

# Arab Consumers' Behavior Towards Credit Card Usage: A Comparative Analysis of Consumers Across Middle-Eastern Countries

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**ABSTRACT.** Credit card usage by consumers across the oil-rich Arab countries (such as Qatar, Bahrain, and Kuwait) is changing the landscape of consumer behavior, motivating Arab consumers to buy more often, and promoting impulse buying. Our study examines Arab consumers' behavior towards credit card usage from multi-cultural perspective by replicating a western model propounded by Kaynak et al. (1986) and Kaynak et al. (2001). doi:10.1300/J482v12n01\_05 [Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2006 by The Haworth Press, Inc. All rights reserved.]

**KEYWORDS.** Arab consumer behavior, Arab credit card usage, Qatar/Bahrain/Kuwait credit card usage

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Journal of Transnational Management, Vol. 12(1) 2006

Available online at <http://jtran.haworthpress.com>

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doi:10.1300/J482v12n01\_05

In recent years there has been a rapid increase in the possession and usage of credit cards among consumers across Arabian Gulf States. While the use of plastic cards is in an early stage in the Gulf region when compared with some of the advanced countries of the world, the circulation of cards has been growing at an accelerated pace. One study estimated that in year 2000 there were 3.5 million cards in circulation in the Gulf accounting for over \$24 billion in charges, 32% of these charges being accounted for by Bahrain, Kuwait, and Qatar alone (Saudi Credit Card Market Report 2002). However, since the dawn of the new millennium, there has been a marked increase in the number and usage of credit cards. With no comprehensive studies reporting these statistics, we estimate the number of credit cards in circulation in the three countries of Bahrain, Qatar, and Kuwait to be over 2 million with an estimated charge of around US\$2 million for the year 2004. Further, with spending over the Internet expected to grow significantly, we project a growth of over 200% by the year 2008.

Despite the tremendous importance of credit cards in our modern economy, there has been relatively little empirical research on how consumers in Middle-Eastern countries use and perceive the importance of credit cards and if such differences vary from country to country. However, numerous studies have been conducted since the early 1970s on how economic, demographic, and attitudinal characteristics affect credit cardholders' purchase behaviors in more developed countries (Awh and Waters 1974; Canner and Cynrak 1985; Canner and Lockett 1992; Courtless 1993; Lindley et al. 1989). More recently, Pinto and Parente (2000), Till and Hand (2003), King (2004), Braunsberger, Lucas, and Roach (2004), and Fock, Woo, and Hui (2005), are some of the many researches in the western society who have identified the determinants of consumers' credit card usage.

Prior studies have also revealed some similarities and differences in behavioral attitudes of credit cardholders in different cultures and subcultures (Kaynak et al. 1986; Chebat et al. 1988; Lindley et al. 1989; Nejdet 1995; Medina and Chau 1998). With the exception of the work of Kaynak et al. (1986) and Kaynak and Harcar (2001), studies have not investigated if such behaviors apply to less developed and developing countries. The purpose of our study is to examine consumers' attitudinal characteristics towards credit card usage among three important subcultural groups in the Middle East, that is, Bahrain, Kuwait, and Qatar. These three countries are very similar in their culture (predominantly Arabic) yet very diverse in their economic development and offer an ideal environment to undertake cross-cultural research. Also as

the market for credit card consumers is saturating in advanced countries, credit card companies are increasingly turning to developing countries to increase their market share. In so doing it is very important for banks and financial institutions to understand if attitude towards credit card usage vary among countries within the same sub-culture groups. Implications are drawn for marketers based on the findings.

## **LITERATURE REVIEW AND HYPOTHESES**

### ***Demographics and Credit Card Usage***

Several researchers have examined the effects of attitude towards credit card usage along with demographic and economic variables to predict behavior (Adcock et al. 1977; Awh and Waters 1974; Godwin 1997; Modigliani 1986; Martell and Fitts 1985; Crook et al. 1992; Meidan and Pavlos 1994; Jover and Allen 1996).

