A Study on the Impact of Credit Cards on Consumer Spending Behaviour in Cuddalore District

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Abstract: ***This study explores the impact of credit card usage on consumer spending behaviour in Cuddalore District. The rapid growth of digital banking services and the easy availability of credit cards have encouraged consumers to use credit facilities for both essential and non-essential purchases. The research focuses on analysing consumer spending patterns, impulse buying behaviour, repayment practices, and the level of awareness regarding credit card usage among cardholders. Primary data for the study was collected through structured questionnaires from respondents in the district. The collected data was analysed using percentage analysis and ranking methods. The results of the study reveal that credit card usage has a strong influence on consumer spending habits, particularly among younger consumers, leading to increased expenditure and convenience in transactions. At the same time, improper usage and lack of financial planning have caused repayment difficulties and financial stress for some users. The study highlights the need for responsible credit card usage and greater financial awareness among consumers.***

Keywords: Credit Card Usage, Consumer Spending Behaviour, Digital Banking Services, Impulse Buying, Repayment Behaviour, Financial Awareness, Consumer Expenditure, Credit Facilities, Financial Stress, Responsible Credit Usage, Consumer Finance, Cuddalore District.

1. Introduction

The increasing adoption of digital banking services and cashless payment systems has significantly transformed consumer purchasing behaviour across India. Among various digital payment instruments, credit cards have emerged as one of the most preferred financial tools due to their convenience, flexibility, and ability to provide instant access to credit. With the expansion of banking services, attractive reward programs, cashback offers, and easy availability of credit cards, consumers are increasingly relying on credit cards for both essential and discretionary purchases. While credit cards offer numerous benefits such as financial flexibility, improved purchasing power, and secure transactions, excessive or unplanned usage may also lead to overspending, repayment difficulties, and financial stress.

This study examines the impact of credit card usage on consumer spending behaviour in Cuddalore District. The primary objective of the research is to analyse how credit card usage influences consumers' purchasing decisions, spending habits, impulse buying behaviour, repayment patterns, and overall financial management. The study also aims to assess consumers' awareness of credit card features, interest charges, billing cycles, and responsible credit management practices. Understanding these aspects is important because credit cards not only facilitate transactions but also influence consumer psychology by reducing the immediate perception of spending, thereby encouraging higher levels of consumption.

The research is based on primary data collected from credit card users in Cuddalore District through a structured questionnaire designed to gather information on demographic characteristics, frequency of credit card usage, expenditure patterns, repayment behaviour, and consumer perceptions regarding credit card benefits and risks. The respondents were selected using an appropriate sampling technique to ensure representation from different age groups, occupations, income levels, and educational backgrounds. Secondary information was obtained from books, journals, banking reports, research articles, and other published sources to provide theoretical support for the study.

The collected data were analysed using statistical tools such as percentage analysis and ranking methods. Percentage analysis was used to describe the demographic profile of respondents and identify the distribution of responses across various variables. Ranking analysis helped determine the major factors influencing consumers to use credit cards, including convenience, reward points, cashback offers, emergency financial support, online shopping benefits, and promotional discounts. The analysis also examined the extent to which credit card usage contributes to impulsive buying, increased expenditure, and changes in spending behaviour.

The findings of the study indicate that credit card usage has a significant impact on consumer spending behaviour in Cuddalore District. A majority of respondents prefer using credit cards because they offer convenience, flexibility, and security while making transactions. Younger consumers and salaried employees were found to be the most active users of credit cards, primarily due to the increasing popularity of online shopping, digital payments, and lifestyle-related expenditures. The study also reveals that promotional offers, easy availability of credit, and deferred payment facilities encourage consumers to spend more than they would through cash transactions.

The research further shows that while many respondents repay their outstanding balances on time and effectively utilize credit card benefits, a considerable number experience repayment difficulties due to excessive spending, lack of budgeting, or inadequate awareness of interest rates and penalty charges. These repayment issues often result in financial stress and increased debt burden. The study highlights that financial literacy plays a crucial role in ensuring responsible credit card usage. Consumers with greater awareness of billing cycles, interest calculations, credit limits, and repayment obligations tend to manage their credit cards more efficiently and avoid unnecessary financial problems.

Based on the findings, the study concludes that credit cards are valuable financial instruments that provide convenience and improve purchasing power when used responsibly. However, improper usage and insufficient financial planning can negatively affect personal financial well-being. Therefore, banks, financial institutions, educational organizations, and policymakers should promote financial literacy programs to educate consumers about responsible credit card management, budgeting practices, and debt avoidance strategies. Strengthening consumer awareness and encouraging disciplined spending behaviour will enable individuals to maximize the benefits of credit cards while minimizing financial risks. The findings of this study contribute to a better understanding of consumer spending behaviour and provide useful insights for banks, policymakers, researchers, and consumers in promoting sustainable and responsible use of credit cards.

