CREDIT CARD SERVICES IN RURAL AND SEMI-URBAN PUNJAB: A COMPARATIVE STUDY OF PUBLIC AND PRIVATE BANKS

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ABSTRACT

The banking sector of India experienced several changes during the era of post-independence. The role of banking system is changing continuously in this global world. Banks are introducing new products and services to their customers. Credit card facility is one of these products and services. But the use of these facilities in rural and semi urban areas is questionable. This paper will concentrate on the service of credit card provided by the banks in rural and semi-urban areas of Punjab. The extent of use of this service ,problems and challenges that customers as well as banks are facing in using this facilty.

Keywords: Credit card, e-channels, Information Technology, Transformation

INTRODUCTION

The banking sector always has a crucial role to plays in the developmental process of a nation by making it enable to face various financial disturbances. In this dynamic world changes happen in every sphere rapidly, the banking system of an economy accepts these changes quickly as a result, this sector responds to the changes of the banking environment. nationalization of domestic banks took place, the emergence of RRBs (Regional Rural banks), entry of private and international players in banking and during recent years e-banking and some other major changes have taken place that has potential to affect the functioning and contour of the banking system of the nation. There is no doubt that Indian banking is also confronting the challenges and threats of globalization by introducing changes in this sector. The introduction of computer-based tools has become important in recent decades. The Banking industry of India is now laced with information technology as well as various regulatory and competitive forces have prompted total automation of banking in the banking industry of the nation. The banking industry of India has shown a paradigm shift, adopting a 'Customer-centered' approach, which is a need for multidimensional growth and survival of the industry. The banking sector of India has imitated various technology-oriented tools like ATM, Tele-banking, Mobile banking, Internet banking, various mobile-based wallets. The entry of technology-oriented privately owned banks and foreign banks have turned the whole scenario with their entry. The introduction of the latest information technological aspects made the banking sector one of the most competitive sectors of the economy. Every bank is introducing new aspects of banking for its survival in this competitive world. After the adoption of liberalization, privatization, and globalization, India has become an active member of the global village. The banking industry has shown revolutionary changes. The banks adopted a fast track to initiate IT-oriented products and services. Unbelievable progress in the telecommunication sector further accelerated the changes in the banking arena. Fundamental changes took place in the banking sector due to the application of IT in it. The banking sector had experienced speeded up communication

and a higher number of transactions by the users (Booz, 1996). The introduction of IT has also reduced the cost of banking due to the availability of a cheaper method for availing products to its customers. E-delivery channels have made banking more convenient. (Madhavankutty G., 2007) concluded in the study that customers of a young age are more receptive to e-channels rather than moving to their bank branches. The banking sector of India is waiting to enter in an advanced stage of banking initiatives, foreign players will enter in this sector, banks require more improvements in IT, management of resource whether human or non-human and the capacity to analyze rapid changes in the banking arena and to adapt themselves to these changes.

REVIEW OF LITERATURE

- Nayana and Veena (2017) perceptions of employees of banks regarding the e-channels of the Bangalore region were studied in this research. 50 respondents were selected. It was concluded that the automation of banks helped in reducing paper consumption in banks. Core banking has made banking more reliable and easy.

- Kumbhar, V.M. (2011). presented a data-based study that focuses on identifying main factors having influences on the satisfaction of customers of the banks during the use of public and private sector banks' ATMs. This primary data-based study was done by using a well-developed schedule and the period was 2010 (March–November). Various statistical tools like factor analysis, correlation, and regression were used to find out the result analysis. This study shows that cost-effectiveness, easy use, security, and ATM service responsiveness are the main factor that determines customer satisfaction.

- Uppal, R.K. (2010). This paper is an attempt to find the role of IT in the process of transformation of the banking industry of India. The study concentrates on financial and technological parameters. Financial parameters are profit, income from Interest, income from other than interest sources, business per employee. Technological parameters include computerized branches. ATMs, Internet-banking, Mobile-Banking, Tele-Banking, and their user customers. Based on these parameters, the study expresses that branches and customers using e-channels are rising day by day in all the bank groups. Income from Business and non-interest items has increased but income from interest has declined. IT has become a magical wand for the success of all the banks.

- Singhal, D., & Padhmanabhan, V. (2008). found that convenience and flexibility of the internet are making it popular among customers. This paper concludes respondents' perceptions are the main factors responsible for the popularity of internet banking are its applications. This paper also suggested different factors that are useful to study the perception of internet banking users.

