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GRADUATION PROJECT (BANK 410)

Credit Card Selection Criteria Among Students in Near East University

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JULY 2007

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ACKNOWLEDGEMENTS

I would like to thank to my friends Yusuf Demiroğlu and my home mate İbrahim and Emrah for their support and patience that they showed me during my study. I would like to thank to my advisor Dr. Berna Serener for her help in the accomplishment of this study and I would like to thank to my all teachers Turgut Türsoy and Nil Günsel who taught me things that I could combine to complete this study.

TO MY FATHER AND MOTHER AND ALSO MY GRANDFATHER.....

ABSTRACT

The purpose of these research was to find the use of credit card among college students in TRNC.

The purpose of this research was to find the factors that affect the selection of credit card . The second aim of this study was to determine if college students are responsible with their credit card moreover purpose of this research is to evaluate need for credit card.

Participant in the survey (200) completed a survey consist of various question about student use of credit card. This study was done in Near East University The questions were delivered to the students (you can see the questionnaire on page 90 (appendix) A majority of students who attended the questionnaire were men. Results showed that while a majority of the students who completed the survey were uninterested in their credit cards, the students were having significant credit cards problems.

Keywords: Credit cards, TRNC, College student , Use, Spending, Law.

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1. INTRODUCTION

1.1 Aim of this study

The main aim of this study is to reveal the students' attitudes towards credit cards. Besides the study also focuses on the factors that affect collage students' credit card decision and the relative importance of these factors in their overall credit card choice. On the other hand . the study deals with the managerial implications of these behavioral patterns.

1.2 Broad Problem Area

In many cases, consumers today live on or over the financial edge often spending everything they make, or more than they make, not even realizing their expenditures consistently exceed their income (Mapother, 1999). "Baby Busters" have been raised in a credit card society; they grew up with debt and use credit freely. To some, the money involved in credit card transactions is abstract and unreal (Roberts, 1998), to others, obtaining more credit is the equivalent to obtaining additional income (Mapother, 1999)

The usage of credit cards by college students is a high priority research topic. There have been many articles and studies written about this issue. Some authors support allowing students to have their own credit cards, while others feel students are not dependable enough to have the responsibility of their own credit card.

The main question in this research the factor effect credit card selection criteria and university student credit card responsibilities.

1.3 Structure of study

The introduction shows the aim of this study ,and the problem statement.

The second chapter starts with introduction ,and definition of credit card and also include literature review .

The third chapter gives information on credit card industry in the world.

The fourth chapter gives information on credit card in TRNC.

The fifth chapter tell how Credit card issuers respond to the new credit card legislation

The sixth chapter starts with , methodology , description of the sample,figures, group statistic with spss, factor analysis ,attributes that are important for selecting a card, study findings, conclusions ,and recommendation.

The chapter seven consist of what is the SPSS, T-test analysis for gender,factor analysis, mean score and their relative importance, study findings,the recommendation for parents ,recommendation for banks,and theConclusions.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

College students face more than just academic struggles. They live in a world where they have to focus on additional activities beyond homework, papers, and good grades. To succeed at college, whether living on or off campus, students need to have money and they need to know how to manage it. For example, they need money for books, living expenses, activities, travel, and other expenses. Many students enter college with no prior experience of being in control of their own personal finances. For some students, balancing a checkbook is a new challenge--one they have never had to face before. There are also students who come to college and obtain a credit card for the first time with no guidance regarding good and bad uses of credit. Some of these students have had introductory courses in personal finances while others have not. Some observers of college trends have suggested that, based on college student finances, there is a need on college campuses for a place for students to turn to in order to gain knowledge of how to manage their personal finances (Doll, 2000).

The objective of this paper is twofold: First, to report on the financial (credit) behaviors of a sample of college students by examining credit usage differences based on gender, academic class standing, and college area of study factors. The second objective was to determine, based on the credit usage patterns of respondents, if a need exists for on-campus financial counseling and planning services. The research reported in this paper extends previous findings reported by Doll (2000) who indicated that financial counseling centers should be opened on university campuses.

2.2 What is the credit card

A credit card is a system of payment named after the small plastic card issued to users of the system. A credit card is different from a debit card in that it does not remove money from the user's account after every transaction. In the case of credit cards, the issuer lends money to the consumer (or the user). It is also different from a charge card (though this name is sometimes used by the public to describe credit cards), which requires the balance to be paid in full each month. In contrast, a credit card allows the consumer to 'revolve' their balance, at the cost of having interest charged. Most credit cards are the same shape and size, as specified by the ISO 7810 standard.

2.3 College Students and Credit Cards

Julie Cunningham (Kansas State University)

The usage of credit cards by college students is a high priority research topic. There have been many articles and studies written about this issue. Some authors support allowing students to have their own credit cards, while others feel students are not dependable enough to have the responsibility of their own credit card. An Internet article titled "Student Credit Card Trap" (PIRG, 1998) suggests that students are targets for credit card companies. The article's authors surveyed 1,260 students at 15 representative campuses around the country to obtain information about the credit usage of college students. They reported that 69% of students obtained credit cards in their own name, while 31% claimed that their parents either paid their credit card bills or co-signed at least one of their cards. Of the

students responsible for their own cards, 16% reported paying only the minimum amount required for payment, while nine percent reported making late payments. They also found that students who were responsible for their own cards, and had obtained them from campus tables, had more cards and unpaid balances than those who had not. In a section of recommendations for college administrators, the authors recommended that credit card and debt education and counseling sessions should be made a regular part of campus programming, and that counseling should include helping students to develop a budget, giving suggestions on how to eliminate debt, and teaching responsible credit card usage.

In an article entitled "Age Discrimination Comes to Credit Cards," Fargo (1997) reported that "Oklahoma State Senator Robert Milacek, R-Waukomis, introduced a bill in that state to ban card issuance to those under 21 unless they can prove they're self-supporting" (p.104). Fargo went on to say that this type of bill is equivalent to age discrimination, and according to the Equal Credit Opportunity Act, it is also illegal. Fargo argued that most young adults are responsible card users. He reported that 59% of students pay off their card balances immediately, and of those students who don't, 82% of those who know their balance carry \$1,000 or less.

Not all college credit card observers agree with Fargo (1997). Roberts (1998) concluded the following: "To many, the money involved in credit card transactions is abstract and unreal" (p. 300). He went on to say that credit cards are very easily accessible to college students and are marketed very aggressively to college students. "Twenty percent of college students are estimated to have four or more credit cards" (p. 300), and "students with no jobs, income, credit history, or parental co-signer are being offered credit cards" (p. 301). Roberts suggested that a correlation with credit cards and increased compulsive buying habits are likely to lead to students possessing credit cards.

An Associated Press (AP) (2000) indicated that the marketing of credit cards on campuses poses greater threats than alcohol or sexually transmitted diseases. The AP article reported that some students are forced to cut back on their courses or spend more time working to pay off credit card debts. The article went on to report that roughly 70% of students at four-year universities have at least one credit card, and that the average revolving debt on these cards was more than \$2,000, and that this may lead to students being forced to drop out of school to work in order to pay off debt.

Hayhoe, Leach, Turner, Gross, Bass, and Xiao (1997) also conducted a study on college students and credit card usage. They reported that 80% of the students had at least one credit card. Another 10% had more than seven cards, with two students having 18 cards. Only 27% of the respondents had taken a personal finance course, while 13% had received advice from a financial planner or credit counselor service. Of the students in the sample, 19% of the students with credit cards used their cards for cash advances. It was also reported that "the more credit cards a student has the more likely they are to have high levels of debt and need to obtain financial advice from a professional as well as in a personal finance course" (p.42). The authors concluded that "educators and financial counselors are not reaching students with the information they need to make responsible decisions about the use of credit" (p.44). This was interpreted to mean that these students need to be reached in order to prevent them from having future financial difficulties.

Turner (1998) found that 86% of students from a midwestern university had at least one credit card and carried a balance on three or more of their credit cards. Turner also found that only 28% of both males and females had taken a course in personal finance in high school or college. When asked what the students used their credit cards for, 22% of females and 24% of males responded that they used their credit cards for cash advances. Turner reported that on

the card used most often, the mean credit limit was \$3,125. Ten percent did not know their credit limit. Also, 33% of students did not know the interest rate on the card used most often. Interestingly, Turner found that only 25% of males and 34% of females described themselves as being very or extremely secure when asked to assess their "Perceived Economic Well-Being." Eight percent of males and ten percent of females perceived themselves as being very or extremely insecure. When asked about average debts, Turner reported that the average amount charged each month was \$190.12, with a median amount of \$90. She also found that 28% of women and 45% of men never used a written budget.

2.4 Credit card consumer : college students 'knowledge and attitude

Jacquelyn Warwick (Associate Professor of Marketing, School of Business)

Phylis Mansfield (Assistant Professor of Marketing, School of Business,)

The credit card industry has developed into a major financial service used by the majority of US households across all income classes. What evolved from relatively humble beginnings following the Second World War, is now a major system that stimulates household and personal spending. For example, with the recent introduction of credit availability in the fast food industry, credit sales are now 50-100 percent larger than cash transactions (Ritzer, 1995). In many cases, consumers today live on or over the financial edge often spending everything they make, or more than they make, not even realizing their expenditures consistently exceed their income (Mapother, 1999). "Baby Busters" have been raised in a credit card society; they grew up with

debt and use credit freely. To some, the money involved in credit card transactions is abstract and unreal (Roberts, 1998), to others, obtaining more credit is the equivalent to obtaining

additional income (Mapother, 1999). This attitude toward credit can exacerbate credit card debt and personal

bankruptcy. The FDIC reported that banks suffered \$3.8 billion in losses on credit cards and consumer loans in 1996, a 36 percent increase over the same period in 1995 (Roberts, 1998).

In 1997, 1.26 million people filed for personal bankruptcy (Paquin and Squire-Weiss, 1998), that number increased to 1.4 million in 1998. Paquin and Squire-Weiss (1998) suggest the change in the personal bankruptcy rate can be explained by the combination of four determinants (three with direct correlation to credit cards): the supply of consumer credit, consumers capacity to service their debt, the condition of the job market, and interest rates.

Lessening of credit card debt can come about through an increase in awareness and understanding in the use of credit. However, awareness and understanding are different; companies listing credit card interest rates increase awareness of the price of credit but this does not guarantee improvement in consumer understanding. Thus, mandatory disclosure of information itself (which leads to awareness) does not help consumers make effective credit decisions unless they understand the information provided. There is a general consensus that consumers' lack of understanding is a problem in credit markets (Lee and Hogarth, 1999).

Nearly three in four US households receive at least one credit card offer every month with many offers being sent to college students. College students are seen as a lucrative market since they have higher than average lifetime earnings and are just beginning a major transition period which is a key time to change previous behaviors. Collegians are just beginning a cycle of "firsts"; there is the first dorm room, first apartment, first job and, in conjunction with these, the first laundry, first long distance service, and first credit card (Speer, 1998). Given that for many students credit cards are a first, this paper will look at the attitudes college students have toward credit cards

as well as how knowledgeable they are concerning the use of credit cards.

2.4.1 Credit cards and students

2.4.1.1 Promotion to college students

A decade ago, only a handful of issuers pitched their cards to college students; now, 40 of the top 50, and about 65 of the top 100 card issuers are vying for their business (Ring, 1997).

Why? This target market consists of an

estimated 5.8 million students enrolled in four-year colleges and universities (which are populated with more women and older students than ever before), 4 million of whom study full-time. Part-time students in four-year and two-year schools and graduate students make up the balance of enrollees (Speer, 1998). One marketing firm estimates the spending power of all college students at more than \$90 billion dollars with full-time, four-year enrollees spending an aggregate of \$30 billion a year. It is estimated that of the \$30 billion dollars, \$23 billion is being used for essential purchases such as rent, food, gas, car insurance, tuition, and books and \$7 billion in nonessential "pizza" money (Ring, 1997). Thus, card applications are becoming readily available on campus. Applications can be found in a number of venues such as student mailboxes, tables in student union buildings, school events, "take-one" applications around campus, direct mail, Web sites, telephone solicitations, and campus bookstores. Credit card companies are also paying student groups to sign up classmates, sponsor campus events and arm cold callers with detailed data (often bought from the college) on each student. Companies also gather information from American Student List Company, Inc. (ASL), which works with colleges and high schools in student recruitment efforts. ASL has been compiling lists of student names, class year, fields of study, universities attended, as well as permanent and academic year addresses and phone numbers for 30 years (Credit Card Management, 1998). TeleServices in conjunction with ASL has more than 10 million names and generates about 500,000 credit card applications annually (Credit Card Management, 1998). This heightened marketing campaign has led to two-thirds of all

collegestudents carrying at least one credit card and one in five holding four or more (Rose, 1998).

2.4.1.2 Credit activity of students

Many students attain cards early within their freshman year and thereafteroften remain loyal customers; many holding on to their first card for an average of 12 to15 years (Hultgren, 1998). Although card issuers statedelinquency and chargeoff rates are often no worse, and in some cases are better, than the general public (Ring, 1997) some are not convinced. Education officials worry about students accumulating both student loan and credit card debt. Student loan provider, Nellie Mae, state undergraduate credit card balances average \$2,000 with 14 percent having balances of \$3,000 to \$7,000 dollars and 10 percent owing amounts exceeding \$7,000 (Vickers, 1999). The Chicago Tribune quotes Indiana University administrator John Simpson as saying:

We lose more students to credit card debt than academic failure (Commercial Law Bulletin, 1998). Yet in a recent survey it was found that four out of five college students had balances of \$1,000 or less with more than half paying off their balances at the end of the month and those who paid by installment usually paying more than the required minimum (Merrick, 1998). Another survey, conducted by the US Public Interest Research Group found the average unpaid balance to be similar to the first with the average \$986 (Commercial Law Bulletin, 1998) while a third survey indicates that 63 percent of four-year college students carry credit balances of at least \$2,000 (Feldman et al., 1999). There is also anecdotal evidence suggesting thatmany under graduates are acquiring big balances in school, some even graduating with a five figure credit card debt. Although as noted, there is a wide array of differences in the information being reported, some colleges are not waiting for a definitive answer and are reining in card issuers. Also, lawmakers in some states, including New York and Massachusetts, are trying to ban card marketers from colleges altogether

(Rose, 1998). College students argue they want and often need a credit card. A 1995 Roper College Track poll asked students why they had a credit card. The responses were: "to establish a credit history" \pm 65 percent, "to meet emergency needs" \pm 35 percent, and "to become more financially responsible" \pm 18 percent (Newton, 1998). Although not opposed to their reasons for possessing a credit card, academics (as well as consumer advocates) feel an ethical obligation to serve the students' interests by determining the best way to educate them on what it means to have a revolving line of credit and how to manage credit responsibly (Hultgren, 1998). Although the obligation is noted, relatively few college students study personal finance, making primary and secondary schools the only places where the vast majority of young Americans can acquire financial survival skills (Mandell, 1999).

2.4.1.3 Students' knowledge of credit cards.

A 1999 Youth and Money Survey found that most 16-22 year old US high school and college students do not know much about personal finance. Many are not confident about their knowledge of basic financial matters with only 15 percent stating they understand money very well, and only 18 percent agreeing that they do a good job of managing their money (Merrick, 1999). With an estimated 85 percent of college students having a credit card in their name (Ring, 1997) some credit card issuers are beginning to recognize that college students need instruction in how to be good credit card customers. Visa has run a media campaign aimed at teaching students how to use credit wisely (Speer, 1998). Visa is also sending out kits to freshman orientation leaders at 4,000 colleges, along with advice on how students should select credit lines. They are also planning to stage mock game shows on 20 college campuses to quiz students about their financial savvy. American Express and MasterCard are also showing educational interest by having interactive Web-sites that allow students to play with financial

charts and budget expenses (Commercial Law Bulletin, 1997). For those that receive or make use of the material and sites available to them, this may be their first steps toward financial literacy.

2.5 Credit Card Development Strategies for the Youth Market: The Use of Conjoint Analysis

Ali Kara, Erdener Kaynak and
Orsay Kucukemiroglu.

