



Published on: 29-03-2014

Dr. C.K.Harnawale
Vice Principal & H.O.D
Peoples College Nanded



QR Code for Mobile users

**MPGI International
Conference 2014
(MPGIIC-2014)**

International Conference
"Interdisciplinary approaches
in Commerce and Management"
On
28th & 29th March-2014



Conflict of Interest: None Declared

Credit Card in e-Banking System

Dr. C.K.Harnawale
Vice Principal & H.O.D
Peoples College Nanded

Cite this article as:

Dr. C. K .Harnwale. Credit Card in e-Banking System.
Asian Journal of Management Sciences.
02 (03 Special Issue); 2014; 78-82.

INTRODUCTION:

The management too through E-Banking can at a glance sees the transactions at the same moment, control or direct in the matter if necessary, can also control regarding misuse, mischief by intruders and other problems which arise. The lengthy procedure of correspondence, telephone talk or instructions is not necessary in E-Banking, as the software itself is too excellent to override such hindrances. The E-banking services have now expanded their fields in such a manner that any desired product or service is available to the customer as and when offered by bank. The banks in the modern times of competition are racing to offer better services to customers.

The Reserve Bank of India, too has taken up the cause for the establishment of an integrated payment and settlement system to benefit all the sectors of economy apart from the common man at large.

OBJECTIVES OF THE STUDY:

- To study the credit cards benefit in a banking scenario.
- To study the credit cards frauds in E-banking system.
- To give the various suggestion with regards to credit card frauds.

Credit Cards:

A **credit card** is a small plastic card issued to users as a system of payment. It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

A credit card is different from a charge card a charge card requires the balance to be paid in full each month. In contrast, credit cards allow the consumers a continuing balance of debt, subject to interest being charged. A credit card also differs from a cash card, which can be used like currency by the owner of the card.

Credit cards are one of many ways through which people borrow money. With a credit card, a person can make purchases without using cash. The credit card company pays for the purchase, but the card user has to repay the money borrowed to the card company at a later time. In addition to the amount of the purchase, the card user also has to pay interest on the loan. Interest on a loan is calculated as a fixed fraction of the loan amount and is charged for the time period of the loan.

Interest payments reduce the amount of money the user of a credit card can spend on regular purchases. This paper presents a model that studies the way interest payments affect the quality of the credit card user's life by reducing the amount of money he can spend on other purchases. Credit Card is fundamentally different from the other payment methods. The bank that issues the card is liable and thus, the merchants are paid if the cardholder defaults. If the issuing banks fails, the credit card association guarantees to pay the merchant with the outstanding transactions and then has a creditors claim on the failed bank.

The seven million Indian credit card industries has been growing over 25 per cent annually and has now more than 30 banks chasing customers with their cards. Still, credit cards in India have made business sense only to a few.

Credit card frauds:

In a recent case of credit card fraud busted by the Chennai Police, it was found that the credit card particulars had been stolen from many hotels in several foreign cities such as Singapore. These were used in preparing duplicate credit cards through which purchases were made from shops in Chennai. The incident highlights the risks that are inherent in the use of credit cards. Citizens have always been very skeptical about use of credit cards for online purchases fearing the stealing of credit card information and their use on the Internet lack of "signature" was the principal reason for fear. This fear has been one of the reasons for the slow growth of e-commerce and perhaps also contributed to some of the dotcom failures also.

In the initial days of e-commerce, there were incidents where "pseudo sites" were created to gather credit card information in exchange for some service. Many of the e-commerce sites used to save the credit card details on the web server which were hacked into and information stolen. Sometimes, the unencrypted flow of credit card information was collected by an eavesdropper. All these are now things of the past. At present, the e-commerce sites use various measures to prevent misuse of credit card data. First, there is encryption of data between the client's browser and the e-commerce site. The credit card information also is sent directly to the payment gateway and the e-commerce site avoids storing of the data on its server. As a result of some of these measures, exchange of credit card data online is saved even though the authorization itself is done on the basis of information otherwise found on the face of a credit card. Some of the e-commerce sites today take a precaution to ensure that the billing address on the

card and the destination of goods purchased is same to ensure that there is no third party who is benefiting from the purchase. This sometimes creates an embarrassment when a person is trying to send a gift to another person. One of the precautions that Indian e-commerce site owners are adopting in such cases is to verify from the destination address the genuineness of the transaction and the relationship between the credit card holder and beneficiary.

