

IMPACT OF USE OF CREDIT CARD ON BUYING BEHAVIOUR

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ABSTRACT

The introduction of credit Card is undoubtedly indeed larger step in achieving the social objectives which is expected from banking. It's treated as a standing symbol and as a vehicle of consumerism. But with increasing economic and financial liberalization, the growing prosperity of urban class, banks feel it desirable to enter this line of business. As of now, such a lot of banks are within the field besides, the non banking institutions. Initially the Credit card was created to assist the purchasers for his or her local small purchases, later on, Credit card has become predominant mode of shopping for goods and services. Within the present day world, the influence of credit cards, especially among the working party is widely felt regardless of age, gender, legal status, sector and income. This, by and enormous have a bearing on the choice making process of any consumer. Credit card wasn't a thing of person in previous days, thanks to the notion that, it's the part of upper crust or high income group. But the growing consumerism broke all the notions and Credit card has become an indispensable means to create any transactions, be it shopping or using in crisis. Credit card was identified as a key area for investigation to see the influence, it's on buying behaviour of consumers. With this in mind, the researcher commissioned quantitative and qualitative research to explore consumer's understanding towards usage of credit cards, its influence on the determinants of shopping for behaviour and its impact on debt position and saving attitude followed by strategies for effective utilization of credit cards. The supply of easy and lots of credit product offerings to the consumers, aggravates the case. Hot cash there makes a person to be more cautious while spending, but credit cards gives him the correct to spend immediately, while he's spend conscious and thus his buying behaviour is influenced by credit cards. This anomaly makes both the firm and individual spending model non sustainable within the long term. Hence, the current study aims to know the characteristics of shopping for behaviour when it's influenced by credit cards after identifying a number of the key attributes.

Keywords: Credit Card, Shopping, Risk, Attributes of Consumer, Market Perception, Plastic Money.

Introduction

Credit card may be a plastic card having magnetic strip, issued by a bank or business authorizing the holder to shop for goods or services on credit. It allows the cardboard holder to obtain goods and services supported the holder's promise to procure them. The issuer of the cardboard creates a revolving account and grants a line of credit to the buyer (or the user) from which the user can borrow money for payment to a merchant or as a sum of money to the user. The successive development which the globe has witnessed during late twentieth century and therefore the early twenty first century altogether fields will have its own growth for next few centuries. In olden days man started doing business through barter system. Because the volume of transactions increased, he invented money as a medium of exchange for the settlement of his transactions. Because the business improved, the industry has evolved to settle the business transactions through cheques. Though, the fundamental function of a banker is acceptance of deposits and lending loans, the modern bankers undertake variety of agency functions, to satisfy the growing needs of their customers. To draw in more and more customers the bankers provide a large range of innovative services. Credit cards are off

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from being one and also the same and comparing Credit card options may be challenging but necessary to decide on between the most effective. Various benefits are related to it like Grace Period, Credit Limit, Cash Withdrawal Facility and bonds points etc. Credit cards haven't only led to innovation, within the Credit card business, but have also placed banks on a competent ground, in such the way Credit card business still commands a lucrative market. there's an endless quest to buy newer products and therefore the life is targeted on the imaginary world of unattainable.

Objective of Study

A plethora of product market opportunities are available to the post modern consumers of present day globalised economy. Today, the market is multi cultural and non geographical because of liberalization, privatization, and globalization. Thanks to this and technological development especially within the field of communication, any product whether it's goods or industrial goods, it reaches the market in no time. This study has been conducted with the following objectives:

- To know the concepts of Credit card and consumer buying behaviour.
- To create an intensive review of literature regarding the study.
- To check the appliance and operation of Credit card.
- To investigate the influence of credit cards on buying behaviour of consumer decision and devise strategies for effective utilization of credit cards.
- To summarise the findings of the study, give some valuable suggestions and conclude the identical.

The present study gives an insight into the concept of credit cards and its influence on buying behaviour of consumer decision. The study was a watch opener to the researcher, as there have been very fewer studies in Indian context associated with credit cards and buying behaviour.

Review of Literature

Benjamin Chan Yin Fah and Yeoh Sok Foon, (2011) investigated the purchasing behaviour of Malaysians and their association with advertising appeals, tendency to spend, perceived social rank and materialism. The findings of the study revealed that those respondents who are willing to spend money on perfume products have high level of advertising appeals, perceive rank, materialism and moderate level of tendency to spend. The study found that advertising appeals, tendency to spend, perceived rank and materialism influence respondent's purchasing behaviour to spend for the perfume products. The study also found that, advertising appeals was important to influence consumer's purchasing behaviour, thus marketer should target advertisement to push their perfume products.

