

**FACTORS IMPACTING SELECTION OF CREDIT CARDS AND USAGE PREFERENCE****Dr.Chaya Bagrecha ,Mr. Ithihas M**

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ABSTRACT

This paper explores the variables that determine credit card choice, usage preference, and customer satisfaction of 106 respondents in urban, semi-urban, and rural settings using descriptive statistics, reliability tests, one-sample t-tests, independent-sample t-tests, chi-square tests, and multiple regression analysis. The structured questionnaire comprised 32 Likert-scale items across three constructs: Selection Factors (15 items, $\alpha = 0.808$), Usage Preference (10 items, $\alpha = 0.719$), and Satisfaction and Responsible Use (7 items, $\alpha = 0.642$), and three demographic predictors: Gender, Age, and Income. Results reveal a dominant pattern of consumer neutrality toward credit cards. Among 35 one-sample t-tests with the midpoint ($\mu_0 = 3.00$), emergency short-term flexibility was the only item to deviate significantly (mean = 3.340, $p = 0.004$), confirming the primary role of the card as a financial safety net. Satisfaction trends slightly negative (composite mean = 2.953), and a feature-confidence gap is noted: respondents recognize card features but doubt their value, debt avoidance capacity, and recommendation intent. A significant association was found between area of residence and card usage pattern ($\chi^2 = 18.488$, $p = 0.047$), with urban consumers preferring big-ticket purchases and fuel, and rural consumers preferring travel. No significant gender differences in usage ($p = 0.107$) or relationship between app frequency and financial literacy ($p = 0.179$) were found. Multiple regression indicates that demographic predictors explain limited variance: $R^2 = 0.062$ (Selection), 0.117 (Usage), and 0.064 (Satisfaction), with only the usage model approaching significance ($p = 0.050$). The study concludes that credit card attitudes are highly personalized and shaped more by personal conditions and geographic location than demographics. Implications encompass repositioning cards around financial resilience, developing geographically differentiated products, and transitioning from demographic to behavioral segmentation.

Keywords: Credit cards, consumer behavior, credit card selection, usage preference, financial literacy, digital usability, perceived security, repayment behavior

1. INTRODUCTION

Credit cards have evolved into multi-purpose retail finance tools that integrate payment convenience, short-term credit, rewards, instalment conversion, fraud protection, online account management, merchant tie-ups, and symbolic lifestyle value. Consumers today are making layered decisions: not merely whether to own a credit card, but which card to hold, how frequently to use



it, for which transaction types, and with what repayment discipline. Selection and usage preference are hence related but distinct decisions.

Selection of cards is typically based on consumer evaluation of product attributes either prior to or at the time of adoption — annual charges, interest rates, reward systems, cash-back, brand recognition, credit limits, app usability, service quality, and perceived security. Usage preference, conversely, reflects the degree to which a consumer utilizes the chosen card in actual transactions: online shopping, travelling, fueling, emergencies, high-value consumption, or daily retail purchases. A card chosen for its appealing features may not become the preferred transactional tool if the user finds it complex, finds merchants unwilling to accept it, lacks trust, feels repayment stress, or perceives poor utility.

The subject holds scholarly significance as credit card selection sits at the crossroad of consumer behavior, personal finance, marketing, payment innovation, and behavioral economics. It carries managerial importance as issuers compete with increasingly segmented products — travel cards, premium cards, fuel cards, shopping cards, student cards, cashback cards, lifestyle cards, and co-branded cards. It also has social relevance, since poor card choice or weak repayment discipline can produce revolving balances, debt stress, and impulsive spending.

This study aims to explore the combined effect of economic, functional, psychological, service, and demographic variables on credit card preference in terms of choice and use, within an Indian urban and semi-urban context. The modern card usage ecosystem — integrating app-based tracking, contactless payment, billing visibility, notifications, and grievance redressal — is explicitly incorporated into the framework, moving beyond traditional fee-and-interest models toward a holistic consumer decision model.

2. LITERATURE REVIEW

Agarwal et al. (2023) examined redistribution in the credit card rewards market and found that financially sophisticated consumers disproportionately benefit from rewards programs, while less sophisticated users bear costs through unpaid balances and fees. Ahmed et al. (2010) demonstrated that psychographic attributes significantly influence credit card usage behavior in developing economies, confirming that psychological orientation is as predictive as economic factors.

