

UM Employees Credit Card Usage Behavior



UM

The University of Mindanao

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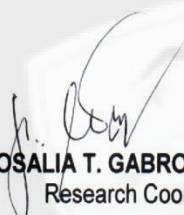
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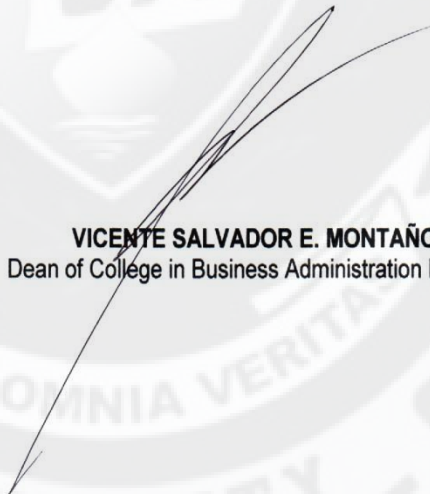
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ACCEPTANCE SHEET

The thesis entitled "**UM EMPLOYEES CREDIT CARD USAGE BEHAVIOR**" prepared and submitted by Aiza Marie C. Borres, John Paul M. Dusaban, and Senodin Jr. P. Lawa, in compliance with the requirements in Finance 324 and Human Resource 324 for the degree of Bachelor of Science in Business Administration major in Financial Management and Human Resource Management is hereby accepted.



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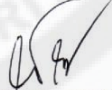

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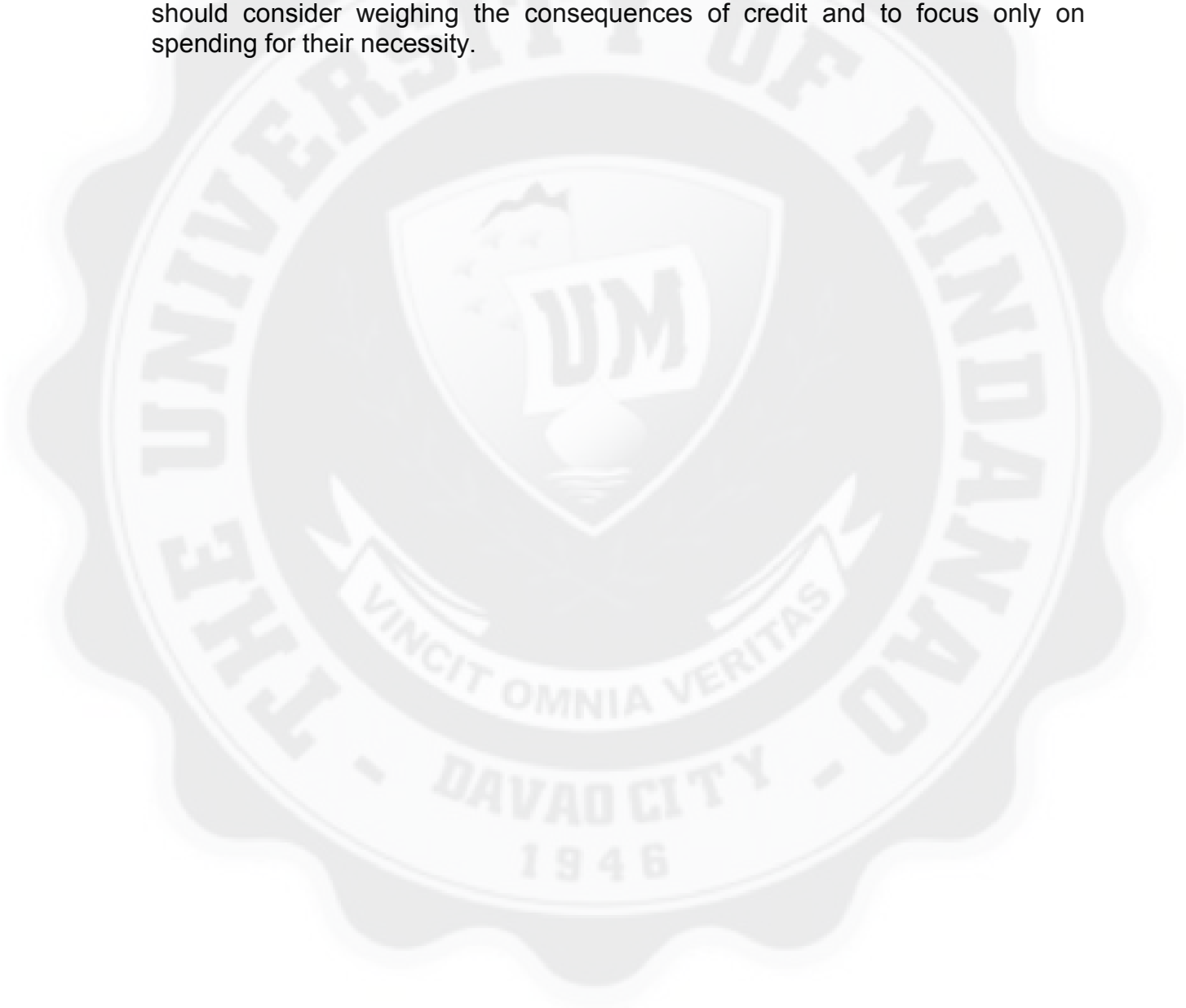

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ABSTRACT

The main purpose of this study was to determine the significant difference in the level of credit card usage behavior among the UM employees when analyzed according to respondent's profile. This study made use of descriptive-survey method and the data were gathered through the use of the validated questionnaire. In the data analysis, the Mean, T-test and analysis of variance were statistical tools. Results revealed that there is no significant difference in level of credit card usage behavior among UM employees when analyzed according to respondent's profile. The result suggested that UM employees should consider weighing the consequences of credit and to focus only on spending for their necessity.



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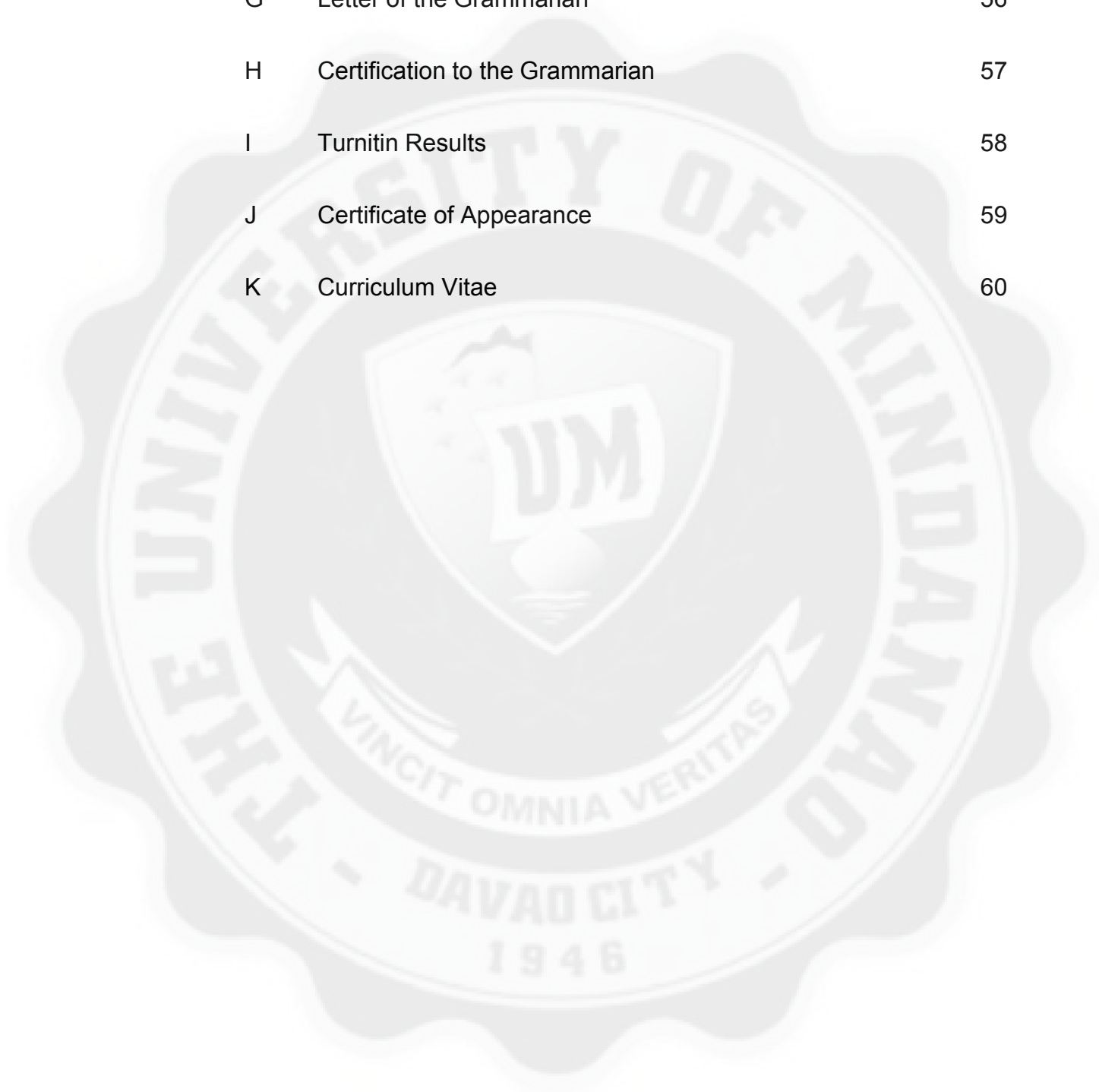
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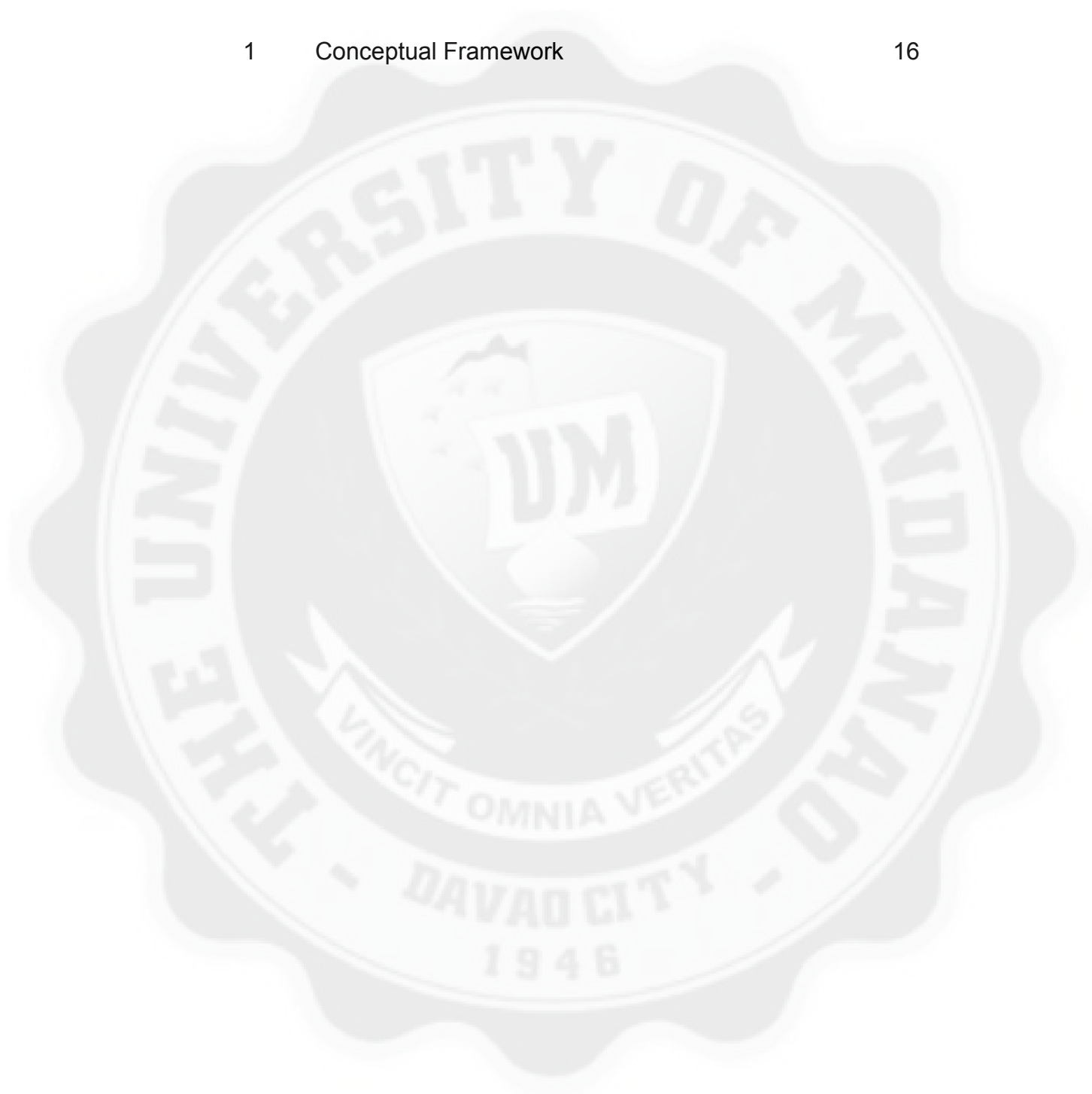


