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CREDIT CARD USAGE BEHAVIOUR AMONG TEACHERS IN THE STATE OF PERLIS, MALAYSIA

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Abstrak

Hutang kad kredit merupakan perkara yang membimbangkan di Malaysia. Laporan statistikdari Kementerian Pendidikan Malaysia menyatakan bahawa perkadaran bagi penggunaan kad kredit dikalangan guru-guru di Malaysia adalah tinggi berbanding bidang perkerjaan yang lain. Bagi lebih memahami keadaan ini, kajian ini dilakukan dengan memfokuskan kepada guru-guru di Perlis. Kajian ini menggunakan Polisi Bank, Manfaat Kad Kredit dan Attribute Pengguna sebagai pembolehubah bebas dan Penggunaan Kad Kredit sebagai pembolehubah bersandar. Hasil kajian memberikan pemahaman yang lebih baik tentang sebab mengapa tingginya penggunaan kad kredit dikalangan para guru. Dapatan kajian menunjukkan bahawa manfaat kad kredit memepunyai hubungan positif yang signifikan dengan Penggunaan Kad Kredit. Sentara itu, kedua-dua pembolehubah yang lain (Polisi Bank, Atribut Pengguna) tidak mempunyai kesan yang signifikan terhadap Penggunaan Kad Kredit dikalangan guru.

Katakunci: Polisi Bank, Manafaat, Atrinut Penguna, dan Pengunaan Kad Kredit.

Abstract

Credit card debt is an area of concern in Malaysia. Statistics from the Ministry of Education reports that credit card usage among teachers is disproportionately high in Malaysia when compared to other professions. To be able to further understand this situation, this study focused in the teachers in Perlis. The measures for the study were Bank Policy, Credit Card Benefits and User Attributes as the independent variables and credit card usage as the dependent variable. The outcome of the study enabled a better understanding of the reasons for the high usage of credit card by teachers. The findings indicate that credit card benefits have a significant positive relationship on Credit Card Usage. The other two variables (Bank Policy, User Attributes) did not have a significant influence on credit card usage among teachers.

Keyword: Bank Policies, Benefits, User Attributes, and Credit Card Usage.

Acknowledgement

In the name of Allah, the Most Gracious and the Most Merciful, I am thankful to my creator, the able and powerful Almighty Allah for His help in seeing me through my master program. It would not have been an easy achievement if not for His love and mercy on me. Peace be upon our Prophet Muhammad S.A.W.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Credit cards can be said to be the most common financial transaction modes in the world, and this applies to Malaysia as well. This study is about credit card usage among teachers in Perlis. In today's world it is a common phenomenon that everyone carries a credit card wherever they go, but, the problem is, most credit cards user do not know how to use their credit cards wisely. Hence, there havebeen lots of issues with credit cards users and the way they deal with their debt problems.

Malaysian consumers seem to display excessive buying behavior or as is commonly referred to as "compulsive buying" (Ahmad, Ismail, Soheil, Tabash and Alias, 2010). When it comes to spending, the typical Malaysian consumer is very brand conscious and themain purpose of owning credit cards is to keep up appearances or to maintain peer group standards as well as convenience. It is relatively easy to own a credit card in Malaysia and this has contributed to the compulsive spending by the Gen Y in order to maintain their lifestyle. This has become a major concern as spending needs to correlate with income. There is another finding that opines that a particularly interesting the attribute of credit card users in Malaysia is that they tend to use the card to grant loans to themselves (Ahmad, 2010). In Malaysia, it is an accepted fact that it is easy for people to apply for credit cards rather than applying for personal

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loans, which requires the applicant to gothrough a much more complex procedurelike the requirement to provide guarantors or collateral. This situation has aggravated the debt burden among credit card users in Malaysia.

Women are more unlikely to have a budget on spending than men and with research indicating that there are more women with credit cards than men (Hendry, Weber and Yarbrough , 2001; Armstrong and Craven,1993), women have higher levels of debt compare to men (Davies and Lea, 1995). Another factor influencing debt issues is age (Sumarwan and Hira, 1993), with younger individuals being more optimistic about their financial future, thatthey are willing to take up debt because of the belief that can repay it later. However, middle aged people are more prone to extensive credit card usage(Baker and Sekerkaya, 1992). Further to this, income also plays an important role on a person's purchasing power where it will be spent on goods and services (Allvine, 1987).

1.1 Significance of Study

1.1.1 Contribution to the Body of Knowledge

This research will add to the literature on attitudes, benefits and bank policies when studying financial institutions and their marketing strategies. The research will also contribute towards understanding the purchasing and spending habits of teachers specifically and other consumers in general.

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1.2 Problem Statement

The use of credit cards among teachers today has grown exponentially. This research aims to look at the causes affecting credit card use by teachers. Credit cards have become an easy way to develop purchasing power for most users. In today's world of credit cards, the card has become the preferred mode of payment for purchases and teachers are no exception. In America, credit cards are the chosen non-cash mode of payment (Chakravorti, 2003).

Consumers tend to use credit cards to shop even when they don't have the cash to do it (Foscht, Maloles III, Swoboba, Chia, 2010). Modern commerce requires credit cards to serve as payment devices and act as an alternative to cash or cheques for routine purchases (Braunsberger, Lucas and Roach, 2004). Chakravorti (2003), further demonstrates the benefit of credit card use where it benefits both merchants and customers especially when they don't have other means of paying for a particular purchase.

The use of credit cards is on a steep spike in Malaysia where uptake has seen tremendous growth. Due to this, it is most apt and timely to study such behaviour of among teachers who tend to be viewed as role models. Teachers per se influence financial behaviour as well as influence financial knowledge of the younger generation. Therefore this study intends to investigate the norms of financial behaviour among teachers. It also intends to explore differences between credit card use and the selected factors of financial attainment, monthly income, education level and level of financial knowledge of bank policy.

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1.3 Research Question

The behaviour of teachers when using their credit cards in daily life is the main focus of this research. The question is to analyse the factors that influence the behaviour of using credit cards for online transactions. The research questions are as follows:

1. Does Bank Policy have an influence on Credit Card Usage among teachers in Perlis?

2. Does Benefits provided by banks have an influence on Credit Card Usage among teachers in Perlis?

3. Does User Attributes have an influence on Credit Card Usage among teachers in Perlis?

4. Does a combination of Bank Policy, Benefits and User Attributes have an influence on Credit Card Usage among teachers in Perlis?

Teachers who currently utilize credit cards were asked to participate in this survey voluntarily. The respondents selected were credit card holders in Perlis. The selection of Perlis as the sample is because there has been no such study conducted in the state.

1.4 Research Objective

The objective of this research was to identify the factors influencing the behaviour of teachers when using credit cards as a means of shopping. The objectives are as follows:

1. To determine the relationships between Bank Policy and Credit Card Usage among teachers in Perlis.
2. To determine the relationship between Benefits and the Credit Card Usage among teachers in Perlis.
3. To determine the relationship between User Attributes and Credit Card Usage among teachers in Perlis.
4. To investigate the combined effect of Bank Policy, Benefits, User Attributes on Credit Card usage among teachers in Perlis.
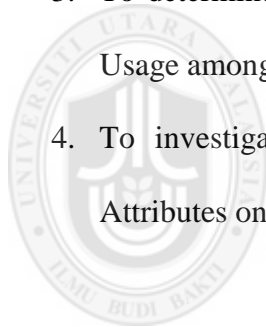
CHAPTER TWO

LITRATURE REVIEW

2.0   Introduction

The research conducted a comprehensive review of relevant literature on credit card use as well as the concepts behind e-commerce. E-commerce was explored to ensure that the platform for credit card use is sufficiently explained and reviewed. The chapter will then cover all the chosen variables for this study
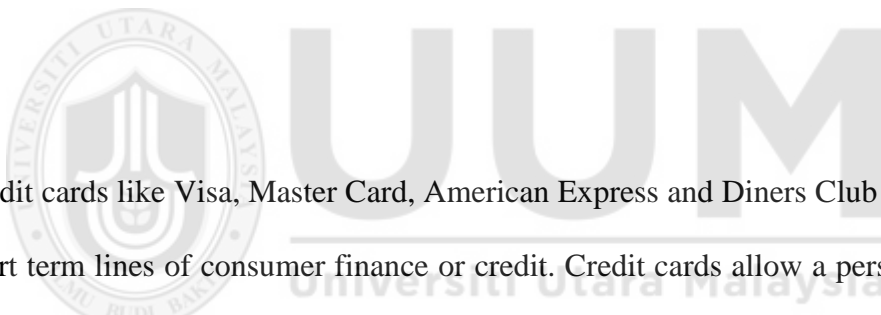
2.1   Types of Credit Cards

There are three types of payment cards namely credit card, charge card and debit cards. There are also reward cards that provide benefits to their customers such as the petrol use reward cards, where loyal customers will get an amount of petrol when they reach a stated point so that it can be exchanged for petrol.

Credit cards are cards that have promised credit from the issuing banks, charge cards require the customer to make full payment at the end of each month and lastly the debit card is a card that allows a person to pay based on the available balance in either their savings or checking account, the full amount is deducted immediately upon any purchase. The payment card, credit card was born in the US in the 1920's

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(Sayer, 1988, Drury & Ferrier, 1984). The idea was originally started by an oil company, General Corporation of California (ExxonMobil) in 1914 as a courtesy card for the employees of the company.

In the 1950's the Diners card, a third party payment card was invented (Ritzer, 1995) by a group of friends who happened to not have the required money to pay for their food. This was then followed by the American Express card popularly known as the Amex card. This card required customers to make full payments at the end of the month. However, this was and still is considered to be plastic cash.

Credit cards like Visa, Master Card, American Express and Diners Club are basically short term lines of consumer finance or credit. Credit cards allow a person to use an amount of money within an agreed sum to be paid back constantly every month (Akers, Golter, Lamm & Solt, 2005; Norudin & Zull Nikli, 2005). A study commissioned by Bank Negara Malaysia (BNM) found that in 2000 there were about 2.8 million users. It had grown to 10.6 million users in 2008 indicating a steep trend towards the use of credit card payments (credit card).

