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## CONSUMER PERCEPTION ABOUT CREDIT CARDS

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### **ABSTRACT**

The use of credit cards originated in the United States during the 1920s, when individual companies, such as hotel chains and oil companies, began issuing cards to customers for purchases made at those businesses. The use increased significantly after World War II. The first universal credit card which could be used at a variety of stores and businesses was introduced by Diner's Club Inc. In 1950, it issued the first credit card to 200 customers who could use it at 27 restaurants in New York. It charged card holders an annual fee and billed them on a monthly or yearly basis. The American Express company established another major universal card in 1958. Usage of credit cards by bank customers in India started since 1980. A credit card is a small plastic card issued to users as a system of payment. It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card creates a revolving account and grants a line of credit to the user from which the user can borrow money for payment to a merchant or as a cash advance to the user. The research work is carried out on the basis of primary data analysis. For this purpose structured questionnaire is used. For the purpose of the study survey of 450 respondent is collected and on that basis analysis is carried out.

**Key Words:** Credit Cards, Perception, Banks

### **INTRODUCTION**

In India, as in other countries around the globe, an organized mode of payment has emerged over time from the barter system to the more convoluted forms of monetary arrangements. The prevalent mode of settlement across India in the 20th century has been coins, cash and cheque. As we move ahead into the 21st century, payment through cash and cheque itself has encountered a transfiguration. It has moved from being a physical paper based transfer of value to a virtual electronic one. This is in line with the introduction of advanced technology based systems in banking services world over which resulted in great modification in terms of how financial organizations provide services to customers purchases such as identification along with that it keeps track of transactions as they are incurred with all the specifics of purchases such as store name, date of purchase, price of the product, purchase place etc. Credit cards have become popular from past few years in Indian market as almost all the commercial banks came with the concept of credit cards. All the working employees and self-employed who have the regular monthly income are eligible to get a credit card. Credit card is a plastic-card issued by a bank or non-banking financial company (NBFC) ready to lend money (give credit) to its customer. Credit card is a suitable alternative for cash payment or credit payment or deferred (installment) payment.

## LITERATURE REVIEW

S. Deviranjitham & S. Thamilarasan (2014), this research paper focuses on the utilization of card holders towards credit cards. The objective of the study was to gain a better understanding of the factors influencing utilization and satisfaction of credit card holders. The paper also analyses the extent of satisfaction of credit cards by card holders and the level of awareness, services and perception of card holders. The credit card issue in terms of number of credit cards witnessed a whopping growth during the past ten years. In terms of key players ICICI has notched the landmark figure of 1.20 lakh credit cards by 2010 taking the position of number one player in the segment. It is further concluded that there are a number of bank customers who do not have any knowledge about credit cards. Many people have knowledge about credit cards, but do not possess credit cards because of the fear of falling into debt trap. High income earners and highly educated class use credit cards more, availing high credit limits. Extent of usage of credit cards is smaller among higher proportion of the card holders. Yoges W. (2014), the objective of the study is to determine the factors influencing the usage of credit cards. Other objective is to compare the attitude of customers towards credit card services. For the purpose of the research they collected data from primary data and secondary data. For the purpose of the primary data analysis they collected data from 200 respondent. For the purpose of data analysis and interpret the collected data, the researcher had used the tools like Percentages, Chi- Square Test and Garret Ranking. The findings of the paper were the credit cardholders' perception towards credit card services and bank performance towards the credit

