



Decoding credit card spending behaviour in the digital banking era: Evidence from credit card users in Coimbatore

M Shobika¹, Dr. R Manikandan²

¹ Research Scholar, Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Coimbatore, India

² Head & Associate Professor, Department of Commerce, Nallamuthu Gounder Mahalingam College, Pollachi, Coimbatore, India

DOI: <https://doi.org/10.66856/ijmrd.2026.13.4.13402>

Abstract

The banking industry plays an important role in the economic and financial development of a country by mobilising savings, providing credit, facilitating payments, and offering a wide range of financial products and services to individuals and businesses. Banks provide various products such as savings accounts, current accounts, fixed deposits, loans, debit cards, credit cards, digital banking services, and other financial facilities to meet the diverse financial needs of customers. Among these products, credit cards have emerged as an important financial instrument in modern banking, providing consumers with convenience, purchasing flexibility, cashless payment facilities, rewards, and access to short-term credit. The increasing availability and use of credit cards have significantly influenced consumers' purchasing and spending behaviour. Credit cards enable users to make purchases without making immediate payments from their bank accounts, with the amount being repaid at a later date according to the terms and conditions of the card issuer. They can be used for various purposes, including online shopping, groceries, utility payments, travel, education, medical expenses, emergency requirements, and high-value purchases through instalment or EMI facilities. While credit cards provide convenience and financial flexibility, excessive or unplanned usage may result in increased expenditure, outstanding balances, interest charges, and difficulties in repayment. Therefore, responsible credit card usage and effective management of credit obligations are important for maintaining financial stability.

Keywords: Credit card usage, spending behaviour, digital banking, consumer behaviour, credit card users, financial management, financial stability

Introduction

A bank is a financial institution that provides essential services such as accepting deposits, offering loans, facilitating payments, and supporting economic growth. Through secure and efficient financial solutions, banks help individuals manage their money, businesses expand their operations, and communities develop stronger economic foundations. The banking sector plays a vital role in the economic development of any country. It serves as the backbone of financial stability by mobilizing savings, providing credit, facilitating payments, and supporting business activities. Through a wide range of services such as deposit accounts, loans, digital banking, investment solutions, and financial advisory, the banking sector ensures smooth financial operations for individuals, businesses, and governments. In today's rapidly evolving economy, the banking sector continues to transform through technological innovation, customer-centric services, and strong regulatory frameworks. With the rise of digital banking, fintech integration, and advanced risk-management systems, modern banks are now more efficient, accessible, and secure. As a key driver of economic growth and financial inclusion, the banking sector remains essential in shaping a stable, progressive, and resilient financial system. Banks offer a wide range of products and services designed to meet the financial needs of individuals, businesses, and organisations. Their primary products include deposit accounts such as savings accounts, current accounts, fixed deposits, and recurring deposits, which help customers save and manage their money safely. Banks also provide various loan products like personal loans, home loans, education

loans, vehicle loans, business loans, and agriculture loans that support individuals and companies in fulfilling financial requirements. In addition, they offer payment and card services including debit cards, credit cards, prepaid cards, mobile banking, internet banking, cheque facilities, and digital payment options, making everyday transactions faster and more convenient. Banks also provide investment products such as mutual funds, bonds, government securities, and wealth management services to help customers grow their money and plan for their future. A credit card is a modern financial instrument issued by banks and financial institutions that allows individuals to purchase goods and services without making immediate cash payments. It provides cardholders with a predefined credit limit based on their income, credit history, and repayment capacity. Credit cards enable users to borrow money from the issuing bank for a short period, with the obligation to repay the amount either in full or in instalments. They are widely used for both online and offline transactions, making them an essential part of today's cashless economy. Credit cards offer convenience by eliminating the need to carry cash and enabling quick payments at merchant outlets worldwide. They are accepted globally and can be used for domestic as well as international transactions. One of the key features of a credit card is the interest-free grace period, which allows users to repay the borrowed amount within a specified time without paying interest. Credit cards also come with additional benefits such as reward points, cashback offers, discounts, and travel-related privileges. With the growth of digital banking, credit cards are now integrated with mobile apps and internet banking platforms,