The establishment of BIMB (Bank Islam Malaysia Berhad) in March 1983 provided an opportunity for banks to cater to the Muslim community. After 20 years of the establishment of Bank Islam, the first Islamic credit card was introduced by AmBank

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(Darwish, 2003). This was then followed by BIMB in 2004 (Mahmood, 2002). This gave a choice to the customer whether to choose the conventional financing mode or the Islamic financing system. Credit cards have evolved from the more common conventional credit cards to the present variant of Sharia compliant credit cards.
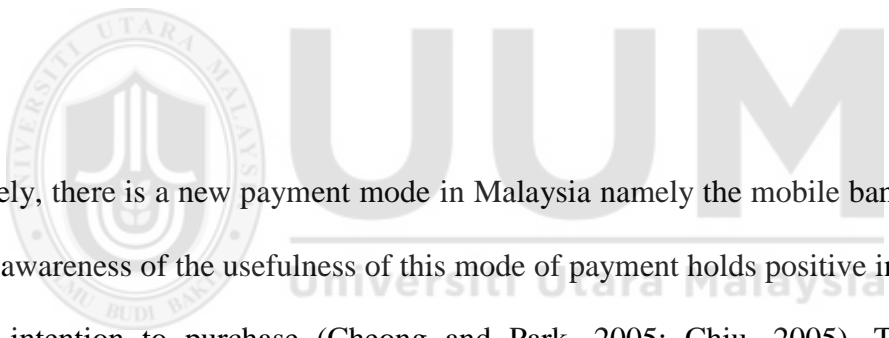
Islam prohibits Riba(an Islamic term) which is interest accrued (Al-Baqarah: 278; Ali 'Imran: 130; Al-Nisa': 161; Al-Rum: 39) and that the economy needs to be free from Riba, which in this case would mean that the credit card that is offered needs to be free from interest. Islamic credit cards need to be different from major credit card providers. This is because Islam believes in fairness and not to burden. The differences is in terms of the conventional banking which relies on interest and unfavourable practices such as monopolies and operate according to laws created by mankind, is in opposition to Islamic banking which is based on Sharia.
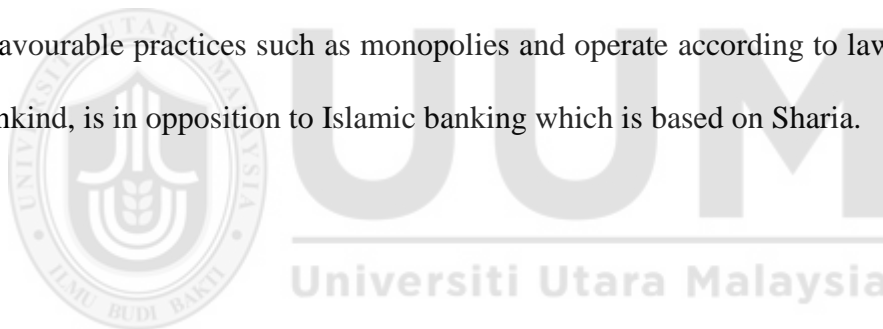
2.1.2 E-Commerce Growth

The internet facilitates online transactions where the consumer chooses to use the credit card from anywhere. In 2015, it was identified that 89% of Malaysians (26.7 million) had Internet access and around 20% carried out online transactions. The figure had increased from 78% of Internet users (24.1 million) in 2014 with online transactions reaching 20% of Internet users (MCMC, 2016).

In Malaysia, he banking sector is bringing incorporating innovation and change to ensure that the market is ready for the future. This will ensure that they will become more attractive to their customers and as such the prevalence of more and more aggressive policies to entice consumers. This indicates that the Malaysian economic system is in a transitional phase where consumers are moving from cash to cashless/plastic money. The way customers treat their credit cards has changed with a pronounced utilization of the same (Cargill and Wendel, 1996). Credit card use is seen as a movement away from physical cash use and this phenomenon is very much growing (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000; Hayhoe, Leach & Turner, 1999).

Lately, there is a new payment mode in Malaysia namely the mobile banking, where the awareness of the usefulness of this mode of payment holds positive influences on the intention to purchase (Cheong and Park, 2005; Chiu, 2005). The findings substantiate that perceived usefulness invariably affects the intention of the consumer when intending to conduct mobile banking (Luarn and Lin, 2005).

In the past there has been a lot of research to identify what has to be done to which reinforce the belief that information affects the latest emerging technologies especially when it influences the intention to utilize (Pikkarainen, 2004; Howard and Moore, 1982).The reason that there is low awareness of online banking is because most of the consumers do not want to use online banking due to the perception that

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the security of e-commerce is suspect, which clearly indicates a lack of understanding of e-commerce (Sathye, 1999).Consumers must be aware of the new product prior to the adoption of a specific system (Howard and Moore, 1982). A positive outcome of online banking acceptance is influenced by the information that the consumer receives (Pikkarainen, 2004).

Looking into the increased usage of online transactions across different segments in the borderless global market shows that there is an opportunity for businesses to extend their reach through e-commerce which is not curtailed by geographical boundaries. E-commerce is predominantly dependent on customer perception and its existence in the World Wide Web plus the reliability on the system that is being used. The Internet is not popular among consumers as a shopping medium because Internet based transactions are not growing as they should (Lee & Ahn, 2001; Aoyama, 2000). A study by the Malaysian Multimedia Commission found that only 35% of consumers with Internet access actually used it to shop online with 65% of consumers utilising it for information acquisition, social discourse and engage with Government services.

E-commerce is an emerging sector in marketing which has attracted a lot of research in recent times. The increasing use of online shopping requires that research be conducted to better understand online retailing habits to enhance e-commerce (Chang & Daniel, 2002). The usage of credit cards can be also be seen in the E-

commerce based industries as E-commerce is slated for growth in the future especially in East Asia. Visa (the credit card company), reports that Internet purchases reached $13 billion in 2000 and the figure is forecasted to reach $100 billion in the future (Gefen, 2000).

The establishment of Lazada, Zalora, Amazon and many other online market players since 1995 shows that the market is expanding and the use of online transactions using credit cards is expected to grow in tandem. Amazon claims that it sold more than 6.2 million books, CDs and DVDs over 160 over countries since the company's establishment in 1995.To increase its sales, online marketing initiatives by Amazon include major improvements to identify what their customers need from its website. The void of online stores in meeting local preferences including the varying global market culture affects consumer's purchase of the goods or services that are offered through the Internet (Bellman, 1999). Similar situations make consumers' worry that their behaviour while transacting online would be compromised. This includes the fear of the Internet influencing their lifestyle, altering norms, ethical issues and the business systems that are used. Culture and social norms such as these might act as restrictions to the consumer who gets involved in electronic transactions (George, 2002).

The absence of physical interaction or the element of "touch and feel" when the consumer transacts online between the product vendor as well as service vendors

negatively influences trust. The differences in global culture may contribute to factors that influence trust in online transactions. Example, personal privacy is important in the west compare to other culture from other part of the world which it might not be the same when using online transaction. English is the most preferred and widely use language all around the world and that might be the factor for using electronic market globally (Aoyama, 2000; Bellman & Johnson, 1999; Seldom 1997).

Credit cards are an important component of present day consumer finance. Approximately 20% of average personal shopping is conducted by using credit cards (Chimerine, 1997) and with increased use of e-commerce, these percentages may grow further. Moreover, for most households, credit cards such as Visa, Master Card, Discover, and Optima represent their primary source of unsecured credit.

2.1.3   Credit Card Usage

Credit cards are a way to ease their needs which requires that payment be deferred to a later date (Mitchell and Mickel, 1999).A little history of credit cards, it was started by John Biggins, who was a specialist on consumer credit was the one who came up with the credit card concept. The credit card was called "Charge-It" in the year 1946.

Financial behavior is dependent on the financial stability, the level of financial stress, the income, other monetary acumen, cash liquidity, financial strength (Joo & Grable, 2004). The following socio-economic factors enable perceptions of individual financial competency and are highly correlated with financial health (Husniyah & Fazilah, 2009; Husniyah, 2005; Kim & Garman, 2003; Grable & Joo, 2001;Hira & Mugenda, 2000; Gorham ,1998)

1. Marital status
2. Age
3. Employment status
4. Education,
5. Income

Research has shown that there are positive relationships between financial behaviour and financial knowledge. In other words, positive financial behavior enhances financial well-being and vice versa. Lastly, it is noted that an individual's financial behavior is driven by other socioeconomic elements namely education, gender, financial understanding, age group, and salary.

Malaysia is one of the fastest growing developing countries in Asia with a reported GDP per capita of USD 14,700 in 2010. This shows that there is a positive indication of increasing socio-economic development. In a recent development, the minimum wage bill was approved, allowing Malaysians to have a better quality of life. BNM

reported in 2009 that there were 21 banks issuing 24 cards. This shows that credit cards are a convenient payment device which suits the Malaysian modern lifestyle. Online transactions presently promote the need to have a credit card.

With the current situation, banks and financial institutions are changing their policies to ensure that there are more Malaysians using credit card as a primary mode of payment, with benefits such as money back promotions and special discounts for online purchase compared to purchasing the same item in stores. The result of this move is that the number of the persons utilizing credit cards had grown, as of 2009 there were 10.8 million credit card users (38.6%), exceeding a third of the Malaysian population estimated at 28 million (The Star, 2010).

Statistics reveal that as of June 2010, about 8% or 4417 individuals became bankrupt which the total outstanding debt of non-credit card payment increasing to 103.8 billion(Horlic.com, 2012). To arrest this trend, the Government introduced the Credit Counseling and Debt Agency. This was to enable debtors to seek advice debtors and gain financial knowledge as a means to change their habits and attitudes towards credit card use. In Malaysia according to Jabatan Insolvensi Negara for the year 2013 to 2016 shows that 1157 card holders below 25 years were declared bankrupt as they were not able to pay back their credit card debts.

In a study conducted in Singapore, credit card use was influenced by gender and income as well as the notion of indicating wealth, leading to excessive spending, unreasonable interest rates. The volume of credit card use was affected by the credit card related factors of missing payments, number of transactions per card, entertainment usage and purchase of petrol (Gan, Maysami, and Koh, 2008).The sane study in Singapore, found that 85% (141) of respondents used the main card and the reason most commonly quoted for this was the promotions and superior discounts provided by the card issuer. The majority of consumers stated that their subsidiary cards were only for backup purposes. It was suggested that credit card issuers should offer discounts or promotions and other attractive offers to maintain their competitiveness (Devlin, 2007).

Research on credit card usage confirms the relationship between the use of credit cards and an individual's income (Chan, 1997). Banks or financial institute usually offer larger credit limits to consumers in the higher income category as this group of consumers tend to use credit cards more extensively for their purchases. In fact, income generally influences purchasing power of consumers and the levels of purchases of goods and services (Allvine, 1987). Therefore, income levels and the consumers occupation is often considered as important indicators of credit card use (Frank, 1965).

