

## **ANALYTICAL STUDY OF CREDIT CARD USAGE AND PAYMENT TRANSACTIONS (WITH REFERENCE TO STATE BANK OF INDIA)**

**\* Dr. Wuppuluru Ramana Rao**

**E Mail: [w.ramanarao@iuraipur.edu.in](mailto:w.ramanarao@iuraipur.edu.in)**

### **Abstract**

The study presents an analytical view of credit card payment transactions with special reference to one of the major giant in banking sector, the state bank of India. India is on its verge of going towards cashless economy and credit cards have emerges as one of the important tool in this directions. The research is focused on the statistics related to credit card payment transactions through PoS, Online (e-com) and other sources.

The study is based on the quantitative analysis of transaction data with qualitative insights. Secondary data available on the official website of RBI is used to make the study authentic. The analysis will uncover the usage patterns and important reasons for using credit cards among the Indian consumers.

Key findings also highlights about the challenges related to security concerns and customer dissatisfaction regarding certain aspects of credit card experience.

**Key words:** Credit cards, Card payments, cashless transactions.

### **Introduction**

In this era of modern banking the credit cards payment transactions have evolved as an important milestone and plays crucial role. There may be many reasons like credit time, convenience, and reward programs etc. which are playing crucial role in the increasing usage patterns in credit cards. With the advent of digital technologies and increasing preference of cashless transactions, credit cards play important role. This research paper focuses on the credit card transactions through various methods especially focused on State Bank of India (SBI) one of the most influential and most significant bank in the Indian banking sector.

➤ **About SBI Credit cards**

The pioneer of banking in India offers range of credit cards to cater to all type of customer base.

Major type of credit cards includes:

- SBI Card ELITE
- SBI Card PULSE
- Doctor's SBI Card
- SBI Card ELITE Advantage

➤ **Literature review**

Credit cards have performed well to the needs of the people. However at the time of introduction people were reluctant to adopt but by the passage of time now credit cards hold an important place in day to day payment transactions. (Saravanan, 201210-12)

Though credit cards are used widely these days but there is a clear lack of consumer awareness about the usage of credit cards. (Bhuvaneswari, 2023)

The number of active cards and number of customers is expanding steadily however India is still a relatively untapped market for credit cards. (Pai, 2023)

➤ **Research Methodology**

The study is based on secondary data primarily collected from the official website of Reserve Bank of India [www.rbi.org.in](http://www.rbi.org.in). However many other sources like journals, magazines and web links were thoroughly studied and duly acknowledged in the reference section. The research is both qualitative and quantitative.

➤ **Objectives of Study**

The primary objective of this research is to conduct a comprehensive examination of credit card payment transactions, specifically within the context of SBI. By studying the various aspects the study aims to achieve the following goals:

- ❖ Understanding the transaction patterns in credit card usage.
- ❖ Identifying the consumer behavior in usage of credit cards.
- ❖ Studying and understanding the major reasons for dissatisfaction among credit card users.

