

**A STUDY OF CUSTOMERS' ATTITUDE TOWARDS  
CREDIT CARD SERVICES OF BANKS IN SIVAKASI, TAMILNADU**

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**ABSTRACT**

An innovation in customer banking is the introduction of credit cards. The credit cards habit is fast catching up even among the middle classes in the Country because of convenience associated with this new instrument.

The 21st century will witness a big boom in the credit card business. People will prefer to carry credit cards rather than carry cash and currency notes for safety and security. Cash transaction will be considerably reduced in cities and credit transactions will be more in number. With the enlistment of more member establishments, cheque will continue to dominate with the foreign traffic. The credit cards and travelers' cheque will show a global spread during the 21<sup>st</sup> century.

Banks have recently introduced the credit card system. Credit cards are issued to good customers having current or savings accounts for free of charges. The credit card enables a customer to purchase goods or services from certain retail or service establishments up to a certain limit without making immediate payment. The establishments will be paid by the bank operating the transaction. The bank assumes the risk and responsibility of collecting the dues from the customers. By analyzing the consumer attitude towards credit card services and bank performance towards the credit card business shows the people in Sivakasi they need not carry cash further people are empowered to spend the money wherever they want, with their credit card within the fixed limits prescribed by the concerned banks since payment is a crucial part of the whole transactions.

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## **INTRODUCTION**

An innovation in customer banking is the introduction of credit cards. The credit cards habit is fast catching up even among the middle classes in the Country because of convenience associated with this new instrument.

The 21st century will witness a big boom in the credit card business. People will prefer to carry credit cards rather than carry cash and currency notes for safety and security. Cash transaction will be considerably reduced in cities and credit transactions will be more in number. With the enlistment of more member establishments, cheque will continue to dominate with the foreign traffic. The credit cards and travelers' cheque will show a global spread during the 21<sup>st</sup> century.

Banks have recently introduced the credit card system. Credit cards are issued to good customers having current or savings accounts for free of charges. The credit card enables a customer to purchase goods or services from certain retail or service establishments up to a certain limit with out making immediate payment. The establishments will be paid by the bank operating the transaction. The bank assumes the risk and responsibility of collecting the dues from the customers.

## **SCOPE OF STUDY**

The study is confined to Sivakasi, Virudhunagar District of Tamilnadu. The scope of the study is very limited and the approach of the study focuses mainly on the angle of customers.

## **OBJECTIVES OF THE STUDY**

1. Identify the credit card services of banks in Sivakasi.
2. Bring out the main purposes of using credit card.
3. Provide a clear insight on the attitude of the credit card users.

## **STATEMENT OF THE PROBLEM**

The credit card business is a fast growing segment of banking of these days. There was a time when some of the public sector ventured into this domain initiating the foreign banks; the result was not very encouraging. Lack of computer support and the disinterest of the customers have contributed to this fiasco. In these circumstances, it is found necessary to analyze the credit card services of banks in Sivakasi.

## **PERIOD OF THE STUDY**

The present study covers the period during the month of September 2011.

## METHODOLOGY AND DATA SOURCE

The total number of banks functioning in Sivakasi is 30 and among the 30 banks only 20 banks are extending credit card facilities to their customer. Hence, all 20 banks were selected based on the "Census Method" of study. The researcher has prepared an interview schedule and by using the interview schedule the primary data were collected from 120 respondents. Hence, the sample size consists of 120 respondents availing credit card facilities from the 20 banks functioning in the Sivakasi city.

### Statistical tools used in the present paper are:

- test Percentage Analysis
- Scaling Technique
- Chi-Square

### Sex of the Respondents:

Among the total number of 120 respondents, majority of them are (90 per cent) males and the remaining (10 per cent) are females. The table 1 furnishes the sex wise classification of the respondents.

