
Role of Demographic Variables in Credit Card Selection Criteria- An Empirical Study in NCR of Delhi.

Rashi Banerji & Rahela Farooqi***

Abstract

The payment industry in India is rapidly revolutionizing. Economic growth has enabled India's 1.2 billion population to avail superior financial services compare to their previous generations. There is availability of plethora of electronic payment services like credit cards, debit cards, net banking, e-wallets which consumer can use for payment. This growth of electronic and cash less payment has also led to the increased use of the credit cards. The credit card offers consumers the convenience of purchasing without paying cash and removes the need of carrying cash. Also, the credit card offers consumers access to credit without detailed paper work as in a loan. The purpose of the research paper is to study the role of demographic variables in credit card selection criteria. Variables are adopted from a study conducted by Gan, Maysami, and Koh (2008). For this study, six factors namely Convenience, Protection, Economics, Flexibility, Reward Program and Reputation are selected. The sample was selected from the National Capital Region of Delhi as consumers have greater exposure to credit cards. This study based in emerging economy like India has relevance because of changing consumers' preferences and usage behaviour.

Keywords: *Credit Cards, Demographic Variables, Credit Cards Usage.*

Introduction

A report on 'Cost of Cash' in India released by MasterCard and The Institute for Business in the Global Context has stated that the payment industry in India is on the cusp of a revolution. Internationally, credit card usage has increased considerably in recent years (Wickramasinghe & Gurugamage, 2009). According to Federal Reserve Bank of New York report released on 16 August 2016, 2016, American's use of credit cards has been creeping up again: Household debt in the US increased by \$35 billion, to \$12.29 trillion, during the second quarter of 2016, a 0.3% rise from previous quarter that was driven by credit cards and auto loans.

Internationally, usage of credit card has been growing (Abdul-Muhmin and Umar, 2007) due to the fact that card usage has certain benefits such as (1) the customer does not require cash for purchase and (2) due to opportunity of deferred payments

***Ms. Rashi Banerji,**
Research Scholar,
Jamia Millia Islamia, New Delhi, India

****Prof. Rahela Farooqi,** *Professor*
Jamia Millia Islamia, New Delhi, India

facilities as well as credit limits offered to the customer having instant access to credit without any paper work. Yet in the flipside, Thomas et al. 2010 pointed out that credit card ownership has also led to increase in the consumer debt and unplanned spending. Internationally, research shows that debt associated with credit card is increasing in the recent years. This has raised concern amongst policy-makers that such unplanned spending could result in adverse effects on consumers.

Recent researches on credit card usage (e.g. Kaynak et al. 1995; Sharpe et al., 2012) find similarities and differences in credit card usage globally (Kaynak et al. 1995). These findings suggest that the usages are influenced by demographic characteristics such as gender, age, education level, income, marital status, culture and attitude towards debt (Abdul-Muhmin and Umar, 2007; Wickramasinghe & Gurugamage, 2009). While studies on the criteria of choice and selection of credit cards by the customers are voluminous for developed economies such as USA, Singapore and Malaysia, there are limited number of research done in the Indian context. In India, as cashless payment system has been developing through net banking and e-wallets credit, plastic cards for payments have been being evolving with different features to fulfill needs of consumer preferences.

Current Scenario of Indian Credit Card Industry

RBI as the highest regulator of the payment system of India, has been reforming credit card payment and settlement systems with the objective to achieve less cash transactions and greater adoption of electronic

payment as per policy document of *Payment Systems Vision Documents*. This is a structured policy intervention document by RBI to promote electronic payments addressing the requirements of all stakeholders. Also, in the Fourth Bi-monthly Monetary Policy Statement, 2015-16, it was announced that to promote electronic payments and use of cards for transactions, RBI aims to improve card acceptance infrastructure, especially in small cities and villages.

Benefits of electronic / card payments

In the concept paper released by RBI on 7th March 2016 on 'Card Acceptance Infrastructure', the benefits of electronic payments for individual users and economy are enumerated as follows:

The electronic payment system will

1. facilitate fast, secure and convenient payment system.
2. reduce cost of handling cash and hence increase savings.
3. lower transaction costs through operational efficiency.
4. introduce better financial intermediation.
5. facilitate financial transparency and record of economic activity.
6. reduce the proliferation of grey economy and increase tax revenue.

