

Perceived Barriers in the Adoption & Usage of Credit Cards in Pakistan Banking Industry

JUNAID KHALID

Lecturer The Islamia University of Bahawalpur, Punjab, Pakistan

HASNAIN SAFDAR BUTT

MS Scholar The Islamia University of Bahawalpur, Punjab, Pakistan

Email: hasnainbutt@hotmail.com

MUHAMMAD MURTAZA

Operations Manager United Bank Limited, Khairpur, Punjab, Pakistan

USMAN KHIZAR

Lecturer The Islamia University of Bahawalpur, Punjab, Pakistan

Abstract

The purpose of this research is to present an exploratory insight into the current users and non-users of credit cards. The aim is to identify the different factors that cause low adoption and usage rate among the Pakistani population. It then aims to discuss barriers that are acting in the stumpy growth of a potential credit card market. A survey was conducted; statistical test is used to identify the intensity of each of the factor, identified through previous literature. A sample consisting of both credit cardholders and non-credit card holders is utilized to gauge the differences amongst the perception about credit cards in both the segments. Than statistical analysis tool t-test is employed to determine the associations between the results of cardholders and non-cardholders. The adoption & usage of credit cards is found to be significantly influenced by demographic factors as well as perceptions that include "credit card leads to overspending", "unreasonable interest rates", "and lack of information", "low acceptability". Certain variables create bigger barricade for the users like additional charges, high interest rates and insufficient credit limits etc. This research provides an in-depth understanding of factors or variables influencing the plastic money market negatively in Pakistan. Thus it is useful in designing marketing strategies for card-issuers for better growth of this payment mechanism. The sample was drawn from the narrower base than the actual target population of the Pakistan market. Hitherto there has been a very limited amount of research into payment cards in Pakistan and yet with the market for financial services opening up in Pakistan, this research is timely for both domestic banks wishing to issue credit cards and for foreign entrants, seeking to enter the Pakistani market through their expertise in credit cards. Despite the importance of consumer credit, virtually no literature or research exists on identifying the barriers in the adoption & use of credit cards in Pakistan. So this paper intends to close this gap. Further, by combining the demographics, costs incurred with the respondents' perceptions concerning credit card ownership and use, our study offers a richer analysis to explain consumer behavior than previous literatures.

Key words: Credit card, Usage, Barriers and Pakistan.

1. Introduction

The liberalization of the monetary sectors in Asia has resulted in the rapid propagation of credit card companies and financial companies providing other types of consumer credit. The credit card market in overall world has expanded drastically that the issuers of foreign countries has introduced mobile phone credit cards for the convenience of their customers.(Amin, 2008) This, coupled with the entry of foreign

banks, has greatly increased the number of credit cards available, and hence such spending in Pakistan. Although credit card was introduced in Pakistan decades ago when Habib Bank, the largest bank in Pakistan, launched its gold card, but people had hardly know about this card because of its very limited issuance. Several years back, Master card was introduced by Allied Bank of Pakistan which also didn't receive that much appreciation. In 1994, Citibank had introduced its VISA Card and that was the turning point in the history of Plastic Money in Pakistan. Citibank did a tremendous job to edify people of Pakistan, as well as, financial industry about credit cards and its significance in today's world. It was their aggressive marketing and heavy investment in technology, that made deserving Citibank to be called the industry leader of Pakistan's credit card business. After the success of Citibank card, Muslim Commercial Bank, Bank of America, and National Bank of Pakistan had launched their credit cards. In the very near future we are expecting more local and international banks to enter and have success on the horizon of Pakistan's credit card business. The plastic money industry in Pakistan is one of the undeveloped ones. At this time, there are a few people which are using them or even are aware of its services. The majority of people does not consider it fruitful and part their ways from it.

The State Bank of Pakistan has taken several measures to enhance security of plastic money transactions in the country with a view to effectively address customer complaints and to ensure continued growth in the fields of e-banking and e-commerce. (State Bank of Pakistan, August 23, 2008) .

