

A study on the Awareness of the fringe benefits available to the credit card holders in Coimbatore City

* Dr. Mrs. N. Yesodha Devi - ** Mrs. A. Gomathi

ABSTRACT

The present study seeks to examine the opinion of 100 credit card holders about their extent of awareness on the availability of the fringe benefits to the credit cards provided by the banks. The card holders were selected by simple random sampling in Coimbatore city. The relevant data on demographic characteristics about the awareness on the availability of the fringe benefits such as interest free credit period, insurance cover, accident cover, rolling credits and add-on-card facility were collected with the help of a questionnaire. Chi-square Analysis was applied to test the significant influence of the personal factors of the respondents on their level of awareness and the extent of their usage. One way ANOVA was conducted on selected demographic factors to know their significant difference on the awareness of fringe benefits. The study proved that majority of the respondents were aware about the insurance coverage and they are using it.

Introduction

Among the various innovative line of services offered by the commercial banks, the credit card is one of the major instruments of consumer transaction which replaces cheques in the payment of debt. Credit is a term used to denote transactions involving the transfer of money or other properties on promise of repayment at a future date. In the new era, telephone services have become broader with a widening range of requests. Internet

provides an opportunity for customers to review their accounts and transact online at their convenience and leisure. Card companies are rightly enhancing their internet capabilities in order to cater the need for their customers. Card statements can be sent through e-mails and payments can be made over internet through standing instructions that require minimum physical interactions. The volume of payments

*Principal, P.S.G.R Krishnammal College for Women, Coimbatore

** Lecturer, Department of Commerce and Computer Applications, P.S.G.R Krishnammal College for Women

through internet will increase automatically when more people become technologically aware. Transactions of any value can be consummated by just a swipe of a card, which otherwise require carrying a large quantity of cash.

As many people have multiple cards, and as their spending gets splitted, every card company now has a challenge in persuading customers to make its card as the most preferred mode of payment over other cards.

The use of credit card also makes feasible the performance of the complex operations involved in modern business without the constant handling of money. The growing credit card awareness has made this decade as an "Age of Plastic Money".

With credit card, one can buy almost anything on credit, that enhances the purchasing power of customers. The credit cards provide a better support through the hire purchase schemes and offers many fringe benefits like insurance cover, interest free credit period, accident cover, rolling credits and add-on- credit facility. The potential to be matched is by increasing the awareness among the cardholders about the existence of these fringe benefits that are provided by banks.

Many banks offer different benefits to the card holders, without making them to pay anything extra or sometimes this facility comes automatically with the card as an added

advantage. The industry witnesses furious competition that most of the companies are now offering discounts on purchases made through their cards. In a bid to gain an edge over others each player is resorting to innovative means and mechanisms to offer such difference.

Customer should understand the value of a particular card before subscribing for it, as it is the most prominent one which has insurance cover and an add - on - card facility. Companies now offer discounts and value added services while usage of cards. When a credit card is issued by a banker, the awareness about the benefits available should be considered, as a priority factor because the customer being the king. In this context a study has been made to analyze the awareness of the credit card holders regarding the various facilities offered by the issuing banks.

Objectives

1. To study the awareness of the various fringe benefits offered by the banks.
2. To bring out the relationship between the personal factors and the awareness and utilization of fringe benefits.

Methodology

- The present study seeks to examine the opinion of 100 credit card holders regarding their awareness about the fringe benefits

available to the credit card holders. Simple Random Technique was adopted in selecting the respondents from Coimbatore city in Tamilnadu during June 2008 to December 2008. A structured questionnaire was administered and data was collected.

- In the current study the investigator has adopted Percentage analysis, Chi-square analysis and One way ANOVA in order to predict the extent of awareness The results of the study is depicted in the following paragraphs.

Analysis and Interpretation

From **Table no 1** it is interpreted that out of the total respondents taken for study, 20% belonged to upto 30 yrs group, 22% belonged to 31 yrs - 40 yrs group, 37% belonged to 41yrs - 50 yrs of age group and 21% were above 50 years. 24% of the respondents were self-employed, 40% were government employees, 25% were private employees and 11% belonged to the other category. 29% of the respondents were female and 71% were male, 6% of the respondents have school level education, 47% were graduates, 36% were post - graduate and 11% were professionals.

From the information obtained in **Table no 2**, it was found that 64% of the respondents are aware of the interest free credit period and they are using it, and 31% of them are aware but are not using it whereas 5% of them are not at all aware of this facility

- Information on the extent of awareness of the insurance cover reveals that 49% of the respondents are aware of the insurance cover and they are using it, 44% of them are aware but are not using the facility and 71% of them are not at all aware of it.

