



A Study on Customer Satisfaction and Usage towards the Credit Card Services with Special Reference to Coimbatore City

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ABSTRACT

A credit card is a small plastic card issued to users as a system of payment. 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. 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. 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.

Keywords: Customer satisfaction, Performance, Credit card, Cardholder, quality and service.

1. Introduction

Credit cards are fundamentally different from the other payment methods in that they involve extending credit rather than drawing on an existing store of funds. Banks in conjunction with credit card associations such as Visa and Master card, issue general – purpose credit cards. Department stores also issues credit card to be used for purchases at that particular store. Like Electronic Fund Transfer, payment by credit card is not anonymous. Since paying with a credit card does not involve a store of funds, deposit insurance and reserve requirements are not directly relevant. The bank that issues the card is liable and thus merchants are paid if the cardholders default. If the issuing bank fails, the credit card association guarantees payment to merchants with outstanding transactions and then has a creditor's claim on failed banks. A credit card is part of a system of payments named after the small plastic card issued to users of the system.

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2. Statement of the Problem

However the following questions may arise regarding customer satisfaction and usage towards credit card services. Today, competition among credit card players is intense. Offering benefits like reward points is just another way of luring customers into debt trap. The biggest problems arise when one gets into what is called revolver mode of repayment.

- whether any relationship exists between awareness of services, satisfaction on services and problems faced by cardholders during the usage of credit cards.
- To find out the problems faced by the cardholders and to know whether they create any dissatisfaction on the usage of cards.

Consequently, this paper sought to assess the Usage and satisfaction of consumer towards Credit Cards in Coimbatore.

3. 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 cardholders. The study also analyses the extent of satisfaction of credit cards by card holders and the level of awareness, services and usage of card holders. Thus, the project reveals to usage and satisfaction towards Credit card services provided by the banking sectors and cardholder satisfaction level and preference on using of credit card and its services and other aspects.

4. Objectives of the Study

- To measure the satisfaction level of customer about the services provided by bank.
- To assess the eligible credit limits and the actual credit limits availed by the card holders.
- To know about customer usage, satisfaction level and why they are preferring and using credit cards and their opinion about credit card services for further implements.
- To study about performance of banking and credit card service providers.
- To offer suggestions for further improvement.

5. Research Methodology

Research methodology is a set of objectives to explain or understand the problems to find a solution. It is a systematic effort to gain knowledge. Research methodology defining the problem formulation of hypothesis collecting, organising, evaluating the data and finally reaching the conclusion.

Data Used: Primary data are used.

Area of the Study: The study was undertaken in Coimbatore city.

Sample Size: The study was conducted with a sample size of 125 respondents.

Analytical Tools Used: Simple percentage, Likert scale analysis, Ranking Analysis

6. Review of Literature

Assar and Kari (2000)¹, in their paper titled, "To know the credit card is small plastic card issued to users as a system of payment. It allows its holders to buy goods and services based on the holders 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 users) from which the user can borrow money for payment to a merchant or as a cash advance to the users.

Sandier Sharma (2001)², in his research stated that "A Study on Choice Criteria Customer Preference and Satisfaction Level of credit card services in India: A Case Study Ludhiana City". In the today's business scenario, the number of credit cards was found to be significantly influenced by income and gender as well as perception's that includes "credit cards leads to overspending", "savings the payment source" a frequency of use

7. History & Profile of the Study

On February 28, 1950 – A Diners club card, the first multiuse credit card was issued. This marked the beginning of the era of plastic money. Diner's card was launched in the Indian market in 1960. The Central Bank of India was the first bank in the country to introduce credit card system in August 1980, followed by several other banks. In India, both foreign and Indian banks are doing credit card business. The foreign banks have a dominant share due to various reasons like having been in the field for decades, sound operational and financial strength, strong brand reorganization etc. Later, with the aggressive entry of SBI, ICICI, and HDFC Banks the rules of the game changed. Among the banks issuing credit cards, the esteemed and well published cards are Citibank Diner's Club Card, Citibank Visa Card and Credit Cards, Bank of Baroda's Master Cards, the SBI Credit Cards, Bank of India's India Card, Canara Bank's Can Card and ICICI Bank's ICICI Card.

8. Analysis

8.1 Respondents by Preference of Credit Card

Factors	No. of Respondents	Percentage %
Low interest rate	10	8
Easy to handle	39	31.2
Cash advance facilities	32	25.6
Loan through Email	21	16.8
More benefits and facilities	23	18.4
Total	125	100

(Source: Primary Data)

Interpretation

From the table denotes the 31.2% of the respondents are preferred for the purpose of Easy to handle, 25.6% of them preferred for Cash advance facilities, 18.4% of the respondents are preferred for More beneficiary and facilities, 16.8% of the respondents are preferred for Loan through Email and 8% of them preferred for Low rate of Interest.