According to SBP report the tendency of number of cardholders is increasing. But the major portions of people are attracted toward debit cards. Acceptance of credit cards among the general audience has been quite low in comparison to debit cards and ATM cards. Still major proportion of population is not having credit card or avoid to use it even they have sufficient resources and affordability of credit cards. There is a need to explore the reasons of such problems in Pakistan as:

Why people are not attracted towards credit card.

Why cardholders are using their credit cards less frequently.

Whether there is discrepancy at card issuer's end or there are some constraints in customer's perception.

The aim of this study was twofold; first one was the identification of perceived barriers that cause low usage among cardholders and to explore factors which resist people to adopt credit card as a mean of payment. The second purpose was not to limit itself to identifying those perceived barriers but also to explain the relative significance of each attribute that has influence on customer's attitude. This study will be helpful for card issuing companies to adopt such strategies that will reduce the impact of perceived barriers, for the purpose of meeting nationwide as well as worldwide competition. The card issuer may get momentous information from the findings of this research that will be accommodating in designing their marketing strategies, which will position their product high in customer's mind.

2. Literature Review

Although there is substantial literature on credit card usage and adoption internationally but in Pakistan research work on plastic money is limited and don't provide insight of consumer attitude. There is a need to explore the reason of consumer attitude about 'Why they are not attracted toward plastic money, especially credit card?'

A number of factors are identified based on evidence of previous literature. In this study these factors are examined under the approach, as a barrier in use and adoption of credit cards. This study includes the factors, which influence the adoption & usage of credit card and are classified in the five main categories. These categories are Demographic, Awareness, Cost, Function and Socio Psycho Factors. These categories comprise of various variables, which play a significant role in the adoption & usage of credit card, in the context of Pakistan. The findings of main publications are summarized below.

2.1 Demographic

2.1.1 Income

The effect of demographic factor like income on the usage of credit cards was studied by various researchers in different settings. Two researchers, Mandel (1972), and Kinsey (1981), identified that income is a primary determinant of credit card usage and families with different income categories perceived pros and cons of credit cards differently. Similarly Worthington and Stewart (2007) concluded that high earners are more attracted towards credit cards and mostly pay their bills on time. Likewise, Peterson (1976) also makes the case that there is positive relationship between credit card usage and income level which implies that high income people have high intensity of using credit cards. In addition a researcher identified in Hong Kong that income is only the demographic factor influencing credit card usage between active and inactive cardholders Chan (1997). Again it is possible to see how Lu (2004) agrees with above mentioned researchers by identifying that higher the income level of cardholder the more he is attracted to use credit cards.

2.1.2 Age

Gan, Maysami, and Koh (2008) recognized that age is a strong determinant of credit spending that is young adults had higher credit outstanding compared to elderly people. Likewise Chirapanda and Yoopetch (2008); Delener and Katzenstein (1994) make the case that the middle age people are more likely to use credit cards. Nevertheless, previous studies by Shannon and Yoopetch (2002) suggested that older people tended to have more credit cards.

2.1.3 Gender

Where gender is concerned, Gan, Maysami, and Koh (2008) found that females possess more credit cards than males and also females of lower or middle income group see them as status symbol. Various researchers found that females used their credit cards more frequently and they were of the view that females tend to have a higher average number of credit cards than males. Contradicting this, others suggested that single males were more likely to use credit cards than females (Kinsey (1981), and Slocum and Matthews (1970); White (1975), and Adcock et al. (1977); Kinsey (1981) and Arora (1987); Hayhoe et al. (1999); Armstrong and Craven (1993); Chan (1997)). On the other hand, Delener and Katzenstein (1994) found that females use more credit cards in Asian and Hispanic culture

2.1.4 Marital Status

In explaining the demographic factor marital status, researcher gives the view that single persons hold least number of credit cards than the married ones (Gan, Maysami, and Koh, 2008). Explaining same fact for Asian and Hispanic culture, Delener and Katzenstein (1994) found single respondents used more credit cards in those cultures. Martal and Fitts (1981) indicated that high income; married individuals have used more bank credit cards relative to other credit cards. The contradiction in views is due to different cultural backgrounds.

