Chapter 5
Findings and Suggestions

Introduction
In the present chapter the researcher discusses findings emerging from the study and suggestions for making credit card system efficient, effective and user friendly. The findings are discussed under the sub-heading; general findings, research findings and findings arising from testing of hypotheses. Suggestions are discussed under the sub-heading; general suggestions and research based suggestions.

General findings

➢ It is found that there exists gender imbalance in card holders as there are very few female credit card holders when compared to male credit card holders in the Hyderabad-Karnataka Region. The ratio of Male and Female credit card holders is approximately 12:1. (Table 4.1).

➢ Majority of the credit card holders belong to the age group of 20-30 and 30-40 years. These respondents put together workout to 67.50% for the whole region. (Table 4.2).

➢ It is found that majority of the credit card holders are graduates and postgraduates. Together these groups have about 75% of the card holders for the whole region. (Table 4.3).

➢ It is found that majority of the credit card holders are Private Employees, Business men and Professionals. The respondents put together for these three occupations workout to 74.75%. (Table 4.4).

➢ It is found that majority of the credit card holders’ income lies between Rs. 20,000 – Rs. 40,000 and Rs. 40,000 – 60,000. These respondents put together workout to 53.5%, for the entire Hyderabad-Karnataka Region. (Table 4.5).

➢ Majority of the credit card holders hold one card (86.5%) and the others hold (13.5%) two or more cards in the Hyderabad-Karnataka Region. (Table 4.6).
Research findings

- It is found that majority (52.25%) of the credit card holders are influenced to use credit card by bank personnel in the Hyderabad-Karnataka Region and almost the same result is found for districts understudy also. (Table 4.7).

- Low interest rate has considered on the main reason for obtaining credit card by 31.25% of the respondents in Hyderabad-Karnataka Region. (Table 4.8.1)

- It is found from the study that the highest number of respondents have ranked 1 to the low interest rate in Bidar district for obtaining credit card by the respondents. (Table 4.8.2).

- It is found from the study that the highest number of respondents have ranked 1 to the low interest rates in Kalaburagi district for obtaining credit card by the respondents. (Table 4.8.3).

- It is found from the study that the highest number of respondents have ranked 1 to the low interest rates in Yadgir district. (Table 4.8.4).

- It is found from the study that 13 respondents each (out of 60) have ranked 1 for low interest rate and credit limit as the reason for obtaining credit card in Raichur district. (Table 4.8.5).

- It is found from the study that 14 respondents (out of 60) have ranked 1 for low interest rate as the reason for obtaining credit card in Bellary district. (Table 4.8.6).

- It is found from the study that the highest number of respondents have ranked 1 to the low interest rates in Koppal district. (Table 4.8.7).

- A significant number of credit card holders (31.82%) have HDFC Bank credit card in the Hyderabad-Karnataka Region and this is almost true for the districts understudy also. (Table 4.9).

- It is found that 43.75% of card holders have chosen their bank, for obtaining credit card, due to their past relationship with the bank. (Table 4.10).

- It is found from the study that 89.04% of the credit card holders are using Visa and MasterCard service. (Table 4.11).

- It is found that 65.03% of the credit card holders are using Gold and Platinum types of card in the region and this is almost true for districts also. (Table 4.12).
It is found from the study that majority of the respondents’ card credit limit ranges from Rs. 50,000 – 1,00,000 and above Rs. 1,00,000. These respondents put together workout to 40% for the whole region. (Table 4.13).

It is found that majority of the credit card holders are using credit card for less than 2 years and between 2 – 4 years i.e. 40.5% and 27.5% respectively for the whole region, which is almost true for the districts covered understudy. (Table 4.14).

It is found that 35.5% and 32% of the respondents are using credit card once in two months and once in a week respectively, in the entire Hyderabad-Karnataka Region. (Table 4.15.1).

It is found from the study that out of 400 respondents 115 (28.75%) respondents are using credit card for both online and offline purchases. (Table 4.15.2).

The segment-wise frequency of use of credit card reveals that the highest number of respondents in each segment (online, offline and both) are using the credit card once in two months. This is 35.39% for online users of credit card, 35.51% for offline users of credit card and 35.65% for both (online & offline) users of credit card. It indicates that a good number of respondents use credit card very occasionally. The analysis of research data reveals that a very small percentage of credit card users are using it every day. Their percentage is 8.42% (for online users), 8.41% (for offline users) and 7.82% (for both online and offline users). (Table 4.15.3).

