

## Credit cards and credit financial culture in Sucre

### Las tarjetas de crédito y la cultura financiera crediticia en Sucre

DAZA, José\*†

*Universidad Mayor Real y Pontificia de San Francisco Xavier de Chuquisaca, Faculty of Public Accounting and Financial Sciences, Grau Street No. 117, Sucre, Bolivia.*

ID 1<sup>st</sup> Author: *José, Daza*

DOI: 10.35429/JGE.2021.8.5.1.13

Received January 10, 2021; Accepted June 30, 2021

#### Abstract

The research considers the principal element determinations to offer by the financial institutions and making decision in relationship with the village of Sucre at the moment of requesting a credit card, recovering some priority elements of the finance credit culture that people should have to optimize the use of this type of finance tolls. To meet the main objective, it has counted the first bibliographical investigation phase and consulting experts through structured interview and then proceeds to gather information through surveys to people who have a credit card in different financial institutions offering this type of service in our city. During the investigation it was discovered that this becomes one of the pioneering research of credit cards because there is very little material disseminated and promoted in publications including nationwide.

**Financial institutions, Credit card, Finance credit culture**

#### Resumen

La investigación considera las principales determinaciones de los elementos a ofrecer por las instituciones financieras y la toma de decisiones en relación con el pueblo de Sucre al momento de solicitar una tarjeta de crédito, recuperando algunos elementos prioritarios de la cultura del crédito financiero que deben tener las personas para optimizar el uso de este tipo de peajes financieros. Para cumplir con el objetivo principal, se ha contado con la primera fase de investigación bibliográfica y de consulta a expertos a través de la entrevista estructurada y luego se procede a recabar información a través de encuestas a las personas que cuentan con una tarjeta de crédito en las diferentes instituciones financieras que ofrecen este tipo de servicio en nuestra ciudad. Durante la investigación se descubrió que esta se convierte en una de las investigaciones pioneras de las tarjetas de crédito ya que existe muy poco material difundido y promocionado en publicaciones incluso a nivel nacional.

**Instituciones financieras, Tarjeta de crédito, Cultura del crédito financiero**

**Citation:** DAZA, José. Credit cards and credit financial culture in Sucre. Journal-General Economics. 2021. 5-8:1-13.

†Researcher contributing first author.

## Introduction

The international financial system in recent decades has developed a series of financial services with different characteristics, seeking within a competitive environment to provide the client with many facilities and advantages in the administration of their economic resources.

Services that simplify their operations and financial transactions for the client, indirectly seeking to ensure that the client performs the least number of physical transactions by depositing and withdrawing cash.

In the same way, the national financial system in recent years has been diversifying its services and updating itself, so that customers or users can have advantages in the use and management of their financial funds, thus the greater use of ATMs can be verified, use of virtual platforms, payroll payments, rental of safe deposit boxes, traveler's checks, and the use of electronic cards, among others.

The objective of this work is to determine the most important and influential factors when making a decision to obtain a credit card, using the analysis of the benefit-cost relationship. Likewise, a detailed review of the relationship and influence of the benefit-cost variables is presented, especially on the cost of credit cards and the benefits granted.

The document ends by presenting the direct and indirect results obtained during the investigation and proposing ideas for the optimization of the management and administration of finances in general.

## Materials and methods

There are currently many studies regarding credit, however, they only take into account the supply side and its conditions and characteristics. Few are the studies that have been generated considering the consumer and even more taking into account the incorporation of new technologies and the diversification of services that have been generated in the financial system.

It is important to mention that the studies carried out regarding credit are generally carried out by the same financial entities and have a high degree of confidentiality, so that the population in general does not have access to said information, being marginalized from the benefits that the use of said information for private benefit.

The financial culture that the families and people that make up the Sucre community have remains in the field of practice and there are not many written and published documents that serve as guiding elements to achieve efficiency in administrative management, so that generally the way that individuals and families have regarding the administration of funds is carried out in a traditional and quasi-empirical way.

Non-physical or plastic money is widely used today throughout the world, however its cost at the local level is still considered relatively high, so it is restricted to people who have relatively high and stable incomes, however they themselves do not have total and comprehensive knowledge of the advantages that can be obtained from these services in their different uses, precisely these aspects are motivating elements for carrying out this research.

Research related to credit cards in our environment is still poor, the largest amount of bibliographic material takes into account only credit aspects and considers the approach of financial entities and not the population.

### *Conceptual elements of importance for the study*

For the analysis of the information, the following conceptual elements that are part of the theoretical framework and that will be considered as a starting point are taken into account.

### *Credit card definition*

According to Manuel Osorio's legal dictionary, a credit card is a "Card issued by a bank or other financial entity that authorizes the person in whose favor it is issued to make payments, in the businesses attached to the system, by signing and displaying of such to card.....".

Credit cards are those in which the bank pays the debt on behalf of the debtor by granting credit up to a certain limit. Simón Julio, (1988) "Credit cards", Abeledo Perrot.