2.1.5 Education

Eccentrically the education level of the people has an affirmative effect on the consumption of plastic money. Worthington, Stewart, and Lu (2007), quoted that as the education level of consumers of China increases, they are more attracted towards credit cards. Occupation or employment is also of same importance as education. Supporting previous findings, in studying Asian and Hispanic culture, Delener

and Katzenstein (1994) indicated that respondent belong to high school degree are more likely to use credit cards.

2.1.6 Occupation

Occupation is one of those demographic variables that may affect usage of plastic money directly. If person is well employed, he or she might want to use easy payment procedure whatever the cost maybe. Study conducted by Chan (1997) found around 2/3rd of the target respondents were well occupied and they admitted that they had used credit card more than once. On the other side, Delener and Katzenstein (1994) found in Asian and Hispanic cultures that 25.1% of card holders were belonged to labor category.

2.2 Awareness

Awareness is such a variable that is of utmost importance. If people do not know about anything it is obvious they will not be using that product or service, if proper information, when required, is delivered to the people the awareness for that product may be increased and hence the usage. Same is the case with credit cards. The impact of awareness on usage of credit cards was studied by Delener and Katzenstein (1994) found that Asian and Hispanic consumers didn't prefer credit card so there is a need to promote credit card services to encourage its use. Similarly Chan (1997) found that inactive users of Hong Kong having more tendency to influence due to promotion. In addition Chan also suggested the use of "leaflet". Leaflet is a paper providing detailed information regarding benefits associated with the use of credit cards. Likewise Devlin, Worthington and Gerrard (2007) make the case that credit card issuers must offer discount for promotion. In addition Durkin (1970-2000) suggested that issuers are required to provide all relevant information regarding credit card terms at the time of issuing credit card.

Gan, Maysami, and Koh (2008) found that people's lack of understanding or minimal information of industry is one of the biggest dilemmas in the credit card market. This lack of information affects adoption and usage of credit cards big time. Another set of researchers identified that informational barriers impede the ability of credit card customers to obtain a competitive interest rate through search. (Calem, Gordy, and Mester 2005).

2.3 Cost

Cost is the complication and difficulty a person faces in using and adoption of credit cards. It is as important as income level. A study conducted by White (1975) suggested that "rational consumer accepts only those means of payment that reduce the cost of making transactions

In this research cost is classified in two sub-categories, for the sake of convenience, to manage all cost related factors.

- 1) Monetary Cost (like interest rate, annual fee, credit limit, type of transaction):the cost in terms of money.
- 2) Non- Monetary Cost (like low acceptability, long application approval time, shortly payment period, legal requirement complications and difficulties in paying bills)

2.3.1 Monetary

2.3.1.1 Interest Rate

The effect of interest rates on the adoption and usage of credit cards was identified by Gan, Maysami, and Koh (2008) which concluded that interest rate is an important factor in the credit card usage which influences it negatively. Brito & Hartley (1995) has said that using credit cards involves borrowings, paying high interest rate but it is attractive instrument in case of lowest transaction cost. Lunt (1992) has said that adoption criteria of credit card depend on high credit limit, quality customer services, fair fees and fair interest rates.

