



Online and Offline Spending Pattern of Credit Cards by Customers in Coimbatore City

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ABSTRACT

Now a day's credit card have become one of the major way for conducting cash less transaction. Consumer's spending on card has double over last decade, as people increasingly use plastic to pay for every day goods. This study intended to find out the consumer spending via credit card. This study shows consumer knowledge, experience of using credit card in online and offline, factors influencing to use credit cards.

KEYWORDS : Credit Card, Spending Pattern, Factors influencing etc

Introduction

Today, almost every people are using credit card. Credit cards have been introduced to simplify purchases and make purchases more convenient. The use of credit card originated in the united states during 1920's when individual companies, such as hotel, chains and oil companies began issuing cards to customer for purchases made at those business, the use increased significantly after world war 2. The use of credit card by bank customers in India since 1980's but only in early 1990's the market has witnessed a quantum jump. A credit card is a payment card issued to users as a system of payment. It allows the cardholders to pay for goods and services based on the holder's promise to pay for them. The issuers of the card creates a revolving accounts and grant a line of credit the consumer from which the user can borrow money for payment to a merchant or as a cash advance to the user. Consumers today have the opportunity to pay for purchases with an increasingly growing array of payment mechanism. The apparent enhancement of spending with credit card is the characteristic of primary concern in this research.

Review of Literature

Kumar, (2013) finds that customers are better with credit cards than without them. However the researcher finds that certain practices of the credit card issuers are viewed negatively by the customers. **Sharmila Pudaruth, (2013)** explored the broad factor that leads to the adoption of plastic card among customers. Customers are inclined to plastic cards not only because of the worldwide acceptance, convenience and security reasons but also the modern life style, status and innovative features influence the customers towards adoption of plastic cards.

Statement of problem

Today, almost every adults and even teenagers, mostly from middle and higher classes own at least one credit card. The credit cards issued to customer for their cashless transaction. The problem is stated as consumer spending via credit card and is an attempt to find out the knowledge, experience, factors influencing to use credit card in online and offline mode by the customers.

Scope of the Study

This study is intended to know the consumer spending via credit card. This study helps to identify the usages of credit card. The study covers two sector of banks, private and public ie; SBI, CANARA BANK, IOB, HDFC, ICICI and AXIS BANK. The study covers customer's knowledge, experience, factors influencing to use credit card in online and offline. Sample size is 200.

Objectives of the Study

- To study the factors influencing the usage of credit cards among the customers.

- To analyse the spending pattern of credit card in online and of-line transactions.

Research Methodology

This study is based on both primary and secondary data. The primary data are collected from the credit card users of six banks:-SBI,CANARA BANK,IOB,HDFC,ICICI,AXIS BANK through a structured questionnaire. With the help of primary data various objective of the study are also reviewed. The sample data was collected from a sample of 200 respondents through structured questionnaire. Secondary data are those which have been collected from text books, international journals, websites etc. The study is confined to Coimbatore city alone and due to time constraints the sample size was limited to 200. The following statistical tools were used for the analysis: Percentage Analysis, Rank Analysis, Paried Sample T – Test.

Results and Discussions

Table - 1
Demographic Profile of the Respondents

S.No.	Demographic Variables	Frequency	Percentage	
1	Age	25 – 30yrs	32	16
		31 – 35yrs	80	40
		36 – 40yrs	48	24
		Above 40yrs	24	12
2	Gender	Male	176	88.0
		Female	24	12.0
3	Marital Status	Married	120	60.0
		Unmarried	80	40.0
4	Educational Qualification	Illiterate	8	4.0
		Below SSLC	8	4.0
		Degree	64	32.0
		Post graduate	64	32.0
5	Occupation	Professional degree	56	28.0
		Self Em-ployed	48	24.0
		Govt Servants	16	8.0
		Professionals	128	64.0
		Others	8	4.0