- From the analysis , it is revealed that 43% of the respondents are aware and they are using the accident cover facility but 45% of them are aware and not using it. 12% of the respondents are not at all aware of the facility.

- 31% of the respondents are aware and they are using the facility whereas, 41% of the respondents are aware of the rolling credit facility but they are not using it . 28% of the respondents are not at all aware of the facility.

- From the opinion of the card holders, it was found that 43% of them are aware of the add-on card facility and they are using it whereas 44% of them are aware and not using the facility. 13% of them are not at all aware of the facility.

It is inferred from the **table no 3** that, 71% of the cardholders above 50 years are aware of the interest free credit period and they are using it,55% of the cardholders belonging to 31 yrs-40 yrs of age group are aware of the insurance cover

but they are not using it and 55% of the cardholders upto 30 years age group are aware of the accident cover but they are not using it. 50% of the respondents of upto 30 yrs are not at all aware of the rolling credits.. 52% of the respondents above 50 years are aware of the add-on-card facility and they are using it.

Table No 4 states that, 68% of the male respondents are aware of the interest free credit facility and they are using it. 51% of the male respondent states that they are aware of the insurance cover facility and they are using it. 55% of the female respondents are aware of the accident cover but they are not using it. 45% of the female respondents are not aware of the rolling credits. 45% of the male Cardholders are aware of the add-on-card facility but are not using it.

It is clear from **Table No 5** that, 72% of the private salaried respondents are aware of the interest free credit period and they are using it. 64% of the private salaried respondents are aware and are using the insurance cover. 52% of the private salaried respondents are aware of the accident cover but they are not using it. 60% of the private salaried respondents are aware of the rolling credits but they are not using it. 56% of the private salaried respondents are aware of the add-on-card facility but they are not using it.

Table No 6 explains that, 68% of the respondents who are graduates are aware of the interest free

credit period and are using it. 64% of the professional respondents are aware of the insurance cover and they are using it. 64% of the professional respondents are aware of the accident cover but they are not using it. 50% of the cardholders who have school level education are not at all aware of the Rolling credits. 55% of the professional respondents are aware of the Add-on-card facility and they are using it.

Application of chi-square

Chi-square analysis is used to test the independence of two factors. In other words, to test whether there is significant influence of the personal factors of the respondents with their level of awareness and the extent of use. For this purpose, the factors considered in the study are classified into two groups:

The first group contains the following factors:

- Age ■ Sex ■ Occupational Status
- Level of Income

The second group contains the following Fringe Benefits Namely,

- Interest free credit period
- Insurance Cover
- Accident Cover
- Rolling Credits
- Add-on-card facility

Each of the personal factors is compared with fringe benefits and the results are given in the following tables with suitable interpretations.

Hypothesis

The personal factors of the respondents have no significant influence over the awareness and utilization of the fringe benefits.

It is clear from the **Table no: 7** that the sex factor have significant influence over the awareness and utilization of Insurance cover and Rolling credits. It is concluded from the above table that irrespective of the various personal factors taken for the study, there is no significant influence on interest free credit period, accident cover and add-on-card facility.

One Way ANOVA

One way ANOVA was conducted on selected demographic factors (Age, Sex, Education, and Occupation) to know their significant difference on the awareness of fringe benefits.

Hypothesis 1

There is no significant difference between the age factor and the awareness of the fringe benefits.

It is clear from the **Table no 8** that, no significant difference was found among the age groups in the average awareness score.

Hypothesis 2

There is no significant difference between the level of education and the awareness of the fringe benefits.

It is clear from the **Table no 9** that, no significant difference was found among the education level in the average awareness score.

Hypothesis 3

There is no significant difference between the level of occupational status and the awareness of the fringe benefits.

It is clear from the **Table no 10** that, no significant difference was found among the occupational status in the average awareness score.

T-test

Hypothesis 4

There is no significant difference between male and female respondents in the overall awareness of the fringe benefits.

Table No 11 clearly states that, the calculated T-test value is 1.76 which is found to be not significant at 5% level as the calculated t-test value is lesser than the table value. Hence it is inferred that there is no significant difference between the male and female credit card holders.

Conclusion

The above study reveals that maximum of the respondents are aware and using the facilities like interest free credit period and insurance cover whereas only very less number of respondents are aware of the facilities like add-on-card facility, accident cover and rolling credit but they are not using it. Hence the issuing banks has to motivate the card holders to avail all the fringe benefits provided to the card holders.

