Study Of Credit Card Usage By Businessman In India.

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CHAPTER 1
ABSTRACT

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India, one of the fastest-growing economies globally, exhibits a significant gap in accessing formal credit compared to advanced nations. To bridge this gap, banks and financial institutions are introducing new payment products and systems to enhance credit accessibility. Credit cards have emerged as a prominent instrument in facilitating credit access, witnessing widespread issuance and usage, thereby altering the traditional debit card-centric narrative. This paper conducts a sectoral analysis of the credit card industry in India, focusing on the top three issuers: HDFC Bank, SBI Cards, and ICICI Bank. Through secondary data analysis and SWOT analysis, the study highlights the industry's growth, challenges, and opportunities. While credit card usage has surged, security concerns persist, necessitating cautious usage to avoid debt traps. Furthermore, the study explores consumer behavior factors influencing credit card usage, emphasizing perceived usefulness and perceived risk. Despite economic growth, personal bankruptcies due to overspending and interest accumulation remain prevalent, underscoring the importance of responsible credit card usage. The paper also discusses credit card usage trends in other developing countries like Bangladesh and explores the evolving landscape of credit card markets globally. Finally,

it examines India's progress towards financial inclusion through digital payments, emphasizing the role of credit cards in achieving a cashless economy.

Key words: Banking, Banking services and Credit Card

CHAPTER 2
INTRODUCTION

BANK SERVICE TOWARDS CREDIT CARD

INTRODUCTION

The banking boom of the early 90s, the poor branching of some banks and but the reforms in the economy drastically changed the way they organized their operations as customer orientation became paramount and banks opened up their wallets to help consumers improve their lives. Today, the customer has choices; One such product is cards for their customers. Credit card system, one can get a credit card from a bank with a fixed credit limit according to the bank based on its income, the bank will also contract with retail outlets across the country, almost everyone will be covered side by side with human needs, from hotels and restaurants to departments. shops, petrol stations, textile shops, railroads, airlines and jewelery stores for credit card sales and sales vouchers/invoices for cardholders face time making that card signal and making purchases from the affiliated member merchants Charge bills / bills of sales, which show that purchases made by cardholders are remitted by retailers to the paying banks, the purchase charges a it is deducted directly on the commission of the cardholder and in due course the bank, collects the amount from its cardholders They have the option to settle their monthly account in full or take a loan and pay a specified minimum amount each month.

CHAPTER 3 statement of the problem

STATEMENT OF THE PROBLEM

"The global acceptance of credit cards can be gauged by the growing interest shown by governments. Many countries have enacted laws to protect the interests of credit card users." Banks also play an important role in shaping the national economy. The banking sector of India is also contributing to the development of the country by issuing innovative payment methods and bringing significant changes in the lives of the citizens. Traditional industries are slowly paving the way for new and better products and services. The "debate about moving to a country with no money and no money" already exists. The traditional way of handling money is undergoing a massive transformation in ECS and 'plastic money' is the only way to handle it online. High-value plastic coins displaced traditional currency in most urban areas. People use credit cards, debit cards, ATM cards, merchant cards so much that "BEST agencies have introduced smart cards in Mumbai" so that there will be no need to pay bus fare with cash and rupee notes.

CHAPTER 4
NEED OF THE STUDY

NEED OF THE STUDY

Today, Indian consumers are using bank credit cards more than ever. There are at least ten major banks providing credit cards to their customers as well as non-banking companies that operate their own credit cards in India While the number of credit card users is increasing and is an area of research essential to better understand customers, this can also help banks create better marketing strategies out there and is trying to change the lifestyle of people around the world, especially with this one thing, namely credit card, which universal all agree. National and international debt instruments have boosted the tourism sector worldwide. No economy today can turn a blind eye to the widespread use of credit cards.

