FACTORS AFFECTING CREDIT CARD USAGE

By

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DEDICATION

This Thesis Is Dedicated to My Late Mother

Sharifah Aloyah,

My Wife Sharifah Husna

&

My Daughters Nur Ikhlas & Nur Maznah,

for their understanding

and support.

ACKNOWLEDGEMENT

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ABSTRAK

Perbelanjaan melalui penggunaan kad kredit telah mencapai tahap yang membimbangkan dimana Bank Negara Malaysia terpaksa mengambil tindakan yang drastik menaikkan bayaran minima bulanan dari 5 % kepada 15 % dari jumlah baki dan mengenakan surcharge sebanyak RM50.00 setahun untuk setiap kad. Sehingga Jun 1996, terdapat lebih 2 juta kad kredit di Malaysia dengan jumlah transaksi RM4.1 billion. Kajian ini akan cuba mengenalpasti mengapa pengguna kad kredit menggunakan kad mereka dan samada faktor psikografik dan demografik mempengaruhi tahap penggunaan. Responden untuk kajian ini adalah pengguna kad kredit di Georgetown, Pulau Pinang. Adalah dijangkakan, faktor psikografik dan demografik mempengaruhi tahap penggunaan kad kredit. Hasil kajian ini mendapati, ada pertalian positif diantara berberapa faktor psikografik dengan tahap penggunaan kad kredit. Kajian ini juga menunjukkan tiada perbezaan signifikan diantara pengguna lelaki dan perempuan tetapi terdapat perbedaan signifikan diantara pengguna yang telah berkahwin dan yang masih bujang dan diantara graduan dan bukan graduan. Pekerja di sektor swasta dan yang bekerja sendiri menggunakan kad kredit lebih dari rakan mereka di sektor awam. Bukan bumiputra menggunakan kad lebih dari bumiputra dan mereka yang berumur di bawah 30 tahun dan diantara 40 - 50 tahun menggunakan kad lebih dari pengguna lain.

ABSTRACT

Spending via the using of credit cards has reached an alarming level and had prompted Bank Negara Malaysia to take some drastic actions including increasing the minimum monthly payment from 5% to 15% and imposing an annual surcharge of RM50.00 per card, to curb the spending. As at June 1996, There were estimated more than 2 million cards issued in this country with a total transaction of RM4.1 billion. This study will make an attempt to find out why do people use the cards and whether the demographic and psychographic factors of the card users have a bearing on their level of usage. The respondents are credit card holders in Georgetown Penang. It is expected that psychographic and demographic factors have an influence in the level of card usage. The findings show that there were positive associations between some of the psychographic factors and the level of credit card usage. The result also show that there were no significant difference between male-female card usage but there were significant differences in level of usage between married-unmarried and graduate-non graduate users. The result also show that the self-employed and private sector employees use the cards more than their counterparts in the public sector. Finally, this study reveals that the non Malays use the card more heavily than the Malays and those below 30 years old and in the 40-50 age group find the card more useful than those in the other age groups.

Chapter 1

INTRODUCTION

This chapter explains the background of the present study and its importance to marketing, vis-a vis consumer credit behaviour. It also defines the objectives of this study followed by an organisation of the chapters in this report.

1.1 The Development of Credit Card Business

The concept of credit is very old ; IOUs in one form or another have existed for centuries. The first credit card was issued by General Petroleum Company of America, which later became Mobil Oil Company, in the United States of America, in 1914 (Peter Harrop, 1989).

The early credit cards were made of metal or cardboard. In 1915 'shoppers plates' were issued by Western Union of United States as store cards which were restricted to one retailer. Soon afterwards, several different stores agreed to interchange these. Franklin National Bank was the first to issue cards to non-customers (Peter Harrop, 1989). The term *credit card* dated from a restaurant credit card invented by Frank McNamara, the basis of Diners Club cards. (Peter Harrop, 1989).

