FACTORS INFLUENCING ON CREDIT CARD ANALYSIS OF NON-BANK FINANCE INSTITUTES.

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ABSTRACT

The research objectives represented 1) to examine the credit analysis's process of non-bank institutes 2) to examine the factors that influenced the credit analysis of non-bank institutes. The qualitative research represented the in-depth interview and observation as the instruments. The population and samples consisted of 20 executives, managers and credit analysts of non-bank institutes by purposive selection method, the data collection was made with in-depth interview and observation on the detail of working procedures and synthesis the specified data to answer the research question.

The finding found that the credit card issuer companies who issued the credit card and performed the utilization to the card holders in term of bill payment that credit card service provider issuers opened the credit line with other firms. The credit card issuers gained the benefits in term of issuing fee, new entrant fee, annual fee and other fees such as cash advance fee, interest receivable fee, delay penalty fee and clearing fee on payment. Therefore, the credit card issuers accepted all risk in the case of unable to collect the debt of credit card holders. Credit analysis results came from the customer document analysis, completed document, personal credit information, income, monthly expenses of customers and most significantly, the ability of credit analysts that the mistake in analysis due to reject the credit card application.

Keywords: credit card loans, credit card loans analysis procedures, credit card of non-bank institutes

INTRODUCTION

The credit card represented the financial service instruments and expanded in all sectors in Thai society such as businessmen, entrepreneurs, executives, operators in public and private sectors. The convenience for carrying on and increasing power of purchase, safety than holding cash in addition the credit card holders used the credit card on payment, cash advance according with credit limit. The application was approved definitely if only the applicant might be permitted the criteria together with attaching documents showing income for financial evidence that was correct, complete, according to the specified conditions only.

In the past, credit card business played a crucial role in supporting consumption, private sector of Thailand with a second proportion of home loans, car loan and personal loans, respectively in addition a product or service was purchased via the credit card, the system would be linked to multiple service providers from the credit approval process after receiving payment for goods and services through to the payment process credit card business operations were likely to growing during the years 2018 - 2020. Due to increased spending via credit cards according to changing consumer behavior including the promotion of electronic payment by the government. However, the credit card business might be affected by market competition which had a tendency to be more intense as a result of receiving recent

forms of payment including the revision of government regulatory regulations. Under current economic conditions that the card issuer would formulate strategies to be able to access, understand, and respond to the needs of customers as much as possible. Therefore, it was one of the important factors in determining the leadership in the credit card market. The expansion of spending through the credit card stimulated and contributed to increase of working capital in the economy. But another aspect was the root cause of various problems including the problem of non-performing debt due to extravagant expenditure beyond the ability to repay debt in the future. Unfair tracking Problems with credit card lawsuits, problems of taking advantage of consumers who were cardholders whether it was interest rates, fines, or fees that were too high as well as credit card crime problems in many forms.

Research objectives
1. To study the credit analysis process of non-bank institutions.
2. To study factors affecting credit analysis of non-bank institutions.

LITERATURE REVIEW

There were many credit card issuers both of the commercial bank and non-commercial bank, the study of Bank of Thailand found that there were 23,256,638 credit cards on July 2019, 11,232,910 cards issued by commercial banks and 12,023,728 cards issued by non-commercial companies. The issuers tried formulating their strategies and other sales promotion like rapid credit card approval, and received cash within 30 minutes or increased credit loan approval including gifts on the application day or various promotions to stimulate spending, if spending via the credit card according to the specified conditions after being approved including receiving benefits from each card issuer. After spending for goods and services, the cardholder until now obtained a due date up to 45 days from the account cutting date and can also choose to pay installments for various products and services in installments with interest rates starting from the date of card spending.

The credit card approval process by non-bank institutes
The seven to eight thousand credit card applications from the various of distribution channels were applied to non-bank credit card issuers both of issuers and acquirers like every branch of the commercial bank, the freelance agencies and authorized sales branches, 45 percent of all applications receive were accepted.

