

Faculty of Economics and Business

THE IDENTIFYING THE FACTORS THAT WOULD INFLUENCE IN THE USAGE INTENTION OF CREDIT CARD AMONG THE MALAYSIAN BASED ON THEIR GENERATION'S TRAITS

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Corporate Master in Business Administration 2014

# THE IDENTIFYING THE FACTORS THAT WOULD INFLUENCE IN THE USAGE INTENTION OF CREDIT CARD AMONG THE MALAYSIAN BASED ON THEIR GENERATION'S TRAITS

By

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This research paper submitted in partial fulfilment of the requirement for the degree of Corporate Master in Business Administration

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2013

#### **APPROVAL PAGE**

I strongly emphasize that I have supervised my research study from my supervisor and it is complying with the acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a research paper for the degree of Corporate Master in Business Administration.

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### **DECLARATION AND COPYRIGHT**

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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes, giving explicit references and a bibliography as appended.

Signature :\_\_\_\_\_

Date

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I have been working hard on writing this Corporate Business Project for the past six months, a time full with both expected and unexpected challenges. This project has brought me with new impressions and influenced the way I view at research and identifying the factors that would influence their usage intention of credit card among Malaysian based on their generation's traits. Thus, I would like to express sincere appreciation to the people, who have helped and supported me, during my entire progress of research project.

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#### ABSTRAK

Oleh kerana Malaysia telah menjalani liberalisasi kewangan dalam tahun 1980-an, telah membolehkan pengeluar kad kredit asing memasuki pasaran Malaysia di mana penggunaan kad kredit telah meningkat dan menyebabkan pasaran kad kredit pun mula meledak (Loke JY, 2007). Apabila pasaran kad kredit menjadi tepu, pengeluar kad kredit menghadapi daya persaingan yang sengit di mana meraka perlu mencari segmen pasaran yang baru seperti pasaran remaja. Malangnya, sikap yang menggalakkan belia terhadap penggunaan kad kredit telah membawa kepada akibat yang berleluasa seperti baki kredit yang tinggi, perangkap kredit, insolvensi, dan akhirnya muflis. Selepas itu, kerajaan Malaysia telah mengambil inisiatif untuk mengurangkan bilangan insolvensi di kalangan orang dewasa muda, namun mereka cuba sia-sia. Oleh yang demikian, dalam kajian ini, kami ingin mengenal pasti ciri-ciri generasi bukannya personaliti terhadap niat penggunaan kad kredit. Oleh itu, kita akan mengetahui sama ada persepsi terhadap kredit, amalan pembayaran, pembelian dirancang, materialisme, perbelanjaan kompulsif, kesedaran fesyen, dan satu-satunya "keyakinan" yang belum diambil kira untuk menyiasat sama ada ia akan mempengaruhi niat untuk menggunakan kad kredit, mahupun dari perspektif generasi. Oleh itu, kajian ini dijalankan di Kuching, Sarawak dengan 320 responden yang melengkapkan soal selidik yang kami telah edarkan. Kemudian, data dianalisis dengan menggunakan Factor analysis, One-Way ANOVA, Pearson Correlation, Multiple Regression Model dan lain-lain. Keputusan menunjukkan bahawa terdapat perbezaan yang signifikan antara niat untuk menggunakan kad kredit, persepsi pada kad kredit, amalan pembayaran kad kredit, membeli kompulsif, kesedaran fesyen, dan yakin di kalangan generasi, namun tidak penting bagi pembolehubah materialisme.

Walau bagaimanapun, faktor-faktor di atas juga menyatakan bahawa mereka mempunyai hubungan yang signifikan dan positif terhadap niat penggunaan kad kredit, dan juga penemuan lain akan dinyatakan dalam kajian ini.

#### ABSTRACT

Since Malaysia had undergone financial liberalization in 1980s, allowing foreign credit card issuers to enter Malaysia's market in which the availability of credit cards have greatly increased, leading credit cards market started to boom (Loke J. Y., 2007). However, when the market is becoming saturated, its fierce competition force credit card issuers to search for new market segment like the youth market. Unfortunately, the favourable attitude of youth towards credit cards usage has led to indiscriminate consequences such as high credit balance, credit trap, insolvency, and ultimately bankruptcy. Subsequently, Malaysia's government had taken initiative to reduce the number of insolvency among young adults; however, they tried in vain. Consequently, in this study, we would like to identify the traits of generations instead of personality toward the usage intention of credit cards. Thus, we would discover whether perception on credit, payment practices, pre-planned purchase, materialism, compulsive spending, fashion consciousness, and the one and the only "optimism" that has not been taken into account to investigate whether it will influence the intention to use credit card from generations perspective. Therefore, this study is conducted in Kuching, Sarawak with 320 respondents who completed the questionnaires that we had distributed. Then, the data was analysed by using Factor analysis, one way ANOVA, Pearson correlation, multiple regression model and others. The results show that there is significant difference between intention to use credit card, perception on credit card, credit card payment practices, compulsive buying, fashion consciousness, and optimistic among towards generations; however, insignificant for the variable of materialism. However, the factors above also stated

that they have significant and positive relationships towards usage intention of credit cards, and other findings will be specified in this study.

### TABLE OF CONTENTS

APPROVAL PAGE I
DECLARATION AND COPYRIGHTII
ACKNOWLEDGEMENTS III
ABSTRAKIV
ABSTRACTVI
CHAPTER 1.0 INTRODUCTION OF CREDIT CARDS
1.1 The Booming of Credit Card Market4
1.2 The Emerging of Young Adults Market
1.3 Problem Statement
1.4 Objective of the Study14
1.4.1 General Objective14
1.4.2 Specific Objective
1.5 Research Question
1.6 Assumptions of the Study16
1.7 Operational Definitions17
1.8 Organisation of Paper18
1.9 Significance of the Study
1.10 Scope of Study20
1.11 Summary of Chapter21
CHAPTER 2.0 LITERATURE REVIEW
2.1 Introduction of Chapter
2.2 Characteristics of Generations and Its relationship towards Credit Card
Usage

2.2.1	Characteristics of Generation X25
2.2.2	Characteristics of Generation Y26
2.2.3	Characteristics of Generation Z
2.3 Inte	ention to Use Credit Card29
2.3.1	Perceptions on Credit towards the Intention to use credit
2.3.2	Credit Card Ownerships towards the Credit Card Usage Intention33
2.3.3	Credit Card's Payment Practices towards Usage Intention of Credit Card 
2.3.4	Credit Cardholder's Perception on Credit toward their Payment
Practice	28
	35
2.3.5	Credit Card Payment Practices among Generations
2.3.6	The Influence of Compulsive Buying Habits towards Usage Intention of
Credit C	Card
2.3.7	The Influence of Pre-planned Purchase toward Compulsive Buying
Habits	
2.3.8	The Influence of Fashion Consciousness towards Compulsive Buying
Habits	
2.3.9	Influence of Materialism towards compulsive buying41
2.3.10	Influence of Optimistic towards Intention to Use Credit Card44
2.4 Sur	nmary of Chapter47
CHAPTER 3	3.0 METHODOLOGY
3.1 Intr	oduction of Chapter47
3.2 Res	search Design
3.2.1	Types of study
3.2.2	Unit of Analysis
3.3 Dat	a Collection Method

3.4	Sample Data	50
3.5	Sampling Procedure	52
3.5	.1 Population	52
3.5	.2 Sampling Frame	52
3.5	.3 Survey Instrument Development	54
3.5	.4 Item	55
3.5	.5 Measurement Scale	56
3.6	Data Analysis	57
3.6	.1 Descriptive Analysis	58
3.6	.2 Mean	58
3.6	.3 Reliability Test	59
3.6	.4 Factor Analysis	59
3.6	.5 Analysis of Variance (ANOVA)	61
3.6	.6 Multiple Regression Model	61
3.6	.7 Hypothesis Statement	62
3.7	Empirical Model of the Study	63
3.7	.1 The Conceptual Model: Overall Model of Consumer Behaviour	63
3.7	.2 Research Framework	66
3.8	The Development of Hypothesis	67
3.9	Summary of Chapter	68
CHAPT	ER 4.0 EMPIRICAL RESULTS AND DISCUSSION	69
4.1	Introduction of Chapter	69
4.2	Feedback from Respondents	69
4.3	Reliability Test	69
4.4	Factor Analysis	70
4.4	.1 Kaiser-Meyer-Olkin (KMO) and Bartlett's Test	71

4.4.2 Factor Analysis – Intentions to Use Credit Card
4.4.3 Factor Analysis – Materialism Variable
4.4.4 Factor Analysis – Respondents' Spending Habits
4.4.5 Factor Analysis – Optimistic Variable74
4.4.6 Factor Analysis – Respondents' Credit Card Practices
4.4.7 Summaries of the Determinant of Loadings for Each Component70
4.5 Hypothesis Testing7
4.5.1 One-Way ANOVA Analysis7
4.5.2 Pearson Correlation
4.5.3 Multiple Regression Model9
4.6 Summary of Chapter10
CHAPTER 5.0 CONCLUSION
5.1 Introduction of Chapter102
5.2 Summary of the Study102
5.3 Policy Implications
5.4 Limitations
BIBLIOGRAPHY11
APPENDIX A124

# **TABLE OF FIGURES**

Figure 1	Conceptual Model: Overall Model of Consumer Behaviour
Figure 2	<b>Research Framework for the Study</b>

## **TABLE OF FIGURES**

Table 1	Questionnaires Collected	69
I abic I	Questionnan es conceteu	

Table 2	Reliability Statistics
Table 3	KMO and Bartlett's Test71
Table 4	Credit Card Usage Intention (Principal Component Matrix)71
Table 5	Influence of Materialism (Principal Component Matrix)72
Table 6	The influence of Spending Habits (Rotated Component Matrix)73
Table 7	The Influence of Optimistic (Rotated Component Matrix)74
Table 8	Influence of Credit Card Practices (Rotated Component Matrix)75
Table 9	Summaries of Factor Analysis – Intention to Use Credit Card76
Table 10	Differences between Socio-economic Variables and Intention to Use
Credit Ca	rd78
Table 11	Perception on Credit and Intention to Use Credit Card79
Table 12	Comparison between Generations' Perceptions on Credit and
Intentions	s to Use Credit Card79
Table 13	Credit Card Ownerships and Credit Card Usage Intention81
Table 14	Credit Card Payment Practices and Credit Card Usage Intention 82
Table 15	<b>Perceptions on Credit Card and Credit Card Payment Practices</b> 83
Table 16	Generations and Credit Card Payment Practices84
Table 17	Comparison between Generations and Credit Payments
Table 18	Compulsive Buying Habits and Credit Card Usage Intention86
Table 19	<b>Comparison between Compulsive Buying and Generations</b>
Table 20	Pre-Planned Purchase and Compulsive Spending

Table 21	Fashion Consciousness and Compulsive Buying Habits
Table 22	ANNOVA Analysis on Fashion Consciousness
Table 23	Comparison between Generations towards Fashion Consciousness
Table 24	The influence of Materialism towards Compulsive Spending91
Table 25	Relationship between Materialism and Credit Overuse
Table 26	The influence of Materialism and Credit Card Usage Intention93
Table 27	ANNOVA Analysis on Materialism between Generations94
Table 28	The Influence of Optimistic Variable and Intentions to use Credit
Card	
Table 29	ANNOVA Analysis on Optimistic between Generations
Table 30	<b>Comparison between Generations and Credit Payments</b> 96
Table 31	Multiple Regression Model <sup>b</sup> Summary97
Table 32	ANNOVA Analysis for Multiple Regression Model <sup>b</sup>
Table 33	Coefficient of Multiple Regression Model <sup>b</sup>

#### CHAPTER 1.0 INTRODUCTION OF CREDIT CARDS

Credit card, which is a convenient form of payment, is widely accepted nowadays. Some people even claimed that it is an extension of money in which payment can be deferred and allows you to purchase or obtain products and services without using cash with the concept of "buying now, paying later". This concept is also considered as the benefits like prestige and status gained by the consumers, who could not afford to buy expensive stuffs, when they are using the credit card. Actually, this was the message sent by the credit card industries to the world's consumers (Mitchell & Mickel, 1999; Kaynak & Harcar, 2001). However, if referred to the concept of credit only, it was introduced in 1730 from its first advertisement by a furniture merchant, who named Christopher Thompson, offered furniture that could be paid off weekly, meaning that the consumers would make regular payments or installments until the cost of the products were fully paid (Marples, 2008).

Then, if referred to the invention of credit cards, it was actually started in the 18th century in Europe, but not the America. So, the first issued credit card in the United States was in 1920's or in the beginning of the 20th century in which only individual firms like hotels, oil companies and department stores, who followed the trend, began to issue the credit cards to their customers to increase sales and make customers' identification easier. Then, in 1950's, third party cards evolved as the entertainment and travel cards; eventually, bankcard appeared in the 1960's as it was initiated by Bank Americard, which is now recognized as Visa card. Since then, the usage of bank credit cards in the United States had undergone astonished growth. Gradually, cash and cheque had been replaced by credit cards in several kinds of transactions. Later, Master Charge systems and Visa differentiated themselves as the

bank's credit card industry in the United States to avoid competition (Garcia, 1980) (scott, 2007). Interestingly, credit card used to be only possessed by professionals and successful business people with the perception that owning a credit card was regarded as a symbol of prestige and wealth status of a person in the society during the 1970 and 80s. Basically, their common payment mode would be for luxuries like travels, and paid for accommodations; however, it is now increasingly used for purchasing small items of convenience in our daily lives ranging from the esoteric to the mundane (Lee & Horgarth, 2000). Precisely, credit cards allow consumers to experience a lifestyle beyond their immediate financial means by helping consumers to fulfil the ever-evolving standards of appropriate external presentation (Cohen M., 2007).

Consequently, the usage of "non-store" credit cards like Visa, Mastercard and American Express in the retail industry started to grow dramatically as in 1978, they were used in almost three per cent of all transactions in departmental stores with over \$1 million in sales to eight per cent of the transactions in the end of 1980. On the other hand, credit cards sales had also increased significantly to seventeen per cent of the dollar sales volume in 1980 (Worthington, 1990). Unfortunately, there are numerous reasons accounted for the booming of the credit card usage. For instance, due to the fact that the U.S and Canada's cardholders also perceived credit card were safer than cash, helping them to pay for impulsive purchases; as a result, they have become a major system for exchange of transactions (or payments) that stimulates household and personal spending even in many developing countries of the world (Watkins, 2000). In addition to that reason, the widespread usage of credit cards is also caused by the consumers, who believe that credit cards can minimise the need to carry and handle large amount of cash, including the extended credit limits offered to consumers (Lunt & Livingstone, 1992). Furthermore, the readily used of credit cards for cash advances at any card issuers' counter and withdrawal from Automated Teller machines (ATMs) in the last resort regardless at locally and internationally would be another reasons contributed to the booming of credit market.

According to the views from the Americans and Europeans, who perceived credit cards and plastic money as an indication of cashless society that allows high tech infrastructure to be carried out in developed countries through the usage of plastic money (Ingene & Levy, 1982); then, we can see that there are several forms of commercial channels like the internet shopping are dominated by credit card usage in today's society as the advancement of internet technology especially the internet can help creditors much more easier to offer revolving credit and; consequently, it can provide consumers with a convenient channel to shop for goods and services (Kaynak & Harcar, 2001; Lee, Abdul-Rahman, & Kim, 2007; Durkin, April 2002). Again, this is also contributed by the growth of credit extended by other products, namely personal loans, car loans, bank overdrafts, store cards, payment of utilities in arrear, and so on (Thomas et al., 2005).

However, ultimately, this can be concluded as the attitudes of consumers toward credit use had changed as several researchers had proven that the rising of the credit card usage is associated with the customers' attitudes toward credit use (Canner & Lucket, 1992; Godwin, 1997; Norton, 1993), implying that consumers are more willing to use credit to finance current consumptions. For example, the easier accessibility of credit (Bird, Hagstrom, and Wild 1997; Park 1993) or increasing knowledge about the benefits and risks involved in using credit (Kinsey, 1981) might justify the increased acceptability of credit. Although there are a lot of reasons constituted to the increased of credit cards, there are lack of vivid evidences to show that the usage or ownership of credit cards across the developing Asia Pacific and developed countries has been overwhelming in the above discussions. Hence, the evidences of the booming of credit cards across these countries will be discussed hereinafter.

#### **1.1 The Booming of Credit Card Market**

In UK, there are 31.6 million cardholders, who possessed an average of 2.4 cards per person, at the end of 2005 (APACS, 2006). As for South Korea, there had been consisted of 3.6 credit cards held by a person in 2004 (Yahoo, 2005). Interestingly, according to Balasundram and Ronald, 2006, there is not only the amount of people holding cards increased, but the aggregate number of credit cards supply has increased as well. Then, in our country, Malaysia, the credit cards were actually first introduced in the mid of 70s with an estimated 20,000 cards were issued (Loke Y. J., 2008). Then, in 1980s Malaysia had undergone financial liberalization, allowing foreign credit card issuers to enter Malaysia's market. Since then, credit cards availability has greatly increased, leading credit cards market started booming in the early millennium (Loke J. Y., 2007). Thus, merely within 20 years, the number of credit cards had soared to 900,000 as this figure was investigated by Visa International Ltd. 1999 (Daljit, 1999). According to the statistics done by Bank Negara Malaysia's (2001) also indicated that credit cards circulation has enjoyed a favourable growth in Malaysia, pertaining the growth rate of 12.5% per year over the past nine years for the number of credit cards issued; as for the usage of credit card for purchases, it has also increased with a growth rate of 23% from year 1992 to 2000 to 2.8 million card-holders. Indeed, this figure has been substantially growing to 8.2

million card-holders in the year 2011 together with the number of credit cards issuers has increased from 24 in 2011 to 25 in 2013 in which 22 of them are banks while 3 of them are non-banks (Bank Negara Malaysia, 2009; Bank Negara Malaysia, 2011; BNM, 2013).

However, when the number of competitors increased, it will create excess capacity; consequently, the credit card issuers will try any means necessary to fight for profit, stay competitive and grab market shares (Karbasivar & Yarahmadi, 2011). For example, due to they have no choice; so, they will dramatically loosen the eligibility criteria for obtaining credit cards (Loke Y. J., 2008). Besides, they also came out with various techniques and marketing strategies like heavily involved in advertisements, offer co-branding and affinity cards as benefits, give out attractive gifts (i.e. Iphone 5s, Samsung Galaxy S4, Note3 or etc.), holiday trips, provide convenience, ease of accessing credit, annual waiver offered by credit card issuers, earn reward point program, discount/privilege, and the like to lure consumers to spend by using credit card (Loke & Cheu, 2010).

#### **1.2 The Emerging of Young Adults Market**

Unfortunately, when the credit card market is becoming saturated, most of the issuers will search for another market segments to increase profits or even survive in this competitive markets. Hence, the youth market has been recognized as a new or alternative but a lucrative target segment for credit card marketing (Kara, Kaynak, & Kucukemiroglu, 1994). Indeed, young adults are the largest consumer groups often highly targeted by credit card marketers nowadays. There are several reasons to support this point of view. However, before that, we should know the meaning of young adults. Generally, young adults are between aged 18-24 years and under the

category of Generation Y. Precisely, those people who, born between 1977 and 1994, are so called the Generation Y, Millennials or Echo-boomers, representing an estimated 71-80 million consumers in the USA (Gronbach, 2000; Martin and Turley, 2004). The people in this generation have common attributes like they have been characterized as media and internet savvy, fashion trendsetters, receptive to new products, and having potential for becoming lifetime customers (Bush et al., 2004). They have also been described as loving adventure and expecting immediate gratification (Cortes, 2004). Again, this generation is strongly believed to be able to grow 28 percent faster than the overall population (Bronson, 2000). Consequently, the first reason would be its market size as it consists of 1.8 billion of youth between aged 10 to 24 years around the world in which 61 per cent or 1 billion are in Asia (Nugent, 2006). Secondly, they have longer-term earnings; thus, they have longerterm spending potential as well, representing the wealthiest group. This is because in this age, many of them are either a college students or just graduated, meaning that they might employed in either part-time or full-time jobs. Thus, the markedly increased personal disposable incomes and mushrooming credit card facilities have enabled them to spend more of their current and future earnings on consumer goods (Dittmar, Long, & Bond, 2007). In other words, they have spending power as they would spent about \$287 averagely on discretionary items per month, or about \$3,444 per year, equalling a buying power of \$200 billion each year or even has an estimated spending power upwards of \$300 billion (Bronson, 2000; Gardyn, 2002). This may partly contributed by their increasingly spending on fashion items, including apparels, accessories and footwear (DSN Retailing Today, 2004). Lastly, it would be related with the youth's attitudes toward life and credit card. Interestingly, they are very likely to spend their cash as quickly as they acquire it on consumer goods and personal services (Der Hovanesian, 1999). This is because they are more easily lured by the modern lifestyle, shopping and special packages and free gifts offered by credit card firms (Bianco & Bosco, 2002). Therefore, credit card issuers usually will utilize on these lifestyle drivers to build long-term brand loyalty. Astonishing, the results turn out that people younger than 25 years old have the most favourable attitudes towards credit cards and debt (Davies & Lea, 1995; Kaynak & Harcar, 2001). This is partly due to they believe that their financial problem is temporary and will be easily settled due to their age (Davies & Lea, 1995); also, credit cards enable them meeting material constraints in modern lifestyle and self-expression because credit cards indeed can be often used to complement certain lifestyle preferences (Brenthal, Crockett, & Rose, 2005). However, this is a fact did by the credit card issuers who can easily access and rampantly solicit youth to use credit card (O'Loughlin & Szmigin, 2006; Brenthal, Crockett, & Rose, 2005). According to the research which had been done by (Venny & Jason, 2012) stated that the most significant motive of young adults to use credit card is due to emergencies, followed by avoid carrying cash.

