

## Determinants of Attitude towards Credit Card Usage (Penentu Gelagat terhadap Penggunaan Kredit Kad)

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### ABSTRACT

*Credit cards have been viewed as a competitive banking product that helps to improve a bank's financial position while at the same time improving financial transactions among customers of a bank. The present study explores the factors influencing the attitude of bank customers in the context of the Malaysian banking system. The study examines the effects of knowledge, media awareness, perceptions, family influence and religious factors on attitudes towards credit card usage. The study finds that knowledge, media awareness, perceptions and family influence are instrumental in determining consumer attitudes toward credit card usage. In more detail, perceptions are ranked highest, followed by family influence and knowledge. Identifying such factors helps to provide better information to direct future planning of credit card services. Importantly, this study provides valuable insight for bank managers to effectively oversee credit card services.*

*Keywords: Banking product; credit card; credit financing; survey; personal finance; Malaysia*

### ABSTRAK

*Kad kredit dianggap sebagai produk perbankan yang berdaya saing yang membantu untuk memperbaiki kedudukan kewangan bank dan pada masa yang sama menambah baik transaksi kewangan dalam kalangan pelanggan bank. Oleh itu, kajian ini mengupas faktor-faktor yang mempengaruhi sikap pelanggan bank dalam konteks sistem perbankan Malaysia. Kajian ini mengkaji kesan pengetahuan, kesedaran media, persepsi, pengaruh keluarga dan faktor agama ke atas sikap terhadap penggunaan kad kredit. Pengkaji mendapati bahawa pengetahuan, kesedaran media, persepsi dan pengaruh keluarga adalah instrumental dalam menentukan sikap seseorang terhadap penggunaan kad kredit. Secara teliti, persepsi berada pada kedudukan paling atas, diikuti oleh pengaruh keluarga di tempat kedua dan pengetahuan di tempat ketiga. Faktor-faktor yang dikenalpasti menyediakan maklumat yang lebih baik kepada perancangan langsung mengenai masa depan perkhidmatan kad kredit. Tidak kurang pentingnya, kajian ini memberikan maklumat penting bagi pengurus bank untuk menyelia perkhidmatan kad kredit dengan berkesan.*

*Kata kunci: Produk perbankan; kad kredit; pembiayaan kredit; soal selidik; kewangan peribadi; Malaysia*

### INTRODUCTION

Credit cards were first introduced to Malaysians in the mid-70s (Chong 2011). Credit cards in Malaysia are grouped into conventional and Islamic (Amin 2012; Mohd-Dali et al. 2008). Shopping motives and bulk purchase, among others, are viewed as important factors in the promotion of the use of credit cards (Mohd-Dali et al. 2008). Approximately 20,000 credit cards were issued to up-scale income earners and professionals during the mid-70s (Chong 2011; Loke 2007). Subsequently, owning a credit card symbolizes one's social status and partially contributes to the number of cards in circulation, which surged to 10.1 million as of February 2010 (BNM Report 2010). However, statistics in Malaysia show that about 4,000 card holders have declared bankruptcy since 2005 due to the increased availability of credit cards. Credit card usage has promoted indiscriminate spending by

users, which eventually leads to many adverse effects (Chong 2011). Amongst the major adverse consequences from compulsive spending behavior is excessive debt that can result in non-performing loans and bankruptcy proceedings. Additionally, financial planning plays a crucial role in debt management (Chong et al. 2010). Usually, borrowers with a monthly budget display better attitudes towards money and have a lower chance of falling into credit card debt.

The credit card market has changed substantially over the past two decades and credit cards have become increasingly important as a source of short term borrowing. The 'buy now-pay later' mechanism of credit cards allows cards users to defer the payment to a future date. When credit card users decide to hold outstanding balances, the outstanding balance is carried forward to next month billing cycle in the form of credit card debt. Unlike other consumer debts, credit card debt is flexible, non-secured

and uncommitted, which means that there is no collateral needed to guarantee the repayment of credit card debt. The card holders also have the option to decide whether to revolve on credit cards; how much to revolve within the assigned credit limits; and when to pay off their debts at their own convenience. Owing to the non-secured and uncommitted features of credit cards, credit card debt holders are more likely to default on credit card debt than other secured debts, such as home loans, car loans and installment loans. In other words, since no collateral can be repossessed by the card issuers, barely any recovery can be made from credit card debts once households default or file bankruptcy. Consequently, banks trade-off this risk by charging a high interest rate and service fees on credit card debt, making it more expensive for the customers to carry unsecured debt than secured debt. Many employees have been declared bankrupt due to heavy credit card spending and failing to settle their loans early on in their working lives. As reported by the Minister of Domestic Trade, Cooperatives and Consumerism, Datuk Seri Ismail Sabri Yaakob, the statistics indicate a 40 percent increase in bankruptcies every five years and, by 2020, the number is expected to reach 120,000 people (The Star Online 2013).

