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Exploring Customers' Perspectives on the Credit Culture in Banks

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ABSTRACT

The credit culture of banks plays a vital role in ensuring financial stability and promoting responsible borrowing and lending practices. This study explores customers' insights into the credit culture of banks, focusing on their awareness towards credit norms and repayment discipline. The study further reveals that customers' attitudes are shaped not only by their personal experiences but also by institutional practices, communication strategies, and regulatory frameworks. Practical implications highlight the need for banks to enhance financial education, adopt transparent and customer-centric policies, and leverage technology to improve awareness and repayment behavior. However, the study is limited by its reliance on customer opinions and its restricted demographic coverage, which may affect the generalizability of the results.

Keywords: credit, culture, attitude, banks, customers

1. Introduction

A bank's credit culture encompasses the collective principles, behaviors, and practices that shape its approach to credit risk management and lending decisions. This culture is pivotal in determining the institution's risk appetite, influencing both the quality of its loan portfolio and its overall financial health. A robust credit culture ensures that lending practices are prudent, aligning with the bank's strategic objectives and regulatory requirements. Recent events have underscored the significance of a strong credit culture. For instance, the collapse of Silicon Valley Bank in 2023 was attributed to managerial weaknesses, where the board prioritized short-term profits over effective risk management. This incident highlights the dangers of a deficient credit culture, emphasizing the need for banks to balance growth ambitions with sound risk assessment practices (Saxena and Kumar, 2025).

Moreover, the Wells Fargo cross-selling scandal serves as a cautionary tale of how aggressive sales tactics, when misaligned with ethical standards, can lead to widespread fraudulent activities. Employees, under pressure to meet unrealistic sales targets, resorted to opening unauthorized accounts, ultimately damaging the bank's reputation and resulting in substantial financial penalties. In response to such incidents, regulatory bodies have intensified their focus on the cultural aspects of banks. The European Central Bank, for example, has emphasized the role of supervisors in assessing and guiding the behavioral and cultural frameworks within banks to ensure a resilient and ethical banking environment (Duong et al., 2025).

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Establishing a strong credit culture involves clear communication from senior management regarding credit policies, continuous training for staff on ethical lending practices, and the implementation of robust internal controls. Such measures not only mitigate potential risks but also foster trust among stakeholders, contributing to the long-term sustainability of the financial institution (Nguyen et al., 2019). In the financial industry, a strong credit culture fosters disciplined credit underwriting, prudent risk assessment, and adherence to regulatory guidelines. It serves as a foundation for sustainable banking operations, ensuring that lending decisions are made not only with profitability in mind but also with long-term financial stability and ethical considerations. A weak or inconsistent credit culture, on the other hand, can lead to excessive risk-taking, financial instability, and potential regulatory penalties (Moro et al., 2021).

2. Review of Literature

Customer awareness toward the credit culture of the banking industry encompasses the degree to which individuals comprehend borrowing norms, repayment discipline, product terms such as fees, annual percentage rates, and the long-term implications of default or mismanagement; this awareness is embedded within broader financial literacy and a culture of responsible credit use and transparency (Axelle and Weill 2025). A wealth of empirical and policy literature underscores that higher financial literacy reliably correlates with more prudent borrowing behavior, such as shopping for lower interest options, avoiding unnecessary rollover, timely repayment, and reduced financial stress, whereas gaps in knowledge frequently culminate in misuse of credit, over-indebtedness, and unfavorable financial outcomes (Sharma et al., 2025). Global Findex 2021 illustrate rising participation in formal account use, digital payments, and borrowing via formal and semiformal channels; however, even among active users of revolving credit such as credit cards, the majority do not consistently pay balances in full, revealing persistent awareness deficits regarding interest charges and total cost of borrowing (Zainuddin et al., 2020). Classic and more recent studies focused on credit card behavior found that while some customers do search for lower rates, behavioral biases and switching frictions limit effective cost comparison efforts; moreover, many underestimate the effects of compound interest and fail to grasp the cumulative burden of fees and unpaid balances (Strischek 2002)). Indian focused research, though often based on small samples, corroborates these findings: consumers display substantial variation in understanding of interest rates, quarterly fees, reward mechanisms, and associated risks in credit card and personal loan products (Strischek 2003).

