

CUSTOMER AWARENESS ABOUT CREDIT CARD HIDDEN CHARGES

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Abstract- Credit cards have become an integral part of our modern financial landscape, offering convenience and flexibility in transactions. Understanding Credit card charges and their implications is crucial for consumers and businesses alike. This paper makes an inquiry about the extent of awareness about various charges associated with the use of credit cards. The study segregates the respondents on the basis of their socioeconomic profile and tries to examine the differences in awareness of various charges associated with credit cards among different socio-economic groups.

Index Terms- Credit Card, Charges, Banks

I. INTRODUCTION

Credit card charges are subject to certain limitations that are designed to protect consumers and prevent fraudulent or unfair practices. These limitations are typically imposed by regulatory authorities and are aimed at ensuring transparency, affordability, and responsible use of credit. Every credit card has a predetermined credit limit, which represents the maximum amount that can be charged to the card. This limit is set by the credit card issuer based on factors such as the cardholder's creditworthiness, income, and credit history. Once the credit limit is reached, further charges will be declined unless the cardholder requests a credit limit increase. Credit card issuers are required to disclose the annual percentage rate (APR) associated with their cards. The APR represents the cost of borrowing on the credit card and includes interest charges and other fees. Depending on local regulations, there may be limitations on how high the interest rate can be. Credit card issuers often impose fees for late payments. However, there are limitations on the amount that can be charged as a late payment fee. These limitations vary by jurisdiction and are typically set by regulatory authorities to prevent excessive fees that could unfairly burden consumers. When using a credit card for transactions in a foreign currency or outside the card's home country, issuers may apply foreign transaction fees. However, there might be limitations on the percentage or fixed amount that can be charged as a foreign transaction fee. Balance transfer fees are charges applied when moving an existing credit card balance to a new card. Regulatory authorities often impose limitations on the maximum amount that can be charged as a balance transfer fee. In the past, credit card issuers could charge over-limit fees when cardholders exceeded their credit limits. However, many regulations now require cardholders to opt-in for overlimit transactions, and even then, there might be limitations on the fees that can be charged. Credit card issuers are required to provide clear and accurate information regarding fees, interest rates, and other charges associated with the card. There are limitations on hidden charges, and issuers must disclose all relevant information to cardholders. It's important for consumers to familiarize themselves with the terms and conditions of their credit cards to understand the limitations and charges associated with their specific cards. Additionally, local regulations can vary, so it's advisable to consult with the relevant regulatory authorities or seek professional advice to understand the specific limitations in a particular jurisdiction.

II. OBJECTIVE

- To analyze customer satisfaction regarding credit card.
- To know awareness of credit card holders regarding the hidden charges.
- To discuss the current limitations of credit card.

III. SCOPE OF THE STUDY

To identify customer satisfaction upon credit card charges. This study is helpful for the customer to know about credit card charges. It is helpful to identify the customer's level of awareness regarding hidden charges in credit cards. It is useful to know about the customer's level of satisfaction regarding services provided by the credit card provider. This study shows the current limitations of the credit card to the users.

IV. CONCEPT

Credit card charges refer to the costs and fees associated with using a credit card for various transactions. While using a credit card, it incurs charges that can include interest, annual fees, late payment fees, foreign transaction fees, cash advance fees, and other miscellaneous charges. The interest rate is expressed as an annual percentage rate and it varies based on the credit card issuer and creditworthiness. Some credit cards charge an annual fee for the privilege of using the card. These fees can range from a few dollars to several hundred dollars, depending on the type of card and the benefits it offers. Annual fees are often associated with reward cards or cards that offer premium perks. If the user fails to make at least the minimum payment by the due date, the credit card issuer may charge a late payment fee. Late payment fees are typically a fixed amount, although they can vary depending on the issuer and the outstanding balance. If the user uses the credit card to withdraw cash from an ATM or obtain cash equivalents like traveler's checks, the credit card company may charge a cash advance fee. This fee is typically a percentage of

the amount advanced and often carries higher interest rates than the regular purchases. Credit card charges can also include fees for exceeding credit limits, balance transfers, returned payments, or requesting a copy of your statement, among others. These fees vary among credit card issuers and the terms of specific card agreements. It's important to review the credit card agreement and the terms and conditions to understand the charges associated with the particular credit card.