To tackle such problems Bank Negara Malaysia imposed new rules to credit card usage beginning in January 2012. The new rules seek to control the debt of credit cardholders earning RM36,000 and below per annum. The rules include limiting the maximum credit limit that can be extended to a principal card holder in that category (earning not more than RM36,000 per annum) to no more than twice the holder's monthly income per credit card issuer. In addition, cardholders in this category will only be allowed to be a principal card holder with a maximum of two credit card issuers and the combined credit limit will be capped at RM12,000. Moreover, they have 24 months to repay the outstanding balances on their cancelled credit cards if they have more than 2 credit cards. The rationale behind these rules is that 1.92 million individuals in Malaysia that earn an annual income of less than RM36,000 are credit cardholders, but owe a staggering RM24 billion from credit card issuers. This is equivalent of an average of RM12,500 debt per person, while their earnings are, at most, three times of the debt level.

Credit card debts have become a focus of academic and public policy in recent years with the growth of the fraction of households carrying credit card debts and the increase in magnitude of credit card debts (e.g., Erdem 2008; Amin 2012; Shu & Cheng 2012). For example, some researchers try to include the interest rates of credit cards, credit limits or other credit card related features into the life cycle model to understand credit card borrowing behaviors; sticky interest rates in credit card markets; and the theoretical determinants of credit card borrowing decisions (e.g., Shu & Cheng 2012). Some researchers focus on specific card users, such as students, women, elderly, low income population, baby-boomers or pre-baby boomers (e.g., Davies & Lea 1995). Other studies focus on revolvers' borrowing decisions where the decision to

revolve is usually separated from the decisions on the revolving amount. Revolvers are customers who carry balances; pay off those balances over time; and thus revolving the credits. Findings from previous research indicate that demographic characteristics influence households' decision of borrowing on credit card and amounts of outstanding credit card balance significantly, including age; race; and financial status, such as income and net worth (Shu & Cheng 2012).

The present study focuses on the knowledge, attitudes, awareness and behavior relating to credit cards. To be more specific, this study examines the factors that affecting attitudes towards credit card usage. To improve consumers' attitudes about credit card usage, it is necessary to understand how the gap can be narrowed between consumers' attitudes and the factors that are influencing it. As a result, the present study employs the theory of planned behavior (TPB), according to which recipients' responses to determinants are determined by their attitudes and the attitude promoted by the intention to perform the behavior (Ajzen 1991).

Malaysian household debt at end of 2010 is RM581 billion or 76 percent of gross domestic product (GDP). Even though Bank Negara Malaysia (the central bank of Malaysia) claims that the household debt is still manageable, the figure reveals that people are spending about half of their income to pay off their debts. In a nutshell, the increasing household debt may affect the economy as well as individuals. Consistent with this assertion, this study poses the following research question: What are the factors that contribute to attitude towards credit card usage among employees in Malaysia?

In response to the question, this study investigates the issue further in respect to the factors that affect the attitude towards credit card usage among employees in Malaysia. It is worth noting that prior to pushing consumers to obtain credit cards, banks are expected to change consumer attitudes in advance. This study provides important guidelines to managers of banks to plan their credit card facilities more effectively. Furthermore, the variables being studied are expected to provide guidelines in formulating better strategies for better credit card businesses. In addition, the findings of this study will provide beneficial inputs for further research in this area.

The remainder of the paper is organized as follows. The next section reviews existing literature to provide a basis for the development of the hypotheses. The following section presents the methodology that is employed to test the hypotheses. The results of this study are reported and discussed in the fourth section. The last section concludes and discusses the implications of this study.

#### LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

According to Kapoor et al. (2012), credit is an arrangement to receive cash, goods or services now and pay for them in future. Meanwhile, consumer credit refers to the use of

credit for personal needs other than a home mortgage by individuals and families in contrast to credit used for business purposes.