Inference

Majority 44.8% of the respondents are preferred for the purpose of Easy to handle the credit card services.

8.2 The Respondents Satisfaction Level of their Bank Credit Card Services

Factors	No. of Respondents	Likert Scale	Total Score (fx)
Highly Satisfied	50	5	250
Satisfied	51	4	204
Moderate	21	3	63
Dissatisfied	2	2	2
Highly dissatisfied	1	1	1
Total	125	15	520

(Source: Primary Data)

Interpretation

Likert scale value is 4.15 is greater than the mid value (3). Hence the majority of the respondents are satisfied with their bank credit card services (records of credit card transactions, credit card calculations).

8.3 Respondents with Respect to the Basis of Their Currently Using the Credit Card Service Providers

Factors	R1	R2	R3	R4	R5	Total	Rank
The credit card interest rate and fee is affordable and Credit terms are fair to access	25(5) 125	16(4) 64	39(3) 117	40(2) 80	5(1) 5	391	4
The organization provide on time information to enable use credit cards widely	32(5) 160	25(4) 100	23(3) 69	10(2) 20	35(1) 35	384	5
Automatic Renewals	39(5) 195	19(4) 76	25(3) 75	28(2) 56	14(1) 14	416	3
Minimum spending limit	47(5) 235	30(4) 120	37(3) 111	7(2) 14	4(1) 4	484	1
Discounting facilities and revolving credit facilities	42(5) 210	33(4) 132	20(3) 60	14(2) 28	16(1) 16	446	2

(Source: Primary Data)

Interpretation

It can be seen from table 4.3.1 Minimum spending limit is ranked first (1), Discounting facilities and revolving credit facilities is ranked second (2), Automatic Renewals is ranked third (3), The credit card interest rate and fee is affordable and Credit terms are fair to access is ranked fourth (4) The organization provide on time information to enable use credit cards widely is ranked fifth (5) on the basis of currently using the credit card services providers.

9. Analysis Findings

9.1 Percentage Analysis

- Majority 55.2% of the respondents belongs to the age group of 26-35 years.
- Most 50.4% of the respondents are Male.
- Majority 60% of the respondents are married.
- Majority 46.4% of the respondents have studied UG level.
- Majority 48.8% of the respondents are business peoples.
- Majority 48.8 % of respondents are residing at Semi-urban area.
- Majority that 37.6% of the respondent's monthly income is Rs.20000-25000.
- Majority 64% of the respondents are using 1-2 credit cards.
- Majority 36% of the respondents are SBI Cardholders.
- Majority 47.2% of the respondents are using Visa Credit Cards.
- Majority 35.2% of the respondents are having Gold credit card currently.
- Most 40.8% of the respondents are influenced by Advertisement.
- Majority 44.8% of the respondents are preferred for the purpose of both Easy to handle the credit card services and low rate interest.
- Most 28.8% of the respondents using the credit card for Business purpose.
- Majority 43.2% of the respondents are frequently using the credit card for more than 5 times in a month.

- Most 24.8% of the respondents are consider while getting credit card services from bank for credit limit without bank charges.
- Majority of the respondents are facing problem in high rate of annual fee while getting/ using credit card services from their bank.
- Most 36% of the respondents are choosing and using the reason for Revolve credit facilities

9.2 Likert Scale Analyses

- The Likert scale value is greater than the mid value. Hence the majority of the respondents are satisfied in using their bank credit card services (records of credit card transactions, credit card calculations).

9.3 Rank Analysis

- It is resulted that factor of minimum spending limit have been ranked first (1) from currently using the credit card services.

9.4 Suggestion

- From the overall study, it was found that, SBI annual charges and credit interest is high. So respondents feel and they request if it will be reduce to pay, It would be better.
- More numbers of customers feel that CITI, IDBI bank sectors to increase their advertisement towards the credit card services and information's. and they expecting helpline and information from respecting banks.
- It is inferred that most of the respondents feels that CITI should be improve their quality of services.
- Most of that study covers, and requested to be extended of credit limit and payment and repayment period to some service providers. It would be better among the customers.
- Hence, it is suggested that the credit service providers/bank sectors/organizations to give importance to that and make the entire customers to be satisfied.
- The above reviews have to be carefully taken note of and other banking sectors/organization/credit card services providers should take appropriate steps to expose and ensure to face stiff and provide efficient customer services ad fulfill their needs with better strength.
- Most of the customers are moderately satisfied about the performance of their current using service providers (Bank), so they may try to add some advanced features towards their services.

10. Conclusion

In the study the careful analysis of the Credit Cardholders has been taken up. 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 a 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 Reserve 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". majority of the respondents So, the other service providers shall pay special attention on these factors to make their Customer service more successful, betterment services and satisfying the customers.

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