Chirapanda and Yoopetch (2008) put forward a study on the credit card market of Canada. Two proposals are contrasted here. National Liberal Caucus report suggested, "The government should consider an interest cap mechanism for all credit card accounts for retailers and financial institutions." (p.146). the reason behind this proposal was the interest rates on credit cards in Canada are very high, in spite of competitive market environment. The other MacKay Commission reported that, "providing new sources of competition to traditional suppliers through application of new technology and new ways of thinking about these products." (ibid, p.27) This commission didn't emphasize on higher interest rates but has given the importance to new technological advancements. It was concluded by Barry Scholnick that interest rate ceilings are not necessary for market regulation. It will discourage the Consumer credit card market

2.3.1.2 Annual Fee

Annual fee is the amount charged by the issuer for holding the card for at least a year. It is usually charged at the end of every year through deduction from the bank account or direct payment. But the cardholder is duly informed about that. Chan (1997) found in Hong Kong that active and inactive card holders demanded low annual fee and long interest free payment periods. Chirapanda and Yoopetch (2008) indicated that bank marketers should adopt low annual fee for domestic as well as worldwide credit cards. Shannon and Yoopetch (2002) found that premium cards have more annual fee (almost twice) as compared to regular credit cards. They found negative relationship between the annual fee and card usage.

2.3.1.3 Credit Limit

Gan, Maysami, and Koh (2008) quoted that generous credit limit is one of the important variables that count at the point of sale. They also cited that an increase in credit limit also generates a significant rise in debt. Chan (1997) in Hong Kong found that inactive card holders were not feeling comfortable with their credit limits. Chirapanda and Yoopetch (2008) found in Thailand that majority of respondents give importance to high credit limits.

2.3.1.4 Type & Size of Transaction

White (1975) found that small size and large size of transactions enhance the cost of making payments that discourage use of credit card.

2.3.2 Non-monetary

White (1975) indicated that fixed cost must paid by the card holders it may include time cost, energy cost and psychic cost.

2.3.2.1 Low Acceptability

Chirapanda and Yoopetch (2008) suggested that issuers of credit card are required to contact with different business that accepts there credit cards for the purpose of increasing number of collection points. Chan (1997) found in Hong Kong that credit cards of inactive users are not widely accepted because of their unlimited usage rate.

Acceptance of credit cards should be facilitated by merchants at their outlets. Yiing Jia Loke (2007) investigated the determinants which influence their participation in credit card payment schemes. He classifies the determinants in three categories, merchant's background, business characteristics, effects of other player's decision on merchant's perception. Merchant's background includes his age (indicate negative relation with merchant acceptance), number of personal credit cards held (positive relation), and computer user (to check the likelihood of adopting new technology). In second category the business sector and value of transaction influences on merchant decision. The usage of card by customers for bill payment and acceptance of credit cards by competitors have strong impact on merchant participation in credit card payment schemes. Chirapanda and Yoopetch (2008) found 72.3% of respondents give importance to acceptability of their card at international level.

2.3.2.2 Long Application Approval Time

Chan (1997) found in Hong Kong that some of the issuers were using short application approval time to encourage adoption of credit cards.

2.3.2.3 Short Repayment Period

Chan (1997) also found that active and inactive card holders demanded long interest free period. Chirapanda and Yoopetch (2008) suggested longer payback period to bank marketers to meet competition

2.4 Functions

2.4.1 Ancillary or Non-price benefits

Chan (1997) suggested provision of ancillary functions that can enhance the usage rate. Ancillary Function means other benefits like ATM services or Debit Card services that may be offered additionally.

2.4.2 Service Quality

Chan (1997) suggested that card issuing company should affectively manage and handle complaints of their card holders.

2.4.3 Security

Arthur and Dimitris (1994) found that security is an important attribute in the selection criteria of credit cards. Security is in two senses, as protection against credit cards fraud or in the case of card lost/stolen. Bills and balances should be accurate. And these cards should be insured by credit card companies.

