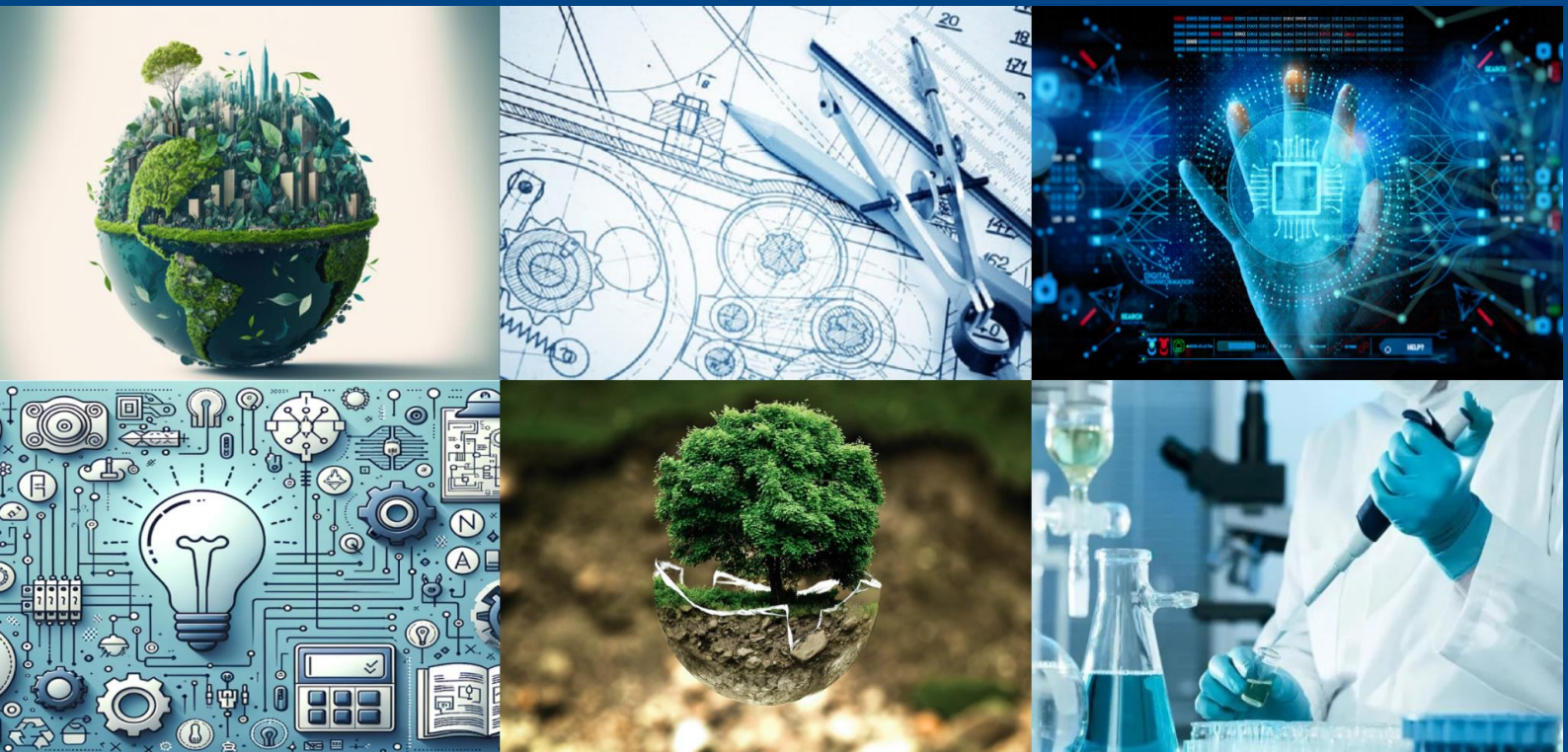




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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# An Analysis of Factors Influencing Credit Card Selection and Usage Preferences among Consumers in Bengaluru City

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**ABSTRACT: Purpose:** This study aims to examine the impact of credit card usage on consumer spending behaviour, financial awareness, and satisfaction levels. It focuses on understanding how demographic factors, usage patterns, and promotional benefits influence user preferences and financial decision-making.

