A STUDY ON CREDITCARD HOLDERS OPINION ON USE AND EASE

RAJKUMAR RAYABHARAM

Associate Professor, Department Of Business Management, Aurobindo Institute of Computer Sciences,Hyderabad. profrrajkumar@gmail.com

Abstract

Credit cards are little plastic cards that issuers give out to customers as a kind of currency. Its bearer is extended purchasing power in exchange for a predetermined commitment to pay for goods and services. The card issuer opens a revolving account and extends a line of credit to the customer (or user), which the latter may use to make purchases or get cash advances from merchants or financial institutions. We analyze how much more or less insurance company workers spend on catered lunches when they use credit cards than when they pay with cash. We incentivized some patrons to switch from cash to credit card payments, which is an exogenous change. Credit cards, contrary to popular belief, do not increase consumer spending. Credit card use, however, influences purchases in different ways for revolvers and ease consumers. When presented with a credit card, revolvers spend far less than comfort users.

Keywords: Credit card, Plastic card, banking,cardholders

INTRODUCTION

In the 1940s, credit card use emerged in the United States, and now, thanks to widespread acceptance and the ease with which they may be used online, credit cards are ubiquitous. In the beginning, monetary transactions were conducted primarily via the use of cash. Credit cards are increasingly widely used as a method of payment. The large number of credit cards globally may be used as a barometer of card acceptance worldwide. Credit cards are preferable to cash for several reasons, including security, ease of use, access to a line of credit with favorable terms, the opportunity to accrue incentives, and more. Credit cards are convenient for customers, but retailers may benefit from them too.

tend to spend more often while using credit cards. People's actions may be affected in both positive and negative ways by the use of credit cards. Credit card utilization, when done intelligently and accurately, may boost liquidity and provide emergency funding. Instead, avoidable debt results from using a credit card beyond the consumer's financial means. Credit card debts spiral out of control when consumers spend more than they can afford. Credit card debt has increased at a faster rate than disposable income, which has policymakers and governments worried. While rising consumer spending is good news for the economy's upper echelons, debt may lead to economic troubles and perhaps bankruptcy, which will have a chilling effect on long-term economic development. In addition to consumer abuse, credit card companies may also take advantage of their consumers by charging excessive hobby fees and other unexpected costs. "Financial literacy consists of the knowledge, understanding, competence, attitude, and behavior necessary to make prudent monetary decisions that contribute to a person's financial well-being," as defined by the World Economic Forum. Debt and reckless spending habits result from insufficient financial literacy. There are inconsistencies in the existing research, despite the fact that there is enough evidence to support the claim that increased financial literacy leads to more financially conscious behavior. Previous practice results vary depending on study population or issue, but the number of credit cards has increased 2-fold, from 24.4 million in 2015-16 to 48.9 million in 2018-19. From Rs.2.4 Trillion in 2015–16 to Rs.6.07 Trillion in 2018–19, the volume of transactions has increased by over three times. From 0.8 billion in 2015-16 to 1.7 billion in 2018-19, the number of transactions has increased by a factor of 2.

This research analyzes CCUB (Credit Card Utilization Behavior) in Southern India and tracks down the CCL (Credit Card Literacy). There is a need to examine CCL and CCUB in South India because to contradictions within the existing research and a lack of comparable studies in the region. Individuals, academics, regulatory organizations, businesses, and financial institutions may all benefit from this analysis.

LITERATURE REVIEW

Brown et al.,(2017) People's credit card habits are the subject of our study. Most people who use credit cards really utilize them responsibly, despite what you may have read elsewhere. They often make use of credit cards for the ease of making purchases, but they seldom carry a balance. We found that just 7% of persons in our sample who use a credit card never pay down their whole debt in full each month. People who are older, less financially savvy, and less trustworthy are more likely to have credit card debt. Credit card debt is expensive, but even those who have it know this.

likely to make informed financial choices. Fulford et al., (2017) The amount of revolving credit accessible to customers fluctuates widely over economic cycles, human lifespans, and other factors. We demonstrate that debt and credit both fluctuate in lockstep, resulting in impressively consistent credit use. For instance, beginning in the year 2040, credit card limits increase by more than 700%, yet use rates remain stable at roughly 50%. We estimate a structural model of consumption and credit usage over the life cycle in which credit cards serve a combined monetary and revolving credit function and are utilized for payments, precautionary smoothing, and life-cycle smoothing. Our forecasts of future credit use are very consistent with the personal, life, and business-cycle connections between credit and debt. Our findings are driven by the choice heterogeneity that arises from the various credit card applications. Given that some credit card holders opt to make high-interest loans while others do not, it's reasonable to assume that around half of all Americans are struggling to make ends meet.