Recent Trend in Credit Card Industry

Table: 1.1 Growth of Card Issuance

Category of Bank	No. of Debit Cards (in mn) as on			No. of Credit Cards (in mn) as on		
	Oct'13 (% of Total)	Oct'14 (% of Total)	Oct'15 (% of Total)	Oct'13 (% of Total)	Oct'14 (% of Total)	Oct'15 (% of Total)
Public Sector Banks	299.31 (79.99)	356.94 (80.83)	513.26 (83.41)	3.68 (19.83)	3.95 (19.80)	4.74 (20.71)

Category of Bank	No. of Debit Cards (in mn) as on			No. of Credit Cards (in mn) as on		
	Oct'13 (% of Total)	Oct'14 (% of Total)	Oct'15 (% of Total)	Oct'13 (% of Total)	Oct'14 (% of Total)	Oct'15 (% of Total)
Private Sector Banks	71.50 (19.11)	81.49 (18.45)	99.02 (16.09)	10.05 (54.08)	11.31 (56.67)	13.42 (58.64)
Foreign Banks	3.37 (0.90)	3.17 (0.72)	3.07 (0.50)	4.84 (26.09)	4.69 (23.53)	4.73 (20.65)
Total	374.18	441.6	615.35	18.57	19.95	22.88

Source: 'Card Acceptance Infrastructure' released by RBI on 7th March 2016.

Debit cards showed a growth of 64% between October, 2013-2015. Whereas, credit cards showed a growth of 23% during October 2013-2015 period. As at end-December 2015, the total number of credit

cards were at 22.88 million in comparison debit cards were at 615.35 million cards in the country due to large number of Bank accounts and Jan Dhan yojna.

Table: 1.2 Credit Card Usage

Category of Bank	2012-13		2013-14		2014-15	
	Volume (mn)	Value (bn)	Volume (mn)	Value (bn)	Volume (mn)	Value (bn)
Credit Card Usage at ATM	2.52	14.42	2.96	16.87	4.3	23.47
Credit Card Usage at ATMs (as% to total credit card usage)	0.63	1.16	0.58	1.08	0.69	1.22
Credit card Usage at POS	396.61	1229.51	509.08	1539.85	615.13	1899.15
Credit card usage at POS (as% to total credit card usage)	99.37	98.84	99.42	98.92	99.3	98.78

Source: 'Card Acceptance Infrastructure' released by RBI on 7th March 2016.

During the April 2015-December 2015, credit card usage at ATMs was around 0.63% of volume and 1.22% of value of total credit card transactions. Use of credit cards at POS (Point of Sale terminals) accounted for 99.27% of volume and 98.75% of value of total credit card transactions in the country.

Objectives

1. To study the Demographic Profile and Credit Card Usage Profile of respondents.
2. To find out the role of demographics variables in credit card selection criteria of the customers.
3. To find out the role of credit card usage variables in credit card selection criteria of the customers.

Literature Review

Studies on Credit card usages are mainly carried out in the context of developed countries. In the literature review, Tumedi et.al (2012) cited Kaynak and Ugar (1984) study on credit card usage of American and Canadian customers to find similarity in its usage pattern in both countries. The same review also mentioned (Tumedi et.al, 2012, Abdul-Muhmin & Umar, 2007) that some studies never the less pointed out difference in the usage amongst different countries. It was found that credit card usage is higher in countries with high per capita income. The usage levels were also influenced by availability and development of infrastructure for electronic payments

(Abdul-Muhmin & Umar, 2007). The credit card market in India is still less developed as 40% of the population, mostly in rural areas doesn't even have a bank account (Khare et al. 2012).

The study by Ramayah et al. (2002) showed that credit card usage differ with the demographic characteristics of the sample users. Studies (Kaynak and Harcar, 2001; Ramayah et al. 2002; Abdul-Muhmin & Umar, 2007 Wickramasinghe & Gurugamage, 2009) pointed out some determinants as age, education, income, gender, marital status, and attitude towards debt. In Chinese cities, (Sharpe et al., 2012) credit card users were mostly young and in early thirties having knowledge about credit card features. Abdul-Muhmin and Umar (2007) found that that in Saudi Arabia, age, education, income and attitude towards debt were determining factors of credit card usage.

As cited by Sriyalatha et.al.(2016), research of Ismail, S. et. al. (2014) in Malaysia described credit cards as competitive banking product which strengthen bank's financial position. In this study authors investigated factors viz. effects of knowledge, media awareness, perceptions, family influence and religious on credit card usage.

Theoretical construct of the present study:

The conceptual construct in the present study is based on the modified model of Gan and Maysami (2006) in which authors considered six factors (Convenience, Economics, Flexibility, Promotion, Reputation and Travel economics) as criteria for selection of credit card by the customer.

