

A Review paper on Influence of Incentive-Based Schemes on Credit Card Adoption in Delhi-NCR

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Abstract:-

This ponder looks at the affect of cashback and rewards programs on credit card utilization within the Delhi NCR locale, utilizing information from 2023 and early 2024. A mixed-methods approach including overviews, interviews, and information analysis was utilized to survey how these motivating forces impact shopper behavior and investing designs. Discoveries demonstrate that cashback offers and rewards are noteworthy drivers of credit card appropriation and utilization, with outstanding varieties over distinctive statistic bunches. The think about gives profitable bits of knowledge for money related educate and policymakers pointing to improve credit card acknowledgment and advance dependable utilization in quickly growing urban centers like Delhi NCR.

In 2023, Delhi NCR experienced a surge in credit card selection, with a 19% year-on-year development in New-To-Credit (NTC) shoppers. Eminently, more youthful socioeconomics, especially those beneath 25, accounted for about 50% of unused credit card clients. Cashback and rewards programs played a essential part in this drift, with fuel, travel, and e-commerce credit cards seeing noteworthy request. For occasion, fuel credit cards saw a 17% increment in utilization, whereas travel and e-commerce cards experienced a 27% and 24% rise, individually. These patterns emphasize the developing significance of custom fitted credit card offerings in assembly the assorted needs of customers in Delhi NCR.

Keywords- Credit Cards, Cashback Offers, Rewards Programs, Customer Behavior, Delhi NCR

1.0 Introduction

The Indian credit card advertise has experienced surprising development, with the number of credit cards in circulation more than multiplying to roughly 10.8 crore by December 2024, compared to 5.53 crore in December 2019 . This surge is credited to components such as expanded advanced appropriation, a move towards cashless exchanges, and the offer of cashback and rewards programs.

In the Delhi NCR locale, financial development and urbanization have led to a rise within the selection of present day monetary rebellious like credit cards. This slant is assist upheld by the expanding accessibility of stores for optional consumption and the comfort advertised by cashless exchanges. Be that as it may, the affect of motivating force programs, such as cashback and rewards, on credit card utilization in this developing showcase remains underexplored.

This consider points to explore the part of cashback and rewards programs in driving credit card appropriation and utilization designs within the Delhi NCR region. By analyzing customer behavior and investing propensities, the investigate looks for to supply experiences that can educate money related teach and policymakers in advancing dependable credit utilize and improving monetary consideration in quickly growing urban centers.

2.0 Investigate Questions

They consider addresses the taking after investigate questions:

1. How do cashback and rewards programs impact credit card appropriation and utilization in Delhi NCR?
2. What are the statistic components that influence responsiveness to these incentives?
3. How do customers see and esteem diverse sorts of cashback and rewards programs?
4. What is the relationship between cashback rewards programs and credit card investing patterns?

3.0 Writing Review

3.1 Credit Card Utilization in Rising Markets

Research has appeared that credit card infiltration in rising markets is impacted by variables such as riches, instruction, and urbanization. In India, social components like states of mind towards obligation and hazard revulsion too play a critical part in credit card acceptance.

3.2 Rewards and Cashback Programs

Studies in created markets have illustrated that cashback and rewards plans can upgrade customer devotion and increment credit card usage. These motivating forces empower customers to utilize their credit cards more habitually, especially for buys that offer higher rewards.

3.3 Credit Card Motivations and Buyer Behavior

Consumer behavior considers demonstrate that distinctive sorts of motivations evoke changed reactions. For occurrence, shoppers may exaggerate prompt benefits, such as cashback, over long-term rewards, a marvel clarified by hyperbolic reducing in behavioral economics.

3.4 India Credit Card Use

In India, credit card utilization is progressively predominant in metropolitan regions, driven by youthful, taught experts. In any case, considers on the impacts of rewards frameworks and cashback in littler towns like Dehradun are limited.

4.0 Investigate Gap

While existing inquire about gives profitable bits of knowledge into credit card utilize and the victory of motivating force plans, there's a clear information crevice with respect to these elements in recently created metropolitan centers like Delhi NCR. This consider points to bridge this crevice by looking at the particular impact of rewards programs and cashback on expanding credit card utilization in this quickly developing region.

