

FACTORS INFLUENCING THE USAGE OF CREDIT CARD OF PRIVATE BANK STAFF

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ABSTRACT

The study aims to analyze the factors influencing the usage of Credit Card of private bank staff. The study used both descriptive and analytical research methods. Primary data as well as secondary data are used in this study. Two stage simple random sampling method is used to get the primary data and primary data are collected from private bank staff by using structured questionnaire. Secondary data are obtained from previous studies, reports, related books, journals, literature review, and internet websites. According to the data from Central Bank of Myanmar (2019), there are six private banks which have been offering and are allowed to issue Credit Card in Myanmar. Therefore, in this study, as a first stage, 50% of these private banks are selected and then as the second stage, 20% of bank staff who use Credit Card and working at head office from selected private banks are chosen by using simple random sampling method. In this study, a sample of 400 bank staff is interviewed with structured questionnaire. In this study, the influencing factors on the usage of Credit Card include Credit Card knowledge, attitude towards Credit Card related usage, ease to access Credit Card, aggressive promotion by Bank and low minimum payment requirement on the usage of credit card. The finding revealed that easy access to credit, and minimum payment requirement have positive and significant influences on Credit Card usage among private bank staff and knowledge on Credit Card has a negative significant influence on Credit Card usage. This study also found that attitude towards Credit Card usage and aggressive promotion by Bank do not significantly influence on the usage of Credit Card among private bank staff.

Key words: influencing factors, ease to access Credit Card, low minimum payment requirement, aggressive promotion usage of credit card, private bank staff

I. INTRODUCTION

Nowadays, many people use Credit Card as a popular payment medium. Generally, Credit Card which is a type of short-term consumer retail lending products without collateral charges financial interest and fees. In Myanmar, Credit Card is also

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a type of interest-free loan, assuming cardholders and it can make repayment within the stipulated period of 45-50 days, depending on the issuing bank.

The most common feature among the Credit Card holders is that they carry forward their payment and cash advance. The spending on credit cards can vary from person to person based on their behavior and profile. Credit Card holders gain in terms of convenience where they can access funds at any time and almost anywhere in the world in order to purchase goods and services. Items purchased using Credit Card is more expensive than the actual cost of goods and services. Postponing payments multiplies bills that too at a High interest rate of 16-20 per annum, penalty for late and partial payment fees, pushing the card holders into a debt trap. This could cause financial burden such as overdue payments if consumers are not able to pay back the Credit Card loan. The problem among card holders was many were struggling to pay back their debts.

In 2012, the Central Bank of Myanmar permitted to issue Credit Card among domestic banks. The country has only recently returned to true credit card, which disappeared in the wake of the 2003 banking crisis. In order to lessen the handling of currency notes, the Central Bank of Myanmar has been focusing and guiding to improve payment methods. Credit Card has also become the primary sources of unsecured open-end revolving credit, they have been replacing the existing payment method with cash. There are advantages and disadvantages of using Credit Card as a payment instrument. The spending of credit cards has been promoting purchasing power. It becomes secured and save payment method in the market. Besides that, not only number of people holding Credit Card increased, but also the aggregate number of credit cards supply increased in Myanmar. Since 2012, In order to improve cashless society and generate interest and fee-based income, there are leading domestic banks such as KBZ, CB, MOB, AYA, MAB, AGD etc. that have been offering Credit Card to their existing customers. Recently, competition among Credit Card players is intense and nowadays, Credit Card industry is highly competitive and most of the banks are offering credit cards in association with Visa, Mastercard, Union Pay International and MPU. Since to maintain the existing users and attract new users, the influencing factors on Credit Card usage are needed to determine this study attempts to examine the influencing factors on credit usage among private bank staff.

Objectives of the Study

The objectives of the study are to analyze the relationship between influencing factors and Credit Card usage among private bank staff and to examine the factors influencing on the Credit Card usage of private bank staff in Myanmar.

Scope and Method of the Study

This study only focuses on the influencing factors on Credit Card usage of private bank staff in Myanmar. The study used both descriptive and analytical research methods. Primary data as well as secondary data are used in this study. According to the data from Central Bank of Myanmar (2019), there are six private banks which have been offering and are allowed to issue Credit Card in Myanmar. Two stage simple random sampling method is used to achieve the objectives. To get the primary, at the first stage, 50% of these private banks are selected and then at the second stage, 20% of bank staff (400 staff) who use Credit Card and work at head office of selected private banks are chosen by using simple random sampling method. In this study, a sample of 400 private bank staff is interviewed with structured questionnaire. Secondary data are obtained from previous studies, reports, related texts, journals, literature review, and internet websites.