CHAPTER 5

REVIEW OF LITERATURE

REVIEW OF LITERATURE

Zinman (2022) supplements this study by investigating how consumers' choices between credit and debit cards respond to the prices of payment instruments. Debit cards offer similar attributes to credit cards like acceptance, security, portability and time costs. The pecuniary cost of a marginal credit card charge is the key economic difference between debit and credit for many households. The data were taken from 2005-2020 Surveys of Consumer Finance which represents a cross-section of over 2000 US households. The estimate shows that credit card revolvers are at least 21% more likely to use debit cards than convenience users, conditional on a rich set of proxies for transaction demand and preferences. Moreover, other implicit prices on credit card payments lead to the more debit card use for credit card revolvers who are facing relatively high marginal cost on marginal credit card charges or binding credit limit constraint[6].

Bernthal (2021) suggest that credit cards have the capacity to propel customers towards a lifestyle. The credit cards convey certain values and lifestyle patterns about the users. The study revealed that credit card use enable customers to attain desired lifestyle. An individual's controlled and uncontrolled use of credit card depends on "internationalizing of ideologies of entitlement and frugality". The credit card use involves aspiring to become someone or adopting a certain lifestyle[7].

OBJECTIVES OF THE STUDY

- To study the familiarity of the respondents with the credit card services offered by the banks.
- Learn how to use credit cards for cardholders in the study area.
- To understand the perception of the respondents on the level of satisfaction in using credit cards.
- To find out the perception of problems faced by credit card holders.

RESEARCH METHODOLOGY

- Sample size - 250

- Respondents – Credit card holders

- Sampling Method - Stratified random sampling method

- Sample Plan - Interview schedule (Google form)

- Study area – Coimbatore

- Data analysis - SPSS (IBM 25.0)

Table 1
Distribution on Sample Size

Sl.no	Category	MASTER	VISA	DINERS	MERCARD	CANCARD	Total
1	ICICI	11	10	10	10	10	50
2	AXIS	9	10	10	10	10	50
3	HDFC	10	10	10	10	10	50
4	Indian Bank	12	10	10	10	10	50
5	State Bank	18	10	10	10	10	50
	Total	50	50	50	50	50	250

Source: Primary Data

LIMITATIONS OF THE STUDY

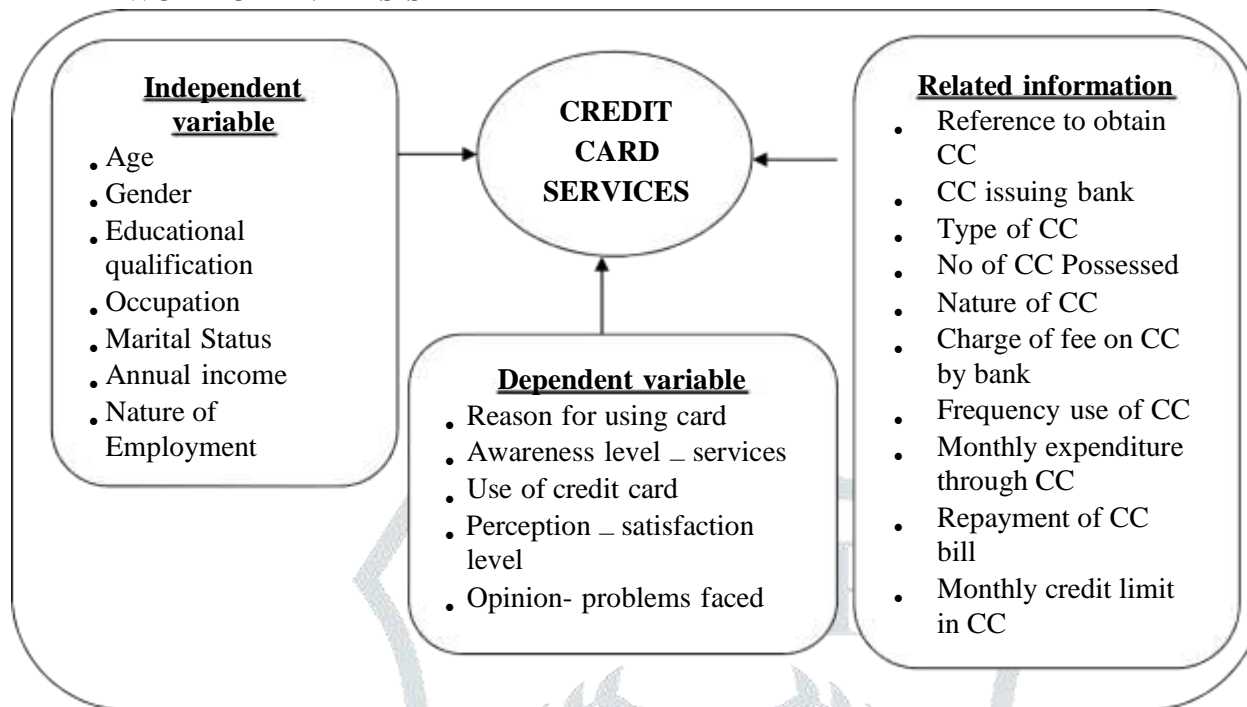✝ The study is confined to the respondents of Coimbatore only.