V. STATEMENT OF THE PROBLEM

The proliferation of credit card usage in today's society has brought convenience and ease of transactions to millions of individuals. However, the rise in credit card usage has also led to an alarming increase in inaccurate or fraudulent charges. These erroneous charges cause financial distress to the cardholders and erode trust in the overall credit card ecosystem. Inaccurate charges may arise from errors made by merchants during the transaction process. These errors can include overcharging, duplicate charges, or incorrect billing amounts. Such mistakes may occur due to human error, technical glitches in payment systems, or inadequate training of merchant staff. Credit card transactions involve multiple intermediaries, including payment processors and acquirers. Many individuals face challenges in reporting discrepancies, navigating through the dispute resolution procedures of their credit card issuers, and providing the necessary evidence to substantiate their claims. Credit card issuers should simplify and expedite the dispute resolution process. This includes providing user-friendly interfaces for reporting discrepancies, promptly investigating claims, and providing clear communication channels for cardholders to seek assistance and clarification. Educating customers about credit card security, safe online shopping practices, and vigilant monitoring of billing statements can empower individuals to identify and report inaccurate charges promptly. By addressing these key issues and implementing appropriate measures, stakeholders within the credit card industry can restore trust and confidence in credit card usage, protect consumers from financial losses, and ensure a secure and reliable payment environment.

VI. RESEARCH METHODOLOGY

Data for this study were obtained from primary sources using a structured questionnaire. The study intends to examine customer awareness about credit card charges. The required primary data have been collected from the sample respondents. This study is an empirical study based on the survey method. For this study, the sampling technique used is random sampling. A sample of 50 respondents were chosen for the study. The study is conducted in the southern part of Coimbatore District.

VII. LIMITATION OF THE STUDY

The study is confined to the following limitations. The study was undertaken in the Coimbatore district.

- The survey has been conducted only with the district of Coimbatore; this means it doesn't reflect the whole population in the country.
- Sample size is limited to 50 respondents.
- The results of the analysis made in this study in fully based on the answers given by the respondents.

VIII. DATA ANALYSIS AND INTERPRETATION

Table-1 Table Showing Gender of The Respondents

Gender	No. of respondents	Percentage
Male	29	58
Female	21	42
Total	50	100

(Source: Primary data)

Interpretation

From the above table, it is clear that 58 percent of the respondents are male and 42 percent of the respondents are female.

Table-2 Table Showing Age of The Respondents

Age	No of Respondent	Percentage
Below 20 years	3	6
21 - 30 years	35	70
31 - 40 years	11	22
Above 40 years	1	2
Total	50	100

(Source: Primary data)

Interpretation

From the analysis 70 percent of the respondents belong to the age group of 21-30 years, 22 percent of the respondents belong to the age group of 31-40 years, 6 percent of the respondents belong to the age group of below 20 years and 2 percent of the respondents belong to the age group of above 40 years.

Table-3 Table Showing Educational Qualification of the Respondents

Educational Qualification	No of Respondents	Percentage
School level	1	2
Undergraduate	32	64
Postgraduate	17	34
Others	0	0
Total	50	100

(Source: Primary data)

Interpretation

The table shows that 64 percent of the respondents have completed their under graduation, 34 percent of the respondents have completed their post-graduation and 2 percent of the respondent's educational qualification is school level.

Table-4 Table Showing the Salary of the Respondents

Salary	No of Respondents	Percentage
Less than 10000	8	16
10001 – 25000	18	36
25001 – 50000	17	34
More than 50000	7	14
Total	50	100

(Source: Primary data)

Interpretation

From the above table, it is clear that 36 percent of respondent's salary falls between 10001 to 25000, 34 percent of the respondent's salary falls between 25000 to 50000, 16 percent of the respondent's salary falls Less than 10000, 14 percent of the respondents salary is more than 50000.

Table-5 Table Showing Occupational Status of the Respondent

Occupational Status	No of Respondents	Percentage
Employee	18	36
Business	10	20
Self Employed	13	26
Professional	3	6
Others	6	12
Total	50	100

(Source: Primary data)

Interpretation

The above table shows the occupation of the respondent is clear that 36 percent of the respondents were employee, 26 percent of the respondents were Self-employed, 20 percent of the respondents were business, 12 percent of the respondents' occupational status were others, 6 percent of the respondents were Professional.

