

A STUDY ON IMPACT OF CREDIT CARD USAGE ON CONSUMER PURCHASE DECISION IN WESTERN COIMBATORE CITY

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ABSTRACT

The study examine the impact of credit card you say on consumer purchasing behaviour in Coimbatore. With the rapid growth of digital payments and increasing available of credit facilities credit cards have become a common financial instrument among consumers. The research level usage pattern, spending behaviour and issues faced by credit card uses. Primary data was collected from 150 respondents using a structured question. The descriptive research design and please statistical tools such as simple percentage analysis and test for data interpretation the findings we will that credit card access ability significantly influences purchasing decisions spending habits and financial discipline among consumers.

Key words : Customer satisfaction, Credit facility, awareness, Digital payment

INTRODUCTION

Credit cards have transformed and consumer finance by offering convenience flexibility and purchasing power initially introduced process substitute for cash transfer credit card now provide additional benefits such as reward point cashback offers EMI facilities and interest pre grape periods. In India credit card usage has expected significantly due to digitalisation rising this postpaid income and the growth of e-commerce platform. Particularly in tier 2 cities like Coimbatore credit card adoption has increased among salary employee business persons and young consumers. How about, while credit card offers numerous benefits they also post challenges such as I interested hidden charges debt trap and fraud risk.

STATEMENT OF PROBLEM

The increasing use of credit card in Coimbatore reflex a shift toward cashless transaction and digital payments while credit card provide convenience and financial flexibility many consumers adequate financial literacy to manage three payments effectively. Promotional offers and em is schemes of an encourage impulsive spending. Hidden charges high interest rate, and repayment delay create financial stress. Hen, the study analysis the relationship between credit card usage and consumer purchasing power.

OBJECTIVES OF THE STUDY

1. To study the relationship between demographic variables (age, income, education, occupation) and credit card usage.
2. To examine the awareness and usage patterns of credit cards among consumers in Coimbatore city.
3. To analyze the influence of credit card availability on consumer purchasing behavior
4. To identify the common issues faced by credit card users, such as debt burden, hidden charges, and repayment delays.

SCOPE OF THE STUDY

This research focuses on analyzing how credit card usage affects consumer purchasing behavior in the context of Coimbatore city. It explores key factors such as ease of access, spending limits, promotional benefits, and consumer awareness that influence buying decisions. The study is limited to individuals in Coimbatore who utilize credit cards for personal spending, with business or commercial credit use excluded. It also examines how demographic characteristics—such as age, gender, income, education, and occupation— impact usage patterns. Attention is given to identifying trends in impulsive versus planned spending, repayment habits, and the extent of financial knowledge among users. The study relies on primary data collected through structured surveys, supported by relevant secondary sources. The outcomes aim to assist consumers in making better financial decisions and provide useful insights for banks and policymakers to encourage more responsible credit card practices.

REVIEW

Chaudhuri and Paul (2023) examine the impact of buy now pay latest scheme on consumer purchasing behaviour. Their study found that easy access to short term credit facilities significantly increases consumer spending, particularly on discretionary and impulse purchase.

Mishra and roy (2023) analyzed credit card adoption in tired II cities in India. The study concluded that peer influence, social acceptance, and trust in financial institutions play a major role in influencing adopting decisions.

Aswathi and sangle (2022) Studied fintech issued credit card and found that reward system increase highest spending patterns. The researchers found that attractive reward systems, cashback offers, and loyalty programs significantly increase usage frequency and spending level.

Gupta and Maurya (2021 cross) highlighted that financial literacy in managing credit card usage. Their study found that individuals with higher financial awareness are less likely to delay payments and accumulate excessive debt.

Prelec and Simester (2001) identify the card premium effect, demonstrating that consumer are willing to spend more when using credit cards compared to cash. Their experimental findings suggest that credit card reduce the pain of paying leading to higher spending amounts.