Rutherford et al., (2009) explored the factors influencing convenience use of credit cards, supported planned behaviour. Convenience use of Credit card is identified as variable quantity, attitude with risk associated with debt, late fee, etc, sources of knowledge, past payment behaviour, education and income were identified as variable quantity. A sample of three, 476 households with a minimum of one Credit card was studied to look at the above variables. The results showed significant relationship between independent and variable, representing attitudes, norms and perceived behavioural control. Over 43.65% households were convenience users. On the full, convenience users have less favourable attitude towards Credit card, risk, norms and behavioural control.

Ratika Rastogi et al., (2012) examined the acquisition motivators so as to seek out out the factors influencing brand preference and buying behaviour of rural consumers. The study was conducted among 160 households in country. Cross tabulation results showed income, reasons and duration of designing before purchase are independent. Also gender plays a dominant role in buying behaviour of durable goods. The study concluded that purchasing behaviour of rural consumers especially in buying consumer goods (TV, washer, and refrigerator) is influenced by income of the household, quality and price of the merchandise.

Abu Bashar et al., (2012) analysed the association and relationship between demographic factors and impulse buying behaviour. The study was conducted after having demographic variables as independent and impulse buying as variable quantity. A sample of 250 was considered for the survey and was distributed questionnaires to analyse the factors influencing impulse buying behaviour. The result showed positive but weak relationship between the variables, whereas age and income showed significant relationship between the factors. It's concluded that income and age than the other factor like education or gender, are more likely to display impulsive buying behaviour.

Jayasree Krishnan, (2011) studied empirically to look at the association between the consumer's lifestyle and their consumption pattern. Convenience sampling procedure with sample size of 711 was adopted. Three clusters categorised as purchase interested lifestyle segment, family oriented segment and innovative lifestyle segment were identified to prove the hypotheses that buyers differ in lifestyles are often grouped into segments. The result proved the hypothesis stated. The study concluded that lifestyle characteristics have impact on purchase behaviour also brand in elaborating lifestyle identity of a personal, which exhibits causal effect on consumption behaviour.

Premavathy, (2008) analysed the influence of Credit card on customer's buying behaviour with relevancy age, gender, qualification, employment and income. A complete of 120 samples were drawn from population to check the numerous difference on customer's buying behaviour. The results showed positive effect towards influence of Credit card on customer's buying behaviour but showed no significant difference in influencing buying behaviour with relevance age, gender, qualification, employment and income. The study concluded that credit cards influences buying behaviour by affecting saving tendency and by increasing unnecessary purchase which ends up in debt.

Rational of Study

Credit cards became indispensable for this day modern life style. People like better to do shopping with credit cards instead of cash. Therefore, there's a necessity to review the extent to which credit cards have influence over the factors of shopping for behaviour. The association of Credit card usage pattern with reference to demographic variables on debt position and saving attitude of Credit card users, if analyzed, adequately and appropriately, would result in devising various strategies for effective utilization of credit cards, thus leading to reducing debt and promoting saving attitude of Credit card users. Though many attempts are made in studying buying behaviour with different variables, this research attempts to review buying behaviour with regard to credit cards. This study aims to explore the buying behaviour of Credit card users and to research the usage pattern of Credit cards and its impact on debt position and savings attitude of credit card users.

Hypothesis for Study

- H₀₁:** There are no significant association between demographic variables and Credit card usage pattern of card users.
- H₀₂:** There are going to be no significant association between the category of merchants where credit cards are used.

Research Methodology

Research Design

The present research may be a combination of exploratory and descriptive study. An exploratory study is undertaken when not much is thought about the case at hand, or no information is out there on how similar problems or research issues are solved within the past. A descriptive study is undertaken so as to determine and be able to describe the characteristics of the variables of interest in a very situation. Thus the study made a trial to explore and explain the concepts of credit cards and its influence on buying behaviour of consumer decision.

Sample Design

The researcher identified the locations where, the study was conducted that were likely to draw in sizable amount of consumers. Sampling method was accustomed collect primary data, from the Credit card users visiting banks, shopping malls, payment call centres and departmental stores of the prime location in Jaipur.

