

CREDIT CARD SELECTION CRITERIA IN KLANG VALLEY

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Abstract: *This study investigates the criteria of credit card which one is the important characteristics of to customers when using. The study has used a questionnaire to know the importance of criteria of credit card for customer and to determine the level of customers' satisfaction towards all the criteria offered by credit card. A Sample of 200 respondents used for questionnaire and analysis using factor analysis and the Kaiser-Meyer-Olkin (KMO). As a result shown, it can concluded that is all criteria of credit card that offered is important to the customer.*

Keywords: *Criteria Credit card, Selection, Customer*

Introduction

A consumer using a credit card to purchase products or services without cash and to pay for them at a later date and it is easy for consumers to bring and use for payment. A credit card is a system of payment named after the small plastic card issued to users of the system.

The objectives of the study are to know the criteria or factor which determines the important criteria of the credit card for customer. The analysis through survey determines the credit card selection criteria. According to a study by Gan (2006), the study found that convenience, protection and economics were the main important criteria, while the reputation card and travel economics were less important in determining credit card selection.

The analysis through survey determines the credit card selection criteria. These surveys have previously conducted by the researchers from different countries. The results from the analysis are summarized shows the importance of criteria before selected the credit card. Credit card can attract consumer to use because of their criteria and benefit that company or bank will provide. Some of criteria is very important and some of that not important. To view the analysis result, it can summarized according to a study by Kara (1996), the study of credit card selection among

Singaporeans found that convenience, protection and economics were the main drivers, while the reputation card and travel economics were less important in determining credit card selection.

Meidan and Davos (1994) revealed that the most important factor is the offering of convenience to cardholders. The results indicate five main factors that affect card selection: convenience of use in Greece, security (safety), economy, prestige, and shopping abroad. Consequently, more emphasis given to convenience, security and economy aspects of credit card usage using appropriate advertising, promotions, product development, and distribution allocations by banks and credit card issuers.

Consistent with Subramaniam (2010), this study found that a convenience and protection, flexibility, economy and promotion are credit card choice criteria. Further, there is likewise confirmation that a purchaser's twelvemonth particular earnings are a helping component in a bank's choice criteria.

Consistent with Macklin (2004), this paper embraces an investigation of the variables that accepted to impact mentality to using utilizing credit cards and the state of mind establishment to charge card obligation. A model created dependent upon the audit of literary works, to distinguish the variables that influence the disposition of buyers to MasterCard using.

In view of Thomas (2009), this exploratory study looks to investigate the connection between the decisions of instalment mode to client fulfilment. It inspects the Austrian advertise in connection with its decision and use of check cards versus charge cards and its effect on client fulfilment and devotion. Moreover, the study intends to recognize the key drivers of client fulfilment for these two modes of electronic instalment. The outcomes demonstrate that an individual's inclination for a specific instalment strategy is subject to his/her particular qualities. Furthermore, the instalment system's characteristics and aspects affected its allure and acknowledgement. Besides, an individual's desires had an effect on his/her demeanour around the instalment strategy. The study additionally discovered that positive desires, execution, and wishes accelerated client fulfilment. Client fulfilment, thusly, prompts a higher level of aim to utilize the instalment strategy and higher level of purpose to suggest the instalment technique. These outcomes are steady with the literary works on client fulfilment that recognizes desires, execution and seeks as the drivers of client satisfaction.

Research Methodology

A survey about consumer perception on credit card selection conducted by questionnaire survey and the data distributed to random sample 200 cardholders in August 2013 at Klang Valley. To get the efficiency result, a survey will distribute to the owner of credit card that they already use and give information about that. The questionnaires designed to generate a wide range of data about consumers detailed of their demographics. The data used in the study taken from responses to questions about their choice towards the criteria of credit card together with details of their demographic characteristics. All questions were anchored on liker-type scale ranging (1) highly unimportant to (5) highly important. The report from questionnaire will present a source based on customer answering the questionnaire to know the credit card selection criteria.