Awh and Waters (1974) found that younger people were more likely to be positively disposed to credit card usage than older people. When such findings are taken in the context of life-cycle hypothesis of saving as proposed by Modigliani (1986); it becomes apparent that younger consumers are more willing to finance their current consumption with their anticipated future potential income. In a similar vein, Lea et al. (1993) found that the younger generations were more likely to be impaired in their judgment of credit consumption. Another study has reported that student indebtedness has increased as credit cards have become more easily accessible (Fitzgerald 2003; Palmer et al. 2001). In other words, the environment is reinforcing the notion that it is socially acceptable for consumers to be in high debt. Anecdotal evidence abounds with examples of graduates going over board with their consumption of capital-intensive assets( e.g., automobiles) even before starting their first job. These graduates typically finance their purchases based on the letter of offer for a job. Similarly, Roberts and Jones (2001) found that compulsive buying was accentuated by credit card usage by college students. They also found that such compulsive buying was a result of their desire to achieve power and prestige in the society. The ease of gaining access to this form of consumer credit as well as making credit card ownership has become more attractive (Fairlamb 2002; Rolfe 2003; Wrighton and Kranhold 2004).

Bloom and Steen (1987) found that younger households were more favorable to debt than older householders, no matter what the reason. In particular they found households go into debt much earlier in the life cycle and debt increasing as household income increases. They also found that households headed by men were likely to have three times as much debt than households headed by women. Similarly, Awh and Waters (1974) found that active cardholders were more likely to have higher level of income than non-active holders.

Educational attainment was also found to be significant in determining the willingness to borrow against future potential income. Bloom and Steen (1987) found that consumers with a college degree were more likely to borrow than those with just a high school degree. Awh and Waters (1974) also found that number of years of education was positively related to credit usage. Credit card issuers targeting the college student market have been dealing with increasingly intense competition (Simon and Whelan 2003).

Yieh (1996) found that certain demographics and socioeconomic factors fostered negative attitude towards installment debt. Black households, more children, married households, lower education, and unemployment were more likely to have negative attitude towards installment credit. Similarly, Canner and Cynrak (1985) found that when consumers had a positive predisposition to borrowing they were more likely to engage in revolving credit through the use of credit cards and also more likely to borrow to finance luxury items.

However, as Chien and Devaney (2001) argue, having positive attitude towards credit does not necessarily translate into usage of credit. In others words, they argued that absence of demographic and economic variables does not necessarily show a linear relationship between attitude and credit usage. Thus, they contented that attitude instead mediates the effects of demographic and economic variables on credit usage.

Many scholars have also investigated department store credit card customers in an attempt to determine whether such customers differ in strategically important ways from non-charge customers (Russell 1975). Other scholars, such as Slocum and Matthews (1975), paid more attention to carriers and users of bank-issued credit card. The aim of their research was to distinguish "convenience credit users" from installment credit users. While, Plummer (1971) used psychographic analysis in order to investigate the qualitative differences among bank credit cardholders and nonholders. Adcock et al. (1977) investigated the impact of demographic and psychographic characteristics on bank card users and non-users. The results of their study revealed that demo-

graphic and psychographic characteristics were sufficient to explain differences between bankcard users and nonusers. A similar conclusion was reached by Martell and Fitts (1985), Crook et al. (1992), Meidan and Pavlos (1994), Nejdet and Katzenstein (1994), Hayhoe et al. (2000), Kaynak and Harcar (2001), and Zhu and Carol (1994).

Braunsberger, Lucas, and Roach (2004) found that "the adult American consumers are not appreciably more knowledgeable about credit cards usage than college students, they just think they are. The credit card industry is dealing with consumers, regardless of whether they are college students or adults, who are generally not very educated about financial issues and terms relating to credit cards usage, and consumers, who apparently also believe that product usage itself leads to more knowledge about the product."