allowing users to track spending, view statements, and make payments easily. They play an important role in promoting digital payments and supporting e-commerce activities. Credit cards also help individuals build and improve their credit history, which is crucial for obtaining loans and other financial services in the future. Advanced security features such as PIN protection, EMV chips, OTP verification, and fraud monitoring systems ensure safe usage of credit cards. For banks, credit cards are a significant source of revenue through interest charges, fees, and merchant commissions. Overall, credit cards serve as a powerful financial tool that combines convenience, credit access, security, and digital integration, making them an important component of the modern financial system. Credit cards play a vital role in digital banking by enabling fast, secure, and cashless transactions. They allow customers to make online and international payments, subscribe to digital services, and use contactless payment options, supporting the growing digital economy. In digital banking platforms, credit cards are seamlessly integrated, allowing users to track spending, view statements, manage credit limits, and pay bills instantly through mobile apps or internet banking. Credit cards also provide instant access to short-term credit with features such as interest-free periods, EMI options, and buy-now-pay-later facilities, which enhance customer convenience. Advanced security technologies like tokenization, two-factor authentication, virtual cards, and AI-based fraud detection make credit card usage safer in digital environments. Additionally, digital banks use credit card transaction data to offer personalised rewards, spending insights, and customized financial products. Overall, credit cards serve as an essential tool in digital banking by combining payments, credit access, security, and data-driven services into a single digital ecosystem.

Credit cards play a significant role in digital banking by promoting cashless transactions and supporting the rapid growth of online and mobile banking services. They enable customers to make payments for e-commerce, utility bills, travel bookings, subscriptions, and international purchases with ease and convenience. In digital banking systems, credit cards are fully integrated with mobile apps and internet banking platforms, allowing users to monitor real-time transactions, download statements, manage credit limits, block or unblock cards, and make instant bill payments. Credit cards also provide easy access to short-term credit, offering features such as interest-free periods, instalment payment options, and buy-now-pay-later facilities, which improve financial flexibility for customers. Advanced digital security measures such as encryption, tokenization, one-time passwords, biometric authentication, and AI-based fraud detection enhance the safety of credit card transactions in digital banking. Furthermore, digital banks analyze credit card usage data to offer personalized rewards, cashback, budgeting tools, and tailored financial products, improving customer engagement. Credit cards also help individuals build credit history, which is essential for accessing loans and other financial services in the future. For banks, credit cards generate revenue through interest, fees, and merchant commissions, supporting innovation and expansion in digital banking. Thus, credit cards are a key component of digital banking, combining convenience, security, credit access, and data-driven services to create a modern and efficient banking experience.

