

## **CHAPTER FIVE**

### **CONCLUSIONS, DISCUSSIONS AND RECOMMENDATIONS**

This chapter presents (1) a summary of the study, (2) a summary of the findings, (3) discussions of the results, (4) conclusions, and (5) recommendations for further research.

#### **5.1 SUMMARY OF THE STUDY**

##### **5.1.1 Objectives of the study**

The main objective of this study is to explore the credit cardholder's usage behavior of people working in the Aree area and to find out problems encountered by people working in the Aree area relating to credit card usage.

##### **5.1.2 Subjects**

The subjects of this research were 80 people who work in offices around the Aree area in Bangkok.

##### **5.1.3 Materials**

The questionnaire which was divided into 3 parts was used to find out the usage behaviors of the credit cardholders and their problems, especially relating to debts caused by their credit card usage.

##### **5.1.4 Procedures**

The questionnaires were distributed to 80 people who worked in the Aree area from December 25, 2006 – January 5, 2007. The data obtained from the questionnaires was analyzed by SPSS program version 11.5 in order to calculate the frequency and percentage.

#### **5.2 SUMMARY OF THE FINDINGS**

The result of the research can be summarized as follows:

##### **5.2.1 General Information of the Respondents**

Of all 80 respondents, 53 (66.3%) were female. Most of them were between the age of 23 and 32 years old. On the aspect of their status, most of them (65.0%) were single. Most of them have a Bachelor's Degree. 68 of the total of 80, or 85.0% of

them, work for a private company and most of them (62.5%) earn about THB 10,000-25,000 each month.

### **5.2.2 Information of Credit Card Usage**

From the survey of the Aree working people's credit card usage behaviors, most of the respondents (27.5%) hold three credit cards. Most of them (30.0%) have held their credit cards for more than five years. The number of the respondents holding KTC Credit Cards was 37 which shows that most of the respondents hold credit cards issued by KTC. The second highest number, 36, is Citibank. And the least amount of respondents, only 2, hold Dinner's Club Credit Cards.

For their reasons why they hold the credit cards, the result shows that most of them indicated that they held a credit card because of its convenience. The second most important reason is because they can use it to obtain cash advances..

The average times that Aree working people used their credit card is less than 5 times a month and the average amount of money spent on their credit cards is below THB 10,000 each month. The highest amount that most of the respondents have ever spent on their credit cards is about THB 10,000-25,000 while the lowest is below THB 1,000.

Most of them frequently buy consumer products, such as stationery, soap, toothbrush etc. mostly from supermarkets, on their credit cards. This was considered from their response in which most of them ranked it as number 1, which means that it was the most important thing, for their type of products and services purchased when paying with credit cards.

When the statements of their credit cards come, most of them mostly make their repayments at a bank or at a counter service outlet. Half of them usually pay for full amount of the balance on their credit card while the other half only make a partial payment. Most of those who only make a partial payment usually pay 10% of the total balance of their credit card, which is the minimum amount that most issuer banks allow their cardholders to repay.

### **5.2.3 The Problem of Using Credit Cards**

The result indicates that 71.3% or 57 respondents are not in debt with their issuing banks because of their credit cards use. However, 28.8%, or 23 of them, which is quite high, are in debt.

For those who are in debt, they prefer to borrow money from family members in order to repay the debt caused by their credit card use. Their next option is to borrow money from friends. The amount of debt that most of the respondents have is THB 15,001-25,000.

The result of the responses of those respondents who are not in debt of the question asking what would they do if they were in debt and could not repay the debt shows that they would also prefer to borrow some money from family members. The most unlikely option for them is to ask for a loan from outside the financial system with a high interest rate.

### **5.3 DISCUSSION**

This section will discuss the outstanding issues of the results related to the credit cardholder's usage behaviors of people working in the Aree area as well as the problems encountered by respondent's relating to credit card usage.

