



Critical Evaluation of Credit Card Market in Bhilai

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Topic: Critical Evaluation of Credit Card Market Name of the Author: DR. M. Madhuri Devi Designation: Asst. Professor Department: Commerce Name of the Institution: Bhilai Mahila Mahavidyalaya Abstract Critical Evaluation of Credit Card Market Credit cards hold a very important function in today's world. Credit cards make life easier, and can be a huge asset when used carefully and responsibly.

The side of credit card lies in the fact that we can purchase many things at a time and can pay later off from credit card. The study revealed that the users of credit card in Bhilai are very less, even if people have knowledge about credit card, they are not using it. We find that nonusers pointed out the fact that safety and security level of credit card

ABSTRACT

Credit cards hold a very important function in today's world. Credit cards make life easier, and can be a huge asset when used carefully and responsibly. The side of credit card lies in the fact that we can purchase many things at a time and can pay later off from credit card. The study revealed that the users of credit card in Bhilai are very less, even if people have knowledge about credit card, they are not using it. We find that nonusers pointed out the fact that safety and security level of credit card is very low, and if it got misplaced PIN No. will be leaked out, if another person knows the PIN, he/she will misuse credit card. Important fact is that if credit card got misplaced, then there is difficult to reissue it. The study also showed that in Bhilai people are more resorted towards savings and their income is less and hence concentrate more towards savings. People think that using credit card will tend to overspending and so people don't prefer using credit card.

KEYWORDS

Credit Card, Security, Over Spending, Credit Card Usage.

INTRODUCTION

Credit Card: A credit card is small wallet sized plastic card with a magnetic readable stripe. It is issued by financial institution that allows its user to borrow funds at the point of sale. Credit cards are a convenient substitute for cash on cheque. You can also use credit cards for balance transfers and cash withdrawal from an ATM. The card holders normally must pay for credit card purchases within 30 days of purchase to avoid interest on penalties.

The most common types of credit cards are as follows:

1. **Standard Credit Cards:** Standard Credit Cards are the general purpose cards where no deposits are needed and credit limit is decided by the card issuer.
2. **Reward Cards:** Reward programs that can influence our spending. The perks may come in the form of cash, points or discounts. Points that accumulate, for instance, can be traded off for free hotel stays, merchandise, air travel car rentals and certificates.
3. **Secured Credit Cards:** Secured Credit Cards are known as pay-as-you-go cards. In this the limit is often based on a percent of deposit made by user.
4. **Specialty Credit Cards:** Specialty Credit Cards are specially provided by major brand retailers, service providers. Which is a share of partnership between organizations that support social cause?

Market: A market is a public place where people assemble to buy and sell goods, or exchange services and information. These interactions define demand and supply characteristics and are therefore fundamental to economies.

Significance of the Study

Credit cards hold a very important function in today's world. Credit cards make life easier, and can be a huge asset when used carefully and responsibly. The side of credit card lies in the fact that we can purchase many things at a time and can pay later off from credit card. The credit cards are widely accepted by many departmental store, malls and in shops also.

Another important fact is that we can carry less amount of money with us and can purchase using credit. So there is a safety and security both using a credit card. Monthly statement is also a plus point which using a credit card as it shows full details of purchases and cash balance left on our credit card.

Review of Literature

Natrajan and Manohar (1993):- "Credit cards-An analysis". A study has been attempted to know that to what extent the credit cards are utilized by the card holders and the factors influencing the utilization of credit cards. The study is confined to cards issued by the Canara Bank. A random sampling technique is used to collect the data. Ten components i.e. numbers of purchases, shops, percentage of purchases, place, frequency, type of product, type of services, cash withdrawal facilities, add on facilities, insurance schemes are identified and used for the measurement.

Lee, Jinkook (2002): "Consumers use of credit cards: store credit card usage as an Alternative Payment and Financing Medium." Asserts consumers use of store - issued credit cards with particular attention to their function as an alternative payment and financing medium. A negative relationship is also found to exist between consumer's bank card usage and their use of store cards for a transaction purpose, indicating that store cards function as a substitute payment medium.

Chakravorti (2003): "Theory of credit card networks : A survey of the literature" shows that credit card provide benefits to customers and merchants not provided by other payment instruments as evidenced by their explosive growth in the number and value of transactions over the last 20 years. Focusing on interrelated bilateral transactions several theoretical models, have been constructed to study the implications of several business practices of credit cards networks.

Park and Burns (2005): "Fashion orientation credit card use, and compulsive buying." The study was to identify the direct impact of fashion - related factors on compulsive buying and the indirect impact of fashion - related factors on compulsive buying through credit card use. It was found credit card usage to be the most influential factor followed by expenditure on fashion goods. Research shows that fashion orientated consumers are heavy credit card users.

Porto and Xiao (2019): Studies on credit cards are conducted and published in prestigious scientific journals, in which perceived risk from TPR, perceived usefulness from TAM/UTAUT, perceived ease of use from TAM/TPB/UTAUT and social influence from TPB/UTAUT are frequently used to predict consumer intended use of credit cards. These concepts are briefly described as followed.