In recent years, there has been an intensified interest in the financial service sector in marketing management as a legitimate banking activity. There are several reasons which account for this global interest in financial service marketing (Kaynak, 1986). One of the most significant factors is that during the 1980s and the early 1990s, individual and organizational demand for financial services have increased substantially. During this period, as the income and purchasing power of households increased, their demand for a variety of services offered by financial institutions, especially by banks, increased concurrently. Because of these rapid developments and changes taking place in the financial market place, financial institutions of different types have started scanning their competitive business environment more closely and have tried to design and implement proactive marketing strategies to combat threats from competing financial institutions. Accelerating competition in the banking market has driven organizations constantly to seek to produce unique services for distinct market segments. Most US banks offer a special bundled account designed to serve the needs of young men and women just starting out. Several banks have also designed checking accounts and certificate of deposit for young people up to the age of 21 (Mason and Ezell, 1993, p. 328). Over the last few years the college population has evolved into a class of "solid citizens," and, with significant disposable income, they are being wooed

strenuously (Abend, 1985). College students' spending on products for the family exceeded \$35 billion in 1985, \$40 billion in 1986, and \$60 billion in 1991. Of the total 14 million people, 2.5 million freshmen every year is an enormous market for credit cards, fashion wear, computers, travel, magazines, sports wear, cars, entertainment and cosmetics (Hauser, 1986). Over the last decade marketers have shown that they take the potential market seriously by increasing their efforts to capture student consumers in the college market. With a reported \$13 billion in discretionary income annually, college students are out shopping in force. In addition, 69 per cent of them have credit cards, 42 per cent have a department store credit card and 23 per cent have a gasoline card to help them do their shopping (Hall, 1987). A study conducted by Yankelovich, Skelly and White in 1980 found that 71 percent of the people whose ages are between 18 and 25 developed their first brand loyalties as teenagers. It is clear that companies that capture consumers when they were teenagers get a big pay-off (Weiner, 1987). Therefore, when a young person is issued a card, chances are that that customer will stay with the credit card issuing company for a long period of time. College students can do more family shopping because they are more independent. Seventy-nine per cent of them own a car, 89 per cent have stereo and TV, and the percentage of camera, sports equipment and bicycle owners are also as high as the other figures (Hauser, 1986). On the other hand, getting college credit has never been easier. Credit card companies are working hard to solicit students. American Express, which introduced charge cards to the campuses a decade ago, is losing its

lead to Citicorp (Saporito, 1990) because the credit card market has moved to a whole new level of sophistication (Duffy, 1990). It is not unusual for these companies to waive some requirements such as previous credit histories, income requirements and parental cosignatures. Some credit card companies offer incentives like free dictionaries and travel discounts, while others offer more than one card for a single application.

According to Faulkner and Gray's 1991 Credit Card Issuers' Guide, a publication of Chicago-based Credit Card News, charge card transactions in 1989 totalled \$296.9 billion, up 15 per cent from the year before. Although student transactions account for only \$4.5 billion, which is a small figure in the total card market, it represents an important potential market for the future. Annual College Track Survey found a 37 per cent increase in general credit card ownership for full-time undergraduates at four-year colleges between 1988 and 1990 and 90 per cent of card holding students report credit cards and bills are listed in their own names.

2.5.1 Previous Research

Research on credit cards has mainly centred on the development of user profiles and exploration of broader economic issues pertaining to credit card demand and supply (Adcock, *et al.*, 1977; Feinberg, 1986; Goldstucker and Hirschman, 1977; Hawes *et al.*, 1978; Hirschman, 1979; Kaynak and Yucelt, 1984; Kinsey, 1981; Martell and Fitts, 1981). In most cases, economics-based work has been directed towards predicting consumer demand by using a number of economic parameters such as consumption patterns (Batra, 1975; Garcia, 1980; McAlister and DeSpain, 1975; Russell, 1975). Behavioural work, on the other hand, has been primarily descriptive or correlational and attempts to answer the question: "Who is the credit card user and what are their demographic and socioeconomic profiles?" (Plummer, 1971). Some other studies reported in the current literature indicate that credit card possession and use is positively correlated with the anticipation and actualization of further use (Hirschman, 1979). Based on the literature one can develop numerous bases for defining market segments as targets for promotion. Most studies, however, have attempted to identify markets through the analysis of demographic, socioeconomic, attitudinal, and/or personality characteristics (Martell and Fitts, 1981). Several other studies have found age, sex

and marital status to be significant determinants of credit card selection and usage (Kinsey, 1981; Slocum and Mathews, 1970). Likewise, occupation, education, and income are accepted generally as potentially significant correlates of usage (Frank *et al.*, 1965). However, there have been virtually no studies conducted specifically to examine college students' perceptions and preferences of credit cards. More specifically there are no studies reported that offer guidelines to the managers of credit card issuing companies on how college students make their credit card choice decisions among several available alternative brands. Thus, the primary objective of this study is to explore the perceptions of the college students towards the credit cards.

The major research questions addressed in this study are:

- 1)What are the factors that affect college students' credit card choice decision?
- 2) What are the relative importance of these factors in their overall credit card choice?
- 3)What are the managerial implications of these behavioural patterns?

2.6 Credit and Charge Cards Selection Criteria in Greece

(Arthur Meidan and Dimitris Davos)

Until recently, the Greek card market was underdeveloped. Traditionally, the Greek society was cash oriented and only lately consumers have started to use plastic money as a method of payment, especially in urban areas. In the last few years, credit and charge card usage has expanded rapidly. Many reasons contributed to this expansion: the deregulation of the Greek banking market and the establishment of private banks, the introduction of new technology which enables banks to operate at more efficient levels, and the realization of bank managers that Greek banks must adapt to the new competitive environment in a unified Europe. Over the last four years the growth in the number of new credit card accounts has been (on average) over 25 per cent per annum. Despite this increase, there is still a huge potential on this market, since only 10 per cent of the Greek urban population owns a charge or credit card. From the marketing point of view, this dynamic environment poses a challenge for the development of effective strategies. Literature and research in this field in Greece are relatively poor, although some basic – and confidential – bank studies do exist. This article aims at identifying and quantifying the attributes and factors that affect credit and charge cards selection. Although there is quite a lot of literature on credit and charge cards usage internationally, very limited published research is available on Greece. Most of the studies have been conducted in the USA, and the main publications are reviewed below. Slocum and Mathews have conducted two studies to find out how the use of credit cards is affected by social class (1969) and by income level (1970). In their first research they found that members of the lower socio-economic class tend to use their cards for instalment financing much more than higher socio-economic classes. Upper classes tend to use their cards as a convenient method of payment. The reason for this is the difference in deferred

gratification patterns between social classes in the USA. Lower classes show more impulse buying than the middle class, who feel that they should save money and postpone purchases. The upper classes do not need to save and defer gratification, and since there is no reason for instalments they use credit cards for convenience. Mandel (1972) found that primary determinants of credit

card usage were family income and education. Higher income and better educated families were more likely to use credit cards than lower income families. A reason for this is that credit cards were initially marketed to higher income people. Another finding of his research was that families living around the largest cities are more likely to use credit cards. This finding matches with the Greek cardholders' demographic profile, where a very high concentration of cardholders is observed in urban areas. Mandel also found that families with different incomes perceived differently the advantages and disadvantages

of credit cards. Lower and middle income families considered the credit facility as a definite advantage,

while high income families found safety and convenience to be definite advantages. Awh and Waters (1974) carried out a study relating card use to economic, demographic and attitudinal variables in

order to find any differences between active and inactive cardholders. They found that attitude towards bank credit cards is the most differentiating factor distinguishing active from inactive cardholders. Other factors were age, socio-economic standing, types and number of other cards held by an individual, attitude

towards credit generally, education and income. Hirschman (1979) focused her research on the influence of method of payment on purchasing behaviour. She found that individuals who possess both credit bank cards and in-store cards are more likely to buy than those who own only bank cards or in-store cards. She also found that cardholders were more likely to make

bigger purchases than non-holders. This finding suggests that credit cards facilitate and induce purchases, as compared to cash. Kinsey (1981) investigated the determinants of credit card accounts. He found that although income is a very important determinant in the number of credit card accounts held, low income does not decrease the number of card accounts held as much as living in a small town or rural area. High income on the other hand, is the most important determinant for increasing the number of

credit card accounts. Kaynak and Ugur (1984) conducted a cross-cultural study of credit card usage behaviour of Canadian and American cardholders. In the first stage of their research, cardholders'

attitudes towards credit cards were evaluated. Both populations of cardholders agreed that credit cards are useful in a sense that cards are safer than cash and help making impulse buying payments. The conclusion was that both Americans and Canadians show similar patterns in attitudes toward ownership of credit cards, but their behavioural characteristics are different. Feinberg (1986) carried out a study on credit cards as a spending facilitating stimulus. He suggested that as people use their credit cards, a conditioning may occur as credit cards become associated with spending.

In a cross-cultural comparison of attitudes towards the usage of credit cards between English and French speaking Canadian cardholders, Chebat *et al.* (1986), identified various attitudinal statements about the usage of statements on the usage of credit cards. Chebat *et al.*'s findings suggest that many cardholders develop an attitude of using credit cards for emergency situations. In an attitude and usage survey conducted by Bold Advertising Company (1990), Greek cardholders' attitudes towards credit cards were identified. The most positive attitudes are related to the advantages of credit card usage. These advantages were: that one does not have to worry about carrying cash and the additional safety that this implies, that cards could offer extended credit, and finally that foreign currency is more easily available to cardholders.

On the other hand, some negative attitudes towards credit cards were a result of their perceived disadvantages; fears of credit card fraud and a perception that cards lead to excessive purchasing and credit, were the most important "negative" attitudes.

CHAPTER 3

CREDIT CARD INDUSTRY IN THE WORLD

3.1 Introduction

This section is the literature review of the credit card industry in the world. The history of the bankcard industry, types of credit cards in the world, members of the credit card system, and the business relationships in the industry are explained below. Benefits of the credit cards for the card holders are explained from the previous studies on credit cards.

3.2 The history of the bankcard industry

Charge cards date back to 1914 when Western Union provided metal cards giving free, deferred payment privileges to preferred customers. These cards came to be called “metal money” (www.cardpay.net, 2004).

In 1974, General Petroleum Corporation issued the first metal money for gasoline and automotive services first to employees and select customers and later to the general public (www.cardpay.net, 2004).

Credit cards grew in popularity until the beginning of World War II when “Regulation W” restricted the use of such cards during the war and temporarily suppressed the growth of this new payment alternative (www.cardpay.net, 2004).

After the Depression and World War II, demands on the budget made the concept of credit more popular- people could buy things with credit cards that they could not afford to buy with cash (www.cardpay.net, 2004)

The credit card in the current terminology came into being in 1950. Frank McNamara, a famous lawyer invites his clients for the dinner and realizes that he did not have enough money to pay the bill. He signs at the back of his personal card. After that night, he establishes Diners Club credit card which people can make their payments with a plastic card and a sign at the back of it. Diners Club credit card became a global credit card in time and expanded its boundaries through Europe (Pano Dergisi,1997)

After the acceptance of the Diners Club credit card and its intense usage, banks in America started functioning in this area. In 1958, bank of America issued "Bank Americard" and American Express Company issued the "American Express". These were the first international credit cards (Yilmaz, 2000).

In today's world credit cards have a widespread usage and the number of the credit cards exceeds one billion in the world. There are many credit card associations functioning in the world. VISA, MASTERCARD, AMEX, JCB, and DINERS CLUB are the associations of which cards are widely used internationally (Yilmaz, 2000)

3.3 Types of cards

The industry divides up cards by the business of the issuer. There are;

Bank cards (VISA, Master Card, Discover)

Petroleum Cards (SUN Oil, Exxon, etc.)

Travel and Entertainment (T&E) cards (America Express, Diners Club, Card Blanche).

Other cards are typically lumped together as "Private Label" cards. (Ziegler, 2004)

Cards are also divided by how they are billed. Thus there are:

Credit cards (VISA, MC, Discover, most department store cards)

Charge cards (American Express, AT&T, many petroleum cards)

Debit cards.

Credit cards invoke a loan of money by the issuer to the cardholder under pre-arranged terms and conditions. Charge cards are simply a payment convenience, and their total balance is due when billed. When a debit card is used, the amount is taken directly from the cardholder's account with the issuer. There are also third party debit cards and affinity cards. Third party debit cards are issued by an organization with which the cardholder has no account relationship. Affinity cards are valid credit cards from their issuer, but carry the logo of a third party, and third party benefits from their use. (Ziegler, 2004)

Credit cards are also divided into domestic and international credit cards according to the area of usage and they are divided into two according to the income level of the cardholders; classic credit cards and gold credit cards. In this classification the main determination is the credit limit of the cardholder and this limit is determined by the issuer according to the income level of the cardholder (Yilmaz, 2000).

Credit cards are named classic, gold, premier, and platinum according to the income level of the cardholder and according to the status of the card holder (K. Ataman, personal communication, October 2004). Classic cards are issued with lower credit limits to the people who have relatively low income levels. Others have higher or sometimes limitless credit opportunity (Yilmaz, 2000). Gold and premier cards are issued to the customers who have high income levels and who have a good status for the bank. K. Ataman (personal communication, October 2004) says that platinum cards are only issued to the most important customers of the banks. Generally, these customers have an important amount of money deposited in their accounts and have strong business relationships with the bank

3.4 Members of the credit card system

Card holder – an individual to whom a credit card is issued. Typically, this individual is also responsible for payment of all charges made to that card. Corporate cards are an exception to this rule (Ziegler, 2004).

Card issuer – an institution that issues credit cards to cardholders. This institution is also responsible for billing the cardholder for charges. Often abbreviated to “Issuer” (Ziegler, 2004).

Card acceptor – an individual, organization, or corporation that accept credit cards as payment for merchandise or services. Often abbreviated “Acceptor” or “Merchant” (Ziegler, 2004).

Acquirer – an organization that collects (acquires) credit authorization requests from Card Acceptors and provides guarantees of payment. Normally this will be by agreement with the Issuer of the card in question (Ziegler, 2004).

Many issuers are also acquirers. Some issuers allow other acquirers to provide authorizations for them, under pre-agreed conditions. Other issuers provide all their own authorizations (Ziegler, 2004).

3.5 The business relationships

Card acceptors generally sign up with a local acquirer for authorization and settlement of all credit cards. This acquirer may or may not be a card issuer, but certainly will not have issued all the cards that the merchant can accept. Acquirers generally are connected to many issuers, and pay transaction charges and discount fees to those issuers for authorizations. Most large

banks are issuers and acquirers. Some small banks are only issuers. There are third parties that are only acquirers (Ziegler, 2004).

3.6 Benefits of a credit card for the card holder

There are three main functions of a credit card. These are;

Payment for the purchase of goods and services.

Medium for obtaining cash.

A continuous credit source. (Lindsay, 1994)

There are other attributes, which may encourage an individual to obtain a credit card. A credit card is a sign of prestige for the cardholder. Banks do not issue credit cards to everyone (Yilmaz, 2000).

In a country, which has a developed card system, the cardholder does not have to carry cash with him/her because almost every business accepts credit cards (Yilmaz, 2000). Carrying money in the pocket has an opportunity cost. Because it has interest earned when it is deposited to the bank. The cardholder cannot benefit from this opportunity when he carries his money in pocket and also he has the risk of having that money stolen (Mayer, 1997). But the credit card issuers guarantee the risk of card when it is stolen (Altuğ, 1989).

The cardholder benefits the credit opportunity without paying interest between the dates he makes his spending and pays the balance in the last payment date (Yilmaz, 1997).

Credit cards have an easy usage when it is compared to the alternative payment ways like cheque. The cardholder escapes from the possible problems and restrictions created when cheques are used (Teoman, 1992).

The international credit cards can be used everywhere in the world. At this point, credit cards are more useful than using cash. It saves you from the effort for converting your money to that country's currency (Yilmaz, 2000).

Credit cards offer credit opportunity in cash to the cardholder. If the cardholder is given the right to withdraw cash he can withdraw it from his bank's branch, the acquirer's units, or from the ATMs. The cardholder can also withdraw cash from the businesses, which the bank has an agreement with (Yilmaz, 2000).

Banks make promotions for sustaining customer loyalty and to increase the usage of their cards. Cardholders benefit from these promotions when they have the card of the bank making promotions and make their purchases with this card (Yilmaz, 2000).

Gibby et al. (2004) found that the major attributes that consumers value most include interest rate, fees (annual fees, other), value added benefits such as frequent flier mileage, appearance of card (logo or design), status symbol such as gold card, credit limit, location of the bank, ease of attaining the card, acceptability by vendors and businesses, and customer support /service.

3.7 Conclusion

This section was the literature review of the credit card industry in the world. The history of the bankcard industry, types of credit cards in the world, members of the credit card system, and the business relationships in the industry was explained above. Benefits of the credit cards for the cardholders were explained from the previous studies about the credit cards and the credit card attributes derived from this part of literature will be used in Section 5. The attributes identified are interest rate, fees (annual fees, other), value added benefits such as frequent flier mileage, appearance of card (logo or design), status symbol such as gold card,

credit limit, location of the bank, ease of attaining the card, acceptability by vendors and businesses, and customer support /service.

CHAPTER 4

CREDIT CARD INDUSTRY

IN THE TURKISH REPUBLIC OF NORTHERN CYPRUS

4.1 Introduction

This section consists of the historical background of the credit card industry, types of credit cards issued, and competition in the Turkish Republic of Northern Cyprus (TRNC). This section also includes the credit card attributes, which were obtained from the personal communications with banking experts and through pre-assessment interviews with 200 randomly selected credit card-holder college student .

4.2 The credit card market in Northern Cyprus

The Turkish Republic of Northern Cyprus (TRNC) is a small island state situated in the Eastern Mediterranean with its 200 000 inhabitants. Despite its small population and limited trade with the outside world increasing number of credit card companies compete with each other for customers.

First credit cards in TRNC were issued by the Kıbrıs Kredi Kartı Şti. at the beginning of the 1990s. It was issuing the credit cards of Pamukbank but these cards were not used widely around the island. There were not enough imprinter machines (machines which use the embossed information on the card to make an impression on a charge slip), and they were only available at hotels (distributed by Vakıfbank). Until the mid-1990s the usage of these

credit cards was limited to hotels in the TRNC. It was also possible to use these cards abroad

The banker

In the mid-1990s electronic point of sale (POS) machines and automated teller machines (ATMs) were started to be used and other banks started to issue credit cards by that time. These machines were brought by İş Bankası and Vakıflar Bankası to the TRNC and they started to issue credit cards. After POS and ATMs became widely used, Türk Ticaret Bank, Koop Bank, İktisatbank, Türkbank, and Ziraat Bank followed them in issuing credit cards (the banker) says that until 2002, making purchases in instalments was not an available attribute with credit cards. First, İş Bankası and then İktisatbank, Koop Bank, HSBC, Universal Bank, Garanti Bank, Oyak Bank, Halkbank added this attribute to their credit cards.

