
Customer's Perception Towards Plastic Money (Credit/Debit Cards) in India

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In India, it is relatively a new concept that is fast catching on. The Plastic money provides convenience and safety to the customers. This research paper was undertaken with the objective of analyzing the perception of the Indian consumers to study the satisfaction level of current card holders, and examine the present position and future prospects of plastic money in India. A pilot study was conducted and the internal consistency was checked using the reliability test. Further, the study was completed with the specified sample for the project. There were fifteen variables selected for studying perception with regards to the plastic money which were reduced to two factors i.e. wide applicability and comfort with the help of the factor analysis technique run through SPSS tool. The findings of the paper suggests to the major players that minimization of the interest rates, implementing more transparent policies, providing knowledge to the employees and dissemination of information among the customers must be created along with providing more facilitating services.

Key Words: Plastic money, customer perception, customer satisfaction

INTRODUCTION

Origin of Plastic Money

Money has been around in one form or the other with some or all of the functions and characteristics, since almost 5000 BC. It has evolved over thousands of years to attain new characteristics and to perform new functions. Even today money is evolving. In fact, the 20th century has seen money change form like no other. Today, plastic payments are common in most developed nations and are gaining around in developing and to some extent under developed countries too. Plastic money is touted as 'tomorrows' payment system. Plastic money has certain advantages over traditional money just as paper money has certain advantages over metallic money. Coins are easy to carry around and useful for small value purchases. Paper currency which is printed in large denominations as well as small, unlike coins, is useful for large value purchases. It can also be stored in a much smaller place than coins. The disadvantage of paper money is that it gets mutilated faster than coins/ metal money.

Emergence of plastic money in India

In India, the foreign banks and organization forayed first into the credit card market. The pioneer in the Indian field is the Citibank's Diner's Club Card which entered in 1969. Recognizing the potentiality of the credit cards, a few Indian banks took early initiative to introduce them. However, it was only during 1981, when Andhra Bank introduced its own credit card, did the Indian Banks constructively

enter the field. Andhra bank is the first nationalized bank to introduce it along with the Vijaya Bank. Credit cards are relatively new to India. Andhra Bank and Central Bank of India introduced credit cards in 1981. As of now there are about more than dozen major banks in Indian and foreign which have entered this line of business, besides some non-banking institutions. Since the plastic money has become as good as legal tender more people are using them in their day-to-day activities. The attitude of people towards credit cards has changed.

Among the foreign banks the ANZ Grindlays Bank came with Visa Classic Card by 1989. Citibank's Master and Visa Cards appeared in 1990 along with Taj Premium Card of the Bank of India which has also issued the ATM Card. Apart from these the Bank of Madras and Bank of Maharashtra also tied up with Canara Bank and Bank of India respectively for issuing their cards.

The Indian Credit card market turned busy with all the twenty eight public sector banks operating in it. The State Bank of India has introduced also the State Bank cheque card. The Indian credit card market is in its growth phase, it recorded a growth of about 30 per cent a year. Debit cards are growing at 40%. The RBI data put total electronic transaction in the country at over Rs.2,35,000 crores in 2006-07. This increased to Rs.3,60,000 crores in the first 10 months (April-January) of 2007-08.

Features of card

The features of modern credit cards such as owner identification, credit limit for its cardholders and floor limit for its merchant establishments, convenience and safety to add value of cards, wider usage or popularity all over the world and dependence on technology to keep operating cost to the minimum, have been a runaway success for credit cards. Along with convenient, accessible credit, credit cards offer consumers an easy way to track expenses, which is necessary for both monitoring personal expenditures and the tracking of work-related expenses for taxation and

reimbursement. Credit cards are accepted worldwide, and are available with a large variety of credit limits, repayment arrangement, and other perks (such as rewards schemes in which points earned by purchasing goods with the card can be redeemed for further goods and services or credit card cash back). Some countries, such as the United States, the United Kingdom, and France, limit the amount for which a consumer can be held liable due to fraudulent transactions as a result of a consumer's credit card being lost or stolen. A credit card is part of a system of payments named after the small plastic card issued to users of the system. The issuer of the card grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user. A credit card is different from a charge card, which requires the balance to be paid in full each month.

