Usage Pattern of Credit Card Holders

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INTRODUCTION

Indian banking institutions are having important role in the development of the economy and they provide credit facilities to the customers. The credits are broadly classified into capital and consumption credits. The capital credits are used to purchase machines and equipments. The consumption credits are needed by the customer to frequently purchase the consumption goods and services. There are various rules and regulations to get the credits. However to avoid the sufferings of the customer, the credit card system is introduced by the banking institution.

The credit card business is a fast growing segment of banking in these days. The growing number of credit cards is certainly an indicator of the progress made by the Indian banking institutions[1]. There was a time when some of the public sector banks ventured into this domain. However, there has been a dramatic change in the net of issue of credit since the banks of the new generation started popularizing the plastic card. And they have made it highly profitable too. It is reported that the income from the credit card business constitutes about eleven per cent of the pre-tax income of two of these banks in India. Public sector banks, despite their wide spread branch network and large customer base, are yet to grab the market in India.

The customers can use the credit card for purchasing goods and availing the services from the shopkeepers. The customer instead of making payment by cash uses the credit card and the same is swapped through the electronic communicating data transmitter, which verifies the same and ratifies the sale[2]. As a token of acknowledgement, the machine issues the confirmation by way of receipt, which will be in three copies. The customer's signature will be affixed on the receipt. The sale is completed and bankers will reimburse the payment to the shopkeeper against the copy of the bill. The seller will retain the third copy.

The banks will receive various bills of the customer and the banker will make a consolidated list of payment. The bank will send the statement to the cardholder and normally, a grace period of 50 days will be given for making the payment. The customer should make the payment on the due date mentioned in the statement. It is not necessary that the payment should be made in full. The customer also remits a part payment or the minimum amount accepted by the bank. But the balance amount carries interest as stipulated by the bank. If the customer fails to make the payment, interest from the due date will be accounted by the banker. However, if the customer makes payment in full, the customer will be allowed to avail fresh credit.

A credit limit is fixed based upon the income of the customer. The customer can make purchase or avail services only upto the credit limit allowed by the banker. Once the customer makes payment, the credit limit will once again revolve to the original amount. Hence, the credit card is playing a pivotal role for each one of the consumers all over the world. The present study analyzes the consumption pattern of credit card holders and also the proper utilization of the credit cards in the business transaction and services.

STATEMENT OF THE PROBLEM

In olden days, man started doing business through barter system. As the volume of transactions increased, he invented money as a medium of exchange for the settlement of his transactions. As the business improved, the banking system was evolved to settle the business transactions through cheques. Though the basic functions of a banker is acceptance of deposits and lending of loans, the modern banker undertakes a number of agency functions to satisfy the growing needs of their customers[3]. To attract more and more customers, the bankers provide a wide range of innovative services.

Innovation, in fact has become a continuous process in banking. With dramatic changes in policies, the banks apart from meeting the burgeoning demands of the economy are optimizing their efforts to fulfill their requirements, ambition, aspirations and expectations of the community.

Nothing has revolutionized monetary transactions in the present day more than the credit cards. The unprecedented rise in the use and popularity of credit cards has its own story to tell. This avenue of credit generation has vastly grown in its scope from what it was originally to be. Of all the service related industries, the rise of credit card industry has been the most spectacular. For millions of people, the credit card has become an alternate instrument of monetary transaction, replacing the hard currency. Quite clearly, the aim is to make it an exclusive piece of possession and a status symbol .The imperative of the new business and industry culture also

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demands that it dispenses with the need of hard currency into many areas of its transactions, making it a cash-less society.

The mind boggling economic growth of our times has created a friendly competitive business environment and consequently demands a lot of mobility on the part of large section of our population. The credit card steps in hereby offering not only short term credit facility but also a safe and secure way of traveling without carrying hard currency. What is more, while providing a host of services to the customers, it has pushed the retail sales substantially, thereby brining a lot of profit to the credit card managing financial institutions like banks. As the banks find it increasingly difficult to shore up their bottom line, more and more of them are drawn into this service that promises lucrative profits and immense growth potential. With their fortunes sagging and profits dipping, the credit card business offers them a way out of their financial woes.

Credit cards have created a new consumer culture[4]. "The paradox of consumer culture is that people are constantly faced with a tow set of contradictory messages. The more powerful is the dilemma aired by the advertisements, which urges the people to buy, to indulge themselves on one hand and on the other hand, people do not want to spend; they want to save." Credit cards hold out the key to how one can, "have the cake and eat it too". In essence, credit cards give an answer to the above paradox. You can indulge and save at the same time. You buy on your card for which only a delayed payment is required. The delayed payment of purchase in essence is an investment. Sometimes, cash drawn on credit cards are used for making investments which otherwise might have slipped off your hands. Credit cards thus create both consumption and investment culture at the same time. They thus help to create a new social, financial and business culture.