4.3 Types of credit cards issued

The banker says that in order to understand the competition it is important to know that the credit cards in the TRNC are divided into two types according to their acceptability by the sellers of goods and services;

International credit cards

Domestic credit cards

International credit cards have the logo of one of the international credit associations (VISA, MasterCard, etc.) on them and they are accepted by all the POS machines. The cardholder can also use his credit card in every ATM which his bank has an agreement with the other bank which owns that ATM. But domestic credit cards are only accepted by their own POS machines and ATMs (The banker).

4.4 Competition

(The banker) says that the competition is affected by the political position of the TRNC. Domestic banks cannot issue internationally accepted credit cards because the TRNC is not recognized in the world and therefore they are not given the licence to issue international credit cards owned by the international credit card associations. This affects the acceptability of the credit cards and in turn the preferences of the customers (the banker says)

There are ten banks issuing credit cards in the TRNC and the most widely used credit cards are the cards issued by KOOP Bank, İktisatbank, İşbank, and HSBC. KOOP Bank and İktisatbank issues domestic cards where İşbank and HSBC issues international credit cards (The banker says).

4.5 Attributes evaluated when obtaining and using a credit card

(The banker says) feels that the cardholders evaluate the following attributes when deciding which card to use; local acceptability, number of instalments, discounts made to the credit card, limit, sales promotions, queue waiting time when paying the balance, reaching to the balance and other account information, customer services, international acceptability, status symbol of the card, name of the bank, and the interest rate charged.

(The banker) says that the local acceptability of the credit card is important because the cardholders want a credit card, which they can use in any business in the TRNC. Some businesses do not accept all credit cards. The more the businesses accept a credit card the more the possibility that the card holder will obtain and use that card.

The banker says that the number of instalments is another important factor for a cardholder when deciding which card to use at the point of purchase. Some businesses make more

instalments to some credit cards depending on the agreement they made with the issuing banks, and depending on the amount they pay as commission to the bank. The acceptor asks for the credit card, which they pay less commission and this influences the cardholder after a while in a direction to use that bank's credit card. If the cardholder knows that one credit card makes more instalments by some acceptors then he will choose to use that card and this will lead him to use that card in other acceptors too. The more the instalment payment facilities allowed with a credit card the more the people will prefer to own and use that card.

The banker says that the amount shopping discounts made to a credit card is important for the cardholders. He says that the cardholders use the credit cards with which they can have more discounts on their purchases.

Credit limit is another important factor for the cardholder when obtaining a credit card (says banker)customers prefer the credit cards, which offer higher credit limits. He says that if the limit of a credit card is not sufficient then the card holder will not prefer that card and choose another card with higher limits. The reason is that whether the cardholder makes his purchases with instalment payments or not he can only use his card until the value of his purchases reaches to the limit of the card. Although the card holder will pay the amount by instalments his credit limit will be blocked in the amount of his purchases and he will not be able to use that card until he makes some payment to the bank. As a result, the cardholder wants to use a credit card with which s/he can make more purchases without worrying too much about the credit limitations.

(The banker communications) feels that sales promotions have a great effect on the cardholders' choices when obtaining and using a card. He claims that sale promotions increase the usage of cards. Increasing the number of instalments on religious days, during the New Year celebrations, etc. increases the card's usage. If a card holder knows that a

credit card makes more sale promotions compared to others s/he will want to have that card and use that card in preference to others. Saving credit points is another example of the promotions made that are preferred by customers. Other favourite promotions include the club lounge facilities at airports, less to pay for car insurance and at car parks, etc.

The queue waiting time on the last payment date of the credit card is another important factor for a cardholder according to.(Banker communication) He indicates that if this time is too long, the cardholder will not want to spend his time in the queue and after a while he will give his card back to the bank and obtain another credit card where he will be able to make his payments easier. He says that the cardholders should be provided with a good service that enables them to make their payments fast and easy.

Banker indicated that convenience in obtaining card account statement and other information was another factor for which cardholders evaluate to obtain and use a credit card. He further indicated that if this information is not conveyed to the cardholder via mail, e-mail, or SMS on time or if it takes too much time to find out on the phone, the cardholder will not choose to use that card.

Banker says that customer services are important for the customers. He says that the cardholder wants a person in the bank when he needs information about his card or maybe he wants to notify when he loses his credit card. If he cannot find anyone to let know his problem, then he will not prefer to use that card.

(The banker communication)says that credit cards are divided into two in Cyprus, domestic cards which are accepted only in Cyprus and international cards which are accepted everywhere in the world. He indicates that the international acceptability of a credit card - especially in Cyprus- is an important factor for the cardholders when they are obtaining and

using that credit card. He says that a cardholder can use his international card in Cyprus as well as abroad but he cannot use the domestic credit cards abroad. These credit cards are only accepted in POS machines and ATMs of that local bank where the international cards are accepted by every POS machines. Also these cards are accepted in other bank's ATMs if the issuer of the card has an agreement with them.

(The banker communication) also divides the credit cards into two; cards which are a status symbol for the cardholder and the cards which do not represent a symbol. He says that especially some cardholders want to show their status and their income level in the society and they obtain a credit card representing their status as well as their wealth. He says that not everyone can obtain gold, premier or a platinum credit card. Gold and premium credit cards are only issued to the individuals who have a higher status in the society and who have higher levels of income. Platinum cards are only issued to the individuals who are very important customers of the bank or who have very important business relationships with that bank. Therefore the cardholders will prefer to use that credit card at the point of purchase to show how they are valued by their bank.

The banker communication says that the name of the bank itself is another factor influencing the cardholders when they are obtaining or using a credit card. Businesses generally accept the credit cards of well-named banks in order to guarantee the value of the purchases will be paid back to them. And this will in turn increase the acceptability of the credit cards of these banks. The cardholders know that the credit card of a good bank will be accepted by more acceptors; therefore, they will own and use that bank's credit card.

The banker indicates that another factor influencing the credit card choice of cardholders is the interest rate of the credit card and how this is calculated by a certain bank. Banker says that this factor is not important for the cardholders who have high income levels because these

cardholders pay their balances on the last payment date and have nothing to do with the interest rate. They says that this can be an influencing factor only for the card holders who need to revolve their balances.

4.6 Individual opinions of card holders

This study further collected the individual opinions of twenty randomly selected individuals to collect more information on credit card attributes to be used later during the data collection/laddering interviews. The individuals were asked to reveal which attributes they preferred most when obtaining and using a credit card. The preferred attributes of credit cards identified in their case were the credit limit, international acceptability, number of instalments available per purchase, cash points, sale promotions, local acceptability, interest rates, security policies of the bank for the card, customer services, cash credit, no commission for cash credit, name of the bank issuing the credit card, cash rebates, having an account with the providing bank, appearance of the card.

4.7 Conclusion

This section explained the historical background of the credit card industry, types of credit cards issued, and competition in the TRNC. This section also included the credit card attributes, which were obtained through personal communications with banking experts and the 200 randomly selected college students' The attributes such identified were used in the laddering interviews carried out and reported in Section (the Findings).

CHAPTER 5

5.1 Credit card issuers respond to legislation (new credit card law)

In the early 2000s, lending criteria were relaxed, credit scoring wasn't always effective and, encouraged by easy money, cardholders began paying for everyday purchases like groceries and petrol on credit. "Some people bought fashion items like T-shirts in six instalments," says Ozlem Imece, GM for Turkey and Eurasia at MasterCard Europe: "By the time they'd finished paying, the shirts were out of fashion."

The resulting media coverage, along with complaints about high interest rates, led the political community to get involved and in March last year, Turkey's Credit Card Law was passed. Some restrictions on the credit card industry are covered by the law and can only be altered by parliament, while others are the subject of regulations administered by BRSA, the Turkish financial services regulator, and contain a degree of flexibility.

Among the provisions of the new law and accompanying regulations are:

- Soliciting credit card applications in public places, including shops, has been banned, which severely restricts signing up credit card applicants outside bank premises;
- Credit cards may only be issued if requested;
- New applicants may only be granted a line of credit equivalent to twice their monthly salary, rising to four times at the beginning of their second year with the card;
- The minimum monthly repayment is now 20% of the outstanding sum owing on the card account;
- The maximum APR is set from time to time by BRSA and is currently 5.63%. Cardholders must be notified of changes a month in advance;

- Only simple interest may be charged to credit card accounts;
- Credit card limits can be increased only at the cardholder's request;
- Credit limits are per cardholder, not per card. If a cardholder has a credit limit of YTL 10,000 and 10 credit cards, his limit per card is YTL 1,000;
- Over-limit fees cannot be charged.

Taking effect from the middle of last year, the legislation deprived the Turkish credit card market of some of its traditional buoyancy. Though the number of cards issued rose by 8%, purchases were up only by 2%, their slowest-ever year-on-year performance (Table 2).

"The restrictions on sales outside of branches cause problems," says Imece: "Banks branches are crowded and you have to go to the teller, who always has a lot to do – it's stressful for everyone."

Previously, issuers could hand out application forms from booths in stores and shopping malls, with a photo-copier to capture the applicant's ID. "You can't do this on retailer premises any more," says Imece: "(Department store group) YKM wanted to move to instant issuing, but received objections from BRSA. These objections have made life difficult."

"We're finding ways to address the issues, using SMS and e-mail channels to overcome the barriers," says Mehmet Sezgin, CEO of Garanti Payment Systems: "Good things have come out of the legislation as well – there's more transparency and more trust in the system, so there's a positive side to it."

With an eye to the bank's 'Bonus' loyalty scheme, Garanti is pressing for the restriction on soliciting applications in public places to be relaxed, Sezgin says: "We're trying to persuade BRSA our business depends on working closely with retailers."

Akbank provides another example. There are no restrictions on advertising, so the bank uses posters which invite credit card applicants to text a number; the call centre calls the applicant back and gets their citizenship number, which is the minimum information necessary to issue the card. ID has to be produced when the card is delivered or collected.

Nearly all Turkish credit cards are revolving cards – there are very few charge cards – and most are co-branded or linked to a loyalty scheme. With loyalty becoming commoditized, issuers are looking increasingly at adding contactless functionality for differentiation (see p23).

With inflation falling in Turkey, interchange has fallen to 1.7% on average. “It is not yet an issue, but we’re thinking of making it an issue,” says YKM director Nusin Oral, who is also chairman of AMPD, the Turkish retailer forum, which is affiliated with EuroCommerce: “There’s been no formal complaint so far.”

Another issue, she adds, is the number of POS terminals retailers must have to participate in acquirer networks. While POS terminals are provided for free by the acquirers, four or five per check-out are normal and eight or nine not uncommon; Sezgin says he recently found a merchant with a record 12 POS terminals.

CHAPTER 6

6.1 Methodology

The sample frame for this was undergraduate students at NEAR EAST UNIVERSITY whose population 12000 A questionnaire attempting to identify the importance attached by the card holders to each of the attributed, on a Likert type, a five point itemized scale was developed. 40% students of university stays at campus however 60% of students lives away from campus . 80% of university population visits the cafeteria everyday . The students were approach by a researcher and asked to participate in the study . Total of 200 student participate the survey .Approximately 1,66 % of the university student population took part in the study.

6.2 Sample

The characteristics of the sample in this study resembled closely the demographic characteristics reported by others however, in this sample, more men than women responded to the survey than reported in other studies. In general, the average respondent was typical of a Near East University undergraduate student. There was totaled 200 randomly selected collage students to participate the research ; 58% of male another 42% is female and 18 % of student participate the research age was 21 and below another 82% between 21 -30 years old When we look at the class standing 13% were freshman,15% were sophomore ,28% were junior and 44% were senior .see (table I)

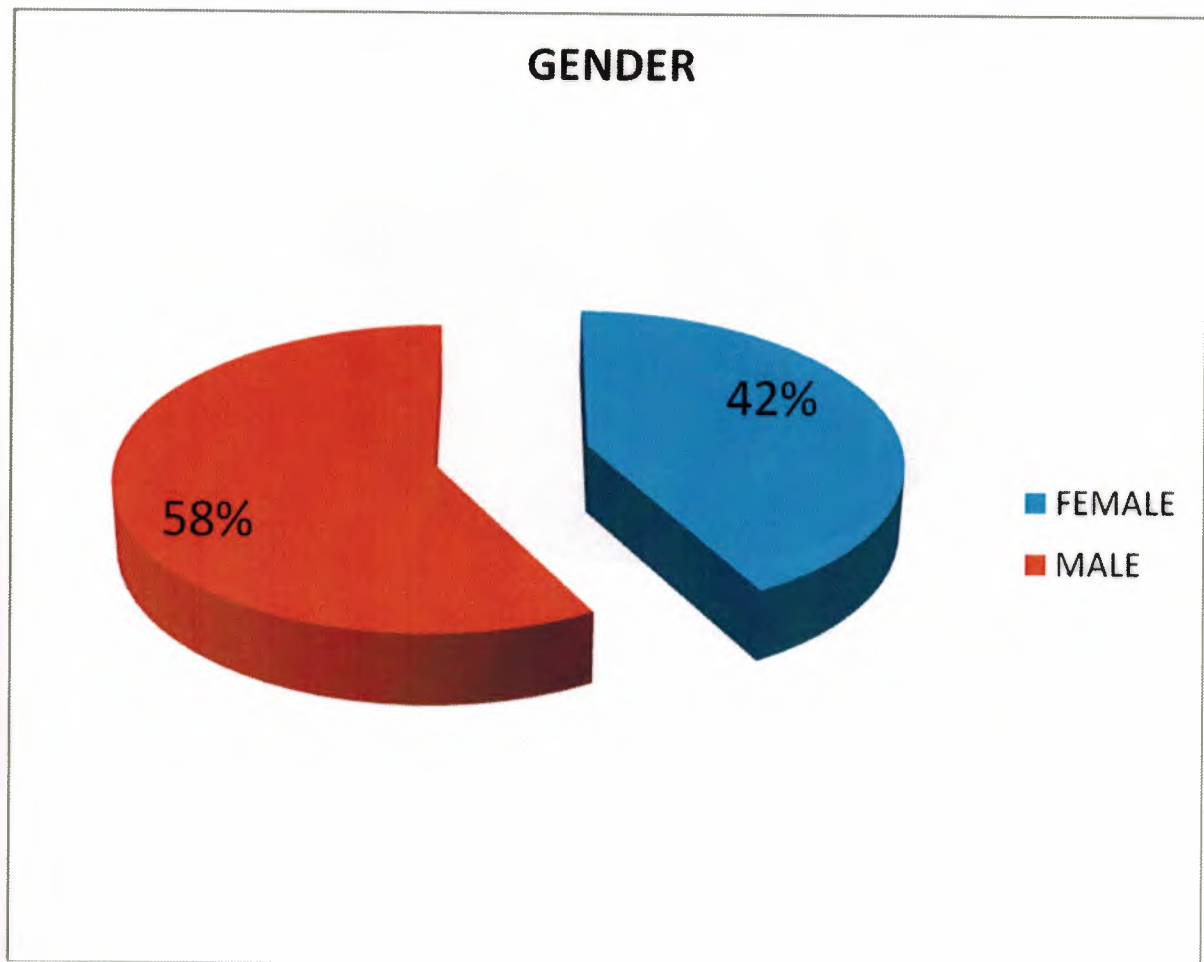
Table 6.2.1 Descriptive profile of sample by demographics

Demographic characteristic	n	percent
Gender		
Male	116	58
Female	84	42
Age		
21 and below	36	18
21-30	164	82
Class standing		
Freshman	26	13
Sophomore	30	15
Junior	56	28
Senior	88	44

Note: n = 200

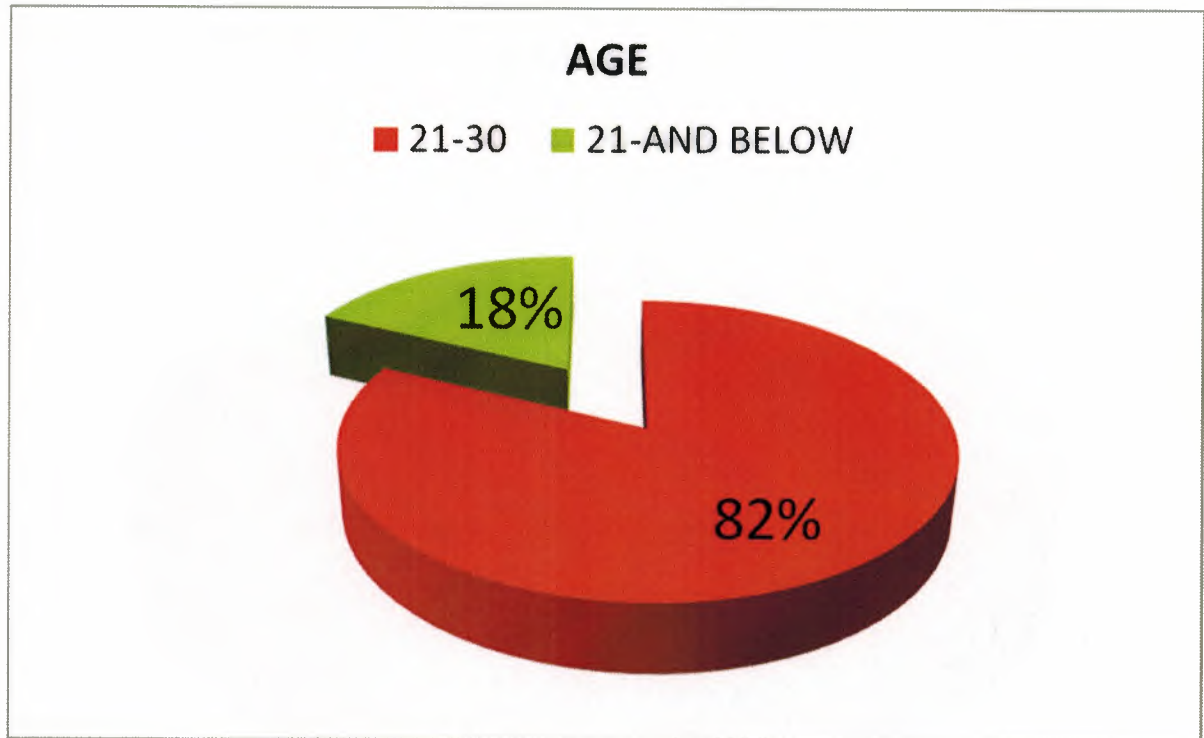
6.3 Findings

Figure 6.3.1: The gender of participants



According to research which is conducted to the students 58% of students are male however 42% are female.

