CHAPTER - II

REVIEW OF LITERATURE
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Literature review is very important in research work as it refers to the history of the work done in a particular field. Noah Webster, in his 1828 dictionary, defined History as “Annals relate simply the facts and events of each year, in direct chronological order, without any observations of the annalist”.

Only with the help of history we can learn how to improve upon the experiences of the past and avoid the mistakes done again. An understanding of the past enables us to make better sense of today and prepares us to accept the challenges of the future. It is always important to study the past to decide the strategies for the future.

The concept of using card for purchases was described “in 1888 by Edward Bellamy in his utopian novel ‘Looking Backward’” (The Crest edition of TOI, TPI, 2011). Bellamy used the term ‘credit card’ eleven times in this novel. “The Credit Cards originated in the US in the early 40s. Credit cards actually have their roots in the first bank card named ‘Charg-It’ issued in 1946 by John Biggins a banker in Brooklyn bank”. (Gerson E.S. & Woolsey B., 2012).

The modern credit card –made of cardboard –is mainly used for convenience and entertainment purposes that are Diners Club Card. It was introduced in 1949 by Frank McNamara and his partner Ralph Schneider, when they wanted an alternate to cash. However it was “in September 1958 that a small plastic card called the Bank Americard was mass mailed by the Bank of America, California to their Account holders (later became VISA cards). And eight years later, in 1966, the banks comprising the Western State Bank Card Association issued the Master Charge Card (later became MasterCard). With the introduction of the magnetic Strip in 1970, The Visa and the MasterCard became a part of the information age and dominated the market of credit cards of today”. However, the use of credit card has become universal with the coming of internet where purchases could be made online.
The study has undergone the previous research both from India and foreign countries to get better understanding about the various element of credit card holders and their spending habits.

**E-Commerce**

Internet is one component which has developed for the past one decade as the ingredient of quick and rapid lifestyle. The advent of information technology in the field of commerce has given birth to E-commerce. It helps in connecting business people for official purpose; internet is playing as a central hub for all.

Electronic commerce plays a major role in all the sectors, especially in the banking industries. E-banking is operating with the support of internet known as internet banking and encourages people to use online banking.

**Gomathi. V (2010)** studied the “Impact of E-Commerce on Marketing” and opined that the initiative of e-commerce was taken to reduce transaction costs and to deliver value-added services to the customers and organizations. The paper examined the types of e-banking credit card technologies available to customers and organizations. It also examined how various technologies may enhance accessibility, affordability and easiness of use for the customers and organizations.

**Ankita Pahuja (2011)** emphasized on anti-competitive issues on “E-Commerce in India”. Developing E-Commerce in India has become a platform for anti-competitive issues and agreements in the future. E-Commerce provides the goods at lower cost and saves the time of the consumers. Online services such as banking, ticketing, bill payments, hotel booking, etc. have benefitted the customers. She stated that the high technology market competition may be fierce but the businesses may achieve significant market power. There are some international cases where anti-trust issues have come up with E-Commerce as a platform. She concluded that the credit card market in India is growing at a fast rate at the same time it should keep an eye on the credit card companies that indulge in the anti-competitive practices to increase their profits and suggested proper steps which should be taken to prevent it.
E-Banking

Nitu Gupta (2007)\(^3\) studied “E-Banking in India” and analyzed the significant differences between the banks that offer Internet Banking and that do not. Foreign and Private Sector banks provide broad range of services over the internet which the public sector banks are lagging behind. She also suggested that the banks must conduct periodical surveys and take the customer views on the simple ways of using E-banking.

Ravinder Kumar and Nidhi Walia (2007)\(^4\) in their research paper studied the information about two aspects (i) E-Banking and (ii) Comparative analysis between public sector, private sector and foreign sector banks. E-Banking has changed the whole concept of banking by giving more avenues to banks that offer variety in their card business.

Finally, they concluded that the private and foreign banks are in top with respect to e-banking and public sector banks which are surely going to touch new heights in the near future.

Nishi Sharma (2012)\(^5\) studied the “Indian User’s Perspective Towards E-Banking” and explored the different factors which are essential for securing patronage. The study observed the design of e-banking services tailored to meet the needs of the local population.

The study further suggested that the e-banking must have six qualitative factors viz., Easiness in Transaction, Customer Relations, Efficient Processing, Safe Transactions, Availability of Services and Reporting. Further, the banks must provide timely transactions receipt and maintain accurate records as a part of reporting.

Komal & Vandna Rani (2012)\(^6\) focused on E-Banking Scenario and stated that latest scenarios are concerned with ATMs, internet banking, mobile banking and credit cards in India. They analysed customer’s satisfaction and the problems faced by them. They concluded that the banker must provide services according to their needs, dreams and expectations of the customers. Further, there are untapped
rural areas in India where the E-Banking services have to be expanded. Similarly the ICT infrastructure facilities are also not well-developed so the need for good infrastructure is identified.

**Internet Banking**

Pepreya B.K (2006)\(^7\) pointed out that internet – banking is usually very useful for prompt payments and would also provide various facilities to the customers especially for 24 hours, anywhere and at anytime. At the same time some risk related to security problems were involved but still customers prefer number of facilities anywhere and anytime through e-banking. So he suggested internet – banking should be made cheap, best affordable and should be secured from the present risks.

Sakkthivel A.M (2006)\(^8\) in his study focused on the impact of demographics which influenced Indian internet users in consumption of different services online. A survey was conducted of 570 internet users in Bangalore and the study revealed that a significant impact on consuming different categories of services online was based mainly on age and occupation. He said that opportunities were available for online marketers to tap the potential of fast growing online market space in India. He suggested that through demographics, there was also a better focus of understanding and mapping of online consumers.

Meera. C (2010)\(^9\) pointed out that “Internet Banking” is changing the banking industry and is having a major impact on banking relationships. RBI has constituted a working group on internet banking for the purpose of banking products in India which is divided into 3 types:-

1. Information Only Systems (i.e. interest rate, branch location and product).
2. Electronic Information Transfer Systems (Customer account balances, transaction details, statement of accounts – through password).
3. Fully Electronic Transactional Systems (Networking and security, inter-bank payments)
The study also analysed the various services offered through E-Banking (Bill payments, Railway pass (for local trains), Phone recharge and shopping) and concluded that banking is highly essential to respond to the needs of customers and also to generate awareness regarding the advantages of internet banking.

**Eze U.C. & et al. (2011)**\(^{10}\) proposed the “Factor That Manipulate Young Malaysian Adults to Use Internet Banking Services”. The study found that the crucial variables to increase the usage of internet banking services among young Malaysians included perceived usefulness, perceived relative advantage, self-efficacy, perceived credibility and trial-ability.

His study also suggested that as most young adults are university students, banks should launch campaigns organized in universities and conduct road shows to raise awareness among people.