In Saudi Arabia, from an Islamic standpoint where interest is prohibited, there is ongoing discussion on the ownership and credit card use. The use of credit cards is seen to be selective with attitudes towards debt being identified as significantly determining credit card use and the behaviour of the user. Credit card usage attitudes in Saudi Arabia were fairly positive when evaluating credit card users (Muhmin & Umar, 2007).

Marital status is an important part in determining the use of credit cards, in terms of purchasing online or buying groceries online as this will make a person to think twice when spending on their credit card. Choe, Yoon and Johnson (1991) found that single parent breadwinners, where male parents used credit cards more often, with higher earnings increasing the use of the credit card. A report in the UK indicated that males used credits card more often than females (Pahl, 1999).The length of marriage and marriage status also affects the use of the credit card and its associated spending behavior (Steidle, 1994; Kinsey, 1981).

Research has also found that credit card holders who were married are more likely to be credit card dependent than single or separate/divorced individuals. This may be due to married consumers bearing more expenses than users who were not married (Devlin, 2007). According to Godwin (1998), household debt is closely related to household size. This shows the need to finance bigger living expenses the most convenient manner would be to use credit cards. This situation is prevalent among

consumers in Malaysia. The Management and Counseling Management Agency reported that married individuals formed the majority 77% of the cases that they handle (Lee, 2012).

There is another study by Mandell (1972) indicating that family education and socio economic situation are also determinant factors when using credit cards. The main factor influencing for this situation is the marketing strategy carried out by banks targeting this group. An investigation on credit card and charge card usage in Greece supported this study which showed that urban customers have averagely higher incomes.

The use of credit cards in today's world is helpful but consumers need to understand the reasons of owning credit cards and how to utilize it wisely. Consumers who are mmaterialists are more likely to value possessions founded on the apparent status and appearance of wealth instruments (Richins, 1994). Some people like to be fashionable and such behaviour is generally considered as being materialistic. Irresponsible credit card use is driven by the irrational consumer who naively believes that incomes will grow in the future (Soman & Cheema, 2002). The mind-set of present day consumers has been programmed to believe wrongly that today's expenditure will be paid by the earnings that they believe to gain in the future.

The problem starts where consumers think that they will have sufficient amount of money to pay in the future. Debtors seem to hold a somewhat rosier view and attitudes towards consumer credit or debt. This is especially true in the case of credit cards that allow purchases immediately as opposed to postponing of the intended purchase (Livingstone and Lunt, 1992). With that explanation shows that consumers will overspend when using credit cards. Without thinking twice consumers assume that consumer spending of future money to be earned is a form of convenient credit.

The usage of credit card can be useful if the credit card is being used for online shopping, making large purchases or electronic purchases and also when travelling to other country, other than that it could been seen as a drive for the customer to use it unwisely if there is no control.

Some studies that have been done on credit card credit limits, which are interesting to note are the patterns of consumer credit card users and their credit card limits, Castronove and Hagstrom (2004) show that users are more likely to have Target usage rates. Users tend to borrow more by getting more cards or requesting a higher limit than maximizing their existing cards, there is an argument about what's important. Which the users typically impose constraints on spending by utilizing a single credit card as a means of self-control tool even though a new credit card will incur higher costs (Gathergood & Webber, 2014). Banks in Malaysia are trying to offer a reward gimmick that can reduce the cost of the community by introducing

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more customers to choose expensive payment cards than less expensive cards, where retailers are known to complain that they are the ones incurring the transaction costs (Jacob, Jankowski and Dunn, 2009).

In another matter it was proven that the usage of credit cards is also being driven by compulsive buying which is a major personal emotional factor. There were research that had been done in South Korea that is related to compulsive buying where its shows that compulsive buying is a repetitive buying with a negative feeling. Compulsive buyers are the ones who buy for the sake of buying where they tend to buy items that they do not actually use or need. This is aggravated by their inability to pay back the amount they have spent (Hoyer & MacInnis, 2001).

Compulsive purchases differ from impulsive purchases; buying impulses is when the buyer buys a certain product in a spur of the moment whereas compulsive buyers exhibit permanent behaviour that concentrates on the purchase process rather than self-purchase (Solomon, 2004). O'Guinn and Faber (1989) discovered how compulsive consumers usually are they show a specific personality trait and have low self-esteem which influences the purchase whilst at the same incurring high levels of debt mixed with a very subjective form or sense of control. Compulsive buying is a situation when a person is eager wanting to compete with the needs on current trend or social needs (Elliot, 1994). Materialists usually like to have things that make them looks better than other people (Richins, 1994).

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2.1.4   Bank Policies

Bank Policies refer to the aspect that banks offer, such as benefits and other incentives in order to influence customers to use their credit cards (Chakravorti, 2003). Nielsen Global's Study on Investment Attitude has released a report showing that 39% of Malaysian use credit cards as the usual payment method for eating, shopping and entertainment activities (Hamasawi, 2012). This argument was being confirmed by Zinman (2009) where users generally utilize credit cards as their main mode of payment due to the associated incentives that they gain.

The latest trend to gain customers is to gives gifts upon application for a credit card and could say that almost all banking institution have waived their annual fees for the first year. Almost all banks allows a minimum payment to be paid from the consumer where this will make the consumer to become interest paying consumers driven by varying benefits (Akin, 2008; Chakravorti & Emmons, 2003).Banks earn a lot of profit from the high interest rate that is being charge form the amount of debt they have (Berlin & Mester, 2004; Ausubel, 1991). With the interest that is being charged, the consumer will end up with increased debt (Balasundram & Ronald, 2006).

Research conducted on the expanding Chinese market to explore the challenges and opportunities offered by this market to foreign banks. They took into account the Chinese culture on consumption and savings that foreign financial institutions need

to be aware of when operating in China (Worthington, 2005). For a foreign entrant, there are regulations and restrictions for entry into the Chinese financial market; this will impact the use of credit cards as a payment card. When the use of credit cards in China based on credit card early users was examined, the study indicate that consumers were more agreeable with the idea of using credit cards and amazingly understood the benefits of spending through this medium on entertainment and travel (Worthington, Steward and Lu, 2007).

2.1.5 Credit Card Benefits

The factors influences the choice of credit card include the diversity of customers and their spending behaviour. For example, different people have different perceptions to debt and the payment instruments including how they choose to pay their credit card debt.

The results showed that credit card holders were more prone to utilise debt. The findings need to be taken cautiously for applications in present US credit card market environment because of problems in the selection of samples may affect the legality of the obtained results. It is understood that in the survey the average respondents have a higher level of education and a higher middle class and middle class income group than the US population.

Investigating consumer choices between credit and debit cards depends on the prices. Debit cards don't have the same conveniences as credit cards in the areas of their acceptance, the levels of the security that is offered as well as the associated mobile and time costs (Zinman, 2009). Marginal costs on credit card charge offer a major distinguishable economic benefit when choosing either to use credit or debit cards in a majority of households. Data were taken from the Consumer Finance Survey 1995-2004 which represented sections section of more than 2,000 US households. Estimates indicate that a credit card user is at a minimum 21% prone to use the debit card than other users. In addition, other implicit interests on payments through credit cards will lead to higher utilisation of debit cards as the mode of payment for credit card settlements, which face a credit card's low credit card charge or binding credit limit constraints.
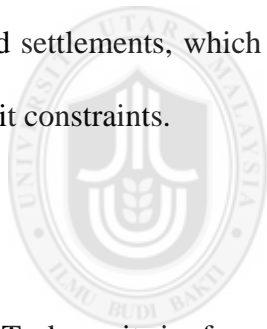
In Turkey, it is found that credit cards were used as for emergency funds, convenience for travelling, and for shopping (Kaynak, 1995). In Turkey it is more for convenience purposes. A study on benefits such as travel miles, bonus points were provided by the Turkish banks to credit card as well as in certain cases the offer of rewards when shopping as a means of differentiation (Akin, 2010). Customers in Turkey usually choose credit cards offering the best perceived benefit because of the convenience attribute it offers.

People who live in urban areas usually use the credit cards for their convenience compare to the people who lives in the sub-urban. Urban dwellers are usually working professionals and have higher education (Kaynak, 1995). Studies show that income-based social stratification has an influence on the use of credit cards (Labich, 1994; Schaninger, 1981). Further evidence from descriptive elements such as salaries, education, generations and homes (Meidan & Davo, 1994) support the same findings. Although these demographics continue to be supported for general study throughout the country is not significant enough.

Generally the advantages of credit card usage as the mode of payment are convenience, accessibility and habits. (Soman, 2001). There are also the disadvantages of using credit cards. According to (McCall, 2001; Feinberg, 1986) there is prove that having a credit card encourages spending. Credit card holders usually don't remember or underestimate prices of items and volume spent (Soman, 1999), this will cause too much trouble in the future (Durkin, 2000).Consumers who normally use credit cards for transactions were more likely to purchase more (Soman, 2001).

2.1.6   Attributes of Credit Card Users

The attributes towards money impacts a person life in all aspect which it include saving habits, performance in a workplace, spending habits, political ideology, charitable and attitude towards the environment (Phau & Woo, 2008). A strategic

approach is used for this marketing purpose that is called lifestyle segmentation for products and services that want to provide.

The lifestyle concept is about the interests of people, and how they spend their financial resources and their perceptions of others as well as themselves (Kucukemiroglu, 1999). There are various definitions of the term lifestyle (Sjö¨berg & Engelberg, 2005):

1. It is the value of people expressed in relation to the dimensions of justice, equality and freedom.
2. It refers to an individual attitude, his or her activities as well as their interests and opinion. This would be helpful in segmentation of a market.
3. It could also refer to actual patterns of product or service usage.

Credit cards give customers the purchase of non-cash products or services available at that time (White, 1975). A study on the Greek's credit card market found that the use of credit cards relied on the elements of prestige, convenience, economic security and overseas spending (Megan & Davos, 1994). Maysami and Williams (2002) used this research to understand credit card use in Singapore where they found common patterns of credit card use as was identified by Meidan and Davos (1994).

In Korea, compulsive purchases occur in the fashion industry, consumers are more aware of the latest fashion that may consider credit cards as stylish and stylish. In Sri Lanka, the use of credit cards was influenced by the credit limit, individual incomes as well the customer's marital status (Wickramasinghe & Gurugamage, 2009). Most Sri Lankans usually use their credit card to pay their medical bills.