Figure 6.3.2: The age of students



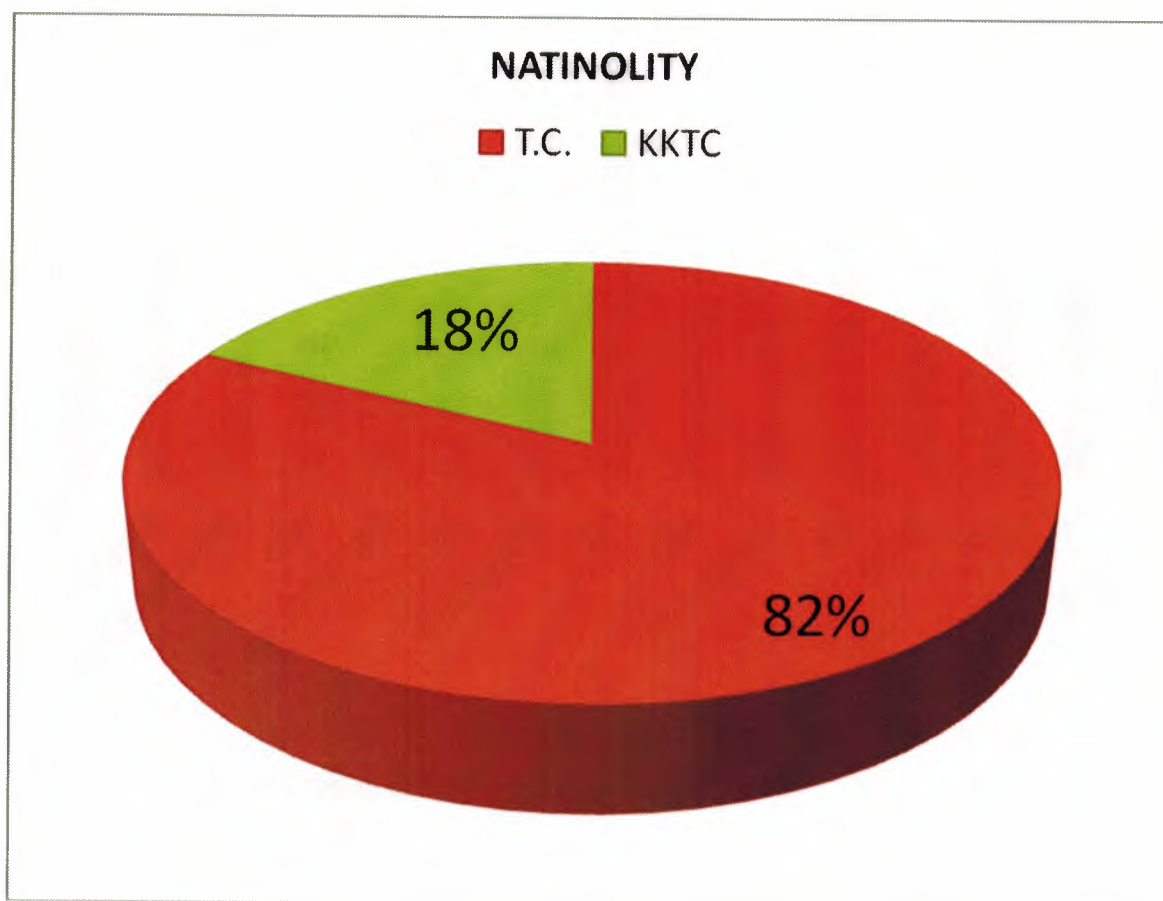
According to research

The age of students is between 21-30 and 21-below .

18% of 21-and below ages participate in the research

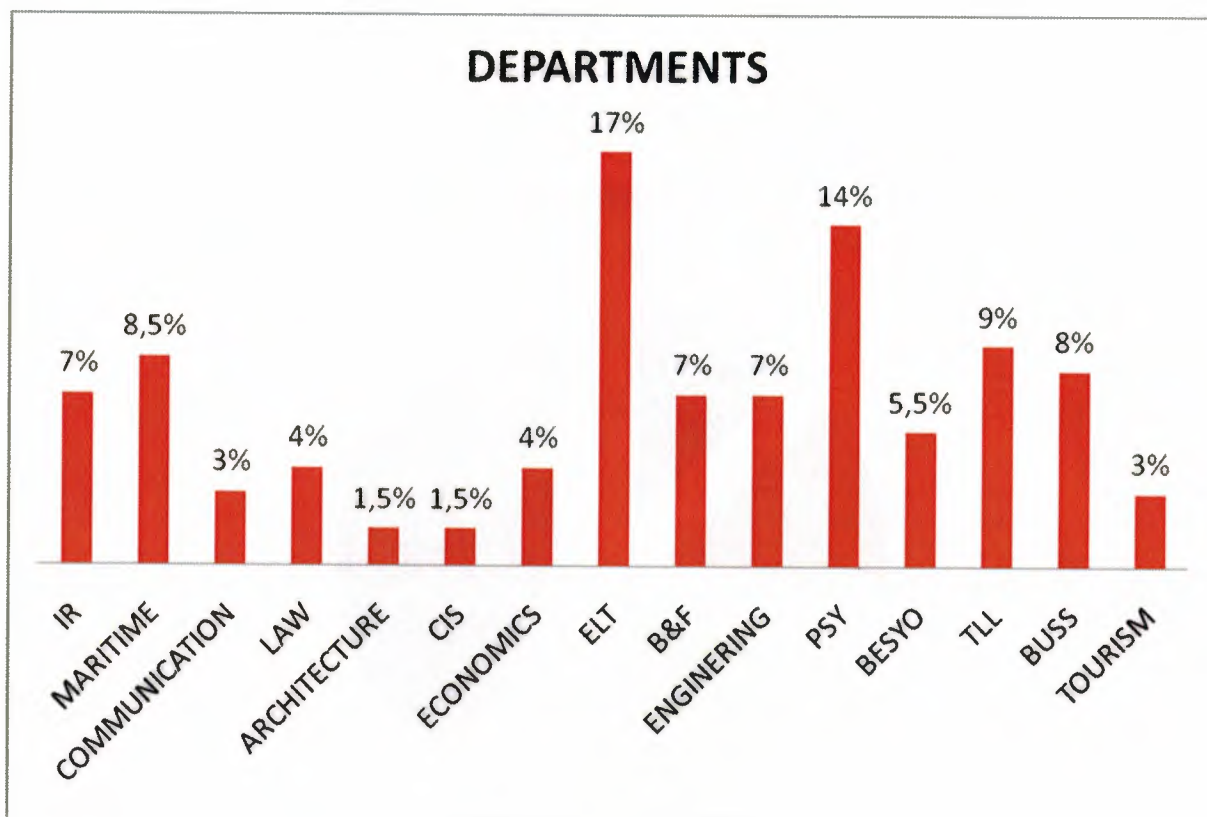
82% of 21-30 ages take part in research.

Figure 6.3.3 :The nationality of students



Nationality of (respondents) students were 82% of T.C. and 18% K.K.T.C

Figure 6.3.4: The department of students



This research is conducted in different departments

7% of (IR ,B&F ,ENGINEERING)

1.5% (ARCHITECTURE AND CIS)

4% (LAW AND ECONOMICS)

3% (COMMUNICATION AND TOURISM)

8.5% (MARITIME)

8% (BUSS)

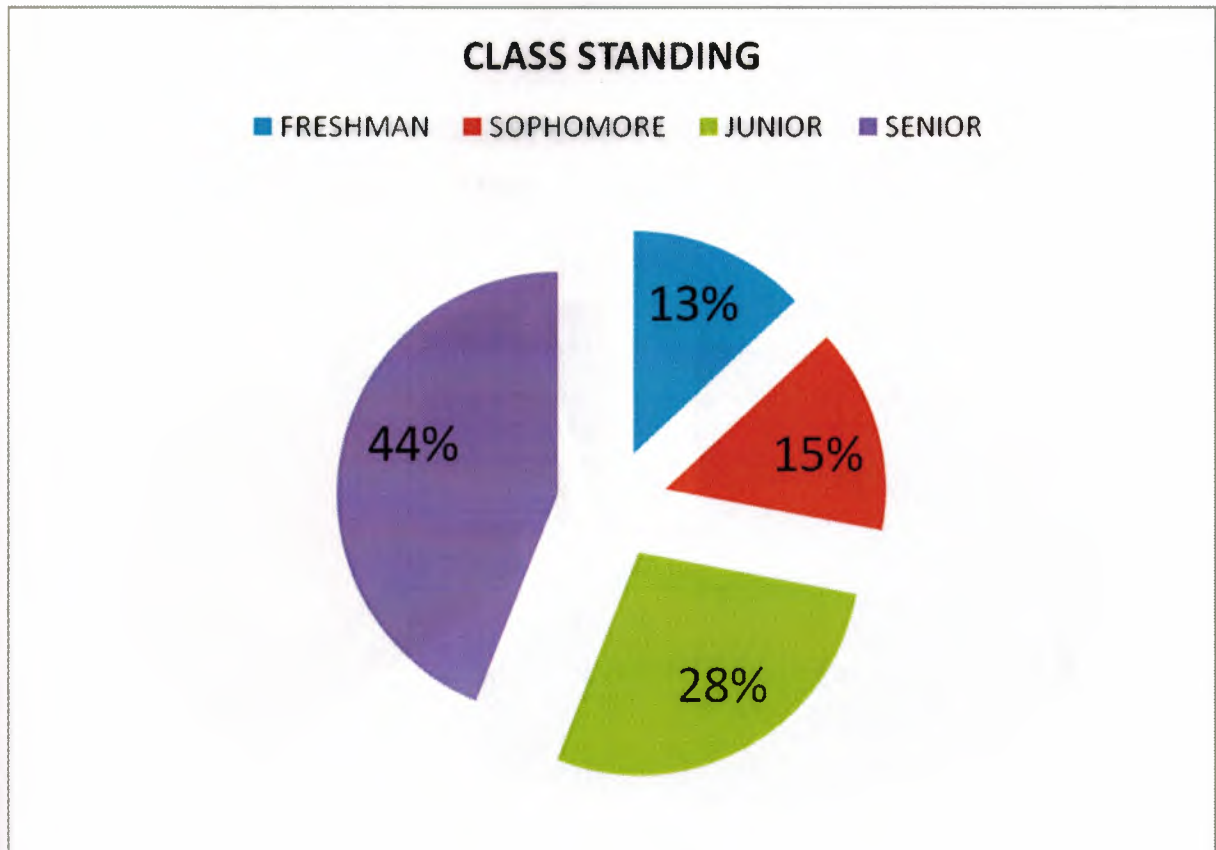
9% (TLL)

5.5% (BESYO)

14% (PSY)

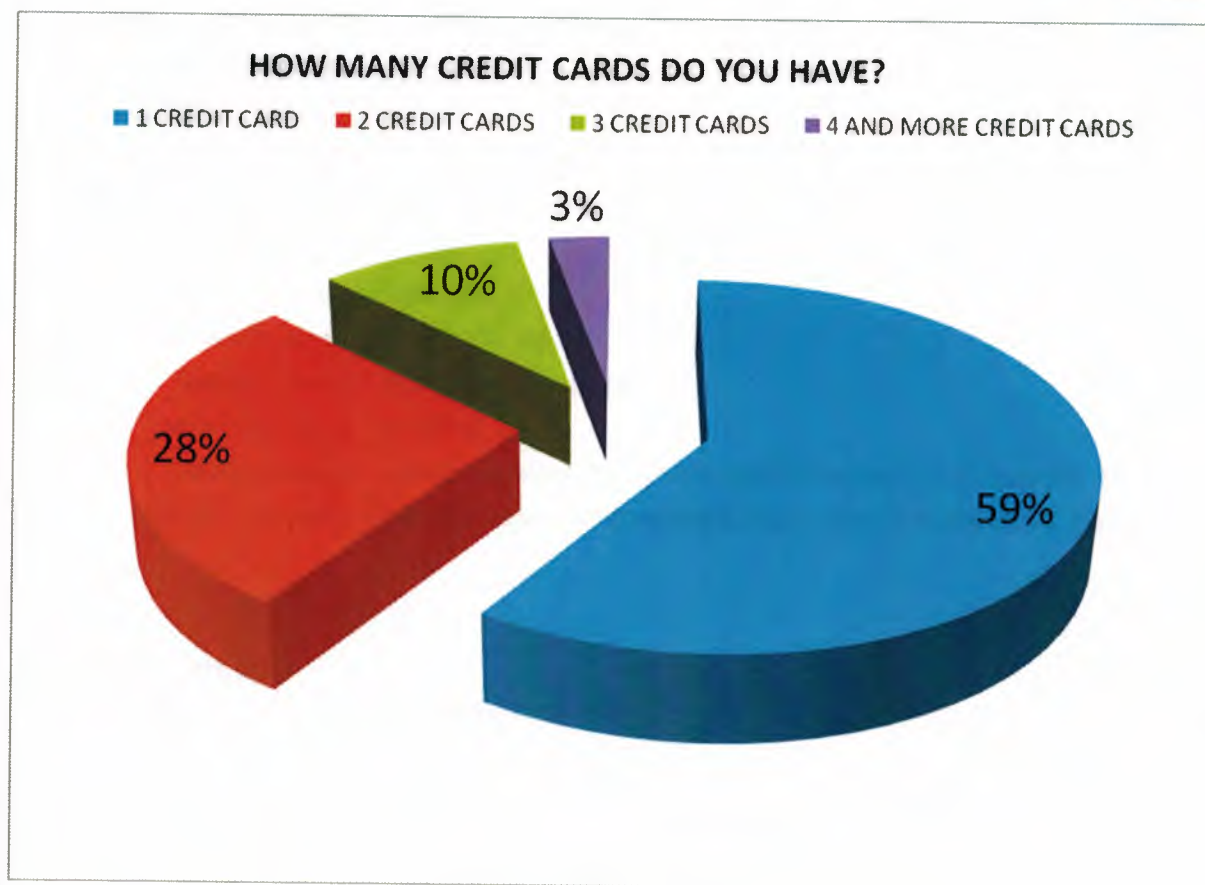
17% (ELT)

Figure 6.3.5: The class standing of students



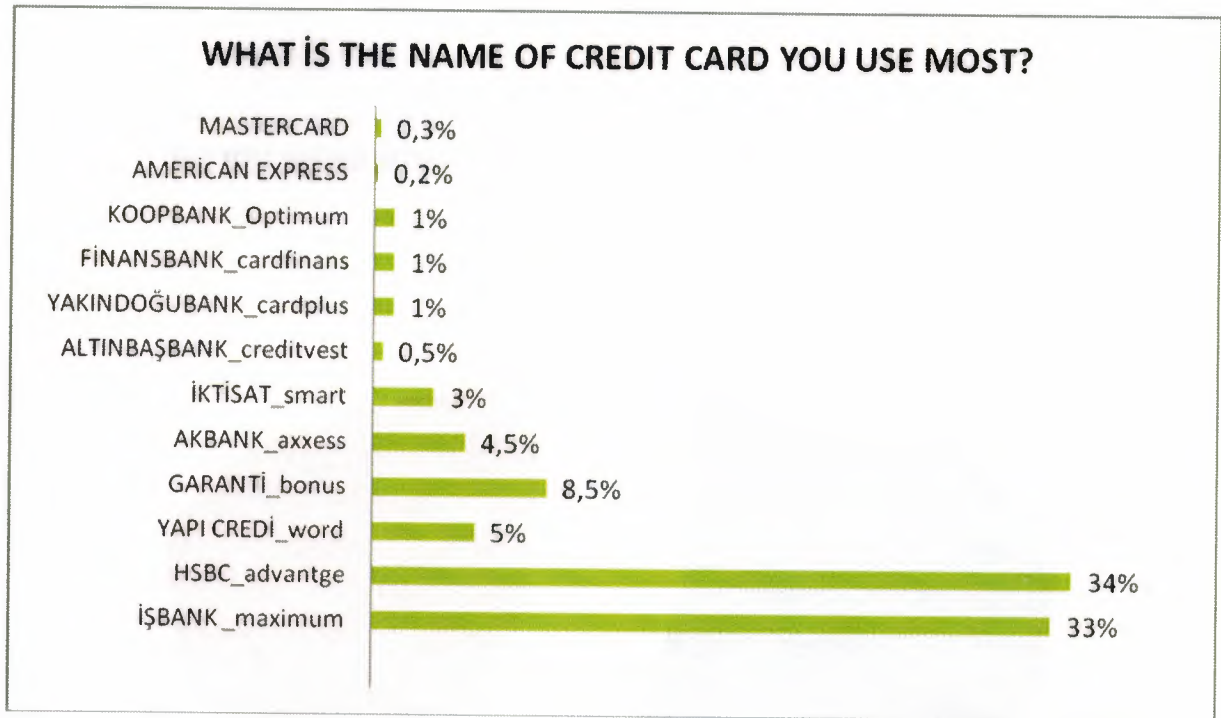
According to research 13% of students are freshmen and 15% are sophomore in addition 28% are junior and 43% are senior .

