CHAPTER IV

CARDHOLDERS' PROFILE, SELECTION AND USAGE OF CREDIT CARDS

INTRODUCTION

Advancement in technology are changing the traditional way of financial transactions. The cash oriented society is transformed into a "Plastic Money" society. During the last few years, there is world wide expansion of credit cards. Customers use their cards for a number of reasons such as paying regular bills and spontaneous spending. The credit card industry is in the growth stage of its product life cycle and it is a profitable business for the banks. The demographic factors such as age, gender, marital status, occupation, income level and family size have a relative importance of the main attributes that play a role in card selection. Dimension and attributes are considered important by a cardholder while selecting a credit card. It is a financial instrument which is considered as a convenient way of making one's day-to-day purchases. It is a product which gained importance and popularity as plastic money or safe money. The credit card system is one, whereby the cardholder can make purchases on credit upto an amount agreed by him/ her with the credit card company by presenting the card in lieu of cash. The core benefit of credit card system is built around the revolving credit facility obtained and can be extended in the form of several easy installments.

Analysing the credit card as a product reveals that it does not provide just the facility of revolving credit but also it enables the consumer to have additional benefits called as supplementary services - like free accident insurance coverage for self or spouse, reduced risk of handling cash, wider acceptance, interest free credit period, helpful in emergency, contest and other offers. Credit card acts as an unsecured loan, conferring convenience, flexibility and provides various facilities to its users. If used judiciously, it helps the holder to not only keep track of his monthly expenses but also avoid payment of interest.

The credit card has revolutionized the entire payment business. It is beneficial for an outlet to sell their products through credit cards, as it leads to handling lesser volume of cash, translating to reduced risks of pilferage and misappropriation. The share of

transactions through this medium is also an indicator of market maturity. As more and more people understand the benefits of card over cash, it witnesses a shift in spending patterns. The industry is increasing its penetration in one or more cities in addition to metro cities - potential growth opportunity. Many cities have already established acceptance mechanisms with widespread merchants. Every card company now has a challenge in persuading customers to make its card as the preferred mode of payment over other cards. The industry witnesses such furious competition, that most companies now, are offering discounts on purchases made through their cards. In a bid to gain an edge over others, each player is resorting to innovative means and mechanisms to offer such discounts. Currently, the target segments for most of the credit card issuers remain in the upper-middle class to high income households, typically with income over rupees one lakh per annum. Card issuing banks are few and card owning customers are many. Based on the above reasons, it is necessary to look into the socio economic profile and the spending pattern of the cardholders.

This chapter is divided into three sections. The first section deals with the demographic variables such as age, gender, marital status, occupational status, monthly income, family size etc., It is very important to know the personal profile of the cardholder because it has a significant influence on opting a credit card. The credit card has a bundle of features and facilities provided by the banker in their product to enable the customer to avail the maximum benefit. Among the various factors, the customer has his own choice to prioritize a few factors which may be considered important for purchasing the credit card. Section II of this chapter deals with the factors which are considered important for purchasing the card. These factors are identified using Factor Analysis, ANOVA and t-test. Credit card has a number of usage such as convenience in shopping, credit facility, easy handling of cash, etc., used in many occasions such as festival seasons, travelling purpose, medical emergence and weekly gatherings. The third section of this chapter deals with the purpose of usage of credit cards. This chapter is organized in the following way:

I Socio-economic profile of the cardholders, Estimated market share of Credit cards, Credit cards possessed and the Sector wise distribution of the credit cards

II The factors that influence the customers in selecting a credit card and

III The extent of usage of credit cards

Section I

SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

Table 4.1 displays the personal profile of the cardholders such as the Age, Sex, Marital Status, Education, Employment status, and the Family Size, based on the fact that each such variable may influence the choice and use of credit cards by a consumer. To know the distribution of the sample characteristics, Percentage Analysis has been performed.

Table 4.1

Socio-Economic Profile of the Credit Card holders

Personal Factors	Particulars	Number of Respondents	Percentage
Age (yrs)	Upto 30	77	19.3
	31-40	89	22.2
	41-50	158	39.5
	Above 50	76	19
Gender	Male	298	74.5
	Female	102	25.5
Marital status	Married	332	83.0
	Unmarried	68	17.0
Educational Qualifications	School level	15	3.8
	Graduate level	180	45.0
	Postgraduate level	132	33.0
	Professional level	73	18.2
Occupational status	Self-employed	98	24.5
	Salaried-government	155	38.8
	Salaried-Private	122	30.5
	Non-earners	25	6.2
Income level	< =Rs.10,000	51	12.8
	10,001-20,000	139	34.8
	20,001-50,000	155	38.7
	> 50,000	55	13.7
Size of the family	2 members	31	7.8
	3 members	117	29.2
	4 members	179	44.8
	5 and above	73	18.2

Age: Role of a person in a household vary depending upon the age. It is believed that role of decision making is less for young and old people compared with other age groups. As one advances in age, roles are also increasing with the size of family and earnings. Hence, the age of the cardholder is considered for the present analysis.

It is observed from the Table 4.1 that out of 400 sample credit cardholders, 39.5 percent of the respondents are in the age group of 41-50 years. About 22.2 percent of the respondents belong to 31-40 years age group while 19.3 percent of them are less than 30 years. Another 19 percent of the respondents are above 50 years of age group. The need for credit card is higher among the respondents in the age group of 41-50 years.

Gender: In our traditional society, gender makes difference in roles and decision making. Proportion of income earners among the male are higher than female and decision making power also vested more with male than female. Hence, gender may also throw some light to draw inferences for the present study.

The study reveals that about 74.5 percent of the card holders are male respondents and the rest are female respondents. Based on the above value, it is inferred that male respondents, however, have a greater requirement than the female respondents.

Marital Status: Pattern of spending and quantum of spending may vary depending on the marital status of a card holder. It is perceived that responsibility and need of the married people are more than those of the unmarried. So, as the responsibility increases, married consumers prefer to go in for owning a card. It may be inferred that there is a positive association between marital status and ownership of credit card.

Among the respondents, 83 percent of them are married and 17 percent of the respondents are unmarried. Hence, it may be inferred that the married respondents show a greater interest in the purchase of credit card as their responsibility may increase with marriage. It may be inferred that usage increases with more of family commitment than otherwise.

Educational Qualification: Education may have a positive effect on decision making of a person and more so, in the case of a consumer while spending in the market. The level of education may help the consumer to decide the selection of cards issued by various banks and their usage.

In the sample, 45 percent card holders are graduates, 33 percent of the respondents are post graduates, 18.2 percent of the respondents are professionals and the rest 3.8 of the card holders have completed their school level education. The study reveals that substantial portion of the credit cardholders are graduates and hence, the likelihood of a graduate preferring credit card is higher than a high school level educated cardholder.

Occupational Status: The occupational status of a person provides exposure to many things which enable him to know more about credit cards and to take proper decisions.

The sample consists of 38.8 percent of the card holders employed in government sector, 30.5 percent of the respondents are employed in private sector, while 24.5 percent of the respondents are self – employed and only 6.2 percent of them are non – earners that constitute housewives and student group. Preference to credit card is higher in salaried government and private employee than the self employed and others.

Income Level: Income is one of the important aspects of decision making by a consumer. Depending upon the level of income of an individual, one may use cash or card for his transactions. For a low income earner, it may not be safe or necessary when compared to higher or middle income earner. It is a fact that the higher the income the better is the standard of living; therefore, the preference for possession of credit cards is also more.

Out of the sample cardholders, 38.7 percent earn a monthly income ranging between Rs.20,001 and Rs.50,000, 34.8 percent of the card holders fall in the monthly income ranging from Rs.10,001 to 20,000. At the upper income level, about 13.7 percent have income above Rs.50, 000 and 12.8 percent of the respondents earn a monthly income of below Rs 10,000. So, 38.7% of the respondents' income is between Rs 20,001 and Rs 50,000.

Size of the Family: Size of the family may reflect the volume of purchases needed for a household and the expenses incurred thereon.

In the analysis, the family size of the sample reveals that 18.2 percent have 5 or more members and 44.8 percent of the respondents have 4 members in their family, while

29.2 percent of the family consists of 3 members and the rest 7.8 percent of the respondents have 2 members.

Thus, it may be seen from the personal profile that an average credit card holder is a graduate, married, male member in the age group of 41-50 years. They are mostly employed either in the private or public sector undertakings with an average monthly income between Rs.20,001 to Rs.50,000 with four members in their family owning credit cards.

