, besides gathering data from the Internet.

Tools used: Suitable statistical technique was used for testing the hypothesis.

6. Data Analysis: The data collected has been analyzed with the help of suitable statistical tests. Appropriate statistical techniques such as percentage and Chi Square test were used for hypothesis testing.

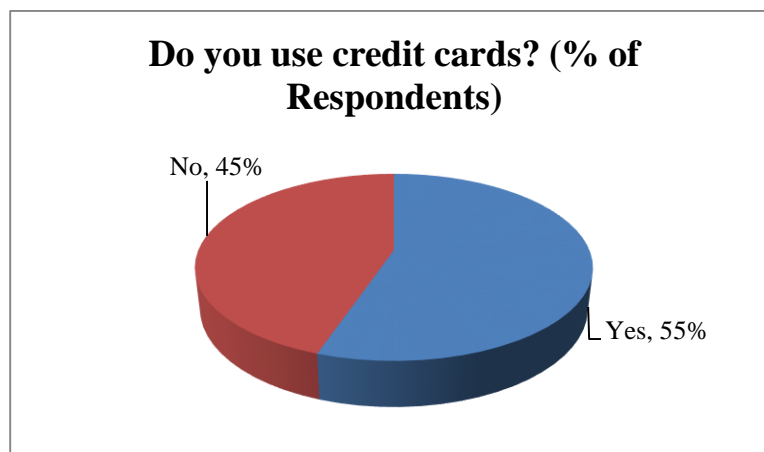
Hypothesis for the study are:

1. There is a significant relationship between age of the respondent and possession of number of credit cards (how many cards they have?) by the working women.
2. There is a significant relationship between education of the respondent and possession of number of credit cards (how many cards they have?) by the working women.
3. There is a significant relationship between monthly income of the respondent and possession of number of credit cards (how many cards they have?) by the working women. (It means that more the income, the respondent is likely to have more than one credit card.)
4. There is a significant relationship between occupation of the respondent and possession of number of credit cards (how many cards they have?) by the working women.

ANALYSIS OF SURVEY DATA: Understanding the views and opinions of the respondents is one of the most important aspects to be considered which helps in understanding their usage behaviour in the context of credit cards.

Use of Credit Cards: Views and opinions of the respondents show that the usage of credit cards largely depends on the demographic factors such as age, education, occupation and so on.

It is observed that out of the total respondents (n=105), about 55% of the respondents mentioned that they are using credit cards whereas remaining 45% of the respondents mentioned that they are not using credit cards.



The Table 1.1 shows details about some of the demographic profile of the respondents in the context of usage of credit cards by them.

Age-wise analysis of the respondents shows that about 72% of them belong to age group of less than 35 years and about 28% of them belong to age group of greater than 35 years.

Marital Status-wise analysis of the respondents show that about 55% of them are 'Married', about 36% of them are 'Unmarried' and about 7% of them are 'Married but now Single'.

Education-wise analysis of the respondents shows that about 22% of them have graduation, about 52% of them have post-graduation and about 26% of them have professional qualification.

Occupation-wise analysis of the respondents show that most of them (about 92%) are salaried or doing service / job and rest of them (about 8%) are in business.

Table 1.1 Demographic Profiles – Usage of Credit Cards (No. of Respondents)

	Do You use credit cards?			
	Yes	No	Total	In %
Age Group				
Upto 25 Years	14	11	25	24%
25-35 Years	26	24	50	48%
35-45 Years	12	11	23	22%
45-55 Years	5	1	6	6%
55 Years and above	1	0	1	1%
Total	58 (55%)	47 (45%)	105 (100%)	
Marital Status				
Married	35	23	58	55%
Unmarried	21	17	38	36%
Married but now Single	1	6	7	7%
Others	1	1	2	2%
Total	58 (55%)	47 (45%)	105 (100%)	
Education				
Graduation	15	8	23	22%
Post-Graduation	29	26	55	52%

Professional Qualification	14	13	27	26%
Total	58 (55%)	47 (45%)	105 (100%)	
Occupation				
Business	4	4	8	8%
Service	54	43	97	92%
Total	58 (55%)	47 (45%)	105 (100%)	

Source: Survey Data

Table 1.1 continued...

