

# A Study On Customer Attitude Towards Credit Card Services of Banks in Chennai City

**Dr. C. Sathiyamoorthy<sup>1</sup>, Dr. Parveen Banu S<sup>2</sup>,**

<sup>1,2</sup> Professor, Department of Commerce, Saveetha College of Liberal Arts and sciences, SIMATS.

## Abstract

“Credit card is a card that identifies its owner as one who is entitled to credit when purchasing goods or services from certain establishments”. A card provides the privilege to the holder to make purchases of his choice. Most retail firms accept Credit cards. Credit cards eliminate the need to check credit ratings and to collect cash from individual customers. The issuing Institution stipulates the credit terms including the interest rate, annual fees, penalties, the grace period and other features. Credit card as a source of extending credit to individuals and households has a vital role to play to create banks credit and money supply. The role of Credit cards in the money market in the years to come will be very bright. The Credit card business is a fast growing segment of banking of these days. There was a time when some of the Public sector banks ventured into this domain, initiating the Foreign banks; the result was not very encouraging. In these circumstances, it is found necessary to analyse the Credit card services of banks in Chennai City. This paper ha to analyze the attitude of Chennai City consumers towards credit card. The present study aims to analyze the customer attitude towards credit card services offered by banks in Chennai City. The study focuses on customer awareness, usage pattern, satisfaction level, factors influencing credit card usage, and problems faced by customers. Primary data were collected through a- structured questionnaire from credit card users in Chennai City. Secondary data were collected from books, journals, websites, and research articles.

**Keywords-** Credit card- fast growing segment of banking- awareness-- usage pattern- other features

## 1. Introduction

Banks play a vital role in the economic development of a country. Now a days it has become a part and parcel of life. In early days the dwellers of a city alone could enjoy the services of the banks. At present banks offer access to even common men and their activities extend to areas hitherto uncovered. The modern commercial banks besides performing the main function, such as accepting the deposits and lending money, cover a wide range of financial and non-financial services to customers. In Chennai City, the use of credit cards has increased rapidly because of urbanization, growth in online shopping, rising income levels, and digital awareness. Banks compete with each other by offering innovative credit card services such as cashback, reward points, travel benefits, insurance coverage, and easy EMI facilities. Customer attitude plays a crucial role in determining the effectiveness of credit card services. Positive customer attitude leads to customer satisfaction and loyalty, whereas dissatisfaction may affect the reputation of banks. Hence, it is essential to study customer attitude towards credit card services of

banks in Chennai City. Studies conducted in Chennai indicate that customer satisfaction in banking services depends on service quality, technology, accessibility, and awareness.

### Statement Of The Problem

Credit card as a source of extending credit to individuals and households has a vital role to play to create banks credit and money supply. The role of Credit cards in the money market in the years to come will be very bright. The Credit card business is a fast growing segment of banking of these days. There was a time when some of the Public sector banks ventured into this domain, initiating the Foreign banks; the result was not very encouraging. In these circumstances, it is found necessary to analyze the Credit card services of banks in Chennai City.

### Need For The Present Study

The survival and growth of a bank does not depend on its size of funds, but it depends on its ability to provide qualitative services to its customers on a sustained basis.

The expectations of the customers on Commercial banks are changing. Most of the people in Chennai City use Credit card as a convenient tool for their needy payment and service. So the researchers feel that it is essential to study about the banks performance and also the consumer attitude towards its service.

### Scope Of The Study

The study covers Chennai CityTown only. Even though Chennai City is one of the popular town of Virudhunagar District but the Credit card is not so popular till now. The scope of the study is very limited and the approach of the study focuses mainly on the angle of customers.

### Literature Review

**Kannan (2018)** stated that credit cards have become a necessary component of our lives due to their convenient pay-back options and convenience of usage. As no other financial product can match the discounts, offers, and deals that credit cards provide, they represent a fantastic opportunity for astute customers. However, credit cards may become money pits if you misuse them or charge more than you can afford to pay back when the bill comes in.