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Chapter I

INTRODUCTION

Background of the Study

Modern world as it is, according to Siddiqui and Anjum (2013) that part of the consumer culture considers credit card as an important part of daily living. Since the world now is becoming automated, there are changes that can be felt nowadays. Expenses incurred by the consumers are not sometimes paid in cash anymore but through the use of credit cards. There is now an ease of payments not only for the purchases but also for other services (Siddiqui and Anjum, 2013). In the city of Atlanta, card use replaced check payment which usually undergo several processes. Although the frequency of credit card payments decreased from 2006 to 2009, still the credit card payments got its way back to its increasing rate in the years 2009 to 2012 (Federal Reserve System, 2013). In Canada, the credit card's purpose to them does not serve as means for borrowing but for payment of other transactions (Canadian Bankers Association, 2014).

In the Philippine context, credit card has been considered as household sources of funds according to Tan (2008). A survey showed out that of the 5,000 respondents, 3% of which has been involved in credit card transactions and 4% of which wanted to apply for credit card for the next 12 months. People in the Philippines are aware now of credit cards since the banking institutions are now starting to educate them. However, despite the risk involved in this kind of service, the Bangko Sentral ng Pilipinas required

the financing intermediaries to make an effective system to manage the risk involved in credit operations (Tan, 2008).

In Davao City, the researchers found out that there has been no study yet about the credit cards usage of employees so the researchers have decided to conduct a study specifically in Bolton Campus of University of Mindanao.

Statement of the Problem

This study aims to establish the UM employees credit card usage behavior.

Specifically, this study will attempt to answer the following questions:

1. What is the profile of respondents in terms of:
 - 1.1 Age;
 - 1.2 Sex;
 - 1.3 Occupation;
 - 1.4 Income; and
 - 1.5 Number of credit cards owned?
2. What is the level of UM employees credit card usage behavior in terms of:
 - 2.1 Purchasing Behavior;
 - 2.2 Perceived Behavior; and
 - 2.3 Payments Attitude?
3. Is there a significant difference between the level of UM employees credit card usage behavior and the respondent's profile?

Hypothesis of the Study

There is no significant difference between the level of UM employees credit card usage behavior and the respondent's profile.

Review of Related Literature

Credit Card as defined by Investopedia.com "a card issued by a financial company (most common are banks) giving the holder the option to borrow funds, usually from the point of sale. It charges interest and are primarily used for short-term borrowing". Another definition from Capitalone.co.uk "a card issued by a credit card provider and they are designed to pay things in shops or online. A card used to balance transfer and to take out cash". What these two definitions have in common is that it is a card issued by the issuer for short-term borrowings. With its balance payable at a certain due date, and if not being paid on time, interest rates will apply on the outstanding balance. The definition itself gives what kind of kind it is, its function and its usage and purpose. The emergence of Credit Card is one of the most convenient innovations of financial institutions. Before, in rural areas, people often go to general stores to buy the things that they need, in order to get its patronage, the regular customers were offered some way in order to consume more of their products, the owner decided to extend a credit to his regular customers, record in its ledger books. But in rural areas, more and more people were living in there and thus it became urbanized, so the owners of the stores decided and thought of new things to provide better services and to maintain their patronage, and so the credit cards were made out from the cardboard (Steiner, 2008). Another history of credit cards before the making

of the Diners Club Card, dated way back 1946 when a banker named John Biggins first introduced the “Charge-it” where consumers would buy from the merchants using it and eventually, the merchants collect the money from the Biggins Bank for the payment of purchased goods. But the Credit Card was officially recognized when Mr. Frank McNamara forgot his wallet while he was eating in Major Cabin Grill, he then realized at that moment, in times of situation like this, there should be any alternative for cash in order to pay the bills. In 1950, Mr. McNamara together with his partner Ralph Scheider, returned to the cabin grill to eat, and to pay for its bill, they issued a small, cardboard card. The credit card was named the Diners Club Card which is used for travel and entertainment. After the creation of credit card, the first bank credit card went out on 1951 issued by Franklin’s National Bank for loan customers (Woosely and Gerson, 2009).

Credit card is one of the convenient tools that allow the customers to purchase goods and render services now and pay them later. As a matter of fact, credit cards can be used for paying the bills incurred during the month. It serves as a payment device, and a life style-facilitating technology according to Rustu Yayar and Suleyman Serdar Karaca (2012) a Turkish faculty from the Gaziosmanpasa University. It is also used for paying the bills instead of cash or cheques. It is also a kind of financing that is short term purposes with an interest attached to the balance that has not yet been paid. Along with its convenience to the holder certain benefits and consequences is identified by the Department of Financial Institutions of Indiana and emphasized in their brochures the advantages and disadvantages of using a credit card, which would somehow show us what could be the possible behaviour of its users

(State of Indiana, 2015). Credit card holders can be benefited and they can get some rewards when they manage the proper use of their cards (Latino Community Credit Union, 2013). The identified advantages (benefits) were but not limited to: purchase things without carrying a lot of cash in other words for convenience, accurate track of records on spent items, convenient buying through mail or phone, allows payments for large purchases in small monthly payments and withholds payments for products that are defective (State of Indiana, 2015).

In an article written by Chris Joseph (2012), he groups other benefits that a holder can get out from its credit card. For people who have it, it is a very good way to obtain a credit without further interrogations from the service provider. Because it is a widely known tool, people used it often specially when getting a short term credit. When the holder pays its bills on time, without delay, it can build a good reputation. Doing good business with the issuer of the card, gives a solid credit history. Aside from getting good standing, the institution might offer the holder to other more significant types of transactions with them, take for example the chattel mortgage, mortgages and other types of loan. This opportunity can get the holder by getting future credit with low interest rates. Another is that it makes the holder's life more convenient. The holder does not have to carry too many cash with him to go to a mall or buy some expensive items. Credit cards can also be used while shopping online. Right now, online shops offer services like this to increase their sales. Other people use it to pay for their travel expenses like tickets might be plane or boat or ferry or cruise, hotel accommodations, out of pocket expenses during the trip and for whatever expenses it may serve best the

holder. Others use it for buying appliances or furniture without any cash available on hand. For instance, if the washing machine broke down and it needs to be replaced immediately in order to maintain the average daily income of the business. Credit card will be of great help. In relation to the advantages of having credit card, Chris Joseph (2012), in his article, psychological effects has been emphasized and pointed out about what were the changes that the holder experiences in getting a credit card. The holder's self-esteem was enhanced. This is supported by the research conducted by Ohio State University in which they diversified the ages that gives too much impact on their lives while owning a card. Persons aged 18 to 27 years old, according to the data hold a greater control of their lives which would mean that they can get whatever things they want but people aged 28 years old and above said entirely the opposite. They started to feel the burden of paying the debt incurred and eventually gave them a decreasing control of their lives (Joseph, 2012).