Review of Literature

Muruganandam (2023), in the study “A Study on Consumer Spending Via Credit Cards,” examined the factors influencing customers’ use of credit cards and their level of satisfaction with credit card services offered by different banks. The study emphasised the importance of understanding the perceptions of credit card users regarding various attributes and aspects associated with credit card usage and defaults. It recommended that banks clearly explain the terms and conditions of credit card agreements before issuing cards and that customers should be adequately informed about the consequences of credit card defaults. Kanagaratnam and Sudha (2015), in their study “An Analysis of Spending Habits of Credit Card Holders – A Study with Reference to Credit Card Users of Tiruvallur District of Tamil Nadu,” analysed the usage behaviour of credit card holders across different periods and expenditure categories and examined their preferences towards credit cards. The study highlighted the need for the Indian banking sector to respond to changing consumer preferences and developments in credit card usage. It further suggested that the Government, Reserve Bank of India, and banking institutions should undertake appropriate measures to meet the expectations of cardholders and promote wider and safer use of credit cards. Maheshwari and Saravana Kumar (2025), in their study “A Study on the Impact of Credit Cards on Consumer Spending Behaviour at Coimbatore City,” examined the demographic factors associated with credit card spending behaviour. The study reported that although credit cards provide convenience and rewards, inadequate financial literacy among consumers may contribute to repayment difficulties and impulse spending. It further observed that some respondents relied on minimum-payment options and had limited awareness of applicable charges, which could contribute to financial stress. The study identified impulse buying as an important factor associated with credit card usage. Yoon Lei Zaw and Aye Thu Htun (2019), in their study “Spending Behaviour of Credit Cardholders in AYA Bank,” examined the credit card policies and practices of AYA Bank and the spending behaviour of its cardholders. The findings indicated that most cardholders were satisfied with the minimum-age criteria prescribed by the issuing bank, whereas the application criteria were less satisfactory. The study also reported that the benefits associated with credit cards were not sufficiently visible to many cardholders. In contrast, the online banking facility for changing the active or blocked status of credit cards was viewed favourably by most respondents, highlighting the relevance of digital banking facilities in credit card management. Umar Mohammed Idris and Muhammad Tahir Jan (2013), in their study “Effect of Credit Cards on Customers’ Spending Behaviour: A Comparative Analysis of Islamic and Conventional Credit Cards,” examined the attitudes of Malaysian credit card holders towards spending and settlement behaviour. The study found no significant effect of religion on credit card usage between Islamic and conventional credit card users. It further reported that conventional credit cards were more widely used than Islamic credit cards, which the authors associated with the relatively newer status of Islamic credit cards.

The reviewed studies collectively indicate that credit card usage is associated with spending behaviour, consumer preferences, financial awareness, repayment practices, and

banking services. The literature also highlights the importance of customers' understanding of credit card terms, the influence of demographic characteristics, and the role of digital banking facilities in managing credit cards. However, the reviewed studies have examined these aspects in different geographical and institutional contexts. The present study therefore focuses on credit card users and examines their usage patterns and spending behaviour, with particular attention to socio-economic characteristics, repayment-related aspects, and expenditure categories within the context of increasingly integrated digital banking services.

Statement of the Problem

The increasing use of credit cards has significantly transformed the spending and saving behaviour of consumers. While credit cards provide convenience, purchasing power, and financial flexibility, they also encourage impulsive spending and deferred payments, which may adversely affect personal saving habits and lead to rising levels of consumer debt. Many credit card holders tend to prioritize short-term consumption over long-term financial planning, often underestimating interest costs, fees, and repayment obligations. As a result, individuals may experience reduced savings, financial stress, and difficulties in managing their overall finances. Despite the widespread adoption of credit cards, there is limited understanding of how demographic factors, income levels, financial literacy, and usage patterns influence the spending and saving behaviour of credit card holders. Therefore, it is necessary to examine the spending and saving patterns of credit card users to identify the factors that affect their financial decisions and to assess the extent to which credit card usage impacts personal savings. Such a study will help in promoting responsible credit card usage and improving financial well-being among consumers. The lack of proper budgeting skills and financial awareness among credit card holders further aggravates unhealthy spending behaviour and weak saving habits. The easy availability of credit, along with attractive reward programs and promotional offers, often encourages consumers to spend beyond their actual income levels. Many cardholders rely heavily on credit cards for routine expenses and tend to make only minimum payments, which increases interest burden and long-term debt. This continuous dependence on credit reduces the ability to save and negatively affects overall financial stability. Therefore, understanding the spending and saving patterns of credit card holders is essential for identifying financial risks and for developing effective financial education programs, responsible lending practices, and policies aimed at improving personal financial management. Although credit cards offer convenience, enhanced purchasing power, and reward incentives, they often lead to uncontrolled, impulse-driven spending patterns that negatively impact consumer saving behaviour. For this reason, the following research questions are formulated

- How do the frequency and purpose of credit card usage affect the monthly savings patterns of consumers?
- What is the relationship between credit card spending behaviour (impulse vs. planned) and the financial literacy of the user?
- How do high-interest rates and minimum payment options impact the overall debt-to-savings ratio of credit cardholders?