**Design/Methodology/Approach:** The study uses a quantitative research design with primary data collected through a structured questionnaire. A total of 64 respondents (N = 64) from diverse backgrounds were selected using convenience sampling. Data was collected via an online survey method. Statistical tools such as descriptive statistics, percentage analysis, regression, and graphical representation were used for analysis.

**Findings:** The results indicate that credit cards are widely used for daily transactions due to convenience and reward benefits. However, rewards and cashback offer do not significantly ensure customer satisfaction. Financial literacy among users is moderate to low, and many users do not actively track their spending. Service quality and ease of use are found to be more influential than promotional benefits in determining user satisfaction.

**Social Implications:** The study highlights the need for improved financial literacy and responsible usage of credit cards to prevent overspending and debt accumulation. It also emphasizes the role of financial institutions in educating consumers about charges, interest rates, and effective credit management.

**Originality/Value:** This research provides insights into consumer behaviour in the context of credit card usage by integrating factors such as demographics, financial awareness, and satisfaction. It adds value by identifying gaps in user awareness and highlighting the importance of service quality over promotional incentives.

**KEYWORDS:** Credit Cards, Consumer Behaviour, Financial Literacy, Spending Patterns, Customer Satisfaction, Digital Payments

## I. INTRODUCTION

The Indian financial sector has experienced significant transformation over the past decade, primarily driven by technological advancements, increased internet penetration, and the rapid adoption of digital payment systems. Among the various financial instruments, credit cards have emerged as a convenient and widely accepted tool for facilitating cashless transactions. Initially introduced as a premium product for high-income groups, credit cards have gradually become accessible to a wider population due to increased competition among banks and financial institutions.

The expansion of e-commerce platforms, mobile banking, and digital payment ecosystems has further accelerated the use of credit cards. Consumers increasingly rely on credit cards not only for high-value purchases but also for routine transactions such as bill payments, online shopping, and travel bookings. This shift reflects changing consumer preferences towards convenience, flexibility, and efficiency.



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Financial institutions offer various incentives, including cashback, reward points, and discounts, to attract and retain customers. However, these features also complicate consumer decision-making, particularly in the presence of limited financial literacy. Inadequate understanding of interest rates, fees, and repayment structures may lead to overspending and financial mismanagement.

Moreover, demographic factors such as age, income level, and lifestyle significantly influence credit card usage patterns. While younger consumers are more responsive to promotional offers, higher-income groups tend to prioritise premium services and overall user experience. Customer satisfaction is increasingly determined by service quality, transparency, and ease of use rather than promotional benefits alone.

Bengaluru, as a major metropolitan city with a diverse and digitally active population, provides an appropriate context for analysing such behavioural patterns. Therefore, this study aims to examine the factors influencing credit card selection and usage, with particular emphasis on financial literacy, rewards and benefits, service quality, and demographic variables.

### II. REVIEW OF LITERATURE

#### 1. Dr. M. Surekha and Dr. Umesh U (2022): A Study on Utilization and Convenience of Credit Card:

This study examined how credit cards influence consumer spending behaviour and highlighted their role in providing convenience and flexibility. It also identified different types of users such as revolvers and convenience users, showing variation in repayment and spending habits.

#### 2. Mohammad Ahmar Uddin (2020): A Study on Literacy and Usage Behaviour of Credit Card Users

The research analysed the relationship between financial literacy and credit card usage. It found that factors like age, income, and education significantly impact how individuals use credit cards, with financially aware users showing more responsible behaviour.

#### 3. Sodha Bhargav K (2023): Impact of Credit Cards in Consumer's Life

This study explored how credit cards affect consumers' daily lives by increasing purchasing power and offering ease of transactions. It also discussed how accessibility to credit influences spending patterns.

#### 4. Ravichandran Subramaniam Maran and Marimuthu: Bank Credit Card and the Selection Criteria

The study focused on factors influencing the selection of credit cards. It identified convenience, security, and service quality as the most important factors considered by consumers while choosing credit cards.