In contrast to that, card holders also, can take some risk when they misused their credit cards (Latino Community Credit Union, 2013). Credit cards can deceive customers in terms of payment. The identified disadvantages (risks) were but not limited to: the user might get involved in overspending, high interest rates on the debt incurred (which could be an expensive way to obtain a credit), lost cards can cause inconvenience to the user, holding one or more cards gets you to further debts to incur and fraudulent charges takes months to dispute, investigate and resolve (State of Indiana, 2015). Government plays an important part especially in financing and spending activities of the public since it is one of the government's role to

control the use of credit (U.S. Department of State, 2015). As part of their roles, they took actions to make consumers be aware of its benefits and consequences. For instance, offering assistance to those people who have doubts and questions in owning it.

The people in America most specifically in the U.S., according to the study it showed that the people are more reliant to credit cards than debit cards, such as having their groceries, shopping and in every purchase that people do. In their survey shows that out of 21 respondents, only 2 of them said that they have a credit card debt. Americans, in general, found out that credit cards are very convenient tool for payment. The study did also identify the attitudes of consumers towards credit cards. The information regarding the credit card terms such as repayment, finance charges, fees & charges variedly affects how the consumers use their credit cards. Because of the aforementioned reason, credit card usage increased thoroughly (Sugano, 2011). However, according to one article on a website found in www.csmonitor.com, credit card cannot be anymore be considered as best financial tools compared to the years on 1990s and 2000s. This is according to the data that has been gathered by Gallup that the number of the people who do not own a card has increased. In the 2014 survey, it has been identified that 29% of the Americans have not owned any cards (comparing to their 2008 survey that it has 22% only) and a total of 7% increase from 2008 to 2014. Along the changes, Americans who are already cardholders were improving when it comes to managing them. Although less cards has been used, there is a good result for the action taken for the reason that they have

incurred less debts, always or usually, they have been paying their bills in full every month (Frank, 2015).

Credit cards can be a very useful tool in managing the daily finances, which provides a flexible payment that can make the financial life easier. According to one website, www.forbes.com has provided tools for managing credit card expenses to avoid overspending. Card holder can monitor the said expenses through signing up on text messaging alert, giving them signals if they have reach their credit limit, how much they have spent or ask about the balance they have as for the moment, or they could go online through logging in to their credit card issuer's website and view their account there or through the statement sent by the bank. They could use that information to categorize the expenses incurred according to its necessity (Marquand, 2011). In order for the tips to become effective, users should be responsible in using credit cards for it is an important step to have a good credit history and will give the holder the financial advantages now and in the future. Card holders with good credit history can be the basis of the credit cards issuers to determine the responsible card holders in managing money (MasterCard, 2009).

Credit cards have several positive effects when it is properly and responsibly used. According to the Canadian Bankers Association (2014), credit cards can be accessible to the unsecured credit wherein card holders can use this instrument for payment without any collateral to be shown, it is also a type of transaction where customers can purchase not only for goods but also for services with an interest- free payment from the purchase time to the end of the billing period. Credit cards in its nature helps a person in several for instance, protected from fraud, customers has zero liability when

there is a case on fraud, and also managing the credit card properly can give different opportunities which the customers can avail (Canadian Bankers Association, 2014).

In the 2012 survey of creditcard.com, it gives the information broken down into bits. People in America often have more than one credit cards and they use it for several purposes. With people holding two to three credit cards, accordingly, each month they use all of their credit card, and approximately 49% composed this kind of people whereas for people who owns four or more they often use two to three cards only making the other cards for convenience and for emergency purposes in case if the other cards went wrong and it is estimated that 68% of the people were actually doing this.

Half of the low and middle income owners spend their credit cards for medical expenses with an average of \$1,678, parents who use their credit cards to pay college bills for their sons and daughters average expenditures for \$4,911 composing 4% of American families, students who pay their own college bills averaging \$2,169 composing 3% of the population size. Others, which is very common to every household is spending it for basic living. Such as for paying rent, mortgage, groceries, bills for electricity, gas, water, phone, internet connection and other expenses. This composed 40% of the average spending of American spending on credit cards.

They further deepen their study to see where the credit card spending go. According to the website, 67% of credit card debt goes to buying of clothes. Another 64% which has the same ratio with Gas and food consumption. And 62% for travel expenses. Other items have been

considered by their statistics. In this data they have considered the age bracket which they divided in to two (2). First age bracket aged 18 – 49 and the other one is 50 and above. For people who aged 50 years old and above proves that they are more likely to spend more than the other age bracket. To compare data are as follows. 50 years old and up travel expenses 68%, Clothing 72%, food consumption 39% and lastly 54% for car maintenance. 18 to 49 years old for travel, 55%, clothing 62%, food consumption 28% and for car maintenance 40% (Ray and Ghahremani, 2014).

According to Emery, West and Massey (2008), credit cards became the second instrument in payment that used by the households in Australia. Financial Institution provided a data which stated that a total of 40% of all electronic transactions in their country, 25% consumers uses their credit card in supermarket, 15% occurred in the petrol stations and 10% were the other transactions. 80% of the consumers also uses their card in relative high transactions such as insurance, travels and hotel services, and professional services sector (Emery, West, and Massey, 2008).

There are several arguments about who has a greater percentage of owning credit cards. According to the research of Mottola (2012), the survey showed that in America, male respondents are dominant in terms of using credit cards properly for payment of necessities than the female respondents. The researchers overcome an output that male are more financially literate in the financial transactions than the female respondents (Mottola, 2012). In contrast, the researchers in Pakistan concluded that the usage of credit card is consistent in general consumption style. The survey showed that more female respondents are likely use to have many credit cards with a good

credit history, without considering the interest rates of the credit cards and uses the credit cards responsibly and wisely than the male respondents. The male respondents find difficulties in paying credit card bills and looking for a low interest rate credit cards services (Siddiqui and Anjum, 2013).

Another issue for owning Credit Cards is that it affects the age of the holder, depending on how old the person is. In Malaysia, the researchers found out that the credit card holders (ages 50) and the credit card holders (ages between 21 and 30) were have same characteristic in using the credit card but the older card holders and the younger card holders differ in terms of payment on the credit card bills. In the same study also the researchers found out that some of the credit card holders, who work in public and private entities, use their cards in every purchase without thinking the earlier necessities (Hussin, Kassim and Jamal, 2013).

There are seismic changes happening in the way when people pay their bills. According to the study of Plymouth and Martin (2009), it stated that in year 1995 the United States trends in bill payment using mail and cash from 49.5 billion declined to 30.6 billion in year 2006 and the downward trend is expected to continue in the future years. In contrast with that, the non-cash payment using credit cards, debit cards and electronic tools increase to 62.7 billion, accounting to 67% in the year 2006 from 54% in the year 2003 (Plymouth and Martin, 2009). Credit card became the number one method in paying the household bills. The study stated that there were 38% of households have at least one bill payment linked to credit card and there were 47% of credit card owners said that they would consider the adding of additional bill payments to their card (MasterCard, 2005).

Credit card utilization can be affected by the credit scores of the consumers. According to Hayashi and Stavins (2012), the consumers with low-score have much higher credit card utilization rates than those with high scores. Consumers with higher credit card utilization rates used debit cards more frequently and it could imply credit limitations with consumers with a lower credit scores due to the lower credit limits (Hayashi and Stavins, 2012). Credit cards were not only used for individual consumption but as well as for business transactions. Daniel Ray and Yasmin Ghahremani (2014) their data presented that two-third of transactions in business and individual consumers were made. From 2003 an average of 43% and in 2012 it grows to 67% (Ray and Ghahremani, 2014).

The study of Ekici and Dunn (2009) showed that when there is growth in consumption, the effect is that there is an increase in income also. If people expect that there will be an increase of their income, accordingly, an increase will likely follow their current consumption. Using microlevel consumer confidence data, it shows that more optimistic income expectations lead to less steep consumption profiles. It concluded that consumers who have high income tend to increase also their purchasing habits (Ekici and Dunn, 2009).

Idris and Jan (2013) argued in their study that there are several favorable effects of credit cards on consumer spending behavior resulting to many advantages and benefits. Example is that credit card payment have established a trustworthy character and popularity among people all over the world. On the other hand although it is practical to own a credit card, still there are doubts in using the even in the well developed and developing nations. Their study has identified several unfavorable effects such as default,

fraud, overspending and lack of awareness. It has also showed that the effects have increased greatly starting the new millennium (2000s). The result of the descriptive statistics shows that both credit card respondents agree that credit is common source of money: 37% agree for Islamic credit card and 48% agree for the conventional. The respondents of the study have disagreed that they spend more than 30% of their credit limit in buying goods monthly. Compared to the half of credit card holders have agreed that they have consumed more and saved less while using credit card.

There is equal view from both holders who regard the card they hold as the best compared to the other. Conventional holders enjoy the benefits of paying credit card after due date more than Islamic credit card since the result shows 68% for conventional holders and 56% for Islamic holders. Half of each credit card are happy with the benefits of their card and believe it acceptable worldwide since: 86% for respondents of Islamic and 80% for conventional. 72% of Islamic holders and 69% of conventional agree that their cards are useful during festival. Meanwhile 86% of Islamic card holders and 70% of conventional card holders believe their transactions are done quickly using credit card. 61% of Islamic holders and 53% of conventional holders agree their bank offer many rewards and discount. From these questions, most of Islamic credit card holders like the rewards given by Islamic bank while conventional card holders like the time of the due date of payment (Idris and Jan, 2013).