**Karthick (2021)** advised that consumer credit—mainly in the form of credit cards—has developed quickly in the contemporary era and is currently the most extensively utilized financial tool in families around the globe. Credit cards provide customers with a number of advantages, including cashless transactions, telepurchases, internet shopping, and the ability to defer payment until later, all of which might assist consumers in overcoming temporary financial difficulties. The amount of credit card usage is still smaller as compared to credit card holders.

**Sundar (2012)** emphasized the Even though a lot of individuals know about credit cards, a lot of them don't have any because they are worried about accruing debt. People with greater incomes and levels of education tend to use credit cards more frequently and have higher credit limits. A greater proportion of cardholders make infrequent use of their credit cards. Customer satisfaction is declining as a result of the high interest rate. Customers expected more from enabling services as well as core services. The lack of suitable bank guidance is the main problem that cardholders face.

**Mohan (2023)** concluded that about 25 years ago was when credit card culture was first introduced to India. The credit card business is currently the most lucrative area of the banking industry in India. You can essentially take advantage of the benefits of both credit issuance and payment transfer when you use a credit card. Thanks to credit cards, the entire payment business has changed.

### OBJECTIVES OF THE STUDY

The main objectives of the present study are outlined below:

- ❖ To know the consumer attitude towards Credit card service of Banks in Chennai City.
- ❖ To identify the banks performance towards Credit card services.
- ❖ To offer fruitful suggestions for solving the problems if any pertaining to Credit card.

### HYPOTHESIS

In order to achieve the objectives of the study, the researchers have framed the following hypothesis.

- ❖ Higher the amount of income, more will be the use.

### RESEARCH DESIGN

The study is based on both primary data and secondary data. A sample of 80 customers is selected by convenient sampling.

The secondary data were also collected from the books, reports, journals and browsing through the internet.

### ANALYTICAL TOOLS

To analyze and interpret the data collected, the researchers have adopted the following tools for the study.

- Percentages, Chi-square test, Table, Charts and Diagrams.

### LIMITATIONS OF THE STUDY

The figures and data collected through published statistical reports might itself have inherent limitation in respect of accurate statistics. Since Credit card is a recently developed service, much past data are not available.

**A**

### ANALYSIS AND INTERPRETATION

#### AGE – WISE CLASSIFICATION OF THE RESPONDENTS

**TABLE 1**  
**AGE-WISE CLASSIFICATION**

S. No	Particulars	No. of Respondents	Percentage
1.	21 – 30	5	6.25
2.	31 – 40	30	37.5
3.	41 – 50	26	32.5
4.	50 and above	19	23.75
Total		80	100.00

Source : Primary data.

Table 1 exhibits that 37.5 percent of the respondents are belonging to the age group of 31 -40 years.

**EDUCATIONAL LEVEL OF THE RESPONDENTS**

**TABLE 2**  
**EDUCATIONAL QUALIFICATION OF THE RESPONDENTS**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	S.S.L.C	15	18.75
2.	Graduate	30	37.50
3.	Post-Graduate	20	25.00
4.	Diploma Holder	5	6.25
5.	Professional studies	10	12.50
Total		80	100.00

Source : Primary data.

It is clear from the above table, out of 80 informants studied, 37.50 percent of the respondents are graduates.

**INCOME OF THE CARD HOLDERS**

**TABLE 3**  
**MONTHLY INCOME LEVEL OF THE RESPONDENTS**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Below Rs. 5,000	10	12.50
2.	Rs. 5000 – 10,000	40	50.00
3.	Rs. 10,000 – 15,000	20	25.00
4.	Above Rs. 15,000	10	12.50
Total		80	100.00

Source : Primary data.

Table 3 makes it clear that out of 80 respondents interviewed, 50 percent of the respondents have got a salary of Rs. 5,000 - 10,000 per month.