Credit cards help a certain class of conscious consumers of the largest salaried group in the world to enhance their purchasing power. This is also encouraged by both foreign and Indian banks in a big way. These banks offer their credit card schemes with a lot of benefits to the customers who are just not anymore tourists but also ordinary salaried class. Today's credit card holders can exercise enormous clout by way of purchasing a wide range of consumer products. It spells instant money with a lot of shops and other commercial establishments accepting these cards and the fledging middle class economy is also looking up for more and more ways for purchasing things which are available in the market. With an estimated 200 million strong middle class in India, banks expect the credit card business to grow, but this, the banks feel is a long term view rather than a short term view. They expect the Indian middle class to slow and steadily realize the pros and cons of credit cards. Foreseeing a bright future for the Indian credit card business, they have started lowering the salary limit for credit card holders so that more and more middle class people can come under the card umbrella.

Apart from status symbol, the credit card facilitates consumer spending by enabling the card holders to avail soft credit and making him more mobile without risk of carrying cash or cheque with him for shopping with retailers, for settling accounts with restaurants, for buying air tickets and paying hotel bills, etc. The dealers of goods and services are able to increase their sales by sharing the goodwill of card issuing bank and enjoying guarantee of prompt payment. The bank in turn gets commission from the dealers on the turnover through its card, earns interest on credit offered, improves customer services, publicizes its image, catches new clients and gets resources from foreign exchange earning when the bank issues internationally valid cards.

To appreciate the role played by credit cards in the current day financial system, it is necessary to study its nature and scope, the mechanism of its operation and risk associated with some credit card operation by the consumers. It will be equally instructive and informal to explore the locus-standi of credit card business in India, with a view to identify the factors underlying credit card usage.

OBJECTIVES OF THE STUDY
The study has the following objectives:
1. To study the demographic factors of credit card holders.
2. To know the using purpose of credit card by the holders.
3. To assess the behavioral changes of credit card holders.
4. To examine the consumption pattern of credit card holders.
5. To suggest measures to improve the credit card system in India.

HYPOTHESES
1. Customers are utilizing the credit card for their consumption purposes at the higher level.
2. Government employees at large are utilizing the credit card for their consumption purposes.

METHODOLOGY OF THE STUDY
This is a descriptive study. Relevant literatures relating to the credit card system were collected from newspapers,

magazines and journals. The study is based on data collected from the card holders with the help of the questionnaire. Care was taken to frame those questions which could get relevant and unbiased information from the users of credit cards regarding their personal characteristics viz, age, sex, occupations, income, expenditure patterns, experience, satisfaction, conveniences, difficulties and inconveniences if any, etc. The collected data were subjected to statistical analysis to draw inference and make suitable conclusions. Statistical tools like chi-square test and percentages have been used with respect to data collected.

One hundred credit card holders from 513 credit card holders of various banks viz. State Bank of India 190, ICICI bank 203, ABN AMRO bank 120 has been taken up by random sampling and data were collected with the help of questionnaire to study the benefits of credit cards and its impact on the buying behaviour of card holders at Kanchipuram town in Tamil Nadu. The information has been modified, edited and tabulated accordingly. Analysis on the basis of information was done and appropriate inferences are duly made.

LIMITATIONS OF THE STUDY

The study is confined only to urban area as the use of credit cards and availability of member establishment will be extensive here.

The respondents were generally co- operative, yet some of them might have biased their reply for certain sensitive questions.

The duration of the study is also in accordance with the academic objective of the course curriculum. So obviously in pursuit of academic exercise, the restriction on time has also brought into the study some limitations.

REVIEW OF LITERATURE

Srinivasan.P (2003) reveals that in his study entitled "Role of credit card system in Indian economy,"[5] Economy will be improved by primary, secondary and territory sectors. Transport system will improve due to high goods movement. Exports will increase and hence the flow of foreign exchange will be benefited. Employment opportunities will get improved both in public and private sector. Marketing will be developed with increased advertisements. Consumerism will get developed. Competition will reduce the price index' of commodities. By using the credit card, the customer can make purchases at any time and the customer need not carry cash for making purchases.

Joseph (1999) revealed that in his study, the customer could take benefit of lower prices before price hike. The customers can enjoy the credit limit of 50 days. Credit cards can be used to make purchases and avail the services rendered by the Internet sale and services. Customers can program their purchases depending upon the credit limit available in the card. Credit card will be helpful to draw cash even at midnight in case of emergency. Credit card holders are covered by the insurance policy by the banker.