II. LITERATURE REVIEW

Consumer Behavior and Credit Card Usage

Consumer behavior is an inter-disciplinary social science that defined as the study of the buying and exchange process involved in acquiring, consuming and disposing of goods, services, and ideas and experiences (Mowen and Minor, 1998). Credit Card Usage is the amount of charges made by a Credit Card holder either through purchases of goods and services or cash advances made through ATM machines provided by credit cards issuers. The usage of Credit Card is categorized under consumer credit which is defined as the usage of finance for personal use, not for business purposes (Lee Chin Yen, 1980).

Factors Influencing Credit Card Usage

There are several studies regarding factors influencing the usage of credit card. Among these studies, Mohamed S., Shahdon N., Sham R (2016) analyzed factors

influencing on Credit Card usage among private hospital staff. Aggressive promotion by Bank, attitude on credit usage, low minimum payment requirement, and easy access to credit, and knowledge on Credit Card are examined to determine the influencing factors of Credit Card usage.

Aggressive Promotion of Banks

The young career people, self-employee, and business owner are targeted by many companies and financial institutions as a customer. These companies and institutions used mass advertisement and promotions to draw the attention those people to use their Credit Card and spend as a shopping means. Sales people of banks are employed several strategies to promote their credit cards to their targeted group. Dewri, L.V., M.R. Islam and N.K. Saha, (2016) found that in aggressive promotions, card facilities and the discount offers not only drive but also encourage their Credit Card holders to use them frequently.

Attitude towards Credit Card Usage

Durkin (2000) stated that knowledge is less influential than belief on Credit Card usage. Norton (1993) cited in Chien and Devaney, (2001) asserted that there is a positive relationship between consumers' general attitudes toward using credit. It stated that consumers' attitudes have significant relationship to both instalment debt and Credit Card debt, even after accounting for the impact of demographic and socio-economic variables.

Low Minimum Payment Requirement

To attract customers and to get more customers, lowering payments are used as competitive tool among the Credit Card companies since 1990s (Tamara, D. and S. Javier, 2004). Mohamed S., Shahdon N., Sham R (2016) stated mentioned that decrease in the minimum payment requirement from 5% to between 2% and 3% of the balance is one of the main competitive strategies among banks.

Easy Access to Credit

In the modern society, the Credit Card is used as a mode of payment and the usage of Credit Card can affect well-being of consumers. Juliet B. Schor, (1998) mentioned that ease to access Credit Card can result in consumers to be over-spending that they could not handle on it. Alessandra, A., P. Alfonso and S. Luca, (2016) also

stated that in Italy, the different geographical location is one of the important factors for having and used the credit card, and the easier location for the card to be used is the more preferable compared to the uneasy location.