Questionnaire

The questionnaires have two sections to determine the criteria for consumer select a credit card.

SECTION A: Demographic profile

SECTION B: Measures the respondents' level of importance criteria in selecting a credit card.

- a) Convenience and Protection
- b) Flexibility
- c) Economic
- d) Promotion
- e) Travel - economics
- f) Reputation

Factor analysis (Kaiser-Meyer-Olkin, KMO)

Factor analysis used to find underlying variables or factors among observed variables. The KMO near 1.0 supports a factor analysis and that anything less than 0.5 is probably not amenable to useful factor analysis.

Results and Analysis

Ownership of credit card

Table 1: Ownership frequency of credit card

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	121	60.5	60.5	60.5
	No	79	39.5	39.5	100.0
	Total	200	100	100.0	

Based on the table, the data from 200 respondents, only 121 of them have credit card that means only 60.5% from all respondent and 79 respondents or 39.5% do not have any credit card.

Reliability test

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
0.7	22

Reliability Analysis is to measure the questionnaire is reliable or not. The best or perfect reliability range is between 0.6 – 0.9. Based on the table in the above, the result is 0.7 and it shows a normal internal consistency.

Table 3: Demographic Profile

		Frequency, Percent,		
		N	%	
1	GENDER	Male	93	46.5
		Female	107	53.5
		Total	200	100
2	AGE	25 years or below	34	17
		26-35	82	41
		36-45	71	35.5
		46-55	13	6.5
		Total	200	100
3	RACE	Malay	174	87
		Chinese	18	9
		Indian	8	4
		Total	200	100
4	STATUS	Single	58	29
		Married	113	56.5
		Divorced/ Widowed	29	14.5
		Total	200	100
5	HIGHEST EDUCATION LEVEL	Primary school	5	2.5
		Secondary school	61	30.5
		Diploma/ STPM	59	29.5
		Bachelor Degree	72	36
		Master/PHD	3	1.5
		Total	200	100
6	JOB POSITION	Executive/ Professional	60	30
7	JOB SECTOR	Government/ Semi Government	49	24.5
		Private	106	53
		Self-employed	45	22.5
		Total	200	100
8	AVERAGE TOTAL INCOME PER MONTH	Below RM1000	4	2
		RM1000 – RM2000	35	17.5

		RM2000 – RM3000	96	48
		RM3000 – RM4000	39	19.5
		RM4000 – RM5000	21	10.5
		RM5000 or above	5	2.5
		Total	200	100
9	BANK OF CREDIT CARD	CIMB	40	20
		Maybank	47	23.5
		Citibank	13	6.5
		Bank Islam	9	4.5
		HSBC	12	6
		No credit card	79	39.5
		Total	200	100
10	NUMBER OF CARDS OWNED	No card	79	39.5
		One card	78	39
		More than one cards	43	21.5
		Total	200	100
11	TYPE(S) OF CREDIT CARD(S) OWNED	Gold	19	9.5
		Master	27	13.5
		Platinum	23	11.5
		Classic	50	25
		Other	2	1
		No card	79	39.5
		Total	200	100

Factor analysis

Factor analysis used to find latest variables or factor among observed variables. In other words, if the data contain many variables, it can use factor analysis to reduce the number of variables. Factor analysis groups variables with similar characteristics together. With the factor analysis done, it can produce a small number of factors from a large number of variables, which is capable of explaining the observed variance in the larger number of variables.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.745	
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Bartlett's Test of Sphericity	Approx. Chi-Square	1387.478
	df	231
	Sig.	.000

The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) test shows that the factor analysis done because it is more than 0.5. Therefore, no variables excluded. In addition, the Bartlett's test of Sphericity is significant because the result is less than 0.05; therefore, we conclude that the factor analysis further analysed.