Abraham.S (2001) explored in his study that the wholesaler will be getting more orders from the retailer, as the sale of goods will go up due to the credit card sales. The wholesaler will be dealing with products of different manufacturers due to the credit extended by them and the wholesaler will also get credit benefit from the bank. The wholesaler can avail discount facility introduced by the manufacture for immediate payment.

Narayanasamy T. (2002)[6] reveals in his study that credit cards are a better control of banking system evolved by the central bank. During inflation, the central bank can control the prices by limiting the credit facilities to customers and bankers. The activities of non -banking finance companies will be restricted. By credit card purchases, the sale is properly billed and hence, the tax revenues like sales tax, excise duty will not be evaded. Government revenue will get improved. A credit card prevents the use of unaccounted money. Government employees will avail credit card facility against their salaries.

The above studies are concentrated on the various roles contributed by the credit card to the credit card holders. No study has been attempted for the consumption pattern, and problems faced by the credit card holders, hence this study.

ANALYSIS AND INTERPRETATION

This section analyses the network system issue of the credit cards, for various business activities. This analysis is based on primary factors viz., age wise classification of the credit card holders, Gender of the credit card holders in sample banks, Occupation wise classification of credit card holders, the income wise classification of credit card holders. Location of the credit card holders, purpose of the credit card utilization, frequency of using the card by card holders, repayment of card purchases, opinion of card holders in assets creation, satisfaction of the card holders with the services provided by banks.

IMPACT OF CREDIT CARDS ON THE PURCHASING POWER OF THE CARDHOLDERS

The section is primarily based on the information directly collected from the sample users of credit cards. This

analysis was based on the questions set in the questionnaire for the survey and the respondent's feedback. The collected data was subject to statistical analysis to draw inferences and suitable conclusions. Statistical tools like chi- square and percentage was used. For calculating the table value for analysis with chi square, 5% significance level was used.

ISSUING BANK AND SEX OF CARD HOLDER

The below table shows the relationship between the credit card issued by different banks such as Citibank, Standard Chartered bank, ICICI bank etc. and the sex of the cardholder. Other banks include ANZ Grindlays, HSBC, American Express and SBI.

Table1: ISSUING BANK AND SEX OF CARD HOLDER

Bank	sex		Total
	Male	Female	
Citibank	43	5	48
Standard Chartered	21	4	25
ICICI bank	8	3	11
Others	12	4	16
Total	**84**	**16**	**100**

Source: primary data

More than 80 percent of the cardholders are male because they have a regular source of income. Most of the females, who are housewives, use the additional cards which are issued at a concessional fee for family members. Nearly 72 percent of cardholders use Citibank and Standard chartered credit cards.

Null hypothesis:-There is no significant association between the issuing bank and the sex of the cardholder. Calculated value $= 3.62$, Table value $= 7.815$

CONCLUSION:-The calculated value of chi- square is the less than the table value, hence the hypothesis is true and accepted.

TABLE 2: ISSUING BANK AND AGE OF CARD HOLDER

Bank	Age in years				Total
	20-29	30-39	40-49	50&above	
Citibank	20	12	6	5	59
Standard Chartered	10	9	3	3	25
ICICI bank	8	1	1	1	11
others	9	7	4	1	21
Total	**47**	**29**	**14**	**10**	**100**

Source: primary data

This table has been drawn to show if the issuing bank varies among the card holders of different age groups. It is clear from the table that nearly 78 percent cardholders belong to the age group of 20-39 years. This category consists of students who are using add on cards or youngsters who are yet to settle in life; these people have a greater need for credit cards. On the other hand, the number of cardholders in the age group of above 40 years is low comparatively. These people are settled in life, they have the propensity to save more than spend.

Null hypothesis: - There is no significant association between the issuing bank and age of cardholder. Calculated value $= 5.362$, Table value $= 16.919$

CONCLUSION:-Since the calculated value of chi-square is less than the table value, the hypothesis that the credit card chosen by the cardholder does not depend on the age is accepted.

TABLE 3: ISSUING BANK AND OCCUPATION OF CARD HOLDER

Bank	Occupation				Total
	Private sector	Govt.sector	Self -Employed	Professional	
Citibank	21	13	4	8	46
Standard Chartered	14	5	2	5	26
ICICI bank	4	5	1	1	11
others	7	7	1	2	17
Total	**46**	**30**	**8**	**16**	**100**

Source: primary data

From the table it can be seen that nearly 75 percent of the cardholders belong to the salaried class i.e. the private and government sector employees, as they have a limited source of income whereas only 25 percent of cardholders belong to the self-employed and professional group. The credit card helps the card holders to meet

sudden expenses in case of non-availability of cash.

Null hypothesis:-Let us take the hypothesis that there is no relationship between the issuing bank and the occupation of the cardholder is an independent attribute.

