



## “A Study on customer attitude toward credit card and its mechanism”

*Ranu Arora<sup>1</sup>, kajal Rajput<sup>2</sup>*

Student, Parul Institute of Management & Research (MBA), Parul University

Co- Author-kajal Rajput<sup>2</sup>, Student, Parul Institute of Management & Research (MBA), Parul University

### ABSTRACT :

When it comes to customer attitudes towards credit cards, people have different opinions. Some customers appreciate the convenience and flexibility that credit cards offer. They like being able to make purchases even if they don't have cash on hand. Credit cards also come with benefits like rewards programs and purchase protection, which can be quite appealing .some customers have concerns about credit cards.

They worry about high interest rates and the potential for debt if they're not careful with their spending. Overspending can be a real issue for some people.

That's why it's important to use credit cards responsibly and pay off the balance in full each month. This way, you can avoid accumulating interest charges and falling into unnecessary debt.

let's talk about the mechanism of credit cards. When you use a credit card, you're essentially borrowing money from the bank to make your purchases. The bank pays for your purchases on your behalf, and then you'll need to pay them back later. This can be done in full or by making minimum monthly payments, but remember that paying in full is the best way to avoid interest charges.

Keywords: Customer Attitudes, Convenience , Flexibility, . Appreciation, . Responsible Usage

### 1. Introduction :

A credit card is a plastic card that allows you to make purchases and pay for them later. It's like having a line of credit from a bank or financial institution. When you use a credit card, you're essentially borrowing money to make the purchase, and you'll need to repay that amount later, either in full or through monthly payments with interest. Credit cards offer convenience and flexibility for making purchases without cash. People have different opinions about credit cards, but many appreciate the convenience and flexibility they offer Some customers enjoy the benefits like rewards programs, while others have concerns about interest rates and potential debt. Credit Card Mechanism With a credit card, you can borrow money from the bank to make purchases. The bank provides the funds, and you'll need to pay them back later, either in full or through monthly payments with interest People have different opinions about credit cards, but many appreciate the convenience and flexibility they offer Some customers enjoy the benefits like rewards programs, while others have concerns about interest rates potential debt With a credit card, you can borrow money from the bank to market The bank provides the funds, and you'll need to pay them back later, either in full or through monthly payments with interest

### 1. Concept :

.The way that different customers feel about credit cards and how they work can also differ. Some regard credit cards as an easy way to make purchases and take use of its features, such cashback or rewards programmes. They value the security and flexibility that credit cards offer. However, some people can be worried about excessive spending, debt, or exorbitant interest rates. Customers should be aware of the terms and conditions associated with credit cards, particularly the ability to borrow money and the requirement to pay it back later. Making on-time payments and prudently managing credit card balances are essential components of responsible credit card use. It's wise to carefully read the fine print, comprehend the costs and interest rates, and use credit cards responsibly.

Customer perception of credit cards and their operating system:

1. Convenience: Credit cards offer quick and simple transactions without the need for cash, which is something that many users find appealing.
2. Advantages & Rewards: Customers who appreciate accumulating points or cashback may find credit cards with their frequent rewards programmes intriguing.
3. Flexibility: Credit card users have the option of making monthly payments or paying off their amounts in whole, which gives them flexibility when it comes to making purchases and controlling their costs.

4. Security: Comparing carrying cash to credit cards, which are readily cancelled or frozen in the event of loss or theft, provides a higher level of security.
5. Debt-related Concerns: A few clients can be worried about accruing debt and Debt-Related Concerns: A few clients could be worried about going into debt and using credit cards excessively. It's crucial to avoid carrying large sums that can put you in debt.
- 6 Interest Rates and Fees: Since they might affect the total cost of borrowing, customers should be informed of the interest rates and fees related to credit cards.
- 7 Credit Building: A lot of users view credit cards as a means of establishing a good credit history, which is advantageous when applying for loans or credit in the future.
8. Financial Responsibilities: Using credit cards responsibly include controlling credit card balances, avoiding excessive debt, and making on-time payments.