Table 5: Total Variance Explain

Factor	Initial Eigenvalues	Extraction Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	25.688	1.541	25.688	25.688
2	45.850	1.210	20.162	45.850
3	64.130	1.097	18.280	64.130
4	79.218	.905	15.088	79.218
5	92.354	.788	13.136	92.354
6	100.000	.459	7.646	100.000

Extraction Method: Principal Component Analysis

Based on the total variance, there are 6 factors were extracted because the eigenvalues are higher than 1 for the respective factors. The total 6 factors could explain 100% of the total variations.

Ranking important of credit card selection criteria

Table 6: Ranking important of credit card selection criteria

Rank		Mean
1	Factor 1: Convenience and protection of the credit card	4.11
2	Factor 3: The economics of the credit card	4.1
3	Factor 2: Flexibility of using credit card	3.93
4	Factor 4: Promotion of the credit card	3.9
5	Factor 5: The travel-economics of the credit card holder	3.62
6	Factor 6: The reputation of credit card	2.99

The customer decided factor 1 (mean = 4.11) was rated as the highest most important criteria when select the credit card. Secondly, “the economics of the credit card” (mean = 4.1) for the factor 3. Then factor 2, “flexibility of using credit card” (mean = 3.93), factor 4 for “promotion of the credit card” (mean = 3.9), factor 5 “the travel-economics of the credit card holder” (mean = 3.62) and lastly factor 6 “the reputation of credit card” (mean = 2.99).

The important criteria of credit card

Table 7: The Important Criteria of Credit Card

	N	Minimum	Maximum	Mean
Convenience and protection	200	3	5	4.37
Low interest rate	200	3	5	4.27
Wide acceptance	200	3	5	4.24
Free Annual fee	200	3	5	4.16
Cash advance	200	3	5	4.13
Insurance provision when travelling	200	3	5	4.10
Wide acceptance abroad	200	3	5	4.06
Zero installment facilities	200	3	5	4.06
Worldwide emergency assistance	200	3	5	4.05
Acceptance is most modern establishments	200	3	5	4.04
Loyalty and reward program	200	3	5	4.00
Easy access (internet, ATM)	200	3	5	3.97
Protection again loss/defect of products purchase using card	200	3	5	3.94
Special discounts in selected outlets	200	3	5	3.93
Availability for supplementary cards	200	3	5	3.89
Higher credit limit	200	3	5	3.84
Easy to ask for temporary credit limit increase	200	3	5	3.81
Road show with instant application approval/ gift promotion	200	2	5	3.77

No deposit for a car hire	200	2	5	3.66
Commission free traveler's checks	200	2	5	3.58
Brand name	200	1	5	3.25
Status symbol	200	1	5	2.72

To analyse the differences in the importance criteria of credit card selection, a ranking table produced showing the mean score of each factor. Table 7 show to relative importance all criteria of credit card. The top two factors that head the list were “protection when card is lost or stolen” (mean = 4.37) and “low interest rate” (mean = 4.27).

Conclusion

The protection, convenience, flexibility and economics were the main important while the reputation of card and travel, economics were less important in determining credit card selection and this result supported by the study of Subramaniam (2010).

The most important factor in determining credit card selection was the convenience/protection attributes and this result supported by the study of Gan (2006).

Examine by demographic components show that the amount of charge card possessed identified with income, age, race, job sector, job position and marital status. All the demographic profile affected to the individuals who need to utilize a charge card or not.

To conclude the research, the objective of this research achieved because convenience and protection were the highest important criteria for the majority of the respondent's choice. Then, the six factor from the factor analysis did determine the most factor that influenced respondents.

Recommendation

Based on the finding, the recommendation will give especially to all banks that they offered to the consumer, they must meet the standard in the above for example the criteria, so that applicants can accept it. On the research, bank must focus convenience and protection because most respondents are concerned about this. Therefore, in further study, it proposed to analyse more criteria and sample to differentiate the details of the result.

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