#### **1.3** Problem Statement

Consequently, it is undeniable that credit cards bring a lot of benefits to the people despite they are adults or young adults. Unfortunately, even though credit cards bring a lot of conveniences to consumers; however, many of them did not aware the implications of overspending on credit (Info, 2003). Therefore, everything must has its pro and cons or so called the double-edged sword and there is no exception for credit cards especially with the boost from the rapid growth of credit card issuers in the market especially when the criterions for obtaining credit cards have dramatically relaxed (Loke Y. J., 2008). This is because as (Schor, 1998) pointed out that access to

easy credit is one of the causes of overspending, addiction to shop or even result in compulsive buying especially when consumers are not able to control their purchasing habits (Roberts and Jones, 2001; Roberts, 1998). According to (Kaynak & Harcar, 2001) also indicated that as the length of time of credit card ownerships increases will increase the positive attitudes towards credit card usage, which in turn points out that continuous usage of credit cards may trigger further consumption via credit cards. Thus, credit card usage is once again believed to be able to elevate compulsive buying (Roberts & Jones, 2001). Seriously, compulsive buying will result in consumers to own excessive credit card debts with the hidden fees and costs that raises outstanding credit balance with high interest charge which had eventually caused them face up personal insolvency, default or ultimately bankruptcy due to non-payment of credit card debt. Worsen dramatically, it will affect the economics of a country or even the entire world into a critical situation if it has become a trend and widespread around the world. Lightly, it might also lead to the reduction of future income as users need to pay back the loan with interest charged.

For instance, we can see that the stagnant increased of credit card use by Korean consumers has accelerated transforming Korea into a mass consumption society in which consumers tend to use credit card beyond their paying ability. Thus, with over 100 million credit cards issued to the public around the end of 2002 (Kim & Devaney, 2001), consumer bankruptcies have erupted in recent years and there are grave concerns that the number will significantly increase as credit card debts mount up and distress more consumers financially. Then, the Australian Bureau of Statistics shows that the total balance on credit and charge cards has risen an average of 17 per cent over the five years since 2002, showing the Australia's credit card bill has hit a record \$42.698 billion in December 2007 (The Sydney Morning Herald, 2008). Lastly, we can see the housing bubble burst together with the relax terms and conditions to obtain the credit had resulted an unprecedented financial crisis in the US in 2008 and widespread around the world, including Malaysia.

Badly, this credit trap has transferred to the young adults as they were in terrible financial shape (Cheromcha et al., 2010). There are several reasons to support this point of view. Firstly, this is due to the issuers are aggressively promote their credit cards to these young adults as prior research has discovered that the credit card is a significant factor to spending-facilitating stimuli like (Feinberg, 1986) concluded that young consumers have been conditioned to associate credit cards with spending. Thus, we can see that with the attributes and traits we get from today's young adults based on the characteristic of Generation Y, they are mostly characterized by technological suaveness, inflated self-esteem, fashion consciousness, optimistic, and the need for greater social approval (Twenge and Campbell, 2008; Heaney, 2007). Also, they have been found to succumb to advertising through mass media and the internet and thrive on instant gratification (Xu, 2007). Hence, their greater image consciousness may lead them to perceive that a materialistic lifestyle can provide the identity of success. As a result of social pressures and materialism, it is widely documented that compulsive spending and excessive debt is rampant among today's youth and this tendencies have increased in the last ten years (Penman & McNeill, 2008; Pirog & Roberts, 2007; Xu, 2008; Dittmar, Long, & Bond, 2007); however, (Dittmar, Long, & Bond, 2007) argued that the increasing drive towards materialism contributes to this increase in compulsive buying behaviour. As such, frequent credit card users would be less price conscious and were more likely to purchase more expensive items, which consequently would result in a higher outstanding credit card balance (Phau & Woo, 2008). In addition, it would be due to the college students or young adults, who often unrealistically optimistic about their ability to repay debt, do not spend their time in reading the terms and conditions of credit card, ignoring the future adverse interest rates and other consequences (Warwick and Mansfield, 2000). These high credit card delinquencies and lackadaisical attitude towards debt among youth had been found in prior studies in USA, Canada, Ireland and UK (Lachance, Beaudoin, & Robitaille, 2006; O'Loughlin & Szmigin, 2006; Austin & Philips, 2001). Interestingly, this attitude might concluded with their low financial knowledge, apathy and lack of motivation in seeking financial literacy (Mandell & Klein, 2007).

Sadly, the above incidents are also happening in Malaysia as credit cards have also increasingly popularise in Malaysia with a total of 11.2 million credit cards at the end of 2009 (Central Bank of Malaysia, 2013) because Malaysia is an ideal market for credit cards in which it has large and growing educated population, meaning that more people are eligible to obtain the credit card with the research results showed that out of the 7.5 million Malaysian with bank accounts, a million of them were eligible for credit cards (Lim Hee Choo Hong Leong Bank Bhd. Malaysia 2002). Thus. according to the research that had been done by (financial behaviours and financial habits of young workers, 2012) had revealed that 39% of the Malaysian possessed credit cards and 90% of them had up to 2 credit cards. In addition, (MasterCard Worlwide, 2013) research also revealed that Malaysia are in the progress of evolving consumer payments from cash to cashless, whereby estimated cashless payments account for 45 per cent of the total value of consumer payments currently. Actually, consumers in Malaysia used to use credit as a substitute for cash (Silvia, 2003). Therefore, we could conclude that the impact of credit card use has greatly influence the credit cardholders' daily living. Hence, we have to check their changes of attitude from time to time as this is important to avoid the loop hole that might occur or being

taking advantages by the credit card issuers on those cardholders, which would lead to negative side effects.

As a result, recently, we can see that the total outstanding due from the cardholders had risen up from merely RM7.3 billion to RM15.7 billion by the year March 2009 to RM33.4 billion in year 2011 in which this outstanding credit card debts accounted for 1.35 percent of the total loans outstanding or 11.41 percent of the total consumer credit; worsen, 6.43 percent of the outstanding debts had to be converted to non-performing loans (Bank Negara Malaysia, 2011; Bank Negara Malaysia, 2009). Indeed, from the Malaysia Budget 2011, it was stated that there is a number of businessmen and individuals with financial problems in recent financial crisis has been declared bankrupt. Thus, they were blacklisted and were not be able to apply for loans or conduct businesses which would affect their future and nation's economic well-being as a whole. Indeed, based on the latest consumer survey conducted by (Zafar, Ishak, Sadiq, Ibrahim, & Hasbalaila, 2010) and (Nielsen, 2010) Global Survey of Investment Attitudes 2012, the finding showed that only about onefourth of the respondents indicated that they had no outstanding balance and less than half of the Malaysia credit card holders (47 percent) were managed to be able to repay their credit card spending in full in each month and 18 percent of card-holders only repay the minimum payment as promised (Business Times, 2012), ranking the second lowest in the list when it comes to paying credit cards outstanding balances in full.

Thus, undoubtedly, from the survey we have done had helped us learn that the number of bankruptcy cases have raising from year-to-year since 2006 in which the credit card bankruptcy among Malaysian youth has grown from 2.10 percent in 2006 to 7.63 percent in 2007 (Goi & Nee, 2008) which is same as finding done by

(Cummins et al., 2005) stated that the high debt levels of freshman have been found to contribute to lower grades and higher dropouts. The statistic also showed that the number of bankruptcy cases increased from 13,590 cases in 2009 to 19,575 cases in 2012, and 16303 cases in 2013 Sept. It is not surprise as this number is estimated to be over the previous year by the end of 2013. Surprisingly, it also revealed that there are 3970 people; aged from 25 to 34 years old, were filed for bankruptcy. Credit card bankruptcy among Malaysian youth has grown from 2.10 percent in 2006 to 7.63 percent in 2007 (Goi & Nee, 2008). Thus, gradually, this has caught an attention from society (Malaysia Department of Insolvency, 2013) as this issue is indeed needed to be concerned as the young adults' spending and consumptions are essential to the health of the consumer culture in the Malaysia market and they are the main resources that can contribute to the economy of a country. However, as the early 2009, commercial banks in Malaysia have lowered credit card interest in tiers ranging from 13.5 percent to 17.5 percent depending on the payment patterns of customers in the past 12 consecutive months (The Association of Banks Malaysia, 2009). This change was implemented to help credit card holders cope with the higher debt burdens arising from the financial crisis of 2008/2009.

However, Malaysia's government had taken initiative to reduce the number of insolvency among young adults or try to prevent over-reliance on credit card spending by introducing an annual service charge RM50/- for each principal credit card and RM25/- for each supplementary card owned (Budget 2011). Unfortunately, an increase in annual service charge strategy seem not work well since the number of bankruptcies is not decreasing. Consequently, in 2011, there were 4,417 cases registered for filing to settle credit card debts. Out of the 3,548 people declaring bankrupt by credit card, 1,774 belong to those aged 30 and below, which is

approximately 50 per cent. Again, in 2011, government strengthen the qualification to obtain credit card by restricting the number of credit cards owned by each consumer, increasing the annual income level eligibility from the current RM18,000/to RM24,000/- (The Sun, 2011). However, this initiative taken seem goes down the drain as the total number of debt outstanding and bankruptcy is still on the rise. This is partially resulting from discernable changed in attitudes towards insolvency, either at the personal level or the corporate level (Radhakrishna, 2012). Consequently, although many theoretical research studies in developed and developing countries, including some in our country had comprehensively highlighted the credit card issues since many years ago; however, majority of them are more emphasize on consumers' demographic and spending behaviour like compulsive buying, materialism, image consciousness and the likes on adults and young adults' attitudes towards credit card usage, credit card debts and so on (Chien & Deavaney, 2001; Ramayah, Noor, Mohd-Nasurdin, & Choo, January 2002; Park & Burns, 2005; Phau & Woo, 2008; Zafar, Ishak, Sadiq, Ibrahim, & Hasbalaila, 2010; Jusoh & Lin, April 2012; Loke & Cheu, 2010).

Unfortunately, there is dearth of research on the optimistic attitude that is possessed by the adults and young adults in Malaysia. Also, those variables might not fit to current cardholders' attitude towards usage of credit card anymore as their attitude will change from time to time (Yi, Ying, & Inseong, 2009; Nielsen, 2010). Consequently, instead of merely discover the attitude of young adults or adults towards the credit card practices, usage and debt. It should group those respondents into generations to precisely investigate their traits and personality toward the credit card usage as young adults today may not have the same attitude with the attitude of young adults in the past era. Consequently, generation would be a vital variables needed to be considered in this study to learn the attitude of young adults and adults from various generations in east Malaysia towards their intentions to use credit card.

#### 1.4 Objective of the Study

#### 1.4.1 General Objective

The main objective of this research is to conduct descriptive research to verify insights about the credit usage intentions among each generations in Malaysia and determine the factors that influence the most on their usage intentions. Those factors include perceptions on credit, credit card payment practices, credit overuse, compulsive spending habits, materialism, and optimistic, while demographic factors like gender, education level, occupations, and monthly income as the control variables. Therefore, the findings of this study would help in explaining the occurrence of credit card issues like high credit balances, insolvency, credit trap and bankruptcy happened in Malaysia, especially young generation. Also, it would be a valuable addition in propagation of knowledge on the subject area.

#### **1.4.2** Specific Objective

Thus, the specific objectives of this paper would be listed hereinafter.

- 1. To identify the whether there is significant differences between perceptions among each generation on credit and usage intention of credit card.
- To identify the relationship between credit card ownership and intention to use credit card.
- 3. To identify the relationship between respondents' credit card payment practices and their intentions to use credit card.

- 4. To identify the relationship between respondents' perceptions (attitude) on credit and their credit card payment practices.
- 5. To identify the difference between respondents' generations and credit card payment practices.
- 6. To identify the relationship between compulsive buying and usage intention of credit card.
- 7. To identify the relationship between shopping list and compulsive spending.
- 8. To identify the relationship between respondents' generation on fashion consciousness and compulsive buying.
- 9. To identify the relationship between materialism and compulsive buying.
- 10. To identify the relationship between materialism and credit overuse.
- 11. To identify the relationship between materialism with the usage intention of credit card from the perspective of generations.
- 12. To identify the relationship between optimistic and usage intention of credit card.

#### **1.5 Research Question**

Reflect to the research objectives, the following is the key research questions:

- 1. To what extent does the differences between perceptions among each generation on credit and usage intention of credit card?
- 2. To what extent does the respondents' credit card ownership affect usage intention of credit card?
- 3. To what extent does the respondents' credit card payment practices influence the usage intention of credit card?

- 4. To what extent does the respondents' perceptions on credit influence the usage intention of credit card?
- 5. To what extent does the difference between respondents' generations and credit card payment practices?
- 6. To what extent does the respondents' compulsive buying influence usage intention of credit card?
- 7. To what extent does the respondents' shopping list influence compulsive spending?
- 8. To what extent does the respondents' generation on fashion consciousness influence compulsive buying?
- 9. To what extent does the respondents' materialism influence compulsive buying?
- 10. To what extent does the respondents' materialism and credit overuse?
- 11. To what extent does the respondents' materialism influence the usage intention of credit card from the perspective of generations?
- 12. To what extent does the respondents' optimistic and usage intention of credit card?

#### **1.6** Assumptions of the Study

This study assumes that materials use in the review of literature are based on research data, which reflects honest and reliable of respondents. It also assumed that young adults in Malaysia have the same experience and knowledge of credit cards usage. Besides, in this study, there were some identical limitations that must be mentioned. First, the limited time and resources, it was not possible to read all the literature related to this topic and deliver questionnaire in each state in Malaysia. In addition, the nature of this study is related to personal finance issues, thus some respondents will feel reluctant to review their true income, credit balance, and their credit card payment practices. This was the feedback from some of the respondents, while we are distributing the questionnaire.

#### **1.7 Operational Definitions**

In this section, we defined the operational term that will be used in the study. These terms are:

**Consumer behaviour** is defined as the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by human decision-making units (over time) (Mussen & Rosenzweig, 1979).

**Attitude** is an expression of feelings about an object whether consumers like it or not, and it is described as consumer confidence in the various attributes and benefits of such objects (Sumarwan, 2011). It is also is defined as a general evaluation of a product or service formed over time in the perspective of marketing (Solomon, 2008).

**Optimism** is defined broadly as the tendency to maintain a positive outlook, then realistic optimism is the tendency to maintain a positive outlook within the constraints of the available "measurable phenomena situated in the physical and social world" (DeGrandpre, 2000).

**Materialism** is a trait of emphasizing possessions as central to an individual's identity attribution to success (Schiffman & Kanuk, 2007).

**Compulsive buying** is chronic, repetitive purchasing that becomes a primary response to negative events or feelings (Roberts & Jones, Money Attitudes, Credit Card Use and Compulsive Buying among American College Students, 2001).

**Consumer culture** is a culture in which the majority of consumers avidly desire, pursue, consumer, and display goods and services that are valued for nonutilitarian reasons, such as status (power), envy provocation, and pleasure seeking (Roberts & Jones, Money Attitudes, Credit Card Use and Compulsive Buying among American College Students, 2001).

**Financial literary** is knowledge and skills related to money management (Beverly & Burkhalter, 2005).

#### **1.8 Organisation of Paper**

In this study, it consists of five chapter, namely, introduction, literature reviews, methodology, findings, and conclusion. In the first chapter, it will briefly discuss about issues related to credit card market, whether it has happened locally or globally. Besides, problem statements will be clearly defined in line with research questions, research objectives, operational terms, and ended with a summary. Chapter 2 mainly focus on reviews of related literature, which dependent and independent variables is study in depth. Then, Chapter 3 will highlight the research designs, and formulate research framework together with the hypothesis of the study. In this chapter, methodology which is used to test the variables will be discussed. After we have collected primary data from the respondents, data will be analysed and discussed in Chapter 4, which turn into useful information that would answer the objective of the study. Lastly, based on the findings in Chapter 4, we will draw conclusion for this

study and provide appropriate recommendations that would helpful to various parties, namely the regulators, financial institutions, young adults, and businesses.

#### 1.9 Significance of the Study

This study will be conducted through a real situation and primary data collected from respondents with reliable instruments adopted from previous researchers. Therefore, we believe that it will produce reliable results, which benefit to several parties, namely, financial institutions, policy makers, and businesses.

First of all, it provides useful information for financial institutions in identifying their market segment and target markets, understanding their consumers' consumption pattern while spending using credit card as consumers' intentions and their reasons to spend by using credit cards will be determined. In addition, we will also identify their common credit card practices, which provide insights of consumers' usage intentions, allowing those financial institutions to strategically strategize their marketing plan in order to grab market shares.

Apart from that, in this study, the results will benefit towards various regulatory bodies exist such as Malaysian Insolvency Department in regulating their policies that would reduce credit trap and insolvency among Malaysians as they can understand the insight credit cardholders' consumption behaviour and repayment practices.

Likewise, it will also helpful towards the social marketing study like sharpen marketing strategies and tactics to alter behaviours that have a positive effect on the targeted individuals or society as a whole (Mulley, January 2000). It has become a common and useful tactics that has been used in attempting to reduce negative behaviours such as smoking, increase percentage of children receiving their vaccinations in a timely manner, encourage environmentally sound behaviour such as recycling, reduce behaviours potentially, enhance support of charities, reduce drug use, and support many other important causes. Hence, it will also benefit to reduce excessive debt and cash advance, compulsive spending, and inculcate good credit card practices among young cardholders in Malaysia.

#### 1.10 Scope of Study

This study will conducted in Kuching area, specifically the South of Kuching to know the usage intentions of each generations toward the credit card. The main reasons why Kuching area is chosen because Kuching, capital city of Sarawak, which is the largest city on Borneo Island, and the fourth largest city in Malaysia. Again, Sarawak is located in East of Malaysia in which there is no researchers conduct this topic yet, and can represent the incompletion from the findings found by previous researchers that were based on West Malaysia context and without identified the adults and young adults in Malaysia are under which generations in determining their usage intentions toward credit card. So, basically the survey is conducted mainly in the Kuching's shopping malls, namely City One Mega Mall, The Spring Mall, The Hills Shopping Mall, Plaza Merdeka, and Kuching Sentral. This is because shopping malls are usually clouded by a lot of Kuching citizens. Consequently, it would be easy for the researchers to collect the data from the qualified and relevant respondents. Then, the questionnaires will be continuously distributed and collected within 4 months.

#### 1.11 Summary of Chapter

In summary, we have known that the how bad the implications of credit overuse towards the people from the entire world, including the Malaysian despite they are adults or young adults. Consequently, with the issues and objectives of this study have been highlighted; thus, the identified factors in influencing the credit card usage intentions in the next chapter, the literature review. Then, in chapter 3 is the research methodologies that will mainly discuss the research framework, research resign, data collection method, what kind of data analysis is used and so on. Subsequently, in chapter 4 is discuss about the empirical finding and discussion based on the collected data from the respondents. Finally, in chapter 5, we will discuss the overall of this study, including some of the policy implications and its limitations.
## CHAPTER 2.0 LITERATURE REVIEW

## 2.1 Introduction of Chapter

In Malaysia context, credit card issues had received great concern over the past few years. The issues relevant with credit card usage and behaviour (Ramayah, Noor, Mohd-Nasurdin, & Choo, January 2002; Zafar, Ishak, Sadiq, Ibrahim, & Hasbalaila, 2010), attitudes & perception towards credit card practices (Loke & Cheu, 2010; Jusoh & Lin, April 2012) had been explored by researchers in Malaysia. However, majority of those previous studies were mainly focused on general population as their target respondents. Some of them even more specific by taking Malaysia's young adults as their target respondents only. However, precisely, we should group our respondents despite they are young adults or adults into their generation instead of their age group as when time goes by, todays' young adults' attitude would not represent the young adults' attitude in the future or in the pass (Loke & Cheu, 2010; Radhakrishna, 2012). Therefore, we would like to address whether the generations of cardholders react to their attitude to use credit card (intentions to use credit card).

# 2.2 Characteristics of Generations and Its relationship towards Credit Card Usage

Generations (also known as age cohort) are referred as a group of persons who have experienced a common social, political, historical, and economic environment. Generally, generations is identified through cohort analysis, which is the process of describing and explaining the attitudes, values, and behaviours of an age group as well as predicting its future attitudes, values, and behaviours (Rindfleisch, A.; Allen and D.R. John, 1994) and (Rush, R. T.; Yeung, W. Y.; Kardes and Sujan., 1994). Interestingly, a generation is a group of individuals who born and live about the same time (Morris, 1982)

Identically, it had been found that not every generation is alike, nor should they be treated by marketers in the same way (Williams & Page, 2012). This is because each generation has its unique expectations, experiences, generational history, lifestyles, values, and demographics that influence their buying behaviours (Williams & Page, 2012); as a result, by understanding them, it enables marketers to learn their target markets' characteristics and behaviours, which will help in building relationships, gaining trust, and closing business (Himmel, 2008; Walker, 2003). Besides, it also helps the marketers to strategize their marketing strategies and business plan as well. Hence, we can see that it is very important to understand the consumer buying behaviour according to their generation, which is also known as a multi-generational marketing (Walker, 2003). Specifically, multi-generational marketing is the practice of appealing market to each generation by satisfying their unique needs and wants.