A credit card is a form of payment card that offers many benefits, such as increased purchasing power, payment flexibility, and worldwide cash access. A credit card provides you with a line of credit, which is the maximum amount you can borrow. When you make purchases, your available line of credit decreases. When you make your monthly payments or pay the outstanding balance in full, the amount on the line of credit available to you is fully or partially restored. For example, if your initial line of credit is \$500, and you buy \$50 worth of groceries using your card, you will have \$450 left to use. Once you've paid off the \$50 outstanding balance, your line of credit will return to \$500.

Most of us, when we say credit card, immediately visualize or rather, we get the idea of a plastic card with a magnetic strip that allows us to access the possibility, speaking badly and quickly, of "buying without paying", that is, defer the payment of what we buy for the following month, and even longer.

Although the latter is as if it is not taken into account and the feeling of having consumed something without having paid for it exists, which in any case is a reason for analysis of psychology and not of our discipline.

Obviously, a credit card is more than just a plastic card and involves a set of financial, economic, legal relationships and concepts that must be thoroughly analyzed to understand the issue at hand in its true dimension.

#### *Types of credit cards*

There are several types of credit cards issued by banks, they provide their holder with a line of credit to buy goods and services in our country and in others, since just presenting a credit card in commercial establishments is a guarantee that the issuing entity will cover the payment of the purchases made.

Banks currently make specialized cards available to customers for their use, that is, only to cover certain uses, which may be: travel (traveler card), business, purchases, etc.

In general, financial institutions offer 3 types of cards: Classic, Gold and Premium. The Gold and Platinum cards are the ones that usually offer the greatest advantages in the line of credit cards.

Issuing banks typically require gold and platinum cardholders to meet higher income and creditworthiness standards. Sometimes the cards have higher interest rates, so if the improvements and benefits that a gold or platinum card provides appeal to you, it may be convenient for you to pay off the outstanding balance monthly to reduce your cost of credit, however, usually they give you more benefits than the others. Some cards charge an annual handling fee. It's important to consider what the card offers before you use it and ask yourself which of the incentives you'll actually use.

There are other denominations depending on the financial entity and the uses and characteristics of the cards, as well as:

- Secured cards require a security deposit and are suitable for those with no or negative credit history.
- Conventional cards do not require any deposit, but offer few advantages. They have higher credit limits than secured cards, but lower than those of the first line cards.
- Top-of-the-line cards (gold, platinum, titanium) offer higher credit limits and usually have additional benefits, such as travel insurance or services in case of emergencies.

#### *Characteristics, properties and attributes of a credit card*

Its usefulness goes beyond the acquisition of products; You can also take advantage of the benefit it gives to pay for services, make purchases via the Internet or by phone, make hotel reservations, have cash at ATMs, pay for cell phones, cable, among others. These are among many other benefits of being able to obtain a credit card. Banks that grant credit cards must inform the consumer about the interest rate and other costs for using credit cards. This information must be contained in a public declaration and must be presented in a Table with a special format that can be called "Table of Interest Rates".

In this you will find the declaration on costs, in the forms to request credit cards. If a credit card offer is made over the phone and the card has an annual payment, the representative of the credit institution must give the statement of costs orally.

The card does not have any annual charge or the payment does not take effect until the card has been issued, the representative of the credit institution must send all the information.

A credit card is a financial instrument through which a banking institution, as a card issuer, grants its customers a revolving line of credit\* up to a certain amount known as the credit limit by signing an adhesion contract. . In the clauses of the adhesion contract, the bank establishes the conditions under which it grants the credit to the client, as well as the way in which the latter must repay or pay the bank its debts.

Revolving credit: It is a credit that a bank grants a person a certain amount of money, known as a credit limit, which can be used continuously (make purchases or have cash) as long as it does not exceed the amount authorized by the bank itself. institution that grants it and the corresponding payments for its use are made in a timely manner.

The credit card is a plastic card with the logo and name of the bank, an identification number, the name of the holder, the dates of issue and expiration of the same and on the back it has a magnetic stripe and another where it is located . owner's signature. It is known as the plastic that allows payment for goods and services to be made available immediately without the need to use cash. Subsequently, the bank is paid the amount of money granted for making the purchases, as well as an extra amount, known as interest, for using the line of credit.

The credit card also has a Personal Identification Number (NIP), which is provided confidentially by the issuing bank to the cardholder and with which they can use ATMs to make balance inquiries, or have cash. It should be clarified that for using ATMs, the bank will charge the corresponding commissions.

The following terms should also be taken into account:

Payment deadline: It will be understood that the deadline is the day indicated; but in some account statements it says: Pay before..., so the deadline to settle the minimum or the total is the day before the one indicated. If it is the total, no finance charges will be incurred; if it is the minimum there are charges; but, if it is not paid then they can freeze the account and the interests will be very high because they will include the moratoriums.

