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**Meenakshi Dhoundiyal**  
 Research Scholar,  
 Department of Commerce and  
 Management, Assistant  
 Professor, Banasthali  
 University, Rajasthan, India

**Nishtha Pareek**  
 Department of Commerce and  
 Management, Assistant  
 Professor, Banasthali  
 University, Rajasthan, India

**Corresponding Author:**  
**Meenakshi Dhoundiyal**  
 Research Scholar,  
 Department of Commerce and  
 Management, Assistant  
 Professor, Banasthali  
 University, Rajasthan, India

# Unveiling credit card trends in Dubai residents aged between 25-45

**Meenakshi Dhoundiyal and Nishtha Pareek**

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### Abstract

This study analyses credit card usage behaviors among individuals aged 25 to 45 in Dubai. Survey data was collected from various samples within this demographic to understand credit card ownership, usage patterns, debt management practices, and factors influencing credit card behavior. Statistical analysis and regression techniques were employed to analyze the data and derive meaningful insights. Findings show credit card ownership among adults aged between 25-45 in the region, with usage extending to various purposes such as daily expenses, travel, online shopping, and dining out. However, a considerable percentage of participants reported carrying credit card debt, pointing out the importance of promoting responsible credit card usage and effective debt management strategies. The study identifies various factors influencing credit card usage, including income levels, financial literacy, reward programs, and convenience. Recommendations are proposed to support improved credit card management practices, involving financial education programs, enhanced regulatory measures, enhancement of personal finance tools, and promotion of responsible reward programs. While the study provides valuable insights into credit card usage among young adults in Dubai, limitations regarding sample size and geographic specificity are acknowledged. Future research directions may explore cultural influences on credit card behavior and employ longitudinal studies to track behavioral changes over time. These insights can inform strategies to encourage responsible credit card usage and improve financial well-being among young adults in the region.

**Keywords:** Dubai, young adults, credit card usage

### Introduction

Credit card usage behavior among young adults aged 25 to 45 is a crucial aspect of financial management, particularly in dynamic urban centers like Dubai. This study aims to delve into the patterns, preferences, and implications of credit card usage within this demographic in Dubai. Understanding credit card behavior is essential for financial institutions, policymakers, and individuals to promote responsible financial practices and mitigate risks associated with debt accumulation.

The use of credit cards has become an integral part of modern financial transactions, offering convenience, flexibility, and a plethora of benefits to consumers worldwide. In the dynamic economic landscape of Dubai, where financial transactions are increasingly digitized and consumer spending habits continually evolve, understanding credit card behavior among specific age demographics becomes imperative for financial institutions, policymakers, and researchers alike (Robb, 2011) <sup>[1]</sup>.

This research focuses on examining credit card behavior among individuals aged between 25 and 45 years old in Dubai. This age group represents a significant portion of the workforce and consumer base within the emirate, embodying a cohort characterized by diverse socio-economic backgrounds, career trajectories, and lifestyle preferences.

Dubai, as a global financial hub and cosmopolitan city, attracts a diverse population comprising both expatriates and locals. Its vibrant economy, coupled with a high standard of living, influences the financial attitudes and behaviors of its residents, including their utilization of credit cards. Furthermore, Dubai's strategic location within the United Arab Emirates (UAE) positions it as a key market for financial products and services, making it an ideal setting for investigating credit card usage patterns and trends.

The age range of 25 to 45 years encompasses individuals at different life stages, from young professionals establishing their careers to mid-career individuals managing household

expenses and financial responsibilities. Within this demographic spectrum, variations in income levels, spending habits, financial literacy, and cultural backgrounds contribute to diverse patterns of credit card usage and management.

As Dubai continues to undergo rapid urbanization and economic diversification, accompanied by advancements in financial technology and banking services, understanding the dynamics of credit card behavior among the 25-45 age group becomes essential for addressing consumer needs, mitigating financial risks, and fostering responsible financial practices.

