

A Case Study on Credit Cards with Respect to India

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Abstract: *When a country gets more and more developed it's likely that it's trade and commerce will also increase, increasing the number of transactions which will obviously range from small personal transactions to very big industrial transactions. In case of small amounts of transactions we can settle it with liquid cash , but for big amounts of transactions it is always difficult or rather impossible to deal with liquid cash and here comes the utility of dealing in negotiable instruments like cheques , promissory notes etc. In countries like India with a huge population we have a large number of transactions throughout the country every day and since we do not have proper developed infrastructure even today most of our transactions are done in cash. Dealings in cash always has some disadvantages of its own like maintaining a huge amount of currencies which is always a very costly affair for the country and then there are some persons who does not like to carry liquid cash as it may be a very troublesome matter according to their lifestyle. Here at this juncture a financial instrument known as credit card got inducted into the scenario which is mainly utilised for personal payment i.e. this instrument can only be utilised by some single individual to settle his or her own personal transactions. This instrument which is known as credit card has not only helped people in travelling without carrying liquid cash which was previously not possible but has also made possible to settle transactions with the help of various technological upgradations. Therefore with respect to India we see that with her huge market and more and more technological upgradation credit card is becoming an important mode of settling transactions. In this paper we will study the history and specific features of Credit Cards along with it's utility in the modern world with a reference to modern India. This Study has been casual , exploratory and empirical in nature and the data needed for research work has been collected by using both the direct and indirect methods of data collection..*

Keywords: Credit Card, Transactions, Banks, Payment, Interest

I. INTRODUCTION

1.1 History of Origin of Transactions

As the population of the world started increasing, people felt that there is a shortage in the quantity of the product which they need to maintain their day to day life and meet their daily necessities to satisfy their want.

Then human beings found that they cannot produce everything what they needed and so in order to satisfy their demand they started depending on some other person's production which led to the exchange of products between different individuals which actually led to the development of barter system which in turn started the beginning of transaction process throughout the world.

Thereafter with the introduction of transaction processes some form of measuring system came into existence which, with time, developed into some form of monetary measurements which in turn led to the commercialisation of the transactions.

This method of transaction processes led the introduction of specialising in a particular product which helped the persons to deal in a single product in exchange of money and then acquire their other requirements in exchange.

It has been observed that in the initial stages people used to keep money in their houses and so settlement of all transactions actually depended on the liquid cash available in hand which went on to restrict the amount and quantity of the transactions and in the end it went on to restrict trade and commerce and ultimately the business.

Then as transactions started increasing throughout the world the amount and quantity of the transactions also started increasing throughout the world which helped in replacing cash transactions by credit transactions and in this way credit transactions came into existence.

Thereafter we see that in order to conduct larger amount of credit transactions negotiable instruments like cheques, bills of exchanges, promissory notes came into existence which freed us from carrying liquid cash for doing transactions and this form of transactions went on to increase the total volume of businesses to a huge extent throughout the world.

1.2 Roles of Banks in development of the various regions of the world

Banks usually took a great part in the development of not only a specific country but the entire world as a whole by introducing a number of schemes of providing various types of loans to both the industrial sector and the private individuals. Thereafter besides the banks many other types of financial institutions also started giving credits to both the industrial sectors as well as to the private individuals.

This became possible because governments introduced many savings schemes which enabled governments all over the world to constraint their population from unnecessary spending on consumer items and mobilise the resources thus gathered for developing industries like steel, cement, electricity and so on.

Thereafter we see that various financial institutions came up to help financing credit transactions throughout the world which actually helped big businesses to run on loan capital as because it has been observed that it is always difficult for a single person to arrange huge amount of capital which is needed to run a modern business.

Then it has been observed that previously banks or any other financial institutions used to provide loan facilities only to businesses but slowly as time passed they started providing loan facilities for private consumptions also like purchasing of household items like television sets, refrigerators, washing machines, vehicles like car, scooters, buses, trucks etc or for building of houses, or shops etc. These were all long term loans, which would have to be repaid over lifetime and were usually given over mortgage of some fixed property.

According to the studies it has showed that this loan facilities which was usually provided on some security of assets and is usually payable on long-term basis, has went to a great extent in increasing the consumptions to a large extent as people don't have to arrange for immediate cash and can go on for purchasing costly items like house, car, etc and can pay them in installments which can be termed as EMI in the modern day world.