Credit card outstanding rising in India

The outstanding on plastic cards has risen by more than 50 per cent to Rs19,345 crores as on February 15, 2008 according to the RBI. The credit card industry in India is still nascent according to VISA. Indians make just 1 per cent of their total purchases by credit cards against 20 per cent by Koreans. The global average is around 9 per cent. The Indian Credit Card market it touched 55 million cards by 2010-2011.

Indian credit card user base grows 30% YoY : India had just 3.5 million credit cards in 2000. As of March-2006, the number has swelled to 19 million, by January 2007 there were 22 million credit cards in India at the end of April-March 2007-08, all together held about 28 million credits cards and Indian had already transacted Rs.56,846 crores through these cards in the year. It represents the average growth of 30 per cent yearly. Not just the number of users have increased, but also the average spending has gone up from \$368 (Rs.16,560) in 2000 to \$437 (Rs.19,665) in 2006 and in 2007-08 to Rs.56,846 crores.

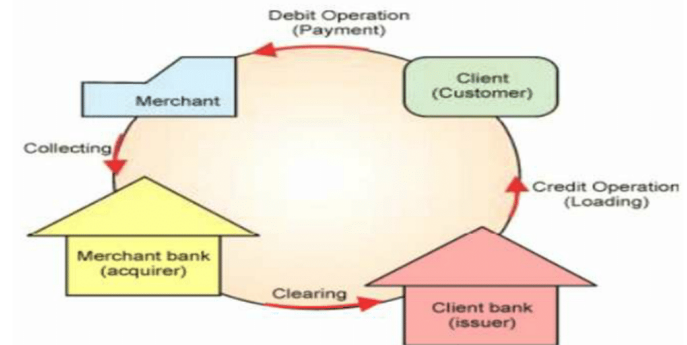


Figure - 1: General structure of electronic payment system in plastic money

Operation of plastic money

Figure 1 illustrates the general structural model common to most electronic money systems, including participants and their interactions.

The card cycle works when cardholder buys certain goods at a shop and pays through his card. The merchant has three copies of the charge slips. One for his own records, one for the customer (which he signs), and one for his acquirer. The merchant presents the copy of the charge slip to his acquiring bank. The acquiring bank pays the merchant, on the basis of charge slip the amount of transaction minus its own commission. The rate of this commission is lesser than the rate of the merchant commission.

The cardholder has two options on receiving the statement. One is that he can pay off the full amount due on his card on or before the due date, in which case, he is said to be using his card as a charge card rather than a credit card since he is not utilizing card facility on his card. The second option is that he pays the minimum amount due (MAD) before the due date, or any percentage greater than the MAD but lesser than the total amount due and 'roll over' or

carry over the balance amount to the next month for a small finance amount charge. The small finance charges generally vary between 1.5%-3% months. In USA there is a law which prohibits issuers from charging finance charges 4% or more per month, unfortunately there is no such law in existence in India at the moment.

Of course, if cardholder fails to pay even the MAD, he has to pay a service charge or fixed finance charge (depending on the rules of the issuer) plus the interest charges. In certain cases, where the acquirer and the issuer are the same, the cycle has three players instead of four. In this case, the issuer makes a little more profit than with the presence of an acquirer in the cycle, since he doesn't have to pay the commission to the acquirer. When translated over a transactions per day, this means a lot of saving to the issuer. Thus there are many issuers who are vigorously pursuing the business of acquiring too.

The actions in this model are: credit (loading) means transferring the monetary value from the issuer to the payment instrument (e.g. electronic purse) of

client. Debit (purchase, payment) means transferring the monetary value from payment instrument of client to the payment instrument of merchant (that is usually payment terminal). In the terminal is then created payment transaction that contains the electronic money and other payment details. Transaction collecting means transferring the payment transactions from the merchant to the acquirer. Payment clearing means clearing of payment request between acquirer and issuer.

OBJECTIVES OF THE STUDY

Every research is carried out with certain set objectives. The present study has been carried out with the following objectives:

- (1) To study the factors affecting customers' perception towards plastic money.
- (2) To study the satisfaction level of current card holders.
- (3) To examine the present position and future prospects of plastic money in India.