- Yang et al. (2007). Conducted a data-based study regarding the introduction of e-services applications in the rural area and the economic impact of these new changes on the local financial bodies were also studied. The data was collected through an online survey. It was investigated, how small and community banks of rural areas

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competed with rivals of urban areas regarding the application of e-banking. The issues and challenges of these applications were also studied.

- Bhasin, T.M. (2004). Studied the financial sector of India in the era of e-governance. The study concluded that the transformation process of the financial sector of India is only possible through e-governance.

OBJECTIVES OF STUDY

It is observed that the banking sector has introduced a large number of changes after the banking reforms in India. Banks are facing hard competition. There is a race among all groups of banks to avail maximum services to their valuable users. But in rural and semi-urban areas the needs of customers and the situation of banks are different. The objective of this study is to analyze the perceptions and expectations of the bank customers of rural and semi urban areas regarding credit card facility given by all the private sector banks as well as public sector banks

1. The level of knowledge of bank customers of rural and semi-urban of Punjab in India areas regarding the facility of credit card provided by public sector and private sector banks.

2. To find out difference b/w the perceptions and expectations of customers of rural and semi urban areas of Punjab in India regarding credit card.

3. Problems and challenges faced by the bank customers of rural and semi-urban of Punjab in India areas regarding the facility of credit card provided by public sector and private sector banks.

RESEARCH METHODOLOGY

A well-drafted questionnaire was used to compile primary data from selected bank consumers. 500 bank respondents were contacted from rural segments and semi-urban areas of Punjab to collect primary data. A pre-tested and well-drafted questionnaire was used to collect the responses of the respondents. The present study aimed to record the perceptions and expectations of customers concerning new e-services and products including credit cards introduced by the banks.

STATISTICAL TOOLS

Statistical techniques including;

Average,Standard deviation,Co-efficient of correlation,Regression analysis,Chi-square, T-test and F-test statistical techniques are used to conclude and test the significance of the various aspects of the study.

DATA COLLECTION AND ANALYSIS

Demographic Profile of the Respondents

In this study, a survey was conducted on 500 bank customers. There are four bank groups and an equal number of customers have selected from each bank group 48 pc of total customers were from the rural area and 52 pc is from semi-urban areas.

Table 1: Respondents' Demographic profile

(In %)

Group & Sub-Group	Number	%
Grouping		
Gr.-I	125	25.00
Gr.-II	125	25.00
Gr.-III	125	25.00
Gr.-IV	125	25.00
Area		
1.The rural area	240	48.00
2.Semi-Urban Area	260	52.00
Age Group (in Yrs.)		
1.below 25 (Yrs)	56	11.20
2.25 to 35 (Yrs)	190	38.00
3.36 to 45 (Yrs)	212	42.40
4.More than 45 (Yrs)	42	8.40
Income per Annum		
1.Below Rs. 1 Lakh	40	8.00
2. Rs. 1 to 2 Lakh	144	28.80
3. More than Rs. 2 Lakh	316	63.20
Sex		
1.Male	392	78.40
Qualification level		
1. Up to High school	105	21.00
2.Up to Graduation	250	50.00
3. Up to Post-Graduation	145	29.00
Occupation		
1.Service Persons	114	22.80
2. Professional	89	17.80
3. Businesspersons	110	22.00
4.Agri. & allied	187	37.40
Total	**500**	**100.00**

Source: Field Survey, conducted January 2021

The major chunk of respondents is from the age group of 36 to 45 years and the age group of 22 to 35 years 78 pc is male customers and 21pc are female consumers. Mostly the customers are Graduates and Post-Graduates 21 pc is high school passed customers. 37 pc are from agriculture and allied sectors 22.00 pc is businessmen and remaining is from profession and service sector.

THE EXTENT OF AWARENESS ABOUT CREDIT CARD FACILITY

Most of the banks from public and private sector are providing credit card faclity to serve their customers efficiently. It was initially introduced by the foreign sector and private banks. At present most of the banks have introduced these services. But the question mark is there whether the customers are aware of these e-services or not.

