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A STUDY ON HOW CREDIT CARD AFFECTS MIDDLE CLASS PEOPLE LIFE

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ABSTRACT:

In modern life, credit cards play a major role in everyone's life. Credit cards have both positive and negative impacts. the majority of people, including middle-class people, on their daily purchases and has a significant impact on middle-class people's lives. Most likely, the credit card debt can get out of control, leading to a high interest rate,late fees, and other penalties. Credit cards may also affect the credit scores of people in the middle class peoples.Moreover, credit card companies target the middle class by providing attractive offers and rewards. This study looks at how credit cards affect the lives of middle-class people. The research is descriptive in nature, and data has been collected from 100 people of the middle class using credit cards. A convenient sample collection technique was employed in collecting samples. Pie chart and cross tabulation have been used to interpret the data. The respondents help to calculate the majority of age groups using credit cards in this society.

KEYWORDS: Credit card,knowledge,middle class people,credit score

I. INTRODUCTION:

A credit card is a plastic card used to borrow money with a certain limit on online purchases and cash withdrawals. It was first introduced by India's central bank in the 1980s. Credit cards have both positive and negative impacts. A credit card allows us to purchase items and pay for them later within a certain period of time. It means a short-term loan. If you make a purchase using a credit card, you are using the credit card company's money. Basically, companies issue credit cards to get high interest rates and fees. It affects the middle class by increasing their rates of interest and fees. If you use it in a proper way, it's a friendly one; if not, it becomes a burden for life.

Credit card companies typically offer credit cards to customers who spend a lot of money in a month in order to increase their purchasing power. It helps meet the financial requirements of an individual to meet unspecified expenses. Furthermore, credit card debt affects the credit score and thus makes it harder to obtain loans in the future. Credit card debt causes stress for those who struggle to pay their bills on time.

On the other hand, responsible credit card use assists people in the middle class in obtaining a good credit score as well as rewards and offers. People are to maintain their credit card debt with their salaries to ensure proper use of credit cards.

In India, the use of credit cards has increased dramatically over the last 40 years. Its main target is to obtain customers and use credit cards to make purchases. In this research, credit cards are mostly obtained by people in the age category of 18–30 years. People over the age of 50 use fewer numbers.

II REVIEW OF LITERATURE:

The study conducted by the Federal Reserve Board examines the credit card usage patterns of the middle class in the United States. The study found that the middle class is more likely to use credit cards for convenience purposes rather than to finance large purchases. The study also found that the middle class is more likely to carry a balance on their credit cards than pay it off in full each month.

The study conducted by J.D. Power examines the credit card reward programs that are most popular among the middle class. The study found that the middle class is more likely to prefer cash back rewards over other types of rewards such as travel or merchandise. The study also found that the middle class is more likely to use their credit cards for everyday purchases such as groceries and gas.

Mehak Bagla in her report, "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.

III RESEARCH METHODOLOGY :

4.1 POPULATION & SAMPLE SIZE:

All the middle income people in Chennai are the population. A convenient sample technique was used, with a sample size of 100 respondents. The respondents belong to various age groups.

4.2 DATA:

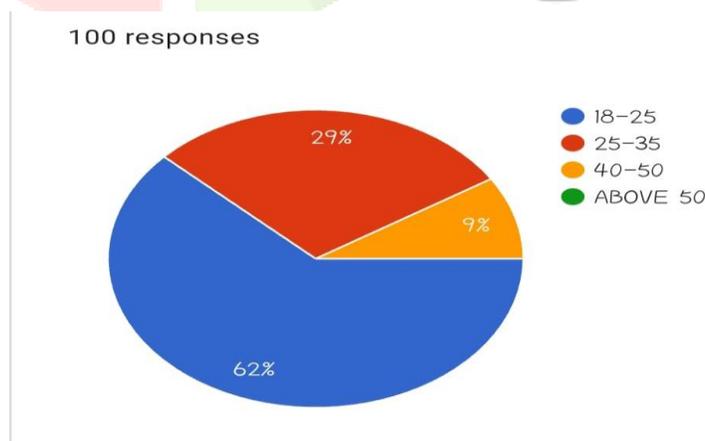
The Research uses both Primary and Secondary data. The primary data was collected by survey through questionnaire and secondary data from various literature .

4.3 SAMPLING STRATEGY AND DATA COLLECTION METHOD:

I used the Survey method to record the replies of 100 people so that we could attain our goals and draw appropriate results. The information gathered is primary in nature and was accessible to everyone. The survey had 10 questions and was in the form of a google form. In addition to questions about demographics, the questionnaire asked about the credit card debt and monthly income gone through paying the credit card debt and the shows how credit card affects middle class people savings.