Objectives

The following are the objectives of the current study

- To examine the frequency and purpose of credit card usage among users.
- To assess repayment behaviour and debt management practices.
- To identify factors leading to overspending through credit cards and financial stress.

Significance of the study

This study on the spending and saving patterns of credit card holders is significant for several people. With the rapid growth in the use of credit cards and other digital payment methods, understanding how credit cards influence the financial behaviour of consumers has become increasingly important. By examining the spending habits, repayment behaviour, and saving patterns of credit card users, the study provides valuable insights that can benefit individuals, financial institutions, and researchers in the field of consumer finance. The study is beneficial to financial institutions and credit card providers as it helps them understand the spending patterns and repayment behaviour of their customers. By analysing how frequently consumers use credit cards, the purpose of their spending, and their repayment habits, banks can design better credit policies, interest structures, and repayment options. The insights from this study can help financial institutions develop customer-friendly credit card services and encourage responsible borrowing practices.

Credit card users and consumers themselves can benefit from the findings of this research. The study highlights how different spending behaviours, such as impulse buying or planned spending, influence the saving habits of individuals. By understanding the relationship between credit card usage and savings, consumers can become more aware of their financial decisions and adopt better financial management practices. The study also emphasizes the importance of financial literacy in controlling spending and maintaining healthy saving habits. The study is significant in understanding the repayment behaviour and debt management practices of credit card holders. Factors such as high interest rates, minimum payment options, and delayed repayments can affect the financial stability of individuals. By examining these aspects, the research helps identify how credit card debt can influence the overall debt-to-savings ratio of consumers. This information can encourage users to develop responsible repayment habits and avoid long-term financial stress.

Policymakers and financial educators can use the findings of this study to promote financial awareness and responsible credit usage among consumers. Understanding the impact of credit cards on saving habits can help in designing financial education programs that guide individuals in making informed financial decisions. Such initiatives can improve financial literacy and encourage people to maintain a balance between spending and saving. The study contributes to the academic and research community by providing insights into consumer financial behaviour in the context of credit card usage. It helps fill gaps in existing research related to spending patterns, repayment behaviour, and the impact of credit cards on personal savings. Future researchers can use the findings of this study as a reference for further research in the areas of consumer finance, financial literacy, and personal financial management.

Research Methodology

The study has employed a descriptive research design to examine the financial stability of spending patterns among credit card users in relation to their socio- economic and demographic Profiles. Primary data have been collected from 51 credit card users using a structured questionnaire, selected through a snowball sampling method. To analyse the data, a simple percentage analysis has been used to describe the socio- economic profile of the credit card users. The Chi-Square Test has been used to assess the association between demographic factors and frequency, Purpose of credit card usage and spending behaviour of credit card users. Additionally, the Friedman Ranking has been used to assess spending categories among Credit Card Users

Results and Discussion

This section presents and discusses the findings of the study on credit card usage and spending behaviour among credit card users. The analysis is based on the responses collected from the selected respondents and focuses on their socio-demographic characteristics, credit card usage patterns, spending behaviour, and factors associated with credit card use. Descriptive analysis is used to present the profile and usage characteristics of the respondents, while Chi-Square analysis is employed to examine the association between selected socio-economic characteristics and credit card spending behaviour. Friedman's test is used to identify the relative importance of different spending categories. The findings are discussed in relation to the objectives of the study to provide an understanding of credit card usage and spending patterns among the respondents.