Estimated Market Share of Credit Cards

There are a number of players in the issue of credit cards. The respondents reveal that they possess cards from any of the 20 banks which include Public and Private Sector Banks and Foreign Banks. The bank wise distribution of credit cards and the proportion of cards held by the respondents are presented in Table 4.2. It may be assumed that the best performers only will satisfy greater number of customers and will have the greater market share. The total sample of 400 respondents has 719 cards, so some of the respondents have more than one card. From the 719 cards in total, the share of each bank's card is calculated by dividing the total number of cards for each bank held by the respondents with the total number of cards. So, for each bank, the market share is calculated as

$$\text{Market Share of the Bank} = \frac{\text{Number of cards for each bank}}{\text{Total number of cards}}$$

From the Table 4.2, it is seen that among the total number of credit cards distributed, SBI card occupies 21.5 percent followed by ICICI Cards which is also about 20.5 percent. CITI Bank Card has 12.9 percent. Further, it is followed by Standard Chartered Bank with 10 percent of the cards. The lowest share is held by Tamilnadu Mercantile Bank Card, Vijaya Bank Card and the Indian Bank Card (0.1 percent)
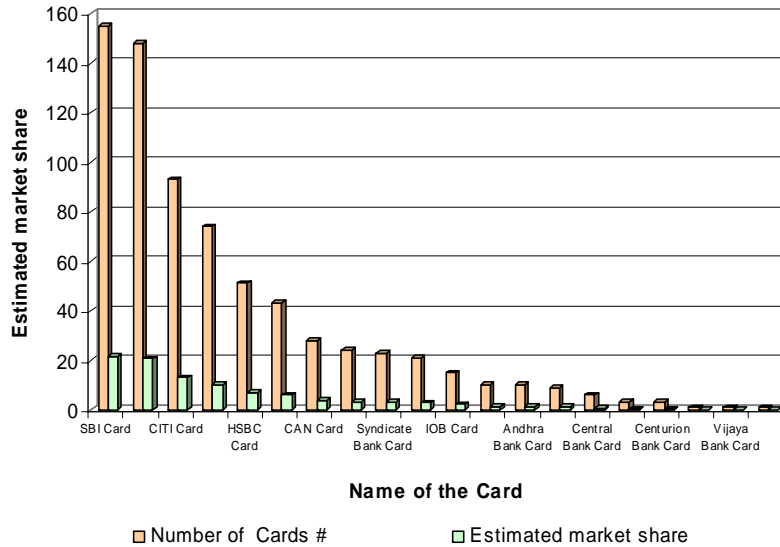
Table 4.2

Estimated Market Share of Credit Cards

Name of the Card	Number of Cards #	Estimated market share
SBI Card	155	21.5
ICICI Card	148	20.5
CITI Card	93	12.9
Standard Chartered Card	74	10.2
HSBC Card	51	7.1
HDFC Card	43	5.9
CAN Card	28	3.8
BOB Card	24	3.3
Syndicate Bank Card	23	3.2
ABN-AMRO Card	21	2.9
IOB Card	15	2.1
Bank of India Card	10	1.4
Andhra Bank Card	10	1.4
Union Bank of India Card	9	1.2
Central Bank Card	6	0.8
LVB Card	3	0.4
Centurion Bank Card	3	0.4
Tamilnadu Mercantile Bank Card	1	0.1
Vijaya Bank Card	1	0.1
Indian Bank	1	0.1

Multiple response

From the above table, it is revealed that among the sample cardholders, SBI and ICICI bank together are popular and covered nearly 42 percent. Another 30 percent share has been scored by three foreign players viz., CITI Bank, Standard Chartered Bank and HSBC Bank. It is clear that the Indian banks consisting of Public and Private have dominated over foreign banks.

Exhibit 4.1 Market share of credit cards

Credit Cards Possessed

Table 4.3 describes the number of cards possessed by the individual respondents. Based on the frequency of usage as well as the specific use of a card like petro card, a cardholder may have more than one card. As the habit of using credit card increases, card issuing agencies provide a number of add on services with the cards, the cardholder prefers to own more than one card. When the response of the cardholders regarding the number of cards possessed are analysed, the following break up, as given in Table 4.3, is obtained.

Table 4.3

Credit Cards Possessed

Cards Possessed	Number	Percentage
Only one	209	52.3
Two	119	29.7
Three	39	9.7
More than three	33	8.3
Total	400	100

It is inferred from the Table 4.3 that out of 400 respondents, 52.3 percent of the credit card holders own only one card, while about 29.7 percent of them own two cards. About 9.7 percent respondents have three cards and 8.3 percent of them have more than three cards.

Hence, it is concluded from the above table that majority of the credit card holders (52.3 percent) own only one card because their credit requirement may be limited. All banks are offering various cards with different features. So, a cardholder in order to enjoy all the features has to purchase more than one card. Human wants are unlimited and to fulfill their wants, credit card players are offering different kinds of benefits from each other. So, possessing of different cards will vary according to the needs of the customer.

Sector Wise Distribution

The sector wise distribution of credit cards is described in Table 4.4. The sector is divided into four categories i.e. the Public, Private, Foreign sector and combination of sector wise cards referred   as "Multiple Cards". The combined card sector include the combination of both public and private banks or public and foreign banks or private and foreign banks.

Table 4.4

Sector Wise Distribution

Sector Wise Distribution	Number of Credit Cards	Percentage
Public Sector banks	106	26.6
Private Sector Banks	55	13.7
Foreign Banks	48	12
Multiple Cards	191	47.7
Total	400	100

It is observed from the above Table that out of 400 respondents, 47.7 percent of the credit card holders own multiple cards with more than one sector. About 26.6 percent credit card holders possess only public sector bank cards, while 13.7 percent of the credit card holders have private sector bank cards and 12 percent of them own foreign bank credit cards. It is observed from the table that 47.7 percent of the credit card holders possess multiple cards because the disadvantages of one card may be compensated by the purchase of another bank's cards.

Respondents' Awareness about Interest Features

Awareness about interest free credit period and the interest rate charged by the banks on outstanding balances is given in Table 4.5.It helps the cardholders to know

about the period of credit facility to be availed by them and the interest rate charged on the outstanding balance will help the cardholder to avail the credit facility properly.

Table 4.5
Respondents' Awareness about Interest Features

Features	Aware		Not Aware	
	Number	Percentage	Number	Percentage
Interest free credit period	348	87	52	13
Interest rate charged on the outstanding balance	294	73.5	106	26.5

It is seen from Table 4.5, that 87 percent of the credit cardholders are aware of the interest free credit period and 13 percent of them are not aware of the interest free credit period facility available in the usage of cards.

About 73.5 percent are aware of the interest rate charged on the outstanding balances, while the remaining 26.5 percent of cardholders are unaware of it.

So, it is concluded that the majority of cardholders are aware of the interest free credit period and interest rate charged on outstanding balance.

SECTION II

Consumers perceive risk while purchasing services and rely on various information sources to make a purchase decision. Selection of a card by a consumer must be backed by some reasons or factors. There is a need to understand how the consumers choose and evaluate the service offerings or the value added services. This section deals with the factors which are considered important while purchasing the credit card. To distinguish the influence of one factor over the other and the order of importance, statistical tool Factor Analysis has been used to analyze the factors which are considered important for selection of a card.

Attributes Considered Important for Purchasing Credit Cards

The possible factors or attributes which could have influenced the buyer to go in for the purchase of the card and how strongly each attribute has influenced the decision maker are given in Table 4.6. The importance given by the respondents to the attribute is measured using the five point scaling technique ranging from more important to the less important. The ratings are assigned as 5- more important, 4-important, 3-neutral, 2-less important and 1-not at all important.

Table 4.6

Attributes Considered Important for Purchasing Cards

Item no.	Attributes		More Important	Important	Neutral	Less important	Not at all important	Total
1	Credit facility	No.	242	99	32	17	10	400
		%	61	25	8	4	2	100
2	Convenience in shopping	No.	248	120	17	7	8	400
		%	62	30	4	2	2	100
3	Insurance Coverage	No.	124	139	92	29	16	400
		%	31	35	23	7	4	100
4	Joining fee	No.	109	121	85	55	30	400
		%	27	30	21	14	8	100
5	Interest	No.	164	131	63	25	17	400
		%	41	33	16	6	4	100
6	Transferred balance from one card to another	No.	78	124	92	60	46	400
		%	20	31	23	15	11	100
7	Multiple services	No.	123	132	72	45	28	400
		%	31	33	18	11	7	100
8	Minimum monthly payment	No.	129	147	61	35	28	400
		%	32	37	15	9	7	100
9	Add-on-credit facility	No.	111	133	85	37	34	400
		%	28	33	21	9	9	100
10	Annual fee	No.	159	116	59	37	29	400
		%	40	29	15	9	7	100
11	Brand	No.	152	127	62	34	25	400
		%	38	32	16	9	5	100
12	Prompt service	No.	205	126	32	19	18	400
		%	51	32	8	5	4	100
13	Service charges	No.	173	122	58	25	22	400
		%	43	31	15	6	5	100
14	Wider acceptance	No.	186	139	43	13	19	400
		%	47	33	11	4	5	100
15	Status symbol	No.	117	117	82	40	44	400
		%	29	29	21	10	11	100

It can be inferred from Table 4.6 that out of 400 respondents, 62 percent of the respondents consider convenience in shopping as well as credit facility provided by the banks as more important factors than others to purchase the credit cards. About 51 percent of the respondents consider prompt service as an important factor to own a credit card. Another 37 percent of them consider minimum monthly payment as a vital factor. Around 40 percent of the cardholders consider interest charged, annual fees for the cards and service charges as more important than others.

It is observed from the table that the respondents consider convenience in shopping (62 percent) and credit facility (61 percent) as the most important factors. Purchasing of the credit cards indicates that the respondents prefer cards to cash.

Factors Influencing Purchase of Credit Cards – Factor Analysis

The Factor Analysis identifies to define the underlying dimensions in the original variables. The purpose of Factor Analysis is to find out the important factors which influence the customers to purchase credit cards.

Factor Analysis Usually Proceeds in Four Steps:

1. First, the correlation matrix for all variables is computed. Variables that do not appear to be related to other variables can be identified from the matrix. The appropriateness of the factor model can also be calculated.

2. Factor extraction, the number of factors necessary to represent the data and the method of calculating them must be determined. It is obtained based on the model chosen for the relevant data collected.