**Online Banking**

**Qureshi T.M., Zafar M.K. and Khan M.B. (2008)**\(^{11}\) studied the “customer acceptance of online banking”. The study noted that majority of the customers were accepting online banking culture due to many favourable factors, namely usefulness and security. Privacy was identified as an unique factor of online banking system in Pakistan. The other factors were amount of information which was provided to the customers by way of advertisement through print and electronic media about online banking which was highly useful. This had a positive effect on customers to accept online banking system. Online banking system is getting appreciation in different parts of the country as a result, customer are being moved from traditional banking system to online banking system.

**Riquelme H.E., Mekkaoui K.A and Rios R.E. (2009)**\(^{12}\) found that customer service and online attributes which forecasted overall satisfaction had highlighted that satisfied customers used more online banking features than less satisfied customers. The sample of 185 customers were drawn from one of the main banks in Kuwait, the Middle East and multiple regression and discriminant analysis were used to analyse the data. The findings suggested that satisfaction was mainly
due to improving courtesy, content, less time and product and services offered. Majority of the customers in the sample were also satisfied with the service and online systems attributes. The study discovered that the companies that offered wide product portfolio and relevant website content were accompanied by prompt and courteous response which also created satisfaction through online.

Hua G. (2009)\textsuperscript{13} enquired the online banking acceptance in China by an experiment and investigated how users perception about online banking where affected by the perceived use of website and the privacy policy given by the online banking website. The 110 undergraduate students in Chinese university were indulged in the investigation. The study found that both perceived ease of use and privacy policy had important effects on user’s adoption of online banking. The study also proposed relative importance of perceived ease of use, privacy and security. Perceived ease of use was given less importance than privacy and security. Security was considered the most important factor influencing user’s adoption. The study also discussed the results and limitations of online banking.

Alternate Money

Banks with the help of internet have come out with an innovation to make a cashless society i.e. replacement of cash with card.

Worthington, Steve (1995)\textsuperscript{14} studied “The Cashless Society”, and configured the rationale of those who were keen to promise the cashless society and the results for marketers charged with winning customer acceptance for payment by plastic card. In connection with European plastic card market, they proposed recent developments within the United Kingdom (U.K) in the use of plastic cards as a means of payment. The plastic card payment product was examined under the three headings namely pay later, pay now and pay before and a view is offered as to the future prospects for each type of plastic card in contributing to the development of the cashless society.

Santomero, Anthony M. and John J. Seater (1996)\textsuperscript{15} made a study on “Alternative Monies and the Demand for Media of Exchange” and proposed the
various alternative money with the help of Baumol – Tobin model such as prepaid cards, cash cards - electronic purse, smart cards, etc. and their demand for media of exchange. They found that range of asset consumption was decreased as household income fell below, utilization patterns of media of exchange differ with the same income but different levels of income among consumption of goods and household articles that contribute largest share of income & growth of economy.

Puri, Vishal (1997)\textsuperscript{16} interpreted many innovative smart card applications covering areas such as telecommunications, transport, banking, health care and employee/ membership schemes. The study focused on how the banks, financial services firms, information companies and card issuers gradually changed their delivery plan as well as their businesses to meet the growing need for remote delivery, brand equity and differentiation. Smart cards acted as payment vehicles, access keys, information managers, marketing tools and customized delivery systems. It also discovered possibilities of an electronic purse starting from a possible stored value to a reloadable stored value card, which literally replaced low – value cash transactions. Smart cards then became a part of bank’s concept of remote delivery system in the future, because smart cards are new delivery system. Besides, the paper emphasized on some of the issues which concern banks and they suggested for collaboration between banks and provided mass introduction of smart cards.

Trask N.T and M.V. Meyerstein (1999)\textsuperscript{17} studied “Smart Cards in Electronic Commerce” as an enabler for electronic commerce and also analysed the short term barriers in the widespread use of smart cards. The important manipulations in terms of standard, working groups and the action of major players in connection with the smart card arena were also highlighted.

Evans, David S. and Richard L. Schmalense (1999)\textsuperscript{18} wrote a book on “Paying with Plastic – The Digital Revolution in Buying and Borrowing”. In it they pictured major innovations and developments in the field of payment. They mentioned about companies on co-ordinating payment systems. This helped the bankers to improve their credit card business which also boosted their income and
where customers are attracted towards the innovation and development in the credit cards offered by the bankers.

**Octopous Card**

Ming T.L (2011)\(^{19}\) studied the “Value Chain Flexibility with RFID: A Case Study of Octopus Card”. The Octopus Card introduced in 1997 in Hong Kong. It was the world’s most widely accepted electronic payment system based on Radio Frequency Identity (RFID). Charges from nearly 11 million passengers were collected during the year 2010. The Octopus card was a contactless smart card which was deducted with an electronic reader payment and these cards were reloaded for any denomination.

**Credit Card Marketing**

Credit card marketing is new approach to meet heavy competition in the market. Banks have started marketing their product through internet, to attract and satisfy their customers’ needs. One among them is credit card marketing.

Nagaraj (1991)\(^{20}\) undertook a study on “Credit Card Marketing of Andhra Bank” to know about the potential segments for formulating appropriate strategies and assessing the level of satisfaction of card holders. For this purpose, he collected data from 49 merchants and 271 people who use Andhra Bank credit cards and analysed using Lotus and Stat Pal Programmes. In his study he observed that \(\frac{1}{4}\) th of the card holders surveyed were patronizing the banks’ credit card for more than five years and the average membership age was 3 to 4 years, around 80 percent of the card holders had a turnover of less than Rs. 3,000. 56 percent of the respondents had credit card from other agencies. Nearly 77 percent of card holders had acquired it for convenience, 37 percent for emergencies and 17 percent as status symbol. Finally he concluded that the study is recommended for setting up of marketing efforts among professionals, government officials and public sector employees.

Rao, Durga S. (2004)\(^{21}\) studied the “Marketing Strategies : Study of Bank Credit Cards”, compared the marketing strategies of two of the commercial banks – Citi Bank and Andhra Bank. They also examined the customers’ satisfaction in
relation to their credit cards and suggested various steps for improving credit card business by considering its advantage and scope in the business. They noted that City Bank was able to create a wider market due to its customer’s relationship strategies.

**Comparison of Credit cards with Debit Cards**

Though banks offer several cards to their customers, they have their own choice of selecting cards as per their needs and ability. Debit and Credit cards have equal acceptance among the customers.

Caskey, John P. and Gordon H. Sellon Jr. (1994)\(^{22}\) have proposed factors that have limited the debit card’s success and also evaluated the prospects for future growth. They also found that consumers who used credit cards are not interested in debit cards. Most of the consumers’ decision with regard to credit cards was based on non-price factors such as convenience and availability. They insisted that convenience users of credit cards found that debit cards were suitable because they need not write cheques at the end of each month to pay off credit card debts, which were helpful in controlling their spending since they could spend only what they had in their account.