It must be taken into account that with one day of delay, even when the total amount due is settled, the charges for late payment will be applied.

Minimum payment: It is the amount that must be covered so that there are no charges for default or restrict credit; In addition to generating a negative report to the Credit Bureau: If the date on which it falls is non-business, you should try to pay before, and in any case always try to pay as soon as possible, because there is an average balance that can be more beneficial for the customer if you do it that way.

Interest rate: The interest rate is indicated in the credit card offer and can be fixed or variable, although in practice they do not vary as much as the name indicates. Variable rate cards peg the APR to an index, usually the prime rate, and go up and down as short-term interest rates change in the general economy.

Annual Percentage Interest (APR) is the annual interest rate that the card issuer will charge on those unpaid balances on the credit card. Some credit cards have fixed rates, while others have variable interest rates, the interest is constantly changing. The statement of costs serves as a guide to decide what the variable interest rate will be.

If a credit card offer has an incredibly low interest rate, it's probably an introductory or variable rate. After the introductory period has passed, the interest rate will be increased. A low interest rate might be 5 percent, while a high interest rate might be 21 percent.

**Grace Period:** It is the period of time you have to pay your account, before any interest is charged to your purchases. Most companies offer a 30-day grace period. Although there are grace periods, some companies start charging interest from the day a purchase is made, which occurs only if the customer already has an existing balance on the credit card.

In other words, it is the number of days allowed to pay the total amount of the invoice without generating financial charges. This finance charge is the amount in \$ that you pay to use the credit and depends, in part, on the outstanding balance and the annual percentage rate (APR). Companies use different methods to calculate the outstanding balance. The method they use can have a significant influence on the finance charge. The outstanding balance can be calculated over one or two billing cycles, including or excluding new purchases made from the balance and using the adjusted balance, the average daily balance or the previous balance. Check if the card has minimum finance charges.

**Annual Payment:** The money that the client pays once a year to be entitled to use the credit card.

**Payments on Transactions:** These are the payments that the client must make to obtain cash from his credit card, late payments or payments for going over his credit limit.

**Periodic Interest Rate:** It is the percentage of annual interest divided by twelve months.

**Credit limit:** The credit limit is set based on your credit history, but some cards have a preset limit.

**Incentives and Rewards Programs:** Rewards cards may offer cash back on purchases, online access to your account, frequent flyer miles, additional warranty coverage, auto rental insurance, travel discounts, concierge services, and more. much more. If you have no or bad credit, you may need to establish a good credit profile before you can be issued a rewards and incentives card.

### *Uses and benefits of credit cards*

The proper use of credit cards is a great help for managing personal finances. They are a powerful means of payment and reduce the risk of carrying cash.

As long as all debts are paid in a timely manner, low-cost financing can be received. Even through credit cards that do not charge annuity fees, you can receive free financing.

Credit cards frequently give the customer other benefits derived from a good credit history, so timely payment of the credit card, in addition to saving the customer problems, can mean discounts, promotions, raffles, or points that can be exchanged. for cash, goods or services.

Another benefit of having a credit card is having different types of insurance, which apply in different situations, for example, there is life and accident insurance when the client is traveling, insurance for theft or loss of the card, insurance for the death of the cardholder, insurance for theft or loss of luggage, among others.

Among the broader benefits that the use of a credit card can provide are:

- Buy now, pay later: the client can use his credit card to buy now and pay the amount later (plus interest if he does not pay the total balance in the first month)
- Convenience and security of payment: the customer does not have to carry a checkbook or large sums of cash when shopping.
- Wide acceptance in commercial establishments: credit cards are more widely accepted than checks (even when traveling) and allow you to make purchases over the Internet.
- Easy and fast payment process: It is an easy process, however when paying with a credit card it is necessary to present some identification
- Value-added services for cardholders: if you are outside the country of origin you have travel assistance, life insurance benefits and car insurance are provided.

## Development

### *Materials used for the development of research*

The present research study took into account basic stationery materials such as bond sheets, cardboard, markers and others, also using bibliographic reference materials that were used in its analysis and elaboration.

The budget detail can be seen in annexes and highlights the preparation of the research to be carried out in the final phase of this 4th Fair of Science, Technology and Innovation, organized by the University of San Francisco Xavier de Chuquisaca.

### **Methodology used in the development of the research**

#### *Type of Research*

The type of research to be used will be exploratory and descriptive, first a review of documents related to the local financial and credit system will be carried out and then proceed to collect information from primary sources that will be tabulated and analyzed later.

#### *Methods to be used*

##### *Statistical method*

The statistical method will be applied for the processing, tabulation and systematization of the quantitative information collected from the application of different survey ballots.

##### *Bibliographic method*

The application of this method will make it possible to obtain secondary information necessary for the structuring of the theoretical framework, which will allow more precise knowledge regarding technical, economic details and, above all, aspects related to credit management and, in particular, the use of credit cards.