II. INTRODUCTION OF CREDIT CARDS

Then came the introduction of Credit Cards in the scenario of the modern world with the help of which credit was provided to the normal ordinary persons of the modern society without any security and only for immediate consumptions.

The speciality of credit through credit cards is that this type of credits is for small amounts and is basically used for payment of immediate consumptions like hotel bills, petrol bills of vehicles, cinema tickets, hospital bills, railway tickets, flight tickets or for buying garments from modern day retail shops or departmental stores and so on and also this type of credits are given without any security or mortgage.

2.1 History of Credit Cards in India

At the initial stages of Credit Cards in India only few foreign banks like City bank, Standard Chartered bank, etc introduced the business of credit cards in India and thereafter slowly various other public and private sector banks and financial institutions of India introduced credit card businesses in India.

2.2 Some Specific Features of a Credit Card

1. First of all, a credit card is a financial instrument on which an individual person can avail the credit amount allowed and can repay it over a period of time.
2. No organisation can utilise credit cards to avail credits for running their day to day business operations.
3. When the credit availed on credit card is repaid within the allowed credit period then no interest is needed to be paid.

4. When a credit card is utilised to withdraw cash then an interest will have to be paid from the date of transaction.
5. Credit Cards if properly used can be of great help during any emergency situations.
6. The best point of having a credit card is that we don't need to have a bank account with that same bank which is issuing the credit card as we need for having cheque facility accounts but instead we can have a bank account with any bank so that we can make the repayment through cheques.

2.3 Some of the facilities which are normally provided to a Credit Card member :

1. It helps the credit card members to meet their financial requirements whenever they need it most and pay for it at their convenient times with a payment of interest, but this interest is not required to be paid if the credit amount is paid back within the limit of the allowed credit period.
2. It usually helps the credit card members to enjoy the consumer goods as and when necessary without thinking of arranging liquid cash for immediate paying off the dues.
3. A credit card member can withdraw cash from the ATMs throughout the clock i.e. 24 hours, to meet their immediate cash requirement.
4. There is a facility for the family members of the credit card members to share the facilities of the credit card by applying for the family cards for spouse, dependent brothers, dependent sisters, dependent parents or for children of the card member.
5. In some cases the credit card members can utilise this card to prepare bank drafts for paying at places where they can't utilise the credit card to pay off the dues.
6. Some of the financial institutions provides facilities to their credit card members to save certain amount by paying the insurance premiums on the card.
7. In order to increase the usage of Credit Cards many banks and other financial institutions now-a-days provides various types of rewards points on the basis of the utilisation of the cards which can be exchanged against some rewards given by the banks or other financial institutions.

2.4 Advantages of a Credit Card

Some of the advantages of using credit cards for settling transactions are as follows :

1. The total cost of printing and maintaining the total amount of currency in various denominations in a big and developing country like India is huge. The recurring cost of maintaining the currency notes is also very high and so a gradual shift towards the plastic money or usage of Debit Cards or Credit Cards will help us to get rid of this unnecessary expenses.
2. It has been observed and experienced that printing of fake currency notes and introducing them into the economy is much more cheaper and easier than printing and introducing fake cards. This is on the context when the Government of India is finding it very difficult to tackle the problem of fake currency notes which is getting introduced into the economy by various types of antisocial elements. The more and more shift towards the plastic money will free us from this problem.
3. As it is in almost all underdeveloped and developing countries, in India also due to improper infrastructure a huge part of the daily transactions in India cannot be brought within the purview of payment through cards at present but still then a gradual shift towards the acceptance of payment through cards will help us in having records of the transactions done throughout the country.
4. Thereafter it has been observed and thought that a shift towards the settling of transactions through plastic cards will shift the country towards a better economic development. This happens when more and more persons shifts towards the plastic cards like debit cards or credit cards for settlement of their immediate cash requirements, people will start keeping less amount of liquid cash in hand and more with the banks and the financial institutions. This arrangement will provide the governments with more amount of fund at it's disposal to spend for the development of the infrastructures of the country which in turn will go on for more and more economic development of the country.

5. The greatest advantages of transacting through cards is that it has wiped off the physical boundaries of countries and has made transactions possible internationally, which could never have been possible with only liquid cash.