Theoretical and Conceptual Framework

This study is anchored on the theory of Planned Behavior which states that, attitude towards behavior, subjective norms, and perceived behavioral control together shape an individual's behavioral intentions (Ajzen, 1985).

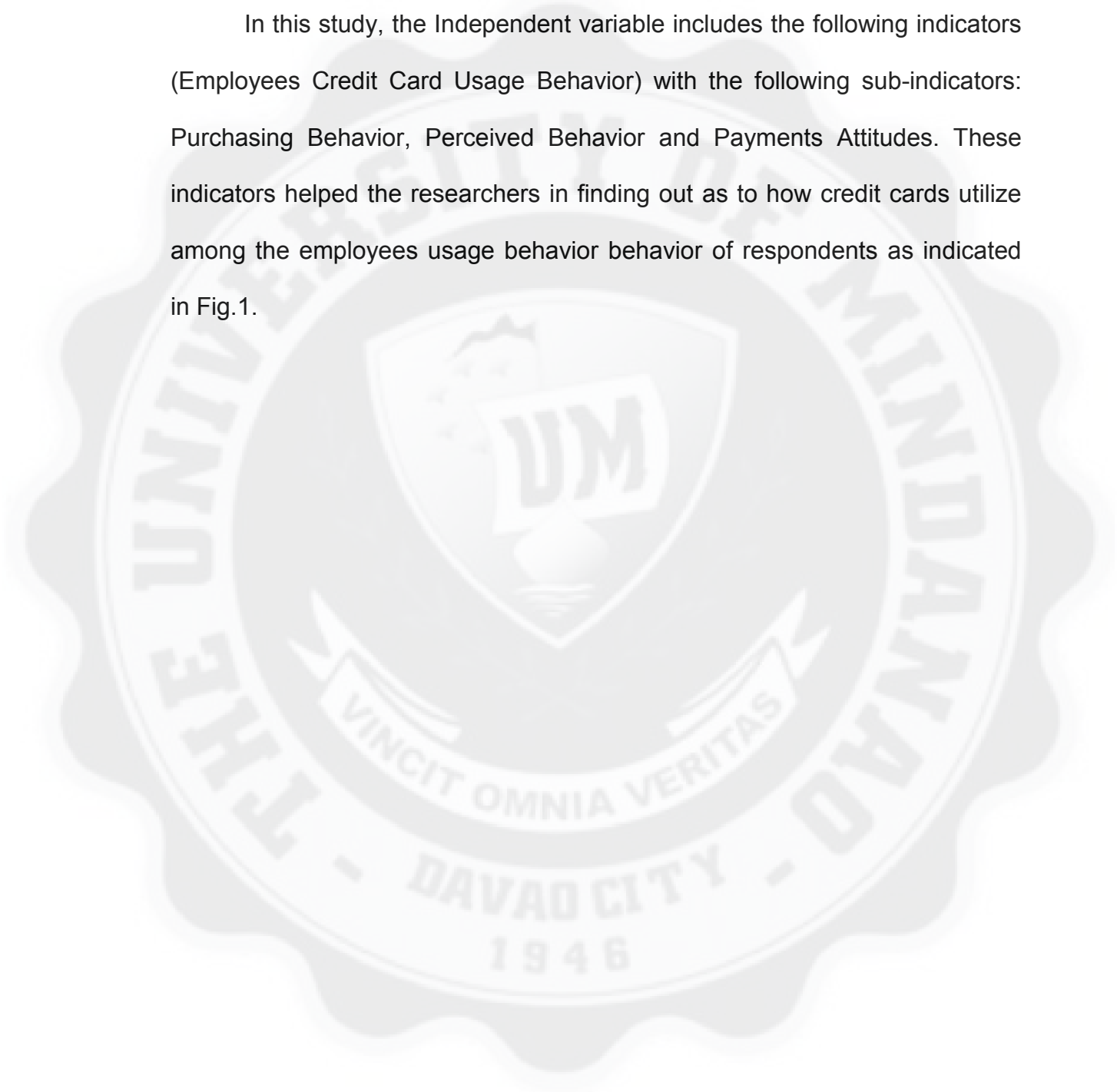
In support, the study of Soll, Keeney and Larrick(2009), stated that the variables on consumer misunderstanding of credit card use, payments and debt: causes and solution has two aspect the payment attitude and numerical skills. As a result, this study helps credit card holders to understand the relationship between payments attitude and eliminating debts and also it can be use by the consumer who seeks for an improvement in decisions that have consequences for long term financial goal (Soll, J. B., et al 2009).

The study of Lawrence, Christofferson, Nester, Moser, Tucker and Lysons (2003), discussed that the factor analysis on credit card usage of college students of LSU was the cards with a balance, purchasing behavior, frequency of credit card use, credit card used for cash advances and payment attitude. As a result, this study provide greater insight into the credit card usage of the students and it also help students or credit card holder to manage well their credit usage and also to avoid future misuse of credit card (Lawrence, F. C., et al 2003).

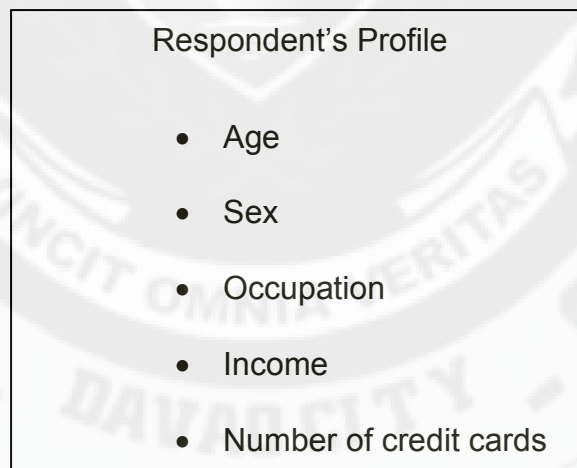
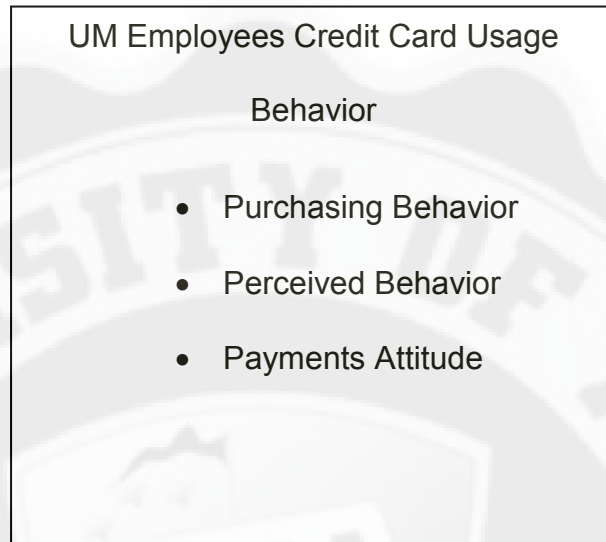
In addition, the study of Rutherford and DeVaney (2009) which stated that the factor analysis on the consumer's behavior to understand the convenience in using credit cards has five dimension such as credit attitudes, subjective norms, perceived behavior, affective reaction and spontaneous impact. As a result, personal finance educators and financial advisors can

gain a deeper understanding of the attitude and behavior that motivates consumers in their use of credit cards and understand the convenience on proper using of the credit cards (Rutherford and DeVaney, 2009).

In this study, the Independent variable includes the following indicators (Employees Credit Card Usage Behavior) with the following sub-indicators: Purchasing Behavior, Perceived Behavior and Payments Attitudes. These indicators helped the researchers in finding out as to how credit cards utilize among the employees usage behavior behavior of respondents as indicated in Fig.1.



Independent Variable



Moderating Variable

Figure 1: Conceptual Framework

Significance of the Study

This study will be significant in determining the UM employees credit card usage behavior. The findings will benefit the following:

Administrators of Financial Intermediaries: The result of this study will educate future card holders and at the same time encourage them to apply.

Credit Card Holders: They will be benefited through the information gathered by letting them be aware of the consequences and benefits of Credit Cards.

Future Researchers: The result of this study will benefit future researchers for they can use it as a reference for their studies.

Definition of Terms

UM Employees. Persons who have agreed by contract to perform specified services at the University of Mindanao in exchange for money and recognitions.

Credit Card Usage Behavior. This is usually a behavior of an individual when in terms of using plastic card that may be used repeatedly to borrow money or buy products and services, and pay for them at a later date.

Chapter 2

METHOD

Presented in this section are the discussions of the research design, the research subjects, research instruments, the data gathering procedure as well as the statistical treatment of data.

Research Design

Descriptive research method was used in this study. It focus on facts and conditions of the UM employees, which easily determine the credit card usage behavior of the employees. With the use of this method, all variables of this study were determined and studied (Hammond, 2016).

Research Respondents

The respondents of the study were the 30 UM employees of Bolton campus. They were asked about their usage behavior on credit card. The study was conducted in Bolton campus of University of Mindanao.

Research Instruments

The study utilized a test questionnaire for each respondent. The researchers constructed a test questionnaire to determine the response of UM employees credit card usage behavior to their profile. The questionnaire was also validated by the panel of examiners. Further, the 25 item-questionnaire contained 5 questions for each indicator in the level of service quality.

Exact Limits	Description	Meaning
4.50-5.00	Always	It means that UM employees credit card usage behavior are manifested all the time.
3.50-4.49	Often	It means that UM employees credit card usage behavior manifested often times.
2.50-3.49	Sometimes	It means that UM employees credit card usage behavior are manifested sometimes.
1.50-2.49	Seldom	It means that UM employees credit card usage behavior are manifested rarely.
1.00-1.49	Never	It means that UM employees credit card usage behavior are never manifested.

Data Gathering Procedure

The following were the steps in the gathering of data:

1. **Seeking permission to conduct the study.** The researchers sought permission from the research coordinator to conduct the study.
2. **Administration and distribution of the questionnaires.** After the approval, the study commenced. Questionnaires were personally administered to the respondents by the researchers.
3. **Retrieval of the questionnaires.** The data were then retrieved, collected, tallied, tabulated, analyzed and interpreted confidentially and accordingly through the aid of the statistician.