card business show the people in Study area, they need not carry cash. Further study find out that people are empowered to spend the money, wherever and whenever they want, with their credit card within the fixed limits prescribed by the concerned banks. Anoushka S. , Syed F. K. & Vipul J.(2015), the paper is based on an empirical study of factors that affect the consumers' perception and usage patterns in case of usage of plastic money (credit cards, debit cards). The paper takes into consideration the positive as well as negative aspects of using plastic money over real money. The researcher had sent questionnaire 300 eligible respondents out of which only 219 responses came back. Out of the received 219 responses, 7 responses had missing data. Therefore, only 212 responses qualified for the data analysis done. The study has clearly highlighted the advantage of instant transaction as one of the major factors favoring the use of plastic money over real money by the population today. Additionally, the results of the study have also stressed upon the convenience and ease of use while paying or shopping by plastic money. The saving of time and the fact that the plastic money seems to be more portable also seems to further the cause of a possible change in the scenario of money usage in the economy. Merlin F. & Amir A. (2015), they study has revealed that credit card has become a spending Patten for people in India. And it has created a major impact on spending power of the people. It also tells that the people are aware of credit card different private bank. Private Banks has huge impact of credit card use. It also tells that private banks have influence people more than the public sector banks. Banking sector performs a crucial role in development of Indian economy. So banks need to optionally make use of technological innovation to increase transmission, improve their performance

and efficiency, deliver cost-effective products and services, provide quicker, efficient and convenient customer support and thereby, promote the overall development and development of the country. Banks should find ways to influence customer to use credit card on daily bases and work on it so that more and more customer will be using their credit card. They should try cover all expenses which occurs on daily bases. A. Jasmine (2017), the objective of the study is to identify the features which enables the customers to apply for a premium credit card. Other objective was to find out the satisfaction level of the customers using credit cards. The study is based on Primary data and the required data for the study was collected through the structured questionnaire from 100 respondents from Ramnad district. They were selected on the basis of simple random sampling method. The secondary data were collected from books, Journals and magazines. The findings of the study were Credit card holders are happy that it saves their time and they need not search for an ATM machine or keeping cash in hand. Some cards even provide year-end summaries that really help out at tax time. Card holders are satisfied with Instant cash facility. But sometimes it enables the card holders to spend beyond their means.

**RESEARCH OBJECTIVE**

The main objective of the study is to find out that the credit card holders are satisfied with the credit card or not. Other objective of the study is to give suggestion to improve the credit card facility.

**RESEARCH METHODOLOGY**

For the purpose of the study primary data analysis is used. For the purpose of primary data analysis structured

questionnaire is used. Total 450 samples are collected for the study. Out of this 450 samples 225 are collected from male respondents and 225 from women respondents. For the purpose of collecting samples convenient sampling method is used. The questionnaire was based on 5-point (Likert) scale ranging from 1= Highly Satisfied to 5= Highly Dissatisfied.

Level of Satisfaction									
Sr. No.	Particulars	No. of Respondents					Mean	Std. Deviation	
		HS	S	N	DIS	HDIS			
1	Credit cards provide more convenience and wide acceptance	54	105	135	84	72	2.97	1.24	
2	Interest rate and other charges on credit card is reasonable	45	99	102	81	123	2.69	1.35	
3	Comfortable to pay electrically/ telephone/ utility bills	135	87	111	75	42	3.44	1.32	
4	Credit limit on credit card is adequate	75	51	51	120	153	2.5	1.47	
5	Banks attend to credit card queries promptly	84	66	75	135	90	2.8	1.4	
6	Grievances of credit card holders settled satisfactorily	105	84	102	99	42	3.33	1.33	
7	Knowing your spending Patten by way of regular updated monthly bills	114	99	69	102	66	3.21	1.42	

From the above data it is said that comfortable to pay bills, grievances of credit card holders settled satisfactorily and knowing your spending pattern by way of regular updated monthly bills are agreed by the respondents and the remaining parameters are disagreed by the cardholders.

**CONCLUSION**

The banks need to make use of technological innovation to increase transmission, improve their performance and efficiency, deliver cost-effective products and services, provide quicker, efficient and convenient customer support and thereby, promote the overall development and development of the country. Banks should find ways to influence customer to use credit card on daily bases and work on it so that more and more customer will be using their

credit card. The findings of the study suggest that comfortable to pay bills, grievances of credit card holders settled satisfactorily and knowing your spending pattern by way of regular updated monthly bills are agreed by the respondents. For the purpose of increase the usage of the credit card banks have to motivate the all the type of the customer to increase the use of the credit card. They have to aware the customers that they can withdraw money from the ATM machine of the banks.

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