

## CHAPTER VI

### CARDHOLDERS' BENEFITS, SATISFACTION AND PROBLEMS

#### Introduction

The factors considered important for the purchase and usage of credit cards, and the respondents' awareness about the facilities have been discussed in the previous chapters. It is pertinent to know how the cardholder is benefited and the extent of satisfaction derived through usage and the problems encountered if any. This chapter discusses the respondents' benefits derived, the level of satisfaction attained and the problems faced while usage.

This chapter has been divided into two sections:

Section I deals with the ranking of benefits and the level of satisfaction

Section II deals with the Problems faced by the cardholders.

#### SECTION I

##### Ranking of the Benefits Derived by the Cardholders

The respondents were asked to rank the benefits derived by them while using the credit cards. The various types of benefits based on their priorities are presented in the following table. Kendal's co-efficient of concordance was applied to rank the benefits of the cardholders. The respondents were asked to rank the items based on the factor that benefited most as 1 and the rest in order of importance. The least benefited item is given the lowest rank of 7.

**Table 6.1**  
**Ranking of the Benefits Derived by the Cardholders**

Benefits Derived by the Cardholders		Rank							TOTAL
		1	2	3	4	5	6	7	
Reduced risk of handling cash	No.	194	98	48	34	15	5	6	400
	%	48.5	24.5	12.0	8.5	3.7	1.3	1.5	100
Wider acceptance	No.	39	111	107	75	44	14	10	400
	%	9.8	27.8	26.7	18.7	11.0	3.5	2.5	100
Interest free credit period	No.	47	57	93	97	68	25	13	400
	%	11.7	14.2	23.3	24.2	17.0	6.3	3.3	100
Easy installments	No.	15	47	50	88	113	59	28	400
	%	3.8	11.8	12.5	22.0	28.2	14.7	7.0	100
Helpful in emergency	No.	103	61	67	63	72	24	10	400
	%	25.8	15.3	16.8	15.7	18.0	6.0	2.4	100
Insurance cover	No.	1	23	20	34	65	208	49	400
	%	.3	5.8	5.0	8.5	16.2	52.0	12.2	100
Contests and Other offers	No.	1	3	15	9	23	65	284	400
	%	.3	.8	3.7	2.2	5.8	16.2	71.0	100

The above Table depicts that 48.5 percent of the respondents have ranked “reduced risk of handling cash” as first. About 27.8 percent and 26.7 percent of them have ranked “wider acceptance” as second and third, 24.2 percent of them have ranked “interest free credit period” as fourth, while 28.2 percent of them have ranked “easy installments” as fifth and 52 percent of them have ranked “insurance cover gifts” as sixth. However, 71 percent of them have ranked “contests and other offers” as seventh.

It is concluded that among the benefits derived by the cardholders, majority (48.5%) of the respondents have ranked first for “reduced risk of handling cash”.

### **Kendall’s Co-efficient of Concordance**

Kendall’s co-efficient of concordance (W) is used to find the extent of similarity among the respondents in assigning the ranks. The higher the value of W, the greater will be the similarity among the respondents. Kendall’s co-efficient of concordance I s used to find whether the respondents agree in their ranking order of items. The mean rank for each item is given in the Table 6.2

**Table 6.2**  
**Mean Ranking of the Benefits Derived**

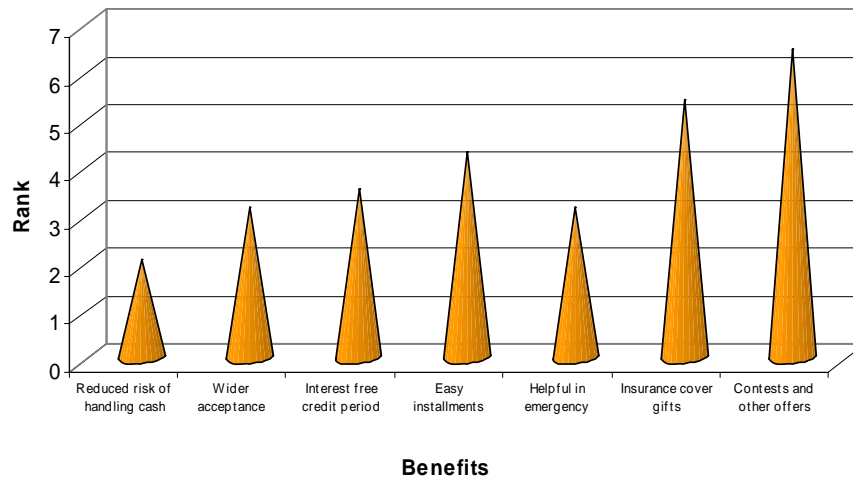
<b>Benefits</b>	<b>Mean Rank</b>
Reduced risk of handling cash	2.04
Wider acceptance	3.14
Interest free credit period	3.52
Easy installments	4.32
Helpful in emergency	3.13
Insurance cover gifts	5.40
Contests and other offers	6.45
<b>Kendall’s W</b>	<b>0.487</b>

It is seen that the “Reduced risk of handling cash” is given the highest rank (Mean rank 2.04) followed by “helpful in emergency” (Mean rank 3.13). The least rank is given for “contests and other offers” (6.45). The Kendall’s coefficient valued as 0.487 suggests that the agreement among the respondents is moderate as the concordance value is around 0.5. If the concordance value is between 0.5 and 0.75, it is considered to be

between moderate and good. The Kendall's value, W being 0.487, indicates that there has been a moderate similarity among the respondents in assigning the order of ranks. It is seen that the respondents have ranked "reduced risk of handling cash" as first among the other benefits.

Carrying huge cash especially for businessmen are highly risky and inconvenient. Therefore, credit card reduces the risk in handling cash.

**Exhibit 6.1. Benefits of card holders**



## SECTION II

### To Study the Level of Satisfaction of the Cardholders

This section deals with the level of satisfaction on the usage of the card. Technological developments have led to the importance of the credit cards. The level of satisfaction by using credit card with those offered by the banks, their issue, charges, procedure for getting credit card, time lag between application and receipt of cards, credit limit, and delivery of bill statements etc, have been analyzed using five point scaling techniques, factor analysis, ANOVA, t-test and regression analysis. The results are given in the form of tables with suitable interpretations.

#### Five Point Scaling Techniques

Five point scaling technique is performed to know about the level of satisfaction of the cardholders.

## Level of Satisfaction on Usage

The Table 6.3 deals with the level of satisfaction of the cardholders on their usage.