King (2004) found that "the total effect of holding a credit card on money demand is due to convenience usage. American consumers are also using credit cards as a means of borrowing, suggesting that at least some credit card holders may have a higher propensity to consume than do non-card holders. Hence, credit is both an alternative medium of exchange and a method of borrowing."

Fock, Woo, and Hui (2005) found "two routes of influence that affect the intention and behaviors of affinity credit cardholders across Hong Kong. Both routes were complementary rather than competitive in a symbiotic collaboration. The first is a cognitive route that shows that a cardholder's attitude formation is strongly influenced by the cognitive evaluation of card benefits instead of by affective loyalty toward the bank or toward the affinity organization. The second route is an emotional route of influence that originates from the perceived prestige of the affinity organization to cardholders' intention and usage behaviors."

The above discussion suggests that demographic variables like age, education, and income have a significant influence on credit card usage. One can also argue that such relationship would extend to other country settings as well, assuming that credit cards are easily available and that they are also widely accepted as a method of payment. Based on these discussions we present the following hypothesis:

H1: Credit card usage will be

- a. negatively related to increase in age
- b. positively related to household income
- c. positively related to education attainment

### *Culture/Country Effects and Credit Card Usage*

While a number of studies have been undertaken to investigate the attitudes towards credit cards and credit card usage, very few studies have looked at such attitudes from a cross-cultural perspective. Kaynak et al. (1986) were the first to investigate consumers' behavior towards credit card from a cross-cultural perspective. They studied the attitudinal and behavioral characteristics of American and both French-speaking and English-speaking Canadian credit cardholders. Differences were noticed between the three sample groups based on use and nonuse of a credit card. The results showed that Canadians perceived credit cards to be more convenient than cash. Their results also showed debt to rise with use of credits. In addition, the results suggested that the US consumers were indifferent compared with the Canadian consumers.

Chebat, Laroche, and Malette (1988) examined the attitudes and behaviors of French- and English-speaking Canadians towards credit card usage and intensity. Some cross-cultural differences in both groups' attitudes and behaviors towards credit cards were found. The English-speaking group was more concerned about costs, accuracy, and safety; whereas, the French-speaking group was more concerned about costs, accuracy, overconsumption, and overspending, indicating that they were concerned that credit card usage might impact spending behavior. Lindley et al. (1989) studied the behavior of Anglos and Hispanics towards credit card usage as payment methods. They found that Anglos were more likely to use credit cards as payment methods in almost all types of their purchases than were Hispanics. Furthermore, Nejdet (1995) attempted to explore preferences of consumer payment system among three important sub-cultural groups in the United States, namely Asian, Hispanic, and Black Americans. Their results demonstrated that Asians preferred store credit cards and general credit cards. Hispanics preferred personal checks, while the Blacks preferred money order and travel and entertainment cards. Recently, Medina and Chau (1998) found no significant differences among Anglo and Hispanic Americans in the use of bank, store, and gasoline station credit cards. They argued that due to advances in telecommunications, availability of satellite TV, increase in level of education and welfare, and consumer preferences were converging despite their diverse cultural backgrounds. These trends further reinforce the notion of globalization markets as argued by Levitt (1983). Similarly, Wedel (2001) argues that marketers need to pay special attention to the developments in technology that are rapidly fostering regional unifications of consumer needs and wants. This con-

vergence of consumer needs is further fuelled by breakdown of barriers to free flow of goods and services and above all, the labor market. In short, Wedel (2001) argues that while the national markets may seem distinct, consumer preferences by market segments are fast expanding beyond national boundaries.

Based on the above arguments we present the following hypothesis:

H2: Credit card usage will not vary across countries.

### *Debt and Convenience Perceptions and Credit Card Usage*

Canner and Czynak (1985) found that when households had positive predisposition towards credit, they were more likely to have higher debt than those household that viewed borrowing as being negative. Similarly, Heyhoe et al. (2000) in a study of college students found that emotional feeling (affective credit attitude) were more likely to influence purchasing behavior. In other words having positive emotional feeling about credit usage was more likely to spur credit card purchases and increase credit card balances.

