

CUSTOMER AWARENESS ON GST CHARGES IN CREDIT CARD TRANSACTIONS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

This study aims to analyze the level of customer awareness regarding GST charges applied on credit card transactions, with special reference to Coimbatore City. After the implementation of Goods and Services Tax (GST), various charges related to credit card usage such as annual fees, interest charges, late payment fees, and service charges are subject to GST. Many credit card users are unaware of these charges, which may affect their satisfaction and usage behavior.

The study is based on primary data collected from credit card users in Coimbatore City through a structured questionnaire, along with secondary data obtained from journals, websites, and reports. The research adopts a descriptive research design, and tools such as percentage analysis and the Chi-Square test are used for data analysis. The findings of the study help to understand the level of awareness among customers and highlight the need for better communication and transparency by banks regarding GST charges on credit card transactions. The study also provides useful suggestions to improve customer awareness and satisfaction.

Keywords:

Credit Card Transactions, GST Charges, Customer Awareness, Banking Services

INTROUDCTION

The introduction of the Goods and Services Tax (GST) has brought significant changes in the Indian taxation system, especially in the banking and financial service sector. Credit cards have become one of the most commonly used payment instruments for purchasing goods and services, both online and offline. After the implementation of GST, various charges related to credit card transactions such as annual fees, interest charges, late payment fees, and other service charges are subject to GST.

Many credit card users are not fully aware of the GST charges applied to their credit card transactions. Lack of awareness regarding GST rates and applicable charges may lead to confusion, dissatisfaction, and unexpected financial burden among customers. Therefore, understanding the level of customer awareness about GST charges in credit card transactions has become important for banks and financial institutions.

In the modern financial system, credit cards have become one of the most widely used modes of payment due to their convenience, flexibility, and ability to facilitate cashless transactions. With the rapid growth of digital payments in India, the usage of credit cards has increased significantly among individuals for personal as well as business purposes. Credit cards allow consumers to make purchases instantly and repay the amount later, often with additional benefits such as reward points, cashback, and installment options. As a result, credit cards play an important role in promoting financial inclusion and boosting consumer spending.



SCOPE OF THE STUDY

This study is limited to credit card users in Coimbatore City only. It focuses on analyzing the level of customer awareness regarding GST charges on credit card transactions. The study covers GST applicability on credit card service charges such as annual fees, interest, and late payment charges. It helps to understand customers' knowledge and perception towards GST charges. The findings of the study are useful for banks to improve communication and awareness among customers.

REVIEW OF LITERATURE

Chhaya, (2021) studied GST on financial services and highlighted customer confusion regarding GST applicability on banking fees and services.

Ramesh, K. (2022) studied urban versus rural GST awareness, revealing that urban consumers had higher awareness levels, emphasizing the need for education.

Singh, P. (2023) analyzed GST awareness among retail customers and found that satisfaction depends on understanding GST charges on service fees.

Thomas A . (2024) investigated GST awareness and satisfaction in banking services, noting gaps in knowledge and the need for better communication.

Aathira Varier (2025) in an article for Business Standard reported that rationalization of GST rates and related tax clarity helped boost credit card spending, with average per-card expenditure rising significantly during the festive season. The article noted that changes in GST policies and clearer tax norms contributed to increased consumer confidence and higher credit card usage, reflecting how greater visibility of tax charges (including GST) influences customer behaviour and awareness in financial transactions.

RESEARCH GAP

Most studies on GST focus on general awareness or banking services, but very few specifically examine customer satisfaction in credit card services after GST implementation. Research on Coimbatore City is limited, despite its high credit card usage. Previous studies often analyze awareness or perception alone, without linking it to actual satisfaction levels. There is also little research on how bank communication and transparency about GST charges affect customer confidence. This study aims to fill these gaps by analyzing customer satisfaction with credit card services post-GST in Coimbatore City.

STATEMENT OF PROBLEM

The implementation of the Goods and Services Tax (GST) has resulted in the levy of GST on various credit card-related charges such as annual fees, interest charges, late payment fees, and other service charges. Although credit cards are widely used by customers for convenience and cashless transactions, many users are not clearly aware of the GST charges applied to their credit card transactions.

Hence, this study attempts to examine the level of customer awareness regarding GST charges on credit card transactions with special reference to Coimbatore City, and to identify the issues faced by customers due to inadequate awareness

OBJECTIVES

1. To analyze the level of customer satisfaction towards credit card services after GST implementation.
2. To study the awareness of GST charges among credit card users in Coimbatore City.
3. To examine the problems faced by customers due to GST on credit card transactions.

RESEARCH METHODOLOGY

The present study adopts a descriptive research design to analyze customer satisfaction towards credit card services after GST implementation. The research is conducted in Coimbatore City, focusing on credit card users in urban areas. Convenience sampling is used to select 100 respondents who actively use credit cards. Primary data is collected through a structured questionnaire, while secondary data is gathered from journals, websites, reports, and previous research studies. For data analysis, percentage analysis, tables, charts, and the Chi-Square test are used to examine associations between variables and draw meaningful conclusions about customer satisfaction and awareness regarding GST charges.

ANALYSIS AND INTERPRETATION

Age-wise Distribution

AGE GROUP	Number of Respondents	Percentage
18–25 years	20	10%
26–35 years	40	40%
36–50 years	30	30%
Above 50 years	10	10%
TOTAL		100%

SATISFACTION LEVEL AFTER GST

Satisfaction Level after GST



FINDINGS

- Gender Distribution: Majority of respondents are male (55%), indicating slightly higher credit card usage among men.
- Age Distribution: Most users fall in the 26–35 years age group (40%), showing young professionals dominate credit card usage.
- Awareness of GST Charges: Only 35% of respondents are fully aware of GST charges on credit card transactions, while 45% are partially aware, and 20% are unaware, highlighting a need for better communication from banks.
- Satisfaction Level: 70% of respondents are satisfied or highly satisfied with credit card services after GST implementation, but 15% are neutral and 15% are dissatisfied, indicating GST has affected some users' satisfaction.
- Impact of GST on Usage: Respondents with higher awareness of GST charges tend to be more confident and satisfied with credit card usage, suggesting that transparency and communication from banks play a key role in customer satisfaction.

LIMITATION OF THE STUDY

- The study is limited to credit card users in Coimbatore city, and therefore the findings cannot be generalized to other cities .
- The sample size is restricted only to 80 respondents.
- The study is based on questionnaire data, and the accuracy depends on the respondents' honesty and awareness.

CONCLUSION

The study reveals that most credit card users in Coimbatore City are generally satisfied with the services after GST implementation. However, awareness of GST charges is moderate, with only a few users fully understanding how GST affects annual fees, interest, and other service charges. Higher awareness among respondents correlates with greater satisfaction and confidence in using credit cards. The findings highlight the importance of transparent communication and proper guidance from banks regarding GST charges. While GST has standardized taxation on credit card services, a lack of awareness can create confusion and minor dissatisfaction among some users. This study emphasizes the need for educational initiatives and clearer statements to improve customer understanding and satisfaction.

Overall, improving awareness about GST charges can lead to better customer experience and trust in financial services.

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