2.5 Advantage of using Credit Cards from a Individual's point of view

- a) The basic advantage from a individual's point of view is that the more amount of money they will keep in the banks and other financial institutions the more amount of interest they will earn.

2.6 Advantage of using Credit Cards from the Dealer's point of view :

- b) The main advantage accruing to a dealer from the usages of credit card is that the dealers will be relieved a lot from handling liquid cash as even today most of the retailers and dealers of various products who basically deals in liquid cash has the risk of defalcation or misappropriation of cash, which can obviously be done away to a great extent with the shift towards accepting of payment through plastic cards like debit cards or credit cards.

2.7 Disadvantages of Using Credit Cards

1. The biggest disadvantage of using cards is that we have to keep these cards very carefully, because if the card is lost it might lead to a huge amount of loss to the cardmember. This losses will occur in a various ways like first of all the card members will have to pay a fee for applying for a duplicate card. Then if any dishonest person finds the card, he can utilise the card to its fullest extent before the owner of the card can convey the message to the bank and get the lost card blocked. This will happen as there is no proper method to verify the actual owner of the card except the signature of the cardmember at the back of the card. Therefore any person of dishonest nature can misuse the card by somehow imitating the signature of the actual card owner on the bill produced by a retailer or a hotel or a restaurant or any dealer of any product.
2. The next disadvantage is that while settling transactions through the card it is observed that the product will actually cost a bit more than the actual cost as it charges a service charge and a transaction fee on each and every transactions incurred on the card.
3. The third disadvantage is that in a country like India which have her bulk of the population still living in the rural and unorganised region and sectors, it will never be possible to utilise the cards to its fullest extent as there will always be some transactions in areas where we cannot utilise the cards and so for this we will have to keep some amount of liquid cash with us every time. This way when in a country like India everybody keeps some amount of liquid cash with him it will lead to a huge amount of liquid money which will remain in a circle where it will remain outside the sphere of actual economic development of the country.

III. OBJECTIVES OF THE STUDY

The main objective of this Study is to find out the advantages and disadvantages of using Credit Cards in settling transactions alongwith it's current status in Indian Scenario and the future prospects of Credit Cards in becoming an important instrument in settling transactions.

IV. LITERATURE REVIEW

Slowly as the world is getting more and more developed with the modern technologies the modern societies are getting more and more accustomed to the payment systems with the help of credit cards and slowly various types of reports, writings, analysis, etc, are coming up.

1. Sumit Agarwal & Jian Zhang in their report "A review of Credit Card Literature : Perspectives from Consumers ", states that since 2000 the prevalence and use of credit cards in the United Kingdom has grown sharply and now-a-day's credit cards has become more reward based while the average fee is gradually falling.
2. Mehak Bagla in her report "Credit Card -Advantages and Disadvantages : All you need to know", stated that just like a coin has two sides, everything has its own advantages and disadvantages and credit cards are no different and so while we buy a credit card we should keep in mind that a credit card is such a financial

instrument which can never hurt our financial health but instead it can increase our financial health if we use it properly.

3. Stephen Vanderpool, in his report, “Pros and Cons of Shopping with a Credit Card” stated that credit cards are tools and like most tools they can be incredibly helpful when used properly but can be dangerous when used incorrectly. Then the benefits of doing purchase on credit cards rather than using cash helps the credit card members in earning rewards alongwith gaining valuable consumer protections and the most common disadvantages of credit card is when there is overspending on credit cards leading to unnecessary payment of interest charges.
4. Shritama Bose in her report, “Credit Card base grows fastest in nearly two years in March “ stated that India’s credit card user base increased at the fastest pace in 23 months in March 2022, suggesting a return to pre-Covid era trends.

V. RESEARCH METHODOLOGY

This study has been exploratory, casual and empirical in nature and the data needed for such research work has been collected through both direct and indirect methods of collection of primary and secondary data.

5.1 Direct Method

Primary data has been collected by two stage sampling technique during field visit by personal interview through a structured questionnaire of randomly selected respondents.

5.2 Questionnaire

This method was undertaken to collect information and find out the views of the persons who either uses Credit Cards to settle their transactions or are somehow involved in dealing with Credit Cards in India.