Studies by Bird et al. (1997) and Kinsey and McAlister (1981) found that having access to credit and being aware of the risks and benefits of credit spurs acceptability of credit cards.

There is also abundant anecdotal evidence to suggest that the ease with which credit cards are obtainable these days is instrumental in pushing households into debt at a faster pace and forcing them to file for bankruptcy. Rast (2000) in reviewing the book by Grant "Money of the Mind" observes that in the early part of the century it was very difficult for one to qualify for a loan. However, today it is impossible to imagine anyone being turned down for a loan or credit card, even in developing countries that do not have adequate financial infrastructure and systems in place to check for credit history. Also, one is constantly bombarded with pre-approved credit card applications making it very convenient and easy to obtain credit cards. Thus, it is reasonable to argue that ease of obtaining credit cards coupled with the convenience of usage of credit card spurs credit card purchases.

Based on the above discussions the following two hypotheses are proposed:

H3: Increased debt perceptions of credit card will be negatively related to credit card usage.

H4: Increased convenience perceptions of credit card will be positively related to credit card usage.

## METHODOLOGY

### *Sample Selection*

Since this research stresses the effect of attitude towards credit card usage in a cross-country/cultural setting, we choose sample groups from three countries all of which were high-context cultures, that is, Bahrain, Kuwait, and Qatar. Also, as already stated, these countries are very similar in culture but have varying degree of economic development. The respondents to this study were selected with the help of three major banks with operations in the country of interest for this study. A total of 800 questionnaires (Bahrain:  $n = 250$ , Kuwait:  $n = 250$ , Qatar:  $n = 300$ ) were hand-delivered to the banks to be distributed to customers who had credit cards through those banks. Unlike customers in the US, those in these countries frequent a bank on a regular basis. The associates at the bank handed the surveys to the respondents (those having credit cards) as they came in to conduct any bank-related transactions with clear instructions that this was being collected for academic research and that their cooperation in completing the survey was voluntary. Respondents were further instructed to complete and return the survey to the bank associates before leaving the premises. The authors picked up the completed surveys from the banks after a two-week period from the date of distribution of the first survey at the bank. Of the 800 surveys that were distributed by the three banks a total of 392 (Bahrain = 115, Kuwait = 125, and Qatar = 152) usable questionnaires representing a 49% rate, were received (see Table 1).

### *Variable Operationalization*

#### *Pre-Testing Procedures*

Two pre-tests were conducted to confirm the appropriateness of the items in the questionnaire. Final-year-level Business students studying at the University of Qatar participated in the initial pre-test to clarify the wording and instructions of the questionnaire. A second pre-test involved students with different cultural backgrounds to identify cultural biases that may exist in the instruments. The pre-test with personal de-



TABLE 1. Frequency Distribution of Demographic and Socioeconomic Characteristics of Credit Card Holders

Demographic Characteristics	Qatar (n = 152)%	Bahrain (n 115)%	Kuwait (n = 125)%	Total (n =392)%
<b>Gender</b>				
Male	88.8	57.7	72.0	79.6
Female	11.2	24.3	28.0	20.4
<b>Age</b>				
20-29 Years	45.4	36.5	29.6	37.8
30-39 Years	51.3	60.0	60.8	57.4
40-49 Years	1.97	2.61	8.80	4.3
Above 49 Years	1.32	.87	.80	0.5
<b>Income (\$ Per Month)</b>				
Less than \$2000	19.1	18.3	6.40	14.8
\$2000-3500	63.8	44.3	52.0	54.3
\$3501-5000	15.8	33.9	37.6	28.1
Over \$5000	1.32	3.50	4.00	2.8
<b>Education</b>				
High School or Less	7.20	9.60	10.4	8.9
B.S. Degree	90.8	81.7	84.0	86.0
More than B.S. Degree	1.97	8.60	5.60	5.1

briefing showed no major flaws with the instruments, but a few minor modifications in the choice of words were made to remove ambiguity in some of the statements.