According to U.S. generation census, there are six generations: Pre-Depression Generation, Depression Generation, Baby Boomers, Generation X, Generation Y, and Generation Z (Himmel, 2008; Walker, 2003). Since our study is trying to solve the insolvency issues happened in Malaysia as there were numerous studies have been done on intentions to use credit card among the young adults and found that they tend to fall into credit trap or filed for bankruptcy (Venny & Jason, 2012; Ramayah, Noor, Mohd-Nasurdin, & Choo, January 2002; Chien & Deavaney, 2001; Joyce, Lisa, & Rathakrishnan, 2010; Elangkovan, 2012). Thus, from these past studies reviewed, we identified that young age group was their main argument in influencing credit users behaviour, which led to credit card overuse and accumulated high credit card balance. However, there is no even one of the research had been done on the factor of generations towards attitude to use credit card. Consequently, we would like to take generation into account to know their usage intention on credit cards. However, as we are mainly focus on young credit cardholders as they are compromising 60 per cent of Malaysia's population and holding the largest consumption power on market (Department of Statistic Malaysia, 2010). Also, we already knew that each generation is unique and its would represent each specific generation with similar traits, explaining current credit card issues in Malaysia (Rindfleisch, A.; Allen and D.R. John, 1994; Williams & Page, 2012). Hence, Generations' characteristics is strongly believed to be able to influence their decision making (Himmel, 2008). So, we will mainly focus on three generations only, namely Generation X, Generation Y, and Generation Z to identify which generation carries the most weight in influencing cardholders' intention to use credit card rather than their age group itself.

### 2.2.1 Characteristics of Generation X

Generation X is also known as Baby Bust, Slackers, Why Me Generation, and the Latchkey Generation, who was born during 1965-1977 (Williams & Page, 2012; Pew Research Center, December 2010) and are in the 37-48 age range as of 2013. However, in Malaysia context, their age group is in between 37-50 (Department of Statistic Malaysia, 2010). Despites, they are holding some common traits such as self-employed professionals who embrace free agency over company loyalty, value family first, latch-key children grew up quickly, experience rising divorce rates and violence, take greater responsibility for raising themselves and tend to be less traditional than any other previous generations (Hawkins & Mothersbaugh, 2013; Himmel, 2008). Thus, these traits like self-employed professionals and responsible would influence their credit card spending habits. The older age group was found to use credit card as a convenience tool of payment rather than a credit instrument (Loke & Cheu, 2010). Hence, we can see that these traits might have some relationship towards their credit spending habits, payment practices, and usage intentions.

Furthermore, Generation X is considered to be highly educated even though they are pessimistic, sceptical, disillusioned with almost everything, and are very questioning of conventionality (Moore & Carpenter, 2008). Interestingly, they like to balance their time with family, life, and work. However, they do not believe in sacrificing time, energy, and relationships for advancement like what the Boomers did. From here, we can see that they are generally more rational and so thus would be wiser in their spending and planning their financial activities (Regnier, 2009; Anonymous, 2009; Rosenberg, 2008). Thus, this traits may lead them to be responsible in their credit card spending rather than credit overuse or delinquent in making credit payment. Hence, in our study, we would like to take their traits into consideration. They are a major force in the market for cars, appliances, and children's products.

#### 2.2.2 Characteristics of Generation Y

Generation Y is also known as Gen Y, Millennials, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, DotNet, Ne(x)t Generation, Nexters, First Globals, iPod Generation, and iYGeneration, who was born during 1977-1994 (Williams & Page, 2012; Pew Research Center, December 2010) and are in the 19-36 age range as of 2013. However, in Malaysia context, their age group is in between 20-37 as of 2013 (Department of Statistic Malaysia, 2010). Despites, they grew up in a time of immense and fast-paced change, including virtually full employment opportunities for women, dual-income households as the standard, wide array of family types seen as normal, significant respect for ethnic and cultural diversity including a heightened social awareness, and computers in the home and schools (Williams & Page, 2012). Furthermore, they were born into a technological, electronic, and wireless society with global boundaries becoming more transparent. They are accustomed to a diverse universe where anything seems possible (Hawkins & Mothersbaugh, 2013; Dietz, 2003).

In addition, this generation has received considerable marketing attentions due to its notoriously selfish, lives for today, and spends big (Pew Research Center, December 2011). They are currently spend over \$150 B annually for personal consumption, billions more in household shopping, and influence many additional items like cars, vacations, and mobile banking (Ezell, 2009). They are major market for automobiles which approximately 40% of the auto market in 10 years (Ezell, 2009). Thus, we can see the impact of their purchasing power toward consumption market. Consequently, their shopping preferences and tastes has being developed during their teen years (Williams & Page, 2012) in order to attract this generation early to earn their loyalty; so, they can gain profit from it. Furthermore, if marketers want to attract this generation, it is important to taking account on the products and services apparel, accessories, footwear, room furnishings, action sports equipment, and entertainment.

Therefore, we can see that Generation Y is made up from the individuals who are well grounded and wise for their age. They are also viewed as self-absorbed and self-reliant with a strong sense of independence and autonomy. As compared to Generation X, they want results and are not as concerned with the why of it (Himmel, 2008). Usually, they are also described via the eight key values which are choice, customization, scrutiny, integrity, collaboration, speed, entertainment, and innovation (Annoymous, January 2009). Indeed, they are image-driven and make personal statements with their image (Himmel, 2008); and, this is strongly related with their greater need for peer acceptance, connecting with their peers, fitting in, and social networking (Dickey & Sullivan, 2007; Donnelly, April 2008). In addition, they are open-minded, optimistic, goal oriented, and highly motivated toward their perceptions of success (Pew Research Center, 2012; Williams & Page, 2012). Consequently, with those traits that are discussed above like image oriented, greater needs for peer acceptance, optimistic and so on would have higher tendency to influence their intention of spending and the overuse of credit cards. This is because their imagedriven is expected to lead them to be a compulsive spenders in chasing the fashions and styles (Park & Burns, 2005; Joyce, Lisa, & Rathakrishnan, 2010). Besides, their need of peer acceptance and purchase prestige products may lead them to be materialistic in owning things to impress other as they are heavily emphasize

possessions as central to an individual's identity attribution to success is a trait of materialism (Schiffman & Kanuk, 2007; Himmel, 2008). In addition, their traits especially on optimistic to be able to earn more income in future is expected to influence their current spending as they would think that they will be able to pay it later (Loke & Cheu, 2010), as their study had found that young adults are likely to embrace credit as a normal way of life.

From previous studies reviewed, we could see that this generation posed high degree of self-esteem, lured by fashion, unique shopping desire, purchase prestige products, and optimistic may cause them to spend on credit, resulting in excessive spending and carry high credit card debt. This partially would help to explain why those young adults in Malaysia fallen in credit trap or declared bankruptcy at young age if the finding of this study exerts that Generation Y has higher intention to use credit card and higher tendency of credit overuse than other generations.

#### 2.2.3 Characteristics of Generation Z

Then, Generation Z is known as Tweens, Baby Bloomers, Generation 9/11, and Generation XD, who was born after 1994 (Williams & Page, 2012; Pew Research Center, December 2010) and are less than 19 years old as of 2013. However, in Malaysia context, their age group is below 20 years old as of 2013 (Department of Statistic Malaysia, 2010). As a result, most of them are students, whose parents are late marriage and less likely to get divorced. Unfortunately, they have faced global terrorism, the aftermath of 9/11, school violence, economic uncertainty, recession, and the mortgage crisis. Subsequently, they continue to experience the spread of "tweendom" including commercial exploitation of young girls (and to a lesser extent boys), that is, pushing a Tween lifestyle heavily on teen aspiration to the cost of the

loss of childhood (Chang, 2007; Cohen R., 2007; Kadaba, 2009; Hamm, 2007; Bashford, 2010). In terms of their characteristics, lifestyles, and attitudes, Generation Z is made up of an individual who is new conservatives embracing traditional beliefs, valuing the family unit, self-controlled, and more responsible. Also, they are accustomed to high-tech and multiple information sources, with messages bombarding them from all sides. Thus, they have never lived without the Internet (Langford, 2008; Benjamin, 2008). Interestingly, Generation Z needs for peer acceptance as well as they need to belong (Soltan, 2004); and, value security more than ever (Wellner, 2000; Jayson, 2009). However, they are still ready to be on mission, confident, and very optimistic. For instance, they will have confident over their future and optimistically think that they are able to earn enough income in the future which is similar with generation Y (Pew Research Center, February 2010). Distinctively, they believe that they can impact the world, visualize changing places with someone else and can project possible behaviors which distinguished them from other generations as they are the most imaginative generation, thinking more laterally (Matthews, 2008).

## 2.3 Intention to Use Credit Card

Since intention can be categorized as the attitude that are possessed by the people and this relationships has been found to be stable over time (Fishbein & Ajzen, 1975; Chatzisarantis, Hagger, Biddle, & Smith, 2005). Thus, firstly, we should know the term of attitude. Consequently in general, attitude is an expression of feelings about an object whether consumers like it or not; and, it is also described as consumers' confidence in the various attributes; and, benefits of such objects (Sumarwan, 2011). Then, in the perspective of marketing, it is defined as a general evaluation of a

product or service formed over time (Solomon, 2008). Thus, basically attitude will satisfy personal motive and help in explaining how it affects shopping and buying habits of consumers. Interestingly, if referred to consumer's attitude within the context of marketing also, it is simplified as a composite of a consumer's beliefs, feelings, and behavioural intentions toward some objects (Perner, 2010). This means that a consumer can hold either a positive, or a negative behavioural intention (beliefs or feeling) with respect to the product or service. Therefore, in this study, we would identify Malaysia's cardholders' behavioural intentions especially among the young adults on their credit card usage and spending which would lead to or can explain the credit card issues like credit overuse, high accumulate credit balance, credit trap, insolvency, and bankruptcy that is happening in Malaysia. However, we cannot deny that its occurrence was partially because of the changes in credit card market and the users' attitude itself just like what have mentioned in the problem statement that the users' attitude would change from time to time. Therefore, divided respondents into adults and young adults would not perfect enough in determining their usage intention toward credit cards. Thus, it is crucial to understand the changes in cardholders' attitude towards credit use based on the their generation, including those factors like optimistic, materialistic, compulsive spending, credit overuse, perception on credit, and credit card payment practices in influencing their credit card usage intention.

As such, we have reviewed numerous research studies which have been done on credit cardholders' attitude to use credit card around the world, namely (Chien & Deavaney, 2001; Abdul-Muhmin & Umar, 2007; Lee, Abdul-Rahman, & Kim, 2007; Worthington, Stewart, & Lu, 2007; Phau & Woo, 2008; Phau & Woo, 2008; Arpita, Anshuman, & Shveta, 2011). They studied these few variables such as outstanding balance, card ownership, usage behaviour, purchase intentions, compulsive buying, materialism, card attributes, and demographics factors that would influence cardholders' attitude to use credit card. Similarly, there were some of the similar researches had been done by local researchers, namely (Ramayah, Noor, Mohd-Nasurdin, & Choo, January 2002; Jusoh & Lin, April 2012; Amin, 2012; Venny & Jason, 2012; Elangkovan, 2012; Radhakrishna, 2012). Consequently, these research studies would be used as our main reference in determining the factors that will affect the Malaysians' credit card usage intentions based on their generation, including the changes of their behavioural from time to time.

## 2.3.1 Perceptions on Credit towards the Intention to use credit

Commonly, in developed countries, they use credit card for convenience purposes as compared to the people around the world, who would embrace credit card too as this may due to the fact that it provides convenience to the users (Arpita, Anshuman, & Shveta, 2011; Sumangali, Nitin, 2011; MasterCard Mobile Payments Readiness Index (MPRI), 2012). In other words, they would less likely to use credit card as a credit instrument. Thus, in developing countries like Malaysia, it has found to be in line with foreign researchers' finding on the intention to use credit card. For instance, the top reason for holding credit cards in Malaysia is convenience, followed by ease of accessing credit, annual waiver offered by credit card issuers, and attractive reward redemption programmes (Loke & Cheu, 2010). On top, socio-economic variables such as gender, marital status, and educational level have found to be significantly in profiling the type of credit card user (Loke & Cheu, 2010). They also revealed older credit cardholders' perception on credit are more averse towards the idea of 'living on credit' as this is a relatively new concept to the older generations, whereby older generations is classify as those users over 30 years old. Consequently, they found that older generations prefers to enjoy the convenience of credit card as a payment tool

rather than a credit instrument. Then, in term of gender, male cardholder is found to be 1.65 times more likely to pay his monthly credit card bill in full (convenience user) than a female credit cardholder. Thus, this is implying that the cardholders' intention can be vary with perception on credit based on the variables discussed above. Consequently, we are also willing to investigate whether different group generations would have different perception on credit; and, therefore different usage intention on credit card.

Surprisingly, based in the previous researches, we have found that there is difference between specific age group and intentions to use credit card. Malaysian young cardholder top usage motives of owing credit cards were for use in emergencies, to purchase items through the internet, to avoid carrying cash, to gain access additional liquidity from the bank, influenced by credit card promotions, and others rather than its convenience (Venny & Jason, 2012). This result was similar to (Worthington, Stewart, & Lu, 2007) study suggested that China cardholders were intentionally spending credit due to purchase trigger points, which indicated that the use of credit cards for purchases above certain value was already prevalent with this sample of urban-affluent Chinese consumers. Thus, we can see that credit cardholders' intentions on credit card spending is vary with perception based on demographic variables, including the generation variables. Hence, the first hypothesis is formulated as below.

 $H_{01}$ : There is significant differences between perceptions among each generation on credit and usage intention of credit card.

### 2.3.2 Credit Card Ownerships towards the Credit Card Usage Intention

Previously, there is a study suggested that changes in attitudes towards debt had led to the enthusiasm of consumers to use more credit on their current consumption, resulting in their spending habits has changed (Durkin, April 2002; Godwin, 1997). Until recently, there is another research arguing that the credit cardholders' intention to use credit card had changed as it can be varied with the type of the credit cardholders (Devlin, Worthington, & Gerrard, 2007). Thus, if the credit cardholders that are willing to hold more than a credit card, then we consider them as multiple credit cardholders. This type of holders are usually those people who owned a main card (i.e. a card used more often than others) and "subsidiary" cards (i.e. card used less often or only in an emergency); thus, the main and subsidiary cards are associated with their spending patterns (Devlin, Worthington, & Gerrard, 2007). Interestingly, they discovered that a main card and the most frequently quoted reason for having such card is due to the superior discounts and promotions which are offered by the card issuers. Also, the main cards are used for the broadest range of transactions, while subsidiary cards were used for a more restricted range of transactions; and, majority of them are saying that their subsidiary cards were held for "stand-by purposes". This result indicates their major expenses on credit card are mainly relying on main cards rather than subsidiary cards. This would infer that the number of credit cards' ownerships may not influence cardholders' intentions to use credit card which would lead the credit cardholders to overuse the credit. Consequently, if the number of cards owned is the crucial factor to determine their intentions to use credit card, then we could investigate the effectiveness of Malaysia's government's initiative in limiting the number of cards each cardholder could hold to reduce the number of bankruptcies happened rampantly in Malaysia especially among the young

adults (Radhakrishna, 2012). Unfortunately, the number of bankruptcies is still increasing after the implementation of the government's initiative (for more details see Chapter 1.3). Consequently, it is very useful for us to investigate that does the number of credit cards ownerships will affect the usage intention of credit cards among the Malaysian. Hence, the second hypothesis is listed as follow:

 $H_{02}$ : There is a significant relationship between credit card ownerships and usage intention of credit card.

# 2.3.3 Credit Card's Payment Practices towards Usage Intention of Credit Card

Surprisingly, consumer delinquency rates in the credit card market are consistently higher than those in the other parts of the loan market (Yi, Ying, & Inseong, 2009). This is because credit card lending is not secured by any assets for pledge, and its ease of obtain credit as the eligibility criteria for obtaining credit cards has been loosen (Loke Y. J., 2008), making credit card ranked the top in risk when compared to other loan markets. However, all customers in credit card industry are not equally risky as all customers are not equally profitable as well (Yi, Ying, & Inseong, 2009). Hence, a thorough research investigation would help the marketers or credit card issuers minimizing their losses and maximizing their profits. Thus, first of all they should know that consumers' credit card repayment behaviour is estimated to be changed over time (Yi, Ying, & Inseong, 2009). Consequently, it is important for credit card issuers to appropriately monitor credit cardholders' repayment practices in order to reduce loses, eliminate loophole, and update their policy from time to time. Thus, in this study, we will study the relationship between cardholders' repayment practices toward usage intention of credit card.

 $H_{03}$ : There is significant relationship between respondents' credit card payment practices and usage intention of credit card.

# 2.3.4 Credit Cardholder's Perception on Credit toward their Payment Practices

Again, in section 2.3.1 we have discussed that perception of credit card has greatly changed (Loke & Cheu, 2010) as in the introduction we have mentioned that credit card used to be used by those successful business person and professionals, thinking that holding a credit card as a symbol of prestige and wealth status of a person in the society (Loke J. Y., 2007). Then, when Malaysia had undergone financial liberalization as the eligibility to obtain credit card together with its attributes has become loosen or changed gradually; as a result, some of them would view credit cards as a method of saving as payment source, rather than status symbol anymore (Gan, Maysami, & Koh, 2008) and the other examples that have been discussed in section 2.3.1. Therefore, it is interesting to discover whether the perception towards the credit card would influence the credit cards' payment practices to help the credit card issuers or government regulator to take into account to the current credit cardholders' perception if it really will influence the credit card payment among the Malaysian in order to minimize their risk and lose, but maximize their profits and security. Indeed, from the previous research we have found that the perceptions toward the role of credit card appears to have an effect on respondents' monthly credit card bill payment (Loke & Cheu, 2010). Hence, the next hypothesis is written as follow:

 $H_{04}$ : There is significant relationship between respondents' perceptions on credit and their credit card payment practices.

## 2.3.5 Credit Card Payment Practices among Generations

Interestingly, we also learned that perceptions toward the role of credit card appears to have an effect on respondents' monthly credit card bill payment (Loke & Cheu, 2010). They explained that for every 10 years increase in age, the likelihood of settling the monthly credit card bill in full increases by 1.25 times, which means older credit cardholders appear to be more responsible than the younger credit cardholders in repaying their credit card spending. As mentioned earlier, younger credit cardholders are more favourable towards the idea of 'living on credit' than the older generation. The older generation prefers to enjoy the convenience of credit card as a payment tool rather than a credit instrument (Loke & Cheu, 2010). This implies that credit card payments practices will vary with age variable, yet statistical evidence is needed to prove this statements. Consequently, with the main objective of this study is to take the generations into account especially their traits; then, generation may would impact on credit card payment practices. Hence, we would identify its relationship towards payment practices.

H<sub>05</sub>: There is significant difference between respondents' generations and credit card payment practices.

# 2.3.6 The Influence of Compulsive Buying Habits towards Usage Intention of Credit Card

As the booming of credit card market and its usage would result in the frequent credit card usage. Thus, this usage could contribute to compulsive buying especially when consumers are not able to control their purchasing habits as mentioned previously in this study (Roberts and Jones, 2001; Roberts, 1998). Then, compulsive spending is generally defined as "a response to an uncontrollable drive or desire to obtain, use, or experience a feeling, substance, or activity that leads the individual to repetitively engage in behaviour that will ultimately cause harm to the individual and/or others" Subsequently, it has summarised as consumers' (O'Guinn and Faber, 1989). repetitive, obsessive, unbudgeted and chronic in shopping or spending, at time excessive as a way to cope with bad events in life like boredom, tension, or anxiety (O'Guinn & Faber, 1989; Roberts & Jones, 2001; Solomon M., 2002; Shoham & Brenc' ic', 2003). As the person who involved in this practices, is called the compulsive buyers. Interestingly, these compulsive buyers usually do not obtain utility or service from a purchased commodity, but to achieve gratification through the buying process itself (Krueger, 1988; O'Guinn and Faber, 1989). Then, according to the research done by Phau & Woo, 2008, who conducted at Australia context and specifically among young adults, has showed that compulsive buyers are more likely to perceive money as a source of power and prestige; and, they are more frequent users of credit cards and are more likely to bargain hunt. Hence, this frequent usage could contribute to compulsive buying (Roberts and Jones, 2001; Roberts, 1998).