**Table 6.3**  
**Level of Satisfaction on Usage**

Facilities Offered		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Not applicable	Total
Timely cash withdrawal	No.	190	130	61	16	3		400
	%	47.5	32.5	15.2	4.0	.8		100
Cash withdrawal limit	No.	98	199	70	23	10		400
	%	24.5	49.8	17.5	5.7	2.5		100
Banks response to queries	No.	80	196	86	26	12		400
	%	20.0	49.0	21.5	6.5	3.0		100
Insurance compensation	No.	44	132	147	15	11	51	400
	%	11.0	33.0	36.8	3.7	2.8	12.7	100
Security instead of hard cash	No.	96	161	80	11	14	38	400
	%	24.0	40.2	20.0	2.8	3.5	9.5	100
Redressal of queries	No.	61	170	121	34	14		400
	%	15.3	42.5	30.2	8.5	3.5		100
Acceptance of credit cards in shopping centers and hotels	No.	143	199	45	8	5		400
	%	35.8	49.8	11.2	2.0	1.2		100
Service charges levied by the sponsoring bankers	No.	44	137	111	77	31		400
	%	11.0	34.2	27.8	19.2	7.8		100
Proper statement record	No.	87	222	61	22	8		400
	%	21.8	55.5	15.2	5.5	2.0		100
Credit limit	No.	92	216	67	21	4		400
	%	23.0	54.0	16.8	5.2	1.0		100
Procedure in sanctioning	No.	70	211	85	25	9		400
	%	17.5	52.8	21.3	6.2	2.2		100
Collection procedure	No.	71	205	78	33	13		400
	%	17.8	51.2	19.5	8.3	3.2		100
Interest rate	No.	50	136	92	82	40		400
	%	12.5	34.0	23.0	20.5	10.0		100
Repayment period	No.	56	180	117	35	12		400
	%	14.0	45.0	29.2	8.8	3.0		100
Annual fee	No.	54	157	101	61	27		400
	%	13.5	39.3	25.2	15.2	6.8		100
Reward points	No.	53	146	74	16	12	99	400
	%	13.2	36.5	18.5	4.0	3.0	24.8	100
Cheque encashment facility	No.	79	163	116	26	16		400
	%	19.7	40.8	29.0	6.5	4.0		100
Card used for Education purpose	No.	66	130	100	20	12	72	400
	%	16.5	32.5	25.0	5.0	3.0	18.0	100
Cash advance limit	No.	62	181	108	33	16		400
	%	15.5	45.3	27.0	8.2	4.0		100
24 Hrs help line	No.	87	174	100	23	16		400
	%	21.8	43.5	25.0	5.7	4.0		100
Global ATM Access	No.	85	155	89	18	10	43	400
	%	21.2	38.8	22.2	4.5	2.5	10.8	100
Email statement	No.	55	164	96	20	11	54	400
	%	13.7	41.0	24.0	5.0	2.8	13.5	100
Card alerts through SMS	No.	52	139	109	28	11	61	400
	%	13.0	34.8	27.2	7.0	2.8	15.2	100
Payment pickup facility	No.	61	160	101	24	13	41	400
	%	15.3	40.0	25.3	6.0	3.2	10.2	100

It is clear from the Table 6.3 that 47.5 percent of the respondents are highly satisfied with the timely cash withdrawal, while 55.5 percent are satisfied with proper statement of record. About 36.8 percent of the cardholders are neutral about insurance compensation provided by the banks. However, 20.5 percent of the respondents are dissatisfied with the interest rates, whereas 24.8 percent of the credit card respondents state that reward points are not applicable to them.

It is observed that a proper statement of accounts enables the cardholder to meet his monthly commitments promptly including credit purchases within the given limit.

### **Factor Analysis to Determine the Level of Satisfaction on the Usage of Credit Cards**

The Factor Analysis is employed to a set of sixteen items in order to assess the level of satisfaction towards issuing banks. The results of Factor Analysis are discussed below. The level of satisfaction consisted of 24 items. Out of these, Insurance compensation, Reward points, Global ATM access, E-mail statement, Card alerts through SMS and payment pickup facility were given responses of “Not Applicable”. Hence, these eight items were removed and the remaining sixteen items only were considered for Factor Analysis.

#### **Step 1: Correlation Analysis**

Correlation between the item1 variable to item 16 variables was analyzed initially for possible inclusion in Factor Analysis. Further, Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity were applied to the resultant correlation matrix to test whether the relationship among the variables is significant or not and the results are given below

**Table 6.4a**  
**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.906
Bartlett's Test of Sphericity	Approx. Chi-Square	2601.235
	Df	120
	Sig.	**

The KMO measure being 0.906 indicates that the Factor Analysis is found to be very appropriate for the data. The Bartlett's Test of Sphericity gives significant result tested by Chi-square that existed between correlation items.

The Principal Components Analysis (PCA) was used to extract the required factors.

**Table 6.4b**  
**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings(a)
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.545	40.906	40.906	6.545	40.906	40.906	4.694
2	1.361	8.506	49.411	1.361	8.506	49.411	4.390
3	1.066	6.664	56.076	1.066	6.664	56.076	3.451
4	1.002	6.263	62.339	1.002	6.263	62.339	3.150
5	.836	5.224	67.563				
6	.714	4.460	72.023				
7	.642	4.011	76.034				
8	.565	3.531	79.565				
9	.538	3.361	82.926				
10	.525	3.284	86.209				
11	.458	2.863	89.072				
12	.417	2.609	91.681				
13	.392	2.449	94.130				
14	.333	2.078	96.209				
15	.314	1.965	98.173				
16	.292	1.827	100.000				

Extraction Method: Principal Component Analysis.

The factors were rotated using the method “OBLIMAN” to identify meaningful factors. The results are given below:

**Rotation Method: Oblimin with Kaiser Normalization.**

Rotation converged in 12 iterations.

**Table 6.4c**

**Rotation Method: Oblimin with Kaiser Normalization**

Iterations	Component			
	1	2	3	4
Interest rate	<b>.846</b>	.366	.382	.309
Annual fee	<b>.780</b>	.383	.235	.480
Service charges levied by the sponsoring bankers	<b>.754</b>	.363	.413	.154
Repayment period	<b>.747</b>	.425	.320	.447
Redressal of queries	<b>.572</b>	.447	.531	.405
Proper statement record	.325	<b>.788</b>	.272	.401
Credit limit	.393	<b>.782</b>	.413	.297
Procedure in sanctioning	.453	<b>.744</b>	.311	.281
Collection procedure	.601	<b>.715</b>	.389	.313
Acceptance of credit cards in shopping centers and hotels	.260	<b>.676</b>	.323	.070
Cash withdrawal limit	.400	.430	<b>.864</b>	.136
Timely cash withdrawal	.315	.270	<b>.823</b>	.307
Banks response to queries	.381	.526	<b>.588</b>	.401
Cash advance limit	.411	.359	.406	<b>.788</b>
24 Hrs help line	.342	.398	.238	<b>.787</b>
Cheque encashment facility	.575	.143	.330	<b>.702</b>

The factors and the corresponding items having high loadings were highlighted.

Factor Analysis done on satisfaction attributes suggests that the following factors may be extracted using the variables selected for analysis.

**Table 6.4d**  
**Grouping of Factor Analysed Variables**

Variables	Factor Names Identified
Interest rate	<b>Charge factor</b>
Annual fee	
Service charges levied by the sponsoring bankers	
Repayment period	
Redressal of queries	
Proper statement record	<b>Admin Factor</b>
Credit limit	
Procedure in sanctioning	
Collection procedure	
Acceptance of credit cards in shopping centers and hotels	
Cash withdrawal limit	<b>Cash Factor</b>
Timely cash withdrawal	
Banks response to queries	
Cash advance limit	<b>Transaction Factor</b>
24 Hrs help line	
Cheques encashment facility	

These four factors are related to the personal factors and their level of satisfaction is further analysed.

**Factors of Satisfaction**

The scores for each factor were arrived at by adding the ratings given to the attributes which come under the respective factor. A particular resultant factor score will indicate the extent of satisfaction of the cardholder. The higher the factor score the higher will be the satisfaction level.



## Age Group

Table 6.5 describes the respondents' level of satisfaction of the four factors i.e., Charge, Admin, Cash and Transaction based on their age group.

