



A STUDY ON CUSTOMERS PERCEPTION ON CREDIT CARD FRAUDS WITH REFERENCE TO CHENNAI CITY

Ms. Sanuja Shree .P.N* Dr. S. Gurusamy**

*Doctoral Research Scholar, Department of Commerce, University of Madras, Chepauk, Chennai .

**Professor and Head, Department of Commerce, University of Madras, Chepauk, Chennai.

Abstract

Nowadays, credit card is commonly used and it is carried by customers in their wallet essentially for making purchases. Even as the use of credit cards becomes widespread, so are the frauds committed on credit cards. The incidence of credit card frauds is frequent and the magnitude of credit card frauds has become so menacing that credit cards are often seen as tools of deception. This research proposal seeks to undertake a detailed study on the credit card frauds on consumers perception, prevention of credit card frauds, perception of credit card user on the types of credit card fraud, consequences of credit card fraud and bank response in the event of credit card frauds.

Keywords: Perception of Credit Card, Credit Card Frauds, Consequences, Bank Response.

Introduction

Today, Credit card fraud is one of the major biggest threats to business establishments. However, to combat the fraud effectively it is important to first understand the mechanisms of executing a fraud. Credit card fraudsters employ a large number of modus operandi to commit fraud. In simple terms, credit card fraud is defined as when an individual's credit card for personal reasons while the owner of the card and the card issuer are not aware of the fact that the card is being used. Further, the individual using the card has no connection with the cardholder or issuer, and has no intention of either contacting the owner of the card or making repayments for the purchases made. Credit card frauds are committed in the following ways such as an act of criminal deception (mislead with internet) by use of unauthorized credit card account or by getting their personal information, illegal or unauthorized use of account for personal gain and misrepresentation of account information to obtain goods and services.

Credit Card Frauds

Bank frauds are considered to be white collar crime and it is an unlawful activity and a punishable offence too. Bank fraud is said to be committed when a person uses illegal ways to receive money, assets, or other property through financial institutions. In order to make more money, false information and insincere promises are often used. Complexities of bank transaction, failure in observing the procedures of branch operations are the two factors that are responsible for ever-increasing bank frauds. Because of the presence of many loopholes in the banking system, the numbers of bank frauds are increased year by year.

Credit card frauds are widespread as a means of stealing information from banks, merchants and clients. Intentionally collecting a person's credit card details by use of trick or device and misusing the information to purchases, to withdraw funds from the account or transfer it to another person etc are some of the examples of credit card. The holder of the card and the issuer of the card are not usually aware of the fact that the card is used by other persons through a wide variety of methods intended to cheat and with the help of modern technology.

Review of Literature

Sudershan Kumar (2013) conducted a study on credit cards and consumer behavior in Ludhiana and Jalandhar. The author analyzed the usage pattern of credit card customers. Further, he also analyzed the factor which influencing the user for decision of owning a credit card. The researcher used a stratified random sampling technique for the study. The researcher found that most of the user use credit card for retail purchase. He also noted that most of the customers was ignoring the information at the time of owning a card such as interest rate, card fees and charges. Finally, the author identified that male customers of credit cards are high when compared to female customers.

Sudhagar (2012) indicates that the perception and awareness on credit cards in krishnagiri district. Researcher used multi stage sampling. Author identified that none of the respondents have the awareness on the interest fee charged for the credit period.

Rehab Anwer et.al (2010) emphasized on online credit card fraud prevention system for developing countries. Author opine in his study about the card not present fraud in developing countries. He also analyzed a data had been transmitted by using a



proposed system of symmetric keys. The suggestion of the author is that to improve Address Verification System (AVS) so that legitimate transactions are processed and fraudulent transactions will be blocked and provides protection.

Need for the Study

This study is needed to focuses on the perception of card holders towards credit card frauds. The study was designed to gain a better understanding of the mechanisms that banks and other card issuing institutions put into place in order to minimize these increasing and worrying problems in credit card transaction. The study also analyses the extent of utilization of credit cards by cardholders and the level of awareness and knowledge of bank customers on credit card frauds.

Objectives of the Study

1. To study the awareness and knowledge of the customer about credit card frauds.
2. To study the safeguards available for preventing credit card frauds.
3. To examine the impact of credit card frauds on customers

Research Methodology

Primary data is used for undertaking the study. The required primary data have been collected by means of structured questionnaire administrated to customers perception on credit card frauds to elicit their responses. The sample size for the study is 150 consumers from the population. The study uses simple random sampling method.

Empirical Results and Discussion

In this section, the data collected through a structured questionnaire, were analyzed and interpreted using percentage analysis, chi-square analysis and ANOVA. The results of the analysis are presented in this section.

Table 1: Distribution of Respondents- Gender

Gender	No. of respondents	Percentage (in %)
Male	84	56
Female	66	44
Total	150	100

Source: Computed Data

Table 1 shows that 56% of the respondents are male and the remaining 44% are female respondents have perception of credit card frauds.