Table 2.1: Credit Card Selection Criteria as per Gan, L.L. and Maysami, R. C. (2006)

Factor	List of Items
Convenience/ Protection	<ol style="list-style-type: none"> 1. Wide acceptance in Singapore 2. wide acceptance overseas 3. acceptance in most modern establishments 4. protection when the card is lost or stolen 5. worldwide emergency assistance 6. provision of insurance when traveling 7. protection against loss/defects of products purchased using the card
Economics	<ol style="list-style-type: none"> 1. no joining or annual fee 2. higher credit limit 3. level of cash advance 4. low interest rates

Flexibility	<ol style="list-style-type: none"> 1. zero interest installment facilities 2. access to statement/ balance & ability to pay electronically 3. ability to ask for a temporary credit limit increase 4. availability of supplementary cards
Promotion	<ol style="list-style-type: none"> 1. special discounts in selected outlets 2. road show with instant application approval/gift promotion 3. loyalty and rewards program
Reputation	<ol style="list-style-type: none"> 1. status symbol 2. brand name
Travel Economics	<ol style="list-style-type: none"> 1. commission free traveler's checks 2. no deposit for car hire

In their study (Gan and Maysami, 2006) the first factors Convenience/Protection had as many as 7 variables and hence the present study has divided this variable into two separate factors namely Convenience and Protection and the Promotion factor were renamed as Reward Program. Further, the factor Travel Economies was dropped as it had least relevance in the study conducted by Gan and Maysami and had only two variables. Further Travel Economies is seen to be not much of significance for Indian cardholder. Thus, for the study six factors namely Convenience, Protection, Economies, Flexibility, Reward Program and Reputation were introduced in this research(table:2.2). The table list 14 variables having codes mentioned there.

Table 2.2: Item Codes for Credit Card Selection Criteria

Item Name	Description	Item Code
CO1	Wide acceptance of credit card locally	ACCLOCALLY
CO2	Wide acceptance of credit card overseas	ACCOVERSEAS
CO3	Convenience of not carrying cash	CONVENIENCE
PR1	Protection when the card is lost or stolen	PROTECTLOST
PR2	Protection against loss/defects of products purchased using card	PROTPRODUCTS
PR3	Availability of various insurance protections	INSURANCEPROT
EC1	Annual/Joining fees charged	ANNUALFEES
EC2	Credit Limit provided	CREDITLIMIT
EC3	Amount of cash advances allowed	CASHADVANCE
EC4	Annual percentage rate(interest rate) charged	APRRATE
FL1	EMI option availability	EMIOPTION
FL2	Online access to statement, balance, payment etc.	ONLINESTATEMENT
FL3	Option of temporary credit limit increase	TEMPCREDITLIMIT
FL4	Option of supplementary cards (Add-on cards)	SUPPCARD
RP1	Cash value of reward point	CASHVALUE
RP2	Variety of redemption choices	REDEMCHOICES
RP3	Aspirational value of rewards	ASPIRATIONAL
RP4	Relevance of rewards and accumulation with regular use of card	RELEVANCE
RP5	The reward program is user friendly and easy to use.	USERFRIENDY
RE1	Status Symbol associated with credit card	STATUSSYMBOL
RE2	Brand Name of credit card	BRANDNAME

Research Methodology

A purposive sampling method was used to consciously select respondents who were using credit card for at least past six months. The sample was selected from the National Capital Region of Delhi being a metropolitan. For the purpose of survey the region was divided into five zones (Gurgaon, Ghaziabad, New Delhi, Faridabad and Noida). Within each zone, a pre-specified number of responses were obtained. In our sample, 125 respondents were targeted randomly from each zone. Of a total of 625 filled questionnaires, 552 questionnaires were selected for processing information.

A self-administered structured questionnaire was used to collect data from respondents. The purpose of the questionnaire was to collect demographic data and credit card usage behaviour of the respondents. The questionnaire was divided into three sections. In first section demographic information such as gender, age,

marital status, employment status, education level and income was collected. In second section, information regarding credit card usage pattern of the respondent was collected which included questions like to which network, Type of card and Typical monthly credit card payment scheme etc. In third section, information regarding credit card selection criteria was collected. A total of 21 items were selected from a study conducted by Gan, L.L. and Maysami, R. C. (2006) in Singapore to understand respondents' credit card selection criteria. The responses were collected using five point Likert's scale in the format : Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5).

A reliability analysis was performed to test the reliability of the scale and inner consistency of extracted factors. For this purpose, Cronbach's alpha coefficients were calculated. ANOVA was applied to demographic and credit card usage variables to test the hypotheses.