In a study relating card usage and attitudinal differences, Chan (1997) classifies inactive cardholders as those with a usage rate of less than 10 times per month. On the other hand, active cardholders are those with a usage rate of at least 10 times per month. According to Godwin (1997), not only the ability of consumers to borrow can influence a household's amount of debt, but also the willingness to borrow. According to Norton (1993), consumer attitudes toward credit use may partly be responsible for the dramatic increase in credit use between the 1930s and the 1990s. Ismail et al. (2011) and Godwin (1998) report that a positive relationship exists between the general attitudes of consumers toward credit usage and an increase in consumer debt from 1983 to 1989. According to Alias (2001), an attitude is positively related to credit cards usage among workers in an institution of higher learning in Malaysia. Chien and Devaney (2001) state that consumer attitudes have a significant relationship with both installment debt and credit card debt, even after accounting for the impact of demographic and socio-economic variables. A few studies explain that a person is more likely to have more than one credit card and, at the same time, has a significant amount of debt with a positive attitude towards credit card usage (e.g., Chien & Devaney 2001; Davies & Lea 1995; Hayhoe et al. 1999).

Moreover, personal financial knowledge is an important component in consumer decision making. The knowledge relating to credit card use, for example, might be useful when promoting personal finance education among high school and college students (Robb & Sharpe 2009). College students do not appear to be very knowledgeable of financial issues in general. Yet, they still appear to be effective users of credit cards for the most part (Braunsberger et al. 2005). Thus, these findings raise the question as to whether or not personal financial knowledge has any impact on the financial decision-making of consumers (Robb 2007). Therefore, the following hypothesis is developed:

H<sub>1</sub> A positive relationship exists between knowledge and attitudes towards credit card usage.

Media also plays a vital role in influencing people to use credit cards. Media, which is designed specifically to reach a large audience or viewers (Daley 2003), has contributed to the increased interest among college students to use credit cards (Ismail et al. 2011; Hayhoe 2002). Various credit card issuers have developed extensive advertising campaigns utilizing the local media in order to compete intensively and to increase the usage of credit cards. In addition, advertising through a variety of mass media platforms – such as television, radio, magazines and newspapers – target high income professional and white collar workers as a means of inducing them to become active card holders (Ramayah et al. 2002). For instance, many of the banks that issue credit cards

choose to advertise on television after the business news program with an intention to create awareness and good impression to the target market of white-collar workers and professionals. Therefore, the following hypothesis is developed:

H<sub>2</sub> A positive relationship exists between media awareness and attitudes towards credit card usage.

Perceptions towards credit card usage are said to be one of the factors that contribute to the credit card usage. The behavior and the attitude of the consumer towards the use and acceptability of credit cards differ for psychographic reasons (Yang et al. 2007). Xiao et al. (1995) devise a 38-item scale to measure effectiveness, cognitive and behavioral attitudes towards credit cards. Affective attitudes involve emotional feelings that can be captured through a statement such as “my credit card makes me feel happy.” Cognitive attitudes involve thoughts using a statement such as “heavy use of credit cards results in heavy debt.” Meanwhile, behavioral attitudes involve actions, reflected by statements such as “I use my credit card frequently.” In addition, Ahmed et al. (2009) state that one of the prime motives for using a credit card relates to the convenience of bringing “plastic money” (card) instead of hard cash. Therefore, the following hypothesis is developed:

H<sub>3</sub> A positive relationship exists between perceptions and attitudes towards credit card usage.

Family influence is also viewed as a factor that affects credit card usage. Family influence and personal experience are the key means of learning to use credit effectively and the main sources of financial knowledge (Hilgert & Hogarth 2003). Parents, schools, peers and the media are all part of a young person's learning and socialization from birth to adulthood (Mansfield et al. 2003). All of these factors affect a young person's credit consciousness or awareness of the advantages and problems involved with credit cards. Parents, schools, peers and media also play a role in influencing the young adult's consumer behavior. However, parents have the greatest amount of influence on a young person's credit card behavior (Ismail et al. 2011). Financial socialization is much more comprehensive than learning to effectively function in the marketplace (Danes 1994). It is the process of acquiring and developing values, attitudes, standards, norms, knowledge and behaviors that contribute to the financial viability and well-being of the individuals. Moreover, according to Moschis and Mitchell (1986), children learn about finances through observations; positive reinforcement; practice and participation; and more effectively through instructions by parents. Older siblings also play a role in consumer socialization and that consumer learning takes place more frequently when the financial tasks are considered the responsibility of the entire family (Jorgensen 2007). Direct influences, such as family discussions and keeping tracks of allowance, could result in an increase in awareness; knowledge;