6	Monthly Income	Less than Rs10000	8	4.0
		Rs-10000to25000	32	16.0
		Rs25000 to 50000	32	16.0
		Rs500000 to75000	16	8.0
		75000 and above	112	56.0
7	No. of card possessed	1	136	136
		2	48	24.0
		3 and above	16	8.0
8	Frequency of card usage per month	1 to 3times	104	52.0
		3 to 5 times	88	44.0
		5 to 10 times	8	4.0
9	Time lag of using card	Less than 15 days	112	56.0
		15 -30days	40	20.0
		30-60 days	24	12.0
		More than 60days	24	12.0
10	Perception on Interest rate for credit card	Reasonable	32	16.0
		Not reasonable	24	12.0
		High	144	72.0
11	Bank Name	SBI	16	8.0
		IOB	32	16.0
		CANARA BANK	8	4.0
		AXIS BANK	16	8.0
		ICICI	48	24.0
		HDFC	80	40.0
12	Type of card	Classic	40	20.0
		Platinum	120	60.0
		Silver	32	16.0
		Gold	8	4.0
13	Card is associate with	Visa	96	48.0
		Visa electron	8	4.0
		Master card	96	48.0
14	Knowledge of card	Full Information	168	84.0
		Some idea	16	8.0
		Ignorant	16	8.0
15	Payment made by	Self	184	92.0
		Guardian/ Spouse	16	8.0
16	Payment are made on due date	Always	168	84.0
		Sometimes	32	16.0

Source: Primary Data

Table – 2
Factors Influencing the usage of credit cards

S.No.	Factors	Mean Score	Rank
1.	Convenient	1.44	1
2.	Availing Credit with Minimum Formality Help You to Make Unplanned Purchases	7.32	8
3.	Considered As a Status Symbol	8.24	9
4.	Use in emergency situation	3.04	2
5.	Provides safety	4.68	5

6.	To protect your purchase	3.44	3
7.	Free Travel Booking Etc	5.92	6
8.	Credit card allow to shop even you don't have money	6.68	7
9.	Carrying cash is risky	4.44	4
10.	Interest Rate	9.80	10

Source: Primary Data

It is inferred from the above table that the lowest mean score has been given first rank due to the fact that the highest priority was ranked one. Among the various factors influencing the customers to use credit card, "Convenience" has obtained first rank, followed by the factor "Use in emergency situation" with second rank and "To protect your purchase" with third rank. The factors "Carrying Cash is risky", "Provide safety" and "Free Travel Booking etc." has obtained fourth, fifth and sixth rank respectively. The last rank is obtained by the factor "Interest Rate".

Table – 3
Online and Offline usage pattern of credit cards by the Respondents

Ho: There is no significant difference between online and offline usage of credit cards by the respondents.

Paired Samples Test

Pair	Mean	t	df	Sig.
Online - Offline	-7.42222	-37.895	199	.000

Source: Primary Data

The above table uses the paired sample t-test to analyse the difference between the online and offline usage pattern of credit cards by the respondents. The significance value is .000. Since it is less than 0.05 level of significance, the null hypothesis is rejected. Hence it can be concluded that there is a significance difference between online and offline usage pattern of the credit cards by the respondents.

Paired Samples Correlations

Pair	N	Correlation	Sig.
online & offline	200	-.183	.010

Source: Primary data

The above table reveals that the correlation value is -.183, that is there is a least correlation between the online and offline usage pattern of credit cards by the respondents. The significance value is less than 0.05 (i.e .010).

Paried sample mean score

Pair	Mean
Online	9.4400
Offline	16.8622

The above table depicts that there is a higher mean value for offline transaction than online transaction, hence the respondents usage pattern of credit cards is higher in offline transactions than online transactions.

Conclusion

This study examined the online and offline usage pattern of the credit cards by the customers and the factors influencing the customers in obtaining and using the credit cards. Most of the credit card users feel that the interest rate is higher and they tend to use credit card whenever it is needed and emergency. Often the card users make payment on due date atleast the minimum amount mentioned in the bill. While considering the factors influencing the customers to obtain credit card the top priority was given to "Convenience" factor, followed by " Use in Emergency Situations".

The main focus of the analysis was vested on the online and offline transaction made by the customers by using credit cards. For the purpose paried sample t-test was used to compare the usage pattern of credit card among the customers. The result of the study stated that the respondents use the credit card more for offline transaction and fewer for online transactions. Thus it can be concluded that when

more security measures and promotions given by the bank the online usage of the credit cards can also be considerably increased.

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