A STUDY ON CUSTOMERS' PERCEPTION TOWARDS CREDIT CARD SERVICES PROVIDED BY SBI IN NAGAPATTINAM DISTRICT

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ABSTRACT

The paper has been undertaken to study the perception of the respondents towards 20 factors related to credit card usage in Nagapattinam district. The sample size was 600 respondents who are using SBI credit card in the study area. The researcher collected primary data through the questionnaire. The researcher applied a simple percentage and ANOVA as statistical tools. The study found that out of 20 factors considered for the study, the majority of the respondents positively perceived on 13 factors and about half of the respondents positively perceived on five factors. Especially, a high positive perception was found in the services of prompt receipt of the monthly statement, prompt receipt of e-statement, good security system on online payments. The perception level was low in case of convenient payment modes. It was also found that there was a significant difference between the gender of the respondents and their perception level on 17 factors. There was a significant difference between income and perception level and age and perception level on all the factors of perception.

KEY WORDS: *Credit Card, Perception, Bank, Significant and Statement*

INTRODUCTION

Credit cards have changed the lifestyle of people at all levels. Even though there was a time when rich people used to mobilize the usage of the credit cards but at present, so many facilities have eased the middle and lower classes also to use the facility of the revolution in the world of Credit cards. Of course, such a system and the usage also have certain disadvantages like misrepresentation by hefting the code words, frauds committed etc. Since cash can be paid later, almost 50 to 60 percent backlog has increased and the business community also ends up making loss sometimes by availing such a facility endlessly. Even a smaller amount of Rs.100 till lakhs worth transactions is the specifying limit in such deals of using the plastic money concept. Plastic money means Credit card in simple languages. An interest rate up to 42 percent being charged by the companies offering such facilities has increased the consumption limit. The consumers must use this provision but also ensure that they are not made beyond the capacity of their survival. The competitive world definitely is pushing in more and more players to offer such a service but it is the customer who should know to evaluate the pros and cons of utilizing this new revolutionary concept in the world of fast-changing world of Business. Growth must happen and the life of the customers must modernize. At the same time, it should be ensured that unwanted and uninterrupted use of this facility does not lead to unwanted complications. Perception is an important aspect which is to be given importance in marketing studies. Perception is what the customers are actually expecting on the

products from the seller or service providers. This research work analysis the level of perception of the respondents towards the services of the credit card.

REVIEW OF LITERATURE

Afshan Ahmed et al (2009) in their study found that the bankers held a negative attitude towards the use of a credit card. The moderating variables included the marketing campaign of a particular bank, sales teams support, openness from retailers for accepting credit card instead of cash, knowledge about the true interest rate imposed by the banks and the concept of Islamic mode of financing, etc. Sudhakar S (2012) in his study found that majority of the sampled credit card holders (87.25%) consider credit cards as a convenient mode of payment and 90.75 % consumers carry the feeling of reduced risk of carrying cash and 96% consider revolving credit in evaluating the purchase of credit cards. Weng Marc Lim et al (2014) in their study found that Attractive rewards and poor spending restrictions afforded by credit cards were the main influences that caused young consumers to spend more than what they could afford, thus leading to a situation of overspending. Implications and recommendations from the findings are presented. Nigar Sultana and Md. Mahedi Hasan (2016) in their study found that among the influential variables, people are mostly influenced for using plastic money because they think it adds value to their lifestyle. Secure transaction is the most beneficial reason for using plastic money according to the respondents. The problems of using plastic money as found through confirmatory factor analysis, are unavailability of money in ATM (Automated Teller Machine) booths, unavailability of the technology of payment through plastic money in purchase points, and the technological complications faced by the cardholders. Jasmine A (2017) evidenced that most of the respondents were receiving a low amount of salary and relied on credit cards to pay for their school-related expenses. Credit card holders were happy that it saved their time and they need not search for an ATM machine or keeping cash in hand.

OBJECTIVES

- The study is carried out with the following objectives.

- To study the perception of the respondents towards credit card services provided by SBI in Nagapattinam district and

- To assess the significant differences among respondents in perception towards credit card services based on their demographical background.

METHODOLOGY

The paper has been undertaken to study the perception of the respondents towards 20 factors related to credit card usage in Nagapattinam district. For this purpose, the researcher selected users of the credit card issued by State Bank of India. For this purpose, four major towns were selected namely, Nagapattinam, Mayiladuthurai, Sirkazhi, and Vaideeswaran Kovil. From each town, 150 respondents were selected and a total of 600 respondents were selected as sample of the study under a simple random sampling method. The researcher collected primary data from the respondents through well-structured questionnaire. The researcher applied a simple percentage and ANOVA as statistical tools.