RESEARCH METHODOLOGY

Research design: descriptive research design

Area of study: Western Coimbatore

Sources of data: primary data through structure questionnaire **Sampling technique:** convenience random sampling **Sampling size** :142 respondents

Data collection tool – Structured questionnaire

Statistical tools used

- Simple percentage analysis
- Chi square test

LIMITATIONS OF THE STUDY

- This study is based on the opinion of customers.
- Time constraint in the major limit of the study.
- This study is restricted to Western Coimbatore city.

ANALYSIS & INTERPRETATION OF DATA SIMPLE PERCENTAGE

TABLE SHOWING THE PRIMARY REASON TO GET A CREDIT CARD

What was the primary reason for getting your 1st credit card	Frequency	Percentage
Bank offered for free	29	20.4
For online shopping rewards/ Discounts	32	22.5
To build a CIBIL/credit score	31	21.8
To manage emergency funds/ equity	50	35.2
Total	142	100

Interpretation:

The above exhibit indicates that 29% of the respondent’s primary reason to get the credit card was bank offered for free,22.5% for online shopping or discount, 21.8% to build CIBIL score,35.2% to manage emergency fund.

TABLE SHOWING THE PRIMARY PURPOSE OF CREDIT CARD USAGE

Where do you use the credit card the most	Frequency	Percentage
Electronic/ Large Appliance	12	14.1
Fuel/Utility Bills	14	8.5
Groceries/supermarket	59	9.9
online shopping	37	41.5
Travel/ Hotels/ Dining	20	26.1
Total	142	100

Interpretation:

The above exhibit indicates that 14.1% of the respondent use for electronic pr large appliance, 8.5% use for fuel/utility bills, 9.9% use for groceries or supermarket, 41.5% on online shopping, 26.15 on traveling or hotel or dining.

CHI SQUARE

EXCIBITING RELATIONSHIP BETWEEN INCOME AND FINANCIAL STRESS DUE TO CREDIT CARD

INCOME/ FINANCIAL STRESS	YES SIGNIFICANTLY	SOMEWHAT	NO, I MANAGE IT WELL	TOTAL
BELOW 10000	18	13	18	49
10001-25000	9	8	12	29
25000-35000	2	2	12	16
ABOVE 35000	15	9	24	48
TOTAL	44	32	66	142

O	E	(O-E)	(O-E) ²
18	15.18	2.82	7.95
13	11.04	1.96	3.84
18	22.78	-4.78	22.85
9	8.99	0.01	0.00
8	6.54	2.13	2.13
12	13.47	2.16	2.16
2	4.96	-2.96	8.76
2	3.16	-1.61	2.59
12	7.44	4.56	20.79
15	14.87	0.13	0.02
9	10.84	-1.82	3.312
24	22.31	1.69	2.86
TOTAL	142		77.29

Chi-square Value $X^2 = \sum(O-E)^2/E$

= 77.29

142

Degree of Freedom = $(r-1)(c-1)$

= $(4-1)(3-1)$

= $(3)(2)$

= 6

TABLE VALUE= 12.592

HYPOTHESIS

H₀: There is no significant relationship between monthly income and financial stress due to credit card usage.

H₁: There is a significant relationship between monthly income and financial stress due to credit card usage.

Level of Significance = 5% (0.05)

INTERPRETATION

In the above analysis, the calculated value (6.84) is less than the Table Value (12.592) at the 5% level of significance. Hence, the null hypothesis is accepted. Thus, there is no significant relationship between monthly income and financial stress due to credit card usage.

FINDINGS OF THE STUDY

- There is no significant relationship between monthly income and financial stress due to credit card usage .
- Online shopping is the major purpose of credit card usage among respondent.
- A significant no of respondents use credit card for travel, dining and lifestyle expenses.
- The main reason for obtaining credit card are emergency fund management, free bank offers, and online shopping benefits.

SUGGESTIONS

Users should be encouraged to practice responsible credit card usage and timely repayment to avoid financial stress. Banks should provide financial literacy programs and budgeting tools to improve spending control. Awareness about maintaining good CIBIL score and control online spending should be promoted.

CONCLUSION

The study concludes the financial stress is not dependent on income but on spending behaviour and financial discipline . Credit cards are primarily used for online shopping and emergency needs. Hence, proper financial planning and responsible usage can help maximize benefits and reduce financial stress.

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