Table-6 Table Showing the Customers Satisfaction Regarding the Procedure for Applying Credit Card

Test Statistics ^{a,b}				
	Buying a credit card is easy	Renewal of the card is comfortable	Making complaints regarding credit cards is easy	The procedure for card blocking is comfortable
Kruskal-Wallis H	4.071	3.138	10.632	1.496
Df	4	4	4	4
Asymp. Sig.	.396	.535	.031	.827

a. Kruskal Wallis Test

b. Grouping Variable: Occupation

Hypothesis

H0: There is no significant mean difference between the procedure for applying credit card and the occupational status of the respondent - accepted

H1: There is a significant mean difference between the procedure for applying credit card and the occupational status of the respondent.

Interpretation

From the above table it is infer that the table value (0.396) (0.535) (0.031) (0.827) more than the significant value (0.05). There is no significant mean difference between the procedure for applying credit card and the occupational status of the respondent.

Table-7 Table Showing the Satisfaction Level of the Customers Regarding the Service Provided by the Credit Card Provider

Test Statistics ^a				
	The customer can get the statement by credit card provider	Customer can get information about due amount and due date through e-mail and SMS	Customer can receive payment confirmation through e-mail and SMS by credit card provider	Credit card provider rectifies the customer problem immediately satisfied with the customer service
Mann-Whitney U	229.500	252.500	233.000	204.000
Wilcoxon W	664.500	687.500	668.000	639.000
Z	-1.712	-1.185	-1.581	-2.348
Asymp. Sig. (2-tailed)	.087	.236	.114	.019

a. Grouping Variable: Gender

Hypothesis

H0: There is no significant mean difference between the service provided by the credit card provider and the gender of the respondent- accepted

H1: There is a significant mean difference between the service provided by the credit card provider and the gender of the respondent.

Interpretation

From the above table, it is inferred that the table value (0.087) (0.236) (0.114) (.019) is more than the significant value (0.05). There is no significant mean difference between the service provided by the credit card provider and the gender of the respondent.

Table-8 Table Showing the Customers Satisfaction Level Regarding the Cost of Credit Card

Test Statistics ^{a,b}			
	The service charges apply on credit card is adequate	Annual fee charge on credit card is convenient	The cash withdrawal fee on credit card is convenient
Kruskal-Wallis H	2.431	5.183	4.372
Df	3	3	3
Asymp. Sig.	.488	.159	.224

a. Kruskal Wallis Test

b. Grouping Variable: Salary

Hypothesis

H0: There is no significant mean difference between the cost of the credit card and the salary of the respondent - accepted.

H1: There is a significant mean difference between the cost of the credit card and the salary of the respondent.

Interpretation

From the above table it is infer that the table value (0.488) (0.159) (0.224) more than the significant value (0.05). There is no significant mean difference between the cost of the credit card and the salary of the respondent.

Table-9 Table Showing the Customer Awareness Regarding the Hidden Charges of Credit Card

Test Statistics ^{a,b}								
	Annual fee	Interest charge	Late Payment fee	Foreign transaction fee	Balance transfer fee	Cash advance fee	Over the limit fee	Returned payment fee
Kruskal-Wallis H	5.137	4.776	3.256	.513	1.597	2.470	3.280	2.698
Df	2	2	2	2	2	2	2	2
Asymp.Sig.	.077	.092	.196	.774	.450	.291	.194	.259

a. Kruskal Wallis Test

b. Grouping Variable: Educational qualification

Hypothesis

H0: There is no significant mean difference between awareness about the hidden charges of credit card and the educational qualification of the respondent - accepted.

H1: There is a significant mean difference between awareness about the hidden charges of credit card and the educational qualification of the respondent.

Interpretation

From the above table, it is inferred that the table value (0.077) (0.092) (0.196) (0.774) (0.450) (0.291) (0.194) (0.259) is more than the significant value (0.05). There is no significant mean difference between awareness about the hidden charges of credit card and the educational qualification of the respondent.

Table-10 Table Showing the Limitations of Credit Card

Test Statistics ^{a,b}								
	Does not feel safe for using my credit card for online shopping	It is not safe for using credit card for online transaction	Transaction fee	High payment failure rate	Limitations on amount and time	Paying high rate of interest	Credit card surcharges	Credit card damages
Kruskal Wallis H	5.053	1.960	4.475	3.770	1.879	5.695	4.780	3.654
Df	3	3	3	3	3	3	3	3
Asymp. Sig.	.168	.581	.215	.287	.598	.127	.189	.301

a. Kruskal Wallis Test

b. Grouping Variable: Salary

Hypothesis

H0: There is no significant mean difference between the limitations of the credit card and the salary of the respondent - accepted.