Statistical Treatment of Data

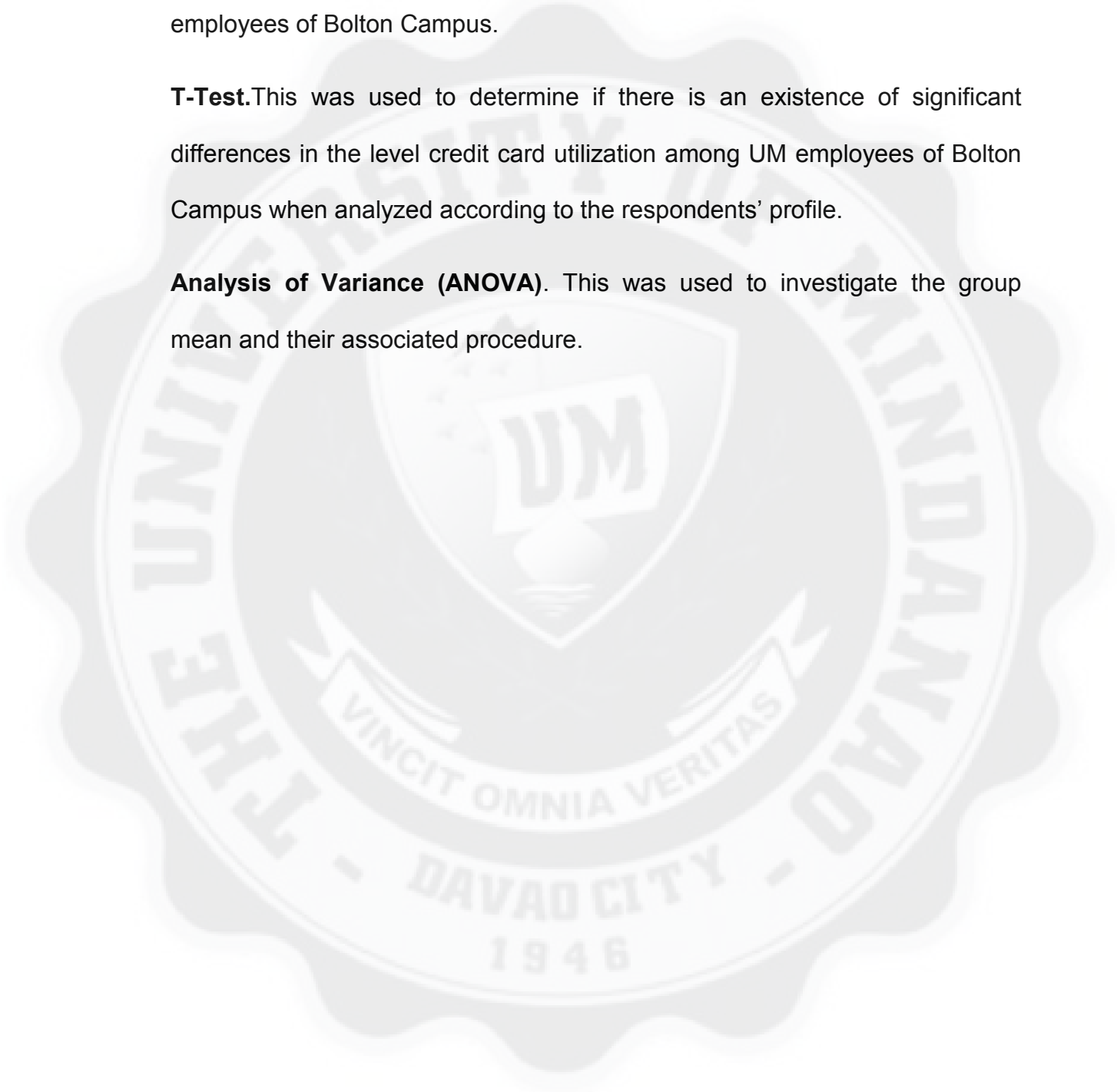
The data were treated using the following statistical tools:

Frequency Distribution and Percentage. This were used to determine the profile of the respondents.

Mean.This was used to determine the level credit card utilization among UM employees of Bolton Campus.

T-Test.This was used to determine if there is an existence of significant differences in the level credit card utilization among UM employees of Bolton Campus when analyzed according to the respondents' profile.

Analysis of Variance (ANOVA). This was used to investigate the group mean and their associated procedure.



Chapter 3

PRESENTATION AND ANALYSIS OF FINDINGS

Presented in this section is the discussion on the presentation and analysis of findings. The following headings center the discussions: level of UM employees credit card usage behavior in terms of Purchasing Behavior, Perceived Behavior and Payments Attitude and significance difference in the level of UM employees credit card usage behavior when analyzed according to respondent's profile.

Profile of the Respondents

There are 30 respondents in this study. As shown in Table 1., there are 6 respondents or 20% of the total respondents are in the age bracket of 20 to 25; followed by 5 or 16.67% of the total respondents that belong to the 26-31 years old, 6 or 20% of the total respondents are in the age bracket of 32-36 years old and lastly, 13 or 43.33% of the total respondents are in the age bracket of 37 above. It was concluded in the study of (Leclerc, 2010) that older people avails the credit card than younger ones.

There are 9 or 30% of the respondents are male; and there are 21 or 70% of the total respondents are female. In the study of Deviranjitham and Thamilarasan (2014) they rejected the result of this study. In their study, male are more dominant in holding credit card for the reason of they are more compulsive in handling expenses and they deal with the financial matters of the family. However this was accepted by (Leclerc, 2010) for females perform more decision specially in spending than male.

Table 1
Profile of the Respondents

		Frequency	Percent
Age	20-25	6	20.00
	26-31	5	16.67
	32-36	6	20.00
	37 above	13	43.33
	Total	30	100
Sex		Frequency	Percent
	Male	9	30
	Female	21	70
	Total	30	10
Occupation		Frequency	Percent
	Teaching Employees	10	33.33
	Non-Teaching Employees	20	66.67
	Total	30	100.00
Income		Frequency	Percent
	15,000-24,000	18	60.00
	25,000-34,000	6	20.00
	35,000-44,000	4	13.33
	45,000 above	2	6.67
	Total	30	100
Number of Credit Cards Owned		Frequency	Percent
	One (1)	17	56.67
	Two (2)	3	10.00
	Three (3) or more	10	33.33
	Total	30	100

There are 10 or 33.33% of the respondents are teaching employees; and there are 20 or 66.67% of the total respondents are non-teaching employees.

In this study, 18 or 60% of the respondents have an income of 15,000-24,000; 6 or 20% of them has an income of 25,000-34,000; 4 or 13.33% of the respondents has an income of 35,000-44,000 and lastly 2 or 6.67% of the respondents has an income of 45,000 and above. In the study of (Kanetkar, 2013) it showed that the higher the income, the lesser people avail the credit card. Also people who have higher income are more favorable to credit transactions (Jusoh and Lin, 2012).

From the total 30 respondents in this study, there are 17 or 56.57% respondents owned one (1) credit card; 3 or 10.00% of them owned two (2) credit cards and 10 or 33.33% of the respondents owned three (3) or more credit cards. The results of the study of Deviranjitham and Thamilarasan (2014) stated that middle aged (26-31 and 32-37) also has a high usage of credit card. It is further supported that most adults are more outgoing and stable than the elderly who are restricted by their old age and spend most of their time in resting and young adults who are busy in establishing their career.

Level of UM Employees Credit Card Usage Behavior

Table 2, shows the level of UM employees credit card usage behavior in terms of purchasing behavior. The overall mean is 3.35 or moderate, which means that the overall indication is manifested sometimes. The highest mean is 3.83, which means that the UM employees sometimes have a moderate credit card utilization in terms of purchasing behavior. The result further indicated that the staff sometimes uses a spending plan or budget to keep track on their credit score. The next to the highest mean is 3.63, which means that the UM employees sometimes have a moderate utilization of credit card in terms of purchasing behavior. The result further indicated that the employees use their credit card to buy things otherwise they could not have afforded. The lowest mean is 2.63, which means that the UM employees sometimes have a moderate utilization of credit card in terms of purchasing behavior. The result further indicated that the employees spend money to buy things even if they use their credit card. According to the study of (Kanetkar, 2013), people are more confident in using cash in buying their needs and wants and it showed that 51% of their respondents use cash and 8% uses credit card and 41% use both means of buying. It can further be indicated that people are more comfortable in cash transactions than credit.

Table 2

**Level of UM Employees Credit Card Usage Behavior in terms of Purchasing
Behavior**

Number	Item	Mean	Descriptive Equivalent
1	Buying things now and paying later.	3.07	Moderate
2	Spending money using credit card to buy things.	2.63	Moderate
3	Using spending plan or budgeting to keep track of credit score.	3.83	High
4	Credit card has given opportunity to buy things otherwise could not have been afforded.	3.63	High
5	Always comparing prices at different places before buying on credit.	3.57	High
	Overall	3.35	Moderate

Range: 5.00-4.50 very high; 4.49-3.50 high; 3.49-2.50 moderate; 2.49-1.50 low; 1.49-1.00 very low

Table 3 shows the level of credit card utilization among UM employees in terms of perceived behavior, the overall mean is 2.55 or moderate, which

means that the overall indication is manifested sometimes. The highest mean is 3.40, which means that the UM employees have moderate credit card utilization in terms of perceived behavior. The result further indicated that the respondents uses credit card in booking airline ticket for travel services. The next to the highest mean is 2.93, which means that the UM employees of sometimes have moderate credit card utilization in terms of perceived behavior. The result further indicated that the credit cards are used for the hotel accommodation during vacation. The lowest mean is 1.83, which means that the UM employees seldom have low credit card utilization in terms of perceived behavior. The result further indicated that the respondents use credit card to buy or repair a car.