Table 1: Socio- demographic profile of credit card users

Socio-economic Profile	Sub Category	No. of credit card users N=51	Percentage
Age	Below 25	11	21.60%
	25-34	11	21.60%
	35-44	11	21.60%
	Above 44	18	35.30%
Gender	Male	36	70.60%
	Female	15	29.40%
Area of Residence	Village	11	21.60%
	Town	19	37.30%
	City	21	41.20%
Education qualification	Up to HSC	7	13.70%
	UG	18	35.30%
	PG	10	19.60%
	Professional	9	17.60%
	Ph. D	7	13.70%
Occupation	Agriculture	13	25.50%
	Business	13	25.50%
	Government employees	16	31.40%
	Private employees	9	17.60%
Marital Status	Married	37	72.50%
	Unmarried	14	27.50%
Type of family	Joint	19	37.30%
	Nuclear	32	62.70%
No. of earning members	2	24	47.10%
	3	19	37.30%
	Above 3	8	15.70%
No. of non-earning members	1	12	23.50%
	2	33	64.70%
	3	6	11.80%
Individual Income	Up to 15000	11	21.60%
	15001- 30000	11	21.60%
	30001- 60000	12	23.50%
	Above 60000	17	33.30%
Family income	up to 25000	7	13.70%
	25001- 50000	7	13.70%
	50001- 75000	14	27.50%
	Above 75000	23	45.10%
Number of credit cards	1	41	80.40%
	2	10	19.60%
Bank	HDFC	5	9.80%
	SBI	10	19.60%
	TMB	8	15.70%
	IOB	7	13.70%
	ICICI	8	15.70%
	AXIS	5	9.80%
	SBI & AXIS	3	5.90%
	HDFC & TMB	5	9.80%
Period of holding a credit card	Less than 1 year	10	19.60%

	1-3 years	16	31.40%
	3-5 years	16	31.40%
	Above 5 years	9	17.60%
Using a type of credit card	Visa	16	31.40%
	Mastercard	18	35.30%
	RuPay	15	29.40%
	American Express	2	3.90%
Average credit card bill per month	Below Rs.5000	5	9.80%
	Rs. 5001- Rs.10000	22	43.10%
	Rs.10001- Rs.25000	21	41.20%
	Above 25000	3	5.90%
Mode of payment for credit card bill	Mobile banking	10	19.60%
	Internet banking	12	23.50%
	Auto debit	12	23.50%
	Mobile wallet	10	19.60%
	UPI Payments	7	13.70%
Preferred billing cycle	Beginning of month	31	60.80%
	Middle of month	12	23.50%
	End of month	8	15.70%
Obtain first credit card	Bank offer	20	39.20%
	Applied personally	18	35.30%
	Family & friend's suggestion	13	25.50%
Online subscriptions	Yes	26	51.00%
	No	25	49.00%
Usual response to promotional calls	Depends on the situation	24	47.10%
	Sometimes I attend the call	13	25.50%
	Sometimes I reject the call	14	27.50%
Continue to use credit cards in future	Definitely yes	18	35.30%
	Probably yes	8	15.70%
	Not sure	13	25.50%
	No	12	23.50%

(Source: Primary data)

The data have provided a comprehensive overview of the socio-economic personal profile of 51 credit card users. The age distribution shows that 35.30% of the credit card users are above 44 years, which is the highest proportion. This indicates that credit card usage is found among credit card users of different age groups, with a slightly higher representation of those above 44 years. The gender-wise distribution shows that 70.60% of the respondents are male, while 29.40% are female. Thus, male credit card users constitute the majority of the credit card users in the study. The credit card users possess an undergraduate degree, which is the highest proportion. This is followed by postgraduate holders at 19.60%, professionals at 17.60%, and Credit card users with up to HSC and Ph.D. qualifications at 13.70% each. This shows that most credit card users have a graduate-level educational background. The occupational distribution shows that 31.40% of the credit card users are government employees, followed by agriculture and business with 25.50% each. Private employees account for 17.60%. Thus, government employees form the largest occupational group among the credit card users. The marital status distribution shows that 72.50% of the credit card users are married, whereas 27.50% are unmarried. Hence, married respondents constitute the majority of credit card users in the study. The distribution based on family type shows that 37.30% of the credit card users belong to joint families, while 62.70% belong to nuclear families. Therefore, nuclear families form the major share among the credit card users. Most credit card users belong to families with two earning members and two non-earning members are most common among the respondents. The individual income distribution shows that 33.30% of the respondents earn above ₹60,000 per month,

which is the highest proportion. This indicates that a considerable proportion of credit card users belong to the higher individual income group. The family income distribution shows that 45.10% of the credit card users have a family income above ₹75,000, followed by 27.50% with ₹50,001–₹75,000. The remaining respondents fall under the lower income categories. This indicates that a larger proportion of credit card users belong to relatively higher-income families. The majority of respondents prefer to use a single credit card.