### *Dependent and Independent Variables*

The dependent variable used in this study was a single-item measure, which asked consumers to rate on a five-point scale how strongly they agree or disagree to the statement: "The majority of my shopping is done by using credit cards." Strongly agree was coded as 5 and Strongly disagree was coded as 1. The independent variables used in this study were gender, age, income, and education. Income was measured in local currency and then converted to U.S. dollars by the authors. To test the country/culture effects, dummy variables were created. Since this study involved three countries, a total of two dummy variables were created.

Several multi-item measures were used to capture respondents' attitude towards credit cards. Most of the items were adapted from studies of Kaynak et al. (1986). A total of 10 multi-item measures were used to

measure how consumers' perceived credit card to be a convenient way to shop and how consumers perceived credit card to increase the potential personal debt they carry. Questions on these multi-item measures were asked in the form of statements and respondents indicated how strongly they agree or disagree to the statement, where a score of 5 meant strongly agree and 1 meant strongly disagree. Table 2 presents descriptive statistics for various attitude measures.

Cronbach's coefficient alpha was computed for each of the multi-item measures. Cronbach's alpha is a measure of unidimensionality of variables. Typically, the higher the Cronbach's alpha, the greater the significance of unidimensional structure of the variables; conversely, the lower the score, the greater the probability that the variables have a multidimensional structure. Table 3 presents the computed alpha levels for the total sample and by individual country. Since alpha in both cases was greater than or equal to 0.65, an arithmetic mean of the scale was computed and used for further analysis.

Regression analysis was used to test the various hypotheses proposed. The results of the regression analysis are presented in Table 4. The dependent variable was usage of credit cards and the independent variables were Age, Gender, Education, Household Income, Dummy1, Dummy2, Ease, and Debt. As previously explained, the country/culture effect was tested through the use of dummy variables. Since three countries were being studied, two dummy variables were created. As can be seen from Table 4 the overall model is very significant ( $p < .0001$ ) with an  $R^2$  of 47%.

Results of the regression analysis provide no support for Hypothesis 1 which argued that credit card usage would be negatively related to increase in age and positively related to household income and educational attainment. This lack of support for the hypothesis could well be a measurement and sample selection bias issue. As is evident from Table 1, the majority of the respondents to our survey were males, under 39 years of age, with a household income of less than US\$3500 a month and having a Bachelor's degree. It could very well be that this profile of the respondents could have skewed the data. However, since the sample for the survey was polled based on convenience, we had little control over the profile of respondents. But, a quick glance at the World Development Indicators for the three countries for year 2000 shows that the total enrollment rate in schooling exceeds 80% and that the majority of the population is much younger. For marketers, our findings represent a fertile ground for rapid expansion and penetration of credit cards.

TABLE 2. Means and Standard Deviation of Dependent and Independent Variables

	Mean Total Sample n = 392	Mean Bahrain Sample n = 115	Mean Kuwait Sample n = 125	Mean Qatar Sample n = 152
<b>Dependent Variable</b>				
The majority of my shopping is done by using credit cards	3.77 (.774)	4.04 (.680)	3.66 (.750)	3.63 (.810)
<b>Independent Variable</b>				
Credit cards are very useful to me in my shopping	3.78 (.933)	4.09 (.878)	3.79 (.854)	3.53 (.968)
Credit cards are more convenient than cash or check	3.66 (.866)	3.86 (.935)	3.50 (.799)	3.64 (.841)
To me credit cards are safer than cash	4.07 (.785)	4.40 (.672)	3.92 (.778)	3.95 (.80)
Credit cards tend to increase my impulsive purchases	4.05 (.760)	4.30 (.715)	4.08 (.679)	3.82 (.795)
Credit cards make it easy to buy things that I don't need	3.94 (.765)	4.13 (.759)	3.90 (.766)	3.82 (.743)
I tend to overspend due to credit card	3.53 (1.00)	3.80 (1.02)	3.48 (.947)	3.35 (.986)
I make credit card payments within 30 days	3.83 (.790)	4.06 (.716)	3.76 (.797)	3.70 (.804)
Credit card never represents what I really owe	3.64 (.838)	3.79 (.912)	3.56 (.845)	3.57 (.759)
Interest on outstanding credit on my card is high	3.56 (.781)	4.28 (.685)	3.54 (.788)	3.03 (.178)
Credit cards can increase the volume of my personal debt	4.00 (.859)	4.00 (.832)	3.53 (.893)	3.59 (.791)