Calculated value = 5.76, Table value = 16.919

CONCLUSION: The calculated value of chi- square is less than the table value, the hypothesis that the occupation of card holders does not determine the type of issuing bank chosen holds good.

TABLE 4: ISSUING BANK AND MONTHLY INCOME OF CARD HOLDER

Bank	Monthly salary in thousands(Rs)				Total
	0-10	10-15	15-20	Above-20	
Citibank	6	9	16	16	47
Standard Chartered	5	6	5	11	27
ICICI	2	0	4	2	8
Others	2	7	6	3	18
Total	**15**	**22**	**31**	**32**	**100**

Source: primary data.

The above table has been drawn to determine the relationship between the different banks issuing credit card and the monthly income of the cardholders. Most of the people who have taken credit cards are those whose income is greater than Rs. 5,000 pm. Those with higher income are more willing to avail the type of services offered by banks; nearly 60 percent of cardholders belong to this group. Also banks take all precautions in selecting the cardholders; they generally do not issue cards to a person unless they are satisfied about the credit worthiness of the applicant.

Null Hypothesis: There is no association between the issuing bank and monthly income of the cardholder. Calculated Value = 10.95, Table Value = 16.919

Conclusion: The Chi- square value is less than the table value. The hypothesis that there is no association between the credit card selected and monthly income of card holders is true.

TABLE 5: ISSUING BANK AND SAVINGS OF CARD HOLDER

Bank	Savings				Total
	0-10%	10%-20%	20%-30%	Above 30%	
Citibank	21	16	6	3	46
Standard Chartered	9	9	6	2	26
ICICI	5	3	1	1	10
Others	7	4	5	2	18
Total	**42**	**32**	**08**	**08**	**100**

Source: primary data.

The table shows the relationship between bank issuing credit cards and savings of the cardholders. Savings is shown as a percentage of the monthly income. Approximately, 72 percent of cardholders with fewer savings use credit cards for their requirements. Credit cards not only help the cardholders to acquire purchasing power, but also help in rotation of funds.

Null Hypothesis: The issuing bank and monthly income of the savings of the cardholder are independent of each other. Calculated Value = 6.35, Table Value = 16.919

Conclusion: The calculated value of chi- square is less than the table value, hence it can be inferred that the basis on which the cardholder selects the issuing bank doesn't depend on their monthly income.

TABLE 6: CHANGE IN BUYING BEHAVIOUR AND SEX OF CARD HOLDER

Any change	Sex		Total
	Male	Female	
Yes	49	8	57
No	31	12	43
Total	**80**	**20**	**100**

Source: primary data.

This table is drawn to show if the change in buying behaviour of a credit card holder is associated with the sex. Respondents were asked to tick either "Yes" or "No" to show if credit cards have brought a change in their buying pattern and the data collected was tabulated. About 62 percent of them feel that credit cards have changed their buying behaviour significantly. They go for instant purchases or meet sudden cash shortage with the help of cards. Comparatively, only 40 percent of the females feel that there is a change in their buying pattern.

Null hypothesis: The change in buying behavior is not related to the sex of the cardholder.
Calculated Value = 0.56, Table Value = 3.841
Conclusion: Since the calculated value is less than the table value, the hypothesis that changes in buying behavior are not related to the sex of the cardholder is accepted.

TABLE 7: CHANGE IN BUYING BEHAVIOUR AND AGE OF CARD HOLDER

Anychange	Age in years				Total
	20 – 29	30 – 39	40 – 49	50 & above	
Yes	21	24	7	5	57
No	28	7	5	3	43
Total	**49**	**31**	**12**	**08**	**100**

Source: primary data.

This table has been drawn to see if the age of the cardholder has any impact on the change in the buying behavior. Nearly 80 percent of cardholders of the age group 30-39 years feel that there is a defined change in their buying behavior. Youngsters in this group are just married, striving to come up in life and make both ends meet. Credit cards are more sage and convenient; they make the younger generation feel confident. The cardholders of various age groups hold different views regarding the change in buying behavior.

Null hypothesis: There is no significant association between the change in the buying behavior and age of the credit cardholder.
Calculated Value = 13.05, Table Value = 7.815
Conclusion: The calculated value of chi- square is greater than the table value. The hypothesis is rejected; hence there is a relationship between the change in their buying behavior and age of credit cardholder.

TABLE 8: CHANGE IN BUYING BEHAVIOUR AND OCCUPATION OF CARD HOLDER

Any change	Occupation				Total
	private sector	Government Sector	Self Employed	Professional	
Yes	26	18	04	09	57
No	20	14	03	06	43
Total	**46**	**32**	**47**	**15**	**100**

Source: primary data.