Carow, Kenneth A. and Staten (1999)\(^{23}\) investigated “Consumer Preference among Debit Cards, Credit Cards, and Cash for Gasoline Purchase”. Education, income and credit cards are linked with greater use of credit cards than cash. The greatest determinant of a credit card user is convenience not borrowing capacity of credit. They also found that consumer’s ownership and use of credit cards were related to the holding of certain type of account and it revealed payment preference.

Snellman, Jussi S., Jukka, M. Vesala and David Humphrey (2001)\(^{24}\) studied about the “Substitution of Non-Cash Payment Instruments for Cash in Europe,” The study noted that the substitution of non-cash (cheque, giro, credit and debit card) payments for cash transactions was of interest for monetary policy and for determining central bank’s future revenue. By using public information on
currency stocks, non-cash payment and card payment technology for 10 European Countries, they developed a novel method for cash transactions and the future cash use were also developed. According to them the spread of debit and credit card payments was the key factor behind the substitution of cash as the use of electronic cash was still in its infant stage.

**Mann Ronald J. (2002)** made a study on “Credit Cards and Debit Cards in the United States and Japan”. He compared the usage of Credit and Debit cards in United States and Japan. Mann identified some differences between the size of the nation and the attitude of the cardholders. Average spending and use of Credit card in the US was at a high level. Japan being a smaller nation its telecommunication cost was high which affected the retailers. Moreover the Japanese preferred to pay to clear their dues in one go on the due date.

**Humphrey D.B. (2004)** studied about the “Replacement of Cash by Cards in US Consumer Payments” based on an econometric model. Over a period of twenty five years the use of cash has fallen as people went for cashless transactions. Over the years, cash was replaced by cheques, cheques were replaced by credit cards and now debit cards have replaced both cheques and cash. Thus economics all over the world are changing from cash to cards in their day to day transactions.

**Stix, Helmut (2004)** in their paper studied “How do Debit Cards Affect Cash Demand? Survey Data Evidence”, focussed how EFTPOS payments and ATM withdrawals affect cash demand. The study revealed that cash demand was affected by debit card usage and that there were significant differences in cash demand for individuals with different debit card usage frequencies. Additionally the cause of EFTPOS payments at the point-of-sale was also discussed.

**Saha, Tapash Ranjan (2006)** in their article “Debit Cards Overtaking Credit Cards in India”, established comparative characteristics of both credit cards and debit cards and their volume of transactions from 1995 to 2005, which showed that debit cards growth has outpaced by credit cards.
An "Debit or Credit?" - The study investigated that individuals who carry revolving Credit card balances are more in number than convenience users to adopt debit. There is a critical difference between adopting a payment instrument and actually using it at the point of sale. Zinman and Klee focused on individuals and said that the individuals who lack self control may claim a debit card. Moreover revolvers who face liquidity problems may use Credit Card to avoid insufficient liquidity. Both the study concluded that payment preference specifically tailored to addressing the issues, they exhibited the relationship between revolving credit card balances and payment use.

Sarangapani A. and T. Mamatha (2008) in their article “The Growing Prominence of Debit Cards and Credit Cards in the Indian Banking Industry”, focused on the growing prominence of debit and credit cards by giving appropriate statistics, comparative characteristics of both credit and debit cards and also pointed out the popularity of debit cards than credit cards.

Nayak, Tapan Kumar and Manish Agarwal (2008) in their paper “Consumer’s Behaviour in Selecting Credit Cards”, pointed out the factors influencing the selection of credit cards among consumers. The major factors analysed by them were service offers, promotional offers, interest benefits, cash benefits, ease of payments, payment charges, card benefits and time benefits.

Credit Card

As there are many cards offered by the banks to their customers, majority of the customers prefer to use credit cards as in case of debit card, customers can use only the amount which they have in their account. In credit card, customers use it and fulfil their needs and pay the amount later.

Ingram and Pugn (1981) made a study on “EFT and Bank Cards: Household Attitudes and Practices”, consumer ownership and usage of bank credit cards and found that young married couples, retired heads of households, sole survivors and single member household had only few bank credit cards. The study
also identified that household income level and education were positively linked with bank credit card ownership.

Al-Zubaidi (2002)\textsuperscript{33} defined Credit Card as ‘a card which gives the right to the holder to deal with many shops’ that are consistent with the issuer of the card to accept the granting of credit for the cardholder to pay off his or her purchases, who will give back the value of purchases to the bank within 25 days from the date of purchase. If the payment was done during the period the customer pays no interest to the bank for this service, but he or she bears an interest of 1.5\% on the remaining balance without payment. From the seller of the total value of the invoice, the bank earns a commission of 3-5 \%.

Chakravarti Sujit (2003)\textsuperscript{34} analysed the “Theory of Credit Card Networks- A Survey of the Literature” and discovered that credit card usage and benefits to consumers and merchants by comparing other payment instruments. In modern days credit card networks have come under check from regulators around the world. The costs and benefits of credit cards to networks participants were also determined. He suggested that several theoretical models were designed to study the results of several business practices of credit card networks. The results of these economic models will be helpful in future as well.

Hayashi, Fumiko and Elizabethe Klee (2003)\textsuperscript{35} investigated the “Technology Adoption and Consumer Payments: Evidence from Survey Data” and proposed that payment choices depended on consumers propensity to adopt new technologies and nature of transactions. They also analysed the use of consumer payment instrument at the point of sale. It also stated about the consumers trend of using new technologies and computers which is likely to include e-payment instruments like debit cards, credit cards, smart cards, etc.

Masters, Adrain and Rodriguez (2005)\textsuperscript{36} in their article “Endogenous Credit Card Acceptance of Precautionary Demand for Money”, came out with a model as to, how the use of credit cards could differ so widely across the countries. Retailer’s propensity to accept cards reduced the need for buyers to hold cash as the chance of stock-out (of cash) was reduced. When retailers made their decision in
relation to credit card acceptance they did not take into consideration the effect of the decision on the other seller.

Bernthal, Mathew J., David and Rose, Randall L. (2005)\textsuperscript{37} in their study, “Credit Cards as Lifestyle Facilitators” identified credit cards as an important facilitator of consumer emancipation within the current market structure through lifestyle. The study also analysed the accounts provided by consumers, credit counsellors and participants in order to develop a differentiated theory of life style facilitation through credit card practice. The skills and tastes of different credit cardholders helped to differentiate between the life styles of higher cultural capital relative with lower cultural capital. They pointed out the differences in lifestyle regulation practice, which usually originate in cultural discourses related to entitlement and frugality. Hence, they developed a model of credit card practice with regard to life style regulation.