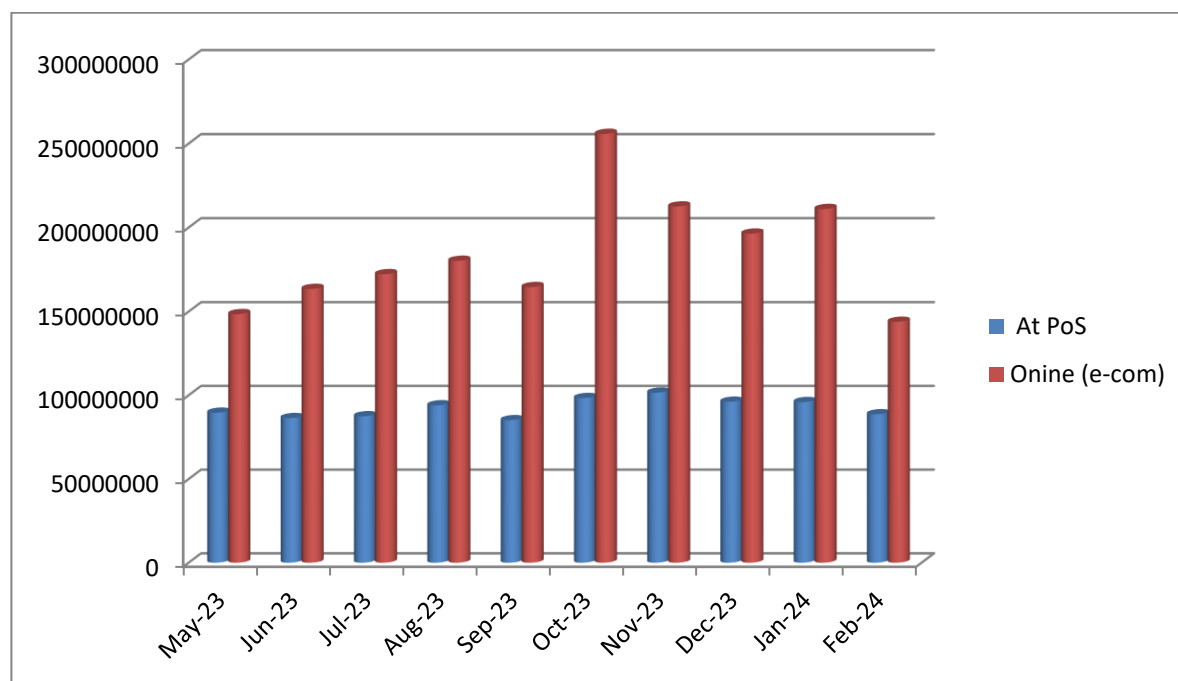
➤ Data Analysis

**Credit Card Payments Transactions**

**State Bank of India**

(Value in Rs'000)

Month/Year	At PoS	Online (e-com)
May-23	89568764	148460182
Jun-23	86351603	163453845
Jul-23	87448960	172218641
Aug-23	93963252	180177760
Sep-23	85097062	164569844
Oct-23	98331879	255728270
Nov-23	101552543	212523184
Dec-23	96132679	196360264
Jan-24	95915210	211023113
Feb-24	88619796	143858130



## **Data Interpretation**

Before interpretation of data it is important to give a meaning of what is PoS?

### **What is PoS?**

PoS stand for point of sale. It is a device in a retail store or outlet used for swiping/tapping the credit card for receiving payments.

- It is clearly evident from the graph that the transactions done online are more in number compared to PoS.
- In both the cases the numbers of transactions are steadily increasing form month on month basis.
- October 2023 making the highest in all the months with highest value in Rs of credit card transactions.

### **➤ Findings and suggestions**

1. Major reasons for dissatisfaction includes:
  - a. Interest rate: Most of the customers are dissatisfied with the rate of interest charged on delayed payments which normally ranges between 2.5 to 3.5 % per month which is very huge when converted to annually range between 30 % to 42% making it very high rate of interest charged.
  - b. Hidden charges: So many time people are not aware about certain hidden charges like Annual maintenance fees, cash processing fees, reward redemption fees etc which are not expressly told to the customers.
  - c. Limited acceptance: Many a times the sellers himself discourage the customers from using the credit card due to extra charges. Also not all stores have the PoS for acceptance of payments through credit cards.
  - d. Frauds and Security Concerns: Instances of credit card frauds has increased dissatisfaction among users.
2. Many of the customers avoid using credit cards due to the charges levied on making payments using credit card which normally ranges from 2% to 2.5% of the transaction amount making the purchase more expensive.
3. Consumers are more cautious about the limit of the credit card. On the one hand they are happy to have a larger credit limit and on the other hand they are afraid that if the card is lost it can be misused for a larger amount if the limit is more.

4. Consumers often use credit card for the convenience they offer in making transaction now and paying later.
5. Most of the credit cards offer some special rewards. These rewards attracts the consumer to make more transactions through credit cards even if they are having enough cash/ bank balance.
6. Used as budgeting tool: For some consumers credit cards act as a budgeting tool allowing them to track their financials more effectively.

## Conclusion

Credit cards are one of the important financial tool used widely in India. It plays a vital role in day to day financial transactions. The benefits of the card can be more if the card is used wisely and not misused. Understanding the need and usage of the credit card in a proper manner can help customers reap more benefits. In this regard customer education programs especially for the credit cards can also be a wise step that can be taken by the financial institutions. Maintaining fair and transparent terms and conditions can attract more customers and thus the drive towards cashless transactions can be achieved in more successful manner.

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