#### 5. Mary-Alice Doyle: Consumer Credit Card Choice: Costs, Benefits and Behavioural Biases

This research examined how consumers evaluate credit cards based on costs and benefits. It also highlighted behavioural biases that influence decision-making while selecting and using credit cards.

#### 6. Alain D'Astous and Diane Miquelon: Helping Consumers Choose a Credit Card

The study emphasized the importance of providing clear and relevant information to consumers to help them make better credit card choices. It focused on how information availability affects decision-making.

#### 7. Abhilash Ponnamp, Debajani Sahoo et al.: An Exploratory Study of Factors Affecting Credit Card Brand Selection in India

This study analysed factors influencing credit card brand selection. It found that brand image, bank reputation, and promotional offers play a key role in consumer preferences.



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### 8. William Robert Maheshwar (2020): A Study on Effect of Credit Card on Customer Satisfaction

The research explored the relationship between credit card usage and customer satisfaction. It concluded that features like rewards, convenience, and service quality positively influence satisfaction levels.

### 9. Prof. Avinash Ghadage et al: Study and Analysis of Utilization of Credit Cards

This study examined usage patterns of credit cards among consumers and identified key expectations such as ease of use, security, and accessibility.

### 10. Annamaria Lusardi (2019): Financial Literacy and the Need for Financial Education

The study highlighted the importance of financial literacy in making informed financial decisions. It emphasized that better financial education leads to improved management of financial products like credit cards.

### 11. John Leston: Credit Card Market Study: Consumer Survey

This study focused on analysing consumer behaviour in the credit card market. It provided insights into usage patterns, preferences, and segmentation of users based on their financial behaviour.

### 12. Sarah Miller and Cindy K. Soo: Do Neighborhoods Affect Credit Market Decisions of Low-Income Borrowers

The research examined how external environmental factors influence credit-related decisions. It showed that social and economic surroundings play a role in shaping borrowing behaviour.

### 13. Prerna Garg: Plastic Money and Consumer Attitude

This study explored consumer attitudes towards plastic money, including credit cards. It highlighted the growing acceptance of digital payments and technological advancements in banking.

### 14. Dr. Babu Sarvajeet Akela (2020): Impact of Use of Credit Card on Buying Behaviour

The study analysed how credit cards influence consumer buying behaviour. It found that easy availability of credit encourages increased and sometimes impulsive spending.

### 15. Shri Nagaraju: Consumer Awareness and Perception About Credit Cards

This research focused on understanding the awareness and perception of consumers towards credit cards. It revealed that awareness levels significantly impact usage behaviour.

### 16. Gulsun Akin et al. (2022): Consumer Preferences and Regulations in Credit Card Markets

The study examined consumer preferences in credit card markets and highlighted the importance of non-price factors such as service quality and brand value.

### 17. Babar Zaheer Butt et al: Customers' Credit Card Selection Criteria in Emerging Market

This research analysed the criteria used by consumers in emerging markets to select credit cards. It emphasized factors such as interest rates, benefits, and accessibility.

### 18. Joe Resendiz (2021): Credit Card Usage and Ownership Statistics

The study provided statistical insights into credit card ownership and usage trends, showing the growing importance of credit cards in modern financial systems.

### 19. Mary-Alice Doyle: Consumer Credit Card Choice

This study further reinforced the role of cost-benefit analysis and behavioural aspects in influencing consumer credit card decisions.



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### 20. Erdener Kaynak: An Empirical Investigation of Credit Card Users:

The research analysed consumer behaviour using a structured model and provided insights into usage patterns and decision-making processes.

### III. RESEARCH METHODOLOGY

#### 3.1 Research Design

The present study adopts a descriptive research design to analyse the factors influencing credit card selection and usage preferences among consumers. The study is based on primary data collected through a structured questionnaire from respondents in Bengaluru city. A sample size of 64 respondents was selected using a convenience sampling method. The collected data has been analysed using statistical tools such as Regression analysis, and ANOVA.