Bansal N.K. (2006)\textsuperscript{38} in the article “Plastic Card Currency – A Convenient Mode of Payment”, detailed on the role of plastic money, its various forms and the positive impact of plastic money on the lives of different styles of people and acceptance of credit cards as a convenient mode of payment in the modern era of electronic technology driven commerce.

Goyal, Anitha (2006)\textsuperscript{39} studied about “Customer Perception Towards the Purchase of Credit Cards”, and highlighted as to how consumers perceive and consider service product characteristics (core benefit, facilitating service and supplementing service) in pre-purchase examination and the position of supplementary services at product levels. The data analysis stated that consumers considered service product characteristics during pre-purchase examination of credit cards and respondents as simple to make purchase decision on the basis of supplementary services. The results revealed that existing supplementary services elements were perceived more of expected features than augmented features of credit cards.
Orr, Bill (2006) in their article “Virtually Cashless Society”, highlighted the arousing changes in the field of payment industry and brought forth the uses of cashless society and the need for micro payments infrastructure.

Slagel, Shayna Lee, et al. (2006) studied about “Credit Card Debt Reduction and Developmental Stages of the Lifespan” and evaluated the connection between theory based developmental stages of the lifespan and factor associated with troubling debt and change. Results were based on survey responses of 263 participants. Stages of the lifespan were linked to anxiety over credit card debt and the confidence participants feel that their ability to get out of debt. The results were tried in various events and increased credit card usage.

Sudhakar G. (2014) studied about “Plastic Money” which aimed to analyse, whether the customers and the business community enjoy the benefits of using plastic money as a medium of payment instruments. The study also examined that cardholders must use the card wisely and must avoid unnecessary purchases to enjoy the benefits of using plastic money as a payment instrument.

Consumer Behaviour

The following review comes out with the consumer behaviour with various prospective and also the reviews on the ATM.

Slocum J. and L. Mathews (1970) made an analysis on “Social Class and Income as Indicators of Consumer Credit Behaviour”. They analysed the influence of social and income variables on credit card selection and usage among cardholders in USA. They identified that the lower socio-economic class used their cards for instalment financing more than higher socio-economic classes. Upper classes used their cards as a means of payment and found it very convenient. Lower classes were buying commodities more than the middle classes, who feel that they should save money and make postpone payments. They suggested that age, sex, and marital status were the significant determinants of credit card selection and its usage.

Contrasted”, examined cardholders attitudes towards credit cards noted that Canadian and American cardholders agreed that credit cards were useful as they are safer than cash and it helps in impulsive buying. In their study they suggested that both Americans and Canadians had similar pattern in attitudes towards ownership of credit cards, even though their behavioural characteristics are different.

Moneesha Pachauri (2002) reviewed the “Consumer Behaviour”. The study analysed that there are a number of distinct genres or styles of consumer behaviour research. This was based on many perspectives. The traditional perspective was a failure as a result new perspective like interpretive perspective and postmodern perspective emerged. The wider views like new techniques and perspectives attempts to study consumer behaviour in the light of rapidly evolving - lifestyles, values, priorities and social contexts. She suggested that consumer decision making processes and behavioural outcomes are studied to bring about predictions and change. The overall goal of such research endeavour is to achieve better understanding of consumer behaviour.

Jajoo Rupa Dwarkas (2011) analyzes the “Consumers Perspective Towards Credit Card”. Credit card can be considered as a good substitute for cash or cheques. The study analysed that there is a lack of awareness among women. It is found that cardholders are using private bank’s card and satisfied with the services. The suggestion is that various banks should adopt right marketing strategy for promoting their customers satisfactions and future growth of sales. The issuing bank should take necessary steps to create awareness among various customers of such services.

Sudhagar S. (2012) studied the “Perception and Awareness on Credit Cards Among Bank Customers in Krishnagiri District”. The study found that ICICI credit cards are more popular than SBI and HDFC credit cards. He noted that the attitude of card holders is classified into “Positive Attitude” (availability of emergency funds and shopping without cash) and “Negative Attitude” (Higher rate of interest and debt trap).
The study concluded that many of the persons refused their credit cards. Further, in the year 2009-2010, many of the card holders surrendered their credit cards and preferred Debit cards as there is more safety.

Kamran Siddiqui and Mahwish Anjum (2013)\(^{48}\) studied the “Perceptions Towards Credit Card Usage in Pakistan”. The study focused to find out the individual differences among credit card users with reference to their age and sex. The study showed the differences which exist in the credit card usage with regard to age and sex. It also pointed out that some of the social needs have affected the perceptions of card usage due to the respondents’ economic situation.

Sudershan Kumar (2013)\(^{49}\) analysed the “Consumers’ Attitude Towards Credit Cards”. The study focused on the usage pattern and the grievances faced by the card users and the effects made to remove such grievances by the card issuers. On the whole, it resulted that credit card users believed that credit card are useful and they felt that they are better off with the credit card than without them. Credit cards appeared to be a perfect substitute for the instalment purchase plans and consumers liked the convenience offered through credit cards.

Esmaeil Arabzadeh and Sara Aghaeian (2015)\(^{50}\) made a study on “The Relationship of Usages and Management of Credit Cards on Lifestyles and Purchasing Behaviours of Cardholders”. The study aims to examine the impact of credit cards usage on the lifestyles and purchasing behaviour of cardholders. The study resulted that management of using a credit card has not influenced purchasing behaviour, but the usage of the credit cards itself had an impact and it has influenced the purchasing behaviour.

ATM

Banknet India (2006)\(^{51}\) made an analysis on “316 ATM users” during 2006 and the survey was limited to India in getting insight into users’ perceptions. Most of the customers use (56 pc) ATM services for bill payments and prepaid mobile recharge whereas 64 pc respondents felt comfortable with depositing cash/cheques
through ATM but they have to wait in long queues and found no money left in the machine. Overall, ATMs were preferred over branch banking by majority (95 pc) of the respondents who also showed the increasing popularity of e-banking among the public.

**Kukkudi and Deene (2006)** studied the “Impact of ATMs on Customer Satisfaction with Special Reference to SBH” with sample size of 100 respondents. It identified that ATMs were used mostly by the age group of 25 – 35 years with more male members. 79 pc use ATMs weekly whereas 85 pc were aware about the restrictions concerning ATMs usage and the numbers of ATMs were enough to meet only current needs. The study also suggested that popularizing ATMs among the maximum customers would benefit banks in the long run.

**Garg and Jham (2006)** investigated the factors that influenced Indian customers to adopt ATMs by using factor analysis and focused on the influence of demographic and psychological variables of 296 customers of six selected banks such as SBI, PNB, ICICI, HDFC, ABN and IDBI. It also evaluated that most of the respondents were below the age of 35 years and the users with lesser experience faced more problems when compared to other and they looked for reliability of information. There were problems of dim vision of screen and they used ATMs highly for withdrawals and rarely for deposits.