✝ Due to time constrain , the research period was limited so only 5 banks were taken for the study

✝ The primary data were collected through interview method which is subjected to recall

bias.

FRAMED HYPOTHESIS

Ho: There is no significant relationship between the independent variables of respondents and dependent variables of

respondents.

FRAMEWORK OF ANALYSIS

Independent variable
- Age
- Gender
- Educational qualification
- Occupation
- Marital Status
- Annual income
- Nature of Employment

CREDIT CARD SERVICES

Dependent variable
- Reason for using card
- Awareness level – services
- Use of credit card
- Perception – satisfaction level
- Opinion- problems faced

Related information
- Reference to obtain CC
- CC issuing bank
- Type of CC
- No of CC Possessed
- Nature of CC
- Charge of fee on CC by bank
- Frequency use of CC
- Monthly expenditure through CC
- Repayment of CC bill
- Monthly credit limit in CC

ANALYSIS OF DATA

Profile of respondents

Table 2

Distribution on demographic profile of the respondents (Majority)

Sl.no	Particulars	Majority	Number of respondents	Percentage
1.	Age	36-45 years	132	52
2.	Gender	Male	144	58
3.	Educational qualification	Postgraduate	119	48
4.	Occupation	Professionals	75	30
		Employees	75	30
5.	Marital status	Married	154	62
6.	Annual income	9L and above	123	49
7.	Nature of employment	Permanent	131	53

Source: Primary Data

ANALYSIS ON RELATED INFORMATION

Table 3

Distribution on Related information of the respondents (Majority)

Sl.no	Particulars	Majority	Number of respondents	Percentage
1.	Reference to obtain CC	Bank employee/Agent	127	51
2.	CC issuing bank	ICICI AXIS	49	20
		HDFC	51	20
		Indian Bank	50	20
		State Bank	48	20
			50	20
3.	Type of CC	MASTER	50	20
		VISA	52	20
		DINERS	50	20
		MERCARD	54	20
		CANCARD	53	20
4.	No of CC Possessed	2	159	64
5.	Nature of CC	Premium (Gold/Platinum)	122	49
6.	Charge of fee on CC by bank	Upto 900	149	60
7.	Frequency use of CC	It is varied in nature	145	59
8.	Monthly expenditure through CC	10000-30000	143	57
9.	Monthly credit limit in CC	Above 30000	157	63
10.	Repayment of CC bill	Entire balance	165	67

Source: Primary Data

ANALYSIS ON DEPENDENT DATA
Reason for using credit card

Table 4

Distribution on Use of credit cards

Sl.no	Uses	Mean	SD	Rank
1.	To avoid carrying cash	4.40	1.19	IV
2.	To purchase more	**1.89**	1.79	**I**
3.	To pay later	1.94	1.55	II
4.	To avail the offers given in cards	2.18	1.19	V
5.	It is a status symbol	1.97	1.45	IV
6.	Easy shopping	1.94	1.55	II

Source: Computed Data

Table 5.a
Distribution on Awareness level of respondents towards the services provided by the Banks