**Table 6.5**

### Factor Scores for Satisfaction of Credit Cards based on Age

Age (Yrs)	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Up to 30	13.53	3.39	77	15.40	2.20	77	11.97	1.91	77	10.83	2.30	77
31-40	12.90	3.56	89	15.19	2.63	89	11.48	2.20	89	10.99	2.61	89
41-50	13.39	3.67	158	15.61	3.03	158	11.81	2.40	158	11.06	2.41	158
Above 50	13.64	3.01	76	16.01	2.50	76	12.32	1.95	76	11.01	2.06	76
F Value	.760			1.371			2.081			.159		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 6.5 given above clearly shows that the cardholders above 50 years of age group (13.64) have the highest level of satisfaction with regard to Charge Factor, followed by the respondents in the age group of 30 years (13.53). The card holders who belong to the age group between 31-40 years have the lowest level of satisfaction (12.90) compared to others.

The cardholders above 50 years of age group (16.01) have relatively the highest level of satisfaction with respect to the Admin Factor, followed by the respondents in the age group between 41 and 50 years (15.61). The card holders who belong to the age group of 31-40 years have the lowest level of satisfaction (15.19) when compared to others.

The cardholders above 50 years of age group (12.32) have the highest level of satisfaction with respect to Cash Factor, followed by the age group upto 30 years (11.97). The card holders between the age group of 31 and 40 years have the lowest level of satisfaction (11.48) compared to others.

The cardholders who belong to the age group of 41- 50 years (11.06) have the highest level of satisfaction with respect to the Transaction Factor followed by the card holders who are above 50 years (11.01). The card holders who are up to 30 years have the lowest level of satisfaction (10.83) when compared to the other age groups.

Thus, it is concluded that the respondents who are above 50 years are highly satisfied with respect to the Charge, Admin, Cash and Transaction factor.

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

**Hypothesis:** There is no significant difference in the level of satisfaction of Charge, Admin, Cash and Transaction factor among the different Age groups of the respondents.

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

### Gender

The Table 6.6 shows the respondents' level of satisfaction for all the four factors i.e. Charge, Admin, Cash and Transaction based on their gender.

**Table 6.6**  
**Factor Scores for Satisfaction of Credit Cards based on Gender**

Gender	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Female	13.12	3.41	102	15.25	2.86	102	11.40	2.35	102	10.69	2.35	102
Male	13.44	3.49	298	15.65	2.64	298	12.02	2.12	298	11.09	2.37	298
t-value	.808			1.289			2.485			1.504		
Table Value	1.966			1.966			1.966			1.966		
Significance	NS			NS			*			NS		

NS-Not Significant      \*5% level of significance

The above mean table shows that the level of satisfaction is almost same for both female and male respondents in all the four factors.

Based on the above results the following hypothesis is framed.

**Hypothesis:** There is no significant difference in the level of satisfaction for Charge, Admin, Cash and Transaction factor among the male and female respondents.

t- test explains that there is no significant difference in the level of satisfaction of Charge, Admin and Transaction factor and at 5% level of significance for Cash factor. Hence, the hypothesis is accepted for the Charge, Admin and Transaction factor. The cardholders are very considerate about the cash withdrawal limit and timely cash withdrawal.

### Marital Status

The Table 6.7 describes the respondents' level of satisfaction of the four factors i.e., Charge, Admin, Cash and Transaction based on the marital status of the respondents.

**Table 6.7**

#### Factor Scores for Satisfaction of Credit Cards based on Marital Status

Marital Status	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Married	13.39	3.47	332	15.60	2.80	332	11.83	2.26	332	11.02	2.33	332
Unmarried	13.19	3.48	68	15.31	2.19	68	12.01	1.82	68	10.84	2.55	68
t-value	.433			.816			.617			.580		
Table Value	1.966			1.966			1.966			1.966		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 6.7 illustrates that the level of satisfaction is almost the same for married and unmarried respondents. The average score for charges is 13.39 for all the married and 13.19 for the unmarried. The average scores are 15.60 and 15.31 for married and unmarried respectively for Admin Factor. Similarly, the Cash and Transaction factor show that married respondents level of satisfaction is higher than the unmarried respondents.

Based on the above results the following hypothesis is framed.

**Hypothesis:** There is no significant difference in the level of satisfaction for Charge, Admin, Cash and Transaction factor among the married and unmarried respondents.

t-test explains that there is no significant difference in the level of satisfaction of Charge, Admin, Cash, and Transaction factor. Hence, the hypothesis is accepted.

### Educational Level

The Table 6.8 shows the respondents' level of satisfaction of the four factors i.e., Charge, Admin, Cash and Transaction based on the level of education of the respondents.

**Table 6.8**  
**Factor Scores for Satisfaction of Credit Cards based on Educational level**

Educational level	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
School level	14.00	3.68	15	15.60	2.13	15	12.73	1.79	15	11.93	2.15	15
Graduate level	13.46	3.47	180	15.46	2.81	180	11.76	2.30	180	10.83	2.56	180
PG level	13.26	3.36	132	15.61	2.73	132	12.00	2.07	132	11.08	2.12	132
Professional level	13.15	3.67	73	15.66	2.52	73	11.70	2.22	73	11.03	2.32	73
F Value	.346			.129			1.226			1.153		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 6.8 depicts that the level of satisfaction is high for the Charge Factor of the card holders who have completed their school level education (14.00) followed by the graduate respondents (13.46). The professional respondents have the lowest level of satisfaction (13.15) when compared with the other levels of education.

The level of satisfaction with respect to Admin Factor is high for the card holders who have completed their professional level of education (15.66) followed by the postgraduate respondents (15.61). The respondents who have completed their graduation have the lowest level of satisfaction (15.46) when compared with the others.

The level of satisfaction for the Cash Factor is high for the card holders who have completed their school level education (12.73) followed by the postgraduate respondents (12.00). The respondents who have completed their professional level of education have the lowest level of satisfaction (11.70) when compared with others.

The level of satisfaction for the Transaction Factor is high for the card holders who have completed their school level education (11.93) followed by the postgraduate respondents (11.08). The respondents who have completed their graduation have the lowest level of satisfaction (10.83) when compared with others.

However, like the factors of importance as discussed in chapter 4, the satisfaction of all the four factors are not high or low for any particular level of education. The high level of satisfaction was found in Charge and Cash Factor compared to others even among the school level educated cardholders. Professionals are found to be more satisfied with Admin factor.

**Hypothesis:** There is no significant difference in the level of satisfaction for Charge, Admin, Cash and Transaction factor among the different levels of education of the respondents.

In ANOVA, F test explains that there is no significant difference in the level of Satisfaction with Charge, Admin, Cash, and Transaction factor among the different levels of education. Hence, the hypothesis is accepted.

### Occupation

The Table 6.9 explains the respondents' level of satisfaction of the four factors i.e. Charge, Admin, Cash and Transaction based on the occupational status of the respondents.

**Table 6.9**

**Factor Scores for Satisfaction of Credit Cards based on Occupational Status**

Occupation	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Self employed	13.29	3.36	98	15.21	2.87	98	12.02	2.31	98	11.22	2.47	98
Salaried-govt	13.31	3.59	155	15.66	2.88	155	11.75	2.38	155	10.97	2.20	155
Salaried-Pvt	13.61	3.47	122	15.75	2.45	122	11.93	1.94	122	10.94	2.46	122
Non-earners (House wife/ student)	12.68	3.21	25	15.24	2.01	25	11.64	1.70	25	10.44	2.48	25
F Value	.562			.919			.436			.791		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 6.9 given above explains that the level of satisfaction with respect to Charge Factor is high for the private salaried respondents (13.61) followed by the government salaried (13.31) respondents. The level of satisfaction is the less for the non-earners (house wives and students) (12.68) when compared to the other respondents.

