

MARA INSTITUTE OF TECHNOLOGY
SHAH ALAM

THE ADVANTAGES AND DISADVANTAGES OF CREDIT CARD TOWARDS
CARDMEMBERS AND AS WELL AS CARD ISSUING COMPANIES.

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1. INTRODUCTION

Credit enables customers to obtain products and goods or services not otherwise obtainable or to use cash to invest in alternative products to increase consumer utility or organisational productivity. Credit is a form of trust established between a lender and a borrower.

Credit card facility is a form of payment and banking arrangement introduced to facilitate the purchase of goods and services by consumers. This paper deals with the advantages and disadvantages of credit card.

Nowadays, more people are using credit cards especially for shopping, entertainment and services(eg:service at the petrol station). Credit card has become a very popular instrument for easy credit facility. Meanwhile there are certain rules and procedures for the applicants to follow before becoming a credit cardmember.

1.1. SCOPE AND LIMITATIONS OF STUDY

This study is to identify the advantages and disadvantages of using credit cards to the cardholders and as well as to the card issuer. The study will also discuss solutions for related problems.

The area involve for the survey of cardmembers is Section 2,3,4 and 6 of Shah Alam. Interviews also were held between two card issuers; MBf-MBF Finance Berhad and BBMB-Bank Bumiputra Malaysia Berhad. In order to signify the advantages and disadvantages, the operations and procedures so as terms and conditions of credit card will be discussed and mentioned in this project paper for more understanding.

The limitations of study are as follows:

- a) The samples chosen may not give the majority result of credit cardmembers.
- b) This study will only be based on the opinion of the credit card users and informations gathered from interviewing card issuers.
- c) The credit card discussed in this project paper is referring to charge card and credit card itself.
- d) A summary will be done when necessary and assumptions