Sl.no	Awareness Level	FA	A	NU	NA	FNA
Brands of Credit Cards						
1.	BoB Card	48	148	17	33	5
2.	Can Card	52	165	15	13	6
3.	HDFC Card	45	153	32	17	3
4.	ICICI Card	72	141	26	9	5
5.	SBI Card	39	125	32	41	11
Conditions, Charges And Services						
6.	Credit limit granted is based on income / financial status / repaying capacity	56	37	94	33	35
7.	Annual fee is to be paid	32	142	68	6	3
8.	Charges are imposed on services	45	113	41	34	15
9.	Cash withdrawal facility of allowed within a given limit	46	83	82	29	11
10.	Interest free credit period is Allowed	112	88	34	11	7
Benefits of Credit Cards						
11.	Credit card is convenient mode of Payment	19	101	63	36	33
12.	It reduces the risk of carrying cash	59	166	18	2	3
13.	It has wide acceptance	44	93	55	33	32
14.	Free accident insurance is there, for the cardholders	29	96	34	79	13
15.	ATM facility is available for cash Withdrawal	57	86	67	32	18

Source: Computed Data

Table 5.b
Distribution on Rank

Sl.no	5	4	3	2	1	Total	WAS	Rank
1.	243	595	48	63	5	957	64	VI
2.	265	664	46	23	5	1001	67	IV
3.	228	618	95	34	3	973	65	V
4.	347	568	74	17	5	1013	68	II
5.	191	501	92	85	12	886	59	VIII
6.	273	146	281	67	33	796	53	XIII
7.	157	572	201	13	3	944	63	VII
8.	221	453	122	73	16	884	59	VIII
9.	235	334	245	55	10	881	59	VIII
10.	554	352	96	23	7	1035	69	I
11.	87	401	183	75	34	781	52	XV
12.	287	672	54	3	3	1026	68	II
13.	213	366	153	67	31	831	55	XII
14.	140	378	113	153	13	798	53	XIII

| 15. | 273 | 330 | 192 | 58 | 20 | 874 | 58 | IX |

Source: Computed Data

Table 6
Distribution on Use of credit cards

Sl.no	Uses	Mean	SD	Rank
1.	Bulk purchases	1.98	2.43	I
2.	Small purchases	4.81	1.45	IX
3.	Groceries	3.72	1.81	V
4.	Durable goods	2.54	2.20	II
5.	Clothing	3.45	1.88	IV
6.	Personal Belongings	4.33	1.73	VII
7.	Fuels	3.17	2.17	III
8.	Payment of utilities (Electricity, Phone, etc.)	4.88	1.20	X
9.	Valuables	3.93	1.76	VI
10.	Entertainments	4.99	0.62	XII
11.	Electronic Goods	4.51	1.62	VIII
12.	Travel and Food	4.88	1.20	X

Source: Computed Data

Table 7.a
Distribution on the perception statements related to your satisfaction level of using credit card

Sl.no	Perception	SA	A	NA	DA	SDA
1.	The credit card issued to me is visually appealing	125	84	27	3	2
2.	The card issued to me is modern looking	94	81	52	13	4
3.	Every time I need a service from bank, it is delivered correctly	67	101	43	31	8
4.	The staff of the bank is knowledgeable and Upto-date	78	95	45	28	13
5.	The staff of the bank is always willing to help	114	83	35	10	6
6.	Behavior of the bank staff is polite	59	86	76	24	7
7.	The staff gives individual attention to my needs	174	67	4	2	1
8.	The bank has operating hours convenient for me	116	102	16	9	5

Source: Computed Data

Table 7.b
Distribution on Rank

Sl.no	5	4	3	2	1	Total	WAS	Rank
1.	643	351	85	6	2	1087	73	II
2.	482	321	167	27	4	1000	67	V
3.	336	400	132	61	8	937	63	VI
4.	385	373	130	43	15	946	63	VI
5.	577	332	105	20	6	1043	70	IV
6.	301	337	225	48	7	918	61	VIII
7.	876	271	12	4	1	1164	78	I
8.	587	411	47	19	5	1068	71	III

Source: Computed Data

Table 8.a
Opinions of the Respondents about the Problems faced by Use of Credit Cards