2.5 Socio-Psycho

2.5.1 Type of Users

Devlin, Worthington, and Gerrard (2007) found that credit cardholders are of two types, first one is convenience users and second type is installment users. Whereas Worthington, Stewart, and Lu (2007) divided the type of users into two groups, that was of transactor and revolver. They also concluded that transactor users find it easier to pay through credit card rather than cash. Another set of researchers identified that people in the low socio-economic classes use their cards for financing purposes and people belonging to high socio-economic classes use it for convenience. (Gan, Maysami, and Koh 2008)

2.5.2 Life Style Patterns

Mathew and Slocum (1969) exposed relationships between social class and income and usage of credit cards. According to this research the purpose of credit card usage is convenience for upper social class and installment for lower social class. Joseph T. Plummer (1971) carried out study on the life style patterns and usage of bank credit cards. On the basis of demographic and card usage data, the higher income, better educated, middle aged, professional segment is more important for potential segment of market. A set of life style patterns like contemporary and risk-oriented are more likely to use credit cards for payment purpose. Whether the traditional and conservative (for instance, financial transactions should be made in cash) approach towards one's life style may be an important barrier in the credit card usage. Arthur Meidan & Dimitris Davos (1994) identified that card's image is important for status conscious users, as it assigns them prestige.

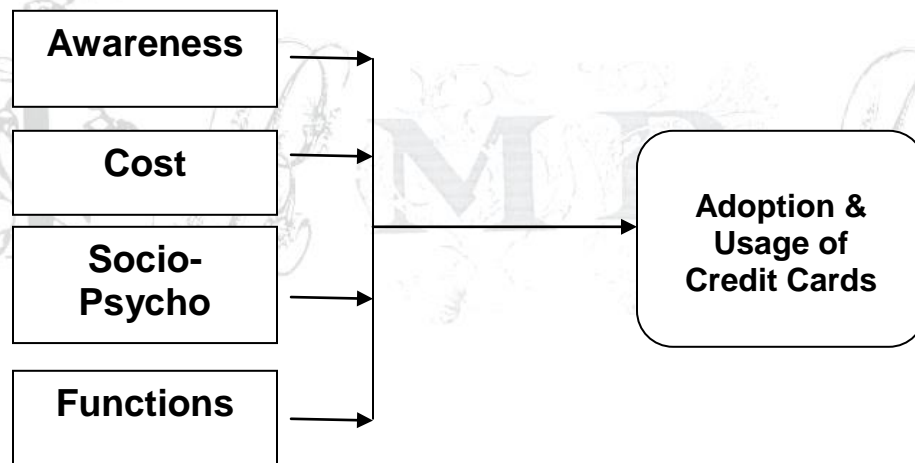
2.5.3 Card Design

Devlin, Worthington, and Gerrard (2007) studied the reasons that why certain cardholders always have a main card and concluded that about 7 % of the users are attracted by card's design and appearance. They use one of their cards more frequently because it is pleasing to the eye.

2.5.4 User's Intentions

User intention (USINTs) is very important in determining the perceived barriers in adoption & usage of credit cards. According to Amin H., (2008) there are five elements; through which we can measure the user's intentions. These are Perceived Usefulness (PU), Perceived Ease of Use (PEOU), Perceived Creditability (PC), The Amount of Information about Credit Cards (AMIC) and Perceived Expressiveness (PE). PU is defined by (Davis, 1989) as "degree to which a person believes that using a particular system would enhance his/her job performance." It has a positive relationship with the USINTs (Cheong & Park, 2005; Chiu, Lin, & Tang, 2005). PEOU is a degree to which people believes that anything that is used will be free of effort (Davis, 1989). It has a positive effect on USINTs (Guriting & Ndubisi, 2006; Davis, 1989; Kleijnen, Wetzels, & de Ruyter, 2004; Wang, Wang, Lin, & Tang, 2003). PC is perceived security; it means that how much a card is secure (Wang, Wang, Lin, & Tang, 2003). It has positive relationship with USINTs (Wang, Wang, Lin, & Tang, 2003; Luarn & Lin, 2005). AIMC has positive relationship with USINTs (Sathye, 1999; Howard & Moore, 1982). AIMC is the information about the credit card (Amin H., 2008). PE is defined as one's ability to express his/her thoughts (Cassidy, Park, Butovsky, & Braungart, 1992). It has positive relationship with USINTs (Amin, Muhammad, Hamid, & Lada, 2006; Nysveen, Pedresen, & Thorbjornsen, 2005; Plant, 2001).