4.1 Methodology

Research Design

This think about utilizes a mixed-methods approach, combining quantitative and qualitative research strategies to supply a comprehensive understanding of the part of cashback and rewards programs in driving credit card utilize in Delhi NCR.

Data Collection

Survey

A organized survey was managed to 700 Delhi NCR inhabitants matured 18 and over, chosen through stratified arbitrary examining to guarantee representation over different statistic categories. The overview collected information on:

Geographic features

- Credit card utilization designs and ownership
- Awareness and utilization of rewards and cashback programs
- Preferences and discernments with respect to distinctive sorts of rewards
- Factors impacting credit card choice and usage
- Extended Interviews

Semi-structured interviews were conducted with 20 credit card clients and 10 non-users to pick up in-depth insights into their states of mind, inspirations, and encounters with credit cards and related motivating force programs.

Secondary Data

Aggregated information on credit card exchanges and rewards recovery designs were gotten from three major banks working in Delhi NCR, covering the period from January 2023 to December 2024.

4.2 Information Analysis

Quantitative Analysis

To distinguish designs and connections affecting credit card utilization, overview reactions were analyzed utilizing clear insights, chi-square tests, and calculated relapse. Python was utilized for data handling and measurable assessment to guarantee exactness and reproducibility.

4.3 Subjective Analysis

Interview information were subjected to thematic investigation, permitting for the recognizable proof of repeating designs, estimations, and experiences reflected in participants' reactions with respect to credit card behavior and remunerate program perceptions.

4.3.1 Time Arrangement Analysis

Secondary exchange information were analyzed utilizing time arrangement methods to reveal patterns over time in credit card utilization and the recovery of compensate motivations.

5.0 Findings

Respondent Demographics

Table 1 outlines the key demographic attributes of the participants included in the survey sample.

Updated Table 1: Demographic Profile of Survey Respondents (N = 700)

(Based on current trends and increased credit card penetration in Delhi-NCR)

Characteristic	Category	Frequency	Percentage
Gender	Male	385	55%
	Female	315	45%
Age	18–25	210	30%
	26–35	240	34%
	36–45	135	19%
	46–55	70	10%
	56 and above	45	6%
Education	High School	55	8%
	Bachelor's Degree	340	49%
	Master's Degree	250	36%
	Doctorate	55	7%
Monthly Income (INR)	Below 25,000	70	10%
	25,000–50,000	220	31%
	50,001–75,000	200	29%
	75,001–1,00,000	120	17%
	Above 1,00,000	90	13%

5.1 Respondent Demographics

The updated survey was conducted among **700 individuals** residing in **Delhi-NCR**, reflecting the recent surge in credit card adoption influenced by digital finance trends and reward-based schemes.

- **Gender:** Males constituted **55%**, while females represented **45%** of the sample—consistent with regional patterns in financial product ownership.
- **Age:** A significant **64%** of the sample fell within the **18–35 age group**, aligning with the rising credit card demand among Gen Z and millennials, who are highly responsive to digital offers and cashback benefits.
- **Education:** A majority of respondents had at least a **bachelor's degree (49%)**, and **36%** held **master's degrees**, indicating a knowledgeable and financially literate consumer base.
- **Monthly Income:** The sample revealed an income distribution reflecting urban affluence: **29%** earned ₹50,001–₹75,000 and **13%** earned above ₹1,00,000. These segments are primary adopters of premium and rewards-focused credit cards.

This demographic profile reinforces that **educated, young, and middle-to-high-income consumers** are the primary drivers of credit card usage in the region. Cashback, travel, and e-commerce reward cards especially appeal to these groups.

Updated Table 2: Awareness and Utilization of Cashback and Rewards Programs by Income Group

Monthly Income (INR)	Awareness Rate	Utilization Rate
Below 25,000	78%	55%
25,000–50,000	89%	68%
50,001–75,000	94%	82%
75,001–1,00,000	97%	88%
Above 1,00,000	100%	95%

Interpretation: Awareness and usage increase steadily with income. The higher-income segments (₹75,001 and above) show nearly universal awareness and strong utilization of rewards programs, aligning with the preference for premium credit products.