Numbers in parenthesis represent standard deviations

Hypothesis 2 argued that credit card usage would not vary across countries. The basic premise for this hypothesis was the notion that in cultures that are similar, unification of consumer needs and wants transpires at a rapid phase, especially when countries are in close proximity to each other with a majority of the population belonging to a predomi-

TABLE 3. Reliability Tests for the Measures (Cronbach's Alpha)

Multi-Item Measures	Total Sample n = 392	Bahrain Sample n = 115	Kuwait Sample n = 125	Qatar Sample n = 152
<b>Ease-Convenience of Credit Card</b>				
Credit cards are very useful to me in my shopping				
Credit cards are more convenient than cash or check				
To me credit cards are safer than cash				
Credit cards tend to increase my impulsive purchases				
Credit cards make it easy to buy things that don't need	$\alpha = .76$	$\alpha = .72$	$\alpha = .73$	$\alpha = .78$
<b>Debt-Tendency to get into Debts</b>				
I tend to overspend due to credit card				
I make credit cards payments within 30 days				
Credit cards never represent what I really owe				
Interest on outstanding credit on my card is high				
Credit cards can increase the volume of my personal debt	$\alpha = .70$	$\alpha = .68$	$\alpha = .65$	$\alpha = .67$

TABLE 4. Standardized  $\beta$  Coefficients (Dependant Variable: credit card usage)

Independent Variables	$\beta$
Age	.561
Education	.060
Income	.18
Gender	.601
Ease	.666****
Debt	.308****

Note: Adjusted  $R^2$  0.461,  $F = 42.724$  Significance = .000, \*\*\*\*  $p = .000$

nant religion. The lack of significance of the dummy variables shows that country/culture had no impact on the usage of credit card. Hence Hypothesis 2 was supported. Since the dummy variables were not significant, a further analysis by country to test for the overall model was not carried out. Again, for marketers this finding is very important as

they can custom-design cards that can transcend barriers to most of the Arabic countries.

Hypothesis 3 stated that there would be a negative relationship between debt perception and credit card usage. Interestingly, we found a significant but positive relationship between debt perception and credit card usage. Since we did not measure the "true" nature of debt of the respondents, it is quite possible that the majority of the respondents are using the card as a convenience tool and not carrying "debt" on the cards. The only logical conclusion we can reach with this finding is that majority of the respondents in the three countries are aware that credit cards can lead them to a path of amassing debt. Finally, Hypothesis 4 argued that the convenience of credit cards is likely to spur usage of credit cards. Table 4 provides support for this hypothesis. When consumers perceived credit cards to be easy and convenient they were more likely to start using credit cards. In fact this was the single most important variable significantly influencing credit card usage.

### ***CONCLUSIONS, DISCUSSION, AND MARKETING IMPLICATIONS***

Lately, the need to better understand the usage behavior of credit cards in developing and advanced developing countries has received greater attention. While the U.S. market for credit cards is slowing, some of the Middle-Eastern countries are seeing tremendous annual growth, usually in the double digits. Epstein (2001) in reviewing the status of the credit cards in US notes, "The forecast illustrates what has happened to the banking and credit card industry in recent years. Where credit cards 20 years ago were a relatively young industry, today there is little room for growth in the United States."