In Malaysia, credit card was first introduced in the middle of 1970s when Diners Club (Bank of America) was allowed to issue their charge cards in the country. By the end of 1970s, it was estimated there were around 20,000 cards issued in this country. The Malaysian credit card industry experienced a 'boom' beginning early of 1980s when the industry experienced an exceptionally high rate of growth. The

number of card holders have increased by leaps and bounds, due to the robust economic growth experienced by the country, which have resulted in the improved standard of living which in turn has resulted in the change in lifestyle (Oliver Y.Y. Ho, 1987).

By 1985, an estimated 200,000 credit cards were issued in this country, a far cry from the 20,000 issued five years earlier. As reported, by June 1991, there were 1,026,489 cards issued in Malaysia consisted of 824,811 credit cards and 191,678 charge cards (New Straits Times, August 26, 1991).

The number of credit cards issued in this country experienced a tremendous increase and as at June 1996, there were estimated more than 2,000,000 credit cards issued with a total transaction of RM4.1 billion. (Anwar Ibrahim, 1996). The hefty bills, with a total unpaid balance of RM700 million while non-performing balance stood at RM295 million or 42.3 % of the total overdue had made the government worry.

Instead of "charge it", the more familiar word amongst credit cards users, The Finance Minister had no choice but to shout, "charge them" RM50 for each card per year, in Parliament when he tabled 1997 budget on 25 October 1996 (Malaysian Business, 1996). The government has found that many people are becoming increasing careless with their cards and that some have large unpaid balances which incur high interest. (Clifford Herbert, 1996).

Literature on credit card user behaviour reflects the importance to be attached to identifying the heavy user of credit along variables other than demographic. In a

study, Maledon and Rucks (1974) have linked the profitability of a credit card system to, among other factors : heavy usage which would guarantee large merchant discount and large and infrequent purchases which would reduce the processing costs for these cards.

In a follow-up study they conducted one year later (Maledon and Rucks 1975) they concluded that in profiling the credit users, "information beyond mere socio-economic facts will be required", suggesting that "measurements of social class psychographics or life styles analysis might be useful".

In this study, the researcher will make an attempt to explore five factors which had been identified by Ogwo (1980) as being influential in the consumer credit behaviour field namely :

1. Convenience

2. Necessity or need

3. Risk

4. Attitude or opinion

5. Activity and consumption patterns

1.2 Objective of This Study

The main objective of this study is to identify the psychographic, demographic and job-related factors and analyse the associations of these factors to the level of credit card usage.

This study becomes significant because as at June 1996, some RM4.1 billion was transacted using credit cards and RM1.4 billion or 34% of this amount was through cash advances (Anwar Ibrahim, 1996).

As mentioned earlier, Ogwo (1980) had singled out five psychographic factors, which were identified as being influential in the consumer credit behaviour field namely convenience, necessity or need, risk, attitude or opinion and activity and consumption patterns.

This study will also explore whether these factors have any influence on the consumer credit behaviour in particular when using credit cards, in Malaysia.

1.3   Organisation of the Chapters

The succeeding chapters in this thesis have been organised in the following manner :-

- Chapter 2 reviews the literature on studies carried out on consumer credit behaviour in particular pertaining to usage of credit cards.

- Chapter 3 presents the theoretical framework, research design, sampling and method for data collection.

- Chapter 4 discusses the details findings derived from the analysis of data.

- Chapter 5 concludes the thesis with discussions on the limitations of this study and conclusions drawn as well as suggestions for future research.

Chapter 2

REVIEW OF LITERATURE

This chapter introduces the various factors which were found to have influences on the consumer behaviour in particular the level of their credit card usage, based on the findings from previous studies which will be helpful to the present study.

2.1 Definition of "Consumer Behaviour" and "Credit Card Usage".

Traditionally a *Consumer* is defined as a person who buys and uses goods or services, *behaviour* is defined as way of behaving while *behave* is defined as to act, bear one self in socially acceptable way or to act in a particular way (Longmans , 1982).