Research Analysis

Objective 1: To study the Demographic Profile and Credit Card Usage Profile of respondents.

Objective 2: To find out the role of demographics variables in credit card selection criteria of consumers.

Table: 3.1 Frequency Distribution of Demographic Variables

Items	%	Items	%
Gender		Marital Status	
Male	64.7	Married	69.4
Female	35.3	Single	30.6
Age group		Employment Status	
21-30 yrs	32.6	Student	11.8
31-40 yrs	32.4	Housewife	14.5
41-50 yrs	14.1	Employed	45.7
51-60 yrs	11.8	Self Employed	23.9
Over 60 yrs	9.1	Retired	4.2
Highest Acad Qual		Range of Income	
Diploma	13.0	Less than 2.5 lakhs	12.5
Bachelor's Degree	12.0	Rs. 2.5 -8 Lakhs	23.6
Master's Graduate	60.5	Rs. 8- 15 Lakhs	18.7
Other	14.5	Rs. 15-25 Lakhs	18.7
		Rs. 25 Lakhs and above	26.6

From table 3.1, we see that there are 64.7% Male users and 35.3% Female users of which we have 69.4% Married and 30.6 % single respondents.

Almost all studies (Kinsey, 1981; Barker & Sekerkaya, 1992; Kaynak & Halcar, 2001; Chan, 1997; Crook et al. 1992) on usage of credit cards find that the middle-aged group and the young educated groups are more likely to use credit cards more than other age groups. Wenger (1988) studied credit card ownership and concluded that its usage declined with age. Our findings are similar to results of above findings where the credit card usage is divided evenly among the young and middle age group with 21-30 years, 31-40 years at 32.6% and 32.4% respectively. It declines to 14.1% for 41-50 years and 11.8% for 51-60 years age group. Credit card usage is lowest among the age group Over 60 years at 9.1% as the people in this age group are interest averse and believe in savings and limited expenditure.

According to Kinsey (1981), Danes and Hira (1990), Barker and Sekerkaya (1992), Kaynak et al. (1995), there were increased tendency for more educated and aware consumer to use credit cards. The study done by Canner and Luckett (1992) also supported these findings, and reported that the amount spent each month increased with the level of education. Worthington, Stewart, and Lu (2007), conducted a study in China and reported that as the education level increased, the consumer were more attracted towards credit cards. Again we observe that our findings are in accordance with the above researches with 13.0% diploma holders, 12.0% people with Bachelor's degree, 14.5 % people with other education background. But credit card usage is highest at 60.5%

people with Master's degree. Thus our results also show that credit card usage increases with education level.

As regards Employment Status of credit card users, we see that the majority of cardholders i.e. 45.7% are employed, then 23.9% are self employed. Students and Housewife are at 11.8% and 14.5% respectively. The least number of card users fall in the Retired Category as of the same reasons stated above of their more interest averse and believe in savings.

As regards Income variable, research by Kinsey (1981), Barker and Sekerkaya (1992) and Wasburg et al. (1992) showed income as an important demographic variable for the number of credit card held by consumer and its usage. Danes and Hira (1990) reported that the credit card usage of lower and middle-income families was more than that of higher income families. Our results show an even spread of credit cardholders among the income with 12.5 % cardholders with income less than Rs. 2.5 lakhs, 23.6% cardholders in income range of Rs. 2.5 – 8 Lakhs, 18.7% in incomerange of Rs. 8-15 Lakhs, 18.7% for income range Rs. 15-25 Lakhs and 26.6% in range of income above Rs. 25 Lakhs. This may be because as suggested by Devlin, Worthington, and Gerrard (2007) credit card holders are of two types, the higher income group uses credit card as convenience users and the lower income group uses credit card as credit financing users. So we have credit card users in all income range. Further, according to Lee and Hogarthe (2000) Convenience users paid their balances in full, but revolvers (credit financiers) used their card as a mode of financing, and chose to pay the interest charges.

Table: 3.2 - Frequency Distribution of Credit Card Usage Behaviour

Items No. of Credit Cards	%	Items Credit Card Network	%
1	83.5	Visa	56.2
2	13.4	MasterCard	25.9
3 or more	3.1	American Express	17.9

Usage of Credit Cards	
Daily	10.7
Weekly	45.3
Monthly	27.4
Quarterly	16.7

From table 3.2, we see that 83.5% credit card holders use single credit card, followed by 13.4% who use two credit cards and only 3.1% use 3 or more credit card. A report on 'Cost of Cash' in India commissioned by MasterCard and brought out by The Institute for Business in the Global Context, consumers have reduced the number of cards and consolidated their spending to a single card to avail the benefits of reward

program. The proportion of single card holders has been growing in India. This is mainly because consumers consolidate their spending to cards as they need to pay fees for and prefer cards with increased benefits. Our findings are in accordance of findings of the report having the number of cardholders with one card at 83.5%.