The table explains the relationship between the occupation of a credit cardholder and the changes in buying behavior. Credit cards have changed the buying pattern of the salaried class and those having their own business or profession. Sometimes, the employee who receives salary every month finds it difficult to meet both ends, credit cards serve as a substitute for them. When the income is not fixed as in the case of professional and self employed, credit cards helps them to meet unforeseen expenditure and cash shortages.

Null hypothesis: The change in buying behavior is independent of the occupation.
Calculated Value = 0 .270, Table Value = 7.815
Conclusion: The calculated value of chi- square is less than the table value, the hypothesis that change in buying behavior is independent of occupation of the cardholder is accepted.

TABLE 9: CHANGE IN BUYING BEHAVIOUR AND INCOME OF CARD HOLDER

Any change	Monthly income in thousands(Rs)				Total
	0-10	10-15	15-20	Above-20	
Yes	8	3	23	23	57
No	11	12	9	11	43
Total	**19**	**15**	**39**	**42**	**100**

Source: primary data.

This table explains analyses whether changes in buying behavior vary with different levels of income of credit card holders. About 67 percent of the respondents of the higher income group feel that credit cards changed their buying pattern significantly. The benefits derived vary like safety, flexibility of payment modes, emergency cash, and other emotional benefits like pride, status etc. The lower income group people use credit card for unforeseen expenditures or emergencies.

Null hypothesis: The change in buying behavior and income of credit card holders are independent attributes.
Calculated Value = 5.377, Table Value = 7.815.
Conclusion: Since the value of chi- square is less than the table value, change in buying behavior for card holder

is independent of the income.

TABLE10: CHANGE IN BUYING BEHAVIOUR AND SAVINGS OF CARD HOLDER

Any change	Savings				Total
	0 – 10%	10% - 20%	20% - 30%	Above 30%	
Yes	20	22	13	6	57
No	20	10	7	2	43
Total	40	32	20	8	100

Source: primary data.

The table explains to determine if change in buying behavior is related to savings of credit cardholders. Irrespective of the savings, the cardholders feel that credit cards have changed their buying behavior. They can afford to purchase goods even if they don't have the entire purchase price in cash. Credit card purchase is not always a rational buy, sometimes cardholders also indulge in impulse buying.

Null hypothesis: There is no significant association between changes in buying behavior and savings of cardholder. Calculated Value = 3.177, Table Value = 7.815

Conclusion: Since the calculated value of chi- square is less than the table value, there is no association between change in buying pattern and the savings of a cardholder.

TABLE11: SPENDING LIMIT ON CREDIT CARD AND INCOME OF CARD HOLDER

Spending Limit in thousands	Monthly income in thousands(Rs)				Total
	0-10	10-15	15-20	Above-20	
0 -5	11	16	17	10	54
5 – 15	5	5	9	9	28
15 – 25	2	1	1	2	6
Above -25	0	1	2	9	12
Total	18	23	29	30	100

Source: primary data.

The above table would help us draw an inference about the relationship between the average monthly spending limit using credit cards and the monthly income. Nearly 80 percent of the cardholders are prudent in their purchases; their monthly expenditure doesn't exceed their income. Some cardholders do get caught in a spending spree; particularly during the initial days after receiving their cards. But with experience, card holders tend to adopt a cautious approach, realizing that they have to pay interest, which in most cases is very high, for the amount which is not paid within the due date.

Null hypothesis: The monthly spending limit of the cardholder is not related to the monthly income. Calculated Value = 27.68, Table Value = 16.919.

Conclusion: The calculated value of chi -square is greater than the table value, meaning that the expense of a cardholder is related to his monthly income.

TABLE12: PURPOSE OF CARD CREDIT USAGE AND SEX OF CARD HOLDER

Purpose of use	Sex		Total
	Male	Female	
Shopping	84	15	99
Durable	66	11	77
Clothing	92	19	111
Luxury	36	11	47
Travel & Others	52	11	63
Total	330	67	397

Source: primary data.

The table above represents the purpose for which the credit card is used and the sex of the card holder. Credit cards are used to purchase various things such as shopping items (food products, groceries etc.), durables (T.V. refrigerators etc.) clothing, luxury items (jewellery, club membership etc), and for travel related expenses. The purpose for which credits cards are used is similar among the male and female members. Credit cards are widely used for monthly household goods, clothing, durables, luxury items like jewellery, cosmetics etc.

Null hypothesis: The purpose of credit card usage and sex of the cardholder are independent attributes. Calculated Value = 2.03, Table Value = 16.919.

Conclusion: The calculated value of chi- square is less than the table value; hence the hypothesis that there is no

relationship between the sex of a cardholder and the purpose for which it is used is accepted.