#### **5.3.1 Comparing the Results with Other Research Related to the Same Topic**

When comparing the results of this research with two other studies, the studies of Oranuch Payakkapan and Prut Jamratpan, it could be concluded as below;

- The number of credit cards held by the respondents of this research is similar to the study of Oranuch Payakkapan. That is, most of the respondents held 2-3 credit cards. However, the result of Prut Jamratpan's study specifies that most of his respondents, or 45.7%, held 5-10 credit cards which is quite a high number.
- For the average times that the respondents use their credit cards each month, the results lean toward the same way. In other words, this study indicates that most of the respondents or 70% of them use their credit cards less than five times a month. Also, the studies of Oranuch Payakkapan and Prut Jamratpan determine that 43% of the respondents use their credit cards 1-3 times a month and 55.3% use them about 1-5 times a month respectively.
- For the expense or type of product that the respondents mostly purchase with their credit card, the study of Prut Jamratpan specifies that most of

their respondents usually paid for petrol expenses. The second highest level of respondents paid for ordinary consumer products in supermarkets or department stores. This is similar to the study of Oranuch Payakkapan that most of her respondents purchased ordinary consuming products on their credit cards. At the same time, this study also indicates the same result since most of the credit cardholders ranked the ordinary consumer products as their first type of product that they normally purchased with their credit cards.

- Another interesting point is that the credit cardholders' behavior on withdrawing cash from the study of Prut Jamratpan is very similar to this study. Prut stated in his study that 72.6% of his respondents never withdrew cash from their credit cards. Also, the respondents of this study were unlikely to withdraw cash from their credit card's account as most of them or 36.3% ranked it as the last thing they use their credit card for.

### **5.3.2 The High Number of Credit Cards Held by the Respondents**

According to Table 5, the results show that many of the respondents hold more than one credit card. Only 20.0% of the respondents hold one credit card while the rest hold more than one. Even some of them or 10.0% of the respondents holds more than five credit cards, which is quite a high number.

Most of those who hold many credit cards would not be able to use all of the credit cards they hold. In fact, they may have them because of the issuing banks' promotions to persuade their customers to apply for their credit cards. Some credit cards give their holders movie tickets for free every month. Some waive the annual fee for their cardholders. Some issuing banks give their cardholders another credit card with more privileges. In other words, they offer their old customers more upgraded credit cards when those cardholders frequently use their cards or if they have been good customers. Such different benefits provided by different issuing banks are one of the reasons why many holders have many credit cards.

However, credit cardholders who have many cards may have it for their tool to manage their finance. For example, if they could not repay the expense of the credit

card of which the due date for payment is the first of every month, they would use another credit card with another due date to pay for that expense.

### **5.3.3 The Young Age of the Credit Cardholder**

The use of the credit cards nowadays can be found among new employees who are young. In other words, new generations who spend their lives with a modern lifestyle mostly have one or more credit cards.

In the past, if working people would like to buy something big, valuable, or expensive, they would accumulate their savings until they had a large amount of money and could be able to afford such things. However, these days, things have changed. Everything seems to be easy for people today. If people nowadays have only one credit card, the possibility to get such things becomes easier. This would make a big problem to those young credit cardholders who think that they can get anything easily as they never learn to save their money.

Moreover, this point also infers the number of credit cardholders who are in debt. In other words, there are a lot of respondents who are accumulating debt with the issuing banks. The result of the study shows that 27 of the respondents, which is quite a high number, are in debt.

### **5.3.4 Misunderstanding of the Cardholders Who Repay a Partial Amount**

Referring to Table 12 and 14 in Chapter 4, which shows the results of the amount of the expense that the cardholders repay when their credit card account comes and if they are in debt with the bank, most of those who only repay a partial amount of the total balance believe that they are not in debt. This is their misunderstanding. Actually, if they only repay a partial amount of the total balance and let it pass their due date, it is considered they are in debt with the bank issuers. According to Table 12, it indicates that 40 respondents repay a partial amount of the total balance. Therefore, all of those 40 respondents should answer that they were in debt. Table 14 shows that only 27 respondents consider themselves to be in debt. This is improper as, according to the bank's definition of debt, all 40 of them should answer that they are in debt. However, it is important to distinguish between being in debt and being unable to pay the amount due each month. More research is needed on this topic.

