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Attitude of Customers towards Credit Cards in Online Shopping with Special Reference to Madurai City

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Abstract

Online shopping has become a popular concept post COVID-19 pandemic. The customers have shifted to the new method of shopping, as it offers a lot of benefits like conservation of time and energy, availability of offers and discounts, accessibility to a lot of online stores, and the like. The online sellers also offer a wide range of payment avenues, from paying cash on delivery to paying through the 'Buy- Now-Pay-later' payment method which has emerged recently. The preference of customers towards the methods of payment varies from time to time. Each method has its own benefits and challenges. Credit card is one of the available methods of payment in online shopping, which provides instant credit facility to customers. This reduces the need for availing loans, which takes a lot of time to process. Credit card also increases the risk of debt of the customers which is a great disadvantage. The researcher has made an attempt to identify the attitude of customers towards the usage of Credit cards in Online Shopping. This research provides practical insights for online marketers to approach customers.

Keywords: Online shopping, Credit cards, Payment methods

Introduction

A credit card is a form of credit offered by banks that allows customers to borrow money up to a predetermined credit limit. It enables customers to make purchases of goods and services. The credit limit is set by the card issuer, based on factors like income and credit score, which influence the amount of credit granted. Credit card information consists of the card number, cardholder's name, expiration date, signature, CVC code, and more. Unlike a debit card, a credit card is not connected to a bank account. Instead, when used, the purchase amount is charged to the credit limit, not the bank account. Credit cards can be used for a variety of expenses, including food, clothing, medical bills, travel costs, lifestyle products, and emergency services.

Depending on the credit card issuer, the card may offer various benefits such as special discounts, cashback, or rewards points for purchases made with it. Credit cards are one of the payment options available in the list of online payment methods. The customers can use it to purchase any kind of products/services online, which has made it a preferred method of payment.

Review of Literature

(Dr. R. Sridevi, 2022) The majority of respondents had a positive perception of several factors, with about half of them showing favourable views on five specific aspects. Notably, there was a strong positive perception regarding services such as prompt receipt of the monthly statement, timely delivery of e- statements, and a smart security system for online payments. However, perceptions were relatively lower when it came to convenient payment options. Additionally, a difference in perception levels was observed between genders. (Banerji, 2020) Economics, flexibility, promotions, reputation, and convenience have been identified as key factors influencing credit card selection, while demographic variables such as age and income play a role in shaping credit card usage preferences.

(Lodh, 2016) The empirical results have highlighted both primary and secondary benefits as influencing factors. A significant relationship has been established between demographics, impulsive and compulsive buying, and the challenges associated with accessing credit cards. Motivational factors may also drive potential users to select

the right type of credit card, with careful consideration of the issues identified in the study's findings.

(Arpita Khare, 2012) Ease and convenience were identified as the key factors influencing credit card usage among Indian customers. The use, convenience, and status aspects were influenced by the "sense of belonging" and "sense of fulfilment" components of credit card providers. Younger customers were more inclined to use credit cards.

Objectives

- i) To assess the preference of customers towards using credit cards in online shopping.
- ii) To find out the problems faced by the customers in using credit cards in online shopping.

Methodology

The sample size taken for this study is 50. The sampling design adopted for the study is Convenience sampling. Questionnaire was prepared to obtain the required primary data. The data collected through questionnaire was transferred to a master table from which various tables were prepared from further analysis. The secondary data was collected from the internet.

Findings

Results of Percentage Analysis

Framework of Analysis

To analyse the primary data, the researcher has used the following tools:

- Percentage analysis
- Chi-Square test
- Garrett's Ranking

Hypothesis

- There is no significant relationship between the occupation of the respondents and their preference towards credit cards.
- There is no significant relationship between the family's monthly income of the respondents and the maximum amount spent by them using Credit card in online shopping

Limitations of the Study

- The study was restricted only to the respondents in Madurai city.
- The sample size is 50, it does not represent the whole population in the city.

Table 1: Demographic Characteristics of Sample Respondents

Demographics	No. of respondents (n = 50)	% of responses
A. Gender		
Male	40	80
Female	10	20
B. Age		
Below 25 years	30	60
25 years – 50 years	19	38
50 years – 75 years	1	2
Above 75 years	0	0
C. Educational Qualification		
UG	20	40
PG	10	20
Diploma	5	10
Professional course	13	26
Others	2	4
D. Occupation		
Home maker	1	2
Student	35	70
Entrepreneur	2	4
Professional	10	20
Others	2	4
E. Family's Monthly Income		
Below ₹25,000	4	8
₹25,000-₹50,000	25	50
₹50,000-₹75,000	14	28
₹75,000-₹1,00,000	6	12
Above ₹1,00,000	1	2

Table 1 shows the demographic characteristics of the sample respondents. A majority of 80% of the respondents are male; 60% of the respondents are below 25 years of age; 40% of the

respondents have completed under graduation; 70% of the respondents are Students and 50% of the respondents have a monthly income of ₹25,000-₹50,000.

