

“A study on Customer Perception Towards Credit Cards Usage”

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Abstract

Credit card is a tiny plastic card used by the customers as a system of payment. It allows its customers to shop any kind of product and services. The credit card facilitates the user with a revolving account which helps its customers borrow money from the bank in case of a purchase. The main objective of the study is to find out the satisfaction of customers with respect to credit card usage. Primary data is been employed throughout the study. For the purpose of the primary data analysis we have collected 300 samples from Coimbatore. On the basis of the sample, level of satisfaction of the customer towards credit card is found out.

Keywords: Credit Card, Services Supported, Primary Data

Introduction

A credit card is a payment card provided to the customers for a payment of goods and services, based on the cardholder's promise to the card issue to pay them for the agreed charges in addition to the amount provided by the bank. The bank provides a revolving account to the customer for a purchase or for payment to the merchant and it is considered as borrowed money and it has to be returned within a given due date. A charge card is something that requires the balance to be repaid in full each month and it is different from a credit card. In contrast, credit cards allow the consumers to pay the debt in dues with its interest charged.

A cash card is something that can be used like currency by the card holder. A credit card made of plastic which represents a line of credit. A line of credit is an account in which you can borrow money repeatedly. In most cases, customers give more preference to credit cards in comparison to line of credit. They prefer fund providers like chase or Citibank. You will usually have more than one issuer for single card. A certain period of time will be given to you to pay back the borrowed money from the date of application. Then you can swipe your card as needed to spend money out of the money you spend on a credit card has to be paid back. If you fail to repay the payments within the given time, you will have to pay the interest and extra charges.

Literature review:

1. **Yeo Jung Sang (1992)**¹², this thesis is based on the attitude and behaviour of card holders towards credit cards. The researcher had employed dichotomous multi nominal logic way of analysis to figure out the demographic features of customers like age, education level, size of the house hold, income level, number of bank card holdings, store card holdings, relative interest rate, and relative membership fee. The study concluded that the effects of the explanatory variables were significant except the number of store card holdings.

2. **Parimala (2001)14**, in her Ph. D. thesis described the level of marketing done in credit cards in Trichirappalli. Her major findings are not sufficient to get the complete details as the cardholders were not aware of all services offered by the issuers because of lack of sufficient advertisement and publicity. The suggestions given in her study to overcome these reasons for less awareness and reduce charges for penalty, interest, annual charges are very helpful for growth and expansions of credit cards market.
3. **Swarnalatha (2002)15**, in her Ph. D. thesis highlights the services rendered in credit cards. The study based on the view of the card holders of various banks in Chennai city. This research concluded that, based on the hypothesis, customers who hold single cards are less satisfied when compared to multiple cardholders. Further the study also resulted that there are customers who have cards in both Indian and foreign banks are seen to be more aware of the services and have greater satisfaction.
4. **V. K. Anitha (2003)17**, in her study analysed the purchasing standards of customers and their satisfaction level towards credit cards with regard to the services offered by City Bank through its agencies and their functioning. The Merchant Establishments should be encouraged to accept more cards as a part of sales promotion. It was concluded that the service centres must maintain good and healthy relationship with their customers so that they could sort out their problems if any and could clarify their doubts.
5. **Mandeep Kaur (2011)20**, the study examines the point of view of credit card users as well as member establishments towards the usage of plastic money. It focuses on some important aspects in usage such as challenges experienced by customers and bankers, value attribution to plastic money adaptation and some factors influencing them to use plastic money. It also analyses the current position and trends of plastic money in India.
6. **Sudhakara, A. M. (2012)21**, this thesis aims to review the technological progress made by the banking industry in India in ensuring the security to its customers in the light of continuous cyber race between creators of security standards and the fraudsters who hack such security standards.

Objectives:

- To analyze how the credit cards are useful among the business people.
- To study about the awareness and safety among the customers.
- To ascertain the frequency of using credit cards and the benefits perceived by users.
- To identify the main problems faced by the credit holders.
- To find out the satisfactory level of card holders towards credit cards.

Sample area, size and design:

The study has been conducted using convenient sampling technique. 104 responses have been collect from the respondents and Coimbatore city is been taken for the study. The primary data are those which are collected as fresh for the first and they happen to be original in chapter to analyse the study, the research had adopted structure questionnaire, which contained multiple choice to be possible. The data collected was analyzed using the tool like Percentage Analysis and Weighted Average method.