##### *Deductive method*

This method will allow us to adopt and issue final global decisions and conclusions after carrying out a specific and particular analysis and evaluation of our data.

## *Techniques to use*

### *The survey*

It will be aimed at collecting opinions and criteria of the population regarding the use and management of credits and also credit cards. Likewise, aspects related to the financial culture that the inhabitants possess will be taken into account so that at the end of the work some optimization strategies in family financial management can be recommended.

It is important to highlight that for the definition of the population group, people who have a credit card will be taken into account, so that they can be rescued through experience, basic aspects raised in the present investigation.

Due to the confidentiality of the information in the different financial entities, an average approximation of 400 people who have a credit card in the financial entities was taken, reaching a total of approximately 2000 people in Sucre in the 5 entities taken into account in the study. Taking this data into account, we proceeded to obtain the calculation of the sample size with the following formula:

In total, the number of surveys to be carried out amounts to: 322, segmented by financial entity.

### *The interview*

The interviews will make it possible to collect the criteria and opinions of those in charge of credit and credit cards in financial institutions and some experts on the subject, so that the proposed analysis can be complemented.

The interviews mainly take into account the loan officers, since they are the most appropriate to provide all the pertinent information regarding the institution where they work..

## **Results and discussion**

### *Results of surveys of people who have a credit card*

In the collection of information of people who currently have a credit card, the following could be rescued:

		Frecuencia	Porcentaje
Válidos	BANCO DE CREDITO	78	24.2
	BANCO BISA	71	22.0
	BANCO NACIONAL DE BOLIVIA	70	21.7
	BANCO UNION	54	16.8
	BANCO MERCANTIL SANTA CRUZ	49	15.2
	Total	322	100.0

**Table 1** Financial institutions that offer credit cards



**Figure 1** Financial institutions that offer credit cards

The largest number of respondents (24.2%) have a preference for Banco de Credito, 22% for Banco BISA, 21% for Banco Nacional de Bolivia, and the least preferred are Banco Unión and Banco Mercantil Santa. Cross.

		Frecuencia	Porcentaje
Válidos	MENOS DE UN AÑO	71	22.0
	HACE UN AÑO	113	35.1
	HACE 2 AÑOS	46	14.3
	HACE 3 AÑOS	35	10.9
	MAS DE TRES AÑOS	57	17.7
	Total	322	100.0

**Table 2** Number of years using card

35% of those surveyed obtained their card a year ago, and 22% less than a year ago, 17% more than 3 years ago and approximately 25% are made up of customers who obtained their card between 2 and 3 years ago. . From this it can be inferred that there is a growth in obtaining credit cards in the different financial entities.

		Frecuencia	Porcentaje
Válidos	BASICA	115	35.7
	MODERADA	159	49.4
	ABUNDANTE	48	14.9
	Total	322	100.0

**Table 3** Information at the time of card acquisition

49% of those surveyed affirm that they received moderate information when obtaining their credit card, 35% basic information and only 14% abundant information.

### Perception by the user of some characteristics of credit cards and their use

The perceptions about some of the characteristics and properties offered by the use of credit cards will provide the level of knowledge that the user currently has.

Taking into account both the obtaining and the use of the credit card, the following elements are implicit: interest rate, guarantees provided by the financial institution, commissions and charges, grace period, life insurance, statement of accounts provided by the financial institution on a regular basis, credit limit, incentives and rewards, card liquidity property and annual fees to be met by the user, the level of knowledge about each of the aforementioned was collected.

Tables 4 and 5 below present a summary of all the perceptions collected from customers, which we will analyze in detail below.

	PERCEPCION SOBRE LA TASA DE INTERES	PERCEPCION SOBRE LAS GARANTIAS QUE BRINDA LA ENTIDAD	PERCEPCION SOBRE COMISIONES Y CARGOS	PERCEPCION SOBRE EL PERIODO DE GRACIA	PERCEPCION SOBRE EL SEGURO DE DESGRANAM EN DE VIDA
N	Válidos 299	241	89	23	93
	Perdidos 23	81	263	299	287

**Table 4** Perceptions

		Frecuencia	Porcentaje
Válidos	VENTAJA	299	92.9
Perdidos	Sistema	23	7.1
Total		322	100.0

**Table 5** Interest rate perceptions

92% of those surveyed have exact knowledge about the interest rate and consider it advantageous when obtaining a credit card.

		Frecuencia	Porcentaje
Válidos	VENTAJA	241	74.8
Perdidos	Sistema	81	25.2
Total		322	100.0

**Table 6** Perceptions about guarantees

74% believe that the guarantees offered by the financial institution are advantageous, a factor that motivates them to have a credit card.

		Frecuencia	Porcentaje
Válidos	DESVENTAJA	59	18.3
Perdidos	Sistema	263	81.7
Total		322	100.0

**Table 7** Perceptions of fees and charges

Regarding commissions and charges made by financial entities, 81% of those surveyed believe that they are disadvantageous and present a restriction on having a credit card.