RESULTS AND DISCUSSIONS

This portion of the paper presents the results of the perception of the respondents on the usage of the credit card in the study area. For this purpose, 20 factors were selected and the results are presented in table 1.

Table 1: Perception of Respondents on Usage of Credit Card

Sl.No.	Factor	SA	A	N	DA	SDA	Total
1.	Long time to buy credit card	56 (9.3)	187 (31.2)	232 (38.7)	100 (16.7)	25 (4.1)	600 (100)
2.	Not convenient procedure to buy credit card	37 (6.2)	242 (40.3)	138 (23.0)	130 (21.7)	53 (8.8)	600 (100)
3.	High service charges	170 (28.3)	233 (38.8)	105 (17.5)	81 (13.5)	11 (1.8)	600 (100)
4.	High Interest and penalty	190 (31.7)	178 (29.7)	199 (33.2)	33 (5.4)	0 (0)	600 (100)
5.	Insufficient maximum credit limit	137 (22.8)	153 (25.5)	184 (30.7)	106 (17.7)	20 (3.3)	600 (100)
6.	Inconvenient payment modes	91 (15.2)	85 (14.2)	138 (23.0)	213 (35.5)	73 (12.1)	600 (100)
7.	Prompt receipt of monthly statement	215 (35.8)	243 (40.5)	88 (14.7)	54 (9.0)	0 (0)	600 (100)
8.	Prompt receipt of e-statement	160 (26.7)	285 (47.5)	79 (13.2)	43 (7.2)	33 (5.4)	600 (100)
9.	Sending alert through e-mail and SMS are proper	120 (20.0)	209 (34.8)	207 (34.5)	64 (10.7)	0 (0)	600 (100)
10.	High over limit charges	121 (20.2)	273 (45.5)	161 (26.8)	34 (5.7)	11 (1.8)	600 (100)
11.	Difficult procedures to get a new card when old card is lost	97 (16.2)	245 (40.8)	145 (24.2)	72 (12.0)	41 (6.8)	600 (100)
12.	High charges for new card when old card is lost	142 (23.7)	174 (29.0)	193 (32.2)	86 (14.3)	5 (0.8)	600 (100)
13.	Good security system for online payments	121 (20.2)	286 (47.7)	132 (22.0)	61 (10.1)	0 (0)	600 (100)
14.	Good customer care services	82 (13.7)	262 (43.7)	202 (33.6)	45 (7.5)	9 (1.5)	600 (100)
15.	More offers for credit card holders by various merchants	82 (13.7)	243 (40.5)	219 (36.5)	45 (7.5)	11 (1.8)	600 (100)
16.	Reward point system is more beneficial for credit card holders	69 (11.5)	223 (37.2)	248 (41.3)	41 (6.8)	19 (3.2)	600 (100)
17.	High fee for foreign currency transactions	45 (7.5)	250 (41.7)	264 (44.0)	41 (6.8)	0 (0)	600 (100)
18.	Interest-free credit period is short	42 (7.0)	298 (49.7)	213 (35.5)	47 (7.8)	0 (0)	600 (100)
19.	High charges by merchants on credit card payments	73 (12.2)	250 (41.7)	220 (36.7)	40 (6.7)	17 (2.8)	600 (100)
20.	Quick action on complaints made	59 (9.8)	222 (37.0)	181 (30.2)	138 (23.0)	0 (0)	600 (100)

Source: Computed from Primary Data

Table 1 shows that 38.7 % of the respondents neither agree nor disagree the statement that time taken to issue credit card is too long, 40.5 % of the respondents agreed, 16.7 % of the respondents disagreed that time taken to issue credit card is long and 4.1 % of the respondents strongly disagreed the statement. 46.5 % of the respondents either agreed or strongly agreed that the procedure to get credit card was difficult. 23 % of the respondents neither agreed nor disagreed

the statement, 30.5 % of the respondents either disagreed or strongly disagreed that the procedure to obtain credit was difficult.38.8 % of the respondents agreed that the services charges on credit card were high, 28.3 % of the respondents strongly agreed the statement, 17.5 % of the respondents neither agree nor disagree the statement, 15.4 % of the respondents either disagreed or strongly disagreed the statement. It was also noted that majority of the respondents (61.4 %) either strongly agreed or agreed on the statement that interest and penalty are high for late payment, 33.2 % of the respondents neither agreed nor disagreed the statement, only 5.4 % of the respondents disagreed the statement.

