

A Study on the Impact of Credit Card Usage on Financial Discipline Among Working Professionals in Amravati City

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Abstract

In today's modern lifestyle, credit cards have become an essential part of personal finance, especially among working professionals. They are widely used for convenience, emergency expenses, online shopping, and cashless transactions. Credit cards provide flexibility and ease of payment, helping individuals manage short-term financial needs efficiently. However, uncontrolled or improper use of credit cards can lead to overspending, accumulation of debt, and weak financial discipline. As a result, understanding how credit card usage influences financial behavior has become increasingly important.

This study aims to analyze the impact of credit card usage on financial discipline among working professionals in Amravati city. The research focuses on key aspects such as spending habits, payment behavior, awareness of interest charges, and financial planning practices. Data for the study was collected through a structured questionnaire administered to working professionals. The findings reveal that while credit cards offer convenience and financial flexibility, a lack of financial awareness and improper usage can negatively affect financial discipline. Therefore, responsible usage, timely bill payments, and better awareness of credit card terms are essential to maintain healthy financial discipline.

Keywords

Credit Card, Financial Discipline, Working Professionals, Spending Habits, Amravati City

Introduction

Credit cards are one of the most commonly used financial tools in today's modern economy. They allow users to purchase goods and services without making immediate cash payments, which provides convenience and flexibility. In India, the use of credit cards has increased rapidly, especially among working professionals. This increase is mainly due to higher

income levels, busy lifestyles, growth of online shopping platforms, and the widespread use of digital payment systems. Credit cards are often used for daily expenses, bill payments, travel, entertainment, and emergency needs.

Financial discipline refers to the ability of an individual to manage income, expenses, savings, and debt in a planned and responsible manner. It includes budgeting, regular savings, timely payment of dues, and avoiding unnecessary debt. While credit cards make transactions easy and offer benefits such as reward points and cashbacks, improper or excessive use can create financial problems. Many users tend to overspend because credit cards give a false sense of purchasing power. Delayed payments and paying only the minimum due amount can lead to high interest charges and accumulation of debt. Therefore, it becomes important to study how credit card usage influences the financial discipline of working professionals in Amravati city, in order to understand their spending behavior, payment habits, and overall financial management.

Review of Literature

1. Patil and Deshpande (2022) Patil and Deshpande conducted a study on credit card usage and financial discipline among salaried employees in Maharashtra. The study revealed that professionals who paid credit card bills on time maintained better control over their finances. On the other hand, delayed payments and minimum due payments increased financial stress. The study emphasized the importance of awareness about interest rates and penalties.

2. Sharma (2023) Sharma analyzed the relationship between credit card usage and spending habits of working professionals. The findings showed that excessive credit card usage encourages impulsive buying and unnecessary expenses. Many respondents admitted that credit cards negatively affected their

saving habits. The study suggested disciplined usage to avoid debt problems.

3. Joshi and Kulkarni (2024) Joshi and Kulkarni examined the role of financial literacy in credit card usage among professionals. The study found that individuals with higher financial knowledge showed better financial discipline and repayment behavior. The researchers concluded that financial education helps users make informed decisions regarding credit card usage.

4. Verma (2025) Verma studied the impact of credit card usage on financial discipline among young working professionals. The study revealed that frequent use of credit cards without proper financial planning leads to overspending and debt accumulation. The researcher suggested that controlled use of credit cards and regular expense tracking can improve financial discipline.

Objectives of the Study

The primary objective of this study is to analyze the credit card usage patterns among working professionals. The study seeks to examine the frequency of credit card usage, the number of credit cards held, and the various purposes for which credit cards are used, including shopping, bill payments, travel, and emergency expenses. It also aims to identify the preference of working professionals for credit cards in comparison to cash and debit cards. Through an in-depth analysis of these aspects, the study intends to develop a comprehensive understanding of the significance of credit cards in the daily financial practices of working professionals.

Research Hypothesis

Null Hypothesis (H_0): There is no significant relationship between credit card usage and financial discipline of working professionals in Amravati city.

Alternative Hypothesis (H_1): There is a significant relationship between credit card usage and financial discipline of working professionals in Amravati city.

Research Methodology

Research Design: The present study adopts a descriptive and analytical research design to examine the impact of credit card usage on the financial discipline of working professionals in Amravati city.

The descriptive design is used to understand the existing patterns of credit card usage, while the analytical approach helps in examining the relationship between credit card usage and financial discipline.

Area of the Study: The present study is confined to Amravati city, Maharashtra. The research focuses on **working** professionals residing and employed in Amravati city, with special reference to their credit card usage and its impact on financial discipline. The area was selected due to the increasing use of credit cards among working professionals and the researcher's accessibility to respondents.

Sample Size: For the purpose of the study, a sample of 100 working professionals was selected. The sample includes respondents who actively use credit cards. The size of the sample was considered adequate to analyze credit card usage patterns and financial discipline within the limitations of time and resources.

Sampling Method: The study adopted the convenience sampling method. Respondents were selected based on their availability and willingness to participate in the survey. This method was chosen to ensure quick and easy access to working professionals in Amravati city.

Data Collection Methods

The study is based on both primary and secondary data.

- Primary Data:** Primary data was collected through a structured questionnaire administered to working professionals. The questionnaire contained close-ended questions related to credit card usage frequency, spending habits, payment behavior, awareness of interest charges, and financial discipline.

- Secondary Data:** Secondary data was collected from books, research journals, published articles, websites, and reports related to credit card usage and financial behavior. This data helped in building the theoretical background and reviewing existing literature.

