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A Descriptive Study On “Impact Of Credit Facility On Consumer Tourism Spending.”

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Abstract

The introduction of credit cards is unquestionably a bigger step toward attaining the social goals that are anticipated from banking. However, with greater financial and economic liberalization, the rising wealth of banks consider it advantageous to go into this business because of the urban class. The credit card was initially developed to help customers with their small, local purchases; nevertheless, through time, it has evolved into the main method of payment for products and services. Regardless of one's age or gender, credit cards have a significant impact on today's world, particularly among the working class legal standing, industry, and income which decide the tourism facilities. Thing of character in the past because of the perception that it is associated with the upper class or those with rich incomes group. However, rising consumerism has destroyed all preconceived notions, and credit cards are now indispensable. Credit card was identified as a key area for investigation to see the influence on buying behavior of consumers Apart from it the Credit infrastructure help to travel as many places as possible in short period of time. With rise in internet the credit facilities in tourism sector like ticket, hotel booking become easy. The researcher commissioned quantitative and qualitative research to explore consumer's understanding and change in behavior.

Introduction

Tourism covers any activity involving the temporary relocation of individuals to places other than their customary residence. Tourism is one of the largest industries in the world, and it is important to many nations' economies.

It is a diverse industry that includes several other sectors, including the hospitality and transportation sectors. The importance of understanding how the travel industry is related to movements to various locations driven by a range of travel objectives, including business and leisure, cannot be overstated. Due to the money that tourists

spend on their actual stays as well as on local businesses, tourism has several benefits, including positive economic effects for countries that attract significant numbers of visitors. It also creates a significant number of jobs, particularly in the transportation and hospitality industries. In addition, tourism has the potential to strengthen ties between nations or businesses, create fresh leisure and entertainment opportunities, and increase the value of a currency. Additionally, it may foster opportunities for cross-cultural interaction while enhancing tourists' joy, health, and education. Despite how appealing it may be, travel has a significant impact on consumer expenditure. Since consumers need money to go from one location to another, credit facilities give them additional spending limits. Consumer loans work well as a source of funding for tourist spending. Banking, a crucial component of the financial system, is essential for the development of the real economy of the tourism industry. Banking continuously expands loans related to tourism, which provides a reliable source of capital for the real economy. A major contributor to the local economy and people's source of livelihood, tourism is a pillar business in many cities.

Banks provide these loans to help consumers in this industry with their cash flow demands. Depending on their use, they may be referred to as loans for school, home building, home renovation, furniture, marriage, health, or individual assistance. These loans come in different maturities and interest rates depending on the bank.

Demand for travel loans has increased ten times in the past year, with millennials (aged 21–26) accounting for 52% of applications, while millennials (aged 21–26) submitted 36% of the total (27-40). Travel loans' typical ticket size has shrunk from \$95,000 to \$75,000, indicating loan applicants' planned approach toward their travel expenses, according to a study on travel loans released by IndiaLends, an online marketplace for loans and credit cards, on September 27, 2022, the day World Tourism Day was observed. The number of travel credit cards has increased six times, according to India lends. Over 30% of the travel-related offers on the platform's travel credit cards released in 2022 included free access to airport lounges, and 75% of them included it. Travel offers were the second-most searched category, following electronics. according to India lends.

The reasons why tourists are willing to go to a certain city can vary greatly. The city's design, museums, historical structures, music venues, theatres, and cultural environment all have the potential to draw in a variety of tourists. To draw in distinct visitor demographics, city marketers stress a variety of factors. It appears likely that these visitors' trip goals, which are connected to the aspects of the city that draw them, are also connected to their behaviour and spending habits and, consequently, to the impact they have on the regional economy. However, it appears that nothing is known about these variations, hence the purpose of this study is to shed additional light on this matter by examining the Impact credit facility has on consumer spending on tourism.

Need of the study:

Credit card have become an important part of life in today's era. Previously there are very few numbers of people which are having the credit cards. Credit card encourages the customer "Purchase now Pay later". People use to prefer credit card because it help to boost their finances in the travel facilities like ticket and hotel room booking. Hence, there is a need to study the consumer spending via credit card on the travel facilities.