Dave et al., (2020) Since demonetization, customers have shown a marked preference for using debit cards over other forms of plastic money. In addition to being useful for making ATM withdrawals and in-store purchases, debit cards may also be used to pay for domestic and international internet purchases made via merchants' online stores. However, it is not known what kind of debit card clients prefer or why they choose debit over other payment methods. In this research, the authors examine post-demonetization debit card use patterns, including the frequency with which they are used, the fees associated with doing so, and the motivations behind their use. Debit cards, credit cards, and internet banking have all been compared by the writers. The research also looks at how factors like debit card upgrade frequency, debit card issuing bank, transaction volume, and fees affect debit card upgrades. This research uses a non-probabilistic convenience sample of 125 residents of Ahmedabad who have debit cards from four banks (depending on their market capitalization): ICICI Bank, Kotak Mahindra Bank, State Bank of India, and

Bank of Baroda. The results of the study

Banerji and Rashi, (2020) To move the Indian economy closer to cashless payments, the RBI and the GoI have implemented a number of policy initiatives, such as Aadhar-enabled payments, UPI-based payments, financial inclusion, demonetization, better digital infrastructure, etc. Credit cards are one of several alternatives to cash that are commonly accepted. Credit cards are cutting-edge financial tools because they provide cardholders access to perks like rewards programs, lounge access, and memberships in addition to making it easy for them to make cashless purchases and short-term cash advances. This research use structural equation modeling to experimentally examine Indian customers' preferences about credit card selection and use. Modifying the credit card selection criteria scale created by Gan and Maysami in 2006, this research hopes to make a contribution to the existing literature. The results indicate that scale adjustments are needed for the Indian market. Credit card use preferences were also affected by demographic characteristics including age and income in addition to the aforementioned economic, flexible, promotional, reputation, and convenience aspects.

AIM OF THE RESEARCH

To learn about the many sorts of credit cards people really use In order to acknowledge the issues that cardholders face. Identifying what drives people to use credit cards. To understand what factors influence credit card selection.

SAMPLING PROCEDURE

A sample of Hyderabad residents who regularly make purchases using credit cards was used to compile this data. There were a total of 600 participants in the survey.

ANALYSIS AND DISCUSSION

DEMOGRAPHICS

Researchers have looked at how gender, age, ethnicity, education level, and income all play a role in credit card use. When granting credit cards, credit card companies have certain demographics in mind; for instance, they prefer applicants who have a high income and level of education. Women were shown to be more inclined to practice financial restraint. Income and education levels within one's own family have been the most prominent indicators. The charge policy takes into account the customers' age, education, and Raceland income in addition to the pricing, convenience, and security. People with lower incomes, less education, and members of minority groups are more prone to utilize cash. Credit card application decisions in Northern Cyprus are heavily influenced by the applicant's level of education and household income, according to a factor analysis. Multiple linear regression analyses show that the financial choices made by the elderly are more likely to be unsatisfactory. Regression analyses conducted in India revealed that youthful consumers were more likely to use credit cards. Researchers in Botswana used chi-square and cross-tabulation tests to find that educational attainment, gender, and marital status all had an impact on card use. Men tend to be more knowledgeable about personal finance.Women's lesser financial knowledge influences their desired economic well-being, including their propensity for late payments and excessive credit card usage. Canada's wealth/income correlation with credit card repayment suggests low-income Canadians are more likely to make credit card charge mistakes owing to a lack of financial awareness. More money is spent by men and single persons. examined the

Credit card use drops down sharply between the ages of 26 and 58, according to data from the Survey of Consumer Payment Choice, before making a comeback after age 58. Young people tend to borrow more money than adults do, but they also tend to pay less in interest.