Table 2: Awareness about credit card fraud

Awareness	No. of respondents	Percentage (in %)
Yes	142	94.7
No	8	5.3
Total	150	100

Source: Computed Data

Table 2 shows that 94.7% of the respondents are aware of perceptions on the prevention of credit card frauds and the remaining 5.3% of the respondents are unaware about perceptions on the prevention of credit card frauds.

Table 3: Experienced credit card frauds

Experienced credit card fraud	No. of respondents	Percentage (in %)
Yes	44	29.3
No	106	70.7
Total	150	100

Source: Computed Data

Table 3 shows that experienced credit card frauds. It's found that 29.3% of the respondents have experienced credit card fraud and majority 70.7% of the respondents have not experienced the credit card frauds in perceptions on the prevention of credit card frauds.

Table 4: The awareness about measures to protect oneself from credit card fraud

Awareness about measures to protect from credit card frauds	No. of respondents	Percentage (in %)
Yes	89	59.3
No	61	40.7
Total	150	100

Source: Computed Data



Table 4 shows that awareness about measures to protect from credit card frauds. It's found that 59.3% of the respondents have awareness about measures to protect from credit card frauds and remaining 40.7% are ignorant from awareness about measures to protect from credit card frauds.

Table 5: Bank tips and guidance for Anti-fraud

Bank tips and guidance for anti-fraud	No. of respondents	Percentage (in %)
Yes	61	40.7
No	89	59.3
Total	150	100

Source: Computed Data

Table 5 shows that 40.7% of the respondents are guided by the bank about anti-fraud and majority 59% of the respondents do not get the guidance by the bank for anti-fraud on perceptions on the prevention of credit card frauds.

Table 6: Awareness about the rights on fraudulent card transaction

Awareness on fraudulent card transactions	No. of respondents	Percentage (in %)
Yes	70	46.7
No	80	53.3
Total	150	100

Source: Computed Data

Table 6 shows that 46.7% of the respondents are aware of the rights on fraudulent card transaction and the remaining 53.3% respondents are not aware on the rights on fraudulent card transaction.

Table 7: Chi- square analysis for the customer's perception on types of credit card frauds and age

Age	Level of customer perception on credit card frauds		Total
	High level of perception	Low level of perception	
20-30	61	53	114
30-50	19	11	30
Above 50	2	4	6
Total	82	68	150

Chi-square value 2.073, Degrees of freedom 2, significance .355

Source: Computed Data

Ho- there is no association between customers perception towards types of credit card frauds and age

H1- there is an association between customers perception towards types of credit card frauds and age

Level of significance= 5%

Table 7 shows that, the chi-square value (2.073) is more than the 0.05 therefore the null hypothesis is accepted. Thus it can be concluded that there is no significant relationship between customers perception towards types of credit card frauds and age.

Table 8: Customers perception on the consequences of credit card frauds and educational qualification.

Educational qualification	Level of customer perception on consequences of credit card frauds		Total
	High level of consequences	Low level of consequences	
Graduate	33	26	59
PG	27	25	52
Others	17	22	39
Total	77	73	150

Chi-square value – 1.443, Degrees of freedom- 2, significance - .486

Source: Computed Data

Ho- there is no association between customers perception on the consequences of credit card frauds and educational qualification.

H1- there is an association between customers perception on the consequences of credit card frauds and educational qualification.

Level of significance= 5%



Table 8 shows that, the chi-square value (1.443) is more than the 0.05 therefore the null hypothesis is accepted. Thus it can be concluded that there is no significant relationship between customer's perception on the consequences of credit card frauds and educational qualification.

Table 9: Customers perception on bank response in the event of credit card frauds and age

Age	Level of perception on bank response in the event of credit card frauds		Total
	High level of perception	Low level of perception	
20-30	65	49	114
30-50	14	16	30
Above 50	6	0	6
Total	85	65	150

Chi-square value 5.816, Degrees of freedom 2, significance .055

Source: Computed Data

Ho- there is no association between customers perception on the bank response in the event of credit card frauds and age.
 H1- there is an association between customers perception on the bank response in the event of credit card frauds and age.
 Level of significance= 5%.

Table 9 shows that, the chi-square value (5.816) is more than the 0.05 therefore the null hypothesis is accepted. Thus it can be concluded that there is no significant relationship between customer's perception on the consequences of credit card frauds and educational qualification.

Table 10: Customers perception on bank responses in the event of credit card frauds and educational qualification

Educational qualification	Level of customer perception on bank response in the event of credit card frauds		Total
	High level of perception on bank response in the event of credit card frauds	Low level of perception on bank response in the event of credit card frauds	
Graduate	37	22	59
PG	30	22	52
Others	18	21	39
Total	85	65	150

Chi-square value – 2.656, Degrees of freedom- 2, significance - .265

Source: Computed Data

Ho- there is no association between customers perception on the bank response in the event of credit card frauds and educational qualification.

H1- there is an association between customers perception on the bank response in the event of credit card frauds and educational qualification.

Level of significance= 5%

Table 10 shows that, the chi-square value (2.656) is more than the 0.05 therefore the null hypothesis is accepted. Thus it can be concluded that there is no significant relationship between customers perception on the bank response in the event of credit card frauds and educational qualification.