The level of satisfaction with respect to Admin Factor is high for the private salaried respondents (15.75) followed by the government salaried (15.66). The level of satisfaction is the least for the self-employed respondents (15.21) when compared with others.

The level of satisfaction of the Cash Factor is high for the self-employed respondents (12.02) followed by the private salaried respondents (11.93). The level of satisfaction is relatively less for the non-earner (house wife/student) respondents (11.64) compared with others.

The level of satisfaction for the Transaction Factor is high for the self-employed respondents (11.22) followed by the government salaried respondents (10.97). The level of satisfaction is the less for the non-earner (house wife/student) respondents (10.44) when compared to others.

Thus, it may be inferred that the respondents who are employed in the private sector are highly satisfied with the Charge and Admin factor, while the respondents who are self employed are highly satisfied with the Cash and Transaction factor.

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

**Hypothesis:** There is no significant difference in the level of satisfaction for Charge, Admin, Cash and Transaction factor among the different occupation of the respondents

In ANOVA, F test explains that there is no significant difference in the level of satisfaction of Charge, Admin, Cash, and Transaction Factor among different occupational categories. Hence, the hypothesis is accepted.

### **Income Level**

The Table 6.10 describes the respondents' level of satisfaction of the four factors ie., Charge, Admin, Cash and Transaction based on the income level of the respondents.

**Table 6.10****Factor Scores for Satisfaction of Credit Cards based on Income Level**

Income Level	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Less than Rs 10,000	13.80	3.60	51	15.75	2.34	51	12.14	1.96	51	11.04	2.43	51
Rs 10,001 to Rs 20,000	13.01	3.54	139	14.93	2.80	139	11.46	2.37	139	10.83	2.65	139
Rs 20,001 to Rs 50,000	13.19	3.38	155	15.79	2.54	155	11.92	2.21	155	10.91	2.09	155
More than Rs 50,000	14.29	3.30	55	16.29	2.94	55	12.49	1.83	55	11.58	2.23	55
F Value	2.203			4.428			3.418			1.437		
Table value	2.627			3.831			2.627			2.627		
Significance	NS			**			*			NS		

NS-Not Significant    \*5% level    \*\* 1% level

The mean Table 6.10 given above indicates that the level of satisfaction with respect to Charge Factor is high for the card holders whose monthly income is Rs 50,000 and above (14.29) followed by the respondents income level which is below Rs 10,000 (13.80). The cardholders whose monthly income is between Rs 10,001 and Rs 20,000 have the lowest level of satisfaction (13.01) when compared to others.

The level of satisfaction for the Admin Factor is high for the card holders whose monthly income is Rs 50,000 and above (16.29) followed by the income level between Rs 20,001 and 50,000 (15.79). The cardholder whose monthly income is between Rs 10,001 and Rs 20,000 have the lowest level of satisfaction (14.93) when compared to the other groups.

The level of satisfaction of the Cash Factor is high for the card holders whose monthly income is Rs 50,000 and above (12.49) followed by the monthly income level below Rs 10,000 (12.14). The cardholder whose monthly income is between Rs 10,001 and Rs 20,000 have the lowest level of satisfaction (11.46) when compared to other groups.

The level of satisfaction for the Transaction Factor is high for the card holders whose monthly income is Rs 50,000 and above (11.58) followed by the monthly income

level below Rs 10,000 (11.04). The cardholder whose monthly income is between Rs 10,001 and Rs 20,000 has the lowest level of satisfaction (10.83) when compared to other levels of income.

Thus, it may be concluded that the respondents whose monthly income is above Rs 50000 are highly satisfied with all the four factors. The higher income group possess more number of cards which give more satisfaction.

Based on the above results, the following hypothesis is framed and F test was applied to find the level of significance.

**Hypothesis:** There is no significant difference in the level of satisfaction of the Charge, Admin, Cash and Transaction Factor among the different levels of income of the respondents.

In ANOVA, F test explains that there is no significant difference in the level of satisfaction for Charge, and Transaction factor. It is significant at 1% level for the Admin factor and 5% level for the Cash factor. Hence, the hypothesis is accepted with respect to the Charge and Transaction factors only.

### Size of The Family

The Table 6.11 explains the respondents' level of satisfaction of the four factors ie., Charge, Admin, Cash and Transaction based on the family size of the respondents.

**Table 6.11**

#### Factor Scores For Satisfaction of Credit Cards based on the Size of the Family

Size of the Family	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
2 members	13.74	3.70	31	16.16	2.54	31	12.26	1.83	31	11.32	2.57	31
3 members	13.81	3.31	117	15.74	2.71	117	12.22	2.01	117	11.15	2.31	117
4 members	13.18	3.54	179	15.42	2.69	179	11.69	2.32	179	10.77	2.46	179
5 and above	12.90	3.44	73	15.32	2.79	73	11.55	2.23	73	11.14	2.10	73
F Value	1.372			1.053			2.263			1.023		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant



The above mean Table 6.11 reveals that the level of satisfaction for the Charge Factor is high for the card holders whose family size consists of 3 members (13.81) followed by the cardholders whose family size consists of 2 members (13.74). The card holders who have 5 members and above in the family have the lowest level of satisfaction (12.90) when compared with the other groups.

The level of satisfaction for the Admin Factor is high for the card holders whose family size consists of 2 members (16.16) followed by 3 members (15.74). The card holders who have 5 members and above in the family have the lowest level of satisfaction (15.32) when compared with the other respondents.

The level of satisfaction for the Cash Factor is high for the card holders whose family size consists of 2 members (12.26) followed by 3 members (12.22). The card holders who have 5 members and above in the family have the lowest level of satisfaction (11.55) when compared to other groups.

The level of satisfaction with respect to Transaction Factor is high for the card holders whose family size consists of 2 members (11.32) followed by 3 members (11.15). The card holders who have 4 members in the family have the lowest level of satisfaction (10.77) when compared to other groups.

Thus, it may be concluded that the respondents whose family consists of 2 members are highly satisfied with the Admin, Cash and Transaction Factor, while the members whose family consists of 3 members are highly satisfied with the Charge Factor.

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

**Hypothesis:** There is no significant difference in the level of satisfaction for Charge, Admin, Cash and Transaction Factor among the different family size of the respondents.

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

### **Number of Cards Possessed**

The Table 6.12 depicts the respondents' level of satisfaction for all the four factors i.e., Charge, Admin, Cash and Transaction based on the number of credit cards possessed by the respondents.

**Table 6.12****Factor Scores for Satisfaction of Credit Cards based on Number of Cards Possessed**

Cards Possessed	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Only one	13.69	3.49	209	15.70	2.64	209	12.00	2.12	209	11.19	2.33	209
Two	13.09	3.45	119	15.55	2.93	119	11.63	2.35	119	10.65	2.46	119
Three	13.10	3.57	39	14.82	2.49	39	12.23	2.02	39	11.03	2.56	39
More than three	12.48	3.21	33	15.48	2.41	33	11.45	2.21	33	10.94	1.90	33
F Value	1.658			1.165			1.451			1.325		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The above mean Table 6.12 depicts that the level of satisfaction for Charge Factor is high for the card holders who possess only one card (13.69) followed by the cardholders who possess 3 cards (13.10). The card holders who have more than 3 cards have the lowest level of satisfaction (12.48) when compared with the other groups.