It can therefore be said that the biggest risk for credit card frauds online is not from online security problems but from the possibility of the credit card data being offline in a hotel or a shop where the user parts with the card for some time.

The problems that arise to the credit card users are many. There is harassment from the clutches of bankers also. Some banks issued credit cards to people without verifying their credit worthiness. This led the card-holders into a debt. Considering all these things, the Chennai chapter of the Credit Card Users Association was launched on April 25, 2007⁴. It is organising credit card surrender campaign for such card-holders. So the repaid growth of credit holders will be going up.

The motto of credit cards, besides providing the facility of 'buy now and pay later', also provides a range of benefits like free insurance cover, preferential treatment at airports, hotels, restaurants, hospitals and other merchant establishments, discount offers and the like. Lured by these benefits, middle class and upper class people are increasingly becoming interested in card membership.

28per cent of Group 1 customer's i.e. public sector bank and 6.1per cent i.e. private sector bank of Group 2 customers strongly agree with the fact that E-banking will check the frauds. But 2.1per cent of Group 1 and 4.3per cent of group 2 customers strongly disagree with this view. Consistency is more in the opinions of Group 1 customers. Significant relationship is present in the views held by both Groups of customers.

46.6per cent of customers in the age group of 26-35 and 25per cent of customers in the age group of above 55 strongly agree with the problem statement whereas 13.3per cent of customers in the age group of below 26 and 28.3per cent of customers in the age group of above 55 disagree with the above statement. Consistency level is more in the opinions given by customers in the age group of above 55. Significant relationship is present in the level of agreement / disagreement by all the age groups.

66.1per cent of each of business customers and 50per cent of agriculturist customers strongly agree with the

view that E-banking will check the frauds. This is strongly disagreed by 10.7per cent of professional customers and 10per cent of agriculturist customers. Level of Consistency is more in the opinions given by professional customers. Level of agreement /disagreement shows significant relationship in the case of all the occupational groups.

40.5per cent of professionally qualified people strongly agree with the view under question. 35.3per cent of graduates also do the same. But 10.7per cent of post graduates and 7.5per cent of matriculates strongly disagree with view. Consistency is witnessed in the opinions given by post graduates. Significant relationship is found in the opinions given by all the educated groups

SUGESION

Some safety measures to be taken:

- Sign your card as soon as you receive it.
- You will also receive the PIN number after a few days. Keep your PIN/account number safe.
- Every time you use your card, be aware when your card is being swiped by the cashier so as to ensure no misuse of your card takes place.
- When making payment with your card, make sure you check if it is your credit card that the cashier has returned.
- Do not forget to verify your purchases with your billing statements.
- After using your card at an ATM, do not throw your receipt behind.
- Also do not discard your Credit card statements or receipt that has your PIN or account number. Shredding or burning them would be wise..
- Never give your Credit card information over the phone, unless you are really sure you can trust them. Same in the case while purchasing online.
- Save receipts of payments made through Credit card and check monthly statements and check for billing errors, if any.
- If your Credit card is damaged, destroy it and request for a duplicate card.
- In case you lose your card, inform your Credit card Company as soon as possible. Also make a police complaint.

Credit cards are for your convenience, so it is very wise to use them within your limits.

How to Take Advantage of Credit Card Laws:

Instructions:

1. Check the fine print. Yes, it may be boring, but everything your credit card company can do is listed in your credit card agreement. The Truth in Lending Act

requires credit card issuers to write their terms in the card agreement. They also have to write it down when they want to make a change, so make sure you read what they send you.

2. Look at your statement. The Credit Card Act of 2009 requires credit card companies to tell you how long it will take for you to pay off your card if you only pay the minimum amount, and how much money you'll spend in interest charges. This number can be shocking, so make sure you take a look at it. (And then get to paying off your card.)

