

**A STUDY OF CONSUMER BEHAVIOUR  
TOWARDS CREDIT CARD AMONG ADULT IN  
MALAYSIA**

**HERMAN BIN ARIPUDDIN**

**DISSERTATION SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR  
THE MASTER OF BUSINESS  
ADMINISTRATION**

**FACULTY OF BUSINESS, ECONOMICS AND  
ACCOUNTING  
UNIVERSITI MALAYSIA SABAH  
2014**



**UMS**  
UNIVERSITI MALAYSIA SABAH

## **DECLARATION**

I hereby declare that the material in this thesis is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

18 August 2014

A handwritten signature in black ink, consisting of a large loop followed by a vertical stroke and a horizontal stroke, positioned above a solid horizontal line.

**HERMAN BIN ARIPUDDIN**

**ME121256T**

## **CERTIFICATION**

**NAME : HERMAN BIN ARIPUDDIN**  
**MATRIC NO : ME1212256T**  
**TITLE : CONSUMER BEHAVIOUR TOWARDS CREDIT CARD  
AMONG ADULT IN MALAYSIA**  
**DEGREE : MASTER OF BUSINESS ADMINISTRATION (MBA)**  
**VIVA DATE : 26 AUGUST 2014**

### **DECLARED BY**

#### **1.SUPERVISOR**

Dr Hj Amran Bin Hj Harun

---



## **ACKNOWLEDGEMENT**

I wish to acknowledge my supervisor Dr. Hj.Amran Bin Hj. Harun, who taught me a lot of patiently in my thesis. With his help, guidance and advice, I finally able to complete my thesis. In addition, I would also like to express my sincere appreciation to my lecturer Dr Jude, my colleagues especially to Mohamed Yusof Ishaek, Amat Obong, Justin Lohuji and to all my MBA colleagues and lecturers teaching MBA courses of the Faculty Economics, Business and Accounting.

I also would like to express my appreciation to all my respondents who spend their valuable time in filling out the questionnaire. With the help and support by respondents, I have success completed the part of questionnaire.

And last but not least I would like thanks to my family especially my beloved wife who give me undivided support until this thesis completed.

Thank you

Wassalam

HERMAN ARIPUDDIN

18 August 2014

## **ABSTRACT**

### **CONSUMER BEHAVIOUR TOWARDS CREDIT CARD AMONG ADULT IN MALAYSIA**

The purpose of this study is to examined consumers' behaviour towards credit card among adult in Malaysia specifically in Tawau. There were three factors to examine the study which are credit card attributes (convenience, use pattern, and status), bank policies (benefit, qualifications of applying credit card and payment policies) and attitude towards credit card (willingness to pay, awareness of total debt and management of income and expenses). Credit card attributes, bank policies and attitude towards credit card are independent variables while consumer behaviour towards credit card act as dependent variable. During the study, 178 questionnaires were distributed to respondents who have credit card in Tawau and analyzed using SPSS version 20.0.

The result from the study found out that four elements or factors were identified that have positive significant to influenced consumers' behaviour towards credit card which are convenience, benefit, willingness to pay and management of income and expenses. These results of this study could be a reference or simple guide to be evaluated by researches , marketers, bank managers or other relevant parties during to develop their right marketing strategies regarding to credit cards markets in Malaysia. Even though this study very limited because of limited sample size, time consumed and only focus in Tawau are. The results were not represent in the context of credit card holders in Malaysia as a whole.



## **ABSTRAK**

*Matlamat kajian ini adalah untuk menilai tingkahlaku pengguna kad kredit dalam kalangan orang dewasa di Malaysia terutamanya di daerah Tawau. Terdapat tiga faktor utama dalam kajian ini iaitu ciri-ciri kad kredit (kesenangan, kekerapan penggunaan, dan status), polisi bank (faedah, Kelayakan untuk memohon kad kredit dan polisi pembayaran) dan tingkahlaku kepada penggunaan kad kredit (Kesediaan untuk membayar, kesedaran tentang jumlah hutang and pengurusan antara hutang dan perbelanjaan). Ciri ciri kad kredit, polisi bank dan tingkahlaku kepada penggunaan kad kredit merupakan pemboleh ubah tidak bersandar manakala pembolehubah bersandar dalam kajian ini ialah tingkah laku pengguna terhadap kad kredit. Dalam kajian ini sebanyak 178 responden yang memiliki kad kredit telah menjawab soal selidik yang disediakan dan kajian ini telah dianalisa menggunakan perisian SPSS versi 20.0.*