		Frecuencia	Porcentaje
Válidos	DESVENTAJA	23	7.1
Perdidos	Sistema	299	92.9
Total		322	100.0

**Table 8** Perceptions of the Grace period

Regarding the grace period that the financial institution has for the use of credit cards, 7% consider it disadvantageous, and the remaining 93% are not aware of it.

		Frecuencia	Porcentaje
Válidos	VENTAJA	35	10.9
Perdidos	Sistema	287	89.1
Total		322	100.0

**Table 9** Perceptions on life insurance lien insurance

In a similar way to the previous factor, it can be inferred through the data collected that 89% of the respondents do not have information regarding the life relief insurance offered by financial institutions and only 11% are aware and consider it advantageous.

		Frecuencia	Porcentaje
Válidos	VENTAJA	171	53.1
Perdidos	Sistema	151	46.9
Total		322	100.0

**Table 10** Perceptions of information and statement of accounts

Regarding the information and statement of accounts provided by financial institutions on a monthly basis, 53% consider this service advantageous and 46% have little knowledge even if they receive it, since according to an interview with those responsible, this service is performed automatically once the credit card has been obtained, so that the user has the information to comply with their payments and obligations with respect to the entity.

		Frecuencia	Porcentaje
Válidos	VENTAJA	48	14.9
	DESVENTAJA	155	48.1
	Total	203	63.0
Perdidos	Sistema	119	37.0
Total		322	100.0

**Table 11** Credit Limit Perceptions

As can be seen in the table above, 48% of those surveyed consider the credit limit a disadvantage and 14% an advantage, leaving 37% unanswered.

		Frecuencia	Porcentaje
Válidos	VENTAJA	206	64.0
Perdidos	Sistema	116	36.0
Total		322	100.0

**Table 12** Perceptions of Incentives and Rewards Programme

64% of those surveyed believe that the incentives and rewards program offered by the financial institution represents an additional advantage to the credit card service.

		Frecuencia	Porcentaje
Válidos	VENTAJA	170	52.8
Perdidos	Sistema	152	47.2
Total		322	100.0

**Table 13** Liquidity perception

As can be seen, 52% believe that the liquidity factor is an advantage over the use of a credit card.

		Frecuencia	Porcentaje
Válidos	VENTAJA	59	18.3
	DESVENTAJA	34	10.6
	Total	93	28.9
Perdidos	Sistema	229	71.1
Total		322	100.0

**Table 14** Perception of annual fees

In relation to the annual installments to be amortized, 18% consider it as advantageous and 10% as a discouraging factor for having the card, it is also highlighted that 71% did not want to comment on the annual installments or have no knowledge.

#### *Services provided by financial institutions related to obtaining credit cards*

Below are some of the services and attributes associated with the specific moment of obtaining a credit card from a financial institution, a factor that can be decisive for the customer to make a decision regarding having a card or choosing to choose the card. financial institution of your choice.

		Frecuencia	Porcentaje
Válidos	SI	93	28.9
Perdidos	Sistema	229	71.1
Total		322	100.0

**Table 15** Obtaining the card



As can be seen in the table above, only 28.9% have a favorable perception regarding the speed in obtaining their credit card, so it can be inferred that there is a slowness in the process.

		Frecuencia	Porcentaje
Válidos	SI	80	24.8
Perdidos	Sistema	242	75.2
<b>Total</b>		<b>322</b>	<b>100.0</b>

**Table 16** Information on office network in obtaining the card

As can be seen in the table above, only 25% of the total respondents received information regarding the branch network that the financial institution has to meet customer demands.

		Frecuencia	Porcentaje
Válidos	SI	187	58.1
Perdidos	Sistema	135	41.9
<b>Total</b>		<b>322</b>	<b>100.0</b>

**Table 17** Information at the time of card acquisition

The service at the time of obtaining a credit card was good in 58% in financial institutions, leaving people unanswered in 41%, so it can be inferred that there is generally friendly service in all financial institutions except some particular problems that customers have.

	EN LA OBTENCION DE SU TARJETA EL SERVIDOR DEL SERVICIO FUE AGIL	EN LA OBTENCION DE SU TARJETA EL SERVIDOR FUE BUROCRATICO	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS	EN LA OBTENCION DE SU TARJETA LE INFORMARON SOBRE LA RED DE OFICINAS
N	93	239	46	80	24	263	70	12	116
Perdidos	229	83	276	242	298	59	252		

**Table 18** Services related to obtaining credit cards – summary

As a summary of the above aspects we see in general that credit card users in many cases are unaware of some of the aspects, properties and attributes of the service and/or were not duly informed about it.

*Frequency of use of credit cards*

As can be seen in the following table, 52% of the people surveyed use their credit card monthly, however it is also important to highlight the weekly use of users, a percentage that amounts to 29%.