Leon G. Schiffman (1987) gave a detailed definition :-

> "*Consumer* is a term used to describe two different kinds of
> consuming entities : personal consumers (who buy goods
> services for their own use or for household use) and organisational
> consumers (who buy products, equipment and services in order to
> run their organisations".

Consumer Behaviour is defined as the study of the buying units and the exchange process involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas (Mowen and Minor, 1998).

Consumer credit is defined as the usage of finance for personal use, not meant for business purposes (Lee Chin Yen, 1980). The usage of credit card is categorised under consumer credit. A *credit card* is just an identification document, identifying the holder as possessing a credit account. This account allows the customer to accumulate purchases, paying off the account fully or partially, at regular intervals. (Patrick Frazer, 1985).

Credit card usage is the amount of 'charges' made by a credit card holder, either through purchases of goods and services or cash advances made through ATM machines provided by credit cards issuers.

2.2 Factors Influencing Credit Card Usage

From the literature reviewed, the following factors were found to be influential in the level of credit card usage.

2.2.1 *Convenience*

Anderson (1971) has said, that a rapidly growing fact of discretionary consumption is a convenience oriented behaviour. He is of the opinion that convenience oriented consumption is prompted by two motives : Satisfying some immediate need or want and releasing time/energy for alternatives uses.

Convenience is a benefit as well as a motivating factor in the use of credit card. This is well brought out in the literature, as credit card users have often been classified into convenience and non-convenience users (Maledon and Rucks, 1974, McMinn, 1975).

It is also believed that some consumers may choose to buy on credit because they find it inconvenient to carry cash about or because at the time of a decision to purchase they were not carrying cash. Convenience oriented consumption is thought to be more likely to appeal to those who can afford convenience as well as those who need it (Reynolds D, 1974).

Credit cards satisfy customers' transaction demand for a convenient way to purchase and pay for the goods (Bill Grady, 1995). No other retail payment system has such an effective authorisation system, even for domestic use, let alone one which can be accessed entirely electronically from all over the world. No other system provides a method of making purchases in any currency anywhere in the world. No other international system is so simple to use, requires so little customer effort or cost so little in term of fees and commission (Patrick Frazer, 1985).

Credit cards also have advantages in mail order shopping even across national boundaries. Orders are accepted by telephone or letter without a PIN because delivery is to the authenticated address of the holder. Credit cards are increasingly used instead of travellers cheques for foreign travel because they offer the same indemnity against loss, similar charges (unless for cash withdrawals) and are not travel-specific. As users become more sophisticated, credit cards are increasingly used as a payment rather that a credit mediums (Peter Harrop, 1989).

Although cash has, a long history of being used to make self services payments in all sorts of machines from telephones to parking meters, from vending machines to gas

meters. However, credit cards overcome the need to have the correct coinage and they are clearly more appropriate for relatively expensive transaction.

Already credit cards can be used in Britain and elsewhere to pay for petrol and to pay for rail and air tickets from self-service machines, in France to pay for road tolls automatically, and in Britain, United States and elsewhere to make phone calls from special public telephones. (Patrick Frazer, 1985).

Credit card provides its users convenience and peace of mind. He does not have to carry so much cash around and whenever he travels overseas, he need not have to worry so much since the card is acceptable by many establishment and he can also make cash withdrawals from the many ATM machines available.(Barjoyai Bardai, 1992).

According to Glen U.L. et all (1991) most credit marketing now addressed, not type of use, but type of user. By the mid-1980s, the fundamental segmentation scheme being used in the industry was to distinguish between the convenience user and the 'revolver'. Convenience users typically paid off their credit cards bills before incurring interest charges, while 'revolvers' carried finance balances on their credit line.

2.2.2 *Necessity or Need*

Necessity or need is another of the factors considered influential in consumer credit behaviour. A major need which credit use fulfils is that of conferring on a user the ability to purchase and enjoy goods and /or services which judging from his income , savings and social position he would not have been able to buy. This suggest that the

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credit user may be *highly optimistic about his financial prospects* as well as being motivated by a wish *to move up the social ladder* by consuming goods outside his immediate reach.