Akin et al. (2012) established financial literacy as a key positive predictor of card satisfaction among Turkish users, while Amin (2012, 2013) showed that attitudinal and informational factors jointly determine Islamic credit card adoption in Malaysia. Chen et al. (2023) confirmed positive linkages between financial knowledge and responsible card behavior, though structural income constraints can moderate these benefits.

Chien and DeVaney (2001) found that positive credit attitudes are associated with higher debt levels, underscoring the dual nature of card engagement. Hamid and Loke (2021) linked financial literacy and self-control to improved repayment behavior. Hayhoe et al. (1999) demonstrated that credit and money attitudes outperform demographics in predicting card-holding behavior among college students.



Behavioral finance perspectives were contributed by Kuramoto et al. (2024), who found that time preferences and present bias significantly predict credit card usage patterns in Japan. Lee and Lee (2021) extended this by showing that positive orientations toward discretionary borrowing correlate with revolving balances. Li et al. (2024) further examined how materialism, financial socialization, and financial capability jointly shape credit card debt.

From the Indian context, Sriram et al. (2023) identified power-prestige motives and card convenience as key determinants of usage behavior, confirming that symbolic and functional motives coexist. Trinh et al. (2020) applied the Technology Acceptance Model to demonstrate that perceived usefulness, ease of use, and social influence promote card adoption while perceived risk inhibits it. Wickramasinghe and Gurugamage (2012) confirmed that socio-demographic factors, card knowledge, and perceived lifestyle outcomes interact to shape card behavior in Sri Lanka.

2.1 Theoretical Framework

This study is anchored in five theoretical frameworks. The Theory of Planned Behavior (Ajzen, 1991) positions attitude, subjective norm, and perceived behavioral control as determinants of card selection and usage. The Technology Acceptance Model (Davis, 1989) explains why digital interface quality, app usability, and ease of tracking drive daily card usage. Perceived Risk Theory (Bauer, 1960) accounts for the role of fraud concerns, fee transparency, and trust in shaping both selection and usage. Behavioral Finance and Mental Accounting (Thaler, 1985) explain how present bias, impulsivity, and reward framing distort rational card evaluation. Finally, the Consumer Utility and Service Evaluation Perspective operationalizes card selection as a multidimensional trade-off between price, functionality, service quality, and symbolic benefit.

2.2 Research Gap

Prior studies predominantly examine adoption intention, repayment behavior, or debt misuse in isolation. Few studies jointly examine credit card selection and usage preference as conjoined consumer-behavior decisions. The literature is also dominated by contexts outside India (Malaysia, Vietnam, the United States, Japan), limiting generalizability. Additionally, most existing frameworks do not integrate monetary, technological, service-quality, and behavioral variables within a single consumer-level equation. The present study addresses these gaps by constructing an integrative framework for the Indian retail consumer context.

3. METHODOLOGY

A quantitative, descriptive-cum-analytical research design was employed. Data were collected from 106 respondents using a structured, closed-ended questionnaire comprising five sections: demographic profile (Section A), credit card profile (Section B), selection factors (Section C, 15 Likert items), usage preference (Section D, 10 Likert items), and satisfaction and responsible use (Section E, 7 Likert items). All attitudinal items used a five-point Likert scale (1 = Strongly Disagree / Not Important to 5 = Strongly Agree / Very Important).

Sampling was conducted through convenience and purposive methods, targeting adult consumers in urban, semi-urban, and rural areas of India who were aware of credit cards. The sample included



both active cardholders (46.23%) and informed non-users (53.77%). The study is cross-sectional in nature, recording perceptions at a single point in time.

Data were analyzed using: (i) descriptive statistics and frequency distributions; (ii) Cronbach's Alpha reliability tests; (iii) KMO and Bartlett's tests for factor analysis adequacy; (iv) one-sample and independent-samples t-tests; (v) chi-square tests of independence; and (vi) multiple regression analysis. Statistical significance was evaluated at $\alpha = 0.05$.

3.1 Research Objectives

1. To identify the major economic, technological, service-quality, and behavioral factors influencing credit card selection.
2. To examine how convenience, security, rewards, and financial literacy influence consumers' usage preference.
3. To analyze the association between demographic profile and credit card selection/usage preference.

3.2 Research Hypotheses

H1: Economic-benefit factors (annual fee, rewards, cashback, credit limit, interest burden) significantly influence credit card selection.

H2: Convenience, digital usability, and perceived security significantly influence consumers' usage preference for credit cards.

