

Customer Bias on Monetary and Non – Monetary Benefits of Credit Services

Bhogadi Pavan Kumar

Student, Malla Reddy university, Hyderabad

ABSTRACT

The credit card market offers consumers a wide range of options when choosing a card. While many factors may influence this choice, this paper focuses on the main financial costs and benefits of holding a credit card. I summarise these costs and benefits as the net monetary benefit associated with a card.

Theory might suggest that a rational consumer will choose a card that maximises their net monetary benefit. But in reality, consumers' decisions may be systematically biased, leading them to select higher-cost credit cards when lower-cost alternatives are available. To test this possibility, I first estimate the net monetary cost or benefit that individuals in a nationally representative survey obtain from their credit card. I then use these estimates to examine whether principles from behavioural economics – such as optimism bias, bounded rationality and present bias – can help to explain consumers' choice of credit card

Keywords: customer bias, monetary benefits, non-monetary benefits, credit services

INTRODUCTION

The credit card are plays most important factor in economy development of every individual and nation, here the user of credit is from across various income level group and not only that it various on age group and occupation but here overall many customers choose the credit cards according to their customer satisfaction. but it measures in only benefits and important features from credit services

Here customer satisfaction is the way customers reacts the credit card policies and features which attract their customers there the credit features are the means of having benefits here benefits are two types monetary benefits which means the benefits consider and value in only Monterey values or in money value

non-monetary benefits. the monetary benefits are the benefits are in monetary or money format like cash back offers bonus points, etc and non-monetary benefits are the benefits apart from the monetary benefits like travel tickets, shopping discounts, aeroplane tickets, food coupons, movie tickets, hotels rooms booking, etc this benefits benefit to customers in various situation like in traveling, etc

As we assume that customers like the monetary benefits more and it happen in past decades but here the present situation is totally difference that is the most of the customers are focusing and liking the non -monetary benefits because the customers thinking that the monetary benefits are benefits which helps in different situations and not only limit to monetary benefits or money benefits so the customers focusing on non-monetary benefits on their credit services but some customers are seeing the only monetary benefits so that here in our research we see their wanting the weather monetary benefits or non-monetary benefits

REVIEW OF LITURATURE

The review of the ligature here by bibliography we understand that research papers regarding this topic is limited to the just understanding the monetary benefits or non- monetary benefits but here the research is on the customer bias of between monetary and non-monetary benefits of credit services in various situations

So, by using primary data and as well as the we taken important points and we used as base for this research paper

REASERCH GAP

The research gap for this research from it review of literatures and research it focuses on the customers bias on monetary and non-monetary benefits of their credit card services by taking research instrument ad questioners by understanding customers opinion on the use age of monetary and non-monetary benefits by it using snow boll sampling methods

RESEARCH OBJECTIVE

The main research objective of this research to understand customer bias in between the monetary and non-monetary benefits of credit cards and services this is the main research objective of this research

SCOPE OF THE STUDY

The scope of this study is the project is about the customers bias in choosing or interest for monetary and non-monetary benefits so the scope of this research is having understanding and awareness about the individual various monetary and non-monetary benefits in credit services and understanding the customers opinions on the benefits and important features provided by credit services.

And understanding about the credit services and also have scope on getting knowledge in the area of how credit attract the customers by benefits and this research is descriptive data so here we taken research instrument has questioners so we interacted several responses and understand deep knowledge their opinion on the credit services and what benefits they getting in various several situation and scenario

RESEARCH METHODOLOGY

The research methodology for this research is descriptive research, why we use descriptive research is the process taking mostly primary data by making survey to the particular specific respondents and analyse it survey so we decided that here the descriptive research will apt for this project to know the customers bias monetary or non-monetary benefits it totally depends on the customers opinions so we selected descriptive research

Here the we taken around 17 questions which totally includes the monetary and non-monetary benefits in various aspects and also it has the inclusion the various customers segregation like gender, age group, income level. And we taken responds around 300

And for this research we taken snowball sampling here due to the convenience and avoid time limit and we taken around approximately 300 – 240 responses by using research instruments questioners

limitations: the limitation that we faced in this research is e taken the survey limit to in one metropolitan city that is Hyderabad and we take the approx. only 300 responses by snow ball sampling due to the less time we have and also due to snowball sampling method there is less scope on interacting with every respondents as it research instrument is questioners so we can't 100%trust on this survey because every individual had individual opinion on their liking the weather monetary or non-monetary benefits on their credit card services