Table 11: ANOVA for relationship between perception on types of credit card frauds and age

Source	Sum of squares	Degree of freedom	Mean square	F	Sig.
Between groups	2.450	14	.175	.594	.866
within groups	39.790	135	.295		
Total	42.240	149			

Source: Computed Data

Ho- there is no significance mean variation between perception on the types of credit card fraud and age.

H1- there is significance mean variation between perception on the types of credit card fraud and age.

Table 11 shows that, the ANOVA for relationship between perception on types of credit card frauds and age. The F value is 0.594 and it is significant at the level of significance 0.866 at the degree of freedom 1. In F test if significant value is more



than 0.05 then we accept the null hypothesis. Thus it can be concluded that there is no significant relationship mean variation between perception on the types of credit card fraud and age.

Table 12: ANOVA for relationship between perception on the consequences of credit card frauds and educational qualification

Source	Sum of squares	Degree of freedom	Mean square	F	Sig.
Between groups	8.066	12	.672	1.055	.403
within groups	87.267	137	.637		
Total	95.333	149			

Source: Computed Data

Ho- there is no significance mean variation between perception on the consequences of credit card frauds and educational qualification

H1- there is significance between mean variation between perception on the consequences of credit card frauds and educational qualification

Table 12 shows that, the ANOVA for relationship between perception on the consequences of credit card frauds and educational qualification. The F value is 1.055 and it is significant at the level of significance 0.403 at the degree of freedom 1. In F test if significant value is more than 0.05 then we accept the null hypothesis. Thus it can be concluded that there is no significant mean variation between perception on the consequences of credit card frauds and educational qualification

Table 13: ANOVA for relationship between perception on bank response in the event of credit card frauds and age

Source	Sum of squares	Degree of freedom	Mean square	F	Sig.
Between groups	1.097	11	.100	.335	.977
within groups	41.143	138	.298		
Total	42.240	149			

Source: Computed Data

Ho- there is no significance mean variation between perception on bank response in the event of credit card frauds and age

H1- there is significance between mean variation between perception on bank response in the event of credit card frauds and age .

Table 13 shows that, the ANOVA for relationship between perception on bank response in the event of credit card frauds and age. The F value is .335 and it is significant at the level of significance .977 at the degree of freedom 1. In F test if significant value is more than 0.05 then we accept the null hypothesis. Thus it can be concluded that there is no significant mean variation between perception on bank response in the event of credit card frauds and age.

Conclusion

From the foregoing analysis, it can be made out that bank should provide free knowledge to the customer about credit card fraud so that customer will be aware of credit card frauds. While issuing credit card to customer it will be better if bank staff or agent provide full awareness or information to customer about the safeguards available for preventing credit card frauds. Credit cardholder should update their e-mail address and phone number with the card issuer so that they can keep in touch with their customers. Government intervention is required, especially with legal protection for cardholder from credit card fraud. Since advertisement is the best and easiest way to reach customers, it will be better if bank and other card issuer focus more on advertisement of measures to protect from credit card fraud and customers right on fraudulent transactions. From this study it is understood that the customers are not satisfied with the response from bank or other card issuer in the event of credit card fraud, so the card issuer should improved their service

References

1. Gupta, P.K. (2003), Legal and Regulatory Framework of the Credit Card Industry in India. Chartered Secretary XXXIII.Pp.No:26-33.
2. Jagdeesh S. (2005) Credit Cards Fraud: Causes and Cures (from Professional Perspective, Chartered Accountant, Jan. 53 (7), Pp.No.907-909.
3. Kageyma J.M (2009) global fraud report, roll, 2009, Pp.No:3.
4. Muthukumarn B (2008) "cyber crime scenario in India" criminal investigation department review, January, Pp.17-23.



5. Rehab Anwer et.al (2010),” online credit card fraud prevention system for developing countries,” international journal of reviews in computing, ISSN: 2076-3328, Pp.No.62- 70.
6. Richard (2008) “Financial management –payment card fraud can happen to you”, OALib journal, ISSN: 2333-9721
7. Sudershan Kumar (2013), “credit cards and consumer behavior: A preliminary investigation” IJMIE Vol.3 Issue 9, ISSN: 2249-0558, Pp.No.264 to 279.
8. Sudhagar (2012), “A study on perception and awareness on credit cards among bank customers”, IOSRJBM (IOSR Journal of Business and Management), ISSN: 2278-487X VOL.2, ISSUE 3, and Pp14-23
9. Tej Paul Bhatla et.al (2003),”understanding credit card frauds”, cards business review#2003-01
10. Williams DA credit card fraud in Trinidad and Tobago journal of financial crime, 2007, Pp.No.340-358
11. Zafar et.al (2007),”Malaysian consumers credit card usage behavior” Asia pacific journal of marketing and logistics Vol.22 Issue 4, ISSN: 1355-5855, Pp.No:528-544

Websites

12. www.ibexprocess.com.
13. www.codeproject.com.
www.britannica.com.
14. www.cybersource.com.