5.3 Interview

Primary information related to this study has been collected by personal interview of randomly selected respondents who are mainly Indian citizens and are somehow related with either using Credit Cards to pay and settle their transactions or are somehow involved in dealing with Credit Cards in any form and may be an ordinary Indian citizen or any banker or any other individual persons who are engaged with any type of financial institutions in India.

5.4 Indirect Methods

A number of books, newspapers, magazines, journals, websites, edited volumes, working papers, e-books and other reports were consulted to gather information related to our study.

The data obtained from both the primary and secondary sources was examined and analysed thoroughly and the results of the analysis are presented below.

VI. FINDINGS

According to our study it has been observed that a Credit Card is a very useful instrument for settling transactions in the modern world and it is also gaining huge popularity in the modern world.

6.1 Some important points about Credit Cards which were revealed during our study

1. Credit Cards are the modern world’s one of the most popular financial instrument which are provided by the banks and other financial institutions for a speedy way of settling transactions.
2. Normally Credit Card members enjoy interest free credit approximately for upto 50 days depending upon the expense date and billing date.
3. For the credit cards the financial institutions charge very high rates of interest from the customers about 30% to 36% p.a but provides loans instantly.
4. Study has revealed that Credit Cards not only improves the purchasing power but also provides emergency funds to the users and enhances social status of the card members as well.

5. It has been observed that Credit Cards has been basically serving the function of money in all sense but without actually being the legal tender note or coin and is also assuring the security and value at the same time.

6.2 History of Credit Cards in India

1. The business of credit cards are increasing throughout the world and in India the position is also very encouraging since 1991.
2. Initially the business of credit card was introduced into the Indian Scenario by various foreign banks like Citibank, Standard Chartered, HSBC, American Express which even after having money power never had the required network to penetrate in the Indian market.
3. Thereafter studies also shows that foreign banks were never interested in penetrating the Indian market as the Indian public sector banks have done. Therefore in the initial stages the system of payment through credit cards was mainly concentrated in the big cities of India and a huge area was left untapped.
4. As per the information available most of the persons in India uses credit cards for shopping, dinning, fuel purchase and cash withdrawal purpose.
5. Then we see that in the initial stages the facility of paying by using credit cards was available only to a very small proportion of the total population of India as there were many limitations and formalities which have to be followed before becoming a card member. a) First of all only persons whose income was above a certain limit of gross annual income like Rs 72,000/- was allowed to apply for a credit card. b) Second which is still existing even today with some banks and other financial institutions that for applying for a credit card a person has to show his proof of income through latest income tax return, or Form 16, or Pay-in-Slip alongwith a copy of his or her bank statement showing the transactions for the last six months.
6. Thereafter even today in India there is a huge number of persons who still lies in the unorganised sectors, who doesn't get the facilities of the financial institutions like banks, etc, to solve their financial crisis and even today go to the local moneylenders to solve their financial requirements.
7. Then during the initial stages many banks specially foreign banks like Citibank had some prejudices in offering a credit card to persons who were engaged in professions like lawyers, policeman, news agency, travel agency, builders, promoters, development officers and administrative officers of insurance companies. These persons even after having income over Rs 72000/- gross p.a. and submitting income tax return were usually not offered a credit card in general, which went to a great extent in limiting the scope of applications of credit cards in the Indian society.
8. Thereafter people residing in some places were also not offered the card membership. This was specially the case with the foreign banks like Citibank, which usually did not offered card membership to persons residing outside a certain limit from the major cities which actually further went on to limit the scope of utilisation of credit cards in India in the initial stages.

6.3 Evaluation of Performance of Credit Cards in India

Initial Limitations of settling transactions with Credit Cards in India

1. The foreign banks which introduced credit cards in Indian scenario mainly concentrated on the big cities like Delhi, Mumbai, Kolkata, Chennai, Bangalore, etc, and deliberately left out a huge part of the whole of India untouched which actually went on to limit the scope of utilisation of credit cards in the initial stage.
2. Thereafter even in big cities persons residing outside a certain limit were not offered the credit cards which further went on to limit the scope of utilisation of the credit cards for settling transactions.
3. Then we see that there were some limitations on the amount of income per annum of the persons to whom a credit card can be offered and for example we saw that Citi Bank used to offer credit cards to those persons who used to had a gross annual income of Rs 72000/- or above which further went on to limit the scope of utilisation of credit card among the Indian population as in those days a very low percentage of the population had a gross annual income of about Rs 72000/-.