Conceptual Framework:



3.1 Hypothesis

H₀: Awareness has positive relationship with adoption & usage of credit cards.

H₀: The greater the monetary cost, lower the usage & adoption of credit cards.

H₀: If the non-monetary cost is increasing than the usage & adoption of credit cards is decreasing.

Methodology:

4.1 Population and Study Sample

In this research our target population was both cardholders and non cardholders and we had collected data from both. As our target population was mainly Bahawalpur, and we selected a sample of 159 customers according to Bartlett II, Kotlik & Higgins (2001) from the different areas of Bahawalpur district. Structured questionnaire was used for the purpose of data collection.

4.2 Data Analysis:

Data were analyzed through using SPSS version 19 and the following statistical techniques were applied for the analysis of data.

- ✓ Cronbach's alpha
- ✓ Descriptive statistics (Mean and Standard deviation)
- ✓ Correlation
- ✓ T-test

Findings & Discussion

The study examined over 159 banking customers in Pakistan in terms of their demographic background, including gender, age, income and education. Of the 159 respondents, 95 respondents (59.7% percent) were male and 40.3% were females. The largest respondent group (37%) was from the age group of 25-35. Most of them were married (53.5%) while the single respondents were also of equal magnitude (46.5%). Out of 159 respondents, 28.3% were government employees. The mostly responded group belonged to the low income group i.e. Below Rs.20, 000 (35.2 percent). The majority of the respondents held Master's degree (almost 50%). The people had more tendencies to have the personal account than business and around 89.3 percent had the personal account.

As demographic factors are taken as independent variables, their impact can be felt on the dependent variable in order to find their association with previous findings. Gan, Maysami and Koh (2008) proposed that females tend to use more credit cards, but our research found completely opposite results, as the most of the cardholder respondents were males.

Income is a big barrier in adoption of credit cards. Most of the respondents were from a lower income group and they simply don't have enough resources to have such plastic payment card. Worthington, Stewart, and Lu (2007) identified the similar or complimentary results which showcased results almost similar to our research.

Table 1 presents some of the perceptions or perceptual problems of Pakistan people, regarding credit cards. Our results comply with the findings of previous researchers like (Worthington, Stewart, & Lu, 2007) where they identified the general perception of the people of China which was same as of Pakistani's. They concluded the revolving credit card users tend to shop more than their budget as they are more aware about the risks and cost of overspending.

Table 1					
Perception	Cardholder		Non-cardholder		P-value
	Mean	S.D	Mean	S.D	
Overspending	3.64	1.05	3.30	1.22	0.059
Overspending Fault	3.76	1.01	3.89	1.13	0.438
Interest on Loan	3.36	1.07	3.17	1.48	0.344
Islamic Values	3.43	1.08	3.20	1.51	0.280
Debt	3.32	1.02	3.48	1.16	0.369
Security Risk	3.15	1.09	3.42	1.14	0.130
Adopting new technology	3.56	0.90	3.64	1.21	0.623
Consumers without credit cards	3.08	1.16	2.89	1.11	0.300
Online Payments	3.89	1.09	4.26	0.81	0.016
Payment on outlets	3.64	0.92	3.77	1.11	0.414