H1: There is no significant mean difference between the limitations of the credit card and the salary of the respondent.

Interpretation

From the above table it is infer that the table value (0.168) (0.581) (0.215) (0.287) (0.598) (0.127) (0.189) (0.301) more than the significant value (0.05). There is no significant mean difference between the limitations of the credit card and the salary of the respondent.

IX. FINDINGS

- The majority (58 percent) of the respondents are Male.
- The majority (70 percent) of the respondents belong to the age group of 21-30 years.
- The majority (64 percent) of the respondents are graduates.
- Most (36 percent) of the respondents salary is between 10001 and 25000.
- Most (36 percent) of the respondents were employees.
- There is no significant mean difference between the procedure for applying credit card and the occupational status of the respondent.
- There is no significant mean difference between the service provided by the credit card provider and the gender of the respondent.
- There is no significant mean difference between the cost of the credit card and the salary of the respondent.
- There is no significant mean difference between awareness about the hidden charges of credit card and the educational qualification of the respondent.
- There is no significant mean difference between the limitations of the credit card and the salary of the respondent.

X. SUGGESTION

Preventing credit card charges requires a proactive approach to managing the finances and protecting the financial information.

- Monitor the spending: The customer has to keep a close eye on credit card transactions regularly, and review the statements carefully to identify any unauthorized charges or discrepancies. If there are any issues, report the issues to the respective credit card company immediately.

- Set spending limits: The customer has to establish a monthly budget and stick to it and limit the credit card spending to an amount that can comfortably be paid off each month to avoid accumulating excessive debt.
 - Avoid automatic payments: The customer has to be cautious while setting up automatic payments for services or subscriptions. Sometimes, the credit card charges can go unnoticed, leading to unexpected expenses.
 - Use secure online shopping practices: When making online purchases, only the customer has to shop on reputable websites with secure payment gateways and avoid entering the credit card information on unfamiliar or suspicious websites.
 - Enable fraud alerts: Most credit card companies offer fraud alert services that notify any unusual activity on the account. The customer has to consider enabling these alerts to receive immediate notifications of suspicious charges.
 - Secure the credit card information: The customer should not share the credit card details with anyone, avoid writing down the credit card numbers or sharing the details over unsecured communication channels.
 - Protect physical cards: The customer has to keep the credit cards safe and secure. If the credit card is lost or suspect, it's been stolen, contact the credit card issuer right away to report it and request a replacement.
 - Be cautious with public Wi-Fi: The customer has to avoid making financial transactions or accessing sensitive information, including credit card websites, while connected to public Wi-Fi networks. The customer has to use a secure and private connection instead.
 - Update contact information: The customer has to ensure the credit card company has the current contact information, including email and phone number, so the credit card company can reach the customer in case of suspicious activity.
 - Regularly review credit reports: The customer has to obtain a copy of the credit report from major credit bureaus at least once a year and check for any inaccuracies or fraudulent accounts.
 - Opt for additional security features: Some credit card issuers offer additional security features like virtual card numbers for online purchases or two-factor authentication for added protection.
- By implementing these preventive measures, the customer can significantly reduce the risk of unauthorized credit card charges and protect their financial well-being.

XI. CONCLUSION

Credit cards provide a convenience to consumers, acting as both a method of payment and a flexible credit instrument. Most customers would pay a modest net monetary cost to access this convenience. But the wide distribution of costs and benefits across cardholders instead suggests extensive variation in the credit card market, with some consumers paying relatively high net costs, and others receiving substantial net monetary benefits. To make the most of credit card charges and avoid falling into debt traps, individuals should follow responsible financial practices, such as:

- Paying off the full balance each month to avoid interest charges.
- Keeping track of expenses and setting a budget to avoid overspending.
- Being cautious about sharing credit card information and using secure websites for online transactions.
- Regularly checking credit card statements for any discrepancies or fraudulent activity.
- Ultimately, credit cards can be a valuable tool for managing finances, building credit, and earning rewards, but they require discipline and responsible usage to avoid potential pitfalls.

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