Table 1.1 Demographic Profiles – Usage of Credit Cards (No. of Respondents)

	Do You use credit cards?			
	Yes	No	Total	In %
Monthly Income				
Up to Rs. 15000/-	8	9	17	16%
Rs. 15001- 30000/-	17	16	33	31%
Rs. 30001- 45000/-	10	11	21	20%
Rs. 45001 - 60000/-	10	9	19	18%
Rs. 60001 and above	13	2	15	14%
Total	58 (55%)	47 (45%)	105 (100%)	

Source: Survey Data

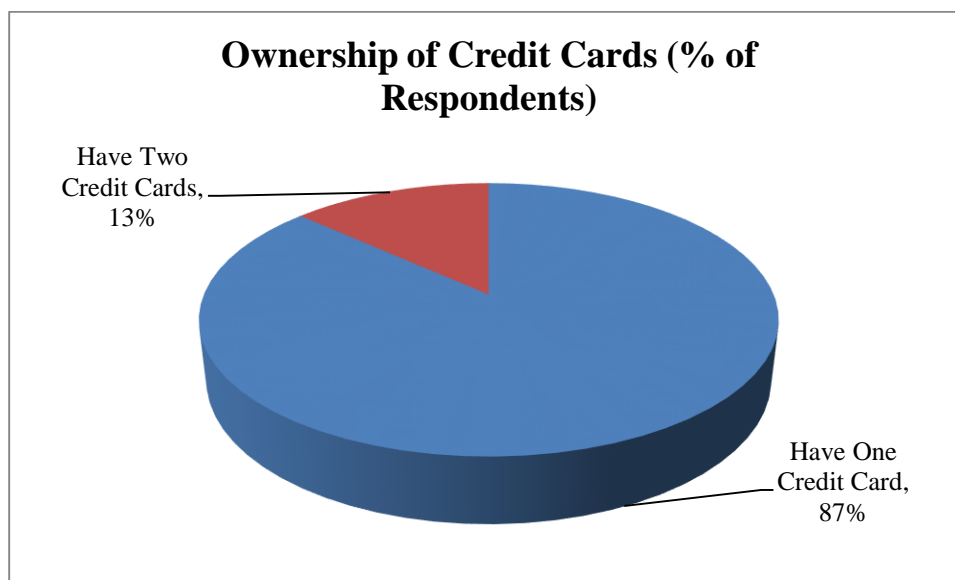
Monthly Income-wise analysis of the respondents shows they are with different income slabs. About 31% of the respondents are with monthly income of ‘Rs. 15001- 30000/-’ and about 20% of the respondents are with monthly income of ‘Rs. 30001- 45000/-’.

It is observed that across all demographic parameters, there is variation among respondents saying ‘Yes’ or ‘No’ as their responses.

Ownership or possession of Credit Cards

Views and opinions of the respondents show that possessing number of credit cards largely depends on the demographic factors such as monthly income, age, education, occupation and so on.

It is observed that out of the total respondents (n=105), about 87% respondents have one credit card whereas remaining 13% respondents have two credit cards.



The Table 1.2 shows details about some of the demographic profile of the respondents in the context of ownership of credit cards by them.

Table 1.2 Demographic Profiles – Ownership of Credit Cards (No. of Respondents)

	How many numbers of credit cards?			
	Have One Credit Card	Have Two Credit Cards	Total	In %
Age Group				
Upto 25 Years	25	0	25	24%
25-35 Years	42	8	50	48%
35-45 Years	20	3	23	22%
45-55 Years	4	2	6	6%
55 Years and above	0	1	1	1%
Total	91 (87%)	14 (13%)	105 (100%)	

Source: Survey Data

Table 1.2 continued...

Table 1.2 Demographic Profiles – Ownership of Credit Cards (No. of Respondents)

	How many numbers of credit cards?			
	Have One Credit Card	Have Two Credit Cards	Total	In %
Marital Status				
Married	46	12	58	55%
Unmarried	36	2	38	36%
Married but now Single	7	0	7	7%
Others	2	0	2	2%
Total	91 (87%)	14 (13%)	105 (100%)	
Education				
Graduation	19	4	23	22%
Post Graduation	49	6	55	52%
Professional Qualification	23	4	27	26%
Total	91 (87%)	14 (13%)	105 (100%)	
Occupation				
Business	6	2	8	8%
Service	85	12	97	92%
Total	91 (87%)	14 (13%)	105 (100%)	

Source: Survey Data

Table 1.2 continued...