It is found from the study that 52% of credit card holders are using credit card as a mode of payment in Hyderabad-Karnataka Region. The result is almost same in the districts also. (Table 4.16).

Majority (50.75%) of the credit card holders’ monthly spending is less than Rs.10,000 in Hyderabad-Karnataka Region and it is almost same for the districts covered understudy also. (Table 4.17).

It is found from the study that 53.25% of credit card holders in Hyderabad-Karnataka Region maintain the balance in their card for future purchases. The district-wise analysis reveals that the respondents in Kalaburagi, Raichur, Bellary
and Koppal are carrying a balance which is more than 50% of the limit provided to card holders. (Table 4.18.1).

- It is found that majority (77.93%) of the credit card holders are paying their dues between 1 – 4 months. This result is almost same even district-wise too. (Table 4.18.2).

- It is found that very few credit card holders (2.75%) in Hyderabad-Karnataka Region are using credit card for availing cash back benefit given by the merchants and banks. It indicates that most of the credit card holders are not interested in availing cash back benefit offered by merchants and banks. (Table 4.19).

- Majority of the card holders are using credit card for shopping – online and offline, travel – ticket booking, petrol pump and utility payments like mobile recharge, DTH recharge, electricity bill payment etc. These respondents put together workout to 74.61% in the Hyderabad-Karnataka Region. (Table 4.20).

- Majority of the credit card holders (50%) got refund of payment within 15 days from the date of cancellation of their online purchase. (Table 4.21).

- The study reveals that the use of credit card has brought change in the monthly spending of 72% of the respondents in the Hyderabad-Karnataka Region. Almost the same results have been derived in the district-wise analysis of Bidar, Kalaburagi, Raichur and Bellary. However, in case of Yadgir and Koppal the percentage of such respondents is 55.83%.

Out of 72% of the above said respondents 84.94% of the respondents have revealed that such change in their monthly spending is mainly due to convenience, life style and discounts & offers. (Table 4.22.1 & 4.22.2).

- Majority of the card holders (65.5%) in the Hyderabad-Karnataka Region are satisfied with the credit card features and its usage. This is almost same for districts understudy also. (Table 4.23).

- Majority of the card holders i.e. 67% are satisfied with the services provided by banks in the Hyderabad-Karnataka Region, this is almost same for districts also. (Table 4.24).
Hypotheses based findings

- The researcher examined the dependency factor between members’ age and card duration. The results have been obtained after testing it through Chi-square test of independence. Except Kalaburagi and Raichur districts, the hypothesis for all other districts of Hyderabad-Karnataka Region is accepted. However, for the Hyderabad-Karnataka Region the hypothesis is rejected. The dependency factor in Kalaburagi and Raichur districts is rejected. (Table 4.25).

- The researcher examined the dependency factor between occupation and usage of credit card. Except Kalaburagi and Raichur districts, the hypothesis for all other districts of Hyderabad-Karnataka Region is accepted. For the Hyderabad-Karnataka Region, the hypothesis is rejected. The dependency factor in Kalaburagi and Raichur districts is rejected. (Table 4.26).

- The researcher examined the dependency factor between income and usage of credit card. Except Raichur district, the hypothesis for all other districts of Hyderabad-Karnataka Region is rejected. For the Hyderabad-Karnataka Region, the hypothesis is rejected. The dependency factors influence respondents’ income and usage of credit card in the entire region and different districts of Hyderabad-Karnataka Region except Raichur district. (Table 4.27).

- The researcher examined the dependency factor between credit card limit and monthly spending of cardholders. Except Koppal district, the hypothesis for all other districts of Hyderabad-Karnataka Region is rejected and also for the entire Hyderabad-Karnataka Region. (Table 4.28).

- The researcher examined the dependency factors between cash back offer and monthly spending of cardholders. Some interesting and contrary results have been obtained after testing it through Chi-square test of independence. Except Kalaburagi, the hypothesis for other districts of Hyderabad-Karnataka Region is accepted. The dependency factor does not influence between cash back offer and monthly spending of respondent card holders in different districts of Hyderabad-Karnataka Region except Kalaburagi district. Similarly, the hypothesis set for Hyderabad-Karnataka Region, reveals that cash back offer and monthly spending are dependent. (Table 4.29).
The researcher examined the dependency factor between occupation and purpose for which the card is used. The hypothesis for all the districts of Hyderabad-Karnataka Region is accepted whereas hypothesis for Hyderabad-Karnataka Region is rejected. The district-wise results indicate independence factor between occupation and purpose of credit card. In other words, occupation of card holders does not influence the way credit card is used for different purposes. (Table 4.30).