Seriously, compulsive buying can lead to psychological distress and serious effects on individual's lives (Dittmar, 2005). Hence, those bad effects would be like financial debt (Dittmar, 2005), personal bankruptcies (Roberts, 1998) and depression, anxiety, frustration, and low self-esteem (DeSarbo and Edwards, 1996). Indeed, compulsive buying also will affect their family, friends, and society as a whole, coming in the form of depression or distress, impaired social or occupational functioning, guilt or remorse, excessive debt, family conflict, bankruptcy, divorce, illegal activities and even suicide (Norvilitis and Maria, 2002; Koran et al., 2006; Pinto et al., 2001; Durning, 1993; Faber and O'Guinn, 1988; Roberts and Martinez, 1997; McElroy et al., 1994).

37

Unfortunately, according to the study that had been done by (Neuner et al., 2005) stated that this compulsive buying tendencies have increased in the last ten years and are stronger among younger people (Dittmar, 2005); and subsequently, there are several previous studies showed that there is a significant relationship exist between usage intention of credit card and compulsive buying (Feinberg, 1986; O'Guinn & Faber, 1989; Roberts & Jones, 2001; Park & Burns, 2005). Consequently, it would be important for us to identify whether the respondents in EAST Malaysia would have the compulsive buying tendency and its impact on usage intention of credit card as research on negative aspects of consumer behaviour can provide potential guidelines to policy makers about how to combat it and reduce its impact. In this way, such research can contribute to a society's wellbeing, an important criteria for usefulness of any research in marketing (Peter, 1991). Thus, the sixth hypothesis would be listed as below:

 $H_{06}$ : There is a significant relationship between compulsive buying and usage intention of credit card.

However, as we know that there are some bad impacts that will be brought by the compulsive buying behaviour from the credit card holders as discussed above; hence, we want to bridge the gap in the literature on consumer behaviours such as fashion or image consciousness, materialism, and pre-planned purchase, and compulsive buying among each generation in Malaysia as (Joyce, Lisa, & Rathakrishnan, 2011) conducted the similar but not the same study based on the young adults in Malaysia. Thus, again, there are several reasons to support our study why we should take generations into account in identifying the relationships between these consumer behavioural variables. Firstly, we can see that in general, compulsive buyers are the individuals, who are very conscious of how they look and appear to other, attempt to be pleasing to other. From this perspective, we can see that Generation Y and Generation Z show a homogenous traits which is they need peer acceptance. Furthermore, in recently, researchers have found that compulsive spending may provide temporary gratification, boost self-esteem and provide mood relief (Saravena & Sa¨a¨ksja¨ rvi, 2008). Coincidently, this result is found to be tally with Generation Y traits, whereby they are instant-gratification and self-esteem. Therefore, there may have the tendency that when fashion consciousness have been found to have the higher tendency of compulsive buying, then we can conclude that generation is a good indicator in defining the compulsive spending behaviour in Malaysia as the above statement stated that some of the generations' traits are matched or same with the traits of compulsive buying. Consequently, it is vital to investigate whether the influence fashion conscious and materialism on the compulsive buying among each generation in Malaysia in the next section.

# 2.3.7 The Influence of Pre-planned Purchase toward Compulsive Buying Habits

As mentioned briefly about some of the variables or reasons in influencing the tendency of compulsive buying, the previous research stated that the unplanned purchase was found to be a significant predictor for compulsive purchase tendencies, implying that for those consumers who make more unplanned purchases, were significantly more likely to exhibit compulsive tendencies (Shoham & Brenc<sup>°</sup> ic<sup>°</sup>, 2003). Also, the tendency to buy items off the product list or pre-planned set of items has impact on compulsiveness was positive and significant. Thus, in this study, we suggest that the pre-planned purchase – shopping list would influence cardholders' compulsive tendencies in Malaysia. Further, we would identify whether respondents'

generation would show a significant differences between the pre-planned purchase and cardholders' compulsive tendencies. Thus, the hypothesis is formulated as follow.

 $H_{07}$ : There is a significant relationship between shopping list and compulsive buying habits.

# 2.3.8 The Influence of Fashion Consciousness towards Compulsive Buying Habits

Interestingly, in Korea, cardholders' intention to used credit card was lured by the fashion interest, which was also found that it did influence compulsive buying directly (Park & Burns, 2005). Park (2003) also found that expenditure on fashion goods is the most influential factor towards the usage of credit cards; subsequently, he also found that TV home shoppers who purchased fashion goods showed a higher degree of compulsive buying than those who purchased non-fashion goods. Then, interestingly we found that younger generations such as Generation Y and Generation Z are conscious on fashion trend (Williams & Page, 2012). Thus, we would expected that their fashion consciousness would cause them to be the compulsive spender. This is because based on the study of Krugger (1998), he stated that compulsive buyers are likely to be very conscious of how they look and appear to others and to be engaged in an unceasing pursuit of things, especially clothing. In addition, we also believe that this can be explained from the perspective of psychological motivation like the public self-consciousness and materialism which affected young consumers' compulsive buying (Xu, 2008). This is because the public self-consciousness was strongly related to young consumers' compulsive buying tendency and some are among the college students in Malaysia; however, materialism act as a mediator (possession-defined success and acquisition centrality) (Joyce, Lisa, & Rathakrishnan, 2011). Thus,

40

acquisition centrality had a significant positive influence on compulsive buying, concluding that young consumers, who are high in public self-consciousness, will more likely to view possessions and their acquisition as important and central in their lives. Consequently, we can see that young consumers are favourable towards fashion interest in their acquisition and possession as a lifestyle, meaning that when they are fashion conscious, they also would view acquisition as central of lives (Pew Research Center, January 2010). Therefore, they will pose compulsive tendencies in buying fashion materials due to their fashion conscious especially among the Generation Y and Z.

However, as due to the previous study does not represent Malaysia's cardholders as a whole as the respondents are limited to college student. As a result, we expected fashion consciousness will be one of the factor that would influence Malaysian cardholders' on compulsive spending and estimate that the generation would show a significant differences in this relationship. Therefore, the next hypothesis is listed as follow;

 $H_{08}$ : There is a significant relationship between respondents' generation on fashion consciousness and compulsive buying habits.

## 2.3.9 Influence of Materialism towards compulsive buying

The influence of psychographic factors towards credit card use is always revolves with the values as the core of idea (Kasser & Kanner, 2004). Also, its orientation is central to current consumer culture, making it so important to take this values into account to identify its impact on credit cards use (Kasser & Kanner, 2004). Consistently, it is defined as a process of consumer acculturation, expecting the cause endorsement of materialistic values, which is defined as a trait of emphasizing possessions as central to an individual's identity attribution to success (Schiffman & Kanuk, 2007).

Along with increased personal disposable income and credit facilities, a materialistic value orientation is on the increase, particularly among young people (Dittmar, 2005). Therefore, the study of materialism in consumer behaviour has evolved in identifying its influences toward compulsive spending or so called consumer splurge purchase, which is defined as the purchase of desired yet not necessary, self-indulgent, outside the normal purchase, and loosely spending money (Fitzmaurice, 2008). However, (Fitzmaurice, 2008) also stated that splurge purchase consumers can be divided into low-materialism and high-materialism consumers, whereby high-materialism consumers are more likely dissatisfied than lowmaterialism consumers (Stone et al., 2008) as Richins and Dawson (1992) also found in their study that materialism was negatively related to satisfaction with life, and to self-esteem; therefore, they, including the youth who tend to shop more and save less Goldberg et al. (2003) to splurge on items that will improve or construct their identity, status and symbol as the things they wear and possess are considered as luxury and expensive. This is because consumers high in materialism believe that acquisition is important to their life as it is a good indicator of success and necessary to their satisfaction in life. Thus, this expanded levels of consumption will make them happier. In that sense, strongly held materialistic values indicate a commitment to identity construction through material goods (Dittmar, 2005a, p. 837).

Thus, they would felt significantly more irresponsible and guilty than lowmaterialism consumers after they make the compulsive purchase because they found that the things that they bought are indeed unnecessary. Fortunately, the previous researches did prove that the materialism is significantly associated with luxury item purchase (Prendergast and Wong, 2003), conspicuous consumption (Wong, 1997), and compulsive buying because it is the identification of materialism is the strongest predictor of compulsive buying (e.g. Rindfleisch et al., 1997; Mowen and Spears, 1999; Roberts, 2000; Dittmar, 2005; Xu, 2008). Unfortunately, there is no exception from youth as materialism did influence young consumers' compulsive buying as well (Stone et al., 2008) which in turn it can relate to the credit overuse. This is because when the consumers have a materialistic tendency; so, they will spend a lot of money to buy the things that are beyond their ability or budget. Consequently, a compulsive spending will result in credit overuse when they use the credit card to make the payment; subsequently, we can say that materialism will result in credit overuse as also stated that compulsive buyers having higher credit card usage tendencies (Xu, 2007). Also, they tend to have difficulty in terms of credit card payment, although not to the extent of delinquency but to the point of having to juggle their debts and paying only a small portion of what is actually owed (Phau & Woo, 2008).

Also, there is another study in Columbia which had been done by (Richins, 2011) has proven that there is a relationship between materialism and credit overuse, indicating that in order to identify whether materialism variable will influence credit cardholders on credit spending, the users must posed credit overuse. Thus, the hypothesis is formulated as follow.

 $H_{09}$ : There is a significant relationship between materialism and compulsive buying habits.

H<sub>10</sub>: There is a significant relationship between materialism and credit overuse.

Unfortunately, even the previous study had found that there is a strong relationship between materialism and credit card use (Rindfleisch et al.,1997), but the past researchers were examining materialism among adolescents by focusing on the relationship of personality traits and consumption patterns (Achenreiner, 1997; Goldberg et al., 2003). Hence, there is no study has been done so far regarding the generation traits to indicate the person's personality and traits in generation form instead of personal form.

 $H_{11}$ : There is a significant relationship between materialism with the usage intention of credit card from the perspective of generations.

### 2.3.10 Influence of Optimistic towards Intention to Use Credit Card

Global financial markets continue to pose uncertainties, especially in the euro area (BNM, 2013). It affects all age's especially on young adults. They have been found to be having the toughest time during economic recession rather than middle-aged or other aged group (Pew Research Center, 2012). This is similar those young adults who live in Malaysia were affected by economic recessions as well. Study found out that they have the harder time to reach many of the basic financial goals (i.e. save for the future, pay for college, or buy a home) as compared to their parents' generation (Pew Research Center, 2012). Furthermore, this would lead them dependent on credit to support their daily life, so called "living on credit" (Loke & Cheu, 2010). Thus, we can see the overwhelming of credit card use, leading to unwanted consequences. Besides, negative trends in the labour market have been felt most acutely by the youngest workers. Many adults in their late 20s and 30s have also felt the impact of the weak economy. They were force to take a job they didn't want just to pay the bills and take an unpaid job to gain work experience, or even gone back to

school. Surprisingly, Malaysia domestic financial stability still remained intact in the first quarter in 2013 (BNM, 2013), indicating that Malaysian are optimistic and confidence on their spending even in weak economic.

Malaysia has continuously showed consumer confidence (refer as optimism) over the economy from year-to-year even though the effects of economic recession (Nielsen, 2010; Sumangali, Nitin, 2011; MasterCard Intelligence, 2011; Pew Research Center, 2012; BNM, 2013). We can see from previous statistic in 2010, it shows that Malaysia has Ranked 9<sup>th</sup> globally in consumer confidence as consumers feel more positive about local job prospects and the current state of their personal finances (Nielsen, 2010). Its score was ahead of Sweden and Vietnam (both at 103), Thailand (102), China (100), Hong Kong and New Zealand, (both at 99), whereby the Index score is calculated with zero as the most pessimistic, 100 as most optimistic and 50 as neutral (MasterCard Intelligence, 2011). This result also indicates that Malaysian consumers are confidence in their spending and has recorded 4 year high in Q4 2010. In 2011, it has continued to score 64.9 of positive consumer sentiment with stable optimism, after China (78.3), Singapore (77.9), Vietnam (77.1), India (75.2), Hong Kong (69.9), Taiwan (67.6) (MasterCard Intelligence, 2011). We can see that they still view optimistically on their personal finances, even though there are uncertainties in the global economy, worries of inflation, price hikes in food, transport and utilities. Furthermore, Malaysia Consumer Price Index has grew by 1.7 per cent for the period of January to December 2010 (up by 4 per cent over Q3 2010) (Nielsen, 2010). This infers consumers' optimistic on personal finances would influence them to spend more. Hence, the issue here is, do they posed over optimistic on their personal finance and credit consumption that would lead to raise in debt in current

credit market, since study found that they have hardest time to reach their personal finances and embrace credit as normal way of life.

Meanwhile, the statistic also showed that after Malaysian consumers have paying off for the essential living expenses, almost two thirds (63 per cent) of consumers in Malaysia will put their spare cash into savings, almost constant over the year (Nielsen, 2010). Surprisingly, top uses of spare cash are paying off debts, credit cards or loans which accounted for 42 per cent of the total saving, 38 per cent were going for holidays, 30 per cent were investing in shares or mutual funds, 28 per cent were buying new clothes, and 21 per cent were saving for retirement fund. From this study, we can acknowledge that high allocation in paying off they monthly credit card debt which is almost half of their total spare cash. Malaysian cardholders allocate significant amount of cash to repay their credit debt. This would explain they would embrace credit as normal way of life as well especially among young generation. Thus, young consumers optimistic towards their personal finance seems to influence cardholders' intentions to use credit card. This results partially will explain the increase of public policy concern about the risky credit behaviours especially credit use among young adults (Xiao, Tang, Serido, & Shim, 2011), as we can see raise in the debt outstanding and insolvency cases, especially young adults below 30 aged (Elangkovan, 2012). However, in this study we would like to categorise the young adults and adults' in the perceptive of generation in order to identify the influence of optimistic towards their credit card usage intention since some of the generations consist traits of optimism.

 $H_{12}$ : There is a significant relationship between optimistic and usage intention of credit card.

# 2.4 Summary of Chapter

In summary, in this chapter, we have reviewed several research studies on the topic of generations' characteristics, perception on credit card, credit card payment practices, compulsive buying, materialism, credit overuse, and optimistic towards intentions to use credit card. Subsequently, literature reviews in this chapter will be used in developing instruments, methodology, hypothesis development, findings, and discussions in later chapter.

# CHAPTER 3.0 METHODOLOGY

# 3.1 Introduction of Chapter

In this chapter, we will discuss the research methodologies that would be applied in this research study. Those research methodologies include research design, research instrument, data analysis, and hypothesis statements. In research design section, we will design the methods that would be used in getting the sample data, which in turn it will be analysed in chapter 4, representing the total population of Malaysia's credit cardholders' intention to use credit card especially in term of their generation. Subsequently, research instruments are comprise of the items and measurement scales of the instrument, including descriptive statistics, ANOVA analysis, reliability test, factor analysis, and regression. Importantly, the reliability and validity of the research instrument are used to obtain reliable results. Lastly, there will be discussed the research framework and hypothesis statements of this study.

## **3.2 Research Design**

## **3.2.1** Types of study

This study will be a combination of descriptive, causal and factor analysis. For descriptive study, it is a formal study that serves a variety of research objectives such as:

- Describe the phenomena or characteristics associate with a subject population (The who, what, when, where, and how of a topic).
- 2. Estimate the proportions of a population that are holding the similar characteristics.
- 3. Discover associations among variables.

It is followed by determining the casual relationship between variables; thus, it discovers:

- 1. The intentions of respondents to spend by using credit cards
- 2. Major credit expenses.

Subsequently, factor analysis is carried out to

- 1. Identify the relationship between demographic variables, and independent variable and dependent variables.
- 2. Discover the relationship between independent variables and dependent variable.

#### **3.2.2 Unit of Analysis**

The unit of analysis in this study are those individuals who are Generation X, Generation Y, and Generation Z in Malaysia, holding at least a credit card and has been experiencing the usage of credit card.

## 3.3 Data Collection Method

In this study, we will use communication study as our data collection method. It refers to the researcher, who questions the subjects and collect their responses by personal or impersonal means (Cooper & Schindler, 2008). So, we use self-administered instrument for our respondents to participate in this study by distributing it through the personal channel.

In data collection stage, it begins when the sampling plan has been formulated as this is a process of collecting information. Generally, data can be collected through human observers or interviewers, or they even can be recorded by machines such as in the case of scanner data and web-based surveys (Zikmund, Babin, Carr, & Griffin, 2010). Then, in this study, data will be collected through distributing survey personally or through web-based. Survey form is selected for data collection method for this study because of its quickness, inexpensive, efficiency, and accuracy means of assessing information about a population. In addition, its flexibility and ease to apply also is extremely valuable to the researchers. However, it has bayed with certain levels of errors such as random sampling error, systematic error, respondent error, non-respondent error and respond bias. Therefore, in order to reduce errors, researchers must conduct evaluations on the quality of a survey and estimate its accuracy. Besides, as mail survey will also be adopted in this study. Thus, we would sent the instrument to respondents through electronic mail, whereby it is geographic flexibility, cost efficient, and respondent convenience are the major contribution towards wide acceptance among researchers (Zikmund, Babin, Carr, & Griffin, 2010). Most importantly, our respondents are more likely to provide sensitive or embarrass information. Thus, they would like to remain anonymous. So, this will help the researchers a lot in collecting their truth opinion and feeling as well (Zikmund, Babin, Carr, & Griffin, 2010).

As due to the Banks and regulators in Malaysia has prohibited to obtain or disclose customer's commercial transactions information related to their creditworthiness, unless the customer or his representative had given permission in writing to disclose, or it had been authorized by any Federal law, or in writing by the Bank (Banking and Financial Institution Act, 1989). Thus, to obtain a list of cardholders' contact numbers and addresses from financial institutions and telephone interviews could not be used to approach cardholders. Therefore, we would only allow to approach respondents randomly through distributing the questionnaires.

# 3.4 Sample Data

Sampling involves any procedures that draw conclusions based on measurements of a portion of a population. Although sampling stage is a distinct phase of the research process, for convenience purposes, sampling planning and the actual sample

generation processes will be mainly focused on young cardholders (Generation Y) in Malaysia. There are 350 questionnaires will be distributed to respondents, who are ages in between 20 to 37 years old, and is voluntarily responds to a survey questionnaire. However, the potential respondents must also have holding at least a credit card or had been experiencing credit card spending, and staying in Malaysia. Meanwhile, younger respondents (refers to Generation Z) are those who ages below 20 years old will be our target also because they can influence their parents' consumption or make purchases on their behalf (Ghani & Zain, 2004). In addition, they will be the junior of a credit cardholders and even some of them would become the credit cardholders just within a few years later; thus, it is important to learn their consumer behaviour on credit card spending, albeit they do not own a cards. Furthermore, adults (refers to Generation X) are those who age in between 37 to 50 years old will be one of our study's target as well because most of them are financially independent and they either possess credit cards or eligible to own credit card. Thus, their intentions to use credit card will be an important comparison towards other generations.

However in this study, we will limit the scope of study in Sarawak, whereby the probability sampling will be used in sampling the data. The non-probability sampling method of purposive sampling are three conditions employed in selecting respondent must be a principal of credit cardholder. We will randomly select from those cities in the state, which is Kuching, Samarahan, Bau, Sibu and Miri. Hence, they will be used in representing young cardholders in Malaysia as a whole to identify their attitude and psychographics towards credit card use and their willingness to spend by using credit card.

# 3.5 Sampling Procedure

#### 3.5.1 Population

Population is the group of objects or people that will be concentrated in a research with the attributes required (Mahamood, 1992). Population also referred to the group of interest to the researcher or as the subject that the researcher would like to generalise in their study (Fraenkel & Wallen, 1993). Since Kuching has been selected to be the setting ground for this study, thus population for this study would be the people lived in Kuching.

There are total 159,490 on the south of Kuching's City (PNMB Kuching, 2010). Basically, the reasons why the researcher is willing to distribute the questionnaire at the shopping malls located in the City of Kuching is because mostly these places are clouded with a lot of people. Also, mostly these shoppers are young adults, adults or families, who own certain levels of purchasing power. Besides, it is partially due to shopping malls provide credit cards services. Thus, most probably we would meet our target sample more easily. Consequently, target the shoppers and staffs in shopping malls is the reasonable and rational decision in targeting the sample.

### 3.5.2 Sampling Frame

Sample is referred to as a subset of population (Luck, Taylor, & Robin, 1987). It consists of respondents selected from the population in which the information needed are obtained from. Since the population of South Kuching citizen is very large, then the selection of sample is necessary. Consequently, in this study, we have narrowed down the research scope and focus on a smaller group, which are the shoppers and workers in the Kuching's Shopping Malls. These shopping malls include Plaza Merdeka, Hill Malls, The Spring Shopping Malls, City One Mega Malls, and Kuching Central.

The respondents selected must be an adult and have understanding regards the credit card use and credit card woes phenomena nowadays in Malaysia (excluded). The respondent selected must fit the criteria that has been mentioned above. Consequently, the researcher will approach these potential respondents throughout the shopping malls in South of Kuching.

