

A STUDY ON USAGE AND SATISFACTION OF CREDIT CARDS BY CUSTOMERS IN KRISHNAGIRI DISTRICT

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Abstract

A credit card is a small plastic card issued to users as a system of payment. It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user. The use of sophisticated technologies particularly by the foreign banks has sizeably increased the expectations of customers. In the years to come, more sophistication in the information technologies is expected. This is likely to bring about a radical change in the marketing of banking services. In an age of electronic banking, the manually operated public sector commercial banks would find it difficult to survive. This makes it essential that even the public sector commercial banks promote the use of technologies. It is high time that they innovate their marketing efforts and continue to keep their market share high. Of course, the RBI was obstructing the development processes by regulating business conditions but at the same time, the policy makers working with negative attitudes. An attitudinal change in the boardrooms is thus a crying need of the hour. The policy makers have no option but to make the working conditions conducive vis-a-vis the services internationally competitive. The perception of customer satisfaction is to be reviewed in the face of changing level of expectations of customers. In addition, the social orientation needs an intensive care since the principles of social marketing are also required to be conceptualized. The banking and other service generating organizations have thought that their services are not engineering a foundation for value degeneration. They in addition to the generation of profits have also to search ways for users satisfaction and social orientation.

Introduction

Credit card originated in the United States during 1920s when individual companies such as hotel chains and oil companies began issuing them to customers for purchases made at their business units. The use increased after Second World War. Diners Club introduced the first universal credit card that can be used at variety of stores and businesses. In 1958, the American Express company established another universal card called 'Don't leave home without it'. It is only after such developments, bank credit came into existence. Under the credit card scheme, an individual can get a credit card from a bank with a specified credit limit as determined by the bank based on one's income. The bank in turn will enter into a contract with different shopping establishments all over the country, covering almost every aspect of human necessity, right from hotels, and restaurants to departmental stores, petrol retail outlets, cloth shops, rail and air travel agencies and jewellery shops to sell goods on the basis of the credit card. The card holders can buy goods from the affiliated member merchant establishments by producing his/her card and signing sales bills/charge slips produced before him/her. The charge bills/sales bills, evidencing purchases made by the card holders are transmitted by the shopping establishments to the banks which pay it, and the bank in due course, collects the amount from the card holders after deducting the commission. The card holders have the option to settle the monthly statement in full or take credit and pay a specified minimum every month.

Uses of Credit cards

Among the various functions rendered by commercial banks, extending credit card facility to customers is an important modern day function. This facility is extended not only to customers in urban areas or

cities, but also to customers residing in rural areas. Agriculturists are enjoying the facility of credit card and the cards extended to them are called *green card*.

Current Trends in Credit Card Industry

There is now a flood in Indian banks offering credit cards to the potential customers. Multinational banks operating in India also have joined the bandwagon with high voltage advertising and seemingly competitive reward programme for loyal credit card users. Banks' income from credit cards can be divided mainly into four components namely annual fee, interchange charge, revolving fee (interest charged for revolving credit) and other fees. Indian credit card market is growing at almost 30 to 40 per cent annually and the number of credit cards are circulating to twenty seven and half millions. [Business Line – Tuesday, 29th October 2012].

It is said by **Pallav Mohapatra** about the future awareness of SBI cards.

“ The attrition rate of customers will stay high at around 40 to 45 percent though one can expect a 1 to 1.2 million new cards coming into the market ” [The Indian express – 19, January -2014]

Parag Rao, senior executive vice president of HDFC bank reveals his own point in future they have been planning to issue 28 million of cards to customers.

“ We have been issuing a million cards a year for the past two years. We plan to issue another million cards in 2014-15. We have a retail liability franchise of million customers ” [The Indian express – 19, January -2014]

VISA's country manager **Uttam Nayak** said subsequently raise of credit card. As now they have collected new strategy . they going to adopt new formula for its growth and awareness among the customers.

“ In the boom days of the last decade, there was high duplicate issuance of cards, delinquency and inactive cards. Banks have now got their strategy right and are ready for growth” [The Indian express – 19, January -2014]

Scope of the Study

The present study focuses on the utilization of card holders towards credit cards. The study was designed to gain a better understanding of the factors influencing utilization and satisfaction of card holders. The study also analyses the extent of satisfaction of credit cards by card holders and the level of awareness, services and perception of card holders.

Review of Literature

Shane P and Suresh K (2008), in their surveys on the usage of credit cards at the retail outlets have found that it has nearly doubled from 30-35% two years ago to 50-60% current year. The credit card holders use their credit cards most often for purchase of clothing, followed by supermarket/grocery shopping, at hotels and at restaurants.

Vishwas Nivritti Wadekar (2005) in his study „Customer Disillusionment and philosophy of Customer complaints“ identified the area of credit card users' dissatisfaction and concluded that majority of the sampled card holders (83%) were dissatisfied with the operation of credit cards

Objectives of the Study

1. To study the awareness, perception and satisfaction with credit cards of the customers in Krishnagiri district.
2. To study the extent of utilization of credit cards by customers in Krishnagiri district.
3. To examine the factors influencing utilization of credit cards in Krishnagiri district.

Sample Design

Sampling design is imperative in every scientific study. Hence, the researcher decided to collect the data through multi stage sampling.