*Hasil daripada kajian ini didapati ada empat elemen utama yang telah dikenalpasti mempunyai hubungan positif dan signifikan dan menyokong hipotesis kajian ini iaitu factor-faktor yang mempengaruhi perlakuan pengguna kad kredit dikalangan orang dewasa di Malaysia. Elemen tersebut ialah kesenangan, faedah, kesediaan untuk membayar balik dan pengurusan hutang dan pendapatan yang mempengaruhi tingkah laku pengguna kad kredit. Faktor-faktor ini boleh dijadikan asas kajian dikalangan penyelidik, penjual, pengurus bank dan pihak berkaitan untuk membina strategi perniagaan yang betul dalam memasarkan kad kredit kepada pengguna di Malaysia. Walaupun demikian, kajian ini adalah amat terhad kerana jumlah sampel yang sedikit, kekangan masa dan responden hanya tertumpu di daerah Tawau sahaja. Jadi kajian ini tidaklah menggambarkan keadaan dan konteks sebenar dalam konteks pengguna kad kredit di Malaysia.*

## TABLE OF CONTENT

<b>TITLE</b>	<b>PAGE</b>
<b>DECLARATION</b>	<b>i</b>
<b>CERTIFICATION</b>	<b>ii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ABSTRAK</b>	<b>v</b>
<b>TABLE OF CONTENT</b>	<b>vi</b>
<b>LIST OF TABLE</b>	<b>ix</b>
<b>LIST OF FIGURE</b>	<b>x</b>
<b>LIST OF APPENDICES</b>	<b>xi</b>

### **CHAPTER 1: INTRODUCTION**

1.0	Background of the Study	1
1.1	Research Problem	2
1.2	Research Question	5
1.3	Research Objectives	6
1.4	Scope Of Study	6
1.5	Significance of the Study	6
1.6	Definitions of Terms	7
1.7	Organization of The Study	9
1.8	Chapter Summary	10

### **CHAPTER 2: LITERATURE REVIEW**

2.0	Introduction	11
2.1	The Theory Of Planned Behaviour	11
2.2	Overview of Consumer Behaviour Towards Credit Card	12
2.3	Conceptualization of Consumer Towards Credit card	13
2.4	Factors Affecting consumer Behaviour Towards credit Card	14
2.4.1	Credit card attributes factors of consumer behavior towards credit card	14
	a. Convenience	15
	b. Use pattern	15
	c. Status	15
2.4.2	Banks policies factors of consumer towards credit card	15
	a. Benefits given by bank	16
	b. Qualifications of applying credit card	16
	c. Payment policies	17

2.4.3	Attitudes towards credit card factors of consumer behaviour towards credit card	18
2.5	Relationship between credit card attributes factors of consumer behavior towards credit card	20
2.6	Relationship between bank policies factors of consumer behavior towards credit card	21
2.7	Relationship between bank policies factors of consumer behavior towards credit card	22
2.8	Chapter Summary	23

### **CHAPTER 3: RESEARCH METHODOLOGY**

3.0	Introduction	24
3.1	Research Framework	24
3.2	Research Hypothesis	25
3.3	Research Approach	28
3.4	Research Design	28
3.5	Questionnaires	29
3.6	Operational Definition of Variables	31
	3.6.1 Dependent variable	31
	3.6.2 Independent Variables	32
3.7	Data Collection Method	39
3.8	Validity	40
3.9	Realibility	40
3.10	Data Analysis Method s	40
3.11	Chapter Summary	41

### **CHAPTER 4: RESULT AND DATA ANALYSIS**

4.0	Introduction	42
4.1	Introduction	42
4.2	Profile Of Respondents	42
4.3	Factor Analysis	44
	4.3.1 Factor Analysis of Credit card attributes	45
	4.3.2 Factor Analysis of Banks Policies	48
	4.3.3 Factor Analysis of Attitude towards credit card	51
	4.3.4 Factor Analysis of consumer behavior towards credit card	54
4.4	Realibility Analysis	55
4.5	Descriptive Analysis	57
4.6	Correlation Analysis	58
4.7	Multiple Regression Analysis	61
4.8	Results of Hypothesis testing	63
4.9	Chapter Summary	65

### **CHAPTER 5: DISCUSSION AND CONCLUSION**

5.0	Introduction	66
5.1	Introduction	66
5.2	Recapitulation of the Study Findings	66
5.3	Discussion and Research Findings	67

5.3.1	Relationship between credit card attributes And consumer behavior towards credit card	71
	a. Convenience	71
	b. Use pattern	72
	c. Status	72
5.3.2	Relationship between bank policies And consumer behavior towards credit card	73
	a. Benefit	74
	b. Qualifications of applying credit card	74
	c. Payment policies	74
5.3.3	Relationship between attitude towards credit card and consumer behaviour towards credit card	75
	a. Willingness to pay	75
	b. Awareness of total debt	76
	c. Management of income and expenses	76
5.4	Managerial Implication	77
5.5	Theoretical Implication	77
5.6	Limitation and Recommendations	78
5.7	Conclusion	80