In Malaysia, a study by Ahmed (2010), found that "lifestyle" affects the use of credit cards. According to Nga (2011) other factors such as image awareness, materialism, and consumer spending enhances credit card usage in Malaysia.

Meanwhile in China, credit card use is linked to consumer attitudes towards credit cards itself and the relationship between money and debt (Wang, 2011). The awareness of reward point's conversion influences the attitude of the card user towards credit card use (Liu, 2009). Malaysians like to spend a lot of money and they spend it tightly even though prices are quite high (Alias, 2010).There is only 47% percent of Malaysian in previous findings said that they repay their credit card bills in full (Hasmawi, 2012).

A survey that is being reported by the Daily Express in 2007 shows that most Malaysian credit card holders owns about three credit card but most Malaysian do have at least one credit card in their possession. With the tax that is imposed by the

government in August 2010 the result was a decline in the number of credit cards from 9.6 million in 2009 to 7.5 million in 2010 and 7.4 million in June 2011 (Sin Chew Daily, 2011).

There are also reward programs that are offered to customers so that they will choose their credit card. Most airlines as well as hotels influence customers to use their product by offering rewards for credit card use. All major cards in the world provide this type of rewards so that they can capture the market, the rewards programs are becoming more generous with the cash back bonus up to 5% that is being given back in common purchases in the US (Agarwal, Chomesisengphet and Lui, 2010). Even Petronas is giving cash back rewards of up to 7% when filling up with petrol in 2016. With the economic situation people will try for to gain something in return but in reality there is a catch when it comes to credit cards.

Previous studies seem to indicate that such rewards are influential in manipulating customers with low brand loyalty (O'Malley, 1998). There is evidence that price incentives affect the mode of payment among Australian consumers. This was based on the transaction data gained from a survey to identify the modes of payment commissioned by the Reserve Bank of Australia in 2007 which sought to uncover the effect of loyalty programs between credit and debit cards and cash (Simon, Smith & West, 2010).

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These programs have had an impact on credit card usage where it had increased usage by 23% as opposed to a reduction in the use of cash by 14%. With the benefits of having short term loan without interest, credit cards are more preferred when compared to debit cards. It is not only the reward programs that have an impact on higher credit card usage but studies also shows that interest rates also have an impact on the changes in the spending habits that contribute towards credit card debt later on.

There has been a lot of changes these past few years in terms of personal expenditure habits and the salary that they earn each month (Sutherland & Canwell, 1994). Leisure and social activities have been identified as the most commonly source of customers spending. This had led to a certain extent to spending more than their income which leads them to acquire a credit card. The consumer today lives on debts where their expenses exceed their income (Mapother, 1999).The wide usage of credit cards in today's markets can be said to reflect the new generation which is a generation in debt through the use of credit cards very freely (Warwick & Mansfield, 2000).

To have a credit card is to ensure the luxury of having the urge to have things that is beyond one's means. They also have a feeling of security when buying things they desire with the protection of insurance policies that is offered (Buttle, 1996). One of the benefits of this is when the card holder happens to lose their credit card, the

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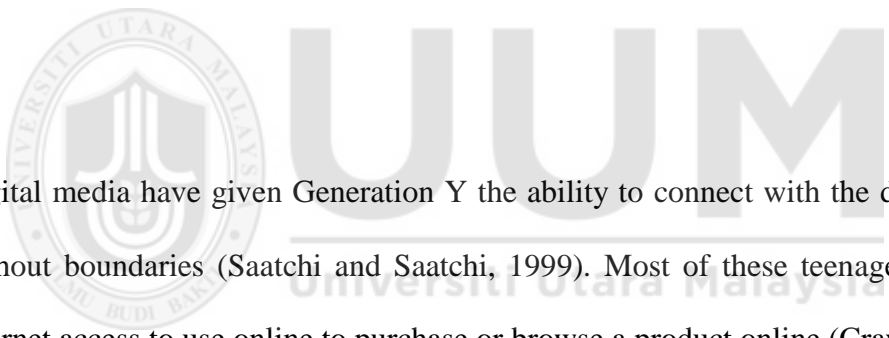
insurance will cover their losses, other benefits of insurance coverage include accident while on vacation, when the cardholder becomes unemployed or becomes ill. With such predictable benefits that comes with the credit card and also the worldwide acceptance of major credit cards, these cards are a convenient tool for purchase transactions and are also profitable when used wisely.

Evidence by Feinberg in 1986 indicates that credit card use when spending has become the trend nowadays where credit cards are seen as an alternative to carrying cash. Safety features are also a factor, the extended credit limit, less spending effort, convenience time, and fewer problems when dealing with currency exchange. Usually customers with higher incomes are the most preferred and effectively targeted by banks. (Hogart, 2004) had come out with evidence that shows that even the higher income group also have problems when it comes to credit cards, this contradicts the general perception that higher income groups have no problem in terms of money.

Studies on generation Y spending is also concerning, where in today new market generation Y contribute a huge market. The banking sectors are really looking into the market by providing new product for the market. In America there were studies that look in this segmentation because a majority of generation Y grew up in households where both parents are employed and have learnt to shop online as

compared to the older generations. For example a study on teenagers found that 50 percent of girls and a third of boys do the family food shopping (TRU, 1999).

For generation Y, shopping is both about socialization and leisure. (Herbig, 1993), found that on average a female teen would spend11 hours/week at malls. In the US teenagers make more annual trips to malls (76 visits compared with 54). They also spend more time within these malls (90 minutes versus 76) compared with other shoppers. They preferred to window browse than to actually purchase (International Council of Shopping Centers, 1997).

Digital media have given Generation Y the ability to connect with the digital world without boundaries (Saatchi and Saatchi, 1999). Most of these teenagers have the internet access to use online to purchase or browse a product online (Cravatta, 1997). It is estimated that the e-commerce impact on this particular generation to be USD1.3 billion with an estimated 38.5 million Internet users (Cravatta, 1997; Heckman, 1999). Its look like that the generation Y make shopping as their enjoyable hobby. Compare to the previous generations the generation Ys is in an environment that give them more reason to shop with a lot of selection to choose from and that make them a reason to shop more.

Credit card possession is driven by the need to buy higher priced items (Deshpande & Krishnan, 1980). Usually customers that have less price conscious are the heavy credit card users (Tokunga, 1993). In 1997, banks has a strategy in giving the customers that are not able to pay all their debt in time is the main target that are so profitable to the banks (Direct Selling Education Foundation, 1997).

An estimated 12 to 15 million undergraduate students were potential credit card users (Coulton, 1996). There is an 60-82% usage of credit cards by college students (Hayhoe 2000; Schembari 2000; Ritzer 1995; Dunn 1993). Most cards are issued just by providing a signature and student ID (Jennings, 1995). Students with no apparent income, no parental co-signer, and no credit history are given credit cards (Fickenscher, 1994). Even though credit card usage enhances spending, when compared to cash, credit cards lead to greater misuse.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

For this study, data collected from users who are teachers in Kangar, Perlis. This study uses purposing sampling which focuses on respondents who use credit cards. Data collection was used in this questionnaire. The 1st part of the questionnaire is referring to the demographic questions, the purpose of the question is to identify which segment of people that are prone in using the credit card in the market, where it is being developed by the authors.

 The next part is to look into the credit card usage of teachers, why they use the credit card for, where question from number 8 to 12 is to know why the respondent wants to use the credit card. Four question (question number 13 to 16) consists of the question of the benefit given by the banks, where the question was adapted from Chakravorti (2003), Durkin (2000), Calem and Mester (1994) and Feinberg's (1986).

Question on the attitudes towards money (question number 17 to 29) is been adapted from the question from Soman (1999) and Tang (1992, 1993). Lastly, for the settlement of charges on credit card usage, from 30 to 41 is adapted from Yamauchi and Templer, 1982. The last part of the questionnaire (question number 41 to 46)

was taken from Robert and Jones, 2001 for credit card usage. This is important because this can show how actually the credit card is to the respondent, is the credit card for necessary use or for unnecessary use.

Questionnaires were used to collect primary data. Constructs and the number of questions consist of five parts. Section 1 consists of the demographic question. In section 2, 3, 4 and 5 are scored using the five point Likert - scale.

3.1 Research Framework

The research is based on the problem that is happening in the market today. The research framework was formulated to examine the research. The dependent variable for this research is the Usage of Credit Card. The independent variable in the research is the Bank policy, Benefits of Credit Card and the User Attributes towards the Credit Card.

Figure 3.1: Research Framework.

IV   **DV**

```
┌─────────────────┐
│   Bank Policy   │─────────────┐
└─────────────────┘             │
                                │          ┌─────────────────┐
┌─────────────────┐             │          │   Credit Card   │
│   Credit Card   │─────────────┼─────────▶│      Usage      │
│     Benefit     │             │          └─────────────────┘
└─────────────────┘             │
                                │
┌─────────────────┐             │
│ User Attributes │─────────────┘
└─────────────────┘
```
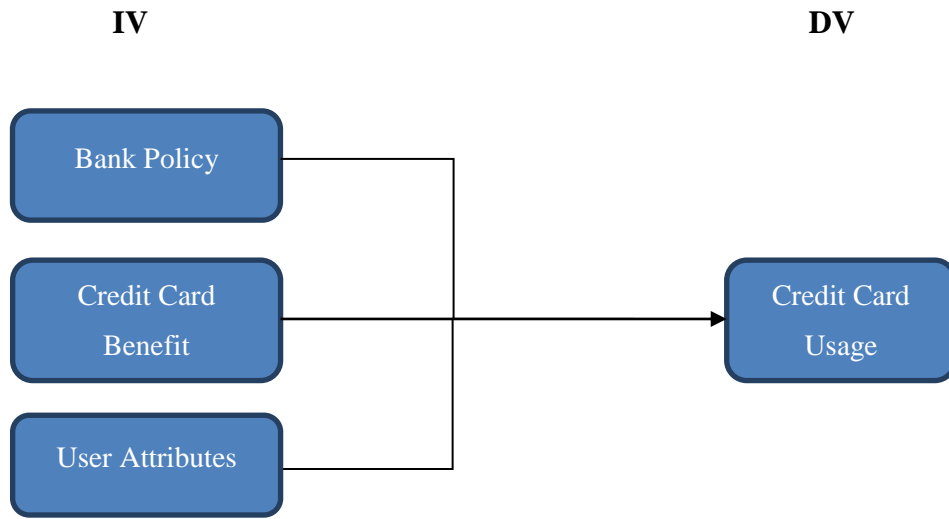
3.1 Operational Definition

3.1.1 Benefits

According to the business dictionary, a benefit is a desirable attribute of a good service, which a customer gets from purchasing or use the product. In term of credit card, the banks in Malaysia try to persuade the consumer to have a credit card offered by their respective banks with offers and discounts that will make the customers fell they get the real deal from other banks.