IV RESULTS:

4.1 AGE:



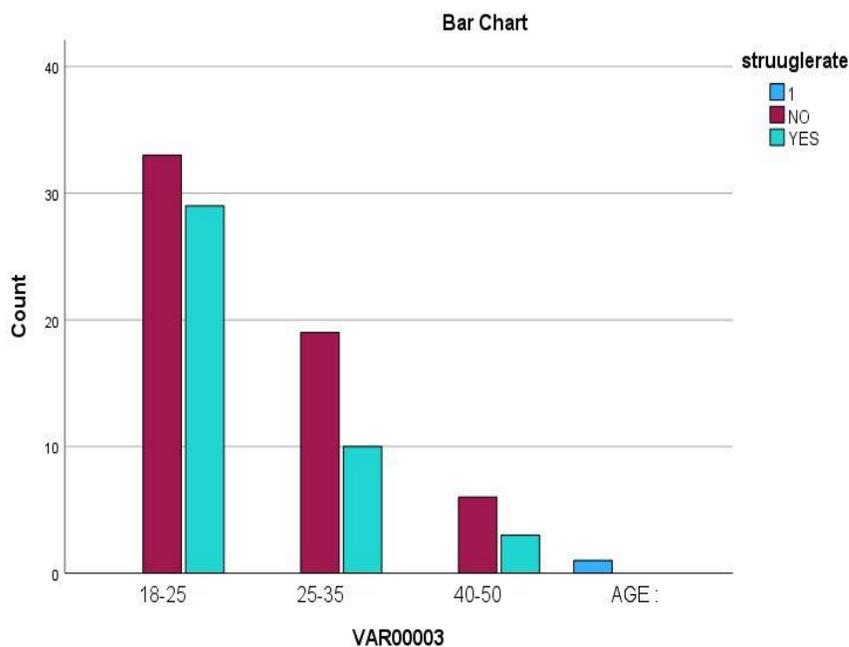
Inference:

The above pie chart shows the dominance of youth population that is more reliable on credit card . When the individuals of the age group between 18-25 are more as compared to the older population.

4.2 Credit card Debt that struggle to pay-off:

VAR00003 * struuglerate Crosstabulation

| Count | | struuglerate | | | Total |
|----------|-------|--------------|----|-----|-------|
| | | 1 | NO | YES | |
| VAR00003 | 18-25 | 0 | 33 | 29 | 62 |
| | 25-35 | 0 | 19 | 10 | 29 |
| | 40-50 | 0 | 6 | 3 | 9 |
| | AGE : | 1 | 0 | 0 | 1 |
| Total | | 1 | 58 | 42 | 101 |

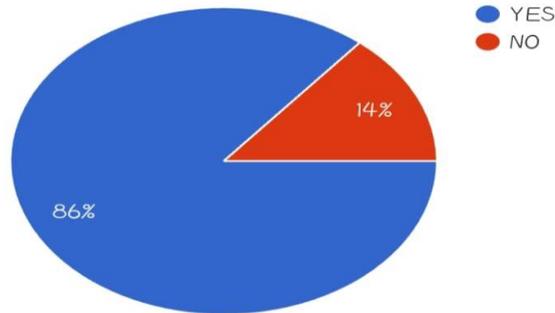


Inference:

This cross- tabulation shows the certain age group people are struggle to pay off the credit debt .the age between 18-25 category middle class people suffer to pay their debts on credit card.

4.3 Credit card company target middle class people:

100 responses



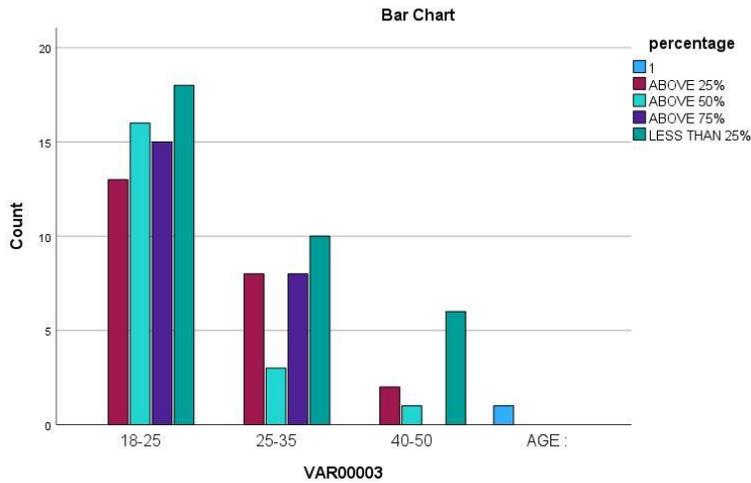
Inference:

This pie chart shows the percentage of credit card company target the middle class customers. As per the questionnaire the 86% of people agree with the statement.

