CHAPTER - III

RESEARCH METHODOLOGY

The work done by researchers in the field of Credit Cards, enabled me to select the topic for my research entitled ‘A Study of Credit Card Users’ Experience in India’ was subjected to the normally adopted Research Methodology in conducting research in social sciences. The research conducted is Descriptive and Analytical in nature. The nature of the study is indicative which has the potential to collate the behavior and the experiences of credit card users in the Indian context.

3.1 Objectives of the study

As the credit cards are finding their way in every purse and wallet the researcher wants to delve into the psyche of the credit card users and learn about the experiences of the card holders, his preference for credit cards, usage habits, satisfaction levels, awareness about the credit cards, the fears and doubts that surround him, their susceptibility to frauds and the remedies that are available to them. Moreover the credit card owners must also be aware of the laws governing the use of credit cards in India. In short, how to get maximum benefits from their credit cards without incurring any losses.

The objectives of the study are:

- To assess the experiences of Credit Card users amongst the credit card holders of Malad – Borivali areas of Mumbai.
- To educate the masses about the credit card – its contents and security features.
- To identify the need and preferences of the people for possessing credit card.
- To study the problems and difficulties faced by the users of credit cards.
• To study the effectiveness of the services provided by the issuing establishments.

3.2 Hypothesis

This study mainly tries to quantify the experiences of the credit card users. The preference of credit card holders, their usage habits, satisfaction and problems faced by them. While formulating the hypothesis ‘review of literature’ played an important role. Mathew L. and Slocum J., (1969). had found a correlation between income and the usage of credit cards in 1969. To ascertain if the same holds true even after four decades correlation is being tested here in this report. Ucal M., O’Neil M.L. & Cankaya S., (2011) have found through their research that Turkish women have greater awareness about interest rates and other charges levied by the issuers hence an hypothesis has been added to verify the same in the Indian context.

The hypotheses tested are:

1) \( H_0 \): Proportion of credit card users are satisfied with the credit card services provided by the issuers.

   The above hypothesis is tested for various services which are as follows:

   1) Misled by promotional campaigns

   \( H_0 \): Proportion of credit card users are not misled by promotional campaigns / advertisements.

   2) Problems getting points redeemed

   \( H_0 \): Proportion of credit card users do not face problems getting points redeemed / money back.

   3) Levy of service charges

   \( H_0 \): Proportion of credit card users to whom service charges have not been levied without prior information.
4) Victims of faulty billing

\( H_0 \): Proportion of credit card users are not victims of faulty billing.

5) Statements received on time

\( H_0 \): Proportion of credit card statements are received on time.

6) Issue of new cards before expiry of old one

\( H_0 \): Proportion of new credit cards issued before the expiry of the old one.

II) \( H_0 \): Men and Women have equal awareness about interest rates, service charges, terms & conditions etc. related to credit cards.

The above hypothesis is tested for three parameters which are as follows:

1) Knowledge of terms and Conditions

\( H_0 \): ‘Knowledge of terms and conditions offered by the bank’ and ‘gender’ are independent of each other

2) Knowledge of interest rates

\( H_0 \): ‘Knowledge of interest rates charged by the bank’ and ‘gender’ are independent of each other

3) Knowledge about other rates charged

\( H_{03} \): ‘Knowledge about other charges levied by the bank’ and ‘gender’ are independent of each other

III) \( H_0 \): There is no significant difference among the average level of marital status of credit cards users.
3.3 Collection of data

Data was collected from both Primary and Secondary sources.

The Primary data was collected by floating a structured questionnaire. The review of literature and its influence became a logical force for developing the questionnaire. Views and opinions of knowledgeable persons were kept in mind while framing the questionnaire. In order to get a fair idea of the effectiveness of the questionnaire, the questionnaires were floated among few respondents and technically speaking the questionnaire was subjected to ‘Pilot Testing’, ambiguities and anomalies were rectified. The modified questionnaire became a source of collecting data which is provided in Appendix B.

The Secondary data was collected from the following sources:

- Published books
- Published articles and reports from journals
- Newspapers
- Magazines and periodicals
- Articles from websites providing complementary information.
- Government publications with reference to subject under the study.
- Information from various libraries.

3.4 Structured Questionnaire

A Structured questionnaire was used to collect the necessary information and it served as primary data to answer the study questions and objectives pertaining to experience of credit card users. The questionnaires were mainly collected personally by contacting the respondents. The data could be collected by convincing the respondents that their responses would be used only for academic research and the ‘University Identity Card’ was of great help.
The survey questionnaire consists of 4 distinct sections, each containing questions pertaining to different parts of the study. The questionnaire consisted of 42 questions, of which 9 questions being focused on demographics, 5 questions about the use of ‘plastic money’, 23 questions pertaining to services provided by the issuers and credit card users awareness & experiences and 5 questions related to credit card frauds. The questionnaire mainly contained closed ended questions.