**Nair K.N.C (2006)** examined the “future challenges of technology” in banking and revealed that automation of 20 pc branches covering 80 pc business followed by large banks conveniently eliminated their rural branches. Technology usage improved the effectiveness of operations in banks and declined the cost as ATM transaction costs 25 – 30 pc of a counter transaction and electronic system made the banking operations easy and more attractive and also risky because of ignorance of human touch. It also pointed out how IT poses a bright future in rural banking.

**Uppal (2010)** studied about e-transactions and cost-effective method for banks to reach out to the customers and the growth of ATM’s during a period of seven years from 2000-2007. It also suggested that private sector banks were better
than other banks except foreign banks in providing ATM services as they earned more profit. There was a need for awareness about the ATM’s services among the customers, particularly in rural and semi-urban areas.

**Spending Decision**

The spending habits of the cardholders differ as per their nature and other demographic factors. The review highlights the spending of the cardholders using credit card.

Mandel L. (1972)\(^{56}\) studied the “Credit Card Use in the US” and identified that family income and education of the card holders were the primary determinants of credit card usage. Higher income and better educated families were using the credit cards than lower income families because credit card was initially marketed to higher income people. He found that families around the largest cities (urban areas) were more likely to use credit cards and families with different incomes enjoyed differently the advantages and disadvantages of credit cards. He also suggested that the high income families found safety and convenience to be definite advantages while the lower and middle income families considered the credit facility as a definite advantage.

Canner G.B. and A.W. Cyrmak (1986)\(^{57}\) studied the “Determinants of Consumer Credit Card Usage Patterns” and evaluated more specifically bank card holding and its usage patterns. The study analysed a decline in the proportion of families with two bank card accounts between the years 1978 and 1983. The study also pointed out that the ‘house hold’ segment was likely to hold a wide variety of cards; and that higher income and more financially sophisticated families were likely to be credit cardholders. Nearly half of all card holders used their cards primarily for ‘convenience’ purposes, which was directly related to family, age, income and financial liquidity and indirectly related to a family’s relative debt position.

Feinburg R.A. (1986)\(^{58}\) studied the “Credit Cards as Spending Facilitating Stimuli: A Conditioning Interpretation”. The study focused on credit card as the
casual factor in facilitating spending and concluded that since Credit Card stimuli were closely linked with spending, they activated sequence of behaviour that increased the motivation to spend, the amount to be spent and the probability of spending have decreased.

Avery R.B., et al. (1986)\textsuperscript{59} made a study on “The Use of Cash and Transaction Accounts by American Families”, where credit card was treated merely as one of several forms of payment methods. All their findings strengthened the strong positive correlation between income, education, wealth, urban city, middle age and credit card use.

Chebat J.C., M. Laroche and H. Malette (1988)\textsuperscript{60} study on “A Cross-Cultural Comparison of Attitudes Towards the Usage of Credit Cards” and examined some cross-cultural differences in attitude towards Credit Cards for English-speaking and French-speaking Canadians. The largest factors in usage were the user’s financial situation and the preference towards credit cards for both. The English-speaking group, where concerned more about costs, accuracy, safety, practicality and facilities. Those in the French-speaking group where concerned about costs, accuracy, over consuming and over spending indicated that they were afraid that Credit Card use would affect their spending behaviour. According to their study income and education were positively related to frequency of Credit Card usage. They finally suggested credit card penetration was lower among French Canadian than English Canadian.

Kaynak E. and T. Harcar (2001)\textsuperscript{61} studied “Consumers Attitudes and Intentions Towards Credit Card Usage in an Advanced Developing Country”. They made an enquiry on consumer behaviour and intentions towards credit card ownerships and usage in an advanced developing country, especially knowledge structure, beliefs, desire and dislikes as well as behaviour of credit card owners in the possession and the use of credit cards were analysed. Data for the study were obtained from 673 credit card holders and non-card holders in the Turkish city of Istanbul. The managerial and public policy results for banks and credit card issuing firms were offered for decision making purpose.
Sonam D. & Cheema A. (2002) studied about “The Effects of Credit on Spending Decision: The Role of the Credit Limit and Credibility”. The researchers stated that the ‘credit limit striked out the propensity to spend’, as the general perception was that the higher credit limit people had potential to higher future earning and they were willing to spend more and took advantage of the enhanced credit offer, whereas those with lower credit limits were careful while spending.

Caron, Kenneth A. and Michael E. Staten (2002) Highlighted on “Plastic Choices: Consumer Usage of Bank Cards vs. Proprietary Credit Cards” and interpreted substitution of (bank) cards for proprietary cards and how issuers forecast which consumers were most likely to substitute convenience and rebates were the main reasons for using a bank card. However consumers utilize their proprietary retail cards to adopt better service. They concluded that these results helped to explain the increase in popularity of ‘co-branded cards’.

Metwally M.M. and J.N. Prasad (2004) in their paper “Factors Restricting the Use of Credit Cards in GCC Countries” utilised Logit-Probit Regression Analysis to evaluate the factors determining the probability of using credit cards often in domestic transaction in the member of the GCC (Gulf Corporation Council) which included: Baharain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. The state of Qatar was used as a case study where a sample of 385 consumers were surveyed. Respondents who hold credit cards, were asked to locate their degree of agreement using a five-point scale, with 23 statements related to use of credit cards frequently in domestic transactions. The paper also tested the cause of demographic variables on use of credit cards in GCC countries. The Logit-Probit Regression results suggested that there was a high degree of similarity between the GCC countries and the developed countries regarding the impact of these variables on the intensity of use of credit cards.

Kumar S. and Aravind S.K. (2006) discussed the importance, usage and planning of e-purse in different countries including India and stressed on some issues in connection with e-purse as well as its implementation in India as against Foreign countries. The study also pointed out that e-purse was still at a nascent stage
in India as compared to other e-facilities like credit/debit cards, ATMs etc. Efforts to make e-purse more user friendly like credit cards, providing wider base in terms of issuer, location and service providers to facilitate its usage at transportation services, educational institutions, shopping malls etc. is seen in the future.

Ramalingam P. (2009) made research about “The Usage Pattern of Credit Card Holders”. For this study he collected data by taking sample of SBI, ICICI and ABN banks of Kanchipuram town in Tamil Nadu. The study concluded that higher income group and married persons used the cards to the maximum mainly for the purpose of purchase because of convenience. The Citibank cards were more popular due to dominance in advertising. The study also exhibited that Master and Visa cards were leading card brands in India, his study suggested the banks to increase the overall functioning so as to provide satisfied credit card service to the customer.

Margie Tidwell, Jim Bexley and Bala Maniam (2010) emphasised on “The Swipe and Spend Economy in U.S”. They stated that the credit cards which are otherwise known as charge cards were initially used for fuel purchases but now they have evolved into a total convenience tool. VISA became the first “general purpose” credit card introduced by the Bank of India. Customers complained about the over usage of the card by the companies by applying hidden fees, increasing interest rates and cutting credit limits. The CARD Act helps to alleviate debt burden [interest rate changes and credit limit changes]. They suggested that the college students and senior citizens affecting the global economy need to be addressed. So that the world’s economy can be recovered and stabilized.