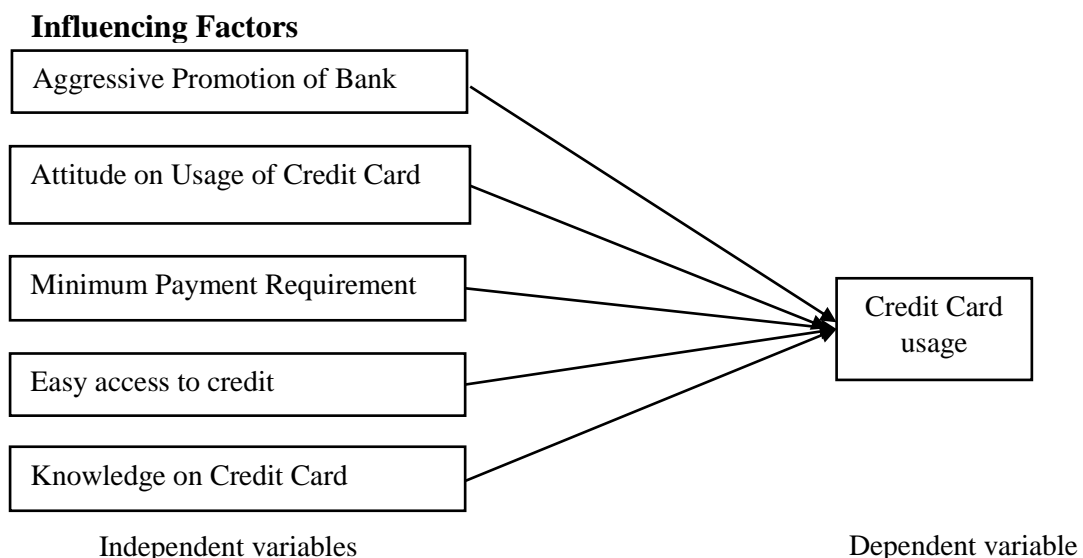
Knowledge on Credit Card

Hilgert and Hogarth, (2003) stated that experience, friends and family, with personal experience are the most important way of learning to use credit effectively and they are also the main sources of financial knowledge. Warwick, J. and P. Mansfield, (2000) studied the knowledge, awareness and behavior relating to Credit Card usage among consumers. Mohamed S., Shahdon N., Sham R (2016) stated that financial knowledge on Credit Card of consumer is a critical factor in decision making of consumer. The knowledge relating to Credit Card use, for example, might be useful when promoting personal finance education among high school and college students (Robb, C.A. and D.L. Sharpe, 2009). The usage and selection of the credit cards are also influenced by education, religious education level, gender and religious of users (Dali, N.R.S.M., S. Yousafzai, S. and H.A. Hamid, 2015).

Conceptual Framework of the Study

The conceptual framework for this study can be seen in Figure (1). According to Figure (1), dependent variable is Credit Card usage and independent variables are aggressive promotion by banks, attitude on Credit Card usage, low minimum payment requirement, easy access to credit and knowledge on credit card.

Figure (2) Conceptual Framework of the Study



Sources: Adopted from Mohamed S., Shahdon N., Sham R. (2106).

III. ANALYSIS AND RESULTS

Demographic Factors of the Respondents

Demographic factors of the respondents are shown in Table (1). In this study, demographic factors consist of gender, age, educational level, monthly income level and position of respondents.

Table (1) The Demographic Factors of Respondents

Demographic Factors		No. of Respondents	Percentage (%)
Total		400	100
Gender	Male	127	32
	Female	273	68
Age	21-30 Years	217	54
	31-40 Years	113	28
	41-50 Years	63	16
	51-60 Years	7	2
Education Level	Post Graduate	97	24
	Graduate	300	75
	Under Graduate	3	1
Monthly Income Level (Kyats)	150,000-300,000	170	42
	300,001-500,000	88	22
	500,001-1,000,000	68	17
	1,000,001-2,000,000	55	14
	2,000,001-4,000,000	16	4
	4,000,001& above	3	1
Position	Executive	50	13
	Manager	117	29
	Supervisor	60	15
	Office Staff	173	43

Source: Survey data (2019)

According to Table (1), regarding the gender of the respondents, majority (68%) of the respondents are female in this study. Pertaining the respondent age, majority (54%) of the respondents are at the age group of 21 to 31 years. Regarding

the educational level of the respondents, majority (75%) of the respondents are graduate. With respect to the monthly income level, majority (42%) of the respondents earn 150,000-300,000 kyats per month. Concerning the position of the respondents, the majority (43%) of the respondents are office staff in this study.

Reliability of the Scale

In this study, Cronbach alpha coefficient is used to evaluate the reliability of the scale. According to Nunnally (1978), it can be accepted the Cronbach α level of 0.60 or above for construct.

Table (2): Reliability of the Scale

Sr. No.	Particular	Cronbach α	Number of Items
1	Aggressive Promotion of Banks	0.723	6
2	Attitude on credit card	0.711	6
3	Low minimum payment requirements	0.763	6
4	Ease to access Credit Card	0.714	7
5	Knowledge on credit card	0.725	6
6	Credit Card usage	0.717	5

Source: SPSS output based on Survey Data (2019)

Table (2) shows the Aggressive Promotion of Banks, Attitude on credit card, Low minimum payment requirements, Ease to access Credit Card, Knowledge on Credit Card and Credit Card usage with internal consistency scales of 0.723, 0.711, 0.763, 0.714, 0.725, and 0.717, respectively and these scales are more than recommended alpha scale of 0.60. According to the Table (2), while all alpha coefficients of influencing factors were obtained over 0.60 alpha coefficient of Credit Card usage was 0.721. Therefore, it can be seen that internal consistency of items to the concept is good in this study

Analysis of Relationship between Influencing Factors and Credit Card Usage

In this section, Pearson correlation analysis is used to analyze the relationship between the influencing factors including aggressive promotion provided by Banks, attitude towards Credit Card usage, low minimum payment requirement, ease to

access Credit Card and knowledge on Credit Card and Credit Card usage. In this study, influencing factors are independent variables and Credit Card usage of bank staff is dependent variable.