3. Rotation focuses on transforming the factors to make them more interpretable.

4. Scores for each factor can be computed for each case. These scores shall be used for further analysis.

Step 1: **Correlation Analysis**

Correlation between the variables item No.1 to item No. 15 were analyzed initially for possible inclusion in Factor Analysis. Since one of the goals of the factor analysis is to obtain 'factors' that help to explain these correlations, the variables must be related to each other for the factor model to be appropriate. If the correlations between variables are

less, it is not likely that they share common factors. A closer examination of the correlation matrix may reveal the variables that do not have any relationship or zero correlation. Usually, a correlation value of 0.3 (absolute value) is taken as sufficient to explain the relation between variables. However, all the variables from item No.1 to item No.15 have been retained for further analysis. Further, two tests are applied to the resultant correlation matrix to test whether the relationship among the variables is significant or not.

Table 4.7 a
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.871
Bartlett's Test of Sphericity	Approx. Chi-Square	2032.278
	Df	105
	Sig.	**

One is Bartlett's test of sphericity. This is used to test whether the correlation matrix is an identity matrix. i.e., all the diagonal terms in the matrix are 1 and the off-diagonal terms in the matrix are 0. In short, the correlations between all the variables is 0.The chi square test value (2032.278) and the significance level (Significant at 1% level) are given above. With the value of test statistic and the associated significance level being lesser, it appears that the correlation matrix is not an identity matrix, i.e., there exists correlation between the variables.

Another test is Kaiser-Meyer-Olkin measure of sampling adequacy. This test is based on the correlations and partial correlations of the variables. If the test value, or KMO measure is closer to 1, then it is good to use factor analysis. If KMO is closer to 0, then the factor analysis is not a good idea for the variables and data. The value of test statistic given above is 0.871, which means the factor analysis for the selected variables is found to be good to the data.

Step 2: Factor Extraction

Next step is to determine the method of factor extraction, number of initial factors and the estimates of factors. Here, Principal Components Analysis (PCA) is used to extract factors. PCA is a method used to transform a set of correlated variables into a set of uncorrelated variables (here factors) so that the factors are unrelated and the variables selected for each factor are related. The question arises on how many factors we want to extract. Note that as we extract consecutive factors, they account for less and lesser variability. The decision to stop extracting factors basically depends upon the remaining very little "random" variability.

The results from Principal Components Analysis (PCA) are given below. The variance accounted for by successive factors is summarized in Table 2.

Table 4.7 b

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings(a)
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.275	35.166	35.166	5.275	35.166	35.166	3.613
2	1.692	11.283	46.449	1.692	11.283	46.449	3.384
3	1.157	7.714	54.163	1.157	7.714	54.163	2.718
4	1.128	7.519	61.682	1.128	7.519	61.682	2.919
5	.835	5.566	67.248				
6	.764	5.091	72.338				
7	.633	4.218	76.556				
8	.584	3.890	80.447				
9	.509	3.392	83.839				
10	.477	3.183	87.022				
11	.471	3.137	90.159				
12	.416	2.772	92.932				
13	.394	2.628	95.560				
14	.347	2.310	97.870				
15	.319	2.130	100.000				

In the second column under 'Initial Eigen values' the column titled 'variance', we find the variance on the new factors that were successively extracted. The variances extracted by the factors are called the eigen values. In the third column, these values are expressed as a percent of the total variance. As we can see, factor 1 account for about 35 percent of the total variance, factor 2 about 11 percent. As expected, the sum of the eigen values is equal to the number of variables. The third column contains the cumulative variance extracted. With a measure of how much variance each successive factor extracts, one can decide about the number of factors to retain. Only factors with eigen values greater than one can be retained.

Step 3: Rotation

The Factor matrix initially obtained in the extraction phase was further subjected to Rotation. The rotation phase of the factor analysis attempts to transfer initial matrix into one that is easier to interpret. It is called the rotation of the factor matrix.

There are several methods available for rotating factor matrix. The one used in this analysis is Oblique Rotation.. There are reasons to believe why Oblique rotation shall be preferred. It is unlikely that the influences in nature are uncorrelated in real life situations. And even if they are uncorrelated in the population they need not be so in the sample. Thus, oblique rotation has often been found to give meaningful factors. The Rotated Factor Matrix (Table titled Rotated Component Matrix) using Oblique rotation is given in Table 4.7c where each factor identifies itself with a few set of variables. The variables which identify with each of the factors were sorted in the descending order and are highlighted against each column and row.

Table 4.7 c
Rotated Component Matrix

Factors	Component			
	1	**2**	**3**	**4**
Joining fee	**.820**	.259	.300	.166
Annual fee	**.785**	.323	.259	.311
Interest	**.774**	.345	.331	.315
Service charges	**.727**	.262	.144	.555
Add-on-credit facility	.295	**.791**	.346	.276
Minimum monthly payment	.307	**.775**	.358	.134
Transferred balance from one card to another	.303	**.766**	.346	.049
Multiple services	.203	**.757**	.178	.431
Convenience in shopping	.283	.160	**.779**	.213
Credit Facility	.237	.396	**.745**	.202
Insurance Coverage	.218	.354	**.718**	.166
Wider acceptance	.327	.226	.172	**.818**
Prompt service	.495	.183	.231	**.750**
Brand	.576	.362	.320	**.623**
Status symbol	.129	.341	.410	**.611**

Step 4: Factor scores

Normally, from the results discussed, factor score co-efficient can be calculated for all variables (since each factor is a linear combination of all variables) which are then used to calculate the factor scores for each individual. Since PCA is used in extraction of initial factors, all methods will result in estimating same factor score coefficients. However, for the study, original values of the variables were retained for further analysis to assess the metric value of each factor among the different sections of these sample respondents. For a respondent, a particular factor is obtained by adding the values of the respective variables.

Thus, the 15 variables in the data were reduced to 4 factor model and each factor is given a name. The details of the Factor names and the corresponding variables are given in Table 4.7 d.

Table 4.7 d
Grouping of Factor Analyzed Variables

Variables	Factor names identified
Joining fee	
Annual fee	
Interest	**Charge**
Service charges	
Add-on-credit facility	
Minimum monthly payment	
Transferred balance from one card to another	**Service**
Multiple services	
Convenience in shopping	
Credit facility	**Credit**
Insurance coverage	
Wider acceptance	
Prompt service	
Brand	**Brand**
Status symbol	

These four factors are used for further analysis.

Factors of Importance

The scores of each factor represent how important the factor is to the respondent. The importance level of factors was assessed using the scores obtained by each factor. Each factor is compared across the groups of several personal and card related variables. Descriptive statistics, mean, and SD were calculated to understand the level of importance and t-test & ANOVA were applied to find whether significant differences exist among the groups in their level of importance.

Age Group

Table 4.8 explains the level of importance given by the respondents to the four factors based on their age group.

Table 4.8

Factor Scores for Purchase of Credit Cards Based on Age

Age (yrs)	Charges Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Upto 30	16.45	3.02	77	15.55	3.73	77	13.23	1.69	77	16.86	2.81	77
31-40	15.17	3.86	89	14.60	3.51	89	12.45	2.08	89	14.89	3.66	89
41-50	15.25	3.90	158	14.12	3.81	158	12.56	2.51	158	15.71	3.62	158
Above 50	14.93	3.87	76	13.71	4.02	76	12.54	1.96	76	15.87	3.07	76
F value	2.639			3.578			2.241			4.693		
Table Value	2.627			2.627			2.627			3.131		
Significance	*			*			NS			**		

** 1% Level of Significance   * 5% Level of Significance   NS-Not Significant

It is evident from the above table that the respondents coming under 30 years (16.45) regard Charge Factor as the most important while selecting the credit card followed by the respondents who are in the age group of 41-50 years (15.25). The respondents above 50 years (14.93) believe Charge Factor as less important while selecting the credit card as compared to other age groups.

The respondents up to 30 years (15.55) consider Service Factor as most important while selecting the card followed by the respondents in the age group of 31-40 years (14.60). The respondents above 50 years (13.71) give less importance to Service Factor while selecting the card.

The respondents falling under 30 years (13.23) judge Credit Factor as most important while selecting the credit card followed by the respondents in the age group of 41-50 years (12.56). The respondents in the age group of 31-40 years (12.45) consider Credit Factor as less important while selecting the credit card compared to other age groups.

The respondents up to 30 years (16.86) think Brand Factor as the most important while selecting the credit card followed by the respondents above 50 years (15.87). The respondents falling under the age group of 31- 40 years (14.89) believe Brand Factor as important while selecting the credit card.

It is seen that the respondents up to 30 years consider all the four factors important while selecting a credit card. Youngsters are very particular about all the factors for a purchase of credit card when compared to other age groups.

The above said results were tested with ANOVA by framing the following hypothesis.

Hypothesis: There is no significant difference in the levels of importance for Charge, Service, Credit and Brand factor among the different age groups of the respondents.

ANOVA was applied to find whether the mean score vary among the different age group for each factor. The ANOVA F test shows that there is no significant difference in the level of importance for all the Credit factor of importance under different age group. It is significant at 1% for Brand factor and at 5% for Charge and Service factor.

Hence, the hypothesis is accepted with respect to Credit factor and rejected with respect to Charge, Service and Brand Factor.

Gender

The Table 4.9 shows the level of importance given for the four factors based on the gender of the respondents.