4.4 How much of your monthly debt gone towards credit card debt:

VAR00003 * percentage Crosstabulation

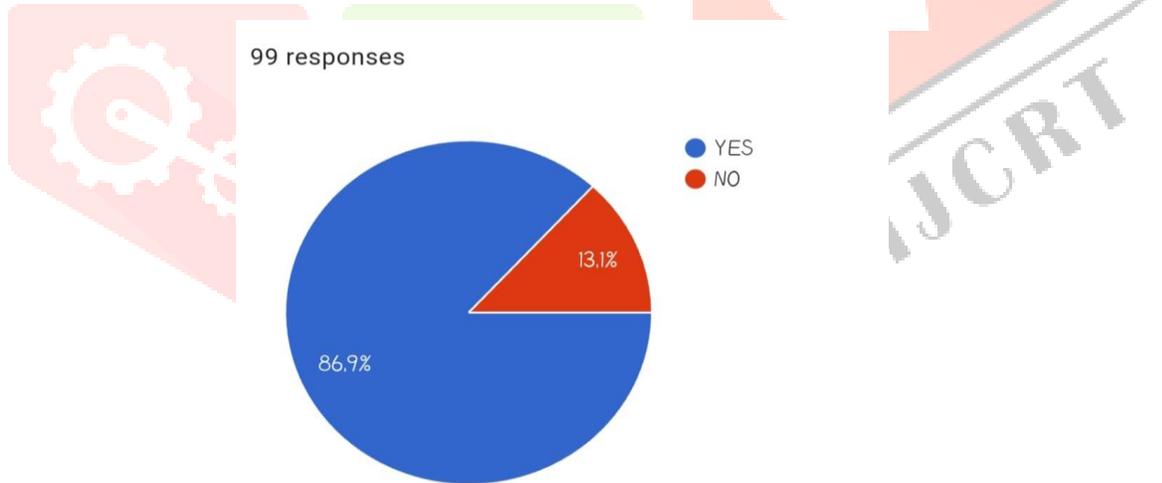
| Count | | percentage | | | | | Total |
|----------|-------|------------|-----------|-----------|-----------|---------------|-------|
| | | 1 | ABOVE 25% | ABOVE 50% | ABOVE 75% | LESS THAN 25% | |
| VAR00003 | 18-25 | 0 | 13 | 16 | 15 | 18 | 62 |
| | 25-35 | 0 | 8 | 3 | 8 | 10 | 29 |
| | 40-50 | 0 | 2 | 1 | 0 | 6 | 9 |
| | AGE : | 1 | 0 | 0 | 0 | 0 | 1 |
| | Total | 1 | 23 | 20 | 23 | 34 | 101 |



Inference:

This cross- tabulation between amount of monthly debt gone towards the credit card debt among the various age group . The age between 18- 25 middle class people uses their credit card on the basis of their income .more than 25% of their salaries gone towards the credit card debts.

4.5 Credit card affects Financial savings of middle class people:

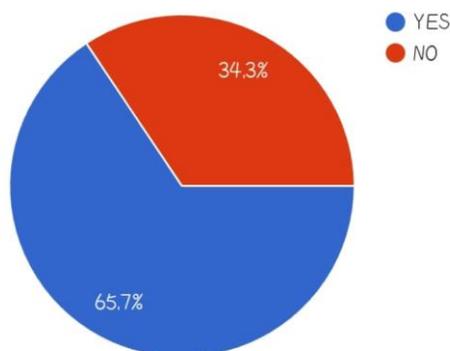


Inference:

More than 86.9% people agree with the Above statement that credit card affects the Financial savings of middle class people.the middle class people savings is affected by paying the credit card debts so that they are unable to save their money for future.

4.6 Credit card necessary for the Today society:

99 responses



Inference:

This pie chart shows that the majority of people say that the need for credit cards in our society is necessary to meet the daily financial requirements of a middle-class person's life.

V CONCLUSION:

A credit card assists in making purchases or in the form of cash limits. The credit card affects middle-class people's lives by affecting their savings and by charging a high interest rate on it. The majority of people in the young age category only have credit cards. There are fewer elderly people who use credit cards. Overall, credit cards can be a useful tool for middle-class individuals, but it is important to use them wisely and with caution to avoid financial difficulties in the future.

REFERENCES:

1. Credit Card Usage among the Middle Class: A Study by the Federal Reserve Board
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