Mandell, L (1972) in his study on consumers' attitude on usage of credit cards discovered, most of his respondents admitted that credit cards were useful because it provided its users an avenue to purchase goods and services although at the time of the purchase, they do not have the means to do so. A card holder may find himself in a difficult situation if he does not keep his spending record properly, since there is an inclination of him to spend far more than he can afford to pay (Ibrahim Ismail, 1989).

Gramm, W. S. (1978), in fact has suggested that consumer credit facilitates the acquisition of *social status*. There is often a sense of immediacy betrayed by the credit user when he insist on using credit rather than waiting to save up for his purchases. This need for *immediate gratification* as opposed to delayed gratification is considered by Pollnac et al (1975) to be a feature of Euro-American societies due to the ready availability of consumer credit in these societies.

A further consideration in the influence of need or necessity on consumer credit behaviour is that because of the added credit charges, credit purchases are often *higher priced* than cash purchases.

Many consumers like the convenience of card buying. But some critics argue that the cards make it too easy for consumers to buy things they really cannot afford. Further,

because of high interest charges, credit card buying can increase the total costs to consumers (Michael , L. et al , 1983).

A lively debate has been going on for many years about whether credit cards increase the price of goods and services. Views tend to be polarised and based on assumption and opinion, rather than on evidence. To some people the fact that retailers pay merchant service charge is enough to prove that credit cards put up prices. Others have produced figures to show, with the aid of heroic assumptions about how much they increased turnover, that credit cards are actually more likely to help reduce prices.

There is also some evidence that it is cheaper for retailers to accept credit cards than to run their own internal credit account systems. However, any credit system is primarily designed to increase turnover, and the merchant service charge can only be really justified in relations to increasing turnover - or preventing the loss of turnover to card - accepting competitors (Frazer P., 1985). A study by Hirshman (1979) found that an individual who owns credit card tend to spend more money compared to one who does not have a credit card.

2.2.3 *Attitude Towards Risks*

Attitude towards risks is the third of the factors considered active in consumer credit behaviour. Bauer (1960) was the first to propose that consumer behaviour be viewed as risk taking. The risk dimension is apparent in consumer credit behaviour. As Weyer (1973) has said, "the whole credit business .... can be expressed as buying risks".

Consumers constantly face decisions that involve uncertainty and the possibility of negative outcomes. A general rule derived from consumer researches conducted in

The United States of America over the past 25 years is that people usually seek to avoid risks they perceive as being too great. So consumers are risk averse, but there are exceptions to this rule. Some consumers actively seek risk in order to optimise their activation levels (Dowling & Staelin, 1994)

Consumers behaviour researchers have found a number of factors influence the amount of risk consumers perceive in a given situation. The prime influencer is personality. The following personal characteristics have been associated with a greater willingness to accept risk : higher self-confidence, higher self-esteem, lower anxiety and lower familiarity with the problem or decision. People who tend to make choices from a wider range of alternatives also trend to see lower risk in a particular selections (Thomas Pettigrew , 1968).

The risk element in consumer credit is probably heightened now than the credit instruments consist of plastic cards which are easy to lose or misplace. As of June 1996, the total unpaid balances of credit cards in Malaysia was RM698 million while the non-performing balances stood at RM295 million, or 42.3 % of the total overdue. (Malaysian Industry, December 1996). One culprit of this hefty bills which the government is very wary of is cash advances. Dato' Seri Anwar Ibrahim, in his 1997 budget speech has voiced concern over card holders who view the credit card as a fast and easy way to get loans without collateral.

"That should not be the case, the credit card is simply an efficient mode of making payments," he said. Anwar had also said that RM1.4 billion or 34 % of the total credit card transactions in this country involve cash advances. The government's

concern is shared by credit card companies and card issuers as well. Donald Van Stone, MasterCard International Inc. Senior Vice President and General Manager for South East Asia said, his company consistently educates consumers on the need to use credit prudently, and will ensure that these efforts are sustained (Malaysian Industry, December 1996).

