Credit card industry has been growing steadily over the past few years. Card transactions are on an upward trajectory with credit card payments growing at a CAGR of 21.3 per cent (The Hindu, 29th October 2015). A Credit card today not only provides shopping convenience and safety, but also offers privileges like discount coupons, invitations to events, bonus points, cash-back and even a free insurance. To understand the preference & extent of usage of credit cards by card holders, the researcher carried out a study of 150 respondents of Ahmedabad city. The study also attempts to find out the most preferred card issuing bank & the purpose for which credit cards are used. The paper then examines the factors in favour of using credit cards & reasons for not using the same. To sum up, the researcher observed that the industry has been growing steadily over the past few years. With payments going digital and the focus on financial inclusion, one can expect much in the coming years.

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For many the Credit card has become a necessity - Be it paying for lunch in a restaurant or buying clothes at a designer outlet or getting hands on the latest gadgets, nothing compares to credit card when it comes to convenience.

A Credit card today not only provides shopping convenience and safety, but also offers privileges like discount coupons, invitations to events, bonus points, cash-back and even a free insurance.

According to India, Card Payments Report 2014-15 by Worldline India Pvt Ltd, the credit card base in India stood at 21.1 million in 2014-15 against 19.2 million a year ago.

“The credit card industry sees greater acceptance among customers. This is seen from the fact that in spite of inactive credit cards being weeded out of the system, credit card numbers have grown,” the report said.

Among the banks issuing credit cards, the esteemed and well published cards are Citibank Diners Club Card, Citibank Visa Card and Credit Cards, Bank of India's India Card, Canara Bank's Can Card and ICICI Bank's ICICI Card. Today credit card industry is highly competitive and almost all the banks are offering credit cards in association with Visa International or Master Card.

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Park and Burns (2005) examined the interface between fashion orientation, credit card usage and compulsive buying across Korea. As an effort to identify the underlying determinants of compulsive buying, their study sought to examine fashion orientation, a fashion-related variable, as a direct antecedent of compulsive buying and as an indirect antecedent of compulsive buying through credit card usage. Fashion interest significantly influenced compulsive buying directly and indirectly by influencing credit card usage across Korea.

Wiggins (2008) stated that the introduction of credit cards into the market, enables consumers to spend beyond their income further fosters consumer spending.

Objectives of the Study
- To study the preference of customers for credit cards.
- To examine the extent of usage of credit cards by card holders.
- To know the most preferred bank for credit card.
- To determine the purpose for which credit cards are used.
- To analyse the factors in favour of adoption of credit cards.
- To identify the reasons for not using credit cards.

Research Methodology
Population and Sample
The study population comprised respondents from Ahmedabad City. A convenience sampling method was used to select the respondents. This method was chosen because it provides easy access to the respondents, practical, and quick (Nachmias and Nachmias, 2008). The survey was carried during October 2015. The questionnaires were distributed to a sample of 150 respondents at several locations in Ahmedabad.

Analysis & Findings of the Study
Profile of Respondents: Among the 150 respondents males comprise 70%. Most respondents (54%) are in the age group of 25-35 years. The survey shows that 68% of the respondents are students, 28% are employees, 21% are involved in business, and 15% are self-employed.

Preference & Usage of Credit Cards: 120 (80%) respondents carry credit cards whereas only 30 (20%) do not carry them. This shows a high preference for credit cards, mainly to avail different offers followed by convenience (Table 4). Moreover, out of them, 105 (70%) respondents prefer to use credit card instead of cash.

Table 1 shows the extent of usage among the respondents in various income categories. Respondents having annual income between 1-5 lacs are the major (66.67%) users of credit cards. Moreover, it has been found that majority (68%) of the respondents are students, 28% are employees, 21% are involved in business, and 15% are self-employed.

Preference for Banks
Table 2 depicts the reasons for not using credit cards. The mean score is obtained based on their preferences & thereafter they are ranked on that basis. Online Shopping is ranked 1st followed by phone/electricity bills, food & accommodation. The last rank is for buying consumer durables & jewellery.

Table 3: Purpose of Usage
Table 3 shows the purpose for which credit cards are used. The mean score is obtained based on their preferences & thereafter they are ranked on that basis. Online Shopping is ranked 1st followed by phone/electricity bills, food & accommodation. The last rank is for buying consumer durables & jewellery.

Table 4 highlights preferences given by respondents on a scale of 1 to 5 for the factors considered while adopting credit cards against cash. It is found that main reason to use credit cards is to avail different offers like cash back, additional discounts, various deals etc. It is followed by convenience. The credit facility available is one of the last preferred reason to use credit card. So, it can be inferred that banks should focus on these offers to increase penetration of their cards.

Table 5 depicts the reasons for not using credit cards. The main reason why respondents do not buy credit cards is fear of losing it, followed by unnecessary formalities. High processing fees is ranked last.

From table 2, it is observed that majority of cardholders have Citibank credit cards (20%) followed by ICICI Bank (14%), SBI Bank (12%), HDFC & Axis Bank (9%) and the least, Standard Chartered Bank (7%). 29% respondents have other cards issued by other banks like Kotak Bank, HSBC Bank, Indus Ind Bank, IDBI Bank, etc.
Unnecessary Formalities  |  18 | 9 | 3 | 9 | 6 | 3.53 | 2
High Processing Fees     | 10 | 14 | 3 | 7 | 11 | 3.11 | 4

Conclusion

It has been seen that majority of the respondents use credit cards. This reiterates the fact that overall, the usage of credit cards is growing steadily over the past few years. Card transactions are on an upward trajectory. Credit card payments have grown at a CAGR of 21.3 per cent (The Hindu, 29th October 2015).

There are interesting dynamics at play in the Indian payments industry. With payments going digital and the focus on financial inclusion, one can expect much in the coming years. Intense competition and strategic collaboration among existing and new market participants like the payments and small banks and wallets will help scale up acceptance and foster more creativity, innovation and consumer choice.

“One big leap for the industry will be to incentivise card/electronic payments,” said Deepak Chandnani, CEO, Worldline South Asia and Middle East.

“Should these moves translate into action on the ground?” We are bound to see much higher use of cards and electronic payments by consumers.

References