4. Thereafter we see that even after having Rs 72000/-, people were not allowed Credit Card memberships as the banks offering credit cards in those days normally demanded production of supporting documents like latest Income Tax Return, Form 16 or Pay-in-slip for the salaried people as a proof of the income which further created complications for applying for credit card membership as in those days there were many people who had income above Rs 72000/- but didn't used to submit income tax returns as according to Indian Income Tax Act if any people having income which is not taxable under the Indian Income Tax Act need not submit Income tax return. It was observed that there were many small and medium class businessmen whose income was above the specified limit but did not submitted income tax return as according to the Indian Income Tax Act if anybody's income is not taxable then they are not needed to file a return.
5. Then we see that any person who needs to be a credit card member should have a bank account to facilitate the repayment but in those days and even today there are many persons who still don't have a bank account and still prefers to deal in cash. This is a very basic problem of all the developing and underdeveloped countries of the world and has gone to a great extent to halt the progress and acceptance of Credit Cards as one of the important financial instrument to settle transactions. This situation specifically occurs in the developing and underdeveloped countries where a big percentage of the population lies in the unorganised sectors like as in India we have the agricultural sector or the road transport sector which are still considered as somewhat unorganised sectors where people even today normally don't get the facilities of the financial institutions like banks, insurance companies, etc, to solve their financial crisis and still today they go to private individuals like moneylenders to solve their financial problems.
6. Thereafter we see that at the initial stages when the foreign banks introduced the credit cards in the Indian market they deliberately maintained some prejudices in not offering the credit card memberships to persons practising certain professions like lawyers, policemen, travel agencies, builders, news agencies, promoters, development officers and administrative officers of the insurance companies, politicians etc, even if they had the required gross annual income alongwith having bank accounts, etc, which further went on to halt the progress or advancement of acceptance of credit cards as an important financial instrument for settling transactions among the Indian society.

6.4 Limitations of Infrastructure

Here we will discuss the factors from the country's point of view which went on to limit the scope of functioning of the credit cards in India.

1. The first and foremost point from the countries angle is that India did not had the required infrastructure to support the plastic card payment system as an important instrument of settling transactions of the individuals. This happened as during the initial stages of the introduction of the credit card systems in India the basic technology that is information technology which is required for the proper functioning of the plastic cards payment systems was not that developed at that point of time.
2. Thereafter we see that during the initial stages of credit card operations in India there was a huge dearth of skillful technical persons to handle information technology.
3. Previously almost all of our Indian public or private sector banks were not computerised or even if they were computerised they were not linked to a network and actually worked as a single workstation which was actually not suitable for the proper functioning of payment through the credit card system.

6.5 Limitations of the Market

Here we will discuss the other side of infrastructure development, which is of course the market side, where the plastic cards will actually get accepted for settling of transactions.

1. The first and foremost problem from the market side was that not only the rural areas of India, even people residing in the urban and metro areas of the country even today normally buy their day to day requirements from the local small retailers who still today do not have the required financial power to install the required technological systems necessary to accept the payment through the plastic cards and therefore a big portion of the normal day to day dealings are still getting done by liquid cash even today. It is always difficult for a local

retailer in India to introduce a computer system or a phone needed for acceptance of payments through plastic cards and so the day to day dealings, which is actually a huge amount of transactions is still getting done with the help of liquid cash even today.

6.6 Limitations of the Marketing Strategies adopted by the banks and other financial strategies

At the initial stages and even today there has been certain deficiencies in the marketing strategies adopted by the banks and other financial institutions which actually created more problems for the Indian society to accept credit cards as a popular method of settling transactions.

