

Scope of credit cards in India

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Abstract

The credit card users are found in several states of India though mostly in the urban areas. Looking at the extensive usage of credit cards among the educated group, the investigator considers that the typical user of cards required to be educated about the various types of credit cards accessible. This research points to observe the experiences of the credit card users, the reimbursement that ensue to them and the problems they countenance. The problems that the credit cards users face in its daily usage. The precautions to be taken by the card users while using the credit cards. The remedies and the redressal that is available to them in case of loss or theft of their cards. An alertness is to be created amongst the credit card users about the frauds that take place and the precautions and safety actions to be adopted. This paper highlights the scope of credit cards in India.

Keywords: Credit Card, Online, Banks

1. Introduction

The study involves largely credit card consumers who are using credit cards and those who have discontinued its use. The findings and observations cannot be extended to other credit card users outside the geographical area of the study though it may be pertinent. For that macro level studies would be needed. The findings and observations cannot be extended to debit and other card users within the geographical area of the research covered and elsewhere as the study does not focus on the same.

Worldwide more and more credit card users are becoming wary of using their credit cards due to fear of losing their hard earned money to credit card frauds. Especially Indian credit card users' remains cautious when it comes to making purchases through the swipe of a card as for an individual even a monetary loss of ten to fifteen thousand rupees puts him to great difficulties. Once a credit card user suffers a loss the use of the credit card is discontinued. Awareness of credit card frauds is as good as zero.

The India credit card user thinks of a loss only when his card is lost, stolen, picked or misplaced and not otherwise. Credit card fraud is an umbrella term used for theft and frauds that are committed using a credit card and includes identity theft too. The purpose may be to obtain goods without paying, or to obtain unauthorized funds from an account.

The fraud begins with either the theft of the physical card or theft of data related to the card, including the card account number or other information that would routinely and necessarily be available to a merchant during a legitimate transaction. Credit card fraud takes place worldwide when consumers give their credit card number to unfamiliar individuals, or when cards are lost or stolen, or when mail is diverted from the intended recipient and taken by criminals, or when employees of a business copy the cards or card numbers of a cardholder.

"RBI in India took the best move to adopt MasterSecureCode and Verified by Visa for Online Credit Card (a.k.a CNP - Card Not Present) with effective from August 1, Transactions 2009.

In a circular released by RBI, Mr. G Padmanabhan CGM of RBI has advised all banks that effective from January 1, 2011, all Interactive Voice Recorder (IVR) Transactions that collect Credit Card details should have a means for authentication / validation based on information not visible on the cards".

This means, while booking Flight Ticket or paying Mobile bill on IVR systems, some kind of password like Credit Card PIN will have to be used to get the transaction through. Hopefully, to make the credit card safer the RBI will make it mandatory to have Photo and Signature laminated on the Credit Card to bring down fraudulent transactions.

The banks offer credit cards to their loyal customers. In some cases, an account-holder convinces the bank to provide the credit card facilities. Before issuing the credit cards, the banks first of all check the past record of the account-holder. If he/she is found to have good financial status then bank issues the credit card.

The credit limit is the extent of amount that is given to a customer by the bank to spend on credit. This credit limit varies from customer to customer. This limit depends on the income of the person.

2. Review of Related Literature

Dharwa *et al.* (2011): Suggested that the use of credit card also describes the buying behavior of that user. If a user uses credit card quite regularly 4 or 5 times in a week then it gives the impression that the user might belong to a rich family and likes spending money needlessly.

He further reported that if a user uses credit card in about once in a month then it can be signified that the user belongs to a middle class family where he/she has to spend money quite intelligently.

Feinberg *et al.* (2013) ^[2]: Recommended that banks need to promote credit cards on a very large scale in India if they really want to make it a huge success. Otherwise, it will become the object of upper class families and unknown thing for most of the middle class and lower class families.

Ghosh *et al.* (2014) ^[3]: Pointed out that these hackers can be of

any age. They can be youngsters or old men. So it is very difficult to recognize the hackers as they look like a common person. So this threat is very challenging to overcome this problem of cyber-crime.

Greco *et al.* (2010) [4]: Described that Quantum Key Distribution (QKD) can be used in accessible algorithms and laws to protect communiq  networks. The Point-to-Point Protocol, IP Security protocol (IPSEC) and Transport Layer Security (TLS) can support the use of quantum Key Distribution. These protocols are utilized at a very large scale. Hayhoe *et al.* (2010) [6]: Recommended that two techniques of integrating QKD suggested are: within the Point-to-Point Protocol, and within the Internet Security Protocol (IPSEC). Humphrey *et al.* (2014) [7]: Stated that with the prospect of new inventions in new generations of computers and architectures (GRID computing...), trust, security reliability and flexibility cannot be satisfied any more by a standard cryptography technique. In this perspective, security cannot be assured.

Joo *et al.* (2013): Investigated that unambiguously indicated that there has been a severe impact of malls on the unorganized finance shops operating in the vicinity of malls. The study further stated that Mega Malls are making deep inroads in the sales of finance operating in the unorganized finance sector.