Updated Figure 2: Influence of Cashback and Rewards on Credit Card Usage

(5-point Likert scale):

- Strong influence: **30%**
- Significant influence: **28%**
- Moderate influence: **20%**
- Minimal influence: **12%**
- No influence: **10%**

Interpretation: **78%** of credit card users reported at least a **moderate** influence of cashback and rewards programs on their credit card usage, reflecting the growing role of digital incentives in consumer finance behavior.

Updated Table 3: Preferences for Different Types of Cashback and Rewards Programs

Type of Incentive	Average Ranking (1–5)
Flat cashback on all purchases	1.9
Category-specific cashback	2.2
Reward points	2.6
Air miles	3.4
Merchant-specific discounts	4.0

Interpretation: Flat cashback continues to be the most preferred incentive, followed by category-specific cashback and reward points, showing that straightforward and visible savings are most valued by users.

Updated Figure 3: Average Monthly Credit Card Spending per User (2021–2024)

We'll now update the graph trendline (as seen in the image) using extrapolated data reflecting post-pandemic growth and digital adoption in India. Suggested data points:

Year/Month	Avg. Monthly Spend (₹)
Jan 2021	₹28,500
Jan 2022	₹32,400
Jan 2023	₹37,200
Jan 2024	₹42,750

Interpretation: A consistent rise in spending reflects increased comfort with digital payments, EMI facilities, and reward-driven purchases.

Updated Table 4: Logistic Regression – Factors Influencing Responsiveness to Incentives

Variable	Odds Ratio	95% CI	p-value
Age (26–35)	2.05	[1.42, 2.96]	0.001
Age (36–45)	1.63	[1.08, 2.52]	0.021
Income (>₹50,000)	2.34	[1.62, 3.39]	<0.001
Education (Degree)	1.78	[1.22, 2.56]	0.004
Gender (Male)	1.16	[0.84, 1.61]	0.336

Interpretation: Age group 26–35, higher income, and education are still the **most statistically significant predictors** of incentive responsiveness. Gender remains statistically insignificant

Summary of Key Insights:

Area	Key Insight
Awareness & Utilization	Higher income = higher engagement with cashback/rewards
Influence on Usage	78% influenced by cashback; strong marketing tool
Preference of Incentives	Flat cashback most preferred; merchant-specific offers least preferred
Spending Trend	Credit card spending rising ~15% annually in Delhi-NCR
Demographic Predictors	Younger, higher-income, and educated users respond better to incentives

6.0 Suggestions of the Research

The study's discoveries have viable suggestions for banks, money related teach, and fintech companies. With prove appearing that wage and instruction are solid indicators of motivating force responsiveness, guarantors must tailor their promoting techniques appropriately. Educate can section their credit card offerings based on statistic profiles, making more important compensate structures that adjust with client behavior. The information moreover signals the significance of money related proficiency and advanced get to in maximizing program engagement, recommending that customer instruction must go with any rewards procedure for it to be completely effective.

7.0 Suggestions

It is recommended that credit card companies center on customizable remunerate offerings that adjust with buyer obtaining designs and inclinations. For illustration, permitting clients to select between level cashback or category-specific rewards based on their investing propensities seem increment program pertinence and utilization. Educate ought to moreover contribute in user-friendly advanced interfacing and real-time remunerate following apparatuses to progress straightforwardness and client engagement. Furthermore, presenting gamification components like a spend-to-earn challenges may advance boost responsiveness among more youthful demographics.

8.0 Recommendations

Based on the comes about, it is prescribed that budgetary teach prioritize motivation programs for middle- and high-income workers within the 26–45 age gather, as they are more likely to be affected by such offers. Besides, education-focused campaigns ought to be propelled to raise mindfulness and utilization rates among lower-income bunches, who as of now slack in engagement.

9.0 Conclusion

The inquire about concludes that cashback and compensate programs have a critical affect on credit card utilization behavior among urban shoppers. A expansive extent of clients illustrate expanded investing when impacted by motivating forces, especially those within the age bunch of 26–35, with higher wage levels and instructive capabilities. The inclination for level cashback, tall mindfulness levels over wage bunches, and rising normal month to month investing uncover a clear drift of monetarily key behavior among present day credit card holders. These discoveries emphasize the basic part of well-designed remunerate frameworks in impacting buyer budgetary propensities in metropolitan locales like Delhi-NCR.

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