Through empirical research and analysis, this study aims to shed light on the factors influencing credit card behavior among individuals aged 25 to 45 in Dubai, including their motivations for card usage, spending preferences, debt management strategies, and perceptions of financial risk. By gaining insights into these dynamics, stakeholders can develop targeted interventions, tailored financial products, and educational initiatives aimed at promoting financial well-being and empowering consumers to make informed decisions in a rapidly evolving financial landscape (Kuchler, T., & Pagel, M., 2021) <sup>[19]</sup>.

How people use credit cards in Dubai depending on the client's situation, there may be a variety of benefits and drawbacks to consider before making a decision on using visas. Safe and lawful use of visas may assist improve cash flow and supply greater assets. On the other hand, if you force the consumer to take on more obligations by forcing them to use their credit card in ways that exceed the financial boundaries they had established for themselves, this impact are likely to occur. Long-term spending on Visas might result in promises being made on credit cards that are illogical. The extension of Visa's commitment has held down future financial development. Leaders in industry and government are concerned about this. Even if they utilize deceptive direct marketing to acquire their clients, credit card firms often take advantage of them by imposing exorbitant advance fees and making it difficult to locate individual transactions (Pagel, M., 2021) <sup>[19]</sup>.

Knowing how to understand the information on a credit card is known as "credit card literacy," or CCL. Due to the lack of research on CCL, several experts have substituted financial education for CCL in their evaluations. According to OECD-INFE (2012), "financial education includes care, knowledge, mastery, attitude, and the expected leadership for making big decisions about money that lead to a person's financial well-being." "Money-related competency" refers to the consideration, knowledge, abilities, way of thinking, and direction required to make wise financial choices that will result in one's financial success. According to Robb (2011) <sup>[1]</sup>, individuals tend to remain in relationships longer and engage in riskier behavior when they don't care about money. This is a result of a lack of money in circulation. Even while there is evidence that having more money-related abilities makes individuals more financially responsible, the previous study contains several contradictions overall. Depending on whether the examples were of adults or children, the outcomes of the first experiment varied (Robb, 2011) <sup>[1]</sup>. Credit card usage in Dubai is becoming increasingly popular as more residents and tourists opt for convenience and rewards. There were 5

million Credit Card users in the UAE market. (Pagel, M., 2021) <sup>[19]</sup>. Hence it becomes essential to study the credit card behavior of the users in the economically progressive city Dubai.

### Research Objectives

1. To identify the Credit card usage behavior in Dubai residents aged between 25 to 35 in Dubai.
2. To examines the factors influencing the attitude of customers toward utilization of credit cards Dubai

### Literature Review

The United Arab Emirates economy is rapidly embracing the cashless transaction mechanism and both the individuals and businesses are adopting to this contactless payment method. This approach, hailed for its convenience, speed, and cost-effectiveness, is gaining popularity. Since the mid-1990s, there has been a notable shift in banking services towards self-service platforms. This change is driven by banks increasingly relying on electronic and online banking for customer interactions. Electronic banking serves as a gateway for customers to access various financial services remotely using devices like personal computers, tablets, or smartphones.

Credit card usage behavior in Dubai exhibits several unique trends and characteristics shaped by the city's diverse demographic and economic landscape. A significant factor influencing credit card usage in Dubai is the presence of a large expatriate population, with a considerable portion hailing from countries where credit card culture differs from that of the United Arab Emirates (UAE). This diversity influences spending patterns, with expatriates often using credit cards for international transactions and travel-related expenses. Additionally, the widespread acceptance of credit cards in Dubai's retail sector has contributed to their popularity among residents and tourists alike. Researchers have investigated the extent to which specific demographic characteristics, such as sexual orientation, age, ethnicity, level of education, and wage, influence the usage of credit cards. These characteristics include:

These factors include orientation, age, a foundation in an ethnic group, the degree of training received, and income. Age and orientation are two more factors that have a role. Salary is an extra factor to take into account. While determining whether or not to provide visas, businesses often take into account certain sector criteria. For instance, many companies give attention to job applicants who have a high income and a significant amount of training under their belts over those who don't have either of those things and are applying for the same position.