Regarding the bank from which credit card users hold their credit cards, SBI accounts for the highest proportion at 19.60%, followed by TMB and ICICI at 15.70% each, and IOB at 13.70%. The remaining credit card users use cards from HDFC, AXIS and combinations of banks. This shows that SBI is the most commonly reported bank among the credit card users. Most credit card users have been using credit cards for one to five years. The study reveals that 35.30% of the credit card users use Mastercard, followed by 31.40% using Visa and 29.40% using RuPay. Only 3.90% use American Express. Therefore, Mastercard is the most commonly used card type among the respondents. This indicates that most credit card users have a monthly credit card bill between ₹5,001 and ₹25,000. The distribution shows that Internet banking and Auto Debit are the most commonly used modes, accounting for 23.50% each. Mobile banking and mobile wallet account for 19.60% each, while UPI modes account for 13.70%. This indicates that credit card users generally prefer digital modes for paying their credit card bills. The beginning of the month is the most preferred billing cycle.

The distribution shows that 39.20% of credit card users obtained their first credit card through a bank offer, while

35.30% applied personally and 25.50% obtained it through family or friends' suggestions. Hence, bank offers are the major source through which credit card users obtained their first credit card. The results show that 51.00% of the credit card users use their credit cards for online subscriptions, while 49.00% do not. This indicates that online subscription usage is fairly common among the credit card users. Most credit card users do not have a fixed response and decide

based on the situation. The distribution shows that 35.30% of the credit card users definitely intend to continue using credit cards in the future. Another 25.50% are not sure, while 23.50% do not intend to continue and 15.70% probably intend to continue. This indicates that a considerable proportion of respondents have a positive intention towards continued credit card usage.

Table 2: Chi-square Analysis

S.No.	Variables	X value	D.F	P-Value	Result
1	Age	9.275	12	.679	Not significant
2	Gender	3.547	4	.471	Not significant
3	Area of residence	12.721	8	.122	Not significant
4	Education	11.737	16	.762	Not significant
5	Occupation	7.265	9	.610	Not significant
6	Marital status	1.938	4	.747	Not significant
7	Type of family	2.822	4	.588	Not significant
8	Earning members	5.431	8	.711	Not significant
9	Non-earning members	3.056	6	.802	Not significant
10	Individual income	26.563	12	.009	Significant
11	Family income	21.289	12	.045	Significant
12	Period of holding a credit card	12.779	12	.385	Not significant
13	Number of credit cards	2.350	4	.672	Not significant

(Source: Primary data)

The table presents the results of the Chi-Square test used to examine the association between selected demographic and credit card-related variables and the spending pattern of credit card users. The results are interpreted based on the p-value at the 5% level of significance. The calculated Chi-Square value for Age is 9.275 with 12 degrees of freedom and a p-value of 0.679. Since the p-value is greater than 0.05, the relationship is not significant. This indicates that there is no significant association between the age of the credit card users and their spending pattern. For Gender, the Chi-Square value is 3.547 with 4 degrees of freedom and a p-value of 0.471. As the p-value is greater than 0.05, the relationship is not significant. Hence, gender does not have a significant association with the spending pattern of credit card users. The Chi-Square value for Area of Residence is 12.721, with 8 degrees of freedom and a p-value of 0.122. Since the p-value exceeds 0.05, the relationship is not significant. Thus, the respondents' area of residence is not significantly associated with their spending pattern. In the case of Education, the Chi-Square value is 11.737 with 16 degrees of freedom and a p-value of 0.762. Since the p-value is greater than 0.05, the relationship is not significant. This indicates that educational qualification has no significant association with the spending pattern of credit card users.

