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## A STUDY ON CREDIT CARD USAGE & SPENDING BEHAVIOUR ANALYSIS

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### ABSTRACT:

This study focuses on understanding the usage of credit cards and the spending behaviour of consumers in today's digital economy. Credit cards have become one of the most widely used financial tools due to their convenience, flexibility, and attractive benefits such as cashback, reward points, discounts, and EMI facilities. However, excessive use of credit cards may also lead to impulsive spending, debt burden, and financial stress.

The main objective of this research is to analyze the usage pattern of credit cards, spending habits of users, awareness regarding credit card charges, and the relationship between credit card usage and financial discipline. The study also examines factors influencing credit card usage and the benefits and challenges faced by users.

The data for this study is collected from both primary and secondary sources. Primary data has been collected through questionnaires from approximately 100 respondents, while secondary data has been collected from websites, bank reports, journals, and financial articles. The collected data has been analyzed using percentage analysis, charts, graphs, and statistical tools such as chi-square tests.

**KEYWORDS:** Credit Card, Spending Behaviour, Financial Discipline, Consumer Behaviour, Cashless Transactions, Credit Usage, Financial Awareness.

### INTRODUCTION

In the modern financial system, credit cards have become an important mode of payment due to rapid digitalization and the growth of cashless transactions. Credit cards provide consumers with convenience, purchasing power, and short-term credit facilities, allowing them to make

purchases without immediate cash payments. They are widely used for online shopping, bill payments, travel bookings, dining, entertainment, and emergency expenses. The increasing popularity of credit cards has significantly influenced consumer spending behaviour. Since payments are made without direct cash outflow, individuals often spend more freely compared to cash transactions. Attractive features such as cashback offers, discounts, reward points, and EMI options further encourage the use of credit cards.

However, along with advantages, excessive credit card usage can also create financial problems. Overspending, delayed payments, high interest charges, and debt accumulation are common issues faced by users. Therefore, understanding the relationship between credit card usage and spending behaviour has become important for both consumers and financial institutions.

This study aims to analyze credit card usage patterns, spending behaviour, awareness levels, and financial discipline among users. It also helps in understanding how credit cards influence consumer lifestyles and financial decision-making.

### **Objectives of the Study**

1. To study the usage pattern of credit cards among consumers.
2. To analyze the spending behaviour of credit card users.
3. To identify factors influencing credit card usage.
4. To understand the benefits and problems faced by users.
5. To evaluate financial discipline among credit card holders.
6. To examine awareness regarding interest rates, billing cycles, and hidden charges.

### **Significance of the Study**

1. Helps in understanding consumer spending habits and payment behaviour.
2. Highlights the advantages and risks associated with credit card usage.
3. Useful for banks and financial institutions also lead to overspending and debt accumulation.

Soman concluded that credit card payments psychologically reduce the feeling of spending money, leading consumers to make impulsive purchases. Chakravorti highlighted the growing importance of credit cards in modern digital payment systems and their c Overall, the literature concludes that credit cards are beneficial financial tools when used responsibly, but excessive dependency can create financial stress and debt-related problems to improve customer services.

1. Helps users manage credit responsibly and avoid unnecessary debt.
2. Supports financial planning and awareness among consumers.
3. Assists researchers and students in studying consumer financial behaviour.

## LITERATURE REVIEW

The review of literature shows that credit cards play a significant role in modern consumer finance and payment systems. Several studies have examined the relationship between credit card usage and consumer spending behaviour.

Feinberg found that consumers tend to spend more while using credit cards compared to cash transactions because the pain of payment is reduced. Similarly, Durkin observed that credit cards increase purchasing power and improve financial flexibility but may

## RESEARCH METHODOLOGY

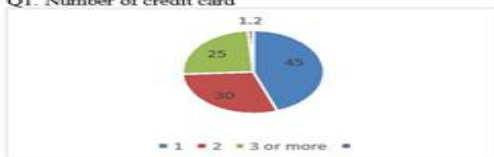
### RESEARCH DESIGN

The research design used for this study is descriptive in nature. The study focuses on analyzing the usage pattern of credit cards and the spending behaviour of consumers. It involves collecting and analyzing data related to credit card usage, payment behaviour, financial awareness, and spending habits.

The study is based on both primary and secondary data. The collected information has been analyzed using percentage analysis, charts, graphs, and statistical tools for better understanding and interpretation.

#### CHAPTER 5 – RESULTS

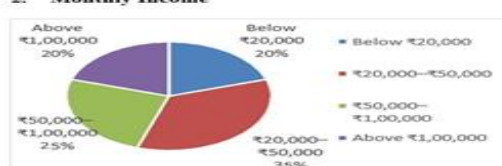
##### Q1. Number of credit card



##### Interpretation:

Most users prefer having only one card. However, a significant number use multiple cards for benefits.

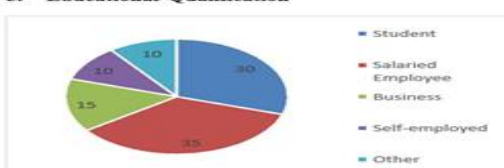
##### 2. Monthly Income



##### Interpretation:

Most users fall in the middle-income group (₹20k-₹50k). This shows credit cards are popular among moderate income earners.