Sl.no	Opinion (Problems)	SA	A	NA	DA	SDA
1.	Undue Completion among Banks	128	88	28	2	3
2.	Increase in Unnecessary Consumption	116	84	36	8	7
3.	Decline in Savings	68	100	44	30	9
4.	Conditions are not Transparent	77	94	44	21	15
5.	Interest Rate is too High	96	81	56	13	5
6.	Penal Charges are too High	60	85	75	23	6
7.	Unable to Control Consumption	175	68	4	2	1
8.	Minimum Purchase Level is Unnecessary	118	102	16	9	5
9.	Commission for Card Use in Unnecessary	111	89	33	11	6
10.	Credit Card Market is not Regulated	120	102	19	6	2

Source: Computed Data

Table 8.b
Distribution on Rank

Sl.no	5	4	3	2	1	Total	WAS	Rank
1.	642	351	85	5	3	1086	72	II
2.	578	335	107	16	7	1043	70	V
3.	338	400	133	59	9	938	63	VIII
4.	386	375	131	42	15	948	63	VIII
5.	479	323	167	26	5	1000	67	VII
6.	302	339	226	47	6	920	61	X
7.	877	270	11	3	1	1164	78	I
8.	588	409	47	19	5	1068	71	IV
9.	554	356	100	21	6	1037	69	VI
10.	602	409	56	13	2	1082	72	II

Source: Computed Data

TESTING OF HYPOTHESIS

Table 9
Distribution on Chi-square @ 5% and 1% level of significance

Dependent variables	Independent variables	Chi-square value	Result
Reason for using credit card	Age	12.62	Significant
	Gender	11.37	Significant
	Educational qualification	13.24	Significant
	Occupation	11.37	Significant
	Marital status	13.99	Significant
	Annual income	12.62	Significant
	Nature of employment	12.00	Significant

Source: Computed Data

Table 10
Distribution on (Rotated Factor Analysis)

Opinion/Perception	P-S:1	P-S:2	P-S:3	P-S:4	P-S:5	P-S:6	P-S:7	P-S:8	h2
O-P:1	0.425	0.665	0.316	0.655	0.684	0.613	0.677	0.581	0.747
O-P:2	0.925	0.373	0.941	0.574	0.051	0.210	0.082	0.121	**0.928**
O-P:3	0.858	0.358	0.970	0.523	0.082	0.073	0.161	0.250	0.915
O-P:4	0.694	0.078	0.909	0.521	0.071	0.358	0.102	0.760	0.703
O-P:5	0.058	0.694	0.330	0.073	0.147	0.263	0.061	0.241	0.674
O-P:6	0.909	0.330	0.373	0.065	0.650	0.106	0.186	0.128	0.903
O-P:7	0.888	0.246	0.979	0.145	0.650	0.060	0.063	0.159	0.911
O-P:8	0.783	0.512	0.964	0.447	0.471	0.570	0.130	0.134	0.492
O-P:9	0.065	0.327	0.265	0.366	0.383	0.585	0.152	0.073	0.499
O-P:10	0.894	0.275	0.980	0.123	0.060	0.080	0.066	0.052	0.763
Eigen Value	4.073	2.147	3.263	**4.160**	3.548	3.648	2.003	2.108	
Percentage of variation	7. 008	7. 007	7.045	19.525	8.199	7.864	17.207	7.001	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalisation, A Rotation converged in 12 iterations									

Source: Computed Data

FINDINGS OF THE STUDY

Profile of respondent: To study the respondents the following questions such as age, gender, educational qualification, occupation, marital status, annual income and job characteristics were asked. It was found that the age group below 36-45 years showed the majority 130 (52%) respondents, and 145(58%) male gender, 120(48%) post-graduates of educational qualifications, business professionals and professionals 75 (30%) followed.) each, marital status married 155(62). %), annual income 9L and above 123 (49%) and permanent employment characteristics 133 (53%).