The level of satisfaction of Admin Factor is high for the card holders who possess only one card (15.70) followed by 2 cards (15.55). The card holders who have 3 cards have the lowest level of satisfaction (14.82) when compared with the other groups.

The level of satisfaction of the Cash Factor is high for the card holders who possess three cards (12.23) followed by only one card (12). The card holders who have more than 3 cards have the lowest level of satisfaction (11.45). The respondents who possess only three cards have the highest level of satisfaction when compared with the other groups.

The level of satisfaction of the Transaction Factor is high for the card holders who possess only one card (11.19) followed by three cards (11.03). The card holders who have only 2 cards have the lowest level of satisfaction (10.65) when compared to other groups. The respondents who possess only one card have the greatest level of satisfaction for the Transaction Factor when compared to the other group of respondents.

Thus, it may be concluded that the respondents who possess only one card are highly satisfied with the Charge, Admin and Transaction factor, while the respondents who possess three cards are highly satisfied with Cash factor. The respondents with one card are very considerate with the interest and service charges, proper statement of records, collection procedure, cheques encashment facility, and cash advance limit. The respondents with three cards are satisfied with cash withdrawal limit and bankers response to queries.

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

**Hypothesis:** There is no significant difference in the level of satisfaction of Charge, Admin, Cash and Transaction factor based on number of credit cards possessed by the respondents.

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

### Sector Wise Ownership of Cards

The Table 6.13 shows the sectoral ownership of card and the respondent's level of satisfaction for the four factors i.e., Charge, Admin, Cash and Transaction based on the number of credit cards owned by the respondents.

**Table 6.13**

#### Factor Scores for Satisfaction of Credit Cards based on Ownership

Cards Owned	Charge Factor			Admin Factor			Cash Factor			Transaction Factor		
	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.	Mean	SD	No.
Public sector	13.71	3.49	106	15.87	2.80	106	11.94	2.25	106	11.14	2.29	106
Private sector	13.80	3.21	55	15.22	2.32	55	12.13	1.63	55	11.02	2.48	55
Foreign bank	13.54	3.83	48	15.88	2.62	48	11.96	2.34	48	11.48	2.30	48
Multiple Cards	12.99	3.43	191	15.39	2.76	191	11.72	2.27	191	10.77	2.39	191
F Value	1.422			1.214			.603			1.361		
Table value	2.627			2.627			2.627			2.627		
Significance	NS			NS			NS			NS		

NS-Not Significant

The mean Table 6.13 explains that the level of satisfaction with respect to Charge Factor is high for the private sector bank card holders (13.80) followed by the public sector card holders (13.71). The multiple bank card holders (either public or private or foreign bank cards) (12.99) have the lowest level of satisfaction when compared to the other sector cardholders.

The level of satisfaction for the Admin Factor is high for the foreign bank card holders (15.88) followed by the public sector bank card holders (15.87). The private sector bank card holders (15.22) have the lowest level of satisfaction when compared to the other group of respondents.

The level of satisfaction of the Cash factor is high for the private sector card holders (12.13) followed by the foreign bank card holders (11.96). The multiple sector bank card holders (either public or private or foreign) (11.72) have the lowest level of satisfaction when compared to other groups.

The level of satisfaction for the Transaction Factor is high for the foreign bank card holders (11.48) followed by the Public sector bank card holders (11.14). The multiple sector bank card holders (either public or private or foreign) (10.77) have the lowest level of satisfaction compared to other groups.

Thus, it can be inferred that the respondents who own private sector bank cards are highly satisfied with the Charge and Cash Factor while the respondents who own foreign bank cards are highly satisfied with the Admin and Transaction factor.

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

**Hypothesis:** There is no significant difference in the level of satisfaction of Charge, Admin, Cash and Transaction factor based on the different types of cards owned by the respondents.

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

### **Regression Analysis on Level of Satisfaction**

Regression Analysis is applied to find whether the personal factors and other service related variables have any significant effect on satisfaction score. The results of the Regression Analysis are discussed below:

The table 6.14 describes the Regression Analysis on the level of satisfaction.

**Table 6.14**  
**Overall Satisfaction Score**

<b>Independent Variables</b>	<b>B</b>	<b>Std. Error</b>	<b>T</b>	<b>Sig.</b>	<b>Correlation</b>
(Constant)	28.863	4.248			
Age	.006	.049	.118	NS	-.090
Gender	.601	.905	.664	NS	.099
Marital Status	.715	1.240	.577	NS	-.055
Educational Qualification	-.316	.467	-.677	NS	-.004
Income level	.349	.460	.759	NS	.066
Size of the family	-1.181	.445	-2.653	**	-.033
Overall score on awareness	.385	.090	4.255	**	.141
Charges factor-Importance	-.018	.129	-.136	NS	-.245
Service factor-Importance	.484	.125	3.890	**	.177
Credit factor-Importance	.483	.205	2.357	*	.330
Brand factor-Importance	.331	.145	2.289	*	.259
Percentage of your monthly purchases using credit cards	.459	.788	.583	NS	.169
State the interest free credit period	-.311	.289	-1.076	NS	.101
Interest rate charged on the outstanding amount	-.189	.265	-.715	NS	-.047
Processing time taken by the bank	-1.445	.519	-2.786	**	-.025
Overall score on usage level	.115	.129	.892	NS	.026

R	R Square	F	Sig.
.548	.301	10.288	**

\*\* 1% level of significance

The simple Correlation between each predictor variable and the satisfaction score is given. It is seen that many of the independent variables have low correlation with satisfaction score except for awareness; brand and credit factors of satisfaction have moderate level of positive correlation than other variables.

Further, the multiple correlation co-efficient (0.548) shows that the effect of all the predictor variables on the satisfaction score have moderate relationship and found to be significant at 1% level ( $F=10.288$ ).

The R square value reveals that about 30% of the variation in the satisfaction score is explained by all the independent variables taken together.

Individually, the regression co-efficient (B) given for each of the predictor variables indicate that size of family, overall score on awareness service factor- importance, credit factor-importance, Brand factor-importance and processing time taken are found to have significant effect on satisfaction scores. Among these variables, size of the family has negative effect on satisfaction score indicating that satisfaction score is less with the customers having more family members. Similarly, processing time also has negative effect on satisfaction score which indicates that those who experienced more processing time had low satisfaction scores.

However, satisfaction level increases with the importance of scores as seen from the above table. Those who consider service factor, credit factor and brand factor to be more important, the satisfaction score also increases significantly. The other personal variables such as age, gender, marital status, education or income do not have significant effect on satisfaction score. Similarly the percentage of monthly purchases using credit cards, interest free credit period and interest rate charged also have no significant effect on satisfaction score.

### **Processing of Credit Cards**

The current users of the card industry are facing a number of problems such as the high rate of interest, higher service charge, not receiving the monthly statements on time, late fee payment, facing harassment etc, these problems have been identified with the view of respondents and analysed using Percentage Analysis, Chi-square and Cochran's Q test.

Table 6.15 describes the respondents' view about the card processing.