Table 3.3: Mean for Credit Card Selection Criteria variables

Description	Item Code	N	Mean
Wide acceptance of credit card locally	ACCLOCALLY	552	4.35
Wide acceptance of credit card overseas	ACCOVERSEAS	551	3.61
Convenience of not carrying cash	CONVENIENCE	550	4.28
Protection when the card is lost or stolen	PROTECTLOST	547	4.12
Protection against loss/defects of products purchased using card	PROTPRODUCTS	547	3.75
Availability of various insurance protections	INSURANCEPROT	547	3.32
Annual/Joining fees charged	ANNUALFEES	549	4.2
Credit Limit provided	CREDITLIMIT	545	3.95
Amount of cash advances allowed	CASHADVANCE	550	3.14
Annual percentage rate(interest rate) charged	APRRATE	550	4.29
EMI option availability	EMIOPTION	547	3.42
Online access to statement, balance, payment etc.	ONLINESTATEMENT	548	4.07
Option of temporary credit limit increase	TEMPCREDITLIMIT	548	3.13
Option of supplementary cards (Add-on cards)	SUPPCARD	549	3.24
Cash value of reward point	CASHVALUE	548	3.92
Variety of redemption choices	REDEMCHOICES	549	3.94
Aspirational value of rewards	ASPIRATIONAL	550	3.68
Relevance of rewards and accumulation with regular use of card	RELEVANCE	550	3.99
The reward program is user friendly and easy to use.	USERFRIENDY	548	4.09
Status Symbol associated with credit card	STATUSYMBOL	547	3.46
Brand Name of credit card	BRANDNAME	548	3.68

From table 3.3, we can see that the item ACCLOCALLY- Acceptance of Credit Card locally is most preferred by respondents with a mean of 4.35 on a 5 point Likert's scale. Also the item TEMPCREDITLIMIT- Temporary Credit Limit is least preferred by the respondents with the mean of 3.13 on a 5 point Likert's scale.

Hypotheses H1-H 10 are framed and these are tested on the basis of One –Way Anova. We have taken Items on the Credit Card Selection Criteria in the dependent list and checked individually for all demographic variables.

Table 3.4 : Hypotheses on Demographic variables and section criteria of credit card

H1	There is no significant impact of gender on the items of credit card selection criteria scale.
H2	There is no significant impact of age group on the item of credit card selection criteria.
H3	There is no significant impact of academic qualification on the items of credit card selection criteria scale.
H4	There is no significant impact of Marital Status on the items of credit card selection criteria scale.
H5	There is no significant impact of Employment Status on the items of credit card selection criteria scale.
H6	There is no significant impact of Family's Annual Income on the items of credit card selection criteria scale.
H7	There is no significant impact of Number of Credit cards on the items of credit card selection criteria scale.
H8	There is no significant impact of Usage of Credit Card on the items of credit card selection criteria scale.
H9	There is no significant impact of Credit Card Network on the items of credit card selection criteria scale.
H10	There is no significant impact of Monthly Payment on the items of credit card selection criteria scale.

Since results on gender and selection criteria of credit card are not significant the H1(There is no significant impact of gender on the items of credit card selection criteria scale) is accepted Our results contradict the findings of Kinsey (1981) which showed sex to be significant determinant of credit card selection and usage. For remaining demographic variables, we

find that most of items have significant impact credit card selection criteria at five percent level of confidence level with respect to age, education marital status, employment and income. Therefore, we reject the null hypotheses H2- H10. Thus we can conclude that Age, Academic Qualification, Marital

Status, Employment Status and Income have significant impact on credit card selection criteria. Our results are in accordance with studies in literature, where credit card usage differ with the demographic characteristics of users (e.g. Ramayah et al. 2002). Several studies reported that credit card usage was influenced by age, education, income, gender, marital status, ethnicity and attitude towards debt (Ramayah

et al. 2002; Kaynak and Harcar, 2001; Wickramasinghe & Gurugamage, 2009; Abdul-Muhmin and Umar, 2007).

Next four hypotheses have been framed to find out the role of credit card usage variables in credit card selection criteria by the customers.