**Test of Hypothesis**

The first attempt has been made by the researchers to test the hypothesis that “Higher the amount of income, more will be the use”. Here Chi-square test is used as a tool to test it.

**Calculation of Chi-Square Test**

O	E	(O - E)	(O - E) <sup>2</sup>	(O - E) <sup>2</sup> / E
10	20	-10	100	5
40	20	20	400	20
20	20	0	0	0
10	20	-10	100	5
			(O - E) <sup>2</sup> / E	30

$$\chi^2 = \sum (O - E)^2 / E = 30$$

For 2 degrees of freedom at 5 percent level of significance, the table value is 5.99

The computed value is greater than the table value. Therefore the hypothesis is rejected. Therefore “it is concluded that there is no association between income and the use by card holder.

**ACCOUNTS MAINTAINED BY THE CARD HOLDERS**

**TABLE 4  
ACCOUNTS MAINTAINED BY THE HOLDERS**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Current account	40	50.00
2.	Savings Bank account	22	27.50
3.	Fixed deposit	10	12.50
4.	Recurring deposit	8	10.00
Total		80	100.00

Source : Primary data.

The Table 4 pinpoints that 50 percent of the respondents have Current account.

**PERIOD OF OPERATING THE BANK ACCOUNT**

**TABLE 5  
PERIOD OF USING THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Less than 6 months	5	6.25
2.	6 Months to 2 years	5	6.25
3.	2 years to 5 years	40	50.00
4.	More than 5 years	30	37.50
Total		80	100.00

Source : Primary data.

The findings are inferred from the Table 5 that 50 percent of the respondents occupy the major role. Their operation period lies between 2 to 5 years.

**SOURCE OF INFORMATION ABOUT CREDIT CARD**

**TABLE 6  
SOURCE INFORMATION ABOUT THE CREDIT CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	News papers	10	12.50
2.	Banker	32	40.00
3.	Journals	18	22.50
4.	Friends & relatives	20	25.00
Total		80	100.00

Source : Primary data.

The Exhibit 6 clearly reveals that 40 percent of the respondents are directly persuaded to buy the product by the banker.

**INFLUENCING FACTORS TO GET THE CARD**

**TABLE 7**

**INFLUENCING FACTORS OF CREDIT CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Self interest	20	25.00
2.	On the advice of the bankers	35	43.75
3.	On the advice of Relatives and others	15	18.75
4.	On the advice of Friends	10	12.50
Total		80	100.00

Source : Primary data.

Table 7 revealed that 43.75 percent of the cardholders have purchased the card on the advice of the Bankers,

**PERIOD OF USING THE CARD**

**TABLE 8**

**PERIOD OF USING THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Less than 1 year	12	15.00
2.	1 to 3 Years	28	35.00
3.	Above 3 years	40	50.00
Total		80	100.00

Source : Primary data.

Table 8 reveals the findings of the survey that 50 percent of the cardholders are regular users of card for a period of more than 3 years.

**TIMES OF USING THE CARD**

**TABLE 9**

**TIMES OF USING THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	One time	20	25.00
2.	1 – 2 times	42	52.50
3.	2 – 3 times	18	22.50
Total		80	100.00

Source : Primary data.

It is apparent from the above that 52.50 percent of the respondents have been using the card for 1-2 times a month.

**PLACE OF UTILISATION OF CARD**

**TABLE 10  
PLACE OF UTILISATION**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Chennai City	15	18.75
2.	Outstation	50	62.50
3.	Both	15	18.75
Total		80	100.00

Source : Primary data.

Table 10 discloses the fact that out of 80 respondents 62.5 percent of the cardholders are using the cards in outstation.