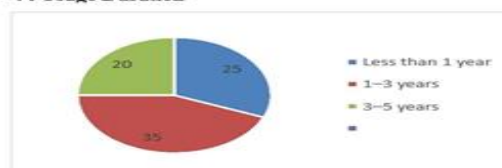
##### 3. Educational Qualification



##### Interpretation:

Most respondents are salaried employees (35%), followed by students (30%). This shows that working individuals are the major users of credit cards.

##### 4. Usage Duration



Most users are relatively new (1-3 years). This shows growing popularity of credit cards.

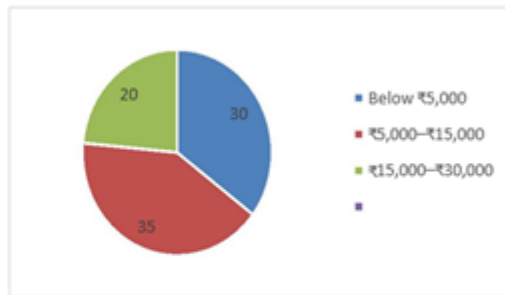
5 Reason for Using Credit Card



**Interpretation**

Convenience is the main reason for usage. Rewards and credit score building are also important factors.

6 Monthly Spending



**Interpretation**

Most users spend ₹5k-₹15k monthly. This shows moderate spending behaviour.

**SOURCE OF DATA**

- **Primary data**
- Primary data has been collected through structured questionnaires from credit card users.
- **Secondary data**

The Secondary data has been collected from:

- RBI reports
- Bank websites
- Financial journals and articles
- Research papers and online sources

**SAMPLING TECHNIQUE**

The sampling technique used in this study is convenience sampling.

- **Sample Size:** 100 respondents
- **Sampling Unit:** Individual credit card users
- **Study Area:** Pune region

**Data Analysis Tools**

1. Microsoft Excel
  - Used for tabulation and graphical representation
  - Helped in preparing charts and calculations
2. Percentage Analysis
  - Used to analyze responses collected from respondents
3. Chi-Square Test
  - Used to test hypotheses and relationships between variables

4. Graphical Tools
  - Pie charts and bar graphs used for interpretation
5. Comparative Analysis
  - Helps compare user behaviour and responses

## **RESULT AND FINDING**

### **Results**

- Majority of respondents are salaried employees and young consumers.
- Most users own one or two credit cards.
- Credit cards are mainly used for shopping, bill payments, and convenience.
- Rewards, cashback, and emergency usage are major reasons for using credit cards.
- Most respondents spend between ₹5,000–₹15,000 monthly using credit cards.
- A majority agree that credit cards increase spending behaviour.
- Many users regularly track expenses and pay bills on time.
- Interest rates and hidden charges are major concerns among users.
- Most respondents believe credit cards improve lifestyle and purchasing convenience.

### **FINDINGS**

- Credit cards are widely accepted and frequently used by consumers.
- Convenience and rewards are major factors influencing usage.
- Spending behaviour increases due to easy availability of credit.
- Some users face problems related to overspending and repayment pressure.
- Financial awareness regarding charges and interest rates is moderate.
- Responsible usage and timely payment help maintain financial discipline.
- Excessive credit card usage may increase debt risk and financial stress.

### **DISCUSSION**

The study clearly indicates that credit cards have become an essential part of modern consumer finance. They provide convenience, financial flexibility, and attractive benefits, which encourage consumers to use them regularly.

However, the findings also show that easy access to credit influences spending behaviour and may lead to impulsive buying and overspending. Although many users maintain financial discipline through timely repayment and expense tracking, some respondents still face repayment difficulties and financial stress.

The study suggests that financial awareness and responsible usage are important for avoiding debt-related problems. Credit card companies and banks should educate customers regarding interest rates, billing cycles, and repayment responsibilities.

### **Practical Implications:**

- Banks can improve customer awareness programs regarding responsible credit usage.
- Consumers can use budgeting and expense tracking to control spending.
- Financial institutions can design better reward and repayment systems.
- Credit card users can improve financial discipline through timely repayments.
- The study helps understand modern consumer financial behaviour.

### **CONCLUSION**

Credit cards have become an important financial tool in today's digital economy. They offer convenience, purchasing flexibility, and multiple financial benefits to users. The study shows that credit card usage significantly influences consumer spending behaviour and lifestyle.

While credit cards provide several advantages, excessive and irresponsible usage may result in overspending, debt accumulation, and financial stress. Therefore, maintaining financial discipline and awareness regarding interest rates, charges, and repayment policies is essential.

The study concludes that credit cards are highly beneficial when used carefully and responsibly. Proper financial planning, controlled spending, and regular monitoring of expenses can help users enjoy the benefits of credit cards without facing financial difficulties.

### **SUGGESIONS**

- Users should spend within their repayment capacity.
- Credit card bills should be paid on time to avoid penalties and high interest.
- Financial awareness programs should be conducted regularly.
- Users should avoid impulsive buying and unnecessary spending.
- Banks should provide transparent information regarding fees and charges.
- Consumers should regularly monitor their monthly expenses.
- Credit utilization should be maintained within safe limits.
- Financial decisions should be based on proper planning and budgeting

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