Every card company now has a challenge in persuading customers to make its card as the preferential mode of payment over the other cards. Preferential interest rates and services are offered in random with their rating, which is reviewed every 90 days in accordance with the customers usage pattern. Therefore there is a need for the card holders to understand better the types of benefits provided by their banks so as to use them effectively and responsively. The issuing banks must also bring

in suitable modes of awareness media to make the customer aware and provide better facility to remain as number one in the competitive era.

Reference

- Windy Atkins (2006), "Sudden Philanthropy" Retail strategy, *The Banker*, Feb , pg 80.
- Anthony Lawrence (2004), "Fresh from your bank account", *Personal finance*, *Business World*, Oct , 56-59.
- Tapash Ranjan Saha (2006), "Debit cards overtaking credit cards in India" , *Professional Banker*, January , Volume 6 issue 1, 43—45.
- Sajal Bose (2006), "Banking on Innovation" , *Retail banking*, *Business India*, April 9 , 132-134.
- Nirali Kamdar(2006), "Credit cards - A case of South Korea" , *Treasury Management*, Jan, Vol 7, Issue 1, 63-69.

Table no: 1 General Profile

Profile	Categories	Number of respondents	Percentage %
Age	Upto 30 yrs	20	20
	31-40 yrs	22	22
	41-50 yrs	37	37
	Above 50 yrs	21	21
Sex	Female	29	29
	Male	71	71
Occupational Status	Self-Employed	24	24
	Salaried-Govt	40	40
	Salaried-Pvt	25	25
	Others	11	11
Educational Level	School Level	6	6
	Graduates	47	47
	Post Graduates	36	36
	Professional Level	11	11

Source: Primary Data

Table No. 2 Distribution of respondents according to the extent of awareness

(In percentages)

Facilities	Aware and Using the facility	Aware but not using the facility	Not at all aware	Total
Interest free credit period	64	31	5	100
Insurance cover	49	44	7	100
Accident cover	43	45	12	100
rolling credits	31	41	28	100
Add - on - card facility	43	44	13	100

Source: Primary Data

Table No. 3 Awareness and Utilization of Fringe Benefits Based on the Age Factor

Facilities	Type of Awareness	Upto 30 years		31-40 years		41-50 years		Above 50 years	
		No	%	No	%	No	%	No	%
Interest free credit period	Aware and using the facility	11	55	14	64	24	65	15	71
	Aware but not using the facility	7	35	8	37	12	32	4	19
	Not at all aware	2	10	-	-	1	3	2	10
Insurance cover	Aware and using the facility	9	45	9	41	20	54	11	52
	Aware but not using the facility	8	40	12	55	15	41	9	43
	Not at all aware	3	15	1	5	2	5	1	5
Accident cover	Aware and using the facility	6	30	9	41	19	51	9	43
	Aware but not using the facility	11	55	9	41	14	38	11	52
	Not at all aware	3	15	4	18	4	11	1	5
Rolling credits	Aware and using the facility	2	10	7	32	15	41	7	33
	Aware but not using the facility	8	40	9	41	16	43	8	38
	Not at all aware	10	50	6	27	6	16	6	29
Add-on-card facility	Aware and using the facility	7	35	8	36	17	46	11	52
	Aware but not using the facility	9	45	10	46	17	46	8	38
	Not at all aware	4	20	4	18	3	8	2	10

Source: Primary Data

Table No. 4 Awareness and Utilization of Fringe Benefits Based on the Sex Factor

Facilities	Type of Awareness	Female		Male	
		No	%	No	%
Interest free credit period	Aware and Using the facility	16	55	48	68
	Aware but not using the facility	10	35	21	30
	Not at all aware	3	10	2	3
Insurance cover	Aware and Using the facility	13	45	36	51
	Aware but not using the facility	11	38	33	47
	Not at all aware	5	17	2	3
Accident cover	Aware and Using the facility	10	35	33	47
	Aware but not using the facility	16	55	29	41
	Not at all aware	3	10	9	13
Rolling credits	Aware and Using the facility	6	21	25	35
	Aware but not using the facility	10	35	31	44
	Not at all aware	13	45	15	21
Add - on - card facility	Aware and Using the facility	12	41	31	44
	Aware but not using the facility	12	41	32	45
	Not at all aware	5	17	8	11