**Table: 1**  
**Sex-Wise Classification of the Respondents**

S.No	Sex	No. of Respondents	Percentage of Total
1	Male	108	90.00
2	Female	12	10.00
Total		<b>120</b>	<b>100.00</b>

Source: Primary Data

### Educational Status

The survey gathers information regarding the educational status of the respondents of the sample force 15% of them have studied up to Higher Secondary level, 45% Degree holders, 25% Post Graduates 5%, Diploma holders and the remaining 10% of the are professional studies. ( Vide table 2).

**Table: 2**  
**Educational Status**

Sl.No	Educational Status	No. of Respondents	Percentage of Total
1	Higher Secondary	18	15.00
2	Graduates	54	45.00
3	Post Graduates	30	25.00
4	Diploma Holder	6	5.00
5	Professional Studies	12	10.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary Data**

### Occupation Details

The survey brings to light the details regarding the occupation of the respondents. A maximum of the 10 respondents' constitution 50% of the respondents are salaried people and minimum of 2 respondents are professionals. The study also discloses that 8 respondents constituting 40% of them are the table 3 exhibits a pointer to this fact.

**Table: 3**  
**Occupation Details**

S.No.	Occupation	No. of Respondents	Percentage of Total
<b>1</b>	Salaried	60	50.00
<b>2</b>	Professionals	12	10.00
<b>3</b>	Firms	48	40.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary Data

### Income-Wise Classification

The survey throws light on the earning of the cardholders. Out of 120 'respondents, 40% of the respondents had the income of less than Rs. 10,000, 35% -Rs. 10,000 to Rs. 15,000 and 25% of the respondents had the income of more than Rs. 15,000. Table 4 is evidence to this phenomenon.

**Table: 4**  
**Monthly Income**

<b>S.No.</b>	<b>Level of Income</b>	<b>No. of Respondents</b>	<b>Percentage of Total</b>
1	Less Than Rs. 10,000	48	40
2	Rs. 10,000 to 15,000	42	35
3	Above Rs. 15,000	30	25
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source:** Primary Data

#### **Account Maintained by the Card Holders:**

The researcher analyzed the type of account maintained by the card holders. 60% of the respondents have current account and the remaining 40% of the respondents have savings account. According to the terms and conditions of the concerned bank, the card holders must have maintained either current or savings bank account, because all the dues of the holder must be debited to current and savings bank account only.

#### **Sex-Wise Classification**

Sex-Wise classification of the respondents who were motivated by the advertisement is shown in table 5. It could be inferred that out of 108 male respondents 72 respondents were motivated after seeing the advertisement to purchase the credit card. Remaining interviewers were not so. Out of 12 female respondents only 6 of them were motivated (Vide table 5).

**Table: 5**

#### **Sex of the Respondents and the Impact of Advertisement on Credit Card Selection**

<b>S.No.</b>	<b>Sex</b>	<b>Number of Respondents</b>		
		<b>Motivated by Advertisement</b>	<b>Not Motivated Advertisement</b>	<b>Total</b>
1	Male	72	36	108
2	Female	6	6	12
<b>Total</b>		<b>78</b>	<b>42</b>	<b>120</b>

Chi-Square test is applied to test the hypothesis. "There exists a relationship between sex of the respondents and the impact of advertisement of credit card selection.

$$x^2 = \sum \frac{(O-E)^2}{E}$$

**Table: 6**  
**Expected frequency**

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
72	70.2	1.8	3.21	0.046
36	37.8	-1.8	3.24	0.086
6	7.8	-1.8	3.21	0.415
6	4.2	1.8	3.24	0.771
				$\sum \frac{(O-E)^2}{E} = 1.318$

Calculated value at degrees of freedom =1.318 Table 5 value for degree of freedom at 5 per cent level of significant is 3.841 since, calculated value (1.318) is less than the table value the hypothesis is accepted. Hence it could be concluded that there exists a relationship between the sex of the respondents and the impact of advertisement of credit card selection.