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## Literature Review :

1. Zhao, Peng, and Li (2021) investigated the factors influencing online consumer credit behaviour in China, concluding that affect, facilitating conditions, perceived consequences, and social factors all significantly impact such behaviour with social factors having the greatest influence (Zhao et al., 2021).
2. Banker, S., et al (2021) revealed that the use of credit cards has frequently been held responsible for consumer expenditures and the rise in household debt. Credit cards can make it easier to spend money in ways that are harder to justify on merely financial grounds. Result finds where Credit cards are widely believed to lessen the agony of payment and thereby release the brakes' that keep spending in check.
3. Trinh, Tran, and Vuong's (2020) study, which aimed to develop a theoretical model for consumer behavioural intention in the use of credit cards in Vietnam, perceived risk was the most significant factor affecting the intended use of credit card.  
Jasmine A (2017) evidenced that most of the respondents were receiving a low amount of salary and relied on credit cards to pay for their school-related expenses. Credit card holders were happy that it saved their time and they need not search for an ATM machine or keeping cash in hand  
.Shu & Cheng (2012) examined the way to improve consumer attitudes toward using credit cards for online purchases. By manipulating message proximity and message source, they showed that authority-plus-contrast-plus-scarcity was the most persuasive combination
4. Maya & Rofi (2011) showed that there was a positive attitude towards the use of credit cards among overall respondent, while the perceived usefulness had the highest contribution toward positive attitude to use of credit cards. Further the study pointed out that there was a strong intention to continue used credit cards, where the highest intention was the desire to finance routine expenses with credit cards. Additionally, researchers found that since respondents have been using credit cards wisely, the use of credit cards would provide supports and will not cause to financial problems in the future.
5. Athaphol (2010) examined relationships between both Bangkok debt and credit card holder attitudes towards the intention to use credit cards. Results show that credit card attitudes to be directly related to the likelihood of credit card use. Further, study revealed those individuals who did not pay monthly balances in full, as well as those who had multiple cards, were shown to have more positive attitudes towards credit cards. Moreover, education level and the length of working experience are the most important variables that associate with the intention to use credit cards
6. Ahmed et al. (2009) examined the shift of Pakistani consumers towards the use of plastic money, with emphasis on credit cards. The study employed demographics variable and descriptive variables for analysis of general attitude about the use of credit cards and the factors contributing towards the selection of one particular credit card over the other. They found that a positive relationship between the income level of a person and his/her possession of the credit card. The profession of the person seems to play a very interesting role with their behaviour towards credit cards. Moreover, the study shows that the convenience and security element that credit cards offer is most important for women.
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## Research Methodology :

### *Objective of the study*

- Gaining insight into consumer perceptions: Investigate how consumers view credit cards, including their advantages, disadvantages, and general levels of satisfaction.
- Determining the elements influencing credit card selection: To determine the major elements, such as interest rates, rewards programmes, fees, and customer service, that affect consumers' decisions when selecting a credit card..
- Customer knowledge assessment: To determine how well consumers comprehend credit card terms and conditions, interest rates, credit limits, and possible fees.

- Examining customer worries and difficulties: To find out what worries, difficulties, or problems consumers have when using credit cards, such as security, fraud prevention, managing debt, or having trouble understanding terms and conditions

## Research design

A descriptive research design is chosen for this study. This design aims to provide comprehensive and detailed account of a specific phenomenon without manipulating variables. This design allows you to observe and describe the impact of a particular factor without altering it.

### Sources of data

**Primary data:** Primary data for our research is collected from the customers using credit card. as we are doing research on A study of customer attitude towards credit and its mechanism.

### Data collection method

For collecting primary data, we are using questionnaire method in which were asked and they need to rate the answers based on their preferences. Data collection methods are the tools and techniques the researchers used to acquire information which forms the basis for their studies investigation.

### Sample method

Non-probability convenience sampling has been selected as sampling technique. This means that sample is not randomly selected from the populations. Instead participants will be selected based on convenience and accessibility.

### Data collection instrument

We will be using Questionnaire as an instrument to collect the data.

## Data Analysis :

*Data analysis for this paper was carried out on the basis of data obtained through the questionnaire*

**Table 1**  
**Gender wise classification of the respondents**

Gender		No. of respondents	Percent
	Male	39	47.0
	Female	44	53.0
	Total	83	100.0

Source :-SPSS Results

S.NO	AGE GROUP		Frequency	Percent
1		25 years & below	69	83.1
2		26-35 years	9	10.8
3		36-45 years	1	1.2
4		46 years & above	4	4.8
		Total	83	100.0

**GENDER OF THE RESPONDENTS**

Among the total number of 83 respondents majority of them are (39 per cent) females and the remaining (47 per cent) are males The table 1 furnishes the sex wise classification of the respondents.