There exists strong relationship between credit card limit set by banks and expenditure of credit card holders. The banks may go ahead in increasing credit card limit depending upon the expenditure of credit card holders. Also, the association between these two characteristics analyzed numerically using coefficient of correlation (denoted as ‘r’); accordingly, the Hyderabad-Karnataka Region’ correlation stands at r=0.7688, indicating a strong relationship between credit card limit and expenditure of credit card holders. (Table 4.31).

There exists relationship between income and expenditure per month of credit card holders except for Bidar district. Also, the association between these two characteristics was analyzed numerically using coefficient of correlation (denoted as ‘r’); accordingly, the Hyderabad-Karnataka Region’ correlation stands at r=0.0572, indicating positive relationship between income and expenditure per month of credit card holders. (Table 4.32).

The correlation between usage and purchase pattern of card holders exists. The positive and negative correlation was obtained equally in six districts of Hyderabad-Karnataka Region. But observing closely, correlation is almost zero indicating poor relationship between usage and purchase pattern of card holders. This is also evident from the hypothesis which is accepted in all the districts of Hyderabad-Karnataka Region. (Table 4.33).

The researcher conducted correlation to understand the strength of association between cash back offer and expenditure per month. The study found that the hypothesis is accepted in all the districts of Hyderabad-Karnataka Region. It indicates that all the districts have shown negative correlation between percent of cash bank offer and expenditure per month. Usually, it is believed that more is the cash back offer, more will be the usage of credit card. But our statistical study has
shown that, though cash back is offered to the customers by merchants/intuitions, it did not influence in the increase of usage of credit card. Therefore, it can be presumed that cash back offer may not be an attractive tool towards increasing the usage of credit card. (Table 4.3).

➢ The assumption was tested using Hypothesis test for proportion for reason behind using credit card. It is found from the study that not less than 75% of the credit card holders used it for shopping purpose. This can be true, because now-a-days larger retail stores and online stores offering expensive electronic goods and other items on installment basis which can be convenient if customers hold credit card. (Table 4.35).

➢ The researcher wanted to know the reason behind owning Visa card. Many options were considered among them are Visa Card, MasterCard, Maestro Card, etc. The initial assumption seemed to be more respondents having Visa card. This assumption is tested using Hypothesis test for proportion and the finding shows that researcher was right in assessing the reason behind using credit card. Not less than 75% of the credit card holders own Visa card. (Table 4.36).

➢ The researcher found that at least 90% of the respondents own single credit card. This can be true because the region of Hyderabad-Karnataka is not yet exposed to the culture of plastic cards intensely. (Table 4.37).

Suggestions

Following are the suggestions made on the basis of the findings of the study:

General Suggestions

➢ It is suggested that the card holder should decide upon which credit card to go for only after doing a thorough analysis on different credit cards, services offered by various banks to their credit card holders, interest rates etc.

➢ It is suggested that the customers should choose the credit card after analyzing their requirement and the ability of the card to fulfill that requirement. Make sure that there are no hidden charges.
➢ It is suggested to keep one copy of the credit card with details like its number, expiry date and the security number safely which will be of help in case of loss of card by theft etc. to block the use of the card.

➢ It is felt that the card holders spend more when they use credit card instead of cash. So, it is suggested that the card holders need to be very careful about what they are going to purchase and how they are going to repay.

➢ To keep the credit card spending under control, it is suggested to use cash or the debit card for everyday purchases and save the credit card for buying larger/more lasting items.

➢ Card holders can avoid paying interest on their credit card purchases by paying the outstanding balance in full in each monthly billing cycle. As long as card holders pay off their balance at the end of every cycle, the card holders will not pay an interest.

➢ It is suggested that the card holders must keep a record and check regularly the transactions made by them in order to avoid confusion and provide for smooth handling and better usage of credit card.

➢ It is suggested to the bankers/merchants/institutions to reduce the rate of interest on various services like international payments, travel ticket booking, petrol filling and cash withdrawals from the ATMs.