#### **Income-Wise Classification:**

Table 7 shows the Income-Wise classification of the respondents and the impact of advertisement on credit card selection. Out of 120 respondents, 78 of them were motivated by seeing the advertisement to credit card and the remains 42 are not motivated.

**Table: 7**

#### **Income of the Respondents and the Impact on Credit Card Selection.**

S.No.	Income (in Rs.)	Number of Respondents		Total
		Motivated by Advertisement	Not Motivated Advertisement	
1	Less than Rs. 10,000	36	12	48
2	Rs. 10,000-15,000	24	18	42
3	Above Rs. 15,000	18	12	30
<b>Total</b>		<b>78</b>	<b>42</b>	<b>120</b>

In order to test the hypothesis, "There exists relationship between the income of the respondents and the impact of advertisement on credit card selection", Chi-Square value was computed.

$$x^2 = \sum \frac{(O-E)^2}{E}$$

**Table: 8**  
**Expected Frequency**

O	E	O-E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup>
				E
36	31.2	4.8	23.04	.738
12	16.8	-4.8	23.04	1.371
24	27.3	.3.3	10.89	.399
18	14.7	3.3	22.5	.741
18	19.5	1.5	22.5	.115
12	10.5	1.5		.214
				3.538

Calculated value at 2 degrees of freedom is 3.538 Table value for 2 degrees of freedom at 5 per cent level of significance is since; calculated value (0.596) is less than the table value the hypothesis is accepted. Hence, it could be concluded that there exists a relationship between the income of the respondents and the impact of advertisement of selection of credit card.

**Table: 9**  
**Accounts Maintained by the Card Holders**

S.No.	Type of Account	No. of Respondents	Percentage to Total
1	Current Account	72	60.00
2	Savings Bank Account	48	40.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary data.**

### **PERIOD OF OPERATING THE BANK ACCOUNT:**

Now the researcher had focused the period with which the card holders maintained the account in particular branch. 65% of the respondents occupy the major role. Their operation

period lies between 2 to 5 years. 30% of the respondents have maintained their account for more than 5 years. 5% of the respondents have maintained their account for 6 months to 2 years. It has been displayed in the table 10.

**Table: 10**  
**Period of using the Card**

S.No.	Period	No. of Respondents	Percentage of Total
1	6 Months to 2 years	6	5.00
2	2 years to 5 years	78	65.00
3	More than 5 years	36	30.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary data.**

Calculated value at 2 degrees of freedom is 3.578 Table value for 2 degrees of freedom at 5 per cent level of significance is since; calculated value (0.596) is less than the table value the hypothesis is accepted. Hence, it could be concluded that there exists a relationship between the income of the respondents and the impact of advertisement of selection of credit card.

**Table: 11**  
**Period of using the Card**

S.No.	Period	No. of Respondents	Percentage of Total
1	6 Months to 2 years	6	5.00
2	2 years to 5 years	78	65.00
3	More than 5 years	36	30.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary data.**

## **SOURCE OF INFORMATION ABOUT CREDIT CARD**

The researcher has further analyzed the sources of information to know the credit cards, i.e., Bankers' advice, journals and friends and relatives. 55% of the respondents are directly persuaded to buy the product by the bankers. The direct approach is handled successfully till now. Another 35% of the respondents have known about the credit card from friends and relatives. The remaining 10% of the respondents have known about the credit card through journals only.



Table: 12

**Source of information about the Credit Card**

S.No.	Source	No. of Respondents	Percentage of Total
1	Banker	66	55.00
2	Journals	12	10.00
3	Friends & relatives	42	35.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

**FACTORS INFLUENCING TO GET THE CARD:**

The next focusing point is to identify the factors, which influenced to purchase the card holders. 45% of the card holders have purchased the card on the advice of the Bankers, 30% of the respondents have bought the card by their own interest, and the remaining 25% of the respondents have bought the card on the advice of friends and relatives. The following table discloses the factors.