Table 1: Percentage Analysis

PERCENTAGE ANALYSIS	GROUP	FREQUENCY	PERCENTAGE
Age	23-26	81	78
	27-29	18	17
	30-35	5	5
	35 above	0	5
Annual Income	40000	28	27
	50000	17	16
	60000	23	22
	70000	25	24
	Above 70000	11	11
Gender	Male	60	58
	Female	44	42
Best value provided by the bank	Quality of service	35	34
	Technology used	38	36
	Location	20	19
	Type of the bank	11	11
Usage of credit card most often for	Shopping	46	44
	Restaurant	27	26
	Fuel Purchase	18	17
	Other Expenses	13	12
Credit card requirements	0	24	23
	1	41	39
	2	27	26
	More than 3	12	11
Category of bank	Public Sector	40	40
	Private Sector	62	60
Procedure for applying credit cards	Applied for own purpose	40	38
	It was given to me by my organization	21	20
	I use a supplementary credit card	25	24
	Others	18	17
Usage of credit cards in other country	Yes	64	61
	No	40	38
Usage of credit card per day	Daily	12	11
	2-3 times	43	41
	Once a week	24	23
	Monthly	25	24
Credit card transaction by the respondents	0-1	36	35
	1-2	36	35
	3-4	28	27
	More than 4	4	4
Credit card usage	I only use domestic credit	26	25

habits by the respondents	cards		
	I only use foreign credit cards	29	28
	I use both of them	35	34
	Others	14	13
Type of credit cards owned by the respondents	Visa	24	23
	Master card	47	45
	American Express	15	14
	Others	18	17
Preference of credit cards by the respondents	High rate of interest	26	25
	Limited acceptability	39	37
	Limited area wise liquidity	26	25
	Others	13	12
Usage of current credit card type	Silver	18	17
	Gold	42	40
	Platinum	20	19
	Signature	24	23
Need of credit cards	Offend purchasing	29	28
	Transformer of more cash	55	53
	Payment of cash on time	20	19
Usage of credit cards at any time	Medical expenses	14	13
	Travelling expenses	42	40
	Purchase	37	36
	Others	11	11

Table 2: Ranking Analysis

PARTICULARS	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
Minimize cost of transaction	57	27	12	3	5
Save time	15	49	28	6	6
Minimize the inconvenience	15	34	41	9	5
Provide up to date information	17	33	33	18	3
Facilities quick response	11	40	34	7	12

Improve service quality	17	38	33	10	6
Minimize the risk of carrying cash	27	34	27	12	4

Findings:

Percentage analysis:

- Majority (78%) of the respondents belong to 23-26 years of age.
- Majority (27%) of the respondents earn an average annual income of Rs. 40,000
- Majority (58%) of the respondents are male
- Majority (36%) of the respondents feel that the technology used is the best value provided by the bank
- Majority (44%) of the respondents use credit card most often for shopping
- Majority (39%) of the respondents use credit card only once in a month
- Majority (60%) of the respondents are the customers of private bank
- Majority (38%) of the respondents applied for a credit card for their own purpose
- Majority (61%) of the respondents use credit cards in other countries
- Majority (41%) of the respondents use credit cards 2-3 times a day
- Majority (35%) of the respondents carry out 0-2 transactions using credit cards
- Majority (34%) of the respondents use both domestic and foreign credit cards
- Majority (45%) of the respondents use master card type of credit card
- Majority (37%) of the respondents show limited acceptability to credit cards
- Majority (40%) of the respondents use gold card type of current credit card
- Majority (53%) of the respondents needs credit cards as a transformer of more cash
- Majority (40%) of the respondents use credit cards for travelling expenses

Ranking analysis:

- Majority (57%) of the respondents strongly agree that credit cards minimize the cost of transaction
- Majority (49%) of the respondents agree that they save time
- Majority (41%) of the respondents are neutral that credit cards minimize the inconvenience
- Equal majority(33%) of the respondents agree and are in neutral that credit card provide up to date information
- Majority (40%) of the respondents agree that credit card facilitates quick response
- Majority (38%) of the respondents agree that credit cards improve service quality
- Majority (34%) of the respondents agree that credit cards minimize the risk of carrying cash.

Suggestion:

- The management may take proper decision to maintain their current ratio so that the management can maintain the current position in the long run.
- The current position of the firm can be strengthened by reducing the current liability.
- The firm can take required steps on investing certain amount into working capital so that it will be very useful to maximize the output.
- The firm can utilize its fixed assets in efficient manner so as a result it will create high productivity and also increases the profit.

Conclusion:

- The result of the study states that Transformational Leadership and Organizational Commitment increases employee attitude and employee Job Satisfaction level.
- Job satisfaction is the main criteria for employee retention in each and every organization.
- When it comes to hotel industry, highly satisfied employee will share his satisfaction level with customers of his organization.

Hence the transformational leadership and commitment towards an organization shows a positive result in employee job satisfaction, where the emerging hotel industry must concentrate on developing these factors in their employees.

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