Visa International says it supports the government's stand to curb inflation and encourage prudent card usage. The company has produced a booklet, "Managing Your Credit Wisely" which was distributed free by some credit card issuers to their customers.

In Malaysia, credit cards delinquency is a problem. The world-wide average for credit card delinquency is 5.15% but for Malaysia it is 12% (Malaysian Industry, December 1996).

Are cards responsible for the number of consumers bankruptcy? A number of consumer groups say credit card debt has helped push many people over the edge financially. But the card association say their own studies show that card debt is not the make-or-break factor for most consumers who are considering bankruptcy. (Jim Daly, 1997)

2.2.4 *Attitude or Opinion (Contemporary State of Mind)*

Attitude or opinion is the fourth factor influential in consumer credit behaviour and considered in this thesis. Attitude is a person's point of view toward something. The 'something' maybe a product, an advertisement, a firm or an idea. Attitudes are

important especially in marketing because it affects the selective processes, learning and ultimately the buying decisions people make.

Because attitudes are usually thought of as involving liking and disliking, they have some action implications. Beliefs are not so action-oriented. A belief is a person's *opinion* about something Beliefs may help shape a consumer's attitudes but do not necessarily involve any liking or disliking.

Over the past 30 years the term attitude has been defined in numerous ways. The definition that best captures the ideas developed in this context was put forward forth by L.L. Thurstone, who was one of the originators of modern attitude measurement theory. Thurstone defined an attitude as "the amount of affect or feeling for or against a stimulus". (Mowen & Minor, 1998)

The cultural pattern of thrift for its own sake, coupled with abiding moral inhibitions to borrowing, still have the effect of dampening consumer credit use. Many still maintain that we should consume or buy only what we can pay for by cash. However, the weight of contemporary opinion toward credit, which in turn is determined or moderated by religious fervour and how traditional or contemporary his state of mind is. (Mathews & Slocum, 1969 : Plummer, 1971).

2.2.5 *Activity and Consumption Pattern.*

The final factor influential in consumer credit behaviour is that activity and consumption pattern of the consumer. A major reason why people often use credit is that their activities and consumption pattern have become so hectic and involved that their financial commitment in them outstrips their income in a particular period.

Plummer (1971) has provided profiles that reflect the activity and consumption patterns of both the male and female credit card user. He sees the typical male bank credit card user as a businessman arriving home from office and having cocktail , settling down to a nice meal and then going off to various activities.

His female counterpart he sees as leading an active, upper socio-economic style of life, (who) belongs to social organisations and is concern with her appearance". Involvement in social activities and organisations, concerned with appearance, both indicate a large measure of *social contact.*

Kinsey (1981) in his study, profiled credit card holders as those made up of young and newlywed, involved in a more professional, technical or white collar job. Martell and Fitts (1981), in their study to compare the profile of card holders and non card holders, gave the profile of a card holder as "one having a higher level of education and income, having a number of bank accounts and also having a stable home.

In a more recent study on card holders it was discovered the demographic profile of an active card holder is rather distinct : highly educated, more likely that the female is employed outside the home , younger and with above average income. An inactive card holder tends to be somewhat older, more likely to be female, less likely to be working outside the home , with lower income and educational levels (Oliver Y.Y. Ho, 1987).

2.3 Summary

From the above discussion, it can be seen that the factors discussed has to a certain extend some influence or another on the consumers credit behaviour and their level of credit card usage.

Convenience has been identified as one of the most important determining factors influencing the level of usage of credit cards, as credit cards users have been often classified into 'convenient' and 'non-convenient' users. The convenient users usually do not 'roll-over' the bills and they usually settle them on time. The cards are used as an efficient method of payment for goods/services purchased, as well as for a short term credit.