and the formation of attitudes, values and behaviors. Jorgensen (2007) also asserts that parents and peers have great influences on young individuals' financial knowledge, attitudes and behaviors. Parents tend to have a greater influence on students at a younger age (Ismail et al. 2011), while peer influence increases as the student becomes older, especially after becoming a college student (Jorgensen 2007). Therefore, the following hypothesis is developed:

H<sub>4</sub> A positive relationship exists between family influence and attitude towards credit card usage.

Furthermore, an ongoing debate exists concerning the acceptability of ownership and usage of credit cards (Abdul-Muhmin & Umar 2007). Abdul-Muhmin and Umar (2007) credit card ownership and usage behavior across Saudi Arabia from the standpoint of the Islamic prohibition of interest across the country. Issues concerning credit cards need to be examined thoroughly, including religious reservations, cultural inhibitions towards being in debt and the unfamiliarity with the use of plastic money (Ahmed et al. 2009). Therefore, the following hypothesis is developed:

H<sub>5</sub> There is a positive relationship between religious belief and attitude towards credit card usage.

Based upon the discussion in the previous section, the following theoretical model is developed (Figure 1).

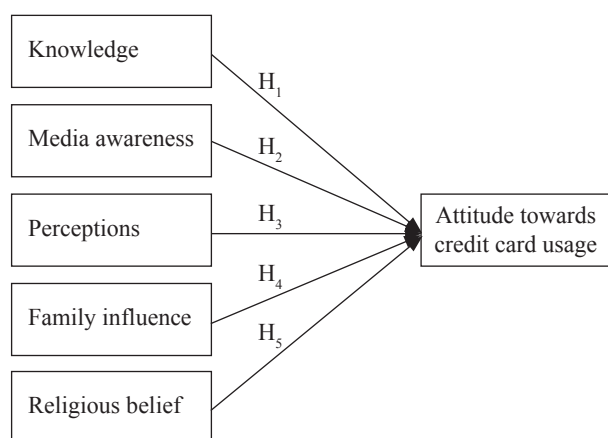


FIGURE 1. Research model

## RESEARCH METHODOLOGY

### SAMPLE

The participants in this study are employees of XYZ shopping mall that own credit cards. Such a selection of sample enables the use of the stratified random sampling method. In regards to the sampling frame, the Human Resource Department of the XYZ shopping mall conveniently provided the list of employees for the purpose of data collection. The disproportionate stratified random sampling is extended owing to the fact

that the numbers of sample subjects chosen from various strata are not directly proportionate to the total number of elements in the respective strata (Sekaran & Bougie 2010). Hence, a sample from each stratum or department is not proportionate to the total number of elements in the respective stratum. The departments included in this study include “the Department of Management Information System;” “the Department of Account;” “the Department of Security;” “the Department of Customer Services;” “the Department of Soft Line Ladies;” “the Department of Soft Line Gents;” “the Department of Cash Management;” “the Department of Hardware;” “the Department of Cosmetics;” “the Department of Household & Home Furnishings;” “the Department of Children and Stationery;” “the Department of Goods Receiving;” “the Department of Human Resources;” “the Department of Central Price Tagging (CPT);” and “the Department of Visual Merchandise Department.”

The data of this study are generated from responses to questionnaires completed during the actual survey. A total of 180 questionnaires are provided. According to Zikmund (2003), the sample size can be 30 units and more, whereas Sekaran (2003) suggests between 30 units and 500 units. Thus, this study is content with 180 respondents. Questionnaires have been cited as useful tools that enable patterns to be investigated in the acquired data and are frequently used with success in consumer research (Easterby-Smith et al. 1993). The trained enumerators assist for the distribution of questionnaires to the employees of the XYZ shopping mall.