Objectives of this study

- ❖ To determine how credit availability and control over spending impacts consumer usage patterns for travel.
- ❖ To establish whether a credit facility is a convenience of usage.
- ❖ To evaluate the shifts in travel behaviour following the offer and reward points.

Literature review

1. Surekha, M., et al (2022) used different credit card issuer based on region, how the RBI effort to digital adoption affect the credit card usage , age group mostly used the credit card and reason for using the credit card is consider to get the insight .They found from research that lower economic knowledge results in more credit card debt and riskier use of credit cards. Gender smart variations are discovered associated with the credit score limit, minimal fee amount. How spending changes in the family of urban, semi urban, and rural customer due to convenient of credit card is also analyzed.
2. Banker, S., et al (2021) revealed that the use of credit cards has frequently been held responsible for consumer expenditures and the rise in household debt. Credit cards can make it easier to spend money in ways that are harder to justify on merely financial grounds. Result finds were Credit cards are widely believed to lessen the agony of payment and thereby release the brakes' that keep spending in check.
3. Yahaya, S. N., & Bakar, M. H.(2020) examined the critical factor involve in spending by credit card holder in Malaysia. Credit card use by consumers is influenced by a few economic, social, and technological factors. The study result show that the debt among Malaysians is rising due to mis use of credit card and suggested some new framework along with government program to build good financial planning for consumer to avoid getting in debt.
4. Fulford, S., & Schuh, S. D. (2017) The study was based to find the consumption of credit cards and its usage. The research found credit card debt and utilization evolve over the life cycle and demonstrated that their individuals have a propensity to adjust their credit and debt at the same time, with credit card usage gradually declining over time. On the basis of study finding Unpaid evolving debt from a previous period as well as all new charges are included in the rate of return on assets borrower's credit card debt.
5. Nirmala, R., & Sonu, (2015) studied one of the primary arguments in favor of people using plastic money instead of real money today was the benefit of instant transactions.The convenience and simplicity of using plastic money for making purchases or paying bills have also been highlighted by the study's findings. Saving time and the plastic money's seeming portability both seem to contribute to the possibility of a scenic change in how the economy uses money. Because of its extreme levels of simplicity and comfort, it is simple to draw the conclusion that the population is as prepared as ever to use plastic money at a bigger level.
6. Kumar, S., & Khiala, P. O. (2013) According to several researchers, consumers do not look for cheap credit card interest rates. These non-shoppers include some practical users. Since they always pay off the bill in full each month, they don't think interest rates matter. Others believe that savings have a low expected value. Study show that the interest rate should be a significant factor in the financing method rather than merely a convenient a factor in consumers' decision of which credit card to use. As a result, in the credit card industry, searching by consumers is anticipated to be fruitful in terms of locating a card.

7. Incekara-Hafalir, E., & Loewenstein, G. (2009) study concentrated on two categories of customers: those who have debts and those who do not. The term "convenience users" refers to people who use conveniences without carrying debt, whereas "revolvers" refers to people who do. An insurance business employee's lunch expenditure in a cafeteria was used in the study to examine the effects of paying with a credit card against cash. When a reward for using a credit card was offered, it was discovered that people's preferred payment method changed from cash to a credit card. Credit card use does not increase spending. Credit card use, however, affects convenience store and revolver users' spending differently. Revolvers spend less when forced to use a credit card, whereas convenience users behave differently.

8. Sharma, A. (2012) shed light on the fact that the use of plastic cards has seen a significant increase in fraud. As a result, the merchants of goods and services are the most negatively impacted because they must bear the full financial responsibility for any losses resulting from fraud. Banks also bear some costs, particularly indirect costs, while cardholders are left holding the bag.

9. Patel, B., & Amin, U. (2012) discussed how plastic money is now a necessary component of all transactions, making life easier and fostering better development. They also discussed how controlling money laundering and making effective use of the financial system are made possible by plastic money, both of which are beneficial for tax collection.

