

Factors affecting credit card usage in Anuradhapura district

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Abstract

The development of technology has significantly changed human behavior through new applications and innovations. A credit card is one such inspirational introduction by the banking community to make peoples' life easier and more convenient. As a result, credit card usage has been growing rapidly globally. However, rate of growth in Sri Lanka is always below the average especially in regional areas. The adaptation to novel technology is often subjected to many factors. The present study aimed to examine factors that prompt credit card usage of people living in Anuradhapura district. Demographic factors, financial literacy, attitudes towards credit card, benefits, and incentives of the credit card were identified as independent variables. The study based on a snowball- sampling technique on which 50 respondents were reached. Descriptive statistics, correlation analysis, and regression tests were applied to analyze gathered data. The study found that people hold credit cards just to impress themselves to others and, therefore, very rarely they use it for financial transactions. Further, the results revealed that age, education level, financial literacy, and attitudes towards credit cards have strong positive relationship with credit card usage. However, the financial literacy and attitude towards credit cards significantly determine credit card usage. Accordingly, people with high financial literacy in Anuradhapura district are more likely to use credit cards frequently in day-to-day transactions. The findings encourage banks and financial institutions to disclose the latest information on credit cards, how it could be wisely used to manage daily expenses, and have additional benefits etc. to proliferate financial literacy and favorable attitude of customers on credit cards.

Keywords: *Attitude, credit card, daily expenses, financial literacy, marketing strategies*