CHAPTER 1

INTRODUCTION

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Consumer credit is an age old problem which is met in an innovative way through Credit cards are a new means of extending credit by the card issuer, be it a banking institution, as in us in most cases, or a business concern, as in a few cases, extends a credit facility, without normal formalities involved in extending credit, the card holder. The cardholder draws money from the issuer of the card or its agencies. Also he buys things or services from approved merchant establishment using the card. The latter simply accept chargeability’s signed by the card- holder. Credit cards made of high grade plastic or plastic like substance, bears the name of the issuer and card-holder, the number assigned to the latter and details as to time and place validity. Carrying the card tantamount to having cash.

But Indian mentality is not very respective to the concept of a credit card because Indians live on yesterday’s money unlike Americans, who live on tomorrow’s money. A large percentage of Americans are one paycheck away from bankruptcy. It is not in our nature to buy things on credit or to live beyond our means. That is why credit cards have not picked up in India.

OBJECTIVES OF THE STUDY

1. To know the system of the credit cards.

2. To study the growth, development, mechanics and challenges of the credit card business.

3. To understand the difficulties in the practical use of credit card.

4. To study the various types of cards issued by different banks.

5. To know the methods adopted for popularizing credit cards.

6. To find out new changes in the credit card system.
7. To know the utility of the credit cards in consumer goods and services.

8. To study the credit card frauds and its prevention.

9. To know it's impact on sales and economy in general.

10. To study the suggestions of the users regarding credit cards.

RESEARCH METHODOLOGY AND PROCEDURE

This thesis will utilize both primary as well as secondary data. The primary data will be collected for the purpose on the basis of a field survey. A questionnaire will be prepared for this purpose will be filled up on the basis of interview and free discussion with selected respondents and through observation method. In order to conduct field survey, interview and questionnaires filled by the bank managers and consumers i.e. actual users of credit cards will be taken as study area. The sample will include issuing companies i.e. bank. A reasonable number of respondents from each category will be selected for interview. Their views and opinions will be taken into consideration. Various statistical techniques will be used to interpret the data as per requirement.

In order to conduct the research, use will be made of important contributions in the subject important journals. Magazines, survey materials, periodicals, Reports, Booklets, Newspapers published in India and abroad.

HYPOTHESIS

Credit card is a cash-free future. Credit cards are as good as cash and quicker than cheques and they stop spending beyond one's means. Credit cards are all set to make a definite impact on life-style of people. A boom in the credit card business expected. Accepting credit card is a competitive tool. The untrapped market is very big. Sure with conscious promotion the potential market can be turned in the reality. Credit card culture will surely prove to be a milestone of economical success of India. Credit cards herald an era of innovative banking, innovative shopping and innovative marketing.
ORGANISATION OF THE THESIS

The study has been arranged in ten chapters.

Chapter 1 : Begins with the introductory aspect such as scope, significance of the topic, objectives of the study, sources of data, methodology and chapter design.

Chapter 2 : Deals with credit cards overview, which includes introduction, historical background of credit cards, parties in credit cards, on Indian banks in credit cards, Advantages of credit cards, Limitations of credit cards etc.

Chapter 3 : Emphasizes types of credit cards, Master and visa cards, International credit cards, Role of credit cards in expanding business of consumer goods and services, Credit cards and Computer frauds, Debit cards, Future of Credit cards.

Chapter 4 : Contains details regarding marketing of credit card. Detailed Procedure has been given.

Chapter 5 : Deals with credit card frauds. It explains magnitude of the problem. Major sources of fraud loss such as : Fraudulent applications, Lost and Stolen cards, Counterfeit and altered cards, Merchant fraud, True creditholder fraud, Internal and External theft, Fraud exposure from new products and markets, Investigation and Prosecution of fraud and some information regarding credit card Management consultancy, Mumbai.

Chapter 6 : Deals with credit card cases as well as credit card Ratings. In this chapter, some cases and their explanation has been given. It also contains credit card ratings.
Chapter 7: This chapter presents materials and methods. The details regarding primary data and secondary data will be given. While the major part of the data has been collected through a survey method, secondary data has been collected from various published materials, such as newspapers, magazines, booklets etc. Thus, it presents the details regarding the nature of data collected, systematization, analysis and presentation.

Chapter 8: This chapter makes an attempt to present the evaluation of credit cards. This part is based on the results and the discussion. It highlights the result of the data collected and analysed for this study. The personal conduct of interview made the researcher possible to acquire the first-hand knowledge of the role played by credit cards, the difficulties faced by the bank managers, also the users to enquire about information which has proved useful in the final analysis.

Chapter 9: This chapter deals with the application for credit cards. It contains information about particulars required in the credit card application forms, the process of credit decision, prescreening, Method of determining - credit worthiness and specimen of different forms issued by different banks for credit cards.

Chapter 10: This chapter presents summary and findings of the study as well as recommendations made by the researcher. It also includes overall summary based on the previous chapters, suggestions to the Government, credit card issuers and credit card holders.
The following Annexures have also been included in this Thesis

1. Specimen Questionnaire for Bank Managers.

2. Specimen Questionnaire for Credit cardholder.

3. List of Bank Managers i.e. Name and Address of the Bank, Phone No.,
   Name of the Bank Manager, his residential address with phone number
   (if any) age and qualification.

4. List of Credit cardholders i.e. Name of the Cardholder and his complete
   residential address. Phone number (if any) type of card which he holds,
   since when he is holding the card.

5. Specimen of Credit card Application forms issued by different banks.

6. Bibliography – List of books, reports, articles referred to for the study of this
   thesis.

Credit cards are all set to make a definite impact on life-style of people. A boom in the credit card business is quite expected. Merchant establishments should enrolled in large number to offer variety to card users in the choice of shops to shop. About forty thousands establishments in India accept credit cards of one firm or the other. True some merchant establishments do not align with credit card business. They hopefully feel enough is enough. Even some feel that credit card sales are a nuisance. This attitude does not seem to be prudent. Incremental sales definitely result and that merchant establishment stands to gain.

Accepting the credit cards is a competitive tool. Visa cards are accepted the world over by ten million shops, hotels etc. Merchant firms should be looking forward and come forward to accept credit cards. The tax paying people number is seven million in India. Assuming these seven million constitutes the potential market. The untrapped market is very big. Sure with conscious promotion the potential market can be turned in the reality. Credit cards are a credit to all, the issuer, the user and acceptor-business-firms. Credit cards herald an era of innovative banking, innovative shopping and innovative marketing.