



**USAGE PATTERNS AND PERCEPTION ON THE CREDIT CARD  
AMONG CIVIL SERVANTS**

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## CHAPTER 1: INTRODUCTION

### 1.0 Overviews

In today's world, the credit card has become a practical and natural way of purchasing goods and services. For many consumers, the usage of credit card had become popular as a convenient way to do purchasing mainly for two reasons. Firstly, the consumer do not need to bring cash and allow them to buy things and services in case of emergency and secondly, some consumer feels that by having cash it will expose them to the risk of being easily robbed and therefore it is safer to use non cash transaction.

The evolution of credit card structure has been thoroughly studied by some researchers. Although there always can be argument about whose deal was truly the first, the consensus of the pioneers seems to be that the first true credit card securitization occurred in 1986—a private, term transaction placed by the then-mighty investment banking firm Salomon Brothers for Bank One, then headquartered in Columbus, Ohio. Ironically, the most evolved of the new credit card structures is arguably the Bank One Issuance Trust, created for the benefit of Bank One, now headquartered in Chicago, but soon to be a part of JP Morgan Chase. Over the many years the structure had changed but some of the basic elements are still remain and exist until now which is the interest – only period and rapid amortization period.

The earliest transactions utilized bank letters of credit as credit enhancement. At the time, there were a number of banks in Europe and Japan with triple-A ratings and an appetite for providing credit enhancement for these new structures.

One of the biggest markets of credit card is the USA. More than 75% of the adult populations in the USA have a credit card with an average of 4.5 cards per cardholder

## CHAPTER 2: LITERATURE REVIEWS

### 2.0 Introduction

The customer of credit card ranges from every type of people which includes mostly professionals either among civil servant or private sectors workers and businessman. Most of these customers are either high or low income earner and with the introduction of credit card had encourage them to spend more on things or services as they feel that their purchasing ability had increased. Majority of the consumers are having more than one type of credit cards. Today, there is a very wide card ownership base, especially in the developed countries, in which multiple credit card holding has become the norm (APACS, 2006; Yahoo, 2005). In USA more than 75 percent have a credit card with an average of 4.5 cards per cardholder of the adult population (*Nilson Report*, 2002).

Estimates are that by the year 2015, 80 percent of the adult population will hold a credit card. Between 1991 and 2002, consumers' outstanding revolving credit grew from \$247 billion to \$712 billion (current dollars) (Federal Reserve Board, 2002). Very little is known about multiple credit card holders and their behavior and, as a result, the area offers a broad range of research opportunities.

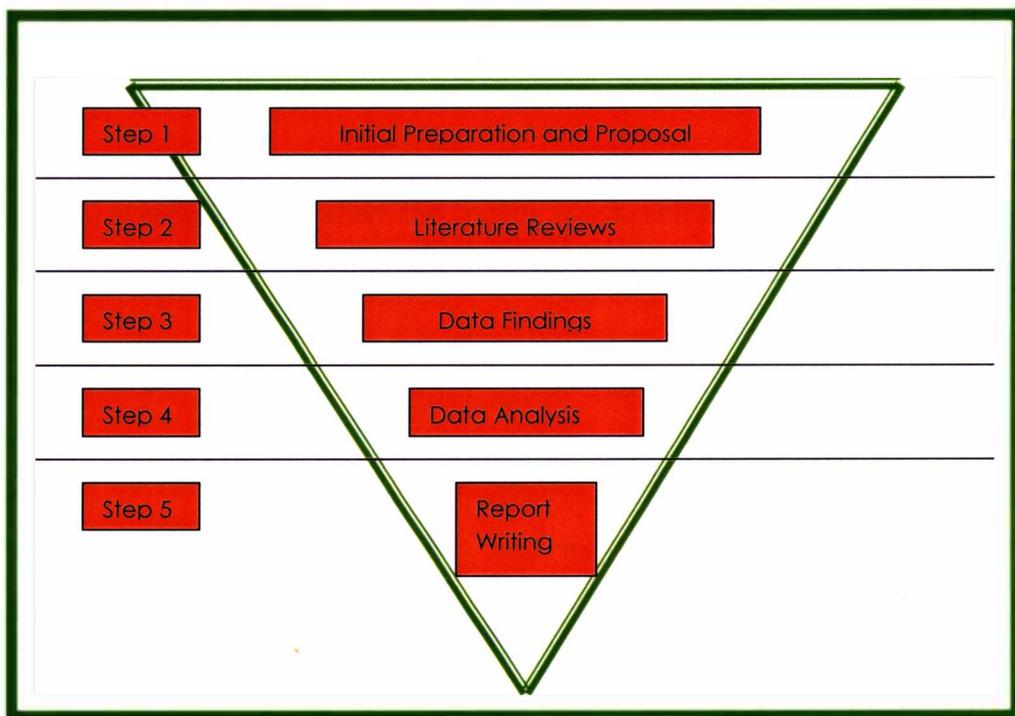
### 2.1 Credit Card Ownership and Usage Patterns

In previous days people who own a credit card is regarded as a high class people with high reputation among the society. It shows their above average status and prestige in purchasing items and services. However in today's world credit card are no more an exclusive items and services. People can have credit card even they are lower the income group. There are many factors that influenced the type of ownership and usage pattern with regard to credit card.

## CHAPTER 3: RESEARCH METHODOLOGY

Both secondary and primary data are obtained for the study. Primary data was gathered through distribution of questionnaires whereas secondary data are obtained from books, articles, journals as well as sources from Internet.

### 3.0 Research Framework



**Diagram 1: The Research Framework**

The research was done based on Diagram 1, The Research Framework. At the first step, the research went through the initial preparation and proposal, which involves introduction and identification of problem statement to come out with the purpose and scope of the study.