**Table 6.15**  
**Respondents' Views About Card Processing.**

<b>Respondents' Views</b>		<b>Number of Responses</b>	<b>Percentage</b>
Processing time taken by the bank	15-20 days	177	44.3
	21-30 days	142	35.5
	More than a month	81	20.2
Time taken by the respondents to receive the account statement	20 days	114	28.5
	30 days	223	55.8
	More than a month	63	15.7
Payment of service charge	To the bank issuing the card	121	30.2
	To the shops for your purchases	58	14.5
	Both to the bank and the shops	122	30.5
	Do not pay any service charge	99	24.8

It is clear from the above Table 6.15 that 44.3 percent of the respondents felt that the bank takes 15-20 days to process the application, 35.5 percent are of the opinion that 21-30 days are taken by the bank to process their application, and 20.2 percent feel that the bank takes more than a month to process the application. About 79.8 percent of the respondents are of the opinion that the banks take 15-30 days to process the application.

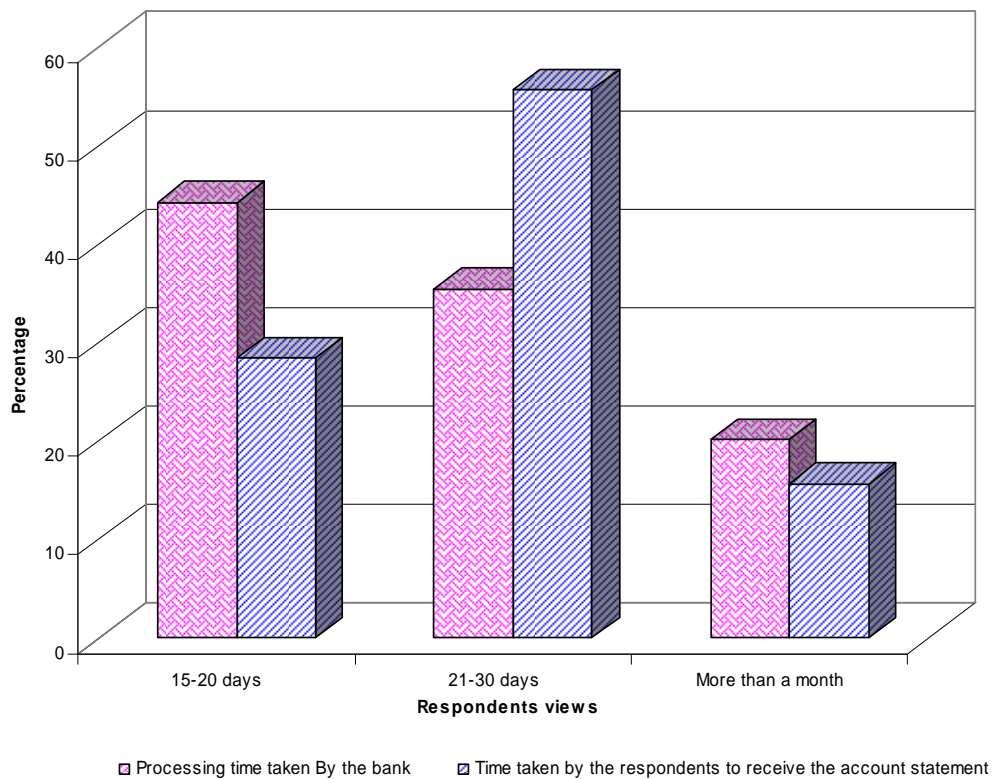
About 55.8 percent of them have stated that they receive the account statements within 30 days, whereas 28.5 percent of them receive it within 20 days and 15.7 percent have stated that it takes more than a month to receive the account statement. Majority of the respondents (55.8 percent) are of the opinion that they receive the account statement within 30 days.

About 30.5 percent of the respondents have stated that they pay service charge to both the banks and to the shops where they make purchases, 30.2 percent have stated that

they pay service charge to the bank which has issued the card and 14.5 percent of them have stated that they pay service charge to the shops where they make purchases. Majority of the respondents (30.5 percent) are of the opinion that they pay service charge to the bank and to the shops.

It is observed that 79.8 percent of the respondents feel that the banks take 15-30 days to process the application and they receive the account statement within 30 days. Besides, they pay service charge to the bank and to the shops.

**Exhibit 6.2. Respondents' Views About The Card Processing**



**The Respondents' Views Regarding Card Processing and sector wise Ownership**

Table 6.16 shows the respondents' views relating to the processing and their ownership. The respondents' views regarding card processing based on the sector.



**Table 6.16**

**The Respondents' Views regarding Card Processing based on Sector**

Opinion of the respondents regarding card processing		Sector Wise Ownership							
		Public sector banks		Private sector banks		Foreign bank cards		Multiple sector	
		No.	%	No.	%	No.	%	No.	%
Processing time taken by the bank	15-20 days	56	52.8	16	29.1	25	52.1	80	41.9
	21-30 days	29	27.4	20	36.4	14	29.2	79	41.3
	More than a month	21	19.8	19	34.5	9	18.7	32	16.8
Time taken to receive the account statement	20days	41	38.6	11	20.0	9	18.8	53	27.7
	30days	50	47.2	26	47.3	31	64.6	116	60.8
	More than a month	15	14.2	18	32.7	8	16.6	22	11.5
Payment of service charge	To the bank issuing the card	33	31.1	15	27.3	16	33.3	57	29.8
	To the shop for your purchases	14	13.2	5	9.1	6	12.5	33	17.3
	Both the bank and the shop	36	34.0	15	27.3	15	31.3	56	29.3
	Do not pay Service charge	23	21.7	20	36.3	11	22.9	45	23.6

The above Table 6.16 clearly indicates that 52.8 percent of the respondents of the public sector bank cardholders, 52.1 percent of the foreign bank card holders and 41.9 percent of the multiple sector card holders (either public sector, or private sector or foreign bank card holders) state that the processing time taken by the bank is 15-20 days; 36.4 percent of the private sector bank cardholders state that the bank takes 21-30 days to process the application ,while 34.5 percent of the private sector bank cardholders feel that the bank takes more than a month to process the application.

About 47.2 percent of the public sector bank cardholders and 47.3 percent of the private sector bank card holders' state that it takes one month to receive the account statement. Likewise 64.6 percent of the foreign bank card holders and 60.8 percent of the multiple card holders also experience the same.

It is revealed that 34 percent of the public sector bank cardholders are paying service charge to both the bank which issued the credit card and to the shop where they make the purchases. About 36.3 percent of the private sector bank cardholders do not pay any service charge.

It is concluded that majority of the public sector and foreign bank cardholders are of the opinion that the banks process the credit card application within 15-20 days. Most of the multiple sector and foreign bank cardholders feel that it takes one month to receive the account statement and most of the private sector bank cardholders do not pay service charge.

### **Chi-square Analysis Showing the Respondents Views Regarding Card Processing**

Table 6.17 describes the Chi-Square Analysis for the respondents view regarding card processing

**Table 6.17**

### **Chi-square Analysis Showing the Respondents' View Regarding Card Processing**

Sector Wise Ownership	Processing Time Taken By The Bank 1		Time Taken To Receive The Account Statement 2		Payment Of Any Service Charge 3	
	Chi-square	Table value	Chi-square	Table value	Chi-square	Table value
	16.675*	12.592	22.953**	26.217	7.001	16.919

\*5% level of significance

\*\* 1% level of significance

**Hypothesis :** There is no significant relationship between the sector wise ownership of credit cards and

- 1) the processing time taken by the bank to process the cardholder's application.
- 2) the time taken by the respondents to receive the account statement
- 3) payment of service charge either to the bank issuing credit cards or to the shop while making purchases.