Table 2: Extent of awareness about all e-channels

(In %)

Group & Sub-Group	V. Little Extent	A Little Extent	Undecided	Some Extent	Large Extent	Statistical Results χ^2,F,t,C
Grouping						χ^2 =138.94**
Gr.-I	0.80	61.60	28.00	0.80	8.80	F=1.80
Gr.-II	12.00	46.40	38.40	0.80	2.40	
Gr.-III	35.20	19.20	27.20	18.40		C=0.47
Gr.-IV	19.20	41.60	24.00	15.20		
Area						χ^2 =11.85*
1.The rural area	22.08	36.25	30.42	8.75	2.50	t=1.180
2.Semi-Urban Area	11.92	47.69	28.46	8.85	3.08	C= 0.15
Age Group (in Yrs.)						χ^2 =12.29
1.below 25 (Yrs)	12.50	50.00	30.36	5.36	1.79	F=0.77
2.25 to 35 (Yrs)	18.95	42.63	24.74	11.05	2.63	C=0.15
3.36 to 45 (Yrs)	16.98	41.04	31.13	8.49	2.36	
4.More than 45 (Yrs)	11.90	35.71	40.48	4.76	7.14	
Qualification level						χ^2 =12.58
1. Up to High school	19.05	43.81	33.33	2.86	0.95	F=1.82
2. Up to Graduation Level	16.40	40.00	31.20	10.00	2.40	C= 0.10
3. Up to Post-	15.86	44.83	23.45	11.03	4.83	

Graduation						
Occupation						
1.Service Persons	14.04	45.61	25.44	10.53	4.39	χ2 =9.37
2. Professional	13.48	48.31	28.09	8.99	1.12	F=0.32
3.Business Persons	17.27	42.73	31.82	5.45	2.73	C=0.14
4.Agri. & Allied Persons	19.79	36.90	31.02	9.63	2.67	
All Data	**16.80**	**42.20**	**29.40**	**8.80**	**2.80**	

Source: As per Table 1

62 pc customers of bank group I have little knowledge about credit card. 18 pc users of new private banks and 15 pc are concerned with banks of the foreign sector are having awareness about credit card. Chi-square result highlights the significant opinion difference of users of different bank groups at 1 pc LOS. In semi-urban and rural areas same in %age of respondents has awareness about facility. The Area-wise test of chi-square shows the difference of opinions at 5 pc LOS. It is clear from the analysis that highly educated group i.e. 15 pc postgraduates are more aware of credit card faclity provided by the banks as compare to others. Overall data shows that in rural and suburban segments only 12 pc respondents have large or some extent of knowledge regarding credit card facility.29 pc respondents is undecided about it. And a major chunk of respondents i.e. 59 pc have very little or little extent knowledge of credit card facility. Only 12 pc respondents are well aware about credit card facility provided by the banks.

COMPLAINTS OF CREDIT CARD

The respondents of all bank groups except bank group-III have various types of problems that occur during the use of credit and card facility.

Table 3: Complaints regarding E-channels (Internet Banking)

(In %)

Group & Sub-Group	Never	Rarely	Sometimes	Often	V. often	Statistical Results χ2,F,t,C
Grouping						
Gr.-I	28.80	8.80	62.40			χ2 =52.09**
Gr.-II	31.20	17.60	51.20			F=16.67**
Gr.-III	60.00	20.00	20.00			C=0.31
Gr.-IV	43.20	15.20	41.60			
Area						χ2 =10.53**
1.Rural Area	47.92	15.00	37.08			t=3.265**

2.Semi-Urban Area	34.23	15.77	50.00			C= 0.14
Age Group (in Yrs.) 1.below 25 (Yrs) 2.25 to 35 (Yrs) 3.36 to 45 (Yrs) 4.More than 45 (Yrs)	33.93 44.21 40.57 35.71	12.50 12.63 16.98 23.81	53.57 43.16 42.45 40.48			$\chi 2$ =6.42 F=0.75 C=0.11
Qualification level 1. Up to High school 2. Up to Graduation Level 3. Up to Post-Graduation	36.19 43.60 39.31	17.14 13.20 17.93	46.67 43.20 42.76			$\chi 2$ =2.96 F=0.52 C= 0.08
Occupation 1.Service Persons 2. Professional 3.Business Persons 4.Agri. & Allied Persons	33.33 35.96 38.18 49.20	15.79 16.85 16.36 13.90	50.88 47.19 45.45 36.90			$\chi 2$ =9.60 F=3.03* C=0.14
All Data	**40.80**	**15.40**	**43.80**			

Source: As per Table 4.1

All the segments of users of rural areas and suburbs have given almost responses. 37 pc rural customers and 50 pc users of suburbs sometimes face issues during the use of credit cards. The above table illustrates that 44 pc users often have issues regarding credit cards. Test of Chi-square demonstrates a significant difference of opinion of customers in different bank groups at 1 pc LOS. F-test also highlights the opinion difference of customers in the case of Bank group-wise is significant at 1pc LOS. The test of Chi-square depicts a significant difference of opinion customers of different locales at 1 pc. Similarly, the T-test also shows a significant opinion difference at 1 pc LOS area wise. In the case of profession wise F-test represents the significant opinion difference of customers at 5pc LOS. The users have issues during the use of credit cards.