Related information: Several interviews were conducted to understand the context for the study. It has been shown that in the reference category of CC respondents majority of respondents goes to bank employees/representatives which is 128 respondents (51%), followed by CC which includes banks ICICI, Axis, HDFC, Bank of India and State Bank with 50(20)% each, CC MASTER, VISA , DINERS, MERCARD and CANCARD TYPE 50(20%) EACH, . CC Possessed 2 160 (64%),

Nature of CC Premium (Gold/Platinum) 123(49%), CC fee charged by bank up to 900 150(60%), Frequency of CC use varies with in his characteristics 146(59%), monthly expenses by CC 10000 -30000 143(57%), monthly loan limit at CC 30000 above 158(63%) and total remaining CC repayments 168(67%)

Ranking

Weighted Average:

Awareness level – To understand the awareness level of respondents it was sub categorised as Brands of Credit Cards, Conditions, Charges and Services and Benefits of Credit Cards. It was found that Interest free credit period is allowed was ranked first followed by ICICI Card It reduces the risk of carrying cash. Thus it can be concluded that respondents have a good awareness level on all aspect except the level changes.

Satisfaction level – To know the satisfaction level towards the perception of respondents on the services provided by the banks it was identified that The staff gives individual attention to my needs was ranked first followed by The credit card issued to me is visually appealing and The bank has operating hours convenient for me. Thus it is very clear that banks are providing a satisfied level of service to their credit card holders.

Opinion towards problems faced – To find out the problems faced by credit card holders it was found that Unable to Control Consumption was ranked first followed by Undue Completion among Banks, Credit Card Market is not Regulated and Minimum Purchase Level is Unnecessary. Thus it can be concluded that in spite of bank taking steps for credit card holders there are few problems and it was also found that these problems are just opinion.

Simple Ranking:

Reason for using credit card – Under this it was found that To purchase more was ranked first followed by Easy shopping and To pay later.

Use of credit cards – It was found that Bulk purchases was ranked first followed by Durable goods, Fuels and Clothing.

Testing of Hypothesis

Chi-square: The value of the chi-square statistics for independent variables and dependent variables is that the p value is less than the designated alpha level (0.05), therefore the null hypothesis is rejected and the alternative hypothesis accepted [H_a: There is significant relationship between independent variables and dependent variables] is accepted. It is concluded that there is a significant relationship between independent variables and dependent variables in the study area.

Factor Analysis: For depicting the correlation matrix between dependent variables, It is found that the highest absolute loading (h2) is observed as 0.928 which is **O-P:2**, it is also found that the Eigen value showed highest value of 4.160 on **P-S:4** which means that this factor has stronger association with the variable compared to the other variables ,it is also noted that there are only positive loading between the variables.

SUGGESTIONS and RECOMMENDATIONS

- The rate of interest levied normally range 2.5% to 5% or Rs.75 that can be reduced to increase the number of cardholders to the bank.

- It is suggested that Photo Card can be provided to the cardholders. Hence it can avoid many fraudulent activities and it would be helped in case of loss of Credit Cards.

- Many of the cardholders are attracted with the insurance coverage provided in the Credit Card. It is found that there exists delay in the insurance coverage payment to the cardholders. Therefore, this term may be proper consideration to avoid misattitude of the cardholders.

- The service centers are now a day increased in many areas to attract the customers.

    This is an appreciable one. Still, there are many cardholders who don't receive the service properly. This is to be noted for such the customers' satisfaction is the boon to the marketing.

- It is found that Additional Card introduced by the Banks in India attracted many customers. This is an appreciable one. Still, there are many cardholders who hesitate to get Additional Card due to the card fee, which is Rs.250 or Rs.500. To increase the number of cardholders to the bank the card fee to be reduced.

- In the study we found that most of the customers hold Credit Card for the withdrawal of cash. They do not use the card for the booking of railway ticket, this is due to the surcharge levied which runs to Rs.30 + 2.5%. So the Banks should try to reduce the charge.

- The credit period can be extended from 50 days and cash limit can also be extended from Rs.12, 000 which help the business people to utilize the Credit Card.

CONCLUSION

Credit Card has performed well to the needs of the people. At the time of introduction the people does not welcome it, because it is mostly used for particular activities only, but today it is boon to all the mankind. In India the entry of Credit Card is success due to the join hand of GE Capital and State Bank of India, no doubt but still Credit Card consciousness is lacking among many people. This is mainly due to the card fee and interest charges. So the immediate need is to take more effective measures so as to make Credit Card attractive. Such an attempt will enable Credit Card to achieve greater heights in banking sectors. Majority of the respondents hesitated to comment on the statement "Plastic money leads to debt trap.

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