3. Look at your credit report. You have the legal right to inspect your credit report every year free of charge. Go to annualcreditreport.com and request your free report. You should do this at least once a year, as credit reports typically have errors on them that can harm your credit.

4. Demand the removal of errors. If your credit report has mistakes on it, you can demand the credit reporting bureau or the credit card company reporting the item have the information removed. Be ready to provide them evidence to back up your claim, and make sure you contact them in writing.

References

- 1 E-banking , DR.S.C.Bihari, SkyLark Publication p.no.144
- 2.The Advantages of Credit Cards | eHow.com http://www.ehow.com/about_5384915_advantages-credit-cards.html#ixzz19sQTxtDr
- 3.How to Take Advantage of Credit Card Laws | eHow.com http://www.ehow.com/how_6041787_advantage-credit-card-laws.html#ixzz19sRohdVy
4. Debit Card Advantages | eHow.com http://www.ehow.com/about_4779248_debit-card-advantages.html#ixzz1AA1OzOZP

Asian Journal of Management Sciences 02 (03) 2014; 78-82.

	VL	L	UD	M	VM	TOT	AVG	SD	CV
BANK GROUP									
PSB	5(2.1)	23(9.7)	13(5.5)	129(54.7)	66(28.0)	236(100)	47.2	51.43	108.96
PB	7(4.3)	12(7.3)	15(9.1)	120(73.2)	10(6.1)	164(100)	32.8	48.83	148.88
Total	12	35	28	249	76	400			
AGE GROUP									
Below 25	8(13.3)	9(15.0)	4(6.7)	32(53.3)	7(11.7)	60(100)	12	11.33	94.46
26-35	9(4.3)	8(3.8)	13(6.3)	81(38.9)	97(46.6)	208(100)	41.6	43.67	104.99
36-45	6(7.5)	6(7.5)	8(10.0)	45(56.3)	15(18.8)	80(100)	16	16.62	103.92
46-55	2(5.0)	3(7.5)	4(10.0)	22(55.0)	9(22.5)	40(100)	8	8.27	103.45
Above 56	1(8.3)	2(16.7)	1(8.3)	5(41.7)	3(25.0)	12(100)	2.4	1.67	69.72
Total	26	28	30	185	131	400			
OCCUPATION									
Service	5(3.2)	9(5.8)	12(7.7)	52(33.3)	78(50.0)	156(100)	31.2	32.29	103.49
Business	2(3.6)	3(5.4)	5(8.9)	9(16.1)	37(66.1)	56(100)	11.2	14.66	130.97
Professional	3(10.7)	2(7.1)	2(7.1)	9(32.1)	12(42.9)	28(100)	5.6	4.61	82.41
Industrialist	8(6.3)	11(8.6)	11(8.6)	55(43.0)	43(33.6)	128(100)	25.6	21.81	85.20
Agriculturalist	2(10.0)	2(10.0)	2(10.0)	4(20.0)	10(50.0)	20(100)	4	3.46	86.60
Others	2(16.7)	1(8.3)	1(8.3)	1(8.3)	7(58.3)	12(100)	2.4	2.60	108.65
Total	22	28	33	130	187	400			
EDUCATIONAL									
Matriculate	3(7.5)	4(10.0)	5(12.5)	23(57.5)	5(12.5)	40(100)	8	8.42	105.32
Graduate	5(2.7)	11(6.0)	11(6.0)	92(50.0)	65(35.3)	184(100)	36.8	39.32	106.85
Post Graduate	5(5.4)	9(9.8)	7(7.6)	43(46.7)	28(30.4)	92(100)	18.4	16.54	89.92
Professional	9(10.7)	7(8.3)	11(13.1)	23(27.4)	34(40.5)	84(100)	16.8	11.45	68.18
Total	22	31	34	181	132	400			

Table1: E – BANKING CHECKS THE FRAUDS

Source: Primary Data

Result of Chi-Square Test:

Customers Grouping	D.F	Calculated Value of Chi-Square	Critical Value of Chi-Square
Bank Based	4	21.32	9.49
Age Based	16	30.15	26.30
Occupational Based	20	49.87	31.40
Educational Based	12	38.91	21.0

Critical Value at 5 per cent Level of Significance.