

A STUDY ON CREDIT CARD USAGE AND BEHAVIOUR AMONG CONSUMERS WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

Eknath Prasath M

Assistant Professor
Department of Commerce, Rathinam College of Arts and Science.

Elangovan .S

III B.Com CA
Department of Commerce, Rathinam College of Arts and Science.

ABSTRACT

The increasing dependence on digital financial systems has significantly changed the way consumers make payments and manage their finances. Among these systems, credit cards have emerged as one of the most popular and convenient modes of payment. This study focuses on understanding the relationship between credit card usage and consumer behavior. Credit cards allow individuals to make purchases on credit, providing them with the flexibility to pay at a later date. While this feature offers convenience and purchasing power, it also influences consumer spending patterns, often encouraging higher expenditure and impulsive buying behavior. The study aims to examine how consumers use credit cards, the factors influencing their usage, and their level of awareness regarding credit card terms such as interest rates, billing cycles, and repayment obligations. It also evaluates whether credit cards contribute to financial discipline or lead to debt accumulation. Data for the study is collected through primary and secondary sources and analyzed using basic statistical tools. The findings indicate that although credit cards offer benefits such as cashback, rewards, and ease of transactions, they also lead to overspending and financial stress if not managed properly.

Keyword: credit card, financial system, consumers, transactions

INTRODUCTION OF THE STUDY

In today's modern economy, financial transactions have shifted from traditional cash-based systems to digital payment methods. Credit cards play a major role in this transformation by offering a quick, safe, and efficient way to make payments. A credit card is a financial tool issued by banks or financial institutions that allows users to borrow money up to a certain limit to purchase goods and services. The user is required to repay the borrowed amount within a specified time, failing to decide which interest is charged. Consumer behaviour refers to the study of individuals and groups and how they select, purchase, use, and dispose of goods and services. It involves psychological, social, and economic factors that influence buying decisions.

Credit cards impact consumer behavior in several ways:

- They reduce the immediate financial burden of payment
- They create a sense of increased purchasing power
- They encourage spending through offers and rewards
- They influence decision-making and buying habits

With the growth of e-commerce and online services, credit card usage has increased rapidly, especially among young consumers. This study helps to understand whether this increased usage is beneficial or harmful in the long run.

OBJECTIVES OF THE STUDY

1. To analyze the usage pattern of credit cards
2. To study the impact of credit cards on consumer spending behaviour
3. To identify factors influencing credit card usage
4. To examine awareness levels among consumers

STATEMENT OF THE PROBLEM

While credit cards provide ease of payment and financial flexibility, they also present certain challenges. Many consumers misuse credit cards due to a lack of financial awareness and discipline.

The main problems identified are:

- Overspending due to easy availability of credit
- Impulsive buying behaviour influenced by offers and discounts
- Lack of understanding of interest rates and hidden charges
- Accumulation of debt due to delayed payments
- Financial stress caused by poor credit management

RESEARCH METHODOLOGY

1. Research Design

This study adopts a descriptive research design to assess the level of awareness and risk perception of online gambling among college students. The design is suitable as it focuses on describing existing conditions, attitudes, and perceptions without manipulating any variables.

2. Sample Size and Sampling Technique

A sample of respondents was selected from the target population using a convenience sampling method. The total sample size for the study was 100 students.

3. Data Collection Methods

The study uses both Primary and Secondary data.

a) **Primary Data:** Primary data is collected through a structured questionnaire distributed among college students.

b) **Secondary Data:** Secondary data is gathered from Research articles and journals, Government reports and publications, Websites and online sources related to online gambling.

4. Tools for Data Analysis

Simple percentage analysis.

LIMITATIONS OF THE STUDY

- Small sample size

- Biased responses
- Time constraints
- Area limitation
- Technological changes

REVIEW OF LITERATURE

1. Önder (2018) examined the impact of credit cards on consumer behaviour and found that credit cards act as a convenient financial tool that encourages spending by reducing the immediate burden of cash payments. The study highlights that features such as instalment payments and delayed payment options influence purchasing decisions and increase consumption levels.
2. Similarly, Arslan (2015) identified that credit card usage significantly contributes to **impulsive buying behaviour**, as consumers tend to make purchases more easily when payment is deferred. The study concludes that the availability of credit increases purchasing power and leads to unplanned buying decisions.
3. Several studies confirm that credit cards influence spending behaviour by increasing consumers' willingness to pay. The absence of immediate cash outflow reduces the "pain of paying," thereby encouraging higher expenditure and reduced-price sensitivity.

DATA ANALYSIS AND INTERPRETATION

TABLE 1.1 Showing the Frequency of Credit Card Usage

S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE %
1	regular	65	65%
2	occasion	25	25%
3	rare	10	10%
	TOTAL	100	100%

Interpretation

The table shows that credit cards are widely used for convenience and digital transactions, especially online shopping. While more than half of users show responsible repayment behaviour, a significant portion still relies on minimum payments, which may lead to debt accumulation.

TABLE 1.2 Showing the Repayment Behaviour

S.NO	PARTICULARS	RESPONDENTS	PERCENTAGE %
1	full payment	55	55%
2	minimum due	30	30%
3	payment delayed	15	15%
	TOTAL	100	100%

Interpretation

The table shows, the maximum number of customers will pay the full amount, minimum number of customers will pay the amount due basis, and the low number of customers will delay the payment amount

SUGGESTIONS

- Consumers should use credit cards responsibly
- Awareness programs on financial literacy should be conducted
- Users should avoid paying only the minimum due
- Banks should provide clearer information about charges and interest rates
- Budgeting and spending limits should be maintained

FINDINGS

- Credit cards are widely used among young adults
- Most users prefer credit cards for shopping and online payments
- Many consumers tend to overspend when using credit cards
- Awareness about credit card terms exists but is not always applied
- Some users face repayment difficulties

CONCLUSION

The present study on credit card usage and consumer behaviour highlights the growing importance of credit cards as a convenient financial tool in modern economies. The findings indicate that credit cards significantly influence consumer spending patterns by providing ease of payment, financial flexibility, and access to credit. As a result, consumers often tend to spend more when using credit cards compared to cash transactions. The study also reveals that consumer behaviour is shaped by several factors, including demographic characteristics, income levels, lifestyle, and financial literacy. Individuals with higher financial awareness tend to use credit cards more responsibly, while those with limited knowledge are more prone to overspending and accumulating debt. Psychological aspects such as impulsive buying, social influence, and the desire for a better lifestyle further contribute to increased credit card usage. Moreover, the rapid growth of digital payment systems and online shopping has strengthened the role of credit cards in everyday transactions. While these advancements offer greater convenience, they also increase the risk of financial mismanagement if not used wisely. In conclusion, credit cards serve as a double-edged sword—they provide numerous benefits such as convenience, security, and purchasing power, but at the same time, they can lead to financial problems if misused. Therefore, it is essential for consumers to develop responsible spending habits and improve financial literacy to ensure effective credit management.

FINDINGS

1. Önder (2018). "Impact of Credit Card Usage on Consumer Behaviour." International Journal of Economics and Financial Issues.
2. Arslan (2015). "Credit Card Usage and Impulsive Buying Behaviour among Consumers." Journal of Consumer Research and Practice.
3. Reserve Bank of India (2023). Report on Trends and Progress of Banking in India. Mumbai: RBI Publications.

4. World Bank (2022). "Digital Payments and Consumer Spending Behaviour." Washington DC: World Bank Publications.
5. Statista (2024). "Credit Card Usage Statistics in India." Available from online consumer finance reports.