**TABLE 1.1**

**AGE GROUP STATUS**

The survey gathers information regarding the Age Group status of the respondents of the sample force 83.4% of them have 25 years & below 10.8&percent of 26-35 years 1.2% of 36-45 years 4.8% of 46&years above and the highest percentage of given the above data is 83.4& in the age group of 25 years &below

Table 1.3

NUMBER	Frequency	Percent
Student	41	49.4
Self Employed	23	27.7
Service	5	6.0
Professional	14	16.9
Total	83	100.0

Occupation

Source :-SPSS Results

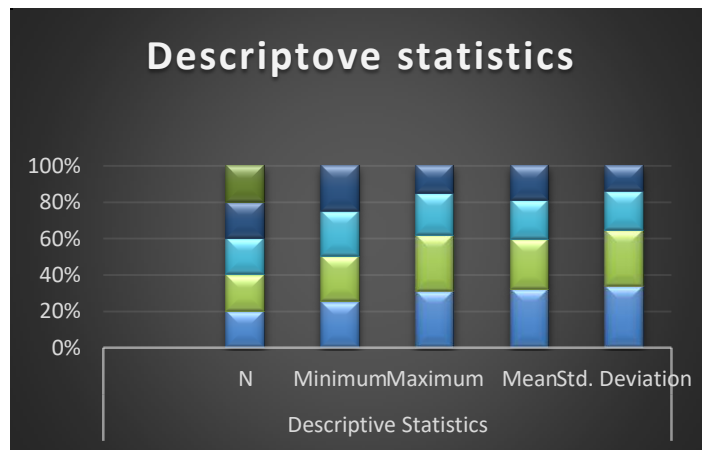
Occupation Details

The survey brings to light the details regarding the occupation of the respondents. A maximum of the 49 respondents' are student 27.7 of the respondents are self Employed people and minimum of 6.9 respondents are Service people and 16.9 % of the respondents are professional

**TABLE 2**

**Descriptive Statistics**

Question	N	Minimum	Maximum	Mean	Std. Deviation
1 What are the main reasons you use a credit card?	83	1	4	2.59	1.210
2 How often do you make credit card payments?	83	1	4	2.23	1.108
3 How comfortable are you with using credit cards for online purchases?	83	1	3	1.75	.778
Gender	83	1	2	1.53	.502



The aforementioned descriptive statistics offer important insights into the attitudes and credit card usage of the surveyed respondents. Respondents generally said that they used credit cards somewhat frequently, with a mean score of 2.59 out of a possible 4

Frequency of Credit Card Payments: Respondents' average score of 2.23 indicates a moderate frequency of credit card payments. This implies that the majority of people pay their credit cards on time

comfort with Online Credit Card transactions: With a mean score of 1.75 out of a possible 3, respondents are typically relatively at ease using credit cards for online transactions.

Gender Distribution: The sample has a little bias towards males, as indicated by the average gender score of 1.53, which is scored as 1 for males and 2 for females

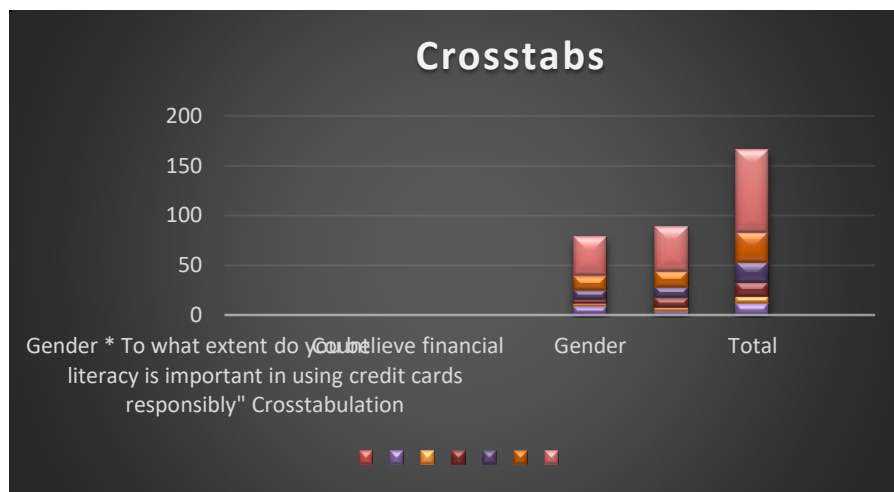
Overall, these data give a general picture of the surveyed group's credit card usage and views, showing a little gender disparity, moderate usage frequency, and considerable familiarity with online transactions.

**TABLE 2.1**

**"The Importance of Credit Card Responsibility through Financial Literacy"**

		Likert Scale Questions					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Gender	MALE	8	3	4	10	14	39
	Female	3	4	10	11	16	44
Total		11	7	14	21	30	83

SOURCE :- SPSS RESULTS



Based on gender, to what degree do you think financial knowledge is crucial for responsible credit card use? Five groups are identified from the data: "Strongly Disagree," "Neutral," "Agree," "Disagree," and "Strongly Disagree."