SCOPE OF THE STUDY

The study is confined to understand the customers' perception towards the plastic money. The study had been carried out by taking a survey of 100 respondents by convenience sampling method in Delhi by using structured questionnaire and interview technique within the limited time period.

METHODOLOGY

Methodology used for data collection

The present study is based on both primary and secondary data which will be used for the analysis. The data was collected from secondary sources for the analysis of the plastic money industry which includes research papers, magazines and published annual reports. The data for users to study the perception towards plastic money will

be collected using the questionnaire. A structured questionnaire was framed for the study. The sample size for users' questionnaire was of 100 respondents.

Methodology used for data analysis

Factor Analysis technique was used for conducting the research. Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis.

The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed further. If any pair of variables has a value less than this, consider dropping one of them from the analysis. The off-diagonal elements should all be very small (close to zero) in a good model.

Bartlett's test is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is a matrix in which all of the diagonal elements are 1 and all off diagonal elements are 0. This rejects null hypothesis. The Bartlett's test of sphericity is significant if the value is .000. This means that correlation matrix is not an identity matrix.

All the factors extractable from the analysis along with their eigenvalues, the percent of variance attributable to each factor, and the cumulative variance of the factor and the previous factors are shown by using total variance explained output.

The scree plot is a graph of the eigenvalues against all the factors. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten.

Eigenvalue: The standardized variance associated with a particular factor. The sum of the eigen values cannot exceed the number of items in the analysis, since each item contributes one to the sum of variances.

The component matrix table shows the loadings of the variables on the factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The gap on the table represent loadings that are less than 0.5, this makes reading the table easier.

The idea of rotation is to reduce the number of factors on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier. These factors can be used as variables for further analysis.

The tool which is applied for the analysis of the collected data is SPSS.

LITERATURE REVIEW

According to Bowers (1979) longitudinal study, low income users of credit cards tend to use the cards for the installment feature rather than for service features such as convenience, safety, or identification. It has been suggested that the installment feature of credit is needed by the low income consumer to permit purchases such as automobiles, furnishings, and other consumer durables.

According to Lee et al (1999), banks focus on geographical, socio-economical and psychological characters to segment the market for financial services, although this is not the right predictor of the buying behavior. For this purpose, a better approach is to focus on the customer's attitudes and behaviors and segment them by benefit segmentation. Knowing consumers' level of interest in alternative benefits is important in shaping, and perhaps changing a company's product portfolio.

Kaynak and Harcar (2001) focused on the credit card usage between the cardholders and the non-holders in Turkey. They investigated consumer attitudes and intentions towards credit card ownership and usage. The data of the study were collected from personal interviews. They pointed out that there is a significant relationship between demographics and socio-economics characteristics of the users and credit cards' ownership and use. They also suggested that the demographic and socio-economics factors would help the managers to tailor marketing strategies better to individual and target groups.

Similarly, the study of Chien and Devaney (2001) also focused on the perspective of cardholders. They investigated the effects of credit attitudes and socio-economics factors on using credit card from the side of cardholders. The study was based on secondary data from Survey of Consumer Finances in United States. They pointed out that the demographic, economic and credit attitude factors would together influence the use of credit card and there was a correlation effect among those factors.

Globally, Information and Communication Technologies (ICTs) have increased the usage of electronic money and changed the way payments for goods and services are made (Singh, 2004). ICTs have sped up communication and transactions for businesses and customers. ICT enabled electronic channels to perform many banking functions that would traditionally be carried out over the counter.

In addition, ICTs have transformed the banking and financial industry in terms of the nature of core products / services and the way these are packaged, delivered and consumed. Banks and other business alike are turning to ICTs to improve business efficiency, service quality and attract new customers. The ICT revolution in the banking industry distribution channels began in the early 1970s with the introduction of credit cards and ATMs. This was followed by telephone banking, personal computer

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banking in the late 1980s (Kannabiran and Narayan, 2005).