Due to the intensifying competition in the business environment, various financial institutions tried to innovate and develop a credit analysis process to be concise, rapid, to be able to screening the qualifications of applicants and rapid release the result of the consideration by adopting various technologies, such as approve by scan application or sending consents by fax. The electronic devices were applied to follow data and verify identification including the process of calling the applicant recording to verify the applicant with an electronic system and also the Credit Scoring model which was processed in the system based on the profile of the applicant's profile and expected in the future might have an E-content, electronic signature and authentication by utilizing more visible features like Biomatrix. In addition the credit card analysis process was important, credit analysts represented the more crucial variables because they examined the documents and relevant documents for screening and consideration of credit card applications for the qualification, reliability of applicants according to the specified criteria. Personnel might have vision, knowledge in risk analysis to estimate the ability to pay, reduce bad debt which might affect to continued problems of non-performing debt and write-offs that may occur in the future. In addition, a number of applications satisfied the criteria were rejected due to failure to meet

the credit analysis criteria that might be caused by many factors that came from the experience, attitude, or operational error of the credit analysts. Resulting in opportunity loss to expand the customer based, income including complaints from applicants or requesting the investigation of sales representative or advisor that caused the negative image and the expense in resolving various complaints. At the same time, another credit analyst had approved to fraud groups, which included both forged documents and evidence for their own application to pass the consideration criteria and impersonated documents from other people who caused financial damages and lawsuits. For the aforementioned reasons, the researcher desired to study the research of factors influencing on credit card analysis of non-bank institutes to recognize problems and obstacles of working procedures and determining the guidelines to credit analysis with maximize benefits, risk management, fraud protection in credit card and developing quality and qualified credit analysts.
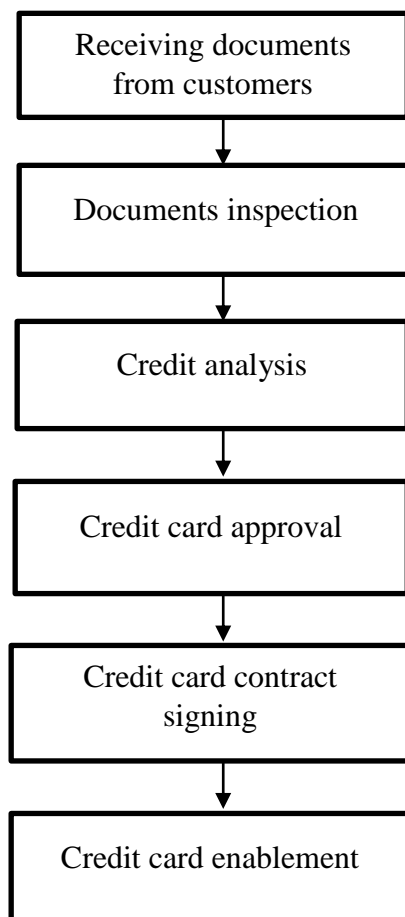
RESEARCH METHODOLOGY

The qualitative research represented the in-depth interview and observation as the instruments. The population and samples consisted of 20 executives, managers and credit analysts of non-bank institutes by purposive selection method, the data collection was made with in-depth interview and observation on the detail of working procedures and synthesis the specified data to answer the research question.

RESULTS

The finding found that
    1.   The credit analysis process of the non-bank institutes as picture.

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┌─────────────────────────┐
│   Receiving documents   │
│     from customers      │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│   Documents inspection  │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│     Credit analysis     │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│   Credit card approval  │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│   Credit card contract  │
│         signing         │
└─────────────────────────┘
             │
             ▼
┌─────────────────────────┐
│  Credit card enablement │
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2. Factors influencing on credit card analysis of non-bank institutes

The credit card issuer companies performed the utilization to the card holders in term of bill payment that credit card service provider issuers opened the credit line with other firms. The credit card issuers gained the benefits in term of issuing fee, new entrant fee, annual fee and other fees such as cash advance fee, interest receivable fee, delay penalty fee and clearing fee on payment. Therefore, the credit card issuers accepted all risk in the case of unable to collect the debt of credit card holders. Credit analysis results came from the customer document analysis, completed document, personal credit information, income, monthly expenses of customers and most significantly, the ability of credit analysts that the mistake in analysis due to reject the credit card application.

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