Selection of Credit Card Holders

From the survey conducted by the researcher and discussions held with the bank managers, it was found that the popular brands of credit cards in Krishnagiri District were ICICI Card, SBI Card, HDFC Card, and AXIS Card. Thus, it was found that the total number of credit card holders were around 5,000, as per lead bank manager statement. The researcher selected 500 credit card holders that is 10 percent of 5000 cardholders who are the working population of the particular area.

Data Analysis and Interpretation

Table No. 1 - Age of the Respondents

Age (years)	No. of respondents	Percentage
Below 30	123	24.6
31-40	214	42.8
41-50	120	24.0
Above 50	43	8.6
Total	500	100.0

From the table No.1 reveals that among four type of age groups majority (42.8%) of middle aged (31-40 years) had high level of usage credit cards whereas higher percentage (8.6%) of those above 50 years were under low level of usage age group. The young people visit the outside more often than the elderly who are restricted by their old age and this results in the high usage of the cardholders of the age group of 31-40 and low usages of the card holders of the age group above 50 years.

Table No.2 Gender of the Respondents

Gender	No. of respondents	Percentage
Male	455	91.0
Female	45	09.0
Total	500	100.0

From the table No - 2 indicate males constituted higher percentage (91%) and (9%) are female cardholders were under the low usage levels. Compare to female card holders the male card holders

higher representations. hence we conclude that In the Indian context it is the male who deals with the financial matters of the family and this reflected in this analysis.

Table No- 3 Martial Status of the Respondents

Martial status	No. of respondents	Percentage
Married	400	80.0
Unmarried	100	20.0
Total	500	100.0

From the table No. 3 reveals martial status of cardholders (80%) of the married is high usage. The 20% of card holders is unmarried were under the low level of usage. Compare to unmarried card holders, married cardholders are higher in representation. The married people after marriage requirements will be increased they are financial crisis, that time they are expecting some other ways to come out hence more married people are using credit cards. the unmarried people their requirements are low .

Table No-4 Educational Qualification of the Respondents

Educational Qualification	No. of respondents	Percentage
Upto HSc	50	10.0
UG	204	40.8
PG	195	39.0
Professional	51	10.2
Total	500	100.0

From the table No. 4 shows higher respondent (40.8%) of the credit card holders are the college educated (graduates) category The school educated customers income is low and are less aware of the usage of credit cards when compared to the graduate and post graduate customers. So only less percentage (10%)of the school educated customers possess credit card.

Table No -5 Occupation of the Respondents

Occupation	No. of Respondents	Percentage
Employee	237	47.4
Professional	135	27.0
Teacher	82	16.4

Others	46	9.2
Total	500	100.0

As per above table 5 shows higher proportion (47.4%) of the credit card holders are employee among the occupation respondents. Most of the people belong to the occupation of employee. This may be due to their delay of salary. Was under the low percentage (9.2%) of others occupation category so others are not fulfilling the eligibility criteria for getting credit cards.

Chi-Square Analysis

Table No 6. Respondent about Types of Account and Credit Utilized In a Month (Chi-Square Test)

Factor	Calculated X2 value	Table value	D.F	Remarks
Types of Account	11.678	14.249	3	Significant at 1% level

The Chi-square test reveals that the calculated chi-square value is less than the table value and the result is significant at 1% level. Hence, the hypothesis “types of account and credit utilized in a month about credit cards” holds good. From the analysis, it can be inferred that there is a close relationship between the types of account and credit utilized in a month about credit cards.

Table No 7. Respondent about No.of years holding account and credit utilized in a month (*chi-square test*)

Table No-7 Chi-Square Analysis

No. of Years Holding Account and Credit Utilized in a Month about Credit Cards

Factor	Calculated X2 value	Table value	D.F	Remarks
No. of years holding account	50.558	56.158	9	Significant at 1% level

The Chi-square test reveals that the calculated chi-square value is less than the table value and the result is significant at 1% level. Hence, the hypothesis “No.of years holding account and credit utilized in a month about credit cards” holds good. From the analysis, it can be inferred that there is a close relationship between the No.of year holding account and credit utilized in a month about credit cards.

Table No-8 Chi-Square Analysis

Monthly Family Expenditure and Credit Utilized In A Month About Credit Cards

Factor	Calculated X2 value	Table value	D.F	Remarks
Monthly family expenditure	45.359	46.054	9	Significant at 1% level

The Chi-square test reveals that the calculated chi-square value is less than the table value and the result is significant at 1% level. Hence, the hypothesis “Monthly family expenditure and credit utilized in a

month about credit cards” holds good. From the analysis, it can be inferred that there is a close relationship between the Monthly family expenditure and credit utilized in a month about credit cards.

Conclusion

The credit card issue in terms of number of credit cards witnessed a whopping growth during the past ten years. In terms of key players ICICI has notched the landmark figure of 1.20 lakh credit cards by 2010 taking the position of number one player in the segment. It is further concluded that there are a number of bank customers who do not have any knowledge about credit cards. Many people have knowledge about credit cards, but do not possess credit cards because of the fear of falling into debt trap. High income earners and highly educated class use credit cards more, availing high credit limits. 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. Card holders face the major problem of lack of proper advice from banks. Credit card market is yet to realize its potential.

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