The rapid diffusion of digital lending and app-based credit platforms represents both an opportunity and a challenge: while access has dramatically expanded through convenience and algorithmic underwriting, customer comprehension of key features including consent-based data sharing, privacy implications, underwriting criteria, charges, and mechanisms for dispute resolution remains highly uneven. Without clear explanations and user-friendly consent experiences, increased availability of credit may inadvertently expose users to predatory pricing or hidden costs (Li et al., 2020). Meanwhile, awareness of credit reports, credit scores, and rights to dispute and correct inaccurate information is foundational to protecting consumer credit reputations; regulatory initiatives from India's Reserve Bank have emphasized that Credit Information Companies and lenders must provide timely corrections and compensation for delays in rectification, but the effectiveness of these reforms' hinges on the extent to which customers are aware of and willing to exercise their rights (Koomson et al., 2023).

Policy developments continue to reshape the landscape in ways that could strengthen user awareness and protection. Recent RBI consumer centric measures to simplify KYC processes, claims handling, and re-KYC flows for Jan Dhan accounts are designed to improve trust, reduce confusion, and enhance responsiveness factors that contribute to a healthier credit culture when paired with appropriate literacy support. Similarly, co-lending norms and standardized procedures aim to streamline disclosures and accountability in shared-risk lending arrangements again, increasing institutional clarity that consumers can leverage, provided they are informed (Dority et al., 2019).

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Taken together, this body of literature reveals a consistent pattern: while access to formal credit, digital, revolving has grown substantially, awareness of key dimensions such as interest rates, cost of credit, repayment obligations, privacy implications, and dispute processes has not kept pace. As a result, many consumers remain exposed to hidden charges, rollover debt traps, credit-report errors, or inadequate protection when things go wrong. So, this study explores the customers' awareness about credit culture of banks.

3. Research Methodology

3.1 Research Design

The study focused on exploring customers' awareness towards credit culture of banking industry. Data collection took place between June 2024 and November 2024, utilizing convenience cum judgemental sampling techniques. The reason for using convenience sampling is you don't have access to the full target population for the representative sample. Judgemental sampling enables us to choose participants who meet particular criteria pertinent to our research. This method was used because of the characteristics of our target population, which might be challenging to access via conventional sampling techniques. Prior to data collection, explicit consent was obtained from participants. A 19 items questionnaire, structured into two sections, was developed and evaluated by a subject professional. A pilot test involving 163 participants was conducted to assess the questionnaire's reliability and validity. To determine the appropriate sample size, G*power software was used, specifying an effect size of 0.10 and a required power of 0.95, in line with recommendations (Dattalo 2008). The calculated sample size was 215. The questionnaire was distributed through, social media platforms, and email, resulting in 684 responses received. Access to the complete questionnaire was granted only to affirmative respondents. A total of 568 valid questionnaires were collected, with crucial sample details provided in Table 1. This sample size was deemed sufficient for data analysis and interpretation purposes.

Table 1: Demographic Profile of Respondents

Particulars		**Frequency**	**Percent**
Gender	Male	423	76.9
	Female	123	22.4
	Transgender	4	.7
	Total	**550**	**100.0**
Age (Years)	20-30	75	13.6
	30-40	93	16.9
	40-50	141	25.6
	50-60	123	22.4
	Above 60 years	118	21.5
	Total	**550**	**100.0**
Marital status	Married	489	88.9
	Unmarried	35	6.4
	Widow	7	1.3
	Divorced	7	1.3
	Live–in–Relationship	5	.9
	Wilfully Separated	3	.5
	Forcefully Separated	4	.7
	Total	**550**	**100.0**
Occupation	Farmer	275	50.0
	Businessman	275	50.0
	Total	**550**	**100.0**