Table 3

Level of UM Employees Credit Card Usage Behavior in terms of Perceived Behavior

Number	Item	Mean	Descriptive Equivalent
1	Using credit card to pay for health expenses (hospital services, medicines, etc.)	2.70	Moderate
2	Using credit card in buying or repairing cars.	1.83	Low
3	Using credit card for the hotel accommodation during vacation.	2.93	Moderate
4	Booking airline tickets for travel services using credit card.	3.40	Moderate
5	Using credit card in paying the household utility bills.	1.90	Low
	Overall	2.55	Moderate

Range: 5.00-4.50 very high; 4.49-3.50 high; 3.49-2.50 moderate; 2.49-1.50 low; 1.49-1.00 very low

In table 4, the level of UM employees credit card usage behavior in terms of payments attitude. The overall mean is 3.03 or moderate, which means that the overall indication is manifested sometimes. The highest mean

is 3.70, which means that the UM employees often have a high credit card utilization in terms of payments attitude. The result further indicated that respondents pay their bills every end of the month. The next to the highest mean is 3.67, which means that the UM employees often have high credit card utilization in terms of payments attitude. The result further indicated that the respondents pay their credit bills in full payment. The lowest mean is 2.03, which means that the UM employees seldom have low credit card utilization in terms payments attitude. The result further indicated that the respondents pay their credit bills beyond the schedule of payment with interest.

Table 4

Level of UM Employees Credit Card Usage Behavior in terms of Payments

Attitude

Number	Item	Mean	Descriptive Equivalent
1	Paying credit bills every end of the month.	3.70	High
2	Usually paying bills beyond schedule of payment with interest.	2.03	Low
3	Paying bills in minimum monthly balance.	2.47	Low
4	Paying bills in full payment.	3.67	High
5	Paying bills on the date on which the minimum payment is due for payment.	3.27	Moderate
	Overall	3.02	Moderate

Range: 5.00-4.50 very high; 4.49-3.50 high; 3.49-2.50 moderate; 2.49-1.50 low; 1.49-1.00 very low

Summary on the Level of Credit Card Usage Behavior among UM Employees

Table 5 shows the level of UM employees credit card usage behavior. The overall mean is 2.98 or moderate, which means that the overall indication is sometimes manifested.

The highest mean is 3.35, which means that the UM employees sometimes have moderate credit card utilization in terms of purchasing behavior. The next to the highest mean is 3.03, which means that the UM employees sometimes have a moderate credit card utilization terms of payments attitude. The lowest mean is 2.55, which means that the UM employees sometimes have a moderate credit card utilization in terms of perceived behavior.

Table 5

**Summary on the Level of Credit Card Usage Behavior among UM
Employees**

Indicators	Mean	Descriptive Equivalent
Purchasing Behavior	3.35	Moderate
Perceived Behavior	2.55	Moderate
Payments Attitude	3.03	Moderate
Overall	2.98	Moderate

Range: 5.00-4.50 very high; 4.49-3.50 high; 3.49-2.50 moderate; 2.49-1.50 low; 1.49-1.00 very low

Significant difference between respondent's profile and usage behavior

Table 6, shows the data on significant difference in the credit card usage behavior among UM employees when analyzed by age. The respondents were grouped according to their age bracket 20-25 is 6, 26-31 is 5, 32-36 is 6, and 37 above is 13. It is noted that the indicators; purchasing behavior, perceived behavior, and payments attitude obtained the overall mean ratings of 2.03 from 20-25, 3.53 from 26-31, 3.42 from 32-36, 2.99 from 37 above with an overall F-value of 5.929. The overall P-value of 0.003 is less than the significance level of 0.05, hence, significant thus, the null hypothesis is rejected.

Table 6

**Significance of the Difference in the Level of Credit Card Usage
Behavior among UM Employees When Analyzed by Age**

INDICATORS	20-25	26-31	32-36	37 above	F- value	P-Value	Decision in Ho
Purchasing Behavior	2.43	3.88	3.73	3.38	3.15	0.024	Reject
Perceived Behavior	1.40	3.36	3.23	2.46	4.979	0.007	Accept
Payment Attitudes	2.27	3.36	3.30	3.12	3.421	0.032	Reject
Overall	2.03	3.53	3.42	2.99	5.929	0.003	Reject

In Table 7, is the data on significant difference in the credit card usage behavior among UM employees when analyzed by sex. The respondents

were grouped according to their sex male is 10, female is 20. It is noted that the indicators, purchasing behavior, perceived behavior, and payments attitude, obtained the overall mean ratings of 3.36 from male and 2.78 from female with an overall F-value of 3.507. The overall P-value of 0.072 is greater than the significance level of 0.05, hence, not significant thus, the acceptance of the null hypothesis.

Table 7

**Significance of the Difference in the Level of Credit Card Usage
Behavior among UM Employees When Analyzed by Sex**

INDICATORS	Male	Female	F-value	P-Value	Decision in Ho
Purchasing Behavior	3.68	3.18	2.046	0.164	Accept
Perceived Behavior	3.18	2.24	6.028	0.033	Reject
Payments Attitude	3.22	2.93	1.003	0.325	Accept
Overall	3.36	2.78	3.507	0.072	Accept

In Table 8, is the data on significant difference in the credit card usage behavior among UM employees when analyzed by occupation. The respondents were grouped according to their occupation in which the teaching

employee is 10, and non-teaching employee is 20. It is noted that the indicators, purchasing behavior, perceived behavior, and payments attitude, obtained the overall mean ratings of 3.33 from teaching employee and 2.80 from non-teaching employee with an overall F-value of 2.827 with a P-value of 0.101 is greater than the significance level of 0.05, hence, not significant thus, the null hypothesis is accepted.

Table 8

**Significance of the Difference in the Level of Credit Card Usage
Behavior among UM Employees When Analyzed by Occupation**

INDICATORS	Teaching Employee	Non-Teaching Employee	F-value	P-Value	Decision in Ho
Purchasing Behavior	3.78	3.13	3.641	0.067	Accept
Perceived Behavior	3.06	2.30	3.094	0.089	Accept
Payments Attitude	3.14	2.97	0.337	0.566	Accept
Overall	3.33	2.80	2.872	0.101	Accept

In table 9, is the data on significant difference in the credit card usage behavior among UM employees when analyzed by income. The respondents were grouped according to their income bracket 15,000-24,000 is 18, 25,000-34,000 is 6, 35,000-44,000 is 4, and 45,000 above is 2. It is noted that the indicators, purchasing behavior, perceived behavior, and payments attitude,

obtained the overall mean ratings of 2.71 from 15,000-24,000, 3.21 from 25,000-34,000, 3.50 from 35,000-44,000, and 3.63 from 45,000 above with an overall F-value of 1.907 with a P-value of 0.154 is greater than the significance level of 0.05, hence, not significant thus, the null hypothesis is accepted. The level of income does not affect its utilization but it has been rejected by the study of Omar et. al., (2014) that income directly affects it because the higher the income, the greater the desire to use the credit card.

Table 9

**Significance of the Difference in the Level of Credit Card Usage
Behavior among UM Employees When Analyzed by Income**

INDICATORS	15,000- 24,000	25,000- 34,000	35,000- 44,000	45,000 above	F- value	P- Value	Decisio n in Ho
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Purchasing Behavior	3.00	3.77	4.00	3.90	2.54	0.079	Accept
Perceived Behavior	2.24	2.67	3.30	3.50	1.533	0.229	Accept
Payments Attitude	2.88	3.20	3.20	3.50	0.660	0.584	Accept
Overall	2.71	3.21	3.50	3.63	1.907	0.154	Accept

In Table 10, is the data on significant difference in the credit card usage behavior among UM employees when analyzed by number of credit card owned. The respondents were grouped according to their number of credit card owned in which one (1) is 17, two (2) is 3, and three (3) or more is 10. It is noted that the indicators, purchasing behavior, perceived behavior,

and payments attitude, obtained the overall mean ratings of 2.69 from one (1) credit card owned, 2.96 from two (2) credit cards owned and 3.47 from three (3) or more credit cards owned with an overall F-value of 3.285 with a P-value of 0.053 is greater than the significance level of 0.05, hence, not significant thus, the null hypothesis is accepted.

The logo of The University of Mindanao is a circular seal with a scalloped edge. It features a central shield with a crown on top and the letters 'UM' inside. Below the shield is a banner with the Latin motto 'VINCIT OMNIA VERITAS'. The outer ring of the seal contains the text 'THE UNIVERSITY OF MINDANAO' at the top and 'DAVAO CITY' at the bottom, with the year '1946' centered below the city name.

Table 10

**Significance of the Difference in the Level of Credit Card Usage
Behavior among UM Employees When Analyzed by Number of Credit
Card Owned**

INDICATORS	One (1)	Two (2)	Three (3) or more	F-value	P-Value	Decision in Ho
Purchasing Behavior	3.00	3.27	3.96	4.216	0.026	Accept
Perceived Behavior	2.25	2.53	3.08	1.791	0.198	Accept
Payments Attitude	2.81	3.07	3.38	1.941	0.163	Accept
Overall	2.69	2.96	3.47	3.285	0.053	Accept

Chapter 4

SUMMARY, CONCLUSIONS AND RECCOMMENDATIONS

Presented in this chapter are the summary, conclusions, and recommendations based on the analysis and interpretation of the data obtained.

The study tested the null hypothesis that there is no significant difference between the level of UM employees credit card usage behavior and their profile. This study made use of descriptive-survey method and the data were gathered through the use of validated questionnaire. This study was conducted at the Bolton campus of University of Mindanao Davao City. The statistical tool employed in analysing and interpreting the data collected were mean, standard deviation, ANNOVA, and the P-value to determine the significant difference for the purpose of this study.