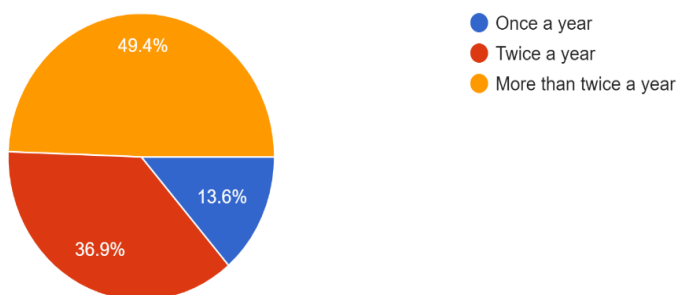
10. Hasan, S. A., et al (2011). study revealed that based on understanding plastic's allure and its influence on consumers' decisions over how to use their money. The study discovered that despite being convenient and inexpensive, using plastic money or a credit card has several advantages and disadvantages. Plastic money is a sort of motivation for a consumer to spend, according to consumer behavior. The study reveals that since the use of credit cards has been associated with a variety of psychological phenomena, people's desire for using them has a favorable association with ease of use.

Responses collected from the survey form. Total 176 response collected.

- How often do you travel?

How often do you travel ?

176 responses

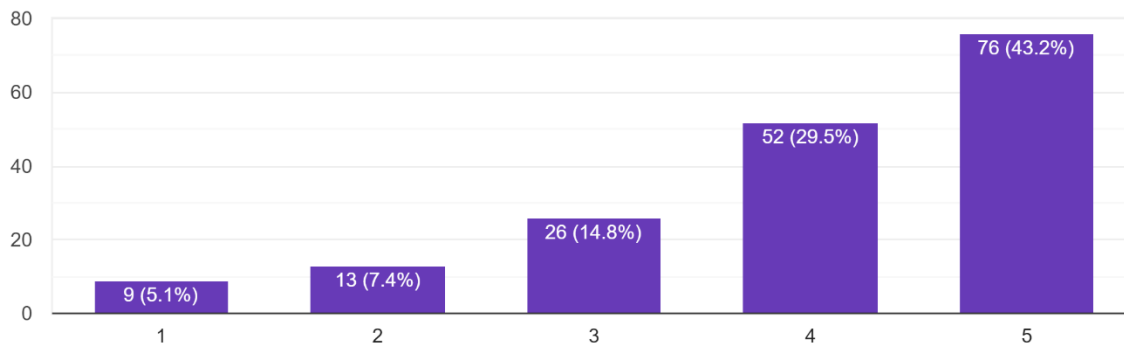


After covid-19 the frequency of travel increase and more than response agreed to travel more than twice a year.

- Due payment messages reduce the chances of extra penalty.

Due payment messages reduce the chance of extra penalty.

176 responses

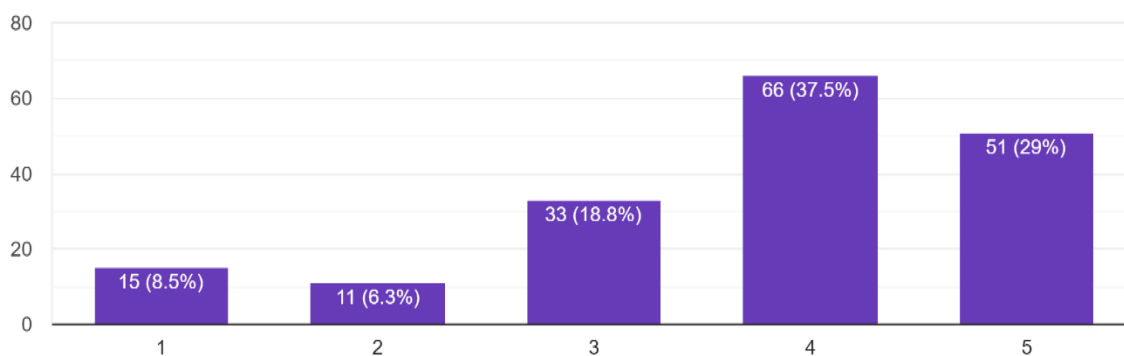


As the due payment message make user aware about the due payment the penalty due to late payment is avoided. More than 72% user agreed upon the statement.

- I think is is easy to make all related payments using a credit card .

I think it is easy to make all related payments using a credit card.