#### 3.2 Analytical Framework

The analytical framework of the study is designed to examine the relationship between various factors influencing credit card usage behaviour. The framework assumes that consumer preferences and satisfaction are influenced by multiple independent variables such as rewards, financial literacy, service quality, and demographic characteristics. These variables collectively impact the dependent variable, which is the overall credit card usage behaviour and customer satisfaction. The framework highlights that no single factor independently determines consumer behaviour; rather, it is the combined effect of multiple variables that shapes decision-making.

#### 3.3 Variables of the Study

The study includes the following variables:

##### 1. Independent Variables

These are the factors that influence consumer behaviour:

- Rewards and Cashback Offers
- Financial Literacy
- Service Quality
- Interest Rates and Charges
- Convenience and Accessibility

##### 2. Dependent Variable

- Credit Card Usage Behaviour
- Customer Satisfaction Level

##### 3. Moderating Variables: These variables affect the strength of the relationship:

- Age
- Income Level
- Occupation.

#### 3.4 Hypotheses of the Study

**H1:** There is a significant relationship between income level and credit card usage behaviour.

**H2:** Rewards and cashback offer have a significant impact on customer satisfaction.

**H3:** Financial literacy significantly influences responsible credit card usage.

#### 3.5 Tools for Data Analysis

The following statistical tools have been used for analysis:

- Regression Analysis
- ANOVA (Analysis of Variance)

These tools help in identifying relationships between variables and testing the hypotheses of the study.



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### IV. DATA ANALYSIS AND INTERPRETATION

The collected data from 64 respondents has been analysed using percentage analysis, regression, and ANOVA to understand credit card usage behaviour and influencing factors.

#### 4.1 Usage Pattern of Credit Cards

Purpose of Usage	No. of Respondents
Shopping	32
Bill Payments	19
Travel & Others	13
Total	64

#### Interpretation:

The above table indicates that a majority of respondents (50%) use credit cards primarily for shopping purposes. This reflects the increasing dependence on credit cards for day-to-day purchases. Bill payments account for 30% of usage, while travel and other expenses constitute 20%, indicating moderate usage for non-essential activities.

#### 4.2 Monthly Spending Pattern

Monthly Spending (₹)	No. of Respondents
Below 10,000	19
10,000 – 30,000	26
Above 30,000	19
Total	64

#### Interpretation:

The data shows that 40% of respondents fall within the mid-range spending category of ₹10,000–₹30,000. This suggests moderate usage of credit cards among consumers. Equal proportions (30%) are observed in both low and high spending categories, indicating varied spending behaviour across users.

#### 4.3 Importance of Rewards and Cashback

Response	No. of Respondents
Important	45
Not Important	19
Total	64

#### Interpretation:

A significant majority of respondents (70%) consider rewards and cashback offers as important factors influencing their



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credit card usage. However, 30% of respondents do not prioritize such benefits, suggesting that other factors also play a role in decision-making.

#### 4.4 Customer Satisfaction Level

Satisfaction Level	No. of Respondents
Highly Satisfied	19
Moderately Satisfied	32
Not Satisfied	13
Total	64

#### Interpretation:

The majority of respondents (50%) are moderately satisfied with their credit card services. Only 30% are highly satisfied, while 20% express dissatisfaction. This indicates that there is scope for improvement in service quality and customer experience.

#### 4.5 Level of Financial Literacy

Financial Literacy Level	No. of Respondents
Good	26
Limited	38
Total	64

#### Interpretation:

The table reveals that 60% of respondents have limited financial literacy regarding credit card usage. This lack of awareness may lead to improper usage and financial difficulties. Only 40% possess adequate knowledge, indicating the need for financial education initiatives.

#### 4.6 Regression Analysis

Table: Regression Summary

Particulars	Values
R Square	0.848
Observations	64

#### Interpretation:

The R Square value of 0.848 shows that 84.8% of the variation in credit card usage behaviour is explained by the independent variables. This indicates a strong relationship between the variables considered in the study.



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**Table: Regression Coefficients**

Variables	Values
Rewards & Cashback	0.452
Financial Literacy	0.321
Service Quality	0.287
Interest Rates & Charges	-0.198

### Interpretation:

The table shows that rewards and cashback have the highest positive influence on credit card usage. Financial literacy and service quality also positively affect usage, while interest rates negatively influence consumer behaviour.