Table 4.9

Factor Scores for Purchase of Credit Cards based on Gender

Gender	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Female	15.41	3.45	102	14.71	3.78	102	12.65	2.08	102	15.41	3.81	102
Male	15.40	3.86	298	14.33	3.82	298	12.67	2.23	298	15.90	3.30	298
t-value	.021			.870			.082			1.247		
Table Value	1.966			1.966			1.966			1.966		
Significance	NS			NS			NS			NS		

NS-Not Significant

From the mean score of Table 4.9, it can be seen that there is less or almost no difference between the male and female respondents in the level of importance given to the factors while selecting the credit cards.

Based on the above results, the following hypothesis is framed and t-test is applied to find the significant difference between Male and Female respondents.

Hypothesis: There is no significant difference in the level of importance for Charge, Service, Credit and Brand factor among the male and female respondents.

 t-test explains that there is no significant difference in the level of importance for Charge, Service, Credit and Brand factor.

Hence, the hypothesis is accepted.

Marital Status

 The Table 4.10 shows the level of importance given to the four factors based on the marital status of the respondents.

Table 4.10

Factor Scores for Purchase of Credit Cards based on Marital Status

Marital Status	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Married	15.27	3.86	332	14.23	3.82	332	12.55	2.28	332	15.58	3.55	332
Unmarried	16.07	3.12	68	15.35	3.65	68	13.19	1.59	68	16.74	2.65	68
t-value	1.615			2.222			2.198			2.541		
Table Value	1.966			1.966			1.966			1.966		
Significance	NS			*			*			*		

*5% Level of Significance   NS-Not Significant

The average level of importance given by unmarried respondents for all the four factors are higher than married respondents as can be seen from the above table.

However, in order to test whether there exists any difference between married and unmarried in the level of importance for four factors, the following hypothesis is framed and tested.

Hypothesis: There is no significant difference in the level of importance for Charge, Service, Credit and Brand factor among the Married and Unmarried respondents.

The result shows that there exists significant difference in the level of importance at 5% for Service and Credit factor and Brand factor at 1%. It is significant that the levels of importance given to Charge Factor do not vary between married and unmarried respondents.

Hence, the hypothesis is rejected with respect to Service, Credit and Brand Factors.

Educational Qualification

The Table 4.11 describes the level of importance given to all the four factors based on the level of education.

Table 4.11

Factor Scores for Purchase of Credit Cards based on Educational Qualification

Educational Qualification	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
School level	15.33	3.68	15	16.07	3.84	15	13.13	1.85	15	15.00	3.95	15
Graduate level	15.08	4.08	180	13.99	4.00	180	12.43	2.39	180	15.72	3.90	180
Post graduate level	16.01	3.22	132	14.69	3.59	132	13.00	1.78	132	16.17	2.67	132
Professional level	15.12	3.79	73	14.66	3.61	73	12.53	2.33	73	15.37	3.31	73
F Value	1.721			2.014			2.070			1.207		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean table explains that the post graduate respondents (16.01) have given relatively higher importance for the Charge Factor compared to others. The cardholders with school level education (15.33) have higher scores than post graduates and professionals.

For the Service Factor, the card holders who have completed their school level education (16.07) have the highest level of importance followed by the post graduates (14.69). The graduates give less importance to the Service Factor while selecting the credit card.

With respect to the Credit Factor, the card holders who have completed their school level education (13.13) have relatively higher level of importance followed by the post graduates (13.00), professionals (12.53) and graduates (12.43). The respondents who have completed the school level education give more importance to Credit Factor while selecting the credit card.

As far as Brand Factor is concerned, the card holders who have completed their post graduation (16.17) have the highest level of importance followed by the graduates (15.72). The respondents who have completed the school level education (15) give less

importance to the Brand Factor. Majority of the respondents who have completed their Post graduation give more importance to Brand Factor while selecting the credit card.

Following hypothesis is framed and tested in order to find whether mean scores of each of the above factor differ significantly among different levels of education.

Hypothesis: There is no significant difference in the level of importance of Charge, Service, Credit and Brand factor among the different levels of education of the respondents.

ANOVA was applied to find whether the mean score vary among the different levels of education for each factor.

The ANOVA F test result shows that there is no significant difference in the level of importance for all the four factors of importance among the respondents of different levels of education.

Hence, the hypothesis is accepted.

Occupational Status

The relation between occupational status and the factors which influence the purchase of the cards is presented in Table 4.12

Table 4.12

Factor Scores for Purchase of Credit Cards based on Occupational Status

Occupational Status	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	**SD**	**No.**	**Mean**	**SD**	**No.**	**Mean**	**SD**	**No.**	**Mean**	**SD**	**No.**
Self-employed	15.04	4.20	98	14.57	3.77	98	12.78	2.23	98	15.93	3.63	98
Salaried-govt	14.92	3.87	155	13.88	3.87	155	12.35	2.35	155	15.55	3.31	155
Salaried-pvt	16.27	3.21	122	14.92	3.63	122	12.91	2.07	122	16.11	3.43	122
Non-earners	15.64	3.04	25	14.76	4.23	25	12.92	1.26	25	15.00	3.43	25
F Value	3.438			1.849			1.754			1.094		
Table value	2.627			2.627			2.627			2.627		
Significance	*			NS			NS			NS		

*5% Level of Significant   NS-Not Significant

The mean Table 4.12 details that the scores of Charge Factor is high for the private salaried class (16.27) respondents followed by the non-earners (house wife/students) (15.64).The card holders who are employed in government institutions (14.92) have given least importance to the Charge Factor.

The respondents who are private employees (14.92) have the highest score for Service Factor followed by the non-earners (house wife/students) (14.76). The public sector respondents have less score (13.88). The respondents of private sector gave more importance to the Service Factor than other groups while selecting the credit card.

The non-earners (12.92) (house wife/student) have given the highest level of importance for Credit Factor followed by the private salaried respondents (12.91). The credit card holders of the government institutions attach less score (12.35). The non-earners have the higher importance to the Credit Factor while selecting a credit card than other occupational groups.

The private salaried respondents (16.11) have the highest level of importance for Brand Factor followed by self employed card holders (15.93). The credit card holders in the government institutions have less rating score (15.55).

Thus, it is observed that the respondents who are salaried and employed in the private organizations are very particular in availing all the facilities by giving more importance to all the four factors while selecting the credit card.

The following hypothesis is framed to test for the significant difference over the occupational groups in the four factors.

Hypothesis: There is no significant difference in the level of importance for Charge, Service, Credit and Brand factor among the different levels of Occupation of the respondents.

ANOVA test result shows that there is significant difference in the level of importance for the Charge Factor of importance alone among the occupational groups.

Hence, the hypothesis is rejected with respect to Charge Factor.

Income Level

The Table 4.13 shows the level of importance for all the four factors based on monthly income.

Table 4.13

Factor Scores for Purchase of Credit Cards Based on Income Level

Income Level	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Lesser than Rs.10,000	15.22	3.15	51	15.51	3.09	51	13.20	1.63	51	15.61	2.71	51
Rs 10,001 to 20.000	15.08	4.02	139	13.99	3.93	139	12.41	2.28	139	15.60	3.64	139
Rs 20.001 to 50,000	15.66	3.61	155	14.25	3.79	155	12.71	2.16	155	15.94	3.43	155
More than Rs 50,000	15.69	4.01	55	14.98	3.98	55	12.67	2.42	55	15.91	3.56	55
F Value	.732			2.503			1.661			.303		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

It is illustrated from the Table 4.13 that the respondents whose monthly income is above Rs.50,001 (15.69) have the highest level of importance for Charge Factor followed by the cardholders whose monthly income is between Rs 20,001 and 50,000. The card holders whose income level is Rs.10,001 to Rs.20,000 have the less score (15.08).

The card holders whose monthly income is below Rs.10,000 (15.51) have the highest level of importance for Service Factor followed by the card holders whose income level is Rs.50,001 and above (14.98). The cardholders whose monthly income is between Rs.10, 001 and Rs.20,000 have the less score (13.99)

The card holders whose monthly income is below Rs.10,000 (13.20) have the highest level of importance for Credit Factor followed by the card holders whose income

level is between Rs.20,001 and Rs.50,000 (12.71). The cardholders whose monthly income is between Rs.10,001 and Rs.20,000 have the less score (12.41).

The card holders whose monthly income is from Rs.20,001 to 50.000 (15.94) have the highest level of importance for Brand Factor followed by the card holders whose income level is above Rs.50,000 (15.91). The cardholders whose monthly income is between Rs.10,001 and Rs.20,000 have the less score (15.60).

Thus, it is observed that the respondents whose monthly income is below Rs.10,000 give more importance to the Service and Credit factor. Lesser monthly income will enable the cardholder to purchase a product and avail the credit facilities. The respondents whose monthly income is above Rs. 50,000 consider Charge Factor as important because they are very cautious about the charges levied by the bank for their services. The respondents whose monthly income is between Rs.20,001 and 50000 consider Brand Factor as the most important factor while selecting the credit card. They prefer prompt service, and wider acceptance of the card. Improvement in general standard of living in the recent years has also contributed towards the growth of the card.

The above results were tested with ANOVA by framing the following hypothesis

Hypothesis: There is no significant difference in the level of importance of Charge, Service, Credit and Brand factor among the different levels of Income of the respondents.

The ANOVA F test explains that there is no significant difference in the level of importance for all the four factors of importance.

Hence, the hypothesis is accepted.

Family Size

The Table 4.14 explains the level of importance for all the four factors based on the family size.