From the table 6.17, it could be seen that the sector wise ownership of credit cards has 5% level of significant relationship with the processing time taken by the bank while issuing the credit cards and also at 1% level with the time taken by the cardholders to receive the accounts statement. Hence, the hypothesis is rejected with respect to processing time taken by the bank and the time taken to receive the account statement.

There is no significant relationship between sectorwise ownership and payment of service charge either to the bank issuing credit cards or to the shop while making purchases. Hence the hypothesis is accepted.

### **Types of Problems Faced in Possessing the Credit Cards-Multiple Response**

Table 6.18(a) describes the multiple responses for the various problems faced by the respondents. Among the many problems such as the credit card frauds, misuse, on line safety, only the problems faced by the cardholders have been studied.

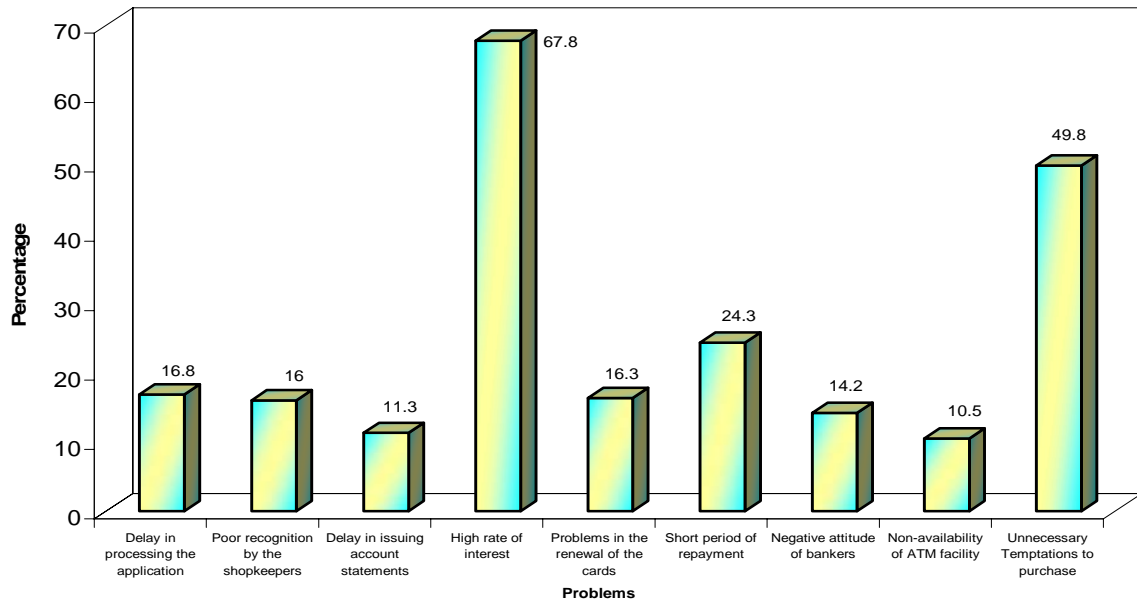
**Table 6.18(a)**  
**Types of Problems Faced in Possessing the Credit Card**

<b>Problems</b>	<b>No.</b>	<b>%</b>
Delay in processing the application	67	16.8
Poor recognition by the shopkeepers	64	16.0
Delay in issuing account statements	45	11.3
High rate of interest	271	67.8
Problems in the renewal of the cards	65	16.3
Short period of repayment	97	24.3
Negative attitude of bankers	57	14.2
Non-availability of ATM facility	42	10.5
Unnecessary Temptations to purchase	199	49.8

It is clear from the above Table that about 67.8 percent of them feel that the interest rate is high, 49.8 percent felt that credit cards lead to unnecessary temptation to purchase. About 24.3 percent of them have stated that the repayment period is short, 16.8 percent of them felt that there is delay by the bank in processing the application,

16.3 percent of them face problem in the renewal of the cards and 16 percent feel a poor recognition by the shopkeepers. About 14.2 percent of the respondents have given a negative attitude towards the bankers, while 11.3 percent of the respondents have stated that there is delay in issuing the account statements by the banks., About 10.5 percent of them have stated that there is non-availability of ATM facility,

**Exhibit 6.3. Problems faced by the card holders**



### **Cochran's Q Test- Problems Faced by the Respondents**

Cochran's Q test was applied to find whether the probabilities of the types of problems faced by the respondents are same or not.

**Table 6.18 (b)**  
**Cochran's Q Test**

Test Statistics	
N	400
Cochran's Q	823.548
df	9
Asymp. Sig.	**
Table value	21.66

\*\* 1% level of significance

The calculated value of Cochran's Q was found to be 823.548 which was higher than the table value of chi-square (21.66) at 1% level of significance. This indicates that the probability of the types of problems faced by the respondents differs significantly.

Though the study concentrates much on the usage and satisfaction of the customers there are problems faced by the customers with respect to the usage of cards. The problems and redressal of complaints are being dealt by regulatory authorities like RBI and many steps are taken to lessen the problems are discussed below. In the previous paragraphs primary data was collected and analysed from the survey drawn from the sample. The benefits derived by the respondents, the level of satisfaction attained and the problems in issuing the card were discussed. However, in the operation of the credit card system complaints are also made in the method of collection of dues by the card issuing banks. The study was not designed to cover this aspect, yet a brief reference is made about the provisions given by the RBI whenever such complaints arise from cardholders.

### **Governmental Role in Redressal of Complaints**

#### **RBI –Regulator of Banking Service**

The Reserve Bank of India, as the banking regulator, has been actively engaged in the review, examination and evaluation of customer service rendered by banks in India. It has been continually pushing the Indian banking industry to be more customer- friendly and customer-centric in conduct and business practices. The broad approach of the RBI has been to empower the common man while strengthening the customer-service delivery in banks by engaging in a consultative process.

The RBI formulated 'Banking Ombudsman Scheme' in 1995 which was amended and came to effect in the year 2002. The objectives of the scheme are (1) to resolve and settle complaints relating to banking services and (2) to resolve disputes between a bank and its constituent; as well as between one bank and another bank through the process of conciliation, mediation and arbitration. The scheme was further revised in 2006 giving it a much wider scope by including several new areas of customer complaints such as credit card complaints, deficiencies in providing the promised services even by bank's sales agents, levying service charges without prior notice to customers and non-adherence to fair practices code as adopted by individual banks.

The Banking Ombudsman is a quasi-judicial authority having powers to summon both the parties like banks and customers, to facilitate resolution of the complaint through mediation. It also has powers to consider complaints from Non-Resident Indians having accounts in India in relation to their remittances from abroad, deposits and other bank related matters. It does not charge any fee for resolving customer's complaints. No complaint can be made before a Banking Ombudsman on the subject matter for which any proceedings before any court, tribunal or arbitrator or any other forum are pending or a decree or award or a final order has already been passed by any such competent court, tribunal, arbitrator or forum.