Table (3) Relationship between Influencing Factors and Credit Card Usage

Sr. No.	Variables	Pearson Correlation	P-value
1	Aggressive promotion offered by Bank	.691 ^{***}	0.000
2	Attitude towards Credit Card usage	.618 ^{***}	0.000
3	Low minimum payment requirement	.820 ^{***}	0.000
4	Ease to access Credit Card	.724 ^{***}	0.000
4	Knowledge on Credit Card	.359 ^{***}	0.000

Source: Survey Data (2019), SPSS output

*** Correlation is significant at the 1% level

Table (3) showed that the independent variables are significantly correlated with Credit Card usage at 1% level. In particular, Aggressive promotion offered by Banks and Attitude towards Credit Card usage are moderately correlated with Credit Card usage with correlation coefficient 0.691 and 0.618, respectively. Similarly, Low minimum payment requirement and Ease to access Credit Card Positive relationship are highly positive correlated with Credit Card usage of bank staff with the correlation coefficient 0.820 and 0.724 respectively. The statistical result also reveals that there is a low positive correlation between knowledge on Credit Card and Credit Card usage among bank staff.

Analysis of Influencing Factors on Credit Card Usage

This section presents the multiple regressions analysis that is performed to examine influencing factors on Credit Card usage among private bank staff. The results of multiple regression analysis are presented in Table (4).

Table (4) Factors Influencing the Usage of Credit Card

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.054**	.151		.361	.001
Aggressive promotion of Bank	.077	.039	.075	1.555	.123
Attitude on Credit Card Usage	.291	.026	.289	.430	.668
Low minimum payment Requirement	.150**	.050	.152	21.983	.004
Ease to access Credit Card	.807***	.037	.787	15.506	.000
Knowledge on Credit Card	-.070***	.037	-.068	-1.873	.042
R				.881	
Adjusted R ²				.776	
F statistics				170.595	

Source: Survey Data (2019), SPSS output

Level of significance indication *** at 1%, ** at 5%, * at 10% level

According to Table (4), easy access to credit, and low minimum payment requirement have a positive and significant influence on Credit Card usage and knowledge on Credit Card has a negative and significant influence on Credit Card usage. According to the results, attitude towards Credit Card usage and aggressive promotion by Credit Card provider do not have significant influence on the usage of credit card. The survey results showed that the R-squared for the regression model is .776, it means that the data points are closer to the regression line.

The regression coefficient of easy access to credit is .807 at 1% significance level. This is because Credit Card payment system and method may be more useful than the traditional ways of purchasing. The regression coefficient of low minimum payment requirement is .150 at 5% significance level. This is because respondents may have planned and effort to make minimum payment regularly and spend again after paid in minimum. The regression coefficient of knowledge on Credit Card is -0.070 at 5% significance level. This is because lack to knowledge on Credit Card leads to bad spending behavior of respondents. It can be found that aggressive

promotion and attitude towards Credit Card usage do not have significant influences on the usage of credit card.

IV. FINDINGS AND RECOMMENDATIONS

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Regarding the relationship between influencing factors and Credit Card usage, this study found that among the influencing factors, low minimum payment requirement and ease to access Credit Card are highly positive correlated with Credit Card usage of private bank staff. Moreover, the statistical results found that while aggressive promotion provided by Banks and attitude towards Credit Card usage are moderately correlated with Credit Card usage and knowledge on Credit Card is low correlated with Credit Card usage among private bank staff. With respect to influencing factors on Credit Card usage of private bank staff, this study observed that knowledge on credit card, low minimum payment requirement and ease to access Credit Card have significantly influences on Credit Card usage of private bank staff.

The bank should consider and define the specific Credit Card policies for its staff or should apply with defined Credit Card policy as normal customer. The bank should not be assigned the flat credit limit to its staff based on position. Since the study found that aggressive promotion significantly correlated with Credit Card usage, in order to have more customer and get in high competition market, bank should apply the aggressive promotion programs to increase Credit Card usage but it is needed to control properly because it can create the credit risk to the bank. According to the results, easy access to credit is the most influence factor on Credit Card usage. It determined that the management of bank should do proper underwriting process and should approve on the applicants who are qualified. Even bank staff also should fall under the credit approval process and apply with defined credit approval criteria. The finding of survey showed that low minimum payment requirement is a positive and significant influence on Credit Card usage. By competing in the market, the bank could reduce the minimum payment requirement of Credit Card to generate interest income and charges. But, the bank should not reduce the level of minimum payment requirements and keep as existing for now. Bank should reduce the level of minimum payment requirements when knowledge on Credit Card of card holders at good condition.

V. CONCLUSION

The objectives of this study are to analyze the relationship between influencing factors and Credit Card usage and to examine the factors that influence on Credit Card usage among private bank staff. A sample of 400 private bank staff who are Credit Card holders and are working at head office of selected private bank. The findings of this study have revealed that there is a relationship between influencing factors and Credit Card usage. Among the influencing factors, knowledge on credit card, low minimum payment requirement and ease to access Credit Card significantly influence on Credit Card usage. Therefore, as a conclusion, the number of Credit Card users can be increased by knowledge on credit card, low minimum payment requirement and ease to access Credit Card by private banks in Myanmar.

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