H3: Demographic profile and financial literacy are significantly associated with variation in credit card selection and usage preference.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Descriptive Statistics

The sample comprised 59 males (55.66%) and 47 females (44.34%). Age distribution was broad, with the 18–25 group being the largest (25.47%), followed by 26–35 (21.7%), 46–55 (20.75%), 36–45 (19.81%), and above 55 (12.26%). Educational profile was predominantly graduate and post-graduate (63.21%). Geographic distribution included urban (33.96%), semi-urban (39.62%), and rural (26.42%) respondents. Monthly income spanned all five brackets, with the majority (75%) falling in the ₹0–1,00,000 range. Self-rated financial literacy was moderate to high in 59.44% of respondents.

Regarding credit card profile, 49 respondents held at least one card. Card type preferences were evenly distributed among Rewards, Fuel, and Premium cards (each at 20.59%). Only 24.53% reported paying their bill in full, while 57.54% carried forward a balance. Emergency use was the leading use-case (25.47%), followed by fuel (21.70%) and travel (20.75%).

Table 1: Composite Descriptive Statistics Summary

Scale / Section	N	Mean	Std. Dev.
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Selection Score	106	3.086	0.655
Usage Score	106	3.069	0.679
Satisfaction Score	106	2.953	0.727

4.2 Reliability Analysis and Factor Analysis Adequacy

Cronbach’s Alpha for the Selection Factors scale (15 items, $\alpha = 0.808$) indicated good reliability; Usage Preference (10 items, $\alpha = 0.719$) indicated acceptable reliability; and Satisfaction & Responsible Use (7 items, $\alpha = 0.642$) fell below the 0.70 threshold, suggesting conceptual heterogeneity across the seven items. KMO measures were 0.81 (Selection, meritorious), 0.72 (Usage, middling), and 0.64 (Satisfaction, borderline). All three Bartlett’s Tests of Sphericity were highly significant ($p < 0.001$), confirming that factor analysis was technically feasible for all constructs.

5. RESULTS

5.1 One-Sample t-Tests (Hypothesis Testing)

One-sample t-tests were conducted on all 32 Likert items and three composite scores against the neutral midpoint ($\mu_0 = 3.00$). Of 35 tests, only one achieved statistical significance: U4 – Emergency short-term flexibility (mean = 3.340, $t = 2.912$, $p = 0.004$). This confirms that the primary perceived role of the credit card in this sample is that of a financial safety net rather than a transactional convenience or rewards vehicle. The composite Selection Score (mean = 3.086, $p = 0.179$) and composite Usage Score (mean = 3.069, $p = 0.298$) were not significantly different from neutral. The composite Satisfaction Score (mean = 2.953, $p = 0.507$) was the only construct falling below the neutral midpoint, reflecting a mild but consistent lean toward dissatisfaction.

Table 2: Key One-Sample t-Test Results (Selected Items)

Item	Mean	Std. Dev.	t-stat	p-value
U4: Emergency short-term flexibility	3.340	1.202	2.912	0.004**
U6: Contactless tap-and-pay convenience	3.226	1.205	1.931	0.056
S7: Bank reputation	3.226	1.289	1.805	0.074
Overall Selection Score	3.086	0.655	1.352	0.179
Overall Usage Score	3.069	0.679	1.046	0.298
Overall Satisfaction Score	2.953	0.727	-0.666	0.507

** Significant at $p < 0.01$



5.2 Independent-Samples t-Test: Gender Differences

The Welch’s independent-samples t-test comparing usage scores between males (mean = 2.980, SD = 0.822) and females (mean = 3.181, SD = 0.420) yielded $t(90.1) = -1.630$, $p = 0.107$, Cohen’s $d = 0.298$. While females scored slightly higher on usage preference, the difference was not statistically significant. Notably, the male standard deviation was nearly twice that of females, suggesting a bimodal male population of heavy users and disengaged non-users.

5.3 Chi-Square Test: Area of Card Use × Area of Residence

A significant association was found between main area of card use and area of residence ($\chi^2(10) = 18.488$, $p = 0.047$, Cramér’s $V = 0.295$). Urban respondents dominated big-ticket purchase usage (all 4 respondents were urban) and fuel spending (10 vs. 7.81 expected). Rural respondents overrepresented travel card usage (10 observed vs. 5.81 expected). Emergencies and online shopping were distributed relatively uniformly across residence types.