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Education level	Upto 12th Standard	219	39.8
	Graduate	247	44.9
	Post-graduate	51	9.3
	Above post-graduate	33	6.0
	Total	**550**	**100.0**
Annual income (Indian Rupees)	Upto 3 Lakh	105	19.1
	3 Lakh – 7 Lakh	146	26.5
	7 Lakh – 10 Lakh	151	27.5
	Above 10 Lakh	148	26.9
	Total	**550**	**100.0**

Source: Primary Data

4. Data analysis and results

4.1 Measures

The questionnaire utilized in the study drew from standardized scales found in previous literature, with adjustments made to suit the context of customers awareness. These adjustments included modifying certain statements to align with the concept of credit culture. The scales covered various items from (Strischek 2002) and (Strischek 2003). Participants were gathered using a five-point Likert scale.

4.2 Analysis

4.2.1 Gender wise analysis

Table 2: Awareness levels categorized by gender basis

Items	Male		Female		Transgender		ANOVA	
	N=423		N=123		N=04			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	F	Sig.
A1	4.10	.854	4.13	.966	3.50	1.000	.994	.371
A2	3.93	.875	3.88	.972	3.25	.500	1.278	.279
A3	4.02	.950	4.03	1.024	3.75	.500	.169	.845
A4	4.14	.855	4.07	.964	4.25	.500	.383	.682
A5	3.45	1.115	3.52	1.176	3.00	.816	.538	.584
A6	3.51	1.099	3.42	1.241	3.25	1.258	.343	.709
A7	3.62	.990	3.68	1.074	3.00	.816	.964	.382
A8	3.68	1.017	3.68	1.190	3.25	.957	.327	.722
A9	3.49	1.093	3.59	1.130	2.50	1.000	2.095	.124
A10	3.59	1.042	3.53	1.190	3.00	1.155	.746	.475
A11	3.50	1.086	3.56	1.146	3.00	1.155	.592	.553
A12	3.35	1.123	3.37	1.141	2.50	1.291	1.163	.313
A13	3.92	.913	3.89	1.047	3.50	.577	.407	.666
A14	3.82	.936	3.77	1.015	3.75	.500	.141	.868
A15	3.22	1.125	3.24	1.208	2.75	.957	.351	.704
A16	3.83	.979	3.89	.913	3.75	.500	.204	.815
A17	3.91	.942	3.82	1.087	3.50	.577	.669	.513
A18	3.78	.953	3.85	.981	3.25	.957	.898	.408
A19	3.91	.919	3.90	1.043	3.75	.500	.054	.948

Source: Primary Data

The ANOVA analysis was conducted to compare the mean scores of three gender groups that is male (N=423), female (N=123), and transgender (N=4) across 19 different items (A1 to A19). The results

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indicate that there are no statistically significant differences among the groups for any of the items, as all significance values (p-values) exceed the common threshold of 0.05. This suggests that the observed differences in mean scores across genders are likely due to chance rather than systematic variations.