Figure 6.3.6: The number of credit cards students have.



According to research 59% students have 1 credit card , 28% of student have 2 credit cards 10% of student have 3 credit cards and 3% of students have 4 and more credit cards.

Figure 6.3.7: The name of the credit cards students use .



According to study

33% of student use İşbank_maximum credit card .

34% use Hsbc_Advantage credit card.

5% of student use Yapı Kredi_World credit card.

8,5% of student use Garanti_Bonus credit card.

4,5% of student use Akbank_Axess credit card .

3% of student use İktisat_Smart credit card.

0,5% of student use Altınbaş bank_Credit west

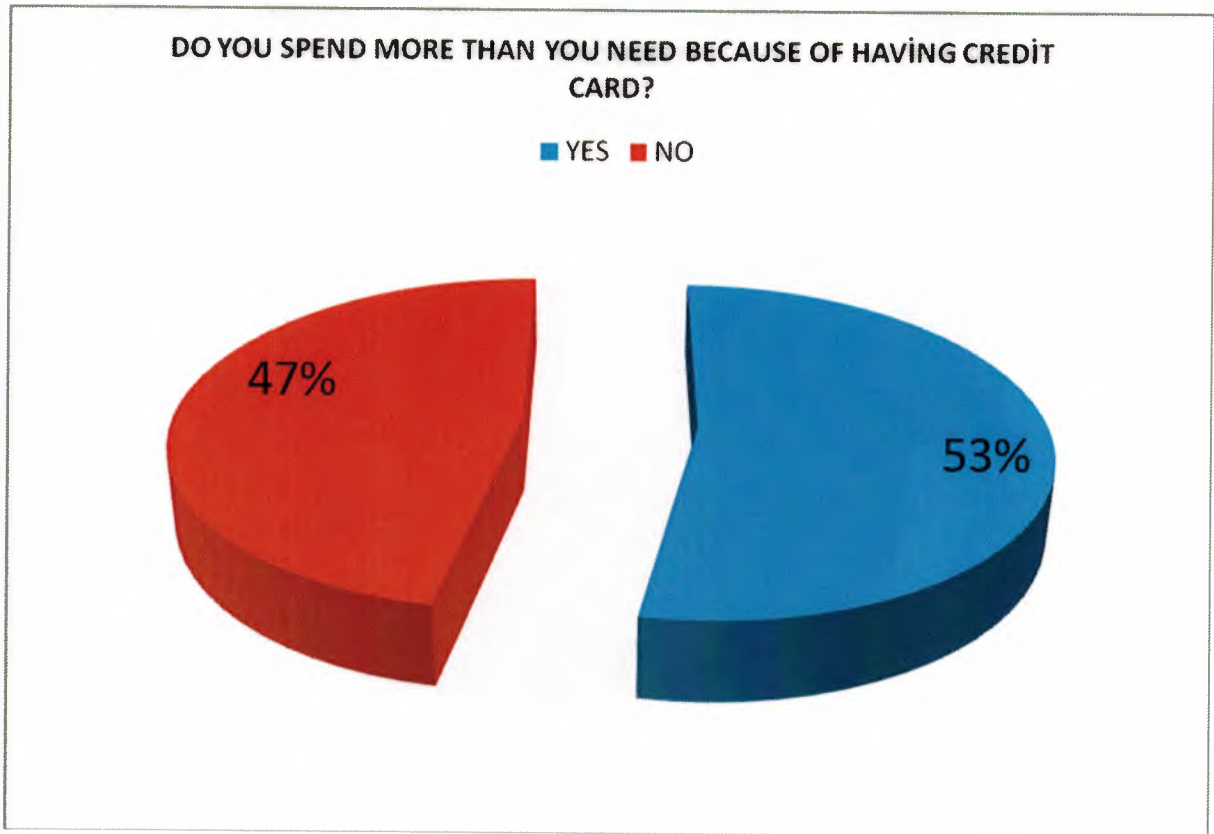
1% of student use Yakındoğubank_Cardplus ,Finansbank_CardFinans,Koopbank_Optimum credit card.

0,2% of student use American Express credit card.

0,3% of student use Master card credit card.

Findings this study the student use at most Hsbc -Advantage credit card at least use of credit card is American Experess credit card at lead.

Figure 6.3.8: The credit card spending.

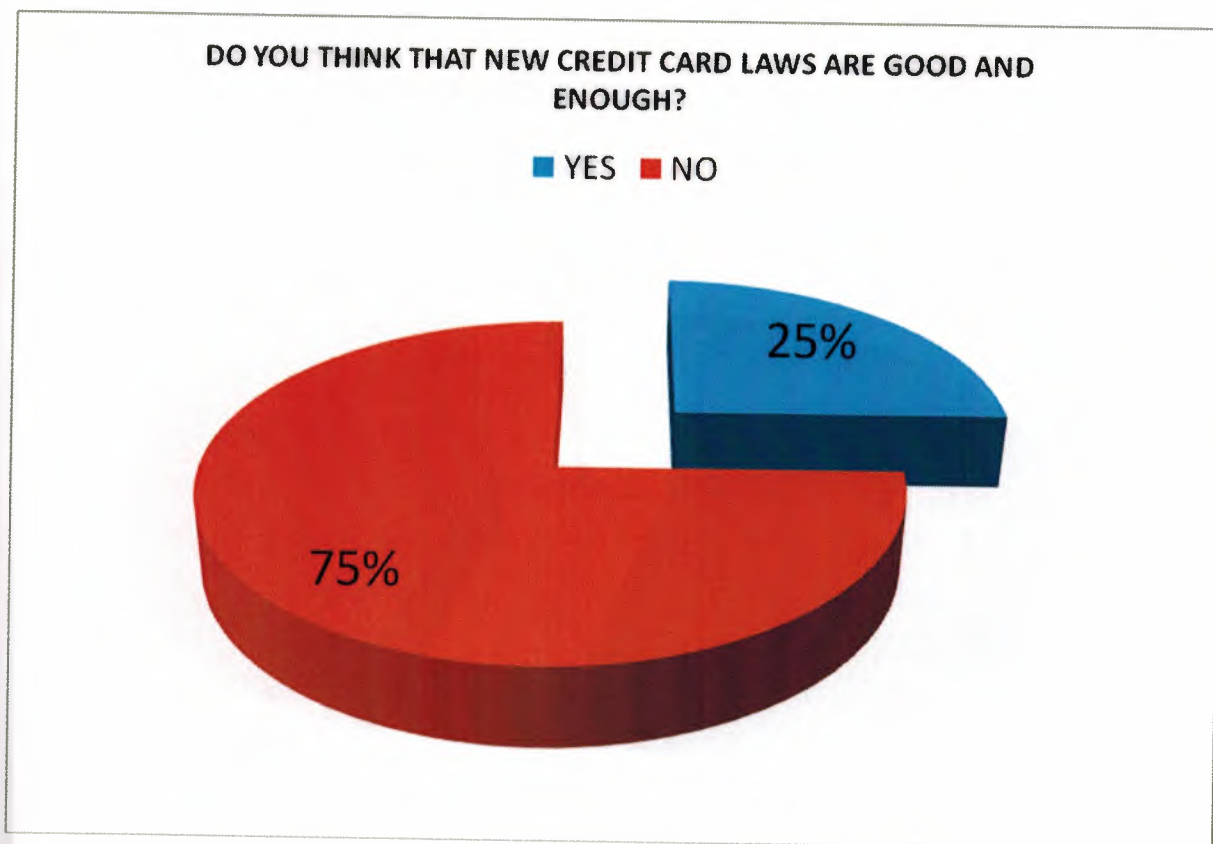


According to research

47% of students spend more than they need because of having credit card

53% of students not spend more then they need because of having credit card.

Figure 6.3.9: Opinion of students on credit cards laws

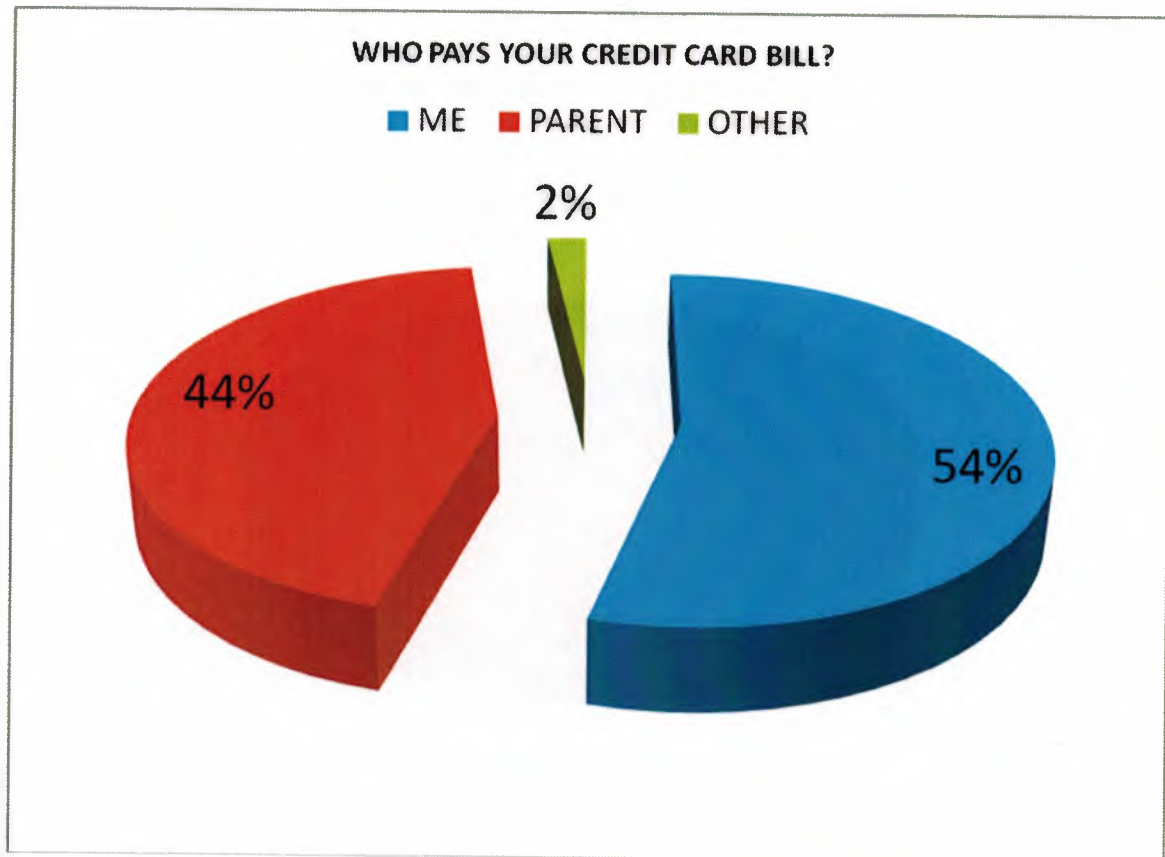


According to study

25% of student think that new credit card laws are good and enough

75% of student think that new credit card laws are not good and enough.

Figure 6.3.10: who pays the student card bill.



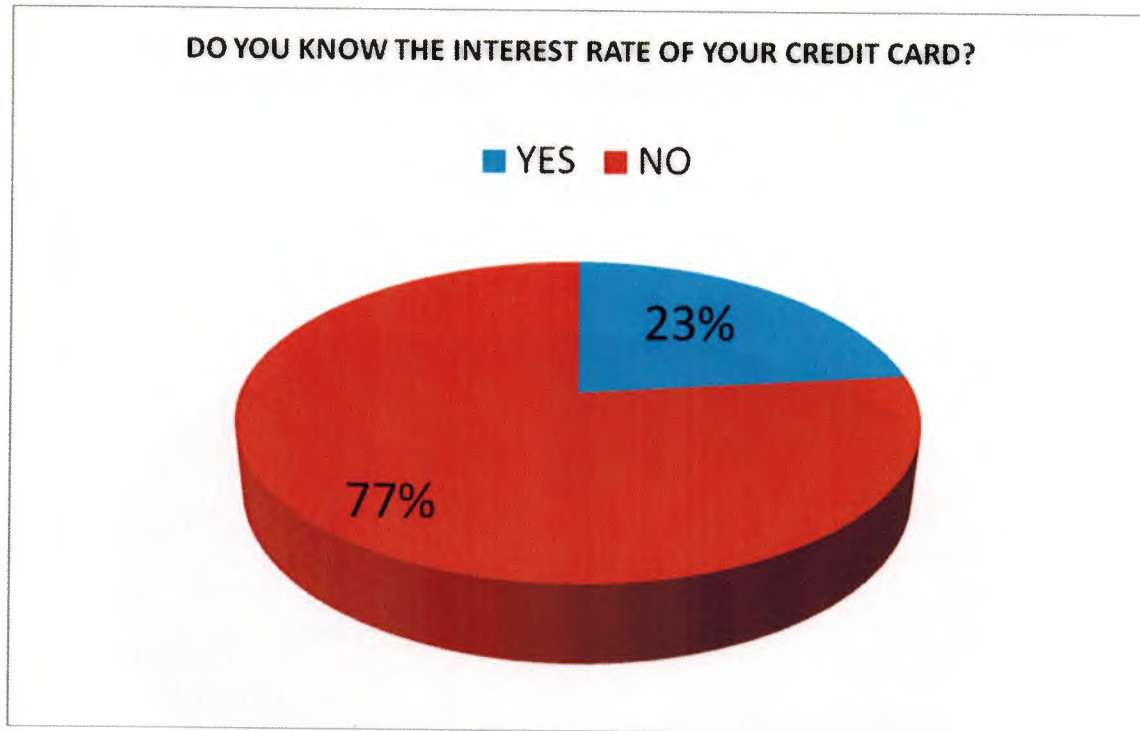
According to investigation

54% of students pay their credit cards debts on their own .

44% of student's parents pay their credit cards debts.

2% of student's credit cards debts are paid by others.

Figure 6.3.11: Interest rate on the credit card.

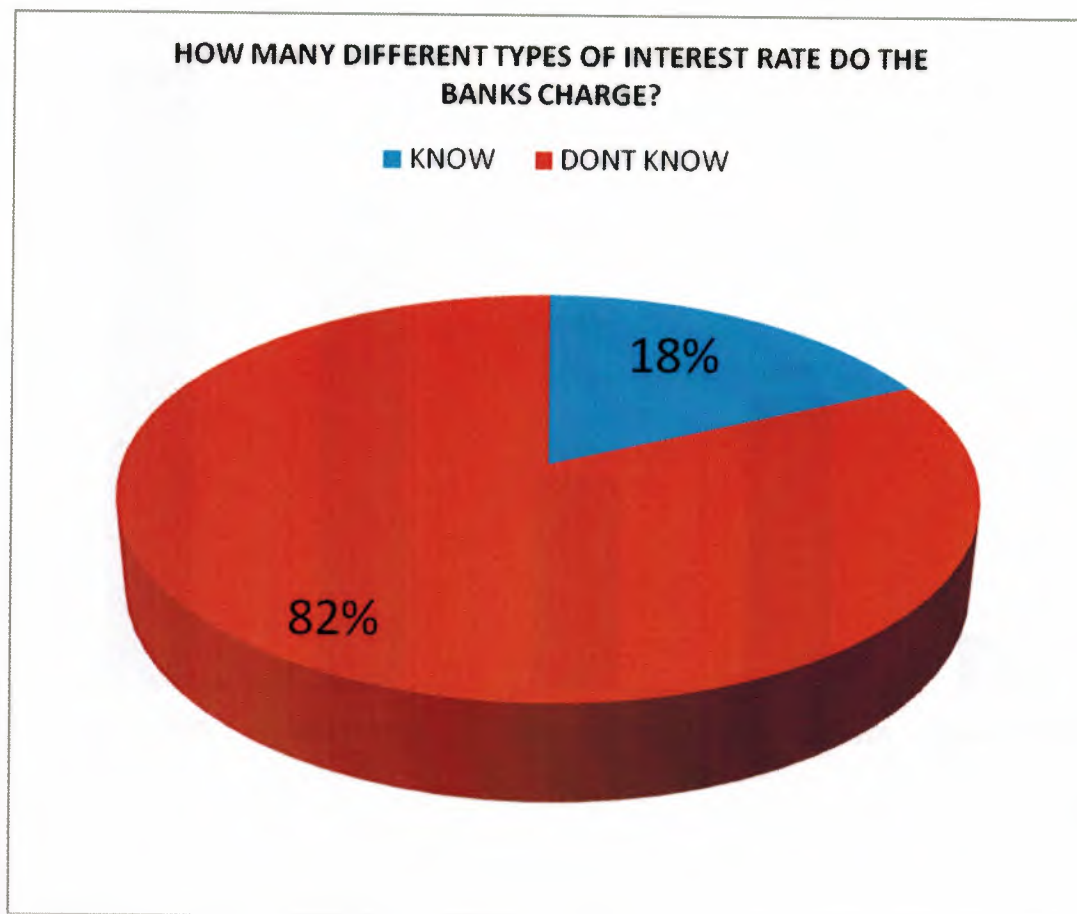


According to research

23% of students know the interest rate on their credit card.