Table 3.5: ANOVA for Demographic Variables and Credit Card Selection Criteria Variables

	GENDER		AGE		ACAD QUAL		MARITAL STS		EMP STAT		INCOME	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
ACCLOCALLY	1.741	0.89	2.395	0.037	11.437	0	2.512	0.114	9.616	0	9.746	0
ACCOVERSEAS	0.466	0.495	5.896	0	31.274	0	11.428	0.001	27.584	0	47.889	0
CONVENIENCE	0.125	0.724	3.454	0.004	8.201	0	12.381	0	1.893	0.11	12.585	0
PROTECTLOST	0.329	0.566	1.09	0.365	12.918	0	0.566	0.452	2.503	0.041	3.534	0.007
PROTPRODUCTS	1.707	0.192	5.786	0	19.733	0	14.899	0	1.769	0.134	2.033	0.088
INSURANCEPROT	2.629	0.106	3.192	0.008	4.258	0.005	9.365	0.002	5.118	0	3.567	0.007
ANNUALFEES	2.611	0.706	6.123	0	10.267	0	2.178	0.141	4.208	0.002	4.556	0.001
CREDITLIMIT	4.72	0.123	8.758	0	19.779	0	18.333	0	6.247	0	27.752	0
CASHADVANCE	0.867	0.352	18.596	0	45.593	0	74.598	0	25.101	0	61.321	0
APRRATE	0.001	0.981	12.734	0	6.583	0	5.365	0.021	2.666	0.032	10.339	0
EMIOPTION	2.012	0.157	28.779	0	39.078	0	134.678	0	15.744	0	57.682	0
ONLINESTATEMENT	0.024	0.876	3.045	0.01	1.355	0.256	1.12	0.29	3.846	0.004	3.956	0.004
TEMPCREDITLIMIT	1.289	0.257	26.08	0	34.7	0	145.448	0	34.529	0	80.966	0
SUPPCARD	0.725	0.395	5.404	0	0.36	0.782	4.698	0.031	9.263	0	2.079	0.082
CASHVALUE	0.414	0.52	0.667	0.649	7.67	0	16.753	0	3.412	0.009	6.129	0
REDEMCHOICES	3.102	0.079	0.818	0.537	12.701	0	7.086	0.008	8.748	0	0.97	0.423
ASPIRATIONAL	3.197	0.074	3.263	0.007	17.005	0	11.769	0.001	7.188	0	4.099	0.003
RELEVANCE	0.001	0.981	2.518	0.029	8.031	0	0.969	0.325	3.046	0.017	3.486	0.008
USERFRIENDY	1.098	0.295	1.295	0.264	22.074	0	6.252	0.013	6.785	0	3.499	0.008
STATUSYMBOL	1.157	0.245	13.004	0	12.124	0	20.13	0	18.685	0	7.162	0
BRANDNAME	4.171	0.242	10.088	0	11.446	0	17.655	0	14.057	0	5.039	0.001

Since results on gender and selection criteria of credit card are not significant the H1(There is no significant impact of gender on the items of credit card selection criteria scale) is accepted Our results contradict the findings of Kinsey (1981) which showed sex to be significant determinant of credit card selection and usage. For remaining demographic variables, we find that most of items have significant impact credit card selection criteria at five percent level of confidence level with respect to age, education marital status, employment and income. Therefore, we reject the null hypotheses H2- H10. Thus we can conclude that Age, Academic Qualification, Marital Status, Employment Status and Income have

significant impact on credit card selection criteria. This result is in accordance with studies in literature, where credit card usage differ with the demographic characteristics of users (e.g. Ramayah et al. 2002). Several studies reported that credit card usage was influenced by age, education, income, gender, marital status, ethnicity and attitude towards debt (Ramayah et al. 2002; Kaynak and Harcar, 2001; Wickramasinghe & Gurugamage, 2009; Abdul-Muhmin and Umar, 2007).

Next four hypotheses have been framed to find out the role of credit card usage variables in credit card selection criteria of consumers.

H11	There is no significant impact of Number of Credit Card on the items of credit card selection criteria scale.
H12	There is no significant impact of Usage of Credit Card on the items of credit card selection criteria scale.
H13	There is no significant impact of Credit Card Network on the items of credit card selection criteria scale.
H14	There is no significant impact of Typical Monthly Payment on the items of credit card selection criteria scale.