48.3 % of the respondents either agreed or strongly agreed that credit limit fixed on the credit card was not enough, 30.7 % of the respondents stood neutral on the statement, 21 % of the respondents either disagreed or strongly disagreed to the statement. 29.4 % of the respondents either strongly agreed or agreed on the statement that payment modes were not convenient, 23 % of the respondents stood neutral, a considerable portion of the respondents (47.6 %) either disagreed or strongly disagreed to the statement that payment modes were not convenient. It expressed that repayment modes were convenient for the customers. It was also noted from the above table that three fourth of the respondents (76.3 %) either agreed or strongly agreed on the statement that monthly credit card statements are being received promptly, 14.7 % of the respondents neither agree nor disagree the statement, only 9 % of the respondents disagreed the statement. Majority of the respondents (74.2 %) of the respondents either strongly agreed or agreed on the statement that banks send e-statements promptly, 13.2 % of the respondents stood neutral on the statement, 12.6 % of the respondents either disagreed or strongly disagreed the statement.

Majority of the respondents (54.8 %) either strongly agreed or agreed on the statement that sending e-mail and SMS alert about bill amount, its due date and credit card transactions properly, 34.5 % of the respondents neither agreed nor disagreed the statement, 10.7 % of the respondents disagreed the statement. Majority of the respondents (65.7 %) either strongly agreed or agreed on the statement that overlimit charges are more, 26.8 % of the respondents stood neutral on the statement, 7.5 % of the respondents either disagreed or strongly disagreed the statement. Majority of the respondents (57 %) either strongly agreed or agreed on the statement that procedures are difficult in getting a new card when old card lost or damaged, 24.2 % of the respondents neither agreed nor disagreed the statement, 18.8 % of the respondents either disagreed or strongly disagreed the statement. Majority of the of the respondents (52.7 %) either strongly agreed or agreed that the charges on getting the new card were low, 32.2 % of the respondents stood neutral on the statement, 15.1 % of the respondents either disagreed or strongly disagreed the statement.

Two third of the respondents (67.9 %) either strongly agreed or agreed on the statement that security system is good for online payments at the time of online purchases, 22 % of the respondents neither agreed nor disagreed the statement, 10.1 % disagreed the statement and no respondent strongly disagreed the statement. Majority of the respondents (57.4 %) positively perceived that customer care services were good, 33.6 % of the respondents neither agreed nor disagreed the statement, 9 % of the respondents either disagreed or strongly disagreed the statement. Majority of the respondents (54.2 %) either strongly agreed or agreed on the statement that more offers are given for credit card holders by various merchants, 36.5 % of the respondents neither agreed nor disagreed the statement, 7.3 % of the respondents either disagreed or strongly disagreed the statement. 48.7 % of the respondents either strongly agreed or agreed on the statement that reward point system is more beneficial for credit card holders, 41.3 % of the respondents stood neutral on the statement, 10 % of the respondents either disagreed or strongly disagreed the statement.

About half of the respondents (49.2 %) either strongly agreed or agreed on the statement that convenient foreign currency transactions, 44 % of the respondents neither agreed nor disagreed the statement, 6.8 % of the respondents disagreed the statement. Majority of the respondents (56.7 %) either strongly agreed or agreed on the statement that interest-free credit period is short, 35.5 % of the respondents stood neutral on the statement, 7.8 % of the respondents disagreed to the statement and no respondent strongly disagreed the statement. Majority of the respondents (53.9 %) either strongly agreed or agreed on the statement that merchants are charging more on credit card payments, 36.7 % of the respondents neither agreed nor disagreed the statement, 9.5 % of the respondents either disagreed or strongly disagreed the statement. 46.8 % of the respondents either agreed or strongly agreed on the statement that banks take action quickly on complaints made, 30.2 % of the respondents neither agreed nor disagreed the statement, 23 per cent of the respondents disagreed the statement.

ANOVA between Demographical Variables and Perception

This part of the paper gives the results of ANOVA between demographical variables such as gender, age, and income with a perception of the respondents towards credit card in the study area. Their perception level may vary according to their demographical background. For this purpose, the following null hypothesis was framed and tested subsequently.

H_o: There is no significant difference between the demographical variables of the respondents and their perception.

