



## A Study on Customers Awareness Towards Credit Cards & Its Usage at Punjab National Bank, Puducherry.

### KEYWORDS

Customer, Credit cards, Awareness, Merchant, Banking.

### K.Kalaivani

Assistant Professor, Department of Management Studies, Manakula Vinayagar Institute of Technology, Puducherry.

**ABSTRACT** *"The first step towards change is awareness, the second step is acceptance". Credit card, small plastic card containing a means of identification, such as a signature or picture, that authorizes the person named on it to charge goods or services to an account, for which the cardholder is billed periodically. The issuer of the card (usually a bank) creates a revolving account and grants a line of credit to the cardholder, from which the cardholder can borrow money for payment to a merchant or as a cash advance. This study helps to get focused on the range of awareness with regard to customer's usage of credit cards.*

### History about Credit cards

The idea of lending money through a card goes as far back as the 1800s. According to the 2005 FDIC Banking Review's paper called "Overview of Recent Developments in the Credit Card Industry", merchants and financial intermediaries provided credit for agricultural and durable goods. The cards soon began to spread to other industries. Hotels and department stores presented their most valued customers with paper identification cards. The cards were mostly used at that one location; however, some local merchants would accept the competitors' card. It wasn't until the late 1950s that Bank of America introduced the BankAmericard, the first general purpose credit card. The bank created a separate credit card operation entity that in the mid 1970s became known as VISA. In 1966, competing banks spawned rival cards as a result of Bank of America's success. This network of bank owners later created an association that came to be known as Master Card.

### Innovations in Banking System through Credit Cards

"A credit card sometimes adds to the high cost of living but more often to the cost of high living"

-BOB PHILLIPS.

A later innovation was the [bank](#) credit card system, in which the [bank](#) credits the account of the merchant as sales slips are received and assembles the charges to be billed at the end of the period to the cardholder, who pays the bank either in toto or in monthly installments with [interest](#) or "carrying charges" added. Many banks that began credit card plans on a citywide or regional basis eventually affiliated with major national bank plans as the range of included services (meals and lodging as well as store purchases) expanded. This development changed the nature of personal credit, which was no longer limited by location. The growing reach of credit networks allowed a person to make credit card purchases on a national and, eventually, international scale. The system has spread to all parts of the world. Other major bank cards include MasterCard (formerly known as Master Charge in the United States), JCB (in Japan), Discover (formerly partnering with Novus and primarily issued in the United States), and Barclaycard (in the [United Kingdom](#), Europe, and the Carib-

bean).

In bank credit card systems, the cardholder may choose to pay on an installment basis, in which case the bank earns interest on the outstanding balance. The interest income permits banks to refrain from charging cardholders an annual fee and to charge participating merchants a lower service charge. An additional advantage of the system is that merchants receive their payments promptly by depositing their bills of sale with the bank.

### Objectives of the study

- To study the awareness of bank customers about credit cards.
- To assess the eligible credit limits and the actual credit limits availed by the card holders.
- To examine the extent of usage of credit cards by card holders.
- To find out the repayment capabilities of card holders towards credit cards.

### Scope of the study

The present study focuses on the awareness of card holders towards credit cards. The study was designed to gain a better understanding of the factors influencing possession of credit cards and card holder's satisfaction. The study also analyses the extent of utilization of credit cards by card holders and the level of awareness of bank customers not having credit cards about such cards.

### Research Methodology

The primary data was collected from the various types of customers who visited the Punjab National Bank and the convenience sampling method was adopted.

### Data Analysis and Interpretations

#### One Way Anova

#### Analysis Of Opinion Of Respondents Regarding Age & Usage of Credit Card Per Month.

### HYPOTHESIS:

#### NULL HYPOTHESIS (H<sub>0</sub>):

There is no significant difference between the age and credit card usage per month.

#### ALTERNATIVE HYPOTHESIS (H<sub>1</sub>):

There is a significant difference between the age and credit card usage per month.

Based on the result generated by SPSS, it is depicted that the significant value is 0.000 it is less than 0.05, so the null hypothesis is rejected.

