

Satisfaction with Credit Card use on Decision Making to Select Redempt and Awareness of Credit Card Frauds

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Abstract

The primary function of a credit card is to let consumers make purchases without having to pay the entire amount upfront. When using a credit card, the user must pay the entire balance each month to avoid incurring interest charges. Credit cards provide consumer protection, convenience, and occasionally rewards. Benefits like cash-back rebates and fraud protection are provided by credit cards. But if used improperly, credit cards can result in debt, interest fees, and credit ruin. This study aims to predict how satisfied customers are with the selection, redemption, and awareness of credit card fraud operations. A structured questionnaire was used to collect data from 75 respondents using the random sample method. Credit card frauds awareness has mean value 5.2617, followed by frequency of using credit card mean value 5.2400 and decision of choosing credit card mean value 4.9333. However the satisfaction with current credit card has the meanvalue of 3.8552. A model-explained variation of 40.4% in awareness on credit card fraud which is indicated by adjusted R = 0.404. Despite their being no auto-correlation among the variables, the findings indicate that the model is a useful predictor of awareness on credit card frauds ($F=7.336$ $P< 0.05$).

Keywords: Consumer Satisfaction; Credit Card Users; Users' Decision Making.

INTRODUCTION

Due to their accessibility and flexible payment alternatives, credit cards have become a necessary component of our life. Any

other financial product cannot be compared to the discounts, bargains, and offers that a credit card offers, making it an invaluable resource for the savvy consumer. Credit cards, however, can turn into debt traps if not utilised properly or if you spend more than they can afford to pay back when the bill comes due.

When specific businesses, such as oil corporations and hotel chains, started giving credit cards to customers for purchases made at company outlets in the 1920s, the use of credit cards as we know it today was born. The Diners' Club, Inc. established the first credit card that could be used at a range of businesses in 1950. The American Express Company launched a travel and entertainment card in 1958, which is a significant card of this type.

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In this method, the credit card firm invoices its card holders on a recurring basis typically monthly and assesses an annual fee. The credit card issuer receives a service fee from cooperating businesses all over the world that ranges between 4 and 7 percent of total billings.

The bank credit card system was a later innovation. Under this system, the bank credits the merchant's account as sales slips are received and assembles the charges to be billed to the cardholder at the end of the billing period. The cardholder then pays the bank either in full or in monthly installments with interest or "carrying charges" added. The first nation wide programme was Bank of America card, which the Bank of America launched on a state-by-state basis in California in 1958, began to be authorised in additional states in 1966, and was renamed VISA in 1976-1977. As the list of included services (meals and accommodation in addition to store purchases) grew, several banks that initially launched credit card plans on a city wide or regional level soon linked with major national bank programmes. Personal credit under went a transformation as a result of this development because it was no longer geographically constrained. A user was able to use a credit card to make purchases on a national and subsequently a worldwide level because of the expanding reach of credit networks. The system has expanded to every continent. Other popular bank cards include Barclaycard in the UK, Europe, and the Caribbean, JCB in Japan, Discover (formerly partnered with Novus and issued mostly in the US), and Master Card (formerly known as Master Charge in the US).

The card holder has the option to pay in instalments using bank credit card systems, in which case the bank receives interest on the unpaid balance. Banks are able to avoid imposing yearly fees to card holders and impose a lower service fee on participating merchants thanks to interest income. By depositing their bills of sale with the bank, retailers benefit from the system's extra benefit of receiving payments promptly.

A third type of credit card is a store card. Because they are exclusively accepted by the issuing shop, they do not have the widespread acceptability of bank cards or travel and leisure cards. Credit card usage started to rise sharply in the late 20th century, and many users soon spent more than they were earning. Users of high-interest credit cards who were unable to pay their amounts in full each month were consequently punished with heavy penalty fees and quickly went into default. As consumers

were compelled to rely more and more on credit as a result of the recession and rising unemployment that accompanied the global financial crisis of 2008-2009, defaults increased. The Credit Card Holders' Bill of Rights, which would increase consumer safe guards and restrict or end unfair or abusive credit card industry practises, was approved by the US House of Representatives in April 2009. In industrialised nations like the United States, which is the most indebted nation in the world, the United Kingdom, and Australia, credit card debt is often higher. However, credit card debt is typically lower in non-industrialized nations and nations with rigorous bankruptcy rules, like Germany.

The Economic Times, (2022)¹ in recent years in India, there has been an increase in credit card issuance, which has coincided with rising expectations for lifestyle and credit demand. The majority of credit cards include a range of qualifying criteria, from income levels to credit histories. This excludes a sizable portion of the population who are unable to meet this requirement. A World Bank analysis estimates that in 2021, there were 229 million unbanked Indians. This makes the lack of a formal credit history or bank account a significant obstacle for both lenders and borrowers.