Table 2: Awareness and Consumers' attitude towards Credit cards (in online shopping)

Particulars	No. of Respondents (N = 50)	% of Responses
A. Have you used Credit cards in online shopping?		
Yes	50	100
No	0	0
B. Preferred Credit cards		
SBI	22	44
HDFC	5	10
Axis	1	2
ICICI	10	20
Kotak Mahindra	6	12
IndusInd	1	2
Yes Bank	1	2
Standard Chartered Bank	0	0
others	4	8
C. Frequency of Credit card usage in online shopping		
Daily	2	4
Weekly	14	28
Monthly	15	30
Occasionally	19	38
D. Maximum amount spent using Credit card in online shopping		
Below ₹2,500	4	8
Rs.2500-Rs.5000	9	18
Rs.5000-Rs.7500	8	16
Rs.7500-Rs.10,000	3	6
Above Rs.10,000	26	52
E. Duration of using Credit card:		
Less than 1 year	3	6
1-2 years	4	8
2-3 years	10	20
More than 3 years	33	66
F. Type of product purchased using Credit card:		
Electronics	15	30
Garments	2	4
Cosmetics	1	2
Groceries	5	10
Automobiles	10	20
Household supplies	6	12
Fitness/Wellness	7	14
Jewellery	2	4
Booking (Tickets/Rooms)	1	2
Others	1	2
G. Problems in using Credit card:		
Interest	8	16
Additional fees	24	48
Negative impact on credit score	3	6
Increase in debt	10	20
Inability to make timely payments	3	6
Others	2	4

Table 2 shows the attitude of customers towards usage of credit cards in online shopping. All the respondents have credit cards; a majority of 44% of the respondents have SBI credit cards; 38% of the respondents use it occasionally; 52% of the respondents have spent above Rs.10,000 using credit

cards; 66% of the respondents are using credit cards for more than 3 years; 30% of the respondents use credit cards for purchasing electronic goods; and 48% of them feel that the additional fees associated with credit cards are difficult to pay.

Results of Chi-Square test

Hyp 1: There is no significant relationship between the occupation of the respondents and their preference towards Credit card in online shopping.

Table 3: Chi-Square Tests (Occupation & preference towards

Calculated value	Degrees of freedom	Table value at 5% significance level
34.62	36	50.998

Since the Table value is greater than the Calculated value of Chi-Square, the null hypothesis is accepted. Hence there is no significant relationship between the occupation of the respondents and their preference towards Credit card in online shopping.

Hyp 2: There is no significant relationship between the family's monthly income of the respondents and the maximum amount spent by them using Credit card in online shopping

Table 4: Chi-Square Tests (Income & maximum amount spent by them using Credit card in online shopping)

Calculated value	Degrees of freedom	Table value at 5% significance level
42.89	16	26.296

Since the Table value is lesser than the calculated value of Chi-Square, the null hypothesis is rejected. Hence there is significant relationship between the family's monthly income of the respondents and the maximum amount spent by them using Credit card in online shopping.

Results of Garrett's Ranking

Table 5: Factors considered before choosing Credit card

Factors	Mean Scores	Rank
Security	184.38	V
Reliability	197.52	IV
Convenience	219.44	II
Ease of procedure	153.87	VI
Fees and costs	204.63	III
Integrity	150.86	VII
Geographical support	133.14	VIII
Financial support	225.91	I

All the respondents have used credit cards. The factors considered by them before choosing a Credit card has been ranked using Garrett's Ranking test. The factor, 'Financial support' has got the first rank and the factor, 'Geographical support' has got the last rank.

Suggestions

- Most of the respondents feel that the additional costs associated with the credit cards increases their financial burden. Even if the credit card is not in use, the fees associated with it gets accumulated, which increases the overall debt of the customer. The credit card service providers should take measures to reduce such fees, so that the credit card holders are free from such burden.
- The first factor considered by the respondents in choosing a particular credit card is 'Financial support'. This means customers use credit cards for balancing their

financial deficits. The credit card service providers should ensure that they satisfy their customers by providing true financial support.

- There is no relationship between the occupation of the respondents and their preference towards credit card. So, the credit card companies can market their service to all categories of people irrespective of their occupation. Only then they will be able to establish their targets easily.

Conclusion

As online shopping offers a lot of payment options, customers are given the opportunity to choose according to their financial state and preference. Credit card, being the most popular method of payment has its own advantages and disadvantages. According to this study, credit cards are used by people irrespective of their demographic characters. Mostly it is being used for purchasing electronics and automobiles. Credit cards are used by people for the purpose of financial support. Many face the problem of financial deficit, which is being balanced by the use of credit cards. Though credit cards offer various uses, it increases the debt of the holders, as the fees associated with it are high and the debt keeps accumulating. Thus, credit card is a very useful payment method, especially in online shopping, but it should be used up to an optimum limit.

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