REFERENCES  
APPENDIX

	<b>LIST OF TABLES</b>	<b>page</b>
Table 2.1	A list of relationship between credit card attributes factors of consumer behaviour towards credit card	20
Table 2.2	A list of relationship between banks policies factors of consumer behaviour towards credit card	21
Table 2.3	A list of relationship between attitude towards credit card of factors of consumer behaviour towards credit card	22
Table 3.1	Measure and sources	30
Table 3.2	Measurement items for consumer behavior towards Credit card	32
Table 3.3	Measurement items for convenience	33
Table 3.4	Measurement items for use pattern	34
Table 3.5	Measurement item for status	34
Table 3.6	Measurement item for benefits given by bank	35
Table 3.7	Measurement item for qualifications of applying Credit card	36
Table 3.8	Measurement item for payment policies	36
Table 3.9	Measurement item for willingness to pay	37
Table 3.9.1	Measurement item for awareness of total debt owed	38
Table 3.9.2	Measurement item for management of income and Expenses	39
Table 4.1	Demographic of Respondents	43
Table 4.2	Factor Analysis of credit card attributes	47
Table 4.3	Factor Analysis of Bank's Policies	50
Table 4.4	Factor Analysis of Attitude Towards Credit Card	53
Table 4.5	Factor Analysis of Consumer Behaviour Towards Credit card	55
Table 4.6	Realibility Analysis on Variables of the study	57

Table 4.7	Mean and Standard Deviation for Variables in the study	58
Table 4.8	Correlation Indication	59
Table 4.9	Pearson Correlation matrix for the variables	61
Table 4.10	Regression Analysis Of credit card attributes, bank policies and attitude towards credit card with Consumer behaviour towards credit card	62
Table 4.11	Results of Hypotesis Testing	64
Table 5.1	Summary of hypothesis testing for credit card attributes and consumer behaviour towards credit card	71
Table 5.2	Summary of Hypothesis testing for bank policies and consumer behaviour towards credit card	73
Table 5.3	Summary of Hypothesis testing for attitude towards Credit card and consumer behaviour towards credit card	75

## LIST OF FIGURE

Figure 3.1	Modified Research Framework	25
------------	-----------------------------	----

## LIST OF APPENDIX

		page
Appendix A	Questionnaire	84
Appendix B	SPSS Output For Profile of Respondents	91
Appendix C	SPSS Output For Final Run Factor Analysis Of Credit Card attributes	93
Appendix D	SPSS Output For Final Run Factor Analysis of bank policies	96
Appendix E	SPSS Output For Final Run Factor Analysis of attitude towards credit card	99
Appendix F	SPSS Output For Final Run Factor analysis Of Consumer behavior Towards credit card	103
Appendix G	SPSS Output For Realibility Analysis	105
Appendix H	SPSS Output For Descriptive Analysis	107
Appendix I	SPSS Output For Correlation Analysis	108
Appendix J	SPSS Output For Regression Analysis	110

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Background of the Study**

Credit card financing were growing and increasing at a compound annual growth rate (CAGR) of 50.4% per annum for 7 years from 2005 to 2012 in Malaysia (BNM, 2012). One of the main reason to this trend is that Malaysian consumers have displayed a positive trend towards credit card facility. They are able to obtain financing for themselves. Meaning to say they can obtain funds easily through credit card rather than personal financing with many documents formalities being relaxed. Hence, credit cards issued from January till February 2012 increased to 10.1 million (BNM Report , 2012)

Credit card have many positive and significant effects on consumer spending behaviour for them and many advantages and benefits. For instance the secure mechanism of credit card payment has gained trust and popularity worldwide. On the other hand, even though it has become a normal practice to own credit cards for variety of reasons nowadays, its impact are still questionable. Credit card also have producing negative effects such as for example overspending, default, lack of awareness and fraud. Studies also shows that all these effects have multiplied in size especially from the early 2000s.

The results in an undiscerning expenditure by customers with multiple negative and positive impacts was because of the rapid growth of credit cards as an easy paying Instrument. The major culprits for the ongoing financial crisis is the extensive grant of credit to the people. Business Week, 2011 was reported that the next financial crises could be caused only by the compulsive buying nature of credit card. The early signal of the effect of credit card is excessive buying behaviour which compels consumer to purchase out of their common wants and needs. Relaxed source of obtaining credit and obsessive purchasing without any control has created various concerns such as inflation due to excessive shopping and thus over leveraging of debt (BNM Report, 2010). Lately on 1990's, many consumers in Malaysia have shown changes in their consumer spending behaviour.