GENDER

One's feeling of and experience with one's own gender is what constitutes one's gender identity. As a general rule, this refers to an individual's subjective sense of belonging to either the male or female group of people. All communities have rigid gender categories that may be used to begin thinking about oneself and others in terms of shared characteristics. In most communities, men and women are classified differently in fundamental ways. However, there are always people in any culture who don't identify with all the characteristics of their biological sex when it comes to gender.

Table 1: Gender wise distribution of the Respondents

Respondents Category	Percentage
Male	70%
Female	30%
Total	100%

(Source: Primary data)

The ratio of male to female respondents in the research region is shown in Table 1. Seventy percent of the responders are men, whereas thirty percent are women. Since men are more likely to be familiar with the benefits and practicality of credit cards in the region under research, they make up a bigger share of the sample. Accentuated by service industries oriented activities enable the people to utilization and convenient of credit card across the study area.

Table 2 shows how satisfied the study's sample of people are with several aspects of credit card use related to convenience and ease of use. Only 10.5% of respondents were very happy with the Fees and Charges; 83.5% were satisfied; and 6.5% were not satisfied. Over eighty percent of respondents reported being happy with the level of convenience, while seven percent reported being dissatisfied. Almost 15% of respondents are very happy with their credit limits, 74% are satisfied, and 10% are dissatisfied.

There is a dissatisfaction rate of. Nearly 13.6% of respondents are very happy with the Billing, 76% are satisfied with it, and 10.4% are not satisfied in any way. Nearly 13.3 percent of respondents are very happy with Interest, while 80 percent are content, and 6.7 percent are not satisfied. Nearly 5.5% are very delighted with the prizes they received after completing the survey, 91.9% are satisfied, and 2.7% are not satisfied. From the data, we can deduce that the vast majority of people in the sample found credit cards to be useful and convenient.

How closely respondents' actual Credit Cardexperience met their expectations is seen in Table.3. Only around 22.6% of respondents said that their existing appliances meet their high requirements, whereas 77.4% said they did.

They want to keep using credit cards in the future, while 53.8% of respondents disagreed and said they would like to try out alternative payment options instead. Sixty-nine point two percent of cardholders believed the card's perks were worth the cost to them, with thirty eight point eight percent disagreeing, perhaps because they were unhappy with some aspect of the card's usage and convenience and felt they could have obtained greater value elsewhere.Charge Card Use However, the vast majority of responders are content with their decision

With regards to the price of Utilization of Credit Card, 80.2% of respondents were aware, 15.6% were somewhat aware, and 4.2% were not aware (see Table.4). With regards to the maintenance cost of the home appliances, 80.2% were aware, 15.6% were somewhat aware, and 4.2% were not aware. When asked about the accessibility of financial resources, 71.2% of respondents were aware, 24.6% were somewhat aware, and 4.2% were not aware.About 81.8% of those polled were fully aware of it, 16.2% were just partly aware, and 2% were completely oblivious. According to the data, a significant percentage of people in the region where the survey was conducted report feeling comfortable using a credit card.

CONCLUSION

The CCL was found to be low (34%), especially when compared to other research. Better credit score holders have been shown to engage in lower risk activities, such as spending up to a predetermined credit limit, paying bills on time, reducing the likelihood of late payments, and requesting smaller cash advances. More credit card debt and greater propensity to use credit cards recklessly have been linked to less economic literacy. Credit card factors such as credit limit, minimum payment, delinquency in payment, and increase show significant gender differences. According to several measures, adult men exhibit

a more dangerous habit despite the fact that similar interactions between females have been reported. Companies with older responses are more likely to pay on time, therefore age plays a significant role. Those between the ages of 41 and 50, as well as those older than 50, are statistically less likely to apply for a credit card upgrade. Finally, those who get a regular paycheck are more likely to make on-time payments, spend just the absolute minimum, and not request a change in their coinage. CCL and training have been identified as crucial components in prior study.

