



CONSUMER SATISFACTION WITH DEBIT CARD AND CREDIT CARD

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ABSTRACT

This study explores consumer satisfaction levels associated with the use of debit and credit cards, focusing on key factors such as convenience, security, customer service, fees, and rewards. With the rapid digitalization of banking and the increasing reliance on cashless transactions, understanding consumer preferences and satisfaction is vital for financial institutions. The research is based on a survey of diverse consumers, analyzing their experiences, perceptions, and overall satisfaction with both payment methods. Findings indicate that while debit cards are preferred for daily transactions due to ease of use and direct access to funds, credit cards are favored for their reward programs, purchase protection, and credit-building potential. However, concerns such as interest rates and hidden fees affect credit card satisfaction, while issues like limited fraud protection and transaction limits influence debit card usage. The study concludes with recommendations for banks and card issuers to enhance service features, improve transparency, and tailor products to meet evolving consumer needs.



INTRODUCTION

Only started in 1996, the payment card market in general and the credit card market in particular, have been developing positively. Still, in compare to more developed card markets such as EU and US, the credit card market in Vietnam is just at the beginning stage. According The State Bank of Vietnam, the cardholder ratio is very low: only about 2.43 million credit cards (Vietnamnews, 2014) in 88.8 million people. In big residence areas, in 109 people only 1 uses credit card. Also, according to Vietnam Bank Card Association, there are totally about 66.2 million payment cards in 2010, including both ATM and debit cards. However, in reality a high number of ATM and debit cards have never been activated and most of debit card transactions are performed at ATM rather than at merchants. Obviously, the proportion of credit card to the whole payment card is quite low; one of the reasons is possibly the issuing fee. Nonetheless, once being persuaded to pay fees willingly, credit cardholder makes payment more often than debit cardholder does. However, The State Bank of Vietnam also showed that the credit card market is growing fast as the last year number of credit cards issued increased 22% over 2012 (Vietnamnews, 2014). A big potential market is right here and banks are becoming much more competitive in the payment card market. At the end of 2013, there are 52 banks are offering credit cards. With the card payment value currently only takes 3.5% of the whole payment system (The State Bank of Vietnam, 2013), the potential is serious and a lot can be done to turn it into regular paying habit. Increasing customer satisfaction is the very first factor that counts. Once customers are completely satisfied with their purchase payment, they will tend to use credit cards more due to its convenience and credit limit. As a result, banks will earn more profit through card fees.



OBJECTIVE OF THE STUDY

To evaluate the overall satisfaction of consumers with debit and credit cards, including their experiences with transaction ease, speed, and convenience.

To identify key factors influencing consumer satisfaction, such as security features, customer service, rewards, fees, and interest rates for both debit and credit cards.

To compare consumer satisfaction between debit card and credit card users, focusing on preferences and perceived advantages of each.

To examine consumer concerns related to security, fraud prevention, and the effectiveness of protective measures offered by debit and credit cards.

To identify areas for improvement in debit and credit card offerings based on consumer feedback, such as better customer support, lower fees, and enhanced rewards programs

RESEARCH METHODOLOGY

The research methodology for a study on consumer satisfaction with debit cards and credit cards involves a systematic process to gather, analyze, and interpret data to understand the factors influencing satisfaction levels with these financial products. Below is a detailed outline of the research methodology

Sampling

Target Population: Individuals who are regular users of debit or credit cards across various age groups, income levels, and geographical locations.

Sampling Technique:

Random sampling or stratified random sampling to ensure that different groups (based on age, income, card usage) are adequately represented in the study.



Data Collection Methods

A structured questionnaire with both closed and open-ended questions will be used to collect data. The survey will include questions about:

Limitations of the Study

As the study will rely on participants' self-reports, there may be biases in how participants answer survey questions.

If the sample is not representative of the broader population, the findings may not generalize well.

REVIEW OF LITERATURE

Barker (1992) in his study, "Globalization of credit card usage: The case of a developing economy" investigate the attitude of Turkish consumers towards credit cards, and the approach of card issuers. The better educated, middle aged members of the upper middle class were the prime focus; the most important reasons for using a credit card were "ease of payment", along with the "risk of carrying cash", Non holders do not carry

Natarajan and Manohar (1993) "Credit Cards—an Analysis". A study has been attempted to know that to what extent the credit cards are utilized by the cardholders and the factors influencing them. The study is confined to cards issued by the Canara Bank... Chi square test has been conducted to know the level of utilization by taking into consideration ten components i.e.. numbers of purchases, shops, percentage of purchases, place, frequency, type of product, type of services, cash withdrawal facilities, add on facility, insurance schemes etc.