The questionnaires for this research consist of seven (7) sections namely “demographics profile;” “knowledge about credit card usage;” “media awareness about credit card usage;” “perceptions towards credit card usage;” “family influence;” “religious belief;” and “attitudes towards credit card usage.” Furthermore, knowledge is measured using 6 items adapted from Robb and Sharpe (2009); media awareness is measured using 6 items adapted from Ismail et al. (2011) and Hayhoe (2002); perceptions are measured using 6 items adapted from Yang et al. (2007) and Xiao et al. (1995); family influence is measured using 6 items adapted from Jorgensen (2007) and Moschis and Mitchell (1986); and religious belief is measured using 6 items adapted from Abdul-Muhmin and Umar (2007) and Ahmed et al. (2009). The items of the questions are adapted from previous studies and are measured using a 5 point Likert scale ranging from (1) strongly disagree to (5) strongly agree.

To analyze the data, frequency analysis is employed to extract percentage-based data from the profiles of respondents regarding gender; ethnicity; age; religion; marital status; and monthly income earned. Mean and standard deviation are computed for descriptive analysis. The reliability test is used to examine the internal consistency of the items in their respective factors. Multiple regression analysis is used primarily to test the hypotheses proposed earlier.



## RESULTS

As presented in Table 1, 61.1% of the respondents are female, while only 38.9% of the respondents are male. 47.2% of the respondents are ethnic Malay, while ethnic Indians and other ethnicities comprise 8.9% and 2.2% of respondents, respectively. Out of 180 respondents, 79 respondents aged between 30 and 39; and only 8 respondents are at the aged 50 and above. Most of the respondents are Muslims (47.2%), followed by Buddhists (27.8%); Christians (17.8%); Hindu (6.1%); and no religion (1.1%). Most of the respondents are married (66.7%), followed by singles (28.9%) and divorcees (4.4%).

Most of the respondents have monthly scale salary ranges between RM3,001 and RM4,500 (47.8 percent),

while the lowest numbers of respondents have monthly salaries above RM4501 (11.7%). Out of 180 respondents, 144 respondents have credit cards under their own name, while the remaining 36 respondents do not have credit cards under their name. Among the 144 respondents that have credit cards under their own name, the majority of them hold two credit cards (45.8%); followed by those who hold only one credit card (43.8%); and those that hold 5 or more credit cards (2.1%). Most of respondents often use their Visa credit cards (69.4%) compared to MasterCard credit cards (19.4%) and Discover credit cards (0.7%). This study finds that most of the respondents have used their credit cards for 1 to 2 years (48.6%), followed by 2 to 4 years (28.5%) and more than 4 years (17.4%). Meanwhile, credit card usage of less than 6 months only involves 5.6% of respondents.

TABLE 1. Respondents' profile

Classification	Description	Frequency	Percent
Gender	Male	70	38.9
	Female	110	61.1
Ethnics	Malay	85	47.2
	Chinese	75	41.7
	Indian	16	8.9
	Other	4	2.2
Age	29 and below	53	29.4
	30-39	79	43.9
	40-49	40	22.2
	50 and above	8	4.4
Religion	Muslim	85	47.2
	Buddhist	50	27.8
	Hindu	11	6.1
	Christian	32	17.8
	No religion	2	1.1
Marital status	Single	52	28.9
	Married	120	66.7
	Divorced	8	4.4
Monthly salary obtained	RM1500 and below	33	18.3
	RM1501 to RM3000	40	22.2
	RM3001 to RM4500	86	47.8
	RM4501 and above	21	11.7

Table 2 illustrates the descriptive analysis results. Firstly, in regards to "knowledge," the item "can be declared as bankrupt" obtains the highest mean of 4.26 and "keeping to pay minimum payment" has the lowest mean of 3.22. This indicates that "can be declared as bankrupt" has the strongest influence concerning knowledge about credit card usage. The mean of 4.26 on a 5-point scale for knowledge about credit card usage indicates that most of the respondents either agree or strongly agree (5).

Secondly, in relation to "media awareness," "website & internet" obtains the highest mean of 3.72 and "radio"

has the lowest mean of 2.77. This explains that "website & internet" has the strongest influence towards media awareness about credit card usage. The mean of 3.72 on a 5-point scale for "media awareness" towards credit card usage indicates that most the respondents are lenient toward agreeing about having media awareness about credit card usage.