Kaynak *et al.* (2010): Suggested that the malls interestingly have no severe impact on the employment scenario but an adverse impact observed on the customers of sample shops. However, the study further revealed that Malls have severely impacted the turnover and operating profits of the sample shops.

Karim *et al.* (2013): Described that small and medium enterprises dominate the Indian finance scene. The trading sector is highly fragmented, with a large number of intermediaries. So also, wholesale trade in India is marked by the presence of thousands of small commission agents, stockiest and distributors who operate at a strictly local level. Finance giants like US-based Wal-Mart and French Carrefour are very keen to enter in the segment.

Kumar *et al.* (2011): Stated that the Indian trading sector, as it has developed over centuries, is very different from that of the developed countries. In the developed countries, products and services normally reach consumers from the manufacturer/producers through two different channels: (a) via independent finance (vertical separation) and (b) directly from the producer (vertical integration).

Lie *et al.* (2010): Highlighted that not all credit cards are loyal. There are many users who don't pay the dues on time. If a user seems to be unable to pay the pending dues after a certain time limit then related bank uses legal methods to recover the payments.

Lin *et al.* (2010): Described that having credit card has become a financial status in metro cities of India. It is observed that middle class families has also started using credit cards on a very large scale. This trend is growing and growing with the increase in needs in the people.

Mann *et al.* (2015): Investigated that in the coming years, the number of credit card users are likely to enhance as a result of PM Narendra Modi's high profile innovation of Digital India. Because of this trend of Digital India, the rural people are getting awareness about latest updates in the field of technology and online system.

3. Research Work

Master Cards and VISA are card associations and issuing of cards is not their role. They provide financial organizations with up-to-date payment products which can offer credit, debit, pre- paid programs to their users. These cards are used broadly all over the world.

Credit cards are also used in restaurants to pay the bills. These days, several food parks like Pizza-hut, Dominoz, MacDonaldds provide the facility of paying the bills through credit cards.

Telecom companies also allow the users to pay their pre-paid or post-paid payments through credit cards. These days, in metro cities electronic and water bills are paid through credit cards which saves the time and headache to stand in long queues.

Booking of tickets for airline and railways is the other benefit of credit cards. For online booking through credit cards, these companies provide attractive discounts to the customers. For example, if a customer uses SBI railway card for online booking then extra benefits or rewards are provided to the card-holder.

The following table describes the top ten credit cards in India.

Table 1

Bankers Name	Number of Cards (In millions)	Percentage
ICICI	5.07	28.2
HDFC	4.42	24.6
SBI	2.65	14.7
Citibank	2.54	14.1
HSBC	1.30	7.2
Stan Chart	1.11	6.2
ABN Amro	0.78	4.3
Axis Bank	0.57	3.2
Deutsch Bank	0.49	2.7
American Express	0.45	2.5

The above table describes that ICICI credit card wins the race of distributing credit cards with a number of 5.07 million users. Next comes HDFC having 4.42 million credit card users all over India.

The only Government bank, SBI, stands out at a position of 3 in the table with about 2.65 million credit card users in India and this trend is growing with the time.

Next to SBI is CitiBank with 2.54 credit card users. On the other hand, Axis Bank comes at eighth position as the number of credit card users are concerned and this figures falls to less than a million.

4. Significance of the Study

There are many uses of a credit card. Mostly, a credit card is used by the users for the shopping of items of general use. Most families these days visit to the malls to purchase the things of daily usage. These malls and super-markets offer users to use their credit card as the option of payment. Some banks also offer discounts on making payments through credit cards.

Another benefit of credit card is that it can be used to withdraw money from ATM if an account-holder’s regular account does not have sufficient balance. Then, in emergency, a credit card holder can withdraw money on credit. Though, it is expensive as 2.5% of the amount withdrawn is charged by the bank.

It is also observed that in metro cities, when people go outside for holidays then they don’t like to take a lot of money with them for safety purposes. It is observed that people like paying their all bills through credit cards in holidays.

If there is any emergency in the family like any member is hospitalized and ready cash is not available on the spot then people like using paying all the bills through credit cards in medical emergencies.

Also, a credit card is used to pay the bills of purchased things on online shopping websites. Online shopping websites like Snapdeal, Amazon, Flipkart etc. also provide good discounts on making payments through credit cards.

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Table 2: Rank Table for Preference for using Credit cards Online

No.	Details	Points	Rank
1	Payment of Utility bills	981	1
2	Shopping for durables/luxuries	803	4
3	Shopping for items of general use	875	3
4	Airlines / Railways bookings	957	2
5	Holidays / Tourism	726	5
6	Subscriptions	559	6
7	Any other purpose	194	7

5. Conclusion

It is observed that different card holders are offered different kinds of discounts. These range of discounts depend on the frequency how much a card holder uses credit card for various payments.

It is observed that the holder who does much payments through credit cards is given more discounts as compared to a holder who doesn’t use the credit card so frequently. So it depends on the tendency of the customer of using credit cards to get discounts.

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