Table 4.14

Factor Scores for Purchase of Credit Cards based on Family Size

Family Size	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	**SD**	**No.**	**Mean**	**SD**	**No.**	**Mean**	**SD**	**No.**	**Mean**	**SD**	**No.**
2 members	15.10	4.17	31	15.03	3.80	31	12.94	1.71	31	16.48	3.40	31
3 members	15.51	3.85	117	14.16	4.08	117	12.65	2.21	117	16.05	3.66	117
4 members	15.30	3.73	179	14.44	3.76	179	12.54	2.35	179	15.51	3.45	179
5 and above	15.62	3.53	73	14.55	3.50	73	12.88	1.91	73	15.68	3.00	73
F Value	.223			.472			.592			1.054		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 4.14 indicates that the card holders whose family size consists of 5 members and above (15.62) have the highest level of importance for the Charge Factor followed by the card holders whose family size consists of 3 members (15.51).The card holders who have 2 members in their family have less score (15.10).

The card holders whose family size consists of 2 members (15.03) have the highest level of importance for Service Factor followed by the members who have 5 and above members (14.55). The card holders whose family consists of 3 members have less score (14.16).

The card holders whose family size consists of 2 members (12.94) have the highest level of importance for Credit Factor followed by the card holders whose family size consists of 5 members and above (12.88).The card holders who have 4 members in their family have the less score (12.54).

The card holders whose family size consists of 2 members (16.48) have the highest influence over the Brand Factor followed by the cardholders whose family have 3 members (16.05).The card holders who have 4 members in their family have the less score (15.51).

Thus, it is seen that the respondents whose family has 2 members give more importance to the Service, Credit and Brand factor, while the respondents whose family consists of more than five members consider Charge Factor as the most important factor while selecting the credit card. More members in the family may involve high cost of living, therefore, more importance is given to the charges levied on a product before purchasing it.

The above results were tested with ANOVA by framing the following hypothesis

Hypothesis: There is no significant difference in the level of importance of Charge, Service, Credit and Brand Factor among the different family size of the respondents.

In ANOVA, the F test explains that there is no significant difference in the level of importance for all the four factors of importance.

Hence, the hypothesis is accepted.

Number of Credit Cards Possessed

The Table 4.15 describes the level of importance for all the four factors based on the number of credit cards possessed.

Table 4.15

Factor Scores for Purchase of Credit Cards Based on Cards Possessed

Cards Possessed	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Only one	15.30	3.59	209	14.45	3.88	209	12.75	2.18	209	15.75	3.54	209
Two	15.28	4.10	119	14.36	3.77	119	12.45	2.28	119	15.66	3.50	119
Three	15.92	3.58	39	14.05	3.77	39	13.03	2.07	39	16.00	3.18	39
More than three	15.91	3.74	33	14.91	3.64	33	12.48	2.02	33	16.12	3.89	33
F Value	.543			.315			.923			.213		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

In Table 4.15, the mean value under Charge Factor shows higher level of importance for the card holders who possess 3 cards and the cardholders who possess more than 3 cards (15.92). The card holders who have only 2 cards have the low scores (15.28) compared to others.

The card holders who possess more than 3 cards (14.91) give more importance to Service factor followed by the cardholders who have only one card (14.45). The card holders who have 3 cards have the lowest score (14.05). Those respondents who possess more than three cards have the highest level of importance over the Service Factor in selecting the card.

The card holders who possess 3 cards (13.03) consider Credit factor as more important followed by the cardholders who have only one card (12.75). The card holders who have only 2 cards have a less score (12.45). The respondents who possess 3 cards have the highest level of importance over the Credit Factor.

The card holders who possess more than 3 cards (16.12) consider Brand factor as more important followed by the card holders having 3 cards (16.00). The card holders having only 2 cards have less score (15.66). The respondents who posses more than 3 cards have the highest level of importance for the Brand Factor.

Thus, it is observed that the respondents who have three cards give more importance to the Charge and Credit Factor implying that the cardholders may have an option to compare the charges levied and credit facilities offered by different bank cards possessed by him/her. The cardholders who have more than three cards give more importance to the Service and Brand factor because they have a wider choice of selecting the cards offering the popular brand with utmost services. The banks also feel that now when there is a very high competition in the credit card industry, innovation is the key. Hence, most of the banks have at-least 3 different cards in their portfolio and are on the look out to launch more niche cards for each segment of the customer base.

The following hypothesis is framed to test for significant difference among the number of credit cards possessed in the four factors.

Hypothesis: There is no significant difference in the level of importance of Charge, Service, Credit and Brand factor based on the number of credit cards possessed by the respondents.

The ANOVA F test explains that there is no significant difference in the level of importance for all the four factors of importance.

Hence, the hypothesis is accepted.

Sector wise Ownership of credit cards

The table 4.16 describes the level of importance for all the four factors based on the sector wise ownership of the banks cards.

Table 4.16

Factor Scores for Sector wise Purchase of Credit Cards

Sector wise Ownership	Charge Factor			Service Factor			Credit Factor			Brand Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Public sector	14.90	3.77	106	14.39	3.79	106	12.56	2.27	106	15.45	3.65	106
Private sector	15.49	3.21	55	14.25	3.86	55	13.11	1.79	55	16.42	3.05	55
Foreign banks	15.98	3.56	48	14.81	4.16	48	12.75	2.37	48	15.63	3.77	48
Multiple sector	15.52	3.93	191	14.39	3.74	191	12.57	2.20	191	15.81	3.33	191
F Value	1.091			.209			.985			.991		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

In Table 4.16, the mean values show that the level of importance for Charge Factor is high for the card holders who have foreign bank cards (15.98) followed by the multiple card owners (15.52) (either public sector and private or private sector and foreign banks or foreign banks and public sector banks).Those respondents owning cards in Public Sector Banks have the lowest score (14.90) for the Charge Factor while selecting the credit card.

The level of importance for Service Factor is high for the foreign bank card holders (14.81) followed by the multiple card owners (either public sector or private sector or foreign banks) and the Public Sector (14.39) card owners. The Private Sector Bank card holders (14.25) have the lowest score. The respondents who own the foreign bank cards have the highest importance over the Service Factor while selecting the card.

The level of importance for Credit Factor is high for the Private Sector Bank card holders (13.11) followed by the Foreign Bank Card Holders (12.75). The Public Sector Bank card holders (12.56) have the lowest score. The cardholders who own Private Sector Bank cards have the highest importance over the Credit Factor while selecting the credit cards.

The level of importance for Brand Factor is high for the cardholders who own the Private Sector Bank (16.42) cards followed by the influence of the multiple card holders (15.81). The Public Sector Bank card holders (15.45) have the lowest score. The cardholders who own the Private Sector Bank cards give more importance to the Brand factor while selecting the credit card.

Thus, it is observed that the respondents who own the Foreign Bank cards consider Charge and Service Factor as the most important because the cost of the services offered by the foreign banks are comparatively higher. The Private Sector Bank cardholders consider Credit and Brand factor as the most important while selecting the credit card because the .products of the private sector have gained popularity.

The following hypothesis is framed to test the significant difference among the sector wise groups in the four factors.

Hypothesis: There is no significant difference in the level of importance of Charge, Service, Credit and Brand factor based on the sector wise ownership of the credit cards by the respondents.

ANOVA test explains that there is no significant difference in the level of importance for all the four factors.

Hence, the hypothesis is accepted

SECTION III

This section deals with the usage of credit cards by the respondents. The fair growth of cardholding population in the country has been discussed in the earlier chapters; therefore, the various points of usage like petrol bunks, utility bills and Grocery items, hotels, restaurants, book shops, merchandise, hospitals, departmental stores, travels, shopping malls, medical stores and tourists spots are accrued due to the usage of credit cards. More and more people understand the benefit of the card and their spending pattern gets spilt over the various cards while they purchase. Banks encourage the usage of cards by offering a number of schemes. It is essential to know the purpose and frequency of using credit cards by the cardholders.

This section deals with the frequency and the purpose of using credit cards through Percentage Analysis, Chi-square, and the Overall Usage through ANOVA.

Usage of Credit Cards by the Respondents

The Table 4.17 describes the purpose of usage of credit cards by the respondents. Cards have been used in various places like hotels, departmental stores, travels, shopping malls, petrol stations, hospitals and medical stores, tourist spots, internet shopping, music world, telecom bills, consumer durables and for the purchase of books. Percentage Analysis is used to know the distribution of purpose of usage.

Table 4.17

**Usage of Credit Cards by the Respondents**

Particulars		Yes	No	Total
Hotel accommodation	No.	224	176	400
	%	56	44	100
Departmental stores	No.	340	60	400
	%	85	15	100
Travels	No.	217	183	400
	%	54.2	45.8	100
Shopping malls	No.	297	103	400
	%	74.2	25.8	100
Petrol Stations	No.	281	119	400
	%	70.2	29.8	100
Hospitals & Medical Stores	No.	195	205	400
	%	48.8	51.2	100
Tourist spots	No.	159	241	400
	%	39.7	60.3	100
Internet or Online shopping	No.	132	268	400
	%	33	67	100
Music World	No.	140	260	400
	%	35	65	100
Telecom or Mobile Bills	No.	155	245	400
	%	38.7	61.3	100
Consumer Durables	No.	225	175	400
	%	56.2	43.8	100
Books/ Magazines and subscriptions	No.	154	246	400
	%	38.5	61.5	100

It is evident from the Table 4.17 that out of 400 respondents, 56 percent of them use credit cards for hotel accommodation; about 85 percent use it in the departmental stores. While 54.2 percent use credit cards for traveling, 74.2 percent respondents use in shopping malls. Likewise 70.2 percent use in petrol stations. About 51.2 percent of the cardholders do not prefer using credit cards in hospitals & medical stores and 60.3 percent in tourist spots.