Previous researches conducted in different Islamic states like Saudi Arabia, Turkey and Uzbekistan have found that people often feel credit cards as against Islamic laws because of the inclusion of interest (which is purely against Islamic values, denoted as Riba). Our research, conducted in Pakistan, has found analogous type of results. The mean calculated for non-users implies that people of Pakistan generally perceive it as against Islamic values. But a serious fact to be noted here is that the variance in the results is on the higher side i.e. 1.511. This explains that people are not sure about it which is mainly due to lack of information. This wrong perception is generated because of less information regarding its working. So, companies must generate awareness among the people and educate them how it is free from interest. On the other hand users of credit cards also feel that it is against Islamic values, so they are trying to avert its usage. The issuers must address this issue as this is turning out to be the bigger barricade in the development of plastic payment system in this country of southern Asia. However p-value results provide differing results. It states that, there is no statistically significant difference between the two means as p-value is greater than the significance level.

Up till now, we were addressing some perception errors by the general public with respect to using or not using credit cards. But there are certain monetary and non-monetary costs are also present which are to be borne by the person in using or adopting a new thing. If these costs match the benefits it provides than people move toward it otherwise rejects it. As mentioned in Table3, the first of the monetary costs is interest rates. When the respondents were asked to tell whether the interest rates charged on credit cards comply with the benefits it provides the responses were ambiguous. The respondents, who haven't applied for credit cards were indifferent in replying to it as they had no information regarding interest rates being charged today. But the respondents who had applied for it but didn't proceed disagreed with the statement. They claimed current interest rates are very high and benefits that can be accrued from the use of it are not equivalent. So, this acts as a barrier in their adoption of credit cards. On the other side, cardholders, either revolvers or convenient users' responses resulted in almost equal mean but relatively less variance. It means the current users are also limiting their use because of inequality among the interest rate charged and benefits received. Similar results found when t-test was used to identify the mean difference. It resulted in same less significant divergence among the two means which is ignorable. There are numerous studies identifying the impact of interest rates on the adoption and using of either credit or debit cards. Some valuable researches were conducted by (Gan, Maysami, & Koh, 2008), Brito & Hartley (1995), Chirapanda and Yoopetch (2008) and Lunt (1992) identified same results but in different settings. They found that increasing rate of interest affects the adoption of credit cards negatively in countries like China, Thailand, Greece and Egypt which comply with our results generated through a research conducted in Pakistan.

In order to find whether the people are satisfied with the current credit limits offered by issuers, a research question was quoted to find its significance among the population. The survey found that cardholders are generally satisfied with the current prevailing limits, but non-cardholders perceive it as a barrier as they consider it low. This difference in the mean values is statistically proven fact as p-value of data is below than the prescribed level of 0.05 which ultimately shows that the means of the two groups is significantly different. So we can conclude that this credit limit enhancement can act as a motivator for the non-users and it has no or less significance for cardholders. Similar results were found by various researchers like Chirapanda and Yoopetch (2008), Chan (1997) and Gan, Maysami, and Koh (2008).

The acceptability is one of the key issues in determining the increased rate of adoption and usage of credit cards. It may act as a barrier depending on the geographical location of the concerned person. If we talk from the point of view of Pakistan, people living in Karachi, Lahore or Islamabad may have greater opportunities for using credit cards as they have more outlets. But people of smaller cities like Bahawalpur, Hyderabad etc have less of those. Our research finds that non users generally agrees that there are less outlets accepting credit cards both domestically and internationally and this low acceptability results in perceived barrier in their adoption of credit cards. The other segment of respondents that consists of cardholders sees the outlets as satisfactory. This change may be due to change in geographical surroundings, as data is collected on convenience basis and a larger proportion of cardholders is from the bigger cities of Pakistan, that have more opportunities for using it especially at petrol pumps and retail

stores. For further authentication of the results, t-test for two sample means was run which resulted in the rejection of null hypothesis. This means the differences between the mean value of two data sets is significantly different. Our study comply with the results found by previous researchers like Chirapanda and Yoopetch (2008), Chan (1997), Yiing Jia Loke (2007), Chirapanda and Yoopetch (2008) which also concluded that lack of acceptability abroad may result in less usage and adoption rate.