176 responses

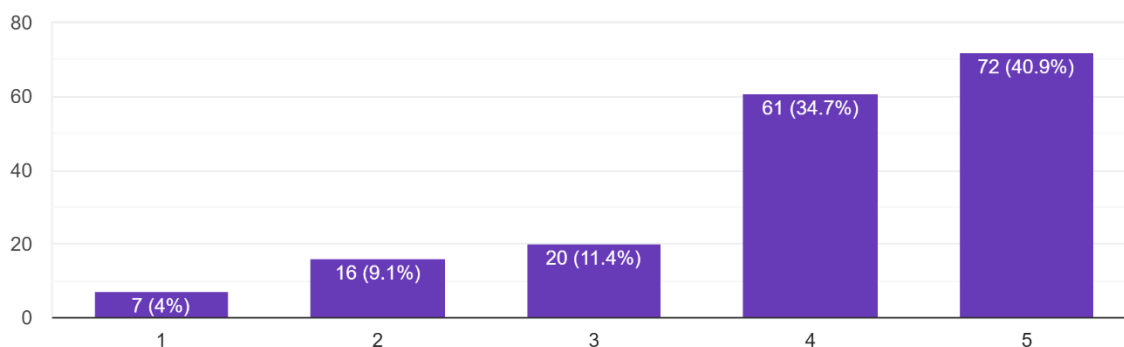


Ease of usage of credit card is very comfortable with better experience. Usage of credit card facilities is useful in all payment related activity. Around 66.5 % agreed to strongly agreed upon the statement.

- Getting reward points on travel booking through credit card influence me to use a credit card .

Getting reward points on travel bookings through credit card influence me to use a credit card.

176 responses

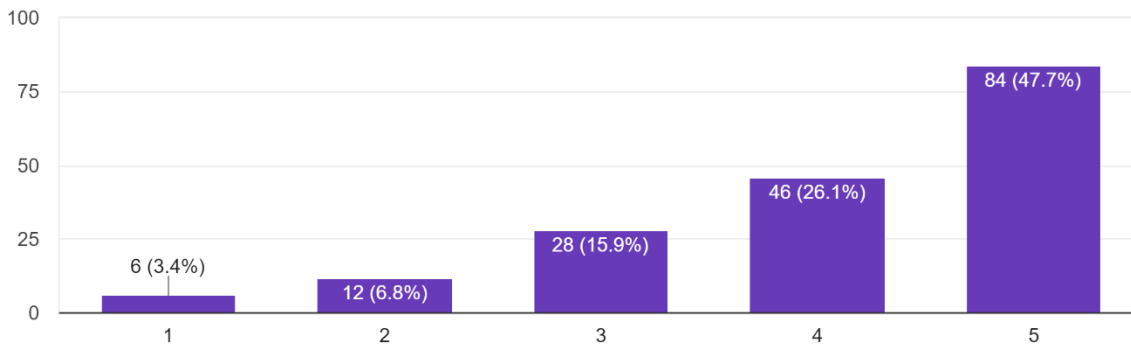


The influence of reward point in travel booking frequency is more. As the usage of credit card repeat can be generated by the rewards schemes. Around 41 % agreed upon the influence on credit card usage.

- I recommend others use a credit card for travelling expenses.

I recommend others use a credit card for traveling expenses.

176 responses



The use of credit card is universal throughout the world. Around 47 % strongly agreed upon the statement of recommendation other to use credit card for travelling expenses.

Conclusion and recommendations:

The risk associated with using a credit card for travel expenses is very low, according to the responses shown above and test results. As a result of the utilization, there are various difficulties, such as paying back the credit amount within a certain amount of time or paying the high interest rate attached to it. There are numerous incentives available to encourage customers to use credit cards, and this has increased user acceptance of using credit facilities for travel-related purchases. According to survey results, the rewards points offered by credit card companies have very little influence on how frequently people travel. While the points do assist you get discounts, the decision to travel is ultimately up to you.

Other benefits, including as lounge access and credit terms with discounted foreign tickets, influence travelers' decisions to use.

The customer experience with credit card usage is unsatisfactory, thus there needs to be more transparency about the features of the product. Given that Indian consumers are hesitant to utilize credit, particularly for travel, the corporation can gain devoted customers and improve product usage by being transparent and making customers aware of the product. Adoption of UPI and BNPL(Buy Now Pay Later)offerings is lucrative enough to attract more attention than credit card usage in general for domestic purchases. For overseas locations, however, credit cards are more convenient than other options due to more transparent product features that make cross-border usage more convenient.

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