Sixty seven percent of the credit card holders do not prefer credit cards for internet or online shopping; 65 percent do not use it for music world and 61.3 percent for paying telecom or mobile bills. About 56.2 percent use credit cards for consumer durables, while 61.5 percent respondents do not prefer using credit cards for the purchase of books, magazines and subscriptions.

It is concluded that majority of the respondents use credit cards in the departmental stores (85 percent) and shopping malls (74.2 percent).

Exhibit 4.2. Usage of Credit cards
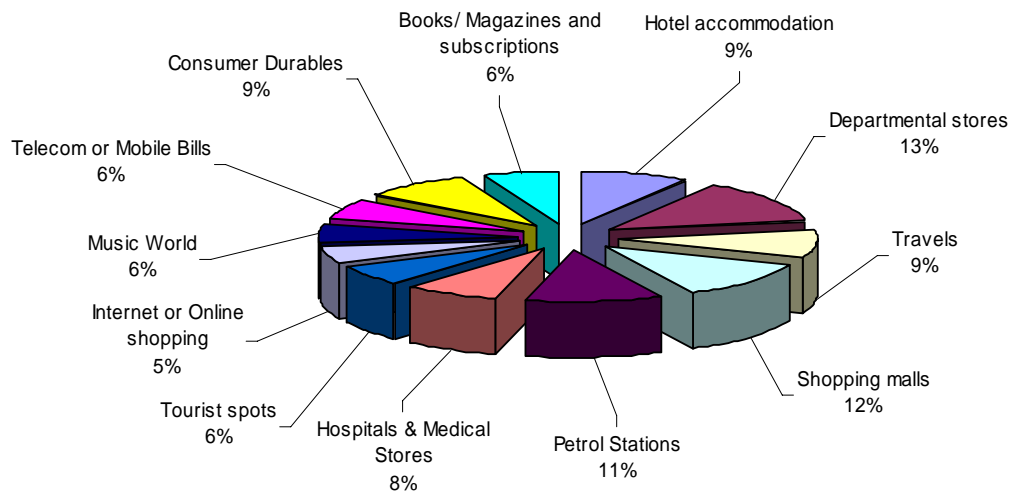
Comparison of Mean scores for Overall Usage Level

ANOVA is used to test the means of several groups relating to a dependant variable. Here, ANOVA is applied to find whether the overall usage scores differ significantly across the groups of several personal variables like age, gender etc.,

The overall usage score was found out by counting the number of places where the respondents use credit cards. The higher the count the higher the usage.

The results are presented in the following tables with suitable hypothesis and relevant interpretations.

Comparison of Overall Usage Scores Among Different Age Groups

The Table 4.18 (a) describes the overall usage scores among different age groups.

<div align="center">

Table 4.18(a)

Comparison of Overall Usage Score Among Different Age Groups

</div>

Age (yrs)	Overall Score on Usage Level		
	Mean	**S.D**	**No.**
Up to 30	6.23	2.89	77
31-40	6.11	3.32	89
41-50	5.47	3.18	158
Above 50	5.63	3.22	76
TOTAL	5.79	3.17	400

From the Table 4.18(a), it is seen that the usage level is high for the respondents who are below 30 years of age group (mean score is 6.23) followed by the age group of 31to 40 years (6.11). The respondents between 41 and 50 years have the lowest usage level (5.47).

Among the different age groups, the younger age group respondents use credit cards relatively more than the other age groups.

Based on the above results, the following hypothesis is framed. One way ANOVA is applied to test the hypothesis.

Hypothesis: There is no significant difference in the overall usage score between the different age groups.

Table 4.18(b)

ANOVA for Average Usage Score Based on Age

Source	Sum of Squares	Degrees of freedom	Mean sum of squares	F ratio	Sig.	Table value
Between Groups	42.026	3	14.009			
Within Groups	3975.752	396	10.040	1.395	NS	2.627
Total	4017.778	399				

NS-Not Significant

The ANOVA table shows that the F ratio value (1.395) is lesser than the table value (2.627) and hence, the hypothesis is accepted (not significant) at 5% level, which indicates that there is no significant difference among the different age groups holding credit cards as their average usage score.

Average Usage Score Based on Gender

The Table 4.19(a) describes the level of usage score between the male and female respondents.

Table No 4.19(a)

Average Usage Score Based on Gender

Gender	Overall Score on Usage Level		
	Mean	S.D	No.
Female	5.25	3.10	102
Male	5.98	3.18	298
Total	5.79	3.17	400

The mean Table 4.19(a) explains that the female respondents have a lesser usage (5.25) than male respondents (5.98).

The significant difference in the overall usage score with different gender is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score between male and female respondents.

Table 4.19(b)

T-test for Usage Score Based on Gender

t value	Degrees of freedom	Table value	Sig.
1.990	398	1.966	*

*5% level of significance

The calculated t-test value is 1.990 indicating that there is significant difference between male and female respondents in their average score on usage and hence, the hypothesis is rejected.

Average Usage Score Based on the Marital Status

The Table 4.20(a) describes the level of usage score on the married and unmarried respondents

Table 4.20(a)

Comparison of Overall Usage Score Based on t test

Marital Status	Overall Score on Usage Level		
	Mean	S.D	No.
Married	5.71	3.21	332
Unmarried	6.18	2.96	68
Total	5.79	3.17	400

The mean table explains that the unmarried respondents have higher usage (6.18) than the married respondents (5.71)

The significant difference in the overall usage score with different marital status is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score between the married and unmarried respondents.

Table 4.20(b)

t-test for Usage Score by Marital Status

t value	Degrees of freedom	Sig.	Table value
1.096	398	NS	1.966

NS-Not Significant

The calculated T-test value is 1.096 indicating that there is no significant difference between the married and unmarried respondents in their average score on usage and hence, the hypothesis is accepted.

Comparison of Overall Usage Scores Among Different Levels of Education

The Table 4.21(a) describes the overall usage score on the different levels of education

Table 4.21(a)
Comparison of Overall Usage Scores Among Different Levels of Education

Educational Qualification	Overall Score on Usage Level		
	Mean	S.D	No.
School level	8.53	2.23	15
Graduate level	5.51	3.06	180
Post graduate level	5.66	3.05	132
Professional level	6.16	3.56	73
TOTAL	5.79	3.17	400

It is found from the mean Table 4.21(a) that the overall usage level is high for the respondents who have completed their school level education (mean score is 8.53) followed by professionals (6.16). The graduate respondents have relatively the lowest usage level (5.51).

The respondents who have completed the school level education (8.53) have the highest usage score.

The significant difference in the overall usage score with different levels of education is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score among the different levels of education.

Table 4.21(b)

ANOVA for Average Usage Score on Education

Source	Sum of Squares	Degrees of freedom	Mean sum of Squares	F ratio	Sig.	Table value
Between Groups	139.380	3	46.460			
Within Groups	3878.398	396	9.794	4.744	**	3.831
Total	4017.777	399				

**Significant at 1% level

ANOVA F ratio value (4.744) shows that the usage level differs significantly with the different levels of education at 1% level. Hence, the hypothesis is rejected.

Comparison of Overall Usage Scores Among Different Occupational Status

The Table 4.22(a) describes the overall usage score on the various occupational status groups.

Table 4.22(a)

Comparison of overall usage scores among different Occupational Status

Occupational status	Overall score on usage level		
	Mean	**S.D**	**No.**
Self-Employed	5.82	2.89	98
Salaried-Govt	5.35	3.25	155
Salaried-Pvt	6.31	3.22	122
Non-earners (House wife / Student)	5.92	3.28	25
Total	5.79	3.17	400

The above mean Table 4.22(a) explains that the usage level is high among the private sector employees (mean score is 6.31) followed by non-earners (5.92). The respondents in the public sector have the lowest level of usage score (5.35).

The private salaried respondents (6.31) use credit cards more than other groups.

The significant difference in the overall usage score with different levels of occupation is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score among the different occupational status of the credit card holders.

Table 4.22 (b)

ANOVA for Average Usage Score on Occupation

Source	Sum of Squares	Df	Mean sum of Squares	F ratio	Sig.	Table Value
Between Groups	63.893	3	21.298			
Within Groups	3953.885	396	9.985	2.133	NS	2.627
Total	4017.777	399				

NS-Not Significant

The results have shown that the usage score does not differ significantly with the different occupational status of the respondents (F value 2.133). Hence, the null hypothesis is accepted.

Comparison of Overall Usage Scores Among Different Income Levels

The Table 4.23(a) describes the overall usage score among different income levels.

Table 4.23(a)

Comparison of Overall Usage Scores Among Different Income Levels

Income level	Overall score on usage level		
	Mean	**S.D**	**No.**
Less than Rs 10000	6.31	3.37	51
Rs10,001 to Rs20,000	5.20	3.17	139
Rs 20,001 to Rs 50,000	5.86	2.98	155
More than Rs 50,000	6.60	3.32	55
Total	5.79	3.17	400

The mean Table 4.23(a) illustrates that the usage level is high among the credit card holders whose monthly income is Rs 50001 and above (mean score is 6.60) followed by the respondents whose monthly income is below Rs 10000 (6.31). The credit card holder whose monthly income is between Rs 10001 and 20000 has the lowest score.