In order to find whether shorten repayment period acts as an obstruction in adoption and usage of credit cards, the results depicted that both users and non-users perceive it as barrier. But the percentage of barricade is stronger in existing cardholders. Chan also simplified this sort of result and explains it as the more the interest free repayment period, the more the rate of adoption and usage of credit cards in countries like Hong Kong and China. As the table suggests, there is no such difference found in the means of the two segments as p-value is greater than the alpha.

Normally application approval time is 6 to 8 weeks for allowing the applicant to properly use credit card. Although this period is not very much high but a passable proportion of respondents considers it as long enough that eventually stops them from obtaining the credit cards. This result is supported by findings of previous researchers that include Chan (1997) and Brito & Hartley (2001).

As the focus of the research is also on the current users and finding the problems they are facing which eventually turns out to be barrier in their usage or encumbers them to evade using credit cards. A set of three questions was asked by the existing users to know the obstruction factor. The first one is to check whether the users had missed their payment of outstanding balances which caused their less frequent use of this payment mechanism. The result compiled through it concludes that majority of the respondents admitted that they had cleared their balance in full always and they pay it completely not partially. The second question was to measure difference, if any, in the sizes of transactions. Normally it has been seen (as described by previous researchers like Amin H., 2008 Devlin, Worthington, and Gerrard (2007)) that merchants feel hesitate to accept payment through credit card when payment is above than the certain level (100RMB in China). But the situation in Pakistan is different. A larger number of respondents have admitted that their merchant accepts payment through credit card irrespective of the size of transaction. The third question was related with the security concerns of the users. The responses to the question reveal an awareness of some of the security issues which still bedevil the credit card product. The responses were ambiguous which can be interpreted as the cardholders are not so much satisfies with the security features provided by the issuers. According to them the issuers must include some superfluous security features that might help them to overcome their perceived security concern and hence increase their usage. On the basis of research findings we can conclude that security is one of those factors which are affecting the cardholders massively and causing the circumstances which result in low usage among the Pakistani community.

Conclusion

Present study has compared credit card holders and non-cardholder in Pakistan, using survey method. This analysis is attempted to identify almost all the factors influencing the adoption and usage of credit cards. In this study, the demographic profiles and usage patterns of credit cards are reinforcing the previous findings by Mathew and Slocum (1969), Delener and Katzenstein (1994) Worthington and Stewart (2007). From the viewpoint of potential market segments, the higher income, better educated, middle aged and professional segments are more likely to be attracted toward credit card. Both the groups (cardholders & non-cardholders) placed a heavy emphasis on monetary cost including high interest rates, heavy additional charges, and insufficient credit limit, imposed by issuers. Non-monetary cost is also a major barrier but its influence on consumer's perception is rather lesser than monetary cost. Usage and adoption is greatly affected by informational barrier, security risk, strict legal requirement and low domestic acceptance. In summary, credit card marketing campaigns should particularly consider flexible interest rates, relatively less annual fees, more places accepting credit card, simplistic information and minimal sanctuary risk. All the above suggestions should match the demand and expectation of target market.

Despite the importance of the contribution of this study to literature and its valuable practical implication, it has some limitations first of all time and cost constraints are the biggest limitations of this study as we have worked within our limited resources and time so there is a possibility that some of the factors may be ignored or provided with lesser amount of details. Secondly the sampling technique of this study can be a limitation of this study due to the hindrance of resources and the objective of the study which is basically exploratory in nature we use this technique but in future this limitation can be easily overcome by some other researchers for the better presentation of results. Future researchers can focus on the last two classifications of the variables (Functions and Socio-Psycho) which are ignored in this study moreover a longitudinal study can produce some interesting results. In Pakistan culture, it is considered that old age people are reluctant to adopt new technologies or payment mechanism. In future, a study can be directed just to identify the perception of old age individuals regarding modern payment mechanism.

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