Purposive sampling was used to collect data mainly from the credit card users. Even though the method adopted has limitations in terms of generalisation as compared to other methods of sampling, it is assumed that the sample represents a fair part of the credit card users. A sub set of purposive sampling known as ‘snowball sampling’ was also adopted.

The data was collected over a span of 12 months, from known users of credit cards in addition to the credit card users at various shopping malls, restaurants, banks and franchised outlets. In order to get an overall view an attempt was also made to collect some information from respondents especially those who had discontinued using the credit cards.

3.5 Sampling

The sampling focused mainly on credit card users, with an even mix of people of both sexes i.e. ladies and men in order to rule out gender bias in the samples of the results, a research design advocated by Hair et al., (1955).

An attempt was made to have a larger sample size but time became a major deterrent. Hence a total of 300 sample size was thought to be adequate for this study. A total of 350 questionnaires were printed and used. Out of which 242 questionnaires were received. Each of the responses received were checked for errors and incomplete responses. However, those questionnaires that had more than 16.6% (7 questions out of 42) incorrectly answered or unanswered were not considered for the data analysis. (12 in number) Only those that had less than 16.6% (up to a maximum of 6 questions) were considered for the analysis in case the answers were incomplete. The researcher resorted to office editing and the missing data was filled in on the basis of the respondents desire to communicate.
(Kale & Ahmed, 2009) After carrying out the screening process 330 questionnaires were considered as correct and complete and valid for data analysis. This is approximately 94.282% which can be considered to be good keeping in mind various constraints.

3.6 Processing of data

The edited questionnaires were recorded. The Data was subjected to classification on the demographic parameters, usage pattern of credit cards, preferences of using credit cards, services rendered by the issuers, credit card users’ experiences and details about frauds. The data which were classified and analysed were grouped as follows:

1. Apart from the name and address, demographic details included information about of the respondent on the basis of : Sex, Age, Marital status, number of dependents, Education, Occupation and Income,

2. General information about credit cards was obtained about number of credit cards possessed, name of credit cards used, type of card and name of the service provider (association).

3. Service provided by the issuers related to issue of: new cards, statements, renewals and annual fees charged.

4. Details about credit card users’ awareness and experience included details such as: awareness of terms and conditions, interest rates, other charges levied by the issuers, mode & date of payments.

5. Experiences of the credit card users was based on questions such as victim of faulty billing, misled by advertisements, difficulties in getting rewards/points redeemed, charges levied without prior information and experience while contacting the helplines.

6. Credit card usage patterns were gauged through details such as whether used online or offline, frequency of using and reason for using the credit cards.
7. Details of loss of credit cards, whether victims of fraud, monetary losses and overall satisfaction from using the credit card.

Finally the data was codified for tabulation purposes.

3.7 Statistical methods

The various statistical techniques that have been used in the data analysis are as follows:

Tables and frequency distribution analysis is used to determine the demographic profile of the respondents. Exploratory data analysis was adopted to explain some of the responses. Cross tabulation and statistical tools such as averages, Pearson correlation, etc were used. For testing the null hypothesis Chi-Square test, ANOVA and ‘Z’ Test were used.

Exploratory data analysis was adopted to gauge the attitudes and preferences of the respondents towards the credit cards. Various tests to prove the null hypotheses were: Z test was used to analyse the services and the experiences of the respondents, Chi square test was used to assess the awareness of the card users, and ANOVA to check whether marital status of the card holder had an effect on credit card users. The Karl Pearson’s formula for bi-variate frequency distribution is applied to test if there is any correlation between (i) ‘income of an individual’ and ‘number of cards possessed’ and (ii) ‘income of an individual’ and ‘number of times card is used in a month’.

The tables of cross tab, Frequency distribution analysis, t-test, Pearson correlation coefficient and Chi-square test results of various Null Hypotheses are given in the technical analysis of the subject under study in Chapter V.

3.8 Methods of reporting:

The research reporting consists of both textual and non textual formats for effective understanding. Chapter numbers I, II, III IV and VI of this report is in the popular method and consists of textual information in a lucid and simple language,
while Chapter V is largely technical and hence presented in textual and non textual
which is presented mainly with the help of tables, bar diagrams, pie diagrams etc

Thus the research methodology adopted is for the understanding of the Objectives
and for proving the hypothesis and the null hypotheses framed for the study. The
methodology explains details about the sampling, method of sampling adopted,
collection of data, editing, tabulation. It makes use of various statistical tools for
the interpretation and analysis of data to test and to prove or disprove the
hypotheses. The details are then reported in a manner that is the accepted practice
in conducting social research.