The Chi-Square value for Occupation is 7.265, with 9 degrees of freedom and a p-value of 0.610. Since the p-value is greater than 0.05, the relationship is not significant. Therefore, occupation does not have a significant association with the spending pattern. For Marital Status, the Chi-Square value is 1.938 with 4 degrees of freedom and a p-value of 0.747. As the p-value is greater than 0.05, the relationship is not significant. Hence, marital status does not significantly influence the spending pattern of credit card users. The Chi-Square value for Type of Family is 2.822, with 4 degrees of freedom and a p-value of 0.588. Since the p-value is greater than 0.05, the relationship is not significant. This shows that type of family has no significant

association with the spending pattern. For Number of Earning Members, the Chi-Square value is 5.431 with 8 degrees of freedom and a p-value of 0.711. Since the p-value is greater than 0.05, the relationship is not significant. Therefore, the number of earning members in the family does not significantly associate the spending pattern. The Chi-Square value for Number of Non-Earning Members is 3.056, with 6 degrees of freedom and a p-value of 0.802. Since the p-value exceeds 0.05, the relationship is not significant. Thus, the number of non-earning members has no significant association with the spending pattern.

The Chi-Square value for Individual Income per Month is 26.563, with 12 degrees of freedom and a p-value of 0.009. Since the p-value is less than 0.05, the relationship is significant. This indicates that there is a significant association between the respondents' individual monthly income and their spending pattern using credit cards. Similarly, Family Income per Month has a Chi-Square value of 21.289, with 12 degrees of freedom and a p-value of 0.045. Since the p-value is less than 0.05, the relationship is significant. Therefore, family income per month has a significant association with the spending pattern of credit card users. For Period of Holding Credit Card, the Chi-Square value is 12.779 with 12 degrees of freedom and a p-value of 0.385. Since the p-value is greater than 0.05, the relationship is not significant. Hence, the period for which the respondent has held a credit card does not significantly associate the spending pattern.

Finally, the Chi-Square value for Number of Credit Card Users/Number of Credit Cards Used is 2.350, with 4 degrees of freedom and a p-value of 0.672. Since the p-value is greater than 0.05, the relationship is not significant. Overall, the Chi-Square analysis reveals that out of the 13 variables considered, only two variables, namely, Individual Monthly Income and Family Monthly Income, have a significant association with the spending pattern of credit card users at the 5% level of significance. This result aligns with prior studies that parental income has the greatest influence on

students' spending habits (Dlamini & Ngalawa, 2025)^[2]. In other domains, such as education (Saravanan and Chithirai Selvan, 2026)^[6, 7] and travel (Saravanan et al., 2026)^[6, 7], studies advocate that demographic factors, including economic factors and social factors, play a crucial role in consumer decision-making behaviour. Simply, from the literature and empirical findings, economic factors shape the spending behaviour of credit card holders.

Table 3: Friedman Ranking of Spending Categories among Credit Card Users

Spending category	Mean Rank	Rank
Groceries	2.55	1
Restaurants	4.59	2
Utility bill payments	5.26	3
Health care/ medical expenses	5.98	4
Apparel	6.20	5
Fuel/ Transportation	6.22	6
Education	6.24	7
Travel	6.57	8
Entertainment	6.75	9
Accommodation	7.63	10
Luxury/ lifestyle purchase	8.03	11

(Source: Primary data)

A Friedman test was conducted to evaluate the relative preferences and spending patterns of credit card users across eleven different spending categories using credit cards. The statistical analysis revealed a significant difference in the mean ranks among the categories ($\chi^2(10) = 103.072$, $p < 0.001$), indicating that credit card users do not utilise credit cards equally across all expenses.