The respondents whose monthly income is Rs 50,000 and above (6.60) have the highest level of usage. The usage score is higher among the upper income groups.

The significant difference in the overall usage score with different levels of income is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score among the different levels of Income of the credit card holders.

Table 4.23(b)

ANOVA for Average Usage Score Based on Income

Source	Sum of Squares	Df	Mean sum of Squares	F ratio	Sig.	Table Value
Between Groups	99.083	3	33.028			
Within Groups	3918.695	396	9.896	3.338	*	2.627
Total	4017.778	399				

5% level of significance

The calculated F ratio value (3.338) indicates that the usage level varies significantly with the different levels of income and hence, the hypothesis is rejected.

Comparison of Overall Usage Scores on Different Family Size

The Table 4.24(a) describes the levels of usage among the different family size.

Table 4.24(a)

Comparison of Overall Usage Scores Among Different Family Size

Size of the family	Overall Score on Usage Level		
	Mean	S.D	No.
2 members	6.61	3.41	31
3members	5.65	3.28	117
4members	5.75	2.93	179
5 and above	5.78	3.47	73
TOTAL	5.79	3.17	400

It is illustrated from the above mean Table 4.24(a) that the usage level is high among the families consisting of 2 members (6.61) followed by the respondents family with 5 and more members (5.78). The credit card holders with 3 members in their family (5.65) have the lowest score.

Thus, the respondents' family consisting of two members (6.61) has the highest level of usage.

The significant difference in the overall usage score with different number of members in the respondents' family is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score among the different family size of the credit card holders.

Table 4.24(b)

ANOVA for Average Usage Score on the Family Size

Source	Sum of Squares	Df	Mean sum of Squares	F ratio	Sig.	Table Value
Between Groups	23.610	3	7.870			
Within Groups	3994.168	396	10.086	0.780	NS	2.627
Total	4017.778	399				

NS-Not Significant

The calculated F ratio value being 0.780, the hypothesis is not significant at 5% level which indicates that the usage score does not differ significantly among the different family size.

Comparison of Overall Usage Scores Among the Number of Credit Cards Possessed

The Table 4.25 (a) describes the number of credit cards possessed by the respondents and their overall usage level. The greater the number of cards held by the respondents the higher the frequency of its usage.

Table 4.25(a)

Comparison of Overall Usage Scores Among the Number of Credit Cards Possessed

Credit Cards Possessed	Overall Score on Usage Level		
	Mean	**S.D**	**No.**
Only one	5.46	3.19	209
Two	5.83	3.31	119
Three	6.62	3.06	39
More than Three	6.79	2.32	33
TOTAL	5.79	3.17	400

The mean Table 4.25(a) illustrates that the usage level is high among the credit card holders who have more than 3 cards (6.79) followed by the respondents who possess only 3 cards (6.62). The credit card holders who have only one card have the lowest score (5.46).

Hence, the respondents holding more than three cards (6.79) have the highest overall usage score.

The significant difference in the overall usage score with different number of credit cards possessed is tested with the following hypothesis.

Hypothesis: There is no significant difference in the overall usage score based on the number of credit cards possessed by the card holders.

Table 4.25(b)

ANOVA for Average Usage Score Based on the Credit Cards Possessed

Source	Sum of Squares	Df	Mean sum of Squares	F ratio	Sig.	Table value
Between Groups	82.489	3	27.496			
Within Groups	3935.289	396	9.938	2.767	*	2.627
Total	4017.777	399				

*5% level of significance

The F ratio value of 2.767 indicates that the usage level varies with the number of cards possessed and hence, the hypothesis is rejected.

Sector wise Comparison of Overall Usage Scores

The Table 4.26 (a) describes the difference in the overall usage level based on the credit cards of various sectors.

Table 4.26(a)

Comparison of Overall Usage Scores Among Sector Wise Ownership of Cards

Sector Wise Ownership	Overall Score on Usage Level		
	Mean	**S.D**	**No.**
Public Sector Banks	5.60	3.12	106
Pvt. Sector Banks	5.65	3.29	55
Foreign Banks	4.92	3.25	48
Multiple Cards	6.16	3.12	191
TOTAL	5.79	3.17	400

It is seen from the mean Table 4.26(a) that the usage level is high among the credit card holders who possess multiple cards (either public sector or private sector or foreign banks card) followed by the respondents holding private sector bank cards (5.65). The foreign bank credit card holders have the lowest score (4.92).

Hence, the respondents (6.16) who own multiple cards have the highest level of usage.

The significant difference in the overall usage score with different sectors is tested with the following hypothesis

Hypothesis: There is no significant difference in the usage scores based on the sector wise ownership of credit cards.

Table 4.26(b)

ANOVA for Average Usage Score Based on the Sector Wise Ownership

Source	Sum of Squares	Df	Mean sum of Squares	F ratio	Sig	Table Value
Between Groups	67.028	3	22.343			
Within Groups	3950.749	396	9.977	2.239	Ns	2.627
Total	4017.777	399				

Ns-Not significant

The F ratio value of 2.239 indicates that the usage score does not differ among the different sectors of credit cards owned and hence, the hypothesis is accepted.

Occasions When Credit Cards are Used - Multiple response

The table 4.27 reveals the occasions on which credit cards are used often. Credit cards may be used on festive seasons, during travel, for medical emergencies or during weekly gatherings or parties.
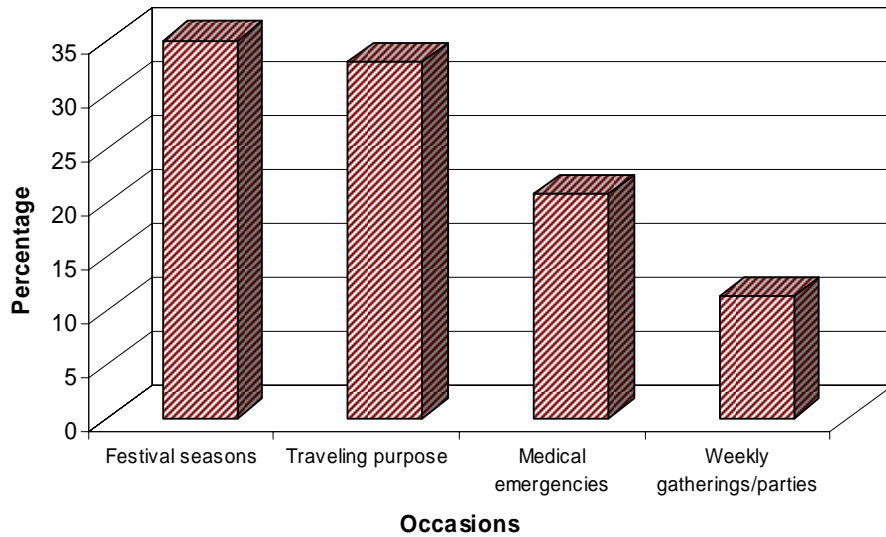
Table 4.27

Occasions When Credit Cards are Used

Occasions	Number of Occasions	Percentage
Festival seasons	140	35
Traveling purpose	132	33
Medical emergencies	83	20.75
Weekly gatherings/parties	45	11.25
Total	400	100

It is evident from the above table that 35 percent of the respondents use credit cards during festival seasons, 33 percent use it for traveling purpose, 20.75 percent use it

for medical emergencies and 11.25 percent use on weekly gatherings or parties. Hence, more respondents have a higher frequency of usage during festival seasons as traditionally Indians make most purchase during festive seasons.

Exhibit 4.3. Occasions when credit cards are used

Respondent's Mode of Enquiry - Multiple Response

The Table 4.28 describes the mode of enquiry made by the respondents in case of any doubts in the statement of accounts. The cardholder may enquire by approaching a call center, sent an e-mail to the bank, may personally approach the bank or phone to the bank.

Table 4.28

Mode of Enquiry - Multiple Responses

Mode of Enquiry	Number of Responses	Percentage
Through call center	125	31.3
E-mail	51	12.8
Personal approach to the bank	91	22.8
Phone to bank	183	45.8

It is seen from the table 4.28 that 45.8 percent phone to the bank in case of enquires and 31.3 percent approach call centers, while 22.8 percent of the respondents personally approach the bank for enquires and 12.8 percent enquire through internet and E-mail.

Hence, 75 percent of the credit card holders enquire through phone to the banker or to the call centers in case of any doubts in the statement of accounts because the respondents are employed and their personal approach to the bank is far beyond their reach.

Monthly Purchases Using Credit Cards

The Table 4.29 describes the percentage of the respondent's monthly purchases using credit cards.

Table 4.29

Monthly Purchases Using Credit Cards

Credit Card Usage	Number	Percentage
Less than 50%	302	75.5
50-80%	88	22
More than 80%	10	2.5
Total	400	100

The Table 4.29 explains that 75.5 percent respondents make less than 50% of their monthly purchases using credit cards, 22 percent respondents make 50-80% of their purchases using credit cards and 2.5 percent of them make more than 80% of their monthly purchases using credit cards. .

Thus, it is inferred that 75.5 percent make less than 50% of their monthly purchases using credit cards.

Respondents' Views About the Credit Card Usage

The Table 4.30 presents the respondents' views about the credit card usage.