### **Complaint Tracking Software**

To monitor the performance of all offices of Banking Ombudsman as well as to facilitate their functioning, a complaint tracking software was introduced in September 2005. The software facilitates viewing of data by the RBI as well as the Ministry of Finance. After the introduction of the Banking Ombudsman Scheme 2006, the then existing software package was revamped to incorporate the required changes including online complaint submission facility.

### **Complaints Received**

#### **Number of Complaints Received by the Banking Ombudsman**

<b>Period</b>	<b>Number Of Offices Of Banking Ombudsman</b>	<b>Number Of Complaints Received During The Year</b>	<b>Percentage Rise Over Previous Year</b>	<b>Average Number Of Complaints Per Office</b>
2003-04	15	8,246	-	550
2004-05	15	10,560	28	704
2005-06	15	31,732	200	2,115
2006-07	15	38,638	22	5,576
2007-08	15	47,887	24	3,192

Source: RBI

The table indicates that there has been a five-fold increase in the number of complaints received by all the Banking Ombudsman offices over the past five years. The number of complaints has shot up four times from 8,246 in 2003-04 to 31,732 in 2006-07 and further to 47,887 in 2007-08. This reveals that often a sizeable number of customers have been suffering from some inconvenience while utilizing banking services. It also shows the increased awareness and empowerment of customers.

### Disposal of Complaints

#### Disposal of Complaints by Banking Ombudsman

Particulars		2003-04	2004-05	2005-06	2006-07	2007-08
Complaints Received*		9,483	12,034	33,363	44,766	54,992
Complaints Disposed By Rejection	No	4,011	4,963	12,304	15,511	19,735
	%	42	41	37	35	36
Complaints Disposed By Mutual Settlement / Award	No	3,998	5,440	14,889	22,150	29,365
	%	42	45	45	49	53
Total Complaints Disposed Off	No	8,009	10,403	27,193	37,661	49,100
	%	84	86	82	84	89
Complaints Carried Forward To The Next Year	No	1,474	1,631	6,170	7,105	5,892
	%	16	14	18	16	11

Source: RBI \* includes previous pending complaints

It is clear from the table that out of 54,992 complaints received during 2007-08 (including 7,105 previous year's pending complaints), 89 percent were disposed off registering an increasing rate of 5 percent over the previous year. Every year on an average 35 percent to 40 percent of the complaints were disposed off by way of rejection. The Banking Ombudsman disposed off more than 80 percent of the complaints on an annual basis. Around 53 percent complaints have been disposed off by mutual settlement/award during 2007-08 as compared to 49 percent in the previous year. Only 11 percent complaints were carried forward to next year during 2007-08 as against 16 percent in the last year. The overall performance of the scheme in disposing off complaints has been showing an increasing trend which brings the customer-centric approach into light.

## Nature of Complaints

### Nature of Complaints Received in 2006-07 and 2007-08

S.No	Nature of Complaint	Received during 2006-07	Received during 2007-08
1	Deposit Accounts	5,803	5,612
2	Remittances	4,058	5,213
3	Credit Cards	7,688	10,129
4	Loans & Advances-General	4,442	5,297
5	Loans & Advances-Housing	709	757
6	Charges without notice	2,594	3,740
7	Pension	1,070	1,582
8	Failure to meet commitments	1,469	6,388
9	DSA and recovery agents	1,039	3,128
10	Notes and coins	130	141
11	Others	9,636	5,900
	<b>TOTAL</b>	<b>38,638</b>	<b>47,5887</b>

Source: RBI

As reflected in the table, Complaints regarding credit cards is one of the major complaints. Hefty interest burden on defaulters and recovery by banks emerged as flash points of disputes between banks and their customers. Most of the complaints were related to unsolicited issuance of credit cards. The type of complaints under the head 'credit cards' pertain to issuance of unsolicited credit cards, and unsolicited insurance policy. It also includes recovery of premium charges, charging of annual fees in spite of being offered as 'free' cards and issuance of loans over phone. Disputes over wrong billing, settlement offers conveyed telephonically, non-settlement of insurance claims after the demise of the cardholder and abusive calls are also some of the complaints.



**The details of complaints received during the period from 01.04.2008 to 31.03.2009**

**A. Customer Complaints**

No. of complaints pending at the beginning of the year (as on 01.04.0)	5
No. of complaints received during the year	89
No. of complaints redressed during the year	94
No. of complaints pending at the end of the year (as on 31.03.2009)	NIL

**Break-up of Credit Card complaints is furnished hereunder:**

Payment made not reflecting in the card account	35
Renewal Card not received	7
Deletion of Charges	11
Complaints relating to charge backs	6
Other complaints	30
Total	89

**The details of complaints received during the period from 01.04.2009 to 31.03.2010**

**A. Customer Complaints**

No. of complaints pending at the beginning of the year (as on 01.04.09)	NIL
No. of complaints received during the year	98
No. of complaints redressed during the year	98
No. of complaints pending at the end of the year (as on 31.03.2010)	NIL

All the pending complaints received during the year are redressed.

**B. Break-up of Credit Card complaints is furnished hereunder:**

Payment made not reflecting in the card account	21
Renewal Card/New Card not received	14
waiver of Charges	12
Pin not received	20
Card not cancelled	11
Change of address not effected	5
Other complaints	15
<b>Total</b>	<b>98</b>

Source: Andhra Bank, Customer service section

The offices of the Banking Ombudsman have been established to ensure a mechanism for speedy redressal of customer grievances in the banking industry. The two major challenges in effective implementation of the Banking Ombudsman scheme are creating widespread awareness about the scheme and providing easy access to grievance redressal mechanism. In an endeavour to reach out to customers at faraway places, the RBI has asked the regional ombudsman heads to get involved in the district and village level committees on a regular basis. The move is a part of efforts made by the regulator to stimulate the Banking Ombudsman Scheme in small and far-off regions. The increasing number of cases handled by the Banking Ombudsman reveals that bankers need to improve their delivery systems and deal with customers in a more transparent manner. Further, such increased customer cases against banks, which are governed under the scheme, show that the banks need to still do a considerable work to adopt the norms for their effective and efficient functioning.

The efforts of the regulator in popularizing the scheme and pains taken by banks in improving their service delivery to meet customer expectations and reduce complaints indicate that the offices of the Banking Ombudsman would continue to play a lead role in customer empowerment and in creating a customer- centric environment in banks.

## **Conclusion**

The findings of this chapter are presented below:

It is concluded that majority of the cardholders have ranked reduced risk of handling cash as the first among the other benefits. Cardholders are satisfied with the proper statement of records issued by the bank. The ANOVA result shows that the male and female respondents are satisfied with Cash factor at 5% level of significance. The male respondents who are above 50 years are highly satisfied with respect to Charge, Admin, Cash and Transaction factor. The married and private salaried respondents are satisfied with charge and Admin factor. The respondents who have completed school level education are satisfied with Charge, Cash and Transaction factor. Further, it shows that the income of the respondents has 5% level of significance for Cash factor and 1% level of significance for Admin factor. There is significant influence between sector wise ownership of credit cards and the process time taken by the bank to issue credit cards at 5% and the time taken by the cardholders to receive the accounts statement at 1%. Majority of the respondents feel that the interest rate is very high. The Cochran's Q test indicates that the probability of the types of problems faced by the respondents differ significantly.

With the findings of the cardholders benefit, the level of satisfaction and the problems with the issuing bank, the credit card cycle mechanism is incomplete without the role of the merchant establishments and the bankers which are discussed in the following chapter.