Table: 13

**Influencing Factors of credit card**

S.No.	Particulars	No. of Respondents	Percentage of Total
1	Self interest	36	30.00
2	On the advice of the Bankers	54	45.00
3	On the advice of friends & relatives	30	25.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

**PERIOD OF USING THE CARD**

Here the researcher is very eager to analyze the period of using the card. The period represents the real users of the card in respect of their heavy purchase. The survey reflects that 45% of the respondents are real and regular users of card for a period of 1 to 3 years. Then 30% of the respondents are using less than one year and the remaining 25% of the respondents are using for a period of more than 3 years. The following table is an indicator of this fact.

**Table: 14**  
**Period of using the Card**

<b>S.No.</b>	<b>Sex</b>	<b>No. of Respondents</b>	<b>Percentage of Total</b>
1	Less than 1 year	36	30.00
2	1 to 3 year	54	45.00
3	Above 3 years	25	25.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

### **FREQUENCY OF USING THE CARD**

The card holders can make use of the card either frequently, monthly or during the festival time. According to their convenience they can use the card. The survey indicates that 55% of the respondents have used the card during festival time, because it is the best time for more offerings and discounts, 30% of the respondents have used the card on specific and important occasions only. 10% and 5% of the respondents are monthly and frequently users of the card respectively.

**Table: 15**  
**Frequency of using Credit Card**

<b>S.No.</b>	<b>Particulars</b>	<b>No. of Respondents</b>	<b>Percentage of Total</b>
1	Frequently	6	5.00
2	Monthly	12	10.00
3	Occasionally	36	30.00
4	During festival time	66	55.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

### **TIMES OF USING THE CREDIT CARD**

The researcher has made further analysis about the times of using the credit card per month. 55% of the respondents have been using the card for one time per month, 35% of the respondents have been using the card for 1 - 2 times per month and the remaining 10% of the respondents have also been using the card 2 - 3 times a month. It has been presented in the table 16.

Table: 16

## Times of using the Credit Card

S.No.	Particulars	No. of Respondents	Percentage of Total
1	One time	66	55.00
2	1 - 2 times	42	35.00
3	2-3 times	12	10.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

**PLACE OF UTILISATION OF CREDIT CARD:**

The credit card is valid only in India. The card holders can make use of the card both in local and outstation. Out of 120 respondents 80% of the respondents are using the credit cards in outstation and the remaining 20% of the respondents are using the card in Sivakasi. This is evident from the following table.

Table: 17

## Place of utilization

S.No.	Particulars	No. of Respondents	Percentage of Total
1	Sivakasi	24	20
2	Outstation	96	80
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

**UTILISATION OF THE CARD**

There are varieties of goods available in the market to make credit purchase. Those goods are Home appliances, Jewelleries, Consumer durables like TV and dress materials etc. 40% of the respondents have purchased Jewelleries, and 30% of the respondents have made a purchase of dress materials. 20% of the respondents have used the card for consumer durables and the remaining 10% of the respondents are purchasing Home appliances. The table reveals this fact.

**Table: 18**  
**Utilization of the Card**

<b>S.No.</b>	<b>Sex</b>	<b>No. of Respondents</b>	<b>Percentage of Total</b>
1	Consumer durables	24	20
2	Home appliances	12	10.00
3	Jewelleries	48	40.00
4	Dress materials	36	30.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary data.**

### **MODE OF REPAYMENT**

Having seen the utilization of the credit card by the holder, an attempt has been made by the researcher to know the mode of repayment of dues to the bank. 85% of the respondents have made arrangement for debiting the dues to savings bank A/c and current A/c and the remaining 15% of the respondents have made the payment directly.