TABLE13: PURPOSE OF CARDCREDIT USAGE AND AGE OF CARD HOLDER

Purpose of use	Age in years				Total
	20 – 29	30 – 39	40 – 49	50 & Above	
Shopping	59	25	9	6	99
Durable	34	26	11	6	77
Clothing	55	36	15	5	111
Luxury	25	12	7	3	47
Travel & Others	34	20	6	3	63
Total	207	119	48	23	397

Source: primary data.

The table above determines the relationship between purpose for which the credit card is used and the age of the card holder. The 'early nesters' - the first time user, 20-29 years, just married, new to his career, has greater need for consumer finance to buy durables, clothes etc. The cardholders above 40 years are more prudent and cautious when they purchase as they don't want to get involved in heavy debts.

Null hypothesis: The purpose of credit card usage does not depend on the age of the credit cardholder. Calculated Value = 6.78, Table Value = 21.026.

Conclusion: The value of chi- square is less than the table value, the hypothesis that there is no association between the age of the card holders and the purpose for which cards are used holds good.

TABLE14: PURPOSE OF CARDCREDIT USAGE AND OCCUPATION OF CARD HOLDER

Purpose of use	Occupation				Total
	Private Sector	Government Service	Self Employed	Professional	
Shopping	50	24	9	16	99
Durable	38	20	6	13	77
Clothing	53	28	11	19	111
Luxury	21	9	6	11	47
Travel & Others	35	9	5	14	63
Total	197	90	37	73	397

Source: primary data.

The table determines the relationship between purpose for which the credit card is used and the occupation of the cardholder. Most of the respondents use credit cards for purchasing shopping goods and clothes. The busy life of private sector employees and professionals involves a great deal of traveling where the use of credit card becomes easy and convenient. Air tickets can be bought and hotel bills can be settled on the flash of a credit card without many hassles.

Null hypothesis: There is no significant difference between the purpose of credit card usage and occupation of card holder. Calculated Value = 6.36, Table Value = 9.488.

Conclusion: Since the calculated value is less than table value, the usage of credit card is not associated with the occupation of cardholders.

TABLE15: PURPOSE OF CARDCREDIT USAGE AND AGE OF CARD HOLDER

Purpose of use	Monthly Income in thousands(Rs)				Total
	0- 10	10-15	15 - 20	Above -20	
Shopping	19	18	27	35	98
Durable	15	11	23	28	77
Clothing	19	25	33	34	111
Luxury	11	6	12	18	47
Travel & Others	12	11	18	2	63
Total	76	71	113	137	397

Source: primary data.

The above table determines the relationship between the purposes for which the credit cards are used and the income of the cardholder. Credit card serves the needs of the card holder of various income groups. Credit cards are used by both the higher and lower groups for shopping, clothing, durable etc. Whether the credit card is used for regular or emergency purchase, it helps the cardholder to get the purchasing power at any time.

Null hypothesis: There is no significant association between the purpose of credit card usage and monthly

income of cardholders. Calculated Value = 4.36, Table Value = 21.026.

Conclusion: The calculated value is less than the table value; the purpose for which cards are used doesn't depend on the monthly income.

TABLE16: PURPOSE OF CARD CREDIT USAGE AND SAVINGS OF CARD HOLDER

Purpose of use	Savings				Total
	0 – 10%	10% – 20%	20% - 30%	Above 30%	
Shopping	36	35	19	9	99
Durable	31	31	9	6	77
Clothing	39	36	24	12	111
Luxury	19	15	8	5	47
Travel&Others	24	19	11	9	63
Total	149	136	71	41	397

Source: primary data.

The above table determines the relationship between purposes for which the credit card is used and the savings pattern of the card holder. When the savings is less, there is a greater need for the use of credit cards when compared to cardholders with higher savings. If a person wants to purchase, he needs money, otherwise he has to postpone his purchase. But credit cards help him to purchase whatever he wants and pay later. In fact, the respondents feel that credit cards induce them to overbuy, as it has given them the power to satisfy their individual wants.

Null hypothesis: The purpose for which credit cards are used is independent of the card holder's savings. Calculated Value = 6.06, Table Value = 21.026.

Conclusion: The value of chi-square is less than the table value, hence there is no significant difference between credit card usage and savings.

TABLE 17: DURATION OF CREDITCARD MEMBERSHIP AND OCCUPATION OF CARD HOLDER

Duration of Membership In year	Occupation				Total
	Private Sector	Government Sector	Self Employed	Professional	
0- 2	22	9	4	9	44
2 – 4	13	7	2	5	27
4 – 6	8	8	2	2	20
Above 6	3	4	1	1	9
Total	46	28	9	17	100

Source: primary data

The above table shows the relationship between the occupation of the credit cardholder and the period for which the credit cards are held. Nearly 40 percent of card holders are using credit cards for less than two years .Indian credit card market is young and the banks have done a good job by attracting the customers through advertisement, personal contacts etc as the number of cardholders have increased in the recent years.