4.2.2 Age wise analysis

Table 3: Comparison of awareness levels across different age groups

Items	20-30		30-40		40-50		50-60		Above 60		ANOVA	
	N=75		N=93		N=141		N=123		N=118			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	F	Sig
A1	4.11	.909	4.09	.880	4.07	.892	4.15	.859	4.11	.885	.161	.958
A2	4.04	.951	3.89	.840	3.94	.932	3.93	.856	3.80	.902	.944	.438
A3	4.12	.885	4.00	.921	4.02	.945	3.90	1.112	4.08	.902	.801	.525
A4	4.15	.911	4.16	.876	4.18	.850	4.08	.845	4.05	.932	.496	.738
A5	3.76	1.011	3.49	1.138	3.43	1.057	3.41	1.151	3.34	1.221	1.805	.126
A6	3.77	1.098	3.54	1.128	3.50	1.086	3.46	1.081	3.27	1.231	2.357	.053
A7	3.88	.999	3.62	.932	3.64	1.057	3.64	.924	3.46	1.075	2.038	.088
A8	3.84	1.066	3.80	1.038	3.74	1.031	3.54	1.073	3.53	1.060	1.982	.096
A9	3.73	1.107	3.47	1.148	3.62	1.073	3.41	1.070	3.36	1.115	1.925	.105
A10	3.80	1.103	3.58	1.155	3.63	1.017	3.48	1.111	3.46	1.018	1.513	.197
A11	3.76	1.089	3.56	1.165	3.55	1.038	3.33	1.098	3.44	1.106	2.072	.083
A12	3.51	1.234	3.32	1.295	3.47	1.086	3.23	1.054	3.25	1.029	1.378	.240
A13	4.20	.930	3.98	.821	3.87	.896	3.80	.955	3.83	1.048	2.601	.035
A14	3.92	.882	3.95	.913	3.84	.897	3.76	1.009	3.64	1.009	1.752	.137
A15	3.36	1.215	3.33	1.116	3.23	1.117	3.09	1.187	3.19	1.093	.938	.441
A16	3.92	1.100	3.95	.913	3.87	.872	3.74	.990	3.81	.978	.785	.535
A17	3.96	1.032	3.94	.942	3.90	.951	3.85	.938	3.81	1.032	.411	.800
A18	4.04	.892	3.94	.895	3.77	1.010	3.68	.881	3.68	1.037	2.630	.034
A19	4.00	.973	4.01	.866	3.91	.970	3.80	.923	3.86	.978	.939	.441

Source: Primary Data

The table presents the results of a one-way ANOVA analysis examining differences in responses across five age groups (20–30, 30–40, 40–50, 50–60, and above 60) for 19 different items (A1–A19). The mean scores and standard deviations for each item across the age groups are reported, along with the F-value and significance level (p-value) to determine whether there are statistically significant differences in responses between groups. In summary, while most items reflect stable responses across different age groups, A13 and A18 demonstrate meaningful differences, highlighting that certain attitudes may shift with age. These findings suggest that while there is broad agreement among all age groups, some attitude evolve over time.

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4.2.3 Marital status wise analysis

Table 4: Awareness levels analysis on the basis of marital status

Items	Married		Unmarried		Widow		Divorced		Live–in–Relationship		Wilfully Separated		Forcefully Separated		ANOVA	
	N=489		N=35		N=7		N=7		N=5		N=3		N=4			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	F	Sig.
A1	4.11	.868	4.00	1.000	3.86	1.069	4.00	1.155	4.20	.447	4.67	.577	4.00	1.414	.421	.865
A2	3.93	.888	3.89	1.022	3.57	.535	3.86	1.345	3.40	.894	4.33	.577	3.50	.577	.726	.629
A3	4.04	.941	4.09	.981	3.14	1.464	3.57	1.272	4.00	.707	4.33	.577	3.00	1.633	2.103	.051
A4	4.16	.835	3.97	1.150	3.14	1.215	3.86	.378	4.60	.548	4.00	1.000	2.50	1.291	4.595	.000
A5	3.48	1.120	3.63	1.190	2.57	.787	3.00	1.291	2.80	.837	3.33	1.155	3.00	1.414	1.485	.181
A6	3.50	1.129	3.29	1.250	3.29	.488	3.43	.976	3.80	1.304	3.33	2.082	3.25	.957	.340	.915
A7	3.63	.994	3.89	1.078	2.86	.900	3.14	.900	3.40	1.342	3.33	1.528	4.50	1.000	1.936	.073
A8	3.69	1.043	3.66	1.259	2.71	1.113	3.71	1.113	3.20	.447	3.67	1.155	4.00	.816	1.222	.293
A9	3.53	1.082	3.43	1.290	2.43	1.397	3.00	.816	3.20	.837	4.00	1.000	3.75	1.500	1.649	.132
A10	3.58	1.061	3.74	1.146	3.00	1.155	3.29	1.496	3.20	1.095	3.00	2.000	3.75	.957	.821	.554