2. Statement of the Problem

The rapid growth of the banking sector, advancements in financial technology, and the widespread adoption of digital payment systems have significantly changed the way consumers conduct financial transactions. Among the various payment methods available, credit cards have become an essential financial tool due to their convenience, ease of use, and ability to provide immediate purchasing power. Banks and financial institutions actively promote credit cards by offering attractive incentives such as reward points, cashback offers, discounts, interest-free credit periods, and easy installment facilities. As a result, the number of credit card users has increased considerably across both urban and semi-urban areas, including Cuddalore District.

Although credit cards provide several advantages, such as reducing the need to carry cash, facilitating online shopping, improving transaction security, and helping consumers manage short-term financial requirements, they also create opportunities for excessive spending and financial mismanagement. Since payments are deferred, consumers may spend beyond their actual income or purchasing capacity without immediately realizing the financial consequences. This often encourages impulsive buying behaviour, unnecessary expenditure, and the purchase of non-essential goods and services.

One of the major concerns associated with credit card usage is the increasing dependence on borrowed money for routine expenses. Many consumers are attracted by promotional schemes and flexible repayment options but may not fully understand the implications of interest charges, late payment penalties, annual fees, and the long-term consequences of carrying outstanding balances. Insufficient knowledge about credit card terms and conditions can lead to poor financial decisions, resulting in debt accumulation, reduced savings, lower credit scores, and financial stress.

The spending behaviour of consumers is influenced by several demographic and socio-economic factors such as age, income, education, occupation, lifestyle, and level of financial literacy. Younger consumers, especially working professionals and students, are more likely to use credit cards for online shopping, entertainment, travel, and lifestyle purchases. However, the extent to which credit cards influence spending patterns varies among different categories of consumers. Understanding these behavioural differences is essential for developing effective financial education programs and responsible lending practices.

In Cuddalore District, the increasing availability of banking services, digital payment infrastructure, and online shopping platforms has encouraged greater use of credit cards. Despite this growing trend, there is limited empirical research examining how credit card usage affects the spending behaviour of consumers in the district. There is also a lack of detailed information regarding consumers' repayment habits, awareness of credit card features, impulse buying tendencies, and the financial challenges associated with credit card usage.

Therefore, the present study seeks to examine the impact of credit card usage on consumer spending behaviour in Cuddalore District. The study aims to identify the factors influencing credit card usage, analyse consumer spending patterns, evaluate repayment behaviour, assess the level of financial awareness among credit card users, and understand the benefits and challenges associated with credit card usage. The findings of this research are expected to provide valuable insights for banks, financial institutions, policymakers, and consumers in promoting responsible credit card usage, improving financial literacy, and encouraging sound financial management practices.

3. Scope of the Study

- The study focuses on the impact of credit card usage on consumer spending behaviour in Cuddalore District.
- It examines the spending patterns of credit card users belonging to different age groups, occupations, educational qualifications, and income levels.
- The study analyses the frequency and purpose of credit card usage for various expenses such as online shopping, household needs, travel, healthcare, education, entertainment, and emergency purchases.
- It identifies the factors influencing consumers to use credit cards, including convenience, reward points, cashback offers, discounts, EMI facilities, and promotional schemes.
- The research evaluates the influence of credit cards on impulse buying, unplanned purchases, and overall purchasing decisions.
- The study examines consumers' repayment behaviour, including timely payments, outstanding balances, minimum payment practices, and repayment difficulties.
- It assesses the level of awareness among consumers regarding credit card features, interest rates, billing cycles, credit limits, annual fees, and penalty charges.
- The research analyses the relationship between financial literacy and responsible credit card usage.
- The study uses primary data collected from credit card holders through a structured questionnaire.

- Percentage analysis and ranking methods are employed to analyse the collected data and interpret consumer responses.
- The findings of the study provide useful insights for banks, financial institutions, policymakers, researchers, and consumers to promote responsible credit card usage and financial awareness.
- The study is geographically confined to Cuddalore District; therefore, the findings may not be directly applicable to other regions with different socio-economic conditions.