Necessity or need is another factor considered influential in consumer credit behaviour. The usage of credit card provides an avenue to the users to purchase goods and services although at the time of purchase, they do not have the means to do so.

Attitude towards risk is another factor influencing the level of credit usage. The concept of 'buy now pay later' also involves some level of risk. The risk of not being able to pay back when payment is due. Therefore, the heavy credit users can be considered as a higher 'risk takers' compared to a light user.

Attitude or opinion (contemporary state of mind) is another factor determining the level of credit usage. The cultural pattern or religious belief, coupled with abiding moral inhibitions to borrowing, have some influence in credit behaviour. Many people still maintain that we should consume or buy things only when we can pay for by cash.

The final factor influential in consumer credit behaviour is that activity and consumption pattern of the consumer. A major reason why people use the credit card is that their activities and consumption patterns have become so hectic and involved, that the financial commitment in them outstrips their income in a particular period. Thus the need to use credit as a buffer.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will discuss and present the theoretical framework, methodology, the population studied, the sample selection procedures , hypothesis testing and statistical methods of analysis used in the research.

3.2 Theoretical Framework

The research framework is the plan structure and strategies of investigations conceived so as to obtain answers to research questions and to control variance (Emory, 1985). Apart from that, it also involves a series of rational decision making choices in relations to scientific research design and data collection analysis and interpretations (Uma Sekaran, 1984).

Based on the literature discussed in the preceding chapter, the framework to integrate the variables pertinent to this study is depicted in Figure 3.1 below. It is hypothesised that there is a significant association between psychographic variables and credit card usage and 'psychographic', 'demographic' and 'job-related' variables are expected to explain variations in credit card usage.