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A11	3.51	1.081	3.74	1.120	3.00	1.414	2.71	1.496	4.40	.548	3.00	2.000	3.00	.816	1.941	.072
A12	3.34	1.116	3.57	1.220	3.14	.900	2.86	1.345	3.20	1.643	3.00	2.000	3.50	.577	.561	.762
A13	3.91	.939	4.09	.742	3.14	1.676	4.00	1.000	3.80	.837	4.00	1.000	3.50	1.291	1.130	.343
A14	3.82	.955	3.80	.964	3.57	.787	3.29	1.113	3.80	.837	3.67	.577	4.00	.816	.477	.825
A15	3.22	1.137	3.40	1.265	2.43	.976	2.71	1.113	3.60	.894	3.67	1.155	3.25	.957	1.105	.358
A16	3.86	.957	3.86	1.004	3.14	.900	3.29	1.113	4.20	.837	4.00	1.000	3.75	.957	1.176	.318
A17	3.90	.947	3.74	1.221	3.00	1.155	3.43	1.134	4.40	.548	4.00	1.000	4.50	1.000	1.893	.080
A18	3.81	.947	3.69	1.105	3.00	1.155	4.00	.577	4.00	1.225	3.67	1.155	4.25	.500	1.143	.336
A19	3.93	.934	3.69	1.105	3.43	.535	3.86	.900	4.60	.548	3.67	1.155	2.75	.500	2.181	.043

Source: Primary Data

The table presents the results of a one-way ANOVA analysis examining differences in responses across various relationship status, including married, unmarried, widow, divorced, live-in relationship, willfully separated, and forcefully separated, for 19 different items (A1–A19). It includes the mean scores and standard deviations for each item, as well as the F-value and significance level (p-value) to determine whether there are statistically significant differences in responses between groups. The analysis shows that for most items, there are no significant differences among relationship groups, as indicated by p-values greater than .05. This suggests that responses tend to be relatively consistent regardless of marital or relationship status. However, certain items do exhibit statistically significant variation. Notably, A4 (p = .000) and A19 (p = .043) show significant differences, suggesting that awareness regarding these items vary based on relationship status.

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4.2.4 Occupation wise analysis

Table 5: Occupation based analysis of awareness levels

Items	Farmer		Businessman		t-test	
	N=275		N=275			
	Mean	S.D.	Mean	S.D.	T	Sig.
A1	4.12	.878	4.09	.885	.387	.699
A2	3.90	.886	3.93	.908	-.428	.669
A3	3.99	.972	4.05	.956	-.708	.479
A4	4.11	.916	4.14	.840	-.485	.628
A5	3.46	1.166	3.46	1.088	-.038	.970
A6	3.49	1.163	3.48	1.102	.113	.910
A7	3.65	.982	3.61	1.035	.549	.583
A8	3.67	1.079	3.68	1.035	-.202	.840
A9	3.51	1.122	3.51	1.085	-.039	.969
A10	3.57	1.096	3.58	1.059	-.079	.937
A11	3.52	1.078	3.49	1.122	.349	.727
A12	3.36	1.110	3.33	1.148	.340	.734
A13	3.92	.963	3.90	.922	.271	.786
A14	3.83	.971	3.79	.932	.538	.591
A15	3.28	1.117	3.16	1.165	1.233	.218
A16	3.85	.971	3.84	.953	.177	.859
A17	3.85	.968	3.92	.980	-.788	.431
A18	3.77	.993	3.82	.926	-.533	.594
A19	3.87	.989	3.94	.898	-.948	.344

Source: Primary Data

The table presents the results of an independent samples t-test comparing the responses of farmers and businessmen across 19 different items (A1–A19). The results indicate that for all items, the p-values are greater than .05, meaning that there are no statistically significant differences between the responses of farmers and businessmen. This suggests that both groups have similar perspectives on all measured items. The mean scores for both groups remain relatively close across all items, and the t-values show no meaningful variation, further supporting this consistency. Overall, these findings suggest that farmers and businessmen share comparable awareness across the assessed items, implying that occupation does not significantly influence responses in this context.