Seranmadevi R. (2011) while reviewing the performance of the four banks namely ICICI, IOB, SBI, KVB. She pointed out that many of the respondents are literates and graduates, who, prefer automatic renewal facility and add–on facility. She analysed that most of the customers spend their amount for purchases through credit cards only on auspicious occasions.

Finally, the expectation levels of the customers have risen after Globalization at a higher level. “A satisfied customer is an asset for all banks and adds to the bank’s goodwill”.
Phylis M. Mansfield, Mary Beth Pinto and Cliff A. Robb (2012) identified the empirical research in order to provide insights and recommendations for additional research on credit cards. Credit cards have become a part of the customer culture and are also unique in the market at times to stimulate spending behaviour. The study found that smart phone owners are increasingly using their devices to make purchases. Finally they suggested that future research should consider the similarities and differences between credit cards and recent technological tools, methodological issues that will impact the validity and reliability of the findings and the type of the knowledge required to overcome the difficulty in changing usage behaviour.

Sumathy Kingslin and Vidhya Saraswathi V. (2015) In their paper, they studied about “Providing Security to Online Shopping Using Credit Cards through Text Steganography Techniques”. In this paper a text steganography procedure has been planned with the help of techniques. English based text steganography and word mapping techniques applied in the online shopping area using credit card transaction were analysed. The study concluded that this technique will help to avoid hackers and crackers who takes advantages of finding out the loop holes and was also defeat the data and information at the time of bank transaction, shopping, trading, etc. Data integrity and confidentiality are secured at the time of credit card usage.

Retailers/ Merchant Experience

Credit card usage by the cardholders helps the merchant to get immediate payment, where it reduces the bad debts of the merchants. The following reviews point out the experience of retailers and merchants on credit cards.

Worthington, Steve (1994) made research on “Retailers Aspirations in Plastic Card and Payment Systems - An International Comparison” focused attention on the power and relationships between retailers and their suppliers of financial services. It laid attention to different ways in which retailers were seeking to upgrade their position in the payment system of supply chain. The economics of the supply chain was analyzed and the rationale behind the acceptance of payments by
plastic card was developed. They suggested that the balance of power was transferred from the traditional payment system to the modern payment system provided to the users.

Abdul, Alhassan G., Muhmin and Ibrahim A. Alzamel (2001)\textsuperscript{72} studied “Retailers Experiences and Attitudes towards the Saudi Arabian EFTPOS System” as highlighted by the experience of merchants – advantages / disadvantages towards debit / credit cards. Most of the retailers who adopted this system felt that they were benefited from such adoption. But they did not experience serious problem and were positive attitude thus having towards such system.

Rob, Mohammad A. and Immanual U. Opara (2003)\textsuperscript{73} in their paper “Online Credit Card Processing Models: Critical Issues to be Considered by Small Merchants”, addressed the current state of the online credit card processing system. The credit card processing mechanism, followed by various credit cards processing system were also provided. They highlighted the various models of online, real – time credit card processing system and discussed about factors like cost, complexity and security issues related to introducing such a system and also gave suggestions which were extremely valuable to small business that were venturing in to internet commerce.

Rysma, Mare (2004)\textsuperscript{74} in the paper “An Empirical Analysis of Payment Card Usage” presented an unique data set on the payment card industry to study the issues related with network effects and two sided-markets. The study analysed that consumers focussed their spending on a single payment network (single-homing) though many maintained unused cards that allowed the ability to use multiple networks (multi-homing). A regional correlation between consumer usage and merchant acceptance among the four major networks (Visa, Master Card, American Express and Discover) were established. They suggested that existence of a positive feedback loop between consumer usage and merchant acceptance was resulted by the correlation.

Wright, Julian (2004)\textsuperscript{75} had studied on “The Determinants of Optimal Interchange Fees in Payment System” proposed a model of a card payment system
with two-sided market that allowed for partial participation by heterogeneous consumers and merchants. Taking into consideration the strategic causes arising from competition between merchants, the model was used to characterise the optimal structure of fees between those charged to cardholders and those charged to merchants and more importantly, the level of the interchange fee that banks charge each other. It also examined the existing characterisations of the interchange fee and explained the source of potential deviations between the privately and socially optimal levels of the fee.

Jia Loke Yiing (2007) in his study “Determinants of Merchant Participation in Credit Card Payment Scheme”, he identified that a merchant’s personal background, type of business and total value of sale were significant in determining a merchant’s acceptance of cards in payment transactions. Moreover it was also identified that customer’s usage of credit cards and other merchants’ acceptance of credit cards in payments had a significant impact on a merchant’s decision. He suggested that non-pecuniary strategic factors were stronger drivers and barriers to a merchant’s participation in credit card payments services compared to monetary related factors.

Rangaswamy and Ramesh Kumar S. (2007) in their article “Plastic Money in Retail Distribution” showed the growth of plastic money particularly ATM cum debit cards, its importance in retail distributions, cost effects and advantages. They suggested some tips to avoid frauds and also the necessity of increased credit card usage.

Consumer Satisfaction

A consumer can acquire the goods and service with credit card, when one doesn’t have liquid finance. But consumers satisfy their needs with the help of credit cards. Consumers are satisfied with the usage of credit cards. As it has an impact on the growth of credit card.

Sureshchandar G.S., Rajendran C. and Anantharaman R.N (2002) investigated different approach and observed that ‘customer satisfaction as a multi
dimensional’ construct just as service quality, but argued that customer satisfaction was to operationalized along the same factors (and the corresponding items) on which service quality was operationalized. On the basis of the approach, the link between service quality and customer satisfaction was enquired. The implications showed that the two constructs were indeed independent but were closely related, implying that an increase in one lead to an increase in another.

**Consumer Voice (2006)**\(^{79}\) studied the “Customer Satisfaction” level of 3100 serving banks, credit and debit card holders, etc. The survey was conducted in eight cities, where the majority of respondents were from SBI (17.10 pc) followed by ICICI Bank (8.80 pc) and the maximum surveyed customers belonged to the age group of 26 – 34 years. The study highlighted that Citibank had the most satisfied customers and as a result most of the customers were shifted from public sector banks to private sector banks, mainly because of convenient availability and because of restricted functioning hours of public sector banks. Overall, only 6 pc of the respondents used internet banking and most of them (16.3 pc) were registered with HSBC followed by ICICI Bank (12.6 pc). Citibank was the most over – rated bank as per the study.