Source: Primary Data

**Table No. 5 Awareness and Utilization of
Fringe Benefits Based on the Occupation Factor**

Facilities	Type of Awareness	Self Employed		Salaried - Govt		Salaried - Pvt		Others	
		No	%	No	%	No	%	No	%
Interest free credit period	Aware and Using the facility	17	71	23	58	18	72	6	55
	Aware but not using the facility	5	21	15	38	7	28	4	36
	Not at all aware	2	8	2	5	—	—	1	9
Insurance cover	Aware and Using the facility	12	50	16	40	16	64	5	46
	Aware but not using the facility	10	33	21	53	8	32	5	46
	Not at all aware	2	7	3	8	1	4	1	9
Accident cover	Aware and Using the facility	12	50	15	38	11	44	5	46
	Aware but not using the facility	9	38	18	45	13	52	5	46
	Not at all aware	3	13	7	18	1	4	1	9
Rolling credits	Aware and Using the facility	9	38	13	33	6	24	3	27
	Aware but not using the facility	7	29	16	40	15	60	3	27
	Not at all aware	8	33	11	28	4	16	5	46
Add - on - card facility	Aware and Using the facility	11	46	17	43	10	40	5	46
	Aware but not using the facility	8	33	20	50	14	56	2	18
	Not at all aware	5	21	3	8	1	4	4	36

Source: Primary Data

**Table No. 6 Awareness and Utilization of
Fringe Benefits Based on the Educational Factor**

Facilities	Type of Awareness	School Level		Graduates		PG Level		Professional Level
		No	%	No	%	No	%	
Interest free credit period	Aware and Using the facility	4	67	32	68	22	61	55
	Aware but not using the facility	1	17	14	30	13	36	27
	Not at all aware	1	17	1	2	1	3	18
	Aware but not using the facility	1	17	14	30	13	36	27
Insurance cover	Not at all aware	1	17	1	2	1	3	18
	Aware and Using the facility	3	50	24	51	15	42	46
	Aware but not using the facility	2	33	21	45	17	48	46
Accident cover	Not at all aware	1	17	2	4	4	11	9
	Aware and Using the facility	3	50	22	47	14	39	36
	Aware but not using the facility	2	33	20	43	16	44	64
Rolling credits	Not at all aware	1	17	5	11	6	17	—
	Aware and Using the facility	2	33	17	36	9	25	27
	Aware but not using the facility	1	17	19	40	16	44	46
Add - on - card facility	Not at all aware	3	50	11	23	11	31	27
	Aware and Using the facility	2	33	21	45	14	39	55
	Aware but not using the facility	3	50	21	45	16	44	36
	Not at all aware	1	17	5	11	6	17	9

Source: Primary Data

Chi-square Tables

Table No 7 Chi-Square Values- Personal factor and Fringe benefits

Personal factors	Fringe Benefits				
	Interest free credit period	Insurance cover	Accident Cover	Rolling Credits	Add-on-card Facility
Age	5.09	3.64	4.43	9.37	3.33
Sex	2.99	6.61*	1.72	5.95*	0.65
Occupation	4.51	3.82	3.58	7.07	11.79
Educational Level	7.69	4.25	3.73	3.39	1.61

* Significant at 5% level

Source: Primary Data

One Way ANOVA Tables

Table no 8 Age wise awareness of fringe benefits

Personal factors		Total Score			F	Sig
		Mean	SD	No		
Age	Upto 30 yrs	5.65	2.81	20	1.703	NS
	31-40 yrs	6.45	2.22	22		
	41-50 yrs	7.14	2.44	37		
	Above 50 yrs	6.95	2.48	21		

Source : Primary Data

Table no 9 Education wise awareness of fringe benefits

Personal factors		Total Score			F	Sig
		Mean	SD	No		
Educational Qualification	School level	6.17	2.40	6	.583	NS
	Graduate level	6.96	2.51	47		
	PG level	6.28	2.50	36		
	Professional level	6.82	2.71	11		

Source : Primary Data

Table no 10 Occupation wise awareness of fringe benefits

Personal factors		Total Score			F	Sig
		Mean	SD	No		
Occupational status	Self employed	6.71	2.60	24	.609	NS
	Salaried-govt	6.45	2.59	40		
	Salaried-pvt	7.16	2.06	25		
	others	6.09	3.05	11		

Source : Primary Data

T-test Table

Table no 11 Sex wise awareness of fringe benefits

Personal factors		Total Score			t	df	Sig
		Mean	SD	No			
Sex factor	Female	5.97	2.73	29	1.76	98	NS
	Male	6.93	2.37	71			

Source : Primary Data