Statement of the Research Problem

Credit card has already been launched in early time in many of the developed countries, but India being a under developed country credit card was launched in 1981. In present times also the users of credit card in India is less, and for knowing the level of awareness about credit card among customers their actual analysis is necessary and that's why my research problem is: 'Critical Evaluation of Credit Card Market' with reference to Bhilai City'.

Scope of the study

The study is related to Bhilai city, where an analysis is made to know the position of credit card market. This study gives emphasis on both internal and external factors which tends customers to face difficulties in the way of acquiring or holding credit cards.

Objectives of the study

- To know the position of credit card market in Bhilai area.
- To know customer awareness regarding the use of credit card.
- To know the situation analysis of credit card usage.
- To know the knowledge level of credit card holders regarding its usage.

Hypothesis

- It has been assumed that people have awareness level about credit card but are not using it.
- It has been assumed that people feel that there is a lack of safety and security level in credit card usage.
- It has been assumed that there would be poor credit card market in Bhilai.

Research Methodology

Method of data collection:

Primary data: The instrument used for primary data collection was questionnaire.

Secondary data: Secondary data is collected by someone other than the user. Secondary data was collected from, internet, magazines and journals.

Sampling Method

A multistage random sampling method has been followed for the research purpose. The study is descriptive in nature.

Sample Size

The purpose of research study, questionnaire was given to 30 respondents which include both user and nonuser of credit card from Bhilai area.

Tools of data collection

The tools used for collection of data for the purpose of study were questionnaire method interview, survey and discussions with people which were both users and nonusers of credit card.

Data Analysis

The Statistical tools used for data collection percentage analysis and graph analysis.

Data Analysis

Table 01: Purpose of Applying for Credit Card

PARTICULARS	FREQUENCY	PERCENTAGE
Can get discount during shopping	18	60%
Convenient to make payment	12	40%
Feel superior to others	-	-

(Source: Primary Data)

Interpretation

From the above table it is clear that 60% of users applied for credit card for getting discount during shopping and the rest wanted to make convenient payment.

Table 02: Spending the most Money by Credit Card

PARTICULARS	FREQUENCY	PERCENTAGE
Shopping mall	16	53.33%
Restaurant	06	20.00%
Online payment	08	26.67%

(Source: Primary Data)

Interpretation

The above table shows that almost 53.33% of users spend money on shopping using credit card, 26.67% of users do online payment and the rest (20%) of users spend money on restaurant and others.

Table 03: Lack of Safety Level

PARTICULARS	FREQUENCY	PERCENTAGE
Lack in safety level	11	36.66%
Difficult to reissue	08	26.66%
Cash withdrawal if PIN no is	11	36.66%

(Source: Primary Data)

Interpretation

From the above given graph it is found that highest number of respondents think that security of credit card is not safe and cash can be withdrawn if PIN no is known to others.

Table 04: Overspending of Money through Credit Card

PARTICULARS	FREQUENCY	PERCENTAGE
Yes	25	83.33%
No	05	16.67%

(Source: Primary Data)

Interpretation

Above table shows that 83.33% of people think that using credit card tends to over-spending of money and the rest 16.67% of people don't think credit-card, leads to overspending of money.

Table 05: Which is Better

OPTIONS	FREQUENCY	PERCENTAGE
Yes	08	26.67%
No	22	73.33%

(Source: Primary Data)

Interpretation

Above table shows that highest percentage of people prefer debit card over credit card.

Table 06: Monthly Income-Being a Hinder

OPTIONS	FREQUENCY	PERCENTAG
Yes	20	66.67%
No	10	33.33%

(Source: Primary Data)

Interpretation

Above table shows that 66.67% of people don't use credit card because their income is not so much and the rest 33.33% of people have enough income to spend through credit card.

Table 07: Credit Card Increased Liability

OPTIONS	FREQUENCY	PERCENTAGE
Yes	27	90%
No	3	10%

(Source: Primary Data)

Interpretation

From the above given table it is found that 90% of respondents answered about increased liability and the rest 10% don't think that credit card increases liability.

Table 08: Credit Card Another Option for Shopping

OPTIONS	FREQUENCY	PERCENTAGE
Yes	12	40%
No	18	60%

(Source: Primary Data)

Interpretation

The above table shows that 60% of people don't opt for credit card while shopping and the rest 40% of people use credit card for shopping.

Results

The study revealed that the users of credit card in Bhilai are very less, even if people have knowledge about credit card, they are not using it. We find that nonusers pointed out the fact that safety and security level of credit card is very low, and if it got misplaced PIN No. will be leaked out, and if another person knows the PIN, he/she will misuse credit card. Another important fact is that if credit card got misplaced, then there is difficult to reissue it.

Discussion

The reason of very low credit card users is high interest rate, which has effected market very strongly, that is why the users of credit card in Bhilai is very less and credit card market is very poor

here. The study also showed that in Bhilai people are more resorted towards savings and their income is less and hence concentrate more towards savings. People think that using credit card will tend to overspending and so people don't prefer using credit card.

CONCLUSION

After thoroughly analysing both internal and external factors, we conclude that there is relatively poor credit card market in Bhilai. The study showed that the difficulties in acquiring credit card and the risks involved in it is the major reason that people don't prefer to use credit card. In order to overcome the risk of credit card usage, avoid accumulating too many and pay the debt off on time.

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