Thirdly, the variable of "perceptions toward credit card usage" indicates that "heavy usage creates problems" obtains the highest mean of 4.46, whilst "high social class status" has the lowest mean of 3.54. This explains that

TABLE 2. Descriptive analysis

Variables	Items	Mean	Standard Deviation
Knowledge	Possess adequate knowledge	3.68	0.76
	Possess skills managing debt	3.42	0.80
	Bad credit situation	3.97	0.73
	Charge highest interest rate	3.79	0.75
	Can be declared as bankrupt	4.26	0.95
	Keeping to pay minimum payment	3.22	0.86
Media Awareness	Television	2.88	0.86
	Newspaper	2.97	0.81
	Website & internet	3.72	0.83
	Books & magazine	3.10	0.85
	Radio	2.77	0.86
	Talk/seminars	3.35	0.97
Perceptions toward Credit Card Usage	Feel happy	3.63	0.85
	No need bring cash	3.91	0.81
	No hesitation of insufficient money	3.66	0.97
	High social class status	3.54	1.04
	Using credit card is beneficial	4.37	0.94
	Heavy usage creates problems	4.46	0.87
Family Influence	My family used to keeping record of income and expenditures	3.67	0.79
	Past experience helps to manage credit card	3.66	0.79
	To satisfy children's need	2.89	0.86
	Parents play an important role in shaping spending habit	3.73	0.86
	Number of children related to credit card usage	2.97	0.91
	Family financial plan	4.20	1.01
Religious belief	Religious view	2.84	1.11
	Understanding religious well	3.72	0.81
	Will not delay the credit card payment	3.23	0.82
	Developing spending plan	3.82	0.71
	Allows me to make debt	3.18	0.87
	I have positive attitude towards credit card usage	3.31	0.70
Attitude towards credit card usage	Convenient payment made for me	3.88	0.70
	Increase in my expenditure	4.16	1.08
	Payment is my obligation	3.92	0.70
	Interest rate is reasonable	3.12	0.84
	Help during emergency	4.00	0.68
	Affordable to have expensive and luxury goods	3.48	1.08

Source: Developed for the current study

“heavy usage creates problems” has the strongest influence towards perceptions about credit card usage. The mean of 4.46 on a 5-point scale for “perceptions toward credit card usage” indicates that most of the respondents are at least having the expected perceptions about to credit card usage.

Subsequently, the variable of “family influence” shows that “family financial plan” obtains the highest mean of 4.20, while ‘to satisfy children’s need’ is the lowest mean with 2.89. Hence, the results indicate that “family financial plan” has the strongest influence towards family influence on credit card usage. The mean of 4.20 on a five point scale for “family influence” indicates that most of the respondents agree that this factor does matter in shaping one’s behavior toward credit card usage.

Next, the variable of “religious belief” shows that “developing spending plan” has the highest mean score of 3.82 and “religious view” has the lowest mean of 2.84. Therefore, “developing spending plan” has the strongest influence towards religious belief on credit card usage. The mean of 3.82 on a 5-point scale for “religious belief” indicates that most of the respondents are lenient toward agreeing about the importance of this element in shaping the credit card users’ attitude toward credit card usage.

Furthermore, the variable of “attitude towards credit card usage” shows that “increase in my expenditure” has the highest mean of 4.16 and “interest rate is reasonable” has the lowest mean of 3.12. Thus, the finding indicates that ‘increase in my expenditure’ has the strongest

influence on attitude towards credit card usage. The mean of 4.16 on a 5-point scale for “attitude towards credit card usage” indicates that most of the respondents are positive about the use of credit card.

Table 3 demonstrates the results of reliability tests, whereby the Cronbach’s alpha reliability coefficient is obtained for all variables. All of the variables are above 0.70 and are considered acceptable for this study. The result concerning the measurement of knowledge is 0.75. According to Sekaran and Bougie (2010), it is considered as acceptable. The result concerning the measurement of media awareness about credit card usage 0.78 and is considered good. The result concerning the measurement of perceptions towards credit card usage is 0.83, which is considered very good. The result concerning the measurement of family influence towards credit card usage is 0.72, which is considered acceptable. The result for the measurement of the effect of religious belief towards credit card usage is 0.85, which is considered very good. Finally, the result concerning the measurement of the attitude towards credit card usage is 0.75, which is considered good. Essentially, all of the coefficients obtained for all questions examined under the Likert Scale are reliable.