Credit card company will create value for consumers, usually by offering additional bonuses that will increase the perception of users to credit cards. In particular, credit card companies have worked with corporate businesses to increase the use of credit

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cards, such as giving points for every Ringgit spent, this will enable users to spend more to redeem the various gifts that are offered. This is in line with Caldwell's findings in 2009 which show that credit card rewards are one way for those credit card companies to sign up for their credit card.

Often there were many gifts that are offered, cash back, purchase discounts and free travel. However, issues that contribute to spending excess are usually greedy. Greed for the benefit of often goes into the minds of consumers, which will make them focus on perceptions about the rewards offered by credit card companies.

3.1.2 Bank Policy

The term policy in this study is about the benefits that the financial institutes offer to their customers, the qualifications requirement and also the payment policy that the bank implied. There is an intense competition in the credit card segment, the banks in the market around the world are trying to strive their own suitable position in the competitive market through continuous product development and transformation (Subramaniam & Marimuthu, 2010). In this case, it's the credit card that is becoming a need to the consumer in the society today.

 The credit card can be identified as a convenient product or a specialty product. A credit card can be seen as a convenient product where it gives the customer an

advance payment if they have some difficulties in term of money for short term purpose, but if they do not have the money and want to spend more than they earn this will cause them to owe money with high interest and this will give them impact in term of their daily lives.

3.1.3 User Attributes

User Attributes comes from a family (household) way of life, individuals and communities, which they see in their everyday psychological, physical, social and economic environment. This term was first used by Austrian psychologist Alfred Adler (1870-1937). Lifestyle terms can illustrate the opinions, behaviors, interests, and orientation of group, individual, or cultural behavior. The term refers to a combination of determining factors that are significant or intangible. The real factors relate to demographic variables, which are individual demographic profiles, whereas intangible factors involve individual psychology aspects such as preferences, personal values and views.

Lifestyle is expressed in the pattern of work and leisure activities and (individuals) in activities, interests, attitudes, values, opinions and income allocations. It also shows self-image or self-concept; the way they see themselves and believe how they are seen by others. Lifestyle is a combination of needs, motivations and desires and is influenced by factors such as family, culture, referral groups, and social classes. In

this study of the credit card usage it's about how the consumer spend their money Is it for the purpose of fashion, where most of the customers use online purchase to buy the desire product without the knowing the limit for them to spend.

There is also the other side in using the credit card where the usage of the credit card is being use because of peer pressure. Peer pressure happened when the person does not satisfy with what they have and tend to look at others on what they have. It could be about fashion, technology and other social related item that make the person want to have the unnecessary item.

3.2 Hypothesis

H1: There is a significant relationship between the Bank Policies and Credit Card Usage among teachers in Perlis.

H2: There is a significant relationship between Benefits Given by Banks and Credit Card Usage among teachers.

H3: There is a significant relationship between User Attributes and Credit Card Usage among teachers.

H4: There is a significant combined relationship between Bank Policy, Benefits and User Attributes with Credit Card Usage among teacher in Perlis.

3.3 Research Design

This research looks at the relationship between Bank Policy, Credit Card Benefit, User Attributes and Credit Card Usage. A descriptive and quantitative analysis was conducted on the data that was obtained.

3.3.1 Questionnaire

This is done by collecting data from respondent using a questionnaire. A set of question was distributed to teachers in Kangar, Perlis for the purpose of this study. There are 46 questions that are being asked to the respondent regarding to the related matter.

3.3.2 Variables and Measurement

There are 3 IV's that is used in this research. Each IV's have its dimension that contribute to the questionnaire for the IV's. The first IV's is the Bank Policy that has two dimensions. Second IV's has also 2 dimensions and the third IV's has 3 dimensions. The IV's were measured unidimensionally. The questionnaire has 46 questions which consist of 7 descriptive question and 39 variable questions. The independent variables were measured unidimensionally for effect on the dependent variable.

Table 3.1: Measurement Scales used in the Questionnaire

No. Items

IV 1 : Bank Policies

1. I apply for credit card to get free gifts.
2. I spend using credit card to earn points and exchange for gifts.
3. I was attracted by the cash rebate system, thus I always spend using credit card.
4. I only need to pay the minimum required amount monthly if I cannot afford to pay in full.
5. I always pay only the minimum required amount as I want to keep more money on hand.

Benefits given by Bank

1. I do not need to provide previous bills settlement of credit cards when I am applying another credit card.
2. The bank offers me a credit card so I accept it.
3. I got my credit card because the agent approached me in the shopping center and gave me a credit card.
4. It is easy for me to apply for more credit cards from issuer once I owned a credit card.

IV 2 : Credit Card Benefit

Power – Prestige (Yamauchi and Templer, 1982)

1. I must admit that I purchase things because I know they will impress others.
2. I behave as if money were the ultimate symbol of success.
3. I seem to find that I show more respect to people with more money than I have.
4. I often try to find out if other people make more money than I do.

Anxiety (Yamauchi and Templer, 1982)

1. It's hard for me to pass up a bargain.
2. I spend money to make myself feel better.
3. I show signs of nervousness when I don't have enough money.
4. I worry that I will not be financially secure.

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IV 3 : User Attributes

Attitudes toward Money

1. I always pay my credit card bills monthly.
2. I always make excess payment than the amount required.
3. I will call the bank if I did not receive the monthly statement before the payment due date.
4. I will make sure I did make payment of credit card bills every month.
5. I will make sure I reserve my money to pay for the credit card bills.

Willingness to pay

1. I know exactly how much I spend using credit card every month.
2. I know exactly the remaining debt that I owed from previous transactions.
3. I will check on my bills to ensure all the transactions are made by me and the amount is correct.
4. I can easily find out if there is any transaction stated in the statement which was not made by me.
5. I know exactly how much I still owing after I have made the monthly payment.

Distrust (Yamauchi and Templer, 1982)

1. I argue or complain about the cost of things I buy.
2. It bothers me when I discover I could have got something for less elsewhere.
3. After buying something, I wonder if I could have got the same for less elsewhere.
4. When I buy something, I complain about the price I paid.

IV 4 : Credit Card Usage

Awareness about total debt owed

1. My income is always not enough for me to spend.
2. I always use credit card to pay in order to preserve more cash in hand. I seldom make payment by using cash.
3. I will use credit card to pay when I have insufficient salary to spend Management of income vs expenses.

Credit Card Usage (Roberts and Jones, 2001)

1. My credit card are usually at their maximum credit limit.
2. I frequently use the available credit on one credit card to make a payment on another credit card.
3. I am less concerned with the price of a product when I use a credit card.
4. I am more impulsive when I shop with credit cards.
5. I spend more money when I use a credit card.

3.4 Data Collection

In this research the data were collected from the teachers in Kangar, Perlis. They were randomly being picked to answer the questionnaires. This is to ensure that the answer is relevant for the purpose of the study. There were 225 questionnaires that were distributed which consist of 15 sets for each of the 15 schools. Only 89 were completed and returned. Of these 22 questionnaires were rejected because of various

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reasons. There were only 67 questionnaires that were managed to be used from the respondent and this was used in the research.

3.5 Data Analysis

For this research SPSS 22 were use to analyze the data that were obtain from the questionnaire. The analyze consist of the percentage of using credit card, the reliability of the findings and also the relationship between independent variable with the dependent variable. This is to see which has the strong relationship among the independent variable with the dependent variable.

CHAPTER FOUR

FINDINGS

4.1 Introduction

In this chapter the results of analysis of the data obtained were collected from participants. The SPSS 22 version is used to analyze existing data using several statistical analysis related to the main objectives for this study such as descriptive analysis and correlation analysis to complete the study.

4.2 Profile of Respondents

The following are the descriptive statistics of the respondent. The questionnaires that were given is to gain information on the respondent (gender, income and education level) of the customers using the credit card.

4.2.1 Gender

From the table 4.1 the total respondents in the study is 67 consisting of both male and female teachers. The outcome of the result for female is 62.7% and for male is 37.3% from the total number of respondents.

Table 4.1 Frequency by Gender

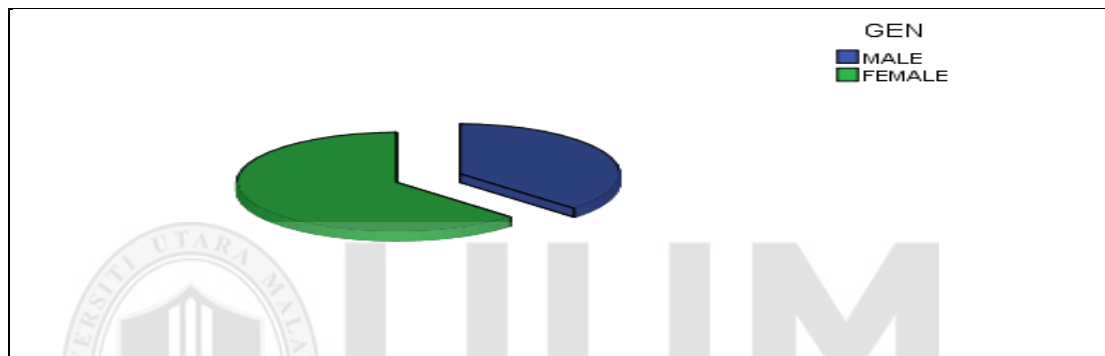|		Frequency	%	Valid %	Cumulative %
Valid	MALE	25	37.3	37.3	37.3
	FEMALE	42	62.7	62.7	100.0
	Total	67	100.0	100.0	

Figure 4.1: Percentage by Gender

4.2.2 Academic Level of Respondents

The academic level for the respondent comprise of 10.4% for PHD / Postgraduate, 61.2% for Undergraduate, 26.9% is for Diploma and only 1.5% of respondent had certificate.

4.2.3 Monthly Gross Income

The Monthly Gross Income of the teachers / respondents can be look in the table 4.2 where it indicate that mostly of the teachers are mostly around RM 3000 – RM 5000 this are middle income earner.