In the present study, the author assesses customers' satisfaction with the selection, redemption, and awareness of credit card fraud operations.

Review of Literature

Teoh et al. (2013)² examined factors affecting credit card users' shopping behaviours in Malaysia. The factors demographics, banking procedures, and credit card users' financial attitudes were examined. In the cross-sectional survey, a questionnaire was used to collect information from 150 credit card users. The research revealed a significant correlation between age, income, marital status, and credit card users' spending habits. The same held true for two of the three items under "bank policies" (benefits offered and payment requirements) and "attitudes towards money" (willingness to pay and awareness of the total amount owed). The use of credit cards by Malaysians was not highly correlated with occupation, credit card application conditions, or managing income vs. cost. The results might be used as a guide for developing market economies or even developed countries where the use of credit cards was widespread. Additionally, it provided details about customer preferences and how their policies impact credit card applications and usage to the banks that issued credit cards.

*Hanudin (2012)*³ investigated the elements that Malaysian bank clients considered while selecting Islamic credit cards. The study aimed to explain the effects of attitude, subjective norm, and perceived financial cost on Malaysian bank customers' behavioural intention to pick Islamic credit cards given the significance of Islamic credit cards to Islamic banks. This study recommended a modified model based on the theory of reasoned action (TRA) to investigate the acceptance variables of attitude, subjective norm, and perceived financial cost in the setting of Islamic credit cards. 257 respondents' responses from the survey were used to test the model. The findings showed that the desire to choose an Islamic credit card was highly influenced by attitude, subjective norms, and perceived financial cost. Among them, mindset was top ranked as a significant factor in determining whether or not a person would select Islamic credit cards. Three criteria that explained why people prefer Islamic credit cards were examined in this research. Future research in this area should therefore look at fresh potential caused by receptivity.

The majority of prior research on credit use evaluated the impact of socioeconomic and attitude characteristics without taking into account any potential correlations between these variables. Data from the 1998 survey of consumer finances was used in the research. The results demonstrated that the more favourable the overall attitude toward using credit, the higher the specific attitude index, the higher the outstanding credit card balances, and the higher the installment debt. The findings documented the need for increased consumer and consumer educator understanding of the role that attitude played in how people used credit (*Chien and Doaney, 2001*)⁴

*Khare et al. (2011)*⁵ examined the "lifestyle" variables of convenience, usage habits, and status as they relate to credit card use. The mall intercept method was used to collect data in six Indian cities. Visitors to the malls participated in the survey. Utilisation and convenience were the key factors for credit card use among Indian consumers. The Multi-item List of Value (MILOV) "sense of belonging" and "sense of fulfillment" categories were used to regulate use, convenience, and status qualities. Credit card usage was more prevalent among those under 30 years. Customers' opinions of owning and using credit cards are influenced by demographic factors including income, occupation, and education. The findings had significant implications for both international and Indian institutions that promote credit cards. To inspire

confidence in customers and promote the usage of credit cards, it is possible to emphasise the convenience component.

*Norvilitis et al. (2003)*⁶ investigated the relationships between the financial perspectives, impulsivity, locus of control, life satisfaction, stress, and credit-card debt of 227 college students. More than 75% of college students claimed to have at least one credit card, with an average balance of \$13.18. Students who obtained credit cards through on-campus solicitation had higher debt-to-income ratios than those who obtained credit cards from other sources. Debt levels were mostly linked to personality factors. Many students sought information on credit and debt, demonstrating how important it might be to grasp financial issues while making decisions in the future.

Financial literacy had a significant effect on college students' decisions to use credit cards, though not always in ways that were expected, according to analysis of survey data from 6,520 students at a large Midwestern university. The findings of a double hurdle study showed the risk of having a credit card balance was not statistically different for students with comparatively better and relatively lowers levels of financial understanding. Contrary to expectations, credit card balances were considerably higher among those with higher financial literacy. The current results illustrate the general intricacy of the relationship between personal financial awareness and credit card use (*Robb and Sharpe, 2009*).⁷

The macroeconomic factors that impacted Turkey's use of credit cards were highlighted by *Yüksel (2016)*.⁸ The study used quarterly data and the MARS (Multivariate Adaptive Regression Splines) analysis was done. The data showed a low relation between using credit cards and the unemployment rate. Another study concluded that the population of Turkey utilises credit cards more frequently when the interest rate is high. This would agree that the Turkish government should focus on these aspects in order to increase credit card usage in light of these concerns.