Based on the mean rank scores, groceries emerged as the primary purpose for credit card usage, securing the first rank with the lowest mean rank of 2.55. Restaurants ranked second (Mean Rank = 4.59), followed by Utility bill payments in third place (Mean Rank = 5.26) and Health care/medical expenses in fourth place (Mean Rank = 5.98). On the other hand, Luxury/lifestyle purchases received the highest mean rank of 8.03 (11th rank), followed by Accommodation (10th rank, Mean Rank = 7.63) and Entertainment (9th rank, Mean Rank = 6.75), indicating that these are the least prioritized expenditure categories for credit card usage among the surveyed credit card users. In conclusion, credit card users predominantly utilize credit cards for routine household and essential expenses rather than discretionary or luxury spending.

Suggestions

- Since groceries, restaurants, utility bills, and healthcare are the major areas of credit card usage, banks can design reward programmes and cashback offers specifically for these routine expenses.
- Mobile banking, internet banking, auto-debit, mobile wallets, and UPI are all used for bill payments. Banks should continue improving the convenience, security, and reliability of digital repayment facilities.
- With 51% of credit card users using online subscriptions, banks should educate customers about secure online transactions, fraud prevention, transaction alerts, and responsible use of card details.
- Since Mastercard, Visa, and RuPay account for most usage, banks can provide customers with cards offering benefits suited to their spending patterns, while also increasing awareness of the advantages and security features of different card networks.

- The Friedman test clearly shows that respondents prioritise routine and essential expenditure over luxury spending. Therefore, credit-card issuers should design products around practical household needs rather than concentrating mainly on premium lifestyle benefits.

Conclusion

The study reveals that credit cards are primarily used by respondents for routine and essential expenditures rather than luxury and discretionary purchases. The socio-economic profile further indicates that the majority of the credit card users are male, married, employed, and from nuclear families, with a relatively high proportion belonging to the higher individual and family-income groups. Most credit card users hold one credit card, and a substantial proportion have been using their cards for 1–5 years. The findings also show considerable adoption of digital modes for credit-card bill payment. Overall, the findings suggest that credit cards have become an important financial instrument for managing regular household and personal expenses. However, the proportion of credit card users who are uncertain or unwilling to continue using credit cards highlights the need for banks and card issuers to improve customer satisfaction, provide relevant rewards, strengthen security, and promote responsible credit usage. By aligning credit-card products and services with customers' actual spending behaviour, financial institutions can improve customer loyalty, usage frequency, and long-term adoption of credit cards.

References

- Allgood S, Walstad WB. Financial literacy and credit card behaviours: A cross-sectional analysis by age. *Numeracy*,2013;6(2):1–26.
- Dlamini D, Ngalawa H. Socio-demographics, behaviour and spending habits of accounting students: Spending habits. *International Journal of Research in Business and Social Science* (2147- 4478),2025;14(8):647-660. <https://doi.org/10.20525/ijrbs.v14i8.4468>
- Hamid FS, Loke YJ. Financial literacy, money management skill and credit card repayments. *International Journal of Consumer Studies*,2021;45:235–247.
- Sriram KV, Singh R, Vibha, Kamath GB. Antecedents of credit card usage behaviour: An Indian perspective. *Cogent Economics & Finance*, 2023, 11(2).
- Khandelwal R, Kolte A, Veer N, Sharma P. Compulsive buying behaviour of credit card users and affecting factors such as financial knowledge, prestige and retention time: Cross-sectional research. *Vision*,2022;26(2):172–180.
- Saravanan R, Mahalakshmi R, Selvan MC. Preference pattern of passengers towards public rail transport – evidence from Pollachi. *International Journal of Multidisciplinary Research and Development*,2026;13(3):27-32.
- Saravanan R, Selvan MC. Drivers of students' enrollment behaviour in higher education: Evidence from Coimbatore. *Asian Journal of Management and Commerce*,2026;7(5):384-390. DOI: 10.22271/27084515.2026.v7.i5d.1248