Table 4.2: Frequency by Monthly Gross Income

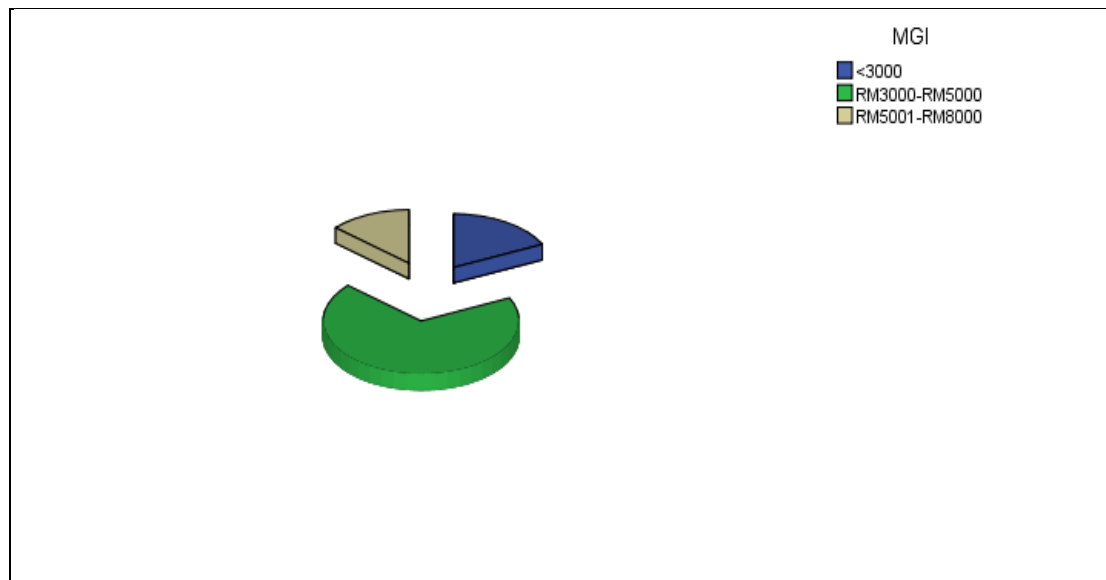|		Frequency	%	Valid %	Cumulative %
Valid	<3000	12	17.9	17.9	17.9
	RM3000-RM5000	46	68.7	68.7	86.6
	RM5001-RM8000	9	13.4	13.4	100.0
	Total	67	100.0	100.0	

Figure 4.2: Percentage by Monthly Gross Income

The table explains about the income that the teachers receive every month. To identify the reason why the teachers wanting to use the credit cards. It is discovered that 17.9% of the sample teachers in the study have income that is below RM 3000. This is normally new teachers that start working.

Teachers that have income from RM 3000 - RM 5000 are about 68.7%. This is the biggest contribution. This segment is where teachers that was above 5 years of working experience. The last is the senior teachers segment, which their income are more than RM 5000 – RM 8000 that represent about 13.4%.

4.3 Mean and Standard Deviation

The mean and standard deviation were explain in the descriptive statistics provide the summary of the mean and the standard deviation where as the measurement for the descriptive is according to a scale of 1 to 5. Means is an easy way to compare the scores for the different groups.

Table 4.3: Descriptive Statistics

	Mean	Std. Deviation	N
CCUSAGE	3.2694	.81804	67
BANKPOL	3.1556	.75611	67
BENEFITS	2.9224	.75763	67
USERATT	2.6177	.70057	67

4.4 Reliability Test

One of the most commonly used indicators of internal consistency is the Cronbach's Alpha Coefficient. An Ideal Cronbach's Alpha Coefficient of scale should be above 0.7 (DeVellis, 2012). In the table 4.4 shows that Benefits have the lowest value (0.731) but still is above (0.7). The other Cronbach's Alpha value is for Bank Policy (0.775), User Attributes (0.751) and Credit Card Usage (0.768). This shows that all value is acceptable to perform the analysis technical test because all is above (0.7).

Table 4.4: Result of Reliability Tests for Variables

Variables	No. of Items	Cronbach's Alpha
Bank Policy	9	0.775
Benefits	7	0.731
User Attributes	14	0.751
Credit Card Usage	9	0.768
Total	39	

4.5 Multicollinearity Test

The next step after Reliability test is the multicollinearity test to determine the relationship between variables of the independent and the dependent variable. Is there a relationship between Credit Card Usage (CCUSAGE) with Bank Policy (BANKPOL), Benefit (BENEFITS) and Attitude toward Credit Card (USERATT). The Independent variables are BANKPOL, BENEFITS and USERATT, the

dependent variable is CCUSAGE. We can see that the Correlations for the variables

are more than 0.3 and are acceptable for further analysis (Pallant, 2010)

Table 4.5: Correlation

		CCUSAGE	BANKPOL	BENEFITS	USERATT
Pearson Correlation	CCUSAGE	1.000	.336	.396	.342
	BANKPOL	.336	1.000	.366	.380
	BENEFITS	.396	.366	1.000	.398
	USERATT	.342	.380	.398	1.000
Sig. (1-tailed)	CCUSAGE	.	.003	.000	.001
	BANKPOL	.003	.	.001	.002
	BENEFITS	.000	.001	.	.002
	USERATT	.001	.002	.002	.
N	CCUSAGE	67	67	67	67
	BANKPOL	67	67	67	67
	BENEFITS	67	67	67	67
	USERATT	67	67	67	67

4.6 Tolerance and VIF

To see if there is a relationship between the independent variable with the dependent

variable, the table 4.6 is the result of the 'Coefficients Diagnostics' where this is to

check if there is a problem with multicollinearity. The tolerance value shows how

much the variability of the specific independent variable in the model.

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From the output from the table 4.6 below the Tolerance indicated that is between 0.866 - 0.961 which is above 0.1 and is therefore accepted (Pallant, 2010). Testing the tolerance indicators the VIF was inspected. The output for all the variables does not fell above 10, which would indicate multicollinearity (Pallant, 2010).

Table 4.6: Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1.	(Constant)		
	BANKPOL	.866	1.155
	BENEFITS	.837	1.194
	USERATT	.961	1.041

4.7 Outliers and Normality

Figure 4.3: P-P Plot
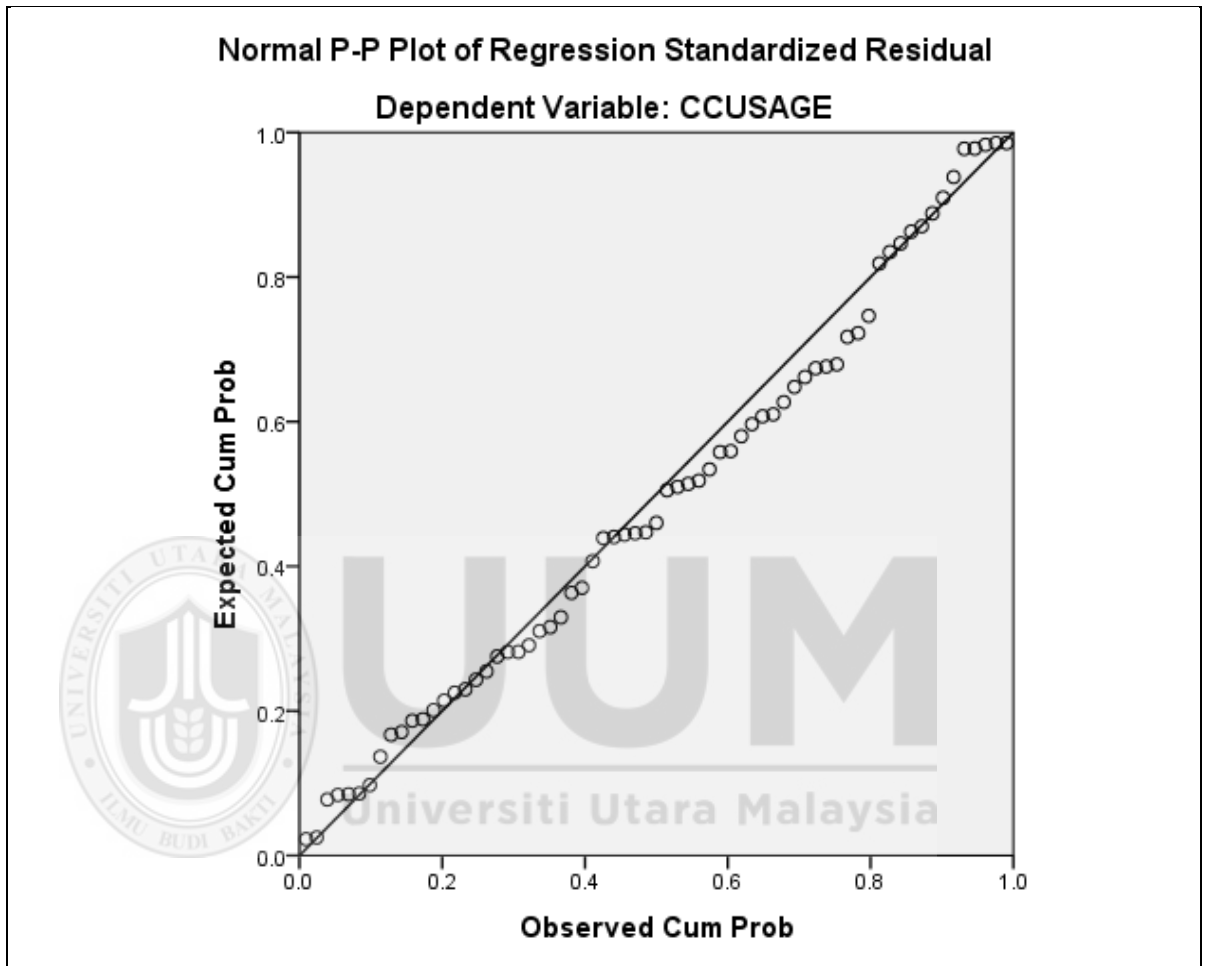
In the Normal Probability Plot (P-P Plot) in figure 4.3 shows that the points lay along the diagonal line from the bottom left to the top right.

Scatterplot

Dependent Variable: CCUSAGE

Figure 4.4: Scatterplot

In the figure 4.4 above, the scatterplot indicate that the plots are squarish, indicating that there is no issue with outliners. These define the outliers as cases that have a standardized residual that fell between -3.3 to 3.3 (Tabachnick & Fidel, 2013). These reflect that there are no major deviations from normality.