Thus, the sample calculation based on formula introduced by (Luck, Taylor, & Robin, 1987)

$$So = \frac{Z^2(p,q)}{e^2}$$

Whereby  $S_0 = \text{Size of the Sample}$  p = Population proportion q = (1-p) e = 0.05 degree of errors acceptable in population Z = The standard score corresponding to a given confidence level or(\*95% confidence level)

The researcher found that the current population in the south of Kuching would be equal to 159,490 (The Demographic of Sarawak, 2013), estimating the percentage in the population proportion (p) is 0.13 or 13%. In other words, (p) is the proportion of Kuching South City's population in Sarawak's City population. Consequently, it is calculated by dividing 159490 of Kuching South City's population to 1507000 Sarawak's City's Population. Therefore, (q) is (1-0.13), which is equals to 0.89, while the degree of error that can be accepted in population e) is 5% or 0.05, and the confidence level is 95% or 1.96. Hence, the following calculation is derived:

$$S_{o} = \frac{1.96^{2}(0.13)(1-0.13)}{0.05^{2}}$$
$$= 173.79 \approx 174$$

As a result, there are174 respondents are needed to obtain the ideal and appropriate sample size in this study based on the calculation above. Probability (random) sampling is the type of sampling method applied in this study. It also allows the use of statistics and test hypothesis, able to estimate the population parameters, eliminate bias and random selection units.

#### 3.5.3 Survey Instrument Development

In order to answer the objectives of this study which has been outlined in Chapter 1, both primary and secondary data are used in this study in which primary data collected for the purpose of getting direct and precise answers from the respondents, while secondary data are acquired from diverse data sources such as journals and articles, library, and internet database.

Again, this is the quantitative research, which we often used for theory testing and requires the researcher to keep a distant from the respondent, not to bias the result. So, we use quantitative measurement, namely the questionnaire as our survey instrument. This is because questionnaires have advantages over some other types of survey in which they are cheap, do not require as much effort as the interviewer, who conducts verbal or telephone surveys, and often have standardized answers that make it simple to compile data. Generally, questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. In other words, it is a written set of questions that require the respondents to record their answers. Besides, questionnaires can possibly guarantee relative confidentiality and enable more truthful and objective responses (Ary et. al., 1990).

### 3.5.4 Item

The instruments use in this study is consisting of 4 sections, namely the section A, B, C, and D (see Appendix A). Several questionnaire forms will be adopted from similar studies which are related with the influence of trendy social image, materialism, and compulsive spending on credit card usage intentions among youth conducted by (Joyce, Lisa, & Rathakrishnan, 2011); Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, January 2010); and Topline Questionnaire conducted by Pew Social & Demographic Trends (Pew Research Center, December 2011); (Chan, 1997), (Duffy, 1990), and (Meidan, 1996).

Thus, generally in Section A, it is used to acquire the respondents' background and personal detail. Consequently, it is consisted of basic survey on demographic details in which the questionnaires is adopted from (Pew Research Center, January 2010). The questions that the respondents needed to answer are their gender, age, education level, occupation, income level, and frequent usage. Basically, the respondents' demographic profile is acquired for the purpose of control variable, except the age of the respondents is a must in this study to answer the objective outlined in chapter one. Besides, there will be a few simple questions asked to identify the reasons to use credit card debt, and which one is the major credit card expenses.

In Section B, it is to obtain the respondents' attitude – intentions to use credit card. There were a total of 7 statements provided for the respondents to rate

accordingly using the 5-Likert-scale, which corresponds to how much they agree or disagree for each of the statements applies, personally. In subsequence section, question and answer format will also be formed using this method.

Section C is about credit card practices of respondents, which is consists of two sub sections, namely Section C1 and Section C2. The questions in Section C1 is set up regarding to the credit card usage practices of respondents and their credit card payment practice. These questions were adopted from (Joyce, Lisa, & Rathakrishnan, 2011) on credit card usage and (Joyce, Lisa, & Rathakrishnan, 2010) in credit card payment practices. There were a total of 7 questions in which 4 questions are on credit card usage and 3 questions are on credit card payments. Subsequently, Section C2 is about the influences of optimistic and future prospect, which is adopted from (Pew Research Center, 2012) and consists of 6 questions.

It is then followed by Section D, survey on all the influences of psychographics towards respondent intentions to use credit card. In this section, it consists of two subsection also, namely Section D1 and Section D2. Section D1 will focus on the influence of spending habits of the respondents, which is related with the factors like fashion consciousness and spending habits. Then, lastly in Section D2, it surveys on the factor of compulsive spending, trendy social image, and materialism based on the questionnaires adopted from (Joyce, Lisa, & Rathakrishnan, 2011; Park & Burns, 2005) and also the Topline Questionnaire conducted by Pew Social & Demographic Trends adopted from (Pew Research Center, December 2011).

#### 3.5.5 Measurement Scale

In Section A, most of the questions are either in the form of nominal or ordinal scale. Then, 5 point Likert scale summated rating will be used for all items in section B to

56

section D. This is because Likert scale is not only easy and quick to construct, but also it is more reliable and provide a greater volume of data than many other scales. Moreover, it is very fast in providing more precise data which was plotted by the respondents. Then, the respondents are required to plot their answers based on the five anchors ranging from

1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly agree.

Therefore, the questionnaires are distributed randomly to the sample respondents, who shop at shopping malls, in order to get their general intention to spend by using credit card debt as well as determine their attitude on credit card practices and optimistic, and spending habits and materialism influence their intention to spend using credit card debt. Consequently, during the time the researcher approach them, the researcher will clarify the purpose of this study, telling them their participation in this survey is voluntary and explaining thoroughly the layout and questions of this questionnaire. Generally, the research would like to control the response rate by checking the filled questionnaire on the spot and try to ask the respondents to fill the incomplete questionnaire again, unless the respondents do not want to fill in anymore, then the researcher would treat that questionnaire as incompletely filled.

## **3.6 Data Analysis**

Data analysis is one of the vital processes in a research study because it is a process of collecting data that would be used in analysis to obtain accurate and reliable information for the study. Consequently, the data has always been accessed by applying the appropriate statistical tests to determine the outcome and overall conclusion of the findings. Then, all the data collected from the respondents will be
analysed by using the Scientific Package for Social Sciences (SPSS), version 19 to access the nature of the data and develop a profile of the respondents with these few methods, namely the descriptive analysis, reliability test, factor analysis, one-way ANOVA, and the Pearson Correlation.

#### **3.6.1** Descriptive Analysis

After some of the value or scores on some of the variables are collected, the researcher needs to interpret the scores. This information and the process by which the information is obtained are referred to as descriptive statistics (Wiersma, 1991). Descriptive statistics also enable the researcher to explain the data with numerical indices, organize, and reduce the large number of observation (Fraenkel & Wallen, 1993). Besides, it is also described as the procedures to organize and summarize the data to communicate and interpret the important characteristics of a sample (Heiman, 1992). Later, cross tabulation test will be used to compare data from demographic factors toward the usage intention of credit card.

#### 3.6.2 Mean

The method mean will be used to interpret the part D in this study. This is because certain characteristics of a continuous variable within certain categories are explored through the usage of mean (George & Mallery, 2003). So, mean is obtained through summing all the elements in a set and divided by the number of elements in the categories. It is commonly known as the average and the most obvious measure of location, including the measurement of the central tendency of the respondents' answers.

#### 3.6.3 Reliability Test

The most popular internal consistency reliability estimate was given by Cronbach's alpha. Coefficient alpha is an internal consistency index designed for the testing the containing items that have no right answer. It is also concerns with estimation of degree to which a measurement of random or unstable error (Cooper & Schindler, 2008). The reliability test on the instrument is referred to the Cronbach's alpha (Fraenkel & Wallen, 1993), which stated that it helps to check the inconsistency of an instrument. The value of Cronbach's alpha equal to 0.7 and near positive one indicates items are homogenous and measuring the same construct. However, the alpha value of 0.5 would be deemed the lower value of acceptability. Thus, we will use Cronbach's alpha to test our instrument reliability and validity.

#### **3.6.4** Factor Analysis

Factor Analysis is always related to reduce the variable to a manageable amount that belong together and have overlapping measurement characteristics. Moreover, it is a general term for several specific computational techniques, but normally they all have the same objective, which is reducing the variables or number of questions into a manageable number of variable that belong together and have overlapping measurement characteristic (Cooper & Schindler, 2008). In other words, it is used to find the underlying variables or factors among the observed variables and then identify the level of importance for the questionnaire, where the most influencing independent and dependent variables can be identified by extracting from the questionnaire. Then, categorize them into components ranking from the most important to the least important. The further explanation of factor analysis will be discussed later on in chapter 4.

Generally, this test is to detect the patterns in latent variables, discovers new concepts, and reduces data. In this study, reduce data is the focal point than other objectives because the selected data that represent each component is very useful in testing their relationship between IV variable and DV variable later on by using principle components analysis or rotated component matrix. It is used to extract and group the questions in each section in the questionnaire to a descending manner or ranked it from the most important component to the least. In other words, these combinations of variables, called factors, account for the variance in the data as a whole. The best combination makes up the first principal component and is the first factor. The second principal component is defined as the best linear combination of variables for explaining the variance not accounted for by the first factor. In turn, there may be third or *k*th component until all the variance is accounted for.

Interpretive adjectives for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy are: in the (>0.90) as marvelous, in the (>0.80) as meritorious, in the (>0.70) as middling, in the (>0.60) as mediocre, in the (>0.50) is as miserable, and below 0.50 as unacceptable. KMO Measure of Sampling Adequacy test is utilized as a tool to measure sampling adequacy, where the index is ranged from 0 to 1. The index is reaching 1 when each variable is perfectly predicted without error by the other variables.

In addition, we can also see the correlation coefficient between the factor and the variable, so called the loadings. Moreover, we can also see that the Eigenvalues, the sum of variances of the factors or defined as the ratio of the variance accounted for and explained by component (Armstrong and Soelberg, 1994), is in the table as well. Attempting to secure a less ambiguous condition between factors and variables, we can use the rotation to fix it. Consequently, if there are more than two components in each section, a rotation component matrix will be computed.

#### 3.6.5 Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) is the statistical method for testing the null hypothesis that the means of several populations are equal. To use ANOVA, certain condition must be met. For instance, the sample must be randomly selected from normal populations, and the populations should have equal variances. In addition, the distance from one value to its group's mean should be independent of the distances of other values to that mean (independence error). ANOVA is reasonably robust and minor variations from normality and equal variance so that computation of distances of the individual data points from their own mean or from the grand mean can be summed. Generally, it is used by the researcher to compare means of one single dependent variable with several groups or levels of independent variables in which it will measure the effect of the independent variables combined with error variance. Besides, it is used to compare the sample means to see whether there is a difference in the man score of the different variables (George & Mallery, 2003). The F ratio in analysis of variance (ANOVA) is the ratio of between-groups variance to within groups' variance where a significant F-ratio indicates that the population means is unequal (George & Mallery, 2003). Again, the thorough explanation of ANOVA will be discussed further in chapter 4.

#### **3.6.6 Multiple Regression Model**

Multiple Regression Model is an analysis of association in which the effects of two or more independent variables on a single, interval-scaled dependent variable are investigated simultaneously (Zikmund, Babin, Carr, & Griffin, 2010). In other words, it is an extension of simple regression analysis, allowing a metric dependent variable to be predicted by multiple independent variables. Thus, the simple regression equation can be expanded to represent multiple regression analysis as follow.

$$Y_i = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \dots + b_n X_n + e_n$$

In this study, we would form a multiple regression model in which dependent variable predictions  $(\hat{Y})$  are made by adjusting the constant  $(b_0)$ , that would be equal to the mean if all slope coefficients are 0 based on the slope coefficients associated with each independent variable  $(b_1, b_2, ..., b_n)$ . However, when the actual regression model is illustrated as an explanation of the actual dependent variable in a population, then  $Y_i$  is used and an error term (e<sub>i</sub>) is included because the sample parameters cannot be expected the actual value of the dependent variable in the population. Thus, when we use a regression equation to represent its ability to predict sample values of the dependent variable from the estimated parameter coefficients, predictor  $(\hat{Y})$  can explain the influence of independent variables toward the dependent variable; thus, it can be used to represent predicted values of the sample.

#### **3.6.7** Hypothesis Statement

Hypothesis testing is conducted to determine the accuracy of hypothesis due to the fact that a sample of data is collected, not a census (Cooper & Schindler, 2008). Then, we evaluate the accuracy of hypothesis by determining the statistical likelihood that the data reveals true differences-not random sampling error. We also evaluate the importance of a statistically significant difference by weighting the practical significance of any changes that we measure. There are two forms of hypothesis testing, and the classical statistics will be the approach that researcher used in this study. Classical statistics represents an objective view of the probability in which the

decision making tests totally on an analysis of available sampling data. Then, a hypothesis is established; it is rejected or fails to be rejected, based on the sample data collected.

#### 3.7 Empirical Model of the Study

Perceptual mapping is widely used in marketing to analyse market structure, design new products, and develop advertising strategies. It had been proven to be able represents theoretical arguments and empirical evidence, which suggest that factor analysis is superior to discriminant analysis and similarity scaling with respect to predictive ability, managerial interpretability, and ease of use. Therefore, in this report it is merely identifying relationship between the independent variables and dependent variable.

#### 3.7.1 The Conceptual Model: Overall Model of Consumer Behaviour

The conceptual model that will be used is reviewed in order to capture the general structure and process of consumer behaviour.

#### Figure 1 Conceptual Model: Overall Model of Consumer Behaviour



The field of consumer behaviour is always refers as the study of how an individuals, groups, or organizations and the processes they use to select, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It is nothing special but study on how they would buy a product and why they buy it. However, nowadays it is a very useful tools to understand a segment market, which is focused on more narrowly on the buyer and the immediate antecedents and consequences of the purchasing process. The conceptual model that will be used and reviewed in order is to capture the general structure and process of young Malaysian consumption behaviour.

From the conceptual model, it has illustrated that consumer behaviour can break down into four interrelated parts. External and internal influences affect the consumer's self-concept and lifestyle which, in turn, affects consumers' decision process. External influences includes culture, reference groups, demographics, and marketing activities. However, internal influences include perception, emotions, attitudes, and personality. Self-concept is totality of an individual's thoughts and feelings about him- or herself. External and internal factors operate to influence selfconcept and lifestyle that in turn, influence the decision making process.

This model does not contain sufficient detail to predict particular behaviour, but it does reflect our beliefs about the general nature of consumer behaviour. In general, it helps individuals to develop self-concepts (their view of themselves) and subsequent lifestyles (how they live) based on a variety of internal (mainly psychological and physical) and external (mainly sociological and demographic) influences. These self-concepts and lifestyles produce needs and desires, many of which require consumption decisions to satisfy. As individuals encounter relevant situations, the consumer decision process is activated. This process and the experiences and acquisitions it produces in turn influence the consumers' self-concept and lifestyle by affecting their internal and external characteristics.

In summary, this conceptual model (Figure 1.0) will be adopted in this study to identify external and internal influences towards cardholders' intention to use credit card. Thus, the research framework for this study is formed in the following section by modifying the Conceptual Model.

#### **3.7.2 Research Framework**



Figure 2Research Framework for the Study

Figure 2 shows the research framework that will be used in this study, which is modify from the conceptual model (see Chapter 3.7.1). There were three main focus on the framework, namely internal influence, external influences, and intentions to use credit card can be divided into two groups, namely independent variables, and dependent variable. Subsequently, this research framework will be used as a guideline in developing hypothesis testing between each independent variables and dependent variable.

#### 3.8 The Development of Hypothesis

Hypothesis are formulated as follow.

 $H_{01}$ : There is significant differences between perceptions among each generation on credit and usage intentions of credit card.

 $H_{02}$ : There is a significant relationship between card ownership and usage intention of credit card.

 $H_{03}$ : There is significant relationship between respondents' credit card payment practices and usage intention of credit card.

 $H_{04}$ : There is significant relationship between respondents' perceptions on credit and their credit card payment practices.

 $H_{05}$ : There is significant difference between respondents' generation and credit card payment practices.

 $H_{06}$ : There is a significant relationship between compulsive buying habits and usage intention of credit card.

 $H_{07}$ : There is a significant relationship between shopping list and compulsive spending habits.

 $H_{08}$ : There is a significant relationship between respondents' generation on fashion consciousness and compulsive buying habits.

 $H_{09}$ : There is a significant relationship between materialism and compulsive buying habits.

67

H<sub>10</sub>: There is a significant relationship between materialism and credit overuse.

 $H_{11}$ : There is a significant relationship between materialism with the usage intention of credit card from the perspective of generation.

 $H_{12}$ : There is a significant relationship between optimistic and usage intention of credit card.

#### **3.9 Summary of Chapter**

In summary, after we have highlighted the methodology, in the following chapter, we will analyse and discuss on the data collected from respondents. We will use reliability test, factor analysis, One-Way ANNOVA, Pearson Correlation, Post Hoc Test, and Multiple Regression Model to analyse relationship between variables. The analytical of this study will focus on generations' perception on credit, credit card payment practices, planned purchase, credit overuse, compulsive spending, materialism, and optimistic variable that would influence the intentions of the respondents to use credit cards.

#### CHAPTER 4.0 EMPIRICAL RESULTS AND DISCUSSION

#### 4.1 Introduction of Chapter

This chapter will mainly discuss on the data we have collected from the instruments. After computed analysis on the data, the results will resolve the objectives of the study (see Chapter 1.2), which its methods are based on what we have planned in Chapter 3. Each analysis tool will specifically use on each hypothesis testing in order to identify the influence of internal and external variables towards respondents' intentions to use credit card (see Chapter 3.7). Lastly, Scientific Package for Social Sciences (SPSS) version 19.0 will be used for interpreting data.

#### 4.2 Feedback from Respondents

Questionnaires	Number of Questionnaires
Total questionnaires distributed	350
Total questionnaires collected	332
Total unreturned questionnaires	18
Total uncompleted questionnaires	12
Total Usable Questionnaires	320

Table 1Questionnaires Collected

This table summarize a total number of 350 questionnaires were distributed. However, there were only 332 questionnaires were collected, and 12 of these questionnaires were uncompleted questionnaires. Thus, there were only 320 usable questionnaires.

#### 4.3 Reliability Test

In this study, reliability test is run to measure the instruments used are reliable and able to generate valuable information such as in identifying relationship between dependent and independent variables with respect to the scale provided. Reliability test is also useful in assessing the degree of consistency between multiple measurements of a variable.

Then, cronbach's coefficient alpha is tested on the reliability of the instruments variables in each section. Section C1: Credit card practices, Section C2: The influence of optimistic, Section D1: The influence of spending habits, and Section D2: The influence of materialism on credit card spending (see Appendix A) on the table below.

Table 2Reliability Statistics

Reliability Coefficient	Ν	Value
Cronbach's Alpha	35	0.908

Table above shows the result of reliability test of this study. Cronbach's Alpha value is 0.908 for 35 variables in each section mentioned above. This result justified that the instruments for this study has 90.8 per cent of reliability to generate consistent information, which we can confidently justify that the primary data collected using this instrument are reliable and suitable for performing analysis.

#### 4.4 Factor Analysis

Generally, Factor Analysis is used to determine the influencing independent and dependent variables by extracting the questionnaire and grouping them into components that are ranked from the most important to the least important. Thus, data that containing many variables can be reduced to a lesser number of variables because by using the factor analysis, variables with similar characteristic are grouped together (Cooper and Schindler, 2006). Then, the duplicated or highly correlated items can be reduced to a manageable amount. For more details, please refer back to (chapter 3.6.4).

Rank	Section	KMO Measure of Sampling Adequacy	Bartlett's Test of Sphericity	<i>p</i> -value
1	Section B: Intention to use credit card	0.878	1872.180	0.000
2	Section D2: The influence of materialism	0.854	1078.001	0.000
3	Section D1: The influence of spending habits	0.783	1262.764	0.000
3	Section C2: The influence of optimistic	0.696	626.606	0.000
4	Section C1: Credit card practices	0.547	318.175	0.000

#### 4.4.1 Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

Table 3KMO and Bartlett's T	ſest
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From the table above, we can see that each section is sorted from most important to the less by using the KMO analysis. The influence of materialism were found to be the most influential factor towards respondents' intentions to use credit card in which its KMO value is 0.854. Then, it is followed by spending habits (KMO=0.783), optimistic (KMO=0.696), and credit card practices (KMO=0.547), showing that all of the KMO value is more than 0.5. Thus, we can conclude that at KMO value of 0.5, each factor of the section have achieved its satisfactory level. So, we can use these questions to represent its section to be tested again in hypothesis testing later on.

#### 4.4.2 Factor Analysis – Intentions to Use Credit Card

#### Table 4 Credit Card Usage Intention (Principal Component Matrix)

KMO Measure of Sampling Adequacy	Value
КМО	0.878
Degree of freedom (df)	21
Significant	0.000
Extraction Sums of Squared Loadings	
Variance 1	67.187%
Total Variance Explained	67.187%

Component 1E: Intention to Use Credit Card	Loadings
Q3. I will use credit card debt to spend.	0.906
Q1. I will probably use credit card debt to spend.	0.902
Q2. I plan to use credit card debt to spend.	0.895
Q5. I cannot wait to spend using credit card debt again.	0.764
Q4. I have used credit card debt three months ago to spend.	0.762
Q6. Spend using credit card debt is normal way of life.	0.751
Q7. I am willing to spend using credit debt to buy things that I could	0.733
not afford.	