**USEFULNESS / UTILISATION OF THE CARD**

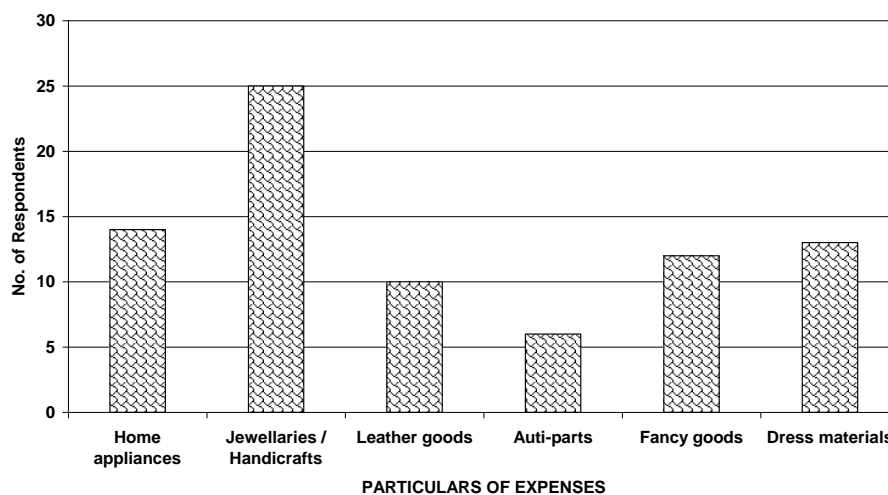
**TABLE 11  
UTILISATION OF THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Home appliances	14	17.50
2.	Jewelleries / Handicrafts	25	32.25
3.	Leather goods	10	12.50
4.	Auto-parts	6	7.50
5.	Fancy goods	12	15.00
6.	Dress materials	13	16.25
Total		80	100.00

Source : Primary data.

The above data reveals that majority of the respondents (32.50 percent) have purchased Jewelleries and Handicrafts with the help of credit cards.

The above table is represented with the help of the following figure.



**TYPE OF SERVICES AVAILED**

**TABLE 12  
TYPES OF SERVICE**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Rail and Air ticket booking	32	40.00
2.	Restaurant and Boarding	15	18.75
3.	Tailoring and Hospital	25	31.25
4.	Repairing and Servicing	8	10.00
Total		80	100.00

Source : Primary data.

It is learnt from the Table 12 that 40 percent of the respondents have received the services of Rail and Air ticket booking,

**PERIOD OF REPAYMENT**

**TABLE 13  
PERIOD OF PAYMENT**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Within 30 days	50	62.50
2.	30 – 40 days	24	30.00
3.	Above 40 days	6	7.50
Total		80	100.00

Source : Primary data.

The survey findings reveal that 62.5 percent of the respondents respond within a period of 30 days.

**REASONS FOR USING THE CARD**

**TABLE 14  
REASON FOR USING THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Avoidance of risk	15	18.75
2.	Cash withdrawal facility	12	15.00
3.	Prestige power	5	6.25
4.	Immediate payment	16	20.00
5.	Convenience	32	40.00
Total		80	100.00

Source : Primary data.

The above Table 14 conveys that 40 percentage of the respondents are using the card mainly for their convenience.

**PROBLEMS IN USING THE CARD**

**TABLE 15**  
**PROBLEMS IN USING THE CARD**

Sl. No.	Particulars	No. of Respondents	Percentage
1.	Initiates to purchase more	42	52.50
2.	Expenses exceeds the income	10	12.50
3.	Low savings (discouraged)	28	35.00
Total		80	100.00

Source : Primary data.

Out of 80 respondents interviewed 52.50 percent the people are initiated to purchase more by using the card.