Figure 3.1 The Schematic Diagram of the Theoretical Framework

INDEPENDENT VARIABLE   **DEPENDENT VARIABLE**

```
┌─────────────────────────────┐
│ Psychographic Variables     │
│                             │
│ Time Consciousness          │
│                             │
│ Financial Optimism          │
│                             │
│ Immediate Gratification     │
│                             │                    ┌──────────────────┐
│ Price Consciousness         │                    │                  │
│                             │                    │  Level of Credit │
│ Social Mobility             │                    │                  │
│                             │────────────────▶   │  Card Usage      │
│ Venturesomeness             │                    │                  │
│                             │                    └──────────────────┘
│ Self Confidence             │
│                             │
│ Contemporary State of Mind  │
│                             │
│ Gregariousness              │
│                             │
│                             │
│ Demographic Variables       │
│                             │
│ Gender                      │
│                             │
│ Marital Status              │
│                             │
│ Race                        │
│                             │
│ Occupation                  │
│                             │
│ Level of Education          │
└─────────────────────────────┘
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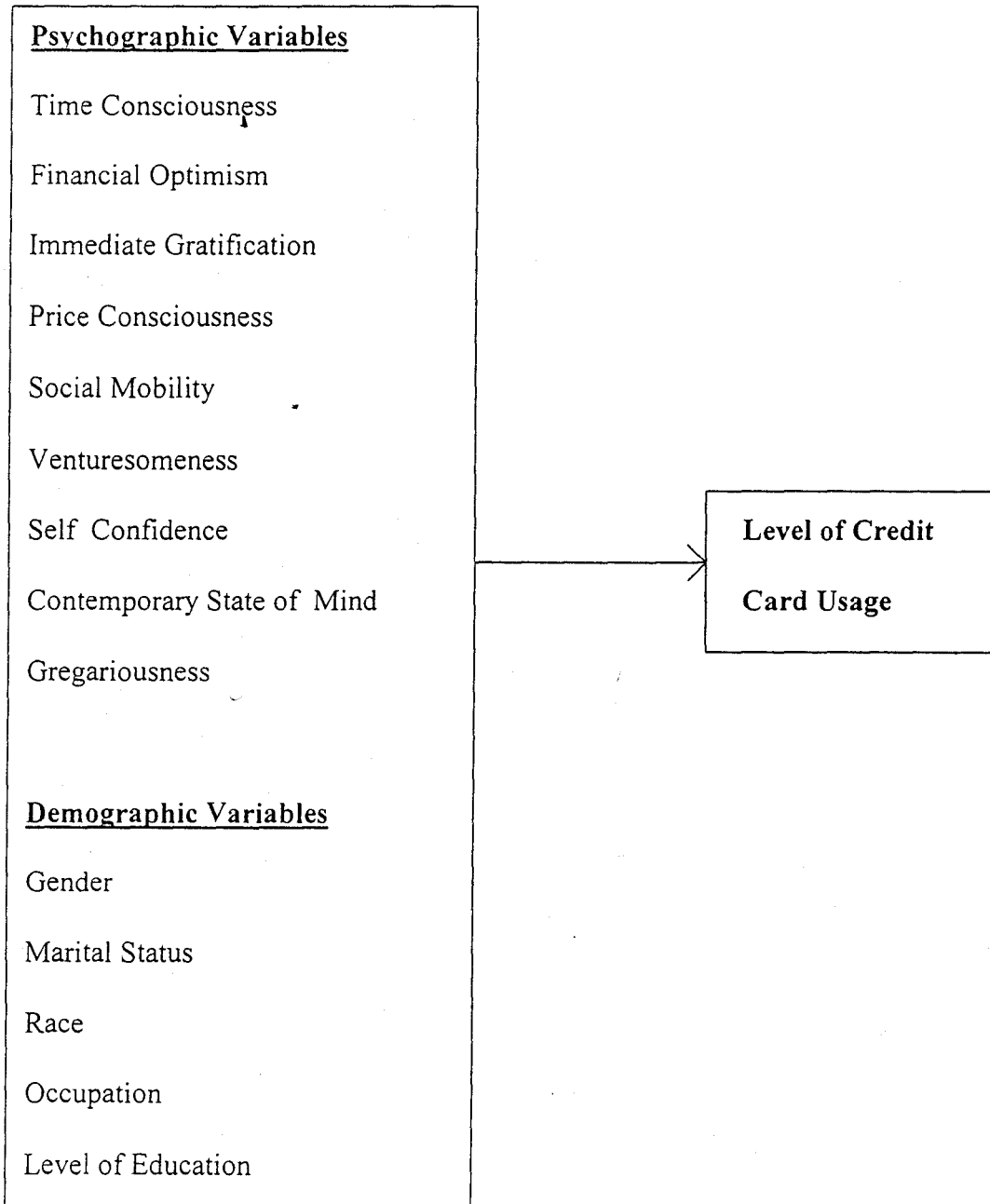
3.3 Variables

The variables used in this study consist of the following :

3.3.1 *Psychographic Factors*

Psychographic factors or lifestyle was the independent variable used in this study. Lifestyle refers to how people live, how they spend their money, and how the allocate their time. Personality refers to internal characteristic of the person and lifestyle refers to the external manifestation of how a person lives. Both describe different aspects of an individual . Lifestyle and personality are different yet are closely related. Psychographic analysis is the attempt to measure the lifestyle of consumers by using quantitative investigations of their lifestyles, personality and demographic characteristics. (Mowen and Minor, 1998).

The psychographic characteristics used as independent variables in this study are :

Time Consciousness (Items B1 - B3 in questionnaire)

Financial Optimism (Items B4 - B5 in questionnaire)

Immediate Gratification (Items B6 - B7 in questionnaire)

Price Consciousness (Items B8 - B11 in questionnaire)

Social Mobility (Items B12 - B14 in questionnaire)

Venturesomeness (Items B15 - B16 in questionnaire)

Self Confidence (Items B17 - B21 in questionnaire)

Contemporary State of Mind (Item B22 - B26 in questionnaire)

Gregariousness (Items B27 - B29 in questionnaire)

The objective of including these variables into this study is to identify how these variables influence credit card usage. The evaluations were elicited in terms of a 5 pointer Likert scale ranging from 1 = strongly disagree and 5 = strongly agree on 29 statements measuring psychographic variables.

3.3.2 *Level of Credit Card Usage*

The dependent variable used in this study is the amount spent using the credit card over a six month period preceding the receipt of the questionnaires. The respondents were asked to indicate roughly the total spending they have made via their credit cards for the last six months.

3.4 Hypothesis

From the theoretical framework, this study attempts to answer the following research question :

"Do psychographic factors (Lifestyle), demographic and job-related factors have an influence in the level of credit card usage ?"

Based on the above research question, the following hypothesis were formulated :

Hypothesis 1 :