4. Objectives of the Study

1) To analyse the demographic profile of credit card users in Cuddalore District.
2) To examine the frequency and purpose of credit card usage among consumers.
3) To identify the factors influencing consumers to use credit cards.
4) To study the effect of credit card usage on consumer spending patterns and purchasing decisions.
5) To examine the influence of credit cards on impulse buying behaviour.
6) To analyse consumers' repayment behaviour and credit card payment practices.
7) To assess the level of awareness regarding credit card features, interest rates, billing cycles, and associated charges.
8) To identify the benefits and challenges experienced by credit card users.
9) To examine the relationship between financial literacy and responsible credit card usage.
10) To provide suitable suggestions for promoting responsible credit card usage and improving consumers' financial awareness.

5. Research Methodology

Research methodology refers to the systematic process adopted to collect, analyse, and interpret data for achieving the objectives of the study. It provides a scientific framework for conducting research and ensures that the findings are reliable, valid, and relevant. The present study aims to examine the impact of credit card usage on consumer spending behaviour in Cuddalore District.

1) Research Design

The study adopts a descriptive research design as it aims to describe and analyse the spending behaviour, usage patterns, repayment practices, and awareness levels of credit card users. This design helps in understanding the characteristics and opinions of consumers regarding credit card usage.

2) Area of the Study

The research is conducted in Cuddalore District, Tamil Nadu, covering credit card users from different locations within the district.

3) Nature of Data

The study is based on both Primary Data and Secondary Data.

- Primary Data: Primary data were collected directly from credit card users through a structured questionnaire.
- Secondary Data: Secondary data were collected from books, journals, research articles, RBI publications, bank reports, websites, newspapers, and other published sources related to credit card usage and consumer spending behaviour.

4) Sampling Method

The study uses the Convenience Sampling Method, where respondents were selected based on their accessibility and willingness to participate in the survey.

5) Sample Size

The study is conducted with a sample of 100 credit card users from Cuddalore District.

6) Data Collection Instrument

A structured questionnaire was used as the primary instrument for data collection. The questionnaire included questions related to:

- Demographic profile of respondents
- Credit card usage pattern
- Purpose of using credit cards
- Consumer spending behaviour
- Impulse buying behaviour
- Repayment practices
- Awareness of credit card features and charges
- Consumer satisfaction and challenges

7) Sampling Unit

The sampling unit consists of individual credit card holders residing in Cuddalore District.

8) Statistical Tools Used

The collected data were analysed using the following statistical tools:

- Percentage Analysis: To analyse demographic characteristics and response distributions.
- Ranking Method: To identify and rank the major factors influencing credit card usage and consumer spending behaviour.

9) Period of the Study

The study was conducted during the academic year 2025–2026.

10) Sources of Data

Primary Sources

- Responses collected through structured questionnaires from credit card users.

Secondary Sources

- Books
- Research journals
- RBI reports
- Bank publications
- Government reports
- Newspapers
- Magazines
- Authentic websites
- Published research articles

11) Data Analysis

The collected data were classified, tabulated, and analysed using percentage analysis and ranking techniques. The results were presented through tables and interpreted to understand consumer spending behaviour and the impact of credit card usage.

6. Limitations of the Methodology

1) The study is confined to Cuddalore District only.
2) The sample is limited to selected respondents and may not represent all credit card users.
3) The study is based on respondents' opinions, which may be influenced by personal perceptions and experiences.
4) Time and resource constraints limited the scope of data collection.
5) The findings are based on the information available during the period of the study.

Data Collection

1) **Primary Data:** Collected through questionnaires
2) **Secondary Data:** Books, journals, and financial reports

Sampling Method

Convenience sampling

Sample Size

100 respondents

Research Design

1) **Type:** Descriptive Research
2) **Approach:** Quantitative
3) **Tools Used:**
    - Percentage analysis
    - Ranking analysis
    - Tabulation

7. Limitations of the Study

1) The study is geographically limited to Cuddalore District; therefore, the findings may not be generalizable to other districts or states.
2) The study is based on a sample of selected credit card users, which may not fully represent the opinions and behaviour of all credit card holders.
3) The research relies primarily on primary data collected through a structured questionnaire, and the accuracy of the findings depends on the honesty and understanding of the respondents.
4) The study focuses only on credit card users and does not include consumers who use only debit cards, UPI, mobile wallets, or other digital payment methods.
5) The analysis is restricted to percentage analysis and ranking methods, which may not capture more complex relationships between variables.
6) Consumer spending behaviour may change over time due to changes in income, lifestyle, economic conditions, and banking policies; therefore, the findings represent the situation only during the period of data collection.