Data Collection

Primary data was collected from the Credit card users in the flesh through a well structured questionnaire. Secondary data was collected from journals, publications, reports, periodicals, research papers, manuals, books, magazines, articles, newspapers and online portals. A set of 250 survey questionnaires were completed. The researcher collected the information by frequenting the places in one month period so to have random selection of Credit card customers. The questionnaire may be a self developed tool by the researcher. The factors considered within the tool are classified into personal, psychological and socio cultural.

Results and Analysis

Table 1: Types of Credit Card Users and their Ratios

	Category	Frequency	Percentage
Age	18-25	85	34%
	26-45	135	54%
	46-60	30	12%
Total		250	100%
Gender	Male	178	71.20%
	Female	72	28.80%
Total		250	100%
Sector	Private	85	34%
	Public	45	18%
	Business	120	48%
Total		250	100%
Income	< 50000	30	12%
	>25000 But < 100000	95	38%
	> 100000	125	50%
Total		250	100%

Represents demographic characteristics of credit card users. It is observed that majority of credit card users are in the age group of 26 - 45 years (54%) followed by 18-25 years (34%). Male credit card users are the prime users of credit cards when compared to female credit card users with (71.20%) and (28.80%) respectively. Credit card users working in Business Class (48%) uses credit card extensively followed by Private Sector (34%) and public sector (18%). It is observed that leading group of this study credit card users are in the monthly income exceeding of Rs.1,00,000 (50%) followed by income ranging between Rs.25,000 to Rs. 1,00,000 (38%).

Table 2: Types of Merchants where Credit Card Users Uses it

Type of Merchant	Used Never		Used Sometimes		Always Uses		Total
	No.	%	No.	%	No.	%	
Petrol Pumps	30	12%	160	64%	60	24%	250
Appeals	25	10%	135	54%	90	36%	250
Hotels	32	12.80%	108	43.20%	110	44%	250
Hospitals	130	52%	45	18%	75	30%	250
Travel	42	16.80%	67	26.80%	141	56.40%	250
Departmental Store	20	8%	118	47.20%	112	44.80%	250

A significant majority of credit card users always use their credit cards mostly in Travel industry (56.40%), and Hotels (44%). The results also indicate that people were not willing to use their credit cards in Hospitals (52%), Apparels (10%). Results also reveal that credit card users sometimes use their credit cards in petrol stations (64%), and Departmental Stores (47.20%). Findings reveal that the study have important implications because credit card companies are more interested in credit card expenditure categories which will enable them to identify the potential customers using credit cards. Based on this information credit card companies develop new promotion programs for both retailers and financial service providers in order to encourage credit card usage among consumers.

Based on above result both the Null hypothesis has been rejected as we can see that the use pattern of credit card is different for different class of consumers as well as for different category of merchants.

Conclusion and Suggestions

The researcher commissioned quantitative and qualitative research to explore consumer's understanding towards usage of credit cards, its influence on the determinants of shopping for behaviour and its impact on Credit card debt and saving attitude of Credit card users and devised strategies for effective utilization of credit cards. The inference of the study is that Credit card users consider credit cards as status symbol; use them for cashless transaction with little vigilance, expecting the Credit card issuing banks to waive off charges. Credit card users within the cohort 18 - 30 years, male, married, working in camera sector earning above Rs.25,000 are more socially influenced, having favorable attitude, with higher motivation, exhibiting addictive personality, carrying better risk perception and are

found to be defective decision makers who are less cautious during the method of shopping for behaviour. Credit card user's excessive spending and poor money management are the explanations for Credit card debt which affects their saving attitude. Few consideration is required to be by Credit card issuers like Banks may approach the target customers within the age bracket 18 - 30 years, male, married, working in camera sector having an income of Rs.50,000 and above to market their credit cards. Same as Banks can rise credit period and reduce interest rates charged to credit cards to boost better usage of credit cards. Banks may afford offers and discounts on vacations, tours, holiday destinations through advertisements to use Credit cards where the members of the family and friends of Credit card users can influence credit card users' Buying behaviour. Same as Credit card users shall also consider like Minimum payment shouldn't be continued monthly. At one point, payment should be made at one slot so debt won't accrue every month. Generally reward points or schemes are just an endeavor to draw Credit card user into using certain credit cards and ultimately they need little value for money. Credit cards should be used with discretion, since frivolous purchases can cause debt.

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