Since credit card encourages independent and flexible and convenience usage by cardholders to meet their future needs in advance, this has increased to debt default by non-discipline credit card holders. Hence excessive debt can alert excessive default rates and writing of capital which finally can result into the vulnerability of the financial system and the stability of the economy ( Zafar U *et al*, 2010)

In Malaysia, in the year 2009, it was reported that out of the 11.41% of the total financing outstanding, consumer credit accounted for 1.35%. Out of this total financing, around 6.43% of the amount outstanding has been written off as non-performing loans (NPL). Bank Negara Malaysia, 2011 reported there is yet a shocking trend of rising number of credit card holders finally leading to a bankruptcy stage.

Malaysia is one of the fastest growing economies especially in Asia with a gross domestic product, GDP per capita of USD14,700 in 2010 and have which creating more working opportunities and various transformational programs. Thus, many banks have taken this advantage to promote their credit cards to all potential customers as a convenient payment device which meet the contemporary and updated consumers lifestyle.

### **1.1 Research Problem**

For the next five years, credit card segment is expected to be increased in the urbanized markets in Malaysia (Euromonitor, 2010). Malaysians consumer believes that using credit card is normal trend nowadays and will reflect consumer behavior in Malaysia. Generation of baby boomers, X and Y aged between 18 and above was the majority using credit card in Malaysia. The main reason they using credit card normally for online shopping and normal shopping. As at December 2009, there are 10.8 million credit card holders or 38.6 percent of the Malaysian population of 28 million (The Star, 2010). This was resulted from the aggressive marketing and promotion by local banks and financial institutions such as waiver for annual fee, Zero payment, Zero Interest, Balance Transfer Campaign etc. The most important thing is business on credit card transactions were increasing trend from year to year. Hence, this has lead to a situation where average of spending of credit card consumers in Malaysian were rising and this will give negative impact

to Malaysian financial stability . Even though the number of credit card increase in Malaysia, there is not much information to understand how and what are the factors which may lead to the consumer behaviour towards credit card.

The needs to use credit card among baby boomers, generation X and Y in Malaysia keep increasing and worrying trend because of their overspending from the credit limit .There are many factors that attract Malaysian consumer to use credit card as an easy medium of payment such as status, use pattern and for convenience. (Phau and Woo, 2008) argued that credit card is convenience mode of transaction, and symbol of power and prestige. While Maysami & Williams (2002) quoted that convenience was major factors for using credit card. (Sun & Woo (2004) on the other hand had explained that credit card use pattern was different among rural and urban population . All these factors are known as credit card attributes.

Benefit given by bank, qualifications of applying credit card and payment policies imposed by bank and financial institutions are among bank policies factors that will influence consumers behavior towards credit card. Hasmawi (2012) saying that credit card as common payment method for entertainment activities, shopping and dining, while Zinman's, 2009 quoted that credit card also as primary mode of payment. Atkin *et al*, (2008), Chakravorti and Emmons (2003) quoted that bank allow minimum payment credit card to be paid, but minimum payment will be rising interest rates charged to credit card, Ausebel (1991), Berlin and Mester (2004). Hunt, 2009 said that financial institutions also waive government tax by doing three transactions within the calendar year. Gan *et al*, 2006 saying that bank give low interest rate and absence of annual fees.

With regards to attitude toward credit card, the important factors such as willingness to pay, awareness about the total debt owed and management of income and expenses are found to be significant in their relationship with consumer behavior towards use credit card. Hook and Lucier (1995) said that attitude changes in behavior, while Phau & Woo (2008) said that attitude towards money is object that impact on all areas of person's life.

Consumers are not aware the outstanding the cost and implication of using credit card ( Durkin, 2000 ) while Soman (1999) said that credit card holders are under estimate or forget about their spent and tend to overspend. On the other hand, Tokunga (1993), revealed that heavy credit card users are not aware toward price. Lack management of income and awareness among credit card holders has lead financial problem to them ( Lee and Hogarth, 1999)

Therefore, this research will be examining the abovementioned factors which are perceived to have influence on consumer behavior towards credit card especially among adult in Malaysia.

Today, the usage of credit card was a popular medium of payment for consumers. Chakravorti, 2003 revealed that credit card has been identified as the second most popular non-cash instruments in USA. The credit cards usage become an easy way to expand purchasing power (Braunsberger *et al* ,2004; Foscht *et al*, 2010), and convenient to use ( Lee & Kwon, 2002). Arpita Khare *et al*, 2011 found that for the use pattern of credit card, about 70 percent transactions made through credit card to purchase of goods and services in India. Durkin (2000) asserts that "in modern commerce, credit card serve as a payment device in lieu of cash or checks for millions of routine purchases as well as for many transactions that would otherwise be inconvenient or perhaps impossible. Credit cards also provides benefits to consumers and merchants that are not provided by other payment instruments ( Chakravorti, 2003). It also become symbol of presetige for the cardholders whereas paying by credit card makes people feel important and wealthy (Arpita Khare *et al*, 2011). Thus, it is very critical to understand how credit card attributes significantly affected consumer behavior towards credit card among Malaysians.