Null hypothesis: There is no significant difference between membership duration and occupation of the cardholder. Calculated Value = 6.93, Table Value = 16.92.

Conclusion: The calculated value is less than the table value; there is no association between the occupation of a cardholder and the duration of holding a credit card.

TABLE 18: DURATION OF CREDITCARD MEMBERSHIP AND INCOME OF CARD HOLDER

Duration of Membership In years	Monthly Income in thousands(Rs)				Total
	0- 10	10- 15	15- 20	Above- 20	
0- 2	11	12	13	9	45
2 – 4	3	6	2	7	18
4 – 6	1	3	5	10	19
Above 6	0	0	10	8	18
Total	15	21	30	34	100

Source: primary data.

The above table shows that the income of the credit card holder has an impact on the period for which the credit

cards are held. It implies that card holders with higher income use credit cards for a longer time than others. Six years ago, the number of card holders in the lower income groups was nil, whereas in recent years the number has increased significantly as consumers are catching on to the convenience of credit cards due to the awareness created by banks.

Null hypothesis: Membership duration and monthly income of credit cardholders are independent of each other. Calculated Value = 21.40, Table Value = 16.919.

Conclusion: The calculated value is greater than the table meaning that the duration of membership has significant association with the income of the cardholder.

TABLE 19: TYPES OF CREDIT CARDS USED AND OCCUPATION OF CARD HOLDER

Type of Card	Occupation				Total
	Private Sector	Government Sector	Self Employed	Professional	
Master	21	9	7	8	45
Visa	28	15	1	6	40
Classic	4	3	0	1	8
Gold & Diners	4	2	0	1	7
Total	**61**	**29**	**8**	**16**	**100**

Source: primary data.

The above table shows if the type of card used has any relevance to the occupation of the cardholder. India has four major international brands- Master card, Visa, American Express and Diners club. Master & Visa account for over two - third of all the cards issued within the country, which is true as nearly 80% of the card holders use them.

Null hypothesis: There is no significant association between type of credit card used and occupation of credit card holder. Calculated Value = 11.34, Table Value = 16.919.

Conclusion: Since the value of chi -square is less than the table value, the hypothesis that the type- credit card doesn't depend on the occupation is accepted.

TABLE 20: TYPES OF CREDIT CARDS USED AND INCOME OF CARD HOLDER

Type of Card	Monthly Income in thousands(Rs)				Total
	0-10	10- 15	15- 20	Above- 20	
Master	9	6	12	16	43
Visa	7	11	13	10	41
Classic	2	4	1	1	8
Gold&Diners	0	2	3	3	8
Total	**61**	**23**	**29**	**30**	**130**

Source: primary data.

The above table is drawn to determine if the monthly income of the cardholder affects the type of card used. Master and Visa cards are popular because the annual fees are comparatively less, the interest charged can be paid in easy installments and they are widely accepted by the merchant establishment. Gold cards are used by higher income group as the income eligibility is more. The analysis shows that the majority of card holders are male. People belonging to the age group of 20 to 39 have greater need for credit cards. Credit cards are more widely used by the higher income groups because of the interest and service charges to be paid. Overall, the credit cards have brought about a change in the buying behaviour of card holders. They are issuing cards for different occasions, it shows that credit cards are becoming much more of necessity than a luxury.

Null hypothesis: The type of credit card used is not related to the monthly income.
Calculated Value = 14.87, Table Value = 16.91.

Conclusion: The calculated value is less than the table value, the hypothesis that the type of card used and income of the cardholder are not related holds well.

SUMMARY OF FINDINGS

The present study aims at assessing the consumption pattern of credit cardholders. The earlier chapters focused separately on the consumption pattern of credit cardholders. The present chapter brings together the findings of these chapters and attempts to conclude and derive implications for future research and policy.

The launching of credit cards is indeed one step further in meeting the social objectives expected of banks in today's scenario. Though credit cards are relatively new to India, it is treated as a status symbol and as a vehicle of consumerism. With increasing economic and financial liberalization and growing prosperity of the urban middle

class, banks feel desirable to enter this line of business.

There was a time when people were not willing to offer credit. But today, it is the credit card age. Though credit cards are yet to revolutionize all commercial and business transactions, it is steadily making progress and in another decade, could become a way of life.

FINDINGS OF THE STUDY

The following are the major findings with regard to the study on the usage pattern of the credit cardholders.