4.2.5 Education Qualification wise analysis

Table 6: Education Qualification wise distribution of awareness levels

Items	Upto 12th		Graduate		Post-Graduate		Above Post-Graduate		ANOVA	
	N=219		N=247		N=51		N=33			
	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	F	Sig.
A1	4.08	.903	4.09	.904	4.12	.765	4.36	.699	1.038	.375
A2	3.97	.895	3.86	.922	3.90	.755	3.97	.918	.583	.626

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A3	4.02	.988	3.97	1.002	4.06	.785	4.27	.719	.991	.397
A4	4.18	.830	4.06	.935	4.10	.922	4.30	.637	1.234	.297
A5	3.52	1.127	3.38	1.145	3.65	1.074	3.36	1.055	1.099	.349
A6	3.58	1.144	3.37	1.147	3.59	1.023	3.61	1.059	1.611	.186
A7	3.70	.963	3.50	1.051	3.82	.994	3.85	.906	2.836	.038
A8	3.81	1.062	3.56	1.046	3.69	1.086	3.64	.994	2.189	.088
A9	3.62	1.100	3.41	1.100	3.61	1.078	3.30	1.132	1.907	.127
A10	3.68	1.061	3.47	1.107	3.67	.952	3.48	1.093	1.757	.154
A11	3.57	1.087	3.41	1.104	3.67	1.125	3.58	1.091	1.217	.303
A12	3.40	1.122	3.28	1.126	3.55	1.222	3.18	1.014	1.251	.290
A13	3.92	.957	3.88	.972	3.96	.824	3.97	.810	.197	.899
A14	3.88	.926	3.74	.954	3.84	1.007	3.85	1.004	.936	.423
A15	3.23	1.148	3.18	1.134	3.41	1.219	3.21	1.053	.597	.617
A16	3.87	.989	3.85	.911	3.84	1.007	3.73	1.098	.204	.894
A17	3.97	.943	3.76	.981	3.90	1.082	4.18	.846	2.982	.031
A18	3.83	1.021	3.76	.923	3.78	.966	3.91	.805	.363	.780
A19	3.90	.955	3.87	.972	3.98	.860	4.06	.788	.543	.653

Source: Primary Data

The table presents the results of an ANOVA analysis examining differences in responses across four educational levels: Up to 12th grade, Graduate, Post-Graduate, and Above Post-Graduate. The results indicate that, for most items, there are no significant differences on the basis of educational levels, as reflected by p-values greater than .05. This suggests that respondents across different education levels generally share similar attitudes. However, two items show statistically significant variation, A7 (p = .038) and A17 (p = .031). For all other items, the mean differences across education levels are minor, and no clear pattern emerges. Overall, education level does not appear to have a strong impact on responses, though it may play a role in shaping views on specific items.

4.2.6 Income wise analysis (Income in Lakh)

Table 7: Awareness levels categorized by income

Items	**Upto 3**		**03-07**		**07-10**		**Above 10**		**ANOVA**	
	N=105		**N=146**		**N=151**		**N=148**			
	Mean	**S.D.**	**Mean**	**S.D.**	**Mean**	**S.D.**	**Mean**	**S.D.**	**F**	**Sig.**
A1	4.10	.849	4.13	.881	4.10	.854	4.09	.936	.053	.984