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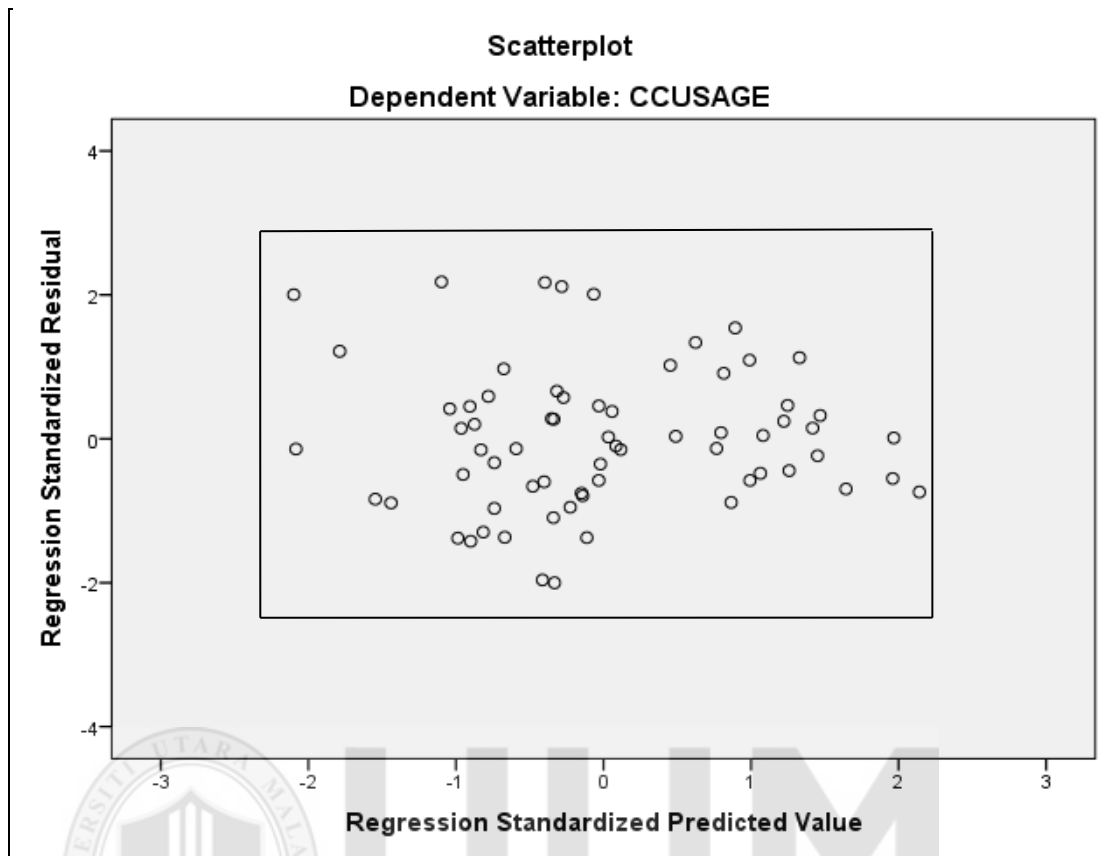## 4.8 Mahalanobis and Cook's Distance

Outliners can also be checked by looking into the Mahalanobis Distance below in Residuals Statistics table 4.7. The critical value for 3 Independent variables is 16.27 and this research output is 11.982.

In Cook's Distance the Maximum value in the Residual Statistics must not more than 1. In this research the cook's Distance is .138, which indicate there is no problem in the data.

Table 4.7: Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5003	4.0537	3.2694	.36633	67
Std. Predicted Value	-2.099	2.141	.000	1.000	67
Standard Error of Predicted Value	.101	.332	.176	.049	67
Adjusted Predicted Value	2.3160	4.1359	3.2673	.37377	67
Residual	-1.49787	1.63278	.00000	.73143	67
Std. Residual	-2.001	2.181	.000	.977	67
Stud. Residual	-2.120	2.278	.001	1.008	67
Deleted Residual	-1.68177	1.78060	.00206	.77927	67
Stud. Deleted Residual	-2.182	2.359	.005	1.024	67
Mahal. Distance	.214	11.982	2.955	2.250	67
Cook's Distance	.000	.138	.017	.029	67
Centered Leverage Value	.003	.182	.045	.034	67

a. Dependent Variable: CCUSAGE

Table 4.8: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.448[a]	.201	.162	.74864	.201	5.268	3	63	.003

a. Predictors: (Constant), USERATT, BANKPOL, BENEFITS

b. Dependent Variable: CCUSAGE

Table 4.9: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.857	3	2.952	5.268	.003[b]
	Residual	35.309	63	.560		
	Total	44.166	66			

a. Dependent Variable: CCUSAGE

b. Predictors: (Constant), USERATT, BANKPOL, BENEFITS

Table 4.10: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1.	(Constant)	1.618	.535		3.023	.004	.548	2.687					
	BANKPOL	.239	.131	.221	1.827	.072	-.022	.501	.336	.224	.206	.866	1.155
	BENEFITS	.349	.133	.323	2.624	.011	.083	.614	.396	.314	.296	.837	1.194
	USERATT	.047	.134	.040	.349	.728	.315	.221	.042	.044	.039	.961	1.041

a. Dependent Variable: CCUSAGE

From the Model Summary table 4.8 above in the adjusted R square which the total variance are being explained by the model as a whole was 16.2%, $F(3,63) = 5.27$, $p <$ .005. The value of 5.27 comes from the Anova table 4.9 in the F column.

4.9 Multiple Regression

The independent variable can be evaluated by looking at the Coefficient table. The column labeled Beta under Standardized Coefficients. This is to compare the different variables; the value is at the Standardized Coefficients. By comparing the contribution of each independent variable, the Beta value is being used, the Beta value that is the largest is BENEFITS (benefit) .323, this means that this variable makes the strongest unique contribution to explaining the dependent variable.

To check the variable it is important that we look at the column that marked Sig. this is to tell the significant unique contribution to the equation. The Sig. value is .011 where it is less than .05, this shows that variable is making a significant unique contribution to the prediction of the dependent variable. The other two variables are not significant, in this case only one variable is accepted and the other two variables are rejected.

Table 4.11 Hypothesis Testing

Null Hypothesis	The Result
H1: There is a significant relationship between the Bank Policies and Credit Card Usage among teachers in Perlis.	**Reject**
H2: There is a significant relationship between Benefits Given by Banks and Credit Card Usage among teachers	**Accept**
H3: There is a significant relationship between User Attributes and Credit Card Usage among teachers.	**Reject**
H4: There is a significant combined relationship between Bank Policy, Benefits and User Attributes with Credit Card Usage among teacher in Perlis.	**Accept**

4.9 Conclusion

The conclusion for this chapter discussed the findings by analyzing the statistical method and also explaining the characteristics of the sample. Reliability test, descriptive statistic and also correlation analysis were used in this chapter. There is a positive and significant relationship between the Benefits Given by Banks and Credit Card Usage among teachers.

CHAPTER FIVE

DISCUSSION AND RECOMMENDATIONS

5.1 Introduction

Financial institution that offer the credit card can be more fortunate in taking into consideration of the marketing strategies needs because different usage indicate that the customers have utilize the credit card for different purposes in their daily life.

Looking back into the review of literature, the benefit that is given by the banks is identified as the possible factors influencing credit card spending behavior. Even with the high promotion that is been made by the financial institution, it is still not enough to cater all segment of the population. A specific bank policy must be formulated for married couples that are with sufficient incomes so that they are able to repay the banks in full and on time.

To pay their bill for using the provided services is also a factor that is important. Retirees are being evaluated by previous track record on their payment. Mostly they do agree and manage to make payment monthly for their credit card usage. As the matter of fact, many of them agree that they pay their monthly credit card bills without fail. The hypothesis test confirms that independent variables and dependent

variables are positively related. In addition the relationship of the credit card usage with the benefit given by bank where it is the highest positive correlation .323.

Since benefit and payment policies are found to influence credit card spending behavior it is advisable that the banks should look on how to provide more incentive in promoting or attract the applicants and to ensure the usage of the credit card. This is because the payments policies have also have a significant role in influencing the spending behavior significantly. These incentives have directly influenced the spending behavior as discovered by Zinman (2009).

There are different purchase situation where credit card is being used. Some used for purchases for basic needs such as for fuel, clothing and health services. For retail purposes usually credit card is being used for holiday accommodation, food and also necessities items. The relationship between of credit card usage level is significant with the credit card holder profile among Malaysians(Ahmad, 2010). There is also a similar finding in the case of credit card users in Singapore (Gan, Maysami, Koh, 2008).

It is also discovered that the married couples use credit card for their daily expenses. There were previous finding that discovers the relationship between marital status and credit card usage, where they are more likely to spend more compare to who are single (James F. Devlin, 2007; Godwin, 1998; Kinsey, 1981; Steidle, 1994).

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This might be cause of the high cost of living expenditure of married couples. According to (The Star, 2012), a report from the Credit Counseling and Debt Management Agency (AKPK) mention that many married couples seek financial counseling from them because of bad debts they have, that indicate the usage of credit card among married couple is quite alarming due to rising cast this could worsen the situation.

There is several usage patterns that the credit card provider need to look into the matter. The usage pattern shows that the female used the credit for unplanned purposes where there is less disciplined in credit card usage.

Customers with different monthly gross incomes who use credit cards have different repayment preferences and different frequency of the credit card usage. The older folks that used the credit card (50 years and above) differ with the younger credit card users (21 to 30 years old). There are different needs of the credit card holders in different segmentation. There are bankruptcy happening in Malaysia due to credit card debt (The Star, 2010), this finding indicated that young adults are proud to use more of their credit cards freely and are not able to pay up their debts.

Future studies can see the extension of credit card holders with certain product purchasing patterns or specific shopping behaviors. Future studies should also

include the studies to identify changes in the use of consumer credit cards when changing their profile. As for this study it is also found that qualification to use a credit card has no significant influence on credit card spending behavior.

This because most of the respondent have no problem in paying up their credit card bill in time, this could be because of the promotion that is being offered such as 'cash rebate' and also ' Free for Life' campaign to who had made a specific amount of transaction in a specific timeframe would receive the benefit (Hunt, 2009).

5.2 Limitation of Study

This study has limitation in completing it. Firstly, the study is only focused on the teachers in Kangar, Perlis that is being chosen randomly. Therefore the finding of the study is unable to get the accurate data for the whole population of teachers that is using the credit card in Perlis. Next for future research should be done in a larger scale where if could get the help to gain the data from the teachers association or the education department in Perlis so that all the teachers could be involve in the research.