77% of students does not know the interest of their credit card .

Figure 6.3.12: Do the student know how many different types of interest rate do the banks charge.

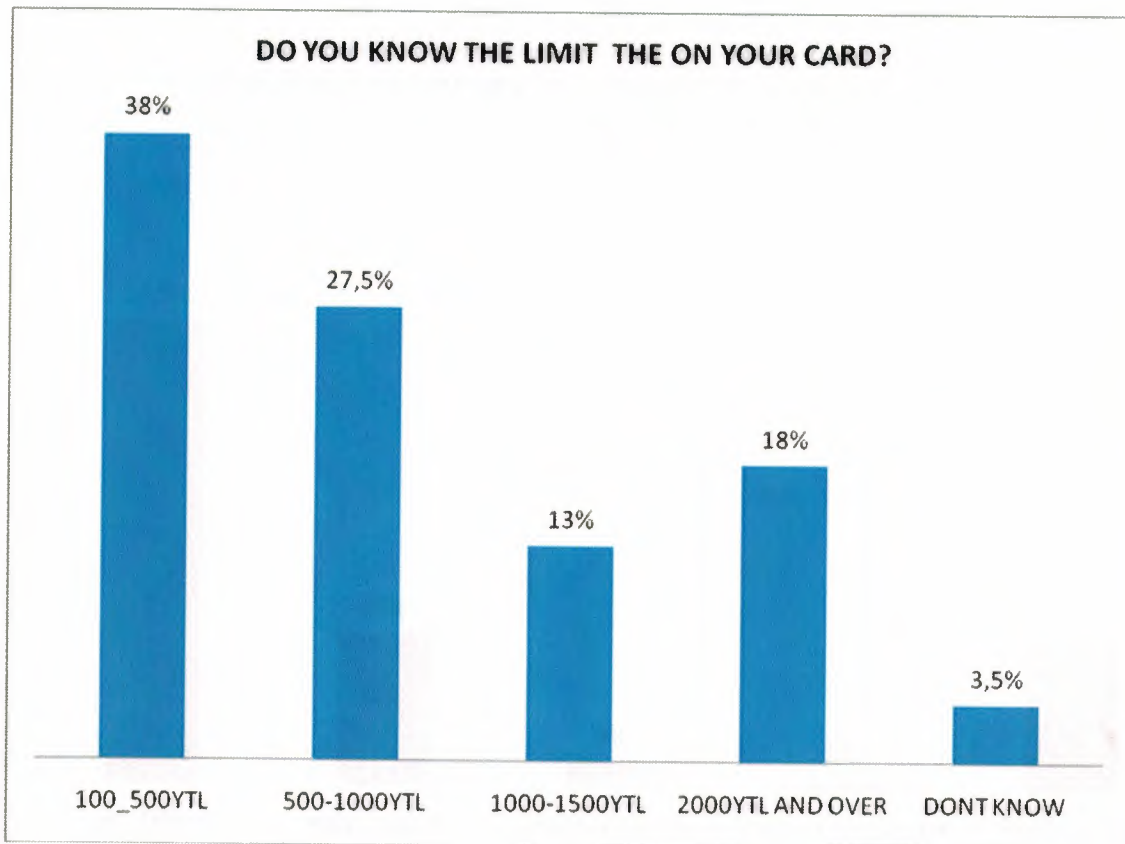


According to study

82% of students don't know how many different types of interest rate do the bank charge .

18% of student know that how many different types of interest rate do bank charge.

Figure 6.3.13: Do the student know the limit on their card .



According to study

38% of student credit card limit is between 100-500 YTL

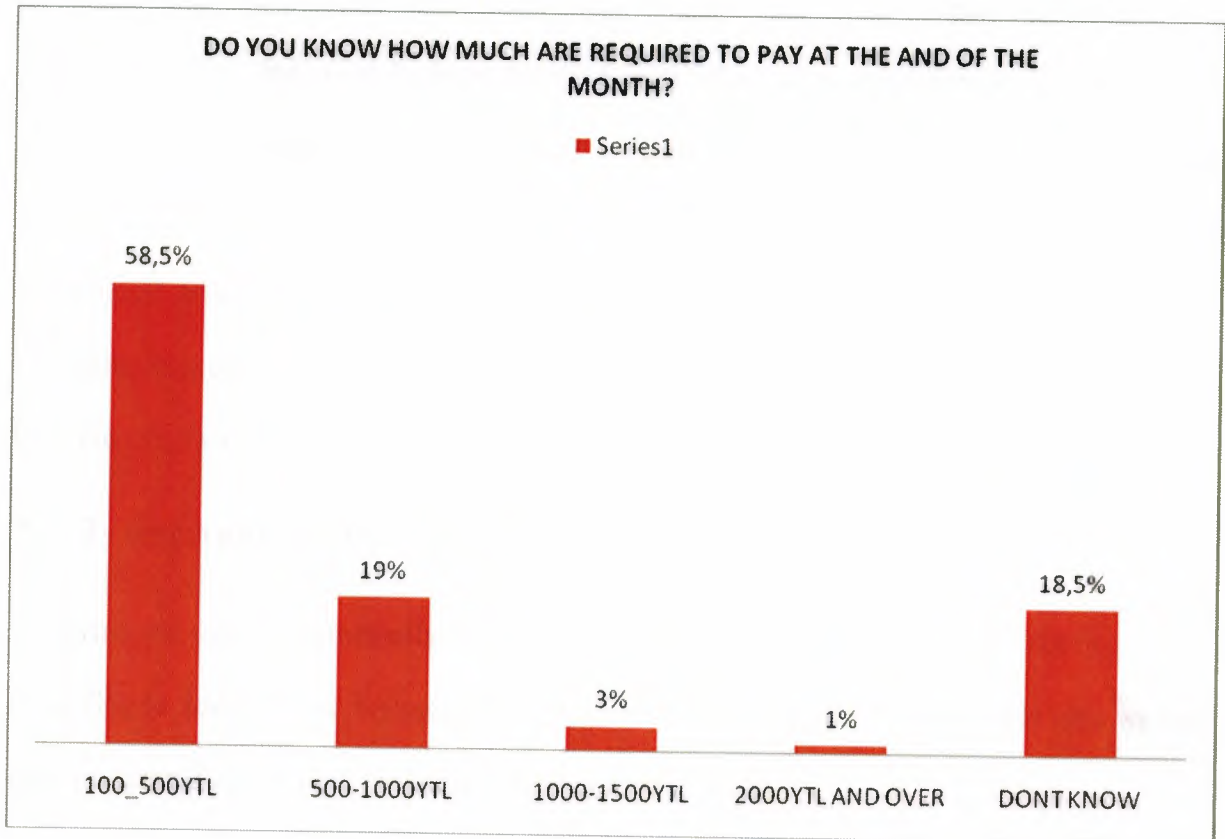
27,5% of student credit card limit is between 500-1000 YTL

13% of student credit card limit is between 1000-1500 YTL

18% of student credit card limit is between 2000- YTL and over

3,5 % students don't know limit on their credit card.

Figure 6.3.14 Figure 6.3.12 : How much are students required to pay at the (and of the month).



According to investigation

58,5% of students between 100-500 YTL pay at the end of the month

19% of students between 500-1000 YTL pay at the end of the month.

3% of students between 1000-1500 YTL pay at the end of the month

1% of students between 2000 YTL -and over pay at the end of the month

18,5 % of students don't know how much they pay at the end of the month.

CHAPTER 7

WHAT IS THE SPSS?

SPSS is a computer program used for statistical analysis and is also the name of the company SPSS (originally, Statistical Package for the Social Sciences) was released in its first version in 1968, and is among the most widely used programs for statistical analysis in social science. It is used by market researchers, health researchers, survey companies, government, education researchers, and others. In addition to statistical analysis, data management (case selection, file reshaping, creating derived data) and data documentation (a metadata dictionary is stored with the data) are features of the base .The SPSS website (www.spss.com).

7.1 T- test Analysis for Gender

Levine test uses fundamentally p- value if its significance less than 0.05 ($p < 0.05$) according to levine's test the group does not have equal variance. If $p > 0.05$ this time we can say two groups have equal variances. (Altunışık vd ,2002).

$$H_0: \sigma_1^2 = \sigma_2^2$$

$$H_1: \sigma_1^2 \neq \sigma_2^2$$

The group variance is not equal , this time we look (equal variances not assumed) at T value and P value in the hypothesis use below.

Table 7.1.1 T-test Analysis for Gender

Group Statistics					
	Gender?	N	Mean	Std. Deviation	Std. Error Mean
How many credit cards do you have?	Female	84	1,55	,827	,090
	Male	116	1,61	,852	,079

Independent Samples Test

		t-test for Equality of Means						
		Levine's Test for Equality of Variances						
How many credit cards do you have?		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
	Equal variances assumed	,072	,789	-,534	198	,594	-,064	,121
	Equal variances not assumed			-,537	182,014	,592	-,064	,120
								95% Confidence Interval of the Difference
								Lower Upper
								-,302 ,173
								-,301 ,172

According to research 84 female and 116 male answer how many credit do you have question ,the mean difference between male and female is (-0.064) and according to Levine's test for equity of variance $p>0.05$ value is bigger than 0.05 so we can say the 2 groups have equal variances T –test for equality of means $p>0.05$ There are no differences between boys and girls.

TABLE: 7.1.2

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
what is the name of the credit card you use most?	Female	84	2,88	2,257	,246
	Male	116	2,70	2,464	,229

Independent Samples Test

		t-test for Equality of Means									
		Levine's Test for Equality of Variances									
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
what is the name of the credit card you use most?	Equal variances assumed	,010	,919	,536	198	,593	,183	,341	-,490	,855	
	Equal variances not assumed			,543	187,379	,587	,183	,336	-,480	,846	

According to research 84 female and 116 male answer what is the name of the credit card you use most ? , The mean difference between male and female is (0.183) and according to Levine's test for equality variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 groups have equal variances.

T -test for equality of means $p > 0.05$ again there are no differences between boys and girls.

TABLE: 7.1.3

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you spend more than you need because of having credit card?	Female	84	1,40	,494	,054
	Male	116	1,48	,519	,048

Independent Samples Test

		Levine's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Do you spend more than you need because of having credit card?	Equal variances assumed	3,594	,059	-1,071	198	,286	-,078	,073
	Equal variances not assumed			-1,079	183,931	,282	-,078	,072
								95% Confidence Interval of the Difference
								Lower Upper
								-,222 ,066
								-,221 ,065

According to research 84 female and 116 male answer do you spend more than you need because having credit cards question, the mean difference between male and female is (-0.78) and according to Levine's test for equality of variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 groups have equal variances.

T-test for equality of means $p > 0.05$ There are no differences between boys and girls.

TABLE: 7.1.4

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you think that new credit card laws are good and enough?	Female	84	1,71	,454	,050
	Male	116	1,78	,419	,039

Independent Samples Test

		t-test for Equality of Means								
		Levene's Test for Equality of Variances								
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Do you think that new credit card laws are good and enough?	Equal variances assumed	3,784	,053	-,990	198	,323	-,062	,062	-,184	,061
	Equal variances not assumed			-,977	170,060	,330	-,062	,063	-,186	,063

According to research 84 female and 116 male answer do you think that new credit cards law are good and enough question ,the mean difference between male and female is (-0.062) and According to Levine's test for equality of variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 groups have equal variance T -test for equality of means $p > 0.05$ there are no differences between boys and girls.

TABLE: 7.1.5

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
who pays your credit card bill?	Female	84	1,58	,520	,057
	Male	116	1,38	,522	,048

who pays your credit card bill?	Levine's Test for Equality of Variances		t-test for Equality of Means					
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
Equal variances assumed	,447	,504	2,734	198	,007	,204	,075	,057
Equal variances not assumed								
			2,736	179,407	,007	,204	,075	,057

Independent Samples Test

According to research 84 female and 116 male answer who pays your credit card bill question ,the mean difference between male and female is (0.149) and according to Levine's test for equality of variance $p < 0.05$ value is smaller than 0.05 so we can say the 2 groups have no equal variances T -test for equality of means $p < 0.05$ there are differences between boys and girls.

TABLE: 7.1.6

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you know the interest rate of your card?	Female	84	1,82	,385	,042
	Male	116	1,67	,471	,044

Independent Samples Test

		Levine's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Do you know the interest rate of your card?	Equal variances assumed	25,702	,000	2,378	198	,018	,149	,063	,025	,273
	Equal variances not assumed			2,456	195,049	,015	,149	,061	,029	,269

According to research 84 female and 116 male answer do you know the interest rate of your cards question, the mean difference between male and female is (0.149) and according to Levine's test for equality of variance $p < 0.05$ value is smaller than 0.05 so we can say the 2 groups don't have equal variances T-test for equality of means is $p < 0.05$ there are differences between boys and girls.

TABLE: 7.1.7

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
How many different types of interest do the banks charge?	Female	84	1,89	,348	,038
	Male	116	1,85	,379	,035

Independent Samples Test

		t-test for Equality of Means						
		Levine's Test for Equality of Variances						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
How many different types of interest do the banks charge?	Equal variances assumed	1,804	,181	,751	198	,453	,039	,052
	Equal variances not assumed			,762	187,200	,447	,039	,052
								95% Confidence Interval of the Difference
								Lower Upper
								-,064 ,143
								-,063 ,141

According to research 84 female and 116 male answer how many different types of interest do the banks charge question, the mean difference between male and female is (0.039) and according to Levine's test for equality of variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 groups have equal variances T-test for equality of means $p > 0.05$ and there are no differences between boys and girls.

TABLE: 7.1.8

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you know the limit on your card?	Female	84	2,37	1,259	,137
	Male	116	2,05	1,171	,109

Independent Samples Test

		Levine's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
Do you know the limit on your card?	Equal variances assumed	3,310	,070	1,833	198	,068	,317	,173	Lower -,024 Upper ,659
	Equal variances not assumed			1,811	171,100	,072	,317	,175	Lower -,028 Upper ,663

According to research 84 female and 116 male answer do you know limit on your card question ,the mean difference between male and female is (0.317) and according to Levine's test for equality of variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 group have equal variances. T -test for equality of means $p > 0.05$ again there are no differences between boys and girls.

TABLE: 7.1.9

Group Statistics

	Gender?	N	Mean	Std. Deviation	Std. Error Mean
Do you know how much you are required to pay at the end of the your credit card?	Female	84	2,02	1,481	,162
	Male	116	2,04	1,557	,145

Independent Samples Test

		Levine's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Do you know how much you are required to pay at the end of the your credit card?	Equal variances assumed	,578	,448	-,088	198	,930	-,019	,219	-,450	,412
	Equal variances not assumed			-,089	183,997	,929	-,019	,217	-,447	,408

According to research 84 female and 116 male answer do you know how much you are required to pay question ,the mean difference between male and female is (-0.019) and according to Levine's test for equality of variance $p > 0.05$ value is bigger than 0.05 so we can say the 2 group have equal variance T-test for equality of means $p > 0.05$ again there are no differences between boys and girls.

7.2 FACTOR ANALYSIS

7.2.1 How to perform and interpret factor analysis using SPSS.

Factor analysis is used to find latent variables or factors among observed variables. In other words, if your data contains many variables you can use factor analysis to reduce the number of variables. Factor analysis groups variables you can use factor analysis to reduce the number of variables. Factor analysis groups variables with similar characteristics together. With factor analysis you can produce a small number of factors from a large number of variables which is capable of explaining the observed variance in the larger number of variables. The reduced factors can also be used for further analysis.

There are three stages in factor analysis:

1. First a correlation matrix is generated for all variables. A correlation matrix is a rectangular array of the correlation coefficients of the variables with each other.
2. Second, factors are extracted from the correlation matrix based on the correlation coefficient of the variables.
3. Third the factors are rotated in order to maximize the relationship between the variables and some of the factors.