**Vanniarajan T. and Nathan S.M. (2008)**\(^{80}\) studied the measurement of service quality and customer satisfaction through “SERVPERF Scale” on various service quality factors and effect on the customer’s satisfaction were analyzed. A systematic sampling technique was adopted. The study found the reliability, responsiveness, assurance, tangibles and empathy as the various service quality factors. The study highlighted that there were significant variations in connection with the respective effects of those observed dimensions on satisfaction and that satisfaction lead to different types of behaviour intentions. They suggested that the reliability, responsiveness and assurance were the most appealing service criterion to the target consumers.

**Chennappa D. (2009)**\(^{81}\) made a study on the “Satisfaction of the Credit Card Holder of the Public, Private and Foreign Sector Banks”. He identified that, the payment system to have undergone drastic change starting from barter system of
payment to metal coins, paper currency and now the plastic money which is preferred by the people of developed and developing countries. Some of the private and public sector banks also showed interest in investing in the credit card business. The study observed that the majority of credit card holders are in the age bracket of 26-35 years and 85-71 percent of the respondents belong to six banks (viz., ICICI, SBI, CITI bank, HDFC, HSBC and Standchart). He concluded that the credit cards are gaining relevance to facilitate industrial, commercial and agricultural transactions and also the participants will have a very bright future.

Choodambigai S.R. (2011) exhibited the “Customer Satisfaction of Credit Cards and ATM Services of SBI”. Since 1991, financial sector reforms were initiated as part of overall economic reforms in the country relating to financial markets which forced the slow-moving public sector banks to adopt fast track approach. Technology brings fundamental shift in the functioning of banks that has transformed the entire business of financial markets with the help of the internet through which we can communicate interactively and instantly. One area of the application of the latest technology is credit cards (short-term loan), ATM / Debit Cards. Credit card is widely used source of conventional credit for restaurants, telephone and television advertised products. Credit card facility of SBI Coimbatore were well received and utilized by the customers when required. The attitude of the card holder was explained well by card holder income followed by sex of the card holder. She also suggested that the well organized and planned performance of the SBI should be appreciated.

Linda Mary Simon (2012) made a study on “Customers Satisfaction towards Credit Card Services Provided by SBI”, with Reference to Coimbatore City. The study was undertaken to know how far Credit Card services reaches the customers, their attitudes towards the usage of cards and the various problems faced at the time of usage and their satisfaction among various activities. The study concluded that majority of the respondents hesitated to comment on the statement “plastic money leads to debt trap” and people also felt that fees and interest charges are more. So, the Government / R.B.I must take necessary measures to make the business more attractive.
Credit Card Growth

Ahuja K., Gwal A. and Singh (2006)\(^8^4\) studied the “Perceptions of 160 Customers of Indore in Respect of Credit Cards Specifically about Their Growth in India”. The study concluded that ICICI in India was the largest cards issuer with customer of 3 millions. But only 14pc of Indians were using those cards. There were about 2/3\(^{rd}\) of males as compared to 1/3\(^{rd}\) females and 89pc customers possessing higher education level from occupational point of view, the majority of card holders were businessmen or servicemen and 71pc were using for the payments like hotels bills, club bills etc. Overall, the study noted that banks give equal attention to female customers with rebates and other benefits; secondly they ensured their safety from malpractices involved in its usage.

Repayments

Consumers use their credit card for meeting some of their expenses and they later find it difficult to repay the amount in the given time and suffer from penalty charges due to default in payment. This leads to risk on the part of banker. Cardholders as well as bankers are facing many problems in using credit cards leading to chances of credit card fraud. The following reviews explain about the frauds and measures to prevent such frauds.

Robert, Till and Hand David (2003)\(^8^5\) in their paper “Behavioural Models of Credit Card Usage”, evaluated the repayment and transaction behaviour with regard to credit cards by using behaviour models. They analysed on development of Markov Chain Models for late re – payment, investigated the different classes of behaviour patterns, explored and predicted the distinct behaviour of credit card usage. They also used over all models for transaction time distribution to predict future behaviour and serve as the basis for predictions of what one might expect when economic circumstances change.

Barry Scholnick, Nadia Massoud and Anthony Saunders (2008)\(^8^6\) In their study investigated “The Impact of Wealth on Inattention in the Context of Credit Card Repayments and the Payment of Penalty Fees”. The prevalence of credit card
mistake provides (i) Delinquent (ii) Overlimit (iii) Delinquent and Overlimit and (iv) Cash advance. The study also showed that poorer individuals have lower levels of financial literacy and also more inattentive to their personal finances, as measured by credit card repayments than the richer individuals. They identified that poorer individuals make financial mistakes because of inattention only.

Credit Card Option to Default

Debra Drecnick Worden and A. Charlene Sullivan (1995)\textsuperscript{87} analysed that cardholders who use cards aggressively tend to make choices in default that maximize the value of their option to default. They argued that some households may ‘self select’, intensely use the credit feature of their cards and paying large interest charges with the understanding that the value of their option to default reduces the expected cost of their credit use, giving more puzzle related to high average level of interest rates for credit cards and consumers. They suggested that consumers would forgo interest rates, discounts and concentrate more on options to default.

Ausubel, Lawrence M. (1997)\textsuperscript{88} investigated “Credit Card Defaults, Credit Card Profits and Bankruptcy” and represented available data on credit card failure to perform duty and charge offs and examined the relationship with data on the number of personal bankruptcy with two general economic factors - namely the cyclical state of the economy and the house hold debt burden. The causes of credit card profitability on credit card defaults were analyzed and the deregulation on credit card profits was also discussed. He also examined the consequences to limit the discharge ability of credit card debt on bankruptcy. Different proposals to limit the discharge ability of credit card debt which would lead to higher profitability of lending to marginal consumers were also explained.

Srinivas. N (2006)\textsuperscript{89} studied “An Analysis of Defaults in Credit Card Payments”. He analysed the socio-economic profile of the defaulters of credit cards, and found out the set of factors which contributed to such defaults and suggested relevant remedies to minimize the default cases. Analysis of reasons implied that economic hardship was the major reason found by majority of the sample units
followed by rigid payment structure and loss of job/business. He suggested that the banks were concerned on the redesign of the payment structure of credit card defaulters in a flexible and affordable manner.

**Risk Analysis**

Mann Ronald J. (2005)\(^90\) studied “Credit Cards, Consumer Credit and Bankruptcy”. He identified the causes of credit card use on broader economic indicators, especially consumer credit, savings and consumer bankruptcy filings. Using appropriate national level data from Australia, Japan, the UK and the US it was found that credit card spending, lagged by 1-2 years had a strong positive cause on consumer credit. There was no significant relationship between credit card use and savings. There was a strong relation between credit card debt and bankruptcy instead and weaker relation between consumer credit and bankruptcy. The relations were robust across lags and models that included variables to control for the causes of economic cycles on bankruptcy.