➢ It is suggested that the card holders should be able to get credit card with low annual fee and low interest rate.

**Research based suggestions**

➢ The study reveals that there are very few female credit card holders in the entire Hyderabad-Karnataka Region. So, it is suggested that women should be induced to use credit cards. This can be achieved by creating awareness about the benefits of credit card. New schemes with no annual fee, low interest rate (compared to men), better EMI facility, etc. should be introduced to cater to their specific needs.

➢ The study has revealed that most of the credit card holders belong to the age group of 20 – 40 years. Hence, it is suggested that the banks should issue credit card to the persons of younger age, on convenient terms. The existing conditions
like holding a bank account for earlier period and ensuing regular income source like salary etc. lead to difficulties in the issue of credit card to the younger generation. Hence, the issue of cards to young potential card holders should be on convenient terms. However, it is not our view that banker should extend credit without verifying repaying capacity.

- Most of the card users are graduates and post-graduates. So, it is suggested that the banks should create awareness about the utility of the credit card amongst the persons with lesser education level. It may be done by counseling such persons, who do not have the credit card but have the bank account.

- The study revealed that only 8% and 16% of the respondents, who belong to Agriculturists’ and Government employees’ categories, respectively, have credit cards. This proportion seems lower when compared to the respondents belonging to the categories like Private-sector, Business men and Professionals. Hence, it is suggested that the banks should create awareness among Government employees and agriculturists to avail credit card facility.

- Credit card should be made popular among the people with lower level of income because the necessity of credit is more felt in case of such persons rather than the persons with higher level of income. So, the focus of the banks should be the people with lower level of income as regards to the issue of cards.

- The study revealed that private-sector banks are popular amongst the card holders. Alternatively, it reveals that public sector banks are not putting enough effort in the issue of credit card. Since, the network of public sector banks is huge and they have more branches in rural areas, it is suggested that the public sector banks should increase issue of credit card, more specifically, in rural areas. So that, the potential card holders in towns and villages of the Hyderabad-Karnataka Region will be benefited.

- The study revealed that a significant number of card holders (43.75%) have taken credit card in the bank where they have an account. Going by this aspect, if induced, almost the same number of account holders of public sector banks would be in a position to possess the credit card and this will enhance the number of card holders in the Hyderabad-Karnataka Region significantly.
Majority of the card holders are using their cards for less than 4 years. It indicates that the awareness and usage of credit card is of recent past. It is suggested to the bankers to motivate potential account holders to avail card. For this purpose seminars and workshops may be conducted. More and more use of cards by the people of this region leads to use of modern technology by customers and in turn encouraging the bankers to adopt new technology.

From the study the researcher came to know that 52.25% of the card holders are influenced to use credit card by bank personnel. It indicates that other media like television, print, internet and sales persons are not so effective source of information to avail credit card. So, it is suggested that the bankers should use print and electronic media to promote credit card.

The study reveals that most of the card holders are not using their card even after giving higher percent of cash back offers by merchants and banks in the entire region and also district-wise too. Hence, it is suggested to the merchants and bankers that –

- Cash back should be provided on the products needed by the card holders.
- The products offered under the cash back scheme should be worthy of purchase (quality-wise).
- The price of the product quoted under the cash back scheme should be competitive one.
- Discounts should be provided instead of cash back by merchants/institutions.

The study indicates that most of the card holders have been using their credit card for shopping; ticket booking, filling petrol and utility payments like mobile recharge, DTH recharge, electricity bill etc. But very few card holders are using their credit card for hotel – room booking and payment of insurance premium. So, it is suggested that bankers should approach hotel industry in the study area and make them accept payments through credit card.

The researcher feels that if the above said suggestions are implemented properly the credit card system becomes efficient, effective and user friendly and thereby encourages
more and more persons to embrace this new technology based banking service in the Hyderabad-Karnataka Region.

**Scope for further research**

Credit card service is an emerging technology based service offered by the banks. This service is in the growth stage and likely to grow at a faster rate in the next 10 – 15 years. The researchers have vast potential to undertake further research studies in the area of credit card system. The research studies in credit card may be undertaken on the basis of / in relation to:

- Geography/Region
- Demography
- Types of card
- Issuing bank
- Service provider
- Card accepting merchant
- Government policy towards credit card etc.