**FINDINGS**

- ❖ 37.5 percent of the respondents are belonging to the age group of 31 -40 years.
- ❖ It is clear from the findings that out of 80 informants studied, 37.50 percent of the respondents are graduates.
- ❖ 50 percent of the respondents have got a salary of Rs. 5,000 - 10,000 per month.
- ❖ 50 percent of the respondents have Current account.
- ❖ 50 percent of the respondents occupy the major role. Their operation period lies between 2 to 5 years.
- ❖ 40 percent of the respondents are directly persuaded to buy the product by the banker.
- ❖ 43.75 percent of the cardholders have purchased the card on the advice of the Bankers,
- ❖ 50 percent of the cardholders are regular users of card for a period of more than 3 years.
- ❖ 52.50 percent of the respondents have been using the card for 1-2 times a month.
- ❖ 62.5 percent of the cardholders are using the cards in outstation.
- ❖ 32.25 percent have purchased Jewelleries and Handicrafts by using credit cards.
- ❖ 40 percent of the respondents have received the services of Rail and Air ticket booking.
- ❖ 62.5 percent of the respondents respond within a period of 30 days.
- ❖ 40 percentage of the respondents are using the card mainly for their convenience.
- ❖ 52.50 percent the peoples are initiated to purchase more by using the card.

**SUGGESTIONS AND RECOMMENDATIONS**

On the basis of the above findings, the following suggestions have been presented to prevent future problems in the Credit card operations:

- ❖ The banker should take personal care in case of occupation and income of the customers before issuing the cards, because the income decides the purchasing power. The customer should maintain the cordial relationship with the member establishments. The holder should be advised to follow the cumbersome procedures and conditions and it is essential to submit the documentary evidences. The holder should use the card within the fixed limit to arrest erosion on savings.
- ❖ The member establishments have to fix the service charge relating to the transaction and the relationship with the customer is maintained successfully.

- ❖ The bankers in Chennai City should be suggested to follow the promotional measures such as photo card facility to avoid misuse of cards, ATM facility, appointment of direct sales agent. Advertisement in magazines and newspaper are vital to promote the Credit card business. Effective steps should be taken to overcome the delayed repayment problem.

## CONCLUSION

By analysing the consumer attitude towards credit card service and banks performance towards the credit card business shows the problem on the part of the bankers as well as on the part of the consumers. The people in local and on to as well need not carry cash and is empowered to spend wherever and whenever they wants with the Credit card within the fixed limits prescribed by the concerned bank. Payment is a crucial part of the whole transaction. If the respective banks implement the above suggestions, the customers would be able to perform all transactions without visiting a brick and mortar bank.

## References

1. Charles J Woelfel, Encyclopedia of Banking and Finance, S. Chand & Company Ltd., New Delhi, 2005.
2. Gordon E and Natarajan K. Banking Theory Law and Practice, Himalaya Publishing House, Mumbai, 2007.
3. Jha S.M., Services Marketing, Himalaya Publishing House, Mumbai, 2009.
4. Suja Nair R., Consumer Behaviour in Indian Perspective, Himalaya Publishing House, Mumbai, 2008.

## JOURNALS

1. IBA Bulletin, December, 2006.
2. IBA Bulletin, March, 2007.
3. Business Today, Special issue march 1992 – 2002.
4. Yojana, December, 2007.

1. **Kannan (2018)**. A Study on Customer Satisfaction towards Credit Cards with Special Reference to Private Sector Banks in Madurai District. Shanlax International Journal of Management, vol. 6, no. S1, pp. 70–74.

2. **Karthick (2021)**. A Study on Customer Preference and Satisfaction towards using credit cards with special reference to Coimbatore city. International Journal of Advances in Engineering and Management, Volume 3, Issue 9 Sep 2021, pp: 1724-1728.

3. **Sundar (2016)**. A Study on Customers Awareness towards Credit Cards & Its Usage at Punjab National Bank, Puducherry. Indian Journal of Applied Research, Volume 6, Issue 1, pp 74-75.

4. **Madhan (2023)**. A Study on Customer Awareness and Satisfaction among Credit Card Holders in K. rishnagiri District. International Journal of Humanities and Social Science Invention, Volume 12, Issue 5, May, pp17-22.