The frequency of use of the credit card in many cases has to do with the destination or purpose that is given to the card.

*Most frequent uses of credit cards by users*

Regarding the most frequent uses collected from users, food expenses stand out in the first place, clothing in second place, travel in third place and Internet purchases in fourth place.

	TOTAL
MAYORMENTE USA SU TARJETA PARA PAGAR GASTOS DE ALIMENTACION	139
MAYORMENTE USA SU TARJETA PARA PAGAR GASTOS DE SALUD	44
MAYORMENTE USA SU TARJETA PARA PAGAR GASTOS DE ROPA	104
MAYORMENTE USA SU TARJETA PARA FINANCIAR NEGOCIOS NACIONALES	47
MAYORMENTE USA SU TARJETA PARA FINANCIAR NEGOCIOS INTERNACIONALES	11
MAYORMENTE USA SU TARJETA PARA REALIZAR COMPRAS EN LA RED	80
MAYORMENTE USA SU TARJETA PARA PAGAR VIAJES	89
MAYORMENTE USA SU TARJETA PARA PAGAR ALOJAMIENTO Y HOTELES	77
MAYORMENTE USA SU TARJETA PARA PAGAR OTROS GASTOS MENORES	47

**Table 10.19** Frequent uses of credit cards by users

It is important to point out that in our city there has been a significant growth to date in shopping centers that accept credit cards, companies that identify themselves with different categories: pharmacies, supermarkets, entertainment centers, boutiques, etc.

Regarding the planning of expenses and income, it can be seen that 68% of those surveyed say they make a monthly budget, balancing their income and expenses, however there is a high percentage of people who do not carry out this planning and people who they did not answer.

		Frecuencia	Porcentaje
Válidos	A VECES	228	70.8
Perdidos	Sistema	94	29.2
<b>Total</b>		<b>322</b>	<b>100.0</b>

**Table 20** Delinquencies in payment of credit card commitments – summary

As for delays in meeting financial obligations linked to having credit cards, 70% state that they are in arrears periodically.

		Frecuencia	Porcentaje
Válidos	CONFIABLE Y SEGURA	97	30.1
	TIENE UNA CUENTA EN LA ENTIDAD	76	23.6
	VENTAJAS QUE OTORGA	95	29.5
	RENOMBRE Y FAMA	40	12.4
	OTROS	13	4.0
Total		321	99.7
Perdidos	Sistema	1	.3
<b>Total</b>		<b>322</b>	<b>100.0</b>

**Table 21** Reasons for eligibility of financial entities to obtain a credit card

Regarding the reasons for eligibility of the financial entity, firstly the reliability of the financial entity that provides the service (30%), secondly the financial advantages offered by the entity (29%), and thirdly place having an account in the same financial institution (2.3%). Analysis of the elements offered by financial institutions based on structured interviews

#### *Types of credit cards*

There are different types of credit cards, so it could be identified.

- Gold, International and Leader cards offered by Banco de Credito
- International Visa, Golden Visa, Platinum Visa, International Mastercard and Golden Mastercard offered by Banco Unión.
- Visa and Mastercard (Gold, International, Platinum and Black with different characteristics) offered by Banco Mercantil Santa Cruz
- Group, International, Gold, Platinum and corporate offered by Banco Bisa.
- And finally the National Bank of Bolivia with the offer of Gold, Platinum and international credit cards.

Each of the aforementioned has characteristics related to the amount that can be accessed, facilities and differentiating and particular characteristics, respectively.

It is also important to mention that the average interest for purchases is 26% and for cash 28%, however, depending on the card obtained, this amount may change.

It is also useful to distinguish that credit card services are currently being differentiated, creating new ones according to use, so we can distinguish in the current market travel, business, international, shopping cards, etc.

#### *Requirements for obtaining a card*

In general, the following common requirements could be evidenced in the different financial entities taken into account in this study:

- Support of declared income or assets (work certificate or statement of assets and guarantee). It is important to mention the observance of the amount received as well as the seniority and continuity of employment that the applicant may have.
- Photocopy of the Identity Card (applicant and spouse)
- Filling out the corresponding form in the financial institution with the applicant's data.

#### *How credit cards work*

With a credit card a person can make purchases automatically obtaining a line of credit opened by the financial institution, so that the person can use this money to make purchases, travel or pay for other services. You can also withdraw cash from the nearest ATM with immediate liquidity.

Another of the utilities that stands out is also that of making purchases or doing business over the Internet, obtaining opportunities that are often very difficult in the local market..

Most frequent reasons why people request a credit card according to the providers

Among the reasons rescued from the point of view of supply, the following stand out:

- Availability to handle cash (immediate liquidity), to make purchases in local markets.
- Internet purchases.
- Travel abroad.
- The risk of not carrying money in case of possible robberies or losses.