According to the findings of research that was conducted out in India by Khare, Khare, and Singh (2012) <sup>[20]</sup> and that made use of a number of different direct relapses, younger consumers in India are more likely to make use of credit cards. The study used a number of different direct relapses. In their study on the usage of cards in Botswana, Themba and Tumedi made use of chi-square analysis and cross-arrangement. They came to the conclusion that factors such as marital status, educational level, and orientation were significant drivers of card use. It was established that the usage of cards is affected by these features and traits like them (2012). The level of business acumen that men typically have is far higher than that which is typically obtained by women.

As is evident by the correlation between their abundance and their pay and the recurrence of such installments, Canadians with low wages are bound to make installment mistakes on their visas due to the limited information they have on their individual budgets.

Techniques for utilizing one's MasterCard to make recurring payments on a regular basis About forty percent of customers who make use of credit cards would choose for a Visa with a higher interest rate if given the option to do so in the event that it was made available to them (Agarwal, Chomsisengphet, Liu, and Souleles, 2015) [2]. According to the findings of experimental study carried out by Barboza (2018) [12] and by Kuchler and Pagel, cardholders suffer the negative consequences of present-day predisposition, which leads to excessive utilization of their Mastercards and a delay in their reimbursements (2017). The time spent on card reimbursement is also subject to the use of heuristics at various points along the process. One illustration of this would be the process of matching up balances. A designation error, often referred to as the cuckoo deception, was found by Bannier, Gartner, and Semmler (2019) [11], as well as by Gather Good *et al.*, in the process of reimbursing liabilities on credit cards. This is normally done by reimbursing the card that creates the most new commitments. Bannier, Gartner, and Semmler were the ones who discovered this error (2019) [11]. Robb and Sharpe (2009) [21] found that people's equilibrium improved as their levels of financial knowledge increased. This was shown to be the case. It was determined that this was really the case. Research Gap: Though there are multiple studies conducted on credit card usage attitude by different age group people in different part of the world, but in Dubai, there are very limited studies conducted as what is the attitude of residents in the age group of 25-35.

### Research methodology

Quantitative research method was used Throughout the course of our investigation, it was carried out with the help of an online poll in order to gather replies from a total of Around One hundred people who are in possession of a credit card. In order to gather the necessary information, the procedure asked for the completion of a questionnaire that was structured in such a way that it consisted of three distinct sections. The data was gathered using Google Forms questionnaire replies.

### Sources of data

Sources that were considered for primary data on credit card usage behavior among individuals aged 20 to 35 in Dubai. The surveys included questions related to the frequency of credit card use, types of transactions, motivations for credit card usage, repayment behaviors, and financial literacy levels. Surveys can be administered online of young adults in the target age range.

### Data analysis

The ratio of Credit card usage behavior will be calculated on the basis of average, percentage, and cumulative percentage Also, those who are between the ages of 25 and 35. To summarize the scenario, those who get regular payments have a lower probability of taking out a loan, a larger possibility of finishing their payments on time, and a greater likelihood of just paying the required minimum payment. This is according to an examination of the data.

A descriptive analytical approaches of data analysis will be carried out in order to examine the breadth of different degrees of monetary proficiency that will be addressed by the sample respondents. This will be done in order to do this. This is the amount of variation in the dependent variable that can be attributed to the free factors. This is the proportion of the total variation that may be ascribed to the factors that are considered independent. In order to carry out this investigation, the application that will be used of choice will be questionnaire analysis.

**Primary data:** A questionnaire and several other research methodologies

**Secondary data:** Some examples of the following include books, articles published in journals, and more recent reports:

### Data Analysis

#### Gender

Gender	Number of Individuals	Percentage
Male	44	54.33%
Female	37	45.67%

#### Education Level

Education Level	Number of Individuals	Percentage
High School		13.3%
Bachelor's		43.3%
Master's		36.6%
Doctoral		4.9%

#### Experience in Credit Card Use

Experience in Credit Card Use	Number of Individuals	Percentage
0-5 years		80.2%
5-10 years		13.6%
10-15 years		4.9%
Greater than 15 years		3%

#### Do people tend to spend more when using credit cards

Agreement with Statement "People tend to spend more when using credit cards than cash"	Percentage
Agree	62.2%
Strongly Agree	26.8%
Disagree	9.8%
Strongly Disagree	6.9%

#### Awareness of Credit Card Fees

Awareness of Credit Card Fees	Percentage
Not aware	24.4%
Not fully aware	37.8%
Yes, I am aware of late payment fees	37.8%