With the rapid and extensive growing economy in Malaysia, banks and financial institutions have changed their policies and allowed more young adult Malaysians to be issued credit cards. This initiative includes open more suitable and flexible payment policy, extending the benefit provided, and loosening the qualifications for applying credit card. This led to increasing the number of credit card holders dramatically. This is evident from the report published in The Star (2010) reported that there are 10.8 million credit card holders or 38.6 percent of

the Malaysian population of 28 million as at December 2009, of which 1.92 million earn less than RM36,000 per annum ( LCF, 2011). And this is not surprise when the Daily Express (2007) reported that every credit card holders in Malaysia have at least three credit cards each of them.

Thus, the policies and strategies adopted by bank and financial institution are perceived to be crucial factors which may affect consumer behaviour towards credit card among adult in Malaysians.

To understand Malaysian attitude toward credit card, it is interesting to examine their willingness to served payment to their credit card, their awareness of total debts owed due to credit card use, and their management of income vs expenses because normally the increasing in debts associated with the rising credit card usage. As at of June 2010, a total of 4,417 or 8 percent of people goes bankrupt (Horlic.com, 2012) because of non-payment of credit card debts with a total debt outstanding amounting to RM103.8 billion. This has led the government to formed the Credit Counseling and Debt Management Agency (AKPK) that can provide a counseling and financial education to Malaysian to change their attitudes towards credit card by providing them with a better financial and management skills. Hence, it is important to understand how attitudes toward credit card significantly affect consumer behaviour towards credit card.

## **1.2 Research Question**

Research questions in this study are:

- a. Does credit card holder's attributes factors have a positive relationship with consumer behaviour towards credit card?
- b. Does bank policies factors have a positive relationship with consumer behaviour towards credit cards?
- c. Does attitudes towards credit card influence have a positive relationship with consumer behaviour towards credit cards?

### **1.3 Research Objectives**

The objectives of the study is to examined consumer behaviour towards credit card in among adult consumers in Tawau, Sabah. There are three sub-objectives being narrowed down from main objective in order to conduct the research more specifically which are:

- a. To examined the relationship of credit card attributes (convenience, use pattern and status) with consumer behaviours towards credit card
- b. To examined the relationship of bank's policies (benefits, qualifications of applying credit card and payment policies) with consumer behaviour towards credit card
- c. To examined the relationship of attitudes towards credit card (willingness to pay, awareness about the total debt and management of income and expenses) with consumer behaviour towards credit card

### **1.4 Scope of the Study**

This study were focus on the consumers in Tawau, Sabah where it is progressively being developed in Sabah. By narrowing the scope of the study, it enables and increases the better understanding on the consumers in Tawau to understanding consumer behaviour towards credit cards . Hence, the results of the finding will be representative for the consumers in this study's scope and are useful for the bank managers, researches and policy makers who intend to increase their credit card businesses especially in Tawau.

### **1.5 Significance of the Study**

This study can benefited for future researchers for better understanding the relationships between credit card attributes, bank's policies and attitude toward credit card factors and consumer behaviour towards credit cards . It will further explained and provide evidence for all these factors that will affecting the consumers behaviour towards credit cards among adult in Malaysia. Nevertheless, this study provides a better picture and understanding of the consumer behaviour towards credit card which had been conceptualized from the past researchers.

These findings not only will provides theoretical understanding to the researchers but also practical information to the bank managers, policy makers, retailers, merchandisers, advertisers and marketers of the various consumers behaviour towards credit card to sell their credit card etc. With the information and knowledge from this study, bank managers, policy makers should be able to understand better the reasons that influence consumers behaviour towards credit card to buy things when the factors such the benefits given, easy payment and attractive package was given to cardholders .They should prepare well when they offering their credit card with good products and special features to the consumers that can lead to increasing their volume of usage of credit card sales. The identification of the influence of the credit card attributes, bank's policies and attitude toward credit card factors and consumer behaviour towards credit card can benefited the managers to develop effective marketing strategies to trigger the consumers' behaviour towards credit card. For advertisers and marketers, they will have better understanding of consumers in Tawau in order to use marketing strategies to stimulate consumer behaviour towards credit card.