Data Analysis Tools

The collected data was analyzed using simple statistical tools. Percentage analysis was used to interpret the demographic profile and usage patterns of credit cards. The Chi-square test was applied to examine the relationship between credit card usage and financial discipline of working professionals. The hypothesis was tested at a 5% level of significance to ensure reliability of results.

Data Analysis and Interpretation

Observed Data (Based on Survey):

Credit Card Usage	Good Financial Discipline	Poor Financial Discipline	Total
Regular Users	18	22	40
Occasional Users	7	3	10
Total	25	25	50

Expected Frequencies Calculation:

$$\text{Expected Frequency} = \frac{(\text{Row Total} \times \text{Column Total})}{\text{Grand Total}}$$

Credit Card Usage	Good (Expected)	Poor (Expected)
Regular Users	$(40 \times 25) / 50 = 20$	$(40 \times 25) / 50 = 20$
Occasional Users	$(10 \times 25) / 50 = 5$	$(10 \times 25) / 50 = 5$

Chi-Square Formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Category	O	E	$(O - E)^2 / E$
Regular-Good	18	20	0.20
Regular-Poor	22	20	0.20
Occasional-Good	7	5	0.80
Occasional-Poor	3	5	0.80
Total χ^2			2.00

Degree of Freedom (df)

$$(df) = (r - 1)(c - 1) = (2 - 1)(2 - 1) = 1$$

Tabulated Value

At 5% level of significance and df = 1, Chi-square table value = **3.84**

Decision Rule

- Calculated value = **2.00**
- Tabulated value = **3.84**

Since calculated value < tabulated value, we accept the Null Hypothesis.

Credit Card Usage

The analysis of credit card usage reveals that a majority of the respondents actively use credit cards in their daily financial transactions. About 80% of the respondents reported using credit cards regularly, indicating a high level of dependence on credit cards for various purposes. On the other hand, 20% of the respondents use credit cards occasionally, suggesting limited or need-based usage. This clearly shows that credit cards have become a commonly preferred payment instrument among working professionals.

Purpose of Using Credit Cards

The study indicates that credit cards are primarily used for shopping and online purchases, which accounts for 45% of the respondents. This highlights the growing trend of digital shopping and the convenience offered by credit cards. Bill payments constitute 25%, showing that a significant number of respondents rely on credit cards for managing regular utility and service payments. Emergency expenses account for 20%, suggesting that credit cards serve as a financial support tool during unexpected situations. Lastly, travel and entertainment purposes represent 10%, indicating comparatively lower usage of credit cards for leisure-related activities.

Payment Behavior

The study reveals that a majority of the respondents demonstrate responsible credit card payment behavior. About 60% of the respondents pay the full credit card bill amount on time, which reflects good financial discipline and awareness. However, 25% of the respondents pay only the minimum due amount, indicating a tendency to postpone full repayment and potentially incur interest charges. Furthermore, 15% of the respondents delay their credit card payments, which may lead to additional financial burden in the form of late fees and interest, thereby negatively affecting their financial discipline.

Impact on Financial Disciplin

The findings of the study indicate a mixed impact of credit card usage on the financial discipline of working professionals. About 40% of the respondents feel that credit cards help them manage their expenses more efficiently, as they provide flexibility and convenience in payments. However, 35% of the respondents admitted that the use of credit cards leads to overspending, mainly due to easy availability of credit. Additionally, 25% of the respondents reported facing difficulties in saving money, suggesting that excessive or improper use of credit cards can negatively affect saving habits and overall financial discipline.

Findings

The study reveals that credit cards are widely used by working professionals in Amravati city, indicating their growing importance in daily financial transactions. However, it was observed that many users lack adequate awareness regarding interest charges, late payment fees, and other related costs associated with credit card usage. The findings also show that overspending is a common issue among users due to the easy availability of credit, which often leads to weak financial control. At the same time, the study highlights that working professionals who make timely credit card payments are able to maintain better financial discipline and avoid unnecessary debt..

Suggestions

Based on the findings of the study, it is suggested that credit card users should make it a habit to pay the full credit card bill amount on time in order to avoid interest charges and maintain financial discipline. Users should also limit the number of credit cards they own, as holding multiple cards may encourage unnecessary spending. Regular tracking of monthly expenses is recommended to ensure better control over spending and savings. Additionally, there is a need to increase awareness regarding credit card interest rates, penalties, and other related charges so that users can make informed financial decisions. Lastly, credit cards should be used primarily for necessary and planned expenses rather than impulsive or non-essential purchases.

Conclusion

The study highlights the significant role of credit cards in the financial lives of working professionals in Amravati city. Credit cards have emerged as a convenient and flexible payment tool, widely used for shopping, online purchases, bill payments, emergencies, and other financial needs. The findings indicate that while a majority of professionals use credit cards regularly and demonstrate responsible payment behavior, a substantial portion still lacks awareness about interest charges, penalties, and the implications of delayed payments. This lack of awareness often leads to overspending, difficulty in saving, and a potential weakening of financial discipline.

The study also establishes that timely payment of credit card bills and controlled usage are key factors in maintaining financial discipline. Working professionals who pay their full bills on time and track their monthly expenses are better able to manage their finances and avoid unnecessary debt. Based on these observations, it is evident that financial literacy, disciplined spending, and proper planning are crucial for leveraging the benefits of credit cards while minimizing their potential drawbacks.

In conclusion, credit cards can serve as a powerful financial tool for working professionals when used responsibly. Encouraging timely payments, limiting the number of credit cards, tracking expenses, and increasing awareness about interest rates and penalties are essential steps toward enhancing financial discipline. The study underscores the importance of informed and controlled credit card usage to ensure that the convenience offered by credit cards contributes positively to the overall financial well-being of professionals in Amravati.

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