#### Opinion on Credit Card Debt in the UAE

Opinion on Credit Card Debt in the UAE	Percentage
Strongly Agree	14.8%
Agree	53.9%
Disagree	23.5%
Strongly Disagree	10.0%

## Experience with Exceeding Credit Limits

Experience with Exceeding Credit Limits	Percentage
Yes	19.5%
No	69.5%
Unsure	11.0%

## Budget for Credit Card Spending

Budget for Credit Card Spending	Percentage
Yes	50.6%
No	21.0%
Used to have a budget but not anymore	9.9%
Mostly, I don't use credit cards	18.5%

## Reasons for Using Credit Cards

Reasons for Using Credit Cards	Percentage
Emergency expenses/unexpected costs	45.5%
Earn rewards/cashback	24.7%
Online purchases	24.7%
Other & school fee	5.1%

## Frequency of Checking Credit Card Statements

Frequency of Checking Credit Card Statements	Percentage
Every month	56.6%
Every few months	9.6%
Rarely	27.7%
Only if there is a problem	6.1%

## Percentage of Total Monthly Expenses Paid with Credit Card

Percentage of Total Monthly Expenses Paid with Credit Card	Percentage
0-25%	32.9%
26-50%	32.9%
51-75%	12.2%
76-100%	3.0%
I don't use a credit card to pay for my monthly expenses	17.1%

## Experience with Fraudulent Charges on Credit Cards

Experience with Fraudulent Charges on Credit Cards	Percentage
Yes, I have experienced fraudulent charges	21.0%
No, I have not experienced fraudulent charges	48.1%
I am not sure if I have experienced fraudulent charges or not	21.0%
I prefer not to answer this question	9.9%

## Satisfaction with Credit Card Terms and Conditions

Satisfaction with Credit Card Terms and Conditions	Percentage
Very satisfied	23.5%
Somewhat satisfied	43.2%
Neither satisfied nor dissatisfied	18.5%
Very dissatisfied	6.0%

## Reasons for Cancelling Credit Card

Reasons for Cancelling Credit Card	Percentage
High-interest rates/unfavorable terms	34.4%
Poor customer service	21.9%
Better offer from another provider	19.8%
Not using the credit card anymore	13.5%
Security concerns/fraud issues	10.5%

The analysis of the provided data highlights various aspects of individuals' financial behaviors and insights regarding credit card usage, education levels, awareness of fees, spending habits, and satisfaction with credit card terms. One of the major findings is the prevalence of bachelor's and master's degrees among the respondents, indicating a relatively high level of education within the population. This suggests that a significant portion of individuals in the sample have pursued higher education, which could potentially influence their financial literacy and decision-making regarding credit card usage and financial management.

Another significant finding is the agreement among a majority of respondents that people tend to spend more when using credit cards compared to cash. This perception underscores the psychological impact of credit cards on spending behaviors and highlights the importance of understanding and managing credit card usage to avoid overspending and accumulating debt. Additionally, the data reveals a substantial proportion of respondents lacking understanding of credit card fees, indicating a potential gap in financial knowledge and education. This finding underlines the importance of improving financial literacy initiatives to train individuals about the various fees associated with credit card usage and the potential financial implications.

The analysis emphasizes the frequency of individuals exceeding their credit limits, with a notable percentage admitting to having experienced fraudulent charges on their credit cards. These findings underscore the importance of responsible credit card usage, cautious monitoring of credit card statements, and active measures to safeguard against fraudulent activities. Overall, the data suggests a need for inclusive financial education programs to equip individuals with the knowledge and skills necessary to make informed financial decisions, manage credit card usage effectively, and protect themselves against potential risks and pitfalls associated with credit card usage. Moreover, financial institutions and policymakers can leverage these insights to develop targeted interventions and policies aimed at promoting responsible credit card usage, enhancing financial literacy, and fostering a financially resilient population.

**Conclusion, Recommendations and Reflections**

The study analyzed credit card behaviors among individuals aged 25 to 35 in Dubai, emphasizing frequent credit card ownership for various expenses like daily needs, online purchases, travel, and dining out. However, a noteworthy finding was the substantial credit card debt among participants, emphasizing the need of promoting responsible credit card usage and enhancing financial literacy to manage debt effectively.