A study on consumer's perspective by Dwarkadas(2011) towards credit card explains socio economic variables like age, educational qualification, area etc. also affect the usage of plastic money in the country. The study states that males are majorly using credit cards as compared to the females. The major reason behind it is the lack of awareness among them. It was found in the study that the card division of the various banks should try to adopt new innovative strategies in marketing and assessment of customer's needs and expectations for promoting customer's satisfaction. According to the study cardholder of the private banks are satisfied with the services.

Another comparative study conducted by Sudhagar(2011) observed that from the analysis of banks customers' awareness about credit cards that ICICI credit cards are more popular which is followed by SBI and HDFC card. Regarding the source of information about credit cards the respondents' revealed that the agents of ICICI bank

were the source of information about ICICI card. In the case for SBI card, advertisements provided the necessary knowledge & for HDFC cards, the bank was the source of necessary information for the customers. Thus the analysis revealed that respondents considered basic benefits, facilitating services and supporting services prior to purchase of credit cards. However, facilitating services were low consideration.

Siddiqui and Anjum (2013) research paper shows the result that some age and Sex differences exist in the credit card usage. The research focuses on credit card services in Pakistan; further research from dispersed geographic areas may be necessary before generalization can be made on the entire service industry. Service providers can use this model for their market segmentation and targeting activities leading to better positioning their products/ services in the competitive banking services.

Data Presentation and Analysis

Demographics

Gender classification

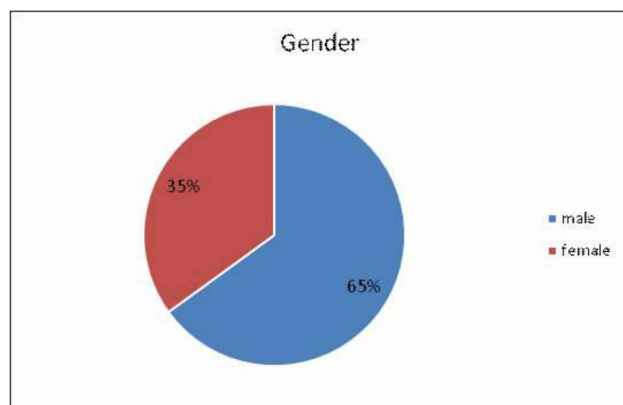


Figure No.-2: Gender classification

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Interpretation

In the figure no.3.1, it represents the percentage of the gender taken for the research. The study has 65% of males and 35 % females.

Gender and type of card use crosstab

Table No.1: Gender and type of card use crosstab					
		Type			
		Credit cards	Debit cards	Both	Total
Gender	Male	14	32	19	65
	female	6	14	15	35
	Total	20	46	34	100

Interpretation

From the Table No.1, more of the males are using credit & debit cards as compared to the females. Also, males are using both debit and credit cards more than the females.

Age groups classification

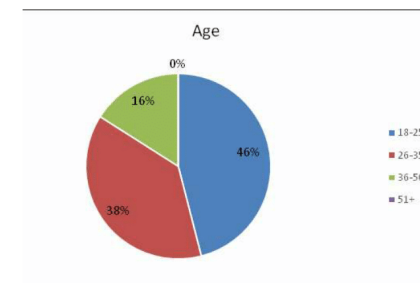


Figure No.-3: Age groups

Interpretation

The Fig. No 3 represents the percentage of different age groups taken for the research. In this, age group of 18-25 years has 46% customers, age group of 26-35 years consists the 38 % of customers and 36-50 years age group is 16% of data.

Table 4: Age groups and type of card used crosstab

Table No.-4: Type of card use by different age groups					
		Type			
		Credit cards	Debit cards	Both	Total
Age	18-25	10	26	10	46
	26-35	8	11	18	37
	36-50	2	9	6	17
	Total	20	46	34	100

Interpretation

From the Table No.4 most of the people in age group 18-25 years are using plastic money more than the rest of the age groups and the people in the age group 26-35 years are using both debit and credit cards simultaneously for payments as compared to the younger age.

Classification of professions

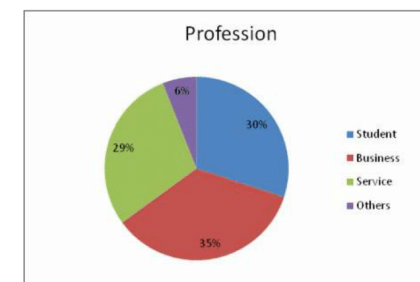


Figure No.5: Different professions

Interpretation:

The Figure no.5 shows the percentage of different professions such as student, business, service and any other. The study consists of 30 % of the students, 35% of the business professionals, 29% of the service class people and 6% are from other professions.