Demographic and job-related variables are expected to explain the variations in credit card usage.

Hypothesis 2 :

There is a significant association between psychographic variables and level of credit card usage.

3.5 Research Design

A structured questionnaire was used as the research instrument for this survey.

The questionnaire designed for this survey was based on the one developed by Ogwo (1981), used in the study entitled " Identifying the correlates of consumer credit behaviour ". The questionnaire consisted of three main sections. The covering letter accompanying the questionnaire explained the objectives of this study, and a self addressed envelope was enclosed with the questionnaires, whenever necessary.

3.6 Sampling

All the credit card users in Georgetown, Penang formed the population of this study. However, due to the Banking And Financial Institution Act (BAFIA), The researcher could not get the list of credit card holders from the financial institutions, thus a convenient sampling method was employed.

3.7 Data Collection

The researcher distributed the questionnaires through friends, business associates, the various Chambers of Commerce in Penang, and through MBA students for distribution to their office colleagues.

3.8 Response Rate

From 350 questionnaires distributed 150 were returned which gave a response rate of just over 42 %. This rate of response can be considered 'good'. This is possibly due to the way the questionnaires were distributed, either personally by the researcher (with a personal request for the respondent's co-operation) or delivered through the researcher's friends for re-distribution to their colleagues and friends.

Chapter 4

RESULTS OF THE STUDY

In this chapter, the detailed findings derived from the analysis of data will be highlighted and discussed.

4.1 Data Analysis

This study is designed to be investigated through four statistical techniques. Firstly, correlation will be applied to examine the degree of association between the dependent variable, credit card usage and the psychographic variable.

Secondly, an independent t-test will be applied to test the differences in credit card usage between male and female, married and unmarried, graduates and non-graduates, amongst credit card users.

Thirdly, one-way ANOVA will be applied to examine the affects of race, age and occupation of credit cards users. Finally, regression analysis will be applied. This has the advantage of including all the independent variables. Where the independent variable is categorical, dummy variables will be created for inclusion.

4.2 Background of Respondents

There were 106 male and 44 female respondents. This means that male made up the majority of the respondents i.e. 70.7%, hence representing a disproportionate share of respondents. When classification was made according to race, there were 71 Malays, 67

Chinese and 12 Indian respondents. In proportionate terms this means that 47.3% of the respondents were Malays, 44.7% Chinese, and 5% Indian. Classification according to occupation showed that 42 of the respondents were government employees, 84 work in private sector and 24 were self-employed. In terms of level of education, 91 of the respondents were non-degree holder and 59 degree holders which made up 39.3 % of the respondents. Age wise, 42.7 % were in 30-40 years age group, 32% were 40-50 and only 12.7% above 50 years of age.

Table 4.1 : Demographic Profile of Respondents

Item of Demography	Frequency	Percen
Gender		
Male	106	70.:
Female	44	29.:
Marital Status		
Married	119	79.:
Single	31	20.7
Race		
Malay	71	47.:
Chinese	67	44.7
Indian	12	8.0
Occupation		
Government	42	28.0
Private	84	56.0
Self-employed	24	16.0
Education		
Degree	59	39.3
Non-degree	91	60.7
Age Group		
Less than 30 years	19	12.7
30-40 years	64	42.7
40-50 years	48	32.0
> 50 years	19	12.7