Table 1.2 Demographic Profiles – Ownership of Credit Cards (No. of Respondents)

	How many numbers of credit cards?			
	Have One Credit Card	Have Two Credit Cards	Total	In %
Monthly Income				
Up to Rs. 15000/-	16	1	17	16%
Rs. 15001- 30000/-	33	0	33	31%
Rs. 30001- 45000/-	17	4	21	20%
Rs. 45001 - 60000/-	16	3	19	18%
Rs. 60001 and above	9	6	15	14%
Total	91 (87%)	14 (13%)	105 (100%)	

Source: Survey Data

It is observed that across all demographic parameters, there is variation among respondents in the context of their ownership of credit cards, whether they have one credit card or two credit cards.

HYPOTHESIS TESTING

Summary of Hypothesis Testing is as shown below.

Hypothesis	Hypothesis Description	Test Used	Inference
Hypothesis 1	There is a significant relationship between age of the respondent and possession of number of credit cards (how many cards they have?) by the working women.	Chi Square Test	Accepted
Hypothesis 2	There is a significant relationship between education of the respondent and possession of number of credit cards (how many cards they have?) by the working women.	Chi Square Test	Accepted
Hypothesis 3	There is a significant relationship between monthly income of the respondent and possession of number of credit cards (how many cards they have?) by the working women. (It means that more the income, the respondent is likely to have more than one credit card.)	Chi Square Test	Accepted
Hypothesis 4	There is a significant relationship between occupation of the respondent and possession of number of credit cards (how many cards they have?) by the working women.	Chi Square Test	Accepted

The details are as given below.

Hypothesis 1

Null Hypothesis

The two factors viz. age of the respondent and possession of number of credit cards are not dependent (i.e. they are independent).

Alternative Hypothesis

The two factors viz. age of the respondent and possession of number of credit cards are dependent.

Data from the Survey

Association between age of the respondent and number of credit cards they have

	Number of Credit Cards they have			
	One Credit Card	Two Credit Cards	Total	In %
Age Group				
Upto 25 Yr.	25	0	25	24%
25-35 Yr.	42	8	50	48%
35-45 Yr.	20	3	23	22%
45-55 Yr.	4	2	6	6%
55 Years and above	0	1	1	1%
Total	91	14	105	100%

Chi-Square Tests

	Value	df	P value Asymp. Sig. (2-sided)
Pearson Chi-Square Value (Statistics Value)	9.4357	4	0.0240
Critical Value of Chi-Square	7.8147	4	0.05

df= Degrees of Freedom

Above table shows results of the data about age group of the respondents and possession of number of credit cards. Results showed that Pearson Chi-square value (Statistics value) for association between them is 9.4357 at $df = 4$ which is greater than the critical value of chi-square (7.8147) at significant level 0.05 for $df = 4$. This indicates non-acceptance (i.e. rejection) of null hypothesis. This means that possession of number of credit cards is dependent on the age group of the respondents.

The alternative hypothesis stands accepted.

Hypothesis 2

Null Hypothesis

The two factors viz. education of the respondent and possession of number of credit cards not independent (i.e. they are dependent).

Alternative Hypothesis

The two factors viz. education of the respondent and possession of number of credit cards are independent.

Data from the Survey

Association between education of the respondent and number of credit cards they have

	Number of Credit Cards they have			
	One Credit Card	Two Credit Cards	Total	In %
Education				
Graduation	19	4	23	22%
Post -Graduation	49	6	55	52%
Professional Qualification	23	4	27	26%
Total	91	14	105	100%

Chi-Square Tests

	Value	df	P value Asymp. Sig. (2-sided)
Pearson Chi-Square Value (Statistics Value)	0.6588	2	0.7194
Critical Value of Chi-Square	5.9915	2	0.05

df= Degrees of Freedom

Above table shows results of the data about education of respondents and possession of number of credit cards. Results showed that Pearson Chi-square value (Statistics value) for association between them is 0.6588 at $df = 2$ which is not greater than (i.e. less than) the critical value of chi-square (5.9915) at significant level 0.05 for $df = 2$. This indicates acceptance of null hypothesis. This means that the two factors education of the respondent and possession of number of credit cards are not independent.