Educating the population of South India on the lingo and fine print of credit cards is crucial if they are to make more responsible use of them. We can improve this by installing credit card-based financial education software. The outreach strategy must also be consistent with the different stages of a cardholder's life cycle. In addition to more traditional ways, virtual approaches including animated shorts, games, and quizzes should be disseminated. While carrying out the training program, it is important to consider the demographic disparities in credit card activity. The Reserve Bank, in conjunction with credit card companies, could provide courses for cardholders on how to make the most of their credit cards, since this is, according to the present research, a win-win situation. The scope of this investigation may be limited by the absence of a gold standard for measurement. Future research requires a more consistent and standard level of credit card data. Some demographic factors, such family size, race, and geography, have also been left out of this analysis. Improvement variables should also be taken into account in future investigations.

Table 2: *cardholder awareness*

	Highly Satisfied		Satisfied		Not Satisfied	
	Nos	**Percentage**	**Nos**	**Percentage**	**Nos**	**Percentage**
Card costs	59	9.8	498	83.5	43	6
Ease	81	13	500	80.1	19	7.9
Card limit	81	13	456	74.3	63	10.7
Billing cycle	88	15	401	76	111	10.4
ROI	90	16	451	80	59	6.7
Incentives	12	5	457	91.8	131	2.7

(Source: Primary data)Table 3: *Cardholder satisfaction*

	Y		N	
	Nos	**Percentage**	**Nos**	**Percentage**
Did you meet expectations of credit card	421	70	179	30
Card usage	208	34.6	392	65.4
Ease of use of card	421	70	179	30

(Source: Primary data)

Table.4: *Awareness*

	Aware		**Somewhat Aware**		**Not Aware**	
	Nos	**Percentage**	**Nos**	**Percentage**	**Nos**	**Percentage**
Usage	499	83	50	8	51	9
Card charges	445	74	100	16.6	55	9.4
Features	499	83	50	8	51	9
Flexible EMI	445	74	100	16.6	55	9.4

(Source: Primary data)

References

. Shrikanth, Maram and Kishore Braj (2012) 'Net FII Flows into India: A Cause and Effect Study' *ASCI Journal of management*, Vol. 41 (2), pp. 107-12.

2. Loomba, Jatinder. (2012) 'Do FIIs Impact Volatility of Indian Stock Market?' *International Journal of Marketing, Financial Services & Management Research* Vol.1 Issue 7.

3. Bohra, N. Singh and Dutt, Akash.(2011) 'Foreign Institutional Investment in Indian Capital Market: A Study of Last One Decade' *International Research Journal of Finance and Economics*, Retrieved 24 Jan. 2012

http://www.eurojournals.com/finance.htm

4. Shukla, K. Rajeev et al (2011) 'FII Equity Investment and Indian Capital Market: - An Empirical Investigation.' *Pacific business review international*.5

5. Kaur, Manjinder. & Dhillon, S. Sharanjit (2010) 'Determinants of Foreign Institutional Investor's Investment in India' *Eurasian Journal of Business and Economics* 2010, 3 (6), 57-70.

6. Saha, Malayendu. (2009) 'Stock Market in India and Foreign Institutional Investments: An Appraisal' *Journal of Business and Economic Issues*, Vol.1 No.1.

7. Singh, Sumanjeet. (2009) 'Foreign capital flows into India: Compositions, regulations, issues and policy options' *Journal of Economics and International Finance* Vol. 1(1), pp. 014-029.

8. Sethi, Narayan. & Sucharita, Sanhita.(2009) ' Impact of Private Foreign Capital Inflows On Economic Growth In India: An Empirical Analysis' *Singapore Economic Review Conference* (SERC) 2009, Singapore Economic

Review and National University Singapore, Swissotel-The Stamford, Singapore, held from 6th-8th August, 2009.

9. Prasanna, P.K. (2008) 'Foreign Institutional Investor: Investment preference in India' JOAAG, Vol. 3, No. 2,

pp 40-51.

10. Chittedi Krishna Reddy (2008) ‘Volatility of Indian Stock Market and FIIs’ *The Indian Economy Review*,
Vol.5, No. 31.

11. Sethi Narayan (2008). Op.cit pp.560-580.

12. Poshakwale, Sunil. & Thapa, Chandra.(2007). ‘Impact of foreign Portfolio investments on market investment
market co movements: Evidence from the Emerging Indian stock market.’ presented in the *Emerging Market*
Group ESRC Seminar on International Equity Markets Comovements and Contagion 11 May 2007 Cass Business
School, London.