



INFLUENCE OF DEBT LITERACY ON CREDIT CARD SPENDING AMONG CORPORATE EMPLOYEES IN BANGALORE

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ABSTRACT :

Debt literacy is mainly crucial in shaping financial conduct when it comes to credit card utilization. This examine examines how debt literacy impacts company workers in Bangalore's credit score card spending behavior. Given growing customer debt and credit score card utilization, understanding how financial knowledge impacts spending patterns is greater important. The take a look at makes use of a survey-primarily based method to gather records from a hundred company staff contributors to be able to investigate their debt literacy degrees and credit card spending styles. The findings underline that workforce individuals with greater financial understanding are much more likely to manipulate their credit score sensibly, save you debt traps, and make knowledgeable monetary selections considering the fact that they display a clean connection among debt literacy and responsible credit card use. The study emphasizes the need of financial education initiatives in raising debt literacy and promoting higher credit conduct amongst experts.

Keywords: Debt Literacy, Credit Card Spending, Financial Behavior, Corporate Employees, Bangalore.

Introduction :

In the short-paced monetary scene of nowadays, credit score playing cards are actually a chief driving force of purchaser spending. Though out of control use would possibly lead too debt, credit playing cards offer convenience and monetary flexibility. The growing use of credit cards among corporate personnel, particularly in towns like Bangalore, raises questions about monetary literacy and responsible borrowing habits. Debt literacy—someone's capacity to understand economic ideas consisting of hobby charges, minimum bills, and debt control—shapes credit card spending patterns appreciably. Employees with out sufficient debt literacy may find themselves in debt traps, collecting excessive-interest duties and struggling

experiencing financial instability. Conversely, humans with robust economic know-how tend to use credit responsibly, heading off pointless debt and making knowledgeable financial choices. This study aims to study the connection between debt literacy and credit score card spending conduct amongst corporate people in Bangalore. This observe intends to focus on the significance of monetary education in promoting accountable credit score use by way of expertise of ways monetary attention affects spending behavior.

Review of Literature :

This article appears at how conventional credit scoring strategies ought to accidentally inspire greater borrowing as opposed to accountable monetary management. It shows that lack of awareness of credit systems could cause extra debt for individuals, inclusive of company body of workers participants.

This paper emphasizes how organizations provide economic understanding to their employees. It emphasizes the want of place of business interventions to growth debt literacy and assist responsible credit score card use and underlines a good sized growth in staff individuals seeking financial education advantages.

This paper underlines the significance of sound control techniques and credit understanding. It underlines how debt literacy influences credit score card spending traits and advises preserving a credit use ratio under 30% to assure monetary stability.

This study examines credit score card debt amongst customers when it comes to debt literacy. It found that those with less economic information are more likely to incur debts they can not manage to pay for, consequently underlining the importance of financial education in debt management.

Unsecured Lending Hangover: India's Struggle (Financial Times, September 2024) This article examines how unsecured lending has evolved and how it affects

amongst young Indian people. It implies that inadequate financial expertise contributes to unsustainable borrowing, consequently underlining the need of progressed debt training for corporate personnel.

Statement of problem :

Corporate employees in Bangalore are an increasing number of involved about credit card debt, which has been pushed via smooth get entry to to credit score and low economic expertise. Debt illiteracy makes it tough for many personnel to correctly manipulate their credit in spite of everyday salary. Ignoring the long-term economic outcomes of excessive credit score use, compensation styles, and interest fees causes the trouble. This examine tries to discover how lots debt literacy affects credit score card use among corporate personnel in Bangalore. It targets to pick out areas poor in monetary understanding and underline the importance of targeted financial education to promote responsible credit use. The findings will offer insightful evaluation of how extra debt literacy can help employees keep away from financial misery and enhance their universal economic well-being.

Objectives :

To examine how debt literacy influences credit score card utilization among company personnel.

Research Methodology :

A structured questionnaire intended to evaluate credit card spending patterns, debt literacy, and demographic data among Bangalore corporate workers will serve as the main research tool for this study. **Using both open-ended and** classified styles, the questionnaire will have multiple sections, starting with demographic information such age, income level, education, and job position.

Sample size :

The sample size of the study is 100 respondents.

