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***UNDERSTANDING THE NEEDS AND FACTORS
THAT INFLUENCING CREDIT CARD USAGE:
FROM PERSPECTIVES OF STIDC'S
HEADQUARTERS***

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ABSTRACT

The purpose of this study was to investigate the factors that influence the use of credit cards among STIDC's staffs in the Headquarters Office, Kuching. The types of purchase made using credit cards were also identified. The samples consisted of 120 credit cardholders from STIDC's Headquarters' staffs. The findings of the study revealed that **50 % of respondents indicated that sometimes they made purchase using credit card for their Living Expenses. In addition, 57.8 % agreed that it is necessary to have credit card with you when you travel.**

CHAPTER ONE : INTRODUCTION

1.0 OVERVIEW

The credit card market has grown markedly since the first cards were introduced in the 1950s (Durkin and Price, 2000). By 1998, three quarters of all families in the USA had one or more credit cards, up from about one half of the population in 1970 (Durkin and Price, 2000). For instance, in 2004, the average consumer in the USA held 5.5 credit cards, whilst an average consumer in South Korea held 3.6 credit cards (Yahoo, 2005). Mathews and Slocum (1969) and Slocum and Mathews (1970) classify credit card holders into two categories, based on their "use" of credit cards. In both studies, the researchers compare cardholders based on their social class. They find that upper class cardholders, in comparison with lower class cardholders, have a greater tendency to use cards for the convenience they offer and to pay the whole sum due within the billing period. Kinsey (1981) sought to identify if there was a relationship between the financial and demographic characteristics of households and the number of credit card accounts that they maintained. Households with very high incomes were found to hold the largest number of credit cards. Other characteristics, which were found to have a significant influence on the number of cards held, were place of residence, use of checking and savings accounts and attitude towards credit. Hawes (1988) established the demographic characteristics of cardholders, the types of card they owned, the frequency of card usage and the main advantages and disadvantages of card ownership. Individuals increasingly utilize consumption as an alternative way to express and create self-identity, or social status (Soper, 2007; Campbell, 2004; Faber, 2004). As a result, consumption has become the social standard of leisure and lifestyle that is essential, easily accessible, and encouraged by society (Mueller et al., 2007; Neuner et al., 2005).

CHAPTER TWO : LITERATURE REVIEW

2.1 *Reasons of holding credit cards*

Perhaps, money is the most emotionally meaningful object in modern life because money is incorporated into individuals' lives and stimulates comparative behavior between themselves and others in ways which include social power, control, quality and freedom (Medina et al., 1996). For that reason, the projection of the emotional and psychological values of money has extremely exceeded the rational economic value. Compulsive buyers are found to possess relatively lower self-esteem and self-doubt than "normal" consumers, and perceive beliefs that money can reflect the symbolic ability to enhance self-esteem (Chang and Arkin, 2002; Hanley and Wilhelm, 1992).

Credit card has been regarded as the common language of consumer culture. Credit card attitudes have impacted all areas of a person's life which include saving habits, spending, workplace performance, political ideology, charitable giving and attitude towards the environment. It seems that, there is a universal consensus among researchers that attitude towards credit cards are a complex multidimensional concept which extract both positive feelings (such as freedom, quality and love) and negative feelings (such as distrust, failure and insufficiency).

Paquin and Squire-Weiss (1998) showed that the personal bankruptcy rate can be explained by the supply of consumer credit, interest rates, the capacities of cardholders to service their debts, and the conditions of the job market. It is noteworthy that a number of studies have found that credit card defaults and personal bankruptcies were closely related to the rise in the household debt burden (Ausubel, 1997, Kowalewski, 1997, Morgan and Toll, 1997).