DATA ANALYSIS AND OBSERVATIONS

1. what's your gender

	Frequen cy	Percen t	Valid Percent	Cumulative Percent
1. male	213	71.0	71.0	71.0
2. Female	87	29.0	29.0	100.0
Total	300	100.0	100.0	

From the above data regarding the gender response to this survey the male response is more with 213 response and 71.0% compare to female response with 87 response and 29%

2. What's your age group?

	Frequency	Percent	Valid Percent	Cumulative Percent
1 .18-25	30	10.0	10.0	10.0
2 .26-33	138	46.0	46.0	56.0
3 .34-41	110	36.7	36.7	92.7
4 .42 and above	22	7.3	7.3	100.0
Total	300	100.0	100.0	

From the above given data of regarding understanding the age group of respondents here we segregated 4 age groups that is 18-25, 26-33, 34-41, and 42 and above where the age group of 26-33 have responded more compare to others with 138 response and 46.0%

3. What is your occupation?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.freelancers	44	14.7	14.7	14.7
2.Employee	154	51.3	51.3	66.0
3.private business	88	29.3	29.3	95.3
4.other	14	4.7	4.7	100.0
Total	300	100.0	100.0	

From the above data of regarding the understanding of occupation of respondents here in our survey the options are freelancers, employee, private business, other here the employee respondent more compares to others with 154 response and 51.3%

4. What is your income level?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.15k-30k	31	10.3	10.3	10.3
2.30k-50k	120	40.0	40.0	50.3
3.50k-70k	110	36.7	36.7	87.0
4.70k-above	39	13.0	13.0	100.0
Total	300	100.0	100.0	

From the above data we taken survey according to the income level group so here the 30k-50k income level group has responded more in this survey compare to other income level group with 123 responses and 40.0 %

5. Do any of your credit cards accrue rewards, loyalty points

	Frequency	Percent	Valid Percent	Cumulative Percent
1.yes	280	93.3	93.3	93.3
2.No	20	6.7	6.7	100.0
Total	300	100.0	100.0	

From the above data we focus to understand whether the credit holders getting the reward points and loyalty points in our survey almost 93.3% say yes with 280 responses

6. How do you normally redeem your credit card rewards?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.A gift card	13	4.3	4.3	4.3
2.airline points and redeem them for flights	21	7.0	7.0	11.3
3.airlines points and redeem them for other product	43	14.3	14.3	25.7
4.Cash back/reduce annual fee	75	25.0	25.0	50.7
5.I haven't redeemed my rewards before	21	7.0	7.0	57.7
6.Other products/shopping in my bank's rewards store	41	13.7	13.7	71.3
7.Shopping (online or in-store)	86	28.7	28.7	100.0
Total	300	100.0	100.0	

From the above data is about understanding the how the respondents normally redeem your credit card rewards so here mostly the respondents are chosen the shopping (online or in-store) more compare to other options with 86 respondents and 28.7% and next is cash/back annual fee with 75 response and 25.0 %

12. Did you sign up to your main credit card with a special offer (e.g., bonus rewards points, annual fee waiver or 0% balance transfer)?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.yes	257	85.7	85.7	85.7
2.no	25	8.3	8.3	94.0
3.can't remember	18	6.0	6.0	100.0
Total	300	100.0	100.0	

From the above data the respondents mostly, they sign up to their main credit card with a special offer like bonus rewards points, annual fee waiver or 0% balance transfer

15. Thinking about credit cards in general, what are the key features that made you decides to have a credit card at all?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.Interest-free period	46	15.3	15.3	15.3
2.An easy way to borrow money	36	12.0	12.0	27.3
3.Reward points or flight points	35	11.7	11.7	39.0
4.Travel insurance or extended warranty	42	14.0	14.0	53.0
5.Ability to shop online	35	11.7	11.7	64.7
6.Widespread acceptance in India	39	13.0	13.0	77.7
7.Acceptance overseas	1	.3	.3	78.0
8.It helps me smooth spending between pay periods	7	2.3	2.3	80.3
9.Convenience of not having to check how much money is in my account before making	2	.7	.7	81.0
10.A credit card is a convenient way of paying	5	1.7	1.7	82.7
11.Other benefits	52	17.3	17.3	100.0
Total	300	100.0	100.0	

The above data understands key features that make respondents to decide to have a credit card at all in that the majority of respondents are said other benefits

16. Thinking about credit cards in general, what is the most important feature that made you decides to have a credit card at all?