## 1.6 Definition of Terms

The definitions of key terms used in this study are listed as followed:

**Consumer behaviour** is defined the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of product and services that the expect will satisfy their need (Schiffman and Kanuk,2007)

**Attitudes** is defined as the evaluation and feeling, held by person, and behaviour reflecting this to certain things and concepts, which enable people to form fairly consistent behaviour to similar things of ideas ( Guo, 2003)

**Credit Card** is defined as source of money which enables the customer to make payments later (Mitchell and Mickel, 1999).

**Attributes** is defined as features, characteristic, traits and, element of credit card

**Bank policies** is referred to the benefits issuing banks and non-banks provide to credit card holder to establish their own niche in the market

**Convenience** refer to credit card holders' quality of being suitable or opportune to use credit card .

**Use pattern** is conceptualized as the pattern of usage credit card (Sun & Woo, 2004).

**Status** is conceptualized as the position of and individual of symbol and prestige (Phau & Woo, 2008).

**Benefits** given by bank is conceptualized as something that promotes or enhance well-being or advantages to credit card holder (Hasmawi, 2012).

**Payment policies** is defined as a convenient payment option, payment method to credit card holder eg Bank allow minimum payment credit card to be paid (Akin, *et al*/ (2008), Chakravorti and Emons (2003).

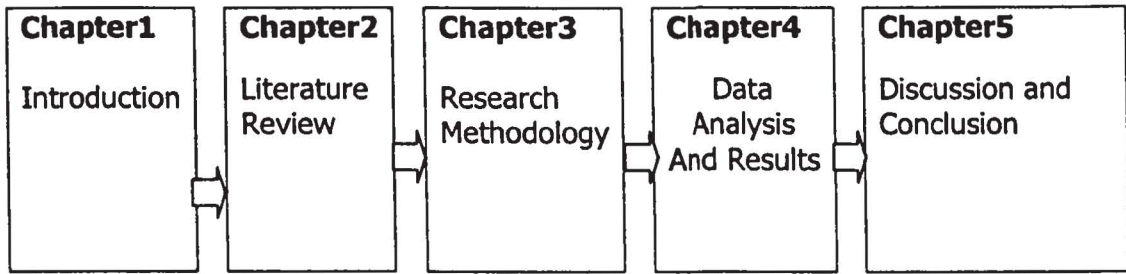
**Qualifications** is defined as minimum requirement to apply credit card.

**Willingness to pay** is conceptualized as the attitude or the change of behavior to doing payment credit card.

**Awareness** of total debt is defined as the state of ability to perceive to feel or to be conscious of customer debt.

**Management of income and expenses** is defined as organization and coordination of card holder income and expenses.

## 1.7 Organization of the Study



Chapter one presented an overview to the topic of the study, followed by three central research questions, four research objectives, scope of the study, significance of the study and important term definitions. It will gives readers a general idea about this study.

Chapter two summarized the literature and studies done by previous researchers based on the topic of this study. Relevant theories and concepts within consumer behaviour towards credit cards will be discussed.

Chapter three explained and discussed the methodology used in order to achieve the aims of the study. It provided a research framework, hypotheses, approaches and design for conducting the study.

Chapter four summarized and presented the data collected for the study. In addition, the data will be analyzed and presented in tables and figures for discussion later.

Chapter five is discussing the results obtained from data analyses and concluding all the information in this study briefly. It started with a short overview of the aims of the study, followed by summary of the results obtained. Then, all the hypotheses in this study were discussed based on the results. Contribution of this study and limitations and suggestions for future research were explained in the last two section in this chapter.

## **1.8 Chapter Summary**

This chapter discussed the problem statement of the study with previous researches information. The research questions, objectives, scope of the study, significance of the study and key term definitions were detailed. The next chapter will review the previous literature on the topics of interest.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter will present the literature related to consumer behavior towards credit card the definitions of consumer behavior towards credit card from different researchers' perspectives. Besides that it also defines and describes variables factors that affecting consumer behavior towards .

#### 2.1 The Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) argued that individual actual consumption behavior are depends on consumption intention and perceived behavioral control. The main essence of TPB is about behavioural intention particularly in the intention of taking in a particular behaviour or a specific product (Fattahi, 2010). In addition, Fishbein & Ajzen, (1975) quoted that the consumption intention depends on perceived behavioral control (PBC), subjective norm (SN) and attitude and classified attitude with two concepts which are "attitude toward the behavior" and refers to an individual's attitude toward behavior' ; and "attitude toward the object" and refers an individual's attitude toward people, Based on the philosophy of this theory, the individual behavior can be estimated and evaluated and therefore can be easily modified or changed (Wang *et al*, 2007) .They also argue that attitude may directly affect purchase intention, and also affect purchase behaviour through other peoples' point of of view. If the consumer's attitude towards credit card is positive, then credit card segment in terms of their sales will increase.