Awareness about Credit card Will Be Effective in Transformation of Banking in rural and semi-urban areas.

The success of e-banking depends upon the uses of e-channels by the customers. Every bank is introducing new e-channels for their customers but the awareness among customers regarding e-channels. Bank customers from the entire bank groups have a view that awareness about credit card is very necessary for making the transformation of banking more

effective.100 pc respondents of every bank group highly agree or agree with this claim. Area-wise both rural areas and suburbs customers are having the same view.

Table 4: Effectiveness of e-Channel Awareness in Transformation of Banking

(In %)

Group & Sub-Group	St. Disagree	Disagree	Neutral	Agree	St.Agree	Statistical Results $\chi2,F,t,C$
Grouping						
Gr.-I				11.20	88.80	$\chi2$ =25.48**
Gr.-II				27.20	72.80	F=8.07**
Gr.-III				34.40	64.80	C=0.22
Gr.-IV			0.80	33.60	66.40	
Area						$\chi2$ =2.42
1.Rural Area				29.17	70.83	t=1.038
2.Semi-Urban Area			0.38	24.23	75.38	C= 0.07
Age Group (in Yrs.)						$\chi2$ =3.24
1.below 25 (Yrs)				26.79	73.21	F=0.64
2.25 to 35 (Yrs)			0.53	28.42	71.05	C=0.08
3.36 to 45 (Yrs)				26.42	73.58	
4.More than 45 (Yrs)				19.05	80.95	
Qualification level						$\chi2$ =5.58
1. Up to High school				25.71	74.29	F=1.95
2. Up to Graduation Level			0.40	23.20	76.40	C= 0.11
3. Up to Post-Graduation				33.10	66.90	
Occupation						$\chi2$ =4.84
1.Service Persons			0.88	24.56	74.56	F=0.39
2. Professional				26.97	73.03	C=0.10
3.Business Persons				23.64	76.36	
4.Agri. & Allied Persons				29.41	70.59	
All Data			**0.20**	**26.60**	**73.20**	

Source: As per Table 1

The test of Chi-square depicts the opinion difference of customers of different bank groups is significant at 1 pc level of satisfaction. F-test also shows significant variation in the customers' opinions of different bank groups at 1 pc LOS.

FEASIBILITY LEVEL OF E-CHANNELS IN RURAL / SEMI-URBAN LOCALITIES

Public sector banks have a dominant position in the Indian banking industry and having the maximum number of rural branches in India, but their performance is not up to the mark rate of profitability is not also significant, there is a great need to develop proper banking facilities in rural and suburb localities by introducing latest and lucrative services as well as employee conducive environment. 47 pc Post-graduate respondents and customers of business occupations i.e.50 pc claim that credit card facility is feasible in backward areas up to large extent.

Table 5: Feasibility Level of Credit card in Rural/Semi-Urban Localities

(In %)

Group /Sub Group	To V.Little Extent	To A Little Extent	Undecided	To Some Extent	To a large Extent	Statistical Results χ^2,F,t,C
Grouping						
Gr.-I			0.80	48.00	52.00	χ^2 =8.62
Gr.-II				61.60	38.40	F=1.73
Gr.-III				50.40	48.80	C=0.13
Gr.-IV				56.80	43.20	
Area						χ^2 =1.29
1.Rural Area				52.92	47.08	t=0.721
2.Semi-Urban Area			0.38	55.38	44.23	C= 0.05
Age Group (in Yrs.)						χ^2 =4.29
1.below 25 (Yrs)				62.50	37.50	F=0.95
2.25 to 35 (Yrs)				54.50	45.50	C=0.09
3.36 to 45 (Yrs)			0.47	53.52	46.01	
4.More than 45 (Yrs)				45.24	54.76	
Qualification level						χ^2 =1.24
1. Up to High school				56.19	43.81	F=0.12
2. Up to Graduation Level			0.40	54.00	45.60	C=0.05
3. Up to Post-Graduation				53.10	46.90	
Occupation						χ^2 =5.35
1.Service Persons			0.88	58.77	40.35	F=0.85