There were about 225 questionnaires that has been send to the respondent from 15 schools in Kangar, Perlis. Only 89 questionnaires were collected back. There were 22 questionnaires that cannot be used because of technical errors such as not

answering the entire question and some answers which were all the same. Only 67 were deemed fit and were used for analysis. This maybe is because of the time of one week that was given to the respondents to return their questionnaires.

Lastly is the time constrain to get the data in time, the time to complete the research should be longer so that much more areas could be explored and studied

5.3 Conclusion and Recommendation for Future Studies

Based on the research findings above it is found that a strong relationship exist between the benefits given by banks with credit card usage compare with the other independent variables. This can be cause of the attraction that the financial institution offers to the customers especially to the specific target that is teachers. With example of bank offers a tailor made specific for teachers such as the Teachers Card for BSN this would give the bank leverage to get customers from the teachers group in the public sectors.

Travel accident insurance and travel inconvenience benefits are also an attraction that the bank gives that comes with applying with the card. The teachers group contributes a big portion in the government sector in Malaysia. The grace period for making their credit card payment in full gives the customer to enjoy the interest free

scheme, maybe that is why there is very little case of bankruptcy that is cause by credit card.

For future research, the researcher should consider getting a bigger sample size. With a bigger sample size and representation from different type of demographic group would gives a conclusion of the relationships between the variables. The r value is being improved. This result show that the credit card is being used widely where almost all transaction in now days depend almost entirely on credit card. This is alarming because this will promote people to make debt and also overspending because of the lack of financial knowledge.

The primary factor in using credit card before this is because of the acceptance of the online transaction to purchase online flight ticket or product for online shopping but now is not the case because there is debit card that can be used for online transaction, with the optimal usage of the debit card this might lower the depend of credit card in the future, where this will bring financial prudence to the users.

The usage of the credit card must be done with care because in the study show that younger credit card user do use their credit card rigorously to spend in things that is not important this because of the feeling of spend now pay later concept. In this study the respondent are fully aware of the debt owned and make monthly payment

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with fail. It might be best for the financial institution to promote financial wellness as suggested by the government so that the financial performance for the company would be batter in the future. With the implementation of RENTAS (Real-Time Electronic Transfer of Funds and Security system this will promote the usage of credit card in terms of settlement and payment because this will promote customers to spend online and also to make payment online.

For future study, I would like to purpose that what is the cause that influences the financial behavior among the teachers and staffs of Ministry of Education Malaysia. This is important because this affect the individual directly in term of financial well being when if not manage carefully this will affect the individual and person around them.
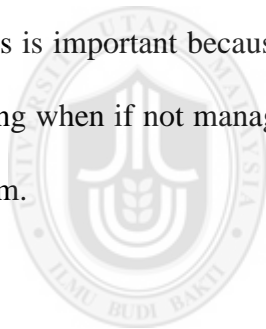
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Appendix

Appendix A : Questionnaire

<u>Soal Selidik</u>

Salam sejahtera,

Tuan / Puan yang dihormati,

Soal selidik ini adalah sebahagian daripada maklumat yang diperlukan untuk melengkapkan kajian yang berkaitan dengan **Penggunaan Kad Kredit dikalangan Guru di Perlis**. Adalah diharapkan Tuan / Puan dapat membaca, menjawab dan menanda item – item soalan selidik ini dengan seikhlas hati.

2. Soal selidik ini bukanlah satu ujian. Oleh yang demikian tidak ada jawapan yang betul atau salah. Sila berikan jawapan anda seikhlas mungkin berdasarkan fikiran, perasaan dan pengalaman anda sendiri.

3. Semua jawapan adalah dirahsiakan dan akan digunakan untuk tujuan kajian ini sahaja.

Saya ucapkan ribuan terima kasih kepada Tuan / Puan sekalian atas kerjasama yang diberikan.

Salam hormat daripada saya,

Mohamad Hisham b. Shamardi

Demographic information

Please circle or tick the answers in the boxes that is provided.

1. Gender

a) Male	b) Female

2. Age

a) Below 20 years old	b) 21 -30 years old	c) 31 – 40 years old	d) 50 and above

3. Academic qualification

a) Phd / postgraduate	b)undergraduate
c) Diploma	d) certificate

4. Monthly gross income

a) < 3000	b) RM 3000 – RM 5000
c) RM 5001 – RM 8000	d) RM 8001 – RM 10000

5. Working experience

a) 0 – 5 years	b) 6 years – 10 years
c) 11 years – 15 years	d) 16 years and above

6. How many credit card do you have?

a) None	b) 1	c) 2	d) > 2 cards

7. How long have you been using the credit card?

a) Less than 1 year	b) 1 – 3 years
c) 4 – 6 years	d) 7 years and above

From your point of view what do you really think about the usage of your credit card. In the scale of 1 – 5 please tick the suitable answer which you feel suitable.

1) Strongly agree	2) Agree	3) Neutral	4) Disagree	5) Strongly disagree

8. I apply for credit card to get free gifts

1) 2) 3) 4) 5)

9. I spend using credit card to earn points and exchange for gifts.

1) 2) 3) 4) 5)

10. I was attracted by the cash rebate system, thus I always spend using credit card

1) 2) 3) 4) 5)

11. I only need to pay the minimum required amount monthly if I cannot afford to pay in full.

1) 2) 3) 4) 5)

12. I always pay only the minimum required amount as I want to keep more money on hand

1) 2) 3) 4) 5)

13. I do not need to provide previous bills settlement of credit cards when I am applying another credit card.

1) 2) 3) 4) 5)

14. The bank offers me a credit card so I accept it.

   1)   2)   3)   4)   5)

15. I got my credit card because the agent approached me in the shopping center and gave me a credit card

   1)   2)   3)   4)   5)

16. It is easy for me to apply for more credit cards from issuer once I owned a credit card

   1)   2)   3)   4)   5)

17. I always pay my credit card bills monthly

   1)   2)   3)   4)   5)

18. I always make excess payment than the amount required

   1)   2)   3)   4)   5)

19. I will call the bank if I did not receive the monthly statement before the payment due date

   1)   2)   3)   4)   5)

20. I will make sure I did make payment of credit card bills every month

   1)   2)   3)   4)   5)

21. I will make sure I reserve my money to pay for the credit card bills

    1)   2)   3)   4)   5)

22. I know exactly how much I spend using credit card every month

    1)   2)   3)   4)   5)

23. I know exactly the remaining debt that I owed from previous transactions

    1)   2)   3)   4)   5)

24. I will check on my bills to ensure all the transactions are made by me and the amount is correct

    1)   2)   3)   4)   5)

25. I can easily find out if there is any transaction stated in the statement which was not made by me.

    1)   2)   3)   4)   5)

26. I know exactly how much I still owing after I have made the monthly payment

    1)   2)   3)   4)   5)

27. My income is always not enough for me to spend

    1)   2)   3)   4)   5)

28. I always use credit card to pay in order to preserve more cash in hand. I seldom make payment by using cash.

    1)   2)   3)   4)   5)

29. I will use credit card to pay when I have insufficient salary to spend
Management of income vs expenses.

1)   2)   3)   4)   5)

30. I must admit that I purchase things because I know they will impress others

1)   2)   3)   4)   5)

31. I behave as if money were the ultimate symbol of success.

1)   2)   3)   4)   5)

32. I seem to find that I show more respect to people with more money than I
have

1)   2)   3)   4)   5)

33. I often try to find out if other people make more money than I do

1)   2)   3)   4)   5)

34. I argue or complain about the cost of things I buy

1)   2)   3)   4)   5)

35. It bothers me when I discover I could have got something for less elsewhere.

1)   2)   3)   4)   5)

36. After buying something, I wonder if I could have got the same for less
elsewhere

1)   2)   3)   4)   5)

37. When I buy something, I complain about the price I paid

1)   2)   3)   4)   5)

38. It's hard for me to pass up a bargain

1)   2)   3)   4)   5)

39. I spend money to make myself feel better.

1)   2)   3)   4)   5)

40. I show signs of nervousness when I don't have enough money.

1)   2)   3)   4)   5)

41. I worry that I will not be financially secure.

1)   2)   3)   4)   5)

42. My credit card are usually at their maximum credit limit
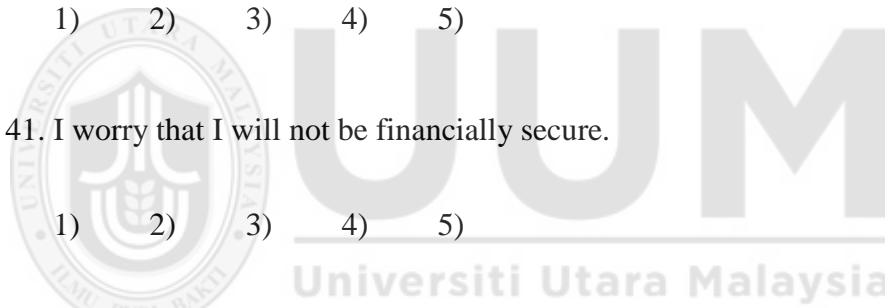
1)   2)   3)   4)   5)

43. I frequently use the available credit on one credit card to make a payment on another credit card

1)   2)   3)   4)   5)

44. I am less concerned with the price of a product when I use a credit card.

1)   2)   3)   4)   5)

45. I am more impulsive when I shop with credit cards

1)   2)   3)   4)   5)

46. I spend more money when I use a credit card

1)   2)   3)   4)   5)

This is the end of the questionnaire

Thank you for your cooperation

Appendix B: Descriptive Statistics and Correlation

Descriptive Statistics

	Mean	Std. Deviation	N
CCUSAGE	3.2694	.81804	67
BANKPOL	3.1556	.75611	67
BENEFITS	2.9224	.75763	67
USERATT	2.6177	.70057	67

Correlations

		CCUSAGE	BANKPOL	BENEFITS	USERATT
Pearson Correlation	CCUSAGE	1.000	.336	.396	.042
	BANKPOL	.336	1.000	.366	.080
	BENEFITS	.396	.366	1.000	.198
	USERATT	.342	.380	.398	1.000
Sig. (1-tailed)	CCUSAGE	.	.003	.000	.001
	BANKPOL	.003	.	.001	.002
	BENEFITS	.000	.001	.	.002
	USERATT	.001	.002	.002	.
N	CCUSAGE	67	67	67	67
	BANKPOL	67	67	67	67
	BENEFITS	67	67	67	67
	USERATT	67	67	67	67