TABLE: 7.2.1

correlation matrix

correlation	Unlimited credit	Easy apply and own credit card?	Instalment facility	Acceptance every shopping	Repayment in YTL	Status symbol	Prestige of bank	Credit card appearance?	Protection when the card stolen or lost	Provision of insurance when travelling	Provide bonus	World wide travel services available	Discount on cash shopping	Provide any comp	Provide cash money	Low interest rate	No annual payment	Large acceptance abroad	Large acceptance on location	Using the credit card on internet banking
Unlimited credit	1,000	,171	,112	-,017	,072	,257	,090	,030	-,024	-,050	,102	,145	,045	,144	,037	,038	,034	,141	,079	,072
Easy apply and own credit card?	,171	1,000	,103	,190	,141	-,043	,132	,021	,000	-,063	,148	,146	,123	,167	,242	,186	,082	,084	,154	,161
Instalment facility	,112	,103	1,000	-,003	,084	,000	-,003	,079	-,021	-,114	,206	-,009	,291	,238	,210	,155	,121	,024	,124	,174
Acceptance every shopping	-,017	,190	-,003	1,000	,268	-,024	,151	,006	,337	,211	,003	,112	,041	-,002	,160	,061	,045	,186	,330	,050
Repayment in YTL	,072	,141	,084	,268	1,000	-,039	-,007	-,090	,259	,035	,084	,127	,137	,098	,057	,214	,111	,077	,231	,211
Status symbol	,257	-,043	,000	-,024	-,039	1,000	,246	,381	,009	-,033	,267	,155	,021	,102	,044	-,029	-,019	,134	-,081	,169
Prestige of bank	,090	,132	-,003	,151	-,007	,246	1,000	,302	,077	-,006	,237	,321	-,034	,114	,078	,063	,063	,164	,046	,075
Credit card appearance?	,030	,021	,079	,006	-,090	,381	,302	1,000	-,157	-,017	,221	,114	-,079	,051	,022	-,187	,083	,046	-,091	,084
Protection when the card stolen or	-,024	,000	-,021	,337	,259	,009	,077	-,157	1,000	,220	-,022	,130	,083	,057	,051	,224	,128	,244	,257	,060

A correlation matrix is simply rectangular array of members which gives correlation coefficients between a single variable and every other variables in the investigations .The correlation coefficient between a variable and itself is always 1, hence the principal diagonal of the correlation matrix contains 1s. The correlation coefficients above and below the principal diagonal are the same .To do a factor analysis we need to have variables that correlate fairly well, but not perfectly .Also ,any variables that correlate with no others should be eliminated therefore we can use this correlation matrix to check the pattern of relationships the way to do this by scanning the correlation coefficient themselves and looking for any greater than If any one found then you should be aware that a problem could arise because of multi collinearity. None of our correlation coefficients are greater than 0.9 moreover ,the determinant listed at the bottom the matrix **(0,018)** is greater than **0.00001** therefore we can be confident that multi Collinearity is not a problem for these data this good for our study.

If we want to do a research between two variables direction and force to the correlation coefficients take value between -1 and +1 if the value near the 0 then there is linear and weak relation ship between variables if the value near the -1 and +1 we can say there are linear and strongly relation between them however negative value show us the relationship between variables is opposite.

There is a positive relation between unlimited credit and easy apply and own of credit(0,171) besides again positive correlation between unlimited and installment facilities(0,112) but there is a negative relation between unlimited credit and acceptance every shopping..

TABLE: 7.2.2

Communalities

	Initial	Extraction
Unlimited credit	1,000	,714
Easy apply and own of credit card?	1,000	,692
Installment facility	1,000	,530
Acceptance every shopping	1,000	,641
Repayment in YTL	1,000	,565
Status symbol	1,000	,639
Prestige of bank	1,000	,564
Credit card appearance?	1,000	,672
Protection when the card stolen or lost	1,000	,558
Provision of insurance when travelling	1,000	,578
Provide bonus	1,000	,574
Worldwide travel services available	1,000	,588
Discount on cash shopping	1,000	,617
Provide campaign	1,000	,607
Provide cash money	1,000	,523
Low interest rate	1,000	,559
No annual payment	1,000	,649
Large acceptance abroad	1,000	,640
Large acceptance location	1,000	,669
Using the credit card on internet banking	1,000	,544

Communalities which show how much of the variance in the variables has been accounted for by the extracted factors. For example over 90% of the variance in unlimited of credit card is accounted for while 71,4% of the variance in availability of unlimited is accounted for .

Communality is the proportion of common variance within a variable .

TABLE: 7.2.3**Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3,686	18,432	18,432	3,686	18,432	18,432
2	2,120	10,598	29,029	2,120	10,598	29,029
3	1,740	8,700	37,729	1,740	8,700	37,729
4	1,304	6,522	44,251	1,304	6,522	44,251
5	1,185	5,925	50,176	1,185	5,925	50,176
6	1,046	5,229	55,405	1,046	5,229	55,405
7	1,043	5,214	60,619	1,043	5,214	60,619
8	,944	4,722	65,341			
9	,841	4,207	69,547			
10	,819	4,097	73,645			
11	,754	3,772	77,416			
12	,672	3,359	80,776			
13	,613	3,064	83,839			
14	,602	3,012	86,851			
15	,538	2,691	89,541			
16	,507	2,533	92,074			
17	,464	2,322	94,396			
18	,390	1,948	96,343			
19	,375	1,873	98,216			
20	,357	1,784	100,000			

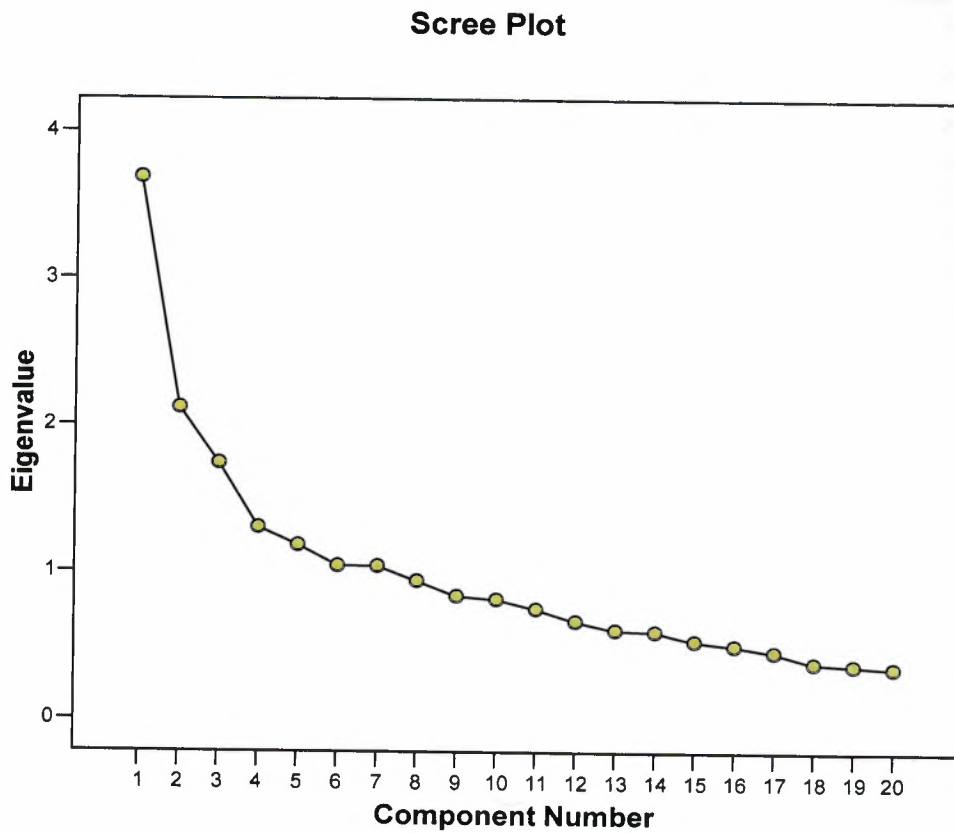
The graph shows us next 13 factors extracted from the analysis . And all next 13 factor are not significant .

It must be one or greater than one to be significant here 13 factor not significant so we can not put them in analysis .

The first factor accounts for 18,432 % of the variance ,the second 10,598% and the third 8,700% and forth 6,522 moreover fifth is 5,595% besides the sixth 5,229 and seventh is 5,214 all the remaining are not significant

This is show us the able of 7 factor give us (explain) about 61% in total variance .

TABLE: 7.2.4



The screen plot is a graph of the Eigen values against all the factors. The graph useful for determining how many factors to retain. The curve starts flatten . Between factors 6 and 7 so only seven factors have been retained.

TABLE: 7.2.5**Descriptive Statistics**

	Mean	Std. Deviation	Analysis N
Unlimited credit	2,98	1,524	200
Easy apply and own of credit card?	4,13	,974	200
Installment facility	4,46	,907	200
Acceptance every shopping	4,68	,631	200
Repayment in YTL	4,24	1,094	200
Status symbol	3,01	1,463	200
Prestige of bank	3,75	1,319	200
Credit card appearance?	2,37	1,383	200
Protection when the card stolen or lost	4,85	,502	200
Provision of insurance when travelling	4,35	,894	200
Provide bonus	4,15	1,088	200
Worldwide travel services available	4,32	,985	200
Discount on cash shopping	4,39	,837	200
Provide company	4,06	1,035	200
Provide cash money	3,88	1,199	200
Low interest rate	4,63	,739	200
No annual payment	4,28	,988	200
Large acceptance abroad	4,22	,936	200
Large acceptance location	4,18	,990	200
Using the credit card on internet banking	4,05	1,241	200

The mean ,standard deviation and number of respondent (N) who participated in the survey are given.

Looking at the table the mean of protection when the card stolen or lost is the most important variable that influence students to choose the credit card . Acceptance in every shopping is the second most important variable .Low interest rate is the third important variable influence the students to choose the credit card and another factor are following in degree of important.

TABLE: 7.2.6**KMO and Bartlett's Test**

Kaiser-Meyer-Olin Measure of Sampling Adequacy.		,712
Bartlett's Test of Sphericity	Approx. Chi-Square	765,278
	df	190
	Sig.	,000

Kaiser -Meyer-Olkin (KMO) and Bartlett's test . The KMO measures the sampling adequacy which should be greater than (0.5) for satisfactory factor analysis to proceed. Kaiser recommends accepting values greater than 0.5 as highly acceptable (values below this should lead you either to collect more data or to nothing which variables to include .

We have a value of 0.712 which is acceptable Bartlett's test examines whether the population correlation matrix resembles an identity matrix .(it tests whether the - off diagonal components are zero)

If the value is an identity matrix then it would mean that all variables are perfectly independent from one another (all correlation coefficients are 0)

For factor analysis to work we have to have some relation between variables if the r-matrix was an identity matrix then all correlation coefficient would be zero therefore we want this test to be significant . (i.e have a significance value less than 0.05) this means that the correlation matrix is not an identity matrix

Bartlett's test value of 0 is highly significant and therefore factor analysis is appropriate.

TABLE: 7.2.7

Rotated Component Matrix(a)							
	Component						
	1	2	3	4	5	6	7
Provide company	,744						
Discount on cash shopping	,738						
Provide bonus	,588						
Provide cash money	,555						
Worldwide travel services available	,526						
No annual payment		,772					
Large acceptance abroad		,731					
Large acceptance location		,687					
Low interest rate		,453					
Provision of insurance when travelling		,404					
Credit card appearance?			,764				
Prestige of bank			,622				
Status symbol			,590				
Protection when the card stolen or lost				,678			
Acceptance every shopping				,669			
Repayment in YTL				,652			
Installment facility					,635		
Using the credit card on internet banking					,600		
Easy apply and own of credit card?						,800	
Unlimited credit							,828

Rotated Component (Factor) Matrix

The idea of rotation is to reduce the number factors on which the variables under investigation have high loadings . Rotation does not actually change anything . but makes the interpretation of the analysis easier .looking at table of up we can see that provide company, discount on cash shopping provide bonus ,provide cash money, worldwide travel service available are substantially loaded on factor (component1) while no annual payment ,large acceptance abroad ,large acceptance location, low interest rate provision insurance when travelling substantially loaded on factor

(component 2) Credit card appearance , prestige of bank ,status symbol substantially loaded on factor (component3) Protection when the card stole nor lost acceptance every shopping , repayment in YTL substantially loaded on factor (component4) Installment facility ,using card internet banking substantially loaded on factor (component5) Provide cash money easy apply and own credit card substantially loaded on factor (component6) Status symbol, unlimited credit substantially loaded on factor (component7) .

7.3 Reliability analysis

It show us reliability of our data

TABLE: 7.3.1

Mean	Variance	Std. Deviation	N of Items
80,93	73,633	8,581	20

Scale Statistics

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Unlimited credit	77,95	66,249	,204	,729
Instalment facility	76,47	69,356	,229	,721
Easy apply and own of credit card?	76,80	68,342	,270	,718
Acceptance every shopping	76,24	70,749	,234	,721
Repayment in YTL	76,69	68,515	,217	,723
Statüs symbol	77,92	65,783	,241	,724
Prestige of bank	77,18	65,780	,286	,717
Credit card appearance?	78,57	68,207	,154	,732
Protection when the card stolen or lost	76,08	71,696	,198	,723
Provision of insurance when travelling	76,58	70,405	,162	,726
Provide bonus	76,78	63,871	,493	,698
Worldwide travel services avallible	76,61	65,253	,466	,702
Discount on cash shopping	76,54	68,229	,340	,714
Prowide company	76,87	65,742	,406	,707
Prowide cash money	77,05	64,937	,376	,708
Low interest rate	76,30	69,196	,317	,716
No annual payment	76,65	67,133	,341	,712
Large acceptance abroad	76,71	66,719	,395	,709
Large accaptence location	76,76	66,618	,374	,710
Using the credit card on internet banking	76,88	65,429	,332	,712

TABLE: 7.3.1

Reliability Statistics

Cronbach's Alpha	N of Items
,727	20

When we look the figure the mean is 80,93 and the standard deviation is 8,581

If Cronbach 's alpha value is greater than 0,70 the study is reliable.

when The cronbach Alpha of 0,727 is good for our study and there are no negative relations between the variables and the total correlation between variables is low. This is good for our study.

7.4 ONE –WAY ANOVA

In this analysis , two independent sample are generalized type of T –test. In this analyze one dependent and one independent variation are needed. In the analysis the independent variation should be measured with classified measurement level and should have 3 or more categories.

if significance less than 0.05 ($p < 0.05$) according to test the groups do not have equal variance if $p > 0.05$ this time we can say two groups have equal variance

TABLE: 7.4.1

Factor 1 Providing facilities Anova test

		Sum of Squares	df	Mean Square	F	Sig.
Provide company	Between Groups	89,932	39	2,306	2,991	,000
	Within Groups	123,348	160	,771		
	Total	213,280	199			
Discount on cash shopping	Between Groups	43,318	39	1,111	1,850	,004
	Within Groups	96,037	160	,600		
	Total	139,355	199			
Provide bonus	Between Groups	112,176	39	2,876	3,732	,000
	Within Groups	123,324	160	,771		
	Total	235,500	199			
Provide cash money	Between Groups	109,213	39	2,800	2,536	,000
	Within Groups	176,662	160	1,104		
	Total	285,875	199			
Worldwide travel services available	Between Groups	98,751	39	2,532	4,291	,000
	Within Groups	94,404	160	,590		
	Total	193,155	199			

All the p values are less than 0.05 There are differences between variables and they are not equal.

TABLE: 7.4.2**Factor 2 shopping abroad variable**

		Sum of Squares	df	Mean Square	F	Sig.
No annual payment	Between Groups	83,017	39	2,129	3,060	,000
	Within Groups	111,303	160	,696		
	Total	194,320	199			
Large acceptance abroad	Between Groups	76,490	39	1,961	3,208	,000
	Within Groups	97,830	160	,611		
	Total	174,320	199			
Large acceptance location	Between Groups	74,268	39	1,904	2,526	,000
	Within Groups	120,607	160	,754		
	Total	194,875	199			
Low interest rate	Between Groups	42,575	39	1,092	2,645	,000
	Within Groups	66,045	160	,413		
	Total	108,620	199			
Provision of insurance when travelling	Between Groups	31,436	39	,806	1,009	,465
	Within Groups	127,759	160	,798		
	Total	159,195	199			

There are no differences between the first four variable but last one is different because $p > 0.05$.

TABLE: 7.4.3**Factor 3 indication of prestige variable (anova test)**

		Sum of Squares	df	Mean Square	F	Sig.
Credit card appearance?	Between Groups	133,135	39	3,414	2,209	,000
	Within Groups	247,220	160	1,545		
	Total	380,355	199			
Prestige of bank	Between Groups	132,488	39	3,397	2,546	,000
	Within Groups	213,507	160	1,334		
	Total	345,995	199			
Statüs symbol	Between Groups	152,440	39	3,909	2,286	,000
	Within Groups	273,540	160	1,710		
	Total	425,980	199			

All the p values are less than 0.05 there there are differences between variables and they are not equal.

TABLE: 7.4.4**Factor 4 sense of securities variables (anova test)**

		Sum of Squares	df	Mean Square	F	Sig.
Protection when the card stolen or lost	Between Groups	12,373	39	,317	1,342	,106
	Within Groups	37,822	160	,236		
	Total	50,195	199			
Acceptance every shopping	Between Groups	19,831	39	,508	1,371	,091
	Within Groups	59,324	160	,371		
	Total	79,155	199			
Repayment in YTL	Between Groups	61,406	39	1,575	1,427	,066
	Within Groups	176,549	160	1,103		
	Total	237,955	199			

All the variables are $p > 0.05$ and they are not different from each other .