#### *Benefits of credit cards according to providers*

According to credit card providers, the main benefits for which a person is inclined to apply for a credit card are:

- Low interest rates
- Solvency and prestige of the financial institution

- Advantages and benefits to clients of the financial institution and in particular to the holders of a credit card
- Minimum monthly payments and low annual fees
- That the financial institution has many branches and ATMs
- International card acceptance.

*Benefits for the financial entity with the credit card service*

Financial entities receive commissions and the perception of interest is also evidenced as it is a line of credit.

*Information provided at the time of receiving a credit card service request*

In general, the entities provide all the general characteristics, facilities that the user will have and comforts that the use of a credit card will provide.

Information regarding interest rates, total payments and due dates. Information on court dates and payments.

*Most common problems of people who handle a credit card*

There are some problems that are common in financial entities presented by card users, such as:

The cardholder does not communicate his trip abroad to the financial institution, therefore there are problems in activating his card. They do not take into account the security warnings provided by the bank Problems with some purchases and businesses on the internet.

Perception of the level of financial knowledge of customers to handle a credit card.

In general, people who apply for a credit card know how to manage their family and personal financial funds, making moderate use of credit cards, however there are some people (a small percentage) who in many cases make intensive use and do not they can meet their financial commitments, but this is minimal.

The level of delinquency verified is generally low in average terms in all financial entities, according to the criteria of the service providers.

*Perception regarding the reasons for greater attractiveness for potential customers*

People pay more attention to:

- Interest rates.
- Promotions and campaigns.
- Facilities and advantages provided by the financial institution.
- Discounts with purchases using credit card.
- Other prizes, incentives and rewards.

*Variable relationship*

		NOMBRE DE LA ENTIDAD FINANCIERA											
		BANCO DE CREDITO		BANCO BISA		BANCO NACIONAL DE BOLIVIA		BANCO UNION		BANCO MERCANTIL SANTA CRUZ		Total	
		Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla
NUMERO DE AÑOS QUE USA SU TARJETA	MINOS DE UN AÑO	10	3.1%	26	8.1%	2	.6%	17	5.3%	16	5.0%	71	22.0%
	HACE UN AÑO	34	10.6%	15	4.7%	40	12.4%	13	4.0%	11	3.4%	113	35.1%
	HACE 2 AÑOS	17	5.3%	7	2.2%	11	3.4%	7	2.2%	4	1.2%	46	14.3%
	HACE 3 AÑOS	9	2.8%	22	6.8%	1	.3%	3	.9%	2	.6%	37	11.5%
	MAS DE TRES AÑOS	10	3.1%	1	.3%	16	5.0%	14	4.3%	16	5.0%	57	17.7%
Total		78	24.2%	71	22.0%	78	23.7%	54	16.8%	49	15.2%	322	100.0%

**Table 22** Seniority by financial entity

As can be seen, the most recent clients are in Banco Bisa and the largest number of clients with seniority of one year belong to Banco de Crédito and Banco Nacional de Bolivia.

		NOMBRE DE LA ENTIDAD FINANCIERA											
		BANCO DE CREDITO		BANCO BISA		BANCO NACIONAL DE BOLIVIA		BANCO UNION		BANCO MERCANTIL SANTA CRUZ		Total	
		Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla
INFORMACION OBTENIDA AL MOMENTO DE OBTENER LA TARJETA	BASICA	18	5.6%	12	3.9%	12	3.7%	28	8.7%	23	7.0%	93	28.7%
	MODERADA	34	10.6%	21	6.5%	17	5.3%	16	5.0%	10	3.1%	118	36.6%
	ABUNDANTE	26	8.1%	15	4.7%	1	.3%	2	.6%	4	1.2%	48	14.9%
	OTROS	10	3.1%	19	5.9%	5	1.5%	3	.9%	5	1.5%	42	13.0%
Total		78	24.2%	71	22.0%	78	23.7%	54	16.8%	49	15.2%	322	100.0%

**Table 23** Degree of information obtained when obtaining a credit card according to financial entity

From the above table and graph it can be inferred that the largest amount of information provided at the time of obtaining a credit card is attributed to Banco de Credito, followed by Banco Bisa.

		NOMBRE DE LA ENTIDAD FINANCIERA											
		BANCO DE CREDITO		BANCO BISA		BANCO NACIONAL DE BOLIVIA		BANCO UNION		BANCO MERCANTIL SANTA CRUZ		Total	
		Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla	Recuento	% del N de la tabla
MOTIVOS POR LOS QUE FALGADO LA ENTIDAD FINANCIERA	CONFORTABLE Y SEGURA	17	11.3%	17	11.3%	9	6.0%	9	6.0%	3	2.0%	65	42.6%
	BIENA UNA CUENTA EN LA ENTIDAD	8	5.3%	15	9.7%	20	13.3%	22	14.3%	11	7.2%	76	48.1%
	VENTAJAS QUE OTORGA	18	11.7%	19	12.4%	18	11.7%	14	9.1%	28	18.0%	97	60.8%
	BENEFICIO Y COMODIDAD	19	12.4%	17	11.0%	2	1.3%	6	3.9%	3	2.0%	47	29.6%
	OTROS	7	4.5%	3	2.0%	1	.7%	2	1.3%	6	3.9%	19	12.0%
	Total		78	24.2%	71	22.0%	78	23.7%	54	16.8%	49	15.2%	322

**Table 24** Reasons for eligibility towards financial entities

Banco de Credito has a large number of clients who chose it for the reliability and security it offers, as does Banco Nacional de Bolivia.