	Frequency	Percent	Valid Percent	Cumulative Percent
1, Interest-free period	29	9.7	9.7	9.7
2.An easy way to borrow money	31	10.3	10.3	20.0
3.Reward points or flight points	36	12.0	12.0	32.0
4.Travel insurance or extended warranty	30	10.0	10.0	42.0
5.Ability to shop online	49	16.3	16.3	58.3
6.Acceptance overseas	26	8.7	8.7	67.0

7.It helps me smooth spending between pay periods	30	10.0	10.0	77.0
8.Convenience of not having to check how much money is in my account before making	15	5.0	5.0	82.0
9.Fraud protection	6	2.0	2.0	84.0
10.A credit card is a convenient way of paying	9	3.0	3.0	87.0
11.other benefits	39	13.0	13.0	100.0
Total	300	100.0	100.0	

The above data understands most important features that make respondents to decide to have a credit card at all in that the majority of respondents are said ability to shop online and next is other benefits

17. thinking about when you first opened your main credit card account, what factors influenced your decision to choose the card over other credit cards?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.The fees	15	5.0	5.0	5.0
2.The interest rate	25	8.3	8.3	13.3
3.A bonus points/flight/cash back offer	33	11.0	11.0	24.3
4.A balance transfer deal	31	10.3	10.3	34.7
5.Reward points or flight points	30	10.0	10.0	44.7
6.The interest-free period	43	14.3	14.3	59.0
7.Travel insurance or extended warranty	31	10.3	10.3	69.3
8.Card offered by my main/preferred bank	27	9.0	9.0	78.3
9.Linked to my mortgage/other bank accounts	11	3.7	3.7	82.0
10.Customer service or quality of the card issuer’s website/apps	9	3.0	3.0	85.0
11.Less costly to use overseas	4	1.3	1.3	86.3
12.Other benefits (e.g., concierge, entertainment)	41	13.7	13.7	100.0
Total	300	100.0	100.0	

The above data is understanding key features that make respondents to decide to have a credit card at all in that the majority of respondents are said the interest –free period with 43 responses and 14.7% and next other benefits with 41 responses with 13.7%

18. Thinking about when you first opened your main credit card account, what was the most important factor that influenced your decision to choose this card over other credit cards?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.The fees	22	7.3	7.3	7.3
2.The interest rate	22	7.3	7.3	14.7
3.A bonus points/flight/cash back offer	27	9.0	9.0	23.7
4.A balance transfer deal	29	9.7	9.7	33.3
5.Reward points or flight points	34	11.3	11.3	44.7
6.The interest-free period	45	15.0	15.0	59.7
7.Travel insurance or extended warranty	21	7.0	7.0	66.7
8.Card offered by my main/preferred bank	26	8.7	8.7	75.3
9.Linked to my mortgage/other bank accounts	14	4.7	4.7	80.0
10.Customer service or quality of the card issuer's website/apps	13	4.3	4.3	84.3
11.Less costly to use overseas	3	1.0	1.0	85.3
12.don't know	6	2.0	2.0	87.3
13.Other benefits (e.g., concierge, entertainment)	38	12.7	12.7	100.0
Total	300	100.0	100.0	

The above data is about the respondent's behaviour towards they considered when they first opened their main credit card account, what was the most important factor that influenced their decision to choose this card over credit card the majority respondents said other benefits by 38 responses with 12.7 % next is reward points or flight points by 34 responses with 11.3 %

19. If you did not have a credit card, would you borrow money in some other way?

	Frequency	Percent	Valid Percent	Cumulative Percent
1.No, I would not want to	67	22.3	22.3	22.3
2.I would want to but I don't think I would be able to get a loan	71	23.7	23.7	46.0
3.I would want to but I don't think I would be able to get a loan	55	18.3	18.3	64.3
4.Yes, I would take out a personal loan	107	35.7	35.7	100.0
Total	300	100.0	100.0	

The above data is about understanding the respondents react on if they don't have credit service what they do for barrow money in some way here the majority of respondents are said yes, I would take out a personal loan

20. Thinking of all the monetary features of your card (annual fee, rewards, the interest you pay, 6), overall, how do you see the monetary benefits and costs of owning your card?