TABLE: 7.4.5**Factor 5 convenience in banking (anova test)**

		Sum of Squares	df	Mean Square	F	Sig.
Instalment facility	Between Groups	55,406	39	1,421	2,101	,001
	Within Groups	108,189	160	,676		
	Total	163,595	199			
Using the credit card on internet banking	Between Groups	129,679	39	3,325	3,007	,000
	Within Groups	176,916	160	1,106		
	Total	306,595	199			

Both of the variables are different as the p value is less than 0.05

TABLE: 7.4.6**Factor 6 easy to own card (anova test)**

Easy apply and own of credit card?	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	53,442	39	1,370	1,622	,020
Within Groups	135,178	160	,845		
Total	188,620	199			

There only one variable and it is ($p < 0.05$)

TABLE: 7.4.7**Factor 7 unrestricted economic variables (anova test)**

Unlimited credit	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	142,542	39	3,655	1,831	,005
Within Groups	319,378	160	1,996		
Total	461,920	199			

There only one variable and it is ($p < 0.05$)

TABLE 7.4.8: FACTORS		MEAN SCORES	RELATIVE IMPORTANCE
Providing facilities			
Provide campaigning		4,06	0,0501
Discount on cash shopping		4,39	0,0542
Provide bonus		4,15	0,0512
Provide cash money		3,88	0,0479
Worldwide travel services available		4,32	0,0533
Shopping abroad variables			
No annual payment		4,28	0,0528
Large acceptance abroad		4,22	0,0521
Large acceptance location		4,18	0,0516
Low interest rate		4,63	0,0571
Provision of insurance when travelling		4,35	0,0537
Indication of prestige variables			
Credit card appearance?		2,37	0,0292
Prestige of bank		3,75	0,0463
Status symbol		3,01	0,0371
Sense of securities variables			
Protection when the card stolen or lost		4,85	0,0598
Acceptance every shopping		4,68	0,0577
Repayment in YTL		4,24	0,0523
Convenience in banking			
Instalment facility		4,46	0,0523
Using the credit card on internet banking		4,05	0,0500
Easy -to- own cards			
Easy applying and own of credit card?		4,13	0,0510
Unrestricted Economic variable			
Unlimited credit		2,98	0,0367

TABLE 7.4.8: Mean scores and relative importance of the 20 attributes important in card selection.

In addition, the mean scores of each attribute that influence card selection criteria, as well as the total sum of means of the attributes, were calculated. The weighting of each attribute enabled us to calculate each attribute's relative importance.

Table 7.4.8 presents the mean scores and the relative importance of each of the 20 attributes that play a role in card selection criteria. It can be seen that the most important attributes are:

- (1) protection when card stolen or lost
- (2) low interest rate
- (3) installment facilities

The least important attribute is the credit card appearance. Each factor contained a certain number of variables. In order to determine the value of the factors, the weighted sums of their underlying variables were calculated. The weightings of each variable were obtained by calculating the ratio of the mean score of each variable to the total sum of the mean scores of all 20 variables, e.g.

weightings of variable a_1 =

$$\frac{\begin{matrix} \text{(mean)} \\ a_1 \end{matrix}}{\begin{matrix} a_1 + a_2 + a_3 + a_4 + a_5 + b_1 + b_2 + b_3 + c_1 + c_2 + c_3 + d_1 + d_2 + d_3 + e_1 \\ \text{(total)} \end{matrix}}$$

= Example mean of provide campaign

$$\text{E.g. } 4,06 : 80,98 = 0.0501$$

This weighting scheme was used because:

(1) It took into account the relative importance that the actual cardholders assign to the selection attributes and

(2) It made the sum of weightings equal to 1 From the above procedure, we can derive an equation for determining the factor's value as follows

e.g. of factor two

TABLE:7.4.9

Attributes that are important for selecting a card.	Providing facilities	shopping abroad variables	indication of prestige variable	sense of securities variable	convenience in banking	easy to own card	unrestricted economic variables
Provide campaigning	0,744						
Discount on cash shopping	0,738						
Provide bonus	0,588						
Provide cash money	0,555						
Worldwide travel services available	0,526						
No annual payment		0,772					
Large acceptance abroad		0,731					
Large acceptance location		0,687					
Low interest rate		0,453					
Provision of insurance when travelling		0,404					
Credit card appearance?			0,764				
Prestige of bank			0,622				
Status symbol			0,590				
Protection when the card stolen or lost				0,678			
Acceptance every shopping				0,669			
Repayment in YTL				0,652			
Installment facility					0,635		
Using the credit card on internet banking					0,600		
Easy apply and own of credit card?						0,800	
Unlimited credit							0,828
Eigen value	3,686	2,120	1,740	1,304	1,185	1,046	1,043
Percentage of variance	18,432	10,598	8,700	6,522	5,925	5,229	5,214
Cumulative percentage of variance	18,432	29,029	37,729	44,251	50,176	55,405	60,619
Factor relative importance (%)	25,67	26,73	11,26	16,98	10,5	5,10	3,67

TABLE 7.4.9 :Factors Influencing Cards Selection in TRNC : Attribute Loadings and Factors Relative Importance (percentage)

Formula of total relative importance factor two to find total relative importance

$$\sum \alpha_i + b_i + c_i + d_i + e_i$$

$$0,0528 + 0,0521 + 0,0516 + 0,0571 + 0,0537$$

where a_i , b_i , c_i , d_i , e_i represent mean scores of attributes that are important when card holders select a card and the results: 0,0528+0,0521... etc, represent the relative importance of each of the five attributes that have a particularly high loading on the factor . The findings above suggest that 26,73 per cent of the total importance attached in selecting a card could be related to this particular factor. In a similar way, the relative importance of all the remaining factors was calculated

7.5 Study Findings

The factor analysis suggested that there are seven main factors that determine card selection criteria in TRNC

The five factors taken together . The factors were labeled as follows:

- (1) Providing facilities (25,67 percent) Relative importance.
- (2) shopping abroad variable (26,73 percent) Relative importance.
- (3) indication of prestige variable (11,26 percent) Relative importance.
- (4) sense of securities variables (16,98 percent) Relative importance.
- (5) convenience in banking (10,5percent) Relative importance .
- (6) easy to own card (5,10 percent) Relative importance.
- (7) unrestricted economic variables (3,67 percent) Relative importance.

7.5.1.1 Factor 1 (Providing facilities)

The factor 1 is a topic of importance in the financial services sector it is include provide compaing, discount on cash shopping ,provide bonus provide cash money and worldwide travel service available . We can say that college students expect from their credit card to provide some useful services such as compaigns ,travel services,bonus to users.

7.5.1.2 Factor 2 (shopping abroad variable)

The factor 2 (26,73 percent) is a topic of great importance in the financial services sector. it contains no annual payment ,large acceptance abroad ,large acceptance location , low interest rate, provision of insurance when travelling. The customer usually do not want to pay annual payment . They want large acetance everywhere from their credit card. The credit card sector should give range services. Besides low interest rate is very important. No one want to pay extra money the interest rate of card should be appropriate for customer The least important factor is provision of insurance when travelling .

7.5.1.3 Factor 3 (indication of prestige variable)

The factor 3 (11,26 percent) includes credit card appearance ,prestige of bank and status symbol. The card's image is extremely important for some card holders therefore many banks make significant efforts to improve and differentiate their images.

7.5.1.4 Factor 4 (sense of securities variables)

The factor 4 (16,98 percent) is protection when the card stolen or lost ,acceptance every shopping ,repayment in YTL.Credit and charge cards have two dimensions of security. The first is associated with the operational aspects of credit card usage. Consumers want to be secure against credit card fraud and also are concerned about the accuracy of bills and balances. The other aspect is associated with consumers' attitudes towards credit and charge cards, in the sense that it offers safeguards in emergency situations. Also the customer want their card to acceptance every shopping and repayment in YTL.

7.5.1.5 Factor 5 (convenience in banking)

The factor 5 (10,5 percent) includes instalment facilities , using the credit card on internet banking Installment payment with the possibility of extended credit satisfies instalment users' needs. Furthermore, unlimited spending limit, acceptance by a large number of establishments and repayment of bills in YTL , appeal to both users internet banking is important because the customer want efficiency.

7.5.1.6 Factor 6 (easy to own card)

The factor 5 (5,10 percent) consists of easy apply and own of credit card This is important for customers as they do not want to waste their time while applying.

7.5.1.7 Factor 7 (unrestricted economic variables)

The factor 7 (3,67 percent)consist of unlimited credit . This factor is not important for the collage students .

7.5.1.8 The recommendation for parents

The college students often lack the financial knowledge to adequately manage their personal debt. When people are in debt they tend to be stressed-out, have low self-esteem, suffer physical ailments, have a poor work ethic, have trouble concentrating, and many other negative problems. Students may have to work many hours to try to make ends meet. This extra working can infringe on study time, which could ultimately lead to poor performance in class. In addition, students with a lack of money may turn to credit cards for instant cash. This action, of course, can lead to ample credit card debt. Almost every student accumulates some kind of debt before they leave college. This debt is usually comprised of student loans, credit card debt, or both. This makes for a tough situation when graduation day arrives. Students have spent four, or more, years with a specific goal in mind. This research shows us the credit card selection collage student attribute in TRNC. The factor importance gives us in above here the parents have considerable responsibility for their child. Our study gives us 54% of students pay their debt themselves, another 44% parents pay the credit card debt of their children, and 2% other. The parent should give advice to their children and not permit too much credit; it should be limited.

The parents and children can go to a consumer credit agency, but this alternative sometimes costs money and many students may not even realize that such a service is available. A counseling center on campus would offer a more comprehensive individualized plan that would suit each student's needs. A financial counseling center on campus could offer many different services, ranging from simple budgeting techniques to detailed financial planning. The center would not only be a valuable resource for students, but for the community as well. Some services that a center could offer include the following:

Budgeting. A budget is a plan that helps to control cash inflows and cash outflows. It is set up to keep expenditures in line with income. Clients would receive help concerning how to set up and implement a spending plan. Suggested spending guidelines would be offered, and clients could witness first-hand how keeping track of their money can lessen overspending habits.

Credit Cards. This service would include information about credit cards including: Fees, interest rates, interest charges, grace periods, cash advances, and controlling and managing strategies. Clients would receive extensive debt counseling that would include debt consolidation and help in determining which credit card would be best fit their current financial situation.

Time Value of Money. Understanding how the passage of time affects the value of money is crucial. Clients would be shown how to use calculators and/or computer programs, how money grows over time, and more specifically, how *their* money could grow over time.

Student Loans. Clients would calculate, using time value of money concepts, the amount of their monthly loan payments. Using this knowledge, clients would determine what level of living can be attained after graduation.

Personal Loans. Clients would receive information about mortgages, car loans, and personal loans. Clients could determine how much their monthly payments would be, what they could afford for a house or car, and how to qualify for a mortgage.

Credit Report Information. Information on obtaining a credit report and the importance of viewing a credit report would be extended to clients.

Financial Planning. This service would be much more detailed, and would require a greater fee than the services listed above. Clients would receive information on a wide variety of

topics including: Cash management, retirement planning, estate planning, debt consolidation, loan counseling, investment strategies, insurance analyses, and any other area of their financial situation that may need attention.

Recommendation for banks: Firstly The banks should not give credit cards to every student. The bank have to complete research on student's financial condition , Bank should put reasonable limits on the card . The banks can improve their credit card service by studying the result of such events . consumer prefer no annual payment ,large acceptance abroad ,large acceptance everywhere ,low interest rate ,and provision of insurance when travelling .

Banks should formulate their marketing strategies according to these results.

7.2.4 Conclusions

This study focuses on collage students selection criteria of credit cards. Through factor analysis, the seven main factors that are of particular importance when selecting a card were identified and quantified in terms of importance and their attribute loadings. The first and most important factor (26,73 percent) is the shopping abroad variable.

The second factor (25,67 percent importance) was the Providing facilities one associated factor 1 (Provide company ,discount on cash shopping ,provide bonus ,provide cash money,worldwide travel services available)

Cardholders are also concerned with factor 3(factor importance 16,98 percent)

To conclude, this study suggests which are the most important factors and attributes that affect card selection in TRNC. As indicated the factor 2, factor 1,and factor 3 another factor that is not important that is factor 7

The findings of this study suggests that collage student cardholders are practical, as far as card selection is concerned.

Therefore, banks should use some of this study results in designing their marketing strategies. The allocation of marketing resources, via marketing mix, should take account of the relative importance of the individual attributes as indicated by this study findings.

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APPENDIX

KKTC'DE ÜNİVERSİTE ÖĞRENCİLERİNİN KREDİ KARTI KULLANIMI ÜZERİNE ANKET ÇALIŞMASI.

A. Kişisel Bilgiler

(Lütfen soruları dikkatli okuyup ☒ ile işaretleyiniz. (İLGİNİZE TEŞEKKÜRLER)

1. Cinsiyetiniz?

☐

Bayan

☐

Bay

2. Yaşınız ?

☐

21 ve altı

☐

21-30

☐

31-40

☐

41 ve üstü.

3. Uyruğunuz?

☐

T.C

☐

K.K.T.C

☐

Diğer

4. Bölümünüz?

(.....)

5. Kaçıncı sınıfta okuyorsunuz?

☐

Hazırlık

☐

1

☐

2

☐

3

☐

4

B. KREDİ KARTI İLE İLGİLİ SORULAR

(Görüşmecî talimatı)

1. Kaç tane kredi kartına sahipsiniz?

☐

1

☐

2

☐

3

☐

4 ve üstü

2. En çok kullandığınız veya (devamlı) kullandığınız kredi kartının ismi?

(.....)

3. Kredi kartı kullandığınız için ihtiyacınızdan fazla ya da gereksiz harcama yaptığınız oluyor mu?"

☐

Evet

☐

Hayır

4. Kredi kartları konusunda (Kredi Kuruluşları Yasa Tasarısı) ile getirilmesi düşünülen düzenlemeler sizce yeterli mi?"

☐

Evet

☐

Hayır

6. Kredi kartı borcunuzu kim ödüyor?

☐

Kendim

☐

Annem- Babam

☐

Diğer

7. Kredi kartınızın faiz oranını biliyor musunuz? (Biliyorsanız lütfen yazın)!

.....(.....%)

☐

Bilmiyorum

8. Bankaların kredi kartlarına kaç türlü faiz uyguladığını biliyor musunuz?

☐

1

☐

2

☐

3

☐

Bilmiyorum

9. Kredi kartınızın limitini biliyor musunuz? (YTL)

☐

100-500YTL

☐

500 -1000 YTL

☐

1000-1500YTL

☐

2000YTL ve üstü

☐

Bilmiyorum

10. Ay sonu ödemeniz gereken kredi kartı borcunuzu biliyor musunuz? (YTL)

☐

100-500YTL

☐

500-1000 YTL

☐

1000-1500 YTL

☐

2000YTL ve üstü

☐

Bilmiyorum

KREDİ KARTINIZI TERCİH ETMENİZİ ETKİLEYEN FAKTÖRLER

Bu bölümde 20 tane soru olup hepsini cevaplamak gerekmektedir. Lütfen aşağıda verilen cevap anahtarını kullanarak aşağıdaki faktörlerin sizler için ne kadar önemli olduğunu 1 ile 5 arası rakam vererek cevaplarınızı işaretleyiniz.

Hiç Önemli Değil**Çok Önemli**

1 2 3 4 5
(1= Hiç önemli değil, 2= Önemsiz, 3= Kararsız, 4= Önemli, 5= Çok önemli)

FAKTÖRLER	1	2	3	4	5
1)Kartınızın sınırsız (limitsiz) kapasiteye sahip olması.					
2)Sahip olduğunuz kredi kartının taksit kolaylığı sağlaması.					
3)Bankanın kredi kartını size verirken kolaylık sağlaması.					
4) Kredi kartının tüm alışveriş yerlerinde geçerli olması.					
5)Kredi kartı borcunuzun (YTL) ile ödenebilmesi.					
6)Kredi kartınızın statü sembolü olması (gold kart)gibi.					
7)Çalıştığınız bankanın adı (itibarı) yapı kredi,iş bankası,hsbs gibi.					
8)Sahip olduğunuz kredi kartının görünüşü (logosu) rengi gibi.					
9)Kredi kartınızın çalındığı veya kayıp olduğu zaman korunması(iptali)					
10)Yolculuğa çıktığınız zaman kartın eşyalarınızı sigortalaması.					
11)Kredi kartının nakit puan "hava mili " "tatil" gibi artılar sağlaması.					
12)Kartın dünya geneli yolculuklarda servis sağlaması.(konaklamada rezervasyon kolaylığı) hava alanında ücretsiz yeme ,içme.					
13)Kredi kartının peşin alış ,verişlerde nakit indirimi sağlaması.					
14)Kredi kartının bazı kampanyalar sağlaması (ör hediye çeki gibi)					
15)Kredi kartının size nakit avans sağlaması (peşin para)					
16)Kredi kartı faiz oranının düşük olması.					
17) Kredi kartının yıllık sabit ücretlerinin bulunmaması.					
18)Kredi kartının büyük oranda sınırlar ötesinde geçerlilik sağlaması.					
19) Kredi kartının yerel geçerlilik sağlaması.					
20) Kredi kartı işlemlerinin internet bankacılığı aracılığıyla yapılabilmesi.					