Both genders were represented among the 83 respondents who completed the poll in total. A total of 39 responses from men and 44 from women were recorded.

Male Respondents: 14 severely disagreed with the proposition, 10 disagreed, 3 agreed, 4 were neutral, and 8 highly agreed. Three female respondents highly agreed with the proposition, four agreed, ten were neutral, eleven disagreed, and sixteen severely disagreed.

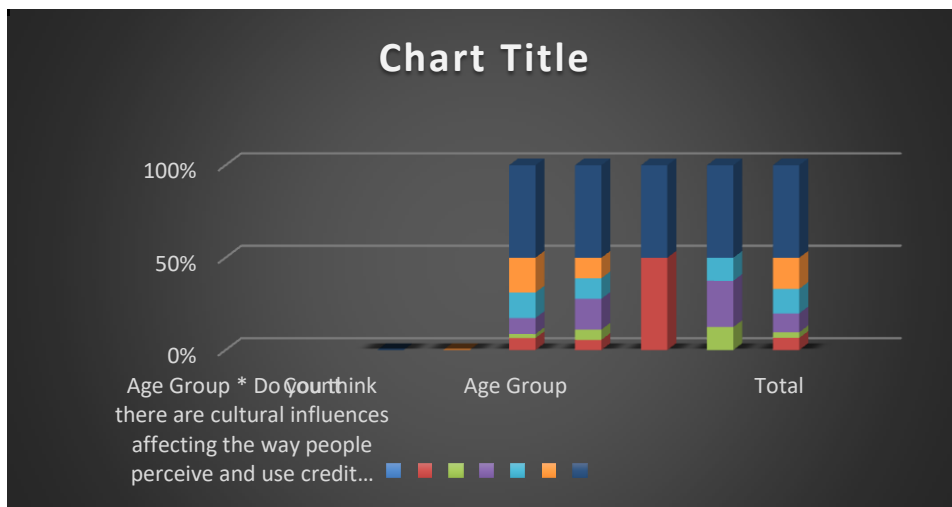
It is clear from the data that respondents, both male and female, expressed differing degrees of agreement or disagreement regarding the significance of financial literacy in the context of responsible credit card use. While a sizeable percentage of people of both genders vehemently disagree with the

**Table 2.2**  
**Cross Tabulation Analysis**

Age Group \* Do you think there are cultural influences affecting the way people perceive and use credit cards?" Cross tabulation

		Scale					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Age Group	25 yrs	9	3	12	19	26	69
	26-35	1	1	3	2	2	9
	36-45	1	0	0	0	0	1
	46yrs	0	1	2	1	0	4
Total		11	5	17	22	28	83

SOURCE:-SPSS RESULTS

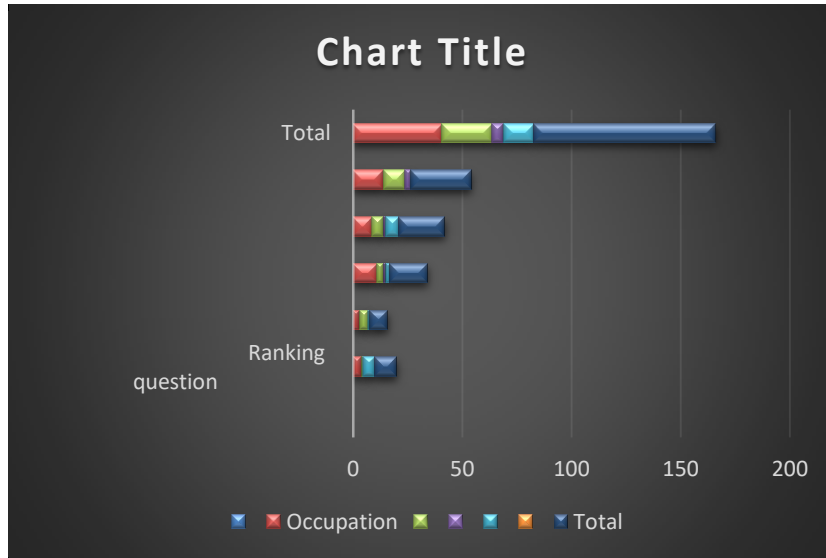


The cross tabulation shows how age groups respond to the idea that cultural influences affect credit card usage. Respondents aged 25 are the most likely to strongly disagree, followed by respondents aged 26-35, those aged 36-45, and those aged 46+ with a mix of responses. Respondents aged 46+ are the least likely to strongly disagree and the most likely to be neutral. Younger respondents (25 years of age) are more likely than older respondents (35-49 years of age) to strongly disagree, while older respondents (50+ years of age) show a more diverse range of responses. For the age group of 26-35, there is a slightly higher number of respondents in the “strongly disagree” category. Respondents aged 36-45 have a slightly lower number in the “neutral” category.