	Frequency	Percent	Valid Percent	Cumulative Percent
1. Not sure	33	11.0	11.0	11.0
2. Overall I'm worse off – I pay more in fees and interest than I receive in benefits	45	15.0	15.0	26.0
3. Neutral – the benefits and costs are roughly equal	168	56.0	56.0	82.0
4. Overall I'm better off – I receive more in benefits and rewards than I pay in fees and interest	54	18.0	18.0	100.0
Total	300	100.0	100.0	

The above data is said about the respondent's customer satisfaction on the monetary features like annual fee, rewards, and other monetary benefits here the majority responses are stick to neutral-the benefits and costs are roughly equal by 168 responses with 56.0 response

21. Now consider both the monetary and non-monetary features of your card?

	Frequency	Percent	Valid Percent	Cumulative Percent
1. Not sure	16	5.3	5.3	5.3
2. Overall I'm worse off – I pay more in fees and interest than I receive in benefits	48	16.0	16.0	21.3
3. Neutral – the benefits and costs are roughly equal	177	59.0	59.0	80.3
4. Overall I'm better off – I receive more in benefits and rewards than I pay in fees and interest	59	19.7	19.7	100.0
Total	300	100.0	100.0	

The above data says the respondent's satisfaction regarding the both monetary and – monetary features on their credit services here the majority of respondents says neutral – the benefits and cost are roughly equal with 177 responses and 59.0 %

CONCLUSION

Here as we focusing on the benefits that provide by credit services to customers for attract the customers so here the benefits are monetary and non-monetary as in last decades majority of customers interest in monetary benefits as the monetary value or money is important it helps to make relief on their financial burden but now as the life style changes now the customer are mostly interest in the non-monetary benefits as it helps in various situation and helps in explore in new things by free movie and flight tickets , accommodation, travel, food and shopping coupons , etc, So here the customer bias taken place in between monetary and non- monetary benefits of credit devices

So here we taken survey on approx. 300 responses from snowball sampling by observing data analysis here the most of the responses regarding the satisfaction level in both monetary and non-monetary benefits they shown towards natural and specific only to monetary they chosen satisfied in we questioner on different ways we gone close value in both monetary and non-monetary benefits and but mostly interested regarding interest free its comers to monetary benefits,

As we conclude that whether monetary and non-monetary benefits in seeing both them in long perspective these are comes under the benefits but here majorly looking towards monetary benefits only maximum then non-monetary benefits it depends on standard of living as in India the majority shown interest in monetary so it shown monetary benefits more interest but it changes to palace to place, and country to country as our research is limited to Hyderabad

BIBLIOGRAPHY

1. <https://www.rba.gov.au/publications/rdp/2018/2018-11/introduction.html>
2. RDP 2018-11: Consumer Credit Card Choice: Costs, Benefits and Behavioral Biases
3. <https://www.researchgate.net/publication/342881653> A study on Customer Satisfaction towards retail banking service s.
4. <https://www.linkedin.com/pulse/consumer-lending-fintech-question-shivraj-mundy/>
5. Singh, Mohair and Dr. Anita (2013). 'Customer Satisfaction & Retail Banking: a study'. www. ijrsr.com / index? vol.2, no.1, January 2013
6. Foundations of Management, Vol. 8 (2016), ISSN 2080-7279 DOI: 10.1515/fman-2016-0006
7. https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=retail+marketing+financial+services+through+fintech&btnG=
8. Dawes, J. and Berman Brown, R. (2000), "Postmodern marketing: research issues for retail financial services", *Qualitative Market Research*, Vol. 3 No. 2, pp. 90-99
9. Deirdre O'Loughlin, Isabelle Szmigin, Peter Turnbull International Journal of Bank marketing ISSN: 0265 – 2323 article publication date : 1 December 2004
10. James G. Barnes, Darrin M. Hewlett [International Journal of Bank Marketing](#) ISSN: 0265-2323