1. During the initial stages, credit cards were mainly offered to the older generations who actually failed to properly understand the functioning of the credit card payment systems due to ignorance or complete lack of knowledge about the technologies used in normal functioning of the credit card payment systems.
2. Thereafter we see that in many occasions when a credit card was offered to an ordinary Indian public the basic features of this very important financial instrument was not mentioned or explained properly to the customers which actually led to the misuse of this type of financial instruments leading to the cancellation of the card.
3. Then we see that during the initial stages of introduction of credit cards into the Indian market, as the foreign banks like City bank, Standard Chartered bank, etc lacked the required infrastructure to penetrate the Indian market, they hired some Direct Sales Associates on some commission basis to market their products. This sort of arrangement forced these Direct Sales Associates to mainly concentrate on the quantity of the cards sold rather than concentrating on the quality of the customers to whom the card is getting sold. This method of marketing credit cards actually led to a lot of misconceptions and misunderstandings about the credit cards in the society which in turn led to misuses on the card ultimately leading to the cancellation of the cardmemberships.
4. Thereafter we saw that the Direct Sales Associates also went on to recruit their sales executives from all spheres of life who actually didn't had the required competences to understand the actual implications and usefulness of a credit card and normally tried to sold the credit cards as any other Fast Moving Consumer Goods (FMCG) which actually caused a huge amount of confusions among the card members in properly utilising this very important financial instrument. This happens as in case of a FMCG product which are normally low cost value product, the customers can utilise the product and then form a view or a opinion on the product but in case of a credit card there is not much scope of experimenting with the product from customer's point of view as it can involve a heavy amount of unnecessary expenditures.
5. After this we saw that the credit card was sold to people from all spheres of life who normally had very few knowledge about economics and commerce and obviously failed to understand the actual implications of this very special financial product which led to the misuse of this financial instrument and ultimately led to the cancellation of card membership.
6. The sales executives were so much hard pressed to achieve their sales target that due to the fear of losing a prospective customer they deliberately avoided explaining the critical points of using a credit card, like the transaction fees which are charged by the bank on each and every transactions effected on the card, the amount of interest which will be charged on the amount of cash withdrawn from the ATMs on the credit cards or the percentage of interest which will be charged on the amount due on the credit card over and above the allowed credit period and in most cases it happened that as because there was no mention of these critical points during the time of purchasing the credit card it created a huge amount of misunderstandings and confusions among the credit card members and the banks and as the result of which card members felt like getting cheated, which actually led towards the cancellation of the card membership.
7. Thereafter we see that as there was no limitations on the number of cards which a person can hold at a given point of time many people specially those who belonged to the younger generations in those days started holding a number of credit cards which first of all went on to increase the unnecessary payment of the card membership fees alongwith increasing the unnecessary expenses of an individual leading to a huge amount of

- wastages resulting in dissatisfactions of the card members and leading to cancellation of the credit card membership causing ultimate wastage to both the banks and the card members.
8. Then history shows that there were credit card members who deliberately delayed the repayment of the dues on the card leading to the payment of unnecessary interest charges on the credit amount availed on the card. Then we see that in some cases due to unnecessary delay by the card members, the banks or other financial institutions were forced to take some unwanted measures to recover the amount due on the card which obviously went on to create some sort of dissatisfactions among the existing customers causing unnecessary fear among the prospective customers. This situations has happened in the past and is happening still today due to the carelessness on part of both the banks and the cardholders where the banks or any other financial institutions issuing credit cards never bothered to explain the card members to preserve the credit card for emergency purposes where liquid cash cannot be used while on the other hand where specifically the card members of the younger generations got carried away by the temptations of the market and made unnecessary payments on the cards like making payments for hotel and restaurant bills or for buying jewellerys etc which led to create a false impressions among the prospective customers that credit card goes on to increase the temptations of the card members.
 9. Then we see that over the years some wrong steps of various types of retailers, dealers and other business owners, like charging some extra amount while accepting payments through credit cards has also went on to create a huge amount of misunderstandings, misconceptions alongwith confusions among the persons using credit cards to settle their transactions and ultimately caused a huge setback in the progress of accepting credit cards as an important instrument for settling transactions.
 10. It has been observed that although after the introduction of plastic cards the risk of carrying liquid cash has reduced to a great extent but the chances of loosing money through other acts of frauds has still remained there and the frauds can happen with ATMs as well as credit cards, debit cards and other types of cards.