Table: 3.6 ANOVA for Credit Card Usage Variables and Credit Card Selection Criteria Variables

	No of CC		Usage of CC		Credit Card Network		Monthly Payment	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.
ACCLOCALLY	10.242	.000	9.277	.000	1.303	.273	1.716	.181
ACCOVERSEAS	1.431	.240	3.588	.014	4.763	.340	47.680	.000
CONVENIENCE	9.210	.000	3.551	.014	5.169	.090	.724	.485
PROTECTLOST	.879	.416	14.819	.000	0.152	.120	26.268	.000
PROTPRODUCTS	11.417	.000	10.444	.000	2.239	.340	19.953	.000
INSURANCEPROT	14.648	.000	2.133	.095	9.859	.672	15.744	.000
ANNUALFEES	43.215	.000	3.549	.014	2.228	.109	14.883	.000
CREDITLIMIT	37.583	.000	.924	.429	5.082	.207	35.046	.000
CASHADVANCE	19.183	.000	2.952	.032	3.310	.137	56.467	.000

APRRATE	19.782	.000	7.924	.000	8.570	.230	8.474	.000
EMIOPTION	1.632	.197	3.588	.014	1.452	.112	49.438	.000
ONLINESTATEMENT	25.328	.000	3.865	.009	4.662	.110	.950	.387
TEMPCREDITLIMIT	7.537	.001	8.405	.000	6.801	.300	95.081	.000
SUPPCARD	7.256	.001	11.177	.000	8.712	.231	.213	.808
CASHVALUE	8.249	.000	4.115	.007	5.378	.505	8.676	.000
REDEMCHOICES	9.088	.000	11.549	.000	.959	.384	7.933	.000
ASPIRATIONAL	1.900	.151	8.417	.000	3.271	.239	15.152	.000
RELEVANCE	6.619	.001	6.768	.000	.476	.622	12.957	.000
USERFRIENDY	10.204	.000	4.912	.002	7.513	.301	5.591	.004
STATUSSYMBOL	15.269	.000	12.123	.000	7.178	.420	21.131	.000
BRANDNAME	26.218	.000	5.233	.001	9.385	.870	12.973	.000

From the above table, we find that results on Credit Card Network has no significance value at 0.05 level of significance, so we accept the null hypothesis H13 that there is no relation between credit card networks on selection criteria of respondents. This could be because many respondents were not bothered about the credit card network they were using and many banks provided both MasterCard and Visa Cards. Hence it did not make much difference for the respondents that which credit card network they were using in their credit card selection criteria.

For other Credit Card Usage variables Number of Credit Card, Usage of Credit Card, and Typical Monthly Payment most of the items have significant impact on the items for credit card selection criteria. Therefore we reject the null hypothesis H11, H12 & H14.

Conclusion

The credit card industry is characterized by undifferentiated service offerings combined with multiple cards per customers. Hence, it is easy for consumers to switch from one card to another. Under these circumstances credit cards issuers should understand their customers and differentiate themselves to raise switching costs. Also the payment

industry is undergoing tremendous revolution with debit cards having similar features, e-wallets, net banking facilities etc. Hence, it is imperative to understand consumer's profile and changing preferences in this ever changing industry. Such a study is important as unlike conventional market research, feedback from consumers is concrete and more specific. It takes the consumers' point of view in account.

Our findings show that demographic variables Age, Academic Qualification, Marital Status, Employment Status and Income have significant impact on credit card selection criteria. For Age, the credit card usage is divided evenly among the young and middle age group with 21-30 years, 31-40 years at 32.6% and 32.4%. It declines to 14.1% for 41-50 years and 11.8% for 51-60 years age group. Hence, credit card offerings should be targeted to young and middle age group.

For academic qualification credit card usage is highest at 60.5% people with consumers holding a Master's degree. Thus our results also show that credit card usage increases with education level. Thus as against RBI measures to provide the 'Cashless Payment Services' to rural population as well, it will be more beneficial for credit card issuers to focus their

marketing promotions on Urban and Educated consumers, where the response rate would be high.

For Employment Status we see that the majority of cardholders i.e. 45.7% are employed, then 23.9% are self employed. Also, there is an even spread of credit cardholders among different income groups. Hence it will be beneficial for credit card issuers to segment the consumers and provide differential services according to their usage and preferences.

Scope of further research:

1. The payment business in India has a variety of services like- credit card, debit card, Net Banking, e-wallets. This study limits its scope to credit cards only. A comprehensive study can be done with all the products to understand the consumers' perspective in whole.

2. Include more variables such as attitudinal loyalty, perceived switching cost, share of wallet can be studied w.r.t credit cards but that is possible only for consumers using two or more cards.