The purpose of this study was to understand if credit card usage differs among culturally similar countries. Such information is vital to marketers at various credit issuing companies as they can properly segment the market and design appropriate direct mail and or targeted campaigns to increase the membership and build loyalty to the credit card company. This plays an important role especially given the current economic situation all over the world.

Our findings indicated that most of the conventional wisdom of credit card usage and demographics does not necessarily hold true across the Middle-Eastern Countries, that is, credit card usage is affected by age, education, and household income. In fact, we found none

of these demographic variables to be significant in predicting credit card usage in the three Middle-Eastern countries that we studied. As indicated before, this could very well be a result of the sample selection process. However, anecdotal evidence suggests that in an attempt to gain market share in an already fierce competitive environment; various credit card companies are enticing customers with value-added benefits to rapidly gain market share. Thus, it is becoming easier than ever to get a credit card in these countries. This when coupled with the advent of technology, which makes the use of credit card an easy payment option must be spurring a feverish pace of credit card usage.

The most important finding of our study is the fact that culture/country difference played no role at all in the way credit cards are used by consumers. This finding is very important as credit card companies try to design different programs to induce frequent use of cards and slowly replace cash as the preferred form of payment in most of the transactions. Such a conversion is vital for profitability of the credit issuing company (usually a bank) as they can charge monthly commission rate (2-5%)—a standard that is widely practiced by most of the credit card companies across the Middle East. This finding implies that marketers can safely design credit card programs across the Middle East that can be extended to most of the Arabic countries with little or no change.

In reviewing the comments and answers to the survey, we also noted a very interesting issue raised by the respondents. We found an underlying theme emerging, which indicated that credit cards were not conforming to consumers' religious beliefs. While this was not the intent of our study, the fact that the respondents to the survey repeatedly mentioned it raises more questions than answers. What aspects of religious belief are the cards not conforming to? What would be an ideal "religious" credit card? Would such cards spur more acceptance of the card by vendors? Spur usage by the consumers? These questions should be the focus of future studies.

Also, the finding that convenience of credit card spurs usage is very important for key decision makers in the credit card-issuing companies as some sectors of the high-value-added business transactions across the Middle East still prefer cash to credit cards. While the credit card companies want to convey the message of "ease" among users, vendors on the other hand restrict the use by not accepting credit cards for some of the transactions due to processing fees. Banks and credit card companies have in the recent past been encouraging consumers to use their credit cards by offering more value such as air miles, points towards redemption of free nights at upscale hotels, free car rentals etc. But any

promotional activity to spur credit card usage has to be a two-pronged approach directed at consumers and vendors. A recent study by Institute of Banking Studies (IBS, Kuwait) found that 56% of Kuwaiti cardholders are still hesitant to use their cards, as they are less welcomed at regular shopping malls, jewelry stores, travel agencies, and gas stations . . . This finding by IBS further adds credence to our results that the involvement of vendor community is key to success. Our results showed that ease of credit card is the single most important factor driving usage of cards. Thus, the focus of the credit card companies across the Middle East should be to slowly convert the vendor community into accepting credit cards for all purchases and making such offering more attractive by lowering the processing fees and probably appealing to the religious sentiments of the consumers.

Future research should focus on culturally very dissimilar countries to determine if culture/country effects dictate credit card-usage behavior. Such findings are essential to gain synergies in almost all marketing activities being pursued by the credit card-issuing companies. Also, our research indicates the need to further explore the dimension of religious beliefs and its impact on usage behavior, especially across the Middle East as Islam can significantly influence the way financial institutions manage and conduct business.

## NOTE

1. Retrieved from Arab Times at <http://www.arabtimesonline.com/arabtimes/business/Viewdet.asp?ID=153&cat=j>

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Submitted: July 05

Revised: February 06

Accepted: May 06

doi:10.1300/J482v12n01\_05

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