Table 4.30

Respondents' Views About the Credit Card Usage

Facilities		Yes	No	Total
Provision of special offers and incentives	No.	202	198	400
	%	50.5	49.5	100
If yes, the extent of utilization	No.	105	97	202
	%	52	48	100
Usage of credit card for ATM withdrawals	No.	210	190	400
	%	52.5	47.5	100
The possession of add-on-card facility	No.	227	173	400
	%	56.7	43.3	100
Easy carrying of credit cards	No.	335	65	400
	%	83.7	16.3	100

It could be inferred from the Table 4.30 that out of 400 respondents, 50.5 percent respondents are provided with special offers and incentives but only 52 percent of them are using offers.

About 52.5 percent of the credit card holders use their credit card for ATM withdrawals. Nearly 56.7 percent of the card holders utilize add-on-card facility and 83.7 percent of them feel ease in carrying credit cards.

Thus, nearly half of the respondents prefer to utilize special offers, incentives, add-on-card facility and for ATM withdrawals. They also feel convenient in carrying credit cards.

Purchase Intentions of the Credit Cardholders

The Table 4.31 describes the purchase intentions of the credit cardholders regarding spot purchases, additional purchases and purchase only in the shops where credit cards are accepted,

Table 4.31

Purchase Intentions of the Credit Cardholders

Purchase Intentions		Yes	No	Total
Tempts for spot purchases	No.	256	144	400
	%	64	36	100
Tempts for Additional purchases	No.	225	175	400
	%	56.2	43.8	100
Purchase only in the shops where cards are accepted	No.	231	169	400
	%	57.7	42.3	100
Recommend friends to purchase the cards	No.	215	185	400
	%	53.7	46.3	100

It is found from the Table 4.31 that 64 percent of them feel that credit cards tempt for spot purchase, 56.2 percent make additional purchases while using credit cards, 57.7 percent respondents purchase only in the shops where cards are accepted. More than half of the respondents are tempted to make spot and additional purchases and purchase only in the shops where credit cards are accepted. About 53.7 percent of the respondents recommend to their friends to purchase credit cards, while 46.3 percent do not recommend.

Bankers' Response to Queries

Table 4.32 illustrates the bankers' response to the queries of the cardholders. Queries regarding receiving pamphlets from the sponsoring banks and about the other facilities by the cardholder to the banks are also dealt.

Table 4.32

Bankers' Response to Queries

Bankers' response to queries		Yes	No	Total
Receive pamphlets from the sponsoring banks	No.	299	101	400
	%	74.7	25.3	100
The bank officials /agents explain about all the facilities	No.	255	145	400
	%	63.7	36.3	100
The bank responds to queries promptly	No.	311	89	400
	%	77.7	22.3	100

The above table reveals that about 74.7 percent of the respondents have stated that they receive pamphlets from the sponsoring banks, 63.7 percent of them have stated that the bank officials explain all the facilities, and 77.7 percent of the credit card holders feel that the banks respond to their queries promptly. Most of the credit cardholders feel that the bank officials explain all the facilities and also respond to their queries promptly.

Chi Square Analysis

The Chi square test is employed to test the relationship of one factor over the other. In order to employ chi square test, the factors are classified under two groups. One group comprising of personal factors and the other group comprising of study factors. Each of the factors in group one is compared with the factors of the study group in order to test the relationship of one factor over the other.

The personal factors considered in the study are

- Age
- Sex
- Marital status
- Educational level
- Occupational Status
- Monthly income
- Family size

- Number of credit cards possessed and

- Type of cards owned

The study factors selected are

- Percentage of monthly purchases

- Using credit cards for ATM withdrawals

- Special offer and incentives

- Spot Purchases

- Additional Purchases

- Purchases in the shop where credit cards are accepted and

- Recommend to friends to purchase credit cards

The following hypothesis were made to study the relationship between personal factors and study factors. The results of chi-square test which were used to test the hypothesis were given in table 4.33.

Table 4.33

Chi-square results showing relationship between Personal Factors and Study Factors

Personal Factors	Percentage of monthly purchases		Using credit cards for ATM withdrawals		Provided with special offer and incentives		Tempts for spot purchases		Tempts for additional purchases		Purchases in the shop where cards are accepted		Recommend friends to purchase cards	
	1		2		3		4		5		6		7	
	Chi square value	Table value	Chi square value	Table value	Chi square value	Table value	Chi square value	Table value	Chi square value	Table value	Chi square value	Table value	Chi square value	Table value
Age	1.301	12.592	3.309	7.815	8.239*	7.815	12.595**	11.345	10.663	7.815*	1.761	7.815	2.529	7.815
Sex	.178	5.991	3.858*	3.841	0.847	3.841	0.004	3.841	0.522	3.841	0.625	3.841	0.006	3.841
Marital status	.193	5.991	.003	3.841	0.24	3.841	0.301	3.841	0.364	3.841	1.032	3.841	0.014	3.841
Educational level	5.360	12.592	.777	7.815	3.718	7.815	4.431	7.815	2.024	7.815	1.991	7.815	3.706	7.815
Occupational status	8.115	12.592	2.500	7.815	1.788	7.815	3.615	7.815	9.19	7.815*	3.585	7.815	1.242	7.815
Monthly income	5.046	12.592	5.712	7.815	2.273	7.815	2.125	7.815	6.3	7.815	5.745	7.815	9.571	7.815*
Family size	5.391	12.592	2.867	7.815	3.18	7.815	0.837	7.815	1.512	7.815	2.961	7.815	8.05	7.815*
No of cards possessed	1.554	12.592	1.785	7.815	3.433	7.815	.394	7.815	2.108	7.815	3.841	7.815	0.011	7.815
Type of cards owned	5.107	12.592	4.388	7.815	3.206	7.815	.614	7.815	2.046	7.815	4.419	7.815	7.959	7.815

*Significant at 5% level   **Significant at 1%

Hypothesis 1 : **The personal factors of the respondents have no significant relationship with the percentage of monthly purchases using credit cards.**

The chi square test results shows that none of the personal factors have significant relationship with percentage of monthly purchases through credit cards and hence the above hypothesis is accepted.

Hypothesis 2 : **The personal factors of the respondents have no significant relationship with the usage of credit cards for ATM withdrawals.**

Among the personal variables studied with usage of credit cards for ATM withdrawals only gender is found to have significant relationship with frequency of usage of credit cards for ATM withdrawals and hence the above hypothesis is rejected with respect to gender only.

Hypothesis 3 : **The personal factors have no significant relationship with using credit card for special offer and incentives.**

There is significant relationship between the age of the respondents and using credit cards for special offer and incentives. The above hypothesis is rejected with respect to age only and for other personal factors, the hypothesis is accepted.

Hypothesis 4 : **The personal factors have no significant relationship with the temptations to make spot purchases using credit cards.**

There is significant relationship between age of the respondents and credit card temptations to make spot purchases. The above hypothesis is rejected with respect to the age of the respondents only and for the other personal factors, the hypothesis is accepted.

Hypothesis 5 : **The personal factors have no significant relationship with the temptations for additional purchases using credit cards.**

There is significant relationship between age and occupational status of the respondents and temptations to make additional purchases using credit cards. The above hypothesis is rejected with

respect to age and occupation of the respondents and for other personal factors the hypothesis is accepted.

Hypothesis 6 : **The personal factors have no significant relationship with the preference to purchase only in the shops where the cards are accepted.**

The chi square results shows that none of the personal factors have significant relationship with the purchase in the shops where cards are accepted and hence the above hypothesis is accepted.

Hypothesis 7 : **The personal factors have no significant relationship with the cardholders recommending to their friends to make their purchases through the cards.**

Among the personal variables studied with the cardholders recommending to their friends to make their purchases through the cards only monthly income and family size of the respondents have significant relationship and hence the hypothesis is rejected with respect to monthly income and family size of the respondents.

Conclusion

The findings are summarized below

From the foregoing discussion in this chapter, it is concluded that most of the credit card holders (39.5 percent) are in the age group of 41-50 years, male, married, graduates employed in either private or government with a monthly income between Rs 20,001 and 50,000 comprising of 4 members in a family. The respondents who are upto 30 years, unmarried and employed in the private sector consider Charge, Service, Credit and Brand factors as more important than other factors for the purchase of credit cards, while the post graduate respondents consider only Charge and Brand factor as more important when compared to others. The respondents who have school level education and whose monthly income is below Rs 10,000 consider Service and Credit factor as more important than others. The respondents with two members in the family consider Service, Credit and Brand factor as more important than other factors. The cardholders possessing three cards consider Charge and Credit factor as important,

while the respondents with more than three cards consider Service and Brand factor as more important than the other factors.

Among the cardholders, the foreign bank cardholders consider Charge and Service as more important, while the private sector bank cardholders consider Credit and Brand as more important when compared with others. The respondents whose monthly income is above Rs 50,000 consider Charge factor as more important, while the respondents with a monthly income ranging between Rs 20,001 and Rs 50,000 consider Brand factor as more important when compared to others. The respondents whose family consists of five members consider Charge factor as more important. More than half (62 percent) of the cardholders consider convenience in shopping and credit facility (60.5 percent) as more important while purchasing the credit cards. Three fourths of the respondents use credit cards frequently in the departmental stores (85 percent) and shopping malls (73 percent). Chi square analysis shows that there is significant influence of the gender and usage of credit cards for ATM withdrawals and also on the age of the respondents and using credit cards for special offer and incentives. ANOVA result shows that the usage level differs significantly at 1% level with different levels of education. The usage level differs significantly at 5% level between the male and female respondents for different levels of income, and the number of cards possessed by the respondents.

With these findings regarding the attributes considered important for selection of the card and its purpose for usage, the extent of awareness about the facilities of the card are discussed in the next chapter.