### 4.7 ANOVA Analysis

Table: ANOVA

Source	Value
F Value	18.42
df	63

### Interpretation:

The F value indicates that the model is significant. This means that the independent variables collectively influence credit card usage behaviour.

## V. FINDINGS AND DISCUSSION

The analysis of the study reveals several important insights into consumer behaviour regarding credit card usage.

Firstly, it is observed that credit cards are widely used for daily transactions such as shopping, bill payments, and online purchases. This indicates the growing dependence on digital financial instruments in urban areas.

Secondly, rewards and cashback offer play a significant role in attracting users towards credit cards. However, these benefits alone do not ensure long-term customer satisfaction. Users tend to prioritise overall experience over short-term incentives.

Another key finding is that financial literacy among users is relatively low. A majority of respondents lack adequate knowledge regarding interest rates, hidden charges, and repayment mechanisms, which may lead to poor financial decisions. The study also highlights demographic differences in usage behaviour. Younger users are more influenced by offers, discounts, and promotional benefits, whereas higher-income groups tend to focus on premium services, convenience, and exclusive privileges.

Finally, service quality emerges as a critical factor influencing customer satisfaction. Factors such as customer support, transparency, and ease of usage have a greater impact on satisfaction levels than promotional offers. Overall, the findings suggest that credit card usage behaviour is multifaceted and influenced by a combination of economic, behavioural, and service-related factors.



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### VI. CONCLUSION

The study concludes that credit card usage behaviour is complex and influenced by multiple interrelated factors. While rewards and promotional offers are effective in attracting customers, they are not sufficient to ensure long-term satisfaction and loyalty.

Service quality, transparency, and user experience play a more significant role in shaping customer perception and satisfaction. Consumers increasingly expect seamless services, clear communication, and reliable support from financial institutions.

Financial literacy emerges as a crucial determinant of responsible credit card usage. Users with better financial knowledge are more likely to manage their credit effectively and avoid unnecessary financial stress.

Therefore, enhancing financial awareness and improving service delivery mechanisms are essential for both consumers and financial institutions. The study highlights the need for a balanced approach that combines attractive features with responsible financial practices.

### VII. RECOMMENDATIONS

Based on the findings of the study, the following recommendations are suggested:

- Banks and financial institutions should focus on customer education programs to improve financial literacy and awareness regarding credit card usage.
- Terms and conditions related to credit cards should be simplified and clearly communicated to ensure better understanding among users.
- Financial institutions should prioritise service quality, transparency, and efficient customer support to enhance user satisfaction.
- Customized credit card products should be designed to cater to different customer segments, such as students, professionals, and high-income groups.
- Mobile banking applications should promote financial discipline by providing features such as spending trackers, alerts, and repayment reminders.

These measures can help in improving both customer satisfaction and responsible usage of credit cards.

### VIII. LIMITATIONS OF THE STUDY

The study is subject to certain limitations which must be acknowledged:

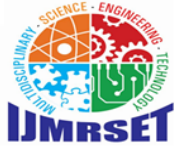
- The research is limited to Bengaluru city, which restricts the applicability of the findings to other regions.
- The study uses a convenience sampling method, which may introduce sampling bias.
- Despite these limitations, the study provides valuable insights into consumer behaviour and credit card usage patterns.
- The study considers only a limited number of variables and does not include other important behavioural factors.
- The research was conducted within a short time period, which may not capture long-term trends.
- The study is based on a small sample size of 64 respondents, which may not fully represent the entire population.

### IX. SCOPE FOR FUTURE RESEARCH

The study opens several avenues for future research:

- Future studies can be conducted with a larger and more diverse sample size to improve reliability and generalizability.
- Comparative analysis across different cities or regions can provide deeper insights into regional variations in behaviour.
- Inclusion of behavioural and psychological factors such as spending habits, risk perception, and impulsive buying can enhance the depth of analysis.
- Longitudinal studies can be conducted to analyse trends in credit card usage over time.

Such research can contribute to a more comprehensive understanding of consumer financial behaviour.



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