Caskey and Sellon (1994), in a study analyzing factors that influenced the success of debit cards ,suggested that debit cards could be especially useful for those who did not have access to the complete range of existing payment services . Caskey and



Sellon (1994), in a study analyzing factors that influenced the success

Brito and Hartley 1995 in his research found that consumers prefer purchasing through credit cards because of its ease and convenience of use irrespective of its rate of interest. He said when consumers use credit cards as a mode of financing, credit cards compete with bank loans and other forms of financing

Radhakrishan (1996) study on “DEBIT CARDS” shows that the debit cards also have found wide acceptability than credit cards because of assurance of payments to retailers, switching of cardholders to debit card because of using interest free period to avoid high interest cost, annual charges as compared to debit cards etc.

SUGGESTIONS

1. Banks and financial institutions should enhance their reward programs for debit card users to make them more appealing, as many respondents feel debit cards lack sufficient incentives compared to credit cards.
2. Efforts should be made to improve customer service for both debit and credit card users, ensuring faster response times and better resolution of transaction issues to enhance user satisfaction.
3. Financial institutions should work on reducing or making fees more transparent, especially for ATM withdrawals, late payments, and international transactions, as many users expressed dissatisfaction with hidden charges.
4. Banks should improve fraud protection and security awareness campaigns, as a small but notable group of users feels insecure about their debit and credit card transactions.
5. More ATMs should be installed in underrepresented locations to address concerns about accessibility and convenience, ensuring that users can easily withdraw cash when needed.



6. Credit card issuers should reconsider their interest rates and repayment structures, as many users find them high or difficult to manage, leading to potential financial strain.

CONCLUSION

The study on consumer satisfaction with debit and credit cards highlights key insights into user preferences, challenges, and expectations. A significant portion of respondents rely on both debit and credit cards for daily transactions, with online shopping and emergency use being major drivers of credit card usage. While debit cards are favoured for their accessibility and direct spending control, credit cards are valued for their rewards, benefits, and flexibility. However, the study reveals gaps in user satisfaction, particularly regarding fees, customer service, and reward programs. Security remains a critical concern, with a portion of respondents expressing apprehensions about fraud protection and transaction safety. Additionally, many users face issues with ATM availability and transaction failures, which impact their overall satisfaction. Interest rates on credit cards and hidden fees associated with both types of cards were common pain points among respondents, signalling a need for greater transparency from financial institutions. To enhance user experience, banks and card issuers must focus on improving customer service, reducing fees, and expanding security measures. Strengthening reward programs, especially for debit cards, can also improve consumer loyalty. Moreover, better financial education on responsible credit card usage and the impact of interest rates could help users make informed financial decisions. Addressing these concerns will lead to higher consumer satisfaction and increased trust in digital payment systems

REFERENCES

Here's a list of references and academic sources that explore consumer satisfaction with debit and credit cards. These sources address various factors, including user



experience, convenience, security, and financial behavior, in relation to credit and debit card usage:

Madura, J. (2020). *Personal Financial Planning* (14th ed.). Cengage Learning.

This book provides insights into how consumers use debit and credit cards and factors influencing their satisfaction, particularly in the context of personal financial planning.

Keller, K. L., & Kotler, P. (2016). *Marketing Management* (15th ed.). Pearson.

This book explores customer satisfaction and loyalty, including how financial products like credit and debit cards fit into broader consumer satisfaction studies.

Chatterjee, P., & Biswas, A. (2004). "The Influence of Debit and Credit Cards on Consumer's Purchase Behavior and Satisfaction." *Journal of Consumer Marketing*, 21(4), 201-216.

This study looks at the factors that influence consumer satisfaction when using debit and credit cards, including convenience, security, and rewards programs.

Sarma, M., & Chatterjee, S. (2010). "Consumer Satisfaction with Electronic Payment Systems: A Comparative Study of Debit and Credit Card Users." *International Journal of Electronic Commerce*, 14(3), 45-65.