Anderson M. (2008)\(^91\) made a study on “From Sub Prime Mortgages to Sub Prime Credit Cards”. He concluded that since 2005 bankruptcy law modified the sub prime products safer for credit card companies. The banks were giving more cards to consumers with poor credit history and were charging high fees for getting a new card. Higher amount of penalties was also levied by the bankers for defaults, so he suggested that the consumers must be cautious while accepting new credit cards.

Shenbagavalli R., Shanmugapriya A.R., and Lokeshwara Chowdary Y. (2012)\(^92\) analyzed the “Risk Analysis of Credit Card Holders”. The study investigated two types of risk (i) Financial risk and (ii) Operational risk of the customers. The study stated that the card issuing banks imposes the penalties, fees, service charges, etc. As a result the usage of credit card is less as compared to the debit card. The central bank in the global economies had given guidelines for both the issuing authorities and for the customers with regard to the credit cards. If the card is stolen or misused the customers should inform to the issuing authorities inorder to minimize the risk. They concluded that issuing banks should have a strategy to educate the users of credit card.
Nor Asiah Omar, Ruzita Abdul Rahim, Che Aniza Che Wel, Syed Shah Alam (2013) studied “The Compulsive Buying and Credit Card Misuse Among Credit Cardholders: The Role of Self-Esteem, Materialism, Impulsive Buying and Budget Constraint”. They studied the factors that influence credit card and misuse of cards among the working adults in Klang Valley, Malaysia. It also examined that self-esteem and high compulsive buying behaviour has increased the tendency of the working adults to misuse their credit cards. This has resulted in the need for consumer to be aware of their perception of money and how that attitude transcends into their credit card usage. They must be made to understand that the purpose of credit card is for safe, economic and convenient mode of payment, rather than as a convenient, cost-free line of credits.

Credit Card Fraud

Ghosh S. and Reilly D.L. (1994) made a study on “Credit Card Fraud Detection with a Neural-Network”. With the data provided by the credit card issuers they tested their fraud detection system. Their system covered all types of frauds like application fraud, counterfeit fraud, mail order fraud etc. The network performance in terms of detection accuracy and earliness of fraud was found to be very successful.

Lin Shang – Hung (2000) made a study regarding “An Introduction to Face Recognition Technology”. Frauds committed on internet transactions became a major concern as millions of dollars caused away by sophisticated cyber crooks, so Lin S. stated that the answer was in the use of biometric technology instead of using behavioural methods to detect frauds. As per Lin S. face recognition was highly accurate and user friendly. For best results an additional characteristics in the form of ‘eye localizer’ can be used to avoid variations in the image.

Temple J. (2007) studied about “Older People and Credit Card Fraud”. The study was concerned about the frauds involving aged Australians and made suggestions as how to reduce credit card frauds. The old aged people made most of their purchases online and a fraud ignored their economic well being. They were affected more as they never recover their losses due to lack of mobility and
awareness of laws. He suggested giving freedom to old people from the psychological trauma cased by card frauds.

Rehab Anwer, Shiraz Baig, Dr. Malik Sikandar Hayat Khiyal, Aihab Khan & Memoona Khanum (2009 -2010) they focused on the “Online Credit Card Fraud Prevention System for Developing Countries”. Their study propogated that “card not present” fraud is much difficult to detect as compared to “card present” fraud, as a result people are not interested to make online payment. They suggested fraud prevention technique system must consist of many “Checks” process (stolen, validation, security code, expiry, MIP, RIP).

They concluded that the credit cards are simple to use and at the same time it enhances fraud. In the developing countries, they have not yet designed any secure payments. So, the “Checks System” prevents fraudulent and legitimate transactions.

Umamaheshwari M., Sivasubramaniam S. and Kumar H.B. (2010) studied “Online Credit Card Transactions Using Finger Print Recognition”. With the help of online transactions, the importance was on a secure online payment system through ‘Finger Print Recognition’. Fingerprints being an unique feature, was considered as a best method of authentication. For the purpose of Finger Printing a small sized biometric scanner was incorporated to all laptops and keyboards and the finger prints were authenticated from the database maintained by Credit card issuer.

Dharwa J. N. & Patel A.R. (2011) made a study about “A Data Mining with Hybrid Approach Based Transaction Risk Score Generation Model (TRSGM) for Fraud Detection of Online Financial Transaction”. They analysed a cyber crime detection system with a combination of various approaches like rule base filtering, data mining, artificial intelligence, linear equation and Bayes theorem. A unique feature of this model was that due to the unsupervised data mining technique new frauds can also be detected.

Shailesh S., Dhok (2012) proposed Credit Card fraud detection using “Hidden Markov Model”. In online payment mode attackers need secure code, card number, expiration date, etc. for doing fraudulent transaction. HMM is a perfect
solution to detect fraud through credit card. It considers three price value ranges such as (i) Low (ii) Medium and (iii) High. In fraud detection system, the information about credit card (like credit card number, CVV number, expiry date, name on credit card, etc.) will be checked with credit card database. If the information is correct the user is asked to enter the PIN otherwise when it is incorrect HMM raises an alarm and the issuing bank declines the transaction. Finally they suggested that the HMM is the best solution in detecting fraudulent transactions.

Identification of Research Gap

From the review of studies cited above, it can be found that most of the studies are related with determinants of usage patterns of credit cards, internet banking, online banking, credit card marketing, consumer acceptance and usage patterns. The study on the impact of credit cards is seen only among few sections of the research, so a study in this area will help the bankers to enhance their banking business. Thus the present study focuses on the spending habits of credit cardholders in the semi-urban area and identifies their expectations. This is an attempt undertaken by me in the Tiruvallur district of Tamil Nadu, India.

The studies have been conducted in various aspects and it has been found that there is a tremendous increase in usage of credit card. In the present trend, semi-urban people also prefer to use credit cards because awareness has been created among the people and safety level has been increased, which leads to gradual improvement in the usage of credit card. It is seen that IT/IT related people prefer using credit card more as a “fantasy”. From the previous study, it has been found that, the total spending on credit card has increased by 57%, that is Rs.7,880 crore to Rs.12,380 crore, from May 2011 to May 2013 respectively. The study also shows a sharp hike in overall credit card spending, which has been in the peak during 2007-08. As a result of fraudulent activities, there is a fear among the public and the usage has been reduced. Credit card fraud has been found in large numbers in some of the major countries like U.K., U.S., etc., when compared to India. In the State of Tamil Nadu, the incidence of fraud is comparatively low. RBI has advised the banks, to
establish the ‘Inter Control System’ to check the credit card frauds with certain limits and to strengthen their appraisal system.

The present study has been made to analyse the spending habits of credit card holders in semi-urban region. The study came out with the possible measure to manage the respondent’s expectations and the problems faced by them.

The study ends with the conclusion that the usage pattern of credit cards has a growing prominence in the present trend and is also a challenging opportunity for the banks to attract their customers towards credit cards.

* * *
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