Participants' financial decisions were also influenced by various factors such as income levels, financial knowledge, and the availability of incentive programs. Remarkably, incentive programs affected credit card usage, indicating that rewards and benefits influence individuals' choices regarding credit card utilization.

The study underscores the importance of tailored financial education initiatives and consumer-friendly policies to help individuals pay off credit card balances and avoid excessive debt accumulation. By empowering consumers with knowledge and strategies to navigate credit card usage

responsibly, financial institutions and policymakers can promote sound financial practices and mitigate the risks associated with credit card debt among young adults in the region. (Agarwal, S., Chomsisengphet, S., Liu, C., & Souleles, N. S., 2015)<sup>[2]</sup>.

### Recommendations

The following are some recommendations that have been made based on the findings of the study in order to improve the behavior of individuals in Dubai for the specific age group targeted:

- Legislation Regarding Credit Cards, Including How It Protects Customers Increase the regulations and consumer protection procedures that are in place to shield people from the offers, fees, and interest rates that credit card firms charge.
- Instruments to Assist You in Analyzing Your Own Personal Financial Situation
- Develop mobile applications and online tools that are intuitive to use and that provide real-time notifications on credit card balances and expenditures, respectively. With the aid of these technologies, individuals may be able to better manage their spending, better regulate their budgets, and make more informed decisions regarding their financial situations.
- Caution Should Be Exercised Regarding the Following Loyalty Programs: Encourage corporations who issue credit cards to come up with incentive systems that are in accordance with responsible spending habits and then encourage those companies to implement such systems.
- As a direct consequence of this change, individuals will be provided with a stronger incentive to make responsible use of their credit cards and to avoid the accumulation of an excessive amount of debt.

When it comes to making use of their credit cards, individuals residing in Dubai and Sharjah who are between the ages of 25 and 35 have been found to exhibit some fascinating patterns of behavior, according to the findings of this study. Nevertheless, it is vital to identify a number of limits and prospective paths for additional study, including the following: The size of the sample that was taken It is likely that the study may have benefited from having a larger sample size in order to ensure that the findings are more representative of the population that was supposed to be examined. This is because having a larger sample size guarantees that the results will be more accurate. The findings can only be extrapolated to the geographical area that comprises Dubai and Sharjah; they cannot be applied in any way to any other regions or countries. The results are only applicable to that particular location. The following types of research were conducted over a prolonged period of time: A kind of research known as a longitudinal study would offer a more in-depth understanding of the habit of using a credit card over an extended period of time, taking into consideration any changes or patterns that may emerge over the course of the study. Due to the fact that cultural norms and values may have an effect on monetary decision-making, investigating the cultural influences that have been seen to be associated with credit card usage behavior may provide more insights. This study sheds light, on a more general level, on the usage of credit cards among young people in Dubai and Sharjah. The goals of the many ideas

that have been put forth are to protect individuals from acquiring excessive debt, enhance financial literacy, and encourage the responsible use of credit cards. In further research, it may be feasible to investigate particular demographic groups in more depth, examine the implications that credit card use has had on culture, and investigate the effect that using credit cards has had, over the long term, on an individual's ability to maintain a healthy financial situation.

**Limitation:** The study on credit card usage among individuals aged 25 to 35 in Dubai reveals interesting behavioral patterns. However, several limitations and avenues for further research emerge. Firstly, the sample size could have been larger to ensure greater representativeness and accuracy of findings. Moreover, the study's scope is limited to the geographical area of Dubai and Sharjah, restricting generalizability to other regions or countries. Future research could explore longitudinal studies to understand credit card usage patterns over time and investigate cultural influences on financial decision-making. The study underscores the importance of promoting responsible credit card usage and enhancing financial literacy among young adults. Further investigations could delve into specific demographic groups, assess credit card usage's cultural implications, and examine its long-term effects on financial well-being. This study provides a foundational understanding of credit card habits, but future inquiries could yield deeper insights into fostering healthy financial behaviors and preventing excessive debt accumulation.

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