References

Abdul-Muhmin, A.G. & Umar, Y. A. (2007). Credit Card Ownership and Usage Behaviour in Saudi Arabia: The Impact of Demographics and Attitudes toward Debt. *Journal of Financial Services Marketing*, 12(3).

Barker, T., & Sekerkaya, A. (1992). Globalisation of Credit Card Usage: The Case Study of Developing Economy. *International Journal of Bank Marketing*, 10 (6). <http://dx.doi.org/10.1108/02652329210017299> . (Accessed on 30 August 2016).

Canner, G. B., & Lueckert, C. A. (1992). Development in Pricing of Credit Card Services. *Federal Reserve Bulletin*. 78.

Danes, S. M., & Hira, T. K. (1990). Knowledge, Beliefs and Practice in the use of Credit Cards. *Home Economics Research Journal*. 18.

Devlin, J. F., Worthington, S., & Gerrard, P. (2007). An Analysis of Main and Subsidiary Credit Card Holding and Spending. *International Journal of Bank Marketing*, 25 (2)

Gan, L. L., Maysami, R. G., & Koh, H. G. (2008). Singapore credit cardholders: ownership, usage patterns, and perception. *Journal of Services Marketing* , 22 (4), <http://dx.doi.org/10.1108/08876040810881678> . (Accessed on 12 September 2015).

Ismail, S. et al. (2014). Determinants of Attitudes towards credit card usage. *Jurnal pengurusan*, Malaysia. 41. 145-154.

Kaynak, E., & Ugur, K. (1984). A cross –Cultural Study of Credit Card Usage Behaviours: Canadian and American credit Card Users Contrasted. *International Journal of Bank Marketing*, 2(2), 113-133. <http://dx.doi.org/10.1108/eb010739>. (Accessed on 10 August 2016).

Kaynak, E. Kucukemiroglu, O., & Ozmen, A. (1995). Correlates of Credit Card acceptance in an advanced delveloping Middle Eastern Country. *Journal of Services Marketing*. 9 (40). <http://dx.doi.org/10.1108/08876049510094496> . (Accessed on 10 September 2016).

Kaynak, E., & Harcar, T. (2001). Consumers' Attitudes and Intentions Towards Credit Card Usage in an Advanced Developing Country. *Journal of Financial Services Marketing* , 6 (1), 24-39. <http://dx.doi.org/10.1108/08876049510094496>. (Accessed on 12 September 2016).

Khare, A., & Singh, S. (2012). Factors Affecting Credit Card Use in India. *Asia Pacific Journal of Marketing and Logistics*, 24(2). <http://dx.doi.org/10.1108/13555851211218048>. (Accessed on 24 August 2016).

Kinsey, J. (1981). Determinants of Credit Card Accounts: An Application of Tobit Analysis. *Journal of Consumer Research* , 8 (2).

Lee, J., & Hogarthe, J. M. (2000). Relationships among information search activities when shopping for a Credit Card. *Journal of Consumer Affairs*. 34 (2), 330-360.

Mazzotta, B. D. et al. (Dec, 2014). The Cost of Cash in India. Report: Institute For Business in the Global Context. *The Fletcher School*. Tufts University.

Ramayah, T., Nasuridin, A. M., & Choo, L. H. (2002). Cardholder's attitude and Bank Credit Card Usage in Malaysia. *Asian Academy of Management Journal*, 7(1).

Sharpe, D. L., Yao, R., & Liao, L. (2012). Correlates of Credit Card Adoption in Urban China. *Journal of Family and Economic Issues*. <http://dx.doi.org/10.1007/s10834-012-9309-0>. (Accessed on 27 August 2016).

Thomas, F., Maloles III. C., & Swoboda, B. (2010). Debit and credit card usage and satisfaction: Who uses which and why-evidence from Austria. *International Journal of Bank Marketing*, 28(2).

Tumedi, C.B.& Themba, G (2012). Credit Card Ownership and Usage behaviour in Botswana. *International Journal of Business Administration*. 3 (6).

Wasburg, C. A., Hira, T. K., & Fanslow, A. M. (1992). Credit Card Usage and Consumer Debt of Households. *Journal of Consumer Studies and Home Economics*, 16.

Wickramasinghe, V., & Gurugamage, A. (2009). Consumer credit card ownership and usage practices: empirical evidence from Sri Lanka. *International Journal of Consumer Studies*, 33. <http://dx.doi.org/10.1111/j.1470-6431.2009.00779.x> (Accessed on 24 August 2016).

Worthington, S., Stewart, D., & Lu, X. (2007). The adoption and usage of credit cards by urban-affluent consumers in China. *International Journal of Bank Marketing*, 25 (4).