From Table 4, factor analysis has extracting Section B: The Intention to Use Credit Card into Principal Component Matrix, since there is only one component with Eigenvalues more than 1. The loadings factor were sorted descending from the most highest to the lowest. This result indicates that Q1 scored the highest loadings (loading factor of 0.906) in Section B; so, it will represent dependent variable: the intention to use credit card. Thus, Q1 will be tested again independent variables, such as materialism, credit card usage, payment practices, compulsive buying, and optimistic.

#### 4.4.3 Factor Analysis – Materialism Variable

Table 5         Influence of Materialism (Principal Component Matu
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KMO Measure of Sampling Adequacy	Value
КМО	0.854
Degree of freedom (df)	15
Significant	0.000
Extraction Sums of Squared Loadings	
Variance 1	65.153%
Total Variance Explained	65.153%
Component 1A: Influence of Materialism	Loadings
Q3. I often own things to impress others.	0.853
Q4. I emphasis on the amount of material objects people own as a sign of success	0.841
Q5. I believe that money is the ultimate symbol of success.	0.823
Q1. I like a lot of luxury in my life.	0.797
Q2. I like to receive expensive goods.	0.794
Q6. I use money to influence others to do things for me.	0.724

From the table above, it shows the result of factor analysis (Principal Component Matrix) for Section D2: The influence of Materialism, in which its Component 1A was extracted with Eigenvalues more than 1. Again, the values of loadings are sorted from the most important to the least in Component 1A. So, Component 1A is able to explain variance of 62.417 per cent, which was more than the benchmark of 50 per cent, considering as satisfactory. In Component 1A, Q3 is the highest loadings factor; thus, it will represent the materialism variable to be tested on compulsive spending, credit overuse, and credit card usage intention in hypothesis testing.

#### 4.4.4 Factor Analysis – Respondents' Spending Habits

KMO Measure of Sampling Adequacy	Value
КМО	0.783
Degree of freedom (df)	36
Significant	0.000
Rotation Sums of Squared Loadings	
Variance 1	42.656%
Variance 2	19.028%
Variance 3	12.720%
Total Variance Explained	74.404%
Component 1B: Fashion Consciousness	Loadings
Q2. I am aware of fashion trends and want to be one of the first to	0.846
try them.	
Q4. I spend a lot of money on clothes and accessories.	0.802
Q8. I often ended up spending more money than initially planned.	0.753
Q3. I am confident in my ability to recognize fashion trends.	0.739
Q1. It is important for me to be a fashion leader.	0.721
Q9. If I have money at the end of the month, I will spend it all.	0.622
Component 2B: Pre-planned Purchase	
Q5. I usually buy only what is on my shopping list	0.829
Q6. I tend to buy thing if I really like it.	0.689
Component 3B: Compulsive Spending Habits	
Q7. After I make a compulsive purchase I feel regret.	0.633

Table 6	The influence of Spending Habits (Rotated Component Matrix)
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From table above, it shows the result of factor analysis (Rotated Component Matrix)

for Section D1: The influence of Spending Habits, which consist of three components were extracted since its Eigenvalues value more than 1. These components are Component 1B, 2B, and 3B holding variance of 42.656 per cent, 19.028 per cent, and 12.720 per cent respectively, which would be able to explain a total variance of 74.404 per cent, meaning that 25.809 per cent of variance could be justified by other components.

Subsequently, Q2 in Component 1B: Fashion Consciousness with highest loadings of 0.846 will represent respondents' fashion interest in recognising fashion trend and want to first to try them. Thus, this question will be tested on respondents' credit card usage intention to identify whether respondents' optimistic would influence their intention on credit card spending. Then, we can also see that Q5 in Component 2B: Pre-planned Purchase scored the highest with its loadings value of 0.829; and thus, it will represent respondents' spending habit to identify whether shopping list would influence respondents to be a compulsive spenders and lead their credit card usage intention. Lastly, Q7 in Component 3B: Compulsive Spending Habits scored the highest loadings of 0.633. Subsequently, it will be used to represent respondents' compulsive spending habits in identifying its relationship with preplanned purchase, fashion consciousness, materialism, and credit card usage intention.

#### 4.4.5 Factor Analysis – Optimistic Variable

 Table 7
 The Influence of Optimistic (Rotated Component Matrix)

KMO Measure of Sampling Adequacy	Value
КМО	0.696
Degree of freedom (df)	15
Significant	0.000
Rotation Sums of Squared Loadings	
Variance 1	46.487%
Variance 2	19.231%
Total Variance Explained	65.718%
Component 1C: Optimistic	Loadings
Q4. When I think about my prospects for the future, I tend to be	0.864
more optimistic that I will be able to achieve my goals.	
Q3. I think I will be able to earn enough money in the future to lead	0.835

the kind of life I want.	
Q2. I earn enough money to lead the kind of life I want.	0.693
Q5. I tend to live for today and let tomorrow take care of itself.	0.626
Q1. I very happy with my current life.	0.446
Component 2C: Perception on Saving	
Q6. I find it more satisfying to spend money than to save it for the	0.673
long term.	

From table above, it shows the result of factor analysis (Rotated Component Matrix) for Section C2: The influence of Optimistic. Since, there were two components Eigenvalues more than 1; and thus, Component 1C and Component 2C was extracted. Then, Component 1C and Component 2C is holding variance of 46.487 per cent and 19.231 per cent respectively, which are able to explain total variance of 65.718 per cent, meaning that there are 34.282 per cent of variance could be justified by other components.

Subsequently, Q4 in Component 1C: Optimistic with highest loadings of 0.864 will represent respondents' optimistic towards their future prospects and achieve their goals to be tested against respondents' credit card usage intention. Subsequently, Q6 in Component 2C: Perception on saving is the highest loadings with 0.673 which will represent respondents' perception on saving. Then, these questions with highest loading factor in each component will be used in hypothesis testing.

#### 4.4.6 Factor Analysis – Respondents' Credit Card Practices

KMO Measure of Sampling Adequacy	Value
КМО	0.547
Degree of freedom (df)	21
Significant	0.000
Rotation Sums of Squared Loadings	
Variance 1	28.939%
Variance 2	21.251%
Variance 3	14.840%
Total Variance	65.030%
<b>Component 1D: Credit Card Practices</b>	Loadings

	Table 8	Influence of	<b>Credit Card</b>	Practices	(Rotated	<b>Component Ma</b>	trix)
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From table above, it shows the result of factor analysis (Rotated Component Matrix) for Section D2: The influence of Credit Card Practices, which have three components were extracted since their Eigenvalues value is more than 1. Consequently, these components are Component 1D, 2D, and 3D that hold a variance of 28.939 per cent, 21.251 per cent, and 14.840 per cent respectively, which is able to explain total variance of 65.030 per cent, meaning that there are 34.970 per cent of variance could be justified by other components.

Then, Q4 in Component 1D: Credit Card Practices with the highest loadings of 0.672 will denote respondents' credit card practices. Also, Q2 in Component 2D: Credit Card Payment Practices are holding the highest loadings of 0.772; and thus, it will represent respondents' payment habits when using credit card. Subsequently, Q7 in Component 3D: Use Credit with highest loadings of 0.768 will represent respondents' take cash advance on credit card. Since Component 2D: Credit card payment practices is our independent variable, we would use Q2 to identify whether credit cardholders with different generation would delinquent in making their credit card payment practice. Consequently, it will identify its relationship with perception on credit, credit card usage intention, and also generations.

#### 4.4.7 Summaries of the Determinant of Loadings for Each Component

#### Table 9 Summaries of Factor Analysis – Intention to Use Credit Card

Dependent Variables	Loadings
Component 1E: Intention to use credit card	
Q3. I will use credit card debt to spend.	0.906
Independent Variables	
Component 1A: Materialism	
Q3. I often own things to impress others.	0.853
Component 1B: Fashion Consciousness	
Q2. I am aware of fashion trends and want to be one of the first to try them.	0.846
Component 2B: Spending habits	
Q5. I usually buy only what is on my shopping list.	0.829
Component 3B: Compulsive Spending Habits	
Q7. After I make an impulse purchase I feel regret.	0.796
Component 1C: Optimistic	
Q4. When I think about my prospects for the future, I tend to be more	0.867
optimistic that I will be able to achieve my goals.	
Component 2C: Perception on Saving	
Q6. I find it more satisfying to spend money than to save it for the long term.	0.673
Component 1D: Credit Card Practices	
Q4. I have taken too many credit card debts.	0.672
Component 2D: Credit Card Payment Practices	
Q6. I rarely spend over my available credit limit.	0.772
Component 3D: Use Credit	
Q3. I take the cash advance on my credit card.	0.768

Table above showed the summary of factor analysis for each section into each component. Each question in each component will be an importance factor to identify its relationship towards control variables, independent variables and dependent variable. This result has illustrated the most important independent variables and dependent variable that can be formed for the use of this study. Therefore, in the following section, these variables will be used hereinafter.

#### 4.5 Hypothesis Testing

#### 4.5.1 One-Way ANOVA Analysis

One-Way ANOVA is used to see if there is significant differences between the socioeconomic variables: gender, age group, education level, occupation, and monthly income; and its dependent variable: respondents' intentions to use credit card. Demographic variables are age group (referred as generation), education levels, occupation, and monthly income as control variables.

Table 10Differences between Socio-economic Variables and Intention to<br/>Use Credit Card

Dependent Variable (3): I will use credit card debt.			
Demographic Variables	<b>F-value</b>	<i>p</i> -value	
Gender	0.774	0.379	
Age group (referred as Generations)	4.109	0.017	
Education levels	13.657	0.000	
Occupations	2.707	0.045	
Monthly income	18.134	0.000	

Table above showed the result of One-Way ANNOVA analysis between socioeconomic variables and intentions to use credit card. From the table above, we can see that there are significant differences between socio-economic variables: education levels and monthly income towards respondents' intentions to use credit card with significant value of 0.000, which is significant level at 0.1 per cent. In addition, socio-economic variable: age group and occupation variable with p-value of 0.017 and 0.045 respectively, which significant level less than 0.05. However, socioeconomic variables: gender with p-value of 0.379, which is significant level is more than 0.05. Thus, we can conclude that there are significant differences between socioeconomic variables: age groups, education levels, occupations, and monthly income towards respondents' intentions to use credit card; however, it has found to be insignificant for socio-economic variable: gender.

### 4.5.1.1 Perception on Credit and Credit Card Usage Intentions (Hypothesis Testing, H<sub>01</sub>)

 $H_{01}$ : There is significant differences between perceptions among each generation on credit and usage intentions of credit card.

 Table 11
 Perception on Credit and Intention to Use Credit Card

Dependent Variable (3): I will use credit card.			
Perception on credit card	F	<i>p</i> -value	
Q6. Spend using credit card debt is normal way of life.	35.310	0.000	

Table 11 showed the One-way ANNOVA analysis of respondents' perceptions on credit card debt is normal way of life and their intentions to use credit card. This results showed differences between respondents' perceptions on credit card towards their credit card usage intention in which the F value is 35.310 and p-value is 0.000, which significant level is less than 0.001 per cent. This results suggested that we have sufficient evidence to accept the null hypothesis,  $H_{01}$ ; thus,  $H_{01}$  is accepted. We can also conclude that at 0.1 per cent significant level, there is a significant differences between perceptions on credit card and their intentions to use credit card. Even though, we have identified differences in their perceptions on credit, but we do not know which generations it refers to. Thus, in table below, we have computed comparison between the mean of "spending using credit card debt is normal way of life" and intentions to use credit card.

	Q6. Spend using credit card debt is normal way of life.	Q3. I will use credit card debt.
	Mean	Mean
Generation Z	2.55	1.73
Generation Y	2.75	2.31
Generation X	2.86	2.22

Table 12Comparison between Generations' Perceptions on Credit and<br/>Intentions to Use Credit Card

The above table shows the comparison means between perception on credit card and credit card usage intention. From the result, we can see that Generation X are more likely to view credit card debt is normal way of life than the other generations do. Thus, their means on credit card usage intentions would expected to be higher as well. However, we can see that Generation X's intentions to use credit card scored lower

than the Generation Y despite they scored highest in their perceptions on credit as normal way of life. This partially can be explained by the influence of Generation X characteristic, such as they were highly educated (Moore & Carpenter, 2008) and responsible in their spending (Hawkins & Mothersbaugh, 2013; Himmel, 2008). In addition, they are mostly self-employed professionals who embrace free agent than company loyalty would have higher income (Hawkins & Mothersbaugh, 2013; Himmel, 2008); and thus, they would use credit card as a convenience payment instrument rather than a credit instrument (Loke & Cheu, 2010). They explained that the older generation prefers to enjoy the convenience of credit card as a payment tool rather than a credit instrument.

Besides, this results also found that Generation Y scored the second higher in perception on credit and the highest in their credit card usage intention. This is rational since Generation Y holds several traits like selfish, lives for today, and spend big (Pew Research Center, December 2011). In addition, Loke & Cheu (2010) also suggests that Generation Y, who are those young adults in Malaysia, are more intended to use credit card debt as credit instruments, which is found to be consistent with our study. Thus, This would partially explain why young adults (refer to Generation Y) are tend to fall into high credit balances, credit trap, insolvency and filed for bankruptcy in a very young age.

#### 4.5.2 Pearson Correlation

## 4.5.2.1 Relationship between Credit Card Ownerships and Usage Intention of Credit Card (Hypothesis, H<sub>02</sub>)

 $H_{02}$ : There is a significant relationship between card ownership and usage intention of credit card.

 Table 13
 Credit Card Ownerships and Credit Card Usage Intention

Dependent Variable (3): I will use credit card debt.			
Credit Card Ownerships	r	<i>p</i> -value	
How many cards do you owned?	-0.098	0.081	

The table above shows the Pearson Correlation results of the two variables: credit card ownerships and intentions to use credit card. The Pearson Correlation analysis shows that the correlation coefficient between the two variables is -0.098, which is a negative linear association and with a p-value of 0.081, indicating the significant level is more than 0.05. Thus, this results imply that there is insufficient statistical evidence to reject null hypothesis,  $H_{02}$ ; thus,  $H_{02}$  is accepted. Thus, we can conclude that there is no significant relationship between credit card ownerships and intentions to use credit card.

This results is supported by the study from (Devlin, Worthington, & Gerrard, 2007) who suggested that credit cardholders' intentions to use credit card had changed, which can be varied with the type of the credit cardholders he is. Their result inferred that credit cardholders' intentions to use credit card are not limited by credit card ownerships itself, but should be viewed from the type of cardholders he is as their spending patterns are associated with main and subsidiary cards (Devlin, Worthington, & Gerrard, 2007). Generally, they are holding multiple credit cards is because of its superior discounts and promotions which are offered by the card issuers (Devlin, Worthington, & Gerrard, 2007). Consequently, this infers that their expenses are rely on the role of credit cards (Devlin, Worthington, & Gerrard, 2007; Loke & Cheu, 2010). Thus, their major expenses is not rely on one particular card only but the benefits they can attain from using the card. Thus, from this result, we would like to suggest that government policy in limiting card ownerships would not effectively control the insolvency issues in Malaysia (Radhakrishna, 2012), as it was also proven in this study.

## 4.5.2.2 Relationship between Credit Card Payment Practices and Usage Intention of Credit Card (Hypothesis Testing, H<sub>03</sub>)

 $H_{03}$ : There is significant relationship between respondents' credit card payment practices and usage intentions of credit card.

Table 14Credit Card Payment Practices and Credit Card Usage Intention

Dependent Variable (3): I will use credit card debt.			
Payment Practices	r	<i>p</i> -value	
I am seldom delinquent at making payments on credit	0.266	0.000	
cards.			

Table above shows the result of Pearson Correlation between the two variables of credit card payment practices and intentions to use credit card. This results indicates that credit cardholders' payment practices is significantly (p-value=0.000) and positive linear association (r=0.266) towards cardholders' credit card usage intention in which its significant level is less than 0.01 per cent; and thus, we have sufficient statistical evidence to accept null hypothesis,  $H_{03}$ . Thus, we can conclude that at 0.1 per cent significant level, there is significant relationship between credit cardholders' credit payment practices and intentions to use credit card. Hence, in this study, this result infers that delinquent in making credit card payment would lead to cardholder to more intend to use credit card, which is a risky and negative cardholder's behaviour.

This result can also be explained by some of cardholders, who would view credit cards as a method of saving as payment source (Gan, Maysami, & Koh, 2008), or as a credit instrument rather than convenience payment tools (Loke & Cheu, 2010). This result is consistent with (Yi, Ying, & Inseong, 2009)'s study in which they indicated that consumer delinquency rates in the credit card market are consistently higher than those in the other parts of the loan market. Thus, credit cardholders who delinquent in making their credit card payment would exhibit high tendency of credit card usage intention, which would lead to higher tendency of credit overuse, credit balance, credit trap, insolvency, and bankruptcy. Indeed, this result does not indicate respondents' perception on credit card would play a significant role in influencing their payment practices. Thus, in the following section, we would like to identify this relationship.

## 4.5.2.3 Relationship between Perceptions on Credit and Payment Practices (Hypothesis, H<sub>04</sub>)

 $H_{04}$ : There is significant relationship between respondents' perceptions on credit and their credit card payment practices.

Payment practices (Q2): I am seldom delinquent at	making paymen	ts on credit
cards.		
Perceptions on credit card	r	<i>p</i> -value
Q6. Use Credit card debt is normal way of life.	0.151	0.007

The table above shows the result of Pearson Correlation analysis between respondents' perceptions on credit card and credit card payment practices. This result indicates that there is a positive linear association (r=0.151) between two variables, with significant level (p-value=0.007), which significant level is less than 0.01; thus, we have enough statistical evidence to accept null hypothesis,  $H_{04}$ . Thus, we can conclude at 0.1 per cent significant level, there is positive linear relationship between perception on credit card and credit card payment practices. This implies respondents, who are more towards the perception on credit card as a normal way of life, would tend to delinquent in making credit card payment.

Subsequently, this finding is in line with the study of Loke & Cheu (2010) which indicated that the perceptions toward the role of credit card appears to have an

effect on respondents' monthly credit card bill payment (Loke & Cheu, 2010). Consequently, from this point of view, we learn that Generation X scored highest on their perception on credit card as normal way of life; however, we does not know which generations would be more delinquent in making credit card payment practice. Subsequently, we would like to identify whether there is a significant difference between the generations and their credit card payment practices.

## 4.5.2.4 Relationship between Generations and Credit Card Payment Practices (Hypothesis Testing, H<sub>05</sub>)

 $H_{05}$ : There is significant difference between respondents' generation and credit card payment practices.

Payment practices (Q2): I am seldom del cards.	inquent at making payme	nts on credit
Generations	F	<i>p</i> -value
Age group	29.693	0.000

 Table 16
 Generations and Credit Card Payment Practices

From the table above, we can see that the One-Way ANOVA result between credit card payment practices and generations. This result shows F value of 29.693 between the two variables with significant value of 0.000, which is less than 0.001; and thus, we have enough statistical evidence to accept null hypothesis,  $H_{05}$ . Thus, we can conclude at 0.01 per cent significant level, there is a significant difference between generations variable towards their credit card payment practices. However, this result does not infer which generation would have the greatest impact on the delinquent in making credit card payment. Thus, the further analysis is conducted as follow.

#### Table 17 Comparison between Generations and Credit Payments

## Independent Variable (Q2): I am seldom delinquent at making payments on credit cards.

Generations		Mean	Mean difference	p-value
Generation Z	Generation Y	2.68	0.816	0.019
	Generation X	3.98	-0.477	0.296
Generation Y	Generation Z	3.50	-0.441	0.019
	Generation X	3.98	0.845	0.000
Generation X	Generation Z	3.50	0.477	0.296
	Generation Y	2.68	1.293	0.000

The table above shows the Post Hoc Test for comparison between the means of each Generations and their credit card payment practices. This result shows that Generation X scored the highest mean of 3.98, indicating this generation does not delinquent in making their credit card payments. As compared to its means, we can see that Generation Y (mean=2.68) is tend to delinquent in making their credit card payment than Generation X (mean=3.98) and Generation Z (mean=3.50), explaining that younger generation cardholders are likely to delinquent in making credit card payment as compared to older generation. Consequently, our result would explain why young adults (which referred to Generation Y) in Malaysia tends to suffer high credit balances, fall into credit trap and insolvency and file for bankruptcy. As this result is also in line with Loke & Cheu (2010) which suggested that the young generation is more towards the idea of "living of life" than the older generation, which in turn they would use credit card as a credit instrument rather than enjoy the convenience of credit card as a payment tool. Since, in our study has found that significant and positive relationship between credit cardholders' payment practices towards their credit card usage intention, then this result suggests that Generation Y who tend to delinquent in making their credit card payment practices would more intend to use credit card, supporting that young adults in Malaysia have higher tendency to be fallen into excessive credit balance, credit trap and insolvency, and even bankruptcy as well.