Fishbein & Ajzen, 1975 conclude that the The Theory of Planned Behavior (TPB) can account for the influence of perceived opinion of other people on the consumer behavior towards credit card decisions in uncertain environment which are using as model for this study. Ajzen, 1991 quoted that, TPB were described the actual behavior by the intention towards the behavior and the belief regarding the access to the resources required for conducting the behavior. This action will led the availability of the resources and the focal person's self-confidence in the ability conduct the behavior.



Ajzen, 1991; Ajzen & Driver, 1992; Ajzen & Madden, 1986 were described that TPB has been paying an increasing attention by researchers in empirical studies pertaining to social psychology and consumption. In the study of marketing, there are a several study pointing the factors that have positive and significant effect on consumer behavior towards credit card intention and actual behavior. Hence this model will be adopted to find out the effect of consumer behavior towards of this study.

## **2.2 Overview of Consumer Behaviour Towards Credit Card**

Credit cards as source of money which enables the customer to make payment later (Mitchel and Mickel,1999) and referred as the means of payment which involves the buying first and paying later (Yee et al,2007). It was best described as "buy now" and "pay later". In the year 1946, credit card were introduced as a credit plan called "Charge-It". John Biggins, a consumer credit specialist was introduced the concept of credit card. Credit card extends the buyer a financing that does not have to be paid off immediately. The rapid growth in technology has made credit card a convenient mode of transaction (Phau and Woo,2008) and function of making precautionary money easily available to customer for transactions, and since credit cards have "grace period", and customers' can doing the payment of the balance at the end of the month (Brito and Hartly,1995) .

The rising of credit card use in Hong Kong because of the increase income and changes in education system(Chan, 1997). The convenience of not having to carry cash has led to increase the popularity of credit card. Canner and Cyrnak,1986; Delener and Katzentein,1994; Chan 1997, stated that credit card research credit card ownership is dependent on increase in income ,and compulsive buying behaviour (Robert and Jones,2001; Parkand Burns, 2005; Norum,2008; Phau and Woo, 2008 Fogel and Scheider,2011; Nga *et al.*2011). Credit card symbolize a lifestyle (Bernthal *et al.*, 2005) and convenience (Lee and Kwon, 2002).

## REFERENCES

- Arpita Khare, Anshuman Khare and Shveta Singh, (2012) Factors affecting creditcard use in India, Asia Pacific Journal of Marketing and Logistics, Vol 24.No 2,2012 pp.236-256.
- Amily Fikry(2012) Are they listening to my voice? Business Strategy Series Vol.13 No 1,2012
- Bong, S 2010. The influence of Impulse Buying toward Customer Store Loyalty at Hypermarket in Jakarta. Business and Enterpreneurial Review : 25-44.
- Cohen, J. 1988. *Statistical power analysis for the behavioural sciences*. (2<sup>nd</sup> edition). Hillsdale, NJ: Erlbaum.
- Coakes, J.Sheridan, Steed, L. and Ong, C. 2009. *SPSS: Analysis without anguish: Version 16.0 for windows*. Australia: John Wiley and Sons Australia, Ltd.
- Deirdre O Loughlin, Isabelle Szmigin."I'll always be in debt": Irish and UK student behaviour in credit led environment. Journal Of Consumer Marketing 236(2006) 335-343
- Erdener Kaynak et al (1995) Correlates of Credit card acceptance and usage in an advanced developing Middle Eastern country. Journal Of Service Marketing Vol.9 NO.4 1995 pp.52-63.
- Euromonitor International.2008.Shopping malls and hypermarkets multiply in Malaysia's maturing market,  
[http://portal.euromonitor.com.exproxy.ums.edu.my/Portal?pages/Common?pdf.aspx?shopping\\_malls\\_and\\_hypermarkets\\_multiply\\_in\\_Malaysia\\_maturing\\_market](http://portal.euromonitor.com.exproxy.ums.edu.my/Portal?pages/Common?pdf.aspx?shopping_malls_and_hypermarkets_multiply_in_Malaysia_maturing_market). Retrieved 12 May 2013
- Field, A. 2005. *Discovering statistics using SPSS* (2<sup>nd</sup> edition). London: Sage Publications.
- Fon Sim Ong, J.Phillip Kitchen, Ata T.Jama (2008) Consumption patterns and silver marketing: an analysis of older consumers in Malaysia ,Marketing Intelligent & Planning Vol 26,No 7,2008 pp.682-698.
- Feng Bai (2013) Analysis on the new types and countermeasures of credit card fraud in mainland China, Journal of Financial Crimes Vol 20 No 3,2013
- Hanudin Amin (2013) Factors influencing Malaysian bank customers to choose Islamic credit cards: Empirical evidence from TRA model. Journal Of Islamic Marketing Vol 4 No 3, 2013 pp.245-253.
- Hanudin Amin(2012) Patronage factors of Malaysian local customers toward Islamic credit cards. Management Research Review Vol.35, No 6,2012 pp.512-530.