*Yahaya and Bakar et al. (2012)*⁹ examined the major factors that influence how much people spent on credit cards. It was shown that consumer credit card spending was influenced by economic, social, and technical factors. This study also made use of descriptive and explanatory research. Probability sampling was used to select 384 respondents. The results showed that technological factors were the primary factor affecting consumer credit card

expenditure. Consumer credit card use exhibited a strong correlation with economic, social, and technological aspects. Researchers might choose to include extra variables in the study or employ the new conceptual frame work they have presented.

Objectives of the Study:

- To study the satisfaction of credit card usage among HDFC customers.
- To assess the level of decision to choose credit cards, frequency of redemption of credit cards, credit card fraud awareness, and satisfaction of credit cards.
- To predict the satisfaction of credit cards on the decision to choose credit cards, frequency of redemption of credit cards, and credit card fraud awareness.

METHODOLOGY

Random sampling was adopted for collecting the data from the respondents. The sample size was 75. SPSS version 26 was used to analyse the data. A structured questionnaire was used for collecting responses.

RESULTS

Descriptive and inferential statistics are used in this study. Regression analysis yields a regression equation, and the coefficients in that equation illustrate the relationships between each independent variable and each dependent variable.

Table 1: Satisfaction with credit card use and decision-making to select, redempt, and be aware of credit card fraud

Variables	Mean	Std. Deviation
Satisfaction with current credit card	3.8552	.25130
Decision to choose credit cards	4.9333	.37159
Frequency of using credit cards	5.2400	.42617
Credit card frauds awareness	5.2617	.67257

Decision of choosing a credit card has a mean value of 4.9333 (S.D.=0.37159). It deals with that people purchase without having to pay in cash or cheque it is decided by financial institution. Frequency of using a credit card has 5.2400 mean value (S.D.=.42617) customers frequently using a credit card to earn reward points and cash-back offer for further payments at low price.

Table 2a: Regression analysis of the depedent variable and the predictors

Model	R	R square	Adjust-ed R square	Std. Error of the Estimate	Change Statistics				
					R square change	F change	df1	df2	Sig. F change
1	.586a	0.437	0.404	0.22416	0.237	7.336	3	71	0

a. Predictors: (Constant), Credit card frauds awareness, Decision to choose credit cards, Frequency of using credit cards

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.106	3	0.369	7.336	.000b
	Residual	3.567	71	0.05		
	Total	4.673	74			

a. Dependent Variable: Satisfaction with current credit card use
 b. Predictors: (Constant), Credit card frauds awareness, Decision to choose credit cards, Frequency of using credit cards

Table 2b: Coefficients of the predictors

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		
Constant	2.715	0.335		8.093	0
Decision to choose credit cards	0.246	0.072	0.364	3.43	0.001
Frequency of using credit cards	0.069	0.094	0.117	0.735	0.465
Credit card frauds awareness	0.058	0.059	0.155	0.976	0.332

Credit card fraud awareness has 5.2617 mean value (S.D.=.67257) from customers presumption fraud awareness like vishing, phishing, smishing are the types of frauds customers as to be aware. Satisfaction with a current credit card has 3.8552 mean value (S.D.=.25130) customers are satisfied by their current card where they can purchase without the cash or cheque involved at the time of purchase. The questionnaire has a Cronbach's value of 0.85.

Adjusted R = 0.404 which indicates 40.4% variance in the dependent variable is explained by the model Durbin Watson = 1.954 which indicates no autocorrelation among the variables as inferred in the above table. The results indicate the model is a significant predictor of awareness of Bank frauds $F=7.336$ $P<0.05$.

DISCUSSION

The study is been conducted on the bases of customers spending behavior on credit cards by various individuals. Has their own opinion on credit card spending The results of the study shows that there is a significant relationship between the variables such as choose of credit cards as independent variable, redeeming on credit card is considered independent variables credit cards frauds are taken as independent variable and satisfaction of current credit card is considered as dependent variable The mean value is high for Frequency of using credit cards (5.24, S.D.=0.43) followed by Credit card frauds awareness (5.26, S.D.=0.67), Decision to choose credit cards (4.93, S.D.=0.37) and Satisfaction with current credit card (3.86, S.D.=0.25). Adjusted R=0.404 which indicates 40.4% variance in the dependent variable is explained by the model Durbin Watson=1.954 which indicates no autocorrelation among the variables.

CONCLUSION

The study concludes that there is an impact on credit card spending behaviour among the customer's own decisions some may prefer credit cards to earn reward points, cashback, vouchers, etc. The high credit card spending is done by customers whose age is below 30 years where they prefer to have more than 2 credit cards. The customer's use

of credit cards depends on the income earned by the customers, customer spending, etc. Individuals have their own opinion on the frequent use of credit cards or the rare use of credit cards.

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