Again, according to Loke & Cheu (2010) study also suggested that for every 10 years increase in age, the likelihood of settling the monthly credit card bill in full would increases by 1.25 times, which means the older credit cardholders appear to be more responsible than the younger credit cardholders in repaying their credit card spending. Their result is tally with our finding on Generation X (refers to adults) who are seldom delinquent in making card credit payment practices even though Generation X scores high in their perceptions on credit, yet low intentions to use credit card since they would just like to enjoy the convenient of credit card as a payment tool. This can be supported by (Regnier, 2009; Anonymous, 2009; Rosenberg, 2008) study who found that Generation X are generally more rational and so thus would be wiser in their spending and planning their financial activities. Thus, this traits may lead them to be responsible in their credit card spending rather than credit overuse or delinquent in making credit payment. Consequently, this infers that Generation X does not exhibit high tendency of holding excessive credit card balances; thus, they would be less likely fall into bankruptcy due to unable to repay their credit card debt.

## 4.5.2.5 Relationship between Compulsive Buying Habits and Usage Intention of Credit Card (Hypothesis Testing, H<sub>06</sub>)

 $H_{06}$ : There is a significant relationship between compulsive buying habits and usage intention of credit card.

Dependent Variable (3): I will use credit card debt.Compulsive Buying habitsrQ6. After I make a compulsive purchase I feel regret.0.1290.021

 Table 18
 Compulsive Buying Habits and Credit Card Usage Intention

Table above shows the result of Pearson Correlation between the two variables of compulsive buying habits and credit card usage intention. The result indicates that there is positive linear association (r=0.129) with significant value of 0.021, which significant level is less than 5 per cent; and thus, we have sufficient statistical evidence to accept null hypothesis,  $H_{06}$ . Consequently, we can conclude at 5 per cent significant level, there is a significant and positive relationship between compulsive spending habits and intentions to use credit card, implying that credit cardholders' who tends to be compulsive in their spending are more intend to use their credit card.

This results was supported by (Feinberg, 1986; O'Guinn & Faber, 1989; Roberts & Jones, 2001; Park & Burns, 2005) study, which suggests that there is a significant relationship exist between compulsive buying and their intentions to use credit card. However, this result does not tell us which generations are tend to be compulsive spenders. Thus, we would compute a Post Hoc Test between compulsive spending habits and generations.

Independent Variable (Q6): After I make a compulsive purchase I feel regret.				
Generations Mean Mean difference p-value				
Generation Z	Generation Y	2.68	0.680	0.035
	Generation X	3.58	-0.218	0.734
Generation Y	Generation Z	3.36	-0.680	0.035
	Generation X	3.58	-0.897	0.000
Generation X	Generation Z	3.36	0.218	0.734
	Generation Y	2.68	0.897	0.000

 Table 19
 Comparison between Compulsive Buying and Generations

The table above shows the result of Post Hoc Test between compulsive buying habits and generations. The result shows that Generation Y (mean=2.68) scores lowest in their means of feeling regret after make a compulsive purchase, indicating that Generation Y would tend to be a compulsive in their spending than Generation Z (mean=3.36) and Generation X (mean=3.58). This is supported by (Neuner et al., 2005) study stated that this compulsive buying tendencies have increased in the last ten years and are stronger among younger people (Dittmar, 2005); subsequently, according to Phau & Woo (2008) study that was specifically focus on young adults, has showed that compulsive buyers are more likely to perceive money as a source of power and prestige; and, they are more frequent users of credit cards and are more likely to bargain hunt. Thus, this result would indicate why Generation Y would have showed the highest tendency on compulsive buying and so have the higher intention to use credit than other generations which in turn will cause them again to fall into financial debt (Dittmar, 2005), personal bankruptcies (Roberts, 1998) and depression, anxiety, frustration, and low self-esteem (DeSarbo and Edwards, 1996).

## 4.5.2.6 Relationship between Pre-Planned Purchase and Compulsive Spending Habits (Hypothesis Testing, H<sub>07</sub>)

 $H_{07}$ : There is a significant relationship between shopping list and compulsive spending habits.

Pre-Planned Purchase (Q5): I usually buy only what is on	my shoppi	ng list.
Compulsive buying	r	<i>p</i> -value
Q6. After I make a compulsive purchase, I feel regret.	0.314	0.000
Table above shows Pearson Correlation between the two	variables of	f pre-planned
purchase and compulsive buying, indicating that there is a p	ositive line	ar association
(r=0.314) between shopping list and respondents' compulsiv	e spending l	habits with p-
value of 0.000 in which its significant level is less than 0.1	per cent; t	hus, we have
sufficient evidence to accept null hypothesis, $H_{07}$ . Hence, we	e can conclu	ide that at 0.1
per cent significant level, there is significant and positive lin	near relation	ship between
the two variables of pre-planned purchase and compulsive	e spending.	This results

 Table 20
 Pre-Planned Purchase and Compulsive Spending

implies that respondents who usually buy what on their shopping list would less likely will face compulsive spending.

This results is supported by (Shoham & Brenc<sup>\*</sup> ic<sup>\*</sup>, 2003) study which suggested that unplanned purchase was found to be a significant predictor for compulsive purchase tendencies, implying that for those consumers who make more unplanned purchases, were significantly more likely to exhibit compulsive tendencies. Therefore, this study suggested that cardholders' with planned purchases before they go for shopping would less likely to be compulsive in their credit card spending.

## 4.5.2.7 Relationship between Fashion Consciousness and Compulsive Buying Habits (Hypothesis Testing, H<sub>08</sub>)

 $H_{08}$ : There is a significant relationship between respondents' generation on fashion consciousness and compulsive buying habits.

 Table 21
 Fashion Consciousness and Compulsive Buying Habits

Fashion Consciousness (Q2): I am aware of fashion tre the first to try them.	ends and want	t to be one of
Compulsive Buying Habits	r	<i>p</i> -value
Q6. After I make a compulsive purchase I feel regret.	0.240	0.000

Table above shows the result of Pearson Correlation for the two variables of fashion consciousness and compulsive buying habits. The result indicates that there are significant positive linear association (r=0.240) between the two variables with p-value of 0.000, which significant level is less than 0.1 per cent. Thus, we have sufficient statistical evidence to accept null hypothesis,  $H_{08}$  and conclude at 0.1 per cent significant level, there is significant relationship and positive linear relationship between the two variables of fashion consciousness and compulsive buying. This result implies that respondents' fashion consciousness does positively influence cardholders' to be compulsive in their credit card spending, which is found to be

consistent to (Rindfleisch, Burroughs, & Deton, 1997; Park & Burns, 2005) study. In addition, this is partially also due to, he stated that compulsive buyers are likely to be very conscious of how they look and appear to others and to be engaged in an unceasing pursuit of things, especially clothing (Krugger, 1998). Also, this result was supported by (Joyce, Lisa, & Rathakrishnan, 2011) study suggests that image consciousness influence the compulsive spending among Malaysian college students. Since, the result show significant relationship between fashion consciousness and compulsive spending among cardholders in Malaysia; however, it does not show which generations tend to lured by fashion to be compulsive buyer. Thus, we would like to identify whether there is significant difference between generations toward fashion consciousness as well.

Table 22ANNOVA Analysis on Fashion Consciousness

Fashion Consciousness (Q2): I am aware of	fashion trends and want	to be one of
the first to try them.		
Generations	F	<i>p</i> -value
Age group	9.771	0.000

The table above shows the result of ANOVA analysis between fashion consciousness and generations. This result shows significant differences between generations and their fashion consciousness F value of 9.771 with p-value of 0.000, which significant level is less than 0.01. This is rational since each generation were found to be unique and distinct from other generations (Williams & Page, 2012). Yet, we found that Generation Y are tend to hold the traits of image-driven (Himmel, 2008), which is similar to Park & Burn (2005) which indicated that young adults are holding high tendency of fashion consciousness. However, identical results is required to prove this statement; thus, we have computed a Post Hoc Test to indicate generation's traits (fashion consciousness) do influence them to be compulsive spender.

the first to try them.				
Generations		Mean	Mean difference	p-value
Generation Z	Generation Y	2.32	0.725	0.006
	Generation X	1.98	1.069	0.000
Generation Y	Generation Z	3.05	-0.725	0.006
	Generation X	1.98	0.344	0.027
Generation X	Generation Z	3.05	-1.069	0.000
	Generation Y	2.32	-0.344	0.027

 Table 23
 Comparison between Generations towards Fashion Consciousness

Fashion Consciousness (Q2): I am aware of fashion trends and want to be one of

The table above shows the Post Hoc Test for the variables of fashion consciousness and generations. Generation Z (mean=3.05) was found to be scored highest on their fashion consciousness, which is followed by Generation Y (mean=2.32), and then Generation X (mean=1.98). Since the our result has showed significant difference between generations toward their fashion consciousness, and it does influence credit card usage intentions positively; thus, we can conclude that Generation Z's would have higher tendency to be lured by fashion consciousness in their intention to use credit card. This result is similar to Park & Burn (2005) suggested that young adults with higher tendency of fashion consciousness would lead compulsive spending.

## 4.5.2.8 Relationship between Materialism and Compulsive Buying Habits (Hypothesis Testing, H<sub>09</sub>)

H<sub>09</sub>: There is a significant relationship between materialism and compulsive buying habits.

Materialism (Q3): I often own things to impress others.			
Compulsive Buying Habits	r	<i>p</i> -value	
Q6. After I make a compulsive purchase I feel regret.	0.226	0.000	
Table above shows the Pearson Correlation of the two	variables:	materialism and	
compulsive spending. From this results, we can see that	there is sig	gnificant positive	

 Table 24
 The influence of Materialism towards Compulsive Spending

linear relationship (r=0.226) between materialism and compulsive spending with pvalue of 0.000 in which its significant level is less than 0.1 per cent, resulting in we have enough statistical evidence to accept null hypothesis,  $H_{09}$ . Thus, we can conclude that at 0.1 per cent significant level, there is significant and positive relationship between materialistic variable and compulsive spending habits. As a result, this result implies that materialism variable is significant and positively influence cardholders' to be compulsive in their spending.

This results is found to be consistent to (Xu, 2008; Joyce, Lisa, & Rathakrishnan, 2011) study, whereby he suggested that materialism influence young consumers' to be compulsive in their buying habit. Also, the previous researches explained that the materialism is significantly associated with luxury item purchase (Prendergast and Wong, 2003), conspicuous consumption (Wong, 1997), and compulsive buying because it is the identification of materialism is the strongest predictor of compulsive buying (e.g. Rindfleisch et al., 1997; Mowen and Spears, 1999; Roberts, 2000; Dittmar, 2005; Xu, 2008). However, they can be considered as holding a traits of credit overuse.

# 4.5.2.9 Relationship between Materialism and Credit Overuse (Hypothesis Testing, $H_{10}$ )

H<sub>10</sub>: There is a significant relationship between materialism and credit overuse.

Table 25Relationship between	Materialism and Credit Overuse
------------------------------	--------------------------------

Materialism (Q3): I often own things to impress others.				
Credit Overuse	r	<i>p</i> -value		
Q8. I often ended up spending more money than	0.519	0.000		
initially planned.				

Table above shows the result of Pearson Correlation between the two variables of materialism and credit overuse. Subsequently, this result indicates that there is significant positive linear relationship (r=0.519) between materialism and credit overuse with p-value of 0.000, which significant level is less than 0.1 per cent, resulting in we have sufficient statistical evidence to accept null hypothesis,  $H_{10}$ . Thus, we can conclude at 0.1 per cent significant level, the variable of materialism is significant and positively influence cardholders' credit overuse. This result is in line with previous study that had been done by (Richins, 2011), in Columbia who suggested that there is relationship between materialism and credit overuse. This results implies that materialism cardholders tend to hold traits of credit overuse, which in turn it would lead to compulsive buying habits since our study also indicate that there is significant and positive relationship between materialism and compulsive buying habits, leading to more credit debt (Dittmar, 2005), insolvency, personal bankruptcies (Roberts, 1998) and as well as negative emotion such as depression, anxiety, frustration, and low self-esteem (DeSarbo and Edwards, 1996).

## 4.5.2.10 Relationship between Materialism and Usage Intention of Credit Card (Hypothesis Testing, H<sub>11</sub>)

 $H_{11}$ : There is a significant relationship between materialism with the usage intention of credit card from the perspective of generation.

Dependent Variable (O3): I will use credit card debt			
Materialism	r	<i>p</i> -value	
Q6. I often own things to impress others.	0.307	0.000	
Table above shows the Pearson Correlation result of the t	wo variables o	f materialistic	

Table 26The influence of Materialism and Credit Card Usage Intention
positive linear relationship (r=0.307) between the two variables since p-value is 0.000, which significant level is less than 0.1 per cent; thus, we have enough statistical evidence to accept the null hypothesis,  $H_{11}$ . Consequently, we can conclude at significant level of 0.1 per cent, the variable of materialism is positively influencing cardholders' intentions to use credit card. Subsequently, our result was supported by (Devlin, Worthington, & Gerrard, 2007; Loke & Cheu, 2010) study, which found that materialism was significant and positively influences cardholders' intention to use credit debt and strong relationship between materialism and credit card use (Rindfleisch et al., 1998). Therefore, this result implies that the higher their materialistic variable, they would have higher intentions to use credit card. However, this result does not infer which generations are holding the higher traits of materialism. Thus, firstly, we would like to identify whether there is significant difference between generations towards materialism.

 Table 27
 ANNOVA Analysis on Materialism between Generations

Materialism (Q6): I often own things to impress others.		
Generations	F	<i>p</i> -value
Age group	2.158	0.117

Table above shows the result of ANNOVA analysis on Materialism among the generations. The result implies that there are insignificant difference the generations towards materialism variable since F value of 2.158 with p-value of 0.117, which significant level is more than 5 per cent. Thus, we can conclude there is insignificant difference between the generations towards materialism. This result infers that the means of materialism with respect to Generation X, Generation Y, and Generation Z are 2.15, 2.44, and 2.50, which with an average of 2.37, indicating that they are imposing low materialism's trait. Since there is positive relationship in between materialism and credit card usage intention; thus, the materialism between generations

would less likely influence their intention to use credit card as compared to their other traits like compulsive spending and fashion consciousness.

## 4.5.2.11 Relationship of Optimistic and Credit Card Usage Intentions (Hypothesis Testing, H<sub>12</sub>)

 $H_{12}$ : There is a significant relationship between optimistic and usage intention of credit card.

# Table 28The Influence of Optimistic Variable and Intentions to use Credit<br/>Card

Dependent Variable (Q3): I will use credit card debt.		
Optimistic	r	<i>p</i> -value
Q4. When I think about my prospects for the future, I	0.307	0.000
tend to be more optimistic that I will be able to achieve		
my goals.		

Table above shows the result of Pearson Correlation for two variables of optimistic and intentions to use credit card. This result indicates that there is a significant positive linear relationship (r=0.307) between respondents' view in their future prospects optimistically and their intention to use their credit card with p-value of 0.000, which significant level is less than 0.1 per cent; and thus, we have sufficient statistical evidence to accept null hypothesis,  $H_{12}$ . Thus, we can conclude at 0.1 per cent significant level, respondents' who views their prospects for their future optimistically will be more intended to use credit card. Since, there is none study being done on the variable of optimistic towards cardholders' intention to use credit card; thus, this results study is not supportive by other studies. Subsequently, we will use Post Hoc Test to identify the difference between generations toward their optimistic variable.

## Table 29ANNOVA Analysis on Optimistic between Generations

#### Optimistic (Q4): When I think about my prospects for the future, I tend to be

more optimistic that I will be able to achieve my goals.		
Generations	F	<i>p</i> -value
Age group	13.214	0.000
Table above shows the result of ANOVA analysis on	optimistic	between the
generations. The result indicates that there is significant	difference o	n optimistic
between the generations, which F value of 13.214 with p-va	alue of 0.000	. Thus, this
result infers that there is significant difference in between	generations	towards the
variable of optimistic. This is partially supported by on gene	erations traits	showed that
Generation Y and Generation Z are more optimistic (Pew	Research C	enter, 2012;
Williams & Page, 2012), but pessimistic for Generation X (M	Ioore & Carp	enter, 2008),
which these traits would play role in influencing their intenti	on to use cre	dit card. The
statistical data would be conducted as follow to make sure	the results w	ould in line
with the findings from previous study.		

Independent Variable (Q2): I am seldom delinquent at making payments on credit cards.						
Generations		Mean	Mean difference	p-value		
Generation Z	Generation Y	3.92	-0.011	0.999		
	Generation X	3.24	0.665	0.021		
Generation Y	Generation Z	3.91	0.011	0.999		
	Generation X	3.24	0.676	0.000		
Generation X	Generation Z	3.91	-0.665	0.021		
	Generation Y	3.92	-0.676	0.000		

Table 30Comparison between Generations and Credit Payments

The table above shows the Post Hoc Test on Optimistic variable between the generations. This results indicates that Generation Y (mean=3.92) and Generation Y (mean=3.91) scores highest mean on optimistic, indicating that they view more optimistically to view the future prospects than Generation X (mean=3.24) did. Thus, the result is in line with the previous study (Pew Research Center, 2012; Williams & Page, 2012), indicating that Generation Y and Z are tend to be more optimistic than Generation X (Moore & Carpenter, 2008). Despite of this, we found that there is

insignificant difference between Generation Y and Generation Z on optimistic variable, indicating that both generation Y and Z are more optimistic. As a result, since our study also showed that optimistic does positively influence credit card usage intention; consequently, it indicates that both Generations Y and Z with higher optimistic would have high tendency in their intention to use credit card than Generation X.

#### 4.5.3 Multiple Regression Model

After completed hypothesis testing, we would like to form a multiple regression model for the study based on those variables which have been tested previously in Pearson Correlation Analysis (see Chapter 4.5.2). Thus, dependent variable for this multiple regression model will be respondents' intentions to use credit card towards independent variables: perception on credit, payment practices, pre-planned purchase (shopping list), fashion consciousness, compulsive spending, materialism, and optimistic. This dependent variable predictions ( $\hat{Y}$ ) allows us to illustrate of the actual dependent variable in a population. Therefore, the results of this equation will help in explaining current credit issues happened in Malaysia as a whole (see Chapter 1 problem statement). Thus, when we use a regression equation to represent Malaysians cardholders' values of intentions to use credit card from the estimated parameter coefficients.

#### 4.5.3.1 Multiple Regression Model Summary

Table 31Multiple Regression Model<sup>b</sup> Summary

Mode l	R	R Squar e	Adjuste d R Square	Std. Erro r	R Square Chang e	F Chang e	df 1	df2	Sig. F Chang e	Durbin - Watson
1	0.617 a	0.381	0.367	1.044	0.381	27.407	7	31 2	0.000	1.780

Note: a. Predictors: (Constant), Q4.When I think about my prospects for the future, I tend to be more optimistic that I will be able to achieve my goals., Q5.I usually buy only what is on my shopping list. , Q6.Use credit card debt is normal way of life., Q2.I am seldom delinquent at making payments on credit cards. , Q2.I am aware of fashion trends and want to be one of the first to try them., Q7.After I make an impulse purchase I feel regret., Q3.I often own things to impress others. b. Dependent Variable: Q3.I will use credit card debt.

The summary of table above describes the value of R and R<sup>2</sup> for the multiple regression model for this study. Model 1 was produced by using Model fit option in SPSS, whereby it refers to the hierarchy when independent variables: optimistic, preplanned purchase (shopping list), perception on credit, payment practices, fashion consciousness, compulsive spending, and materialism act as predictors for dependent variable: intentions to use credit card ( $\hat{Y}$ ).

In Model 1, the value of R is equal to 0.617, representing the multiple correlation between independent variables: optimistic, pre-planned purchase (shopping list), perception on credit, payment practices, fashion consciousness, compulsive spending, and materialism; and its dependent variable: intentions to use credit card. The value of  $R^2$  is 0.381, which indicates us that those independent variables account for 38.1 per cent of the variation in predicting respondents' intentions to use credit card. This means that these independent variables are able to explain approximately 40 per cent of variations in dependent variable, indicating approximately 60 per cent of variations in their intentions to use credit card can be explained by other variables.

#### 4.5.3.2 ANNOVA for Multiple Regression Model

Table 32	ANNOVA	Analysis for	Multiple	Regression	Model
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	Sum of Squares	df	Mean Square	F	P-value
Regression	209.037	7	29.862	27.407	$0.000^{a}$
Residual	339.950	312	1.090		
Total	548.988	319			

Note: a. Predictors: (Constant), 4.When I think about my prospects for the future, I tend to be more optimistic that I will be able to achieve my goals., 5.I usually buy only what is on my shopping list., 6.Use credit card debt is normal way of life., 2.I am seldom delinquent at making payments on credit cards., 2.I am aware of fashion trends and want to be one of the first to try them., 7.After I make an impulse purchase I feel regret., 3.I often own things to impress others. b. Dependent Variable: 3.I will use credit card debt.

The summary of the table above shows the various sums of squares and the degrees of freedom is associated with each. The F-ratio is equal to 27.407 and its significant level is 0.000, inferring that is less than 0.1 per cent of chance that this large F-ratio would happen. Thus, we can conclude that at 0.1 per cent significant level, this regression model's result will show significant and a better prediction of respondents' intentions to use credit card than if we used its mean value. As a result, the regression model overall predicts respondents' intention to use credit card significantly well.