Summary of Findings

The following were the finding of the study:

1. There were thirty (30) respondents from UM employees of Bolton campus. The respondents age were determined and that majority of the credit card holders are 37 years old and above. There are 21 of the respondents who are female. Also, the respondents is composed of 2/3 of non-teaching staff of UM Bolton campus. It was also determined that credit card holders are dominating with the range of income of 15,000 – 24,000 Php. And lastly, it was determined that the most of the respondents have only one credit card.
2. Overall, UM employees of Bolton campus are only using credit card in purchasing, paying in other services and paying bills moderately.

3. In finding the significant difference of UM employees credit card usage behavior and their profile the results were the following. When analyzed by their profile all except the age does not affect the behavior in consuming goods and services of the UM employees.

Conclusions

1. UM staff does rely on credit card for its convenience. Based on the finding majority of the employees were in adult age and above, gaining minimum wages and most of the card holders also were non-teaching female employees that were using only one credit card.
2. According to the findings, the usage behavior of UM employees on their credit card were moderately.
3. According to the findings, the usage behavior of UM employees on their credit card were moderately.

Therefore, based on the data gathered and the analysis of this study, the null hypothesis of this study is rejected.

Recommendations

Based on the foregoing finding and conclusions, the following recommendations are suggested:

1. To the administrators of financial intermediaries, they should strengthen their marketing strategy in gathering more applicants for credit card because it can help in making the GDP and GNP grow through spending and educating users of holders in using it in utmost advantage.

2. To the credit card holders, that they should consider weighing the consequences of credit and to focus only on spending for their necessity.
3. To the future researchers, to consider other aspects on what affects the behavior of consuming goods through credit. It may be through the attitude they might be a compulsive or impulsive buyer. Consider also the psychological factors like their level of contentment of their needs and wants in which they have owned already, financial distress or problems, environment and etc.

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Appendix A

Letter of Permission to Conduct the Study

February 6, 2015

VICENTE SALVADOR E. MONTAÑO, DBA
Dean, College of Business Administration Education
University of Mindanao
Davao City

Dear Sir:


Greetings!

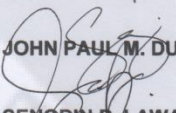
We are the Financial Management (FM) and Human Resource Management (HR) students of the University of Mindanao conducting a research study on "**Consumer's Behavior among Teaching and Non-teaching UM Employees of Bolton Campus towards Credit Card Utilization**". This in the line with our requirements of the subjects Financial Research (Fin 324) as well as Human Resource Research (HR 324).

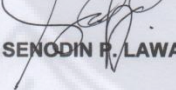
In this regard, we would like to ask permission from your good office to allow us to conduct a survey among UM employees. We assure you the confidentiality of the survey results and data. Their answers will serve as the primary data of our study.

We are hoping for your favorable response to this request.


Respectfully yours,

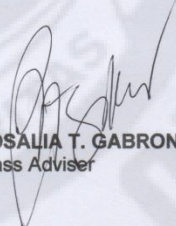

AIZA MARIE C. BORRES


JOHN PAUL M. DUSABAN


SENODIN R. LAWA JR.

Noted by:


MARCELINA C. FALCON, DBA
Research Adviser


ROSALIA T. GABRONINO, MBA
Class Adviser

Appendix B

Survey Questionnaire

Payments Attitude	5	4	3	2	1
1. I pay my bills every end of the month.					
2. I usually pay my bills beyond the schedule of payment with interest.					
3. I pay my bills in minimum monthly balance.					
4. Paying bills in full payment.					
5. I pay my bills on the date on which the minimum payment is due for payment.					

Comment and Suggestions

Thank You !!
Appendix C

Summary of Evaluators Rating

Validators	Mean	Description
ROSALIA T. GABRONINO, MBA	4.00	Very Good
MYRNA S. VIADO, DBA	4.00	Very Good
ANABELLE A. LOPEZ, MBA	3.86	Very Good
Over- all	3.95	Very Good

Point	Equivalent
5.00-4.50	Excellent
4.49-3.50	Very Good
2.50-3.49	Good
1.50-2.49	Fair
1.49-1.00	Poor

Appendix D

Letter to the Adviser

March 2, 2015

MARCELINA C. FALCON, DBA
Professor, CBAE
University of Mindanao
Davao City

Dear Ma'am:


Greetings!

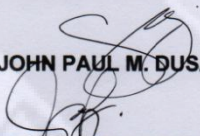
You are chosen to be our **Research Adviser** for our research study entitled **Consumer's Behavior among Teaching and Non-Teaching UM Employees of Bolton Campus towards Credit Card Utilization**. We humbly request for your valuable time and knowledge to be consulted for our research endeavor.

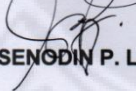
Knowing fully of your expertise along this line, the researcher wishes your end for the possible enhancement of our work.

Thank you.

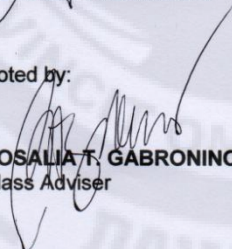
Respectfully yours,


AIZA MARIE C. BORRES


JOHN PAUL M. DUSABAN


SENODIN P. LAWA JR.


Noted by:


ROSALIA T. GABRONINO, MBA
Class Adviser

Appendix E

Letter to the Statistician

March 19, 2015

ANE L. ITAAS, MBA, MATCC 
College of Arts and Sciences Education
University of Mindanao
Davao City

Dear Ma'am:

Greetings!


You are chosen to be our **Statistician** for our research study entitled **Consumer's Behavior among Teaching and Non-Teaching UM Employees of Bolton Campus towards Credit Card Utilization**. We humbly request for your valuable time and knowledge to be consulted for our research endeavor.

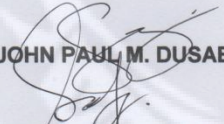
Knowing fully of your expertise along this line, the researcher wishes your end for the possible enhancement of our work.

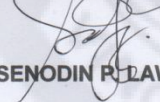
Thank you.

Respectfully yours,

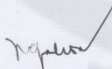
The Researchers


AIZA MARIE C. BORRES


JOHN PAUL M. DUSABAN


SENODIN P. LAWA JR.

Noted by:


MARCELINA C. FALCON, DBA
Research Adviser


Appendix F

Certification from the Statistician

CERTIFICATION

This is to certify that the research entitled "Consumer's Behavior among Teaching and Non-Teaching UM Employees of Bolton Campus towards Credit Card Utilization", by Borres, Aiza Marie C., Dusaban, John Paul M., and Lawa, Senodin Jr. P., was statistically analyzed and interpreted by the undersigned.

Done this 23rd day of March, 2015


ANE L. ITAAS, MBA, MATCC
Statistician

Appendix G**Letter to the Grammarian**

November 17, 2015

JERLYN G. GALANG, MEAL
College of Arts and Sciences Education
University of Mindanao
Davao City

Dear Ma'am:

Greetings!


You are chosen to be our **Grammarian** for our research study entitled **Consumer's Behavior among Teaching and Non-Teaching UM Employees of Bolton Campus towards Credit Card Utilization**. We humbly request for your valuable time and knowledge to be consulted for our research endeavor.

Knowing fully of your expertise along this line, the researcher wishes your end for the possible enhancement of our work.

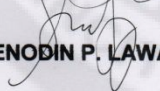
Thank you.

Respectfully yours,

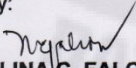
The Researchers


AIZA MARIE C. BORRES


JOHN PAUL M. DUSABAN


SENODIN P. LAWA JR.

Noted by:


MARCELINA C. FALCON, DBA
Research Adviser

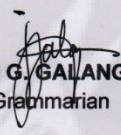
Appendix H

Certification from the Grammarian

CERTIFICATION

This is to certify that the research entitled "Consumer's Behavior among Teaching and Non-Teaching UM Employees of Bolton Campus towards Credit Card Utilization", by Borres, Aiza Marie C., Dusaban, John Paul M. and Lawa, Senodin Jr. P., has been reviewed and edited by the format and standards as prescribed by the University of Mindanao Research and Publication Center.