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Table No.5: Type of card use by different professionals

		Type			Total
		Credit cards	Debit cards	Both	
Profession	Student	4	16	10	30
	Business	7	18	9	34
	Service	7	10	13	30
	Others	2	2	2	6
	Total	20	46	34	100

Interpretation

From the Table No.5, it can be seen that students are using more debit cards than credit cards and the businessmen are also more inclined towards using debit cards but services people are using plastic money (both credit and debit cards) more than just using them singly, while other professionals have equal proportions for plastic money.

Data Analysis

This section contains the analysis of the data which was collected through the questionnaire; pilot study was conducted for the research which consisted of 30 respondents to check the reliability, which is used for checking the internal consistency of the data which was obtained more than the acceptable level. Further the data was collected from 70 respondents to complete the study and the data was analysed using the factor analysis.

The reliability test shows the following results:

Reliability Statistics

Table No.6: Reliability test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.705	.711	15

Table no.6, shows the reliability of the data used. It shows the reliability of 0.705, which is greater than the minimum i.e. 0.6, hence shows that the data which has been collected through the questionnaires is reliable for conducting the study.

KMO & Bartlett's test

Table No 7: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.900
Bartlett's Test of Sphericity	Approx. Chi-Square	1328.810
	Df	105
	Sig.	.000

Interpretation

KMO supports factor analysis with the value 0.900 which is greater than the minimum i.e. 0.6. **Bartlett's Test of Sphericity** - Bartlett's test of sphericity is significant. Thus from the perspective of Bartlett's test, factor analysis is feasible.

Interpretation

Factor - The initial number of factors is the same as the number of variables used in the factor analysis. However, not all but 15 factors are retained. In this only the first two factors are retained. Kaiser's rule of retaining factors with eigenvalues larger than 1.00 was used in this analysis as default. As the eigenvalues for the first two principal components were 9.305 and 1.051 retained.

Cumulative% - This column contains the cumulative percentage of variance accounted for by the current and all preceding factors. The third row shows a value 69.041. This means that the first two factors together account for 69.041% of the total variance. **Extraction Sums of Squared Loadings** - The number of rows in this panel of the table correspond to the number of factors retained. In this there are two factors retained, so there are two rows, one for each retained factor.

Rotation Sums of Squared Loadings - The values in this panel of the table represent the distribution of the variance after the varimax rotation. Varimax rotation tries to maximize the variance of each of the factors, so the total amount of variance accounted for is redistributed over the two extracted factors.

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Total variation

Table No.8: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.305	62.035	62.035	9.305	62.035	62.035	5.597	37.313	37.313
2	1.051	7.006	69.041	1.051	7.006	69.041	4.759	31.728	69.041
3	.874	5.829	74.870						
4	.561	3.737	78.607						
5	.553	3.685	82.291						
6	.508	3.386	85.678						
7	.457	3.050	88.727						
8	.416	2.770	91.497						
9	.324	2.158	93.656						
10	.266	1.770	95.426						
11	.236	1.575	97.001						
12	.158	1.054	98.055						
13	.143	.954	99.009						
14	.084	.557	99.566						
15	.065	.434	100.000						

Component Matrix

Table No.-8: Principal Component Analysis

	Component	
	1	2
Convenience	.697	-.302
Cheaper and Beneficial	.846	-.182
Convenient than cash	.897	-.236
Payment of utility bills	.806	-.307
Travelling payments	.851	-.134
Payment of school fees	.799	.048
Buying of movie and cricket tickets	.848	.034
Reliability of payment at petrol pumps	.851	.052
Level of customer services	.859	-.148
Discounts offered	.755	.321
Safest mode of transaction	.792	.320
Misuse of cards change perception	.717	.476
Duplicity of paper money	-.439	.461
Penetration in the future	-.805	-.243
Control on black money	.745	.165