Analysis And Interpretation :

To Study the Relationship Between Debt Literacy and Credit Card Spending Among Corporate Employees

Analysis Method: For Analysis method Pearson correlation 2 tailed test is used to determine and analysis debt literacy and credit card spending

Null Hypothesis (H₀): There is no significant relationship between debt literacy and credit card spending among corporate employees in Bangalore.

Alternative Hypothesis (H₁): There is a significant relationship between debt literacy and credit card spending among corporate employees in Bangalore.

Correlation is significant at the 0.05 level (2-tailed).

Table 4.2

Correlation is significant at the 0.05 level (2-tailed).

| Correlations | | | | | | | | | | | | |
|------------------|---------------------|------------------|----------|------------|--------|-----------|------------------|----------------|-----------|---------|----------|------------|
| | | creditcard_limit | late_fee | preference | awards | influence | financial_advice | lack_knowledge | struggled | track | workshop | confidence |
| creditcard_limit | Pearson Correlation | 1 | .501 | .070 | .217 | -.023 | .225 | .177 | .177 | .104 | .149 | -.053 |
| | Sig. (2-tailed) | | .000 | .492 | .032 | .819 | .025 | .079 | .079 | .304 | .142 | .603 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| late_fee | Pearson Correlation | .501** | 1 | .194 | .117 | .110 | .222 | .235 | .309** | -.062 | .208 | .076 |
| | Sig. (2-tailed) | .000 | | .054 | .252 | .277 | .027 | .019 | .002 | .541 | .039 | .453 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| preference | Pearson Correlation | .070 | .194 | 1 | .062 | .155 | .253 | .126 | -.013 | -.019 | .051 | .028 |
| | Sig. (2-tailed) | .492 | .054 | | .541 | .126 | .012 | .213 | .902 | .852 | .618 | .786 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| awards | Pearson Correlation | .217 | .117 | .062 | 1 | .131 | .242 | .069 | .164 | -.059 | -.006 | -.210 |
| | Sig. (2-tailed) | .032 | .252 | .541 | | .198 | .016 | .502 | .106 | .567 | .951 | .038 |
| | N | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 |
| influence | Pearson Correlation | -.023 | .110 | .155 | .131 | 1 | .309** | .155 | .082 | .284** | .280** | -.219 |
| | Sig. (2-tailed) | .819 | .277 | .126 | .198 | | .002 | .124 | .364 | .004 | .005 | .029 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| financial_advice | Pearson Correlation | .225 | .222 | .253 | .242 | .309** | 1 | .063 | .152 | .134 | .112 | -.266** |
| | Sig. (2-tailed) | .025 | .027 | .012 | .016 | .002 | | .535 | .134 | .187 | .271 | .008 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| lack_knowledge | Pearson Correlation | .177 | .235 | .126 | .069 | .155 | .063 | 1 | .491** | .163 | .267** | -.156 |
| | Sig. (2-tailed) | .079 | .019 | .213 | .502 | .124 | .535 | | .000 | .107 | .008 | .124 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| struggled | Pearson Correlation | .177 | .309** | -.013 | .164 | .092 | .152 | .491** | 1 | .073 | .202 | .054 |
| | Sig. (2-tailed) | .079 | .002 | .902 | .106 | .364 | .134 | .000 | | .472 | .045 | .594 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| track | Pearson Correlation | .104 | -.062 | -.019 | -.059 | .284** | .134 | .163 | .073 | 1 | .201 | -.373** |
| | Sig. (2-tailed) | .304 | .541 | .852 | .567 | .004 | .187 | .107 | .472 | | .046 | .000 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| workshop | Pearson Correlation | .149 | .208 | .051 | -.006 | .280** | .112 | .267** | .202 | .201 | 1 | -.135 |
| | Sig. (2-tailed) | .142 | .039 | .618 | .951 | .005 | .271 | .008 | .045 | .046 | | .182 |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| confidence | Pearson Correlation | -.053 | .076 | .028 | -.210 | -.219 | -.266** | -.156 | .054 | -.373** | -.135 | 1 |
| | Sig. (2-tailed) | .603 | .453 | .786 | .038 | .029 | .008 | .124 | .594 | .000 | .182 | |
| | N | 99 | 99 | 99 | 98 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |

Analysis of Correlations

1. **Credit Card Limit and Late Fee ($r = 0.501, p = 0.000$)** A moderate positive correlation suggests that individuals with higher credit limits tend to incur more late fees. This indicates that having a higher spending capacity does not necessarily mean responsible financial behavior. People with higher credit limits might overspend and struggle with timely payments, leading to late fees.
2. **Late Fee and Struggling with Debt ($r = 0.309, p = 0.002$)** A moderate correlation suggests that individuals who frequently incur late fees are more likely to struggle with debt. Late fees add extra financial burden, making it harder for individuals to repay their debts. This may indicate a vicious cycle where late payments lead to higher debt accumulation.
3. **Financial Advice and Influence ($r = 0.309, p = 0.002$)** A positive correlation suggests that individuals who seek financial advice are often influenced by external opinions. This means that many people do not make independent financial decisions but rather depend on others' advice. While seeking advice is beneficial, over-reliance may indicate a lack of financial confidence or knowledge.
4. **Lack of Knowledge and Struggled with Debt ($r = 0.491, p = 0.000$)** A strong correlation indicates that individuals with lower financial literacy tend to struggle more with debt. This suggests that a lack of knowledge about interest rates, budgeting, and credit terms contributes to financial difficulties. Those who do not understand financial concepts might take on high-interest loans or misuse credit cards.
5. **Workshop Attendance and Confidence ($r = -0.373, p = 0.003$)** A negative correlation means that individuals who attend financial workshops tend to have lower financial confidence. This could be because workshops expose financial complexities, making individuals feel overwhelmed rather than empowered. Instead of boosting confidence, workshops might make attendees realize how much they don't know, reducing their self-assurance.
6. **Financial Advice and Confidence ($r = -0.266, p = 0.008$)** A negative correlation suggests that individuals who seek financial advice tend to have lower financial confidence. This indicates that people who lack confidence in their financial knowledge are more likely to rely on external advice. While guidance is helpful, low confidence might prevent individuals from making independent financial decisions.

Interpretation of Findings :

1. **Higher Credit Limits Do Not Guarantee Responsible Financial Behavior** Many assume that individuals with high credit limits are financially stable. However, the data suggests that they might overspend and struggle with timely payments, leading to late fees. Banks and financial institutions should focus not just on increasing credit limits but also on educating users about responsible credit usage.
2. **Late Payments Can Lead to a Debt Trap** People who frequently pay late fees are more likely to struggle with debt. This suggests that small financial mismanagement (like missing a payment) can have long-term consequences. Financial institutions should encourage automatic payments or reminders to help individuals avoid late fees.
3. **External Influence Plays a Role in Financial Decision-Making** Many individuals depend on advice from family, friends, or financial experts instead of making their own financial decisions. While external advice can be helpful, blindly following others without understanding financial concepts can be risky. People need to be empowered to make independent financial decisions based on solid financial knowledge.
4. **Financial Literacy is Crucial for Debt Management** A lack of financial knowledge directly correlates with struggling to manage debt. People who do not understand financial concepts are more likely to fall into high-interest debt traps. Financial education programs should be introduced in schools, colleges, and workplaces to improve awareness.
5. **Financial Workshops Need to be More Confidence-Boosting** Workshops should not just explain financial concepts but also provide practical, actionable steps to improve confidence. Simplified financial strategies and interactive sessions can help attendees feel more in control of their finances.

Limitations :

- This study is restricted to in Bangalore city only.
- Research project is restricted to corporate employees .
- The response provided by the respondents may or may not be accurate which can lead to biases.

Conclusions :

Debt literacy plays a crucial role in shaping credit card spending behavior among corporate employees in Bangalore. This study highlights that individuals with higher financial knowledge tend to manage credit responsibly, avoiding excessive debt and financial distress. Conversely, those with lower debt literacy are more prone to impulsive spending and high-interest debt accumulation. To promote responsible financial behavior, organizations and policymakers should emphasize financial education programs, ensuring that employees make informed credit decisions. Enhancing debt literacy can lead to better financial stability, reduced financial stress, and improved overall economic well-being.

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