Table 2: F-Statistics and P-Value under ANOVA between Demographical Variables and Perception

Sl. No.	Variables	Gender		Age		Income	
		F-Stat	P Value	F-Stat	P Value	F-Stat	P Value
1	Long time to buy credit card	47.402	0.000	7.107	0.000	58.448	0.000
2	Not convenient procedure to buy credit card	29.710	0.000	9.286	0.000	83.330	0.000
3	High service charges	7.672	0.006	27.066	0.000	12.677	0.000
4	High Interest and penalty	41.024	0.000	43.385	0.000	47.250	0.000
5	Insufficient maximum credit limit	47.534	0.000	23.822	0.000	6.804	0.000
6	Inconvenient payment modes	75.750	0.000	6.405	0.000	31.347	0.000
7	Prompt receipt of monthly statement	6.096	0.014	34.439	0.000	3.983	0.003
8	Prompt receipt of e-statement	28.163	0.000	102.825	0.000	47.853	0.000
9	Sending alert through e-mail and SMS are proper	0.032	0.859	38.567	0.000	30.868	0.000
10	High over limit charges	4.921	0.027	22.765	0.000	28.908	0.000
11	Difficult procedures to get a new card when old card is lost	45.677	0.000	17.789	0.000	5.763	0.000
12	High charges for new card when old card is lost	22.177	0.000	15.765	0.000	16.005	0.000
13	Good security system for online payments	10.385	0.001	77.607	0.000	5.240	0.000
14	Good customer care services	53.393	0.000	41.561	0.000	47.462	0.000
15	More offers for credit card holders by various merchants	43.614	0.000	5.392	0.000	27.030	0.000
16	Reward point system is more beneficial for credit card holders	41.673	0.000	21.841	0.000	7.641	0.000
17	High fee for foreign currency transactions	0.038	0.845	26.586	0.000	20.407	0.000
18	Interest-free credit period is short	37.831	0.000	18.051	0.000	8.542	0.000
19	High charges by merchants on credit card payments	3.196	0.074	3.575	0.007	4.275	0.002
20	Quick action on complaints made	8.918	0.003	3.544	0.007	7.834	0.000

Source: Computed from Primary Data

Table 2 indicates that the calculated value of F-statistics was significant for 17 statements as shown by the result of P-value, hence the null hypothesis was rejected for those cases and therefore there was a significant difference between gender of the respondents and their perception level on those factors. The calculated value of F-statistics was 47.402 for the time taken for providing credit card, it was 29.710 for the convenient procedure to get the card and their P-value was zero. F-statistics for service charges stood at 7.672, its P-value stood at 0.006, F-statistics for interest and penalty, credit limit and payment modes stood at 41.024, 47.534 and 75.750 and their p-value was zero. Hence these results were significant at one percent level as shown by P-value. It was also found that the calculated values of F-statistics were significant at one per cent level for the factors e-statements, procedure to replace the card, charges to replace credit card, security system, customer care services, offers on credit card, reward point system, interest free period and time taken to take action on complaints. The calculated values of F-statistics were significant at five per cent level for the factors prompt receipt of the monthly statement and over limit charges, Hence there was a significant difference between gender of the respondents and their perception level on these factors. The table also indicated that the calculated value of F-statistics for the factors of alert through SMS and e-mail, fee for foreign currency transactions, were stood at 0.032, 0.038 and 3.196 and they were not significant, hence the null hypothesis for these factors was accepted and therefore there was no significant difference between gender of the respondents and their perception level on these factors.

The table also shows that the calculated values of F-statistics were statistically significant at one per cent level between the age of the respondents and their perception level on all 20 factors, hence the null hypothesis was rejected and therefore there was a significant difference between the age of the respondents and their perception level on various factors. The calculated value of P-value for all F-statistics was significant at one per cent level, this results indicates robust result.

Table 2 shows that the calculated value of F-statistics for all 20 factors was significant at one per cent level as shown by the results of P-values, hence the null hypothesis was rejected and therefore there was a significant difference between the income of the respondents and their perception level on all the factors of perception.

CONCLUSIONS

The banking industry has become competitive. There is heavy competition among public sector banks and with private sector banks. Hence, banks want to retain their existing customers and attract new customers. For these purposes, banks introduce innovative financial services to customers. A credit card is one among them. This study has analyzed perception of the respondents towards credit card services provided by SBI in Nagapattinam district. The study found that out of 20 factors considered for the study, the majority of the respondents positively perceived on 13 factors and about half of the respondents positively perceived on five factors. Especially, a high positive perception was found in the services of prompt receipt of the monthly statement, prompt receipt of e-statement, good security system on online payments. The perception level was low in case of convenient payment modes. It was also found that there was a significant difference between the gender of the respondents and their perception level on 17 factors. There was a significant difference between income and perception level and age and perception level on all the factors of perception.

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