Table 3: Chi-Square Test – Card Use Area × Residence

Main Area of Use	Urban	Semi-urban	Rural	Total
Online shopping	4	7	4	15
Travel	3	9	10	22
Fuel	10	10	3	23
Grocery / daily spend	4	8	3	15
Big-ticket purchases	4	0	0	4
Emergencies	11	8	8	27
Total	36	42	28	106

$\chi^2 = 18.488$, $df = 10$, $p = 0.047^*$, Cramér’s $V = 0.295$

5.4 Multiple Regression Analysis

Three multiple regression models (predictors: Gender, Age, Income, Financial Literacy, Card Ownership, App Frequency; $n = 106$) were estimated. Model 1 (Selection Score): $R^2 = 0.062$, $F(6,99) = 1.094$, $p = 0.372$ – not significant. Model 2 (Usage Score): $R^2 = 0.117$, $F(6,99) = 2.196$, $p = 0.050$ – significant at the boundary threshold. Model 3 (Satisfaction Score): $R^2 = 0.064$, $F(6,99) = 1.135$, $p = 0.348$ – not significant. No individual predictor achieved significance at $\alpha = 0.05$ in any model. The strongest trends in Model 2 were Gender ($b = -0.246$, $p = 0.068$) and App Frequency ($b = +0.104$, $p = 0.057$), suggesting directional effects that require larger samples to confirm.

Table 4: Multiple Regression Model Comparison

Model	R ²	Adj. R ²	F-stat	p-value
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Model 1: Selection Score	0.062	0.005	1.094	0.372 (NS)
Model 2: Usage Score	0.117	0.064	2.196	0.050*
Model 3: Satisfaction Score	0.064	0.008	1.135	0.348 (NS)

* Significant at $p \leq 0.05$; NS = Not Significant

6. DISCUSSION

The most striking finding of this study is the near-universal neutrality of consumer attitudes toward credit card features. Classical attitude theory (Fishbein & Ajzen, 1975) presupposes that selection is driven by strong belief-evaluation processes, yet the data reveal that no single economic attribute — fees, rewards, credit limits, or interest rates — significantly differentiates this sample’s card selection attitudes. This aligns with attitude ambivalence theory (Thompson, Zanna, & Griffin, 1995), in which consumers simultaneously hold positive and negative evaluations that cancel out to produce net-neutral responses.

The singularity of emergency flexibility (U4, $p = 0.004$) is both statistically robust and theoretically significant. This finding positions the credit card primarily as a risk-mitigation instrument rather than a consumption enabler, consistent with Maslow’s safety needs hierarchy and suggesting that perceived behavioral control — the belief that the card can manage unforeseen financial shocks — is the most powerful motivational driver in this context.

The geographic segmentation finding ($p = 0.047$) is consistent with an infrastructure-driven rather than attitudinally-driven model: urban card usage concentrates in high-merchant-density environments (big-ticket purchases, fuel), while rural card usage peaks during travel to urban centers. This pattern questions the value of demographic segmentation relative to contextual segmentation based on access and merchant infrastructure.

The divergence between app frequency’s positive effect on usage ($b = +0.104$) and its near-zero effect on satisfaction ($b = -0.011$) suggests a usage-satisfaction decoupling effect not adequately theorized in the Technology Acceptance Model literature. Frequent app users may encounter more transparent visibility of fees and charges, which broadens usage but simultaneously generates awareness of cost-burden, depressing satisfaction. This finding has implications for digital product design in the card industry.

7. CONCLUSION

This study has demonstrated that credit card attitudes among the study population are characterized by moderate ambivalence rather than strong preference or aversion. The single statistically robust finding — that emergency short-term flexibility is the most valued card function — reframes the credit card from a consumption or rewards vehicle to a financial safety net. Geographic context emerged as the most reliable segmentation dimension for card usage, outperforming gender, income, age, and financial literacy in predictive relevance.



A feature-confidence gap was identified in satisfaction: respondents recognize card features but do not feel financially empowered by their card, do not believe benefits justify costs, and would not readily recommend their card. Demographic predictors collectively explain at most 11.7% of attitudinal variance, affirming a theoretical shift toward behavioral and psychographic segmentation frameworks.

For card issuers, these findings suggest: (i) repositioning brand messaging around financial resilience rather than aspirational rewards; (ii) designing geographically differentiated products; (iii) investing in in-app financial confidence tools to bridge the feature-confidence gap; and (iv) prioritizing behavioral metrics — app engagement, payment patterns, and ownership — over demographic categories as segmentation levers. Future research should replicate the study with larger samples ($n \geq 300$), introduce psychographic predictors, use longitudinal designs, and employ multidimensional measurement of satisfaction sub-constructs.

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