a. 2 components extracted

Rotation matrix

Table No.-8: Principal Component Analysis

	Component	
	1	2
Convenience	.314	.691
Cheaper and Beneficial	.505	.702
Convenient than cash	.508	.777
Payment of utility bills	.392	.768
Travelling payments	.542	.669
Payment of school fees	.625	.499
Buying of movie and cricket tickets	.653	.543
Reliability of payment at petrol pumps	.666	.531
Level of customer services	.538	.686
Discounts offered	.776	.268
Safest mode of transaction	.802	.293
Misuse of cards change perception	.851	.127
Duplicity of paper money	-.017	-.637
Penetration in the future	-.760	-.359
Control on black money	.663	.377

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Interpretation

From table no.8, it shows the loadings of the fifteen variables on the two factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The gaps in the table represent loadings that are less than 0.5.

Interpretation

From table no.9, the idea of rotation is to reduce the number factors on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier.

Interpretation

From the fig. no. 6, the Scree Plot has two lines: the lower line shows the proportion of variance for each principal component, while the upper line shows the cumulative variance explained by the first 15 components. The principal components are sorted in decreasing order of variance, so the most important principal component is listed first.

Analysis of factor components

The factor analysis results hence can be summarized which shows that fifteen variables selected earlier for the research were reduced to two factors. Thus the table shows the two factors as reduced by the factor analysis, these are:

Scree Plot presentation

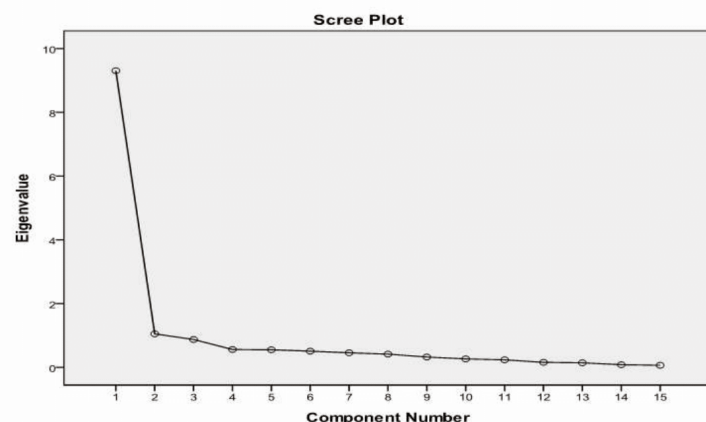


Fig. No. 6: Scree plot of the data

Table No.-10: Analysis of factor analysis output				
Naming of factors	Naming of dimension	Label Loading	Name of the problems	Factor Loading
F1	Wide Applicability	S6	Payment of school fees	9.305
		S7	Buying of movie and cricket tickets	
		S8	Reliability of payment at petrol pumps	
		S10	Discounts offered	
		S11	Safest mode of transaction	
		S12	Misuse of cards	
		S15	Control on black money	
		S14	Penetration in the future	
F2	Comfort	S1	Convenience	1.051
		S2	Cheaper and Beneficial	
		S3	Convenient than cash	
		S4	Payment of utility bills	
		S5	Travelling payments	
		S9	Level of customer services	
		S13	Duplicity of paper money	

Table no.3.9 depicts the analysis of the factor analysis output. Here, the variables are reduced into two factors i.e.

- Wide applicability
- comfort

under these two factors, fifteen variables are segregated after taking a cut-off point of 0.6. Thus the factors were then named accordingly, which tells about the most prevailing factors which motivate consumers to use plastic money for their various purchases.

Findings

The data was analyzed in a number of stages. Factor analysis was conducted for the plastic money usage scale using a multi-step process which includes three steps; (a) extracting the factors; (b) labeling the factors; c) creating summated scales.

- Fifteen factors were selected which may affect the perception of the customers using plastic

money in India and it was later reduced to two factors using factor analysis technique.

Hence, it can be said that most of the consumers are affected by the easy usability of the cards at most of the places and also the comfort level it offers to the users.