**TABLE 2.3**  
**The digitalization of financial Perception and usage of credit cards?"**

SOURCE:- SPSS RESULTS

Occupation * what ways has the digitalization of financial 3s impacted your perception and usage of credit cards?" Crosstabulation							
Count		Ranking question					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree	
Occupation	Student	4	3	11	9	14	41
	Self Employed	1	4	3	5	10	23
	Service	0	0	1	1	3	5
	Professional	5	1	2	6	0	14
Total		10	8	17	21	27	83



The data includes responses from 83 respondents, broken down by occupation, about the impact of digitalization on how they perceive and use credit cards. Here’s a summary of the findings: Students appear to be the most impacted by the digitization of financial services when it comes to their perception and use of credit cards (SPSS results). A large proportion of students strongly oppose or strongly disagree with this impact, suggesting that they may be concerned or have had negative experiences with the digital financial services they use. Self-employed individuals show a diverse range of responses, with mixed views across the board. Professionals appear to be less affected by the digitization, with a significant portion expressing neutrality, suggesting that there may be differences in how they view and use digital financial services.

TABLE 2.4

HYPOTHEISIS

HO: There is no significant difference between occupation of respondents and their factors of choosing credit .

H1 ; There is significant difference

ONE WAY ANOVO

ANOVA						
4) What factors do you consider when choosing a credit card?						
	Sum of Squares	d f	Mean Square	F	Sig.	Hypothesis
Between Groups	2.890	3	.963	.553	.647	NOT REJECTED
Within Groups	137.520	79	1.741			
Total	140.410	82				

SOURCE :- SPSS RESULTS

The results of the one way ANOVA show that there are no statistically significant differences between respondents' occupation and the factors that influence their credit card choice. The p-value of SIG (0.647) indicates that we are not rejecting the null hypothesis. This means that occupation has no statistically significant effect on the factors that influence credit card selection. Here are the results of the ANOVA: For the between groups analysis (factor of choosing credit card): The sum of squares: 2,890 The degrees of freedom (d f): The Mean Square: 0,963 The F-value: 0.553 The significance (SIG): For the within groups analysis:

6 Findings :

- 1.. Convenience: Customers appreciation the convenience of credit cards because they provide a quick and hassle-free way to make purchases.
2. Benefits and Perks: Many customers are attracted to credit cards because of the benefits and perks they offer, such as cash back, travel points or discounts.

3. Payment flexibility: credit cards offer customers the flexibility to make payments over time, either by paying off the entire balance or in monthly installments.
4. Security: Customers appreciate the security features of credit cards, such as fraud protection and the ability to dispute unauthorized charges.
5. Build a credit history: credit cards are considered to build a positive credit history that can be useful for future loans or financial opportunities.
6. Online shopping: Credit cards are popular for online shopping because of their ease of use and added security measures.
7. Emergency funds: Some customers keep credit cards as a backup for emergencies or unexpected expenses.
8. Purchase Protection: Credit cards often have Purchase Protection, which offers customers a refund or warranty for damaged or stolen items.
9. Credit: credit cards provide customers with credit that can be used to make larger purchases or when cash is not available.
10. Budgeting and expense tracking: Credit cards can be used as a budgeting and expense tracking tool because statements provide a detailed breakdown of transactions.

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## Conclusion :

Customers feel positive about credit cards and find them incredibly useful. They appreciate the convenience of credit cards, which allow them to make purchases easily and quickly. Being able to swipe or tap your card instead of carrying cash or writing checks is a huge convenience factor for customers. Credit cards also provide a sense of security as customers do not have to worry about carrying customer value is the rewards and benefits that come with credit cards. Many credit cards offer cash back, travel points or other rewards programs that encourage customers to use their cards to make purchases. These rewards can grow over time and provide customers with tangible benefits, such as discounts on future purchases or free travel. Customers appreciate the opportunity to get something back for their spend. credit cards play an important role in building credit history. By using credit cards responsibly and making timely payments, customers can build a positive credit history. This is important for future financial opportunities such as loans or mortgages. Customers understand the value of a good credit score and see credit cards as a means of achieving it. Finally, customers value the convenience, rewards, flexibility and credit options that credit cards provide. They see credit cards as a valuable financial tool that improves their purchasing power, offers rewards and helps build a positive credit history.

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