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A2	3.84	.856	3.95	.885	3.93	.980	3.93	.850	.328	.805
A3	4.07	1.003	4.08	1.011	3.97	.945	3.97	.911	.475	.700
A4	4.13	.867	4.16	.952	4.14	.849	4.07	.846	.292	.831
A5	3.40	1.115	3.46	1.096	3.46	1.176	3.51	1.122	.184	.907
A6	3.46	1.233	3.53	1.152	3.52	1.076	3.43	1.101	.281	.839
A7	3.50	.952	3.71	1.011	3.66	.979	3.61	1.072	.875	.454
A8	3.56	1.134	3.74	1.064	3.63	1.024	3.74	1.026	.845	.470
A9	3.44	1.037	3.45	1.151	3.53	1.094	3.59	1.112	.621	.602
A10	3.59	1.115	3.62	1.084	3.55	1.018	3.55	1.109	.139	.937
A11	3.38	1.104	3.51	1.109	3.50	1.137	3.61	1.047	.881	.451
A12	3.29	1.141	3.31	1.124	3.32	1.169	3.45	1.084	.613	.607
A13	3.76	.956	3.99	.965	3.92	.913	3.92	.937	1.256	.289
A14	3.67	1.025	3.87	.956	3.85	.867	3.81	.971	1.098	.349
A15	3.10	1.160	3.29	1.115	3.18	1.138	3.28	1.161	.781	.505
A16	3.77	.943	3.90	.992	3.81	.927	3.88	.982	.497	.685
A17	3.69	1.022	3.96	.996	3.87	.968	3.96	.910	2.052	.106
A18	3.75	.918	3.73	1.026	3.82	.960	3.86	.923	.571	.635
A19	3.75	.928	3.94	.984	3.88	1.000	4.00	.849	1.510	.211

Source: Primary Data

The table shows differences in responses across four income levels (Up to 3, 3-7, 7-10, and Above 10) using ANOVA. The results indicate that there are no statistically significant differences among the groups for any of the 19 items, as all significance values exceed 0.05. This suggests that the level of income does not substantially impact the responses. While no significant differences were found, some slight variations in mean scores are observed. For instance, respondents with 3-7 income tend to have slightly higher mean scores on items A7 and A8, while those with more than 10 lakhs of income have the highest mean scores on items A17 and A19. Despite these minor differences, the overall trend suggests that responses remain fairly consistent across different levels of income. Therefore, income level does not appear to play a major role in influencing responses in this dataset.

5. Conclusion

The study of customers' insights into the credit culture of banks highlights the critical role that awareness, perception, and trust play in shaping responsible financial behavior. The study analyzed the awareness level of customers on different demographic factors like gender, age, occupation and income level. The study found that on most of the variables there is no differences among awareness level. Moreover, the research emphasizes that customers' attitudes toward credit are influenced not only by personal financial needs but also by the overall banking practices, communication strategies, and regulatory environment. A positive credit culture can only be nurtured when banks ensure clarity in loan terms, fair interest rates, accessible grievance mechanisms, and proactive financial education initiatives. Therefore, strengthening the credit culture requires joint responsibility: banks must promote ethical practices and customer centric services, while customers must adopt prudent borrowing and timely repayment behavior. A balanced credit ecosystem enhances not only the stability of individual banks but also contributes to the resilience of the broader financial system.

6. Practical Implications

The study highlights that strengthening credit culture requires efforts from both banks and customers. Banks should promote financial literacy, communicate loan terms transparency, and design customer friendly credit products to encourage responsible borrowing. The use of technology, such as mobile apps and reminders, can support repayment discipline and increase awareness. Ethical practices, fair interest rates, and quick grievance handling are essential for building trust. At the same time, customers must

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adopt disciplined repayment behavior, ensuring mutual responsibility. Together, these measures can reduce defaults, enhance customer confidence, and support the long-term stability of the banking sector.

7. Limitations of the study

Although this study provides useful insights into customers' perceptions of the credit culture of banks, it is not without limitations. First, the findings are largely based on customer opinions, which may be influenced by personal experiences and biases, thereby limiting their generalizability. Second, the study may not fully capture regional, cultural, or demographic differences in awareness levels, as the sample size and coverage could be restricted. Third, customers' insights reflect their current understanding, which may change over time due to evolving financial literacy, technological advancements, or regulatory reforms. Additionally, the research does not deeply examine the perspectives of bank employees, regulators, or policymakers, whose role is equally crucial in shaping credit culture. Finally, the study focuses primarily on awareness and perceptions rather than actual behavioral data, which may limit the depth of conclusions regarding repayment discipline and credit practices.

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