- Factor 1 had an eigenvalue of 9.305 and it accounted for 62.035% of the variance. It had loadings on 8 items. This factor was labeled as wide applicability. It reflects the areas where the plastic money is used by the consumers and its presence in the future. They use plastic money services in their routine matters and it is something for them having important in their routine life. The analysis shows that they are the keen user of plastic money and they are keen on keeping them as a utility in their life.
- Factor 2 had an eigenvalue of 1.051 and it accounted for 7.006% of the variance with loadings on 7 items. This factor has been labeled as Comfort. It thus shows how the consumers

are accepting plastic money for their daily work. Here, this factor contribute to the fact that the consumers are using more of the plastic money as it offers them convenience as compared to the cash carried by them. Most of the consumers are found to be satisfied with the present service offered.

- (d) The research also shows that the males are more aggressively using the credit cards as compared to their female counterparts. Also it is indicated from the test that debit cards are used by the customers heavily than the credit cards.
- (e) Age is also acting as an important factor for consideration here, most of the young generation i. e. in the age group of 18 to 25 years is using debits cards more as compared to the older age and the people in the age group of 25 to 35 yrs. are using plastic money for the different purposes.
- (f) Another important factor is the profession of the respondents, which is also making difference in the usage of plastic money as students and the businessmen are more inclined towards the debit cards for the reason because they feel more ease in making the payments and receiving money but the service class people usually don't discriminate between the different cards and using the plastic money.

Limitations

Every research is bound by certain limitations. In conducting this research the following limitations were faced:

- (a) This study was done by taking samples only from Delhi region only, which may not reflect the whole picture of India.
- (b) The parameters were set somewhat narrowly for the scope of this study could be seen as a limitation, as it presents an incomplete view of the findings related to plastic money.
- (c) Another major constraint in the study is the time allocated for the completion of the study.

RECOMMENDATIONS

Based on the findings of the study the following suggestions are made here:

(a) Popularizing the Credit Cards

Credit Card is found to be less popular among the respondents. Hence methods should be adopted to bring a higher degree of popularization of this credit card through mass media channel like television, radio, railway centers, and super markets with a pictorial review of the card facility.

(b) Creating Awareness about Interest Free Credit Period

The most lucrative feature of a credit card is the interest free credit period offered to card holders. Hence awareness should be created about this benefit of credit cards among the non-holders.

(c) Direct Marketing

Credit card issuers, though offer international levels of service and credit support to the card holders, have failed to make an impression among the less educated and the agricultural category with middle level income. They also feel that the cost of credit cards is high and therefore make it a status symbol rather than meeting their needs. Hence, direct marketing by the banking clubbed with other services will be helpful to impress this untapped segment.

(d) Implementing Regulatory Measures

The credit limit availed by many card holders are found to be less than their eligibility limits. The working group on regulatory mechanism for credit cards has suggested measures aimed at encouraging card usage in a safe and secure manner. This guideline should be implemented so that the entire eligible credit limit may be availed by the card holders.

(e) Extending Incentives to all Types of Cards

Despite more widespread usage, most of the credit card users are the more educated with professional types of jobs and high income earners. Most of the card holder incentives are offered for high value cards. Hence it is suggested that incentives should be extended to all types of cards to promote greater usage of credit cards like Exclusive and Silver held by lower and middle income earners.

(f) Providing More Facilitating Services

It is found from the analysis made in the study that supplementary services are perceived more as the expected features of the credit card by the card holders. Hence maximum supplementary service elements should be added to the credit cards.

(g) Providing Knowledge about Supporting Services

It is identified from the study that respondents did not consider the supporting services for purchase evaluation. This is due to inadequate information regarding supporting services. Providing knowledge about supporting services to customers can help the marketers to develop an advantage for themselves in the market Visa Vis other players.

(h) Reducing Interest Rates

One of the reasons for low level of satisfaction of card holders has been the high rates of interest which the card holders are actually paying ranging from 36 to 45 percent. Hence it is suggested that these rates be brought down.

(i) Making the Internal Control System Effective

With the average credit limit of Rs.10, 000 to Rs. 30,000 the credit cards have not made an

attractive case of fraudsters, still a few cases of credit card frauds (02%) have been reported in the study. Hence banks are advised to implement the Internal Control System formulated by the RBI effectively to combat frauds.

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