### **5.3.5 The Influence of the Media on the People's Interest for Using a Credit Card**

The media is one of the important factors that makes many people would like to have a credit card. Many advertisements promote the conveniences of using a credit card such as the cardholder can purchase merchandise by only one swipe with his or her credit card. Moreover, the privileges provided when using a credit card can influence many people to apply for it. The example of such privileges are a free air tickets, more discounts when shopping at a large and famous department stores, and free green fees when playing golf and showing that he or she holds a credit card. This also makes many people hold many credit cards providing different privileges.

### **5.3.6 Online Purchases Are Not Popular Among Thai Cardholders**

According to table 10, it is indicated that not many Thai credit cardholders use their credit cards for purchasing merchandise online. This is because there are not many merchants in Thailand allowing their customers to purchase merchandise online. The factors that make online purchasing unpopular are the expensive fees for merchants to use the secure online program in order to protect fraudulent transactions, its unwell-known on such programs around merchants in Thailand, and many people's belief that online transactions are unsafe. Since many fraudulent transactions are mostly found in online purchasing, this would make many people afraid that it would be risky to participate in such transactions.

## **5.4 CONCLUSION**

The following conclusions can be drawn from the discussion above.

**5.4.1** The results of the studies related to the credit cardholder's behaviors mostly go to the same way. For example, the number of the credit cards that most people hold are about 2-3 each. The average times that the credit cardholders use their credit cards are less than five times a month. Most credit cardholders normally purchase ordinary consumer products with their credit cards, especially in supermarket or department stores. Lastly, the least amount of credit cardholders withdraw cash from their credit card account.

**5.4.2** Nowadays, more young people hold credit cards. The modern lifestyle and conveniences offered by the credit card itself make those young people think that the credit card is a new and high technological device that could make their lives easy and quick. However, if they use their credit cards without careful thought and discipline, more problems, such as debts, will occur.

**5.4.3** There are some people who hold more than one credit card and use a credit card to repay the debt of a different card in order to solve their problem of being in debt with the issuing banks when they are unable to pay for the expense due.

## **5.5 RECOMMENDATIONS FOR FURTHER RESEARCH**

Based on the findings and conclusions of this study, the following recommendations are made for further research.

**5.5.1** The further research should specify the clear meaning of debt. This is because some respondents of this study who make a partial repayment of their total credit card balance still misunderstood that they were not in debt with the issuing banks. Actually, if the credit cardholders could not pay up all their expenses spent on their credit card, in other words, they do not pay the full amount before the due date, it is considered that a debt has been made. Therefore, future research should look at the problems of people unable to repay their credit card balance on the due date.

**5.5.2** Since this research studied only the people working in the Aree area, further research should increase the number of respondents as well as study other people in other areas in order to investigate and compare the usage behaviors of the cardholders in each area.

**5.5.3** Further research should study and compare the different usage behaviors of credit cardholders between male and female working people to find out if the gender has an impact on the behaviors of working people for using credit cards. This is because different genders have different behaviors. For example, more males might pay for petrol and automobile expenses on their credit cards than female and more females might spend more on beauty care and clothing than males. Moreover, as more young people use more credit cards nowadays, future research should also study whether young people holding one or more credits card are in debt because of their credit card usage.

**5.5.4** This research is quite a sensitive issue as it is related to the respondent's financial status. Therefore, some responses may be misrepresented from the truth. Some of the respondents may think that the questionnaires, especially the questions on the debt, are too personal so they would be reluctant to give actual information or sometimes would not answer some questions. This will lead to incomplete or unclear questionnaires' results. Thus, if it is possible, the researcher should firstly ask for their permission before submitting the questionnaires to the respondents.