The null hypothesis stands accepted.

Hypothesis 3

Null Hypothesis

The two factors viz. monthly income of the respondent and possession of number of credit cards are not dependent (i.e. they are independent).

Alternative Hypothesis

The two factors viz. monthly income of the respondent and possession of number of credit cards are dependent.

Data from the Survey

Association between monthly income of the respondent and number of credit cards they have

	Number of Credit Cards they have			
	One Credit Card	Two Credit Cards	Total	In %
Monthly Income				
Up to Rs 15000/-	16	1	17	16%
15001- 30000/-	33	0	33	31%
30001- 45000/-	17	4	21	20%
45001 - 60000/-	16	3	19	18%
60001 and above	9	6	15	14%
Total	91	14	105	100%

Chi-Square Tests

	Value	df	P value Asymp. Sig. (2-sided)
Pearson Chi-Square Value (Statistics Value)	15.8170	4	0.0033
Critical Value of Chi-Square	9.4877	4	0.05

df= Degrees of Freedom

Above table shows results of the data about monthly income of the respondents and possession of number of credit cards. Results showed that Pearson Chi-square value (Statistics value) for association between them is 15.8170 at $df = 4$ which is greater than the critical value of chi-square (9.4877) at significant level 0.05 for

df= 4. This indicates non-acceptance (i.e. rejection) of null hypothesis. This means that possession of number of credit cards is dependent on the monthly income of the respondent. More the income it is likely that the respondent will have more than one credit card.

The alternative hypothesis stands accepted.

Hypothesis 4

Null Hypothesis

The two factors viz. occupation of the respondent and possession of number of credit cards not independent (i.e. they are dependent).

Alternative Hypothesis

The two factors viz. occupation of the respondent and possession of number of credit cards are independent.

Data from the Survey

Association between occupation of the respondent and number of credit cards they have

	Number of Credit Cards they have			
	One Credit Card	Two Credit Cards	Total	In %
	Occupation			
Business	6	2	8	8%
Service	85	12	97	92%
Total	91	14	105	100%

Chi-Square Tests

	Value	df	P value Asymp. Sig. (2-sided)
Pearson Chi-Square Value (Statistics Value)	1.0200	1	0.3125
Critical Value of Chi-Square	3.8415	1	0.05

df= Degrees of Freedom

Above table shows results of the data about occupation of respondents and possession of number of credit cards. Results showed that Pearson Chi-square value (Statistics value) for association between them is 1.0200 at $df = 1$ which is not greater than (i.e. less than) the critical value of chi-square (3.8415) at significant level 0.05 for $df = 1$. This indicates acceptance of null hypothesis. This means that the two factors occupation of the respondent and possession of number of credit cards are not independent.

The null hypothesis stands accepted.

7. Conclusion

It is observed that demographic factors (such as age, occupation, education and monthly income) have influence on the ownership of credit cards by working women in Mumbai. It also has influence on the use of credit cards by them.

As stated earlier, about 55% of the respondents mentioned that they are using credit cards whereas remaining 45% of the respondents mentioned that they are not using credit cards. As stated earlier, about 87% respondents have one credit card whereas remaining 13% respondents have two credit cards.

Some of the other findings are as listed below.

- Most of the respondents are of the opinion that getting the credit was easy for them.
- Most of the respondents mentioned that they are using 'VISA' cards.
- Most of the respondents are of the opinion that they get their credit card statements 'always' on time.
- With regards to 'Knowledge of terms and conditions offered by the bank', about 56% of the respondents mentioned that they have 'full information' about it.
- Most of the respondents said they are making their credit card payments before due date.
- With regards to 'Problems faced in getting Points redeemed/ Money back', about 56% of the respondents mentioned 'Yes' as their response.
- About 48% of the respondents were of the opinion that they are 'victim of faulty billing'. Though most of the respondents said that the issue was resolved immediately.
- In general, about 69% of the respondents were of the opinion that they have 'good' experience of using credit cards whereas about 21% of the respondents were of the opinion that they have 'very good' experience of using credit cards.

Based on the analysis of the data for this study it may be concluded that there is usage of credit cards by working women in Mumbai.

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