8. Findings and Interpretation

1) The study found that the majority of credit card users belong to the age group of 21–35 years, indicating higher adoption among younger consumers.
2) Credit card usage has increased spending on non-essential and lifestyle-related products among consumers.
3) A significant number of respondents do not maintain regular tracking of their expenses, which affects financial management.
4) Facilities such as EMI options and minimum payment schemes encourage users to postpone full repayment of their credit card dues.
5) Cashback offers, reward points, and promotional benefits strongly influence consumer purchasing decisions and spending behaviour.

Table 1: Gender of Respondents

Gender	Number of Respondents	Percentage
Male	65	65 %
Female	35	35%
Total	100	100%

Table Interpretation

The above table shows that out of 100 respondents, 65% are male and 35% are female. The findings indicate that male consumers have a higher level of credit card usage compared to female consumers in the study area of Cuddalore District. The analysis is based on the simple percentage method.

Table 2: Frequency of Credit Card Usage

Usage	Frequency Respondents	Percentage
Daily	30	30%
Weekly	35	35%
Monthly	20	20%
Occasionally	15	15%
Total	100	100%

Table Interpretation

The table reveals that 35% of the respondents use credit cards on a weekly basis, while 30% use them daily. In addition, 20% of respondents use credit cards monthly and 15% use them occasionally. The findings indicate that credit cards are commonly used for regular shopping, online purchases, and routine transactions, showing their increasing role in the day-to-day spending activities of consumers in Cuddalore District.

Table 3: Frequency and Percentage of Credit Card Usage Purpose

Purpose	Frequency	Percentage (%)
Shopping	40	40%
Bill Payments	25	25%
Travel	15	15%
Emergency Use	10	10%
Others	10	10%
Total	100	100%

Table Interpretation

The table indicates that a major portion of respondents, 40%, use credit cards mainly for shopping, which highlights the strong association between credit card usage and consumer spending behaviour in Cuddalore District. Bill payments account for 25% of usage, showing that credit cards are also used for regular financial obligations. Usage for travel and emergency needs is relatively lower at 15% and 10% respectively, while other purposes contribute 10%.

Ranking Analysis

Factors Influencing Credit Card Usage

Factor	Rank
Convenience	1
Rewards/Cashback	2
Easy Credit Access	3
Social Status	4
Offers & Discounts	5

Interpretation

The findings indicate that credit cards have become an important financial tool among consumers in Cuddalore District, particularly among younger and salaried individuals. The increasing use of credit cards reflects the growing acceptance of digital payment systems and cashless transactions.

Consumers are primarily attracted to credit cards because of their convenience, ease of use, reward programmes, cashback offers, and flexible repayment options. These benefits encourage frequent use of credit cards for both essential and discretionary purchases.

The study also reveals that credit card usage positively influences purchasing power by enabling consumers to make purchases even when immediate funds are unavailable. However, this convenience also contributes to higher spending levels and impulsive buying behaviour. Deferred payment facilities reduce the immediate perception of financial outflow, leading many consumers to spend beyond their planned budgets.

The analysis further shows that consumers with better financial awareness are more likely to use credit cards responsibly. They understand billing cycles, interest rates, credit limits, and repayment obligations, enabling them to avoid unnecessary financial stress.

9. Suggestions

1) Financial literacy programs should be promoted to improve awareness about proper credit card usage.
2) Consumers should be encouraged to adopt disciplined and responsible spending habits.
3) Banks may introduce timely spending alerts to help users monitor their transactions effectively.
4) Credit limits for new users should be set at reasonable levels to avoid excessive borrowing.
5) Greater awareness should be created regarding interest rates, repayment terms, and penalty charges associated with credit cards.

10. Conclusion

The study concludes that credit card usage has a considerable impact on consumer spending behaviour in Cuddalore District. The increasing use of digital banking and online transactions has made credit cards a popular payment method among consumers. Credit cards provide many benefits such as convenience, security, reward points, cashback offers, and easy payment options. They help consumers meet their financial needs and improve purchasing flexibility. The study also shows that credit card usage influences consumers to spend more, especially on online shopping, lifestyle products, and other non-essential purchases. Easy access to credit and attractive offers may encourage impulse buying and unnecessary expenditure. Some consumers face repayment difficulties due to poor financial planning and lack of awareness about interest charges and payment terms.

Therefore, responsible usage of credit cards is very important. Consumers should maintain proper budgeting habits, make timely payments, and use credit facilities according to their repayment capacity. Banks and financial institutions should promote financial awareness programmes to educate customers about effective credit card management. Overall, credit cards are useful financial tools when used wisely, but careful planning and financial discipline are necessary to avoid financial problems.

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