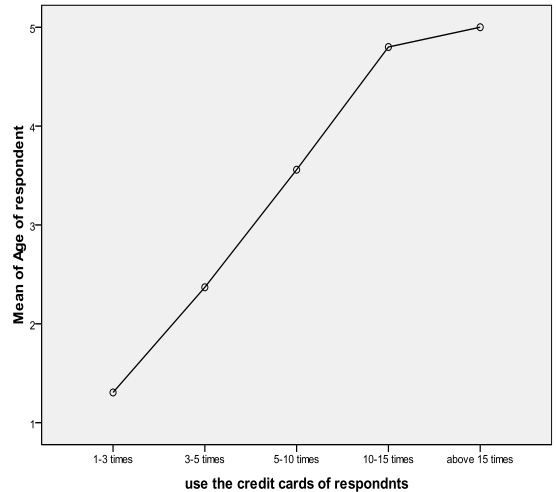
AGE -Table No: 1

S. No.	AGE	FREQUENCY	PERCENT (%)
1	20 to 30yrs	25	19.8
2	30 to 40yrs	40	31.7
3	40 to 50yrs	32	25.4
4	50 to 60yrs	20	15.9
5	Above 60yrs	9	7.1
	<b>Total</b>	<b>126</b>	<b>100.0</b>

**INFERENCE:**

Hence there is a significant difference between the age and credit card usage per month.

Figure No:1



USAGE OF CREDIT CARD PER MONTH-Table No:2

S.No	CREDIT CARD PER MONTH	FREQUENCY	PERCENT (%)
1	1-3 times	36	28.6
2	3-5 times	46	36.5
3	5-10 times	34	27.0
4	10-15 times	5	4.0
5	above 15 times	5	4.0
	<b>Total</b>	<b>126</b>	<b>100.0</b>

**Suggestions and Recommendations**

1. From the study the researcher identifies that the users of credit cards are mostly professionals and the bank can bring more awareness among the students also.
2. The study denotes that most of the customers are aware of the credit cards through past relationship and reflects the good name of the bank among the users.
3. The study makes clear that the users use the credit cards often in a month and more customers should be encouraged to use credit cards.

POST HOC-Table No: 3

**AGE OF THE RESPONDENTS**

Duncan

Usage of credit card per month	N	Subset for alpha = 0.05			
		1	2	3	4
1-3 times	36	1.31			
3-5 times	46		2.37		
5-10 times	34			3.56	
10-15 times	5				4.80
above 15 times	5				5.00
Sig.		1.000	1.000	1.000	.340

**Conclusion**

Many people have knowledge about credit cards but do not possess credit cards because of the fear of falling into debt trap. High income earners and highly educated class use credit cards more, availing high credit limits. Extent of usage of credit cards is smaller among higher proportion of the card holders. The study was conducted to understand the awareness of the credit card services provided to the customers. In a developing country like India, there is a great need for providing better and efficient banking services to their customers. The role of credit card services and its impact in the development of credit card services was analyzed. The banking products and services is the key activities for the development of the Banking sectors. The study contributes to increase the quality services and usefulness from the innovations of banking products in India.

**ANOVA**

**AGE OF THE CUSTOMERS Vs CREDIT CARD USAGE PER MONTH**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	147.001	4	36.750	161.474	.000
Within Groups	27.539	121	.228		
Total	174.540	125			

**RESULT**

F Value = 161.474  
 Significant Value = 0.000  
 Degrees of freedom = 4

**REFERENCE**

Bhalla V.K. (2005), "Management of Financial Services 2005", an Mol Publications Pvt, Ltd., New Delhi – 110002, PP 30-38. Collier, D.A (1994), "The Service/Quality Solution", Irwin Professional Publishers, Distributors by IBD, New Delhi-110007, PP 166-175. Dibakar (1999), "Marketing of Plastic Money", Kanishka Publishers, New Delhi-110005, PP 67-74. Foster (2007), "101 ways to Boost Customer Satisfaction – 2007" KOGAN Page Ltd., New Delhi-110015, PP 15-22.