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2. Professional				53.93	46.07	C=0.10
3.Business Persons				50.00	50.00	
4.Agri. & Allied Persons				54.01	45.99	
All Data			0.20	54.20	45.60	

<center>**Source: As per Table 4.1**</center>

61 pc users of group 1 and 55 pc consumers of rural areas are thinking that credit cards have feasibility in rural areas up to some extent. 63 pc Respondents of the age group above 25 believe that credit card is feasible in rural and suburban localities up to some extent.

The above given tabular information depicts that 54 pc respondents out of total respondents accept that credit cards are feasible in some rural areas up to some extent and 46 pc respondents favor that credit cards are feasible up to large extent in rural and semi-urban areas. We conclude India lives in villages, there is a need to make rural branches more efficient by using a merger or by putting individual efforts to promote profits not losses. Awareness among rural masses must be imparted by telling them the benefits of credit cards.

NECESSITY OF CREDIT CARD IN GLOBAL INDIA

Indian economy is facing various new challenges that emerged out of liberalization and globalization, the most impacted sector is the banking sector it experienced various changes in the structure of the financial market, cut-throat global competition, rapid technology advancements, and customer awareness, etc. These have put a lot of pressure on Indian banks and their stability and viability. 90 pc respondents of group-IV i.e. are strongly agreed whereas 85 pc users of suburbs are strongly favored that credit cards are the main need of the nation in a competitive era of the global economy.

<center>**Table 6 : Necessity of E-Channels in Global India**</center>

<center>**(In %)**</center>

Group /Sub Group	St.Disagr	Disagree	Neutral	Agree	St. Agree	Statistical Results χ^2,F,t,C
Grouping						
Gr.-I				12.80	87.20	χ^2 =18.05**
Gr.-II				24.80	75.20	F=5.50**
Gr.-III			0.38	24.80	74.40	C=0.19
Gr.-IV				10.40	89.60	
Area						χ^2 =5.51
1.Rural Area				22.08	77.92	t=1.897
2.Semi-Urban Area			0.38	14.62	85.00	C= 0.10

Age Group (in Yrs.) 1.below 25 (Yrs) 2.25 to 35 (Yrs) 3.36 to 45 (Yrs) 4.More than 45 (Yrs)			0.47	21.43 18.52 15.49 26.19	78.57 81.48 84.04 73.81	χ^2 =4.54 F=0.83 C=0.09
Qualification level 1. Up to High school 2. Up to Graduation Level 3. Up to Post-Graduation			0.40	21.90 16.80 17.93	78.10 82.80 82.07	χ^2 =2.27 F=0.47 C=0.07
Occupation 1.Service Persons 2. Professional 3.Business Persons 4.Agri. & Allied Persons			0.88	16.67 13.48 21.82 19.25	82.46 86.52 78.18 80.75	χ^2 =5.97 F=0.76 C=0.11
All Data			**0.20**	**18.20**	**81.60**	

Source: As per Table 1

Age-wise, respondents having age b/w 36 to 45 years i.e. 84 pc have strongly favored the necessity of credit cards in the modern economy. Chi-square reveals significant opinion differences between the customers of different bank groups at 1 pc LOS. F-test also depicts that inter-bank group customers have a significant difference of opinions at 1 pc LOS, similarly, 87 pc professionals and 83 pc graduates have favored that the statement given to them. The above tabular information highlights that 82 pc users have strongly favored the necessity of credit card in this competitive era. The empirical research brings out that credit cards are the necessity of e-age banking. Banks are launching new products day by day. It increases competition among banks.

CONCLUSION

1. In the study area that is rural and semi-urban areas, credit cards have very limited use in these areas. There is gap b/w perceptions and expectations of the customers of rural and semi-urban areas of Punjab.
2. Credit card facility provided by all banks must be promoted in these areas to make e-banks feasible and viable.
3. Various issue and challenges are there in rural and semi-urban areas of regarding credit card facility. IT illiteracy, back warding thinking, security issues, less number of branches in rural areas, internet connectivity and poor knowledge level of users regarding the operation of e-channels are among the major issues.

4. No doubt the future of credit cards in the Indian banking system is very bright and it will prove a useful tool for customers as well as of the Indian banking system.

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