Done this 20th day of November, 2015


JERLYN G. GALANG, MEAL
Grammarian

Appendix I

Turnitin Results

8/26/2015 Turnitin Document Viewer

Consumer's Behavior Among Tear Loading... Paper 1 of 1

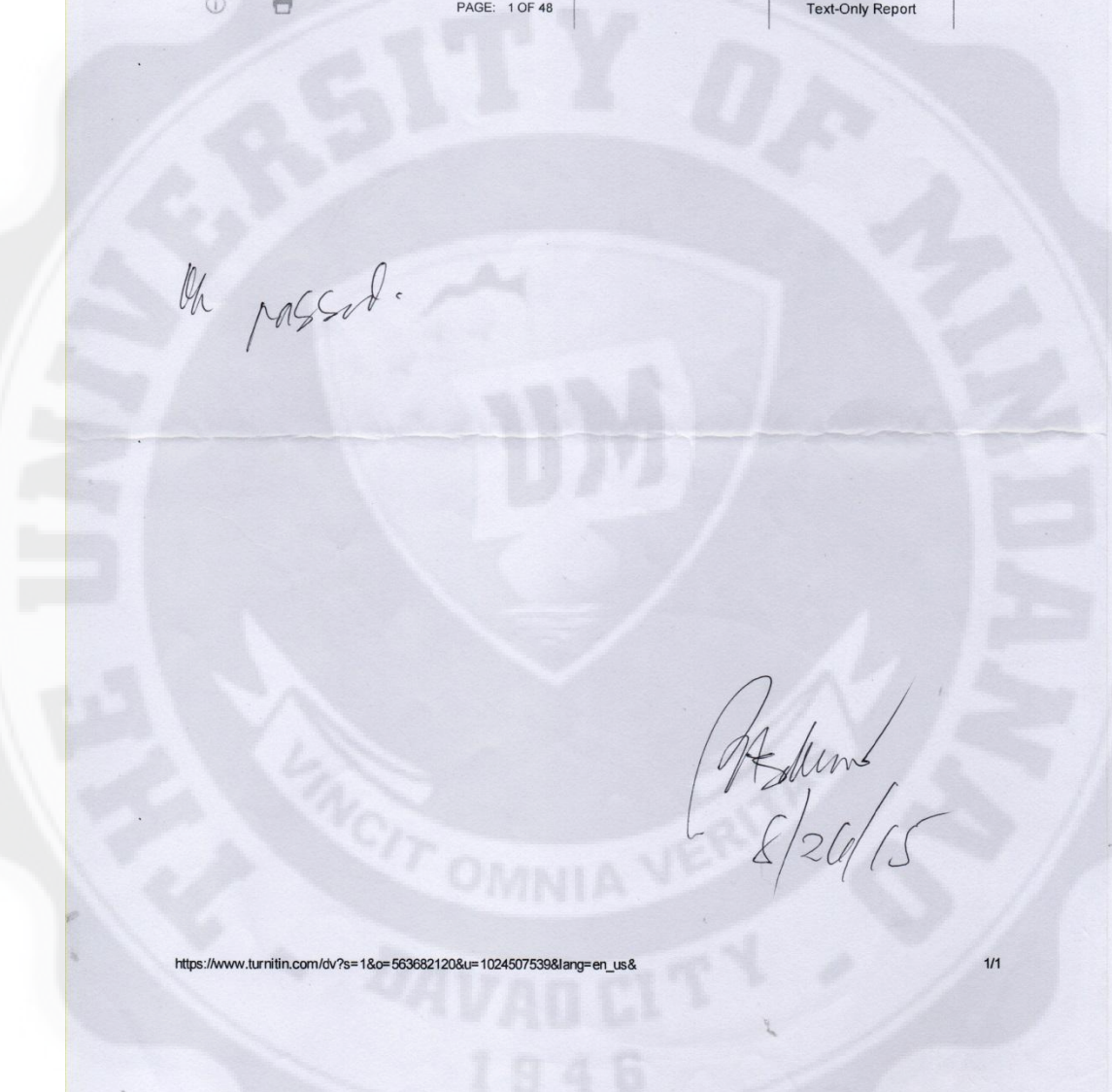
Originality GradeMark PeerMark Consumer's BY JOHN PAUL DUSABAN. *199*

Match Overview

PAGE: 1 OF 48 Text-Only Report

ok passed.

Adams 8/26/15



https://www.turnitin.com/dv?s=1&o=563682120&u=1024507539&lang=en_us& 1/1

Appendix J

Certificate of Appearance

UNIVERSITY OF MINDANAO
Davao City

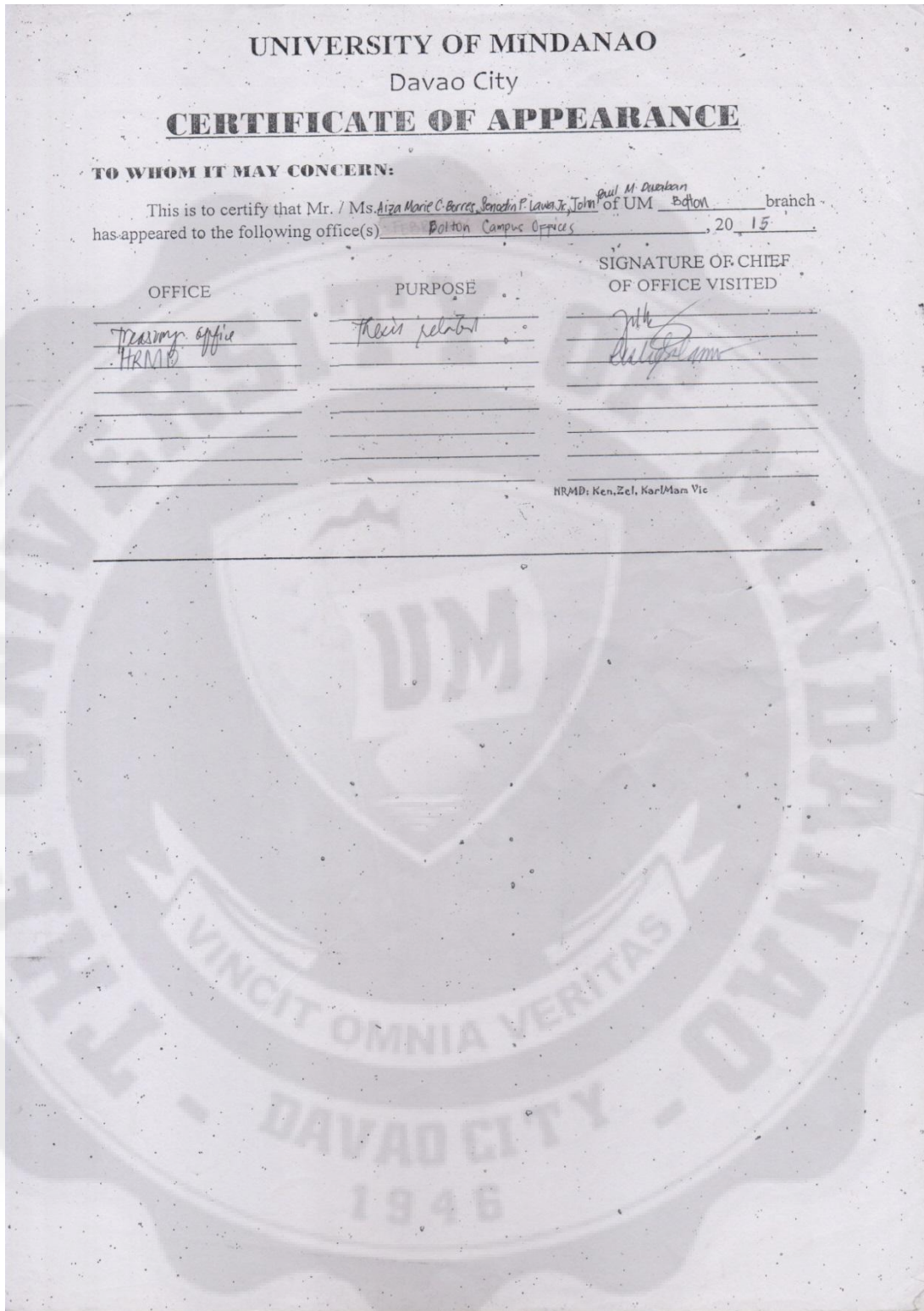
CERTIFICATE OF APPEARANCE

TO WHOM IT MAY CONCERN:

This is to certify that Mr. / Ms. Aiza Marie C. Barros, Senador P. Laves Jr., John Paul M. Durban of UM Edron branch has appeared to the following office(s) Bolton Campus Offices, 20 15.

OFFICE	PURPOSE	SIGNATURE OF CHIEF OF OFFICE VISITED
<u>Treasury office HRMB</u>	<u>their report</u>	<u>[Signature]</u>

HRMD: Ken, Zel, Kar/Mam Vic

The seal of the University of Mindanao is visible in the background, featuring a shield with the letters 'UM' and the motto 'VINCIT OMNIA VERITAS' on a banner below it. The text 'UNIVERSITY OF MINDANAO' and 'DAVAO CITY' are also present in the seal's design.

Appendix K

Curriculum Vitae



AIZA MARIE C. BORRES

San Francisco De Asis Village, Matina Davao City

09076499280

aizamarieborres03@gmail.com

PERSONAL DATA:

Age : 21 years old
Sex : Female
Civil Status : Single
Citizenship : Filipino
Religion : Roman Catholic
Birth date : March 31, 1995
Birth place : Centrala, Surallah, South Cotabato
Father : Ruben B. Borres Sr.
Mother : Leticia C. Borres

EDUCATION BACKGROUND:

Primary : Centrala Central Elementary School
Surallah, South Cotabato - S.Y.2002-2008

Secondary : Alah Valley Academy

Surallah, South Cotabato - S.Y. 2008-2012

Tertiary : University of Mindanao, Bolton, Davao City
S.Y. 2012-Present

Course : Bachelor of Science in Business Administration

Major : Financial Management

AFFILIATIONS:

Junior Finance Executive (JFINEX)

- Member

July 2013-Present



JOHN PAUL M. DUSABAN

BLK 12 Lot 5, Cory Aquamarine Village Davao City

09185421738

bbdusaban@gmail.com

PERSONAL DATA:

Age : 22 years old
Sex : Male
Civil Status : Single
Citizenship : Filipino
Religion : Southern Baptist
Birth date : October 22, 1993
Birth place : Davao City
Father : Nathan M. Dusaban
Mother : Elenita M. Dusaban

EDUCATION BACKGROUND:

Primary : Assumption College of Davao
Davao City- S.Y.2000-2004
Holy Trinity College of General Santos City
General Santos City- S.Y. 2004-2006

Secondary : Mindanao State University- CETD
General Santos City - S.Y. 2006-2010

Tertiary : University of Mindanao, Bolton, Davao City
S.Y. 2012-Present

Course : Bachelor of Science in Business Administration

Major : Human Resource Management

AFFILIATIONS:

Junior People Management Association of the Philippines (JPMAP)

- Member July 2013-Present



SENODIN JR P. LAWA

Blk20 Lot 9, SaavedraCatalunan Grande, Davao City

09232849215

lawa_senjr12@yahoo.com

PERSONAL DATA:

Age : 27 years old
Sex : Male
Civil Status : Single
Citizenship : Filipino
Religion : Islam
Birth date : November 16, 1987
Birth place : Gotamco, Agdao Davao City
Father : Senodin D. Lawa Sr.
Mother : Florida P. Lawa

EDUCATION BACKGROUND:

Primary : Sta. Ana Central Elementary School
Davao City - S.Y. 1996-2002

Secondary : Sta. Ana National High School
Davao City - S.Y. 2002-2006

Tertiary : University of Mindanao, Bolton, Davao City
S.Y. 2010-Present

Course : Bachelor of Science in Business Administration

Major : Human Resource Management

AFFILIATIONS:

Junior People Management Association of the Philippines (JPMAP)

- Member July 2013-Present