1. Most of the respondents are male cardholders, because they are employed and have a good source of income.
2. Most of the respondents are in the age group 20-29 years. The tendency and need to purchase is more at this age.
3. Majority of the cardholders belong to the salaried class of the Government and Private Sector, when their salary is exhausted at the end of the month, the credit card helps them to overcome a temporary cash crisis.
4. Respondents with higher salary utilize the cards to the maximum whereas those with lower salary are more cautious.
5. Lower the savings, higher is the requirement for the use of cards. Purchases can be made through cards and can be paid from next month's salary because the time limit is 45 days for settling the dues.
6. Male respondents feel that there is a definite change in their consumption behaviour. Credit cards can be used for both personal and business purpose. There is no need for postponement of purchases due to cash shortage.
7. Credit cards have changed the consumption behaviour of the people especially, in the age group of 30-39 years. Respondents feel that credit cards help them to indulge in impulse purchases, it has given them the power to buy anything at any time.
8. Credit cardholders with higher income feel that credit cards have changed their consumption pattern. The credit card purchase is not always a rational buy; some part of it is also impulse buying.
9. Cardholders with lower income tend to spend more than what they receive and credit cards help to meet the expenses at the month end.
10. The tendency to use a card is more in married persons because of many commitments.
11. Credit cards have changed the life style of cardholders. They enjoy many commitments.
12. Credit cards have brought a change in the consumption pattern of the higher income class whereas those with lower salary are more cautious in their purchase.
13. Consumers are catching on the convenience of plastic. The number of cardholders has increased in the recent years as it is evident from the rise in the number of members in the last two years.
14. Credit card agents and advertisements are the main source of awareness to the cardholders.
15. Citibank cards are more popular and widely accepted. One of the main reasons for Citibank dominance is its advertising. The bank has done a real good job by attracting the number of customers through personal contacts and advertisement. The banks provide a lot of additional benefits like insurance on phone banking, bonus points, internet banking etc to meet the needs of the different class of people.
16. Master and Visa cards are two of the leading card brands in India. The latter is estimated to have issued over 300,000 cards while Visa is first over the 225,000 mark. One of main reasons for Masters cards dominance is its advertising which is appropriately "Indianized", besides, Master card has a regional office in New Delhi, while Visa still operates out of Singapore Diners and some others are working hard to get a large share.
17. Majority of cardholders restrict purchases when credit limit is reached. Initially, credit cards indulge the cardholders to spend more but with experience, they are bound to adopt a cautious approach.
18. Majority of cardholders use the add on card facility. All purchases are made in the name of the actual cardholder and not in the name of spouse, children or dependents in whose name the cards are purchased. So, add on card facility increases the cardholder's power to purchase.
19. In recent years, the number of member establishments accepting credit cards has increased which induces the customers to avail the credit facility and increase their purchasing power.

It is seen from the findings of the study that credit cards are mostly used by cardholders for purchase. Hence credit cards help the conscious consumers of the largest group of salary class to enhance their purchasing power.

CONCLUSION

The liberalization of the economy, boost to exports and the increased business traveling and spending in India favour the credit card industry. The present environment needs to be matched by increased awareness about credit cards among retailers and should be fool proof for preventing misuse. Credit cards are catching up with the middle class despite its late entry in the Indian market. They are no longer a status symbol as it is only a mode of

convenience and integral part of the busy life style of the people, matching with the pace of development. Credit cards are all set to make a definite impact on the buying behaviour of people. In present days, the credit card is mostly used by urban people but it is not easily available to rural people. Hence, all commercial banks should take necessary steps to provide credit cards to rural people. It leads to increasing the personal income, business development of bank as well as economic development.

SUGGESTIONS

With the multiplying volumes and the contest for efficiency, marketers vie with each other out to the existing and potential card holders. A shakeout is inevitable in this field of marketing. The card issuers face many difficulties and the credit card service market also suffers from certain bottle necks which can be outlined below.

1. The banks must reduce the service charge which is to be paid by the card holders for ticket booking, petrol fills and certain establishment that charge 2 to 3% on the total price.

2. Women should be induced to use credit cards by creating awareness on the benefits derived from them. New schemes should be introduced to cater to their specific needs.

3. The methods should be adopted to bring a higher degree of popularization through mass media channels like Television, Radio, Airport Centers, Star Hotels, Railway Centers, and Super Markets etc.

4. Customer education is needed for increased awareness, facility derived and ways to make the best use of the card.

5. The credit card holder should sincerely and honestly repay the balances in time and facilitate the system to work out smoothly.

6. The credit card holders should plan their economic affairs i.e. they should not buy unnecessary or unwanted things simply because they have credits which does not require immediate payment. They should always think about the future commitments and arrange funds for payment in time.

7. The Admission fees and renewal fees should be reduced so that it can attract more customers.

8. The interest charged by the credit card agencies is much higher than the normal leading rates by the bankers and it should be reduced.

9. The only way banks are going to survive in the credit card business is by improving their overall functioning and infrastructural systems. This is especially true of some nationalized banks that delay billings due to a lack of adequate informational systems and trained persons.

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