TABLE 3. Reliability analysis

Variables	$\alpha$	Number of items
Knowledge	0.70	6
Media awareness	0.78	6
Perceptions	0.83	6
Family influence	0.72	6
Religious belief	0.85	6
Attitude	0.75	6

Table 4 demonstrates the regression results. Knowledge about credit card usage is significantly associated with attitude towards credit card usage ( $t = 5.81, p = 0.00$ ). This result is consistent with the argument by Robb and Sharpe (2009) pertaining to the importance of financial knowledge in promoting personal finance education. This suggests that respondents will use credit cards when they possess sufficient knowledge. Hence,  $H_1$  is supported.

Table 4 also depicts that awareness of credit card issues is significantly related to attitude towards credit card usage ( $t = 2.99, p = 0.00$ ). This confirms the opinion by Ramayah et al. (2002) and Batra and Ray (1986) that one’s awareness of a particular system influences one’s decision to utilize such a system. Hence,  $H_2$  is supported.

This study also suggests that perceptions towards credit cards are significantly associated with attitudes toward credit card usage ( $t = 12.15, p = 0.000$ ). This is also consistent with the argument by Ahmed et al. (2009), who argue that a person uses a credit card due to the greater convenience of credit card over cash. Consequently, the greater the perceptions, the more likely a credit card will be used by the respondents. Hence,  $H_3$  is supported.

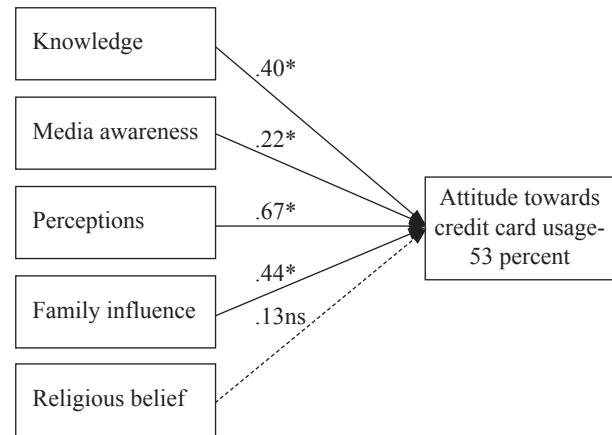


FIGURE 2. Analyzed research model

Family influence is significantly associated with attitude towards credit card ( $t = 6.50, p = 0.00$ ), which indicates that family members are important people in attracting individuals to use credit cards. Clearly, a person is easily influenced by family members as they feel comfortable to interact and to share views. This result proves the arguments put forward in previous research (e.g., Ismail et al. 2011; Jorgensen 2007). The finding suggests to the service providers to better communicate the importance of family support in their ads in order to attract prospective users to choose the credit card services. Although an individual may believe that credit cards are useful, the views from family members are likely to be carefully deliberated before a credit card is actively used. Hence,  $H_4$  is supported.

Furthermore, religious belief is only marginally significantly associated with attitudes towards credit card usage ( $t = 1.75, p = 0.08$ ). This indicates that religious belief is a weak predictor in explaining attitudes towards credit card usage. This result provides a further debate on the argument asserted by Ahmed et al. (2009) with regards to the religious issue and its importance on credit cards. Hence,  $H_5$  is only marginally supported.

TABLE 4. Regression results

	Hypotheses	Beta	t-test	p-value	supported
$H_1$	Knowledge about credit card usage positively influences the attitude towards credit card usage	0.40	5.81	0.00	Yes
$H_2$	Awareness of credit card issues created by media positively influences with attitude towards credit card usage	0.22	2.99	0.00	Yes
$H_3$	Perceptions toward credit card positively influences the attitude towards credit card usage	0.67	12.15	0.00	Yes
$H_4$	Family influence positively associated with attitude towards credit card usage	0.44	6.50	0.00	Yes
$H_5$	Religious belief positively influence the attitude towards credit card usage	0.13	1.75	0.08	Marginal

#### CONCLUSIONS, IMPLICATIONS AND FUTURE RESEARCH

The purpose of this study is to investigate factors that affect attitudes towards credit card usage. The results of this study suggest that perceptions have the strongest influence on attitude towards credit card usage, followed by family influence, knowledge and awareness. The results, however, suggest that religious belief has the weakest effect on attitudes towards credit card usage.