In Banco Bisa there is a preference based on the advantages offered by this financial entity, a similar situation occurs in Banco de Santa Cruz.

## Discussion

### *Introduction of new technologies versus financial idiosyncrasies*

The introduction of new technologies applied to the field of business and finance is still not widely accepted, due to the costs involved in their implementation and also due to the idiosyncrasy that prevails in the local culture.

The particular use of credit cards is currently still to some extent restricted to the high-income strata in our society, but with high prospects of encompassing middle-class strata, also taking into account other factors such as job stability and wealth with the one that the inhabitants tell.

The local idiosyncrasy still has a closed thought, restricting itself to strictly physical transactions, as they occur in physical territorial markets, however the alternative of virtual commerce has opened up great possibilities to carry out good business.

### *The investment culture in Bolivia*

Unfortunately in Bolivia and without exception to Sucre in particular, financial thought does not take into account an investment culture. In the generality of the cases in different professions, professionals go to the labor markets in search of work without considering the possibility of forming their own company.

Another of the situations that is evident in our reality is that people dedicate a large part of their income to spending and not to investment.

This aspect is linked to the handling of credit cards since, as could be evidenced, there is a minimum number of people who use this tool to carry out or carry out business at a national and international level.

### *Financial culture and long-term planning versus needs and day-to-day planning*

In general, people carry out short-term planning, observing their needs day by day, this situation does not exclude people who obtained credit cards, as could be seen in the data presented above, since in many cases credit cards They are used to make daily purchases of food, clothing, medicines and others.

Despite the fact that surveys have shown that most people who have a card plan their family income and expenses on a monthly basis, it is also evident from direct observation that many people do not plan at all when living simply "day to day", this is often determined by job instability in the face of the multiple needs that arise in everyday life.

### *Optimization strategies in credit management using credit cards*

Taking into account all the information presented by way of diagnosis in the different financial institutions that offer credit card services in the city of Sucre, some guidelines or strategies can be established for the most suitable use that they can make regarding the credit management provided by credit cards.

- Clear visualization of objectives when obtaining a card.
- Take into account the cut-off and closing periods at a certain date made by the financial institution, so that the line of credit can be used without paying interest.
- Effective planning of the line of credit within the budget that is available, thus taking advantage of all the options and alternatives of use.
- More exhaustive knowledge of the advantages, conditions and particular characteristics of the credit card and those associated with its use, so that this financial instrument is used more effectively and appropriately.

## Conclusions

There is a remarkable promotion and growth of people who demand a credit card from financial institutions.

There is still a deficiency in the provision of information by financial institutions when offering credit card services. This situation leads to little knowledge regarding the possibilities of taking better advantage of the credit card in our city in particular and in other regions.

There is still no true investment culture among people who have a credit card, since most of them use this financial tool to simply cover expenses and daily purchases, also evidencing that a much smaller percentage is the one that allocates the line of credit granted by the card for business and/or business uses.

Knowing some of the factors and elements linked to the possession and use of credit cards at the time of deciding their possession can greatly help and guide customers, and it is even more useful in the case of people who have and have a card increase the level of information regarding some variables taken into account in this study such as: interest rate, guarantees provided by the financial institution, commissions and charges, grace period, life insurance, state of accounts provided by the financial institution on a regular basis, credit limit, incentives and rewards, card liquidity ownership and annual fees to be met by the user.

Finally, financial institutions have a guiding role so that customers who have credit cards can use them much more efficiently, improving their level of financial literacy and optimizing the management of their family and personal funds.

### **Acknowledgments**

The researchers thank the Science and Technology Research Directorate (DICYT) and the Faculty of Public Accounting and Financial Sciences of the San Francisco Xavier University of Chuquisaca for the support provided in the development of this work..

### **References**

Raúl A. Sandoval Gonzáles “Methodology and Research Techniques” (2001)

Dr. Roberto Hernández Sampieri, Dr. Carlos Fernández Collado, Dr. Pilar Baptista Lucio "Research Methodology (2nd Edition)" (2002)

Manuel Bernal "Research Methodology" (2005)  
Simon Julio,"Credit Cards", Abeledo Perrot (1988)

Reynoso Gerardo Daniel, "Credit card system. Structure. Functionality", Roberto Guido Editor (1995)

Manuel Osorio, Credit Cards (2nd Edition) (2006) Simón Julio, Abeledo Perro. "Credit Cards", (1988).