**Table: 19**  
**Mode of Repayment**

<b>S.No.</b>	<b>Sex</b>	<b>No. of Respondents</b>	<b>Percentage of Total</b>
1	Debited of SB A/c /CA Ac	102	85.00
2	Direct payment	18	15.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

**Source: Primary data.**

### **PERIOD OF REPAYMENT**

The period of repayment of the borrower is analyzed. The survey findings reveals that 80% of the respondents have paid within a period of 30 days. The remaining 20 % of the respondents have paid penalty and interest charges for improper and delayed payment of more than 30 days. The period of repayment is presented in the table 20

Table: 20

## Period of Repayment

S.No.	Period of repayment	No. of Respondents	Percentage of Total
1	Within 30 days	96	80.00
2	Above 30 days	24	20.00
<b>Total</b>		<b>120</b>	<b>100.00</b>

Source: Primary data.

## REASONS FOR USING THE CREDIT CARD

The researcher has analyzed the reasons for using the credit card and also used in the tools of WAM. The survey conveys that convenience occupied the first rank with a score value of 3.85, Avoidance of risk has secured the second rank with a score value of 3.35, prestige power has occupied the third place with a score value of 3.10, and then it is followed by immediate payment and cash withdrawal facility with values of 2.40 and 2.30.

Table: 21

## Reasons for using the Credit Card

S.No.	Particulars		I	II	III	IV	V	Total	WAM				
1	Avoidance of risk	30	150	36	144	18	54	18	36	18	18	402	3.35
2	Convenience	48	240	30	120	24	72	12	24	6	6	462	3.85
3	Prestige power	18	90	24	96	42	126	24	48	12	12	372	3.10
4	Immediate payment	12	60	18	72	12	36	42	84	36	36	288	2.40
5	Cash withdrawal	12	60	12	48	24	72	24	48	48	48	276	2.30
<b>Total</b>		<b>120</b>		<b>120</b>		<b>120</b>		<b>120</b>		<b>120</b>			

## FINDINGS AND RECOMMENDATIONS

The following are the major findings of the study:

1. Income is not a bar for purchase and using credit cards. It is used by almost all income groups.
2. Out of 20 respondents interviewed 90% are male; the demand for the credit card user is high in the age group people of 31 - 40 years with 50 %.
3. It is clear from the findings that out of 20 informants studied, 45% of the respondents have completed their under graduation.

4. Among the total respondents, salaried persons occupy the first share. A large majority of 40% of the card holders have the income level of Rs.5, 000 to 10,000.
5. 60% of the respondents are maintaining the current account and 40% of the respondents are having Savings Bank account.
6. The findings on the period of operating the bank account 65% of the respondents have got 2 to 5 years experience of operating the account.
7. The investigation on sources of information about credit card reveals that 55% of the respondents are directly persuaded to buy the product by the banker.
8. The researcher has focused different factors of credit card. 45% of the cardholders are initiated on the advice of the bankers.
9. The survey unfolds that 45% of the holders are real and regular users of the card. The survey indicates that 55% of the respondents have used only during festival period in order to enjoy and discount.
10. The analysis about times of using the card discloses that 55% of the respondents have been using for one time per month.
11. The place of utilization of the card is also brought out in the study. The survey is that 80% of the cardholders are using the card in outstation areas.
12. The utilization of the card reveals that 40% of the respondents have purchased jewelers.
13. A majority of 85% of the cardholders have made arrangement for debiting the dues to savings bank account and current account.
14. The survey for period of repayment of the borrower reveals that 80% of the respondents repaid within a period of 30 days.
15. The researcher has identified the various reasons for using the card i.e., Convenience {WAM: 3.85} Avoidance of risk (WAM: 3.35), Prestige power (WAM 3.10), Immediate payment (WAM: 2.40) and Cash withdrawal facility (WAM: 2.30).
16. The analysing part of the customers' attitude focus that the banker should take personal care in case of occupation and income of the customers before issuing the cards, because the income decides the purchasing power.

## **CONCLUSION:**

By analyzing the consumer attitude towards credit card services and bank performance towards the credit card business shows the people in Sivakasi they need not carry cash further people are empowered to spend the money wherever they want, with their credit card within

the fixed limits prescribed by the concerned banks since payment is a crucial part of the whole transactions.

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