- Hanudin Amin (2007) An analysis of mobile credit card usage Intentions, Information Management & Computer Security Vol.15 No 4,2007 pp 260-269
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., and Latham, R.L. 2006. *Multivariate data analysis* (6<sup>th</sup> edition). Upper Saddle River, New Jersey: Prentice- Hall.
- Irene Daskalopoulou (2006) and Anastasia Petrou. Consumer's expenditures and perceived price fairness, International Journal Of Social E Vol 33, No 11, 206 economics
- Ingrid Hayles(2007) Credit cards a key to new business, Emerald Backfiles 2007
- Joyce K.H et al(2011) The Influence of Image consciousness, materialism and compulsive spending on credit card usage Intentions among youth. Vol.12. No.3 2011, pp.2043-253
- Joyce K.H Nga, Lisa H.L Yong and Rathakrishnan D.Selappan (2010) A study of financial awareness among youths. Young Consumers Vol.11 No.4 2010 pp.277-290
- John T Brown (2001) The relationship between customer loyalty and customer relationship satisfaction, International Journal Of contemporary Hospitality Management 13/5(2001)213-217
- Nellie Mae,(200) Undergraduate Students and Credit Card, Published April 2002
- Matthew Tingchi Liu et al (2012) Exploring the relationship among affective loyalty, perceived benefits, attitude and Intention to use co-branded products, Asia Pasific Journal Marketing and Logistic Vol 24, No2,2012
- Marthy Ludium et al(2012) Financial Literacy and credit cards : A multi Campus Survey. International Journal of Business and Social Science, Vol 3 No 7, April 2012
- Rade B.Vukmir (2006) Customer Satisfaction, International Journal Of Health Care Quality Assurance Vol 19No 1,2006
- Steve Wothington(1992) Plastic Cards and Consumer Credit, International Journal of Retail & Distribution Managemnt, Vol.20 No.7,1992, pp.3-9.
- Sanjai K.Parahoo, Hamdan Bin Mohammed (2010) Credit where it is due: drivers of loyalty to credit cards International Journal of Bank Marketing Vol.30 No.1 2002 pp.4-19.
- Sekaran, U., and Bougie, R. 2011. *Research Methods for Business, A Skill-building Approach*. (5<sup>th</sup> edition). New York: John Wiley and Son Inc.
- Sujit Charavorti (2006) A Theory of Credit Cards JEL Classification : G2, D4, L2
- Tabachnick, B.G., and Fidell, L.S. 2007. *Using multivariate statistics* (5<sup>th</sup> edition). Boston: Pearson Education.

- Tansu Barker and Ahmet Sekerkaya (1992) Globalization of Credit Card Usage : The Case Of Developing Economy. *International Journal Of Bank Marketing*, Vol.10 No.6,1992, pp.27-31.
- T.Ramayah, Nasser Noor, Aizzat Mohd Nasuridin, Lim Hee Choo, (2002) Cardholders' Attitude and Bank credit card usage in Malaysia : An exploratory study. *Asian Academy of Management Journal*, Vol7, No 1 January 2002
- T.Ramayah, Jasmine A. L. Y., & Ignatius, J. (2013). An Empirical Inquiry on Knowledge Sharing Among Academicians in Higher Learning Institutions. *Minerva*, 51(2), 131-154.
- Thomas A Durkin (2000) Credit Cards: Use and Consumer Attitudes, 1970-2000 , *Federal Reserve Bulletin*, September 2000
- Timothy Dixon (2005).Taking the shopping center online: new models in e-commerce
- Umar Mohamed Idris,Muhammad Tahir Jan (2013),Effect of Credit Cards On customer's Spending Behaviour: A comparative Analysis Of Islamic and Conventional Credit Cards
- Wendy Ming-Yen Teoh, Siong-Choy Chong and Shi Mid Yong (2013) Exploring the factors influencing credit card spending behaviour among Malaysians. *International Journal of Bank Marketing*. Vol.31 No.6,2013 pp.481-500.
- Zafar U.Ahmad, Ishak Ismail, M.Sadiq Sohail, Ibrahim Tabsh, Hasbalaila Alias (2007) Malaysian consumer's credit card usage behaviour. *Asia Pacific Of Journal Marketing and Logistics* Vol 22 No.4, 2010 pp. 528-544.