This study provides important implications toward practitioners. First, knowledge is an important factor that should be considered by banks offering credit cards. A number of methods can be utilized to improve consumer knowledge concerning credit card usage. For instance, banks can publish the latest information about credit cards, which should help to elevate consumer knowledge and, thus, improve attitudes towards credit card usage.

Second, media awareness is viewed to be pivotal. Today, banks can help to improve consumer attitudes towards credit card usage via mobile marketing through which the banks can offer their credit card information via mobile phone. This improves consumer awareness concerning credit card usage, thus guiding them to have better attitudes concerning credit cards. On the same note, although old, television is apparently important to create media awareness amongst customers of banks. Television can be used as a channel to promote credit card products to customers, which later improves the marketability of credit cards and fosters positive attitudes.

Third, perceptions are found to be important in this study. Indeed, positive perceptions concerning credit card usage are helpful to create good attitudes towards credit card usage. It is therefore of importance to change consumer perceptions in order to generate positive attitudes towards credit card usage. This can better be achieved by improving the role of bankers that deal with customers concerning credit cards. Bankers should have positive perceptions concerning credit card usage prior to improving customer perceptions. Giving proper training on a seasonal basis to bankers will provide them with sufficient information to capture the latest updates of credit card usage. The knowledge gained from such training can later be used to deliver better services concerning credit cards to customers, which, in turn, can improve customer attitudes and thus increase actual usage. Banks should also be more socially responsible by setting up “credit card counters” to deal with customers who have issues relating to credit cards, which, in turn, will improve the perception of customers concerning the services offered by banks.

This study also explains that family influence has a significant impact on consumer attitudes towards credit card usage. This is consistent with studies by Jorgensen and Savla (2010), Ismail et al. (2011) and Gudmunson and Danes (2011), who find that parents influence their children in regards to the formation of credit card attitudes and usage (Hancock et al. 2012). In addition, parents also

influence their children on financial decisions; financial attitudes; behaviors; and outcomes (Hancock et al. 2012; Jorgensen & Savla 2010). Furthermore, parents can help their children to learn about financial issues either by teaching or discussions (Norvilitis & MacLean 2010). For example, parents can begin educating their children to control their spending by shopping together. The purpose is to teach their children on how to do budgeting, therefore reduce credit card debt and usage. The shopping should start with making a list of items that actually need to be purchased. Make an estimate of how much money will need to be spent; and make use of coupons or discounts that can reduce the costs. The roles of parents are very important to influence children attitudes as Lyons (2004) found college students with higher credit card debt lacked financial help from their parents (Hancock et al. 2012). Furthermore, children learn about finances through observations; positive reinforcement; practice and participation; and purposeful instruction by parents (Moschis & Mitchell 1986).

In regards to religious belief, only marginal significant relationship exists between religious views and attitudes towards credit card usage. The findings indicate that most of the respondents tend not take religious belief into consideration when utilizing credit cards. Although the finding does not concur with the hypothesis of the present study, it is important to note that religiosity plays an important role in directing consumer attitudes towards credit card consumption. According to Hussin (2011), Islamic credit card is chosen by consumers in respect to religious factor such as no involvement of *riba* (interest). This study advances current knowledge by shedding light on some important factors relating to attitudes towards credit card usage. This study explains the effects of knowledge, media awareness, perceptions, family influence and religious belief. This study is one of the first to investigate the determinants of attitude towards credit card usage. It is worth noting that this study proposes a conceptual model as a framework to understand consumer attitudes towards credit card usage. This study demonstrates that knowledge, media awareness, perceptions and family influence have significant effects on attitudes towards credit card usage.

The present study has four limitations. Firstly, the sample of this study is relatively small. Only 180 respondents were involved in this study. Although this sample size meets the minimum requirement for multivariate analysis (Hair et al. 2010), larger samples are able to inflate the statistical power. Secondly, only employees at a shopping mall were selected, which may indicate that the findings may not be generalizable to employees in other sectors. Future studies are encouraged to include different samples to increase the generalizability of findings. Thirdly, the study finds that religious belief is a weak predictor for attitude towards credit card usage, which remains an interesting issue to be examined in future research. Fourthly, this work does not consider whether the credit card users are patronizing conventional or Islamic



credit cards. Future studies are expected to tackle this flaw. Despite the mentioned limitations, this study offers an improved understanding of factors influencing consumer attitudes towards credit card usage in Malaysia.

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