#### 4.5.3.3 Coefficient of Multiple Regression Model

Intentions to use credit card $(\hat{Y})$	<b>b</b> ( <b>b</b> <sub>n</sub> )	Std. Error	t	P-value	VIF
Constant	1.080	0.293	3.685	0.000	
Perception on Credit $(X_1)$	0.521	0.050	10.360	0.000	1.322
Payment Practices (X <sub>2</sub> )	-0.173	0.043	-4.048	0.000	1.135
Fashion Consciousness (X <sub>3</sub> )	0.189	0.066	2.853	0.005	1.461
Materialism $(X_4)$	0.161	0.065	2.474	0.014	1.590
Optimistic (X <sub>5</sub> )	-0.140	0.061	-2.276	0.023	1.287
Compulsive Spending $(X_6)$	-0.097	0.053	-1.844	0.066	1.327
Pre-planned Purchase (X <sub>7</sub> ) (Shopping List)	0.074	0.050	1.497	0.135	1.265

Table 33Coefficient of Multiple Regression Model<sup>b</sup>

The table above shows result of coefficient of the regression model in predicting respondents' intentions to use credit card in which the predictors are perception on credit as normal way of life (X<sub>1</sub>), credit card payment practices (X<sub>2</sub>), fashion consciousness (X<sub>3</sub>), materialism variable (X<sub>4</sub>), optimistic variable (X<sub>5</sub>), compulsive spending habits (X<sub>6</sub>) and pre-planned purchase (X<sub>7</sub>), while the  $b_n$  values indicate the influence of each predictor to the model. Then, the t-tests in this analysis is associated with a b-value to identify the predictor is making a significant contribution to the model in which its significant values should be at least less than 5 per cent.

Generally, the smaller the value of p-value, the greater the contribution would be for the predictor. Thus, we can identify the predictors: perception on credit, t(320)=10.360, p<0.001, and payment practices, t(320)=-4.048, p<0.001, are all significant predictors at 0.1 per cent significant level. The predictor: fashion consciousness, t(320)=2.853, p<0.01, are significant predictor at 1 per cent significant level. The predictors: materialism, t(320)=2.474, p<0.05, and optimistic, t(320)=-2.276, p<0.05, are all significant predictors at 5 per cent. However, for the predictors: compulsive spending t(320)=-1.844, p>0.05, and pre-planned purchase t(320)=1.497, p>0.05, are insignificant predictors in predicting the respondents' intentions to use credit card; thus, both of these predictors will be eliminated. Hence, by replacing the  $b_n$  values with significant contribution to the regression model, the specific model for the study is formulated as below to define respondents' intentions to use credit card.

## $\hat{Y}_i = 1.080 + 0.521X_1 - 0.173X_2 + 0.189X_3 + 0.161X_4 - 0.140X_5$

From the multiple regression model  $(\hat{Y}_i)$ , we can see positive relationship between intentions to use credit card and predictors: perception on credit, fashion consciousness, and materialism. It's also show negative relationship between intentions to use credit card and predictors: payment practices, and optimistic.

Therefore, based on the finding of perceptions on credit ( $b_1$ =0.521, p-value=0.000), we can indicate that as perception on credit increased by one unit, intentions to use credit card will increase by 0.521 units. Thus, for every 100 per cent increased in perception on credit, an extra 52.1 per cent will increase in respondents' intention to use credit card.

As for the Payment Practices ( $b_2$ =-0.173, p-value=0.000): This value indicates that as credit cardholders' reduce delinquent in making payment by one unit, intentions to use credit card will reduce by 0.173 units, indicating that for every 100

per cent reduce in delaying paid back their credit card balance, it will help in reducing 17.3 per cent of respondents' intentions to use credit card.

Then, for Fashion consciousness ( $b_3=0.189$ , p-value=0.005): This value indicates that for every one unit increased in fashion consciousness, it increases the intentions to use credit card by 0.189 units. This tells us that for every 100 per cent increase in fashion consciousness, it will increase the respondents' intentions to use credit card by 18.9 per cent.

Next, for Materialism ( $b_4$ =0.161, p-value=0.014): This value indicates that for every one unit increase in materialism, it increases the intentions to use credit card by 0.161 units. This indicates that for every 100 per cent increase in materialism, it will increase the respondents' intentions to use credit card by 16.1 per cent.

Lastly, for the Optimistic ( $b_5$ =-0.140, p-value=0.023): This value indicates that as credit cardholders' reduce their perception on optimistic by one unit, intentions to use credit card will be reduced by 0.140 units, indicating that for every 100 per cent reduce in perception on optimistic, it will help in reducing 14.0 per cent of respondents' intentions to use credit card.

#### 4.6 Summary of Chapter

In short, in our study, the findings indicate that there is significant differences between socio-economics variables: age group, education levels, occupations, and monthly income towards intentions to use credit card; however, insignificant difference between socio-economic variable: gender.

Then, we found that there is significant and positive relationship between the variables of perception on credit, intentions to use credit, and Generations towards

credit card payment practices. There is also significant and positive relationship between the variables of pre-planned purchase, fashion consciousness, intentions to use credit, and materialism towards compulsive spending habits. Also, materialistic variable was found to be significantly influence credit overuse, compulsive spending and also towards cardholders' intentions to use credit card.

Last but not least, optimistic variable: prospects for their future will be more intended to use credit card. However, we also found insignificant relationship between credit card ownership and intentions to use credit card. Hence, we can conclude that variables of perception on credit, credit payment practices, credit overuse, compulsive spending, materialism, and optimistic has significantly influence respondents' intentions to credit card. This can be further explained by using the regression model of this study, which able to explain 40 per cent of the variations in respondents' intentions to use credit card.

### CHAPTER 5.0 CONCLUSION

#### 5.1 Introduction of Chapter

This chapter is discussing the summary of the study on cardholders' intentions to use credit card, whereby its independent variables are: perceptions on credit as normal way of life, credit card payment practices, pre-planned purchase (shopping list), fashion consciousness, compulsive spending habits, materialistic variable and optimistic variable in Kuching area. It further outlines the implications of the study and points out recommendations to the academic study, policy makers, and credit card issuers as well as credit cardholders himself.

#### 5.2 Summary of the Study

Generally, from our study, we found that there are significant differences between socio-economic variables: age group, education levels, occupations, and monthly income towards respondents' intentions to use credit card; however, it has been found to be no significant differences for socio-economic variable: gender. This result is supported by (Chien & Deavaney, 2001; Joyce, Lisa, & Rathakrishnan, 2010) study who suggested that there are significant differences between demographic variables: education, occupations, and income towards attitude to use credit card. It is also found to be consistent with (Jusoh & Lin, April 2012) study, which suggests insignificant differences between demographic variables: gender and marital status on financial awareness towards attitude to debt.

Previously, we have discussed several steps that have been taken by the government in tackling the insolvency issue. However, seem their policies were tried in vain as the number of insolvency are still increasing (Radhakrishna, 2012). Thus, we suspected that the policy implemented does not fit to current issue. Then, we have tested on government's initiative in limiting the number of credit card the cardholders could hold to control the credit card usage. Consequently, our study found out that there is no significant relationship between credit card ownerships and intentions to use credit card. Thus, this result implies that credit card ownerships does not impact on cardholders' intentions to use credit card, which means that limiting the number of credit card is not an effectively policy to control credit card usage. Therefore, there are several variables have been tested in this study to identify the factors that do really influence the intention to use credit cards that in turn will result in credit overuse, high outstanding balance, insolvency and ultimately bankruptcy especially among the younger generation that have been mentioned several times in the chapter 1,2 and 4. Therefore, the hereinafter discussion and conclusion would not include those citations that have been put in and discussed in previous chapters.

Therefore, in this study, we have found that perception on credit card as normal way of life, credit card payment practices, compulsive buying, materialistic, and optimistic is significant and positively influence credit card usage intention. Subsequently, the perception on credit card is significant and positively influence credit card payment practices and then toward credit card usage intention. Then, compulsive buying which influence credit card usage intention is also positively influenced by pre-planned purchase, fashion consciousness, and as well as materialism. Interestingly, we also found that materialism was positively influenced by credit overuse and compulsive spending as well. Subsequently, we also found there is significant difference in their intention to use credit card, perception on credit card, credit card payment practices, compulsive buying, fashion consciousness, and optimistic among those generations; however, insignificant for the variable of materialism. This result indicates that each generation who holds similar traits will influence their credit card usage intention as a whole, which has been proven in our study finding. For example, in our study, Generation Y who holds the traits of spend big would lead them viewing credit card as normal way of life, while have a trait of fashion conscious would influence them on compulsive spending, and optimistic would lead them think optimistically towards their future prospects that they will be able to repay their credit debt, leading to Generation Y has the highest intention to use credit card. Consequently, they would exhibit high tendency of suffering credit overuse, compulsive in their credit card spending, and excessive credit balance. Thus, this would explain why Generation Y (young adults) in Malaysia tend to fall into credit trap, insolvency, and even filed for bankruptcy. Then, for the traits of Generation X, they are highly educated, responsible and wiser in their financial planning, and pessimistic would lead them adapt credit card as a normal way of life, yet seldom delinquent in credit card payment, lower tendency of compulsive in their credit card spending, and pessimistic towards their future prospects. In turn, this would resulting in Generation X has lower intention to use credit card as credit instrument as what we have found in our findings. More importantly, they view credit card as a convenience payment tools. As a result, this results could be used to explain why Generation X (adults) in Malaysia would less likely to exhibit credit overuse, high credit balance, credit trap, insolvency, and bankruptcy from the previous studies that have been conducted recently. Lastly, the Generation Z's traits would include responsible, fashion consciousness, and optimistic. Thus, they would have a similar tendency with generation Y especially in delinquency of making credit payment, be compulsive in their spending, and also optimistic to be able repay their credit debt. However, they have lower perception on credit card as they are more responsible, resulting in Generation Z's intention to use credit card are stuck in the middle of Generation X and Generation Y. This partially can be explained by the fact that Generation Z are youth in Malaysia and most of them are student with limited income source; and thus, this might not reflect their credit card usage intention when most of them are still do not have the ability to own the credit cards.

As a result, this factors can also be summarised into a multiple regression model in which its predictors are perception on credit as normal way of life  $(X_1)$ , credit card payment practices  $(X_2)$ , fashion consciousness  $(X_3)$ , materialism variable  $(X_4)$ , and optimistic variable  $(X_5)$  able to explain approximately 40 per cent of the variation of credit card usage intention, illustrating as follow equation.

## $\hat{Y}_i = 1.080 + 0.521X_1 - 0.173X_2 + 0.189X_3 + 0.161X_4 - 0.140X_5$

Subsequently, from this equation, its coefficient parameters explained that perception on credit card carry the most weight in influencing credit card usage intention and then follow by fashion consciousness and materialism. Also, credit payment practices does negatively influence the intention to use credit card which is similar for the variable of optimistic. Thus, we learn that the higher the perception on credit card, fashion consciousness, and materialism value of credit cardholders, the higher their credit card usage intention will be. Meanwhile, this equation also illustrated that seldom delinquent in making credit payment practices and low optimistic value would lead to reduction in credit card usage intention.

In conclusion, as those factors or variables like compulsive spending, materialism, optimistic, types of credit card users, and fashions consciousness do have significant and positive relationships with the usage intention of credit cards, while we found that there is significant differences towards these factors, including the usage intention of credit cards. Then, we can conclude that those insolvencies issues happened chronically in Malaysia recently especially among the youth or young adults and several studies had concluded that there is significant differences between youth and adults towards the usage intention of credit cards can be credited to the perspective of generations. This means that despite several researches have concluded that compulsive buying, fashion consciousness, and others that have been mentioned in this study do have significant and positive relationships with the intention to use credit cards. However, the generations would be the origin factor in influencing the usage intention of credit cards rather than age group, including its consequences like credit overuse; and therefore, result in insolvency and bankruptcy. This is because we have proven that those generations with the traits (especially the trait of optimistic that have not been investigated ever in Malaysia) that would influence the intention to use credit card would show a similar intentions. Consequently, generations can be used as a predictor of the usage intentions and explain the insolvency issue that are still happening in Malaysia. Thus, those policy makers, credit card issuers and the credit cardholders themselves can move a step forward to thoroughly understand the implications of generation towards the usage intention, credit overuse, compulsive spending and so on to control the insolvency and bankruptcy in Malaysia. Therefore, the further explanation of this policy implication would be explained in next section.

#### 5.3 Policy Implications

Subsequently, the results are able to help various parties in improving their mean. First and foremost, policy makers like Central Bank Malaysia, Insolvency Department and credit card issuers should work together in regulating the policy related to credit card to solve current insolvency phenomena among young adults in Malaysia. Our result study suggested that government, policy makers, and credit card issuers should study the influence of cardholders' generation's traits toward their intention to use credit card. This is because their intention will vary with their perception on credit card, payment practices, spending habits, materialism, and optimistic. Consequently, in order to tackle the issue of high credit balance, credit card issuers are suggested to tighten the policy of repayment practices to force the credit cardholders to make their credit card payment on time, especially on Generation Y since they imposed delinquent in their credit card payment. Subsequently, government or the insolvency department should strongly recommend cardholders to have pre-planned purchase before credit card spending and inculcate positive fashion consciousness, which in turn reduce the tendency of compulsive spending especially on Generation Y and Generation Z.

Besides, in the perspective of optimistic, it has granted conscious by many researchers recently to identify its relationship towards consumer confident level in spending (MasterCard Intelligence, 2011), optimistic towards generations (Pew Research Center, 2012), and optimistic towards financial stability (BNM, 2013). Subsequently, we found that optimistic of cardholders would positively influence the credit card usage intention, indicating that credit cardholders especially on Generation Y and Generation Z are likely to use credit in their credit card spending. Thus, our study result on optimistic would help to improve academic study of marketing and consumer behaviour.

#### 5.4 Limitations

Similar to any empirical study, this study is constrained with certain limitations as described as follows. The first constraint is geographical constrains, in which the study was only took part in Kuching areas rather than the entire cities in Sarawak like Sibu, Miri and even the Sabah States and west of Malaysia, which can represent the respondents' perspective and intention of East Malaysia especially when we found that even though materialistic does have signification relationship with credit card usage intention, there is insignificant relationship between generations towards the materialistic in which we believe that East Malaysian are not very materialistic as compared to the big and urban city. Thus, it is suggested that in future study, the future researcher can extend this research to a more wide coverage of geographical area to make the findings become more precise and representative. Again, the questionnaires collected is mainly from the people who shop at the shopping mall in Kuching's City. So, it is better to distribute the questionnaires at office area, restaurants, hotels, and institutions as it would allow to capture more diverse responses pattern.

Last but not least, due to the time constraints, we would not have enough time to discover other traits that is possess by each generation in identifying its influences on the usage intention of credit cards. Consequently, we suggest that the future researchers can conduct more study on the other traits that are possessed by each generations and use them to investigate the relationships between it and usage intention of credit cards. Consequently, the more the studies are conducted based on this perspective and idea, the more the generalizable the concept that we have brought out and conducted in this study in which the generations is the good predictor of the usage intention of credit cards instead of age group and personal' personality. Subsequently, from the result of regression model, its explanations of 40 per cent of the variation in intention to use credit with the predictors of perception on credit card, credit card payment practices, pre-planned purchase, fashion consciousness, and optimistic, indicating that 60 per cent of the variations can be suggested by other predictors; and thus, this implies that further study can be done on the intention to use credit card in the perspective of generations' traits.

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## APPENDIX A



## UNIVERSITI MALAYSIA SARAWAK (UNIMAS) FACULTY OF ECONOMIC AND BUSINESS

The purpose of this study is to identify the factors influencing Malaysian credit cardholders' usage intention.

The information provided will be used no other purposes, but just for academic study.

Instruction: this questionnaire consists of three sections, which are Section A, Section B, Section C, and Section D.

## Title: THE IDENTIFYING THE FACTORS THAT WOULD INFLUENCE IN THE USAGE INTENTION OF CREDIT CARD AMONG THE MALAYSIAN BASED ON THEIR GENERATION'S TRAITS

10 July 2013.

Dear Respondent,

This questionnaire aims to collect information regarding young Malaysian (Generation X, Y, & Z) intention to use credit card. Meanwhile, it also uses to identify the factors that influence their willingness to use credit debt in the dimension of demographic, attitude, and psychology.

The instruction for completing the questionnaire can be found on the form itself. It would be appreciated if the questionnaire is completed and return immediately.

Do not hesitate to email (ahnan\_88@hotmail.com) if you have any question or concerns about the questionnaire or any aspect in this research study. Your participation represents the valuable contribution to the research, and we thank you again for your participation.

Your sincerely,

Name: Bong Tze Nan

## ID: 12030015

Supervised by

Dr. Jamal Abdul Nasir

Head of Department at Faculty of Economic and Business.

## SECTION A: GENERAL INFORMATION

Please tick your answer.

1. What is your gender?	Male Female
2. What is your age band?	below 20 21 - 37 38 - 50
3. Education levels	Primary school
	Secondary school Pre-University
	Undergraduate
	Post-graduate
4. Occupation	Employed
	Self-employed
	Unemployed
	Student
5. Monthly Income	Below RM 3000
	🔲 RM 3001 – RM 5000
	RM 5001 and above
6. How many cards do you owned?	One One
	П Тwo

	Three or more
7. How frequent you use a credit card in a year?	At least once a month
	Once evey few months
	Less often than that
8. Why are you using a credit card?	More convenient
	Pay for unexpected expenses
	Finance major purchases
	Earn points in reward programs
	Pay for things when out of money
9. Which one of this is your major credit card expense?	Medical bills
	Clothing
	Eating at restaurants
	Vacation travel
	Entertain friend and family
	Home furnishing
	Jewellery
	Fuel
10. Have you ever used a credit consolidator to help pay off your debt, or not?	Yes Do not know/Refused
	No
11. Have you ever had to declare bankruptcy, or not?	Yes Do not know/Refused
	No No

### SECTION B: WILLINGNESS TO USE CREDIT CARD DEBT.

Instruction: Please use a scale of 1 to 5 to rate how much you agree or disagree for each of the statements applies to you, personally.

1	2	3	4	5
Strongly	Disagree	Neutral	Agree	Strongly
disagree				agree

Please circle your answer in the scale provided.

1. I will probably use credit card debt.	1	2	3	4	5
2. I plan to use credit card debt.	1	2	3	4	5
3. I will use credit card debt.	1	2	3	4	5
4. I have used credit card debt three months ago.	1	2	3	4	5
5. I cannot wait to use credit card debt again.	1	2	3	4	5
6. Use credit card debt is normal way of life.	1	2	3	4	5
7. I am willing to use credit debt to buy things that I could not afford.	1	2	3	4	5

### SECTION C: CREDIT CARD PRACTICES

Instruction: Below table in Section C1 and C2 show the statement of credit card practices. Please use a scale of 1 to 5 to rate how much you agree or disagree for each of the statements applies to you, personally.

#### Section C1: Credit card practices

Please circle your answer in the scale provided.

1. I often pay the minimum required payment every month.	1	2	3	4	5
2. I am seldom delinquent at making payments on credit cards.	1	2	3	4	5
3. I take the cash advance on my credit card.	1	2	3	4	5
4. I have taken too many credit card debts.	1	2	3	4	5
5. I spend more money when I use a credit card.	1	2	3	4	5
6. I rarely go over my available credit limit.	1	2	3	4	5
7. I frequently use the available credit on one credit card to make payments on the other credit card.	1	2	3	4	5

### Section C2: The influence of optimistic.

Please circle your answer in the scale provided.

1. I very happy with my current life.	1	2	3	4	5
2. I earn enough money to lead the kind of life I want.	1	2	3	4	5
3. I think I will be able to earn enough money in the future to lead the kind of life I want.	1	2	3	4	5
4. When I think about my prospects for the future, I tend to be more optimistic that I will be able to achieve my goals.	1	2	3	4	5
5. I tend to live for today and let tomorrow take care of itself.	1	2	3	4	5
6. I find it more satisfying to spend money than to save it for the long term.	1	2	3	4	5

## Section D: The influence of psychology

Instruction: Below table in Section D1 and D2, show the statement of credit card spending habits that would influence willingness to use credit debt. Please use a scale of 1 to 5 to rate how much you agree or disagree for each of the statements applies to you, personally.

## Section D1: The influence of spending habits

Please circle your answer in the scale provided.

1. It is important for me to be a fashion leader.	1	2	3	4	5
2. I am aware of fashion trends and want to be one of the first to try them.	1	2	3	4	5
3. I am confident in my ability to recognize fashion trends.	1	2	3	4	5
--	---	---	---	---	---
4. I spend a lot of money on clothes and accessories.	1	2	3	4	5
5. I usually buy only what is on my shopping list.	1	2	3	4	5
6. I tend to buy thing if I really like it.	1	2	3	4	5
7. After I make an impulse purchase I feel regret.	1	2	3	4	5
8. I often ended up spending more money than initially planned.	1	2	3	4	5
9. If I have money at the end of the month, I will spend it all.	1	2	3	4	5

## Section D2: The influence of materialism on credit card spending

Please circle your answer in the scale provided.

1. I like a lot of luxury in my life.	1	2	3	4	5
2. I like to receive expensive goods.	1	2	3	4	5
3. I often own things to impress others.	1	2	3	4	5
4. I emphasis on the amount of material objects people own as a sign of success.	1	2	3	4	5
5. I believe that money is the ultimate symbol of success.	1	2	3	4	5
6. I use money to influence others to do things for me.	1	2	3	4	5