VII. SUGGESTIONS

Some of the measures which can be taken to increase the usage of Credit Cards in India are as follows :

1. **Government** : As far as the government is concerned they have to plan and develop strategies for developing the society as a whole to bring more and more persons from the unorganised sectors to the organised sectors. In order to do these governments needs to take measures regarding development of infrastructures throughout the country, for which there should be proper planned expenditure to develop the infrastructure throughout the country and also it is to be taken care that alongwith the developmental activities the required attitude of the persons living in the society should also change so that the society can accept the changes which are undertaken for the betterment of the society.
2. **Banks** : Then comes the banks both public and private and other financial institutions who also have a very important role to play in spreading the utilisation of credit cards throughout the country. First of all the banks have to implement a strategy to reach out to as many persons as possible if they want to increase their credit card customer base. For this both the Indian as well as the foreign banks operating in India should widen their strategies to attract more and more persons to become credit card member of their respective banks. Then the Indian banks have to specifically plan strategies to increase their branches throughout the length and breadth of the country. Thereafter it is obvious and it is the duty of all the Indian banks to strictly follow the rules and regulations of the Reserve Bank of India, so that the banks do not fail or get into such trouble which goes uncontrollable. In this way the banks shall earn the faith and belief of the general people who are keeping their money with the banks both private and public. Although even today the total number of branches of all the public sector banks are not enough to bring the whole of the Indian society within the organised sector but it is still enough to penetrate the Indian society to make them accept the plastic cards as a measure of settling transactions. Although now most of the banks are fully computerised but it was not the case at the initial stages of the credit card in the Indian market. Now when everybody knows about the credit card, banks should not think of only increasing the number of the credit card members, but they should also think of how to make this financial instrument an important thing in the day-to-day living of the general public of the country and it

is for this reason that it is absolutely necessary for general persons to know the system of charging interest on the credit taken on the credit card, so that they do not utilise it for unnecessary expenses. Thereafter one important point which the banks should make it clear with all the customers wanting to be a credit card member that they do not have to pay any insurance premium for the insurance covers coming along with the card and the banks should also make it understandable to the customers regarding how to lodge claims if any, with the insurance companies on the insurance covers coming along with the card.

3. **Marketing Strategy :** The most important point which the banks should keep in mind is that marketing of a credit card can not be like the marketing of a FMCG (Fast Moving Consumers Good) product and the most important point to be kept in mind while marketing a credit card is that it should have a after sales services where there should be a constant contact between the banks and the credit card members to solve the problems which the card members might face while utilising the card. This is because that while selling a credit card it is not possible for the banks to clarify all the important points which are required for operating with a credit card and so there should be a provision of after sales service to solve the queries of the customers which remained unanswered once the card is sold to a customer. Now-a-day's the banks have opened customer's helplines for helping the cardholders to solve their various queries and problems which they might face while using the credit card. Thereafter it has also been observed that no matter how much the credit cards are sold it should have the opening in the markets i.e. it should have the required acceptance in the market i.e. the businesses should accept it as an instrument of settling transactions. For this the banks should take care to introduce credit card acceptance mechanisms with the various types of retailers, dealers and other businesses in the market to increase the acceptance of credit cards in the market so that people can go on to show interests in becoming a credit card member. In this respect the Indian banks and other Indian financial institutions should provide EDC machines to the small merchants so that they can also go on to accept the benefits of accepting the payments through plastic cards and in turn increase the merchant network throughout the country.
4. **Add On Facilities :** More and more Co-branding and various other add on facilities should be attached by the banks with the credit cards issued by them so that the card members can go on to use these credit cards for various other multiple purposes.
5. **Balance Transfer :** Balance transfer from one credit card to another should be stopped as it goes on to play with the float and unfair trade practices.
6. **Payment Collection :** The payment collection process as introduced by the banks should be properly monitored by the bank authorities to ensure customer's safety as in many cases it has been observed that the agencies which were engaged by the banks to realise dues from the credit card members behave badly in an unethical manner with the customers to recover the money due on the credit card.
7. **Payment Gateways :** E-Commerce payment gateways should be made with proper security features to make credit card transactions much more safer and easier for the ordinary persons to use it in a regular basis.
8. **Legal Framework :** Laws should be framed in such a way that it should go on to protect both the card holders and the bankers.

VIII. CONCLUSION

This way we see that although slowly but still the whole of India is getting more and more equipped with better technologies, better skillfull workforce alongwith a new modern generation which is always eager to accept the most modern methods of payment systems which is ever increasing the scope of credit cards as a better mode of settlement of transactions so we can conclude that there in the coming days there is a huge prospect of credit card methods of settling transactions in India.

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